

# Interim report Q2 2015

Conference call, 21 August 2015

CEO Ulrik Kolding Hartvig

CFO Marianne Rørslev Bock

## Q2 highlights

- Continued revenue growth and profitability improvements on group level driven by progress in Americas
- Increasing price competition in Europe impacted revenue and operating profit negatively
- Initiatives to improve efficiency in Europe
  - Workforce reductions in production and at headquarters
  - Proposed closure of production facility in Germany – volumes to be absorbed by other factories under expansion
  - Special costs of DKK 14m in Q2 and expected to be DKK 90-110m in 2015
- Integration of South American activities progressing to plan
- 2015 outlook maintained
  - Revenue of DKK 2.0-2.1bn
  - Profit margin before special items of 10-11.5%

# Unpacking our potential – improve profitability in Europe

## Completed in Q2

- Workforce reductions
  - European factories
  - Headquarters
- Footprint review conducted
  - Analysis of current setup



## Initiated

- Proposed closure in Germany
  - Streamline footprint
  - Reduce costs
  - Subject to negotiations
- Expand capacity
  - Utilise existing infrastructure

Strategic efficiency initiatives aiming to  
**strengthen competitiveness and profitability**

## Americas

Revenue: DKK 215 million (211%)

Profit margin: 17.0% (2014: 16.6%)

Volume from added South American activities

Improved utilisation of expanded capacity

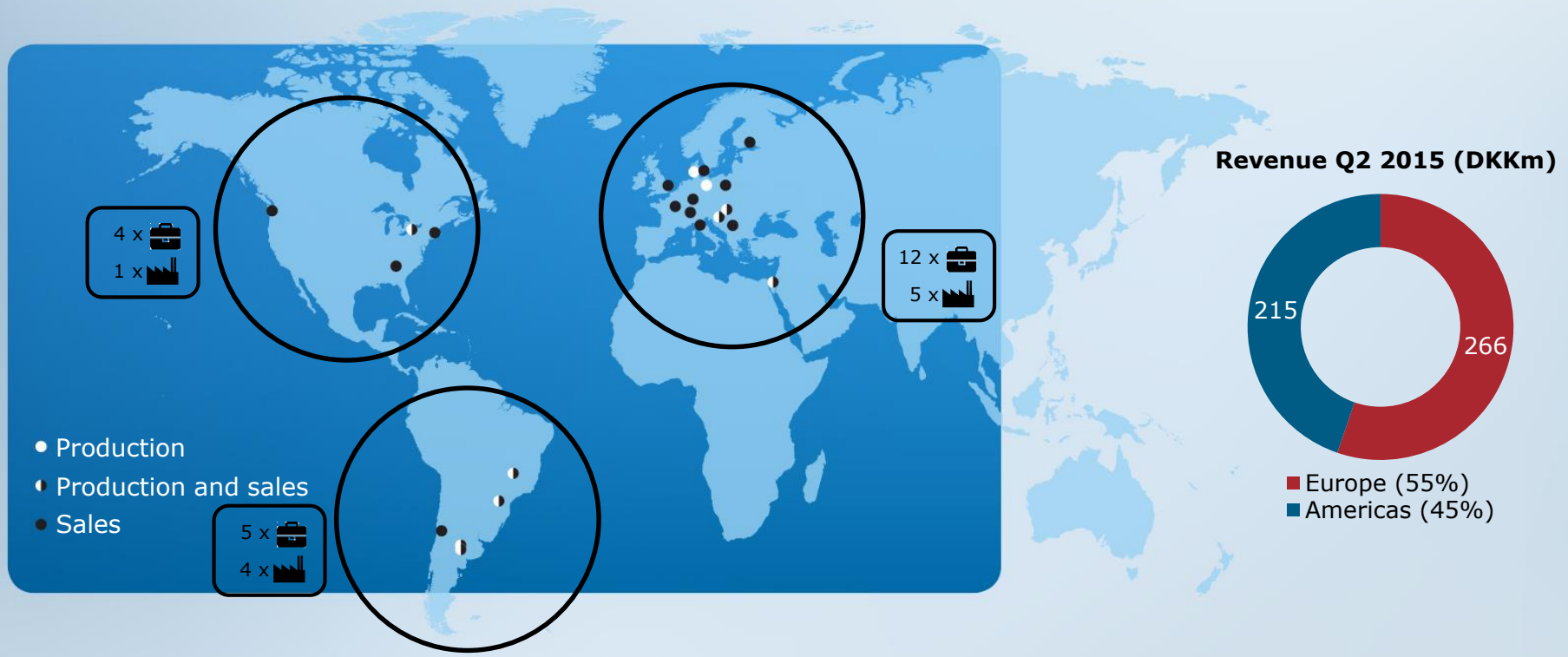
## Europe

Revenue: DKK 266 million (-6%)

Profit margin: 4.2% (2014: 4.1%)

