

Shareholder magazine 2015



BioMar p. 14

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schouw+co

SCHOUW+CO

As in previous years, Schouw & Co. will not be printing and distributing a conventional annual report.

We have published a shareholder magazine to accompany our full-length annual report and readers may benefit from reading the annual report in conjunction with the shareholder magazine. The shareholder magazine contains only very general financial information and management reporting. The annual report is available electronically at www.schouw.dk



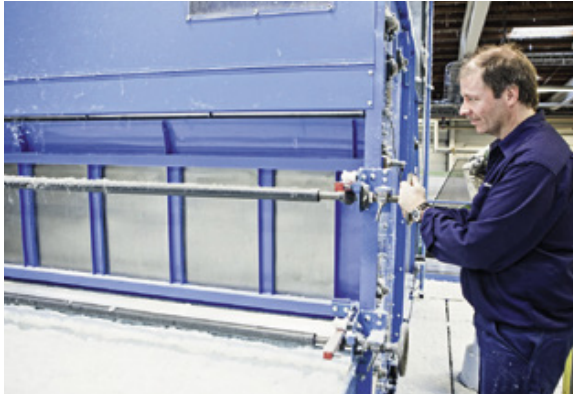
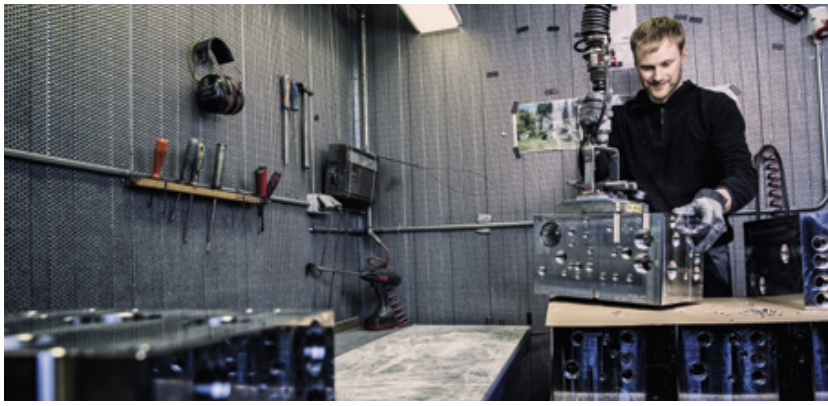
Key figures and key ratios (DKK million)

INCOME STATEMENT AND BALANCE SHEET

	2015	2014	2013	2012	2011
Revenue	12,566	11,784	11,645	12,478	11,929
Operating profit before depreciation (EBITDA)	1,214	1,070	1,039	1,163	1,049
Operating profit (EBIT)	831	708	685	772	646
Profit after tax in associates etc.	86	28	-21	-5	-26
Value adjustment of financial investments	0	0	499	-68	-556
Other net financials	-46	-35	-53	-86	-107
Profit before tax	871	701	1,109	613	-41
Profit for the year from continuing operations	645	428	860	469	-72
Profit for the year from discontinued operations	0	0	508	29	0
Profit for the year	645	428	1,368	498	-72
Total assets	10,516	9,882	9,696	10,381	9,901
Net interest bearing debt (NIBD)	-511	44	-23	2,023	2,745
Total equity	6,677	6,074	5,746	4,627	4,230

FINANCIAL DATA

	2015	2014	2013	2012	2011
EBITDA margin	9.7%	9.1%	8.9%	9.3%	8.8%
EBIT margin	6.6%	6.0%	5.9%	6.2%	5.4%
ROIC excluding goodwill	18.3%	16.9%	16.1%	15.2%	13.8%
ROIC including goodwill	15.1%	14.0%	13.3%	12.9%	11.8%
NIBD/EBITDA	-0.4	0.0	0.0	1.7	2.6
Average number of employees during the year	2,382	2,139	2,052	2,873	3,287
Dividend per share (of DKK 10)	10	8	6	5	4
Net asset value per share (of DKK 10)	282.10	258.44	240.49	196.25	178.62
Share price at year-end (of DKK 10)	387.00	290.00	222.50	149.00	92.50
Price/net asset value	1.37	1.12	0.93	0.76	0.52



Sustained value creation and future-proofing

There have been many good years in Schouw & Co.'s almost 140-year history, but 2015 was definitely one of the very best. We generated EBIT of DKK 831 million and, through that, cash flows from operations of almost DKK 1.2 billion. Both were best-ever performances in Schouw & Co. history and substantially better than we had dared hope for at the beginning of the year.

Our very solid performance comes on the back of the platform we have established over the past few years. We are strongly committed to future-proofing our businesses by giving priority to development, innovation and long-term investment.

A common characteristic of all of our businesses in their busy everyday operations and challenging market conditions is their ever-present commitment and dedication to visionary, innovative thinking and a long-term approach. It is a culture we value very highly at Schouw & Co.

The last few months have been full of intense acquisition activity, and we are very pleased with the additions of Specma and GPV to the Schouw family.

Our acquisition of Swedish company Specma has taken Hydra-Grene a very important step towards becoming the leading Nordic supplier of hydraulics solutions, both for local manufacturers and for global

industrial groups. This is a transformation we have wanted for the company for many years.

We also look forward to adding a new business to our portfolio after the GPV acquisition, which will presumably be completed soon. It has been ten years since we last added a new leg to Schouw & Co., and we are very excited about our new exposure to the international electronics industry. We are confident that through active ownership we can accelerate growth and bring the company to a new and stronger level, just as we have done with our other portfolio businesses.

Our focus in 2016 will be to ensure that our already large and strong companies become even better prepared to meet the challenges and opportunities that may come their way.

We never forget how important every single penny is, and together with our ongoing focus on margin management, that will be our foundation for generating attractive cash flows in the coming years as well. Long-term investment in innovation and in developing value-creating products and services will be a priority for us in future-proofing our strategic platform.

Jens Bjerg Sørensen, CEO
Aarhus, 4 March, 2016

Best performance in Schouw & Co.'s history

Financial performance

The companies of the Schouw & Co. Group had another good year in 2015. Expectations were relatively moderate at the beginning of the year, as volatility raised challenging prospects, but favourable developments during the fourth quarter i.a. caused by a positive effect from raw materials prices and foreign exchange rates enabled us to raise our guidance several times during the year.

The Group's companies improved consolidated revenue by 7% from DKK 11,784 million in 2014 to DKK 12,566 million in 2015. The revenue performance was composed of several opposing factors, including changing prices of raw materials, foreign exchange rates and volume sales, but all of our consolidated businesses reported revenue improvements.

EBIT rose from DKK 708 million in 2014 to DKK 831 million in 2015. The 17% EBIT improvement was driven mainly by Fibertex Personal Care, but BioMar, Fibertex Nonwovens and Hydra-Grene also contributed.

The large associate Kramp reported EBIT improvements as expected. Kramp is recognised as an associate in the Schouw & Co. consolidated financial statements at a 20% share of its profit as stated after tax. The recognised share of profit for 2015 amounted to DKK 71 million, against DKK 22 million in 2014. However, a comparison with 2014 should take into account the fact that the recognised share of the profit in Kramp for the first four months of 2014 was reduced by DKK 36 million in adjustments that were mainly the result of the purchase price allocation prepared in connection with the merger of Kramp and Grene in 2013.

Xergi, which is recognised as a joint venture,

17,5%

↑ Growth in EBIT

"Both EBIT and cash flows from operations were best-ever performances in Schouw & Co. history and substantially better than we had dared hope for at the beginning of the year."

JENS BJERG SØRENSEN,
PRESIDENT, SCHOUW & CO.



achieved the expected revenue and earnings improvements, and a DKK 9 million share of the profit has been recognised under profit/loss after tax in joint ventures for 2015, compared with DKK 5 million in 2014.

Consolidated net financial items were an expense of DKK 46 million in 2015, compared with a DKK 35 million expense in 2014. The expense for 2015 derived mainly from a DKK 43 million write-down of securities by BioMar due to the strained situation facing Chile's fish farming industry. Other financial expenses were partially offset by foreign exchange adjustments.

Liquidity and capital resources

The Schouw & Co. Group's operating activities generated a cash inflow of DKK 1,171 million in 2015, compared with DKK 628 million in 2014. Cash flows for investing activities amounted to DKK 569 million in 2015, against DKK 355 million in 2014.

