HARTMANN

Interim report Q2 2017

Contents

Management report

Financial statements

Highlights

Hartmann lifted packaging volumes in Q2

Packaging volumes made further headway and core business revenue grew in the second quarter of 2017. As expected, the contribution from Hartmann Technology was notably down on Q2 2016 due to phasing in relation to the delivery of orders. The temporary shortfall in technology revenue and earnings and the ongoing expansion and commissioning of new production capacity had an adverse impact on revenue and operating profit. The first phase of the current European capacity expansion programme was completed in Q2 2017, and production at the new factory in the US started up according to plan. Hartmann expects H2 results to reflect higher sales in Hartmann Technology and enhanced utilisation of the expanded production capacity and accordingly maintains its full-year guidance.

CEO Ulrik Kolding Hartvig: "Packaging volumes continued their upward trend in the second quarter of the year, and we added capacity in Europe and commenced production at our new factory in the US as planned. We expect to meet our 2017 guidance by lifting both revenue and operating profit in the second half of the year, supported by our new production capacity and the delivery of more technology orders."

Q2 2017

- Revenue was DKK 514 million (2016: DKK 537 million), and operating profit came to DKK 32 million (2016: DKK 63 million), taking the profit margin to 6.2% (2016: 11.6%). This performance mainly reflected phasing in relation to the delivery of Hartmann Technology orders.

- The European business generated revenue of DKK 280 million (2016: DKK 330 million) and operating profit of DKK 14 million (2016: DKK 40 million), bringing the profit margin to 4.9% (2016: 12.1%). The core business maintained momentum in Q2 2017, supported by growing packaging volumes, efficiency gains and reduced energy costs. However, this progress was outweighed by lower revenue and earnings in Hartmann Technology.

- The business in the Americas grew revenue to DKK 234 million (2016: DKK 207 million), supported by an increase in packaging volumes. Affected by production costs and depreciation charges related to the establishment and commissioning of production capacity, operating profit fell to DKK 25 million (2016: DKK 31 million), taking the profit margin to 10.4% (2016: 14.7%).

- The return on invested capital was 15% (2016: 25%).

H1 2017

- Revenue totalled DKK 1,087 million (2016: DKK 1,091 million), and operating profit came to DKK 93 million (2016: DKK 143 million), bringing the profit margin to 8.5% (2016: 13.1%).

- The European business reported revenue of DKK 601 million (2016: DKK 663 million) and operating profit of DKK 55 million (2016: DKK 84 million), for a profit margin of 9.1% (2016: 12.7%).

- Our operations in the Americas grew revenue to DKK 486 million (2016: DKK 429 million), while operating profit came to DKK 55 million (2016: DKK 74 million), for a profit margin of 11.4% (2016: 17.2%).

Guidance for 2017

- We maintain our full-year guidance of revenue of DKK 2.2-2.3 billion and a profit margin of 11-12.5%.

- Our total capital expenditure is expected to be around DKK 200 million, against the previous forecast of DKK 250 million. Our guidance of a return on invested capital of around 18% is reiterated.

Key figures and financial ratios for the group

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016
Statement of comprehensive income				
Revenue	514	537	1,087	1,091
Operating profit/(loss)	32	63	93	143
Financial income and expenses, net	(30)	(5)	(33)	(15)
Profit/(loss) before tax	2	58	60	128
Profit/(loss) for the period	1	43	44	96
Comprehensive income	(45)	81	4	151
Cash flows				
Cash flows from operating activities	57	44	92	138
Cash flows from investing activities	(65)	(77)	(135)	(145)
Cash flows from financing activities	(17)	(21)	(19)	(23)
Total cash flows	(25)	(54)	(62)	(30)
Balance sheet				
Assets	-	-	1,976	1,830
Investments in property, plant and equipment	-	-	136	145
Net working capital	-	-	302	306
Invested capital	-	-	1,372	1,198
Net interest-bearing debt	-	-	745	560
Equity	-	-	709	683

