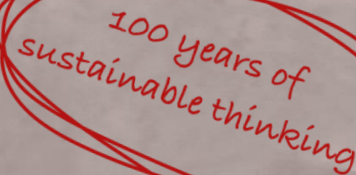


# Interim report Q2 2017

Conference call, 30 August 2017

CEO Ulrik Kolding Hartvig

CFO Marianne Rørslev Bock



100 years of  
sustainable thinking

# Highlights

Higher volumes outweighed by phasing in Hartmann Technology

- Group revenue declined despite growth in core business
- Higher costs and depreciations in Americas impacted earnings

Growth in European packaging volumes and revenue

- Volumes, efficiency and lower energy costs drove progress
- First phase of ongoing capacity expansion completed

Positive volume development and expansion on track in Americas

- Higher revenue despite decline in fruit packaging volumes
- Expansion and ramp up impacted profitability as expected

## Guidance 2017

Revenue	DKK 2.2-2.3bn
Profit margin	11.0-12.5%

## Targets 2018

Revenue	DKK 2.2-2.4bn
Profit margin	12-14%

*Operating profit/(loss) refers to EBIT.*

# Business overview

## Americas

**Revenue:** DKK 234m (13%)

**Profit margin:** 10.4% (2016: 14.7%)

Higher packaging volumes drove growth

Profitability lower as expected

## Europe

**Revenue:** DKK 280m (-15%)

**Profit margin:** 4.9% (2016: 12.1%)

Core business lifted revenue and earnings

Phasing in technology sales offset progress

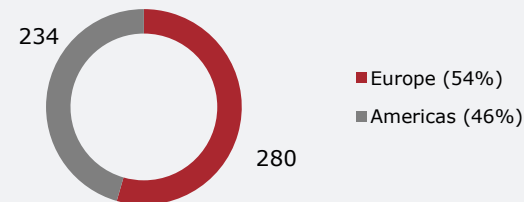


# Financials Q2 2017

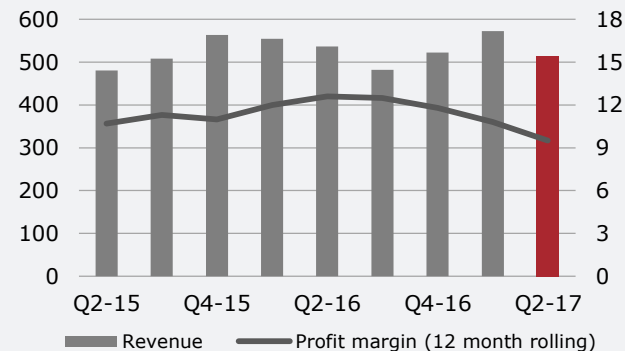
- Growth in core business offset by phasing in technology sales
  - Increased egg packaging volumes and revenue
  - Lower revenue from Hartmann Technology and fruit packaging
- Temporary decline in profitability
  - Lower technology sales and selling prices for packaging in Europe
  - Completion of US factory and ramp up across Americas reduced profitability
- Profit for the period affected by higher financial costs due to currency movements

DKKm	Q2 2017	Q2 2016	Change (%)
Revenue	514	537	(4)
Operating profit	32	63	(49)
Profit	1	43	(97)
Free cash flows (operating and investing)	(8)	(33)	77
Invested capital	1,372	1,198	15
Profit margin, %	6.2	11.6	-
ROIC, %	15.0	25.2	-

