schouw+co

This is a translation of Schouw & Co.'s Interim Report for the three months ended 31 March 2019. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

Highlights

- Off to a strong start to the year – especially BioMar, Fibertex Personal Care and HydraSpecma
- Revenue up by 21% to DKK 4,676 million, driven by acquisitions and organic growth
- EBITDA up by 28% to DKK 401 million (by 12% when excluding the effects of IFRS 16)
- Acquisitions in South Carolina (Fibertex Nonwovens) and Chile (BioMar)
- Schouw & Co. maintains its full-year revenue and EBITDA guidance

2019
Interim report – First quarter

Company announcement No. 6/2019
9 May 2019 – 25 pages

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

Generating revenue of more than DKK 4.5 billion and EBITDA of more than DKK 400 million, Schouw & Co. is off to the best start to the year ever in Q1 2019. Our growth and strong financial results were driven both by the effects of acquisitions and investments and by our portfolio companies focusing more on optimising their operations and successfully taking advantage of opportunities and pursuing profitable organic growth.

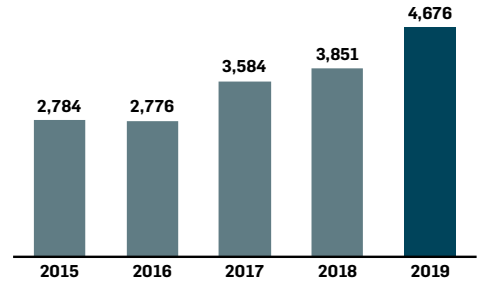
Most of our businesses continue to operate in highly competitive markets, but through focused margin management efforts, adjusting their cost base and strategic future-proofing, our businesses have built strong positions in their respective markets. We're off to a good start to 2019 and maintain our full-year revenue and earnings guidance.

Financial highlights and key ratios

GROUP SUMMARY (DKKm)	YTD 2019	YTD 2018	FY 2018
REVENUE AND INCOME			
Revenue	4,676	3,851	18,253
Operating profit before depreciation (EBITDA)	401	314	1,579
Depreciation and impairment losses	200	131	532
EBIT	202	183	1,047
Profit/loss after tax in associates and joint ventures	15	2	70
Gains on divestments	0	0	9
Net financials	-4	-13	-40
Profit before tax	213	172	1,086
Profit for the period	167	118	796
Cash flows			
Cash flow from operating activities	100	2	837
Cash flow from investing activities	-325	-217	-1,360
Of which investment in property, plant and equipment	-184	-135	-685
Cash flows from financing activities	208	250	623
Invested capital and financing			
Invested capital (ex. goodwill)	10,192	7,665	8,831
Total assets	18,409	14,589	16,940
Working capital	3,725	2,800	3,441
Net interest-bearing debt (NIBD)	3,520	1,477	2,425
Share of equity attributable to shareholders of Schouw & Co.	8,961	8,392	8,652
Non-controlling interests	7	14	7
Total equity	8,967	8,406	8,659
Financial data			
EBITDA margin (%)	8.6	8.1	8.7
EBIT margin (%)	4.3	4.8	5.7
EBT margin (%)	4.6	4.5	6.0
Return on equity (%)	9.8	10.7	9.4
Equity ratio (%)	48.7	57.6	51.1
ROIC excluding goodwill (%)	13.7	16.7	14.5
ROIC including goodwill (%)	10.8	13.0	11.3
NIBD/EBITDA ratio	2.1	0.9	1.5
Average no. of employees	9,749	7,025	7,174
Per share data			
Earnings per share (of DKK 10)	7.05	4.94	33.43
Diluted earnings per share (of DKK 10)	7.04	4.91	33.35
Net asset value per share (of DKK 10)	377.59	349.42	365.17
Share price, end of period (per share DKK 10)	494.80	597.50	485.60
Price/Net asset value	1.31	1.71	1.33
Market capitalisation at year end	11,742	14,350	11,505

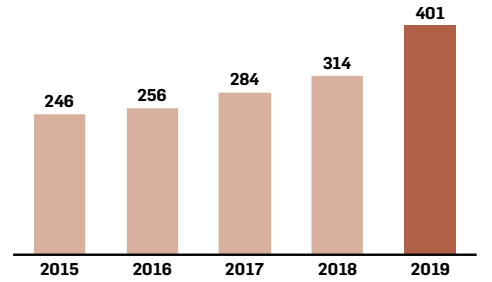
Revenue, first quarter

(DKKm)



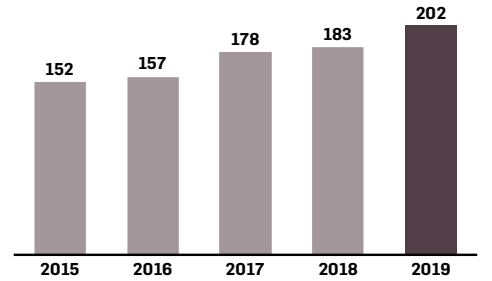
EBITDA, first quarter

(DKKm)



EBIT, first quarter

(DKKm)



Interim report – First quarter of 2019

A good first quarter with revenue and EBITDA improvements driven mainly by acquisitions and higher volume sales.

Financial performance

(DKKm)	YTD 2019	YTD 2018	Change	
Revenue	4,676	3,851	825	21%
EBITDA	401	314	88	28%
EBIT	202	183	19	10%
Associates and JVs	15	2	13	674%
Profit before tax	213	172	42	24%
Cash flow from operating activities	100	2	99	-
Net interest-bearing debt	3,520	1,477	2,042	138%
Working capital	3,725	2,800	926	33%
ROIC excluding goodwill	13.7%	16.7%	-3.0pp	
ROIC including goodwill	10.8%	13.0%	-2.1pp	

Overall, the companies of the Schouw & Co. Group had a good first quarter of 2019, achieving revenue and EBITDA improvements as expected. BioMar, Fibertex Personal Care and HydraSpecma have all had a very good start to the year, and GPV reported a significant effect from the acquisition of Swiss-based EMS company CCS in the final days of 2018.

Consolidated revenue improved by 21% to DKK 4,676 million in Q1 2019 from DKK 3,851 million in Q1 2018. The largest single contributions to the increase was GPV's acquisition of CCS along with organic growth in BioMar, but all the other portfolio businesses with the exception of Borg Automotive also contributed.

This Q1 2019 interim report reflects the effects of IFRS 16, the new accounting standard for recognising lease obligations, which Schouw & Co. was required to implement effective from 1 January 2019. Under the new accounting standard, the right of use of leased assets must be recognised as an asset in the balance sheet, while the corresponding lease liability must be recognised as an increase of the interest-bearing debt. In the income statement, the lease payment is broken down into a depreciation component and an interest component. As a result, the operating profit before depreciation (EBITDA) will improve by the amount of the lease payment, while depreciation charges will increase by the amount of the estimated depreciation component and financial expenses will increase by the estimated interest component.

For the Schouw & Co. Group, this will mainly have an effect on BioMar, as the company has long-term vessel charter agreements, and on GPV, HydraSpecma and Borg Automotive, which all to some extent operate from leased properties. Otherwise, the Group only has a limited amount of leased assets, mainly consisting of leased cars. For ease of comparison with prior years, Schouw & Co. discloses the effect on relevant 2019 financial highlights of the implementation of IFRS 16.

EBITDA rose from DKK 314 million in Q1 2018 to DKK 401 million in Q1 2019, including a contribution of DKK 51 million from the implementation of IFRS 16. Adjusted for this factor, this equals an increase of 12%. The EBITDA improvement was also mainly driven by GPV's acquisition of CCS, by BioMar, and to a lesser extent by Fibertex Personal Care and HydraSpecma, whereas Fibertex Nonwovens and Borg Automotive both reported a drop in earnings year on year.

Consolidated amortisation, depreciation and impairment rose from DKK 131 million in Q1 2018 to DKK 200 million in Q1 2019. DKK 48 million of the increase related to the implementation of IFRS 16.

Associates and joint ventures contributed an aggregate share of profit after tax of DKK 15 million in Q1 2019, compared with DKK 2 million in Q1 2018. The main contributor to the improvement was the Chilean fish farming business Salmones Austral.

Consolidated net financial items were an expense of DKK 4 million in Q1 2019, compared with a DKK 13 million expense in Q1 2018. The lower expense was mainly due to currency translation gains in Q1 2019 compared with a translation loss in Q1 2018, whereas net interest expenses rose from DKK 9 million in Q1 2018 to DKK 21 million in Q1 2019, of which DKK 6 million related to interest on lease liabilities (IFRS 16).

