2017

Interim report 2017 Q3

Company announcement No. 11/2017
13 November 2017 · 34 pages

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Highlights

- Schouw & Co.'s consolidated revenue grew by 12% in the third quarter of 2017 to DKK 4,835 million
- EBIT was up by 3% to DKK 362 million
- Acquisitions made in 2017 added 7% to revenue and 8% to EBIT
- Cash flows from operating activities were up by DKK 327 million to DKK 689 million
- Important capacity-increasing investments in Norway and Malaysia completed
- BioMar's acquisition of Alimentsa has now closed and the company has been consolidated
- Schouw & Co. now expects full-year 2017 revenue of about DKK 16.9 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.:

"At Schouw & Co., we are committed to future-proofing the strategic platforms of our businesses, and we are investing in capacity, innovation and developing our organisations for the long term. In recent years, we have invested heavily in company acquisitions, growth and expansion and are now firmly positioned and ready for the future.

Our businesses operate in competitive growth markets with natural fluctuations in available capacity over time. There are indications of excess capacity occurring in the near future, which would make markets even more competitive and put prices, terms and conditions under pressure. However, we are confident that the long-term perspectives remain intact and that the investments we've made to future-proof each of our businesses will produce opportunities for profitable long-term growth."

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

schouw+co

Financial highlights and key ratios

GROUP SUMMARY (DKK MILLION)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
Revenue and income					
Revenue	4,835	4,325	12,541	10,473	14,369
Operating profit before depreciation (EBITDA)	483	471	1,125	1,046	1,472
Depreciation and impairment losses	121	120	346	323	434
Operating profit (EBIT)	362	351	778	723	1,038
Profit after tax in associates and joint ventures	10	516	15	563	566
Financial items, net	-26	-7	-27	-23	-27
Profit before tax	347	860	766	1,263	1,578
Profit for the period	262	776	585	1,085	1,339
Cash flows					
Cash flows from operating activities	689	363	709	845	1,598
Cash flows from investing activities	-857	-170	-2,342	-1,057	-395
Of which investment in property, plant and equipment	-137	-243	-593	-536	-828
Cash flows from financing activities	213	-85	528	-646	-925
Cash flows for the period	45	108	-1,106	-859	277
Invested capital and financing					
Invested capital excluding goodwill	6,964	5,626	6,964	5,626	5,416
Total assets	14,591	12,185	14,591	12,185	12,273
Working capital	2,175	2,092	2,175	2,092	1,727
Net interest bearing debt (NIBD)	1,071	412	1,071	412	-1,028
Share of equity attributable to shareholders of Schouw & Co.	8,044	7,484	8,044	7,484	7,797
Non-controlling interests	11	20	11	20	18
Total equity	8,056	7,504	8,056	7,504	7,814
Financial data					
EBITDA margin (%)	10.0	10.9	9.0	10.0	10.2
EBIT margin (%)	7.5	8.1	6.2	6.9	7.2
EBT margin (%)	7.2	19.9	6.1	12.1	11.0
Return on equity (%)	10.9	18.9	10.9	18.9	18.6
Equity ratio (%)	55.2	61.6	55.2	61.6	63.7
ROIC excluding goodwill (%)	18.8	19.9	18.8	19.9	20.2
ROIC including goodwill (%)	15.1	16.4	15.1	16.4	16.6
NIBD/EBITDA	0.7	0.3	0.7	0.3	-0.7
Avg. number of employees during the period	6,517	4,369	5,795	3,955	4,108

GROUP SUMMARY (DKK MILLION)	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
Per share data					
Earnings per share (of DKK 10)	11.03	32.74	24.77	45.82	56.56
Diluted earnings per share (of DKK 10)	10.96	32.65	24.60	45.72	56.41
Net asset value per share (of DKK 10)	335.60	315.24	335.60	315.24	328.38
Share price, end of period (of DKK 10)	684.50	432.50	684.50	432.50	526.00
Price/net asset value	2.04	1.37	2.04	1.37	1.60
Market capitalisation	16,408	10,267	16,408	10,267	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	$\frac{\text{Profit for the last 12 months excluding non-controlling interests}}{\text{Avg. equity excluding non-controlling interests}}$
ROIC excluding goodwill	$\frac{\text{EBITA the last 12 months}}{\text{Avg. invested capital excluding goodwill}}$
ROIC including goodwill	$\frac{\text{EBITA the last 12 months}}{\text{Avg. invested capital including goodwill}}$
Equity ratio	$\frac{\text{Equity, end of period}}{\text{Total liabilities and equity, end of period}}$
NIBD/EBITDA	$\frac{\text{NIBD, end of period}}{\text{EBITDA the last 12 months}}$
Earnings per share (EPS)	$\frac{\text{Profit for the last 12 months excluding non-controlling interests}}{\text{Average number of shares in circulation}}$
Diluted earnings per share (EPS-D)	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Diluted average number of shares in circulation}}$
Net asset value per share	$\frac{\text{Equity excluding non-controlling interests, end of period}}{\text{No. of shares excl. treasury shares, end of period}}$
Price/net asset value (P/NAV)	$\frac{\text{Market capitalisation, end of period}}{\text{Equity excluding non-controlling interests, end of period}}$
Market capitalisation	Number of shares, ex treasury shares, x share price

MANAGEMENT REVIEW

Interim report – third quarter of 2017

Financial performance

(DKK million)	Q3 2017	Q3 2016	Change	
Revenue	4,835	4,325	510	12%
EBITDA	483	471	12	3%
EBIT	362	351	11	3%
Associates etc.	10	516	-505	-98%
Profit before tax	347	860	-513	-60%
Cash flow from operations	689	363	327	90%

(DKK million)	YTD 2017	YTD 2016	Change	
Revenue	12,541	10,473	2,068	20%
EBITDA	1,125	1,046	79	8%
EBIT	778	723	55	8%
Associates etc.	15	563	-549	-97%
Profit before tax	766	1,263	-497	-39%
Cash flow from operations	709	845	-136	-16%
Net interest-bearing debt	1,071	412	659	160%
Working capital	2,175	2,092	83	4%
ROIC excl. goodwill	18.8%	19.9%	-1.0pp	
ROIC incl. goodwill	15.1%	16.4%	-1.3pp	

As expected, the companies of the Schouw & Co. Group performed well in the third quarter of 2017, even with increasingly competitive markets and unfavourable changes in foreign exchange rates and raw materials prices in a number of areas.

Consolidated revenue improved by 12% to DKK 4,835 million in Q3 2017 from DKK 4,325 million in Q3 2016. While all group businesses contributed to the improvement, the largest single factors were the acquisition of Borg Automotive and the revenue improvements reported by BioMar, GPV og Fibertex Personal Care.

For the nine months to 30 September 2017, consolidated revenue was up by 20% to DKK 12,541 million from DKK 10,473 million in the year-earlier period. All group businesses were also contributors to the nine-month improvement, the largest single contributions being from BioMar and the acquisition of Borg Automotive, which added DKK 485 million to revenue from the date of acquisition on 1 April 2017. Another large contributor was GPV, as that company reported a significant revenue improvement and also was not consolidated in the Q1 2016 period. Acquired businesses contributed DKK 829 million of the revenue improvement.

EBIT improved from DKK 351 million in Q3 2016 to DKK 362 million in Q3 2017. The moderate improvement derived from the acquisition of Borg Automotive and from Fibertex Personal Care and GPV, while the remaining businesses all reported lower EBIT. Depreciation and impairment charges resulting from purchase price allocation (PPA) of about DKK 17 million and transaction costs on acquisitions of about DKK 5 million had a negative impact on the Q3 2017 EBIT. By comparison, similar charges in the Q3 2016 period impacted EBIT by about DKK 9 million. Adjusted for these costs, EBIT was up by 7%.

For the nine-month period ended 30 September, EBIT improved from DKK 723 million in 2016 to DKK 778 million in 2017. The largest positive contributions were from the acquisition of Borg Automotive, which contributed DKK 31 million in the period from the date of acquisition on 1 April 2017, and from GPV, which reported improved earnings and also was not consolidated in EBIT for Q1 2016. BioMar and Fibertex Nonwovens also reported improvements, while Fibertex Personal Care and HydraSpecma both reported lower EBIT. Depreciation and impairment charges resulting from PPA of about DKK 72 million and transaction costs on acquisitions of about DKK 13 million had a negative impact on the 9M 2017 EBIT. By comparison, similar charges in the 9M 2016 period impacted EBIT by about DKK 37 million. Adjusted for these costs, EBIT was up by 14%.

Associates and joint ventures contributed aggregate Q3 2017 profit after tax in line with expectations. The figure is not comparable with 2016, as the gains from the sale of shares in Kramp and Incuba Invest's sale of shares in Scandinavian Micro Biodevices were recognised in the Q3 2016 results.

Consolidated net financial items were an expense of DKK 26 million in Q3 2017, compared with a DKK 7 million expense in Q3 2016. The main reason for the larger expense was a foreign exchange loss, whereas actual net interest expenses were DKK 3 million higher. ➔

Interim report – third quarter of 2017

Liquidity and capital resources

The consolidated operating activities generated a cash inflow of DKK 689 million in Q3 2017, compared with DKK 363 million in Q3 2016. The change was mainly due to a substantial drop in BioMar's working capital during the course of the third quarter of 2017.

Cash flows for investing activities in Q3 2017 amounted to DKK 857 million and were mainly used to acquire the shares in Alimentsa. By comparison, cash flows for investing activities in Q3 2016 amounted to DKK 170 million.

The consolidated net interest-bearing debt amounted to DKK 1,071 million at 30 September 2017, compared to DKK 927 million at 30 June 2017. By comparison, the Group had consolidated net interest-bearing debt of DKK 412 million at 30 September 2016.

Consolidated working capital fell from DKK 2,353 million at 30 June 2017 to DKK 2,175 million at 30 September 2017, mainly due to a reduction in BioMar. By comparison, working capital amounted to DKK 2,092 million at 30 September 2016.

Group developments

The consolidated performance of the third quarter of 2017 was one of continued revenue improvements. Earningswise, however, the quarter was a challenging period of generally unfavourable changes in foreign exchange rates and raw materials prices. Moreover, the group businesses have incurred costs related to a number of initiatives intended to support the continued development of the Group, but which make only limited contributions to near-term earnings.

