

*Financials*

## IR presentation Q3

March 2021



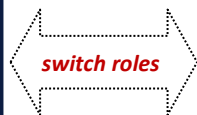
**Flügger**

## 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 230 & Franchise 143

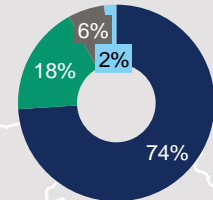
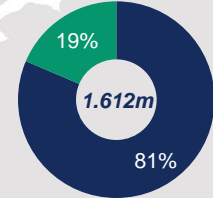
**Segment 2 DIY**

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



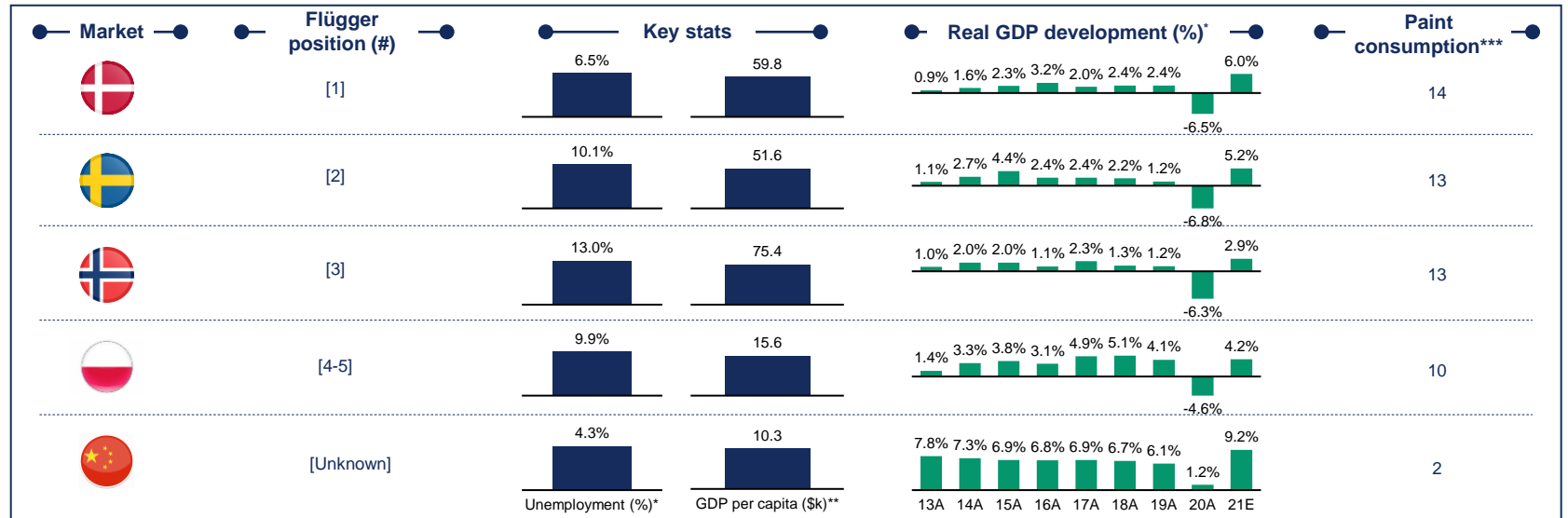
## Estimated Market shares\*



\* 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

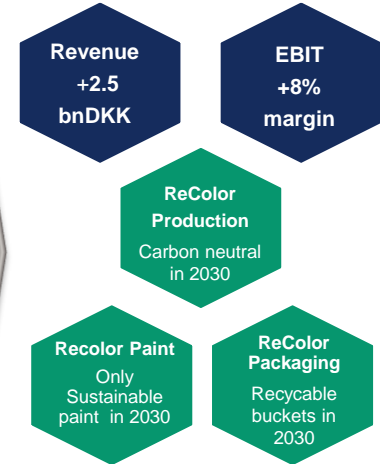
\* IMF - (World Economic Outlook (April 2020)) \*\* <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD> 2019 \*\*\* 2016 data, litres per capita

