

INTERIM REPORT Q1 2011

Brødrene Hartmann A/S, 25 May 2011

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AGENDA

- Highlights Q1 2011
- Interim financial statements Q1 2011
- Outlook for 2011
- Questions



HIGHLIGHTS

Satisfactory performance and strong cash flow

- Hartmann's revenue for Q1 2011 was DKK 375 million (2010: DKK 381 million), its operating profit* was DKK 36 million (2010: DKK 37 million) and its profit margin* 9.5% (2010: 9.8%).
- Hartmann's total cash flows increased from DKK 5 million in Q1 2010 to DKK 32 million in Q1 2011.
- Hartmann's performance was positively impacted by the operational improvements initiated in 2010 and the efforts to implement Hartmann's new strategy during the first quarter of the year.
- Hartmann retains its full-year forecast for 2011.



* 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.

UPWARD TREND IN RAW MATERIAL PRICES CONTINUED

Higher costs of raw materials

- Declining supply of recycled paper
 - From paper to online ads
- Growing demand for recycled paper
 - Demand from Asia
 - Other industries
- Substitution for other types of paper
- The prices of paper are reflected in the German BvSE index
- General rise in energy prices

Developments in the price of recycled paper



Source: BvSE

Strategic initiatives in Q1 2011

- **One Company**
 - Improved collaboration within the business areas
 - Increased knowledge sharing across the organisation
- **Operational Excellence**
 - Ensuring a high and consistent level of quality
 - Optimising and standardising operations
- **Strong competencies**
 - More tasks being solved internally, anchoring expertise within Hartmann
 - Expenses for external consultants reduced
 - Two new vice presidents appointed in April

Competitive edge

- **One Company**
 - One company culture
 - A more dynamic business
 - Economies of scale
- **Operational Excellence**
 - Improved quality
 - Production optimisation
 - Central planning
- **Strong competencies**
 - Production, marketing and sales
 - Anchoring of competencies

