HARTMANN

Interim report Q3 2017

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Highlights

Revenue and earnings grew in Q3

Hartmann lifted revenue and operating profit in the third quarter of 2017 with both the core business and Hartmann Technology contributing to the positive performance. The higher packaging volumes were enabled by the group's new production capacity currently being run in, but the expanded production platform also led to higher production costs and depreciation charges.

In North America, continued low prices of standard eggs temporarily dampened growth in sales of packaging for more expensive premium eggs, and the running-in of new production capacity proceeded at a slower pace than originally expected. Moreover, from the end of the third quarter, Hartmann's operations in a few European markets were adversely affected after fipronil was found in eggs in the summer of 2017. In continuation of these developments, Hartmann on 25 October 2017 adjusted its guidance for 2017 and disclosed its guidance for 2018.

CEO Ulrik Kolding Hartvig: "We did well in the third quarter, boosting packaging sales on the back of our expanded production capacity. Now, we're working full speed to leverage the new capacity in order to maintain momentum in the final quarter of this year and in the next financial year."

Q3 2017

- Revenue was up to DKK 557 million (2016: DKK 482 million), and operating profit came to DKK 69 million (2016: DKK 47 million), for a profit margin of 12.4% (2016: 9.7%). This improvement was driven by higher technology sales and the new production capacity currently being run in.
- The European business grew revenue to DKK 340 million (2016: DKK 282 million) and operating profit to DKK 52 million (2016: DKK 30 million), bringing the profit margin to 15.2% (2016: 10.6%). This performance was driven by higher revenue and earnings from Hartmann Technology's sales and increased packaging sales.
- The business in the Americas grew revenue to DKK 217 million (2016: DKK 200 million) on the back of increased packaging volumes. Affected by lower average selling prices and higher production costs and depreciation charges following the capacity ramp-up, operating profit came to DKK 23 million (2016: DKK 29 million), for a profit margin of 10.5% (2016: 14.4%).

9M 2017

- Revenue totalled DKK 1,643 million (2016: DKK 1,573 million), and operating profit came to DKK 162 million (2016: DKK 190 million), taking the profit margin to 9.8% (2016: 12.0%).
- The European business reported revenue of DKK 941 million (2016: DKK 945 million) and operating profit of DKK 106 million (2016: DKK 114 million), for a profit margin of 11.3% (2016: 12.0%).
- Our operations in the Americas grew revenue to DKK 702 million (2016: DKK 629 million), while operating profit came to DKK 78 million (2016: DKK 103 million), for a profit margin of 11.1% (2016: 16.3%).
- The return on invested capital was 16% (2016: 24%).

Guidance for 2017

- We reiterate our revised guidance of revenue of about DKK 2.2 billion, a profit margin of about 11% and a return on invested capital of about 16%, as announced in company announcement no. 12/2017 of 25 October 2017.
- Our total capital expenditure for 2017 remains at an estimated DKK 200 million.

Key figures and financial ratios for the group

DKKm	Q3 2017	Q3 2016	9M 2017	9M 2016
Statement of comprehensive income				
Revenue	557	482	1,643	1,573
Operating profit	69	47	162	190
Financial income and expenses, net	(12)	(1)	(45)	(15)
Profit before tax	57	46	117	174
Profit for the period	48	35	93	131
Comprehensive income	38	24	42	175
Cash flows				
Cash flows from operating activities	43	30	135	167
Cash flows from investing activities	(39)	(82)	(174)	(227)
Cash flows from financing activities	(2)	(1)	(20)	(24)
Total cash flows	2	(54)	(60)	(84)
Balance sheet				
Assets	-	-	1,987	1,842
Investments in property, plant and equipment	39	82	173	227
Net working capital	-	-	351	307
Invested capital	-	-	1,413	1,252
Net interest-bearing debt	-	-	737	612
Equity	-	-	747	707

