



## Production capital

The Capital Group consists of three key business units, represented by established brands and companies, which are recognised in Europe. This makes the customers willing to cooperate with them, owing to their reliability, production potential and the quality of products.



The Extruded Products Segment, represented by the corporate brand of Grupa Kęty S.A., manufactures aluminium profiles and components. The EPS is a leader of the sector in Poland, with market share estimated at roughly 25%. It also has a strong position in the European aluminium industry, being successful not only on the traditional markets (construction business) but also in the automotive and transport sectors.

Aluprof S.A. is an epitome of a fast-growing company. It is a brand in itself, which is popular and recognised among architects, developers and contractors who care for the quality and professionalism. The company has been gradually extending its share on further European markets, and has made a bold entrance to the American market. It may be said that Aluprof has been consequently working for the status of an established European brand.

Alupol Packaging S.A. counts among the largest producers of flexible packaging in Europe. It distinguishes itself with advanced technology, innovative products and care for the safety of the employees. For many years it has been a recognised supplier of flexible packaging to international concerns.

### Extruded Products Segment

European supplier to the prestigious sectors of Hi-Tech products

The Extruded Products Segment, represented by the corporate brand of Grupa Kęty S.A., manufactures aluminium profiles and components. The EPS is a leader of the sector in Poland, with market share estimated at about 25%. It also has a strong position in the European aluminium industry. The Segment is based in Kęty, but its plants and sales offices are also located in other places in Poland and abroad. The production capacity of the Extruded Products Segment is now 90,000 tons a year, and comprises also other processes apart from extrusion, which is the main activity of the company. The Segment has 13 engineering lines for extrusion, including billet production as well as profiles machining and surface treatment plants. The offered services comprise: anodising, coating, welding and complete fabrication of extruded products. The production capacity of the Extruded Products Segment enables the supply of various branches of industry with aluminium profiles and components, and these include the most progressive ones, such as construction, automotive, transport, railway, electrical engineering, defence, household equipment, advertising, and tourism industries.

By way of focused concepts and activities regarding sales policy, as well as development of new technologies and reasonable investments, the EPS generated satisfactory profitability in 2020, even in the conditions of Covid-19 pandemic and the resulting lockdown. In 2020, there was practically no major manufacturer in the extruded products sector who would not inform about the negative impact of the pandemic on their sales level. Meanwhile, the Extruded Products Segment not only did not record worse results compared to 2019 but also improved the results from quarter to quarter, reporting growth of sales volume.

In effect, sales revenue of the Sector in 2020 grew to PLN 1.3 billion (growth by +2%). A broad assortment of products and differentiated customer base helped the Segment to cope in the difficult macroeconomic conditions. Similarly as in the recent years, the focus on sales development in 2020 was represented by supporting export markets, particularly those largest ones for the EPS, as well as maximum utilisation of the potential of foreign trading companies (Germany, the Czech Republic, Italy).

	2018	2019	2020
Sales revenue (PLN million)	1,270	1,251	<b>1,280</b>
Foreign sales (PLN million)	582	575	<b>591</b>
Sales by volume (thousands of tons)	75	77	<b>85</b>

