

Annual general meeting

Brødrene Hartmann A/S

21 April 2020



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 2020
7. Election of auditor
8. Proposal from the board of directors for an authorisation to acquire treasury shares
9. Proposal from the board of directors for amendment of the company's remuneration policy
10. Proposal from the board of directors for amendment of the company's articles of association
11. Proposal 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 167 million (2018: DKK 96 million)
 - The board of directors recommends that no dividend is paid for the financial year 2019 (2018: DKK 9.50 per share)

Report from the board of directors 2019

- Highlights
- Developments in 2019
- Strategy
- Guidance and ambitions
- Debate

2019 highlights

Growth

+7%

- Strong market drivers
- Solid volume growth
- Increased share of premium products

Earnings

+16%

- Enhanced production efficiency and utilisation
- Improved selling price
- Higher raw material prices

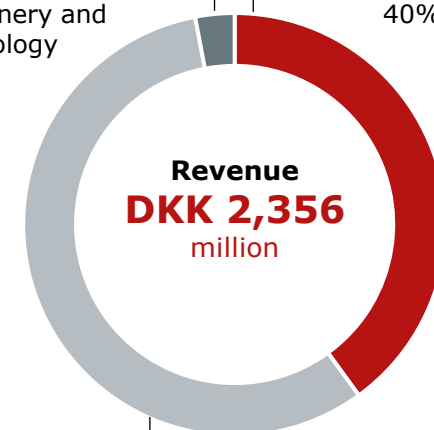
CAPEX

+53%

- New capacity commissioned in Europe and Argentina
- Expansion plans in Europe, the USA and Brazil
- Conditional acquisition of Mohan Fibre in early 2020

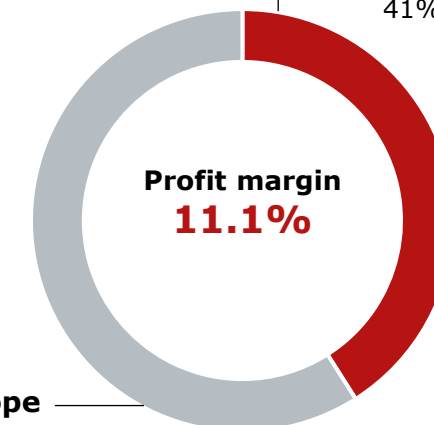
Europe,
machinery and
technology
3%

Americas
40%



Europe,
packaging
57%

Americas
41%



Europe
59%

*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 951m (+10%)

Profit margin: 12.5% (2018: 11.1%)

Strong volume growth and improved selling prices

Improved production efficiency

Higher raw materials prices and negative currency effects

Europe

Revenue: DKK 1,406m (+5%)

Profit margin: 12.1% (2018: 11.3%)

Solid core business volume growth and lower machinery sales

Increased proportion of premium products

Higher raw materials and freight costs

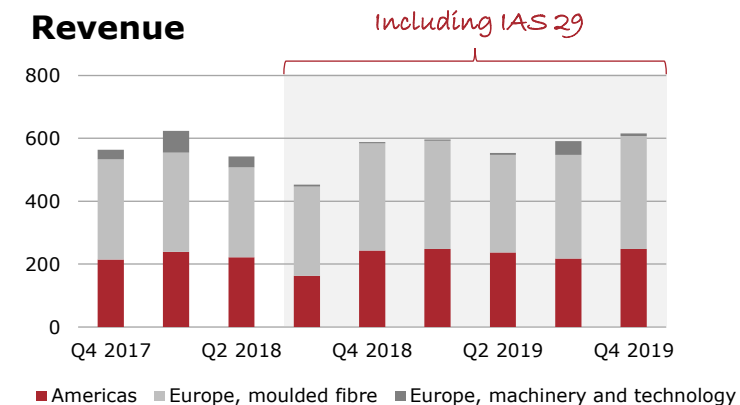


Currency movements, primarily related to the Argentine peso (ARS), reduced revenue by DKK 124 million while the net effect on operating profit was limited in 2019.

Financials

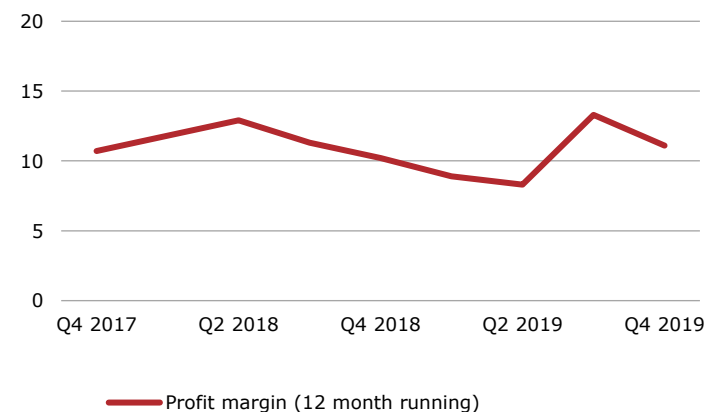
- Strong revenue development despite lower machinery sales
 - Solid volumes and improved premium share lifted core business 10%
 - Machinery and technology sales of DKK 61m (2018: DKK 115m)
- Improved profitability in the core business
 - Volume growth and higher premium share
 - Supported by licence income from patent case

