

Q3 2023 results

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7 November 2023

BEWI



Great taste of Nature
OLLE SVENSSON
PART OF THE HEDDLE FOOD GROUP

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Third quarter of 2023

Highlights

Solid results with strong operational cash flow despite continued challenging markets

BEW

Building a robust platform to deliver on long-term targets

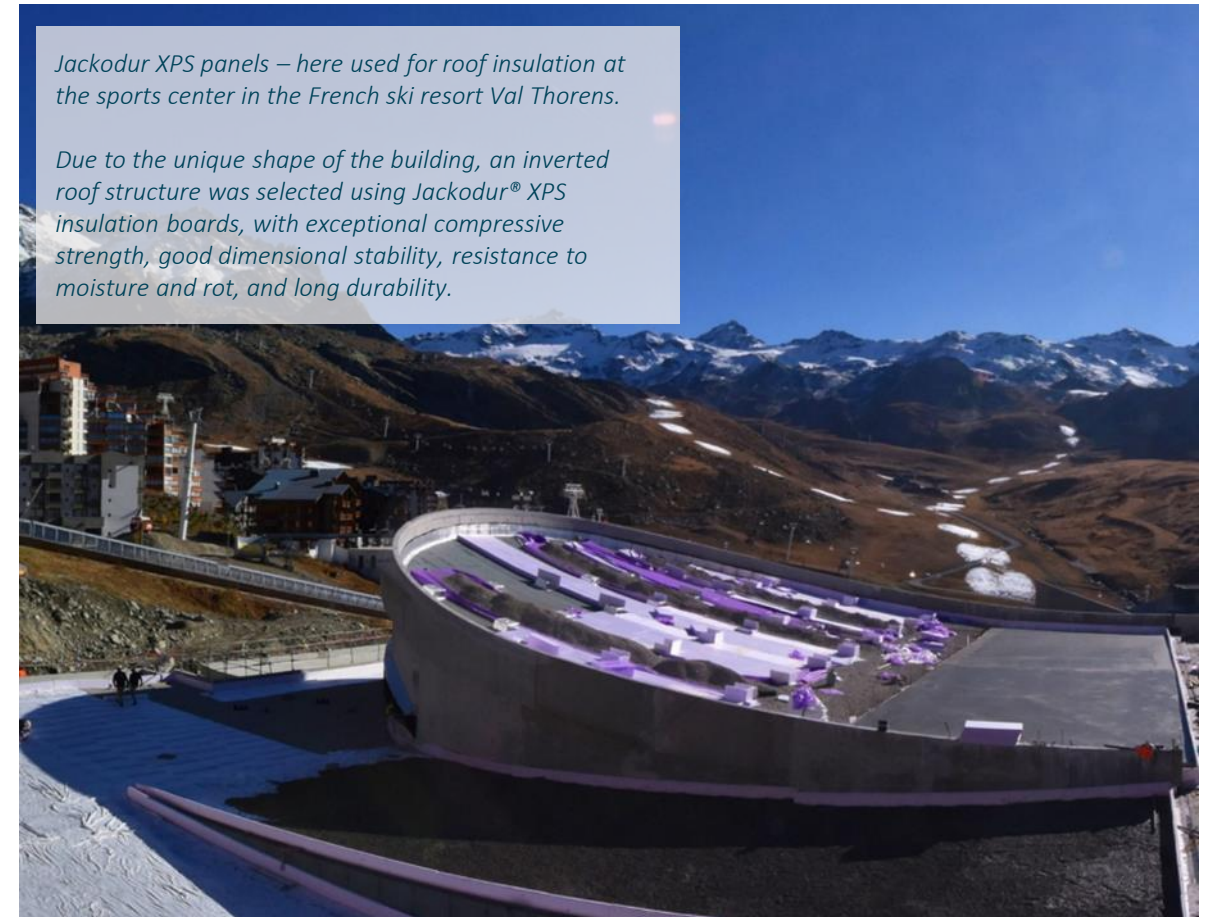
- Solid results for insulation and packaging segments
 - Successful profitability improvements implemented
 - Low activity in building and construction industry impacting volumes
 - Economic uncertainty affecting sales of industrial products
- Lower group EBITDA for Q3 Y-o-Y mainly due to lower GAP
 - High volatility in raw material prices
- Strong operational cash flow
 - Cash position to be strengthened following divestment of real estate
- On track for synergy target from Jackson transaction of EUR ~30 million
- Positioned for growth in insulation without further investments
 - Currently utilising ~70% of production capacity in insulation



Strong measures to adapt to market conditions

Capacity – and cost reductions provide margin improvement

- Insulation & Construction segment
 - Strong measures to adjust capacity and cost have resulted in margin improvement, mainly in the Nordics
 - Temporary closure of facilities and reduced shifts
 - Headcount reduced by approx. 120 start of the year
 - Further measures are being implemented
- Packaging & Components segment
 - Optimisation of production footprint in the Nordics resulted in closure of facilities and reduced headcount
 - Investing in expansion of production capacity of paper packaging (honeycomb) and HVAC components, in addition to the two new fish box facilities