The return on invested capital (ROIC) was affected by the capitalisation of lease assets (IFRS 16), which has increased invested capital as from 1 January 2019. Consolidated ROIC excluding goodwill fell from 16.7% at 31 March 2018 to 13.7% at 31 March 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 14.0% at 31 March 2019.

Balance sheet and cash flows

The Group's total assets increased from DKK 16,940 million at 31 December 2018 to DKK 18,409 million at 31 March 2019. A significant part of the increase, at DKK 849 million, was due to the capitalisation of lease assets.

Consolidated operating activities generated a cash inflow of DKK 100 million in Q1 2019, compared with DKK 2 million in Q1 2018. The improvement was attributable to enhanced earnings of the portfolio businesses in the first quarter and to the implementation of IFRS 16, which led to a DKK 45 million increase in cash flows from operating activities, as repayments of lease liabilities form part of cash flows from debt financing.

Cash flows for investing activities amounted to DKK 325 million in Q1 2019, including for Fibertex Nonwovens' acquisition of US spunlace business in South Carolina in January 2019, but also for assets acquired in all portfolio companies. By comparison, cash flows for investing activities in Q1 2018 amounted to DKK 217 million.

The consolidated net interest-bearing debt increased from DKK 2,425 million at 31 December 2018 to DKK 3,520 million at 31 March 2019. DKK 854 million of that increase derived from lease liabilities. By comparison, at 31 March 2018, at which time CCS had not been acquired, the net interest-bearing debt was DKK 1,477 million.

→

Interim report – First quarter of 2019

Schouw & Co. shares
Schouw & Co. shares appreciated by 2% during the first quarter of 2019, from DKK 485.60 at 31 December 2018 to DKK 494.80 at 31 March 2019.

Accordingly, the key credit ratio NIBD/EBITDA has increased from 1.5 at 31 December 2018 to 2.1 at 31 March 2019. Net of the effect of IFRS 16, NIBD/EBITDA would have been 1.6 at 31 March 2019.

The Group's working capital increased from DKK 3,441 million at 31 December 2018 to DKK 3,725 million at 31 March 2019. By comparison, working capital amounted to DKK 2,800 million at 31 March 2018, at which time CCS had not been acquired.

Group developments

The Group delivered revenue and EBITDA improvements in the first quarter of 2019 that were mainly driven by GPV's acquisition of CCS and generally larger volumes sold, especially by BioMar. The following is a brief review of other business developments in the portfolio companies in the first quarter of 2019. See the individual company reviews on the following pages for more information.

BioMar grew both volumes sold and revenue by a significant margin, reporting progress in all three divisions. EBITDA rose, mainly driven by the higher revenue.

In March, BioMar agreed to acquire the outstanding shares in the 50%-owned joint venture in Chile, enabling the company to continue the positive developments in Chile. The transaction is expected to receive regulatory approval in the second quarter of 2019.

Fibertex Personal Care reported a considerable revenue improvement driven mainly by higher selling prices resulting from higher prices of raw materials and increased sales of print products. EBITDA continued to improve, mainly due to positive developments in raw materials prices year on year.

Fibertex Nonwovens reported a strong revenue increase driven mainly by improvement in the European markets and by acquisitions. EBITDA fell year on year, in part due to the use of raw materials sourced at a high cost and to the costs associated with the acquisition of the spunlace business in the USA in January 2019.

As expected, **GPV** reported a sharp increase in revenue and EBITDA due to its acquisition of CCS, whereas the earnings performance of the former GPV was adversely affected by a substantial change in Thai baht exchange rates against the main selling currencies, and the costs of establishing operations in Mexico continue to weigh on earnings.

Hydra-Specma achieved good revenue and EBITDA improvements, primarily driven by increased sales of products used in wind turbines and in vehicles.

Borg Automotive reported lower revenue and EBITDA than in the first quarter of last year due to generally lower demand.

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 2019. As appears from the interim report, the implementation of IFRS 16 has impacted the income statement, the balance sheet and key figures.

See the 2018 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.

Special risks

The overall risk factors the Schouw & Co. Group faces are discussed in the 2018 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2018 Annual Report.

Roundings and presentation

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

Events after the balance sheet date

On 16 April 2019, Schouw & Co. successfully completed the raising of a EUR 136 million loan in the German Schuldschein market with 17 European and Asian banks as the lenders. The loan consists of tranches of five and seven years and will be used mainly to replace existing short-term loans, including the bridge financing used for the acquisition of CCS. Raising the Schuldschein loan will help ensure a more balanced maturity profile of Schouw & Co.'s overall debt.

Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of events occurring after 31 March 2019 which are expected to have a material impact on the Group's financial position or outlook.

Outlook

Schouw & Co. maintain its full-year revenue and EBITDA guidance, and all businesses of the Group maintain their full-year guidance.

Outlook for 2019

Based on their Q1 2019 financial results, all portfolio companies maintain their revenue and EBITDA guidance. As the first quarter is traditionally the weakest of the year for the Schouw & Co. Group, the final results of the year will depend strongly on the results of the next three quarters, and especially on the second half of the year.

However, the good start to the year by BioMar, Fibertex Personal Care and HydraSpecma has increased the probability of financial results in the upper end of these three companies' guidance ranges, while the relatively slow starts by Fibertex Nonwovens and Borg Automotive have increased the likelihood of a performance at the lower end of their guidance ranges. GPV is in a special situation, facing below-normal visibility due to the great challenge of having to integrate CCS in its organisation.

The following is a brief review of the outlook for each individual company in 2019:

BioMar maintains its revenue and EBITDA guidance, expecting increased volume sales in 2019 and Y-o-Y improvements in all three divisions.

Fibertex Personal Care will be focused on utilising its existing assets in the best possible way and on adapting to the intense competition. The company maintains its revenue and EBITDA guidance.

Fibertex Nonwovens expects to strike a better balance between prices of raw materials and selling prices in 2019 as well as to successfully integrate the US spunlace business acquired in January 2019. The company maintains its revenue and EBITDA guidance.

GPV maintains its forecast of significant revenue and EBITDA improvements, primarily as a result of its acquisition of the major Swiss-based EMS business at the end of December 2018.

HydraSpecma maintains its revenue and EBITDA guidance based on its continuing high level of business activity and the positive effects of its completed capacity expansion, restructuring and efficiency-enhancing projects.

Borg Automotive maintains its full-year revenue and EBITDA guidance. However, Britain's departure from the EU may affect the guidance.

Schouw & Co. Group's overall guidance

Overall, the Schouw & Co. Group maintains its full-year 2019 guidance for consolidated revenue of about DKK 20.0 billion against DKK 18.3 billion in 2018, equal to a 10% increase expected to be driven mainly by GPV's acquisition of CCS. 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 the revenue without necessarily having any notable effect on earnings.

Schouw & Co. provides consolidated earnings guidance at EBITDA level based on an aggregation of individual portfolio company forecasts, but actual portfolio company EBITDA results may deviate from these individual forecasts. Accordingly, the actual guidance is expressed through consolidated EBITDA, which for 2019 is unchanged in the range of DKK 1,815-1,975 million compared with DKK 1,579 million in 2018. About DKK 205 million of the anticipated improvement relates to the effect of IFRS 16.

Overall depreciation charges are expected to increase from DKK 532 million in 2018 to about DKK 795 million in 2019, of which about DKK 190 million relates to IFRS 16 effects. As a result, the Group continues to guide for consolidated EBIT in 2019 in the range of DKK 1,020-1,180 million.

The Group expects to approve only a moderate amount of new capacity-increasing investments in 2019. The cash flows for investing activities for the year are the results of prior investments and ongoing maintenance investments.

The profit forecast from associates and joint ventures, which are recognised at a share of profit after tax, is also unchanged at approximately DKK 80 million in 2019 compared with DKK 70 million in 2018.

The Group's net financial expenses are expected to grow from DKK 40 million in 2018 to about DKK 90 million in 2019, of which about DKK 25 million relates to IFRS 16 effects.

Subject to regulatory approval, BioMar's acquisition of the outstanding shares in the Chilean joint venture may result in increased sales and an accounting gain on the shares already owned of about DKK 30 million, which is not reflected in the full-year guidance. This gain would be recognised under financial items.

