Management's Review

Summary

2015 was a year of strong growth for the global wind industry. As a global leader in the design, manufacture and supply of wind turbine blades, LM Wind Power has benefited from this and has seen significantly increased sales and EBITDA. This has been driven by higher sales volumes, due to the continuing strong demand for the Group's products, improved operational performance and a weakening Euro.

LM Group Holding A/S and its subsidiaries ("LM Wind Power", the "Company" or the "Group") continued to achieve strong growth in Q4 2015. Sales for the Group increased by EUR 41.9 million or 25.3% to EUR 207.7 million compared with the comparable period in 2014. FY 2015 sales were EUR 750.3 million, an increase of EUR 162.6 million or 27.7% on 2014. Growth in sales volumes and the depreciation of the Euro continued to be the main drivers for the increase in revenues.

At constant exchange rates, Q4 sales increased 16.6% from the same quarter last year. China, Europe and India all achieved double-digit sales increases. In North America, although the market demand remains strong, sales declined in Q4 due to changeovers to longer blades. At constant exchange rates, FY 2015 sales were up 12.5%, with all regions except North America, for the reasons set out above, showing increases.

EBITDA for Q4 2015 was EUR 27.6 million, an increase of EUR 5.1 million or 22.7% compared with Q4 2014. Higher sales volumes and a weaker Euro were the main reasons for the improved year-on-year EBITDA. At constant exchange rates, EBITDA growth for the quarter was 9.1%. FY 2015 EBITDA was EUR 103.3 million, up 34.0% compared with 2014 and up 10.0% at constant exchange rates.

Operating cash flow in FY 2015 was a cash inflow of EUR 71.6 million, an increase of EUR 19.1 million from 2014. This increase was largely due to the better sales and operational performance leading to a net profit of EUR 5.9 million for the year compared with a net loss of EUR 9.1 million in 2014. In term of cash management, the Group's liquidity was EUR 129.2 million at the end of Q4 2015 compared with EUR 62.8 million at the end of Q3 2015.

On 8 October 2015, the Group successfully issued its first Green Bond amounting to NOK 475 million floating rate senior secured notes (swapped into fixed rate EUR 50 million). On 14 December 2015, the Group completed the acquisition of the remaining 49% interest of LM Wind Power do Brasil S.A. from its joint venture partner. Following the acquisition, the Group now owns 100% of LM Wind Power do Brasil S.A. through its subsidiary LM Wind Power A/S.

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 Q4 2015
(1 October – 31 December 2015)

LM Wind Power reports:

- For Q4 2015, revenues of EUR 207.7 million (up 25.3% year-on-year) and EBITDA of EUR 27.6 million (up 22.7% year-on-year).
- For FY 2015, revenues of EUR 750.3 million (up 27.7% year-on-year) and EBITDA of EUR 103.3 million (up 34.0% year-on-year).
- A net profit of EUR 5.9 million for FY 2015, compared with a loss of EUR 9.1 million in 2014.
- Liquidity of EUR 129.2 million as at 31 December 2015, compared with EUR 62.8 million as at 30 September 2015, largely as a result of the proceeds (EUR 50 million equivalent) from the successful Green Bond issued in October 2015.
- Net debt of EUR 94.6 million as at 31 December 2015 and a leverage ratio (Net Debt / EBITDA) of 0.92x, compared with net debt of EUR 82.4 million as at 31 December 2014 and a leverage ratio of 1.07x.

	4th quarter		January to December	
EUR millions	**2015**	**2014**	**2015**	**2014**
Revenue	207.7	165.8	750.3	587.7
Operating profit before depreciation and amortization (EBITDA)	27.6	22.5	103.3	77.1
Results from operating activities before special items	10.0	(0.4)	51.9	21.2
Result before income tax	3.0	(2.0)	22.1	5.8
Result for the period	4.0	(4.7)	5.9	(9.1)

EUR millions				
Results from operating activities before special items	10.0	(0.4)	51.9	21.2
Depreciation and amortization	17.6	22.8	51.4	55.9
EBITDA	27.6	22.5	103.3	77.1

This interim report for Q4 2015 has not been audited or reviewed.

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Financial Review

Revenue

Revenue in Q4 2015 increased EUR 41.9 million or 25.3% to EUR 207.7 million compared with EUR 165.8 million in Q4 2014. FY 2015 revenue was EUR 750.3 million versus EUR 587.7 million in FY 2014, an increase of EUR 162.6 million or 27.7%.

