

Financials

Investor Relation presentation 2020/21

H1 - December 2020



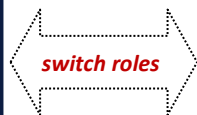
Flügger

Vice chairman becomes CEO



New Vice Chairman April 2021
Jimmi Mortensen

CEO



New CEO April 2021
Sune Schnack

Vice chairman



CFO
Poul Erik Stockfleth

Finance, IT, Legal and HR



CDO
Ulf Schnack

DNA, Flügger House

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 232 & Franchise 148

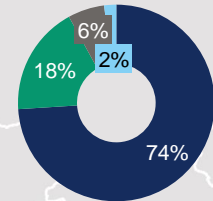
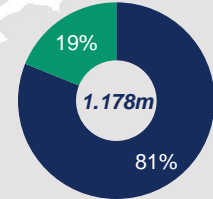
Segment 2 DIY

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



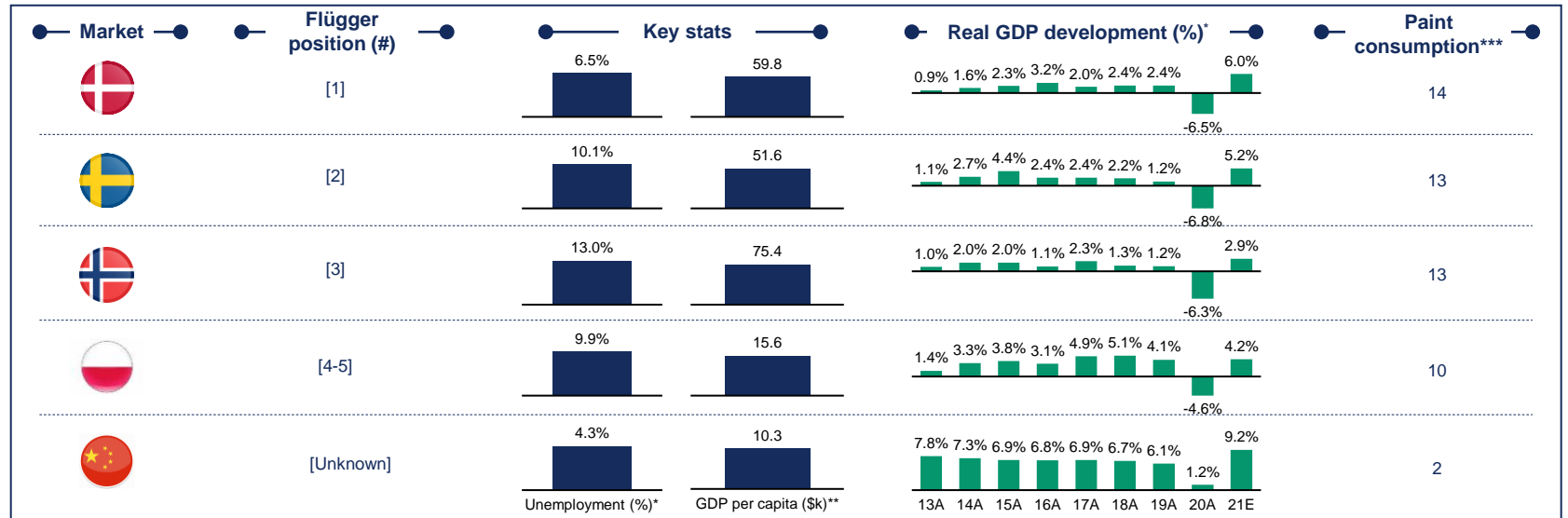
Estimated Market shares*



* Incl. Unicell Nordic and PP

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

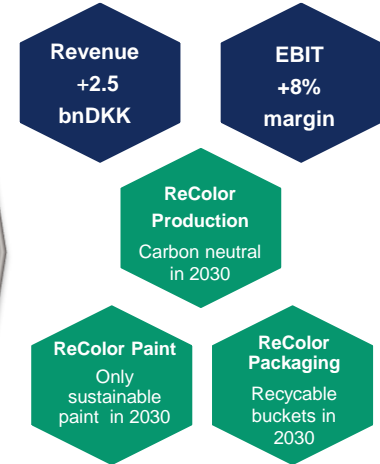
* IMF - (World Economic Outlook (April 2020)) ** <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD> 2019 *** 2016 data, litres per capita

