

Results for the first quarter of 2023

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BEWI



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First quarter of 2023

Highlights

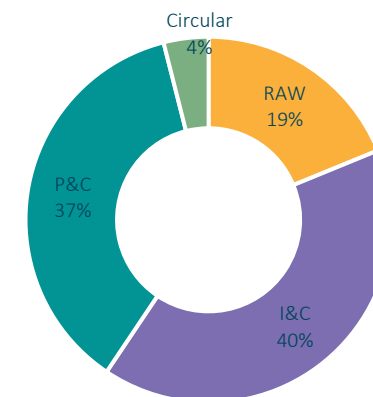


Strong performance, doubling synergy estimate

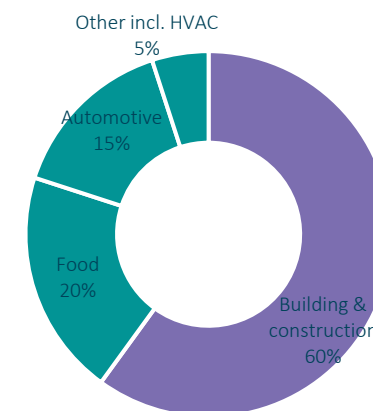
Building a robust platform to deliver on strategic and financial targets

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 segments¹⁾



Diversified across end-markets²⁾

Financial overview first quarter of 2023

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 Jackon

- 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



Jackon Thermomur® 450 –
developed for energy efficiency

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



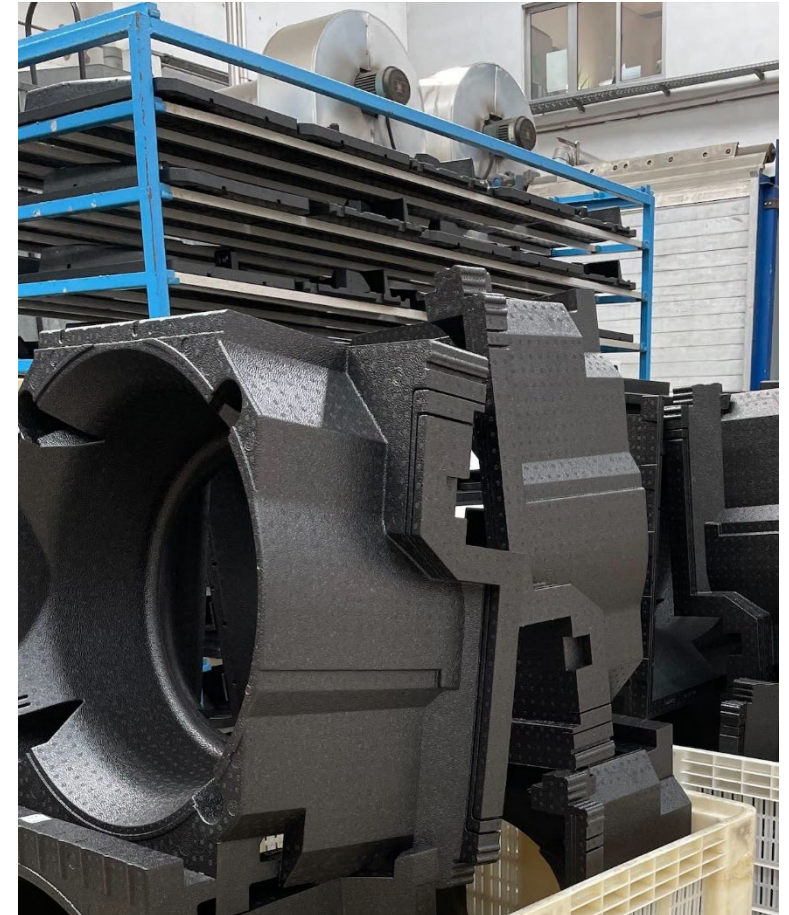
Selected key investment projects

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



The background of the slide is a photograph of a construction site. In the foreground, there are large, white, rectangular concrete blocks arranged in rows. In the middle ground, there is a white van and some construction equipment. In the background, there are houses with dark roofs under a clear blue sky.

