



# First Quarter 2020 Review



Stephan Tanda, CEO | Bob Kuhn, CFO | May 1, 2020 @ 8 a.m. Central Time

# Forward Looking Statements & Non-GAAP Financial Measures

**This presentation includes forward-looking statements. Forward-looking statements are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are based on management's beliefs and assumptions in light of information currently available to management. Accordingly, the Company's actual results may differ materially from those expressed or implied in such forward-looking statements due to known or unknown risks and uncertainties that exist in the Company's operations and business environment, including, among other factors, those described in documents filed by the Company with the Securities and Exchange Commission, specifically its Form 10-Ks and 10-Qs. The Company does not assume any obligation to update, amend or clarify such statements to reflect new events, information or circumstances after the date of this presentation.**

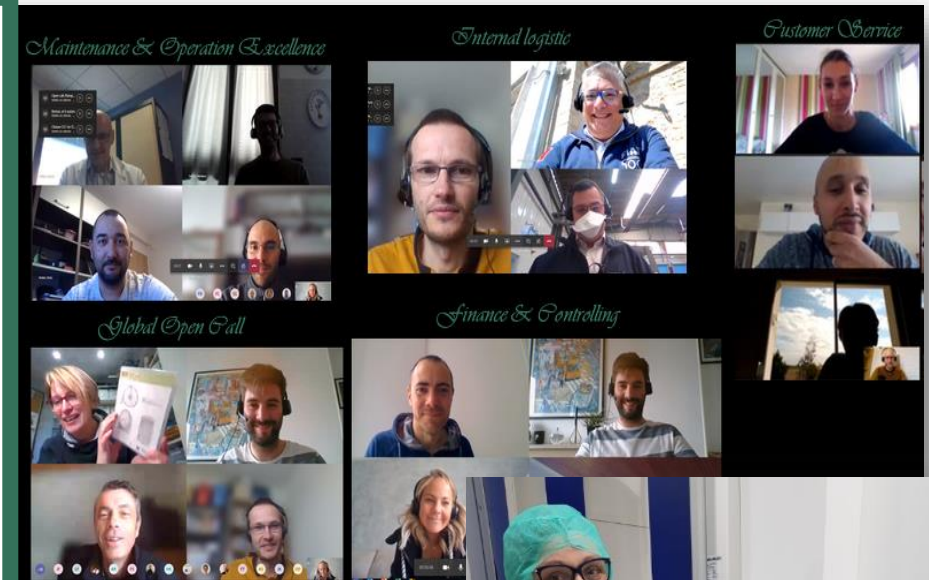
**During the course of this presentation, certain non-GAAP financial information will be presented.**

**A reconciliation of those numbers to GAAP financial measures is available on the company's website at [www.aptar.com](http://www.aptar.com) on the Investor's page (click on Events & Presentations).**