The update of the strategy towards 2023/24 aims at +200 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%

Acquisition: Flügger group A/S entered into an agreement to invest in Eskaro group gaining 70% of the shares in Eskaro Group AB

Acquisition in Eskaro Group

- **Shares:** 70% of shares/votes in Eskaro Group AB
- **Purchase price:** EUR 30.4m, of which
 - EUR 22.0m through a subscription in the increased share capital of the Company
 - EUR 8.4m through the acquisition of shares from the Seller
- **Multiple:** Implied EV/EBITDA 8.75x
- Closing subject to antitrust clearance in Ukraine, Belarus and Russia, expected beginning of 2021
- **Eskaro will operate as a stand-alone unit** in the Flügger group, but cooperation within R&D, procurement and cross selling of products to harvest synergies

Consolidated view after acquisition of Eskaro

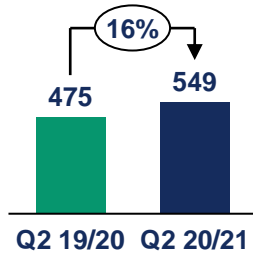
P&L (mDKK)	Forecast	Eskaro	20/21 incl.
	20/21		Eskaro*
Revenue	2.050-2.080	~420	2.470-2.500
EBITDA		~40	
EBIT	200-215	~27	227-242

**Proforma*

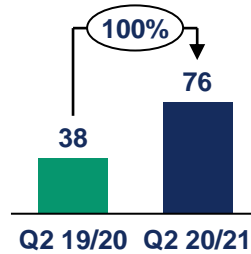
Simple consolidation of as-is numbers for illustration purpose. Synergies and future organic growth will increase EBITDA

Q2 20/21 Highlights

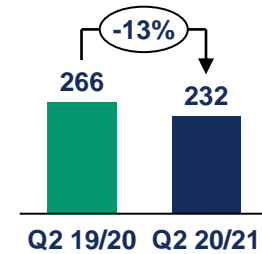
Revenue (mDKK)



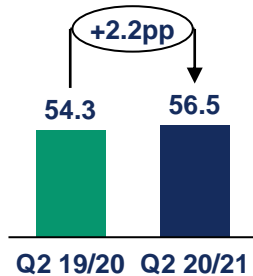
EBIT (mDKK)



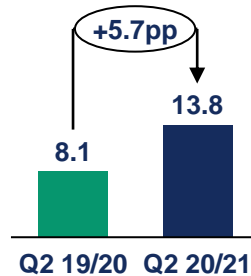
Own stores (#)



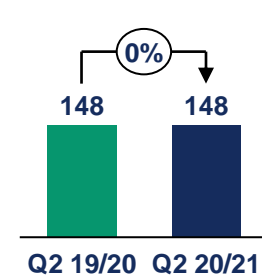
Gross Margin (%)



EBIT-margin (%)

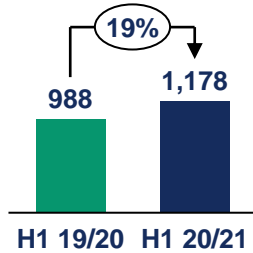


Franchise stores (#)

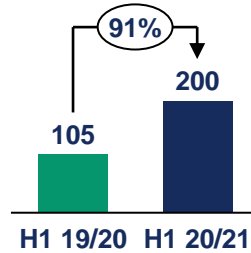


H1 20/21 Highlights

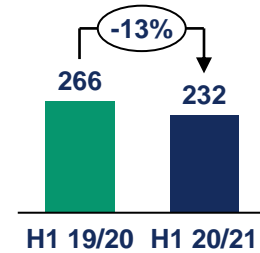
Revenue (mDKK)



