

Q1-22 QUARTERLY REPORT

5TH MAY 2022



TODAY'S PRESENTERS



Thomas Körmendi
Chief Executive Officer - CEO



Bent Kilsund Axelsen
Chief Financial Officer - CFO



Thomas Haave Askeland
Head of IR

Q1-22

BUSINESS PERFORMANCE

CEO Thomas Körmendi

Q1 2022 Business Highlights

Strong performance in Americas, but challenging outlook in Russia and Ukraine

Revenue growth of
9 % compared to
Q1-21

Value initiatives, including
price increases, supported
revenue growth by 12
mEUR

Input costs impacting
margins –
Adj. EBITDA of
27 mEUR in Q1-22

Americas business
delivering strong
performance,
in line with strategy

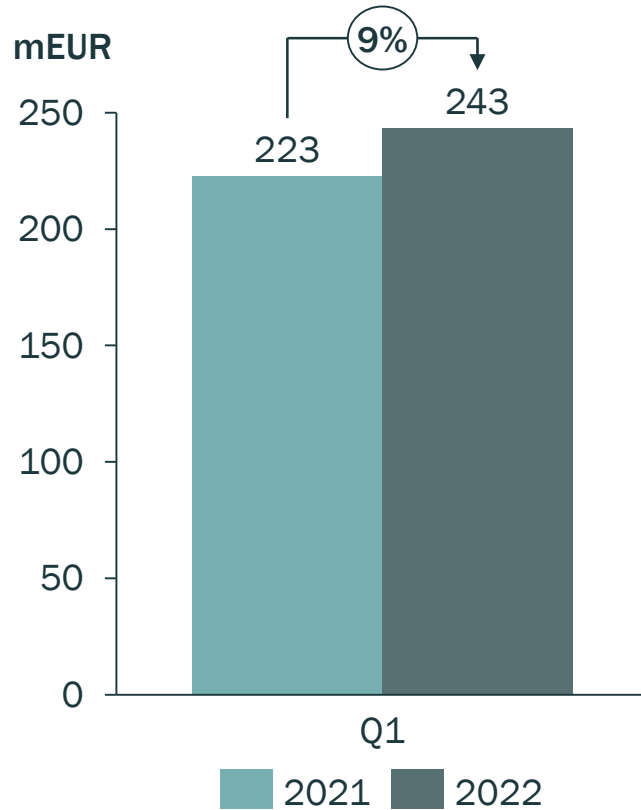
Investment of 16 mEUR
and JV agreement for
Indian market, signed on
28th April

Significant negative
impact from Russia and
Ukraine conflict in the first
quarter

Revenues – Elopak Group

Significant revenue growth of 9% compared to first quarter last year - mainly driven by price increases

Revenues (EURm), CAGR (%)



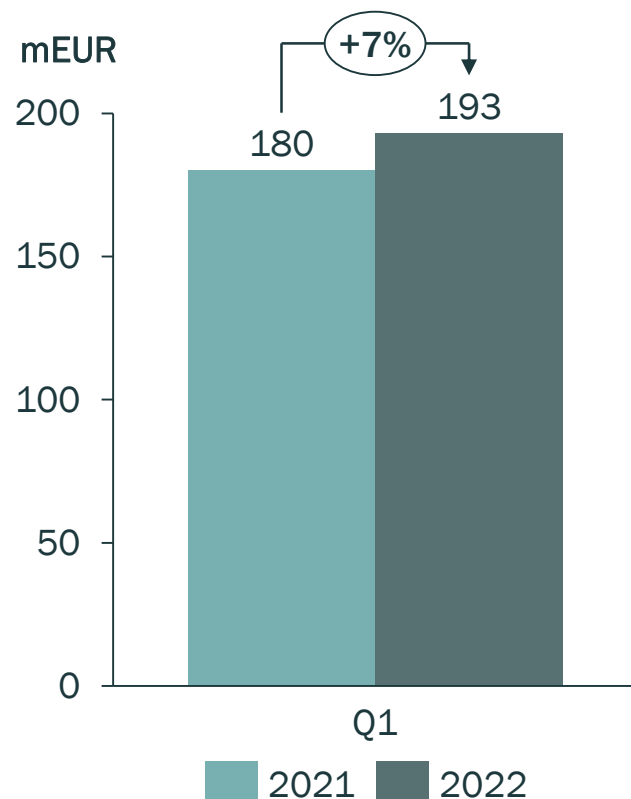
Key commentary

- ▶ Revenue growth of 9% compared to first quarter 2021, (7% on a constant currency basis)
- ▶ Main drivers for the quarterly revenue growth are:
 - Price increases in both Europe and Americas
 - Growth in Roll Fed volumes in Europe
 - Mix effect and volume growth in Americas, especially school milk