Consolidated net interest-bearing debt at 31 December, 2014 was a moderate DKK 44 million, and with the cash inflow for 2015, this item was converted into a net deposit of DKK 511 million at 31 December, 2015.

The Group's overall working capital fell from DKK 1,775 million at 31 December, 2014, to DKK 1,598 million at 31 December, 2015, most of the reduction being attributable to BioMar.

Group developments

Our portfolio companies generally saw good activity in most of their active markets in 2015,

although they all experienced mounting international competition. There is a fierce battle for market share everywhere, and customers are very determined to get competitive prices and terms of trade. That forces our portfolio companies to constantly invest in safeguarding their competitive strength, and in some cases having to take strategic positions to secure necessary market share.

Much of the developments in 2015 were driven by significant changes in prices of raw materials and in foreign exchange rates, which combined to contribute to the profit for the year, particularly towards the end of the period.

The following is a brief review of individual company performances in 2015:

BioMar reported a drop in volume sales relative to 2014, but even so lifted revenue by 6% mainly due to higher average prices of raw materials and changes in foreign exchange rates. EBIT also improved relative to last year.

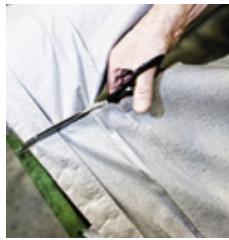
BioMar is working hard to expand its operations by developing feed for new fish species and establishing a presence in new geographical markets. The company is currently working to establish production in Turkey in association with local company Sagun Group, and to set up production in China in association with Tongwei, the major Chinese producer of fish feed. In Norway, a developed market, BioMar is expanding its output capacity by building a new production line at the factory in Karmøy.

Fibertex Personal Care achieved a rather moderate revenue improvement but a substantial EBIT improvement. The performance was primarily due to a sharp drop in prices of raw materials towards the end of the year and unusually large, positive foreign exchange effects in the second half of 2015.

Early in 2015, Fibertex Personal Care stepped up operations in its German printing business Innowo Print by establishing a third production line that increased the company's capacity for direct printing on nonwoven fabrics by 30%.

Fibertex Nonwovens increased its ownership interest in Fibertex South Africa from 26% to 74% effective from 1 March, 2015, and the South African company was consolidated from that date. In November 2015, Fibertex Nonwovens acquired the nonwoven activities of the Turkish company Ribatek.

Fibertex Nonwovens reported a substantial revenue improvement, which was attributable to the full-year effect of the acquisition of a US company in October 2014 and the consolida-



"Our focus in 2016 will be to ensure that our already large and strong companies become even better prepared to meet the challenges and opportunities that may come their way."

JENS BJERG SØRENSEN,
PRESIDENT, SCHOUW & CO.



18,3%

↑ Return on invested capital excluding goodwill

DKK 10

↑ Dividend up by DKK 2 per share to DKK 10

tion of the acquisitions in South Africa and Turkey in March and November 2015, respectively. The full-year EBIT improved, in part due to a greater proportion of advanced products for the auto industry and other specialist products and the effect of the US acquisition in 2014, whereas the South African business was a negative contributor.

Hydra-Grene reported a fair revenue improvement mainly driven by higher sales to the wind turbine industry. EBIT also improved over 2014, when the results were impacted by substantial costs of implementing a new ERP system.

In November 2015, Hydra-Grene agreed to acquire the Swedish hydraulics business Specma. The transaction, which nearly doubles the Group's hydraulics operations, was completed on 4 January, 2016.

Kramp, which is recognised as an associate, reported an increase in revenue and a positive performance in most of its markets. EBIT also improved relative to 2014.

Xergi, which is recognised as a joint venture, reported a high level of activity following recent years' heavy investment in technology innovation and in building a substantial customer and project portfolio. The company lifted its revenue by more than 32% and also strongly improved its net profit.

Events after the balance sheet date

On 9 November, 2015, Schouw & Co. signed an agreement to acquire the Swedish hydraulics business Specma AB. The transaction was completed on 4 January 2016, and Specma is thus consolidated with effect from the beginning of 2016.

On 29 January 2016, Schouw & Co. signed an agreement to acquire the Danish EMS manufacturer GPV International A/S. The agreement is subject to approval by the relevant authorities, and the transaction is expected to be completed around 1 April 2016.

Other than as set out above and elsewhere in this Annual Report, Schouw & Co. is not aware of events occurring after 31 December 2015, which are expected to have a material impact on the Group's financial position or outlook. ■

Outlook

Dividend

The Board of Directors recommends to the Annual General Meeting that the dividend for 2015 be raised by 25% to DKK 10.00 per share, for an amount equal to 2.6% of the market capitalisation at 31 December 2015. As a result, total dividend payments will amount to DKK 255 million, equal to a payout ratio of 40%.

The companies of the Schouw & Co. Group are generally well-positioned with international competitive strength, and the Group has adequate resources to facilitate the necessary business initiatives.

Current market conditions are characterised by several material sources of volatility. Europe remains bogged down by economic weakness and geopolitical tension that is impacting the Group's operations. Nevertheless, our portfolio companies are reporting healthy activity in most of their market segments, although some softness is detected in certain segments. In all markets, winning orders is very demanding and requires highly competitive prices and terms of trade.

BioMar expects challenging market conditions with limited growth in the European mar-

kets and lower overall volume sales in Chile. However, the company expects to improve revenue and volumes sold, but with a lower EBIT.

Fibertex Personal Care expects a higher revenue in 2016, but also a considerable drop in EBIT relative to 2015 when a sharp drop in prices of raw materials towards the end of the year and unusually large, positive foreign exchange effects in the second half of 2015 produced extraordinary good results.

Fibertex Nonwovens expects its recent investment and acquisitions to contribute to the company's operations and projects both revenue and EBIT improvements for 2016.

The acquisition of Specma will expand the hydraulics activities in 2016, but both Hydra-Grene and Specma have moderate expectations





Schouw & Co. employs some 10 people at the head office at Chr. Filtenborgs Plads in Aarhus.

for 2016 market developments. Revenue is projected to be maintained at the level the two companies reported for 2015, but with slightly lower EBIT before adjustments for the accounting treatment of the purchase price allocation.

The associate Kramp projects continued revenue and EBIT improvements in line with the 2015 performance. Xergi, which is recognised as a joint venture, expects to keep up the high level of business activity in 2016, but for its profit to be lower than in 2015.

Overall, Schouw & Co. expects to generate consolidated revenue in the vicinity of DKK 14.2 billion in 2016. However, for several of the companies, revenue depends very much on prices of raw materials, and any fluctuations can significantly change revenue without necessarily having any notable effect on earnings.

Schouw & Co. applies a profit forecast range for each individual business, and aggregating these ranges indicates consolidated EBIT guidance for 2016 in the range of DKK 760-850 million.

The above guidance does not include the effects of the GPV acquisition, which is expected to be completed around 1 April 2016. Subject to completion of the transaction as planned, GPV is expected to contribute revenue of DKK 600-650 million and EBIT of around DKK 40 million before adjustments for the accounting treatment of the purchase price allocation prepared in connection with the acquisition.

Associates and joint ventures, which are recognised at a share of profit after tax, are expected to contribute profit of DKK 75-85 million in 2016, most of which amount will consist of the share of profit in Kramp. Net financials for 2016 are expected to be an expense in the region of DKK 35 million. ■

Amongst others, Schouw & Co. handles Group financial statements, financing, IR and business development.



REVENUE (DKK million)	2016 forecast	2015 actual	2014 actual
BioMar	c. 9,200	8,974	8,451
Fibertex Personal Care	c. 1,900	1,797	1,787
Fibertex Nonwovens	c. 1,400	1,222	1,048
Hydra/Specma	c. 1,700	603	566
Other/eliminations	-	-30	-68
Total revenue	c. 14.2 bn	12,566	11,784

Kramp (100%)	c. 5,400	5,126	4,905
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EBIT (DKK million)	2016 forecast	2015 actual	2014 actual
BioMar	410-450	447	434
Fibertex Personal Care	200-220	253	171
Fibertex Nonwovens	80-90	76	62
Hydra/Specma	*90-110	78	60
Other	c. -20	-23	-20
Total EBIT	760-850	831	708
Associates etc.	75-85	86	28
Other financial items	c. -35	-46	-35
Profit before tax	800-900	871	701

Kramp EBIT (100%)	460-485	474	405
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*After about DKK 25m from Purchase Price Allocation.

