# Results for fourth quarter and full year 2020

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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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Fourth quarter and full year 2020

# Highlights

# Continued growth and EBITDA improvement

## Volume increase and strengthened market positions

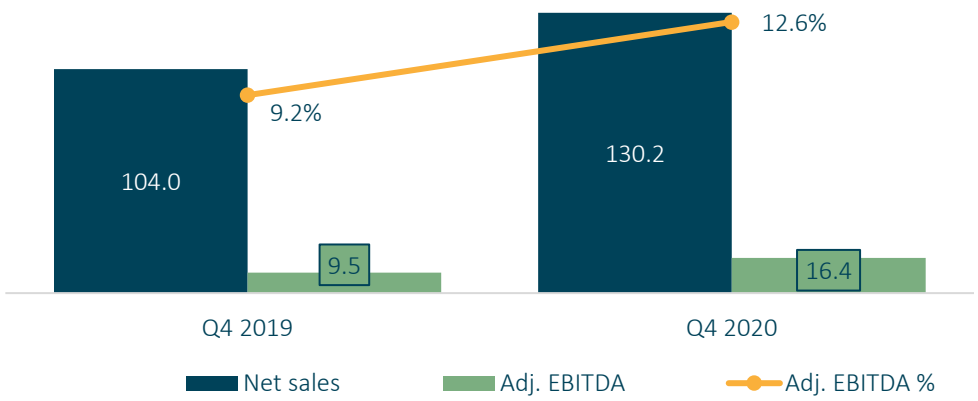
- Sales growth from higher volumes in all segments and contribution from acquired companies
- EBITDA improvement in all segments
- Positive contribution from minority interests
- Significantly strengthened recycling capacity
- Divestment of properties in line with strategy to release cash for growth
- Strong pipeline of M&A opportunities

# Financial highlights

## Fourth quarter 2020

- Sales growth of 25%, of which 3% organic
- EBITDA improvement and volume increase in all segments
- Divestment of properties in the Netherlands for ~EUR 33 million
- Commencement of recycling facility in Portugal
- Transfer of listing to Oslo Børs

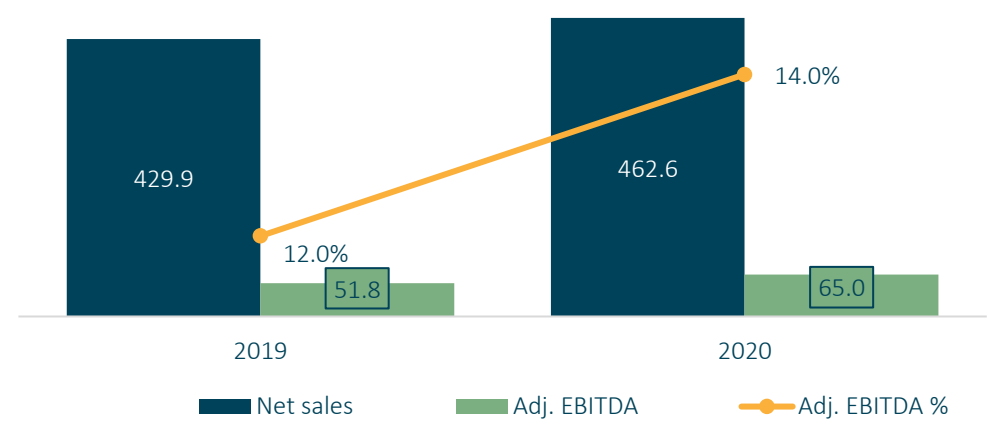
EUR million




## Full year 2020

- Sales growth of 8% from 2019, driven by acquisitions
- Negative organic growth of 2% despite higher volumes sold, due to lower sales prices coming from lower raw material prices
- EBITDA improvement from volume increase, favorable raw material prices and improved efficiency in Swedish operations

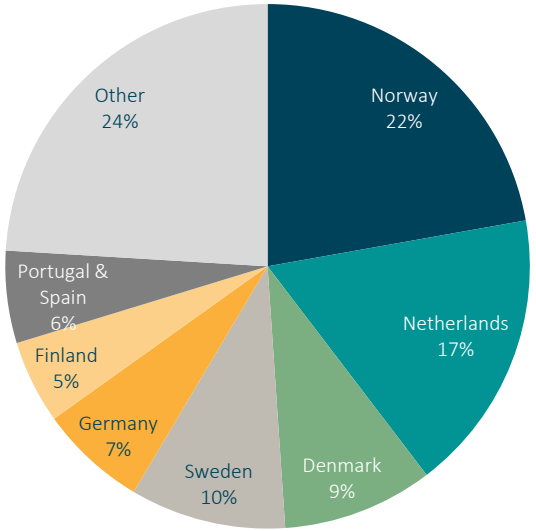
EUR million



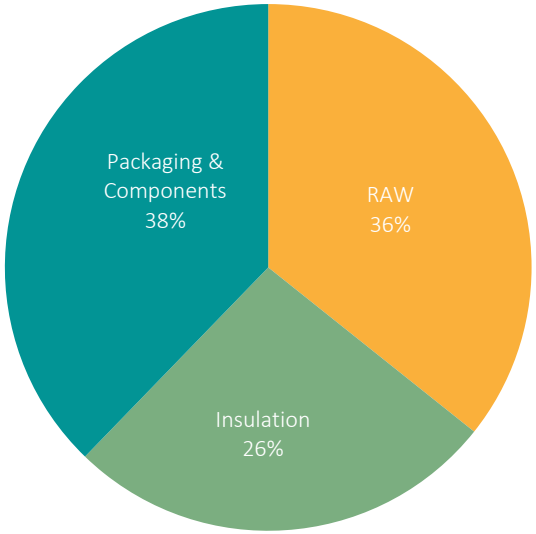
# Diversified business provides solid results

