

Interim report for Q1 2014

Dantherm's continuing operations realised revenue of DKK 69m in Q1 2014 against DKK 78m in Q1 2013. Due to the lower revenue, an operating loss (EBIT) of DKK 4.6m was posted against a loss of DKK 1m in Q1 2013. The outlook for the year of revenue of DKK 300–325m and an operating profit (EBIT) of DKK 5–10m is maintained.

Torben Duer, President & CEO:

"Q1 was weaker than expected, primarily due to lower revenue within dehumidification and mobile heating and cooling. Within ventilation, revenue was up due to higher sales within domestic ventilation. The order intake is higher compared with last year, and we expect increasing activities for the rest of the year. As a result of the agreement on the divestment of the Telecom business, we strengthen focus on further development of the continuing HVAC business."

Divestment of Telecom business segment

- As mentioned in company announcement no. 3 of 24 March 2014, Dantherm has concluded a binding share transfer agreement on the divestment of the Telecom business segment. Closing is still expected to take place before the end of May.
- In the interim report, the activities of the Telecom business segment have been classified as discontinued operations, and the comparative figures in the income statement have been restated in accordance with IFRS 5.
- The continuing operations now comprise the parent Dantherm A/S and the companies in Denmark (except for the divested Telecom activities), Norway, the UK and Poland.

Development in Q1 2014

- Revenue from continuing operations totalled DKK 69m relative to DKK 78m in Q1 2013.
- An operating loss (EBIT) of DKK 4.6m was posted for the continuing operations against an operating loss of DKK 1.0m in Q1 2013.
- A loss of DKK 13.8m was posted for the discontinued operations, comprising the result of the Telecom activities in Q1 2014, expected transaction costs and impairment in connection with the divestment.
- The cash flows from operating activities were negative at DKK –2m in Q1 2014 against negative cash flows of DKK –6m in the prior-year period.

Strategic development

The Dantherm management is looking at a number of possibilities for further developing the remaining HVAC business segment and will strengthen focus on these, including organic development, market consolidation and partnerships.

Outlook for 2014

Dantherm is maintaining the outlook for the year of revenue of DKK 300–325m from the continuing operations and an operating profit (EBIT) of DKK 5–10m, which is on a par with 2013.

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

In case of doubt the Danish version is applicable

Contents

Financial highlights	4
Management's review	5
Outlook for 2014	6
Statement by the Board of Directors and the Board of Executives	7
Income statement	8
Statement of comprehensive income	9
Balance sheet	10
Cash flow statement	11
Statement of changes in equity	12
Notes	12

About Dantherm

Dantherm was founded in 1958 by Ejler Olsen, the company's first product being a warm air heater for heating workshops and industrial buildings. In the 1970s, the product portfolio was extended to include dehumidifiers and ventilation products, and in the 1980s also to include mobile heating and cooling units for the armed forces and aid organisations. In the 1990s, climate control products for the telecom industry were added.

Up until the divestment of the Telecom business segment, Dantherm comprised the two business segments HVAC (Heating, Ventilation, Air Conditioning) and Telecom.

Within the HVAC business segment, Dantherm is an important European provider of products and solutions based on more than 50 years of experience within the heating, ventilation, cooling and dehumidification of air.

Dantherm's special competencies comprise extensive know-how within climate control, product development expertise and state-of-the-art production and test facilities.

Dantherm was listed at NASDAQ OMX Copenhagen in 2002 and today has approx. 3,300 shareholders.

