

INTERIM REPORT H1 2011

Brødrene Hartmann A/S, 25 August

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AGENDA

- Highlights H1 2011
- Interim financial statements H1 2011
- Outlook for 2011
- Questions



HIGHLIGHTS

Positive developments in H1 2011

- Hartmann reported revenue of DKK 727 million for H1 2011 (2010: DKK 706 million) and an operating profit* of DKK 57 million (2010: DKK 31 million), corresponding to a profit margin* of 7.8% (2010: 4.3%)
- For Q2 2011, Hartmann generated revenue of DKK 352 million (2010: DKK 326 million) and an operating profit of DKK 21 million (2010: a loss of DKK 7 million), corresponding to a profit margin of 6.1% (2010: negative at 2.0%)
- The development was primarily attributable to increased sales of egg packaging and positive effects of implemented operational improvements and cost reductions
- Hartmann retains its full-year forecast for 2011



* 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.

STRATEGIC INITIATIVES IN H1 2011

A stronger organisation

- **One Company**
 - Functional organisational structure introduced
 - Sales & Marketing and Production & Development reorganised
 - Increased knowledge sharing across the organisation
- **Operational Excellence**
 - Ensuring a consistently high level of quality
 - Optimising and standardising operations
 - Improved utilisation of resources
- **Strong competencies**
 - Key employees with strong professional competencies hired
 - Tasks solved internally to ensure anchoring of expertise in Hartmann

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

CONTINUING RISE IN RAW MATERIAL PRICES

Higher costs of raw materials

- Declining supply of recycled paper
 - From paper to online ads
- Growing demand for recycled paper
 - Demand from Asia
 - Other industries
- Substitution for other types of paper
- The prices of paper are reflected in the German BvSE index
- Increased raw material prices and transport costs had an expected negative effect of DKK 20 million on the financial results for H1