## Net sales fourth quarter 2020

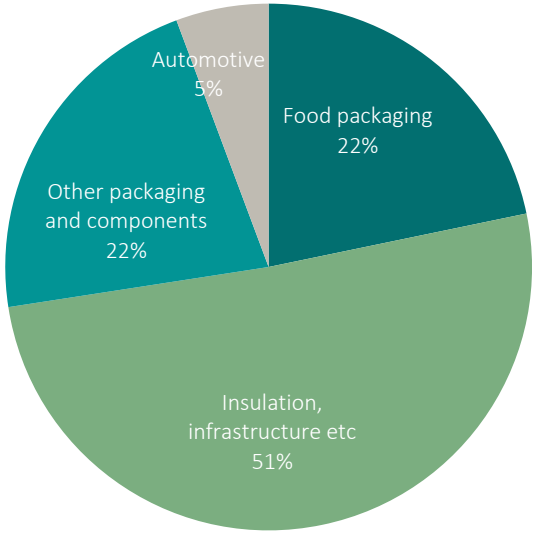
### Diversified across countries




### Diversified across segments




### Diversified across end-markets [1)]




Note: (1) Based on Management estimates

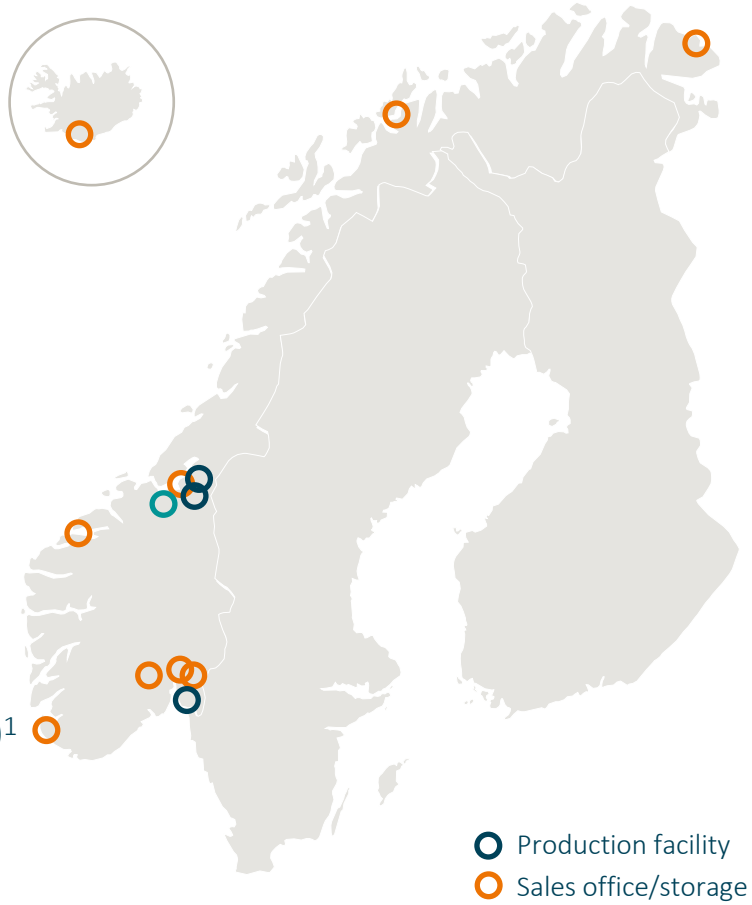
# Integration of BDH operations in final phase

- Appointed Stein Inge Liasjø as new MD of Norwegian operations
- Integration of BDH operations in final stages
- Strong management team, prepared for further strategic opportunities

- Acquisition in August
- A turnkey supplier of packaging in Norway, mainly part of P&C

- 3 production facilities in Levanger, Stjørdal and Fredrikstad, Norway
- 6 sales offices in Norway and 1 at Iceland

- Net sales contribution of EUR 34.8 million, adj. EBITDA of EUR 3.5 million in 2020[1]
- ~100 FTEs




Note: (1) BEWI Drift Holding AS (BDH) was consolidated into BEWI's accounts from 1 August 2020

