schouw+co

Highlights

- Schouw & Co.'s consolidated revenue up by 4% in Q3 2018 to DKK 5,034 million.
- EBITDA of DKK 445 million against DKK 483 million last year.
- Full-year EBITDA guidance narrowed to the interval DKK1,580-1,650 million (exclusive CCS acquisition costs), while share of profit in associates and joint ventures raised
- EMS company CCS acquired and biogas business Xergi divested after the end of the quarter

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

2018
Interim report Third quarter

Company announcement No. 22/2018
12 November 2018 – 26 pages

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

"For the Schouw & Co. Group, the next few quarters will be a period dedicated to optimising existing operations. This will involve utilising the production apparatus and enhancing efficiency, it will involve aligning product and service offerings, and in particular it will involve optimising capital utilisation, especially our working capital.

Recently, we have completed a number of events that are all part of our efforts to streamline Schouw & Co. GPV has signed an agreement to acquire Swiss-based company CCS in a deal that propels GPV to the top of the European EMS industry. Next, we sold our interest in Xergi to that company's largest customer. In addition, we have agreed to sell the last of our non-operational properties in Frederikshavn, we've sold our interests in venture investment activities and we've focused our investment in Aarhus-based science parks."

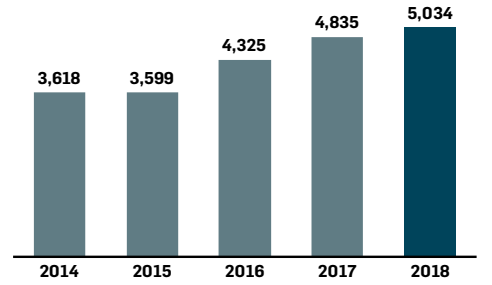
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Financial highlights and key ratios

GROUP SUMMARY (DKKm)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
REVENUE AND INCOME					
Revenue	5,034	4,835	13,419	12,541	17,032
Operating profit before depreciation (EBITDA)	445	483	1,158	1,125	1,568
Depreciation and impairment losses	136	121	400	346	475
EBIT	309	362	758	778	1,093
Profit/loss after tax in associates and joint ventures	19	10	37	15	42
Net financials	-27	-26	-64	-27	-30
Profit before tax	301	347	731	766	1,105
Profit for the period	230	262	549	585	875
Cash flows					
Cash flow from operating activities	563	689	529	709	763
Cash flow from investing activities	-128	-857	-567	-2,342	-2,763
Of which investment in property, plant and equipment	-128	-137	-484	-593	-809
Cash flows from financing activities	-339	213	21	528	818
Invested capital and financing					
Invested capital (ex. goodwill)	8,001	6,964	8,001	6,964	7,337
Total assets	15,765	14,591	15,765	14,591	14,389
Working capital	3,015	2,175	3,015	2,175	2,505
Net interest-bearing debt (NIBD)	1,701	1,071	1,701	1,071	1,275
Share of equity attributable to shareholders of Schouw & Co.	8,495	8,044	8,495	8,044	8,317
Non-controlling interests	8	11	8	11	15
Total equity	8,503	8,056	8,503	8,056	8,332
Financial data					
EBITDA margin (%)	8.8	10.0	8.6	9.0	9.2
EBIT margin (%)	6.1	7.5	5.6	6.2	6.4
EBT margin (%)	6.0	7.2	5.4	6.1	6.5
Return on equity (%)	10.2	10.9	10.2	10.9	10.9
Equity ratio (%)	53.9	55.2	53.9	55.2	57.9
ROIC excluding goodwill (%)	15.2	18.8	15.2	18.8	17.6
ROIC including goodwill (%)	11.8	15.1	11.8	15.1	13.8
NIBD/EBITDA ratio	1.1	0.7	1.1	0.7	0.8
Average no. of employees	7,257	6,517	7,121	5,795	6,087
Per share data					
Earnings per share (of DKK 10)	9.64	11.03	23.03	24.77	36.85
Diluted earnings per share (of DKK 10)	9.62	10.96	22.96	24.60	36.63
Net asset value per share (of DKK 10)	355.13	335.60	355.13	335.60	346.99
Share price, end of period (per share DKK 10)	533.00	684.50	533.00	684.50	581.50
Price/Net asset value	1.50	2.04	1.50	2.04	1.68
Market capitalisation at year end	12,750	16,408	12,750	16,408	13,939

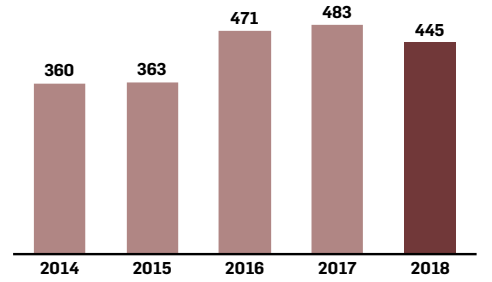
Revenue, third quarter

(DKKm)



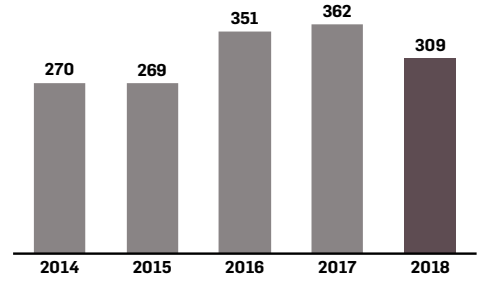
EBITDA, third quarter

(DKKm)



EBIT, third quarter

(DKKm)



Interim report – Third quarter 2018

Revenue improvements as expected in the third quarter, but a few earnings disappointments. More focus on optimisation efforts across the Group. EMS company CCS acquired and biogas business Xergi divested after the end of the third quarter.

Financial performance

(DKKm)	Q3 2018	Q3 2017	Change	
Revenue	5,034	4,835	199	4%
EBITDA	445	483	-38	-8%
EBIT	309	362	-53	-15%
Assc. and JVs	19	10	8	80%
Profit before tax	301	347	-46	-13%
Cash flow from op. act.	563	689	-127	-18%

(DKKm)	YTD 2018	YTD 2017	Change	
Revenue	13,419	12,541	878	7%
EBITDA	1,158	1,125	33	3%
EBIT	758	778	-21	-3%
Assc. and JVs	37	15	22	151%
Profit before tax	731	766	-35	-5%
Cash flow from op. act.	529	709	-179	-25%
Net interest-bearing debt	1,701	1,071	630	59%
Working capital	3,015	2,175	840	39%
ROIC excluding goodwill	15.2%	18.8%	-3.7pp	
ROIC including goodwill	11.8%	15.1%	-3.2pp	

Overall, the companies of the Schouw & Co. Group generated revenue improvements in line with expectations in the third quarter of 2018, but with a change in geographic revenue distribution for some of them. As in the first two quarters of the year, the Q3 reporting period was characterised by tough competition in most areas, combined with higher prices of raw materials and a difficult supply situation for a number of key components and raw materials. The effects of this situation combined with the geographical distribution resulted in a Q3 earnings setback, although the YTD EBITDA remains ahead of last year's comparator.

Consolidated revenue improved by 4% to DKK 5,034 million in Q3 2018 from DKK 4,835 million in Q3 2017. All portfolio businesses but Borg Automotive contributed to the improvement.

For the nine months to 30 September 2018, consolidated revenue was up by 7% to DKK 13,419 million from DKK 12,541 million in the year-earlier period. All portfolio businesses contributed to the improvement for the nine-month period, the largest single contribution being the acquisition of Borg Automotive, which was not consolidated in Q1 2017.

EBITDA fell from DKK 483 million in Q3 2017 to DKK 445 million in Q3 2018, due to Fibertex Personal Care, Borg Automotive and BioMar, while the remaining businesses all reported EBITDA improvements.

For the nine months to 30 September 2018, EBITDA was up by 3% to DKK 1,158 million from DKK 1,125 million in the year-earlier period. Borg Automotive was the main driver of the improvement for the nine-month period, but BioMar, HydraSpecma and GPV were also positive contributors. On the other hand, Fibertex Personal Care, and to some extent Fibertex Nonwovens, both reported lower earnings than last year.

Associates and joint ventures contributed aggregate Q3 2018 profit after tax of DKK 19 million, compared with DKK 10 million in Q3 2017. The main contributor to the improvement was a larger share of profit in the associated fish farming business Salmones Austral in Chile.

Consolidated net financial items were an expense of DKK 27 million in Q3 2018, compared with a DKK 26 million expense in Q3 2017. When adjusted for foreign exchange losses and other items of DKK 18 million, actual net interest expenses amounted to DKK 9 million in Q3 2018 compared with DKK 7 million in Q3 2017.

Liquidity and capital resources

Consolidated operating activities generated a cash inflow of DKK 563 million in Q3 2018, compared with DKK 689 million in Q3 2017. The lower cash flow was due in part to the lower Q3 earnings and an increase in taxes paid.

Cash flows for investing activities amounted to DKK 128 million in Q3 2018. In Q3 2017, that amount was DKK 857 million, which included the acquisition of Alimentsa in Ecuador.

The consolidated net interest-bearing debt amounted to DKK 1,701 million at 30 September 2018, compared with DKK 2,035 million at 30 June 2018. By comparison, net interest-bearing debt at 30 September 2017 was DKK 1,071 million.

The Group's working capital fell from DKK 3,158 million at 30 June 2018 to DKK 3,015 million at 30 September 2018. By comparison, working capital amounted to DKK 2,175 million at 30 September 2017.

Group developments

The companies of the Schouw & Co. Group have invested heavily in recent years to capitalise on opportunities for expansion. This includes major investments in capacity-enhancing assets in BioMar and Fibertex Personal Care as well as the acquisition of Ecuadorian shrimp feed manufacturer Alimentsa and Brazilian nonwovens manufacturer Duci.