Developments in the price of recycled paper

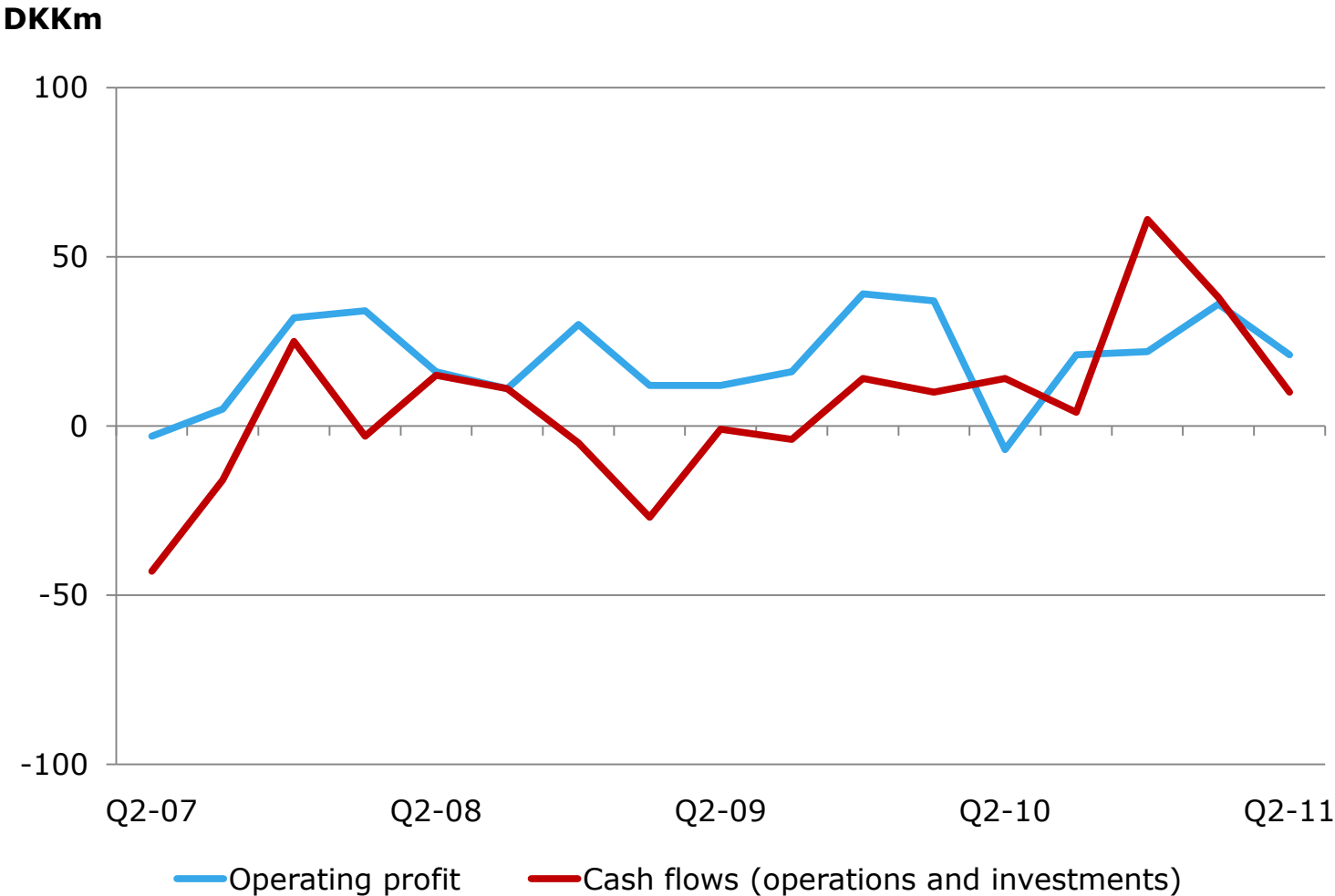


Source: BvSE

FINANCIAL HIGHLIGHTS AND KEY RATIOS

Q2 2011	Q2 2010	DKKm	H1 2011	H1 2010	Change (%)
352	326	Revenue	727	706	3
300	271	- Europe	622	599	4
52	54	- North America	104	107	(3)
21	(7)	Operating profit	57	31	84
26	3	- Europe	65	47	38
4	2	- North America	8	5	60
(1)	(2)	Financial income and expense	(9)	(9)	0
16	(6)	Profit/(loss)	37	16	131
(40)	(2)	Total cash flows	(8)	3	-
-	-	Invested capital	727	769	(5)
6.1	(2.0)	Profit margin, %	7.8	4.3	-
-	-	ROIC, % (12 months)	13.3	10.5	-

OPERATING PROFIT AND CASH FLOWS – STABLE DEVELOPMENTS



CASH FLOWS

Cash flows affected by borrowing

Q2 2011	Q2 2010	DKKm	H1 2011	H1 2010	2010
13	26	Operating activities	57	46	144
(4)	(12)	Investing activities	(9)	(21)	(55)
(49)	(16)	Financing activities	(55)	(22)	(32)
(40)	(2)	Total cash flows	(8)	3	58

- Cash flows from operating activities were favourably impacted by the improvement in operating profit and adversely affected by a change in working capital due to developments in trade receivables, trade payables and other debt
- The low level of investments is due to the deferral of certain investment projects until H2 2011
- Cash flows from financing activities were impacted by dividend distributions to Hartmann's shareholders and repayment of existing long-term loans and the raising of a new loan

BALANCE SHEET

Continued strengthening of balance sheet in H1 2011

DKKm	30.06.11	31.12.10	30.06.10
Assets	1,140	1,225	1,207
Invested capital (IC)	727	733	769
Net working capital (NWC)	150	128	145
Net interest-bearing debt	240	275	346
Equity	574	549	517
Return on invested capital, % (ROIC, 12 months)	13.3	9.6	10.5
Equity ratio, %	50.3	44.8	42.8
Gearing, %	41.8	50.0	66.8

