2016

Interim report 2016 Q3

Company announcement No. 13/2016
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schouw+co

Highlights

- Overall, the Schouw & Co. businesses had a very good third quarter of 2016.
- Consolidated revenue was up by 20% to DKK 4,325 million.
- EBIT was up by 30% to DKK 351 million.
- Organic growth in revenue was 7%, and organic growth in EBIT accounted for 20%.
- Profit from associates amounted to DKK 516 million including the accounting gains from the sale of shares in Kramp and Scandinavian Micro Biodevices.
- BioMar, Fibertex Personal Care and GPV have raised their FY EBIT guidance.
- Schouw & Co. now expects FY 2016 revenue of about DKK 14.0 billion. The Group raises its EBIT guidance by about DKK 100 million to the range of DKK 965-1,030 million.

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

"Schouw & Co. continued the steady development in the third quarter, extending the streak from the past many quarters. Our operating profit for the third quarter of DKK 351 million is the best quarterly EBIT in Group history. Our businesses have good momentum and it is a positive surprise that we've been able to raise our EBIT guidance by more than 10%, thereby raising our profit before tax guidance to more than DKK 1.5 billion.

We're still seeing the positive effects of our recent acquisitions of the hydraulics business Specma and the EMS company GPV. Both are contributing well to our revenue and earnings. We're currently pursuing a substantial investment programme across the Group to ensure that we have sufficient capacity for future growth, and we are allocating substantial resources to prepare for the future by way of innovation and product development.

Schouw & Co. has a strong platform for future profitable growth based on a positive performance by all of our portfolio businesses."

Financial highlights and key ratios

GROUP SUMMARY (DKK MILLION)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
Revenue and income					
Revenue	4,325	3,599	10,473	9,487	12,566
Operating profit before depreciation (EBITDA)	471	363	1,046	856	1,214
Depreciation and impairment losses	120	93	323	284	383
Operating profit (EBIT)	351	269	723	572	831
Profit after tax in associates and joint ventures	516	29	563	76	86
Financial items, net	-7	-58	-23	-59	-46
Profit before tax	860	240	1,263	589	871
Profit for the period	776	169	1,085	420	645
Cash flows					
Cash flows from operating activities	363	396	845	620	1,171
Cash flows from investing activities	-170	-129	-1,057	-313	-569
Of which investment in property, plant and equipment	-243	-75	-536	-240	-354
Cash flows from financing activities	-85	-122	-646	-238	-324
Cash flows for the period	108	145	-859	69	278
Invested capital and financing					
Invested capital excluding goodwill	5,626	4,578	5,626	4,578	4,464
Total assets	12,185	10,404	12,185	10,404	10,516
Working capital	2,092	1,872	2,092	1,872	1,598
Net interest bearing debt (NIBD)	412	-217	412	-217	-511
Share of equity attributable to shareholders of Schouw & Co.	7,484	6,387	7,484	6,387	6,656
Non-controlling interests	20	23	20	23	21
Total equity	7,504	6,410	7,504	6,410	6,677
Financial data					
EBITDA margin (%)	10.9	10.1	10.0	9.0	9.7
EBIT margin (%)	8.1	7.5	6.9	6.0	6.6
EBT margin (%)	19.9	6.7	12.1	6.2	6.9
Return on equity (%)	18.9	7.5	18.9	7.5	10.2
Equity ratio (%)	61.6	61.6	61.6	61.6	63.5
ROIC excluding goodwill (%)	19.9	17.0	19.9	17.0	18.3
ROIC including goodwill (%)	16.4	14.0	16.4	14.0	15.1
NIBD/EBITDA	0.3	-0.2	0.3	-0.2	-0.4
Avg. number of employees during the period	4,369	2,409	3,955	2,359	2,382

GROUP SUMMARY (DKK MILLION)	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
Per share data					
Earnings per share (of DKK 10)	32.74	7.23	45.82	17.95	27.48
Diluted earnings per share (of DKK 10)	32.65	7.20	45.72	17.89	27.38
Net asset value per share (of DKK 10)	315.24	270.71	315.24	270.71	282.10
Share price, end of period (of DKK 10)	432.50	359.00	432.50	359.00	387.00
Price/net asset value	1.37	1.33	1.37	1.33	1.37
Market capitalisation	10,267	8,470	10,267	8,470	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 provided in this 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

MANAGEMENT REVIEW

Interim report – third quarter of 2016

Financial performance

(DKK million)	Q3 2016	Q3 2015	Change	
Revenue	4,325	3,599	726	20%
EBITDA	471	363	108	30%
EBIT	351	269	82	30%
Associates etc.	516	29	487	1709%
Profit before tax	860	240	620	258%
Cash flow from operations	363	396	-33	-8%

(DKK million)	YTD 2016	YTD 2015	Change	
Revenue	10,473	9,487	986	10%
EBITDA	1,046	856	190	22%
EBIT	723	572	151	26%
Associates etc.	563	76	487	642%
Profit before tax	1,263	589	674	114%
Cash flow from operations	845	620	225	36%
Net interest-bearing debt	412	-217	629	-
Working capital	2,092	1,872	220	12%
ROIC excl. goodwill	19.9%	17.0%	2.9pp	
ROIC incl. goodwill	16.4%	14.0%	2.4pp	

Overall, the Schouw & Co. businesses had a very good third quarter of 2016. Consolidated revenue was up by 20% from DKK 3,599 million in Q3 2015 to DKK 4,325 million in Q3 2016. The revenue improvement was mainly driven by BioMar and the acquisitions of Specma and GPV.

For the nine-month period ended 30 September 2016, revenue was up by 10% from DKK 9,487 million in 2015 to DKK 10,473 million in 2016. The 9M improvement was based mostly on the acquisitions of Specma and GPV, whereas BioMar reported a drop in revenue for the period.

EBIT was up by 30% from DKK 269 million in Q3 2015 to DKK 351 million in Q3 2016. BioMar was the main driver of the EBIT improvement, but the acquisitions of Specma and GPV were also positive contributors. For the nine-month period ended 30 September 2016, EBIT improved by 26% from DKK 572 million in 2015 to DKK 723 million in 2016. Fibertex Personal Care also contributed strongly to the improvement during the 9M period.

On 9 September 2016, Schouw & Co. agreed to sell its ownership interest in Kramp Groep at a total price of EUR 139 million. The accounting gain from the sale was recognised in the third quarter. Adding together this gain and the ordinary share of the profit until the date of sale, Kramp is recognised in profit after tax in associates in the amount of DKK 450 million for the Q3 2016 period.

The remaining associates and joint ventures contributed a combined Q3 2016 profit of DKK 66 million, which amount mainly derived from Incuba Invest's sale of its shares in Scandinavian Micro Biodevices ApS. Xergi, which is recognised as a joint venture, reported a sharp drop in revenue relative to last year's Q3 period, and has contributed with moderate negative earnings.

Consolidated net financial items were an expense of DKK 7 million in Q3 2016. Net financial items in Q3 2015 was a DKK 58 million expense resulting mainly from a DKK 43 million write-down of securities by BioMar.

Liquidity and capital resources

The consolidated operating activities generated a cash inflow of DKK 363 million in Q3 2016, compared with DKK 396 million in Q3 2015. This brought the cash inflow for the nine-month period ended 30 September 2016 to DKK 845 million, against DKK 620 million in the 9M 2015 period.

Net cash flows for investing activities amounted to DKK 170 million in Q3 2016, against DKK 129 million in Q3 2015. Cash flows for investing activities amounted to DKK 313 million in the 9M 2015 period and increased to DKK 1,057 million in 9M 2016, mainly due to the acquisitions of Specma and GPV.

The consolidated net interest-bearing debt fell by DKK 170 million in Q3 2016, from DKK 582 million at 30 June 2016 to DKK 412 million at 30 September 2016. At 30 September 2015, the net interest-bearing debt was a net deposit of DKK 217 million.

The consolidated working capital grew from DKK 1,872 million at 30 September 2015 to DKK 2,092 million at 30 September 2016. The increase was mainly due to the acquisitions of Specma and GPV and to some extent to Fibertex Nonwovens' increase in business activity, whereas BioMar reduced its working capital considerably.

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.

Interim report – third quarter of 2016

Portfolio company highlights

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

BIOMAR realised fair revenue improvements driven by higher volumes in Norway and the rest of Europe, which were partly offset by lower volume sales in Chile. BioMar strengthened EBIT further by a considerable margin on a change in the geographical composition of revenue, higher sales of functional feed and other income.

