PACK & PERFORM

Interim report Q3 2019

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Q3 2019 highlights

Hartmann reported strong revenue and earnings growth in Q3 2019 on the back of a solid core business performance and higher machinery and technology sales. Hartmann now expects revenue to reach the upper end of the DKK 2.2-2.4 billion range with a profit margin around 11%, and continued investments in new capacity lay the groundwork for additional volume growth in the years ahead.

Sustaining volume growth

Hartmann continued to grow packaging sales in all markets in Q3. Sales were particularly strong in Europe and North America.

Lifting machinery sales

As expected, Hartmann Technology was a driving force behind the strong Q3 performance. Overall, sales of machinery and technology are still expected to normalise in 2019 at a level down from the 2018 high.

Improving profitability

The solid core business performance combined with higher machinery sales drove a strong improvement in profitability in the third quarter. The Q3 performance was further supported by substantial licence income.

Investing in new capacity

Hartmann expanded its European production capacity in the third quarter and prepared additional capacity for commissioning in Q4. The work to expand capacity in Brazil, the USA and Europe in 2020 continued.

Revenue

DKK 591 million

DKK 453 million in Q3 2018

Profit margin*

13.3%

5.4% in Q3 2018

Capital expenditure*

DKK 58 million

DKK 32 million in Q3 2018

Currency movements, primarily related to the Argentine peso (ARS), reduced revenue by DKK 30 million in Q3 2019 but had a neutral effect on overall operating profits.

* Before restatement for hyperinflation.

> Sales of sustainable moulded-fibre packaging were strong in Q3 2019, and our technology and machinery business also contributed to the positive development. Based on this momentum, we are on track to deliver higher revenue and earnings this year, and we will continue to invest in production capacity to be able to meet current and future demand.

Key figures and financial ratios for the group

DKKm	Q3 2019	Q3 2019 excl. IAS 29	Q3 2018	Q3 2018 excl. IAS 29	9M 2019	9M 2018
Comprehensive income						
Revenue	591	604	453	492	1,741	1,619
Operating profit	76	81	13	26	179	165
Special items	0	0	(9)	(9)	0	(30)
Operating profit after special items	76	81	5	17	179	135
Financial income and expenses, net	(15)	(18)	(7)	(20)	(28)	(46)
Profit/loss before tax	61	63	(2)	(2)	151	89
Profit/loss for the period	45	48	(5)	(1)	107	63
Comprehensive income	34	35	7	(8)	126	24
Cash flows						
Operating activities	130	130	22	22	203	159
Investing activities	(58)	(58)	(32)	(32)	(145)	(70)
Financing activities	(3)	(3)	(0)	(0)	(60)	(68)
Total	69	69	(10)	(10)	(2)	2
Balance sheet						
Assets	-	-	-	-	2,046	1,770
Investments in property, plant and equipment	-	-	-	-	144	67
Net working capital	-	-	-	-	328	336
Invested capital	-	-	-	-	1,500	1,309
Net interest-bearing debt (NIBD)	-	-	-	-	680	620
NIBD excl. lease liabilities	-	-	-	-	597	620
Equity	-	-	-	-	825	704

DKKm	Q3 2019	Q3 2019 excl. IAS 29	Q3 2018	Q3 2018 excl. IAS 29	9M 2019	9M 2018
Financial ratios, %						
Profit margin	12.9	13.3	2.9	5.4	10.3	10.2
Return on invested capital (ROIC), rolling 12 months	-	-	-	-	15.5	17.7
Return on equity, rolling 12 months	-	-	-	-	18.0	12.4
Equity ratio	-	-	-	-	40.3	39.8
Gearing	-	-	-	-	82.4	88.1
Share-based financial ratios						
No. of shares (excl. treasury shares)	-	-	-	-	6,915,090	6,915,090
Earnings per share, DKK (EPS)	6.4	6.9	(0.7)	(0.2)	15.4	9.1
Cash flows per share, DKK	18.7	18.7	3.2	3.2	29.4	23.0
Book value per share, DKK	-	-	-	-	119.3	101.8
Share price, DKK	-	-	-	-	280.0	353.0
Share price/book value per share	-	-	-	-	2.3	3.5
Share price/earnings (P/E), rolling 12 months	-	-	-	-	13.6	26.4
Market capitalisation, DKKm	-	-	-	-	1,964.2	2,216.8

For definitions of financial ratios, see page 82 in the annual report for 2018. For purposes of this report, operating profit and profit margin are stated before special items, and profit margin, return on invested capital and capital expenditure are stated before restatement for hyperinflation.

In order to provide a more accurate view of Hartmann's underlying operations and performance, selected accounting figures in this interim report are presented before restatement for hyperinflation (IAS 29). Read more on page 10.

Developments in Q3 2019

Hartmann grew revenue and earnings in Q3 2019 on the back of continued volume growth and higher average selling prices, an improved contribution from Hartmann Technology's sales of machinery and technology and substantial licence income resulting from the settlement of a European patent infringement dispute concerning Hartmann's imagic® products.

Continued strong demand for sustainable moulded-fibre packaging translated into volume growth across the group's markets in Q3. The strongest growth was reported by the operations in Europe and North America. The South American business also lifted packaging sales, but this progress was offset by currency fluctuations in Argentina and higher raw materials prices.

The group expanded its European production capacity in the third quarter with additional capacity scheduled to be put into operation in Q4. The work to increase capacity at Hartmann's US factory and to establish a new factory in Brazil also continued in the third quarter. The new capacity is expected to be commissioned in 2020, while at the same time European production capacity will be further expanded.

Revenue

Maintaining momentum in Q3 2019, the group's core business reported continued volume growth across all markets, and total revenue increased to DKK 591 million (2018: DKK 453 million) after restatement for hyperinflation. Revenue growth was further supported by an improved contribution from Hartmann Technology.

Revenue for the first nine months of the year was up to DKK 1,741 million (2018: DKK 1,619 million) after restatement for hyperinflation.

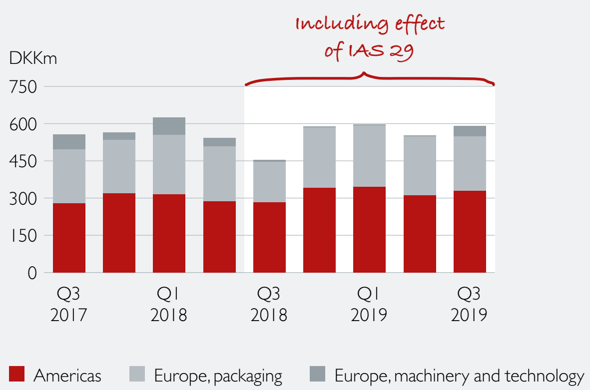
Currency movements reduced revenue by a net DKK 30 million in Q3. Movements in the Argentine peso (ARS) reduced revenue by DKK 40 million, of which DKK 22 million was attributable to restatement for hyperinflation. In the first nine months of the year, currency movements reduced revenue by a net DKK 99 million. ARS movements reduced revenue by DKK 117 million, of which DKK 30 million was attributable to restatement for hyperinflation.

