



storaenso

Press conference: Acquisition of De Jong Packaging Group

President and CEO Annica Bresky
CFO Seppo Parvi

8 September 2022

Stora Enso acquires De Jong Packaging Group to accelerate growth in renewable corrugated packaging



- One of the largest corrugated packaging producers in Benelux with approx. €1.0 billion in sales
- Accelerate growth for Stora Enso in renewable packaging
 - Access to complementary markets in the Benelux, Germany and the UK
 - Competitive in growing product segments
 - Demonstrated growth track record
- Transaction closure expected beginning of 2023, subject to regulatory approval

De Jong Packaging Group is one of the largest corrugated packaging producers in the Benelux countries



Overview of De Jong Packaging Group

Businesses





Key facts

- Founded in 1996, family-owned with 1,300 employees
- Vertically integrated corrugated packaging company based in De Lier in the Netherlands
- One of the largest producers in the Benelux countries
 - 17 sites in the Netherlands, Belgium, Germany and the UK
 - Current corrugated capacity of 560 million m²
 - Doubled capacity through ongoing expansion projects
- 1 containerboard production site in the Netherlands
 - 2 production lines with a total annual capacity of 380 kt
 - flexible energy solution

Stora Enso will enter new markets in corrugated packaging with the acquisition of De Jong Packaging Group



Corrugated packaging operations in Europe

-  Stora Enso corrugated packaging operations
-  De Jong Packaging Group operations







- Local presence is key in corrugated packaging
- With this acquisition, Stora Enso will
 - enter the corrugated packaging markets in the Netherlands, Belgium, Germany and the UK
 - be able to further enhance our service and offering to existing and new European customers
 - deliver €30 million average annual synergies over the cycle in mid term from sourcing, containerboard integration and commercial opportunities

De Jong Packaging Group has strong market positions in attractive end use segments







Key end use segments

	Produce Trays used to transport fruit, vegetables and other fresh food
	Industry Industrial packaging for durable goods
	FMCG Transport packaging of FMCG to retail
	E-commerce Transport packaging for online sales

Highest
De Jong Packaging Group's volumes
Lowest

Value-adding capabilities



	Growth Demonstrated growth capability
	Flexibility Speed, flexibility and reliability of supply
	Customisation Customised value adding products
	Automation Packaging Automation Solutions

Ongoing expansion projects will double corrugated capacity by beginning of 2024



The Netherlands expansion in De Lier site



- 2 new corrugators
- Production capacity increase from 375 million m² to 750 million m²
- Transformation to the largest and most modern corrugated converting site in Europe
- Operational in Q1 2023

UK expansion to a new site in Ellesmere Port



- 1 new corrugator
- Production capacity of 225 million m²
- Operational in Q1 2024

€275 million invested in 2022

Capacity expansion from 560 million m² in 2022 to approx. 1,200 million m² by Q1 2024

Annual EBITDA impact estimated to >€40 million by 2025

Excellent fit with a potential Langerbrugge conversion

- Ongoing feasibility study for the conversion of the Langerbrugge newsprint machine to 700 kt testliner and recycled fluting grades, decision H1 2023
- Possibility to combine the two most competitive renewable packaging assets in their respective parts of the value chain
 - A converted Langerbrugge would be the most cost-efficient containerboard site in Europe
 - De Lier site will be the largest and most modern corrugating site in Europe
 - Proximity to Langerbrugge (160 km) offers additional opportunities for commercial and cost integration benefits over the business cycle





Accelerating profitable growth in renewable packaging



- The enterprise value (EV) of the transaction is approx. €1,020 million, of which €250 million is IFRS lease liabilities corresponding to a multiple of 8.9x (estimated proforma IFRS EBITDA of €114m for 2022)
- A €45 million possible additional earn-out, subject to achievement of defined earnings targets
- Ongoing expansions in De Jong will deliver more than €40 million of combined annual EBITDA impact by 2025
- €30 million expected average annual synergies over a business cycle built up over 3 years
- Stora Enso's net debt to operational EBITDA ratio will increase by 0.4 to 1.4
- The transaction is expected to be EPS accretive from the first year

Stora Enso acquires De Jong Packaging Group to accelerate growth in renewable corrugated packaging



- One of the largest corrugated packaging producers in Benelux with approx. €1.0 billion in sales
- Accelerate growth for Stora Enso in renewable packaging
 - Strengthen European footprint in complementary markets in the Benelux, Germany and the UK
 - Competitive in growing product segments
 - Demonstrated growth track record
- Excellent strategic fit with a possible Langerbrugge conversion

Disclaimer



It should be noted that Stora Enso and its business are exposed to various risks and uncertainties and certain statements herein which are not historical facts, including, without limitation those regarding expectations for market growth and developments; expectations for growth and profitability; and statements preceded by “believes”, “expects”, “anticipates”, “foresees”, or similar expressions, are forward-looking statements. Since these statements are based on current plans, estimates and projections, they involve risks and uncertainties which may cause actual results to materially differ from those expressed in such forward-looking statements. Such factors include, but are not limited to: (1) operating factors such as continued success of manufacturing activities and the achievement of efficiencies therein, continued success of product development, acceptance of new products or services by the group’s targeted customers, success of the existing and future collaboration arrangements, changes in business strategy or development plans or targets, changes in the degree of protection created by the group’s patents and other intellectual property rights, the availability of capital on acceptable terms; (2) industry conditions, such as strength of product demand, intensity of competition, prevailing and future global market prices for the group’s products and the pricing pressures thereto, price fluctuations in raw materials, financial condition of the customers and the competitors of the group, the potential introduction of competing products and technologies by competitors; and (3) general economic conditions, such as rates of economic growth in the group’s principal geographic markets or fluctuations in exchange and interest rates. All statements are based on management’s best assumptions and beliefs in light of the information currently available to it and Stora Enso assumes no obligation to publicly update or revise any forward-looking statement except to the extent legally required.



THE RENEWABLE MATERIALS COMPANY