

*Financials*

**Investor Relation  
presentation 2020/21**

November 2020



**Flügger**

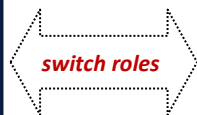
## Vice chairman becomes CEO



*New vice chairman April 2020*

**Jimmi Mortensen**

*CEO*



*New CEO April 2020*

**Sune Schnack**

*Vice chairman*



*CFO*

**Poul Erik Stockfleth**

*Finance, IT and legal*



*CDO*

**Ulf Schnack**

*DNA, Products, Wallpaper*

# Flügger is a leading Nordic player within decorative paint products for both professionals and consumers.

## In-house knowledge controlling entire value chain

Product development



Production and logistics



Raw material

## Leading position supported by strong fundamentals and diversified revenue stream

**Segment 1 Own stores & resellers**

Own stores 236 & Franchise 154

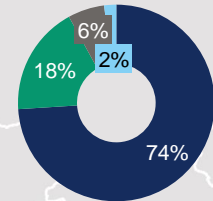
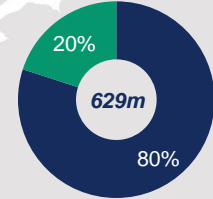
**Segment 2 DIY**

Unicell Nordic & Unicell International

Diverse product portfolio offering strong brands\*

\*Full Year 2019/20

- Paints, chemical products and wood stains
- Tools for painting and wallpaper
- Wallpaper and wall coverings
- Various articles

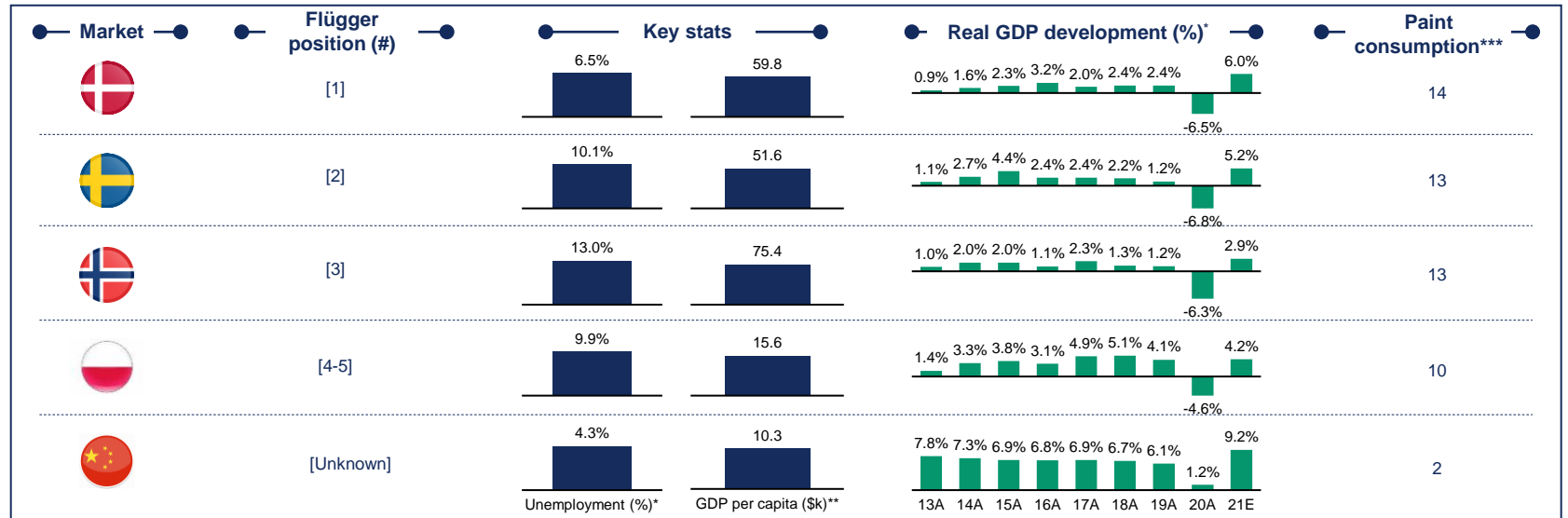


## Estimated Market shares



# Leading position in markets supported by strong fundamentals

## Overview of market dynamics









Flügger has a leading position in a number of attractive markets supported by attractive growth and spending dynamics