After having made such massive investments, the natural next step for the Group is to focus on optimising and leveraging available assets and on the business opportunities at hand. Accordingly, the third quarter was generally a period of adapting to movements in the markets, whether they relate to geography, products or have in other ways caused a change in demand, with a view to securing sustainable profitability in all operations.

Focus on the core business areas has also increased at group level. After the end of the third quarter, Schouw & Co. agreed to sell its ownership interest in biogas business Xergi and expects sell the factory site in Frederikshavn, Denmark, which the Group retained ownership of following the →

Interim report – Third quarter 2018

divestment of Martin Professional in 2013. Lastly, the associate Incuba Invest has been dissolved. As a result, Schouw & Co. now only has a 16% ownership interest in Incuba A/S, which is the owner of three properties and runs three science parks in Aarhus, Denmark.

The Schouw & Co. Group still intends to grow by way of capacity-increasing investments and strategic acquisitions. After the end of the Q3 reporting period, for example, GPV agreed to acquire Swiss-based EMS company CCS, which in 2017 generated revenue of DKK 1.4 billion. The company has about 2,300 employees. The transaction is worth about DKK 800 million on a debt-free basis (enterprise value), and the deal is subject to usual regulatory authority approval.

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

BioMar reported a 2% increase in volumes sold, which mainly derived from the acquisition of Alimentsa in Ecuador and strong sales in Chile, whereas Norway reported lower sales. BioMar grew its overall revenue by 2% in the quarter, but reported lower EBITDA.

Fibertex Personal Care reported a 9% revenue improvement driven mainly by higher prices of raw materials and currency developments. As expected, EBITDA was considerably lower than in the year-earlier period due in part to the negative impact from raw materials, in part to the weaker demand from the company's customers in Asia.

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

HydraSpecma reported an 11% revenue increase driven by improvements in most of its core business areas. EBITDA did not improve by any notable margin, mainly due to developments in component prices and costs and to a change in the geographical breakdown.

Borg Automotive reported a slight revenue decline following a drop in sales in September. The company's EBITDA was substantially lower than in the year-earlier period due to lower sales and a number of adjustments caused by changing prices on cores.

GPV managed to grow its revenue by 6%, even though a few large customers have generally experienced less business activity than last year. EBITDA improved by well more than the revenue improvement.

Events after the balance sheet date

For information about the acquisition of Swiss-based EMS company CCS and the sale of Xergi and the factory site at Frederikshavn, Denmark, see the relevant sections of this interim report. Schouw & Co. is not aware of any other events occurring after 30 September 2018, other than as set out elsewhere in this interim report which are expected to have a material impact on the Group's financial position or outlook.

Accounting policies

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

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

Schouw & Co. shares

Schouw & Co. shares fell by 5% during the third quarter of 2018, from DKK 563.50 at 30 June 2018 to DKK 533.00 at 30 September 2018. The share price at 31 December 2017 was DKK 581.50, and a dividend of DKK 13 per share was paid in the intervening period.

The company currently has a share buy-back programme for up to DKK 200 million running from 20 August until 28 December 2018. Purchases and the current status of the programme are published in weekly company announcements.

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

Special risks

The overall risk factors the Schouw & Co. Group faces are discussed in the 2017 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2017 Annual Report.

Roundings and presentation

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

Judgments and estimates

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

Outlook

Increased EBITDA guidance in BioMar, expectations met in the other portfolio companies except for Borg Automotive and Fibertex Nonwovens. Gains from the sale of Xergi and higher share of profit from associates. Optimisation and efficiency in focus.

Outlook for 2018

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

However, movements in supply and demand do not always occur in a balanced setting, and competition is currently intensifying in major areas. This applies in particular to BioMar in Norway and to Fibertex Personal Care, but all of the Group's portfolio companies need to align to geographical shifts and other changes in demand and to act on the dynamics resulting from changes in prices of raw materials and exchange rates.

For the Schouw & Co. Group overall, the next few quarters will be a period dedicated to optimising existing operations. This will involve utilising the production apparatus and enhancing efficiency, it will involve aligning product and service offerings, and in particular it will involve optimising capital utilisation, especially working capital.

The Schouw & Co. businesses stand well prepared to meet the competition. Recent years' massive investments have given the portfolio companies the necessary strength to create sustainable profitability for all operations, and the companies are believed to have a significant potential to optimise without compromising the ambition of long-term growth.

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

BioMar maintains its full-year revenue guidance while raising EBITDA guidance following good climatic conditions and specific initiatives. Estimate for the share of profit from associates and joint ventures raised by a significant margin.

Fibertex Personal Care maintains its revenue and. EBITDA guidanced interval narrowed partly because softer demand from major customers will result in less efficient production.

Fibertex Nonwovens expects full-year revenue at just less than the original guidance, but reduces its EBITDA guidance due in part to challenging raw materials prices.

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

Borg Automotive continues to expect full-year revenue of close to the original guidance, but reduces its EBITDA guidance due in part to adjustments made as a result of lower prices on cores.

GPV confirms its full-year revenue and EBITDA guidance. Consolidated EBITDA is expected to include costs of approximately DKK 10 million relating to the acquisition of CCS.

REVENUE (DKKm)	**2018F after Q3**	**2018F after Q2**	**2017 realised**
BioMar	c. 10,000	c. 10,000	9,955
Fibertex Personal Care	c. 2,100	c. 2,100	2,016
Fibertex Nonwovens	c. 1,575	c. 1,600	1,422
HydraSpecma	c. 2,000	c. 2,000	1,805
Borg Automotive	c. 1,000	c. 1,025	709
GPV	c. 1,225	c. 1,225	1,148
Other/eliminations	-	-	-23
Total revenue	c. 17,900	c. 17,950	17,032

EBITDA (DKKm)	**2018F after Q3**	**2018F after Q2**	**2017 realised**
BioMar	690-715	665-705	712
Fibertex Personal Care	310-320	310-330	365
Fibertex Nonwovens	180-190	195-205	179
HydraSpecma	170-180	165-185	148
Borg Automotive	135-145	155-175	89
GPV	* 125-130	125-135	107
Other	c. -30	c. -35	-32
Total EBITDA	*1,580-1,650	1,580-1,700	1,568
PPA depreciation	c. -85	c. -85	-64
Other depreciation	c. -455	c. -460	-411
Total EBIT	*1,040-1,110	1,035-1,155	1,093
Assc. and JVs	c. 75	c. 55	42
Other financial items	c. -75	c. -65	-30
Profit before tax	*1,040-1,110	1,025-1,145	1,105

* Before acquisition costs of about DKK 10 million relating to CCS.

Schouw & Co. Group's overall guidance

Overall, the Schouw & Co. Group projects full-year 2018 consolidated revenue of about DKK 17.9 billion against DKK 17.0 billion in 2017, equal to a 5% increase.

Schouw & Co. applies a profit forecast range for each individual business, and based on a simple aggregation of these ranges, the Group now guides for consolidated full-year 2018 EBITDA in the range of DKK 1,580-1,650 million before costs of about DKK 10 million relating to the acquisition of CCS as compared to the previously announced range of DKK 1,580-1,700 million. The 2017 EBITDA amounted to DKK 1,568 million.

The guidance for depreciation, amortisation and impairment charges is now at DKK 540 million in 2018 (2017: DKK 475 million). As a result, the Group now guides for consolidated 2018 EBIT in the range of DKK 1,040-1,110 million compared with the previously announced range of DKK 1,035-1,155 million. The 2017 EBIT amounted to DKK 1,093 million.

Associates and joint ventures, which are recognised at a share of profit after tax, contributed a combined profit of DKK 42 million in 2017. The share of profit for 2018 will include total gains of approximately DKK 13 million from the sale of Xergi and the company's operations until the transfer of ownership, while profit from other associates and joint ventures is expected to be recognised at approximately DKK 69 million. The sale of the factory site in Frederikshavn is expected to result in a DKK 7 million loss, which will be recognised under divestment of equity investments. The sale of Xergi and the property in Frederikshavn will reduce interest-bearing debt by approximately DKK 75 million.

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 September 2018.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets and liabilities and financial position at 30 September 2018 and of the results of the Group's operations and cash flows for the period 1 January–30 September 2018.

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

Aarhus, 12 November 2018

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

27 February 2019	Deadline for submission of proposals to be considered at the annual general meeting
8 March 2019	Release of 2018 annual report
11 April 2019	Annual general meeting
16 April 2019	Expected distribution of dividend
9 May 2019	Release of Q1 2019 interim report
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 full-year and interim reports through company announcements and postings on its website, www.schouw.dk.

Aktieselskabet Schouw & Co.