# 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 2020	October 2020	November 2020	February 2021	
Revenue	~ 2 bnDKK	+ 2 bnDKK	+ 2 bnDKK	2.050-2.080 mDKK	2.100-2.150 mDKK	~2.5 bnDKK
EBIT	~ 120 mDKK	130-150 mDKK	160-180 mDKK	200-215 mDKK	215-235 mDKK	
EBIT-margin	~ 6%	~ 7%	~ 8-9%	~ 10%	10-11%	+ 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 shall be run as a stand-alone unit** in the Flügger group, but corporation within R&D, procurement and cross selling of products to harvest synergies

## Consolidated view after acquisition of Eskaro

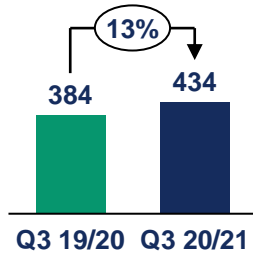
P&L (mDKK)	Forecast		20/21 incl.
	20/21	Eskaro	Eskaro*
Revenue	2.100-2.150	~420	2.520-2.570
EBITDA		~40	
EBIT	215-235	~27	242-262

*\*Proforma*

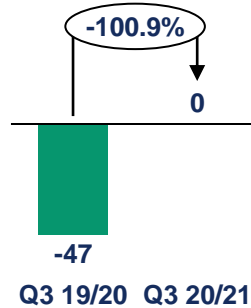
*Simple consolidation of as-is numbers for illustration purpose. Synergies and future organic growth will increase EBITDA*

# Q3 20/21 Highlights

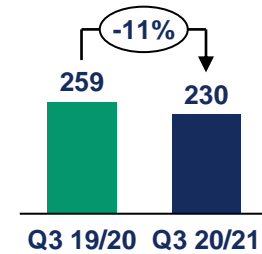
### Revenue (mDKK)



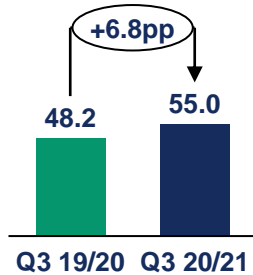
### EBIT (mDKK)



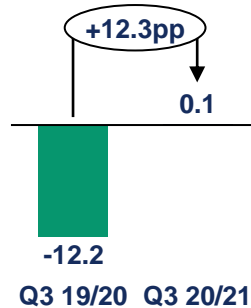
### Own stores (#)



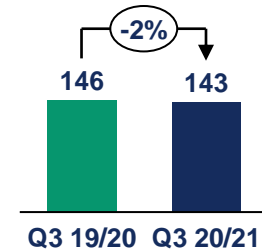
### Gross Margin (%)



### EBIT-margin (%)



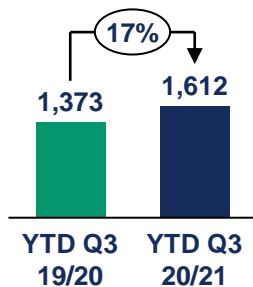
### Franchise stores (#)



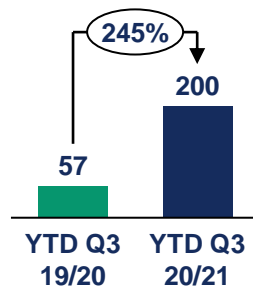


# YTD 20/21 Highlights

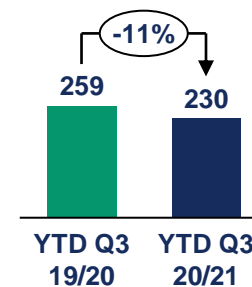
## Revenue (mDKK)



