Ranpak

4Q23 Earnings Presentation

March 11, 2024



Disclaimers

CAUTION ABOUT FORWARD-LOOKING STATEMENTS

This presentation contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our forward-looking statements include, but are not limited to, statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. Statements that are not historical facts, including statements about the parties, perspectives and expectations, are forward-looking statements. In addition, any statements that refer to estimates, projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this presentation include, for example, statements about our expectations around the future performance of the business, including our forward-looking guidance.

The forward-looking statements contained in this presentation are based on our current expectations and beliefs concerning future developments and their potential effects on us taking into account information currently available to us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks include, but are not limited to: (i) our inability to secure a sufficient supply of paper to meet our production requirements; (ii) the impact of rising prices on production inputs, including labor, energy, and freight on our results of operations; (iii) the impact of the price of kraft paper on our results of operations; (iv) our reliance on third party suppliers; (v) geopolitical conflicts and other social and political unrest or change; (vi) the high degree of competition and continued consolidation in the markets in which we operate; (vii) consumer sensitivity to increases in the prices of our products, changes in consumer preferences with respect to paper products generally, or customer inventory rebalancing; (viii) economic, competitive and market conditions generally, including macroeconomic uncertainty, the impact of inflation, and variability in energy, freight, labor and other input costs; (ix) the loss of certain customers; (x) our failure to develop new products that meet our sales or margin expectations, or the failure of those products to achieve market acceptance; (xi) our ability to achieve our environmental, social and governance ("ESG") goals and maintain the sustainable nature of our product portfolio and fulfill our obligations under evolving ESG standards; (xii) our ability to fulfill our obligations under new disclosure regimes relating to environmental, social and governance matters, such as the European Sustainability Disclosure Standards recently adopted by the European Union ("EU") under the EU's Corporate Sustainability Reporting Directive ("CSRD"); (xiii) our future operating results fluctuating, failing to match performance or to meet expectations; (xiv) our ability to fulfill our public company obligations; and (xv) other risks and uncertainties indicated from time to time in filings made with the Securities and Exchange Commission.

Should one or more of these risks or uncertainties materialize, they could cause our actual results to differ materially from the forward-looking statements. We are not undertaking any obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. You should not take any statement regarding past trends or activities as a representation that the trends or activities will continue in the future. Accordingly, you should not put undue reliance on these statements.

USE OF NON-GAAP FINANCIAL MEASURES

This investor presentation includes non-GAAP financial measures including constant currency EBITDA, constant currency Adjusted EBITDA, constant currency Adjusted EBITDA margin, constant currency net revenue and constant currency gross profit. Management believes presentation of these non-GAAP measures is useful because they allow management to more effectively evaluate its operating performance and compare the results of its operations from period to period and against its peers without regard to financing methods or capital structure. Management does not consider these non-GAAP measures in isolation or as an alternative to similar financial measures determined in accordance with GAAP. The computations of constant currency Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. These non-GAAP financial measures should not be considered as alternatives to, or more meaningful than, measures of financial performance as determined in accordance with GAAP or as indicators of operating performance.

We present constant currency EBITDA and constant currency Adjusted EBITDA on a constant currency basis because it allows a better insight into the performance of our businesses that operate in currencies other than our reporting currency. Before consolidation, our Europe/Asia financial data is derived in Euros. To calculate the adjustment that we apply to present constant currency EBITDA and constant currency Adjusted EBITDA on a constant currency basis, we multiply this Euro-derived data by 1.15 to reflect an exchange rate of 1 Euro to 1.15 U.S. dollars ("USD"), which we believe is a reasonable exchange rate to use to give a stable depiction of the business without currency fluctuations between periods, to calculate Europe/Asia data in constant currency USD. We believe that using an exchange rate of 1.15 is reasonable because it approximates the average exchange rate of the Euro to USD over the past five years. In addition, we include certain other unaudited, non-GAAP constant currency data for the three and twelve months ended December 31, 2023 and 2022. This data is based on our historical financial statements, adjusted (where applicable) to reflect a constant currency presentation between periods for the convenience of readers.

Ranpak Fourth Quarter Performance Commentary

Stronger holiday season and improved EMEA operating environment drove increased volumes

Higher volumes drove 10% increase in sales on constant currency basis

Strong holiday season overall drove sequential uptick but industrial and manufacturing environment remains slow globally

- North America revenue increased 8% vs prior year due to higher volumes
- EMEA/APAC revenue increased 12% on a constant currency basis due to higher volumes vs prior year

- Reported Gross Margin improved more than 950 bps vs the prior year to 37.7% driven by lower input costs
  - Paper cost environment remains favorable although has stabilized
- Improved Cash Conversion Cycle to ~35 days through tight working capital management
- Finished year with $62mm cash on hand (nearly flat to start of 2023)

Performance indicators:

- Net revenue increased 10% on a constant currency basis driven by higher volumes (+10 pts) and Automation (+2 pts) somewhat offset by price (-2 pts)
- Gross profit increased $11.5mm or 48% on a constant currency basis driven by lower paper costs and higher volumes
- Adjusted EBITDA increased 89% on a constant currency basis driven by improved gross profit

