schouw+co

Highlights

- Best third quarter ever with strong improvements in both revenue and earnings
- Strong positive cash flow from operations of DKK 724 million
- Revenue up by 17% to DKK 5,872 million, driven by acquisitions and organic growth
- EBITDA up by DKK 176 million to DKK 621 million (of which DKK 52 million due to IFRS 16 effects)
- Schouw & Co. upgrades full-year 2019 revenue guidance by approximately DKK 200 million
- FY 2019 EBITDA guidance narrowed to middle of previous range

This is a translation of Schouw & Co.'s Interim Report for the nine months ended 30 September 2019. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

2019
Interim report Third quarter

Company announcement No. 9/2019
7 November 2019 – 27 pages

Statement by Jens Bjerg Sørensen, President:

We saw healthy demand in the third quarter, both generally and at portfolio company level. The combination of a healthy sales, reasonable margins, good cost management and positive developments for raw materials drove us to produce solid operating profit and a historically good third quarter.

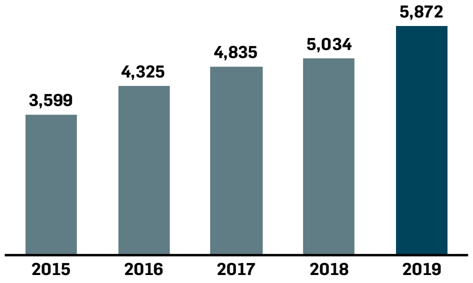
Our two largest companies, BioMar and Fibertex Personal Care, are only to a limited extent affected by global economic developments, but our other portfolio companies are feeling the effects of the volatile economic climate. Our main focus for all our portfolio companies is profitability and maintaining our market positions. We have only limited investment needs and are approaching a period in which we will generate strong cash flows.

Financial highlights and key ratios

GROUP SUMMARY (DKKm)	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
REVENUE AND INCOME					
Revenue	5,872	5,034	15,517	13,419	18,253
Operating profit before depreciation (EBITDA)	621	445	1,441	1,158	1,579
Depreciation and impairment losses	200	136	595	400	532
EBIT	421	309	846	758	1,047
Profit/loss after tax in associates and joint ventures	11	19	33	37	70
Gains on equity divestments	0	0	29	0	9
Net financials	-20	-27	-65	-64	-40
Profit before tax	411	301	843	731	1,086
Profit for the period	316	230	657	549	796
Cash flows					
Cash flows from operating activities	724	563	952	529	837
Cash flow from investing activities	-170	-128	-810	-567	-1,360
Of which investment in property, plant and equipment	-203	-128	-570	-484	-685
Cash flows from financing activities	-541	-339	-123	21	623
Invested capital and financing					
Invested capital (ex. goodwill)	10,533	8,001	10,533	8,001	8,831
Total assets	19,487	15,765	19,487	15,765	16,940
Working capital	3,795	3,015	3,795	3,015	3,441
Net interest-bearing debt (NIBD)	3,553	1,701	3,553	1,701	2,425
Share of equity attributable to shareholders of Schouw & Co.	9,247	8,495	9,247	8,495	8,652
Non-controlling interests	5	8	5	8	7
Total equity	9,252	8,503	9,252	8,503	8,659
Financial data					
EBITDA margin (%)	10.6	8.8	9.3	8.6	8.7
EBIT margin (%)	7.2	6.1	5.5	5.6	5.7
EBT margin (%)	7.0	6.0	5.4	5.4	6.0
Return on equity (%)	10.2	10.2	10.2	10.2	9.4
Equity ratio (%)	47.5	53.9	47.5	53.9	51.1
ROIC excluding goodwill (%)	12.8	15.2	12.8	15.2	14.5
ROIC including goodwill (%)	10.3	11.8	10.3	11.8	11.3
NIBD/EBITDA ratio	1.9	1.1	1.9	1.1	1.5
Average no. of employees	9,756	7,257	9,738	7,121	7,174
Per share data					
Earnings per share (of DKK 10)	13.31	9.64	27.73	23.03	33.43
Diluted earnings per share (of DKK 10)	13.30	9.62	27.71	22.96	33.35
Net asset value per share (of DKK 10)	388.59	355.13	388.59	355.13	365.17
Share price, end of period (per share DKK 10)	478.80	533.00	478.80	533.00	485.60
Price/Net asset value	1.23	1.50	1.23	1.50	1.33
Market capitalisation at year end	11,394	12,750	11,394	12,750	11,505

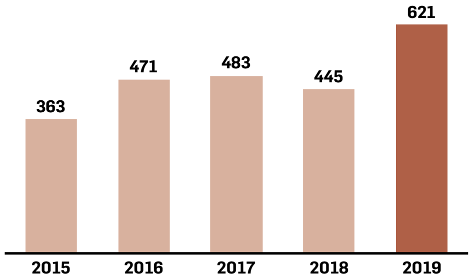
Revenue, third quarter

(DKKm)



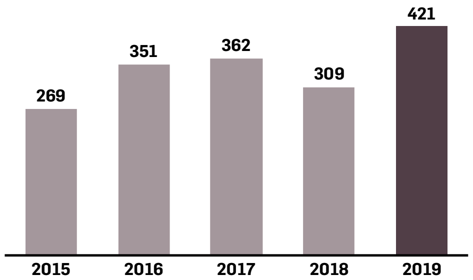
EBITDA, third quarter

(DKKm)



EBIT, third quarter

(DKKm)



Interim report – Third quarter 2019

Best third quarter ever with strong improvements in both revenue and earnings. Strong positive cash flows from operations. Current round of major capacity-expanding investments drawing to a close.

Financial performance

(DKKm)	Q3 2019	Q3 2018	Change	
Revenue	5,872	5,034	838	17%
EBITDA	621	445	176	40%
EBIT	421	309	112	36%
Associates and JVs	11	19	-8	-43%
Profit before tax	411	301	111	37%
Cash flow from op. act.	724	563	161	29%

(DKKm)	YTD 2019	YTD 2018	Change	
Revenue	15,517	13,419	2,098	16%
EBITDA	1,441	1,158	283	24%
EBIT	846	758	88	12%
Associates and JVs	33	37	-4	-10%
Profit before tax	843	731	112	15%
Cash flow from op. act.	952	529	422	80%
Net interest-bearing debt	3,553	1,701	1,852	109%
Working capital	3,795	3,015	781	26%
ROIC excluding goodwill	12.8%	15.2%	-2.3pp	
ROIC including goodwill	10.3%	11.8%	-1.5pp	

The Schouw & Co. Group had a good third quarter in which the portfolio companies as expected generated significant year-on-year revenue and earnings improvements.

Consolidated revenue improved by 17% to DKK 5,872 million in Q3 2019 from DKK 5,034 million in Q3 2018. The largest single contributors to the increase were GPV, through its acquisition of CCS, and BioMar, but the other portfolio businesses also contributed with the exception of Fibertex Personal Care.