Consolidated revenue before restatement for hyperinflation was DKK 604 million in Q3 (2018: DKK 492 million) and DKK 1,750 million in the first nine months of the financial year (2018: DKK 1,658 million).

Europe

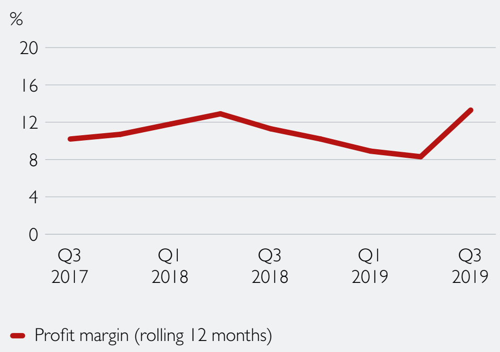
The European business generated total revenue of DKK 374 million in Q3 2019 (2018: DKK 290 million). Continued volume growth and higher average selling prices translated into revenue of DKK 330 million from egg packaging sales (2018: DKK 283 million). Revenue was further supported by the aforementioned licence income. As expected, Hartmann Technology reported revenue up to DKK 44 million from DKK 6 million in Q3 2018.

Revenue



Operating profit excl. effect of IAS 29

Profit margin excl. effect of IAS 29



Developments in Q3 2019

In the first nine months of 2019, the European business grew total revenue to DKK 1,039 million (2018: DKK 995 million), with the core business contributing DKK 985 million (2018: DKK 885 million). Hartmann Technology generated revenue of DKK 54 million (2018: DKK 110 million) in the first nine months of the financial year.

Americas
Supported by continued volume growth, the business in the Americas lifted total revenue to DKK 218 million in Q3 2019 (2018: DKK 163 million) amid significant adverse currency movements in Argentina.

In North America, Q3 revenue grew strongly on the back of continued volume growth, favourable currency effects and higher average selling prices thanks to premium products making up a higher proportion of total sales. The ongoing capacity expansion programme at the group's US factory progressed satisfactorily, and the new capacity is still expected to be put into operation towards the end of 2020.

The South American business reported continued volume growth in both Argentina and Brazil, while revenue growth was moderate due to significant adverse currency effects in Argentina and retail egg packaging making up a lower proportion of total sales in both markets.

For the first nine months of the year, revenue from the Americas was up to DKK 702 million (2018: DKK 624 million) after restatement for hyperinflation.

Before restatement for hyperinflation, Q3 revenue was DKK 231 million (2018: DKK 202 million), while revenue for the first nine months of 2019 was DKK 711 million (2018: DKK 663 million).

Operating profit

Operating profit before restatement for hyperinflation was DKK 81 million for Q3 2019 (2018: DKK 26 million), for a profit margin of 13.3% (2018: 5.4%). The profit performance was supported by volume growth and higher average selling prices in the core business in combination with an improved contribution from Hartmann Technology and substantial licence income following settlement of the European patent infringement case.

For the first nine months of the year, operating profit before restatement for hyperinflation was up to DKK 188 million (2018: DKK 178 million), for a profit margin of 10.8% (2018: 10.8%).

While currency movements in Argentina reduced operating profit by DKK 4 million, the net effect of currency fluctuations on operating profit before restatement for hyperinflation was neutral in Q3. In the first nine months of the year, currency fluctuations reduced operating profit before restatement for hyperinflation by a net DKK 5 million. Movements in ARS affected operating profit by a negative DKK 17 million.

After restatement for hyperinflation, operating profit came to DKK 76 million (2018: DKK 13 million), for a profit margin of 12.9% (2018: 2.9%), for Q3 2019 and DKK 179 million (2018: DKK 165 million), for a profit margin of 10.3% (2018: 10.2%), for the first nine months of 2019.

Europe
The European business reported Q3 operating profit of DKK 62 million (2018: DKK 12 million), for a profit margin of 16.5% (2018: 4.1%), supported by an improved contribution from Hartmann Technology and a strong core business performance driven by higher average selling prices and continued volume growth. Operating profit was further supported by licence income, but adversely affected by higher raw materials prices.

For the first nine months of 2019, the European business reported operating profit of DKK 119 million (2018: DKK 114 million), for a profit margin of 11.5% (2018: 11.4%).

Americas
Operating profit from the Americas totalled DKK 24 million before restatement for hyperinflation (2018: DKK 17 million), for a profit margin of 10.5% (2018: 8.5%).

The North American business grew its operating profit on the back of continued revenue growth, a significant combined effect of production efficiency improvements and lower raw materials costs as well as favourable currency movements.

In South America, operating profit before restatement for hyperinflation fell as revenue growth and higher average selling prices were not enough to offset the significant adverse effects of currency movements in Argentina and a substantial increase in raw materials prices.

For the first nine months of 2019, the American business reported total operating profit of DKK 87 million before restatement for hyperinflation (2018: DKK 81 million), for a profit margin of 12.3% (2018: 12.3%).

After restatement for hyperinflation, Q3 operating profit from the Americas came to DKK 20 million (2018: DKK 4 million), for a profit margin of 9.1% (2018: 2.5%), while 9M operating profit was DKK 78 million (2018: DKK 68 million), for a profit margin of 11.1% (2018: 10.9%).

Corporate functions

Costs related to corporate functions came to DKK 6 million for Q3 (2018: DKK 3 million) and DKK 19 million for 9M 2019 (2018: DKK 18 million).

Special items

No special items were recognised in Q3 2019 (2018: net expense of DKK 8 million) or the first nine months of the year (2018: net

Developments in Q3 2019

expense of DKK 30 million). In the year-earlier period, special costs were incurred for, primarily, initiatives under the Perform 2018 programme.

Financial income and expenses
Financial income and expenses were a net expense of DKK 15 million (2018: net expense of DKK 7 million) for the third quarter, impacted by significant adverse currency effects, and a net expense of DKK 28 million (2018: net expense of DKK 46 million) for the first nine months of the year.

Profit for the period
Profit before tax was DKK 61 million for the third quarter (2018: loss of DKK 2 million) and DKK 151 million for the first nine months of 2019 (2018: DKK 89 million).

Tax on the profit for the period was an expense of DKK 17 million (2018: expense of DKK 3 million), giving an effective tax rate of 27%. For the first nine months of the year, tax on the profit for the period was an expense of DKK 44 million (2018: expense of DKK 26 million), giving an effective tax rate of 29% (2018: 29%). The effective tax rate before restatement for hyperinflation was 24% for both Q3 and 9M 2019.