DKKm	Q3 2017	Q3 2016	9M 2017	9M 2016
Financial ratios, %				
Profit margin	12.4	9.7	9.8	12.0
Return on invested capital (ROIC) (rolling 12 months)	-	-	16.2	23.7
Return on equity (rolling 12 months)	-	-	18.2	32.0
Equity ratio	-	-	37.6	38.4
Gearing	-	-	98.8	86.6
Share-based financial ratios				
No. of shares	-	-	6,915,090	6,915,090
Earnings per share, DKK (EPS)	7.0	5.0	13.4	18.9
Cash flows per share, DKK	6.2	4.3	19.5	24.2
Book value per share, DKK	-	-	108.0	102.2
Share price, DKK	-	-	371.5	310.0
Share price/book value per share	-	-	3.4	3.0
Share price/earnings (P/E) (rolling 12 months)	-	-	18.8	10.1

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

Developments in Q3 2017

We maintained momentum in packaging volumes and lifted revenue and operating profit in the third quarter of the year, although a higher proportion of transport packaging put downward pressure on average selling prices in the Americas and Europe alike. Growth in packaging volumes was driven by the group's new production capacity, which also gave rise to higher production costs and depreciation charges. Increased technology sales also contributed to boosting Q3 revenue and earnings.

The European business reported positive developments in packaging volumes and production. The capacity expansion continued, and the running-in of recently added capacity progressed according to plan. Towards the end of the quarter, Hartmann felt a negative impact in a few European markets after fipronil was found in eggs during the summer. This is expected to translate into slightly lower growth rates in Europe in the short term.

Supported by the new production capacity currently being run in in the US, our activities in the Americas grew packaging volumes and revenue, although the ramp-up progressed at a slower pace than originally expected. Moreover, lower prices of standard eggs dampened sales of packaging for more expensive premium eggs. Revenue from South America remained flat. Impacted by lower average selling prices and higher production costs and depreciation charges, the Americas reported lower overall earnings.

Revenue

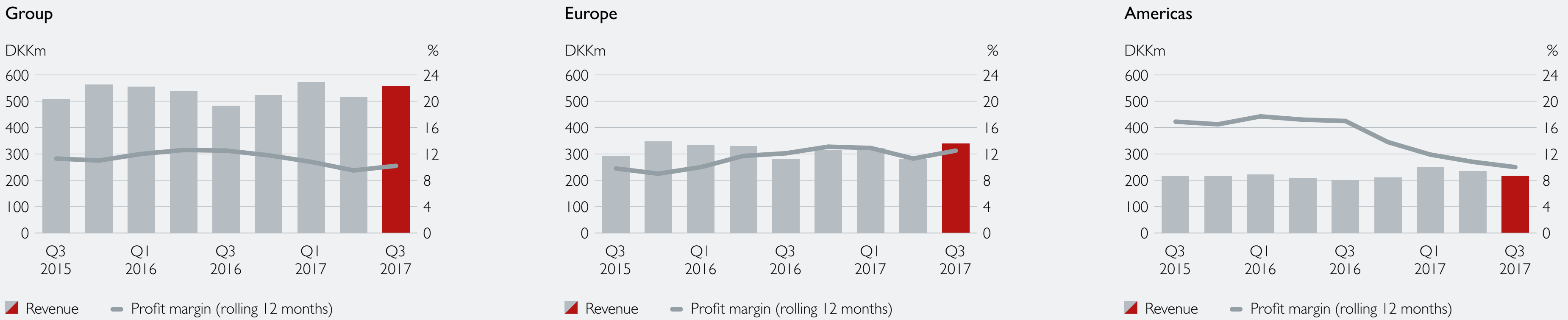
Total revenue was up to DKK 557 million (2016: DKK 482 million) for Q3 2017 and to DKK 1,643 million (2016: DKK 1,573 million) for the first nine months of 2017. This progress was driven by the new production capacity currently being run in in North America and Europe and the delivery of more orders by Hartmann Technology.

Europe

The European business grew revenue to DKK 340 million (2016: DKK 282 million) in Q3 2017. Revenue from packaging sales rose to DKK 279 million (2016: DKK 277 million), despite a drop in average selling prices due to a higher proportion of transport packaging. Hartmann Technology grew revenue to DKK 61 million (2016: DKK 5 million).

For the first nine months of 2017, the European business reported total revenue of DKK 941 million (2016: DKK 945 million). Revenue from packaging sales grew to DKK 856 million (2016: DKK 840 million), while Hartmann Technology reported revenue of DKK 85 million (2016: DKK 105 million).

Revenue and profit margin



Developments in Q3 2017

Americas
Revenue from the Americas grew to DKK 217 million (2016: DKK 200 million) in Q3 2017.

