schouw+co

2020
INTERIM REPORT SECOND QUARTER

COMPANY ANNOUNCEMENT NO. 7
14 AUGUST 2020

Statement by Jens Bjerg Sørensen, President and CEO:

Schouw & Co. had a really good second quarter despite the current global uncertainty. The Group overall and four of our six portfolio companies produced their best ever EBITDA for a second quarter. The strength and risk diversification of the conglomerate has proven its worth.

The managements and the employees of our businesses have been prepared for change and have truly taken responsibility for safeguarding the Group's earnings capacity. We have created an overview and have adapted to a new day-to-day situation. As a result, we are now in a position to reinstate our EBITDA guidance at the same attractive level as we promised the market at the beginning of the year.

HIGHLIGHTS

- Solid Q2 performance with strong EBITDA improvement.
- Revenue in line with last year
- Strong improvement in cash flows from operations
- Diversified operations mitigating the effects of coronavirus implications
- EBITDA guidance reinstated at original level

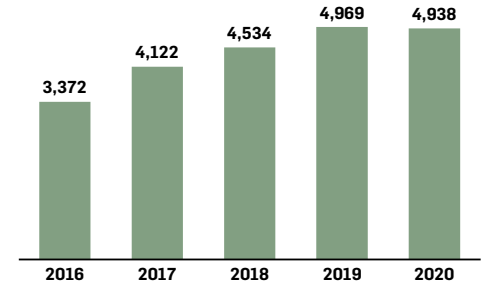
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Financial highlights and key ratios

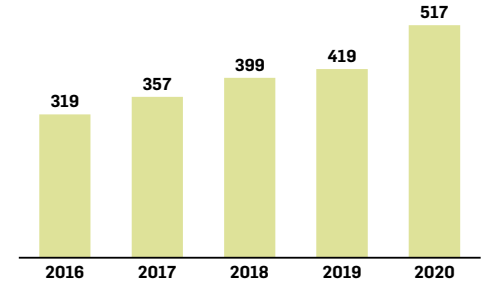
This is a translation of Schouw & Co.'s Interim Report for the six months ended 30 June 2020. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

GROUP SUMMARY (DKKm)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
REVENUE AND INCOME					
Revenue	4,938	4,969	9,740	9,645	20,946
Operating profit before depreciation/amortisation (EBITDA)	517	419	951	821	1,951
Depreciation and impairment losses	208	196	413	395	802
EBIT	309	224	537	426	1,149
Profit/loss after tax in associates and joint ventures	-6	7	8	22	50
Gains on equity divestments	2	29	2	29	29
Net financials	-33	-42	-64	-45	-79
Profit before tax	272	218	484	432	1,149
Profit for the period	203	175	362	341	906
Cash flows					
Cash flows from operating activities	607	128	789	228	1,410
Cash flow from investing activities	-79	-316	-213	-641	-1,043
Of which investment in property, plant and equipment	-79	-183	-213	-367	-774
Cash flows from financing activities	-488	210	-488	418	-421
Cash flows for the period	40	21	87	5	-54
Invested capital and financing					
Invested capital (ex. goodwill)	10,119	10,532	10,119	10,532	10,510
Total assets	18,419	18,794	18,419	18,794	18,777
Working capital	3,681	3,938	3,681	3,938	3,738
Net interest-bearing debt (NIBD)	3,046	4,061	3,046	4,061	3,298
Share of equity attributable to shareholders of Schouw & Co.	9,350	8,781	9,350	8,781	9,519
Non-controlling interests	0	6	0	6	2
Total equity	9,350	8,787	9,350	8,787	9,521
Financial data					
EBITDA margin (%)	10.5	8.4	9.8	8.5	9.3
EBIT margin (%)	6.2	4.5	5.5	4.4	5.5
EBT margin (%)	5.5	4.4	5.0	4.5	5.5
Return on equity (%)	10.3	9.6	10.3	9.6	10.0
Equity ratio (%)	50.8	46.8	50.8	46.8	50.7
ROIC excluding goodwill (%)	13.4	12.4	13.4	12.4	12.3
ROIC including goodwill (%)	10.9	9.9	10.9	9.9	10.0
NIBD/EBITDA ratio	1.5	2.4	1.5	2.4	1.7
Average no. of employees	9,422	9,706	9,419	9,729	9,683
Per share data					
Earnings per share (of DKK 10)	8.49	7.37	15.25	14.42	38.27
Diluted earnings per share (of DKK 10)	8.49	7.36	15.25	14.40	38.27
Net asset value per share (of DKK 10)	389.99	368.98	389.99	368.98	397.34
Share price, end of period (per share DKK 10)	528.00	500.00	528.00	500.00	560.00
Price/Net asset value	1.35	1.36	1.35	1.36	1.41
Market capitalisation at year end	12,659	11,899	12,659	11,899	13,415

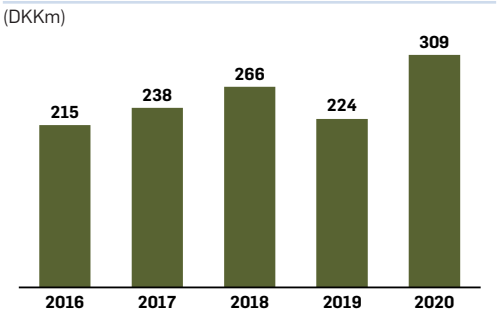
Revenue, second quarter



EBITDA, second quarter



EBIT, second quarter



Interim report – Second quarter of 2020

Solid Q2 performance with strong EBITDA improvement. Revenue at prior-year level despite drop in prices of raw materials and the coronavirus situation. Strong improvement in cash flows from operations.

Financial performance

(DKKm)	Q2 2020	Q2 2019	Change	
Revenue	4,938	4,969	-31	-1%
EBITDA	517	419	97	23%
EBIT	309	224	85	38%
Associates and JVs	-6	7	-13	-178%
Profit before tax	272	218	54	25%
Cash flows from operating activities	607	128	480	375%

(DKKm)	YTD 2020	YTD 2019	Change	
Revenue	9,740	9,645	95	1%
EBITDA	951	821	130	16%
EBIT	537	426	112	26%
Associates and JVs	8	22	-14	-63%
Profit before tax	484	432	52	12%
Cash flows from operating activities	789	228	560	246%
Net interest-bearing debt	3,046	4,061	-1,015	-25%
Working capital	3,681	3,938	-256	-7%
ROIC excluding goodwill	13.4%	12.4%	1.0pp	
ROIC including goodwill	10.9%	9.9%	0.9pp	

The Schouw & Co. Group had a strong second quarter of 2020. Although all portfolio companies were affected by the coronavirus situation in different ways, they successfully managed the unusual situation better than anticipated.

Consolidated revenue was down slightly to DKK 4,938 million in Q2 2020 from DKK 4,969 million in Q2 2019. Developments were driven by increasing revenue in BioMar and Fibertex Personal Care, with the other businesses all reporting lower revenue than in the second quarter of 2019. Some of the businesses reported a drop in volume sales, but lower prices of raw materials and the resulting lower selling prices also had a strong impact on the overall performance.

Reported EBITDA, on the other hand, improved sharply from DKK 419 million in Q2 2019 to DKK 517 million in Q2 2020 for a 23% increase. All portfolio businesses with the exception of HydraSpecma and Borg Automotive contributed to the strong improvement. For the two Fibertex businesses, positive developments in prices of raw materials during the quarter supported the improvement, while GPV did not have the integration and other costs it incurred in the second quarter of 2019. The Group's businesses have to a limited extent received wage compensation for their employees, primarily in countries other than Denmark.

The aggregate share of profit/loss after tax in associates and joint ventures was a loss of DKK 6 million in Q2 2020, compared with an aggregate profit of DKK 7 million in Q2 2019. In both periods, the share of profit was from BioMar's associates, and this year's decline was mainly attributable to Salmones Austral due to significantly lower settlement prices for farmed salmon.

Consolidated net financial items were an expense of DKK 33 million in Q2 2020, compared with a DKK 42 million expense in Q2 2019. The lower expense was mainly due to a drop in negative foreign exchange adjustments year on year, but actual net interest expenses also fell, to DKK 21 million in Q2 2020 from DKK 23 million last year.

ROIC excluding goodwill increased from 12.5% at 31 March 2020 to 13.4% at 30 June 2020, driven mainly by the profit improvement.

Liquidity and capital resources

The Group's operations generated a cash inflow of DKK 607 million in Q2 2020, compared with DKK 128 million in Q2 2019. BioMar, Borg Automotive and HydraSpecma all contributed strongly to the improvement, and only GPV reported a decline in cash flows from operations. In addition, DKK 112 million of the improvement was due to extended deadlines for paying in VAT and employee income taxes, etc. Cash flows for investing activities in Q2 2020 amounted to DKK 79 million, against DKK 316 million in Q2 2019.

The consolidated net interest-bearing debt was reduced from DKK 3,164 million at 31 March, 2020 to DKK 3,046 million at 30 June, 2020. Accordingly, the key credit ratio NIBD/EBITDA improved from 1.6 at 30 March 2020 to 1.5 at 30 June 2020.

