

# Results for the third quarter of 2022

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CFO Marie Danielsson

9 November 2022

# BEWI



# Cautionary note regarding forward-looking statements



This presentation, prepared by BEWI ASA (the "Company"), may contain statements about future events and expectations that are forward-looking statements. Any statement in this presentation that is not a statement of historical fact including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements.

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Third quarter of 2022

# Highlights

# Delivering another solid quarter



## Well positioned in increasingly challenging markets

### Highlights for the third quarter

- Mixed market development between segments and geographies
  - Stable demand for insulation solutions in Benelux, softer volumes for commodity products in the Nordics
  - Continued positive development for sales to the food industry
  - Experience strong demand for HVAC, volumes to automotive industry gradually improving
- Styrene raw material prices increased into Q3 and dropped towards the end, while EPS raw material prices remained high, resulting in solid GAP
- Sales growth following price adjustments compensating for higher cost level

### Subsequent events

- Completed Jackon transaction, fully focused on extracting synergies/ cost savings of more than EUR 15 million
- Completed first phase of the divestment of real estate portfolio



# Financial highlights for the third quarter of 2022



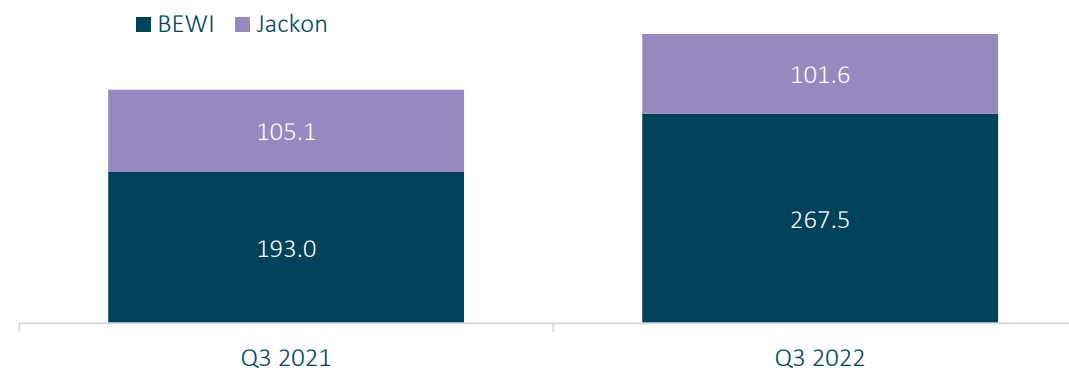
## Net sales of EUR 267.5 million, 38.6% growth

- 15% organic growth
  - Mixed demand
  - Growth from strong price management
  - Positive development for sales to food industry
- 24% explained by acquisitions
  - Including contribution from Volker Gruppe, Kemisol, Trondhjems Eskefabrikk, Jablite, Berga Recycling, BalPol and some smaller acquisitions

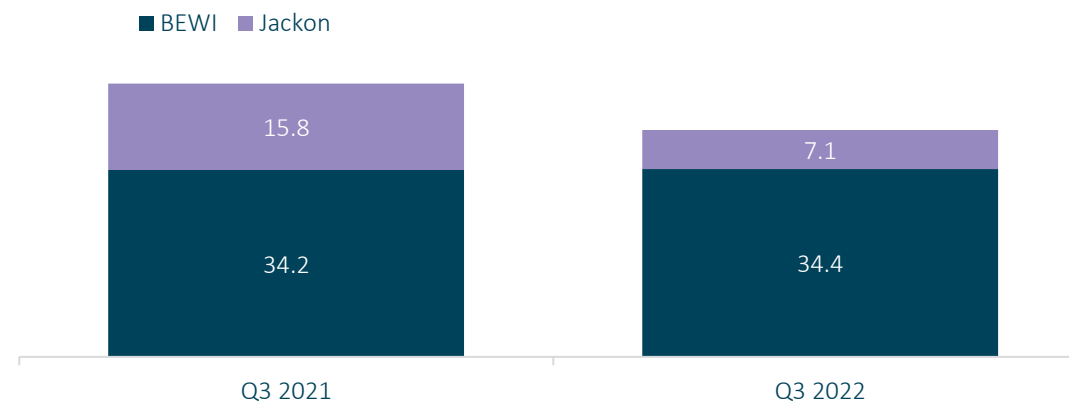
## Adj. EBITDA of EUR 34.4 million, up by 0.6%

- 11.5% negative organic growth
  - Lower volumes in segments RAW
  - Positive organic growth in downstream segments Insulation and P&C
  - All segments demonstrated strong price management
- 11.3% improvement from net of acquisitions & divestments
  - Positive contribution from all acquired companies

Net sales (EUR million)



Adj. EBITDA (EUR million)





# Sale of industrial real estate portfolio



Agreement with KMC Properties for up to NOK 2 billion



- Agreement with KMC Properties for sale of real estate up to NOK 2bn
- 24 properties and 1 land plot
- First phase completed 8 November
  - 10 properties and one land plot in Norway and Sweden, valued at NOK ~900 million
- Second phase expected in 1H 2023
- Provides BEWI with strengthened financial flexibility
- BalPol properties not included in transaction

# Completed acquisition of Jackon Holding



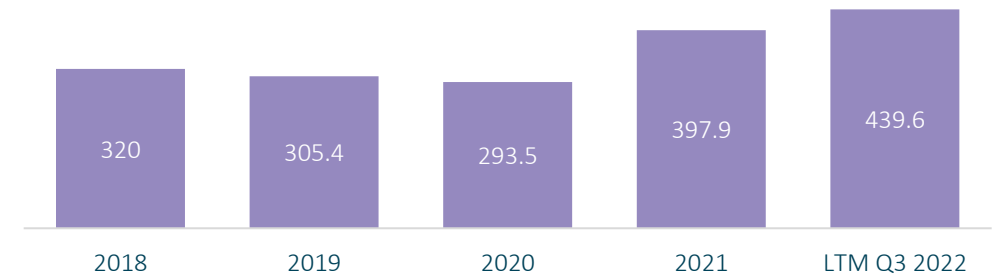
## The most transformative transaction so far in BEWI's history

