schouw+co

This is a translation of Schouw & Co.'s Interim Report for the six months ended 30 June 2018. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

Highlights

- Schouw & Co. had a good second quarter, reporting a 10% revenue improvement to DKK 4,534 million.
- EBITDA was up by 12% to DKK 399 million
- Schouw & Co. lowers its full-year guidance due to isolated challenges facing BioMar in Norway and Fibertex Personal Care in Malaysia in second half of 2018
- Share buy-back programme of up to DKK 200 million to be initiated

2018 Interim report Second quarter

Company announcement No. 08/2018
17 August 2018 – 26 pages

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

"During the second quarter of 2018, Schouw & Co. achieved good revenue improvements that were mainly driven by larger volumes sold and by BioMar's entry to the Ecuadorian shrimp feed market. Earningswise, we achieved a relatively similar EBITDA improvement in spite of more competitive markets and generally challenging developments in prices of components and raw materials.

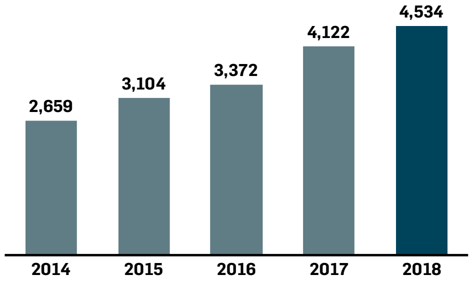
The segments that our companies are involved in generally continue to see good momentum. Unfortunately, we have had to lower our overall guidance for 2018 due to the outcome of contract negotiations in Norway and a weaker activity among larger customers served by Fibertex Personal Care in Malaysia. We will now focus on profitability and generating of cash flow, and over time we are expecting new volume growth."

Financial highlights and key ratios

GROUP SUMMARY (DKKm)	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
REVENUE AND INCOME					
Revenue	4,534	4,122	8,385	7,706	17,032
Operating profit before depreciation (EBITDA)	399	357	713	642	1,568
Depreciation and impairment losses	133	119	264	225	475
EBIT	266	238	449	417	1,093
Profit/loss after tax in associates and joint ventures	16	4	18	4	42
Net financials	-24	13	-37	-2	-30
Profit before tax	258	256	430	419	1,105
Profit for the period	201	201	319	323	875
Cash flows					
Cash flow from operating activities	-35	6	-33	19	763
Cash flow from investing activities	-221	-1,185	-438	-1,485	-2,763
Of which investment in property, plant and equipment	-221	-209	-356	-456	-809
Cash flows from financing activities	109	198	360	315	818
Invested capital and financing					
Invested capital (ex. goodwill)	8,157	6,624	8,157	6,624	7,337
Total assets	15,429	13,331	15,429	13,331	14,389
Working capital	3,158	2,353	3,158	2,353	2,505
Net interest-bearing debt (NIBD)	2,035	927	2,035	927	1,275
Share of equity attributable to shareholders of Schouw & Co.	8,371	7,747	8,371	7,747	8,317
Non-controlling interests	11	14	11	14	15
Total equity	8,382	7,761	8,382	7,761	8,332
Financial data					
EBITDA margin (%)	8.8	8.7	8.5	8.3	9.2
EBIT margin (%)	5.9	5.8	5.4	5.4	6.4
EBT margin (%)	5.7	6.2	5.1	5.4	6.5
Return on equity (%)	10.9	18.8	10.9	18.8	10.9
Equity ratio (%)	54.3	58.2	54.3	58.2	57.9
ROIC excluding goodwill (%)	16.3	19.6	16.3	19.6	17.6
ROIC including goodwill (%)	12.6	16.1	12.6	16.1	13.8
NIBD/EBITDA ratio	1.2	0.6	1.2	0.6	0.8
Average no. of employees	7,073	6,279	7,050	5,437	6,087
Per share data					
Earnings per share (of DKK 10)	8.45	8.51	13.39	13.72	36.85
Diluted earnings per share (of DKK 10)	8.42	8.43	13.35	13.59	36.63
Net asset value per share (of DKK 10)	347.96	324.72	347.96	324.72	346.99
Share price, end of period (per share DKK 10)	563.50	698.50	563.50	698.50	581.50
Price/Net asset value	1.62	2.15	1.62	2.15	1.68
Market capitalisation, end of period	13,556	16,664	13,556	16,664	13,939

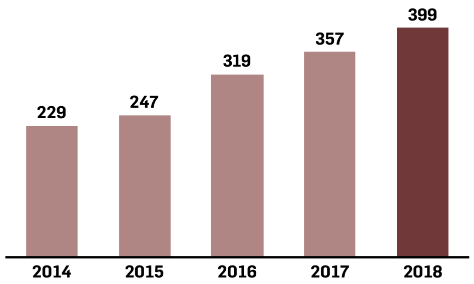
Revenue, second quarter

DKKm



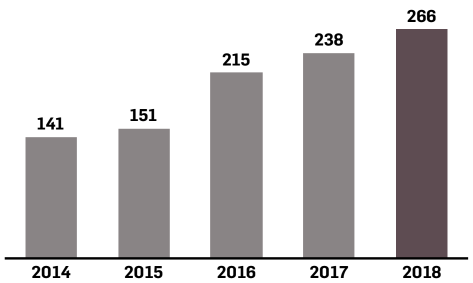
EBITDA, second quarter

DKKm



EBIT, second quarter

DKKm



Interim report – Second quarter of 2018

Another good quarter with revenue improvement driven by larger volumes and acquisitions. Relative EBITDA improvement despite more competitive markets and higher prices of components and raw materials

Financial performance

(DKKm)	Q2 2018	Q2 2017	Change	
Revenue	4,534	4,122	412	10%
EBITDA	399	357	42	12%
EBIT	266	238	28	12%
Assc. and JVs	16	4	12	283%
Profit before tax	258	256	3	1%
Cash flow from op. act.	-35	6	-41	-735%

(DKKm)	YTD 2018	YTD 2017	Change	
Revenue	8,385	7,706	679	9%
EBITDA	713	642	71	11%
EBIT	449	417	33	8%
Assc. and JVs	18	4	14	323%
Profit before tax	430	419	11	3%
Cash flow from op. act.	-33	19	-53	-275%
Net interest-bearing debt	2,035	927	1,108	120%
Working capital	3,158	2,353	806	34%
ROIC excluding goodwill	16.3%	19.6%	-3.3pp	
ROIC including goodwill	12.6%	16.1%	-3.5pp	

Overall, the companies of the Schouw & Co. Group had a good second quarter of 2018, achieving the expected revenue and EBITDA improvements. As in the first quarter, the period was characterised by tough competition in most areas, combined with higher prices of a number of components and raw materials. Climatic conditions were less favourable and the supply situation of key components and raw materials was more difficult in the second quarter of 2018 compared with the year-earlier period.

Consolidated revenue improved by 10% to DKK 4,534 million in Q2 2018 from DKK 4,122 million in Q2 2017. All portfolio businesses but Fibertex Personal Care contributed to the improvement, with the largest single contributors being BioMar, HydraSpecma and Fibertex Nonwovens.

Consolidated revenue for the first half of 2018 was up by 9% to DKK 8,385 million from DKK 7,706 million in H1 2017. All portfolio businesses contributed to the improvement in the first half year, with the largest single contributor being Borg Automotive, which was not consolidated in Q1 2017.

EBITDA was up by 12% from DKK 357 million in Q2 2017 to DKK 399 million in Q2 2018. BioMar, HydraSpecma, Fibertex Nonwovens and Borg Automotive all contributed to the improvement, while Fibertex Personal Care and GPV both reported lower EBITDA.

The H1 EBITDA was up by 11% from DKK 642 million in 2017 to DKK 713 million in 2018. The first half-year improvement derived from Borg Automotive in particular and from BioMar and HydraSpecma, while the remaining businesses all reported lower EBITDA.

Associates and joint ventures contributed profit after tax in line with expectations in Q2 2018. The DKK 12 million improvement over last year was driven by the higher share of profit in BioMar-Sagun in Turkey and from the associated fish farming businesses LetSea in Norway and Salmones Austral in Chile, of which the latter was not classified as an associate in the Q2 2017 period.

Consolidated net financial items were an expense of DKK 24 million in Q2 2018, compared with an income of DKK 13 million in Q2 2017. However, in the comparison with last year, it should be noted that the consolidated net financials were lifted by a DKK 42 million reversal of a previous impairment charge on the value of BioMar's shareholding in Salmones Austral. When adjusted for this reversal and for foreign exchange losses and other items, actual interest expenses rose to DKK 13 million from DKK 8 million in Q2 2017.

Liquidity and capital resources

The Group's operating activities produced a DKK 35 million cash outflow in Q2 2018, compared with a cash inflow of DKK 6 million in Q2 2017. The weaker cash flow was due to a general increase in working capital for the portfolio companies during the course of the second quarter of 2018.

Cash flows for investing activities amounted to DKK 221 million in Q2 2018. In Q2 2017, that amount was DKK 1,185 million, which included the acquisition of Borg Automotive.

The consolidated net interest-bearing debt amounted to DKK 2,035 million at 30 June 2018, compared with DKK 1,477 million at 31 March 2018. By comparison, net interest-bearing debt at 30 June 2017 was DKK 927 million.

The Group's working capital increased from DKK 2,800 million at 31 March 2018 to DKK 3,158 million at 30 June 2018. By comparison, working capital amounted to DKK 2,353 million at 30 June 2017, at which time the acquisitions of Alimentsa and Duci were not consolidated.

Group developments

The consolidated performance of the second quarter of 2018 was one of revenue improvements that were mainly driven by larger volumes sold and by the acquisition of Ecuadorian company Alimentsa. Earningswise, the Group achieved a relatively similar EBITDA improvement in spite of more competitive markets and generally challenging developments in prices of components and raw materials.

The companies of the Schouw & Co. Group have invested heavily in recent years to capitalise on opportunities for expansion. These include major investments in capacity-enhancing assets in BioMar and Fibertex Personal Care as well as the acquisition of Alimentsa, which expanded the Group's business volume relative to the second quarter of 2017. In addition, Fibertex Nonwovens acquired Brazilian nonwovens manufacturer Duci on 2 February 2018, and the company was consolidated from that date.

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Interim report – Second quarter of 2018

The following is a brief review of other business developments in the portfolio companies in the second quarter of 2018. See the individual company reviews on the following pages for more information.

BioMar reported an increase in volumes sold, mainly due to the acquisition of Alimentsa in Ecuador. Backed by continued healthy sales performances in the other divisions, BioMar grew its revenue by 11% for the quarter and reported a relatively similar increase in reported EBITDA.

Fibertex Personal Care reported slightly declining revenue due to lower volumes sold from the factory in Denmark and higher volumes from the factory in Malaysia. EBITDA was lower than in the year-earlier period due in part to the negative impact from raw materials and foreign exchange.