First quarter of 2023

Financials



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

First quarter of 2023

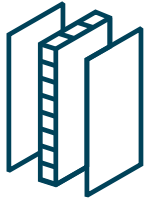
- Net sales of EUR 93.5 million, down 6.9%
 - Acquisition of Jackon contributed with EUR 18.5 million
 - Reduced demand from B&C resulted in lower volumes
 - EPS raw material prices decreased by ~15% since Q1 2022, kept quite stable since Q4 2022
- Adj. EBITDA of EUR 7.6 million (19.4), margin 8.1%
 - 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

Net sales
EUR million



Adj. EBITDA
EUR million





Insulation & Construction

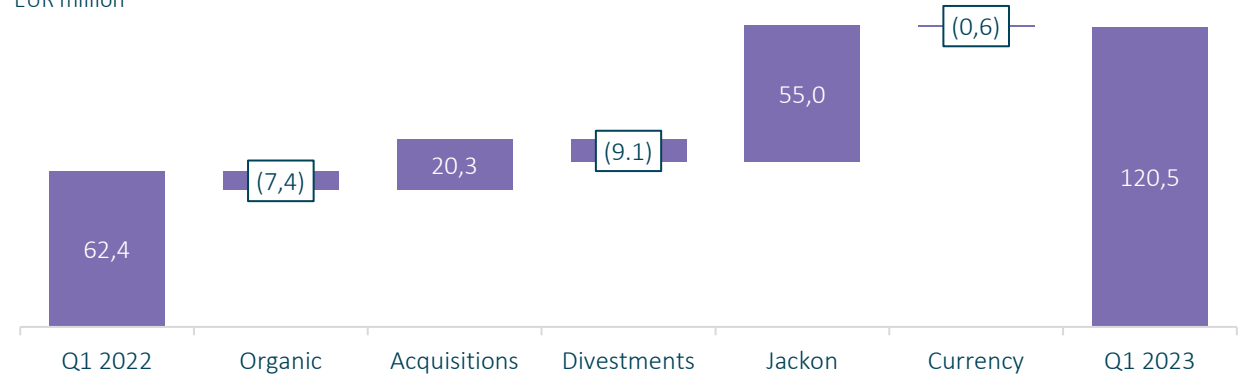
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Organic growth in EBITDA despite challenging markets