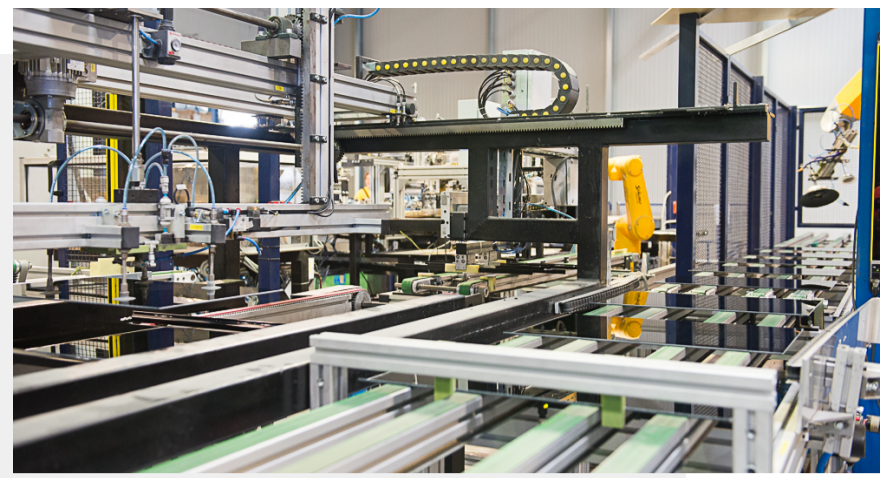
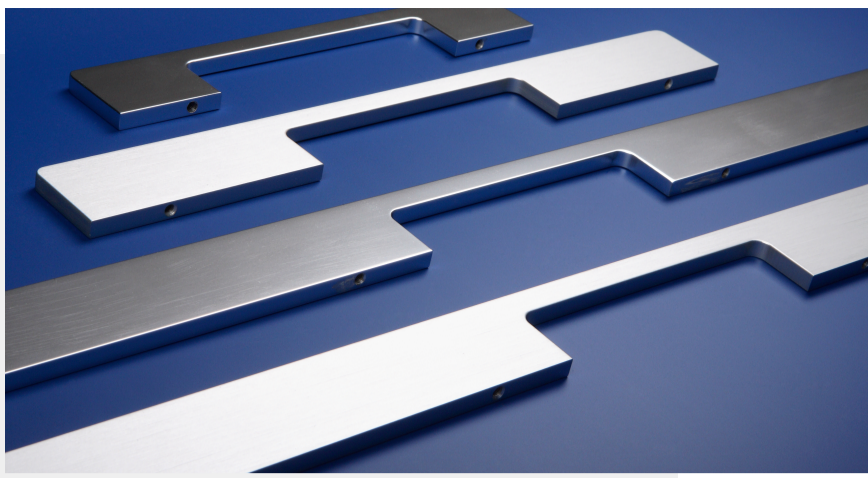
## Investments

In 2020, the Segment continued investment projects commenced in the preceding years. First of all the installation of the 36 MN press was completed, and the equipment of the 28 MN press was supplemented. Other investment projects comprised major repair works for the purpose of operating activities maintenance, and specifically roof replacement at the products warehouse of the anodising plant in Kęty. The building will be used in the project of launching a new press, which is going to be carried out in the years 2021–2022. The Segment executed the investment assumptions set out in the 2020 budget.



## Aluminium Kety EMMI

The Slovenian company of Aluminium Kety EMMI was acquired by the Extruded Products Segment in 2016. Inclusion of a plant providing advanced profiles machining and surface treatment in the organisational structure of the EPS puts the Segment at a more attractive position on the market. The business activity of AK EMMI complies with the EPS strategy of building a strong brand sought for by the manufacturers of speciality aluminium products. On the other hand, following the acquisition, AK EMMI gained not only a new owner but mainly a partner ensuring the company development by way of financial and subject-matter support. The synergy has been beneficial to both companies. The turnover of AK EMMI within the structures of Grupa Kęty has been systematically growing. In 2020 sales amounted to EUR 28 million. The customers of AK EMMI are mainly the manufacturers of white goods (such as refrigerators, washing machines and others), but for two years now the company has been also attracting large contracts for the supply of components to the established, prestigious brands of vehicles.



## Alupol LLC in Ukraine

Alupol LLC completed the years 2020 with a great success, attaining nearly all sales goals assumed in the budget. The assumed sales volume within the processing service was executed in whole, whereas a slight shortage originated in the sales to internal market, which was related to economic fluctuations in Ukraine caused by the pandemic, particularly at its early phase in spring. Throughout the year, the plant has been operating without any downtimes and the production capacity of Alupol LLC's press was fully utilised. Also the EBITDA level assumed in the 2020 budget was achieved. For four years Alupol LLC has been providing production services to Grupa Kęty based on the so called 'processing agreement'. Such relationship, particularly in the situation of increased demand, is favourable to both companies. Within the agreement Grupa Kęty transferred to Ukraine some of the orders from the overloaded presses in Kęty. That resulted in practically complete utilisation of the production capacity of Alupol LLC's press and execution of budget assumptions. Invariably, the major recipient of Alupol LLC aluminium profiles is the construction business, but the number of new customers from the local market has been growing in Borodianka along with the number of dies operated.

