

# Interim report Q2 2016

Conference call, 19 August 2016  
CEO Ulrik Kolding Hartvig  
CFO Marianne Rørslev Bock

# Highlights

## Revenue growth and improved profitability

- Strong contribution from Hartmann Technology
- Expansion in the Americas on track

## Progress in Europe

- High activity level in Hartmann Technology
- Positive effects of efficiency measures and lower costs

## Moderately lower volumes in the Americas

- Temporary fluctuations in demand in North America partly countered by higher share of premium products
- Contribution from South America moderately affected by negative macroeconomic developments

## Outlook for 2016 maintained

### Outlook 2016

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Revenue	2.1-2.2bn
Profit margin	11-12.5%

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### Targets 2017

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Revenue	2.2-2.4bn
Profit margin	12-14%

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*References to operating profit and profit margin are before special items, unless otherwise stated.*

## Americas

Revenue: 207 million (-4%)

Profit margin: 14.7% (2015: 17.0%)

Temporary market volatility in North America

Weak Brazilian economy affected volumes

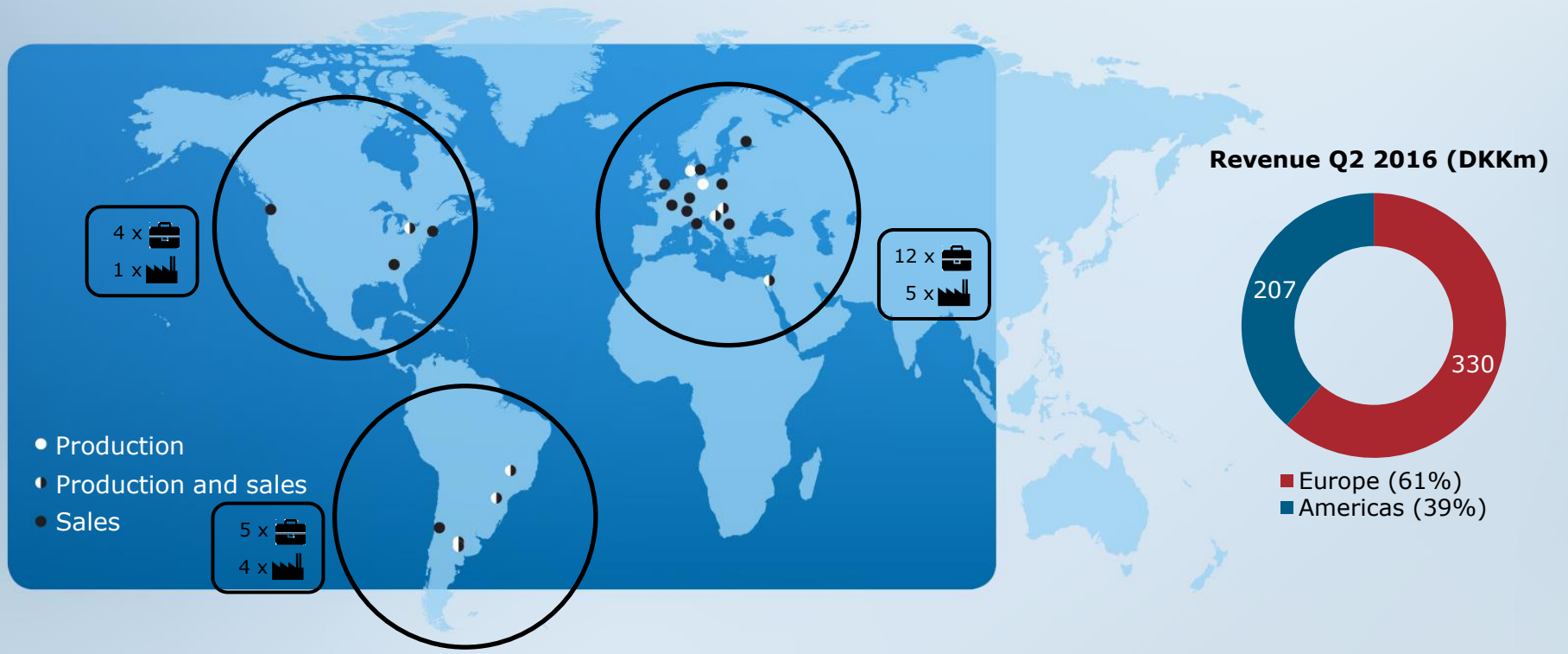
## Europe

Revenue: DKK 330 million (24%)

Profit margin: 12.1% (2015: 4.2%)

