

Airopack reports 2017 production and sales growth

- ***New production platforms brought up to speed – 40 million Airopacks produced***
- ***Net sales increased by 90% compared to the previous year, totalling EUR 21.5 million***
- ***EBITDA improved by EUR 7.5 million compared to 2016***
- ***Net loss of EUR 40 million related to investments in organization and production capacity for planned growth***
- ***Expectation to reach annual production and sales run rate of 100 million Airopack dispensers in the second half of 2018, leading to the break-even EBITDA point***

Baar, 22 March 2018 – Airopack Technology Group AG (“Airopack”), manufacturer of the Planet Friendly Aerosol, today announced its results for full year 2017. Over the year, the new Waalwijk factory was upgraded and improved, with almost 40 million Airopack dispensers manufactured in 2017. Airopack also succeeded in securing several breakthrough contracts with both existing and new customers. The company achieved net sales of almost 21.5 million euros and is on track for an annual production and sales run rate of 200 million Airopack dispensers by the end of 2018.

Airopack produces a safe, all-plastic pressurized dispenser powered purely by air that is environmentally and planet friendly. It was developed by Airopack Technology Group, which holds the relevant patents and is worldwide the sole producer of this unique Planet Friendly Aerosol.

Quint Kelders, Chief Executive Officer, said: *“2017 was a momentous year in various aspects. First and foremost, we brought our new Waalwijk (Netherlands) plant up to speed, while testing, improving as well as expanding the various production platforms. As a result, in 2017, almost 40 million Airopack dispensers were manufactured in the Dutch plant. Secondly, Airopack succeeded in securing several breakthrough contracts with both existing and new customers. Based on the production experiences to date, in combinations with growing customer demand, we confirm the expectation to reach an annual production and sales run rate of 100 million Airopack dispensers in the second half of 2018, leading to the break-even EBITDA point.”*

General

Due to the continued strong customer demand in 2017, Airopack started preparations to increase production capacity from an initial 80 million to 200 million Airopack dispensers annually. While preparing the plant for this expansion, the company produced almost 40 million of the 53mm RTF Airopacks. For this purpose, the plant manufactured over 357 million single components in 2017. Whereas production of PET Preforms and PET Containers was previously outsourced to a joint venture partner, these parts are now fully produced in-house at the new plant, with manufacturing numbers totalling almost 160 million parts.

Airopack also recruited and trained 125 specialized full-time employees in 2017 for the new Waalwijk (Netherlands) plant. Over time, the teams moved from one shift to two shifts and eventually three shifts by the end of the year, utilizing the installed capacity step-by-step at a realistic and manageable pace.

Given the robust commercial pipeline, in 2017 the Board of Directors approved a plan to further increase the installed production capacity in Waalwijk (Netherlands) to 200 million Airopack dispensers annually. A first step has been taken at the end of the reporting year.

In line with its strategy to be a market leader, Airopack has also introduced a new and improved quality standard. The company set an Acceptance Quality Limit of 0.065 for critical defects, which is a target well beyond the current market standard. All manufacturing technology and processes were adapted to ensure that this improved and market leading AQL was achieved.

Airopack believes in high-quality, innovative and sustainable products and is proud to announce to have produced with a 38% lower carbon footprint and 55% lower environmental footprint in comparison to traditional Aluminum Bag on Valve aerosol.

To further increase the international presence of Airopack products, in December 2017 we joined the Comité Français des Aérosols (CFA), which is a key step for increasing market penetration of our Planet Friendly Aerosol.

Financial highlights

	in TEUR <u>2017</u>	in TEUR <u>2016</u>
Consolidated income statement		
Net sales	21,484	11,282
EBITDA	-21,000	-28,455
EBIT	-35,873	-39,942
Net result	-40,098	-42,317
Net result per share in EUR	-2.11	-2.60
Consolidated cash flow		
	-1,473	5,430
Consolidated balance sheet		
Cash and cash equivalents	7,196	8,340
Shareholders' equity	-23,211	2,684
Balance sheet total	127,588	93,896

The full 2017 annual report is available for download on the Airopack website (www.airopackgroup.com) under the link – investor relations – reports (www.airopackgroup.com/en/investor-relations/reports).

Sales

During 2017, the company sold 32.9 million units, more than quadrupling the sales over 2016 (7.3 million units). More importantly, the 2017 sales volume represents a 57% increase over the 2015 number of 21 million units, which was the last full year of production in our former factory in Bilten (Switzerland).

