2017

Interim report 2017 H1

Company announcement No. 9/2017
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schouw+co

Highlights

- The Schouw & Co. Group expanded strongly in a good first six months of 2017
- Consolidated revenue up by 25% to DKK 7,706 million
- EBIT up by 12% to DKK 417 million
- Organic growth of 17% in revenue and of 6% in EBIT
- Acquired BHE, Borg Automotive and Alimentsa
- Investing heavily in capacity-increasing assets
- All portfolio companies maintaining or raising their full-year revenue and EBIT forecasts
- Schouw & Co. now expects full-year 2017 revenue of about DKK 16.7 billion
- The Group maintains its guidance of full-year EBIT in the DKK 1,065-1,135 million range

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

"Our portfolio companies continue to see positive momentum, healthy demand and order inflows in most of their markets. That doesn't mean markets have become any less competitive, and it's a tough battle everywhere both to ensure volume business and take market share.

All of our businesses are going through a volume-to-value transformation. Efficient large-scale production remains a cornerstone of our business model, but increasing our focus on innovation and full-service solutions is essential in our efforts to build competitive strength and long-term earning power. At Schouw & Co. we allocate substantial resources to future-proof our strategic platform.

In recent quarters, we have invested heavily to grow and expand both organically and through acquisitions, and our Group's businesses stand well prepared to address the challenges and opportunities the future will bring."

This is a translation of Schouw & Co.'s Interim Report for the six months ended 30 June 2017. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

Financial highlights and key ratios

GROUP SUMMARY (DKK MILLION)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
Revenue and income					
Revenue	4,122	3,373	7,706	6,148	14,369
Operating profit before depreciation (EBITDA)	357	319	642	575	1,472
Depreciation and impairment losses	119	103	225	203	434
Operating profit (EBIT)	238	215	417	372	1,038
Profit after tax in associates and joint ventures	4	33	4	47	566
Financial items, net	13	-2	-2	-16	-27
Profit before tax	256	247	419	403	1,578
Profit for the period	201	193	323	309	1,339
Cash flows					
Cash flows from operating activities	6	373	19	482	1,598
Cash flows from investing activities	-1,185	-149	-1,485	-888	-395
Of which investment in property, plant and equipment	-209	-148	-456	-293	-828
Cash flows from financing activities	198	-680	315	-562	-925
Cash flows for the period	-981	-456	-1,151	-967	277
Invested capital and financing					
Invested capital excluding goodwill	6,624	5,441	6,624	5,441	5,416
Total assets	13,331	11,026	13,331	11,026	12,273
Working capital	2,353	1,993	2,353	1,993	1,727
Net interest bearing debt (NIBD)	927	582	927	582	-1,028
Share of equity attributable to shareholders of Schouw & Co.	7,747	6,736	7,747	6,736	7,797
Non-controlling interests	14	20	14	20	18
Total equity	7,761	6,756	7,761	6,756	7,814
Financial data					
EBITDA margin (%)	8.7	9.4	8.3	9.3	10.2
EBIT margin (%)	5.8	6.4	5.4	6.1	7.2
EBT margin (%)	6.2	7.3	5.4	6.6	11.0
Return on equity (%)	18.8	10.8	18.8	10.8	18.6
Equity ratio (%)	58.2	61.3	58.2	61.3	63.7
ROIC excluding goodwill (%)	19.6	19.1	19.6	19.1	20.2
ROIC including goodwill (%)	16.1	15.6	16.1	15.6	16.6
NIBD/EBITDA	0.6	0.4	0.6	0.4	-0.7
Avg. number of employees during the period	6,279	4,295	5,437	3,746	4,108

GROUP SUMMARY (DKK MILLION)	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
Per share data					
Earnings per share (of DKK 10)	8.51	8.10	13.72	13.06	56.56
Diluted earnings per share (of DKK 10)	8.43	8.08	13.59	13.03	56.41
Net asset value per share (of DKK 10)	324.72	283.76	324.72	283.76	328.38
Share price, end of period (of DKK 10)	698.50	370.50	698.50	370.50	526.00
Price/net asset value	2.15	1.31	2.15	1.31	1.60
Market capitalisation	16,664	8,795	16,664	8,795	12,489

Definitions of financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33. Other key ratios are calculated in accordance with "Recommendations and Ratios 2015" issued by the Danish Finance Society.

The financial ratios provided in this interim report are calculated in the following manner:

Return on equity	Profit for the last 12 months excluding non-controlling interests / Avg. equity excluding non-controlling interests
ROIC excluding goodwill	EBITA the last 12 months / Avg. invested capital excluding goodwill
ROIC including goodwill	EBITA the last 12 months / Avg. invested capital including goodwill
Equity ratio	Equity, end of period / Total liabilities and equity, end of period
NIBD/EBITDA	NIBD, end of period / EBITDA the last 12 months
Earnings per share (EPS)	Profit for the last 12 months excluding non-controlling interests / Average number of shares in circulation
Diluted earnings per share (EPS-D)	Profit for the period excluding non-controlling interests / Diluted average number of shares in circulation
Net asset value per share	Equity excluding non-controlling interests, end of period / No. of shares excl. treasury shares, end of period
Price/net asset value (P/NAV)	Market capitalisation, end of period / Equity excluding non-controlling interests, end of period
Market capitalisation	Number of shares, ex treasury shares, x share price

Interim report – first half of 2017

Financial performance

(DKK million)	Q2 2017	Q2 2016	Change	
Revenue	4,122	3,373	750	22%
EBITDA	357	319	39	12%
EBIT	238	215	23	11%
Associates etc.	4	33	-29	-87%
Profit before tax	256	247	9	4%
Cash flow from operations	6	373	-367	-99%

(DKK million)	YTD 2017	YTD 2016	Change	
Revenue	7,706	6,148	1,558	25%
EBITDA	642	575	67	12%
EBIT	417	372	45	12%
Associates etc.	4	47	-43	-91%
Profit before tax	419	403	16	4%
Cash flow from operations	19	482	-463	-96%
Net interest-bearing debt	927	582	346	59%
Working capital	2,353	1,993	359	18%
ROIC excl. goodwill	19.6%	19.1%	0.5pp	
ROIC incl. goodwill	16.1%	15.6%	0.5pp	

As expected, the Schouw & Co. businesses had a very good first six months of 2017. Consolidated revenue was up by 25% to DKK 7,706 million from DKK 6,148 million in H1 2016. The improvements of the first quarter were mainly attributable to BioMar and the acquisition of GPV, which was not consolidated in Q1 2016. In the second quarter, BioMar and GPV continued to drive the improvements, but obviously the acquisition of Borg Automotive, consolidated in the amount of DKK 247 million effective from 1 April 2017, also contributed. All portfolio companies contributed to the improvements of the first six months of the year.

EBIT was up by 12% from DKK 372 million in H1 2016 to DKK 417 million in H1 2017. Once more, the improvements were mainly attributable to BioMar and GPV, but Fibertex Nonwovens and Borg Automotive also contributed to performance. On the other hand, Fibertex Personal Care reported an expected y/y drop in EBIT, and Hydra Specma also saw EBIT go slightly lower.

The H1 2017 EBIT is stated net of DKK 57 million in purchase price allocation (PPA) adjustments relating primarily to the acquisitions of Borg Automotive and Specma. In H1 2016, negative PPA adjustments amounted to DKK 26m.

Associates and joint ventures combined contribute EBIT of DKK 4 million in H1 2017, as compared with DKK 47 million in H1 2016, which amount included the now divested company Kramp.

Consolidated net financial items were an expense of DKK 2 million in H1 2017, compared with a DKK 16 million expense in H1 2016. Consolidated net financials were lifted by a DKK 42 million reversal of a previous impairment charge on the value of BioMar's shareholding in the Chilean fish farming company Salmones Austral. A DKK 31 million foreign exchange loss was recognised in H1 2017 compared with a DKK 9 million loss in H1 2016. When adjusted for these impacts, actual interest expenses increased to DKK 13 million from DKK 8 million in H1 2016.

As a result, profit before tax improved from DKK 403 million in H1 2016 to DKK 419 million in H1 2017.

Liquidity and capital resources

The consolidated operating activities generated a cash inflow of DKK 19 million in H1 2017, compared with DKK 482 million in H1 2016. The change was mainly due to an increase in working capital during the H1 2017 period, most of which derived from BioMar and was partly due to a seasonal reduction in the use of supply chain financing, but the other portfolio companies also increased their working capital.

Cash flows for investing activities amounted to DKK 1,485 million in H1 2017, primarily used for the acquisition of Borg Automotive and for investing in property, plant and equipment by BioMar and Fibertex Personal Care. By comparison, DKK 888 million was spent on investing activities in H1 2016, including for the Specma and GPV acquisitions.

The Group had consolidated net interest-bearing debt of DKK 927 million at 30 June 2017, compared with net interest-bearing debt of DKK 582 million at 30 June 2016 and a DKK 1,028 million net deposit at 31 December 2016.

The Group's working capital increased from DKK 1,993 million at 30 June 2016 to DKK 2,353 million at 30 June 2017 as a logical effect of the increased business activity.

Interim report – first half year of 2017

Group developments

The Schouw & Co. Group expanded heavily in the first half of 2017, through both acquisitions and organic growth. The first acquisition of the year was effected on 28 February 2017, when GPV acquired BHE, a small EMS company based in Horsens, Denmark at an enterprise value of DKK 41 million.

On 20 March 2017, Schouw & Co. agreed to acquire Danish industrial company Borg Automotive. That acquisition was completed on 3 April 2017 and meant that Schouw & Co. established a new activity for the Group involving the remanufacturing of components for the automotive industry, initiating a long-term investment in the circular economy and sustainability.

Borg Automotive remanufactures used auto parts such as starters, alternators, brake calipers and air-condition compressors. Headquartered in Silkeborg, Denmark, the company operates production facilities in Poland, the UK and a sales and development subsidiary in Belgium. Borg Automotive employs about 1,400 people, of whom some 1,200 work in Poland.

A few technical details of the transaction structure still remained to be settled when the deal was made, but the intention was for Schouw & Co. to acquire an 85% ownership interest in the overall company and to have a right and an obligation to acquire the outstanding shares within a two-year period. However, all technical details were settled and the transaction closed in the second quarter of 2017. Accordingly, Schouw & Co. has taken full ownership of the company effective 30 June 2017. The total enterprise value now amounts to DKK 1,115 million, compared with the previous estimate of approximately DKK 1,150 million.

BioMar agreed on 2 June 2017 to buy a 70% interest in Ecuadorian shrimp feed producer Alimentsa at a price of about DKK 800 million (enterprise value for 70% of the business). The selling shareholders have stayed on as minority shareholders.

Founded in 1986, Alimentsa is headquartered in Ecuador's largest city, Guayaquil. The company has 145 employees and an annual output capacity of about 110,000 tonnes of shrimp feed. In 2016, the company generated revenue of about DKK 500 million.

The agreement is subject to approval by the relevant authorities, and the acquisition is expected to take effect in the autumn of 2017, at which time the company is expected to be consolidated in the Schouw & Co. financial statements.

The companies of the Schouw & Co. Group have invested heavily in recent years to capitalise on the opportunities available for organic expansion. Over the past six months, these investments have been directed at capacity-increasing assets.