The expected contribution from GPV should be added to the above numbers.

33%

↑ Increase in share price in 2015

SCHOUW+co

Share price in DKK

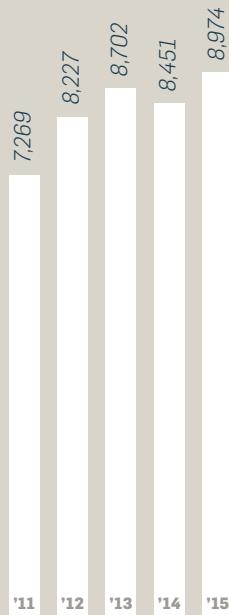


BIOMAR

FIBERTEX
PERSONAL CARE

5,4%

Cummulative average growth rate 2011-2015

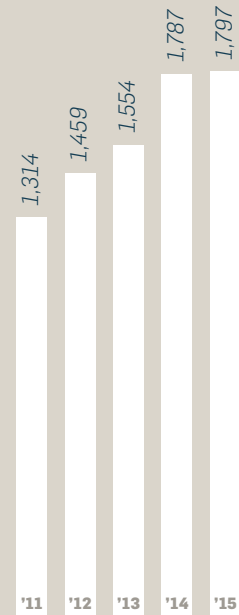


Revenue (DKK million)

DKK million	2015	2014
Revenue	8,974	8,451
Operating profit (EBIT)	447	434
EBIT margin	5.0%	5.1%
Profit before tax	399	398
Number of employees	897	904
Total assets	4,833	4,841
Equity	2,128	1,902
Net interest bearing debt	69	386
ROIC excl. goodwill	22.7%	22.9%

8,1%

Cummulative average growth rate 2011-2015



Revenue (DKK million)

DKK million	2015	2014
Revenue	1,797	1,787
Operating profit (EBIT)	253	171
EBIT margin	14.1%	9.6%
Profit before tax	247	169
Number of employees	514	447
Total assets	1,704	1,882
Equity	786	730
Net interest bearing debt	482	688
ROIC excl. goodwill	20.7%	14.4%

BioMar is the world's third largest manufacturer of quality feed for industrial fish farming. The main areas are feed for salmon and trout as well as sea bass and sea bream.

Fibertex Personal Care is among the world's largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry, manufacturing mainly diapers, feminine hygiene and incontinence care products.

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. nonwoven textiles used for a number of different industrial purposes.

Hydra-Grene and **Specma** are specialised trading and engineering companies with core areas of trade, production and know-how within hydraulic components and systems for the industry.

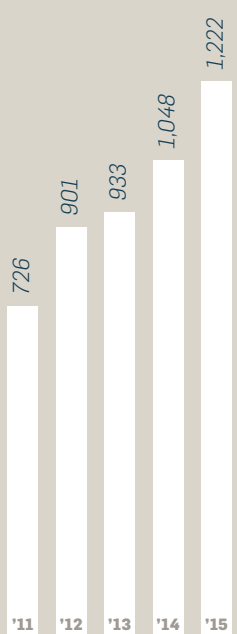
Kramp is Europe's leading trading and logistics company operating in the sale of spare parts and accessories for agriculture.



**FIBERTEX
NONWOVENS**

13,9%

Cummulative average growth rate 2011-2015



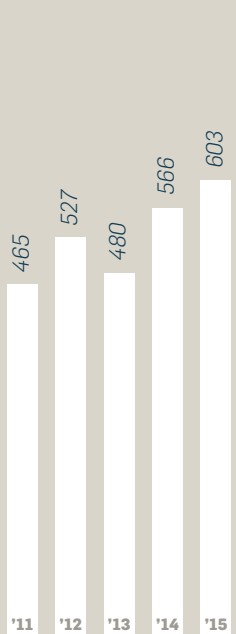
Revenue (DKK million)

DKK million	2015	2014
Revenue	1,222	1,048
Operating profit (EBIT)	76	62
EBIT margin	6.2%	5.9%
Profit before tax	64	50
Number of employees	719	547
Total assets	1,503	1,178
Equity	460	385
Net interest bearing debt	730	522
ROIC excl. goodwill	7.8%	8.4%

HYDRA-GRENE

6,7%

Cummulative average growth rate 2011-2015



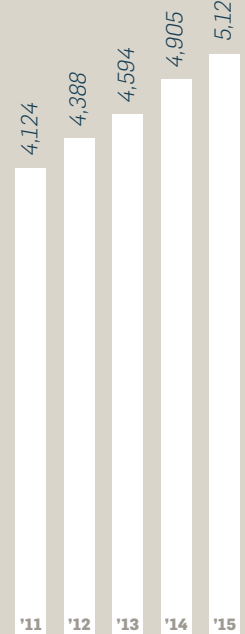
Revenue (DKK million)

DKK million	2015	2014
Revenue	603	566
Operating profit (EBIT)	78	60
EBIT margin	12.9%	10.6%
Profit before tax	78	61
Number of employees	241	230
Total assets	409	391
Equity	212	188
Net interest bearing debt	77	96
ROIC excl. goodwill	28.9%	22.6%

KRAMP

5,6%

Cummulative average growth rate 2011-2015

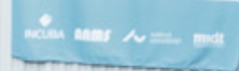


Revenue (DKK million)

DKK million	2015	2014
Revenue	5,126	4,905
Operating profit (EBIT)	474	405
EBIT margin	9.2%	8.3%
Profit before tax	427	346
Number of employees	2,574	2,604
Total assets	2,926	2,787
Equity	1,130	1,063
Net interest bearing debt	1,419	1,371

bringer
viden
videre

Portfolio companies growing stronger



Both the cover photo and this photo of Schauw & Co.'s staff were taken at Navitas at the Port of Aarhus, where Incuba runs an energy and clean-tech science park.

All companies of the Schouw & Co. Group improved on their revenue and earnings in 2015 relative to the year before, the fruit of several years of long-term investing to future-proof our companies' strategic platforms. Our focus in 2016 will remain on profitable growth, on using our capital efficiently and on future-proofing.

During his tenure as President of Schouw & Co. since 2000, Jens Bjerg Sørensen has continually worked to make this almost 140-year-old industrial conglomerate bigger and stronger.

"Going into 2015, Schouw & Co. had a uniquely strong position for future growth. The Group had virtually no interest-bearing debt, and we had several large and promising investments in the pipeline. Looking back on the year, we're very pleased with the way we used our strong platform and our substantial cash flow to strengthen our portfolio companies and prime them for future growth and earnings," says Mr Bjerg Sørensen.

All companies of the Schouw & Co. Group improved on their 2015 revenue and earnings relative to the year before, and the Group's consolidated EBIT is the highest ever. Even with its high level of investment, the Group's net interest-bearing debt was a net deposit of more than half a billion kroner thanks to the cash flows from operating activities totalling almost DKK 1.2 billion. Several of the larger investments will not affect the cash resources until in 2016, when the acquisitions of Specma and GPV, whose price tags totalled more than DKK 1 billion, are completed.

"We showed a commitment to growth and investment in 2015, and we've laid the groundwork for taking several of our businesses to the next level. For example, BioMar is currently expanding its feed production capacity in Norway by 30% and has set up a joint venture with Tongwei, China's largest and most dominant producer of fish feed. While BioMar produces extremely efficient, high-quality feed with full traceability in raw materials and is focused on sustainability throughout the value chain, the situation in China today is generally quite different, and we're confident that BioMar can help change that. Expansion in Norway and setting up in China are both long-term moves that will help position BioMar to become one of the absolutely strongest players in the industry," says the President.

Stronger businesses

Helping the businesses build an even stronger position in relation to their customers, their suppliers and the competition and priming them for strong future earnings has been a core objective in recent years, and Schouw & Co. intends to put ever more effort into this commitment in 2016.

"Over the past few years, we invested heavily in making our businesses both larger and stronger. It's now time to shift our focus to prioritising stronger businesses over larger. This does not imply that we have no ambition for growth, but it is important that such growth goes hand in hand with profitability. Growth will always be a prerequisite for development, but the timing is crucial."

