2016

Interim report 2016 first half

Company announcement No. 11/2016
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schouw+co

Highlights

- Overall, Schouw & Co.'s businesses had a very good first six months of 2016.
- Consolidated revenue was up by 4% to DKK 6,148 million.
- EBIT improved by 23% to DKK 372 million.
- Strong cash flows from operating activities at DKK 482 million. Cash flow from investing activities amounting to DKK 888 million used for acquisitions and capacity expansion.
- BioMar, Fibertex Personal Care and Hydra/Specma all upgrade their full-year EBIT guidance. The other portfolio companies maintain their full-year revenue and EBIT forecasts.
- After the end of the reporting period, the associate Incuba Invest agreed to sell its ownership interest in Scandinavian Micro Biodevices. The transaction is expected to add about DKK 65 million to Schouw & Co.'s profit after tax.
- Schouw & Co. maintains its guidance of full-year 2016 revenue of approximately DKK 14.1 billion. EBIT guidance raised by DKK 35 million to the range of DKK 845-935 million.

Statement by Jens Bjerg Sørensen, President of Schouw & Co.:

"*Schouw & Co. maintains the solid momentum we've had for the past several quarters. The operating profit of DKK 215 million in the second quarter and of DKK 372 million in the first half year are the best in Group history. The future looks bright, and I'm very pleased that we are able to raise our full-year guidance.*

Our good results are partly driven by our recent acquisitions of the hydraulics business Specma and the EMS company GPV, both of which have now been fully consolidated. Another very important factor has been the highly efficient operations of our portfolio companies and their constant focus on making every penny count when you produce in such large volumes as we do.

We make substantial investments in our portfolio companies, in capacity, innovation and new activities, and we are very well positioned to generate profitable growth in the future."

This is a translation of Schouw & Co.'s Interim Report for the six months ended 30 June 2016. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

Financial highlights and key ratios

GROUP SUMMARY (DKK MILLION)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
Revenue and income					
Revenue	3,373	3,104	6,148	5,888	12,566
Operating profit before depreciation (EBITDA)	319	247	575	494	1,214
Depreciation and impairment losses	103	96	203	191	383
Operating profit (EBIT)	215	151	372	303	831
Profit after tax in associates and joint ventures	33	28	47	47	86
Financial items, net	-2	-18	-16	0	-46
Profit before tax	247	160	403	349	871
Profit for the period	193	127	309	251	645
Cash flows					
Cash flows from operating activities	373	52	482	224	1,171
Cash flows from investing activities	-149	-106	-888	-184	-569
Of which investment in property, plant and equipment	-148	-107	-293	-165	-354
Cash flows from financing activities	-680	-179	-562	-116	-324
Cash flows for the period	-456	-233	-967	-76	278
Invested capital and financing					
Invested capital excluding goodwill	5,441	4,859	5,441	4,859	4,464
Total assets	11,026	10,491	11,026	10,491	10,516
Working capital	1,993	2,013	1,993	2,013	1,598
Net interest bearing debt (NIBD)	582	134	582	134	-511
Share of equity attributable to shareholders of Schouw & Co.	6,736	6,338	6,736	6,338	6,656
Non-controlling interests	20	29	20	29	21
Total equity	6,756	6,366	6,756	6,366	6,677
Financial data					
EBITDA margin (%)	9.4	8.0	9.3	8.4	9.7
EBIT margin (%)	6.4	4.9	6.1	5.1	6.6
EBT margin (%)	7.3	5.2	6.6	5.9	6.9
Return on equity (%)	10.8	8.6	10.8	8.6	10.2
Equity ratio (%)	61.3	60.7	61.3	60.7	63.5
ROIC excluding goodwill (%)	19.1	17.0	19.1	17.0	18.3
ROIC including goodwill (%)	15.6	14.1	15.6	14.1	15.1
NIBD/EBITDA	0.4	0.1	0.4	0.1	-0.4
Avg. number of employees during the period	4,295	2,399	3,746	2,338	2,382

GROUP SUMMARY (DKK MILLION)	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
Per share data					
Earnings per share (of DKK 10)	8.10	5.43	13.06	10.72	27.48
Diluted earnings per share (of DKK 10)	8.08	5.41	13.03	10.69	27.38
Net asset value per share (of DKK 10)	283.76	268.62	283.76	268.62	282.10
Share price, end of period (of DKK 10)	370.50	349.50	370.50	349.50	387.00
Price/net asset value	1.31	1.30	1.31	1.30	1.37
Market capitalisation	8,795	8,246	8,795	8,246	9,131

Definitions of financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33. Other key ratios are calculated in accordance with "Recommendations and Ratios 2015" issued by the Danish Finance Society.

The financial ratios in the interim report are calculated in the following manner:

Return on equity	$\frac{\text{Profit for the last 12 months excluding non-controlling interests}}{\text{Avg. equity excluding non-controlling interests}}$
ROIC excluding goodwill	$\frac{\text{EBITA the last 12 months}}{\text{Avg. invested capital excluding goodwill}}$
ROIC including goodwill	$\frac{\text{EBITA the last 12 months}}{\text{Avg. invested capital including goodwill}}$
Equity ratio	$\frac{\text{Equity, end of period}}{\text{Total liabilities and equity, end of period}}$
NIBD/EBITDA	$\frac{\text{NIBD, end of period}}{\text{EBITDA the last 12 months}}$
Earnings per share (EPS)	$\frac{\text{Profit for the last 12 months excluding non-controlling interests}}{\text{Average number of shares in circulation}}$
Diluted earnings per share (EPS-D)	$\frac{\text{Profit for the period excluding non-controlling interests}}{\text{Diluted average number of shares in circulation}}$
Net asset value per share	$\frac{\text{Equity excluding non-controlling interests, end of period}}{\text{No. of shares excl. treasury shares, end of period}}$
Price/net asset value (P/NAV)	$\frac{\text{Market capitalisation, end of period}}{\text{Equity excluding non-controlling interests, end of period}}$
Market capitalisation	Number of shares, ex treasury shares, x share price

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Financial performance

(DKK million)	Q2 2016	Q2 2015	Change	
Revenue	3,373	3,104	269	9%
EBITDA	319	247	72	29%
EBIT	215	151	64	42%
Associates etc.	33	28	6	20%
Profit before tax	247	160	87	54%
Cash flow from operations	373	52	321	617%

(DKK million)	YTD 2016	YTD 2015	Change	
Revenue	6,148	5,888	260	4%
EBITDA	575	494	81	16%
EBIT	372	303	70	23%
Associates etc.	47	47	1	1%
Profit before tax	403	349	54	15%
Cash flow from operations	482	224	258	115%
Net interest-bearing debt	582	134	448	-
Working capital	1,993	2,013	-20	-1%
ROIC excl. goodwill	19.1%	17.0%	2.1pp	
ROIC incl. goodwill	15.6%	14.1%	1.5pp	

Overall, the Schouw & Co. businesses had a very good first six months of 2016. Consolidated revenue was up by 4% to DKK 6,148 million in H1 2016 from DKK 5,888 million in H1 2015. The revenue improvement conceals several opposing factors. BioMar lost revenue compared with the extraordinarily strong first half of 2015, but the setback was offset by a large revenue improvement in the hydraulics activities that was mostly due to the Specma acquisition and by the acquisition of GPV, which is consolidated effective from the second quarter of 2016. The two Fibertex businesses also reported revenue improvements.

EBIT was up by 23% from DKK 303 million in H1 2015 to DKK 372 million in H1 2016. All portfolio companies contributed to the improvement with the exception of Fibertex Nonwovens, which recorded a minor drop in earnings.

The large associate Kramp is recognised in the consolidated financial statements under profit/loss after tax in associates at a 20% share of the profit in Kramp. The share of profit was recognised at DKK 40 million in H1 2016, compared with DKK 43 million in H1 2015.

The remaining associates and joint ventures contributed a combined profit of DKK 8 million after tax. While mainly deriving from the BioMar companies, the amount also includes Xergi, which as expected reported lower revenue in H1 2016 than in H1 2015, resulting in lower earnings close to break-even.

Consolidated net financial items were an expense of DKK 16 million in H1 2016, a DKK 16 million increase over H1 2015. The difference was mainly due to foreign exchange adjustments. In H1 2016, this item was a DKK 9 million loss, while in H1 2015 it was recognised at a DKK 14 million gain. When adjusted for this factor, net interest expenses were reduced by DKK 7 million.

Liquidity and capital resources

The consolidated operating activities generated a cash inflow of DKK 482 million in H1 2016, compared with DKK 224 million in H1 2015. Cash flows for investing activities amounted to DKK 888 million in H1 2016, primarily used for the acquisitions of Specma and GPV as well as for the purchase of property, plant and equipment by BioMar and Fibertex Personal Care, against DKK 184 million in H1 2015.

Consolidated net interest-bearing debt, which amounted to DKK 134 million at 30 June 2015, had become a net deposit of DKK 511 million at 31 December 2015. At 30 June 2016, the Group had net interest-bearing debt of DKK 582 million, the significant change being mainly due to the acquisitions of Specma and GPV.

The Group's working capital fell slightly, from DKK 2,013 million at 30 June 2015 to DKK 1,993 million at 30 June 2016. The moderate reduction consisted of a large drop for BioMar that was offset by an increase relating mostly to the new acquisitions.

Special risks

The overall risk factors the Schouw & Co. Group faces are discussed in the 2015 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2015 Annual Report.

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Portfolio company highlights

The following is a brief review of portfolio company performances in the six months to 30 June 2016. See the individual company reviews on the following pages for more information.

BIOMAR posted a large revenue decline relative to the first six months of 2015, when BioMar recorded extraordinarily high sales in Norway. Also causing the decline were reduced sales in Chile due to a natural phenomenon of severe algal blooms, which have since ended. EBIT improved despite the fall in revenue.

FIBERTEX PERSONAL CARE increased its revenue due to higher volume sales from the factory in Malaysia. EBIT also improved, in part due to a revenue improvement, better capacity utilisation and higher sales of value-added products.

FIBERTEX NONWOVENS improved its revenue through the positive effects of the acquisition of operations in Turkey in November 2015 and higher revenue from the other European production facilities. EBIT, while unchanged from H1 2015, consisted of stronger earnings from the factories in Europe and weaker results from South Africa and the USA.

HYDRA/SPECMA is reporting from a new and much higher level following the acquisition of Specma on 4 January 2016 with no basis for a year-on-year comparison of the combined company's revenue and EBIT. The former Hydra-Grene reported like-for-like improvements in both revenue and EBIT relative to H1 2015. Specma reported a revenue improvement and a slightly lower EBIT for the reporting period.

GPV, Denmark's leading player in electronic manufacturing services (EMS), employs about 1,000 people and has production facilities in Denmark (Tarm and Aars) and in Bangkok, Thailand. The company was acquired by Schouw & Co. effective 1 April 2016 and is consolidated effective from the second quarter of 2016. GPV reported Q2 revenue in line with the second quarter of 2015. The company's EBIT improved when stated before adjustments resulting from the accounting treatment of the purchase price allocation, mainly due to stable exchange rates compared with a year earlier.

KRAMP, which is recognised as an associate, reported a further increase in revenue but with a minor decline in EBIT.

Schouw & Co. shares and treasury shares

Schouw & Co.'s share capital comprises 25,500,000 shares with a nominal value of DKK 10 each for a total nominal share capital of DKK 255,000,000. Each share carries one vote.

