

*100 years of  
sustainable thinking*

**Q1 2018**

**Interim report  
24 May 2018**



# Highlights

Continued strengthening of revenue and profitability

- Higher packaging sales across Europe and Americas
- Technology sales lifted revenue and profitability

'Perform 2018' program launched

- Focus on efficiency, cost reduction and sales improvements
- Re-calibration of administrative functions in Europe

Strong growth in Europe driven by technology sales

- Increase in packaging sales
- Lower average selling prices and negative effects of fipronil

Americas lifted profitability and utilisation – but at slower pace

- Progress strong in South America and moderate in North America
- Significant negative currency effects across Americas

## Guidance 2018

---

Revenue	DKK 2.2-2.3bn
Profit margin	11.5-13.0%
ROIC	≥18%
CAPEX	~DKK 150m

---

## Ambitions

---

Packaging sales	↗
Revenue	↗
Profit margin	≥14%

---

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

# Business overview

## Americas

**Revenue:** DKK 239m (-5%)

**Profit margin:** 14.6% (2017: 12.2%)

Higher packaging sales offset by currency

Earnings up despite slower sale of new capacity

## Europe

**Revenue:** DKK 385m (+20%)

**Profit margin:** 16.0% (2017: 12.7%)

Higher packaging and technology sales

Technology sales lifted profitability

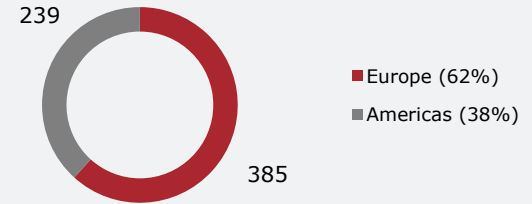


# Financials Q1 2018

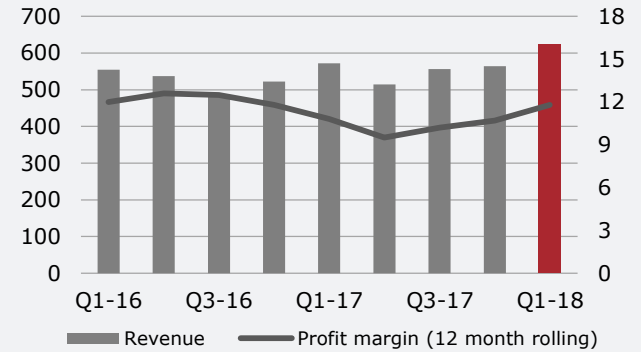
- Continued revenue growth despite headwinds
  - Higher packaging and technology sales
  - Negative impact from lower average selling prices and currency
- Higher profitability driven by Americas and Hartmann Technology
  - Slower sale of expanded capacity in North America
  - 'Perform 2018' initiated to enhance efficiency, reduce costs and lift sales
  - Special items of DKK -6m in Q1 and around DKK -25m in 2018 (expected)
- Currency impacted revenue by DKK -55m and operating profit by DKK -13m

DKKm	Q1 2018	Q1 2017	Change (%)
Revenue	624	572	9
Operating profit	92	61	50
Special items	(6)	0	-
Profit	58	43	34
Free cash flows (operating and investing)	60	(36)	270
Invested capital	1,320	1,416	(7)
Profit margin, %	14.7	10.7	-
ROIC, %	19.4	18.0	-

