

Financials Q1 21/22

IR presentation Q1



August 2021

Flügger Management team

The management team of Flügger



Sune Schnack, CEO

..... Previous experience



Poul Erik Stockfleth, CFO

..... Previous experience



Ulf Schnack, CDO

..... Previous experience



Flügger at a glance

Key figures 2020/21

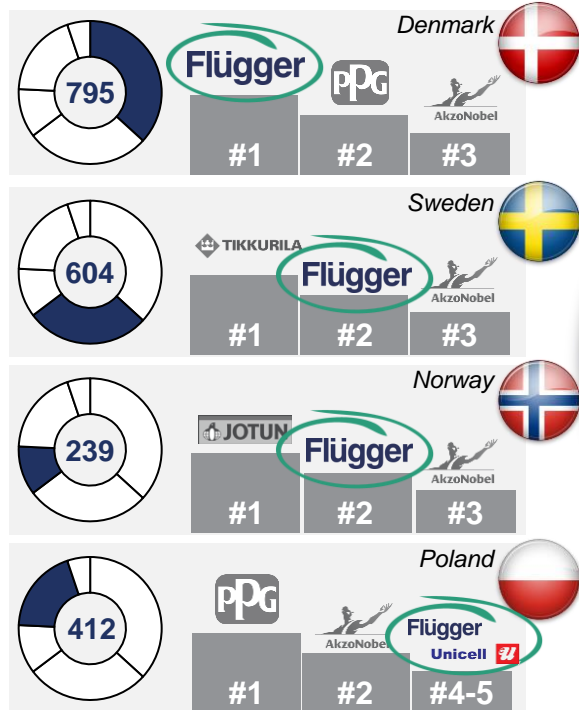
<p>Revenue mDKK</p> <p>2,162 (2,552*)</p>	<p>EBIT mDKK</p> <p>228 (258*)</p>
<p>Full-time employees</p> <p>1,527 (2,627*)</p>	<p>Markets</p> <p>17</p>
<p>No. factories</p> <p>6 (12*)</p>	<p>No. stores</p> <p>372 (378*)</p>

Flügger's Business model



Flügger is an international player within decorative coatings

Largest west markets (revenue DKKm)



= share of Flügger revenue



+ export and other markets

Largest east markets (revenue DKKm)

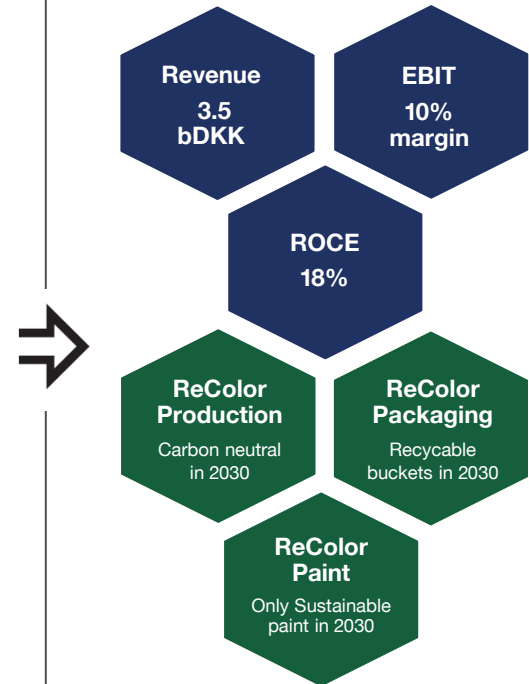


Intensifying strategic initiatives will drive profitable growth & efficiency

Key strategic initiatives towards an EBIT of 350 mDKK in 2023/24

- 1 | VALUE BASED PRICING**  Optimization of pricing across product and segments as well as focusing on margin enhancing initiatives.
- 2 | COMMERCIAL FOOTPRINT**  Consolidation of own stores and expansion of franchise stores; in addition, focusing on direct deliveries.
- 3 | COMPOUND GROWTH**  Growth to be derived from a combination of acquisitions and organic initiatives.
- 4 | OPERATIONAL FOOTPRINT**  Optimization of production sites and development of logistical footprint.
- 5 | ASSORTMENT & STOCK**  Harmonized assortment across core markets and utilize synergies within GFR across segments and channels.
- 6 | DIGITALISATION**  Customer centric digitalization and automated aligned processes.

