

Interim report for H1 2015

In H1 2015, Dantherm realised revenue of DKK 196m compared with DKK 205m in H1 2014. An operating loss (EBIT) of DKK 12.6m was posted (H1 2014: DKK -21.2m), negatively impacted by DKK 12.8m (H1 2014: DKK -13.8m) from the Telecom segment. As announced in 2014, an agreement on the divestment of the Telecom segment has been concluded, with the closing not yet having been completed. The outlook for the entire year is maintained.

Torben Duer, President & CEO:

“Overall, Dantherm’s operating results in H1 2015 were unsatisfactory due to the loss-making Telecom business segment. In H1 2015, the HVAC business segment posted an operating profit which was better than in 2014, primarily as a result of the cost cuts implemented. The first half of the year is traditionally characterised by low activity levels, which are expected to increase during the rest of the year.”

Agreement on divestment of the Telecom business segment

- As reported in company announcement no. 3 of 24 March 2014, Dantherm has entered into an agreement on the divestment of the Telecom business segment to China Technologies Holdings Group. Contrary to expectations, the buyer has not yet been able to complete the transaction, and it has thus been assessed that the criteria for classifying the activities in the Telecom business segment as discontinuing operations have not been satisfied. Dantherm is in close dialogue with the buyer on the completion of the transaction and expects clarification in Q3 2015.
- The value of the Telecom business segment, including goodwill, is, as in the 2014 annual report and the Q1 2015 interim report, based on the share transfer agreement concerning the divestment of Telecom. If the closing is not completed, the valuation of the Telecom business segment will have to be assessed on the basis of an updated business plan, and write-downs including impairment losses of goodwill will have to be recognised, by a considerable amount.

Financing and capital structure

- As reported in company announcement no. 2 of 27 March 2015, in March Dantherm renegotiated the agreement on committed facilities with its primary credit institutions. The credit institutions have undertaken to extend the facilities until January 2016, subject to certain conditions. Dantherm’s liquidity is negatively impacted by the delay of the divestment of the Telecom business segment and by the current operating situation in this business segment, and a number of liquidity-enhancing initiatives have been initiated with a view to maintaining operating activities at current levels.
- Due to the postponed closing of the divestment of the Telecom business segment and the group’s general financing situation, Dantherm’s management has stepped up efforts to further strengthen the group’s capital base.

Developments in Q2 2015

- Revenue amounted to DKK 103m against DKK 105m in Q2 2014.
- An operating loss (EBIT) of DKK 6.5m was posted (Q2 2014: DKK -2.9m), negatively impacted by DKK 6.6m (Q2 2014: DKK 0.0m) from the Telecom segment.

Developments in H1 2015

- Revenue totalled DKK 196m relative to DKK 205m in H1 2014.
- An operating loss (EBIT) of DKK 12.6m was posted (H1 2014: DKK -21.2m), negatively impacted by DKK 12.8m (H1 2014: DKK -13.8m) from the Telecom segment.

Outlook for 2015

Dantherm maintains the outlook for 2015 of an improved operating profit (EBIT) of DKK 5–10m with the same level of revenue as in 2014. The outlook for 2015 is based on the divestment of the Telecom business being completed.

If, contrary to expectations, the divestment is not completed, the valuation of the Telecom business will have to be assessed on the basis of an updated business plan, and the operating results (EBIT) will be negatively affected by write-downs including impairment losses of goodwill, of a considerable amount.

Any enquiries concerning this announcement can be directed to President & CEO Torben Duer on tel. +45 99 14 90 14.

In case of doubt the Danish version of this announcement is applicable

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About Dantherm

Dantherm was founded in 1958 by Ejler Olsen, the company's first product being a warm air heater for heating workshops and industrial buildings.

In the course of the following years, the product portfolio was extended to include dehumidifiers, ventilation products, mobile heating and cooling units (the HVAC segment) and climate control solutions for the telecom industry (the Telecom segment).

Today, Dantherm is divided into two business segments: HVAC (Heating, Ventilation, Air Conditioning) and Telecom.

Within the HVAC business segment, Dantherm is an important European provider of products and solutions based on more than 50 years of experience within the heating, ventilation, cooling and dehumidification of air.