Schouw & Co.'s shares depreciated by 4% during the first six months of 2016, from DKK 387.00 at 31 December 2015 to DKK 370.50 at 30 June 2016. On 19 April 2016, the share price was reduced by a dividend payment of DKK 10 per share.

At 31 December 2015, the company held 1,906,130 treasury shares, equal to 7.48% of the share capital. In the first six months of 2016, Schouw & Co. acquired 34,800 treasury shares at an aggregate price of DKK 13 million and used 180,000 treasury shares in connection with options exercised under the Group's share incentive scheme. As a result, the company currently holds 1,760,930 treasury shares, corresponding to 6.91% of the share capital.

The market value of the holding of treasury shares was DKK 652 million at 30 June 2016. The portfolio of treasury shares is recognised at DKK 0.

Events after the balance sheet date

After the end of the reporting period, Incuba Invest, which is recognised as an associate in the Schouw & Co. consolidated financial statements at an ownership interest of 49%, agreed to sell its shares in Scandinavian Micro Biodevices, a company producing point-of-care veterinary diagnostic products. Incuba Invest has held an ownership interest in Scandinavian Micro Biodevices since 2007.

The agreement is subject to customary conditions, and a small part of the purchase price will not be released until 18 months after closing, but the transaction is expected to increase Schouw & Co.'s consolidated 2016 profit after tax in associates and joint ventures by about DKK 65 million.

Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of any other events occurring after 30 June 2016 which are expected to have a material impact on the Group's financial position or outlook.

Outlook

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

Europe remains bogged down by economic weakness and political challenges. However, the most recent changes, including the British decision to leave the EU and the current events in Turkey are not expected to have any material direct impact on the Group.

BIOMAR continues to expect challenging market conditions with a volume decline in the overall market in Chile, but is now reporting a stronger outlook for its European markets. As a result, BioMar raises its full-year earnings guidance.

FIBERTEX PERSONAL CARE maintains its forecast of a full-year revenue increase in 2016. The company has again upgraded its EBIT forecast, this time to close to the level of 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 the year produced extraordinarily good results.

FIBERTEX NONWOVENS expects its recent investments and acquisitions to contribute to the company's operations in 2016. The company continues to expect both revenue and EBIT improvements relative to 2015, although especially the South African operations are facing challenges in the current difficult market conditions.

HYDRA/SPECMA anticipates a flat global hydraulics market i 2016. The company is generating good sales to the wind turbine industry and the automotive segment, but is challenged in its other segments. Hydra/Specma retains its revenue guidance for the combined company and raises its full-year EBIT guidance.

GPV is consolidated effective from 1 April 2016. For the current nine-month period to 31 December 2016, GPV is expected to contribute revenue of DKK 600-650 million. A purchase price allocation was prepared in connection with the acquisition, which is expected to reduce FY 2016 EBIT by DKK 6 million but not to have any notable effect thereafter. EBIT for the nine-month period is expected to be DKK 35 million after adjustments from purchase price allocation.

The associate KRAMP maintains its guidance of a revenue improvement relative to 2015 and lowers its EBIT guidance to just below the level of 2015.

XERGI, which is recognised as a joint venture, expects to maintain a solid level of business activity in 2016, but not as high as in 2015. As always, the company is heavily dependent on the timing of its current projects, but in the current situation the company expects a much lower full-year EBIT in 2016 than in 2015.

Overall, Schouw & Co. maintains its guidance of consolidated full-year 2016 revenue of approximately DKK 14.1 billion. 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 on aggregating these ranges, the Group raises its consolidated full-year 2016 EBIT guidance by DKK 35 million to the range of DKK 845-935 million from the previous forecast range of DKK 810-900 million.

Associates and joint ventures, which are recognised at a share of profit after tax, are now expected to contribute profit of DKK 140-150 million in 2016 including the effects of Incuba Invest's agreement to sell its shares in Scandinavian Micro Biodevices made after the end of the reporting period.

Consolidated financial items for 2016 are now expected to be an expense in the region of DKK 30 million, but the amount may be affected by possible unforeseen changes in foreign exchange rates.

REVENUE (DKK million)	2016 After Q2	2016 After Q1	2016 Original	2015 actual
BioMar	c. 8,500	c. 8,500	c. 9,200	8,974
Fibertex Personal Care	c. 1,900	c. 1,900	c. 1,900	1,797
Fibertex Nonwovens	c. 1,400	c. 1,400	c. 1,400	1,222
Hydra/Specma	c. 1,700	c. 1,700	c. 1,700	603
GPV	600-650	600-650	-	-
Other/eliminations	-	-	-	-30
Total revenue	**14.1bn**	**14.1bn**	**14.2bn**	**12,566**
Kramp (100%)	c. 5,400	c. 5,400	c. 5,4	5,126

EBIT (DKK million)	2016 After Q2	2016 After Q1	2016 Original	2015 actual
BioMar	420-460	410-450	410-450	447
Fibertex Personal Care	230-250	210-230	200-220	253
Fibertex Nonwovens	80-90	80-90	80-90	76
Hydra/Specma[1]	100-120	90-110	90-110	78
GPV[2]	c. 35	c. 40	-	-
Other	c. -20	c. -20	c. -20	-23
Total EBIT	**845-935**	**810-900**	**760-850**	**831**
Associates etc.[3]	140-150	75-85	75-85	86
Financial items, net	c. -30	c. -35	c. -35	-46
Profit before tax	**955-1.055**	**850-950**	**800-900**	**871**
Kramp EBIT (100%)	440-460	460-485	460-485	474

Notes
1 After about DKK 25 million from Purchase Price Allocation
2 After about DKK 6 million from Purchase Price Allocation
3 Including the effects of the of shares in SMB

Roundings and presentation

The amounts appearing in this interim report have generally been rounded to one decimal place using standard rounding principles. Accordingly, some additions may not add up.

Accounting policies

The interim report is presented in accordance with IAS 34 “Interim financial reporting” as adopted by the EU and Danish disclosure requirements for consolidated and parent company financial statements of listed companies.

Schouw & Co. has implemented the standards and interpretations which are effective from 2016. None of those standards and interpretations have had an effect on recognition and measurement in 2016 or are expected to affect Schouw & Co.

See the consolidated financial statements and the parent company financial statements for 2015 for a full description of the accounting policies.

Judgments and estimates

The preparation of interim financial statements requires management to make accounting judgments and estimates that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

Financial calendar for 2016

10 November 2016
Release of Q3 2015 interim report 2016.

The company provides detailed information about contacts and times of conference calls held in connection with the release of its full-year and interim reports through company announcements and postings on its website, www.schouw.dk.

Our businesses

BioMar

BioMar is the world's third-largest manufacturer of quality feed for the fish farming industry. The group has traditionally divided its operations into three geographical regions: the North Sea (Norway and Scotland), the Americas (Chile and Costa Rica) and Continental Europe, but after completing an extensive strategy process in the first quarter of 2016, BioMar has now reorganised its operations into three new divisions: Salmon (Norway, Scotland and Chile) and two non-salmon divisions covering EMEA and Emerging Markets.

Financial performance

Volumes sold fell in the first six months of 2016 relative to the first half of 2015, when BioMar recorded extraordinarily high sales due to final shipments on older contracts in Norway. The decline was also due to reduced sales in Chile due to a natural phenomenon with severe algal blooms, which – although the blooms have since ended – had the detrimental effect of reducing fish stocks. In addition, production in Chile was shut down for three weeks during the second quarter due to a dispute between local fishermen and the authorities. On the other hand, EMEA non-salmon sales improved.

Realised revenue fell by 17% from DKK 4,139 million in H1 2015 to DKK 3,432 million in H1 2016. The decline was primarily due to lower volumes sold, but lower Norwegian krone and pound sterling rates against the Danish krone and slightly lower raw materials prices were also contributors to the downward trend.

Despite the revenue decline, EBIT improved to DKK 133 million from DKK 127 million in H1 2015. The increase derived especially from EMEA non-salmon, with climatic conditions having been good for fish farming operations, but Norway also contributed through improved efficiency and a strengthened product portfolio. While, obviously, special conditions pushed the financial results in Chile down, the country remains an attractive and very important market for BioMar.

Working capital fell from DKK 1,260 million at 30 June 2015 to DKK 670 million at 30 June 2016. This large reduction was due to a drop in receivables and inventories and to an increase in supplier credit following a focused effort and greater use of supply chain financing. ROIC excluding goodwill improved to 26.0% at 30 June 2016 from 21.8% at 30 June 2015.

Business development

The salmon division had a good first half-year in Norway, as efficient operations and a strengthened product portfolio produced better-than-expected results. Negotiations for the important contracts for delivery in the second half-year ended, with the expected results.

The market in Chile was strongly affected by the severe algal blooms, which were also the cause of the dispute that arose between local fishermen and the authorities about compensation for losses and that led to blockades causing a detrimental effect on production in the second quarter.

In Chile, BioMar won back market share in the first six months of the year, but the aftermath of the algal blooms has engendered a great deal of uncertainty as to how overall volumes will evolve during the rest of the year. It is already clear that the volume of farmed fish produced in 2016 will drop sharply, but on the other hand selling prices have now reached a level profitable for Chilean fish farmers.

EMEA non-salmon volumes were higher in the first six months of 2016 than in the year-before period, especially in southern Europe, where an incipient consolidation of the Greek fish farming industry has resulted in a more stable market and higher sales for BioMar.

In Turkey, BioMar successfully completed its initial commercial production at the new factory built in a 50/50 joint venture with Turkish company the Sagun Group. The factory will initially have an expandable capacity of about 50,000 tonnes of feed.

In China, BioMar is planning a greenfield project for a fish feed factory in a joint venture with Chinese feed manufacturer Tongwei. The new factory, scheduled for commissioning in the second half of 2017, will complement Tongwei's current production, which focuses on high-end feed and utilises BioMar's special expertise in this area.

In its crucial Norwegian market, BioMar is constructing a new production line at its existing factory in Karmøy. Expected to be operational in →

BioMar

the second quarter of 2017, the new production line will have an annual capacity of 140,000 tonnes.

Outlook

BioMar maintains its guidance of full-year revenue of about DKK 8.5 billion. While the guidance is unchanged, the underlying customer and product mix has changed, with lower sales in Chile and higher sales in Europe. As always, revenue may be significantly affected by possible changes in raw materials prices, without that necessarily having any effect on earnings.

Driven by the stronger earnings expected in European markets, BioMar is raising its full-year EBIT guidance to the range of DKK 420-460 million from the previous forecast of DKK 410-450 million. As always, however, the actual full-year EBIT will depend very much on the high season in the second half of the year.