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Our businesses

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Portfolio company financial highlights – Q3

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		HydraSpecma		Borg Automotive		GPV		Group	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
INCOME STATEMENT														
Revenue	3,103.8	3,047.8	552.4	504.6	375.0	335.9	453.8	408.9	230.5	237.4	322.2	304.9	5,034.3	4,835.3
Gross profit	401.7	401.6	90.8	114.8	77.5	70.2	111.9	107.4	59.8	60.0	73.3	64.7	814.6	818.3
EBITDA	245.6	252.2	74.6	97.8	40.0	38.0	33.3	33.1	22.0	35.5	36.7	31.2	444.9	482.9
Depreciation and impairment losses	47.6	39.4	31.2	27.5	24.7	22.6	13.8	15.0	8.8	8.7	9.5	7.2	136.1	121.1
EBIT	198.0	212.8	43.4	70.3	15.4	15.4	19.6	18.0	13.2	26.8	27.3	24.0	308.7	361.9
Profit after tax in assc's and joint ventures	20.7	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.6	10.3
Net financial items	-10.9	-6.0	-6.4	-10.7	-13.0	-12.1	-9.4	-5.2	-0.8	-3.0	-0.2	1.9	-26.8	-25.6
Profit before tax	207.8	218.3	37.0	59.7	2.3	3.2	10.2	12.8	12.4	23.8	27.0	25.9	300.5	346.5
Tax on profit/loss for the year	-51.6	-48.6	-9.5	-14.1	-3.8	-4.6	-2.6	-2.4	-3.4	-3.6	1.8	-5.4	-70.5	-84.2
Profit before non-controlling interests	156.3	169.7	27.5	45.6	-1.5	-1.4	7.6	10.4	9.0	20.2	28.8	20.5	230.0	262.3
Non-controlling interests	0.0	0.0	0.0	0.0	1.7	1.6	-0.1	0.0	0.0	0.0	0.0	0.0	1.6	1.6
Profit for the year	156.3	169.7	27.5	45.6	0.2	0.1	7.5	10.5	9.0	20.2	28.8	20.5	231.6	263.9
CASH FLOWS														
Cash flow from operating activities	408.6	516.4	46.8	87.1	-6.6	34.5	1.2	-5.8	89.3	75.3	9.0	-22.4	562.8	689.5
Cash flow from investing activities	-45.0	-766.4	-31.8	-30.6	-17.2	-28.3	-20.0	-10.7	-6.0	-4.5	-8.7	-15.9	-128.4	-856.9
Cash flows from financing activities	-275.1	297.9	-29.5	-43.7	22.3	-5.3	14.7	8.4	-102.7	-54.3	1.9	16.4	-338.7	212.7
BALANCE SHEET														
Intangible assets[1]	1,287.6	1,289.6	82.4	80.9	156.4	151.7	263.1	298.8	335.7	369.3	17.7	18.7	3,168.8	3,225.7
Property, plant and equipment	1,282.0	1,247.4	1,397.4	1,302.4	807.2	770.9	213.7	186.1	77.3	71.0	320.9	224.6	4,167.4	3,873.0
Other non-current assets	549.7	488.5	42.0	36.0	4.4	4.4	11.3	10.4	64.7	58.6	45.1	23.1	721.6	686.8
Cash and cash equivalents	474.6	497.9	53.1	63.8	27.6	35.1	57.6	88.3	63.0	37.1	23.0	17.6	464.1	562.2
Other current assets	3,669.3	3,135.2	760.8	604.5	750.3	628.9	978.2	818.7	465.9	505.3	637.9	541.3	7,243.3	6,243.7
Total assets	7,263.2	6,658.6	2,335.7	2,087.6	1,745.9	1,591.0	1,523.9	1,402.3	1,006.6	1,041.3	1,044.6	825.3	15,765.2	14,591.4
Shareholders' equity	2,456.1	2,401.1	946.3	864.6	527.4	522.3	451.4	446.5	406.7	430.3	315.8	199.3	8,503.1	8,055.8
Interest-bearing liabilities	1,510.5	1,176.7	894.1	815.8	956.6	790.1	702.5	599.3	179.6	154.8	476.3	348.3	2,214.2	1,696.6
Other liabilities	3,296.7	3,080.8	495.3	407.2	261.9	278.6	370.0	356.5	420.2	456.2	252.6	277.7	5,047.9	4,839.0
Total equity and liabilities	7,263.2	6,658.6	2,335.7	2,087.6	1,745.9	1,591.0	1,523.9	1,402.3	1,006.6	1,041.3	1,044.6	825.3	15,765.2	14,591.4
Average no. of employees	1,178	993	725	672	1,019	876	1,233	1,166	1,584	1,476	1,505	1,314	7,257	6,517
FINANCIAL KEY FIGURES														
EBITDA margin	7.9%	8.3%	13.5%	19.4%	10.7%	11.3%	7.3%	8.1%	9.5%	15.0%	11.4%	10.2%	8.8%	10.0%
EBIT margin	6.4%	7.0%	7.9%	13.9%	4.1%	4.6%	4.3%	4.4%	5.7%	11.3%	8.5%	7.9%	6.1%	7.5%
ROIC excluding goodwill	23.4%	35.6%	12.5%	15.4%	6.7%	7.7%	13.0%	14.7%	22.0%		12.9%	17.8%	15.2%	18.8%
ROIC including goodwill	15.2%	23.3%	11.8%	14.5%	6.1%	7.0%	11.3%	12.5%	11.9%		12.7%	17.5%	11.8%	15.1%
Working capital	867.1	447.2	439.2	334.2	528.1	415.2	668.9	531.3	131.8	173.9	381.6	269.5	3,014.5	2,174.9
Net interest-bearing debt	986.7	615.4	841.0	752.0	929.0	754.9	644.8	511.0	116.6	117.8	453.3	330.8	1,701.0	1,070.8

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

Portfolio company financial highlights – 9M

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		HydraSpecma		Borg Automotive[1]		GPV		Group	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
INCOME STATEMENT														
Revenue	7,505.5	7,317.5	1,579.2	1,471.2	1,201.0	1,091.6	1,503.0	1,341.9	740.8	721.6	902.7	852.3	13,419.0	12,541.4
Gross profit	909.4	880.9	272.3	307.6	254.2	246.5	378.2	361.9	211.1	160.5	193.6	183.6	2,217.5	2,069.5
EBITDA	499.7	494.7	227.0	262.6	137.3	138.5	130.6	120.7	101.1	60.8	86.1	81.5	1,158.0	1,124.8
Depreciation and impairment losses	138.2	108.3	90.1	83.2	73.8	66.7	42.8	45.0	26.4	20.1	26.6	20.5	400.0	346.3
EBIT	361.5	386.4	136.9	179.4	63.5	71.8	87.8	75.7	74.7	40.7	59.4	61.0	757.9	778.5
Profit after tax in assc's and joint ventures	41.9	15.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	36.8	14.6
Net financial items	-27.6	19.2	-14.6	-19.9	-36.6	-31.9	-14.6	-17.1	-5.8	-1.9	-1.8	4.5	-63.9	-27.4
Profit before tax	375.8	421.3	122.3	159.5	26.9	39.9	73.1	58.7	68.9	38.8	57.6	65.5	730.9	765.8
Tax on profit/loss for the year	-105.0	-89.2	-29.6	-37.6	-9.3	-18.3	-16.9	-13.0	-13.7	-2.3	-4.4	-13.5	-181.8	-180.7
Profit before non-controlling interests	270.8	332.1	92.7	121.8	17.7	21.7	56.2	45.7	55.2	36.5	53.3	52.0	549.0	585.1
Non-controlling interests	0.0	0.0	0.0	0.0	4.9	3.7	-0.9	1.4	0.0	0.0	0.0	0.0	4.0	5.2
Profit for the year	270.8	332.1	92.7	121.8	22.5	25.4	55.3	47.1	55.2	36.5	53.3	52.0	553.0	590.3
CASH FLOWS														
Cash flow from operating activities	189.2	337.7	144.3	181.1	22.7	70.2	-15.5	26.4	140.8	47.8	0.4	-5.0	529.4	708.6
Cash flow from investing activities	-142.7	-985.2	-114.1	-246.0	-145.3	-94.0	-53.2	-26.7	-13.4	-192.7	-97.8	-79.0	-566.5	-2,342.3
Cash flows from financing activities	-20.9	521.7	-56.0	98.0	113.4	11.5	80.3	9.4	-124.6	134.0	92.9	55.0	20.9	527.6
BALANCE SHEET														
Intangible assets[2]	1,287.6	1,289.6	82.4	80.9	156.4	151.7	263.1	298.8	335.7	369.3	17.7	18.7	3,168.8	3,225.7
Property, plant and equipment	1,282.0	1,247.4	1,397.4	1,302.4	807.2	770.9	213.7	186.1	77.3	71.0	320.9	224.6	4,167.4	3,873.0
Other non-current assets	549.7	488.5	42.0	36.0	4.4	4.4	11.3	10.4	64.7	58.6	45.1	23.1	721.6	686.8
Cash and cash equivalents	474.6	497.9	53.1	63.8	27.6	35.1	57.6	88.3	63.0	37.1	23.0	17.6	464.1	562.2
Other current assets	3,669.3	3,135.2	760.8	604.5	750.3	628.9	978.2	818.7	465.9	505.3	637.9	541.3	7,243.3	6,243.7
Total assets	7,263.2	6,658.6	2,335.7	2,087.6	1,745.9	1,591.0	1,523.9	1,402.3	1,006.6	1,041.3	1,044.6	825.3	15,765.2	14,591.4
Shareholders' equity	2,456.1	2,401.1	946.3	864.6	527.4	522.3	451.4	446.5	406.7	430.3	315.8	199.3	8,503.1	8,055.8
Interest-bearing liabilities	1,510.5	1,176.7	894.1	815.8	956.6	790.1	702.5	599.3	179.6	154.8	476.3	348.3	2,214.2	1,696.6
Other liabilities	3,296.7	3,080.8	495.3	407.2	261.9	278.6	370.0	356.5	420.2	456.2	252.6	277.7	5,047.9	4,839.0
Total equity and liabilities	7,263.2	6,658.6	2,335.7	2,087.6	1,745.9	1,591.0	1,523.9	1,402.3	1,006.6	1,041.3	1,044.6	825.3	15,765.2	14,591.4
Average no. of employees	1,173	943	710	648	988	858	1,215	1,129	1,566	1,437	1,456	1,231	7,121	5,795
FINANCIAL KEY FIGURES														
EBITDA margin	6.7%	6.8%	14.4%	17.8%	11.4%	12.7%	8.7%	9.0%	13.6%	8.4%	9.5%	9.6%	8.6%	9.0%
EBIT margin	4.8%	5.3%	8.7%	12.2%	5.3%	6.6%	5.8%	5.6%	10.1%	5.5%	6.6%	7.2%	5.6%	6.2%
ROIC excluding goodwill	23.4%	35.6%	12.5%	15.4%	6.7%	7.7%	13.0%	14.7%	22.0%		12.9%	17.8%	15.2%	18.8%
ROIC including goodwill	15.2%	23.3%	11.8%	14.5%	6.1%	7.0%	11.3%	12.5%	11.9%		12.7%	17.5%	11.8%	15.1%
Working capital	867.1	447.2	439.2	334.2	528.1	415.2	668.9	531.3	131.8	173.9	381.6	269.5	3,014.5	2,174.9
Net interest-bearing debt	986.7	615.4	841.0	752.0	929.0	754.9	644.8	511.0	116.6	117.8	453.3	330.8	1,701.0	1,070.8

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

BioMar

Volume sales in Norway and other European markets were as expected. Good sales performance in South American markets. Full-year revenue guidance confirmed and EBITDA guidance increased following good climatic conditions and effect from specific initiatives.