DKKm	Q2 2017	Q2 2016	H1 2017	H1 2016
Financial ratios, %				
Profit margin	6.2	11.6	8.5	13.1
Return on invested capital (ROIC) (rolling 12 months)	-	-	15.0	25.2
Return on equity (rolling 12 months)	-	-	16.6	22.2
Equity ratio	-	-	35.9	37.3
Gearing	-	-	105.1	81.9
Share-based financial ratios				
No. of shares	-	-	6,915,090	6,915,090
Earnings per share, DKK (EPS)	0.2	6.3	6.4	13.9
Cash flows per share, DKK	0.2	6.3	6.4	19.9
Book value per share, DKK	-	-	102.5	98.8
Share price, DKK	-	-	384.5	272.5
Share price/book value per share	-	-	3.7	2.8
Share price/earnings (P/E) (rolling 12 months)	-	-	21.6	13.3

For definitions of financial ratios, see note 1 to the financial statements in our annual report for 2016.

Developments in Q2 2017

We maintained momentum in packaging volumes and grew core business revenue in the second quarter of the year, while our technology business reported significantly lower revenue and earnings compared with Q2 2016. This impacted negatively on operating profit, as did higher production costs and depreciation charges in connection with the scheduled establishment and commissioning of production capacity in both Europe and the Americas.

The European business grew packaging volumes and reported solid efficiency gains. The first phase of the current European capacity expansion programme was completed in Q2 2017, and commissioning of the new capacity is progressing as scheduled. Lower revenue and earnings from Hartmann Technology temporarily detracted from the European performance.

Supported by growth in North America and Brazil, our activities in the Americas lifted total packaging volumes. Weaker sales of fruit packaging in Argentina only partly offset these improvements. Operating profit was still affected by the late commissioning of capacity in South America and completion of the US factory, which will contribute to operating profit in the second half of the year.

Revenue

Revenue came to DKK 514 million (2016: DKK 537 million) in Q2 2017 and DKK 1,087 million (2016: DKK 1,091 million) in H1 2017. Revenue from packaging sales grew, while Hartmann Technology reported significantly lower revenue compared with Q2 2016.

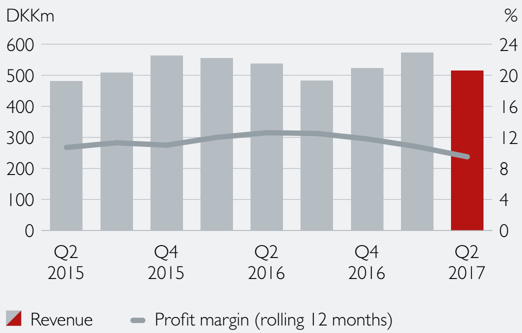
Europe

The European business generated total revenue of DKK 280 million (2016: DKK 330 million) in Q2 2017. Revenue from packaging sales grew to DKK 275 million (2016: DKK 263 million) despite the lower average selling prices resulting from persistent competition and a higher proportion of transport packaging. As expected, revenue from Hartmann Technology fell to DKK 5 million (2016: DKK 67 million) due to phasing in relation to the delivery of orders.

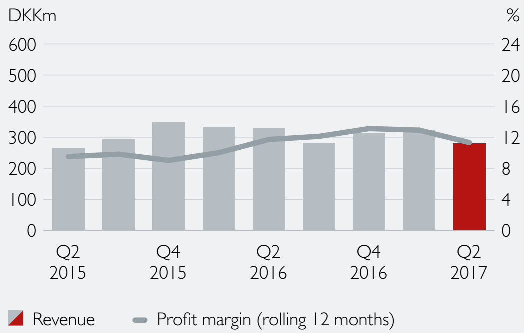
In the first half of the year, revenue came to DKK 601 million (2016: DKK 663 million). Revenue from packaging sales grew to DKK 577 million (2016: DKK 563 million), while Hartmann Technology reported revenue of DKK 24 million (2016: DKK 100 million).