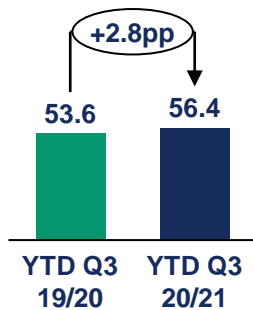
## EBIT (mDKK)



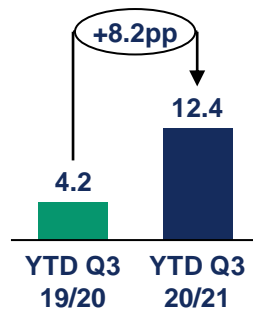
## Own stores (#)



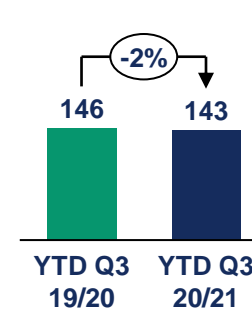
## Gross Margin (%)



## EBIT-margin (%)



## Franchise stores (#)



# Q3 20/21 Highlights

## Flügger Group Results

### Momentum continued with strong sales in Q3

- COVID-19 driving up organic sales growth primarily from consumers in Denmark and Sweden
- Currency headwind in Poland and Norway

### Historical result – First positive Q3 EBIT of mDKK 0,4

- EBIT doubled driven by strong sales with improved profitability due to increased consumer segment and acquisitions of Unicell International
- Increased sales and distribution costs driven by higher volumes partly offset by rationalization of store portfolio (11% fewer stores)

mDKK	Q3 20/21	Q3 19/20	Change
<b>Net sales</b>	<b>434</b>	<b>384</b>	<b>13%</b>
Organic growth	11%	1%	10pp
M&A	3%	6%	-3pp
Currency	-1%	-1%	0pp
<b>EBIT</b>	<b>0</b>	<b>-47</b>	<b>-100%</b>
EBIT-margin	0,0%	-12,2%	12pp

# YTD Jan 20/21 Highlights

## Flügger Group Results

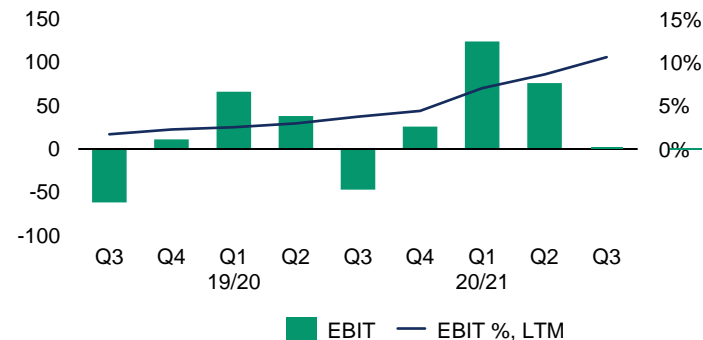
### Strong sales performance in Q1-Q3

- 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 8% of the growth
- Currency headwind in Poland and Norway