Read more at www.dantherm.com

Financial highlights

DKKm	Q1		FY
	2014	2013	2013
Income statement:			
Revenue	68.9	77.9	328.6
Earnings before depreciation, amortisation etc. (EBITDA)	-0.7	2.2	20.3
Operating profit/loss (EBIT)	-4.6	-1.0	6.0
Net financials	-3.8	-3.0	-13.6
Share of profit/loss after tax in associates	0.0	0.0	-18.5
Earnings before tax (EBT)	-8.4	-4.0	-26.1
Profit/loss for the period of discontinued operations	-13.8 ¹	0.2	-1.7
Net profit/loss for the period	-22.2	-3.8	-28.0
Balance sheet end of period:			
Working capital	22.8	72.9	70.3
Net interest-bearing debt, credit institutions	175.2	201.9	203.2
Balance sheet total	374.3	440.5	404.5
Equity	62.8	110.5	86.6
Invested capital	237.9	312.4	289.8
Cash flows:			
Cash flow from operating activities	-2.0	-6.2	6.6
Cash flow from investing activities	-1.8	-2.3	-9.3
Cash flow from financing activities	-1.9	-1.8	-6.9
Cash flow for the period	-7.2	-15.5	-22.4
KEY FIGURES			
Financial ratios:			
Growth rate (growth in revenue)	-11.6%	-10.1%	-10.7%
Profit margin (EBIT %)	-6.7%	-3.3%	1.8%
Equity interest	16.8%	25.1%	21.4%
Average number of employees	274	275	279
Share-related ratios:			
Earnings per share (continuing operations) (EPS), DKK	-1.2	-0.6	-3.7
Diluted earnings per share (continuing operations) (EPS-D), DKK	-1.2	-0.6	-3.7
Cash flow per share, DKK	-0.3	-0.9	0.9
Equity value, end of period, DKK	8.7	15.4	12.1
Share price, end of period, DKK	15.0	17.5	14.2
Price/equity value	1.7	1.1	1.2
Number of shares of DKK 10 each, end of period ('000)	7,191	7,191	7,191

¹ Comprising the result of the Telecom activities in Q1 2014, expected transaction costs and impairment in connection with the divestment.

Management's review

Classification into continuing and discontinuing operations

On 24 March 2014, Dantherm concluded a binding share transfer agreement on the divestment of the Telecom business segment. In the interim report, the activities covered by the share transfer agreement have been classified as discontinuing operations, and the comparative figures in the income statement have been restated in accordance with IFRS 5.

The continuing operations now comprise the parent Dantherm A/S and the companies in Denmark (except for the divested Telecom activities), Norway, the UK and Poland.

Unless otherwise stated, the description in the management's review concerns the continuing operations only.

Business development

The Dantherm management is looking at a number of possibilities for further developing the remaining HVAC business segment and will strengthen focus on these, including organic development, market consolidation and partnerships.

In Q1 2014, the management continued its efforts within the focus areas of market presence, production development and cost-efficiency, which are to contribute to realising the growth strategy for Dantherm.

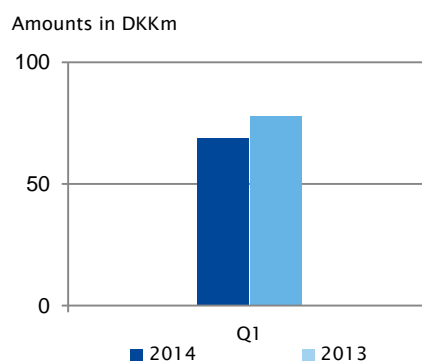
As regards market presence and product development, focus remains on attracting new customers and further developing the product programme within the business area of domestic ventilation.

Comments on the Q1 financial statements

Revenue of DKK 69m was posted for Q1 2014 against DKK 78m in Q1 2013.

The fall in revenue can be ascribed to the business areas mobile heating and cooling, dehumidification and service and spare parts, while higher revenue from ventilation was up compared with Q1 2013.

REVENUE PER QUARTER



An operating loss (EBIT) of DKK 4.6m was posted against an operating loss of DKK 1.0m for the same period of 2013. The lower revenue is the reason for the lower operating results.

Net finance costs were DKK 3.8m in Q1 and are thus higher than in the same period in 2013, primarily due to higher interest expenses and fees.

Earnings before tax (EBT) from continuing operations totalled a loss of DKK 8.4m against a loss of DKK 4.0m in the same period of 2013.