# Our People and Our Suppliers Are Rising to the Challenge

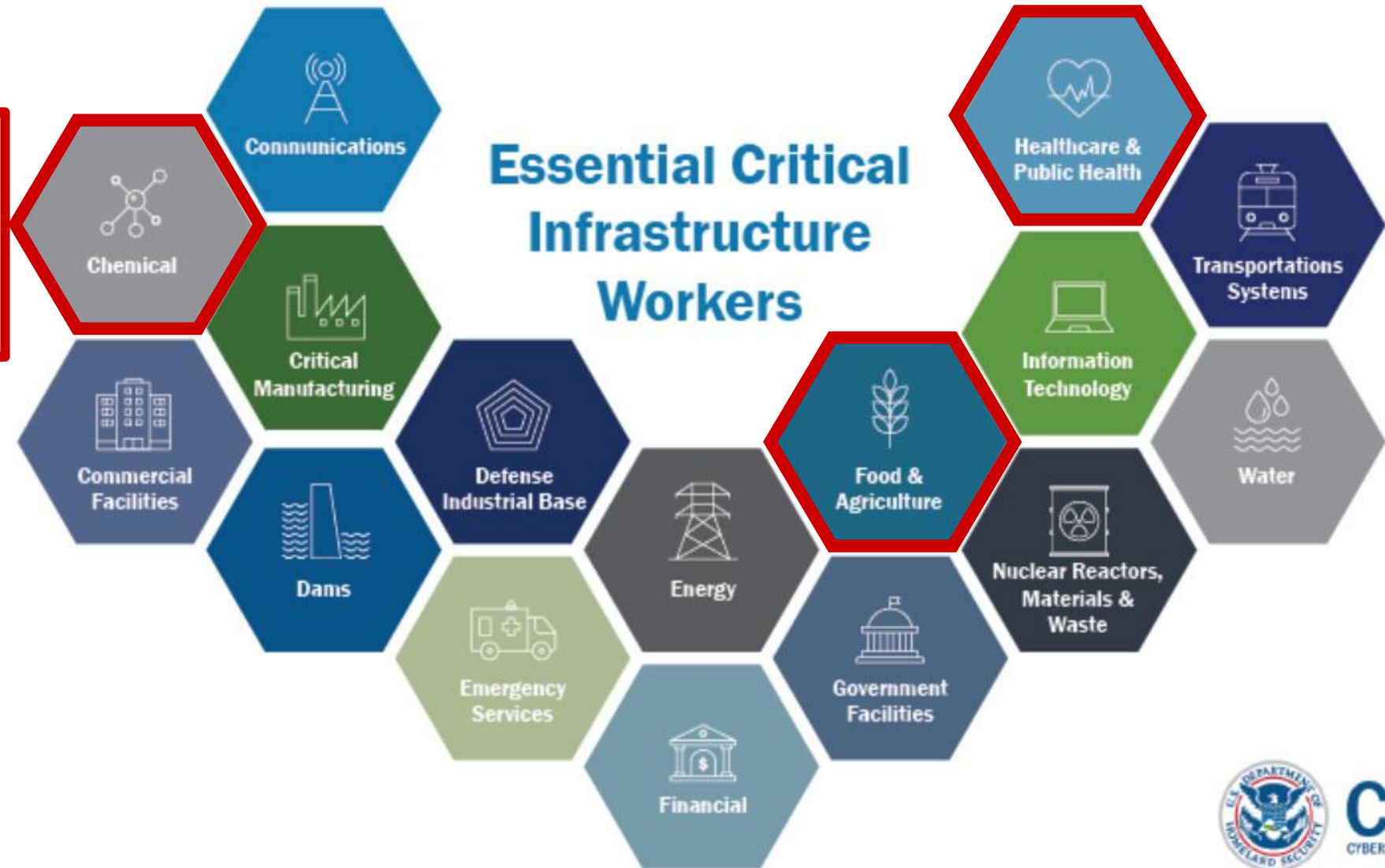


Thank  
you



# Aptar is Part of Essential Critical Infrastructure

- Basic chemicals
- Specialty chemicals
- Agricultural chemicals
- **Pharmaceuticals**
- **Consumer products**