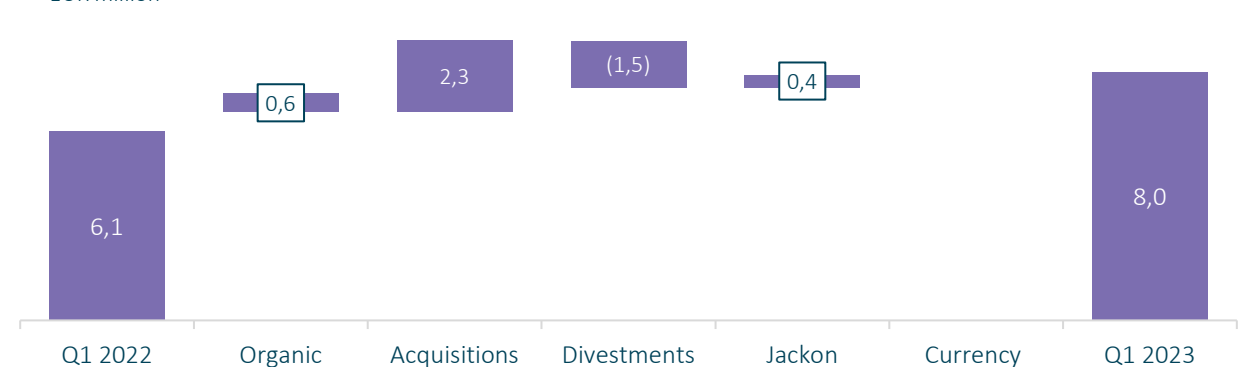
First quarter of 2023

- 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

Net sales
EUR million



Adj. EBITDA
EUR million





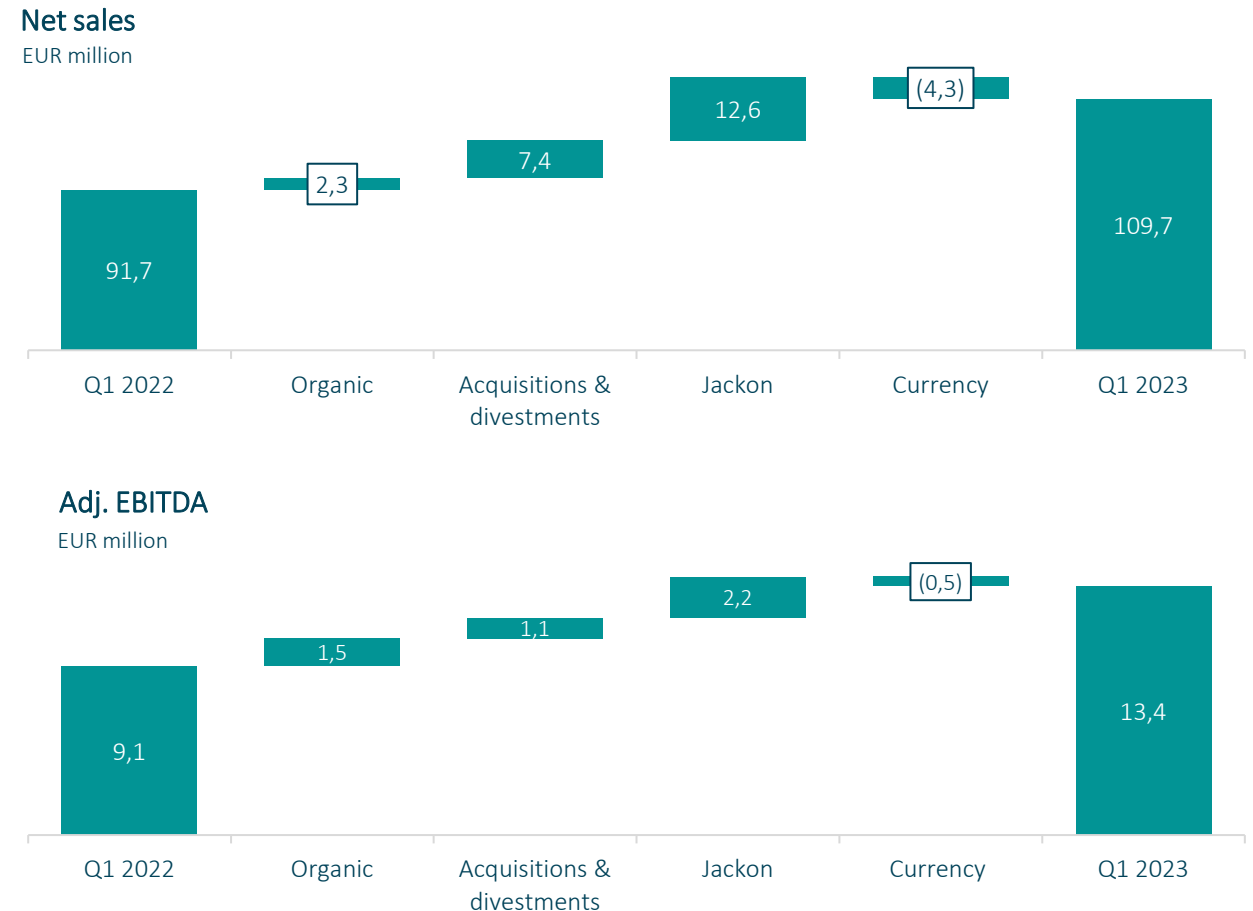
Packaging & Components

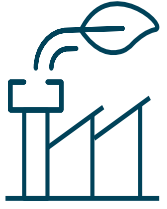
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Stable development and improved EBITDA from organic and inorganic growth

