

# Q2-21 Quarterly Results presentation

24<sup>TH</sup> AUG 2021



# Disclaimer

Certain statements included in this announcement contain forward -looking information, including, without limitation, information relating to (a) forecasts, projections and estimates, (b) statements of Elopak management concerning plans, objectives and strategies, such as planned expansions, investments, divestments, curtailments or other projects, (c) targeted production volumes and costs, capacities or rates, start -up costs, cost reductions and profit objectives, (d) various expectations about future developments in Elopak’s markets, particularly prices, supply and demand and competition, (e) results of operations, (f) margins, (g) growth rates, (h) risk management, and (i) qualified statements such as “expected”, “scheduled”, “targeted”, “planned”, “proposed”, “intended” or similar.

Although we believe that the expectations reflected in such forward -looking statements are reasonable, these forward -looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward -looking statement or affect the extent to which a particular projection is realized. Factors that could cause these differences include, but are not limited to: our continued ability to reposition and restructure our upstream and downstream businesses; changes in availability and cost of energy and raw materials; global supply and demand for aluminium and aluminium products; world economic growth, including rates of inflation and industrial production; changes in the relative value of currencies and the value of commodity contracts; trends in Elopak’s key markets and competition; and legislative, regulatory and political factors. No assurance can be given that such expectations will prove to have been correct. Elopak disclaims any obligation to update or revise any forward -looking statements, whether as a result of new information, future events or otherwise.

# Packaging by Nature®

- ▶ As worldwide makers of carton-based packaging, we are committed to remain our customers' partner and consumers' favorite, through relentlessly developing new solutions for an expanding range of content
- ▶ Applying market-leading technology, skills and natural materials sourcing, we always aim to provide the highest quality products that leave the world unharmed



# Q2-21 Business Performance

CEO Thomas Körmendi

# Q2 2021 Business Highlights:

## Resilient performance and continued strong profitability

Continued strong  
profitability –  
Adj.EBITDA margin  
14.3%

Revenue  
fundamentals  
intact, although  
slightly down  
compared to Q2-20

Continued solid  
operational and  
safety performance  
in all plants

New Sustainability-  
driven innovations:  
Tethered caps and  
Pure-Pak eSense  
carton

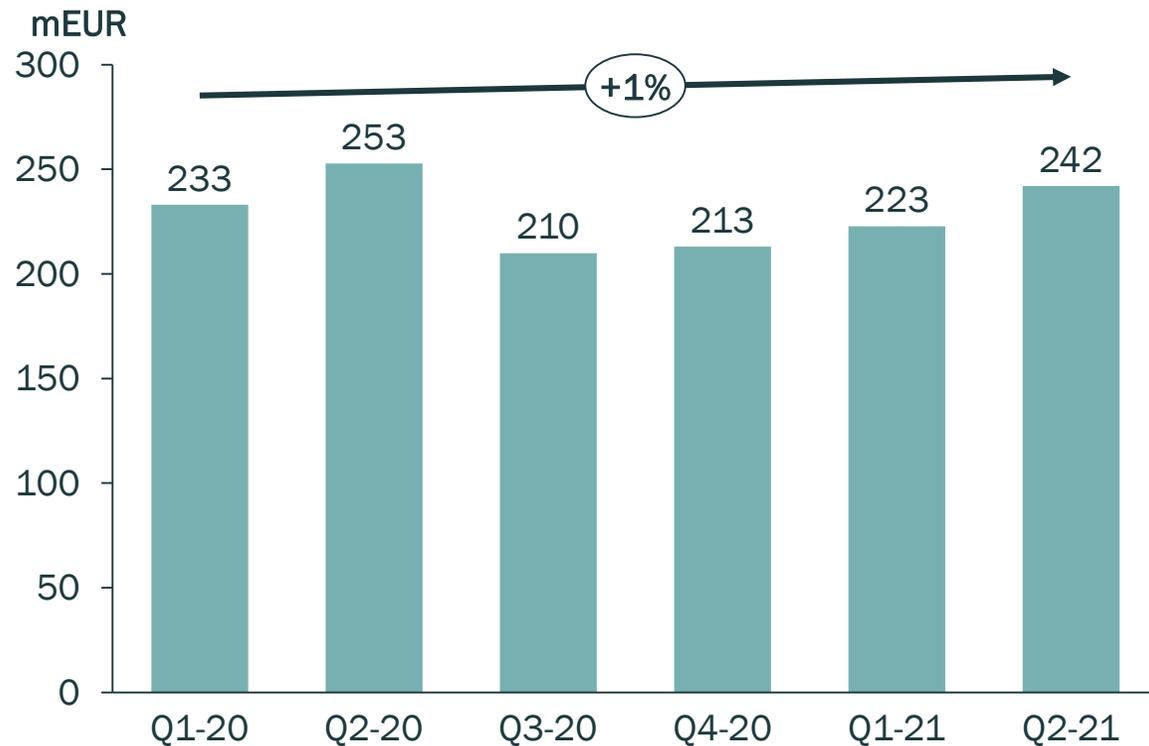
Aseptic growth  
above +12% in the  
quarter