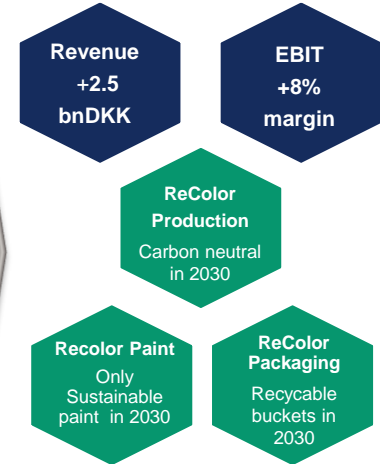
\* IMF - (World Economic Outlook (April 2020)) \*\* <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD> 2019 \*\*\* 2016 data, litres per capita

# The update of the strategy towards 2023/24 aims at +150 mDKK EBIT by intensifying current strategic initiatives

## Overview of strategic focus towards 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 and stock**  Harmonized assortment across core markets and utilize synergies within GFR across segments and channels.
- 6 Digitalization**  E-commerce and in-house end-to-end processes.

## Targets

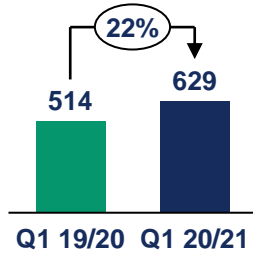


# Flügger raises guidance and expects historic top result. Business acquisitions as catalyst for future growth

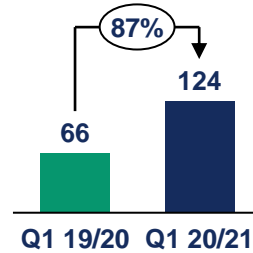
	Guidance Annual Report – 20/21	Adjusted Guidance			Ambition – 23/24
		August 6th 2020	October 7th 2020	November 12th 2020	
Revenue	~ 2 bnDKK	+ 2 bnDKK	+ 2 bnDKK	2.050-2.080 mDKK	~2.5 bnDKK
EBIT	~ 120 mDKK	130-150 mDKK	160-180 mDKK	200-215 mDKK	
EBIT-margin	~ 6%	~ 7%	~ 8-9%	~ 10%	+ 8%

# Q1 20/21 Highlights

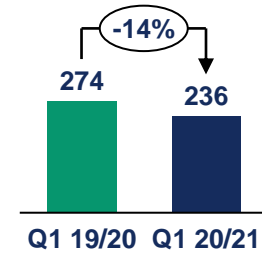
### Revenue (mDKK)



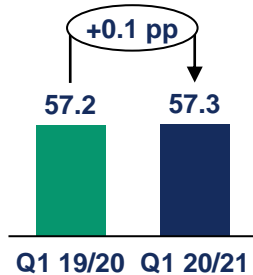
### EBIT (mDKK)



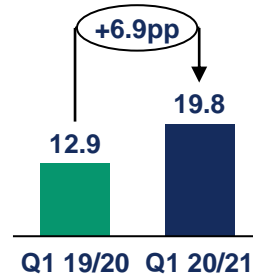
### Own stores (#)



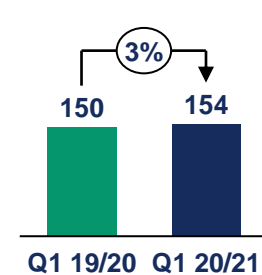
### Gross Margin (%)



### EBIT-margin (%)



### Franchise stores (#)



# Q1 20/21 Highlights

## Flügger Group Results

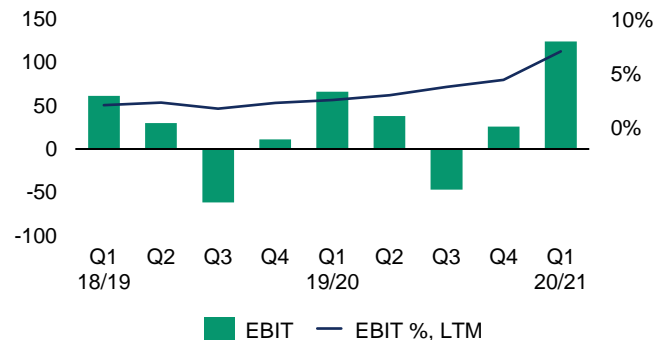
### Strong sales opening of the fiscal year

- COVID-19 driving up organic sales growth primarily from consumers in Denmark and Sweden
- Especially the DIY segment is driving performance
- Unicell contributing significantly with 11% of the growth
- Significant currency headwind in Norway