BioMar	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue	3,104	3,048	7,506	7,318	9,955
EBITDA	246	252	500	495	712
EBIT	198	213	361	386	559
Assc. and JVs	21	11	42	16	38

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

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

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

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

BioMar	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Volume ('000 tonnes)	367	360	879	832	1,156
Revenue (DKKm)	3,104	3,048	7,506	7,318	9,955
- salmon north	1,539	1,696	3,553	3,964	5,420
- salmon south	592	462	1,643	1,468	1,957
- other divisions	973	890	2,310	1,886	2,578

Financial performance

BioMar reported a 2% year-on-year increase in volumes sold in the third quarter of 2018. The improvement was mainly due to the acquisition of Ecuadorian company Alimentsa, which was only consolidated for one month of the Q3 2017 reporting period.

The Salmon division reported an expected 4% decline in volumes sold in the third quarter due to a drop in sales to the Norwegian market, whereas sales improved in Chile and Scotland.

The EMEA division reported lower overall volumes with underlying improvements in Southern Europe and falling volumes in Northern Europe, where fish farming conditions suffered due to the exceptionally warm summer period. The Turkish joint venture grew its business activity year on year in the third quarter, but the Turkish operations are not consolidated.

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

Total revenue improved by 2% to DKK 3,104 million in Q3 2018 from DKK 3,048 million in Q3 2017. The revenue improvement was driven by the higher volumes sold that followed from the acquisition of Alimentsa.

The Q3 2018 EBITDA was DKK 246 million, compared with DKK 252 million in Q3 2017. The slight decline was due to the negative effect of lower sales in the Salmon division and the warm summer season in northern Europe, which was partly offset by the positive effects of the Alimentsa acquisition.

Profit after tax from associates and joint ventures rose from DKK 11 million in Q3 2017 to DKK 21 million in Q3 2018. The associated fish farming business Salmones Austral in Chile was the main contributor to the improvement.

The non-consolidated feed businesses in Turkey and China reported combined (100% basis) revenue of DKK 231 million in Q3 2018, up from DKK 214 million in Q3 2017. The revenue improvement was driven partly by higher prices of raw materials in China triggered by politically-motivated trade restrictions. EBITDA for Q3 2018 was DKK 22 million, compared with DKK 21 million in Q3 2017.

Working capital grew from DKK 447 million at 30 September 2017 to DKK 867 million at 30 September 2018, in part due to a change in BioMar's geographic revenue distribution. ROIC excluding goodwill fell from 35.6% at 30 September 2017 to 23.4% at 30 September 2018 due to lower LTM earnings combined with higher average invested capital.

Business review

BioMar's acquisition of Ecuadorian shrimp feed manufacturer Alimentsa has progressed as planned, and the company continues to generate revenue and earnings in line with expectations. Alimentsa has been successfully integrated with the rest of the BioMar businesses, although there are still positive synergies and additional potential to be achieved. While retaining its focus on tilapia and shrimp feed for the Central American market, the business in Costa Rica is one of the BioMar units that are readily expected to benefit from the synergy potential with Alimentsa.

Considering BioMar Ecuador's positive performance combined with the market growth anticipated for the coming years, BioMar is ready to add a production line in the existing facilities with about 25,000 tonnes of feed to the annual output capacity. The production line corresponds to an investment of just over DKK 10 million and will be ready for production in the first quarter of 2019.

BioMar recently opened a research center in Ecuador, the Aquaculture Technology Center (ATC), dedicated to shrimp farming. The ATC will be a value creator in BioMar's production of shrimp feed and for the company's customers. In addition, the ATC will complement BioMar's product development capa-

BioMar

bilities in other geographical markets and become a part of BioMar's ATC network that currently consists of facilities in Chile, Norway and Denmark.

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

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

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

Outlook

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

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

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

BioMar maintains its forecast of full-year 2018 revenue of about DKK 10.0 billion but raises its EBITDA to the range of DKK 690-715 against the previous range of DKK 665-705 million partly due to better than expected climatic conditions and first effects from the initiatives taken. The full-year EBITDA for 2017 was DKK 712 million.

Following a good performance in profit from associates and joint ventures, this line item is now expected to contribute a profit share after tax of almost DKK 70 million instead of the previous estimate of approximately DKK 50 million. The corresponding share of profit in 2017 amounted to DKK 38 million.

Fibertex Personal Care

Construction of print facilities in the USA progressing to plan. Demand from several large customers in Asia remains muted. Revenue guidance confirmed and EBITDA guidance interval narrowed.

Fibertex Personal Care	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue	552	505	1,579	1,471	2,016
EBITDA	75	98	227	263	365
EBIT	43	70	137	179	251

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

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

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

Financial performance

Fibertex Personal Care reported a 9% revenue increase to DKK 552 million in Q3 2018, up from DKK 505 million in Q3 2017. The improvement was primarily driven by the combination of higher prices of raw materials and currency developments.

The Q3 2018 EBITDA was DKK 75 million, compared with DKK 98 million in Q3 2017. The drop in earnings was mainly the result of a change in product mix and lower production efficiency due in part to tough competition currently faced by the company's customers in Asia and which has depressed demand for products supplied by the factories in Malaysia.

Fibertex Personal Care	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue (DKKm)	552	505	1,579	1,471	2,016
- Denmark	179	183	517	538	730
- Malaysia	322	271	901	783	1,093
- Germany	52	51	162	150	194

Fibertex Personal Care increased its working capital from DKK 334 million at 30 September 2017, to DKK 439 million at 30 September 2018. Higher receivables and inventories were the reason for the higher working capital, as inventories as planned were built up in Malaysia to provide a buffer for production optimisation purposes.

The most recent investments, in a new factory unit in Malaysia and a technology upgrade in Denmark, and the higher working capital has increased the average invested capital. Combined with the reduced earnings, this reduced the return on invested capital, ROIC, excluding goodwill from 15.4% at 30 September 2017 to 12.5% at 30 September 2018.

Business review

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

After several years of intense development efforts, Fibertex Personal Care has now added a new leg to its product portfolio. Fibertex LOFT is a brand new technology based on the traditional spunbond platform that enables the production of nonwovens with unique textile-like characteristics. The new platform is consistent with the strategic goals of innovation and an increased focus on specialty products. Protected through several patents, the Fibertex LOFT technology strengthens Fibertex Personal Care's position going forward in an otherwise highly competitive market.

The printing techniques developed in-house have also enhanced the company's market position, and demand for direct print on nonwovens materials is growing. In 2017, Fibertex Personal Care began to establish production facilities in Asheboro, North Carolina, USA. Construction of the new nonwovens printing facility is progressing to plan, and the project is scheduled for completion at the turn of the year, so commercial production can commence in spring 2019.

Outlook

Tough competition remains characteristic of the European market, 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.

Fibertex Personal Care's customers operate in highly competitive markets in Asia, and many new market players have invested heavily there, especially in China. As a result, the company's customers face the challenge of a volatile market, and demand from several large customers is expected to be muted for the rest of the year.

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

Fibertex Personal Care expects to generate full-year 2018 revenue of about DKK 2.1 billion. The full-year EBITDA will depend on developments in prices of raw materials and foreign exchange rates, but given the current outlook the company now expects EBITDA in the range of DKK 310-320 million against the previous range of DKK 310-330 million.

Fibertex Nonwovens

Important strategic initiative in nano technology. Expanding capacity in Brazil after successful acquisition. Europe still facing challenging prices of raw materials and tough competition. Full-year earnings guidance lowered.

Fibertex Nonwovens	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue	375	336	1,201	1,092	1,422
EBITDA	40	38	137	139	179
EBIT	15	15	64	72	88

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

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. non-woven textiles used for a number of different industrial purposes. The company's core markets are in Europe and North America, and its secondary markets are in Africa and Asia. Effective from February 2018, Fibertex Nonwovens established operations in Brazil by acquiring nonwovens manufacturer Duci.

Financial performance

Fibertex Nonwovens reported a 12% revenue increase to DKK 375 million in Q3 2018, up from DKK 336 million in Q3 2017. The revenue improvement was mainly due to the acquisition in Brazil, combined with a fair rate of growth in North America and moderate growth in Europe.

The Q3 2018 EBITDA rose to DKK 40 million from DKK 38 million in Q3 2017. The improvement was due primarily to the acquisition in Brazil, which contributed DKK 5 million, whereas EBITDA was otherwise adversely affected by high raw materials prices and generally tough price competition.

Overall, the acquisition in Brazil has added DKK 84 million to revenue and DKK 10 million to EBITDA (net of acquisition expenses) for the entire consolidated period in 2018 (eight months).

Working capital increased from DKK 415 million at 30 September 2017 to DKK 528 million at 30 September 2018, mainly due to the greater volume of business activity and the acquisition in Brazil, which added DKK 49 million to working capital. ROIC excluding goodwill fell from 7.7% at 30 September 2017 to 6.7% at 30 September 2018, due to a high capex level in 2017 and 2018, combined with lower LTM earnings.

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. The spunlacing facility in Turkey has now been fully integrated with the other European production sites, and the facility in South Africa has become more closely integrated with the global sales organisation.

Fibertex Nonwovens is now starting 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.