This Q3 2019 interim report reflects the effects of IFRS 16, the new accounting standard for recognising lease obligations, which was implemented effective from 1 January 2019. Under the new accounting standard, the right of use of leased assets must be recognised as an asset in the balance sheet, while the corresponding lease liability must be recognised in interest-bearing debt. Lease payments are broken down in the income statement into a depreciation component and an interest component. As a result, operating profit before depreciation (EBITDA) will improve by the amount of the lease payment, while depreciation charges will increase by the amount of the estimated depreciation component and financial expenses will increase by the estimated interest component.

For the Schouw & Co. Group, this will mainly have an effect on BioMar, as the company has long-term vessel charter agreements, and on GPV, HydraSpecma and Borg Automotive, which all to some extent operate from leased properties.

EBITDA rose from DKK 445 million in Q3 2018 to DKK 621 million in Q3 2019, of which IFRS 16 effects accounted for DKK 52 million. When adjusted for this factor, EBITDA was up by 28% mainly driven by the higher earnings in BioMar, but the other five portfolio companies also contributed.

Consolidated amortisation, depreciation and impairment rose from DKK 136 million in Q3 2018 to DKK 200 million in Q3 2019. DKK 49 million of the increase related to IFRS 16 effects.

Associates and joint ventures contributed an aggregate share of profit after tax of DKK 11 million in Q3 2019, compared with DKK 19 million in Q3 2018. The decline was mainly due to BioMar's associates and joint ventures.

Consolidated net financial items were an expense of DKK 20 million in Q3 2019, compared with a DKK 27 million expense in Q3 2018. The lower expense was due to positive currency developments relative to last year, whereas net interest expenses rose from DKK 9 million in Q3 2018 to DKK 26 million in Q3 2019, DKK 7 million of which derived from the implementation of IFRS 16.

ROIC excluding goodwill improved from 12.4% at 30 June 2019 to 12.8% at 30 September 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 13.0% at 30 June 2019 and 13.6% at 30 September 2019.

Balance sheet and cash flows

The Group's total assets increased from DKK 18,794 million at 30 June 2019 to DKK 19,487 million at 30 September 2019. By comparison, total assets amounted to DKK 15,765 million at 30 September 2018. The increase during the past year was mainly due to the acquisition of CCS and DKK 839 million in capitalised lease assets.

Consolidated operating activities generated a cash inflow of DKK 724 million in Q3 2019, compared with DKK 563 million in Q3 2018. The improvement was attributable to improved cash flows in all portfolio businesses except BioMar and Borg Automotive and to IFRS 16 effects, which increased cash flows from operating activities by DKK 46 million because repayments of lease liabilities form part of cash flows from debt financing.

The Group's working capital fell from DKK 3,938 million at 30 June 2019 to DKK 3,795 million at 30 September 2019 mainly due to sean related increased use of supply chain financing in BioMar. By comparison, working capital amounted to DKK 3,015 million at 30 September 2018, at which time CCS was not consolidated.

Cash flows for investing activities in Q3 2019 amounted to DKK 170 million, against DKK 128 million in Q3 2018.

The consolidated net interest-bearing debt was reduced from DKK 4,061 million at 30 June 2019 to DKK 3,553 million at 30 September 2019. By comparison, net interest-bearing debt at 30 September 2018 was DKK 1,701 million. The increase during the past year was mainly due to the acquisition of CCS and the recognition of lease debt of DKK 849 million. Accordingly, the key credit ratio NIBD/EBITDA increased from 1.1 at 30 September ➔

Interim report – Third quarter 2019

2018 to 1.9 at 30 September 2019. Adjusted for the IFRS 16 effects, NIBD/EBITDA at 30 September 2019 was 1.6.

Group developments

The consolidated performance of the third quarter of 2019 was generally one of continued improvements. The following is a brief review of business developments in the portfolio companies for the quarter. See the individual company reviews on the following pages for more information.

BioMar reported a solid third quarter performance with strong improvements in both revenue and earnings. The performance was based on increased volume sales supported by a stronger product mix and supplementary services. The round of major capacity-expanding investments in Australia, Denmark, Ecuador and China is drawing to a close.

Fibertex Personal Care reported a moderate decline in revenue, but also an earnings improvement and strong positive cash flows from operations. The earnings improvement was supported by a positive effect from raw materials during the period.

Fibertex Nonwovens grew its revenue and earnings through acquisitions and improvements in the North American market. Output capacity is being relocated from South Africa to North America.

GPV reported significant revenue and EBITDA improvements as expected following the acquisition of CCS. Earnings of the former GPV were adversely affected by exchange rate developments, but in return the immediate costs of integrating CCS were lower than originally expected.

HydraSpecma reported improvements in both revenue and EBITDA, mainly due to strong business activity involving sales of products for wind turbines and other stationary equipment.

Borg Automotive reported a year-on-year revenue improvement and strengthened earnings compared to last year. The positive performance is believed to be an indication that the market is stabilising.

Schouw & Co. shares

Schouw & Co. shares fell by 4% during the third quarter of 2019 to DKK 478.80 at 30 September 2019 from DKK 500.00 at 30 June 2019. The share price at 31 December 2018 was DKK 485.60, and a dividend of DKK 13 per share was paid in the intervening period.

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 2019. As appears from the interim report, the implementation of IFRS 16 has impacted the income statement, the balance sheet and key figures.

See the 2018 Annual Report 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 and estimates.

Special risks

The overall risk factors the Schouw & Co. Group faces are discussed in the 2018 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2018 Annual Report.

Roundings and presentation

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

Events after the balance sheet date

Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of events occurring after 30 September 2019 which are expected to have a material impact on the Group's financial position or outlook.

Outlook

BioMar and Fibertex Personal Care raising their full-year EBITDA guidance after a good Q3 performance, while HydraSpecma reverts its increased EBITDA guidance from Q2.

Outlook for 2019

Unpredictable market conditions and competitive markets have generally characterised 2019 to date. Nevertheless, Schouw & Co. raised its full-year revenue guidance after the end of the first half year. The group also raised its full-year EBITDA guidance, driven by strong improvements in BioMar that more than offset other changes in portfolio company performances.

The positive performance continued in the third quarter, as BioMar's revenue improvement is once again serving as the platform for a guidance upgrade. Fibertex Personal Care raises its full-year EBITDA guidance, while HydraSpecma lowers its forecasts. The following is a brief review of the outlook for each individual company in 2019:

BioMar maintains its revenue guidance based on its reported revenue for the first nine months of the year and completed contract negotiations. The company also raises it earnings guidance by narrowing the forecast EBITDA to the upper end of its previous guidance range.

Fibertex Personal Care will be focused on utilising its existing assets in the best possible way and on adapting to the dynamic competition. The company maintains its revenue forecast and raises its EBITDA guidance.