First quarter of 2023

- 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%





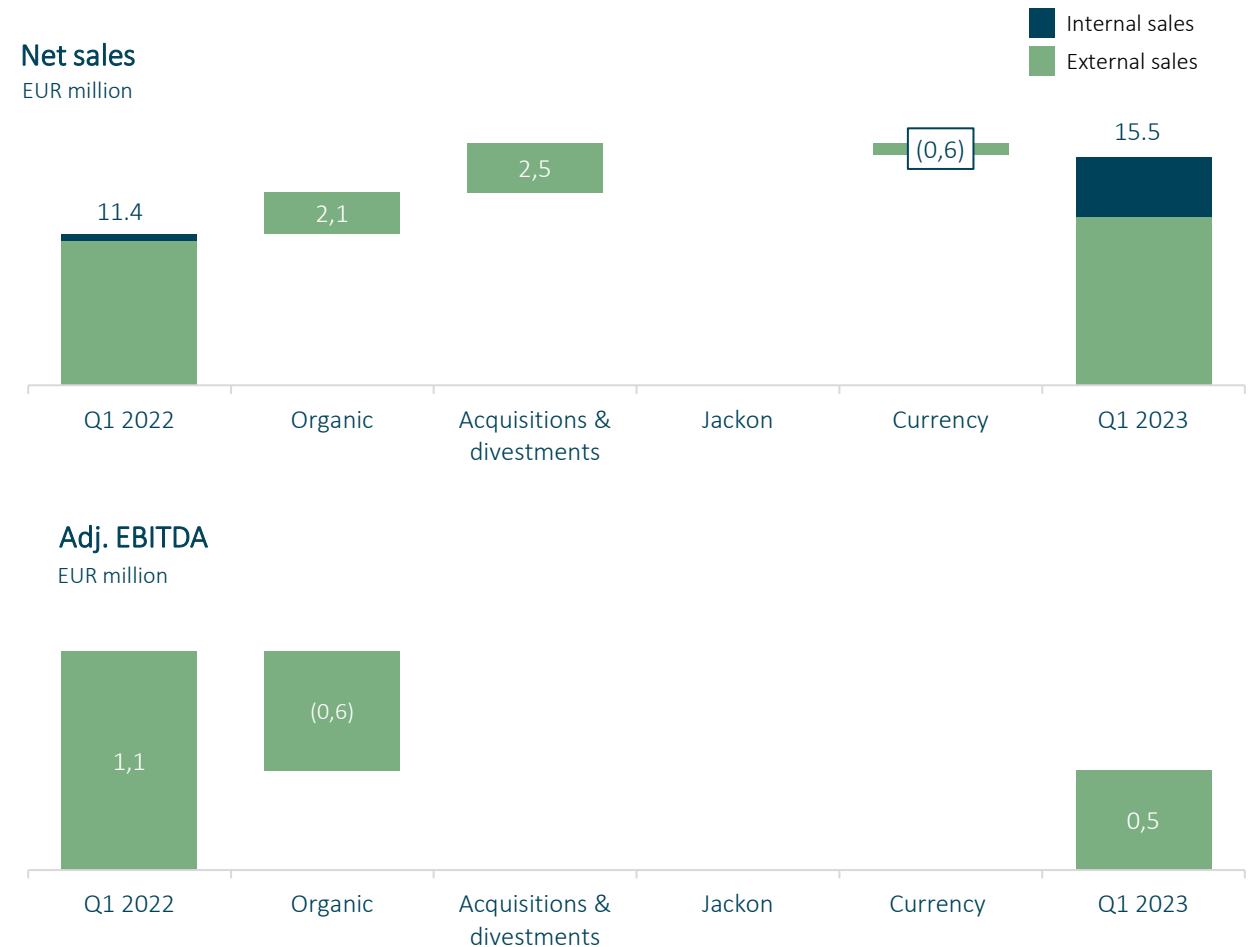
Circular

Improved volumes from acquisitions

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First quarter of 2023

- 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

Consolidated P&L



Amounts in EUR million	Q1 2023	Q1 2022	2022
Net Sales	296.4	230.2	1 050.4
Total operating income	296.4	230.2	1 050.4
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
- attributable to operations	-8.9	-5.3	-24.1
- attributable to IFRS 16	-5.0	-2.3	-12.0
- attributable to fair value adjustments in business combinations	-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
Operating income (EBIT)	9.8	21.8	68.0
Net financial items	-10.4	-6.9	-25.5
Income tax expense	-0.2	-6.8	-7.2
Profit/ loss for the period	-0.7	8.2	35.4

