



INTERIM
REPORT Q2 | 2016



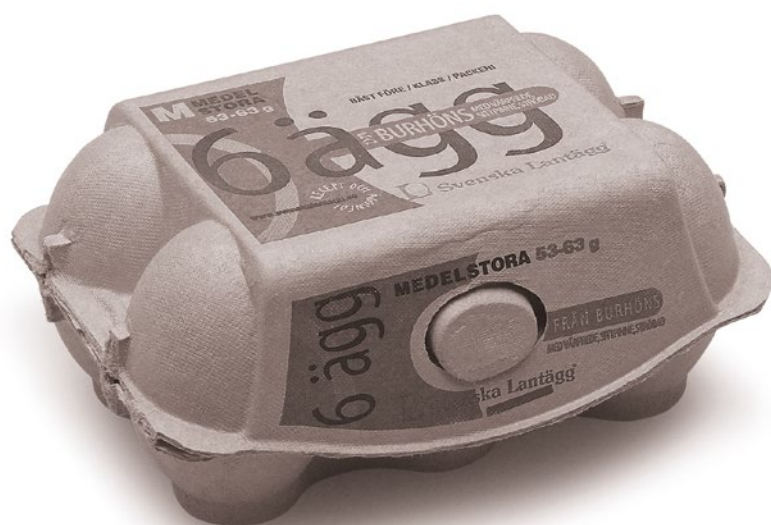
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Highlights

Hartmann grew revenue and lifted both operating profit and the profit margin in the second quarter of 2016. The improvements were driven by a high level of activity in Hartmann Technology, whereas packaging volumes were flat and the group's business performance was stable. In Europe, results continue to benefit from our efforts to improve efficiency, while our activities in the Americas reported a slight decline in packaging sales. The capacity expansion programme in the Americas is proceeding according to plan, and full-year 2016 guidance is maintained.

CEO Ulrik Kolding Hartvig: "We achieved a solid performance in the second quarter with strong machinery sales driving growth in both revenue and earnings. We kept our focus on efficiency and growth, continuing our efforts to improve efficiency in Europe and expand capacity in the Americas, where growth potential remains strong despite a slight decrease in packaging volumes in the second quarter and adverse repercussions from macroeconomic developments in South America."

Q2 2016

- In Q2 2016, total revenue grew to DKK 537 million (2015: DKK 481 million) and operating profit* to DKK 63 million (2015: DKK 42 million), corresponding to a profit margin* of 11.6% (2015: 8.8%).
- Our European business reported revenue of DKK 330 million (2015: DKK 266 million) and an operating profit of DKK 40 million (2015: DKK 11 million), corresponding to a profit margin of 12.1% (2015: 4.2%). The improvement was driven by strong activity in Hartmann Technology and the positive impact of efficiency-improving measures and lower variable costs in the European business.
- Revenue from the Americas totalled DKK 207 million (2015: DKK 215 million), and operating profit came to DKK 31 million (2015: DKK 37 million), corresponding to a profit margin of 14.7% (2015: 17.0%). The performance was adversely impacted by lower packaging volumes and higher production costs.
- Cash flows from operating activities were a net inflow of DKK 44 million (2015: DKK 90 million).

HI 2016

- In HI 2016, revenue totalled DKK 1,091 million (2015: DKK 1,061 million), and operating profit came to DKK 143 million (2015: DKK 104 million), corresponding to a profit margin of 13.1% (2015: 9.8%).
- The European business grew revenue to DKK 663 million (2015: DKK 608 million) and operating profit to DKK 84 million (2015: DKK 44 million), corresponding to a profit margin of 12.7% (2015: 7.2%).
- Revenue from the Americas was DKK 429 million (2015: DKK 454 million), and operating profit came to DKK 74 million (2015: DKK 72 million), corresponding to a profit margin of 17.2% (2015: 15.9%).
- Cash flows from operating activities were a net inflow of DKK 138 million (2015: DKK 118 million), and the return on invested capital was 25% (2015: 22%).

Currency movements partly offset by inflation

- Currency fluctuations reduced revenue by DKK 43 million in the second quarter and DKK 94 million in the first half of 2016, while trimming DKK 3 million and DKK 8 million off operating profit for the second quarter and the first half of 2016, respectively. The currency effects primarily related to the activities in South America, with local currency depreciation being largely neutralised by inflation-induced price increases.

Outlook for 2016

- We maintain our full-year guidance of revenue in the DKK 2.1-2.2 billion range and a profit margin of 11-12.5%.
- Our total capital expenditure for 2016 is expected to amount to about DKK 350 million.

* For purposes of this report, operating profit refers to operating profit before special items, and profit margin refers to profit margin before special items, unless otherwise stated.

