HARTMANN CHOOSE FIBRE. SAVE NATURE.®

INTERIM REPORT
Q1 2014

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HIGHLIGHTS

Hartmann continued to deliver a positive performance in Q1 2014, lifting both operating profit and profit margin. Our European earnings grew, while the profit margin for our North American business fell due to exchange rate fluctuations and higher energy prices as well as costs related to the ongoing expansion of our production capacity. We retain our full-year guidance for 2014 of revenue of DKK 1.6-1.7 billion and a profit margin of 9.0-10.5%.

- Revenue for Q1 2014 was DKK 413 million (2013: DKK 423 million), and operating profit* was DKK 45 million (2013: DKK 44 million), corresponding to a profit margin* of 10.8% (2013: 10.3%).
- Europe generated revenue of DKK 341 million for Q1 2014 (2013: DKK 351 million), and operating profit grew to DKK 38 million (2013: DKK 34 million), corresponding to a profit margin of 11.1% (2013: 9.7%). Our earnings growth in Europe was driven by an increase in the proportion of premium products and the effects of initiatives implemented to enhance efficiency.
- Revenue for our North American business was maintained at DKK 72 million (2013: DKK 72 million), and operating profit was DKK 13 million (2013: DKK 16 million), corresponding to a profit margin of 17.6% (2013: 21.7%). North America showed a positive business performance, with the decline in earnings being attributable to exchange rate fluctuations and higher energy prices as well as costs related to the ongoing expansion of our production capacity.
- Cash flows from operating activities amounted to a net cash inflow of DKK 9 million (2013: a net cash inflow of DKK 47 million), and the return on invested capital (ROIC) increased to 23% (2013: 17%).
- We retain our full-year guidance of revenue of DKK 1.6-1.7 billion and a profit margin of 9.0-10.5%.

* References to operating profit are to operating profit before special items, and references to profit margin are to profit margin before special items.

KEY FIGURES AND FINANCIAL RATIOS

DKKm

Group	Q1 2014	Q1 2013	FY 2013
Statement of comprehensive income			
Revenue	413	423	1,579
Operating profit	45	44	148
Special items	0	(33)	(39)
Financial income and expenses, net	(5)	0	(15)
Profit/(loss) before tax	40	10	95
Profit/(loss) for the period	34	4	86
Comprehensive income	25	(4)	77
Cash flows			
Cash flows from operating activities	9	47	178
Cash flows from investing activities	(33)	(11)	(112)
Cash flows from financing activities	0	(13)	(86)
Total cash flows	(24)	24	(20)
Balance sheet			
Assets	1,148	1,145	1,126
Investments in property, plant and equipment	33	11	115
Net working capital	196	143	155
Invested capital	738	641	689
Interest-bearing debt	168	102	138
Equity	637	596	612
Financial ratios, %			
Profit margin	10.8	10.3	9.4
Return on average invested capital (ROIC, rolling 12 months)	22.6	16.7	23.0
Return on equity (rolling 12 months)	20.0	10.7	14.9
Equity ratio	55.5	52.1	54.4
Gearing	26.4	17.2	22.6
Share-based financial ratios			
No. of shares (at period end, excluding treasury shares)	6,915,090	6,915,090	6,915,090
No. of shares (average, excluding treasury shares)	6,915,090	6,915,090	6,915,090
Earnings per share, DKK (EPS)	4.9	0.5	12.4
Cash flows per share, DKK	1.3	6.8	25.7
Book value per share, DKK	92.1	86.3	88.5
Market price per share, DKK	188.0	132.0	167.0
Market price/book value per share	2.0	1.5	1.9
Price/earnings (rolling 12 months)	11.2	14.5	13.4

The financial ratios are calculated in accordance with 'Recommendations & Ratios 2010', issued by the Danish Society of Financial Analysts. See note 38 to the financial statements in the annual report for 2013.

DEVELOPMENTS IN Q1 2014

We maintained the positive trend in our core business by increasing the proportion of premium products, lifting the average selling price and enhancing our capacity utilisation and production efficiency.