The largest single investments in the H1 2017 period were Fibertex Personal Care's new production line in Malaysia, BioMar's new production line in Norway, and GPV's new factory facility in Mexico. The Group also made a number of other investments, mainly in Fibertex Nonwovens, but also in the other portfolio companies.

The following is a brief review of other business developments in the portfolio companies in the six months to 30 June 2017. See the individual company reviews on the following pages for more information.

BIOMAR reported strong improvements in both revenue and EBIT, as expected, driven mainly by a good performance in the Salmon division.

The company finished building its new production line in Norway in July, and the work to develop the joint ventures in China and Turkey is progressing to plan. On 24 March, BioMar announced plans to set up production in Australia.

FIBERTEX PERSONAL CARE reported a revenue improvement driven by higher prices of raw materials but, as anticipated, lower EBIT compared with H1 2016.

The company's large project to expand its nonwovens production capacity in Malaysia has progressed faster than had been expected, and the new production line is now expected to be commissioned early in the fourth quarter of 2017. In addition, the company continues the work to expand its print facilities.

FIBERTEX NONWOVENS reported improvements in both revenue and EBIT driven by the growing revenue streams from all production sites.

Interim report – first half of 2017

The company is generally experiencing stable market conditions, but earnings are being challenged by spiking prices of the most widely used commodities.

HYDRASPECMA has retained last year's high level of business activity driven by healthy business activity at OEM customers as well as industrial and aftermarket customers.

Based on the positive performance in sales of hydraulic hoses and pipes in its core markets of Denmark and Sweden, the company is planning additional automation and production-expanding investments. In China, HydraSpecma has made a number of practical and organisational changes relating to the activities taken over from Etola, which combined with slumping demand on the Chinese market has weighed on EBIT.

GPV reported significant improvements in revenue and EBIT relative to the H1 2016 period, when the company was only consolidated in the second quarter. The BHE acquisition had a positive effect on H1 2017 revenue, whereas costs relating to the transaction weighed on EBIT.

GPV has commissioned its new factory facility in Mexico and has invested to increase capacity in both Denmark and Thailand.

BORG AUTOMOTIVE is consolidated effective from the second quarter of 2017 and reported improvements in both revenue and EBIT relative to the second quarter of 2016.

After the change of ownership, the company has accelerated its strategy work in order to explore the business opportunities available in the market.

Schouw & Co. shares and shares held in treasury

Schouw & Co.'s share capital comprises 25,500,000 shares with a nominal value of DKK 10 each for a total nominal share capital of DKK 255,000,000. Each share carries one vote.

Schouw & Co. shares appreciated by 33% during the first six months of 2017, from DKK 526.00 at 31 December 2016 to DKK 698.50 at 30 June 2017. After the Annual General Meeting held on 20 April 2017, the share price was adjusted by the DKK 12 per share dividend paid to the shareholders on 25 April 2017.

At the end of 2016, the company held 1,756,930 treasury shares, equal to 6.89% of the share capital. Schouw & Co. used 114,000 shares in the first six months of 2017 in connection with options exercised under the Group's share incentive scheme. Accordingly, at 30 June 2017, the company held 1,642,930 treasury shares, equal to 6.44% of the share capital.

The market value of the holding of treasury shares was DKK 1,148 million at 30 June 2017. The portfolio of treasury shares is recognised at DKK 0.

Events after the balance sheet date

Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of events occurring after 30 June 2017 which are expected to have a material impact on the Group's financial position or outlook.

Special risks

The overall risk factors the Schouw & Co. Group faces are discussed in the 2016 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2016 Annual Report.

Outlook

Most of the segments the Schouw & Co. portfolio businesses are involved in have good momentum. However, winning orders is very demanding in all markets and requires highly competitive prices and terms of business. This applies especially to BioMar, as the company is seeing even more competitive markets in the salmon business, and the Fibertex companies, whose earnings have been challenged by higher prices of raw materials. However, all of the portfolio businesses have as a minimum maintained their previous guidance on revenue and earnings.

BIOMAR now expects to increase its full-year revenue relative to last year, while maintaining its EBIT guidance, as previously announced. The guidance reflects an improvement in core operations, but it should be noted that the 2016 EBIT included positive effects of significant income flows relating to special circumstances that cannot be expected to re-occur to the same extent in 2017. Accordingly, the profit range guided for 2017 is lower than the EBIT realised in 2016.

FIBERTEX PERSONAL CARE maintains its full-year 2017 revenue forecast, reflecting an improvement on 2016. The company also raises its EBIT forecast in a narrower range, due to the accelerated effect from the new production line in Malaysia. Accordingly, the guidance is for EBIT in excess of the very positive performance of 2016.

FIBERTEX NONWOVENS maintains its full-year 2017 revenue forecast, reflecting an improvement on 2016. The full-year EBIT forecast is also unchanged and for an improvement on reported 2016 EBIT, but subject to increased uncertainty due to the challenging prices of raw materials.

HYDRASPECMA continues to expect a moderate increase in full-year revenue in 2017. The full-year EBIT forecast is also unchanged and expected to be in a range close to the 2016 EBIT.

BORG AUTOMOTIVE expects revenue growth in 2017 relative to 2016. The revenue expected to be consolidated is lower than previously guided due to a smaller effect from a change of accounting policies made in connection with the acquisition than previously estimated. The full-year EBIT forecast is maintained at the previously announced level.

GPV now expects to increase its full-year revenue relative to last year. In addition, the company raises its EBIT guidance to a level higher than the reported 2016 EBIT.

The Group's overall guidance

Overall, the Schouw & Co. Group now projects full-year 2017 consolidated revenue of about DKK 16.7 billion against the previous forecast of about DKK 16.4 billion. However, for several of the portfolio companies, revenue will depend strongly on how prices of raw materials develop, and any price fluctuations can significantly change revenue without necessarily having any notable effect on earnings.

REVENUE (DKK million)	2017 After Q2	2017 After Q1	2016 actual
BioMar	c. 9,800	c. 9,400	8,867
Fibertex Personal Care	c. 2,000	c. 2,000	1,792
Fibertex Nonwovens	c. 1,400	c. 1,400	1,301
HydraSpecma	c. 1,800	c. 1,800	1,747
Borg Automotive	c. 700	c. 800	-
GPV	c. 1,025	c. 975	668
Other/eliminations	-	-	-6
Total revenue	**16.7bn**	**16.4bn**	**14,369**

EBIT (DKK million)	2017 After Q2	2017 After Q1	2016 actual
BioMar	510-550	510-550	581
Fibertex Personal Care	250-270	230-260	246
Fibertex Nonwovens	80-100	80-100	81
HydraSpecma	100-120	100-120	111
Borg Automotive 1	60-80	60-80	-
GPV 2	60-70	50-60	44
Other	c. -35	c. -35	-24
Total EBIT	**1.025-1.155**	**995-1,135**	**1,038**
Associates etc.	c. 20	c. 20	566
Financial items, net	c. -25	c. -40	-27
Profit before tax	**1020-1,150**	**975-1,115**	**1,578**

Notes
1) After about DKK 50 million from Purchase Price Allocation
2) GPV only recognised for 9 months in 2016

Schouw & Co. applies a profit forecast range for each individual business, and based on a simple aggregation of these ranges, the Group raises its consolidated full-year 2017 EBIT guidance to the range of DKK 1,025-1,155 million from the previous range of DKK 995-1,135 million. The weighted assessment of the most likely consolidated EBIT has not changed, however. Accordingly, Schouw & Co. expects consolidated EBIT in the DKK 1,065-1,135 million range. ➔

Obviously, the effects of the Alimentsa acquisition should be added to this revenue and EBIT guidance. Alimentsa is expected to be consolidated from the date of acquisition in the autumn of 2017 following regulatory processing.

Associates and joint ventures, which are recognised at a share of profit after tax, are expected to contribute combined profit of about DKK 20 million for 2017, which is unchanged from the previous guidance. Disregarding the share of profit in 2016 that derived from the now divested shares in Kramp and from Incuba Invest's sale of shares in Scandinavian Micro Biodevices, the guidance implies a combined improvement.

Consolidated net financials is now expected to be an expense of about DKK 25 million subject to positive or negative effects from any additional exchange rate fluctuations, compared with the previous expectation of DKK 40 million. The reduced expense derives mainly from the positive effect of the reversed depreciation charge on Salmones Austral, which is only partly offset by a net foreign exchange loss in the H1 2017 period.

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.

Accounting policies

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

Schouw & Co. has implemented the standards and interpretations which are effective from 2017. None of those standards and interpretations have had an effect on recognition and measurement in 2017.

See the 2016 Annual Report for a full description of the accounting policies.

Judgments and estimates

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

Financial calendar for 2017

13 November 2017
Release of Q3 2017 interim report

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

Management statement

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 June 2017.

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

In our opinion, the interim financial statements give a true and fair view of the group's assets and liabilities and financial position at 30 June 2017 and of the results of the group's operations and cash flows for the period 1 January to 30 June 2017.

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

Aarhus, 17 August 2017

Executive Management

Jens Bjerg Sørensen
President

Peter Kjær

Board of Directors

Jørn Ankær Thomsen
Chairman

Jørgen Wisborg
Deputy Chairman

Erling Eskildsen

Niels Kristian Agner

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

Aktieselskabet Schouw & Co.

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

Our businesses

BioMar

BioMar is the world's third-largest manufacturer of quality feed for the fish farming industry. The company's operations are divided into three divisions: the Salmon division for the salmon operations based in northern (Norway and Scotland) and southern (Chile) waters, an EMEA division for all operations not covered by the Salmon division and an Emerging Markets division for new territories and other business development activities, current countries of operation being Costa Rica and China.

Financial performance

As expected, BioMar increased volumes sold in the H1 2017 period by 28% relative to H1 2016. The largest improvement was in the salmon business, in which BioMar increased its share of a highly competitive market.

Norway and Scotland reported strong market developments driven by favourable biological conditions and good general fish farming conditions. The Chilean market is returning to normal following last year's severe decline caused by the natural phenomenon of severe algal blooms in the spring of 2016. All other markets of both the EMEA and the Emerging Markets regions also reported volume improvements with the exception of Greece, which encountered low water temperatures early in the year.

BioMar's consolidated revenue grew by 24% from DKK 3,432 million in H1 2016 to DKK 4,270 million in H1 2017. The revenue improvement was based on the higher volumes and a change in the product mix, whereas foreign exchange adjustments and prices of raw materials had a negative effect on revenue.

EBIT improved from DKK 133 million in H1 2016 to DKK 174 million in H1 2017, in part due to the higher volume sales in the salmon business. Healthy sales of functional feed also lifted performance, and the generally good financial conditions for fish farmers reduced the need to make provisions for bad debt.

Working capital fell from DKK 670 million at 30 June 2016 to DKK 652 million at 30 June 2017. ROIC excluding goodwill improved to 38.3% at 30 June 2017 from 26.0% at 30 June 2016.

Financial items were lifted by a DKK 42 million reversal of a previous impairment charge on the value of BioMar's shareholding in the Chilean fish farming company Salmones Austral. The reversal was made due to the company's positive financial performance. After the end of the first half of 2017, BioMar has acquired additional shares in Salmones Austral at a price of USD 10 million, increasing its ownership interest to 22.9%.

