

# SCHOUW+CO

## *Interim report - third quarter of 2014*

### **Highlights**

- ▶ Overall, Schouw & Co. had a good third quarter of 2014.
- ▶ Business activity was up, but revenue was down 2% to DKK 3,618 million due to lower prices of raw materials.
- ▶ EBIT improved by 10% to DKK 270 million.
- ▶ All companies but one reported revenue improvements. BioMar saw its revenue drop due to lower raw materials prices.
- ▶ All companies reported EBIT improvements.
- ▶ The associate company Kramp reported revenue and EBIT improvements.
- ▶ BioMar and Fibertex Nonwovens both raising their full-year EBIT guidance.
- ▶ Schouw & Co. maintains its forecast of full-year 2014 revenue of DKK 11.5-12.0 billion and raises the EBIT forecast to the range of DKK 625-675 million from the previous forecast of DKK 570-665 million.

### **Statement by Jens Bjerg Sørensen, President of Schouw & Co.:**

*“Despite the relatively moderate activity increase, Schouw & Co. lifted its EBIT by almost 10% in the third quarter relative to last year. I'm very pleased that the advances we've made since the beginning of the year continued in the third quarter.*

*Each of our businesses are working to enhance growth and improve their margins, and our performance shows that these efforts are having both short- and medium-term effects. For example, they've had the direct effect that we've now upgraded our earnings guidance twice this year.*

*Acquisitive growth is high on our agenda, as witnessed by the two small acquisitions we've announced after the end of the third quarter. Fibertex Nonwovens has gained a strategically important point of entry to the North American market, and Fibertex Personal Care has invested in printing technology that enables the company to offer its customers value-adding services that complement its core product.”*

Schouw & Co. will be reviewing the financial statements in a conference call (in Danish) for analysts, members of the press and other interested parties on telephone +45 3271 4768, access code 98512630#, on

**MONDAY, NOVEMBER 3, 2014 AT 15.30 CET**

Please direct any questions to this announcement to President Jens Bjerg Sørensen on tel. +45 8611 2222.

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# Consolidated financial highlights

Amounts in DKK million

January 1 – September 30

GROUP SUMMARY	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 TOTAL
<b>Revenue</b>	3,618.1	3,702.6	8,682.0	8,666.1	11,644.9
Operating profit before depreciation (EBITDA)	359.5	332.8	774.8	692.1	1,038.6
Operating profit (EBIT)	269.6	246.1	509.0	427.9	684.6
Profit/(loss) after tax in associates, etc.	22.9	(1.3)	16.3	(3.2)	(21.5)
Value adjustment of financial investments <sup>1</sup>	0.0	230.8	0.0	443.9	499.0
Net financials before value adjustment of financial investments	(7.0)	(14.9)	(24.7)	(42.7)	(53.3)
Profit before tax	285.5	460.7	500.6	825.9	1,108.8
Tax on profit	(65.1)	(112.7)	(117.5)	(174.6)	(249.3)
Profit for the period from continuing operations	220.4	348.0	383.1	651.3	859.5
Profit for the period from discontinued operations	0.0	28.6	0.0	312.1	508.1
<b>Profit for the period</b>	220.4	376.6	383.1	963.4	1,367.6
Share of equity attributable to shareholders of Schouw & Co.	6,045.1	5,384.7	6,045.1	5,384.7	5,742.6
Minority interests	3.0	7.2	3.0	7.2	3.4
<b>Total equity</b>	6,048.1	5,391.9	6,048.1	5,391.9	5,746.0
Total assets	10,229.5	11,072.9	10,229.5	11,072.9	9,696.4
Net interest-bearing debt (NIBD)	141.7	975.4	141.7	975.4	(23.4)
Working capital	1,888.7	1,694.1	1,888.7	1,694.1	1,424.2
<b>Other key and financial data</b>					
Average number of employees	2,144	2,054	2,101	2,036	2,052
Cash flows from operating activities	42.9	345.1	317.3	306.7	667.4
Investments in property, plant and equipment	43.3	66.6	138.6	264.0	345.7
Depreciation of property, plant and equipment	86.3	83.4	254.0	254.6	338.4
Return on equity (%) <sup>2</sup>	13.8	21.4	13.8	21.4	26.4
ROIC (%) <sup>2</sup>	18.7	13.0	18.7	13.0	16.1
Equity ratio (%)	59.1	48.7	59.1	48.7	59.3
EBITDA margin (%)	9.9	9.0	8.9	8.0	8.9
EBIT margin (%)	7.5	6.6	5.9	4.9	5.9
NIBD/EBITDA <sup>2</sup>	0.1	1.1	0.1	1.1	(0.0)
<b>Per share data</b>					
Earnings per share (of DKK 10)	9.33	15.75	16.14	40.49	57.46
Net asset value per share (of DKK 10)	257.34	225.54	257.34	225.54	240.49
Share price at end of period (of DKK 10)	241.00	201.00	241.00	201.00	222.50
Price/net asset value	0.94	0.89	0.94	0.89	0.93
<b>Market capitalisation <sup>3</sup></b>	5,661.1	4,798.9	5,661.1	4,798.9	5,313.1

The financial ratios have been calculated in accordance with "Recommendations & Ratios 2010", issued by the Danish Society of Financial Analysts.

1) Value adjustment consists of value adjustments from the holdings of shares in Vestas and Lerøym, both divested in 2013.

2) Calculated for the past 12-month period. The balance sheet component of the key figure has been restated to reflect only the balance sheet value of the continuing operations.

3) Market capitalisation is calculated excluding the holding of treasury shares.

# Interim report – Third quarter 2014

## Financial performance

	Q3 2014	Q3 2013	Change
Revenue	3,618.1	3,702.6	(84.5)
EBITDA	359.5	332.8	26.7
EBIT	269.6	246.1	23.5
Value adj. fin. investment	0.0	230.8	(230.8)
Profit before tax	285.5	460.7	(175.2)
Profit from disc. ope.	0.0	28.6	(28.6)
Profit for the period	220.4	376.6	(156.2)

	YTD 2014	YTD 2013	Change
Revenue	8,682.0	8,666.1	15.9
EBITDA	774.8	692.1	82.7
EBIT	509.0	427.9	81.1
Value adj. financial inv.	0.0	443.9	(443.9)
Profit before tax	500.6	825.9	(325.3)
Profit from discon. opert.	0.0	312.1	(312.1)
Profit for the period	383.1	963.4	(580.3)

The companies of the Schouw & Co. Group all reported good results for the third quarter of 2014. Each company is reviewed separately elsewhere in this report.

The very mild climate conditions from the start of the year boosted revenue in the early months and resulted in earlier revenue that would otherwise not have appeared until later in the year. This has made business activity more evenly distributed in 2014 than was the case in 2013 with its very long period of cold temperatures at the beginning of the year, whereas the second half of the year saw much more favourable climate conditions as well as a number of other very positive market conditions.

The Schouw & Co. Group generated consolidated revenue of DKK 3,618 million in Q3 2014, compared with DKK 3,703 million in the third quarter of 2013. The modest decline was due exclusively to BioMar, whose selling prices have been reduced due to lower raw materials prices, whereas all our other businesses reported improvements.

Revenue for the nine months to September 30, 2014 was DKK 8,682 million, against DKK 8,666 million in the year-earlier period. The third quarter saw similar developments, as all businesses reported improvements, with the exception of BioMar due to its reduced raw materials prices.

EBIT rose from DKK 246 million in Q3 2013 to DKK 270 million in Q3 2014, with all group businesses contributing to the improvement.

For the nine-month period ended September 30, EBIT was up by 19% from DKK 428 million in 2013 to DKK 509 million in 2014. Again, all of the Group's businesses contributed to the improvement with the exception of Fibertex Personal Care, which recorded a slight setback.

Kramp, the large associate, had a good third quarter, reporting revenue of DKK 1,300 million, against pro forma revenue for Q3 2013 of DKK 1,262 million. EBIT was DKK 137 million in Q3 2014 compared with pro forma EBIT of DKK 125 million in Q3 2013.

In the consolidated financial statements, Schouw & Co.'s 20% share of the profit in Kramp is recognised under profit/loss after tax in associates, etc. The recognised share of the financial results for Q3 2014 was a DKK 22 million profit, while other associates and joint ventures contributed a DKK 1 million profit. In Q3 2013, profit/loss after tax in associates, etc. was a DKK 1 million loss.

Consolidated net financial items were an expense of DKK 7 million, compared with an expense of DKK 15 million in Q3 2013 net of value adjustments of financial investments that have since been divested.

Also recognised in the Q3 2013 financial statements was the profit from discontinued operations consisting of a share of the profit in Grene, which subsequently merged with Kramp.

## Liquidity and capital resources

Combined with the positive cash flow from operations, the significant events of 2013, i.e. the sale of Martin Professional, the sale of securities and a property, in addition to the merger of Grene and Kramp, meant that Schouw & Co.'s net interest-bearing debt was a net deposit at the beginning of 2014. Net interest-bearing debt has since grown, in part due to seasonal fluctuations, but it remains quite small.

Nevertheless, the strong financial position will not change the fact that all companies of the Schouw & Co. Group continue to focus on optimising their working capital and reducing their interest-bearing debt, always with due consideration for the Group's strong desire to continue to expand.

Operating activities generated a cash inflow of DKK 43 million in Q3 2014, compared with a cash inflow of DKK 345 million in Q3 2013. The decline was mainly due to a change in working capital. Cash flows for investing activities amounted to DKK 82 million in Q3 2014, against DKK 77 million in Q3 2013.

The Group's net interest-bearing debt increased from DKK 24 million at June 30, 2014 to DKK 142 million at September 30, 2014. Net interest-bearing debt at September 30, 2013 was DKK 975 million.

The Group's overall working capital increased from DKK 1,541 million at June 30, 2014 to DKK 1,889 million at September 30, 2014. Working capital at September 30, 2013 was DKK 1,694 million.

## **Portfolio company highlights**

The following is a brief review of individual company performances in the third quarter of 2014:

**BioMar** reported lower revenue due to lower raw materials prices. Overall, volumes were at last year's level, with a significant increase in Chile offsetting reduced volumes in the North Sea and Continental Europe regions. EBIT improved compared with last year.

BioMar announced on September 17, 2014 that the company's current CEO, Torben Svejgård, had resigned to pursue a career as a board member. He will be replaced by Carlos Diaz, who is currently vice president of BioMar's Americas and Continental Europe regions. Mr Diaz will gradually take over Mr Svejgård's responsibilities during the course of the fourth quarter in a well-planned, natural generational change.

**Fibertex Personal Care** reported a healthy revenue improvement based on higher sales at both the factory in Denmark and the one in Malaysia. EBIT improved by a similar margin.

After the end of the third quarter, Fibertex Personal Care acquired the remaining 85% of the shares in Innowo Print. Fibertex Personal Care has held a 15% ownership interest in the company since 2007.

**Fibertex Nonwovens** reported a revenue improvement both in Europe and in other regions. EBIT improved by a relatively larger margin than revenue, driven by strong capacity utilisation and increased sales of value-added products.

After the end of the third quarter, Fibertex Nonwovens acquired the US-based company Non Woven Solutions LLC, which will be an important platform for Fibertex Nonwovens' future growth and development in North America. In connection with the acquisition, Schouw & Co. has strengthened Fibertex Nonwovens' capital base through a DKK 40 million capital contribution.

**Hydra-Grene** reported a fair revenue improvement mainly driven by higher sales to the wind turbine industry. The company's EBIT also improved, but not quite by as much as its revenue.