FIBERTEX PERSONAL CARE reported a slight revenue decline due to lower selling prices caused by reduced raw materials prices. EBIT remained at the high level reported last year when earnings were supported by favourable exchange rate developments.

FIBERTEX NONWOVENS improved its revenue through the positive effects of the acquisition of operations in Turkey, which occurred after the Q3 2015 period, and higher revenue from the other European production facilities. EBIT improved moderately, based on 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 of activity following the acquisition of Specma on 4 January 2016. As a result, there is no basis for a year-on-year comparison of revenue and EBIT. The former Hydra-Grene improved its like-for-like revenue, whereas EBIT was unchanged. Specma's revenue and EBIT were both slightly lower than last year.

Schouw & Co. acquired GPV effective 1 April 2016, and the company is therefore only consolidated with effect from the second quarter of 2016. GPV generated Q3 2016 revenue in line with last year, while improving its EBIT.

KRAMP is recognised as an associate in the 2016 financial statements until the date of sale of the shares. For the third quarter of 2016, Schouw & Co. recognises a DKK 15 million share of profit and a DKK 434 million gain from the sale of shares. Both amounts form part of the profit after tax in associates and joint ventures. In addition, the share of profit after tax in Kramp for the six months ended 30 June 2016 was DKK 40 million.

The associate INCUBA INVEST has divested its shares in Scandinavian Micro Biodevices ApS, which is the main reason for Schouw & Co. recognising a share of profit after tax of DKK 66 million from Incuba Invest for the Q3 2016 period. As a result of the sale of shares, Incuba Invest paid extraordinary dividends in the third quarter of 2016, of which Schouw & Co. received DKK 61 million.

Schouw & Co. shares and shares held in treasury

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. shares appreciated by 17% during the third quarter of 2016, from DKK 370.50 at 30 June 2016 to DKK 432.50 at 30 September 2016. At 31 December 2015, the share price was DKK 387.00.

At 30 June 2016, the company held 1,760,930 treasury shares, equal to 6.91% of the share capital. As Schouw & Co has not acquired or used treasury shares since that date, the holding is unchanged.

The market value of the holding of treasury shares was DKK 762 million at 30 September 2016. The portfolio of treasury shares is recognised at DKK 0.

Events after the balance sheet date

The sale of shares in Kramp Groep closed after the balance sheet date, and the payment of EUR 139 million was received on 1 November 2016.

Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of any other events occurring after 30 September 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. The following brief comments provide revenue and EBIT guidance of the individual portfolio companies. See the individual company reviews on the following pages for more information.

BIOMAR's overall revenue guidance is unchanged, but the company expects a change in the geographical composition as well as changes in the customer and product mix for a higher full-year EBIT guidance. In addition, BioMar expects its financially stronger debtors and the insurance coverage for occurrences earlier in the year to boost earnings significantly and therefore raises its full-year EBIT guidance by a considerable margin.

FIBERTEX PERSONAL CARE reduces its forecast of the full-year revenue in 2016. On the other hand the company raises its EBIT guidance towards the same 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 maintains its guidance of full-year improvements in both revenue and EBIT relative to 2015. However, the business in South Africa faces a challenge due to very difficult market conditions, and the US operations are reporting slightly lower activity than originally expected. As a result, the company is toning down its FY EBIT guidance to the lower end of the the previously announced range.

HYDRA/SPECMA anticipates a flat global hydraulics market in 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 narrows its full-year EBIT guidance.

GPV is consolidated effective from 1 April 2016. GPV raises its guidance for both revenue and EBIT for the nine-month period to 31 December 2016. A purchase price allocation was prepared in connection with the acquisition, which is expected to reduce FY 2016 EBIT by a total of DKK 5 million but not to have any notable effect thereafter.

XERGI is recognised as a joint venture. As always, the company is heavily dependent on the timing of its current projects. The company now expects much lower full-year revenue for 2016 than reported for 2015 and negative earnings.

Overall, Schouw & Co. now expects to report a consolidated full-year 2016 revenue of about DKK 14.0 billion. However, for several of the portfolio 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 to DKK 965-1,030 million from the previous forecast range of DKK 845-935 million.

Associates and joint ventures, which are recognised at a share of profit after tax, are now expected to contribute profit of DKK 565 million in 2016 including the effects of the sale of shares in Kramp and of Incuba Invest's sale of its shares in Scandinavian Micro Biodevices.

Consolidated financial items for 2016 are expected to be an expense in the region of DKK 30 million, but the amount may be affected by possible exchange rate fluctuations.

REVENUE (DKK million)	2016 After Q3	2016 After Q2	2016 Original	2015 actual
BioMar	c. 8,500	c. 8,500	c. 9,200	8,974
Fibertex Personal Care	c. 1,800	c. 1,900	c. 1,900	1,797
Fibertex Nonwovens	c. 1,350	c. 1,400	c. 1,400	1,222
Hydra/Specma	c. 1,700	c. 1,700	c. 1,700	603
GPV	625-675	600-650	-	-
Other/eliminations	-	-	-	-30
Total revenue	**14.0bn**	**14.1bn**	**14.2bn**	**12,566**

EBIT (DKK million)	2016 After Q3	2016 After Q2	2016 Original	2015 actual
BioMar	520-550	420-460	410-450	447
Fibertex Personal Care	240-255	230-250	200-220	253
Fibertex Nonwovens	80-90	80-90	80-90	76
Hydra/Specma [1]	105-115	100-120	90-110	78
GPV [2]	c. 40	c. 35	-	-
Other	c. -20	c. -20	c. -20	-23
Total EBIT	**965-1,030**	**845-935**	**760-850**	**831**
Associates etc. [3]	c. 565	140-150	75-85	86
Financial items, net	c. -30	c. -30	c. -35	-46
Profit before tax	**1,500-1,565**	**955-1,055**	**800-900**	**871**

Notes
1 After about DKK 25 million from Purchase Price Allocation
2 After about DKK 5 million from Purchase Price Allocation
3 Including the effects of the sale of shares in SMB and gains from the sale of shares in Kramp.

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.

See Annual Report 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 recognised assets, liabilities, income and expenses. Actual results may differ from these judgments.

Financial calendar for 2017

8 March 2017
Deadline for submission of proposals to be considered at the annual general meeting

10 March 2017
Release of Annual Report 2016

20 April 2017
Annual general meeting

24 April 2017
Expected distribution of dividend

4 May 2017
Release of Q1 2017 interim report

17 August 2017
Release of H1 2017 interim report

13 November 2017
Release of Q3 2017 interim report

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, but after completing an extensive strategy process earlier in 2016, BioMar has now reorganised its operations into three new divisions: The Salmon division covering the salmon operations based in Norway, Scotland and Chile, an EMEA division for all operations not covered by the Salmon division and an Emerging Markets division covering new territories and other business development initiatives.

Financial performance

Volumes sold rose by 9% year-on-year in the third quarter of 2016. The improvement was driven mainly by Norway and the EMEA division, as particularly sales in southern Europe performed extremely well. BioMar grew its market share in Chile, but volumes sold declined due to the natural phenomenon of severe algal blooms during a period early in the year, which reduced fish stocks and, by extension, total feed consumption.

Revenue was also up by 9%, from DKK 2,698 million in Q3 2015 to DKK 2,945 million in Q3 2016. The improvement was primarily a direct effect of the increase in volumes sold, as prices of raw materials and foreign exchange rates only had a moderate combined effect on revenue.

EBIT improved to DKK 233 million from DKK 179 million in the Q3 2015 period. Much of the considerable earnings improvement derived from the higher sales volume, but the change in the geographical composition of sales and the proportionately higher sales of functional feed also contributed. BioMar's R&D projects involve fish farming activities, and the high current settlement prices on salmon have driven up EBIT.

BioMar's working capital fell from DKK 1,116 million at 30 September 2015 to DKK 750 million at 30 September 2016. The substantial reduction was based on a drop in receivables, in part resulting from a much improved ability to pay among debtors in important geographical markets, and an increase in supplier credits achieved through a focused effort and greater use of supply chain financing. ROIC excluding goodwill improved to 30.2% at 30 September 2016 from 21.8% at 30 September 2015.

Business development

In the Salmon division, Norway had a good third quarter, as efficient operations, a strong product portfolio and a market-driven approach led to a better-than-expected performance. BioMar has recovered lost market share in Chile, partially offsetting the effects of the drop in overall feed consumption that followed from the algal bloom earlier in the year. The volume of farmed fish has dropped sharply, but on the other hand selling prices have now reached a level profitable for Chilean fish farmers.