# Aptar's Products Are Critical During this Time

## Medicines



## Sanitizers & Cleaners



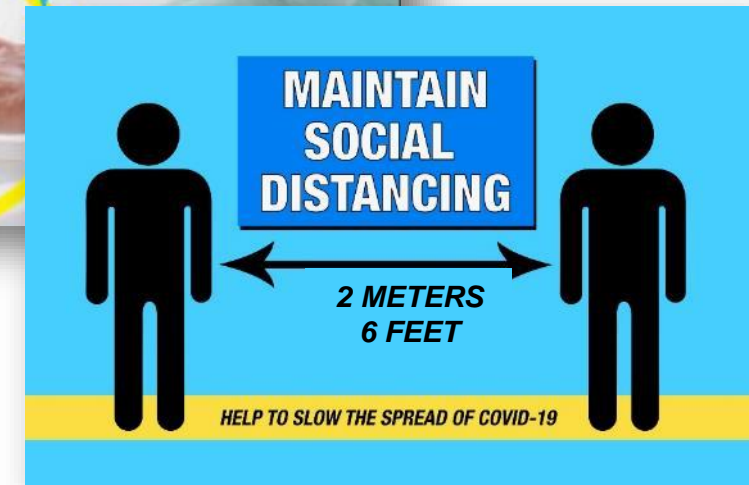
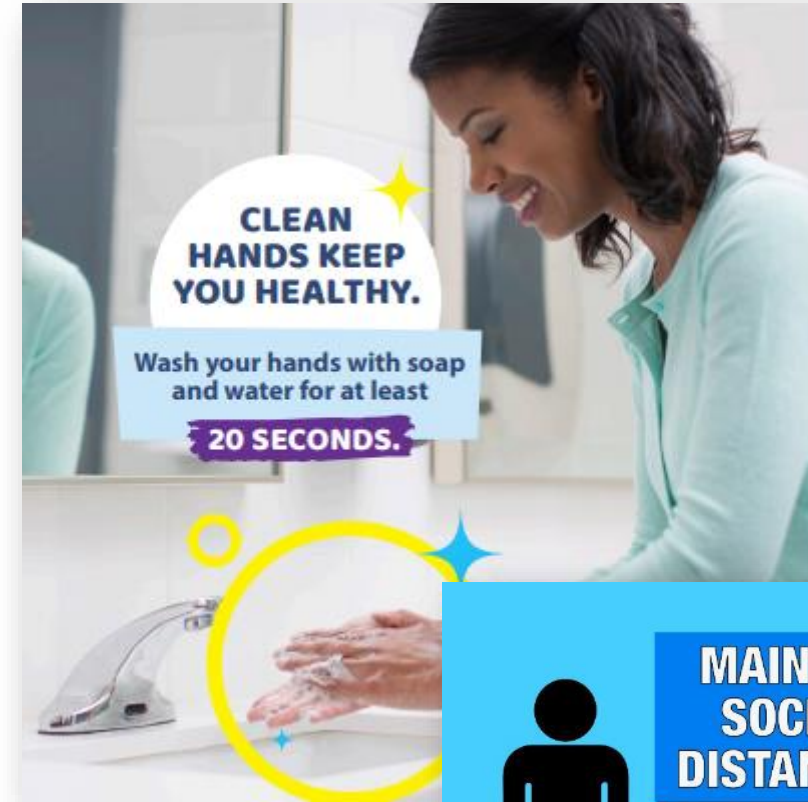
## Food & Beverage