Within the Telecom business segment, Dantherm is a leading supplier of climate control products for radio base stations in telecom networks. In March 2014, Dantherm entered into an agreement on the divestment of the Telecom business segment, but the transaction has not yet been completed.

Dantherm's special competencies comprise extensive know-how within climate control, product development expertise and state-of-the-art production and test facilities in Europe, Asia and North America.

Dantherm's markets are driven by an increased focus on indoor climate and energy efficiency, which supports the ambition to enhance the company's value through growth in revenue and earnings.

Dantherm is domiciled in Skive, Denmark, and has been listed on NASDAQ OMX since 2002.

Read more at www.dantherm.com

Financial highlights

DKKm	Q2		H1		FY
	2015	2014	2015	2014	2014
Income statement:					
Revenue	102.8	104.7	196.3	204.8	441.0
Earnings before depreciation, amortisation etc. (EBITDA)	-1.5	2.6	-3.0	0.3	13.0
Earnings before impairment of goodwill (EBITA)	-6.2	-2.5	-12.2	-9.8	-7.8
Goodwill impairment	-0.3	-0.4	-0.4	-11.4	-11.0
Operating loss (EBIT)	-6.5	-2.9	-12.6	-21.2	-18.8
Net financials	-4.9	-4.0	-6.9	-7.9	-14.8
Earnings before tax (EBT)	-11.4	-6.9	-19.5	-29.1	-33.6
Net loss for the period	-11.4	-6.9	-19.5	-29.1	-28.5
Balance sheet, end of period:					
Working capital	53.5	62.3	53.5	62.3	61.4
Net interest-bearing debt	213.4	215.0	213.4	215.0	209.1
Balance sheet total	374.7	384.3	374.7	384.3	387.5
Equity	47.2	55.3	47.2	55.3	59.6
Invested capital	260.6	270.3	260.6	270.3	268.7
Cash flows:					
Cash flow from operating activities	1.9	-2.9	1.9	-2.7	10.2
Cash flow from investing activities	-2.5	-3.6	-6.0	-9.1	-16.3
Cash flow from financing activities	-3.1	0.4	-3.1	-1.5	-6.1
Cash flow for the period	-3.7	-6.1	-7.2	-13.3	-12.2
RATIOS					
Financial ratios:					
Growth rate (growth in revenue)	-1.8%	-13.2%	-4.2%	-14.3%	-8.4%
Profit margin (EBIT %)	-6.3%	-2.8%	-6.4%	-10.4%	-4.3%
Equity interest	12.6%	14.4%	12.6%	14.4%	15.4%
Average number of employees	422	466	421	470	460
Share-related ratios:					
Earnings per share (continuing operations) (EPS), DKK	-1.6	-1.0	-2.7	-4.1	-4.0
Diluted earnings per share (continuing operations) (EPS-D), DKK	-1.6	-1.0	-2.7	-4.1	-4.0
Cash flow per share, DKK	0.3	-0.4	0.3	-0.4	1.4
Equity value, end of period, DKK	6.6	7.7	6.6	7.7	8.3
Share price, end of period, DKK	10.0	13.6	10.0	13.6	9.2
Price/equity value	1.5	1.8	1.5	1.8	1.1
Number of shares of DKK 10 each, end of period ('000)	7,191	7,191	7,191	7,191	7,191

Management's review

Agreement on divestment of the Telecom business segment

As reported in company announcement no. 3 of 24 March 2014, Dantherm has entered into an agreement on the divestment of the Telecom business segment to China Technologies Holdings Group. Contrary to expectations, the buyer has not yet been able to complete the transaction, and it has thus been assessed that the criteria for classifying the activities in the Telecom business segment as discontinuing operations have not been satisfied. Dantherm is in close dialogue with the buyer on the completion of the transaction and expects clarification in Q3 2015.

The value of the Telecom business segment, including goodwill, is, as in the 2014 annual report and the Q1 2015 interim report, based on the share transfer agreement concerning the divestment of Telecom. If the closing is not completed, the valuation of the Telecom business segment will have to be assessed on the basis of an updated business plan, and write-downs including impairment losses of goodwill will have to be recognised, by a considerable amount.

