



storaenso

# Press conference: Acquisition of De Jong Packaging Group

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# 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 m<sup>2</sup>
  - 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

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

Highest  
De Jong Packaging Group's volumes  
Lowest

## Value-adding capabilities



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

# 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 m<sup>2</sup> to 750 million m<sup>2</sup>
- 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 m<sup>2</sup>
- Operational in Q1 2024

**€275 million invested in 2022**

**Capacity expansion from 560 million m<sup>2</sup> in 2022 to approx. 1,200 million m<sup>2</sup> 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

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- 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



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