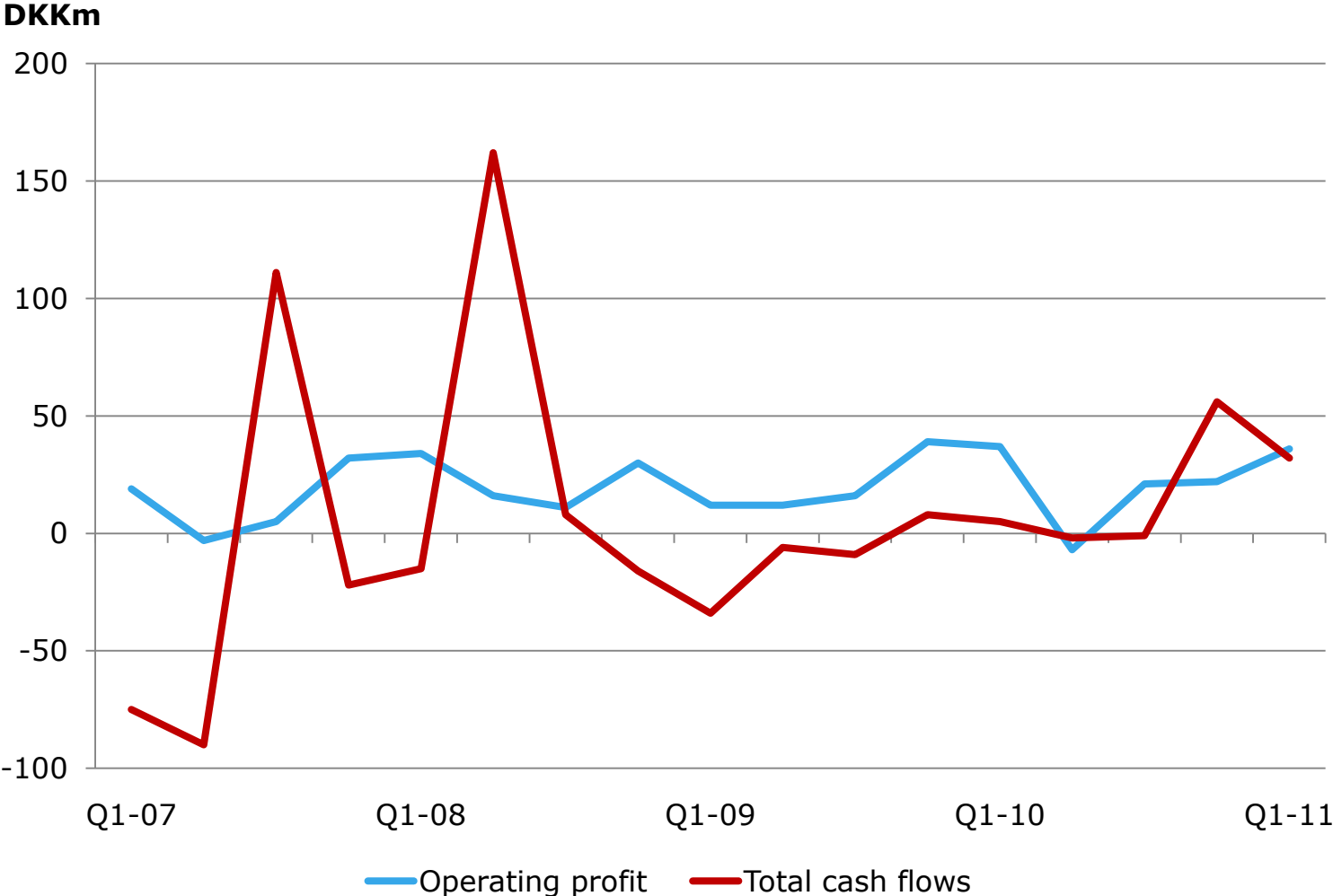
Driving growth

- **Consolidation in mature markets**
 - Efficient production, strong customer relations and a high level of quality
 - Growth potential in high-value segment
- **Focus on European growth markets**
 - Southern and eastern Europe
 - Existing and new capacity
- **Strong market position in North America**
 - Substantial growth potential
 - Increased production capacity

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKKm	Q1 2011	Q1 2010	Change (%)
Revenue	375	381	(2)
- Europe	322	328	(2)
- North America	53	53	0
Operating profit	36	37	(3)
- Europe	39	44	(11)
- North America	4	2	100
Financial items	(8)	(7)	14
Profit/(loss)	21	23	(9)
Total cash flows	32	5	540
Invested capital	725	821	(12)
Profit margin, %	9.5	9.8	-
ROIC, % (12 months)	9.3	13.1	-

OPERATING PROFIT AND CASH FLOWS STABILISED



CASH FLOWS

Significantly improved cash flows in Q1 2011

DKKm	Q1 2011	Q1 2010
Operating activities	43	19
Investing activities	(5)	(9)
Financing activities	(6)	(6)
Total cash flows	32	5