Fibertex Nonwovens expects a better balance between input and selling prices for the rest of the year. The company maintains its revenue forecast and narrows its EBITDA guidance to the lower half of the range.

GPV maintains its forecast of significant revenue and EBITDA improvements on 2018, primarily as a result of its acquisition of CCS at the turn of the year. A significant negative effect from foreign currency developments has been offset by lower integration costs. The company maintains its revenue forecast and narrows its EBITDA guidance to the lower half of the range.

HydraSpecma expects to sustain the strong business activity driven by sales of products for wind turbines and other stationary equipment. The company maintains its revenue forecast while the increased EBITDA guidance from Q2 is reverted.

Borg Automotive is seeing early signs of the market stabilising after a revenue improvement in the third quarter. The company maintains its revenue and EBITDA guidance.

Schouw & Co. Group's overall guidance

Overall, the Schouw & Co. Group raises its full-year 2019 guidance for consolidated revenue to about DKK 20.7 billion from previously DKK 20.5 billion, equal to a 13% increase over 2018 to be driven mainly by GPV's acquisition of CCS and improvements in BioMar.

Schouw & Co. provides consolidated earnings guidance at EBITDA level based on an aggregation of individual portfolio company forecasts, but actual portfolio company EBITDA results may deviate from these forecasts. Accordingly, the actual guidance is expressed through consolidated EBITDA in a range now narrowed to DKK 1,865-1,955 million from previously DKK 1,835-1,985 million. IFRS 16 effects account for about DKK 205 million of the anticipated improvement over 2018 when EBITDA amounted to DKK 1,579 million.

Overall depreciation charges are still expected to amount to about DKK 795 million in 2019, of which about DKK 190 million relates to IFRS 16 effects. As a result, the Group guides for consolidated 2019 EBIT in the range of DKK 1,070-1,160 million.

Associates and joint ventures, which are recognised at a share of profit after tax, are now expected to contribute a total share of profit of approximately DKK 55 million in 2019, compared with the previous forecast of about DKK 65 million. This amount does not include an accounting gain of DKK 29 million recognised in "Gains on equity divestments" that resulted from a recalculation of the value of BioMar's previous ownership interest in Alitec Pargua.

The Group's net financial expenses are still expected to amount to about DKK 90 million in 2019, of which about DKK 25 million relates to IFRS 16 effects.

REVENUE (DKKm)	**2019F after Q3**	**2019F after Q2**	**2018 realised**
BioMar	c. 11,000	c. 10,800	10,328
Fibertex Personal Care	c. 2,300	c. 2,300	2,187
Fibertex Nonwovens	c. 1,650	c. 1,650	1,574
GPV	c. 2,750	c. 2,750	1,218
HydraSpecma	c. 2,100	c. 2,100	2,005
Borg Automotive	c. 900	c. 900	958
Other/eliminations	-	-	-18
Total revenue	c. 20,700	c. 20,500	18,253

EBITDA (DKKm)	**2019F after Q3**	**2019F after Q2**	**2018 realised**
BioMar	900-930	870-930	713
Fibertex Personal Care	330-350	320-340	315
Fibertex Nonwovens	155-165	155-175	160
GPV	190-200	190-210	115
HydraSpecma	210-220	220-240	175
Borg Automotive	110-120	110-120	131
Other	-30	-30	-30
Total EBITDA	1,865-1,955	1,835-1,985	1,579
PPA depreciation	-100	-100	-82
IFRS 16 depreciation	-190	-190	
Other depreciation	-505	-505	-450
Total EBIT	1,070-1,160	1,040-1,190	1,047
Associates, JVs, etc.	55	65	70
Equity divestments	29	29	9
IFRS 16 - Fin. items	-25	-25	0
Other financial items	-65	-65	-40
Profit before tax	1,064-1,154	1,044-1,194	1,086

Management Statement

To the shareholders of Aktieselskabet Schouw & Co.

The Board of Directors and Executive Management today considered and approved the interim report for the period 1 January to 30 September 2019.

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, liabilities and financial position at 30 September 2019 and of the results of the Group's operations and cash flows for the nine months ended 30 September 2019.

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, 7 November 2019

Executive Management

Jens Bjerg Sørensen
President

Peter Kjær

Board of Directors

Jørn Ankær Thomsen
Chairman

Jørgen Wisborg
Deputy Chairman

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

Kenneth Skov Eskildsen

Financial calendar for 2020

3 March 2020	Deadline for submission of proposals to be considered at the annual general meeting
6 March 2020	Release of 2019 annual report
15 April 2020	Annual general meeting
20 April 2020	Expected distribution of dividend
7 May 2020	Release of Q1 2020 interim report
14 August 2020	Release of Q2 2020 interim report
5 November 2020	Release of Q3 2020 interim report

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

Aktieselskabet Schouw & Co.