Key figures and financial ratios

DKKm

| Group | Q2 2016 | Q2 2015 | H1 2016 | H1 2015 |
|--|------------|------------|------------|------------|
| Statement of comprehensive income | | | | |
| Revenue | 537 | 481 | 1,091 | 1,061 |
| Operating profit/(loss) | 63 | 42 | 143 | 104 |
| Special items | 0 | (14) | 0 | (14) |
| Financial income and expenses, net | (5) | (18) | (15) | (11) |
| Profit/(loss) before tax | 58 | 11 | 128 | 79 |
| Profit/(loss) for the period | 43 | 9 | 96 | 65 |
| Comprehensive income | 81 | 1 | 151 | 66 |
| Cash flows | | | | |
| Cash flows from operating activities | 44 | 90 | 138 | 118 |
| Cash flows from investing activities | (77) | (30) | 145 | (387) |
| Cash flows from financing activities | (21) | 26 | (23) | 326 |
| Total cash flows | (54) | 86 | (30) | 57 |
| Balance sheet | | | | |
| Assets | - | - | 1,830 | 1,780 |
| Investments in property, plant and equipment | - | - | 145 | 60 |
| Net working capital | - | - | 256 | 268 |
| Invested capital | - | - | 1,198 | 1,069 |
| Interest-bearing debt | - | - | 560 | 495 |
| Equity | - | - | 683 | 663 |
| Financial ratios, % | | | | |
| Profit margin | 11.6 | 8.8 | 13.1 | 9.8 |
| Return on average invested capital (ROIC, rolling 12 months) | - | - | 25.2 | 22.2 |
| Return on equity (rolling 12 months) | - | - | 22.2 | 20.9 |
| Equity ratio | - | - | 37.3 | 37.3 |
| Gearing | - | - | 81.9 | 74.6 |
| Share-based financial ratios | | | | |
| No. of shares (excluding treasury shares) | - | - | 6,915,090 | 6,915,090 |
| Earnings per share, DKK (EPS) | 6.3 | 1.3 | 13.9 | 9.4 |
| Cash flows per share, DKK | 6.3 | 13.0 | 19.9 | 17.0 |
| Book value per share, DKK | - | - | 98.8 | 95.9 |
| Market price per share, DKK | - | - | 272.5 | 255.0 |
| Market price/book value per share | - | - | 2.8 | 2.7 |
| Price/earnings (rolling 12 months) | - | - | 13.3 | 12.7 |

Earnings per share is calculated in accordance with IAS 33. See note 14 to the financial statements in our annual report for 2015.
 Other financial ratios are calculated in accordance with 'Recommendations & Ratios 2015', issued by the Danish Finance Society. See note 38 to the financial statements in our annual report for 2015.

Developments in Q2 2016

Thanks to a high level of activity in Hartmann Technology, Hartmann grew revenue and lifted both operating profit and the profit margin in the second quarter of 2016. Total packaging volumes were flat and business performance was stable.

Efforts to improve efficiency and trim costs in Europe impacted favourably on results for the second quarter. As planned, the German production was closed down and moved to other factories. Following the closing down of production at the German factory, Hartmann will establish a test centre under the auspices of Hartmann Technology in the second half of 2016 to help strengthen the development of new production methods and products. Additional capacity-expanding measures were initiated, and automation efforts continue with a view to securing additional efficiency gains in the European business.

The Americas reported lower packaging volumes in the second quarter compared with the same period of last year. The decline was primarily due to developments in the Brazilian economy and slightly weaker demand in North America amid temporary market volatility. Demographic trends in South America remain favourable and North American demand is robust. Also, the ongoing expansion of production capacity in the Americas is on track. Both South American factories are expected to start up production in 2016, and the factory in the US is expected to commence operations in early 2017.

Currency fluctuations reduced revenue by DKK 43 million in the second quarter and DKK 94 million in the first half of 2016, while trimming DKK 3 million and DKK 8 million off operating profit for the second quarter and the first half of 2016, respectively. The currency effects primarily related to the activities in South America, with

local currency depreciation being largely neutralised by inflation-induced price increases.

On 30 June, the Energy Board of Appeal reached a decision in the pending case on pricing of district heating supplied by Hartmann's combined heat and power plant to district heating company Tønder Fjernvarmeselskab. No order was issued to Hartmann, and Hartmann subsequently requested the Western High Court to reopen a related case concerning the collection of a receivable of about DKK 39 million from Tønder Fjernvarmeselskab. The case has been awaiting the Energy Board of Appeal's decision.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

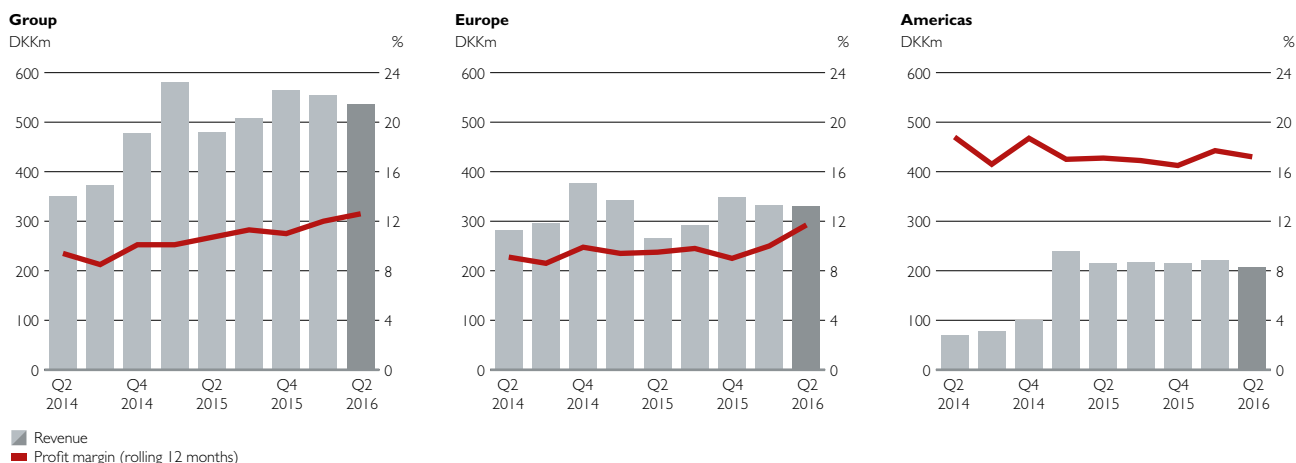
Total revenue grew to DKK 537 million (2015: DKK 481 million) in the second quarter, and revenue for the first half of 2016 totalled DKK 1,091 million (2015: DKK 1,061 million).

