Flexible packaging

785
MILLION

SALES

80
THOUSAND
TONNES

PRODUCTION
CAPACITY OF
BOPP
POLYPROPYLENE
FILM

387
MILLION

EXPORT SALES

Alupol packaging

A leader on the market of packaging in Poland and a recognised manufacturer of laminates in Europe.

49%

of total sales of the Flexible Packaging Segment is exports

The packaging recipients include international concerns as well as established Polish and European companies

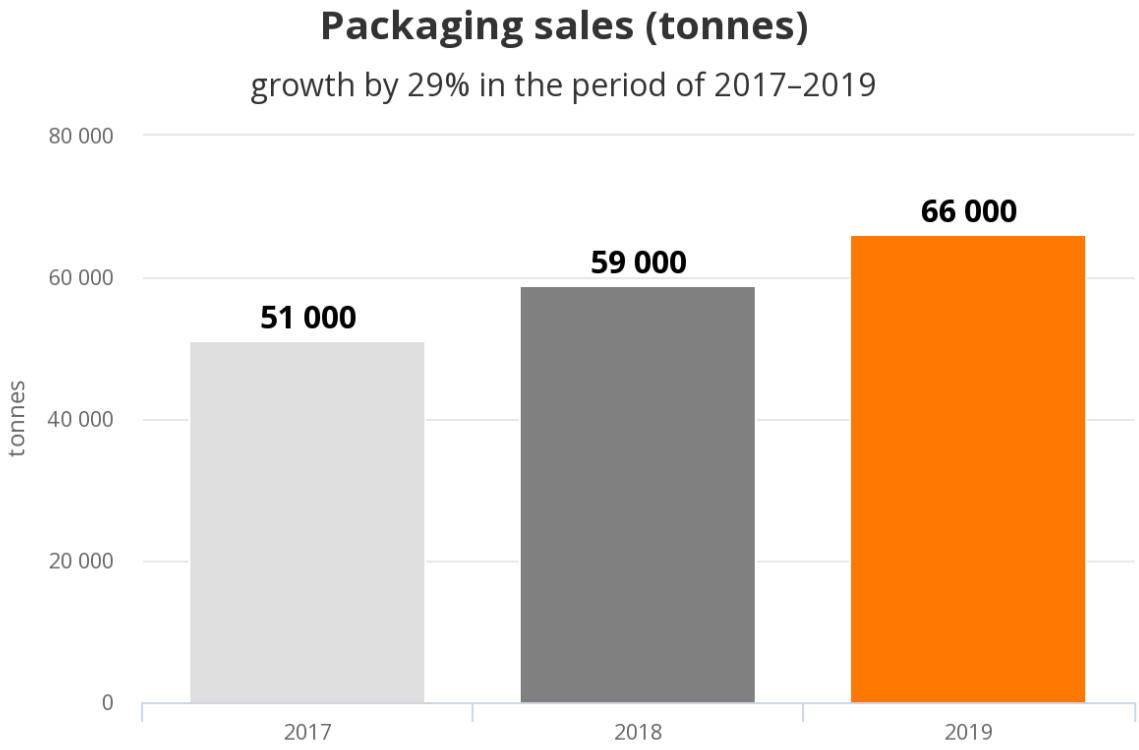


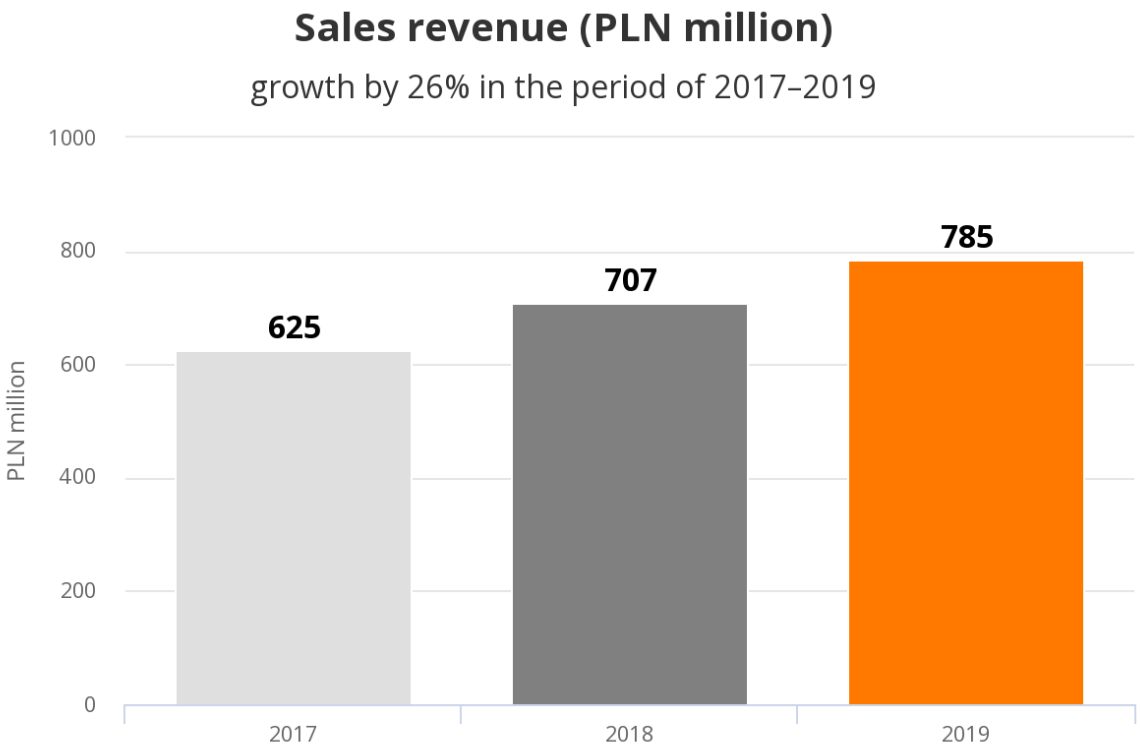
The location of Alupol Packaging plants in Poland