The companies of the Schouw & Co. Group have invested heavily in recent years to capitalise on the opportunities available for organic expansion. All businesses are currently investing in capacity-increasing assets, but two of the largest investments were recently completed in the third quarter:

In Norway, construction of BioMar's new production line at the existing factory in Karmøy was completed in July, and the new production line (annual capacity 140,000 tonnes) is now operational. The project represents a total investment of about DKK 300 million.

In 2016, Fibertex Personal Care began construction of a new production site at Sendayan some 25 km south of the existing factory at Nilai outside Kuala Lumpur, Malaysia. The new site may eventually have as many as four production lines, and installation of the first line was completed in July 2017. The new production line, Fibertex Personal Care's eighth line and the company's fifth in Malaysia, was run in during the third quarter and began commercial production from the start of the fourth quarter. The total investment in this first phase amounted to about DKK 400 million.

In addition to the investment in organic expansion, BioMar agreed on 2 June 2017 to buy a 70% stake in Ecuadorian shrimp feed producer Alimentsa at a price of about DKK 800 million (enterprise value for 70% of the business). The previous owners have stayed on as non-controlling shareholders. The transaction received the approval of the relevant authorities on 31 August and closed on 13 September 2017. Shrimp makes up the largest single segment in global aquaculture, and Ecuador's annual production of some 450,000 tonnes makes it the world's fifth-largest shrimp farming country. As Alimentsa produces 10-15% of the feed used for shrimp farming, the acquisition gives BioMar a powerful entry into the shrimp feed market.

The following is a brief review of other business developments in the portfolio companies in the third quarter of 2017. See the individual company reviews on the following pages for more information.

BIOMAR reported strong growth in volumes sold with the largest improvement taking place in the salmon business, but developments in foreign exchange rates and prices of raw materials have curbed the revenue increase. The Q3 2017 EBIT declined relative to last year, mainly due to more competitive markets.

FIBERTEX PERSONAL CARE reported a considerable revenue improvement driven mainly by an increase in revenue from Innowo Print. EBIT also improved, mainly due to the Danish operation where Q3 2016 was adversely affected by a planned closure and upgrade of a production line.

Interim report – third quarter of 2017

FIBERTEX NONWOVENS reported a broadly based revenue improvement with all production sites contributing. The Q3 2017 EBIT declined relative to last year, mainly due to extremely challenging developments in raw materials prices.

HYDRASPECMA grew its revenue based on improvements in a number of business segments, but the marine, defence and offshore segments continue to feel the effects of slumping market demand. In addition, the wind power segment has reported softening activity in overseas markets. EBIT fell by a considerable margin year on year, in part due to costs of planned business development and planned structural changes.

BORG AUTOMOTIVE reported revenue in line with the year-earlier period when the company was not consolidated. EBIT was also in line with last year when adjusted for depreciation and impairment charges related to the purchase price allocation made in connection with the acquisition.

GPV reported a significant revenue improvement that was mainly based on organic growth and the acquisition of BHE, an electronics manufacturing services company, earlier in the year. EBIT was also up, even with the costs incurred during the period in relation to the integration of the BHE acquisition and other business activity expansion.

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 fell by 2% during the third quarter of 2017, from DKK 698.50 at 30 June 2017 to DKK 684.50 at 30 September 2017. Priced at DKK 526.00 per share at 31 December 2016, the shares have risen by 30% in 2017.

At 30 June 2017, the company held 1,642,930 treasury shares, equal to 6.44% of the share capital. Schouw & Co. used 113,000 shares in the third quarter of 2017 in connection with options exercised under the Group's share incentive scheme. Accordingly, at 30 September 2017, the company held 1,529,930 treasury shares, equal to 6.00% of the share capital.

The market value of the holding of treasury shares was DKK 1,047 million at 30 September 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 September 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. Group companies are involved in generally have good momentum. The healthy activity and the sound investment climate have naturally provided the setting for a number of capacity-increasing investments made both by the Group's businesses and by providers of competing products and services.

Such movements in supply and demand do not necessarily always occur in a balanced setting, and several major areas are currently seeing more competitive markets. This applies in particular to BioMar and Fibertex Personal Care. At the same time, a number of business areas have experienced adverse changes in foreign exchange rates and raw materials prices that are putting their earnings under pressure.

As a result, the Group's healthy revenue performance is not, in some areas, matched by proportionate earnings improvements. However, the Group's businesses stand well positioned to take on the market challenges, and maintaining competitive strength is a key priority. Accordingly, Schouw & Co. intends to allocate substantial resources to preparing the portfolio companies for the future – even if allocated costs and investments may not necessarily contribute to improving earnings in the short term.

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

REVENUE (DKK million)	2017 After Q3	2017 After Q2	2016 actual
BioMar	c. 9,900	c. 9,800	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. 700	-
GPV	c. 1,100	c. 1,025	668
Other/eliminations	-	-	-6
Total revenue	**16.9bn**	**16.7bn**	**14,369**

EBIT (DKK million)	2017 After Q3	2017 After Q2	2016 actual
BioMar	530-550	510-550	581
Fibertex Personal Care	250-270	250-270	246
Fibertex Nonwovens	80-100	80-100	81
HydraSpecma	c. 100	100-120	111
Borg Automotive[1]	60-80	60-80	-
GPV[2]	70-80	60-70	44
Other	c. -35	c. -35	-24
Total EBIT	**1,055-1,145**	**1,025-1,155**	**1,038**
Associates etc.	c. 45	c. 20	566
Financial items, net	c. -40	c. -25	-27
Profit before tax	**1,060-1,150**	**1,020-1,150**	**1,578**

Notes:
1) Less deduction for PPA adjustments of about DKK 50 million
2) GPV consolidated for only nine months in 2016

BIOMAR raises its full-year revenue guidance following the acquisition of Alimentsa. The group also raises its full-year EBIT forecast by an amount corresponding to the net contribution from Alimentsa and narrows its earnings forecast range for existing operations. BioMar's guidance reflects a significant revenue improvement relative to last year, whereas the EBIT forecast is slightly lower than the 2016 EBIT, which included positive effects of significant income flows relating to special circumstances, which are not expected to re-occur to the same extent in 2017.

FIBERTEX PERSONAL CARE maintains its FY 2017 revenue forecast, reflecting an improvement on 2016. The EBIT forecast is also retained within the previously announced guidance range, but with a greater probability of EBIT at the lower end of the range due to unfavourable changes in raw materials prices and foreign exchange rates.

FIBERTEX NONWOVENS maintains its FY 2017 revenue forecast, reflecting an improvement on 2016. The full-year EBIT forecast is also unchanged but with a greater probability of EBIT being at the lower end of the range due to the challenging prices of raw materials.

HYDRASPECMA maintains its forecast of revenue in line with last year, while the company lowers its EBIT forecast to a level around the low end of the previous range due to an increase in costs.

BORG AUTOMOTIVE has been consolidated from the date of acquisition on 1 April 2017. The company maintains its revenue forecast for the nine-month consolidation period, but reduces its EBIT guidance to the lover part of the range.

GPV has raised its revenue and EBIT forecasts once more due to strong organic growth and the successful acquisition of BHE earlier in the year.

MANAGEMENT REVIEW

The Group's overall guidance

Overall, the Schouw & Co. Group now projects full-year 2017 consolidated revenue of about DKK 16.9 billion against the previous forecast of about DKK 16.7 billion.

Schouw & Co. applies a profit forecast range for each individual business, and based on a simple aggregation of these ranges, the Group revises its consolidated full-year 2017 EBIT guidance to the range of DKK 1,055-1,145 million, including the effects of the Alimentsa acquisition, from the previous range of DKK 1,025-1,155 million.

In a weighted assessment, consolidated EBIT will most likely be in the range of DKK 1,065-1,135 million, which is unchanged from the past two quarters.

Associates and joint ventures, which are recognised at a share of profit after tax, are now expected to contribute combined profit of about DKK 45 million, up from the previous forecast of DKK 20 million. The change is predominantly due to the Chilean fish farming company Salmones Austral, which is recognised as an associate effective from the third quarter of 2017, as BioMar has increased its ownership interest to 22.9%. Further, the result reflects that BioMar's non-consolidated activities in China and Turkey have an increasing importance.

Due to recent negative foreign exchange rate developments, consolidated net financials are revised from a DKK 25 million expense to a DKK 40 million expense, mainly due to changes in exchange rates of the Turkish lira (TRY), Malaysian ringgit (MYR) and USD. As always, the forecast is subject to any positive or negative effects of any further exchange rate fluctuations.

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 2018

28 February 2018
Deadline for submission of proposals to be considered at the annual general meeting

8 March 2018
Release of Annual Report 2017

12 April 2018
Annual general meeting

17 April 2018
Expected distribution of dividend

3 May 2018
Release of Q1 2018 interim report

17 August 2018
Release of H1 2018 interim report

8 November 2018
Release of Q3 2018 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 September 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 September 2017 and of the results of the Group's operations and cash flows for the period 1 January–30 September 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, 13 November 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

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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.

BioMar's acquisition of a 70% stake in Ecuadorian shrimp feed producer Alimentsa closed in September 2017 after approval was obtained from the relevant authorities, and the company has now been consolidated. Alimentsa forms a part of the Emerging Markets division, which now encompasses activities in Costa Rica, China and Ecuador.

Financial performance

BioMar increased overall volumes sold by 10% in the third quarter relative to Q3 2016. The largest improvement was in the salmon business, in which BioMar increased its share of an extremely competitive market.

Both Norway and Scotland reported strong market developments. Fish farming conditions have generally been favourable, and biological conditions have improved over recent years, although they also gradually became more challenging during the quarter. 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. The EMEA division increased its sales volume to markets in northern Europe. While volumes to southern Europe declined, the joint venture operations in Turkey increased sales volumes as the new factory, which began commercial operations in 2016, gradually increased its production output. That operation is not recognised in BioMar's consolidated revenue and EBIT. The same applies to the joint venture operations in China, which forms a part of the Emerging Markets division.