REVENUE (DKKm)	**2019F after Q1**	**2019F orig.**	**2018 realised**
BioMar	c. 10,300	c. 10,300	10,328
Fibertex Personal Care	c. 2,300	c. 2,300	2,187
Fibertex Nonwovens	c. 1,650	c. 1,650	1,574
GPV	c. 2,750	c. 2,750	1,218
HydraSpecma	c. 2,000	c. 2,000	2,005
Borg Automotive	c. 1,000	c. 1,000	958
Other/eliminations	-	-	-18
Total revenue	c. 20,000	c. 20,000	18,253

EBITDA (DKKm)	**2019F after Q1**	**2019F orig.**	**2018 realised**
BioMar	820-890	820-890	713
Fibertex Personal Care	320-340	320-340	315
Fibertex Nonwovens	165-185	165-185	160
GPV	190-210	190-210	115
HydraSpecma	210-230	210-230	175
Borg Automotive	140-150	140-150	131
Other	-30	-30	-30
Total EBITDA	1,815-1,975	1,815-1,975	1,579
PPA depr./amort.	-100	-100	-82
IFRS 16 depr./amort.	-190	-190	
Other depr./amort.	-505	-505	-450
Total EBIT	1,020-1,180	1,020-1,180	1,047
Associates and JVs	80	80	70
Divestments	0	0	9
IFRS 16 - Fin. items	-25	-25	0
Other financial items	-65	-65	-40
Profit before tax	1,010-1,170	1,010-1,170	1,086

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 31 March 2019.

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 31 March 2019 and of the results of the group's operations and cash flows for the three months ended 31 March 2019.

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, 9 May 2019

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

Kenneth Skov Eskildsen

Financial calendar for 2019

15 August 2019	Release of Q2 2019 interim report
7 November 2019	Release of Q3 2019 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.

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Our businesses

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Portfolio company financial highlights – Q1

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
INCOME STATEMENT														
Revenue	2,137	1,884	589	541	451	406	718	283	556	499	230	242	4,676	3,851
Gross profit	236	200	115	100	82	86	108	60	141	131	62	72	745	649
EBITDA	132	80	99	83	39	45	46	25	60	49	33	38	401	314
Depreciation and impairment losses	79	45	33	29	26	24	30	8	19	15	12	9	200	131
EBIT	52	35	66	54	13	21	16	17	42	35	21	29	202	183
Profit after tax in associates and JVs	15	4	0	0	0	0	0	0	0	0	0	0	15	2
Net financial items	-8	-6	0	-6	-7	-9	-5	1	1	-2	0	-1	-4	-13
Profit before tax	59	33	66	48	7	12	11	18	43	32	21	28	213	172
Tax on profit/loss for the year	-14	-21	-16	-11	-1	-5	-2	-3	-8	-8	-4	-5	-47	-54
Profit before non-controlling interests	45	12	50	37	6	8	9	15	34	25	17	23	167	118
Non-controlling interests	0	0	0	0	1	1	0	0	0	0	0	0	0	0
Profit for the year	45	12	50	37	6	8	9	15	34	24	17	23	167	118
CASH FLOWS														
Cash flow from operating activities	-40	-60	126	58	-31	18	1	17	28	-14	-12	-38	100	2
Cash flow from investing activities	-83	-41	-22	-25	-160	-102	-33	-34	-20	-9	-8	-5	-325	-217
Cash flows from financing activities	155	136	-51	-36	187	81	-22	23	-5	25	25	51	208	250
BALANCE SHEET														
Intangible assets[1]	1,306	1,233	83	83	159	153	424	18	253	274	341	348	3,592	3,135
Property, plant and equipment	1,377	1,216	1,435	1,367	951	838	444	268	241	189	88	76	4,568	4,024
Other non-current assets	1,162	511	84	62	7	4	187	44	119	10	94	56	1,672	705
Cash and cash equivalents	398	460	109	94	46	34	107	32	54	59	33	18	574	509
Other current assets	3,541	2,792	689	662	845	724	1,354	587	1,048	920	540	562	8,003	6,216
Total assets	7,785	6,212	2,400	2,269	2,007	1,753	2,515	950	1,715	1,452	1,096	1,060	18,409	14,589
Shareholders' equity	2,388	2,451	995	888	651	548	780	262	476	447	548	477	8,967	8,406
Interest-bearing liabilities	2,334	1,344	920	906	1,070	925	1,086	402	827	632	109	206	4,141	2,038
Other liabilities	3,062	2,417	485	475	286	281	650	286	412	372	439	377	5,301	4,145
Total equity and liabilities	7,785	6,212	2,400	2,269	2,007	1,753	2,515	950	1,715	1,452	1,096	1,060	18,409	14,589
Average no. of employees	1,212	1,171	737	695	1,024	947	3,879	1,440	1,208	1,200	1,675	1,560	9,749	7,025
FINANCIAL KEY FIGURES														
EBITDA margin	6.2%	4.3%	16.8%	15.4%	8.7%	11.0%	6.4%	8.8%	10.9%	9.9%	14.3%	15.6%	8.6%	8.1%
EBIT margin	2.5%	1.9%	11.2%	10.0%	2.9%	5.1%	2.2%	6.0%	7.5%	7.0%	9.2%	12.0%	4.3%	4.8%
ROIC excluding goodwill	21.3%	27.0%	11.8%	15.5%	4.9%	6.9%	8.9%	15.8%	14.1%	12.7%	19.7%	24.2%	13.7%	16.7%
ROIC including goodwill	14.3%	17.4%	11.2%	14.7%	4.5%	6.3%	8.4%	15.6%	12.4%	10.8%	10.4%	13.3%	10.8%	13.0%
Working capital	1,001	774	428	366	572	487	856	306	687	605	183	259	3,725	2,800
Net interest-bearing debt	1,893	833	811	812	1,025	891	979	369	773	573	76	188	3,520	1,477

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

BioMar

Strong improvements in revenue and earnings driven by good climatic and biological conditions. Full-year revenue and EBITDA guidance maintained.

BioMar	YTD 2019	YTD 2018	FY 2018
Revenue	2,137	1,884	10,328
EBITDA	132	80	713
EBIT	52	35	529
Asscociates and JVs	15	4	75

See financial highlights and key ratios on p. 8

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 three 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 Emerging Markets division covering new territories and business development activities, including production of shrimp feed. The division has production facilities in Ecuador, Costa Rica and China.

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

BioMar	YTD 2019	YTD 2018	FY 2018
Volume ('000 tonnes)	250	223	1,210
Revenue (DKKm)	2,137	1,884	10,328
- salmon north	898	906	4,892
- salmon south	638	450	2,315
- other divisions	601	528	3,121

Financial performance

BioMar lifted revenue by 13% in the first quarter to DKK 2,137 million from DKK 1,884 million in Q1 2018. The performance was driven by largely similar advances in volumes sold and with all three divisions contributing to the improvement. Exchange rate developments had a positive overall effect on revenue of approximately DKK 60 million in the quarter.

As expected, the Salmon division reported very strong year-on-year revenue and volume improvements in Q1 2019. The revenue improvement was driven by significant advances in Chile and Scotland, with the latter largely offsetting the drop in revenue in the Norwegian market. The Y-o-Y developments in the Norwegian market in Q1 2019 had been expected and were caused by the fact that BioMar had not won feed sales contracts in Norway in the volume otherwise anticipated. The significant improvements in revenue and in volumes sold in Chile and Scotland were to a large extent driven by the favourable growth conditions seen in the fish farming industry during the quarter, but its attractive product offering also allowed BioMar to expand business relations with existing customers while attracting new customers.

Both the EMEA and Emerging Markets divisions reported significant Y-o-Y improvements in both revenue and volumes sales. The strong performance was mainly driven by more favourable growth conditions for European fish farmers and by growth in the general Ecuadorian market.

EBITDA rose from DKK 80 million in Q1 2018 to DKK 132 million in Q1 2019, including a positive contribution of DKK 34 million from the implementation of IFRS 16. When adjusted for this factor, EBITDA improved by 22%, which was mainly the result of the higher volume sales in all three divisions. Overall, exchange rate developments had a positive effect of approximately DKK 6 million on Q1 2019 EBITDA.