**Kramp**, which is recognised as an associate, reported an increase in revenue relative to the pro forma numbers for 2013. EBIT improved by a relatively larger margin than revenue.

**Xergi**, which is recognised as a joint venture, reported a revenue improvement and profit after tax that were in line

with last year, whereas the associate **Incuba Invest** reported a slight loss.

## **Schouw & Co. shares and shares held in treasury**

Schouw & Co.'s share capital comprises 25,500,000 shares with a nominal value of DKK 10 each for a total nominal share capital of DKK 255,000,000. Each share carries one vote.

Schouw & Co. shares appreciated by 8% during the nine months to September 30, 2014, from DKK 222.50 per share at December 31, 2013 to DKK 241.00 per share at September 30, 2014. At June 30, 2014, the share price was DKK 267.50.

At June 30, 2014, the company held 1,774,800 treasury shares, equal to 6.96% of the share capital. Schouw & Co. used 15,667 treasury shares in the third quarter of 2014 in connection with options exercised under the Group's share incentive scheme. Since June 30, 2014, Schouw & Co. has acquired an additional 265,800 treasury shares at an aggregate price of DKK 70 million, of which 15,000 shares were acquired after September 30. As a result, the company currently holds 2,024,933 treasury shares, corresponding to 7.94% of the share capital.

The market value of the holding of treasury shares was DKK 484 million at September 30, 2014. The portfolio of treasury shares is recognised at DKK 0.

## **Events after the balance sheet date**

After the end of the third quarter, Fibertex Nonwovens acquired, on October 24, 2014, the US-based company Non Woven Solutions LLC, and on October 30, 2014, Fibertex Personal Care acquired the remaining 85% of the shares in Innowo Print as discussed elsewhere in this report.

Schouw & Co. is not aware of any events occurring after September 30, 2014, other than as set out elsewhere in this interim report which are expected to have a material impact on the Group's financial position or outlook.

## **Special risks**

The overall risk factors the Schouw & Co. Group faces are discussed in the 2013 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2013 Annual Report.

## Outlook

All companies of the Schouw & Co. Group performed well in the always very important third quarter, which is the high season for most of our businesses. With the main part of the high season now over, the uncertainty relating to the full-year results has abated, allowing the companies to narrow their guidance ranges, but, as always, changes in water temperatures, biological conditions or raw materials prices can have an unexpected impact, and the risk of losses on trade receivables remains in place.

Unlike the first half-year of 2013, with its long and cold winter season, the second half of 2014 saw much more favourable climate conditions as well as a number of other positive market conditions. As a result, the fourth quarter of 2014 should not be expected to produce positive developments in general market conditions similar to those seen at the beginning of the year. In addition, EBIT for Q4 2013 was lifted by non-recurring income of DKK 54 million from the sale of a property.

The following is a brief review of individual company expectations for the full year 2014:

With most of the company's high season now over, **BioMar**'s full-year results are now subject to less uncertainty. BioMar retains the full-year revenue forecast of DKK 8.5 billion, but raises and narrows the EBIT guidance range to DKK 380-410 million from previously DKK 350-400 million.

At the end of October, **Fibertex Personal Care** acquired the remaining 85% of the shares in Innowo Print, which will only be recognised in the consolidated financial statements from the takeover date. As a result, the acquisition will have only a limited effect on consolidated 2014 revenue and EBIT.

Fibertex Personal Care maintains its full-year revenue guidance for 2014 at about DKK 1.7 billion and narrows its EBIT guidance to DKK 155-165 million, the mid-range from the previous forecast of DKK 150-170 million.

At the end of October, **Fibertex Nonwovens** acquired the US-based company Non Woven Solutions LLC, which will only be recognised in the consolidated financial statements from the takeover date. As a result, the acquisition will have only a limited effect on consolidated 2014 revenue and EBIT.

Fibertex Nonwovens retains its full-year revenue forecast of about DKK 1 billion, but raises and narrows its EBIT guidance to about DKK 60 million from previously DKK 45-55 million.

**Hydra-Grene** forecasts its full-year revenue of DKK 500-550 million and narrows the EBIT guidance range to DKK 55-60 million from previously DKK 50-60 million.

**Kramp**, which is recognised as an associate, performed much as expected in the first three quarters of the year. Kramp narrows its guidance range for full-year revenue to DKK 4.8-5.0 billion from the previous range of DKK 4.5-5.0 billion. Kramp maintains its full-year EBIT forecast at not less than DKK 400 million, disregarding the depreciation charges resulting from the accounting treatment of the purchase price allocation.

During the period, **Xergi**, which is recognised as a joint venture, has built the strongest pipeline in its history, which underpins expectations for full-year revenue and earnings improvements in 2014.

Overall, Schouw & Co. maintains its guidance for consolidated revenue of DKK 11.5-12.0 billion in 2014. However, for several of our businesses, raw materials prices are a major determinant of revenue, which means that price fluctuations could impact revenue with little effect on earnings.

Schouw & Co. applies a profit forecast range for each individual business all of which have narrowed their guidance ranges. In addition, BioMar and Fibertex Nonwovens have also raised their earnings guidance. These changes mean that the Group now expects consolidated full-year EBIT in the range of DKK 625-675 million as compared with the previous forecast range of DKK 570-665 million.

To this should be added profit after tax from associates, etc. Under this item, Kramp and Xergi both forecast 2014 earnings improvements, whereas the other associates are expected to report combined earnings in line with 2013. However, the recognised share of profit in Kramp for the first four months of 2014 was reduced by DKK 36 million in adjustments that were predominantly the result of the purchase price allocation prepared in connection with the merger with Grene. We raise the forecast for profit after tax in associates, etc. to the range of DKK 20-30 million from the previous forecast of DKK 15-25 million. Lastly, consolidated net financial items are expected to improve to an expense of about DKK 35 million from previously about DKK 40 million.

To date, BioMar's subsidiary in Chile has been subject to taxation for a total of 35% paid in two steps, with the first payment (of 17-20%) being paid in the tax year and the rest being paid on the distribution of dividends. As can be seen from note 17 to the 2013 financial statements, the unpaid tax on accumulated profits in Chile is not recognised in deferred tax.

A tax reform was passed in Chile shortly before the end of the third quarter 2014. A transition scheme allows for prior-year profits to be distributed at a tax rebate in 2015 to the effect that the overall tax rate can be reduced from 35% to 32%. The Group's advisers are currently analysing how BioMar can best apply the new rules and the transition scheme. It is anticipated at the present time that unpaid Chilean tax will be expensed in the 2014 financial statements in an amount of up to DKK 145 million, which is expected to be paid in 2015.

### Accounting policies

The interim report is presented in accordance with IAS 34 "Interim financial reporting" as adopted by the EU and Danish disclosure requirements for consolidated and parent company financial statements of listed companies. The accounting policies are unchanged from the policies applied in the annual report for 2013.

See the consolidated financial statements and the parent company financial statements for 2013 for a full description of the accounting policies.

### Forecast

EBIT (DKK million)	After Q3	After Q2	After Q1	Original	2013
BioMar	380-410	350-400	325-400	325-400	394
Fibertex Personal Care	155-165	150-170	150-170	150-170	164
Fibertex Nonwovens	60	45-55	35-45	35-45	37
Hydra-Grene	55-60	50-60	50-60	50-60	46
Others*	(20-25)	(20-25)	(15-25)	(15-25)	43
<b>Total EBIT</b>	<b>625-675</b>	<b>570-665</b>	<b>535-660</b>	<b>535-660</b>	<b>685</b>
Associates, etc.	20-30	15-25	15-25	15-25	(22)
Financial investments	-	-	-	-	499
Other financials	(35)	(40)	(40)	(50)	(53)
<b>Profit Before Tax</b>	<b>610-670</b>	<b>545-650</b>	<b>510-645</b>	<b>500-635</b>	<b>1,109</b>

\* Figure for 2013 includes a DKK 54 million gain from the sale of property.

### Judgments and estimates

The preparation of interim financial statements requires Management to make accounting judgments and estimates that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

The most significant estimates are unchanged from December 31, 2013, and the most significant judgment uncertainty related thereto is the same as that used in preparing the consolidated financial statements and the parent company financial statements for 2013.

### Roundings and presentation

The amounts appearing in this interim report have generally been rounded to one decimal place using standard rounding principles. Accordingly, some additions may not add up.

### Financial calendar for 2015

February 26, 2015	Deadline for submission of proposals to be considered at the annual general meeting
March 6, 2015	Release of Annual Report 2014
April 9, 2015	Annual general meeting
May 7, 2015	Release of Q1 2015 interim report
August 15, 2015	Release of H1 2015 interim report
November 5, 2015	Release of Q3 2015 interim report

The company will provide detailed information about contacts and times for conference calls held in connection with the announcement of its interim reports on its website, [www.schouw.dk](http://www.schouw.dk), and through stock exchange announcements.

# *Management Statement*

The Board of Directors and the Executive Management of Aktieselskabet Schouw & Co. today considered and approved the interim report for the period January 1–September 30, 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 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 September 30, 2014 and of the results of the group's operations and cash flows for the period January 1–September 30, 2014.

Furthermore, in our opinion the management's report includes a fair review of the development and performance of the business, the results for the period and the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Aarhus, November 3, 2014

## EXECUTIVE MANAGEMENT

Jens Bjerg Sørensen  
*President*

Peter Kjær

## BOARD OF DIRECTORS

Jørn Ankær Thomsen  
*Chairman*

Erling Eskildsen  
*Deputy Chairman*

Niels K. Agner

Erling Lindahl

Kjeld Johannesen

Jørgen Wisborg

Agnete Raaschou-Nielsen

# BioMar

BioMar is the world's third-largest manufacturer of quality feed for the fish farming industry. The company divides its operations into three geographical regions: the North Sea (Norway and Scotland), the Americas (Chile and Costa Rica) and Continental Europe.

## Financial performance

BioMar generated revenue of DKK 2,788 million in Q3 2014, compared with DKK 2,940 million in Q3 2013. The fall was due to lower selling prices resulting from prices of raw materials that were lower than last year. In terms of total volumes sold, Q3 2014 was in line with the year-earlier period, but the three regions trended very differently. In the North Sea region, a contraction of the overall market caused a substantial drop in volumes, as expected, despite BioMar's slightly improved market position. In the Americas, the larger overall market combined with BioMar's slightly-above-normal market share made for very strong volume growth. Conversely, the Q3 market share in Chile last year was below normal. Lastly, Continental Europe reported a substantial drop in volumes, due to the financial situation facing BioMar's largest customer in Greece, but also due to very high water temperatures in the northern part of the region, which led to a sharp temporary reduction in the volumes of feed used.

While gross profit fell slightly, BioMar reported EBIT of DKK 187 million, compared with DKK 177 million in Q3 2013. The change largely corresponds to a reversal of bad debt provisions. At the EBIT level, currency effects were marginally positive in Q3 2014.

BioMar's working capital grew from DKK 1,034 million at September 30, 2013 to DKK 1,128 million at September 30, 2014. Net interest-bearing debt grew slightly from DKK 652 million at September 30, 2013 to DKK 680 million at September 30, 2014 following payment of an intra-group dividend of DKK 200 million in the first quarter of 2014.