Revenue and profit margin

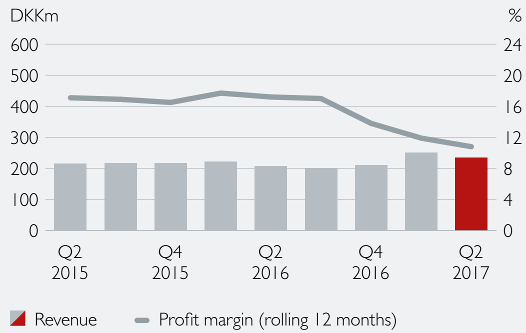
Group



Europe



Americas



Developments in Q2 2017

Americas
Revenue from the Americas grew to DKK 234 million (2016: DKK 207 million) in Q2 2017.

Egg packaging volumes were up in the second quarter of the year, whereas average selling prices declined as low egg prices drove up sales of standard packaging while premium packaging sales remained flat.

Revenue from the South American business increased on the back of a moderate increase in transport packaging volumes in Brazil, which was partially offset by lower fruit packaging volumes in Argentina in the wake of a decline in Argentinian fruit exports. Compared with the same period of 2016, total revenue was favourably affected by foreign exchange developments in Brazil and high inflation in Argentina.

H1 2017 revenue increased to DKK 486 million (2016: DKK 429 million).

Operating profit

Operating profit for Q2 2017 was DKK 32 million (2016: DKK 63 million), corresponding to a profit margin of 6.2% (2016: 11.6%). Operating profit was adversely affected by a lower contribution from Hartmann Technology, while increased packaging volumes and efficiency gains in Europe helped lift operating profit.

In H1 2017, operating profit came to DKK 93 million (2016: DKK 143 million), corresponding to a profit margin of 8.5% (2016: 13.1%).

Europe
The European business reported operating profit of DKK 14 million (2016: DKK 40 million) and a profit margin of 4.9% (2016: 12.1%) for the second quarter of 2017. Our core business grew earnings on the back of higher revenue, efficiency gains and lower energy costs, which combined to offset the negative effects of lower average selling prices, foreign exchange developments and the fire damage, however limited, to the group's Danish factory in May.

However, core business progress was offset by temporarily lower earnings from Hartmann Technology as a result of lower revenue as well as higher costs after the group's new test centre was established.

Operating profit for H1 2017 was DKK 55 million (2016: DKK 84 million), equivalent to a profit margin of 9.1% (2016: 12.7%).

Americas
Operating profit from our activities in the Americas totalled DKK 25 million in Q2 2017 (2016: DKK 31 million), and the profit margin was 10.4% (2016: 14.7%). The establishment and ramp-up of capacity in the US, Argentina and Brazil entailed higher production costs and depreciation charges without contributing much to Q2 earnings.

Operating profit was favourably affected by revenue growth in North America. However, the earnings generated by higher volumes were offset by the establishment of the US factory, which, as planned, commenced fully manned pilot production in the second quarter. Ramp-up at the US factory is proceeding as planned with the first shipments from the factory made in Q3 2017.

Operating profit from the South American business was slightly down in Q2 2017, reflecting declining fruit packaging volumes and late ramp-up of the expanded production platform. Efficiency measures have been implemented with a view to further reducing costs. These measures are expected to filter through to results for the second half of 2017.

In H1 2017, operating profit came to DKK 55 million (2016: DKK 74 million), corresponding to a profit margin of 11.4% (2016: 17.2%).

Corporate functions

Costs related to corporate functions came to DKK 7 million in the second quarter (2016: DKK 8 million) and DKK 18 million in the first half of 2017 (2016: DKK 15 million).

Financial income and expenses

In Q2 2017, financial income and expenses were a net expense of DKK 30 million (2016: net expense of DKK 5 million). The higher net expense was driven by foreign exchange adjustments of the financing of Hartmann's businesses in the Americas. In the first half of the year, financial income and expenses were a net expense of DKK 33 million (2016: net expense of DKK 15 million).

Profit for the period

Mirroring the decline in operating profit and the higher net financial expense, the profit before tax came to DKK 2 million for the second quarter (2016: DKK 58 million) and DKK 60 million for the first half of 2017 (2016: DKK 128 million). Tax was an expense of DKK 1 million for Q2 2017 (2016: expense of DKK 15 million) and an expense of DKK 16 million for H1 2017 (2016: expense of

Developments in Q2 2017

DKK 32 million). Accordingly, the profit after tax was DKK 1 million for Q2 2017 (2016: DKK 43 million) and DKK 44 million for H1 2017 (2016: DKK 96 million).

