Management's Review

Summary

The growth in the global wind industry continued in the second quarter of 2015, enabling LM Group Holding A/S and its subsidiaries ("LM Wind Power", the "company" or the "Group") to again deliver a good performance. Sales for the Group were EUR 178.6 million in Q2 2015, an increase of EUR 29.8 million or 20.0% on the comparable period. Depreciation of the euro was the primary reason for the increase in sales, with sales growth at constant rates being 1%. Both China and Europe delivered double-digit sales growth at constant exchange rates, which compensated for a decline in the Americas, due to changeovers to longer blades in both US plants, and not a decline in demand which remains strong. H1 2015 sales were EUR 351.6 million, up 28.8% compared with H1 2014 (up 9.7% at constant exchange rates).

EBITDA for Q2 2015 was EUR 27.4 million, an increase of EUR 5.4 million or 24.3% compared with Q2 2014. The main contributors for the increase in Q2 EBITDA were improved margins and the depreciation of the euro. H1 2015 EBITDA was EUR 48.1 million, up 46.6% compared with H1 2014 (up 10.0% at constant exchange rates).

Operating cash flow in H1 2015 was a cash inflow of EUR 14.2 million, compared with an inflow of EUR 10.6 million in H1 2014. Group liquidity at the end of Q2 2015 was EUR 64.2 million, compared with EUR 69.2 million at the end of Q1 2015, with the reduction due to increased capital expenditure to support future growth resulting from the increased demand for the Group's products.

Forward Looking Statements

This report may be deemed to include forward-looking statements, such as statements that relate to the listing of the corporate bonds, the performance of LM Wind Power. Forward-looking statements are typically identified by words or phrases, such as "about", "believe", "expect", "plan", "goal", "target", "strategy", and similar expressions or future or conditional verbs such as "may", "will", "should", "would", and "could". Forward-looking statements are LM Wind Power's current estimates or expectations of future events or future results. Actual results could differ materially from those indicated by these statements because the realization of those results is subject to many risks and uncertainties, including the risk that the bonds may not be listed on the date referenced herein. All forward-looking statements included in this press release are based on information available at the time of the release, and LM Wind Power assumes no obligation to update any forward-looking statement.

Interim Report for Q2 2015
(1 April 2015 - 30 June 2015)

LM Wind Power reports Q2 2015 revenues of EUR 178.6 million and EBITDA of EUR 27.4 million.

Highlights:

- Compared with Q2 2014 revenue increased by EUR 29.8 million to EUR 178.6 million.
- Q2 2015 EBITDA was EUR 27.4 million, up 24.3% compared with Q2 2014.
- Group liquidity comprising cash and undrawn credit facility amounted to EUR 64.2 million at the end of Q2 2015.

	2nd quarter		January to June	
EUR millions	**2015**	**2014**	**2015**	**2014**
Revenue	178.6	148.8	351.6	273.0
Operating profit before depreciation and amortization (EBITDA)	27.4	22.0	48.1	32.8
Results from operating activities before special items	15.7	11.5	25.5	9.9
Profit/(Loss) before income tax	1.8	8.1	15.9	(4.8)
Profit/(Loss) for the period	(4.2)	5.3	3.0	(9.9)

EUR millions				
Results from operating activities before special items	15.7	11.5	25.5	9.9
Depreciation and amortization	11.7	10.5	22.6	22.9
EBITDA	27.4	22.0	48.1	32.8

This interim report for Q2 2015 has not been audited or reviewed.

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Financial Review

Revenue

Revenue in Q2 2015 increased EUR 29.8 million or 20.0% to EUR 178.6 million compared with EUR 148.8 million in Q2 2014. H1 revenue was EUR 351.6 million versus EUR 273.0 million in H1 2014, an increase of EUR 78.6 million or 28.8%.

The increase in sales in Q2 was mainly attributable to the depreciation of the euro. Compared with Q2 2014, sales growth at constant exchange rates was EUR 2.0 million in Q2 or 1% and EUR 31.2 million in H1 or 9.7%. China and Europe delivered double digit year-on-year sales growth at constant exchange rates for both Q2 and H1. India was flat with the Americas suffering a decline in Q2 due to changeovers to longer blades in both US plants, and not a decline in demand which remains strong.

Operating expenses

Q2 2015 cost of sales of EUR 73.8 million represented 41.3% of revenue compared with 45.6% in Q1 and 41.1% in Q2 2014. For the half year, the cost of sales was EUR 152.7 million (43.4% of revenue) against EUR 110.6 million (40.5%) in H1 2014. However, this was impacted by the depreciation of the euro, particularly against the US dollar.