Fibertex Nonwovens reported a 12% revenue improvement that was mainly due to the acquisition of Brazilian company Duci. EBITDA also improved, but at a relatively lower rate than revenue, which was partly due to higher prices of raw materials.

HydraSpecma reported a 20% revenue increase driven by improvements in most of its core business areas and a relatively larger increase in EBITDA driven by the stronger revenue.

Borg Automotive grew its revenue by 8%. Reported EBITDA improved by a large margin over last year, but in a comparison with 2017 it should be noted that the Q2 2017 EBITDA included a DKK 32 million negative PPA-adjustment regarding inventories. When adjusted for this factor, Q2 EBITDA was slightly lower than last year.

GPV increased its revenue by 4%, despite the fact that a few large customers have generally experienced less business activity than last year. The company reported a slight drop in EBITDA year on year.

Events after the balance sheet date

Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of events occurring after 30 June 2018 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 2017 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2017 Annual Report.

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.

Judgments and estimates

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

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.

Effective from 1 January 2018, Schouw & Co. implemented IFRS 9 and IFRS 15. Implementation of IFRS 9 only resulted in changes to the calculation of expected losses on bad debts, as it increased provisions for losses on bad debts by DKK 15.1 million that was taken directly to equity. Implementation of IFRS 15 has resulted in a review of the Group's sales contracts for the purpose of categorising them and consider whether the timing of revenue recognition should be changed. The overall effect of implementing IFRS 15 is immaterial to the Schouw & Co. Group.

See the 2017 Annual Report for a full description of the accounting policies and definitions of financial ratios.

Schouw & Co. shares

After deduction of a dividend of DKK 13 paid per share, Schouw & Co. shares depreciated by 6% in the second quarter to DKK 563.50 at 30 June 2018 from DKK 597.50 at 31 March 2018. At 31 December 2017, the share price was DKK 581.50.

Share buy-back programme

The Board of Directors of Aktieselskabet Schouw & Co. has today decided to initiate a share buy-back programme of up to DKK 200 million to be executed during the period 20 August 2018 to 28 December 2018.

The share buy-back programme is initiated pursuant to the authorisation granted to the Board of Directors by the annual general meeting on 14 April 2016, which authorises the company to acquire treasury shares at a nominal value of 20% in total of the company's share capital. The buy-back will be structured in accordance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR) and the Commission's delegated regulation (EU) 2016/1052 of 8 March 2016 ("Safe Harbour" rules).

The purpose of the share buy-back programme is to reduce the company's share capital. Please see separate company announcement for further details about the share buy-back programme.

Outlook

Schouw & Co. lowers its full-year guidance due to isolated challenges facing BioMar in Norway and Fibertex Personal Care in Malaysia in the second half of 2018.

Outlook for 2018

The segments the Schouw & Co. Group companies are involved in generally continue to see good momentum. Healthy activity levels and low interest rates have provided favourable conditions for a number of capacity-increasing investments in the industries the Group's businesses are involved in.

However, movements in supply and demand do not always occur in a balanced setting, and competition is currently intensifying in major areas. That applies especially to BioMar, as the company has not won feed sales contracts in Norway for the second half of 2018 in the volume otherwise anticipated, and to Fibertex Personal Care, which expects demand from major customers in Malaysia to weaken due to competition in their markets.

Overall, the H1 2018 period was in line with expectations, even though climatic conditions were less favourable than last year, and the supply situation and price developments have been challenging for a number of essential components and raw materials. The performance illustrates that the Schouw & Co. businesses stand well prepared to meet the challenges of the markets. Accordingly, the overall guidance for the second half of the year is unchanged when adjusted for isolated challenges facing BioMar in Norway and Fibertex Personal Care in Malaysia.

The following brief comments provide full-year 2018 revenue and EBITDA guidance for the individual portfolio companies. See the individual company reviews on the following pages for more information.

BioMar lowers its full-year revenue and EBITDA guidance due to the competitive situation in Norway. The company's other markets are expected to perform in line with the previous expectations.

Fibertex Personal Care confirms its guidance for full-year revenue because changes in raw material prices and exchange rates offset an expected volume reduction, but full-year EBITDA guidance is reduced due to weaker demand anticipated from major customers in Malaysia late in the year.

Fibertex Nonwovens maintains its full-year revenue guidance, but reduces its EBITDA guidance slightly to the lower end of its announced range, partly due to challenging raw materials prices.

HydraSpecma raises its full-year revenue and EBITDA guidance on the back of healthy activity in most of its core business segments.

Borg Automotive maintains its revenue and EBITDA guidance. The company is consolidated for the full year 2018 compared with only nine months in 2017. In addition, EBITDA will not be impacted by PPA-related non-recurring cost and inventory adjustments as was the case in 2017.

GPV maintains its full-year revenue guidance, but reduces its EBITDA guidance slightly to the lower end of its announced range, in part because sales to a few large customers look to be a little lower than previously anticipated.

REVENUE (DKKm)	**2018F after Q2**	**2018F after Q1**	**2017 realised**
BioMar	c. 10bn	DKK 10-10.5bn.	9,955
Fibertex Personal Care	c. 2,100	c. 2,100	2,016
Fibertex Nonwovens	c. 1,600	c. 1,600	1,422
HydraSpecma	c. 2,000	c. 1,900	1,805
Borg Automotive	c. 1,025	c. 1,025	709
GPV	c. 1,225	c. 1,225	1,148
Other/eliminations	-	-	-23
Total revenue	c. 18.0bn	c. 18.1bn	17,032

EBITDA (DKKm)	**2018F after Q2**	**2018F after Q1**	**2017 realised**
BioMar	665-705	720-770	712
Fibertex Personal Care	310-330	350-370	365
Fibertex Nonwovens	195-205	195-215	179
HydraSpecma	165-185	155-175	148
Borg Automotive	155-175	155-175	89
GPV	125-135	125-135	107
Other	c. -35	c. -35	-32
Total EBITDA	1,580-1,700	1,665-1,805	1,568
PPA depreciation	c. -85	c. -85	-64
Other depreciation	c. -460	c. -470	-411
Total EBIT	1,035-1,155	1,110-1,250	1,093
Assc. and JVs	c. 55	c. 55	42
Other financial items	c. -65	c. -45	-30
Profit before tax	1,025-1,145	1,120-1,260	1,105

Schouw & Co. Group's overall guidance

Overall, the Schouw & Co. Group now projects full-year 2018 consolidated revenue of about DKK 18.0 billion against DKK 17.0 billion in 2017, equal to a 6% increase. However, for several of the portfolio companies, revenue will heavily depend on how prices of raw materials develop, and any price fluctuations can significantly change revenue without necessarily having any notable effect on earnings.

Schouw & Co. applies a profit forecast range for each individual business. According to company announcement of 10 August 2018, an aggregation of these ranges results in a consolidated full-year 2018 EBITDA guidance in the range of DKK 1,580-1,700 million from the previous range of DKK 1,665-1,805 million. The 2017 EBITDA amounted to DKK 1,568 million.

Depreciation, amortisation and impairment charges are now expected to amount to DKK 545 million in 2018 from the previous DKK 555 million. As a result, the Group guides for consolidated EBIT in 2018 in the range of DKK 1,035-1,155 million compared with the previously announced range of DKK 1,110-1,250 million. The 2017 EBIT amounted to DKK 1,093 million.

The profit forecast from associates and joint ventures, which are recognised at a share of profit after tax, is unchanged at about DKK 55 million in 2018 compared with DKK 42 million in 2017.

Consolidated net financial items are now expected to be an expense of DKK 65 million in 2018, compared with the previous forecast of DKK 45 million. The increase in expenses is mainly due to a financial reporting matter, in that the distribution of dividend from the 70%-owned Alimentsa means that the remaining 30% of the dividend, equal to about DKK 15 million, is expensed under financial items. As always, guidance is provided subject to any positive or negative effects of exchange rate fluctuations.

Management Statement

To the shareholders of Aktieselskabet Schouw & Co.

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 June 2018.

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 30 June 2018 and of the results of the Group's operations and cash flows for the period 1 January–30 June 2018.

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, 17 August 2018

Financial calendar for 2018

12 November 2018 Release of interim report Q3 2018

The company provides detailed information about contacts and times of conference calls held in connection with the release of its interim reports through company announcements and postings on its website, www.schouw.dk.