Engaging with customers and suppliers to ensure the supply chain

# Aptar's Health & Safety Actions

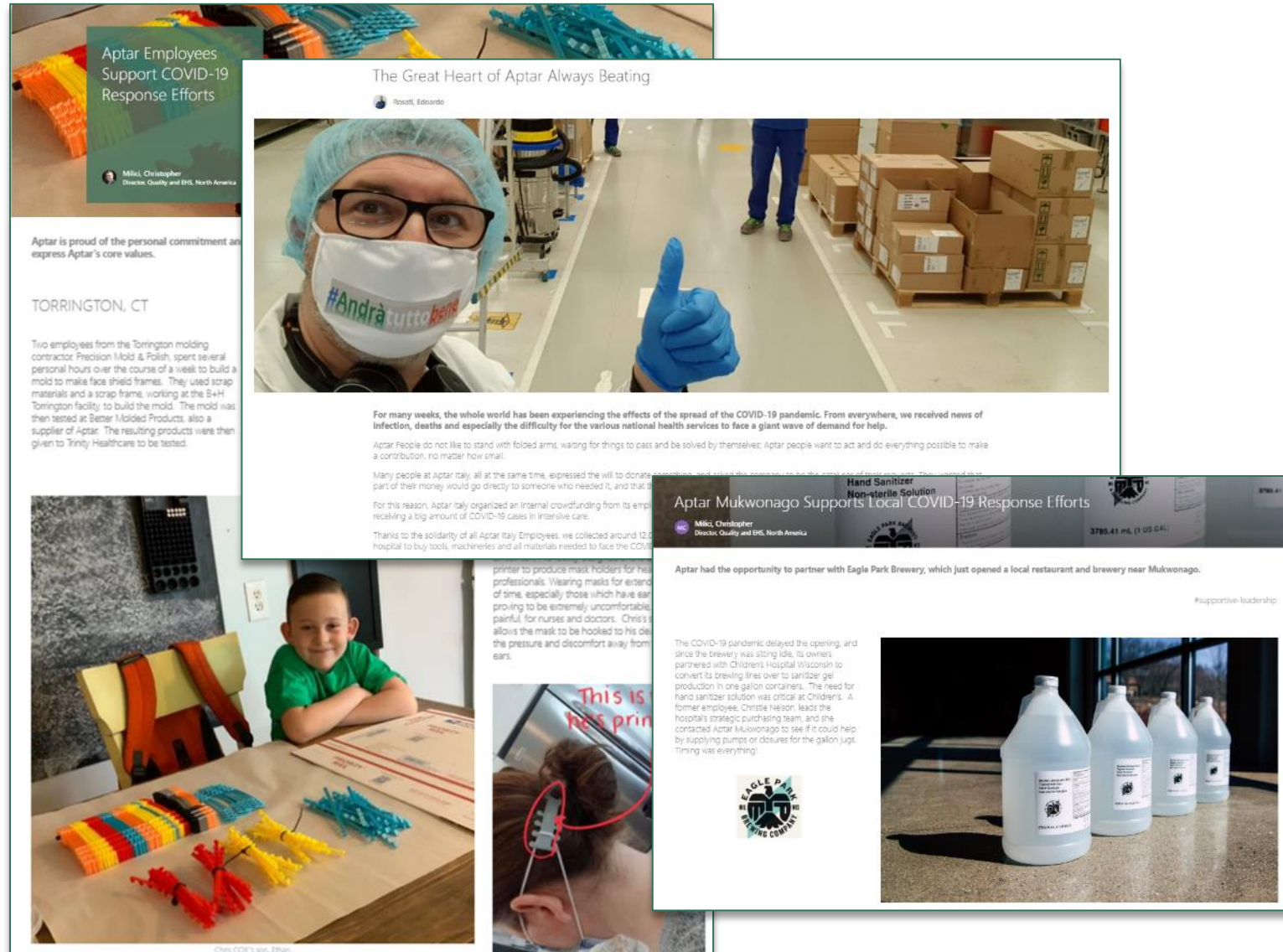
- Established a COVID-19 Global Action Team
- Implemented an Exposure Control Plan
- Applied best practices from our operations in China
- Adopted remote working wherever possible
- Restricted visitors to our locations
- Escalated cleaning and sanitizing procedures
- Promoted good hygiene and social distancing
- Distributed masks as they became available
- Enabled real-time reporting of COVID-19 instances



# Supporting the Communities Where We Live and Work

Some of our employees' support includes:

- Donating thousands of pieces of PPE including protective gowns, and protective glasses for distribution to hospitals and first responders in our communities
- 3D printing for mask holders and face shields
- Providing pumps and closures & partnering with repurposed brewery to produce gel sanitizers for children's hospital
- Employee fundraisers for local hospitals



# Q1 Segment Recap and New Product Launches



## Aptar Pharma

Core sales growth across each end market; particularly strong growth in our injectables and active packaging businesses

Over 150 projects identified as a result of the COVID-19 pandemic

First commercial launch with PureHale respiratory device for Breathe Free Essentials

US FDA EUA Request for N95 Respirator Decontamination using ActivShield™



## Aptar Beauty + Home

Negatively impacted by reduced orders from customers providing prestige beauty products, mainly in travel retail and standard retail

Increased demand for hand sanitizers and cleaners was not enough to offset declines in other personal care categories

Spray actuator featured on Lysol Neutra Air Disinfectant Spray and PCR closures and spray pumps featured on a line of Wildwash pet care products



## Aptar Food + Beverage

Negatively impacted by the passing on of lower resin costs as well as lower food service and beverage closure sales, which seem to be related to the COVID-19 crisis

Supported Coca-Cola's Powerade product line with a new zero-sugar beverage that features our sport closure