## Research and Development Centre

For several years now the EPS has been consequently building its position of a major supplier in the prestigious sectors of Hi-Tech products. All the investment and sales activities of the Company focus on products which require speciality equipment, expert know-how, and compliance with restrictive quality procedures. Such assumed direction supports the development of the Company and maintenance of competitive advantage. A key role in the strategy is played by the in-house Research and Development Centre, employing professional staff and furnished with modern controls and instrumentation. The R&D Centre is a place where hundreds of standard tests are carried out every day to release products for delivery, but it also acts as scientific facilities for the innovative projects carried out by the EPS, including creation and implementation of new technologies, as well as application of technical novelties and inventions. In that regard, the R&D Centre activities in 2020 concentrated on:

- continuous extension the assortment of sections used in automotive industry and intended for crumple zone control and bodywork structures;
- production processes optimisation, consisting in laboratory testing of new parameters of, for example, thermal treatment, which results in the improvement of production performance and reduces energy consumption by the process.

The works have been carried out in cooperation with established scientific and research institutions, such as: the Light Metals Institute in Skawina or the AGH University of Science and Technology in Kraków. With such business approach and performance of many R&D projects, Grupa Kęty may closely cooperate with renowned brands in the automotive industry and the transport sector.



## Online activity

The limitations in free movement and physical contact caused by Covid-19 pandemic in 2020 forced a shift of a great number of business activity to the Internet. Meetings and conferences were held on remote basis, through web services intended for communication and online team work. For the first time in the history of the Segment, professional training was held on remote basis. The Extruded Products Segment accepted the proposal of the AGH University of Science and Technology in Kraków and organised an online workshop. The training materials were prepared by a specially appointed team of EPS employees. 17 students specialising in management, production management and engineering, IT and econometrics participated in the training. The courses were presented to the students through the University e-learning platform. The training ended with a test checking the students' knowledge of the course material. Thanks to the engagement of the Segment staff and perfect cooperation with the University, the project was a great success.

Starting from 2020, the Extruded Products Segment has its own website at: [www.profile.grupakety.com](http://www.profile.grupakety.com). The information disclosed on the website comprises the basic company data, description of its production capacity and the documents binding at the company (downloadable General Conditions of Sales and Distribution, General Conditions of Purchase, Certificates), contact details and current job vacancies. A video presenting the Segment may also be watched on the website.. The information disclosed on the website comprises the basic company data, description of its production capacity and the documents binding at the company (downloadable General Conditions of Sales and Distribution, General Conditions of Purchase, Certificates), contact details and current job vacancies. A video presenting the Segment may also be watched on the website.

## Aluminium Systems Segment

### Leader and innovator in the sector



ALUPROF S.A., a European supplier of high-quality aluminium systems for the construction business, is one of the leaders of the aluminium systems sector in Europe, supplying solutions of recognised high quality. The company has 5 production plants in Poland and 9 commercial companies in Europe and in the USA. It is present in 55 countries and has been constantly expanding to further world markets.

The company supplies modern aluminium window-and-door systems, façade systems as well as roller shutters and gates. ALUPROF S.A. products comprise fire-rated and burglar-safe structures, as well as energy-saving solutions to be used in passive buildings. The solutions offered by the company fulfil the most restrictive requirements of the modern construction business.