A loss of DKK 13.8m was posted for the discontinued operations, comprising the Telecom activities in Q1 2014, expected transac-

tion costs and impairment in connection with the divestment.

Cash flows and interest-bearing debt

Negative cash flows from operating activities of approx. DKK 2m were generated in Q1 2014 against negative cash flows of DKK 6m in the prior-year period.

Cash flows from investing activities and financial activities in Q1 2014 are largely on a par with levels in Q1 2013.

Dantherm's interest-bearing net debt to credit institutions for the continuing operations totalled DKK 175m at the end of Q1 2014. The interest-bearing debt comprised finance lease commitments and bank debt relating to properties of DKK 94m. Interest-bearing net debt to credit institutions recognised in liabilities relating to assets held for sale amounted to DKK 34m.

Discontinued operations and assets and liabilities held for sale

Discontinued operations and assets and liabilities held for sale comprise Dantherm Air Handling Holding A/S with subsidiaries in China, the USA, Sweden, Germany and Denmark (divested Telecom activities).

The Telecom activities generated revenue of DKK 41m in Q1 2014 against DKK 49m in Q1 2013.

The fall in revenue can be attributed to the network suppliers business area, while sales

to network operators were on a par with Q1 2013.

Earnings before tax (EBT) totalled a loss of DKK 1.8m in Q1 2014 against a profit of DKK 0.2m in the same period of 2013.

Assets and liabilities held for sale in the balance sheet pertain to the Telecom activities, including goodwill.

Dantherm Power

Dantherm owns approx. 39% of the associate Dantherm Power, the revenue of which is not included in Dantherm's consolidated revenue.

Dantherm's ownership share in the company was written down to 0 in 2013, and Dantherm's share of the profit/loss is thus not recognised. Developments in operations in Q1 2014 were on a par with the same period in 2013.

The activities in Dantherm Power comprise the development and sale of backup power plants, primarily within Telecom, and CHP units for private households based on fuel cell technology.

Outlook for 2014

Dantherm is maintaining the outlook for the year of revenue of DKK 300–325m from the continuing operations and an operating profit (EBIT) of DKK 5–10m, which is on a par with 2013.

Statement by the Board of Directors and the Board of Executives

Today, the Board of Directors and the Board of Directors have considered and approved the interim report of Dantherm A/S for the period 1 January – 31 March 2014.

The interim report, which has not been audited or reviewed by the company's auditors, is presented 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 report gives a true and fair view of the group's assets, equity and liabilities and financial position as at 31 March 2014 and of the results of the group's operations and cash flows for the period 1 January – 31 March 2014.

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, Denmark, 30 April 2014

Board of Executives:

Torben Duer
President & CEO

Bjarke Brøns
CFO

Board of Directors:

Jørgen Møller-Rasmussen
Chairman

Preben Tolstrup
Deputy Chairman

Nils R. Olsen

Henrik Sørensen

Conni-Dorthe Laursen

Per F. Pedersen

Søren Ø. Hansen

Income statement

DKKm	Q1		FY
	2014	2013	2013
Revenue	68.9	77.9	328.6
Costs of raw materials and consumables	-35.6	-39.1	-165.0
Other external expenses	-7.4	-9.0	-30.0
Staff costs	-26.6	-27.6	-113.3
Earnings before depreciation, amortisation etc. (EBITDA)	-0.7	2.2	20.3
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3.9	-3.2	-14.3
Operating profit/loss (EBIT)	-4.6	-1.0	6.0
Share of profit/loss after tax in associates	0.0	0.0	-18.5
Net financials	-3.8	-3.0	-13.6
Earnings before tax from continuing operations (EBT)	-8.4	-4.0	-26.1
Tax on profit/loss from continuing operations	0.0	0.0	-0.2
Net profit/loss for the period from continuing operations	-8.4	-4.0	-26.3
Profit/loss from discontinued operations, note 4	-13.8	0.2	-1.7
Net profit/loss for the period	-22.2	-3.8	-28.0
Distributed as follows:			
Shareholders of Dantherm A/S	-22.2	-3.8	-28.0
Earnings per share			
Earnings per share (EPS), DKK	-3.1	-0.5	-3.9
Diluted earnings per share (EPS-D), DKK	-3.1	-0.5	-3.9
Earnings per share from continuing operations, DKK	-1.2	-0.6	-3.7
Diluted earnings per share from continuing operations (EPS-D), DKK	-1.2	-0.6	-3.7