Consolidated revenue was up by 3.5% from DKK 2,945 million in Q3 2016 to DKK 3,048 million in Q3 2017. The revenue improvement was based on the higher volumes and the Alimentsa acquisition, which contributed revenue of DKK 37 million in September, whereas foreign exchange adjustments and raw materials prices had a negative effect on revenue.

EBIT fell to DKK 213 million in Q3 2017 from DKK 233 million in Q3 2016, mainly due to increased market competition. When adjusted for acquisition costs and depreciation and impairment charges resulting from PPA, the Alimentsa acquisition has had no notable effect on Q3 earnings.

Working capital fell from DKK 750 million at 30 September 2016 to DKK 447 million at 30 September 2017, in part due to a drop in trade receivables. ROIC excluding goodwill improved to 35.6% at 30 September 2017 from 30.2% at 30 September 2016.

Business development

BioMar agreed on 2 June 2017 to buy a 70% stake in Ecuadorian shrimp feed producer Alimentsa. The selling shareholders have stayed on as non-controlling shareholders. The transaction received the approval of the relevant authorities on 31 August and closed on 13 September 2017. As the agreement includes an option for BioMar to take over the outstanding shares at a later date, the company has been fully consolidated, with the outstanding obligation being recognised in the balance sheet.

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.

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 start operations in the second quarter of 2018.

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

BioMar increased its ownership interest in the Chilean fish farming company Salmones Austral to 22.9% in the third quarter of 2017, and the company is now recognised as an associate. ➔

BioMar

Outlook

BioMar maintains its guidance of a significant revenue increase relative to 2016, despite unfavourable developments in foreign exchange rates and lower raw materials prices. The reported revenue for the first nine months of the year combined with contracts signed for the remainder of the year support this guidance. In addition, Alimentsa is expected to contribute about DKK 160 million to the full-year revenue for 2017. Against this background, BioMar now guides for revenue of about DKK 9.9 billion from the previous forecast of about DKK 9.8 billion.

Full-year EBIT will inherently be lifted by the increase in sales, but will also be affected by unfavourable developments in foreign exchange rates and extremely competitive markets. In addition, the Alimentsa acquisition is expected to contribute about DKK 20 million to EBIT, net of PPA-related depreciation and impairment charges of DKK 8 million. Overall, BioMar now forecasts EBIT in the DKK 530-550 million range instead of the previous forecast range of DKK 510-550 million, which did not include the contribution from Alimentsa.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
Volume (1,000 t)	360	326	832	696	966
Revenue (DKK million)	3,048	2,945	7,318	6,377	8,867
- of which Salmon north	1,696	1,582	3,964	3,159	4,593
- of which Salmon south	462	531	1,468	1,389	1,903
- of which EMEA and Emerging	890	832	1,886	1,829	2,371

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	3,047.8	2,944.7	7,317.5	6,376.6	8,867.5
Gross profit	401.6	401.4	880.9	812.8	1,133.2
EBITDA	252.2	267.8	494.7	469.2	722.4
Depreciation and impairment	39.4	35.0	108.3	103.4	141.4
Operating profit (EBIT)	212.8	232.8	386.4	365.8	581.0
Profit after tax from ass. and joint ventures	11.4	2.7	15.7	10.7	12.6
Financial items, net	-6.0	-5.2	19.2	-9.2	-16.4
Profit before tax	218.3	230.2	421.3	367.3	577.1
Tax for the period	-48.6	-60.6	-89.2	-104.9	-148.4
Profit for the period	169.7	169.7	332.1	262.3	428.7
CASH FLOWS					
Cash flows from operating activities	516.4	161.6	337.7	338.9	884.2
Cash flows from investing activities	-766.4	-80.4	-985.2	-230.1	-375.6
Cash flows from financing activities	297.9	-39.1	521.7	-273.2	-633.7
BALANCE SHEET					
Intangible assets *	1,289.6	395.3	1,289.6	395.3	405.9
Property, plant and equipment	1,247.4	990.3	1,247.4	990.3	1,049.3
Other non-current assets	488.5	316.6	488.5	316.6	374.1
Cash and cash equivalents	497.9	557.3	497.9	557.3	329.5
Other current assets	3,135.2	3,170.2	3,135.2	3,170.2	3,408.6
Total assets	6,658.6	5,429.7	6,658.6	5,429.7	5,567.4
Equity	2,401.1	2,122.0	2,401.1	2,122.0	2,347.7
Interest-bearing debt	1,176.7	788.9	1,176.7	788.9	668.6
Other creditors	3,080.8	2,518.8	3,080.8	2,518.8	2,551.1
Total liabilities and equity	6,658.6	5,429.7	6,658.6	5,429.7	5,567.4
Average number of employees	993	877	943	883	887
FINANCIAL KEY FIGURES					
EBITDA margin	8.3%	9.1%	6.8%	7.4%	8.1%
EBIT margin	7.0%	7.9%	5.3%	5.7%	6.6%
ROIC excl. goodwill	35.6%	30.2%	35.6%	30.2%	35.8%
ROIC incl. goodwill	23.3%	20.7%	23.3%	20.7%	24.4%
Working capital	447.2	749.6	447.2	749.6	413.7
Net interest-bearing debt	615.4	161.4	615.4	161.4	-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 a 14% revenue increase to DKK 505 million in Q3 2017, up from DKK 444 million in Q3 2016. The improvement was mainly driven by an increase in revenue reported by Innowo Print.

EBIT for Q3 2017 was DKK 70 million (Q3 2016: DKK 57 million), the increase driven mainly by improvements to the Danish operations, whose Q3 2016 EBIT was adversely affected by the planned closure and upgrade of a production line.

Fibertex Personal Care increased its working capital from DKK 276 million at 30 September 2016 to DKK 334 million at 30 September 2017, due to an increase in trade receivables and inventories.

ROIC excluding goodwill fell from 22.5% at 30 September 2016 to 15.4% at 30 September 2017. The lower return was mainly due to an increase in invested capital resulting from investments in a new factory unit in Malaysia, a new print line in Germany and a technology upgrade in Denmark, and these new investments have as yet only made moderate contributions to earnings.

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 for improved skin comfort and to produce thinner and more lightweight materials while at the same time improving their ability to conduct and encapsulate liquids. The company is also working to improve its in-house processes to ensure customers have a highly reliable supply and a degree of flexibility in their sourcing of nonwovens.

In 2016, Fibertex Personal Care launched an investment to build another factory unit in Malaysia with a view to increasing 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 was completed in July. After it was commissioned and run in to begin manufacturing a number of both new and existing products, the line was ready to start operating early in 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.

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. Work is also currently ongoing to set up an additional print line in Malaysia, which is expected to be operational in the first quarter of 2018.

In addition to expanding its print capacity in Malaysia, Fibertex Personal Care began building a print facility in North Carolina, USA, in the third quarter of 2017. This facility will cover the North and South American markets, which are expected to generate positive growth rates in the coming years. The US factory is expected to be ready for commercial operations at the end of 2018, and the overall investment will amount to about DKK 85 million.

Fibertex Personal Care

Outlook

Fibertex Personal Care's reported revenue and earnings for the nine months to 30 September 2017 are in line with the company's forecast. Expectations for its business activities for the rest of 2017 are also promising, but, in a comparison with last year's earnings, it should be noted that the Q4 2016 EBIT was supported by lower prices of raw materials and positive foreign exchange rate developments. This will not be the case in the fourth quarter of 2017, as current commodity markets are much more challenging due to, among other things, the aftereffects of hurricanes in the USA and changed market conditions in China.

After the end of the first half-year of 2017, prospects of sound business activity and an accelerated effect from the new production line in Malaysia made Fibertex Personal Care raise its full-year EBIT guidance to the DKK 250-270 million range from its previous forecast of DKK 230-260 million. However, considering current trends in raw materials prices, recent months' developments in foreign exchange rates, and the outlook for the rest of the year, Fibertex Personal Care is reducing its EBIT forecast to the lower half of that range. Fibertex Personal Care continues to guide for full-year 2017 revenue of about DKK 2.0 billion.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
Revenue (DKK million)	505	444	1,471	1,336	1,792
- from Denmark	183	160	538	518	695
- from Malaysia	271	246	783	713	955
- from Germany	51	38	150	105	142

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	504.6	444.0	1,471.2	1,335.7	1,791.5
Gross profit	114.8	97.2	307.6	302.5	398.3
EBITDA	97.8	86.3	262.6	276.3	361.8
Depreciation and impairment	27.5	29.3	83.2	87.3	116.2
Operating profit (EBIT)	70.3	56.9	179.4	189.0	245.6
Financial items, net	-10.7	-1.4	-19.9	-11.7	-6.9
Profit before tax	59.7	55.6	159.5	177.3	238.6
Tax for the period	-14.1	-12.7	-37.6	-40.6	-60.5
Profit for the period	45.6	42.8	121.8	136.8	178.1
CASH FLOWS					
Cash flows from operating activities	87.1	103.0	181.1	264.7	331.4
Cash flows from investing activities	-30.6	-117.1	-246.0	-230.2	-361.3
Cash flows from financing activities	-43.7	-6.1	98.0	-40.3	25.3
BALANCE SHEET					
Intangible assets *	80.9	83.4	80.9	83.4	85.6
Property, plant and equipment	1,302.4	1,120.2	1,302.4	1,120.2	1,171.0
Other non-current assets	36.0	73.7	36.0	73.7	44.5
Cash and cash equivalents	63.8	23.0	63.8	23.0	23.0
Other current assets	604.5	498.5	604.5	498.5	563.5
Total assets	2,087.6	1,798.8	2,087.6	1,798.8	1,887.6
Equity	864.6	857.3	864.6	857.3	876.9
Interest-bearing debt	815.8	573.5	815.8	573.5	609.6
Other creditors	407.2	368.0	407.2	368.0	401.1
Total liabilities and equity	2,087.6	1,798.8	2,087.6	1,798.8	1,887.6
Average number of employees	672	565	648	543	574
FINANCIAL KEY FIGURES					
EBITDA margin	19.4%	19.4%	17.8%	20.7%	20.2%
EBIT margin	13.9%	12.8%	12.2%	14.1%	13.7%
ROIC excl. goodwill	15.4%	22.5%	15.4%	22.5%	18.4%
ROIC incl. goodwill	14.5%	20.9%	14.5%	20.9%	17.1%
Working capital	334.2	276.4	334.2	276.4	294.7
Net interest-bearing debt	752.0	550.5	752.0	550.5	586.0

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

OUR BUSINESSES

All amounts in DKK million

Fibertex Nonwovens

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. non-woven 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 a 7% revenue increase to DKK 336 million in Q3 2017, up from DKK 314 million in Q3 2016. As in recent quarters, this revenue improvement was broadly based, with all production sites contributing.

