Shareholder magazine · 2013

www.schouw.dk

■ Like last year, Schouw & Co. will not be printing and distributing a conventional annual report in 2014. We have prepared this shareholder magazine containing only very general financial information and management reporting to be read in conjunction with our actual annual report. The 2013 Annual Report is available in electronic format at www.schouw.dk.

The shareholder magazine is a collection of articles to tell you a bit about where our businesses will be going in the years ahead. We hope it will give you a good impression and understanding of our portfolio and the very attractive businesses we constantly work to develop and optimise.

Key figures *(DKK million)*

INCOME STATEMENT AND BALANCE	2013	2012	2011	2010	2009
Revenue	11,645	11,162	11,929	9,451	8,440
Operating profit before depreciations (EBITDA)	1,039	1,033	1,049	753	588
EBITDA margin	8.9%	9.3%	8,8%	8.0%	7.0%
Operating profit (EBIT)	685	679	646	369	190
EBIT-margin	5.9%	6.1%	5,4%	3.9%	2.3%
Associates etc.	-22	-5	-26	-1	-11
Fair value adjustments of financial investments	499	-68	-556	-518	41
Other net financials	-53	-72	-107	-92	-118
Profit/(loss) before tax	1,109	535	-41	-241	102
Tax on the profit/(loss) for the year	-249	-127	-31	115	-29
Profit from continuing operations	860	408	-72	-127	73
Profit for the year from discontinued operations	508	90	0	167	78
Profit/(loss) for the year	1,368	498	-72	40	151
Total equity	5,746	4,627	4,230	4,395	4,753
Net interest-bearing debt (NIBD)	-23	2,023	2,745	2,166	2,281
Total assets	9,696	10,381	9,901	8,900	9,659

THE FINANCIAL RATIOS	2013	2012	2011	2010	2009
Average number of employees	2,052	1,976	3,287	3,166	3,334
Return on invested capital (ROIC)	16.1%	15.6%	13.8%	9.8%	5.8%
NIBD/EBITDA	-0,02	1.55	2.62	2.88	3.88
Dividend per share	6.00	5.00	4.00	3.00	3.00
Share price at year end	222.50	149.00	92.50	133.50	94.45
Net asset value per share	240.49	196.25	178.62	183.93	177.15
Price/net asset value	0.93	0.76	0.52	0.73	0.53

Due to the merger with Kramp, Grene has been reclassified in 2013 from a consolidated undertaking to discontinued operations. The comparative figures for 2012 in the income statement have been restated accordingly, whereas comparative figures for the balance sheet items are not restated.

This publication is a translation of the Danish shareholder magazine. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

Strong and focused Schouw & Co.

In what was truly a year of significant events, 2013 saw Schouw & Co. becoming a more focused company.

Our capital base has grown stronger, and we are very well positioned to take advantage of the opportunities that may come our way over the next few years. Our net interest-bearing debt fell by more than DKK 2 billion in 2013, and our operating profit remains at an attractive level.

Schouw & Co. took its first step in becoming an industrial conglomerate in 1988, when Grene became the first new company in the portfolio. While under our ownership, Grene has evolved from being a local Danish business to becoming a market leader in both the Nordic region and Poland. Grene and its somewhat larger Dutch peer Kramp had worked together for many years to develop the Russian market, so merging them was simply a natural next step. We hold a 20% interest in the merged business, which is clearly Europe's largest and most focused supplier of spare parts and accessories for the agricultural sector, and we firmly believe that merging with Kramp was the right move for Grene, and one that will create the most value for the company.

Schouw & Co.'s 20-year involvement in the wind turbine industry ended at the end of 2013. During that time, we played a highly active role in changing the industry, also as one of the promoters of the merger to create NEG Micon and a party to forming Vestas as we know it today. Our involvement in the wind turbine industry has yielded a return of almost DKK 1.8 billion after tax, and it was a crucial platform in the development of Schouw & Co.

I am very pleased to note that the significant events of the past year, the strong operations of our businesses and the effect of our focused strategy resulted in a considerable increase in our share price.

We will maintain our strategy to consolidate the Schouw & Co. conglomerate in 2014, investing in all of our portfolio companies so they can each grow profitably and build on their leading positions. Also, we will remain alert to any investment opportunities that could help create long-term value for Schouw & Co.

Jens Bjerg Sørensen, President
Aarhus, March 5, 2014

A year of significant events

Financial performance

This was a year of significant events for the Schouw & Co. Group. Combined with operating results remaining at an attractive level, our profit after tax was exceptional at DKK 1,368 million in 2013, compared to DKK 498 million in 2012.

Grene was consolidated in the guidance we provided at the start of the year, but after we agreed to merge the company with the Dutch company Kramp in August 2013, Grene is no longer consolidated in our EBIT. The most recent consolidated guidance for FY 2013 revenue of about DKK 12 billion and EBIT in the DKK 605-685 million range reflects this change, and the comparative figures for 2012 have been restated accordingly.

The companies of the Schouw & Co. Group generated revenue of DKK 11,645 million in 2013, compared with DKK 11,162 million in 2012. The improvement was mainly attributable to BioMar and to a lesser extent Fibertex Personal Care and Fibertex Nonwovens, while Hydra-Grene suffered a decline. In addition, as Schouw & Co. implemented IFRS 11 at the end of 2013, Xergi is no longer consolidated on a pro-rata basis, but instead recognised as a joint venture effective from 2013. That change reduced our consolidated revenue for 2013 by DKK 102 million, but had no notable effect on EBIT for the year.