Working capital fell from DKK 3,829 million at 31 March 2020 to DKK 3,681 million at 30 June 2020. In addition to the positive effects of the extended payment deadlines for VAT and employee income taxes, etc., the working capital reduction was also attributable to an increase in BioMar's supply chain financing.

Group developments

The coronavirus situation escalated throughout most of the world in March 2020, and as a result, on 25 March, Schouw & Co. suspended its full-year financial guidance, even though a large part of the Group's operations is characterised by demand being only somewhat sensitive to short-term market impacts. However, Schouw & Co. runs production facilities in 29 countries and sells its products to more than 100 countries. The decision to suspend was made in part due to the fact that it was impossible to predict the extent to which normal operations could be maintained in the individual countries.

However, there had already been clear indications earlier that the situation might escalate, and on 27 February 2020, Schouw & Co.'s executive management met with the CEOs of the six portfolio businesses to consider a response to the situation and chart the course. The group of executives held weekly meetings online during most of the second quarter, exchanging knowledge and experience on coronavirus with the primary objective of establishing good and safe working conditions for the employees and, next, to keep operations as normal as possible. Generally, the results of these efforts turned out to be better than expected, and several →

Interim report – Second quarter of 2020

of the portfolio companies have found that their products have been given priority as essential production. A few units were fully or partially shut down due to government orders, but on the whole, the Group managed to maintain normal operations and the usual level of service during the quarter.

By the end of the quarter, the businesses had incorporated so well the necessary precautions to tackle the coronavirus situation that the dedicated weekly follow-up meetings of the group of executives were no longer needed and instead became a part of the group's ordinary follow-up procedures.

The following is a brief review of business developments of the portfolio companies for the quarter.

BioMar reported its best second-quarter performance to date with both revenue and earnings improving. The performance was mainly based on increased volume sales in the Salmon division, supported by a strong product mix and supplementary services.

Fibertex Personal Care reported improved volume sales and a sharp EBITDA increase, supported by favourable developments in prices of raw materials and foreign exchange rates.

Fibertex Nonwovens reported substantially improved earnings, among other things due to a favourable trend in prices of raw materials and changes to the product mix. Revenue declined because an increase in sales of healthcare-related products failed to fully offset a reduction in sales to the automotive and industrial segments.

GPV reported a minor revenue decline due to the coronavirus situation. On the other hand, EBITDA improved as the integration and other costs recognised in Q2 2019 no longer weighed on the company's earnings.

HydraSpecma reported good business activity in the second quarter driven by sales of solutions for wind turbines and other stationary equipment, but saw sharply weakened demand for products for the vehicles segment. As a result, both revenue and EBITDA were lower year on year.

As expected, **Borg Automotive** reported a sharp drop in business activity during the quarter due to the coronavirus situation. Both revenue and EBITDA were lower year on year.

Schouw & Co. shares

Schouw & Co. shares appreciated by 17% during the second quarter to DKK 528.00 at 30 June 2020 from DKK 450.80 at 31 March 2020.

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.

Schouw & Co. has implemented the standards and interpretations which are effective from 2020. Received wage compensation is set off against associated wage costs.

See the 2019 Annual Report for a full description of the accounting policies.

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 and estimates.

Special risks

The overall risk factors the Schouw & Co. Group faces are discussed in the 2019 Annual Report.

The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2019 Annual Report. It is important to note, however, that risks relating to the coronavirus situation, which at the time the annual report was being prepared, was limited to China and a few other countries, has now escalated into a global pandemic.

Roundings and presentation

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

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 2020 which are expected to have a material impact on the Group's financial position or outlook.

Outlook

Diversified operations mitigating the effects of coronavirus implications. Suspension of financial guidance lifted. EBITDA guidance reinstated at orignial level.

Outlook for 2020

The Schouw & Co. Group opened 2020 at a record-high level of business activity during the first two months of the year, but uncertainty began to spread during the course of March due to the rapid acceleration of the coronavirus situation, and on 25 March, Schouw & Co. suspended its full-year financial guidance.

In the months that followed, our conglomerate structure proved its worth as diversification helped to mitigate the consequences of this unusual situation. At the same time, we have successfully managed to maintain normal operations and the usual level of service thanks to the extraordinary efforts of the staff and managements of our portfolio companies. The Group's financial strength – supported by an extra credit facility of DKK 1.0 billion in April – also helped to stabilise operations.

The coronavirus situation has made many companies consider their future organisational structure. We believe that many of the Group's customers prefer to strengthen their supply chains by seeking a better geographical spread and long-term partnerships with responsible suppliers. For the companies of the Schouw & Co. Group, that will offer a potential for long-term business relations.

The Group has gained such good experience during the past months from running a business under such unusual circumstances that we now find it prudent to lift the suspension of our financial guidance, even though the situation remains highly uncertain.

Schouw & Co. originally expected consolidated revenue for 2020 of about DKK 21.6 billion with EBITDA in the 1,935-2,105 million range. Instead, the Group has lowered its revenue forecast for 2020 to about DKK 20.6 billion, in part due to lower prices of raw materials, which also means lower selling prices. As noted in the Q1 interim report, there have been a number of changes to the underlying contributions from the individual businesses, but overall the Group now expects to generate FY 2020 EBITDA in the range of 1,940–2,110 million.

The full-year guidance is based on the important assumption that the markets of Europe and China continue to move towards normalisation and that the USA reverses its current negative trend in the third quarter. The guidance provided the probability of a period with an increased spread of coronavirus in limited geographical areas, but it does not consider any extended lockdowns of major regions or other significant impacts on international trade.

The following is a brief review of the outlook for each individual company in 2020:

BioMar now expects to generate revenue of about DKK 11.5 billion and EBITDA in the range of DKK 940-1,000 million, which is slightly lower than the original guidance but consistent with the indications provided in the Q1 interim report.

Fibertex Personal Care maintains its full-year revenue guidance for 2020 at about DKK 2.1 billion. The company raised its EBITDA guidance in the Q1 interim report and now upgrades its forecast once again, to DKK 390–420 million.

As announced in the Q1 interim report, **Fibertex Nonwovens** expects FY 2020 revenue to be slightly lower than the original forecast. In return, the company raises its EBITDA forecast to the range of DKK 205–225 million.

GPV now expects, as indicated in the Q1 interim report, to generate revenue of about DKK 2.7 billion and EBITDA in the range of DKK 200-230 million, which is slightly lower than the original guidance.

HydraSpecma maintains the FY revenue guidance provided in the Q1 interim report for revenue of about DKK 1.8 billion, while reducing its EBITDA forecast to the range of DKK 160–180 million.

Borg Automotive now expects to generate FY 2020 revenue of about DKK 850 million and EBITDA in the range of DKK 75-85 million, which as anticipated in the Q1 interim report is considerably below the original forecast.

REVENUE (DKKm)	**2020F after Q2**	**2020F orig.**	**2019 realised**
BioMar	c. 11,500	c. 12,000	11,180
Fibertex Personal Care	c. 2,100	c. 2,100	2,183
Fibertex Nonwovens	c. 1,650	c. 1,750	1,705
GPV	c. 2,700	c. 2,800	2,856
HydraSpecma	c. 1,800	c. 2,000	2,123
Borg Automotive	c. 850	c. 975	918
Other/eliminations	-	-	-18
Total revenue	c. 20,600	c. 21,625	20,946

EBITDA (DKKm)	**2020F after Q2**	**2020F orig.**	**2019 realised**
BioMar	940–1,000	1,000–1,060	966
Fibertex Personal Care	390–420	280–310	352
Fibertex Nonwovens	205–225	165–185	141
GPV	200–230	210–240	196
HydraSpecma	160–180	200–220	215
Borg Automotive	75–85	110–120	110
Other	-30	-30	-29
Total EBITDA	1,940–2,110	1,935–2,105	1,951
PPA depreciation	-100	-100	-88
Other depreciation	-745	-745	-714
Total EBIT	1,095–1,265	1,090–1,260	1,149
Associates, JVs, etc.	10	60	50
Equity divestments	-	-	29
Other financial items	-110	-100	-79
Profit before tax	995–1,165	1,050–1,220	1,149

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 2020.

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, liabilities and financial position at 30 June 2020 and of the results of the Group's operations and cash flows for the six months ended 30 June 2020.

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, 14 August 2020

Executive Management

Jens Bjerg Sørensen
President and CEO

Peter Kjær

Board of Directors

Jørn Ankær Thomsen
Chairman

Jørgen Wisborg
Deputy Chairman

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

Kenneth Skov Eskildsen

Financial calendar for 2020

5 November 2020 Release of Q3 2020 interim report

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.

Aktieselskabet Schouw & Co.