Comprehensive income
Comprehensive income was negative at DKK 45 million for Q2 2017 (2016: positive at DKK 81 million) and positive at DKK 4 million for H1 2017 (2016: positive at DKK 151 million), reflecting the lower profit for the period and substantial negative foreign exchange adjustments of subsidiaries.

Cash flows
Total cash flows from operating activities grew to a net inflow of DKK 57 million (2016: net inflow of DKK 44 million) despite the lower operating profit, reflecting higher depreciation charges and lower interest payments in Q2 2017 and substantial restructuring costs in Q2 2016. For the first half of 2017, cash flows from operating activities amounted to a net inflow of DKK 92 million (2016: DKK 138 million). Cash flows from investing activities amounted to a net outflow of DKK 65 million for Q2 2017 (2016: net outflow of DKK 77 million) and a net outflow of DKK 135 million for H1 2017 (2016: net outflow of DKK 145 million).

Cash flows from operating and investing activities thus amounted to a net outflow of DKK 8 million for Q2 2017 (2016: net outflow of DKK 33 million) and a net outflow of DKK 43 million for H1 2017 (2016: net outflow of DKK 7 million).

Cash flows from financing activities were a net outflow of DKK 17 million for Q2 2017 (2016: net outflow of DKK 21 million) and a net outflow of DKK 19 million for H1 2017 (2016: net outflow of DKK 23 million).

Net interest-bearing debt at 30 June 2017 was DKK 745 million (2016: DKK 560 million). The increase was caused by the high level of investments.

Financial resources amounted to DKK 194 million at 30 June 2017, comprising cash and cash equivalents and undrawn loan and overdraft facilities. Hartmann's loans are subject to standard financial covenants. See note 33 to the financial statements in our annual report for 2016 for more details.

ROIC
The return on invested capital was 15% at 30 June 2017 (2016: 25%).

Equity
Equity at 30 June 2017 was DKK 709 million (2016: DKK 683 million). The equity ratio was down to 36% (2016: 37%), and the financial gearing ratio increased to 105% (2016: 82%).

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 would materially affect an evaluation of the interim report.

Outlook

We maintain our full-year 2017 guidance of revenue of DKK 2.2-2.3 billion and a profit margin of 11-12.5%. Our H2 performance is expected to benefit from increased technology sales and the expanded production capacity.

Our total capital expenditure for 2017 is expected to amount to around DKK 200 million, against the previous forecast of DKK 250 million, comprising the current efficiency-enhancing programme and the expansion of the group's production capacity, expected to gradually fuel packaging volumes and earnings from the second half of the year.

The return on invested capital is expected to be around 18% in 2017. We expect to improve the return on invested capital to around 20% by end-2018.

Due to seasonal fluctuations in Hartmann's packaging sales, revenue and operating profit are generally higher in Q1 and Q4 than in Q2 and Q3. However, the delivery of Hartmann Technology orders and the commissioning of new production capacity is expected to lift revenue and operating profit in the second half of 2017.

Assumptions

Our revenue and profit margin guidance for 2017 reflects, among other things, assumptions of successful commissioning and a satisfactory operating and sales performance from the group's expanded production facilities in the Americas and Europe in the second half of 2017. Any deviations from these assumptions may affect our 2017 performance.

Guidance and targets

	2017	2018
Revenue	DKK 2.2-2.3bn	DKK 2.2-2.4bn
Profit margin	11.0-12.5%	12-14%

Forward-looking statements

The forward-looking statements in this interim report reflect our current expectations for future events and financial results. Such 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 risk section in this interim report and note 33 to the financial statements in our annual report for 2016.

Risk

For a full description of the risks affecting Hartmann, see the risk section and note 33 to the financial statements in the annual report for 2016.

Raw materials
Hartmann is exposed to changes in purchase prices of the raw materials used in our production. We are particularly sensitive to fluctuations in purchase prices of recycled paper and energy (electricity and gas), which are the most important raw materials used 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 innovation 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. This exposure results from the main part of sales generated in the North American business being invoiced in USD, while the majority of costs are 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 relates to 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, ILS and USD represent Hartmann's greatest translation exposure.

