

Interim report Q1 2019

Investor presentation
7 May 2019



Q1 2019 highlights

Volume growth

- Higher volumes at group level
- Growth in Europe and North America
- Stable volumes in South America

Lower machinery sales

- Expected fluctuation in Q1
- Exceptionally strong Q1 2018
- Normalised lower sales in FY 2019

Higher premium share

- Growing sales of premium products
- Improved average selling prices

Stronger production platform

- Improved capacity utilisation
- Continued expansion
- Prepared new factory in Brazil

Revenue

DKK 596m

DKK 624m

Profit margin

10.2%

14.7%

CAPEX

DKK 39m

DKK 11m

Currency movements, primarily related to the Argentine peso (ARS), reduced revenue by DKK 42 million and operating profit by DKK 5 million in Q1 2019.

Business overview

Americas

Revenue: DKK 248m (+4%)

Profit margin: 13.5% (2018: 14.6%)

Growth driven by higher volumes in face of currency effects

Progress in North America and stable volumes in South America

Europe

Revenue: DKK 349m (-9%)

Profit margin: 9.7% (2018: 16.0%)

Higher volumes and revenue in core business

Lower revenue and earnings from machinery sales as expected

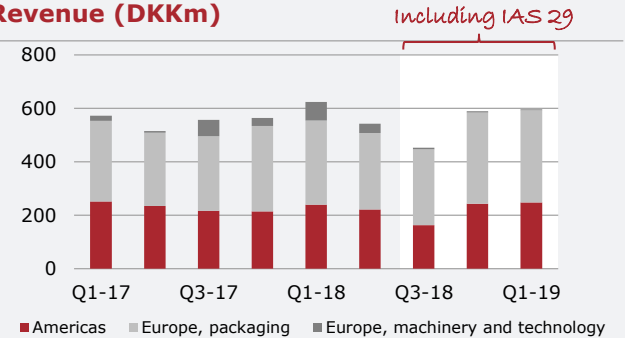


Financials Q1 2019

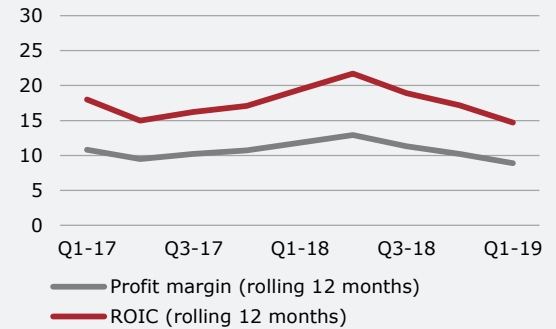
- Continued volume growth ensured higher revenue in core business
 - Higher share of premium products and improved average sales price
 - Machinery and technology sales declined to DKK 4m against DKK 69m
- Solid earnings despite headwinds
 - Lower contribution from machinery and technology sales
 - Higher paper and energy costs
- Currency impacted revenue by DKK -42m and operating profit by DKK -5m
 - Significant impact from development in ARS

DKKm	Q1 2019	Q1 2019 excl. IAS 29	Q1 2018
Revenue	596	599	624
Operating profit	58	61	92
Special items	0	0	(6)
Profit	37	41	58
Free cash flows (operating and investing)	18	18	60
Invested capital	1,434	1,397	1,320
Profit margin, %	9.8	10.2	14.7
ROIC, %	13.6	14.7	19.4

Revenue (DKKm)



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



Trends and initiatives

Europe

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

Initiatives

- Step up marketing
- Expand existing capacity
- Increase automation
- Develop technology

North America

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

Initiatives

- Intensify marketing
- Improve capacity utilisation
- Implement new technology
- Add capacity at existing sites

South America

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

Initiatives

- Improve capacity utilisation
- Automate and upgrade
- Optimise production allocation
- Expand capacity

Guidance 2019 and financial ambitions

Guidance 2019

Revenue

DKK 2.2-2.4bn

Profit margin*

9-11%

CAPEX*

DKK ~250m

Previously DKK ~200m

- Volume growth and higher average sales prices in core business
- Normalised, lower technology sales
- Improved capacity utilisation and efficiency
- Higher paper and energy costs
- Adverse currency effects
- CAPEX expected around DKK 250m after decision to establish new factory in Brazil