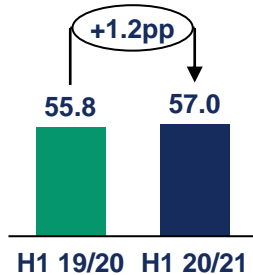
EBIT (mDKK)



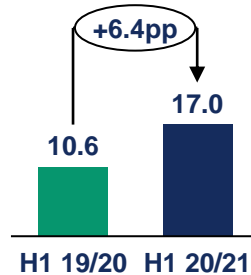
Own stores (#)



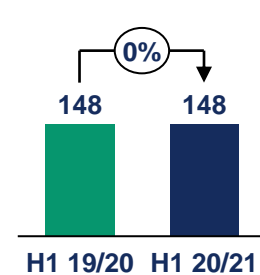
Gross Margin (%)



EBIT-margin (%)



Franchise stores (#)



Q2 20/21 Highlights

Flügger Group Results

Momentum from first quarter continued with strong sales in Q2

- COVID-19 driving up organic sales growth primarily from consumers in Denmark and Sweden
- Especially the DIY segment is driving performance due to Unicell International contributing with 10% of the growth
- Currency headwind in Poland and Norway

EBIT doubled

- EBIT doubled driven by strong sales with improved profitability due to increased consumer segment and acquisition of Unicell International
- Increased sales and distribution costs driven by higher volumes partly offset by rationalization of store portfolio (13% fewer stores)

mDKK	Q2 20/21	Q2 19/20	Change
Net sales	549	475	16%
Organic growth	8%	1%	7pp
M&A	10%	0%	10pp
Currency	-2%	-2%	0pp
EBIT	76	38	100%
EBIT-margin	13.8%	8.1%	6pp

H1 20/21 Highlights

Flügger Group Results

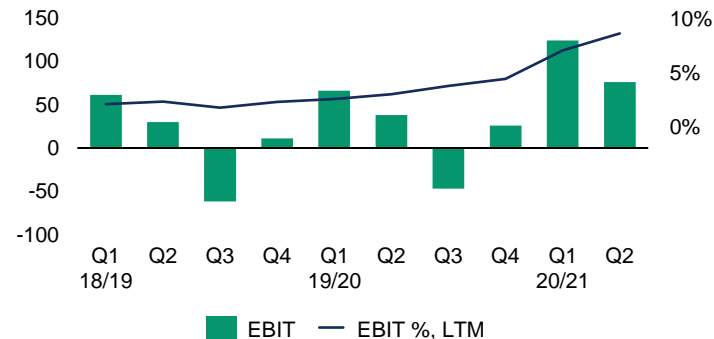
Strong sales performance in first half year