Business update: EMEA

Solid Q1-22 performance, mainly driven by price increases

Revenues Q1-22 (EURm) – EMEA



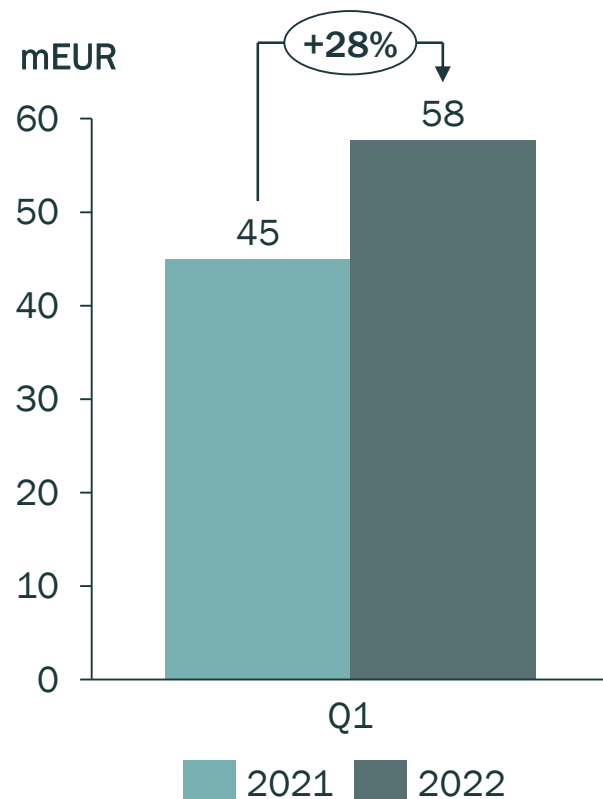
Key commentary

- ▶ Revenue growth of 7% in the first quarter
 - Volume growth of 9% on Roll Fed Aseptic products
 - Sales of coated board contributed positively
 - Signing of new contracts in MENA
- ▶ Russia business suspended as of 4th March 2022
- ▶ Production halted in Ukraine from 23rd February

Business update: Americas

Quarterly revenue is up by 28% compared to Q1-21, and continued strong profitability performance

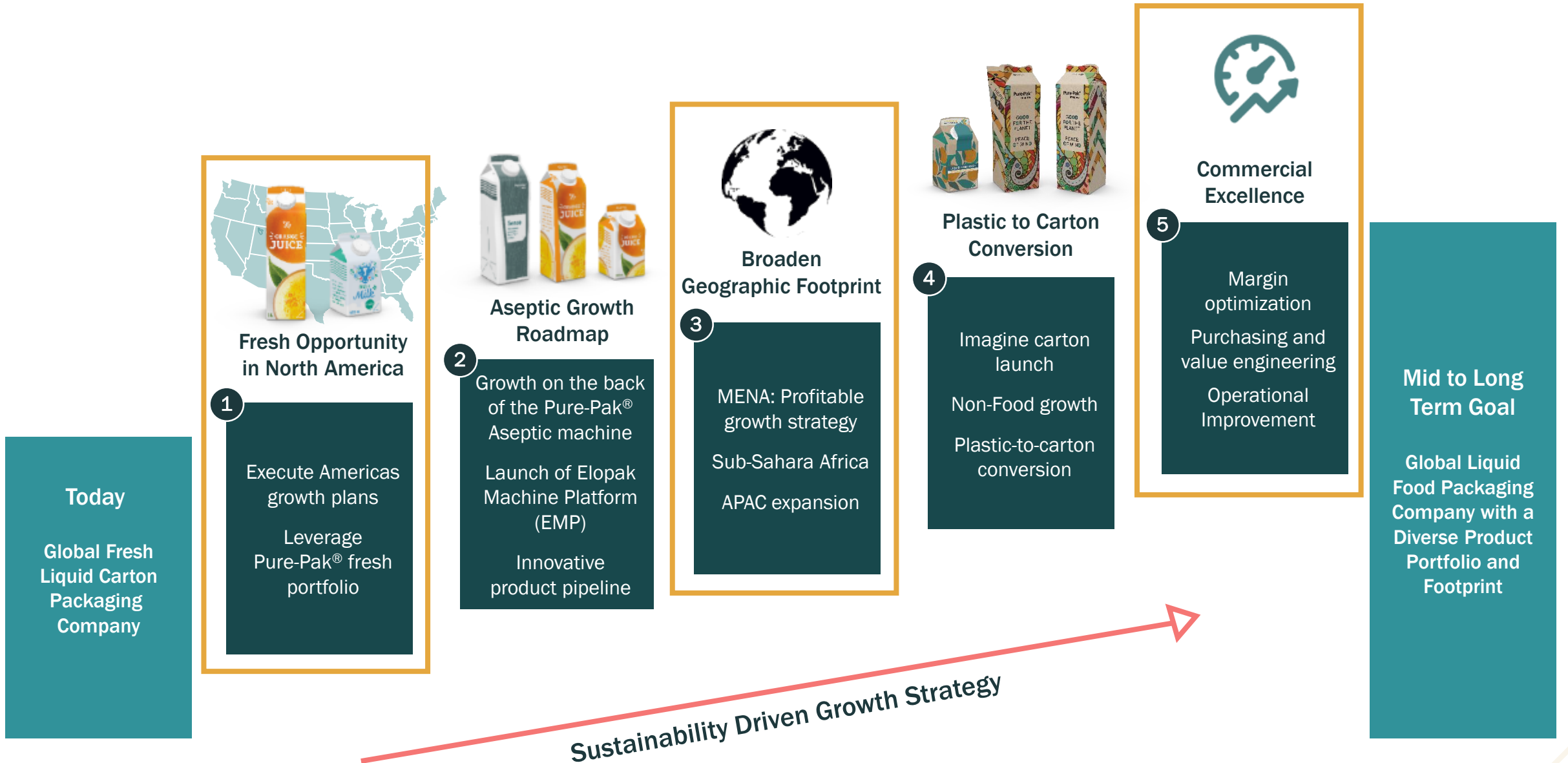
Revenues Q1-22 (EURm) – Americas



Key commentary

- ▶ Significant revenue growth of 28 % compared to first quarter 2021 (19% on constant currency)
 - Attractive mix effects in carton business
 - Growth in school milk segment
 - Good performance in our caps and closures business
 - Commercial passthrough contracts increase prices, and protect margins from raw material price increases
- ▶ Continued strong operational performance in Montreal