Other external expenses of EUR 28.6 million (16.0% of revenue) in Q2 2015 were EUR 3.6 million higher than EUR 25.0 million (16.8%) in Q2 2014. For H1 2015, costs of EUR 56.3 million (16.0% of revenue) were EUR 8.6 million higher than EUR 47.7 million (17.5%) in H1 2014. Despite the year-on-year absolute increase as a result of higher sales volumes, H1 other external expenses as a percentage of revenue decreased by 1.5%.

Second quarter staff expenses were EUR 48.9 million (27.4% of revenue), EUR 8.3 million higher than EUR 40.6 million in Q2 2014 (27.3% of revenue). For H1, staff expenses of EUR 94.6 million (26.9% of revenue) were EUR 12.7 million higher than EUR 81.9 million (30.0%) in H1 2014. Again, despite the year-on-year absolute increase due to higher sales volumes, as a percentage of revenue, H1 2015 staff expenses were 3.1% lower than H1 2014.

The depreciation and amortization charges of EUR 11.7 million in Q2 2015 were EUR 1.1 million higher than Q2 2014. The Group recorded charges of EUR 22.7 million in H1 2015 compared with EUR 22.9 million in H1 2014.

EBITDA (defined as results from operating activities, after adding back special items and depreciation and amortization)

The Group delivered EBITDA of EUR 27.4 million in Q2 2015 (15.3% of revenue), EUR 5.4 million higher than EUR 22.0 million (14.8% of revenue) in the same period in 2014. H1 2015 EBITDA was EUR 48.1 million (13.7% of revenue), EUR 15.3 million higher than EUR 32.8 million (12.0% of revenue) in the previous year. This year-on-year increase for H1 is primarily due to the good sales performance and in addition, the depreciation of the euro also had a positive impact of EUR 11.0 million. The increase in EBITDA margin is due to operational leverage, with higher revenues over a cost base which is partly fixed.

Special items

The special items of EUR 2.3 million in Q2 2015 and EUR 4.8 million YTD 2015 were mainly consultancy costs to improve production performance of the joint venture investment in Brazil. This consultancy exercise has now been successfully completed.

Share of loss of equity accounted investment

The Group’s 51% share of the loss in the joint venture in Brazil was EUR 3.7 million in Q2 2015 and EUR 7.8 million for H1 2015, compared with EUR 1.9 million in Q2 2014 and EUR 3.8 million YTD 2014. This increased loss was principally due to the depreciation of the Brazilian real against the US dollar and the slower than expected ramp-up to full production.

Financial income and expenses

Net finance costs for Q2 2015 were an expense of EUR 7.9 million (FX loss of EUR 3.8 million, interest expense of EUR 3.6 million and amortization of borrowing costs of EUR 0.5 million) compared with an income of EUR 0.1 million in Q2 2014 (FX gain of EUR 2.8 million offsetting interest expenses of EUR 2.5 million and amortization of borrowing costs of EUR 0.2 million).

For H1, net finance costs were an income of EUR 3.1 million (FX gain of EUR 10.7 million offsetting interest expenses of EUR 6.7 million and amortization of borrowing costs of EUR 0.9 million) versus an expense of EUR 9.3 million in H1 2014 (FX gain of EUR 1.2 million, amortization of borrowing costs of EUR 6.0 million (largely due to the redemption of Senior Facilities) and interest expenses of EUR 4.5 million). The increased FX gain is mainly the result of the appreciation of US-dollar denominated intercompany receivables in Denmark.

Tax

The Group incurred a tax expense of EUR 6.0 million in the second quarter of 2015, compared with EUR 3.4 million in Q2 2014. In H1 2015, the Group incurred an EUR 12.9 million tax expense compared with EUR 5.6 million in H1 2014. The higher tax charge is largely due to the increase in profitability.

Net result

The net result for Q2 2015 was a loss of EUR 4.2 million (largely due to the consultancy costs and loss in Brazil) compared with a profit of EUR 5.3 million in Q2 2014.

The H1 net result was a profit of EUR 3.0 million versus a loss of EUR 9.9 million in H1 2014. Increased sales volumes, improved margins and FX gains have resulted in the higher profitability in H1 2015 compared with H1 2014.

Net debt

Net debt at the end of Q2 2015 was EUR 99.8 million compared with EUR 94.6 million at the end of Q1 2015. The higher net debt in Q2 2015 is mainly due to increased capex to support future growth resulting from the increased demand for the Group’s products.

Cash flows

For H1 2015, operating activities resulted in a cash inflow of EUR 14.2 million, compared with a cash inflow of EUR 10.6 million in H1 2014. This increase was largely due to the improved profitability, partially offset by increased working capital due to growth.

The cash outflow from investing activities has increased to EUR 31.2 million in H1 2015 compared with EUR 13.6 million in H1 2014. The increase in capital expenditure is to support future growth and the development of longer blades in response to customer demands.