Europe

The European business grew revenue to DKK 330 million (2015: DKK 266 million) in Q2 2016. The increase was driven by a high level of activity in Hartmann Technology. Sales of egg packaging went up, whereas lower average selling prices impacted adversely on performance.

Revenue for the first half of the year grew to DKK 663 million (2015: DKK 608 million) thanks to a high level of activity in Hartmann Technology in the second quarter.

Revenue and profit margin



Americas

Revenue from the Americas totalled DKK 207 million (2015: DKK 215 million) in the second quarter. The decline was attributable to slightly lower packaging volumes.

In North America, we successfully grew the share of premium products and lifted average selling prices in the second quarter. Still, revenue declined slightly due to a temporary slowdown in demand and lower sales of egg packaging.

In South America, revenue was adversely affected by macroeconomic developments and lower packaging volumes in Brazil in the second quarter.

Revenue from the Americas totalled DKK 429 million for the first half of 2016 (2015: DKK 454 million).

Operating profit

Operating profit grew to DKK 63 million (2015: DKK 42 million), corresponding to a profit margin of 11.6% (2015: 8.8%) for the second quarter of 2016. Operating profit for H1 2016 was up to DKK 143 million (2015: DKK 104 million), and the profit margin increased to 13.1% (2015: 9.8%).

Europe

The European business reported operating profit of DKK 40 million for the second quarter (2015: DKK 11 million), corresponding to a profit margin of 12.1% (2015: 4.2%). Growth was driven by strong machinery sales, coupled with cost reductions and lower energy and distribution costs. Lower average selling prices impacted adversely on operating profit.

In H1 2016, operating profit increased to DKK 84 million (2015: DKK 44 million), corresponding to a profit margin of 12.7% (2015: 7.2%).

Americas

Operating profit from our operations in the Americas was DKK 31 million in the second quarter (2015: DKK 37 million), corresponding to a profit margin of 14.7% (2015: 17.0%).

Operating profit from our North American business was lifted by an increased share of premium products and higher average selling prices. Overall, however, this was more than offset by slightly lower revenue and higher production costs.

Our South American activities reported lower operating profit compared with the same period of last year. This was due to macroeconomic developments and lower packaging volumes in Brazil.

Operating profit from our business in the Americas was DKK 74 million for the first half of 2016 (2015: DKK 72 million), corresponding to a profit margin of 17.2% (2015: 15.9%).

Corporate functions

Costs related to corporate functions totalled DKK 8 million for the second quarter (2015: DKK 6 million) and DKK 15 million for the first half of 2016 (2015: DKK 13 million).

Special items

Special items amounted to DKK 0 million for the second quarter (2015: net expense of DKK 14 million) and DKK 0 million for the first half of 2016 (2015: net expense of DKK 14 million).

Financial income and expenses

Financial income and expenses were a net expense of DKK 5 million for Q2 2016 (2015: net expense of DKK 18 million) and a net expense of DKK 15 million for the first half of 2016 (2015: net expense of DKK 11 million). These fluctuations were due to foreign exchange adjustments.

Profit for the period

The profit for Q2 2016 was DKK 43 million (2015: DKK 9 million), and the profit for the first half of 2016 was DKK 96 million (2015: DKK 65 million). Tax on the profit for Q2 2016 was an expense of DKK 15 million (2015: expense of DKK 2 million), while tax on the profit for H1 2016 was an expense of DKK 32 million (2015: expense of DKK 14 million).

Comprehensive income

Comprehensive income was DKK 81 million for Q2 2016 (2015: DKK 1 million) and DKK 151 million for H1 2016 (2015: DKK 66 million). The increase can be attributed to higher operating profit, exchange rate adjustments of foreign subsidiaries and a positive fair value adjustment of our hedging instruments.

CASH FLOWS

Cash flows from operating activities amounted to a net inflow of DKK 44 million for Q2 2016 (2015: DKK 90 million). The decrease was due to higher restructuring costs associated with the shutdown of production in Germany and lower prepayments from Hartmann Technology customers. For the first half of 2016, cash flows from operating activities amounted to a net inflow of DKK 138 million (2015: DKK 118 million). Due to production expansion investments in the Americas and Europe, cash flows from investing activities amounted to a net outflow of DKK 77 million in Q2 2016 (2015: net outflow of DKK 30 million). In H1 2016, cash flows from investing activities

amounted to a net inflow of DKK 145 million (2015: net outflow of DKK 387 million).