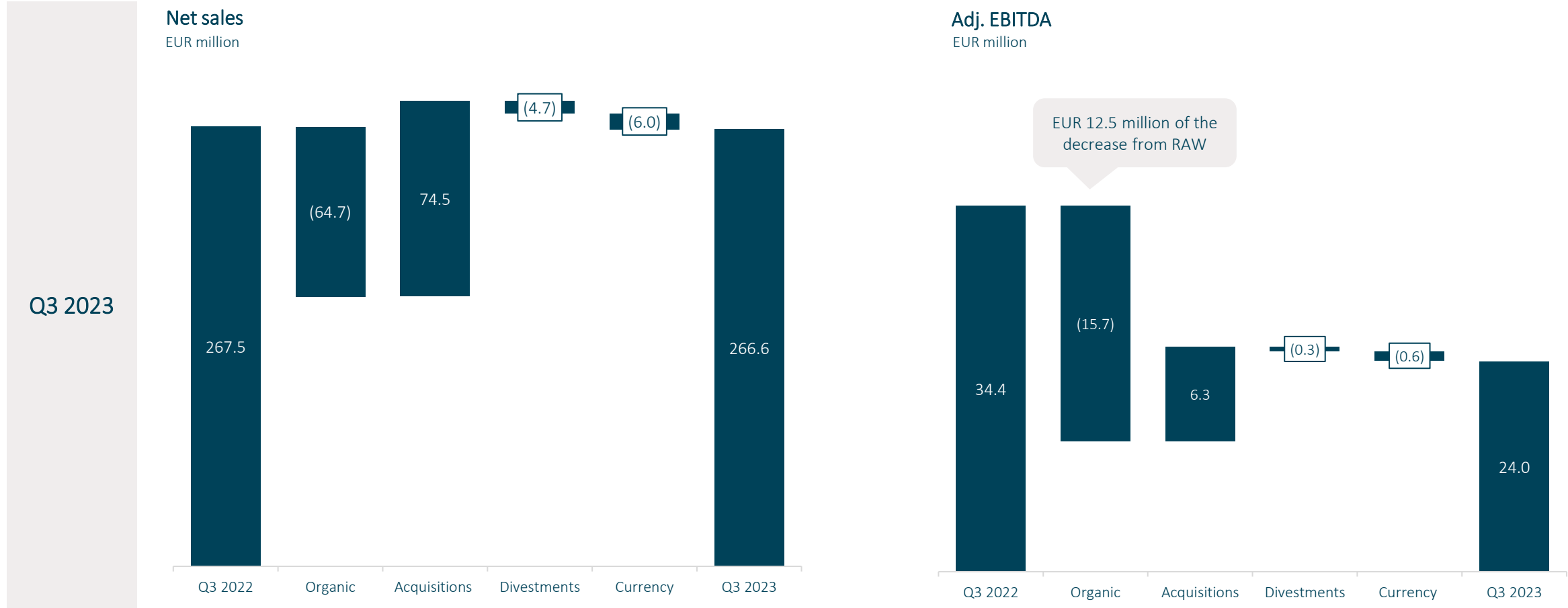


Third quarter of 2023

Group financials

Financial overview third quarter of 2023

Sales in line with Q3 2022, weaker EBITDA mainly from lower GAP in RAW



Financials

Consolidated P&L



| Amounts in EUR million | Q3 2023 | Q3 2022 | 9M 2023 | 9M 2022 | 2022 |
|---|--------------|--------------|--------------|--------------|----------------|
| Net Sales | 266.6 | 267.5 | 852.6 | 774.7 | 1 050.4 |
| Total operating income | 266.6 | 267.5 | 852.6 | 774.7 | 1 050.4 |
| Raw materials and consumables | -119.2 | -118.9 | -358.1 | -327.3 | -432.4 |
| Goods for resale | -14.6 | -30.1 | -66.4 | -104.1 | -136.1 |
| Other external costs | -59.6 | -51.7 | -195.5 | -144.5 | -229.9 |
| Personnel cost | -52.0 | -34.7 | -154.5 | -100.3 | -149.3 |
| Depreciation/ amortisation/ impairment | -18.3 | -11.8 | -52.0 | -32.5 | -47.2 |
| - attributable to operations | -8.3 | -6.3 | -25.2 | -16.8 | -24.1 |
| - attributable to IFRS 16 | -6.5 | -3.0 | -16.0 | -8.0 | -12.0 |
| - attributable to fair value adjustments in business combinations | -3.6 | -2.5 | -10.8 | -7.7 | -11.2 |
| Share of income from associated comp. | 0.3 | 0.6 | 1.4 | 2.8 | 2.8 |
| Capital gain/loss from sale of assets and other adjustments | 0.5 | 0.1 | 0.2 | 9.8 | 9.7 |
| Operating income (EBIT) | 3.7 | 21.1 | 27.7 | 78.7 | 68.0 |
| Net financial items | -11.3 | -5.8 | -31.0 | -18.9 | -25.5 |
| Income tax expense | -0.7 | -5.2 | -2.8 | -16.7 | -7.2 |
| Profit/ loss for the period | -8.3 | 10.0 | -6.1 | 43.1 | 35.4 |

Third quarter of 2023

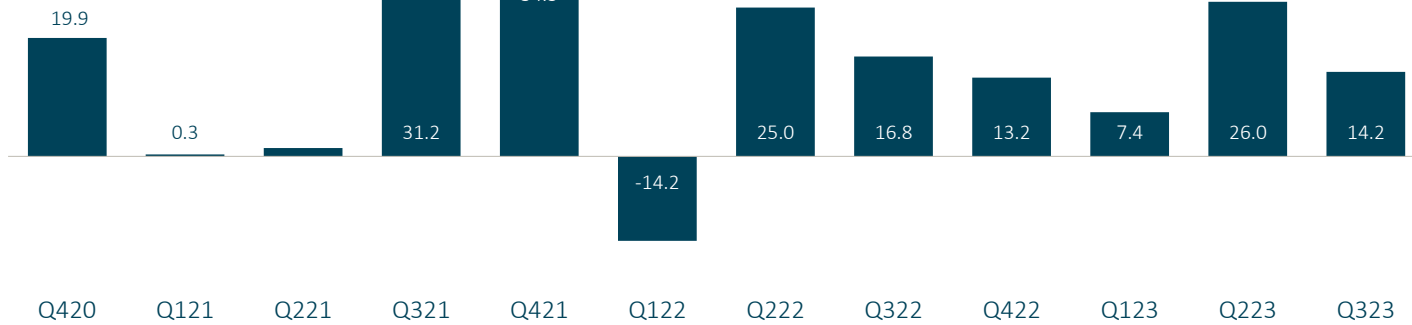
- Net sales of EUR 266.6 million, in line with Q3 2022
- EBIT of EUR 3.7 million
 - Increased depreciation and amortization from acquired companies and financial leasing (IFRS 16)
 - Lower contribution from associated companies
 - Restructuring costs and impairment related to capacity adjustments of EUR 4.4 million
- Net financial items of negative EUR 11.3 million
 - Increased interest rates and increased interest-bearing debt due to acquisitions
 - Fair value adjustment of shares and exchange rate differences negative impact of EUR 1.2 million
- Tax expense of EUR 0.7 million
- Net result for the period of negative EUR 8.3million