Q3 2017 EBIT was DKK 15 million (Q3 2016: DKK 17 million). The performance reflects high capacity utilisation at the European factories and improved performance in the USA, but which was offset by extremely challenging trends in raw materials prices.

The higher level of business activity drove working capital to DKK 415 million at 30 September 2017, up from DKK 375 million at 30 September 2016. ROIC excluding goodwill increased from 7.4% at 30 September 2016 to 7.7% at 30 September 2017.

Business development

Fibertex Nonwovens reported a generally positive performance in 2017, 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 in 2016 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. To capitalise on its growth potential, Fibertex Nonwovens expanded capacity by adding two new production lines in 2016, one in the Czech Republic and one in South Africa, and the company has made capex investments in 2017 to further increase capacity and upgrade production lines to grow revenue and increase the proportion of value-added products offered.

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 reaped the results of these efforts in 2017, reporting a revenue increase and improved earnings. The company has also built a strong customer portfolio, and setting up in the USA is considered an important long-term investment in an attractive market expected to see significant growth.

Market conditions in South Africa have been challenging in recent years, as weak economic activity and low commodity prices constrained infrastructure and mining projects, both in South Africa and in neighbouring countries. On the other hand, the South African factory has driven up business activity in the course of 2017, in part based on growing sales in local markets and, since 2016, on greater integration with the company's global sales organisation, which is intended to improve sales from South Africa to relevant export markets.

Outlook

Fibertex Nonwovens expects stable business activity in the fourth quarter of 2017 combined with stable conditions in most markets and business segments. The main challenge is rising prices of the main commodities in 2017, which have triggered price increases in all product areas and made already competitive markets even more challenging. Commodity prices remain volatile but are expected to stabilise at a higher level. This will likely produce 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' operations have enjoyed the benefits in 2017 of the production lines upgraded in 2016 and the new capacity established in the Czech Republic and South Africa. South Africa will remain a weak-activity market, but a greater integration with the global sales organisation is expected to improve year-on-year earnings.

Fibertex Nonwovens

From the start of the year, Fibertex Nonwovens has guided for full-year revenue of about DKK 1.4 billion and EBIT in the DKK 80-100 million range. Based on the fair level of activity in the first half of 2017 and a number of new initiatives, the company previously expected EBIT to land at the upper end of the forecast range. However, given challenging developments in recent months and the outlook for prices of raw materials for the rest of the year, Fibertex Nonwovens has reduced its EBIT guidance to the lower half of that range. Fibertex Nonwovens continues to guide for full-year 2017 revenue of about DKK 1.4 billion.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	335.9	313.6	1,091.6	1,013.1	1,301.4
Gross profit	70.2	67.8	246.5	232.9	296.1
EBITDA	38.0	37.1	138.5	129.0	162.5
Depreciation and impairment	22.6	19.8	66.7	60.2	81.8
Operating profit (EBIT)	15.4	17.3	71.8	68.8	80.6
Financial items, net	-12.1	-5.9	-31.9	-11.3	-20.2
Profit before tax	3.2	11.3	39.9	57.5	60.5
Tax for the period	-4.6	-4.8	-18.3	-18.7	-19.9
Profit before non-controlling interests	-1.4	6.5	21.7	38.8	40.6
Non-controlling interests	1.6	1.0	3.7	3.1	4.2
Profit for the period	0.1	7.6	25.4	41.8	44.7
CASH FLOWS					
Cash flows from operating activities	34.5	24.1	70.2	79.7	113.7
Cash flows from investing activities	-28.3	-14.5	-94.0	-62.3	-108.4
Cash flows from financing activities	-5.3	-25.7	11.5	-16.7	-12.6
BALANCE SHEET					
Intangible assets *	151.7	161.6	151.7	161.6	164.1
Property, plant and equipment	770.9	742.7	770.9	742.7	753.9
Other non-current assets	4.4	0.0	4.4	0.0	4.3
Cash and cash equivalents	35.1	58.5	35.1	58.5	48.7
Other current assets	628.9	570.7	628.9	570.7	560.6
Total assets	1,591.0	1,533.5	1,591.0	1,533.5	1,531.6
Equity	522.3	496.9	522.3	496.9	503.8
Interest-bearing debt	790.1	784.2	790.1	784.2	782.3
Other creditors	278.6	252.4	278.6	252.4	245.5
Total liabilities and equity	1,591.0	1,533.5	1,591.0	1,533.5	1,531.6
Average number of employees	876	821	858	802	810
FINANCIAL KEY FIGURES					
EBITDA margin	11.3%	11.8%	12.7%	12.7%	12.5%
EBIT margin	4.6%	5.5%	6.6%	6.8%	6.2%
ROIC excl. goodwill	7.7%	7.4%	7.7%	7.4%	7.7%
ROIC incl. goodwill	7.0%	6.7%	7.0%	6.7%	7.0%
Working capital	415.2	375.0	415.2	375.0	383.0
Net interest-bearing debt	754.9	725.7	754.9	725.7	733.5

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

All amounts in DKK million

HydraSpecma

HydraSpecma is a specialised manufacturing, trading and engineering company whose core business is hydraulic components and systems development for industry and the aftermarket. The company is a hydraulics market leader in the Nordic region, which is the base of its core operations, and also serves customers in other parts of Europe and in selected business segments in China, India, the USA and Brazil.

Financial performance

HydraSpecma reported a 6% revenue increase to DKK 409 million in Q3 2017, up from DKK 387 million in Q3 2016. The company has sustained its high level of business activity with OEM customers and industrial and aftermarket customers in the building and construction segments, materials handling, mining, forestry and the automotive segment (lorries and buses), whereas the marine, defence and offshore segments continue to feel the effects of slumping market demand. The wind power segment has reported softening activity in overseas markets, while European markets have performed in line with expectations.

The Q3 2017 EBIT amounted to DKK 18 million, compared with DKK 27 million in Q3 2016. EBIT was affected by depreciation charges of DKK 6 million in both quarterly periods, due to the PPA adjustments made in connection with the acquisition of Specma in January 2016.

An unexpectedly high level of business activity in certain product areas weighed on the Q3 2017 EBIT, causing HydraSpecma to incur additional costs in meeting customer demand, especially in Sweden. In addition, the company incurred costs from planned structural changes and building an organisation capable of achieving future targets. The Q3 period was also affected by reduced earnings in the overseas units due to the continued slump in activity in the marine and wind power segments.

Working capital rose from DKK 497 million at 30 September 2016 to DKK 531 million at 30 September 2017. ROIC excluding goodwill fell from 18.2% at 30 September 2016 to 14.7% at 30 September 2017, the main reason for the change in the reported return being that Specma had only been recognised for nine of the preceding 12 months at the end of the third quarter 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. Since the merger, HydraSpecma has focused especially on achieving procurement synergies, and these efforts are now being continued through its 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 is reporting positive sales performances to several key customer groups, and will in the upcoming period be investing to further automate and upgrade its production facilities with a view to meeting demand and cutting production costs.

At the end of 2016, HydraSpecma acquired the activities of Chinese company Etola Hydraulic Systems (Tianjin) Co., and the activities were rolled into Hydra-Grene's existing operations in China. As a result, this combined unit has encountered a number of practical and organisational changes that have taken longer to implement than originally expected. However, the takeover 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. HydraSpecma also has production facilities in the Shanghai region. 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 established warehousing facilities from which it serves US customers in the wind power segment. So far, shipments have involved complete units and components manufactured at HydraSpecma's production sites in Europe, but during the fourth quarter of 2017, the company will begin to ship products manufactured at its Chinese sites as well. ➔

HydraSpecma

Outlook

HydraSpecma expects to maintain the high level of business activity in most of its European market segments, with the exception of the offshore and marine segments, in which demand is expected to remain subdued due to excess capacity. The Chinese market is expected to remain soft for the rest of the year, and sales to the wind power segment in India are negligible due to new regulations introduced in government wind power auctions.

HydraSpecma maintains its guidance for a full-year 2017 revenue of about DKK 1.8 billion, but the company expects changes to the mix of segment contributions. The company has launched a number of initiatives and made investments that will increase costs in the short term, but which have been necessary to align its operations to the change in the revenue mix, and which are an important prerequisite for achieving future targets.

Due to the higher costs and the lower level of business activity in China and India, HydraSpecma lowers its full-year EBIT forecast to about DKK 100 million (previously DKK 100-120 million). The EBIT forecast is net of DKK 23 million in PPA-related depreciation charges.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	408.9	387.5	1,341.9	1,306.5	1,746.9
Gross profit	107.4	101.0	361.9	331.5	443.7
EBITDA	33.1	42.0	120.7	129.8	169.9
Depreciation and impairment	15.0	14.6	45.0	43.2	59.4
Operating profit (EBIT)	18.0	27.4	75.7	86.6	110.6
Financial items, net	-5.2	-2.7	-17.1	-6.5	-7.8
Profit before tax	12.8	24.7	58.7	80.1	102.8
Tax for the period	-2.4	-4.9	-13.0	-16.3	-22.3
Profit before non-controlling interests	10.4	19.8	45.7	63.8	80.5
Non-controlling interests	0.0	-0.3	1.4	-1.7	-1.4
Profit for the period	10.5	19.5	47.1	62.1	79.1
CASH FLOWS					
Cash flows from operating activities	-5.8	25.1	26.4	65.8	127.7
Cash flows from investing activities	-10.7	-18.4	-26.7	-521.5	-545.0
Cash flows from financing activities	8.4	-10.9	9.4	489.9	445.5
BALANCE SHEET					
Intangible assets	298.8	316.4	298.8	316.4	315.7
Property, plant and equipment	186.1	178.6	186.1	178.6	191.9
Other non-current assets	10.4	4.5	10.4	4.5	6.7
Cash and cash equivalents	88.3	76.8	88.3	76.8	36.0
Other current assets	818.7	745.1	818.7	745.1	806.1
Total assets	1,402.3	1,321.4	1,402.3	1,321.4	1,356.4
Equity	446.5	385.6	446.5	385.6	407.1
Interest-bearing debt	599.3	600.4	599.3	600.4	594.4
Other creditors	356.5	335.4	356.5	335.4	354.9
Total liabilities and equity	1,402.3	1,321.4	1,402.3	1,321.4	1,356.4
Average number of employees	1,166	1,017	1,129	1,004	1,020
FINANCIAL KEY FIGURES					
EBITDA margin	8.1%	10.8%	9.0%	9.9%	9.7%
EBIT margin	4.4%	7.1%	5.6%	6.6%	6.3%
ROIC excl. goodwill	14.7%	18.2%	14.7%	18.2%	16.1%
ROIC incl. goodwill	12.5%	15.6%	12.5%	15.6%	13.6%
Working capital	531.3	497.0	531.3	497.0	462.9
Net interest-bearing debt	511.0	523.5	511.0	523.5	497.0

All amounts in DKK million

Borg Automotive

One of Europe's largest remanufacturing companies, Borg Automotive produces, sells and distributes remanufactured 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 was consolidated effective from the second quarter of 2017. For ease of comparison, however, the YTD and FY 2016 income statement items shown in the financial highlights table also contain Q1 data. Balance sheet figures for prior periods are not directly comparable and have been left out of the table.