Financing and capital structure

As reported in company announcement no. 2 of 27 March 2015, in March Dantherm renegotiated the agreement on committed facilities with its primary credit institutions. The credit institutions have undertaken to extend the facilities until January 2016, subject to certain conditions. Dantherm's liquidity is negatively impacted by the delay of the divestment of the Telecom business segment and by the current operating situation in this business segment, and a number of liquidity-enhancing initiatives have been initiated with

a view to maintaining operating activities at current levels.

Due to the postponed closing of the divestment of the Telecom business segment and the group's general financing situation, Dantherm's management has stepped up efforts to further strengthen the group's capital base.

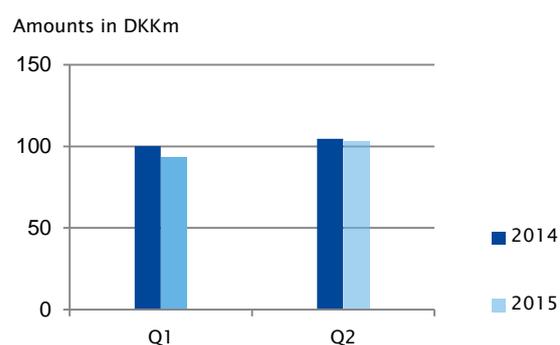
At Dantherm's annual general meeting on 29 April 2015, it was agreed to reduce the share capital to a nominal amount of DKK 35,952,870 with transfer to a special reserve. The capital reduction was implemented and registered in Q2 2015.

Comments on the Q2 financial statements

Revenue amounted to DKK 103m against DKK 105m in Q2 2014.

The decline in revenue is attributable to the Telecom business segment, while revenue in the HVAC business segment was slightly higher than in Q2 2014.

REVENUE PER QUARTER



Goodwill was impaired by DKK 0.3m in Q2 2015, which is on a par with the same period in 2014. Impairment of goodwill is assessed on the basis of the share transfer agreement concerning the divestment of Telecom.

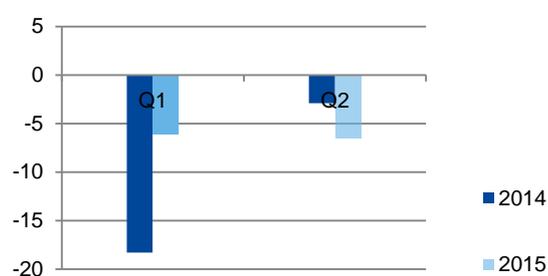
Depreciation and amortisation totalled DKK 4.7m in Q2 2015 relative to DKK 5.1m in the

prior-year period. In 2015, the amortisation period for development projects is changed from three to five years based on an assessment of the period of economic benefit of the developed products, resulting in a DKK 0.6m reduction in amortisation in Q2 2015.

An operating loss (EBIT) of DKK 6.5m was posted (Q2 2014: DKK -2.9m), negatively impacted by DKK 6.6m (Q2 2014: DKK 0.0m) from the Telecom segment.

EBIT PER QUARTER

Amounts in DKKm



A loss of DKK 11.4m before tax was posted against a loss of DKK 6.9m in the same period in 2014.

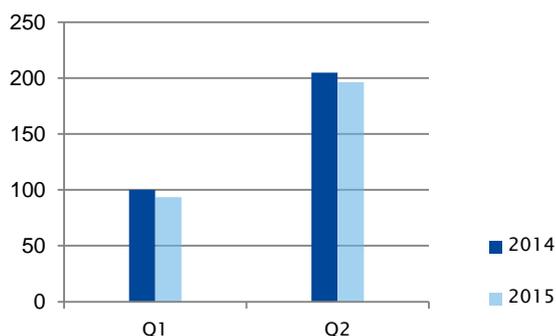
Comments on the H1 financial statements

Revenue totalled DKK 196m relative to DKK 205m in H1 2014.

The decline in revenue is attributable to the Telecom business segment, while revenue in the HVAC business segment was on a par with H1 2014.