Financials

Strong cash flow from operations

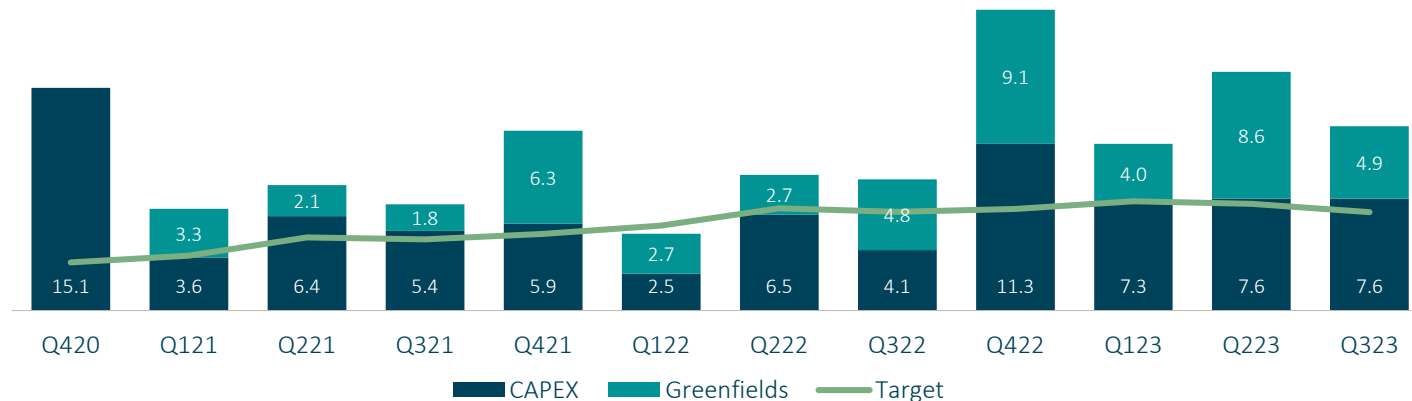
Cash flow from operations

EUR million



CAPEX

EUR million



Third quarter of 2023

- Operating cash flow of EUR 14.2 million (16.8)
 - Working capital reduction of EUR 3.5 million (-12.1)
- CAPEX of EUR 12.5 million (8.9)
 - EUR 4.9 million to investment programmes

Key organic growth initiatives

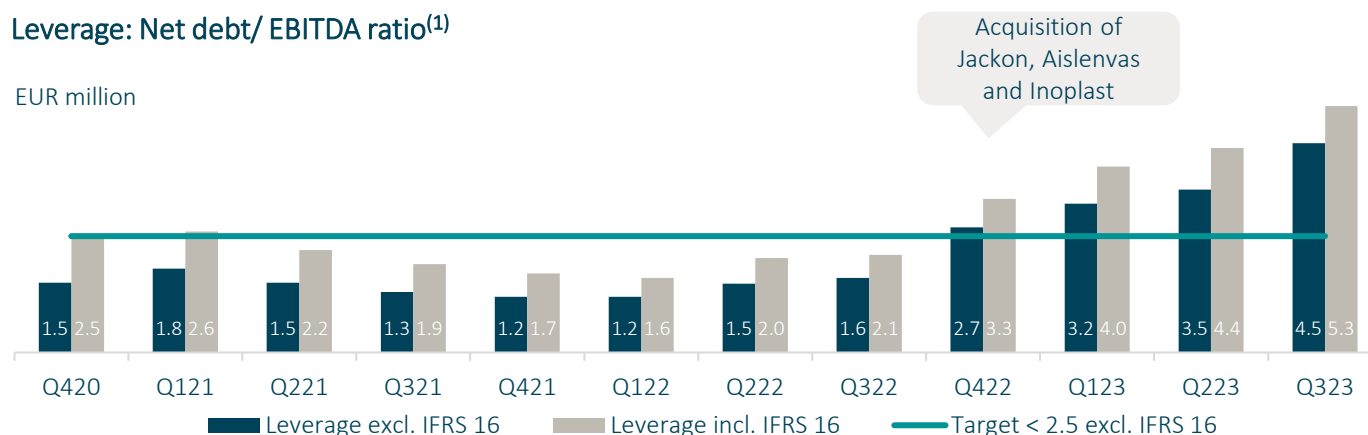
- Packaging facility Hitra/ Jøsnøya, Norway
- New extruder in Etten-Leur, Netherlands
- Production line for construction boards in Belgium
- ICT/ ERP investments

Financials

Divestment of real estate to strengthen financial position

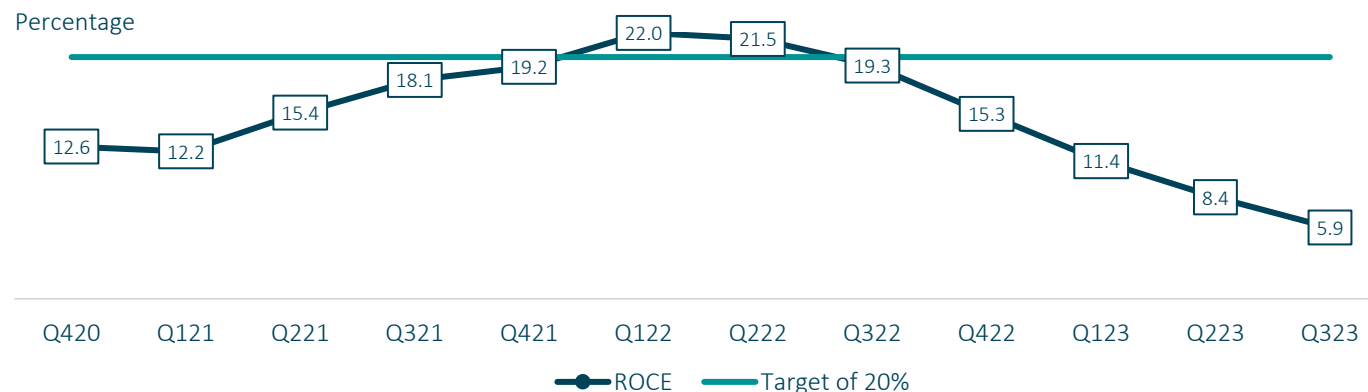
Leverage: Net debt/ EBITDA ratio⁽¹⁾

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

- Leverage increased and ROCE reduced following 2022 acquisitions
- Credit facility of EUR 150 million, of which EUR 13.2 million unutilized on 30 September 2023
- Net debt of EUR 562.9 million, EUR 367.1 million excl. IFRS 16
 - Real estate divestment EUR ~55 million
 - Working to reduce working capital in business units
 - Lower CAPEX for 2024

| EUR million | 30.09.23 | 31.12.22 | 30.09.22 |
|---------------------------|--------------|--------------|--------------|
| Cash and Cash equivalents | 43.1 | 47.5 | 67.2 |
| Non-current liabilities | 385.5 | 336.7 | 259.0 |
| Current liabilities | 24.7 | 93.1 | 16.8 |
| Debt related to IFRS 16 | 195.8 | 168.4 | 99.4 |
| Net debt in total | 562.9 | 550.7 | 307.9 |
| - excl. IFRS | 367.1 | 382.3 | 208.6 |

