

Annual report 2022



Conference call 8 March 2023

CEO Torben Rosenkrantz-Theil

CFO Flemming Steen

2022 highlights

Revenue

3,350
DKKm

- Revenue driven by pricing actions across markets
- Slight Eurasia volume decline due to Russia and India
- Volume growth in North America and Argentina

Earnings

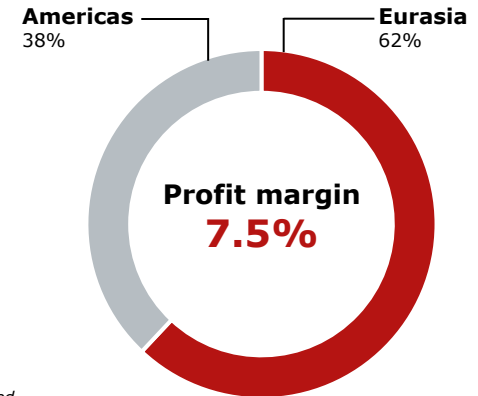
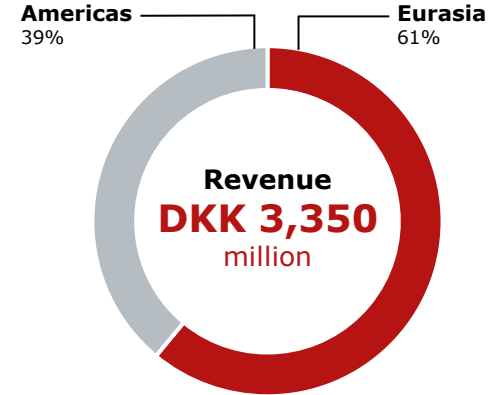
252
DKKm

- Decent earnings secured mainly by pricing actions
- Energy prices at all-time high
- Higher raw material prices and inflationary pressure

Investments

186
DKKm

- Relatively low investment level
- Strategic investments implemented
- Minor investments across plants postponed



Navigating in a challenging environment

Energy crisis

- Historic high prices on natural gas and electricity
- Cost level significantly impacted
- Necessary, mitigating pricing actions implemented

Inflation and volatile demand

- Rising inflation had opposite effects on egg demand
- Eggs as affordable alternative protein source
- Disrupted supply chain from feed prices and avian flu

Recycled paper prices

- Steep price increases during H1 2022
- Growing paper demand

Continued uncertainty in South America

- Low economic growth
- Rising inflation and interest rate
- Increased political tension

Segment overview

Americas

Revenue: DKK 1,319m (+36%)

Profit margin: 8.1% (2021: 3.7%)

Improvement from increased selling prices, and volume growth in North America and Argentina
Economic uncertainty in South America

Eurasia

Revenue: DKK 2,032m (+20%)

Profit margin: 8.7% (2021: 14.4%)

Continued pricing actions mitigated negative external effects
Slight volume decline due to Russia, India, market softness and high egg prices

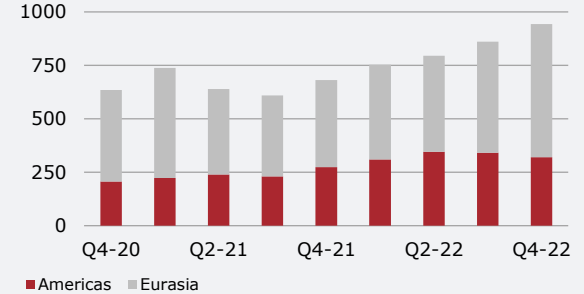


Financials 2022

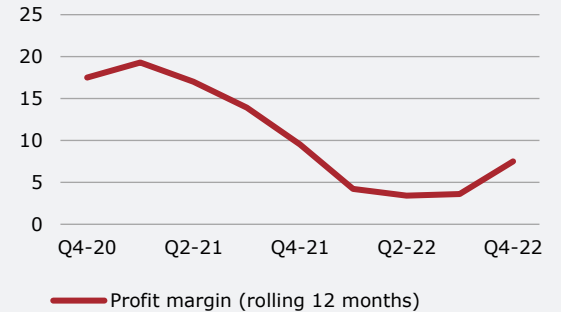
- Necessary pricing actions main driver of revenue increase
 - Slightly lower volumes in Eurasia and increasing in Americas
 - Subdued demand for egg packaging
- Stable earnings mainly due to price increases
 - All-time high energy prices and general inflation
 - Successful pricing actions across markets, market share gains

DKKm	2022	2021
Revenue	3,350	2,666
Operating profit	252	251
Special items	(34)	(116)
Profit for the year	61	75
Profit for the year incl. discontinuing operations	(30)	74
Free cash flows (operating and investing)	23	(286)
Invested capital	2,046	1,939
Profit margin, %	7.5	9.5
ROIC, %	11.1	12.3

Revenue (DKKm)