Strong performance in Hartmann Technology

Volumes and efficiency outweigh lower prices

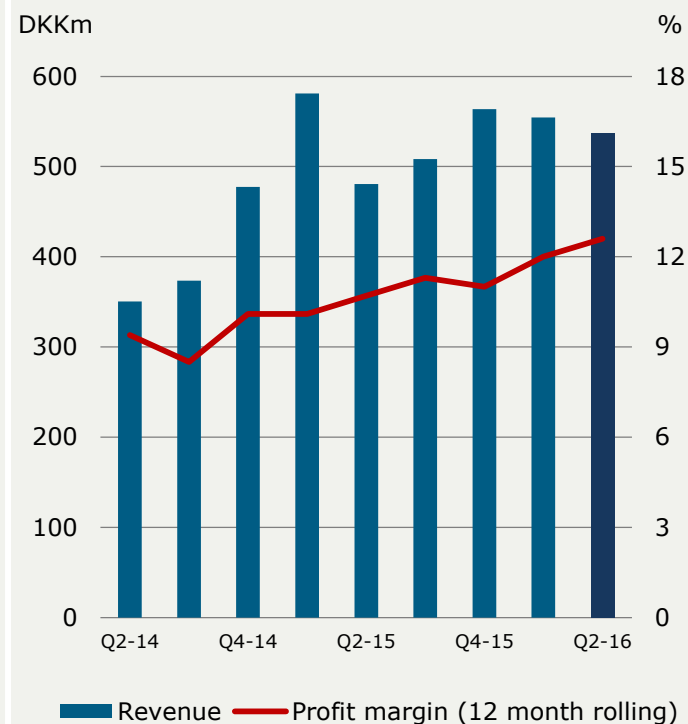


# Financials Q2 2016

- Machinery sales secured growth and high profitability
  - DKK 67 million from other income
- Significant currency effects to a wide extent countered by inflation in South America
- Free cash flows impacted by costs for German factory closure and lower pre-payments to Hartmann Technology as well as increased investments

DKKm	Q2 2016	Q2 2015	Change (%)
Revenue	537	481	12
Operating profit	63	42	48
Profit	43	9	388
Free cash flows (operating and investing)	(33)	61	(154)
Invested capital	1,198	1,069	12
Profit margin, %	11.6	8.8	-
ROIC, %	25.2	22.2	-

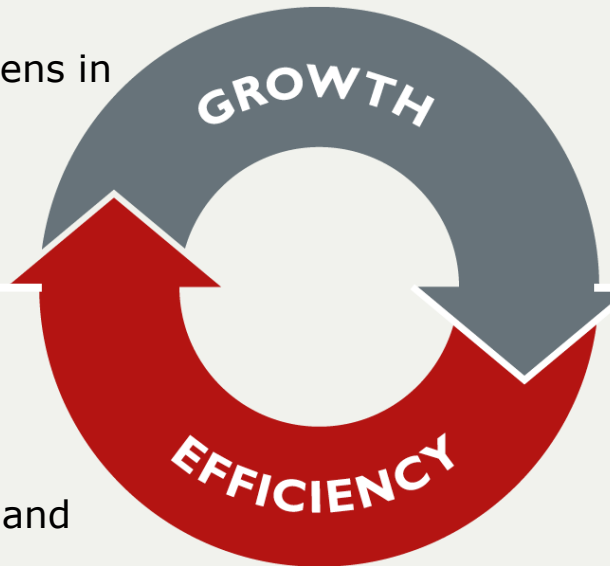
Group revenue and profit margin



# Unpacking our potential – selected initiatives

- Expansion in Americas
  - 2 factories in South America open in 2016
  - 1 factory in the US opens in early 2017

- Expansion in Europe
  - Transfer from German factory completed
  - Further expansion initiated



- German factory closed
  - Streamlined footprint and reduced costs

- Initiatives in Europe
  - Continued automation work
  - Improved distribution setup
  - New test centre in H2

# Outlook 2016

## Guidance for 2016 maintained

	<b>Guidance 2016</b>	<b>Targets 2017</b>
Revenue	DKK 2.1-2.2bn	DKK 2.2-2.4bn
Profit margin before special items	11.0-12.5%	12-14%

- 2016 guidance based on:
  - Increased efficiency in Europe
  - Expansion of production network in South America
  - Operating costs for new test center in Europe
- Expected CAPEX of around DKK 350 million includes 2016 investments in:
  - Efficiency measures in Europe
  - Expansion of production network in South America and the US
- 2017 targets based on:
  - Efficiency improvements
  - Organic growth through improved utilisation of expanded capacity
- ROIC at a level of at least 22% in 2017
- Impact of potential acquisitions is not included in Hartmann's targets

# Questions?

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## Upcoming events

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Q3 interim report

9 November 2016

Annual report 2016

8 March 2017



## Appendix: Key figures and financial ratios

<b>DKKm</b>	<b>Q2 2016</b>	<b>Q2 2015</b>	<b>Change (%)</b>
<b>Revenue</b>	<b>537</b>	<b>481</b>	<b>12</b>
- Europe	330	266	24
- Americas	207	215	(4)
<b>Operating profit</b>	<b>63</b>	<b>42</b>	<b>48</b>
- Europe	40	11	254
- Americas	31	37	(16)
Net financials	(5)	(18)	(74)
Profit	43	9	388
Free cash flows	(33)	61	(154)
<b>Profit margin, %</b>	<b>11.6</b>	<b>8.8</b>	<b>-</b>

## Appendix: Balance sheet

<b>DKKm</b>	<b>31.06.16</b>	<b>31.06.15</b>	<b>31.12.15</b>
Assets	1,830	1,780	1,720
Net working capital (NWC)	256	268	257
Invested capital (IC)	1,198	1,069	1,055
Net interest-bearing debt	560	495	495
Equity	683	663	598
ROIC, %	25.2	22.2	21.7
Equity ratio, %	37.3	37.3	34.7
Gearing, %	81.9	74.6	82.8

# Forward-looking statements

## Disclaimer

This presentation contains forward-looking statements reflecting management's expectations of future events and must be viewed in the context of among other things the business environments and currency markets, which may cause actual results to deviate materially from those projected by Hartmann.