Executive Management

Jens Bjerg Sørensen
President

Peter Kjær

Board of Directors

Jørn Ankær Thomsen
Chairman

Jørgen Wisborg
Deputy Chairman

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

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Our businesses

Portfolio company financial highlights – Q2

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		HydraSpecma		Borg Automotive		GPV		Group	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
INCOME STATEMENT														
Revenue	2,518.2	2,273.2	486.2	493.5	419.5	373.5	549.8	456.6	267.9	247.5	297.0	286.5	4,534.0	4,122.5
Gross profit	307.5	271.7	81.1	95.9	91.2	86.2	135.4	121.4	79.2	32.9	59.8	62.6	753.8	666.7
EBITDA	173.7	155.9	69.0	81.8	52.4	49.4	47.8	37.1	41.3	13.1	24.3	27.1	399.4	357.4
Depreciation and impairment losses	45.4	33.8	29.8	28.2	25.1	22.7	14.5	14.9	8.8	8.4	9.1	7.1	133.3	119.1
EBIT	128.2	122.1	39.2	53.6	27.3	26.7	33.3	22.2	32.5	4.7	15.2	20.0	266.1	238.3
Profit after tax in assc's and joint ventures	16.7	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.2	4.2
Net financial items	-10.3	30.9	-1.8	-5.2	-14.9	-11.4	-2.8	-7.7	-4.2	-0.7	-2.4	3.6	-23.9	13.4
Profit before tax	134.6	156.5	37.5	48.4	12.4	15.3	30.5	14.5	28.3	4.0	12.8	23.6	258.5	255.9
Tax on profit/loss for the year	-32.5	-29.0	-9.0	-11.5	-0.8	-5.7	-6.6	-3.6	-4.8	-1.7	-3.0	-5.3	-57.5	-55.3
Profit before non-controlling interests	102.2	127.5	28.5	37.0	11.6	9.6	23.9	10.8	23.5	2.3	9.8	18.3	200.9	200.6
Non-controlling interests	0.0	0.0	0.0	0.0	2.5	1.1	-0.3	1.2	0.0	0.0	0.0	0.0	2.2	2.3
Profit for the year	102.2	127.5	28.5	37.0	14.1	10.7	23.6	12.1	23.5	2.3	9.8	18.3	203.1	202.9
CASH FLOWS														
Cash flow from operating activities	-159.2	-128.2	39.7	41.0	11.3	35.3	-2.5	25.8	89.7	16.4	-25.2	11.3	-35.3	5.6
Cash flow from investing activities	-56.7	-138.3	-57.3	-77.9	-25.6	-43.2	-24.4	-8.3	-1.9	-189.8	-54.8	-10.7	-221.0	-1,184.5
Cash flows from financing activities	118.0	150.8	9.7	44.0	10.0	-3.6	40.8	1.4	-73.1	174.1	67.7	15.2	109.2	198.3
BALANCE SHEET														
Intangible assets[1]	1,287.3	374.8	82.7	81.7	156.1	155.8	265.0	303.6	341.3	376.0	17.9	18.9	3,176.4	2,327.6
Property, plant and equipment	1,266.9	1,069.6	1,411.8	1,307.8	823.6	771.1	201.8	185.9	73.5	70.3	314.3	218.5	4,161.4	3,703.2
Other non-current assets	538.9	502.8	49.9	26.0	4.4	4.4	10.9	8.0	62.8	54.1	44.4	23.7	720.6	693.5
Cash and cash equivalents	343.1	462.8	67.1	42.7	29.3	34.6	70.9	95.8	42.0	21.0	20.1	40.6	371.4	519.9
Other current assets	3,467.8	3,026.2	695.9	590.0	763.5	641.0	986.1	798.2	509.8	557.5	596.8	479.3	6,999.0	6,087.0
Total assets	6,904.1	5,436.2	2,307.4	2,048.2	1,776.9	1,606.9	1,534.7	1,391.5	1,029.4	1,078.9	993.6	781.0	15,428.8	13,331.2
Shareholders' equity	2,341.1	2,214.9	931.0	830.9	544.0	527.6	438.6	437.2	392.5	412.9	273.7	184.6	8,382.0	7,760.7
Interest-bearing liabilities	1,735.3	894.8	906.5	850.8	933.5	794.4	694.1	584.6	241.9	209.7	470.0	332.6	2,456.9	1,511.7
Other liabilities	2,827.6	2,326.5	469.9	366.5	299.4	284.9	402.0	369.7	395.0	456.3	249.8	263.8	4,589.9	4,058.8
Total equity and liabilities	6,904.1	5,436.2	2,307.4	2,048.2	1,776.9	1,606.9	1,534.7	1,391.5	1,029.4	1,078.9	993.6	781.0	15,428.8	13,331.2
Average no. of employees	1,173	929	709	656	1,011	860	1,210	1,132	1,545	1,433	1,412	1,256	7,073	6,279
FINANCIAL KEY FIGURES														
EBITDA margin	6.9%	6.9%	14.2%	16.6%	12.5%	13.2%	8.7%	8.1%	15.4%	5.3%	8.2%	9.5%	8.8%	8.7%
EBIT margin	5.1%	5.4%	8.1%	10.9%	6.5%	7.1%	6.1%	4.8%	12.1%	1.8%	5.1%	7.0%	5.9%	5.8%
ROIC excluding goodwill	24.8%	38.3%	14.4%	15.1%	6.8%	8.2%	13.4%	15.9%	23.9%		13.5%	18.2%	16.3%	19.6%
ROIC including goodwill	15.9%	26.0%	13.6%	14.2%	6.3%	7.4%	11.5%	13.5%	13.0%		13.3%	17.9%	12.6%	16.1%
Working capital	1,063.2	652.5	401.7	345.5	503.6	418.9	643.7	494.5	197.7	219.8	347.5	223.4	3,158.5	2,352.5
Net interest-bearing debt	1,342.3	367.4	839.4	808.1	904.2	759.8	623.2	488.8	199.9	188.7	450.0	292.0	2,035.5	927.1

Notes: 1) Intangible assets in portfolio businesses stated exclusive of consolidated goodwill in Schouw & Co.

Portfolio company financial highlights – H1

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		HydraSpecma		Borg Automotive[1]		GPV		Group	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
INCOME STATEMENT														
Revenue	4,401.7	4,269.7	1,026.8	966.7	825.9	755.8	1,049.2	933.0	510.3	484.2	580.5	547.4	8,384.7	7,706.1
Gross profit	507.7	479.2	181.5	192.8	176.7	176.2	266.3	254.4	151.3	100.5	120.2	118.8	1,402.9	1,251.2
EBITDA	254.1	242.5	152.4	164.8	97.3	100.6	97.3	87.6	79.1	25.3	49.3	50.3	713.1	641.9
Depreciation and impairment losses	90.6	68.9	58.9	55.7	49.1	44.1	29.1	29.9	17.6	11.4	17.2	13.4	263.9	225.2
EBIT	163.5	173.6	93.5	109.0	48.1	56.5	68.2	57.7	61.5	13.9	32.2	37.0	449.2	416.6
Profit after tax in assc's and joint ventures	21.2	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.2	4.3
Net financial items	-16.7	25.1	-8.1	-9.2	-23.6	-19.8	-5.3	-11.8	-5.0	1.1	-1.6	2.6	-37.1	-1.7
Profit before tax	168.0	202.9	85.4	99.8	24.6	36.7	62.9	45.8	56.5	15.0	30.6	39.5	430.3	419.2
Tax on profit/loss for the year	-53.5	-40.6	-20.1	-23.5	-5.5	-13.6	-14.3	-10.6	-10.3	1.3	-6.2	-8.1	-111.3	-96.3
Profit before non-controlling interests	114.5	162.3	65.2	76.3	19.1	23.1	48.6	35.3	46.2	16.3	24.4	31.5	319.0	322.9
Non-controlling interests	0.0	0.0	0.0	0.0	3.2	2.2	-0.7	1.4	0.0	0.0	0.0	0.0	2.4	3.6
Profit for the year	114.5	162.3	65.2	76.3	22.3	25.2	47.8	36.7	46.2	16.3	24.4	31.5	321.5	326.5
CASH FLOWS														
Cash flow from operating activities	-219.4	-178.8	97.5	94.0	29.4	35.7	-16.7	32.1	51.5	-27.5	-8.6	17.4	-33.5	19.1
Cash flow from investing activities	-97.7	-218.8	-82.3	-215.4	-128.1	-65.8	-33.2	-16.1	-7.4	-188.2	-89.1	-63.2	-438.1	-1,485.3
Cash flows from financing activities	254.2	223.8	-26.5	141.8	91.1	16.8	65.6	1.0	-21.9	188.3	90.9	38.6	359.5	314.8
BALANCE SHEET														
Intangible assets[2]	1,287.3	374.8	82.7	81.7	156.1	155.8	265.0	303.6	341.3	376.0	17.9	18.9	3,176.4	2,327.6
Property, plant and equipment	1,266.9	1,069.6	1,411.8	1,307.8	823.6	771.1	201.8	185.9	73.5	70.3	314.3	218.5	4,161.4	3,703.2
Other non-current assets	538.9	502.8	49.9	26.0	4.4	4.4	10.9	8.0	62.8	54.1	44.4	23.7	720.6	693.5
Cash and cash equivalents	343.1	462.8	67.1	42.7	29.3	34.6	70.9	95.8	42.0	21.0	20.1	40.6	371.4	519.9
Other current assets	3,467.8	3,026.2	695.9	590.0	763.5	641.0	986.1	798.2	509.8	557.5	596.8	479.3	6,999.0	6,087.0
Total assets	6,904.1	5,436.2	2,307.4	2,048.2	1,776.9	1,606.9	1,534.7	1,391.5	1,029.4	1,078.9	993.6	781.0	15,428.8	13,331.2
Shareholders' equity	2,341.1	2,214.9	931.0	830.9	544.0	527.6	438.6	437.2	392.5	412.9	273.7	184.6	8,382.0	7,760.7
Interest-bearing liabilities	1,735.3	894.8	906.5	850.8	933.5	794.4	694.1	584.6	241.9	209.7	470.0	332.6	2,456.9	1,511.7
Other liabilities	2,827.6	2,326.5	469.9	366.5	299.4	284.9	402.0	369.7	395.0	456.3	249.8	263.8	4,589.9	4,058.8
Total equity and liabilities	6,904.1	5,436.2	2,307.4	2,048.2	1,776.9	1,606.9	1,534.7	1,391.5	1,029.4	1,078.9	993.6	781.0	15,428.8	13,331.2
Average no. of employees	1,170	915	702	638	974	850	1,206	1,113	1,555	1,416	1,430	1,192	7,050	5,437
FINANCIAL KEY FIGURES														
EBITDA margin	5.8%	5.7%	14.8%	17.0%	11.8%	13.3%	9.3%	9.4%	15.5%	5.2%	8.5%	9.2%	8.5%	8.3%
EBIT margin	3.7%	4.1%	9.1%	11.3%	5.8%	7.5%	6.5%	6.1%	12.1%	2.8%	5.5%	6.8%	5.4%	5.4%
ROIC excluding goodwill	24.8%	38.3%	14.4%	15.1%	6.8%	8.2%	13.4%	15.9%	23.9%		13.5%	18.2%	16.3%	19.6%
ROIC including goodwill	15.9%	26.0%	13.6%	14.2%	6.3%	7.4%	11.5%	13.5%	13.0%		13.3%	17.9%	12.6%	16.1%
Working capital	1,063.2	652.5	401.7	345.5	503.6	418.9	643.7	494.5	197.7	219.8	347.5	223.4	3,158.5	2,352.5
Net interest-bearing debt	1,342.3	367.4	839.4	808.1	904.2	759.8	623.2	488.8	199.9	188.7	450.0	292.0	2,035.5	927.1

Notes: 1) Q1 2017 pro-forma figures for Borg Automotive are not consolidated. 2) Intangible assets in portfolio businesses stated exclusive of consolidated goodwill in Schouw & Co.

BioMar

Alimentsa acquisition triggers volume increase. Forecasts unchanged for all but the Norwegian market where toughened competition has triggered reduced 2018 EBITDA forecast.

BioMar	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	2,518	2,273	4,402	4,270	9,955
EBITDA	174	156	254	243	712
EBIT	128	122	163	174	559
Assc. and JVs	17	3	21	4	38

See financial highlights and key ratios on pp. 8-9

BioMar is one of the world's largest manufacturers of quality feed for the shrimp and fish farming industry. The company's operations are divided into three divisions:

- The Salmon division covering operations in Norway, Scotland, Chile and Australia. The division supplies high-yielding feed for trout, Atlantic salmon, Pacific salmon and other species.
- The EMEA division covering the EMEA region and involving all operations other than salmon. The division has production facilities in Denmark, France, Spain, Greece and Turkey.
- The Emerging Markets division covering new territories and business development activities.

The Emerging Markets division has three production facilities, in Ecuador, Costa Rica and China. The operations in Ecuador, acquired in September 2017, are dedicated to shrimp feed, while the facility in Costa Rica manufactures feed for both fish and shrimp. The current fish feed production facility in China is located at Haiwei near Hong Kong, and a new facility is currently being built in Wuxi just outside Shanghai.

BioMar	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Volume ('000 of tonnes)	288	267	512	472	1,156
Revenue (DKKm)	2,518	2,273	4,402	4,270	9,955
- of which salmon north	1,108	1,229	2,014	2,268	5,420
- of which salmon south	601	403	1,051	1,006	1,957
- other divisions	810	641	1,337	996	2,578

Financial performance

BioMar reported an 8% year-on-year increase in volumes sold in the second quarter of 2018 that related to the acquisition of Alimentsa in Ecuador.