EUROPE – DEVELOPMENTS IN H1 2011

Strong financial results in Europe

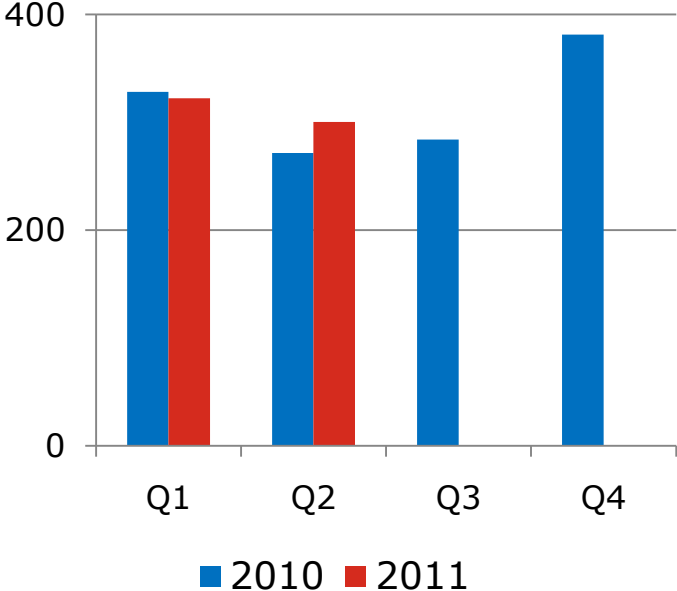
Q2 2011	Q2 2010	DKKm	H1 2011	H1 2010	2010
300	271	Revenue	622	599	1,265
26	3	Operating profit	65	47	110
8.6	1.0	Profit margin, %	10.4	7.8	8.7
-	-	Invested capital	609	590	599
-	-	ROIC, % (12 months)	21.3	19.2	17.1

- Higher revenue due to increased sales of egg packaging and an increase in other revenue
- The improved operating profit was primarily due to a positive overall effect of operational improvements, cost reductions and increased sales of egg packaging

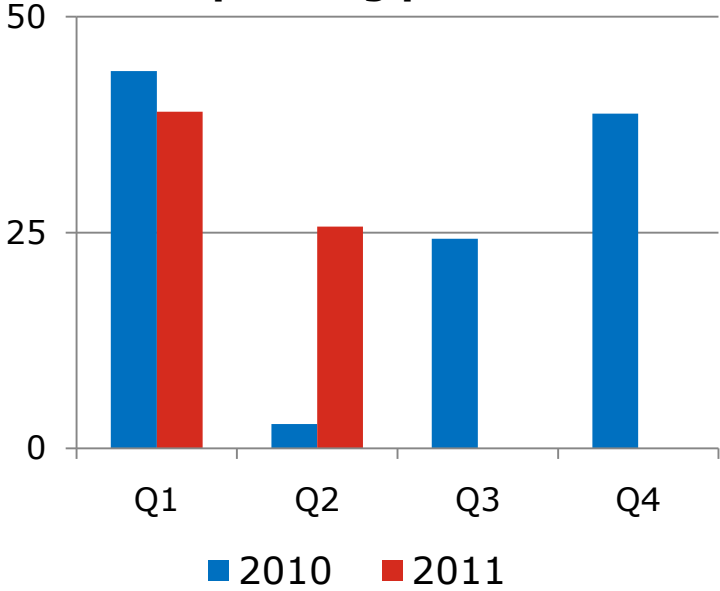
DKKm	
Operating profit H1 2010	47
Effects of exchange rate developments	7
Operations, volumes and product/price mix	28
Effects of fluctuating raw material prices and transport costs	(17)
Operating profit H1 2011	65

