

INTERIM REPORT 9M 2010

Brødrene Hartmann A/S

Michael Rohde Pedersen, CEO

Claus Frees Sørensen, CFO



AGENDA

- New CEO
- A stronger Hartmann
- Highlights 9M 2010
- Financial statements 9M 2010
- Outlook for 2010
- Questions



Michael Rohde Pedersen new CEO of Hartmann

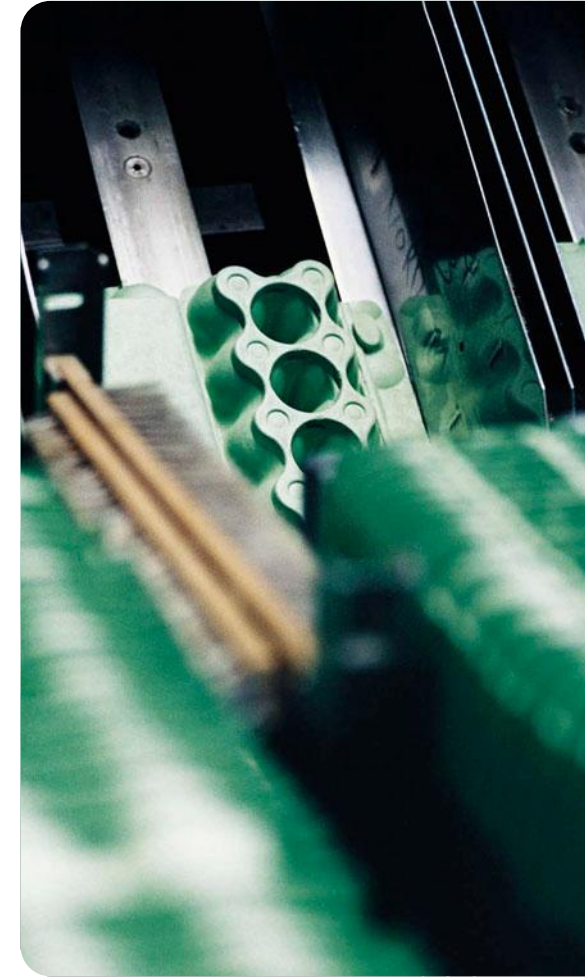
- Michael Rohde Pedersen joined Hartmann on 15 September 2010 as CEO and member of the Executive Board
- Background:
 - General Manager, Georgia-Pacific
 - Extensive management experience from international businesses in the processing industry
 - General Manager, SCA Hygiene Products, Poland
 - IBM Denmark
 - A.P. Møller
 - 13 years' experience from the paper industry
- Education:
 - MBA, SDA Bocconi, Milan
 - BA, International Marketing Management, Copenhagen Business School



A STRONGER HARTMANN

Competitive strength and efficiency

- Recent years' operational improvements and initiatives to improve efficiency have proved successful
- Hartmann will adjust its organisation in Q4 2010 in order to further improve the Group's competitive strength and earnings capacity
 - Reduction of the number of employees
 - Simplification of management and organisational structure
 - Costs in 2010: approx. DKK 20 million
 - Expected savings in 2011: approx. DKK 30 million
- Market trends and Hartmann's business development were in line with expectations in Q3 2010, and the adjustment of the organisation will strengthen Hartmann in the short term and in the long term



Increase in revenue and operating profit

- + Increased sales of egg packaging
- + Improved product and price mix
- + Results of operational improvements and cost savings
- + Developments in exchange rates
- ÷ Increased prices of paper
- Hartmann will adjust its organisation in Q4 2010 in order to improve its competitive strength and earnings capacity in the long term
 - As a consequence of the costs relating to these measures, Hartmann downgrades its operating profit forecast to approx. DKK 70-85 million, against the previous forecast of approx. DKK 90-105 million



DEVELOPMENTS – PRICES OF PAPER

Prices of paper affect profitability

- Decreasing supply of recycled paper
 - From paper to online ads
- Growing demand for recycled paper
 - Demand from Asia
 - Other industries
- Prices of paper emulate the trends in the German benchmark BvSE index

Fluctuations in the prices of paper



Source: BvSE

FINANCIAL HIGHLIGHTS 9M 2010

Growth in 9M 2010

Q3 2010	3Q 2009	DKKm	9M 2010	9M 2009	2009
338	325	Revenue	1,044	1,000	1,380
21	16	Operating profit*	51	40	79
(5)	(2)	Net financial income and expense	(14)	(5)	(19)
12	11	Profit for the period	28	22	36
6.2	4.9	EBIT margin* (%)	4.9	4.0	5.7

- The period was positively affected by **developments in exchange rates, increased volumes, an improved product and price mix** and **operational improvements**
- The period was adversely affected by **higher prices of paper** and **additional costs**

* References to operating profit in this presentation refer to operating profit before special items, and references to EBIT margin refer to EBIT margin before special items, unless otherwise stated.