Business development

BioMar agreed on 2 June 2017 to buy a 70% interest in Ecuadorian shrimp feed producer Alimentsa at a price of about DKK 800 million. The selling shareholders have stayed on as minority shareholders. Founded in 1986, Alimentsa is headquartered in Ecuador's largest city, Guayaquil. The company has 145 employees and an annual output capacity of about 110,000 tonnes of shrimp feed. In 2016, the company generated revenue of about DKK 500 million.

The agreement is subject to approval by the relevant authorities, and the acquisition is expected to take effect in the autumn of 2017, at which time the company is expected to be consolidated in the Schouw & Co. financial statements.

In Norway, construction of a new production line at the existing factory in Karmøy ended in July, and the new production line (annual capacity 140,000 tonnes) is now operational. The project also involves expansion of warehouse and other efficiency-enhancing facilities, which are currently being completed.

BioMar expects the EMEA division to continue strengthening its platform for growth by addressing new markets and now having production facilities in Turkey. The new factory in Turkey, built in association with Turkish company Sagun Group, began commercial production in Q3 2016 and is now in stable operation.

In China, BioMar is constructing a new fish feed factory in Wuxi near Shanghai in a joint venture with Chinese partner Tongwei Co. Ltd. The factory will have an annual capacity of about 50,000 tonnes and is expected to open in early 2018. The Chinese joint venture acquired an existing factory near Hong Kong in November 2016. H1 2017 sales and financial results reported by this unit were as expected. ➔

BioMar

On 24 March 2017, BioMar announced an almost DKK 300 million investment in a new feed factory in Australia. BioMar continues to expect the new facility will be ready by the end of 2019. It will have an annual capacity of about 110,000 tonnes.

Outlook

BioMar expects to increase volumes sold in 2017, mainly through added sales of salmon feed. Volumes sold in H1 2017 and contracts signed for the second half of the year support these expectations. Given the current outlook for prices of raw materials, BioMar expects to generate revenue of around DKK 9.8 billion in 2017, but, as always, the revenue guidance is subject to any subsequent changes in prices of raw materials.

In light of the increase in sales volumes, BioMar expects EBIT in the DKK 510-550 million range for 2017, despite adverse foreign exchange developments and the very competitive markets.

This guidance does not include the purchase of Alimentsa. That company is expected to be consolidated in the autumn of 2017, but because the acquisition will close so late in the year, it will only have a limited effect on 2017 revenue and EBIT.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
Volume (1,000 t)	267	204	472	370	966
Revenue (DKK million)	2,273	1,900	4,270	3,432	8,867
- of which Salmon north	1,229	897	2,268	1,577	4,593
- of which Salmon south	403	367	1,006	858	1,903
- of which EMEA and Emerging	641	636	996	997	2,371

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	2,273.2	1,899.8	4,269.7	3,431.9	8,867.5
Gross profit	271.7	249.4	479.2	411.4	1,133.2
EBITDA	155.9	145.4	242.5	201.4	722.4
Depreciation and impairment	33.8	34.4	68.9	68.4	141.4
Operating profit (EBIT)	122.1	111.0	173.6	133.0	581.0
Profit after tax from ass. and joint ventures	3.5	6.8	4.2	8.0	12.6
Financial items, net	30.9	-3.8	25.1	-3.9	-16.4
Profit before tax	156.5	114.0	202.9	137.1	577.1
Tax for the period	-29.0	-33.9	-40.6	-44.4	-148.4
Profit for the period	127.5	80.2	162.3	92.7	428.7
CASH FLOWS					
Cash flows from operating activities	-128.2	202.1	-178.8	177.3	884.2
Cash flows from investing activities	-138.3	-70.5	-218.8	-149.7	-375.6
Cash flows from financing activities	150.8	-216.2	223.8	-234.0	-633.7
BALANCE SHEET					
Intangible assets *	374.8	398.9	374.8	398.9	405.9
Property, plant and equipment	1,069.6	929.4	1,069.6	929.4	1,049.3
Other non-current assets	502.8	320.1	502.8	320.1	374.1
Cash and cash equivalents	462.8	247.5	462.8	247.5	329.5
Other current assets	3,026.2	2,608.7	3,026.2	2,608.7	3,408.6
Total assets	5,436.2	4,504.6	5,436.2	4,504.6	5,567.4
Equity	2,214.9	1,974.8	2,214.9	1,974.8	2,347.7
Interest-bearing debt	894.8	563.7	894.8	563.7	668.6
Other creditors	2,326.5	1,966.1	2,326.5	1,966.1	2,551.1
Total liabilities and equity	5,436.2	4,504.6	5,436.2	4,504.6	5,567.4
Average number of employees	929	877	915	885	887
FINANCIAL KEY FIGURES					
EBITDA margin	6.9%	7.7%	5.7%	5.9%	8.1%
EBIT margin	5.4%	5.8%	4.1%	3.9%	6.6%
ROIC excl. goodwill	38.3%	26.0%	38.3%	26.0%	35.8%
ROIC incl. goodwill	26.0%	18.1%	26.0%	18.1%	24.4%
Working capital	652.5	669.7	652.5	669.7	413.7
Net interest-bearing debt	367.4	242.8	367.4	242.8	-234.1

* Excluding goodwill on consolidation in Schouw & Co. of DKK 430.2 million

All amounts in DKK million

Fibertex Personal Care

Fibertex Personal Care is one of the world's largest manufacturers of spunbond/spunmelt nonwoven fabrics for the personal care industry. Its products are key components in baby diapers, sanitary towels and incontinence products. The company has production facilities in Denmark and Malaysia and mainly sells its products in Europe and South-east Asia to customers representing multinational brands for the consumer goods market.

Its operations also include Innowo Print, a market leader in direct printing on nonwoven textiles for the personal care industry. Innowo Print has production facilities in Germany and Malaysia.

Financial performance

Fibertex Personal Care reported H1 2017 revenue of DKK 967 million, an 8% increase from DKK 892 million in H1 2016. The increase was driven mainly by higher raw materials prices, which triggered higher selling prices on sales volumes that were slightly lower than last year’s. Growing sales by Innowo Print also contributed to performance.

EBIT for H1 2017 was DKK 109 million, compared with DKK 132 million in H1 2016. The lower EBIT had been expected and was mainly due to raw materials having a larger negative price impact in the H1 2017 period than in H1 2016.

Working capital increased from DKK 272 million at 30 June 2016 to DKK 345 million at 30 June 2017, mainly due to a temporary increase in trade receivables. ROIC excluding goodwill was 15.1% at 30 June 2017, down from 23.4% at 30 June 2016, when it included an exceptionally positive effect from raw materials and foreign exchange adjustments towards the end of 2015.

Business development

Fibertex Personal Care regularly allocates resources for its extensive product development and product optimisation efforts. The company is working to develop softer products, to enhance their skin-comfort and produce thinner and more lightweight materials while at the same time improving their ability to conduct and encapsulate liquids. At the same time, the company is working to improve its in-house processes in order to ensure customers have a highly reliable supply and a degree of flexibility in their sourcing of nonwovens that allows them to respond to market fluctuations.

In 2016, Fibertex Personal Care launched an investment to build another factory unit in Malaysia, which will increase the company’s total output capacity in the country. The project includes a new production site at Sendayan some 25 km south of the existing factory at Nilai outside Kuala Lumpur. The new site may eventually have as many as four production lines and thus provides a suitable base for future expansion.

Installation of the new production line at Sendayan was completed successfully in July, and Fibertex Personal Care is now running in a number of new and existing products for subsequent customer approval. The new factory unit is scheduled to be operational as early as at the beginning of the fourth quarter of 2017. This will be Fibertex Personal Care’s eighth production line and the company’s fifth in Malaysia. Not only will it help grow capacity for the company’s current product range; it will also facilitate the production of super-soft products, a category in very high demand in Asian markets. The overall investment amounts to around DKK 400 million, most of which has now been incurred.

Fibertex Personal Care is also investing heavily to expand its print facilities. In 2016, Fibertex Personal Care added print facilities at the existing nonwovens plant at Nilai in order to accommodate the growing demand for these products in Asian markets, and at the end of March 2017, Innowo Print in Germany added a new print line in response to the continuing growth in demand in Europe. In addition, work is currently ongoing to set up print facilities in the USA to serve North American customers and the company is also preparing to invest in expanding capacity in existing markets.

Outlook

Fibertex Personal Care’s revenue and EBIT for the H1 2017 period were in line with expectations. Developments in raw materials prices had a greater negative impact in the first half of 2017 than in the H1 2016 period, and generally the raw materials and exchange rate factors are expected to be less favourable for the rest of the year than was the case in 2016.

Fibertex Personal Care

Generally, a good level of business activity is expected for the rest of 2017. In addition to retaining its usual focus on optimising and utilising its overall production capacity, Fibertex Personal Care will be paying particular attention to running in the new production line in Malaysia, which is now expected to be operational slightly sooner than originally anticipated.

Against this background, Fibertex Personal Care maintains its full-year 2017 revenue guidance of about DKK 2.0 billion. However, the revenue guidance is, as always, subject to subsequent changes in prices of raw materials and in foreign exchange rates. EBIT will also depend on how prices of raw materials and foreign exchange rates develop during the rest of the year. Given the current prospects and the accelerated effect of the new production line in Malaysia, Fibertex Personal Care raises its EBIT forecast to the narrower range of DKK 250-270 from the previous forecast of DKK 230-260 million.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
Revenue (DKK million)	494	433	967	892	1,792
- from Denmark	181	171	355	358	695
- from Malaysia	263	223	513	467	955
- from Germany	50	39	99	67	142

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	493.5	433.3	966.7	891.7	1,791.5
Gross profit	95.9	80.9	192.8	205.3	398.3
EBITDA	81.8	73.8	164.8	190.0	361.8
Depreciation and impairment	28.2	29.2	55.7	58.0	116.2
Operating profit (EBIT)	53.6	44.7	109.0	132.1	245.6
Financial items, net	-5.2	-0.9	-9.2	-10.3	-6.9
Profit before tax	48.4	43.8	99.8	121.8	238.6
Tax for the period	-11.5	-9.9	-23.5	-27.8	-60.5
Profit for the period	37.0	33.9	76.3	93.9	178.1
CASH FLOWS					
Cash flows from operating activities	41.0	50.3	94.0	161.7	331.4
Cash flows from investing activities	-77.9	-47.5	-215.4	-113.0	-361.3
Cash flows from financing activities	44.0	-2.1	141.8	-34.2	25.3
BALANCE SHEET					
Intangible assets *	81.7	83.4	81.7	83.4	85.6
Property, plant and equipment	1,307.8	1,081.2	1,307.8	1,081.2	1,171.0
Other non-current assets	26.0	83.8	26.0	83.8	44.5
Cash and cash equivalents	42.7	44.7	42.7	44.7	23.0
Other current assets	590.0	501.6	590.0	501.6	563.5
Total assets	2,048.2	1,794.7	2,048.2	1,794.7	1,887.6
Equity	830.9	842.8	830.9	842.8	876.9
Interest-bearing debt	850.8	574.1	850.8	574.1	609.6
Other creditors	366.5	377.8	366.5	377.8	401.1
Total liabilities and equity	2,048.2	1,794.7	2,048.2	1,794.7	1,887.6
Average number of employees	656	543	638	532	574
FINANCIAL KEY FIGURES					
EBITDA margin	16.6%	17.0%	17.0%	21.3%	20.2%
EBIT margin	10.9%	10.3%	11.3%	14.8%	13.7%
ROIC excl. goodwill	15.1%	23.4%	15.1%	23.4%	18.4%
ROIC incl. goodwill	14.2%	21.7%	14.2%	21.7%	17.1%
Working capital	345.5	271.5	345.5	271.5	294.7
Net interest-bearing debt	808.1	529.0	808.1	529.0	586.0

* Excluding goodwill on consolidation in Schouw & Co. of DKK 48.1 million

All amounts in DKK million

Fibertex Nonwovens

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. nonwoven textiles used for a large number of industrial purposes. The company's core markets are in Europe and North America and its secondary markets are in Africa and Asia.