Profitable Growth Drivers



Elopak is one of the first three companies in the world to have Net-Zero targets approved after the official launch of the Net-Zero standard by Science Based Targets initiative



Proud to be aligned
with the SBTi
Net-Zero Standard

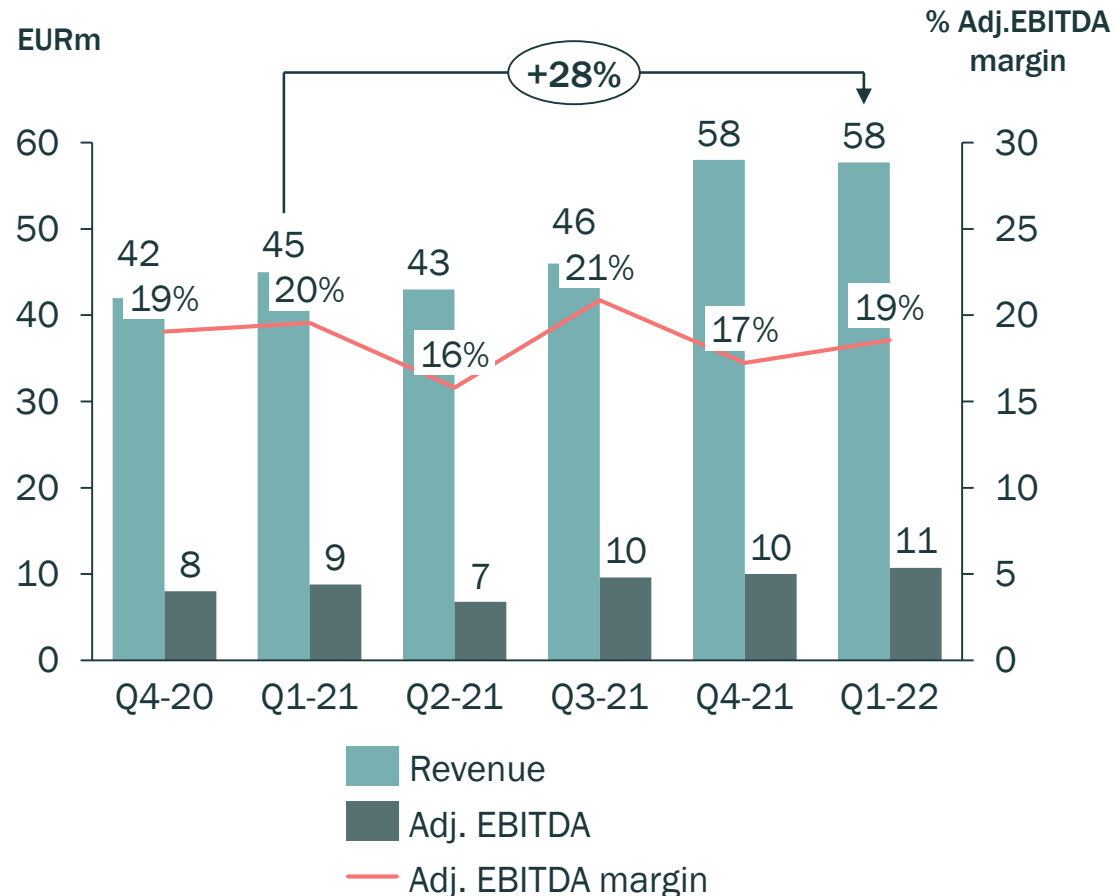
We've had our
**NET-ZERO
TARGETS**
approved

#NetZeroStandard

Americas continue to deliver in line with strategy

Growth of 28% confirms Elopak's growth strategy – several new filling machine contracts will support further growth

Americas delivering in line with strategy



Secured several new filling machine contracts in the US market



- ▶ Strong traction in America on filling machines for ESL products:
 - Customers demanding higher speed, flexibility, reliability and higher hygienic performance
- ▶ Six filling machines contracted in Q1-2022 to supply products in dairy, plant based and juice markets
- ▶ Commissioning of fillers in 2023