Profit margin (%)



Strategy – trends and strengths

Trends

Sustainability



Growing awareness
Single-use plastic ban
Well-proven alternative

Demographics



Population growth
Increasing prosperity
Urbanisation
Retail growth

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

*Including Russian factory (discontinuing)

Strategy – focus

Capacity



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

Initiatives

Complete implementation of new capacity in Europe and USA

Optimise production allocation

Sales process in Russia

Efficiency



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

Initiatives

Investments in automation

Technology implementation

Reduction of raw materials use

New energy projects

Marketing



- Focus on expertise and products
- Highlight moulded fibre sustainability profile

Initiatives

Product launches

Consumer research

Intensified marketing efforts

Guidance 2023 and financial ambitions

Guidance 2023

Revenue

DKK 3.6-4.0bn

Operating profit*

DKK 220-320m

Investments

DKK ~300m

- Macroeconomics and geopolitics entail high level of uncertainty and low visibility
- Continued high energy and paper prices
- Revenue growth from sales volume and pricing actions
- High production cost may impact earnings and profit margin. Mitigation through pricing actions and improved product and price mix. Guidance on nominal operating profit.

**Before restatement for hyperinflation and special items*

Ambitions

Continual growth in packaging sales



Year-on-year revenue growth



Profit margin* of at least

14%

Q&A



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Upcoming events

Annual general meeting	25 April 2023
Interim report Q1 2023	9 May 2023
Interim report Q2 2023	16 August 2023
Interim report Q3 2023	15 November 2023



Torben Rosenkrantz-Theil
CEO



Flemming Steen
CFO

Appendix: Key figures and financial ratios

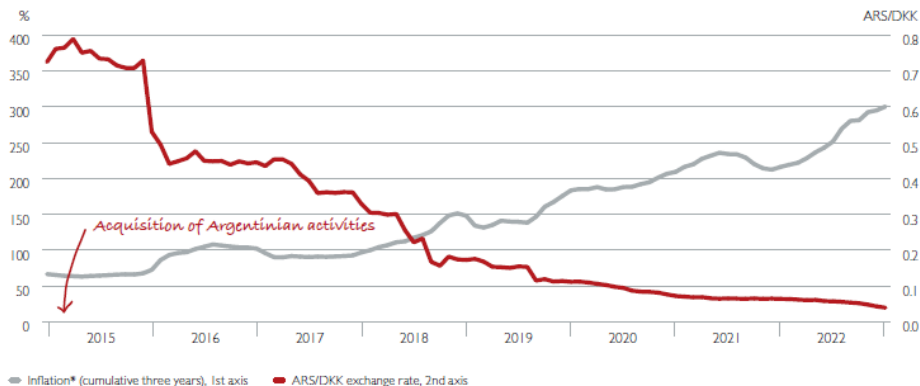
DKKm	Q4		FY	
	2022	2021	2022	2021
Revenue	943	681	3,350	2,666
Eurasia	622	407	2,031	1,698
Americas	321	274	1,319	968
Operating profit	129	(14)	252	251
Eurasia	97	(12)	176	245
Americas	48	9	108	35
Special items	(32)	(116)	(34)	(116)
Net financials	(60)	(7)	(72)	(9)
Profit	35	(109)	61	75
Free cash flows	55	(88)	23	(286)
Profit margin, %	13.3	(2.1)	7.5	9.5

Appendix: Balance sheet

DKKm	31.12.22	31.12.21
Assets	2,857	2,654
<i>Assets including discontinuing operations</i>	<i>2,949</i>	<i>2,804</i>
Net working capital (NWC)	517	348
Invested capital (IC)	2,046	1,939
Net interest-bearing debt	938	933
Equity	1,222	1,197
ROIC, %	11.1	12.3
Equity ratio, %	42.8	45.1
Gearing, %	76.7	78.0

Appendix: Hyperinflation

Inflation and exchange rate developments in Argentina

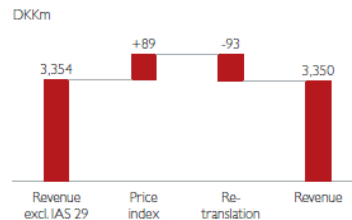


Effects of restating for hyperinflation on selected accounting figures year to date

DKKm	Excl. IAS 29	Price index	Re-translation	Total adjustment	2022 to date
Revenue	3,354	89	(93)	(4)	3,350
Operating profit before depreciation	422	11	(19)	(8)	414
Operating profit	252	1	(15)	(14)	238
Net financial items	(50)	(29)	9	(20)	(70)

* 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 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 95% during the year, boosting revenue by DKK 89 million. The increase offset a decline in the ARS/DKK cross rate from 0.06385 at the beginning of the year to 0.03937 at 31 December 2022 reducing revenue by DKK 93 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 3,350 million after a net negative impact of restating for hyperinflation of DKK 4 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.