The company has invested in a nonwovens production line, a nanofibre line and additional value-adding capabilities, while also setting up a new state-of-the-art nonwovens filtration substrate line. Capable of producing filtration substrates with different filtration properties, the new line meets the requirements for unique filtration solutions of the future. Product development and commercialisation is currently ongoing, and the company's ambition is to become a leading player in the global filtration industry. Fibertex Nonwovens expects the current efforts to have a positive bottom line effect as from the end of 2019.

The US subsidiary has continued its positive developments in 2018, reporting growing revenue and building 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.

By taking over the nonwovens manufacturer Duci, Fibertex Nonwovens has secured a strategic position in Brazil, a strong production platform within spunlacing technology and a solid presence in the growing South American market. Due to the positive developments, Fibertex Nonwovens has approved an expansion of production capacity by about 20% that is expected to begin operations by the summer of 2019.

Outlook

Going forward, Fibertex Nonwovens expects to generate revenue growth and higher earnings from its global operations, driven in part by increased sales of value-added products and innovative solutions. However, high prices of raw materials and tough price competition continue to dominate the Q4 2018 outlook, especially in the European markets.

Prices of the most frequently used types of raw materials rose steeply in 2017, and the trend has continued in 2018. Steps have been taken to offset the effects of challenging prices and the extreme competition in general, including implementing the necessary price increases, introducing new and improved products as well as in-house efficiency improvements and cost savings.

Fibertex Nonwovens still expects to generate FY 2018 revenue of close to DKK 1.6 billion as previously guided, equal to about 10% growth on last year, but due to the challenging raw materials prices and the extreme competition, the company lowers its full-year EBITDA guidance to the DKK 180-190 million range from previously DKK 195-205 million. The FY 2017 EBITDA was DKK 179 million.

HydraSpecma

High level of business activity triggers capacity expansion and enhanced production efficiency. Component prices climbing higher and long lead times. Full-year revenue guidance confirmed while EBITDA guidance range narrowed.

HydraSpecma	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue	454	409	1,503	1,342	1,805
EBITDA	33	33	131	121	148
EBIT	20	18	88	76	88

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

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

Financial performance

HydraSpecma reported an 11% revenue increase to DKK 454 million in Q3 2018, up from DKK 409 million in Q3 2017. The revenue improvement was driven by a high level of activity in the wind turbine, building and construction, mining, automotive (lorries and buses) and marine customer segments. HydraSpecma's own tech centres (specialty stores) saw positive developments in activity and in sales to third-party service centres.

Q3 2018 EBIT amounted to DKK 33 million, which was in line with the figure for Q3 2017. Earnings performance was impacted by the failure in some cases to adequately compensate for higher component prices and costs and for changes to the geographical split in certain segments.

HydraSpecma's working capital grew from DKK 531 million at 30 September 2017 to DKK 669 million at 30 September 2018. Other than the natural impact of the higher level of activity, the increase was based on larger inventories resulting in part from an increase in the volume of goods in transit to overseas markets and from the build-up of inventory in the USA. In addition, the company has made the strategic decision to increase inventories of key products in response to longer supplier lead times.

The higher average invested capital meant that the return on invested capital, ROIC, excluding goodwill fell to 13.0% at 30 September 2018 from 14.7% at 30 September 2017.

Business review

HydraSpecma is currently investing to expand production capacity and increase automation in order to trim production costs. In response to the growing demand, the company is investing in automation and to expand its output capacity of hydraulic hoses and pipes in Sweden and to increase the production output of complete units for the wind turbine industry in Denmark.

In Poland, where HydraSpecma is experiencing strong growth, the company is currently building a 7,300 m^2 new facility, which is expected to be completed in Q1 2019. The Polish entity will continue to serve HydraSpecma's Swedish and Finnish customers that have relocated operations to Poland, as well as new customers in Central Europe.

HydraSpecma is preparing to step up production of complete hydraulics systems at its subsidiaries in China in response to growing demand for large, integrated hydraulics systems for non-European markets. The company's level of activity in Brazil is growing. The lorry segment, in particular, is expected to become an important market in the years ahead, and HydraSpecma also has plans to invest in capacity, quality assurance and efficiency improvements at its Brazilian operations.

As part of a major logistics project, HydraSpecma will be combining several of its business units in Finland, where the company is building a 3,000 m^2 new factory with state-of-the-art warehouse and logistics facilities expected to be in operation in the second quarter of 2019. The company is also working to optimise its current logistics and production setup in Sweden and Denmark.

HydraSpecma allocates resources for developing and testing new products in collaboration with customers, and the company is prepared to make the investments necessary to remain an attractive supplier to strategic customer segments.

Outlook

HydraSpecma expects to continue growing its sales to core customer segments in hydraulics for vehicles, and expects stable developments in the market for stationary hydraulics. Business activity in China is expected to pick up in the upcoming period, but increased activity in the wind turbine industry in China may reduce demand in Europe.

The hydraulics market is seeing growing global competition in the wind turbine segment and in the OEM hydraulics market for vehicles. When combined with price increases and longer supplier lead times, that puts HydraSpecma in a demanding situation. Accordingly, the company is focused on output capacity, on developing its organisation and on cross-organisational projects. While these efforts will increase costs in the short term, they are essential for the company's ability to maintain its strong competitive ability.

HydraSpecma is currently focused on optimising its working capital, by optimising both logistics and business procedures.

Based on the high level of business activity, HydraSpecma continues to guide for full-year revenue of about DKK 2.0 billion and for EBITDA the range is narrowed to DKK 170-180 against the previously announced range of DKK 165-185 million. EBITDA for 2017 was DKK 148 million.

Borg Automotive

Strong market position and large product range a catalyst for new production unit in Poland. Global crowd-driven remanufacturing initiative launched. Full-year guidance lowered after adjustments relating to cores.

Borg Automotive	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue	231	237	741	722	946
EBITDA	22	36	101	61	102
EBIT	13	27	75	41	73

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

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

Borg Automotive sells its products under three different brands: Lucas, Elstock and DRI, with Elstock and DRI being proprietary brands. The company's main products are starters, alternators, brake calipers, air-condition compressors, EGR valves, steering racks and pumps. 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.

Schouw & Co. acquired Borg Automotive at 3 April 2017, and the company was thus only consolidated as from the second quarter of 2017. For the sake of completeness, however, the financial review also refers to Q1 2017 in the year-to-date comparative figures for 2017.

Financial performance

Borg Automotive reported Q3 2018 revenue of DKK 231 million, compared with DKK 237 million in Q3 2017. The decline was due specifically to a drop in sales in September.

The Q3 2018 EBITDA was DKK 22 million, compared with DKK 36 million in Q3 2017. The Q3 decline was mainly due to the lower sales and a number of adjustments relating to cores, the largest of which was an adjustment of net deposit obligations to customers. Such an adjustment arises when the market price changes on cores related to the deposit paid by a customer. If the market price of a core falls, the carrying amount of the net deposit obligation to the customer increases. Such obligations are adjusted on an ongoing basis. The amount recognised for the Q3 period is unusual and was triggered by severe competition among sub-suppliers, which sent prices of cores lower. The adjustment has an immediate negative impact on EBITDA, but it will improve the competitive strength going forward.

Working capital amounted to DKK 132 million at 30 September 2018, compared with DKK 174 million at 30 September 2017. The main reason for the lower working capital relative to last year was a drop in receivables. ROIC excluding goodwill was 22.0% at 30 September 2018.

Business review

Borg Automotive reported generally positive demand in 2018, despite the setback recorded in September. 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. The positive trend in demand is being felt across the entire product range.

Work continues to enhance digitalisation of services and transactions with customers. Borg Automotive recently launched a new digital platform for providing reverse engineering assignments and solutions for mechatronics components as a global crowd-driven initiative. The new platform was launched in September under the name of Borg Mechatronics Forum at Automechanika in Frankfurt, the world's leading trade fair for the automotive service industry. The company's ambition is for the new forum to effectively lift remanufacturing to the digital age.

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

The current positive demand trends make it relevant to increase capacity. The purpose of the upcoming expansion will be to build the capacity to manage a wider product range and a broader geographical footprint, while also ensuring that the current customer base receives a level of service that accommodates the ever-growing demands for speed of delivery, precision and quality.

As part of the expansion plans, Borg Automotive is now establishing a new production site in Lublin, Poland. The new factory will be set up in existing business premises and will initially house production of brake calipers, which is currently the fastest growing product in the portfolio. After the new production unit begins operations, expectedly in the spring of 2019, it is expected that the current capacity in Poland can be expanded to double the current size.

Outlook

Due to lower sales in September, Borg Automotive lowers its full-year revenue guidance to just less than DKK 1,0 billion, which nevertheless represents a 5% revenue increase over 2017.

Due to the adjustments made and the lower revenue forecast, Borg Automotive lowers its full-year EBITDA guidance to DKK 135-145 million from the previous guidance range of DKK 155-175 million. By comparison, Borg Automotive was consolidated at an EBITDA of DKK 89 million in 2017 (nine months). The FY 2017 EBITDA was DKK 102 million after deduction of DKK 53 million in PPA-related non-recurring costs and inventory adjustments.

GPV

Agreement to acquire Swiss company CCS reached after the end of the quarter. New customers and new products offsetting effects of slowdown experienced by a few major customers. Full-year revenue and EBITDA guidance confirmed.

GPV	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Revenue	322	305	903	852	1,148
EBITDA	37	31	86	82	107
EBIT	27	24	59	61	81

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

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

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 has in recent years shipped products to customers in more than 30 countries.

Financial performance

GPV reported a 6% revenue increase to DKK 322 million in Q3 2018 from DKK 305 million in Q3 2017. The Q3 2018 EBITDA was DKK 37 million, compared with DKK 31 million in Q3 2017.

