

# INTERIM REPORT 9M 2011

Brødrene Hartmann A/S, 24 November 2011

Michael Rohde Pedersen, CEO

Claus Frees Sørensen, CFO



# EVENTS AFTER THE BALANCE SHEET DATE

- As published in company announcements nos. 11/2011 and 12/2011, Hartmann has been informed that Lactosan-Sanovo Holding A/S has submitted a voluntary public offer to the shareholders of Hartmann at DKK 95 per share. In the offer, the offer period is determined at 4 weeks and will expire on 21 December 2011 at 6 pm (Danish time), unless the offer period is extended.
- Today, Hartmann's Board of Directors issued a statement in respect of the offer (company announcement no. 14/2011). The statement is available at [www.hartmann-packaging.com](http://www.hartmann-packaging.com).
- Claus Frees Sørensen has announced that he will resign from his position as Chief Financial Officer (CFO) and member of the Executive Board of Brødrene Hartmann A/S as soon as possible to seek new challenges. Claus Frees Sørensen will continue in his present position during a transition period and will leave the group no later than 31 May 2012.



# AGENDA

- Highlights 9M 2011
- Interim financial statements 9M 2011
- Outlook for 2011
- Questions



# HIGHLIGHTS

## Overall performance in line with expectations

- Hartmann generated revenue of DKK 1,081 million for 9M 2011 (2010: DKK 1,044 million) and an operating profit\* of DKK 82 million (2010: DKK 51 million), corresponding to a profit margin\* of 7.6% (2010: 4.9%)
- For Q3 2011, revenue was DKK 355 million (2010: DKK 338 million) and operating profit DKK 25 million (2010: DKK 21 million), corresponding to a profit margin of 7.1% (2010: 6.2%)
- The development was primarily attributable to increased sales of moulded-fibre packaging and a continued positive effect of the operational improvements and cost reductions implemented
- Hartmann expects to generate an operating profit at the high end of the previously announced DKK 105-125 million range

\* 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.



**Be the moulded-fibre technology and products supplier of choice.  
Deliver superior and sustainable value creation for all stakeholders**

2011-2012

## **Building competitive edge**

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- Operational Excellence
- Strong competencies
- One Company

2013-2016

## **Driving growth**

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

## Building competitive edge – people and processes

PREPARED FOR GROWTH

2011

### New start and transition

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- Organization
- People
- Behavior
- Processes
- Tools

2012

### Efficiency and effectiveness

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- Roll-Out
- Testing
- Learning
- Implementing

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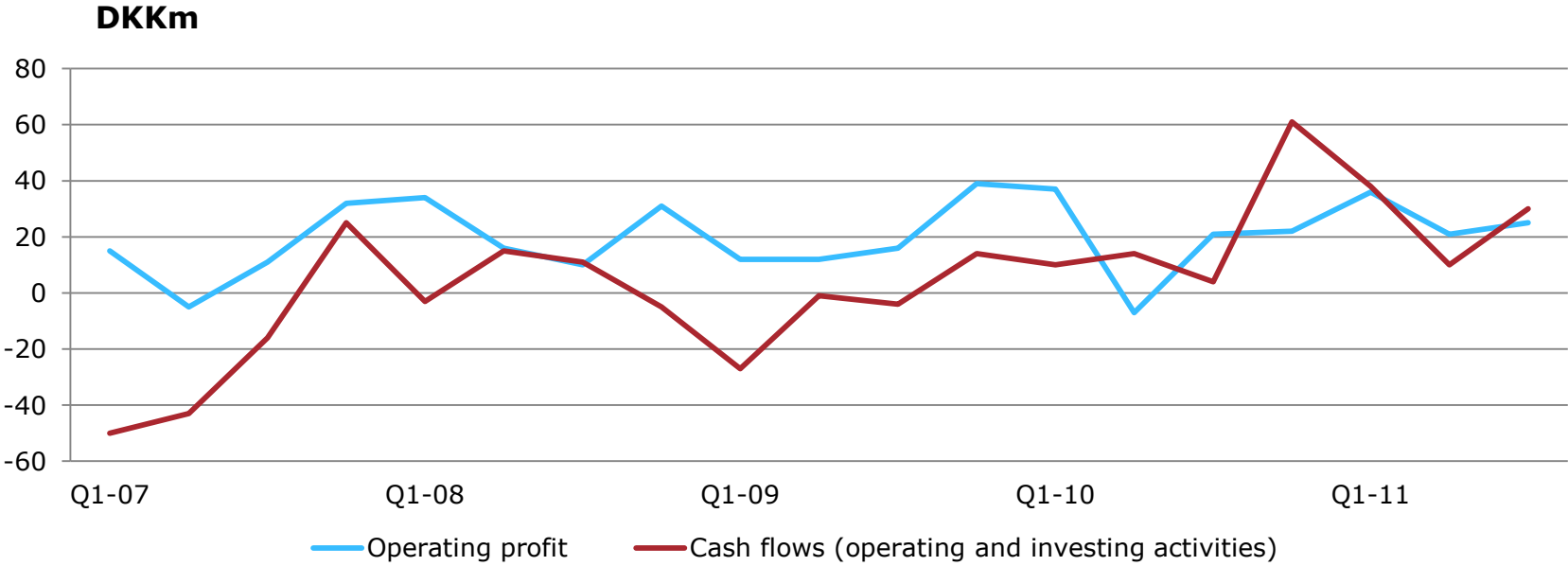
Customer-driven organisation  
Lowest cost – highest value