Cash flows from operating and investing activities thus amounted to a net cash outflow of DKK 33 million for Q2 2016 (2015: net inflow of DKK 61 million) and a net outflow of DKK 7 million for the first half of 2016 (2015: net outflow of DKK 269 million).

Cash flows from financing activities amounted to a net outflow of DKK 21 million for Q2 2016 (2015: net inflow of DKK 26 million) and a net outflow of DKK 23 million for H1 2016 (2015: net inflow of DKK 326 million). These movements were ascribable to the re-financing of the group's debt and the raising of non-current debt in the prior-year period.

BALANCE SHEET

ROIC

Return on invested capital (ROIC) rose to 25% at 30 June 2016 (2015: 22%).

Capital resources

The group's net interest-bearing debt at 30 June 2016 was DKK 560 million (2015: DKK 495 million). The increase can be put down to investments to expand production in the Americas and Europe.

The financial gearing at 30 June 2016 was 82% (2015: 75%). Financial resources amounted to DKK 396 million at 30 June 2016, comprising cash and cash equivalents and undrawn loan and overdraft facilities. Hartmann's loans are subject to customary financial covenants. See note 33 to the financial statements in our annual report for 2015 for more details.

Equity

Equity at 30 June 2016 was DKK 683 million (2015: DKK 663 million), and the equity ratio was 37% (2015: 37%).

THE HARTMANN SHARE

The official market price of the Hartmann share was DKK 272.5 at 30 June 2016, up from DKK 271.0 at 31 December 2015. Our share price performance is shown at investor.hartmann-packaging.com.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred in the period from the balance sheet date until the date of release of this interim report that materially affect the evaluation of the interim report.

Outlook

Based on developments in our core business, Hartmann Technology's strong machinery sales in the first half, the anticipated impact of completed and initiated efficiency-enhancing measures in Europe, operating costs associated with a new test centre and the ongoing expansion in South America, we maintain our full-year 2016 guidance of revenue in the range of DKK 2.1-2.2 billion and a profit margin of 11-12.5%.

Our total capital expenditure for 2016 is expected to amount to around DKK 350 million. Planned investments comprise measures to improve efficiency in Europe, the ongoing expansion of the production network in South America and the factory currently being built in Missouri, USA.

Assumptions

Hartmann's revenue and profit margin guidance for 2016 reflects the expansion of our production network in South America resulting from the two factories currently being built and scheduled for completion in 2016. Any deviations from these assumptions may affect our 2016 performance. Due to seasonal fluctuations, our operating profit is generally higher in the first and fourth quarters than in the second and third quarters.

Outlook and targets

| | 2016 | 2017 |
|---------------|---------------|---------------|
| Revenue | DKK 2.1-2.2bn | DKK 2.2-2.4bn |
| Profit margin | 11-12.5% | 12-14% |

FORWARD-LOOKING STATEMENTS

The forward-looking statements in this interim report reflect our current expectations for future events and financial results. The 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 our markets, changes in demand for products, competition and the prices of raw materials. See also the section on risk factors in this interim report and note 33 to the financial statements in our annual report for 2015.

Risk factors

For a full description of Hartmann's risk factors, see the section on risk factors and note 33 to the financial statements in our annual report for 2015.

Raw materials

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

There is limited scope for reducing sensitivity to developments in the price of recycled paper if supplies of the required volumes are to be secured and maintained.

We regularly sign fixed-price agreements with energy suppliers, typically for six or 12 months, covering a substantial part of our energy consumption. However, it is not possible to sign fixed-price agreements with energy suppliers in all the countries in which we operate.

We strive to reduce our sensitivity to fluctuations in raw materials prices through continuous implementation of technological improvements and optimisation of work processes.

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 one of the group's single largest transaction risks. The 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.

Due to our foreign subsidiaries, Hartmann is exposed to translation risks insofar as a part of the group's earnings and net assets derives from these foreign subsidiaries and is therefore translated and included in the consolidated financial statements, which are presented in DKK. In terms of net position, foreign subsidiaries reporting in the currencies ARS, BRL, CAD, HRK, HUF and ILS represent Hartmann's greatest translation exposure.

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. Translation risks are not hedged as they have no direct impact on Hartmann's cash resources or underlying cash flows.

Management statement

Today, the Board of Directors and the Executive Board have considered and approved the interim report of Brødrene Hartmann A/S for the six months ended 30 June 2016.

The interim report, which has been neither audited nor reviewed by the company's auditors, was 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 and liabilities and financial position at 30 June 2016 and of the results of the group's operations and cash flows for the six months ended 30 June 2016.

Furthermore, in our opinion, the management report includes a fair review of the development of the group's activities and financial affairs, the results for the period and the financial position in general of the consolidated companies as well as a description of the principal risks and uncertainties that the group faces.