## Business development

As expected, there has been a major shift in the Norwegian market, the larger of BioMar's two core markets, following the strong market growth in the first half of 2014. The overall Norwegian market contracted in the third quarter, while, at the same time, Marine Harvest insourced almost 10% of the market when it started up in-house feed production. The overall market volume for the third quarter fell slightly short of expectations, in part because water temperatures were so high in some areas that the volumes of feed were reduced, and an extraordinary de-licensing of the salmon probably had a similar effect. All in all, the total market volume in the second half of 2014 is expected to be in line with 2013, but with Marine Harvest producing feed in-house, independent feed producers will face a contracting accessible market. Despite the still extremely competitive situation in the Norwegian feed market, BioMar held a reasonable market share in the third quarter.

# Wholly owned

Unexpectedly, BioMar's other core market, Chile, grew at a fair year-on-year rate in the third quarter. Positive biological developments in the Chilean fish farming industry drove much of the improvement, and the situation is now reasonably under control and continuing to improve. As a result, fish farmers were generally able to postpone harvesting their salmon, thereby increasing the average harvesting weight by a large margin. Obviously, this has had a positive effect on feed market volumes.

While it has only a slight influence on BioMar's overall financial results, it is encouraging to see that the business in Costa Rica is performing well. This supports the rationale behind the strategy of expanding into new geographical markets and new fish species.

In Continental Europe, there has been certain progress in terms of the financial situation for the major Greek fish farmers, as one of them has now undergone a capital restructuring that gave the banks a majority shareholding. A similar solution might be possible for several of the other fish farmers, including BioMar's former largest customer in Greece, which could help normalise the situation in this large market.

Water temperatures in the northern Continental Europe region are now back to more normal levels. The grim economic situation in southern Europe persists, and BioMar is constantly weighing the business opportunities available against the potential risk.

## Outlook

The basic assumptions for the previous guidance provided for 2014 essentially still apply, but market trends in Chile have been slightly more upbeat than expected. With most of the high season now over, the uncertainty relating to the full-year results has been further reduced, but, as always, changes in water temperatures or biological conditions can have an unexpected impact and the risk of losses on trade debtors remains in place.

BioMar retains its full-year revenue forecast of DKK 8.5 billion, and both raises and narrows its EBIT guidance range to DKK 380-410 million from previously DKK 350-400 million.

	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 total
<i>DKK million</i>					
Volume (1000 t)	323	323	741	703	980
Revenue	2,788	2,940	6,218	6,361	8,702
- of which North Sea	1,459	1,653	2,889	3,063	4,357
- of which Americas	686	571	1,953	1,772	2,424
- of which Cont. Europe	643	716	1,376	1,526	1,921



	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 total
<b>INCOME STATEMENT</b>					
Revenue	2,788.2	2,939.9	6,217.7	6,360.7	8,702.0
Gross profit	351.0	365.2	751.0	747.4	1,057.8
EBITDA	222.7	212.8	405.5	348.3	538.0
Depreciation	35.7	36.0	106.1	108.6	143.8
<b>Operating profit (EBIT)</b>	<b>187.0</b>	<b>176.8</b>	<b>299.4</b>	<b>239.7</b>	<b>394.2</b>
Value adjustment of shares in Lerøy	0.0	0.0	0.0	14.9	14.9
Financial items, net (ex. adj. of Lerøy)	(7.0)	(11.6)	(17.7)	(29.6)	(37.0)
<b>Profit before tax</b>	<b>180.0</b>	<b>165.2</b>	<b>281.7</b>	<b>225.0</b>	<b>372.1</b>
Tax on profit	(44.6)	(38.8)	(68.2)	(46.5)	(89.3)
<b>Profit for the period</b>	<b>135.4</b>	<b>126.4</b>	<b>213.5</b>	<b>178.5</b>	<b>282.8</b>
<b>CASH FLOW</b>					
Cash flows from operating activities	(80.1)	201.9	4.1	31.3	372.9
Cash flows from investing activities	(63.0)	(20.6)	(140.7)	86.9	48.5
Cash flows from financing activities	(185.8)	266.3	(172.6)	427.2	(213.7)
<b>BALANCE SHEET</b>					
Intangible assets *	337.1	325.6	337.1	325.6	319.1
Property, plant and equipment	984.4	974.7	984.4	974.7	956.1
Other non-current assets	182.6	54.8	182.6	54.8	129.7
Cash and cash equivalents	202.5	853.5	202.5	853.5	511.6
Other current assets	3,178.4	3,167.7	3,178.4	3,167.7	2,625.0
<b>Total assets</b>	<b>4,885.0</b>	<b>5,376.3</b>	<b>4,885.0</b>	<b>5,376.3</b>	<b>4,541.5</b>
Equity	1,922.0	1,697.2	1,922.0	1,697.2	1,765.1
Interest-bearing debt	906.8	1,520.4	906.8	1,520.4	879.0
Other creditors	2,056.2	2,158.7	2,056.2	2,158.7	1,897.4
<b>Total liabilities and equity</b>	<b>4,885.0</b>	<b>5,376.3</b>	<b>4,885.0</b>	<b>5,376.3</b>	<b>4,541.5</b>
Average number of employees	915	884	903	886	885
<b>FINANCIAL KEY FIGURES</b>					
EBITDA margin	8.0%	7.2%	6.5%	5.5%	6.2%
EBIT margin	6.7%	6.0%	4.8%	3.8%	4.5%
ROIC (annualised)	24.6%	16.7%	24.6%	16.7%	20.1%
Working capital	1,128.4	1,034.0	1,128.4	1,034.0	740.5
Net interest-bearing debt	679.9	652.3	679.9	652.3	353.2

\* Excluding goodwill on consolidation in the parent company Schouw & Co. of DKK 430.2 million.

# Fibertex Personal Care

# Wholly owned

Fibertex Personal Care is one of the world's five largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry. The company's products are key components in nappies, sanitary towels and incontinence products. The company's activities are concentrated mainly in Europe and South East Asia.

## Financial performance

Fibertex Personal Care generated revenue of DKK 455 million in Q3 2014, compared with DKK 376 million in Q3 2013. The higher volumes at the plant in Malaysia was the main driver of the improvement as the new production line commissioned at the end of 2013 has lifted production capacity in 2014, but sales from the plant in Denmark have also improved.

Q3 EBIT was DKK 48 million as compared with DKK 40 million in Q3 2013. The earnings improvement is a logical consequence of the higher revenue, although earnings continue to be impacted by tough price competition in the market for spunbond/spunmelt nonwovens in both Europe and South-East Asia.

Fibertex Personal Care increased its working capital from DKK 224 million at September 30, 2013, to DKK 261 million at September 30, 2014. Net interest-bearing debt fell from DKK 608 million at September 30, 2013, to DKK 575 million at September 30, 2014, even after the company paid DKK 75 million in intra-group dividends in the first quarter of 2014.

## Business development

Fibertex Personal Care has production facilities in Denmark and Malaysia and is well-renowned in both Europe and Asia for its service, quality and innovation. The company's total annual production capacity is close to 120,000 tonnes, which is almost 10% of global consumption. It is extremely important to the company's customers that they have both a highly reliable supply and a degree of flexibility in their sourcing of nonwovens that allow them to respond to market fluctuations.

Fibertex Personal Care has continually set up new production lines over the years: the seventh was commissioned in Malaysia at the end of 2013. This latest investment expanded output capacity at the factory in Malaysia by 30%. Expanding the output capacity of the factory in Malaysia helps Fibertex Personal Care share in the expected growth in Asian markets. Its central location in Malaysia gives the facility a solid platform for making competitive shipments to all of South East Asia.

Increasing the share of speciality products is a constant priority for Fibertex Personal Care: these products include supersoft products, products with high performance leakage

barriers, light-weight products and the print products that Fibertex Personal Care can deliver through Innowo Print.

Fibertex Personal Care co-founded Innowo Print in 2007 in Ilsenburg, Germany and has until now held a 15% ownership interest in the company. At the end of October, Fibertex Personal Care acquired the remaining 85% of the shares in Innowo Print, and the company is now a wholly owned subsidiary. The acquisition is based on an enterprise value for the entire company of DKK 100 million on a debt-free basis. Innowo Print will not change its business activities following the acquisition, and the company's former CEO and co-owner, Carsten Pedersen, will still be associated with the company under the new ownership.

## Outlook

The global output capacity of nonwoven fabrics is growing constantly, which leads to excess capacity in different regions from time to time. Fibertex Personal Care sees Europe as a market with limited growth potential and a resultant strong price pressure. Asia is a growing market in which price competition is also a factor, but where growing demand has traditionally absorbed the surging supply in the region over time.

Fibertex Personal Care will remain focused on consolidating its business and on utilising its overall production capacity. The company will also continue to pay special attention to opportunities for profitable growth in South East Asia, as market developments are expected to provide scope for further expansion of production capacity in the region within relatively short time.

Innowo Print expects to generate revenue of about DKK 50 million in 2014. Innowo Print will not be recognised in the Schouw & Co. Group's consolidated financial statements until from the takeover date, which means that the acquisition will have only a limited effect on consolidated 2014 revenue and EBIT.

Accordingly, Fibertex Personal Care continues to forecast revenue of around DKK 1.7 billion for 2014. The full-year EBIT may still be affected by how prices of raw materials develop during the rest of the year, but given the current outlook, the company narrows its EBIT guidance to DKK 155-165 million, the mid-range of the previous forecast of DKK 150-170 million.

DKK million	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 total
Revenue	455	376	1,302	1,179	1,554
- of which from Denmark	224	191	626	612	799
- of which from Malaysia	231	185	676	567	755

# Fibertex Personal Care

Amounts in DKK million

January 1 – September 30

	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 total
<b>INCOME STATEMENT</b>					
Revenue	455.2	376.4	1,302.0	1,179.3	1,554.2
Gross profit	74.3	66.5	202.0	204.4	268.5
EBITDA	81.0	70.6	217.3	217.7	288.4
Depreciation	33.3	30.4	97.0	93.5	124.5
<b>Operating profit (EBIT)</b>	<b>47.7</b>	<b>40.2</b>	<b>120.3</b>	<b>124.2</b>	<b>163.9</b>
Financial items, net	(2.7)	(1.4)	(10.8)	(6.2)	(7.0)
<b>Profit before tax</b>	<b>45.0</b>	<b>38.8</b>	<b>109.5</b>	<b>118.0</b>	<b>156.9</b>
Tax on profit	(10.2)	(9.1)	(24.5)	(27.5)	(33.9)
<b>Profit for the period</b>	<b>34.8</b>	<b>29.7</b>	<b>85.0</b>	<b>90.5</b>	<b>123.0</b>
<b>CASH FLOW</b>					
Cash flows from operating activities	95.5	88.2	195.8	213.6	208.3
Cash flows from investing activities	(10.0)	(44.8)	(28.0)	(188.9)	(226.0)
Cash flows from financing activities	(79.2)	(41.9)	(92.0)	(26.8)	12.5
<b>BALANCE SHEET</b>					
Intangible assets *	24.3	24.6	24.3	24.6	24.3
Property, plant and equipment	1,004.7	1,015.3	1,004.7	1,015.3	1,010.6
Other non-current assets	145.2	90.8	145.2	90.8	147.9
Cash and cash equivalents	86.6	12.0	86.6	12.0	9.4
Other current assets	535.9	415.9	535.9	415.9	438.1
<b>Total assets</b>	<b>1,796.7</b>	<b>1,558.6</b>	<b>1,796.7</b>	<b>1,558.6</b>	<b>1,630.3</b>
Equity	696.9	611.2	696.9	611.2	634.7
Interest-bearing debt	666.4	624.4	666.4	624.4	657.8
Other creditors	433.4	323.0	433.4	323.0	337.8
<b>Total liabilities and equity</b>	<b>1,796.7</b>	<b>1,558.6</b>	<b>1,796.7</b>	<b>1,558.6</b>	<b>1,630.3</b>
Average number of employees	443	399	432	384	429
<b>FINANCIAL KEY FIGURES</b>					
EBITDA margin	17.8%	18.8%	16.7%	18.5%	18.6%
EBIT margin	10.5%	10.7%	9.2%	10.5%	10.5%
ROIC (annualised)	13.5%	13.2%	13.5%	13.2%	13.6%
Working capital	261.0	224.0	261.0	224.0	246.8
Net interest-bearing debt	575.1	607.7	575.1	607.7	643.6

\* Excluding goodwill on consolidation in the parent company Schouw & Co. of DKK 48.1 million.