# Revenues – Elopak Group

Revenues at historic high levels, although slightly down compared to high revenue in Q2-20

## Quarterly Revenues (EURm), CAGR (%)



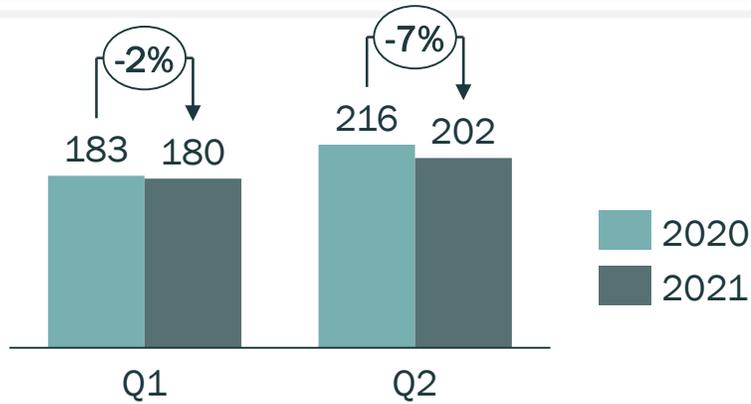
## Key commentary

- ▶ Resilient financial performance during first half 2021
- ▶ Revenue decline in second quarter 2021 is primarily due to stockpiling in the initial phase of the pandemic in second quarter 2020
- ▶ Main highlight for the second quarter is increased sales in aseptic segments

# Business update: EMEA

Satisfactory Q2-21 performance, despite impact from Covid-19 and stockpiling in Q2-20

## Revenues Q2-21 (EURm) – EMEA



BraTee in Pure-Pak® 750ml, launched in Germany

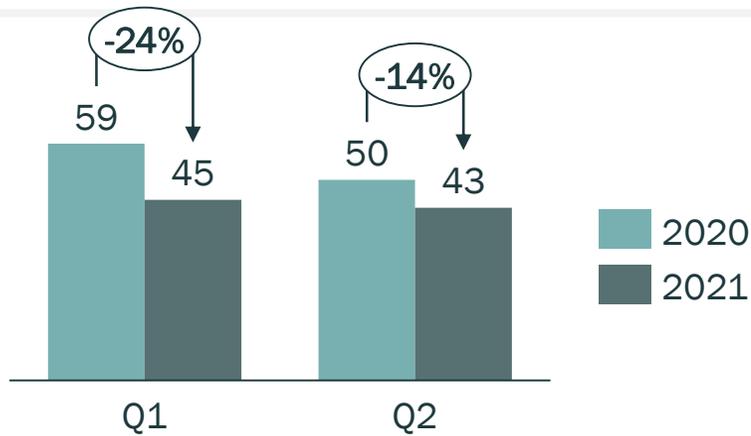
## Key commentary

- ▶ Satisfactory revenue performance in second quarter 2021
- ▶ Hoarding and stockpiling due to pandemic explains the high revenue in Q2-20
- ▶ Positive volume growth in aseptic segments
- ▶ Promising signs of filling machine sales with high activity in the second quarter in Europe
- ▶ Increased raw material costs impacting margins

# Business update: Americas

Continued challenging market conditions, but still strong profitability performance in Americas

## Revenues Q2-21 (EURm) – Americas



## Key commentary

- ▶ Continued strong operational performance in Montreal
- ▶ Good performance in our caps and closures business
- ▶ Loss of Roll Fed customer in Q2-20
- ▶ Restrictive conditions due to Covid-19 still impacting further business development in Americas
- ▶ Resurge in infections caused by the Delta variant is postponing the post-Covid recovery in North America



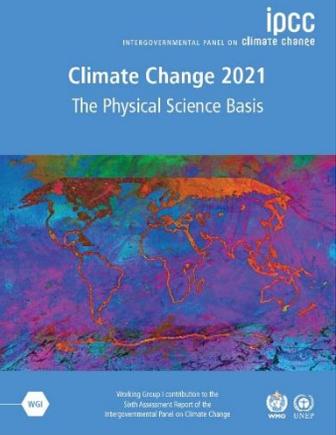
# Sustainability-driven strategy on track

Strategy has been re-confirmed and more relevant on the back of recent reports and sentiment

## Elopak's Sustainability-Driven Strategy...

-  **1 Fresh Opportunity in North America**
-  **2 Aseptic Growth Roadmap**
-  **3 Broaden Geographic Footprint**
-  **4 Plastic to Carton Conversion**
-  **5 Commercial Excellence**

## ...fuelled by recent reports and sentiment



**Elopak's response:**  
Continue to deliver sustainability-driven innovations and meet our Science Based Targets (1.5°C)



## Pure-TwistFlip™ - to address plastic waste issue

- ▶ Elopak's tethered cap solution was announced in June 2021 and meets the criteria of the Single Use Plastics directive (SUP).
- ▶ Pure-TwistFlip™ offers an exciting new option for brands looking to meet the growing consumer demand for sustainable packaging.



