

TO: THE DANISH FINANCIAL SUPERVISORY
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Schouw & Co. agrees to sell its shares in Kramp at a price of just over DKK 1 billion

Schouw & Co. has agreed with co-shareholder NPM Capital to sell its 20% ownership interest in Kramp at a total price of EUR 139 million. The transaction is expected to produce a gain of approximately DKK 445 million relative to the carrying amount at 30 June 2016.

Schouw & Co.'s involvement in spare parts and accessories to the agricultural sector dates back to the 1988 acquisition of Grene, which then became the first portfolio company outside Schouw & Co.'s original paper and packaging operations. The Grene transaction was the first step in building the current industrial conglomerate, and all through the years, Grene has made important and stable contributions to the development of the Schouw & Co. Group.

In 2013, Schouw & Co. merged its wholly owned subsidiary Grene with Dutch company Kramp in return for a 20% ownership interest in the combined company. The merger has been a great success, propelling the company to a position as the absolute leading supplier of spare parts and accessories to the agricultural sector in Europe and creating substantial shareholder value.

The shareholders have for some time discussed their preferences for the future ownership structure, and during this process it gradually became clear that in the long term Schouw & Co. would expectedly not be able to exercise the desired active ownership. In coming to this conclusion, the parties have reached agreement about a sale of Schouw & Co.'s ownership interest at a price reflecting an enterprise value of approximately 14.5x Kramp's guided FY 2016 EBIT, which is considered a reasonable reflection of Kramp's potential.

Schouw & Co. acquired Grene in 1988 at a price of DKK 49 million and has received dividends totalling DKK 273 million during its almost 30-year ownership. Overall, Schouw & Co.'s involvement in the business area has produced an annualised internal rate of return of 15%.

The sale of the shares will be effected with due consideration for the shareholder agreement concluded by the owners. This means the actual process will be subject to final clarification, but the transaction is expected to close by the end of the year. As a result of the sale, Schouw & Co. raises its guidance for profit in associates and joint ventures to DKK 560-570 million from the previous forecast of DKK 140-150 million.

Aktieselskabet Schouw & Co.

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