PLN million	2018	2019	2020
ASS sales revenue	1,292	1,463	<b>1,605</b>
ASS foreign sales	483	551	<b>626</b>

### Investments in innovative solutions

*In order to prepare to the stricter regulations and laws presented in the energy standard Technical Conditions 2021, which are mainly related to the implementation in Poland of the decisions of the European Parliament, pursuant to which the member states need to ensure that post 31 December 2020 all newly erected buildings will be energy saving, with nearly zero energy consumption, Aluprof designed a new window-and-door system labelled [MB-79N](#), with the energy-efficient buildings in mind. The heat transfer coefficient for the system windows fulfils the requirement of  $0.9 \text{ W}/(\text{m}^2\text{K})$ , and for the external doors –  $1.3 \text{ W}/(\text{m}^2\text{K})$ . It must be remembered that windows which comply with the heat transfer coefficient of  $U_w = 0.8 \text{ W}/(\text{m}^2\text{K})$  are not a novelty, and Alupof has already offered its customers products which fulfil requirements higher than those set out by the Technical Conditions standard and complying with the most restrictive thermal insulation, energy-efficiency and passivity standards.*

We have also supplemented our offer of sun protection solutions with SkyFlow external blinds system, available in several alternatives, as well as SkyRoll screens.

**Additionally prepared were new products in the sun protection segment: SkyFlow external blinds system and SkyRoll screens. These solutions will effectively protect interiors against excessive heating, simultaneously ensuring adequate optical comfort. A well-thought-out structure makes it possible to produce large-dimensional blinds and, therefore, they may be applied in buildings with large glazing elements. The products will prove to be perfect both in public utility buildings and in housing projects.**

**For the purpose of implementing the new products at the Opole plant, Isotra production lines for C-80 and Z-90 external blinds were installed.** With the development of the offer in mind and responding to the market requirements with regard to logistics service of the customers, in Q.3, 2020 the company commenced the construction of a new warehouse hall of the area of  $13,000 \text{ m}^2$ . The project shall be completed in Q.3, 2021.

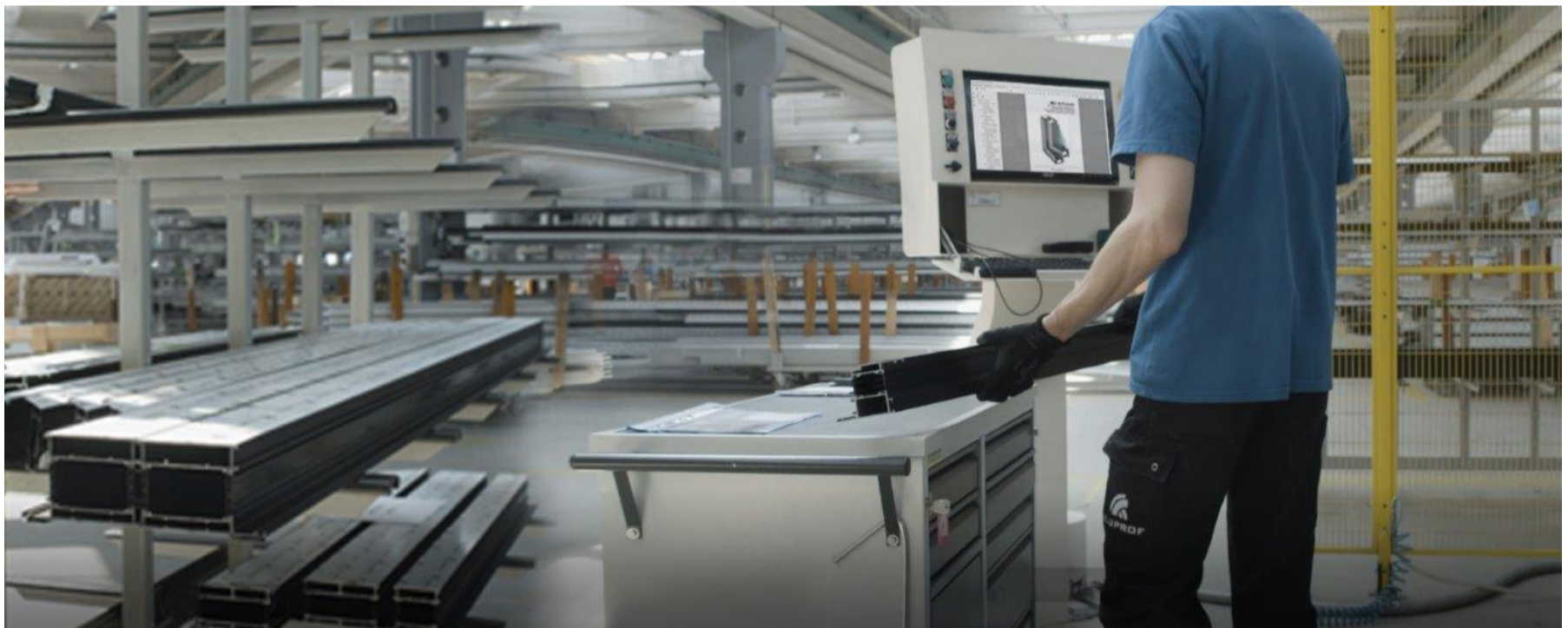
At the Bielsko-Biała plant the fourth line by Müller Technologies for the production of insulated profiles was installed and commissioned in September 2020. Apart from a high-level of automation, which enables high yield, the purchased production line also allows the use of a great number of accessories and that makes it highly flexible with regard to the possibility of extruding new profiles.