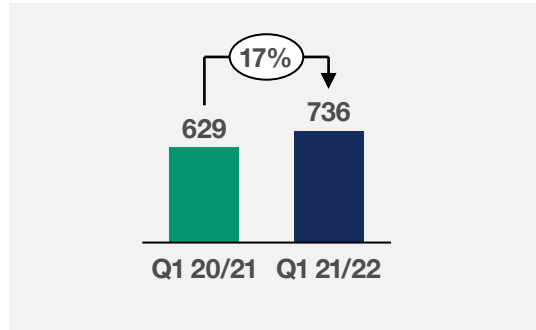
Key strategic targets towards 2023/24



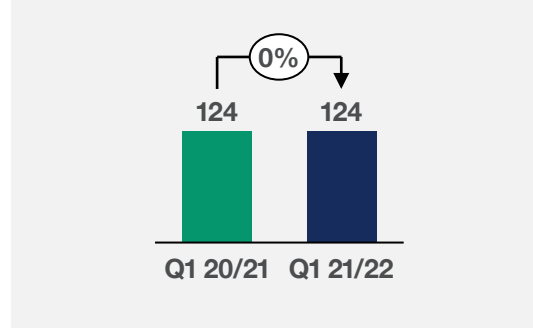
Note: Above sustainability targets (ReColor) are set for Flügger products (segment 1) only. Separate targets will run for segment 2 and segment 3

Q1 21/22 Highlights

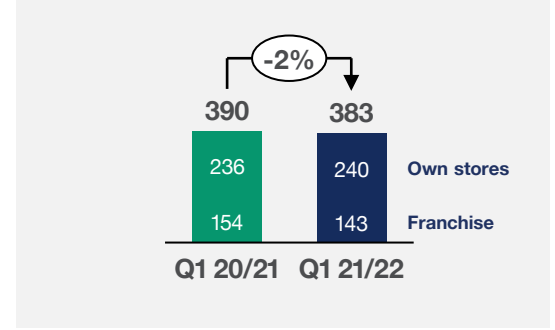
Revenue (mDKK)



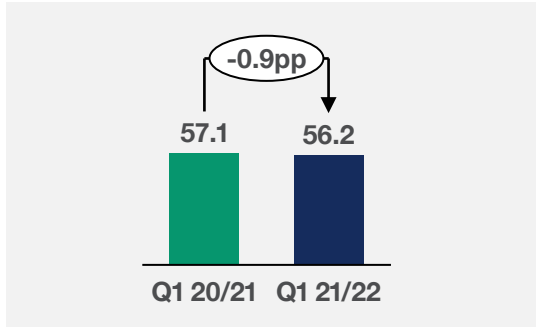
EBIT (mDKK)



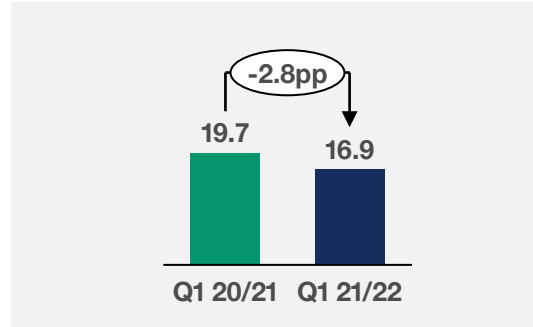
Own & franchise stores (#)



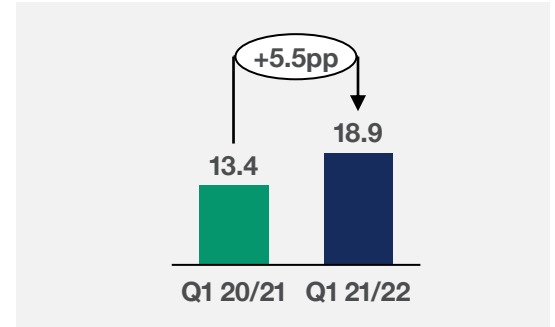
Gross Margin (%)



EBIT-margin (%)



RoCE (%)