Revenue

North America

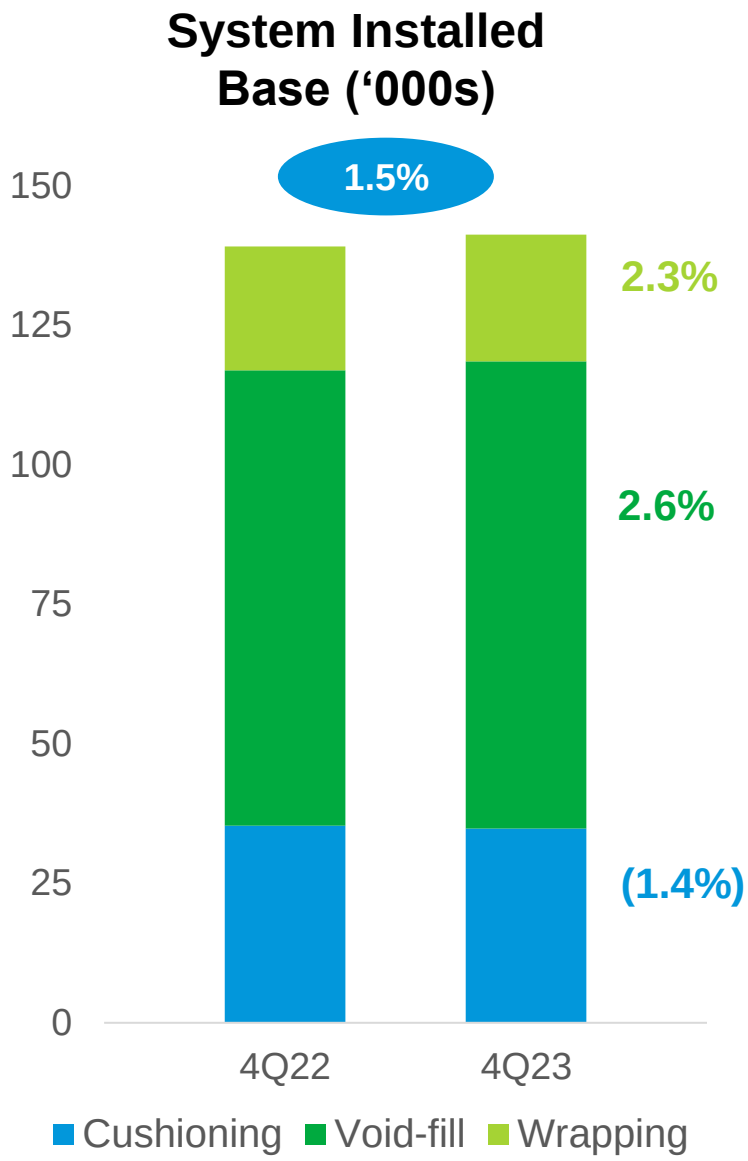
- Stronger holiday season among e-Commerce players drove sequential improvement in volumes from Q3 to Q4 (more in line with historical seasonality)
- Manufacturing sector remains soft
- Good progress on strategic account activity. Expect to see impact begin in Q2 2024
- Good traction from new product launches expected to contribute to 2024 revenue profile

