

# Results for the first quarter of 2023

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# BEWI



# Cautionary note regarding forward-looking statements

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First quarter of 2023

# Highlights

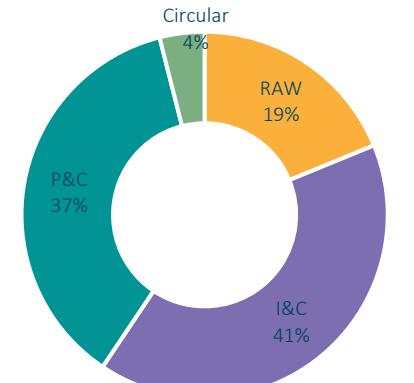
# Strong performance, doubling synergy estimate

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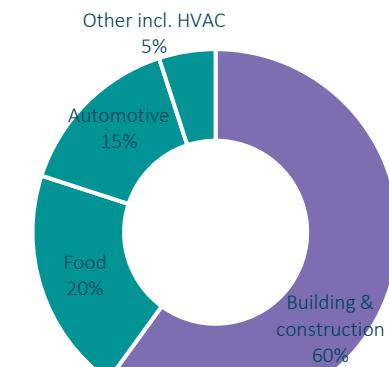
## Building a robust platform to deliver on strategic and financial targets

### Highlights for the first quarter

- **Challenging markets**
  - Robust results despite lower demand from B&C industry impacting volumes for RAW and I&C
  - Continued stable demand for food packaging, sales of fish boxes impacted by lower slaughter volumes
  - Improved volumes sold of automotive and HVAC components
  - Lower raw material prices supporting improved margins for downstream segments
- **Key priorities for a robust platform for growth**
  - Successful integration work resulting in a revised estimate of EUR ~30 million in extracted synergies by 2024
  - Profitability improvements from strict cost control and capacity adjustments
  - Strengthened financial position through divestment of 4 properties, part of real estate transaction
  - Significantly increased consumption of recycled material in production
  - Organic growth initiatives on track



Diversified across segments<sup>1)</sup>

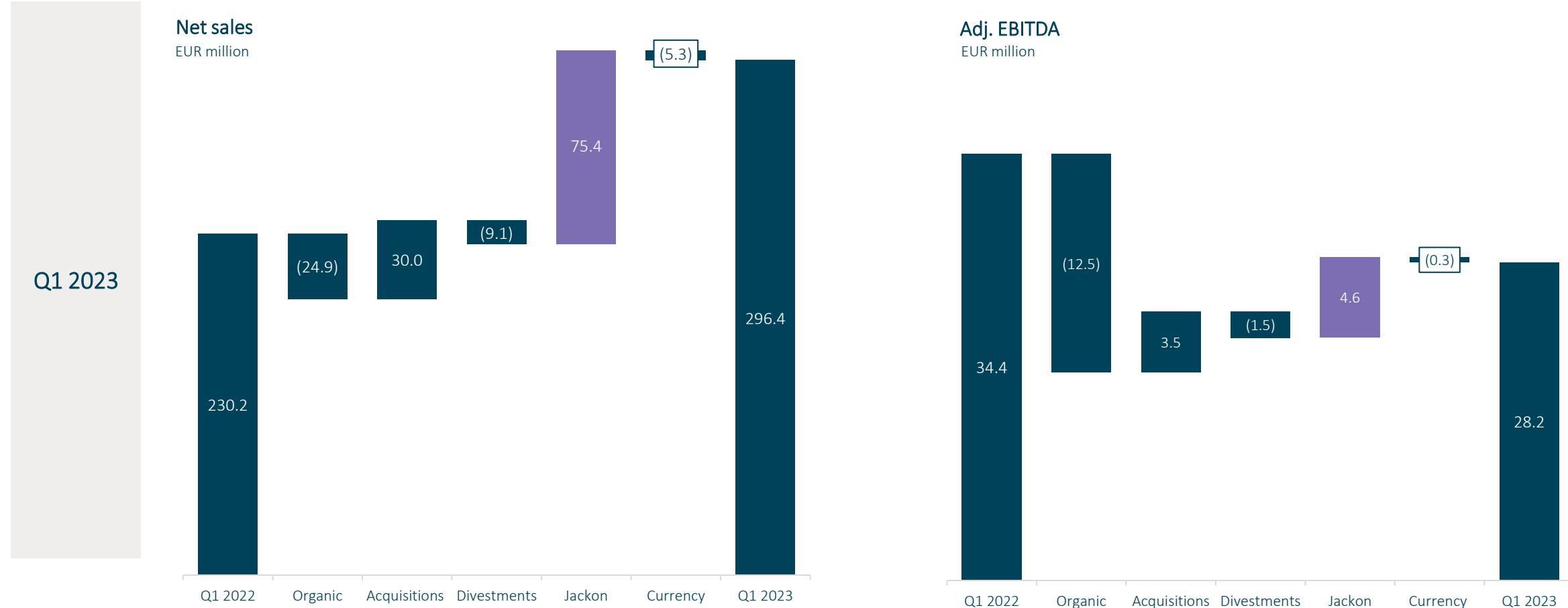


Diversified across end-markets<sup>2)</sup>

# Financial overview first quarter of 2023

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Organic growth in EBITDA for downstream segments despite challenging markets