In Europe, the initiatives we have implemented in sales and production continued to show positive results, and our activities to enhance efficiency continue with the aim of further optimising production and processes. In April, we decided to centralise a number of European back-office functions in our German sales office to improve customer service levels by creating a strong central unit and enhancing work process efficiency.

In North America, the ongoing expansion of our production capacity is progressing to plan, and we still expect the expansion to be fully implemented in 2014.

STATEMENT OF COMPREHENSIVE INCOME

Revenue

Total revenue for Q1 2014 was DKK 413 million (2013: DKK 423 million). Underlying business trends were positive with the decrease in revenue being primarily attributable to period-to-period fluctuations in completed deliveries in Hartmann Technology.

Europe

Revenue for the European business totalled DKK 341 million for Q1 2014 (2013: DKK 351 million). We increased our sales of moulded-fibre packaging and our sales of premium products and achieved a higher average selling price. The period-to-period fluctuations in Hartmann Technology adversely impacted revenue for Q1 2014.

North America

The North American business successfully increased the proportion of premium products, maintaining revenue at DKK 72 million for Q1 2014 (2013: DKK 72 million) despite a substantial adverse effect of exchange rate fluctuations.

Operating profit

Operating profit for Q1 2014 was DKK 45 million (2013: DKK 44 million), and the profit margin grew to 10.8% (2013: 10.3%).

Europe

Operating profit for our European business rose to DKK 38 million (2013: DKK 34 million), corresponding to a profit margin of 11.1% (2013: 9.7%).

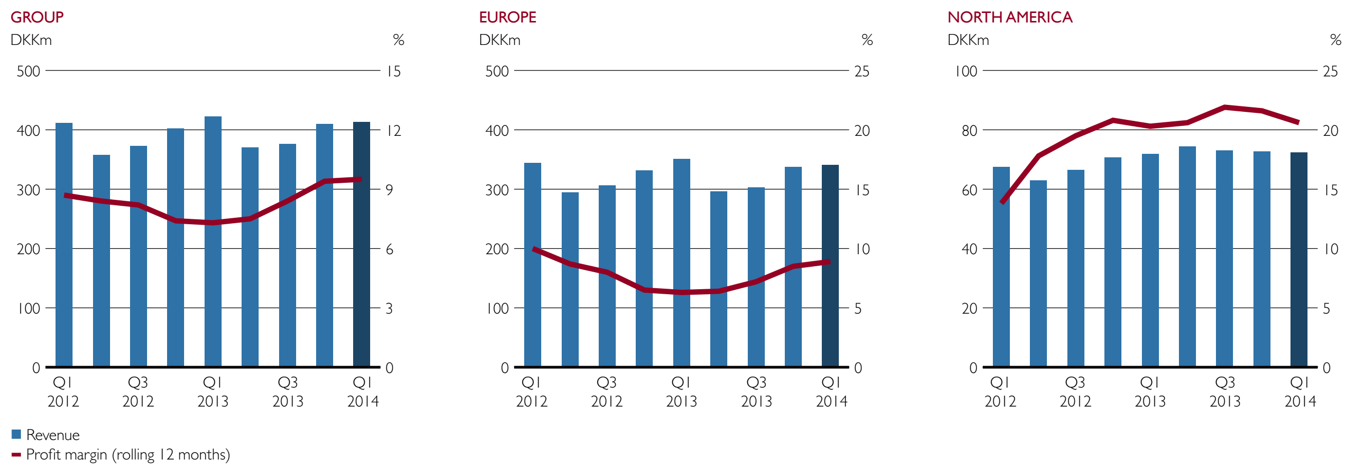
The positive trend in operating profit was driven by the increased proportion of premium products and enhanced capacity utilisation at the European factories. Moreover, our energy costs fell as a result of a series of initiatives to enhance energy efficiency and reduced energy prices.

North America

Our North American business reported operating profit of DKK 13 million for Q1 2014 (2013: DKK 16 million), corresponding to a profit margin of 17.6% (2013: 21.7%).