The key drivers for the sales increase in Q4 came from higher sales volumes, due to the continuing strong demand for the Group's products, and the depreciation of the Euro. Compared with prior year, sales growth at constant exchange rates was EUR 29.5 million (16.6%) in Q4 and EUR 83.6 million (12.5%) for FY 2015. Both China and Europe delivered year-on-year double digit sales growth at constant exchange rates in Q4 and for the year. At constant exchange rates, India delivered sales growth year-on-year, and double digit sales growth in Q4. Due to changeovers to longer blades in both US plants, sales in the Americas declined year-on-year in both Q4 and FY 2015. Demand remains strong in the US, particularly following the recent Production Tax Credit extension.

Operating expenses

Q4 2015 cost of sales of EUR 81.7 million represented 39.4% of revenue compared with EUR 75.6 million (45.6%) in Q4 2014. The FY 2015 cost of sales was EUR 315.9 million (42.1% of revenue) against EUR 254.7 million (43.3%) in FY 2014. Both the Q4 and FY measures improved year-on-year due to 2014 being impacted by the costs of airfreighting raw materials which were in short supply.

Other external expenses of EUR 41.4 million (19.9% of revenue) in Q4 2015 were EUR 14.4 million higher than EUR 26.9 million (16.3%) in Q4 2014. FY 2015 costs of EUR 130.1 million (17.3% of revenue) were EUR 34.4 million higher than EUR 95.7 million (16.3%) in FY 2014. Higher indirect production and warranty costs resulting from the higher sales volumes and increased changeover activities led to the year-on-year increases in other external expenses as a percentage of revenues.

Q4 2015 staff expenses were EUR 57.4 million (27.7% of revenue), EUR 16.6 million higher than EUR 40.8 million in Q4 2014 (24.6% of revenue) due to increasing headcount in anticipation of future growth and increased changeover activities. FY staff expenses of EUR 202.3 million (27.0% of revenue) were EUR 41.5 million higher than EUR 160.7 million (27.3%) in FY 2014. The year-on-year increase in absolute amount was due to the higher sales volume resulting from the increased demand for the Group's products.

The depreciation and amortization charges of EUR 17.6 million in Q4 2015 were EUR 5.3 million lower than Q4 2014, which included a one-off impairment of EUR 10.4 million. The Group recorded charges of EUR 51.3 million in FY 2015 compared with EUR 55.9 million in FY 2014.

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 Q4 2015 (13.3% of revenue), which is EUR 5.1 million or 22.7% higher than the EBITDA of EUR 22.5 million (13.5% of revenue) in Q4 2014. The increase at constant exchange rates was 9.1%. FY 2015 EBITDA was EUR 103.3 million (13.8% of revenue), EUR 26.2 million or 34.0% higher than EUR 77.1 million (13.1% of revenue) in FY 2014. The increase at constant exchange rates was 10.0%. The increase in FY EBITDA margin, from 13.1% to 13.8%, is due to higher volumes and operational leverage, with higher revenues over a cost base which is partly fixed.

Special items

Special items were EUR 0.6 million in Q4 2015 and EUR 5.6 million in FY 2015. The FY 2015 costs were largely related to the consultancy costs to improve production performance of the joint venture investment in Brazil before the Group took over full ownership. The remainder related to management restructuring.

Share of loss of equity accounted investment

On 14 December 2015, the Group acquired the remaining 49% interest in LM Wind Power do Brasil S.A. from its joint venture partner. Until the date of the acquisition, the Group's 51% share of the loss in the joint venture in Brazil was EUR 0.4 million in Q4 2015 and EUR 15.5 million for FY 2015, compared with EUR 2.2 million in Q4 2014 and EUR 8.3 million in FY 2014. The higher loss in 2015 was caused by the slower than expected ramp-up to full production and the depreciation of Brazilian Real against the Euro and US Dollar.

Financial income and expenses

Net finance costs for Q4 2015 were EUR 6.1 million (FX gain of EUR 2.4 million, interest expense of EUR 8.1 million and amortization of borrowing costs of EUR 0.4 million) compared with a net finance income of EUR 0.5 million in Q4 2014 (FX gain of EUR 6.9 million offsetting interest expenses of EUR 6.1 million and amortization of borrowing costs of EUR 0.3 million).

FY 2015 net finance costs were EUR 8.7 million (FX gain of EUR 11.0 million, interest expenses of EUR 18.4 million and amortization of borrowing costs of EUR 1.3 million) versus EUR 5.0 million in FY 2014 (FX gain of EUR 15.0 million, amortization of borrowing costs of EUR 6.6 million, largely due to the redemption of Senior Facilities, and interest expenses of EUR 13.4 million).

Tax

The Group reported tax income of EUR 1.0 million in the fourth quarter of 2015, compared with a EUR 2.6 million expense in Q4 2014. In FY 2015, the Group incurred a tax expense of EUR 16.2 million compared with EUR 15.4 million for FY 2014. The tax income in Q4 2015 and the lower effective tax rate in FY 2015 were largely due to the recognition of deferred tax assets in the US and Spain.