Chr. Filtenborgs Plads 1
DK-8000 Aarhus C
T +45 86 11 22 22
www.schouw.dk
schouw@schouw.dk
Company reg. (CVR) no. 63965812

Our businesses

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Portfolio company financial highlights – Q2

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
INCOME STATEMENT														
Revenue	2,695	2,514	548	506	392	443	676	714	458	565	173	232	4,938	4,969
Gross profit	340	320	151	83	99	86	100	99	110	141	28	51	828	781
EBITDA	222	191	124	72	60	38	62	42	46	64	11	21	517	419
Depreciation and impairment losses	85	75	35	35	26	24	29	31	21	19	12	12	208	196
EBIT	137	116	89	38	34	14	32	11	25	45	-1	9	309	224
Profit after tax in associates and JVs	-6	7	0	0	0	0	0	0	0	0	0	0	-6	7
Gains on equity divestments	0	29	0	0	0	0	0	0	0	0	0	0	2	29
Net financial items	-19	-21	-5	-9	-9	-9	-3	-7	-14	-10	0	0	-33	-42
Profit before tax	113	131	85	29	25	6	29	4	11	35	-1	9	272	218
Tax on profit for the period	-34	-26	-20	-6	-6	-2	-4	-1	-3	-7	0	-1	-69	-44
Profit before non-controlling interests	79	105	65	23	19	4	25	3	8	28	-1	7	203	175
Non-controlling interests	0	0	0	0	0	1	0	0	0	0	0	0	0	1
Profit for the year	79	105	65	23	19	5	25	3	9	28	-1	7	203	175
CASH FLOWS														
Cash flows from operating activities	260	-109	143	138	48	32	-17	46	86	14	75	0	607	128
Cash flow from investing activities	-37	-252	-5	-14	-16	-16	-1	-26	-17	-6	-2	-6	-79	-316
Cash flows from financing activities	-79	364	-164	-125	-38	-16	-67	-21	-62	-6	-73	6	-488	210
BALANCE SHEET														
Intangible assets[1]	1,292	1,302	75	81	143	157	421	420	244	245	309	334	3,510	3,565
Property, plant and equipment	1,699	1,583	1,272	1,391	943	945	451	450	270	242	93	91	4,758	4,732
Other non-current assets	1,115	1,190	68	76	7	8	174	189	122	135	83	97	1,591	1,710
Cash and cash equivalents	543	476	28	86	99	32	192	106	63	57	46	54	615	588
Other current assets	3,912	3,822	576	605	743	825	1,313	1,332	989	1,070	427	549	7,944	8,199
Total assets	8,559	8,373	2,019	2,240	1,936	1,967	2,550	2,497	1,688	1,749	959	1,124	18,419	18,794
Shareholders' equity	2,597	2,431	1,055	996	629	653	876	795	530	496	508	560	9,350	8,787
Interest-bearing liabilities	2,869	2,814	453	768	1,035	1,044	978	1,068	750	843	32	134	3,705	4,690
Other liabilities	3,093	3,128	511	476	272	270	697	634	408	411	419	430	5,364	5,317
Total equity and liabilities	8,559	8,373	2,019	2,240	1,936	1,967	2,550	2,497	1,688	1,749	959	1,124	18,419	18,794
Average no. of employees	1,379	1,215	740	743	1,005	1,032	3,626	3,840	1,176	1,220	1,482	1,644	9,422	9,706
FINANCIAL KEY FIGURES														
EBITDA margin	8.2%	7.6%	22.6%	14.3%	15.3%	8.5%	9.1%	5.9%	10.0%	11.4%	6.3%	8.9%	10.5%	8.4%
EBIT margin	5.1%	4.6%	16.3%	7.4%	8.7%	3.2%	4.8%	1.5%	5.4%	7.9%	-0.5%	3.7%	6.2%	4.5%
ROIC excluding goodwill	18.9%	19.1%	17.1%	11.9%	5.6%	3.9%	7.4%	7.2%	11.6%	14.4%	13.1%	15.4%	13.4%	12.4%
ROIC including goodwill	13.9%	13.1%	16.1%	11.2%	5.2%	3.6%	6.6%	6.7%	10.3%	12.7%	6.9%	8.3%	10.9%	9.9%
Working capital	1,405	1,249	283	344	491	565	792	843	632	715	86	218	3,681	3,938
Net interest-bearing debt	2,284	2,298	425	682	936	1,012	786	962	687	786	-15	80	3,046	4,061

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		GPV		HydraSpecma		Borg Automotive		Group	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
INCOME STATEMENT														
Revenue	5,076	4,651	1,084	1,095	837	895	1,355	1,432	991	1,120	405	461	9,740	9,645
Gross profit	620	556	269	198	198	168	187	207	247	282	79	112	1,600	1,525
EBITDA	380	322	225	171	114	77	108	88	103	125	35	53	951	821
Depreciation and impairment losses	166	154	70	68	51	50	59	61	43	38	24	24	413	395
EBIT	214	168	155	103	63	28	49	27	61	86	11	30	537	426
Profit after tax in associates and JVs	8	22	0	0	0	0	0	0	0	0	0	0	8	22
Gains on equity divestments	0	29	0	0	0	0	0	0	0	0	0	0	2	29
Net financial items	-29	-29	-4	-9	-21	-15	-15	-12	-20	-9	-5	0	-64	-45
Profit before tax	194	190	151	95	42	12	34	15	40	78	6	29	484	432
Tax on profit for the period	-53	-40	-35	-22	-11	-3	-8	-3	-9	-15	-2	-6	-122	-91
Profit before non-controlling interests	140	151	116	73	31	10	26	12	31	63	4	24	362	341
Non-controlling interests	0	0	0	0	3	2	0	0	1	0	0	0	3	1
Profit for the year	140	151	116	73	34	11	26	12	32	62	4	24	365	342
CASH FLOWS														
Cash flows from operating activities	163	-149	249	264	94	1	52	48	114	43	82	-12	789	228
Cash flow from investing activities	-93	-334	-12	-36	-51	-175	-14	-59	-38	-26	-5	-14	-213	-641
Cash flows from financing activities	43	519	-241	-177	-26	170	-97	-43	-57	-11	-67	31	-488	418
BALANCE SHEET														
Intangible assets[1]	1,292	1,302	75	81	143	157	421	420	244	245	309	334	3,510	3,565
Property, plant and equipment	1,699	1,583	1,272	1,391	943	945	451	450	270	242	93	91	4,758	4,732
Other non-current assets	1,115	1,190	68	76	7	8	174	189	122	135	83	97	1,591	1,710
Cash and cash equivalents	543	476	28	86	99	32	192	106	63	57	46	54	615	588
Other current assets	3,912	3,822	576	605	743	825	1,313	1,332	989	1,070	427	549	7,944	8,199
Total assets	8,559	8,373	2,019	2,240	1,936	1,967	2,550	2,497	1,688	1,749	959	1,124	18,419	18,794
Shareholders' equity	2,597	2,431	1,055	996	629	653	876	795	530	496	508	560	9,350	8,787
Interest-bearing liabilities	2,869	2,814	453	768	1,035	1,044	978	1,068	750	843	32	134	3,705	4,690
Other liabilities	3,093	3,128	511	476	272	270	697	634	408	411	419	430	5,364	5,317
Total equity and liabilities	8,559	8,373	2,019	2,240	1,936	1,967	2,550	2,497	1,688	1,749	959	1,124	18,419	18,794
Average no. of employees	1,361	1,214	740	740	999	1,027	3,622	3,864	1,181	1,215	1,501	1,657	9,418	9,729
FINANCIAL KEY FIGURES														
EBITDA margin	7.5%	6.9%	20.8%	15.7%	13.6%	8.6%	8.0%	6.1%	10.4%	11.1%	8.7%	11.6%	9.8%	8.5%
EBIT margin	4.2%	3.6%	14.3%	9.4%	7.6%	3.1%	3.6%	1.9%	6.1%	7.7%	2.8%	6.4%	5.5%	4.4%
ROIC excluding goodwill	18.9%	19.1%	17.1%	11.9%	5.6%	3.9%	7.4%	7.2%	11.6%	14.4%	13.1%	15.4%	13.4%	12.4%
ROIC including goodwill	13.9%	13.1%	16.1%	11.2%	5.2%	3.6%	6.6%	6.7%	10.3%	12.7%	6.9%	8.3%	10.9%	9.9%
Working capital	1,405	1,249	283	344	491	565	792	843	632	715	86	218	3,681	3,938
Net interest-bearing debt	2,284	2,298	425	682	936	1,012	786	962	687	786	-15	80	3,046	4,061

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

BioMar

Strong Q2 performance with both revenue and EBITDA improving. Operations generally at normal levels despite the coronavirus situation. New production capacity started up in Australia and China. Moderate expectations for 2020 as indicated in Q1 interim report.

BioMar	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue	2,695	2,514	5,076	4,651	11,180
EBITDA	222	191	380	322	966
EBIT	137	116	214	168	655
Associates and JVs	-6	7	8	22	50

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 industries. The company's operations are divided into four divisions:

- The Salmon division covering operations in Norway, Scotland, Chile and Australia. The division supplies high-yielding feed for Atlantic salmon, Pacific salmon and trout.
- 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 LatAm division covering Latin American operations involving shrimp and fish other than salmon. The division has production facilities in Ecuador and Costa Rica.
- The Asia division covering operations involving fish and shrimp in Asia. The division has two factories in China.

The business operations in Turkey and China, both driven through 50/50 joint ventures with local partners, are not consolidated.

Financial performance

BioMar	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Volume ('000 tonnes)	310	285	579	535	1,250
Revenue (DKKm)	2,695	2,514	5,076	4,651	11,180
- salmon north	1,149	998	2,106	1,897	5,008
- salmon south	775	653	1,580	1,291	2,819
- other divisions	771	863	1,390	1,463	3,353

BioMar reported its best Q2 performance ever in 2020 despite temporary closures and other negative effects of the coronavirus situation. A 9% increase in volumes sold and the strong product portfolio drove up revenue by 7% to DKK 2,695 million from DKK 2,514 million in Q2 2019. Developments in foreign exchange rates adversely impacted revenue by DKK 79 million in the second quarter, mainly due to developments in Norwegian kroner exchange rates.