Our underlying operations in North America continued their positive trend in the first quarter, as especially the increased proportion of premium products made a positive contribution to operating profit. However, exchange rate fluctuations and higher energy prices as well as costs related to the ongoing expansion of our production capacity caused a drop in our operating profit and profit margin.

REVENUE AND PROFIT MARGIN



***Our operations and profit margin improved in Q1 2014**, and our North American capacity expansion is progressing to plan.*

Corporate functions
Costs related to corporate functions were DKK 6 million in Q1 2014 (2013: DKK 6 million).

Special items
Special items for Q1 2014 were DKK 0 (2013: negative at DKK 33 million).

Financial income and expenses
Our financial income and expenses amounted to a net expense of DKK 5 million for Q1 2014 (2013: DKK 0 million). The change was attributable to adverse effects of exchange rate adjustments.

Profit for the period
Profit for the period grew to DKK 34 million for Q1 2014 (2013: DKK 4 million), and tax on profit for the period was DKK 6 million (2013: DKK 7 million).

Comprehensive income
Comprehensive income for Q1 2014 was DKK 25 million (2013: negative at DKK 4 million) and was positively affected in the amount of DKK 34 million by profit for the period and adversely affected in the amount of DKK 10 million (2013: adverse effect of DKK 7 million) as a result of translation into DKK of net assets in foreign subsidiaries.

CASH FLOWS

As expected, cash flows from operating activities were lower than in the prior-year period and amounted to a net cash inflow of DKK 9 million (2013: a net cash inflow of DKK 47 million). Cash flows were adversely impacted by an increase in capital tied up in receivables in Europe since the end of 2013.

Cash flows from investing activities were a net cash outflow of DKK 33 million (2013: a net cash outflow of DKK 11 million), and cash flows from operating and investing activities thus amounted to a net cash outflow of DKK 24 million (2013: a net cash inflow of DKK 36 million). Our investment level was higher in the first quarter of the year as a result of our North American capacity expansion.

BALANCE SHEET

ROIC
Return on invested capital (ROIC) rose to 23% at 31 March 2014 (2013: 17%).

Capital resources
At 31 March 2014, our net interest-bearing debt stood at DKK 168 million against DKK 138 million at 31 December 2013. Financial gearing was 26% at 31 March 2014 against 23% at 1 January 2014.

Our financial resources were satisfactory, standing at DKK 304 million at 31 March 2014.

Equity
Equity was DKK 637 million at 31 March 2014, against DKK 612 million at 1 January 2014. Our equity ratio was 56% at 31 March 2014, against 54% at 1 January 2014.

THE HARTMANN SHARE

The official market price of our share was DKK 167.0 at 31 December 2013 and DKK 188.0 at 31 March 2014. Information on our share performance is available at investor.hartmann-packaging.com.

EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred in the period from the balance sheet date until the date of presentation of this interim report that materially affect the evaluation of the interim report.

OUTLOOK

Based on our performance in Q1 2014 and the expected trends in markets, prices and capacity, we retain our full-year guidance of revenue of DKK 1.6-1.7 billion and a profit margin of 9.0-10.5%.

In 2014, our continued initiatives to strengthen our competitive edge will centre on:

- ***Customer focus***
  Creating even stronger ties to retail chains, distributors and manufacturers and being committed to promoting premium products.
- ***Efficiency enhancements***
  Enhancing efficiency by continuing to optimise work and production processes and using robot technology.
- ***Capacity***
  Ensuring sustainable growth through enhanced capacity utilisation and increased capacity.

Due to seasonal fluctuations, our operating profit is generally higher for the first and fourth quarters than for the second and third quarters.

Our total capital expenditure is expected to come to DKK 90-110 million, against the previous forecast of DKK 120-140 million. The amount reflects our strong focus on optimising capacity utilisation in Europe and our ongoing expansion in North America.

ASSUMPTIONS

Our revenue and profit margin guidance for 2014 is based on the present composition of our business operations. In addition, total costs of raw materials and selling prices are assumed to remain relatively stable at the level prevailing at the time of presentation of this interim report. Any deviations from these assumptions may affect the 2014 performance.