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
Volume (1,000 t)	204	224	370	417	955
Revenue (DKK million)	1,900	2,230	3,432	4,139	8,974
- of which salmon north	897	1,003	1,577	1,938	4,279
- of which salmon south	367	687	858	1,350	2,526
- of which non-salmon	636	540	997	851	2,169

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	1,899.8	2,230.4	3,431.9	4,139.4	8,974.2
Gross profit	249.4	238.1	411.4	437.6	1,080.5
EBITDA	145.4	114.8	201.4	201.1	592.8
Depreciation and impairment	34.4	37.0	68.4	74.0	146.1
Operating profit (EBIT)	111.0	77.8	133.0	127.1	446.7
Profit after tax from ass. and joint ventures	6.8	-0.7	8.0	-0.4	6.0
Financial items, net	-3.8	-8.4	-3.9	-6.2	-53.6
Profit before tax	114.0	68.7	137.1	120.5	399.1
Tax for the period	-33.9	-16.8	-44.4	-52.9	-131.9
Profit for the period	80.2	51.9	92.7	67.6	267.2
CASH FLOWS					
Cash flows from operating activities	202.1	-95.8	177.3	-101.4	636.7
Cash flows from investing activities	-70.5	-29.9	-149.7	-43.1	-209.5
Cash flows from financing activities	-216.2	-89.5	-234.0	-30.1	-621.7
BALANCE SHEET					
Intangible assets *	398.9	374.8	398.9	374.8	409.7
Property, plant and equipment	929.4	932.2	929.4	932.2	884.9
Other non-current assets	320.1	206.7	320.1	206.7	268.7
Cash and cash equivalents	247.5	492.4	247.5	492.4	457.2
Other current assets	2,608.7	3,227.8	2,608.7	3,227.8	2,812.2
Total assets	4,504.6	5,233.9	4,504.6	5,233.9	4,832.7
Equity	1,974.8	1,928.9	1,974.8	1,928.9	2,128.2
Interest-bearing debt	563.7	1,189.3	563.7	1,189.3	597.7
Other creditors	1,966.1	2,115.7	1,966.1	2,115.7	2,106.8
Total liabilities and equity	4,504.6	5,233.9	4,504.6	5,233.9	4,832.7
Average number of employees	877	901	885	905	897
FINANCIAL KEY FIGURES					
EBITDA margin	7.7%	5.1%	5.9%	4.9%	6.6%
EBIT margin	5.8%	3.5%	3.9%	3.1%	5.0%
ROIC excl. goodwill	26.0%	21.8%	26.0%	21.8%	22.7%
ROIC incl. goodwill	18.1%	16.0%	18.1%	16.0%	16.4%
Working capital	669.7	1,260.0	669.7	1,260.0	752.4
Net interest-bearing debt	242.8	685.8	242.8	685.8	68.7

* Excluding goodwill on consolidation in Schouw & Co. of DKK 430.2 million

All amounts in DKK million

Fibertex Personal Care

Fibertex Personal Care is one of the world's largest manufacturers of spunbond/spunmelt nonwoven fabrics for the personal care industry. The company's production facilities are in Denmark and Malaysia, and its products are key components in diapers, sanitary towels and incontinence products. Fibertex Personal Care is also a supplier of print products.

The company's operations are concentrated mainly in Europe and South-east Asia, with direct sales to major international producers of diapers and other hygiene products handled by in-house sales organisations.

Financial performance

Fibertex Personal Care generated revenue of DKK 892 million in H1 2016, compared with DKK 832 million in H1 2015. The 7% revenue improvement was mainly driven by higher sales volumes from the factory in Malaysia, but volume sales from Innowo Print were also a contributing factor.

EBIT for H1 2016 was DKK 132 million, compared with DKK 98 million in H1 2015. This 35% earnings improvement was mainly the result of higher-volume sales, higher capacity utilisation and an uptick in sales of value-added products. The earnings improvement also came on the back of upward-trending raw materials prices in South-east Asia in the first half of 2016, something that normally depresses earnings. This was a different situation from the first half of 2015, when prices of raw materials in the region declined. In Europe, prices of raw materials in the first half of 2016 were comparable with levels of the year-before period.

Fibertex Personal Care increased its working capital from DKK 225 million at 30 June 2015 to DKK 272 million at 30 June 2016, partly because of the upturn in business activity. Based on the sharp improvement in LTM earnings, ROIC excluding goodwill improved, rising to 23.4% at 30 June 2016 from 15.8% at 30 June 2015.

Business development

In January 2016, Fibertex Personal Care announced plans to build another factory unit in Malaysia, which will increase the company’s total output capacity in the country by about 20%. In this connection, a new factory unit will be built 25 km south of the existing factory at Nilai, outside Kuala Lumpur. The new production site may eventually have as many as four production lines and thus provide a base for possible future expansion.

Construction of the new factory building will begin in August 2016, and machinery installation is scheduled to start early in the second quarter of 2017. This will be Fibertex Personal Care’s eighth production line and the company’s fifth in Malaysia. Not only will it help grow capacity for the company’s current product range, but it will also facilitate the production of state-of-the-art super-soft products, a category in very high demand in Asian markets. Representing an investment of approximately DKK 400 million, the new line is scheduled for commissioning in the third quarter of 2017.

One of the existing production lines in Denmark will be upgraded in the second half of 2016, in part to expand capacity and not least to boost the technology to the level already employed in Malaysia and enable Denmark to manufacture new, super-soft products as well. The upgrade will involve closing the line this autumn, but Fibertex Personal Care has been building inventories to compensate for the upcoming line shutdown. The upgrade project is scheduled for completion at the end of 2016, which will allow the Danish unit to offer its new products to the market in 2017.

In addition to establishing a new factory unit in Malaysia, Fibertex Personal Care plans to add print facilities to its existing plant. When completed, the extension will have room for two print lines. The first line has already been installed and is expected to be operational in the third quarter of 2016. Fibertex Personal Care will have to build up a market for this new service in South-east Asia, but there is already a great deal of interest, as printing on these lightweight materials is a speciality.

The company’s print business is also being expanded: Innowo Print in Germany is increasing capacity by adding a new production line, which is expected to be operational in the first quarter of 2017. The expansion is driven by growing demand in Europe.

Fibertex Personal Care

Outlook

Fibertex Personal Care generated revenue as expected in the first half of 2016, but reported a healthy EBIT improvement. Healthy earnings are also expected in the second half of 2016, but it must be noted that one of the lines in Denmark will not be running for a part of the period. In terms of a comparison with last year's earnings, it should also be noted that EBIT for H2 2015 was supported by a plunge in raw materials prices towards the end of the year and by foreign exchange rate fluctuations, which had an unusually large favourable impact. The company estimates that these special factors lifted the 2015 EBIT by more than DKK 50 million.

Accordingly, Fibertex Personal Care maintains its full-year 2016 revenue guidance of about DKK 1.9 billion. As always, the full-year EBIT will depend very much on raw material price trends during the rest of the year, but, given the good start to the year, the company is raising its EBIT guidance to the DKK 230-250 million range (previously DKK 210-230 million).

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
Revenue (DKK million)	433	404	892	832	1,797
- from Denmark	171	175	358	376	795
- from Malaysia	223	212	467	422	935
- from Germany	39	17	67	34	67

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	433.3	403.9	891.7	831.8	1,797.2
Gross profit	80.9	63.8	205.3	157.8	381.8
EBITDA	73.8	69.9	190.0	169.1	394.7
Depreciation and impairment	29.2	35.6	58.0	71.3	142.2
Operating profit (EBIT)	44.7	34.3	132.1	97.8	252.5
Financial items, net	-0.9	-5.0	-10.3	-3.8	-5.5
Profit before tax	43.8	29.3	121.8	94.0	247.0
Tax for the period	-9.9	-6.2	-27.8	-20.8	-60.0
Profit for the period	33.9	23.1	93.9	73.2	187.0
CASH FLOWS					
Cash flows from operating activities	50.3	128.8	161.7	219.5	342.1
Cash flows from investing activities	-47.5	-8.7	-113.0	-16.3	-85.3
Cash flows from financing activities	-2.1	-141.8	-34.2	-197.7	-248.1
BALANCE SHEET					
Intangible assets *	83.4	66.4	83.4	66.4	76.3
Property, plant and equipment	1,081.2	1,064.3	1,081.2	1,064.3	975.1
Other non-current assets	83.8	119.9	83.8	119.9	82.0
Cash and cash equivalents	44.7	25.3	44.7	25.3	27.9
Other current assets	501.6	498.7	501.6	498.7	542.9
Total assets	1,794.7	1,774.6	1,794.7	1,774.6	1,704.2
Equity	842.8	737.5	842.8	737.5	786.2
Interest-bearing debt	574.1	585.6	574.1	585.6	511.2
Other creditors	377.8	451.5	377.8	451.5	406.8
Total liabilities and equity	1,794.7	1,774.6	1,794.7	1,774.6	1,704.2
Average number of employees	543	512	532	509	514
FINANCIAL KEY FIGURES					
EBITDA margin	17.0%	17.3%	21.3%	20.3%	22.0%
EBIT margin	10.3%	8.5%	14.8%	11.8%	14.1%
ROIC excl. goodwill	23.4%	15.8%	23.4%	15.8%	20.7%
ROIC incl. goodwill	21.7%	14.7%	21.7%	14.7%	19.2%
Working capital	271.5	225.1	271.5	225.1	294.4
Net interest-bearing debt	529.0	560.3	529.0	560.3	482.4

* Excluding goodwill on consolidation in Schouw & Co. of DKK 48.1 million

OUR BUSINESSES

All amounts in DKK million

Fibertex Nonwovens

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. non-woven textiles used for a number of different industrial purposes. The company's core markets are in Europe and North America and its secondary markets are in Africa.

Financial performance

Fibertex Nonwovens reported H1 2016 revenue of DKK 699 million, a 10% increase from DKK 634 million in H1 2015. The revenue improvement was driven both by the acquisition of operations in Turkey in November 2015 and by a revenue increase from the European production facilities, whereas the US facility reported a drop in revenue due to weaker sales in the first quarter. Revenue from the factory in South Africa also declined, due to the weak economic activity in South Africa and the surrounding countries.

H1 2016 EBIT was DKK 51 million, which was in line with the H1 2015 figure. The H1 2016 EBIT was based on healthy demand in the automotive segment and several other segments and on satisfactory capacity utilisation at its European factories. In addition, the acquisition in Turkey contributed to performance, thanks to a fair level of business activity in the first half of 2016. On the other hand, both the South African and the US operations reported lower year-on-year earnings.

Due to the increase in business activity, working capital increased to DKK 384 million at 30 June 2016, up from DKK 349 million at 30 June 2015. Based on slightly lower LTM earnings and the relatively higher average invested capital, ROIC excluding goodwill fell from 9.4% at 30 June 2015 to 7.1% at 30 June 2016.

Business development

Fibertex Nonwovens is reporting a generally positive performance in its core business areas for the first six months of 2016 based on a fair level of activity in the automotive industry in particular as well as an improved product mix and growing sales of advanced products. At the same time, product sales to the construction industry and infrastructure projects in Europe increased year-on-year. Sales to the US market improved over the period, gradually improving the capacity utilisation, and this positive trend is expected to continue in the second half of 2016. Reduced market activity has weighed on demand in South Africa, as weak economic activity and low commodity prices have slowed infrastructure and mining projects. Instead, the South African factory is redirecting its attention to export markets with the support of the global sales organisation.

In recent years, Fibertex Nonwovens has consolidated its position as a leading manufacturer of industrial nonwovens. The company has made a number of structural investments and strengthened its business platform.

Fibertex Nonwovens has gradually expanded its output capacity for processed products through a technology upgrade of several production lines as part of its strategy to increase sales of value-added products and optimise capacity utilisation at all of its factories. Several more product lines will be upgraded during the rest of the year.

In terms of development and innovation, the company has built a solid portfolio of new projects, including products for the automotive and composite industries and for filtration and acoustic purposes, as well as products to be sold in new territories expected to offer growth opportunities. In order to develop along with its customers and capitalise on the future growth potential, Fibertex Nonwovens is expanding its output capacity in the Czech Republic by building a new production line, which is expected to be operational in the third quarter of 2016.

Fibertex South Africa acquired an existing line for producing fibre in 2015 and has also invested in a new nonwoven production line scheduled to start up in the third quarter of 2016. This investment in South Africa is expected to boost the factory’s production efficiency.