Moderate increase in moulded-fibre volumes

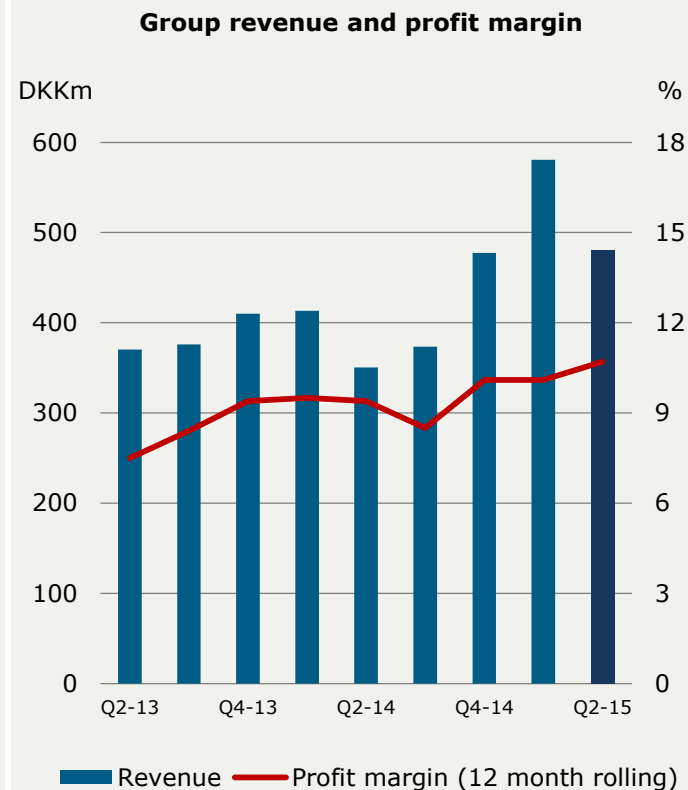
Intensified price competition



# Financials Q2 2015

- Progress driven by American activities
  - Group revenue growth of 37%
  - Group profit margin improved to 8.8% (4.9%)
- Tough competition in Europe impacted average sales price
- DKK 14m special costs from European efficiency initiatives

DKKm	Q2 2015	Q2 2014	Change (%)
Revenue	481	351	37
Operating profit	42	17	145
Special items	(14)	0	-
Profit	9	11	(20)
Free cash flows (operating and investing)	61	20	203
Invested capital	1,069	736	45
Profit margin, %	8.8	4.9	-
ROIC, % (12 month rolling)	22.2	21.2	-



# Outlook 2015

## Guidance for 2015 maintained

	<b>Guidance 2015</b>	<b>Targets 2017</b>
Revenue	DKK 2.0-2.1bn	DKK 2.2-2.4bn
Profit margin before special items	10-11.5%	12-14%

- 2015 guidance based on:
  - Addition of South American activities
  - Cost reductions to offset increasing competition in Europe
  - Improved capacity utilisation across all business units
- Expected special costs of DKK 90-110m in 2015
- 2017 targets based on:
  - Efficiency improvements
  - Organic growth through improved utilisation and expansion of production network
- ROIC of 22% in 2017
- Impact of potential acquisitions is not included in Hartmann's targets

# Questions?

## Contact information

Brødrene Hartmann A/S  
Ørnegårdsvej 18  
DK-2820 Gentofte  
Tel. (+45) 45 97 00 00  
investor.hartmann-packaging.com



Ulrik Kolding  
Hartvig, CEO



Marianne Rørslev  
Bock, CFO

### Upcoming events

---

AktieUgebrevet's Capital Market seminar	2 September 2015
ABG Sundal Collier's Small and Mid Cap Seminar	24 September 2015
Q3 interim report	12 November 2015

---



## Appendix: Key figures and financial ratios

DKKm	Q2 2015	Q2 2014	Change (%)	H1 2015	H1 2014	Change (%)
<b>Revenue</b>	<b>481</b>	<b>351</b>	<b>37</b>	<b>1,061</b>	<b>764</b>	<b>39</b>
- Europe	266	282	(6)	608	622	(2)
- Americas	215	69	211	454	142	220
<b>Operating profit</b>	<b>42</b>	<b>17</b>	<b>145</b>	<b>104</b>	<b>62</b>	<b>68</b>
- Europe	11	12	(3)	44	50	(11)
- Americas	37	12	219	72	24	198
Special items	(14)	0	-	(14)	0	-
Net financials	(18)	(4)	318	(11)	(9)	20
Profit	9	11	(20)	65	45	44
Free cash flows	61	20	203	(269)	(4)	7,125
<b>Profit margin, %</b>	<b>8.8</b>	<b>4.9</b>	<b>-</b>	<b>9.8</b>	<b>8.1</b>	<b>-</b>

## Appendix: Balance sheet

<b>DKKm</b>	<b>30.06.15</b>	<b>30.06.14</b>	<b>31.12.14</b>
Assets	1,780	1,143	1,244
Net working capital (NWC)	268	185	175
Invested capital (IC)	1,069	736	736
Net interest-bearing debt	495	207	161
Equity	663	596	663
ROIC, % (12 month rolling)	22.2	21.2	22.3
Equity ratio, %	37.3	52.1	53.3
Gearing, %	74.6	34.8	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.