

Company announcement no. 11/2014

Gentofte, 1 December 2014

Hartmann strengthens its global position through the acquisition of Sanovo Greenpack

Brødrene Hartmann A/S (“Hartmann”) today entered into an agreement with the company’s majority shareholder, Lactosan Sanovo Holding A/S, to purchase its South American moulded-fibre activities (“Sanovo Greenpack”). Sanovo Greenpack is South America’s leading producer of moulded-fibre egg and fruit packaging with around 600 employees and four production facilities in Brazil and Argentina. In 2014, Sanovo Greenpack is expected to generate revenue of around DKK 400 million and operating profit at the level of DKK 45 million based on current exchange rates. The transaction, which is expected to close in early 2015, is binding and will strengthen Hartmann’s earnings per share (EPS) already next year.

The purchase price for the shares in Sanovo Greenpack is DKK 300 million, corresponding to an EBITDA multiple of 5.5, and is financed through bank loans. A thorough due diligence process has been conducted, and the valuation - under the assumptions on which it is based - is supported by an independent fairness opinion made by SEB Corporate Finance.

Strategic rationale of the acquisition

The purchase of Sanovo Greenpack falls within Hartmann’s strategic goal of creating sustainable growth based on the company’s strong market position and competitiveness. Hartmann is expanding its business volume significantly through its presence in the attractive growth markets in South America, strengthening its global position within production and sale of moulded-fibre egg packaging.

”We have built a stronger Hartmann over the last few years, and the acquisition of Sanovo Greenpack is a natural next step in our efforts to speed up growth. Alongside the expansion in South America, we maintain our focus on optimising our European business and continuing the progress in North America where the expanded production capacity is now in place,” says Ulrik Kolding Hartvig, CEO of Hartmann.

Sanovo Greenpack’s revenue derives from moulded-fibre egg and fruit packaging sales to the attractive markets in Brazil and Argentina, both characterised by favourable demographic development and growing urbanisation. In addition, the production facilities in Brazil and Argentina are based on Hartmann’s machine technology, which allows for synergies in operating and maintaining the machinery.

”Sanovo Greenpack is today a well-run business with a strong position and a large growth potential in attractive markets. Hartmann has knowledge of the South American activities from

previous ownership, and today we have a well-established cooperation in technology matters. We are looking forward to working with Sanovo Greenpack's management and employees to leverage our combined experience within the development, production and sale of moulded-fibre packaging to further strengthen our business to the benefit of our shareholders, employees and customers," Ulrik Kolding Hartvig says.

Dividend policy and financing of the acquisition

Hartmann's current dividend policy is maintained, and it remains the Board of Directors' view that excess capital is distributed at a level that will generally maintain Hartmann's equity ratio at a maximum of 45%. As always, the distribution of excess capital will take into account Hartmann's growth plans and liquidity requirements.

As part of the planned refinancing of Hartmann's existing credit facilities, long-term loan commitments have been received from Danske Bank and SEB to finance the acquisition. In consequence, Hartmann's net interest-bearing debt will rise to the level of DKK 485 million, corresponding to a gearing ratio of around 70%.

Outlook for 2014 and financial targets

Hartmann maintains its expectations of revenue of DKK 1.6-1.7 billion and a profit margin of 9.0-10.5% for 2014. The purchase of Sanovo Greenpack is expected to entail special costs at the level of DKK 7 million in 2014.

As earlier announced, Hartmann's management will present an updated strategy and new financial targets to replace the previous financial targets of revenue of DKK 1.7-1.8 billion and a profit margin of 9.5-11% for 2015. The updated strategy and the new financial targets will be presented in the annual report for 2014, to be released on 9 March 2015.

Conference call at 13.00 (CET)

Hartmann is hosting a conference call today, 1 December at 13.00 (CET) where CEO Ulrik Kolding Hartvig and CFO Marianne Rørslev Bock will go through the strategic rationale for the transaction and answer questions. Notice of attendance is not necessary. The conference call will be held in English and can be followed live at investor.hartmann-packaging.com, where the accompanying presentation will be available.

Participants should dial the numbers provided below.

Denmark: + 45 327 280 18
UK: + 44 (0) 844 571 8957
US: + 1 866 682 8490
Other: + 44 (0) 1452 555131

For further information, please contact:
Ulrik Kolding Hartvig
CEO
Telephone: (+45) 45 97 00 57