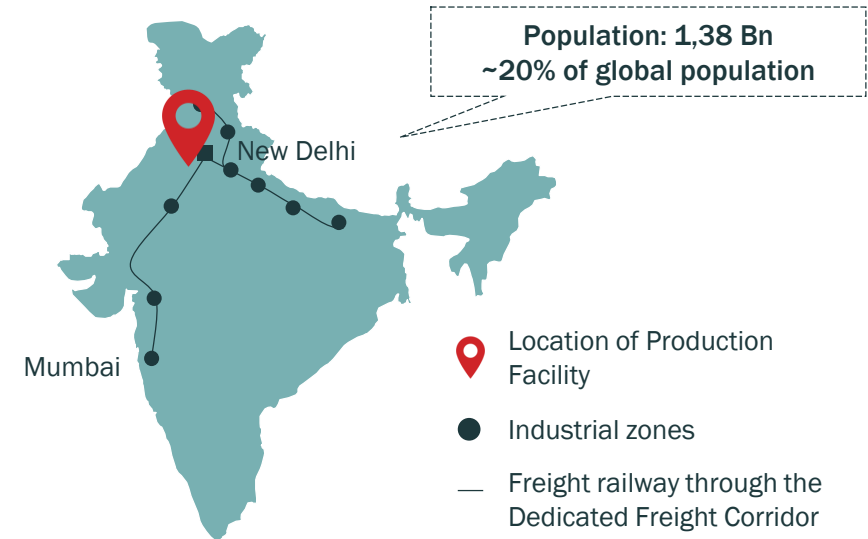
Joint venture agreement in India signed with GLS

The JV with GLS will give Elopak a quick entry to the high growth packaging market in India

Investment rationale

- 1 **A ticket to enter the highest growing market in the world** with large unrealized potential – the world's largest fresh milk market
- 2 **GLS as a partner** is a strong strategic fit and will secure Elopak quick access to the Indian market: GLS has complementary capabilities to Elopak.
- 3 **Entry at early stage** reduces size of entry ticket and provides the opportunity to shape strategic direction for JV.
- 4 **Platform for growth** for Elopak's end-to-end system offering in both Pure-Pak fresh and aseptic

Attractive plant location and local know-how through GLS



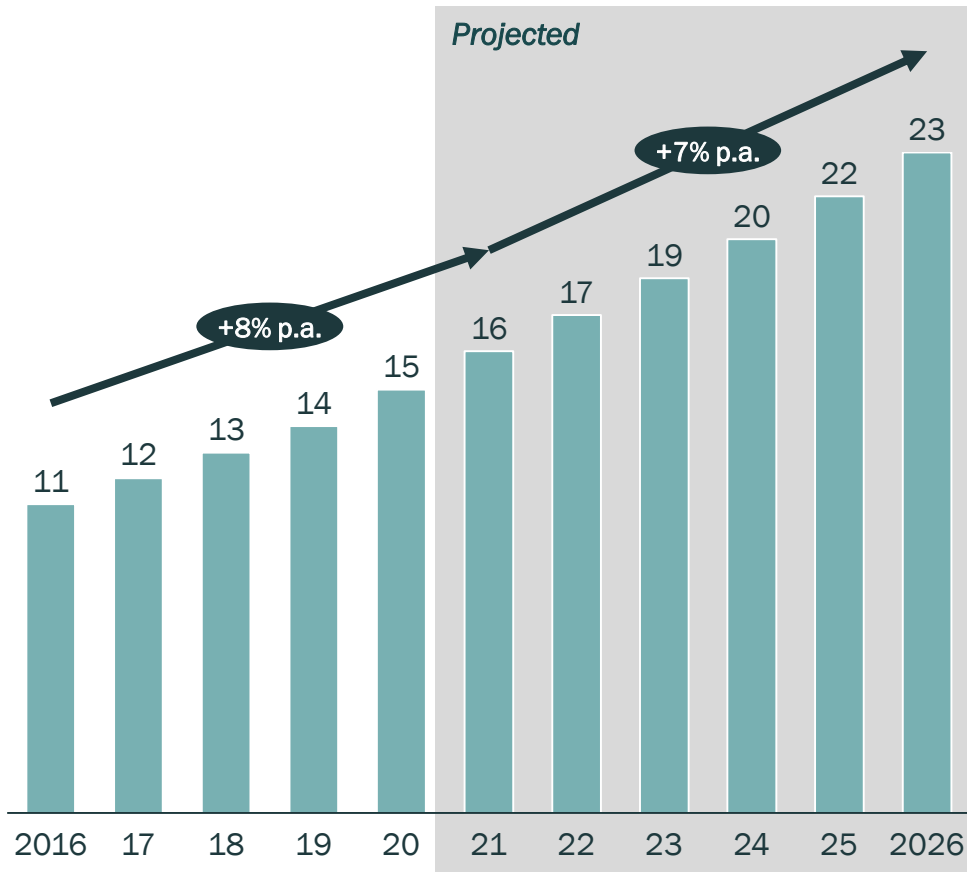
- ▶ **Our JV partner GLS** is an Indian industrial conglomerate with majority of revenues coming from its flexible packaging business
 - ▶ 7 manufacturing units, 2000 employees
 - ▶ Established customer relations with the largest local and international beverage producers in India

Production and sales activities to start already in Q2 2022

Growth opportunity in line with Elopak's growth strategy

Strong underlying market growth of ~7%, supporting a high growth JV business in India

Indian liquid carton market size (Bn liter)...