# Strategic Priorities

Asia

Beauty + Home

Food + Beverage

Pharma



Organic Growth



Talent & Leadership



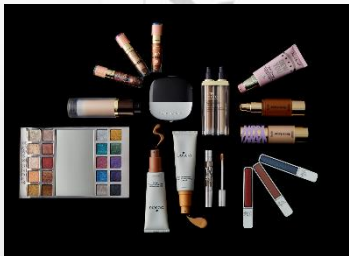
Excellence Pillars



Transformation



Acquisitions & Partnerships



FUSIONPKG



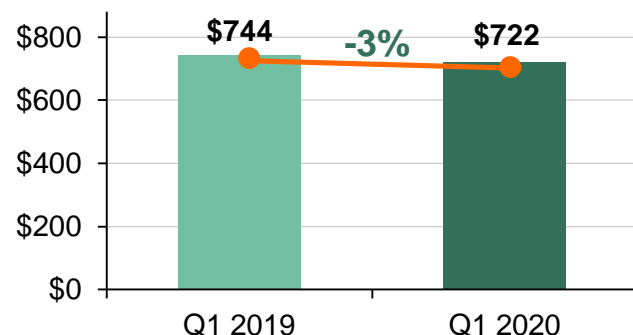
ActivShield™

ActivShield™

# First Quarter 2020 Reported Results

## Reported Q1 Sales

(in millions \$)

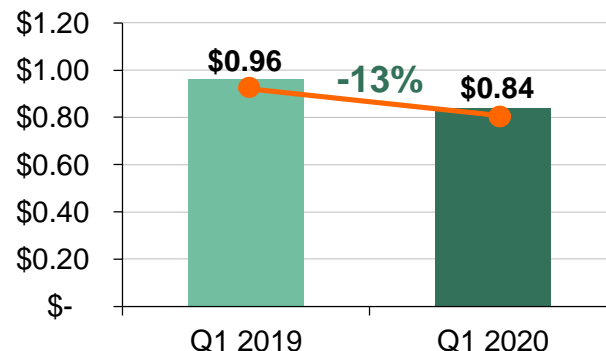


**-2%**  
Core Sales  
Growth\*

**-2%**  
Currency  
Effects

**+1%**  
Acquisitions

## Reported Q1 EPS



**30%**  
Q1 2019  
Reported  
Effective Tax  
Rate

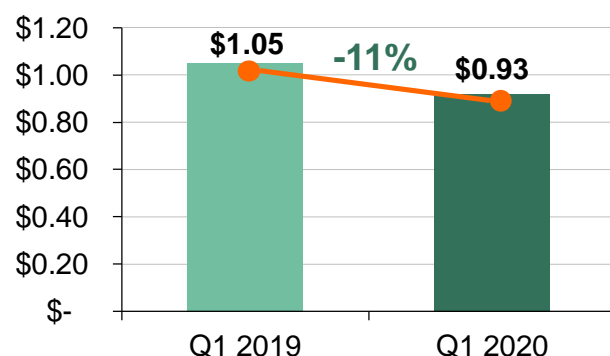
**29%**  
Q1 2020  
Reported  
Effective Tax  
Rate

## Q1 Highlights

- Reported sales and earnings per share were negatively impacted by:
  - Currency exchange rates
  - Timing of passing on lower resin costs
  - COVID-19 pandemic
- Another solid performance by our Pharma segment with core sales growth across each end market with particularly strong growth in our injectables and active packaging businesses
- Beauty + Home was negatively impacted by sales declines in each end market, principally due to COVID-19
- Food + Beverage was negatively impacted by the passing on of lower resin costs as well as COVID-19 related softness

# First Quarter 2020 Adjusted EPS and Adjusted EBITDA

## Adjusted Q1 EPS\*



**28%**

**Q1 2019**

Effective Tax  
Rate Adjusted  
Earnings\*

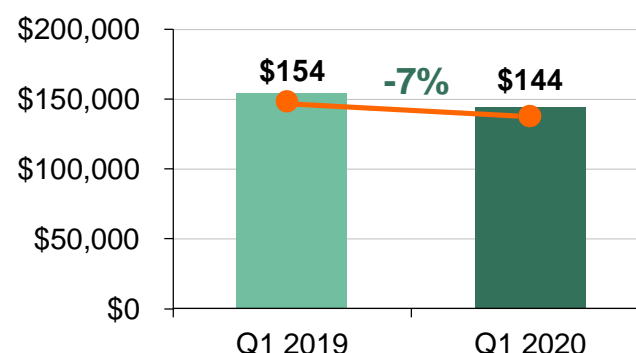
**29%**

**Q1 2020**

Effective Tax  
Rate Adjusted  
Earnings\*

## Adjusted Q1 EBITDA

(in millions \$)