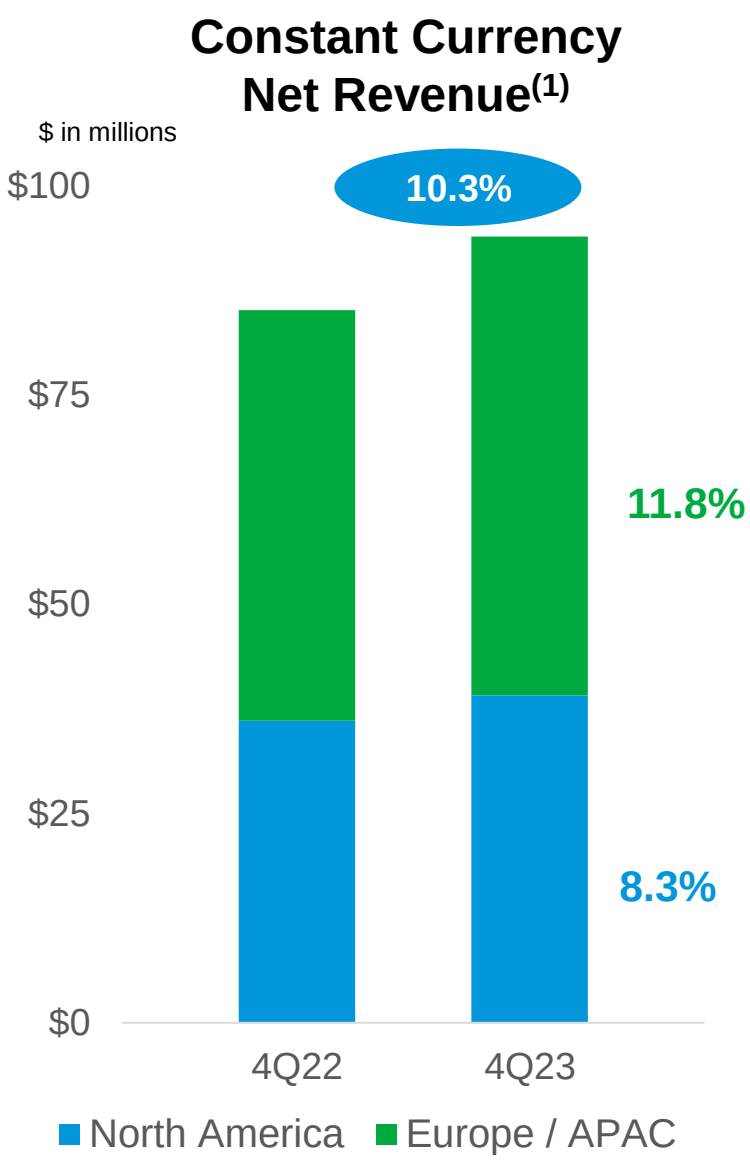
Europe / APAC

- Volumes improved 15% year over year
- Energy environment in Europe providing optimism for improvement but overall activity and sentiment remains subdued

Key Takeaway

- Continued momentum in Automation
- Sustainability shift in North America underway and helping to drive strategic account activity





Note: Figures based on unaudited internal company financial statements. Based on constant currency at € / $ 1.15.

(1) Constant currency net revenue is a non-GAAP measure, consisting of net revenue presented on a constant currency basis for the periods presented. Refer to the Appendix to this presentation for a description of the basis of presentation and a reconciliation of constant currency net revenue to net revenue, the most directly comparable U.S. GAAP measure.

Profitability

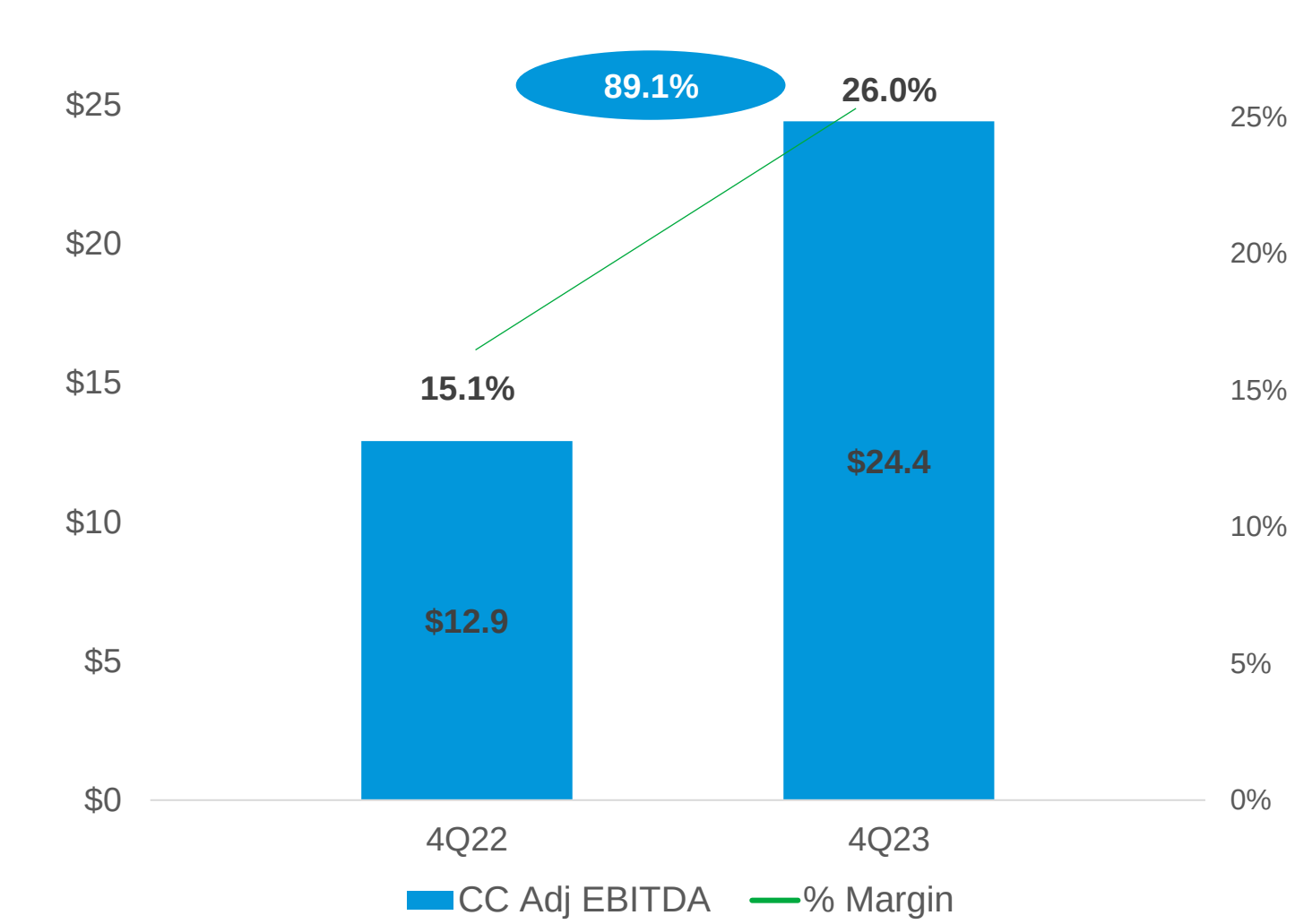
CC Adj. EBITDA up 89.1% vs 4Q22

- Gross profit up 48% on constant currency basis:
  - Margin improvement to 37.7% from 28.1% in prior year
- Favorable input cost environment key driver in improved Gross Margin profile vs prior year
  - Paper pricing environment in Europe and North America remains favorable but pricing flattening out
  - Q1 and majority of Q2 pricing locked in Europe
- Adj. EBITDA increase driven by 10% volume growth and improved materials cost

