

## Management's Review

### Summary

LM Group Holding A/S and its subsidiaries ("LM Wind Power", the "Company" or the "Group") are pleased to announce continued strong quarterly performance in Q3 2015. Sales for the Group were EUR 191.1 million in Q3 2015, an increase of EUR 42.1 million or 28.3% on the comparable period in 2014. Increase in sales volumes and the depreciation of the euro were the key drivers of the increase in revenues. At constant exchange rates, Q3 sales increased 13.6% from the same quarter last year. China and Europe continued to deliver double-digit sales growth, and India showed single digit growth, all at constant exchange rates. These were partly offset by a temporary decline in the Americas, due to changeovers to longer blades in both US plants, and not a decline in demand, which remains strong. YTD 2015 sales were EUR 542.7 million, up EUR 120.7 million or 28.6% compared with YTD 2014 and up 11.1% at constant exchange rates.

EBITDA for Q3 2015 was EUR 27.6 million, an increase of EUR 5.8 million or 26.6% compared with Q3 2014. The main reasons for the increase in Q3 EBITDA were improved margins and the depreciation of the euro. EBITDA growth was 11.0% at constant exchange rates. YTD 2015 EBITDA was EUR 75.7 million, up 38.6% compared with same period in 2014 and up 10.3% at constant exchange rates.

Operating cash flow in YTD 2015 was a cash inflow of EUR 41.4 million, compared with an inflow of EUR 20.9 million in YTD 2014 despite increased capital expenditure to support future growth. This increase was partly due to improved profitability. The Group maintained liquidity of EUR 62.8 million at the end of Q3 2015 compared with EUR 64.2 million at the end of Q2 2015.

Following the successful completion of a consent solicitation from the holders of its outstanding 8% Senior Secured Notes due 2019, on 16 September 2015 the Group announced the pricing of its first Green Bond. The NOK 475 million floating rate senior secured notes will mature in 2020 and the Company has swapped this into fixed rate euros totaling EUR 50 million. LM Wind Power intends to use the proceeds from the Green Bond to fund, in whole or part, the expansion of the Group through a number of identified projects in response to the continued strong demand for its products. The proceeds from this issue were received on 8 October 2015, subsequent to the end of Q3 2015.

### **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 Q3 2015 (1 July 2015 - 30 September 2015)

LM Wind Power reports Q3 2015 revenues of EUR 191.1 million and EBITDA of EUR 27.6 million.

### Highlights:

- Compared with Q3 2014 revenue increased 28.3% to EUR 191.1 million.
- Q3 2015 EBITDA was EUR 27.6 million, up 26.6% compared with Q3 2014.
- Group liquidity comprising cash and undrawn credit facility amounted to EUR 62.8 million at the end of Q3 2015.

EUR millions	3rd quarter		January to September	
	2015	2014	2015	2014
Revenue	191.1	149.0	542.7	422.0
Operating profit before depreciation and amortization (EBITDA)	27.6	21.8	75.7	54.6
Results from operating activities before special items	16.4	11.7	41.9	21.5
Profit before income tax	3.2	12.6	19.1	7.8
Profit/(Loss) for the period	(1.2)	5.5	1.8	(4.4)
<b>EUR millions</b>				
Results from operating activities before special items	16.4	11.7	41.9	21.5
Depreciation and amortization	11.2	10.1	33.8	33.1
EBITDA	27.6	21.8	75.7	54.6

This interim report for Q3 2015 has not been audited or reviewed.

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## Financial Review

### Revenue

Revenue in Q3 2015 increased EUR 42.1 million or 28.3% to EUR 191.1 million compared with EUR 149.0 million in Q3 2014. YTD revenue was EUR 542.7 million versus EUR 422.0 million in the same period in 2014, an increase of EUR 120.7 million or 28.6%.

The increase in sales in Q3 was driven by higher sales volumes and the depreciation of the euro. Compared with prior year, sales growth at constant exchange rates was EUR 22.9 million in Q3 or 13.6% and EUR 54.0 million for YTD Q3 2014 or 11.1%. China and Europe continued to deliver double digit sales growth at constant exchange rates year-on-year for both Q3 and YTD. India sales increased in Q3 but were flat YTD. As was the case in Q2, the Americas continued to suffer a temporary decline in Q3 due to changeovers to longer blades in both US plants.

### Operating expenses

Q3 2015 cost of sales of EUR 81.5 million represented 42.6% of revenue compared with EUR 68.5 million (46.0%) in Q3 2014. The YTD cost of sales was EUR 234.2 million (43.2% of revenue) against EUR 179.1 million (42.4%) in YTD 2014. However, this was impacted by the depreciation of the euro, particularly against the US dollar.