- BEWI's offer for Jackon was accepted by the owners in October 2021
- Offer reflected an enterprise value of NOK ~3,350 million on a cash and debt free basis, with an agreed level of working capital
- Transaction was closed on 19 October 2022, settled by NOK ~1.3 billion in cash and issuance of 32,070,000 new shares to HAAS AS (~17% ownership in BEWI)
- Synergies expected to amount to more than EUR 15 million

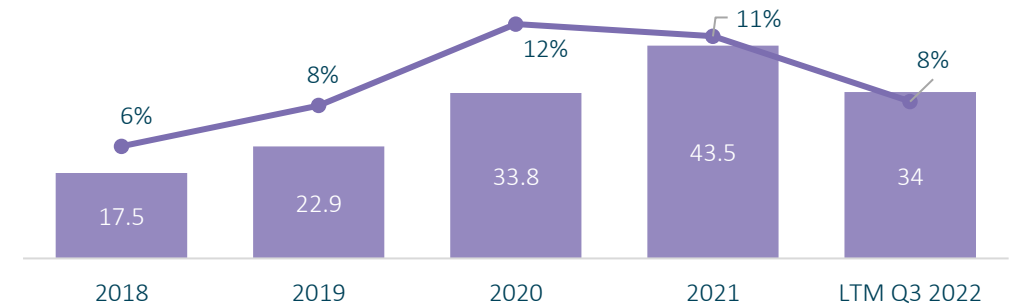
### Financial highlights for Jackon for the third quarter of 2022

- Net sales of EUR 101.6 million, 3% negative growth
  - Lower volumes from sales of insulations solutions in the Nordic
  - Lag in price adjustments
- EBITDA of EUR 7.1 million, down from 15.8 million
  - Increased cost level and lower volumes combined with time lag in price adjustments

Net sales (EUR million)



EBITDA (EUR million)



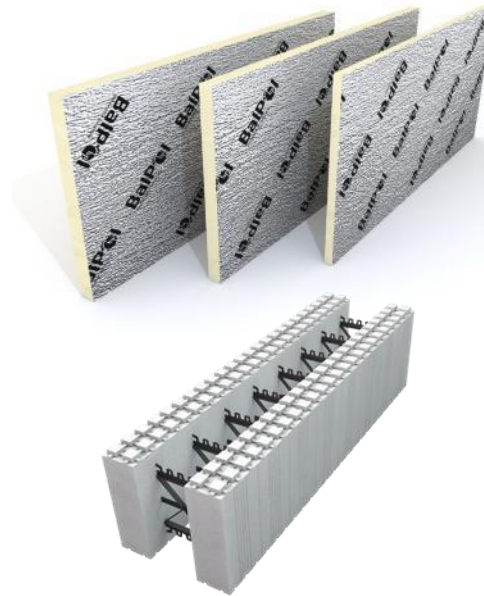
# Significant opportunities from acquisitions

**BEWI**

## Complementary footprint and portfolio

	<b>BEWI</b>	<b>JACKON</b>	<b>BalPol</b> by BEWI
<b>Materials</b>	<ul style="list-style-type: none"> <li>• EPS (key material)</li> <li>• XPS</li> <li>• EPP</li> </ul>	<ul style="list-style-type: none"> <li>• EPS</li> <li>• XPS (key material)</li> <li>• EPP</li> </ul>	<ul style="list-style-type: none"> <li>• EPS (key material)</li> <li>• PIR</li> </ul>
<b>Segments</b>	<ul style="list-style-type: none"> <li>• RAW</li> <li>• Packaging &amp; Components</li> <li>• Insulation</li> </ul>	<ul style="list-style-type: none"> <li>• Polymers</li> <li>• Industrial Application</li> <li>• Building Systems</li> </ul>	<ul style="list-style-type: none"> <li>• Packaging</li> <li>• EPS for construction</li> <li>• "Sandwich" panels</li> <li>• PIR production</li> </ul>
<b>Value chain position</b>	<ul style="list-style-type: none"> <li>• Vertically integrated</li> </ul>	<ul style="list-style-type: none"> <li>• Vertically integrated</li> </ul>	
<b>Plants</b>	<ul style="list-style-type: none"> <li>• 2 RAW</li> <li>• ~34 Downstream</li> <li>• 7 Circular</li> </ul>	<ul style="list-style-type: none"> <li>• 1 Polymers</li> <li>• 20 Downstream</li> <li>• 3 Sales offices</li> </ul>	<ul style="list-style-type: none"> <li>• 2 Downstream</li> </ul>
<b>Country presence</b>	<ul style="list-style-type: none"> <li>• Norway</li> <li>• Sweden</li> <li>• Denmark</li> <li>• Finland</li> <li>• The Netherlands</li> <li>• Portugal</li> <li>• UK</li> <li>• Germany</li> <li>• France</li> </ul>	<ul style="list-style-type: none"> <li>• Norway</li> <li>• Sweden</li> <li>• Denmark</li> <li>• Finland</li> <li>• Germany</li> <li>• Belgium</li> <li>• UK</li> </ul>	<ul style="list-style-type: none"> <li>• Lithuania</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• ~2,400*</li> </ul>	<ul style="list-style-type: none"> <li>• ~940</li> </ul>	<ul style="list-style-type: none"> <li>• ~150</li> </ul>

\*per 30 Sept 2022, including BalPol



## Strategic rationale

Growth acceleration	<ul style="list-style-type: none"> <li>• Improve customer share-of-wallet through improved product portfolio</li> <li>• Cross-sell a broader set of premium solutions to a wider customer base across new markets</li> </ul>
Cost Leadership	<ul style="list-style-type: none"> <li>• Share best practices to improve cost positioning and drive operational excellence throughout organization</li> </ul>
Capacity flexibility	<ul style="list-style-type: none"> <li>• Improve ability to tailor internal production to match production capacity with regional demand fluctuations and external price levels</li> </ul>
Logistics efficiency	<ul style="list-style-type: none"> <li>• Optimize distribution network throughout European operating platform</li> </ul>
Know-how	<ul style="list-style-type: none"> <li>• Enhance R&amp;D capacity to improve production processes and development of end-market solutions</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>• Leverage capabilities in both organizations to drive initiatives and establish a fully circular value chain</li> </ul>