Financial performance

Fibertex Nonwovens reported H1 2017 revenue of DKK 756 million, an 8% increase from DKK 699 million in H1 2016. The revenue improvement was based on the growing revenue streams from all Fibertex Nonwovens' production sites, with especially the USA and South Africa improving over 2016 and the European factories reporting continued growth.

H1 2017 EBIT was DKK 56 million, a 10% improvement from DKK 51 million in H1 2016. The improvement was driven by stronger demand from the automotive and several other segments and by high capacity utilisation at the European factories. Also, the USA and South Africa both reported earnings improvements.

The higher business activity drove up working capital to DKK 419 million at 30 June 2017 from DKK 384 million at 30 June 2016. ROIC excluding goodwill increased from 7.1% at 30 June 2016 to 8.2% at 30 June 2017.

Business development

Fibertex Nonwovens reported a generally positive performance for the H1 2017 period, with growing sales to the automotive industry, an improved product mix that included higher sales of advanced products, and European sales of products for the construction industry and for infrastructure projects that improved relative to last year. In addition, the company grew its business activity in Asia, reporting sales to major infrastructure projects, for example. The sales subsidiaries set up in India and China supported this performance.

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 purposes. In order to capitalise on the future growth potential, Fibertex Nonwovens expanded capacity by adding two new production lines, in the Czech Republic and South Africa respectively, in 2016, and the company is making capex investment during 2017 to further increase capacity and upgrade production lines in order to grow revenue and increase the proportion of value-added products.

The main focus on the North American market in 2016 was to build up the market and prepare the manufacturing facility in the USA for a future increase in local production for the North American customer base. Fibertex Nonwovens' US subsidiary enjoyed the fruit of these efforts in the first half of 2017, reporting a revenue increase and improved earnings. The company has also built a strong customer portfolio for its future growth. Setting up in the USA is considered an important long-term investment in an attractive market that is expected to offer a significant growth potential going forward.

Market conditions remained challenging in South Africa in the first half of 2017, as weak economic activity and low commodity prices continued to slow infrastructure and mining projects, both in South Africa and in neighbouring countries. On the other hand, the South African factory is seeing signs of business activity picking up and of improved earnings based in part on growing sales in local markets and on greater integration during 2016 with the global sales organisation which is intended to improve sales from South Africa to relevant export markets.

Outlook

Fibertex Nonwovens anticipates a stable level of activity in the second half of 2017. Stable conditions are generally expected in most markets and business segments. The main challenge is the spiking prices of the main commodities, such as polypropylene, polyester and viscose, in the first half of the year, which has triggered price increases in all product areas. The persistent volatility in commodity markets should be expected to have a negative effect on profits in the short term until a satisfactory balance between raw materials prices and selling prices can be restored.

Fibertex Nonwovens

Fibertex Nonwovens expects to increase its full-year EBIT in 2017, with support from the production lines upgraded in 2016 and the new capacity established in the Czech Republic and South Africa.

South Africa will still be a weak-activity market in 2017, but the greater integration with the global sales organisation is expected to improve earnings.

Against this backdrop, Fibertex Nonwovens continues to guide for full-year 2017 revenue of about DKK 1.4 billion. The full-year EBIT forecast is unchanged and in the DKK 80-100 million range. Fibertex Nonwovens continues to anticipate that EBIT will most likely be at the upper end of the guidance range.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	373.5	361.8	755.8	699.5	1,301.4
Gross profit	86.2	88.0	176.2	165.2	296.1
EBITDA	49.4	48.1	100.6	91.9	162.5
Depreciation and impairment	22.7	19.0	44.1	40.4	81.8
Operating profit (EBIT)	26.7	29.0	56.5	51.5	80.6
Financial items, net	-11.4	-2.1	-19.8	-5.3	-20.2
Profit before tax	15.3	27.0	36.7	46.2	60.5
Tax for the period	-5.7	-7.5	-13.6	-13.9	-19.9
Profit before non-controlling interests	9.6	19.5	23.1	32.2	40.6
Non-controlling interests	1.1	0.9	2.2	2.0	4.2
Profit for the period	10.7	20.3	25.2	34.3	44.7
CASH FLOWS					
Cash flows from operating activities	35.3	45.4	35.7	55.6	113.7
Cash flows from investing activities	-43.2	-25.9	-65.8	-47.8	-108.4
Cash flows from financing activities	-3.6	-33.3	16.8	9.0	-12.6
BALANCE SHEET					
Intangible assets *	155.8	166.0	155.8	166.0	164.1
Property, plant and equipment	771.1	726.4	771.1	726.4	753.9
Other non-current assets	4.4	0.0	4.4	0.0	4.3
Cash and cash equivalents	34.6	75.3	34.6	75.3	48.7
Other current assets	641.0	597.8	641.0	597.8	560.6
Total assets	1,606.9	1,565.5	1,606.9	1,565.5	1,531.6
Equity	527.6	487.9	527.6	487.9	503.8
Interest-bearing debt	794.4	805.8	794.4	805.8	782.3
Other creditors	284.9	271.8	284.9	271.8	245.5
Total liabilities and equity	1,606.9	1,565.5	1,606.9	1,565.5	1,531.6
Average number of employees	860	801	850	793	810
FINANCIAL KEY FIGURES					
EBITDA margin	13.2%	13.3%	13.3%	13.1%	12.5%
EBIT margin	7.1%	8.0%	7.5%	7.4%	6.2%
ROIC excl. goodwill	8.2%	7.1%	8.2%	7.1%	7.7%
ROIC incl. goodwill	7.4%	6.4%	7.4%	6.4%	7.0%
Working capital	418.9	383.6	418.9	383.6	383.0
Net interest-bearing debt	759.8	730.5	759.8	730.5	733.5

* Excluding goodwill on consolidation in Schouw & Co. of DKK 32.0 million

All amounts in DKK million

HydraSpecma

HydraSpecma is a specialised trading company and manufacturer of hydraulic components and systems development for industry. HydraSpecma is a hydraulics market leader in the Nordic region, which is the base of its core operations, but the company also serves customers in other parts of Europe, in China and in selected business segments in overseas markets.

Financial performance

HydraSpecma maintained the high level of business activity in the first half of 2017, reporting revenue of DKK 933 million, up from DKK 919 million in H1 2016. The strong level of business activity was based on OEM customers and industrial and aftermarket customers in the building and construction segments, materials handling, mining and the automotive segment (lorries and buses), whereas the marine and offshore segments continue to feel the effects of generally slumping market demand. The wind power segment also reported a high level of activity in Western markets, whereas sales to the Chinese and Indian markets have not performed quite as expected.

H1 2017 EBIT amounted to DKK 58 million, which was in line with the figure for H1 2016. In both H1 periods, EBIT was affected by depreciation charges of about DKK 12 million due to the PPA adjustments made in connection with the acquisition of Specma in January 2016. The H1 2017 EBIT was affected by the costs of planned structural changes and of building an organisation capable of achieving future targets. The H1 period was also affected by reduced earnings by the Chinese and Indian units due to slumping activity in the marine and wind power segments of those regions.

Working capital amounted to DKK 494 million at 30 June 2017, which was largely in line with the figure at 30 June 2016. ROIC excluding goodwill was 15.9% at 30 June 2017, down from 20.6% at 30 June 2016, the main reason for the change being that Specma had only been recognised for six of the preceding 12 months at the end of the first half of 2016.

Business development

The acquisition of Specma in January 2016 has secured HydraSpecma of a strong base in the Nordic region and a solid platform for serving global customers. Following the merger, HydraSpecma has focused especially on achieving procurement synergies, and these efforts will now be continued through the newly established Product Management Group. The company continues the work to build value from integration across the entire organisation with a special focus on cross-selling, product assortment and on optimising production and logistics.

HydraSpecma reported a very positive performance in its sales of hydraulic hoses and pipes in its core markets of Denmark and Sweden, and going forward the company will further automate the production of hydraulic hoses and pipes while also expanding and upgrading its existing production facilities.

HydraSpecma acquired the activities of the Chinese company Etola Hydraulic Systems (Tianjin) Co. towards the end of 2016. Together with Hydra-Grene’s pre-acquisition operations, the activities were rolled into a new company, Hydra-Etola, which has inherently led to a number of practical and organisational changes. The new company has given HydraSpecma a stronger production platform close to strategic wind turbine customers in the Beijing region and a potential for growing sales to overseas customers. In addition, HydraSpecma has retained production facilities in the Shanghai region that were originally a part of Specma. Like the rest of HydraSpecma, the China-based units collaborate to achieve synergies in procurement, design, product assortment and production optimisation.

In its US operations, HydraSpecma has now established warehousing facilities from which it serves US customers in the wind power segment. The company has begun to build inventories for the US market consisting of both complete units and components. Initially, these products will be supplied from Europe, but the production unit in China will also begin to ship products to US customers through the newly-established US warehouse.

Outlook

HydraSpecma expects to maintain the high level of business activity in most of its European and US market segments. On the other hand, demand is expected to remain subdued in the marine and offshore segments due to excess capacity. The Chinese market is also expected to remain soft for the rest of the year.

