

Annual general meeting

Brødrene Hartmann A/S
11 April 2016

Agenda

1. Report from the board of directors on the company's activities in the past financial year
2. Presentation of the audited annual report for approval
3. Resolution on the discharge from liability of members of the executive board and the board of directors
4. Resolution on the distribution of profit or the cover of loss in accordance with the approved annual report
5. Election of members to the board of directors
6. Adoption of remuneration policy for the board of directors and executive board in the company, including general guidelines for incentive pay under section 139 of the Danish Companies Act
7. Approval of the remuneration to the board of directors for 2016
8. Election of auditor
9. Motion from the board of directors for an authorisation to acquire treasury shares
10. Motion from the board of directors for an amendment of the articles of association as follows:
 - 10.a Amendment to the provision in article 4.5 concerning bearer shares
 - 10.b Amendment to the provision in article 8.1 concerning publication of the notice to convene the annual general meeting via the Danish Business Authority's IT system
11. Motion from the board of directors to authorise the chairman of the annual general meeting with full right of substitution to file resolutions passed at the general meeting for registration with the Danish Business Authority
12. Any other business

Items 1-4: Report, annual report, discharge and dividends

1. Report from the board of directors on the company's activities in the past financial year
2. Presentation of the audited annual report for approval
3. Resolution on the discharge from liability of members of the executive board and the board of directors
4. Resolution on the distribution of profit or the cover of loss in accordance with the approved annual report
 - Profit for the year: DKK 111 million (2014: DKK 119 million)
 - Recommendation for dividends for the financial year 2015: DKK 9.50 per share (2014: DKK 9.50 per share)
 - Payout ratio: 60% (2014: 56%)

Report from the board of directors 2015

- Highlights
- Developments in 2015
- Strategy for 2015-2017
- Outlook and financial targets
- Questions

Highlights

Significant revenue growth and improved profitability

- Expansion in Americas
- Increasing competition in Europe
- Proposed dividend of DKK 9.5 per share (2014: DKK 9.5)

European efficiency and competitiveness measures on track

- Organisational adjustments and closure in Germany
- Expansion of other production capacity in Europe
- Special costs of DKK 101m

Americas drove group growth and profitability improvements

- Addition of South America and utilisation in North America
- Expansion: 2 facilities in South America and 1 in the U.S.

Outlook 2016

Revenue	2.1-2.2bn
Profit margin	11-12.5%

Targets 2017

Revenue	2.2-2.4bn
Profit margin	12-14%

References to operating profit and profit margin are before special items, unless otherwise stated.

Americas

Revenue: DKK 886 million (178%)

Profit margin: 16.5% (2014: 18.7%)

Added capacity and high utilisation

Further capacity expansion initiated

Europe

Revenue: DKK 1,248 million (-4%)

Profit margin: 9.0% (2014: 9.9%)

Increase in moulded-fibre volumes

Decline due to other activities and pricing



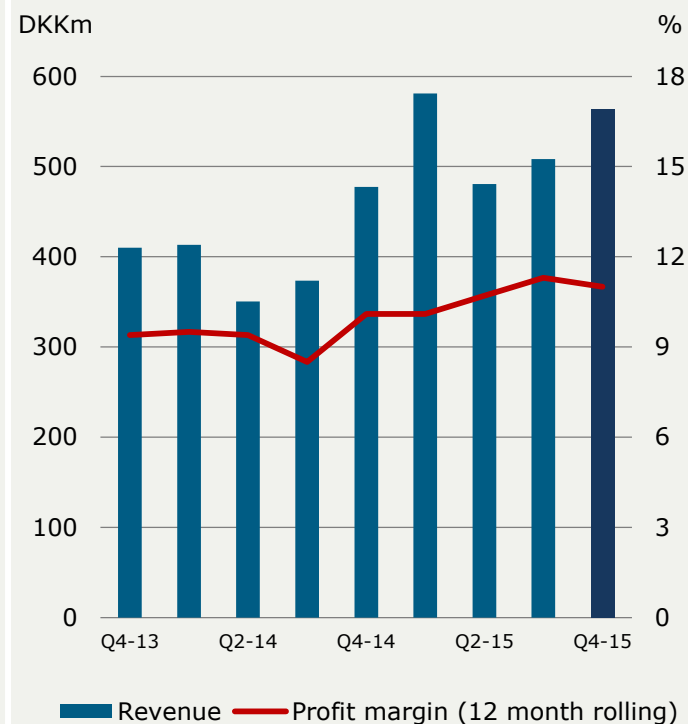
South American activities added to the group in January 2015