Third quarter of 2023

Segment review

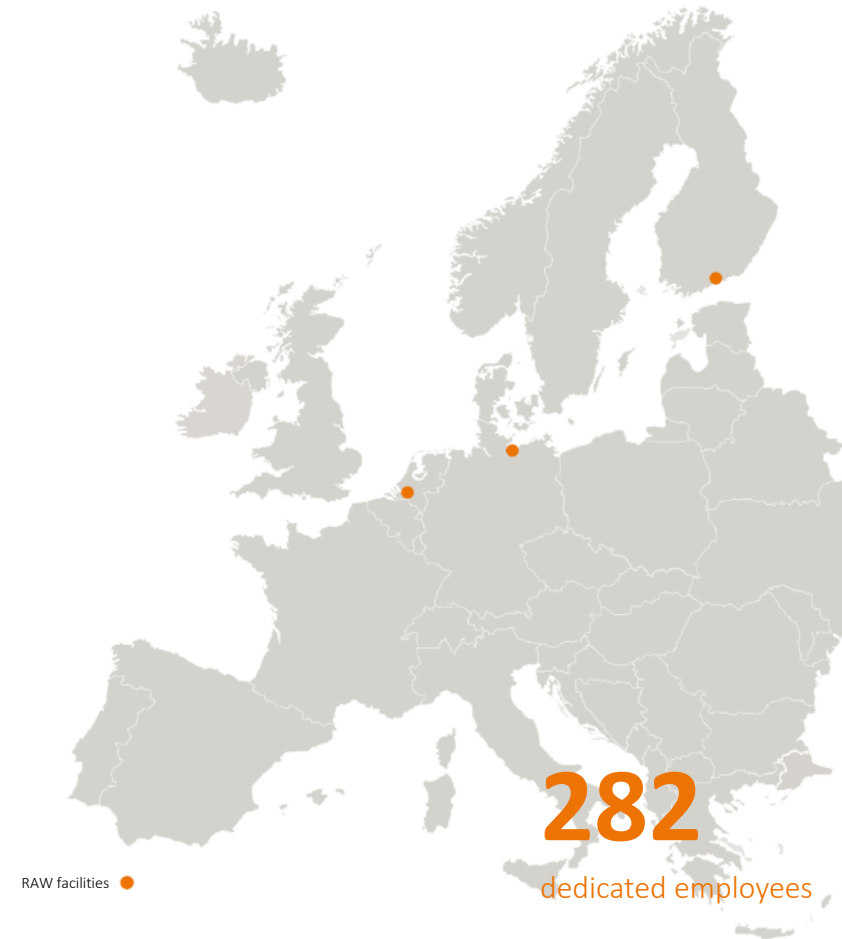


RAW

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Well positioned, investing to increase capacity of recycled material

- **Challenging market conditions**
 - Building and construction account for ~70% of external volumes
 - Cautious customers result in low visibility
 - Strong competition, suppliers running at reduced capacity
- **Strategic partnership with Bachl**
- **New extruder in Etten-Leur**
 - Increase capacity of 25-30kt grey EPS, including recycled content grades
 - Increased production of grey EPS enables more bundled sales to customers
 - Expect to start commercial production in December



Segment RAW develops and produces white and grey expanded polystyrene (EPS), various grades of recycled EPS, as well as Biofoam, a fully bio-based particle foam. The raw material is sold internally and externally for production of end products. Raw material is produced at 3 facilities located in Finland, the Netherlands, and Germany.



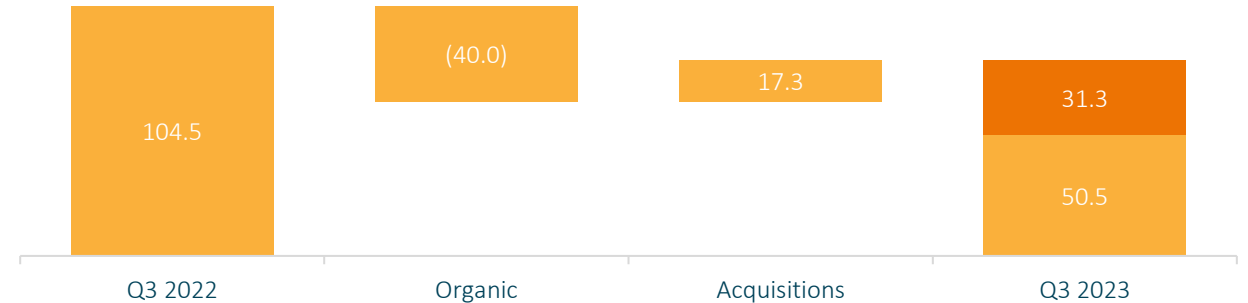
Reduced GAP, volumes impacted by low activity in building & construction industry

Third quarter of 2023

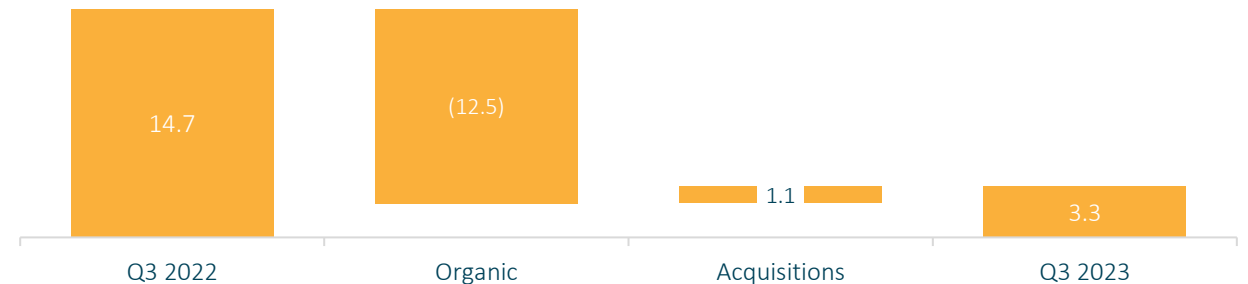
- Net sales of EUR 81.8 million, down 22%
 - Jackon contributed with EUR 17.3 million
 - Decrease in EPS raw material prices by ~30% since Q3 2022 and ~5% since Q2 2023
- Adj. EBITDA of EUR 3.3 million (14.7), 4.1% margin
 - Jackon contributed with EUR 1.1 million
 - Reduced EBITDA and EBITDA margin explained by the lower GAP, lower volumes and higher fixed cost

