

# Interim report H1 2023



**Conference call 17 August 2023**

CEO Torben Rosenkrantz-Theil

CFO Kenneth Kongsgaard Kristensen

# Q2 2023 highlights

## Revenue

**804**  
DKK**m**

- Stable revenue in volatile and inflationary environment

## Earnings

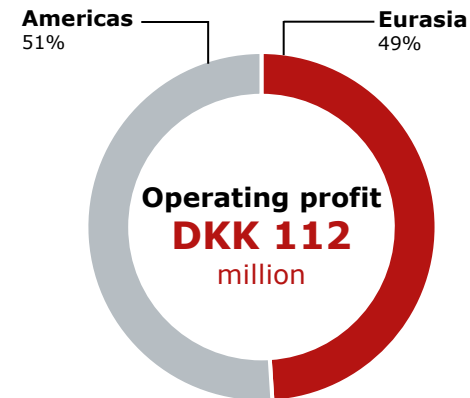
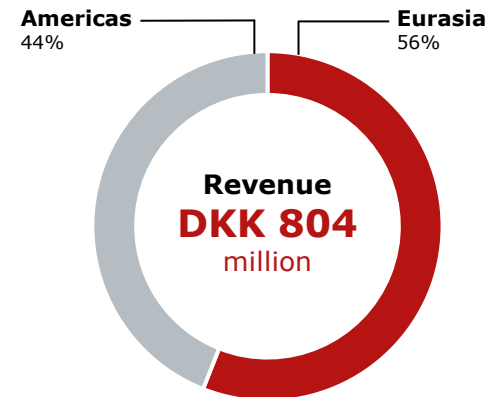
**112**  
DKK**m**

- Driven by progress in Americas segment
- Strongly supported by Eurasia improvement

## Investments

**58**  
DKK**m**

- Level in line with expectations
- Investments in ongoing capacity expansion in Europe



# Segment overview

## Americas

**Revenue:** DKK 357m (+3%)

**Operating profit:** DKK 61m (2022: DKK 26m)

Progress from pricing actions, exchange rate effects and cost improvements in North America and Argentina

Continued inflationary pressure and egg market remained subdued

Economic uncertainty in South America unchanged

## Eurasia

**Revenue:** DKK 447m (0%)

**Operating profit:** DKK 58m (2022: DKK 36m)

Earnings progress from lower raw material prices and improved product mix across the segment

Continued inflationary pressure and volatile raw material prices

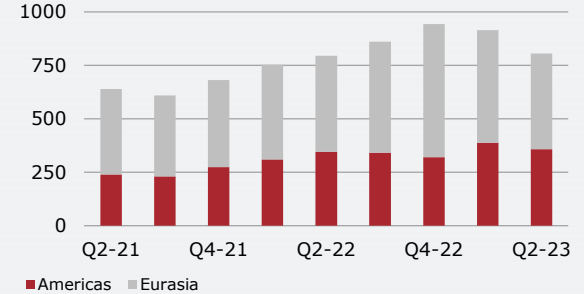


# Financials Q2 2023

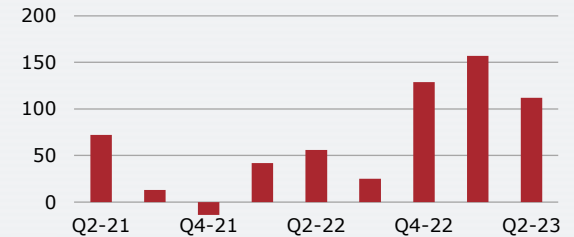
- Stable revenue in continued volatile environment
  - Growth in North America and Argentina
  - Development in Eurasia on par with comparison period
- Increased earnings driven by
  - Americas: Revenue, exchange rate effects and cost improvements
  - Eurasia: Lower raw material prices and improved product mix