Continued progress in 2015

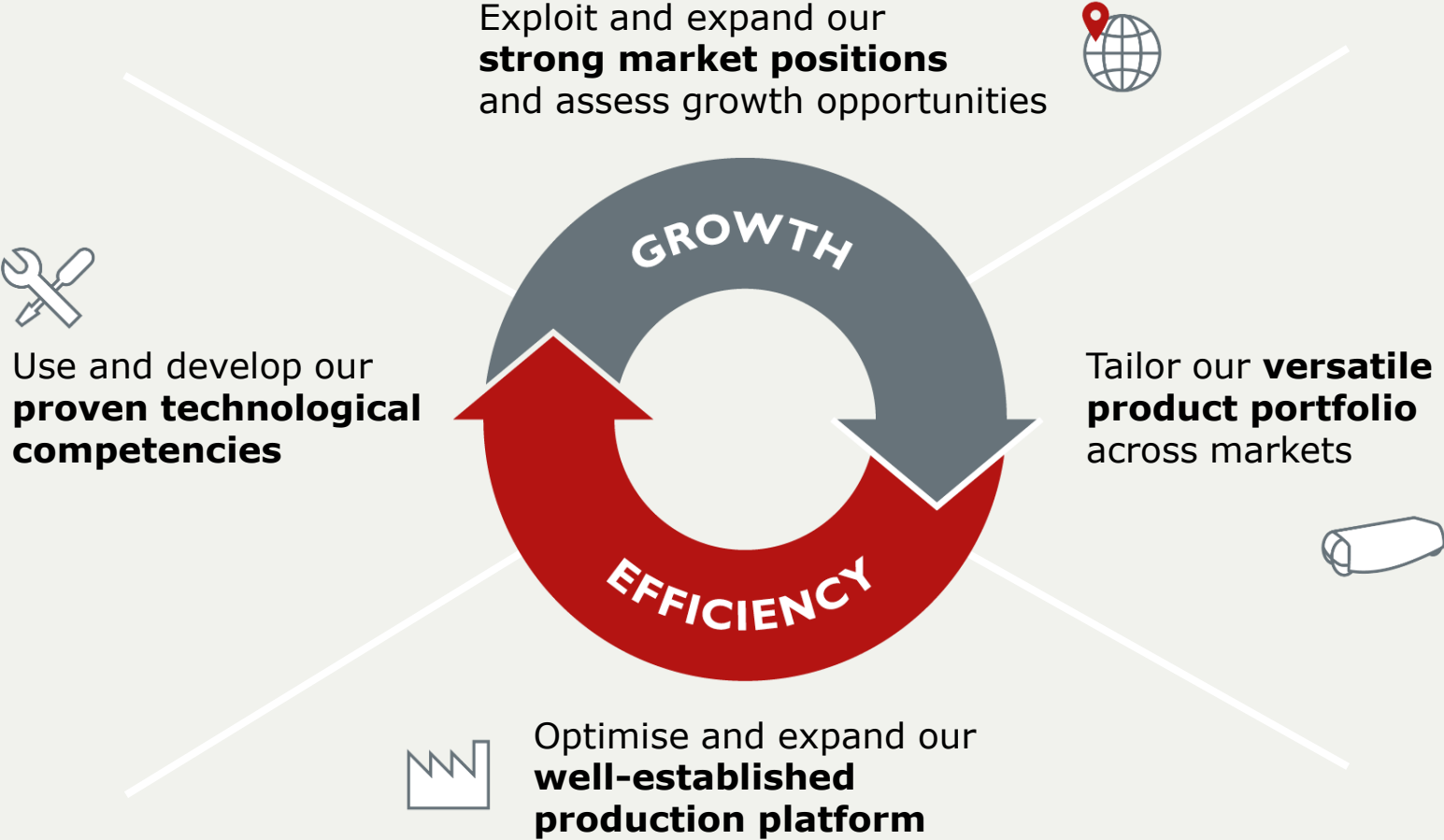
- Increased revenue and improved profitability
 - Growth of 32% due to acquisition and progress in Americas
 - Organic growth of 7% excl. acquisition and ceased sales of district heating
 - Profit margin of 11.0% despite increased price competition in Europe
- Currency gains affected revenue by DKK 77 million and operating profit by DKK 50 million
- DKK 101m special costs from European efficiency initiatives
- Free cash flows impacted by significant investments

DKKm	2015	2014	Change (%)
Revenue	2,133	1,615	32
Operating profit	234	163	43
Special items	(101)	(7)	1,327
Profit	111	119	(7)
Free cash flows (operating and investing)	(291)	43	(778)
Invested capital	1,055	736	43
Profit margin, %	11.0	10.1	-
ROIC, %	21.7	22.3	-