### EBIT almost doubled

- Significant uplift in EBIT driven by strong sales with improved profitability due to increased consumer segment
- Full impact from efficiency program savings

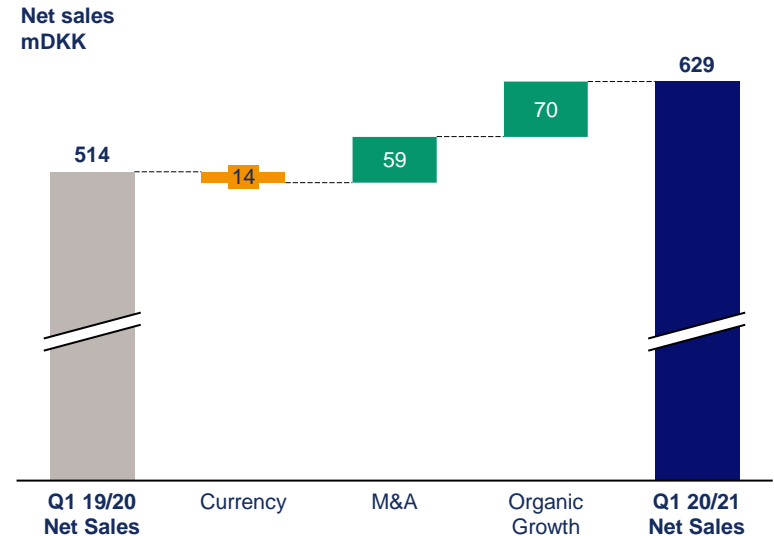
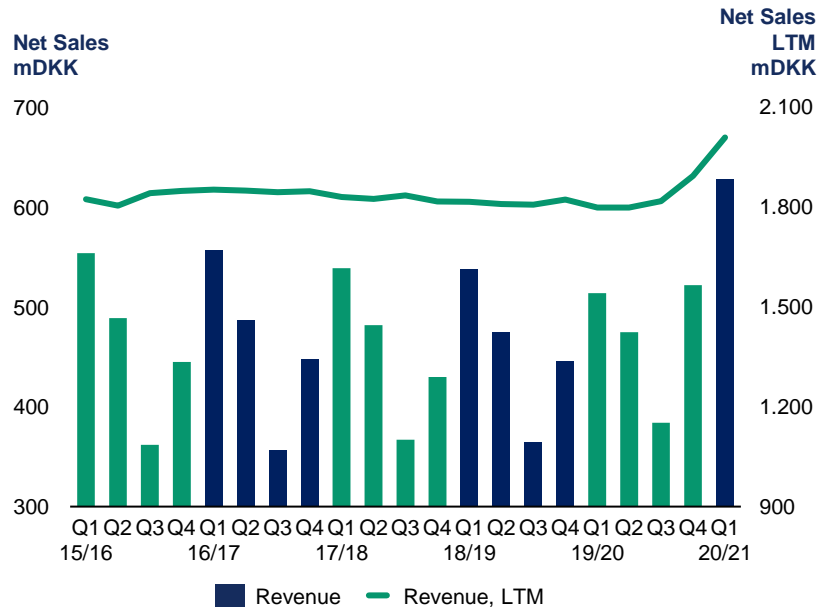
mDKK	Q1 20/21	Q1 19/20	Change
<b>Net sales</b>	<b>629</b>	<b>514</b>	<b>22%</b>
Organic growth	14%	4%	9pp
M&A	11%	0%	11pp
Currency	-3%	0%	-2pp
<b>EBIT</b>	<b>124</b>	<b>66</b>	<b>87%</b>
EBIT-margin	19.8%	12.9%	6.9pp