The EMEA division reported a year-on-year increase in volumes sold in the third quarter of 2016, especially in southern Europe, where the consolidation of the Greek fish farming industry has created greater market stability, leading to higher sales for BioMar. BioMar also generated a good revenue performance in the western and northern parts of the EMEA region, in part thanks to the good fish farming conditions of the third quarter.

The two 50/50 joint ventures currently being established in Turkey and China are both progressing to plan. The factory in Turkey has completed its initial commercial production, and the factory in China is expected to be commissioned in the second half of 2017.

In its crucial Norwegian market, BioMar is constructing a new production line at its existing factory in Karmøy. Expected to become operational in the second quarter of 2017, the new production line will have an annual capacity of 140,000 tonnes. Functional feed production and new logistics solutions are some of BioMar's other current investment projects.

Outlook

BioMar has performed well during an important part of this year's high season and maintains its guidance for full-year revenue of about DKK 8.5 billion. While the overall guidance has not changed, several of the underlying components have: BioMar expects higher volume sales in the EMEA division, lower volume sales in the Salmon division and an underlying change in the customer and product mix. ➔

BioMar

The change in the geographical composition and the considerable changes in the customer and product mix are the drivers of a higher full-year EBIT guidance. In addition, a number of debtors have seen their ability to pay improve significantly in recent months. This is an effect of the higher settlement prices for farmed fish, but for the Greek market it is also due to the restructuring of the country's fish farming industry. In addition, BioMar now expects to receive insurance coverage for a part of the losses relating to the dispute between local fishermen and the authorities in Chile earlier in the year, and losses related to previous deliveries.

Combined with a particularly good start to the fourth quarter, this has made BioMar raise its full-year EBIT forecast by a wide margin to DKK 520-550 million from previously DKK 420-460 million

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
Volume (1,000 t)	326	300	696	717	955
Revenue (DKK million)	2,945	2,698	6,377	6,838	8,974
- of which salmon north	1,582	1,297	3,159	3,236	4,279
- of which salmon south	531	604	1,389	1,954	2,526
- of which non-salmon	832	797	1,829	1,648	2,169

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	2,944.7	2,698.3	6,376.6	6,837.7	8,974.2
Gross profit	401.4	347.2	812.8	784.8	1,080.5
EBITDA	267.8	215.0	469.2	416.2	592.8
Depreciation and impairment	35.0	35.7	103.4	109.7	146.1
Operating profit (EBIT)	232.8	179.3	365.8	306.5	446.7
Profit after tax from ass. and joint ventures	2.7	1.0	10.7	0.6	6.0
Financial items, net	-5.2	-57.4	-9.2	-63.7	-53.6
Profit before tax	230.2	122.9	367.3	243.4	399.1
Tax for the period	-60.6	-48.5	-104.9	-101.4	-131.9
Profit for the period	169.7	74.4	262.3	142.0	267.2
CASH FLOWS					
Cash flows from operating activities	161.6	294.1	338.9	192.7	636.7
Cash flows from investing activities	-80.4	-87.4	-230.1	-130.5	-209.5
Cash flows from financing activities	-39.1	-352.5	-273.2	-382.6	-621.7
BALANCE SHEET					
Intangible assets *	395.3	371.4	395.3	371.4	409.7
Property, plant and equipment	990.3	901.6	990.3	901.6	884.9
Other non-current assets	316.6	238.5	316.6	238.5	268.7
Cash and cash equivalents	557.3	343.5	557.3	343.5	457.2
Other current assets	3,170.2	3,113.2	3,170.2	3,113.2	2,812.2
Total assets	5,429.7	4,968.2	5,429.7	4,968.2	4,832.7
Equity	2,122.0	1,990.7	2,122.0	1,990.7	2,128.2
Interest-bearing debt	788.9	836.7	788.9	836.7	597.7
Other creditors	2,518.8	2,140.8	2,518.8	2,140.8	2,106.8
Total liabilities and equity	5,429.7	4,968.2	5,429.7	4,968.2	4,832.7
Average number of employees	877	896	883	902	897
FINANCIAL KEY FIGURES					
EBITDA margin	9.1%	8.0%	7.4%	6.1%	6.6%
EBIT margin	7.9%	6.6%	5.7%	4.5%	5.0%
ROIC excl. goodwill	30.2%	21.8%	30.2%	21.8%	22.7%
ROIC incl. goodwill	20.7%	15.8%	20.7%	15.8%	16.4%
Working capital	749.6	1,115.5	749.6	1,115.5	752.4
Net interest-bearing debt	161.4	421.4	161.4	421.4	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 444 million in Q3 2016, compared with DKK 465 million in Q3 2015. The drop in revenue was driven by lower prices of raw materials and the resulting lower selling prices on products that were sold in larger volumes than last year. The increase in volume sales derived from the factory in Malaysia.

Q3 2016 EBIT was DKK 57 million, in line with the figure for Q3 2015, which was a good quarter in terms of earning thanks to favourable exchange rate developments.

Fibertex Personal Care increased its working capital from DKK 264 million at 30 September 2015 to DKK 276 million at 30 September 2016, partly due to this autumn's production upgrades at the factory in Denmark. Based on the sharp improvement in LTM earnings, ROIC excluding goodwill improved to 22.5% at 30 September 2016 from 16.8% at 30 September 2015.

Business development

Fibertex Personal Care recently won the Procter & Gamble External Business Partner of the Year Award. This biennial award is granted to the best suppliers to P&G, the world's leading consumer goods manufacturer. Twelve of P&G's some 50,000 suppliers were given the award this year, including, for the first time, Fibertex Personal Care.

Earlier in the year, Fibertex Personal Care launched an investment to build another factory unit in Malaysia, which will increase the company's total output capacity in the country by about 20%. The project includes a new production site 25 km south of the existing factory at Nilai outside Kuala Lumpur. The new site may eventually have as many as four production lines and thus provides a suitable base for future expansion.

Construction of the new factory building began 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; it will also facilitate the production of super-soft products, a category in very high demand in Asian markets. The overall investment amounts to around DKK 400 million.

One of the existing production lines in Denmark is currently being upgraded to expand capacity but also to boost the technology to the level already employed in Malaysia and enable Denmark to manufacture the new, super-soft products being demanded by the market. The upgrade has involved 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 starting in 2017.

In addition to establishing a new factory unit in Malaysia, Fibertex Personal Care plans to add print facilities to its existing plant at Nilai. When completed, the extension will have room for two print lines. The first line has already been installed, and customer qualification testing is currently ongoing. 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's revenue and earnings for Q3 2016 were in line with expectations. The guidance for revenue and earnings for the fourth quarter is promising, but in a comparison with last year's earnings, it should be noted that the Q4 2015 EBIT was supported by a plunge in prices of raw materials and by foreign exchange rate fluctuations that had an unusually strong positive impact. The company estimates that these special factors lifted the Q4 2015 EBIT by about DKK 40 million. Accordingly, a substantial year-on-year drop in EBIT should be expected in Q4 2016.

Fibertex Personal Care now expects to report a full-year 2016 revenue of about DKK 1.8 billion against its previous guidance of about DKK 1.9 billion. As always, the full-year EBIT will depend very much on price trends in raw materials and exchange rate developments during the rest of the year, but, given the good performance during the nine months to 30 September, the company raises its full-year EBIT guidance at DKK 240-255 million against its previous guidance of DKK 230-250 million.