EBIT improved, from DKK 679 million in 2012 to DKK 685 million in 2013, which was exactly at the top end of the most recent guidance range. Components of the change were declines for BioMar and Hydra-Grene, offset by improvements in Fibertex Personal Care and Fibertex Nonwovens and non-recurring income of DKK 54 million from the sale of a property in Lystrup near Aarhus, Denmark.

Schouw & Co. sold its shares in Vestas and Lerøy Seafood Group in 2013, recording a DKK 499 million realised value adjustment gain on financial investments in 2013.

Profit from discontinued operations, which is stated after tax, increased from DKK 90 million in 2012 to DKK 508 million in 2013. The 2013 figure consisted of EBIT plus the accounting gain from the sale of Martin for a total of DKK 263 million and Grene's EBIT plus an accounting gain calculated at the time of the merger with Kramp totalling DKK 245 million. The merger will have the effect, however, that Kramp, which is now recognised as an associate, will for some time to come be burdened by adjustments due to the accounting treatment of the purchase price allocation. This is also the direct reason why profit from associates was lower in 2013 than in 2012.

Group developments

Overall, the companies of the Schouw & Co. Group had a slow start to 2013, as the long-lasting winter and low temperatures in northern Europe had a pronounced impact on several of our businesses. The decline becomes even more striking when compared with the extremely good start to 2012, which was based on a number of exceptionally favourable factors. However, activity picked up as the year progressed, and we won back some of the sales lost in the early months of the year, and all businesses but Hydra-Grene reported revenue improvements relative to 2012.

All of our companies are seeing their international markets becoming more competitive. The battle for market share is intense everywhere, and customers are very determined to get prices and terms of business that are competitive. The Group's companies are generally well-positioned to face the competition. They have invested heavily in recent years to build competitive strength, and at Schouw & Co. we are prepared to continue investing, whether to make them more efficient or to upgrade existing production facilities wherever profitable market opportunities are available.

The significant steps Schouw & Co. took in 2013 have further strengthened the Group's potential for continuing to expand, whether through organic or acquisitive growth.

On the non-operational side, Schouw & Co. sold its shareholding in Lerøy Seafood Group in January 2013 and, at the end of 2013, its shareholding in Vestas. Combined, this produced an accounting gain in 2013 of DKK 499 million and cash proceeds of DKK 757 million. In addition, at the end of October 2013, Schouw & Co. sold a property in Lystrup near Aarhus, which was leased to Elopak Denmark. The property was sold for DKK 137 million and produced an accounting gain for 2013 of DKK 54 million.

At the end of February 2013, Schouw & Co. passed ownership of its subsidiary Martin Professional to Harman of the United States. The ownership transfer and a subsequent clarification of a few outstanding matters proceeded completely as had been agreed and in a good and cooperative spirit between buyer and seller. Martin contributed DKK 263 million to the consolidated profit after tax for 2013, and the divestment produced net cash proceeds of DKK 499 million.

On August 29, 2013, Schouw & Co. agreed to merge its subsidiary Grene with the Dutch company Kramp. The merger took effect on November 8, 2013, and the transaction gave Schouw & Co. a 20% stake in what is clearly Europe's largest distributor of spare parts and accessories to the agricultural sector. As a result of the merger, Grene is no longer recognised as a consolidated enterprise, but under profit/loss from discontinued operations along with the accounting gain calculated in connection with the merger. As from the date of the merger, Kramp is recognised under profit/loss after tax from associates at a 20% share of the profit less the adjustments resulting from the accounting treatment of the purchase price allocation, which will impact the profit for 2013 and 2014, but is not expected to do so in subsequent years.

The merger of Grene and Kramp was conducted as a non-cash transaction and has not had any cash effects.

Outlook

The significant events of 2013 and the positive cash flows from operating activities have had the effect that Schouw & Co.'s net interest-bearing debt stands at close to zero at the beginning of 2014.

Our ambition is first of all to apply the Group's resources for profitable growth as well as both organic and acquisitive expansion.

Schouw & Co. has a history of paying stable and rising dividends and of from time to time accompanying the policy with share buybacks. We wish to continue along this line.

Schouw & Co. expended a great deal of resources in 2013 on exploring potential acquisitions. Unfortunately, we did not succeed, but we will continue to look for new opportunities in 2014. In addition, we believe that over the next couple of years there will be a good and profitable potential for making significant capacity-increasing investments in several of our existing portfolio companies.

All of the Group's companies – consolidated and associates alike – expect stable or growing revenue in 2014. For the consolidated companies, this means revenue guidance of DKK 11.5–12.0 billion in 2014. However, for several of the companies, their revenue depends very much on prices of raw materials, and any fluctuations can lead to a large change in revenue without having a notable effect on earnings.

All of our companies operate in competitive markets, but especially our two largest consolidated companies expect a year with a fragile balance between supply and demand in important markets. As a result, both BioMar and Fibertex Personal Care have moderate expectations for EBIT in 2014 relative to 2013. The two other consolidated businesses, Fibertex Nonwovens and Hydra-Grene, both expect EBIT improvements.