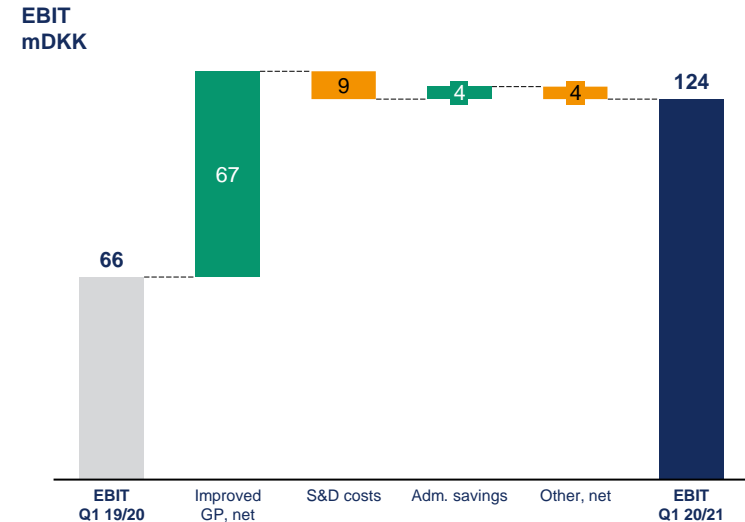
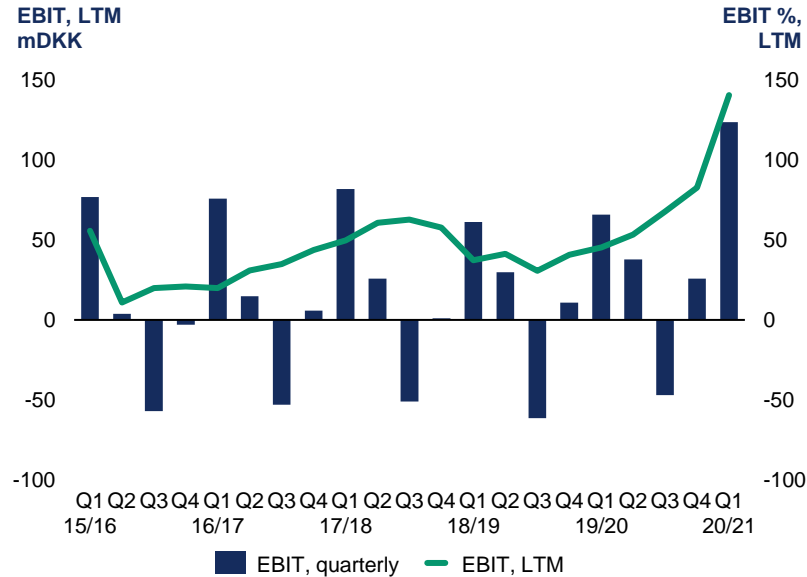
# Net sales increase driven by acquisition of Unicell. Positive impact from COVID-19, but currency headwind in Norway and Poland

## Group sales development



# Increase in EBIT driven by strong sales performances, partly offset by increased sales and distribution costs due to high volume

## Group EBIT development



# Segment 1 Own Stores & Resellers: Q1 sales growth of +9% primarily driven by positive impact from COVID-19 in Denmark and Sweden

## Sales development per geographical segment

- Solid sales in both Denmark and Sweden driven by COVID-19
- Currency headwind in Norway and Poland
- COVID-19 restrictions hampering growth in Poland and driving unfavorable development in China

Revenue (mDKK)	Q1 19/20	Currency	M&A	Organic Growth	Q1 20/21	Reported Growth
Denmark*	167	-4	0	31	194	17%
Sweden	138	2	0	17	157	14%
Norway	68	-7	0	4	66	-4%
Poland	55	-3	0	4	57	3%
Other	33	-1	0	-3	29	-10%
<b>Total</b>	<b>461</b>	<b>-11</b>	<b>0</b>	<b>54</b>	<b>503</b>	<b>9%</b>

\*Denmark incl. Iceland, Greenland and Faroe Island

- Uplift in gross margin driven by increased sales to consumers
- EBIT further impacted positively by fewer stores and rationalization of product portfolio

mDKK	FY 2019/20	Q1 2019/20	Q1 2020/21
Revenue	1,612	461	503
Gross Profit	918	280	318
<b>EBIT</b>	<b>73</b>	<b>68</b>	<b>106</b>
Gross Margin %	57%	61%	63%
EBIT-margin %	5%	15%	21%

