

Annual report 2015

Conference call, 9 March 2016
CEO Ulrik Kolding Hartvig
CFO Marianne Rørslev Bock

Highlights

Significant revenue growth and improved profitability

- Expansion in Americas
- Increasing competition in Europe
- Proposed dividend of DKK 9.5 per share (2014: DKK 9.5)

European efficiency and competitiveness measures on track

- Organisational adjustments and closure in Germany
- Expansion of other production capacity in Europe
- Special costs of DKK 101m

Americas drove group growth and profitability improvements

- Addition of South America and utilisation in North America
- Expansion: 2 facilities in South America and 1 in the U.S.

Outlook 2016

Revenue	2.1-2.2bn
Profit margin	11-12.5%

Targets 2017

Revenue	2.2-2.4bn
Profit margin	12-14%

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

Americas

Revenue: DKK 886 million (178%)

Profit margin: 16.5% (2014: 18.7%)

Added capacity and high utilisation

Further capacity expansion initiated

Europe

Revenue: DKK 1,248 million (-4%)

Profit margin: 9.0% (2014: 9.9%)

Increase in moulded-fibre volumes

Decline due to other activities and pricing



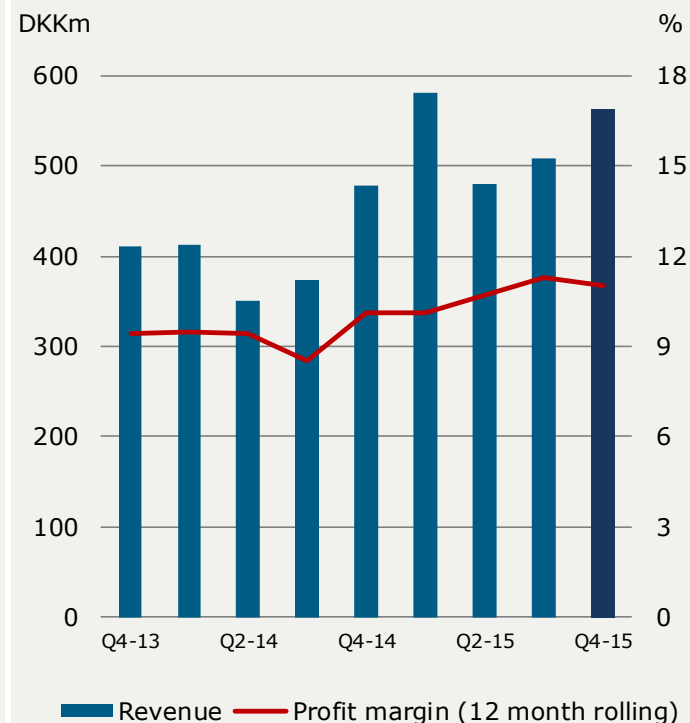
South American activities added to the group in January 2015