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

Our businesses

Portfolio company financial highlights – Q3

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
INCOME STATEMENT														
Revenue	3,404	3,104	541	552	437	375	741	322	494	454	258	231	5,872	5,034
Gross profit	495	402	106	91	86	77	117	73	125	112	59	60	988	815
EBITDA	345	246	93	75	47	40	56	37	53	33	32	22	621	445
Depreciation and impairment losses	81	48	34	31	25	25	28	9	20	14	12	9	200	136
EBIT	264	198	59	43	23	15	27	27	33	20	21	13	421	309
Profit after tax in associates and JVs	11	21	0	0	0	0	0	0	0	0	0	0	11	19
Gains on equity divestments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-15	-11	3	-6	-6	-13	-9	0	-4	-9	-4	-1	-20	-27
Profit before tax	260	208	62	37	16	2	18	27	30	10	17	12	411	301
Tax on profit/loss for the year	-62	-52	-14	-10	-3	-4	-4	2	-7	-3	-3	-3	-95	-71
Profit before non-controlling interests	198	156	48	27	13	-1	14	29	22	8	13	9	316	230
Non-controlling interests	0	0	0	0	1	2	0	0	0	0	0	0	1	2
Profit for the year	198	156	48	27	15	0	14	29	22	7	13	9	317	232
CASH FLOWS														
Cash flows from operating activities	343	409	87	47	60	-7	102	9	72	1	38	89	724	563
Cash flow from investing activities	-84	-45	-11	-32	-27	-17	-29	-9	-15	-20	-2	-6	-170	-128
Cash flows from financing activities	-255	-275	-135	-30	-26	22	-5	2	-58	15	-40	-103	-541	-339
BALANCE SHEET														
Intangible assets[1]	1,350	1,288	80	82	157	156	426	18	239	263	327	336	3,605	3,169
Property, plant and equipment	1,684	1,282	1,398	1,397	953	807	480	321	244	214	90	77	4,879	4,167
Other non-current assets	1,201	550	73	42	10	4	183	45	129	11	91	65	1,705	722
Cash and cash equivalents	450	475	24	53	54	28	174	23	62	58	54	63	613	464
Other current assets	4,418	3,669	633	761	801	750	1,292	638	1,024	978	531	466	8,685	7,243
Total assets	9,103	7,263	2,208	2,336	1,975	1,746	2,554	1,045	1,697	1,524	1,093	1,007	19,487	15,765
Shareholders' equity	2,721	2,456	1,069	946	671	527	850	316	512	451	561	407	9,252	8,503
Interest-bearing liabilities	2,559	1,510	634	894	1,031	957	1,071	476	793	702	101	180	4,207	2,214
Other liabilities	3,823	3,297	505	495	272	262	633	253	392	370	431	420	6,029	5,048
Total equity and liabilities	9,103	7,263	2,208	2,336	1,975	1,746	2,554	1,045	1,697	1,524	1,093	1,007	19,487	15,765
Average no. of employees	1,254	1,178	755	725	1,028	1,019	3,883	1,505	1,235	1,233	1,588	1,584	9,756	7,257
FINANCIAL KEY FIGURES														
EBITDA margin	10.1%	7.9%	17.2%	13.5%	10.8%	10.7%	7.5%	11.4%	10.8%	7.3%	12.5%	9.5%	10.6%	8.8%
EBIT margin	7.8%	6.4%	10.9%	7.9%	5.2%	4.1%	3.7%	8.5%	6.7%	4.3%	8.0%	5.7%	7.2%	6.1%
ROIC excluding goodwill	19.2%	23.4%	12.9%	12.5%	4.3%	6.7%	6.3%	12.9%	15.1%	13.0%	16.2%	22.0%	12.8%	15.2%
ROIC including goodwill	13.5%	15.2%	12.2%	11.8%	3.9%	6.1%	5.8%	12.7%	13.4%	11.3%	8.8%	11.9%	10.3%	11.8%
Working capital	1,226	867	351	439	546	528	805	382	689	669	184	132	3,795	3,015
Net interest-bearing debt	2,070	987	610	841	977	929	898	453	732	645	47	117	3,553	1,701

Notes: 1) Intangible assets in portfolio businesses stated exclusive of consolidated goodwill in Schouw & Co.

Portfolio company financial highlights – 9M

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
INCOME STATEMENT														
Revenue	8,055	7,506	1,637	1,579	1,332	1,201	2,173	903	1,615	1,503	719	741	15,517	13,419
Gross profit	1,050	909	305	272	254	254	324	194	408	378	171	211	2,513	2,218
EBITDA	667	500	265	227	125	137	143	86	178	131	86	101	1,441	1,158
Depreciation and impairment losses	235	138	102	90	74	74	89	27	58	43	35	26	595	400
EBIT	432	361	162	137	50	64	54	59	120	88	50	75	846	758
Profit after tax in associates and JVs	33	42	0	0	0	0	0	0	0	0	0	0	33	37
Gains on equity divestments	29	0	0	0	0	0	0	0	0	0	0	0	29	0
Net financial items	-44	-28	-5	-15	-22	-37	-21	-2	-12	-15	-4	-6	-65	-64
Profit before tax	450	376	157	122	29	27	33	58	107	73	46	69	843	731
Tax on profit/loss for the year	-101	-105	-36	-30	-6	-9	-7	-4	-22	-17	-9	-14	-186	-182
Profit before non-controlling interests	349	271	121	93	23	18	26	53	85	56	37	55	657	549
Non-controlling interests	0	0	0	0	3	5	0	0	-1	-1	0	0	2	4
Profit for the year	349	271	121	93	26	23	26	53	84	55	37	55	659	553
CASH FLOWS														
Cash flows from operating activities	193	189	351	144	61	23	149	0	115	-16	26	141	952	529
Cash flow from investing activities	-418	-143	-47	-114	-203	-145	-88	-98	-41	-53	-16	-13	-810	-567
Cash flows from financing activities	264	-21	-311	-56	145	113	-48	93	-69	80	-9	-125	-123	21
BALANCE SHEET														
Intangible assets[1]	1,350	1,288	80	82	157	156	426	18	239	263	327	336	3,605	3,169
Property, plant and equipment	1,684	1,282	1,398	1,397	953	807	480	321	244	214	90	77	4,879	4,167
Other non-current assets	1,201	550	73	42	10	4	183	45	129	11	91	65	1,705	722
Cash and cash equivalents	450	475	24	53	54	28	174	23	62	58	54	63	613	464
Other current assets	4,418	3,669	633	761	801	750	1,292	638	1,024	978	531	466	8,685	7,243
Total assets	9,103	7,263	2,208	2,336	1,975	1,746	2,554	1,045	1,697	1,524	1,093	1,007	19,487	15,765
Shareholders' equity	2,721	2,456	1,069	946	671	527	850	316	512	451	561	407	9,252	8,503
Interest-bearing liabilities	2,559	1,510	634	894	1,031	957	1,071	476	793	702	101	180	4,207	2,214
Other liabilities	3,823	3,297	505	495	272	262	633	253	392	370	431	420	6,029	5,048
Total equity and liabilities	9,103	7,263	2,208	2,336	1,975	1,746	2,554	1,045	1,697	1,524	1,093	1,007	19,487	15,765
Average no. of employees	1,226	1,173	745	710	1,027	988	3,871	1,456	1,221	1,215	1,634	1,566	9,738	7,121
FINANCIAL KEY FIGURES														
EBITDA margin	8.3%	6.7%	16.2%	14.4%	9.4%	11.4%	6.6%	9.5%	11.0%	8.7%	11.9%	13.6%	9.3%	8.6%
EBIT margin	5.4%	4.8%	9.9%	8.7%	3.8%	5.3%	2.5%	6.6%	7.4%	5.8%	7.0%	10.1%	5.5%	5.6%
ROIC excluding goodwill	19.2%	23.4%	12.9%	12.5%	4.3%	6.7%	6.3%	12.9%	15.1%	13.0%	16.2%	22.0%	12.8%	15.2%
ROIC including goodwill	13.5%	15.2%	12.2%	11.8%	3.9%	6.1%	5.8%	12.7%	13.4%	11.3%	8.8%	11.9%	10.3%	11.8%
Working capital	1,226	867	351	439	546	528	805	382	689	669	184	132	3,795	3,015
Net interest-bearing debt	2,070	987	610	841	977	929	898	453	732	645	47	117	3,553	1,701

Notes: 1) Intangible assets in portfolio businesses stated exclusive of consolidated goodwill in Schouw & Co.

BioMar

Solid third quarter performance with strong improvements in both revenue and earnings. Additional output capacity becoming available at end-2019 and early 2020. Full-year guidance upgraded for the second time in 2019.