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
Revenue (DKK million)	444	465	1,336	1,297	1,797
- from Denmark	160	199	518	575	795
- from Malaysia	246	249	713	671	935
- from Germany	38	17	105	51	67

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	444.0	464.9	1,335.7	1,296.8	1,797.2
Gross profit	97.2	89.7	302.5	247.5	381.8
EBITDA	86.3	91.5	276.3	260.6	394.7
Depreciation and impairment	29.3	34.1	87.3	105.4	142.2
Operating profit (EBIT)	56.9	57.4	189.0	155.2	252.5
Financial items, net	-1.4	1.3	-11.7	-2.5	-5.5
Profit before tax	55.6	58.7	177.3	152.7	247.0
Tax for the period	-12.7	-13.4	-40.6	-34.2	-60.0
Profit for the period	42.8	45.3	136.8	118.5	187.0
CASH FLOWS					
Cash flows from operating activities	103.0	22.3	264.7	241.8	342.1
Cash flows from investing activities	-117.1	-2.7	-230.2	-18.9	-85.3
Cash flows from financing activities	-6.1	-1.1	-40.3	-198.8	-248.1
BALANCE SHEET					
Intangible assets *	83.4	66.0	83.4	66.0	76.3
Property, plant and equipment	1,120.2	939.9	1,120.2	939.9	975.1
Other non-current assets	73.7	99.9	73.7	99.9	82.0
Cash and cash equivalents	23.0	39.1	23.0	39.1	27.9
Other current assets	498.5	529.9	498.5	529.9	542.9
Total assets	1,798.8	1,674.8	1,798.8	1,674.8	1,704.2
Equity	857.3	691.1	857.3	691.1	786.2
Interest-bearing debt	573.5	551.1	573.5	551.1	511.2
Other creditors	368.0	432.6	368.0	432.6	406.8
Total liabilities and equity	1,798.8	1,674.8	1,798.8	1,674.8	1,704.2
Average number of employees	565	520	543	512	514
FINANCIAL KEY FIGURES					
EBITDA margin	19.4%	19.7%	20.7%	20.1%	22.0%
EBIT margin	12.8%	12.3%	14.1%	12.0%	14.1%
ROIC excl. goodwill	22.5%	16.8%	22.5%	16.8%	20.7%
ROIC incl. goodwill	20.9%	15.5%	20.9%	15.5%	19.2%
Working capital	276.4	264.4	276.4	264.4	294.4
Net interest-bearing debt	550.5	511.9	550.5	511.9	482.4

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

OUR BUSINESSES

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 Q3 2016 revenue of DKK 314 million, a 6% increase from DKK 295 million in Q3 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 sales from the US facility have declined. Revenue from the factory in South Africa also declined due to the weak economic activity in South Africa and surrounding countries.

Q3 2016 EBIT was DKK 17 million (Q3 2015: DKK 15 million) driven by healthy demand in the automotive segment and several other segments and by satisfactory capacity utilisation at the European factories. Both the South African and the US operations reported lower year-on-year earnings in the third quarter, continuing the trend from the first half of the year.

Due to the increase in business activity, working capital increased to DKK 375 million at 30 September 2016, from DKK 317 million at 30 September 2015. Based on higher average invested capital, ROIC excluding goodwill fell from 8.3% at 30 September 2015 to 7.4% at 30 September 2016.

Business development

Fibertex Nonwovens is reporting a generally positive performance in its core business areas for the first nine 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. The Turkish facility has not been directly affected by the failed military coup in July, but obviously, the unusual situation caused some degree of market volatility.

Volume sales to the US market have been lower in 2016 than last year, but are expected to improve as the customer portfolio grows and capacity utilisation improves. Reduced market activity continues to weigh 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. These efforts will continue through 2016.

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. It took a little longer than expected to build the new production line, but it is currently being commissioned.

Fibertex South Africa acquired an existing line for producing fibre in 2015 and has also invested in a new nonwoven production line. This investment in South Africa is expected to boost the factory's production efficiency.

Fibertex Nonwovens

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 longer term in line with export growth and as the unit becomes more integrated with other Fibertex Nonwoven companies.

Fibertex Nonwovens continues to expect to improve its full-year EBIT in 2016, based on the production lines upgraded in 2015 and the acquisition in Turkey. 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.

Fibertex Nonwovens now projects full-year 2016 revenue of DKK 1.3-1.4 billion, which is marginally lower than the previous guidance. The full-year EBIT forecast is still for the range of DKK 80-90 million, but now with a greater probability of EBIT ending at the lower end of the range.

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
Revenue (DKK million)	314	295	1,013	929	1,222
- from Denmark	49	43	176	169	211
- from Czech Republic	79	80	257	234	308
- from France	123	116	386	367	490
- from other	63	56	194	159	213

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	313.6	294.8	1,013.1	928.6	1,222.3
Gross profit	67.8	61.0	232.9	210.4	272.8
EBITDA	37.1	34.6	129.0	123.8	153.2
Depreciation and impairment	19.8	19.2	60.2	56.2	76.8
Operating profit (EBIT)	17.3	15.4	68.8	67.6	76.4
Profit after tax from associates	0.0	0.0	0.0	-0.6	-0.7
Financial items, net	-5.9	-4.6	-11.3	-11.2	-11.7
Profit before tax	11.3	10.8	57.5	55.8	64.0
Tax for the period	-4.8	-4.8	-18.7	-19.2	-17.1
Profit before non-controlling interests	6.5	6.0	38.8	36.6	46.9
Non-controlling interests	1.0	1.5	3.1	3.2	3.0
Profit for the period	7.6	7.5	41.8	39.8	49.9
CASH FLOWS					
Cash flows from operating activities	24.1	51.4	79.7	102.0	97.2
Cash flows from investing activities	-14.5	-36.6	-62.3	-157.2	-313.0
Cash flows from financing activities	-25.7	-0.5	-16.7	114.9	216.0
BALANCE SHEET					
Intangible assets *	161.6	160.7	161.6	160.7	168.2
Property, plant and equipment	742.7	625.7	742.7	625.7	723.0
Other non-current assets	0.0	0.0	0.0	0.0	3.9
Cash and cash equivalents	58.5	118.4	58.5	118.4	58.8
Other current assets	570.7	493.8	570.7	493.8	549.5
Total assets	1,533.5	1,398.6	1,533.5	1,398.6	1,503.4
Equity	496.9	453.8	496.9	453.8	459.6
Interest-bearing debt	784.2	699.1	784.2	699.1	793.2
Other creditors	252.4	245.7	252.4	245.7	250.6
Total liabilities and equity	1,533.5	1,398.6	1,533.5	1,398.6	1,503.4
Average number of employees	821	745	802	695	719
FINANCIAL KEY FIGURES					
EBITDA margin	11.8%	11.8%	12.7%	13.3%	12.5%
EBIT margin	5.5%	5.2%	6.8%	7.3%	6.2%
ROIC excl. goodwill	7.4%	8.3%	7.4%	8.3%	7.8%
ROIC incl. goodwill	6.7%	7.4%	6.7%	7.4%	7.0%
Working capital	375.0	316.6	375.0	316.6	361.1
Net interest-bearing debt	725.7	580.8	725.7	580.8	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, in China 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

Hydra/Specma reported combined revenue of DKK 387 million for the third quarter, compared with the former Hydra-Grene's Q3 2015 revenue of DKK 148 million. Like-for-like revenue of the former Hydra-Grene was up by DKK 10 million, or 6%, the improvement deriving mainly from higher sales to the wind turbine industry.

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

The Q3 2016 EBIT was DKK 27 million, of which the former Hydra-Grene contributed DKK 20 million, which was in line with the figure for Q3 2015. The rest of the EBIT derived from the acquisition of Specma, which realised Q3 2016 EBIT of DKK 13 million before amortisation and depreciation charges of DKK 6 million resulting from the purchase price allocation, which was DKK 1 million less than in the same period of last year.

The overall working capital increased from DKK 184 million at 30 September 2015 to DKK 497 million at 30 September 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 18.2% at 30 September 2016 from 25.2% at 30 September 2015. It should be noted that the acquired operations have been recognised for only nine months 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 local customers in both the European and the Chinese markets and other 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. While initial efforts were directed at achieving the immediate synergies in procurement, current work centres on realising cross-selling synergies. In addition, the company has begun a process of general optimisation and benchmarking across the two units.

Effective from 1 October 2016, Hydra/Specma acquired the activities of the Chinese company Etola Hydraulic Systems (Tianjin) Co., which will be rolled into Hydra/Specma's operations in the Beijing area. The activities will be incorporated in a new company in which Hydra/Specma will hold a 90% ownership interest. The company will have a production platform positioned close to important wind turbine customers. Through the acquisition, Hydra/Specma strengthens its general position in China and now has production facilities in both the Beijing and Shanghai areas.

Outlook

The global hydraulics market is still expected to be basically 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 over the next few months. In contrast, the more cyclical segments, such as offshore, marine and mining are all set to remain challenged for the rest of the year due to the low prices of oil and other commodities.

Hydra/Specma

The merger of Hydra-Grene's and Specma's operations is expected to produce additional positive synergies over time. In addition to optimising procurement, Hydra/Specma also expects positive effects from cross selling and optimised operational structures, but the synergies will inherently be offset by integration costs in the short term.