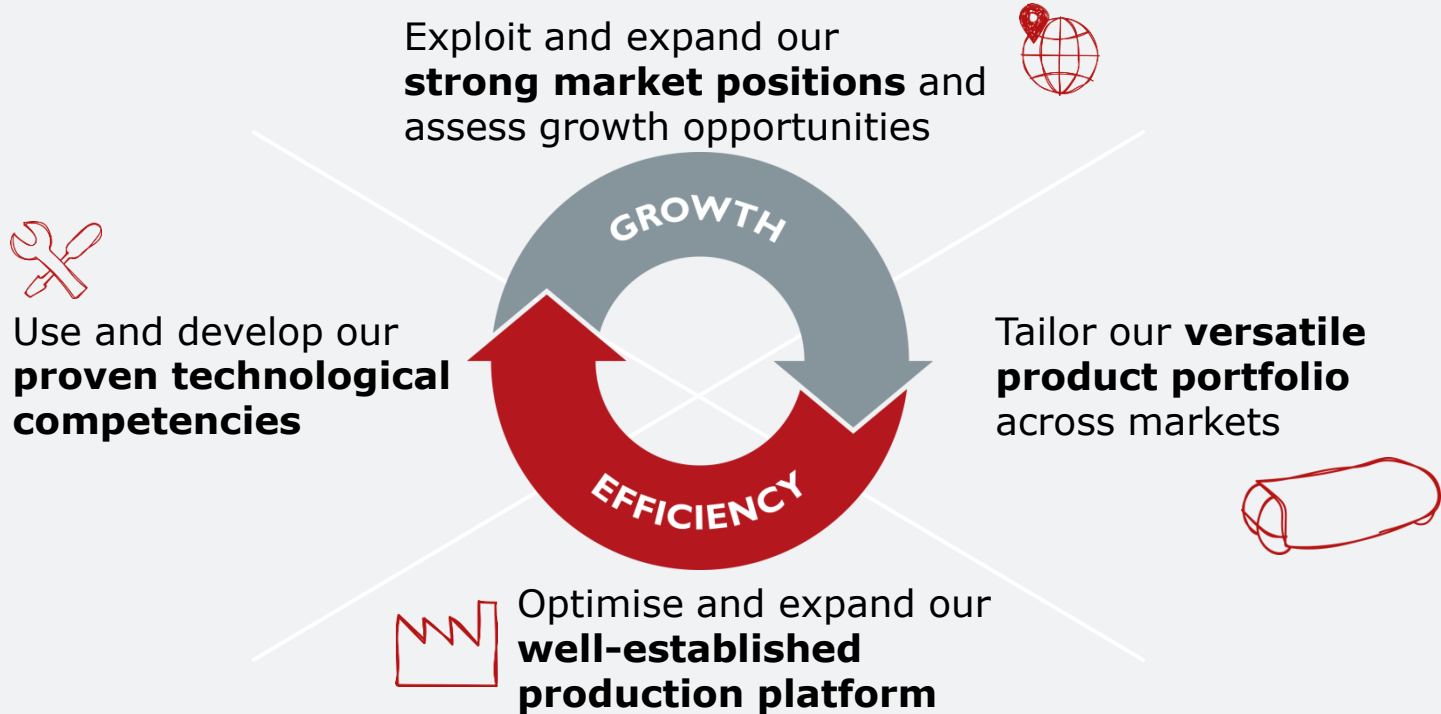
## Revenue split Q2 2017 (mDKK)



## Group revenue and profit margin (DKKm)



# Our potential



# Attractive market drivers

## Population growth



- More people
- Growing middle class
- Eating more eggs and fruit

2 billion

more people in the world  
in 2050 compared with 2014

## Urbanisation



- More people in urban areas
- Increasing egg and fruit sales at (structured) retail outlets – in packaging

2/3

of the world's population will be  
urban in 2050 (2014: 54%)

## Sustainability



- More people concerned with sustainability
- With the means to choose moulded-fibre over plastic packaging

1/3

of consumers buy from  
brands that do good

# South America



## Population and economy



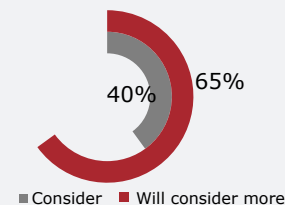
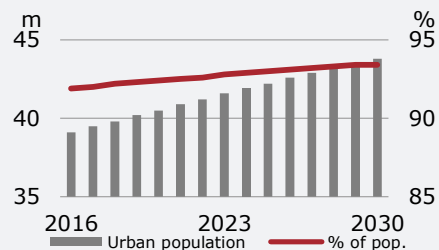
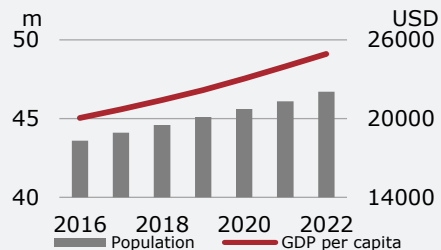
## Urbanisation