BioMar	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	3,404	3,104	8,055	7,506	10,328
EBITDA	345	246	667	500	713
EBIT	264	198	432	361	529
Associates and JVs	11	21	33	42	75

See financial highlights and key ratios on pp. 8-9

BioMar is one of the world's largest manufacturers of quality feed for the shrimp and fish farming industries. The company's operations are divided into three divisions:

- The Salmon division covering operations in Norway, Scotland, Chile and Australia. The division supplies high-yielding feed for Atlantic salmon, Pacific salmon and trout.
- The EMEA division covering the EMEA region and involving all operations other than salmon. The division has production facilities in Denmark, France, Spain, Greece and Turkey.
- The Emerging Markets division covering new territories and business development activities, including production of shrimp feed. The division has production facilities in Ecuador, Costa Rica and China.

The business operations in Turkey and China, both driven through joint ventures with local partners, are not consolidated.

Financial performance

BioMar reported a solid performance in Q3 2019. A 3% increase in volumes sold drove up revenue by 10% to DKK 3,404 million from DKK 3,104 million in Q3 2018. Exchange rate developments had a positive overall effect on revenue of approximately DKK 26 million in the quarter.

BioMar	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Volume ('000 tonnes)	379	367	913	879	1,210
Revenue (DKKm)	3,404	3,104	8,055	7,506	10,328
- salmon north	1,543	1,539	3,440	3,553	4,892
- salmon south	764	592	2,055	1,643	2,315
- other divisions	1,097	973	2,560	2,310	3,121

The increase in volumes sold was driven by strong improvements in the EMEA division and by the salmon markets in Scotland and Chile. The innovative product offering and working closely with customers on developing advanced feed solutions were some of the most important factors driving the improvement.

The Norwegian business continued the positive trend seen after the structural and organisational changes implemented earlier in the year which produced greater efficiency and more flexible collaboration with customers. The changes have begun to produce results, and contract negotiations conducted in the third quarter developed as expected, producing a better price/volume balance.

The Emerging Markets division reported a slight year-on-year drop in volumes sold in the third quarter, although the launch of new products and services has also increased revenue.

EBITDA rose from DKK 246 million in Q3 2018 to DKK 345 million in Q3 2019, of which IFRS 16 effects accounted for DKK 32 million. Adjusted for this factor, the EBITDA change was a 27% improvement. Overall, exchange rate developments had a positive effect on Q3 EBITDA of approximately DKK 5 million.

The 50%-owned feed businesses in Turkey and China, which are not consolidated, reported combined Q3 2019 revenue (100% basis) of DKK 196 million and EBITDA of DKK 13 million, compared to revenue of DKK 231 million and EBITDA of DKK 22 million in Q3 2018. Volumes sold in China declined due to a more competitive market in Guangdong province, while volumes sold in Turkey declined mainly due to challenging macroeconomic conditions. BioMar remains positive on the prospects for these two important aquaculture markets in spite of the current challenges.

The non-consolidated businesses also include the fish farming company Salmones Austral, the Letsea and ATC Patagonia research centres and LCL Shipping. The non-consolidated companies are recognised in the Q3 2019 consolidated financial statements at a share of profit of DKK 11 million after tax, compared with DKK 21 million in Q3 2018.

Working capital grew by DKK 359 million from DKK 867 million at 30 September 2018 to DKK 1,226 million at 30 September 2019. The increase was driven by, among other things, the higher revenue and a geographical shift to markets with longer credit periods causing an increase in trade receivables whereas the season related use of supply chain financing were increased.

ROIC excluding goodwill rose marginally from 19.1% at 30 June 2019 to 19.2% at 30 September 2019, as the stronger earnings offset the higher average invested capital. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 20.8% at 30 June 2019 and 21.6% at 30 September 2019.

Business review

For several years, BioMar has run the Chilean feed business Alitec Pargua in a 50/50 joint operation with a local business partner, but took over full ownership on 7 June 2019, when it acquired the outstanding 50% of the shares. Having acquired the outstanding 50% of the shares in Alitec Pargua, BioMar now has substantially more production capacity at its disposal in the strategically important Chilean market. The acquired production unit has now been fully integrated with BioMar's two other production units in Chile. BioMar believes the Chilean aquaculture industry offers a solid growth potential, and the acquisition enables the company to continue expanding in Chile.

In response to BioMar Ecuador's positive performance combined with the market growth anticipated for the coming years, BioMar has initiated additional capacity expansion in Ecuador in addition to the new product line of pelleted feed that began operating earlier this year.

BioMar

The expansion includes a production line for extruded feed, which will increase the annual capacity in Ecuador by a further 40,000 tonnes. The new production line represents an investment of approximately DKK 50 million and is expected to be commissioned in the first quarter of 2020.

In China, construction of the new fish feed factory in Wuxi near Shanghai is now in its final phase. Being built in a joint venture with Chinese partner Tongwei Co. Ltd., the factory is expected to commence commercial production by the end of 2019, subject to receipt of the necessary regulatory approvals. It will have an annual capacity of 50,000 tonnes of fish feed. In combination with the existing factory in Guangdong province, the new factory will provide a good platform for penetrating the Chinese market by providing sustainable and high-yielding quality feed for fish farming.

In March 2017, BioMar announced that it was establishing a new feed factory in Tasmania, Australia. More than DKK 200 million of this DKK 300 million investment will be recognised in 2019. The project is progressing to plan, and BioMar expects the new facility will be ready in early 2020 with an annual fish feed capacity of about 110,000 tonnes.

BioMar has completed a project that has lifted the output capacity at Brande, Denmark and reduced the load on the existing production facility. Demand continues to grow in the European markets, particularly for the specialty feeds BioMar manufactures at Brande. The new production line is dedicated to specialised larval and fry diets and RAS feed (Recirculating Aquaculture Systems), and when it becomes operational the Brande facility will be BioMar's largest feed facility for non-salmon markets. The new line represents a total investment of about DKK 100 million and the expanded facility is expected to be commissioned at the end of 2019.

Outlook

Demand for farmed fish and shrimp is generally developing well in many markets, and there are no immediate indications of any changes to this trend. The salmon market is expected to grow at a moderate pace in 2019 driven by generally good biological conditions, while the shrimp farming business in Ecuador is expected to accelerate growth.

BioMar expects to achieve an increase in volume sales in 2019 relative to the previous year, and all three divisions are expected to contribute to the improvements, even though BioMar Norway has decided to give priority to long-term sustainable earnings over volume sales. BioMar will defend its market share and consolidate its position by developing and implementing new products and maintaining its strong focus on optimising margins, enhancing efficiency and on customer communication.

Britain's departure from the EU will affect BioMar's operations in Scotland, especially in terms of procuring raw materials from areas outside the UK. The effect is not expected to be material, and given the current postponements in the process, it is not expected to have an effect in 2019. BioMar is trying to mitigate possible negative effects by building inventories and identifying potential alternative suppliers.