## Pure-Pak® eSense – to address carbon emissions

- ▶ Aseptic carton with a 28% lower CO2 footprint\* - the Pure-Pak® eSense, without aluminium barrier.
- ▶ Our latest innovation, providing our customers in the aseptic segment with an even more sustainable packaging solution.

\*Compared to Elopak Pure-Pak® Aseptic carton with aluminium barrier

# Q2-21 Financial Performance

CFO Bent Kilsund Axelsen

## Q2 2021 Financial highlights

**14.3%** adj.  
EBITDA margin  
(in line with Q1 and  
last year)

Positive  
product mix

Robust  
financials despite  
some  
Covid-19 impact

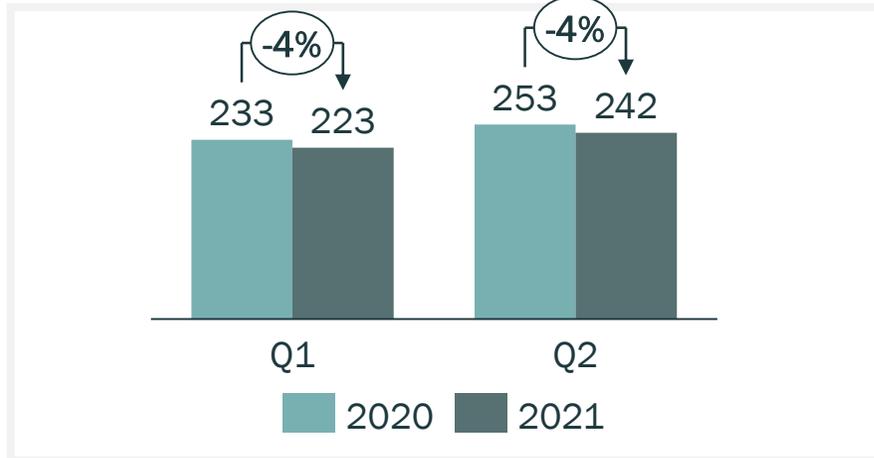
Improved capital  
structure following  
IPO – ready for  
growth

Leverage ratio at  
**2.1x**  
(Net Debt/  
Adj.EBITDA)