The biggest changes will be seen in Hydra-Grene, a member of the Schouw family since 1988, due to the acquisition of Swedish hydraulics company Specma. Hydra-Grene has been trailing the other core Schouw & Co. businesses in revenue terms, and for the past several years the plan has been to use Hydra-Grene's significant leading position in Denmark as a springboard for international expansion.

The acquisition of Specma, a company that generates nearly twice as much revenue as Hydra-Grene, has markedly expanded Schouw & Co.'s hydraulics activities, and the platform for future growth has become considerably stronger. A company with a long-standing tradition of following major Swedish industrial companies to international markets, Specma currently has operations in the United States, Brazil, China, the UK and Poland. This international presence will now be consolidated, and the task at hand will be to maintain profitability at an attractive level.

Fair prospects for 2016

The regular flow of investment into all the group's businesses and the acquisitions made in 2015, combined with a consistently strong financial platform, make for fair prospects for Schouw & Co. in 2016. Mr Bjerg Sørensen is fairly confident about 2016:

"We have the capacity for growth, and we've shown a commitment to investing in making our businesses stronger. Schouw & Co. remains well-positioned for long-term value creation. The markets our companies operate in will always be highly competitive, but we are well prepared to face a changing world. Our company acquisitions from 2015 will propel us forward, and the future looks quite promising." ■



In the beginning of 2016, Schouw & Co. announced that it had agreed to acquire GPV. The transaction is expected to be completed around 1 April 2016.

GPV – a new leg in the Schouw & Co. portfolio

Schouw & Co. added a new business to its portfolio in early 2016, the first addition since BioMar in 2005. GPV becomes the sixth leg for Schouw & Co.: the ambition is to bring GPV to a new and more attractive level through long-term ownership.

The autumn and winter months were a busy time for Schouw & Co. Shortly after acquiring Swedish hydraulics company Specma for DKK 650 million, Schouw & Co. announced that it had agreed to spend DKK 400 million to acquire GPV International, Denmark's leading player in electronic manufacturing services (EMS). With a reported 2015 revenue of about DKK 850 million, GPV employs more than 1,000 people and has production facilities in Denmark (Tarm and Aars) and in Bangkok, Thailand.

"GPV plays a leading role in the Danish market and is an internationally recognised

electronics company. The company faced some challenges five to seven years ago but has since refocused and been back on track in recent years," said Schouw & Co. President Jens Bjerg Sørensen. "We're entering an industry that is new to us, but our approach will be to invest in profitable growth, use our capital efficiently, and future-proof the company's strategic platform."

It has been more than ten years since Schouw & Co. last established a new business area. In the time following the financial crisis, adding new business areas was not on the agenda, but Schouw & Co. has been looking for



GPV has production facilities in Denmark and in Thailand. The photo shows the entrance of the newly built facilities in Bangkok where GPV employs about 900 people.

an attractive new leg for the Group for the past few years:

“We’ve spent a lot of time carefully identifying the right new business for Schouw & Co. The growth potential, the potential for transformation through active ownership, and the attractive valuation and return on invested capital was the combination that sold us on GPV. Acquiring GPV has given us a platform for a long-term investment that is hopefully also a value-creating one.

GPV specialises in both electronics and advanced mechanics, which gives it a competitive advantage over pure electronics manufacturers. The company mainly supplies low-volume customised solutions with a high degree of flexibility, including electronic sub-assembly solutions and finished goods (box builds). GPV manufactures a total of roughly 5,500 electronics products for about 300 international B2B customers.

Just as it did a decade ago, the company’s customer base includes some of the very largest international OEMs (original equipment manufacturers) in the Cleantech, Instruments & Industry, Medico and Marine & Defence industries. GPV’s close and long-standing customer relationships ensure a solid position and opportunities for growth driven in part by the fact that more and more OEMs venture into strategic partnerships with EMS manufacturers

GPV’s customer base includes some of the very largest international OEMs. The close and long-standing customer relationships ensure a solid position and opportunities for growth.

to develop and produce electronic components outside their own core business. In addition, the growing demand for industrial products able to compile various types of information and communicate online also means growth opportunities for GPV.

GPV operates in Europe and in Asia; according to Mr Bjerg Sørensen, setting up operations on the other side of the Atlantic would be an obvious next step in moving closer to the US market:

“We have an ambitious growth plan that, among other things, includes setting up production facilities in Mexico. For several years, GPV has successfully retained and expanded relationships with customers that are among the most advanced in their fields, and, in the ever more global market, it has become necessary to have a presence in the three most important time zones.

Like the other Schouw & Co. portfolio businesses, GPV will now have owners with the financial clout to drive industry consolidation. As a result, acquisitions in the EMS industry will be an option as a means of accelerating growth.

“Our acquisition of GPV makes it less probable that we’ll be establishing another new leg for our portfolio in the near future. Instead, we intend to concentrate on strengthening all the businesses in our portfolio, including GPV. However, we’re not in a rush to buy new companies. We plan to keep GPV in our portfolio for a good many years, so whether or not we land the first add-on within the first couple of years of ownership is not so important. What is important is that we make the right long-term decisions so we can be sure the company will grow bigger and stronger.”



“At BioMar, it’s in our DNA to produce fish feed that’s both efficient and sustainable. It’s what we’re dedicated to, and it’s the future of global aquaculture.”

CARLOS DIAZ, CEO

Promoting efficient and sustainable global aquaculture



BioMar is increasingly taking on a leading role in developing global aquaculture. As the world's third-largest manufacturer of quality feed for the fish farming industry and one of the most innovative players in the sector, BioMar is on the verge of a breakthrough in China and South-east Asia, where the growing middle class is increasingly demanding quality fish.

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BioMar has undergone significant growth in the past ten years. With its activity levels trebled, BioMar currently accounts for about two-thirds of consolidated Schouw & Co. revenue. The company operates production facilities in eight countries – Denmark, Norway, Scotland, France, Spain, Greece, Chile and Costa Rica – and is currently establishing production in Turkey and China. China in

particular will be an important growth area for BioMar in coming years.

Aquaculture could be the answer to one of the world's biggest problems

BioMar operates in an industry that has the potential to solve one of the world's biggest problems. According to estimates from the United Nations, the global population will reach 8.1 billion as early as 2025 and 9.7 billion by 2050. This will create a food shortage situation that could have immense consequences, but aquaculture may provide a solution:

“Under ideal conditions, fish farming is the most efficient and sustainable method of food production for several reasons: because fish use almost all of their energy to grow, a huge proportion of the feed they eat is converted into →

BioMar's know-how and expertise is being demanded more and more in countries like China with a growing demand for quality fish feed.

BIOMAR

Revenue	EBIT	Employees	Equity
+6.2%	+2.8%	-0.8%	+11.9%

2015 DKKm		BioMar is the world's third-largest manufacturer of quality feed for the fish farming industry. The core business areas are feed for salmon, trout, sea bass, sea bream and tilapia.
Revenue	8,974	
EBIT	447	
Profit before tax	399	
Employees	897	
Equity	2,128	CEO Carlos Diaz

→ food for humans. In addition, very little of a fish cannot be eaten, and fish is one of the most protein-rich and healthy foods in the human diet,” explains BioMar CEO Carlos Diaz.

The global market for aquaculture is huge and is expected to continue to grow. BioMar produces about a million tonnes of fish feed a year and holds about a 25% share in its primary markets. However, Mr Diaz emphasises that aquaculture is still a relatively new industry that is developing very differently from region to region.

“Some industries are very streamlined and able to quickly implement the latest research results and production methods. That is not the case in much of our industry, and for this reason it is important to emphasise that fish farming can only achieve its full potential under ideal conditions, which means using the newest feed recipes and modern production methods,” he continues.

BioMar represents efficient and sustainable production

This is precisely BioMar’s raison d’être. Founded in 1962, the company has played a pioneering role in helping Danish and Norwegian aquaculture evolve into its current position as a recognised leader in efficient and sustainable production.

Today, BioMar produces specialised feed for more than 25 different species ranging from coldwater species such as salmon and trout, which are the predominantly farmed fish in the North Sea region, to warmwater species like

BioMar produces specialised feed for more than 25 different species.



sea bass, sea bream and tilapia, the dominant species in the Mediterranean region and Latin America.