The North American business grew packaging volumes and lifted revenue on the back of the ongoing ramp-up at the new US factory. Average selling prices declined as low egg prices resulted in lower growth in premium packaging sales than in sales of standard packaging.

Revenue from our activities in South America was flat, reflecting continued growth in sales of transport packaging in Brazil and reduced fruit packaging sales in Argentina.

For the first nine months of 2017, total revenue from the Americas increased to DKK 702 million (2016: DKK 629 million).

Operating profit

Q3 2017 operating profit grew to DKK 69 million (2016: DKK 47 million), for a profit margin of 12.4% (2016: 9.7%). Operating profit was boosted by an increased contribution from Hartmann Technology and a favourable performance from the European business, while earnings from the Americas were impacted by higher depreciation charges.

Operating profit for the first nine months of 2017 was DKK 162 million (2016: DKK 190 million), taking the profit margin to 9.8% (2016: 12.0%).

Europe
The European business grew operating profit to DKK 52 million (2016: DKK 30 million), for a profit margin of 15.2% (2016: 10.6%). The favourable performance was attributable to higher sales in Hartmann Technology, increased packaging volumes and efficiency gains. Conversely, operating profit was adversely affected by currency movements, higher paper prices and lower average selling prices.

Operating profit for the first nine months of 2017 was DKK 106 million (2016: DKK 114 million), bringing the profit margin to 11.3% (2016: 12.0%).

Americas
Q3 2017 operating profit from our operations in the Americas came to DKK 23 million (2016: DKK 29 million), and the profit margin was 10.5% (2016: 14.4%).

While supported by higher sales volumes, operating profit from our activities in North America declined in Q3 2017 due to higher production costs and depreciation charges in connection with the establishment of the US factory combined with lower average selling prices.

While benefiting from a favourable underlying earnings trend in the third quarter, our activities in South America reported lower operating profit due to a deferral of fixed costs in the comparison period. In addition, operating profit was adversely affected by a decline in fruit packaging sales in Argentina and favourably affected by higher transport packaging sales in Brazil.

For the first nine months of 2017, operating profit from the Americas totalled DKK 78 million (2016: DKK 103 million), corresponding to a profit margin of 11.1% (2016: 16.3%).

Corporate functions

Costs related to corporate functions came to DKK 6 million in the third quarter (2016: DKK 9 million) and DKK 24 million in the first nine months of 2017 (2016: DKK 24 million).

Financial income and expenses

Financial income and expenses were a net expense of DKK 12 million in Q3 2017 (2016: net expense of DKK 1 million) and a net expense of DKK 45 million in the first nine months of the year (2016: net expense of DKK 15 million). The higher net expenses were driven by foreign exchange adjustments of the financing of the business in the Americas.

Profit for the period

The profit before tax grew to DKK 57 million (2016: DKK 46 million), and tax on the profit for the period was an expense of DKK 9 million (2016: expense of DKK 12 million). Accordingly, the profit after tax for Q3 2017 was DKK 48 million (2016: DKK 35 million). For the first nine months of 2017, the profit before tax was DKK 117 million (2016: DKK 174 million), while tax on the profit for the period was an expense of DKK 25 million (2016: expense of DKK 44 million), taking the profit after tax for the first nine months of 2017 to DKK 93 million (2016: DKK 131 million).

Comprehensive income

Supported by the higher profit, comprehensive income grew to DKK 38 million (2016: DKK 24 million) in Q3 2017. For the first nine months of the year, comprehensive income came to DKK 42 million (2016: DKK 175 million).

Developments in Q3 2017

Cash flows

Total cash flows from operating activities grew to a net inflow of DKK 43 million in Q3 2017 (2016: net inflow of DKK 30 million), driven by the higher operating profit, while changes in the group's working capital had a negative impact. Moreover, the Q3 2016 performance was affected by substantial restructuring costs. In the first nine months of 2017, cash flows from operating activities amounted to a net inflow of DKK 135 million (2016: net inflow of DKK 167 million). Cash flows from investing activities amounted to a net outflow of DKK 39 million for Q3 2017 (2016: net outflow of DKK 82 million), and the development reflects the group's substantial capacity expansion investments in Q3 2016. For the first nine months of 2017, cash flows from investing activities amounted to a net outflow of DKK 174 million (2016: net outflow of DKK 227 million).