# Successful integration, doubling of synergy estimate

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Targeting to extract synergies of EUR ~30 million by 2024

## Good progress on integration of Jackson

- Established improved organisational structure
  - Dedicated management for each division/ segment
  - Focus on operational excellence, cross-selling & strategic growth opportunities
- Extracted synergies for more than EUR 10 million by Q1, estimates more than EUR 15 million by 1H 2023
  - Procurement, logistics and optimisation of production footprint accounts for ~80% of extracted, of which split ~70/30 between RAW and I&C
- On track with initiatives for capacity and cost adjustments
  - Improved profitability for Nordic insulation despite very challenging market
  - Still ongoing work – including to optimise production footprint in downstream segments



# Growth strategy for divisions

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## Investing to position for growth from megatrends

RAW

- **Invest in new extruders** to increase **recycled capacity**
- Increase capacity to maintain "raw material balance", through strategic partnerships

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
- **Broaden product offering to complementary materials and solutions**

Packaging & Components

- Grow within **fibre/ paper packaging** and trading solutions
- Offering complementary materials and products
- **Increase capacity for EPP components** to meet increased demand for HVAC and automotive components



# Organic growth initiatives Packaging & Components

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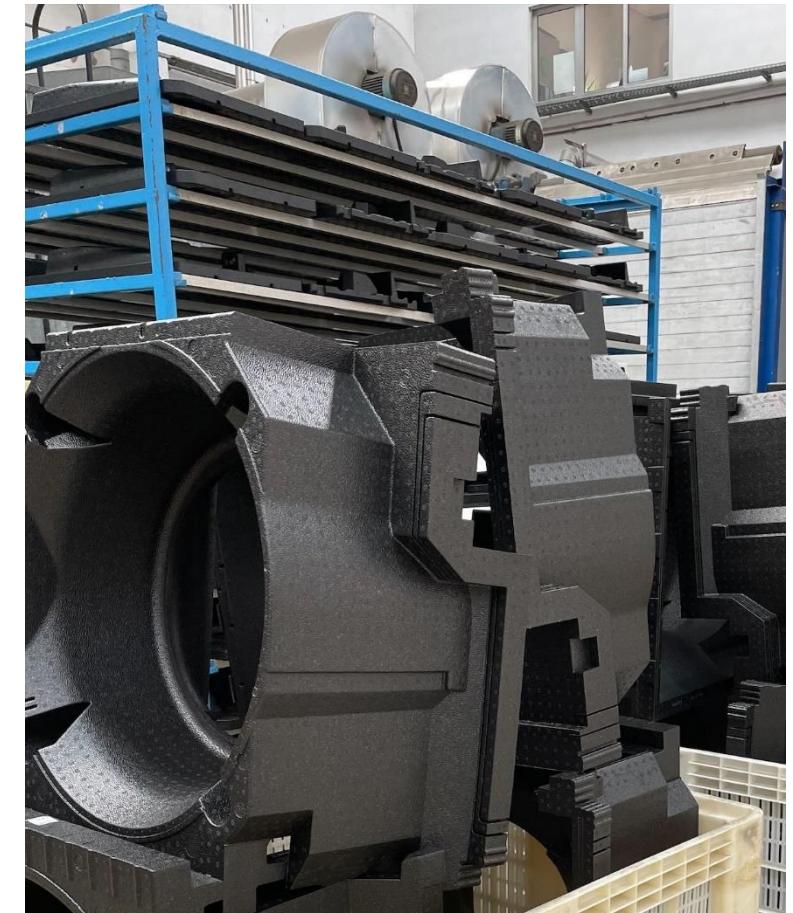
## Selected key investment projects

### Expanding capacity to meet increased demand for paper packaging

- Acquired paper packaging company Honeycomb Cellpack, in 2021
- Growth in demand for fibre-based packaging
- Investing in expansion of facilities of Cellpack to double capacity
- Products from new production line will be more commoditised than traditional “honeycomb” products
- Also, strengthened offering and capacity through acquisition of Trondhjems Eskefabrikk 2022

### Expanding capacity to meet increased demand for HVAC components

- Significant increase in demand for HVAC components
  - Annual number of installed heat pumps in EU expected to grow from 1 million in 2021 to 4 million by 2030
  - Multi-national customers across regions
  - Invested in HVAC manufacturing in Skara, in collaboration with customer
  - Investing in expansion of facility in Santo Tirso, Portugal, to deliver on customer HVAC contract
  - Further expansion of facilities in Skara to supply automotive components to Volvo