We hedge 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 cash resources or underlying cash flows.

Management statement

Today, the board of directors and the executive board have discussed and approved the interim report of Brødrene Hartmann A/S for the six months ended 30 June 2017.

The interim report, which has been neither audited nor reviewed by the company's auditors, has been 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, liabilities and financial position at 30 June 2017 and of the results of the group's operations and cash flows for the six months ended 30 June 2017.

We are of the opinion that the management report includes a fair review of the development in the group's operations and financial matters, the results for the period and the financial position of the consolidated entities as a whole as well as a description of the principal risks and uncertainties facing the group.

Gentofte, 29 August 2017

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

Financial statements

Statement of comprehensive income

DKKm **Group**	**Q2 2017**	**Q2 2016**	**H1 2017**	**H1 2016**
Revenue	514.3	537.0	1,086.6	1,091.4
Production costs	(375.7)	(373.0)	(771.8)	(734.3)
Gross profit/(loss)	**138.6**	**164.0**	**314.8**	**357.1**
Selling and distribution costs	(80.1)	(79.2)	(164.7)	(163.1)
Administrative expenses	(26.7)	(22.1)	(57.3)	(51.0)
Other operating income/(expenses)	0.1	(0.2)	0.1	(0.2)
Operating profit/(loss)	**31.9**	**62.5**	**92.9**	**142.8**
Financial income	0.5	0.6	3.0	1.0
Financial expenses	(30.6)	(5.1)	(36.0)	(15.7)
Profit/(loss) before tax	**1.8**	**58.0**	**59.9**	**128.1**
Tax on profit/(loss) for the period	(0.5)	(14.6)	(15.6)	(32.1)
PROFIT/(LOSS) FOR THE PERIOD	**1.3**	**43.4**	**44.3**	**96.0**
Earnings per share, DKK	0.2	6.3	6.4	13.9
Diluted earnings per share, DKK	0.2	6.3	6.4	13.9

DKKm **Group**	**Q2 2017**	**Q2 2016**	**H1 2017**	**H1 2016**
Profit/(loss) for the period	**1.3**	**43.4**	**44.3**	**96.0**
Items that can be reclassified to profit or loss:				
Foreign exchange adjustment of:				
Foreign subsidiaries	(48.3)	35.6	(42.2)	42.4
Equity-like loans to subsidiaries	0.0	(0.7)	0.0	0.0
Value adjustment of hedging instruments:				
Recognised in other comprehensive income	5.6	6.8	5.9	19.7
Transferred to revenue	(1.6)	(2.5)	(2.5)	(2.0)
Transferred to production costs	(0.2)	(0.5)	(0.3)	(0.5)
Transferred to financial income and expenses	(0.5)	0.4	(0.3)	0.0
Tax	(0.9)	(1.8)	(0.8)	(4.3)
Other comprehensive income after tax	**(45.9)**	**37.3**	**(40.2)**	**55.3**
COMPREHENSIVE INCOME	**(44.6)**	**80.7**	**4.1**	**151.3**