Schouw & Co. applies a profit forecast range for each individual business, and aggregating these ranges indicates consolidated EBIT guidance for 2014 within the range of DKK 535-660 million.

Under profit after tax from associates etc., both Kramp and Xergi expect an increase in profit in 2014, while the other associates combined expect profit to be at the level reported for 2013. The recognised share of profit from Kramp for 2014 will be affected by adjustments of DKK 34 million in the first half of 2014 resulting from the accounting treatment of the purchase price allocation in connection with the merger with Grene.

DKKm	EBIT forecast 2014	EBIT actual 2013	Revenue forecast 2014	Revenue actual 2013
BioMar	325-400	394	c. 8,500	8,702
Fibertex Personal Care	150-170	164	c. 1,700	1,554
Fibertex Nonwovens	35-45	37	c. 950	933
Hydra-Grene	50-60	46	c. 500	480
Others (incl. eliminations)	(15-25)	43*	-	(24)
Total	535-660	685	11,500-12,000	11,645
Associates etc.	15-25	(22)		
Financial investments	0	499		
Other financial items	(50)	(52)		
Profit before tax	500-635	1,109		

* Including a DKK 54 million gain from the sale of property.

Dividends

The Board of Directors recommend to the Annual General Meeting that the dividend for 2013 be raised by 20% to DKK 6.00 per share, for total dividend payments of DKK 153 million, equal to 2.7% of the market capitalisation at December 31, 2013.

Consolidating the conglomerate

A number of significant events in 2013 were visible manifestations of the strategy pursued by Schouw & Co. in recent years. The common denominator was focusing and consolidating the conglomerate for the purpose of securing a long-term platform for continued value creation.

Exiting our financial investments

At the beginning of the year, Schouw & Co. sold its entire holding of shares in the Norwegian company Lerøy, and then, towards the end of the year, all shares in Vestas as well. Both were non-strategic stakes, rooted in historical developments. The shares in Lerøy had come from the reconstruction of a BioMar customer in financial difficulty, and our involvement in the wind turbine industry dates all the way back to 1994, when Schouw & Co. became a shareholder of what was then Micon.

Both holdings are good examples of how Schouw & Co. takes a focused and long-term approach to value creation. Our involvement in the fish farming industry yielded an annualised return of 16%, and the company's various holdings in the wind turbine industry provided a total annualised return of 27%.

Grene and Kramp merger

In 1988, Schouw & Co. acquired Grene, a company based in western Jutland, which became the first building block of what was to become an industrial conglomerate. During the 25 years under Schouw & Co. ownership, Grene evolved into a market leader in the sale and distribution of spare parts and accessories for the agricultural sector in the Nordic region and Poland. Schouw & Co. originally paid DKK 49 million for Grene, which since 1988 has paid a total of DKK 130 million in dividends to Schouw.

For several years, Grene had partnered with Kramp, a somewhat larger Dutch company, in gaining a foothold on the promising Russian market. The merger that was agreed on in 2013 gave Schouw & Co. a 20% ownership interest in the combined business and was the best and most logical way of ensuring that Grene would continue to grow and evolve.

Kramp offers a substantial potential – both through synergies from the merger with Grene and the potential for entering new markets – and it is important for us that Schouw & Co. can stay involved in the sector.

Schouw & Co. debt-free

Schouw & Co. started off 2014 with almost no net interest-bearing debt due to the sale of Martin and the Vestas and Lerøy shares, and our consolidated cash flow from operations of DKK 667 million.

We expended a great deal of resources in 2013 on exploring our options and trying to buy add-on activities for our existing businesses, but for various reasons, unfortunately, we did not succeed. In one specific case, involving a billion-kroner add-on acquisition to one of our existing businesses, we withdrew our offer after months of intense negotiations because too much risk was involved. While the company in question was extremely interesting and a very good match, we felt it was more important to keep both feet on the ground and not expose the Group to potential problems.

Value-creating growth is clearly a goal for Schouw & Co., and one of the roads to that growth is making attractive acquisitions. Our first priority is to help our current companies grow and become stronger, and we are making a dedicated effort in every area to evaluate the opportunities available. Our second priority is to add a whole new business that is not directly related to the rest of the portfolio. For both types of potential acquisition, profitability and long-term potential are key requirements. Even with Schouw & Co. being debt free at the present time and having the financial strength to make acquisitions worth billions of kroner, we will not compromise on our requirements and conditions.

Focused, big and strong

From an accounting perspective, Schouw & Co grew smaller in 2013 due to the divestment of Martin, the merger of Grene and Kramp, the sale of the shares in Lerøy and Vestas and a property.

Our agenda for 2014 calls for growth. Our strategy to consolidate the conglomerate will continue, and we will invest in each of our portfolio companies so they can grow profitably in the long term, and we will ensure that they can all carry on as large and strong leaders in their industries.




Every second of every day of every year, 60,000 fish eat a feed pill from BioMar. A small percentage of these fish come from ***Hjarnø Havbrug*** *in Horsens Fjord, Denmark, which farms trout using the same breeding principles as used in Norway and Chile.*

Optimising feed recipes is in BioMar's DNA

With about 70% of the planet covered by water, global population growth and the food shortages it creates make it increasingly important that we turn to harvesting the vast resources of the oceans. Fish farming has huge potential. It is a very efficient way of producing food, and fish is one of the most protein-rich and healthful foods of all.