# A diversified industrial group - positioned to accelerate growth across end-markets

- Delivering strong performance and robust results in challenging markets
- Integrated and diversified business model a key competitive advantage
- Proven track record of adjusting prices, capacity and cost to current market
- Successful integration of acquired companies yielding significant synergies
- On-track with strategic growth projects, focusing on sustainability and circularity, as well as positioning for megatrends, such as insulation, HVAC and components for electric vehicles



First quarter of 2023

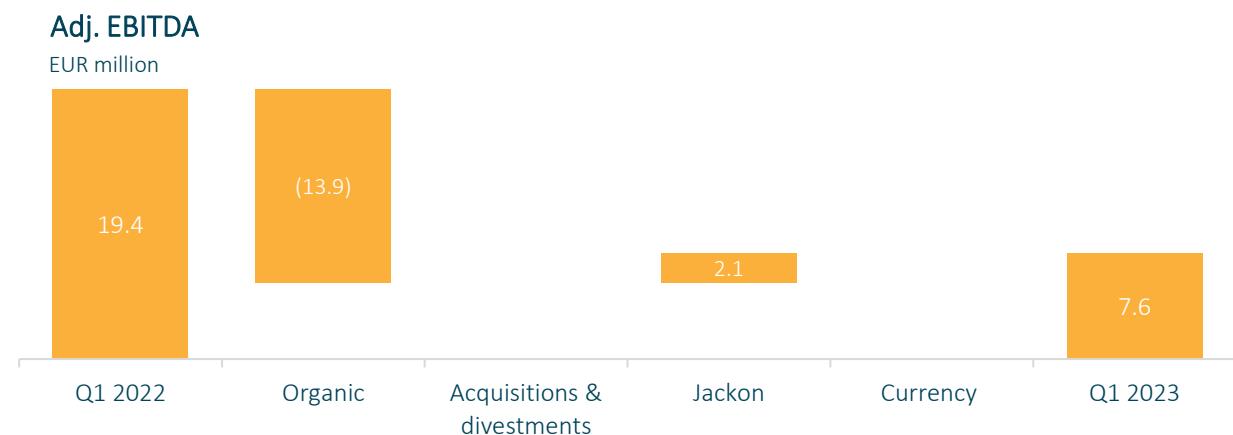
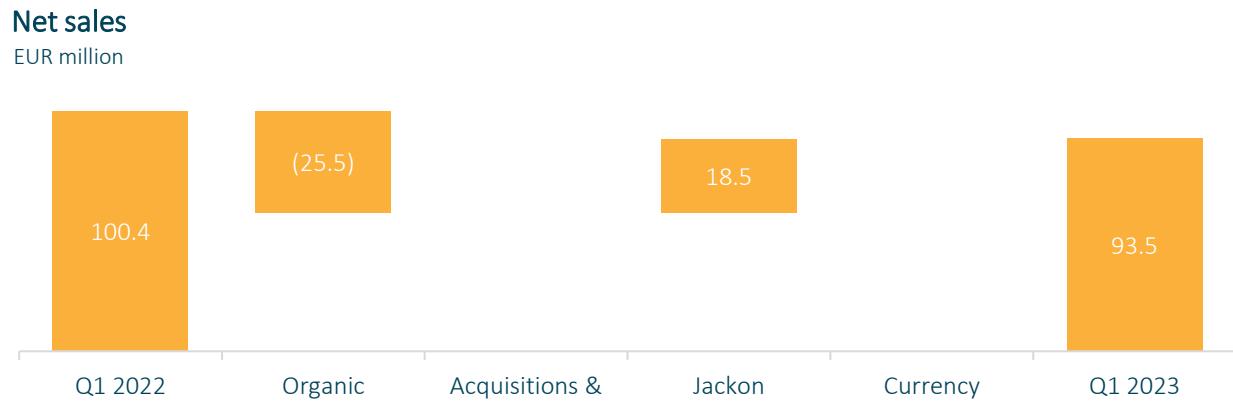
# Financials

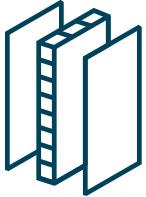


## GAP remained solid, volumes impacted by reduced demand from B&C

### First quarter of 2022

- Net sales of EUR 93.5 million, down 6.9%
  - Acquisition of Jackon contributed with EUR 18.5 million
  - Reduced demand from B&C resulted in lower volumes
  - EPS raw material prices decreased by ~15% since Q1 2022, kept quite stable since Q4 2022
- Adj. EBITDA of EUR 7.6 million (19.4), margin 8.1%
  - Acquisition of Jackon contributed with EUR 2.1 million
  - Solid GAP maintained but lower than Q1 last year
  - Reduced EBITDA and EBITDA margin as a result of lower volumes, higher cost of additives and higher fixed cost