Developed over a period of more than fifty years, BioMar’s feed recipes reflect a very high level of research and development. Optimising feed recipes is not just about growing big, healthy fish in a short period of time: it is also about limiting the use of scarce resources that are typically used as raw materials in production.

“At BioMar, it’s in our DNA to produce fish feed that’s both efficient and sustainable. It’s what we’re dedicated to, and it’s the future of global aquaculture,” Mr Diaz emphasises.

Special potential for BioMar in China and in Asia in general

In 2015, BioMar started off a remarkable 50/50 joint venture with Tongwei, a Chinese company with activities in China and South-east Asia





“The newest feed recipes and modern production methods are needed for the potential of fish farming to fully unfold.”

CARLOS DIAZ, CEO

producing 2.5 million tonnes of high-volume low-end fish feed annually.

China’s aquaculture is based on traditions more than 2,000 years old: much, much older than the European industry, which dates back less than 50 years. Despite this significant difference, Chinese aquaculture, in which Tongwei plays a leading role, has not evolved nearly to the same extent. The main focus in China has always been to produce fish at the lowest possible price, because consumers have not been able to afford quality fish. That situation is now changing at a rapid pace.

“Demand for better-quality fish has been booming in China and South-east Asia in recent years. The growing middle classes no longer want to eat fish containing heavy metals or fish farmed under non-sustainable conditions, explains BioMar’s Niels Alsted, Vice President, Asia and Business Relations.

With BioMar since 1987, Mr Alsted has been in charge of BioMar’s global procurement for a number of years. He was appointed head of BioMar’s activities in Asia in August 2015, and today he lives in the Chinese city of Chengdu. One of his duties here is to create optimum conditions for the new joint venture with Tongwei. According to Mr Alsted, the potential is huge:

Carlos Diaz, CEO, (left) and Niels Alsted, Vice President, Asia and Business Relations, at BioMar’s head office in Aarhus.

“Tongwei can do all the things in China that we can’t. They have factories, distribution networks, business relationships, customers and – obviously – years and years of experience in operating a business in China. For our part, we have world-class know-how about producing quality fish of the kind that Tongwei’s customers are demanding more and more. From that perspective, I believe Tongwei and BioMar are a perfect match.

Under the new joint venture, the plan is to establish a new joint factory outside Shanghai with an annual fish feed capacity of up to 100,000 tonnes. Planning for the new factory is well under way, and it is scheduled to open in mid-2017. Until then, BioMar will use part of the capacity at Tongwei’s 55 existing factories, and the company will also be able to export fish feed to China from its production facilities in other parts of the world. This will help build a market for the new factory’s products.

Back at BioMar’s head office in Aarhus, Denmark, Mr Diaz notes that BioMar’s vision of taking part in developing efficient and sustainable global aquaculture is very much coming true.

“We are in the unique situation that, through our owners, we have the financial resources to invest in the future. That means we can stay focused on generating revenue and earnings in the short term while at the same time creating a long-term platform for the BioMar of the future. And that’s where we’ll be playing a key role in creating ideal conditions for global aquaculture,” he says. ■



Setting the new
standard for
quality and
service

“It’s values like integrity, quality and service provided to the point of perfection that set us apart from the competition. Those qualities have always been prominent features of our Danish culture and our DNA.”

MIKAEL STAAL AXELSEN, CEO

Fibertex Personal Care continues to expand and take its share of growth in new markets. A combination of integrity and a comprehensive and consistent approach to quality and service has become the company's hallmark in the global personal care industry.

Fibertex Personal Care is the world's fifth-largest manufacturer of nonwoven textiles, products used mainly for diapers, sanitary towels and incontinence products. Europe and Asia are the company's core markets, and its customer base includes some of the world's largest companies, including Procter & Gamble, Ontex, Kimberley-Clark and SCA.

Fibertex Personal Care's seven production lines in Denmark and Malaysia manufacture 120,000 tonnes of spunmelt nonwoven textiles per year, which corresponds to 10% of the global consumption of these textiles for hygiene products. If spread out on the ground, the annual production output would cover no less than 10,000 square kilometres, an area almost

one-quarter of the size of Denmark. Most recently, the company has decided to invest DKK 400 million in a new site and another production line in Malaysia. Once in operation in mid-2017, the new line will add 18,000 tonnes to the annual output capacity.

Danish values of essential importance in Asia

In the early 2000s, Fibertex Personal Care was one of the first Western companies to set up production of spunmelt fabrics in South-east Asia. In 2003, Fibertex began creating a production site not far from Malaysia's capital Kuala Lumpur, a move that would →

Mette Due, Quality Assurance and Sustainability Director, (left) and Mikael Staal Axelsen, CEO, consider top quality as one of the company's most important competitive parameters.

FIBERTEX PERSONAL CARE	Revenue	EBIT	Employees	Equity
	+0.5%	+47.4%	+15.0%	+7.7%
2015 DKKm				
Revenue	1,797			
EBIT	253			
Profit before tax	247			
Employees	514			
Equity	786			

Fibertex Personal Care is among the world's largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry, manufacturing mainly diapers, sanitary towels and incontinence products.
CEO Mikael Staal Axelsen

→ prove a decisive turning point for the company. While the use of personal hygiene products in the Western World has been stagnant or increasing only slightly for a number of years, the situation is entirely different in the Asian markets. For example, the use of disposable nappies in private households is still a new phenomenon, and the Asian market is growing by more than 10% each year. This is the market growth that Fibertex Personal Care has been enjoying and continues to share in.

Today, Fibertex Personal Care is one of three major manufacturers in the region and, for example, the largest exporter of nonwovens to Japan. As many Danish companies know, success does not come easy in Asia, whether in advanced countries like Japan or in emerging markets like China and India. Still, Fibertex Personal Care has succeeded, and much of the reason is the company's Danish origins:

"It's very difficult to explain why we so often end up being a preferred supplier. If we ask our customers, it's values like integrity, quality and service provided to the point of perfection that set us apart from the competition. Those



"It's better if we can anticipate the customers' needs and wishes before they themselves do. Being able to do that really makes a good impression, not least in the Asian markets."

QUALITY ASSURANCE AND SUSTAINABILITY DIRECTOR METTE DUE



Fibertex Personal Care manufactures enough fine nonwoven textiles each year to cover more than 10,000 square kilometres.

qualities have always been prominent features of our Danish culture and our DNA," explains CEO Mikael Staal Axelsen.

We should be known for providing the best quality and service in the market

The staff at Fibertex Personal Care are far from all Danish, so implementing a Danish company's corporate values in a foreign country requires a very strong corporate culture. Enter Mette Due, the company's quality assurance and sustainability director: this is where she plays a key role. She acts as a sounding board for the company's quality assurance people, and, to her, quality is not a matter of adding some things and discarding others:

"Quality is absolutely a must-have, and it's a competitive parameter that means as much as price or reliability of supply. We aim to set the highest standard for quality in the market. It's that simple, and that's our ambition," she says.



Fibertex Personal Care's warehouse in Aalborg, Denmark, is a busy place. A large number of lorries pick up fresh loads of nonwoven materials every day.

“Imagine if a consumer finds a metal object in a diaper produced by one of our customers, and it can be traced back to us. In a worst-case scenario, the story would go viral and severely damage our customer's brand. If there's one thing our customers care about, it's their brand reputation.”

Ms Due stresses that quality is not only about minimising risk: it is also very much about being able to meet new customer demands and predicting the needs of tomorrow.

“It's better if we can anticipate the customers' needs and wishes before they themselves do. Being able to do that really makes a good impression, not least in the Asian markets. In that context, the most important part of my job is to create involvement and taking the positive route when we detect a specific trend,” she continues.

Softness and lightness

There is a current trend among Asian and European customers of focusing on softer and lighter materials. Developing new types of product and materials is one of Fibertex Personal Care's strong points, and the company welcomes the trend:

“As a Danish-based manufacturer, we've always focused on added value and on moving the focus from price to quality and unique properties. In the relatively more developed

markets of Asia, consumers are currently refocusing from inexpensive to more comfortable diaper products. As a result, our customers' revenue segments are quietly moving from low end to high end. That gives us an advantage,” Mr Axelsen points out.