Group revenue and profit margin



Our potential



Our initiatives

Potential	Initiative	Timing
	<p>Addition of South American activities</p> <ul style="list-style-type: none"> Strengthened global position via presence in attractive South American markets 	2015
	<p>Expansion of production network</p> <ul style="list-style-type: none"> 2 additional factories in South America and 1 factory in the U.S. to meet demand 	2015-2017
	<p>Expansion of capacity in Europe</p> <ul style="list-style-type: none"> Increased production capacity and utilisation of existing infrastructure 	2015-2016
	<p>Closure of German factory</p> <ul style="list-style-type: none"> Strengthened competitiveness and profitability through efficiency measures and optimisation 	2015-2016
	<p>Intensified marketing of premium products</p> <ul style="list-style-type: none"> Driving the move from standard to premium products to the benefit of customers and Hartmann 	
	<p>Sales of technology and assessment of opportunities</p> <ul style="list-style-type: none"> Assignments on Hartmann projects and with customers as well as ongoing assessment of new markets 	

Outlook 2016 and financial targets

	Guidance 2016	Targets 2017
Revenue	DKK 2.1-2.2bn	DKK 2.2-2.4bn
Profit margin before special items	11.0-12.5%	12-14%

- 2016 guidance based on:
 - Increased efficiency in Europe
 - Expansion of production network in South America
- 2017 targets based on:
 - Efficiency improvements
 - Organic growth through improved utilisation of expanded capacity
- ROIC at a level of at least 22% in 2017
- Impact of potential acquisitions is not included in Hartmann's targets

Questions

Items 1-4

- Approval of items 1-4
 1. Report from the board of directors
 2. Annual report
 3. Discharge from liability of members of the executive board and the board of directors
 4. Distribution of profit

Item 5: Election of members to the board of directors

- The board of directors proposes that the following shareholders-elected members be re-elected:
 - Agnete Raaschou-Nielsen
 - Niels Hermansen
 - Jørn Mørkeberg Nielsen
 - Steen Parsholt
- Employee-elected members are elected for four years (2014-2017)
 - Jan Peter Antonisen
 - Andy Hansen
 - Niels Christian Petersen

Punkt 6: Approval of compensation policy

- The board of directors has proposed to consolidate the company's compensation policy for the board of directors and executive board and the company's general guidelines for incentive pay
 - The board of directors recommends that the shareholders in general meeting adopt the draft remuneration policy, including general guidelines for incentive pay under section 139 of the Danish Companies Act, which:
 - Compiles and simplifies the guidelines for remuneration of the management
 - Ensures increased flexibility and allows for an ongoing adjustment of the targets in the executive board's bonus scheme

Item 7: Approval of remuneration 2016

- Approval of the 2016 remuneration to the board of directors
 - The board of directors recommends that the board remuneration for 2016 be unchanged from 2015
 - Ordinary board members receive DKK 200,000 per member
 - Vice chairman and chairman receive this amount multiplied by 2 and 3, respectively
- Membership of the audit committee is compensated separately, and compensation for chairing the committee is proposed to be changed
 - Ordinary members of the audit committee receive remuneration equaling 50% of the board fee
 - Compensation for chairing the audit committee is proposed to be changed from remuneration equaling the full board fee to 1½ board fee. If, however, the chairman of the audit committee is also vice chairman of the board of directors, the remuneration equals 50% of the board fee

Item 8: Election of auditor

- The board of directors proposes re-election of
Deloitte Statsautoriseret Revisionspartnerselskab

Item 9: Authority to acquire own shares

- Proposal from the board of directors for the adoption of the following authority to acquire own shares
 - The board of directors is authorised to let the company acquire treasury shares at a maximum nominal value of DKK 14,030,180 in the period until the next ordinary general meeting at the price listed at the time of acquisition plus/minus a maximum 10 per cent

Item 10: Amendment of the articles of association – I

- The board of directors has proposed amendment of the articles of association as follows:

- **10.a): Article 4.5**

The board of directors proposes to change the articles of association with the result that in the future the company's shares be given the status of registered shares and thus will no longer be bearer shares as it is no longer possible to issue new bearer shares because of an amendment to the Danish Companies Act

- **10.b): Article 8.1**

The board of directors proposes to change the wording of article 8.1 of the articles of association as it is not a requirement that the notice convening the general meeting is made via the Danish Business Authority's IT system as the shares are registered shares

Item 10: Amendment of the articles of association – II

- **Ad 10.a): Article 4.5 is proposed amended as follows:**
 - 4.5: "The shares are registered shares and must be registered in the holder's name in the company's register of shareholders."
- **Ad 10.b): Article 8.1 is proposed amended as follows:**
 - 8.1: " General meetings are convened by the board of directors by giving a maximum of five weeks' notice and a minimum of three weeks' notice unless the Danish Companies Act allows for a shorter notice. The notice convening the general meeting shall be made in writing by letter or email (see article 12a of the articles of association) to the shareholders registered in the company's register of shareholders that have so requested. The notice convening the general meeting must also be made public on the company's website at the same time."

Item 11: Chairman of the meeting

- Motion from the board of directors to authorise the chairman of the annual general meeting with a full right of substitution to file the resolutions passed, including the amended articles of association, with the Danish Business Authority and to make such alterations and additions to the resolutions passed as may be required for the registration of the said resolutions with the Danish Business Authority

Item 12: Any other business

- Any other business

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