Statement of cash flows

DKKm **Group**	**Q2 2017**	**Q2 2016**	**H1 2017**	**H1 2016**
Operating profit/(loss)	31.9	62.5	92.9	142.8
Depreciation and amortisation	32.8	22.9	61.8	45.1
Adjustment for other non-cash items	(0.1)	0.1	(0.1)	0.1
Change in working capital etc.	2.2	(5.4)	(42.6)	7.1
Restructuring costs etc. paid	(0.9)	(22.9)	(1.4)	(33.1)
Cash generated from operations	**65.9**	**57.2**	**110.6**	**162.0**
Interest etc. received	0.1	2.7	0.3	3.1
Interest etc. paid	(6.4)	(15.2)	(11.8)	(20.5)
Net income tax paid	(2.5)	(1.0)	(6.9)	(7.0)
Cash flows from operating activities	**57.1**	**43.7**	**92.2**	**137.6**
Acquisition of intangible assets	(0.5)	0.0	(1.0)	0.0
Acquisition of property, plant and equipment	(64.3)	(76.8)	(134.5)	(144.7)
Disposal of property, plant and equipment	0.1	0.2	0.1	0.2
Cash flows from investing activities	**(64.7)**	**(76.6)**	**(135.4)**	**(144.5)**
Cash flows from operating and investing activities	**(7.6)**	**(32.9)**	**(43.2)**	**(6.9)**
Raising of non-current debt	50.0	60.0	50.0	60.0
Repayment of non-current debt	(1.3)	(15.5)	(3.0)	(17.0)
Dividend paid	(65.7)	(65.7)	(65.7)	(65.7)
Cash flows from financing activities	**(17.0)**	**(21.2)**	**(18.7)**	**(22.7)**
TOTAL CASH FLOWS	**(24.6)**	**(54.1)**	**(61.9)**	**(29.6)**
Cash and cash equivalents at beginning of period	(47.0)	129.4	(11.6)	104.0
Foreign exchange adjustment	4.3	0.8	6.2	1.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**(67.3)**	**76.1**	**(67.3)**	**76.1**

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

DKKm **Group**	**Q2 2017**	**Q2 2016**	**H1 2017**	**H1 2016**
Recognition of cash and cash equivalents at end of period:				
Cash	61.4	109.4	61.4	109.4
Overdraft facilities	(128.7)	(33.3)	(128.7)	(33.3)
Cash and cash equivalents at end of period	**(67.3)**	**76.1**	**(67.3)**	**76.1**

Balance sheet

Assets

DKKm **Group**	**30 June 2017**	**30 June 2016**	**31 Dec. 2016**
Goodwill	73.2	76.2	79.2
Other intangible assets	33.3	36.1	36.3
Intangible assets	**106.5**	**112.3**	**115.5**
Land and buildings	262.3	188.1	279.7
Plant and machinery	494.8	469.6	529.0
Other fixtures and fittings, tools and equipment	15.1	15.9	17.0
Plant under construction	245.9	163.0	166.2
Property, plant and equipment	**1,018.1**	**836.6**	**991.9**
Investments in associates	3.1	3.0	3.0
Other receivables	1.7	5.0	1.6
Deferred tax	91.3	115.6	99.0
Other non-current assets	**96.1**	**123.6**	**103.6**
Non-current assets	**1,220.7**	**1,072.5**	**1,211.0**
Inventories	223.6	189.3	222.8
Trade receivables	375.6	362.7	360.3
Income tax	11.3	9.1	11.7
Other receivables	63.1	72.6	65.1
Prepayments	20.2	14.5	17.2
Cash	61.4	109.4	54.3
Current assets	**755.2**	**757.6**	**731.4**
ASSETS	**1,975.9**	**1,830.1**	**1,942.4**

Equity and liabilities

DKKm **Group**	**30 June 2017**	**30 June 2016**	**31 Dec. 2016**
Share capital	140.3	140.3	140.3
Hedging reserve	2.2	8.0	0.1
Translation reserve	(129.1)	(105.2)	(86.8)
Retained earnings	695.6	640.3	651.3
Proposed dividend	0.0	0.0	65.7
Equity	**709.0**	**683.4**	**770.6**
Deferred tax	11.0	18.5	11.0
Pension obligations	47.1	49.9	50.8
Credit institutions	671.0	628.4	624.9
Government grants	7.3	10.2	8.2
Non-current liabilities	**736.4**	**707.0**	**694.9**
Credit institutions	6.8	7.3	7.5
Government grants	2.0	2.3	2.0
Overdraft facilities	128.7	33.3	65.9
Prepayments from customers	55.7	24.9	41.4
Trade payables	180.9	165.7	185.0
Payables to associates	0.0	4.6	5.3
Income tax	11.5	24.0	9.0
Provisions	3.2	44.2	5.9
Other payables	141.7	133.4	154.9
Current liabilities	**530.5**	**439.7**	**476.9**
Liabilities	**1,266.9**	**1,146.7**	**1,171.8**
EQUITY AND LIABILITIES	**1,975.9**	**1,830.1**	**1,942.4**