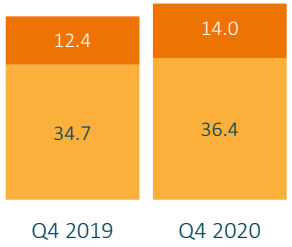
Fourth quarter and full year 2020

# Financials

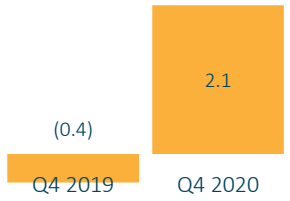
# Financials - Overview of BEWi

EUR million

## RAW

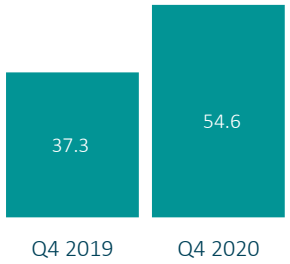



Gross sales

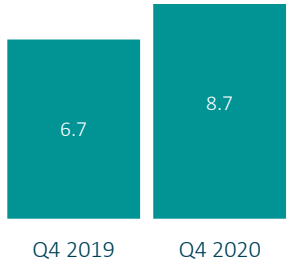



Adj. EBITDA

## Packaging & Components

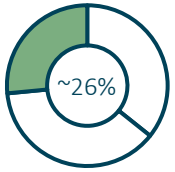


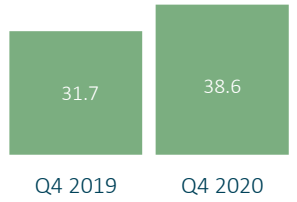

Gross sales



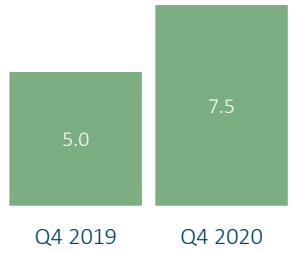

Adj. EBITDA

## Insulation



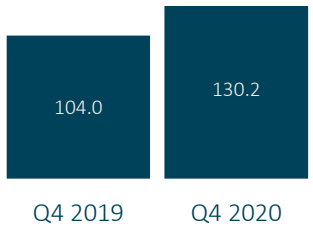




Gross sales

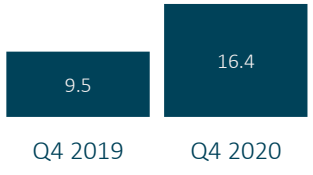



Adj. EBITDA

## BEWI ASA




Net sales




Adj. EBITDA

Contribution to net sales Q4 2020

Internal sales

# RAW

## Increased production volumes, solid demand and stable margins

### Fourth quarter of 2020

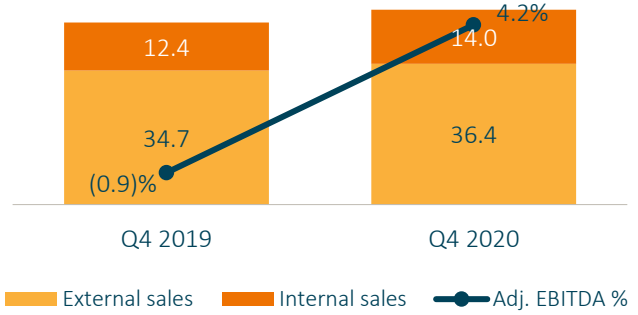
- Net sales of EUR 50.4 million (47.1), up 7.0%
  - Volumes up by ~14.0%, raw material prices lower than Q419
- Adj. EBITDA of EUR 2.1 million (-0.4), a margin of 4.2%
  - Improvement driven by volume increase and strengthened demand
  - Increased raw material price from Q3, however, some volatility within the quarter
  - Styrene gross margin, GAP, within normal range
  - Some extra cost maintenance to enable higher production, and from extra personnel due to covid-19

### Full year of 2020

- Net sales of EUR 191.2 million (206.7), down by 7.5%
  - Volumes up ~12%, but lower raw material prices result in sales decrease
- Adj. EBITDA increase to EUR 9.4 million (5.0), a margin of 4.9%
  - Higher volume, stable production and improved styrene gross margin, GAP.

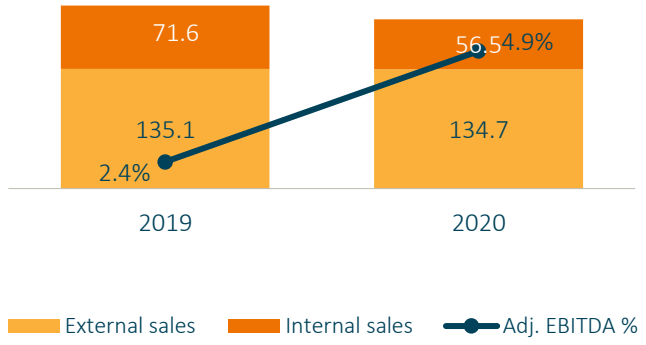
Net sales and Adj. EBITDA margin

EUR million




Net sales and Adj. EBITDA margin

EUR million



# Packaging & Components

## Stable end markets with volume increase across regions

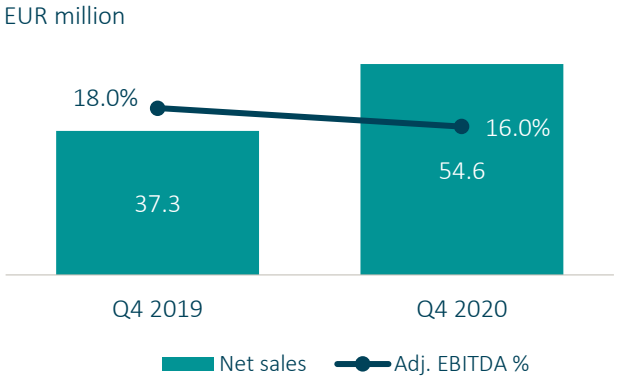
### Fourth quarter 2020

- Net sales of EUR 54.6 million (37.3), up 46.5% from acquisitions and volume increase
  - Increased volumes in all regions, largest increase for fish boxes in Norway
  - Sales to automotive industry continued to improve
- Adj. EBITDA of EUR 8.7 million (6.7), a margin of 16.0%
  - Positive development from acquisitions and organic growth, combined with cost control and improved results in Swedish operations
- Integration of BDH on track
  - Lower margins in BDH result in a margin dilution from consolidation 1 August

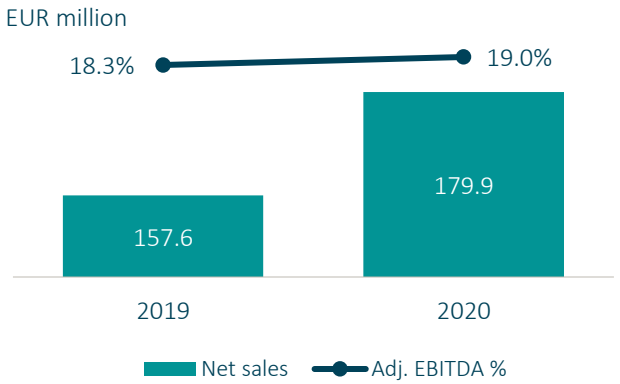
### Full year of 2020

- Net sales of EUR 179.9 million (157.6), up by 14.2% from acquisitions
  - Negative organic growth following lower sales prices
  - Increased volumes in most regions, largest increase in Norway
- Adj. EBITDA increase to EUR 34.1 million (28.9), a margin of 19.0%
  - Positive development for the same reasons as for the quarter