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

EBIT almost doubled

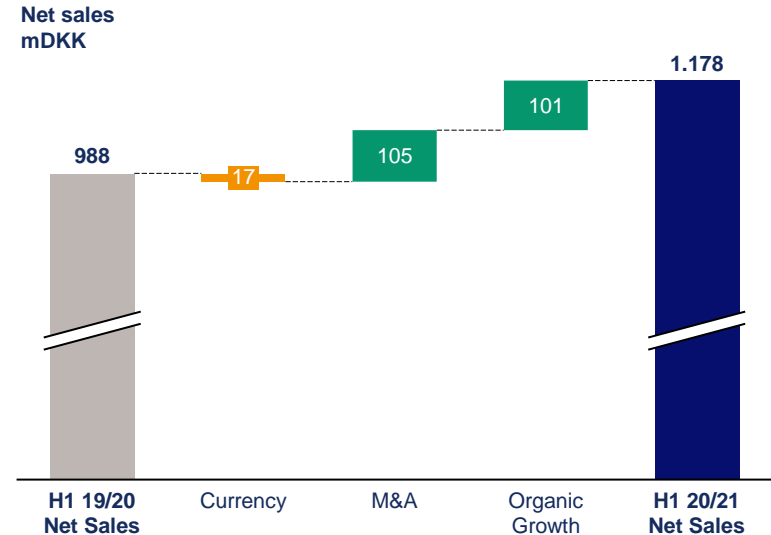
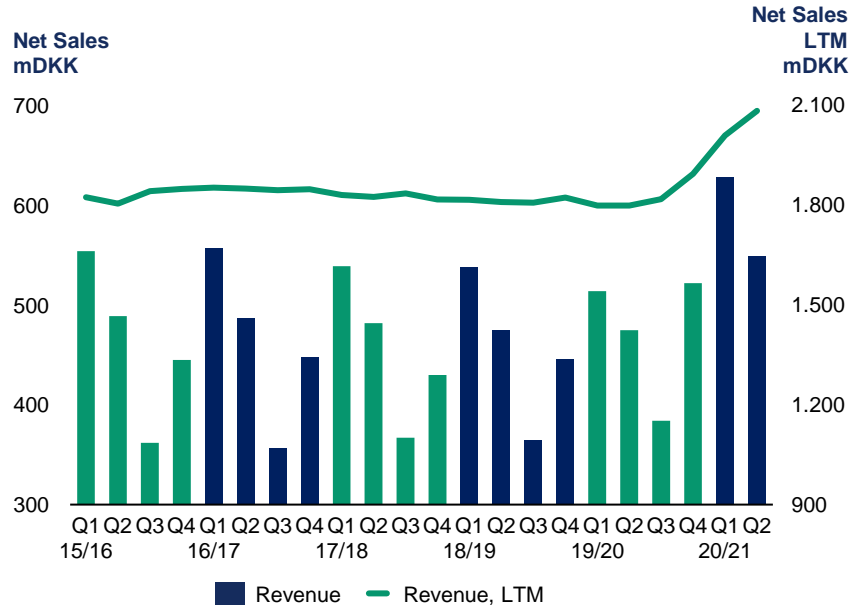
- Significant uplift in EBIT driven by strong sales with improved profitability due to increased consumer segment
- In addition to full impact from efficiency program, temporary savings from reduced travel activities and hiring freeze
- Negative impact from costs related to acquisition of Eskaro Group

mDKK	H1 20/21	H1 19/20	Change
Net sales	1,178	988	19%
Organic growth	10%	-2%	12pp
M&A	11%	0%	11pp
Currency	-2%	-1%	-1pp
EBIT	200	105	91%
EBIT-margin	17.0%	10.6%	6pp