Hydra/Specma maintains its guidance for full-year 2016 revenue of about DKK 1.7 billion. The company narrows its full-year EBIT forecast range to DKK 105-115 million (previously DKK 100-120 million) after amortisation and depreciation of about DKK 25 million due to purchase price allocation.

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	387.5	148.0	1,306.5	446.9	602.9
Gross profit	101.0	50.1	331.5	147.9	206.1
EBITDA	42.0	23.7	129.8	66.1	93.2
Depreciation and impairment	14.6	3.4	43.2	10.7	15.1
Operating profit (EBIT)	27.4	20.3	86.6	55.4	78.1
Financial items, net	-2.7	-0.8	-6.5	-0.1	-0.1
Profit before tax	24.7	19.5	80.1	55.3	78.0
Tax for the period	-4.9	-4.6	-16.3	-13.1	-18.3
Profit before non-controlling interests	19.8	14.9	63.8	42.2	59.7
Non-controlling interests	-0.3	0.0	-1.7	-0.1	0.0
Profit for the period	19.5	14.9	62.1	42.1	59.7
CASH FLOWS					
Cash flows from operating activities	25.2	27.5	65.8	67.1	66.8
Cash flows from investing activities	-18.5	-1.9	-521.5	-6.5	-9.8
Cash flows from financing activities	-10.9	-27.4	489.9	-76.4	-71.3
BALANCE SHEET					
Intangible assets	316.4	11.9	316.4	11.9	11.7
Property, plant and equipment	178.6	94.6	178.6	94.6	93.7
Other non-current assets	4.5	0.0	4.5	0.0	0.3
Cash and cash equivalents	76.8	6.2	76.8	6.2	7.8
Other current assets	745.1	279.3	745.1	279.3	295.5
Total assets	1,321.4	392.0	1,321.4	392.0	409.0
Equity	385.6	190.8	385.6	190.8	212.2
Interest-bearing debt	600.4	86.6	600.4	86.6	86.9
Other creditors	335.4	114.6	335.4	114.6	109.9
Total liabilities and equity	1,321.4	392.0	1,321.4	392.0	409.0
Average number of employees	1,017	238	1,004	239	241
FINANCIAL KEY FIGURES					
EBITDA margin	10.8%	16.0%	9.9%	14.8%	15.5%
EBIT margin	7.1%	13.7%	6.6%	12.4%	12.9%
ROIC excl. goodwill	18.2%	25.2%	18.2%	25.2%	28.9%
ROIC incl. goodwill	15.6%	25.2%	15.6%	25.2%	28.9%
Working capital	497.0	183.6	497.0	183.6	202.1
Net interest-bearing debt	523.5	75.6	523.5	75.6	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 year-to-date figures for 2015 and 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 225 million in Q3 2016, largely in line with the Q3 2015 revenue of DKK 227 million. For the year to date, Schouw & Co. recognises revenue of DKK 443 million from GPV in the consolidated financial statements.

The Q3 2016 EBIT was DKK 20 million, compared with DKK 16 million in Q3 2015. The 2016 EBIT includes an adjustment relating to the purchase price allocation made in connection with the acquisition. Mainly involving inventories, the adjustment was a DKK 7 million expense for the Q2 2016 period and a modest income for Q3 2016. For the year to date, Schouw & Co. recognises EBIT of DKK 27 million from GPV in the consolidated financial statements.

Working capital amounted to DKK 199 million, and ROIC excluding goodwill was 15.0% at 30 September 2016.

Business development

GPV sells its products to international customer units in large parts of the world. In 2016, the company has shipped products to 33 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. Meeting customer requirements for high quality standards and reliability of supply is a big priority for GPV, and the company has built sufficient flexibility to absorb to a reasonable extent shifts in demand caused by market fluctuations.

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 and to upgrade a production line at the factory in Aars, Denmark to state-of-the-art automation standards.

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

By setting up the new facility in Mexico, GPV is taking yet another strategic step in its focused efforts to create added value and to explore the market potential in North America.

Based on the business activity in the second and third quarters, GPV now expects revenue for the 2016 financial year (nine months) of about DKK 625-675 million against the previous forecast range of DKK 600-650 million.

EBIT for the 2016 financial year will include a negative DKK 5 million adjustment due to purchase price allocation, but due to the good performance of the past few quarters, the company is raising its EBIT guidance by more than 10% to about DKK 40 million from previously about DKK 35 million.

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
INCOME STATEMENT					
Revenue	225.0	227.0	652.2	651.4	854.5
Gross profit	50.9	48.3	132.9	130.0	173.2
EBITDA	25.4	22.6	60.5	58.9	78.5
Depreciation and impairment	5.6	6.2	17.7	19.1	25.3
Operating profit (EBIT)	19.8	16.5	42.9	39.9	53.2
Financial items, net	0.1	2.2	-4.5	-11.8	-20.2
Profit before tax	19.9	18.6	38.3	27.9	33.0
Tax for the period	-0.2	0.0	1.4	-1.0	-1.0
Profit before non-controlling interests	19.8	18.6	39.7	26.9	32.0
Non-controlling interests	0.0		0.0		
Profit for the period	19.8		39.7		
CASH FLOWS					
Cash flows from operating activities	19.6	8.8	66.7	18.1	51.3
Cash flows from investing activities	-10.2	-5.7	-16.3	-41.4	-42.8
Cash flows from financing activities	-2.0	-1.7	-27.8	19.8	-6.5
BALANCE SHEET					
Intangible assets	0.0		0.0		
Property, plant and equipment	176.4		176.4		
Other non-current assets	17.4		17.4		
Cash and cash equivalents	39.0		39.0		
Other current assets	380.4		380.4		
Total assets	613.2		613.2		
Equity	135.4		135.4		
Interest-bearing debt	296.7		296.7		
Other creditors	181.1		181.1		
Total liabilities and equity	613.2		613.2		
Average number of employees	1,079		1,060		
FINANCIAL KEY FIGURES					
EBITDA margin	11.3%	10.0%	9.3%	9.0%	9.2%
EBIT margin	8.8%	7.3%	6.6%	6.1%	6.2%
ROIC excl. goodwill	15.0%		15.0%		
ROIC incl. goodwill	15.0%		15.0%		
Working capital	198.9		198.9		
Net interest-bearing debt	257.7		257.7		

All amounts in DKK million

Consolidated financial statement

schouw+co

Statements of income and comprehensive income

Note	Income statement	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
1	Revenue	4,325.3	3,599.5	10,473.5	9,487.4	12,565.7
	Cost of sales	-3,605.9	-3,050.3	-8,700.2	-8,093.3	-10,619.8
	Gross profit	719.4	549.2	1,773.3	1,394.1	1,945.9
	Other operating income	10.0	2.3	43.6	10.2	23.9
	Distribution costs	-230.5	-177.7	-658.8	-517.3	-696.7
2	Administrative expenses	-147.9	-104.4	-434.9	-315.1	-441.8
	Other operating expenses	-0.1	0.0	-0.2	0.0	0.0
	Operating profit (EBIT)	350.9	269.4	723.0	571.9	831.3
3	Profit after tax in associates	519.3	23.6	567.8	65.9	74.7
	Profit after tax in joint ventures	-3.5	5.5	-4.6	10.1	11.5
	Financial income	9.5	9.2	23.2	33.5	50.2
	Financial expenses	-16.3	-67.5	-46.2	-92.0	-96.6
	Profit before tax	859.9	240.2	1,263.2	589.4	871.1
	Tax on profit	-83.5	-71.1	-178.1	-169.4	-226.3
	Profit for the period	776.4	169.1	1,085.1	420.0	644.8
	Attributable to					
	Shareholders of Schouw & Co.	777.1	170.6	1,086.5	423.1	647.8
	Non-controlling interests	-0.7	-1.5	-1.4	-3.1	-3.0
	Profit for the period	776.4	169.1	1,085.1	420.0	644.8
9	Earnings per share (DKK)	32.74	7.23	45.82	17.95	27.48
9	Diluted earnings per share (DKK)	32.65	7.20	45.72	17.89	27.38