Gentofte, 18 August 2016

Executive Board: Ulrik Kolding Hartvig
CEO

Marianne Rørslev Bock
CFO

Board of Directors: Agnete Raaschou-Nielsen
Chairman

Niels Hermansen
Vice Chairman

Jan Peter Antonisen

Jørn Mørkeberg Nielsen

Steen Parsholt

Niels Christian Petersen

Andy Hansen



INTERIM FINANCIAL STATEMENTS

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Statement of comprehensive income

DKKm

| Group | Q2 2016 | Q2 2015 | HI 2016 | HI 2015 |
|--|--------------|--------------|--------------|--------------|
| Revenue | 537.0 | 480.5 | 1,091.4 | 1,061.4 |
| Production costs | (373.0) | (331.8) | (734.3) | (728.5) |
| Gross profit/(loss) | 164.0 | 148.7 | 357.1 | 332.9 |
| Selling and distribution costs | (79.2) | (83.2) | (163.1) | (182.7) |
| Administrative expenses | (22.1) | (23.3) | (51.0) | (46.4) |
| Other operating income | 0.1 | 0.0 | 0.1 | 0.1 |
| Other operating expenses | (0.3) | (0.1) | (0.3) | (0.1) |
| Operating profit/(loss) before special items | 62.5 | 42.1 | 142.8 | 103.8 |
| Special items | 0.0 | (13.5) | 0.0 | (13.5) |
| Operating profit/(loss) | 62.5 | 28.6 | 142.8 | 90.3 |
| Financial income | 0.6 | (8.4) | 1.0 | 4.5 |
| Financial expenses | (5.1) | (9.4) | (15.7) | (15.4) |
| Profit/(loss) before tax | 58.0 | 10.8 | 128.1 | 79.4 |
| Tax on profit/(loss) for the period | (14.6) | (1.9) | (32.1) | (14.3) |
| PROFIT/(LOSS) FOR THE PERIOD | 43.4 | 8.9 | 96.0 | 65.1 |
| Items that can be reclassified to profit or loss: | | | | |
| <i>Foreign exchange adjustment of:</i> | | | | |
| Foreign subsidiaries | 35.6 | (12.0) | 42.4 | (2.6) |
| Equity-like loans to subsidiaries | (0.7) | 0.9 | 0.0 | 2.4 |
| <i>Value adjustment of hedging instruments:</i> | | | | |
| Recognised in other comprehensive income | 6.8 | 0.7 | 19.7 | (11.0) |
| Transferred to revenue | (2.5) | 5.4 | (2.0) | 12.1 |
| Transferred to production costs | (0.5) | (0.6) | (0.5) | (0.2) |
| Transferred to financial income and expenses | 0.4 | 1.7 | 0.0 | 1.7 |
| Tax | (1.8) | (3.7) | (4.3) | (1.1) |
| Other comprehensive income after tax | 37.3 | (7.6) | 55.3 | 1.3 |
| COMPREHENSIVE INCOME | 80.7 | 1.3 | 151.3 | 66.4 |
| Earnings per share, DKK | 6.3 | 1.3 | 13.9 | 9.4 |
| Earnings per share, DKK, diluted | 6.3 | 1.3 | 13.9 | 9.4 |

Statement of cash flows

DKKm

| Group | Q2 2016 | Q2 2015 | HI 2016 | HI 2015 |
|---|---------------|---------------|----------------|----------------|
| Operating profit/(loss) before special items | 62.5 | 42.1 | 142.8 | 103.8 |
| Depreciation and amortisation | 22.9 | 24.5 | 45.1 | 48.1 |
| Adjustment for other non-cash items | 0.1 | 0.1 | 0.1 | 0.0 |
| Change in working capital etc. | (5.4) | 43.3 | 7.1 | (10.4) |
| Restructuring costs etc. paid | (22.9) | (4.1) | (33.1) | (4.6) |
| Cash generated from operations | 57.2 | 105.9 | 162.0 | 136.9 |
| Interest etc. received | 2.7 | (1.4) | 3.1 | 4.9 |
| Interest etc. paid | (15.2) | (9.4) | (20.5) | (14.4) |
| Net income tax paid | (1.0) | (4.9) | (7.0) | (9.7) |
| Cash flows from operating activities | 43.7 | 90.2 | 137.6 | 117.7 |
| Disposal of property, plant and equipment | 0.2 | 0.1 | 0.2 | 0.3 |
| Acquisition of property, plant and equipment | (76.8) | (29.7) | (144.7) | (60.1) |
| Acquisition of subsidiaries | 0.0 | 0.0 | 0.0 | (327.1) |
| Cash flows from investing activities | (76.6) | (29.6) | (144.5) | (386.9) |
| Cash flows from operating and investing activities | (32.9) | 60.6 | (6.9) | (269.2) |
| Raising of non-current debt | 44.5 | 91.2 | 43.0 | 392.1 |
| Dividend paid | (65.7) | (65.7) | (65.7) | (65.7) |
| Cash flows from financing activities | (21.2) | 25.5 | (22.7) | 326.4 |
| Total cash flows | (54.1) | 86.1 | (29.6) | 57.2 |
| Cash and cash equivalents and bank debt at beginning of period | 129.4 | 30.8 | 104.0 | 56.0 |
| Foreign exchange adjustment | 0.8 | (3.1) | 1.7 | 0.6 |
| Cash and cash equivalents and bank debt at end of period | 76.1 | 113.8 | 76.1 | 113.8 |
| Recognition of cash and cash equivalents and bank debt at end of period: | | | | |
| Cash and cash equivalents | 109.4 | 163.7 | 109.4 | 163.7 |
| Overdraft facilities | (33.3) | (49.9) | (33.3) | (49.9) |
| | 76.1 | 113.8 | 76.1 | 113.8 |