Statement of comprehensive income

DKKm	Q1		FY
	2014	2013	2013
Net profit/loss for the period	-22.2	-3.8	-28.0
Other comprehensive income:			
Items which may be reclassified to the income statement:			
Foreign currency translation adjustment, foreign enterprises	-0.8	1.1	-2.1
Value adjustment of hedging instruments	-0.8	1.3	4.9
Other comprehensive income after tax	-1.6	2.4	2.8
Total comprehensive income	-23.8	-1.4	-25.3
Distributed as follows:			
Shareholders of Dantherm A/S	-23.8	-1.4	-25.3
Total comprehensive income	-23.8	-1.4	-25.3

Balance sheet

DKKm	31/3 2014	31/3 2013	31/12 2013
Intangible assets	17.1	94.2	97.1
Property, plant and equipment	107.3	120.8	113.9
Financial assets	0.0	17.2	0.0
Other non-current assets	4.4	10.4	11.2
Total non-current assets	128.8	242.6	222.2
Inventories	58.1	101.9	98.0
Trade receivables	30.2	79.9	78.1
Other receivables	4.9	9.8	3.0
Cash	0.0	6.3	3.2
Assets held for sale, note 4	152.3	0.0	0.0
Total current assets	245.5	197.9	182.3
TOTAL ASSETS	374.3	440.5	404.5
The Dantherm A/S shareholders' share of equity	62.8	110.5	86.6
Total equity	62.8	110.5	86.6
Provisions	0.5	0.6	0.5
Credit institutions	87.9	94.5	89.2
Total non-current liabilities	88.4	95.1	89.7
Provisions	1.5	2.5	2.3
Credit institutions	87.3	113.7	117.1
Trade payables	26.1	63.9	60.4
Other payables	44.2	54.8	48.4
Liabilities relating to assets held for sale, note 4	64.0	0.0	0.0
Total current liabilities	223.1	234.9	228.2
Total liabilities	311.5	330.0	317.9
TOTAL EQUITY AND LIABILITIES	374.3	440.5	404.5

Cash flow statement

DKKm	Q1		FY
	2014	2013	2013
Profit/loss from continuing operations before tax	-8.4	-4.0	-26.1
Adjustment for non-cash operating items etc.	7.8	6.2	44.5
Cash flow from primary operations before changes in working capital	-0.6	2.2	18.4
Change in inventories	7.8	-3.7	-3.8
Change in receivables	6.8	-5.1	4.6
Change in trade payables and other short-term payables	-11.7	3.4	2.5
Cash flow from primary operations	2.3	-3.2	21.7
Financial items, paid	-3.8	-2.5	-15.4
Cash flow from ordinary operations	-1.5	-5.7	6.3
Income tax paid	-0.5	-0.5	0.3
Cash flow from operating activities	-2.0	-6.2	6.6
Cash flow from investing activities	-1.8	-2.3	-9.3
Cash flow from financing activities	-1.9	-1.8	-6.9
Cash flow from discontinuing operations	-1.5	-5.2	-12.8
Cash flow for the period	-7.2	-15.5	-22.4

Statement of changes in equity

DKKm	31/3 2014	31/3 2013	31/12 2013
Equity as at 1 January	86.6	111.9	111.9
Comprehensive income			
Net profit/loss for the period	-22.2	-3.8	-28.0
Other comprehensive income			
Items which may be reclassified to the income statement:			
Foreign currency translation adjustment, foreign enterprises	-0.8	1.1	-2.1
Value adjustment of hedging instruments	-0.8	1.3	4.9
Total other comprehensive income	-1.6	2.4	2.8
Total comprehensive income	-23.8	-1.4	-25.3
Total equity	62.8	110.5	86.6

Notes

Note 1: 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 listed companies.