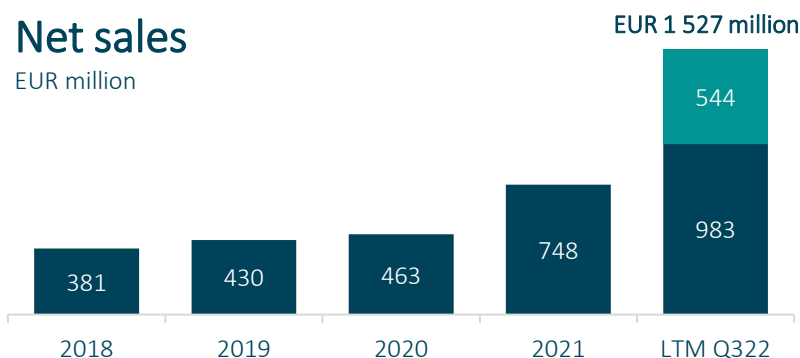


# Continued profitable growth from acquisitions

## Increased diversifications from acquisitions

### Net sales

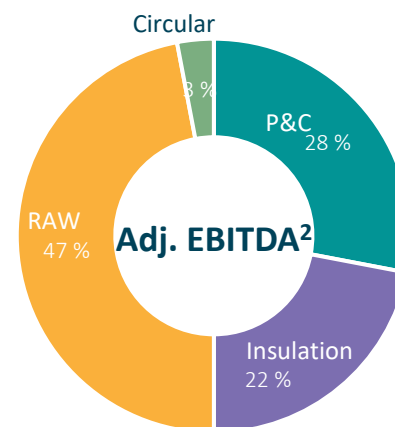
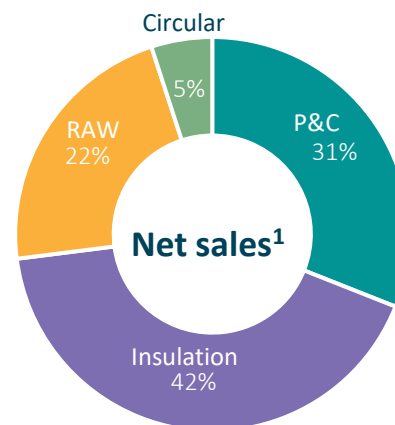
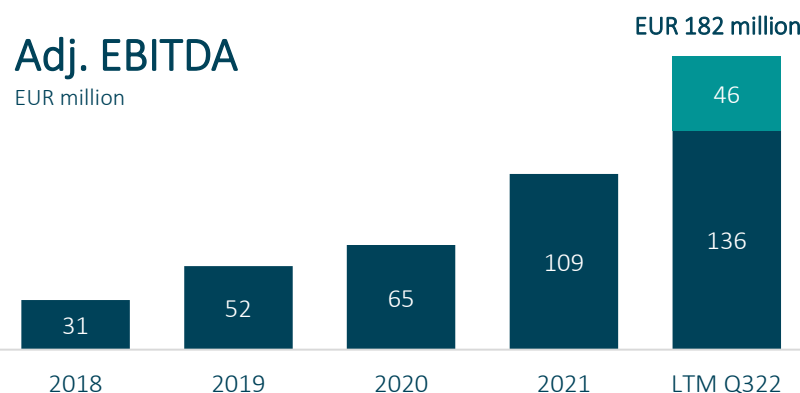
EUR million



■ Reported BEWI ■ Pro-forma acquired companies

### Adj. EBITDA

EUR million



- **Geographic expansion** to Belgium, the UK and the Baltics
- Segment **Insulation** account for an **increasing share** of the group's sales and EBITDA, in line with **strong megatrends** supporting expectations of a positive long-term outlook
- **Positive development** for sales of **packaging to food industry**, including paper packaging and traded products
- Recent acquisitions **strengthen integration** between segments through internal sales of raw materials and improved circular offering

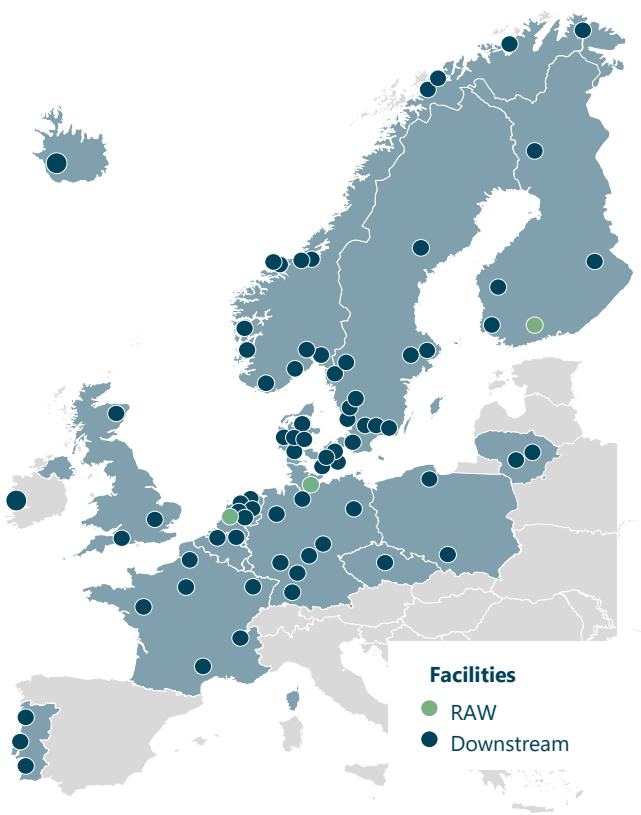
# Strengthened position across Europe



Leading provider of packaging, components, and insulation solutions



- Proven M&A track-record with more than 30 transactions since 2014
- Leading market positions
- Broad and diverse customer base within the food, pharma, automotive, leisure, thermal insulation, and residential housing industries
- Established BEWI Circular in 2018 to lead the industry's way towards a circular economy



<b>EUR ~1,527m<sup>1</sup></b>	<b>EUR ~182m<sup>1</sup></b>	<b>~80<sup>2</sup></b>	<b>~3,900<sup>2</sup></b>	<b>~280kt</b>	<b>~35kt</b>	<b>~120kt</b>
pro-forma net sales	pro-forma adj. EBITDA	facilities	dedicated employees	production capacity	EPS collection capacity	waste streams