# KEY FIGURES AND FINANCIAL RATIOS

DKKm

	<b>Q3 2011</b>	<b>Q3 2010</b>		<b>9M 2011</b>	<b>9M 2010</b>	<b>Change (%)</b>
	355	338	<b>Revenue</b>	<b>1,081</b>	<b>1,044</b>	<b>4</b>
	303	284	- Europe	925	883	5
	52	54	- North America	156	161	(3)
	25	21	<b>Operating profit</b>	<b>82</b>	<b>51</b>	<b>60</b>
	28	24	- Europe	92	71	31
	4	3	- North America	11	8	47
	(4)	(5)	<b>Financial income and expense</b>	<b>(13)</b>	<b>(14)</b>	<b>(4)</b>
	16	12	<b>Profit</b>	<b>52</b>	<b>28</b>	<b>85</b>
	(8)	(1)	<b>Total cash flows</b>	<b>(15)</b>	<b>2</b>	<b>-</b>
	-	-	<b>Invested capital</b>	<b>682</b>	<b>764</b>	<b>(11)</b>
	7.1	6.2	<b>Profit margin, %</b>	<b>7.6</b>	<b>4.9</b>	<b>-</b>
	-	-	<b>ROIC, % (12 months)</b>	<b>14.4</b>	<b>11.1</b>	<b>-</b>

# OPERATING PROFIT AND CASH FLOWS - STABLE DEVELOPMENT





# CASH FLOWS

## Strong cash inflows from operating activities

DKKm

Q3 2011	Q3 2010		9M 2011	9M 2010	2010
45	20	Operating activities	102	66	144
(15)	(16)	Investing activities	(24)	(37)	(55)
(38)	(5)	Financing activities	(93)	(27)	(32)
<b>(8)</b>	<b>(1)</b>	<b>Total cash flows</b>	<b>(15)</b>	<b>2</b>	<b>58</b>

- Cash flows from operating activities were favourably impacted by the improvement in operating profit and reduced tax payments
- Hartmann's investment level in H1 2011 was low, compared to Q3 2011, which was on a level with the year-earlier period
- Cash flows from financing activities were affected by dividend distributions to Hartmann's shareholders and the repayment of existing long-term loans and the raising of a new flexible loan

# BALANCE SHEET

## Continued balance sheet improvement in 9M 2011

<b>DKKm</b>	<b>30.09.11</b>	<b>31.12.10</b>	<b>30.09.10</b>
Assets	1,094	1,225	1,216
Invested capital (IC)	682	733	764
Net working capital (NWC)	132	128	151
Net interest-bearing debt	211	275	331
Equity	556	549	525
Return on invested capital, % (ROIC, 12 months)	14.4	9.6	11.1
Equity ratio, %	50.8	44.8	43.2
Gearing, %	38.0	50.0	63.0