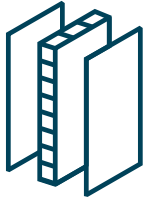
Net sales
EUR million

Internal sales
External sales



Adj. EBITDA
EUR million





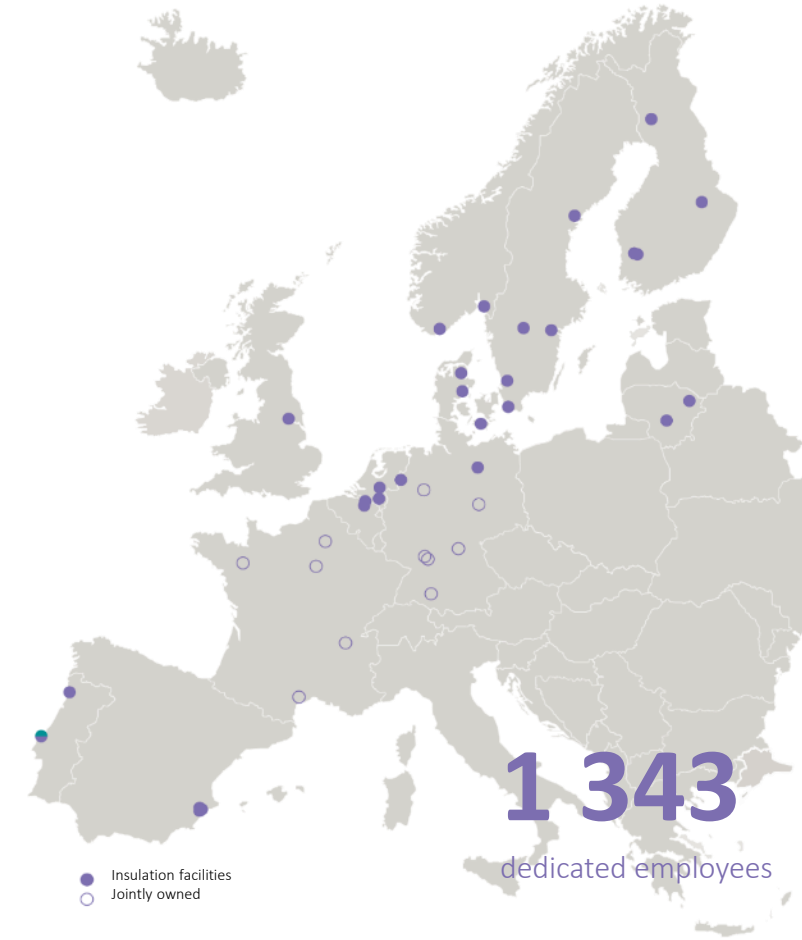
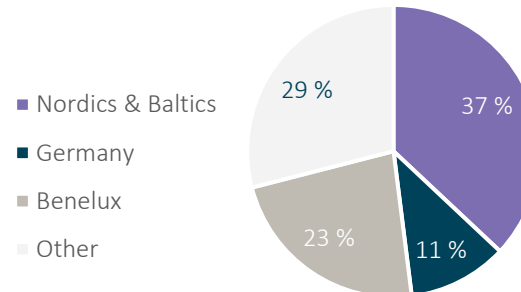
Insulation & Construction

BEWI

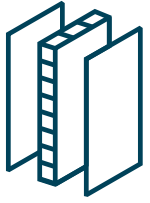
Adjusting capacity and cost to adapt to market conditions

- **Challenging market conditions**
 - All markets experience reduced volumes with 20-50%
 - Nordics impacted the most, with Iberia and UK impacted least
- **Comprehensive capacity and cost adjustments**
 - Facilities temporarily closed, reduced shifts at other facilities
 - Number of employees reduced
 - Strict cost control and cost reductions
 - Synergies from Jackson on track
- **New production line for construction boards in Olen, Belgium**
 - Serving European and UK markets

Third quarter of 2023



Segment I&C develops and manufactures an extensive range of insulation products for the building and construction industry, as well as infrastructure projects. The products are primarily composed of expanded polystyrene (EPS) and extruded polystyrene (XPS). BEWI's insulation solutions are produced at 28 facilities in 11 countries. In addition, BEWI has minority interests in 5 facilities in France and 6 facilities in Germany



Insulation & Construction

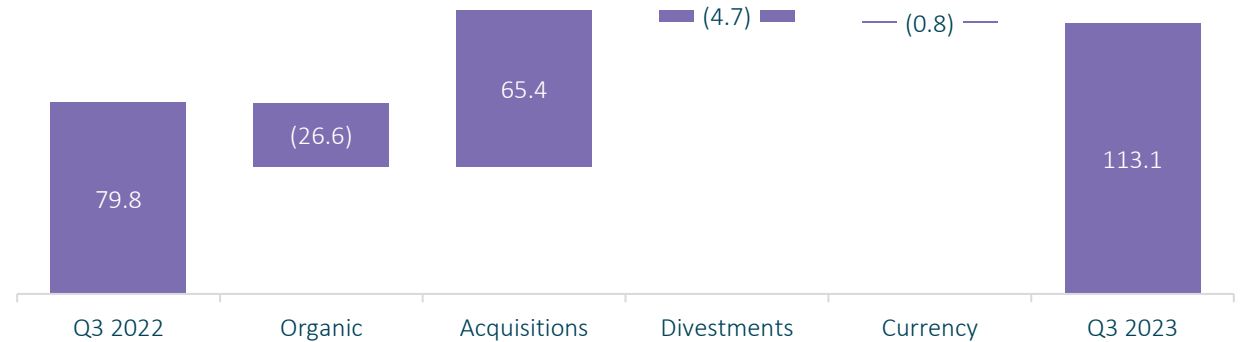
BEWI

Strong results in challenging market conditions

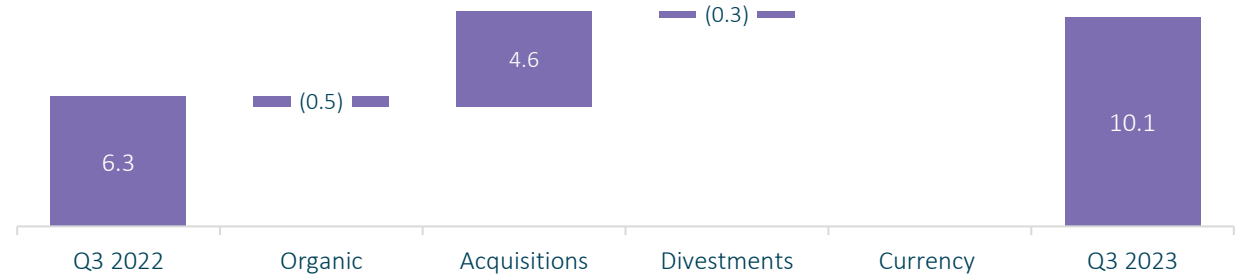
Third quarter of 2023

- Net sales of EUR 113.1 million, up 42%
 - Q3 seasonally slow compared to Q2
 - Growth from acquired companies
 - Lower volumes and prices resulted in negative organic growth
- Adj. EBITDA of EUR 10.1 million (6.3), 8.9% margin
 - Margin improved from 7.9% for Q3 2022
 - Margin of 10.9% excl. acquisitions from measures implemented, synergies and lower raw material prices
 - Low contribution from German operations