The increase in volumes sold was driven by a significant improvement in the Salmon division. The innovative product offering, close working relationships with customers on developing advanced feed solutions and the start-up of production in Australia were some of the most important factors driving the improvement.

The LatAm division reported a slight revenue decline year on year in the second quarter, as the coronavirus situation disrupted shrimp exports from Ecuador to China during the quarter. This reduced demand and changed the product mix from high-yielding to more ordinary feed products. Exports to China have begun to normalise but may still pose a risk.

The EMEA division reported a relatively large year-on-year drop in revenue. The setback was mainly attributable to the coronavirus situation, which led to a sharp drop in demand from the HoReCa segment during the quarter, and to windstorm damage in Spain, which reduced the country's fish-farming capacity.

EBITDA increased from DKK 191 million in Q2 2019 to DKK 222 million in Q2 2020. Exchange rate developments had a negligible effect on Q2 EBITDA.

The 50%-owned feed businesses in Turkey and China, which are not consolidated, reported combined Q2 2020 revenue (100% basis) of DKK 161 million and EBITDA of DKK 13 million, compared to revenue of DKK 172 million and EBITDA of DKK 12 million in Q2 2019. Turkey accounted for most of the revenue decline, as the country experienced sales challenges similar to those seen in the rest of the EMEA division, whereas cost management and efficiency improvements offset the impact on the net profit. Operations in China were also affected by the coronavirus situation in the second quarter, so even though the new factory in Wuxi started up operations, reported revenue was level with the Q2 2019 figure, while EBITDA was slightly up.

The non-consolidated businesses also include the Chilean fish farming company Salmones Austral and three minor businesses, Letsea, ATC Patagonia and LCL Shipping. The non-consolidated companies are recognised in the Q2 2020 consolidated financial statements at a DKK 6 million share of loss after tax, compared with DKK 7 million share of profit in Q2 2019. The decline was mainly attributable to Salmones Austral due to significantly lower settlement prices for farmed salmon.

Working capital increased from DKK 1,249 million at 30 June 2019 to DKK 1,405 million at 30 June 2020. The increase in working capital was due in part to the higher revenue and shifts in customers and geographies resulting in extended credit periods and generally higher trade receivables due to the coronavirus situation. The use of supply chain financing increased from DKK 643 million at 30 June 2019 to DKK 860 million at 30 June 2020.

ROIC excluding goodwill improved from 18.6% at 31 March 2020 to 18.9% at 30 June 2020, as the stronger earnings offset the higher average invested capital.

Business review

Most parts of the world were affected by the coronavirus situation during the first quarter of 2020. BioMar has followed the official recommendations and implemented a number of comprehensive measures in order to protect the company's employees while also safeguarding its production which is an important component of the world's food supply.

Despite the exceptional circumstances, BioMar managed to maintain near-normal operations in

BioMar

the second quarter, while also successfully starting up production at the company's two new factories, in Australia and China, despite the travel restraints faced by technicians and specialist. In other words, the two new factories, located in Tasmania, Australia and in Wuxi, China, respectively, have now commenced commercial operations and, as part of BioMar's global production facilities, they play an important role in BioMar's presence in those two important aquaculture markets.

Early in the second quarter, BioMar concluded a declaration of intent with a leading player in Vietnam's shrimp farming industry, Viet-UC, intended to pave the way for BioMar becoming a co-owner and taking operational charge of a relatively new feed factory owned by Viet-UC. The new partnership is expected to produce substantial synergies and to strengthen BioMar's global position in the shrimp feed business.

Outlook

From a general perspective, demand for farmed shrimp and fish is progressing well in most markets. However, the current coronavirus situation has disrupted the usual sales channels for farmed shrimp and fish, leading to import/export restrictions and resulting in highly volatile supply, demand and pricing.

To date, the coronavirus situation has not impacted BioMar's operations to any significant extent, because once fish and shrimp are being farmed they will also need to be fed. In some markets, on the other hand, sales of the more advanced feed products may diminish and be replaced by more ordinary products, and the volumes of new fry releases, and by extension the future biomass, may be reduced.

Developments on the consumer side will be a key driver of market developments. Fish and shrimp is very much an out-of-home consumption product with a large proportion of sales usually going to restaurants and catering as well as to airlines and cruise ships. In recent months, the entire HoReCa segment has been severely battered by the coronavirus situation, and the loss of volume sales here has only been partly offset through the retail segment. The change in consumption pattern has, along with international uncertainty and national restrictions, led to lower settlement prices for fish and shrimp, which in turn could result in increasingly difficult financial conditions for BioMar's customers. As a result, BioMar has stepped up its usually very strong attention to trade receivables, but the company will also endeavour to support its customers as much as is possible and justifiable.

The full-year guidance assumes that the markets of Europe and China continue to move towards normalisation and that the current negative trend in the USA reverses in the third quarter. It is particularly essential that the extremely important exports of shrimp from Ecuador to China and of salmon from Chile to the USA can be retained. It is quite obvious that market developments are subject to above-normal uncertainty, both in terms of how quickly the world's core markets can return to normal as well as the extent of the risk of new massive coronavirus outbreaks, which can both trigger restrictions and affect BioMar's sales and risk profile.

Subject to the above assumptions, Biomar now expects to generate FY 2020 revenue of about DKK 11.5 billion instead of the original guidance of about DKK 12 billion. Reported EBITDA is now expected in the range of DKK 940–1,000 million (previous guidance: DKK 1,000–1,060 million), which is consistent with the indications provided in the Q1 2020 interim report.

Associates and joint ventures, which are recognised at a share of profit after tax, are now expected to contribute profit of approximately DKK 10 million in 2020 compared with the previous forecast of about DKK 60 million. The forecast reduction is mainly attributable to Salmones Austral that also in the remaining part of the year will be affected by lower prices of farmed salmon.

Fibertex Personal Care

Increase in volumes sold. Strong Q2 earnings supported by high capacity utilisation and by developments in prices of raw materials and foreign exchange rates. Full-year forecast upgraded once again.

Fibertex Personal Care	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue	548	506	1,084	1,095	2,183
EBITDA	124	72	225	171	352
EBIT	89	38	155	103	215

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.

Operations include direct printing on nonwoven textiles for the personal care industry. The company is the market leader in this field. Printing operations are based in Germany, Malaysia and the USA.

Financial performance

Fibertex Personal Care reported Q2 2020 revenue of DKK 548 million, up by 8% from DKK 506 million in Q2 2019. Main drivers of the improvement were volume sales, primarily from the factories in Malaysia, that more than offset the effects of lower prices of raw materials and the resulting lower selling prices.

The Q2 2020 EBITDA was DKK 124 million, compared with DKK 72 million in Q2 2019. The EBITDA improvement was based on higher sales resulting in high capacity utilisation and by favourable developments in prices of raw materials and foreign exchange rates, which contributed DKK 32 million more this year than last year.

Fibertex Personal Care	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue (DKKm)	548	506	1,084	1,095	2,183
- from Denmark	184	182	367	374	743
- from Malaysia	280	246	551	534	1,058
- printing activities	84	78	166	187	382

Fibertex Personal Care reduced its working capital from DKK 344 million at 30 June 2019 to DKK 283 million 30 June 2020. The main reason for the lower working capital was a drop in receivables and extended deadlines for paying in VAT and employee income taxes, etc.

The sharp improvement in earnings drove up ROIC excluding goodwill to 17.1% at 30 June 2020 from 13.5% at 31 March 2020.

Business review

Due to the coronavirus situation, the need for products to be used in the healthcare sector has virtually exploded. This has brought about growing demand for nonwovens to produce protective suits and face masks as well as single-use cloths with antibacterial and disinfecting properties. The entire nonwovens industry has been working round the clock to deliver such products. The manufacturers that were already supplying materials for these products have ramped up their capacity, while others have converted parts of their production to supply the healthcare industry. Fibertex Personal Care manufactures only limited volumes for the healthcare sector, but the conversions in the industry have driven up demand for the company's core products resulting in high capacity utilisation. Despite the challenges of the coronavirus, all production units were fully operational throughout the reporting period.

Demand in European markets is moving increasingly towards specialty products. Fibertex Personal Care sees the changing demand patterns as an opportunity to focus even more on innovation and specialty product patents and is increasingly working towards launching products featuring new functions and visual effects as well as softer and textile-like materials.

Fibertex Personal Care sells its products mainly to the baby diaper segment, but it is seeing a strong increase in product sales within the incontinence and sanitary towel segments, driven by demographic developments and generally more demanding users of sanitary products. The company is working hard to maximise the use of its technology platform, raw materials and techniques enabling the production of specialty products customised to meet new requirements.

Outlook

The growing demand for nonwovens for the healthcare sector has reduced the general surplus capacity for producing nonwovens for personal hygiene products. Accordingly, Fibertex Personal Care expects to maintain the high capacity utilisation rate for the remainder of 2020. On the other hand, the company does not expect any significant effect on earnings from developments in prices of raw materials and foreign exchange rates during the second half of 2020, such as was very much the case in the first half of the year.