The profit after tax was DKK 45 million for the third quarter (2018: loss of DKK 5 million) and DKK 107 million for the first nine months of 2019 (2018: DKK 63 million).

Comprehensive income
Supported by higher profits, comprehensive income grew to DKK 34 million in Q3 2019 (2018: DKK 7 million). For the first nine months of the year, comprehensive income came to DKK 126 million (2018: DKK 24 million). The improvement primarily reflects the improved profit performance combined with significant negative foreign exchange adjustments of subsidiaries in the year-earlier period.

Cash flows
Driven by higher operating profits and a change in the group's working capital, cash flows from operating activities grew to a net inflow of DKK 130 million for the third quarter (2018: net inflow of DKK 22 million). In the first nine months of 2019, cash flows from operating activities amounted to a net inflow of DKK 203 million (2018: net inflow of DKK 159 million).

Cash flows from investing activities amounted to a net outflow of DKK 58 million for Q3 2019 (2018: net outflow of DKK 32 million) and a net outflow of DKK 145 million for the first nine months of the year (2018: net outflow of DKK 70 million), reflecting the ongoing expansion of the group's production capacity.

Cash flows from operating and investing activities amounted to a net inflow of DKK 72 million for Q3 2019 (2018: net outflow of DKK 9 million) and a net inflow of DKK 58 million for the first nine months of the year (2018: net inflow of DKK 89 million).

Cash flows from financing activities amounted to a net outflow of DKK 3 million for the third quarter (2018: DKK 0 million) and a net outflow of DKK 60 million for the first nine months of the year (2018: net outflow of DKK 68 million).

Funding
The group's net interest-bearing debt at 30 September 2019 was DKK 680 million (2018: DKK 620 million). The increase was attributable to the implementation of IFRS 16 at 1 January 2019, which increased net interest-bearing debt by DKK 83 million at 30 September 2019 due to the recognition and capitalisation of leases, see note 1.

Financial resources, comprising cash and undrawn loan and overdraft facilities, amounted to DKK 353 million at 30 September 2019 (2018: DKK 330 million). Hartmann's loans are subject to customary financial covenants.

ROIC
The return on invested capital was 16.8% (2018: 18.9%) before restatement for hyperinflation and 15.5% (2018: 17.7%) after restatement for hyperinflation.

Equity
Equity at 30 September 2019 stood at DKK 825 million (2018: DKK 704 million), for an equity ratio of 40.3% (2018: 39.8%). The financial gearing ratio at 30 September 2019 was 82.4% (2018: 88.1%).

Events after the balance sheet date
On 4 November 2019, Hartmann announced that Agnete Raaschou-Nielsen, chairman of the board of directors, will not be seeking re-election at the annual general meeting to be held in April 2020. On the same occasion, the board of directors will nominate Jan Klarskov Henriksen, member of the board of directors, for chairman of the board, while Steen Parsholt is expected to continue as vice chairman. Jan Klarskov Henriksen has been a member of the board of directors since 2018, while Steen Parsholt has been a member since 2013 and has served as vice chairman since 2018.

As described in the annual report for 2018, the group is a party to a few lawsuits and disputes. In the most important case, the dispute with Tønder Fjernvarmeselskab concerning the pricing of district heating supplied by Hartmann's combined heat and power plant in the period from 2003 up to and including 8 January 2015, when district heating supplies were discontinued, Hartmann entered into a final settlement agreement after the balance sheet date. While expected to have a positive effect on cash resources in 2019, the settlement, which is subject to the approval of the Danish Utility Regulator, has not affected the group's guidance for the year.

Outlook

Hartmann now expects total revenue to reach the upper end of the previously announced DKK 2.2-2.4 billion range after restatement for hyperinflation. The profit margin is expected to reach around 11% before restatement for hyperinflation against the previous guidance of a profit margin between 9% and 11% before restatement for hyperinflation.

The group's performance in the final quarter of the year is expected to be favourably affected by continued volume growth, higher average selling prices and efficient core business operations and adversely affected by a normalised, reduced contribution from Hartmann Technology compared with 2018.

Capital expenditure is expected to amount to about DKK 250 million before restatement for hyperinflation, compared with the previous estimate of about DKK 300 million. The adjustment is attributable to protracted administrative processing related to the establishment of Hartmann's new factory in Brazil and a resulting postponement of the group's capacity expansion investments. Still, the new capacity is expected to be put into operation in 2020.

Guidance

	2019
Revenue	Upper level of DKK 2.2-2.4 billion range
Profit margin*	~11%
Capital expenditure*	DKK ~250 million

* Before restatement for hyperinflation

Assumptions

Our guidance is based on the exchange rates prevailing at the date of release of this interim report and does not factor in any acquisitions. Due to seasonal fluctuations in Hartmann's packaging sales, revenue and operating profit in the core business are generally higher in Q1 and Q4 than in Q2 and Q3.

Forward-looking statements

The forward-looking statements in this interim report reflect Hartmann's current expectations for future events and financial results. Such statements are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors which may cause the actual results to deviate from expectations include general economic developments and developments in the financial markets, changes or amendments to legislation and regulation in Hartmann's markets, changes in demand for products, competition and the prices of raw materials. See also the risk section in this interim report and note 33 to the financial statements in the annual report for 2018.

Risk

This interim report contains descriptions of risks which continually affect Hartmann's operations and performance. For a full description of the risks affecting Hartmann, see the risk section and note 31 in the annual report for 2018.

Raw materials
Hartmann is exposed to changes in the purchase prices of the raw materials used in our production, of which the most important are recycled paper and energy (electricity and gas).

With production depending on sufficient supplies of recycled paper, the group's options for reducing its sensitivity to developments in the price of this raw material are limited.

Hartmann regularly signs fixed-price agreements with energy suppliers, typically for six or 12 months, covering a substantial part of the group's energy consumption. However, it is not possible to sign fixed-price agreements with energy suppliers in all the countries in which the group operates.

Product portfolio
Hartmann's portfolio of moulded-fibre products comprises retail and transport packaging for eggs as well as fruit packaging. Retail packaging for eggs is sold as premium and standard products. The group's revenue and earnings may vary considerably due to changes in sales across product categories given that there are significant price differences between premium and standard products and between retail, transport and fruit packaging.

Hartmann works continually to balance sales of individual moulded-fibre packaging categories with a view to meeting customer demand and optimising earnings.

Currency
Hartmann's currency risks consist of transaction risk and translation risk.

Hartmann is exposed to transaction risks due to cross-border transactions leading to contractual cash flows in foreign currency. The USD/CAD exchange rate exposure constitutes the group's single largest transaction risk. This exposure results from the main part of sales generated in the North American business being invoiced in USD, while costs are mainly incurred in CAD. Other significant transaction risks relate to the currencies CHF, EUR, GBP, HRK, HUF and PLN.