Net sales
EUR million



Adj. EBITDA
EUR million



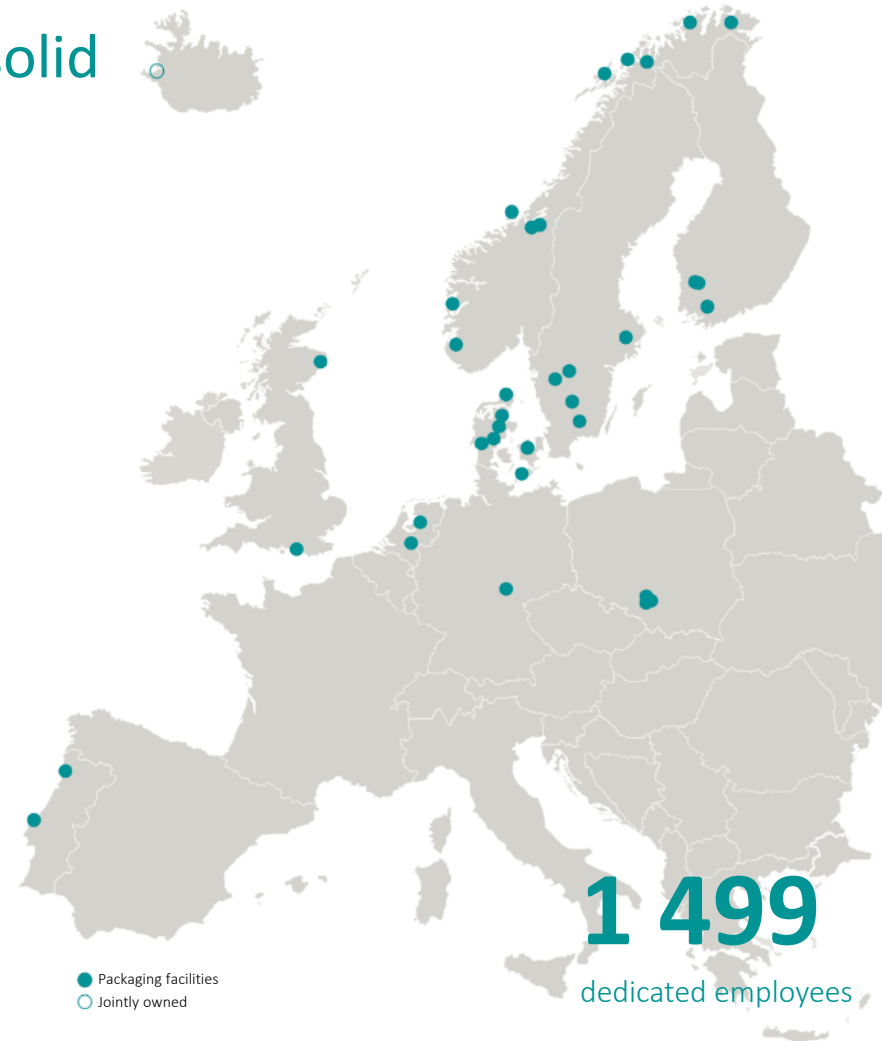
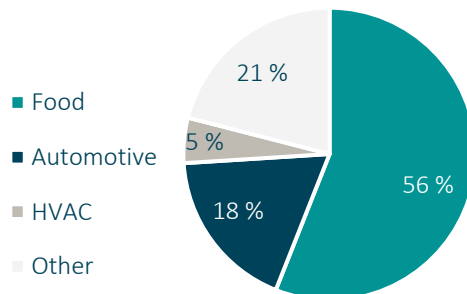


Packaging & Components

BEWI

Demand for food packaging and automotive remains solid

- Demand for food packaging and automotive remains solid
 - Food packaging ~56% of sales for the quarter
 - Slaughter volumes up from Q2
 - Volumes of traded products down Y-o-Y
 - Automotive ~18%, with 23% growth in volumes YTD Y-o-Y
 - Slowdown in sales of industrial products
- Capacity and cost adjustments
 - Closure of facilities, ongoing process to optimize footprint and reduce costs
- Growth initiatives progressing
 - Start-up of new packaging facility at Jøsnøya, Hitra, Norway
 - Expanding capacity of paper packaging in Denmark
 - Expanding capacity of components to HVAC systems



Segment P&C develops and manufactures packaging solutions, and technical components for customers in many industrial sectors, including boxes for transportation of fresh fish, protective packaging for pharmaceuticals and electronics, and automotive components. The material is mainly composed of expanded polystyrene (EPS), expanded polypropylene (EPP), or fibre. In addition, the company sells traded products for food packaging. The solutions are produced at 35 facilities in 9 countries.



Packaging & Components

BEWI

Solid results from sales of fish boxes and automotive components

Third quarter of 2023

- Net sales of EUR 93.6 million, down 9%
 - Growth from acquired companies
 - Negative organic growth from lower volumes of traded products and industrial products, partly offset by growth for automotive and fish boxes
- Adj. EBITDA of EUR 12.4 million (13.9), 13.2% margin
 - Margin in line with Q3 last year
 - Organic reduction due to lower volumes
 - Healthy margins for acquired companies

Net sales
EUR million



Adj. EBITDA
EUR million

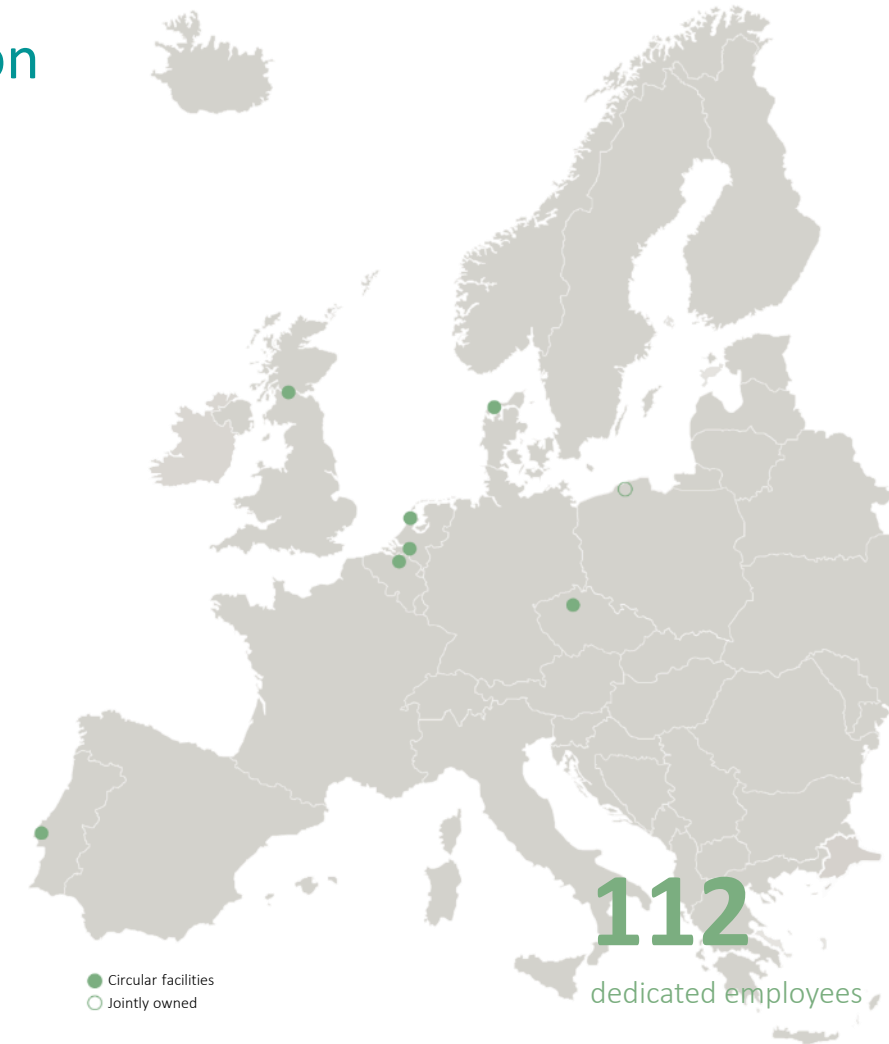
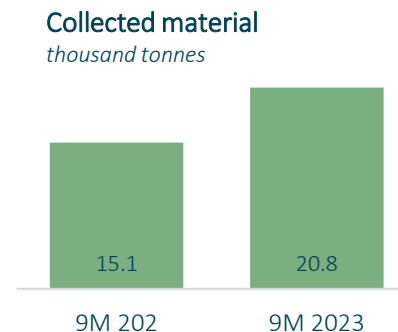