Competition in the market is generally expected to recover once life normalises post coronavirus. To prepare for that, Fibertex Personal Care continues developing innovative solutions for diapers, sanitary towels and incontinence products, while also investing in new technology and developing services and specialty products that can maintain the company's competitive strength.

Fibertex Personal Care expects to generate full-year 2020 revenue of about DKK 2.1 billion, which is consistent with the guidance provided at the beginning of the year. As always, however, the company's revenue is subject to changes in prices of raw materials and in foreign exchange rates.

The full-year EBITDA may also still be affected by how prices of raw materials and foreign exchange rates develop during the rest of the year, but given the current outlook, the company now expects EBITDA of DKK 390–420 million. By comparison, in the Q1 interim report, the company indicated EBITDA in the range of DKK 320–360 million, after originally forecasting EBITDA in the DKK 280–310 million range.

Fibertex Nonwovens

Significantly improved earnings despite reduced volume sales. Increase in sales of healthcare-related products offsetting reduced sales to automotive and industrial segments. Earnings forecast upgraded.

Fibertex Nonwovens	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue	392	443	837	895	1,705
EBITDA	60	38	114	77	141
EBIT	34	14	63	28	33

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

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. fibre sheets produced on high-tech processing facilities with various purpose-specific post-processings. The products are used for a number of different industrial purposes. The company's core markets are in Europe and North and South America, while its secondary markets are in Africa and Asia.

Financial performance

Fibertex Nonwovens reported Q2 2020 revenue of DKK 392 million, a 12% decline from DKK 443 million in Q2 2019. The North American operations sustained the positive performance from 2019, whereas Europe was severely affected by the coronavirus situation. In particular, sales to the automotive sector plunged as large parts of the industry shut down at the end of March and only gradually began to reopen in mid-May.

On the earnings side, however, Fibertex Nonwovens reported its best second quarter ever thanks to strong sales of products for manufacturing disposable wipes and specialty products for the production of face masks, for instance. Reported EBITDA for Q2 2020 was DKK 60 million, up from DKK 38 million in Q2 2019. This stronger-than-expected improvement found support in lower prices of raw materials, adjustments made to the output capacity, cost cuts and the effects of a number of improvement initiatives.

Working capital fell from DKK 565 million at 30 June 2019 to DKK 491 million at 30 June 2020 due in part to lower inventories and trade receivables. ROIC excluding goodwill increased from 4.2% at 31 March 2020 to 5.6% at 30 June 2020, driven mainly by the earnings improvement and the drop in working capital.

Business review

After a good start to the year, Fibertex Nonwovens was affected by the coronavirus situation from the end of the first quarter. A particular impact was seen in sales to the automotive industry and sales for a number of industrial applications as well as in the production of consumer durables (the furniture and mattress industries). On the other hand, demand spiked for products for manufacturing wipes and specialty products, including nanoproducts, for the production of face masks, for instance.

Fibertex Nonwovens has quickly and successfully managed to realign its production capacity from automotive and industrial purposes to other products in strong demand, thereby increasing its capacity for manufacturing healthcare-related products. In addition, Fibertex Nonwovens is reaping the benefits of capacity expansion investments made in recent years at its factory sites in Turkey, France, the USA and Brazil.

So far, the company has managed to keep production running at all units despite the unusual circumstances.

In recent years, Fibertex Nonwovens has consolidated its position as a leading manufacturer of industrial nonwovens, strengthening its business base through a number of important strategic and structural initiatives. These have included geographic expansion in North America and capacity expansion at a number of factory sites.

In terms of development and innovation, the company has built a solid portfolio of new projects, including new products for the automotive, construction and composite industries for acoustic applications, filtration solutions and products used to manufacture wipes. Among the special initiatives that have been underway in Denmark for some time is nanotechnology, the focus of which is to develop and manufacture products for filtration and healthcare-related purposes.

Outlook

The coronavirus situation continues to affect operations in Europe, especially in France and the Czech Republic. However, the European automotive industry is expected gradually to increase volumes, although at a somewhat lower operational level than anticipated at the start of the year. In North America, Fibertex Nonwovens is feeling less of an impact from coronavirus, as healthcare-related products account for a larger proportion of sales, offsetting to a significant degree the sales lost to the automotive industry and the industrial segments.

Steps were taken within the various product areas in the second quarter to align production capacities to current needs in an attempt to compensate for the drop in sales. At the same time, developments in prices of the most frequently used types of raw materials have supported a sound balance between prices of raw materials and selling prices.

Based on the current outlook, Fibertex Nonwovens now expects to generate FY 2020 revenue of DKK 1.6–1.7 billion, as compared with the original forecast of approximately DKK 1,750 million. On the other hand, the company raises its EBITDA forecast to the range of DKK 205–225 million (previous guidance: DKK 165–185 million). Naturally, this guidance is subject to how the coronavirus situation unfolds going forward.

GPV

Revenue softened due to the coronavirus situation, but increasing demand from certain segments. EBITDA improved year on year, in part due to lower integration costs.

GPV	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue	676	714	1,355	1,432	2,856
EBITDA	62	42	108	88	196
EBIT	32	11	49	27	78

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

GPV is a leading European EMS (Electronics Manufacturing Services) company. The company is a high-mix/low-medium volume manufacturer in the B2B market. Core products are electronics, mechanics, cable harnessing, mechatronics (combination of electronics, mechanics and software) and associated services.

The company's customers are primarily major international businesses typically headquartered in Europe or North America, and GPV supplies its customers' international units in more than fifty countries. GPV has a strong production platform and operates production facilities in Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka, China and Mexico.

Financial performance

As expected, GPV was impacted by the coronavirus situation during the second quarter of 2020. Sales plunged in some markets, but growing demand in certain segments has partially offset the general downturn. GPV reported Q2 2020 revenue of DKK 676 million, a 5% decline from DKK 714 million in Q2 2019.

On the other hand, EBITDA rose to DKK 62 million in the quarter from DKK 42 million in Q2 2019. The improvement was partly based on the fact that this year the company did not have the inventory adjustment and integration costs of about DKK 10 million it recognised in Q2 2019 following the acquisition of Swiss EMS company CCS.

Working capital fell from DKK 843 million at 30 June 2019 to DKK 792 million at 30 June 2020. The improvement was mainly driven by reduced inventories and increased supplier credits.

ROIC excluding goodwill improved to 7.4% at 30 June 2020 from 6.1% at 31 March 2020.

Business review

GPV has been affected by the coronavirus situation in 2020. A few of the company's factory sites were closed fully or in part in compliance with government-imposed restrictions, but overall, GPV has generally been able to maintain its usual level of service. For the same reasons, a number of the company's customers have had to shut down one or more factories temporarily, and obviously this has impacted sales. Demand from other customers during the quarter was generally at normal levels.

Meeting customer requirements for high quality standards and reliability of supply is a top priority for GPV. To ensure adequate flexibility, the company has an ongoing investment programme to step up automation and efficiency. This includes constant attention to digitising business processes, and GPV has decided to implement a new manufacturing execution system (MES) across factory sites. The project will be launched in 2020 and is expected to run over several years.

Based on its acquisitions and capacity investments made in recent years, GPV has evolved into a leading European EMS business headquartered in Denmark and with production facilities at key locations in Asia, Europe and the Americas. By acquiring Swiss EMS company CCS in the beginning of 2019, GPV grew its market coverage and expanded its service offering to include product and software development as well as cable harnessing. The increased market strength has drawn the attention of both current and new customers, and GPV stands well prepared to grow the combined operation over the coming years.

Outlook

GPV's management expects the market will continue to be severely impacted by the coronavirus situation for the remainder of 2020. The situation is very likely to have a negative impact on GPV's business activity in the second half of 2020 and perhaps into 2021 as well. The actual impact on GPV's business activity will depend very much on how severely Europe and North America will be affected going forward and on how severely the global economy will be impacted by the situation in the longer term.

On the positive side, GPV has several customers in certain segments such as MedTech and Semiconductors, which are experiencing growing demand for the products and services provided by GPV. In addition, GPV has a strong pipeline with an ongoing inflow of new contracts and new customers that are expected to contribute considerably to business activity. Considering the time frame usually required for integrating such new activities, the process is not expected to offset the negative impact of the coronavirus situation in the short term.

GPV currently expects to generate FY 2020 revenue of about DKK 2.7 billion as compared with the original forecast of approximately DKK 2.8 billion. Reported EBITDA is expected in the range of DKK 200–230 million (previous guidance: DKK 210–240 million). Naturally, this guidance is subject to how the coronavirus situation unfolds going forward.

HydraSpecma

Good business activity continues for wind turbine segment and other stationary equipment. Demand for products for the vehicles segment has begun to stabilise, albeit at a much lower level than seen in 2019.

HydraSpecma	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue	458	565	991	1,120	2,123
EBITDA	46	64	103	125	215
EBIT	25	45	61	86	136

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. HydraSpecma also serves customers from its own businesses in Poland, the UK, China, India, Brazil and the USA.