...supports an attractive business case with low initial capex

Investment

- ▶ Total equity contribution in 2022 will be 16 mEUR, for the setup of a packaging material plant
- ▶ First step is to establish Roll Fed production capabilities in Q2 2022, while Pure-Pak capabilities will be established as the next step

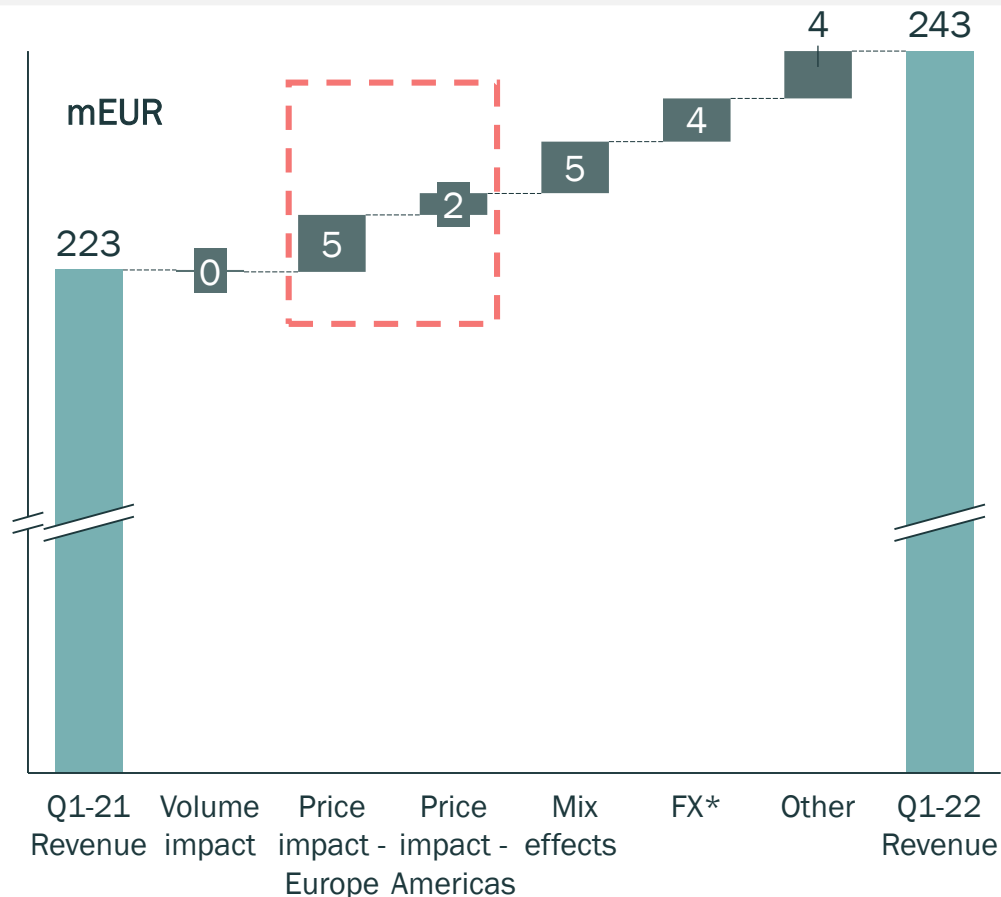
Financial impact

- ▶ Revenue potential by year 5 is estimated to 80-100 mEUR
- ▶ EBITDA expected to be positive from year 3, but minor negative EBITDA contribution in start-up phase
- ▶ JV will be fully consolidated in Elopak's financials

Pricing actions implemented, with effect from Jan-22

Further price increases are currently being implemented, with effect from June 2022

Positive value impact on Q1-22 revenues in both Americas and Europe



Key commentary

- ▶ Price increases implemented in Europe with financial effect of ~5 mEUR in Q1-22
- ▶ Price indexation mechanism and primarily mix effects in North America has contributed to the revenue growth by ~7 mEUR
- ▶ Elopak has announced further price increases in Europe with effect from June 2022:
 - We expect price increases to largely cover increased raw material costs on a running basis, subject to no further increases in input costs

Elopak in Ukraine and Russia

Around 90 mEUR Revenues with a 10% EBITDA margin

Elopak Russia

- ▶ Market Unit in Moscow
- ▶ Production facility in St Petersburg
- ▶ Sales 2021: 73 mEUR* + 3 mEUR in other countries in the region
- ▶ Employees: 185
- ▶ Production: Pure-Pak cartons (primarily for Russian market)

Elopak Ukraine

- ▶ Market Unit in Kyiv
- ▶ Production facility in Fastiv
- ▶ Sales 2021: 11 mEUR + 3 mEUR in other countries in the region
- ▶ Employees: 151
- ▶ Production: Roll Fed cartons (primarily for Russian market)

* Includes Roll Fed produced in Fastiv



Financial impact of situation in Ukraine and Russia

Write-downs and impairments of ~22 mEUR booked in Q1-22 financials

Q1 2022 Financial impact

Impairments/ write downs	Amount (mEUR)
Fixed asset impairment (PP&E)	~14 mEUR
Working capital write down (AR, Inventory)	~8 mEUR

- ▶ Write downs and impairment calculations are based on best estimates of several possible scenarios.

