

PRESS RELEASE

Thimm Group generated good operating and strategic results in the 2018 financial year

Northeim, 13 May 2019. Thimm Group has closed the 2018 financial year with revenues of EUR 645 million. This corresponds to an increase of 7.4%. Operating result EBITDAR at EUR 46.7 million was above the previous year's value (2017: EUR 40.5 million). Furthermore, investments of EUR 15.9 million were made in the expansion of the sites and in new production technologies. At the end of the year 2018 Thimm had 3,262 employees at 19 locations, including 123 apprentices.

Commercial development in line with the general economic situation in the sector

Thimm Group closed the 2018 financial year with revenue growth of 7.4 percent at EUR 645 million (previous year: EUR 601 million) thus generating a solid increase. According to Mathias Schliep, Chairman of the Management Board, Thimm Group, "Our revenue has continued to develop at the general economic level for the corrugated cardboard industry, but is slightly below our expectations. This is also attributable to the continuing difficult cost situation in the corrugated cardboard sector. In the fourth quarter of 2018 prices for corrugated cardboard base paper did decline slightly but the average development at the end of the year was an increase of 19.3 percent higher than in 2017. Personnel, energy and logistics costs also rose in the financial year under review. These developments have led to a tense earnings performance across the entire sector. Our operating result EBITDAR amounted to EUR 46.7 million and corresponds to an increase of 15.3 percent over the previous year. Our equity ratio of 37.5 percent remained at a solid level. Our earnings were positively affected in particular by the business division of Thimm Packaging Systems and by above-average volume growth in our packaging plants in Poland and Romania. Also the very strong start-up curve from our plant in Wolnzach in Bavaria, where we invested in a new building in 2017, made a significant contribution to the increase in earnings."

In the financial year under review Thimm Group continued to invest in site expansions and in new production technologies. Three sites saw expansions in their production halls which are enabling further growth. In Tychy in Poland and in Všetaty in the Czech Republic investments were made in processing machines in order to develop the business with high-grade packaging finishes. In Sibiu in Romania a further expansion stage was reached with the order of a new corrugator which was commissioned in April 2019. Taken together with many other investment projects, total investments for the year amounted to EUR 15.9 million.

Investments and the strategic orientation have become established

Since the investment in the future-oriented digital printing technology at the Ilsenburg site (2017), the demand for digitally-printed packaging and displays continued to rise sharply in 2018. According to Schliep, “More and more manufacturers of branded items and own brands are showing an interest in digital printing. After many initial orders our customers are demonstrably impressed with the flexibility and the highly-innovative solutions such as the invisible data codes. In order to meet the strongly increasing demand in the first few months of 2019, long-term further printing capacities must be developed in the market. Overall this validates our investment in the digital web press.”

The strategic orientation towards digital business models since the creation of the first e-commerce start-up at Thimm Group in March 2018 also continues to develop. In addition to the initial product portfolio of standardised corrugated cardboard packaging and value-added accessories the online shop www.kartonara.de now also offers clothing cartons and a new generation of removal and archive boxes. “The consistent expansion of our online range in line with market requirements enabled us in November 2018 to reach the start-up milestone that we had set for the third quarter 2019,” says Schliep on the successful launch of the first e-commerce start-up in Thimm's 70 year history.

Numerous awards for the Thimm Group

The 2018 financial year was again a year of awards for the company with 16 awards won in industry competitions. In addition to country-specific competitions such as the German Packaging Award and the Czech Obal Roku, Thimm won the World Star Award for two of the world's best packaging designs. Schliep added, “The numerous awards we have won for our packaging and displays underscore our innovative capacity in the sector. For our employees these are both a motivation and a validation for always offering our customers the best solutions. Frequently our innovations present a sustainable alternative to plastic packaging. This supports our customers in the improvement of their sustainability profile. Corrugated cardboard is increasingly establishing itself as an environmental packaging solution with excellent cyclical features and is opening up new opportunities for the entire corrugated cardboard sector.”

For the sixth successive time the company won the “Best Employer” award at the packaging site of Všetaty in the Czech Republic. At the end of the reporting year, THIMM Group employed 3,262 people at 19 locations worldwide. This corresponds to an increase of 7.5 percent over the previous year. Employee numbers increased mainly in the business divisions of Christiansen Print and Thimm Packaging Systems, where mainly temporary workers were

taken on as permanent employees. 123 apprentices and dual-track students were also being trained at the company's German sites.

Outlook: Investments, forecasts and brand mergers present opportunities for the Thimm Group

THIMM Group is planning investments of EUR 37 million for 2019. The main focus of these investments is on the development of packaging plants with expansions to buildings and machine capacities. Another investment focus will be the modernisation of the technical infrastructure.

Based on cautious economic forecasts in view of international developments, such as Brexit and increasing trade barriers, Thimm Group is planning for a revenue increase in the current financial year. According to Schliep, "Through a profitable packaging and display business, we are planning to significantly improve the earnings of Thimm Group and thereby grow beyond the market forecast. We are expecting volume growth at our sites in Germany, Poland and Romania. At the same time the opportunities offered by digital printing technology that can be deployed both on packaging and displays will also have a positive impact on our earnings. We laid the foundation for this in April 2019 through our brand fusion of two established business divisions into the new brand Thimm pack'n'display, which will also result in further synergies.

About Thimm

Thimm Group is the leading solutions provider for the packaging and distribution of goods. Its portfolio includes corrugated cardboard transportation and sales packaging, high-quality promotional displays, packaging systems combining a range of materials and print products for further industrial processing. The company's product offerings are further enhanced by a wide range of associated packaging services covering the entire supply chain. Its customers include prestigious branded product groups from across all sectors. Founded in 1949, the family-owned business has more than 3,200 employees at 19 sites in Germany, Czech Republic, Romania, Poland and Mexico and generates annual revenues of around 645 million euros.

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