# EUROPE – PERFORMANCE IN 9M 2011

## Strong performance in Europe

DKKm

Q3 2011	Q3 2010		9M 2011	9M 2010	2010
303	284	Revenue	925	883	1,265
28	24	Operating profit	92	71	110
9.1	8.5	Profit margin, %	10.0	8.0	8.7
-	-	Invested capital	571	598	599
-	-	ROIC, % (12 months)	22.4	18.9	17.1

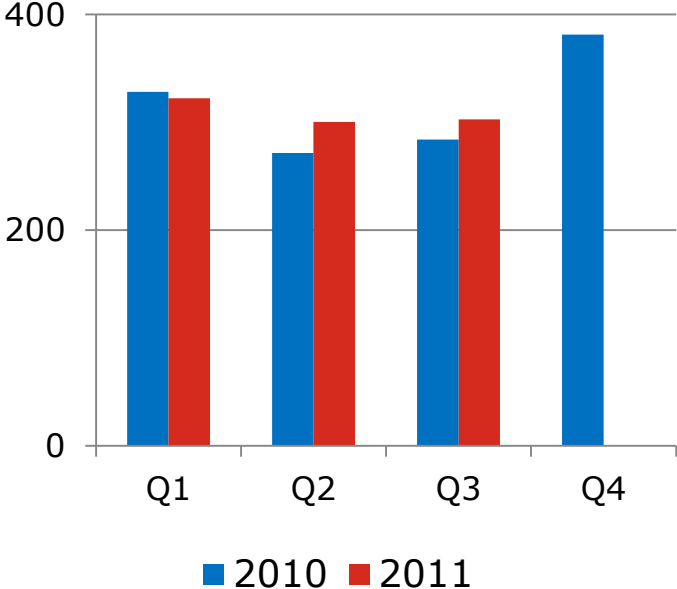
- Favourable development in operating profit attributable to increased volume
- Favourable development despite lower average prices and higher raw material prices

DKKm

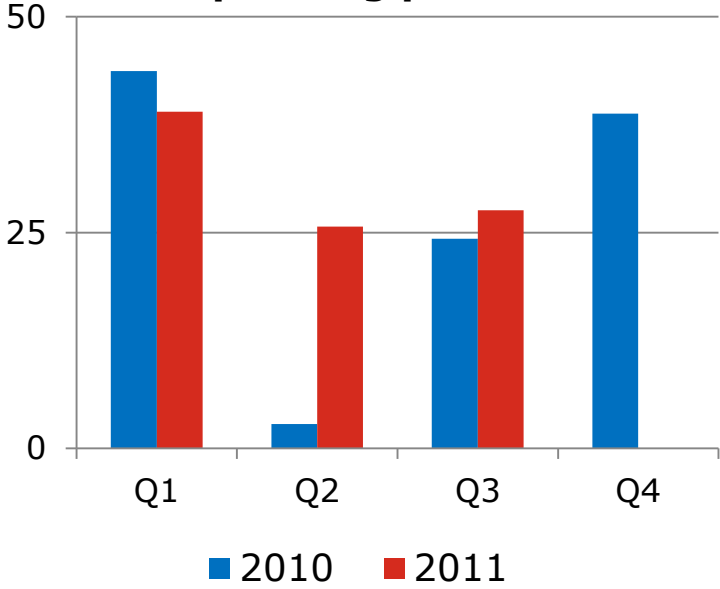
Operating profit 9M 2010	71
Effects of exchange rate movements	9
Operations, volume, product and price mix, etc.	36
Effects of fluctuating raw material prices and transport costs	(24)
<b>Operating profit 9M 2011</b>	<b>92</b>