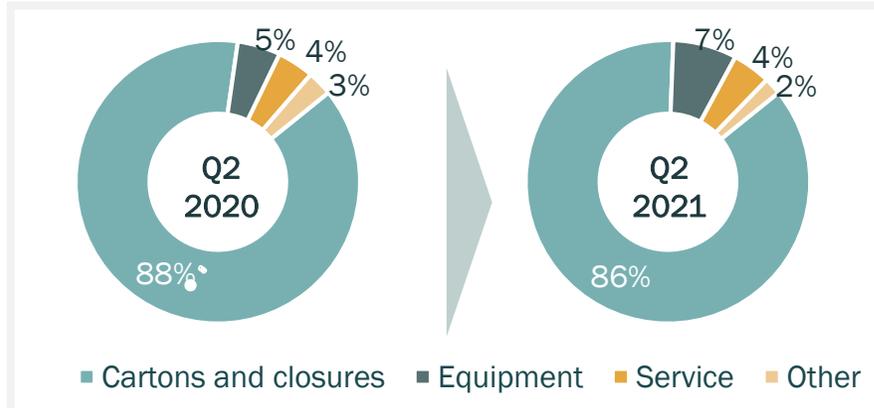


# Resilient revenue development, despite further growth impacted by Covid-19

## Revenues – Group (EURm), CAGR (%)



## Revenues – Group – by product (%)



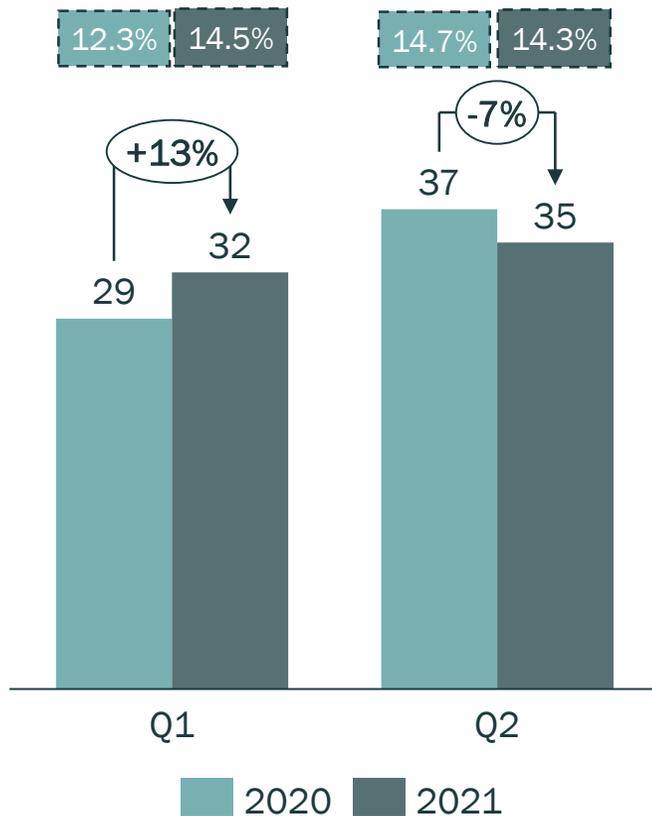
## Key commentary

- ▶ Revenue decrease compared to last year, due to:
  - Covid-19 hoarding and stockpiling in Europe Q2 20
  - Customer losses and weak market in Americas
  - Negative currency impact in Americas - EUR 4 mill
- ▶ Revenue growth compared to last quarter as aseptic Pure Pak in Europe continues to grow, both in Dairy and Juice
- ▶ Positive revenue impact from price and mix effects both in first and second quarter 2021
- ▶ Positive impact from sale of equipment

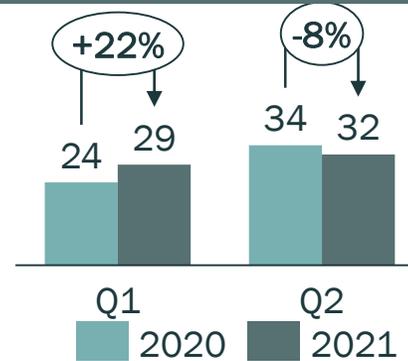
# Margin development supported by product mix and operational improvement

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

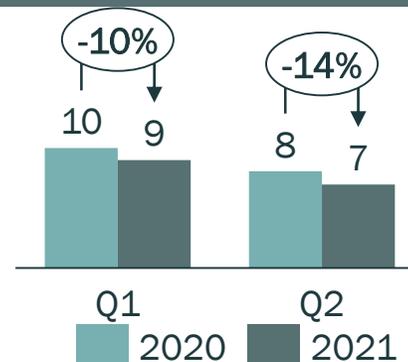
## Group



## EMEA



## Americas



## Key commentary

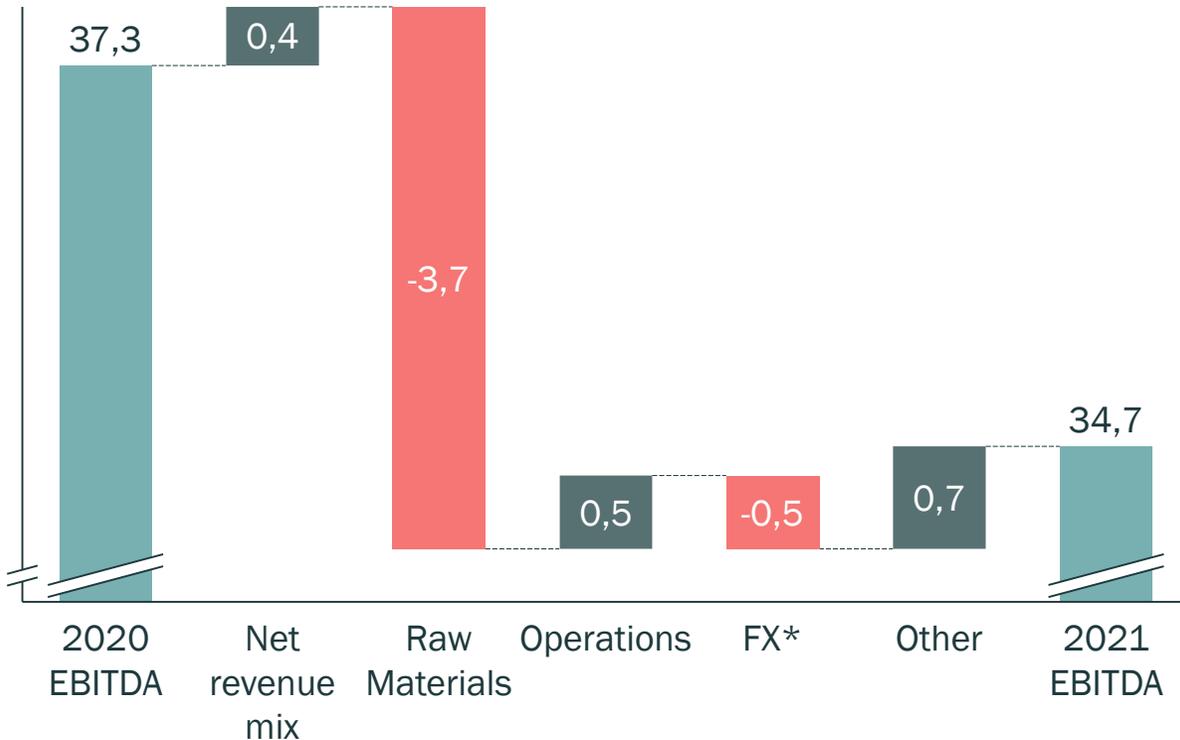
- ▶ Attractive mix effects both in terms of geographic, customer and product mix
  - Growth in aseptic business in general and juice segment in particular
  - Fresh Dairy development slightly negative in line with market trend
- ▶ Positive development from operational improvement
- ▶ Polymer price increase starting to impact result