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

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

Working capital amounted to DKK 382 million at 30 September 2018, compared with DKK 269 million at 30 September 2017, an increase that should be seen in the context of the revenue improvement reported in 2017 and the continuing growth expected in 2018. In addition, the higher working capital is also the result of the start-up of the new facility in Mexico and larger inventories of strategic components due to the continuing component shortage.

ROIC excluding goodwill fell from 17.8% at 30 September 2017 to 12.9% at 30 September 2018. In addition to the effect of the larger working capital, the decline was also due to an increase in investments resulting from the setting up of operations in Mexico and the major capacity expansion projects, as well as the acquisition of land in Bangkok related to the planned increase of output capacity in Thailand.

Business review

Meeting customer requirements for high quality standards and reliability of supply is a big priority for GPV. To ensure adequate flexibility, the company has a current investment program to step up automation and increase production capacity. In particular, this will involve expanding the factory space at the facility in Thailand, which will grow business activity there by about 50%. The new factory expansion will become operational in successive stages and is scheduled for final completion in 2021.

With the electronics factory established recently in Mexico, GPV has become strategically well-positioned in terms of manufacturing and shipping in Asia, Europe and the Americas. The new factory began operations in 2017, and GPV is able to expand the facilities in Mexico as the need arises. GPV's operations in Mexico may benefit from the new trade agreement between the USA, Mexico and Canada, the USMCA, which has replaced the former NAFTA agreement between the three countries. USMCA is now pending approval by respective parliaments of the three countries.

After the end of the Q3 reporting period, GPV agreed a deal to acquire Swiss-based peer CCS, which is headquartered in Lachen, Switzerland. The transaction has an enterprise value of approximately DKK 800 million on a debt-free basis. The agreement is subject to approval by the relevant authorities, and the transaction is expected to be completed by the end of 2018.

Founded in Switzerland in 1985, the CCS Group specialises in electronics, system integration and cable harness manufacturing. The company operates production facilities in Switzerland, Germany, Austria, Slovakia, Sri Lanka and China. CCS reported revenue of DKK 1.4 billion and normalised EBITDA of close to DKK 100 million in 2017. The company employs about 2,300 people, of which some 50% are based in Europe and the rest in Sri Lanka and in China.

The CCS business complements GPV's current activities and market coverage. The deal creates a major European EMS business headquartered in Denmark that will have production facilities in Asia, Europe and the Americas, about 3,700 employees and combined revenue of more than DKK 2.5 billion.

Outlook

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

The guidance for FY 2018 revenue reflects expectations that sales to a few large customers have been a little lower than anticipated, but also the positive effects of new customer wins and new product offerings.

On that background, GPV confirms its full-year guidance for revenue of approximately DKK 1,225 million and EBITDA of the DKK 125-130 million range, before costs of about DKK 10 million relating to the acquisition of CCS. The 2017 EBITDA amounted to DKK 107 million.

Interim financial statements

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Statements of income and comprehensive income

Note	Income statement	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
1	Revenue	5,034.3	4,835.3	13,419.0	12,541.4	17,032.2
	Cost of sales	-4,219.8	-4,017.0	-11,201.5	-10,471.9	-14,192.1
	Gross profit	814.6	818.3	2,217.5	2,069.5	2,840.1
	Other operating income	4.0	21.3	34.5	24.6	51.2
	Distribution costs	-331.8	-287.8	-935.8	-792.2	-1,097.9
2	Administrative expenses	-176.3	-183.9	-555.8	-520.6	-693.2
	Other operating expenses	-1.7	-6.0	-2.5	-2.8	-7.5
	EBIT	308.7	361.9	757.9	778.5	1,092.7
	Profit after tax in associates	18.7	10.3	34.6	12.6	31.7
	Profit after tax in joint ventures	-0.1	0.0	2.2	2.1	10.2
	Financial income	17.7	9.6	45.3	71.2	78.4
	Financial expenses	-44.6	-35.3	-109.2	-98.6	-108.4
	Profit before tax	300.5	346.5	730.9	765.8	1,104.6
	Tax on profit for the period	-70.5	-84.2	-181.8	-180.7	-230.1
	Profit for the period	230.0	262.3	549.0	585.1	874.5
	Shareholders of Schouw & Co.	231.6	263.9	553.0	590.3	879.5
	Non-controlling interests	-1.6	-1.6	-4.0	-5.2	-5.0
	Profit for the period	230.0	262.3	549.0	585.1	874.5
5	Earnings per share (DKK)	9.64	11.03	23.03	24.77	36.85
5	Diluted earnings per share (DKK)	9.62	10.96	22.96	24.60	36.63

Note	Statement of comprehensive income	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
	Items that can be reclassified to the income statement:					
	Foreign exchange adjustments of foreign units, etc.	-1.0	-78.4	45.0	-207.6	-225.5
	Value adjustment of hedging instruments for the period	1.5	6.3	0.5	6.4	-4.2
	Hedging instruments transferred to cost of sales	0.0	8.3	1.6	0.5	0.4
	Hedging instruments transferred to financials	-2.1	0.4	-0.2	2.8	4.8
	Other comprehensive income from associates and joint ventures	-0.5	-0.1	-5.1	-0.8	-22.3
	Other adjustments to other comprehensive income	3.1	-0.2	3.5	0.7	-7.5
	Tax on other comprehensive income	0.0	-3.4	-0.8	-2.8	0.1
	Other comprehensive income after tax	1.0	-67.1	44.7	-200.8	-254.2
	Profit for the period	230.0	262.3	549.0	585.1	874.5
	Total recognised comprehensive income	231.0	195.2	593.6	384.3	620.3
	Attributable to					
	Shareholders of Schouw & Co.	234.6	197.6	600.2	390.5	625.4
	Non-controlling interests	-3.6	-2.4	-6.6	-6.2	-5.1
	Total recognised comprehensive income	231.0	195.2	593.6	384.3	620.3

Amounts in DKK million

Balance sheet · Assets and liabilities

Note	Total assets	30/9 2018	31/12 2017	30/9 2017	31/12 2016
	Goodwill	2,238.9	2,207.7	2,207.1	1,168.6
	Customer relations	361.6	379.1	395.5	123.0
	Brands	172.1	182.8	191.5	54.6
	Know-how	313.9	326.3	337.1	36.2
	Other intangible assets	82.3	99.0	94.7	99.1
	Intangible assets	3,168.8	3,194.9	3,225.7	1,481.5
	Land and buildings	1,773.5	1,776.4	1,649.0	1,420.6
	Plant and machinery	1,801.6	1,836.1	1,519.1	1,328.0
	Other fixtures and fittings, tools and equipment	128.8	120.3	135.5	93.5
	Assets under construction, etc.	463.5	226.4	569.4	608.0
	Property, plant and equipment	4,167.4	3,959.2	3,873.0	3,450.1
	Equity investments in associates	388.5	342.0	330.1	62.6
	Equity investments in joint ventures	151.8	168.6	162.1	171.2
	Securities	3.0	4.7	5.3	121.3
	Deferred tax	76.6	57.6	89.4	35.5
	Receivables	101.7	137.0	99.9	138.9
	Other non-current assets	721.6	709.9	686.8	529.5
	Total non-current assets	8,057.8	7,864.0	7,785.5	5,461.1
	Inventories	3,190.6	2,811.2	2,709.2	1,970.5
3	Receivables	3,997.9	3,180.0	3,448.8	3,103.7
	Income tax receivable	54.8	55.7	85.7	55.3
	Cash and cash equivalents	464.1	478.2	562.2	1,682.4
	Total current assets	7,707.4	6,525.1	6,805.9	6,811.9
	Total assets	15,765.2	14,389.1	14,591.4	12,273.0

Note	Liabilities and equity	30/9 2018	31/12 2017	30/9 2017	31/12 2016
5	Share capital	255.0	255.0	255.0	255.0
	Hedge transaction reserve	-9.2	-10.5	-3.6	-10.7
	Exchange adjustment reserve	41.0	-6.6	33.8	240.4
	Retained earnings	8,208.5	7,748.0	7,759.2	7,006.1
	Proposed dividend	0.0	331.5	0.0	306.0
	Equity attributable to parent company shareholders	8,495.3	8,317.4	8,044.4	7,796.8
	Non-controlling interests	7.8	14.5	11.4	17.6
	Total equity	8,503.1	8,331.9	8,055.8	7,814.4
	Deferred tax	309.1	308.9	340.8	188.6
	Other payables	436.8	360.9	386.8	100.4
	Interest-bearing debt	1,770.9	1,365.7	550.6	402.2
	Non-current liabilities	2,516.8	2,035.5	1,278.2	691.2
	Current portion of non-current interest-bearing debt	283.3	291.1	131.5	152.1
	Interest-bearing debt	160.0	148.6	1,014.6	168.8
	Trade payables and other payables	4,167.4	3,492.7	3,973.3	3,339.4
	Corporate income tax	134.6	89.3	138.0	107.1
	Current liabilities	4,745.3	4,021.7	5,257.4	3,767.4
	Total liabilities	7,262.1	6,057.2	6,535.6	4,458.6
	Total equity and liabilities	15,765.2	14,389.1	14,591.4	12,273.0

Notes without reference 6-8.