### EBIT tripled

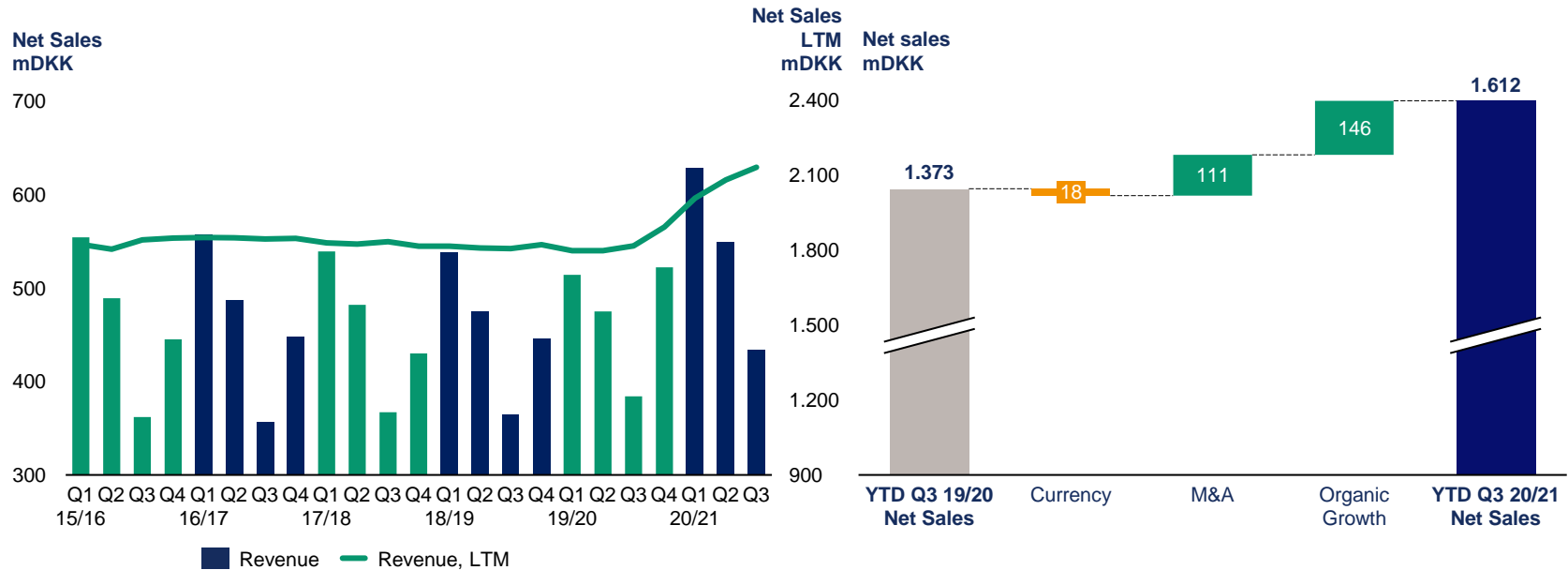
- Significant uplift in EBIT driven by strong sales with improved profitability due to increased consumer segment
- In addition to full impact from efficiency program, temporary savings from reduced travel activities and hiring freeze
- Negative impact from costs related to acquisition of Eskaro Group

mDKK	YTD Q3 20/21	YTD Q3 19/20	Change
<b>Net sales</b>	<b>1.612</b>	<b>1.373</b>	<b>17%</b>
Organic growth	11%	-1%	12pp
M&A	8%	2%	7pp
Currency	-1%	-1%	0pp
<b>EBIT</b>	<b>200</b>	<b>57</b>	<b>251%</b>
EBIT-margin	12,4%	4,2%	8pp