Comprehensive income	Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
Items that can be reclassified to the profit and loss statement:					
Exchange rate adjustment of foreign subsidiaries	-39.2	-134.7	-64.5	57.6	104.7
Hedging instruments recognised	-18.9	17.7	-11.7	13.3	3.0
Hedging instruments transferred to cost of sales	0.0	0.0	-0.8	0.3	0.3
Hedging instruments transferred to financials	-0.3	2.1	0.2	3.8	7.0
Other comprehensive income from ass. and joint ventures	22.5	-6.6	21.0	-7.3	-7.9
Other adjustment on equity	-0.8	-0.3	-5.5	1.0	-0.3
Tax on other comprehensive income	5.0	-5.2	4.0	-4.3	-2.9
Other comprehensive income after tax	-31.7	-127.0	-57.3	64.4	103.9
Profit for the period	776.4	169.1	1,085.1	420.0	644.8
Total recognised comprehensive income	744.7	42.1	1,027.8	484.4	748.7
Attributable to					
Shareholders of Schouw & Co.	744.7	47.5	1,028.5	490.4	756.4
Non-controlling interests	0.0	-5.4	-0.7	-6.0	-7.7
Total recognised comprehensive income	744.7	42.1	1,027.8	484.4	748.7

CONSOLIDATED STATEMENT

All amounts in DKK million

Balance sheet · assets and liabilities

Note	Assets	30/9 2016	31/12 2015	30/9 2015	31/12 2014
	Goodwill	1,147.8	1,006.1	998.3	970.5
	Completed development projects	24.5	0.0	11.2	12.1
	Development projects in progress	2.9	0.0	23.2	18.4
	Other intangible assets	291.7	169.9	87.6	93.9
	Intangible assets	1,466.9	1,176.0	1,120.3	1,094.9
	Land and buildings	1,400.7	1,260.2	1,226.8	1,262.5
	Plant and machinery	1,124.7	1,152.3	1,111.9	1,251.9
	Other fixtures, tools and equipment	125.6	65.4	87.9	69.6
	Assets under construction, etc.	642.3	298.3	235.2	131.0
	Property, plant and equipment	3,293.3	2,776.2	2,661.8	2,715.0
3	Equity investments in associates	61.5	570.3	610.4	561.7
	Equity investments in joint ventures	115.2	109.1	73.0	64.3
	Securities	115.3	83.9	81.7	115.0
	Deferred tax	37.7	18.1	47.6	51.9
	Receivables	156.4	177.7	192.4	144.1
	Other non-current assets	486.1	959.1	1,005.1	937.0
	Total non-current assets	5,246.3	4,911.3	4,787.2	4,746.9
	Inventories	2,038.6	1,435.1	1,373.8	1,447.5
4	Receivables	3,308.0	2,752.7	3,034.1	2,592.1
	Income tax receivable	8.3	5.9	0.1	8.4
	Securities	1,034.5	0.1	0.1	0.1
	Cash and cash equivalents	549.2	1,410.7	1,208.8	1,087.1
	Total current assets	6,938.6	5,604.5	5,616.9	5,135.2
	Total assets	12,184.9	10,515.8	10,404.1	9,882.1

Note	Liabilities and equity	30/9 2016	31/12 2015	30/9 2015	31/12 2014
7	Share capital	255.0	255.0	255.0	255.0
	Hedge transaction reserve	-21.0	-12.4	-6.6	-20.0
	Exchange adjustment reserve	197.9	263.1	214.2	153.7
	Retained earnings	7,051.7	5,895.1	5,924.6	5,478.2
	Proposed dividend	0.0	255.0	0.0	204.0
	Share of equity attributable to the parent company	7,483.6	6,655.8	6,387.2	6,070.9
	Non-controlling interests	20.0	20.7	23.1	2.9
	Total equity	7,503.6	6,676.5	6,410.3	6,073.8
	Deferred tax	202.2	147.9	149.9	151.3
	Pensions and similar liabilities	103.8	106.3	104.0	113.1
6	Credit institutions	386.8	686.6	727.9	858.4
	Non-current liabilities	692.8	940.8	981.8	1,122.8
6	Current portion of non-current debt	158.5	190.6	187.2	238.1
6	Credit institutions	485.8	109.4	159.4	77.6
	Trade payables and other payables	3,246.4	2,567.1	2,518.7	2,238.6
	Income tax	97.8	31.4	146.7	131.2
	Current liabilities	3,988.5	2,898.5	3,012.0	2,685.5
	Total liabilities	4,681.3	3,839.3	3,993.8	3,808.3
	Total liabilities and equity	12,184.9	10,515.8	10,404.1	9,882.1

Notes without reference 8 & 10.

CONSOLIDATED STATEMENT

All amounts in DKK million

Cash flow statement

Note		Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
	Profit before tax	859.9	240.2	1,263.2	589.4	871.1
	Adjustment for operating items of a non-cash nature, etc.:					
	Depreciation and impairment losses	120.1	93.1	322.6	284.1	383.0
	Other operating items, net	0.1	16.3	-37.3	42.3	72.9
	Provisions	-0.3	0.3	-0.7	0.9	0.6
	Profit/(loss) after tax in associates and joint ventures	-515.8	-29.1	-563.2	-76.0	-86.2
	Financial income	-9.5	-9.2	-23.2	-33.5	-50.2
	Financial expenses	16.3	67.5	46.2	92.0	96.6
	Cash flows from operating activities before changes in working capital	470.8	379.1	1,007.6	899.2	1,287.8
	Changes in working capital	-88.4	119.6	-38.9	-107.4	198.1
	Cash flows from operating activities	382.4	498.7	968.7	791.8	1,485.9
	Interest income received	3.1	0.5	14.5	15.0	29.4
	Interest expenses paid	-14.2	-20.4	-35.5	-48.8	-53.6
	Cash flows from ordinary activities	371.3	478.8	947.7	758.0	1,461.7
	Income tax paid	-8.7	-82.6	-103.1	-137.9	-290.5
	Cash flows from operating activities	362.6	396.2	844.6	620.1	1,171.2
	Purchase of intangible assets	-2.1	-0.7	-4.0	-1.6	-61.9
	Purchase of property, plant and equipment	-242.8	-75.2	-535.7	-239.9	-354.4
	Sale of property, plant and equipment	0.5	0.1	1.0	0.4	16.2
5	Acquisition of enterprises	0.0	0.0	-551.0	-19.5	-124.7
	Acquisition of ass. and joint ventures	0.0	0.0	-13.3	0.0	-36.7
	Received dividend from associates	63.5	0.0	64.3	0.0	49.2
	Additions/disposals of other financial assets	11.2	-53.2	-18.5	-52.8	-57.0
	Cash flows from investing activities	-169.7	-129.0	-1,057.2	-313.4	-569.3

Note		Q3 2016	Q3 2015	YTD 2016	YTD 2015	2015 Total
	Debt financing:					
	Repayment of non-current liabilities	-263.5	-20.8	-435.0	-210.6	-275.6
	Proceeds from incurring non-current financial liabilities	9.1	3.4	32.4	51.8	70.2
	Increase (repayment) of bank overdrafts	169.9	-105.0	-33.7	86.2	46.3
	Shareholders:					
	Capital contributions, etc. by non-controlling interests	0.0	0.0	0.0	14.1	14.9
	Dividend paid	0.0	0.0	-237.7	-188.8	-188.8
	Purchase/sale of treasury shares, net	0.0	0.0	27.8	9.4	9.4
	Cash flows from financing activities	-84.5	-122.4	-646.2	-237.9	-323.6
	Cash flows for the period	108.4	144.8	-858.8	68.8	278.3
	Cash and cash equivalents at 1 Jul./Jan.	441.5	1,071.8	1,410.7	1,087.1	1,087.1
	Value adjustment of cash and cash equivalents	-0.7	-7.8	-2.7	52.9	45.3
	Cash and cash equivalents at 30 Sep.	549.2	1,208.8	549.2	1,208.8	1,410.7