HydraSpecma

HydraSpecma confirms its guidance for revenue of about DKK 1.8 billion in 2017. The company has launched a number of initiatives and made investments that will increase costs in the short term, but which are important for achieving future goals. Against that backdrop, HydraSpecma expects full-year EBIT in the range of DKK 100-120 million after amortisation and depreciation charges of about DKK 23 million due to PPA adjustments made.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	456.6	466.1	933.0	919.0	1,746.9
Gross profit	121.4	115.5	254.4	230.5	443.7
EBITDA	37.1	43.5	87.6	87.8	169.9
Depreciation and impairment	14.9	14.2	29.9	28.6	59.4
Operating profit (EBIT)	22.2	29.3	57.7	59.2	110.6
Financial items, net	-7.7	-0.5	-11.8	-3.8	-7.8
Profit before tax	14.5	28.7	45.8	55.4	102.8
Tax for the period	-3.6	-6.0	-10.6	-11.5	-22.3
Profit before non-controlling interests	10.8	22.8	35.3	43.9	80.5
Non-controlling interests	1.2	-1.0	1.4	-1.4	-1.4
Profit for the period	12.1	21.8	36.7	42.6	79.1
CASH FLOWS					
Cash flows from operating activities	25.8	31.4	32.1	40.6	127.7
Cash flows from investing activities	-8.3	-14.6	-16.1	-503.0	-545.0
Cash flows from financing activities	1.4	-32.7	1.0	500.8	445.5
BALANCE SHEET					
Intangible assets	303.6	327.4	303.6	327.4	315.7
Property, plant and equipment	185.9	170.8	185.9	170.8	191.9
Other non-current assets	8.0	4.6	8.0	4.6	6.7
Cash and cash equivalents	95.8	45.2	95.8	45.2	36.0
Other current assets	798.2	790.9	798.2	790.9	806.1
Total assets	1,391.5	1,338.9	1,391.5	1,338.9	1,356.4
Equity	437.2	375.8	437.2	375.8	407.1
Interest-bearing debt	584.6	603.2	584.6	603.2	594.4
Other creditors	369.7	359.9	369.7	359.9	354.9
Total liabilities and equity	1,391.5	1,338.9	1,391.5	1,338.9	1,356.4
Average number of employees	1,132	1,012	1,113	999	1,020
FINANCIAL KEY FIGURES					
EBITDA margin	8.1%	9.3%	9.4%	9.6%	9.7%
EBIT margin	4.8%	6.3%	6.1%	6.4%	6.3%
ROIC excl. goodwill	15.9%	20.6%	15.9%	20.6%	16.1%
ROIC incl. goodwill	13.5%	18.1%	13.5%	18.1%	13.6%
Working capital	494.5	490.5	494.5	490.5	462.9
Net interest-bearing debt	488.8	530.9	488.8	530.9	497.0

All amounts in DKK million

Borg Automotive

One of Europe's largest remanufacturing companies, Borg Automotive produces, sells and distributes remanufactured spare parts for the automotive parts for the European market. Borg Automotive sells its products under three different brands: Lucas, Elstock and DRI, Elstock and DRI being proprietary brands. The company's main products are starters, alternators, brake calipers, air-condition compressors, EGR valves, steering racks and pumps. Headquartered in Silkeborg, Denmark, Borg Automotive operates production facilities in Poland and the UK and a sales and development subsidiary in Belgium.

As Schouw & Co. acquired Borg Automotive at 1 April 2017, the company is consolidated effective from the second quarter of 2017. For ease of comparison, figures for the first quarter are included in the income statement for 2017 to date, and comparative and full-year figures figures for 2016 are provided in the table. Due to the PPA adjustments made, balance sheet figures for prior periods are not directly comparable and have been left out of the table.

Financial performance

Borg Automotive reported Q2 2017 revenue of DKK 247 million, a 10% improvement from DKK 225 million in Q2 2016, when the company was not consolidated.

EBIT improved by DKK 9 million from DKK 33 million in Q2 2016 to DKK 42 million in Q2 2017, mostly as a direct effect of the higher revenue. However, the Q2 2017 EBIT includes a DKK 37 million adjustment due to the PPA adjustments made in connection with the acquisition and which for the second quarter mainly relates to inventories. Accordingly, EBIT was DKK 5 million net of this adjustment.

Working capital amounted to DKK 220 million at 30 June 2017, which was largely unchanged from the working capital at 30 June 2016.

Business development

Borg Automotive saw positive growth in demand in the second quarter of 2017. 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. Both sales departments have felt the positive trends in demand witnessed across the entire product range in general and for EGR valves and brake calipers in particular.

Developing the product programme and optimising production and ensuring complementary operations at the two production units in Poland and the UK is an ongoing priority at Borg Automotive. After Schouw & Co. took over the business, the company has accelerated its strategy work in order to explore the business opportunities available in the market. The financial leverage that comes with the long-term ownership is expected to provide a platform for both geographical and product expansion.

Over the past few years, Borg Automotive has generated stable organic growth in terms of both sales volume and revenue. This performance creates a current need to increase capacity, and work has begun to plan future production expansion in eastern Europe. The purpose of the upcoming expansion will be to build the capacity to manage a larger product range and a wider geographical footprint, while also maintaining a level of service to the current customer base that is compliant with the ever growing demand for speed, precision and quality.

Outlook

The market Borg Automotive serves has experienced considerable customer consolidation in recent years, like many other industries have. Obviously, the consolidating businesses achieve higher procurement volumes, leading to a change in trade patterns.

On the positive side, consolidation also facilitates higher sales volumes. Borg Automotive has a broad product portfolio and a strong pipeline that will continue to support positive sales developments to the independent aftermarket, the private label market and to the OES segment.

Borg Automotive

Borg Automotive now expects to generate revenue of about DKK 700 million for the period of consolidation from 1 April to 31 December 2017. The revenue expected to be consolidated is lower than the guidance previously announced, which is solely due to a smaller effect from a change of accounting policies made in connection with the acquisition than previously estimated.

For that same period, Borg Automotive continues to expect EBIT of DKK 110-130 million less PPA adjustments. A preliminary estimate indicates that those adjustments will reduce EBIT by about DKK 50 million in 2017 and by about DKK 23 million annually in subsequent years.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	247.5	225.0	484.2	445.1	910.4
Gross profit	32.9	65.3	100.5	127.4	251.6
EBITDA	13.1	35.8	25.3	67.4	138.3
Depreciation and impairment	8.4	2.8	11.4	6.2	11.9
Operating profit (EBIT)	4.7	33.0	13.9	61.2	126.4
Financial items, net	-0.7	-4.6	1.1	-11.0	-14.1
Profit before tax	4.0	28.3	15.0	50.2	112.3
Tax for the period	-1.7	24.5	1.3	18.5	-0.6
Profit before non-controlling interests	2.3	52.8	16.3	68.6	111.7
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Profit for the period	2.3	52.8	16.3	68.6	111.7
CASH FLOWS					
Cash flows from operating activities	16.4	26.7	-27.5	28.3	123.9
Cash flows from investing activities	-189.8	-9.0	-188.2	-10.7	-14.6
Cash flows from financing activities	174.1	-16.7	188.3	-19.3	-72.0
BALANCE SHEET					
Intangible assets *	376.0		376.0		
Property, plant and equipment	70.3		70.3		
Other non-current assets	54.1		54.1		
Cash and cash equivalents	21.0		21.0		
Other current assets	557.5		557.5		
Total assets	1,078.9		1,078.9		
Equity	412.9		412.9		
Interest-bearing debt	209.7		209.7		
Other creditors	456.3		456.3		
Total liabilities and equity	1,078.9		1,078.9		
Average number of employees	1,433	1,197	1,416	1,197	1,259
FINANCIAL KEY FIGURES					
EBITDA margin	5.3%	15.9%	5.2%	15.1%	15.2%
EBIT margin	1.8%	14.7%	2.8%	13.7%	13.9%
Working capital	219.8		219.8		
Net interest-bearing debt	188.7		188.7		

* Excluding goodwill on consolidation in Schouw & Co. of DKK 506,5 million.

All amounts in DKK million

GPV

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. GPV's core products are both electronics and mechatronics (combination of electronics, software and mechanical technology). GPV is headquartered in Denmark and has production facilities in Denmark, in Bangkok, Thailand and in Guadalajara, Mexico.

Its customers are primarily major international businesses with a leading position in their particular field and typically headquartered in Europe or North America. GPV sells its products to international customer units in large parts of the world and ships to customers in more than 30 countries.

As GPV was acquired by Schouw & Co. at 1 April 2016, the company was consolidated effective from the second quarter of 2016. For ease of comparison, income statement items for the first quarter are included in the 2016-to-date figures,and 2016 full-year figures are also shown in the table.

Financial performance

GPV reported a positive performance in the H1 2017 period and grew its revenue by 28% to DKK 547 million from DKK 427 million in H1 2016 when the company was only consolidated effective from the second quarter. EBIT was DKK 37 million, up from DKK 23 million for the H1 2016 period, which included EBIT of DKK 7 million for the second quarter only less a DKK 7 million PPA adjustment.

Effective from 1 March 2017, GPV acquired the EMS company BHE. The acquisition lifted H1 2017 revenue by DKK 31 million, but the costs relating to the transaction weighed on EBIT.

Working capital amounted to DKK 223 million at 30 June 2017, compared with DKK 178 million at 30 June 2016. ROIC excluding goodwill was 18.2% at 30 June 2017 including the effect of the recent acquisition of BHE, compared with 14.2% at 30 June 2016.

Business development

The HMLM volume segment of the technical electronics and mechatronics market is highly demanding in terms of testing skills and service excellence. Meeting customer requirements for high quality standards and reliability of supply is a big priority for GPV, and the company is able to absorb to a reasonable extent shifts in demand caused by market fluctuations. Aiming to ensure sufficient flexibility, GPV will be investing in additional SMT capacity at all three electronics factories in Thailand, Denmark and Mexico during 2017.

Its electronics factory established recently in Guadalajara, Mexico, is a strategic location for GPV in terms of manufacturing and shipping in the three major time zones of Asia, Europe and the Americas. The new factory was commissioned in the first quarter of 2017 and will enable GPV to share in its existing customers' growth in North America and to expand its share of the HMLM volume technical electronics market.

Acquiring BHE is consistent with GPV's strategic 2020 growth plan, a key element of which is to take part in consolidating northern Europe's EMS market. Integration of BHE's operations with GPV's existing platform is progressing to plan and is expected to be completed during 2017.

Outlook

The trend of outsourcing production in the sectors in which GPV finds its customers is expected to continue, as customers increasingly focus on their core skills. This approach allows OEM customers to cut back on their capital expenditure and inventories while still retaining access to flexibility and, through GPV, an outsourcing partner capable of handling their development activities, manufacturability analysis, complex production, test designs, testing and logistics.

The general market forecast for 2017 is for positive developments in Europe. The same applies to the US market, although market conditions there are more volatile, whereas negative market developments are expected in China and Russia. The positive market trends seen in the first half of 2017 have recently resulted in higher delivery times for certain electronic components, and this could influence developments in the second half of 2017.

GPV

The general market situation, new products and new customers and the BHE acquisition had a positive effect on the 2017 revenue guidance, and expectations are supported by a strong order inflow. BHE's ordinary operations are expected to support the financial results, but a negative EBIT contribution is expected for 2017 due to necessary integration costs.

As a result, GPV raises its full-year revenue forecast to the DKK 1,000-1,050 million range from the previous forecast of about DKK 975 million and its EBIT guidance range to DKK 60-70 million from previously DKK 50-60 million.