Q1 21/22 highlights – confirmation of the strategic direction

Flügger Group Results

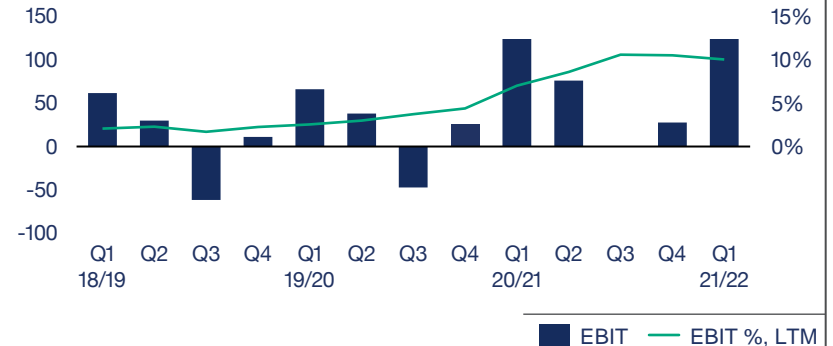
⇒ Acquisition of Eskaro & normalization of sales

- Sales is driven by the acquisition of Eskaro & Malgodt.dk
- Normalization of sales, especially for the consumer segment, has impacted organic growth
- Poland realized positive organic growth in own stores
- Overall performance as expected

⇒ EBIT at satisfactory level in line with last year

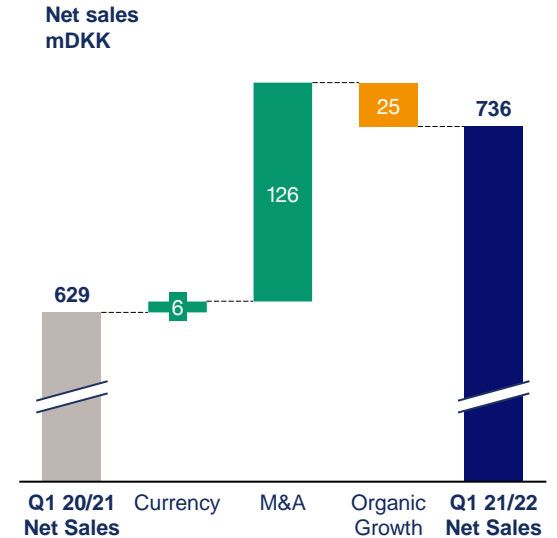
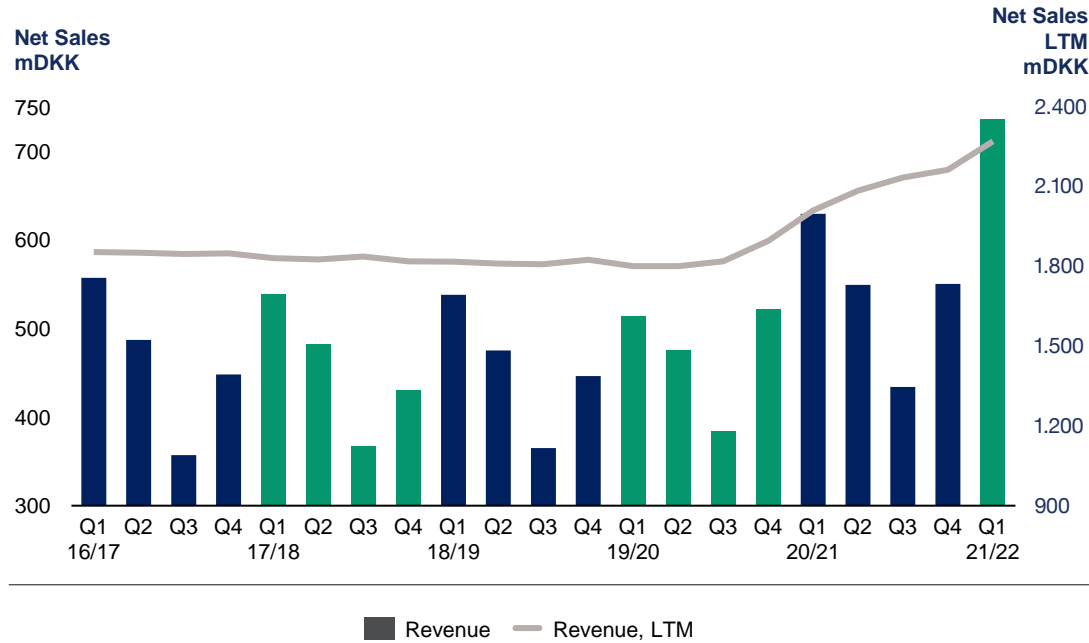
- Earnings on par with all time high result in 20/21
- The normalization of sales impacted EBIT negatively
- Price increases in raw materials are to the extent possible passed on to the customer mitigating the effect

mDKK	Q1 21/22	Q1 20/21	Change
Net sales	736	629	17%
Organic growth	-4%	14%	-18pp
M&A	20%	11%	9pp
Currency	1%	-3%	4pp
EBIT	124	124	0%
EBIT-margin	16,9%	19,8%	-3pp