Revenue



DKKm	2019	2019 excl. IAS 29	2018	2018 excl. IAS 29
Revenue	2,356	2,361	2,224	2,207
Operating profit	250	262	215	226
Special items	0	0	(33)	(33)
Profit	167	185	96	103
Free cash flows (operating and investing)	100	100	136	136
Invested capital	1,502	1,455	1,321	1,288
Profit margin, %	10.6	11.1	9.7	10.2
ROIC, %	16.9	18.2	16.0	17.2

Profit margin excl. IAS 29



Strategy – trends and strengths

Trends

Demographics

10

billion people
in 2050



Population growth
Increasing prosperity
Urbanisation
Retail growth

Sustainability

4x

plastic consumption
in 2050



Growing awareness
Single-use plastic ban
Well-proven alternative

Consumer behaviour

58%

more product launches
in 2018 versus 2014



Consumption growth
Demand for more egg types
Focus on nutrition and animal welfare
Clear differentiation of eggs

Strengths

Expertise



Customer advice
Consumer research
Data-based approach

Platform



Solid market positions
+50 countries
12 factories + 2 in 2020

Products



Versatile portfolio
Renewable and tailored
FSC and CO₂ neutral

Technology



Proven since 1936
Industry-leading
Internal and external

Strategy – focus

Capacity



- Increase capacity
- Strengthen presence in existing markets
- Explore new markets

Initiatives

Added capacity in Europe and Argentina

Significant expansions in 2020

Indian acquisition in 2020

Efficiency



- Continuous cost reduction
- Automation of production
- Improved processes and methods

Initiatives

Investments in automation

Technology implementation

Organisational adjustments

Higher output per employee

Marketing



- Focus on expertise and products
- Highlight moulded fibre eco-friendliness

Initiatives

Several consumer surveys

Customer sparring and advice

Intensified marketing efforts

Guidance and financial ambitions

Guidance 2020

Revenue

DKK 2.4-2.6bn

Profit margin*

10-12%

Investments

DKK ~400m

**Before restatement for hyperinflation*

- Volume growth in core business
- Slightly higher machinery sales
- Moderate contribution from India
- Investments include conditional acquisition of Indian business for DKK 119m

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 management as well as note 31 in the annual report 2019.

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:

- Jan Klarskov Henriksen
- Jan Madsen
- Karen Hækkerup
- Marianne Schelde
- Steen Parsholt

Chairman Agnete Raaschou-Nielsen did not wish to be re-elected

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

Item 6: Adoption of remuneration for 2020

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

- Members of the nomination and remuneration committee will not receive remuneration for their work related to this committee

Remuneration to the board of directors in 2017-2019 is stated in the remuneration report for 2019

Item 7: Election of auditor

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

Item 8: Authorisation to acquire own shares

Proposal 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: Proposal to amend the remuneration policy

The board of directors proposes to amend the remuneration policy

- Amendment to new requirements in sections 139 and 139a of the Danish Companies Act
- Increased flexibility
- The amended remuneration policy corresponds in all materiality to the current policy from 2018

The board of directors proposes that the general meeting adopts the draft amended remuneration policy

Item 10: Proposal to amend articles of association

The board of directors has proposed the following amendments to the articles of association:

- **10a) Articles 4.7 and 12.9-12.11**
 - 4.7: The company's keeper of the register of shareholders is changed from VP Investor Services A/S to Computershare A/S
 - 12.9-12.11: A few linguistic clarifications and adjustments with no material effect concerning majority requirements for resolutions on the general meeting

- **10b) Other articles**
 - 8.2: Tønder Kommune er udtaget som afholdelsessted for generalforsamling
 - 8a.1: Option to hold general meeting fully by electronic means and adjustments in articles 8.7 (viii) and 12.4
 - 10.1: Additional item included on the agenda for the annual general meeting – approval of remuneration
 - 12.6: Clarification of deadline for receipt of postal votes
 - 15.1: Adjustment regarding employment of the executive board with the company's practice
 - 18.1: Amendment of signatory rule to meet requirements of the Danish Business Authority's registration system
 - Adjustments appearing from amendments in articles 8a, 12a.3, 12a.4 and 14.1

Item 11: Authorisation of the chairman of the meeting

Proposal from the board of directors to authorise the chairman of the annual general meeting with full right of substitution to file the resolutions passed 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

Brødrene Hartmann A/S

21 April 2020