BioMar: The world's third-largest player
Schouw & Co. is the sole owner of BioMar, the world's third-largest manufacturer of quality feed for the fish farming industry. We acquired BioMar in 2005, and the company has since trebled its revenue. Yet BioMar has the potential to grow even more, both organically and through acquisitions in new markets where the company can apply its extensive and valuable expertise in fish nutrition.

The aquaculture market
The global aquaculture market is worth in the double-digits of billions of euros with average annual growth rates in recent years of 5%–7%. It offers a potential for significant future growth as the global economic recovery gradually picks up, but there can be considerable regional variations. Different species are dominant in different continents, so it is crucial to be present in several parts of the world and to be able to supply feed for different species.

BioMar produces about one million tonnes of fish feed a year at its factories in Norway, Chile, Denmark, Scotland, France, Spain, Greece and Costa Rica. The company is a specialist producer of fish feed for more than 25 different species ranging from cold-water species like salmon and trout to warm-water fish like sea bass, sea bream and tilapia.

DKK million	2013	2012
Revenue	8,702	8,227
Operating profit (EBIT)	394	438
EBIT margin	4.5%	5.3%
Profit before tax	372	452
Average number of employees	885	847
Total assets	4,542	4,686
Equity	1,765	1,777
Net interest-bearing debt	353	584
ROIC	20.1%	22.8%

About 75% of BioMar's total output goes to salmon farming, with Norway being the world's largest fish farming country.

Optimising feed recipes is in BioMar's DNA
Production of fish feed is based on years of experience and ongoing product development. The process builds on a number of recipes that BioMar's experts constantly work to improve and optimise.

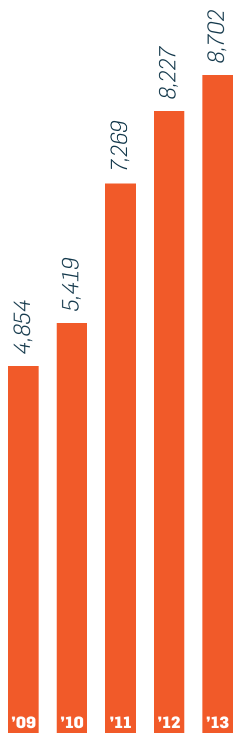
Fish feed is a sophisticated product intended not only to ensure rapid growth and optimal development in fish, but also to strengthen the general health and immune system of fish stocks in order to avoid diseases. In addition, it is important to find alternatives to scarce raw materials such as fish oil and fish meal, to use resources in the best and most economically most attractive way possible.

The end recipes add value and support BioMar's reputation as one of the world's best suppliers of high-quality, high-performance fish feed.

South America and Asia in the spotlight
BioMar is active mainly in Europe and South America. Europe as a market will continue to grow and needs to be developed further, but the highest growth rates are expected in South America and Asia. South America offers a big potential, both as a region supplying the huge North American market and as a continent experiencing significant growth in welfare. BioMar already has a strong presence in Chile, and the South American market offers good opportunities for additional expansion.

Asian markets are also seeing strong growth. Shrimp is an important species in this region, and although currently not a producer of shrimp feed, BioMar has a good background for entering this segment. Shrimp feed is rich in fish meal, which is a limited resource and a relatively expensive commodity. BioMar has years of experience in using alternatives for fish meal and is actively working to identify suitable acquisition or joint venture candidates, also within shrimp feed.

In other words, this is where BioMar's DNA has a powerful growth potential in both existing and new markets, and Schouw & Co. has high expectations for the long-term growth potential of BioMar.



Revenue (DKKm)

Intelligent product development a determining factor

Personal hygiene is a main prerequisite for people's general state of health. In many cases, the level of hygiene is proportional to the standard of living, so when the general level of wealth increases, so does the focus on personal hygiene. This applies both to the developed world and to developing countries.

Among the world's largest players
Fibertex Personal Care is wholly owned by Schouw & Co. The company is one of the world's largest manufacturers of non-woven textiles for further processing by the hygiene industry. Schouw & Co. acquired the Fibertex group in 2002 and demerged it into Fibertex Nonwovens and Fibertex Personal Care in 2011. Fibertex Personal Care has multiplied its production capacity and revenue several times over the past ten years, and the company is set to continue expanding in a strongly growing market driven by growing prosperity and population growth.

Non-woven textiles for the hygiene industry
The hygiene industry uses about 1.2 million tonnes of spunmelt textiles to produce nappies and incontinence and feminine care products. Asia represents more than half of the world's population, but only 25% of the hygiene products used. The trend of growing prosperity in Asia implies major growth potential for the hygiene industry. The market is already growing and will continue to do so for many years.

Eventually, Africa will also become a large market for hygiene products, but the high growth rates in the developing countries certainly does not mean the Western world is irrelevant. Consumption in the West is growing at only a moderate, yet high and stable level.

Expansion in Asia
Fibertex Personal Care manufactures spunmelt textiles in Denmark and Malaysia. The total annual output capacity is close to 120,000 tonnes, equal to about 10% of global consumption. The company has steadily built and installed new production lines, and a seventh line in Malaysia became operational in late-2013. This DKK 315 million investment increased capacity production in Malaysia by 30%. After only a few weeks, the new line had been run in and ready for production and sales, enabling the company to meet demand in a rapidly growing market.