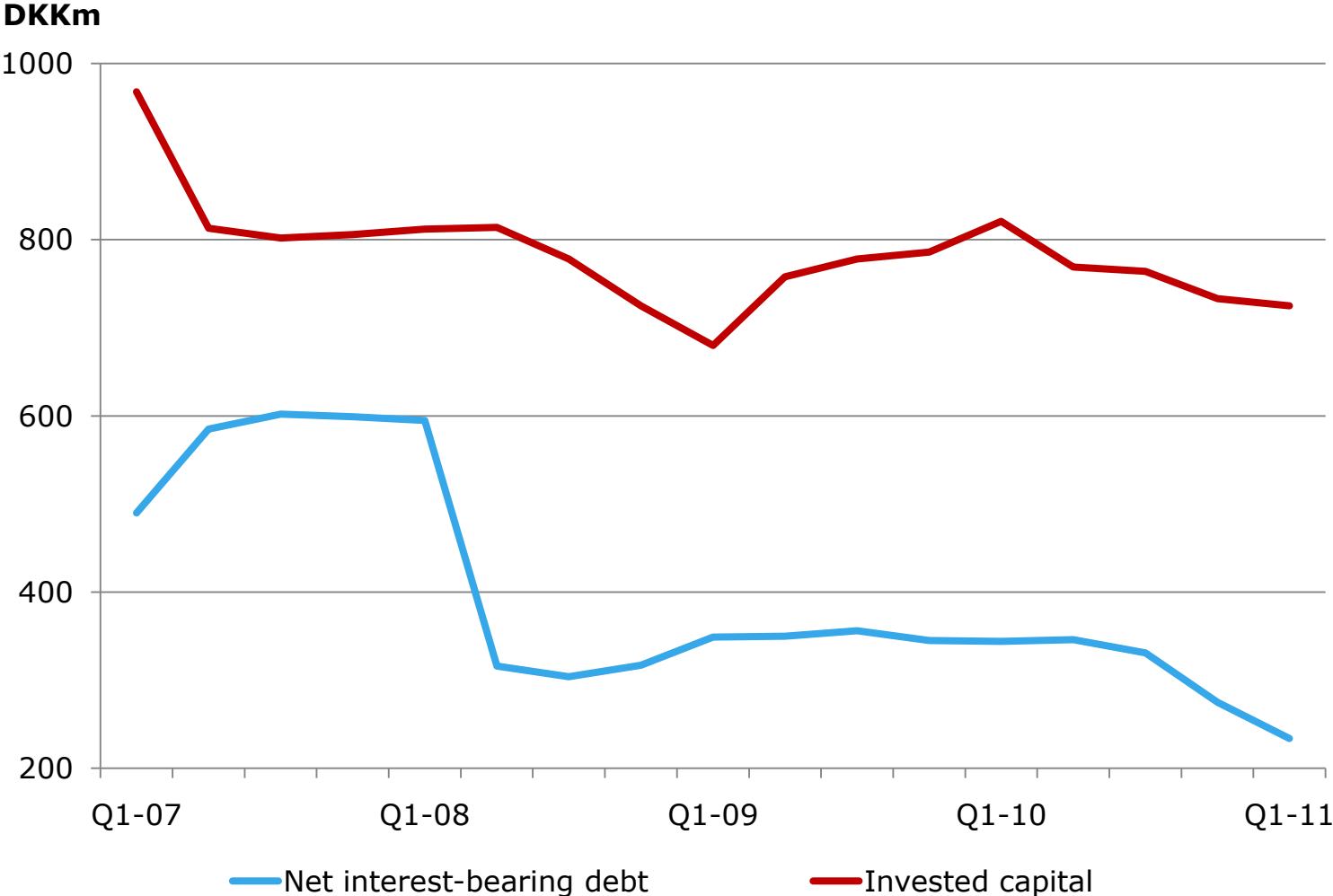
- Cash flows from operating activities more than doubled as a result of improved working capital.
- The limited cash flows from investing activities were attributable to a continued focus on efficiency optimisation and maintenance rather than on new investments.
- Total cash flows increased from DKK 5 million in Q1 2010 to DKK 32 million in Q1 2011.

BALANCE SHEET

Strong platform for future growth

DKKm	31.03.11	31.12.10	31.03.10
Assets	1,225	1,225	1,265
Invested capital (IC)	725	733	821
Net working capital (NWC)	129	128	182
Net interest-bearing debt	234	275	344
Equity	580	549	548
Return on invested capital, % (ROIC, 12 months)	9.3	9.6	13.1
Equity ratio, %	47.3	44.8	43.3
Gearing, %	40.3	50.0	62.8

CAPITAL STRUCTURE IN PLACE



CHANGE IN SEGMENT REPORTING

Discontinued segmentation

- Europe
- North America
- Other business areas
 - Hartmann Technology
 - Combined heat and power plant
 - Other costs

Continuing segmentation

- Europe
 - Hartmann Technology
 - Combined heat and power plant
 - North America
- Costs of headquarter functions will not be allocated to any segment

- The Other business areas segment has been discontinued.
- The activities of Hartmann Technology and the combined heat and power plant will in future be allocated to the Europe segment.
- Certain other costs previously allocated to Other business areas will also be allocated to Europe.
- The costs of headquarter functions will be disclosed in the notes to the financial statements as a reconciling item between the segments and consolidated operating profit.