DKKm	Q2 2023	Q2 2022
Revenue	804	794
Operating profit	112	56
Special items	0	0
Profit for the period	58	21
Profit for the period incl. discontinuing operations	7	(53)
Free cash flows (operating and investing)	112	28
Invested capital	2,070	2,103
Profit margin, %	13.9	7.1
ROIC, %	18.9	3.4

## Revenue (DKKm)



## Operating profit (DKKm)



# 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 CO<sub>2</sub> 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

Investment in ongoing capacity expansion in Europe

Re-establishment of operations in India

Sales process in Russia

## Efficiency



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

### Initiatives

Investments in automation

Technology implementation

New energy projects started

## Marketing



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

### Initiatives

Consumer research conducted

# Guidance 2023

## Earnings guidance 2023 updated 3 August 2023

Revenue

**DKK 3.4-3.8bn**

Unchanged

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Operating profit\*

**DKK 375-475m**

Previously DKK 300-400m

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Investments\*\*

**DKK ~300m**

Unchanged

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- Earnings outlook updated on the back of solid Q2 and H1 performance
- Based on cost improvements and efficiency gains in both Americas and Eurasia
- Revenue range and investment level unchanged
- Continued volatile energy and raw material prices, inflationary pressure as well as challenging macroeconomic and geopolitical environment

\* Before restatement for hyperinflation and special items

\*\* Excluding investments covered by insurance

# Q&A





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### Upcoming events

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Interim report Q3 2023

15 November 2023

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CEO



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CFO

## Appendix: Key figures and financial ratios

DKKm	Q2		H1	
	2023	2022	2023	2022
<b>Revenue</b>	<b>804</b>	<b>794</b>	<b>1,717</b>	<b>1,546</b>
Eurasia	447	448	973	891
Americas	357	346	745	655
<b>Operating profit</b>	<b>112</b>	<b>56</b>	<b>269</b>	<b>98</b>
Eurasia	58	36	150	59
Americas	61	26	136	52
Special items	0	0	0	0
Net financials	(19)	(9)	(40)	(2)
Profit excl. discontinuing operations	58	21	148	46
Free cash flows	112	28	189	(20)
<b>Profit margin, %</b>	<b>13.9</b>	<b>7.1</b>	<b>15.6</b>	<b>6.3</b>

## Appendix: Balance sheet

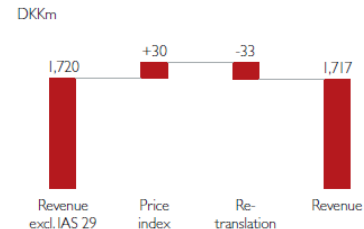
<b>DKKm</b>	<b>30.06.23</b>	<b>30.06.23</b>
Assets	2,811	2,819
<i>Assets including discontinuing operations</i>	2,822	2,988
Net working capital (NWC)	486	447
Invested capital (IC)	2,070	2,103
Net interest-bearing debt	762	991
Equity	1,312	1,301
ROIC, %	18.9	(4.9)
Equity ratio, %	46.7	46.2
Gearing, %	58.1	76.2

# Appendix: Hyperinflation

## Inflation and exchange rate developments in Argentina



## Effects of restating year-to-date revenue



The total effect on H1 2023 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 44% during the first six months of the year, boosting revenue by DKK 30 million. The increase was offset by a decline in the ARS/DKK cross rate from 0.03937 at the beginning of the year to 0.02670 at 30 June 2023 reducing revenue by DKK 33 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 1,717 million after a net negative impact of restating for hyperinflation of DKK 3 million.

*Read more in the annual report*

## Effects of restating for hyperinflation on selected accounting figures

DKKm	Excl. IAS 29	Price index	Re-translation	Total adjustment	2023 to date
Revenue	1,720	30	(33)	(3)	1,717
Operating profit before depreciation	352	8	(12)	(4)	348
Operating profit	269	2	(11)	(9)	260
Net financial items	(16)	(29)	5	(24)	(40)

\* 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.

# 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.