Financial performance

As expected, HydraSpecma was impacted by the coronavirus situation during the second quarter of 2020. While sales of solutions for wind turbines and other stationary equipment fell only slightly due to postponed orders, business activity in the vehicles segments fell sharply due to slumping demand and periods when major global customers shut down their production. HydraSpecma reported Q2 2020 revenue of DKK 458 million, a 19% decline from DKK 565 million in Q2 2019.

The drop in business activity reduced reported Q2 EBITDA to DKK 46 million from DKK 64 million in the year-earlier period, which amount also included a DKK 6 million gain from the sale of property in Finland.

Working capital fell from DKK 715 million at 30 June 2019 to DKK 632 million at 30 June 2020. The decline was due both to ongoing efforts to reduce working capital and to reduced business activity. Working capital was still affected by the increased value of goods in transit to overseas markets, resulting from strong business activity in these markets as well as other procurement of goods for a planned increase in business activity.

ROIC excluding goodwill fell from 13.1% at 31 March 2020 to 11.6% at 30 June 2020, due to the lower earnings.

Business review

HydraSpecma steadily adapted to the lower level of activity during the second quarter of 2020, including by making use of country-specific relief packages on wage compensation to employees, primarily in Sweden. HydraSpecma's units in India and Brazil were subject to government-imposed lockdowns during parts of the reporting period, while its other units were generally able to maintain their usual levels of service.

HydraSpecma is working to optimise its production lead times in order to remain agile and to enhance efficiency in both large and small series production runs and to optimise logistics both in-house and externally.

In Denmark, HydraSpecma's most recent warehouse expansion is now in use. This extra space of 1,100 m^2 will improve HydraSpecma's in-house logistics and help the company accommodate demand for products for wind turbines and other stationary equipment. The company is also expanding its production capacity in China in order to support its growth strategy for the wind turbine segment of that region.

In Sweden, construction has begun on the new logistics and production facilities in the Gothenburg area, which will help the company optimise its current production and ensure sufficient capacity for future growth. The new unit is expected to start operations by the end of the second quarter of 2021.

Over the past few years, HydraSpecma has worked specifically to expand its product assortment and grow its expertise in electrified solutions that not only operates independently but can also be combined with hydraulic components for hybrid solutions. The purpose of these efforts is to accommodate growing demand in the market for electrification.

Outlook

HydraSpecma expects to maintain a strong level of sales in the second half of 2020 to customers in the wind turbine segment and for other stationary equipment. Sales to customers in the vehicles segment has stabilised in recent weeks, albeit at a much lower level than previously and only with prospects of a slow recovery. Market activity in the upcoming period is subject to a lot of uncertainty, particularly in the vehicles segment. Market conditions are constantly changing, making the already highly competitive global market even more intense.

HydraSpecma has implemented a number of necessary initiatives in order to help the companies align to the expected market situation. In the short term, this will require additional investment and costs to ensure that HydraSpecma remains agile and retains its competitive strength and high level of service. In addition, the company has allocated resources to identify opportunities that tend to present themselves in a turbulent market.

Based on the current outlook, HydraSpecma maintains the full-year revenue guidance provided in the Q1 interim report for revenue of about DKK 1.8 billion, as compared with the previous forecast of about DKK 2.0 billion. Reported EBITDA is now expected in the range of DKK 160–180 million (previous guidance: DKK 200–220 million). Naturally, this guidance is subject to how the coronavirus situation unfolds going forward.

Borg Automotive

Weak activity in key markets reducing revenue and earnings. Full-year forecasts lowered due to the coronavirus situation.

Borg Automotive	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue	173	232	405	461	918
EBITDA	11	21	35	53	110
EBIT	-1	9	11	30	62

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

Europe's largest independent remanufacturing company Borg Automotive produces, sells and distributes remanufactured automotive parts to the European market, and is part of the circular economy.

Borg Automotive sells its products under three different brands: the international brand Lucas and the company's two proprietary brands, Elstock and DRI. The company's main products are starters, alternators, brake callipers, air-condition compressors, EGR valves, steering racks and pumps. The company's business model is supported by a sales deposit system that encourages customers to return defective spare parts as they are replaced, so they can be used as cores for remanufacturing purposes. Headquartered in Silkeborg, Denmark, Borg Automotive operates production facilities in Poland and the UK and has a sales subsidiary in Belgium.

Financial performance

As expected, Borg Automotive was severely impacted by the coronavirus situation in the second quarter of 2020. Particularly in April and May, the company experienced strongly reduced business activity and demand in a number of important European markets. The reported Q2 2020 revenue was DKK 173 million, a 25% decline from DKK 232 million in Q2 2019.

The drop in revenue meant that reported EBITDA fell from DKK 21 million in Q2 2019 to DKK 11 million in Q2 2020. The EBITDA amount includes DKK 7 million in wage compensation received for employees in Denmark, Poland and the UK in addition to DKK 3 million recognised as non-recurring redundancy costs.

Working capital fell to DKK 86 million at 30 June 2020 from the unusually high amount of DKK 218 million at 30 June 2019. Working capital was lower due to reduced component and finished goods inventories as well as lower trade receivables. Extended deadlines for paying in VAT and employee income taxes, etc. also had a positive effect.

ROIC excluding goodwill fell from 13.8% at 31 March 2020 to 13.1% at 30 June 2020.

Business review

Borg Automotive has been severely impacted by the coronavirus situation since mid-March of 2020. In April and May, especially, a number of important European markets experienced reduced traffic intensity and lower activity. Due to the severe drop in demand, Borg Automotive's UK factory was closed during much of April and May, while the factories in Poland operated at reduced working hours in May and June.

As Borg Automotive's customer base remained largely intact during the period, the revenue decline was predominantly due to the lower activity at end-user level. Several customers in the major markets are now seeing early signs of stabilisation, albeit still at a low level. Considering the type of products Borg Automotive sells, sales are extremely reliant on end-user activity. In other words, the company has a limited ability to steer developments in the short term, while winning market share and expanding the product portfolio can obviously help to influence the longer-term performance.

Outlook

The considerable customer consolidation seen in recent years in the market Borg Automotive serves has obviously caused changes to prevailing trading patterns, but it also provides added revenue opportunities for large, well-established players like Borg Automotive. Borg Automotive has a broad product portfolio and a strong pipeline that will support positive sales developments to the independent aftermarket and to the OE segment.

Borg Automotive originally forecast FY 2020 revenue of about DKK 975 million and EBITDA in the range of DKK 110–120 million, but as early as in the Q1 interim report the company anticipated a significant drop in both revenue and earnings due to the coronavirus situation. Based on the current outlook, Borg Automotive now expects to generate FY 2020 revenue of about DKK 850 million and EBITDA in the range of DKK 75–85 million. Naturally, this guidance is subject to how the coronavirus situation unfolds going forward.

Interim financial statements

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Statements of income and comprehensive income

Note	Income statement	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
1	Revenue	4,938	4,969	9,740	9,645	20,946
	Cost of sales	-4,110	-4,189	-8,140	-8,120	-17,576
	Gross profit	828	781	1,600	1,525	3,370
	Other operating income	9	14	13	22	37
	Distribution costs	-327	-334	-658	-652	-1,335
2	Administrative expenses	-196	-236	-405	-467	-918
	Other operating expenses	-5	-1	-13	-2	-5
	EBIT	309	224	537	426	1,149
	Profit after tax in associates	-10	5	1	20	49
	Profit after tax in joint ventures	4	3	8	2	1
	Gains on divestments	2	29	2	29	29
	Financial income	8	7	35	22	84
	Financial expenses	-41	-49	-99	-67	-164
	Profit before tax	272	218	484	432	1,149
	Tax on profit for the period	-69	-44	-122	-91	-243
	Profit for the period	203	175	362	341	906
	Shareholders of Schouw & Co.	203	175	365	342	911
	Non-controlling interests	0	-1	-3	-1	-5
	Profit for the period	203	175	362	341	906
6	Earnings per share (DKK)	8.49	7.37	15.25	14.42	38.27
6	Diluted earnings per share (DKK)	8.49	7.36	15.25	14.40	38.27

Note	Statement of comprehensive income	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
	Items that cannot be reclassified to the income statement:					
	Actuarial gains/losses on defined benefit pension liabilities	0	0	0	0	3
	Items that can be reclassified to the income statement:					
	Foreign exchange adjustments of foreign units, etc.	-33	-67	-203	66	163
	Value adjustment of hedging instruments	17	-8	10	-7	0
	Hedging instruments transferred to cost of sales	0	0	-2	-1	2
	Hedging instruments transferred to financials	-1	1	-1	2	4
	Other comprehensive income from associates and JVs	0	0	0	0	9
	Other adjustments to other comprehensive income	-1	-1	0	0	0
	Tax on other comprehensive income	-3	2	-2	2	-1
	Other comprehensive income after tax	-22	-73	-197	62	180
	Profit for the period	203	175	362	341	906
	Total recognised comprehensive income	182	101	165	403	1,086
	Attributable to					
	Shareholders of Schouw & Co.	182	102	167	404	1,091
	Non-controlling interests	0	-1	-3	-1	-5
	Total recognised comprehensive income	182	101	165	403	1,086