CONSOLIDATED STATEMENT

All amounts in DKK million

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	60.5	0.0	0.0	60.5	-2.9	57.6
Value adj. of hedging instruments recognised	0.0	13.3	0.0	0.0	0.0	13.3	0.0	13.3
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	3.8	0.0	0.0	0.0	3.8	0.0	3.8
Other comprehensive income from associates and JVs	0.0	0.0	0.0	-7.3	0.0	-7.3	0.0	-7.3
Other adjustment on equity	0.0	0.0	0.0	1.0	0.0	1.0	0.0	1.0
Tax on other comprehensive income	0.0	-4.0	0.0	-0.3	0.0	-4.3	0.0	-4.3
Profit for the period	0.0	0.0	0.0	423.1	0.0	423.1	-3.1	420.0
Total recognised comprehensive income	0.0	13.4	60.5	416.5	0.0	490.4	-6.0	484.4
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	5.3	0.0	5.3	0.0	5.3
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	29.9	-204.0	-174.1	26.2	-147.9
Equity at 30 September 2015	255.0	-6.6	214.2	5,924.6	0.0	6,387.2	23.1	6,410.3
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	-65.2	0.0	0.0	-65.2	0.7	-64.5
Value adj. of hedging instruments recognised	0.0	-11.7	0.0	0.0	0.0	-11.7	0.0	-11.7
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	0.2	0.0	0.0	0.0	0.2	0.0	0.2
Other comprehensive income from associates and JVs	0.0	0.0	0.0	21.0	0.0	21.0	0.0	21.0
Other adjustment on equity	0.0	0.0	0.0	-5.5	0.0	-5.5	0.0	-5.5
Tax on other comprehensive income	0.0	3.7	0.0	0.3	0.0	4.0	0.0	4.0
Profit for the period	0.0	0.0	0.0	1,086.5	0.0	1,086.5	-1.4	1,085.1
Total recognised comprehensive income	0.0	-8.6	-65.2	1,102.3	0.0	1,028.5	-0.7	1,027.8
Transactions with the owners								
Share-based payment, net	0.0	0.0	0.0	7.1	0.0	7.1	0.0	7.1
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	54.3	-255.0	-200.7	0.0	-200.7
Equity at 30 September 2016	255.0	-21.0	197.9	7,051.7	0.0	7,483.6	20.0	7,503.6

CONSOLIDATED STATEMENT

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	6,376.6	1,319.2	1,007.7	1,306.5	442.7	10,452.7
Intra-group revenue	0.0	16.5	5.4	0.0	0.3	22.2
Segment revenue	6,376.6	1,335.7	1,013.1	1,306.5	443.0	10,474.9
Depreciation and impairment	103.4	87.3	60.2	43.2	11.4	305.5
EBIT	365.8	189.0	68.8	86.6	26.7	736.9
Segment assets	5,859.8	1,846.8	1,565.6	1,321.4	613.2	11,206.8
Including goodwill	778.3	99.1	121.5	149.0	0.0	1,147.9
Equity investments in associates and joint ventures	99.4	0.0	0.0	2.5	0.0	101.9
Segment liabilities	3,307.7	941.5	1,036.6	935.8	477.8	6,699.4
Working capital	749.6	276.4	375.0	497.0	198.9	2,096.9
NIBD	161.4	550.5	725.7	523.5	257.7	2,218.8
Cash flows from operating activities	338.9	264.7	79.7	65.8	37.5	786.6
Cash flows from investing activities	-230.1	-230.2	-62.3	-521.5	-12.0	-1,056.1
Cash flows from financing activities	-273.2	-40.3	-16.7	489.9	-19.1	140.6
Capital expenditure *	192.2	230.8	62.3	458.8	16.1	960.2
Average number of employees	883	543	802	1,004	712	3,944

Total reportable segments YTD 2015	BioMar	Fibertex Personal Care	Fibertex Nonwovens	Hydra	GPV	Total
External revenue	6,837.7	1,273.9	923.0	446.9	-	9,481.5
Intra-group revenue	0.0	22.9	5.6	0.0	-	28.5
Segment revenue	6,837.7	1,296.8	928.6	446.9	-	9,510.0
Depreciation and impairment	109.7	105.4	56.2	10.7	-	282.0
EBIT	306.5	155.2	67.6	55.4	-	584.7
Segment assets	5,398.4	1,722.9	1,430.6	392.0	-	8,943.9
Including goodwill	777.6	99.1	121.6	0.0	-	998.3
Equity investments in associates and joint ventures	42.7	0.0	0.0	0.0	-	42.7
Segment liabilities	2,977.5	983.7	944.8	201.2	-	5,107.2
Working capital	1,115.5	264.4	316.6	183.6	-	1,880.1
NIBD	421.4	511.9	580.8	75.6	-	1,589.7
Cash flows from operating activities	192.7	241.8	102.0	67.1	-	603.6
Cash flows from investing activities	-130.5	-18.9	-157.2	-6.5	-	-313.1
Cash flows from financing activities	-382.6	-198.8	114.9	-76.4	-	-542.9
Capital expenditure *	77.4	19.2	137.9	6.5	-	241.0
Average number of employees	902	512	695	239	-	2,348

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

CONSOLIDATED STATEMENT

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 has made up a new segment since 1 April 2016, although the business 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

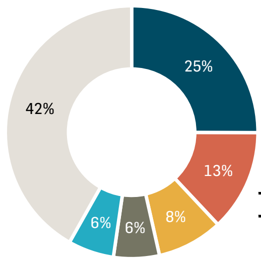
YTD 2016	Group revenue	EBIT	Assets	Liabilities
Reporting segments	10,474.9	736.9	11,206.8	6,699.4
Non-reporting segments	20.7	3.2	149.8	39.3
The parent company	5.1	-17.1	8,310.8	827.1
Group elimination etc.	-27.2	0.0	-7,482.5	-2,884.5
Total	10,473.5	723.0	12,184.9	4,681.3

YTD 2015	Group revenue	EBIT	Assets	Liabilities
Reporting segments	9,510.0	584.7	8,943.9	5,107.2
Non-reporting segments	5.6	3.0	200.2	44.8
The parent company	4.0	-15.8	6,504.9	117.7
Group elimination etc.	-32.2	0.0	-5,244.9	-1,275.9
Total	9,487.4	571.9	10,404.1	3,993.8

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.

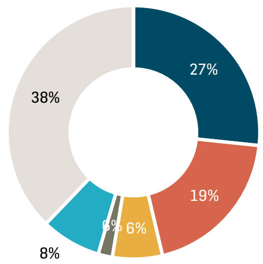
Revenue by country:

YTD 2016



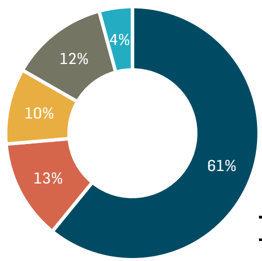
	YTD 2016	YTD 2015
Norway	2,625	2,529
Chile	1,357	1,863
UK	884	606
Denmark	614	172
Sweden	613	728
Other	4,380	3,589
Total	10,473	9,487

YTD 2015



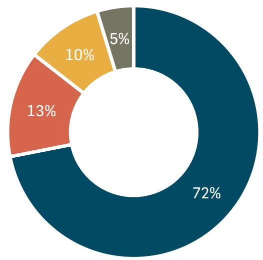
Revenue by segments:

YTD 2016



	YTD 2016	YTD 2015
BioMar	6,377	6,838
FPC	1,336	1,297
FIN	1,013	929
Hydra/Specma	1,307	447
GPV	443	0
Other	-3	-24
Total	10,473	9,487

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 Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the date 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 September 2016	205,000	425,000	630,000

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

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 option holders 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.

3 INVESTMENTS IN ASSOCIATES

	30/9 2016	30/9 2015
Cost at 1 January	664.2	702.5
Additions	2.5	0.0
Disposals	-595.0	-10.8
Cost at 30 September	71.7	691.7
Adjustments at 1 January	-93.9	-140.8
Foreign exchange adjustments	-1.6	-6.4
Dividends paid associates	-64.3	0.0
Disposals for the year	16.3	0.0
Profit after tax in associates	133.3	65.9
Adjustments at 30 September	-10.2	-81.3
Carrying amount at 30 September	61.5	610.4
Recognised in the income statement:		
Operating profit in associates	133.3	65.9
Gain / reassessment at fair value	434.5	0.0
Profit after tax in associates and reassessment at fair value	567.8	65.9

Schouw & Co. ceded significant influence effective 9 September when selling its shareholding interest in Kramp. As a result, Schouw & Co.'s financial benefits and business/management powers ceased. Accordingly, effective from 9 September 2016, the investment is treated as a portfolio share recognised at fair value.