# EUROPE – REVENUE AND OPERATING PROFIT

### Revenue



### Operating profit



# NORTH AMERICA – PERFORMANCE IN 9M 2011

## Positive trends continued in North America

DKKm

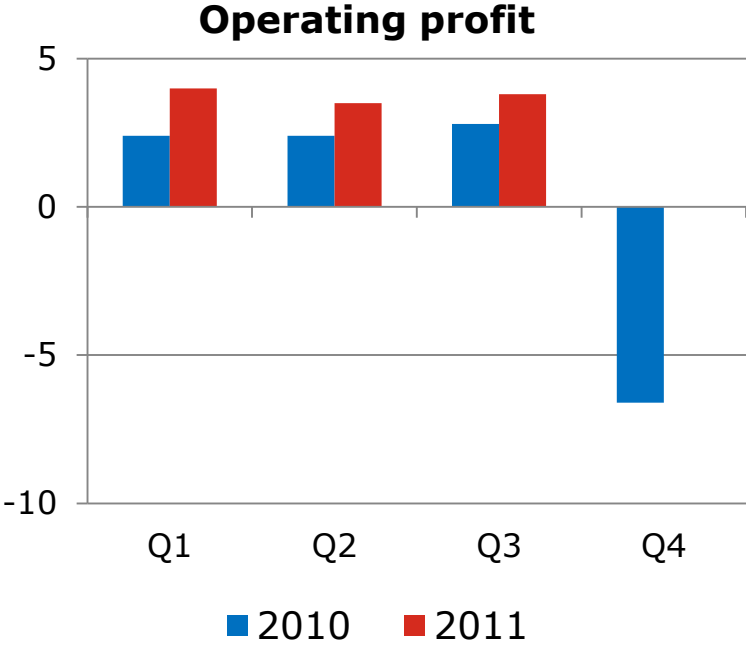
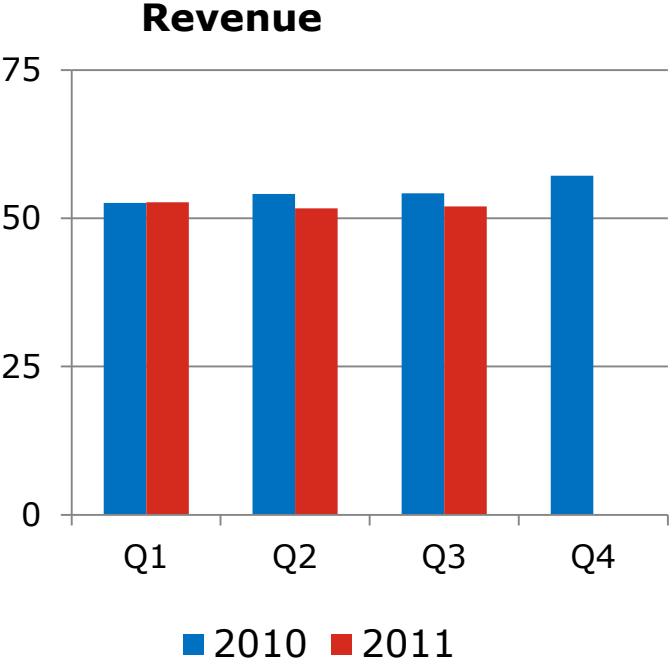
Q3 2011	Q3 2010		9M 2011	9M 2010	2010
52	54	Revenue	156	161	218
4	3	Operating profit	11	8	1
7.3	5.4	Profit margin, %	7.2	4.8	0.5
-	-	Invested capital	114	142	127
-	-	ROIC, % (12 months)	3.7	4.5	0.8

- Increased sales and an increased proportion of high-value products contributed positively to revenue. Exchange rate movements were a negative contributor
- The higher proportion of high-value products and the effect of efficiency improvement initiatives contributed positively to operating profit

DKKm	
Operating profit 9M 2010	8
Effects of exchange rate movements	(7)
Operations, volume, product and price mix, etc.	22
Effects of fluctuating raw material prices and transport costs	(12)
<b>Operating profit 9M 2011</b>	<b>11</b>



# NORTH AMERICA – REVENUE AND OPERATING PROFIT



# OUTLOOK FOR 2011

## Operating profit expected to be at high end of DKK 105-125 million range

%	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 be at the high end of the DKK 105-125 million range
- The effects of operational improvements and cost reductions will continue to have an impact on full-year profit
- Raw material prices and transport costs are expected to remain at a high level

# QUESTIONS





# CONTACT INFORMATION

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