Third quarter of 2022

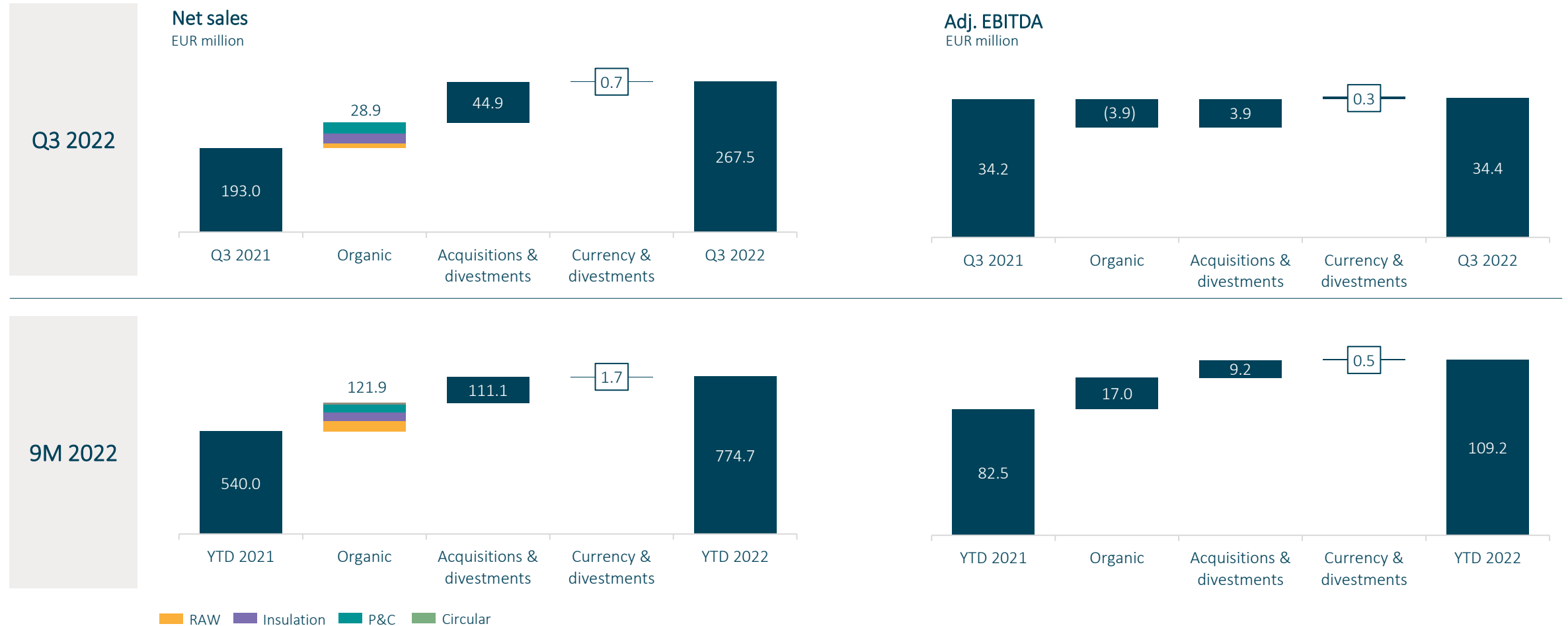
# Financials





# Financial overview

## Continued organic growth following strong price management





# RAW

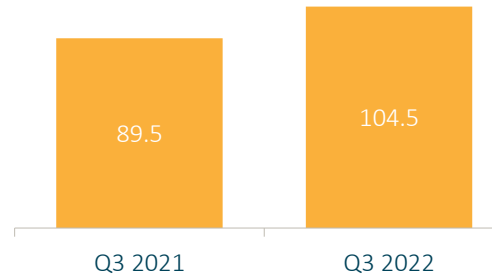
# BEWI

## Continued solid GAP and operational performance

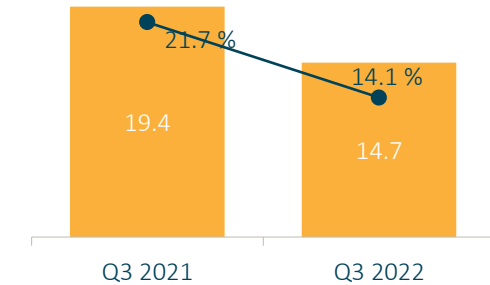
### Third quarter of 2022

- Net sales of EUR 104.5 million, up 16.8%
  - Increase despite lower volumes, explained by higher sales prices
- Adj. EBITDA of EUR 14.7 million (19.4), a margin of 14.1%
  - Reduced EBITDA and EBITDA margin as a result of lower volumes
  - Styrene raw material prices continued to increase into the third quarter, but dropped towards the end of the quarter
  - Market prices for EPS raw material remained high, resulting in a continued solid GAP

Net sales  
EUR million



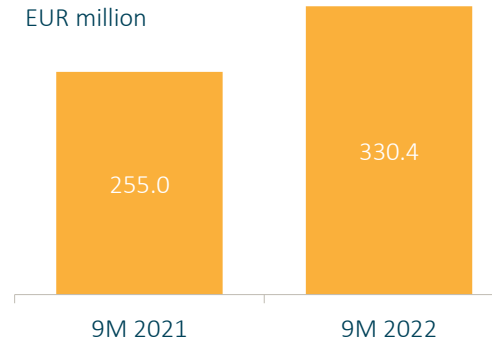
Adj. EBITDA  
EUR million



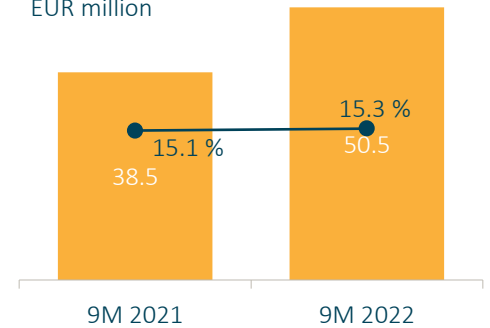
### 9M 2022

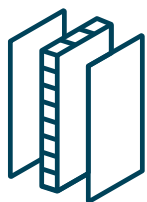
- Net sales of EUR 330.4 million, up 29.5%
  - Increase explained by higher sales prices
- Adj. EBITDA increase to EUR 50.5 million (38.5), a margin of 15.3%
  - Improvement from strengthened GAP