Amounts in DKK million

Cash flow statement

Note		Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
	Profit before tax	300.5	346.5	730.9	765.8	1,104.6
	Adjustment for operating items of a non-cash nature, etc.					
	Depreciation and impairment losses	136.1	121.1	400.0	346.3	475.1
	Other non-cash operating items, net	-18.7	33.4	-49.8	35.7	66.1
	Provisions	0.7	-11.9	3.7	1.4	0.9
	Profit/loss after tax in associates and joint ventures	-18.6	-10.3	-36.8	-14.7	-41.9
	Financial income	-17.7	-9.6	-45.3	-71.2	-78.4
	Financial expenses	44.6	35.3	109.2	98.6	108.4
	Cash flows from operations before changes in working capital	426.9	504.5	1,111.9	1,161.9	1,634.8
	Changes in working capital	201.4	212.8	-401.0	-212.8	-546.0
	Cash flows from operations	628.3	717.3	710.9	949.1	1,088.8
	Financial income received	6.1	13.1	16.9	26.0	18.2
	Financial expenses paid	-27.2	-27.3	-62.0	-69.6	-52.7
	Cash flows from ordinary activities	607.2	703.1	665.8	905.5	1,054.3
	Income tax paid	-44.4	-13.6	-136.4	-196.9	-291.1
	Cash flows from operating activities	562.8	689.5	529.4	708.6	763.2
	Purchase of intangible assets	-3.5	-1.3	-9.5	-7.3	-24.5
	Disposal of intangible assets	-0.1	0.0	0.3	0.1	2.1
	Purchase of property, plant and equipment	-127.6	-137.1	-483.9	-592.8	-809.1
	Sale of property, plant and equipment	1.7	0.4	4.1	4.0	20.1
4	Acquisitions	0.0	-734.5	-80.3	-1,661.6	-1,863.6
	Acquisition of non-controlling interests	0.0	0.0	0.0	0.0	-1.5
	Acquisition of/capital contribution to associates and joint ventures	0.0	-63.5	-0.3	-87.0	-87.4
	Dividends received from associates	0.0	0.0	0.0	0.0	2.5
	Additions/disposals of other financial assets	1.1	79.1	3.1	2.3	-1.6
	Cash flows from investing activities	-128.4	-856.9	-566.5	-2,342.3	-2,763.0

Note		Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
	Loan financing:					
	Repayment of non-current liabilities	-21.3	-28.0	-68.9	-83.6	-142.3
	Proceeds from incurring non-current financial liabilities	2.0	22.3	2.5	198.6	231.2
	Increase (repayment) of bank overdrafts	-251.3	186.7	439.5	629.6	946.4
	Cash flows from debt financing	-270.7	181.0	373.1	744.6	1,035.3
	Shareholders:					
	Dividends paid	0.0	0.0	-312.2	-285.6	-285.6
	Purchase/sale of treasury shares, net	-68.0	31.7	-40.0	68.6	68.6
	Cash flows from financing activities	-338.7	212.7	20.9	527.6	818.3
	Cash flows for the period	95.8	45.3	-16.3	-1,106.1	-1,181.5
	Cash and cash equivalents at 1 January	371.4	519.9	478.2	1,682.4	1,682.4
	Value adjustment of cash and cash equivalents	-3.1	-3.0	2.1	-14.1	-22.7
	Cash and cash equivalents at 31 December	464.1	562.2	464.1	562.2	478.2

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Shareholders' equity
Equity at 1 January 2017	255.0	-10.7	240.4	7,006.1	306.0	7,796.8	17.6	7,814.4
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries	0.0	0.0	-206.6	0.0	0.0	-206.6	-1.0	-207.6
Value adjustment of hedging instruments for the period	0.0	6.4	0.0	0.0	0.0	6.4	0.0	6.4
Hedging instruments transferred to cost of sales	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Hedging instruments transferred to financials	0.0	2.8	0.0	0.0	0.0	2.8	0.0	2.8
Other comprehensive income from associates and joint ventures	0.0	0.0	0.0	-0.8	0.0	-0.8	0.0	-0.8
Other adjustments to other comprehensive income	0.0	0.0	0.0	0.7	0.0	0.7	0.0	0.7
Tax on other comprehensive income	0.0	-2.6	0.0	-0.2	0.0	-2.8	0.0	-2.8
Profit for the period	0.0	0.0	0.0	590.3	0.0	590.3	-5.2	585.1
Total recognised comprehensive income	0.0	7.1	-206.6	590.0	0.0	390.5	-6.2	384.3
Transactions with the owners								
Share-based payment	0.0	0.0	0.0	15.8	0.0	15.8	0.0	15.8
Distributed dividends	0.0	0.0	0.0	20.4	-306.0	-285.6	0.0	-285.6
Additions/disposals of non-controlling interests	0.0	0.0	0.0	316.8	0.0	316.8	0.0	316.8
Put option recognised at fair value	0.0	0.0	0.0	-258.5	0.0	-258.5	0.0	-258.5
Treasury shares bought/sold	0.0	0.0	0.0	68.6	0.0	68.6	0.0	68.6
Total transactions with owners during the period	0.0	0.0	0.0	163.1	-306.0	-142.9	0.0	-142.9
Equity at 30 September 2017	255.0	-3.6	33.8	7,759.2	0.0	8,044.4	11.4	8,055.8
Equity at 1 January 2018	255.0	-10.5	-6.6	7,748.0	331.5	8,317.4	14.5	8,331.9
Changes in accounting policies	0.0	0.0	0.0	-11.5	0.0	-11.5	0.0	-11.5
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries	0.0	0.0	47.7	0.0	0.0	47.7	-2.6	45.0
Value adjustment of hedging instruments for the period	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Hedging instruments transferred to cost of sales	0.0	1.6	0.0	0.0	0.0	1.6	0.0	1.6
Hedging instruments transferred to financials	0.0	-0.2	0.0	0.0	0.0	-0.2	0.0	-0.2
Other comprehensive income from associates and joint ventures	0.0	0.0	0.0	-5.1	0.0	-5.1	0.0	-5.1
Other adjustments to other comprehensive income	0.0	0.0	0.0	3.5	0.0	3.5	0.0	3.5
Tax on other comprehensive income	0.0	-0.7	0.0	-0.1	0.0	-0.8	0.0	-0.8
Profit for the period	0.0	0.0	0.0	553.0	0.0	553.0	-4.0	549.0
Total recognised comprehensive income	0.0	1.3	47.7	551.3	0.0	600.2	-6.6	593.6
Transactions with the owners								
Share-based payment	0.0	0.0	0.0	11.6	0.0	11.6	0.0	11.6
Distributed dividends	0.0	0.0	0.0	19.3	-331.5	-312.2	0.0	-312.2
Value adjustment of put option	0.0	0.0	0.0	-70.3	0.0	-70.3	0.0	-70.3
Treasury shares bought/sold	0.0	0.0	0.0	-40.0	0.0	-40.0	0.0	-40.0
Total transactions with owners during the period	0.0	0.0	0.0	-79.4	-331.5	-410.9	0.0	-410.9
Equity at 30 September 2018	255.0	-9.2	41.0	8,208.5	0.0	8,495.3	7.8	8,503.1

Amounts in DKK million

Notes to the financial statements

1
Segment reporting

Total reporting segments 2018	BioMar	FPC	FIN	HydraSpecma	Borg	GPV	Total
External revenue	7,505.5	1,565.2	1,200.9	1,503.0	740.8	902.6	13,418.0
Intra-group revenue	0.0	14.1	0.1	0.0	0.0	0.1	14.2
Segment revenue	7,505.5	1,579.2	1,201.0	1,503.0	740.8	902.7	13,432.2
Depreciation and impairment losses	138.2	90.1	73.8	42.8	26.4	26.6	398.0
EBIT	361.5	136.9	63.5	87.8	74.7	59.4	783.8
Segment assets:	7,693.4	2,383.8	1,777.9	1,523.9	1,522.4	1,044.6	15,946.0
Of which goodwill	1,347.7	99.1	123.8	142.8	515.8	9.8	2,238.9
Equity investments in associates and joint ventures	468.8	0.0	0.0	2.8	0.0	0.0	471.6
Segment liabilities	4,807.1	1,389.4	1,218.5	1,072.4	599.9	728.9	9,816.2
Working capital	867.1	439.2	528.1	668.9	131.8	381.6	3,016.7
Net interest-bearing debt	986.7	841.0	929.0	644.8	116.6	453.3	3,971.5
Cash flow from operating activities	189.2	144.3	22.7	(15.5)	140.8	0.4	481.9
Cash flow from investing activities	(142.7)	(114.1)	(145.3)	(53.2)	(13.4)	(97.8)	(566.4)
Cash flows from financing activities	(20.9)	(56.0)	113.4	80.3	(124.6)	92.9	85.0
Capital expenditure	147.3	114.3	100.0	52.9	13.8	99.7	528.0
Average no. of employees	1,173	710	988	1,215	1,566	1,456	7,108

Total reporting segments 2017	BioMar	FPC	FIN	HydraSpecma	Borg	GPV	Total
External revenue	7,317.5	1,454.9	1,088.0	1,341.9	484.9	851.9	12,539.1
Intra-group revenue	0.0	16.3	3.6	0.0	0.0	0.4	20.3
Segment revenue	7,317.5	1,471.2	1,091.6	1,341.9	484.9	852.3	12,559.4
Depreciation and impairment losses	108.3	83.2	66.7	45.0	17.1	20.5	340.8
EBIT	386.4	179.4	71.8	75.7	31.5	61.0	805.8
Segment assets:	7,088.8	2,135.7	1,623.0	1,402.3	1,547.8	825.3	14,622.9
Of which goodwill	1,322.6	99.1	119.0	150.1	507.5	18.7	2,217.0
Equity investments in associates and joint ventures	418.8	0.0	0.0	2.5	0.0	0.0	421.3
Segment liabilities	4,257.5	1,223.0	1,068.7	955.8	611.0	626.0	8,742.0
Working capital	447.2	334.2	415.2	531.3	173.9	269.5	2,171.3
Net interest-bearing debt	615.4	752.0	754.9	511.0	117.8	330.8	3,081.9
Cash flow from operating activities	337.7	181.1	70.2	26.4	91.7	-5.0	702.1
Cash flow from investing activities	-985.2	-246.0	-94.0	-26.7	-194.3	-79.0	-1,625.2
Cash flows from financing activities	521.7	98.0	11.5	9.4	119.8	55.0	815.4
Capital expenditure	1,289.9	246.5	94.0	27.3	14.9	70.0	1,742.6
Average no. of employees	943	648	858	1,129	973	1,231	5,782