## Digitalisation and computerisation



Apart from product lines updates, the brand set out trends by participating in initiatives supporting the development of the whole sector. ALUPROF focuses on development of their own company but also that of their customers. Therefore, at the beginning of 2020 the company launched a fully digital Alu-Digital platform. Companies producing structures based on the brand solutions have access to the full catalogue of solutions as well as a base of additional materials for training and instruction. **The Alu-Digital idea originated from the zero-waste policy.**



Throughout the process of implementing new technologies, partners could expect technical support and advice provided by ALUPROF specialists. The Alu-Digital platform available to the customers helps to obtain comprehensive information about every aluminium element and system in a short time. Thanks to the introduced QR codes, customers have easier access to materials on mobile devices.

Alu-Digital is a part of the policy of sustainable development of the company and strive for the sector eco-friendliness. Thanks to the complete digitalisation of the database, the company could resign from printing paper catalogues, and the companies using the system received modern computers with software to handle the same.

The launching of the computerisation and digitalisation idea coincided with the announcement of COVID-19 pandemic. Therefore, Aluprof instantly replaced the regular training courses and conferences run in a traditional form with webinars for customers and architects. The base of video materials devoted to the company and its products has been constantly extended, and the library of instruction videos was also enriched.

## Certified ALUPROF systems

**A cutting-edge company signifies not only innovative solutions and technologies.** ALUPROF wishes to operate in an aware manner, and focuses on ecological and innovative solutions. Therefore, the company underwent a voluntary certification of its production processes, organisation management, the designed systems, and its suppliers. The process audit was carried out by the experts of SGS, a world leader in control, verification, tests and certification.

**As a result, ALUPROF received another prestigious certificate – Cradle to Cradle.** The main objective of the Cradle to Cradle Products Innovation Institute issuing the document is to encourage innovativeness and designing products that will have a positive impact on people and the environment. The company obtained a confirmation of its pioneer approach and the created

**window-and-door and façade solutions**, obtaining the C2C Bronze certificate, which confirms high quality of the façade and window-and-door systems. The C2C Bronze certificate, with which ALUPROF solutions have been awarded, confirms the quality of the materials used, their fitness for recycling, use of energy from renewable sources in production, and confirmation of lack of the production negative effect on the environment, economy and society, among other things.

The systems listed in the document include MB-SR50N HI+ façade, as well as MB-70, MB-70 HI, MB-70 Casement, MB-86 SI, MB-86 Casement, and MB-86 ST doors and windows.



