

2Q & 1H 2006

Webstreaming 29 August 2006

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Protecting values



1H: Strong European performance weighed down by Americas

European **operation is performing well**

→ as expected

Hartmann has decided to **divest the operations in South America**

→ outcome of strategic investigations

In North America **operating performance is steadily improving**

→ biggest challenge is to regain market's confidence and expand sales

Hartmann optimises balance sheet

→ headquarter **building in Lyngby put up for sale**



- Hartmann's South America operation has **improved over the past 3 years**
- But **fierce competition** is squeezing margins again
- We **no longer have patience** in continuing the turnaround efforts and we **do not wish to invest** in market consolidation
- Hartmann is preparing to **divest the South America business**



- Production output, quality, delivery service etc. at **good performance**
- **The challenge:** To regain customers' **trust** in order to **expand sales**
- Earlier operating challenges have lead to **scepticism** among many customers
- Hartmann can meet market demand for **quality** and **high value products**
- Still **great potential**, but continued progress essential



- Hartmann is clear market leader driven by continuous innovation – the best products in the business
- Successful low cost production base in Hungary and Croatia
- We have maintained high focus, investments and improvement initiatives (Focus Plan) despite challenges in North America

Europe incl. Industrial Packaging:

- Constitutes approx.70% of the entire operation
- Revenue 2005: approx. DKKm 1,150
- Operating result 2005: approx. DKKm 130
- Operating margin: approx. 11%



Product development is given high priority

- The value-added *imagic*® product range is very successful with very high growth rates





Only 2 years old
but already a WORLDSTAR.



Thank you for calling a name as lighting speed imagic® was awarded the WORLDSTAR 2006 in San Paulo. The design was honored for being value focused and customer focused. Detailed information on the awarding of the prize can be accessed on www.worldstarlighting.org

But the most important feature is that it comes imagic® it goes to create a customer centric product. Because imagic® focuses on convenience of a brand is the best possible light. And that's what we sell the perfect package for your needs.

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Industrial Packaging: A weak 1Q – a large potential in customers

- Last 3 years growth p.a. of 20% and EBIT margins of >20% is temporarily reduced due to new market requirements

➡ New products and new technology

- Expansion by establishing a production satellite in China progressing as planned



Group headquarter building in Lyngby is put up for sale

- Objective to **reduce invested capital** and **optimise balance sheet**
- The sale will reduce the amount of **NIBD by approx. DKK 110 million** and generate an **EBIT of approx. DKK 60 million**



2Q & 1H at a glance

	2 nd quarter		1 st half year	
(DKKm)	2006	2005	2006	2005
Net revenues	351	349	730	708
Operating result (EBIT)	-4	6	7	21
Net result	23	1	25	32

- *The increase in net revenues primarily reflects **increases in sales prices** of egg packaging*
- *The decline in the operating profit is attributable primarily to a **weak 1Q in industrial packaging** and a **severance payment provision** in 2Q 2006*
- *Net result reflects a positive effect of DKKm 27 from **discontinued activities** including DKKm 35 in compensation from the **insurers** relating to the Group's production plant in Argentina*

Growth in Europe – profit on par with 2Q 2005

	2 nd quarter			1 st half year			Full year
(DKK _m)	2006	2005	Variance	2006	2005	Variance	2005
Net revenues	284	270	14	579	553	26	1,117
Operating profit (EBIT)	25	27	-2	55	65	-10	132



- Net revenue growth is contributed **both by egg packaging and industrial packaging**
- The fear of **avian flu** caused a minor decline in the volumes sold in 2Q, but Hartmann held on to its market share and profit
- Net revenue growth of egg packaging reflects **increases in sales prices** and an **improved product mix**
- Still challenges in **market requirements** and **new technology for industrial packaging**

Continued progress in North America essential

	2 nd quarter			1 st half year			Full year
(DKK ^m)	2006	2005	Variance	2006	2005	Variance	2005
Net revenues	44	36	8	89	69	20	149
Operating profit (EBIT)	-13	-16	2	-24	-33	9	-53



- Net revenue growth exclusively reflects **exchange rates (CAD/DKK)** and **price increases** carried out
- Production levels are increasing **according to plan**
- The challenge now lies in achieving **growth in sales** while, at the same time, **improving productivity**
- More **potential customers** in the pipeline

Outlook for 2006

(DKKm)	Expected 2006	
Net revenue	1,400-1,450	Reduced by DKKm 200 due to divestment of South America
Operating result (EBIT)	80-90	
Result for discontinued activities Incl. insurance cover Argentina	0-10	Effect of approx. DKKm 60 of the sale of HQ building in Lyngby
Net result (EAT)	60-70	Raised by DKKm 35 as it includes approx. DKKm 45 in expected gain of the sale of HQ building in Lyngby after tax

- *The forecast does not take account of a selling price for the activities in South America if it deviates from the value recognised at 30 June 2006*