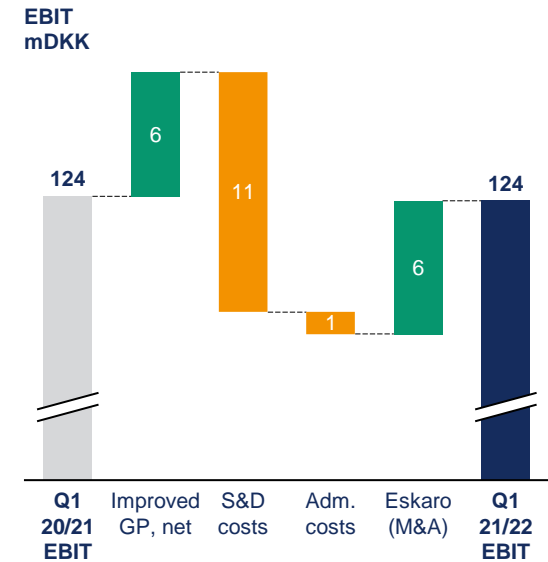
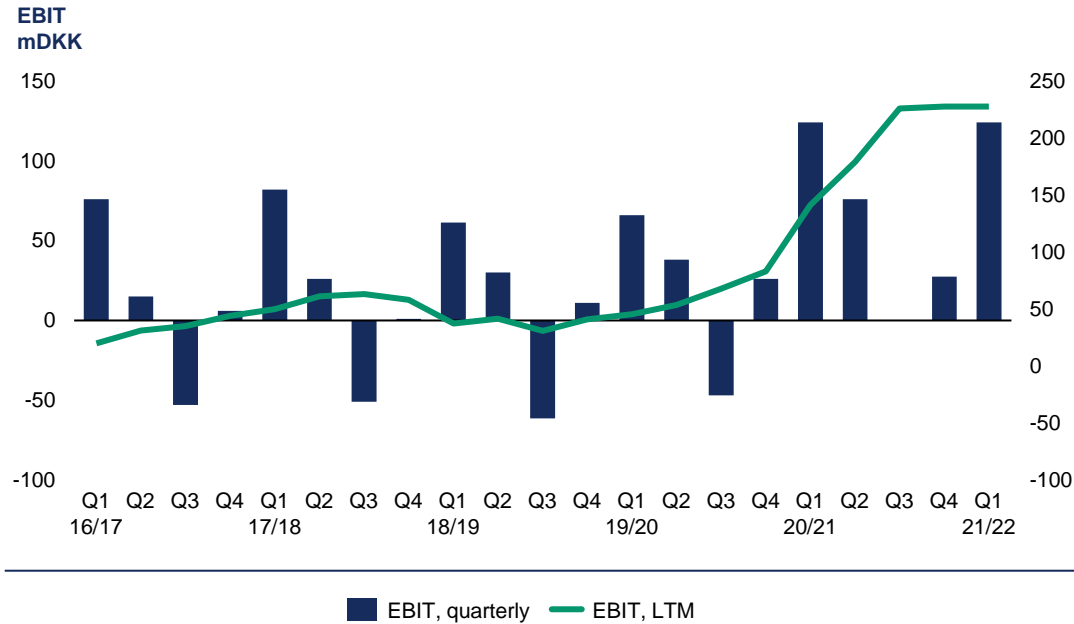
Net sales increase mainly driven by acquisition of Eskaro

Group sales development



EBIT development is in line with 20/21 level due to normalization of sales after Covid-19 impact LY, price increases in raw materials and costs related to the acquisition of Eskaro

Group EBIT development



Segment 1 Own Stores & Resellers: Q1 organic growth is mainly impacted by the normalization of sales due to the COVID-19 effect during 21/22

Sales development per geographical segment

- Sales to consumers in the Nordics was back at a normalized level compared to very high demand in Q1 20/21
- Organic growth of -5% across the Nordic countries impacted by lower sales to consumer
- The acquisition of Malgodt.dk contributed to 1% in growth
- Significant growth in Poland despite currency headwind mainly due to professional painters
- Substantial growth in 'Other' countries impacted by very low Q1 20/21 due to covid-19 restrictions and closed stores.