First quarter of 2023

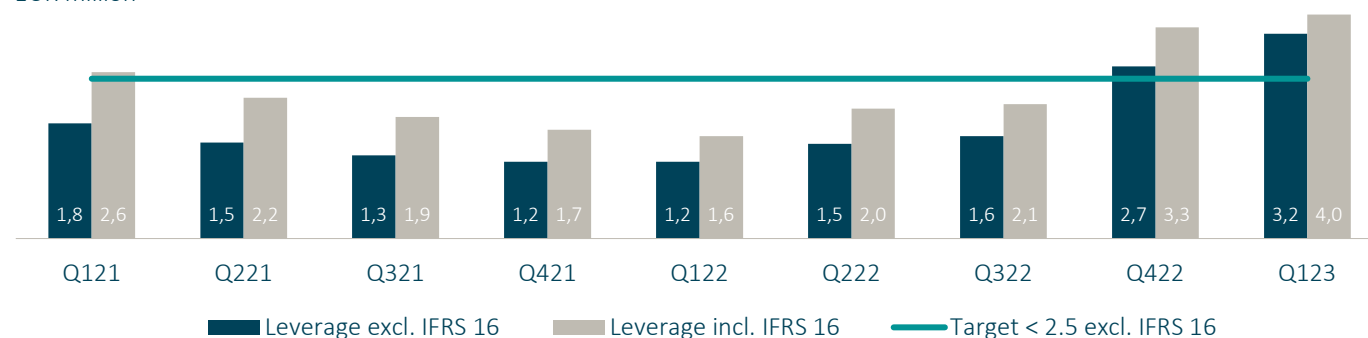
- Net sales of EUR 296.4 million, up by 28.7%
 - Negative 10.8% organic growth, mainly from reduced volumes and lower prices in RAW
 - All other segments had positive organic growth due to good price management
- Increased number of employees due to acquisitions
- EBIT of EUR 9.8 million
 - Increased 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