Key Takeaways

- Clawed back gross margin throughout the year and saw favorable flow through to EBITDA as volumes increased in Q3 and Q4 vs prior year
- Volumes key to driving profitability growth going forward

Constant Currency Adjusted EBITDA(1)

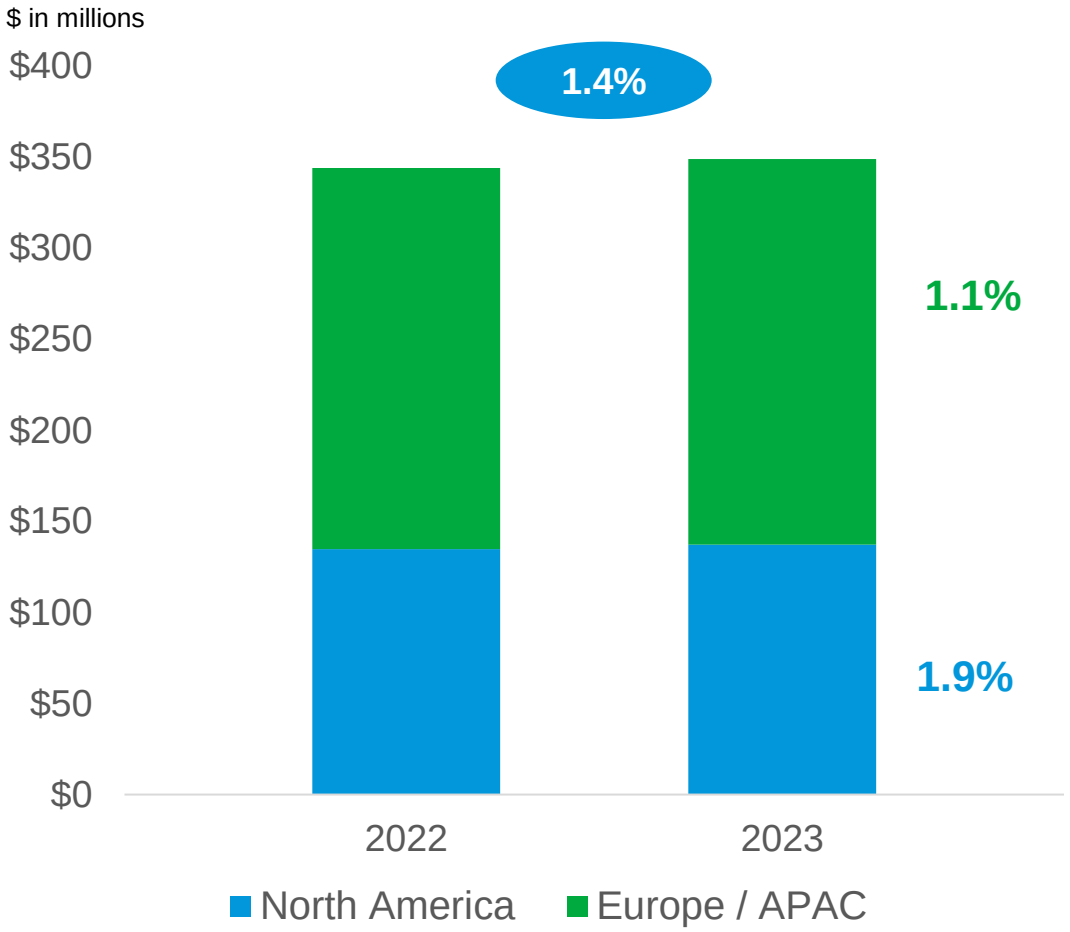


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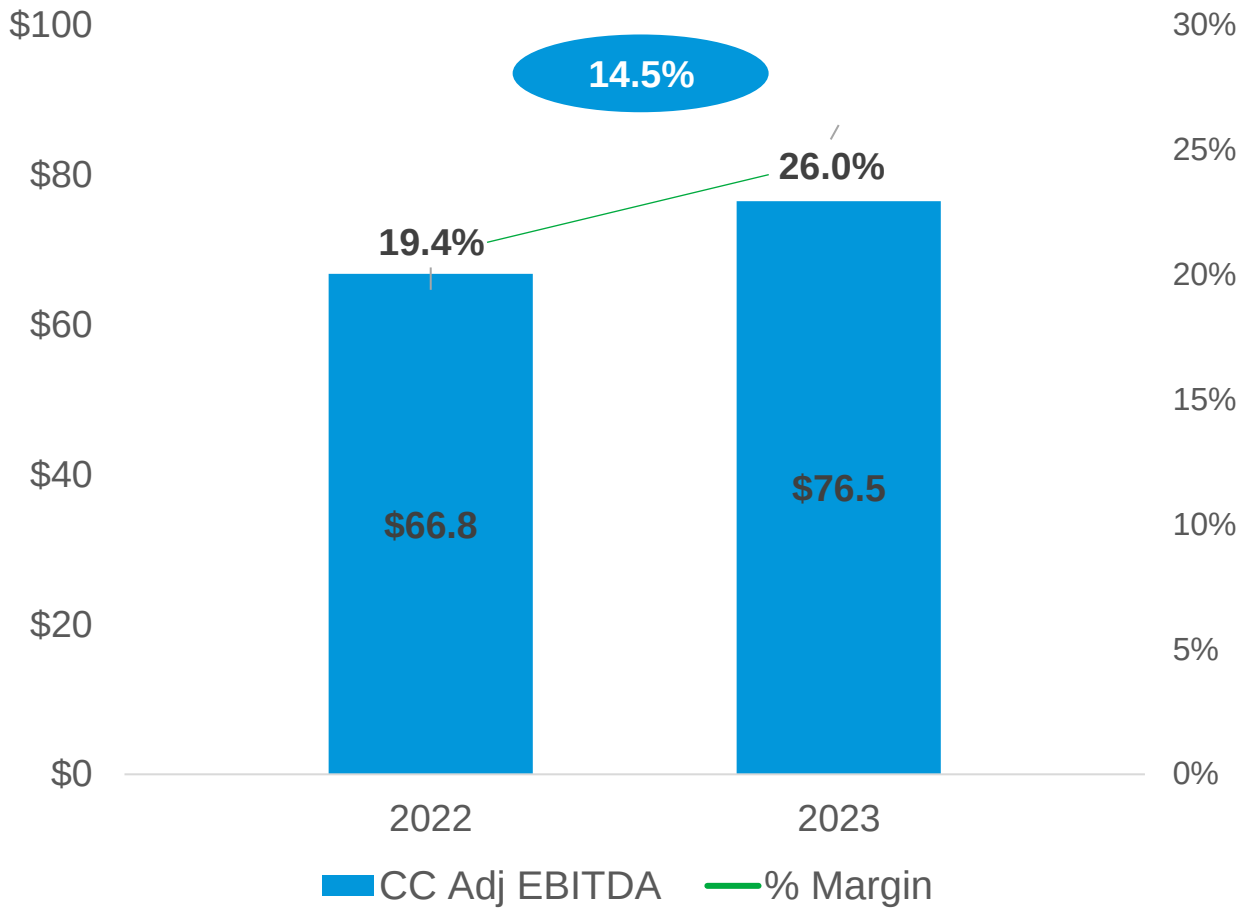
(1) Constant Currency Adjusted EBITDA is a non-GAAP measure. Refer to the Appendix to this presentation for a reconciliation of Adjusted EBITDA to net income. Adjusted EBITDA is earnings before interest expense, income taxes, depreciation and amortization plus other non-core and non-cash adjustments including recruiting fees and non-recurring professional fees.

Full Year 2023 Performance

Constant Currency Net Revenue(1)



Constant Currency Adjusted EBITDA(2)



Note: Figures based on unaudited internal company financial statements. Based on constant currency at € / $ 1.15.

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(2) Constant Currency Adjusted EBITDA is a non-GAAP measure. Refer to the Appendix to this presentation for a reconciliation of Adjusted EBITDA to net income. Adjusted EBITDA is earnings before interest expense, income taxes, depreciation and amortization plus other non-core and non-cash adjustments including recruiting fees and non-recurring professional fees.

2024 Guidance

Top line expectations include:

- Continued volume improvement driven by strategic account activity and a continuing slow return to more normal operating environment
- Automation growth of 50%+

Expected growth in Adj EBITDA reflects steady gross margin profile and top-line increase

- Higher volumes drive improved operating leverage