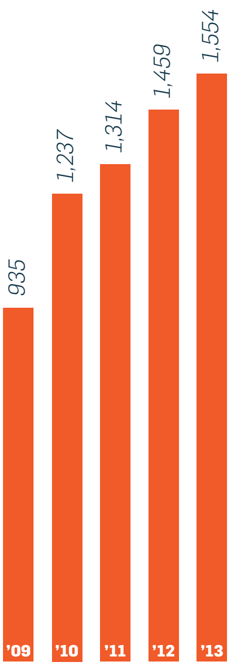
One of the big triggers of market growth in Asia is when families make the decision to replace cloth nappies with disposable ones, which is also a switch to much better hygiene standards and thus to better health. Once a family has tried disposable nappies, it will rarely go back to cloth ones.

An evolving product
Non-woven textiles are constantly being developed and improved, and Fibertex Personal Care is among the front runners when it comes to intelligent product development in cooperation with its key customers. The most important parameters are softness and performance, which includes absorbing power, weight, purity and uniformity.

Generally, Fibertex Personal Care is widely recognised for its ability to provide advice and assistance to some of the world's largest companies. In 2013, Fibertex Personal Care won two international supplier awards: one was, for the fifth time in six years, the P&G External Business Partner Excellence Award 2013 as one of only 80 out of Procter & Gamble's more than 80,000 suppliers.

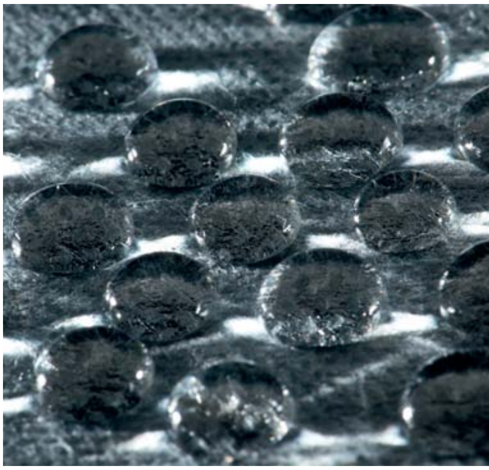
Consolidation and new opportunities
Fibertex Personal Care's short-term focus is on consolidation and on optimising its new production line in Malaysia. The company is also open to new opportunities, either by way of further expansion in Malaysia or elsewhere in the region. In other words, Fibertex Personal Care has every opportunity to grow its top and bottom lines.

DKK million	2013	2012
Revenue	1,554	1,459
Operating profit (EBIT)	164	156
EBIT margin	10.5%	10.7%
Profit before tax	157	141
Average number of employees	429	369
Total assets	1,630	1,567
Equity	635	653
Net interest-bearing debt	644	568
ROIC	13.6%	13.4%

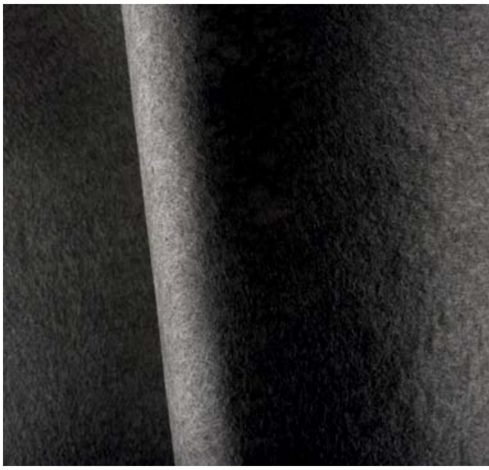


Revenue (DKKm)

*Spunmelt nonwovens are used as the soft piece of fabric in nappies that absorb moisture and keep the skin dry. Fibertex Personal Care ships to customers in most of Europe and Asia; one of them is **Abena** in Aabenraa, Denmark.*



Large volumes of nonwoven material are used in most cars manufactured in Europe, especially in French and German models. Often, the wheel housings will have a piece of fabric to dampen the noise from the wheels, and the engine compartment will contain oil or water repellant nonwoven textiles.



High-end textiles provide platform for growth

Global demand for substitute materials has grown in recent years. The trend has been particularly discernible in the Western world, as industry, challenged by competition from low-wage countries, has been forced to reduce costs and add more value to its products. European and North American companies must think and act smarter, and this is where nonwoven textiles come in, along with Fibertex Nonwovens, who have recently given their products new and innovative properties.

One of Europe's leading manufacturers

Fibertex Nonwovens is a leading European manufacturer of nonwovens for industrial applications. The company has production facilities in Denmark, the Czech Republic, France and South Africa and is a major supplier of nonwovens for a number of industries, mainly in Europe.

Fibertex was acquired by Schouw & Co. in 2002 and has done well since. A demerger in 2011 created two separate companies: Fibertex Nonwovens and Fibertex Personal Care. This has been a huge success, facilitating a better product and market focus.

A market on the move

For many years, nonwovens have been a high-volume product used in construction and other industries. One such example is geotextiles, which are used to separate soil and base layers. At its simplest, it is a commodity product and a market segment with many competitors.

However, a number of other industries have now noticed the properties of non-woven textiles, including the automotive, clothing, furniture, carpet and composites industries. In many cases, these are textiles that form a necessary and natural component of the production process.