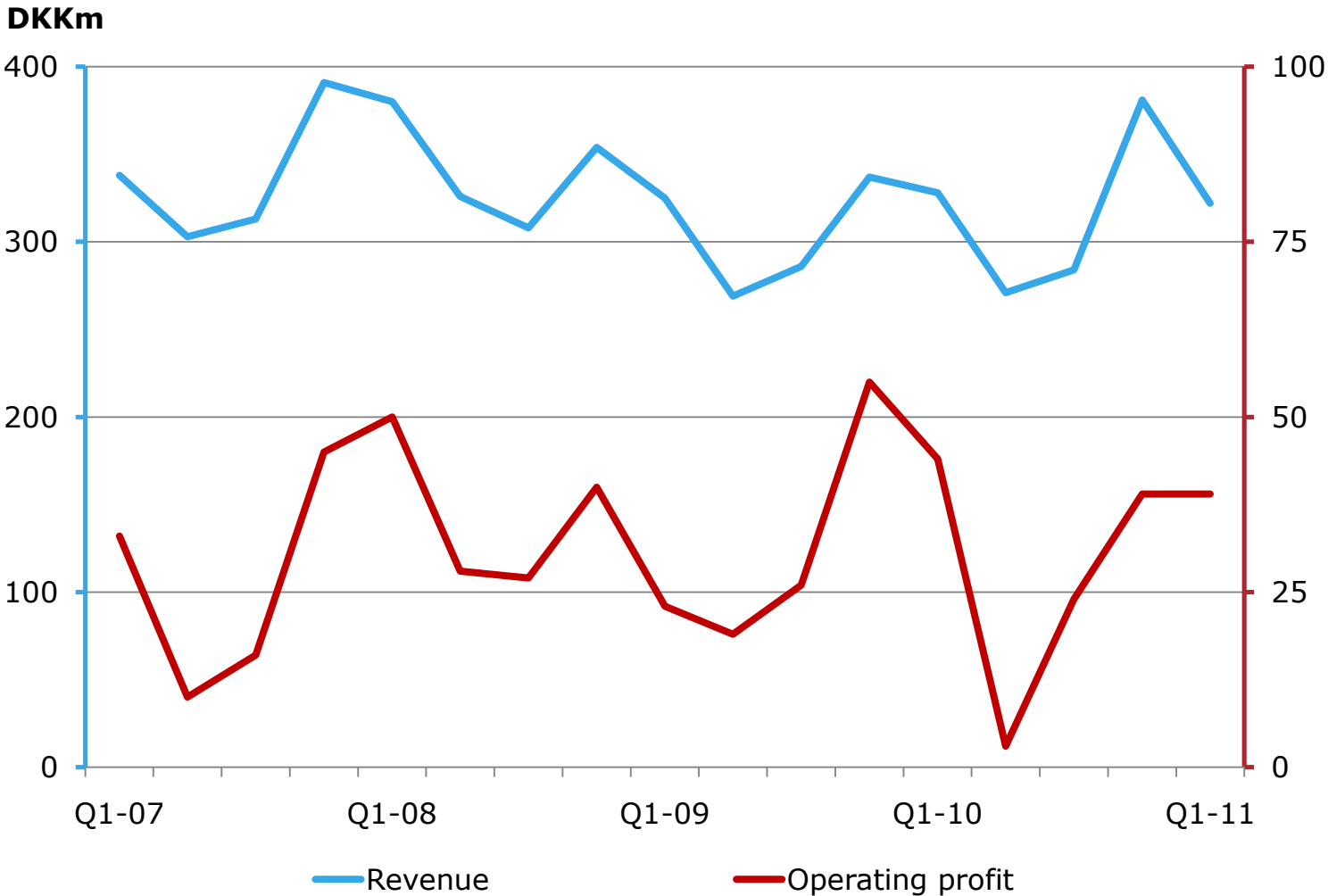
EUROPE – OPERATING PROFIT PERFORMANCE

Operating profit affected by increased raw material prices

DKKm	Q1 2011	Q1 2010	DKKm	
Revenue	322	328	Operating profit Q1 2010	44
Operating profit	39	44	Effects of exchange rate developments	7
Profit margin, %	12.1	13.3	Operations, volumes and product/price mix	2
Invested capital	608	649	Effects of fluctuating raw material prices and transport costs	(14)
ROIC, % (12 months)	16.7	21.6	Operating profit Q1 2011	39

- Adverse effects of increased raw material prices and transport costs.
- The positive effects of operational improvements made up for a decline in volume relative to a strong Q1 2010.