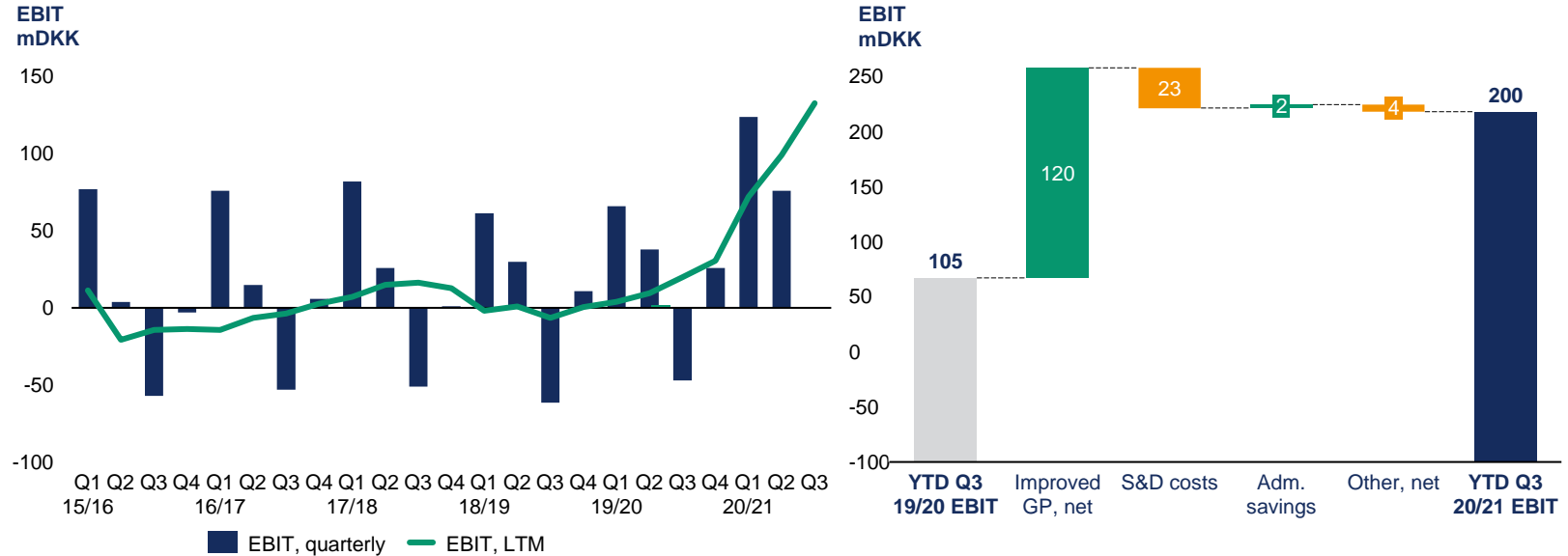
# Net sales increase driven by acquisition of Unicell. Positive impact from COVID-19. Currency headwind in Poland and Norway

## Group sales development



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

## Group EBIT development



# Segment 1 Own Stores & Resellers: Q3 sales growth of +11% 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
- Sweden sales growth driven by positive impact from Covid-19 and currencies
- 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

Revenue (mDKK)	Q3 19/20	Currency	M&A	Organic Growth	Q3 20/21	Reported Growth
Denmark*	116	-2	0	22	136	18%
Sweden	88	4	0	6	97	11%
Norway	43	-2	0	6	46	9%
Poland	51	-3	0	4	53	2%
Other	23	0	0	0	23	0%
<b>Total</b>	<b>321</b>	<b>-3</b>	<b>0</b>	<b>38</b>	<b>356</b>	<b>11%</b>

mDKK	FY 2019/20	Q3 19/20	Q3 20/21
Revenue	1.613	321	356
Gross Profit	918	168	214
<b>EBIT</b>	<b>73</b>	<b>-42</b>	<b>-4</b>
Gross Margin %	57%	52%	60%
EBIT-margin %	5%	-13%	-1%

\* Incl. Unicell Nordic and PP

## Segment 2 DIY: Q3 sales driven by acquisition of Unicell International

### Sales development per geographical segment

- The negative growth in the Nordic was driven by the temporary closure of retail stores in Denmark related due to COVID-19
- Unicell International contribution of mDKK 34
- Positive EBIT impacted by improved gross margin in existing business and contribution from acquired Unicell International

Revenue (mDKK)	Q3 19/20	Currency	M&A	Organic Growth	Q3 20/21	Reported Growth
Unicell Nordic	44	1	0	-2	43	-3%
Unicell international	20	-2	12	5	34	75%
<b>Total</b>	<b>64</b>	<b>-1</b>	<b>12</b>	<b>3</b>	<b>77</b>	<b>21%</b>

mDKK	FY 2019/20	Q3 19/20	Q3 20/21
Revenue	282	64	77
Gross Profit	80	17	25
<b>EBIT</b>	<b>10</b>	<b>-5</b>	<b>4</b>
Gross Margin %	28%	27%	32%
EBIT-margin %	4%	-7%	5%

