



Presentation Q3 2021

11 November 2021

Today's presenters



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Arla Plast at a glance



Introduction to Arla Plast

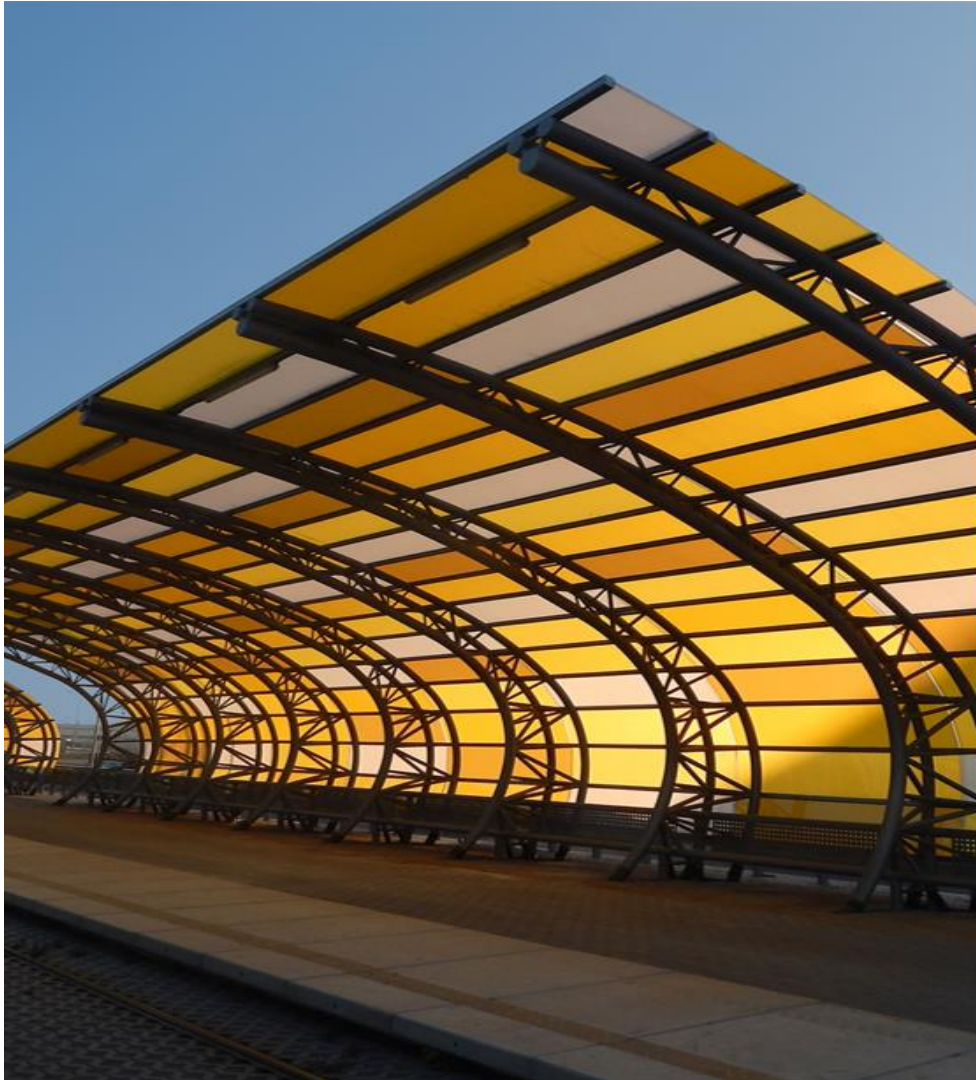
- Founded in 1969, Arla Plast is one of the leading extruders of plastic sheets in Europe
- Arla Plast's products are based on PC¹⁾, PETG²⁾, ABS³⁾ or PC/ABS⁴⁾ materials with a vast range of application areas
- Production facilities located in Borensberg (SE), Kadan (CZ) and Pelhrimov (CZ), hosting a total of 15 extrusion lines
- Headquartered in Borensberg (SE) and employs approximately 260 people, with presence in 45+ countries



Product	Sales split ⁵⁾	Example application areas
PC	82%	<ul style="list-style-type: none"> OPTICAL PRODUCTS BUILDINGS MACHINE GLAZING SOUND WALLS SAFETY EQUIPMENT SUITCASES SWIMMING POOL COVERS GREEN-HOUSES
ABS	10%	<ul style="list-style-type: none"> AUTOMOTIVE PARTS BUS INTERIORS MACHINE COVERS INDUSTRIAL APPLICATIONS PACKAGING HOUSEHOLD GOODS
PETG	8%	<ul style="list-style-type: none"> POINT OF SALES BARRIER PRODUCTS FOOD APPLICATION PARTS WALL CLADDING