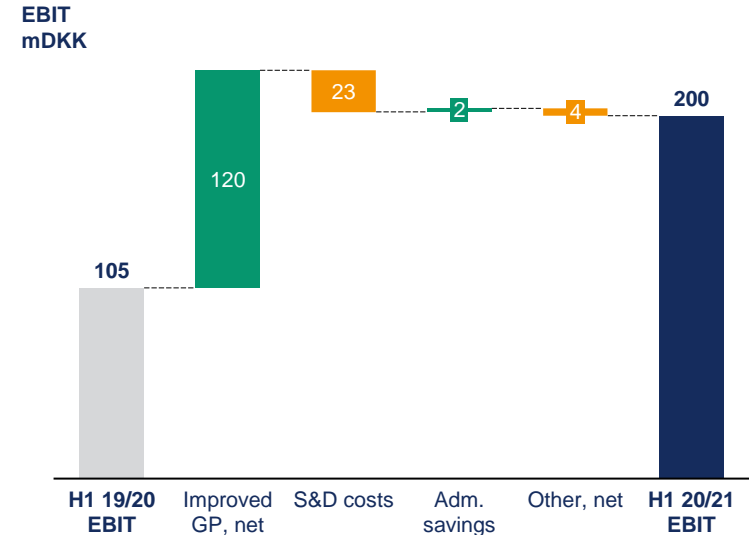
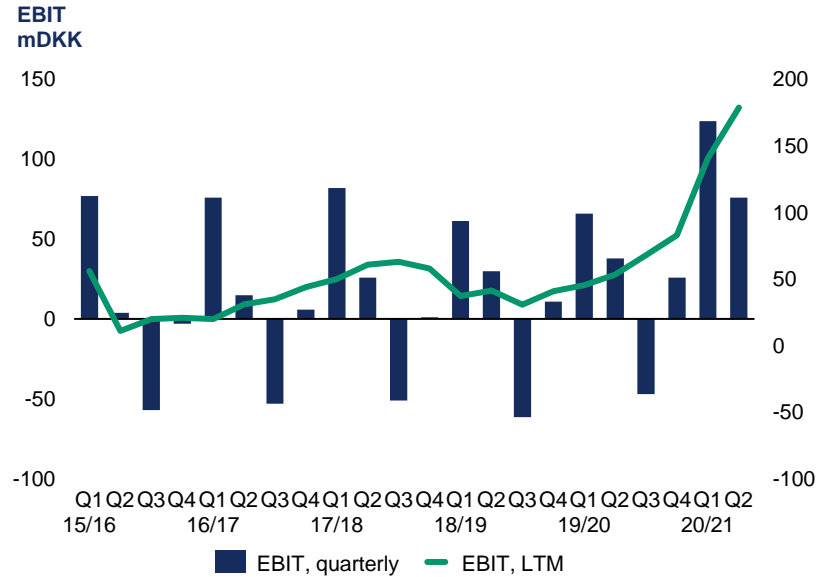
Net sales increase driven by acquisition of Unicell. Positive impact from COVID-19, but currency headwind in Poland and Norway

Group sales development



EBIT almost doubled compared to LY, driven by Unicell, increased sales and full impact from the efficiency program TITAN

Group EBIT development



Segment 1 Own Stores & Resellers: Q2 sales growth of +7% driven by increased activities in the consumer segment

Sales development per geographical segment

- Strong sales in Denmark driven by consumers in particular, due to the extraordinary payment of holiday allowance and Covid-19
- Poland back on growth track with 14% organic growth
- Sweden sales growth driven by positive impact from Covid-19 and currencies

Revenue (mDKK)	Q2 19/20	Currency	M&A	Organic Growth	Q2 20/21	Reported Growth
Denmark*	152	-3	0	20	170	11%
Sweden	121	4	0	6	132	9%
Norway	60	-3	0	2	59	-1%
Poland	58	-3	0	8	62	8%
Other	31	0	0	0	30	-3%
Total	422	-6	0	37	453	7%

*Denmark incl. Iceland, Greenland and Faroe Island

- Currency headwind in Norway, Poland and Iceland
- 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	Q2 19/20	Q2 20/21
Revenue	1,613	422	453
Gross Profit	918	243	278
EBIT	88	39	66
Gross Margin %	57%	58%	61%
EBIT-margin %	5%	9%	15%

Segment 2 DIY: Q2 sales increase solely driven by acquisition of Unicell International, while Unicell Nordic was flat

Sales development per geographical segment

- Q2 affected by delays in delivery of tools and accessories purchased in China impacting sales in Unicell Nordic

Revenue (mDKK)	Q2 19/20	Currency	M&A	Organic Growth	Q2 20/21	Reported Growth
Unicell Nordic	53	1	0	0	53	1%
Unicell international	0	0	44	0	44	N/A
Total	53	1	44	0	96	82%

- Unicell International contribution of mDKK 44

- Positive EBIT impacted by improved gross margin in existing business and contribution from acquired Unicell International

mDKK	FY 2019/20	Q2 19/20	Q2 20/21
Revenue	282	53	96
Gross Profit	79	14	32
EBIT	-5	-1	10
Gross Margin %	28%	24%	34%
EBIT-margin %	-2%	4%	10%

Segment 1 Own Stores & Resellers: H1 sales growth of +8% primarily driven by positive impact from COVID-19 in Denmark and Sweden