Hartmann hedges its transaction risks to the effect that primary currencies are continuously hedged for a period of not less than nine and not more than 12 months.

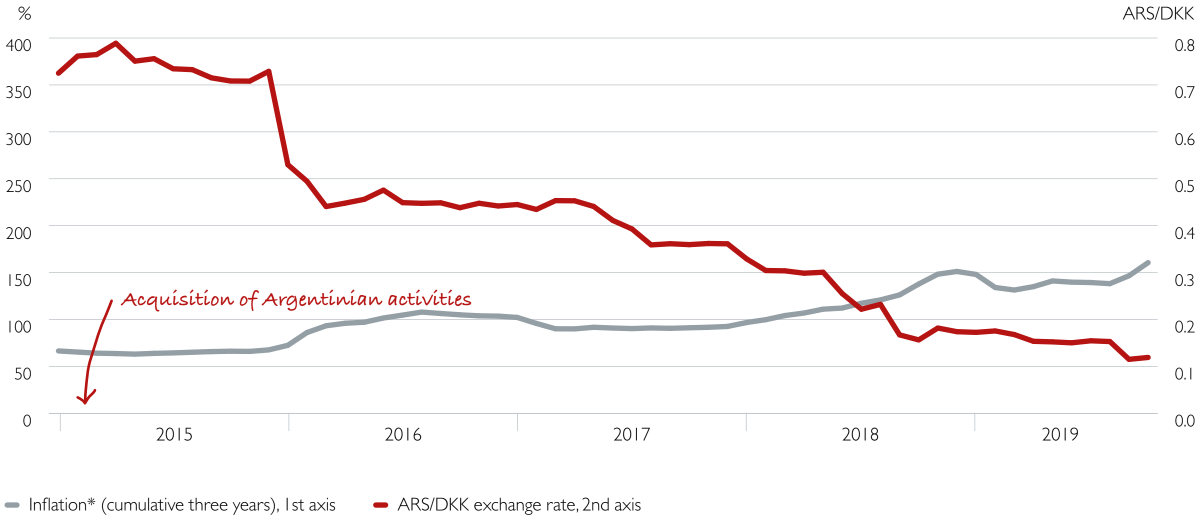
Due to our foreign subsidiaries, Hartmann is exposed to currency translation risks insofar as a part of the group's earnings and net assets relates to these foreign subsidiaries and is therefore translated and included in the consolidated financial statements, which are presented in DKK. In addition, the group is exposed to currency translation risks in connection with the granting of intra-group loans to foreign subsidiaries. In terms of net position, foreign subsidiaries reporting in the currencies ARS, BRL, CAD, HRK, HUF, ILS and USD and intra-group loans denominated in USD represent Hartmann's greatest translation exposure.

Translation risks associated with the translation of earnings and net assets in the group's foreign subsidiaries into DKK are not hedged as they have no direct impact on cash resources or underlying cash flows.

Translation risks associated with intra-group loans are hedged if they are deemed to potentially have a material impact on consolidated profits.

Hyperinflation in Argentina

Inflation and exchange rate developments in Argentina

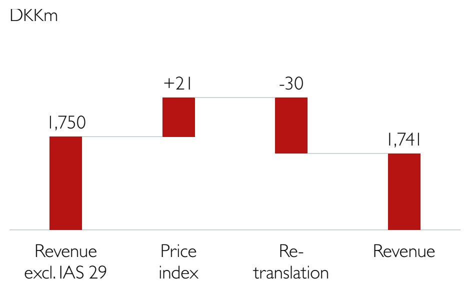


Effects of restating for hyperinflation on selected accounting figures year to date

DKKm	**Excl. IAS 29**	***Price index***	***Re-translation***	***Total adjustment***	**2019 to date**
Revenue	1,750	*21*	*(30)*	*(9)*	1,741
Operating profit before depreciation	290	*(2)*	*(4)*	*(6)*	284
Operating profit	188	*(6)*	*(3)*	*(9)*	179
Financial income and expenses, net	(32)	2	2	4	(28)

* 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 9M 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.

The price index rose by 38% during the first nine months of the year, boosting revenue by DKK 21 million. However, the increase was offset by a decline in the ARS/DKK cross rate from 0.173 at the beginning of the year to 0.119 at 30 September 2019 reducing revenue by DKK 30 million as a result of the practice of using the exchange rate at the balance sheet date for currency translation purposes.

Revenue was DKK 1,741 million after a total negative impact of restating for hyperinflation of DKK 9 million.

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

Management statement

Today, the board of directors and the executive board have discussed and approved the interim report of Brødrene Hartmann A/S for the nine months ended 30 September 2019.

The interim report, which has been neither audited nor reviewed by the company's auditors, has been prepared in accordance with IAS 34 'Interim financial reporting' as adopted by the EU and Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the group's assets, liabilities and financial position at 30 September 2019 and of the results of the group's operations and cash flows for the nine months ended 30 September 2019.

We are of the opinion that the management report includes a fair review of the development in the group's operations and financial matters, the results for the period and the financial position of the consolidated entities as a whole as well as a description of the principal risks and uncertainties facing the group.

Gentofte, 13 November 2019

Executive board:

Torben Rosenkrantz-Theil
CEO

Flemming Lorents Steen
CFO

Board of directors:

Agnete Raaschou-Nielsen
Chairman

Steen Parsholt
Vice chairman

Andy Hansen

Jan Klarskov Henriksen

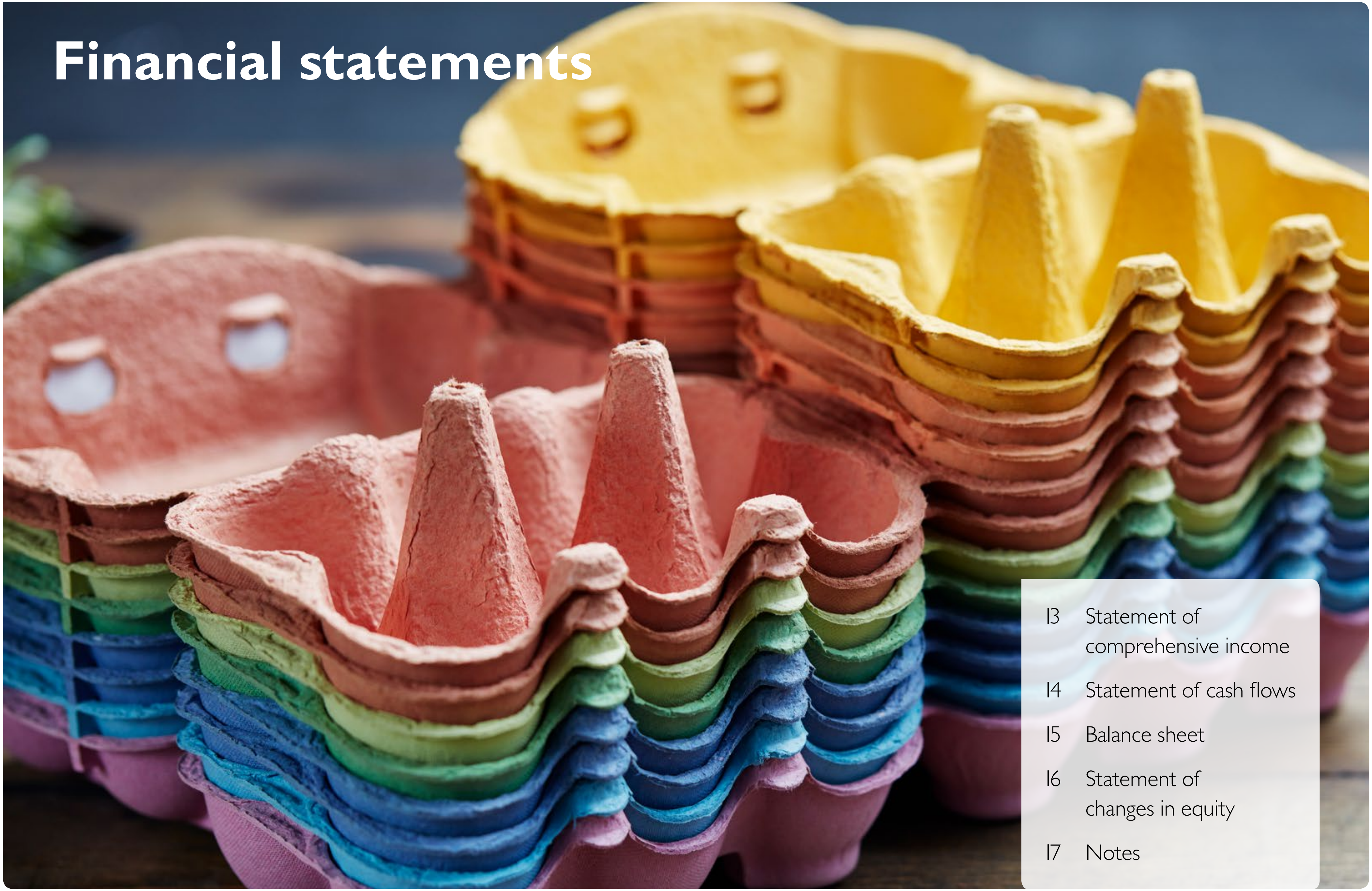
Jan Madsen

Karen Angelo Hækkerup

Marianne Schelde

Palle Skade Andersen

Financial statements



Statement of comprehensive income

DKKm **Group**	**Q3 2019**	**Q3 2018**	**9M 2019**	**9M 2018**
Revenue	591.3	452.7	1,741.0	1,618.7
Production costs	(408.4)	(349.7)	(1,227.7)	(1,149.2)
Gross profit	**182.9**	**103.0**	**513.3**	**469.5**
Selling and distribution costs	(81.8)	(72.3)	(260.6)	(233.5)
Administrative expenses	(25.1)	(17.4)	(73.8)	(70.8)
Operating profit before special items	**76.0**	**13.3**	**178.9**	**165.2**
Special items	0.0	(8.5)	0.0	(29.9)
Operating profit	**76.0**	**4.8**	**178.9**	**135.3**
Financial income	5.1	4.4	9.8	5.1
Financial expenses	(19.9)	(11.2)	(38.0)	(51.4)
Profit/(loss) before tax	**61.2**	**(2.0)**	**150.7**	**89.0**
Tax on profit for the period	(16.7)	(2.7)	(43.9)	(26.0)
PROFIT/(LOSS) FOR THE PERIOD	**44.5**	**(4.7)**	**106.8**	**63.0**
Earnings per share, DKK	6.4	(0.7)	15.4	9.1
Diluted earnings per share, DKK	6.4	(0.7)	15.4	9.1

DKKm **Group**	**Q3 2019**	**Q3 2018**	**9M 2019**	**9M 2018**
Profit/(loss) for the period	**44.5**	**(4.7)**	**106.8**	**63.0**
Items that can be reclassified to profit or loss:				
Foreign exchange adjustment of foreign subsidiaries	(13.6)	(6.6)	(7.6)	(53.6)
Hyperinflation restatement of non-monetary balance sheet items, beginning of period	5.7	17.4	24.2	17.4
Value adjustment of hedging instruments:				
Recognised in other comprehensive income	(4.2)	0.3	(1.4)	(5.0)
Transferred to revenue	0.4	0.8	4.5	0.4
Transferred to production costs	0.1	0.5	0.1	0.7
Transferred to financial income and expenses	(0.1)	(0.2)	(0.2)	(0.1)
Tax	0.9	(0.4)	(0.8)	1.0
Other comprehensive income after tax	**(10.8)**	**11.8**	**18.8**	**(39.2)**
COMPREHENSIVE INCOME	**33.7**	**7.1**	**125.6**	**23.8**

Statement of cash flows

DKKm **Group**	**Q3 2019**	**Q3 2018**	**9M 2019**	**9M 2018**
Operating profit before special items	76.0	13.3	178.9	165.2
Depreciation and amortisation	39.4	33.1	105.1	98.0
Adjustment for other non-cash items	3.6	11.6	6.0	11.5
Change in working capital etc.	17.3	(13.6)	(44.8)	(67.6)
Restructuring costs etc. paid	0.0	(8.8)	0.0	(18.3)
Cash generated from operations	**136.3**	**35.6**	**245.2**	**188.8**
Interest etc. received	0.6	0.5	1.9	1.3
Interest etc. paid	(3.6)	(9.4)	(19.8)	(20.5)
Net income tax paid	(3.8)	(4.4)	(24.2)	(10.3)
Cash flows from operating activities	**129.5**	**22.3**	**203.1**	**159.3**
Acquisition of intangible assets	(0.2)	0.0	(1.1)	(2.2)
Acquisition of property, plant and equipment	(57.7)	(31.9)	(144.2)	(68.4)
Disposal of property, plant and equipment	0.3	0.3	0.3	0.6
Cash flows from investing activities	**(57.6)**	**(31.6)**	**(145.0)**	**(70.0)**
Cash flows from operating and investing activities	**71.9**	**(9.3)**	**58.1**	**89.3**
Raising of non-current debt	0.0	0.0	652.1	0.0
Repayment of non-current debt	(2.8)	(0.2)	(646.3)	(2.2)
Dividend paid	0.0	0.0	(65.7)	(65.7)
Cash flows from financing activities	**(2.8)**	**(0.2)**	**(59.9)**	**(67.9)**
TOTAL CASH FLOWS	**69.1**	**(9.5)**	**(1.8)**	**21.4**
Cash and cash equivalents at beginning of period	(29.8)	0.1	39.3	(28.2)
Foreign exchange adjustment	(2.0)	3.0	(0.2)	0.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**37.3**	**(6.4)**	**37.3**	**(6.4)**

The statement of cash flows cannot be derived solely from the published financial information.

