

# Annual general meeting

Brødrene Hartmann A/S

9 April 2019



# 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. Adoption of the remuneration to the board of directors for 2019
7. Election of auditor
8. Motion from the board of directors for an authorisation to acquire treasury shares
9. 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
10. 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 96 million (2017: DKK 122 million)
  - Recommended dividends for the financial year 2018: DKK 9.50 per share (2017: DKK 9.50 per share)
  - Payout ratio: 69% (2017: 55%)

## Report from the board of directors 2018

- Highlights
- Developments in 2018
- Strategy – ‘Think ahead’
- Guidance and ambitions
- Debate

# Highlights

## Volume growth



- Intensified sales efforts
- Market share gains
- Increased premium share

## Perform 2018



- Sales promoting initiatives
- Efficiency enhancements
- Full effect in 2019

## Capacity expansion



- Europe and South America
- Leverage demand
- Platform for growth

## Capacity utilisation



- Strong utilisation in Europe
- Optimisation in South America
- Growth in North America

Revenue

**DKK 2,207m**

DKK 2,207m in 2017

Profit margin

**10.2%**

10.7% in 2017

ROIC

**17.2%**

17.1% in 2017

CAPEX

**DKK 129m**

DKK 208m in 2017

*Currency reduced revenue by DKK 244m and operating profit by DKK 40m in 2018 following significant movements in ARS, a.o.*

*References to operating profit and profit margin are before special items, unless otherwise stated.  
Operating profit, profit margin, ROIC and CAPEX are stated before hyperinflation (IAS 29) restatement.*



# Segments

## Americas

**Revenue:** DKK 867m (-6%)

**Profit margin:** 11.1% (2017: 11.2%)

Volume growth offset by currency and IAS 29

Earnings further impacted by input and production costs

## Europe

**Revenue:** DKK 1,340m (+4%)

**Profit margin:** 11.3% (2017: 12.2%)

Strong volume growth in core business lifted revenue

Sales prices, energy costs and currency impacted financials

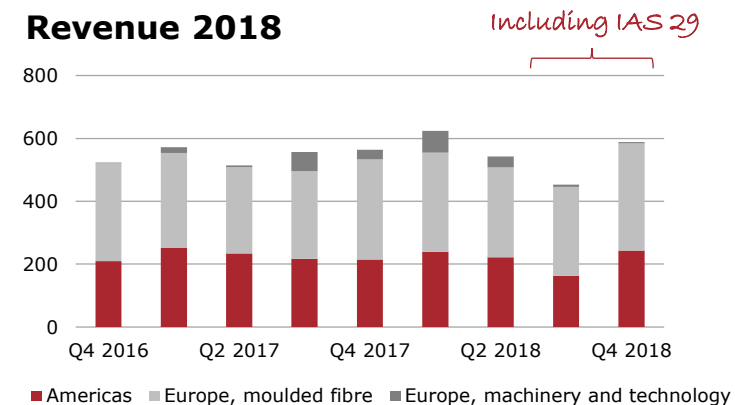


# Financials

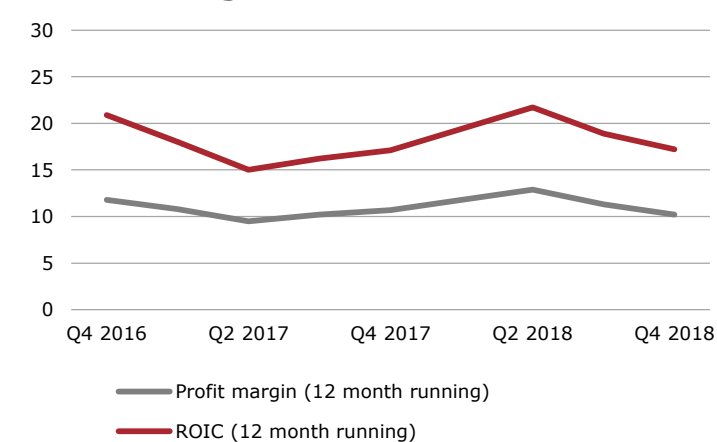
- Strong volume growth ensured stable revenue despite adverse currency impact
  - Packaging volumes grew across markets
  - Higher premium share countered by lower average sales price
- Solid profitability despite higher energy costs and currency effects
  - Earnings supported by volume growth and 'Perform 2018'
  - Adverse impact from energy costs and repayment of energy subsidy
- Currency impacted revenue by DKK -244m and operating profit by DKK -40m
  - Significant impact from development in ARS