Expected meaningful stepdown in Capital Expenditures in 2024 due to completion of key infrastructure projects in 2023

2024 Guidance

Constant Currency Adjusted Net Revenue: $370 - $390 million (+6% - 12%)

Constant Currency Adjusted EBITDA: $80 - $89 million (+5% - 16%)

Note: Adjusted EBITDA is a non-GAAP metric. Adjusted EBITDA is earnings before interest expense, income taxes, depreciation and amortization plus other non-core and non-cash adjustments including recruiting fees and non-recurring professional fees. Based on constant currency at € / $ 1.15.

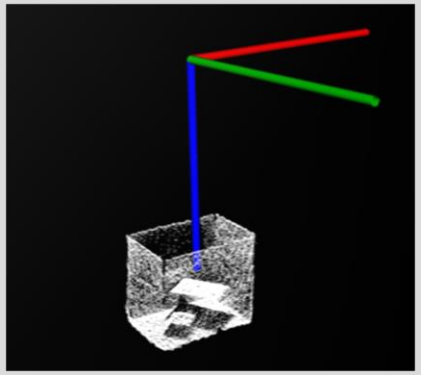
We are unable to provide a reconciliation of our forecast of net revenue on a constant currency basis for 2023 to a forecast of net revenue on a U.S. GAAP basis without unreasonable effort primarily because we are unable to forecast with reasonable certainty the associated currency impact. In addition, a reconciliation of our forecast for C.C. Adj. EBITDA for 2023 to U.S. GAAP net income cannot be provided without unreasonable effort because we are unable to forecast with reasonable certainty several of the items necessary to calculate such comparable U.S. GAAP measure, including asset impairments, integration related expenses, reorganizations and discontinued operations related expenses, legal settlement costs, as well as other unusual or non-recurring gains or losses. These items are uncertain, depend on various factors, and could be material to our results computed in accordance with U.S. GAAP. We believe the inherent uncertainties in reconciling such non-GAAP measures for projected periods to the most comparable U.S. GAAP measures would make the forecasted comparable U.S. GAAP measures difficult to predict with reasonable certainty or reliability.