Cash flows from operating and investing activities thus amounted to a net inflow of DKK 4 million for Q3 2017 (2016: net outflow of DKK 53 million) and a net outflow of DKK 40 million for the first nine months of 2017 (2016: net outflow of DKK 60 million).

Cash flows from financing activities were a net outflow of DKK 2 million for Q3 2017 (2016: net outflow of DKK 1 million) and a net outflow of DKK 20 million for the first nine months of the year (2016: net outflow of DKK 24 million).

Net interest-bearing debt at 30 September 2017 was DKK 737 million (2016: DKK 612 million), reflecting the high level of investments in the intermediate period.

Financial resources amounted to DKK 200 million at 30 September 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 16% in Q3 2017 (2016: 24%).

Equity

Equity at 30 September 2017 was DKK 747 million (2016: DKK 707 million), for an equity ratio of 38% (2016: 38%). The financial gearing ratio was 99% at 30 September 2017 (2016: 87%).

Events after the balance sheet date

On 5 October 2017, Hartmann announced that the board of directors will recommend that Jan Klarskov Henriksen be elected to the board at the annual general meeting to be held on 18 April 2018, at which Vice Chairman Niels Hermansen will not seek re-election.

On 25 October 2017, Hartmann adjusted its 2017 guidance to revenue of about DKK 2.2 billion, a profit margin of about 11% and a return on invested capital of about 16%, against the previous guidance of revenue of DKK 2.2-2.3 billion, a profit margin of 11-12.5% and a return on invested capital of about 18%. At the same time, Hartmann disclosed 2018 guidance of revenue of DKK 2.2-2.3 billion, a profit margin of 11.5-13% and a return on invested capital of about 18%, against the previous financial targets for 2018 of revenue of DKK 2.2-2.4 billion, a profit margin of 12-14% and a return on invested capital of about 20%.

Outlook

We maintain our revised full-year 2017 guidance of revenue of about DKK 2.2 billion, a profit margin of about 11% and a return on invested capital of about 16%, as announced in company announcement no. 12/2017 of 25 October 2017 and set out in the section on events after the balance sheet date. Our total capital expenditure for 2017 is estimated at DKK 200 million.

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. The delivery of Hartmann Technology orders and the capacity ramp-up are expected to further lift revenue and operating profit in the final quarter of 2017.

As announced on 25 October 2017, Hartmann now expects revenue of DKK 2.2-2.3 billion, a profit margin of 11.5-13% and a return on invested capital of about 18% for 2018.

Assumptions

As announced in company announcement no. 12/2017 of 25 October 2017, Hartmann's revenue and profit margin guidance for 2017 is based on temporarily lower growth in North America and Europe than previously assumed as Hartmann expects new production capacity to be run in at a slower pace in these markets. Any deviations from these assumptions may affect our 2017 performance.

Guidance

	2017	2018
Revenue	Approx. DKK 2.2bn	DKK 2.2-2.3bn
Profit margin	Approx. 11%	11.5-13%

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 costs are mainly incurred in CAD. Other significant transaction risks relate to the currencies CHF, EUR, GBP, HRK, HUF and PLN.

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.

Due to our foreign subsidiaries, Hartmann is exposed to currency 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 addition, the group is exposed to currency translation risks in connection with the granting of intra-group loans to foreign subsidiaries. In terms of net position, foreign subsidiaries reporting in the currencies ARS, BRL, CAD, HRK, HUF, ILS and USD and intra-group loans denominated in USD represent Hartmann's greatest translation exposure.

Translation risks associated with the translation of earnings and net assets in the group's foreign subsidiaries into DKK are not hedged as they have no direct impact on cash resources or underlying cash flows.

Translation risks associated with intra-group loans are hedged if they are deemed to potentially have a material impact on consolidated profits.