DKKm	2018	2018 excl. IAS 29	2017
Revenue	2,207	2,224	2,207
Operating profit	215	226	235
Special items	(33)	(33)	(14)
Profit	96	103	122
Free cash flows (operating and investing)	136	136	52
Invested capital	1,321	1,288	1,339
Profit margin, %	9.7	10.2	10.7
ROIC, %	16.0	17.2	17.1

## Revenue 2018



## Profit margin and ROIC excl. IAS 29



# Strategy



## Think ahead...

- Leverage positive trends and drivers
- Invest to accommodate growing demand
- Enhance utilisation of production capacity
- Improve efficiency through automation and technology development
- Intensify marketing efforts
- Explore potential for attractive acquisitions

## ...to strengthen Hartmann's positions

- World leader in egg packaging
- Leader in fruit packaging in selected markets
- Preferred supplier of machinery and technology



### Focus



Capacity



Efficiency improvements



Marketing

### Strengths



Expertise



Platform



Products



Technology

### Trends



Demographics



Sustainability



Consumer behaviour





## Trends and initiatives

### Europe

- Relatively mature markets
- Strong demographics in Eastern Europe
- Conversion from plastics in selected markets

### North America

- Solid demographics and growing egg sales
- Increased share of premium eggs
- On-going conversion expected to accelerate

### South America

- Long-term growth from demographics
- Positive development in egg category

## Initiatives



Capacity



Efficiency  
improvements



Marketing

## Guidance 2019 and financial ambitions

### Guidance 2019

Omsætning

**DKK 2.2-2.4bn**

Profit margin\*

**9-11%**

CAPEX\*

**DKK ~200m**

Volume growth and higher average sales prices in core business

Normalised technology sales

Full effect of 'Perform 2018' initiatives

Improved capacity utilisation and efficiency

Higher paper and energy costs

Adverse currency effects

### Ambitions

Continual growth in packaging sales



Year-on-year revenue growth



Profit margin\*

**≥14%**

\*Before restatement for hyperinflation

*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 2018.*

# Debate



## 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
- Steen Parsholt
- Jan Klarskov Henriksen

Board member Jørn Mørkeberg Nielsen did not wish to be re-elected

The board of directors proposes election of:

- Jan Madsen
- Karen Hækkerup
- Marianne Schelde

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

## Item 5: Election of members to the board of directors

### Jan Madsen (49)

- Group executive director of Coop Danmark A/S since 2010
- Retail trade with a particular focus on food industry, international sale and marketing, business development, digitalisation and supply chain management
- Background from Carlsberg Group, McKinsey & Company and Nestlé
- Board member of Coop Bank A/S, Coop Holding A/S and Fakta A/S

### Karen Hækkerup (44)

- CEO of the Danish Agriculture & Food Council until 2018
- Strong network and special competencies within sustainability as well as international food production, commerce and politics
- Board member of Grace Public Affairs A/S and chairman of Den Sociale Investeringsfond

### Marianne Schelde (56)

- CFO of Thornico Holding A/S
- International financial management, financial reporting and accounting
- CEO of Thornico IT A/S and board member of Hummel Holding A/S, Mount Baldy A/S, Ovodan Europe ApS, Sanovo Capital A/S, Stanico A/S, Thorco Isabella ApS, Thorco Isadora ApS, Thorco Africa Holding ApS, Thornico IT A/S and West Star Real Estate A/S

## Item 6: Adoption of remuneration for 2019

The board of directors recommends that the remuneration to each board member remains unchanged:

- Ordinary members receive DKK 225,000
- The vice chairman receives this remuneration multiplied by 1½
- The chairman receives this remuneration multiplied by 3
  
- Ordinary members of the audit committee receive remuneration equalling ½ of the board remuneration
- The chairman of the audit committee receives remuneration equalling 1½ of the board remuneration

The total remuneration to the board of directors will be higher in 2019 due to the proposed extension of the board of directors from six board members to eight board members and a contemplated extension of the audit committee from two to three members

Remuneration to the board of directors in 2016-2018 is stated in the remuneration report for 2018

## Item 7: Election of auditor

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



## Item 8: 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 9: 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 10: Any other business

Any other business

# Annual general meeting

Brødrene Hartmann A/S

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