DKKm **Group**	**Q3 2019**	**Q3 2018**	**9M 2019**	**9M 2018**
Recognition of cash and cash equivalents at end of period:				
Cash	77.1	54.8	77.1	54.8
Overdraft facilities	(39.8)	(61.2)	(39.8)	(61.2)
Cash and cash equivalents at end of period	**37.3**	**(6.4)**	**37.3**	**(6.4)**

Balance sheet

Assets

DKKm **Group**	**30 Sep. 2019**	**30 Sep. 2018**	**31 Dec. 2018**
Goodwill	62.8	61.3	63.9
Other intangible assets	30.5	29.0	34.9
Intangible assets	**93.3**	**90.3**	**98.8**
Land and buildings	297.8	287.6	294.4
Plant and machinery	612.1	578.5	590.2
Other fixtures and fittings, tools and equipment	14.0	15.9	15.1
Plant under construction	106.1	52.0	71.4
Property, plant and equipment	**1,030.0**	**934.0**	**971.1**
Leased land and buildings	76.1	0.0	0.0
Other leased assets	5.2	0.0	0.0
Lease assets	**81.3**	**0.0**	**0.0**
Investments in associates	3.0	3.0	3.0
Deferred tax	45.4	44.3	48.1
Other non-current assets	**48.4**	**47.3**	**51.1**
Non-current assets	**1,253.0**	**1,071.6**	**1,121.0**
Inventories	219.2	196.6	196.6
Trade receivables	390.6	330.1	329.7
Income tax	4.4	8.1	3.4
Other receivables	89.9	91.8	80.1
Prepayments	12.0	16.8	19.9
Cash	77.1	54.8	83.2
Current assets	**793.2**	**698.2**	**712.9**
ASSETS	**2,046.2**	**1,769.8**	**1,833.9**

Equity and liabilities

DKKm **Group**	**30 Sep. 2019**	**30 Sep. 2018**	**31 Dec. 2018**
Share capital	140.3	140.3	140.3
Hedging reserve	(1.6)	(2.4)	(3.8)
Translation reserve	(162.3)	(198.6)	(178.9)
Retained earnings	848.5	764.7	741.7
Proposed dividend	0.0	0.0	65.7
Equity	**824.9**	**704.0**	**765.0**
Deferred tax	24.0	17.1	21.4
Pension obligations	29.4	45.5	31.7
Credit institutions	634.7	613.9	616.0
Lease liabilities	72.9	66.8	0.0
Government grants	2.9	4.6	3.8
Non-current liabilities	**763.9**	**681.1**	**672.9**
Lease liabilities	9.6	8.1	0.0
Government grants	1.0	1.5	1.0
Overdraft facilities	39.8	61.2	43.9
Prepayments from customers	37.2	2.7	6.1
Trade payables	190.7	154.5	169.6
Payables to associates	6.5	6.8	4.8
Income tax	23.9	11.2	12.1
Provisions	0.3	12.6	0.8
Other payables	148.4	134.2	157.7
Current liabilities	**457.4**	**384.7**	**396.0**
Liabilities	**1,221.3**	**1,065.8**	**1,068.9**
EQUITY AND LIABILITIES	**2,046.2**	**1,769.8**	**1,833.9**

Statement of changes in equity

Group	2019						2018					
DKKm	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividend	Total equity	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividend	Total equity
Equity at 1 January	**140.3**	**(3.8)**	**(178.9)**	**741.7**	**65.7**	**765.0**	**140.3**	**0.6**	**(162.4)**	**701.7**	**65.7**	**745.9**
Profit for the period	-	-	-	106.8	-	106.8	-	-	-	63.0	-	63.0
Other comprehensive income												
Items that can be reclassified to profit or loss												
Foreign exchange adjustments of foreign subsidiaries	-	-	(7.6)	-	-	(7.6)	-	-	(53.6)	-	-	(53.6)
Hyperinflation restatement of non-monetary balance sheet items, beginning of period	-	-	24.2	-	-	24.2	-	-	17.4	-	-	17.4
Value adjustment of hedging instruments:												
Recognised in other comprehensive income	-	(1.4)	-	-	-	(1.4)	-	(5.0)	-	-	-	(5.0)
Transferred to revenue	-	4.5	-	-	-	4.5	-	0.4	-	-	-	0.4
Transferred to production costs	-	0.1	-	-	-	0.1	-	0.7	-	-	-	0.7
Transferred to financial income and expenses	-	(0.2)	-	-	-	(0.2)	-	(0.1)	-	-	-	(0.1)
Tax	-	(0.8)	-	-	-	(0.8)	-	1.0	-	-	-	1.0
Other comprehensive income	**0.0**	**2.2**	**16.6**	**0.0**	**0.0**	**18.8**	**0.0**	**(3.0)**	**(36.2)**	**0.0**	**0.0**	**(39.2)**
Total comprehensive income	**0.0**	**2.2**	**16.6**	**106.8**	**0.0**	**125.6**	**0.0**	**(3.0)**	**(36.2)**	**63.0**	**0.0**	**23.8**
Transactions with owners												
Dividend paid	-	-	-	-	(65.7)	(65.7)	-	-	-	-	(65.7)	(65.7)
Total changes in equity	**0.0**	**2.2**	**16.6**	**106.8**	**(65.7)**	**59.9**	**0.0**	**(3.0)**	**(43.9)**	**63.0**	**(65.7)**	**(41.9)**
Equity at 30 September	**140.3**	**(1.6)**	**(162.3)**	**848.5**	**0.0**	**824.9**	**140.3**	**(2.4)**	**(206.3)**	**764.7**	**0.0**	**704.0**

* Translation reserve includes reserve for foreign exchange adjustment of foreign subsidiaries and hyperinflation restatement of non-monetary opening balance sheet items for the Argentinian activities.

Notes

01 Accounting policies

The consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies. Interim financial statements have not been prepared for the parent company. The interim financial statements are presented in Danish kroner (DKK), which is the presentation currency used for the group's operations and the functional currency of the parent company.

Except for the implementation of IFRS 16, the accounting policies applied in the interim financial statements are consistent with the accounting policies applied in the consolidated financial statements for 2018. The accounting policies are described in note 1 to the financial statements in the annual report for 2018, to which reference is made. The effects of transitioning to IFRS 16 are described below.

New financial reporting standards and interpretations in 2019
Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on 1 January 2019, including IFRS 16.