# Fibertex Nonwovens

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. non-woven textiles used for a number of different industrial purposes. The company's core markets are in Europe, with secondary markets in North America and Africa.

## Financial performance

Fibertex Nonwovens reported Q3 2014 revenue of DKK 247 million, a 4% increase from DKK 237 million in Q3 2013. The revenue improvement was driven by an increase in business activity, both in Europe and in other regions.

Q3 EBIT was DKK 20 million as compared with DKK 10 million in Q3 2013. The Q3 EBIT performance was lifted by a general increase in demand for value-added products and stronger sales at a high capacity utilisation rate. EBIT was also lifted by non-recurring income from a DKK 3 million refund of energy excise duties paid in France in 2012 and 2013.

Due to the increase in business activity, working capital had increased to DKK 294 million at September 30, 2014, from DKK 275 million at September 30, 2013. During the same period, the net interest-bearing debt was reduced from DKK 458 million at September 30, 2013 to DKK 397 million at September 30, 2014.

## Business development

The level of business activity rose in Europe and in overseas markets relative to 2013, and Fibertex Nonwovens has reported generally positive developments in 2014 with growing market activity and earnings improvements.

The company has seen fair demand in 2014 with high capacity utilisation at all factory sites, driven by solid sales of products to the automotive industry and for industrial applications, whereas sales of construction products and geotextiles for infrastructure projects are in line with the 2013 figures.

In the past year, Fibertex Nonwovens has consolidated its position as a leading manufacturer of industrial nonwovens. A number of structural investments have been made and the business platform has been strengthened.

Fibertex Nonwovens has worked to adapt its operations to the market situation and to continue to strengthen its position in the European markets. Also, the company is reporting higher growth rates in non-European markets. The company has worked to continually optimise earnings on its high-volume business through product development and operational improvements combined with increased sales of customised value-added products. Achieving high capacity utilisation and future earnings remains a key focus in terms of sales.

# Wholly owned

Fibertex Nonwovens has gradually expanded its output capacity for processed products through a technology upgrade of several production lines as part of its strategy to increase sales of value-added products and optimise capacity utilisation at all three factories.

In terms of development and innovation, the company has built a solid portfolio of new projects, including products for the automotive and composite industries and for filtration and acoustic applications, as well as products to be sold in new territories, with shipments being gradually stepped up in 2014.

In order to develop along with its customers and capitalise on the growth potential, Fibertex Nonwovens is expanding capacity by building a new production line at the factory in the Czech Republic. The new line represents an investment of approximately DKK 145 million and is expected to be commissioned in Q4 2015. Also, the company is upgrading several existing production lines aiming to grow sales of customised valued-added products.

At the end of October, Fibertex Nonwovens strengthened its geographical position in North America by acquiring the US company Non Woven Solutions LLC. The transaction also includes a previously leased property north of Chicago and has an enterprise value of USD 25 million. Non Woven Solutions generates annual revenue of about DKK 100 million and will create an important platform for Fibertex Nonwovens' future growth and development in North America.

## Outlook

Looking back on its good results for the first nine months of the year, Fibertex Nonwovens expects the stable level of activity to persist in the coming months. Traditionally, however, the fourth quarter has been the company's low season with financial results being quite sensitive to economic volatility in Europe.

The recent acquisition, Non Woven Solutions, will not be recognised in the Schouw & Co. Group's consolidated financial statements until from the takeover date, which means that the acquisition will have only a limited effect on consolidated 2014 revenue and EBIT.

As a result, Fibertex Nonwovens retains its full-year revenue forecast of about DKK 1 billion, but both raises and narrows its EBIT guidance to about DKK 60 million from previously DKK 45-55 million.

DKK million	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 total
Revenue	247	237	786	715	933
- of which from Denmark	57	58	188	169	217
- of which from Czech Rep.	79	71	242	212	277
- of which from France	111	108	356	334	439

# Fibertex Nonwovens

Amounts in DKK million

January 1 – September 30

	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 total
<b>INCOME STATEMENT</b>					
Revenue	247.1	237.2	786.0	715.1	932.7
Gross profit	55.9	47.5	167.1	144.6	190.6
EBITDA	36.0	26.1	100.5	79.0	102.1
Depreciation	15.7	15.7	47.1	48.9	64.9
<b>Operating profit (EBIT)</b>	<b>20.3</b>	<b>10.4</b>	<b>53.4</b>	<b>30.1</b>	<b>37.2</b>
Profit from associates	(0.4)	(1.5)	(1.4)	(4.1)	(5.0)
Financial items, net	(1.2)	(3.4)	(6.7)	(11.2)	(14.8)
<b>Profit before tax</b>	<b>18.7</b>	<b>5.5</b>	<b>45.3</b>	<b>14.8</b>	<b>17.4</b>
Tax on profit	(6.3)	(2.3)	(13.3)	(6.2)	(5.5)
<b>Profit for the period</b>	<b>12.4</b>	<b>3.2</b>	<b>32.0</b>	<b>8.6</b>	<b>11.9</b>
<b>CASH FLOW</b>					
Cash flows from operating activities	18.6	32.8	69.5	45.6	57.6
Cash flows from investing activities	(7.0)	(8.6)	(19.3)	(26.3)	(35.9)
Cash flows from financing activities	(2.2)	(22.1)	(18.2)	(20.6)	(25.4)
<b>BALANCE SHEET</b>					
Intangible assets *	64.7	67.2	64.7	67.2	66.6
Property, plant and equipment	417.5	472.4	417.5	472.4	449.3
Other non-current assets	10.8	13.4	10.8	13.4	12.0
Cash and cash equivalents	62.1	32.7	62.1	32.7	30.1
Other current assets	441.2	402.9	441.2	402.9	412.4
<b>Total assets</b>	<b>996.3</b>	<b>988.6</b>	<b>996.3</b>	<b>988.6</b>	<b>970.4</b>
Equity	340.2	326.1	340.2	326.1	314.0
Interest-bearing debt	463.5	490.7	463.5	490.7	482.0
Other creditors	192.6	171.8	192.6	171.8	174.4
<b>Total liabilities and equity</b>	<b>996.3</b>	<b>988.6</b>	<b>996.3</b>	<b>988.6</b>	<b>970.4</b>
Average number of employees	548	516	533	513	511
<b>FINANCIAL KEY FIGURES</b>					
EBITDA margin	14.6%	11.0%	12.8%	11.0%	10.9%
EBIT margin	8.2%	4.4%	6.8%	4.2%	4.0%
ROIC (annualised)	8.5%	4.0%	8.5%	4.0%	5.1%
Working capital	294.4	274.6	294.4	274.6	285.1
Net interest-bearing debt	397.5	458.0	397.5	458.0	451.8

\* Excluding goodwill on consolidation in the parent company Schouw & Co. of DKK 32.0 million.

# Hydra-Grene

Hydra-Grene is a specialised trading and engineering company whose core business is trading and producing hydraulic components and systems development for industry, as well as providing related consulting services. Hydra-Grene's core operations are based in Denmark and in other parts of Europe, and the company serves selected business segments in overseas markets.

## **Financial performance**

Hydra-Grene generated revenue of DKK 147 million in Q3 2014, compared with DKK 127 million in Q3 2013. The main driver of the improvement was an increase in sales to the wind turbine industry, whereas sales to other business segments increased slightly compared with the third quarter of 2013.

Q3 EBIT was DKK 18 million as compared with DKK 17 million in Q3 2013.

The overall working capital grew from DKK 183 million at September 30, 2013 to DKK 211 million at September 30, 2014. Net interest-bearing debt fell slightly to DKK 138 million at September 30, 2014, even after the company paid DKK 25 million in intra-group dividends in the first quarter of 2014.

## **Business development**

Hydra-Grene had a good third quarter of 2014, in particular because activity in the wind turbine segment picked up strongly relative to the third quarter of 2013. Sales to the rest of the OEM industry and to the aftermarket were marginally higher than in the same period of 2013.

Hydra-Grene is regularly involved in several large development projects for the wind turbine industry. Some of these projects have now been completed, contributing to the higher sales to the wind turbine industry. Other projects are currently maturing and will only contribute to revenue in future years.

In China, activity in the wind turbine segment remains subdued compared with 2013. Hydra-Grene is also involved in several development projects in China that are expected to boost revenue in future years, provided the general wind turbine market in China develops favourably. Hydra-Grene

# Wholly owned

manufactures a number of relatively simple components in China for the local market and continues to produce more complex systems in Denmark.

Sales to the wind turbine industry in India have trended upwards, with 2014 as the best year ever. Yet, Hydra-Grene still has only moderate sales in this market, mainly directed at local Indian manufacturers.

Sales to the US market in 2014 have grown substantially relative to last year. The US wind turbine market is generally doing well, driven by the large order intake reported before the Production Tax Credit ("PTC") for renewable energy currently in force expires.

Hydra-Grene operates in a price-sensitive market, forcing the company to continually optimise its competitive strength in a global perspective. In that connection, Hydra-Grene implemented a new ERP system at the end of 2013 that will gradually optimise a number of business procedures and processes. Implementation has been a very demanding process, putting the company's resources under a great deal of pressure.

## **Outlook**

Hydra-Grene expects the strong activity in the wind turbine segment to continue for the rest of 2014, with sales in line with the same period of 2013. The company expects a stable level of activity from its other OEM customers over the coming months.

Hydra-Grene continues to report positive developments in its newest business segment, the offshore industry, which is expected to provide a fair revenue improvement both in 2014 and beyond. Online sales, mainly to specific industry customers and the aftermarket, are expected to continue the upward trend and account for an ever-growing share of overall revenue.

Hydra-Grene forecasts FY 2014 revenue of DKK 500-550 million. The full-year EBIT guidance range is narrowed to DKK 55-60 million from the previous forecast of DKK 50-60 million.