# Segment 1 Own Stores & Resellers: YTD 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 driving unfavorable development in China

- Uplift in gross margin driven by increased sales to consumers

- EBIT further impacted positively by fewer stores and rationalization of product portfolio

Revenue (mDKK)	YTD Q3 19/20	Currency	M&A	Organic Growth	YTD Q3 20/21	Reported Growth
Denmark*	434	-9	0	74	500	15%
Sweden	347	10	0	29	386	11%
Norway	171	-10	0	10	171	0%
Poland	164	-8	0	16	172	5%
Other	87	-2	0	-2	83	-5%
<b>Total</b>	<b>1.203</b>	<b>-18</b>	<b>0</b>	<b>127</b>	<b>1.312</b>	<b>9%</b>

mDKK	FY 2019/20	YTD Q3 19/20	YTD Q3 20/21
Revenue	1.613	1.203	1.312
Gross Profit	918	691	810
<b>EBIT</b>	<b>73</b>	<b>65</b>	<b>168</b>
Gross Margin %	57%	57%	62%
EBIT-margin %	5%	5%	13%

\* Incl. Unicell Nordic and PP



## Segment 2 DIY: YTD primarily driven by acquisition of Unicell

### Sales development per geographical segment

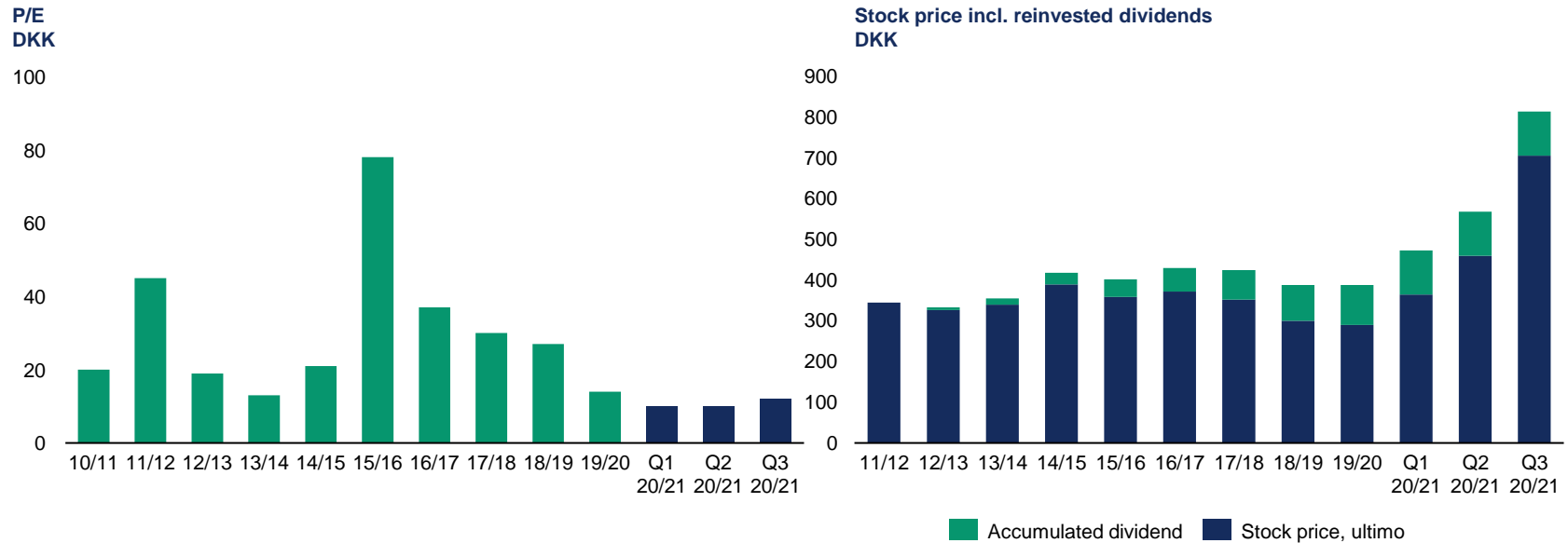
- Solid sales in Unicell Nordic driven by increased consumer focus on DIY due to COVID-19
- Unicell International contribution of mDKK 134
- Positive EBIT impacted by improved gross margin in existing business and contribution from acquired Unicell International