IFRS 16
The Hartmann group implemented IFRS 16, Leases, effective 1 January 2019. Under IFRS 16, which replaces IAS 17, the lessee must recognise all leases with a term of more than 12 months, unless the leased asset is of low value. Accordingly, the group's leases were recognised in the balance sheet at 1 January in the form of lease liabilities and lease assets representing Hartmann's right to use the underlying assets.

As regards the income statement, IFRS 16 implementation has resulted in lease payments being replaced by depreciation of lease assets and interest on lease liabilities.

The recognition of lease assets and lease liabilities, respectively, resulted in an increase of the group's total assets of DKK 74.9 million at 1 January 2019. The amount is specified below.

DKKm	**Group**
Lease liabilities 31 December 2018	96.8
Short-term leases (less than 12 months)	(4.7)
Leases of a low value (less than DKK 0.1 million)	(0.5)
Basis for recognition at 1 January 2019	91.6
Discounting	(16.7)
Lease liabilities recognised at 1 January 2019	**74.9**

Based on the current lease composition, IFRS 16 implementation will mean that annual leasing expenses of DKK 11.8 million are replaced by depreciation of DKK 10.3 million and interest of DKK 2.9 million in 2019. Implementation will thus increase operating profit by DKK 1.5 million, but reduce pre-tax profit by DKK 1.4 million. In the first nine months of 2019, implementation increased operating profit by DKK 1.0 million and reduced pre-tax profit by DKK 1.1 million.

The group's key figures and financial ratios are also affected by capitalisation of leases under IFRS 16. Invested capital and net interest-bearing debt increased by DKK 81.3 million and DKK 82.5 million, respectively, at 30 September 2019, and based on the current composition of leases, implementation is expected to reduce the return on invested capital (ROIC) by about 0.7 of a percentage point and the equity ratio by about 1.5 percentage points. The new IFRS 16 rules are not expected to have any significant effect on the profit margin due to the negligible positive effect on operating profit.

Any new leases entered into in 2019 will be recognised as additions of lease assets and liabilities, respectively, which will enhance the effect on the above-mentioned accounting items and ratios in 2019. No significant new leases were entered into during the first nine months of 2019.

02 Significant accounting estimates and judgments

In applying the group's accounting policies, management is required to make judgments, estimates and assumptions concerning the carrying amount of assets and liabilities which cannot be immediately inferred from other sources.

The judgments, estimates and assumptions made are based on historical experience and other relevant factors which management considers reasonable under the circumstances, but which are inherently uncertain and unpredictable.

Estimates and underlying assumptions are assessed on an ongoing basis. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects both the period in which the change occurs and subsequent reference periods.

Reference is made to note 3 to the financial statements in the annual report for 2018 for a full description of significant accounting estimates, assumptions and uncertainties.

Other matters
Due to seasonal fluctuations in Hartmann's packaging sales, core business revenue and operating profit are generally higher in Q1 and Q4.

Notes

03 Segment information

Activities	**2019**						**2018**					
	Europe		**Americas**		**Total reporting segments**		**Europe**		**Americas**		**Total Total reporting segments**	
	Q3	**9M**	**Q3**	**9M**	**Q3**	**9M**	**Q3**	**9M**	**Q3**	**9M**	**Q3**	**9M**
External revenue												
Moulded-fibre packaging	329.5	984.9	230.8	711.0	560.3	1,695.9	283.4	884.8	202.3	663.0	485.7	1,547.8
Other revenue	44.1	53.9	-	-	44.1	53.9	6.4	110.3	-	-	6.4	110.3
Revenue	**373.6**	**1,038.8**	**230.8**	**711.0**	**604.4**	**1,749.8**	**289.8**	**995.1**	**202.3**	**663.0**	**492.1**	**1,658.1**
Hyperinflation restatement of revenue	-	-	(13.1)	(8.8)	(13.1)	(8.8)	-	-	(39.4)	(39.4)	(39.4)	(39.4)
Revenue as per statement of comprehensive income	**373.6**	**1,038.8**	**217.7**	**702.2**	**591.3**	**1,741.0**	**289.8**	**995.1**	**162.9**	**623.6**	**452.7**	**1,618.7**
Operating profit before special items	61.5	119.1	24.3	87.1	85.8	206.2	11.8	113.6	17.2	81.3	29.0	194.9
Other segment information												
Depreciation and amortisation	21.9	53.0	15.3	44.7			14.1	42.9	16.4	51.7		
Investments in intangible assets and property plant and equipment	-	106.4	-	44.3			-	40.9	-	28.4		
Net working capital	-	254.9	-	72.6			-	210.8	-	113.3		
Invested capital	-	767.3	-	702.6			-	599.1	-	697.7		
Segment assets	-	1,084.3	-	863.5	-	1,947.8	-	869.6	-	825.5	-	1,695.2
Reconciliation												
Performance targets												
Operating profit before special items for reporting segments					85.8	206.2					29.0	194.9
Hyperinflation restatement of operating profit before special items					(4.5)	(9.4)					(13.1)	(13.1)
Non-allocated corporate functions					(5.8)	(19.3)					(3.0)	(17.8)
Eliminations					0.5	1.4					0.4	1.2
Operating profit before special items as per statement of comprehensive income					**76.0**	**178.9**					**13.3**	**165.2**
Special items					0.0	0.0					(8.5)	(29.9)
Operating profit as per statement of comprehensive income					**76.0**	**178.9**					**4.8**	**135.3**
Financial income					5.1	9.8					4.4	5.1
Financial expenses					(19.9)	(38.0)					(11.2)	(51.4)
Profit before tax as per statement of comprehensive income					**61.2**	**150.7**					**(2.0)**	**89.0**
Assets												
Assets for reporting segments					-	1,947.8					-	1,695.2
Hyperinflation restatement of non-monetary balance sheet items					-	42.5					-	23.3
Non-allocated assets					-	137.5					-	110.4
Eliminations					-	(81.6)					-	(59.1)
Assets as per balance sheet					**-**	**2,046.2**					**-**	**1,769.8**

Notes

03 Segment information – continued

Accounting policies

The reporting of business segments is in accordance with the internal reporting to the executive board and the board of directors. The executive board and the board of directors constitute Hartmann's chief operating decision maker.

Hartmann's activities are segmented on the basis of the geographical location of the reporting units.

No operating segments have been aggregated to represent the reporting segments.

With the exception that the restatements made in pursuance of IAS 29 are not included in the management reporting, the internal management reporting is consistent with the group's accounting policies. The effects of restating for hyperinflation are shown as separate reconciling items in this note.

Business decisions on resource allocation and performance evaluation for each of the segments are made on the basis of the operating profits of the individual segments before special items. Decisions relating to financing and taxation are made on the basis of information regarding Hartmann as a whole and are not allocated to the reporting segments. Intra-segmental transactions are priced on an arm's length basis.