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	286.5	218.0	547.4	427.1	876.8
Gross profit	62.6	39.0	118.8	82.0	183.4
EBITDA	27.1	12.7	50.3	35.1	84.2
Depreciation and impairment	7.1	5.8	13.4	12.1	23.6
Operating profit (EBIT)	20.0	6.9	37.0	23.0	60.6
Financial items, net	3.6	-2.8	2.6	-4.6	-7.2
Profit before tax	23.6	4.1	39.5	18.4	53.5
Tax for the period	-5.3	1.4	-8.1	1.5	6.7
Profit before non-controlling interests	18.3	5.5	31.5	19.9	60.1
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Profit for the period	18.3	5.5	31.5	19.9	60.1
CASH FLOWS					
Cash flows from operating activities	11.3	18.0	17.4	47.2	106.5
Cash flows from investing activities	-10.7	-1.7	-63.2	-6.1	-41.7
Cash flows from financing activities	15.2	-17.1	38.6	-25.8	-27.7
BALANCE SHEET					
Intangible assets	18.9	0.0	18.9	0.0	0.0
Property, plant and equipment	218.5	186.7	218.5	186.7	199.3
Other non-current assets	23.7	13.9	23.7	13.9	24.6
Cash and cash equivalents	40.6	28.7	40.6	28.7	51.5
Other current assets	479.3	356.0	479.3	356.0	362.1
Total assets	781.0	585.3	781.0	585.3	637.5
Equity	184.6	112.6	184.6	112.6	164.5
Interest-bearing debt	332.6	295.2	332.6	295.2	291.2
Other creditors	263.8	177.5	263.8	177.5	181.8
Total liabilities and equity	781.0	585.3	781.0	585.3	637.5
Average number of employees	1,256	1,053	1,192	1,048	1,074
FINANCIAL KEY FIGURES					
EBITDA margin	9.5%	5.8%	9.2%	8.2%	9.6%
EBIT margin	7.0%	3.1%	6.8%	5.4%	6.9%
ROIC excl. goodwill	18.2%	14.2%	18.2%	14.2%	15.9%
ROIC incl. goodwill	17.9%	14.2%	17.9%	14.2%	15.9%
Working capital	223.4	178.0	223.4	178.0	181.4
Net interest-bearing debt	292.0	266.5	292.0	266.5	239.7

All amounts in DKK million

Consolidated financial statement

Statements of income and comprehensive income

Note	Income statement	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
1	Revenue	4,122.5	3,372.5	7,706.1	6,148.1	14,369.1
	Cost of sales	-3,455.8	-2,798.7	-6,454.9	-5,094.3	-11,952.3
	Gross profit	666.7	573.8	1,251.2	1,053.8	2,416.8
	Other operating income	0.5	26.1	3.3	33.6	73.8
	Distribution costs	-264.8	-227.6	-504.3	-428.3	-879.4
2	Administrative expenses	-167.5	-157.0	-336.7	-286.9	-570.6
	Other operating expenses	3.4	0.0	3.1	-0.1	-2.1
	Operating profit (EBIT)	238.3	215.3	416.6	372.1	1,038.5
	Profit after tax in associates	1.4	32.1	2.3	48.5	571.5
	Profit after tax in joint ventures	2.8	1.0	2.0	-1.1	-5.1
	Financial income	57.9	11.2	62.2	17.5	33.3
	Financial expenses	-44.5	-13.1	-63.9	-33.7	-59.9
	Profit before tax	255.9	246.5	419.2	403.3	1,578.3
	Tax on profit	-55.3	-53.9	-96.3	-94.6	-239.5
	Profit for the period	200.6	192.6	322.9	308.7	1,338.8
	Attributable to					
	Shareholders of Schouw & Co.	202.9	192.4	326.5	309.4	1,341.5
	Non-controlling interests	-2.3	0.2	-3.6	-0.7	-2.7
	Profit for the period	200.6	192.6	322.9	308.7	1,338.8
8	Earnings per share (DKK)	8.51	8.10	13.72	13.06	56.56
8	Diluted earnings per share (DKK)	8.43	8.08	13.59	13.03	56.41

Comprehensive income	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
Items that can be reclassified to the profit and loss statement:					
Exchange rate adjustment of foreign subsidiaries	-143.5	13.9	-129.2	-25.2	-16.0
Hedging instruments recognised	-1.8	23.6	0.1	7.2	-4.1
Hedging instruments transferred to cost of sales	-8.1	0.0	-7.8	-0.8	-0.8
Hedging instruments transferred to financials	1.2	0.2	2.4	0.5	7.1
Other comprehensive income from ass. and joint ventures	0.1	-0.2	-0.7	-1.5	10.0
Other adjustment on equity	0.2	-4.5	0.9	-4.7	-4.3
Tax on other comprehensive income	1.3	-5.3	0.6	-1.1	-0.2
Other comprehensive income after tax	-150.6	27.7	-133.7	-25.6	-8.3
Profit for the period	200.6	192.6	322.9	308.7	1,338.8
Total recognised comprehensive income	50.0	220.3	189.2	283.1	1,330.5
Attributable to					
Shareholders of Schouw & Co.	52.6	219.9	192.9	283.7	1,334.6
Non-controlling interests	-2.6	0.4	-3.7	-0.6	-4.1
Total recognised comprehensive income	50.0	220.3	189.2	283.1	1,330.5

All amounts in DKK million

Balance sheet · assets and liabilities

Note	Assets	30/6 2017	31/12 2016	30/6 2016	31/12 2015
	Goodwill	1,667.7	1,168.6	1,150.6	1,006.1
	Completed development projects	18.1	7.7	29.4	0.0
	Development projects in progress	2.6	0.0	2.3	0.0
	Other intangible assets	639.2	305.2	303.6	169.9
	Intangible assets	2,327.6	1,481.5	1,485.9	1,176.0
	Land and buildings	1,432.5	1,420.6	1,445.6	1,260.2
	Plant and machinery	1,338.2	1,328.0	1,148.4	1,152.3
	Other fixtures, tools and equipment	131.6	93.5	102.2	65.4
	Assets under construction, etc.	800.9	608.0	499.1	298.3
	Property, plant and equipment	3,703.2	3,450.1	3,195.3	2,776.2
	Equity investments in associates	85.8	62.6	617.2	570.3
	Equity investments in joint ventures	164.9	171.2	119.3	109.1
	Securities	182.2	121.3	115.7	83.9
	Deferred tax	92.4	35.5	31.2	18.1
	Receivables	168.2	138.9	170.8	177.7
	Other non-current assets	693.5	529.5	1,054.2	959.1
	Total non-current assets	6,724.3	5,461.1	5,735.4	4,911.3
	Inventories	2,714.4	1,970.5	1,973.7	1,435.1
3	Receivables	3,262.1	3,103.7	2,847.7	2,752.7
	Income tax receivable	110.5	55.3	27.5	5.9
	Securities	0.0	0.0	0.0	0.1
	Cash and cash equivalents	519.9	1,682.4	441.5	1,410.7
	Total current assets	6,606.9	6,811.9	5,290.4	5,604.5
	Total assets	13,331.2	12,273.0	11,025.8	10,515.8

Note	Liabilities and equity	30/6 2017	31/12 2016	30/6 2016	31/12 2015
5	Share capital	255.0	255.0	255.0	255.0
	Hedge transaction reserve	-15.0	-10.7	-6.8	-12.4
	Exchange adjustment reserve	111.3	240.4	237.8	263.1
	Retained earnings	7,395.5	7,006.1	6,250.2	5,895.1
	Proposed dividend	0.0	306.0	0.0	255.0
	Share of equity attributable to the parent company	7,746.8	7,796.8	6,736.2	6,655.8
	Non-controlling interests	13.9	17.6	20.1	20.7
	Total equity	7,760.7	7,814.4	6,756.3	6,676.5
	Deferred tax	258.0	188.6	202.7	147.9
	Pensions and similar liabilities	105.4	100.4	108.6	106.3
6	Credit institutions	544.7	402.2	394.1	686.6
	Non-current liabilities	908.1	691.2	705.4	940.8
6	Current portion of non-current debt	143.9	152.1	165.5	190.6
6	Credit institutions	823.1	168.8	547.2	109.4
	Trade payables and other payables	3,622.5	3,339.4	2,811.0	2,567.1
	Income tax	72.9	107.1	40.4	31.4
	Current liabilities	4,662.4	3,767.4	3,564.1	2,898.5
	Total liabilities	5,570.5	4,458.6	4,269.5	3,839.3
	Total liabilities and equity	13,331.2	12,273.0	11,025.8	10,515.8

Notes without reference 7 & 9.

CONSOLIDATED STATEMENT

All amounts in DKK million

Cash flow statement

Note		Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
	Profit before tax	255.9	246.5	419.2	403.3	1,578.3
	Adjustment for operating items of a non-cash nature, etc.:					
	Depreciation and impairment losses	119.1	103.3	225.2	202.5	434.0
	Other operating items, net	18.9	0.8	2.2	-37.4	13.7
	Provisions	12.1	-0.4	13.3	-0.3	-1.1
	Profit/(loss) after tax in associates and joint ventures	-4.2	-33.1	-4.3	-47.4	-566.4
	Financial income	-57.9	-11.2	-62.2	-17.5	-33.3
	Financial expenses	44.5	13.1	63.9	33.7	59.9
	Cash flows from operating activities before changes in working capital	388.4	319.0	657.3	536.9	1,485.1
	Changes in working capital	-231.6	109.1	-425.6	49.5	371.6
	Cash flows from operating activities	156.8	428.1	231.7	586.4	1,856.7
	Interest income received	10.3	4.0	12.9	11.3	25.2
	Interest expenses paid	-29.3	-9.0	-42.2	-21.3	-54.5
	Cash flows from ordinary activities	137.8	423.1	202.4	576.4	1,827.4
	Income tax paid	-132.2	-50.6	-183.3	-94.4	-229.3
	Cash flows from operating activities	5.6	372.5	19.1	482.0	1,598.1
	Purchase of intangible assets	-4.1	-0.2	-6.0	-1.9	-18.8
	Purchase of property, plant and equipment	-209.3	-147.7	-455.7	-292.9	-828.3
	Sale of property, plant and equipment	2.5	0.4	3.6	0.5	5.9
4	Acquisition of enterprises	-897.1	14.1	-927.1	-551.0	-551.0
	Acquisition/capital increase in ass. and joint ventures	0.0	-13.3	-23.5	-13.3	-74.3
	Divestment of associates	0.0	0.0	0.0	0.0	1,033.8
	Received dividend from associates	0.0	0.0	0.0	0.8	64.3
	Additions/disposals of other financial assets	-76.5	-2.2	-76.6	-29.7	-27.1
	Cash flows from investing activities	-1,184.5	-148.9	-1,485.3	-887.5	-395.5

	Q2 2017	Q2 2016	YTD 2017	YTD 2016	2016 Total
Debt financing:					
Repayment of non-current liabilities	-28.8	-143.6	-55.7	-171.5	-488.7
Proceeds from incurring non-current financial liabilities	40.2	7.3	176.3	23.3	103.5
Increase (repayment) of bank overdrafts	455.2	-292.9	442.9	-203.6	-332.3
Shareholders:					
Capital contributions, etc. by non-controlling interests	0.0	0.0	0.0	0.0	1.0
Dividend paid	-285.6	-237.7	-285.6	-237.7	-237.7
Purchase/sale of treasury shares, net	17.3	-13.1	36.9	27.8	28.9
Cash flows from financing activities	198.3	-680.0	314.8	-561.7	-925.3
Cash flows for the period	-980.6	-456.4	-1,151.4	-967.2	277.3
Cash and cash equivalents at 1 Apr./Jan.	1,513.4	892.5	1,682.4	1,410.7	1,410.7
Value adjustment of cash and cash equivalents	-12.9	5.4	-11.1	-2.0	-5.6
Cash and cash equivalents at 30 Jun./Dec.	519.9	441.5	519.9	441.5	1,682.4