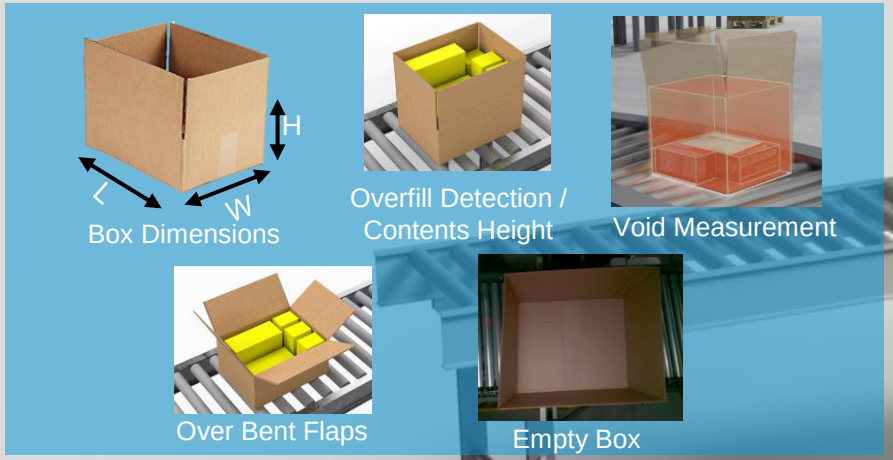
Liquidity and Capitalization

- Ranpak completed 4Q23 with a solid liquidity position - cash balance of $62 million and no drawings on its Revolving Credit Facility
- Net Leverage Ratio improved by a full turn from 3Q23 to 4.6x as of 12/31/23 (Bank Adj. EBITDA leverage ratio of 5.0x per Covenant Calculation)
  - Returning to a more conservative profile through Adj. EBITDA growth and cash generation is top priority in 2024
- As of 12/31/2023 the Company had First Lien Term Loan facilities outstanding consisting of two tranches of term loans:
    - $250 million U.S. dollar denominated *- $0 principal payments required until 2026 maturity*
      - Interest Rate: SOFR + 400. *80% Swapped*
        - $200 million swapped at 2.12% thru June 2024
    - €134 million Euro denominated - *€1.4 million annual principal payments required through 2026 maturity*
      - Interest Rate: Euribor + 400. *Floating*

Global Product Launch – DecisionTower™

AI fueled **machine vision technology** using 2D and 3D images to scan boxes for QA, void measurement and broader analytics to **increase operational uptime** of automated packaging lines, provide **more consistent dunnage** application when connected to converters and provide **data insights** for better processes





Global Product Launch – Trident Mini™



Trident Mini's patented triangular pad shape enables operators to **pack faster while using up to 20% less paper vs competitor Void Fill solutions**

Easy loading saves time and provides efficiency, making it an **ideal choice for mid to high-volume environments**

Sleek design and compact footprint make this an **excellent solution for tight pack station environments**

Unaudited GAAP Income Statement Data

$ in millions except per share values

	Year Ended December 31,		
	2023	2022	2021
Paper revenue	$ 264.2	$ 261.3	$ 321.4
Machine lease revenue	51.5	50.1	47.7
Other revenue	20.6	15.1	14.8
Net revenue	**336.3**	**326.5**	**383.9**
Cost of goods sold	213.0	226.9	235.0
Gross profit	**123.3**	**99.6**	**148.9**
Selling, general and administrative expenses	91.8	105.5	98.3
Depreciation and amortization expense	33.8	32.1	35.0
Other operating expense, net	5.2	4.5	3.4
Income (loss) from operations	**(7.5)**	**(42.5)**	**12.2**
Interest expense	24.3	20.7	22.4
Foreign currency gain	(0.3)	(2.2)	(5.3)
Other non-operating income, net	(0.2)	(4.3)	-
Loss before income tax benefit	**(31.3)**	**(56.7)**	**(4.9)**
Income tax benefit	(4.2)	(15.3)	(2.1)
Net loss	**$ (27.1)**	**$ (41.4)**	**$ (2.8)**
Two-class method			
Basic and diluted loss per share	$ (0.33)	$ (0.51)	$ (0.04)
Class A – basic and diluted loss per share	$ (0.33)	$ (0.51)	$ (0.04)
Class C – basic and diluted loss per share	$ (0.34)	$ (0.51)	$ (0.03)
Weighted average number of shares outstanding – Class A and C – basic and diluted	82,374,605	81,877,334	78,542,734
Other comprehensive income (loss), before tax			
Foreign currency translation adjustments	$ 2.0	$ (7.2)	$ (13.1)
Interest rate swap adjustments	(7.9)	14.1	7.3
Total other comprehensive income (loss), before tax	**(5.9)**	**6.9**	**(5.8)**
Provision (benefit) for income taxes related to other comprehensive income (loss)	(2.8)	4.3	2.3
Total other comprehensive income (loss), net of tax	**(3.1)**	**2.6**	**(8.1)**
Comprehensive loss, net of tax	**$ (30.2)**	**$ (38.8)**	**$ (10.9)**