Net sales  
EUR million



Adj. EBITDA  
EUR million





# Insulation

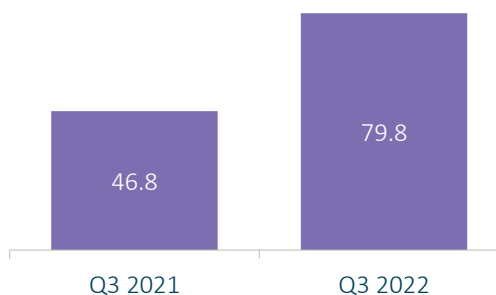
**BEWI**

## Profitability improvement following price increases and acquisitions

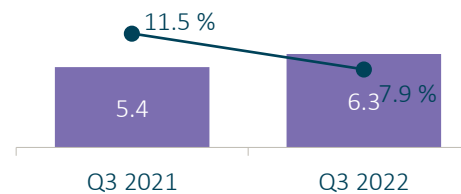
### Third quarter of 2022

- Net sales of EUR 79.8 million, up 70.3%
  - 23.1% organic growth from stable demand in Benelux and higher sales prices in all markets
  - Growth from acquired companies include Kemisol, Jablite and BalPol
- Adj. EBITDA of EUR 6.3 million (5.4), a margin of 7.9%
  - Continued increase in raw material prices and general cost level, still managed 6.8% organic growth from strong price management
  - EBITDA margin affected by low margin for acquired companies, and significantly reduced contribution from minorities

Net sales  
EUR million



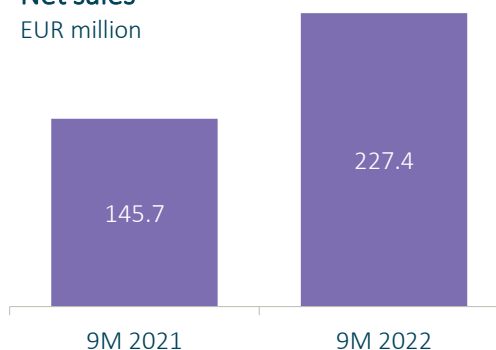
Adj. EBITDA  
EUR million



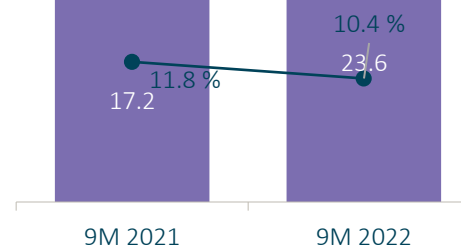
### 9M 2022

- Net sales of EUR 227.4 million, up 56.1%
  - 26.5% organic growth from higher sales prices in all regions
- Adj. EBITDA of EUR 23.6 million (17.2), a margin of 10.4%
  - 36.9% increase, of which 21.2% organic

Net sales  
EUR million



Adj. EBITDA  
EUR million







# Packaging & Components

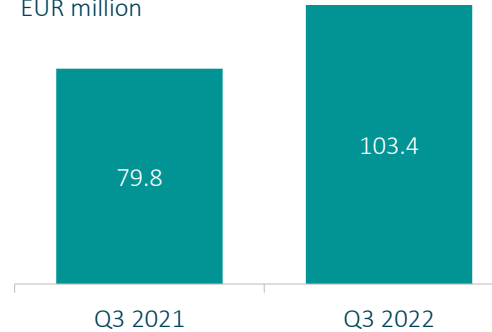
**BEWI**

Organic growth following price management compensating for lower demand

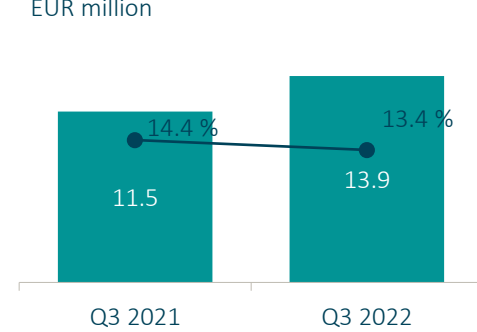
## Third quarter of 2022

- Net sales of EUR 103.4 million, up 29.6%
  - 16.7% organic growth from higher sales prices and continued good development of sales of traded products to the food industry
  - Volumes sold to the automotive industry gradually improving
- Adj. EBITDA of EUR 13.9 million (11.5), a margin of 13.4%
  - Increase of 21.1%, of which 6.6% organic (incl. currency) coming from price adjustments
  - Contribution from acquired companies Trondhjems Eskefabrikk and Styropack (Jablite) had an accretive affect on margin

Net sales  
EUR million



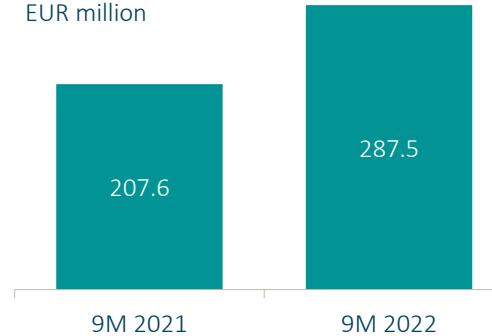
Adj. EBITDA  
EUR million



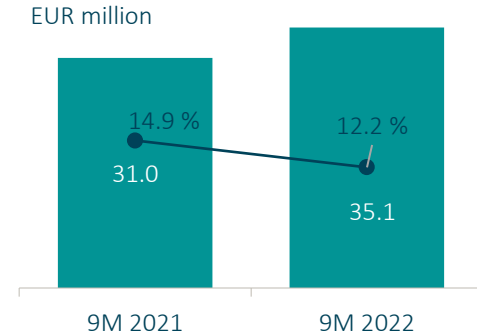
## 9M 2022

- Net sales of EUR 287.5 million, up 38.5%
  - 16.2% organic growth from higher sales prices in all regions
- Adj. EBITDA of EUR 35.1 million (31.0), a margin of 12.2%
  - Increase of 13.2%, of which 3.8% organic