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 nine months ended 30 September 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 September 2017 and of the results of the group's operations and cash flows for the nine months ended 30 September 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, 14 November 2017

Executive board:

Ulrik Kolding Hartvig
CEO

Marianne Rørslev Bock
CFO

Board of directors:

Agnete Raaschou-Nielsen
Chairman

Niels Hermansen
Vice Chairman

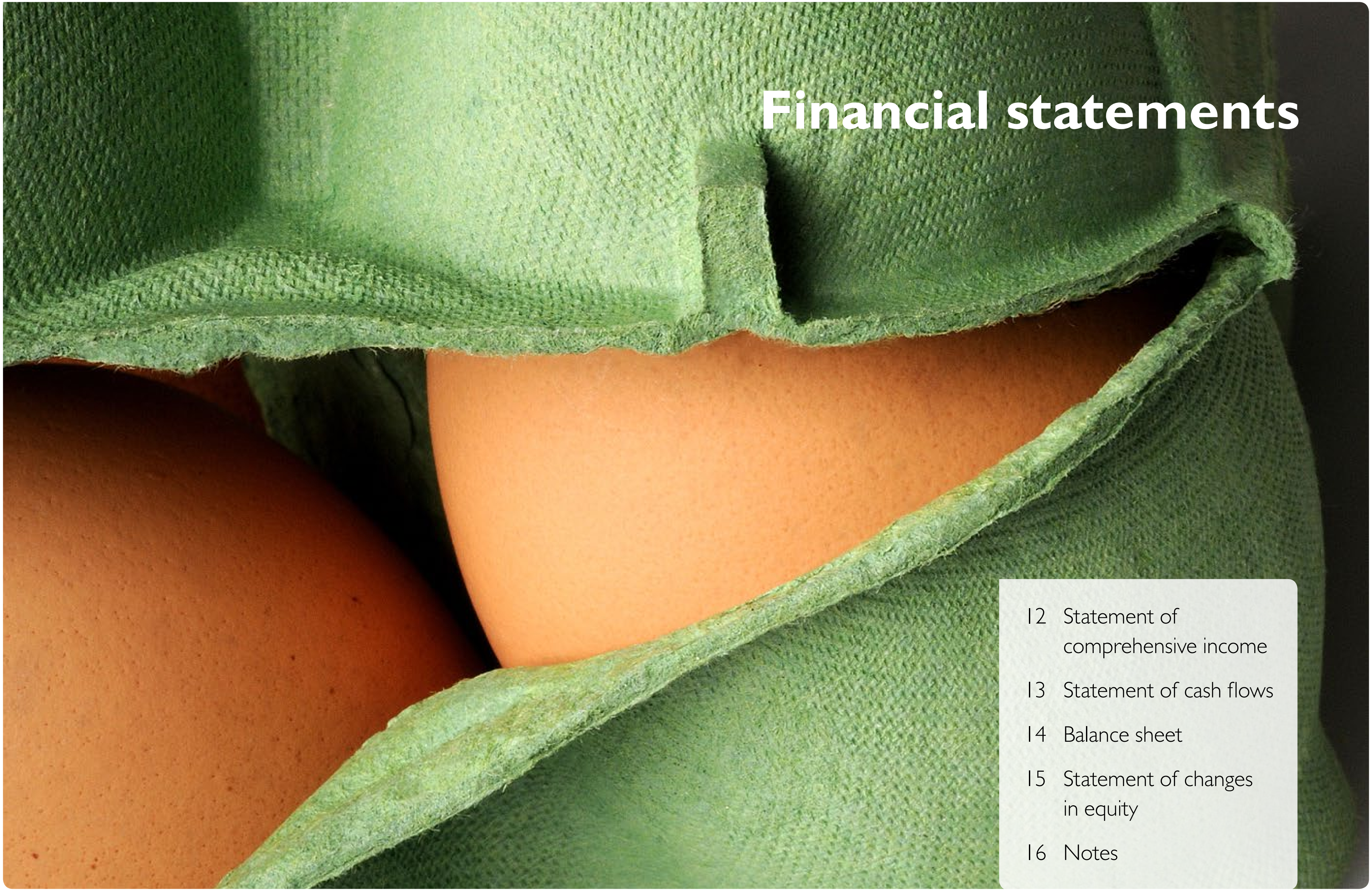
Jan Peter Antonisen

Jørn Mørkeberg Nielsen

Steen Parsholt

Niels Christian Petersen

Andy Hansen



Financial statements

Statement of comprehensive income

DKKm **Group**	**Q3 2017**	**Q 2016**	**9M 2017**	**9M 2016**
Revenue	556.6	481.9	1,643.2	1,573.3
Production costs	(382.8)	(329.1)	(1,154.6)	(1,063.4)
Gross profit	**173.8**	**152.8**	**488.6**	**509.9**
Selling and distribution costs	(79.5)	(77.1)	(244.2)	(240.2)
Administrative expenses	(25.4)	(29.1)	(82.7)	(80.1)
Other operating income/(expenses)	0.0	0.1	0.1	(0.1)
Operating profit	**68.9**	**46.7**	**161.8**	**189.5**
Financial income	0.4	3.7	3.4	4.7
Financial expenses	(12.0)	(4.3)	(48.0)	(20.0)
Profit before tax	**57.3**	**46.1**	**117.2**	**174.2**
Tax on profit for the period	(9.0)	(11.5)	(24.6)	(43.6)
PROFIT FOR THE PERIOD	**48.3**	**34.6**	**92.6**	**130.6**
Earnings per share, DKK	7.0	4.3	13.4	18.9
Diluted earnings per share, DKK	7.0	4.3	13.4	18.9

DKKm **Group**	**Q3 2017**	**Q 2016**	**9M 2017**	**9M 2016**
Profit for the period	**48.3**	**34.6**	**92.6**	**130.6**
Items that can be reclassified to profit or loss:				
Foreign exchange adjustment of:				
Foreign subsidiaries	(11.8)	(8.3)	(54.0)	34.1
Value adjustment of hedging instruments:				
Recognised in other comprehensive income	3.3	3.1	9.2	22.8
Transferred to revenue	(1.8)	(5.9)	(4.3)	(7.9)
Transferred to production costs	(0.3)	(0.7)	(0.6)	(1.2)
Transferred to financial income and expenses	0.2	0.0	(0.1)	0.0
