

Hartmann delivered record-breaking results in a year of challenge

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On the heels of the growth recorded in the first quarter of the year, the outbreak of COVID-19 triggered a sudden and substantial increase in eggs sold in the retail industry as more meals were eaten at home. With the unusual market conditions accelerating volume growth, revenue grew by 9% despite significant currency headwinds. At the same time, Hartmann increased the share of retail packaging and maintained a high level of production efficiency, enabling the group to deliver an all-time high profit margin* of 17.5% and a return on invested capital of 28.7% for 2020. While growth was largely driven by COVID-19-related effects, the underlying business also made considerable headway.

The year also saw unusually high levels of investment and activity due to the acquisition of India-based Mohan Fibre and the conditional acquisition of Russia's Gotek-Litar. The latter deal was closed in January 2021. In addition, Hartmann established a new factory in northern Brazil and added to production capacity in the USA and at several European factories. Expansion in new and existing markets will drive continued growth and help achieve the ambitions to win market share and deliver strong profitability.

2020

- Group revenue increased to DKK 2,567 million (2019: DKK 2,356 million).
- Revenue from packaging sales grew to DKK 2,450 million (2019: DKK 2,295 million), and revenue from machinery and technology sales increased to DKK 117 million (2019: DKK 61 million).
- Operating profit* grew to DKK 452 million (2019: DKK 262 million) corresponding to a profit margin of 17.5% (2019: 11.1%).
- Investments increased to DKK 437 million (2019: DKK 197 million).

CEO Torben Rosenkrantz-Theil says: "We had to tap into our stocks and have our factories work full speed during our usual off season in the second and third quarters in order to accommodate customer demand as best as possible. Thanks to the extraordinary efforts of our people throughout the organisation, we were able to continue the strong progress made in recent years on the back of our substantial investments. We continue to invest in future growth and already in 2020 launched the next round of capacity expansion. This enabled us to start up new capacity in Europe at the beginning of 2021, and additional capacity will be put into operation in Europe and at our US factory later this year. In addition, we are in the process of integrating and enhancing the efficiency of our new factories in India and Russia, which we plan to expand over the next few years."

Guidance for 2021

Hartmann anticipates continued core business volume growth and expects to generate overall revenue of DKK 2.7-3.0 billion and a profit margin of 14-17% in 2021.

Continued growth is expected to be driven by the capacity added in Europe, the USA and Brazil and the activities acquired in India and Russia. Demand for egg packaging is expected to remain strong in the first half of 2021 on the back of COVID-19-related effects. Guidance includes licence income of DKK 78 million resulting from the settlement in the first quarter of the year of an international intellectual property rights dispute concerning Hartmann's **magic®** products.

COVID-19 is causing significantly increased operational risk, volatile foreign exchange rates and raw materials prices and reduced visibility. Market conditions are particularly challenging in South America, where Hartmann expects the spread of COVID-19 to have significant adverse macroeconomic ramifications, including potential negative effects on the product mix and sales of eggs in the retail industry as well as operational challenges.

Investments are expected at around DKK 550 million in 2021, including the DKK 116 million acquisition of Russian-based Gotek-Litar.

** Operating profit and profit margin are stated before restatement for special items and hyperinflation.*

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About Brødrene Hartmann A/S

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging and a market-leading manufacturer of fruit packaging in South America and India. The group is also the world's largest manufacturer of technology for the production of moulded-fibre packaging. Founded in 1917, Hartmann's market position builds on its strong technology know-how and extensive experience of sustainable moulded-fibre production dating back to 1936. Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly demanding sustainable packaging solutions and specialised marketing expertise. Our versatile product portfolio is customised to accommodate customer and consumer needs in each individual market. Hartmann sells machinery and technology to manufacturers of moulded-fibre packaging in selected markets. Headquartered in Gentofte, Denmark, Hartmann has 2,500 employees. Hartmann's production platform consists of 15 factories in Europe and Israel, North and South America, and India and Russia.

Attachments

- [Hartmann Annual report 2020.pdf](#)