Group liquidity

Q2 2015 net cash and cash equivalents were EUR 29.5 million, compared with EUR 47.2 million at year-end 2014, due to the unwind of the temporary positive cash effects which benefited the 2014 year-end position. In addition to the gross cash balance of EUR 44.0 million (net EUR 29.5 million), the Group had unutilized credit facilities of EUR 20.2 million giving a total liquidity position of EUR 64.2 million at the end of the second quarter of 2015, compared with EUR 69.2 million at the end of Q1 2015.

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Interim Report of LM Group Holding A/S for the financial period 1 January 2015 – 30 June 2015.

The Interim Report is prepared in accordance with IAS 34 as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act. Management's Review is also prepared in accordance with Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the Interim Report gives a true and fair view of the financial position as at 30 June 2015 of the Group and of the results of the Group's operations and the cash flows for the financial period 1 January 2015 – 30 June 2015.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group, of the results for the financial period and of the financial position of the Group as well a description of the most significant risks and elements of uncertainty facing the Group. Besides what has been in the Interim Report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the consolidated financial statements for 2014.

Kolding, 14 August 2015

Executive Board of Management

Marc de Jong
Chief Executive Officer

Supervisory Board

John Leahy
Chairman

Marc de Jong

Nick Smith

Søren Høffer

General Information

1. Reporting entity

LM Group Holding A/S (**the "Company") is a company domiciled in Denmark.** These **condensed consolidated interim financial statements** ('interim financial statements") as at and for the six months ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in a joint venture. The Group is primarily involved in manufacturing wind turbine blades. The Company's functional currency is Danish kroner. These interim financial statements are, however, presented in Euro rounded up to the nearest thousand.

2. Basis of preparation

(a) Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. Any events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014 are disclosed in the "Finance Review". These interim financial statements were authorized for issue by the Company's Board of Directors on 14 August 2015.

(b) Judgments and estimates

In preparing these interim financial statements, Management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014 on page 38-39.

3. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014 on pages 31-37.

4. Segment information

The internal reporting framework used for reporting on revenue and expenses to the Executive Leadership Team and the Board of Directors has been set up to reflect and report on the global functional responsibility setup at LM Wind Power. The functional responsibility setup consolidates functions by type, and management reviews the results of the Group as a whole to assess performance, thus there is only one operating segment. Therefore, the Group has not presented a segmental analysis.

5. Contingent liabilities

As disclosed in the press release issued by LM Wind Power A/S on 14 May 2014, a tax audit in Denmark mainly relating to transfer pricing, in relation to LM Wind Power A/S was commenced in June 2012. On 1 May 2014, the Danish tax authorities notified LM Wind Power A/S through a pre-assessment notice of their intention to increase their assessment of pre-tax income for the years 2008 through 2012. LM Wind Power A/S entered into a dialogue with the Danish tax authorities and this dialogue has now been successfully concluded with the Danish tax authorities withdrawing the vast majority of the pre-assessment notice on 1 July 2015. Whilst certain issues remain in dispute, any potential tax liability from those remaining issues is not considered to be material.

6. Subsequent event

There have been no significant events after 30 June 2015.

Consolidated income statement

	2nd quarter		January to June	
EUR thousands	**2015**	**2014**	**2015**	**2014**
Revenue	178,589	148,778	351,627	273,019
Other income	(3)	5	-	7
Operating Income	**178,586**	**148,783**	**351,627**	**273,026**
Cost of sales	(73,760)	(61,130)	(152,693)	(110,641)
Other external expenses	(28,557)	(25,043)	(56,250)	(47,721)
Staff expenses	(48,860)	(40,565)	(94,552)	(81,875)
Depreciation and amortization	(11,662)	(10,524)	(22,663)	(22,914)
Operating expenses before special items	**(162,839)**	**(137,262)**	**(326,158)**	**(263,151)**
Results from operating activities before special items	**15,747**	**11,521**	**25,469**	**9,875**
Special items	(2,314)	(1,647)	(4,832)	(1,647)
Results from operating activities	**13,433**	**9,874**	**20,637**	**8,228**
Share of result of equity accounted investment	(3,728)	(1,850)	(7,827)	(3,750)
Net finance costs	(7,871)	101	3,087	(9,313)
Profit/(Loss) before income tax	**1,834**	**8,125**	**15,897**	**(4,835)**
Income tax	(5,985)	(3,387)	(12,888)	(5,579)
Profit/(Loss) for the period	**(4,151)**	**4,738**	**3,009**	**(10,414)**
Discontinued operations				
Profit/(loss) for the period from discontinued operations	-	539	-	539
Profit/(Loss) for the period	**(4,151)**	**5,277**	**3,009**	**(9,875)**