Hartmann's profit margin is mainly exposed to developments in raw material prices and exchange rates. We have hedged our primary currency exposure until 31 December 2014.

FORWARD-LOOKING STATEMENTS

The forward-looking statements in this interim report reflect our current expectations for future events and financial results. The statements are inherently subject to uncertainty, and actual results may therefore differ from expectations. Factors that may cause the actual results to differ from expectations include, but are not limited to, general economic trends and developments in the financial markets, changes and amendments to legislation and regulation in our markets, changes in demand for products, competition and the prices of raw materials.

GUIDANCE AND FINANCIAL TARGETS

	2014	2015
Revenue	DKK 1.6-1.7bn	DKK 1.7-1.8bn
Profit margin	9.0-10.5%	9.5-11%

RISK FACTORS

See the section on risk factors and note 34 to the financial statements in the annual report for 2013 for a full description of Hartmann's risk factors.

RAW MATERIALS

Hartmann is dependent on the purchase prices of the raw materials used in production. We are particularly exposed to fluctuations in the purchase prices of recycled paper and energy (electricity and gas), which are the most important raw materials used in 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 substitute to some extent certain types of paper for other types if prices are more favourable.

We regularly sign fixed-price agreements with energy suppliers, typically for periods of 6 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 of the countries in which we operate.

We are committed to reducing our sensitivity to fluctuations in the prices of raw materials through continual implementation of technological improvements and optimisation of work processes.

CURRENCY

Hartmann's currency risks consist of transaction risks and translation risks, respectively.

We are exposed to transaction risk due to cross-border transactions leading to contractual cash flows in foreign currency. Most sales generated in the North American business are invoiced in USD, while most costs are incurred in CAD. Therefore, the currency exposure in relation to the USD/CAD exchange rate constitutes one of our single largest transaction risks. Other significant transaction risks relate to the currencies CHF, EUR, GBP, HRK, HUF and PLN.

Due to our foreign subsidiaries, we are exposed to translation risks since a part of our earnings and net assets derive from foreign subsidiaries and is therefore translated and included in our consolidated financial statements, which are presented in DKK. In terms of net position, foreign subsidiaries' reporting in the currencies CAD, EUR, HRK, HUF and ILS represents our greatest translation exposure.

We hedge our transaction risk to the effect that primary currencies are continuously hedged for a period of not less than 6 and not more than 12 months. Translation risk is not hedged, as it does not have any direct impact on our cash resources or underlying cash flows.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have today considered and approved the interim report of Brødrene Hartmann A/S for the three months ended 31 March 2014.

The interim report, which has been neither audited nor reviewed by the company's auditors, was 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 and liabilities and financial position at 31 March 2014 and of the results of the group's operations and cash flows for the three months ended 31 March 2014.

We are of the opinion that the management report includes a fair review of the development and performance of the group's business and financial position, the results for the period and the financial position in general of the consolidated companies, together with a description of the principal risks and uncertainties that the group faces.

Gentofte, 19 May 2014

Executive Board:	Ulrik Kolding Hartvig *CEO*	Marianne Rørslev Bock *CFO*	
Board of Directors:	Agnete Raaschou-Nielsen *Chairman*	Niels Hermansen *Vice Chairman*	
	Jørn Mørkeberg Nielsen	Steen Parsholt	
	Jan Peter Antonisen	Andy Hansen	Niels Christian Petersen