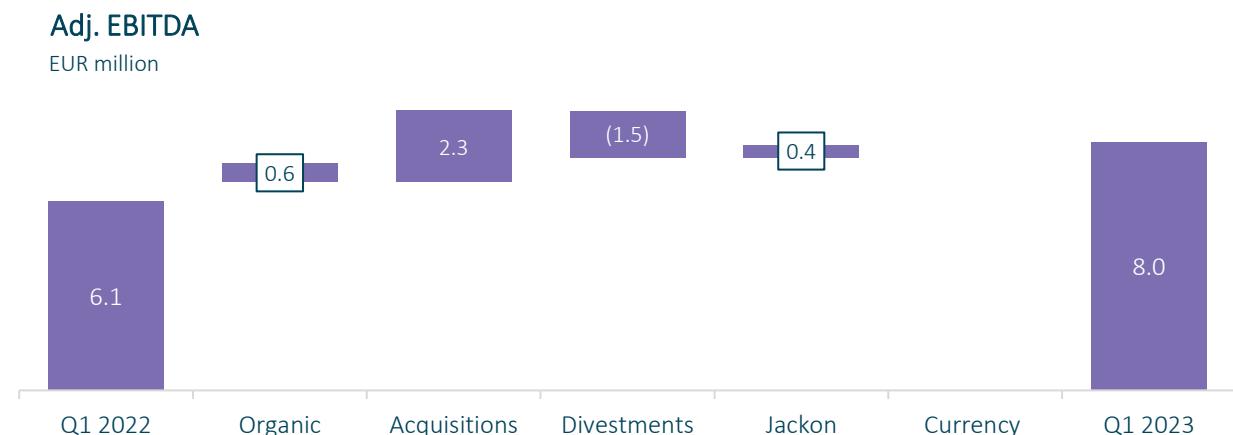
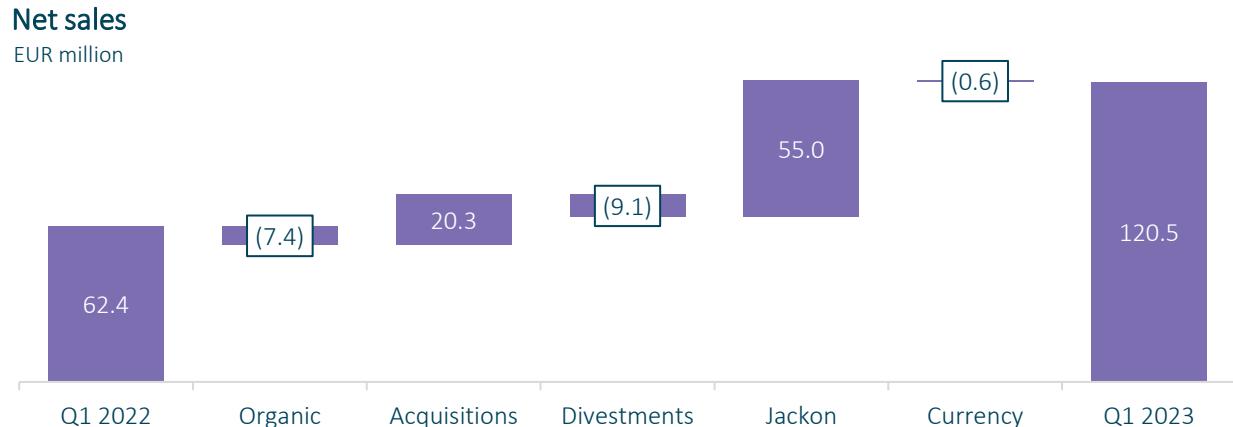
# Insulation & Construction

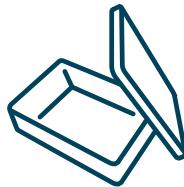
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## Organic growth in EBITDA despite challenging markets

### First quarter of 2022

- Net sales of EUR 120.5 million, up 93.2%
  - Growth from acquired companies
  - Reduced demand from B&C resulted in ~20% lower volumes
    - Larger decline in Nordics and Baltics, representing ~35% of total sales
    - Modest decline or positive development in other regions
- Adj. EBITDA of EUR 8.0 million (6.1), margin 6.6%
  - Organic growth of 10.1%, despite lower volumes, from capacity adjustments, cost control and price management
  - Acquired companies excl. Jackon with accretive EBITDA margin of 11.3%, mainly from solid operations in Spain and UK
  - Positive development in contribution from Jackon
  - Provision of EUR 1.2 related to announced measures initiated





# Packaging & Components

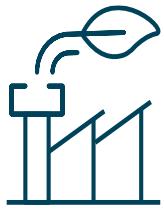
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Stable development and improved EBITDA from organic and inorganic growth