Also, the most innovative nonwoven manufacturers have managed to refine their products further and penetrate new markets by accommodating other industries in their search for substitute materials. Fibertex Nonwovens is a frontrunner in this trend, having the skills and know-how to create a number of unique materials by combining various raw materials such as polyester, plastics, paper and applying production technologies such as fiber spinning, polymer extrusion, carding, needling and applying various surface treatments, all of which add new unique properties to a product, e.g. heat, sound or liquid insulation.

Unlimited opportunities for growth

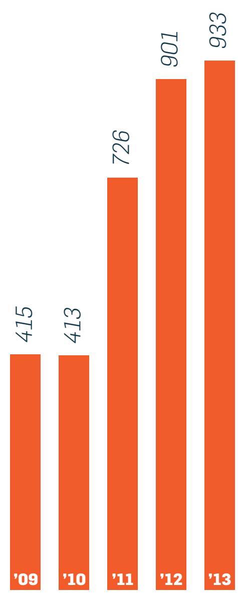
A combination of volume and specialized products give Fibertex Nonwovens a wide range of different options. The high-volume products provide a good base business, and with its constant focus on optimising production processes, logistics and sales, Fibertex Nonwovens will be able to grow its sales and earnings in an otherwise competitive market. An improvement in economic trends would also be a positive development.

The high-end products provide new opportunities for growth. Fibertex Nonwovens has promoted its new products beyond Europe in recent years and, through its strategic market focus, the company plans to accelerate this trend in the next few years.

The auto industry represents major potential for its products. Europe's most innovative carmakers use almost 30 sqm of nonwovens for more than 40 different functions in every car they produce. Their lightness, strength and many different properties are what makes these textiles so interesting, and now North American carmakers are also beginning to see the possibilities.

Today, Fibertex Nonwovens has some of the world's most modern and efficient production facilities, and the company is well positioned to contribute to further industry consolidation in Europe and to expand into new sectors and new geographies.

DKK million	**2013**	**2012**
Revenue	933	901
Operating profit (EBIT)	37	28
EBIT margin	4.0%	3.1%
Profit before tax	17	3
Average number of employees	511	508
Total assets	970	986
Equity	314	323
Net interest-bearing debt	452	479
ROIC	5.1%	3.8%



Revenue (DKKm)

Full focus on creating value for the customer

Expertise in hydraulic components and solutions is increasingly in demand in industry. Hydraulics – basically, liquid under pressure – is increasingly being used in highly complex automation solutions, and the wind turbine industry and the offshore sector both rely strongly on hydraulic systems, making extreme demands for performance and reliability.

Hydra-Grene: Preferred provider in the market
Hydra-Grene is the market leader in Denmark in terms of sales of hydraulic components, advisory services and the production of hydraulic systems. From fittings and tubes to valves, pumps and motors, the company carries 40,000+ hydraulic components and is recognised for its specialist know-how and the design and production of its hydraulic solutions for the OEM industry and the aftermarket.

Hydra-Grene is a market leader in terms of hydraulics for the wind turbine industry and contributes to developing tomorrow's wind turbines with both onshore and offshore models that are significantly larger than the turbines in operation today.

Offshore oil and gas is a new and growing business area for Hydra-Grene. The offshore industry is extremely demanding with respect to solutions and suppliers, and this is precisely an area where Hydra-Grene can apply its specialist knowledge.

Industry sector recovering
Despite the financial crisis, Hydra-Grene has increasingly become a key player in the industry as customers have optimised their cost structures by outsourcing warehouses and specialist units. Industrial businesses have streamlined their operations in recent years and focused on growth markets, and there are no indications that they will be insourcing warehouse and specialist functions. For many, the lesson of the financial crisis has been that the key to profitability and growth is focus, focus, focus.

The wind turbine industry, the largest customer segment, is also growing. Globally, however, 2013 was not a record year, especially not in the US market. Prospects for 2014 are more promising, which will benefit Hydra-Grene thanks to its presence in Europe, China, India and North America.

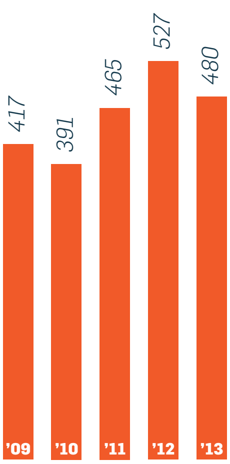
Already a part of the wind turbine industry in its pioneering days, Hydra-Grene has witnessed the evolution first hand, right from the early test turbines to today playing an active role in Denmark's national wind turbine test centre. This is where turbines of the future are being designed with blades of more than 150 metres. Hydra-Grene is a part of the innovative environment at the cutting edge of cooling, lubrication and filter system design.

Offshore sector has potential
The offshore sector is a market that is becoming attractive to Hydra-Grene, and the company is gaining a first foothold in the Norwegian market. Experience shows that once you have documented and demonstrated your skills and ability, things can happen relatively fast. One characteristic of the offshore sector is its extremely high requirements with respect to safety and reliability. Hydra-Grene has extensive experience in this field, considering its many similarities to the wind turbine industry. Also, Hydra-Grene's ability to create value for customers through its in-depth advice, support and other services is in high demand. In a segment where time is money, a vendor offering a large product assortment, efficient logistics and day-to-day delivery make for solid competitive strength.