EUROPE – IMPROVED OPERATING PROFIT



NORTH AMERICA – OPERATING PROFIT PERFORMANCE

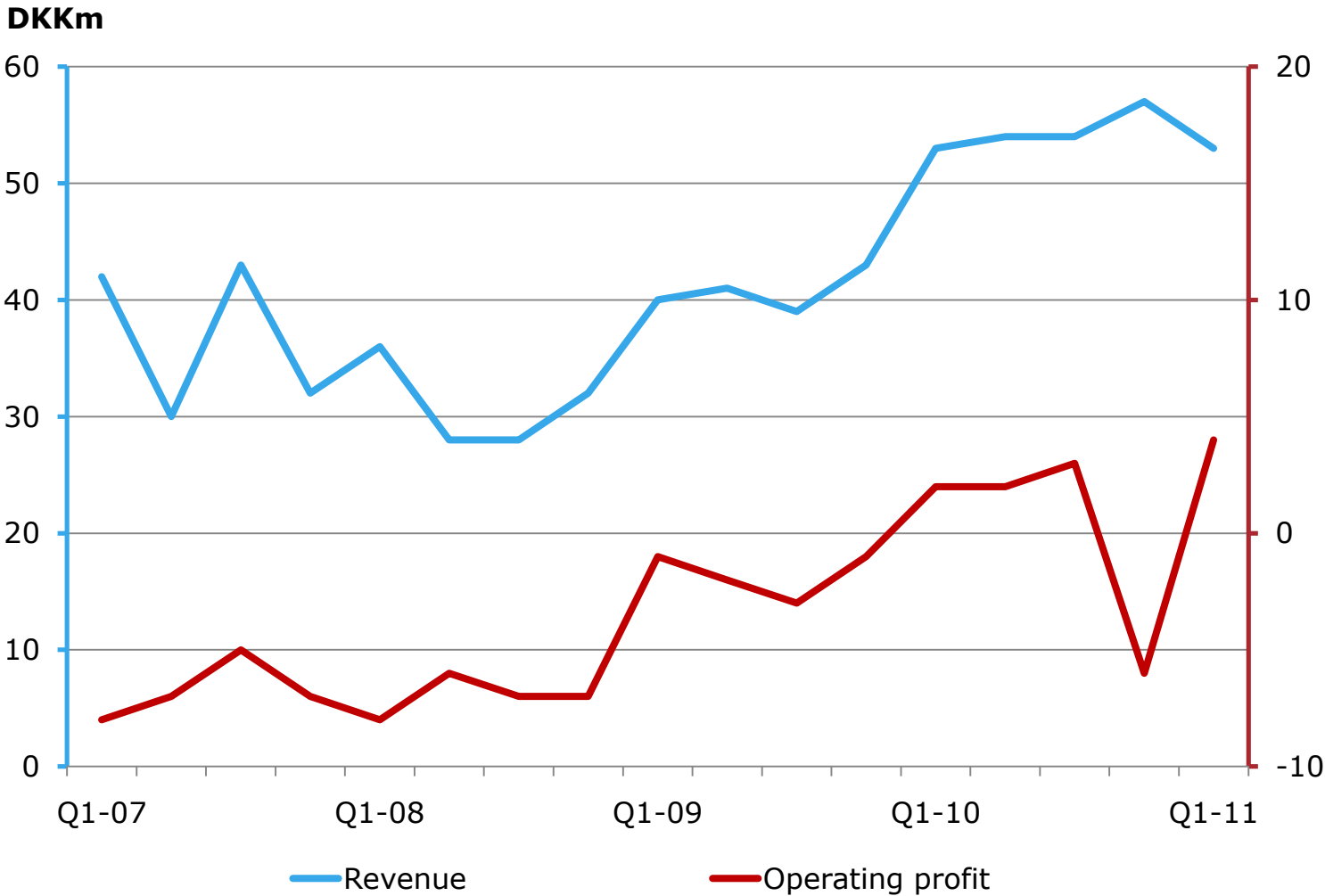
Best performance ever

DKKm	Q1 2011	Q1 2010	DKKm	
Revenue	53	53		Operating profit Q1 2010
Operating profit	4	2		Effects of exchange rate developments
Profit margin, %	7.6	4.6		Operations, volumes and product/price mix
Invested capital	119	159		Effects of fluctuating raw material prices and transport costs
ROIC, % (12 months)	1.9	(2.6)		Operating profit Q1 2011
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- The North American business reported its best performance ever
- Operational improvements and an increased proportion of high-value packaging were positive contributors
- Developments in exchange rates and increased raw material prices were negative contributors



NORTH AMERICA – POSITIVE LONG-TERM DEVELOPMENT



OUTLOOK FOR 2011

Hartmann retains its full-year forecast for 2011

%	2011	Medium term
Revenue growth	0-2	4-7
Profit margin	~7-8.5	~7-10
ROIC	>15	>15

- Operating profit for 2011 is expected to come to DKK 105-125 million.
- Hartmann aims to secure an attractive return (ROIC >15%) for its shareholders and to generally distribute any excess capital in order to maintain Hartmann's equity ratio at a maximum of 45%.
- The targets will be achieved through continued efforts to enhance the company's competitive strength and earnings capacity by:
 - Optimising production and work processes
 - Strengthening customer relations
 - Increasing the proportion of high-value products

QUESTIONS



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