Net result

The net result for Q4 2015 was a profit of EUR 4.0 million compared with a loss of EUR 4.7 million in Q4 2014. The FY 2015 net result was a profit of EUR 5.9 million versus a loss of EUR 9.1 million in FY 2014. The improved net result was due to sales growth and better operational performance, partially offset by increased losses in the Brazilian joint venture.

Net debt

Net debt at the end of 2015 was EUR 94.6 million compared with EUR 100.8 million at the end of Q3 2015.

Cash flows

For FY 2015, operating activities resulted in a cash inflow of EUR 71.6 million, compared with a cash inflow of EUR 52.4 million in FY 2014. This increase was largely due to improved profitability and higher downpayments received from customers.

Capital expenditure increased from EUR 33.0 million in 2014 to EUR 86.3 million in 2015, although this increase was partially funded by increased downpayments received from customers. The increased capital expenditure arises from strong customer demand and is largely to invest in new and existing production capacity for future growth and to develop longer blades.

Group liquidity

Q4 2015 net cash and cash equivalents were EUR 87.5 million, compared with EUR 47.2 million at Q4 2014. In addition to the cash balance of EUR 87.5 million, the Group had unutilized credit facilities of EUR 41.7 million giving a total liquidity position of EUR 129.2 million at the end of 2015, compared with EUR 62.8 million at the end of Q3 2015 and EUR 80.2 million at Q4 2014. The increased liquidity is mainly due to the net proceeds from the Green Bond of NOK 475.0 million (EUR 50.0 million equivalent) in October 2015.

Balance sheet

Two events took place in Q4 2015 that had a significant effect on the balance sheet. Firstly, the Group reclassified transportation equipment from inventory to fixed assets (for more details please see p.7 under 'Significant accounting policies'). At the end of 2015, the Group has reclassified EUR 47.8 million from inventory to plant and machinery.

Secondly, on obtaining 100% control over LM Wind Power do Brasil S.A. through the purchase in December 2015 of all the shares held by the Brazilian joint venture partner, the equity interest was re-measured at fair value. As a result of the fair value re-measurement, the Group has recognized goodwill amounting to EUR 33.4 million upon the date of acquisition.

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 year 1 January 2015 – 31 December 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 31 December 2015 of the Group and of the results of the Group's operations and the cash flows for the financial year 1 January 2015 – 31 December 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 year 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, 29 February 2016

Executive Board of Management

Marc de Jong
Chief Executive Officer

Supervisory Board

John Leahy Chairman	Alex Moss	
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 12 months ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). 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 29 February 2016.

(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 pages 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.

As of 1 October 2015, the Group has reclassified transportation equipment to Fixed Assets (Plant and machinery) instead of Inventory in the prior years' financial statements. This is due to a change of the transportation equipment business model, driven by the commercial arrangement with customers, whereby deposits will be obtained or rental fees will be charged for the use of the transportation equipment. On the date of transfer, the transportation equipment held by the Group was transferred at the net realizable value. The useful lives of the transportation equipment are between 5-7 years depending on the economic and technical aspects of the equipment item. The depreciation of the transportation equipment in Q4 2015 amounted to EUR 4.0 million.

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

No events have occurred after the balance sheet date that will have material effect on the Group's financial standing.

Consolidated income statement

EUR thousands	4th quarter 2015	4th quarter 2014	January to December 2015	January to December 2014
Revenue	207,654	165,756	750,336	587,739
Other income	440	65	1,182	432
Operating Income	**208,094**	**165,821**	**751,518**	**588,171**
Cost of sales	(81,739)	(75,595)	(315,907)	(254,691)
Other external expenses	(41,353)	(26,936)	(130,073)	(95,687)
Staff expenses	(57,426)	(40,840)	(202,280)	(160,743)
Depreciation and amortization	(17,539)	(22,830)	(51,334)	(55,890)
Operating expenses before special items	**(198,057)**	**(166,201)**	**(699,594)**	**(567,011)**
Results from operating activities before special items	**10,037**	**(380)**	**51,924**	**21,160**
Special items	(628)	22	(5,566)	(2,136)
Results from operating activities	**9,409**	**(358)**	**46,358**	**19,024**
Share of result of equity accounted investment	(356)	(2,156)	(15,531)	(8,256)
Net finance costs	(6,073)	476	(8,703)	(5,004)
Result before income tax	**2,980**	**(2,038)**	**22,124**	**5,764**
Income tax	1,053	(2,621)	(16,246)	(15,357)
Result for the period from continuing operations	**4,033**	**(4,659)**	**5,878**	**(9,593)**
Discontinued operations				
Profit for the period from discontinued operations	-	-	-	539
Result for the period	**4,033**	**(4,659)**	**5,878**	**(9,054)**