% of sales

# Adjusted EBITDA, second quarter 2021

EBITDA decreased in second quarter 2021 compared to 2020, is primarily due to raw material costs

## Quarterly Adjusted EBITDA (EURm)



\*FX impact related to EURUSD

\*\*LDPE – Low Density Polyethylene

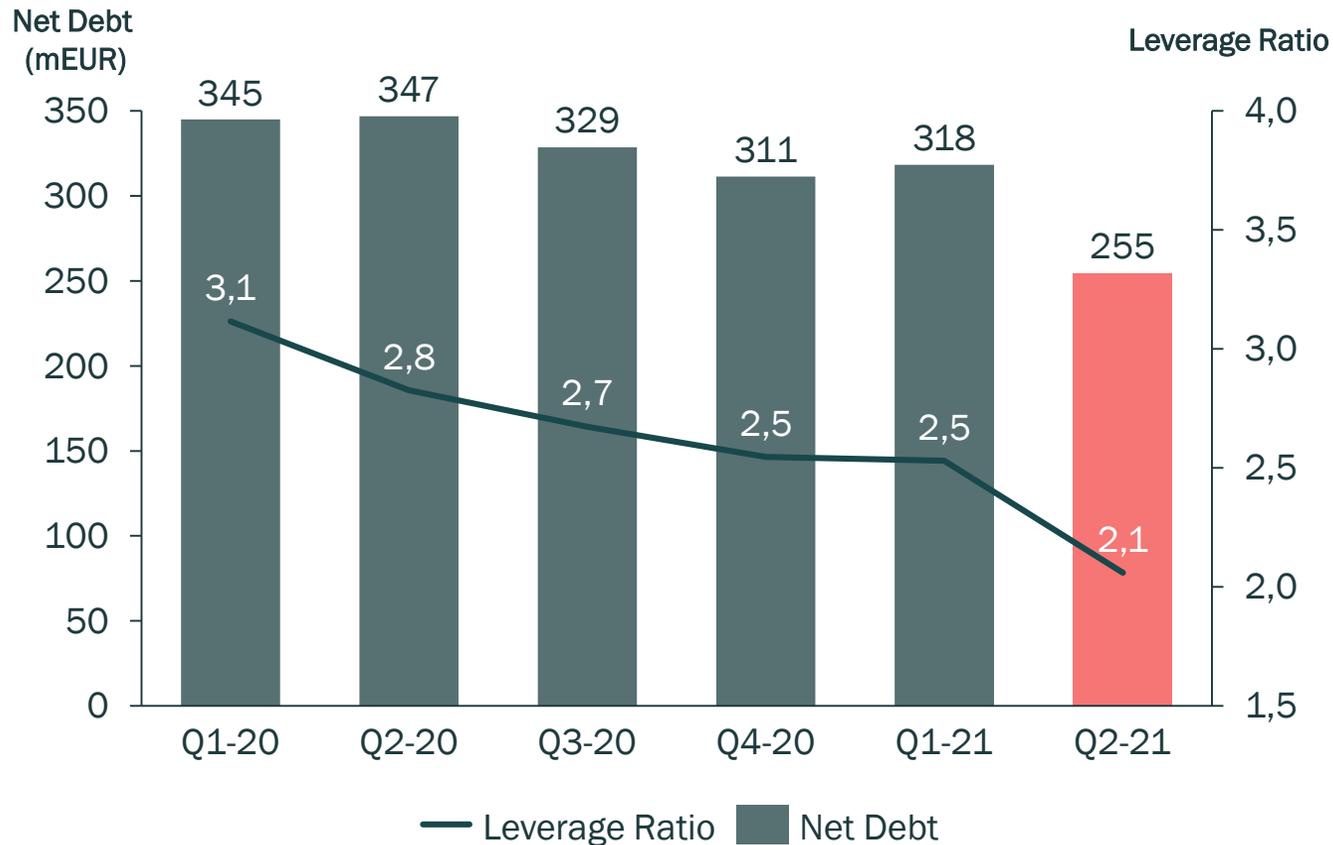
## Key commentary

- ▶ Positive revenue impact, due to favorable price and mix effects
- ▶ Raw material prices remained high throughout the second quarter:
  - Polymer prices peaked in June/July 2021
  - Aluminum prices continued to increase
- ▶ Our hedging policy is to enter financial hedges for the majority of our LDPE\*\* and aluminum exposure
- ▶ Fundamentally, the carton industry will benefit from sustained high LDPE prices, but high uncertainty on future price levels

# Financial position strengthened through IPO

Leverage Ratio for second quarter 2021 at 2.1x

## Leverage Ratio significantly improved



## Key commentary

- ▶ Healthy financial position, significantly improved during second quarter 2021 through IPO
- ▶ Positive Adj.EBITDA development continue to delever the balance sheet
- ▶ Low capex spend during first half of 2021