Sales development per geographical segment

	Revenue (mDKK)	H1 19/20	Currency	M&A	Organic Growth	H1 20/21	Reported Growth
• Solid sales in both Denmark and Sweden driven by COVID-19	Denmark*	318	-6	0	51	364	14%
• Currency headwind in Norway and Poland	Sweden	259	8	0	22	289	11%
	Norway	128	-7	0	4	125	-2%
• Growth in Poland driven by uplift in consumer segment	Poland	113	-6	0	13	119	6%
	Other	64	-1	0	-3	59	-7%
	Total	882	-12	0	86	956	8%

*Denmark incl. Iceland, Greenland and Faroe Island

	mDKK	FY 2019/20	H1 19/20	H1 20/21
• Uplift in gross margin driven by increased sales to consumers	Revenue	1,613	882	956
	Gross Profit	918	524	596
• EBIT further impacted positively by fewer stores and rationalization of product portfolio	EBIT	88	108	172
	Gross Margin %	57%	59%	62%
	EBIT-margin %	5%	12%	18%

Segment 2 DIY: H1 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

Revenue (mDKK)	H1 19/20	Currency	M&A	Organic Growth	H1 20/21	Reported Growth
Unicell Nordic	106	1	0	16	123	16%
Unicell international	0	0	100	0	100	N/A
Total	106	1	100	16	222	110%

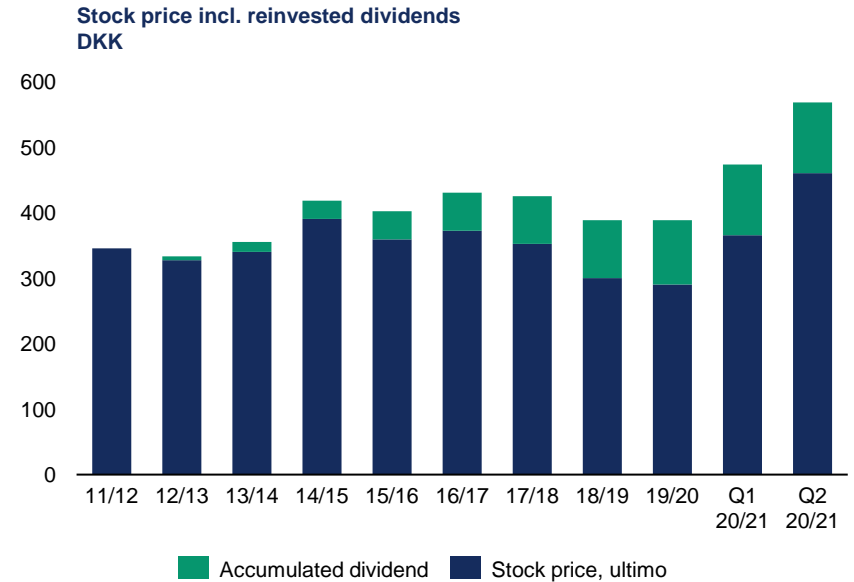
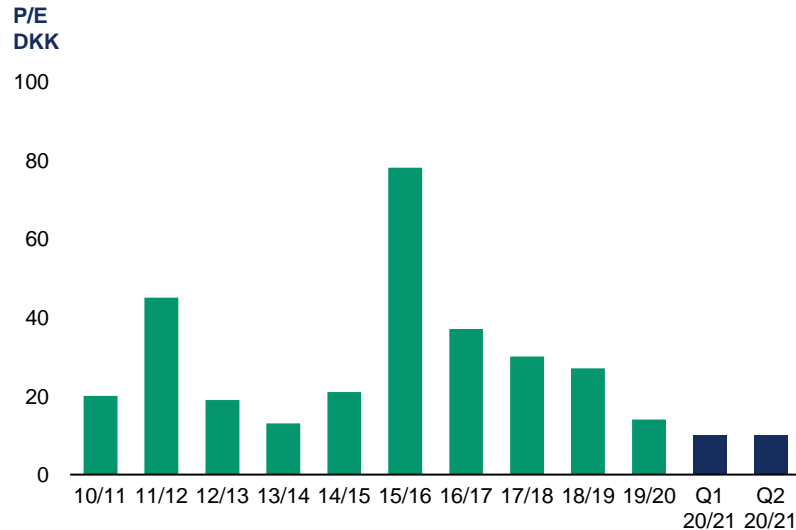
- Unicell International contribution of mDKK 100