EUROPE – REVENUE AND OPERATING PROFIT

Revenue



Operating profit



NORTH AMERICA – DEVELOPMENTS IN H1 2011

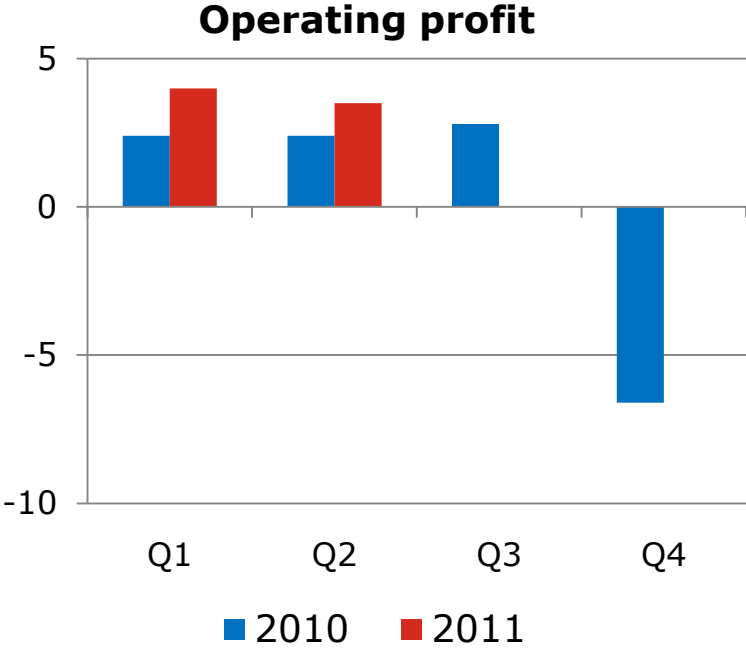
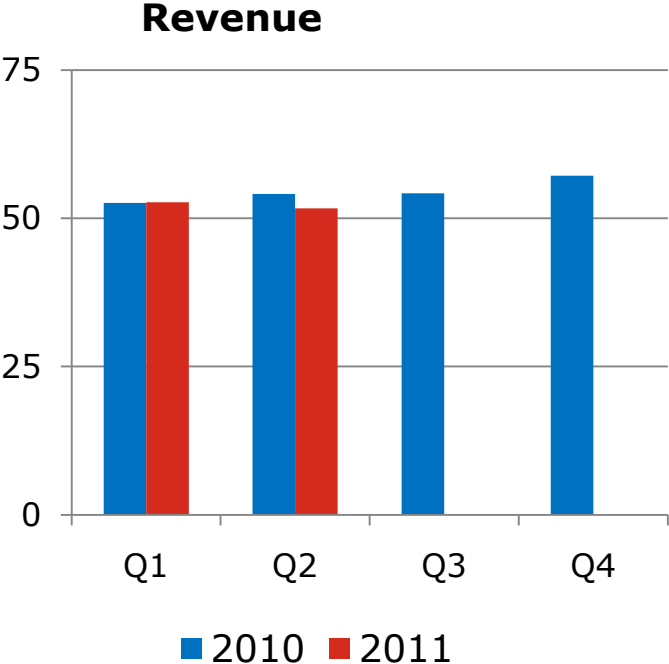
Continued positive developments in North America

Q2 2011	Q2 2010	DKKm	H1 2011	H1 2010	2010
52	54	Revenue	104	107	218
4	2	Operating profit	8	5	1
6.8	4.5	Profit margin, %	7.2	4.5	0.5
-	-	Invested capital	122	164	127
-	-	ROIC, % (12 months)	2.6	0.6	0.8

- Revenue was positively affected by a higher proportion of high-value packaging, while exchange rate developments and higher raw material prices had an adverse effect on revenue
- The higher proportion of high-value packaging and the effect of operational improvements contributed positively to operating profit

DKKm	
Operating profit H1 2010	5
Effects of exchange rate developments	(5)
Operations, volumes and product/price mix	11
Effects of fluctuating raw material prices and transport costs	(3)
Operating profit H1 2011	8

NORTH AMERICA – REVENUE AND OPERATING PROFIT



OUTLOOK FOR 2011

Hartmann retains its full-year forecast for 2011

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

- Operating profit is still expected to come to DKK 105-125 million
 - Implemented operational improvements and cost reductions will continue to affect results in H2 2011
 - Raw material prices and transport costs are expected to remain at a high level
- 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 approximately 45%

QUESTIONS



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