Tax	(0.3)	0.8	(1.1)	(3.5)
Other comprehensive income after tax	**(10.7)**	**(11.0)**	**(50.9)**	**44.3**
COMPREHENSIVE INCOME	**37.6**	**23.6**	**41.7**	**174.9**

Statement of cash flows

DKKm **Group**	**Q3 2017**	**Q 2016**	**9M 2017**	**9M 2016**
Operating profit	68.9	46.7	161.8	189.5
Depreciation and amortisation	33.7	27.2	95.5	72.3
Adjustment for other non-cash items	0.0	0.1	(0.1)	0.2
Change in working capital etc.	(53.6)	(7.3)	(96.2)	(0.2)
Restructuring costs etc. paid	0.1	(30.6)	(1.3)	(63.7)
Cash generated from operations	**49.1**	**36.1**	**159.7**	**198.1**
Interest etc. received	0.8	(1.2)	1.1	1.9
Interest etc. paid	(9.4)	(2.5)	(21.2)	(23.0)
Net income tax paid	2.1	(2.9)	(4.8)	(9.9)
Cash flows from operating activities	**42.6**	**29.5**	**134.8**	**167.1**
Acquisition of intangible assets	(0.5)	0.0	(1.5)	0.0
Acquisition of property, plant and equipment	(38.6)	(82.4)	(173.1)	(227.1)
Disposal of property, plant and equipment	0.1	0.1	0.2	0.3
Cash flows from investing activities	**(39.0)**	**(82.3)**	**(174.4)**	**(226.8)**
Cash flows from operating and investing activities	**3.6**	**(52.8)**	**(39.6)**	**(59.7)**
Raising of non-current debt	0.0	0.0	50.0	44.5
Repayment of non-current debt	(1.6)	(1.2)	(4.6)	(2.7)
Dividend paid	0.0	0.0	(65.7)	(65.7)
Cash flows from financing activities	**(1.6)**	**(1.2)**	**(20.3)**	**(23.9)**
TOTAL CASH FLOWS	**2.0**	**(54.0)**	**(59.9)**	**(83.6)**
Cash and cash equivalents at beginning of period	(67.3)	76.1	(11.6)	104.0
Foreign exchange adjustment	3.7	(0.3)	9.9	1.4
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**(61.6)**	**21.8**	**(61.6)**	**21.8**

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

DKKm **Group**	**Q3 2017**	**Q 2016**	**9M 2017**	**9M 2016**
Recognition of cash and cash equivalents at end of period:				
Cash	63.9	57.0	63.9	57.0
Overdraft facilities	(125.5)	(35.2)	(125.5)	(35.2)
Cash and cash equivalents at end of period	**(61.6)**	**21.8**	**(61.6)**	**21.8**