## FY 2021

- ▶ Revenues in line with 2020 levels
- ▶ The sustained raw material headwind is expected to impact Q3 figures more than in Q2
- ▶ FY 2021 EBITDA margin is expected to be slightly below 2020 due to the exceptional raw material situation globally

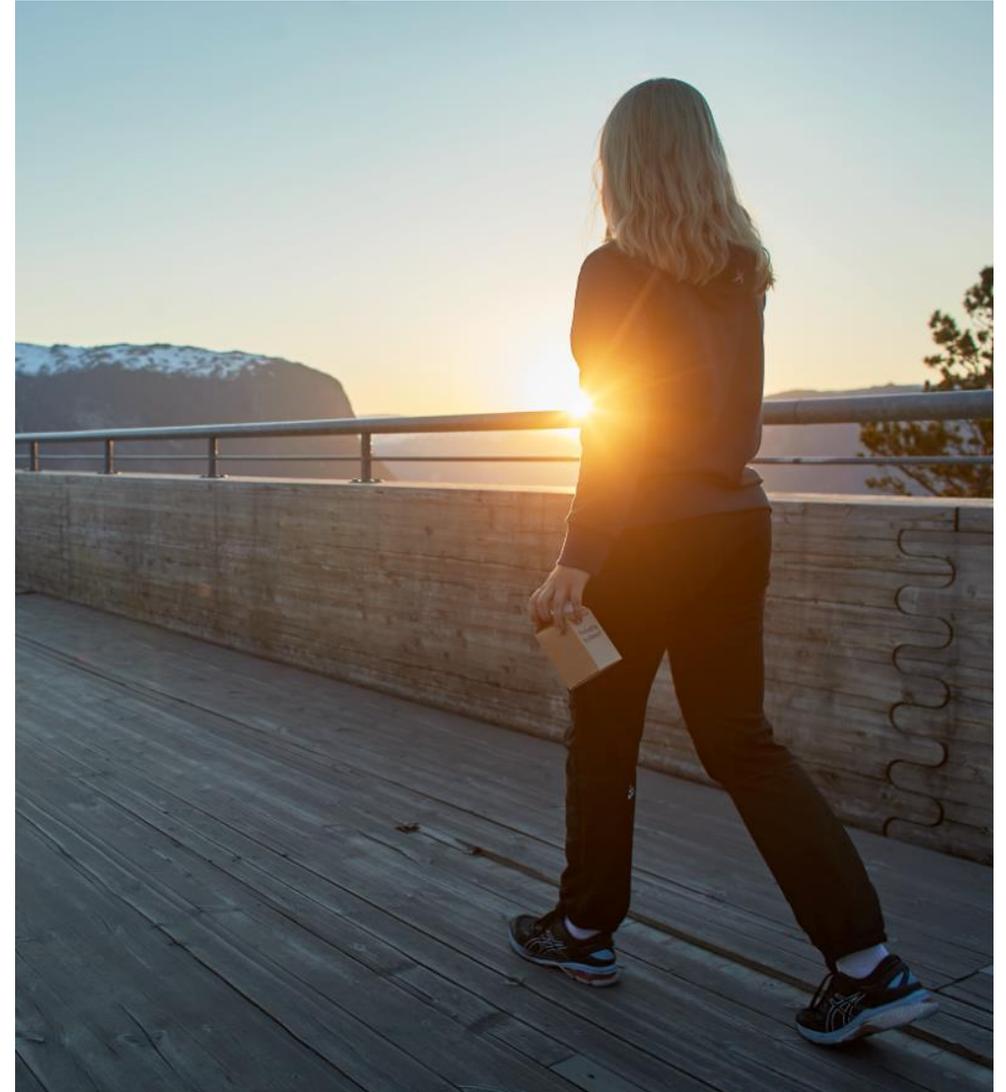
## Mid-Term

- ▶ Unchanged from the IPO prospectus published in June 2021
- ▶ Over the medium term, we continue to target revenue growth of 2-3% and 14-15% EBITDA margin

# Summary

- ▶ Continued solid performance in line with our expectations
- ▶ Elopak expects to continue to perform as a resilient company through the pandemic
- ▶ Sustained high LDPE prices will support conversion from plastic to carton

Elopak is uniquely positioned for the increased momentum for sustainable products and solutions



