

Skive, 9 November 2010

Improved earnings and equity ratio in Q3 2010

In Q3 2010, Dantherm continued the positive trends from Q2, realising a higher operating profit than for the first two quarters of 2010. Focus remains on improving earnings and implementing the adopted growth strategy.

Today, the Board of Directors of Dantherm A/S has adopted the company's unaudited interim report for the period 1 January to 30 September 2010. Developments have been as follows:

Earnings improved in Q3 2010

- Revenue of DKK 110.3m was generated in Q3 2010, which is 12% higher than for the same period in 2009. Revenue for the first three quarters of the year totalled DKK 334.9m against DKK 317.0m in the first three quarters of 2009.
- The group posted an operating profit (EBIT) in Q3 of DKK 3.8m against a loss of DKK 3.7m in the same period in 2009. For Q1-Q3 2010, an operating profit of DKK 4.4m was returned against a loss of DKK 26.0m in the first nine months of 2009. Improved contribution ratios and lower costs following the restructurings implemented are the major reasons for the improved operating results.
- The ownership share of Dantherm Power impacted results negatively by DKK 15.8m in Q1-Q3 2010.
- For the first nine months of 2010, discontinuing operations contributed a net profit of DKK 0.7m. As announced earlier, the Filtration activities and Danamics ApS have been divested. Work is still going into establishing a new ownership structure for T&O Stelectric.
- Dantherm's share of the results after tax and discontinuing activities for Q3 2010 amounts to a loss of DKK 11.2m against a loss for the same period last year of DKK 25.6m. For the first three quarters of 2010, Dantherm's share of the results is a loss of DKK 29.1m against a loss of DKK 111.9m for the first nine months of 2009.

Improved equity ratio

- The proceeds from the divestment of the Dantherm Filtration activities have been calculated and recognised in Q3 2010. As announced in company announcement no. 17/2010, the most important activities in the French company Dantherm Filtration SAS were divested in Q3 2010. The full effect of the divestment of the Filtration activities has been recognised and has resulted in an improved equity ratio and a marked reduction in debt relative to the end of 2009.
- The invested capital has been reduced from DKK 626.2m at the end of 2009 to DKK 347.1m as at 30 September 2010, while the equity ratio is up from 16.8% to 28.2%.
- Consolidated net interest-bearing debt has fallen from DKK 459.2m at the end of 2009 to DKK 206.6m as at 30 September 2010, including finance lease commitments and mortgage debt of 129.3m.

Outlook for 2010

- As announced earlier, the Dantherm group expects revenue for 2010 to be in the region of DKK 500m with a positive operating profit (EBIT) based on a barely rising market.

Any enquiries concerning this announcement can be directed to President & CEO Torben Duer on tel. +45 99 14 90 14.