## Sustainability

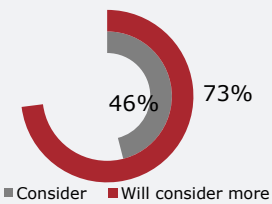
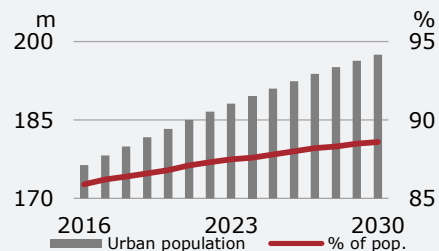
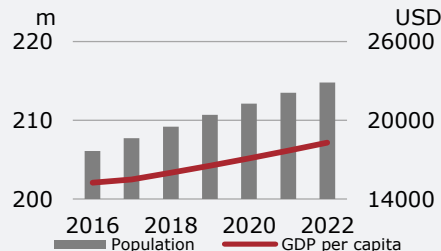
### Argentina

- 3 factories
- Ramp up in progress
- Egg and fruit packaging
- Foundation for growth



### Brazil

- 3 factories
- Ramp up in progress
- Egg and fruit packaging
- Foundation for growth



# North America



## Population and economy



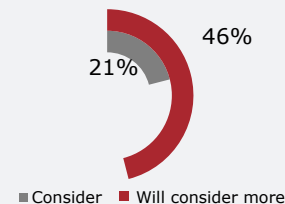
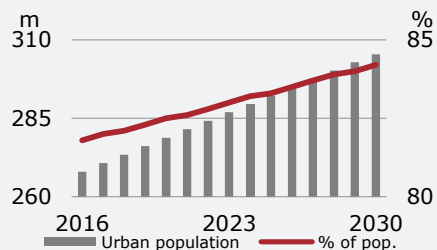
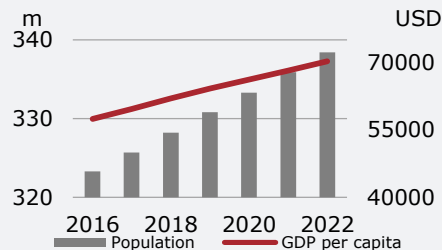
## Urbanisation



## Sustainability

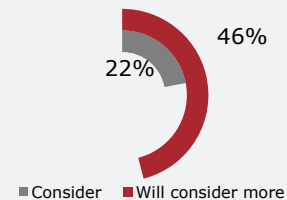
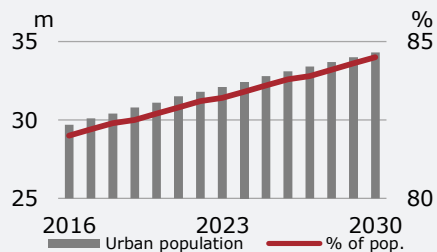
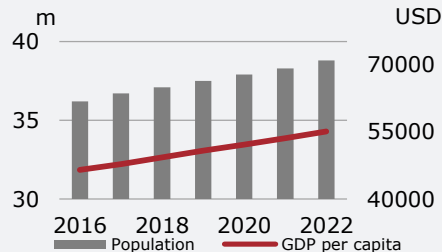
### US

- 1 factory in Rolla, MO
- Ramp up from Q3 2017
- Foundation for growth
- Security of supply