Note: 1) PC=Polycarbonate. 2) PETG=Polyethylene Terephthalate Glycol. 3) ABS=Acrylonitrile Butadiene Styrene. 4) PC/ABS=A combination of PC and ABS materials. Included in "ABS" product category. 5) Share of net sales 2021 Q3 LTM

HIGHLIGHTS Q3 2021



- Demand has normalized for pandemic related barrier products – the demand returns from manufacturing and construction, especially strong within home and garden
- Tough comparable quarters as Q3 2020 was very strong due to the pandemic
- Supply turbulence in the market for raw-materials during first six months 2021
- Expected trend towards lower raw-materials prices has not yet been seen
- Good operating margins – in line with financial objectives communicated
- New production line in Borensberg is operational
- CEO resigned Nov 1st, Christian Krichau appointed interim CEO

Source: Arla Plast interim report – September 2021

Financial overview – Group financials



- Sales effect from the pandemic has diminished – total volumes down 15%
- Net sales up 7%, organically 10%
- Volume decline, high cost of input materials has been compensated by prices adjustments and a change in product mix
- IPO related costs of SEK -0.1m, SEK -6.1m Q1-Q3
- Operating margin – in line with financial target

SEKm	Q3 2021	Q3 2020	Δ, %	Q1-Q3 2021	Q1-Q3 2020	Δ, %	RTM ¹⁾
SALES VOLUME, TONNES	4,862	5,697	(15%)	17,143	18,404	(7%)	22,731
NET SALES	222.0	207.3	7%	687.2	672.7	2%	899.1
ADJUSTED OPERATING PROFIT	24.8	23.6	5%	82.1	80.4	2%	115.2
ADJUSTED OPERATING MARGIN	11.2	11.4%	(2%)	11.9%	11.9%	(0%)	12.8%

Note: 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021

Financial overview – Segment Sweden



Volume

- Q3: down 16%
- Q1-Q3: down 9%

– challenging comparable quarters due to pandemic related products

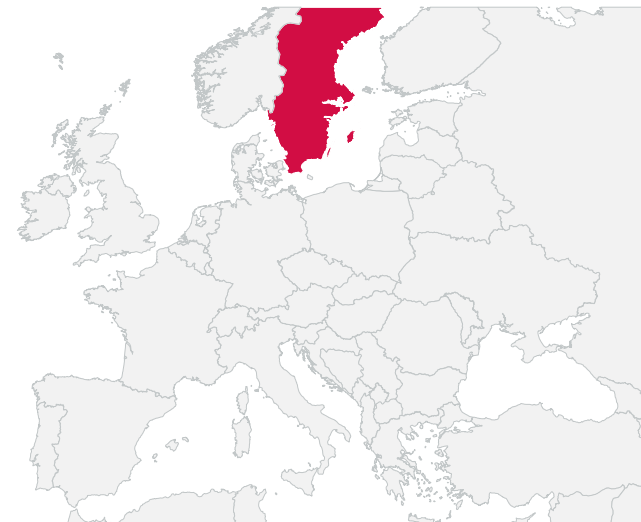
Net sales

- Q3: up 3%
- Q1-Q3: in line

– price adjustments due to higher cost of input material and change in product mix compensated

Operating margin

- Q3: 14.3%
- Q1-Q3: 15.1%



SEKm	Q3 2021	Q3 2020	Δ, %	Q1-Q3 2021	Q1-Q3 2020	Δ, %	RTM ¹⁾
SALES VOLUME, TONNES	2,996	3,566	(16%)	11,146	12,309	(9%)	15,048
NET SALES	142.0	138.6	3%	460.9	461.3	(%)	613.7
OPERATING PROFIT	20.3	21.4	(5%)	69.5	70.4	(1%)	93.5
OPERATING MARGIN	14.3%	15.5%	(8%)	15.1%	15.3%	(1%)	15.2%

Note: 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021

Financial overview – Segment Czech Republic



Volume

- Q3: down 11%
 - Q1-Q3 up 3%
- pandemic related volumes haven't fully been compensated by other categories

Net sales

- Q3: up 1%
 - Q1-Q3: up 3%
- price adjustments due to higher input material cost and product mix compensated lower volumes