Based on the reported results and the outlook for the rest of the year, BioMar upgrades its full-year 2019 revenue guidance to about DKK 11.0 billion from the previous forecast of about DKK 10.8 billion. In addition, the company upgrades its full-year earnings guidance by narrowing the EBITDA guidance range to DKK 900-930 million from previously DKK 870-930 million. As always, however, changes in prices of raw materials and foreign exchange rates may impact revenue and earnings performance.

Associates and joint ventures, which are recognised at a share of profit after tax, are now expected to contribute profit of approximately DKK 55 million in 2019, compared with the previous forecast of about DKK 65 million. The lower forecast is due mainly to lower forecast earnings in Salmones Austral.

Possible IPO of Salmones Austral

BioMar has held a non-strategic ownership interest in the Chilean fish farming company Salmones Austral since 2013. Given the current ownership interest of 22.9%, Salmones Austral is recognised as an associate in the consolidated financial statements.

The group of owners of Salmones Austral is currently exploring the possibility of listing the company in Santiago, Chile in connection with a capital rasing to support the continued development of the company. It is believed that a realistic timing of an IPO could be the second quarter of 2020. As this ownership interest is not of a strategic nature, BioMar may choose to divest shares in an IPO – obviously on the condition that the terms overall are considered to be attractive.

Salmones Austral generated revenue of DKK 1,632 million and EBITDA of DKK 442 million in 2018, and the company had year-end NIBD of DKK 540 million. The carrying amount of BioMar's ownership interest at 31 December 2018 was DKK 321 million.

Fibertex Personal Care

Improved EBITDA and continued strong positive cash flows from operations. Revenue forecast maintained, EBITDA guidance upgraded.

Fibertex Personal Care	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	541	552	1,637	1,579	2,187
EBITDA	93	75	265	227	315
EBIT	59	43	162	137	194

See financial highlights and key ratios on pp. 8-9

Fibertex Personal Care is one of the world's largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry. The company has nonwovens production facilities in Denmark and Malaysia.

Operations include direct printing on nonwoven textiles for the personal care industry. The company is the market leader in this field. Printing operations are based in Germany, Malaysia and the USA.

Financial performance

Fibertex Personal Care generated revenue of DKK 541 million in Q3 2019, compared with DKK 552 million in Q3 2018. The slight drop in revenue was due to a number of opposing factors, as volume sales increased in Denmark but fell in Malaysia. In addition, the average USD/MYR (Malaysian ringgit) exchange rate was higher in the third quarter of 2019 than in the third quarter of 2018. This dollar appreciation has an impact on the Malaysian subsidiary, as its sales are predominantly in USD, whereas MYR is its reporting currency.

The Q3 2019 EBITDA was DKK 93 million, compared with DKK 75 million in Q3 2018. The improvement was mainly driven by favourable effects from raw materials. However, the effect was partly offset by the tough competition currently faced by Fibertex Personal Care's customers in Asia, which has depressed demand for products supplied by the factories in Malaysia.

Fibertex Personal Care	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue (DKKm)	541	552	1,637	1,579	2,187
- from Denmark	193	179	567	517	695
- from Malaysia	254	322	788	901	1,116
- printing activities	94	52	281	162	376

Fibertex Personal Care reduced its working capital from DKK 439 million at 30 September, 2018, to DKK 351 million 30 September, 2019. The main reason for the lower working capital was a drop in receivables. The improved earnings lifted ROIC excluding goodwill to 12.9% at 30 September 2019 from 11.9% at 30 June 2019.

Business review

Demand for specialty products is growing in Europe, and Fibertex Personal Care has stepped up its innovation and patenting efforts for this particular category of products. This has now resulted in a product portfolio featuring new functionality and visual effects as well as softer and more textile-like materials.

In addition to its physical products, the company has developed new services, including an improved selection of ready Innowo Print designs for the many customers that do not have an in-house design department. Combined with the leading position the company already holds in terms of quality and innovation, this new initiative increases the competitive edge of the print operations significantly. The new print factory unit in North Carolina, USA, enables the company to serve customers on a global scale, and it is ready to expand its customer portfolio in new markets.

Fibertex Personal Care sells its products mainly to the baby diaper segment, but it is seeing a strong increase in product sales for the incontinence and sanitary towels segments, driven by demographic developments and generally more demanding users of sanitary towels. The company continues the focused efforts to maximise the use of its technology platform, raw materials and techniques enabling the production of specialty products.

Outlook

Tough competition remains a characteristic of the European market, especially for commodity nonwovens. By investing in new technology and upgrading existing production lines, the company continues to accommodate customer demands for innovative products combined with a high level of quality and service.

The company's customers represent global consumer brand names, which are under pressure in Asian markets and their regularly changing market conditions. This applies especially to the Chinese market and its many new local brand name suppliers, although this group also to some extent demands specialty products. Fibertex Personal Care continues to expect moderate demand from several major customers in Asia in the upcoming period. Nevertheless, the company is strongly positioned as a preferred provider in the Asian market, not least due to its close customer relationships and recognised strengths in terms of quality, service and innovation.

Massive investment in nonwoven capacity to meet the needs of the personal care industry in recent years has produced a challenging and competitive market which is expected to persist in the coming years. Consequently, Fibertex Personal Care's strategic focus in the years ahead will be to maximise the use of the company's existing assets until it becomes necessary to invest in additional capacity.

Fibertex Personal Care maintains its guidance of full-year 2019 revenue of about DKK 2.3 billion. The company raises its full-year EBITDA guidance to the range of DKK 330-350 million from previously DKK 320-340 million. As always, however, changes in prices of raw materials and foreign exchange rates may impact revenue and earnings performance.

Fibertex Nonwovens

Acquisitions and improvements in North America send revenue higher. Relocating output capacity from South Africa to North America. Full-year revenue and EBITDA forecasts maintained within the guided ranges.

Fibertex Nonwovens	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	437	375	1,332	1,201	1,574
EBITDA	47	40	125	137	160
EBIT	23	15	50	64	65

See financial highlights and key ratios on pp. 8-9

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 and South America, while its secondary markets are in Africa and Asia.

Financial performance

Fibertex Nonwovens reported a 17% revenue increase to DKK 437 million in Q3 2019, up from DKK 375 million in Q3 2018. The improvement was driven by a positive performance in North America and the effects of the most recent company acquisition – in South Carolina in January 2019. The European market is partly affected by the economic slowdown, but revenue from the industrial markets in Europe is still up by 2%. The company has so far managed to maintain sales to the auto industry, even though the number of cars produced has declined from last year.

Reported EBITDA increased from DKK 40 million in Q3 2018 to DKK 47 million in Q3 2019. Prices of the most used raw materials normalised gradually in Q3 2019, apparently with a positive effect on earnings. The increase in volumes sold also contributed, driven in part by higher sales of value-added products.

