

Interim report Q1 2017

23 May 2017



*100 years of
sustainable thinking*

Highlights

Expected profitability decline despite higher packaging volumes

- New factories drove up production costs and depreciations
- Packaging volumes increased slightly at group level

Continued progress in European packaging business

- Increasing packaging volumes and efficiency gains
- Lower average selling prices due to competition

Currency effects lifted revenue in Americas

- Market volatility declined slightly in North America
- Volumes in South America down due to lower fruit exports
- Delayed utilisation of new capacity impacted profitability

Guidance 2017

Revenue	DKK 2.2-2.3bn
Profit margin	11.0-12.5%

Targets 2018

Revenue	DKK 2.2-2.4bn
Profit margin	12-14%

Operating profit/(loss) refers to EBIT, unless otherwise stated.

Business overview

Americas

Revenue: DKK 251m (13%)

Profit margin: 12.2% (2016: 19.5%)

Revenue growth driven by currency effects

Profitability impacted by delayed utilisation

Europe

Revenue: DKK 321m (-4%)

Profit margin: 12.7% (2016: 13.2%)

Core business growth and efficiency gains

Low technology sales offset progress

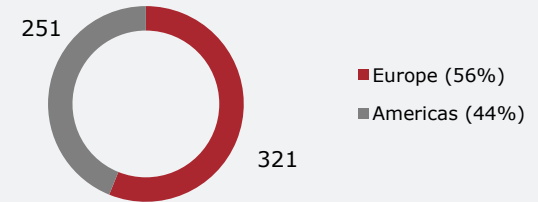


Financials Q1 2017

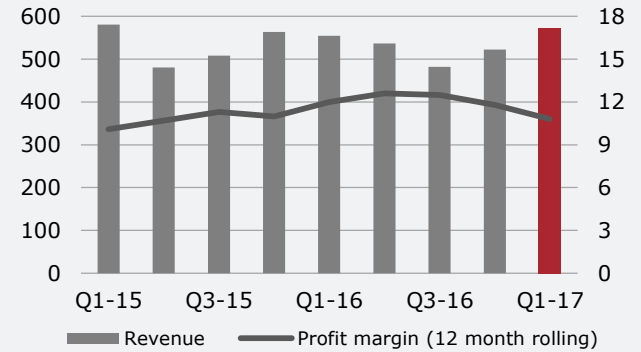
- Higher revenue driven by currency effects
 - Increased volumes in Europe and slight decline in South America
 - Lower revenue and operating profit from Hartmann Technology
- Expected decline in profit margin to 10.7%
 - Lower technology sales and decline in selling prices for packaging in Europe
 - Higher production costs and depreciations in Americas
- Completion of US factory still expected in Q2 according to plan

DKKm	2017	2016	Change (%)
Revenue	572	554	3
Operating profit	61	80	(24)
Profit	43	53	(17)
Free cash flows (operating and investing)	(36)	26	(237)
Invested capital	1,416	1,095	29
Profit margin, %	10.7	14.5	-
ROIC, %	18.0	23.8	-