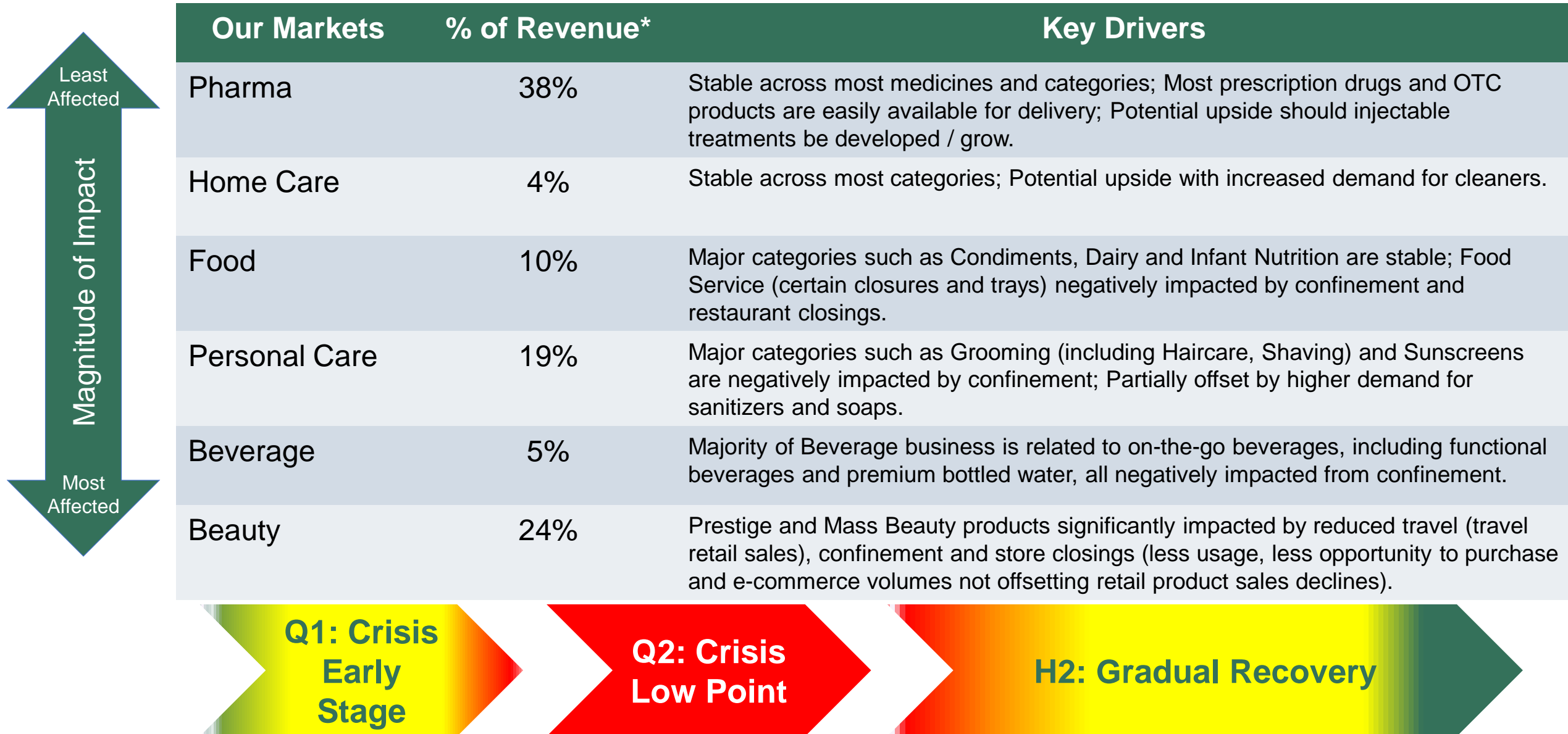
### Adjustments:

- 2019: Restructuring initiatives of \$9.5 mil
- 2020: Restructuring initiatives of \$4.8 mil; Transaction costs related to acquisitions of \$1.4 mil; Purchase accounting adjustments of \$1.4 mil

## Q1 Adjusted EPS and Adjusted EBITDA Highlights

- Adjusted EPS and Adjusted EBITDA were negatively impacted by:
  - Reduced volumes and related absorption costs in our Beauty + Home and Food + Beverage segments
  - Currency exchange rates
  - \$3.6 million pretax charge for Thank You Awards