The business operations in Turkey and China are not consolidated. The two non-consolidated feed businesses reported combined Q1 2019 revenue (100% basis) of DKK 123 million and EBITDA of DKK 4 million, compared to revenue of DKK 137 million and EBITDA of DKK 14 million in Q1 2018. Volumes sold in China were in line with the year-earlier period, while volumes sold in Turkey declined due to the challenging macroeconomic conditions combined with low prices of farmed fish.

The non-consolidated feed businesses also include the fish farming company Salmones Austral and the Letsea and ATC Patagonia research centres. The non-consolidated companies are recognised in the Q1 2019 consolidated financial statements at a share of profit of DKK 15 million after tax, compared to DKK 4 million in Q1 2018. The improvement was mainly attributable to Salmones Austral in Chile (23%-owned).

Working capital grew by DKK 227 million from DKK 774 million at 31 March 2018 to DKK 1,001 million at 31 March 2019. The increase was driven by, among other things, the higher volume sales and a geographical shift to markets with longer credit periods causing an increase in trade receivables. ROIC excluding goodwill fell from 27.0% at 31 March 2018 to 21.3% at 31 March 2019, due to a higher average invested capital resulting in part from the implementation of IFRS 16. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 22.2% at 31 March 2019.

Business review

BioMar's acquisition of Ecuadorian shrimp feed manufacturer Alimentsa in autumn 2017 has progressed as planned, and the company continues to generate revenue and earnings fully in line with expectations. Following a successful integration, BioMar Ecuador is now run and marketed entirely as a BioMar business.

In response to BioMar Ecuador's positive performance combined with the market growth anticipated for the coming years, BioMar has installed a new production line in the existing buildings, adding about 25,000 tonnes of feed to the annual output capacity. The new line began operations shortly after the end of the first quarter of 2019. In addition to this new production line for pelleted feed, BioMar has commenced construction of an additional line for extruded feed, which will increase

BioMar

capacity in Ecuador by a further 40,000 tonnes. This production line represents an investment of approximately DKK 50 million and is expected to be commissioned in the first quarter of 2020.

In China, the new fish feed factory BioMar is building in Wuxi near Shanghai has suffered another delay that was partly due to challenges in cooperating with the local contractor, but the project is now back on track. Being built in a joint venture with Chinese partner Tongwei Co. Ltd., the factory is expected to commence commercial production in the third quarter of 2019, and it will have an annual capacity of 50,000 tonnes of fish feed. In combination with the existing factory in Guangdong province, the new factory will provide a good basis for penetrating the Chinese market by providing sustainable and high-yielding quality feed for fish farming.

In March 2017, BioMar announced that it was establishing a new feed factory in Tasmania, Australia. More than DKK 200 million of this DKK 300 million investment is expected to be recognised in 2019. The project is progressing to plan, and BioMar expects the new facility will be ready in early 2020 with an annual fish feed capacity of about 110,000 tonnes.

BioMar has initiated a project that will lift the output capacity at Brande, Denmark, and reduce the load on the existing production facility. Demand continues to grow in the European markets, particularly for the specialty feeds BioMar manufactures at 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 the expanded facility is expected to be commissioned by the end of 2019.

BioMar has operated three factories in Chile since 2007. Two have been wholly owned, while the third was a 50/50 joint venture with Chilean fish-farming company AquaChile. The joint venture factory has been producing feed for AquaChile and a number of other customers, but in March 2019, BioMar agreed to take full ownership of the factory thereby gaining control of additional output capacity of about 60,000 tonnes per year. BioMar believes the Chilean aquaculture industry offers a solid growth potential, and the acquisition enables the company to continue the positive developments in Chile. The price of the shares amounted to approximately DKK 110 million, and the agreement is subject to regulatory approval, which is expected in the second quarter of 2019.

Outlook

Demand for farmed fish and shrimp is generally developing well in many markets, and there are no immediate indications of any changes to this trend. The salmon market is expected to grow at a moderate pace in 2019 driven by generally good biological conditions, while the shrimp farming business in Ecuador is expected to see more pronounced growth.

BioMar expects to achieve an increase in volume sales in 2019 relative to the previous year, and all three divisions are expected to contribute to the improvements, even though BioMar Norway has chosen to give priority to long-term sustainable earnings over volume sales.

BioMar will defend its market share and consolidate its position by developing and implementing new products and continuing to strongly focus on optimising margins, enhancing efficiency and on customer communication. Prices of farmed fish, including salmon prices, are expected to remain at a level that will provide solid earnings for fish farmers, thus reducing BioMar's risk of bad debts.

Britain's departure from the EU will affect BioMar's operations in Scotland, especially in terms of procuring raw materials from areas outside the UK. While this is not expected to have a material effect, the unresolved situation surrounding the Brexit negotiations naturally causes some concern. BioMar is trying to mitigate possible negative effects by building inventories and identifying potential alternative suppliers.

BioMar maintains its guidance of full-year 2019 revenue of about DKK 10.3 billion and EBITDA in the DKK 820-890 million range. As always, however, changes in raw materials prices and foreign exchange rates may impact revenue and earnings performance.

Associates and joint ventures, which are recognised at a share of profit after tax, are expected to contribute profit of approximately DKK 80 million in 2019.

Fibertex Personal Care

Revenue and EBITDA improvements driven by prices of raw materials. New factory unit in the USA now in operation. Full-year revenue and EBITDA guidance maintained.

Fibertex Personal Care	YTD 2019	YTD 2018	FY 2018
Revenue	589	541	2,187
EBITDA	99	83	315
EBIT	66	54	194

See financial highlights and key ratios on p. 8

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 also 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 a 9% revenue increase to DKK 589 million in Q1 2019, up from DKK 541 million in Q1 2018. The improvement was mainly driven by higher raw materials prices and the resulting higher selling prices. In addition, an increase in print volumes sold also contributed to performance.

EBITDA rose from DKK 83 million in Q1 2018 to DKK 99 million in Q1 2019, without any notable effect from the implementation of IFRS 16. The EBITDA improvement was due a positive effect from prices of raw materials in the first quarter, which is expected to be neutralised over the coming quarters.

Fibertex Personal Care	YTD 2019	YTD 2018	FY 2018
Revenue (DKKm)	589	541	2,187
- nonwovens Denmark	192	177	695
- nonwovens Malaysia	288	275	1,116
- printing activities	109	88	376

Working capital increased by DKK 61 million from DKK 366 million at 31 March 2018 to DKK 428 million at 31 March 2019. mainly due to higher trade receivables resulting from higher selling prices. On the other hand, working capital fell from DKK 447 million at 31 December 2018, making a positive contribution to cash flows from operations.

Based on the lower earnings during the past 12 months and higher average invested capital, mainly resulting from investments in a new factory unit in the USA and a technology upgrade in Denmark, ROIC excluding goodwill fell from 15.5% at 31 March 2018 to 11.8% at 31 March 2019.

Business review

In the European market, demand is gradually moving towards specialty products in a trend originating in Asia where the market is also undergoing major change. Fibertex Personal Care has adapted to the situation by stepping up its focus on innovation and patents involving specialty products. As a result, the company will soon be ready to launch products featuring new functions and visual effects as well as softer and textile-like materials.

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

In 2017, Fibertex Personal Care launched an investment to build a new factory unit in North Carolina, USA, to provide nonwovens print production. Installation of the new production line in North Carolina has been successfully completed, and Fibertex Personal Care is now running in a number of products for subsequent customer approval. The new factory unit commenced commercial production early in the second quarter of 2019. The new production line, Fibertex Personal Care's seventh print line, will cover the North and South American markets, which are expected to generate positive growth rates in the coming years.

Outlook

Tough competition remains characteristic of the European market, especially for commodity nonwovens, but due to investments in new technology and upgrades of existing product lines, the company is still able to meet customer demands for innovative products combined with a high level of quality and service.

The company's customers represent global consumer brand names, which are under pressure in the Asian markets where market conditions have changed. This applies especially to China, due to the many new local suppliers in that market. Fibertex Personal Care expects moderate demand from several major customers in Asia during the coming period. Nevertheless, the company remains strongly positioned as a preferred provider in the Asian market, not least due to its close customer relationships and recognised strengths in terms of quality, service and innovation.

Massive investment in the nonwoven industry in recent years has produced an intensely competitive market which is expected to persist in the coming years. Consequently, Fibertex Personal Care's strategic focus in the years ahead will be to maximise the use of the company's existing assets until it becomes necessary to invest in additional capacity.

Fibertex Personal Care maintains its guidance of full-year 2019 revenue of about DKK 2.3 billion and EBITDA in the DKK 320-340 million range. As always, however, changes in raw materials prices and foreign exchange rates may impact revenue and earnings performance.