# Hydra-Greene

Amounts in DKK million

January 1 – September 30

	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 total
<b>INCOME STATEMENT</b>					
Revenue	147.3	126.7	427.8	362.1	479.5
Gross profit	46.6	42.0	136.2	113.6	148.0
EBITDA	22.6	20.6	63.2	49.3	64.3
Depreciation	4.5	3.2	13.5	9.8	14.2
Impairment	0.0	0.0	0.0	0.0	4.0
<b>Operating profit (EBIT)</b>	<b>18.1</b>	<b>17.4</b>	<b>49.7</b>	<b>39.5</b>	<b>46.1</b>
Financial items, net	2.2	(2.1)	0.9	(4.5)	(5.7)
<b>Profit before tax</b>	<b>20.3</b>	<b>15.3</b>	<b>50.6</b>	<b>35.0</b>	<b>40.4</b>
Tax on profit	(5.0)	(3.8)	(12.4)	(8.8)	(9.3)
<b>Profit for the period</b>	<b>15.3</b>	<b>11.5</b>	<b>38.2</b>	<b>26.2</b>	<b>31.1</b>
<b>CASH FLOW</b>					
Cash flows from operating activities	9.2	15.7	19.5	43.4	63.6
Cash flows from investing activities	(2.3)	(2.5)	(5.8)	(9.7)	(14.6)
Cash flows from financing activities	(7.7)	(5.2)	(38.1)	(22.4)	(18.4)
<b>BALANCE SHEET</b>					
Intangible assets	16.9	17.6	16.9	17.6	19.4
Property, plant and equipment	100.2	101.7	100.2	101.7	105.4
Other non-current assets	0.0	1.9	0.0	1.9	0.0
Cash and cash equivalents	14.1	19.1	14.1	19.1	38.4
Other current assets	296.2	248.5	296.2	248.5	240.2
<b>Total assets</b>	<b>427.4</b>	<b>388.8</b>	<b>427.4</b>	<b>388.8</b>	<b>403.4</b>
Equity	179.7	159.3	179.7	159.3	167.2
Interest-bearing debt	152.4	158.2	152.4	158.2	165.0
Other creditors	95.3	71.3	95.3	71.3	71.2
<b>Total liabilities and equity</b>	<b>427.4</b>	<b>388.8</b>	<b>427.4</b>	<b>388.8</b>	<b>403.4</b>
Average number of employees	228	212	221	212	215
<b>FINANCIAL KEY FIGURES</b>					
EBITDA margin	15.3%	16.3%	14.8%	13.6%	13.4%
EBIT margin	12.3%	13.7%	11.6%	10.9%	9.6%
ROIC (annualised)	22.4%	16.9%	22.4%	16.9%	18.2%
Working capital	210.5	183.3	210.5	183.3	172.5
Net interest-bearing debt	138.3	139.1	138.3	139.1	126.6



# Kramp

**20% owned**

Kramp is the leading supplier of spare parts and accessories to the agricultural sector in Europe, and a supplier of technical articles and other goods to industry.

Schouw & Co. merged its wholly owned subsidiary Grene with the Dutch company Kramp in 2013, giving Schouw & Co. a 20% ownership interest in the new company, whose parent company is Kramp Groep B.V. of Varsseveld in the Netherlands.

## **Financial performance**

Kramp generated revenue of DKK 1,300 million in Q3 2014, compared with pro forma revenue of DKK 1,262 million in Q3 2013. All regions contributed to the improvements in the broadly-based positive performance. However, the rate of improvement has declined compared to the early months of the year when positive climatic conditions resulted in earlier revenue in a number of product areas: revenue that in 2013 did not appear until the second or third quarter.

EBIT was up by 10% to DKK 137 million in Q3 2014 compared with pro forma EBIT of DKK 125 million in Q3 2013.

Schouw & Co. recognises Kramp as an associate at a 20% share of its profit as stated after tax. The recognised share of the profit for Q3 2014 totals DKK 22 million. The recognised share of the profit in Kramp for the first four months of 2014 was DKK 36 million lower due to adjustments that mainly related to the purchase price allocation prepared in connection with the merger. All adjustments had been made by the end of the four months. Accordingly, the recognised share of the profit for the third quarter was not affected by adjustments for accounting purposes.

Working capital rose to DKK 1,536 million at September 30, 2014 as compared with the pro forma working capital of DKK 1,330 million at September 30, 2013, the main reason being an increase in inventories. Net interest-bearing debt (NIBD) increased to DKK 1,213 million at September 30, 2014, compared with the pro forma NIBD of DKK 1,030 million at September 30, 2013.

## **Business development**

Kramp and Grene have partnered for a number of years and from 2010 operated a 50/50 joint venture in Russia. Grene was based in the Nordic region, but had also more recently established sizeable operations in Poland. Kramp operated in the Benelux region and Germany, but had expanded from that base to other European countries, such as France and the UK. The combined company is today Europe's largest supplier of spare parts and accessories for the agricultural sector, with operations in more than 20 European countries.

The geographical locations of the individual warehouses and sales offices are highly complementary. Since the merger, this has created a platform for accelerating the marketing effort that is primarily focusing on eastern Europe. Obviously, there is a great deal of attention being paid to developments in Russia at the moment, but Kramp's Russian operations have not yet been affected by the current tensions.

The coordination of Kramp and Grene activities that began with the merger in November 2013 has proceeded as planned. In Poland, the two businesses have merged, and with effect from September 1, 2014, the Polish business now operates its wholesale business under the Kramp brand and its retail business under the Grene brand. This distinction will highlight the difference between the two business areas and help Kramp improve its market communication.

Kramp is priming its combined business for continued growth. The head office in Varsseveld is currently being expanded so the company can strengthen its central functions; the construction work is scheduled for completion by the end of the year. Kramp maintains its high expectations for the Polish market, and the company is planning a major extension to its central warehouse in Konin in order to expand its product range and grow its revenue.

## **Outlook**

Historically, Kramp and Grene were two similar businesses with similar operations and subject to the same general market conditions. Both have a tradition for delivering solid earnings and stable and positive operating cash flows, and continual efficiency enhancements is a priority for the merged business.

Several tractor manufacturers and other manufacturers of agricultural machinery have experienced softening sales, resulting in excess output capacity and relatively large inventories of finished products. This slowdown has not yet fed through to spare parts and accessories, but the group has scaled back its expectations to market trends for the upcoming period.

To some extent, the merger has impacted Kramp's performance in 2014, but the first nine months of the year have generally progressed as expected. Against this background, Kramp is narrowing its guidance range for full-year revenue to DKK 4.8-5.0 billion against its previous range of DKK 4.5-5.0 billion. Kramp is maintaining its full-year EBIT forecast at not less than DKK 400 million, disregarding the depreciation charges resulting from the accounting treatment of the purchase price adjustment.



	Q3 2014	Q3 2013	YTD 2014	YTD 2013 *	2013 total *
<b>INCOME STATEMENT</b>					
Revenue	1,299.6	1,262.2	3,875.3	3,637.7	4,593.7
Gross profit	499.9	475.4	1,474.3	1,373.7	1,740.1
EBITDA	165.4	153.0	462.7	406.2	461.8
Depreciation	28.1	27.7	84.7	83.4	113.3
<b>Operating profit (EBIT)</b>	<b>137.3</b>	<b>125.2</b>	<b>378.0</b>	<b>322.8</b>	<b>348.5</b>
Financial items, net	(10.7)	(12.5)	(39.7)	(47.3)	(38.4)
<b>Profit before tax</b>	<b>126.6</b>	<b>112.8</b>	<b>338.3</b>	<b>275.5</b>	<b>310.1</b>
Tax on profit	(18.4)	(21.7)	(60.7)	(55.3)	(57.6)
<b>Profit for the period</b>	<b>108.2</b>	<b>91.0</b>	<b>277.6</b>	<b>220.3</b>	<b>252.5</b>
<b>Share of profit recognised by Schouw &amp; Co.</b>	<b>21.6</b>	<b>0.0</b>	<b>19.7</b>	<b>0.0</b>	<b>(17.5)</b>
<b>CASH FLOW</b>					
Cash flows from operating activities	154.1	174.4	112.4	228.8	339.1
Cash flows from investing activities	(66.3)	(30.7)	(153.0)	(119.8)	(91.0)
Cash flows from financing activities	(86.7)	(143.6)	40.6	(109.9)	(247.8)
<b>BALANCE SHEET</b>					
Property, plant and equipment	997.2	915.3	997.2	915.3	939.0
Other non-current assets	0.0	0.0	0.0	0.0	57.4
Cash and cash equivalents	0.0	0.0	0.0	0.0	1.1
Other current assets	1,949.7	1,818.3	1,949.7	1,818.3	1,553.0
<b>Total assets</b>	<b>2,946.9</b>	<b>2,733.6</b>	<b>2,946.9</b>	<b>2,733.6</b>	<b>2,550.5</b>
Equity	1,320.3	1,216.0	1,320.3	1,216.0	1,229.9
Interest-bearing debt	1,213.2	1,029.5	1,213.2	1,029.5	969.2
Other creditors	413.4	488.1	413.4	488.1	351.4
<b>Total liabilities and equity</b>	<b>2,946.9</b>	<b>2,733.6</b>	<b>2,946.9</b>	<b>2,733.6</b>	<b>2,550.5</b>
Average number of employees	2,644	2,562	2,605	2,500	2,486
<b>FINANCIAL KEY FIGURES</b>					
EBITDA margin	12.7%	12.1%	11.9%	11.2%	10.1%
EBIT margin	10.6%	9.9%	9.8%	8.9%	7.6%
Working capital	1,536.4	1,330.3	1,536.4	1,330.3	1,229.3
Net interest-bearing debt	1,213.2	1,029.5	1,213.2	1,029.5	968.1

\*) Comparative figures for 2013 are pro forma aggregate figures for Kramp and Grene.

# Income and comprehensive income statement

Amounts in DKK million

January 1 – September 30

Note	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 TOTAL
1 Revenue	3,618.1	3,702.6	8,682.0	8,666.1	11,644.9
Cost of sales	(3,089.2)	(3,173.8)	(7,422.8)	(7,435.5)	(9,964.2)
<b>Gross profit</b>	<b>528.9</b>	<b>528.8</b>	<b>1,259.2</b>	<b>1,230.6</b>	<b>1,680.7</b>
Other operating income	5.6	1.3	10.2	5.5	65.1
Distribution costs	(179.9)	(197.8)	(497.8)	(542.6)	(703.0)
2 Administrative expenses	(84.9)	(86.2)	(262.4)	(265.5)	(357.5)
Other operation expenses	(0.1)	0.0	(0.2)	(0.1)	(0.7)
<b>Operating profit (EBIT)</b>	<b>269.6</b>	<b>246.1</b>	<b>509.0</b>	<b>427.9</b>	<b>684.6</b>
Profit/(loss) after tax in associates, etc.	22.9	(1.3)	16.3	(3.2)	(21.5)
Financial income	14.3	239.9	28.1	467.1	527.0
Financial expenses	(21.3)	(24.0)	(52.8)	(65.9)	(81.3)
<b>Profit before tax</b>	<b>285.5</b>	<b>460.7</b>	<b>500.6</b>	<b>825.9</b>	<b>1,108.8</b>
Tax on profit	(65.1)	(112.7)	(117.5)	(174.6)	(249.3)
<b>Profit for the period from continuing operations</b>	<b>220.4</b>	<b>348.0</b>	<b>383.1</b>	<b>651.3</b>	<b>859.5</b>
7 Profit for the period from discontinued operations	0.0	28.6	0.0	312.1	508.1
<b>Profit for the period</b>	<b>220.4</b>	<b>376.6</b>	<b>383.1</b>	<b>963.4</b>	<b>1,367.6</b>
Attributable to:					
Shareholders of Schouw & Co.	220.3	375.6	383.1	962.5	1,367.4
Minority interests	0.1	1.0	0.0	0.9	0.2
<b>Profit for the period</b>	<b>220.4</b>	<b>376.6</b>	<b>383.1</b>	<b>963.4</b>	<b>1,367.6</b>
3 Earnings per share (DKK)	9.33	15.75	16.14	40.49	57.46
3 Diluted earnings per share (DKK)	9.30	15.69	16.08	40.38	57.28
3 Earnings per share from continuing operations (DKK)	9.33	14.59	16.14	27.40	36.11
3 Diluted earnings per share from continuing operations (DKK)	9.30	14.54	16.08	27.32	36.00
<b>Comprehensive income</b>					
Items that can be reclassified to the profit and loss statement:					
Exchange rate adjustment of foreign subsidiaries etc.	154.0	(55.8)	195.5	(141.2)	(202.3)
Value adj. of hedging instruments recognised during the period	(4.3)	(4.2)	(12.9)	12.6	12.6
Value adj. of hedging instruments transferred to cost of sales	0.0	0.0	1.1	2.0	2.0
Value adj. of hedging instruments transferred to financials	0.9	2.3	3.5	6.8	11.1
Hedging instruments transferred to discontinued operations	0.0	0.0	0.0	0.0	13.4
Other comprehensive income from associates	(0.5)	0.1	2.3	0.5	(3.4)
Other adjustment on equity	(0.5)	0.0	(0.9)	0.0	0.0
Tax on other comprehensive income	1.2	0.6	2.1	(5.5)	(5.8)
<b>Other comprehensive income after tax</b>	<b>150.8</b>	<b>(57.0)</b>	<b>190.7</b>	<b>(124.8)</b>	<b>(172.4)</b>
Profit for the period	220.4	376.6	383.1	963.4	1,367.6
<b>Total recognised comprehensive income</b>	<b>371.2</b>	<b>319.6</b>	<b>573.8</b>	<b>838.6</b>	<b>1,195.2</b>
Attributable to:					
Shareholders of Schouw & Co.	371.1	319.3	573.8	838.5	1,195.0
Minority interests	0.1	0.3	0.0	0.1	0.2
<b>Total recognised comprehensive income</b>	<b>371.2</b>	<b>319.6</b>	<b>573.8</b>	<b>838.6</b>	<b>1,195.2</b>

