

# INTERIM REPORT Q1 2012

Brødrene Hartmann A/S, 15 May 2012

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# AGENDA

- Highlights Q1 2012
- Interim financial statements Q1 2012
- Outlook
- Questions



# HIGHLIGHTS

## Positive trends in Q1 2012

- Hartmann reported revenue of DKK 412 million (2011: DKK 375 million) and operating profit\* of DKK 45 million (2011: DKK 36 million), corresponding to a profit margin\* of 11.0% (2011: 9.5%).
- Hartmann's cash flows from operating and investing activities increased, resulting in a net inflow of DKK 42 million (2011: a net inflow of DKK 38 million). Return on invested capital (ROIC) also increased to 19% (2011: 9%).
- Hartmann's European business reported revenue of DKK 344 million (2011: DKK 322 million) and operating profit of DKK 36 million (2011: DKK 39 million).
- For North America, Hartmann reported revenue of DKK 67 million (2011: DKK 53 million) and operating profit of DKK 16 million (2011: DKK 4 million).
- Hartmann retains its full-year revenue forecast for 2012 of revenue on a level with 2011 (DKK 1.5 billion) and a profit margin of 7.5-9%.

\* References to operating profit in this presentation refer to operating profit before special items, and references to profit margin refer to profit margin before special items, unless otherwise stated.

# HARTMANN PROGRESSING TO PLAN

## Competitive edge

2011-2012

- One Company
- Operational Excellence
- Strong competencies



## Driving growth

2013-2015

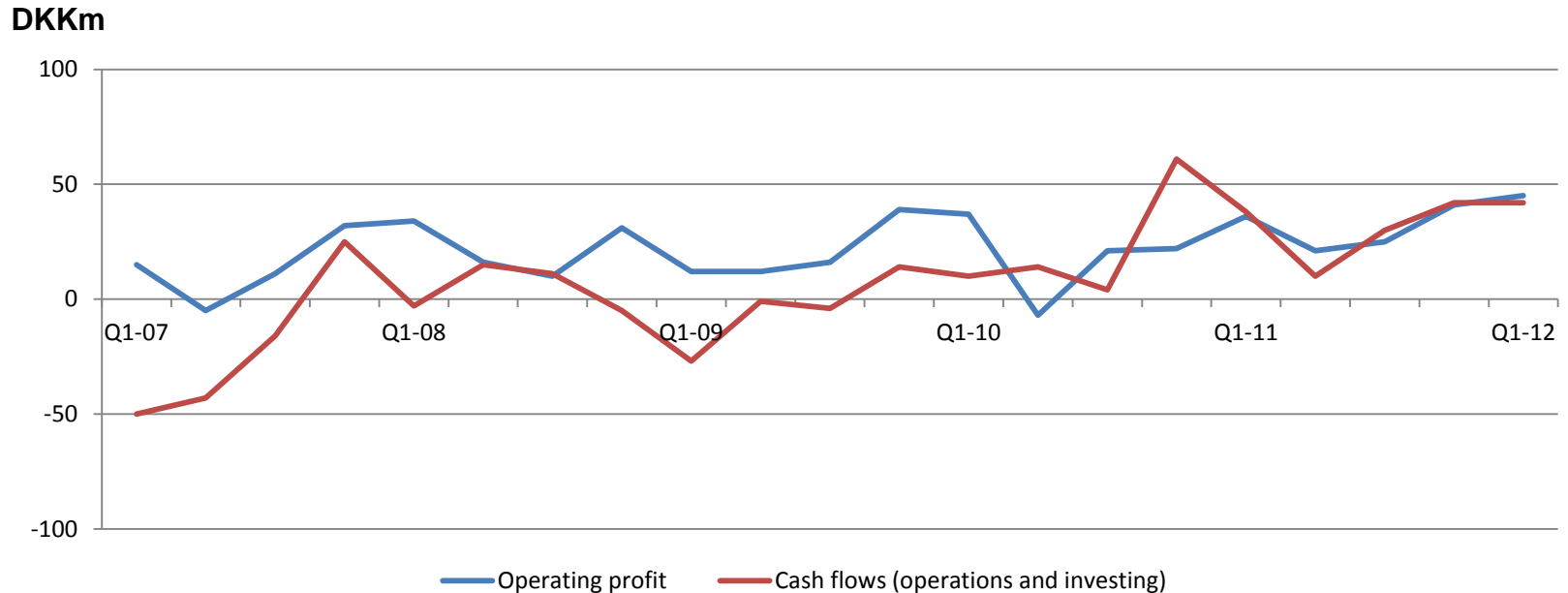
- Consolidation in mature markets
- Focus on European growth markets
- Strong market position in North America

- In Q1 2012, Hartmann retained its focus on creating 'Competitive edge'
  - Improved production and strengthened sales organisation
  - Increased knowledge sharing and enhanced competency levels
- The second phase of the strategy will focus on positioning Hartmann as a clear market leader
  - Dedicated efforts to generate growth