Financial performance

Borg Automotive reported Q3 2017 revenue of DKK 237 million, compared with DKK 246 million in Q3 2016 when the company was not consolidated. The moderate fall is mainly considered to reflect quarterly timing differences.

Comparable EBIT was DKK 32 million in Q3 2017 against DKK 34 million in Q3 2016. However, on recognition in Schouw & Co.'s Q3 2017 consolidated financial statements, EBIT is impacted by almost DKK 6 million in PPA-related depreciation and impairment charges, which brings reported EBIT to DKK 27 million.

EBIT for the nine months to September 30, 2017 was DKK 41 million, impacted by non-recurring costs of DKK 22 million that were incurred prior to the acquisition at 1 April 2017 and amortisation and depreciation charges, etc. totalling DKK 43 million due to purchase price allocation. Adjusted for these items, EBIT for the period was DKK 106 million, against DKK 96 million in the year-earlier period.

Business development

Borg Automotive reported positive growth in demand in the third quarter of 2017. Borg Automotive has two sales departments: based in Denmark, Elstock 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 seen across the entire product range.

Developing the product programme, 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. Ongoing negotiations with major OES customers for additional long-term agreements support the outlook for continuing positive developments.

Borg Automotive's strong performance makes it relevant to ramp up capacity, and work continues to plan future production expansion in eastern Europe. The purpose of the upcoming expansion will be to build the capacity to manage a wider product range and a broader geographical footprint, while also maintaining a level of service of the current customer base that is compliant with the ever-growing demand for speed of delivery, precision and quality.

Outlook

The market Borg Automotive serves has experienced considerable customer consolidation in recent years, as 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 maintains its forecast of revenue of about DKK 700 million for the period of consolidation from 1 April to 31 December 2017.

For that same period, the company continues to forecast EBIT of DKK 110-130 million less PPA-related depreciation and impairment charges amounting to about DKK 50 million in 2017. As a result, Borg Automotive continues to forecast EBIT of DKK 60-80 million net of the effects of purchase price allocation, but most likely with a result in the lower end of the range. In the following years, PPA-related depreciation and impairment charges will impact EBIT by about DKK 23 million p.a.

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	237.4	246.2	721.6	691.3	910.4
Gross profit	60.0	64.6	160.5	192.0	251.6
EBITDA	35.5	37.2	60.8	104.6	138.3
Depreciation and impairment	8.7	2.8	20.1	9.0	11.9
Operating profit (EBIT)	26.8	34.4	40.7	95.6	126.4
Financial items, net	-3.0	-0.9	-1.9	-12.0	-14.1
Profit before tax	23.8	33.5	38.8	83.6	112.3
Tax for the period	-3.6	-5.8	-2.3	12.7	-0.6
Profit before non-controlling interests	20.2	27.6	36.5	96.3	111.7
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Profit for the period	20.2	27.6	36.5	96.3	111.7
CASH FLOWS					
Cash flows from operating activities	75.3	52.5	47.8	80.8	123.9
Cash flows from investing activities	-4.5	-3.3	-192.7	-14.0	-14.6
Cash flows from financing activities	-54.3	-47.3	134.0	-66.6	-72.0
BALANCE SHEET					
Intangible assets *	369.3		369.3		
Property, plant and equipment	71.0		71.0		
Other non-current assets	58.6		58.6		
Cash and cash equivalents	37.1		37.1		
Other current assets	505.3		505.3		
Total assets	1,041.3		1,041.3		
Equity	430.3		430.3		
Interest-bearing debt	154.8		154.8		
Other creditors	456.2		456.2		
Total liabilities and equity	1,041.3		1,041.3		
Average number of employees	1,476	1,276	1,437	1,225	1,259
FINANCIAL KEY FIGURES					
EBITDA margin	15.0%	15.1%	8.4%	15.1%	15.2%
EBIT margin	11.3%	14.0%	5.6%	13.8%	13.9%
Working capital	173.9		173.9		
Net interest-bearing debt	117.8		117.8		

* 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). Headquartered in Denmark, GPV has production facilities in Denmark, Thailand and 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.

GPV was acquired by Schouw & Co. at 1 April 2016, and was thus only consolidated as of the second quarter of 2016. For ease of comparison, however, the YTD and full-year 2016 income statement items shown in the financial highlights table also contain Q1 2016 data.

Financial performance

GPV continued its positive performance of the year in the third quarter, lifting revenue by 36% to DKK 305 million, up from DKK 225 million in Q3 2016. Contributing to the revenue performance was GPV's acquisition of another EMS company, BHE A/S, which took effect on 1 March 2017.

EBIT rose to DKK 24 million in Q3 2017, up from DKK 20 million in Q3 2016, an improvement driven by an increase in business activity, even with costs incurred for business expansion purposes.

Working capital amounted to DKK 269 million at 30 September 2017, compared with DKK 199 million at 30 September 2016. ROIC excluding goodwill increased from 15.0% at 30 September 2016 to 18.0% at 30 September 2017, despite an increase in investments during the reporting period, which included the BHE acquisition, setting up in Mexico and major business activity expansion.

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. With a view to ensuring sufficient flexibility, GPV runs an investment programme to increase automation and expand SMT capacity at all three of its electronics factories – in Thailand, Denmark and Mexico – while also investing in its two mechatronics facilities in Thailand and Denmark.

The 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. Commissioned in the first quarter of 2017, the new factory 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 will be completed in 2017.

Outlook

The trend of outsourcing production in the sectors in which GPV operates 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 manufacturability analysis, complex production, test designs, testing and logistics.

The general market forecast for 2017 continues to indicate a positive trend in Europe. The same applies to the US market, although market conditions there are more volatile, whereas markets in China and Russia are expected to weaken.

GPV

The positive market trends seen in 2017 to date have resulted in longer delivery times for certain electronic components, which could impact GPV's operations in the remainder of 2017 and the first half of 2018.

The general market situation, new products, new customers and the BHE acquisition have all had a positive effect on the 2017 revenue guidance. BHE's ordinary operations are expected to support the financial results, but BHE's overall earnings contribution for 2017 is expected to be negative due to necessary integration costs.

As a result, GPV is again raising its full-year revenue forecast, this time to the DKK 1,075-1,125 million range (from previously about DKK 1,000-1,050 million) and its EBIT guidance range to DKK 70-80 million (from previously DKK 60-70 million).

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
INCOME STATEMENT					
Revenue	304.9	225.0	852.3	652.2	876.8
Gross profit	64.7	50.9	183.6	132.9	183.4
EBITDA	31.2	25.4	81.5	60.5	84.2
Depreciation and impairment	7.2	5.6	20.5	17.7	23.6
Operating profit (EBIT)	24.0	19.8	61.0	42.9	60.6
Financial items, net	1.9	0.1	4.5	-4.5	-7.2
Profit before tax	25.9	19.9	65.5	38.3	53.5
Tax for the period	-5.4	-0.2	-13.5	1.4	6.7
Profit before non-controlling interests	20.5	19.8	52.0	39.7	60.1
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Profit for the period	20.5	19.8	52.0	39.7	60.1
CASH FLOWS					
Cash flows from operating activities	-22.4	19.6	-5.0	66.7	106.5
Cash flows from investing activities	-15.9	-10.2	-79.0	-16.3	-41.7
Cash flows from financing activities	16.4	-2.0	55.0	-27.8	-27.7
BALANCE SHEET					
Intangible assets	18.7	0.0	18.7	0.0	0.0
Property, plant and equipment	224.6	176.4	224.6	176.4	199.3
Other non-current assets	23.1	17.4	23.1	17.4	24.6
Cash and cash equivalents	17.6	39.0	17.6	39.0	51.5
Other current assets	541.3	380.4	541.3	380.4	362.1
Total assets	825.3	613.2	825.3	613.2	637.5
Equity	199.3	135.4	199.3	135.4	164.5
Interest-bearing debt	348.3	296.7	348.3	296.7	291.2
Other creditors	277.7	181.1	277.7	181.1	181.8
Total liabilities and equity	825.3	613.2	825.3	613.2	637.5
Average number of employees	1,314	1,079	1,231	1,060	1,074
FINANCIAL KEY FIGURES					
EBITDA margin	10.2%	11.3%	9.6%	9.3%	9.6%
EBIT margin	7.9%	8.8%	7.2%	6.6%	6.9%
ROIC excl. goodwill	18.0%	15.0%	18.0%	15.0%	15.9%
ROIC incl. goodwill	17.5%	15.0%	17.5%	15.0%	15.9%
Working capital	269.5	198.9	269.5	198.9	181.4
Net interest-bearing debt	330.8	257.7	330.8	257.7	239.7