The consolidated financial statements and the financial statements for 2013 contain the full description of the accounting policies, except for the policies on assets held for sale and the presentation of discontinued operations, see below.

The accounting policies have been applied consistently with the annual report for 2013, except that the group has implemented new accounting standards (IFRS and IAS) and interpretations (IFRIC) which have taken effect in 2014. The new standards and interpretations have not affected the recognition and measurement.

Assets held for sale

Assets held for sale comprise non-current assets and disposal groups held for sale. A disposal group is a group of assets which is to be disposed of as a single group or in a single transaction. Liabilities associated with assets held for sale are liabilities directly associated with these assets which will be affected by the transaction. Assets are classified as 'held for sale' when their carrying amount will primarily be recovered through a sale within a period of 12 months under a formal plan rather than through continued use.

Assets or disposal groups held for sale are measured at the time of classification as 'held for sale' at the lower of carrying amount and fair value less costs to sell. Assets are not depreciated or amortised as from the time of being classified as 'held for sale'.

Impairments resulting from the initial classification as 'held for sale', and any gains and losses resulting from subsequent measurement at the lower of carrying amount and fair value less costs to sell, are recognised in the income statement under the associated items. Gains and losses are stated in the notes.

Assets and associated liabilities are itemised on separate lines in the balance sheet, and the main items are specified in the notes. Comparative figures in the balance sheet are not restated.

Presentation of discontinued operations

Discontinued operations constitute a significant part of the company, the activities and cash flows of which can be clearly separated from the rest of the company's activities for operational as well as accounting purposes, and where the unit has either been divested or classified as held for sale and where the sale is expected to take place within a period of one year according to a formal plan. Discontinued operations also include businesses classified as 'held for sale' in connection with the acquisition.

The net profit/loss from discontinued operations and value adjustments after tax of associated assets and liabilities as well as gains/losses upon sale are presented in a separate line in the income statement, and comparative figures are restated. Revenue, costs, value adjustments and tax for the discontinued operations are stated in the notes. Assets and associated liabilities for discontinued operations are stated in separate lines in the balance sheet without restatement of comparative figures, see the section 'Assets held for sale', and the main items are specified in the notes.

Cash flows from operating, investing and financing activities for the discontinued operations are stated in a note.

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 2013.

Note 3: Segment information

Dantherm's reportable segments have previously comprised the two strategic business areas HVAC and Telecom. As mentioned in note 4 below, an agreement has been concluded on the divestment of the Telecom business segment, and Dantherm consequently has only one reportable segment, and no separate segment information has therefore been stated.

Note 4: Discontinued operations and assets and liabilities held for sale

On 24 March 2014, Dantherm concluded a binding share transfer agreement on the divestment of the Telecom business segment. The agreement contains customary conditions for the completion of Closing; for example the transaction is conditional upon the buyer obtaining regulatory approvals under Chinese rules on foreign investment. Closing is still expected by the end of May 2014.

In the income statement, the activities comprised by the share transfer agreement are classified as discontinued operations. The expected accounting losses have been recognised in the income statement under discontinued operations and comprise expected transaction costs, profit/loss from discontinued operations and depreciation and amortisation of assets.

Key figures for discontinued operations

DKKm	Q1		FY
	2014	2013	2013
Revenue	41.4	48.5	190.2
Costs	-43.2	-48.3	-192.9
Earnings before tax (EBT)	-1.8	0.2	-2.7
Tax on profit/loss for the period	0.0	0.0	1.0
Net profit/loss for the period	-1.8	0.2	-1.7
Impairment to expected fair value	-12.0	0.0	0.0
Profit/loss for the period of discontinued operations	-13.8	0.2	-1.7
Cash flows from operating activities	-0.1	-2.6	-5.6
Cash flows from investing activities	-1.4	-2.6	-7.2
Total cash flows	-1.5	-5.2	-12.8
Intangible assets	70.0		
Other non-current assets	10.6		
Inventories	35.2		
Receivables	34.5		
Cash and cash equivalents	2.0		
Total assets held for sale	152.3		
Credit institutions	35.9		
Other liabilities	28.1		
Liabilities associated with assets held for sale	64.0		

