

Annual general meeting

Brødrene Hartmann A/S

18 April 2018



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 adoption
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 payment of loss in accordance with the adopted annual report
5. Election of members to the board of directors
6. Motion from the board of directors for a change of the remuneration policy for the company's board of directors and executive board
7. Adoption of the remuneration to the board of directors for 2018
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 to article 13.2 of the articles of association regarding an age limit for members of the board of directors
11. 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 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 122 million (2016: DKK 175 million)
 - Recommendation for dividends for the financial year 2017: DKK 9.50 per share (2016: DKK 9.50 per share)
 - Payout ratio: 55% (2016: 38%)

Report from the board of directors 2017

- Highlights
- Developments in 2017
- Strategy – ‘Unpacking our potential’
- Guidance and ambitions
- Questions

Highlights

Revenue growth of 5% and profit margin of 10.7%

- Higher packaging sales across Europe and Americas
- Running-in of capacity and market challenges
- Proposed dividend of DKK 9.50 per share (2016: DKK 9.50)

European progress dampened by sales price and currency

- Higher sales and production efficiency
- Lower sales price and negative effects of fipronil and GBP

American topline growth offset by costs and depreciations

- Capacity utilisation increased at new factories
- Higher production costs and depreciations

Guidance 2018

Revenue	2,2-2,3 mia. kr.
Profit margin	11,5-13,0%
ROIC	≥18%

Ambitions

Packaging sales	↗
Revenue	↗
Profit margin	≥14%

**Operating profit and profit margin before special items.*

Americas

Revenue: DKK 917m (9%)

Profit margin: 11.2% (2016: 13.8%)

Utilisation beginning to pick up in the US

Strong performance in South America

Europe

Revenue: DKK 1,290m (3%)

Profit margin: 12.2% (2016: 13.1%)

Sales and efficiency counter price decline

Continued capacity expansion



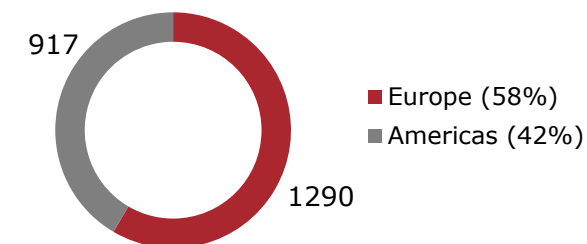
- Factory
- Factory in running-in phase
- Machine factory
- Office

Hartmann generated growth in 2017

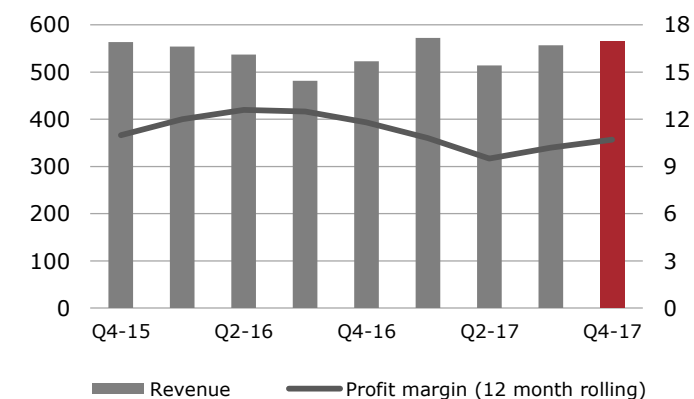
- Increase in packaging sales and revenue
 - American capacity being run in – but not completed
 - Growth in Europe and from Hartmann Technology
- Profitability impacted by production costs and depreciations
 - Improved utilisation did not fully compensate
- CAPEX of DKK 208m and ROIC of 17.1% in line with guidance

DKKm	2017	2016	Change (%)
Revenue	2,207	2,096	5
Operating profit	235	248	(5)
Special items	(14)	0	-
Profit	122	175	(30)
Free cash flows (operating and investing)	52	(88)	159
Invested capital	1,339	1,323	1
Profit margin, %	10.7	11.8	-
ROIC, %	17.1	20.9	-

Revenue split 2017 (DKKm)



Revenue and profit margin



Our potential

Exploit and expand our **strong market positions** and assess growth opportunities



Use and develop our **proven technological competencies**



Tailor our **versatile product portfolio** across markets



Optimise and expand our **well-established production platform**

Three trends driving performance



Population growth

- Growing population
- Larger middle class
- Increased consumption of eggs and fruit