# KEY FIGURES AND FINANCIAL RATIOS

DKKm	Q1 2012	Q1 2011	Change (%)
<b>Revenue</b>	<b>412</b>	<b>375</b>	<b>10</b>
- Europe	344	322	7
- North America	67	53	28
<b>Operating profit</b>	<b>45</b>	<b>36</b>	<b>27</b>
- Europe	36	39	(8)
- North America	16	4	295
<b>Financial income and expenses</b>	<b>(2)</b>	<b>(8)</b>	<b>(77)</b>
<b>Profit</b>	<b>33</b>	<b>21</b>	<b>60</b>
<b>Cash flows (operating and investing activities)</b>	<b>42</b>	<b>38</b>	<b>11</b>
<b>Invested capital</b>	<b>671</b>	<b>725</b>	<b>(7)</b>
<b>Profit margin, %</b>	<b>11.0</b>	<b>9.5</b>	<b>-</b>
<b>ROIC, % (12 months)</b>	<b>19.1</b>	<b>9.3</b>	<b>-</b>

# OPERATING PROFIT AND CASH FLOWS – STABLE TRENDS



- Cash flows from operating activities were favourably impacted by an improved operating profit and reduced tax payments.
- Continued prioritisation of maintaining and adapting existing production resources over new investments.

# BALANCE SHEET

## Low debt and strong return on invested capital

DKKm	31.03.12	31.12.11	31.03.11
Assets	1,187	1,108	1,225
Invested capital (IC)	671	652	725
Net working capital (NWC)	136	116	129
Net interest-bearing debt	128	169	234
Equity	610	560	580
Return on invested capital, % (ROIC, 12 months)	19.1	17.8	9.3
Equity ratio, %	51.4	50.6	47.3
Gearing, %	21.0	30.2	40.3

# EUROPE – PERFORMANCE IN Q1 2012

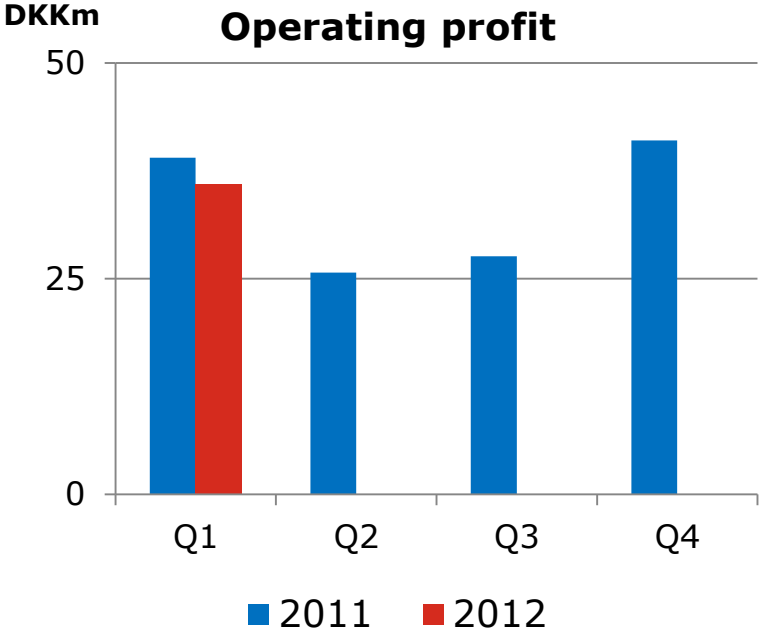
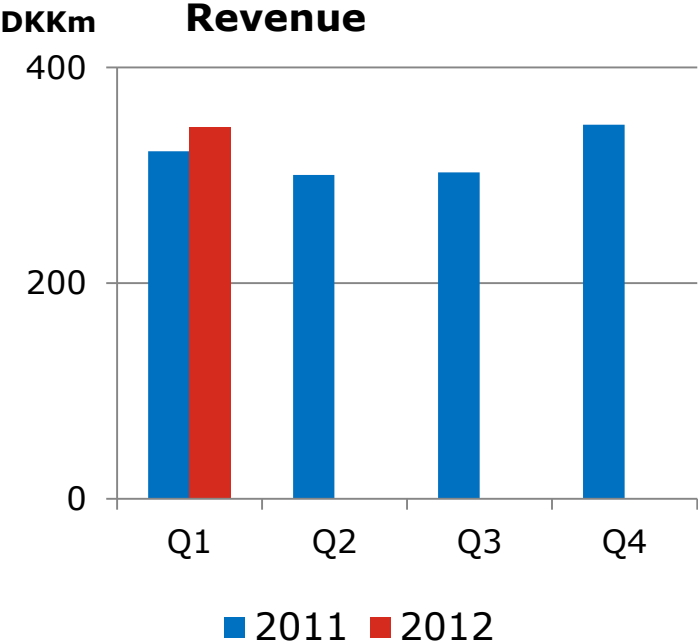
## Higher level of activity and intensified price competition

DKKm	Q1 2012	Q1 2011	Change (%)
Revenue	344	322	7
Operating profit/(loss)	36	39	(8)
Profit margin, %	10.4	12.1	-
Invested capital	551	608	(9)
ROIC, % (12 months)	22.4	16.7	-

- Sales of egg packaging increased in Q1 2012 relative to Q1 2011, which was adversely affected by the dioxin scandal and the timing of Easter in 2011.
- Revenue growth partially offset the negative impact of intensified price competition on the average selling price, higher costs of energy and transport as well as planned and expected costs related to the strengthening of Hartmann's organisation and competency levels.