Operating margin

- Q3: 4.7%
 - Q1-Q3: 4.7% up 21%
- change in product mix brought increased margin



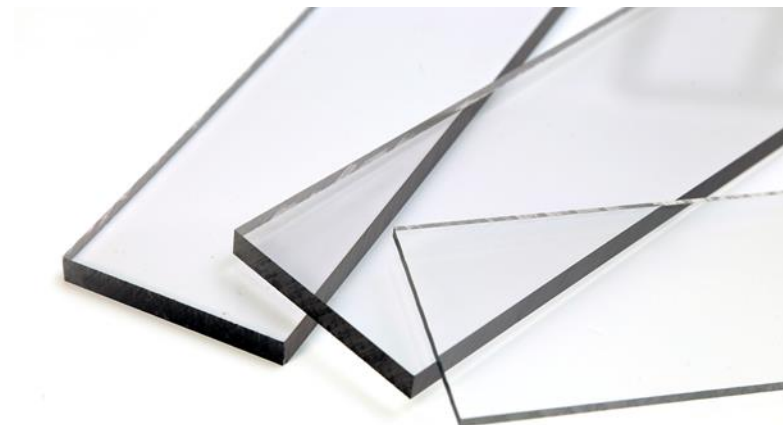
SEKm	Q3 2021	Q3 2020	Δ, %	Q1-Q3 2021	Q1-Q3 2020	Δ, %	RTM ¹⁾
SALES VOLUME, TONNES	2,142	2,397	(11%)	6,845	6,661	3%	9,081
NET SALES	89.4	88.3	1%	252.2	244.4	3%	322.0
OPERATING PROFIT	4.3	2.0	115%	11.7	9.5	23%	21.0
OPERATING MARGIN	4.7%	2.3%	104%	4.7%	3.9%	21%	6.5%

Note: 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021

Financial overview – Geographical markets



- Germany - Sales effect from the pandemic has diminished within this region, as well as a large customer account moved from DE to CZ
- Czech Republic - Especially strong sale within home and garden
- Rest of World – Increase demand of specialty products



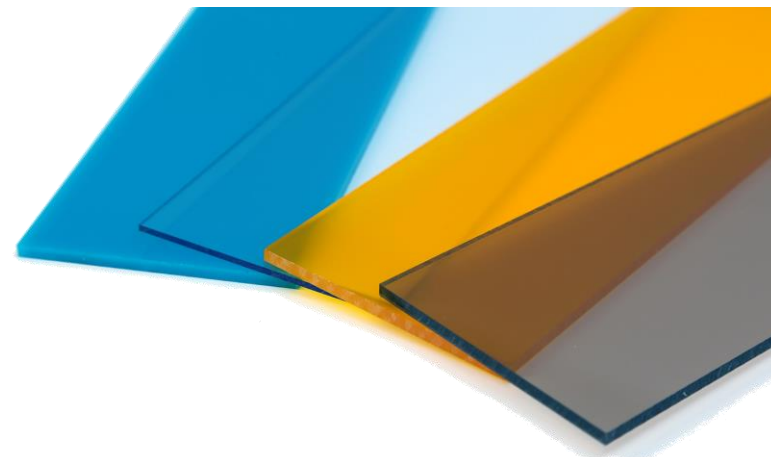
SEKm	Q3 2021	%	Q3 2020	%	Q1-Q3 2021	%	Q1-Q3 2020	%	RTM ¹⁾	%
SWEDEN	28.9	13%	25.7	12%	89.9	13%	81.8	12%	119.9	13%
GERMANY	37.5	17%	46.7	23%	138.9	20%	188.5	28%	184.9	21%
CZECH REPUBLIC	32.2	15%	24.0	12%	101.8	15%	65.2	10%	124.9	14%
POLAND	24.9	11%	21.9	11%	74.6	11%	59.4	9%	99.4	11%
REST OF EUROPE	86.2	39%	82.6	40%	247.7	36%	251.8	37%	325.8	36%
REST OF WORLD	12.3	6%	6.4	3%	34.3	5%	26.0	4%	44.2	5%
TOTAL	222.0	100%	207.3	100%	687.2	100%	672.7	100%	899.1	100%

Note: External net sales. 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021

Financial overview – Product range



- OPC – Returning demand from industrial application
- MWPC - Especially strong sale within construction, home and garden
- PETG - Sales effect from the pandemic has diminished within this range