Reconciliation of Non-GAAP metrics

$ in millions except per share values

The results of operations data contained in this presentation are based on our preliminary, unaudited results of operations for the quarter ended December 31, 2023. Such preliminary data should not be viewed as a comprehensive statement of our financial results for the quarter ended December 31, 2023

	Non-GAAP Measures			
	Three Months Ended December 31,			
	2023	2022	$ Change	% Change
Net revenue	$ 90.4	$ 79.4	$ 11.0	13.9
Cost of goods sold	56.3	57.1	(0.8)	(1.4)
Gross profit	**34.1**	**22.3**	**11.8**	**52.9**
Selling, general and administrative expenses	27.4	18.7	8.7	46.5
Depreciation and amortization expense	9.6	8.1	1.5	18.5
Other operating expense, net	1.7	1.1	0.6	54.5
Loss from operations	**(4.6)**	**(5.6)**	**1.0**	**(17.9)**
Interest expense	5.9	5.5	0.4	7.3
Foreign currency (gain) loss	(0.5)	1.9	(2.4)	(126.3)
Other non-operating (income) expense, net	0.6	(0.3)	0.9	(300.0)
Loss before income tax benefit	**(10.6)**	**(12.7)**	**2.1**	**(16.5)**
Income tax benefit	(1.3)	(5.4)	4.1	(75.9)
Net loss	**(9.3)**	**(7.3)**	**(2.0)**	**27.4**
Depreciation and amortization expense – COS	10.6	8.1	2.5	30.9
Depreciation and amortization expense – D&A	9.6	8.1	1.5	18.5
Interest expense	5.9	5.5	0.4	7.3
Income tax benefit	(1.3)	(5.4)	4.1	(75.9)
EBITDA[1]	**15.5**	**9.0**	**6.5**	**72.2**
Adjustments[2]:				
Unrealized (gain) loss translation	(0.5)	1.9	(2.4)	(126.3)
Non-cash impairment losses	0.6	0.5	0.1	20.0
M&A, restructuring, severance	2.8	0.3	2.5	833.3
Amortization of restricted stock units	1.6	(2.5)	4.1	(164.0)
Amortization of cloud-based software implementation costs[3]	0.8	0.7	0.1	14.3
Cloud-based software implementation costs	1.2	0.9	0.3	33.3
SOX remediation costs	0.8	-	0.8	-
Other adjustments	0.7	1.0	(0.3)	(30.0)
Constant currency	0.9	1.1	(0.2)	(18.2)
Constant Currency AEBITDA[1]	**24.4**	**12.9**	**11.5**	**89.1**

(1) Financial metrics of the Company presented on a constant currency basis, including net revenue, gross profits, and Adjusted EBITDA on a constant currency basis. The average foreign exchange rate used by the Company for the three months ended December 31, 2023 and 2022 was $1.15:€1.00.

(2) Adjustments are related to non-cash unusual or infrequent costs such as: effects of non-cash foreign currency remeasurement or adjustment; impairment of returned machines; costs associated with the evaluation of acquisitions; costs associated with executive severance; costs associated with restructuring actions such as plant rationalization or realignment, reorganization, and reductions in force; costs associated with the implementation of the global ERP system; and other items deemed by management to be unusual, infrequent, or non-recurring.

(3) Represents amortization of capitalized costs related to the implementation of the global ERP system, which are included in SG&A.

Reconciliation of Non-GAAP metrics

$ in millions except per share values

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	Non-GAAP Measures			
	Year Ended December 31,			
	2023	2022	$ Change	% Change
Net revenue	$ 336.3	$ 326.5	$ 9.8	3.0
Cost of goods sold	213.0	226.9	(13.9)	(6.1)
Gross profit	**123.3**	**99.6**	**23.7**	**23.8**
Selling, general and administrative expenses	91.8	105.5	(13.7)	(13.0)
Depreciation and amortization expense	33.8	32.1	1.7	5.3
Other operating expense, net	5.2	4.5	0.7	15.6
Loss from operations	**(7.5)**	**(42.5)**	**35.0**	**(82.4)**
Interest expense	24.3	20.7	3.6	17.4
Foreign currency gain	(0.3)	(2.2)	1.9	(86.4)
Other non-operating income, net	(0.2)	(4.3)	4.1	(95.3)
Loss before income tax benefit	**(31.3)**	**(56.7)**	**25.4**	**(44.8)**
Income tax benefit	(4.2)	(15.3)	11.1	(72.5)
Net loss	**(27.1)**	**(41.4)**	**14.3**	**(34.5)**
Depreciation and amortization expense – COS	35.8	36.8	(1.0)	(2.7)
Depreciation and amortization expense – D&A	33.8	32.1	1.7	5.3
Interest expense	24.3	20.7	3.6	17.4
Income tax benefit	(4.2)	(15.3)	11.1	(72.5)
EBITDA[1]	**62.6**	**32.9**	**29.7**	**90.3**
Adjustments[2]:				
Unrealized gain translation	(0.3)	(2.3)	2.0	(87.0)
Non-cash impairment losses	1.5	1.0	0.5	50.0
M&A, restructuring, severance	5.8	2.0	3.8	190.0
Amortization of restricted stock units	(10.2)	18.3	(28.5)	(155.7)
Amortization of cloud-based software implementation costs[3]	3.0	2.8	0.2	7.1
Cloud-based software implementation costs	4.3	7.4	(3.1)	(41.9)
Unrealized gain on investment in small private business	-	(3.9)	3.9	(100.0)
SOX remediation costs	4.2	-	4.2	-
Other adjustments	2.5	4.3	(1.8)	(41.9)
Constant currency	3.1	4.3	(1.2)	(27.9)
Constant Currency AEBITDA[1]	**$ 76.5**	**$ 66.8**	**$ 9.7**	**14.5**