Growth in existing and new markets
Hydra-Grene has found its place by combining a volume warehouse offering with online sales, and by offering in-depth advisory services and support for the entire production value chain.

Hydra-Grene expects to get its share of the growth, but also to retain and expand its core business. Customer value creation is key, and for that Hydra-Grene has earned both respect and recognition.

DKK million	2013	2012
Revenue	480	527
Operating profit (EBIT)	46	67
EBIT margin	9.6%	12.7%
Profit before tax	40	62
Average number of employees	215	217
Total assets	403	373
Equity	167	182
Net interest-bearing debt	127	123
ROIC	18.2%	21.3%



Revenue (DKKm)

*Trawlers and gillnet fishing boats use hydraulic winches to catch tons of fish every day in the tough North Sea environment. A company called **as:scan** in Hvide Sande, a town on Denmark's west coast, manufactures many different types of winches and has made use of Hydra-Grene's know-how and reliable deliveries for many years.*

*If a farmer in one of the major agricultural countries like Germany, the Netherlands or Denmark places an order by 6:00 pm, Kramp can provide next-morning delivery before 8:00 am. The **Havbjerg** organic farm in Denmark avails itself of this service several times a month.*

Second to None in Europe

The world population recently reached seven billion and is expected to top eight billion as early as 2025. The need for food production is greater than ever, also in Europe, where the agricultural sector has truly begun to regain ground.

In the Nordic region and in Western Europe, agriculture is growing anew after years of stagnation, and in Eastern Europe, efficiency improvements and modernisation continue to drive the sector. Spare parts and accessories for Europe's agricultural sector is a DKK 50bn-a-year market, and at the centre of it all is Dutch-based Kramp, in which Schouw & Co. holds a 20% stake.

Europe's largest player

Denmark's Grene and Dutch company Kramp merged in 2013, easily becoming Europe's largest distributor of spare parts and accessories to the agricultural sector. The combined company operates in more than 20 European countries, generates revenue of EUR 614 million, processes some 13,000 items a day to a 60,000+ European customer base, and carries more than 600,000 products. The company is the market leader in the Nordics, Germany, the Netherlands, Belgium, Poland and the Baltics and a key player in the rest of Europe.

A natural next step

Grene and Kramp had partnered for a number of years, for example in a 50/50 joint venture giving both a presence in the Russian market. The merger was an obvious next step and came as no surprise to the market.

In 1988, Grene, which celebrates its centenary in 2015, became Schouw & Co.'s first acquisition outside the packaging industry. By the time of the merger, the company had become a market leader in the Nordic region, Poland and the Baltics, consistently turning a profit year after year as a trading and logistics company and as a specialist supplier to agriculture and certain industrial sectors.

Before the merger, Kramp was somewhat larger than Grene and active in 16 European countries.

Perceptible synergies

The merger of the two parts-specialists has already produced significant benefits, and the new organisation is harvesting substantial synergies. The initial priorities are suppliers, products and IT.

Combined, Grene and Kramp have a size that allows a much better collaboration with their many suppliers. Current efforts centre on shaping the Group's collaborative relationships with Europe's largest agricultural brands.

The customers will generally only notice the merger of Grene and Kramp by the broader assortment offered from more brands and at better prices. For many farmers, this will bring a whole new meaning to the concept of "one-stop shopping".

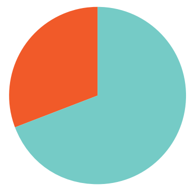
There are also a number of efficiency gains to be had from merging the IT platforms of the two companies. The ambition is to take the best from the two companies, such as e-commerce platform. In the Netherlands, Germany, Denmark and Sweden, up to 90% of orders are received online, and with the Group's state-of-the-art automated warehouses, very little manpower is involved in making a sale.

Ambitious plan in a promising market

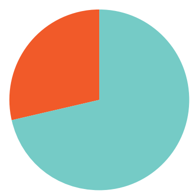
Kramp is aiming for its revenue to top the one billion euro mark with an EBITDA of 13% over the next 5 years. This is an ambitious but realistic target in a promising market.

Agriculture is generally a non-cyclical sector, but order flows to farmers are very much driven by each farmer's financial situation. During hard times, farmers will often put off investments in new machinery and equipment, choosing instead to repair the old tractor, so to speak.

Kramp's business is rooted not only in the sale of new equipment: spare parts is also an essential business. In other words, Kramp holds a very important position regardless of the economic climate. In addition, the industry trend of the past many years of carrying smaller inventories plays to Kramp's advantage as a wholesaler with nine central warehouses in Europe.



2012
Total revenue
591 EUR million



2013
Total revenue
614 EUR million

2012
Total EBIT
55 EUR million

2013
Total EBIT
49 EUR million

Kramp*
Grene*

*inclusive 50% share from Grene Kramp Russia

Other investments

Xergi

Schouw & Co. has been involved in the biogas field since 2001, and today co-owns Xergi on a fifty/fifty basis together with Hedeselskabet.

Xergi is one of Europe's leading suppliers of turnkey biogas systems. Its core business consists of technology development, system design and installation as well as turnkey system operation and maintenance. The company's head office is in Støvring near Aalborg, Denmark and it operates mainly on the European and US markets. Xergi was previously a pro-rata consolidated business, but is recognised as a joint venture effective from 2013 due to the implementation of IFRS 11.