## Segment 2 DIY: Q1 sales more than doubled primarily driven by acquisition of Unicell

### Sales development per geographical segment

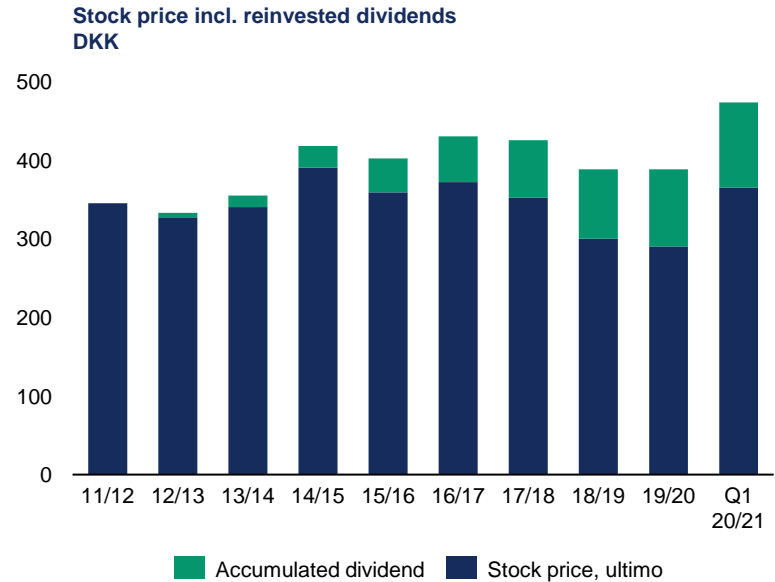
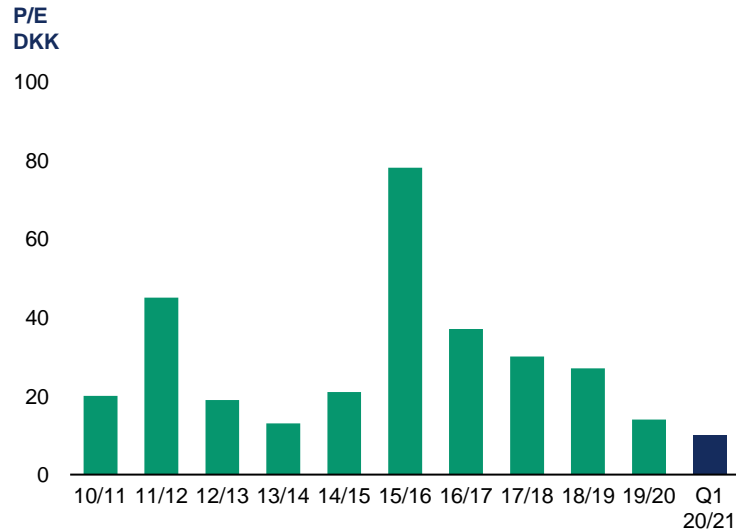
- Solid sales in Unicell Nordic driven by increased consumer focus on DIY due to COVID-19
- Unicell International contribution of mDKK 56
- Positive EBIT impacted by improved gross margin in existing business and contribution from acquired Unicell International

Revenue (mDKK)	Q1 19/20	Currency	M&A	Organic Growth	Q1 20/21	Reported Growth
Unicell Nordic	53	0	0	16	70	31%
Unicell International	0	0	56	0	56	N/A
<b>Total</b>	<b>53</b>	<b>0</b>	<b>56</b>	<b>16</b>	<b>126</b>	<b>136%</b>

mDKK	FY 2019/20	Q1 2019/20	Q1 2020/21
Revenue	283	53	126
Gross Profit	79	13	43
<b>EBIT</b>	<b>10</b>	<b>-2</b>	<b>18</b>
Gross Margin %	28%	25%	34%
EBIT-margin %	4%	-4%	14%