CONSOLIDATED STATEMENT

All 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	Total equity
Equity at 1 January 2016	255.0	-12.4	263.1	5,895.1	255.0	6,655.8	20.7	6,676.5
Other comprehensive income								
Exchange rate adjustment of foreign subsidiaries	0.0	0.0	-25.3	0.0	0.0	-25.3	0.1	-25.2
Value adj. of hedging instruments recognised	0.0	7.2	0.0	0.0	0.0	7.2	0.0	7.2
Hedging instruments transferred to cost of sales	0.0	-0.8	0.0	0.0	0.0	-0.8	0.0	-0.8
Hedging instruments transferred to financials	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Other comprehensive income from associates and JVs	0.0	0.0	0.0	-1.5	0.0	-1.5	0.0	-1.5
Other adjustment on equity	0.0	0.0	0.0	-4.7	0.0	-4.7	0.0	-4.7
Tax on other comprehensive income	0.0	-1.3	0.0	0.2	0.0	-1.1	0.0	-1.1
Profit for the period	0.0	0.0	0.0	309.4	0.0	309.4	-0.7	308.7
Total recognised comprehensive income	0.0	5.6	-25.3	303.4	0.0	283.7	-0.6	283.1
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	6.6	0.0	6.6	0.0	6.6
Dividend distributed	0.0	0.0	0.0	17.3	-255.0	-237.7	0.0	-237.7
Treasury shares bought/sold	0.0	0.0	0.0	27.8	0.0	27.8	0.0	27.8
Transactions with the owners	0.0	0.0	0.0	51.7	-255.0	-203.3	0.0	-203.3
Equity at 30 June 2016	255.0	-6.8	237.8	6,250.2	0.0	6,736.2	20.1	6,756.3
Equity at 1 January 2017	255.0	-10.7	240.4	7,006.1	306.0	7,796.8	17.6	7,814.4
Other comprehensive income								
Exchange rate adjustment of foreign subsidiaries	0.0	0.0	-129.1	0.0	0.0	-129.1	-0.1	-129.2
Value adj. of hedging instruments recognised	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
Hedging instruments transferred to cost of sales	0.0	-7.8	0.0	0.0	0.0	-7.8	0.0	-7.8
Hedging instruments transferred to financials	0.0	2.4	0.0	0.0	0.0	2.4	0.0	2.4
Other comprehensive income from associates and JVs	0.0	0.0	0.0	-0.7	0.0	-0.7	0.0	-0.7
Other adjustment on equity	0.0	0.0	0.0	0.9	0.0	0.9	0.0	0.9
Tax on other comprehensive income	0.0	1.0	0.0	-0.4	0.0	0.6	0.0	0.6
Profit for the period	0.0	0.0	0.0	326.5	0.0	326.5	-3.6	322.9
Total recognised comprehensive income	0.0	-4.3	-129.1	326.3	0.0	192.9	-3.7	189.2
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	5.8	0.0	5.8	0.0	5.8
Dividend distributed	0.0	0.0	0.0	20.4	-306.0	-285.6	0.0	-285.6
Treasury shares bought/sold	0.0	0.0	0.0	36.9	0.0	36.9	0.0	36.9
Transactions with the owners	0.0	0.0	0.0	63.1	-306.0	-242.9	0.0	-242.9
Equity at 30 June 2017	255.0	-15.0	111.3	7,395.5	0.0	7,746.8	13.9	7,760.7

All amounts in DKK million

Notes to the financial statements

1 SEGMENT REPORTING

Total reportable segments YTD 2017	BioMar	Fibertex Personal Care	Fibertex Nonwovens	HydraSpecma	Borg	GPV	Total
External revenue	4,269.7	954.6	752.6	933.0	247.5	547.0	7,704.4
Intra-group revenue	0.0	12.1	3.2	0.0	0.0	0.4	15.7
Segment revenue	4,269.7	966.7	755.8	933.0	247.5	547.4	7,720.1
Depreciation and impairment	68.9	55.7	44.1	29.9	8.4	13.4	220.4
EBIT	173.6	109.0	56.5	57.7	4.7	37.0	438.5
Segment assets	5,866.4	2,096.3	1,638.9	1,391.5	1,585.4	781.0	13,359.5
Including goodwill	771.6	99.1	120.4	150.2	507.5	18.9	1,667.7
Equity investments in associates and joint ventures	176.0	0.0	0.0	2.5	0.0	0.0	178.5
Segment liabilities	3,221.3	1,217.3	1,079.3	954.3	666.0	596.4	7,734.6
Working capital	652.5	345.5	418.9	494.5	219.8	223.4	2,354.6
NIBD	367.4	808.1	759.8	488.8	188.7	292.0	2,904.8
Cash flows from operating activities	-178.8	94.0	35.7	32.1	16.4	17.4	16.8
Cash flows from investing activities	-218.8	-215.4	-65.8	-16.1	-189.8	-63.2	-769.1
Cash flows from financing activities	223.8	141.8	16.8	1.0	174.1	38.6	596.1
Capital expenditure *	118.6	215.8	65.8	16.2	11.4	54.2	482.0
Average number of employees	915	638	850	1,113	718	1,192	5,426

Total reportable segments YTD 2016	BioMar	Fibertex Personal Care	Fibertex Nonwovens	HydraSpecma	Borg	GPV	Total
External revenue	3,431.9	879.7	695.9	919.0	-	217.9	6,144.4
Intra-group revenue	0.0	12.0	3.6	0.0	-	0.1	15.7
Segment revenue	3,431.9	891.7	699.5	919.0	-	218.0	6,160.1
Depreciation and impairment	68.4	58.0	40.4	28.6	-	5.8	201.2
EBIT	133.0	132.1	51.5	59.2	-	6.9	382.7
Segment assets	4,934.8	1,842.8	1,597.5	1,338.9	-	585.3	10,299.3
Including goodwill	779.3	99.1	121.3	150.9	-	0.0	1,150.6
Equity investments in associates and joint ventures	100.4	0.0	0.0	2.5	-	0.0	102.9
Segment liabilities	2,529.8	951.9	1,077.6	963.1	-	472.6	5,995.0
Working capital	669.7	271.5	383.6	490.5	-	178.0	1,993.3
NIBD	242.8	529.0	730.5	530.9	-	266.5	2,299.7
Cash flows from operating activities	177.3	161.7	55.6	40.6	-	18.0	453.2
Cash flows from investing activities	-149.7	-113.0	-47.8	-503.0	-	-1.7	-815.2
Cash flows from financing activities	-234.0	-34.2	9.0	500.8	-	-17.1	224.5
Capital expenditure *	107.9	113.3	47.8	431.5	-	6.2	706.7
Average number of employees	885	532	793	999	-	526	3,735

* Capital expenditure consists of additions of intangible assets and property, plant and equipment, including additions on acquisition

CONSOLIDATED STATEMENT

All 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.

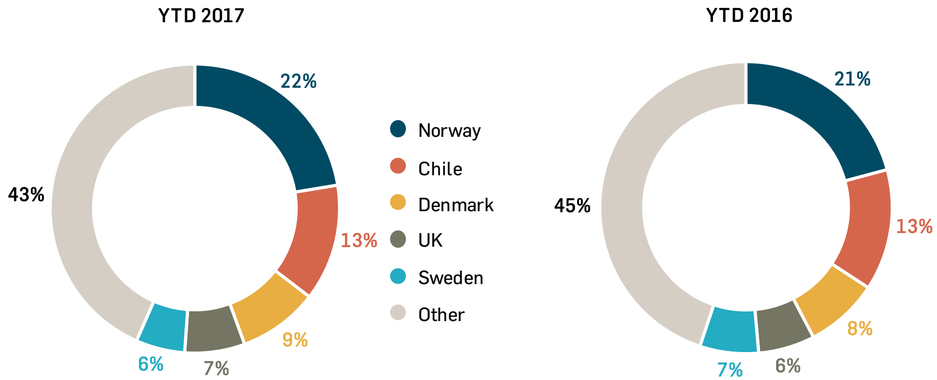
Reconciliation of consolidated revenue, EBIT, assets and liabilities

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

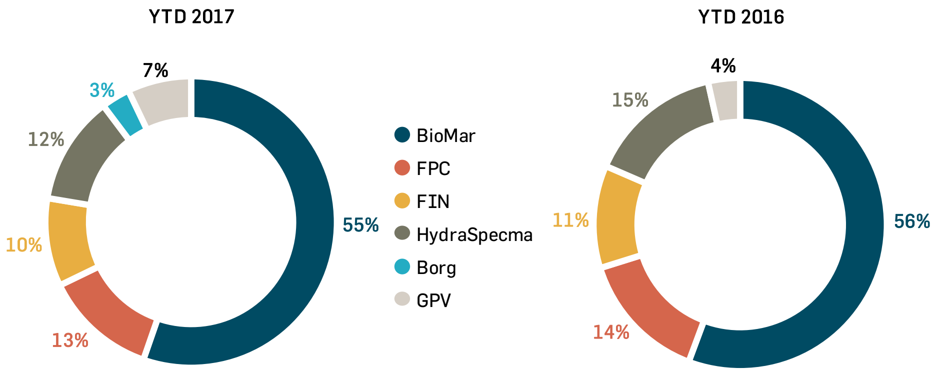
YTD 2016	Group revenue	EBIT	Assets	Liabilities
Reporting segments	6,160.1	382.7	10,299.3	5,995.0
Non-reporting segments	3.8	2.1	172.0	62.2
The parent company	3.3	-12.7	7,257.6	521.4
Group elimination etc.	-19.1	0.0	-6,703.1	-2,309.1
Total	6,148.1	372.1	11,025.8	4,269.5

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

Revenue by country:



Revenue by segment:



All amounts in DKK million

Notes to the financial statements

2 COSTS

Share-based payment: Share option programme
The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the date of grant plus a premium (2017 allocation: 3% p.a.) from the date of grant until the date of exercise.

Outstanding options	Management	Other	Total
Granted in 2013	40,000	0	40,000
Granted in 2014	55,000	50,000	105,000
Granted in 2015	55,000	172,000	227,000
Granted in 2016	55,000	199,000	254,000
Outstanding options in total at 31 December 2016	205,000	421,000	626,000
Granted in 2017	55,000	238,000	293,000
Exercised (from the share options granted in 2014)	0	-40,000	-40,000
Exercised (from the share options granted in 2015)	0	-74,000	-74,000
Outstanding options in total at 30 June 2017	260,000	545,000	805,000

The following assumptions were applied in calculating the fair value of outstanding share options at the date of grant:

Presumptions for the fair value:	2017 grant	2016 grant	2015 grant	2014 grant
Expected volatility	23.27%	31.50%	27.62%	26.12%
Expected term	48 mths	48 mths	48 mths	48 mths
Most recent dividend per share **	DKK 10	DKK 8	DKK 6	DKK 5
Risk-free interest rate	-0.25%	0.10%	0.00%	0.65%
Other information regarding the options:				
Strike price in DKK *	671.93	450.88	379.50	297.50
Fair value in DKK per option **	68.45	69,65	40.99	30.87
Fair value in total in DKK millions **	20.1	17.7	9.3	6.9
Can be exercised from	March 2020	March 2019	March 2017	March 2016
Can be exercised to	March 2021	March 2020	March 2019	March 2018

*) On exercise after four years (at the latest possible date)
**) At the date of grant

Options exercised in 2017:	Exercised from 2015 grant	Exercised from 2014 grant
Exercised number of shares	74,000	40,000
Average exercise price in DKK	348.05	277.57
Average share price in DKK on exercise	650.03	635.25
Group's cash proceeds in DKK million	25.8	11.1

The expected volatility is calculated as 12 months' historical volatility based on average prices. Exercise of the share options is subject to the holders being in continuing employment during the above-mentioned periods. If the share option holder leaves the company's employ before a share option vests, the holder may in some cases have a right to exercise the share options early during a four-week period following Schouw & Co.'s next following profit announcement. In the event of early exercise, the number of share options will be reduced proportionately.