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

Balance sheet, assets

DKKm

| Group | 30 June 2016 | 30 June 2015 | 31 Dec. 2015 |
|--|-----------------|-----------------|-----------------|
| Goodwill | 76.2 | 77.2 | 65.5 |
| Other intangible assets | 36.1 | 36.4 | 35.6 |
| Intangible assets | 112.3 | 113.6 | 101.1 |
| Land and buildings | 188.1 | 156.0 | 136.0 |
| Plant and machinery | 469.6 | 490.9 | 436.7 |
| Other fixtures and fittings, tools and equipment | 15.9 | 15.6 | 14.9 |
| Plant under construction | 163.0 | 34.4 | 118.5 |
| Property, plant and equipment | 836.6 | 696.9 | 706.1 |
| Investments in associates | 3.0 | 2.8 | 2.9 |
| Other receivables | 5.0 | 7.0 | 5.1 |
| Deferred tax | 115.6 | 132.7 | 120.8 |
| Other non-current assets | 123.6 | 142.5 | 128.8 |
| Non-current assets | 1,072.5 | 953.0 | 936.0 |
| Inventories | 189.3 | 215.8 | 213.9 |
| Trade receivables | 362.7 | 358.9 | 353.6 |
| Income tax | 9.1 | 10.1 | 8.1 |
| Other receivables | 72.6 | 67.5 | 63.5 |
| Prepayments | 14.5 | 11.0 | 16.3 |
| Cash and cash equivalents | 109.4 | 163.7 | 128.9 |
| Current assets | 757.6 | 827.0 | 784.3 |
| Assets | 1,830.1 | 1,780.0 | 1,720.3 |

Balance sheet, equity and liabilities

DKKm

| Group | 30 June 2016 | 30 June 2015 | 31 Dec. 2015 |
|--------------------------------|-----------------|-----------------|-----------------|
| Share capital | 140.3 | 140.3 | 140.3 |
| Hedging reserve | 8.0 | (0.6) | (4.9) |
| Translation reserve | (105.2) | (49.3) | (147.6) |
| Retained earnings | 640.3 | 573.0 | 544.3 |
| Proposed dividend | 0.0 | 0.0 | 65.7 |
| Equity | 683.4 | 663.4 | 597.8 |
| Deferred tax | 18.5 | 31.4 | 7.1 |
| Pension obligations | 49.9 | 42.4 | 51.5 |
| Credit institutions | 628.4 | 608.7 | 589.5 |
| Government grants | 10.2 | 13.5 | 11.9 |
| Non-current liabilities | 707.0 | 696.0 | 660.0 |
| Credit institutions | 7.3 | 0.0 | 9.5 |
| Government grants | 2.3 | 2.5 | 2.4 |
| Overdraft facilities | 33.3 | 49.9 | 24.9 |
| Prepayments from customers | 24.9 | 11.5 | 32.1 |
| Trade payables | 165.7 | 183.1 | 156.6 |
| Payables to associates | 4.6 | 2.8 | 5.7 |
| Income tax | 24.0 | 15.6 | 13.7 |
| Provisions | 44.2 | 12.3 | 75.6 |
| Other payables | 133.4 | 142.9 | 142.0 |
| Current liabilities | 439.7 | 420.6 | 462.5 |
| Liabilities | 1,146.7 | 1,116.6 | 1,122.5 |
| Equity and liabilities | 1,830.1 | 1,780.0 | 1,720.3 |