Circular

Steadily increasing collected volumes and consumption

- **Fragmented market, currently impacted by low activity in building and construction**
 - Demand and prices correlate with prices of virgin raw material
 - Longer supply chain than virgin, i.e., more sensitive to volatile prices
- **Key priority to secure waste streams**
 - Increased volumes of material collected for recycling by 38% YTD Y-o-Y
- **Investing in increased extruder capacity**
 - Convert Norrköping facility from insulation to circular, including investing in extruder



Segment Circular is responsible for BEWI's collection and recycling of used material. The segment offers different solutions for waste management and a range of recycled materials. BEWI targets to collect 60 000 tonnes of EPS for recycling by the end of 2026, which is approximately the volume BEWI puts into end markets with a lifetime less than one year. As of 30 June 2023, BEWI operated 7 recycling facilities in 6 countries.



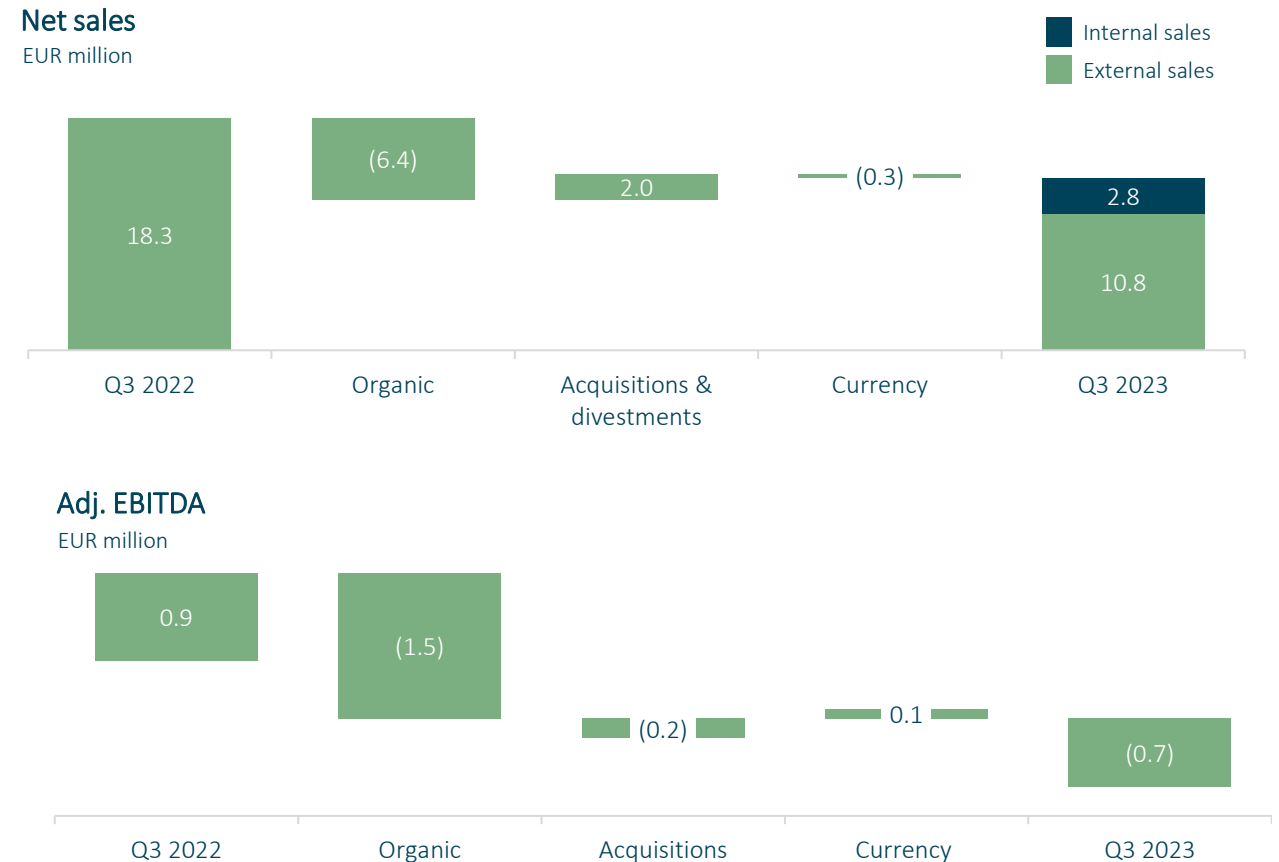
Circular

Lower prices impacting sales and profitability

BEWI

Third quarter of 2023

- Net sales of EUR 13.6 million, down 26%
 - Growth from acquired companies Berga and Inoplast
 - Negative organic growth due to lower volumes and prices
 - Increase in own consumption (internal sales) of recycled material
- Adj. EBITDA of EUR -0.7 million (+0.9), margin -5.4%
 - Negative contribution from Berga
 - Reduced EBITDA from lower prices and volumes



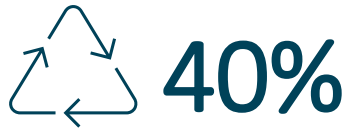
Third quarter of 2023

Strategy recap and outlook

Uniquely positioned to capture growth..