The Salmon division reported a marginal year-on-year volume decline in the second quarter. Lower water temperatures in Northern Europe and warmer water temperatures in Australia relative to the same period last year had a negative impact on sales, while sales in Chile performed well.

The EMEA division also reported slightly lower overall volumes with underlying improvements in Southern Europe and falling volumes in Northern Europe, where the long, cold winter was followed by unusually warm spring temperatures. The Turkish joint venture grew its business activity year on year in the second quarter, but the Turkish operations are not consolidated.

The Emerging Markets division reported a significant increase in volumes sold in the second quarter of 2018 as a result of the acquisition of Alimentsa in Ecuador. The Chinese joint venture maintained its business activity at last year's level, but the Chinese operations are not consolidated.

Total revenue improved by 11% to DKK 2,518 million in Q2 2018 from DKK 2,273 million in Q2 2017. The revenue improvement was mainly attributable to the higher volumes sold that followed from the acquisition of Alimentsa, but the Salmon division also contributed.

The Q2 2018 EBITDA was DKK 174 million, compared with DKK 156 million in Q2 2017. The EBITDA improvement arose mainly from the acquisition of Alimentsa in Ecuador, which more than offset the setback in the Salmon division.

Profit after tax from associates and joint ventures rose from DKK 3 million in Q2 2017 to DKK 17 million in Q2 2018. The improvement was mainly driven by the associated fish farming businesses LetSea in Norway and Salmones Austral in Chile, of which the latter was not classified as an associate in the Q2 2017 period.

The non-consolidated feed businesses in Turkey and China reported combined (100% basis) revenue of DKK 184 million in Q2 2018, up from DKK 166 million in Q2 2017. EBITDA for Q2 2018 was DKK 21 million, compared with DKK 15 million in Q2 2017.

BioMar's working capital grew from DKK 652 million at 30 June 2017 to DKK 1,063 million at 30 June 2018. The increase was mainly due to the acquisition of Alimentsa, but also to larger inventories and higher trade receivables driven by the higher revenue. ROIC excluding goodwill fell from 38.3% at 30 June 2017 to 24.8% at 30 June 2018 due to lower LTM earnings combined with higher average invested capital.

Business development

BioMar's acquisition of a 70% stake in Ecuadorian shrimp feed producer Alimentsa closed in September 2017, at which time the company was consolidated. The acquisition has progressed as planned, and Alimentsa continues to generate revenue and profit in line with expectations. Alimentsa has been successfully integrated with the rest of the BioMar businesses, although there are still positive synergies and additional potential to be achieved. While retaining its focus on tilapia and shrimp feed for the Central American market, the business in Costa Rica is one of the BioMar units that are readily expected to benefit from the synergy potential with Alimentsa.

Considering Alimentsa's positive performance combined with the market growth anticipated for Ecuador, BioMar is ready to launch a new project that will add about 25,000 tonnes of feed to the annual output capacity.

BioMar is currently establishing a research center in Ecuador, the Aquaculture Technology Center (ATC), dedicated to shrimp farming. The ATC will be a value creator in BioMar's production of shrimp feed and for the company's customers. In addition, the ATC will complement BioMar's product development capabilities in other geographical markets and become a part of BioMar's ATC network that currently consists of facilities in Chile, Norway and Denmark.

BioMar

In China, BioMar is currently building a new fish feed factory in Wuxi near Shanghai in a joint venture with Chinese partner Tongwei Co. Ltd. The new facility will have an annual capacity of 50,000 tonnes of fish feed. Construction of the plant was previously delayed due to challenges arising in the cooperation with a local contractor, but the project is now on track, and the facility is expected to be commissioned at the end of the third quarter of 2018.

In March 2017, BioMar announced an almost DKK 300 million investment in a new feed factory in Tasmania, Australia. The project is progressing to plan, but obtaining local regulatory approval has postponed the project by a couple of months, and BioMar now expects the new facility to be ready in early 2020 with an annual fish feed capacity of about 110,000 tonnes.

After expanding and acquiring operations in China, Australia, South America and Norway in recent years, BioMar now needs to expand its operations in Brande, Denmark. The company has initiated a project that will lift the output capacity at Brande by 50,000 tonnes to 150,000 tonnes per year. Demand continues to grow in the European markets, particularly for the specialty feeds BioMar manufactures in Brande. The new production line will be dedicated to specialised larval and fry diets and RAS feed (Recirculating Aquaculture Systems), and when it becomes operational the Brande facility will be BioMar's largest feed facility for non-salmon markets. The new line represents a total investment of about DKK 90 million and is expected to be commissioned in Q3 2019.

Outlook

BioMar bases its revenue guidance for 2018 on moderate growth in the company's core markets and on an increase in volume sales in new markets such as Ecuador and China. Unlike in 2017, Alimentsa will contribute full-year revenue and earnings in 2018, and the new factory at Wuxi in China is scheduled to begin production later in the year. It should be noted, however, that the operations in China are not consolidated.

From the start of the year, BioMar expected general market conditions to be challenging in 2018, with moderate growth in core markets combining with intense competition. Although competition accelerated considerably in the Norwegian market in 2017 due to an increase in market output capacity, negotiations for major feed contracts held over the summer of 2018 were still more difficult than anticipated. As a result, BioMar did not win feed sales contracts in Norway for the second half of 2018 in the volume otherwise anticipated.

BioMar has taken several specific steps and initiatives to grow volume sales in the highly competitive Norwegian market and to achieve sustainable profitability. Through its initiatives and action plans, BioMar aims to retain its position as a market leader in terms of innovation, sustainability and efficiency.

Overall, revenue and earnings for the H1 2018 period were otherwise in line with the original expectations for the rest of the year, and the guidance for the rest of the year is unchanged for all other markets – Norway being the exception. However, the extremely competitive situation in Norway has lowered the full-year guidance.

Due to the situation in Norway, BioMar lowers its full-year revenue forecast to about DKK 10.0 billion from previously about DKK 10.5 billion. For the same reason, BioMar lowers its EBITDA guidance for 2018 to the range of DKK 665-705 million from previously DKK 720-770 million. In 2017, EBITDA totalled DKK 712 million.

Associates and joint ventures are expected to contribute a profit share after tax in line with the original guidance of about DKK 50 million.

Fibertex Personal Care

Increase in volumes sold in Malaysia following the capacity increase. Guidance for H2 2018 lowered due to declining sales to customers in Asia. Growth in Asian markets still anticipated.

Fibertex Personal Care	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	486	494	1,027	967	2,016
EBITDA	69	82	152	165	365
EBIT	39	54	93	109	251

See financial highlights and key ratios on pp. 8-9

Fibertex Personal Care is one of the world's largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry. The company has nonwovens production facilities in Denmark and Malaysia.

Its operations also include Innowo Print, a market leader in direct printing on nonwoven textiles for the personal care industry. The nonwoven printing operations are based in Germany and Malaysia, but the company is also currently setting up production facilities in the USA.

Financial performance

Fibertex Personal Care generated revenue of DKK 486 million in Q2 2018, compared with DKK 494 million in Q2 2017. The modest revenue decline was due to lower revenue from the factory in Denmark, which was partly offset by a revenue improvement at the factory in Malaysia after the eighth nonwovens line was commissioned at the end of 2017.

The Q2 2018 EBITDA fell to DKK 69 million, compared with DKK 82 million in Q2 2017. The decline was due predominantly to Malaysia, resulting from factors such as the adverse impact of raw materials and negative USD–MYR (Malaysian ringgit) exchange rate developments.

Fibertex Personal Care	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue (DKKm)	486	494	1,027	967	2,016
- from Denmark	161	181	338	355	730
- from Malaysia	279	263	579	513	1,093
- from Germany	46	50	110	99	194

Fibertex Personal Care increased its working capital from DKK 345 million at 30 June 2017 to DKK 402 million at 30 June 2018. The increase in working capital was due primarily to an increase in capital tied up in inventories, among other factors due to a higher level of activity in Malaysia.

Based on higher average invested capital, mainly resulting from investments in a new factory unit in Malaysia and a technology upgrade in Denmark, ROIC excluding goodwill fell from 15.1% at 30 June 2017 to 14.4% at 30 June 2018.

Business development

Fibertex Personal Care's focus is to strengthen its market position through a commitment to constant customer attention and on being the standard-setting supplier in terms of quality, service and innovation. This commitment is underpinned by the recent investments in the new nonwovens factory at Sendayan, some 25 kilometres south of the existing factory at Nilai, outside Kuala Lumpur, Malaysia. With growth rates in Europe being much lower than they are in Asia, Fibertex Personal Care has invested heavily in recent years to upgrade plant and machinery at the factory site in Denmark, particularly with a view to accommodating demand for specialty products.

After several years of intense development efforts, Fibertex Personal Care has now added a new leg to its product portfolio. Fibertex LOFT is a brand new technology based on the traditional spunbond platform which enables the production of nonwovens with unique textile-like characteristics and which can contribute to strengthening the company's position in a very competitive market.

The printing techniques developed in-house have also increased the company's competitive strength, and demand for direct print on nonwoven materials is growing. In 2017, Fibertex Personal Care acquired an industrial site in Asheboro, North Carolina, USA. The company has launched a project to build a new nonwovens printing facility that is scheduled for completion at the end of 2018.

In addition to its innovative products, Fibertex Personal Care has for several years addressed the potential for reducing the environmental impact of its manufacturing process and production output, and the company has documented the significant improvements achieved over the years. Most recently, it increased its focus on social aspects such as the working environment, human rights and business ethics.

Outlook

Tough competition remains characteristic of the European market, but due to investments in new technology and upgrading of existing product lines at the factory in Denmark, the company is still able to meet customer demands for innovative products combined with a high level of quality and services.

Fibertex Personal Care's customers operate in very competitive markets in Asia, and many new market players have invested heavily in China in particular. This represents the challenge of volatile markets for the company's customers, in comparison to the more stable European market. For Fibertex Personal Care, these fluctuations may be positive as well as negative, but demand from major customers is expected to weaken for the rest of the year due to competition in their markets, and as a result the company lowers its guidance for the second half of the year. At the same time, the sale of print products in Asia is developing at a slower pace than expected.

However, there is still underlying growth in the Asian market, and Fibertex Personal Care is strongly positioned as one of the largest providers in the Asian market, not least due to its close customer relationships and recognised strengths in terms of quality, service and innovation.

Fibertex Personal Care maintains its guidance of 2018 revenue of around DKK 2.1 billion, because changes in raw material prices and exchange rates offset the expected volume reduction, but full-year EBITDA guidance is reduced due to lower volumes. On this basis, EBITDA for 2018 is now expected to be in the range of DKK 310-330 million from the previous forecast of DKK 350-370 million. In 2017, EBITDA totalled DKK 365 million.