Net sales and Adj. EBITDA margin




Net sales and Adj. EBITDA margin



# Insulation

## Volumes stable in Nordics, lower in Benelux

### Fourth quarter 2020

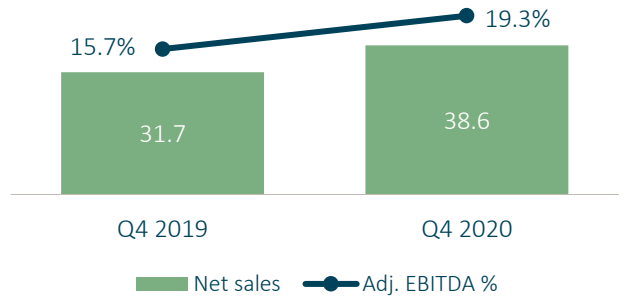
- Net sales of EUR 38.6 million (31.7), 21.5% growth mainly explained by acquisitions
  - Volumes slightly up in the Nordics, lower in Benelux
- Adj. EBITDA of EUR 7.5 million (5.0), a margin of 19.3%
  - Positive development from acquisitions and favorable raw material prices
  - Increased contribution from German joint venture
- Consolidation of production footprint in Sweden moved to final stages

### Full year of 2020

- Net sales of EUR 146.6 million (139.3), 5.2% growth explained by acquisitions
  - Negative organic growth; improving volumes in the Nordics but a slowdown in Benelux
- Adj. EBITDA of EUR 26.5 million (22.3), a margin of 18.1%
  - Positive development for the same reasons as for the quarter

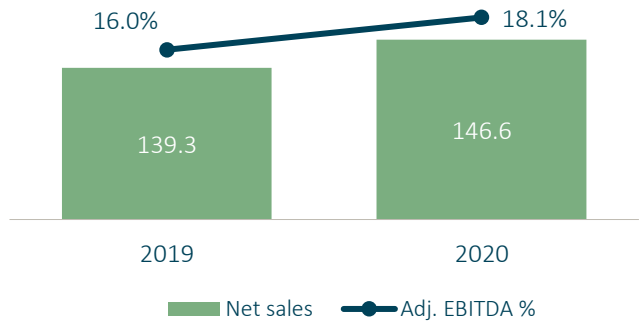
Net sales and Adj. EBITDA margin

EUR million




Net sales and Adj. EBITDA margin

EUR million



# Minority interests

## Positive contribution from shares in associated companies

| | HIRSCH Porozell GmbH | HIRSCH Frace SAS | Jablite Group | TOTAL |
|---|---|---|---|---|
| Country/Market | Germany | France | UK | |
| Production sites | 6 | 6 | 3 | 15 |
| Owned interest | 34% | 34% | 49% | |
| Booked value as of 31 December 2020 | 2.9 | 3.5 | 0.0 | 6.4 |
| | | | | |
| Key financials for the full year of 2020 | | | | |
| Net sales full year 2020 | 87.0 | 62.6 | 17.0 | 166.6 |
| EBITDA full year 2020 | 10.3 | 5.5 | 1.1 | 16.9 |
| *- of which owned share of EBITDA* | ***3.5*** | ***1.9*** | ***0.5*** | ***5.9*** |
| EBIT | 7.4 | *1.2* | *-0.4* | *8.2* |
| Net profit | 4.6 | 0.0 | -0.5 | 4.1 |
| **Consolidated into BEWI's EBITDA, share of net profit** | **1.6** | **0.0** | **-0.2** | **1.4** |
| **BEWI's share of EBITDA compared to consolidated EBITDA** | **1.9** | **1.9** | **0.7** | **4.5** |
| Net debt | 13.6 | 13.6 | 4.6 | 31.8 |
| *- of which owned share net debt* | 4.6 | 4.6 | 2.3 | 11.5 |

- 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

## Consolidated P&L

| Amounts in EUR million | Q4 2020 | Q4 2019 | 2020 | 2019 |
|---|---|---|---|---|
| Net Sales | 130.2 | 104.0 | 462.6 | 429.9 |
| Other operating income | 0.0 | 0.1 | 0.0 | 0.9 |
| **Total operating income** | **130.2** | **104.1** | **462.6** | **430.8** |
| Raw materials and consumables | -46.3 | -50.6 | -181.1 | -198.1 |
| Goods for resale | -16.4 | -2.3 | -35.3 | -13.8 |
| Other external costs | -27.2 | -22.4 | -99.4 | -90.7 |
| Personnel cost | -25.8 | -20.0 | -88.1 | -80.9 |
| Depreciation/ amortisation/ impairment | -8.9 | -7.4 | -30.4 | -27.6 |
| Share of income from associated comp. | 0.4 | -0.1 | 4.9 | 0.6 |
| Capital gain from sale of assets | 4.6 | - | 6.3 | - |
| **Operating income (EBIT)** | **10.6** | **1.2** | **39.5** | **20.3** |
| Net financial items | 0.5 | -3.2 | -7.2 | -11,0 |
| Income tax expense | 2.4 | -0.9 | -2.3 | -3.7 |
| **Profit for the period** | **13.5** | **-2.9** | **30.0** | **5.6** |