Outlook

For the remainder of 2016, Fibertex Nonwovens anticipates a relatively stable level of business activity in most segments and markets. However, Fibertex South Africa will remain challenged on its earnings performance due to the current economic difficulties in the region, but its performance is expected to improve as exports grow and the unit becomes more integrated with other Fibertex Nonwoven companies. ➔

Fibertex Nonwovens

Fibertex Nonwovens expects to increase its full-year EBIT in 2016, with the aid of the production lines upgraded in 2015, the new capacity established in the Czech Republic and South Africa, and the acquisition in Turkey, which will take full effect in 2016. Given the structural investments made and the company's increased efforts to work the market, with the focus on growing sales of value-added products, Fibertex Nonwovens has built a solid platform from which to grow its future earnings.

Against this backdrop, Fibertex Nonwovens maintains its full-year 2016 guidance of revenue of about DKK 1.4 billion and EBIT in the range of DKK 80-90 million.

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
Revenue (DKK million)	362	328	699	634	1,222
- from Denmark	69	65	128	125	211
- from the Czech Rep.	95	82	178	155	308
- from France	130	129	263	251	490
- from other	68	52	130	103	213

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	361.8	328.1	699.5	633.9	1,222.3
Gross profit	88.0	79.0	165.2	149.4	272.8
EBITDA	48.1	44.1	91.9	89.2	153.2
Depreciation and impairment	19.0	19.3	40.4	37.0	76.8
Operating profit (EBIT)	29.0	24.8	51.5	52.2	76.4
Profit after tax from associates	0.0	0.0	0.0	-0.6	-0.7
Financial items, net	-2.1	-2.7	-5.3	-6.5	-11.7
Profit before tax	27.0	22.1	46.2	45.1	64.0
Tax for the period	-7.5	-7.8	-13.9	-14.5	-17.1
Profit before non-controlling interests	19.5	14.3	32.2	30.5	46.9
Non-controlling interests	0.9	1.5	2.0	1.6	3.0
Profit for the period	20.3	15.8	34.3	32.2	49.9
CASH FLOWS					
Cash flows from operating activities	45.4	23.1	55.6	50.6	97.2
Cash flows from investing activities	-25.9	-65.2	-47.8	-120.6	-313.0
Cash flows from financing activities	-33.3	60.2	9.0	115.4	216.0
BALANCE SHEET					
Intangible assets *	166.0	157.7	166.0	157.7	168.2
Property, plant and equipment	726.4	617.4	726.4	617.4	723.0
Other non-current assets	0.0	0.0	0.0	0.0	3.9
Cash and cash equivalents	75.3	104.1	75.3	104.1	58.8
Other current assets	597.8	524.3	597.8	524.3	549.5
Total assets	1,565.5	1,403.5	1,565.5	1,403.5	1,503.4
Equity	487.9	463.4	487.9	463.4	459.6
Interest-bearing debt	805.8	696.9	805.8	696.9	793.2
Other creditors	271.8	243.2	271.8	243.2	250.6
Total liabilities and equity	1,565.5	1,403.5	1,565.5	1,403.5	1,503.4
Average number of employees	801	739	793	673	719
FINANCIAL KEY FIGURES					
EBITDA margin	13.3%	13.4%	13.1%	14.1%	12.5%
EBIT margin	8.0%	7.6%	7.4%	8.2%	6.2%
ROIC excl. goodwill	7.1%	9.4%	7.1%	9.4%	7.8%
ROIC incl. goodwill	6.4%	8.4%	6.4%	8.4%	7.0%
Working capital	383.6	349.1	383.6	349.1	361.1
Net interest-bearing debt	730.5	592.8	730.5	592.8	730.4

* Excluding goodwill on consolidation in Schouw & Co. of DKK 32.0 million

All amounts in DKK million

Hydra/Specma

Hydra/Specma is a specialised trading and engineering company whose core business is trading and producing hydraulic components and systems development for industry, as well as providing related consulting services. The company's core operations are in the Nordic region, and it serves customers in other parts of Europe and in selected business segments in overseas markets.

The Swedish hydraulics company Specma AB was acquired effective 4 January 2016 and is thus consolidated from the beginning of the year. Due to the consolidation, the reported numbers for 2016 are materially different from those of 2015.

Financial performance

Overall, Hydra/Specma had a good first six months of 2016, reporting strong business activity and realising combined revenue of DKK 919 million, compared with the former Hydra-Grene's H1 2015 revenue of DKK 299 million. Like-for-like revenue of the former Hydra-Grene improved by DKK 46 million, or 15%. The revenue improvement was driven mainly by increased sales to the wind turbine industry, but sales to other industry customers also improved.

By far most of the revenue increase derived from the acquisition of Specma, which generated slightly higher revenue in the first half of 2016 than in the year-before period. Sales improved in the automotive segment (lorries and buses), but fell sharply in the marine and mining sectors due to the current market downturn.

H1 2016 EBIT was DKK 59 million as compared with DKK 35 million for the former Hydra-Grene in H1 2015. Hydra-Grene's like-for-like EBIT improved by DKK 11 million, driven by the revenue increase and a changed product mix.

The rest of the EBIT derived from the acquisition of Specma, which realised a H1 2016 EBIT of DKK 26 million, a DKK 9 million fall from H1 2015. The EBIT decline was due to an increase in costs of materials and to costs of relocating production from Sweden to Specma's factory in Poland. DKK 12 million in depreciation charges resulting from the purchase price allocation also weighed on the H1 2016 EBIT.

The overall working capital increased from DKK 188 million at 30 June 2015 to DKK 490 million at 30 June 2016 as a natural effect of the Specma acquisition.

Due to the significant increase in invested capital and the relatively lower earnings of the acquired operations, ROIC excluding goodwill fell to 20.6% at 30 June 2016 from 23.8% at 30 June 2015. It should be noted that the acquired operations have been recognised only for the second half of the LTM period used to calculate ROIC.

Business development

Taking over Specma has given the combined company a strong base in the Nordic region and a strengthened platform for serving international customers. With its extensive hydraulics expertise, Hydra/Specma is able to serve both local customers in the Nordic market and strategic customers globally with its full range of services, spanning from new product development to supplying finished units.

The initiatives introduced to accelerate the integration of Hydra-Grene and Specma are progressing as planned. Work continues on achieving the immediate synergies, especially in procurement and cross-selling, and the potential for general optimisation and benchmarking is being investigated. The integration process will duly consider the growth and optimisation strategies launched by both companies prior to the acquisition, and the entire organisation is working hard to provide constructive support to the joint synergy projects.

The effort to develop the individual units continues. In the reporting period, Specma continued to relocate production from Sweden to its factory in Stargard Szczeciński, Poland.

Outlook

Basically, the global hydraulics market is expected to be flat in 2016. Hydra/Specma projects a continued upward trend in sales to the wind turbine industry and the automotive segment and to selected areas within the OEM aftersales market. In contrast, the more cyclical segments, such as offshore, marine and mining are all set to remain challenged due to the lower prices of oil and other commodities.

Hydra/Specma

The combination of the two companies is expected to produce positive synergies over time, primarily through an optimisation of procurement and cross-selling, but natural integration costs will be incurred in the short term. In addition, the combination has improved the company's aggregate competitive strength and ability to pursue both local and international business opportunities.

Hydra/Specma maintains its guidance for full-year 2016 revenue of about DKK 1.7 billion. The company raises its full-year EBIT forecast to the range of DKK 100-120 million (previously DKK 90-100 million) after amortisation and depreciation of about DKK 25 million due to purchase price allocation.

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	466.1	150.5	919.0	299.0	602.9
Gross profit	115.5	50.3	230.5	97.8	206.1
EBITDA	43.5	22.9	87.8	42.5	93.2
Depreciation and impairment	14.2	3.9	28.6	7.3	15.1
Operating profit (EBIT)	29.3	19.0	59.2	35.2	78.1
Financial items, net	-0.5	-1.9	-3.8	0.6	-0.1
Profit before tax	28.7	17.1	55.4	35.8	78.0
Tax for the period	-6.0	-4.0	-11.5	-8.5	-18.3
Profit before non-controlling interests	22.8	13.1	43.9	27.3	59.7
Non-controlling interests	-1.0	0.0	-1.4	0.0	0.0
Profit for the period	21.8	13.1	42.6	27.3	59.7
CASH FLOWS					
Cash flows from operating activities	31.4	-4.8	40.6	39.5	66.8
Cash flows from investing activities	-14.6	-3.0	-503.0	-4.6	-9.8
Cash flows from financing activities	-32.7	3.5	500.8	-49.1	-71.3
BALANCE SHEET					
Intangible assets	327.4	12.3	327.4	12.3	11.7
Property, plant and equipment	170.8	95.6	170.8	95.6	93.7
Other non-current assets	4.6	0.0	4.6	0.0	0.3
Cash and cash equivalents	45.2	8.0	45.2	8.0	7.8
Other current assets	790.9	281.8	790.9	281.8	295.5
Total assets	1,338.9	397.7	1,338.9	397.7	409.0
Equity	375.8	176.4	375.8	176.4	212.2
Interest-bearing debt	603.2	114.9	603.2	114.9	86.9
Other creditors	359.9	106.4	359.9	106.4	109.9
Total liabilities and equity	1,338.9	397.7	1,338.9	397.7	409.0
Average number of employees	1,012	237	999	240	241
FINANCIAL KEY FIGURES					
EBITDA margin	9.3%	15.2%	9.6%	14.2%	15.5%
EBIT margin	6.3%	12.6%	6.4%	11.8%	12.9%
ROIC excl. goodwill	20.6%	23.8%	20.6%	23.8%	28.9%
ROIC incl. goodwill	18.1%	23.8%	18.1%	23.8%	28.9%
Working capital	490.5	188.3	490.5	188.3	202.1
Net interest-bearing debt	530.9	101.2	530.9	101.2	77.2

All amounts in DKK million

GPV

GPV is Denmark's largest EMS (Electronic Manufacturing Services) company and a significant international player in its field. The company is a high-mix/low-medium volume manufacturer for the B2B market. GPV's core products are both electronics and mechatronics (combination of electronics and mechanical technology). Its customers are primarily major international businesses with a leading position in their particular field and typically headquartered in Europe or the United States.

GPV has production facilities in Denmark (Tarm and Aars) and in Bangkok, Thailand. The company was acquired by Schouw & Co. effective 1 April 2016 and is thus consolidated as of the second quarter. For ease of comparison, however, the financial highlights table contains H1 2015, H1 2016 and FY 2015 figures.

A relatively large minority shareholder of the Thai subsidiary was bought out as part of the acquisition. As a result, the balance sheet figures are not directly comparable and have been left out of the table.

Financial performance

GPV generated revenue of DKK 218 million in Q2 2016, compared with DKK 219 million in Q2 2015.

The Q2 2016 EBIT was DKK 7 million, compared with DKK 10 million in Q2 2015, but the 2016 numbers were affected by a DKK 7 million adjustment due to the purchase price allocation made in connection with the acquisition. This implies an improvement in the underlying earnings driven mainly by foreign exchange rates that were generally more stable than they were in the early part of 2015.

Working capital amounted to DKK 178 million, and ROIC excluding goodwill was 14.2% at 30 June 2016.

Business development

GPV sells its products to international customer units in large parts of the world. In the second quarter, the company shipped products to 31 countries.