# Cash Flow Statement

Amounts in DKK million

January 1 – September 30

Note	Q3 2014	Q3 2013	YTD 2014	YTD 2013	2013 TOTAL
Profit before tax	285.5	460.7	500.6	825.9	1,108.8
Adjustment for operating items of a non-cash nature, etc.					
Depreciation and impairment losses	89.9	86.6	265.7	264.2	354.0
Other operating items, net	67.5	(2.0)	81.9	3.7	(54.9)
Provisions	(0.2)	(3.3)	(0.6)	(2.5)	(2.0)
Income from investments in associates, etc. after tax	(22.9)	1.3	(16.3)	3.2	21.5
Financial income	(14.3)	(239.9)	(28.1)	(467.1)	(527.0)
Financial expenses	21.3	24.0	52.8	65.9	81.3
<b>Cash flows from operating activities before change in working capital</b>	<b>426.8</b>	<b>327.4</b>	<b>856.0</b>	<b>693.3</b>	<b>981.7</b>
Changes in working capital	(352.1)	69.8	(468.9)	(237.4)	(86.8)
<b>Cash flows from operating activities</b>	<b>74.7</b>	<b>397.2</b>	<b>387.1</b>	<b>455.9</b>	<b>894.9</b>
Dividend received from associates	0.0	0.0	31.3	0.0	0.0
Interest income received	12.2	6.3	24.1	18.3	20.5
Interest expenses paid	(19.2)	(23.1)	(51.0)	(65.9)	(79.4)
<b>Cash flows from ordinary activities</b>	<b>67.7</b>	<b>380.4</b>	<b>391.5</b>	<b>408.3</b>	<b>836.0</b>
Income tax paid	(24.8)	(35.3)	(74.2)	(101.6)	(168.6)
<b>Cash flows from operating activities</b>	<b>42.9</b>	<b>345.1</b>	<b>317.3</b>	<b>306.7</b>	<b>667.4</b>
Purchase of intangible assets	(1.0)	(9.0)	(3.7)	(15.4)	(24.0)
Purchase of property, plant and equipment	(43.3)	(66.6)	(138.6)	(264.0)	(345.5)
Sale of property, plant and equipment	0.4	0.2	0.4	0.2	140.0
Acquisition of enterprises	0.0	0.0	0.0	0.0	(0.5)
Acquisition of associates	0.0	(1.2)	0.0	(3.4)	(4.8)
Capital increase in joint ventures	(38.4)	0.0	(38.4)	0.0	0.0
Loan to associates	0.4	0.1	(3.8)	1.2	0.6
Purchase of securities	0.0	0.0	(9.8)	(2.0)	(1.5)
Sale of securities	0.0	0.0	0.0	145.8	757.2
<b>Cash flows from investing activities</b>	<b>(81.9)</b>	<b>(76.5)</b>	<b>(193.9)</b>	<b>(137.6)</b>	<b>521.5</b>
Debt financing:					
Repayment of non-current liabilities	(28.1)	(26.6)	(214.1)	(276.4)	(392.6)
Proceeds from incurring non current financial liabilities	0.7	25.2	64.4	542.8	574.3
Increase (repayment) of bank overdrafts	(178.8)	(42.5)	211.0	(281.8)	(787.5)
Shareholders:					
Dividend paid	0.0	0.0	(142.9)	(119.2)	(119.2)
Purchase / sale of treasury shares etc., net	(64.1)	4.2	(132.5)	37.4	37.9
<b>Cash flows from financing activities</b>	<b>(270.3)</b>	<b>(39.7)</b>	<b>(214.1)</b>	<b>(97.2)</b>	<b>(687.1)</b>
<b>7 Cash flows from discontinued operations</b>	<b>0.0</b>	<b>13.4</b>	<b>0.0</b>	<b>484.0</b>	<b>434.1</b>
<b>Cash flows for the period</b>	<b>(309.3)</b>	<b>242.3</b>	<b>(90.7)</b>	<b>555.9</b>	<b>935.9</b>
Cash and cash equivalents at January 1	1,543.2	719.6	1,324.0	406.8	406.8
Reclassification of cash and cash equivalents at January 1	0.0	0.0	0.0	0.0	(12.5)
Value adjustment of cash and cash equivalents	(1.3)	(1.6)	(0.7)	(2.4)	(6.2)
<b>Cash and cash equivalents at September 30</b>	<b>1,232.6</b>	<b>960.3</b>	<b>1,232.6</b>	<b>960.3</b>	<b>1,324.0</b>

# Balance Sheet

Amounts in DKK million

Note	AT SEP. 30, 2014	AT DEC. 31, 2013	AT SEP. 30, 2013	AT DEC. 31, 2012
Goodwill	896.8	876.0	880.5	895.0
Completed development projects	15.6	18.1	19.4	25.5
Development projects in progress	0.2	0.1	1.2	34.7
Other intangible assets	40.7	45.5	59.1	55.9
<b>Intangible assets</b>	<b>953.3</b>	<b>939.7</b>	<b>960.2</b>	<b>1,011.1</b>
Land and buildings	1,175.9	1,168.6	1,219.7	1,522.3
Plant and machinery	1,214.1	1,303.2	1,141.6	1,334.9
Other fixtures, tools and equipment	69.4	79.9	73.3	115.7
Assets under construction, etc.	152.8	77.0	318.5	178.4
<b>Property, plant and equipment</b>	<b>2,612.2</b>	<b>2,628.7</b>	<b>2,753.1</b>	<b>3,151.3</b>
Equity investments in associates, etc.	665.4	639.6	47.5	50.1
4 Securities	118.6	99.5	566.3	154.9
Deferred tax	73.4	75.2	202.4	192.7
Receivables	146.9	154.1	256.7	116.1
<b>Other non-current assets</b>	<b>1,004.3</b>	<b>968.4</b>	<b>1,072.9</b>	<b>513.8</b>
<b>Total non-current assets</b>	<b>4,569.8</b>	<b>4,536.8</b>	<b>4,786.2</b>	<b>4,676.2</b>
Inventories	1,510.4	1,151.5	1,321.1	1,773.1
5 Receivables	2,916.6	2,675.2	2,982.6	2,671.0
Income tax receivable	0.0	8.8	1.0	6.5
4 Securities	0.1	0.1	0.4	132.2
Cash and cash equivalents	1,232.6	1,324.0	924.1	392.7
<b>Total current assets</b>	<b>5,659.7</b>	<b>5,159.6</b>	<b>5,229.2</b>	<b>4,975.5</b>
7 Assets held for sale	0.0	0.0	1,057.5	729.6
<b>Total assets</b>	<b>10,229.5</b>	<b>9,696.4</b>	<b>11,072.9</b>	<b>10,381.3</b>

# Balance Sheet

Amounts in DKK million

Note	AT SEP. 30, 2014	AT DEC. 31, 2013	AT SEP. 30, 2013	AT DEC. 31, 2012
6	Share capital	255.0	255.0	255.0
	Hedge transaction reserve	(21.1)	(14.5)	(42.6)
	Exchange adjustment reserve	158.8	(36.7)	159.9
	Retained earnings	5,652.4	5,385.8	4,124.1
	Proposed dividend	0.0	153.0	127.5
	<b>Share of equity attributable to the parent company</b>	<b>6,045.1</b>	<b>5,742.6</b>	<b>5,384.7</b>
	Minority interests	3.0	3.4	3.4
	<b>Total equity</b>	<b>6,048.1</b>	<b>5,746.0</b>	<b>4,627.3</b>
	Deferred tax	128.7	127.9	116.1
	Pensions, provisions and other liabilities	97.6	98.2	67.4
8	Credit institutions	884.6	1,035.1	1,101.2
	<b>Non-current liabilities</b>	<b>1,110.9</b>	<b>1,261.2</b>	<b>1,284.7</b>
8	Current portion of non-current debt	226.5	200.2	223.4
8	Credit institutions	308.3	238.3	825.0
	Trade payables and other payables	2,499.8	2,237.2	2,536.6
	Income tax	35.9	13.5	140.0
	<b>Current liabilities</b>	<b>3,070.5</b>	<b>2,689.2</b>	<b>4,123.9</b>
	<b>Total liabilities</b>	<b>4,181.4</b>	<b>3,950.4</b>	<b>5,009.7</b>
7	Liabilities associated with assets held for sale	0.0	0.0	671.3
	<b>Total liabilities and equity</b>	<b>10,229.5</b>	<b>9,696.4</b>	<b>11,072.9</b>
9-10	Notes without reference			524.4

# Statement of changes in equity

Amounts in DKK million

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Dividend	Total	Minority interests	Total equity
Equity at January 1, 2014	255.0	(14.5)	(36.7)	5,385.8	153.0	5,742.6	3.4	5,746.0
Other comprehensive income for the period								
Exchange rate adjustment of foreign subsidiaries	-	-	195.5	-	-	195.5	0.0	195.5
Value adjustment of hedging instruments recognised during the period	-	(12.9)	-	-	-	(12.9)	0.0	(12.9)
Value adjustment of hedging instruments transferred to cost of sales	-	1.1	-	-	-	1.1	0.0	1.1
Value adjustment of hedging instruments transferred to financials	-	3.5	-	-	-	3.5	0.0	3.5
Other comprehensive income from associates	-	(0.4)	-	2.7	-	2.3	0.0	2.3
Tax on other comprehensive income	-	2.1	-	0.0	-	2.1	0.0	2.1
Other adjustment on equity	-	-	-	(0.9)	-	(0.9)	0.0	(0.9)
Profit for the period	-	-	-	383.1	-	383.1	0.0	383.1
<b>Total recognised comprehensive income</b>	-	(6.6)	195.5	384.9	-	573.8	0.0	573.8
Transactions with the owners:								
Share-based payment, net	-	-	-	3.7	-	3.7	0.0	3.7
Dividend distributed	-	-	-	10.5	(153.0)	(142.5)	(0.4)	(142.9)
Treasury shares bought/sold	-	-	-	(132.5)	-	(132.5)	-	(132.5)
<b>Transactions with the owners for the period</b>	0.0	0.0	0.0	(118.3)	(153.0)	(271.3)	(0.4)	(271.7)
<b>Equity at September 30, 2014</b>	255.0	(21.1)	158.8	5,652.4	0.0	6,045.1	3.0	6,048.1