# Increased earnings and stable stock price driving P/E-ratio down

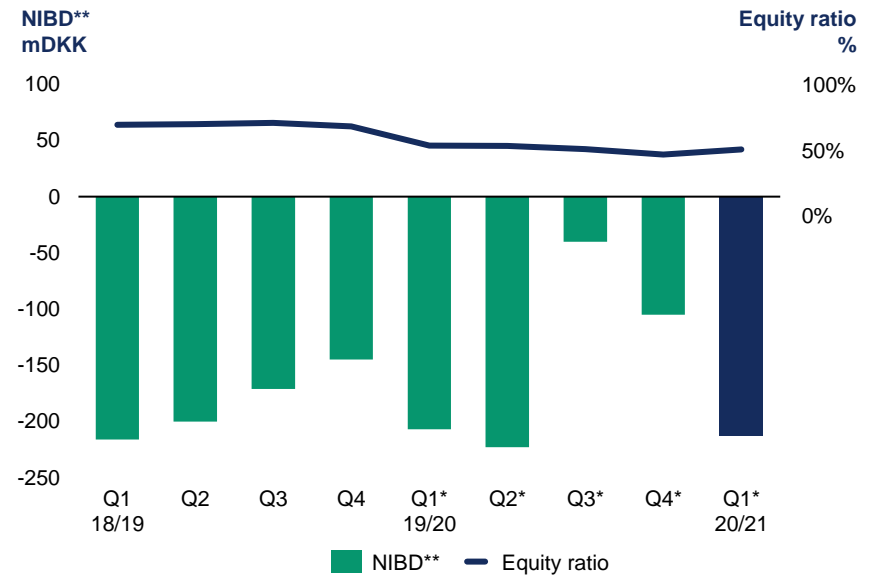
## Development in P/E and stock price



# Solid balance sheet as the foundation for possible acquisitions

## Financial solidity

- Very solid balance sheet with equity ratio above 60% until implementation of IFRS16 from Q1 2019/20, bringing the ratio around 50%
- Since Q1 2019/20 NIBD impacted by leasing obligation of 400 mDKK due to implementation of IFRS16
- Positive cash balance (negative debt) leaves possibility for acquisitions



\* 2019/20 and Q1 2020/21 impacted by leasing obligation of 400 mDKK (IFRS16)

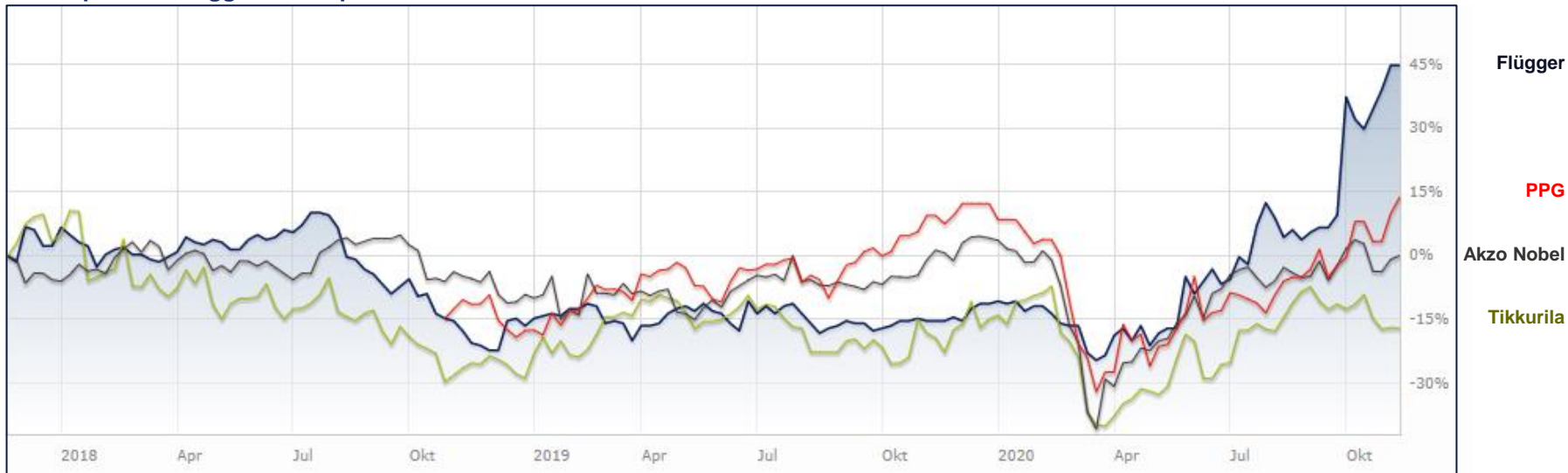
\*\* Net interest-bearing debt excl. leasing (-) / cash (+)

# Stock prices

## Facts about Flügger Group A/S (FLUG B)

Bud/Udbud	Dagens kursspænd	Omsætning	3mGnsOms	Markedsværdi
492,00 - 498,00	492,00 - 505,00	766	2.878	1,44Mia.
Seneste luk	52 ugers spænd	P/E	Udbytte	ISIN
500,00	236,00 - 530,00	14,56	1,94	DK0010218189

## Development - Flügger & Competitors



Source: Nov 18 2020 - <https://tools.morningstar.dk/dk/stockreport/default.aspx?tab=7&SecurityToken=0P0000A5R1%5D3%5D0%5DE0WWE%24%24ALL&Id=0P0000A5R1&ClientFund=0&CurrencyId=DKK>