SEKm	Q3 2021		Q3 2020		%	Q1-Q3 2021		Q1-Q3 2020		%	RTM ¹⁾	%
TPC	93.5	42%	98.2	47%		323.6	343.6	51%	430.7	48%		
OPC	32.3	15%	21.9	11%		86.2	82.2	12%	110.8	12%		
MWPC	60.2	27%	44.0	21%		158.7	118.6	18%	195.8	22%		
ABS	24.7	11%	21.3	10%		69.8	63.5	9%	93.8	10%		
PETG	11.3	5%	21.9	11%		48.9	64.8	10%	68.0	8%		
TOTAL	222.0	100%	207.3	100%		687.2	672.7	100%	899.1	100%		

Note: External net sales. 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021

Financial overview – Cash flow and balance sheet



- Cash flow of operating activities decreased due to increased stock value driven by input material prices and temporarily higher production rate than sales rate in Sweden
- Low net debt and ratio towards EBITDA 0.4 well below financial target
- Strong equity/asset ratio 67.7% enables further expansion



SEKm	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	FY2020
CASH FLOW FROM OPERATING ACTIVITIES	-23.8	28.2	20.6	93.6	148.8
CASH FLOW FROM INVESTING ACTIVITIES	-5.5	-12.8	-26.9	-21.5	-38.4
CASH FLOW FOR THE PERIOD	-30.8	15.3	-1.2	18.6	-47.4
NET DEBT (+) / NET CASH (-)	63.1	71.8	63.1	71.8	37.0
RETURN ON CAPITAL EMPLOYED	21.3	15.8	21.3	15.8	22.9
EQUITY / ASSET RATIO	67.7	54.4	67.7	54.4	67.6

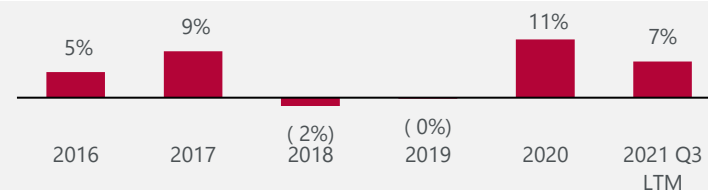
Note: External net sales. 1) Rolling Twelve Months – the period Q4 2020 – Q3 2021

Financial targets



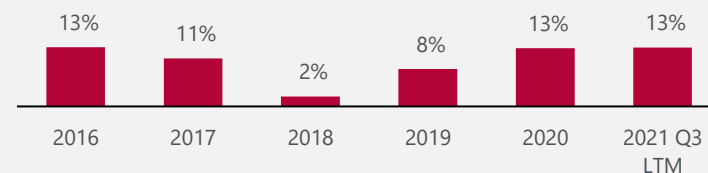
SALES GROWTH

Annual organic sales growth over a business cycle **should be 5 percent**. This target is **not likely to be met** during the 2021 financial year, as growth was unexpectedly high in 2020 due to the sale of barrier products at the start of the pandemic



OPERATING MARGIN

Operating margin over a business cycle should be **at least 10 percent**

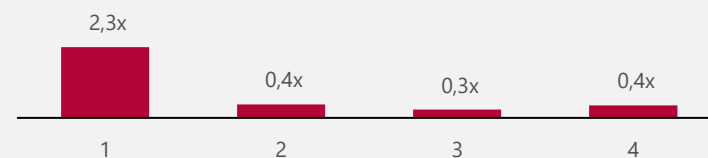


DIVIDEND POLICY

Dividend policy is to pay shareholders about **30–50 percent** of the profit for the year. Decisions on dividends will reflect the company's financial position, cash flow and investment needs

NET DEBT

Net debt in relation to EBITDA **shall not exceed 2.5x**



Source: Arla Plast Prospectus 2021, Arla Plast interim report – September 2021

Arla Plast sets the agenda to create a sustainable future



DURABILITY

Arla Plast's main product, PC, is up to **~250x** more shock and fracture resistant than glass and **~30x** than PMMA – requiring significantly less input materials in the long-term perspective

RECYCLING

Arla Plast recycles almost all waste / regrind and waste from some of its customers, leading to reduction in CO₂ emissions of ~10,000 mT per annum

ENERGY CONSUMPTION

The Swedish production facility uses EPD® certified energy from Nordic hydropower
Excess factory energy generated is used to heat nearby real estate

WASTE & EMISSIONS

Continuous work to reduce waste and emissions through several initiatives, in everything from production to using sustainable means of transportation