Fibertex Nonwovens

Improvements in Europe and acquisitions send revenue higher. High prices of raw materials continue to weigh on EBITDA. Full-year revenue and EBITDA guidance maintained.

Fibertex Nonwovens	YTD 2019	YTD 2018	FY 2018
Revenue	451	406	1,574
EBITDA	39	45	160
EBIT	13	21	65

See financial highlights and key ratios on p. 8

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 and South America, while its secondary markets are in Africa and Asia.

Financial performance

Fibertex Nonwovens reported an 11% revenue increase to DKK 451 million in Q1 2019, up from DKK 406 million in Q1 2018. The improvement was mainly driven by advances in the European markets and by the full effect in the quarter of the acquisition made in Brazil in February 2018 as well as the effects of the most recent acquisition, in South Carolina, USA, in January 2019.

EBITDA fell from DKK 45 million in Q1 2018 to DKK 39 million in Q1 2019, without any notable IFRS 16 effect. Prices of the most frequently used types of raw materials fell in the Q1 2019 period, but Q1 earnings suffered due to the fact that production during the quarter was based on raw materials sourced in the fourth quarter of 2018. In addition, Fibertex Nonwovens incurred costs of DKK 3 million during the quarter in relation to the acquisition in the USA.

The higher business activity drove up working capital by DKK 85 million from DKK 487 million at 31 March 2018 to DKK 572 million at 31 March 2019. ROIC excluding goodwill fell from 6.9% at 31 March 2018 to 4.9% at 31 March 2019. The current decline was a result of the acquisition in the USA as well as other investments combined with the lower earnings of the past 12 months, and ROIC is expected to improve considerably in the coming years.

Business review

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 its future growth potential, the company has expanded operations and upgraded lines in order to increase the proportion of value-added products. In other words, Fibertex Nonwovens has a strong production platform and an unexploited potential for further expansion.

Fibertex Nonwovens has now started up an important strategic initiative involving industrial scale production of nanoproducts and advanced filtration media. After more than ten years of research and development, Fibertex Nonwovens is among the first companies ready to manufacture unique products for the filtration and medtech industries. However, the very special nature of the project makes this a relatively long-term investment.

The positive performance of growing revenue and earnings in North America is expected to continue as the company builds a strong customer portfolio on which to base future growth. Setting up in the USA is considered an important long-term investment in an attractive growth market.

In accordance with its expansive strategy for North America, Fibertex Nonwovens took over a spunlace company with state-of-the-art production facilities in South Carolina that was established in 2016. The acquisition represents an investment of DKK 134 million.

The business in South Carolina is already in commercial operation and now operates as a Fibertex production unit. The new production site provides Fibertex Nonwovens with a strategically important foundation for further growth in the North American market and it complements Fibertex Nonwovens' existing site in Illinois.

Outlook

Fibertex Nonwovens continues to expect market conditions in 2019 that are largely similar to those of 2018, but concerns about how the global economy will develop may obviously impact demand.

Prices of the most frequently used types of raw materials, which rose in 2017 and 2018, fell in the Q1 2019 period, so the company expects to strike a better balance between the prices of raw materials and selling prices from the second quarter onwards. This will supplement the ongoing process of improving the general earnings power, which includes implementing price increases, introducing new and improved products, in-house efficiency improvements and cost savings.

Given the structural investments made and the company's increased efforts to work the market, Fibertex Nonwovens is believed to have built a solid platform from which to grow its future earnings. While the acquisition of the spunlace business in South Carolina in January 2019 will contribute to full-year revenue, the new facility will need to be run in during 2019 and is not expected to contribute to earnings until from 2020.

Fibertex Nonwovens maintains its guidance of revenue in the range of DKK 1.6-1.7 billion and to improve EBITDA to the range of DKK 165-185 million in 2019.

GPV

Revenue and earnings improvements reported after successful acquisition of Swiss-based EMS company CCS. Full-year revenue and EBITDA guidance maintained.

GPV	YTD 2019	YTD 2018	FY 2018
Revenue	718	283	1,218
EBITDA	46	25	115
EBIT	16	17	78

See financial highlights and key ratios on p. 8

GPV is a leading European EMS (Electronic Manufacturing Services) company. The company is a high-mix/low-medium volume manufacturer for the B2B market. GPV's core activities are electronics, mechanics, mechatronics and related services. Its customers are primarily major international businesses typically headquartered in Europe or North America. GPV sells its products to its customers' international units in large parts of the world and in 2019 expects to ship products to customers in more than 40 countries.

At the end of 2018, GPV acquired Swiss-based EMS company CCS, which was consolidated from the date of acquisition. Following the acquisition, the new GPV operates production facilities in Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka, China and Mexico.

Financial performance

GPV's Y-o-Y financial performance will throughout 2019 strongly reflect the acquisition of CCS, which in 2018 generated more revenue than the former GPV but which was not consolidated in the 2018 income statement.

GPV grew its revenue from DKK 283 million in Q1 2018 to DKK 718 million in Q1 2019. DKK 399 million of the revenue improvement derived from the acquisition of CCS. A few large customers experienced reduced business activity during the quarter, resulting in less business activity for GPV than expected.

EBITDA increased from DKK 25 million in Q1 2018 to DKK 46 million in Q1 2019. EBITDA for the former GPV amounted to DKK 23 million in Q1 2019, DKK 2 million of which was due to the implementation of IFRS 16. The earnings performance was adversely affected by a substantial change in Thai baht exchange rates against the main selling currencies, and the costs of establishing operations in Mexico also continue to weigh on earnings. The rest of the EBITDA derives from the acquisition of CCS including the IFRS 16 effects but after deductions for inventory adjustments and integration costs totalling about DKK 10 million.

Working capital increased from DKK 306 million at 31 March 2018 to DKK 856 million at 31 March 2019, mainly due to the consolidation of CCS. ROIC excluding goodwill fell from 15.8% at 31 March 2018 to 8.9% at 31 March 2019, most of which was also due to the acquisition of CCS. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 9.1% at 31 March 2019.

Business review

At the end of 2018, GPV acquired EMS company CCS based in Lachen, Switzerland. Founded in Switzerland in 1985, CCS operated production facilities in Switzerland, Germany, Austria, Slovakia, Sri Lanka and China.

The acquisition complements GPV's existing market coverage, particularly in the German-speaking parts of Europe. The company has expanded its service offering to include skills in product and software development as well as cable harnessing. The acquisition has created a leading European EMS business headquartered in Denmark and operating production facilities in Asia, Europe and the Americas.

The integration of CCS began in earnest on 7 January 2019 when all unit names were changed to GPV. Integration is progressing as planned with the main focus on customer-facing activities.

Outlook

GPV generally expects flat markets in the short term. However, the positive market trends seen in the past two years have resulted in extraordinarily long lead times for certain electronic components. As a result, GPV continues to allocate substantial resources to procuring components and raw materials in order to be able to supply products to its customers.

GPV expects to grow its revenue from existing operations in 2019, in part to be driven by the positive effects of new products and an inflow of new clients. Add to this the substantial effects of the acquisition of CCS which will be consolidated for in FY 2019. As a result of the acquisition, EBITDA for 2019 will be affected by inventory adjustments of about DKK 15 million and integration costs which are currently expected to amount to about DKK 35 million net of a limited amount of positive synergies during the year.

GPV retains its full-year guidance of revenue of around DKK 2,750 million and EBITDA in the range of DKK 190-210 million in 2019.

HydraSpecma

High level of business activity driving revenue and EBITDA improvements. New 7,300 m² factory unit in Poland now in operation. Full-year revenue and EBITDA guidance maintained.

HydraSpecma	YTD 2019	YTD 2018	FY 2018
Revenue	556	499	2,005
EBITDA	60	49	175
EBIT	42	35	117

See financial highlights and key ratios on p. 8

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

HydraSpecma lifted revenue by 11% in the first quarter to DKK 556 million from DKK 499 million in Q1 2018. Business activity has remained strong going into the first quarter of 2019 with wind turbines and vehicles recording the largest revenue improvements and the other business areas maintaining their level of activity.

EBITDA increased from DKK 49 million in Q1 2018 to DKK 60 million in Q1 2019. The implementation of IFRS 16 had a positive effect of DKK 6 million on the Q1 2019 EBITDA. When adjusted for this factor, EBITDA improved by 10%, which was mainly the result of the revenue improvement and efficiency enhancements resulting from completed investments in both production equipment and the organisation.