Financial highlights

DKKm	7/1 – 30/9		1/1 – 30/9		FY
	2010	2009	2010	2009	2009
Income statement:					
Revenue	110.3	98.8	334.9	317.0	431.2
Earnings before depreciation, amortisation etc. (EBITDA)	9.7	4.3	22.4	-2.5	4.3
Operating profit/loss (EBIT)	3.8	-3.7	4.4	-26.0	-75.9
Net financials	-4.6	-5.1	-15.0	-13.0	-20.6
Profit/loss from associates ¹⁾	-4.7	0.0	-15.8	0.0	0.0
Profit/loss before tax (EBT)	-5.5	-8.8	-26.4	-39.0	-96.5
Net profit/loss from discontinuing operations ¹⁾	-3.1	-18.0	0.7	-76.8	-198.0
Dantherm A/S's share of the net profit/loss for the period	-11.2	-25.6	-29.1	-111.9	-293.1
Balance sheet, end of period:					
Balance sheet total	525.0	1,246.1	525.0	1,246.1	1,055.5
Equity	140.5	348.5	140.5	348.5	167.0
Net interest-bearing debt	206.6	471.0	206.6	471.0	459.2
Invested capital	347.1	819.5	347.1	819.5	626.2
Cash flows:					
Cash flow from operating activities	9.7	26.1	-7.9	17.9	35.1
Cash flow from investing activities	-5.2	-0.5	-11.6	-7.6	-14.0
Cash flow from financing activities	-3.0	-1.1	-53.7	-12.8	-21.4
Cash flows from discontinuing operations	-5.8	-20.4	108.7	-41.1	-30.5
Cash flow for the period	-4.2	4.1	35.6	-43.6	-30.8
RATIOS					
Financial ratios:					
Growth rate (revenue growth)	11.6%	-38.1%	5.6%	-11.2%	-38.1%
Profit margin (EBIT (%))	3.4%	-3.7%	1.3%	-8.2%	-17.6%
Equity interest, end of period, excl. minorities	28.2%	28.5%	28.2%	28.5%	16.8%
Average no. of employees	536	521	515	616	581.0
Share-related ratios:					
Earnings per share (EPS), DKK	-1.5	-3.8	-4.1	-16.3	-41.2
Diluted earnings per share (EPS-D), DKK	-1.6	-3.6	-4.1	-15.7	-41.2
Cash flow per share, DKK	-0.6	0.6	5.0	-6.1	-4.3
Equity value, end of period, DKK	20.8	49.9	20.8	49.9	24.7
Share price, end of period, DKK	17.8	24.8	17.8	24.8	20.0
Price/equity value	0.9	0.5	0.9	0.5	0.8
Number of shares of DKK 50 each, end of period ('000)	7,191	7,191	7,191	7,191	7,191

Note:

The financial figures and the comparative figures for 2009 have been restated and are presented in accordance with IFRS 5.

1) Profit/loss from associates concerns the group's share of the results of Dantherm Power. In 2009, Dantherm Power was a wholly owned subsidiary, and it is therefore included in the comparative figures for 2009 under profit/loss from discontinuing operations after tax at DKK -4.6m (Q3 2009), DKK -16.5m (Q1-Q3 2009) and DKK -70.1m (FY 2009).

Management's review

In 2010, Dantherm focused its strategy and reduced its balance sheet total through the divestment of some of the group's subsidiaries. Consequently, a distinction is made between continuing operations and discontinuing operations.

The continuing operations include the parent, Dantherm A/S, and the companies in the Air Handling group in Denmark, Sweden, Norway, the UK, Poland, the USA and China. Operations are divided into two areas of activity: Telecom and HVAC.

Discontinuing operations include the Dantherm Filtration group, T&O Stelectric A/S and Danamics ApS. In the interim report, these companies are classified as discontinuing operations, and the comparative figures have been restated in accordance with IFRS 5. In 2009, Dantherm Power was included in discontinuing operations, cf. IFRS, whereas the company is classified as an associate in 2010.

Earnings improved in Q3 2010

Revenue of DKK 110.3m was generated in Q3 2010, which is 12% higher than for the same period in 2009. Revenue for the first three quarters of the year totalled DKK 334.9m against DKK 317.0m in the first three quarters of 2009.

The group posted an operating profit (EBIT) in Q3 of DKK 3.8m against a loss of DKK 3.7m in the same period in 2009. For Q1-Q3 2010, an operating profit of DKK 4.4m was returned against a loss of DKK 26.0m in the first nine months of 2009. The positive trends from Q2 have thus continued, and a higher operating profit was realised in Q3 relative to the first two quarters of 2010. Improved contribution ratios and lower costs following the restructurings implemented are the major reasons for the improved operating results.

In Q3 2010, net financial expenses were on a par with the same period in 2009. Overall, the net financial expenses for the first nine months of the year were DKK 2.0m higher than for the same period last year. This development is primarily due to negative foreign currency translation adjustments and higher finance costs.

The ownership share of Dantherm Power (38%), which is included under profit/loss from associates, impacted results negatively by DKK 4.7m in Q3 2010. For the first three quarters of 2010, the ownership share in Dantherm Power impacted results negatively by DKK 15.8m. The development in the company's operations has been weaker than expected, and the negative impact on results can moreover be attributed to changes to the principles of recognition and measurement in the company so that development costs are not capitalised to the same extent as earlier. In 2009, Dantherm Power was a wholly owned subsidiary, and it is therefore included in the comparative figures for 2009 under net profit/loss from discontinuing operations.