The high-mix/low-medium volume segment of the technical electronics and mechatronics market is highly demanding in terms of testing skills and service excellence. During the past quarter, GPV has met customer requirements for high quality standards and reliability of supply, while also ensuring sufficient flexibility to allow market fluctuations experienced by the customers to be reflected in their purchases to a reasonable extent.

In May 2016, GPV announced it was setting up an electronics production facility in Guadalajara, Mexico, in a move that will bring the company closer to the North American market. GPV intends to base its new Mexican operations on the GPV Business System to ensure that customers receive the same high level of excellence as GPV's other factories deliver.

The new factory site is a strategic location for GPV in terms of manufacturing and shipping in the three major time zones of Asia, Europe and the Americas. Expected to become operational in the first quarter of 2017, the new factory will enable GPV to share in its existing customers' growth in North America and to expand its share of the high-mix/low-medium volume technical electronics market.

In addition to setting up the new factory in Mexico, GPV plans include expanding its output capacity at the factory in Thailand in the autumn of 2016.

Operational excellence remains a major priority for GPV, as it allows the company to meet the market's requirements and demands for quality and efficiency. Accordingly, GPV will maintain its current focus on implementing flexible automation and robotics.

Outlook

The trend of outsourcing production in the sectors in which GPV finds its customers is expected to continue, as customers increasingly focus on their core skills. This approach allows OEM customers to cut back on their capital expenditure and inventories while still retaining access to flexibility and, through GPV, an outsourcing partner capable of handling their manufacturability analysis, complex production, test designs, testing and logistics.

GPV

The general market forecast for 2016 is for weaker market conditions in China and Russia, flat trends in Europe and improved conditions in the United States. GPV is not highly dependent on any individual customers, but is obviously affected by general market trends.

Based on business activity in the initial quarter under Schouw & Co. ownership, GPV expects to generate revenue of DKK 600-650 million in the 2016 financial year (nine months).

Full-year EBIT is expected to reach approximately DKK 40 million before adjustment as a result of purchase price allocation. In the second quarter of 2016, that adjustment amounted to DKK 7 million and related mainly to inventories. Going forward, the adjustment is expected to have a slightly positive effect with the full-year 2016 charge expected to be DKK 6 million. Accordingly, the company is guiding full-year EBIT of about DKK 35 million.

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	218.0	219.3	427.1	424.4	854.5
Gross profit	39.0	42.2	82.0	81.7	173.2
EBITDA	12.7	16.0	35.1	36.3	78.5
Depreciation and impairment	5.8	6.4	12.1	12.9	25.3
Operating profit (EBIT)	6.9	9.6	23.0	23.4	53.2
Financial items, net	-2.8	3.1	-4.6	-14.0	-20.2
Profit before tax	4.1	12.7	18.4	9.4	33.0
Tax for the period	1.4	0.0	1.5	-1.0	-1.0
Profit before non-controlling interests	5.5	12.7	19.9	8.4	32.0
Non-controlling interests	0.0		0.0		
Profit for the period	5.5		19.9		
CASH FLOWS					
Cash flows from operating activities	18.0	-49.2	47.2	9.3	51.3
Cash flows from investing activities	-1.7	-3.4	-6.1	-35.7	-42.8
Cash flows from financing activities	-17.1	16.0	-25.8	21.5	-6.5
BALANCE SHEET					
Intangible assets	0.0		0.0		
Property, plant and equipment	186.7		186.7		
Other non-current assets	13.9		13.9		
Cash and cash equivalents	28.7		28.7		
Other current assets	356.0		356.0		
Total assets	585.3		585.3		
Equity	112.6		112.6		
Interest-bearing debt	295.2		295.2		
Other creditors	177.5		177.5		
Total liabilities and equity	585.3		585.3		
Average number of employees	1,053		1,048		
FINANCIAL KEY FIGURES					
EBITDA margin	5.8%	7.3%	8.2%	8.6%	9.2%
EBIT margin	3.1%	4.4%	5.4%	5.5%	6.2%
ROIC excl. goodwill	14.2%		14.2%		
ROIC incl. goodwill	14.2%		14.2%		
Working capital	178.0		178.0		
Net interest-bearing debt	266.5		266.5		

All amounts in DKK million

Kramp

Kramp is the leading supplier of spare parts and accessories to the agricultural sector in Europe.

Schouw & Co. merged its wholly owned subsidiary Grene with Dutch company Kramp in 2013 and now holds a 20% ownership interest in the continuing company.

Financial performance

Kramp had a good first six months of 2016, increasing revenue by 5% to DKK 2,818 million in H1 2016 from DKK 2,693 million in H1 2015, even with the farming industry under significant pressure in a number of markets.

The sales performance was broadly based on the European markets, as Kramp continues to draw support from the close partnerships it has built in recent years with leading agricultural machinery manufacturers such as AGCO and SDF.

EBIT declined from DKK 281 million in H1 2015 to DKK 269 million in H1 2016, primarily due to a slightly lower contribution margin and higher costs.

Schouw & Co. recognises Kramp as an associate at a 20% share of its profit as stated after tax. The recognised share of the profit for H1 2016 was DKK 40 million (H1 2015: DKK 43 million).

Working capital was up by 10%, from DKK 1,544 million at 30 June 2015 to DKK 1,697 million at 30 June 2016, and net interest-bearing debt increased from DKK 1,311 million at 30 June 2015 to DKK 1,406 million at 30 June 2016, after a dividend of DKK 246 million was paid to shareholders, of which Schouw & Co. received DKK 49 million in December 2015.

Business development

The agricultural sector continues to face massive challenges throughout most of Europe, and farmers are generally holding back on investment and maintenance. The downturn in sales of new machinery has rubbed off on component sales to manufacturers of agricultural machinery, but demand for spare parts and accessories – the main component of Kramp's business – has now also begun to contract.

Despite the challenges faced in agriculture, Kramp has managed to increase sales to a number of countries, and Kramp's assessment is that the group has taken market share in most markets. The markets are extremely competitive, but Kramp has a significant advantage from the strong and close partnerships it has built up with leading manufacturers of agricultural machinery.

Intending to consolidate and fortify its market-leading position, Kramp is planning substantial investment in 2016 and 2017 in both new and upgraded warehouse facilities and IT solutions. Kramp's e-commerce platform is becoming an increasingly essential part of the business, requiring ever-greater investment to expand the position Kramp has built up in recent years. The existing physical facilities were expanded in 2015, with large extensions to the central warehouses in Konin, Poland, and Poitiers, France. Further capacity expansion is expected in the upcoming period through a major investment programme. The new warehouse facilities will fulfil the needs arising from the assortment increase that followed from the Kramp and Grene merger and the expected business growth. Also, the new facilities will improve the quality of service and ensure added accessibility for Kramp's customers.

Outlook

Europe's agro industry continues to face several significant challenges, and, while they vary from market to market, they are all the result of economic and political conditions that are dampening demand expectations.

Kramp's expanded physical facilities and its competitive strength give it a strong market position. However, feeling the effects of the slowing demand, the group is lowering its full-year 2016 revenue guidance slightly and now expects to generate full-year revenue at the low end of its previous forecast of approximately DKK 5.4 billion.

Kramp intends to continue allocating additional resources to securing its market position in 2016, also by investing in IT and developing new platforms. Given the slightly lower revenue guidance, Kramp is reducing its full-year EBIT forecast to the range of DKK 440-460 million from the previous forecast of DKK 460-485 million.

Kramp

As a result, Schouw & Co. now expects to recognise approximately DKK 65 million after estimated financial expenses and tax as its share of the profit for 2016 (previous forecast was DKK 65-75 million). The amount will be recognised under profit/loss after tax in associates and joint ventures.

	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	1,527.5	1,439.1	2,818.1	2,693.1	5,126.4
EBITDA	201.8	201.3	338.3	344.6	604.0
Depreciation and impairment	35.0	32.8	69.5	64.1	129.8
Operating profit (EBIT)	166.8	168.5	268.8	280.5	474.2
Financial items, net	-19.2	-11.2	-32.4	-19.9	-47.5
Profit before tax	147.6	157.3	236.4	260.6	426.7
Tax for the period	-24.6	-31.1	-38.3	-46.7	-73.8
Profit for the period	123.0	126.2	198.1	213.9	352.9
Profit recognised in Schouw & Co.	24.6	25.2	39.6	42.8	70.6
BALANCE SHEET					
Non-current assets	1,034.9	1,034.4	1,034.9	1,034.4	1,044.3
Current assets	2,181.1	2,194.6	2,181.1	2,194.6	1,881.6
Total assets	3,216.0	3,229.0	3,216.0	3,229.0	2,925.9
Equity	1,315.3	1,266.9	1,315.3	1,266.9	1,130.2
Interest-bearing debt	1,406.2	1,311.4	1,406.2	1,311.4	1,418.9
Other creditors	494.5	650.7	494.5	650.7	376.8
Total liabilities and equity	3,216.0	3,229.0	3,216.0	3,229.0	2,925.9
Average number of employees	2,726	2,572	2,668	2,557	2,574
FINANCIAL KEY FIGURES					
EBITDA margin	13.2%	14.0%	12.0%	12.8%	11.8%
EBIT margin	10.9%	11.7%	9.5%	10.4%	9.2%
Working capital	1,697.4	1,543.9	1,697.4	1,543.9	1,504.8
Net interest-bearing debt	1,406.2	1,311.4	1,406.2	1,311.4	1,418.9

All amounts in DKK million

Consolidated financial statement

schouw+co

Statements of income and comprehensive income

Note	Income statement	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
1	Revenue	3,372.5	3,104.1	6,148.1	5,887.9	12,565.7
	Cost of sales	-2,798.7	-2,671.7	-5,094.3	-5,042.9	-10,619.8
	Gross profit	573.8	432.4	1,053.8	845.0	1,945.9
	Other operating income	26.1	2.6	33.6	7.8	23.9
	Distribution costs	-227.6	-175.1	-428.3	-339.5	-696.7
2	Administrative expenses	-157.0	-109.2	-286.9	-210.8	-441.8
	Other operating expenses	0.0	0.0	-0.1	0.0	0.0
	Operating profit (EBIT)	215.3	150.7	372.1	302.5	831.3
	Profit after tax in associates	32.1	25.2	48.5	42.3	74.7
	Profit after tax in joint ventures	1.0	2.5	-1.1	4.6	11.5
	Financial income	11.2	4.7	17.5	28.2	50.2
	Financial expenses	-13.1	-23.0	-33.7	-28.4	-96.6
	Profit before tax	246.5	160.1	403.3	349.2	871.1
	Tax on profit	-53.9	-33.6	-94.6	-98.3	-226.3
	Profit for the period	192.6	126.5	308.7	250.9	644.8
	Attributable to					
	Shareholders of Schouw & Co.	192.4	128.0	309.4	252.5	647.8
	Non-controlling interests	0.2	-1.5	-0.7	-1.6	-3.0
	Profit for the period	192.6	126.5	308.7	250.9	644.8
8	Earnings per share (DKK)	8.10	5.43	13.06	10.72	27.48
8	Diluted earnings per share (DKK)	8.08	5.41	13.03	10.69	27.38