Working capital increased from DKK 605 million at 31 March 2018 to DKK 687 million at 31 March 2019. The greater working capital was due in part to the increased level of business activity, in part to an increase in the volume of goods in transit to overseas markets. In addition, the company has made the strategic decision to increase inventories of key products in response to longer supplier lead times from a number of suppliers. Nevertheless, working capital has only risen slightly from DKK 678 million at 31 December 2018.

ROIC excluding goodwill grew from 12.7% at 31 March 2018 to 14.1% at 31 March 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 14.4% at 31 March 2019.

Business review

HydraSpecma recently commissioned its new 7,300 m² factory in Poland, increasing its production capacity in the country by a significant margin. The new facility will enable HydraSpecma to continue to serve Swedish and Finnish customers that have relocated operations to Poland, as well as new customers in central Europe and the UK. With a view to optimising production capacity in Sweden, which has been under heavy strain for some time, parts of the current production will be relocated from Sweden to the new factory in Poland.

There is growing demand in overseas markets for large, integrated hydraulics units. HydraSpecma plans to start up production of complete hydraulics units in China effective from the third quarter of 2019, catering to demand and in order to optimise its supply chain and to move closer to customers in Asia.

HydraSpecma is consistently working to optimise logistics and its production network in Europe. The company will continue to invest in expanding production capacity and increase automation in order to enhance efficiency and trim production costs. For example, current investments involve automation and capacity expansion for the production of hydraulic hoses and pipes and a new 3,000 m² warehouse and logistics unit in Finland through the merger of two separate units.

HydraSpecma is prepared to make the necessary investments to remain an attractive business partner to its customers and suppliers. The company recently expanded business relations with a major strategic supplier, Danfoss, to cover most of Scandinavia. This will require the company to invest in test equipment, but it is also expected to contribute to increasing its market share.

Outlook

HydraSpecma expects to sustain its high level of business activity in the upcoming period, with healthy sales of hydraulics for vehicles and to customers in the wind turbine segment. The current shift in the geographical distribution of business will continue, as activities in China are expected to expand, especially in the wind power segment.

The hydraulics market is seeing strong global competition in both the wind turbine segment and in the rest of the industrial OEM market. In a situation of higher prices and longer lead times from a number of suppliers, this places heavy demands on the company's ability to optimise its production capacity and processes, to developing the organisation and ensuring a successful integration of the company's various units. In the short term, this will require new investment and imply extra costs, but it is also an important prerequisite for HydraSpecma to retain its competitive strength.

HydraSpecma is currently working to optimise its current working capital. The intention is to optimise logistics and business procedures in order to maintain its high service levels.

HydraSpecma maintains its guidance of full-year 2019 revenue of about DKK 2.0 billion and EBITDA in the DKK 210-230 million range.

Borg Automotive

General drop in demand slowing Q1 revenue and EBITDA. New factory unit in Poland now in operation. Full-year revenue and EBITDA guidance maintained.

Borg Automotive	YTD 2019	YTD 2018	FY 2018
Revenue	230	242	958
EBITDA	33	38	131
EBIT	21	29	96

See financial highlights and key ratios on p. 8

Europe's largest independent 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. 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 and development subsidiary in Belgium.

Financial performance

Borg Automotive reported revenue of DKK 230 million in Q1 2019, compared with DKK 242 million in Q1 2018. The 5% drop was attributable to generally subdued demand during the period.

EBITDA fell from DKK 38 million in Q1 2018 to DKK 33 million in Q1 2019, even though the implementation of IFRS 16 added DKK 3 million. The earnings decline was mainly due to the lower revenue.

Working capital fell by DKK 76 million from DKK 259 million at 31 March 2018 to DKK 183 million at 31 March 2019, The main reason for the lower working capital was a drop in receivables and an increase in customer deposits.

ROIC excluding goodwill fell from 24.2% at 31 March 2018 to 19.7% at 31 March 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 20.0% at 31 March 2019.

Business review

Borg Automotive has two sales departments: Elstock, based in Denmark, sells to the independent aftermarket, while CPI, based in Belgium, sells to private-label customers, including OES (Original Equipment Service) customers. Sales in the first quarter of 2019 generally reflected a slowdown in the market. The drop in business activity is not believed to reflect a loss of customers, but rather a slump in demand generally noticeable throughout the market. The company believes that several of its customers in the large markets have experienced less business interaction with end users relative to the same period of last year.

Developing the product programme, optimising production and ensuring complementary operations at the production units in Poland and the UK is an ongoing priority at Borg Automotive. The company has also taken steps to make trading easier for customers through increased digitalisation of services and transactions. Borg Automotive recently launched a digital platform for providing reverse engineering assignments and solutions for mechatronics components.

Over the past few years, Borg Automotive has generated stable organic growth in terms of both volume sales and revenue. Despite the developments of the first quarter, Borg Automotive continues to expect that ongoing negotiations with major customers for additional long-term agreements support the outlook for positive long-term sales performance.

The positive expectations for future sales developments has created a need to ensure access to more production capacity that will enable Borg Automotive 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 demands for speed of delivery, precision and quality.

Most recently, the company established a production unit in Lublin, Poland. The factory was set up in existing business premises acquired for the purpose, and it will initially house the production of brake calipers, which is currently the fastest growing product in the portfolio. The production of brake calipers was begun in February 2019, and it is expected that it can be expanded over a number of years so as to double the current capacity in Poland.

Outlook

The market Borg Automotive serves has experienced considerable customer consolidation in recent years that gives the consolidated companies higher procurement volumes, leading to changes in their trading patterns. On the positive side, consolidation also facilitates higher sales volumes. Borg Automotive has a broad product portfolio and a strong pipeline that will support positive sales developments to the independent aftermarket and the OES segment.

Borg Automotive generates about 20% of its overall sales in the UK, and some of the company's largest core suppliers are based there as well. As a result, the actual process involving Britain's withdrawal from the EU may have a significant impact on revenue and earnings for 2019. The 2019 guidance assumes that a solution avoiding a so-called hard Brexit can be found.

Borg Automotive maintains its guidance of full-year 2019 revenue of about DKK 1.0 billion and EBITDA in the DKK 140-150 million range.

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Statements of income and comprehensive income

Note	Income statement	YTD 2019	YTD 2018	FY 2018
1	Revenue	4,676	3,851	18,253
	Cost of sales	-3,931	-3,202	-15,278
	Gross profit	745	649	2,975
	Other operating income	7	12	41
	Distribution costs	-317	-291	-1,225
2	Administrative expenses	-231	-186	-741
	Other operating expenses	-1	0	-3
	EBIT	202	183	1,047
	Profit after tax in associates	16	3	63
	Profit after tax in joint ventures	-1	-1	8
	Gains on equity divestments	0	0	9
	Financial income	29	17	79
	Financial expenses	-32	-30	-119
	Profit before tax	213	172	1,086
	Tax on profit for the period	-47	-54	-290
	Profit for the period	167	118	796
	Shareholders of Schouw & Co.	167	118	801
	Non-controlling interests	0	0	-5
	Profit for the period	167	118	796
5	Earnings per share (DKK)	7.05	4.94	33.43
5	Diluted earnings per share (DKK)	7.04	4.91	33.35

Note	Statement of comprehensive income	YTD 2019	YTD 2018	FY 2018
	Items that can be reclassified to the income statement:			
	Foreign exchange adjustments of foreign units, etc.	134	-51	81
	Value adjustment of hedging instruments for the period	2	0	-2
	Hedging instruments transferred to cost of sales	-1	2	1
	Hedging instruments transferred to financials	1	5	5
	Other comprehensive income from associates and JVs	0	-3	2
	Other adjustments to other comprehensive income	0	1	0
	Tax on other comprehensive income	0	-2	-1
	Other comprehensive income after tax	135	-48	86
	Profit for the period	167	118	796
	Total recognised comprehensive income	302	70	882
	Attributable to			
	Shareholders of Schouw & Co.	302	70	888
	Non-controlling interests	0	0	-5
	Total recognised comprehensive income	302	70	882