INTERIM FINANCIAL STATEMENTS

Interim financial statements

STATEMENT OF COMPREHENSIVE INCOME

DKKm

Group	Q1 2014	Q1 2013	FY 2013
Revenue	413.1	422.5	1,578.8
Production costs	(277.5)	(292.3)	(1,085.1)
Gross profit/(loss)	**135.6**	**130.2**	**493.7**
Selling and distribution costs	(74.5)	(73.5)	(283.5)
Administrative expenses	(17.2)	(13.6)	(64.5)
Other operating income	0.6	0.6	2.8
Other operating expenses	0.0	0.0	(0.1)
Operating profit/(loss) before special items	**44.5**	**43.7**	**148.4**
Special items, cf. note 4	0.0	(33.0)	(38.9)
Operating profit/(loss)	**44.5**	**10.7**	**109.5**
Profit after tax in associates	0.0	0.0	0.1
Financial income	0.2	2.0	2.6
Financial expenses	(5.0)	(2.4)	(17.1)
Profit/(loss) before tax	**39.7**	**10.3**	**95.1**
Tax on profit for the period	(5.5)	(6.5)	(9.2)
Profit/(loss) for the period	**34.2**	**3.8**	**85.9**
Items that cannot be reclassified to profit or loss			
Actuarial gains/(losses) on pension obligations	0.0	0.0	13.1
Tax	0.0	0.0	(3.5)
Items that can be reclassified to profit or loss:			
Foreign exchange adjustment of:			
Foreign subsidiaries	(10.3)	(7.3)	(20.6)
Equity-like loans to subsidiaries	0.5	0.1	0.9
Value adjustment of hedging instruments:			
Recognised in other comprehensive income	4.4	(0.2)	0.3
Transferred to revenue	(2.8)	1.4	0.7
Transferred to production costs	(1.2)	(1.7)	(1.6)
Transferred to financial income and expenses	0.0	0.0	3.0
Tax	(0.1)	0.1	(0.8)
Other comprehensive income after tax	**(9.5)**	**(7.6)**	**(8.5)**
Comprehensive income	**24.7**	**(3.8)**	**77.4**
Earnings per share, DKK	4.9	0.5	12.4
Earnings per share, diluted, DKK	4.9	0.5	12.4

STATEMENT OF CASH FLOWS

DKKm

Group	Q1 2014	Q1 2013	FY 2013
Operating profit/(loss) before special items	44.5	43.7	148.4
Depreciation and amortisation	16.7	19.1	77.0
Adjustment for other non-cash items	0.0	0.0	(0.1)
Change in working capital	(44.9)	(10.8)	(15.7)
Restructuring costs etc. paid	(3.3)	(0.6)	(12.0)
Cash generated from operations	**13.0**	**51.4**	**197.6**
Interest etc. received	0.2	0.8	2.6
Interest etc. paid	(2.2)	(2.4)	(11.6)
Net income tax paid	(2.0)	(2.8)	(10.8)
Cash flows from operating activities	**9.0**	**47.0**	**177.8**
Disposals of property, plant and equipment	0.0	0.0	0.9
Acquisitions of property, plant and equipment	(32.8)	(10.9)	(115.2)
Government grants received	0.0	0.0	2.5
Cash flows from investing activities	**(32.8)**	**(10.9)**	**(111.8)**
Cash flows from operating and investing activities	**(23.8)**	**36.1**	**66.0**
Raising of non-current debt	0.1	0.0	39.9
Repayment of non-current debt	0.0	(12.5)	(59.8)
Dividend paid	0.0	0.0	(65.7)
Cash flows from financing activities	**0.1**	**(12.5)**	**(85.6)**
Total cash flows	**(23.7)**	**23.6**	**(19.6)**
Cash and bank debt at beginning of period	45.7	66.4	66.4
Foreign exchange adjustment	0.1	(1.8)	(1.1)
Cash and bank debt at end of period	**22.1**	**88.2**	**45.7**
Recognition of cash and bank debt at end of period:			
Cash and cash equivalents	33.6	88.2	45.7
Overdraft facilities	(11.5)	0.0	0.0
	22.1	**88.2**	**45.7**

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

BALANCE SHEET
ASSETS

DKKm

Group	31 March 2014	31 March 2013	31 Dec. 2013
Goodwill	10.7	10.7	10.7
Other intangible assets	1.0	3.2	1.5
Intangible assets	**11.7**	**13.9**	**12.2**
Land and buildings	147.2	157.2	152.1
Technical plant and machinery	321.7	312.6	316.0
Fixtures and fittings, tools and equipment	5.6	6.4	5.9
Technical plant under construction	68.0	21.7	61.0
Property, plant and equipment	**542.5**	**497.9**	**535.0**
Investments in associates	1.8	1.7	1.8
Other receivables	8.9	10.4	9.2
Deferred tax	95.7	89.6	100.2
Other non-current assets	**106.4**	**101.7**	**111.2**
Non-current assets	**660.6**	**613.5**	**658.4**
Inventories	114.6	117.7	112.0
Trade receivables	280.6	259.2	262.3
Income tax	3.6	6.8	4.2
Other receivables	46.7	45.4	37.7
Prepayments	8.2	14.5	5.5
Cash and cash equivalents	33.6	88.2	45.7
Current assets	**487.3**	**531.8**	**467.4**
Assets	**1,147.9**	**1,145.3**	**1,125.8**