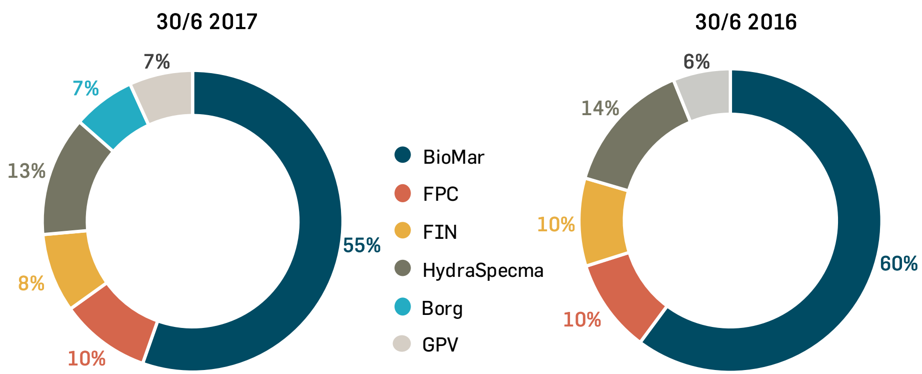
CONSOLIDATED STATEMENT

Notes to the financial statements

3 RECEIVABLES - CURRENT

	30/6 2017	30/6 2016
Trade receivables	3,047.3	2,578.3
Other current receivables	180.0	231.5
Accruals and deferred income	34.8	37.9
Receivables current	3,262.1	2,847.7

Trade receivables by portfolio company:



	30/6 2017	30/6 2016
Impairment losses on trade receivables		
Impairment losses at 1 January	-158.2	-206.8
Exchange adjustments	8.3	0.0
Additions on company acquisitions	-0.5	-1.6
Reversed impairment losses	11.5	1.5
Impairment losses for the period	-7.6	-17.3
Realised loss	0.4	39.1
Impairment losses	-146.1	-185.1

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

		Due between (days)			
30/6 2016	Not due	1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,157.6	231.9	84.4	15.1	2,489.0
Trade receivables individually assessed to be impaired	19.7	31.9	26.2	196.6	274.4
Trade receivables in total	2,177.3	263.8	110.6	211.7	2,763.4
Impairment losses on trade receivables	-10.3	-2.0	-3.5	-169.3	-185.1
Trade receivables net	2,167.0	261.8	107.1	42.4	2,578.3
Proportion of the total receivables which is expected to be settled					93.3%
Impairment percentage	0.5%	0.8%	3.2%	80.0%	6.7%

A total of 9.0% (2016: 9.9%) of receivables at the balance sheet date were impaired to a greater or lesser extent. There is a continual follow-up on overdue debtors.

Notes to the financial statements

4 ACQUISITIONS

	30/6 2017	30/6 2016
Intangible assets	388.7	177.7
Property, plant and equipment	66.3	263.4
Financial assets	0.7	7.9
Inventories	343.7	423.2
Receivables	197.9	353.3
Tax asset	60.5	11.6
Cash and cash equivalents	20.5	89.8
Credit institutions	-229.1	-448.6
Deferred tax	-92.6	-55.6
Provisions	-16.0	-4.3
Trade payables	-65.7	-197.2
Other liabilities	-231.4	-136.2
Tax payable	-13.2	0.0
Net assets acquired	430.3	485.0
Goodwill	517.3	155.8
Cost	947.6	640.8
Of which cash and cash equivalents	-20.5	-89.8
Cash cost total	927.1	551.0

Effective 1 March 2017, the Group acquired BHE, an EMS company based Horsens, Denmark, for a cash consideration of DKK 30.0 million. Acquiring BHE forms part of GPV's growth strategy.

Established in 1984, BHE has over a number of years generated annual revenue of about DKK 100 million, selling mainly to the Danish and German markets.

In connection with the PPA adjustments relating to the acquisition of BHE, goodwill was calculated at DKK 9.8 million. Acquisition costs amounted to DKK 0.7 million.

Had BHE been recognised as from 1 January 2017, revenue would have been DKK 14 million higher, while EBIT would have been the same.

At 1 April 2017, Schouw & Co. acquired the industrial company Borg Automotive of Silkeborg, Denmark for a cash consideration of DKK 897.1 million.

Borg Automotive remanufactures used auto parts such as starters, alternators, brake calipers and air-condition compressors and generates annual revenue of about DKK 1 billion. Founded in 1975 by Søren Toft-Jensen, the company employs about 1,400 people, of whom some 1,200 work in Poland.

In connection with the PPA adjustments relating to the acquisition of Borg Automotive, goodwill was calculated at DKK 507.5 million. Goodwill represents the value of employees etc. and deferred tax on those assets.

The acquisition of Borg Automotive involved acquisition costs of DKK 4.9 million.

Had Borg Automotive been recognised as from 1 January 2017, revenue would have been DKK 237 million higher and EBIT would have been DKK 13.9 million higher.

5 SHARE CAPITAL

Treasury shares	Number of shares	Cost in DKK million	Percentage of share capital
1 January 2016	1,906,130	352.0	7.48%
Movements in H1 2016			
Share option programme	-180,000	-21.7	-0.71%
Additions	34,800	13.1	0.14%
30 June 2016	1,760,930	343.4	6.91%
Movements in H2 2016			
Share option programme	-4,000	-0.5	-0.02%
31 December 2016	1,756,930	342.9	6.89%
Movements in H1 2017			
Share option programme	-114,000	-13.2	-0.45%
30 June 2017	1,642,930	329.7	6.44%

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. All shares rank equally. The share capital is fully paid up.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until 1 April 2021.

The company acquires treasury shares for allocation to the Group's share option programmes.

A total of 114,000 shares held in treasury were used in connection with options exercised in 2017. The shares had an aggregate fair value of DKK 73.5 million at the time of exercise.

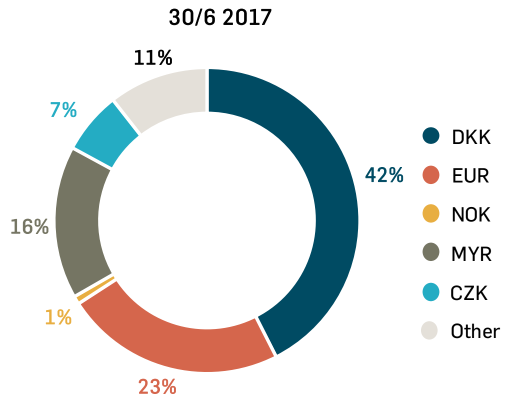
The Group's holding of treasury shares had a market value of DKK 1,147.6 million at 30 June 2017.

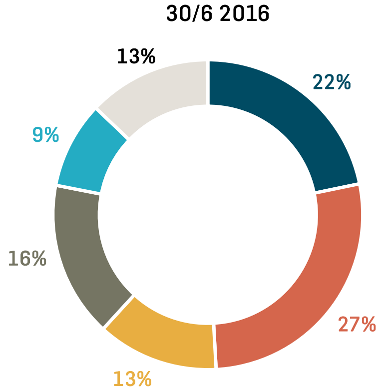
The share capital has not changed in the past five years.

Notes to the financial statements

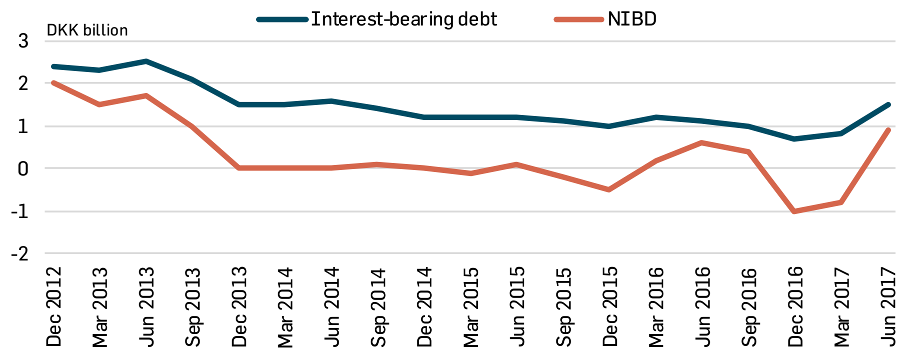
6 INTEREST-BEARING DEBT

Percentage breakdown of interest-bearing debt by currency:





Consolidated interest-bearing debt:



The weighted average effective rate of interest at 30 June 2017 was 2,3% (30 June 2016: 2.9%).

7 FAIR VALUE OF CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	30/6 2017	31/12 2016	30/6 2016
Financial assets			
Securities measured at fair value through profit or loss – level 1	3.2	2.3	0.0
Derivative financial instruments to hedge future cash flows – level 2	9.9	17.8	24.2
Securities measured at fair value – level 3	179.0	119.0	115.7
Financial liabilities			
Derivative financial instruments to hedge future cash flows – level 2	29.8	34.4	30.6

Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 119.0 million at the beginning of the year. The change for the reporting period was due to negative foreign exchange adjustments of DKK 8.9 million, positive reclassifications of DKK 26.5 million and positive fair value adjustments of DKK 42.4 million. The fair value of listed securities (level 1) increased by DKK 0.9 million in the first half of 2017.

The Group uses interest rate swaps and forward currency contracts to hedge fluctuations in interest rate levels 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.

Fair value hierarchy

Level 1 Listed shares, stated at market value of shareholding.
Level 2 Financial instruments valued by external credit institutions using generally accepted valuation techniques on the basis of observable data.
Level 3 Unlisted shares, stated at estimated value.

Notes to the financial statements

8 EARNINGS PER SHARE (DKK)

	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Share of the profit for the period attributable to shareholders of Schouw & Co.	202.9	192.4	326.5	309.4
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,665,106	-1,746,042	-1,703,195	-1,804,152
Average number of outstanding shares	23,834,894	23,753,958	23,796,805	23,695,848
Average dilutive effect of outstanding share options *	239,294	45,218	222,547	47,180
Diluted average number of outstanding shares	24,074,188	23,799,176	24,019,352	23,743,028
Earnings per share of DKK 10	8.51	8.10	13.72	13.06
Diluted earnings per share of DKK 10	8.43	8.08	13.59	13.03

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

9 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 remuneration and share option programmes are set out in note 2.

	YTD 2017	YTD 2016
Joint Ventures:		
During the financial year, the Group sold goods of	17.2	3.0
At 30 June the Group had a receivable of	9.5	0.8
Associates:		
During the financial year, the Group sold goods of	10.0	16.3
During the financial year, the Group bougth goods of	67.2	1.1
During the financial year, the Group received interest income of	0.0	0.1
At 30 June the Group had a receivable of	0.1	27.6
At 30 June the Group had debt of	102.0	0.0
During the financial year, the Group received dividends of	0.0	0.8

During 2017, the Group traded with Incuba Invest, BioMar-Sagun, BioMar-Tongwei, LetSea, ATC Patagonia and Young Tech Co.

Other than as set out above, no transactions were made during the year with related parties.