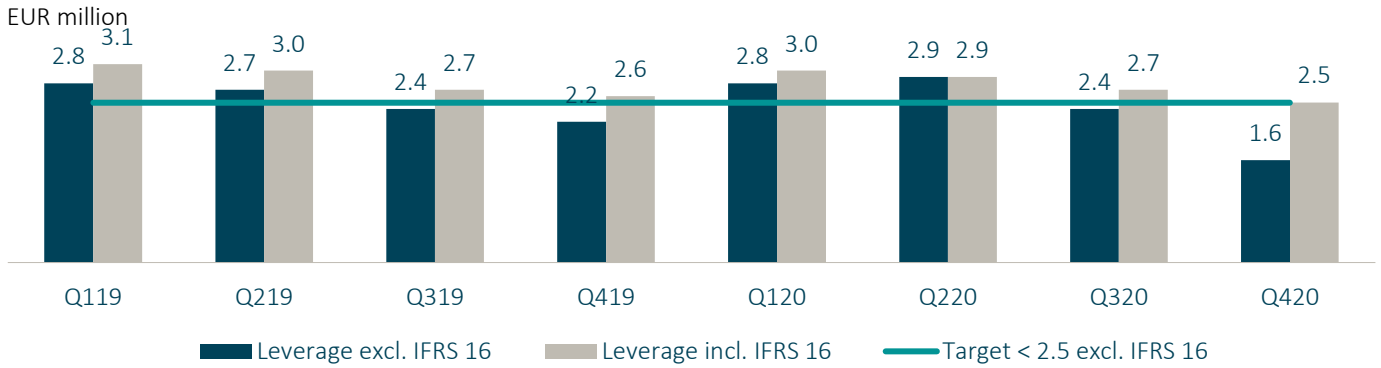
### Fourth quarter of 2020

- Net sales up by 25.2%, 5 % excluding acquisitions
- Operating Costs
  - Lower raw materials compared to 2019. Impact cost and sales prices
  - Increase of goods for resales related to the acquisition of BDH, partly trading operation
  - Other external cost, personnel cost and depreciations/amortization has increased due to acquisitions
  - FTE end of Dec 1 438 (1 266)
- Shares from associated companies relates from profit in minority interests (YTD number include a negative goodwill of EUR 3.5 million)
- Capital gains relates from divestments of real estate
- Net financial items EUR 0.5 million benefitted from EUR 3.9 million positive fair value revaluation of shares. Underlying financial item EUR -3.4 million
- Effective tax rate 28%
  - Adjusted for divestment of real estates and revaluation of shares
- Impact from divestments of real estate in 2021
  - Increase of depreciations EUR 1.0 million
  - Increase of interest cost EUR 1.3 million

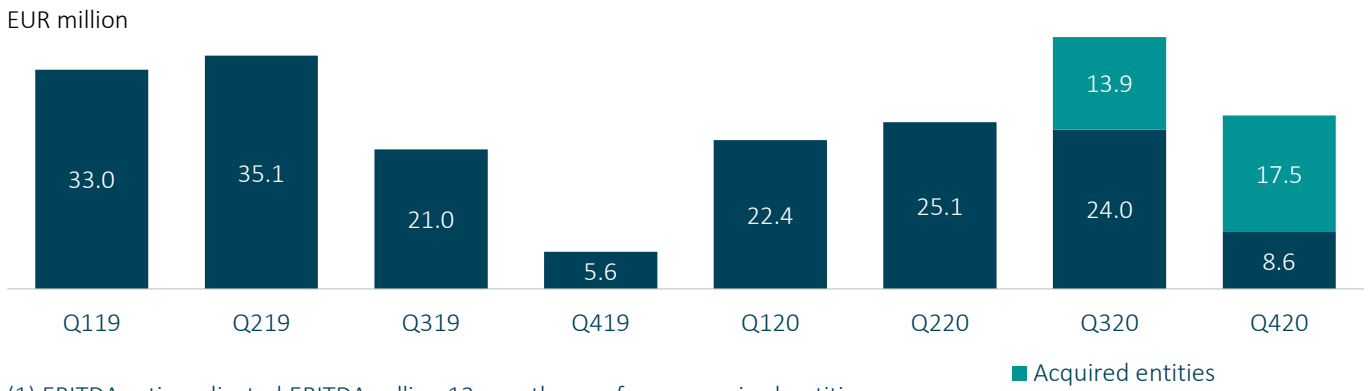
# Financials

## Capital structure

### Leverage: Net debt/ EBITDA ratio*




### Working capital




(1) EBITDA ratio: adjusted EBITDA rolling 12-months pro-forma acquired entities
Change in accounting principle from 1 January 2019 (IFRS 16)
(2) France, Ravago (Norrköping), Poredo, Hirsch France, Jablite, BDH

- Net debt EUR 170.2 million on 31 December 2020
  - EUR 91.7 million excluding IFRS 16
- Acquisitions [2)] during 2020 impacts net debt negatively
- Unutilized credit facility of EUR 37 million
- Decreasing leverage due improved earnings
- Leverage excl IFRS 16 impacted by divestment of real estates

| EUR million | 31.12.20 | 30.09.20 | 31.12.19 |
|---|---|---|---|
| Cash and Cash equivalents | 51.4 | 29.4 | 56.3 |
| Non-current liabilities | 140.7 | 140.9 | 140.2 |
| Current liabilities | 2.4 | 18.4 | 17.5 |
| Debt related to IFRS 16 | 78.5 | 54.6 | 32.9 |
| **Net debt in total** | **170.2** | **184.6** | **134.4** |

# Financials

## Cash flow and CAPEX

- Operating cash flow of EUR 19.9 million
  - Reduction of working capital of EUR 15.7 million, following normal seasonality
  - Cash flow negatively impacted by payment of taxes deferred from previous periods and tax related to divestment of real estates
- CAPEX of EUR 15.1 million in Q420
  - EUR 9.9 million related to greenfield projects
- Ongoing investment programmes
  - Recycling facility in Portugal
  - Fish box facility at Senja, Norway, under supply agreement with SalMar
  - Technology investments at facility in Stjørdal, Norway, for production of moulded components under a customer agreement
  - Machinery and technology at Norrköping, Sweden
  - ICT/ ERP investments

