

ANNUAL REPORT 2010

Brødrene Hartmann A/S, 17 March 2011

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AGENDA

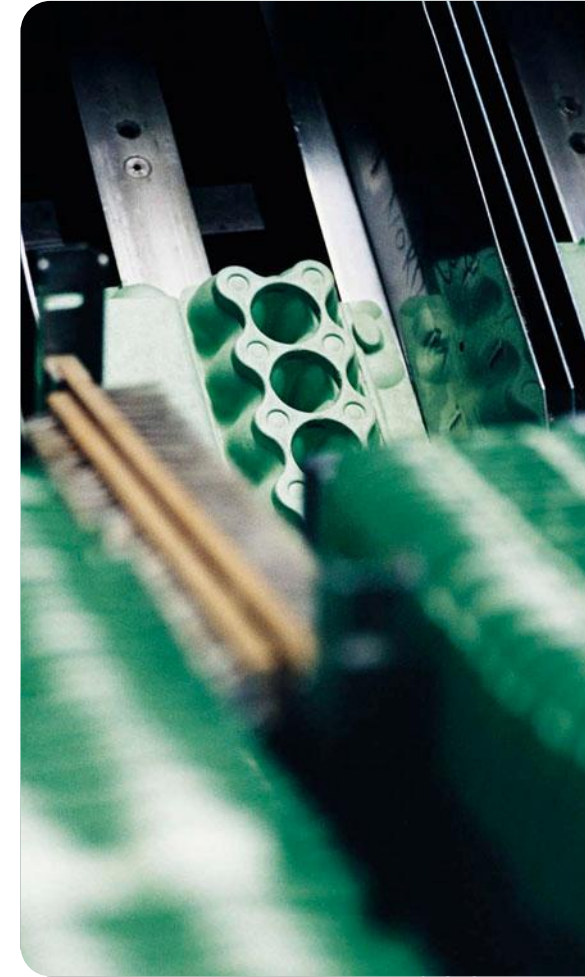
- Highlights
- New strategy: "Competitive edge – driving growth"
- Developments in 2010
- Outlook
- Questions



HIGHLIGHTS

A stronger Hartmann

- Hartmann's revenue for 2010 was DKK 1,483 million (2009: DKK 1,380 million), its operating profit* was DKK 73 million (2009: DKK 79 million), and its profit margin* 4.9% (2009: 5.7%)
- Hartmann appointed a new management and adjusted its organisation in order to enhance the company's competitive strength and earnings capacity
- The strategy "Competitive edge - driving growth" will further improve Hartmann's competitive strength and secure profitable growth towards 2016
- In 2011, Hartmann expects to lift operating profit to DKK 105-125 million, equal to a profit margin of 7-8.5%



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

NEW STRATEGY: "COMPETITIVE EDGE – DRIVING GROWTH"

Strong platform for profitable growth

- Towards 2016, Hartmann will be developed on the basis of efficient processes and strong competencies
- The new strategy is two-pronged:
 - Enhancing the company's competitive strength
 - Expanding the company's market position
- In the period 2011-2012, the main focus will be on optimising the existing business, and in the period 2013-2015, Hartmann will further accelerate growth



ELEMENTS OF THE NEW STRATEGY

Competitive edge

- **One Company**
 - One company culture
 - A more dynamic business
 - Economies of scale
- **Operational Excellence**
 - Improved quality
 - Production optimisation
 - Central planning
- **Strong competencies**
 - Production, marketing and sales
 - Anchoring of competencies



Driving growth

- **Consolidation in mature markets**
 - Efficient production, strong customer relations and a high level of quality
 - Growth potential in high-value segment
- **Focus on European growth markets**
 - Southern and eastern Europe
 - Existing and new capacity
- **Strong market position in North America**
 - Substantial growth potential
 - Increased production capacity

DEVELOPMENTS IN 2010 – SUMMARY



Consolidation and focus on operations

- Increased sales of egg packaging
- Improved product and price mix
- Positive effects of operational improvements and cost reductions
- Positive developments in exchange rates



Major changes

- Higher prices of paper
- Additional costs relating to strategic initiatives
- Costs related to organisational adjustment



FLUCTUATIONS IN PRICES OF RAW MATERIALS AFFECTED PERFORMANCE

DEVELOPMENT IN THE PRICE OF RECYCLED PAPER



Source: BvSE (Bundesverband Sekundärrohstoffe und Entsorgung e.V.)