Amounts in DKK million

Notes to the financial statements

1
Segment reporting (continued)

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

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

Reconciliation of consolidated revenue, EBIT, assets and liabilities

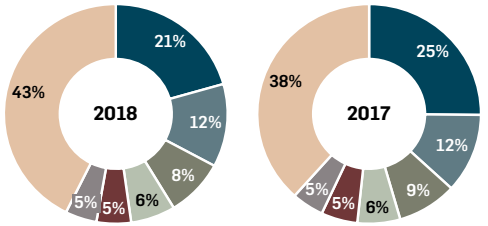
2018	Consolidated revenue	EBIT	Total assets	Liabilities
Reporting segments	13,432.2	783.8	15,946.0	9,816.2
Non-reporting segment	1.0	-1.4	81.7	25.1
Parent company	7.1	-24.5	9,287.0	1,817.8
Group elimination, etc.	-21.3	0.0	-9,549.5	-4,396.9
Total	13,419.0	757.9	15,765.2	7,262.1

2017	Consolidated revenue	EBIT	Total assets	Liabilities
Reporting segments	12,559.4	805.8	14,622.9	8,742.0
Non-reporting segment	2.1	-4.0	99.5	37.1
Parent company	6.5	-23.3	9,245.1	1,200.7
Group elimination, etc.	-26.6	0.0	-9,376.1	-3,444.2
Total	12,541.4	778.5	14,591.4	6,535.6

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

Revenue by country:



	YTD 2018	YTD 2017
Norway	2,766	3,154
Chile	1,641	1,468
Denmark	1,140	1,085
UK	866	777
Sweden	670	660
Germany	612	584
Other	5,724	4,814
Total	13,419	12,541

2
Costs

Share-based payment: Share option programme

The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest from the date of grant until the date of exercise. The 2018 grant is described in greater detail in company announcement no. 4/2018 of 16 March 2018, but the number of options has subsequently been increased by 6,000.

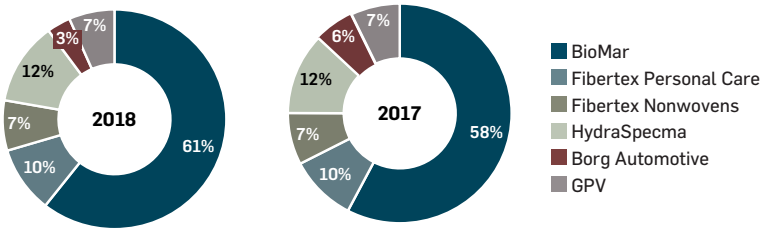
Outstanding options	Executive management	Other	Total
Total outstanding options at 31 December 2017	205,000	478,667	683,667
Exercised in 2018	-40,000	-45,833	-85,833
Granted in 2018	55,000	289,000	344,000
Lapsed (from 2017 grant)	0	-2,667	-2,667
Total outstanding options at 30 September 2018	220,000	719,167	939,167

Notes to the financial statements

3
Receivables (current)

	30/9 2018	30/9 2017
Trade receivables	3,728.3	3,219.2
Other current receivables	223.9	202.2
Prepayments	45.7	27.4
Total current receivables	3,997.9	3,448.8

Trade receivables by portfolio company:



30/9 2018	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables not considered to be impaired	3,231.2	243.3	79.9	44.4	3,598.8
Trade receivables individually assessed to be impaired	49.9	42.0	49.0	135.9	276.7
Total receivables	3,281.1	285.2	128.9	180.3	3,875.5
Impairment losses on trade receivables	-17.3	-3.4	-12.2	-114.2	-147.2
Trade receivables, net	3,263.8	281.8	116.7	66.0	3,728.3
Proportion of the total receivables expected to be settled					96.2%
Impairment rate	0.5%	1.2%	9.5%	63.4%	3.8%

30/9 2017	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,702.0	239.7	67.5	27.5	3,036.7
Trade receivables individually assessed to be impaired	117.8	44.1	18.5	156.3	336.7
Total receivables	2,819.8	283.8	86.0	183.8	3,373.4
Impairment losses on trade receivables	-11.3	-6.9	-7.0	-129.0	-154.2
Trade receivables, net	2,808.5	276.9	79.0	54.8	3,219.2
Proportion of the total receivables expected to be settled					95.4%
Impairment rate	0.4%	2.4%	8.2%	70.2%	4.6%

	30/9 2018	30/9 2017
Impairment losses on trade receivables		
Impairment losses at 1 January	-137.8	-158.2
Change of accounting policies	-15.1	0.0
Foreign exchange adjustments	1.7	8.6
Additions on company acquisitions	-0.2	-4.7
Reversed impairment losses	1.9	11.9
Impairment losses for the period	-5.6	-12.3
Realised loss	8.0	0.5
Impairment losses, end of period	-147.2	-154.2

Notes to the financial statements

4
Acquisitions

	YTD 2018	YTD 2017
Customer relations	12.6	299.0
Brands	0.0	145.7
Know-how	0.0	314.0
Other intangible assets	0.0	8.5
Property, plant and equipment	22.5	235.6
Financial assets	0.0	1.0
Inventories	37.3	384.9
Receivables	29.8	277.0
Tax asset	0.0	67.9
Cash and cash equivalents	2.0	53.8
Credit institutions	0.0	-229.1
Deferred tax	-2.7	-178.2
Provisions	0.0	-355.2
Trade payables	-11.5	-85.4
Other payables	-7.6	-270.9
Tax payable	0.0	-13.2
Contingent liabilities	0.0	-32.4
Net assets acquired	82.4	623.0
Goodwill	0.0	1,092.4
Acquisition cost	82.4	1,715.4
of which cash and cash and cash equivalents	-2.0	-53.8
Total cash acquisition costs	80.3	1,661.6

Fibertex Nonwovens acquired all activities in Brazilian nonwovens manufacturer Duci effective on 2 February 2018. Fibertex Nonwovens thereby established a presence in the growing South American market and took a big step towards a position as a global market-leading supplier of nonwovens to the automotive industry. DUCI was founded in 2001 and currently generates annual revenue of nearly DKK 115 million (2017) and EBITDA of about DKK 15 million (2017). Intangible assets of DKK 12.6 million consisting of customer relations have been identified to date in connection with the acquisition. The acquisition of Duci involved acquisition costs of DKK 1.6 million, which amount has been recognised under administrative expenses.

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

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

5
Share capital and earnings per share (DKK)

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

Treasury shares	Number of shares	Nominal value (DKK)	Cost	Percentage of share capital
1 January 2017	1,756,930	17,569,300	342.9	6.89%
Share option programme	-227,000	-2,270,000	-26.3	-0.89%
30 September 2017	1,529,930	15,299,300	316.6	6.00%
No changes in Q4 2017	-			
31 December 2017	1,529,930	15,299,300	316.6	6.00%
Share option programme	-85,833	-858,330	-9.9	-0.34%
Additions	134,100	1,341,000	68.0	0.53%
30 September 2018	1,578,197	15,781,970	374.6	6.19%

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

The Group's holding of treasury shares had a market value of DKK 841.2 million at 30 September 2018. The portfolio of treasury shares is recognised at DKK 0.

	Q3 2018	Q3 2017	YTD 2018	YTD 2017
Share of the profit for the year attributable to shareholders of Schouw & Co	231.6	263.9	553.0	590.3
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,480,579	-1,588,745	-1,489,413	-1,664,626
Average number of outstanding shares	24,019,421	23,911,255	24,010,587	23,835,374
Average dilutive effect of outstanding share options *	57,692	155,243	74,501	161,905
Diluted average number of outstanding shares	24,077,113	24,066,498	24,085,088	23,997,279
Earnings per share of DKK 10	9.64	11.03	23.03	24.77
Diluted earnings per share of DKK 10	9.62	10.96	22.96	24.60

* 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

	30/9 2018	31/12 2017	30/9 2017
Financial assets			
Securities measured at fair value through profit or loss – level 1	1.2	3.0	3.0
Derivative financial instruments to hedge future cash flows – level 2	4.5	18.1	10.9
Securities measured at fair value through other comprehensive income – level 3	1.8	1.7	2.3
Financial liabilities			
Derivative financial instruments to hedge future cash flows – level 2	23.6	21.7	17.1

Listed equities measured at the official market value (level 1) at the beginning of the year amounted to DKK 3.0 million. Securities measured at fair value through the income statement (level 1) were reduced by DKK 1.8 million to DKK 1.2 million at 30 September 2018. Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1.8 million. The change for the reporting period was due to foreign exchange adjustments of DKK 0.1 million. The fair value of recognised financial assets and liabilities corresponds to the carrying amount. No financial assets or liabilities have been transferred between the above levels in 2018.

The Group uses interest rate swaps and forward currency contracts to hedge fluctuations in the level of interest rates and foreign exchange rates. Forward exchange contracts and interest rate swaps are valued using generally accepted valuation techniques based on relevant observable swap curves and exchange rates (level 2). The fair values applied are calculated mainly by external sources on the basis of discounted future cash flows.

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

7

Related party transactions

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

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

	YTD 2018	YTD 2017
Joint ventures:		
During the reporting period, the Group sold goods in the amount of	14.6	18.6
At 30 September, the Group had a receivable of	23.0	2.0
At 30 September, the Group had debt in the amount of	0.6	0.0
Associates:		
During the period, the Group received a management fee in the amount of	0.1	0.1
During the reporting period, the Group sold goods in the amount of	209.3	96.2
During the reporting period, the Group bought goods in the amount of	103.5	62.9
At 30 September, the Group had a receivable of	137.7	181.4
At 30 September, the Group had debt in the amount of	65.6	101.2

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

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

Schouw & Co. has registered the following shareholders as holding 5% or more of the share capital: Givesco A/S (28.09%), Direktør Svend Hornsylds Legat (14.82%) and Aktieselskabet Schouw & Co. (6.19%).

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.