EBIT growth in 9M 2010

Q3 2010	Q3 2009	DKKm	9M 2010	9M 2009	2009
275	275	Revenue	836	830	1,148
31	26	Operating profit	87	70	119
11.4	9.3	EBIT margin (%)	10.4	8.4	10.3

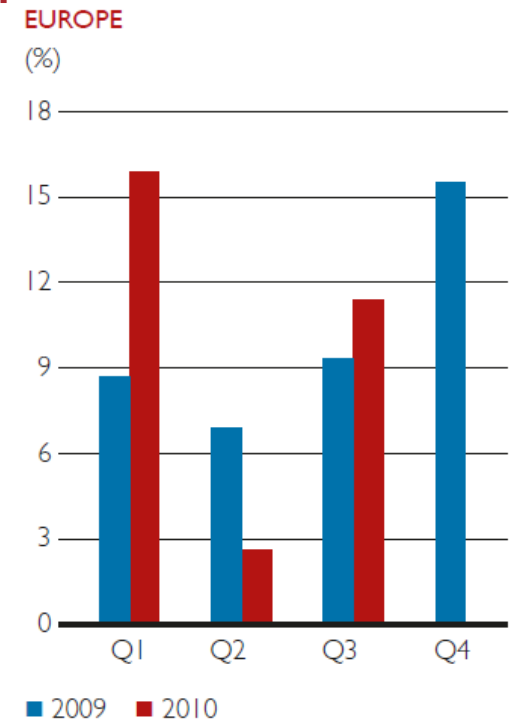
- Stable development in revenue
- Strengthened operating profit and EBIT margin

EUROPE – OPERATING PERFORMANCE

Operating profit strengthened despite higher prices of paper

DKKm	
Operating profit 9M 2009	70
Effects of developments in exchange rates	21
Operations, volumes and product/price	24
Slowdown in activities	(6)
Effects of higher prices of paper	(17)
Additional costs	(5)
Operating profit for 9M 2010	87

- Strengthened operating profit
 - Operational improvements proved successful
 - Hartmann's sales of egg packaging increased
 - Product and price mix improved
 - Positive effects of developments in exchange rates
- High prices of paper and slowdown in activities in industrial packaging negatively affected operating profit



NORTH AMERICA

Growth in revenue and operating profit

Q3 2010	Q3 2009	DKKm	9M 2010	9M 2009	2009
54	39	Revenue	161	121	163
3	(3)	Operating profit	8	(6)	(7)
5.2	(7.0)	EBIT margin (%)	4.8	(4.9)	(4.4)

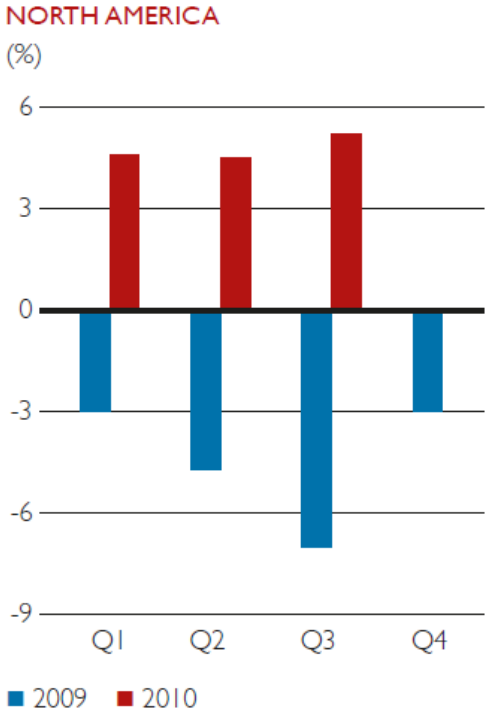
- Growth in revenue and operating profit despite higher prices of paper
- Continued focus on increasing the share of high-end packaging. Sales developed positively in 9M 2010

NORTH AMERICA – OPERATING PERFORMANCE

Positive trend in North America

DKKm	
Operating profit 9M 2009	(6)
Effects of developments in exchange rates	12
Operations, volumes and product/price	7
Effects of higher prices of paper	(5)
Operating profit 9M 2010	8

- Strengthening of operating profit driven by developments in exchange rates, increased sales of egg packaging and an improved product and price mix
- Higher prices of paper adversely affected operating profit