Amounts in DKK million

Balance sheet · Assets and liabilities

Note	Total assets	31/3 2019	31/12 2018	31/3 2018	31/12 2017
	Goodwill	2,421	2,404	2,180	2,208
	Customer relations	538	549	371	379
	Brands	166	169	177	183
	Know-how	367	370	314	326
	Other intangible assets	101	101	92	99
	Intangible assets	3,592	3,594	3,135	3,195
	Land and buildings	1,873	1,797	1,778	1,776
	Plant and machinery	1,940	1,894	1,796	1,836
	Other fixtures and fittings, tools and equipment	136	125	134	120
	Assets under construction, etc.	619	501	316	226
	Property, plant and equipment	4,568	4,317	4,024	3,959
	Equity investments in associates	397	377	339	342
	Equity investments in joint ventures	140	137	164	169
	Lease assets	849	0	0	0
	Securities	75	75	5	5
	Deferred tax	106	66	73	58
	Receivables	105	108	124	137
	Other non-current assets	1,672	763	705	710
	Total non-current assets	9,832	8,674	7,864	7,864
	Inventories	3,871	3,683	2,980	2,811
3	Receivables	4,058	3,903	3,186	3,180
	Income tax receivable	75	94	50	56
	Cash and cash equivalents	574	585	509	478
	Total current assets	8,577	8,266	6,725	6,525
	Total assets	18,409	16,940	14,589	14,389

Note	Liabilities and equity	31/3 2019	31/12 2018	31/3 2018	31/12 2017
5	Share capital	255	255	255	255
	Hedge transaction reserve	-6	-8	-5	-10
	Exchange adjustment reserve	213	79	-58	-7
	Retained earnings	8,167	7,994	7,868	7,748
	Proposed dividend	332	332	332	332
	Equity attributable to parent company shareholders	8,961	8,652	8,392	8,317
	Non-controlling interests	7	7	14	14
	Total equity	8,967	8,659	8,406	8,332
	Deferred tax	420	397	320	309
	Liability regarding put option	336	321	241	237
	Pensions, provisions and other liabilities	271	275	183	153
	Interest-bearing debt	2,379	1,749	1,553	1,366
	Non-current liabilities	3,406	2,742	2,296	2,065
	Current portion of non-current interest-bearing debt	452	283	286	291
	Interest-bearing debt	1,310	1,026	199	149
	Trade payables and other payables	4,150	4,089	3,310	3,464
	Corporate income tax	125	140	92	89
	Current liabilities	6,036	5,538	3,887	3,993
	Total liabilities	9,442	8,281	6,183	6,057
	Total equity and liabilities	18,409	16,940	14,589	14,389

Notes without reference 6-8.

Amounts in DKK million

Cash flow statement

Note		YTD 2019	YTD 2018	FY 2018
	Profit before tax	213	172	1,086
	Adjustment for non-cash operating items, etc.:			
	Depreciation and impairment losses	200	131	532
	Other non-cash operating items, net	-22	-23	6
	Provisions	6	1	0
	Profit/loss after tax in associates and joint ventures	-15	-2	-70
	Financial income	-29	-17	-79
	Financial expenses	32	30	119
	Cash flows from operations before changes in working capital	385	291	1,594
	Changes in working capital	-216	-252	-434
	Cash flows from operations	169	39	1,160
	Interest received	7	6	30
	Interest paid	-23	-12	-98
	Cash flows from ordinary activities	153	33	1,092
	Income tax paid	-53	-31	-254
	Cash flows from operating activities	100	2	837
	Purchase of intangible assets	-9	-3	-34
	Purchase of property, plant and equipment	-184	-135	-685
	Sale of property, plant and equipment	0	0	4
4	Acquisitions	-134	-80	-708
	Divestments	0	0	55
	Acquisition of/capital contribution to associates and JVs	0	0	-1
	Additions/disposals of other financial assets	2	1	9
	Cash flows from investing activities	-325	-217	-1,360

Note		YTD 2019	YTD 2018	FY 2018
	Loan financing:			
	Repayment of non-current liabilities	-54	-24	-119
	Proceeds from non-current liabilities incurred	0	6	0
	Increase of bank overdrafts	246	251	1,219
	Cash flows from debt financing	192	233	1,100
	Shareholders:			
	Dividends paid	0	0	-314
	Purchase/sale of treasury shares, net	17	17	-163
	Cash flows from financing activities	208	250	623
	Cash flows for the period	-16	35	100
	Cash and cash equivalents at 1 January	585	478	478
	Value adjustment of cash and cash equivalents	5	-4	6
	Cash and cash equivalents at 31 March	574	509	585

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 2018	255	-10	-7	7,748	332	8,317	14	8,332
Changes in accounting policies, IFRS 9		0	0	-11	0	-11	0	-11
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries		0	-51	0	0	-51	0	-51
Value adjustment of hedging instruments for the period		0	0	0	0	0	0	0
Hedging instruments transferred to cost of sales		2	0	0	0	2	0	2
Hedging instruments transferred to financials		5	0	0	0	5	0	5
Other comprehensive income from associates and joint ventures		0	0	-3	0	-3	0	-3
Other adjustments to other comprehensive income		0	0	1	0	1	0	1
Tax on other comprehensive income		-2	0	0	0	-2	0	-2
Profit for the period		0	0	118	0	118	0	118
Total recognised comprehensive income		5	-51	116	0	70	0	70
Transactions with the owners								
Share-based payment		0	0	3	0	3	0	3
Value adjustment of put option		0	0	-4	0	-4	0	-4
Treasury shares bought/sold		0	0	17	0	17	0	17
Total transactions with owners during the period		0	0	16	0	16	0	16
Equity at 31 March 2018	255	-5	-58	7,868	332	8,392	14	8,406
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	133	0	0	133	0	134
Value adjustment of hedging instruments for the period		2	0	0	0	2	0	2
Hedging instruments transferred to cost of sales		-1	0	0	0	-1	0	-1
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	0
Other adjustments to other comprehensive income		0	0	0	0	0	0	0
Tax on other comprehensive income		0	0	0	0	0	0	0
Profit for the period		0	0	167	0	167	0	167
Total recognised comprehensive income		2	133	167	0	302	0	302
Transactions with the owners								
Share-based payment		0	0	5	0	5	0	5
Value adjustment of put option		0	0	-15	0	-15	0	-15
Treasury shares bought/sold		0	0	17	0	17	0	17
Total transactions with owners during the period		0	0	6	0	6	0	6
Equity at 31 March 2019	255	-6	213	8,167	332	8,961	7	8,967

Amounts in DKK million

Notes to the financial statements

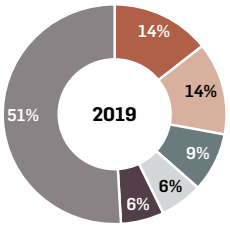
1
Segment reporting

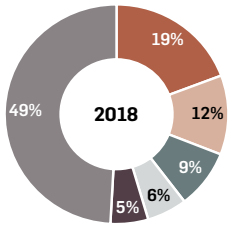
Reporting segments YTD 2019	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	2,137	584	451	718	556	230	4,675	0	0	0	4,676
Intra-group revenue	0	5	0	0	0	0	5	0	3	-8	0
Segment revenue	2,137	589	451	718	556	230	4,681	0	3	-8	4,676
EBITDA	132	99	39	46	60	33	409	0	-8	0	401
Depreciation and impairment losses	79	33	26	30	19	12	199	0	0	0	200
EBIT	52	66	13	16	42	21	210	0	-8	0	202
Share of profit in associates and joint ventures	15	0	0	0	0	0	15	0	0	0	15
Tax on profit for the period	-14	-16	-1	-2	-8	-4	-45	0	-2	0	-47
Segment assets:	8,215	2,448	2,039	2,515	1,715	1,612	18,544	12	10,541	-10,688	18,409
Of which goodwill	1,374	99	121	169	141	516	2,421	0	0	0	2,421
Equity investments in associates and JVs	532	0	0	0	5	0	537	0	0	0	537
Segment liabilities	5,397	1,404	1,356	1,736	1,239	548	11,680	7	2,607	-4,852	9,442
Working capital	1,001	428	572	856	687	183	3,726	0	-1	0	3,725
Net interest-bearing debt	1,893	811	1,025	979	773	76	5,556	6	-2,042	0	3,520
Cash flow from operating activities	-40	126	-31	1	28	-12	72	0	25	3	100
Capital expenditure	85	22	148	33	20	8	314	0	0	0	314
Average no. of employees	1,212	737	1,024	3,879	1,208	1,675	9,735	0	14	0	9,749

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 the revenue derives from the 'Other' category.