In the first nine months of 2010, the group posted a net profit from discontinuing operations of DKK 0.7m against a loss of DKK 76.8m in the same period in 2009. The effect on results of the divestment of the Filtration activities, including the divestment of the French subsidiary, Dantherm Filtration SAS, has been finally calculated and recognised in Q3 2010. The results of discontinuing activities include a negative foreign currency translation adjustment in respect of foreign investments in previous years of DKK 4.5m. Liquidity and equity are not impacted by this adjustment.

Dantherm's share of the results after tax and discontinuing activities for Q3 2010 amounts to a loss of DKK 11.2m against a loss for the same period last year of DKK 25.6m. For the first three quarters of 2010, Dantherm's share of the results is a loss of DKK 29.1m against a loss of DKK 111.9m for the first nine months of 2009.

Telecom

The activities within the Telecom business area are handled by the companies in Denmark, China, the USA, Poland and Sweden, and most of the sales come from air-conditioning equipment for base stations for global network suppliers. In order to better meet the needs and demands of our customers, global responsibility for the business area was consolidated in China in 2010.

In Q3 2010, Telecom sales were 8.7% higher than for the same period last year. In the first nine months of 2010, activity levels were slightly down on the same period in 2009. This development is attributed to lower sales from the European companies. In China and the USA, activities are growing, and work is going into several concrete projects, which are expected to lead to increasing activity levels.

HVAC

The HVAC (Heating, Ventilation, Air Conditioning) activities are handled by the companies in Denmark, Norway and the UK, with most of the activities being managed by the company in Denmark. All HVAC production takes place at the factory in Denmark.

HVAC comprises activities within the areas of dehumidification, ventilation and stationary and mobile cooling and heating equipment. Sales take place primarily in Europe.

In Q3 2010, HVAC sales were up 8.7% on the same period in 2009, and activity levels were also higher in the first nine months of 2010 than during the same period last year. Activity levels in Q3 2010 were positively affected by increasing sales of dehumidifiers in northern Europe.

Discontinuing operations

As announced in company announcements no. 11/2010 and no. 17/2010, Q1-Q3 2010 saw the divestment of the Dantherm Filtration group, Danamics ApS and the most important activities in Dantherm Filtration SAS (France). The final effect of these divestments has been recognised in the results from discontinuing operations, and these operations are no longer consolidated in the balance sheet.

Work is still going into establishing a new ownership structure for T&O Stelectric A/S. Dantherm holds a 40% ownership interest in T&O Stelectric A/S.

Improved equity ratio

The group's equity fell from DKK 167.0m as at 31 December 2009 to DKK 140.5m as at 30 September 2010. The reduction is primarily attributable to the negative results in the period. In consequence of the divestments made, the invested capital has been reduced from DKK 626.2m at the end of 2009 to DKK 347.1m as at 30 September 2010, while the equity ratio went up from 16.8% to 28.2%.

The divestment of the Filtration activities has also had a positive impact on the group's net interest-bearing debt, which has fallen from DKK 459.2m at the end of 2009 to DKK 206.6m as at 30 September 2010, including financial lease commitments and mortgage debt of DKK 129.3m.

In the first nine months of 2010, cash flows from operating activities were negative at DKK -7.9m against DKK 17.9m in the same period last year. The negative cash flows are primarily attributable to an increase in funds tied up in receivables due to higher activity levels. Improving the working capital remains a high priority, but increasing activity can increase funds tied up in inventories and receivables.



Cash flows from investing activities in the first three quarters of 2010 total DKK -11.6m against DKK -7.6m in the same period in 2009. In Q3 2010, an additional capital contribution of DKK 4m was made into Dantherm Power. Of the investments in the first three quarters of 2010, DKK 8m can be attributed to capital contributions into Dantherm Power.

In the first nine months of 2010, cash flows from financing activities were negative at DKK -53.7m against DKK -12.8m in the same period last year. Some of the proceeds from the divestment of the Filtration activities have been spent on repaying long-term debt. In the first three quarters of 2010, total cash flows amounted to DKK 35.6m against DKK -43.6m in the same period last year.