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Dividend	Total	Minority interests	Total equity
Equity at January 1, 2013	255.0	(42.6)	159.9	4,124.1	127.5	4,623.9	3.4	4,627.3
Other comprehensive income for the period								
Exchange rate adjustment of foreign subsidiaries	-	-	(140.4)	-	-	(140.4)	(0.8)	(141.2)
Value adjustment of hedging instruments recognised during the period	-	12.6	-	-	-	12.6	0.0	12.6
Value adjustment of hedging instruments transferred to cost of sales	-	2.0	-	-	-	2.0	0.0	2.0
Value adjustment of hedging instruments transferred to financials	-	6.8	-	-	-	6.8	0.0	6.8
Other comprehensive income from associates	-	0.5	-	0.0	-	0.5	0.0	0.5
Tax on other comprehensive income	-	(5.5)	-	0.0	-	(5.5)	0.0	(5.5)
Profit for the period	-	-	-	962.5	-	962.5	0.9	963.4
<b>Total recognised comprehensive income</b>	-	16.4	(140.4)	962.5	-	838.5	0.1	838.6
Transactions with the owners:								
Share-based payment, net	-	-	-	4.1	-	4.1	0.0	4.1
Dividend distributed	-	-	-	8.3	(127.5)	(119.2)	(0.4)	(119.6)
Addition/disposal of minority interests	-	-	-	-	-	0.0	4.1	4.1
Treasury shares bought/sold	-	-	-	37.4	-	37.4	-	37.4
<b>Transactions with the owners for the period</b>	0.0	0.0	0.0	49.8	(127.5)	(77.7)	3.7	(74.0)
<b>Equity at September 30, 2013</b>	255.0	(26.2)	19.5	5,136.4	0.0	5,384.7	7.2	5,391.9

# Notes

Amounts in DKK million

## NOTE 1 - Segment reporting

Schouw & Co. is an industrial conglomerate consisting of a number of sub-groups operating in various industries and independently of the other sub-groups. The group management monitors the financial developments of all material sub-groups on a regular basis. Based on management control and financial management, Schouw & Co. has identified four (six in 2013) reporting segments, which are BioMar, Fibertex Personal Care, Fibertex Nonwovens and Hydra-Grene (as well as Grene and Martin in 2013).

Included in the reporting segments are revaluations of assets and liabilities made in connection with Schouw & Co.'s acquisition of the segment in question and consolidated goodwill arising as a result of the acquisition. The operational impact of depreciation/amortisation and write-downs on the above revaluations or goodwill is also included in the profit presented for the reporting segment.

All transactions between segments were made on an arm's length basis.

Total reportable segments YTD 2014	BioMar	Fibertex		Hydra-Grene	Continuing activities	Grene	Martin	Dis-continuing activities	Total
		Personal Care	Fibertex Nonwovens						
External revenue	6,217.7	1,251.1	779.7	427.8	8,676.3	0.0	0.0	0.0	8,676.3
Intra-group revenue	0.0	50.9	6.3	0.0	57.2	0.0	0.0	0.0	57.2
Segment revenue	6,217.7	1,302.0	786.0	427.8	8,733.5	0.0	0.0	0.0	8,733.5
Depreciation	106.1	97.0	47.1	13.5	263.7	0.0	0.0	0.0	263.7
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	299.4	120.3	53.4	49.7	522.8	0.0	0.0	0.0	522.8
Segment assets	5,315.2	1,844.8	1,028.2	427.4	8,615.6	0.0	0.0	0.0	8,615.6
of which goodwill	746.8	72.4	77.6	0.0	896.8	0.0	0.0	0.0	896.8
Equity investments in associates	0.0	0.0	10.7	0.0	10.7	0.0	0.0	0.0	10.7
Segment liabilities	2,963.0	1,099.8	656.1	247.7	4,966.6	0.0	0.0	0.0	4,966.6
Working capital	1,128.4	261.0	294.4	210.5	1,894.3	0.0	0.0	0.0	1,894.3
NIBD	679.9	575.1	397.5	138.3	1,790.8	0.0	0.0	0.0	1,790.8
Cash flows from operating activities	4.1	195.8	69.5	19.5	288.9	0.0	0.0	0.0	288.9
Cash flows from investing activities	(140.7)	(28.0)	(19.3)	(5.8)	(193.8)	0.0	0.0	0.0	(193.8)
Cash flows from financing activities	(172.6)	(92.0)	(18.2)	(38.1)	(320.9)	0.0	0.0	0.0	(320.9)
Capital expenditure	92.5	28.3	15.6	5.8	142.2	0.0	0.0	0.0	142.2
Average number of employees	903	432	533	221	2,089	0	0	0	2,089

Total reportable segments YTD 2013	BioMar	Fibertex		Hydra-Grene	Continuing activities	Grene	Martin	Dis-continuing activities	Total
		Personal Care	Fibertex Nonwovens						
External revenue	6,360.7	1,155.4	708.1	362.1	8,586.3	1,041.9	131.2	1,173.1	9,759.4
Intra-group revenue	0.0	23.9	7.0	0.0	30.9	4.5	0.0	4.5	35.4
Segment revenue	6,360.7	1,179.3	715.1	362.1	8,617.2	1,046.4	131.2	1,177.6	9,794.8
Depreciation	108.6	93.5	48.9	9.8	260.8	24.7	0.0	24.7	285.5
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	239.7	124.2	30.1	39.5	433.5	71.5	5.2	76.7	510.2
Segment assets	5,806.5	1,606.7	1,020.6	388.8	8,822.6	1,057.5	0.0	1,057.5	9,880.1
of which goodwill	730.6	72.4	77.6	0.0	880.6	12.0	0.0	12.0	892.6
Equity investments in associates	0.0	0.0	12.1	1.9	14.0	0.0	0.0	0.0	14.0
Segment liabilities	3,679.1	947.4	662.5	229.5	5,518.5	671.3	0.0	671.3	6,189.8
Working capital	1,034.0	224.0	274.6	183.3	1,715.9	421.9	0.0	421.9	2,137.8
NIBD	652.3	607.7	458.0	139.1	1,857.1	420.4	0.0	420.4	2,277.5
Cash flows from operating activities	31.3	213.6	45.6	43.4	333.9	49.6	23.9	73.5	407.4
Cash flows from investing activities	86.9	(188.9)	(26.3)	(9.7)	(138.0)	(37.3)	89.6	52.3	(85.7)
Cash flows from financing activities	427.2	(26.8)	(20.6)	(22.4)	357.4	10.0	(114.2)	(104.2)	253.2
Capital expenditure	56.9	188.9	23.0	9.7	278.5	38.4	7.4	45.8	324.3
Average number of employees	886	384	513	212	1,995	896	534	1,430	3,425

# Notes

Amounts in DKK million

## NOTE 1 - Segment reporting (continued)

Reconciliation of revenue, EBIT, assets and liabilities, YTD 2014	Group revenue	EBIT	Assets	Liabilities
Reporting segments	8,733.5	522.8	8,615.6	4,966.6
Non-reporting segments	5.7	2.4	214.3	59.1
The parent company	3.3	(16.2)	4,669.6	123.3
Group elimination	(60.5)	0.0	(3,270.0)	(967.6)
<b>Total</b>	<b>8,682.0</b>	<b>509.0</b>	<b>10,229.5</b>	<b>4,181.4</b>

Reconciliation of revenue, EBIT, assets and liabilities, YTD 2013	Group revenue	EBIT	Assets	Liabilities
Reporting segments	9,794.8	510.2	9,880.1	6,189.8
Discontinued operations	(1,177.6)	(76.7)	0.0	0.0
Non-reporting segments	66.8	0.3	984.9	155.0
The parent company	15.8	(5.9)	4,198.0	293.3
Group elimination	(33.7)	0.0	(3,990.1)	(957.1)
<b>Total</b>	<b>8,666.1</b>	<b>427.9</b>	<b>11,072.9</b>	<b>5,681.0</b>

## NOTE 2 - Share based payment

### Share option programme

The company has an incentive programme for the Management and senior managers, including the executive management of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest (4% p.a.) from the date of grant until the date of exercise.

Outstanding options	Management	Other	Total	Strike price in DKK (1)	Fair value in DKK per option (2)	Fair value in total in DKK millions (2)	Can be exercised from	Can be exercised to
Granted in 2010	34,000	8,000	42,000	125.53	24.38	4.4	March 2012	March 2014
Granted in 2011	55,000	58,000	113,000	151.61	25.80	6.2	March 2013	March 2015
Granted in 2012	55,000	166,000	221,000	155.83	24.24	5.8	March 2014	March 2016
Granted in 2013	55,000	164,000	219,000	211.63	20.19	4.4	March 2015	March 2017
<b>Outstanding options at December 31, 2013</b>	<b>199,000</b>	<b>396,000</b>	<b>595,000</b>					
Granted in 2014	55,000	170,000	225,000	297.50	30.87	6.9	March 2016	March 2018
Exercised (from the share options granted in 2010)	-34,000	-8,000	-42,000					
Exercised (from the share options granted in 2011)	-15,000	-58,000	-73,000					
Exercised (from the share options granted in 2012)	-15,000	-126,000	-141,000					
Early exercise (from the share options granted in 2013)	0	-5,667	-5,667					
Lapsed (from 2013 grant)	0	-2,333	-2,333					
<b>Outstanding options at September 30, 2014</b>	<b>190,000</b>	<b>366,000</b>	<b>556,000</b>					

1) At exercise after four years (at the latest possible moment)

2) At the date of grant

Options exercised in Q1-Q3 2014:	Exercised number of shares	Average exercise price in DKK	Average share price in DKK on the dates the options were exercised	Group's cash proceeds in DKK million
Exercised from the share options granted in 2010	42,000	122.23	248.71	5.1
Exercised from the share options granted in 2011	73,000	142.50	246.88	10.4
Exercised from the share options granted in 2012	141,000	142.79	260.94	20.1
Exercised from the share options granted in 2013	5,667	191.19	243.00	1.1
<b>Total</b>	<b>261,667</b>			<b>36.7</b>

The following assumptions were applied in calculating the fair value of outstanding share options at the date of grant:

	2014 grant	2013 grant	2012 grant	2011 grant
Expected volatility	26.12%	25.36%	34.48%	33.75%
Expected term	48 mths	48 mths	48 mths	48 mths
Expected dividend per share	DKK 5	DKK 4	DKK 3	DKK 3
Risk-free interest rate	0.65%	0.62%	1.04%	3.00%

The expected volatility is calculated on the basis of 12 months historical volatility based on average prices. If the optionholders have not exercised their share options within the period specified, the share options will lapse without any compensation to the holders. Exercise of the share options is subject to the holders being in continuing employment during the above-mentioned periods. If the share optionholder leaves the company's employ before the date of acquiring the right, the holder may in some cases have a right to exercise the share options early during a four-week period following Schouw & Co.'s next following profit announcement. In the event of early exercise, the number of share options will be reduced proportionately.