Revenue (mDKK)	Q1 20/21	Currency	M&A	Organic Growth	Q1 21/22	Reported Growth
Denmark*	194	0%	1%	-5%	187	-4%
Sweden	157	3%	0%	-5%	154	-2%
Norway	66	5%	0%	-5%	66	0%
Poland	57	-2%	0%	18%	66	16%
Other	29	1%	0%	12%	33	13%
Total	503	2%	1%	-2%	506	1%

* Denmark incl. Iceland, Greenland and Faroe Island

Segment 2 DIY: Q1 21/22 mainly impacted by normalization in sales to consumers.

Sales development per geographical segment

- Sales to private label in DIY stores in the Nordics was back at normalized level compared to very high demand in Q1 20/21
- Organic growth of -13% is distributed to -17% in Nordics and -9% in Poland
- Unicell International impacted by currency headwind of -2% in Poland

Revenue (mDKK)	Q1 20/21	Currency	M&A	Organic Growth	Q1 21/22	Reported Growth
Unicell Nordic	70	1%	0%	-17%	59	-16%
Unicell international	56	-2%	0%	-9%	50	-11%
Total	126	0%	0%	-13%	109	-13%

Segment 3 Eskaro Group AB: The acquisition of Eskaro generated 121mDKK in revenue in Q1 21/22

Sales development per geographical segment

- Revenue in segment 3 is solely generated by the acquisition of Eskaro and includes 121 mDKK in revenue in Q1 21/22
- Geographically segment 3 is limited to Finland, Estonia, Latvia, Ukraine, Russia and Belarus
- Eskaro sales distribution is 1/3 in Russia, 1/3 in Ukraine and 1/3 in the remaining countries Belarus, Estland and Finland.
- Eskaro products consist of a mix of Eskaro's own trademarks as well as private labels

Revenue (mDKK)	Q1 20/21	Currency	M&A	Organic Growth	Q1 21/22	Reported Growth
Eskaro	0	0%	100%	0%	121	100%
Total	0	0%	100%	0%	121	100%

Flügger share price development

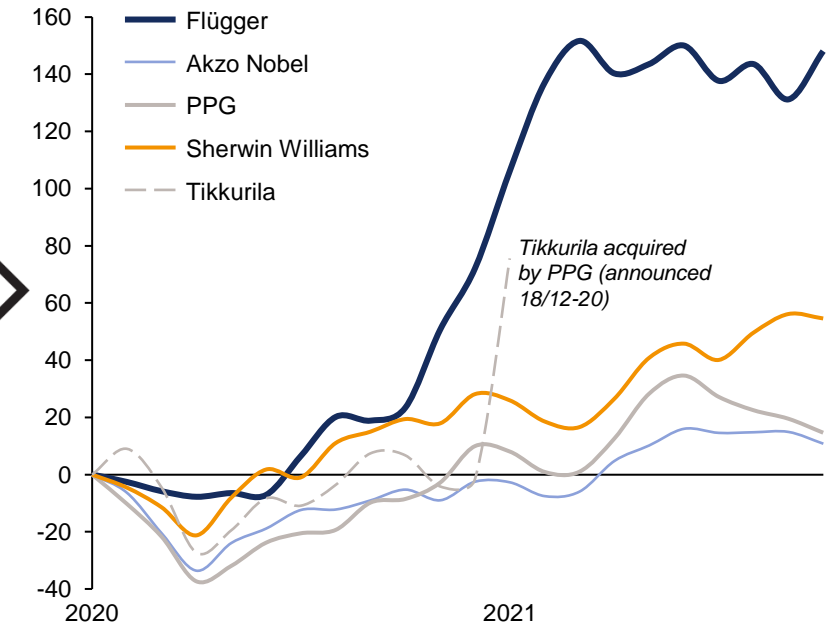
Flügger's share price development

Share price



Benchmarking to other industry players (indexed)