Statement of changes in equity

Group	2017						2016					
DKKm	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividend	Total equity	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividend	Total equity
Equity at 1 January	**140.3**	**0.1**	**(86.8)**	**651.3**	**65.7**	**770.6**	**140.3**	**(4.9)**	**(147.6)**	**544.3**	**65.7**	**597.8**
Profit/(loss) for the period	-	-	-	44.3	-	44.3	-	-	-	96.0	-	96.0
Other comprehensive income												
Items that can be reclassified to profit or loss												
Foreign exchange adjustment of:												
Foreign subsidiaries	-	-	(42.2)	-	-	(42.2)	-	-	42.4	-	-	42.4
Value adjustment of hedging instruments:												
Recognised in other comprehensive income	-	5.9	-	-	-	5.9	-	19.7	-	-	-	19.7
Transferred to revenue	-	(2.5)	-	-	-	(2.5)	-	(2.0)	-	-	-	(2.0)
Transferred to production costs	-	(0.3)	-	-	-	(0.3)	-	(0.5)	-	-	-	(0.5)
Transferred to financial income and expenses	-	(0.3)	-	-	-	(0.3)						
Tax	-	(0.8)	0.0	-	-	(0.8)	-	(4.3)	0.0	-	-	(4.3)
	0.0	**2.0**	**(42.2)**	**0.0**	**0.0**	**(40.2)**	**0.0**	**12.9**	**42.4**	**0.0**	**0.0**	**55.3**
Total comprehensive income	**0.0**	**2.0**	**(42.2)**	**44.3**	**0.0**	**4.1**	**0.0**	**12.9**	**42.4**	**96.0**	**0.0**	**151.3**
Transactions with owners												
Dividend paid	-	-	-	-	(65.7)	(65.7)	-	-	-	-	(65.7)	(65.7)
Total changes in equity	**0.0**	**2.0**	**(42.2)**	**44.3**	**(65.7)**	**(61.6)**	**0.0**	**12.9**	**42.4**	**96.0**	**(65.7)**	**85.6**
Equity at 30 June	**140.3**	**2.1**	**(129.0)**	**695.6**	**0.0**	**709.0**	**140.3**	**8.0**	**(105.2)**	**640.3**	**0.0**	**683.4**

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. Interim financial statements have not 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 2016. The accounting policies are described in note 1 to the financial statements in our annual report for 2016, to which reference is made.

New financial reporting standards and interpretations in 2017
Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on 1 January 2017. In our assessment, these 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.

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 2016 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 in 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 Hartmann's chief operating decision maker.

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 decisions on resource allocation and performance evaluation for each of the segments are made on the basis of operating profit/(loss). 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 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 and South American factories and sold to egg and fruit producers, egg and fruit packing businesses and retail chains.

Notes

03 Segment information – continued

Activities	2017						2016					
	Europe		Americas		Total reporting segments		Europe		Americas		Total reporting segments	
	Q2	H1	Q2	H1	Q2	H1	Q2	H1	Q2	H1	Q2	H1
External revenue												
Moulded-fibre packaging	274.9	577.1	234.4	485.5	509.3	1,062.6	263.0	562.5	207.2	428.6	470.2	991.1
Other revenue	5.0	24.0	-	-	5.0	24.0	66.8	100.3	-	-	66.8	100.3
Revenue, cf. statement of comprehensive income	**279.9**	**601.1**	**234.4**	**485.5**	**514.3**	**1,086.6**	**329.8**	**662.8**	**207.2**	**428.6**	**537.0**	**1,091.4**
Operating profit/(loss)	13.8	54.5	24.5	55.1	38.3	109.6	39.8	83.9	30.6	73.8	70.4	157.7
Other segment information												
Depreciation/amortisation	17.7	32.9	15.6	29.8			14.3	28.5	8.9	17.0		
Investments in intangible assets and property plant and equipment	-	74.9	-	60.9			-	48.5	-	96.5		
Net working capital	-	138.1	-	164.0			-	167.1	-	139.3		
Invested capital	-	541.7	-	855.8			-	527.1	-	693.8		
Segment assets	-	851.5	-	982.8	-	1,834.3	-	794.4	-	821.7	-	1,616.1