# Notes

Amounts in DKK million

## NOTE 3 - Earnings per share (DKK)

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Share of the profit for the period attributable to shareholders of Schouw & Co.	220.3	375.6	383.1	962.5
Of which profit for the period from continuing operations	220.3	348.0	383.1	651.3
Of which profit for the period from discontinued operations	0.0	27.6	0.0	311.2
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	(1,897,894)	(1,649,809)	(1,771,107)	(1,730,904)
Average number of outstanding shares	23,602,106	23,850,191	23,728,893	23,769,096
Average dilutive effect of outstanding share options	89,725	90,025	89,242	66,963
Diluted average number of outstanding shares	23,691,831	23,940,216	23,818,135	23,836,059
Earnings in Danish kroner per share of DKK 10	9.33	15.75	16.14	40.49
Diluted earnings in Danish kroner per share of DKK 10	9.30	15.69	16.08	40.38
Earnings per share in Danish kroner of DKK 10 from continuing operations	9.33	14.59	16.14	27.40
Diluted earnings per share in Danish kroner of DKK 10 from continuing operations	9.30	14.54	16.08	27.32
Earnings per share from discontinued operations (DKK)	0.00	1.16	0.00	13.09
Diluted earnings per share from discontinued operations (DKK)	0.00	1.15	0.00	13.06

## NOTE 4 - Securities

	AT SEP. 30, 2014	AT DEC. 31, 2013	AT SEP. 30, 2013	AT DEC. 31, 2012
Financial investments				
Shares in Vestas (non-current securities)	-	-	556.4	127.4
Shares in Lerøy (current securities)	-	-	-	131.7
Financial investments in total	-	-	556.4	259.1
Other securities (1)	118.7	99.6	10.3	28.0
Securities in total	118.7	99.6	566.7	287.1

### Securities measured at fair value:

#### Non-current assets

Cost at January 1	100.9	347.6	347.6	347.3
Reclassification	0.0	87.2	(25.0)	(1.5)
Foreign exchange adjustment	9.3	(6.0)	(1.1)	1.5
Additions	9.8	1.5	2.0	7.3
Disposals	0.0	(329.4)	(0.9)	(7.0)
Cost at June 30	120.0	100.9	322.6	347.6
Adjustments at January 1	(1.4)	(192.7)	(192.7)	(72.6)
Reclassification	0.0	0.4	6.9	1.0
Foreign exchange adjustment	(0.1)	0.4	0.5	(0.5)
Disposals on divestment	0.0	(293.6)	0.0	0.0
Adjustments recognised in the income statement for the period	0.1	484.1	429.0	(120.6)
Adjustments at June 30	(1.4)	(1.4)	243.7	(192.7)
Carrying amount of non-current assets at June 30	118.6	99.5	566.3	154.9

#### Current assets

Cost at January 1	6.8	170.0	170.0	160.7
Foreign exchange adjustment	0.0	(2.1)	(2.0)	9.3
Disposals	0.0	(161.1)	(161.1)	0.0
Cost at June 30	6.8	6.8	6.9	170.0
Adjustments at January 1	(6.7)	(37.8)	(37.8)	(79.8)
Foreign exchange adjustment	0.0	0.4	0.4	(3.4)
Disposals on divestment	0.0	16.2	16.2	0.0
Dividend	0.0	0.0	0.0	(6.9)
Adjustments recognised in the income statement for the period	0.0	14.5	14.7	52.3
Adjustments at June 30	(6.7)	(6.7)	(6.5)	(37.8)
Carrying amount of non-current assets at June 30	0.1	0.1	0.4	132.2
<b>Carrying amount at June 30</b>	<b>118.7</b>	<b>99.6</b>	<b>566.7</b>	<b>287.1</b>

1) Salmonies Austrial SpA. is recognised under other securities at September 30, 2014 in the amount of DKK 109.2 million.

# Notes

Amounts in DKK million

## NOTE 5 - Receivables

### Trade receivables

At September 30, 2014	Not due	Due between			Total
		1-30 days	31-90 days	>91 days	
Trade receivables not considered to be impaired	2,345.0	131.7	30.8	22.0	2,529.5
Trade receivables individually assessed to be impaired	71.8	43.0	30.8	306.4	452.0
Trade receivables in total	2,416.8	174.7	61.6	328.4	2,981.5
Impairment losses on trade receivables	(2.2)	(3.8)	(2.3)	(209.2)	(217.5)
Trade receivables net	2,414.6	170.9	59.3	119.2	2,764.0
Proportion of the total receivables which is expected to be settled					92.7%
Impairment percentage	0.1%	2.2%	3.7%	63.7%	7.3%
Reconciliation to the balance					
Trade receivables - net					2,764.0
Other receivables - current					146.5
Accruals and deferred income					6.1
Total current receivables					2,916.6

  

At September 30, 2013	Not due	Due between			Total
		1-30 days	31-90 days	>91 days	
Trade receivables not considered to be impaired	2,377.3	145.1	30.3	14.8	2,567.5
Trade receivables individually assessed to be impaired	183.5	48.6	55.1	197.3	484.5
Trade receivables in total	2,560.8	193.7	85.4	212.1	3,052.0
Impairment losses on trade receivables	(57.1)	(4.6)	(13.6)	(174.6)	(249.9)
Trade receivables net	2,503.7	189.1	71.8	37.5	2,802.1
Proportion of the total receivables which is expected to be settled					91.8%
Impairment percentage	2.2%	2.4%	15.9%	82.3%	8.2%
Reconciliation to the balance					
Trade receivables - net					2,802.1
Other receivables - current					168.2
Construction contracts					6.6
Accruals and deferred income					5.7
Total current receivables					2,982.6

## NOTE 6 - Share capital

At September 30, 2014, the share capital consisted of 25,500,000 shares with a nominal value of DKK 10 each. All shares rank equally.

	Number of shares	Nominal value	Cost	Percentage of share capital
<b>Treasury shares</b>				
January 1, 2013	1,938,363	19,383,630	239.2	7.60%
Movements in Q1-Q3 2013				
Share option programme	(313,250)	(3,132,500)	(32.7)	-1.23%
September 30, 2013	1,625,113	16,251,130	206.5	6.37%
Movements in Q4 2013				
Share option programme	(4,000)	(40,000)	(0.5)	-0.01%
December 31, 2013	1,621,113	16,211,130	206.0	6.36%
Movements in Q1-Q3 2014				
Bought	650,487	6,504,870	169.7	2.55%
Share option programme	(261,667)	(2,616,670)	(31.7)	-1.03%
September 30, 2014	2,009,933	20,099,330	344.0	7.88%

Schow & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until April 1, 2017.

# Notes

Amounts in DKK million

## NOTE 7 - Discontinued operations and assets held for sale

YTD 2014

YTD 2013

### Profit from discontinued operations

Revenue	0.0	1,173.1
Cost of sales	0.0	(778.0)
<b>Gross profit</b>	<b>0.0</b>	<b>395.1</b>
Distribution costs	0.0	(246.8)
Administrative expenses	0.0	(72.9)
Other operating income/expenses, net	0.0	1.3
<b>Operating profit (EBIT)</b>	<b>0.0</b>	<b>76.7</b>
Financial items, net	0.0	(19.4)
<b>Profit before tax</b>	<b>0.0</b>	<b>57.3</b>
Tax on profit for the year	0.0	(11.7)
<b>Profit after tax</b>	<b>0.0</b>	<b>45.6</b>
Gains from the sale of business activities including costs	0.0	266.5
Tax on divestment	0.0	0.0
<b>Profit for the period from discontinued operations</b>	<b>0.0</b>	<b>312.1</b>
Attributable to:		
Shareholders of Schouw & Co.	0.0	311.2
Minority interests	0.0	0.9
<b>Profit for the period</b>	<b>0.0</b>	<b>312.1</b>
Earnings per share from discontinued operations (DKK)	0.00	13.09
Diluted earnings per share from discontinued operations (DKK)	0.00	13.06
Cash flows from operating activities	0.0	73.5
Cash flows from investing activities	0.0	(44.7)
Cash flows from financing activities	0.0	(58.7)
Received dividend from discontinued operations	0.0	15.0
Cash proportion of proceeds from divestment	0.0	498.9
<b>Cash flows from discontinued operations</b>	<b>0.0</b>	<b>484.0</b>
Assets held for sale		
Intangible assets	0.0	63.0
Property, plant and equipment	0.0	316.4
Other non-current assets	0.0	12.9
Cash and cash equivalents	0.0	36.2
Other current assets	0.0	629.0
<b>Assets held for sale - total</b>	<b>0.0</b>	<b>1,057.5</b>
<b>Presented under the line item Assets held for sale in the consolidated balance sheet</b>	<b>0.0</b>	<b>1,057.5</b>
Liabilities associated with assets classified as held for sale		
Interest-bearing debt	0.0	464.0
Other creditors	0.0	207.3
<b>Liabilities associated with assets classified as held for sale - total</b>	<b>0.0</b>	<b>671.3</b>
<b>Presented under the line item Liabilities relating to assets held for sale in the consolidated balance</b>	<b>0.0</b>	<b>671.3</b>

# Notes

Amounts in DKK million

## NOTE 8 - Interest-bearing debt

At the end of the third quarter of 2014 and 2013 the Group's debt divided by currency was as shown below:



The average effective rate of interest was 3.7% at September 30, 2014 (September 30, 2013: 3.0%).

## Note 9 - Fair values of categories of financial assets and liabilities

### Financial assets

	YTD 2014	YTD 2013
Securities measured at fair value through profit or loss – level 1	0.0	556.4
Derivative financial instruments to hedge future cash flows – level 2	10.1	7.1
Securities measured at fair value through other comprehensive income – level 3	118.7	10.3

### Financial liabilities

Derivative financial instruments to hedge future cash flows – level 2	33.7	33.2
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Securities measured at fair value through other comprehensive income – level 3 amounted to DKK 99.6 million at the beginning of the year. The change in the period breaks down into additional securities of DKK 9.8 million and foreign exchange adjustments of DKK 9.3 million.

The Group uses interest rate swaps and forward currency contracts to hedge fluctuations in the level of interest rates and foreign exchange rates. Forward exchange contracts and interest rate swaps are valued using generally accepted valuation techniques based on relevant observable swap curves and exchange rates. The fair values applied are calculated mainly by external sources on the basis of discounted future cash flows.

The fair value of derivative financial instruments is calculated by way of valuation models such as discounted cash flow models. Anticipated cash flows for individual contracts are based on observable market data such as yield curves and exchange rates. In addition, fair values are based on non-observable market data, including exchange rate volatilities, or correlations between yield curve, exchange rates and credit risks. Non-observable market data account for an insignificant part of the fair value of the derivative financial instruments at the end of the reporting period.

## NOTE 10 - Related party transactions

Under Danish legislation, Givesco A/S, Svinget 24, DK-7323 Give, members of the Board of Directors, the Management Board and senior management as well as their family members are considered to be related parties. Related parties also comprise companies in which the individuals mentioned above have material interests. Related parties also comprise subsidiaries and associates, in which Schouw & Co. has a controlling influence, as well as members of the Board of Directors, Management Board and senior management in our subsidiaries and associates.

The management share option programmes are described in note 2.

The Group has at September 30, 2013 a receivable from Incuba Invest A/S of DKK 9.4 million (2013: DKK 8.7 million). The Group has received management fee from Incuba Invest A/S of DKK 48 thousand (2013: DKK 47 thousand) and received interests of DKK 579 thousand (2013: DKK 577 thousand).

The Group has in 2014 received dividend from Kramp Groep B.V. of DKK 31.3 million .

Other than that there were no other related party transactions.