## First quarter of 2022

- Net sales of EUR 109.7 million, up 19.6%
  - Organic growth of 2.5% from higher sales prices and improved volumes from automotive and HVAC components, despite lower volumes of fish boxes and traded products
  - Sales divided ~50% to food packaging, 20% automotive and 30% other industries incl. HVAC
- Adj. EBITDA of EUR 13.4 million (9.1), margin 12.2%
  - Organic growth of 15.2%
    - Lower volumes to food packaging in 1H due to lower slaughter volumes, expect stronger 2H
    - Increased demand for automotive & HVAC components
  - Healthy margins for acquired companies avg ~17%





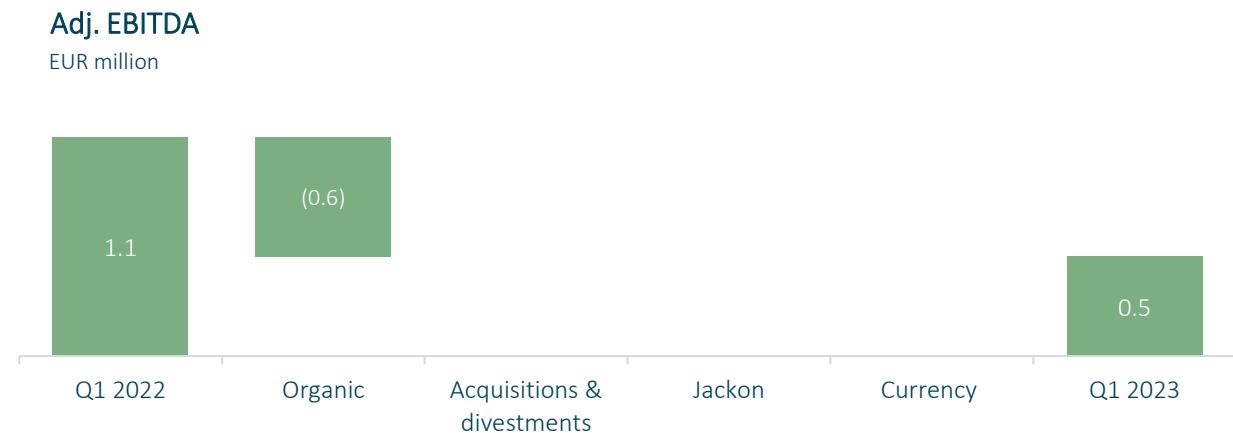
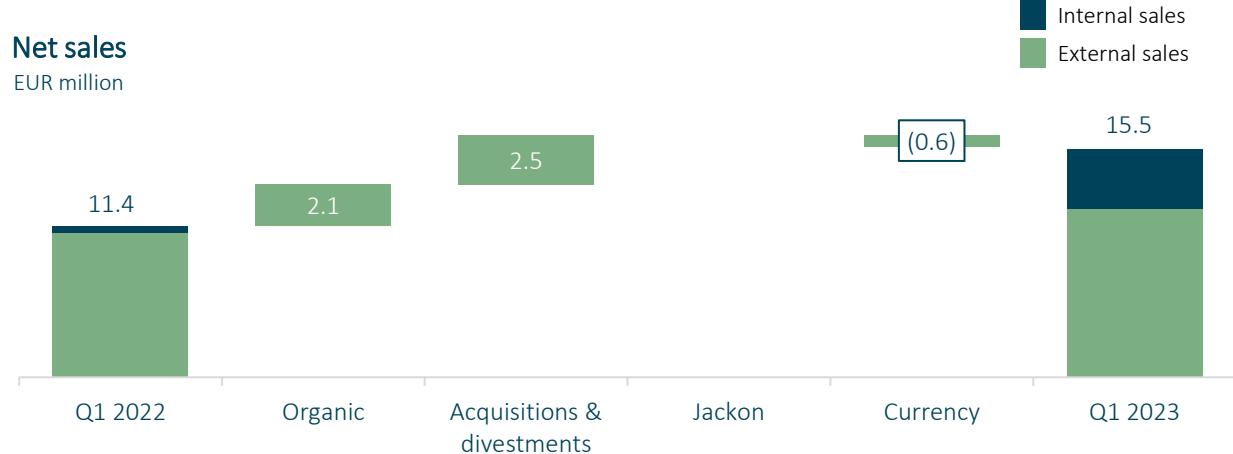
# Circular

## Improved volumes from acquisitions

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### First quarter of 2022

- Net sales of EUR 15.5 million, up 35.7%
  - Organic growth of 18.7% explained by higher volumes which compensated for lower prices
  - Positive contribution from sale of packaging waste recovery notes in the UK
  - Significant increase in own consumption (internal sales) of recycled material following increased capacity
- Adj. EBITDA of EUR 0.5 million (1.1), margin 3.1%
  - Reduced EBITDA explained by lower prices