Strategic plans and outlook

- ▶ Maintain the safety and minimize risk for our local employees
- ▶ Continue our local humanitarian support in Ukraine, such as medical equipment, water in cartons and logistical services
- ▶ Recurring monthly fixed cost impact of Ukraine and Russian operations is currently estimated to ~1 mEUR

Timeline of Q1 events

23 Feb:
Temporary shut down
of operations in
Ukraine

24th Feb:
Start of conflict

4th Mar:
Suspension of Russian
Operations

28th Mar:
Re-started production
in Ukraine

31st Mar:
Decision to explore all
options, including sale
of Elopak Russia

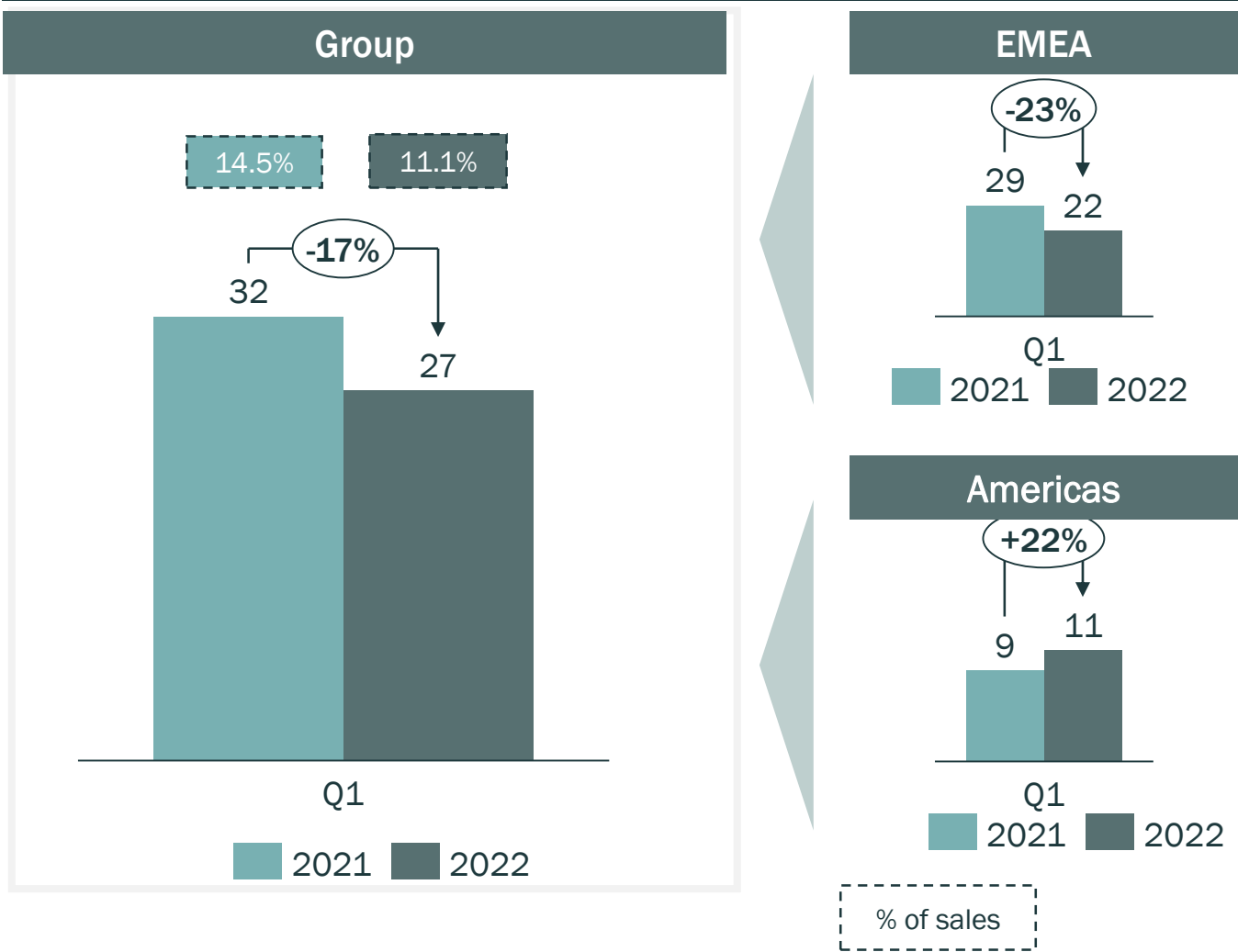
Q1-22

FINANCIAL PERFORMANCE

CFO Bent Kilsund Axelsen

Satisfactory margins despite raw material headwind

Adj. EBITDA (EURm), CAGR (%) and Adj. EBITDA margin (%)



