

Company announcement no. 12/2017

Gentofte, 25 October 2017

## **Adjustment of 2017 guidance and disclosure of 2018 guidance**

Based on management's assessment of the expected developments in the remainder of 2017, Hartmann adjusts guidance for the financial year. Hartmann now expects revenue around DKK 2.2 billion and a profit margin around 11% as well as a return on invested capital around 16% against previously disclosed expectations of revenue of DKK 2.2-2.3 billion and a profit margin of 11-12.5% as well as a return on invested capital around 18%.

Total capital expenditure is still expected to be around DKK 200 million in 2017.

### **Background**

The adjustment of the 2017 guidance is due to temporarily lower-than-expected growth in North America and Europe and the consequent lower capacity utilisation and earnings. The effects are expected to affect Hartmann in the current financial year and the first half of 2018.

In North America, packaging sales are impacted by low prices on standard eggs compared to relatively high prices on specialty eggs, which has entailed a change in consumer preferences towards the cheaper standard eggs. This development has resulted in lower-than-expected growth in packaging sales for specialty eggs. In addition, total packaging sales are affected by a slower ramp up of Hartmann's new production capacity in the US than hitherto expected.

Since the end of the third quarter, Hartmann has been impacted in a few European markets by the effects of the discovery of fipronil in eggs during the summer of 2017. This development is expected to entail temporarily lower growth rates in Europe.

According to the preliminary figures derived from the ongoing preparation of the interim report for Q3 2017, group revenue grew to DKK 557 million (2016: DKK 482 million) with an operating profit of DKK 69 million (2016: DKK 47 million), corresponding to a profit margin of 12.4% (2016: 9.7%) during the quarter. The preliminary figures for the first nine months of 2017 show that group revenue was DKK 1,643 million (2016: DKK 1,573 million) with an operating profit of DKK 162 million (2016: DKK 190 million), corresponding to a profit margin of 9.8% (2016: 12.0%). The interim report for Q3 2017 is still scheduled for publication on 14 November 2017.

### **Guidance for 2018**

Based on the above, Hartmann discloses guidance for 2018 to replace the former financial targets.

As a consequence of the lower growth in North America and Europe as well as a significant effect of lower currency exchange rates on USD and GBP, Hartmann expects 2018 revenue of DKK 2.2-2.3 billion and a profit margin of 11.5-13% as well as a return on invested capital of around 18% compared to the former financial targets for revenue of DKK 2.2-2.4 billion and a profit margin of 12-14% as well as a return on invested capital around 20%.

In addition to the 2018 guidance, Hartmann will present new financial targets for the group in connection with the publication of the annual report 2017.

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