

Annual report 2021

Conference call 9 March 2022

CEO Torben Rosenkrantz-Theil

CFO Flemming Steen



2021 highlights

Revenue, DKK

2,744_m

- Expanded footprint and market share in turbulent year
- 7% growth driven by addition of new activities
- Lower demand and return of seasonality
- Currency impact of DKK -100m

Earnings, DKK

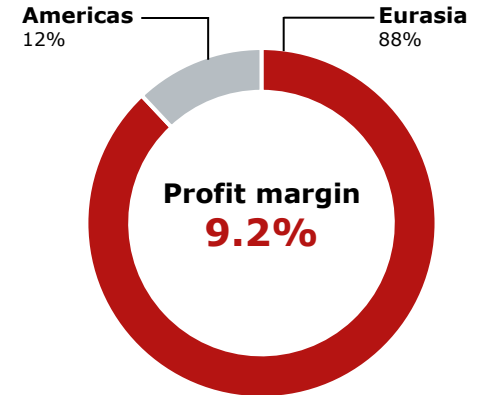
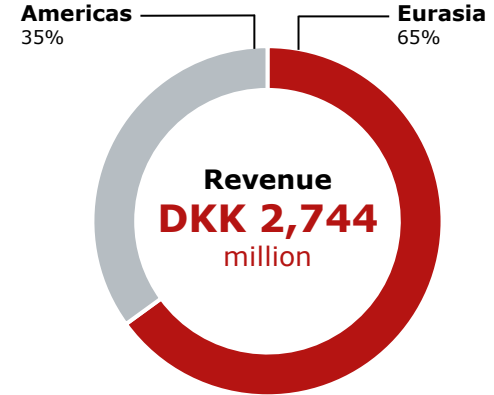
250_m

- Unprecedented rise in raw material prices
- Lower capacity utilisation of increased platform
- COVID-19 affected operations
- Improved product and price mix

Investments, DKK

542_m

- Expansion in Europe and the US during 2021
- Capacity added in Europe and the US in early 2022
- Investment in Gotek-Litar



Market developments and COVID-19

Fluctuating demand

- Lower demand after phasing out of restrictions
- Return to seasonality at a lower level
- Fewer supermarket off-season promotions

Higher raw material prices

- Unprecedented price increases
- Geopolitical tension entails continued volatility
- Operations maintained in 2021 despite uncertainty

COVID-19 effects

- Protect employees, partners and customers
- Monitor developments across markets
- Ensure supplies, operations and deliveries

Macroeconomic uncertainty in South America

- Declining economic growth
- Reduced demand for retail packaging
- Higher inflation and interest rate

Segment overview

Americas

Revenue: DKK 968m (4%)

Profit margin: 3.7% (2020: 16.2%)

Improved product and price mix

Lower demand compared to unusually high 2020 level

Staffing challenges and lower efficiency due to COVID-19

Sharp raw material price increases

Eurasia

Revenue: DKK 1,776m (9%)

Profit margin: 13.7% (2020: 20.1%)

Revenue increase driven by acquisitions and higher sales price

Profitability severely impacted by historical raw material price hikes

Positive impact from DKK 78m licence income in Q1

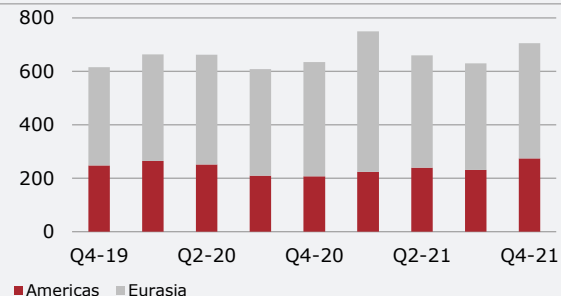


Financials 2021

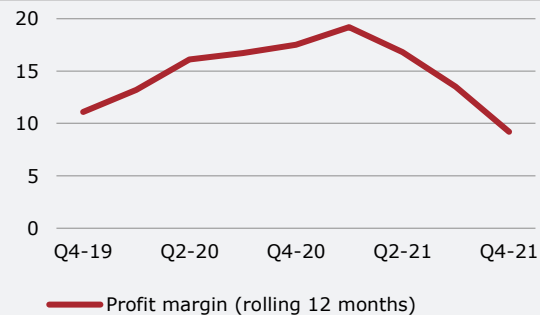
- 7% revenue growth and stronger market position
 - Positive impact of acquisitions and higher sales price
 - Lower demand compared to high 2020 level
 - Negative currency impact of DKK 100 million
- Dramatic increase in external costs
 - Historical raw material prices across markets
 - Improved price and product mix
 - Negative impact mitigated by licence income in Q4
- Impairment of South American activities of DKK 112 million

DKKm	2021	2020
Revenue	2,744	2,567
Operating profit	250	452
Special items	(116)	(13)
Profit	74	274
Free cash flows (operating and investing)	(291)	12
Invested capital	2,072	1,654
Profit margin, %	9.2	17.5
ROIC, %	11.6	28.7

Revenue (DKKm)



Profit margin (%)



Strategy – trends and strengths

Trends

Demographics



Population growth
Increasing prosperity
Urbanisation
Retail growth

Sustainability



Growing awareness
Single-use plastic ban
Well-proven alternative

Consumer behaviour



Consumption growth
Demand for more egg types
Focus on nutrition and animal welfare
Clear differentiation of eggs