OUR BUSINESSES

All amounts in DKK million

Consolidated financial statement

schouw+co

Statements of income and comprehensive income

Note	Income statement	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
1	Revenue	4,835.3	4,325.3	12,541.4	10,473.5	14,369.1
	Cost of sales	-4,017.0	-3,605.9	-10,471.9	-8,700.2	-11,952.3
	Gross profit	818.3	719.4	2,069.5	1,773.3	2,416.8
	Other operating income	21.3	10.0	24.6	43.6	73.8
	Distribution costs	-287.8	-230.5	-792.2	-658.8	-879.4
2	Administrative expenses	-183.9	-147.9	-520.6	-434.9	-570.6
	Other operating expenses	-6.0	-0.1	-2.8	-0.2	-2.1
	Operating profit (EBIT)	361.9	350.9	778.5	723.0	1,038.5
	Profit after tax in associates	10.3	519.3	12.6	567.8	571.5
	Profit after tax in joint ventures	0.0	-3.5	2.1	-4.6	-5.1
	Financial income	9.6	9.5	71.2	23.2	33.3
	Financial expenses	-35.3	-16.3	-98.6	-46.2	-59.9
	Profit before tax	346.5	859.9	765.8	1,263.2	1,578.3
	Tax on profit	-84.2	-83.5	-180.7	-178.1	-239.5
	Profit for the period	262.3	776.4	585.1	1,085.1	1,338.8
	Attributable to					
	Shareholders of Schouw & Co.	263.9	777.1	590.3	1,086.5	1,341.5
	Non-controlling interests	-1.6	-0.7	-5.2	-1.4	-2.7
	Profit for the period	262.3	776.4	585.1	1,085.1	1,338.8
8	Earnings per share (DKK)	11.03	32.74	24.77	45.82	56.56
8	Diluted earnings per share (DKK)	10.96	32.65	24.60	45.72	56.41

Comprehensive income	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
Items that can be reclassified to the profit and loss statement:					
Exchange rate adjustment of foreign subsidiaries	-78.4	-39.2	-207.6	-64.5	-16.0
Hedging instruments recognised	6.3	-18.9	6.4	-11.7	-4.1
Hedging instruments transferred to cost of sales	8.3	0.0	0.5	-0.8	-0.8
Hedging instruments transferred to financials	0.4	-0.3	2.8	0.2	7.1
Value adjustment of financial liabilities	58.3	0.0	58.3	0.0	0.0
Other comprehensive income from ass. and joint ventures	-0.1	22.5	-0.8	21.0	10.0
Other adjustment on equity	-0.2	-0.8	0.7	-5.5	-4.3
Tax on other comprehensive income	-3.4	5.0	-2.8	4.0	-0.2
Other comprehensive income after tax	-8.8	-31.7	-142.5	-57.3	-8.3
Profit for the period	262.3	776.4	585.1	1,085.1	1,338.8
Total recognised comprehensive income	253.5	744.7	442.6	1,027.8	1,330.5
Attributable to					
Shareholders of Schouw & Co.	255.9	744.7	448.8	1,028.5	1,334.6
Non-controlling interests	-2.4	0.0	-6.2	-0.7	-4.1
Total recognised comprehensive income	253.5	744.7	442.6	1,027.8	1,330.5

CONSOLIDATED STATEMENT

All amounts in DKK million

Balance sheet · assets and liabilities

Note	Assets	30/9 2017	31/12 2016	30/9 2016	31/12 2015
	Goodwill	2,216.9	1,168.6	1,147.8	1,006.1
	Completed development projects	17.3	7.7	24.5	0.0
	Development projects in progress	2.8	0.0	2.9	0.0
	Other intangible assets	988.7	305.2	291.7	169.9
	Intangible assets	3,225.7	1,481.5	1,466.9	1,176.0
	Land and buildings	1,649.0	1,420.6	1,400.7	1,260.2
	Plant and machinery	1,519.1	1,328.0	1,124.7	1,152.3
	Other fixtures, tools and equipment	135.5	93.5	125.6	65.4
	Assets under construction, etc.	569.4	608.0	642.3	298.3
	Property, plant and equipment	3,873.0	3,450.1	3,293.3	2,776.2
	Equity investments in associates	330.1	62.6	61.5	570.3
	Equity investments in joint ventures	162.1	171.2	115.2	109.1
	Securities	5.3	121.3	115.3	83.9
	Deferred tax	89.4	35.5	37.7	18.1
	Receivables	99.9	138.9	156.4	177.7
	Other non-current assets	686.8	529.5	486.1	959.1
	Total non-current assets	7,785.5	5,461.1	5,246.3	4,911.3
	Inventories	2,709.2	1,970.5	2,038.6	1,435.1
3	Receivables	3,448.8	3,103.7	3,308.0	2,752.7
	Income tax receivable	85.7	55.3	8.3	5.9
	Securities	0.0	0.0	1,034.5	0.1
	Cash and cash equivalents	562.2	1,682.4	549.2	1,410.7
	Total current assets	6,805.9	6,811.9	6,938.6	5,604.5
	Total assets	14,591.4	12,273.0	12,184.9	10,515.8

Note	Liabilities and equity	30/9 2017	31/12 2016	30/9 2016	31/12 2015
5	Share capital	255.0	255.0	255.0	255.0
	Hedge transaction reserve	-3.6	-10.7	-21.0	-12.4
	Fair value adjustment reserve	58.3	0.0	0.0	0.0
	Exchange adjustment reserve	33.8	240.4	197.9	263.1
	Retained earnings	7,700.9	7,006.1	7,051.7	5,895.1
	Proposed dividend	0.0	306.0	0.0	255.0
	Share of equity attributable to the parent company	8,044.4	7,796.8	7,483.6	6,655.8
	Non-controlling interests	11.4	17.6	20.0	20.7
	Total equity	8,055.8	7,814.4	7,503.6	6,676.5
	Deferred tax	340.8	188.6	202.2	147.9
	Pensions and similar liabilities	386.8	100.4	103.8	106.3
6	Credit institutions	550.6	402.2	386.8	686.6
	Non-current liabilities	1,278.2	691.2	692.8	940.8
6	Current portion of non-current debt	131.5	152.1	158.5	190.6
6	Credit institutions	1,014.6	168.8	485.8	109.4
	Trade payables and other payables	3,973.3	3,339.4	3,246.4	2,567.1
	Income tax	138.0	107.1	97.8	31.4
	Current liabilities	5,257.4	3,767.4	3,988.5	2,898.5
	Total liabilities	6,535.6	4,458.6	4,681.3	3,839.3
	Total liabilities and equity	14,591.4	12,273.0	12,184.9	10,515.8

Notes without reference 7 & 9.

CONSOLIDATED STATEMENT

All amounts in DKK million

Cash flow statement

Note		Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
	Profit before tax	346.5	859.9	765.8	1,263.2	1,578.3
	Adjustment for operating items of a non-cash nature, etc.:					
	Depreciation and impairment losses	121.1	120.1	346.3	322.6	434.0
	Other operating items, net	33.4	0.1	35.7	-37.3	13.7
	Provisions	-11.9	-0.3	1.4	-0.7	-1.1
	Profit/(loss) after tax in associates and joint ventures	-10.3	-515.8	-14.7	-563.2	-566.4
	Financial income	-9.6	-9.5	-71.2	-23.2	-33.3
	Financial expenses	35.3	16.3	98.6	46.2	59.9
	Cash flows from operating activities before changes in working capital	504.5	470.8	1,161.9	1,007.6	1,485.1
	Changes in working capital	212.8	-88.4	-212.8	-38.9	371.6
	Cash flows from operating activities	717.3	382.4	949.1	968.7	1,856.7
	Interest income received	13.1	3.1	26.0	14.5	25.2
	Interest expenses paid	-27.3	-14.2	-69.6	-35.5	-54.5
	Cash flows from ordinary activities	703.1	371.3	905.5	947.7	1,827.4
	Income tax paid	-13.6	-8.7	-196.9	-103.1	-229.3
	Cash flows from operating activities	689.5	362.6	708.6	844.6	1,598.1
	Purchase of intangible assets	-1.3	-2.1	-7.3	-4.0	-18.8
	Sale of intangible assets	0.0	0.0	0.1	0.0	0.0
	Purchase of property, plant and equipment	-137.1	-242.8	-592.8	-535.7	-828.3
	Sale of property, plant and equipment	0.4	0.5	4.0	1.0	5.9
4	Acquisition of enterprises	-734.5	0.0	-1,661.6	-551.0	-551.0
	Acquisition/capital increase in ass. and joint ventures	-63.5	0.0	-87.0	-13.3	-74.3
	Divestment of associates	0.0	0.0	0.0	0.0	1,033.8
	Received dividend from associates	0.0	63.5	0.0	64.3	64.3
	Additions/disposals of other financial assets	79.1	11.2	2.3	-18.5	-27.1
	Cash flows from investing activities	-856.9	-169.7	-2,342.3	-1,057.2	-395.5

	Q3 2017	Q3 2016	YTD 2017	YTD 2016	2016 Total
Debt financing:					
Repayment of non-current liabilities	-28.0	-263.5	-83.6	-435.0	-488.7
Proceeds from incurring non-current financial liabilities	22.3	9.1	198.6	32.4	103.5
Increase (repayment) of bank overdrafts	186.7	169.9	629.6	-33.7	-332.3
Shareholders:					
Capital contributions, etc. by non-controlling interests	0.0	0.0	0.0	0.0	1.0
Dividend paid	0.0	0.0	-285.6	-237.7	-237.7
Purchase/sale of treasury shares, net	31.7	0.0	68.6	27.8	28.9
Cash flows from financing activities	212.7	-84.5	527.6	-646.2	-925.3
Cash flows for the period	45.3	108.4	-1,106.1	-858.8	277.3
Cash and cash equivalents at 1 Jul./Jan.	519.9	441.5	1,682.4	1,410.7	1,410.7
Value adjustment of cash and cash equivalents	-3.0	-0.7	-14.1	-2.7	-5.6
Cash and cash equivalents at 30 Sep./Dec.	562.2	549.2	562.2	549.2	1,682.4