BALANCE SHEET
EQUITY AND LIABILITIES

DKKm

Group	31 March 2014	31 March 2013	31 Dec. 2013
Share capital	140.3	140.3	140.3
Hedging reserve	(2.7)	(5.2)	(3.0)
Translation reserve	(66.8)	(44.3)	(57.0)
Proposed dividend	65.7	65.7	65.7
Retained earnings	500.1	439.9	465.9
Equity	**636.6**	**596.4**	**611.9**
Deferred tax	20.8	14.6	21.8
Pension obligations	29.9	46.0	31.0
Credit institutions	184.2	190.7	184.1
Government grants	18.4	21.2	19.6
Other payables	0.0	0.7	0.0
Non-current liabilities	**253.3**	**273.2**	**256.5**
Government grants	2.8	2.8	2.8
Overdraft facilities	11.5	0.0	0.0
Prepayments from customers	0.1	3.9	0.1
Trade payables	124.2	99.4	117.0
Payables to associates	0.8	3.8	4.6
Income tax	5.8	2.0	5.7
Provisions	14.5	23.1	18.2
Other payables	98.3	140.7	109.0
Current liabilities	**258.0**	**275.7**	**257.4**
Liabilities	**511.3**	**548.9**	**513.9**
Equity and liabilities	**1,147.9**	**1,145.3**	**1,125.8**

STATEMENT OF CHANGES IN EQUITY

DKKm

Group	Share capital	Hedging reserve	Translation reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2014	**140.3**	**(3.0)**	**(57.0)**	**65.7**	**465.9**	**611.9**
Profit/(loss) for the period	-	-	-	0.0	34.2	34.2
Other comprehensive income						
Items that can be reclassified to profit or loss						
Foreign exchange adjustment of:						
Foreign subsidiaries	-	-	(10.3)	-	-	(10.3)
Equity-like loans to subsidiaries	-	-	0.5	-	-	0.5
Value adjustment of hedging instruments:						
Recognised in other comprehensive income	-	4.4	-	-	-	4.4
Transferred to revenue	-	(2.8)	-	-	-	(2.8)
Transferred to production costs	-	(1.2)	-	-	-	(1.2)
Tax	-	(0.1)	0.0	-	-	(0.1)
	0.0	**0.3**	**(9.8)**	**0.0**	**0.0**	**(9.5)**
Total comprehensive income	**0.0**	**0.3**	**(9.8)**	**0.0**	**34.2**	**24.7**
Total changes in equity	**0.0**	**0.3**	**(9.8)**	**0.0**	**34.2**	**24.7**
Equity at 31 March 2014	**140.3**	**(2.7)**	**(66.8)**	**65.7**	**500.1**	**636.6**

Equity at 1 January 2013	**140.3**	**(4.8)**	**(37.1)**	**65.7**	**436.1**	**600.2**
Profit/(loss) for the period	-	-	-	0.0	3.8	3.8
Other comprehensive income						
Items that can be reclassified to profit or loss						
Foreign exchange adjustment of:						
Foreign subsidiaries	-	-	(7.3)	-	-	(7.3)
Equity-like loans to subsidiaries	-	-	0.1	-	-	0.1
Value adjustment of hedging instruments:						
Recognised in other comprehensive income	-	(0.2)	-	-	-	(0.2)
Transferred to revenue	-	1.4	-	-	-	1.4
Transferred to production costs	-	(1.7)	-	-	-	(1.7)
Tax	-	0.1	0.0	-	-	0.1
	0.0	**(0.4)**	**(7.2)**	**0.0**	**0.0**	**(7.6)**
Total comprehensive income	**0.0**	**(0.4)**	**(7.2)**	**0.0**	**3.8**	**(3.8)**
Total changes in equity	**0.0**	**(0.4)**	**(7.2)**	**0.0**	**3.8**	**(3.8)**
Equity at 31 March 2013	**140.3**	**(5.2)**	**(44.3)**	**65.7**	**439.9**	**596.4**