2 billion
increase in global population by 2050 compared with 2014



Urbanisation

- Influx of residents to cities
- Growth in retail trade
- Increasing use of packaging

2/3
of the world population will be living in cities in 2050 (2014: 54%)



Sustainability

- Increased consumer focus
- Financial ability
- Molded fibre over plastic

1/3
of consumers prefer sustainable brands

Guidance and financial ambitions

Guidance 2018

Revenue	DKK 2.2-2.3bn
Profit margin before special items	11.5-13%
ROIC	≥18%

- 2018 guidance based on:
 - Dampened growth in North America and Europe in H1
 - Continued running-in of capacity in H1
 - Higher utilisation and continued cost adjustments 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%

This presentation contains forward-looking statements reflecting management's expectations of future events and financial results. The statements are subject to uncertainty and must be viewed in the context of among other things the business environments and financial markets, which may cause actual results to deviate materially from those projected by Hartmann. Reference is made to sections on outlook and risk as well as note 33 in the annual report 2017.

Questions



Items 1-4: Approval

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 shareholder-elected members are re-elected:

- Agnete Raaschou-Nielsen
- Jørn Mørkeberg Nielsen
- Steen Parsholt

Vice chairman Niels Hermansen did not wish to be re-elected

The board of directors proposes Jan Klarskov Henriksen to be elected as new member

- Managing director at Aviagen Broiler Breeding Group Inc., USA
- International management within the food industry and special competencies in sale and marketing within the poultry and egg industry
- Managing director at Lantmännen Unibake Holding A/S (2012-2014), Lantmännen Kronfågel Holding AB (2009-2012) and Danæg a.m.b.a. (2005-2008). Chairman at wholesaler in food products BPI A/S

Andy Hansen and Palle Skade Andersen were elected by employees for four years (2018-2022)

Item 6: Motion for a change of the remuneration policy

The board of directors has proposed a change of the remuneration policy for the company's board of directors and executive board

- Alignment with new Corporate Governance Recommendations
- New section about annual preparation and publication of remuneration report
 - Information about total remuneration and remuneration for each member of the board of directors and executive board in the preceding three years
 - Publication on the company's website in first time in connection with the annual general meeting in 2019
- In future, the remuneration policy must be adopted by the general meeting at least every fourth year
- Furthermore, the description of the linkage between the remuneration policy and the company's long-term value creation has been further specified, and references are made to the Capital Markets Act instead of the Danish Securities Trading Act
- The board of directors proposes that the general meeting adopts the draft amended remuneration policy for the company's board of directors and executive board

Item 7: Adoption of remuneration for 2018

The board of directors recommends that the board remuneration for 2018 remains unchanged, except for the remuneration to the vice chairman:

- Ordinary members will continue to receive DKK 225,000
- The vice chairman will receive this remuneration multiplied by 1½ (2017: multiplied by 2)
- The chairman will continue to receive this remuneration multiplied by 3

- Ordinary members of the audit committee will continue to receive remuneration equalling ½ of the board remuneration
- The chairman of the audit committee will continue to receive remuneration equalling 1½ of the board remuneration

Item 8: Election of auditor

The board of directors proposes that Deloitte Statsautoriseret Revisionspartnerselskab be re-elected

Item 9: Authorisation to acquire own shares

Motion from the board of directors for an authorisation to acquire treasury shares

- The board of directors is authorised to let the company acquire treasury shares with up to a nominal value of DKK 14,030,180 in the period until the next annual general meeting at the stock price plus/minus 10 per cent as a maximum at the time of the acquisition.

Item 10: Motion to amend article

Motion from the board of directors to delete article 13.2 of the articles of association regarding age limitation:

“Board members may not be older than 69 years of age when joining the board of directors. Board members must resign from the board of directors not later than at the first annual general meeting held after the day they turn 70.”

- The proposal should be seen in connection with the recent removal of the corporate governance recommendation regarding including of an age limit for members of the board of directors in the articles of association

Item 11: Authorisation of the chairman of the meeting

Motion from the board of directors to authorise the chairman of the annual general meeting with 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 or additions to the resolutions passed as may be required for registration of the said resolutions with the Danish Business Authority.

Item 12: Any other business

Any other business

Annual general meeting

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