The higher business activity drove up working capital by DKK 18 million from DKK 528 million at 30 September 2018 to DKK 546 million at 30 September 2019. The third quarter saw a relative decline in working capital driven by a stronger focus on optimising the working capital. ROIC excluding goodwill rose from 3.9% at 30 June 2019 to 4.3% at 30 September 2019. The low return was the result of significant investments made combined with the current low earnings, and Fibertex Nonwovens expects to increase ROIC by a considerable margin over the coming years.

Business review

In recent years, Fibertex Nonwovens has consolidated its position as a leading manufacturer of industrial nonwovens. 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 applications. In order to capitalise on its future growth potential, the company has expanded operations and upgraded lines in order to increase the proportion of value-added products. In other words, Fibertex Nonwovens has a strong market and production platform and an unexploited potential for increasing its earnings.

The North American operations are expected to continue the positive developments, and building a presence in the USA is considered an important long-term investment in an attractive growth market. As part of its expansion strategy for North America, in January 2019 Fibertex Nonwovens took over a spunlace company in South Carolina with state-of-the-art production facilities. The acquisition complements Fibertex Nonwovens' existing site in Illinois.

Fibertex Nonwovens completed a major strategic review of the business in the first half of 2019 for the purpose of exploring opportunities for increasing earnings and strengthening the return on invested capital. The review confirmed a number of opportunities for developing the company, one of which has led to a decision to implement a technology upgrade of a production line and to relocate it from South Africa to North America. Relocating the line will increase output capacity in North America and support accelerating growth, while aligning production capacity in South Africa to current needs.

Outlook

Fibertex Nonwovens expects market conditions in North America to remain favourable in the upcoming period. In Europe, the company expects the current subdued level of activity to persist amid the general economic slowdown. For example, the slowing business activity in the auto industry may impact sales. The company has stepped up market activities and aligned production capacity to mitigate the effect, which will supplement the longer-term effects of already planned initiatives. With the changes being implemented, including expansion in North America and aligning the output capacity in South Africa, Fibertex Nonwovens expects to lift its profitability by a substantial margin over the coming years.

While the acquisition of the spunlace business in South Carolina in January 2019 has made a substantial contribution to full-year revenue, the new facility will need to be run in during 2019 and is not expected to contribute to earnings until from 2020.

Fibertex Nonwovens retains its full-year revenue forecast of DKK 1.6-1.7 billion, and narrows the EBIT guidance range to DKK 155-165 million from previously DKK 155-175 million.

GPV

Revenue and earnings improvements reported after acquisition of Swiss-based EMS company CCS. Initial phase of CCS integration a success from both an organisational and a strategic perspective.

GPV	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	741	322	2,173	903	1,218
EBITDA	56	37	143	86	115
EBIT	27	27	54	59	78

See financial highlights and key ratios on pp. 8-9

GPV is a leading European EMS (Electronic Manufacturing Services) company. The company is a high-mix/low-medium volume manufacturer for the B2B market. Core products are electronics, mechanics, mechatronics and associated services. Its customers are primarily major international businesses typically headquartered in Europe or North America. GPV sells its products to its customers' international units in large parts of the world and in 2019 expects to deliver to customers in more than 50 countries.

At the end of 2018, GPV acquired Swiss-based EMS company CCS, which was consolidated from the date of acquisition. Following the acquisition, the new GPV operates production facilities in Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka, China and Mexico.

Financial performance

GPV's y-o-y financial performance in 2019 strongly reflects the acquisition of CCS, which in 2018 generated slightly more revenue than the former GPV but which was not consolidated in the 2018 income statement.

GPV lifted revenue by DKK 419 million from DKK 322 million in Q3 2018 to DKK 741 million in Q3 2019. The revenue improvement was driven entirely by the acquisition of CCS, but the fact that a few large customers experienced reduced business activity during the quarter also resulted in less than expected business activity for GPV.

Reported EBITDA increased from DKK 37 million in Q3 2018 to DKK 56 million in Q3 2019. EBITDA for the former GPV amounted to DKK 18 million in Q3 2019, DKK 3 million of which was due to the implementation of IFRS 16, whereas the earnings performance, like in the two preceding quarters, was adversely affected by a substantial change in Thai baht exchange rates against the main selling currencies. The rest of EBITDA derived from the acquisition of CCS including IFRS 16 effects.

Working capital increased from DKK 382 million at 30 September 2018 to DKK 805 million at 30 September 2019, mainly due to the consolidation of CCS and changes in foreign exchange rates. ROIC excluding goodwill fell from 7.2% at 30 June 2019 to 6.3% at 30 September 2019, mainly due to the acquisition of CCS and the weaker earnings of the former GPV. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 7.5% at 30 June 2019 and 6.6% at 30 September 2019.

Business review

The CCS acquisition complements GPV's existing market coverage, particularly in the German-speaking parts of Europe. It has also expanded the company's service offering to include product and software development as well as cable harnessing. The acquisition has created a leading European EMS business headquartered in Denmark and operating production facilities in Asia, Europe and the Americas. Integration of CCS began on 7 January 2019 when all units were renamed globally to reflect the GPV brand and customer-facing activities became a top priority. The initial phase of integration has been a success from both an organisational and a strategic perspective, and the company's stronger market position has already drawn interest from both new and existing customers. In other words, GPV is ready to launch the next phase of integration over the next 12 months.

Meeting customer requirements for high quality standards and reliability of supply is a big priority for GPV. To ensure adequate flexibility, the company has a current investment programme to step up automation and efficiency. Among other things, this involves expanding the factory at the facility in Thailand, which will eventually grow business activity there by about 50%. Phase one of the expansion was completed in the third quarter and operations are currently starting up. The rest of the project will be implemented successively, with completion expected within the next few years.

Outlook

GPV believes the market will be dominated by geopolitical uncertainty, as especially the ongoing US-China trade war may impact on global trade. The situation has softened expectations for general market developments, and GPV customers with exposure to particular segments may suffer major declines in business activity. However, GPV has a strong pipeline with an ongoing inflow of new contracts and new customers that are expected to contribute considerably to revenue.

As expected, the acquisition of CCS caused a DKK 16 million charge on EBITDA due to inventory adjustments. In addition, 2019 earnings have been impacted by a substantially larger negative foreign exchange impact than expected, while the initial integration costs from the acquisition of CCS were lower than originally expected.

Against this background, GPV retains its full-year guidance of revenue of approximately DKK 2,750 million in 2019. The full-year EBITDA guidance range is narrowed to DKK 190-200 million from the previous forecast of DKK 190-210 million.

HydraSpecma

Strong business activity driven by sales of products for wind turbines and other stationary equipment. The company maintains revenue forecast while reverting the increased EBITDA guidance from Q2.