Comprehensive income	Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
Items that can be reclassified to the profit and loss statement:					
Exchange rate adjustment of foreign subsidiaries	13.9	-101.8	-25.2	192.3	104.7
Hedging instruments recognised	23.6	-7.5	7.2	-4.4	3.0
Hedging instruments transferred to cost of sales	0.0	0.0	-0.8	0.3	0.3
Hedging instruments transferred to financials	0.2	1.1	0.5	1.7	7.0
Other comprehensive income from ass. and joint ventures	-0.2	4.8	-1.5	-0.7	-7.9
Other adjustment on equity	-4.5	1.0	-4.7	1.3	-0.3
Tax on other comprehensive income	-5.3	2.0	-1.1	0.9	-2.9
Other comprehensive income after tax	27.7	-100.4	-25.6	191.4	103.9
Profit for the period	192.6	126.5	308.7	250.9	644.8
Total recognised comprehensive income	220.3	26.1	283.1	442.3	748.7
Attributable to					
Shareholders of Schouw & Co.	219.9	26.6	283.7	442.9	756.4
Non-controlling interests	0.4	-0.5	-0.6	-0.6	-7.7
Total recognised comprehensive income	220.3	26.1	283.1	442.3	748.7

CONSOLIDATED STATEMENT

All amounts in DKK million

Balance sheet · assets and liabilities

Note	Assets	30/6 2016	31/12 2015	30/6 2015	31/12 2014
	Goodwill	1,150.6	1,006.1	998.7	970.5
	Completed development projects	29.4	0.0	11.5	12.1
	Development projects in progress	2.3	0.0	18.7	18.4
	Other intangible assets	303.6	169.9	92.4	93.9
	Intangible assets	1,485.9	1,176.0	1,121.3	1,094.9
	Land and buildings	1,445.6	1,260.2	1,253.0	1,262.5
	Plant and machinery	1,148.4	1,152.3	1,191.6	1,251.9
	Other fixtures, tools and equipment	102.2	65.4	95.2	69.6
	Assets under construction, etc.	499.1	298.3	270.2	131.0
	Property, plant and equipment	3,195.3	2,776.2	2,810.0	2,715.0
	Equity investments in associates	617.2	570.3	593.1	561.7
	Equity investments in joint ventures	119.3	109.1	68.4	64.3
	Securities	115.7	83.9	125.2	115.0
	Deferred tax	31.2	18.1	47.7	51.9
	Receivables	170.8	177.7	137.2	144.1
	Other non-current assets	1,054.2	959.1	971.6	937.0
	Total non-current assets	5,735.4	4,911.3	4,902.9	4,746.9
	Inventories	1,973.7	1,435.1	1,657.2	1,447.5
3	Receivables	2,847.7	2,752.7	2,856.9	2,592.1
	Income tax receivable	27.5	5.9	2.1	8.4
	Securities	0.0	0.1	0.1	0.1
	Cash and cash equivalents	441.5	1,410.7	1,071.8	1,087.1
	Total current assets	5,290.4	5,604.5	5,588.1	5,135.2
	Total assets	11,025.8	10,515.8	10,491.0	9,882.1

Note	Liabilities and equity	30/6 2016	31/12 2015	30/6 2015	31/12 2014
6	Share capital	255.0	255.0	255.0	255.0
	Hedge transaction reserve	-6.8	-12.4	-21.1	-20.0
	Exchange adjustment reserve	237.8	263.1	345.0	153.7
	Retained earnings	6,250.2	5,895.1	5,758.8	5,478.2
	Proposed dividend	0.0	255.0	0.0	204.0
	Share of equity attributable to the parent company	6,736.2	6,655.8	6,337.7	6,070.9
	Non-controlling interests	20.1	20.7	28.5	2.9
	Total equity	6,756.3	6,676.5	6,366.2	6,073.8
	Deferred tax	202.7	147.9	143.4	151.3
	Pensions and similar liabilities	108.6	106.3	112.3	113.1
5	Credit institutions	394.1	686.6	761.6	858.4
	Non-current liabilities	705.4	940.8	1,017.3	1,122.8
5	Current portion of non-current debt	165.5	190.6	201.7	238.1
5	Credit institutions	547.2	109.4	264.3	77.6
	Trade payables and other payables	2,811.0	2,567.1	2,480.6	2,238.6
	Income tax	40.4	31.4	160.9	131.2
	Current liabilities	3,564.1	2,898.5	3,107.5	2,685.5
	Total liabilities	4,269.5	3,839.3	4,124.8	3,808.3
	Total liabilities and equity	11,025.8	10,515.8	10,491.0	9,882.1

Notes without reference 7 & 9.

CONSOLIDATED STATEMENT

All amounts in DKK million

Cash flow statement

Note		Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
	Profit before tax	246.5	160.1	403.3	349.2	871.1
	Adjustment for operating items of a non-cash nature, etc.:					
	Depreciation and impairment losses	103.3	96.4	202.5	191.0	383.0
	Other operating items, net	0.8	-16.6	-37.4	26.0	72.9
	Provisions	-0.4	0.7	-0.3	0.5	0.6
	Profit/(loss) after tax in associates and joint ventures	-33.1	-27.7	-47.4	-46.9	-86.2
	Financial income	-11.2	-4.7	-17.5	-28.2	-50.2
	Financial expenses	13.1	23.0	33.7	28.4	96.6
	Cash flows from operating activities before changes in working capital	319.0	231.2	536.9	520.0	1,287.8
	Changes in working capital	109.1	-150.7	49.5	-227.0	198.1
	Cash flows from operating activities	428.1	80.5	586.4	293.0	1,485.9
	Interest income received	4.0	0.2	11.3	14.5	29.4
	Interest expenses paid	-9.0	-14.0	-21.3	-28.4	-53.6
	Cash flows from ordinary activities	423.1	66.7	576.4	279.1	1,461.7
	Income tax paid	-50.6	-14.5	-94.4	-55.2	-290.5
	Cash flows from operating activities	372.5	52.2	482.0	223.9	1,171.2
	Purchase of intangible assets	-0.2	-0.5	-1.9	-0.9	-61.9
	Purchase of property, plant and equipment	-147.7	-106.6	-292.9	-164.8	-354.4
	Sale of property, plant and equipment	0.4	0.0	0.5	0.3	16.2
4	Acquisition of enterprises	14.1	0.0	-551.0	-19.5	-124.7
	Acquisition of ass. and joint ventures	-13.3	0.0	-13.3	0.0	-36.7
	Received dividend from associates	0.0	0.0	0.8	0.0	49.2
	Additions/disposals of other financial assets	-2.2	0.9	-29.7	0.4	-57.0
	Cash flows from investing activities	-148.9	-106.2	-887.5	-184.5	-569.3

Note		Q2 2016	Q2 2015	YTD 2016	YTD 2015	2015 Total
	Debt financing:					
	Repayment of non-current liabilities	-143.6	-102.0	-171.5	-189.8	-275.6
	Proceeds from incurring non-current financial liabilities	7.3	35.3	23.3	48.5	70.2
	Increase (repayment) of bank overdrafts	-292.9	62.1	-203.6	191.0	46.3
	Shareholders:					
	Capital contributions, etc. by non-controlling interests	0.0	14.1	0.0	14.1	14.9
	Dividend paid	-237.7	-188.8	-237.7	-188.8	-188.8
	Purchase/sale of treasury shares, net	-13.1	0.0	27.8	9.4	9.4
	Cash flows from financing activities	-680.0	-179.3	-561.7	-115.6	-323.6
	Cash flows for the period	-456.4	-233.3	-967.2	-76.2	278.3
	Cash and cash equivalents at 1 Jan.	892.5	1,336.9	1,410.7	1,087.1	1,087.1
	Value adjustment of cash and cash equivalents	5.4	-31.8	-2.0	60.9	45.3
	Cash and cash equivalents at 30 June	441.5	1,071.8	441.5	1,071.8	1,410.7

All amounts in DKK million

CONSOLIDATED STATEMENT

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Total equity
Equity at 1 January 2015	255.0	-20.0	153.7	5,478.2	204.0	6,070.9	2.9	6,073.8
Other comprehensive income								
Exchange rate adjustment of foreign subsidiaries	0.0	0.0	191.3	0.0	0.0	191.3	1.0	192.3
Value adj. of hedging instruments recognised	0.0	-4.4	0.0	0.0	0.0	-4.4	0.0	-4.4
Hedging instruments transferred to cost of sales	0.0	0.3	0.0	0.0	0.0	0.3	0.0	0.3
Hedging instruments transferred to financials	0.0	1.7	0.0	0.0	0.0	1.7	0.0	1.7
Other comprehensive income from associates and JVs	0.0	0.0	0.0	-0.7	0.0	-0.7	0.0	-0.7
Other adjustment on equity	0.0	0.0	0.0	1.3	0.0	1.3	0.0	1.3
Tax on other comprehensive income	0.0	1.3	0.0	-0.4	0.0	0.9	0.0	0.9
Profit for the period	0.0	0.0	0.0	252.5	0.0	252.5	-1.6	250.9
Total recognised comprehensive income	0.0	-1.1	191.3	252.7	0.0	442.9	-0.6	442.3
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	3.3	0.0	3.3	0.0	3.3
Dividend distributed	0.0	0.0	0.0	15.2	-204.0	-188.8	0.0	-188.8
Addition/disposal of non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	26.2	26.2
Treasury shares bought/sold	0.0	0.0	0.0	9.4	0.0	9.4	0.0	9.4
Transactions with the owners	0.0	0.0	0.0	27.9	-204.0	-176.1	26.2	-149.9
Equity at 30 June 2015	255.0	-21.1	345.0	5,758.8	0.0	6,337.7	28.5	6,366.2
Equity at 1 January 2016	255.0	-12.4	263.1	5,895.1	255.0	6,655.8	20.7	6,676.5
Other comprehensive income								
Exchange rate adjustment of foreign subsidiaries	0.0	0.0	-25.3	0.0	0.0	-25.3	0.1	-25.2
Value adj. of hedging instruments recognised	0.0	7.2	0.0	0.0	0.0	7.2	0.0	7.2
Hedging instruments transferred to cost of sales	0.0	-0.8	0.0	0.0	0.0	-0.8	0.0	-0.8
Hedging instruments transferred to financials	0.0	0.5	0.0	0.0	0.0	0.5	0.0	0.5
Other comprehensive income from associates and JVs	0.0	0.0	0.0	-1.5	0.0	-1.5	0.0	-1.5
Other adjustment on equity	0.0	0.0	0.0	-4.7	0.0	-4.7	0.0	-4.7
Tax on other comprehensive income	0.0	-1.3	0.0	0.2	0.0	-1.1	0.0	-1.1
Profit for the period	0.0	0.0	0.0	309.4	0.0	309.4	-0.7	308.7
Total recognised comprehensive income	0.0	5.6	-25.3	303.4	0.0	283.7	-0.6	283.1
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	4.5	0.0	4.5	0.0	4.5
Tax on share-based payment	0.0	0.0	0.0	2.1	0.0	2.1	0.0	2.1
Dividend distributed	0.0	0.0	0.0	17.3	-255.0	-237.7	0.0	-237.7
Treasury shares bought/sold	0.0	0.0	0.0	27.8	0.0	27.8	0.0	27.8
Transactions with the owners	0.0	0.0	0.0	51.7	-255.0	-203.3	0.0	-203.3
Equity at 30 June 2016	255.0	-6.8	237.8	6,250.2	0.0	6,736.2	20.1	6,756.3