## ALUPROF confirms the strength of its brand and the image of a good employer

**The 12th double title of the 'Market Leader in Joinery' in the categories of aluminium and roller-shutter systems, and higher position in the TOP MARKA [Top Brand] ranking result from the work put into the creation of a competitive offer and a strong image of the company in Poland and abroad.**

The Best Quality Employer 2020 **title** for Aluprof, which is received solely by companies that successfully undergo detailed tests and verification process, is a confirmation of the effective HR policy implemented by the company. Employees are the most valuable asset. The tasks performed by Aluprof in that regard comprise not only more effective recruitment, favourable employment policy and culture of the organisation, but also effective communication and care for the image of the employer's brand.

The well run HR policy has been confirmed by the [Financial Times](#) Magazine, in cooperation with the supplier of statistical services – [Statista](#), who tested approximately 100,000 employees of European companies. That resulted in the 2020 ranking of the best integrated and diversity-searching companies, which refers to the balance of men and women, openness and variety. ALUPROF took the 29th place among 850 awarded companies. Such a good position is a confirmation of the live corporate culture at Aluprof.

## During the pandemic

Owing to Covid-19 pandemic, 2020 was undoubtedly a year full of challenges. ALUPROF, as an aware brand, wanted to provide safety to their employees, providing all plants with visors, masks and the necessary security measures. Also important was the support to medical staff – the real front-line heroes. The Golezów plant manufactured and distributed visors, which were handed over to the Caritas of the Diocese of Bielsko-Żywiec charity institution, among others. ALUPROF also donated money to the hospitals in Bielsko-Biała. Over PLN 200,000 were given to the Infectious Diseases Hospital in Tychy and Bielsko-Biała Emergency Service, whereas direct support was provided to the Provincial Hospital in Bielsko-Biała and the Paediatric Hospital in Bielsko-Biała, the Provincial Hospital in Opole, the District Hospital in Chrzanów, and the Public Clinical Hospital No. 2 in Szczecin. The support enabled the purchase of the necessary equipment and agents to ensure safety of the patients and the staff of the medical institutions.

## Aluprof – Your Home with a View on the Future



Aluminium windows, doors and roller shutters  
PERFECT VIEW, PERFECT DESIGN



ALUMINIUM WINDOWS, DOORS AND  
ROLLER SHUTTERS



Aluminium windows, doors and roller shutters  
ENVIRONMENTALLY FRIENDLY AND ENERGY  
EFFECTIVE



**The current position of the brand has resulted not only from the highest quality of products and utilisation of innovative technologies, but also from the effective cooperation with Aluprof partners. In September, Aluprof commenced a far-fetched TV campaign supported with online activities to promote the ALUPROF brand under the motto: Aluprof – Your Home with a View on the Future. The objective of the campaign is to present the brand and the profile of its operations to a broad public. The campaign will be continued in the coming years to building the image of a brand for aluminium products and large modern glazings searched for by the customers in dealer outlets that cooperate with Aluprof.**



## Flexible Packaging Segment

### Record results and over 5% share in the market of BOPP films in Europe

The Flexible Packaging Segment is represented by Alupol Packaging S.A. in Tychy and its subsidiaries, Alupol Packaging Kęty and Alupol Films. The FPS is a leader in packaging manufacturing in Poland, with the estimated market share of over 20% (total AP and APK revenue), as well as a recognised packaging manufacturer in Europe. At the same time, it is the largest Polish manufacturer of easily recyclable polypropylene films, with production capacity of 60–80 thousand tons a year, and over 5% share in the BOPP films market in Europe.

The flexible packaging recipients comprise international concerns as well as established Polish and European companies. These include, among others: Nestlé, AB Foods, Upfield, Koninklijke Douwe Egberts, McCormick, Brüggem, Orkla Foods, Dr. Oetker, Perfetti van Melle, Aryzta, as well as Prymat, Maspex, Bakalland, Mokate, Foodcare, Animex, Tarczyński, Sokołów, Serpol Cosmetics, Mlekovita, Koral, Mlekpól, and Woseba. The manufactured packaging is dedicated to the instant food sector mainly, but the company also sells to the confectionery, fat, dairy, meat, pharmaceutical and chemical industries.

