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Hartmann expands in the USA and increases CAPEX guidance

As part of the 'Think ahead' strategy, Hartmann will invest around DKK 100 million in expansion of production capacity at the group's existing factory in Missouri, USA, during 2019-2020. Although the main part of the total investment will be made in 2020, the expansion entails an adjustment of Hartmann's capital expenditure guidance in 2019 to a level of DKK 300 million from the previous level of DKK 250 million. Guidance is presented before restatement for hyperinflation in Argentina and does not factor in any acquisitions.

Since its establishment in 2017, the factory in the USA has contributed to Hartmann's volume growth in North America where capacity utilisation is high at the group's two factories in the USA and Canada, respectively. The expansion of production capacity in the USA will strengthen Hartmann's position in the North American market further and serve to accommodate the increasing demand, which is driven by growing consumption of eggs, positive changes in consumer behavior and ongoing transition from polystyrene and plastic packaging to moulded-fibre packaging.

"We have generated good sales performance in North America where we have gained market share and strengthened Hartmann's market position after establishing the factory in the USA. The increasing demand for sustainable packaging solutions has created a solid foundation for Hartmann's volume growth, and we are set on staying at the forefront of the positive development in the important North American market. We are therefore installing additional production lines at our factory in the USA to significantly increase production capacity, while simultaneously adding more product types to the factory's assortment," says CEO Torben Rosenkrantz-Theil.

Hartmann expects to commission the expanded production capacity towards the end of 2020, driving a positive contribution to group revenue and operating profit in 2021.

Hartmann maintains its 2019 guidance of revenue in the DKK 2.2-2.4 billion range with a profit margin of 9-11% before special items and restatement for hyperinflation.

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