All amounts in DKK million

Notes to the financial statements

1 SEGMENT REPORTING

Total reportable segments YTD 2016	BioMar	Fibertex Personal Care	Fibertex Nonwovens	Hydra/Specma	GPV	Total
External revenue	3,431.9	879.7	695.9	919.0	217.9	6,144.4
Intra-group revenue	0.0	12.0	3.6	0.0	0.1	15.7
Segment revenue	3,431.9	891.7	699.5	919.0	218.0	6,160.1
Depreciation and impairment	68.4	58.0	40.4	28.6	5.8	201.2
EBIT	133.0	132.1	51.5	59.2	6.9	382.7
Segment assets	4,934.8	1,842.8	1,597.5	1,338.9	585.3	10,299.3
Including goodwill	779.3	99.1	121.3	150.9	0.0	1,150.6
Equity investments in associates and joint ventures	100.4	0.0	0.0	2.5	0.0	102.9
Segment liabilities	2,529.8	951.9	1,077.6	963.1	472.6	5,995.0
Working capital	669.7	271.5	383.6	490.5	178.0	1,993.3
NIBD	242.8	529.0	730.5	530.9	266.5	2,299.7
Cash flows from operating activities	177.3	161.7	55.6	40.6	18.0	453.2
Cash flows from investing activities	-149.7	-113.0	-47.8	-503.0	-1.7	-815.2
Cash flows from financing activities	-234.0	-34.2	9.0	500.8	-17.1	224.5
Capital expenditure *	107.9	113.3	47.8	431.5	6.2	706.7
Average number of employees	885	532	793	999	526	3,735

Total reportable segments YTD 2015	BioMar	Fibertex Personal Care	Fibertex Nonwovens	Hydra	GPV	Total
External revenue	4,139.4	815.6	630.0	299.0	-	5,884.0
Intra-group revenue	0.0	16.2	3.9	0.0	-	20.1
Segment revenue	4,139.4	831.8	633.9	299.0	-	5,904.1
Depreciation and impairment	74.0	71.3	37.0	7.3	-	189.6
EBIT	127.1	97.8	52.2	35.2	-	312.3
Segment assets	5,664.1	1,822.7	1,435.5	397.7	-	9,320.0
Including goodwill	778.0	99.1	121.7	0.0	-	998.8
Equity investments in associates and joint ventures	42.1	0.0	0.0	0.0	-	42.1
Segment liabilities	3,305.0	1,037.1	940.1	221.3	-	5,503.5
Working capital	1,260.0	225.1	349.1	188.3	-	2,022.5
NIBD	685.8	560.3	592.8	101.2	-	1,940.1
Cash flows from operating activities	-101.4	219.5	50.6	39.5	-	208.2
Cash flows from investing activities	-43.1	-16.3	-120.6	-4.6	-	-184.6
Cash flows from financing activities	-30.1	-197.7	115.4	-49.1	-	-161.5
Capital expenditure *	43.1	16.6	101.1	4.6	-	165.4
Average number of employees	905	509	673	240	-	2,327

* Capital expenditure consists of additions of intangible assets and property, plant and equipment, including additions on acquisition

All amounts in DKK million

Notes to the financial statements

1 SEGMENT REPORTING (CONTINUED)

Schouw & Co. is an industrial conglomerate consisting of a number of sub-groups operating in various industries and independently of the other sub-groups. The group management monitors the financial developments of all material sub-groups on a regular basis. Based on management control and financial management, Schouw & Co. has identified five reporting segments, which are BioMar, Fibertex Personal Care, Fibertex Nonwovens, Hydra/Specma and GPV. GPV forms a new segment effective from 1 April 2016, although the company currently does not meet the size requirements that Schouw & Co. has previously applied as a criterion for its reporting segments.

Included in the reporting segments are revaluations of assets and liabilities made in connection with Schouw & Co.'s acquisition of the segment in question and consolidated goodwill arising as a result of the acquisition. The operational impact of depreciation/amortisation and write-downs on the above revaluations or goodwill is also included in the profit or loss presented for each reporting segment.

All inter-segment transactions were made on an arm's length basis.

Reconciliation of consolidated revenue, EBIT, assets and liabilities

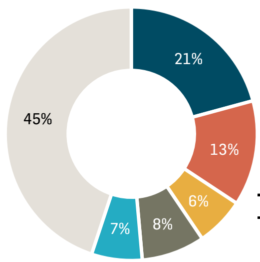
YTD 2016	Group revenue	EBIT	Assets	Liabilities
Reporting segments	6,160.1	382.7	10,299.3	5,995.0
Non-reporting segments	3.8	2.1	172.0	62.2
The parent company	3.3	-12.7	7,257.6	521.4
Group elimination etc.	-19.1	0.0	-6,703.1	-2,309.1
Total	6,148.1	372.1	11,025.8	4,269.5

YTD 2015	Group revenue	EBIT	Assets	Liabilities
Reporting segments	5,904.1	312.3	9,320.0	5,503.5
Non-reporting segments	3.7	1.9	199.5	45.0
The parent company	2.7	-11.7	6,456.3	118.5
Group elimination etc.	-22.6	0.0	-5,484.8	-1,542.2
Total	5,887.9	302.5	10,491.0	4,124.8

The data on revenue by geography are based on customers' geographical location. The specification shows individual countries that account for more than 5% of the Group in terms of revenue or assets. As Schouw & Co.'s consolidated revenue is generated in some 100 different countries, a very large proportion of the revenue derives from the 'Other' category.

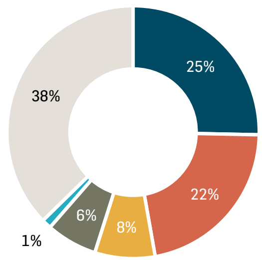
Revenue by country:

YTD 2016



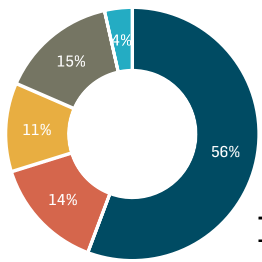
	YTD 2016	YTD 2015
Norway	1,279	1,492
Chile	826	1,286
UK	384	455
Denmark	500	384
Sweden	399	74
Other	2,760	2,197
Total	6,148	5,888

YTD 2015



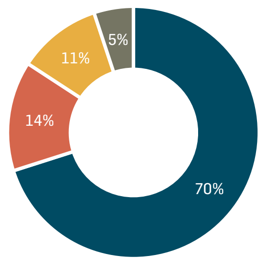
Revenue by segments:

YTD 2016



	YTD 2016	YTD 2015
BioMar	3,432	4,139
FPC	892	832
FIN	699	634
Hydra	919	299
GPV	218	0
Other	-12	-16
Total	6,148	5,888

YTD 2015



All amounts in DKK million

Notes to the financial statements

2 COSTS

Share-based payment: Share option programme
The company maintains an incentive programme for the Management and senior managers, including the executive management of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a premium (2016 allocation: 3% p.a.) from the date of grant until the date of exercise.

Outstanding options	Management	Other	Total
Granted in 2012	40,000	0	40,000
Granted in 2013	40,000	44,000	84,000
Granted in 2014	55,000	150,000	205,000
Granted in 2015	55,000	172,000	227,000
Outstanding options in total at 31 December 2015	190,000	366,000	556,000
Granted in 2016	55,000	199,000	254,000
Exercised (from the share options granted in 2012)	-40,000	0	-40,000
Exercised (from the share options granted in 2013)	0	-44,000	-44,000
Exercised (from the share options granted in 2014)	0	-96,000	-96,000
Outstanding options in total at 30 June 2016	205,000	425,000	630,000

Options exercised in 2016:	Exercised from 2014 grant	Exercised from 2013 grant	Exercised from 2012 grant
Exercised number of shares	96,000	44,000	40,000
Average exercise price in DKK	272.99	199.27	148.30
Average share price in DKK on exercise	401.16	401.68	400.00
Group's cash proceeds in DKK million	26.2	8.8	5.9

The expected volatility is calculated as 12 months' historical volatility based on average prices. If the optionholders have not exercised their share options within the period specified, the share options will lapse without any compensation to the holders. Exercise of the share options is subject to the holders being in continuing employment during the above-mentioned periods. If the share option holder leaves the company's employ before a share option vests, the holder may in some cases have a right to exercise the share options early during a four-week period following Schouw & Co.'s next following profit announcement. In the event of early exercise, the number of share options will be reduced proportionately.

The following assumptions were applied in calculating the fair value of outstanding share options at the date of grant:

Presumptions for the fair value:	2016 grant	2015 grant	2014 grant	2013 grant
Expected volatility	31.50%	27.62%	26.12%	25.36%
Expected term	48 mths	48 mths	48 mths	48 mths
Most recent divided per share **	DKK 8	DKK 6	DKK 5	DKK 4
Risk-free interest rate	0.10%	0.00%	0.65%	0.62%
Other information regarding the options:				
Strike price in DKK *	450.88	379.50	297.50	211.63
Fair value in DKK per option **	69,65	40.99	30.87	20.19
Fair value in total in DKK millions **	17.7	9.3	6.9	4.4
Can be exercised from	March 2019	March 2017	March 2016	March 2015
Can be exercised to	March 2020	March 2019	March 2018	March 2017

*) On exercise after four years (at the latest possible date)
**) At the date of grant

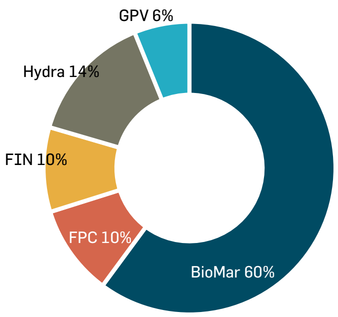
CONSOLIDATED STATEMENT

3 RECEIVABLES - CURRENT

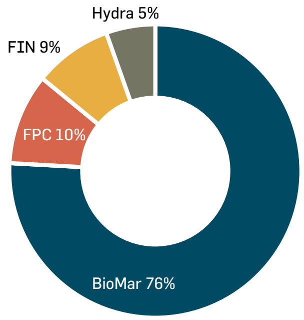
	30/6 2016	30/6 2015
Trade receivables	2,578.3	2,665.6
Other current receivables	231.5	180.9
Accruals and deferred income	37.9	10.4
Receivables current	2,847.7	2,856.9

Trade receivables by portfolio company:

30/6 2016



30/6 2015



	30/6 2016	30/6 2015
Impairment losses on trade receivables		
Impairment losses at 1 January	-206.8	-181.9
Exchange adjustments	0.0	-3.2
Additions on company acquisitions	-1.6	0.0
Reversed impairment losses	1.5	0.1
Impairment losses for the period	-17.3	-15.4
Realised loss	39.1	1.2
Impairment losses	-185.1	-199.2

		Due between (days)			
30/6 2016	Not due	1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,157.6	231.9	84.4	15.1	2,489.0
Trade receivables individually assessed to be impaired	19.7	31.9	26.2	196.6	274.4
Trade receivables in total	2,177.3	263.8	110.6	211.7	2,763.4
Impairment losses on trade receivables	-10.3	-2.0	-3.5	-169.3	-185.1
Trade receivables net	2,167.0	261.8	107.1	42.4	2,578.3
Proportion of the total receivables which is expected to be settled					93.3%
Impairment percentage	0.5%	0.8%	3.2%	80.0%	6.7%

		Due between (days)			
30/6 2015	Not due	1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,152.4	193.5	95.0	42.4	2,483.3
Trade receivables individually assessed to be impaired	63.6	41.7	43.8	232.4	381.5
Trade receivables in total	2,216.0	235.2	138.8	274.8	2,864.8
Impairment losses on trade receivables	-1.1	-1.1	-10.6	-186.4	-199.2
Trade receivables net	2,214.9	234.1	128.2	88.4	2,665.6
Proportion of the total receivables which is expected to be settled					93.0%
Impairment percentage	0.0%	0.5%	7.6%	67.8%	7.0%

A total of 9.9% (2015: 13.3%) of receivables at the balance sheet date were impaired to a greater or lesser extent. There is a continual follow-up on overdue debtors.