Net sales  
EUR million



Adj. EBITDA  
EUR million





# Circular

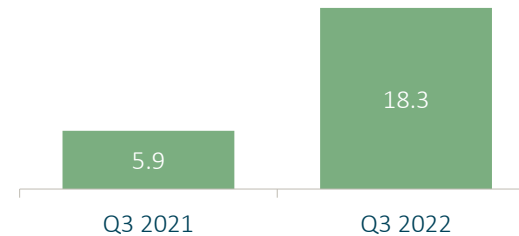
## Improved volumes from acquisitions

**BEWI**

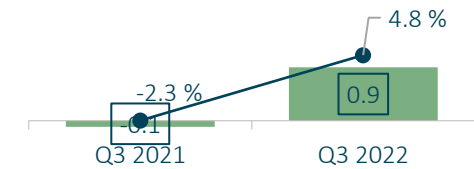
### Third quarter of 2022

- Net sales of EUR 18.3 million, up 209.1%
  - 7.0% negative organic growth explained by lower volumes and sales prices
  - Prices for recycled material correlate to prices for virgin material
  - Contribution from acquired companies Volker Gruppe and Berga Recycling
- Adj. EBITDA of EUR 0.9 million (-0.1), a margin of 4.8%
  - Improvement mainly from acquisitions

**Net sales**  
EUR million



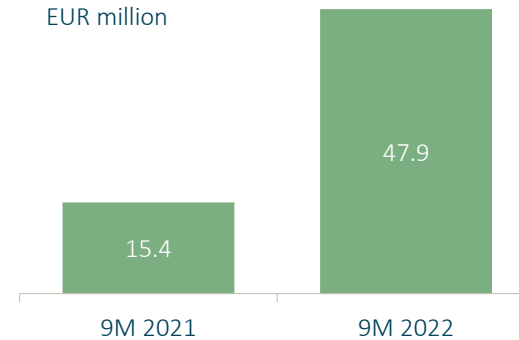
**Adj. EBITDA**  
EUR million



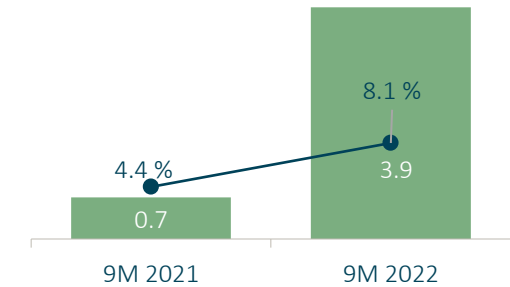
### 9M 2022

- Net sales of EUR 47.9 million, up 211.8%
  - 46.4% organic growth explained by increased volumes and sales prices
- Adj. EBITDA of EUR 3.9 million (0.7), a margin of 8.1%
  - Improvement from acquisitions, as well as higher volumes and prices
- Collected a total of 19 959 tonnes of EPS for recycling
  - Recently acquired Berga Recycling collected ~15 000 tonnes in 2021
- Annual recycling capacity of ~29 000 tonnes per 30 September 2022

**Net sales**  
EUR million



**Adj. EBITDA**  
EUR million



# Financials



## Consolidated P&L

Amounts in EUR million	Q3 2022	Q3 2021	9M 2022	9M 2021	2021
Net Sales	267.5	193.0	774.7	540.0	748.2
<b>Total operating income</b>	<b>267.5</b>	<b>193.0</b>	<b>774.7</b>	<b>540.0</b>	<b>748.2</b>
Raw materials and consumables	-118.9	-72.5	-327.3	-221.0	-304.9
Goods for resale	-30.1	-24.4	-104.1	-66.1	-92.2
Other external costs	-51.7	-33.7	-144.5	-94.0	-135.9
Personnel cost	-34.7	-30.4	-100.3	-82.6	-116.2
Depreciation/ amortisation/ impairment	-11.8	-9.6	-32.5	-27.1	-37.8
- attributable to operations	-6.3	-4.6	-16.8	-12.8	-18.8
- attributable to IFRS 16	-3.0	-2.5	-8.0	-7.4	-9.9
- attributable to fair value adjustments in business combinations	-2.5	-2.5	-7.7	-6.9	-9.0
Share of income from associated comp.	0.6	2.5	2.8	4.9	5.7
Capital gain from sale of assets	0.1	0.0	9.8	-0.1	1.0
<b>Operating income (EBIT)</b>	<b>21.1</b>	<b>24.9</b>	<b>78.7</b>	<b>54.0</b>	<b>67.8</b>
Net financial items	-5.8	-7.3	-18.9	-17.2	-18.8
Income tax expense	-5.2	-5.6	-16.7	-11.4	-14.6
<b>Profit for the period</b>	<b>10.0</b>	<b>11.9</b>	<b>43.1</b>	<b>25.4</b>	<b>34.4</b>

### Third quarter of 2022

- Net sales of 267.5 million, up by 38.6%
  - 15% organic growth from good price management in all segments
- Increased operating costs
  - Cost for goods for resale increased due to higher share of sales of traded packaging products
- Increased number of employees (FTE) due to acquisitions
  - 2,416 on 30 September 2022, up from to 2,097 end of 2021
- EBIT of EUR 21.1 million
- Net financial items of negative EUR 5.8 million
  - Negative impact of EUR 1.0 million from fair value adjustment of shares in KMC Properties
- Taxes of EUR 5.2 million
  - Effective rate impacted by non-taxable items
- Profit for the period of EUR 10.0 million



# Minority interests

## Positive contribution from shares in associated companies

	TOTAL
Production sites	12
Owned interest	34%
Book value as of 30 September 2022	14.6

### Key financials for the first nine months of 2022

Net sales	191.7
EBITDA	18.9
- of which owned share of EBITDA	6.4
EBIT	11.2
Net profit	7.1
Consolidated into BEWI's EBITDA, share of net profit	2.4

BEWI's share of EBITDA minus impact on consolidated EBITDA	4.0
Net debt	28.6
- of which owned share net debt	9.7