Xergi recorded a profit in 2013 on revenue of DKK 204 million and expects to increase revenue further in 2014.

Incuba Invest

Schouw & Co. holds a 49% stake in Incuba Invest, a development and venture operation supporting entrepreneurial environments and investing actively in new companies. Incuba Invest is a co-owner of Incuba, a company running three science parks in Aarhus, Denmark and currently building a fourth: Navitas Park in the Port of Aarhus.

In addition, Incuba Invest has an ownership interest in Capnova, a government-approved innovation environment, and Scandinavian Micro Biodevices, a company developing and producing point-of-care veterinary diagnostic products. Incuba Invest is accounted for as an associate.

Property

In addition to the operational properties of the portfolio companies, the parent company Schouw & Co. owns five properties directly. They are the parent company's offices in Aarhus, two minor properties relating to the former Grene Industri-service located in Aarhus and Ringe, Denmark, and two properties in Frederikshavn that Schouw & Co. took over in February 2013 in connection with the divestment of Martin. One of the latter two properties is still leased to Martin while the other has been put up for sale.

FINANCIAL CALENDER

April 10, 2014	Annual General Meeting
May 6, 2014	Release of Q1 2014 interim report
August 14, 2014	Release of H1 2014 interim report
November 3, 2014	Release of Q3 2014 interim report

Jørn Ankær Thomsen, Chairman

Jens Bjerg Sørensen, President

Board of Directors

Jørn Ankær Thomsen, Chairman
Erling Eskildsen, Deputy Chairman
Niels Kristian Agner
Erling Lindahl
Kjeld Johannesen
Jørgen Wisborg
Agnete Raaschou-Nielsen

Executive Management

Jens Bjerg Sørensen, President
Peter Kjær, Vice President

www.schouw.dk
Schouw & Co.'s web site contains press releases and company announcements, as well as more detailed information on the Group. Interested parties are also invited to subscribe to the company's news service.

Schouw & Co. shares

Schouw & Co.'s 25.5 million issued shares are listed on NASDAQ OMX Copenhagen the short name SCHO.

At the end of 2013, the company held 1,621,113 treasury shares, equal to 6.36% of the share capital. The market value of the holding of treasury shares was DKK 361 million at December 31, 2013. The portfolio of treasury shares is recognised at DKK 0.

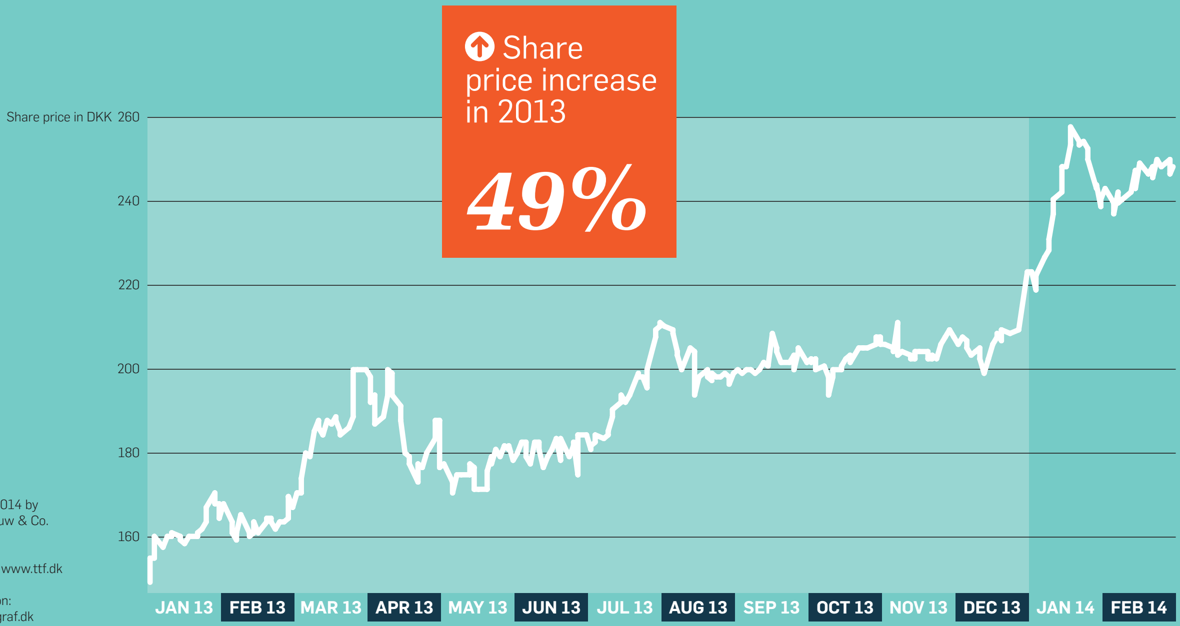
The official price of Schouw & Co. shares at December 31, 2013 was DKK 222.50 (all trades), and the total market capitalisation of the company's listed share capital amounted to DKK 5,674 million. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 5,313 million.

Shareholder structure

Schouw & Co. has some 7,500 registered shareholders. 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%
Aktieselskabet Schouw & Co.	6.36%

Pursuant to the provisions of Section 31 of the Danish Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen, who holds 3.94%, are considered as a single shareholder of Schouw & Co. The three shareholders hold in aggregate 46.85% of the shares in the company.



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