OTHER BUSINESS AREAS

Stable revenue and higher additional costs

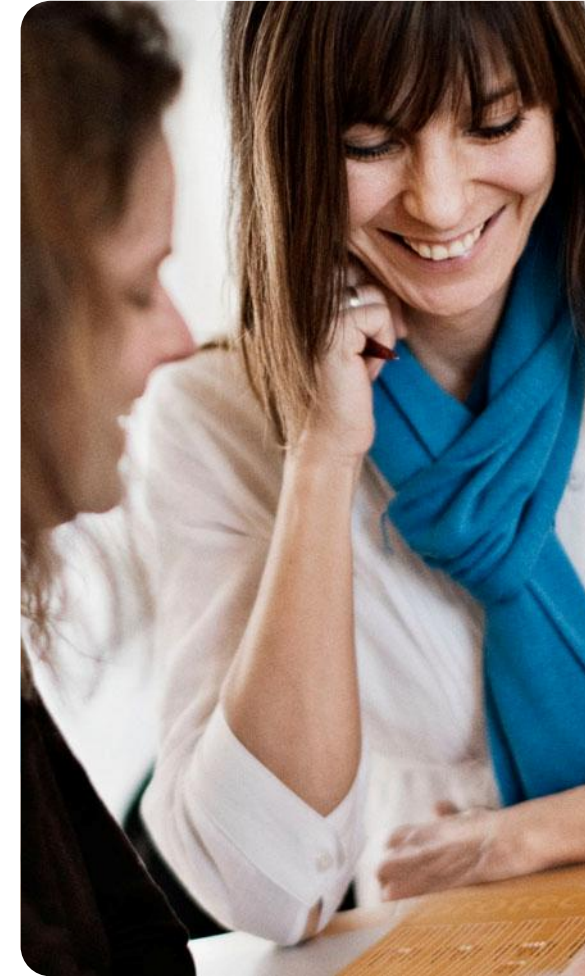
Q3 2010	Q3 2009	DKK _m	9M 2010	9M 2009	2009
10	11	Revenue	47	49	69
(15)	(9)	Operating profit	(48)	(29)	(34)

- Stable revenue despite higher order intake in Hartmann Technology – primarily due to period-to-period shifts in production and delivery of orders
- Operating profit adversely affected by additional costs relating to strategic initiatives aimed at optimising and aligning Hartmann’s processes and standards

Higher costs affected operating profit

DKKm	
Operating profit 9M 2009	(29)
Slowdown in activities	(4)
Additional costs	(15)
Operating profit 9M 2010	(48)

- Lower level of activity due to period-to-period shifts in production and delivery of orders in accordance with contracts concluded
- Stabilisation of additional costs in Q3 following the higher levels in H1 2010



CASH FLOWS

Focus on operations in 9M 2010

Q3 2010	Q3 2009	DKKm	9M 2010	9M 2009	2009
20	15	Operating activities	66	37	76
(16)	(19)	Investing activities	(37)	(70)	(94)
(5)	(5)	Financing activities	(27)	(16)	(22)
(1)	(9)	Total cash flows	2	(48)	(40)

- Significant improvement of cash flows from operating activities
- Investing activities reduced – focus on maintenance and operations rather than new investments
- Developments in exchange rates caused an increase in cash flows from financing activities

BALANCE SHEET

DKKm	30.09.10	30.09.09	31.12.09
Assets	1,216	1,184	1,216
Invested capital (IC)	764	778	786
Net working capital (NWC)	151	144	151
Net interest-bearing debt	331	356	345
Equity	525	492	508
Equity ratio (%)	43.2	41.6	41.7
Gearing (%)	63.0	72.3	68.0

OUTLOOK FOR 2010

Outlook for 2010 affected by non-recurring costs

	Forecast 2010	Previous forecast
Revenue	~DKK 1.4 billion	~DKK 1.4 billion
Operating profit	DKK 70-85 million	DKK 90-105 million
EBIT	5-6%	~7%

- The downgrading of the operating profit forecast is solely attributable to costs relating to an adjustment of the organisation in Q4 2010
- The revenue forecast is retained
- Investments with limited effect on earnings for 2010 have been deferred, and the expected investment level has been reduced to DKK 50-60 million from the most recent forecast of DKK 65-75 million

KEY TAKE-AWAYS

Strong operations in 9M 2010

- Hartmann's revenue and operating profit grew in 9M 2010
 - Increased sales of egg packaging and improved product and price mix
 - Operational improvements and cost savings resulted in higher earnings per product
- The period was positively affected by developments in exchange rates and adversely affected by increasing prices of paper
- Hartmann will adjust its organisation in Q4 2010 in order to improve its competitive strength and earnings capacity in the long term
- As a consequence of the costs relating to the organisational adjustment, Hartmann downgrades its operating profit forecast to approx. DKK 70-85 million, against the previous forecast of approx. DKK 90-105 million



QUESTIONS



CONTACTS

Brødrene Hartmann A/S

Ørnegårdsvej 18

DK-2820 Gentofte

Tel.: +45 45 97 00 00

www.hartmann-packaging.com



Michael Rohde
Pedersen, CEO



Claus Frees
Sørensen, CFO