Consolidated statement of comprehensive income

	2nd quarter		January to June	
EUR thousands	**2015**	**2014**	**2015**	**2014**
Profit/(Loss) for the period	**(4,151)**	**5,277**	**3,009**	**(9,875)**
Other comprehensive income				
Items that may be subsequently reclassified to income statement:				
Exchange rate adjustments at period end	(114)	511	(983)	285
Exchange rate adjustment, foreign entities	(3,624)	863	7,602	596
Fair value adjustment of hedge instruments	-	96	-	228
Income tax on other comprehensive income	-	19	-	(14)
Other comprehensive income for the period, net of income tax	**(3,738)**	**1,489**	**6,619**	**1,095**
Total comprehensive income for the period	**(7,889)**	**6,766**	**9,628**	**(8,780)**

Consolidated balance sheet

EUR thousands	30 June 2015	31 December 2014
Assets		
Goodwill	244,303	244,761
Completed development projects	18,492	21,610
Development projects in progress	10,325	4,429
Intangible assets	**273,120**	**270,800**
Land and buildings	95,587	92,560
Plant and machinery	65,258	57,737
Fixtures, fittings and equipment	7,220	3,962
Leasehold improvements	3,021	4,890
Property, plant and equipment under construction	10,252	7,852
Property, plant and equipment	**181,338**	**167,001**
Equity accounted investments	-	-
Other securities	617	535
Deferred tax asset	45,326	40,804
Other non-current assets	**45,943**	**41,339**
Total non-current assets	**500,401**	**479,140**
Inventories	105,569	88,763
Trade and other receivables	182,559	148,936
Receivables from Group companies	67,645	66,581
Income taxes	5,241	14,124
Prepayments	5,943	5,809
Cash & cash equivalents	29,514	47,223
Total current assets	**396,471**	**371,436**
Total assets	**896,872**	**850,576**

Consolidated balance sheet

EUR thousands	30 June 2015	31 December 2014
Liabilities and equity		
Share capital	9,375	9,399
Other reserves	3,693	1,730
Retained earnings	384,780	377,091
Total equity	**397,848**	**388,220**
Provisions	30,840	29,914
Loans and borrowings	127,463	127,765
Finance leases	149	158
Prepayments from customers	42,865	34,529
Deferred tax liabilities	-	-
Deferred income	26,776	23,445
Total non-current liabilities	**228,093**	**215,811**
Provisions	32,414	31,578
Loans and borrowings	1,498	1,498
Finance leases	184	187
Prepayments from customers	24,598	19,815
Income taxes	23,792	25,803
Trade payables	113,851	113,106
Other payables	70,672	51,124
Deferred income	3,922	3,434
Total current liabilities	**270,931**	**246,545**
Total liabilities	**499,024**	**462,356**
Total equity and liabilities	**896,872**	**850,576**

Consolidated statement of changes in equity

EUR thousands	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total
Equity at 31 December 2014	**9,399**	**1,730**	**-**	**377,091**	**388,220**
Profit for the period	-	-	-	3,009	3,009
Other comprehensive income	(24)	1,963	-	4,680	6,619
Equity at 30 June 2015	**9,375**	**3,693**	**-**	**384,780**	**397,848**
Equity at 31 December 2013	**9,378**	**(2,581)**	**1,136**	**385,291**	**393,224**
Profit for the period	-	-	-	(9,875)	(9,875)
Other comprehensive income	7	(2)	215	875	1,095
Equity at 30 June 2014	**9,385**	**(2,583)**	**1,351**	**376,291**	**384,444**

Consolidated statements of cash flows

EUR thousands	January to June 2015	January to June 2014
Profit/(Loss) for the period	**3,009**	**(9,875)**
Adjustments for non-cash transactions	48,049	32,548
Changes in working capital	(18,215)	503
Cash flows from operations before financial items and tax	**32,843**	**23,176**
Net financial expenses	(8,103)	(4,093)
Cash flows from operations before tax	**24,740**	**19,083**
Income tax paid	(10,538)	(8,486)
Cash flows from operating activities	**14,202**	**10,597**
Purchase of property, plant and equipment	(23,775)	(11,338)
Purchase of intangible assets	(5,925)	(2,279)
Investments in equity accounted investments	(1,462)	-
Cash flows from investing activities	**(31,162)**	**(13,617)**
Repayment of long term debt	(749)	(29,931)
Cash flows from financing activities	**(749)**	**(29,931)**
Net change in cash and cash equivalents	**(17,709)**	**(32,951)**
Cash and cash equivalents beginning of year	47,223	60,640
Net change in cash and cash equivalents	(17,709)	(32,951)
Exchange rate adjustments on cash & cash equivalents	-	-
Cash and cash equivalents at period end	**29,514**	**27,689**