In 2010, the price of recycled paper increased significantly, and the trend adversely affected Hartmann's operating profit.

In the coming years, Hartmann will standardise and optimise production efficiency with a view to address the effects that fluctuations in the prices of raw materials and energy and in exchange rates invariably have on global, raw material-intensive businesses such as Hartmann's.

FINANCIAL HIGHLIGHTS AND RATIOS

DKKm	2010	2009	Change (%)
Revenue	1,483	1,380	7
- Europe	1,167	1,148	2
- North America	218	163	34
- Other business areas	98	69	42
Operating profit	73	79	(8)
- Europe	116	119	(3)
- North America	1	(7)	-
- Other business areas	(51)	(34)	(50)
- Eliminations	7	1	-
Profit margin (%)	4.9	5.7	-
Financial income/(expense)	(11)	(19)	(42)
Profit for the year	50	36	39
ROIC (%)	9.6	8.9	-
Proposed dividend, DKK per share	2.25	1.50	50

REVENUE PERFORMANCE IN 2010

Focus on egg packaging

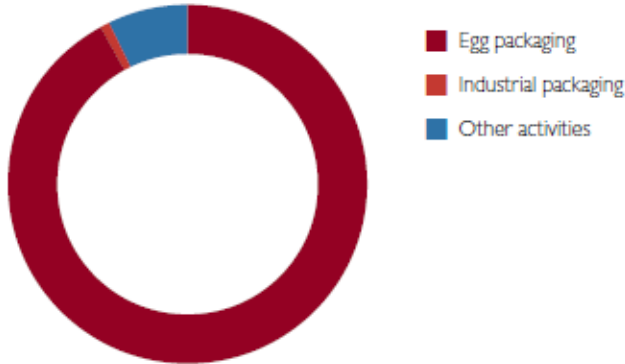
- Sales of egg packaging accounted for 92% of revenue (2009: 92%)
- The remaining part of revenue mainly derived from the heat and power plant and sales of machinery in Hartmann Technology

Revenue growth in North America

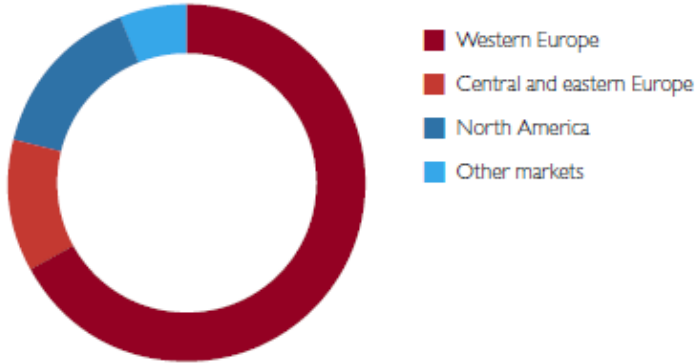
- The European markets accounted for 79% of revenue (2009: 83%)
- 15% of revenue derived from the North American activities (2009: 12%)

REVENUE DISTRIBUTION

PRODUCTS



GEOGRAPHY



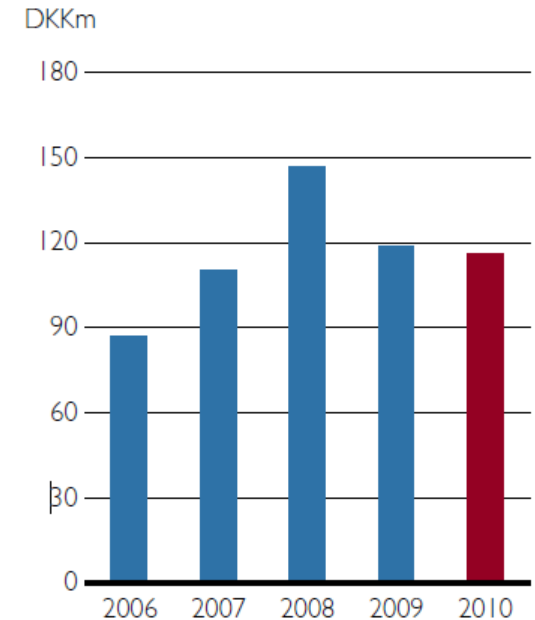
EUROPE – OPERATING PROFIT PERFORMANCE

Stable trend despite higher costs

DKKm	
Operating profit for 2009	119
Effects of exchange rate developments	26
Operations, volumes and product/price mix	23
Slowdown in activities, industrial packaging	(6)
Effects of higher paper prices	(26)
Additional costs	(10)
Costs, organisational adjustment	(10)
Operating profit for 2010	116