Amounts in DKK million

Balance sheet · Assets and liabilities

Note	Total assets	30/6 2020	31/12 2019	30/6 2019	31/12 2018
	Intangible assets	3,510	3,568	3,565	3,594
	Property, plant and equipment	4,758	4,956	4,732	4,317
	Lease assets	740	827	850	0
	Equity investments in associates	423	427	390	377
	Equity investments in joint ventures	138	136	138	137
	Securities	79	79	76	75
	Deferred tax	127	122	116	66
	Receivables	84	107	140	108
	Total non-current assets	9,859	10,222	10,007	8,674
	Inventories	3,807	3,868	4,019	3,683
3	Receivables	4,112	4,112	4,119	3,903
	Income tax receivable	25	37	60	94
	Cash and cash equivalents	615	538	588	585
	Total current assets	8,560	8,554	8,787	8,266
	Total assets	18,419	18,777	18,794	16,940

Note	Liabilities and equity	30/6 2020	31/12 2019	30/6 2019	31/12 2018
6	Share capital	255	255	255	255
	Hedge transaction reserve	3	-3	-12	-8
	Exchange adjustment reserve	47	251	146	79
	Retained earnings	9,045	8,658	8,392	7,994
	Proposed dividend	0	357	0	332
	Equity attributable to parent company shareholders	9,350	9,519	8,781	8,652
	Non-controlling interests	0	2	6	7
	Total equity	9,350	9,521	8,787	8,659
	Deferred tax	406	409	428	397
	Liability regarding put option	0	0	341	321
	Other payables	316	306	269	275
	Interest-bearing debt	1,761	2,976	3,565	1,749
	Non-current liabilities	2,483	3,691	4,603	2,742
	Interest-bearing debt	1,943	909	1,124	1,309
	Trade payables and other payables	4,148	4,173	4,156	4,089
	Liability regarding put option	388	369	0	0
	Corporate income tax	108	114	124	140
	Current liabilities	6,586	5,565	5,404	5,538
	Total liabilities	9,069	9,256	10,007	8,281
	Total equity and liabilities	18,419	18,777	18,794	16,940

Notes without reference 5 and 7-9.

Cash flow statement

Note		Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
	Profit before tax	272	218	484	432	1,149
	Adjustment for operating items of a non-cash nature, etc.					
	Depreciation and impairment losses	208	196	413	395	802
	Other non-cash operating items, net	-7	-34	-10	-56	-1
	Provisions	1	1	3	6	33
	Share of profit after tax in associates and JVs	6	-7	-8	-22	-50
	Financial income	-8	-7	-35	-22	-84
	Financial expenses	41	49	99	67	164
	Cash flows from operations before changes in working capital	512	415	945	800	2,012
	Changes in working capital	176	-209	11	-424	-228
	Cash flows from operations	688	207	957	376	1,784
	Interest received	3	2	6	9	16
	Interest paid	-39	-36	-66	-59	-116
	Cash flows from ordinary activities	652	173	897	326	1,684
	Income tax paid	-45	-46	-108	-98	-274
	Cash flows from operating activities	607	128	789	228	1,410
	Purchase of intangible assets	-6	-4	-11	-13	-30
	Purchase of property, plant and equipment	-79	-183	-213	-367	-774
	Sale of property, plant and equipment	1	9	3	9	12
4	Acquisitions	0	-107	0	-241	-259
	Acquisition of non-controlling interests	0	0	0	0	-1
	Acquisition of/capital contribution to associates and JVs	0	0	0	-1	-3
	Dividends received from associates	0	11	0	11	11
	Additions/disposals of other financial assets	5	-41	8	-39	1
	Cash flows from investing activities	-79	-316	-213	-641	-1,043

Note		Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
	Loan financing:					
	Repayment of non-current liabilities	-135	-54	-242	-108	-363
	Proceeds from non-current liabilities incurred	72	1,016	74	1,016	1,020
	Increase of bank overdrafts	-89	-469	6	-224	-881
	Cash flows from debt financing	-152	493	-162	684	-224
	Shareholders:					
	Dividends paid	-336	-309	-336	-309	-309
	Purchase/sale of treasury shares, net	0	26	9	43	112
	Cash flows from financing activities	-488	210	-488	418	-421
	Cash flows for the period	40	21	87	5	-54
	Cash and cash equivalents at beginning of period	578	574	538	585	585
	Value adjustment of cash and cash equivalents	-3	-7	-10	-2	8
	Cash and cash equivalents at end of period	615	588	615	588	538

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 2019	255	-8	79	7,994	332	8,652	7	8,659
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries		0	66	0	0	66	0	66
Value adjustment of hedging instruments		-7	0	0	0	-7	0	-7
Hedging instruments transferred to cost of sales		-1	0	0	0	-1	0	-1
Hedging instruments transferred to financials		2	0	0	0	2	0	2
Other comprehensive income from associates and joint ventures		0	0	0	0	0	0	0
Other adjustments to other comprehensive income		0	0	0	0	0	0	0
Tax on other comprehensive income		1	0	0	0	2	0	2
Profit for the period		0	0	342	0	342	-1	341
Total recognised comprehensive income		-4	66	342	0	404	-1	403
Transactions with owners:								
Share-based payment		0	0	11	0	11	0	11
Distributed dividends		0	0	22	-332	-309	0	-309
Value adjustment of put option		0	0	-19	0	-19	0	-19
Treasury shares bought/sold		0	0	43	0	43	0	43
Total transactions with owners during the period		0	0	56	-332	-276	0	-275
Equity at 30 June 2019	255	-12	146	8,392	0	8,781	6	8,787
Equity at 1 January 2020	255	-3	251	8,658	357	9,519	2	9,521
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries		0	-204	0	0	-204	1	-203
Value adjustment of hedging instruments		10	0	0	0	10	0	10
Hedging instruments transferred to cost of sales		-2	0	0	0	-2	0	-2
Hedging instruments transferred to financials		-1	0	0	0	-1	0	-1
Other comprehensive income from associates and joint ventures		0	0		0	0	0	0
Other adjustments to other comprehensive income		0	0	0	0	0	0	0
Tax on other comprehensive income		-2	0	0	0	-2	0	-2
Profit for the period		0	0	365	0	365	-3	362
Total recognised comprehensive income		6	-204	366	0	167	-3	165
Transactions with owners:								
Share-based payment		0	0	10	0	10	0	10
Distributed dividends		0	0	21	-357	-336	0	-336
Value adjustment of put option		0	0	-19	0	-19	0	-19
Treasury shares bought/sold		0	0	9	0	9	0	9
Total transactions with owners during the period		0	0	21	-357	-336	0	-336
Equity at 30 June 2020	255	3	47	9,045	0	9,350	0	9,350

Amounts in DKK million

Notes to the financial statements

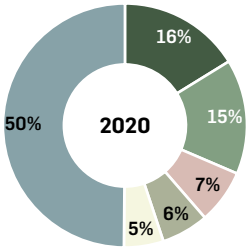
1
Segment reporting

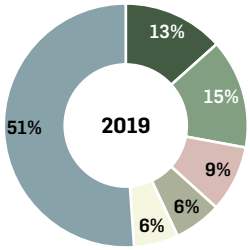
Reporting segments YTD 2020	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	5,076	1,075	837	1,355	991	405	9,739	1	0	0	9,740
Intra-group revenue	0	9	0	0	0	0	9	0	5	-14	0
Segment revenue	5,076	1,084	837	1,355	991	405	9,748	1	5	-14	9,740
EBITDA	380	225	114	108	103	35	966	1	-16	0	951
Depreciation and impairment losses	166	70	51	59	43	24	413	0	0	0	413
EBIT	214	155	63	49	61	11	554	0	-17	0	537
Share of profit in associates and JVs	8	0	0	0	0	0	8	0	0	0	8
Tax on profit for the period	-53	-35	-11	-8	-9	-2	-119	0	-3	0	-122
Profit for the period	140	116	31	26	31	4	349	0	13	0	362
Segment assets:	8,990	2,067	1,968	2,550	1,688	1,475	18,737	11	10,726	-11,055	18,419
Of which goodwill	1,398	99	119	177	139	516	2,448	0	0	0	2,448
Equity investments in associates and JVs	554	0	0	0	8	0	562	0	0	0	562
Segment liabilities	5,962	964	1,306	1,675	1,158	451	11,516	6	2,401	-4,855	9,069
Working capital	1,405	283	491	792	632	86	3,689	0	-8	0	3,681
Net interest-bearing debt	2,284	425	936	786	687	-15	5,104	4	-2,063	0	3,046
Cash flows from operating activities	163	249	94	52	114	82	754	1	26	8	789
Capital expenditure	98	13	51	19	39	5	224	0	0	0	224
Average no. of employees	1,361	740	999	3,622	1,181	1,501	9,404	0	14	0	9,419

Based on management control and financial management, Schouw & Co. has identified six reporting segments, which are BioMar, Fibertex Personal Care, Fibertex Nonwovens, GPV, HydraSpecma and Borg Automotive. All inter-segment transactions were made on an arm's length basis.

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 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 revenue derives from the 'Other' category.