The future may belong to printed products

As part of realigning to meet customer needs, Fibertex Personal Care took full ownership of Innovo Print last year. The German printing specialists have developed an innovative technology for colour printing directly on nonwoven materials, which allows Fibertex Personal Care to, for example, offer its customers diaper textiles with printed teddy bear motifs. In other words, Fibertex Personal Care is indirectly creating added value for its customers and expanding its service offering:

“Customer service has become a broad concept that virtually all companies swear by. But for us, customer service is not just a question of connecting with your customers, having friendly business relationships and being accommodating. For us, the concept of service also involves creating added value for our customers rather than “just” being a supplier, and that makes us an active partner that can grow and change to ensure future success. That has become our true *raison d'être* today,” Mr Axelsen explains. ■

Pushing the boundaries of productivity and material properties



Revenue	EBIT	Employees	Equity
+16.6%	+22.9%	+31.4%	+19.2%

2015 DKKm		Fibertex is among Europe's leading manufacturers of nonwovens, i.e. non-woven textiles used for many different industrial purposes.
Revenue	1,222	
EBIT	76	
Profit before tax	64	
Employees	719	
Equity	460	CEO Jørgen Bech Madsen


FIBERTEX
NONWOVENS

Fibertex Nonwovens had its best year ever in 2015, with both top- and bottomline all-time highs plus a record-high level of investment. Even so, Fibertex Nonwovens has the potential to go much further. This almost 50-year-old industrial company could see a substantial breakthrough in terms of both products and markets in the next few years.

Fibertex Nonwovens is among the world's leading manufacturers of nonwovens for industrial applications. The company has a presence far and wide and production facilities in Denmark, France, the Czech Republic, Turkey, South Africa and the United States. Its revenue topped the billion-kroner mark long ago; being focused on following customer growth and aligning its production platform accordingly has provided a significant boost to the company's profitability.

A journey started in 2002

Fibertex Nonwovens is best in class when it comes to strong customer relationships and



From left to right: Nicolaj Klit, Business Development Manager, Jørgen Bech Madsen, CEO, and Keld Lauridsen, Group R&D Manager.

“Our two-stringed strategy of both increasing our focus on high-volume products and developing new high-end products has been a success.”

JØRGEN BECH MADSEN, CEO

dedicated product development. Through its high current investment level, the company has secured sufficient capacity to follow growth in the most attractive business segments, while also gaining recognition as an innovation frontrunner.

Both volume products and high-end products are attention grabbers in the nonwovens industry. Traditional volume products include geotextiles for the construction sector used to separate soil and base layers. This is a highly competitive market with quality, customer service and price as the key sales parameters. That means profitability relies on efficiency

and resource optimisation, and by mastering those disciplines, Fibertex Nonwovens has shown that know-how and high-tech production is a powerful combination in international markets.

With high-end products, the focus is on adding value by introducing new properties to the nonwoven textiles, and this is another category in which Fibertex Nonwovens is leading the way.

“We’ve been on a two-track journey: aiming to ensure profitability on our high-volume products while also moving more and more towards becoming a high-end manufacturer →



→ of nonwoven textiles with innovative properties. It's turned out to be the perfect strategy," explains CEO Jørgen Bech Madsen.

"On our journey, we've learnt that it takes time for a new market to develop, and that it's extremely important to have the right capacity at the right time. Although ours is a long-term strategy, it is important that we are able to earn money on the way. That's why timely and appropriate alignments of our production facilities have been a crucial and decisive factor.

Adjusting volume capacity and geography

A good example is when Fibertex Nonwovens broke into the auto industry. In just ten years, this industry has grown to account for about 40% of the company's revenue.

The auto industry wants both high-volume products and high-end products with a high content of added value. Experience shows that revenue and earnings only go hand in hand if the right capacity is present in the right markets at the right time.

"You need a close working relationship with your customers to be able to predict when a breakthrough will occur for a new product or a new industry, and how big the breakthrough will be. We have to have the necessary capacity in the right markets at the right time, even if sometimes this involves huge volumes. If we succeed in this, it turns into growth and earnings as well as credibility with our customers," explains Group R&D Manager Keld Lauridsen.

He is a key man in product development and geographical expansion: both fields that require substantial and continual investment. In just the past few years, Fibertex Nonwovens has established a presence both in the United States through a company in Ingleside near Chicago in 2014 and in Turkey by acquiring Ribatek's nonwoven operations in Cerkezkoy near Istanbul. In addition, the company is investing significant amounts to expand and align its capacity in both France and the Czech Republic, and to add another production line in South Africa in 2016.

"We've managed to follow our customers' demand levels, and having the necessary capi-

"You need a close working relationship with your customers to be able to predict when a breakthrough will occur for a new product or a new industry, and how big the breakthrough will be."

KELD LAURIDSEN, GROUP R&D MANAGER



Material properties are continually laboratory tested

Innovation and production go hand in hand at the head office in Aalborg, Denmark.

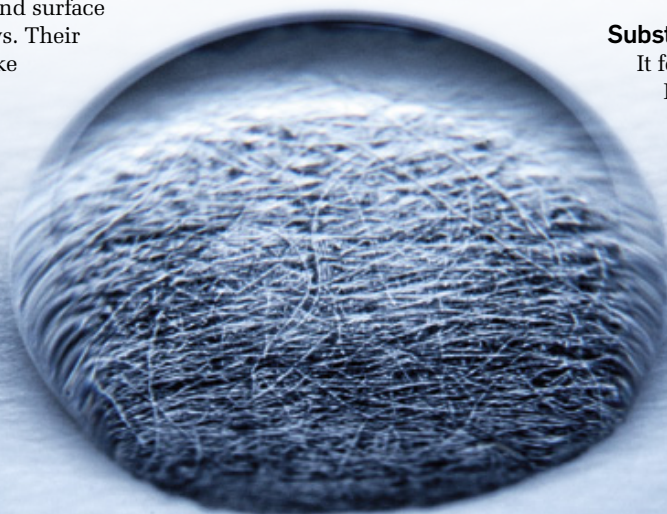
tal backing clearly gives us a competitive edge when making the necessary investments,” Mr Lauridsen says.

Change comes from within

In the Business Development department, Nicolaj Klit is a key man when it comes to developing innovative products with market-opening characteristics. He is head of Upstream Development, which, as the name implies, looks inward at the value chain for the purpose of creating change and innovation in house. Over the years, Mr Klit and his team have helped develop a number of new products with unique characteristics by combining various raw materials and surface coatings in various ways. Their efforts have helped make Fibertex Nonwovens a market leader in products for the automotive and composite industries, and it has also resulted in some exciting growth opportunities in filtration and membrane technology.

Now, the company is

The fibres in the new nanoproducts have a thickness of only about 100 nanometres.



on the verge of a new breakthrough with the launch of a number of nano-based fibre products.

“In the late 2000s, we ran a number of research projects at the universities of Aarhus and Aalborg. Nanotechnology was all the rage back then, but only a few industries have managed to develop commercially sustainable products,” explains Mr Klit:

“However, we have believed all along that nanotechnology will be a big thing in our industry, and we’re now ready to launch some new products that will give nonwovens new and previously unknown properties.”

The fibres in the new products have a thickness of only about 100 nanometres; normal fibres are some one hundred times thicker than that. Fibre thickness is very important for the weight of a product, the amount of materials needed to make it and, not least, its filtration properties.

“We’ve spent almost ten years developing materials that are so finely meshed that they can be used to filter out bacteria, viruses or pollen while letting through other, even smaller particles. These are products that are completely unknown in the market right now, and we think they can be a game-changer in a number of industries,” says Mr Klit.

Substantial potential

It follows from the above, then, that Fibertex Nonwovens has some exciting prospects. The work of adding new properties to the products and continually investing in optimising production facilities continues. This is Fibertex Nonwovens’ true raison d’être in the global market for nonwoven textiles. The next few years will give us an idea of how important these new nanoproducts can become. ■



All employees at Hydra-Grene and Specma have "hydraulics in their blood."

Creating a new international hydraulics supplier

When acquiring Swedish company Specma in 2015, Hydra-Grene took a giant stride towards becoming an international player in the hydraulics industry. The task at hand now is to achieve the synergies available from combining Specma's distinct industrial and production skills with Hydra-Grene's ability to mix sound business acumen with hydraulics know-how.