Balance sheet

Assets

DKKm **Group**	**30 Sep. 2017**	**30 Sep. 2016**	**31 Dec. 2016**
Goodwill	73.2	75.7	79.2
Other intangible assets	32.1	34.9	36.3
Intangible assets	**105.3**	**110.6**	**115.5**
Land and buildings	299.1	217.9	279.7
Plant and machinery	668.4	455.4	529.0
Other fixtures and fittings, tools and equipment	14.6	33.1	17.0
Plant under construction	26.4	182.4	166.2
Property, plant and equipment	**1,008.5**	**888.8**	**991.9**
Investments in associates	3.1	3.0	3.0
Other receivables	1.7	5.2	1.6
Deferred tax	93.3	110.9	99.0
Other non-current assets	**98.1**	**119.1**	**103.6**
Non-current assets	**1,211.9**	**1,118.5**	**1,211.0**
Inventories	241.0	216.0	222.8
Trade receivables	377.3	351.7	360.3
Income tax	4.6	9.9	11.7
Other receivables	67.4	77.7	65.1
Prepayments	21.2	11.0	17.2
Cash	63.9	57.0	54.3
Current assets	**775.4**	**723.3**	**731.4**
ASSETS	**1,987.3**	**1,841.8**	**1,942.4**

Equity and liabilities

DKKm **Group**	**30 Sep. 2017**	**30 Sep. 2016**	**31 Dec. 2016**
Share capital	140.3	140.3	140.3
Hedging reserve	3.2	5.3	0.1
Translation reserve	(140.8)	(113.5)	(86.8)
Retained earnings	743.9	674.9	651.3
Proposed dividend	0.0	0.0	65.7
Equity	**746.6**	**707.0**	**770.6**
Deferred tax	10.6	20.4	11.0
Pension obligations	45.0	47.7	50.8
Credit institutions	669.3	626.4	624.9
Government grants	6.8	9.8	8.2
Non-current liabilities	**731.7**	**704.3**	**694.9**
Credit institutions	6.4	7.4	7.5
Government grants	2.0	2.4	2.0
Overdraft facilities	125.5	35.2	65.9
Prepayments from customers	30.7	26.1	41.4
Trade payables	176.9	176.7	185.0
Payables to associates	0.0	6.3	5.3
Income tax	18.5	27.0	9.0
Provisions	4.9	13.4	5.9
Other payables	144.1	136.0	154.9
Current liabilities	**509.0**	**430.5**	**476.9**
Liabilities	**1,240.7**	**1,134.8**	**1,171.8**
EQUITY AND LIABILITIES	**1,987.3**	**1,841.8**	**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 for the period	-	-	-	92.6	0.0	92.6	-	-	-	130.6	0.0	130.6
Other comprehensive income												
Items that can be reclassified to profit or loss												
Foreign exchange adjustment of:												
Foreign subsidiaries	-	-	(54.0)	-	-	(54.0)	-	-	34.1	-	-	34.1
Value adjustment of hedging instruments:												
Recognised in other comprehensive income	-	9.2	-	-	-	9.2	-	22.8	-	-	-	22.8
Transferred to revenue	-	(4.3)	-	-	-	(4.3)	-	(7.9)	-	-	-	(7.9)
Transferred to production costs	-	(0.6)	-	-	-	(0.6)	-	(1.2)	-	-	-	(1.2)
Transferred to financial income and expenses	-	(0.1)	-	-	-	(0.1)	-	0.0	-	-	-	0.0
Tax	-	(1.1)	0.0	-	-	(1.1)	-	(3.5)	0.0	-	-	(3.5)
	0.0	**3.1**	**(54.0)**	**0.0**	**0.0**	**(50.9)**	**0.0**	**10.2**	**34.1**	**0.0**	**0.0**	**44.3**
Total comprehensive income	**0.0**	**3.1**	**(54.0)**	**92.6**	**0.0**	**41.7**	**0.0**	**10.2**	**34.1**	**130.6**	**0.0**	**174.9**
Transactions with owners												
Dividend paid	-	-	-	-	(65.7)	(65.7)	-	-	-	-	(65.7)	(65.7)
Total changes in equity	**0.0**	**3.1**	**(54.0)**	**92.6**	**(65.7)**	**(24.0)**	**0.0**	**10.2**	**34.1**	**130.6**	**(65.7)**	**109.2**
Equity at 30 September	**140.3**	**3.2**	**(140.8)**	**743.9**	**0.0**	**746.6**	**140.3**	**5.3**	**(113.5)**	**674.9**	**0.0**	**707.0**