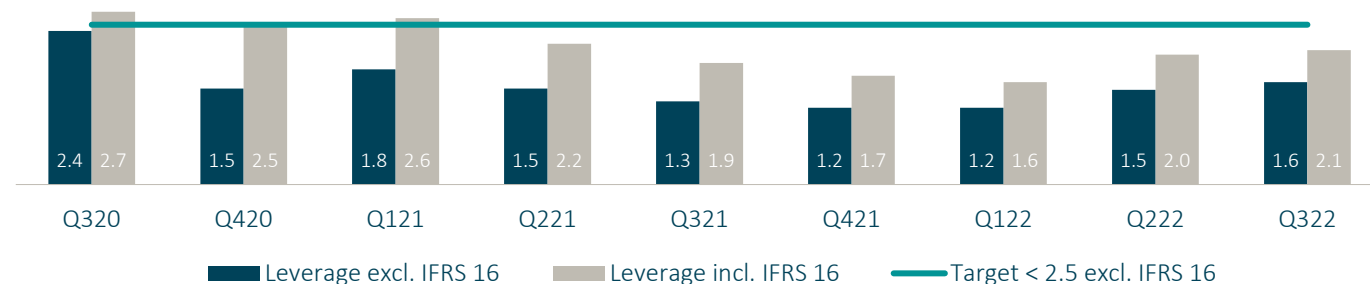
- Current minority interests:
  - 34% in HIRSCH Porozell GmbH (Germany), 6 facilities
  - 34% in HIRSCH France SAS (France), 5 facilities
  - 34% in Inoplast S.R.O, 1 facility
- Shares in associated companies are consolidated into BEWI's accounts with the value of the owned interest of net profit
- Consolidated as a net in one line within EBITDA, "Share of income from associated companies"
- Balance sheet is not consolidated other than changes to the booked value on the shares
- Hidden values occur compared to customary EV/EBITDA valuation

# Financials

## Capital structure

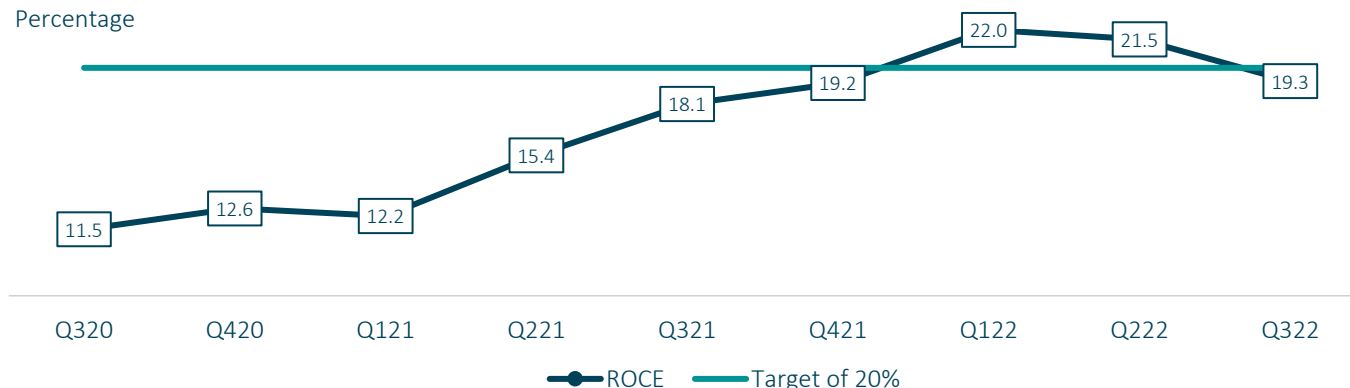
### Leverage: Net debt/ EBITDA ratio<sup>(1)</sup>

EUR million



### ROCE

Percentage



(1) EBITDA ratio: adjusted EBITDA rolling 12-months pro-forma acquired entities,

(2) ROCE: Rolling 12 months adjusted EBITA as a percentage of average capital employed during the same periode. Capital employed is defined as total equity plus net debt

- Net debt EUR 308.0 million (EUR 208.6 million excl. IFRS 16)
- Credit facility of EUR 150 million, unutilized on 30 September 2022
- Increased leverage following recent acquisitions
- Leverage excl. IFRS 16 of 2.5 post Jackson (2.8 incl), and 2.1 post first tranche of real estate divestment (2.7 incl.)

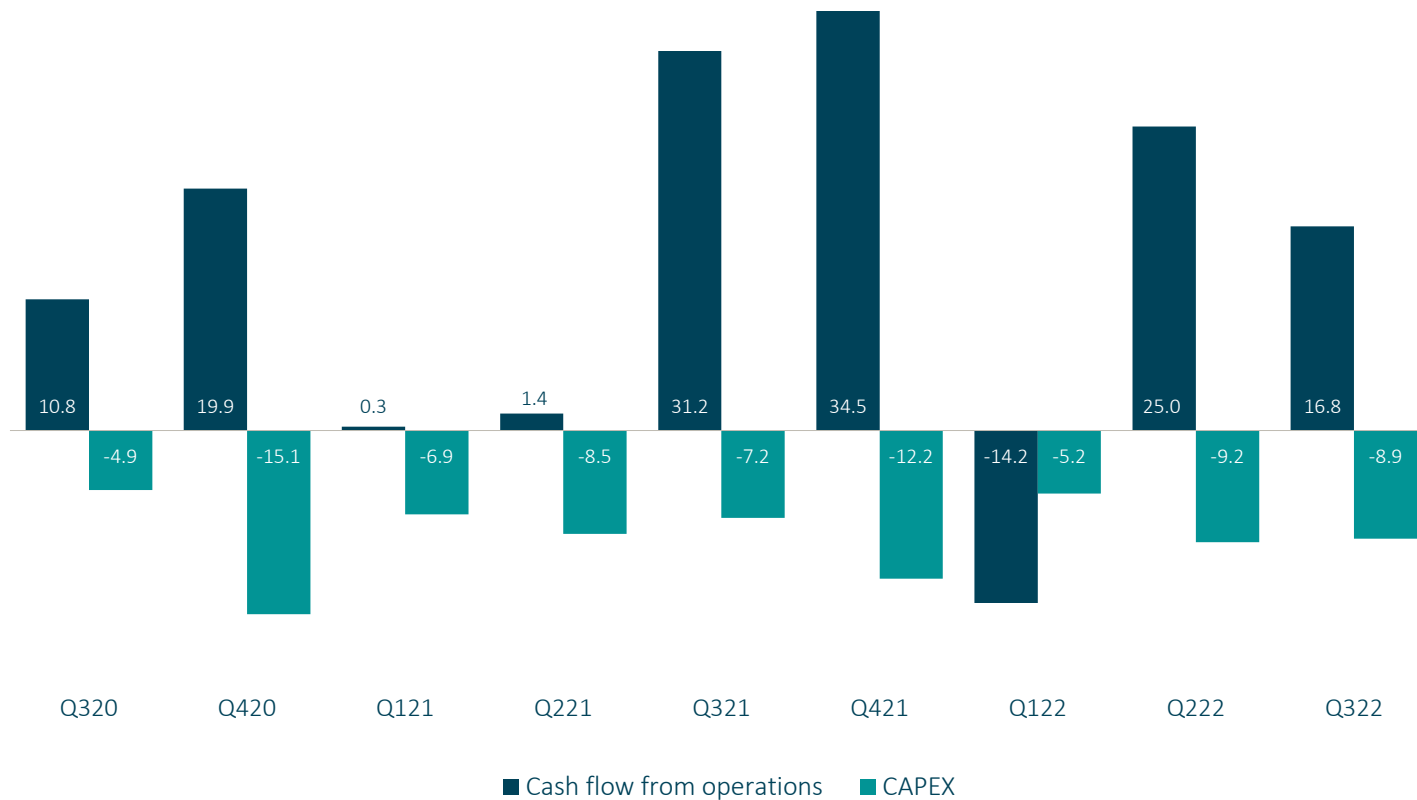
EUR million	30.09.22	31.12.21	30.09.21
Cash and Cash equivalents	67.2	142.3	61.0
Non-current liabilities	259.0	257.0	167.9
Current liabilities	16.8	5.6	4.3
Debt related to IFRS 16	99.3	76.1	77.0
<b>Net debt in total</b>	<b>307.9</b>	<b>196.4</b>	<b>188.2</b>
- excl. IFRS	208.6	120.3	111.2