Other external expenses of EUR 32.5 million (17.0% of revenue) in Q3 2015 were EUR 11.4 million higher than EUR 21.0 million (14.1%) in Q3 2014. This was due to higher freight, indirect production and warranty costs resulting from the higher sales volumes and increased changeover activities. YTD 2015 costs of EUR 88.7 million were EUR 20.0 million higher than EUR 68.7 million in YTD 2014 but the percentage of revenue was constant at 16.3%.

Third quarter staff expenses were EUR 50.3 million (26.3% of revenue), EUR 12.3 million higher than EUR 38.0 million in Q3 2014 (25.5% of revenue) due to higher volumes and increased changeover activities. YTD staff expenses of EUR 144.9 million (26.7% of revenue) were EUR 25.0 million higher than EUR 119.9 million (28.4%) in YTD 2014. The year-on-year increase in absolute amount was due to higher volume. However, as a percentage of revenue, YTD 2015 staff expenses were 1.7 percentage points lower than YTD 2014.

The depreciation and amortization charges of EUR 11.1 million in Q3 2015 were EUR 1.0 million higher than Q3 2014. The Group recorded charges of EUR 33.8 million YTD 2015 compared with EUR 33.1 million in the same period last year.

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

The Group delivered EBITDA of EUR 27.6 million in Q3 2015 (14.4% of revenue), EUR 5.8 million or 26.6% higher than the same period in 2014. The increase at constant exchange rates was 11.0%. YTD 2015 EBITDA was EUR 75.7 million (13.9% of revenue), EUR 21.1 million or 38.6% higher than EUR 54.6 million (12.9% of revenue) in YTD 2014. The increase at constant exchange rates was 10.3%. The increase in YTD 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 0.1 million in Q3 2015 and EUR 4.9 million YTD 2015 were mainly consultancy costs to improve production performance of the joint venture investment in Brazil.

### Share of loss of equity accounted investment

The Group's 51% share of the loss in the joint venture in Brazil was EUR 7.3 million in Q3 2015 and EUR 15.2 million for YTD 2015, compared with EUR 2.4 million in Q3 2014 and EUR 6.1 million YTD 2014. EUR

4.6 million or 63% of the Q3 JV loss was the consequence of the FX loss arising from the depreciation of the Brazilian real against the US dollar and the euro on inter-company and trade payables.

During the third quarter, the Group signed an agreement with its joint venture partner for LM Wind Power to purchase the remaining interest in its Brazilian Joint Venture LM Wind Power do Brasil S.A. Following the acquisition, LM will own 100% of LM Wind Power do Brasil S.A. through its subsidiary LM Wind Power A/S. Closing, which is expected to occur in the fourth quarter of 2015, is subject to certain conditions. After closing, the former joint venture partner will continue to assist LM Wind Power do Brasil S.A. in an advisory capacity for a period of three years.

### **Financial income and expenses**

Net finance costs for Q3 2015 were an expense of EUR 5.7 million (FX loss of EUR 2.0 million, interest expense of EUR 3.4 million and amortization of borrowing costs of EUR 0.3 million) compared with an income of EUR 3.8 million in Q3 2014 (FX gain of EUR 6.9 million offsetting interest expenses of EUR 2.8 million and amortization of borrowing costs of EUR 0.3 million).

YTD 2015 net finance costs were an expense of EUR 2.6 million (FX gain of EUR 8.6 million, interest expenses of EUR 10.3 million and amortization of borrowing costs of EUR 0.9 million) versus an expense of EUR 5.5 million YTD 2014 (FX gain of EUR 8.1 million, amortization of borrowing costs of EUR 6.3 million (largely due to the redemption of Senior Facilities) and interest expenses of EUR 7.3 million).

### **Tax**

The Group incurred a tax expense of EUR 4.4 million in the third quarter of 2015, compared with EUR 7.2 million in Q3 2014. In YTD 2015, the Group incurred a tax expense of EUR 17.3 million compared with EUR 12.7 million for same period in 2014. The higher tax charge was largely due to improved profitability.

### **Net result**

The net result for Q3 2015 was a loss of EUR 1.2 million (which was largely due to the loss in the Brazilian joint venture) compared with a profit of EUR 5.5 million in Q3 2014 (which benefited from an FX gain of EUR 6.9 million).

The YTD net result was a profit of EUR 1.8 million versus a loss of EUR 4.4 million YTD 2014. The improved net result was predominantly due to the increased sales volumes and improved margins.

### **Net debt**

Net debt at the end of Q3 2015 was EUR 100.8 million compared with EUR 99.8 million at the end of Q2 2015.