# Revenue Near-term Sensitivity



# Cost Containment Actions

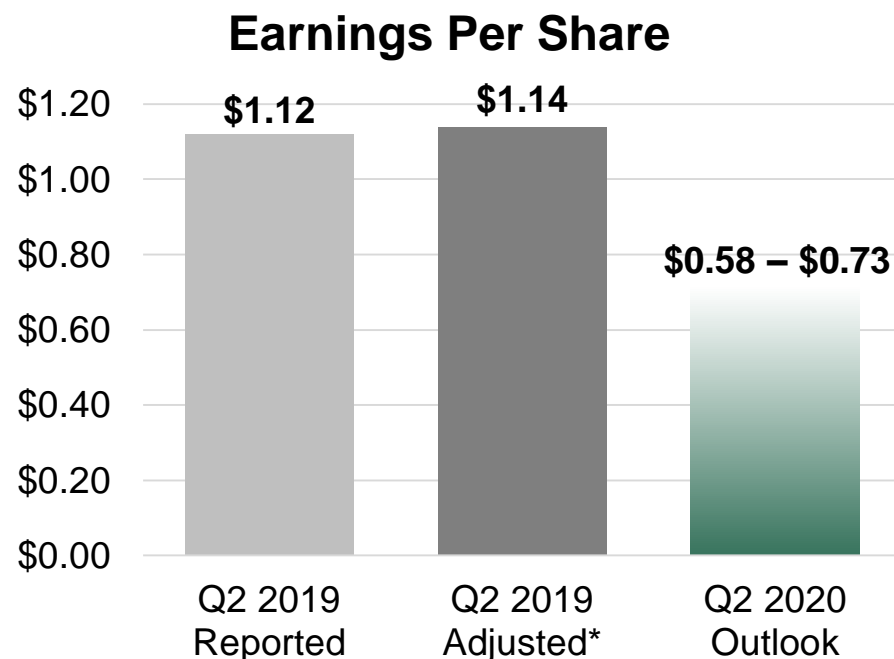
- Reducing temporary labor headcount
- Pulling in subcontracted work
- Modifying production schedules
- Regional and site-specific furloughs and wage reductions
- Vacation time being taken
- Eliminated business travel
- Reduced all non-essential spending
- Passing through price adjustments

# Liquidity

<b>Debt Structure</b>	<ul style="list-style-type: none"> <li>• Total debt of \$1.4 billion as of March 31, 2020</li> <li>• Comprised of mainly private placement agreements</li> <li>• Average interest rate = 2.6%</li> <li>• Fixed / variable = 85% / 15%</li> </ul>
<b>Near-term Maturities</b>	\$56 million maturing in 2020 and 2021 related to our outstanding term loan
<b>Financial Covenants*</b>	<p>Net Debt/EBITDA = 1.7x → maximum 3.5X</p> <p>EBITDA/Interest Payable = 16.3x → minimum 3x</p> <p>Other covenants based on subsidiary debt levels</p>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>• \$411 million in cash and equivalents as of March 31, 2020 (less than half earmarked for FusionPKG acquisition which closed on April 1, 2020)</li> <li>• \$100 million capacity (undrawn) on US Revolving Credit Facility</li> <li>• €150m capacity (undrawn) on EUR Revolving Credit Facility</li> </ul>
<b>Working Capital Focus</b>	<p>AP – much closer management of purchases to mirror any reduction in demand from customers and adherence to supplier payment terms. Ongoing supplier payment term negotiations.</p> <p>AR – close monitoring of customer due dates and terms</p>

\* See Aptar's SEC filings for details about Debt Covenants.