# Q&A



# Appendix



# Elopak to Target Profitable Growth and a Robust Capital Structure



## Mid-term 3-5 years targets

Revenue growth

*2-3% organic growth p.a.  
and selectively pursue M&A opportunities*

EBITDA margin

*14-15%  
adjusted EBITDA margin*

Capex

*EUR ~50m p.a.*

Dividend policy

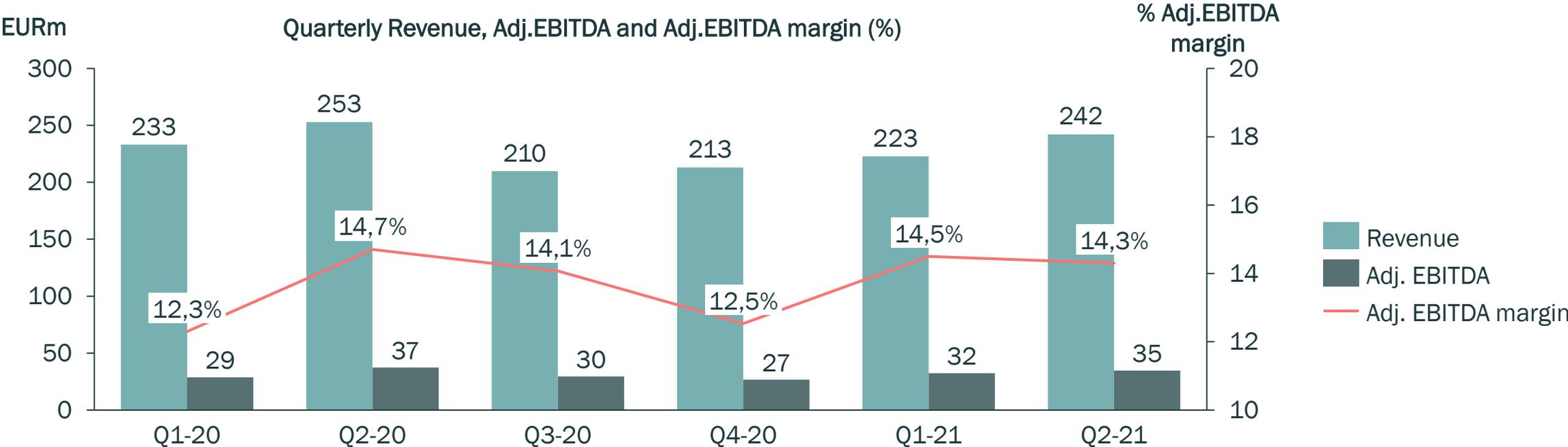
*~50-60% pay-out ratio  
% of adjusted net profit*

Capital structure

*~2.0x  
net debt / adjusted EBITDA mid-term*



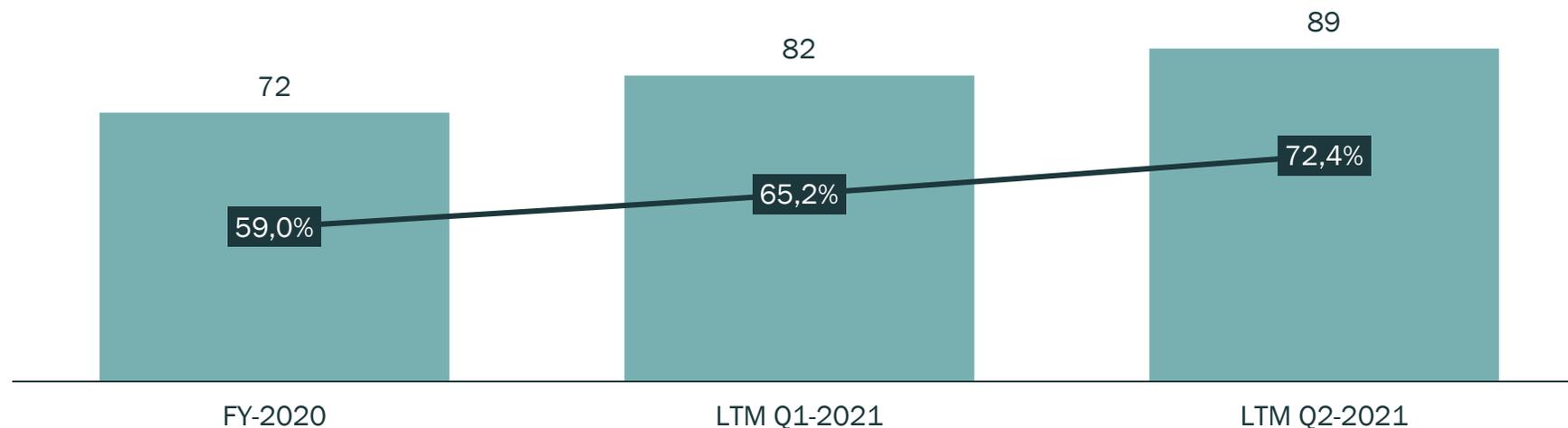
# Quarterly financials – Q1-20 to Q2-21



▶ Q2-20 revenue abnormally high, due to Covid hoarding and stock piling, while Q3-20 was abnormally low due to depletion of inventories with our customers

# Strong Development in Cash Conversion Driven by resilient Adj. EBITDA and delayed investments

## Simplified free cash flow and cash conversion<sup>1</sup>



## Key commentary

- Significantly improved cash conversion due to resilient adj. EBITDA and reduced capex
- Reduced capex due to lower investments in filling machines, although expected to be a timing effect
  - Covid-19 with impact on customers' willingness to order new filling machines, but expect several projects H2
  - High investment activity expected H2, flexo line Montreal, maintenance program Europe