NOTES

01 ACCOUNTING POLICIES

The interim financial statements are presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies. No interim financial statements have 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 2013. The accounting policies are described in note 38 to the financial statements in the annual report for 2013, to which reference is made.

New financial reporting standards and interpretations in 2014
Hartmann has implemented all new and revised financial reporting standards and interpretations adopted by the EU that are effective for financial years beginning on or after 1 January 2014. Furthermore, Hartmann has assessed that the new and revised standards and interpretations that are effective for financial years beginning on or after 1 January 2014 are either not relevant or not of significant importance.

02 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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.

The estimates and underlying assumptions are regularly assessed. Changes to accounting estimates are recognised in the reference period in which the change occurs and in future reference periods if the change affects the period in which it is made as well as subsequent reference periods.

Other factors
The group's revenue and results of operations are subject to seasonal fluctuations.

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 the chief operating decision maker of Hartmann.

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-related decisions on resource allocation and performance evaluation for each of the segments are made on the basis of the operating profits of the individual segments before special items. 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. The pricing of inter-segment transactions is made 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 segments on a reliable basis. Profits in associates, financial income and expenses, income taxes, investments in associates, tax assets and tax liabilities, and cash and cash equivalents and bank debt are not allocated to reporting segments.

The reporting segments are:

- **Europe** comprises production and sales of moulded-fibre packaging. 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 and the combined heat and power plant in Tønder, Denmark.

- **North America** comprises production and sales of moulded-fibre packaging. Products are primarily produced at the North American factory and sold to egg producers, egg packing businesses and retail chains.

NOTES

DKKm

03 SEGMENT INFORMATION CONT'D

OPERATIONS Q1 2014

	Europe	North America	Total reporting segments
Moulded fibre	312.1	72.4	384.5
Other revenue	28.6	0.0	28.6
Revenue	**340.7**	**72.4**	**413.1**
Operating profit/(loss) before special items	**37.9**	**12.7**	**50.6**
Other segment information			
Depreciation, amortisation and impairment	14.7	2.2	
Investments in intangible assets and property, plant and equipment	5.3	27.5	
Net working capital	195.6	13.0	
Invested capital	564.4	187.3	
Segment assets	791.0	223.4	1,014.4

OPERATIONS Q1 2013

	Europe	North America	Total reporting segments
Moulded fibre	300.4	71.8	372.2
Other revenue	50.3	0.0	50.3
Revenue	**350.7**	**71.8**	**422.5**
Operating profit/(loss) before special items	**33.9**	**15.6**	**49.5**
Other segment information			
Depreciation, amortisation and impairment	16.1	3.1	
Investments in intangible assets and property, plant and equipment	8.2	2.7	
Net working capital	128.8	14.0	
Invested capital	518.2	124.7	
Segment assets	792.0	168.6	960.6

NOTES

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03 SEGMENT INFORMATION CONT'D

RECONCILIATION

	Q1 2014	Q1 2013
Revenue		
Revenue for reporting segments	413.1	422.5
Revenue, cf. interim financial statements	**413.1**	**422.5**
Performance targets		
Operating profit/(loss) before special items for reporting segments	50.6	49.5
Non-allocated corporate functions	(6.3)	(5.9)
Eliminations	0.2	0.1
Operating profit/(loss) before special items, cf. interim financial statements	44.5	43.7
Special items	0.0	(33.0)
Operating profit/(loss), cf. interim financial statements	44.5	10.7
Financial income	0.2	2.0
Financial expenses	(5.0)	(2.4)
Profit/(loss) before tax, cf. interim financial statements	**39.7**	**10.3**