Airopack's subsidiary Airosolutions successfully refocused its business on the production and sale of the Airolip Lip Care products, which are produced for Beiersdorf under the Labellino brand. During 2017, the production of components was insourced, thereby increasing quality control and supply chain security. The success of this product, which was entirely designed and developed by our own R&D team, has led our customer to significantly extend the number of related product applications for 2018.

Net sales for the year increased by 90% compared to the previous year, totalling EUR 21.5 million. This is a direct result of the increased sales of Airopacks, which represented a value of EUR 13.1 million compared to EUR 3.4 million in 2016. Airosolutions saw its sales grow to EUR 8.5 million compared to EUR 7.9 million in the previous year.

Airopack succeeded in securing several breakthroughs with both existing and new customers, which will considerably boost sales in 2018. These include Procter and Gamble, Edgewell, Morning Glory, and Icon Brands, among others.

Result development

The results over 2017 progressed against the results over 2016, with EBITDA improving by EUR 7.5 million. Efficiency improvements and investments in ramping up production capacity while securing high product quality during the year, explain the negative EBITDA of EUR -21.0 million. The capacity increase led to increased charges for depreciation (2017: EUR -5.1 million), which, combined with the cost for amortization (2017: EUR -9.7 million) and interest costs (2017: EUR -9.1 million),

resulted in a net loss of EUR 40.1 million. This includes EUR 3.4 million of exceptional costs for impairment and consultancy charges.

Outlook

While 2017 was the company's first full year of production in the Waalwijk plant, 2018 will be a year of further capacity expansion, production improvements, and utilization optimization. Airopack will continue to invest in increasing its production capacity over the year, while carefully monitoring production quality. Our core value remains continuing to produce at the highest quality standards.

Due to growing customer demand and pipeline development, we plan further modular expansion of production at Waalwijk over the course of 2018. In a two-step approach the company will increase its annual production capacity to 200 million Airopacks at the Waalwijk plant, a level it is expecting to reach by the end of 2018.

The company is also making substantial progress with attracting and contracting new customers, both in the EU and the US. Additional contracts are expected to be announced over the course of 2018.

The Board of Directors and Group Management confirm the earlier expressed expectation to reach an EBITDA break-even run rate during the second half of 2018. Break-even levels will be achieved once operating at an annual production and sales run rate of 100 million Airopack dispensers, which is an equivalent of 8.3 million pieces per month. The expectation is substantiated during the production and sales increases in 2017, measured on a month by month bases, which demonstrated significant EBITDA improvements per million volume increase.

The Board of Directors and Group Management remain confident that the medium-term goal of a run rate volume of over 700 million Airopack dispensers annually can be achieved, compared to a total aerosol market of 15.48 billion annual units as of the end of 2015.

Events after closing date

On 8 February 2018, Airopack closed the acquisition of Scholle IPN Equipment B.V., the Airopack production partner for its full range of Airopack filling equipment (www.airofiller.com). With this acquisition Airopack secures the production capacity to keep up with the strong growth in demand for Airopack equipment by both Airopack clients and contract fillers resulting from the growing demand for the Airopack Planet Friendly Aerosol. Airopack has also secured additional debt and lease facilities from Rabobank to fund the acquisition and for capacity growth purposes.

To demonstrate progress the company has made in the past year, Airopack will organize a plant visit for a number of investors at its state-of-the-art plant in Waalwijk (Netherlands) in the second quarter of 2018.

For more information:

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Airopack Technology Group AG (“Airopack”), manufacturer of the Planet Friendly Aerosol, is a leading developer and supplier of mechanical and pressure-controlled dispensing packaging technologies and systems for manufacturers and suppliers of cosmetics, body care, home care, pharmaceutical and food products. The revolutionary Airopack® technology offers a safe, all-plastic pressurized dispenser that is environmentally and planet friendly. Airopack holds the patent and is worldwide the sole producer of this unique dispenser.

Airopack operates a production facility for Airopack ready-to-fill dispensers in Waalwijk (Netherlands), a full-service filling operation (Airosolutions) for ready-to-sell Airopack dispensers in Heist-op-den-Berg (Belgium) and a manufacturer of Airopack filling equipment (Airopack Equipment Solutions) in Houten (Netherlands). The Global Research and Development Team, the Airopack Global Management and the Customer Service Organisation are also based in Waalwijk (Netherlands).

The shares of the company are listed on the Swiss Reporting Standard of the SIX Swiss Exchange since 2010. (Ticker: AIRN / ISIN: CH0242606942).

www.airopackgroup.com