**Before restatement for hyperinflation*

Ambitions

Continual growth in packaging sales



Year-on-year revenue growth



Profit margin* of at least

14%

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Upcoming events

Q2 interim report	13 August 2019
Q3 interim report	13 November 2019



Torben Rosenkrantz-Theil
CEO



Flemming Steen
CFO

Appendix: Key figures and financial ratios

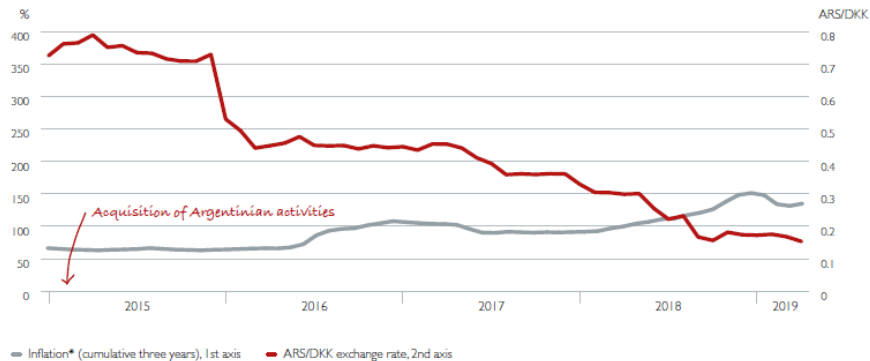
DKKm	Q1		
	2019	2019 excl. IAS 29	2018
Revenue	596	599	624
Europe, packaging	345	345	315
Europe, machinery and technology	4	4	69
Americas	248	250	239
Operating profit	58	61	92
Europe	34	34	61
Americas	31	34	35
Special items	(0)	(0)	(6)
Net financials	(7)	(7)	(9)
Profit	37	41	58
Free cash flows	18	18	60
Profit margin, %	9.8	10.2	14.7

Appendix: Balance sheet

DKKm	31.03.19	31.03.19 excl. IAS 29	31.03.18
Assets	1,975	1,941	1,821
Net working capital (NWC)	304	304	337
Invested capital (IC)	1,434	1,397	1,320
Net interest-bearing debt	640	640	576
Equity	816	791	775
ROIC, %	13.6	14.7	19.4
Equity ratio, %	41.3	40.7	42.6
Gearing, %	78.4	80.9	74.3

Appendix: Hyperinflation

Inflation and exchange rate developments in Argentina

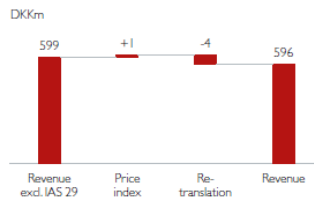


Effects of restating for hyperinflation on selected accounting figures year to date

DKKm	Excl. IAS 29	Price index	Re-translation	Total adjustment	2019 to date
Revenue	599	1	(4)	(3)	596
Operating profit before depreciation	93	(1)	(1)	(2)	91
Operating profit	61	(2)	(1)	(3)	58
Financial income and expenses, net	7	0	0	0	7

* Restatement for hyperinflation is made based on Argentina's Wholesale Price Index up to 31 December 2016 and on the National Consumer Price Index from 1 January 2017.

Effect of restating year-to-date revenue



The total effect on Q1 2019 revenue of restating for hyperinflation under IAS 29 is a combination of restating for price index developments and the effect of using the exchange rate at the balance sheet date for purposes of translating from the Argentine peso into Danish kroner.

While revenue was favourably affected in the amount of DKK 1 million by the 11% increase in the price index during the period under review, the total effect of restating for hyperinflation was negative. The ARS/DKK cross rate fell from 0.173 at the beginning of the year to 0.154 at 31 March 2019. The practice of using the exchange rate at the balance sheet date for currency translation purposes thus reduced Hartmann's revenue by DKK 4 million.

Revenue was DKK 596 million after a total negative impact of restating for hyperinflation of DKK 3 million.

For more information about hyperinflation see page 23 and note 36 in the annual report for 2018.

Read more in the Q1 2019 interim report on page 10

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.