# Outlook



**31-33%**

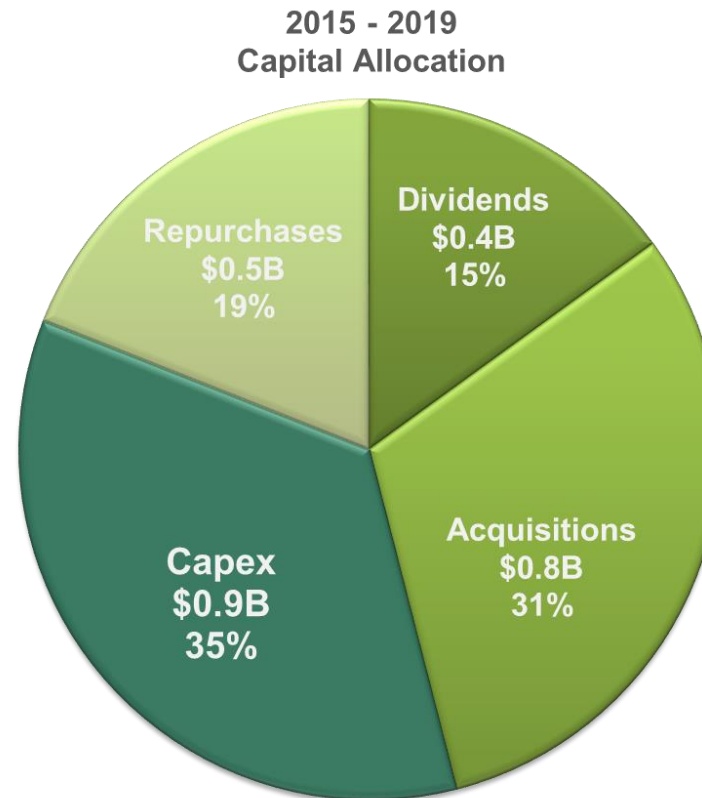
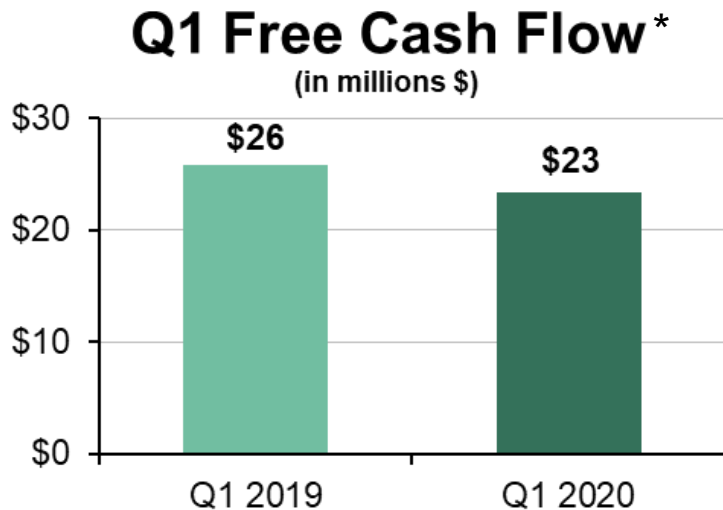
Q2 expected  
tax rate range  
(prior year Q2  
Adj. EPS  
effective tax rate  
= 27%)

Guidance Fx Euro Rate = 1.10

## Outlook Highlights

- Expect the near-term effects related to the COVID-19 pandemic to continue through the second quarter and anticipates that they will be more pronounced than the Company experienced in the first quarter
- Coming quarter to mark the low point and anticipate a gradual recovery in the second half of the year
- Second quarter results are expected to include approximately \$3.6 million (pretax) related to the Thank You Award being given to employees who have made it possible for Aptar to continue to supply critical infrastructure industries during the COVID-19 crisis

# Free Cash Flow and Capital Allocation



## Highlights

- Free cash flow was \$23 million, compared to \$26 million in the prior year
- Balance sheet remains strong and we are generating cash
- Could borrow additional funds under our existing agreements
- Current dividend policy remains unchanged
- Temporarily paused our share repurchasing program as a precautionary measure given near-term uncertainties
- Capital expenditures estimated range for 2020 is \$220 - \$240 million
- Depreciation & amortization estimate for 2020 is \$220 - \$230 million

# Presentation Key Takeaways

- Living our purpose and responsibility to society
- Product solutions play an important role in everyday life
- Incredible employees who are rising to the challenge
- Long-term opportunities for growth and value creation are intact
- Operating in diverse and attractive markets with expansive customer base
- Navigating near-term challenges with our strong balance sheet, cash flow generation ability, cost containment efforts and focus on our customers