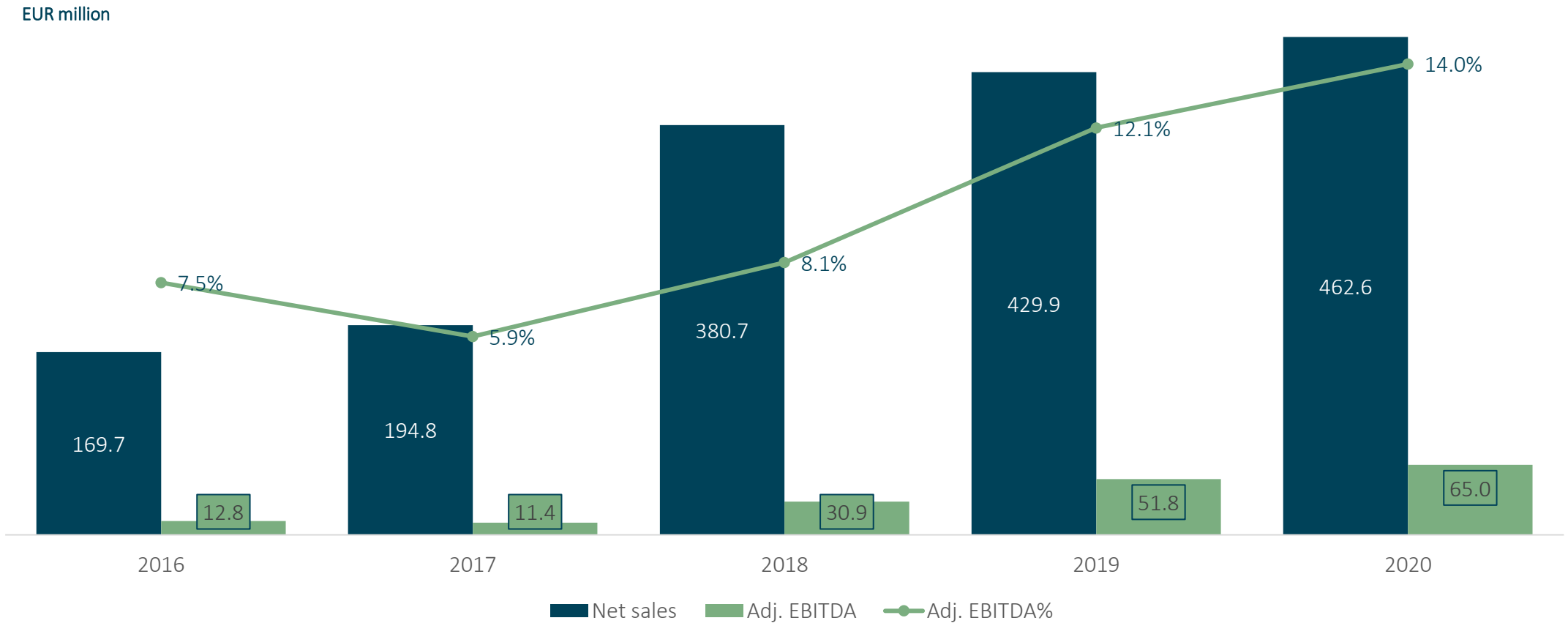
# Financial performance

| | Long-term target | 2020 | |
|---|---|---|---|
| Revenue growth | >10% | 8% | • Mix of organic, incl. Greenfield projects, and M&A growth<br>• 45% CAGR between 2012 and 2019, largely driven by acquisitions<br>• Significant changes in raw material prices may impact the ability to achieve the target |
| EBITDA Margin (normalised) | 10-15% | 14.0% | • Underlying EBITDA target of 10-15%<br>• Significant changes in raw material prices may impact the ability to achieve the target |
| NIBD / EBITDA (LTM excl. IFRS 16) | <2.5x | 1.6 | • Leverage NIBD / EBITDA below 2.5x, assuming normalised working capital levels<br>• Targeting flexibility to pursue M&A opportunities and maintenance of the dividend capacity |
| CAPEX (Excl. greenfields) | EUR 13-15m | EUR 13.3m[1] | • Normalised capex levels of EUR 12.5-15.0 million, where replacement capex and expansion capex typically account for 2/3 and 1/3, respectively<br>• In addition, the Group will invest in Greenfield projects |
| Dividend payout policy | 30-50% | 50%[2] | • Target dividend payout ratio of 30-50% of underlying net profit<br>• Annual distribution |

Note 1) Total CAPEX for 2020 of EUR 26.6 million, including EUR 13.3 million for greenfield projects
Note 2) The board proposes a dividend of NOK 0.42 per share for 2020, equalling ~50% of underlying net profit, i.e., net profit adj. for capital gains on divestments and revaluation of shares (non-cash)

# 5 year financial performance

## Strong growth and EBITDA improvement since 2016



Fourth quarter and full year 2020

# Market overview and strategy

# BEWI in brief

## International provider of packaging, components and insulation solutions

### Strategically integrated through the value chain

- Diversified across segments, regions and end-markets
- Resillient business model