### **Cash flows**

For YTD 2015, operating activities resulted in a cash inflow of EUR 41.4 million, compared with a cash inflow of EUR 20.9 million YTD 2014. This increase was largely due to improved profitability and higher down payments received from customers.

The cash outflow from investing activities has increased to EUR 60.0 million YTD 2015 compared with EUR 19.4 million YTD 2014. The increased outflow is principally to invest in capacity for future growth and to develop longer blades to meet strong customer demand and is partially funded from customer down payments.

### **Group liquidity**

Q3 2015 net cash and cash equivalents were EUR 27.8 million, compared with EUR 47.2 million at year-end 2014 (due to the unwinding of the temporary positive cash effects that benefited the 2014 year-end position). In addition to the gross cash balance of EUR 51.5 million (net EUR 27.8 million), the Group had unutilized

credit facilities of EUR 11.3 million giving a total liquidity position of EUR 62.8 million at the end of the third quarter of 2015, compared with EUR 64.2 million at the end of Q2 2015. This Q3 2015 liquidity position excludes the net proceeds from the successful EUR 50 million (NOK 475 million) Green Bond issue which were received in October.

## 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 September 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 September 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 September 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 disclosed 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, 13 November 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 nine months ended 30 September 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 13 November 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 37-38.

### 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 30-36.

### 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. Subsequent event

On 8 October 2015, the Group received the net proceeds of a new five-year Green Bond of NOK 475,000,000 (EUR 50 million equivalent) in aggregate principal amount of floating rate senior secured notes due 2020. The Group has simultaneously swapped this into fixed rate Euros. The Green Bond benefits from the same guarantees and security as secures the Group’s existing secured notes due 2019.

## Consolidated income statement

EUR thousands	3rd quarter		January to September	
	2015	2014	2015	2014
Revenue	191,055	148,964	542,682	421,983
Other income	742	360	742	367
<b>Operating Income</b>	<b>191,797</b>	<b>149,324</b>	<b>543,424</b>	<b>422,350</b>
Cost of sales	(81,475)	(68,455)	(234,168)	(179,096)
Other external expenses	(32,470)	(21,030)	(88,720)	(68,751)
Staff expenses	(50,302)	(38,028)	(144,854)	(119,903)
Depreciation and amortization	(11,132)	(10,145)	(33,795)	(33,060)
<b>Operating expenses before special items</b>	<b>(175,379)</b>	<b>(137,658)</b>	<b>(501,537)</b>	<b>(400,810)</b>
<b>Results from operating activities before special items</b>	<b>16,418</b>	<b>11,666</b>	<b>41,887</b>	<b>21,540</b>
Special items	(105)	(511)	(4,937)	(2,158)
<b>Results from operating activities</b>	<b>16,313</b>	<b>11,155</b>	<b>36,950</b>	<b>19,382</b>
Share of result of equity accounted investment	(7,348)	(2,350)	(15,175)	(6,100)
Net finance costs	(5,717)	3,833	(2,630)	(5,480)
<b>Profit before income tax</b>	<b>3,248</b>	<b>12,638</b>	<b>19,145</b>	<b>7,802</b>
Income tax	(4,411)	(7,157)	(17,299)	(12,736)
<b>Profit/(Loss) for the period from continuing operations</b>	<b>(1,163)</b>	<b>5,481</b>	<b>1,846</b>	<b>(4,934)</b>
<b>Discontinued operations</b>				
Profit for the period from discontinued operations	-	-	-	539
<b>Profit/(Loss) for the period</b>	<b>(1,163)</b>	<b>5,481</b>	<b>1,846</b>	<b>(4,395)</b>

## Consolidated statement of comprehensive income

EUR thousands	3rd quarter		January to September	
	2015	2014	2015	2014
<b>Profit/(Loss) for the period</b>	<b>(1,163)</b>	<b>5,481</b>	<b>1,846</b>	<b>(4,395)</b>
<b>Other comprehensive income</b>				
Items that may be subsequently reclassified to income statement:				
Exchange rate adjustments at period end	(41)	588	(1,024)	872
Exchange rate adjustment, foreign entities	(2,976)	4,585	4,626	5,181
Fair value adjustment of hedge instruments	-	(1,743)	-	(1,514)
Income tax on other comprehensive income	-	390	-	376
<b>Other comprehensive income for the period, net of income tax</b>	<b>(3,017)</b>	<b>3,820</b>	<b>3,602</b>	<b>4,915</b>
<b>Total comprehensive income for the period</b>	<b>(4,180)</b>	<b>9,301</b>	<b>5,448</b>	<b>520</b>