- Positive effect of organisational and technological initiatives and an increased share of high-value packaging
- Negative effect of higher paper prices and additional costs relating to strategic initiatives as well as costs relating to organisational adjustment

Operating profit



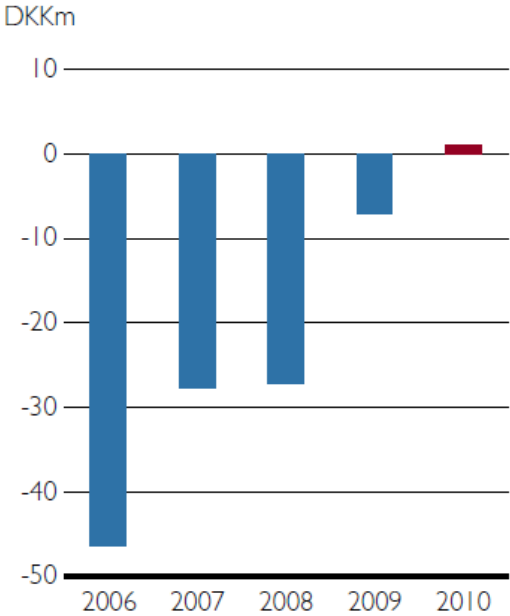
NORTH AMERICA – OPERATING PROFIT PERFORMANCE

Bottom-line profit for 2010

DKKm	
Operating profit for 2009	(7)
Effects of exchange rate developments	13
Operations, volumes and product/price mix	8
Effects of higher paper prices	(7)
Costs, organisational adjustment	(6)
Operating profit for 2010	1

- Despite higher paper prices and costs relating to the organisational adjustment, Hartman generated an operating profit for North America for 2010
- The improved operating profit was driven by exchange rate developments, increased sales of egg packaging and an improved product and price mix

Operating profit



Operating profit affected by increased costs

DKKm	
Operating profit for 2009	(34)
Operations, volumes and product/price mix	5
Additional costs	(16)
Costs, organisational adjustment	(6)
Operating profit for 2010	(51)

- 2010 was characterised by substantial costs relating to strategic initiatives as well as management and organisational changes
- Positive effect of increased revenue in the heat and power plant and Hartmann Technology



CASH FLOWS

Strong cash flows in 2010

DKKm	2010	2009
Operating activities	144	76
Investing activities	(55)	(94)
Financing activities	(32)	(22)
Total cash flows	58	(40)

- Cash flows from operating activities significantly improved due to a markedly positive change in working capital
- Continued focus on efficiency improvements and maintenance rather than on new investments
- Increased cash flows from financing activities were attributable to distribution of dividends

BALANCE SHEET

Further reduction of interest-bearing debt

DKKm	31 Dec. 2010	31 Dec. 2009
Assets	1,225	1,216
Invested capital (IC)	733	786
Net working capital (NWC)	128	151
Net interest-bearing debt	275	345
Equity	549	508
Return on invested capital (ROIC) (%)	9.6	8.9
Equity ratio (%)	44.8	41.7
Gearing (%)	50.0	68.0

Outlook for 2011 and medium-term financial targets

%	2011	Medium term
Revenue growth	0-2	4-7
Profit margin	~7-8.5	~7-10
ROIC	>15	>15

- Operating profit for 2011 is expected to come to DKK 105-125 million
- Hartmann aims to secure an attractive return (ROIC >15%) for its shareholders and to generally distribute any excess capital in order to maintain Hartmann's equity ratio at a maximum of 45%
- The targets will be achieved through enhancing the company's competitive strength and earnings capacity by:
 - Optimising production and work processes
 - Strengthening customer relations
 - Increasing the share of high-value products

QUESTIONS



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