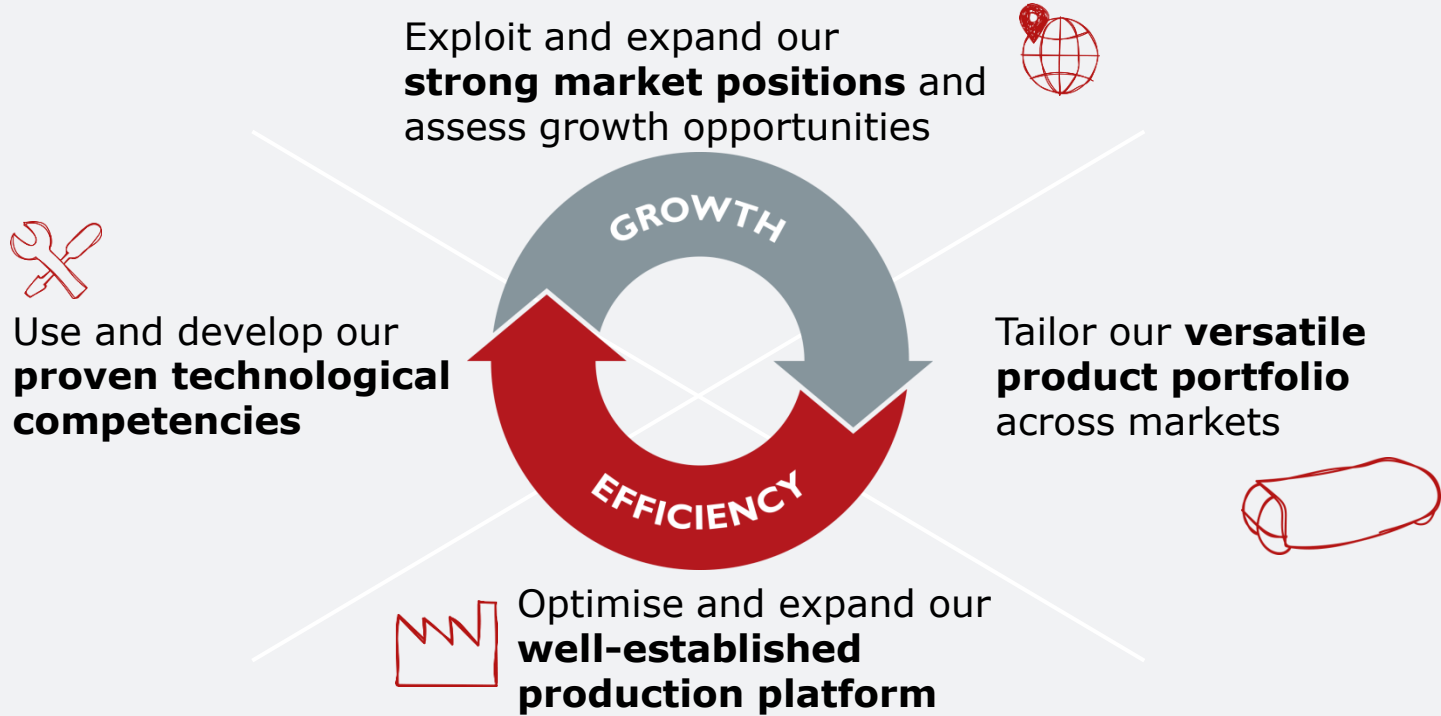
Revenue split Q1 2017 (mDKK)












Group revenue and profit margin (DKKm)



Our potential



Our initiatives – 2015-2018

Potential	Initiatives	Timing	Potential	Initiatives	Timing
	Addition of South American activities Strengthened global position via presence in attractive South American markets	2015		Closure of factory in German and operational optimisation Strengthened competitiveness and profitability through efficiency measures and optimisation	2015-2016
	Expansion of production network in South America Increased capacity to meet long-term demand in demographically attractive markets	2015-2018		Establishment of test centre in Germany Strengthening of development of production methods and products	2016
	Expansion of production network in North America Production established in the US to exploit demography and conversion from foam packaging	2015-2018		Intensified marketing of premium products in Europe Highlighting benefits of premium products and introducing new product types to strengthen market position	-
	Expansion of capacity in Europe Accelerated expansion to utilise existing infrastructure and meet customers' demand, increase profitability and take part in market growth	2015-2018		Intensified marketing of premium products in North America Driving the move from standard to premium products to the benefit of customers and Hartmann	-
				Sales of technology and assessment of opportunities Assignments on Hartmann projects and with customers as well as ongoing assessment of new markets	-

Guidance 2017 and financial targets

	Guidance 2017	Targets 2018
Revenue	DKK 2.2-2.3bn	DKK 2.2-2.4
Profit margin before special items	11.0-12.5%	12-14%

- 2017 guidance based on:
 - Completion of US factory and satisfactory performance from new production capacity in Americas and Europe in H2
 - Timely refurbishment of Danish factory following fire damage
- CAPEX expected at around DKK 250m in 2017
- ROIC expected around 18% in 2017 and around 20% by end-2018



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Upcoming events

Q2 interim report	29 August 2017
Q3 interim report	14 November 2017



Ulrik Kolding Hartvig, CEO



Marianne Rørslev Bock, CFO

Appendix: Key figures and financial ratios

DKKm	Q1 2017	Q1 2016	Change (%)
Revenue	572	554	3
Europe	321	333	(4)
Americas	251	221	13
Operating profit	61	80	(24)
Europe	41	44	(8)
Americas	31	43	(29)
Net financials	(3)	(10)	(71)
Profit	43	53	(17)
Free cash flows	(36)	26	(237)
Profit margin, %	10.7	14.5	-

Appendix: Balance sheet

DKKm	31.03.17	31.03.16	31.12.16
Assets	2,013	1,811	1,942
Net working capital (NWC)	320	297	275
Invested capital (IC)	1,416	1,095	1,323
Net interest-bearing debt	678	462	644
Equity	819	668	771
ROIC, %	18.0	23.8	20.9
Equity ratio, %	40.7	36.9	39.7
Gearing, %	82.7	69.1	83.6

Forward-looking statements

Disclaimer

This presentation contains forward-looking statements reflecting management's expectations of future events and must be viewed in the context of among other things the business environments and currency markets, which may cause actual results to deviate materially from those projected by Hartmann.