# Financials

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## Consolidated P&L

Amounts in EUR million	Q1 2023	Q1 2022	2022
Net Sales	296.4	230.2	1 050.4
<b>Total operating income</b>	<b>296.4</b>	<b>230.2</b>	<b>1 050.4</b>
Raw materials and consumables	-121.5	-86.4	-432.4
Goods for resale	-24.8	-35.4	-136.1
Other external costs	-71.9	-45.0	-229.9
Personnel cost	-51.8	-32.2	-149.3
Depreciation/ amortisation/ impairment	-17.1	-10.0	-47.2
- <i>attributable to operations</i>	-8.9	-5.3	-24.1
- <i>attributable to IFRS 16</i>	-5.0	-2.3	-12.0
- <i>attributable to fair value adjustments in business combinations</i>	-3.2	-2.4	-11.2
Share of income from associated comp.	0.5	0.7	2.8
Capital gain from sale of assets	0.0	-0.1	9.7
<b>Operating income (EBIT)</b>	<b>9.8</b>	<b>21.8</b>	<b>68.0</b>
Net financial items	-10.4	-6.9	-25.5
Income tax expense	-0.2	-6.8	-7.2
<b>Profit/loss for the period</b>	<b>-0.7</b>	<b>8.2</b>	<b>35.4</b>

### First quarter of 2022

- Net sales of EUR 296.4 million, up by 28.7%
  - Negative 10.8% organic growth, mainly from reduced volumes and lower prices in RAW
  - All other segments had positive organic growth due to good price management
- Increased number of employees due to acquisitions
- EBIT of EUR 9.8 million
  - Increased depreciation and amortization from acquired companies
- Net financial items of negative EUR 10.4 million
  - Increased interest rates and increased interest-bearing debt following acquisitions
  - Fair value valuation of shares impacted negatively EUR 1.0 (-2.9)
- Tax expense of EUR 0.2 million
  - Q1 2021 negatively impacted by major non-deductible items
- Net result for the period of EUR -0.7 million

# Financials

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## Capital structure

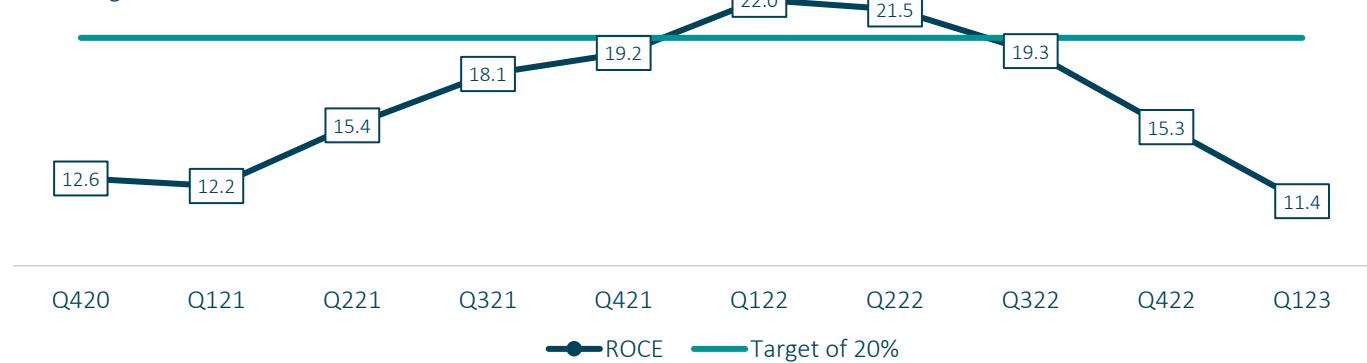
### Leverage: Net debt/ EBITDA ratio<sup>(1)</sup>