# Financials



Strong Cash flow, maintenance CAPEX below 2.5% of sales

EUR million



## Third quarter of 2022

- Operating cash flow of EUR 16.8
  - Increase in working capital of EUR 12.1 (-8.3)
- CAPEX of EUR 8.9 million (7.2)
  - EUR 4.8 million related to investment programmes

## Ongoing investment programmes

- Packaging facility Hitra/ Jøsnøya, Norway
- New extruder in Etten-Leur, Netherlands
- Customer initiated technology/ machinery investments for components at Skara, Sweden
- ICT/ ERP investments



Third quarter of 2022

# Summary and outlook

# Resource efficiency driving growth across portfolio

**BEW**

Aiming at using less materials & energy, optimize transport, reduce waste, reuse and recycle more



## Circular



- Recycling capabilities is becoming a 'license to operate'
- Increasing demand for recycled material and recycling services is creating an attractive growth market

High growth



## RAW



- No new virgin capacity coming onstream despite high prices
- Less Chinese imports + Russian material off the market
- Increased demand for recyclable material

Capacity constrained



## Insulation



- Insulation is the most cost-efficient way to improve the energy efficiency of buildings
- Large refurbishing market driving medium-term growth
- Increased focus on life-cycle thinking and circularity

High growth



## Packaging & Components



- Increased focus on thermal efficiency in transport and storage
- Increased demand for recycled products, reuse and recycled materials
- Adding value through customization and integration

GDP ++



## Automotive *reported as part of P&C*



- Growing global market for electrical vehicles
- Increased use of light-weight EPP components, enable more energy efficient cars
- Increased demand for recycled materials and reuse

EVs to drive rebound

# Growth strategy for divisions



Controlling the value chain yields operational and financial synergies

## RAW

- **Invest in new extruders** to increase recycled capacity
- Maintain "raw material balance"
- R&D capabilities

## Circular

- **Continue consolidation of the EPS/EPP recycling market**
- Focusing on securing waste streams

## Insulation

- **Increase the portion of insulation solutions/systems**
- Increased focus on prefabricated elements and solutions
- Continue consolidation, **geographic expansion and broaden product offering to complementary materials and solutions**

## Packaging & Components

- Grow within **fibre/ paper packaging** and trading solutions
- Offering complementary materials and products





# Outlook

## Well positioned in challenging markets

- Experience mixed market development and increased uncertainty
- Styrene prices continued to decrease into Q4, expect shift of profitability between upstream and downstream segments to continue in Q4
- Focusing on integrating acquired companies and extracting synergies/ reduce cost
- Initiated preventive measures for improved cost control
- Continued strong pipeline of attractive M&A opportunities



BEWI remains financially and operationally robust

# Set to continue growth journey next five years



**Adj. EBITDA**

Through organic growth  
and acquisitions by 2026



**ROCE<sup>1</sup>**

Increase towards 20%



**NIBD/Adj. EBITDA**

Leverage target  
unchanged going forward



**Dividend**

Of underlying net profit



**BEWI**  
*for a better everyday*



# Key acquisitions confirming strategy



Period	Company	Annual sales <sup>1</sup>	Region	Key offering	Strategic rationale	Status
Q4 2021	Volker Gruppe	EURm ~17	UK	Circular solutions	Increase circular volumes	Closed
	Kemisol	EURm ~36	Belgium	Packaging and insulation	Strengthening market position Benelux/ geographic expansion Belgium	Closed
Q2 2022	Trondhjems Eskefabrikk	EURm ~15	Norway	Paper packaging	Broaden offering with complimentary materials	Closed
	Jablite Group	EURm ~49	UK	Packaging and insulation	Geographic expansion in the UK	Closed
	Berga Recycling	EURm ~33	Global	Circular solutions	Circular trading platform/ increase volumes	Closed
Q3 2022	BalPol	EURm ~31	Baltics	Insulation	Geographic expansion to Baltics/ broaden offering with complimentary materials	Closed
Q4 2022	Jackon Holding	EURm ~437	Europe	Packaging and Insulation	Strengthening market positions	Closed

Continued strong pipeline of attractive M&A opportunities

1) Annual sales : Volker Gruppe, Kemisol, Trondhjems Eskefabrikk, Jablite LTM Q222, Berga LTM Q122, BalPol FY21, Jackon LTM Q222