Note 5: Fair value measurement of financial instruments

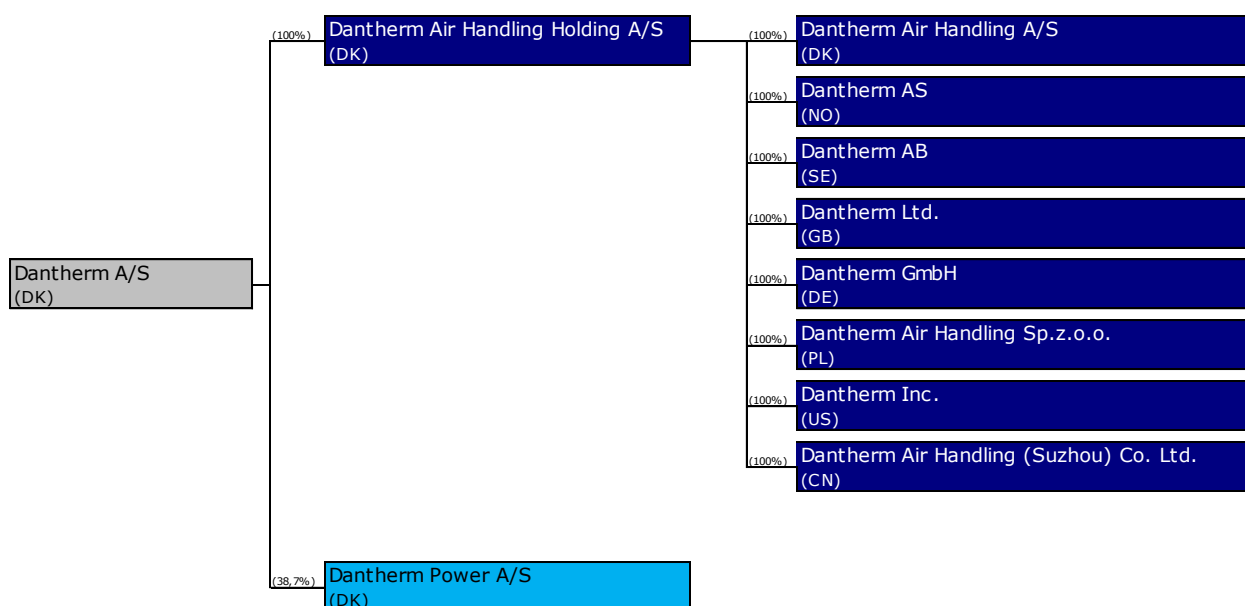
The subsidiary Dantherm Air Handling A/S has entered into a fixed-rate interest rate swap for hedging the floating interest rate on loans in the property in Skive.

As at 31 March 2014, the fair value of the outstanding interest rate swap is debt of DKK 12.6m. The accounting value corresponds to the fair value. The term of the interest rate swap corresponds to the term of the loan in the property, which expires in June 2020.

As at 31 December 2013, the fair value and the accounting value of the interest rate swap was debt of DKK 11.8m.

The interest rate swap is valued at level 2 in the fair-value hierarchy with recurring fair-value measurements. Measurements are based on generally accepted valuation methods.

Group chart



Disclaimer

This announcement contains forward-looking statements that reflect the management's current perception of future events and financial results. The statements made about 2014 and coming years are naturally subject to uncertainty, and Dantherm's actual results may therefore deviate from the outlook. Factors which may cause the actual results to deviate from the outlook include changes in the group's activities and market conditions, such as raw materials prices, exchange rates and the economic climate. This interim report should not be construed as an encouragement to buy or sell shares in Dantherm.