BEWI

.. from building efficiency opportunity and need for sustainable packaging



of Europe's energy consumption are from buildings



of buildings in EU are not energy efficient



>1 million tonnes

fresh salmon exported from Norway in 2022

SELECTED BEWI SOLUTIONS



INSULATION SOLUTIONS

Protecting homes

by insulating buildings, reducing the need for heating/ cooling and therefore also reduce the CO2 impact



FOOD PACKAGING

Protecting food

by offering sustainable food packaging resulting in efficient transport and reduced food waste

RAW MATERIALS CIRCULAR SOLUTIONS



100%
recyclable or reusable
materials

Creating high downstream value based on strong upstream positions

BEWI

Upstream



Circular



- Collection and recycling
- Material sold to RAW or externally
- Trading platform for materials for recycling



RAW



- Production of white, grey and recycled EPS, and Biofoam
- Sales 50/50 internally and externally

Downstream



Insulation



- Manufacturing of insulation solutions
- High value-added solutions and commodity products



Packaging & Components



- Manufacturing and trading of packaging solutions, mainly for food industry
- Industrial products, incl. protective packaging and technical components



Automotive

Currently part of P&C



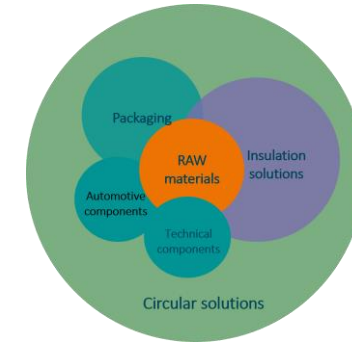
- Manufacturing of customized car components

Resource efficiency driving growth across portfolio

Growth strategy for divisions

Investing to position for growth from megatrends

BEWI



Strategy

Priorities

| | | | |
|------------------------|---|---|-------------|
| Insulation | Offer complete “suite” of insulation solutions | <ul style="list-style-type: none"> • Increase portion of insulation solutions/systems • Increased focus on prefabricated elements and solutions • Broaden product offering to complementary materials and solutions | ✓ ✓ ✓ |
| Packaging & Components | Provide a broad offering of packaging solutions – and technical components | <ul style="list-style-type: none"> • 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 | ✓ ✓ ✓ |
| RAW | Maintain competitive advantages from being vertically integrated <ul style="list-style-type: none"> • Produce own raw material and maintain a balance between internal and external sales | <ul style="list-style-type: none"> • Invest in new extrusion capacity to increase recycled capacity • Increase capacity to maintain “raw material balance” | ✓ |
| Circular | Become a circular company <ul style="list-style-type: none"> • Provide customers with recycled solutions – in all operating end-markets | <ul style="list-style-type: none"> • Secure waste streams to increase collection • Increase extruder capacity | ✓ ✓ |

Strengthening financial position through strategic partnerships

- Established divisional structure addressing key customer areas
- Dedicated management teams responsible for operational excellence
- Considering strategic partners for divisions
- Strengthen financial – and cash position
- Maintain benefits from integration, diversification and circularity



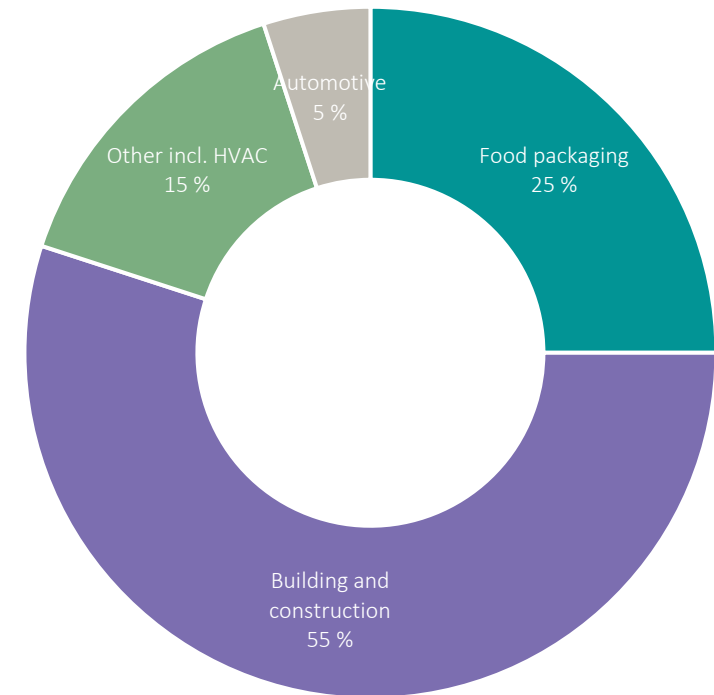
Investments in line with strategy

Supporting insulation as key growth driver throughout BEWI portfolio

Key acquisitions and investments

| Division | Recent acquisitions | Key investments |
|------------|---|---|
| Insulation | <ul style="list-style-type: none">• Jablite• BalPol• Jackon• Aislervas | <ul style="list-style-type: none">• Increased construction board capacity (Olen, Belgium) |
| Packaging | <ul style="list-style-type: none">• Trondhjems Eskefabrikk | <ul style="list-style-type: none">• Fish box facilities (Senja and Jøsnøya, Norway) |
| RAW | | <ul style="list-style-type: none">• New extrusion line (Etten-Leur, Netherlands) |
| Circular | <ul style="list-style-type: none">• Berga• Inoplast | <ul style="list-style-type: none">• Increased extrusion capacity |

Diversified end-markets¹⁾ with insulation as the key growth driver



1) Based on Management estimates per Q3 2023

Outlook

Low visibility short-to-medium term, well positioned for long-term growth

Markets

- GAP in RAW increased since the end of Q3
- Activity in building and construction expected to remain low in Q4 and into 2024
- Solid outlook for food packaging and automotive components

EBITDA

- Q3 EBITDA somewhat behind expectations
- High volatility in raw material prices and cautious customers give low visibility for RAW
- Based on current markets, 2023 EBITDA is revised to approximately EUR 115 million



Delivering on key priorities for long-term growth

Securing a robust platform for sustainable profitable growth

- | | | | | | |
|---|--|---|---|--|---|
| 1 | Adjusting capacity – and costs to markets -> improving profitability -> positioning for long-term growth | ✓ | 4 | Increasing collection of recycled material -> becoming circular -> reducing CO2 impact | ✓ |
| 2 | Integrating acquired companies -> extracting/ realising synergies -> improving profitability | ✓ | 5 | Strengthening financial position -> Divested real estate -> Reducing CAPEX and working capital | ✓ |
| 3 | Capitalising on investments -> positioning for organic growth | ✓ | 6 | Evaluating strategic opportunities for growth -> Strategic partners for divisions | |

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