EUR million



### ROCE

Percentage



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

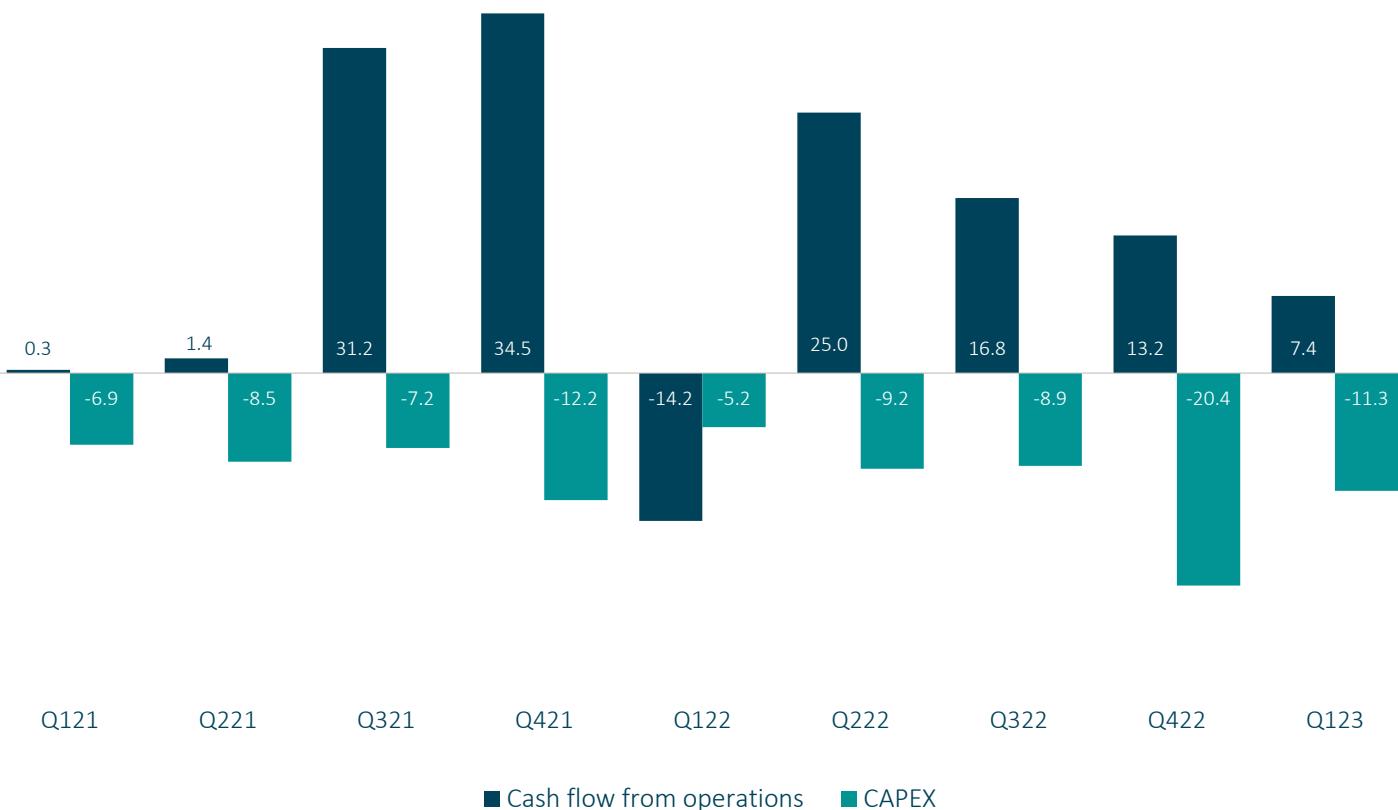
(2) ROCE: Rolling 12 months adjusted EBITA as a percentage of average capital employed during the same period. Capital employed is defined as total equity plus net debt

- Net debt EUR 563.1 million, EUR 368.9 million excl. IFRS 16
- Credit facility of EUR 150 million, of which EUR 20.1 million unutilized on 31 March 2023
- Increased leverage and reduced ROCE following recent acquisitions.
- Ongoing process to divest remaining part of real estate portfolio, valued at EUR ~50 million

	EUR million	31.03.23	31.12.22	31.03.22
Cash and Cash equivalents		36.5	47.5	123.9
Non-current liabilities		377.8	336.7	256.8
Current liabilities		27.6	93.1	6.3
Debt related to IFRS 16		194.3	168.4	75.0
<b>Net debt in total</b>		<b>563.1</b>	<b>550.7</b>	<b>214.2</b>
- excl. IFRS		368.9	382.3	139.2

## Positive cash flow, maintenance CAPEX in line with target

EUR million



First quarter of 2023

### First quarter of 2022

- Operating cash flow of EUR 7.4 million (-14.2)
  - Working capital build-up of EUR 8.3 million (40.0), reduction mainly from lower inventory levels
- CAPEX of EUR 11.3 million (5.2)
  - EUR 4.0 million to investment programmes (2.7)

### Key organic growth initiatives

- Packaging facility Hitra/ Jøsnøya, Norway
- New extruder in Etten-Leur, Netherlands
- New production line for construction boards in Belgium
- ICT/ ERP investments

First quarter of 2023

# Summary and outlook

# Outlook

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## Well positioned for continued profitable growth

- Mixed markets
  - Currently low activity in building and construction industry, impacting volumes for RAW and I&C
  - Strong outlook for P&C, with positive development of HVAC and automotive, and expected strong 2H for food packaging
  - Styrene prices have remained stable into Q2 2023
- Solid progress on key priorities
  - Continued positive contribution from organic initiatives
  - On track with initiatives to adjust capacity and cost to current markets
  - Successful integration of acquired companies, estimates to extract EUR 30 million by 2024
  - Key strategic investments in place, well positioned to capture market shares in high-growth segments, like HVAC and components for electric vehicles, and for the rebound of the insulation markets
- Expect Adj. EBITDA for 2023 in line with pro-forma EBITDA of EUR 167 million posted for 2022