Consolidated statement of comprehensive income

EUR thousands	4th quarter 2015	4th quarter 2014	January to December 2015	January to December 2014
Result for the period	**4,033**	**(4,659)**	**5,878**	**(9,054)**
Other comprehensive income				
Items that may be subsequently reclassified to income statement:				
Exchange rate adjustments at period end	26	15	(998)	888
Exchange rate adjustment, foreign entities	311	(880)	4,937	4,301
Fair value adjustment of hedge instruments	(585)	-	(585)	(1,139)
Other comprehensive income for the period, net of income tax	**(248)**	**(865)**	**3,354**	**4,050**
Total comprehensive income for the period	**3,785**	**(5,524)**	**9,232**	**(5,004)**

Consolidated balance sheet

EUR thousands	31 December 2015	31 December 2014
Assets		
Goodwill	277,694	244,761
Completed development projects	28,483	21,610
Development projects in progress	4,177	4,429
Intangible assets	**310,354**	**270,800**
Land and buildings	97,718	92,560
Plant and machinery	132,861	57,737
Fixtures, fittings and equipment	7,249	3,962
Leasehold improvements	2,678	4,890
Property, plant and equipment under construction	29,603	7,852
Property, plant and equipment	**270,109**	**167,001**
Equity accounted investments	-	-
Other securities	421	535
Deferred tax asset	78,047	40,804
Other non-current assets	**78,468**	**41,339**
Total non-current assets	**658,931**	**479,140**
Inventories	77,092	88,763
Trade and other receivables	160,602	148,936
Receivables from Group companies	68,881	66,581
Income taxes	22,846	14,124
Prepayments	9,943	5,809
Cash & cash equivalents	87,488	47,223
Total current assets	**426,852**	**371,436**
Total assets	**1,085,783**	**850,576**

Consolidated balance sheet

EUR thousands	31 December 2015	31 December 2014
Liabilities and equity		
Share capital	9,375	9,399
Other reserves	6,078	1,730
Retained earnings	381,999	377,091
Total equity	**397,452**	**388,220**
Provisions	39,441	29,914
Loans and borrowings	175,278	127,765
Finance leases	1,258	158
Prepayments from customers	80,823	34,529
Deferred tax liabilities	-	-
Deferred income	39,934	23,445
Total non-current liabilities	**336,734**	**215,811**
Provisions	41,349	31,578
Loans and borrowings	5,211	1,498
Finance leases	294	187
Prepayments from customers	48,132	19,815
Income taxes	49,276	25,803
Trade payables	124,047	113,106
Other payables	73,278	51,124
Deferred income	10,010	3,434
Total current liabilities	**351,597**	**246,545**
Total liabilities	**688,331**	**462,356**
Total equity and liabilities	**1,085,783**	**850,576**

Consolidated statement of changes in equity

EUR thousands	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total
Equity at 1 January 2015	**9,399**	**1,730**	**-**	**377,091**	**388,220**
Result for the period	-	-	-	5,878	5,878
Other comprehensive income	(24)	4,933	(585)	(970)	3,354
Equity at 31 December 2015	**9,375**	**6,663**	**(585)**	**381,999**	**397,452**
Equity at 1 January 2014	**9,378**	**(2,581)**	**1,136**	**385,291**	**393,224**
Result for the period	-	-	-	(9,054)	(9,054)
Other comprehensive income	21	4,311	(1,136)	854	4,050
Equity at 31 December 2014	**9,399**	**1,730**	**-**	**377,091**	**388,220**

Consolidated statement of cash flows

EUR thousands	January to December 2015	January to December 2014
Result for the year	**5,878**	**(9,054)**
Adjustments for non-cash transactions	132,233	77,589
Changes in working capital	(33,268)	11,416
Cash flows from operations before financial items and tax	**104,843**	**79,951**
Net financial expenses	(17,000)	(10,962)
Cash flows from operations before tax	**87,843**	**68,989**
Income tax paid	(16,254)	(16,543)
Cash flows from operating activities	**71,589**	**52,446**
Purchase of property, plant and equipment	(72,634)	(24,438)
Sale of property, plant and equipment	989	436
Purchase of intangible assets	(13,672)	(8,556)
Investments in equity accounted investments	-	(3,140)
Acquistion of subsidiary, net of remaining cash	2,417	-
Cash flows from investing activities	**(82,900)**	**(35,698)**
Proceeds/(repayment) of long term debt	48,502	(30,681)
Cash flows from financing activities	**48,502**	**(30,681)**
Net change in cash and cash equivalents	**37,191**	**(13,933)**
Cash and cash equivalents beginning of year	47,223	60,640
Net change in cash and cash equivalents	37,191	(13,933)
Exchange rate adjustments on cash & cash equivalents	3,074	516
Cash and cash equivalents at year end	**87,488**	**47,223**