Statement of changes in equity

DKKm

| Group | Share capital | Hedging reserve | Translation reserve | Retained earnings | Proposed dividend | Total equity |
|---|---------------|-----------------|---------------------|-------------------|-------------------|--------------|
| Equity at 1 January 2016 | 140.3 | (4.9) | (147.6) | 544.3 | 65.7 | 597.8 |
| Profit/(loss) for the period | - | - | - | 96.0 | 0.0 | 96.0 |
| Other comprehensive income | | | | | | |
| <i>Items that can be reclassified to profit or loss</i> | | | | | | |
| Foreign exchange adjustment of: | | | | | | |
| Foreign subsidiaries | - | - | 42.4 | - | - | 42.4 |
| Value adjustment of hedging instruments: | | | | | | |
| Recognised in other comprehensive income | - | 19.7 | - | - | - | 19.7 |
| Transferred to revenue | - | (2.0) | - | - | - | (2.0) |
| Transferred to production costs | - | (0.5) | - | - | - | (0.5) |
| Tax | - | (4.3) | 0.0 | - | - | (4.3) |
| Total comprehensive income | 0.0 | 12.9 | 42.4 | 96.0 | 0.0 | 151.3 |
| <i>Transactions with owners</i> | | | | | | |
| Dividend paid | - | - | - | - | (65.7) | (65.7) |
| Total changes in equity | 0.0 | 12.9 | 42.4 | 96.0 | (65.7) | 85.6 |
| Equity at 30 June 2016 | 140.3 | 8.0 | (105.2) | 640.3 | 0.0 | 683.4 |
| Equity at 1 January 2015 | 140.3 | (2.5) | (48.7) | 507.9 | 65.7 | 662.7 |
| Profit/(loss) for the period | - | - | - | 65.1 | 0.0 | 65.1 |
| Other comprehensive income | | | | | | |
| <i>Items that can be reclassified to profit or loss</i> | | | | | | |
| Foreign exchange adjustment of: | | | | | | |
| Foreign subsidiaries | - | - | (2.6) | - | - | (2.6) |
| Equity-like loans to subsidiaries | - | - | 2.4 | - | - | 2.4 |
| Value adjustment of hedging instruments: | | | | | | |
| Recognised in other comprehensive income | - | (11.0) | - | - | - | (11.0) |
| Transferred to revenue | - | 12.1 | - | - | - | 12.1 |
| Transferred to production costs | - | (0.2) | - | - | - | (0.2) |
| Transferred to financial income and expenses | - | 1.7 | - | - | - | 1.7 |
| Tax | - | (0.7) | (0.4) | - | - | (1.1) |
| Total comprehensive income | 0.0 | 1.9 | (0.6) | 65.1 | 0.0 | 1.3 |
| Total comprehensive income | 0.0 | 1.9 | (0.6) | 65.1 | 0.0 | 66.4 |
| <i>Transactions with owners</i> | | | | | | |
| Dividend paid | - | - | - | - | (65.7) | (65.7) |
| Total changes in equity | 0.0 | 1.9 | (0.6) | 65.1 | (65.7) | 0.7 |
| Equity at 30 June 2015 | 140.3 | (0.6) | (49.3) | 573.0 | 0.0 | 663.4 |

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. No interim financial statements have 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.

The accounting policies applied in the interim financial statements are consistent with the accounting policies applied in the consolidated financial statements for 2015. The accounting policies are described in note 38 to the financial statements in our annual report for 2015, to which reference is made.

New financial reporting standards and interpretations in 2016

Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on or after 1 January 2016. In Hartmann's assessment, the new and revised standards and interpretations that are effective for financial years beginning on or after 1 January 2016 are either not relevant or not of significant importance to the group.

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.

The 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.

See note 3 to the financial statements in our annual report for 2015 for a full description of significant accounting estimates, assumptions and uncertainties.

Other matters

Due to seasonal fluctuations, consolidated revenue and operating profit are generally higher for the first and fourth quarters of the year.

03 SEGMENT INFORMATION

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 the chief operating decision maker of Hartmann.

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.

The internal management reporting complies with the group's accounting policies. Business-related 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 on 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/losses in associates, financial income and expenses, income taxes, investments in associates, tax assets and tax liabilities and cash and cash equivalents 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 for production of moulded-fibre packaging.
- **Americas** comprising production and sales of moulded-fibre packaging. The products are primarily manufactured at the North American and South American factories and sold to egg and fruit producers, egg and fruit packing businesses and retail chains.

Notes

DKKm

03 SEGMENT INFORMATION CONT'D

Activities H1

| 2016 | Europe | Americas | Total reporting segments |
|--|--------------|--------------|--------------------------|
| Moulded fibre | 562.5 | 428.6 | 991.1 |
| Other revenue, external | 100.3 | 0.0 | 100.3 |
| Revenue | 662.8 | 428.6 | 1,091.4 |
| Operating profit/(loss) before special items | 83.9 | 73.8 | 157.7 |
| Other segment information | | | |
| Depreciation/amortisation | 28.5 | 17.0 | |
| Investments in intangible assets and property, plant and equipment | 48.5 | 96.5 | |
| Net working capital | 137.5 | 119.0 | |
| Invested capital | 527.1 | 693.8 | |
| Segment assets | 794.4 | 821.7 | 1,616.1 |

| 2015 | Europe | Americas | Total reporting segments |
|--|--------------|--------------|--------------------------|
| Moulded fibre | 575.4 | 453.6 | 1,029.0 |
| Other revenue, external | 32.4 | 0.0 | 32.4 |
| Revenue | 607.8 | 453.6 | 1,061.4 |
| Operating profit/(loss) before special items | 44.0 | 72.1 | 116.1 |
| Other segment information | | | |
| Depreciation/amortisation | 28.8 | 19.7 | |
| Investments in intangible assets and property, plant and equipment | 27.4 | 34.6 | |
| Net working capital | 137.5 | 130.2 | |
| Invested capital | 509.8 | 569.4 | |
| Segment assets | 785.3 | 695.0 | 1,480.3 |

Notes

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03 SEGMENT INFORMATION CONT'D