	2018	2019	2020
Sales revenue (PLN million)	706.5	785.3	<b>937.7</b>
Foreign sales (PLN million)	321.3	387.3	<b>493.8</b>
Sales by volume (thousands of tons)	59.5	65.6	<b>87.0</b>

### Record sales results

In 2020, the Flexible Packaging Segment generated record results, reaching sales revenue of PLN 938 million (growth by 19%), of which PLN 494 million (growth by 28%) was represented by export sales. A major positive effect was brought about by the world economy lockdown, which resulted from breaking the supply chains from the Middle and Far East, mainly in the second and third quarters of 2020, which caused a significant limitation of plastic film imports from those directions, with simultaneous benefit to the FPS, among others. In that period it was possible to generate outstanding results of operation.

Moreover, thanks to launching the second line for BOPP film manufacturing, Alupol Films has significantly increased its production capacity. A broad portfolio of the manufactured films, attracting new customers and consequent strengthening of the brand on foreign markets enabled the company to significantly increase sales and reach over 5% share in the BOPP films market in 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 partially used and refined (printing, lamination, cutting) by Alupol Packaging S.A. and Alupol Packaging Kęty Sp. z o.o.

Growing production capacity and extension of films and laminates portfolio enabled the FPS companies to develop cooperation with customers around Europe. Thanks to that, export sales of the Extruded Packaging Segment in 2020 exceeded 52% of all sales. The highest growth rate was recorded on the following markets: Italy (+160%), Germany (+61%), Ukraine (+48%), Lithuania (+35%), and Austria (+32%).

## Ecology and environmental protection trends

In 2020, similarly as in 2019, the packaging sector was strongly affected by the environmental protection trends within the world's economy. Despite the absence of unequivocal regulations and guidelines defining packaging fit for recycling, the FPS concentrates on ecological improvement of the manufactured plastic laminates (thinner structure, higher homogeneity, smaller printed area), while still guaranteeing the safety of the packed products. Intensive work on creating more environment-neutral solutions and their implementation at the customers is related to making many tests and adjusting the packing lines to the specifics of new laminates.

COVID-19 pandemic in 2020 lowered the intensity of work with regard to elimination of multi-layer packaging, as the main objective of food manufacturers in that period was to best protect and supply food to the market. The risk of breaking the chain of raw materials and packaging supply on the market as a result of the pandemic resulted in temporary significant increase in demand for packaging and, at the same time, a slow-down in the activities devoted to replacing laminates used in food products packing.

The Flexible Packaging Segment expects that after the situation normalises, we will watch intensified activities for the extension of sustainable development. This will force introduction of new laminates (mono-structures). Following the investment projects completed in the recent years, the EPS – a leader in the market of flexible packaging in Poland and Europe – avails of optimal production facilities in reference to market expectations. The capital investment in processing plastics, production of polypropylene and polyethylene films, including high-barrier ones, as well as simultaneous extension of the technology of processing and refining paper, will contribute to strengthening the FPS position on the European market and enable the Segment to generate very good results.



## Investments and strategy

In 2020, the Segment continued investment projects commenced in the preceding years. The major completed project was the commissioning of two innovative 10-colour flexographic printers and a universal laminating machine at Alupol Packaging Kęty. They are the seventh and eighth such printers and eleventh laminating machine operating within the Alupol Group. Thanks to the project completion, Alupol Packaging has a complete backup for both the flexographic and rotogravure printing. The two technologies are used equally at the Tychy and Kęty plants.

**In 2021, the FPG is going to implement the new development strategy for the years 2021–2025.** Considering the major challenges, which the FPS will surely face in the future, the Segment has been constantly undertaking actions aimed at complying with the current market trends. These include: developing new products (more innovative and environment-friendly ones than now), searching for new sales markets (accepting higher prices), searching for cheaper raw materials of acceptable quality, as well as production costs optimisation. All the activities focus on maintenance of the level of profit generated by the Segment in the previous years, as well as a very strong market position.