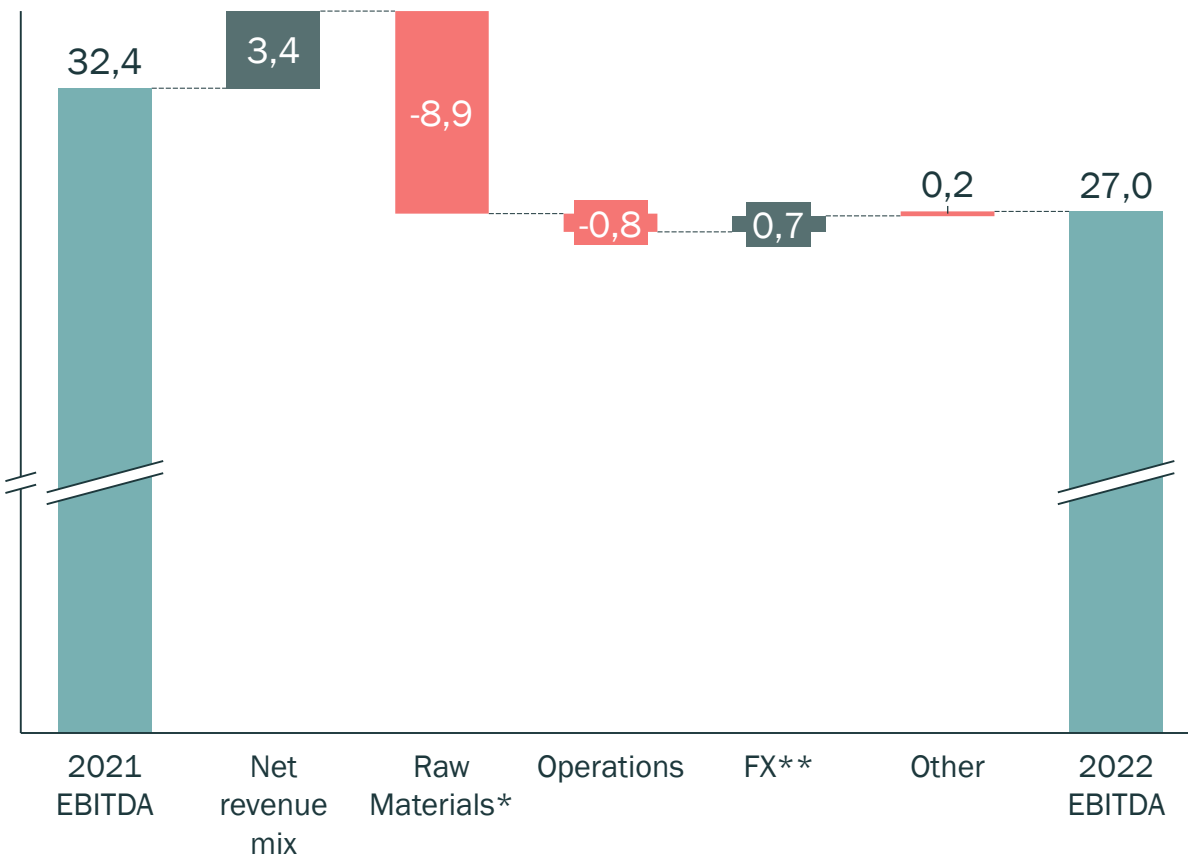
Key commentary

- ▶ Margin pressure in the first quarter, due to inflationary pressure resulted in EBITDA margin 3.4% lower than a very strong first quarter in 2021
- ▶ Input costs remain exceptionally high for both raw materials and indirect costs
- ▶ Raw material clauses in customer contracts protect the Americas margin, while European margins are negatively impacted by rising input costs

Adjusted EBITDA, first quarter 2022

EBITDA decline in first quarter 2022 compared to 2021, primarily due to higher input costs

Quarterly Adjusted EBITDA (EURm)



*Raw materials are only related to carton production and caps sourcing in Europe

**FX impact related to EURUSD

***LDPE – Low Density Polyethylene

Key commentary

- ▶ Positive revenue impact, but reduced mix effects
- ▶ Raw material prices remained high throughout the first quarter:
 - Raw material prices increased driven by Russia/Ukraine conflict
 - Compared to very low PE prices for Q1-21, including favorable hedges in Q1-21
 - Polymer prices peaked all-time high in April
 - Aluminum price all-time high and supply issues
- ▶ Normalization of operational activities and strengthening of corporate functions post IPO, is driving up operational costs in the quarter

Adjustments in Q1-22

Adjustments in the first quarter related to Russia/ Ukraine conflict amounts to ~21 mEUR

Adjustments (MEUR)	Q1-22	Q1-21
Reported EBITDA	12.4	30.7
Adjustments to EBITDA:		
- Russia/ Ukraine: Short term assets	7.7	
- EMEA: Onerous contracts	3.9	
- Group: Transaction cost – Naturepak and India	2.1	0.8
Share of profit from JVs	0.9	0.9
Adjusted EBITDA	27.0	32.4
Adjustment to EBIT:		
Russia/Ukraine: Depreciation, amortisation & impairments of long term assets	13.5	