REVENUE YEAR TO DATE

Amounts in DKKm



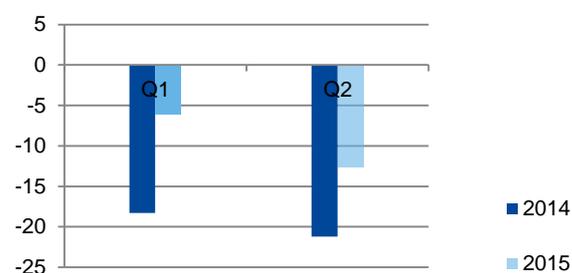
Goodwill was impaired by DKK 0.4m in H1 2015 against DKK 11.4m in H1 2014. Impairment of goodwill is assessed on the basis of the share transfer agreement concerning the divestment of Telecom.

Depreciation and amortisation totalled DKK 9.2m in H1 2015 compared with DKK 10.1m in the same period in 2014. In 2015, the amortisation period for development projects is changed from three to five years based on an assessment of the period of economic benefit of the developed products, resulting in a DKK 1.1m reduction in amortisation in H1 2015.

An operating loss (EBIT) of DKK 12.6m was posted (H1 2014: DKK -21.2m), negatively impacted by DKK 12.8m (H1 2014: DKK -13.8m) from the Telecom segment.

EBIT YEAR TO DATE

Amounts in DKKm



The net finance costs in H1 2015 amounted to DKK 6.9m against DKK 7.9m in the prior-year period, the development being primarily attributable to capital gains.

A loss of DKK 19.5m before tax was posted against a loss of DKK 29.1m in the prior-year period.

Cash flows and interest-bearing debt

Cash flows from operating activities totalled DKK 1.9m in H1 2015 against DKK -2.9m in the same period in 2014.

Negative cash flows from investing activities in H1 2015 totalled DKK 6.0m relative to DKK 9.1m in H1 2014. Negative cash flows from financing activities include the repayment of lease commitments concerning the property in Denmark and totalled DKK 3.1m in H1 2015 against DKK 1.5m in the same period in 2014.

Dantherm's net interest-bearing debt to credit institutions amounted to DKK 213m at the end of H1 2015 against DKK 209m at the end of 2014. The interest-bearing debt included finance lease commitments and bank debt related to properties of DKK 86m.

Developments in the business areas

Dantherm's activities are structured into two business segments – HVAC and Telecom.

Furthermore, Dantherm owns approx. 43% of the associate Dantherm Power, the revenue of which is not included in Dantherm's consolidated revenue.

HVAC revenue in H1 2015 was on a par with the same period in 2014. EBITDA of DKK 9.8m was posted for H1 2015 against DKK 4.5m for H1 2014 as a result of lower costs.

Telecom revenue declined by 16% in H1 2015 relative to the same period in 2014, primarily attributable to lower sales to network suppliers and thus a weak development in the Chinese subsidiary. EBITDA amounted to a loss of DKK 10.2m in H1 2015 against a profit of DKK 0.3m in the prior-year period as a result of lower revenue.

The ownership share in Dantherm Power increased from 38% to 43% in Q2 2015, as Dantherm Power bought 10% of the shares from its Chinese partner. The ownership share in Dantherm Power is still recognised at 0 in Dantherm's balance sheet.

Outlook for 2015

Dantherm maintains the outlook for 2015 of an improved operating profit (EBIT) of DKK 5–10m with the same level of revenue as in 2014. The outlook for 2015 is based on the divestment of the Telecom business being completed.

If, contrary to expectations, the divestment is not completed, the valuation of the Telecom business will have to be assessed on the basis of an updated business plan, and the operating results (EBIT) will be negatively affected by write-downs including impairment of goodwill, of a considerable amount.

Statement by the Board of Directors and the Board of Executives

Today, the Board of Directors and the Board of Executives have considered and approved the interim report of Dantherm A/S for the period 1 January – 30 June 2015.

The interim financial statements, which have not been audited or reviewed by the company's auditors, are presented 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, equity and liabilities and financial position as at 30 June 2015 and of the results of the group's operations and cash flows for the period 1 January – 30 June 2015.

We also find that the management's review contains a fair review of the development in the group's activities and financial affairs, the results for the period and the group's financial position as a whole as well as a description of the main risks and uncertainties facing the group.