- Positive EBIT impacted by improved gross margin in existing business and contribution from acquired Unicell International

mDKK	FY 2019/20	H1 19/20	H1 20/21
Revenue	282	106	222
Gross Profit	79	27	75
EBIT	-5	-3	28
Gross Margin %	28%	25%	34%
EBIT-margin %	-2%	-3%	13%

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

Development in P/E and stock price

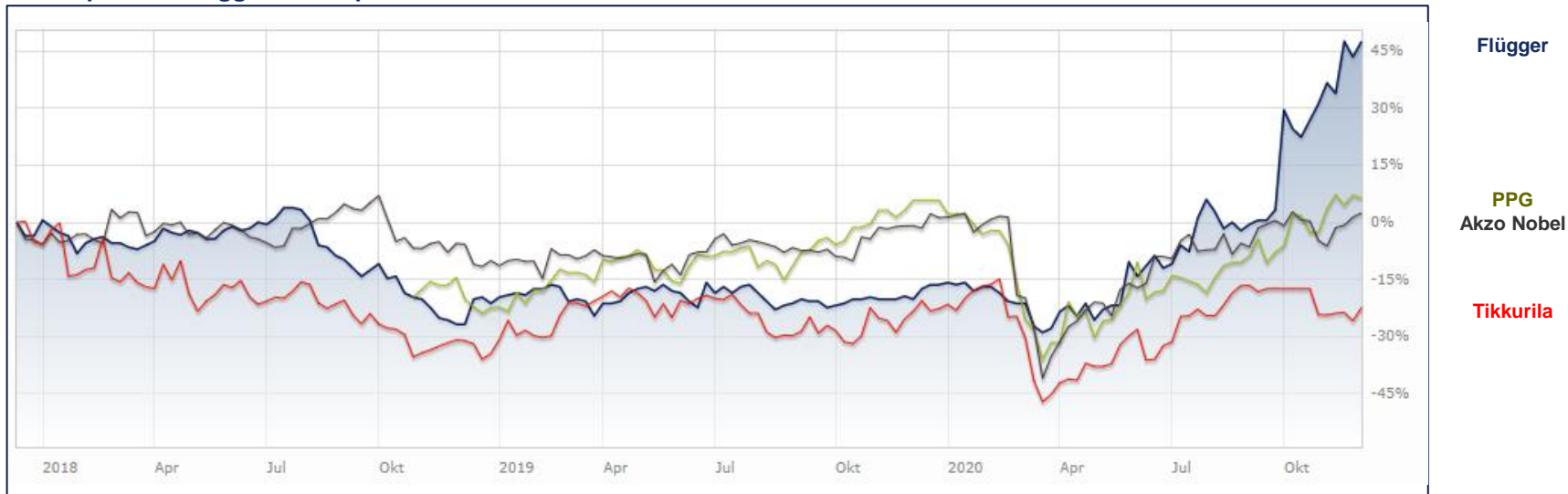


Stock prices

Facts about Flügger Group A/S (FLUG B)

Bud/Udbud	Dagens kursspænd	Omsætning	3mGnsOms	Markedsværdi
540,00 - 545,00	530,00 - 540,00	216	3.049	1,56Mia.
Seneste luk	52 ugers spænd	P./E	Udbytte	ISIN
540,00	236,00 - 565,00	14,97	1,89	DK0010218189

Development - Flügger & Competitors



Source: Dec 9 2020 - <https://tools.morningstar.dk/dk/stockreport/default.aspx?tab=7&SecurityToken=0P0000A5R1%5D3%5D0%5DE0WWE%24%24ALL&Id=0P0000A5R1&ClientFund=0&CurrencyId=DKK>