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Reconciliation of Non-GAAP metrics

$ in millions except per share values

The results of operations data contained in this presentation are based on our preliminary, unaudited results of operations for the quarter ended December 31, 2023. Such preliminary data should not be viewed as a comprehensive statement of our financial results for the quarter ended December 31, 2023

	Three Months Ended December 31, 2023		
	As reported	Constant Currency(4)	Non-GAAP
Net revenue	$ 90.4	$ 3.5	$ 93.9
Cost of goods sold	56.3	2.2	58.5
Gross profit	**34.1**	**1.3**	**35.4**
Selling, general and administrative expenses	27.4	1.0	28.4
Depreciation and amortization expense	9.6	0.2	9.8
Other operating expense, net	1.7	0.1	1.8
Loss from operations	**(4.6)**	**-**	**(4.6)**
Interest expense	5.9	0.2	6.1
Foreign currency gain	(0.5)	(0.1)	(0.6)
Other non-operating expense, net	0.6	-	0.6
Loss before income tax benefit	**(10.6)**	**(0.1)**	**(10.7)**
Income tax benefit	(1.3)	0.2	(1.1)
Net loss	**$ (9.3)**	**$ (0.3)**	**$ (9.6)**

Constant currency-effected add[1]:	
Depreciation and amortization expense – COS	10.9
Depreciation and amortization expense – D&A	9.8
Interest expense	6.1
Income tax benefit	(1.1)
Constant currency EBITDA	**16.1**
Constant currency-effected adjustments[2]:	
Unrealized gain translation	(0.6)
Non-cash impairment losses	0.6
M&A, restructuring, severance	2.9
Amortization of restricted stock units	1.7
Amortization of cloud-based software implementation costs[3]	0.8
Cloud-based software implementation costs	1.2
SOX remediation costs	0.8
Other adjustments	0.9
Constant currency AEBITDA	**$ 24.4**

	Three Months Ended December 31, 2022		
	As reported	Constant Currency(4)	Non-GAAP
Net revenue	$ 79.4	$ 5.7	$ 85.1
Cost of goods sold	57.1	4.1	61.2
Gross profit	**22.3**	**1.6**	**23.9**
Selling, general and administrative expenses	18.7	1.2	19.9
Depreciation and amortization expense	8.1	0.3	8.4
Other operating expense, net	1.1	0.1	1.2
Loss from operations	**(5.6)**	**-**	**(5.6)**
Interest expense	5.5	0.1	5.6
Foreign currency loss	1.9	(0.3)	1.6
Other non-operating income, net	(0.3)	-	(0.3)
Loss before income tax benefit	**(12.7)**	**0.2**	**(12.5)**
Income tax benefit	(5.4)	-	(5.4)
Net loss	**(7.3)**	**0.2**	**(7.1)**

Constant currency-effected add[1]:	
Depreciation and amortization expense – COS	9.0
Depreciation and amortization expense – D&A	8.4
Interest expense	5.6
Income tax benefit	(5.4)
Constant currency EBITDA	**10.5**
Constant currency-effected adjustments[2]:	
Unrealized loss translation	1.6
Non-cash impairment losses	0.6
M&A, restructuring, severance	0.3
Amortization of restricted stock units	(2.5)
Amortization of cloud-based software implementation costs[3]	0.8
Cloud-based software implementation costs	1.0
Other adjustments	0.6
Constant currency AEBITDA	**$ 12.9**

Ranpak Deliver a Better World

(1) Financial metrics of the Company presented on a constant currency basis, including net revenue, gross profits, and Adjusted EBITDA on a constant currency basis. The average foreign exchange rate used by the Company for the three months ended December 30, 2023 and 2022 was $1.15:€1.00.

(2) Adjustments are related to non-cash unusual or infrequent costs such as: effects of non-cash foreign currency remeasurement or adjustment; impairment of returned machines; costs associated with the evaluation of acquisitions; costs associated with executive severance; costs associated with restructuring actions such as plant rationalization or realignment, reorganization, and reductions in force; costs associated with the implementation of the global ERP system; and other items deemed by management to be unusual, infrequent, or non-recurring.

(3) Represents amortization of capitalized costs related to the implementation of the global ERP system, which are included in SG&A.

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