At the end of September 2010, the group had unutilised cash reserves of DKK 43m. The management believes that these cash resources are sufficient to finance the group's current operating and investing activities.

Outlook for 2010

As announced earlier, the Dantherm group expects revenue for 2010 to be in the region of DKK 500m with a positive operating profit (EBIT) based on a barely rising market.

Events after the end of the interim period

No important events have occurred after the balance sheet date.

Statement by the Board of Directors and Board of Executives on the interim report

Today, the Board of Directors and Board of Executives have considered and approved the interim report for the period 1 January - 30 September 2010 of Dantherm A/S.

The interim report, which has not been audited or reviewed by the company auditor, is presented in accordance with IAS 34 'Presentation of interim reports' as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim report provides a true and fair view of the group's assets, liabilities and financial position as at 30 September 2010 as well as of the results of the group's activities and cash flows for the period 1 January - 30 September 2010.

We also find that the management's review contains a fair review of the development in the group's activities and financial affairs, the results for the period and the group's financial position as a whole as well as a description of the main risks and uncertainties facing the group.

Skive, 9 November 2010

Board of Executives:

Torben Duer
President and CEO

Mikael Tange Andersen
CFO

Board of Directors:

Jørgen Møller-Rasmussen
Chairman

Preben Tolstrup
Deputy Chairman

Niels Kr. Agner

Conni-Dorthe Laursen

Nils R. Olsen

Per F. Pedersen

Income statement

DKKm	7/1 – 30/9		1/1 – 30/9		FY
	2010	2009	2010	2009	2009
Revenue	110.3	98.8	334.9	317.0	431.2
Costs of raw materials and consumables	-52.8	-50.6	-165.7	-164.3	-237.9
Other external expenses	-12.2	-11.2	-34.4	-36.1	-45.1
Staff costs	-35.6	-32.8	-112.4	-119.2	-143.8
Earnings before depreciation, amortisation etc. (EBITDA)	9.7	4.3	22.4	-2.5	4.3
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-5.9	-5.6	-18.0	-17.2	-28.1
Special items	0.0	-2.3	0.0	-6.2	-52.1
Operating profit/loss (EBIT)	3.8	-3.7	4.4	-26.0	-75.9
Net financials	-4.6	-5.1	-15.0	-13.0	-20.6
Profit/loss from associates	-4.7	0.0	-15.8	0.0	0.0
Profit/loss before tax (EBT)	-5.5	-8.8	-26.4	-39.0	-96.5
Tax on profit/loss from continuing operations	-2.2	-0.1	-3.1	-0.4	-6.9
Net profit/loss from continuing operations	-7.7	-8.8	-29.5	-39.3	-103.4
Net profit/loss from discontinuing operations	-3.1	-18.0	0.7	-76.8	-198.0
Net profit/loss for the period	-10.8	-26.8	-28.8	-116.1	-301.4
To be distributed as follows:					
Shareholders of Dantherm A/S	-11.2	-25.6	-29.1	-111.9	-293.1
Minority interests	0.4	-1.2	0.3	-4.2	-8.3
	-10.8	-26.8	-28.8	-116.1	-301.4
Earnings per share					
Earnings per share (EPS), DKK	-1.5	-3.8	-4.1	-16.3	-41.2
Diluted earnings per share (EPS-D), DKK	-1.6	-3.6	-4.1	-15.7	-41.2