Fibertex Nonwovens

Revenue growth from acquisition in Brazil and increased sales in North America. Challenging raw material prices and lower sales in Europe. Earnings guidance slightly lower.

Fibertex Nonwovens	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	420	374	826	756	1,422
EBITDA	52	49	97	101	179
EBIT	27	27	48	56	88

See financial highlights and key ratios on pp. 8-9

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 and North America and its secondary markets are in Africa and Asia. Effective from February 2018, Fibertex Nonwovens established operations in Brazil by acquiring nonwovens manufacturer Duci.

Financial performance

Fibertex Nonwovens reported a 12% revenue increase to DKK 420 million in Q2 2018 from DKK 374 million in Q2 2017. The increase was due primarily to the acquisition in Brazil and improvements in North America, whereas sales in Europe fell slightly below the year-earlier level. Overall, the company reported satisfactory capacity utilisation at its European and US production facilities in 2018 to date, and the US operations have continued their positive developments, increasing sales to new and existing customers.

The Q2 2018 EBITDA rose to DKK 52 million from DKK 49 million in Q2 2017. The improvement was due primarily to the acquisition in Brazil, as EBITDA was otherwise adversely affected by reduced sales of products to the construction industry and for infrastructure projects, high raw materials prices and generally tough price competition.

The acquisition in Brazil added DKK 31 million to revenue and DKK 4 million to EBITDA. For the entire consolidated period in 2018 (five months), the acquisition of Duci added DKK 52 million to revenue and DKK 7 million to EBITDA (less DKK 2 million in acquisition expenses).

The higher business activity and the acquisition in Brazil drove up working capital from DKK 419 million at 30 June 2017 to DKK 504 million at 30 June 2018, of which the new Brazilian operations accounted for DKK 49 million. ROIC excluding goodwill fell from 8.2% at 30 June 2017 to 6.8% at 30 June 2018, due to a high capex level in 2017 and 2018, combined with lower LTM earnings.

Business development

In recent years, Fibertex Nonwovens has consolidated its position as a leading manufacturer of industrial nonwovens. 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. In order to capitalise on future growth potential, the company has expanded operations and upgraded lines in order to increase the proportion of value-added products. The spunlacing facility in Turkey has now been almost fully integrated with the other European production sites, and the facility in South Africa has become more closely integrated with the global sales organisation.

Fibertex Nonwovens' US subsidiary has continued its positive developments in 2018, reporting a revenue increase and improved earnings. The company has also built a strong customer portfolio for its future growth. Setting up in the USA is considered an important long-term investment in an attractive growth market.

Fibertex Nonwovens secured a strategic position in Brazil by acquiring the nonwovens manufacturer Duci in February 2018. Duci has a strong production platform for spunlacing technology, and the transaction has given Fibertex Nonwovens a solid foothold in the growing South American market. The integration of the company is progressing to plan.

Outlook

Fibertex Nonwovens expects moderately rising business activity in 2018 with generally stable market conditions in most segments. In addition, the acquisition in Brazil was consolidated from 2 February 2018. Combined, these factors are set to drive the revenue growth expected relative to 2017.

Prices of the types of raw materials most frequently used rose steeply in 2017. Although still at the high end, prices now seem to have stabilised, and fierce competition in the market has made it a huge challenge for the company to be adequately compensated through necessary price increases. Dedicated efforts are made to introduce new and improved products, generate additional sales and internal cost savings that can compensate for the ever growing price competition.

The company expects to improve its financial performance in 2018 relative to 2017, with support from the upgraded production lines and the increase in production capacity. These measures, combined with intensified efforts to work the market, provide a solid basis for future earnings. South Africa will still be experiencing a slumping economy in 2018.

Fibertex Nonwovens still expects to generate revenue of around DKK 1.6 billion in 2018, equal to 13% growth on last year, but due to the challenging raw material prices and strong competition, the full-year EBITDA guidance is reduced to the range of DKK 195-205 million from the previous range of DKK 195-215 million. In 2017, EBITDA totalled DKK 179 million.

HydraSpecma

Revenue improvements in several segments followed up by capacity expansion and enhanced production efficiency. Higher component prices and long lead times. Revenue and profit guidance for 2018 upgraded.

HydraSpecma	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	550	457	1,049	933	1,805
EBITDA	48	37	97	88	148
EBIT	33	22	68	58	88

See financial highlights and key ratios on pp. 8-9

HydraSpecma is a specialised manufacturing, trading and engineering company whose core business is hydraulic components and systems for industry and the aftermarket. The company is a hydraulics market leader in the Nordic region, which is the base of its core production facilities and most of its operations. The company also serves customers from its own businesses in Poland, England, China, India, Brazil and the USA.

Financial performance

The company reported a 20% revenue increase to DKK 550 million in Q2 2018 from DKK 457 million in Q2 2017. The record-high level of activity was achieved in the building and construction, agriculture, mining, automotive (lorries and buses) and marine customer segments. Activities in HydraSpecma's own tech centres (specialty stores) performed well, while activity in the offshore segment remains muted.

The Q2 2018 EBITDA rose by 29% to DKK 48 million, compared with DKK 37 million in Q2 2017. The improvement follows from the higher revenue growth.

Working capital rose from DKK 494 million at 30 June 2017 to DKK 644 million at 30 June 2018. In addition to the natural impact from the higher level of activity, the increase was mainly due to larger inventories to stock a new warehouse being established in the USA and a strategic decision to increase inventories of key products in response to longer supplier lead times. The higher average invested capital meant that the return on invested capital, ROIC, excluding goodwill fell to 13.4% at 30 June 2018 from 15.9% at 30 June 2017.

Business development

In 2018, HydraSpecma changed its production set-up at several of its business units and invested to expand production capacity and increase automation in order to cut production costs. In response to the growing customer demand, the company has invested in automation and to expand the its output capacity of hydraulic hoses and pipes in Sweden and to increase the production output of complete units for the wind turbine industry in Denmark. In Poland, where HydraSpecma experiences strong growth, the company is currently building a 7,300 m^2 new facility, which is expected to be completed in Q1 2019. The Polish entity will continue to serve HydraSpecma's Swedish and Finnish customers that have relocated operations to Poland, as well as new customers in Central Europe.

HydraSpecma allocates resources for developing and testing new products in collaboration with customers. In the wind turbine industry, for example, the company regularly participates in major development projects. A supplier to the wind turbine industry must be capable of delivering complete units rather than just individual components, and HydraSpecma is prepared to make the necessary investments to become an attractive supplier to this industry.

Today, HydraSpecma supplies integrated systems from its production facilities in Europe to the entire world. As supplies of large, integrated systems to non-European markets are expected to increase in the years to come, HydraSpecma is currently preparing to produce complete units from the entity in China.

In Brazil, activities are growing. The lorry segment, in particular, is expected to become an important market in the years ahead, and as at its other sites, HydraSpecma plans to invest in capacity, quality assurance and efficiency improvements.

Outlook

HydraSpecma expects to continue growing its sales to core customer segments in hydraulics for vehicles and to customers in the wind turbine segment. Stable markets are expected in other segments.

HydraSpecma's business activities in China continue to be characterised by weak growth with the exception of the wind turbine segment, where the growing business activity and completed and planned optimisation steps are expected to produce earnings improvements in the Chinese operations.

The hydraulics market is currently seeing rising component prices and longer lead times and, in certain product areas, an actual shortage of goods, which could dampen the anticipated growth. Obviously, HydraSpecma is working to mitigate the effects of this situation, and the company remains focused on optimising its output capacity and on developing its organisation and cross-organisational projects. While these efforts will increase costs in the short term, they are essential for the company to achieve its future goals.

Based on the high level of business activity, HydraSpecma raises its full-year revenue guidance from DKK 1.9 billion to around DKK 2.0 billion. In addition, the company upgrades its FY 2018 EBITDA guidance to the range of DKK 165-185 million from previously DKK 155-175 million. In 2017, EBITDA totalled DKK 148 million.

Borg Automotive

Strong market position, large product range and good capacity provide a platform for growth. Healthy demand from private-label customers continued in the second quarter. Forecast of improvements in 2018 maintained.

Borg Automotive	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	268	247	510	484	946
EBITDA	41	13	79	25	102
EBIT	32	5	62	14	73

See financial highlights and key ratios on pp. 8-9

Europe's largest remanufacturing company, Borg Automotive produces, sells and distributes remanufactured automotive parts to the European market.

Borg Automotive sells its products under three different brands: Lucas, Elstock and DRI, with Elstock and DRI being proprietary brands. The company's main products are starters, alternators, brake calipers, air-condition compressors, EGR valves, steering racks and pumps. Headquartered in Silkeborg, Denmark, Borg Automotive operates production facilities in Poland and England and a sales and development subsidiary in Belgium.

Schouw & Co. acquired Borg Automotive at 3 April 2017, and the company was consolidated effective from the second quarter of 2017.

Financial performance

Borg Automotive reported an 8% revenue increase to DKK 268 million in Q2 2018 from DKK 247 million in Q2 2017, which was in line with expectations.

The Q2 2018 EBITDA was DKK 41 million, compared with DKK 13 million in Q2 2017. However, the comparison with 2017 should take into account the fact that the Q2 2017 EBITDA was reduced by a DKK 32 million inventory adjustment related to the purchase price allocation (PPA) made in connection with the acquisition. Accordingly, when leaving out the inventory adjustment, this implies a decline in EBITDA that was mainly due to higher production costs resulting from PLN and GBP appreciation against DKK.

Working capital amounted to DKK 198 million at 30 June 2018, compared with DKK 220 million at 30 June 2017. The main reason for the lower working capital was a drop in both inventories and receivables. ROIC excluding goodwill was 23.9% at 30 June 2018.

Business development

Borg Automotive reports positive growth in demand for 2018 to date. Borg Automotive has two sales departments: based in Denmark, Elstock sells to the independent aftermarket, while CPI, based in Belgium, sells to private-label customers, including OES (Original Equipment Service) customers. Particularly CPI has felt the positive effects of growing demand across virtually the entire product range.

Developing the product programme, optimising production and ensuring complementary operations at the two production units in Poland and in England remain ongoing priorities at Borg Automotive. The company continues the work to develop its production organisation and to enhance digitisation of services and transactions with customers.

After Schouw & Co. took over the business, the company has accelerated its strategy work in order to explore business opportunities available in the market. The financial leverage that comes with long-term ownership is expected to provide a platform for both geographical and product expansion.

Over the past few years, Borg Automotive has generated stable organic growth in terms of both sales volume and revenue. Ongoing negotiations with major customers for additional long-term agreements support the outlook for further positive developments.

The results of these efforts make it relevant to increase capacity. Work continues on planning upcoming production expansion in eastern Europe, and management believes there is a potential to expand capacity at the existing production unit in Zdunska Wola. The purpose of the upcoming expansion will be to build the capacity to manage a wider product range and a broader geographical footprint, while also ensuring that the current customer base receives a level of service that accommodates the ever-growing demand for speed of delivery, precision and quality.