# EUROPE – REVENUE AND OPERATING PROFIT



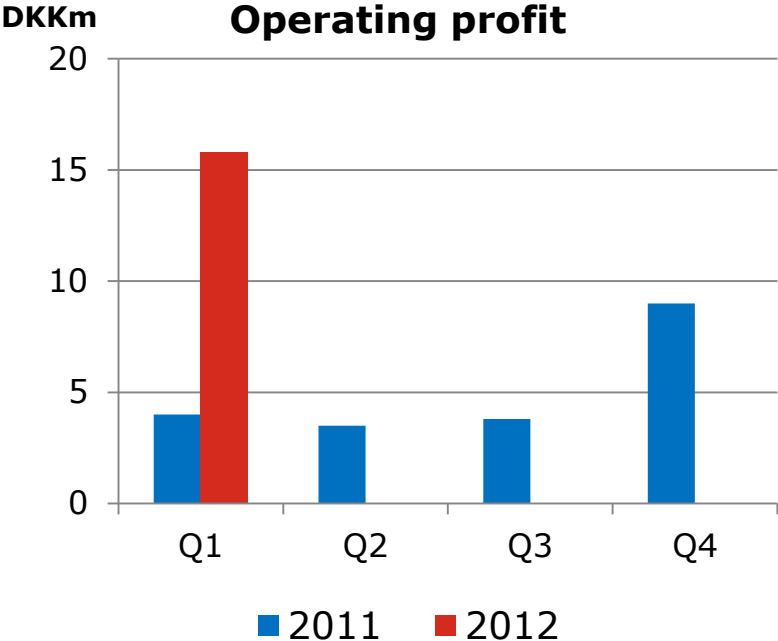
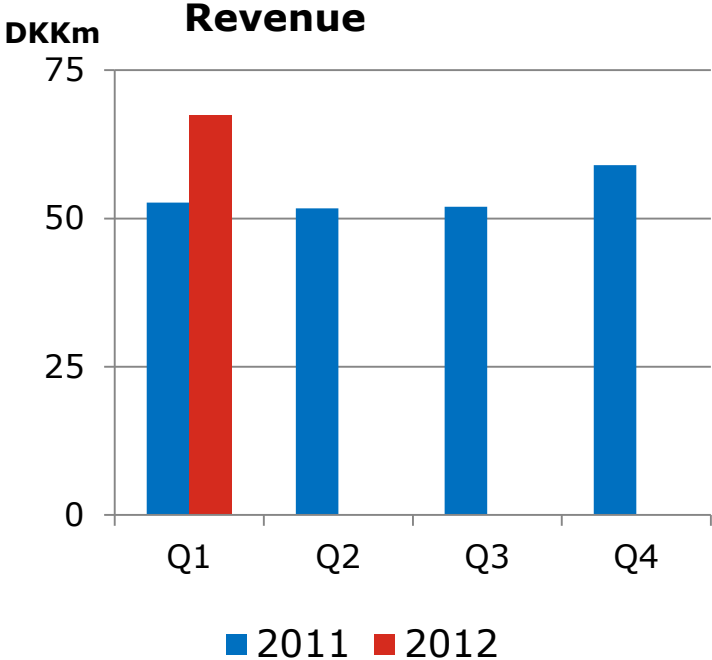
# NORTH AMERICA – PERFORMANCE IN Q1 2012

## Strong growth in revenue and operating profit

DKKm	Q1 2012	Q1 2011	Change (%)
Revenue	67	53	28
Operating profit	16	4	295
Profit margin, %	23.4	7.6	-
Invested capital	123	119	4
ROIC, % (12 months)	26.2	1.9	-

- Revenue growth driven by increased capacity and sales and a higher proportion of high-value products.
- Activities aimed at increasing capacity and maintaining a high capacity utilisation contributed positively to achieving a profit margin of 23.4%.

# NORTH AMERICA – REVENUE AND OPERATING PROFIT



## Hartmann retains its full-year forecast for 2012

	2012	2015
Revenue	DKK 1.5 billion	DKK 1.7-1.8 billion
Profit margin	7.5-9%	8-11%

- In 2012, revenue is expected to be in line with the 2011 revenue, and the profit margin is expected to be 7.5-9%.
  - The forecast is based on the positive business development in Q1 2012 and an assumption of persisting price competition on the European markets.
- Hartmann's focus on production optimisation and on enhancing its competitive strength is expected to lift the profit margin, while no targeted efforts will be made to generate growth in the short term.
- Raw material prices and transport costs are expected to remain at a high level.

# QUESTIONS



# CONTACT INFORMATION

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