

# Interim report Q3 2014

13 November 2014

## Q3 highlights

- Stable revenue but declining operating profit despite higher share of premium products
- Slow development in Europe and temporarily higher cost level from North American expansion
- North American production capacity increase provides solid platform for profitable growth
- 2014 outlook maintained
  - Revenue of DKK 1.6-1.7bn
  - Profit margin of 9.0-10.5%
- Strategy update and new financial targets to be presented in annual report 2014 at the latest

**Sustainable and profitable long-term growth:**

- Customers
- Efficiency
- Capacity

**COMPETITIVE EDGE.  
DRIVING GROWTH.**

**Customers**



Continued conversion to premium products

Steady uptake of new products

**Efficiency**



Temporarily higher cost level from North American expansion

Continued efforts to optimize production allocation in Europe

**Capacity**



North American expansion completed

On-going optimisation of manufacturing

## North America

Revenue: DKK 77m (5%)

Profit margin: 13.3% (21.8%)

Higher sales and share of premium products

Temporarily higher cost level from expansion

## Europe

Revenue: DKK 297m (-2%)

Profit margin: 7.2% (9.3%)

Lower sales than expected

Higher share of premium products

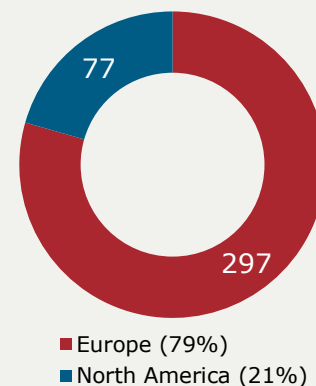


# Financials Q3 2014

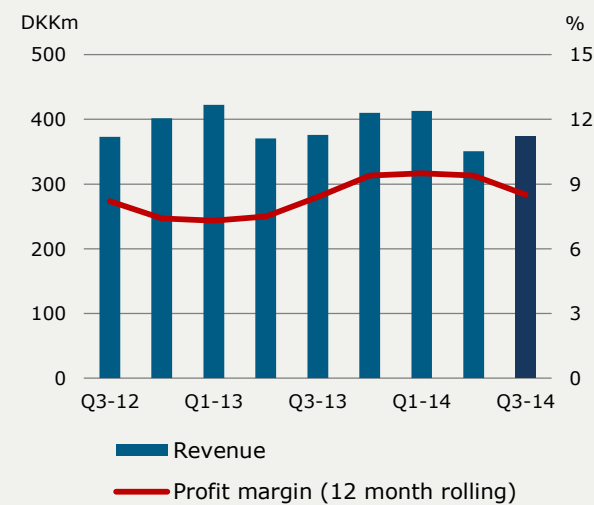
- Stable revenue despite slow sales in Europe
- Lower profit margin of 7.0% impacted by:
  - Slow sales in Europe
  - Temporarily higher cost level from capacity expansion
  - Period-to-period fluctuations in Hartmann Technology

DKKm	Q3 2014	Q3 2013	Change (%)
Revenue	373	376	(1)
Operating profit	26	39	(34)
Special items	0	0	-
Profit	21	35	(35)
Free cash flows (operating and investing)	22	16	38
Invested capital	736	633	16
Profit margin, %	7.0	10.5	-
ROIC, % (12 month rolling)	18.5	20.4	-

Revenue Q3 2014 (DKKm)



Group revenue and profit margin



# Outlook 2014

## Guidance for 2014 maintained

	<b>Guidance 2014</b>	<b>Targets 2015</b>
Revenue	DKK 1.6-1.7bn	DKK 1.7-1.8bn
Profit margin before special items	9.0-10.5%	9.5-11%

- Positive effects in Q4 from
  - Increased production capacity in North America
  - Finished deliveries in Hartmann Technology
- Progress based on:
  - Customers – build relations and increase share of premium products
  - Efficiency – continued optimisation and use of robotic technology
  - Capacity – leverage expansion in North America and utilisation in Europe
- CAPEX expected to come to DKK 90-110m
  - Increased focus on utilisation and efficiency in Europe
  - Expansion of existing capacity in North America

## 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

---

Deadline for submission of business to be transacted at the AGM	24 February 2015
Annual report 2014	9 March 2015
Annual General Meeting	8 April 2015

---

## Appendix: Key figures and financial ratios

<b>DKKm</b>	<b>Q3 2014</b>	<b>Q3 2013</b>	<b>Change (%)</b>	<b>9M 2014</b>	<b>9M 2013</b>
<b>Revenue</b>	<b>373</b>	<b>376</b>	<b>(1)</b>	1,137	1,169
- Europe	297	303	(2)	919	950
- North America	77	73	5	218	219
<b>Operating profit</b>	<b>26</b>	<b>39</b>	<b>(34)</b>	88	104
- Europe	21	28	(24)	71	73
- North America	10	16	(36)	34	49
<b>Special items</b>	<b>0</b>	<b>0</b>	-	0	(39)
<b>Net financials</b>	<b>(2)</b>	<b>(4)</b>	<b>(52)</b>	(11)	(12)
<b>Profit</b>	<b>21</b>	<b>32</b>	<b>(35)</b>	66	48
<b>Free cash flows</b>	<b>22</b>	<b>16</b>	<b>38</b>	18	82
<b>Profit margin, %</b>	<b>7.0</b>	<b>10.5</b>	-	7.7	8.9



## Appendix: Balance sheet

<b>DKKm</b>	<b>30.09.14</b>	<b>30.09.13</b>	<b>31.12.13</b>
Assets	1,206	1,154	1,126
Net working capital (NWC)	180	128	155
Invested capital (IC)	736	633	689
Net interest-bearing debt	185	123	138
Equity	623	574	612
ROIC, % (12 month rolling)	18.5	20.4	23.0
Equity ratio, %	51.7	49.7	54.4
Gearing, %	29.7	21.4	22.6

# 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.