Hydra-Grene is the leader in the Danish industrial hydraulics market and a global leader in hydraulics solutions for the wind industry. The company carries more than 40,000 hydraulic components, from fittings and tubes to valves, pumps and motors, and has a presence not only in Europe, but also in the United States and Asia. Hydra-Grene is recognised both as a strong wholesaler with outstanding business acumen and as a knowledge-intensive engineering company that knows everything about hydraulics and the end products that create value for its customers.

In the autumn of 2015, Hydra-Grene acquired its larger Swedish peer, Specma, at a price of DKK 650 million.

Specma was founded in 1920 under the name Specialmaskiner and had been under the ownership of Sweden's Latour Group since 1985. Specialising in the production and sales of hydraulics systems and components, Specma is also a specialist supplier of tubing and piping for local and international OEM customers. The company generated revenue of roughly DKK 1.1 billion in 2015.

The acquisition of Specma was Schouw & Co.'s largest single investment in 2015, and, according to CEO Erik Lodberg, taking over Specma was a once-in-a-lifetime opportunity:

"Global size is a must, both for us at Hydra-Grene and for Schouw & Co. Achieving it can truly position us for the future competition, →

“Global size is strategically important, both for us at Hydra-Grene and for Schouw & Co. Achieving it can truly position us for the future competition, and it will give us a much better platform when our customers ask us to follow them onto the international markets.”

ERIK LODBERG, CEO

Morten Kjær Graakjær,
Business Development
Manager (left) and Erik
Lodberg, CEO.

HYDRA-GRENE

	Revenue +6.6%	EBIT +30.0%	Employees +4.8%	Equity +13.1%
2015 DKKm				
Revenue		603		
EBIT		78		
Profit before tax		78		
Employees		241		
Equity		212		

Hydra-Grene is a specialised trading and engineering company whose core business is trading and producing hydraulic components and systems development for industry as well as related services.
CEO Erik Lodberg

→ and it will give us a much better platform when our customers ask us to follow them onto the international markets,” he says.

“The opportunity to take over Specma, one of Scandinavia’s largest suppliers of hydraulics solutions, was quite unique for a number of reasons. Specma is a perfect match for us,

and the takeover was an instant opportunity to become a significant international player.

Combining for strength

Together, Hydra-Grene and Specma will have about 1,000 employees and annual revenue of about DKK 1.7 billion, but the deal involves much more than simply combining two organisations and their revenue figures: this is a case of an extremely good match between two Scandinavian industry groups.

Hydra-Grene’s primary force is its ability to combine hydraulic know-how with a commercial approach. Virtually all of the company’s employees are clearly knowledgeable about its hydraulics solutions and products, but they also have a distinct ability to understand their customers’ commercial agenda.

“We’re not afraid to admit that we’re hydraulics geeks, and that hydraulics is at the core of our DNA.”

MORTEN KJÆR GRAAKJÆR, BUSINESS DEVELOPMENT MANAGER

Hydraulics are used for many different things, and Hydra/Specma has a particular expertise in tubing and piping.





Hydra-Grene manufactures advanced hydraulic blocks for different OEM customers in house.

“We’re not afraid to admit that we’re hydraulics geeks, and that hydraulics is at the core of our DNA. However, we also have a corporate culture that puts solutions that benefit the customer ahead of what we want. It may sound naive, but that’s just the way it is, and it helps us build customer confidence,” explains Business Development Manager Morten Kjær Graakjær.

Mr Graakjær, who joined Hydra-Grene three years ago, was deeply involved in the acquisition of Specma. He also sees a great deal of synergy potential for the two companies.

“Hydra-Grene and Specma complement each other extremely well. Obviously, we share a dedication for hydraulics, and we both have extensive knowledge about its various applications, but when it comes to running the business, we have complementary strengths. At Hydra-Grene, we have a background of commerce and trade, whereas Specma has more of an industrial and production-driven culture. Once we get these separate strengths up and running in each other, it will really push us ahead,” opines Mr Graakjær.

Expanding global operations

Hydra-Grene and Specma have both gained valuable experience in various parts of the world. Both companies started out internationally by collaborating with existing customers. Hydra-Grene followed the wind turbine industry to the United States, China and India, while, similarly, Specma followed major crane manufacturers to foreign markets. For Hydra-Grene, this led to small-scale production in India and China, whereas for Specma, it resulted in full-scale production in China with 100 employees, production in Poland with 35 employees and small-scale production units in the United States and Brazil.

According to Mr Lodberg, Hydra-Grene intends to use the combined experience of both companies to reach new global OEM customers.

“Before, neither of us had sufficient size to offer our products to new global OEM customers. For many years, Specma has been a supplier to some of Sweden’s largest and most



well-known industrial companies, and they have some valuable references, but now we can offer our products to entirely new industries and markets,” he explains.

Focusing on synergies in 2016

The work to achieve synergies is already well underway, and it will be a key focus area in all of 2016. The cooperation between Skjern, the site of Hydra-Grene’s corporate head office, and Gothenburg, Specma’s company base, is being conducted in a positive and optimistic spirit.

“We’ve been extremely well received by both staff and management at Specma. We respect each other’s strengths, and I believe everyone is looking forward to the changes that will happen,” says Mr Lodberg.

“Now starts us really getting to know each other and thinking about synergies for our common benefit. For example, we’ve already discovered that Specma can contribute their production skills in hoses, pipes and fittings, while at Hydra-Grene, we can improve general service levels, advisory services and sales. We expect a significant cross-sales potential, as Specma’s customer base will now have access to our product catalogue of more than 40,000 components, while our customers will benefit from Specma’s production skills. That way, we can make two and two equal at least five, also in the short term,” concludes Mr Lodberg. ■

Revenue	EBIT	Employees	Equity
+4.5%	+17.0%	-1.2%	+6.3%
<i>2015 DKKm</i>			
Revenue	5,126	Kramp is Europe's leading trading and logistics company operating in the sale of spare parts and accessories for agriculture.	
EBIT	474	CEO Eddie Perdok	
Profit before tax	427		
Employees	2,574		
Equity	1,130		

KRAMP

Making life easier for customers and suppliers

The combination of Danish agro-wholesaler Grene and its Dutch peer Kramp in 2013 has produced the expected synergies and been a success all around. Kramp is now Europe's largest distributor of spare parts and accessories to the agricultural sector and a best-in-class provider of service to customers and suppliers across all European countries.

A daily flow of 13,000 orders adding up to a total of about five million orders per year is testament to the high level of activity at Europe's largest distributor of spare parts and accessories to the agricultural sector. Kramp is the result of a 2013 merger between two business partners that has since produced substantial merger synergies. In Denmark and the other Nordic markets, the company still uses

“Our business is selling spare parts and accessories, but what we do is give agricultural dealers quick and efficient access to the right spare part or the right advice so they can continue giving the best service to the farmers.”

EDDIE PERDOK, CEO

Carsten Thygesen, executive management member, and Eddie Perdok, CEO, at the head office in the Netherlands.

the Grene brand. Kramp is a significant player in all European countries – either as market leader or as a newcomer with double or triple-digit growth rates.

A successful business model

The European agricultural sector has been under significant financial pressure in recent years, both because of the financial crisis

and the ensuing economic crisis and due to the plunging prices of milk and of animal products. In Denmark and several other European countries, farmers are also struggling with too much debt, so the agricultural sector can seem like an unattractive sector in which profits are poor. However, this is not true, according to Kramp’s Dutch CEO Eddie Perdok. →



Kramp's e-commerce platform is now available in no less than 27 languages, which is unique for the industry.

- “There is no doubt that many European farmers and their suppliers have been through an extremely difficult time in the last few years, not least the many machinery manufacturers that have suffered under the low capex levels,” he explains. “But that is not a key factor in our parts business. The agricultural area being cultivated doesn't change, nor does the number of people that have to be fed. So, basically, our parts business is only affected to a limited extent.”

Mr Perdok is the third-generation heading up a Dutch agricultural group that was co-

founded by his grandfather under the name E.J. Perdok in 1955 and now forms an integral part of Kramp. Values like entrepreneurship, engagement, teamwork and putting the customer first have permeated the corporate culture from day one, and this is a tradition that continues to form the backbone of Kramp today.