Reconciliation

| | HI 2016 | HI 2015 |
|---|-------------------------|-------------------------|
| Revenue | | |
| Revenue for reporting segments | 1,091.4 | 1,061.4 |
| Revenue, see statement of comprehensive income | 1,091.4 | 1,061.4 |
| Performance targets | | |
| Operating profit/(loss) before special items for reporting segments | 157.7 | 116.1 |
| Non-allocated corporate functions | (15.3) | (12.7) |
| Eliminations | 0.4 | 0.4 |
| Operating profit/(loss) before special items, see statement of comprehensive income | 142.8 | 103.8 |
| Special items | 0.0 | (13.5) |
| Operating profit/(loss), see statement of comprehensive income | 142.8 | 90.3 |
| Financial income | 1.0 | 4.5 |
| Financial expenses | (15.7) | (15.4) |
| Profit/(loss) before tax, see statement of comprehensive income | 128.1 | 79.4 |
| | 30 June 2016 | 30 June 2015 |
| Assets | | |
| Assets for reporting segments | 1,616.1 | 1,480.3 |
| Non-allocated assets | 237.1 | 309.3 |
| Eliminations | (23.1) | (9.6) |
| Assets, see balance sheet | 1,830.1 | 1,780.0 |

04 SPECIAL ITEMS

| | Q2 2016 | Q2 2015 | HI 2016 | HI 2015 |
|----------------------|------------|-------------|------------|-------------|
| Severance pay | 0.0 | 11.6 | 0.0 | 11.6 |
| Other costs | 0.0 | 1.9 | 0.0 | 1.9 |
| Special costs | 0.0 | 13.5 | 0.0 | 13.5 |

Special costs for 2015 relate to the closure of Hartmann's German factory. As scheduled, the closure was completed in Q2 2016.

Notes

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05 FINANCIAL INSTRUMENT CATEGORIES

Financial instrument categories

| | 30 June 2016 | | 30 June 2015 | | 31 Dec. 2015 | |
|---|-----------------|----------------|-----------------|--------------|-----------------|----------------|
| | Carrying amount | Fair value | Carrying amount | Fair value | Carrying amount | Fair value |
| Derivative financial instruments to hedge future cash flows | 11.6 | 11.6 | 2.9 | 2.9 | 2.6 | 2.6 |
| Financial assets used as hedging instruments | 11.6 | 11.6 | 2.9 | 2.9 | 2.6 | 2.6 |
| Trade receivables | 362.7 | 362.7 | 358.9 | 358.9 | 353.6 | 353.6 |
| Other receivables | 70.2 | 70.2 | 74.7 | 74.7 | 69.0 | 69.0 |
| Cash and cash equivalents | 109.4 | 109.4 | 163.7 | 163.7 | 128.9 | 128.9 |
| Loans and receivables | 542.3 | 542.3 | 597.3 | 597.3 | 551.5 | 551.5 |
| Derivative financial instruments to hedge future cash flows | 1.2 | 1.2 | 4.0 | 4.0 | 9.4 | 9.4 |
| Financial liabilities used as hedging instruments | 1.2 | 1.2 | 4.0 | 4.0 | 9.4 | 9.4 |
| Credit institutions | 669.1 | 669.1 | 658.6 | 658.6 | 623.9 | 623.9 |
| Other liabilities | 366.3 | 366.3 | 340.4 | 340.4 | 381.6 | 381.6 |
| Financial liabilities measured at amortised cost | 1,035.4 | 1,035.4 | 999.0 | 999.0 | 1,005.5 | 1,005.5 |

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

Except as recognised or mentioned in this interim report, no significant events have occurred after the balance sheet date at 30 June 2016 of significance to the consolidated financial statements.

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 machinery 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 moulded-fibre production since 1936.

Sustainability

Sustainability and environmental considerations are integral elements of Hartmann's business model and strategy. All Hartmann's products are based on recycled paper, which is a renewable, CO₂-neutral and bio-degradable 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 CO₂-neutral retail packaging.

Markets

Hartmann's egg packaging is sold globally. Our key markets are Europe, South America and North America, where Hartmann has strong market positions. Hartmann is a market leader in Europe and South America, where our product portfolio also includes fruit packaging. Hartmann has a small, but growing share of the North American market. Hartmann's technology, including machinery and services, is also sold globally.

Customers

Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly seeking Hartmann's marketing expertise. Hartmann's technology and related services are sold to manufacturers of moulded-fibre packaging.

Organisation

Headquartered in Gentofte, Denmark, Hartmann has 2,000 employees. Production takes place at Hartmann's own factories, of which three are located in Europe, one in Israel, five in South America and one in Canada.

The Hartmann share

Hartmann's shares have been listed on Nasdaq Copenhagen since 1982. Hartmann has 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 2016 and 2017

| | |
|------------------|--|
| 9 November 2016 | Interim report Q3 2016 |
| 20 February 2017 | Deadline for submission of business to be transacted at the annual general meeting |
| 8 March 2017 | Annual report 2016 |
| 4 April 2017 | Annual general meeting |
| 23 May 2017 | Interim report Q1 2017 |
| 29 August 2017 | Interim report Q2 2017 |
| 14 November 2017 | Interim report Q3 2017 |



Brødrene Hartmann A/S

Ørnegårdsvej 18
DK-2820 Gentofte

Tel: (+45) 45 97 00 00
Fax: (+45) 45 97 00 01
E-mail: bh@hartmann-packaging.com
Web: hartmann-packaging.com

Company reg. (CVR) no. 63 04 96 11

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