Balance sheet

DKKm	30/9 2010	30/9 2009	31/12 2009
Intangible assets	80.2	198.1	103.5
Property, plant and equipment	155.2	383.6	343.7
Financial assets	19.9	1.1	1.3
Other non-current assets	0.0	48.4	17.5
Total non-current assets	255.3	631.2	466.0
Inventories	99.6	264.6	218.3
Trade receivables	92.6	213.6	231.2
Construction contracts	0.0	53.9	46.3
Other receivables	8.0	36.6	8.2
Cash	21.0	46.2	51.0
Assets held for sale	48.5	0.0	34.5
Total current assets	269.7	614.9	589.5
TOTAL ASSETS	525.0	1,246.1	1,055.5
Dantherm A/S shareholders' share of equity	148.0	354.7	177.3
Minority interests	-7.5	-6.2	-10.3
Total equity	140.5	348.5	167.0
Provisions, pensions and similar obligations	3.4	15.7	21.3
Credit institutions	117.0	267.8	261.0
Total non-current liabilities	120.5	283.5	282.3
Credit institutions	110.6	249.4	249.2
Construction contracts	0.0	75.3	69.2
Trade payables	42.8	79.3	82.8
Other short-term payables	57.1	210.1	194.1
Liabilities in respect of assets held for sale	53.5	0.0	11.1
Total current liabilities	264.0	614.1	606.3
Total liabilities	384.5	897.6	888.6
TOTAL EQUITY AND LIABILITIES	525.0	1,246.1	1,055.5

Cash flow statement

DKKm	7/1 – 30/9		1/1 – 30/9		FY
	2010	2009	2010	2009	2009
Profit/loss before tax (EBT)	-5.5	-8.8	-26.4	-39.0	-96.5
Adjustment for non-cash operating items etc.	12.0	-10.4	42.3	38.6	88.9
Cash flow from primary operations before change in working capital	6.5	-19.2	15.9	-0.4	-7.6
<u>Change in working capital:</u>					
Changes in inventories and construction contracts (net)	-5.5	7.0	-1.9	17.5	43.5
Change in receivables	8.9	6.2	-34.5	-2.2	21.5
Change in trade payables etc.	6.9	37.5	29.4	17.5	-1.0
Cash flow from primary operations	16.7	31.4	8.8	32.3	56.4
Net financials, paid	-4.2	-4.9	-13.6	-14.1	-21.3
Cash flow from ordinary operations	12.5	26.5	-4.8	18.3	35.1
Income tax paid	-2.8	-0.4	-3.1	-0.4	0.0
Cash flow from operating activities	9.7	26.1	-7.9	17.9	35.1
Cash flow from investing activities	-5.2	-0.5	-11.6	-7.6	-14.0
Cash flow from operating activities less investing activities	4.5	25.7	-19.5	10.3	21.1
Cash flow from financing activities	-3.0	-1.1	-53.7	-12.8	-21.4
Cash flows from discontinuing operations	-5.8	-20.4	108.7	-41.1	-30.5
Cash flow for the period	-4.2	4.1	35.6	-43.6	-30.8

Statement of changes in equity

DKKm	30/9 2010	30/9 2009	31/12 2009
Equity as at 1 January ^{*)}	177.3	469.0	469.0
Discontinued operations	-2.5	0.0	0.0
Foreign currency translation adjustment, discontinued operations	4.5	0.0	0.0
Foreign currency translation adjustment, foreign enterprises	3.7	-4.4	1.6
Value adjustment of hedging instruments, end of period	-5.9	2.0	-0.2
Net profit/loss for the period	-29.1	-111.9	-293.1
Dantherm A/S shareholders' share of equity	148.0	354.7	177.3
Minority interests as at 1 January	-10.3	-2.0	-2.0
Discontinued operations	2.5	0.0	0.0
Share of profit/loss for the period	0.3	-4.2	-8.3
Minority interests	-7.5	-6.2	-10.3
Total equity	140.5	348.5	167.0

*) The company's share capital amounts to DKK 359.6m distributed on 7,190,574 shares with a nominal value of DKK 50 each.

Note 1: Accounting policies

The interim report is presented in accordance with IAS 34 'Presentation of interim reports' as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

The annual report for 2009 contains a full description of the accounting policies.

The accounting policies have been applied consistently with the annual report for 2009, except that the group has implemented new mandatory accounting standards (IFRS and IAS) in accordance with the provisions on commencement. No advance implementation has been chosen. Reference is made to page 47 in the annual report for 2009. The new accounting standards have not had any significant effect on recognition and measurement.

Note 2: Estimates

The preparation of interim reports requires the management to make certain accounting estimates which affect the application of the accounting policies and recognised assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The significant estimates made by the management in applying the group's accounting policies and the considerable uncertainty associated with these estimates are the same for the preparation of the compiled interim report and the preparation of the annual report as at 31 December.