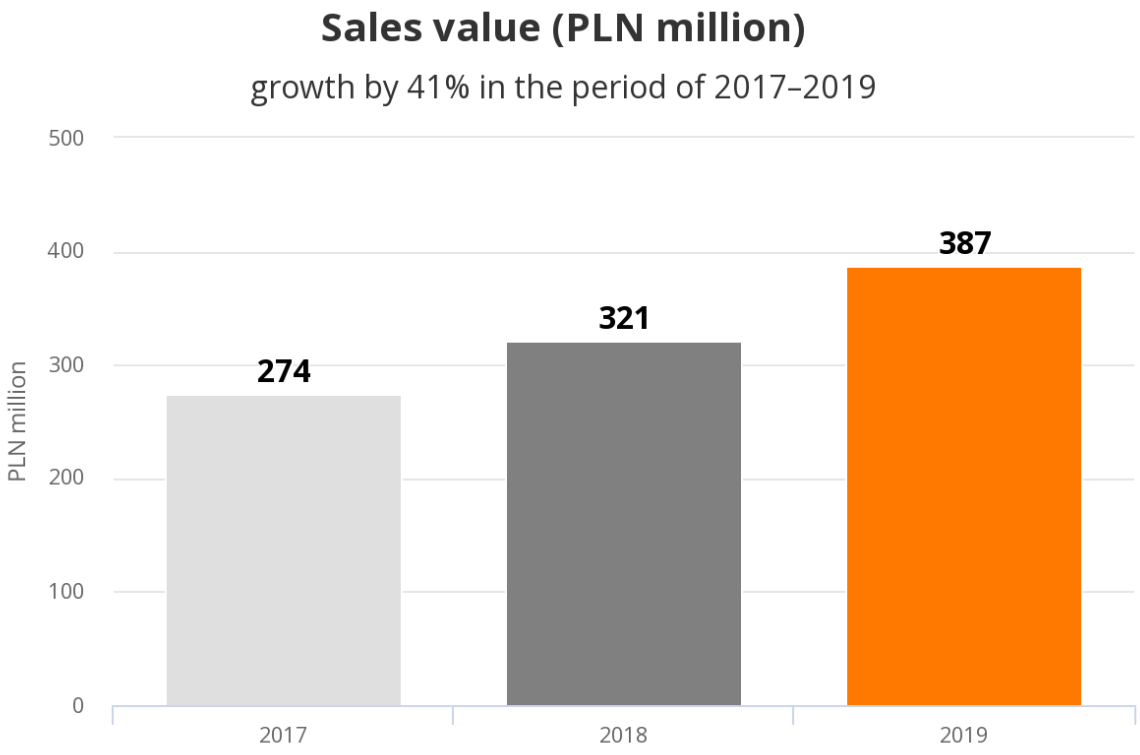
The Flexible Packaging Segment (FPS), represented by Alupol Packaging S.A. in Tychy and its subsidiaries Alupol Packaging Kęty and Alupol Films in Oświęcim, is a leader on the market of flexible packaging in Poland with over 20% share. At the same time, it is the leading supplier of easily-recycled polypropylene film, with production capacity of roughly 80,000 tonnes a year. The FPS is also a recognised manufacturer of packaging in Europe and one of the largest producers of extruded paper-based laminates



