

Interim report Q1 2022



Investor presentation
19 May 2022

Q1 2022 highlights

Revenue

776
DKK**m**

- 15% core business growth due to improved pricing
- Higher volume despite challenging market conditions
- Q1 2021 impacted by licence income of DKK 78m

Earnings

44
DKK**m**

- Continued inflation and rise in raw material prices
- Pressure on earnings alleviated by price increases
- Focus on reducing cost through optimisation

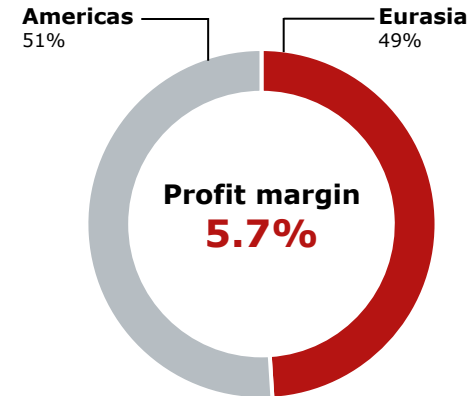
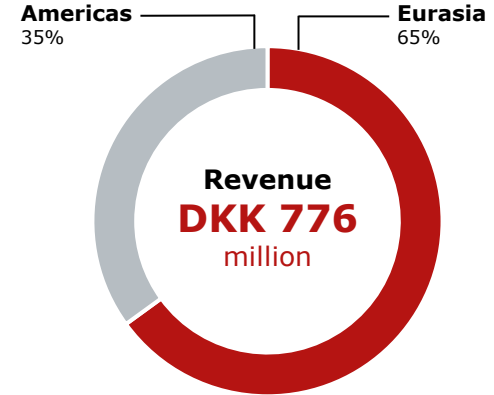
Investments

40
DKK**m**

- Reduced investments after period of high CAPEX
- Continued focus on the USA and Europe
- Decision to divest Russian factory



References to operating profit and profit margin are before restatement for hyperinflation (IAS 29) and special items, unless otherwise stated.



Segment overview

Americas

Revenue: DKK 309m (+38%)

Profit margin: 8.3% (2021: 7.0%)

Improved performance in North America

Avian flu and higher grain prices in North America

Continued increase in raw material prices across markets

Strong performance in Argentina and fierce competition in Brazil

Eurasia

Revenue: DKK 466m (-11%)

Profit margin: 5.4% (2021: 32.5%)

Severely impacted by steep energy and paper prices

Rising inflation and decline in exports to Ukraine and Russia

Positive impact from DKK 78m licence income in Q1 2021

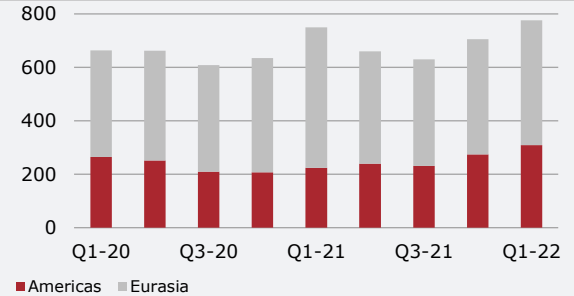


Financials Q1 2022

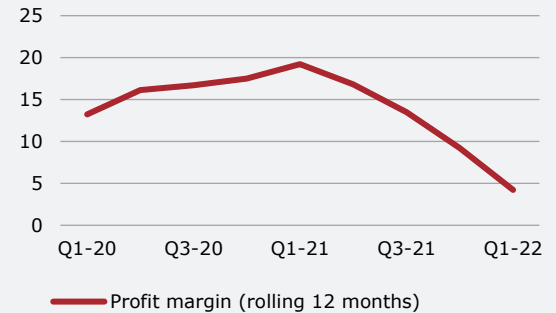
- 3% revenue growth driven by improved pricing
 - Revenue grew 15% adjusted for licence income in Q1 2021
 - Positive impact from moderate volume growth
 - Demand remained subdued in Q1
- Profitability safeguarded in difficult market
 - Historical raw material prices and mounting inflation
 - Decisive action to improve average selling price
 - Q1 2021 impacted by licence income of DKK 78m

DKKm	Q1 2022	Q1 2021
Revenue	776	750
Operating profit	44	180
Special items	0	0
Profit	26	128
Free cash flows (operating and investing)	(53)	(112)
Invested capital	2,200	1,934
Profit margin, %	5.7	24.0
ROIC, %	4.3	31.2

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

Continued expansion in US
Commissioning in Europe
Sales process in Russia

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

Product launches
Consumer research
Intensified marketing efforts

Guidance 2022 and financial ambitions

Guidance 2022 unchanged

Revenue

DKK 2.9-3.3bn

Profit margin*

2-7%

Investments

DKK ~225m

- Improved sales price and volume growth
- Persistently high energy and paper prices
- Increasing inflationary pressure
- Price adjustments implemented at time lag
- No contribution from Russia
- War in Ukraine, increasing raw material prices, macroeconomics in South America and COVID-19 entail 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

Q2 interim report 2022	17 August 2022
ABG Small & MidCap seminar	21 September 2022
Q3 interim report 2022	15 November 2022



Torben Rosenkrantz-Theil
CEO



Flemming Steen
CFO

Appendix: Key figures and financial ratios

	Q1	
DKKm	2022	2021
Revenue	776	750
Eurasia	466	526
Americas	309	224
Operating profit	44	180
Eurasia	25	171
Americas	26	16
Special items	0	0
Net financials	7	(5)
Profit	26	128
Free cash flows	(53)	(112)
Profit margin, %	5.7	24.0

Appendix: Balance sheet

DKKm	31.03.22	31.03.21
Assets	2,893	2,580
Net working capital (NWC)	436	417
Invested capital (IC)	2,200	1,934
Net interest-bearing debt	1,008	735
Equity	1,249	1,185
ROIC, %	4.3	31.2
Equity ratio, %	43.2	46.0
Gearing, %	80.7	62.0

Appendix: Hyperinflation

Inflation and exchange rate developments in Argentina

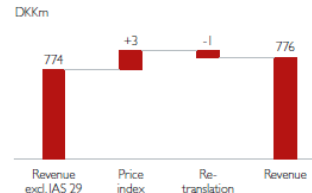


Effects of restating for hyperinflation on selected accounting figures year to date

DKKm	Excl. IAS 29	Price index	Re-translation	Total adjustment	2022 to date
Revenue	774	3	(1)	2	776
Operating profit before depreciation	86	(6)	(1)	(7)	79
Operating profit	44	(8)	0	(8)	36
Net financial items	(1)	8	0	8	7

* 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.

Effects of restating year-to-date revenue



The total effect on Q1 2022 revenue of restating for hyperinflation under IAS 29 is a combination of restating for price index developments and the effect of using the exchange rate at the balance sheet date for purposes of translating from the Argentine peso into Danish kroner.

The price index rose by 1.6% during the first three months of the year, boosting revenue by DKK 3 million. The increase offset a decline in the ARS/DKK cross rate from 0.06385 at the beginning of the year to 0.06037 at 31 March 2022 reducing revenue by DKK 1 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 776 million after a net positive impact of restating for hyperinflation of DKK 2 million.

For more information about hyperinflation, see page 86 and note 31 in the annual report for 2021

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.