CONSOLIDATED STATEMENT

All amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Fair value adjustment reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Total equity
Equity at 1 January 2016	255.0	-12.4	0.0	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	0.0	-65.2	0.0	0.0	-65.2	0.7	-64.5
Value adj. of hedging instruments recognised	0.0	-11.7	0.0	0.0	0.0	0.0	-11.7	0.0	-11.7
Hedging instruments transferred to cost of sales	0.0	-0.8	0.0	0.0	0.0	0.0	-0.8	0.0	-0.8
Hedging instruments transferred to financials	0.0	0.2	0.0	0.0	0.0	0.0	0.2	0.0	0.2
Other comprehensive income from associates and JVs	0.0	0.0	0.0	0.0	21.0	0.0	21.0	0.0	21.0
Other adjustment on equity	0.0	0.0	0.0	0.0	-5.5	0.0	-5.5	0.0	-5.5
Tax on other comprehensive income	0.0	3.7	0.0	0.0	0.3	0.0	4.0	0.0	4.0
Profit for the period	0.0	0.0	0.0	0.0	1,086.5	0.0	1,086.5	-1.4	1,085.1
Total recognised comprehensive income	0.0	-8.6	0.0	-65.2	1,102.3	0.0	1,028.5	-0.7	1,027.8
Transactions with the owners									
Share-based payment, net	0.0	0.0	0.0	0.0	9.2	0.0	9.2	0.0	9.2
Dividend distributed	0.0	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	0.0	27.8	0.0	27.8	0.0	27.8
Transactions with the owners	0.0	0.0	0.0	0.0	54.3	-255.0	-200.7	0.0	-200.7
Equity at 30 September 2016	255.0	-21.0	0.0	197.9	7,051.7	0.0	7,483.6	20.0	7,503.6
Equity at 1 January 2017	255.0	-10.7	0.0	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	0.0	-206.6	0.0	0.0	-206.6	-1.0	-207.6
Value adj. of hedging instruments recognised	0.0	6.4	0.0	0.0	0.0	0.0	6.4	0.0	6.4
Hedging instruments transferred to cost of sales	0.0	0.5	0.0	0.0	0.0	0.0	0.5	0.0	0.5
Hedging instruments transferred to financials	0.0	2.8	0.0	0.0	0.0	0.0	2.8	0.0	2.8
Value adjustment of financial liabilities	0.0	0.0	58.3	0.0	0.0	0.0	58.3	0.0	58.3
Other comprehensive income from associates and JVs	0.0	0.0	0.0	0.0	-0.8	0.0	-0.8	0.0	-0.8
Other adjustment on equity	0.0	0.0	0.0	0.0	0.7	0.0	0.7	0.0	0.7
Tax on other comprehensive income	0.0	-2.6	0.0	0.0	-0.2	0.0	-2.8	0.0	-2.8
Profit for the period	0.0	0.0	0.0	0.0	590.3	0.0	590.3	-5.2	585.1
Total recognised comprehensive income	0.0	7.1	58.3	-206.6	590.0	0.0	448.8	-6.2	442.6
Transactions with the owners									
Share-based payment, net	0.0	0.0	0.0	0.0	15.8	0.0	15.8	0.0	15.8
Dividend distributed	0.0	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	0.0	68.6	0.0	68.6	0.0	68.6
Transactions with the owners	0.0	0.0	0.0	0.0	104.8	-306.0	-201.2	0.0	-201.2
Equity at 30 September 2017	255.0	-3.6	58.3	33.8	7,700.9	0.0	8,044.4	11.4	8,055.8

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	7,317.5	1,454.9	1,088.0	1,341.9	484.9	851.9	12,539.1
Intra-group revenue	0.0	16.3	3.6	0.0	0.0	0.4	20.3
Segment revenue	7,317.5	1,471.2	1,091.6	1,341.9	484.9	852.3	12,559.4
Depreciation and impairment	108.3	83.2	66.7	45.0	17.1	20.5	340.8
EBIT	386.4	179.4	71.8	75.7	31.5	61.0	805.8
Segment assets	7,088.8	2,135.7	1,623.0	1,402.3	1,547.8	825.3	14,622.9
Including goodwill	1,322.6	99.1	119.0	150.1	507.5	18.7	2,217.0
Equity investments in associates and joint ventures	418.8	0.0	0.0	2.5	0.0	0.0	421.3
Segment liabilities	4,257.5	1,223.0	1,068.7	955.8	611.0	626.0	8,742.0
Working capital	447.2	334.2	415.2	531.3	173.9	269.5	2,171.3
NIBD	615.4	752.0	754.9	511.0	117.8	330.8	3,081.9
Cash flows from operating activities	337.7	181.1	70.2	26.4	91.7	-5.0	702.1
Cash flows from investing activities	-985.2	-246.0	-94.0	-26.7	-194.3	-79.0	-1,625.2
Cash flows from financing activities	521.7	98.0	11.5	9.4	119.8	55.0	815.4
Capital expenditure *	1,289.9	246.5	94.0	27.3	14.9	70.0	1,742.6
Average number of employees	943	648	858	1,129	973	1,231	5,782

Total reportable segments YTD 2016	BioMar	Fibertex Personal Care	Fibertex Nonwovens	HydraSpecma	Borg	GPV	Total
External revenue	6,376.6	1,319.2	1,007.7	1,306.5	-	442.7	10,452.7
Intra-group revenue	0.0	16.5	5.4	0.0	-	0.3	22.2
Segment revenue	6,376.6	1,335.7	1,013.1	1,306.5	-	443.0	10,474.9
Depreciation and impairment	103.4	87.3	60.2	43.2	-	11.4	305.5
EBIT	365.8	189.0	68.8	86.6	-	26.7	736.9
Segment assets	5,859.8	1,846.8	1,565.6	1,321.4	-	613.2	11,206.8
Including goodwill	778.3	99.1	121.5	149.0	-	0.0	1,147.9
Equity investments in associates and joint ventures	99.4	0.0	0.0	2.5	-	0.0	101.9
Segment liabilities	3,307.7	941.5	1,036.6	935.8	-	477.8	6,699.4
Working capital	749.6	276.4	375.0	497.0	-	198.9	2,096.9
NIBD	161.4	550.5	725.7	523.5	-	257.7	2,218.8
Cash flows from operating activities	338.9	264.7	79.7	65.8	-	37.5	786.6
Cash flows from investing activities	-230.1	-230.2	-62.3	-521.5	-	-12.0	-1,056.1
Cash flows from financing activities	-273.2	-40.3	-16.7	489.9	-	-19.1	140.6
Capital expenditure *	192.2	230.8	62.3	458.8	-	16.1	960.2
Average number of employees	883	543	802	1,004	-	712	3,944

* 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.

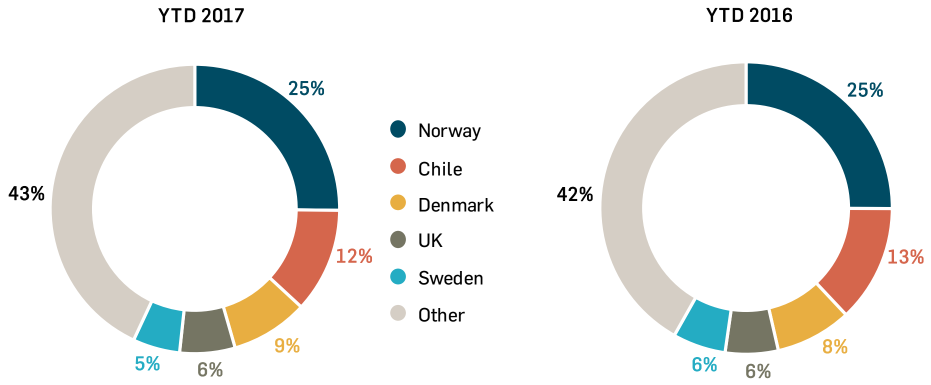
Reconciliation of consolidated revenue, EBIT, assets and liabilities

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

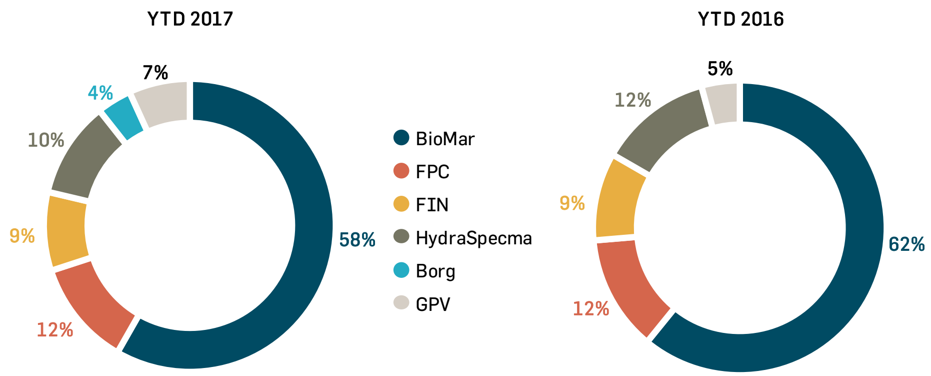
YTD 2016	Group revenue	EBIT	Assets	Liabilities
Reporting segments	10,474.9	736.9	11,206.8	6,699.4
Non-reporting segments	20.7	3.2	149.8	39.3
The parent company	5.1	-17.1	8,310.8	827.1
Group elimination etc.	-27.2	0.0	-7,482.5	-2,884.5
Total	10,473.5	723.0	12,184.9	4,681.3

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 2013)	-40,000	0	-40,000
Exercised (from the share options granted in 2014)	-15,000	-50,000	-65,000
Exercised (from the share options granted in 2015)	0	-122,000	-122,000
Outstanding options in total at 30 September 2017	205,000	487,000	692,000

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 from 2013 grant
Exercised number of shares	122,000	65,000	40,000
Average exercise price in DKK	349.16	277.96	197.71
Average share price in DKK on exercise	667.34	661.31	698.00
Group's cash proceeds in DKK million	42.6	18.1	7.9

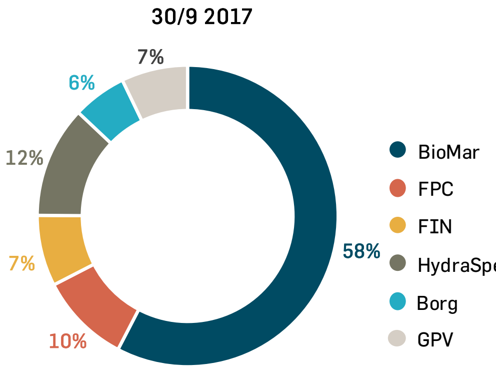
The expected volatility is calculated as 12 months' historical volatility based on average prices. Exercise of the share options is subject to the holders being in continuing employment during the above-mentioned periods. If the share option holder leaves the company's employ before a share option vests, 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.