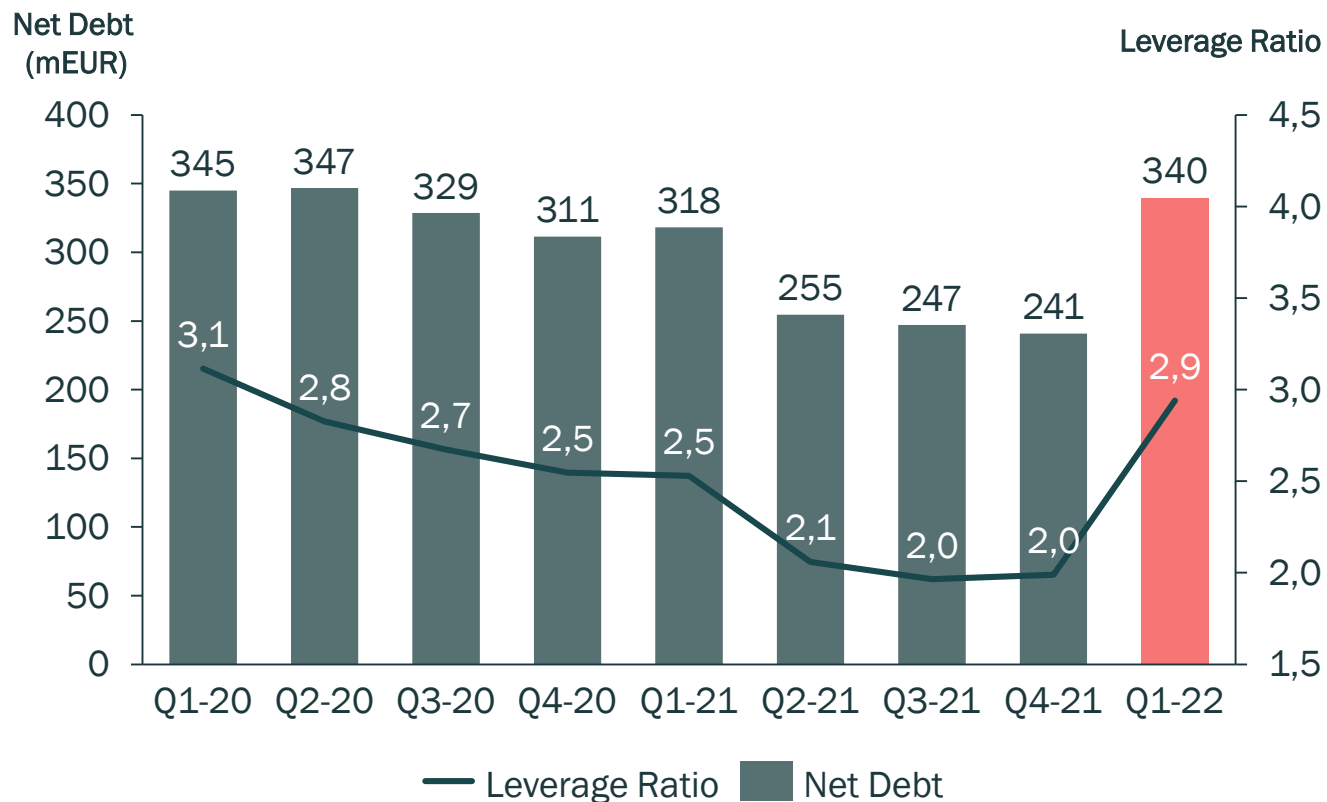
▶ See note 12 and APM section in Q1 report for further details

Key commentary
<ul style="list-style-type: none"> ▶ Impairments related to Russia and Ukraine; <ul style="list-style-type: none"> – EBITDA impact: 7.7 mEUR – EBIT impact: 21.2 mEUR ▶ Onerous contracts in EMEA – fixed price contracts with obligation to deliver, with negative contribution (based on current raw material costs and pricing): <ul style="list-style-type: none"> – EBITDA impact 3.9 mEUR Q1 2022 ▶ Transaction cost for Naturepak and India JV <ul style="list-style-type: none"> – EBITDA impact 2.1 mEUR

Financial position

Leverage Ratio for first quarter 2022 at 2.9x

Leverage Ratio



Key commentary

- ▶ Leverage Ratio of 2.9x as of first quarter 2022, primarily driven by acquisition of Naturepak
- ▶ Cash flow positively impacted by low capex, but negatively impacted by higher revenue and working capital (AR, inventory)
- ▶ Dividend proposal 2021:
 - 0.75 NOK/share

FY 2022

- ▶ Revenues above 2021 levels, in line with mid-term guiding
- ▶ The sustained raw material headwind is expected to still impact margins, especially in the second quarter
- ▶ Loss of business in Russia to have a negative impact from Q2
- ▶ Naturepak acquisition expected to be accretive to margins from Q2

Summary

- ▶ Despite challenging environment, Elopak continue to deliver growth and further develop the company
- ▶ The packaging industry is living through extraordinary times – Elopak is well positioned
- ▶ Strategy implementation on track;
 - Americas business delivering growth
 - MENA acquisition completed
 - India JV agreement signed
 - Price increases implemented



Q&A



APPENDIX

Financial calendar 2022

Event	Date
Q4 Financials	February 23rd
Annual report 2021	April 1st
Q1 Financials	May 5th
Annual General Meeting	May 12th
Q2 Financials	August 18th
Q3 Financials	October 26th

Dividend for 2021 proposed at 0.75 NOK per share

In line with mid-term targets

Key commentary

- ▶ Resolution: The Board recommends to AGM to approve a dividend at 0.75 NOK per share for 2021 at the General Assembly May 12th.
- ▶ Key information
 - Last day including right: 12 May 2022
 - Ex-date: 13 May 2022
 - Record date: 16 May 2022
 - Payment date: On or about 19 May 2022
 - Date of approval: 12 May 2022
 - Other information: The payment of dividends is subject to the approval by the annual general meeting to be held on 12 May 2022.

Quarterly financials – Q1-20 to Q1-22