	31 March 2014	31 March 2013
Assets		
Assets for reporting segments	1,014.4	960.6
Non-allocated assets	134.7	186.7
Eliminations	(1.2)	(2.0)
Assets, cf. interim financial statements	**1,147.9**	**1,145.3**

04 SPECIAL ITEMS

	Q1 2014	Q1 2013
Impairment of property, plant and equipment	0.0	12.6
Demolition and clearing costs	0.0	8.9
Severance payments	0.0	9.6
Other costs relating to closure of factory	0.0	1.9
Special costs	**0.0**	**33.0**

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05 FINANCIAL INSTRUMENT CATEGORIES

	31 March 2014		31 March 2013		31 Dec. 2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Derivative financial instruments to hedge future cash flows	0.6	0.6	0.0	0.0	0.0	0.0
Financial assets used as hedging instruments	**0.6**	**0.6**	**0.0**	**0.0**	**0.0**	**0,0**
Trade receivables	280.6	280.6	259.2	259.2	262.3	262.3
Other receivables	49.7	49.7	52.2	52.2	41.9	41.9
Cash and cash equivalents	33.6	33.6	88.2	88.2	45.7	45.7
Loans and receivables	**363.9**	**363.9**	**399.6**	**399.6**	**349.9**	**349.9**
Derivative financial instruments to hedge future cash flows	4.1	4.1	7.0	7.0	3.9	3.9
Financial liabilities used as hedging instruments	**4.1**	**4.1**	**7.0**	**7.0**	**3.9**	**3.9**
Credit institutions	195.7	195.7	190.7	190.7	184.1	184.1
Other liabilities	225.0	225.0	239.6	239.6	232.4	232.4
Financial liabilities measured at amortised cost	**420.7**	**420.7**	**430.3**	**430.3**	**416.5**	**416.5**

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

06 EVENTS AFTER THE BALANCE SHEET DATE

Other than what has been recognised or mentioned in this interim report, no significant events have occurred after the balance sheet date at 31 March 2014 of significance to the consolidated financial statements.

HARTMANN AT A GLANCE

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging and one of the world's largest manufacturers of machinery for producing moulded-fibre packaging. Hartmann's market position can be ascribed to its strong technology know-how and extensive experience of production of moulded fibre since 1936.

Sustainability
Sustainability and environmental considerations are integral elements of Hartmann's business model and strategy. All of Hartmann's products are based on recycled paper; a renewable, CO_2-neutral and biodegradable resource. Hartmann works closely with its customers to support the need for sustainable products in the retail trade, and the company was the first manufacturer to offer both FSC-certified and CO_2-neutral retail packaging.

Markets
Hartmann's egg packaging is sold globally. The group's principal markets consist of Europe and North America, where Hartmann has strong market positions. Hartmann is the market leader in Europe and has a small but growing share of the North American market. Hartmann's technology, including machinery and services, is also sold globally outside its key markets.

Customers
Hartmann sells egg packaging to manufacturers, distributors and to retail chains, which are increasingly seeking Hartmann's expertise in the marketing of eggs. Hartmann's technology and related services are sold to manufacturers of moulded-fibre packaging. Hartman has more than 1,500 customers in 50 countries, and most of these customers have long-standing relations with Hartmann. In 2013, Hartmann generated total revenue of DKK 1.6 billion.

Organisation
Hartmann has about 1,500 employees, and its head office is situated in Gentofte, Denmark. Production takes place at Hartmann's own factories. Four of these factories are located in Europe, one is located in Israel and one in Canada. The group has sales companies in 12 countries.

The Hartmann share
Hartmann's shares have been listed on NASDAQ OMX Copenhagen A/S since 1982. The company has one share class, and each share carries one vote. Interested parties can receive financial reports and company announcements by subscribing to Hartmann's news service at investor.hartmann-packaging.com.

FINANCIAL CALENDAR 2014

21 August 2014	Interim report Q2 2014
13 November 2014	Interim report Q3 2014

HARTMANN CHOOSE FIBRE. SAVE NATURE.®

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