### European footprint

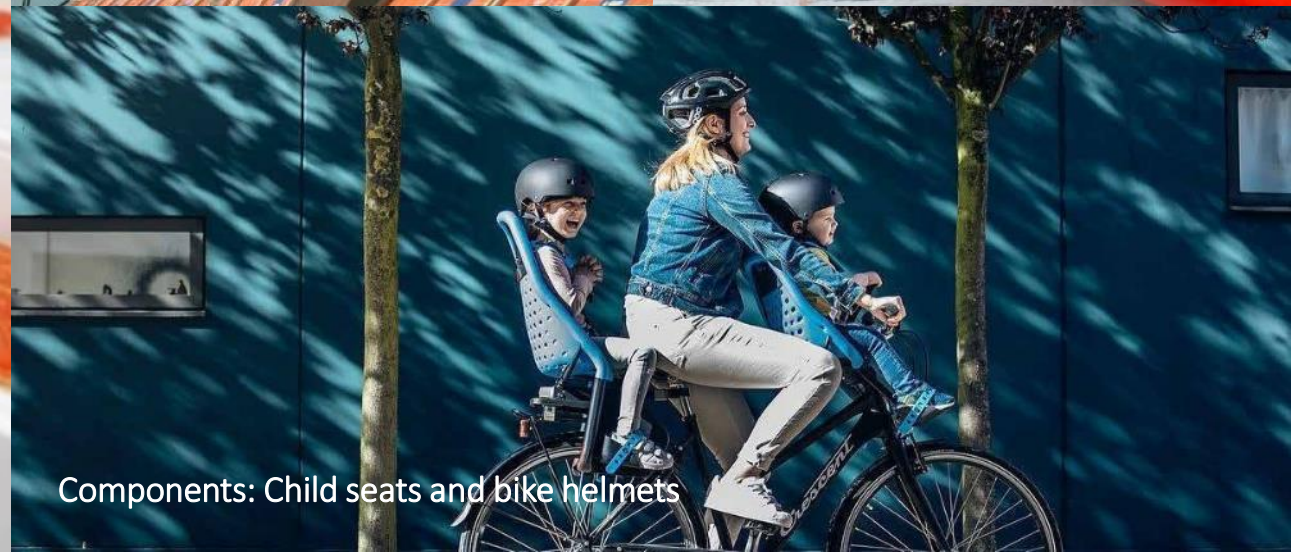
- 52 facilities, including 8 for recycling and 14 through minority interests
- ~1,400 employees, listed at Oslo Børs

### Continued focus on growth

- Ongoing investments in initiatives for organic growth
- Proven buy-and-build strategy
- Strong pipeline of M&A opportunities

# A wide selection of products

## Protecting people and goods for a better everyday



# Continued focus on growth

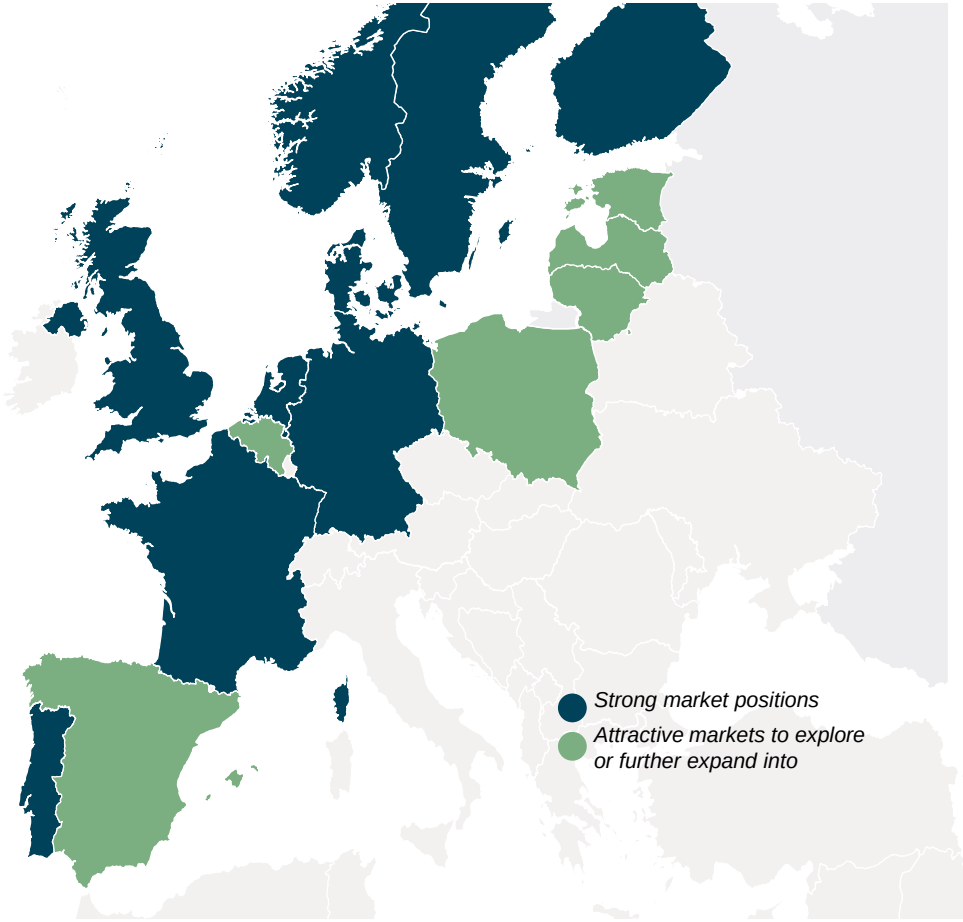
## A strong financial platform and pipeline of opportunities

### Ongoing organic initiatives

- Integration of acquired companies, incl. cross-sales, synergies, optimising operations
- Greenfield projects, incl. new production lines
- Expansion of existing facilities

### Strong pipeline of M&A opportunities

- Strengthen market positions
- Broaden product offering, in particular within complementary materials
- Geographic expansion
- Be the leading recycling consolidator



# Annual recycling target of 60,000 tons to secure full circularity

*Circular timeline*

**2020**

Recycling capacity

Circular investments SEK ~100m
*more than any other company in the plastics industry*