Skive, Denmark, 19 August 2015

Board of Executives:

Torben Duer
President & CEO

Bjarke Brøns
CFO

Board of Directors:

Jørgen Møller-Rasmussen
Chairman

Preben Tolstrup
Deputy Chairman

Nils R. Olsen

Henrik Sørensen

Conni-Dorthe Laursen

Per F. Pedersen

Palle Kjær

Income statement

DKKm	Q2		H1		FY
	2015	2014	2015	2014	2014
Revenue	102.8	104.7	196.3	204.8	441.0
Other operating expenses	-0.4	-0.9	-0.5	-1.6	-2.2
Costs of raw materials and consumables	-54.8	-52.6	-102.0	-105.7	-227.8
Other external expenses	-5.3	-6.7	-21.7	-22.6	-46.1
Staff costs	-43.8	-41.9	-75.1	-74.6	-151.9
Earnings before depreciation, amortisation etc. (EBITDA)	-1.5	2.6	-3.0	0.3	13.0
Goodwill impairment	-0.3	-0.4	-0.4	-11.4	-11.0
Depreciation, amortisation and impairment and write-downs of property, plant and equipment and intangible assets	-4.7	-5.1	-9.2	-10.1	-20.8
Operating loss (EBIT)	-6.5	-2.9	-12.6	-21.2	-18.8
Net financials	-4.9	-4.0	-6.9	-7.9	-14.8
Earnings before tax (EBT)	-11.4	-6.9	-19.5	-29.1	-33.6
Tax on loss for the period	0.0	0.0	0.0	0.0	5.1
Net loss for the period	-11.4	-6.9	-19.5	-29.1	-28.5
Distributed as follows:					
Shareholders of Dantherm A/S	-11.4	-6.9	-19.5	-29.1	-28.5
Earnings per share					
Earnings per share (EPS), DKK	-1.6	-1.0	-2.7	-4.1	-4.0
Diluted earnings per share (EPS-D), DKK	-1.6	-1.0	-2.7	-4.1	-4.0

Statement of comprehensive income

DKKm	Q2		H1		FY
	2015	2014	2015	2014	2014
Net loss for the period	-11.4	-6.9	-19.5	-29.1	-28.5
Other comprehensive income:					
Items which may be reclassified to the income statement:					
Foreign currency translation adjustment, foreign enterprises	-0.5	0.1	5.4	-0.7	3.1
Value adjustment of hedging instruments	1.7	-0.8	1.7	-1.6	-1.6
Other comprehensive income after tax	1.2	-0.7	7.1	-2.3	1.5
Total comprehensive income	-10.2	-7.6	-12.4	-31.4	-27.0
Distributed as follows:					
Shareholders of Dantherm A/S	-10.2	-7.6	-12.4	-31.4	-27.0
Total comprehensive income	-10.2	-7.6	-12.4	-31.4	-27.0

Balance sheet

DKKm	30/6 2015	30/6 2014	31/12 2014
Intangible assets	92.8	88.9	89.8
Property, plant and equipment	99.7	108.5	103.9
Financial assets	2.7	2.2	2.5
Other non-current assets	14.6	11.2	13.8
Total non-current assets	209.8	210.8	210.0
Inventories	94.3	92.8	91.0
Trade receivables	58.0	67.4	67.1
Other receivables	10.8	7.1	10.1
Cash	1.8	6.2	9.3
Total current assets	164.9	173.5	177.5
TOTAL ASSETS	374.7	384.3	387.5
The Dantherm A/S shareholders' share of equity	47.2	55.3	59.6
Total equity	47.2	55.3	59.6
Provisions	0.5	0.5	0.5
Credit institutions	79.5	87.7	6.6
Total non-current liabilities	80.0	88.2	7.1
Provisions	2.2	2.3	2.2
Credit institutions	135.7	133.5	211.8
Trade payables	56.2	56.1	52.9
Other payables	53.4	48.9	53.9
Total current liabilities	247.5	240.8	320.8
Total liabilities	327.5	329.0	327.9
TOTAL EQUITY AND LIABILITIES	374.7	384.3	387.5