## Consolidated balance sheet

EUR thousands	30 September 2015	31 December 2014
<b>Assets</b>		
Goodwill	244,369	244,761
Completed development projects	16,958	21,610
Development projects in progress	13,869	4,429
<b>Intangible assets</b>	<b>275,196</b>	<b>270,800</b>
Land and buildings	94,116	92,560
Plant and machinery	75,482	57,737
Fixtures, fittings and equipment	7,377	3,962
Leasehold improvements	2,370	4,890
Property, plant and equipment under construction	11,399	7,852
<b>Property, plant and equipment</b>	<b>190,744</b>	<b>167,001</b>
Equity accounted investments	-	-
Other securities	798	535
Deferred tax asset	46,382	40,804
<b>Other non-current assets</b>	<b>47,180</b>	<b>41,339</b>
<b>Total non-current assets</b>	<b>513,120</b>	<b>479,140</b>
Inventories	108,884	88,763
Trade and other receivables	194,548	148,936
Receivables from Group companies	68,251	66,581
Income taxes	5,143	14,124
Prepayments	4,755	5,809
Cash & cash equivalents	27,818	47,223
<b>Total current assets</b>	<b>409,399</b>	<b>371,436</b>
<b>Total assets</b>	<b>922,519</b>	<b>850,576</b>

## Consolidated balance sheet

EUR thousands	30 September 2015	31 December 2014
<b>Liabilities and equity</b>		
Share capital	9,374	9,399
Other reserves	3,693	1,730
Retained earnings	380,601	377,091
<b>Total equity</b>	<b>393,668</b>	<b>388,220</b>
Provisions	30,958	29,914
Loans and borrowings	126,849	127,765
Finance leases	123	158
Prepayments from customers	51,778	34,529
Deferred tax liabilities	-	-
Deferred income	37,250	23,445
<b>Total non-current liabilities</b>	<b>246,958</b>	<b>215,811</b>
Provisions	32,555	31,578
Loans and borrowings	1,498	1,498
Finance leases	157	187
Prepayments from customers	29,713	19,815
Income taxes	26,081	25,803
Trade payables	117,617	113,106
Other payables	68,816	51,124
Deferred income	5,456	3,434
<b>Total current liabilities</b>	<b>281,893</b>	<b>246,545</b>
<b>Total liabilities</b>	<b>528,851</b>	<b>462,356</b>
<b>Total equity and liabilities</b>	<b>922,519</b>	<b>850,576</b>

## Consolidated statement of changes in equity

<b>EUR thousands</b>	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total
<b>Equity at 31 December 2014</b>	<b>9,399</b>	<b>1,730</b>	-	<b>377,091</b>	<b>388,220</b>
Profit for the period	-	-	-	1,846	1,846
Other comprehensive income	(25)	1,963	-	1,664	3,602
<b>Equity at 30 September 2015</b>	<b>9,374</b>	<b>3,693</b>	-	<b>380,601</b>	<b>393,668</b>
<b>Equity at 31 December 2013</b>	<b>9,378</b>	<b>(2,581)</b>	<b>1,136</b>	<b>385,291</b>	<b>393,224</b>
Profit for the period	-	-	-	(4,395)	(4,395)
Other comprehensive income	21	5,176	(1,136)	854	4,915
<b>Equity at 30 September 2014</b>	<b>9,399</b>	<b>2,595</b>	-	<b>381,750</b>	<b>393,744</b>

## Consolidated statement of cash flows

EUR thousands	January to September 2015	January to September 2014
Profit/(Loss) for the period	1,846	(4,395)
Adjustments for non-cash transactions	80,569	46,980
Changes in working capital	(11,724)	1,962
<b>Cash flows from operations before financial items and tax</b>	<b>70,691</b>	<b>44,547</b>
Net financial expenses	(14,743)	(9,654)
<b>Cash flows from operations before tax</b>	<b>55,948</b>	<b>34,893</b>
Income tax paid	(14,580)	(13,967)
<b>Cash flows from operating activities</b>	<b>41,368</b>	<b>20,926</b>
Purchase of property, plant and equipment	(45,624)	(14,815)
Purchase of intangible assets	(9,467)	(4,584)
Investments in equity accounted investments	(4,933)	-
<b>Cash flows from investing activities</b>	<b>(60,024)</b>	<b>(19,399)</b>
Repayment of long term debt	(749)	(29,931)
<b>Cash flows from financing activities</b>	<b>(749)</b>	<b>(29,931)</b>
<b>Net change in cash and cash equivalents</b>	<b>(19,405)</b>	<b>(28,404)</b>
Cash and cash equivalents beginning of period	47,223	60,640
Net change in cash and cash equivalents	(19,405)	(28,404)
Exchange rate adjustments on cash & cash equivalents	-	-
<b>Cash and cash equivalents at period end</b>	<b>27,818</b>	<b>32,236</b>