It's that easy

Kramp is more than just a wholesaler. They are specialists in generating added value for customers and suppliers alike. As a result, the company's raison d'être does not hinge on the some 700,000 different components that Kramp stocks and sells to the agricultural sector:

“Our business is selling spare parts and accessories, but what we do is give the agricultural dealers quick and efficient access to the right spare part or the right advice so they can continue giving the best service to the farmers. Obviously, it's about finding the right price, but logistics and knowing the local farmers' needs are equally important, and that's where we have a unique advantage,” Mr Perdok explains. “It's also important to point out that as the preferred supplier to agricultural dealers all over Europe, we have a very strong platform that is attractive to the manufacturers. Our company provides them with easy access to extra sales on existing markets and to setting up in new countries.”

Bridging the gap

Former Grene CEO Carsten Thygesen adds that in many ways Kramp bridges the gap between farmers and suppliers. Mr Thygesen is now a member of Kramp's executive management team in charge of supplier and category man-



Kramp completed the extension and renovation of its head office in Varsseveld, the Netherlands, in 2015.



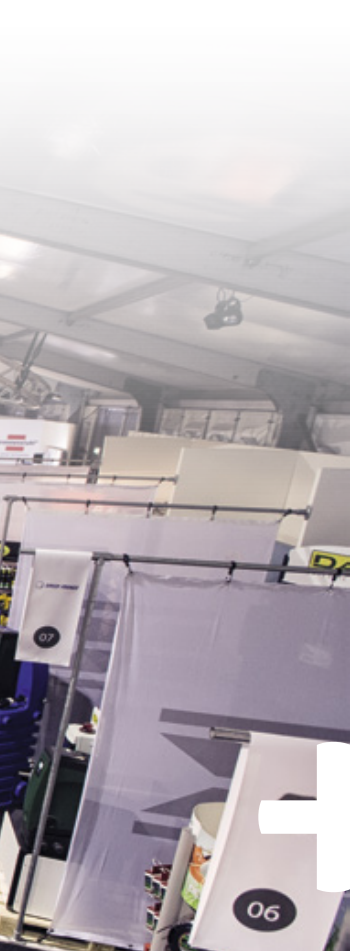
“Increasingly, suppliers see us as a strategic partner able to provide better and more efficient access to end customers through our comprehensive distributor network.”

CARSTEN THYGESEN, EXECUTIVE BOARD MEMBER AND IN CHARGE OF SUPPLIER & CATEGORY MANAGEMENT

agement and, since 2013, he has been in charge of integrating the two companies. He gives as an example the Danish company Kongskilde Industries, which signed a comprehensive distributor agreement with Kramp in late 2015. Among other things, Kongskilde manufactures machinery used for soil cultivation and plant care. Under the agreement, Kramp will take over Kongskilde’s European distribution network:

“Increasingly, suppliers see us as a strategic partner able to provide better and more efficient access to end customers through our comprehensive distributor network. We can help them in terms of both retail and e-commerce across national markets, and that helps boost our suppliers’ revenue while also helping reduce the cost of their distribution networks and marketing platforms. It’s simply too expensive for some manufacturers to maintain international distribution capacity in-house,” explains Mr Thygesen. “We have concluded several strategic agreements with suppliers, and every new agreement strengthens both them and us.”

Attending trade fairs continues to be a natural part of Kramp’s efforts to build customer awareness.



This is one of the steps intended to help ensure that Kramp wins additional market share and reaches its target of lifting revenue to EUR 1 billion by 2020. So far, the plan is on track, supported by a substantial capex programme of almost DKK 100 million per year:

“We have to continue to invest and expand our position as market leaders. Doing that involves investing in IT and developing new platforms, but brick-and-mortar shops, warehouses and logistics networks still have important roles to play. For example, we have now invested in developing a warehouse network consisting of nine European distribution centres. This may not be the cheapest way to run our business, but it’s the only way if we are to honour our promise of guaranteed in-night or next-day delivery for customers placing their orders by 6 pm. Being able to do that is an essential competitive parameter for us,” Mr Perdok emphasises.

Kramp’s e-commerce platform is now available in no less than 27 languages, more languages than are offered by the platform of any other supplier or competitor. This is one of the reasons why Kramp again generated double-digit growth rates in established markets such as France, while consolidating its market position in a number of other European countries. ■

Other investments

Xergi

Schouw & Co. has been involved in the biogas field since 2001, and today co-owns Xergi on a fifty/fifty basis together with Dalgasgroup (Hedeselskabet).

Xergi is one of Europe's leading suppliers of turnkey biogas systems. Its core business consists of technology development, system design and installation as well as turnkey system operation and maintenance. The company's head office is in Støvring near Aalborg, Denmark and it operates mainly on the European and US markets. Xergi is recognised as a joint venture in the Schouw & Co. consolidated financial statements.

Xergi is scheduled to hand over three large biogas plants in Denmark in 2015/2016 capable of upgrading and feeding the biogas to the Danish natural gas grid. In the past year, Xergi has also built two biogas plants in France, one of which is currently the largest of its kind in the country, two biogas plants in the UK, one for organic waste and one for energy crops, and a biogas plant in Sweden where household waste sorted at source is converted into a gas that is upgraded to methane quality to be used by the transport industry.

Xergi reported a 32% revenue improvement to DKK 411 million and a strong profit for 2015. DKK 9 million of the profit after tax has been recognised in Schouw & Co.'s consolidated financial statements. Xergi expects a high level of activity in 2016, but with a profit lower than that recorded for 2015.

Incuba Invest

Schouw & Co. holds a 49% stake in Incuba Invest, a development and venture operation supporting entrepreneurial environments and investing actively in new companies. Incuba Invest is a co-owner of Incuba, a company owning a number of properties and running three science parks in Aarhus, Denmark, one being Navitas at the port of Aarhus.

In addition, Incuba Invest has an ownership interest in Capnova, a government-approved innovation environment, and Scandinavian Micro Biodevices, a company developing and producing point-of-care veterinary diagnostic products. Incuba Invest is recognised as an associate in the Schouw & Co. consolidated financial statements, and the company reported a profit for 2015.

Property

In addition to the operational properties of the portfolio companies, Schouw & Co. owns a small number of properties. They are the parent company's offices in Aarhus, Denmark, a minor property relating to the former Grene Industri-service, also in Aarhus, and two properties in Frederikshavn, Denmark, that Schouw & Co. took over in February 2013 in connection with the divestment of Martin, both of which have been put up for sale.

Xergi had its best year ever in 2015, delivering biogas plants in Denmark, France, the UK and Sweden.



Schouw & Co.'s web site contains press releases and company announcements, as well as more detailed information on the Group. Interested parties are also invited to subscribe to the company's news service.

WWW.SCHOUW.DK

Financial calendar

14 April 2016	Annual General Meeting
19 April 2016	Expected payment of dividend for 2015
3 May 2016	Release of Q1 interim report 2016
11 August 2016	Release of H1 interim report 2016
10 November 2016	Release of Q3 interim report 2016

This is a translation of the Danish Shareholder Magazine 2015. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

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Jørn Ankær Thomsen,
Chairman



Jens Bjerg Sørensen,
President

Board of Directors

Jørn Ankær Thomsen / *Chairman*
Erling Eskildsen / *Deputy Chairman*
Niels Kristian Agner
Erling Lindahl
Kjeld Johannesen
Jørgen Wisborg
Agnete Raaschou-Nielsen

Executive Management

Jens Bjerg Sørensen, *President*
Peter Kjær, *Vice President*

Schouw & Co. shares

Schouw & Co.'s 25.5 million issued shares are listed on Nasdaq Copenhagen under the short name SCHO.

At the end of 2015, the company held 1,906,130 treasury shares, equal to 7.48% of the share capital. The market value of the holding of treasury shares was DKK 738 million at 31 December 2015. The portfolio of treasury shares is recognised at DKK 0.

The official price of Schouw & Co. shares at 31 December 2015 was DKK 387.00, and the total market capitalisation of the company's listed share capital amounted to DKK 9,869 million. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 9,131 million.

Shareholder structure

Schouw & Co. has some 8,000 registered shareholders. Schouw & Co. has registered the following shareholders as holding 5% or more of the share capital:

Givesco A/S	28.09%
Direktør Svend Hornsylds Legat	14.82%
Aktieselskabet Schouw & Co.	7.48%

Pursuant to the provisions of section 31 of the Danish Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen, who holds 3.94%, are considered as a single shareholder of Schouw & Co. The three shareholders hold in aggregate 46.85% of the shares in the company.

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