

Annual Report 2005

Webstreaming 24 March 2006

Asger Domino, President & CEO



Protecting values



Financial targets for 2005

Hartmann's operating result reflected an improvement of DKK 63 million and was on a par with the financial expectations - despite negative developments in exchange rates and energy prices of approx. DKK 30 million compared to 2004

(DKKm)	Actual 2005	Expected 2005*
Revenue	1,569	1,470-1,520
Operating result (EBIT)	45	Approx. 44
Gain of sale of securities	23	20
Net result (EAT)	27	Approx. 21

** Expectations announced in the Annual Report 2004 and adjusted for the divestment of Skjern Papirfabrik A/S*

Growth for the Group via focus:

- Completion of the Focus Plan
 - Winding-up of Food Packaging
 - Reduction of costs in Europe
 - Divestment of Skjern Papirfabrik A/S
- Halving of the loss in North America
- Continued revenue growth in Europe

Unsatisfactory development in two divisions:

- Organisational changes to strengthen Industrial Packaging
- Structural initiatives necessary in South America



Distribution of revenue and operating result on the divisions

<i>(DKK m)</i>	Revenue			Operating result		
	2005	2004	<i>Variance</i>	2005	2004	<i>Variance</i>
Egg & Fruit Packaging Europe	984	940	44	110	94	16
Egg & Fruit Packaging North America	140	144	-4	-52	-106	54
Egg & Fruit Packaging South America	154	130	24	-7	2	-9
Industrial Packaging	184	191	-7	20	38	-18
Other	107	111	-4	-26	-45	19
Total before restructuring and goodwill amortisation	1,569	1,517	52	45	-18	63
Restructuring and goodwill amortisation				-	-106	106
Total after restructuring and goodwill amortisation in 2004	1,569	1,517	52	45	- 124	169

(DKKm)	2005	2004	Variance
Revenue	984	940	44
Operating result (EBIT)	110	94	16

- The growth is mainly due to an improved **product mix** with more products of high value
- **The Focus Plan** has been completed and has brought down the costs of the division with approx. DKKm 20 annually
- **Improvements** in production processes and **efficiency gains** in purchasing, quality, planning and production
- The division is highly sensitive to **increases in energy prices**. If possible increases will be transferred to sales prices



(DKK ^m)	2005	2004	Variance
Revenue	140	144	-4
Operating result (EBIT)	-52	-106	54

- **Halving of the loss** in 2005
- Improvements in **production** e.g. by decoupling of the printing process
- Improvement of the **capacity**
- Larger **operational reliability**
- New **collective labour agreement** in April
- **Improved market prices**
- The development in **the cross rate USD/CAD** is negative for Hartmann
- Continued reduction of the deficit in 2006 and a **moderate profit in 2007**



Egg & Fruit Packaging South America

(DKKm)	2005	2004	Variance
Revenue	154	130	24
Operating result (EBIT)	-7	2	-9

- **Unsatisfactory** development in results
- **Fierce competition**
- Growth in revenue due to sizeable **increase in exchange rates**
- It has not been possible to carry out **price increases** to compensate for inflation
- **Structural initiatives** are necessary



(DKKm)	2005	2004	Variance
Revenue	184	191	-7
Operating result (EBIT)	20	38	-18

- **Decline** in revenues and profit margin is **not satisfactory**
- The result is negatively affected by the **running in** of new and more complex products, **increase of capacity** and **rising energy prices**
- Establishment of moderate-level satellite production in **China** in 2006
- Preparing **new technology** and **strengthening of production organisation**



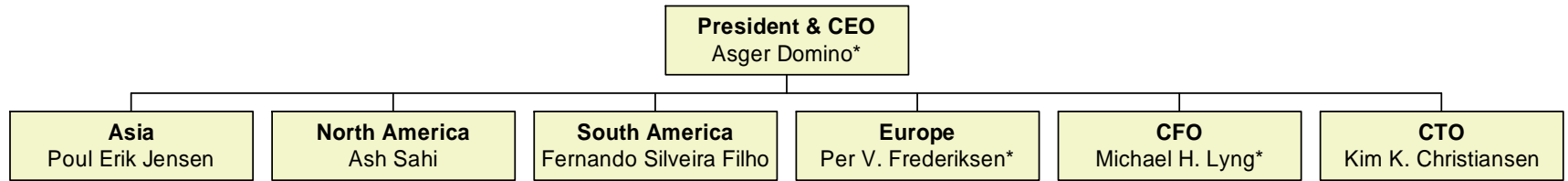
(DKKm)	Expected 2006	Actual 2005
Revenue	1,600-1,650	1,569
Operating profit (EBIT)	40-60	45
Net result (EAT)	5-15	27

This does not include restructuring costs in South America

Necessary conditions:

- A stable development in exchange rates, energy prices and sales prices
- Continued growth in North America
- A possible negative change in the consumption of eggs caused by avian flue is not included in the above expectations

New organisational structure



* Executive Board

- The Group is organised by regions
- Resources in the two product areas are put together in the regions, which will increase efficiency and reduce costs
- Creates a simple and strong organisation, in which the operation is strengthened across production areas
- CFO, Michael H. Lyng becomes member of the Executive Board