Price indexed

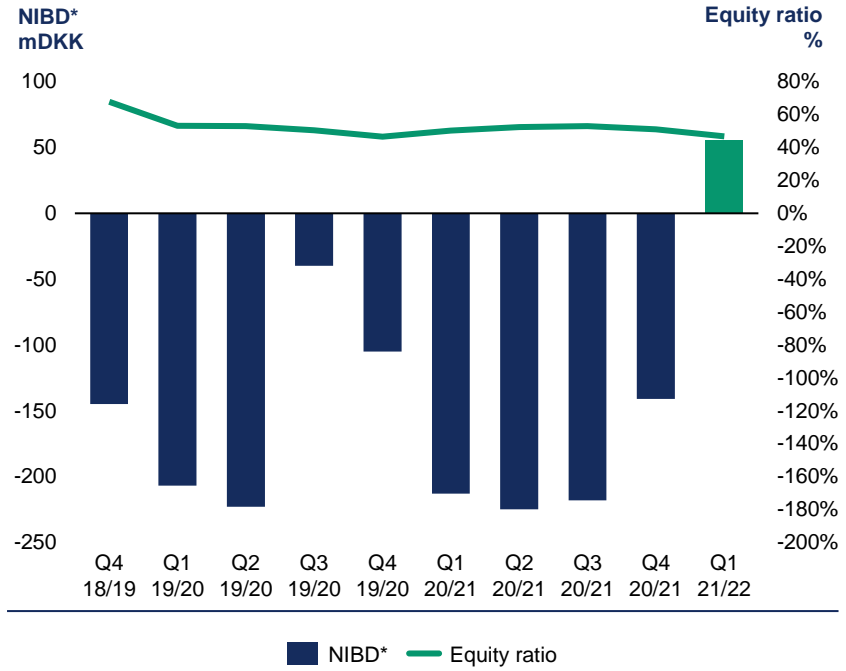


Source: 10th September 2021 Nasdaq Copenhagen and <https://www.morningstar.com/stocks/xcse/flug%20b/quote>

NIBD impacted by the aquisition of Eskaro, but balance sheet remain as a solid foundation for further possible acquisitions.

Financial solidity

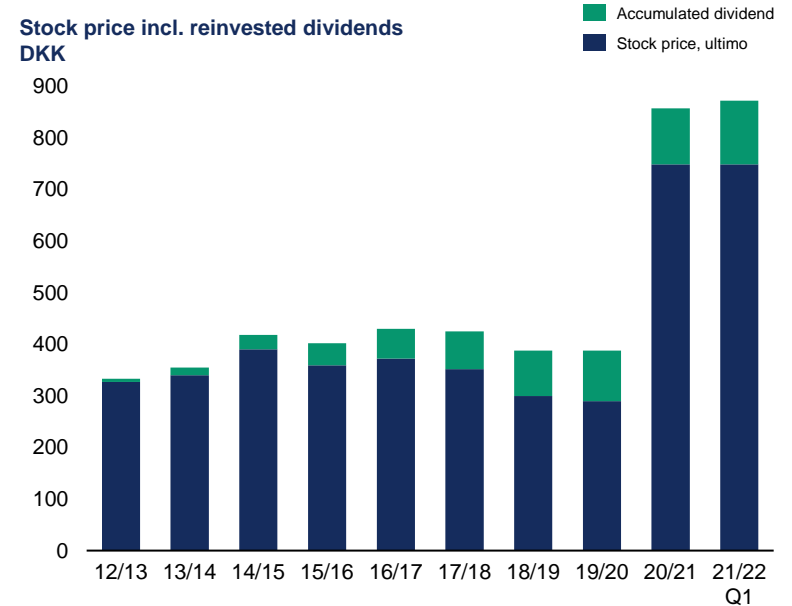
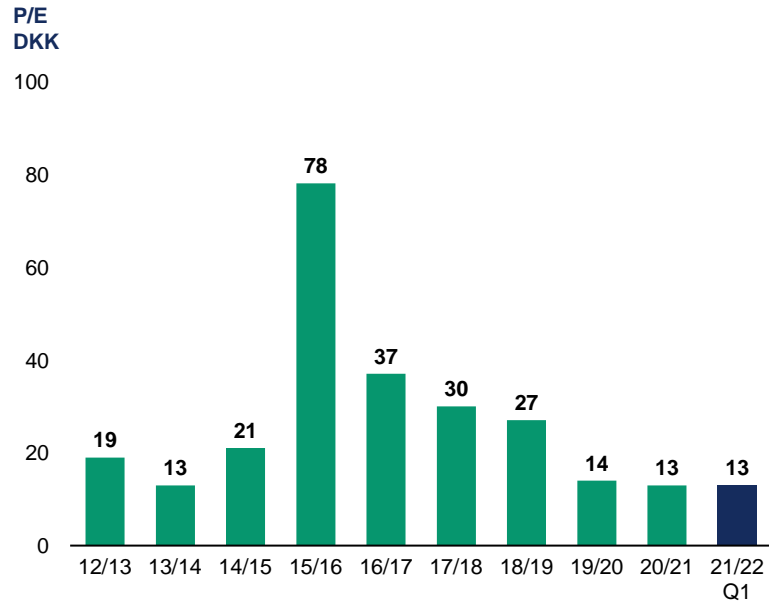
- 1 | Balance sheet remain very solid with equity ratio above 45% since 19/20 despite large acquisition
- 2 | 2019/20 – 2021/22 NIBD impacted by leasing obligation of approx. 400 mDKK due to implementation of IFRS16
- 3 | Strong cash position leaves room for further acquisitions