Revenue by country:





	YTD 2019	YTD 2018
Norway	670	742
Chile	638	450
Denmark	406	334
UK	291	223
Germany	291	210
Other	2,380	1,892
Total	4,676	3,851

Notes to the financial statements

1

Segment reporting (continued)

Reporting segments YtD 2018	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	1,884	535	406	283	499	242	3,850	0	0	0	3,851
Intra-group revenue	0	5	0	0	0	0	5	0	2	-8	0
Segment revenue	1,884	541	406	283	499	242	3,856	0	2	-8	3,851
EBITDA	80	83	45	25	49	38	321	0	-7	0	314
Depreciation and impairment losses	45	29	24	8	15	9	130	1	0	0	131
EBIT	35	54	21	17	35	29	191	0	-8	0	183
Share of profit in associates and joint ventures	4	0	0	0	0	0	4	0	-3	0	2
Tax on profit for the period	-21	-11	-5	-3	-8	-5	-53	0	-1	0	-54
Segment assets:	6,642	2,318	1,785	950	1,452	1,576	14,723	84	8,893	-9,110	14,589
Of which goodwill	1,296	99	117	10	143	516	2,180	0	0	0	2,180
Equity investments in associates and JVs	426	0	0	0	3	0	429	0	74	0	503
Segment liabilities	3,761	1,381	1,206	688	1,004	583	8,623	27	1,527	-3,994	6,183
Working capital	774	366	487	306	605	259	2,797	0	3	0	2,800
Net interest-bearing debt	833	812	891	369	573	188	3,666	3	-2,192	0	1,477
Cash flow from operating activities	-60	58	18	17	-14	-38	-20	-3	22	2	2
Capital expenditure	42	25	52	34	9	5	167	0	0	0	167
Average no. of employees	1,171	695	947	1,440	1,200	1,560	7,013	0	13	0	7,025

Notes to the financial statements

2
Costs

Share-based payment: Share option programme

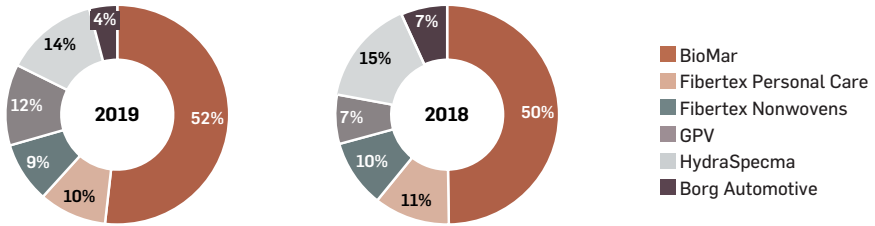
The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest from the date of grant until the date of exercise. The 2019 grant is described in greater detail in company announcement no. 4/2019 of 15 March 2019.

Outstanding options	Executive management	Other	Total
Total outstanding options at 31 December 2018	205,000	700,834	905,834
Exercised in 2019	-	-38,167	-38,167
Granted in 2019	47,000	279,000	326,000
Total outstanding options at 31 March 2019	252,000	941,667	1,193,667

3
Receivables (current)

	31/3 2019	**31/3 2018**
Trade receivables	3,749	2,909
Other current receivables	238	223
Prepayments	71	54
Total current receivables	4,058	3,186

Trade receivables by portfolio company:



Amounts in DKK million

		Due between (days)			
31/3 2019	Not fallen due	1-30	31-90	>91	Total
Total receivables	3,222	320	132	220	3,895
Impairment losses on trade receivables	-20	-2	-8	-116	-145
Trade receivables, net	3,203	319	124	103	3,749
Proportion of the total receivables expected to be settled					96.3%
Impairment rate	0.6%	0.5%	6.0%	53.0%	3.7%

		Due between (days)			
31/3 2018	Not fallen due	1-30	31-90	>91	Total
Total receivables	2,498	252	110	199	3,059
Impairment losses on trade receivables	-16	-1	-3	-129	-150
Trade receivables, net	2,481	251	107	70	2,909
Proportion of the total receivables expected to be settled					95.1%
Impairment rate	0.7%	0.6%	2.9%	64.8%	4.9%

	31/3 2019	**31/3 2018**
Impairment losses on trade receivables		
Impairment losses in accordance with IAS 39 at 1 January		-138
Change of accounting policies		-15
Impairment losses in accordance with IFRS 9 at 1 January	-144	-153
Foreign exchange adjustments	-1	5
Additions on company acquisitions	0	0
Reversed impairment losses	2	0
Impairment losses for the period	-3	-2
Realised loss	1	0
Impairment losses, end of period	-145	-150

Notes to the financial statements

4
Acquisitions

	YTD 2019	YTD 2018
Customer relations	0	7
Property, plant and equipment	122	23
Inventories	9	37
Receivables	14	30
Tax asset	15	0
Cash and cash equivalents	1	2
Trade payables	-19	-11
Other payables	-7	-5
Net assets acquired	135	82
Goodwill	0	0
Acquisition cost	135	82
of which cash and cash and cash equivalents	-1	-2
Total cash acquisition costs	134	80

Effective 11 January 2019, Fibertex Nonwovens acquired a spunlace production business in South Carolina, USA, for a consideration of DKK 134 million. The seller had established the company in 2016 and built a state-of-the-art spunlace production line. The new production site provides Fibertex Nonwovens with a strategically important foundation for further growth in the North American market.

In connection with the purchase price allocation, intangible assets and property, plant and equipment were identified at values that were DKK 2 million and DKK 57 million, respectively, lower, and deferred tax asset of DKK 15 million.

The acquisition involved costs of DKK 2.6 million, which amount has been recognised under administrative expenses.

Acquired assets include trade receivables at a fair value of DKK 14 million, and the contractual gross receivable also amounts to DKK 14 million.

Had the company been acquired effective from 1 January 2019, revenue would have been DKK 4 million higher, while profit would have been the same.

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
Treasury shares held at 1 Jan. 2018	1,529,930	15,299,300	317	6.00%
Share option programme	-45,833	-458,330	-5	-0.18%
Treasury shares held at 31 Mar. 2018	1,484,097	14,840,970	311	5.82%
Share option programme	-65,000	-650,000	-8	-0.25%
Additions	387,900	3,879,000	200	1.52%
Treasury shares held at 31 Dec. 2018	1,806,997	18,069,970	504	7.09%
Share option programme	-38,167	-381,670	-5	-0.15%
Treasury shares held at 31 Mar. 2019	1,768,830	17,688,300	499	6.94%

A total of 38,167 shares held in treasury were used in connection with options exercised in 2019. The shares had an aggregate fair value of DKK 19 million at the date of exercise.

The Group's holding of treasury shares had a market value of DKK 875 million at 31 March 2019. The portfolio of treasury shares is recognised at DKK 0.

	YTD 2019	YTD 2018
Share of the profit for the year attributable to shareholders of Schouw & Co.	167	118
Average number of shares	25,500,000	25,500,000
Average number of treasury shares	-1,799,208	-1,518,930
Average number of outstanding shares	23,700,792	23,981,070
Average dilutive effect of outstanding share options *	38,208	107,337
Diluted average number of outstanding shares	23,739,000	24,088,407
Earnings per share of DKK 10	7.05	4.94
Diluted earnings per share of DKK 10	7.04	4.91

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

Notes to the financial statements

6
Fair value of categories of financial assets and liabilities

	31/3 2019	31/12 2018	31/3 2018
Financial assets			
Securities (1)	1	1	3
Other securities and investments (2)	73	72	0
Derivative financial instruments (2)	6	20	9
Other securities and investments (3)	1	1	2
Financial liabilities			
Derivative financial instruments (2)	15	21	23

Listed equities measured at the official end-of-quarter market value (level 1) amounted to DKK 1 million (2018: DKK 3 million). Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1 million at the beginning of the year and was unchanged at DKK 1 million at the end of the 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.

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 2019	YTD 2018
Joint ventures:		
During the reporting period, the Group sold goods in the amount of	5	7
At 31 March, the Group had a receivable of	22	24
At 31 March, the Group had debt in the amount of	1	1
Associates:		
During the reporting period, the Group sold goods in the amount of	34	51
During the reporting period, the Group bought goods in the amount of	27	13
At 31 March, the Group had a receivable of	69	75
At 31 March, the Group had debt in the amount of	95	83

During 2019, 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. (6.94%).

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.