Cash flow statement

DKKm	Q2		H1		FY
	2015	2014	2015	2014	2014
Earnings before tax (EBT)	-11.4	-6.9	-19.5	-29.1	-33.6
Adjustment for non-cash operating items etc.	9.6	7.9	19.8	28.8	47.9
Cash flow from primary operations before changes in working capital	-1.8	1.0	0.3	-0.3	14.3
Change in inventories	1.0	0.5	-3.3	5.2	7.0
Change in receivables	0.4	-8.1	8.4	6.6	6.9
Change in trade payables	7.6	8.1	4.2	-5.4	-3.7
Cash flow from primary operations	7.2	1.5	9.6	6.1	24.5
Financial items, paid	-4.9	-4.0	-6.9	-7.9	-14.8
Cash flow from ordinary operations	2.3	-2.5	2.7	-1.8	9.7
Income tax paid	-0.4	-0.4	-0.8	-0.9	0.5
Cash flow from operating activities	1.9	-2.9	1.9	-2.7	10.2
Cash flow from investing activities	-2.5	-3.6	-6.0	-9.1	-16.3
Cash flow from financing activities	-3.1	0.4	-3.1	-1.5	-6.1
Cash flow for the period	-3.7	-6.1	-7.2	-13.3	-12.2

Statement of changes in equity

DKKm	30/6 2015	30/6 2014	31/12 2014
Equity as at 1 January	59.6	86.6	86.6
Comprehensive income			
Net loss for the period	-19.5	-29.1	-28.5
Other comprehensive income			
Items which may be reclassified to the income statement:			
Foreign currency translation adjustment, foreign enterprises	5.4	-0.7	3.1
Value adjustment of hedging instruments	1.7	-1.6	-1.6
Total other comprehensive income	7.1	-2.3	1.5
Total comprehensive income	-12.4	-31.4	-27.0
Total equity	47.2	55.3	59.6

Notes

Note 1: Accounting estimates and assessments

The preparation of interim reports requires the management to make certain accounting estimates and assessments which affect the application of the accounting policies and recognised assets, liabilities, income and expenses. Actual results may deviate from these estimates.

The significant estimates made by the management in applying the group's accounting policies and the considerable uncertainty associated with these estimates are the same for the preparation of the compiled interim report and the preparation of the annual report as at 31 December 2014, and reference is made to the description in note 1 in the annual report.

In H1 2015, the amortisation period for development projects is changed from three to five years based on an assessment of the period of economic benefit of the developed products, resulting in a DKK 1.1m reduction in amortisation in H1 2015.

Note 2: Segment information

Dantherm's reportable segments comprise the two strategic business segments HVAC and Telecom, which sell different products and services and have separate managements.

The development of the business segments is primarily assessed on the basis of the profit/loss before depreciation, amortisation, impairment losses and write-downs (EBITDA). The internal financial reporting on which the assessments are based follows the group's accounting policies.

DKK m	Q2 2015				Q2 2014			
	HVAC	Telecom	Total reportable segments	Group total	HVAC	Telecom	Total reportable segments	Group total
External revenue	64.0	38.8	102.8	102.8	59.4	45.3	104.7	104.7
Internal revenue	6.9	1.8	8.7	0.0	9.3	1.6	10.9	0.0
Total revenue	70.9	40.6	111.5	102.8	68.7	46.9	115.6	104.7
EBITDA	5.1	-5.0	0.1	-1.5	3.4	1.7	5.1	2.6

DKK m	H1 2015				H1 2014			
	HVAC	Telecom	Total reportable segments	Group total	HVAC	Telecom	Total reportable segments	Group total
External revenue	125.5	70.8	196.3	196.3	120.4	84.4	204.8	204.8
Internal revenue	11.5	3.6	15.1	0.0	17.2	3.8	21.0	0.0
Total revenue	137.0	74.4	211.4	196.3	137.6	88.2	225.8	204.8
EBITDA	9.8	-10.2	-0.4	-3.0	4.5	0.3	4.8	0.3

DKKm	FY 2014			
	HVAC	Telecom	Total reportable segments	Group total
External revenue	277.1	163.9	441.0	441.0
Internal revenue	35.3	12.0	47.3	0.0
Total revenue	312.4	175.9	488.3	441.0
EBITDA	24.6	-3.3	21.3	13.0

Note 3: Fair value measurement of financial instruments

The subsidiary Dantherm Air Handling A/S has entered into a fixed-rate interest rate swap for hedging the floating interest rate on loans in the property in Skive.