Strengths

Expertise



Customer advice
Consumer research
Data-based approach

Platform



Solid market positions
+50 countries
15 factories

Products



Versatile portfolio
Renewable and tailored
FSC and CO₂ neutral

Technology



Proven since 1936
Industry-leading
Internal and external

Strategy – focus

Capacity



- Increase capacity
- Strengthen presence in existing markets
- Explore new markets

Initiatives

New capacity in US and Europe
Integration of India and Russia
Utilisation of Brazil factory

Efficiency



- Continuous cost reduction
- Automation of production
- Improved processes and methods

Initiatives

Investments in automation
Technology implementation
Energy and water optimisation

Marketing



- Focus on expertise and products
- Highlight moulded fibre eco-friendliness

Initiatives

Launches in several markets
Consumer research
Intensified marketing efforts

Guidance 2022 and financial ambitions

Guidance 2022

Revenue

DKK 2.9-3.3bn

Profit margin*

2-7%

Investments

DKK ~225m

- Volume growth and improved sales price
- Continued high energy and paper prices
- Delayed effect of sales price adjustments
- COVID-19 and geopolitics entail high level of uncertainty and low transparency

**Before restatement for hyperinflation and special items*

Ambitions

Continual growth in packaging sales



Year-on-year revenue growth



Profit margin* of at least

14%



Contact information

Brødrene Hartmann A/S
Ørnegårdsvej 18
DK-2820 Gentofte
Tel. (+45) 31 21 68 72
investor@hartmann-packaging.com

Upcoming events

ABG Small & MidCap seminar	21 April 2022
Annual general meeting 2022	26 April 2022
Q1 interim report 2022	19 May 2022
Q2 interim report 2022	17 August 2022
Q3 interim report 2022	15 November 2022



Torben Rosenkrantz-Theil
CEO



Flemming Steen
CFO

Appendix: Key figures and financial ratios

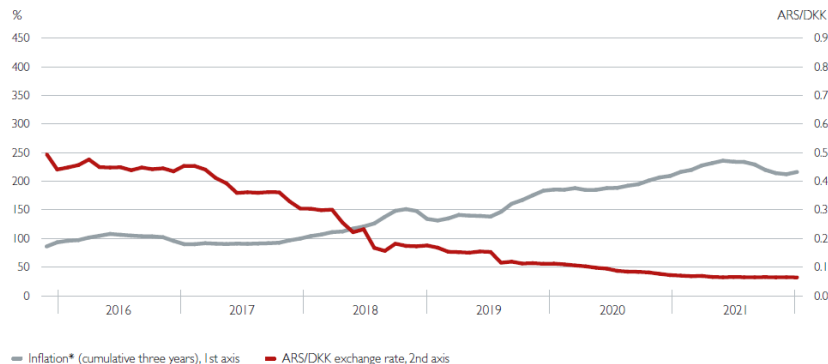
DKKm	Q4		FY	
	2021	2020	2021	2020
Revenue	705	635	2,744	2,567
Eurasia	432	428	1,776	1,635
Americas	273	207	968	933
Operating profit	(13)	98	250	452
Eurasia	(11)	91	244	329
Americas	9	25	35	154
Special items	(116)	(6)	(116)	(13)
Net financials	(7)	(5)	(9)	(65)
Profit	(108)	68	74	274
Free cash flows	(85)	(150)	(291)	12
Profit margin, %	(1.8)	15.3	9.2	17.5

Appendix: Balance sheet

DKKm	30.12.21	30.12.20
Assets	2,804	2,374
Net working capital (NWC)	352	313
Invested capital (IC)	2,072	1,654
Net interest-bearing debt	928	623
Equity	1,197	1,025
ROIC, %	11.6	28.7
Equity ratio, %	42.7	43.2
Gearing, %	77.5	60.8

Appendix: Hyperinflation

Inflation and exchange rate developments in Argentina

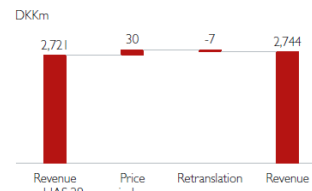


Effects of restating for hyperinflation on selected accounting figures

DKKm	2021 Excl. IAS 29	Price index adjustments	Re- translation	Total adjustment	2021
Revenue	2,721	30	(7)	23	2,744
Operating profit before depreciation	400	(10)	(1)	(11)	389
Operating profit	250	(20)	0	(20)	230
Financial items, net	(9)	0	0	0	(9)

* Restatement for hyperinflation is made based on Argentina's Wholesale Price Index up to 31 December 2016 and on the National Consumer Price Index from 1 January 2017.

Effect of restating revenue



The total effect of IAS 29 implementation on 2021 revenue is a combination of restating for price index developments and the effect of transitioning to translating the Argentine peso into Danish kroner at the exchange rate at the balance sheet date.

Revenue was favourably affected in the amount of DKK 30 million by the average annual increase in the price index of 51% during the period under review, reflecting the effects of restatement for hyperinflation. The ARS/DKK cross rate fell from 7.2 at the beginning of the year to 6.4 at 31 December 2021. The new currency translation practice based on the exchange rate at the balance sheet date, as opposed to the exchange rate at the date of transaction, thus reduced Hartmann's revenue by DKK 7 million.

Revenue was DKK 2,744 million after a net positive impact of restating for hyperinflation of DKK 23 million.

Read more in the annual report

Forward-looking statements

Disclaimer

This presentation contains forward-looking statements reflecting management's expectations of future events and must be viewed in the context of among other things the business environments and currency markets, which may cause actual results to deviate materially from those projected by Hartmann.