CONSOLIDATED STATEMENT

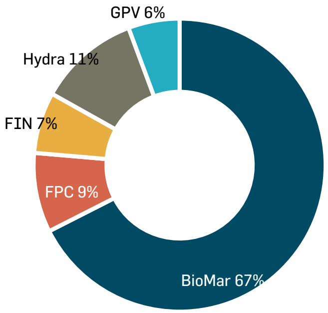
Notes to the financial statements

4 RECEIVABLES - CURRENT

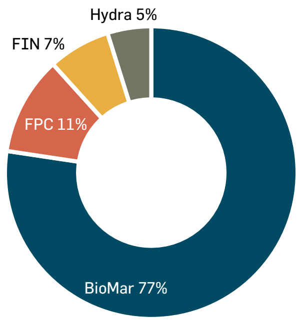
	30/9 2016	30/9 2015
Trade receivables	3,128.6	2,873.8
Other current receivables	147.8	152.2
Accruals and deferred income	31.6	8.1
Receivables current	**3,308.0**	**3,034.1**

Trade receivables by portfolio company:

30/9 2016



30/9 2015



	30/9 2016	30/9 2015
Impairment losses on trade receivables		
Impairment losses at 1 January	-206.8	-181.9
Exchange adjustments	1.2	-2.5
Additions on company acquisitions	-1.5	0.0
Reversed impairment losses	4.6	0.1
Impairment losses for the period	-29.8	-26.8
Realised loss	37.9	2.7
Impairment losses	**-194.4**	**-208.4**

		Due between (days)			
30/9 2016	Not due	1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,722.7	188.9	61.9	15.9	2,989.4
Trade receivables individually assessed to be impaired	86.3	30.1	27.3	189.9	333.6
Trade receivables in total	2,809.0	219.0	89.2	205.8	3,323.0
Impairment losses on trade receivables	-14.0	-2.0	-3.2	-175.2	-194.4
Trade receivables net	**2,795.0**	**217.0**	**86.0**	**30.6**	**3,128.6**
Proportion of the total receivables which is expected to be settled					94.1%
Impairment percentage	0.5%	0.9%	3.6%	85.1%	5.9%

		Due between (days)			
30/9 2015	Not due	1-30	31-90	>91	Total
Trade receivables not considered to be impaired	2,211.5	235.8	148.4	37.5	2,633.2
Trade receivables individually assessed to be impaired	109.8	71.9	43.0	224.3	449.0
Trade receivables in total	2,321.3	307.7	191.4	261.8	3,082.2
Impairment losses on trade receivables	-13.5	-9.3	-7.0	-178.6	-208.4
Trade receivables net	**2,307.8**	**298.4**	**184.4**	**83.2**	**2,873.8**
Proportion of the total receivables which is expected to be settled					93.2%
Impairment percentage	0.6%	3.0%	3.7%	68.2%	6.8%

A total of 10.0% (2015: 14.6%) of receivables at the balance sheet date were impaired to a greater or lesser extent. There is a continual follow-up on overdue debtors.

CONSOLIDATED STATEMENT

All amounts in DKK million

Notes to the financial statements

5 ACQUISITIONS

	Specma	GPV	30/9 2016	30/9 2016
Intangible assets	176.2	0.0	176.2	4.7
Property, plant and equipment	85.5	171.3	256.7	52.9
Financial assets	4.2	3.7	7.9	0.0
Inventories	235.5	189.1	424.6	21.4
Receivables	204.0	149.3	353.3	18.0
Tax asset	0.8	13.9	14.7	0.0
Cash and cash equivalents	60.9	28.9	89.8	0.5
Credit institutions	-149.6	-308.0	-457.5	-16.2
Deferred tax	-53.8	-1.5	-55.3	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	-51.0	-125.1	-17.2
Net assets acquired	385.7	98.1	483.8	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	157.0	0.0	157.0	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 currently has 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 in 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 157.0 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. The company manufactures low-medium volume specialist electronics and advanced mechanics components with a high degree of flexibility, currently selling its products to some 300 international customers.

A purchase price allocation prepared on the acquisition of GPV led to a write-down of buildings at the company's Thai production unit and other minor revaluations. Goodwill was 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.

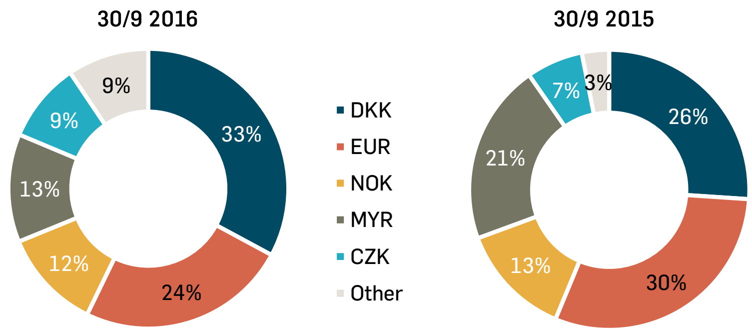
Had GPV been recognised as from 1 January 2016, revenue would have been DKK 209 million higher and the full-year EBIT would have been DKK 14 million higher.

All amounts in DKK million

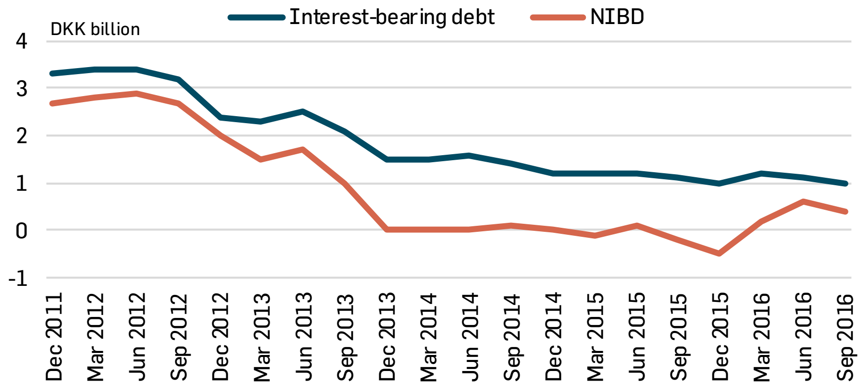
Notes to the financial statements

6 INTEREST-BEARING DEBT

Percentage breakdown of interest-bearing debt by currency:



Consolidated interest-bearing debt:



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

7 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 Q1-Q3 2015			
Share option programme	-177,000	-21.5	-0.69%
Additions	73,197	23.8	0.29%
30 September 2015	1,906,130	352.0	7.48%
Movements in Q4 2015			
None			
31 December 2015	1,906,130	352.0	7.48%
Movements in Q1-Q3 2016			
Share option programme	-180,000	-21.7	-0.71%
Additions	34,800	13.1	0.14%
30 September 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 761.6 million at 30 September 2016.

The share capital has not changed in the past five years.

Notes to the financial statements

8 FAIR VALUE OF CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	30/9 2016	31/12 2015	30/9 2015
Financial assets			
Derivative financial instruments to hedge future cash flows – level 2	9.1	10.6	18.5
Securities measured at fair value – level 3	1,149.8	84.0	81.8
Financial liabilities			
Derivative financial instruments to hedge future cash flows – level 2	34.5	16.8	26.8

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 reclassification of Kramp from associate to a security of DKK 1,034.5 million, 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 minus DKK 1.4 million and impairment losses of DKK 0.4 million. Due to the capital injection, the ownership interest in Salmones Austral 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.

9 EARNINGS PER SHARE (DKK)

	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Share of the profit for the period attributable to shareholders of Schouw & Co.	777.1	170.6	1,086.5	423.1
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,760,930	-1,906,130	-1,789,639	-1,931,059
Average number of outstanding shares	23,739,070	23,593,870	23,710,361	23,568,941
Average dilutive effect of outstanding share options	63,370	96,689	53,051	80,927
Diluted average number of outstanding shares	23,802,440	23,690,559	23,763,412	23,649,868
Earnings per share of DKK 10	32.74	7.23	45.82	17.95
Diluted earnings per share of DKK 10	32.65	7.20	45.72	17.89

CONSOLIDATED STATEMENT

All amounts in DKK million

Notes to the financial statements

10 RELATED PARTY TRANSACTIONS

Under Danish legislation, related parties 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, Furthermore, Givesco A/S, Svinget 24, DK-7323 Give, members of the Board of Directors, the Executive Management 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..

	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	0.1	0.0
During the financial year, the Group sold goods of	35.8	11.2
During the financial year, the Group bougth goods of	4.1	1.5
During the financial year, the Group received interest income of	0.2	0.3
At 30 september the Group had a receivable of	18.1	10.5
During the financial year, the Group received dividends of	64.3	0.0

Management's share option programmes are set out in note 2. Other than as set out above, there were no related party transactions during the year.

CONSOLIDATED STATEMENT

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 September 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 September 2016 and of the results of the group's operations and cash flows for the period 1 January–30 September 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, 10 November 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