Segment income and expenses as well as segment assets and liabilities comprise those items that in the internal management reporting are directly attributed to each individual segment and those items that are indirectly allocated to the individual segment on a reliable basis. Profits in associates, financial income and expenses, income taxes, investments in associates, tax assets and tax liabilities and cash and bank debt are not allocated to reporting segments.

The reporting segments are:

- **Europe** – comprising production and sales of moulded-fibre packaging. The products are manufactured at factories in Europe (including Israel) and are primarily sold to egg producers, egg packing businesses, retail chains and buyers of industrial packaging. The segment also comprises sales of machinery and technology to manufacturers of moulded-fibre packaging in selected markets.
- **Americas** – comprising production and sales of moulded-fibre packaging. The products are primarily manufactured at the North and South American factories and sold to egg and fruit producers, egg and fruit packing businesses and retail chains.

04 Financial income and expenses

	Q3 2019	Q3 2018	9M 2019	9M 2018
Interest income, cash and cash equivalents etc.	0.1	0.0	0.2	0.0
Other interest income	0.3	0.3	1.1	0.8
Interest income from financial assets not measured at fair value through profit or loss	**0.4**	**0.3**	**1.3**	**0.8**
Foreign exchange gains	2.1	0.1	4.0	0.1
Gain on net monetary position on hyperinflation restatement	2.4	3.8	3.7	3.8
Derivative financial instruments	0.2	0.2	0.8	0.4
Financial income	**5.1**	**4.4**	**9.8**	**5.1**
Interest expenses, credit institutions	3.4	3.3	11.5	11.9
Interest expenses, lease liabilities	0.8	-	2.1	-
Other expenses	1.1	0.5	2.8	1.4
Interest expenses from financial liabilities not measured at fair value through profit or loss	**5.3**	**3.8**	**16.4**	**13.3**
Foreign exchange losses	14.6	7.4	21.0	37.8
Derivative financial instruments	0.0	0.0	0.6	0.3
Financial expenses	**19.9**	**11.2**	**38.0**	**51.4**
Financial income and (expenses)	**(14.8)**	**(6.8)**	**(28.2)**	**(46.3)**

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised foreign exchange adjustments, amortisation and surcharges and allowances under the tax prepayment scheme. Also included are realised and unrealised gains and losses relating to derivative financial instruments not qualifying as effective hedges as well as monetary gains on restatement for hyperinflation.

Notes

05 Financial instrument categories

Financial instrument categories

DKKm	30 September 2019 Carrying amount	30 September 2019 Fair value	30 September 2018 Carrying amount	30 September 2018 Fair value	31 December 2018 Carrying amount	31 December 2018 Fair value
Derivative financial instruments to hedge future cash flows	2.1	2.1	0.3	0.3	0.2	0.2
Financial assets used as hedging instruments	**2.1**	**2.1**	**0.3**	**0.3**	**0.2**	**0.2**
Trade receivables	360.6	390.6	330.1	330.1	329.7	329.7
Other receivables	92.1	92.1	99.6	99.6	83.3	83.3
Cash	77.1	77.1	54.8	54.8	83.2	83.2
Loans and receivables	**559.8**	**559.8**	**484.5**	**484.5**	**496.2**	**496.2**
Derivative financial instruments to hedge future cash flows	4.2	4.2	3.6	3.6	5.3	5.3
Financial liabilities used as hedging instruments	**4.2**	**4.2**	**3.6**	**3.6**	**5.3**	**5.3**
Credit institutions	674.5	675.8	675.1	675.2	659.9	660.2
Other liabilities	365.3	365.3	315.0	315.0	338.7	338.7
Financial liabilities measured at amortised cost	**1,039.8**	**1,041.1**	**990.1**	**990.2**	**998.6**	**998.9**

The fair value of derivative financial instruments to hedge future cash flows is based on observable data (level 2).

06 Events after the balance sheet date

On 4 November 2019, Hartmann announced that Agnete Raaschou-Nielsen, chairman of the board of directors, will not be seeking re-election at the annual general meeting to be held in April 2020. On the same occasion, the board of directors will nominate Jan Klarskov Henriksen, member of the board of directors, for chairman of the board, while Steen Parsholt is expected to continue as vice chairman. Jan Klarskov Henriksen has been a member of the board of directors since 2018, while Steen Parsholt has been a member since 2013 and has served as vice chairman since 2018.

As described in the annual report for 2018, the group is a party to a few lawsuits and disputes. In the most important case, the dispute with Tønder Fjernvarmeselskab concerning the pricing of district heating supplied by Hartmann's combined heat and power plant in the period from 2003 up to and including 8 January 2015, when district heating supplies were discontinued, Hartmann entered into a final settlement agreement after the balance sheet date. While expected to have a positive effect on cash resources in 2019, the settlement, which is subject to the approval of the Danish Utility Regulator, has not affected the group's guidance for the year.

Hartmann at a glance

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging, a market-leading manufacturer of fruit packaging in South America and one of the world's largest manufacturers of technology for the production of moulded-fibre packaging. Founded in 1917, Hartmann's market position builds on its strong technology know-how and extensive experience of sustainable moulded- fibre production dating back to 1936.

Sustainability
Sustainability and protection of the environment are integral components of Hartmann's business model and strategy. All Hartmann's products are based on recycled paper, which is a renewable and biodegradable resource. Working closely with our customers to accommodate demand for sustainable products in the retail industry, Hartmann was the first manufacturer to offer both FSC-certified and CO_2-neutral retail packaging.

Markets
Hartmann's key markets are Europe, South America and North America, where the group has strong market positions. Hartmann is a market leader in Europe and in South America, where our product portfolio also includes fruit packaging. Hartmann claims a growing share of the North American market and also sells machinery and technology in selected markets.

Products and customers
Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly demanding sustainable packaging solutions and specialised marketing expertise. Our versatile product portfolio is customised to accommodate customer and consumer needs in each individual market. Hartmann sells machinery and technology to manufacturers of moulded-fibre packaging in selected markets.

Production
Hartmann's production platform consists of 12 factories in Europe, Israel and North and South America. Our deep technology know-how and extensive experience in manufacturing moulded-fibre packaging empower us to develop and maintain our production platform. Each year, the group's 2,000 employees manufacture billions of moulded-fibre packaging units and machinery and technology for the manufacturing of packaging.

The Hartmann share
Hartmann's shares have been listed on Nasdaq Copenhagen since 1982. We have one class of shares, and each share carries one vote. Financial reports and company announcements may be obtained by subscribing to Hartmann's news service at investor.hartmann-packaging.com.

Financial calendar 2020

9 February 2020	Deadline for submission of business to be transacted at the annual general meeting
10 March 2020	Annual report 2019
21 April 2020	Annual general meeting
13 May 2020	Interim report Q1 2020
19 August 2020	Interim report Q2 2020
18 November 2020	Interim report Q3 2020

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