Capital structure

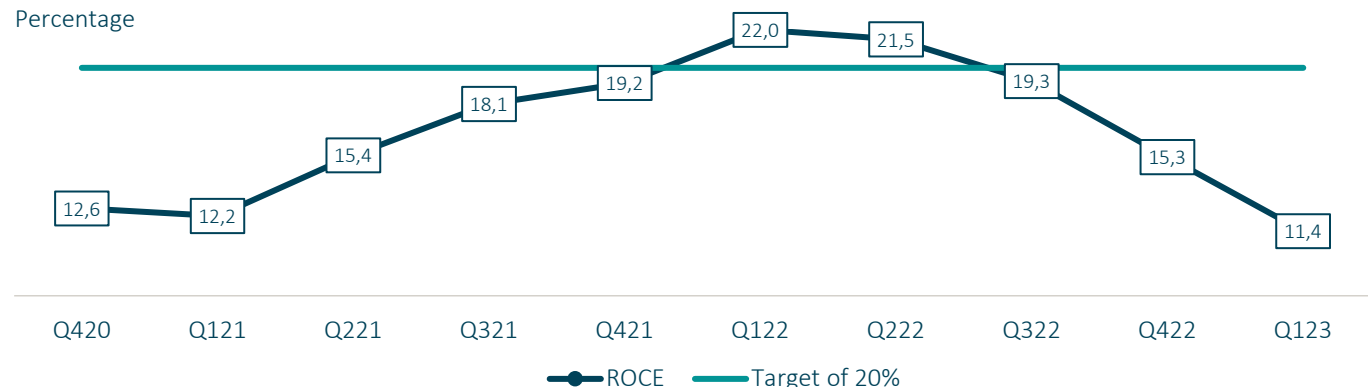
Leverage: Net debt/ EBITDA ratio⁽¹⁾

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

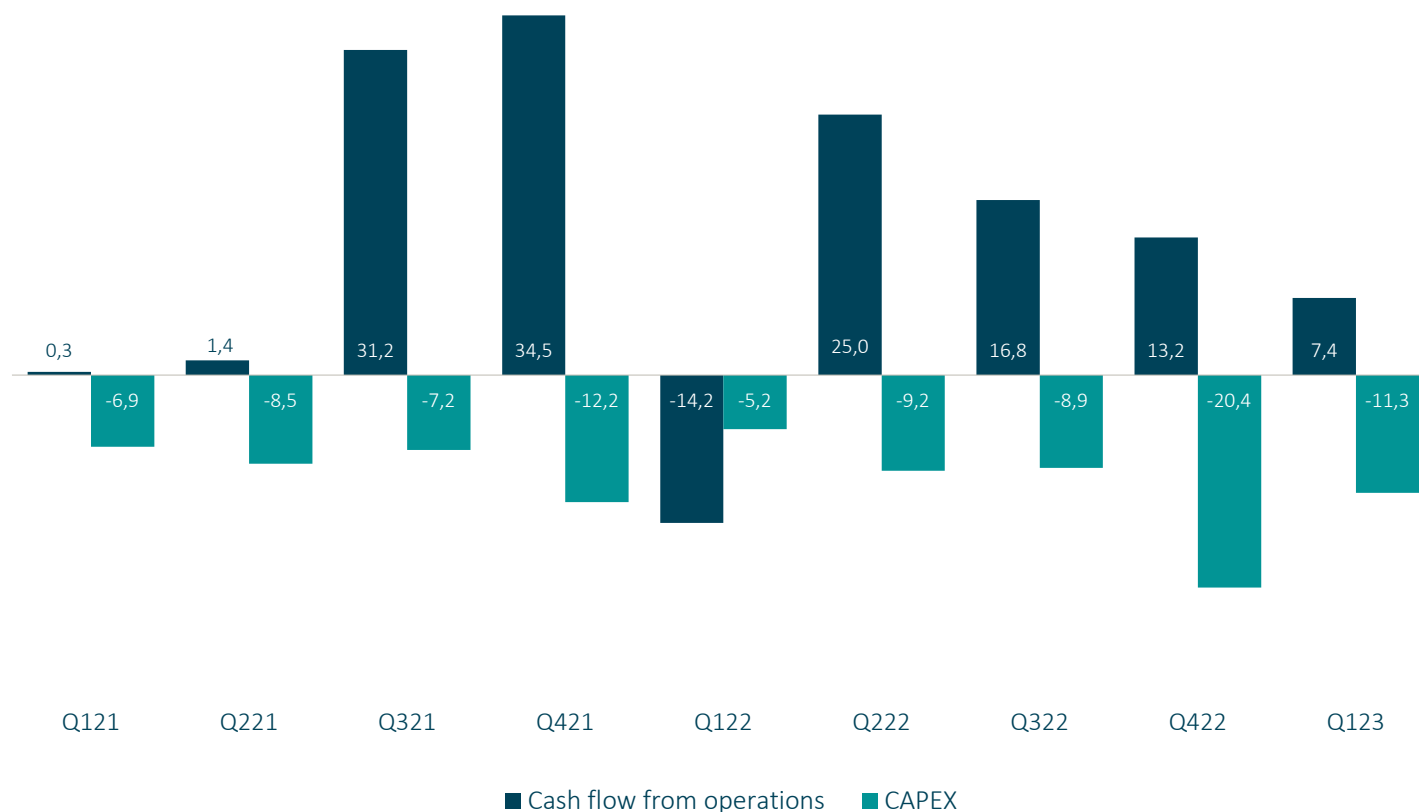
- Net debt EUR 563.1 million, EUR 368.9 million excl. IFRS 16
- Credit facility of EUR 150 million, of which EUR 20.1 million unutilized on 31 March 2023
- Increased leverage and reduced ROCE following recent acquisitions.
- Ongoing process to divest remaining part of real estate portfolio, valued at 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
Net debt in total	563.1	550.7	214.2
- excl. IFRS	368.9	382.3	139.2

Financials

Positive cash flow, maintenance CAPEX in line with target

EUR million



First quarter of 2023

- 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

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



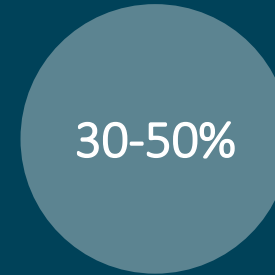
ROCE¹

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 **BEW**

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
Q4 2022	Jackson Holding	~423.0	~24.2	Europe	Raw materials, packaging and insulation	Strengthened market positions
	Aislenvas	~18.3	~3.5	Spain	Insulation	Geographic expansion to Spain
	Inoplast	~6.6	~0.3	Czech	Circular solutions	Strengthen circular offering and volumes
Total		EURm ~591.2	EURm ~40.2			

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)



BEWI's role in HVAC

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