* Net interest-bearing debt excl. leasing (-) / cash (+)

Earnings increase with stock price keeping the P/E stable around 13

Development in P/E and stock price



Return on Capital Employed remain close to 20% due to strong profitability and capital efficiency

Financial solidity

1

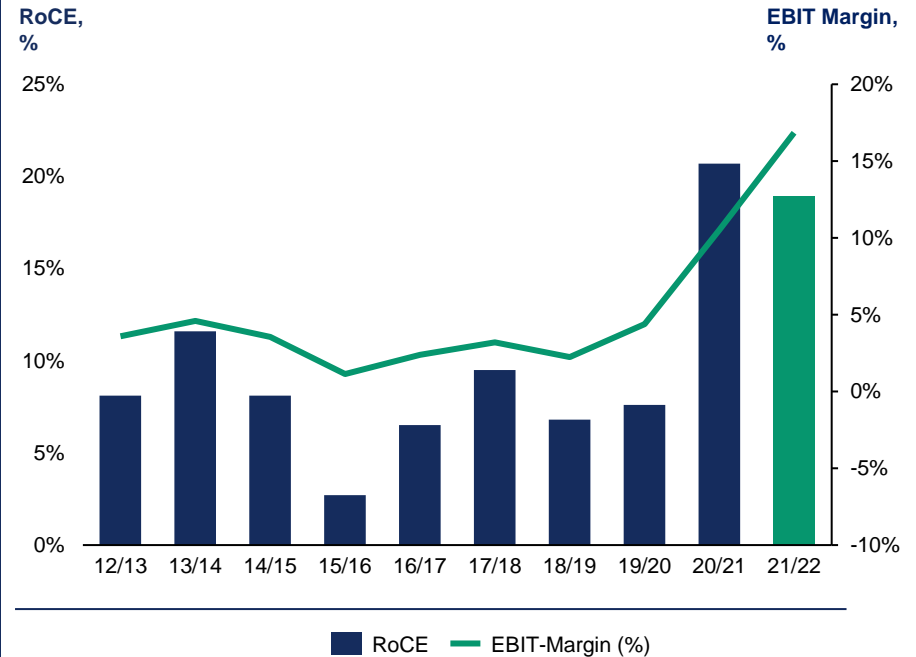
Q1 21/22 EBIT Margin (%) remain solid as expected after normalization of sales and increase in raw materials

2

RoCE is positive impacted by the increased EBIT levels in 20/21 and Q1 21/22 as well as working capital optimization

3

RoCE in Q1 21/22 is diluted by the acquisition of Eskaro and Malgodt.dk, where synergies are yet to kick in



Guidance for 2021/22

Selected financial metrics (DKK) for 2021/22

Revenue | 2,500m – 2,700m

EBIT | 220m – 270m

Profit after tax and minority interests | 155m – 190m

Result per share | 53 – 65



Key drivers and success factors

- Ability to push price increases from raw materials to the costumers
- Integration of Eskaro and Malgodt.dk
- Successful upgrade of factories in Kolding and Sweden
- Keep the sales momentum of professional customers
- Continued expansion of the franchise chain

Dividend policy

- A relatively high dividend compared to share price and market interest rates (with respect to capital structure)
- Dividends are subject to prudence in respect of potential acquisitions and other investment opportunities
- The payout for 2020/21 was DKK 15 per share