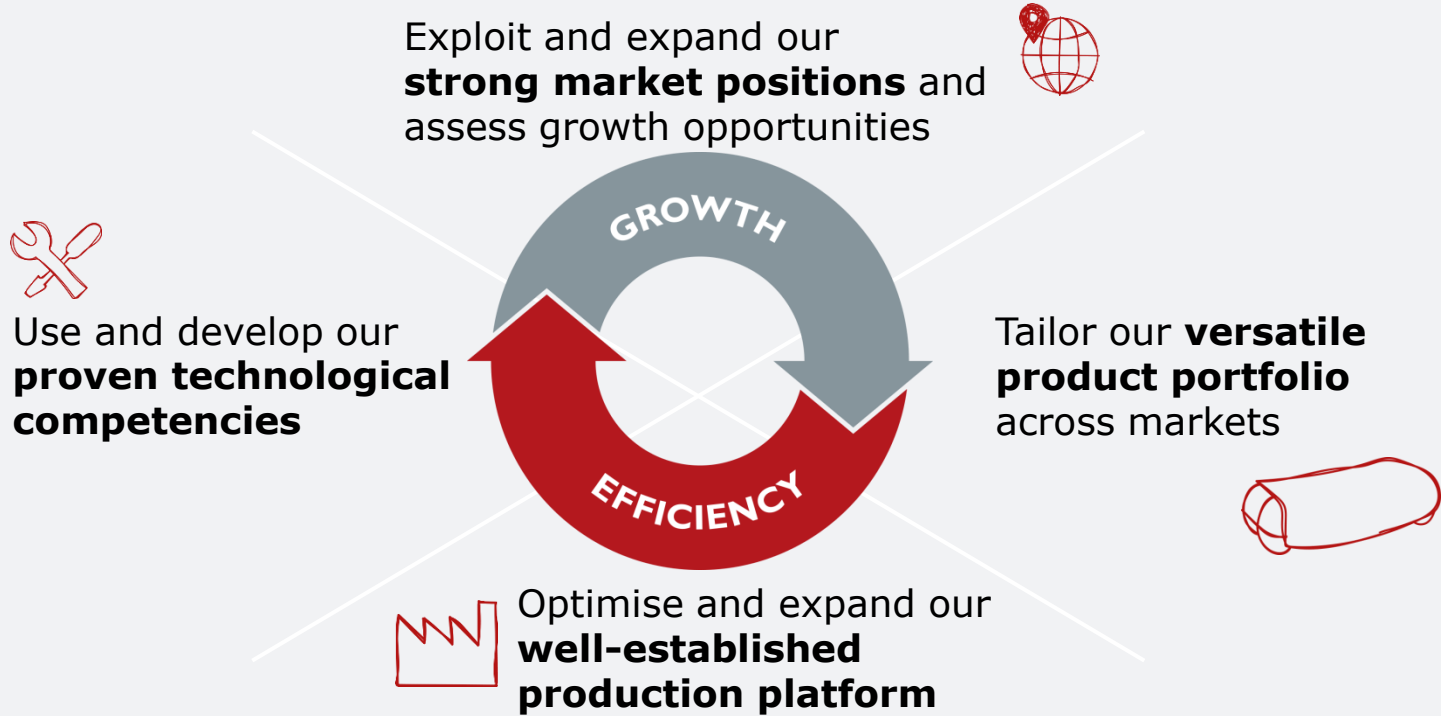
## Revenue split Q1 2018 (DKKm)



## 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

# Guidance 2018 and financial ambitions

	Guidance 2018
Revenue	DKK 2.2-2.3bn
Profit margin before special items	11.5-13%
ROIC	≥18%
CAPEX	~DKK 150m

- 2018 guidance based on:
  - Dampened growth in North America and Europe in H1
  - Slower sale of North American capacity in H1
  - Higher utilisation and effect of 'Perform 2018' in H2
- Financial ambitions
  - Increase sales at or above market growth and grow revenue
  - Reach profit margin of at least 14% before special items

## Ambitions

Continual growth in packaging sales



Year-on-year revenue growth



Profit margin of at least

**14%**

## Contact information

Brødrene Hartmann A/S  
Ørnegårdsvej 18  
DK-2820 Gentofte  
Tel. (+45) 45 97 00 00  
investor@hartmann-packaging.com

### Upcoming events

---

Q2 interim report	21 August 2018
Q3 interim report	13 November 2018

---



Torben Rosenkrantz-Theil  
CEO



Marianne Rørslev Bock  
CFO



## Appendix: Key figures and financial ratios

DKKm	Q1 2018	Q1 2017	Change (%)
<b>Revenue</b>	<b>624</b>	<b>572</b>	<b>9</b>
Europe	385	321	20
Americas	239	251	(5)
<b>Operating profit</b>	<b>92</b>	<b>61</b>	<b>50</b>
Europe	61	41	51
Americas	35	31	14
Special items	(6)	0	-
Net financials	(9)	(3)	(214)
Profit	58	43	34
Free cash flows	60	(36)	270
<b>Profit margin, %</b>	<b>14.7</b>	<b>10.7</b>	<b>-</b>

## Appendix: Balance sheet

<b>DKKm</b>	<b>31.03.18</b>	<b>31.03.17</b>	<b>31.12.17</b>
Assets	1,821	2,013	1,865
Net working capital (NWC)	337	320	312
Invested capital (IC)	1,320	1,416	1,339
Net interest-bearing debt	576	678	641
Equity	775	819	746
ROIC, %	19.4	18.0	17.1
Equity ratio, %	42.6	40.7	40.0
Gearing, %	74.3	82.7	85.9

# 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.