Financials 2015

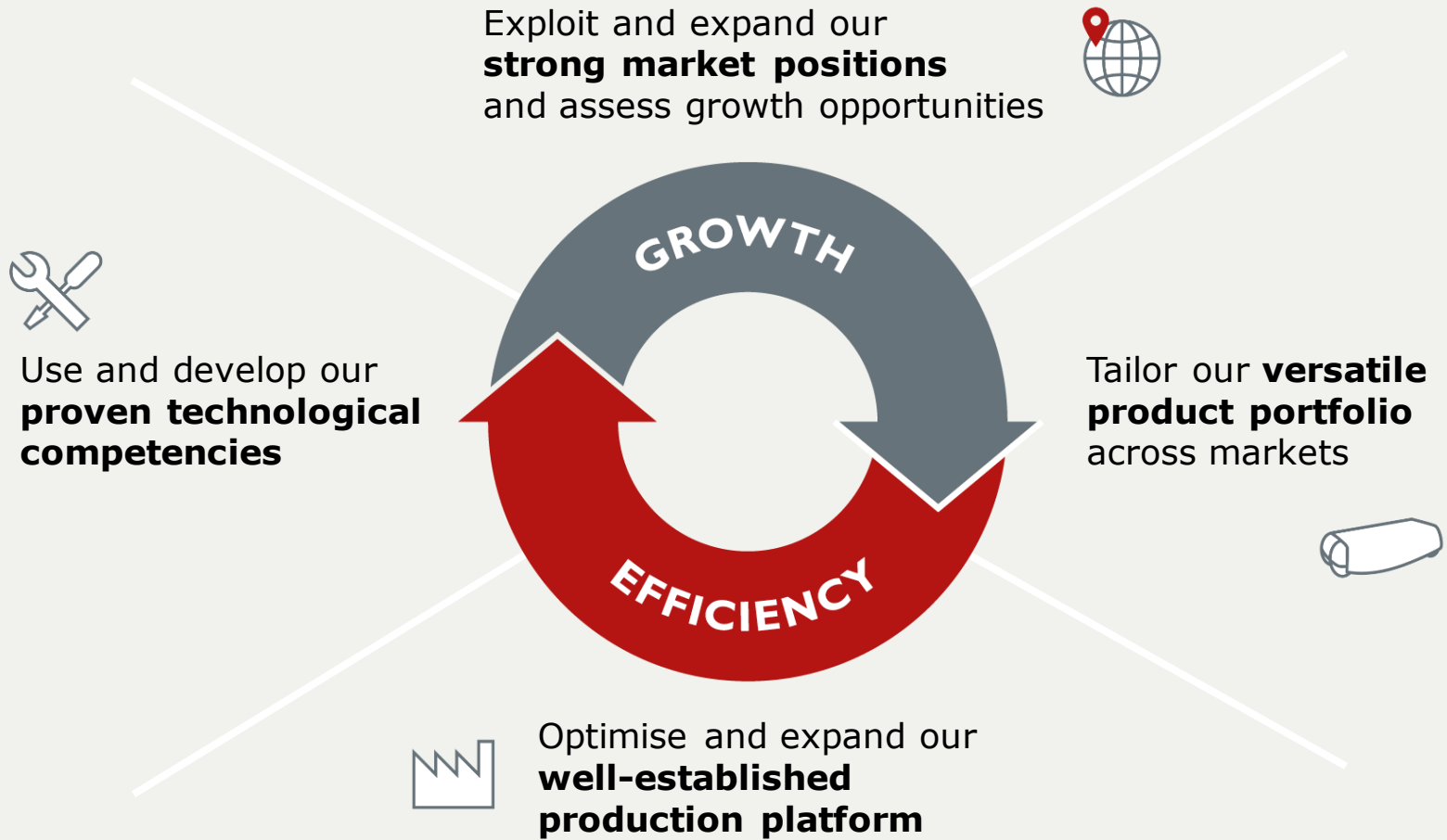
- Increased revenue and improved profitability
 - Growth of 32% due to acquisition and progress in Americas
 - Organic growth of 7% excl. acquisition and ceased sales of district heating
 - Profit margin of 11.0% despite increased price competition in Europe
- Currency gains affected revenue by DKK 77 million and operating profit by DKK 50 million
- DKK 101m special costs from European efficiency initiatives
- Free cash flows impacted by significant investments

DKKm	2015	2014	Change (%)
Revenue	2,133	1,615	32
Operating profit	234	163	43
Special items	(101)	(7)	1,327
Profit	111	119	(7)
Free cash flows (operating and investing)	(291)	43	(778)
Invested capital	1,055	736	43
Profit margin, %	11.0	10.1	-
ROIC, %	21.7	22.3	-

Group revenue and profit margin



Our potential



Our initiatives

Potential	Initiative	Timing
	<p>Addition of South American activities</p> <ul style="list-style-type: none"> Strengthened global position via presence in attractive South American markets 	2015
	<p>Expansion of production network</p> <ul style="list-style-type: none"> 2 additional factories in South America and 1 factory in the U.S. to meet demand 	2015-2017
	<p>Expansion of capacity in Europe</p> <ul style="list-style-type: none"> Increased production capacity and utilisation of existing infrastructure 	2015-2016
	<p>Closure of German factory</p> <ul style="list-style-type: none"> Strengthened competitiveness and profitability through efficiency measures and optimisation 	2015-2016
	<p>Intensified marketing of premium products</p> <ul style="list-style-type: none"> Driving the move from standard to premium products to the benefit of customers and Hartmann 	
	<p>Sales of technology and assessment of opportunities</p> <ul style="list-style-type: none"> Assignments on Hartmann projects and with customers as well as ongoing assessment of new markets 	

Outlook 2016 and financial targets

	Guidance 2016	Targets 2017
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
- 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

Q&A session

Questions?

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Upcoming events

Annual general meeting	11 April 2016
Q1 interim report	24 May 2016
Q2 interim report	18 August 2016
Q3 interim report	9 November 2016

Appendix: Key figures and financial ratios

DKKm	Q4 2015	Q4 2014	Change (%)	2015	2014	Change (%)
Revenue	564	478	18	2,133	1,615	32
- Europe	348	377	(8)	1,248	1,296	(4)
- Americas	216	100	115	886	319	178
Operating profit	78	75	4	234	163	43
- Europe	43	57	(24)	112	128	(12)
- Americas	41	25	63	146	60	145
Special items	(3)	(7)	(52)	(101)	(7)	1,327
Net financials	1	(6)	(118)	(23)	(17)	33
Profit	81	53	53	111	119	(7)
Free cash flows	(21)	25	(184)	(291)	43	(778)
Profit margin, %	13.9	15.8	-	11.0	10.1	-

Appendix: Balance sheet

DKKm	31.12.15	31.12.14
Assets	1,720	1,244
Net working capital (NWC)	257	175
Invested capital (IC)	1,055	736
Net interest-bearing debt	495	161
Equity	598	663
ROIC, %	21.7	22.3
Equity ratio, %	34.7	53.3
Gearing, %	82.8	24.2

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.