Revenue by country:





	YTD 2020	YTD 2019
Chile	1,579	1,290
Norway	1,484	1,401
Denmark	700	849
UK	610	607
Germany	510	569
Other	4,857	4,928
Total	9,740	9,645

Notes to the financial statements

1

Segment reporting (continued)

Reporting segments YTD 2019	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	4,651	1,085	895	1,432	1,120	461	9,644	1	0	0	9,645
Intra-group revenue	0	10	0	0	0	0	10	0	5	-16	0
Segment revenue	4,651	1,095	895	1,432	1,120	461	9,655	1	5	-16	9,645
EBITDA	322	171	77	88	125	53	837	1	-17	0	821
Depreciation and impairment losses	154	68	50	61	38	24	395	0	0	0	395
EBIT	168	103	28	27	86	30	442	0	-17	0	426
Share of profit in associates and JVs	22	0	0	0	0	0	22	0	0	0	22
Tax on profit for the period	-40	-22	-3	-3	-15	-6	-88	0	-3	0	-91
Profit for the period	151	73	10	12	63	24	332	0	9	0	341
Segment assets:	8,803	2,288	1,999	2,497	1,749	1,640	18,976	12	10,889	-11,083	18,794
Of which goodwill	1,385	99	121	170	139	516	2,429	0	0	0	2,429
Equity investments in associates and JVs	523	0	0	0	5	0	528	0	0	0	528
Segment liabilities	5,941	1,244	1,314	1,703	1,253	564	12,019	7	3,135	-5,154	10,007
Working capital	1,249	344	565	843	715	218	3,934	0	4	0	3,938
Net interest-bearing debt	2,298	682	1,012	962	786	80	5,820	5	-1,764	0	4,061
Cash flows from operating activities	-149	264	1	48	43	-12	194	1	26	8	228
Capital expenditure	427	36	162	55	33	14	727	0	0	0	727
Average no. of employees	1,214	740	1,027	3,864	1,215	1,657	9,715	0	14	0	9,729

Notes to the financial statements

2
Costs

Share-based payment: Share option programme

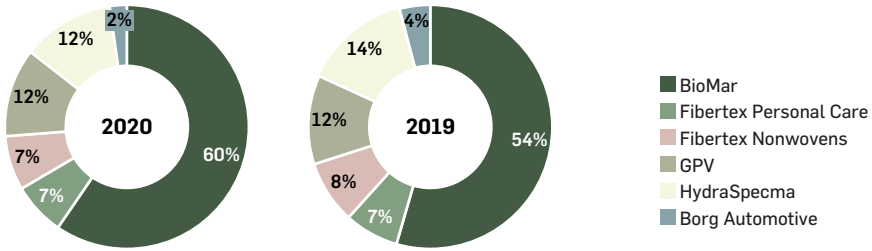
The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest from the date of grant until the date of exercise. The 2020 grant is described in greater detail in company announcement no. 2/2020 of 13 March 2020, but the number of options has subsequently been increased by 10,000.

Outstanding options	Executive management	Other	Total
Total outstanding options at 31 December 2019	157,000	805,333	962,333
Lapsed in H1 2020	0	-23,999	-23,999
Exercised in 2020	0	-20,000	-20,000
Granted in 2020	60,000	310,000	370,000
Total outstanding options at 30 June 2020	217,000	1,071,334	1,288,334

3
Receivables (current)

	30/6 2020	**30/6 2019**
Trade receivables	3,803	3,824
Other current receivables	243	225
Prepayments	66	70
Total current receivables	4,112	4,119

Trade receivables by portfolio company:



30/6 2020	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,173	394	143	241	3,951
Impairment losses on trade receivables	-42	-7	-8	-91	-148
Trade receivables, net	3,131	387	135	150	3,803
Proportion of total receivables expected to be settled					96.2%
Impairment rate	1.3%	1.8%	5.8%	37.7%	3.8%

30/6 2019	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,256	334	140	246	3,976
Impairment losses on trade receivables	-23	-4	-6	-119	-152
Trade receivables, net	3,233	330	134	127	3,824
Proportion of total receivables expected to be settled					96.2%
Impairment rate	0.7%	1.2%	4.5%	48.3%	3.8%

	30/6 2020	**30/6 2019**
Impairment losses on trade receivables		
Impairment losses at 1 January	-171	-144
Foreign exchange adjustments	3	-1
Additions on company acquisitions	0	0
Impairment losses for the period	-6	-8
Realised loss	26	1
Impairment losses, end of period	-148	-152

Notes to the financial statements

4
Acquisitions

	YTD 2020	YTD 2019
Property, plant and equipment	0	325
Inventories	0	62
Receivables	0	332
Tax asset	0	16
Cash and cash equivalents	0	12
Credit institutions	0	-66
Trade payables	0	-325
Other payables	0	-6
Deferred tax	0	-33
Net assets acquired	0	316
Fair value of original ownership interest	0	-91
Goodwill	0	22
Acquisition cost	0	247
of which cash and cash equivalents	0	-6
Total cash acquisition costs	0	241

Schouw & Co. has made no company acquisitions in 2020.

In 2019, Fibertex Nonwovens acquired a company based in South Carolina, USA, and BioMar acquired the outstanding 50% of the shares in the fish feed factory Alitec Pargua S.A. in Chile.

5
Capital resources

It is group policy when raising loans to maximise flexibility by diversifying borrowings in respect of maturity, renegotiation dates and counterparties, with due consideration to costs. The objective is to maintain sufficient capital resources for investing and to continue to run business operations and respond adequately to unforeseen fluctuations in cash holdings. The Group's capital resources consist of undrawn credit facilities and cash. In April 2020, the Group established new committed facilities of DKK 1 billion running for 12 months with an optional extension of a further 12 months.

Facility	Limit	Current debt	Amount available	Commitment	Avg. term to maturity
Revolving credit facility, club deal	2,100	963	1,137	Committed	11 mths
Stand-by facility	1,000	0	1,000	Committed	9 mths (+1 year)
Other credit facilities	886	665	221	Uncommitted	
Schuldschein	1,014	1,014	0	Committed	4 years 1 mths
Mortgages	174	174	0	Committed	4 years 8 mths
Other long-term debt	134	134	0	Uncommitted	1 years 7 mths
Leases	755	755	0	Committed	
Cash and cash equivalents			615		
30 June 2020	6,063	3,705	2,973		

The Group has total committed facilities of DKK 6,063 million, of which committed facilities account for DKK 5,043 million, which is equal to 166% of Schouw & Co.'s net interest-bearing debt at 30 June 2020.

Notes to the financial statements

6

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
Treasury shares held at 1 January 2019	1,806,997	18,069,970	504	7.09%
Share option programme	-104,167	-1,041,670	-13	-0.41%
Treasury shares held at 30 June 2019	1,702,830	17,028,300	491	6.68%
Share option programme	-158,550	-1,585,500	-22	-0.62%
Treasury shares held at 31 Dec. 2019	1,544,280	15,442,800	469	6.06%
Share option programme	-20,000	-200,000	-3	-0.08%
Treasury shares held at 30 June 2020	1,524,280	15,242,800	466	5.98%

A total of 20,000 shares held in treasury were used in connection with options exercised in 2020. The shares had an aggregate fair value of DKK 10 million at the date of exercise.

The Group's holding of treasury shares had a market value of DKK 805 million at 30 June 2020. The portfolio of treasury shares is recognised at DKK 0.

	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Share of the profit for the year attributable to shareholders of Schouw & Co	203	175	365	342
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,524,280	-1,712,061	-1,531,423	-1,755,394
Average number of outstanding shares	23,975,720	23,787,939	23,968,577	23,744,606
Average dilutive effect of outstanding share options *	0	15,040	0	19,810
Diluted average number of outstanding shares	23,975,720	23,802,979	23,968,577	23,764,416
Earnings per share of DKK 10	8.49	7.37	15.25	14.42
Diluted earnings per share of DKK 10	8.49	7.36	15.25	14.40

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

7

Fair value of categories of financial assets and liabilities

	30/6 2020	31/12 2019	30/6 2019
Financial assets			
Securities (1)	0	2	1
Other securities and investments (2)	77	76	74
Derivative financial instruments (2)	16	14	3
Other securities and investments (3)	2	1	2
Financial liabilities			
Derivative financial instruments (2)	13	26	26

The Group sold its holding of equities measured at the official market value (level 1) in the first quarter of 2020. Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1 million at the beginning of the year and DKK 2 million at the end of the second quarter.

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. Other securities and investments forming part of a trading portfolio (level 2) includes the shareholding in Incuba A/S.

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 interest rates and exchange rates. In addition, fair values are based on non-observable market data, including exchange rate volatilities, or correlations between yield curves 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.

Notes to the financial statements

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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 2020	YTD 2019
Joint ventures:		
During the reporting period, the Group sold goods in the amount of	12	12
At 30 June, the Group had a receivable of	33	20
At 30 June, the Group had debt in the amount of	1	1
Associates:		
During the reporting period, the Group sold goods in the amount of	139	98
During the reporting period, the Group bought goods in the amount of	16	42
At 30 June, the Group had a receivable of	120	85
At 30 June, the Group had debt in the amount of	12	97
During the reporting period, the Group received dividends in the amount of	0	11

During 2020, the Group has traded with BioMar-Sagun, BioMar-Tongwei, LetSea, Salmones Austral, ATC Patagonia, LCL Shipping, Young Tech Co. and Micron Specma India.

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. (5.98%).

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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.