As at 30 June 2015, the fair value of the outstanding interest rate swap is negative at DKK 11.7m. The accounting value corresponds to the fair value. The term of the interest rate swap corresponds to the term of the loan in the property, which expires in June 2020.

As at 31 December 2014, the fair value and the accounting value of the interest rate swap were also negative at DKK 13.4m.

The interest rate swap is valued at level 2 in the fair value hierarchy with recurring fair value measurements. Measurements are based on generally accepted valuation methods.

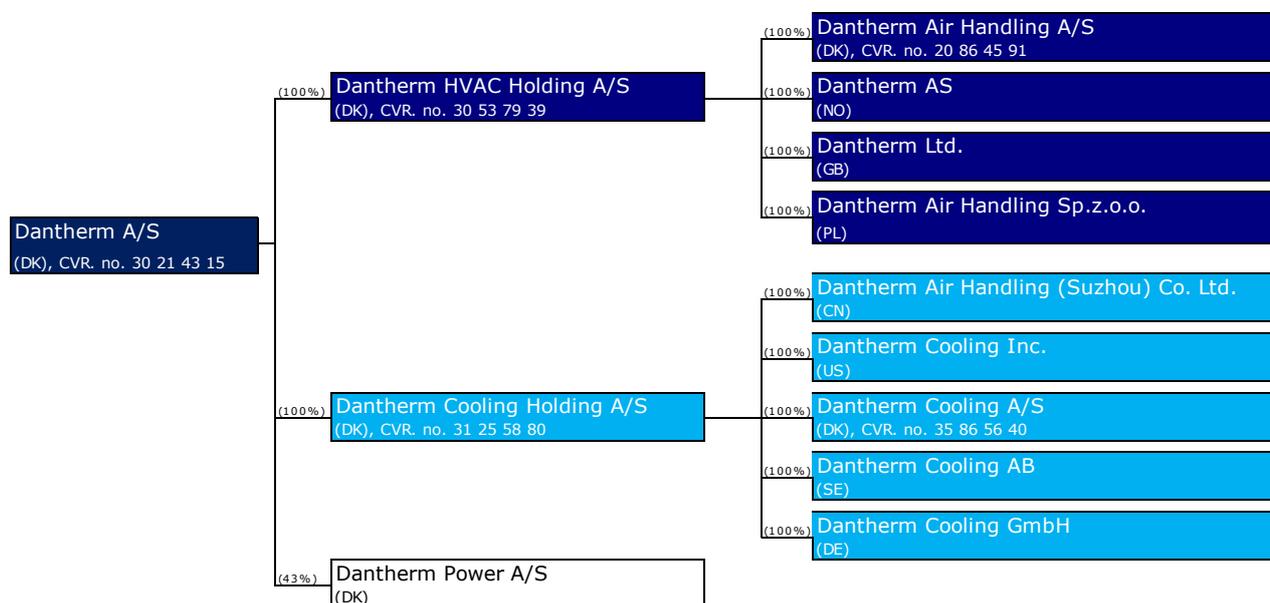
Note 4: Accounting policies

The interim report is presented in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for listed companies.

The consolidated financial statements and the financial statements for 2014 contain the full description of the accounting policies.

The accounting policies have been applied consistently with the annual report for 2014, except that the group has implemented new accounting standards (IFRS and IAS) and interpretations (IFRIC) which have taken effect in 2015. The new standards and interpretations have not affected the recognition and measurement.

Group chart



Disclaimer

This announcement contains forward-looking statements that reflect the management's current perception of future events and financial results. The statements made about 2015 and coming years are naturally subject to uncertainty, and Dantherm's actual results may therefore deviate from the outlook. Factors which may cause the actual results to deviate from the outlook include, but are not limited to, changes in the group's activities and market conditions, such as raw materials prices, exchange rates and the economic climate. This interim report should not be construed as an encouragement to buy or sell shares in Dantherm.