# 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

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*for a better everyday*



# Adding close to EUR 600 million euro in sales in 2022 BEWI

## Strategic and transformative acquisitions

Period	Company	Annual sales EUR million	Annual EBITDA EUR million	Region	Key offering	Strategic rationale
Q2 2022	Trondhjems Eskefabrikk	~15.5	~3.4	Norway	Paper packaging	Broaden offering with complimentary materials
	Jablite Group	~58.6	~3.3	UK	Packaging and insulation	Geographic expansion in the UK
	Berga Recycling	~34.5	~2.2	Global	Circular trading platform	Expanding circular platform
Q3 2022	BalPol	~34.7	~3.3	Baltics	Insulation	Geographic expansion to Baltics, broaden offering with complimentary materials
	Jackon Holding	~423.0	~24.2	Europe	Raw materials, packaging and insulation	Strengthened market positions
Q4 2022	Aislenvas	~18.3	~3.5	Spain	Insulation	Geographic expansion to Spain
	Inoplast	~6.6	~0.3	Czech	Circular solutions	Strengthen circular offering and volumes
		EURm ~591.2	EURm ~40.2			
Total						

**Strategic and transformative acquisitions**  
**In line M&A strategy**  
**Adding close to EUR 600 million sales through acquisitions in 2022**

## HVAC market segments

- **Equipment:**

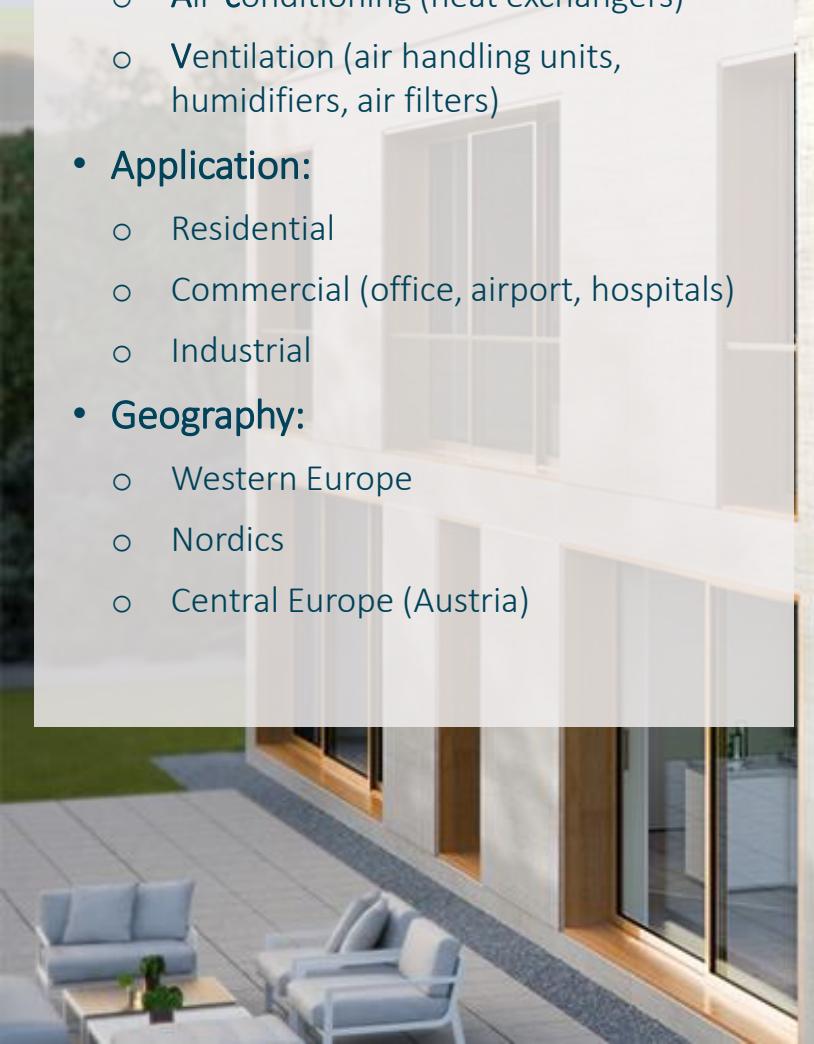
- Heating (heat pump, boiler unit)
- Air-conditioning (heat exchangers)
- Ventilation (air handling units, humidifiers, air filters)

- **Application:**

- Residential
- Commercial (office, airport, hospitals)
- Industrial

- **Geography:**

- Western Europe
- Nordics
- Central Europe (Austria)



• HVAC

# BEWI's role in HVAC

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