Outlook

The market Borg Automotive serves has experienced considerable customer consolidation in recent years, as have many other industries. Obviously, the consolidating businesses achieve higher procurement volumes, leading to a change in trade patterns. On the positive side, consolidation also facilitates higher sales volumes. Borg Automotive has a broad product portfolio and a strong pipeline that will continue to support positive sales developments to the independent aftermarket and to the OES segment.

Borg Automotive retains its full-year guidance of revenue of around DKK 1,025 million, for an 8% increase relative to 2017, and its EBITDA guidance in the range of DKK 155-175 million. By comparison, Borg Automotive was consolidated at an EBITDA of DKK 89 million in 2017 (nine months). The FY 2017 EBITDA was DKK 102 million after deduction of DKK 53 million in non-recurring costs and PPA-related inventory adjustments.

GPV

New customers and new products offsetting effects of slowdown experienced by a few major customers. Outlook for revenue improvements in 2018 maintained, but earnings guidance reduced slightly.

GPV	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Revenue	297	286	580	547	1,148
EBITDA	24	27	49	50	107
EBIT	15	20	32	37	81

See financial highlights and key ratios on pp. 8-9

GPV is Denmark's largest EMS (Electronic Manufacturing Services) company and a significant international player in its field. The company is a high-mix/low-medium (HMLM) volume manufacturer for the B2B market. GPV's core products are electronics, mechatronics (combination of electronics, software and mechanical technology) and high precision mechanics. Headquartered in Denmark, GPV has production facilities in Denmark, Thailand and Mexico.

Its customers are primarily major international businesses typically headquartered in Northern Europe or North America. GPV sells its products to its customers' international units in large parts of the world and has in recent years shipped products to customers in more than 30 countries.

Financial performance

GPV reported a 4% revenue increase to DKK 297 million in Q2 2018 from DKK 286 million in Q2 2017. EBITDA for Q2 2018 was DKK 24 million, compared with DKK 27 million in Q2 2017.

A few large customers have generally experienced reduced business activity in 2018 relative to 2017, which has detracted from GPV's revenue performance in 2018 to date. Combined with the ongoing build-up of new operations in Mexico, this has had a negative impact on the EBITDA performance for the period.

In order to accommodate the strong increase in demand since early 2017, GPV has invested massively to expand its output capacity, which in turn has obviously led to higher depreciation charges in 2018.

Working capital amounted to DKK 347 million at 30 June 2018, compared with DKK 223 million at 30 June 2017, but it is important to see the increase in the context of the revenue improvement in 2017 and the continuing growth expected in 2018. In addition, the higher working capital is also the result of the start-up of the new facility in Mexico and larger inventories of strategic components due to the continuing component shortage.

ROIC excluding goodwill fell from 18.2% at 30 June 2017 to 13.5% at 30 June 2018. The drop was due to an increase in investments resulting from the setting up of operations in Mexico and the major capacity expansion projects, as well as the acquisition of land in Bangkok related to the planned increase of output capacity in Thailand. Lastly, the revenue increase has lifted the working capital, as already mentioned.

Business development

Meeting customer requirements for high quality standards and reliability of supply is a big priority for GPV. To ensure adequate flexibility, the company has a current investment programme for additional automation and an increase in production capacity at its electronics and mechanics facilities. In particular, this will involve expanding the factory space at the facility in Thailand, which will increase output capacity there by about 50%. The new factory expansion will become operational in successive stages and is scheduled for final completion in 2020.

With the electronics factory established recently in Mexico, GPV has become strategically well-positioned in terms of manufacturing and shipping in Asia, Europe and the Americas. Commissioned in the first quarter of 2017, the new factory will enable GPV to share in its existing customers' growth in North America and to expand its share of the HMLM volume technical electronics market. An expansion of capacity in Mexico is expected to be commissioned in 2018, and work is currently ongoing to extend the production space at the electronics factory in Denmark.

Operational excellence and supply chain innovation remains major priorities for GPV in its efforts to meet market demands and expectations for quality and efficiency. Accordingly, GPV will continue to implement flexible automation and robotics.

Outlook

The trend of outsourcing production in the sectors in which GPV operates is expected to continue, as customers increasingly focus on their core competencies.

GPV believes the European market will be relatively flat in the short term. The same applies to the US market, although market conditions there are more volatile.

The extremely positive market trends seen in 2017 and the still high level of business activity in 2018 have resulted in significantly longer lead times for certain electronic components. As a result, sourcing components and raw materials have become more resource intensive and a more important area for GPV in making sure the company is able to supply products to its customers.

The guidance for FY 2018 revenue reflects expectations that sales to a few large customers look to be a little lower than previously anticipated, but also that GPV has positive expectations for sales of new products and sales to new customers. In addition, the substantial costs of building operations in Mexico will continue to weigh on earnings.

On that background, GPV continues to guide for revenue of about DKK 1,225 million, but lowers its EBITDA guidance slightly to the lower end of its previously announced range of DKK 125-135 million in 2018 compared with DKK 107 million in 2017.

Interim financial statements

Statements of income and comprehensive income

Note	Income statement	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
1	Revenue	4,534.0	4,122.5	8,384.7	7,706.1	17,032.2
	Cost of sales	-3,780.1	-3,455.8	-6,981.7	-6,454.9	-14,192.1
	Gross profit	753.8	666.7	1,402.9	1,251.2	2,840.1
	Other operating income	18.3	0.5	30.5	3.3	51.2
	Distribution costs	-312.6	-264.8	-604.0	-504.3	-1,097.9
2	Administrative expenses	-193.1	-167.5	-379.5	-336.7	-693.2
	Other operating expenses	-0.3	3.4	-0.8	3.1	-7.5
	EBIT	266.1	238.3	449.2	416.6	1,092.7
	Profit after tax in associates	12.5	1.4	15.9	2.3	31.7
	Profit after tax in joint ventures	3.7	2.8	2.3	2.0	10.2
	Financial income	16.5	57.9	30.2	62.2	78.4
	Financial expenses	-40.4	-44.5	-67.2	-63.9	-108.4
	Profit before tax	258.5	255.9	430.3	419.2	1,104.6
	Tax on profit/loss for the period	-57.5	-55.3	-111.3	-96.3	-230.1
	Profit for the period	200.9	200.6	319.0	322.9	874.5
	Shareholders of Schouw & Co.	203.1	202.9	321.5	326.5	879.5
	Non-controlling interests	-2.2	-2.3	-2.4	-3.6	-5.0
	Profit for the period	200.9	200.6	319.0	322.9	874.5
5	Earnings per share (DKK)	8.45	8.51	13.39	13.72	36.85
5	Diluted earnings per share (DKK)	8.42	8.43	13.35	13.59	36.63

Note	Statement of comprehensive income	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
	Items that can be reclassified to the income statement:					
	Foreign exchange adjustments of foreign units, etc.	97.2	-143.5	46.1	-129.2	-225.5
	Value adjustment of hedging instruments for the period	-1.3	-1.8	-1.0	0.1	-4.2
	Hedging instruments transferred to cost of sales	0.0	-8.1	1.6	-7.8	0.4
	Hedging instruments transferred to financials	-3.0	1.2	1.9	2.4	4.8
	Other comprehensive income from assc. and joint ventures	-1.9	0.1	-4.7	-0.7	-22.3
	Other adjustments to other comprehensive income	-0.2	0.2	0.4	0.9	-7.5
	Tax on other comprehensive income	0.9	1.3	-0.8	0.6	0.1
	Other comprehensive income after tax	91.7	-150.6	43.7	-133.7	-254.2
	Profit for the period	200.9	200.6	319.0	322.9	874.5
	Total recognised comprehensive income	292.7	50.0	362.7	189.2	620.3
	Attributable to					
	Shareholders of Schouw & Co.	295.7	52.6	365.7	192.9	625.4
	Non-controlling interests	-3.0	-2.6	-3.0	-3.7	-5.1
	Total recognised comprehensive income	292.7	50.0	362.7	189.2	620.3

Amounts in DKK million

Balance sheet · Assets and liabilities

Note	Total assets	30/6 2018	31/12 2017	30/6 2017	31/12 2016
	Goodwill	2,226.6	2,207.7	1,657.5	1,168.6
	Customer relations	370.7	379.1	281.1	123.0
	Brands	174.5	182.8	170.2	54.6
	Know-how	318.2	326.3	114.4	36.2
	Other intangible assets	86.4	99.0	104.3	99.1
	Intangible assets	3,176.4	3,194.9	2,327.6	1,481.5
	Land and buildings	1,788.2	1,776.4	1,432.5	1,420.6
	Plant and machinery	1,786.4	1,836.1	1,338.2	1,328.0
	Other fixtures and fittings, tools and equipment	127.7	120.3	131.6	93.5
	Assets under construction, etc.	459.1	226.4	800.9	608.0
	Property, plant and equipment	4,161.4	3,959.2	3,703.2	3,450.1
	Equity investments in associates	367.0	342.0	85.8	62.6
	Equity investments in joint ventures	163.9	168.6	164.9	171.2
	Securities	2.9	4.7	182.2	121.3
	Deferred tax	76.0	57.6	92.4	35.5
	Receivables	110.7	137.0	168.2	138.9
	Other non-current assets	720.6	709.9	693.5	529.5
	Total non-current assets	8,058.4	7,864.0	6,724.3	5,461.1
	Inventories	3,187.2	2,811.2	2,714.4	1,970.5
3	Receivables	3,753.3	3,180.0	3,262.1	3,103.7
	Income tax receivable	58.5	55.7	110.5	55.3
	Cash and cash equivalents	371.4	478.2	519.9	1,682.4
	Total current assets	7,370.4	6,525.1	6,606.9	6,811.9
	Total assets	15,428.8	14,389.1	13,331.2	12,273.0

Note	Liabilities and equity	30/6 2018	31/12 2017	30/6 2017	31/12 2016
5	Share capital	255.0	255.0	255.0	255.0
	Hedge transaction reserve	-8.3	-10.5	-15.0	-10.7
	Exchange adjustment reserve	40.0	-6.6	111.3	240.4
	Retained earnings	8,083.8	7,748.0	7,395.5	7,006.1
	Proposed dividend	0.0	331.5	0.0	306.0
	Equity attributable to parent company shareholders	8,370.6	8,317.4	7,746.8	7,796.8
	Non-controlling interests	11.5	14.5	13.9	17.6
	Total equity	8,382.0	8,331.9	7,760.7	7,814.4
	Deferred tax	316.5	308.9	258.0	188.6
	Other payables	392.8	360.9	105.4	100.4
	Interest-bearing debt	2,003.4	1,365.7	544.7	402.2
	Non-current liabilities	2,712.7	2,035.5	908.1	691.2
	Current portion of non-current interest-bearing debt	287.2	291.1	143.9	152.1
	Interest-bearing debt	166.4	148.6	823.1	168.8
	Trade payables and other payables	3,776.3	3,492.7	3,622.5	3,339.4
	Corporate income tax	104.3	89.3	72.9	107.1
	Current liabilities	4,334.1	4,021.7	4,662.4	3,767.4
	Total liabilities	7,046.8	6,057.2	5,570.5	4,458.6
	Total equity and liabilities	15,428.8	14,389.1	13,331.2	12,273.0

Notes without reference 6-8.