~20kt

**2021**

SEK ~20-40m
*to reach target capacity*

~60kt target

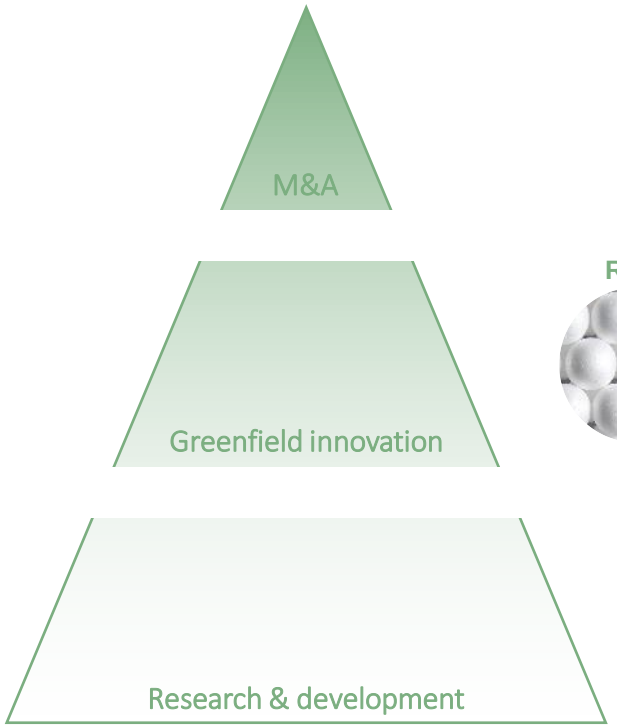
**2022**

100% circular

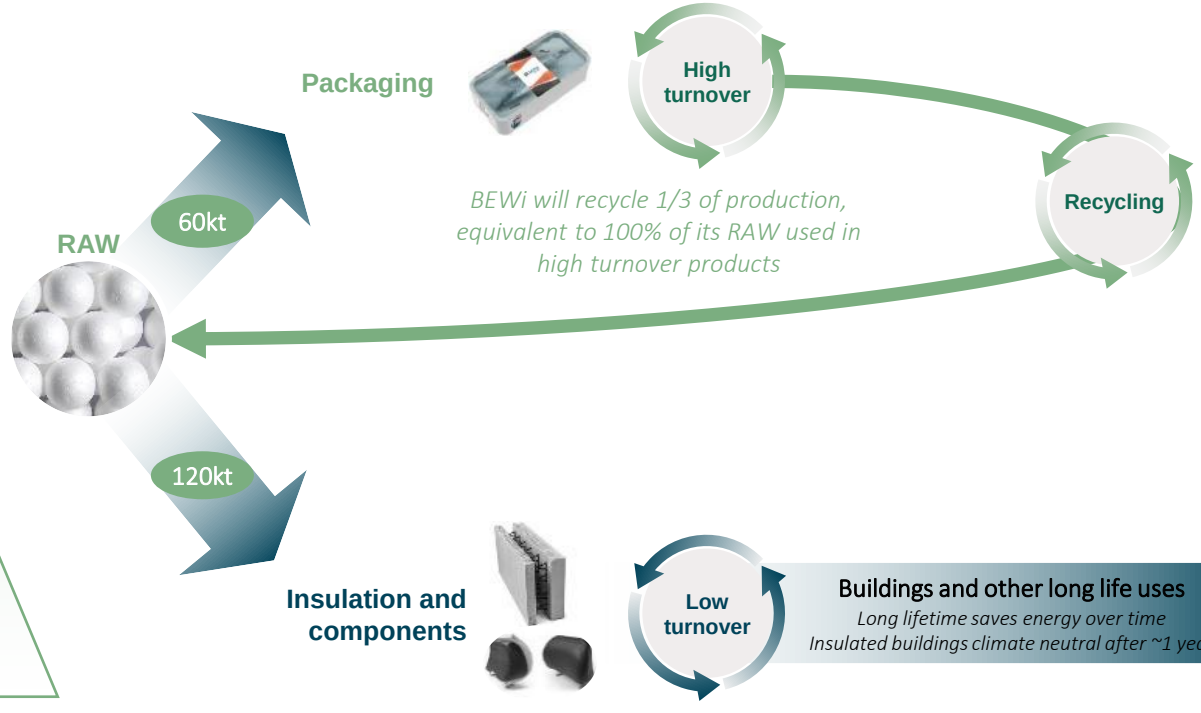
*Rationale*

- Increasing environmental awareness
- EU targets climate neutral production
- Economies of scale within recycling
- First-mover ecosystem advantage
- First-mover consolidation advantage
- Potential tax and other legislation

*Means*




*Closing the loop*



Fourth quarter and full year 2020

# Summary and outlook

# Outlook

- Volumes have remained solid, but the uncertainty related to the pandemic persists
- Raw material prices continued to increase going into 2021
  - Could positively impact the margins for segment RAW for Q121
  - Potentially lead to dampened margins in downstream segments
- For P&C segment, lower volumes of exported salmon vs Q120, could impact volumes and margins negatively for Q121
- Insulation segment characterised by stable markets in the Nordics and hesitant markets in the Benelux region
- Expect CAPEX for 2021 in line with financial target, except further investments in ICT/ ERP and ~EUR 7.5 million to finalise ongoing investment programmes
- Board propose dividend of NOK 0.42 per share

# Well positioned for further growth

- Solid operational performance
- Significantly strengthened recycling capacity
- Continued profitable growth
- Strong cash position
- Continued focus on growth in line with strategic priorities

# Key investment highlights

- Attractive markets growing on the back of global megatrends
- Integrated, flexible and circular value chain ensuring sustainable profitability
- Earnings resilience from diversified revenue base
- Successful M&A compounder with quality prospects in sight
- Timely focus on sustainability with significant investments into collection and recycling
- Experienced organisation leading the way towards a circular economy

BEWI

*for a better everyday*

Next event

First quarter 2021 results

21 May 2021