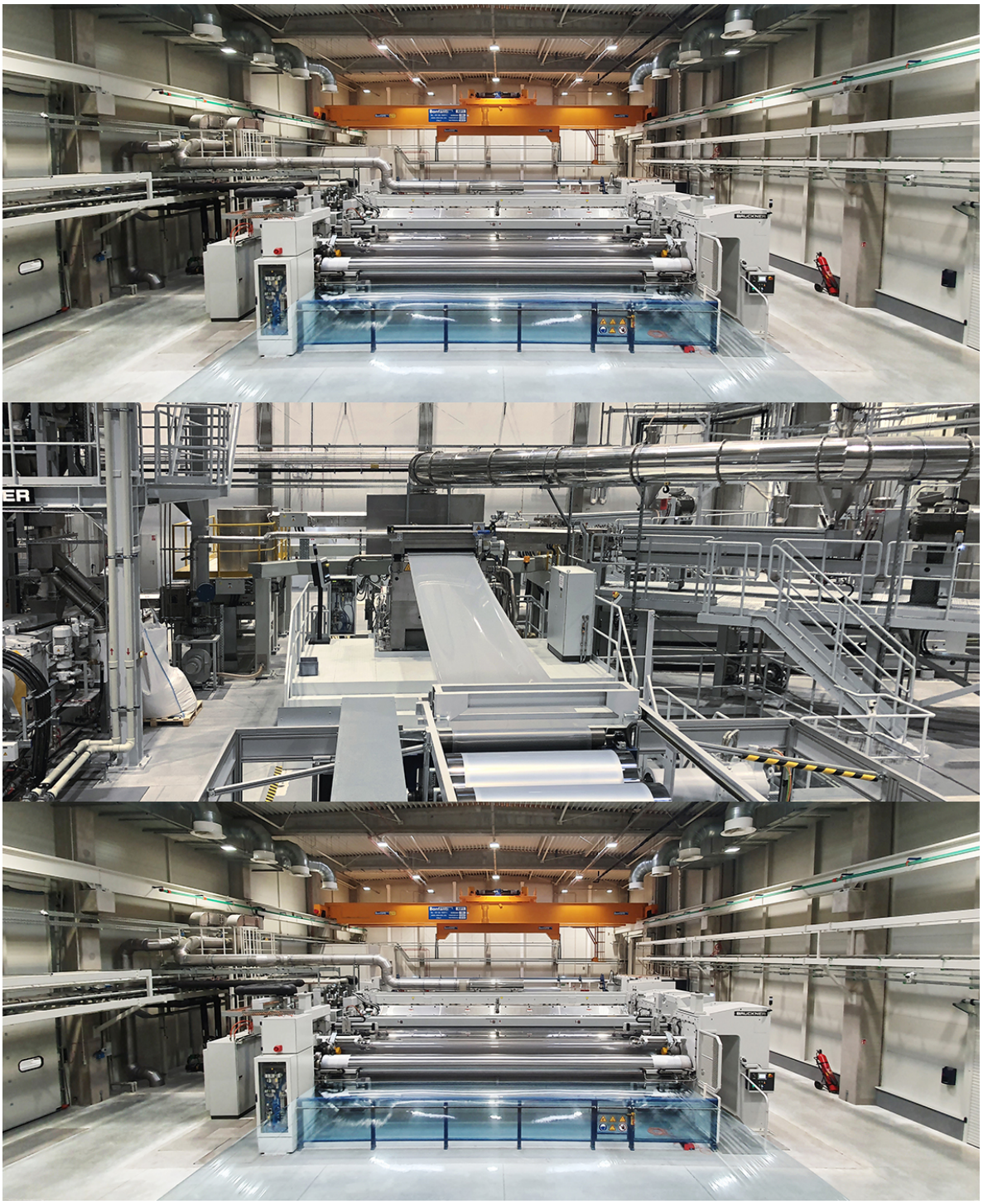
Record sales of packaging in 2019

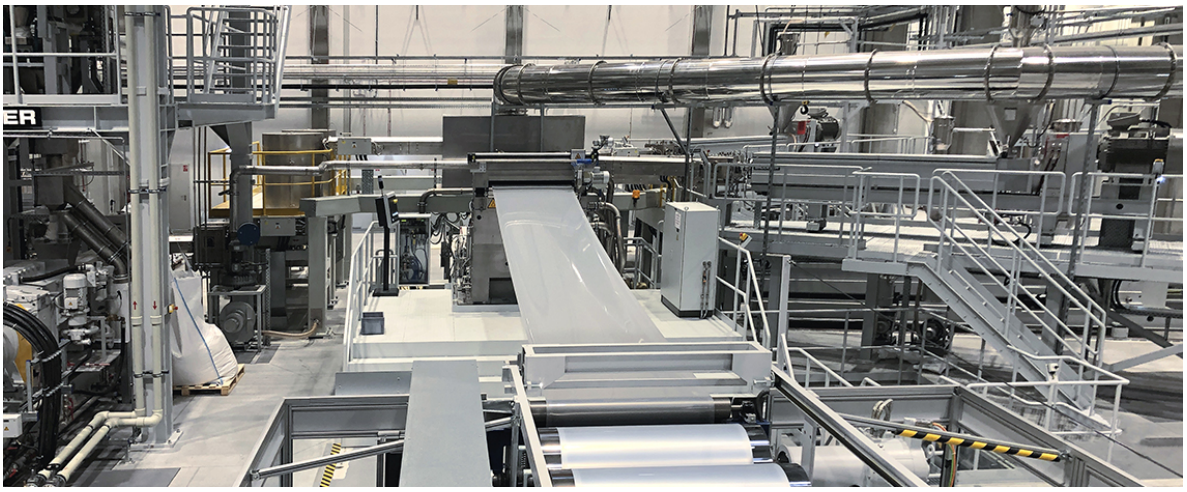






Record growth of BOPP film sales





The most spectacular sales growth was recorded for BOPP film manufactured by Alupol Films (by 18% y/y). Higher sales of laminates was also recorded in the sectors of: tea packaging (+64%), chemicals (+42%), fats (+16%), fresh food (+18%), bakery products (+15%), coffee packaging (+13%), and confectionery (+13%).

Also export sales figures soared in 2019 (growth by 21% y/y). This resulted from an extended portfolio of projects and attracting new customers on the European market. The highest growth rate was recorded on the following markets: Italy (+96%), Estonia (+41%), Germany (+34%), Switzerland (+34%), the Czech Republic (+24%), and Hungary (+20%).

Strategic Alupol Films

In September 2019 the FPS completed its flag project at the Alupol Films plant in Oświęcim, within a Special Economic Zone. The second twin line for polypropylene packaging production was launched there. Thanks to the new project (worth approximately PLN 110 million), the production capacity of Alupol Films doubled, to reach nearly 80,000 tonnes of BOPP film a year. Both production lines installed at the plant count amount the largest and most advanced machinery in Poland and Europe.

Alupol Films development is one of the elements of the FPS strategy consisting in income sources diversification and value-added chain extension. The films manufactured at the Oświęcim plant are used and refined (printing, lamination, cutting) by Alupol Packaging S.A. and Alupol Packaging Kęty Sp. z o.o.



Ecology and environmental protection trends

In 2019, the packaging sector was strongly affected by the environmental protection trends within the world’s economy.

From the discussions held with regard to the possible direction of the sector development in the coming years it results that those packaging items which do not serve product protection but only aesthetics improvement (packaging for fruit, fresh seasoning, flowers, etc.) will disappear from the current range. The largest chances of ‘survival’ and further development are assigned to plastic packaging of uniform material structure but thinner, and with less printing compared to the current standards, which will make them easier to recycle.