All amounts in DKK million

Notes to the financial statements

4 ACQUISITIONS

	Specma	GPV	30/6 2016	30/6 2016
Intangible assets	177.7	0.0	177.7	4.7
Property, plant and equipment	76.5	186.9	263.4	52.9
Financial assets	4.2	3.7	7.9	0.0
Inventories	235.5	187.7	423.2	21.4
Receivables	204.0	149.3	353.3	18.0
Tax asset	0.8	10.8	11.6	0.0
Cash and cash equivalents	60.9	28.9	89.8	0.5
Credit institutions	-140.6	-308.0	-448.6	-16.2
Deferred tax	-54.1	-1.5	-55.6	0.0
Provisions	-4.3	0.0	-4.3	0.0
Trade payables	-99.6	-97.6	-197.2	-17.1
Other liabilities	-74.1	-62.1	-136.2	-17.2
Net assets acquired	386.9	98.1	485.0	47.0
Of which minority interests	0.0	0.0	0.0	-12.2
Current value of original share of equity	0.0	0.0	0.0	-12.1
Badwill	0.0	0.0	0.0	-2.7
Goodwill	155.8	0.0	155.8	0.0
Cost	542.7	98.1	640.8	20.0
Of which cash and cash equivalents	-60.9	-28.9	-89.8	-0.5
Cash cost total	481.8	69.2	551.0	19.5

The Group acquired Specma AB, a hydraulics business based in Sweden, on 4 January 2016 for a cash consideration of DKK 481.8 million.

Specma specialises in the production and sales of hydraulics systems and components for local and international OEM customers. Headquartered in Gothenburg, Sweden, Specma generated revenue of DKK 1.1 billion in 2015. The company employs 750 people, most of whom are based in Sweden but it also has a significant presence in Finland, the UK, China and Poland. Specma operates two independent business areas: a Global division that serves major international OEM customers and a Nordic division that serves a number of local OEM and aftermarket customers in Sweden and Finland.

The transaction has made Hydra/Specma the largest player in specialist hydraulics technology in the Nordic region, and the company serves OEM customers as well as the wind power, marine and offshore sectors.

In connection with the purchase price allocation relating to the acquisition of Specma, goodwill was calculated at DKK 155.8 million. Goodwill represents the value of labour, new customers, synergies and deferred tax on those assets.

The acquisition of Specma involved acquisition costs of DKK 3.7 million. Most of the acquisition costs were recognised as administrative expenses in the financial statements for 2015.

Effective 1 April 2016, the Group acquired GPV for a cash consideration of DKK 69.2 million.

GPV is Denmark's largest EMS (Electronic Manufacturing Services) company and manufactures low-volume specialist electronics and advanced mechanics components with a high degree of flexibility, selling its products to currently some 300 international customers.

A preliminary purchase price allocation prepared on the acquisition of GPV has led to a write-down of buildings at the company's Thai production unit and other minor revaluations. Goodwill has been calculated at DKK 0. Transaction costs incurred in connection with the acquisition of GPV amount to DKK 4.6 million, of which DKK 3.6 million was recognised as administrative expenses in the 2015 financial statements.

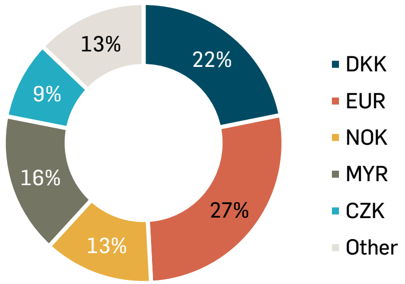
Had GPV been recognised as from 1 January 2016, revenue would have been DKK 209 million higher and the full-year EBIT would have been DKK 14 million higher.

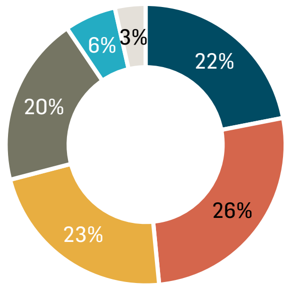
All amounts in DKK million

Notes to the financial statements

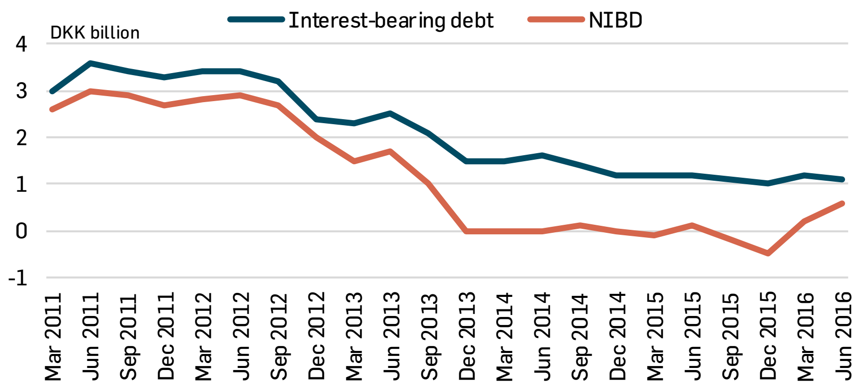
5 INTEREST-BEARING DEBT

Percentage breakdown of interest-bearing debt by currency:





Consolidated interest-bearing debt since 2011:



The weighted average effective rate of interest at 30 June 2016 was 2.9% (30 June 2015: 3.0%).

6 SHARE CAPITAL

Treasury shares	Number of shares	Cost in DKK million	Percentage of share capital
1 January 2015	2,009,933	349.7	7.88%
Movements in H1 2015			
Share option programme	-177,000	-21.5	-0.69%
Additions	73,197	23.8	0.29%
30 June 2015	1,906,130	352.0	7.48%
Movements in H2 2015			
None			
31 December 2015	1,906,130	352.0	7.48%
Movements in Q2 2016			
Share option programme	-180,000	-21.7	-0.71%
Additions	34,800	13.1	0.14%
30 June 2016	1,760,930	343.4	6.91%

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. All shares rank equally. The share capital is fully paid up.

Schouw & Co. has been authorised by the shareholders in general meeting to acquire up to 5,100,000 treasury shares, equal to 20.0% of the share capital. The authorisation is valid until 1 April 2021.

The company acquires treasury shares for allocation to the Group's share option programmes.

A total of 180,000 shares held in treasury were used in connection with options exercised in 2016. The shares had an aggregate fair value of DKK 72.2 million at the time of exercise.

The Group's holding of treasury shares had a market value of DKK 652.4 million at 30 June 2016.

The share capital has remained unchanged in the past five years.

Notes to the financial statements

7 FAIR VALUE OF CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	30/6 2016	31/12 2016	30/6 2015
Financial assets			
Derivative financial instruments to hedge future cash flows – level 2	24.2	10.6	3.8
Securities measured at fair value – level 3	115.7	84.0	125.3
Financial liabilities			
Derivative financial instruments to hedge future cash flows – level 2	30.6	16.8	29.3

Securities measured at fair value through other comprehensive income – level 3 amounted to DKK 84.0 million at the beginning of the year. The change for the reporting period was due to a capital injection in Salmones Austral of DKK 30.4 million, an addition of other securities of DKK 2.5 million, foreign exchange adjustments of DKK –0.8 million and impairment losses of DKK 0.4 million. Due to the capital injection, the ownership interest in Salmones Austral was increased from 13.6% to 18.4%.

The Group uses interest rate swaps and forward currency contracts to hedge fluctuations in interest rate levels and foreign exchange rates. Forward exchange contracts and interest rate swaps are valued using generally accepted valuation techniques based on relevant observable swap curves and exchange rates. The fair values applied are calculated mainly by external sources on the basis of discounted future cash flows.

The fair value of derivative financial instruments is calculated by way of valuation models such as discounted cash flow models. Anticipated cash flows for individual contracts are based on observable market data such as yield curves and exchange rates. In addition, fair values are based on non-observable market data, including exchange rate volatilities, or correlations between yield curve, exchange rates and credit risks. Non-observable market data account for an insignificant part of the fair value of the derivative financial instruments at the end of the reporting period.

Fair value hierarchy

Level 1 Listed shares, stated at market value of shareholding No items are currently classified at this level.

Level 2 Financial instruments valued by external credit institutions using generally accepted valuation techniques on the basis of observable data.

Level 3 Unlisted shares, stated at estimated value.

8 EARNINGS PER SHARE (DKK)

	Q2 2016	Q2 2015	YTD 2016	YTD 2015
Share of the profit for the period attributable to shareholders of Schouw & Co.	192.4	128.0	309.4	252.5
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,746,042	-1,906,130	-1,804,152	-1,943,730
Average number of outstanding shares	23,753,958	23,593,870	23,695,848	23,556,270
Average dilutive effect of outstanding share options	45,218	87,692	47,180	71,311
Diluted average number of outstanding shares	23,799,176	23,681,562	23,743,028	23,627,581
Earnings per share of DKK 10	8.10	5.43	13.06	10.72
Diluted earnings per share of DKK 10	8.08	5.41	13.03	10.69

CONSOLIDATED STATEMENT

All amounts in DKK million

Notes to the financial statements

9 RELATED PARTY TRANSACTIONS

Under Danish legislation, Givesco A/S, Svinget 24, DK-7323 Give, members of the Board of Directors, the Management Board and senior management as well as their family members are considered to be related parties. Related parties also comprise companies in which the individuals mentioned above have material interests. Related parties also comprise subsidiaries, joint arrangements and associates, in which Schouw & Co. has control, significant influence or joint control of as well as members of the boards of directors, management boards and senior management of those companies.

Management's share option programmes are set out in note 2.

	YTD 2016	YTD 2015
Joint Ventures:		
During the financial year, the Group received consulting fees of	0.0	0.2
Associates:		
During the financial year, the Group received management fee of		
During the financial year, the Group sold goods of	19.3	2.7
During the financial year, the Group bougth goods of	0.4	1.4
During the financial year, the Group received interest income of	0.1	0.3
At 30 june the Group had a receivable of	28.4	10.2
At 30 june the Group had debt of	0.0	0.1
During the financial year, the Group received dividends of	0.8	0.0

Other than as set out above, no transactions were made during the year with related parties.

All amounts in DKK million

Management statement

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 June 2016.

The interim report, which has been neither audited nor reviewed by the company's auditors, was prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion, the interim financial statements give a true and fair view of the Group's assets and liabilities and financial position at 30 June 2016 and of the results of the Group's operations and cash flows for the period 1 January to 30 June 2016.

Furthermore, in our opinion the management's report includes a fair review of the development and performance of the business, the results for the period and the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Aarhus, 11 August 2016

Executive Management

Jens Bjerg Sørensen
President

Peter Kjær

Board of Directors

Jørn Ankær Thomsen
Chairman

Jørgen Wisborg
Deputy Chairman

Erling Eskildsen

Niels Kristian Agner

Kjeld Johannesen

Agnete Raaschou-Nielsen

Aktieselskabet Schouw & Co.

Chr. Filtenborgs Plads 1
DK-8000 Aarhus C, Denmark
T +45 86 11 22 22
www.schouw.dk
schouw@schouw.dk
Company reg. (CVR) no 63965812