Amounts in DKK million

Cash flow statement

Note		Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
	Profit before tax	258.5	255.9	430.3	419.2	1,104.6
	Adjustment for operating items of a non-cash nature, etc.					
	Depreciation and impairment losses	133.3	119.1	263.9	225.2	475.1
	Other non-cash operating items, net	-8.1	18.9	-31.1	2.2	66.1
	Provisions	2.4	12.1	3.0	13.3	0.9
	Profit/loss after tax in associates and joint ventures	-16.2	-4.2	-18.2	-4.3	-41.9
	Financial income	-16.5	-57.9	-30.2	-62.2	-78.4
	Financial expenses	40.4	44.5	67.2	63.9	108.4
	Cash flows from operations before changes in working capital	393.8	388.4	685.0	657.3	1,634.8
	Changes in working capital	-350.3	-231.6	-602.4	-425.6	-546.0
	Cash flows from operations	43.5	156.8	82.6	231.7	1,088.8
	Interest received	17.0	10.3	37.4	12.9	18.2
	Interest paid	-35.0	-29.3	-61.4	-42.2	-52.7
	Cash flows from ordinary activities	25.5	137.8	58.6	202.4	1,054.3
	Income tax paid	-60.8	-132.2	-92.0	-183.3	-291.1
	Cash flows from operating activities	-35.3	5.6	-33.5	19.1	763.2
	Purchase of intangible assets	-3.1	-4.1	-6.0	-6.0	-24.5
	Disposal of intangible assets	0.4	0.0	0.4	0.0	2.1
	Purchase of property, plant and equipment	-221.0	-209.3	-356.2	-455.7	-809.1
	Sale of property, plant and equipment	2.0	2.5	2.4	3.6	20.1
4	Acquisitions	0.0	-897.1	-80.3	-927.1	-1,863.6
	Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	-1.5
	Acquisition of/capital contribution to associates and joint ventures	0.0	0.0	-0.3	-23.5	-87.4
	Dividends received from associates	0.0	0.0	0.0	0.0	2.5
	Additions/disposals of other financial assets	0.8	-76.5	2.0	-76.6	-1.6
	Cash flows from investing activities	-221.0	-1,184.5	-438.1	-1,485.3	-2,763.0

Note		Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
	Loan financing:					
	Repayment of non-current liabilities	-29.8	-28.8	-47.6	-55.7	-142.3
	Proceeds from incurring non-current financial liabilities	0.0	40.2	0.5	176.3	231.2
	Increase (repayment) of bank overdrafts	440.1	455.2	690.8	442.9	946.4
	Cash flows from debt financing	410.3	466.6	643.7	563.5	1,035.3
	Shareholders:					
	Dividends paid	-312.2	-285.6	-312.2	-285.6	-285.6
	Purchase/sale of treasury shares, net	11.2	17.3	28.0	36.9	68.6
	Cash flows from financing activities	109.2	198.3	359.5	314.8	818.3
	Cash flows for the period	-147.0	-980.6	-112.0	-1,151.4	-1,181.5
	Cash and cash equivalents, beginning of period	509.0	1,513.4	478.2	1,682.4	1,682.4
	Value adjustment of cash and cash equivalents	9.5	-12.9	5.2	-11.1	-22.7
	Cash and cash equivalents, end of period	371.4	519.9	371.4	519.9	478.2

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Shareholders' equity
Equity at 1 January 2017	255.0	-10.7	240.4	7,006.1	306.0	7,796.8	17.6	7,814.4
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries	0.0	0.0	-129.1	0.0	0.0	-129.1	-0.1	-129.2
Value adjustment of hedging instruments for the period	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Hedging instruments transferred to cost of sales	0.0	-7.8	0.0	0.0	0.0	-7.8	0.0	-7.8
Hedging instruments transferred to financials	0.0	2.4	0.0	0.0	0.0	2.4	0.0	2.4
Other comprehensive income from associates and joint ventures	0.0	0.0	0.0	-0.7	0.0	-0.7	0.0	-0.7
Other adjustments to other comprehensive income	0.0	0.0	0.0	0.9	0.0	0.9	0.0	0.9
Tax on other comprehensive income	0.0	1.0	0.0	-0.4	0.0	0.6	0.0	0.6
Profit for the period	0.0	0.0	0.0	326.5	0.0	326.5	-3.6	322.9
Total recognised comprehensive income	0.0	-4.3	-129.1	326.3	0.0	192.9	-3.7	189.2
Transactions with the owners								
Share-based payments, net	0.0	0.0	0.0	5.8	0.0	5.8	0.0	5.8
Distributed dividends	0.0	0.0	0.0	20.4	-306.0	-285.6	0.0	-285.6
Sale of treasury shares	0.0	0.0	0.0	36.9	0.0	36.9	0.0	36.9
Total transactions with owners during the period	0.0	0.0	0.0	63.1	-306.0	-242.9	0.0	-242.9
Equity at 30 June 2017	255.0	-15.0	111.3	7,395.5	0.0	7,746.8	13.9	7,760.7
Equity at 1 January 2018	255.0	-10.5	-6.6	7,748.0	331.5	8,317.4	14.5	8,331.9
Changes in accounting policies	0.0	0.0	0.0	-11.5	0.0	-11.5	0.0	-11.5
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries	0.0	0.0	46.7	0.0	0.0	46.7	-0.5	46.1
Value adjustment of hedging instruments for the period	0.0	-1.0	0.0	0.0	0.0	-1.0	0.0	-1.0
Hedging instruments transferred to cost of sales	0.0	1.6	0.0	0.0	0.0	1.6	0.0	1.6
Hedging instruments transferred to financials	0.0	1.9	0.0	0.0	0.0	1.9	0.0	1.9
Other comprehensive income from associates and joint ventures	0.0	0.0	0.0	-4.7	0.0	-4.7	0.0	-4.7
Other adjustments to other comprehensive income	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.4
Tax on other comprehensive income	0.0	-0.4	0.0	-0.4	0.0	-0.8	0.0	-0.8
Profit for the period	0.0	0.0	0.0	321.5	0.0	321.5	-2.4	319.0
Total recognised comprehensive income	0.0	2.2	46.7	316.8	0.0	365.7	-3.0	362.7
Transactions with the owners								
Share-based payment	0.0	0.0	0.0	7.9	0.0	7.9	0.0	7.9
Distributed dividends	0.0	0.0	0.0	19.3	-331.5	-312.2	0.0	-312.2
Value adjustment of put option	0.0	0.0	0.0	-24.7	0.0	-24.7	0.0	-24.7
Sale of treasury shares	0.0	0.0	0.0	28.0	0.0	28.0	0.0	28.0
Total transactions with owners during the period	0.0	0.0	0.0	30.4	-331.5	-301.1	0.0	-301.1
Equity at 30 June 2018	255.0	-8.3	40.0	8,083.8	0.0	8,370.6	11.5	8,382.0

Amounts in DKK million

Notes to the financial statements

1
Segment reporting

Total reporting segments 2018	**BioMar**	**FPC**	**FIN**	**HydraSpecma**	**Borg**	**GPV**	**Total**
External revenue	4,401.7	1,016.5	825.8	1,049.2	510.3	580.4	8,383.9
Intra-group revenue	0.0	10.3	0.1	0.0	0.0	0.1	10.5
Segment revenue	4,401.7	1,026.8	825.9	1,049.2	510.3	580.5	8,394.4
Depreciation and impairment losses	90.6	58.9	49.1	29.1	17.6	17.2	262.5
EBIT	163.5	93.5	48.1	68.2	61.5	32.2	467.0
Segment assets:	7,334.2	2,355.5	1,808.9	1,534.7	1,545.2	993.6	15,572.1
Of which goodwill	1,341.3	99.1	119.6	141.1	515.8	9.8	2,226.6
Equity investments in associates and joint ventures	456.9	0.0	0.0	2.8	0.0	0.0	459.7
Segment liabilities	4,562.9	1,376.4	1,232.9	1,096.1	637.0	719.9	9,625.2
Working capital	1,063.2	401.7	503.6	643.7	197.7	347.5	3,157.4
Net interest-bearing debt	1,342.3	839.4	904.2	623.2	199.9	450.0	4,359.0
Cash flow from operating activities	-219.4	97.5	29.4	-16.7	51.5	-8.6	-66.4
Cash flow from investing activities	-97.7	-82.3	-128.1	-33.2	-7.4	-89.1	-437.7
Cash flows from financing activities	254.2	-26.5	91.1	65.6	-21.9	90.9	453.4
Capital expenditure	101.6	82.5	80.1	33.0	7.7	89.4	394.2
Average no. of employees	1,170	702	974	1,206	1,555	1,430	7,037

Total reporting segments 2017	**BioMar**	**FPC**	**FIN**	**HydraSpecma**	**Borg**	**GPV**	**Total**
External revenue	4,269.7	954.6	752.6	933.0	247.5	547.0	7,704.4
Intra-group revenue	0.0	12.1	3.2	0.0	0.0	0.4	15.7
Segment revenue	4,269.7	966.7	755.8	933.0	247.5	547.4	7,720.1
Depreciation and impairment losses	68.9	55.7	44.1	29.9	8.4	13.4	220.4
EBIT	173.6	109.0	56.5	57.7	4.7	37.0	438.5
Segment assets:	5,866.4	2,096.3	1,638.9	1,391.5	1,585.4	781.0	13,359.5
Of which goodwill	771.6	99.1	120.4	150.2	507.5	18.9	1,667.7
Equity investments in associates and joint ventures	176.0	0.0	0.0	2.5	0.0	0.0	178.5
Segment liabilities	3,221.3	1,217.3	1,079.3	954.3	666.0	596.4	7,734.6
Working capital	652.5	345.5	418.9	494.5	219.8	223.4	2,354.6
Net interest-bearing debt	367.4	808.1	759.8	488.8	188.7	292.0	2,904.8
Cash flow from operating activities	-178.8	94.0	35.7	32.1	16.4	17.4	16.8
Cash flow from investing activities	-218.8	-215.4	-65.8	-16.1	-189.8	-63.2	-769.1
Cash flows from financing activities	223.8	141.8	16.8	1.0	174.1	38.6	596.1
Capital expenditure	118.6	215.8	65.8	16.2	11.4	54.2	482.0
Average no. of employees	915	638	850	1,113	718	1,192	5,426

Amounts in DKK million

Notes to the financial statements

1
Segment reporting (continued)

Based on management control and financial management, Schouw & Co. has identified six reporting segments, which are BioMar, Fibertex Personal Care, Fibertex Nonwovens, HydraSpecma, Borg Automotive and GPV.

All inter-segment transactions were made on an arm's length basis.