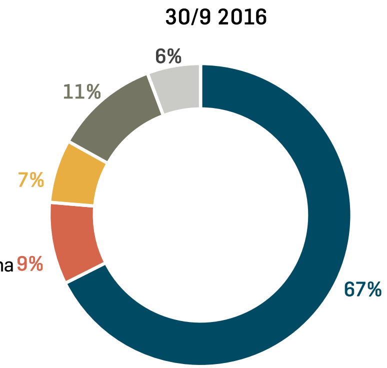
Notes to the financial statements

3 RECEIVABLES - CURRENT

	30/9 2017	30/9 2016
Trade receivables	3,219.2	3,128.6
Other current receivables	202.2	147.8
Accruals and deferred income	27.4	31.6
Receivables current	3,448.8	3,308.0

Trade receivables by portfolio company:





	30/9 2017	30/9 2016
Impairment losses on trade receivables		
Impairment losses at 1 January	-158.2	-206.8
Exchange adjustments	8.6	1.2
Additions on company acquisitions	-4.7	-1.5
Reversed impairment losses	11.9	4.6
Impairment losses for the period	-12.3	-29.8
Realised loss	0.5	37.9
Impairment losses	-154.2	-194.4

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

		Due between (days)			
30/9 2016	Not due	1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,722.7	188.9	61.9	15.9	2,989.4
Trade receivables individually assessed to be impaired	86.3	30.1	27.3	189.9	333.6
Trade receivables in total	2,809.0	219.0	89.2	205.8	3,323.0
Impairment losses on trade receivables	-14.0	-2.0	-3.2	-175.2	-194.4
Trade receivables net	2,795.0	217.0	86.0	30.6	3,128.6
Proportion of the total receivables which is expected to be settled					94.1%
Impairment percentage	0.5%	0.9%	3.6%	85.1%	5.9%

A total of 10.0% (2016: 10.0%) 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

	Borg	BHE	Alimentsa	YTD 2017	YTD 2016
Intangible assets	379.2	9.5	378.5	767.2	176.2
Property, plant and equipment	65.3	1.0	169.3	235.6	256.7
Financial assets	0.1	0.6	0.3	1.0	7.9
Inventories	320.6	23.1	41.2	384.9	424.6
Receivables	183.1	14.8	79.1	277.0	353.3
Tax asset	60.5	0.0	7.5	67.9	14.7
Cash and cash equivalents	20.5	0.0	33.3	53.8	89.8
Credit institutions	-218.3	-10.9	0.0	-229.1	-457.5
Deferred tax	-91.3	-1.4	-85.5	-178.2	-55.3
Provisions	-16.0	0.0	-339.2	-355.2	-4.3
Trade payables	-53.5	-12.2	-19.7	-85.4	-197.2
Other liabilities	-227.0	-4.3	-39.6	-270.9	-125.1
Tax payable	-13.2	0.0	0.0	-13.2	0.0
Contingent liabilities	0.0	0.0	-32.4	-32.4	0.0
Net assets acquired	410.0	20.2	192.8	623.0	483.8
Goodwill	507.6	9.8	575.1	1,092.4	157.0
Cost	917.6	30.0	767.9	1,715.4	640.8
Of which cash and cash equivalents	-20.5	0.0	-33.3	-53.8	-89.8
Cash cost total	897.1	30.0	734.6	1,661.6	551.0

Effective 1 March 2017, GPV acquired BHE, an EMS company based in 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 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, the company employs about 1,400 people, of whom some 1,200 work in Poland.

In connection with PPA adjustments relating to the acquisition of Borg Automotive, goodwill was calculated at DKK 507.6 million. Goodwill represents non-identifiable assets.

The acquisition of Borg Automotive involved acquisition costs of DKK 5.0 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.

Effective 1 September 2017, BioMar acquired a 70% stake in Ecuadorian shrimp feed producer Alimentsa for a cash consideration of DKK 734.6 million and with an option to buy the outstanding 30% of the shares at a later date. The parties have agreed on a firm model for pricing the outstanding shares in Alimentsa, and non-controlling interests have thus not been recognised. Acquiring Alimentsa forms part of BioMar's growth strategy.

Alimentsa is a producer of shrimp feed and generates annual revenue of about DKK 500 million. Founded in 1986, Alimentsa is headquartered in Ecuador's largest city, Guayaquil, and employs some 160 people.

In connection with PPA adjustments relating to the acquisition of Alimentsa, preliminary goodwill was calculated at DKK 575.1 million. Goodwill represents non-identifiable assets.

The acquisition of Alimentsa involved acquisition costs of DKK 8.2 million.

Had Alimentsa been recognised as from 1 January 2017, revenue would have been DKK 343 million higher and EBIT would have been DKK 45 million higher.

Notes to the financial statements

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 Q1-Q3 2016			
Share option programme	-180,000	-21.7	-0.71%
Additions	34,800	13.1	0.14%
30 September 2016	1,760,930	343.4	6.91%
Movements in Q4 2016			
Share option programme	-4,000	-0.5	-0.02%
31 December 2016	1,756,930	342.9	6.89%
Movements in Q1-Q3 2017			
Share option programme	-227,000	-26.3	-0.89%
30 September 2017	1,529,930	316.6	6.00%

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.

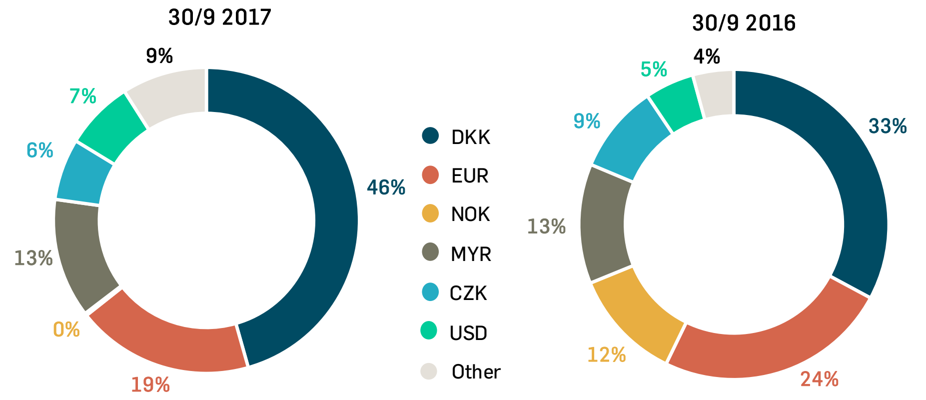
A total of 227,000 shares held in treasury were used in connection with options exercised in 2017. The shares had an aggregate fair value of DKK 152.3 million at the time of exercise.

The Group's holding of treasury shares had a market value of DKK 1,047.2 million at 30 September 2017.

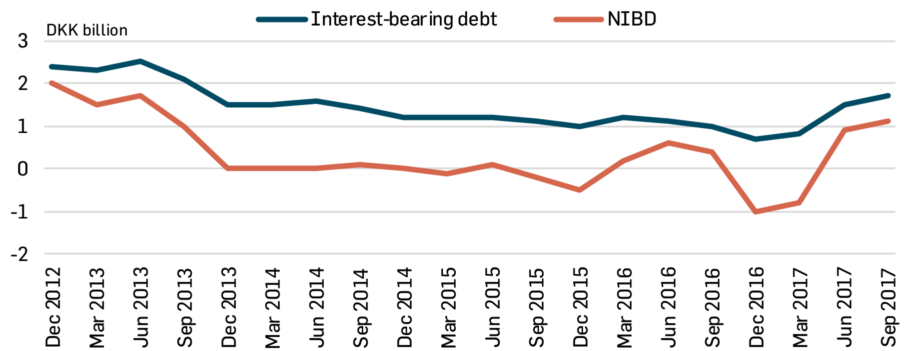
The share capital has not changed in the past five years.

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 September 2017 was 2.1% (30 Sep. 2016: 3.0%).

Notes to the financial statements

7 FAIR VALUE OF CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	30/9 2017	31/12 2016	30/9 2016
Financial assets			
Securities measured at fair value through profit or loss – level 1	3.0	2.3	2.3
Derivative financial instruments to hedge future cash flows – level 2	10.9	17.8	9.1
Securities measured at fair value – level 3	2.3	119.0	1,147.5
Financial liabilities			
Derivative financial instruments to hedge future cash flows – level 2	17.1	34.4	34.5

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 13.6 million, negative reclassifications of DKK 145.6 million and a fair value adjustment of DKK 42.5 million. Foreign exchange adjustments, reclassifications and the fair value adjustment were mainly related to Salmones Austral, which was reclassified as an associate in the third quarter of 2017. The fair value of listed securities (level 1) has increased by DKK 0.7 million in 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.

8 EARNINGS PER SHARE (DKK)

	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Share of the profit for the period attributable to shareholders of Schouw & Co.	263.9	777.1	590.3	1,086.5
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,588,745	-1,760,930	-1,664,626	-1,789,639
Average number of outstanding shares	23,911,255	23,739,070	23,835,374	23,710,361
Average dilutive effect of outstanding share options *	155,243	63,370	161,905	53,051
Diluted average number of outstanding shares	24,066,498	23,802,440	23,997,279	23,763,412
Earnings per share of DKK 10	11.03	32.74	24.77	45.82
Diluted earnings per share of DKK 10	10.96	32.65	24.60	45.72

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

Notes to the financial statements

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	18.6	8.3
At 30 September the Group had a receivable of	2.0	15.7
Associates:		
During the financial year, the Group received management fee of	0.1	0.1
During the financial year, the Group sold goods of	96.2	27.6
During the financial year, the Group bougth goods of	62.9	11.4
During the financial year, the Group received interest income of	0.0	0.2
At 30 September the Group had a receivable of	181.4	2.4
At 30 September the Group had debt of	101.2	0.0
During the financial year, the Group received dividends of	0.0	64.3

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

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