SUPPLY CHAIN RESPONSIBILITY

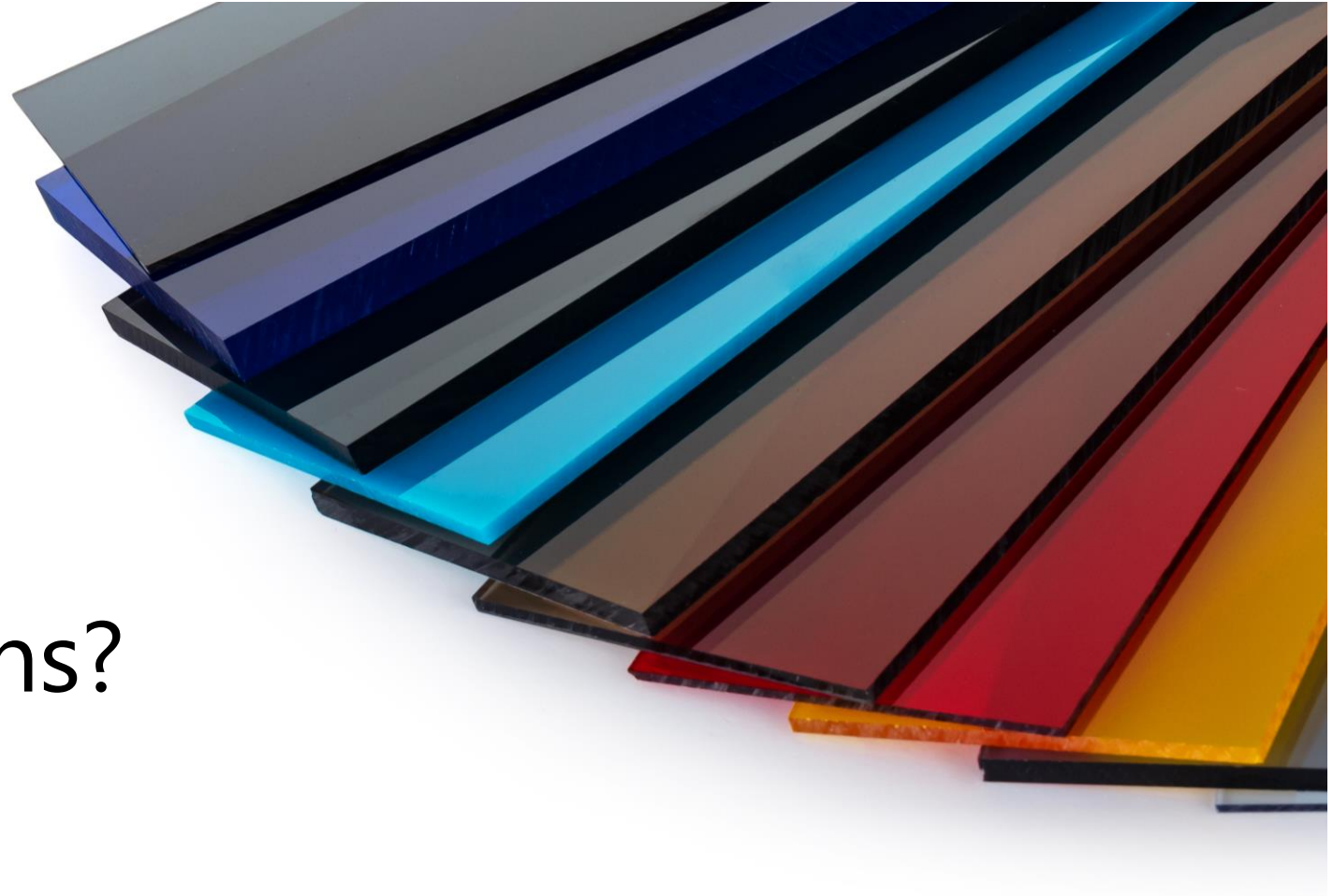
Arla Plast only engages a handful of raw material suppliers, all complying with international human rights, labor rights and anti-corruption policies
Arla Plast works closely with all direct and indirect subcontractors to ensure compliance

Summary and outlook



- Normalized demand for pandemic related barrier products, demand is returning within manufacturing and construction
- High price level of input materials brought the consequence higher prices to customers. Customers tend to hold back and reduce stock levels
- Lower but still good operating margins – in line with financial objectives
- Prices for input material continues to increase in Q4, the expected price decrease is still a head of us
- Strengthen SEK towards EUR will have a negative impact
- A cost of SEK 3.1m will be taken for resign of previous CEO





Questions?



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