Reconciliation of consolidated revenue, EBIT, assets and liabilities

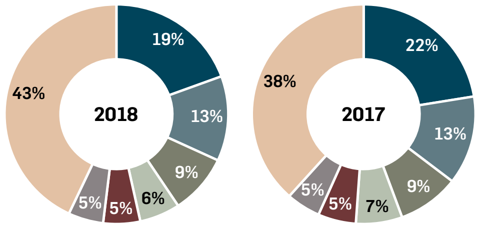
2018	Consolidated revenue	EBIT	Total assets	Liabilities
Reporting segments	8,394.4	467.0	15,572.1	9,625.2
Non-reporting segment	0.7	-0.9	82.8	25.7
Parent company	4.8	-16.8	9,298.7	1,954.1
Group elimination, etc.	-15.2	0.0	-9,524.7	-4,558.3
Total	8,384.7	449.2	15,428.8	7,046.8

2017	Consolidated revenue	EBIT	Total assets	Liabilities
Reporting segments	7,720.1	438.5	13,359.5	7,734.6
Non-reporting segment	1.7	-3.5	98.2	34.7
Parent company	4.2	-18.4	8,773.6	1,026.8
Group elimination, etc.	-19.9	0.0	-8,900.1	-3,225.6
Total	7,706.1	416.6	13,331.2	5,570.5

The data on revenue by geography are based on customers' geographical location, while data on intangible assets and property, plant and equipment by geography are based on the geographical location of the assets. The specification shows individual countries that account for more than 5% of the Group in terms of revenue or assets. As Schouw & Co.'s consolidated revenue is generated in some 100 different countries, a very large proportion of the revenue derives from the 'Other' category.

Revenue mainly consists of the sale of goods recognised when the goods are delivered to the customer.

Revenue by country:



	YTD 2018	YTD 2017
Norway	1,626	1,727
Chile	1,049	1,006
Denmark	737	690
UK	492	517
Sweden	448	423
Germany	426	383
Other	3,607	2,960
Total	8,385	7,706

2
Costs

Share-based payment: Share option programme

The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements 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 from the date of grant until the date of exercise. The 2018 grant is described in greater detail in company announcement no. 4/2018 of 16 March 2018, but the number of options has subsequently been increased by 6,000.

Outstanding options	Executive management	Other	Total
Total outstanding options at 31 December 2017	205,000	478,667	683,667
Exercised in H1 2018	-40,000	-45,833	-85,833
Granted in 2018	55,000	289,000	344,000
Total outstanding options at 30 June 2018	220,000	721,834	941,834

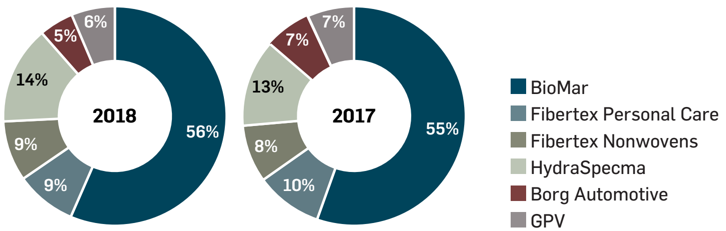
Amounts in DKK million

Notes to the financial statements

3
Receivables (current)

	30/6 2018	30/6 2017
Trade receivables	3,466.4	3,047.3
Other current receivables	238.4	180.0
Prepayments	48.5	34.8
Total current receivables	3,753.3	3,262.1

Trade receivables by portfolio company:



30/6 2018	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,972.5	232.8	64.8	48.3	3,318.5
Trade receivables individually assessed to be impaired	100.6	31.2	31.4	138.0	301.3
Total receivables	3,073.1	264.0	96.3	186.3	3,619.8
Impairment losses on trade receivables	-18.2	-2.5	-9.7	-123.0	-153.4
Trade receivables, net	3,055.0	261.6	86.5	63.3	3,466.4
Proportion of the total receivables expected to be settled					95.8%
Impairment rate	0.6%	0.9%	10.1%	66.0%	4.2%

30/6 2017	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,587.2	216.2	76.2	26.3	2,905.9
Trade receivables individually assessed to be impaired	96.9	28.0	12.9	149.7	287.5
Total receivables	2,684.1	244.2	89.1	176.0	3,193.4
Impairment losses on trade receivables	-7.7	-6.9	-5.7	-125.8	-146.1
Trade receivables, net	2,676.4	237.3	83.4	50.2	3,047.3
Proportion of the total receivables expected to be settled					95.4%
Impairment rate	0.3%	2.8%	6.4%	71.4%	4.6%

	30/6 2018	30/6 2017
Impairment losses on trade receivables		
Impairment losses at 1 January	-137.8	-158.2
Change of accounting policies	-15.1	0.0
Foreign exchange adjustments	0.1	8.3
Additions on company acquisitions	-0.2	-0.5
Reversed impairment losses	0.6	11.5
Impairment losses for the period	-7.5	-7.6
Realised loss	6.4	0.4
Impairment losses, end of period	-153.4	-146.1

Amounts in DKK million

Notes to the financial statements

4
Acquisitions

	YTD 2018	YTD 2017
Customer relations	9.9	174.6
Brands	0.0	123.0
Know-how	0.0	82.6
Other intangible assets	0.0	8.5
Property, plant and equipment	22.5	66.3
Financial assets	0.0	0.7
Inventories	37.3	343.7
Receivables	29.8	197.9
Tax asset	0.0	60.5
Cash and cash equivalents	2.0	20.5
Credit institutions	0.0	-229.1
Deferred tax	-3.4	-92.6
Provisions	0.0	-16.0
Trade payables	-11.4	-65.7
Other payables	-4.4	-231.4
Tax payable	0.0	-13.2
Net assets acquired	82.3	430.3
Goodwill	0.0	517.3
Acquisition cost	82.3	947.6
of which cash and cash and cash equivalents	-2.0	-20.5
Total cash acquisition costs	80.3	927.1

Fibertex Nonwovens acquired all activities in Brazilian nonwovens manufacturer Duci effective on 2 February 2018. Fibertex Nonwovens thereby established a presence in the growing South American market and took a big step towards a position as a global market-leading supplier of nonwovens to the automotive industry. Duci was founded in 2001 and currently generates revenue of nearly DKK 115 million (2017) and EBITDA of about DKK 15 million (2017). Intangible assets of DKK 9.9 million consisting of customer relations have been identified to date in connection with the acquisition. The acquisition of Duci involved acquisition costs of DKK 1.7 million, which amount has been recognised under administrative expenses.

Acquired assets include trade receivables at a fair value of DKK 29.8 million. The contractual gross receivable amounts to DKK 30.0 million, of which DKK 0.2 million was assessed as being irrecoverable at the acquisition date.

Had Duci been acquired effective on 1 January 2018, revenue would have been DKK 11 million higher and the full-year profit would have been DKK 0.6 million higher.

5
Share capital and earnings per share (DKK)

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. Each share carries one vote. All shares rank equally. The share capital is fully paid up and no changes have been made during the past five years.

Treasury shares	Number of shares	Nominal value (DKK)	Cost	Percentage of share capital
1 January 2017	1,756,930	17,569,300	342.9	6.89%
Share option programme	-114,000	-1,140,000	-13.2	-0.45%
30 June 2017	1,642,930	16,429,300	329.7	6.44%
Changes in H2 2017				
Share option programme	-113,000	-1,130,000	-13.1	-0.44%
31 December 2017	1,529,930	15,299,300	316.6	6.00%
Share option programme	-85,833	-858,330	-9.9	-0.34%
30 June 2018	1,444,097	14,440,970	306.6	5.66%

A total of 85,833 shares held in treasury were used in connection with options exercised in 2018. The shares had an aggregate fair value of DKK 52.4 million at the date of exercise.

The Group's holding of treasury shares had a market value of DKK 813.7 million at 30 June 2018. The portfolio of treasury shares is recognised at DKK 0.

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Share of the profit for the year attributable to shareholders of Schouw & Co	203.1	202.9	321.5	326.5
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,469,152	-1,665,106	-1,493,903	-1,703,195
Average number of outstanding shares	24,030,848	23,834,894	24,006,097	23,796,805
Average dilutive effect of outstanding share options *	77,927	239,294	82,630	222,547
Diluted average number of outstanding shares	24,108,775	24,074,188	24,088,727	24,019,352
Earnings per share of DKK 10	8.45	8.51	13.39	13.72
Diluted earnings per share of DKK 10	8.42	8.43	13.35	13.59

* See note 2 for information on options that may cause dilution.

Amounts in DKK million

Notes to the financial statements

6

Fair value of categories of financial assets and liabilities

	30/6 2018	31/12 2017	30/6 2017
Financial assets			
Securities measured at fair value through profit or loss – level 1	1.2	3.0	3.2
Derivative financial instruments to hedge future cash flows – level 2	14.4	18.1	9.9
Securities measured at fair value through other comprehensive income – level 3	1.7	1.7	179.0
Financial liabilities			
Derivative financial instruments to hedge future cash flows – level 2	22.4	21.7	29.8

Listed equities measured at the official market value (level 1) at the beginning of the year amounted to DKK 3.0 million. Securities measured at fair value through the income statement (level 1) were reduced by DKK 1.8 million to DKK 1.2 million at 30 June 2018. Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1.7 million, which was unchanged. The fair value of recognised financial assets and liabilities corresponds to the carrying amount. No financial assets or liabilities were transferred between the above levels in the first half of 2018.

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 (level 2). 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.

7

Related party transactions

Under Danish legislation, Givesco A/S, Svinget 24, DK-7323 Give, members of the Board of Directors, the Executive Management 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, joint arrangements and associates, in which Schouw & Co. has control, significant influence or joint control of as well as members of the boards of directors, management boards and senior management of those companies.

Management's share option programmes are set out in note 2.

	YTD 2018	YTD 2017
Joint ventures:		
During the reporting period, the Group sold goods in the amount of	10.8	17.2
At 30 June, the Group had a receivable of	25.7	9.5
At 30 June, the Group had debt in the amount of	0.6	0.0
Associates:		
During the reporting period, the Group sold goods in the amount of	118.3	10.0
During the reporting period, the Group bought goods in the amount of	77.9	67.2
At 30 June, the Group had a receivable of	90.7	0.1
At 30 June, the Group had debt in the amount of	31.6	102.0

During 2018, the Group has traded with BioMar-Sagun, BioMar-Tongwei, LetSea, Salmones Austral, Young Tech Co., Micron Specma India and Incuba Invest.

Other than as set out above, there were no transactions with related parties.

Schouw & Co. has registered the following shareholders as holding 5% or more of the share capital: Givesco A/S (28.09%), Direktør Svend Hornsylds Legat (14.82%) and Aktieselskabet Schouw & Co. (5.66%).

8

Special risks, judgements and estimates, and accounting policies

For the Group's special risks, judgements and estimates, and accounting policies please see the Management's report page 4.

Amounts in DKK million