A major limitation, slowing down the process of replacing packaging with more ecological ones, will be the machines and plant owned by food manufacturers, which are not fit for the new type of packaging. Their replacement is a highly money and time consuming process, although surely possible and essential owing to the objectives set out.

In such context, it may be said that the FPG – a leader on the flexible packaging market in Poland and Europe – has lately implemented an optimal strategy of development compared to market expectations. The expenditure on plastics processing, i.e. the manufacturing of polypropylene and polyethylene films, including high-barrier ones, contributed to strengthening of the Flexible Packaging Segment’s position on the European market and generating record results.

In 2020 the FPG is going to work hard on a new development strategy for the years 2021–2025. Considering the strong influence of ecology and environmental protection trends on the packaging segment, the FPG will continue developing solutions which are more neutral to the environment than those currently applied. These must be, however, acceptable to the commercial partners with regard to product protection and fitness for their packaging lines.

The ecological approach among the consumers and business partners will have a significant effect on production profitability. The products with highest margins manufactured by the segment, i.e. printed multi-layer laminates characterised with very high value added, based on aluminium foil and polyester films, as well as their combinations with paper and polymers, will probably be eliminated from the market. Expected will be, however, packaging of more uniform structure, characterised with much lower value added and, consequently, lower price. In the recent years, the Flexible Packaging Segment has been gradually investing in the machinery and plant for manufacturing such packaging.