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 technology for production of moulded-fibre packaging and related services.
- **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	
	Q3	9M	Q3	9M	Q3	9M	Q3	9M	Q3	9M	Q3	9M
External revenue												
Moulded-fibre packaging	278.7	855.8	216.9	702.4	495.6	1,558.2	277.0	839.5	200.0	628.6	477.0	1,468.1
Other revenue	61.0	85.0	-	-	61.0	85.0	4.9	105.2	-	-	4.9	105.2
Revenue, cf. statement of comprehensive income	**339.7**	**940.8**	**216.9**	**702.4**	**556.6**	**1,643.2**	**281.9**	**944.7**	**200.0**	**628.6**	**481.9**	**1,573.3**
Operating profit	51.8	106.3	22.9	78.0	74.7	184.3	29.9	113.8	28.7	102.5	58.6	216.3
Other segment information												
Depreciation/amortisation	15.9	48.8	18.2	48.0			15.4	43.9	11.9	28.9		
Investments in intangible assets and property plant and equipment	-	93.5	-	68.2			-	62.8	-	166.4		
Net working capital	-	191.2	-	160.0			-	131.7	-	131.3		
Invested capital	-	595.8	-	842.3			-	523.7	-	756.4		
Segment assets	-	876.6	-	970.9	-	1,847.5	-	807.3	-	878.4	-	1,685.7

Reconciliation	2017		2016	
	Q3	9M	Q3	9M
Performance targets				
Operating profit for reporting segments	74.7	184.3	58.6	216.3
Non-allocated corporate functions	(6.2)	(23.8)	(8.5)	(23.8)
Eliminations	0.4	1.3	(3.4)	(3.0)
Operating profit, cf. statement of comprehensive income	**68.9**	**161.8**	**46.7**	**189.5**
Financial income	0.4	3.4	3.7	4.7
Financial expenses	(12.0)	(48.0)	(4.3)	(20.0)
Profit before tax, cf. statement of comprehensive income	**57.3**	**117.2**	**46.1**	**174.2**

Assets	30 Sep. 2017	30 Sep. 2016
Assets for reporting segments	1,847.5	1,685.7
Non-allocated assets	164.9	180.8
Eliminations	(25.1)	(24.7)
Assets, cf. balance sheet	**1,987.3**	**1,841.8**

Notes

04 Financial instrument categories

Financial instrument categories

DKKm	30 September 2017 Carrying amount	30 September 2017 Fair value	30 September 2016 Carrying amount	30 September 2016 Fair value	31 December 2016 Carrying amount	31 December 2016 Fair value
Derivative financial instruments to hedge future cash flows	6.7	6.7	7.8	7.8	4.5	4.5
Financial assets used as hedging instruments	**6.7**	**6.7**	**7.8**	**7.8**	**4.5**	**4.5**
Trade receivables	377.3	377.3	351.7	351.7	360.3	360.3
Other receivables	65.3	65.3	79.8	79.8	72.0	72.0
Cash	63.9	63.9	57.0	57.0	54.3	54.3
Loans and receivables	**506.5**	**506.5**	**488.5**	**488.5**	**486.6**	**486.6**
Derivative financial instruments to hedge future cash flows	2.4	2.4	1.0	1.0	4.4	4.4
Financial liabilities used as hedging instruments	**2.4**	**2.4**	**1.0**	**1.0**	**4.4**	**4.4**
Credit institutions	801.2	801.9	669.0	669.0	698.3	699.5
Other liabilities	338.1	338.1	354.4	354.4	352.1	352.1
Financial liabilities measured at amortised cost	**1,139.3**	**1,140.0**	**1,023.4**	**1,023.4**	**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

Except as recognised or mentioned in this interim report, no significant events have occurred after the balance sheet date at 30 September 2017 of significance to the consolidated financial statements.

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 technology 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.

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 2018

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

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