Reconciliation	2017		2016	
	Q2	H1	Q2	H1
Performance targets				
Operating profit/(loss) for reporting segments	38.3	109.6	70.4	157.7
Non-allocated corporate functions	(6.9)	(17.6)	(8.2)	(15.3)
Eliminations	0.5	0.9	0.3	0.4
Operating profit/(loss), cf. statement of comprehensive income	**31.9**	**92.9**	**62.5**	**142.8**
Financial income	0.5	3.0	0.6	1.0
Financial expenses	(30.6)	(36.0)	(5.1)	(15.7)
Profit/(loss) before tax, cf. statement of comprehensive income	**1.8**	**59.9**	**58.0**	**128.1**

Assets	30 June 2017	30 June 2016
Assets for reporting segments	1,834.3	1,616.1
Non-allocated assets	167.1	237.1
Eliminations	(25.5)	(23.1)
Assets, cf. balance sheet	**1,975.9**	**1,830.1**

Notes

04 Financial instrument categories

Financial instrument categories

DKKm	30 June 2017 Carrying amount	30 June 2017 Fair value	30 June 2016 Carrying amount	30 June 2016 Fair value	31 December 2016 Carrying amount	31 December 2016 Fair value
Derivative financial instruments to hedge future cash flows	5.3	5.3	11.6	11.6	4.5	4.5
Financial assets used as hedging instruments	**5.3**	**5.3**	**11.6**	**11.6**	**4.5**	**4.5**
Trade receivables	375.6	375.6	362.7	362.7	360.3	360.3
Other receivables	69.1	69.1	70.2	70.2	72.0	72.0
Cash	61.4	61.4	109.4	109.4	54.3	54.3
Loans and receivables	**506.1**	**506.1**	**542.3**	**542.3**	**486.6**	**486.6**
Derivative financial instruments to hedge future cash flows	2.3	2.3	1.2	1.2	4.4	4.4
Financial liabilities used as hedging instruments	**2.3**	**2.3**	**1.2**	**1.2**	**4.4**	**4.4**
Credit institutions	806.5	807.4	669.1	669.1	698.3	699.5
Other liabilities	332.8	332.8	366.3	366.3	352.1	352.1
Financial liabilities measured at amortised cost	**1,139.3**	**1,140.2**	**1,035.4**	**1,035.4**	**1,050.4**	**1,051.6**

The fair value of derivative financial instruments to hedge future cash flows is based on observable data (level 2).

05 Events after the balance sheet date

No significant events have occurred after the balance sheet date at 30 June 2017 of significance to the consolidated financial statements other than what has been recognised or mentioned in this interim report.

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 dating back to 1936.

Sustainability
Sustainability and protection of the environment are integral components of Hartmann's business model and strategy. All Hartmann products are based on recycled paper, which is a renewable and biodegradable 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 CO_2-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 and related services are also sold globally outside the group's main markets.

Products and customers
Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly demanding specialised marketing expertise. Our comprehensive product portfolio is customised to accommodate customer and consumer needs in each individual market. Hartmann's technology and related services are sold to manufacturers of moulded-fibre packaging outside the group's main markets.

Production
Hartmann's production platform consists of 12 factories in Europe, Israel and North and South America. Our deep technology know-how and extensive experience in manufacturing moulded-fibre packaging form the basis of the establishment, development and maintenance of our production platform. Each year, the group's 2,000 employees manufacture billions of moulded-fibre packaging units.

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 2017 and 2018

14 November 2017	Interim report Q3 2017
26 February 2018	Deadline for submission of business to be transacted at the annual general meeting
28 February 2018	Annual report 2017
18 April 2018	Annual general meeting
24 May 2018	Interim report Q1 2018
21 August 2018	Interim report Q2 2018
13 November 2018	Interim report Q3 2018

This interim report was released in Danish and English through Nasdaq Copenhagen as company announcement no. 10/2017. In case of discrepancies between the two versions, or in case of doubt, the Danish version prevails.

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