

## Company announcement no. 11/2021

Gentofte, 10 August 2021

### **Hartmann adjusts guidance**

Hartmann now expects to generate revenue of DKK 2.6-2.9 billion and a profit margin of 10-13% before special items and restatement for hyperinflation in 2021 against the previous expectations of reaching revenue of DKK 2.7-3.0 billion and a profit margin of 14-17%.

The investment outlook of around DKK 550 million in 2021 is maintained.

#### **Background**

The adjustment of guidance is due to additional significant price increases on the group's most important raw materials – recycled paper and energy – as well as a sharp decline in demand for egg packaging after the phasing out of COVID-19 restrictions in several of the group's markets, which is primarily expected to have a detrimental effect on Hartmann's results in the second half of the year.

Raw material prices in most of Hartmann's markets have increased at an unprecedented pace to a historically high level. Despite intensified efforts to adjust the group's sales prices, the expected adjustments will be completed with delay due to the duration of existing customer agreements.

The extraordinary demand for eggs in retail during COVID-19 has been replaced by unusually low demand in the off-season in Q2 and Q3 due to phasing out of restrictions and partial re-opening of restaurants and the catering industry as well as fewer egg promotions in the supermarkets.

Hartmann thus expects the rest of 2021 to be negatively impacted by continuously increasing raw material prices and lower-than-normal demand in the off-season in Q3. The higher raw material prices and as well as the temporary decline in demand and lower capacity utilization will entail significantly increased production costs. The negative effects are partly offset by a targeted effort to adjust sales prices and improve the overall price and product mix.

#### **Financial ambitions maintained**

The adjustment of 2021 guidance does not affect Hartmann's long-term ambitions of increasing packaging volumes sold in step with or above market growth, growing revenue every year and generating a profit margin of at least 14%. The ability to meet these financial ambitions will vary over time, depending on market conditions, short-term effects of capacity adjustments, business developments and fluctuations in raw materials prices, exchange rates, etc.



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The interim report for H1 2021 will be published on 17 August 2021, and Hartmann will host a conference call on 18 August at 9.00 CET.

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