Revenue (mDKK)	YTD Q3 19/20	Currency	M&A	Organic Growth	YTD Q3 20/21	Reported Growth
Unicell Nordic	150	1	0	14	166	10%
Unicell international	20	-1	111	5	134	582%
<b>Total</b>	<b>170</b>	<b>0</b>	<b>111</b>	<b>19</b>	<b>300</b>	<b>77%</b>

mDKK	FY 2019/20	YTD Q3 19/20	YTD Q3 20/21
Revenue	282	170	300
Gross Profit	80	44	100
<b>EBIT</b>	<b>10</b>	<b>-7</b>	<b>32</b>
Gross Margin %	28%	26%	33%
EBIT-margin %	4%	-4%	11%

# Earnings increase with stock price keeping the P/E stable around 10

## Development in P/E and stock price

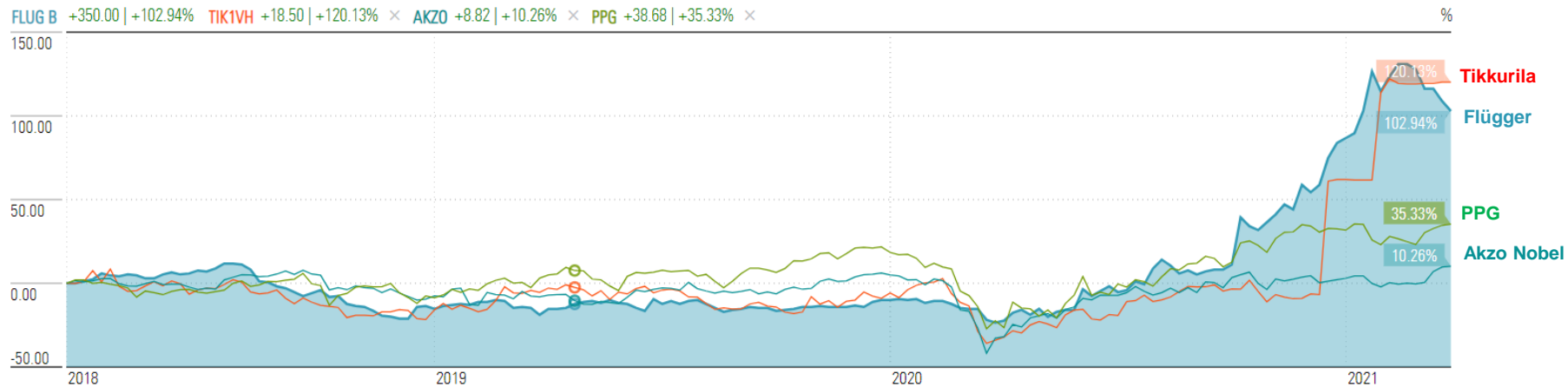


# Stock prices

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

Bid/Size 720.00×329	Ask/Size 725.00×30	Day Range 720.00 – 750.00	Volume / Avg 3.8 / 2.4
Year Range 250.00 – 800.00	Forward Div Yield 1.45%	Market Cap 2.0817 Bil	Investment Style Small Core
Price/Sales 0.96	Beta (5-Year) 0.29	Consensus Forward P/E —	Price/Book 2.27

## Development - Flügger & Competitors



Source: Mar 25 2021 - <https://www.morningstar.com/stocks/xcse/flug%20b/quote>