### Canada

- 1 factory in Brantford
- Since 2002
- High capacity utilisation





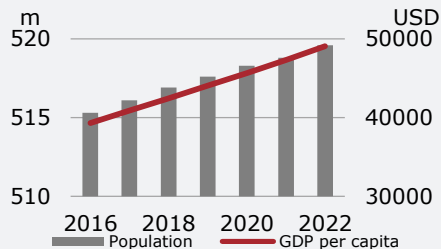
# Europe



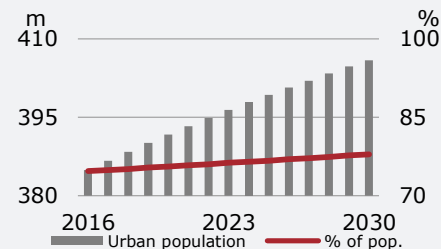
Population and economy

## Europe (EU 28)

- 3 factories
- High capacity utilisation
- Ongoing capacity expansion

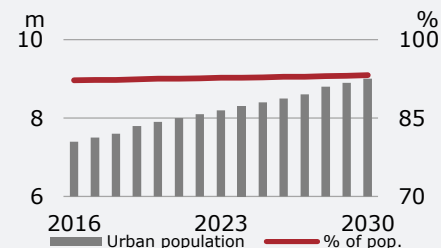
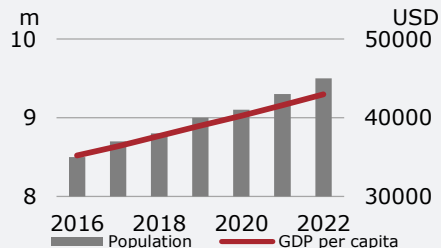


Urbanisation



## Israel

- 1 factory
- Since 1999
- Stable performance and outlook



## Guidance 2017 and financial targets

	Guidance 2017	Targets 2018
Revenue	DKK 2.2-2.3bn	DKK 2.2-2.4
Profit margin before special items	11.0-12.5%	12-14%

- 2017 guidance maintained
  - Contribution from higher technology sales in H2
  - Satisfactory ramp up and performance of new production capacity in Americas and Europe in H2
- CAPEX expected at around DKK 200m in 2017 against previous expectations of around DKK 250m
- ROIC expected around 18% in 2017 and around 20% by end-2018



# Q&A session

100 years of  
sustainable thinking

## Contact information

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investor@hartmann-packaging.com

### Upcoming events

Q3 report 2017	14 November 2017
Annual report 2017	28 February 2018
Annual general meeting	18 April 2018
Q1 report 2018	24 May 2018
Q2 report 2018	21 August 2018
Q3 report 2018	13 November 2018



Ulrik Kolding Hartvig, CEO



Marianne Rørslev Bock, CFO

## Appendix: Key figures and financial ratios

DKK <b>m</b>	Q2 2017	Q2 2016	Change (%)	H1 2017	H1 2016	Change (%)
<b>Revenue</b>	<b>514</b>	<b>537</b>	<b>(4)</b>	<b>1,087</b>	<b>1,091</b>	<b>0</b>
Europe	280	330	(15)	601	663	(9)
Americas	234	207	13	486	429	13
<b>Operating profit</b>	<b>32</b>	<b>63</b>	<b>(49)</b>	<b>93</b>	<b>143</b>	<b>(35)</b>
Europe	14	40	(66)	55	84	(35)
Americas	25	31	(20)	55	74	(25)
Net financials	(30)	(5)	(561)	(33)	(15)	(124)
Profit	1	43	(97)	44	96	(54)
Free cash flows	(8)	(33)	77	(43)	(7)	(526)
<b>Profit margin, %</b>	<b>6.2</b>	<b>11.6</b>	<b>-</b>	<b>8.5</b>	<b>13.1</b>	<b>-</b>

## Appendix: Balance sheet

DKKm	30.06.17	30.06.16	31.12.16
Assets	1,976	1,830	1,942
Net working capital (NWC)	302	306	275
Invested capital (IC)	1,372	1,198	1,323
Net interest-bearing debt	745	560	644
Equity	709	683	771
ROIC, %	15.0	25.2	20.9
Equity ratio, %	35.9	37.3	39.7
Gearing, %	105.1	81.9	83.6

## 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.