## Simplified free cash flow overview

	FY-2020	LTM Q1-2021	LTM Q2-2021
Adjusted EBITDA	122.3	125.9	123.3
Less: Capex <sup>2</sup>	50.2	43.8	34.0
<b>Adjusted EBITDA – Capex</b>	<b>72.2</b>	<b>82.1</b>	<b>89.3</b>

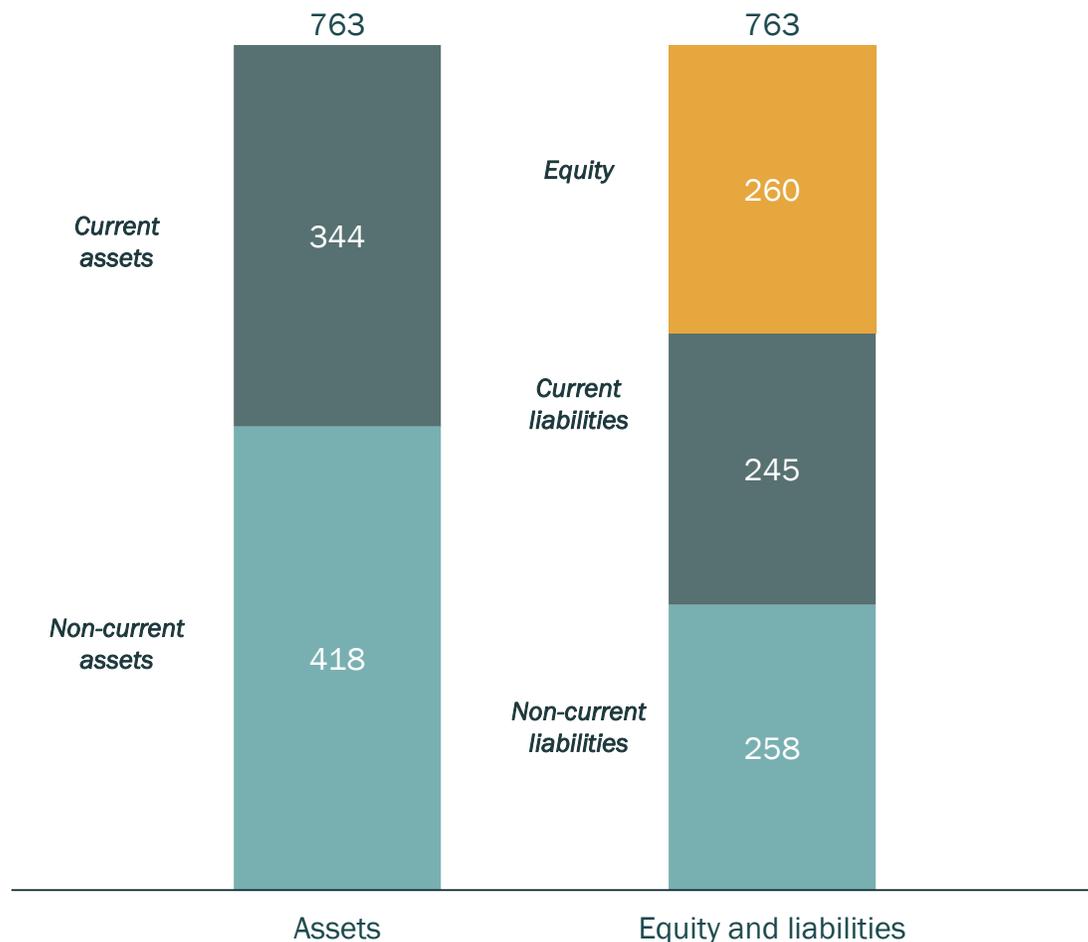
Source: Company information

Note: <sup>1</sup> Defined as (Adjusted EBITDA – capex) / Adjusted EBITDA, <sup>2</sup> Capex represents purchase of non-current assets

# Strong Balance Sheet with Moderate Leverage of 2.5x Q1-2021

## LTM EBITDA

Balance sheet overview Q2-2021 (EURm)



Recognised net debt overview (EURm)

Dec-2020 Q1-2021 Q2-2021

Bank debt	214	230	175
Overdraft facilities utilised	16	13	7
Cash and cash equivalents	(6)	(11)	(10)
Lease liabilities (including IFRS16)	88	86	83
<b>Net financial debt</b>	<b>311</b>	<b>318</b>	<b>254</b>
<b>LTM Adjusted EBITDA</b>	<b>122</b>	<b>126</b>	<b>123</b>
<b>Net debt / LTM Adjusted EBITDA</b>	<b>2.5x</b>	<b>2.5x</b>	<b>2.1x</b>

### Key commentary

- Proceeds from IPO used to pay down long term bank debt
- Dividend at EUR 10m distributed in May
- Elopak has a long term loan facility of up to EUR 400m of which EUR 175m is currently in use (Q2-2021) and classified as net debt
- Other financial liabilities include mainly finance leases and overdrafts