HydraSpecma	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	494	454	1,615	1,503	2,005
EBITDA	53	33	178	131	175
EBIT	33	20	120	88	117

See financial highlights and key ratios on pp. 8-9

HydraSpecma is a specialised manufacturing, trading and engineering company whose core business is hydraulic components and systems for industry and the aftermarket. The company is a hydraulics market leader in the Nordic region, which is the base of its core production facilities and most of its operations. HydraSpecma also operates subsidiaries in Poland, the UK, China, India, Brazil and the USA.

Financial performance

HydraSpecma lifted revenue by 9% in the third quarter to DKK 494 million from DKK 454 million in Q3 2018. The strong business activity was driven especially by added activity in the wind turbine segment, while the remaining segments continued their strong performance from 2018.

Reported EBITDA rose from DKK 33 million in Q3 2018 to DKK 53 million in Q3 2019, of which IFRS 16 effects accounted for DKK 7 million. Adjusted for IFRS 16, Q3 EBITDA was up 38% year on year. In addition to the higher revenue, efficiency enhancement and better production lead times also drove the improvement.

Working capital increased by DKK 20 million from DKK 669 million at 30 September 2018 to DKK 689 million at 30 September 2019. While the amount was driven higher by the greater business activity, the effect was mitigated by targeted efforts to reduce working capital. ROIC excluding goodwill rose from 14.4% at 30 June 2019 to 15.1% at 30 September 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 15.2% at 30 June 2019 and 16.5% at 30 September 2019.

Business review

HydraSpecma continues the work to optimise its logistics and production network in Europe and has decided to build new manufacturing and administrative facilities in the Gothenburg area in order to optimise current production and exploit the potential for future growth. Construction of the new facilities is scheduled for completion by the end of 2021. Furthermore, HydraSpecma combined two separate units in Finland at a new joint 3,000 m^2 warehouse and logistics facility in the second quarter, and a new 7,300 m^2 factory unit in Poland began operations in the first quarter. The new factory in Poland is currently expanding production, which has freed up capacity and enabled the company to optimise production at its other units which have been operating under undue strain.

In China, HydraSpecma is ramping up production of large integrated hydraulics units, both to accommodate growing demand in Asia and to optimise its supply chain. Lastly, HydraSpecma has set up operations in Norway as part of a strategic collaboration with a major Norwegian customer.

HydraSpecma will continue to invest to expand production capacity and increase automation, aiming to enhance efficiencies and trim both administrative and production costs. The company is prepared to make the necessary investments to remain an attractive business partner to its customers and suppliers, and on a regular basis it allocates resources for developing and testing new products in collaboration with customers and for participating in major development projects relevant to its main business areas. HydraSpecma also invests to develop its know-how and expertise in terms of electrification, which is expected to be an important supplement to hydraulics systems.

Outlook

HydraSpecma expects to sustain its high level of business activity for the rest of the year in terms of selling products for wind turbines and other stationary equipment, whereas demand from the vehicles segment is expected to slow considerably following an extended period of historically strong activity. The current shift in the geographical distribution of the business will continue, as activities outside of Europe are expected to expand, especially in the wind turbine segment. HydraSpecma has initiated the necessary adjustments to accommodate the expected future level of activity.

The global hydraulics market remains very competitive in both the wind turbine segment and in the rest of the industrial OEM market. In a situation of high prices of a number of components and raw materials, this places heavy demands on the company's ability to optimise its production capacity and processes, to developing the organisation and to ensuring successful integration of the company's various units. In the short term, this will require new investment and imply costs, but it is also an important prerequisite for HydraSpecma to retain its competitive strength.

HydraSpecma is working to optimise its working capital. The intention is to optimise logistics and production structures as well as business procedures in order to maintain its high levels of service.

HydraSpecma retains its full-year revenue forecast of DKK 2.1 billion. The EBITDA guidance was after a strong Q2 increased to DKK 220-240 million, however with the subdued prospects for the remainder of the year, expectations are reverted to an EBITDA in the range of DKK 210-220 million.

Borg Automotive

Revenue and EBIT improved on stabilising demand. Improved product development strengthens product offering. Full-year revenue and EBITDA guidance maintained.

Borg Automotive	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenue	258	231	719	741	958
EBITDA	32	22	86	101	131
EBIT	21	13	50	75	96

See financial highlights and key ratios on pp. 8-9

Europe's largest independent remanufacturing company, Borg Automotive, produces, sells and distributes remanufactured automotive parts to the European market.

Borg Automotive sells its products under three different brands: Lucas and the company's two proprietary brands, Elstock and DRI. The company's main products are starters, alternators, brake calipers, air-condition compressors, EGR valves, steering racks and pumps. The company's business model is supported by a sales deposit system that encourages customers to return defective spare parts as they are replaced, so they can be used as cores for remanufacturing purposes.

Headquartered in Silkeborg, Denmark, Borg Automotive operates production facilities in Poland and the UK and has a sales subsidiary in Belgium.

Financial performance

Borg Automotive reported a 12% revenue increase to DKK 258 million in Q3 2019, up from DKK 231 million in Q3 2018.

Reported EBITDA rose from DKK 22 million in Q3 2018 to DKK 32 million in Q3 2019, of which IFRS 16 effects accounted for DKK 3 million. The rest of the earnings improvement was mainly due to the higher revenue.

Working capital increased by DKK 52 million from DKK 132 million at 30 September 2018 to DKK 184 million at 30 September 2019. The higher working capital relative to last year was mainly due to larger component and finished goods inventories.

ROIC excluding goodwill grew from 15.4% at 30 June 2019 to 16.2% at 30 September 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 15.8% at 30 June 2019 and 16.7% at 30 September 2019.

Business review

Sales performed well in the third quarter after a year of generally soft demand. The reason for the weaker demand is not a change in Borg Automotive's customer base, but rather reduced end user activity. Several customers in the large markets have experienced softening business interaction with end users compared to previous periods, but the market now seems to be stabilising. Considering the type of products Borg Automotive sells, measures to mitigate softer demand in the short term are quite limited. Obviously, the company is able to amend the performance in the long term by attracting new customers and expand its product portfolio.

Developing the product programme, optimising production and ensuring complementary operations at the production units in Poland and the UK is an ongoing priority at Borg Automotive. Borg Automotive holds a strong market position and its ongoing negotiations with major customers support the outlook for a positive long-term sales performance.

The company is investing more in product development in order to be able to manage greater product complexity and electrification and to accommodate customer demands in both the short and the long term. The product offering will be strengthened in the short term, including with a wider offering of electric rack-and-pinion systems. Longer term projects includes solving mechatronic challenges of the future.

Outlook

Customer consolidation is an ongoing factor in the market Borg Automotive serves. Obviously, the consolidated companies gain higher procurement volumes, leading to changes in their trading patterns. On the positive side, consolidation also facilitates higher sales volumes. Borg Automotive has a broad product portfolio and a strong pipeline that will support positive sales developments to the independent aftermarket and to the OES segment.

Borg Automotive generates about 20% of its overall sales in the UK, and some of the company's largest core suppliers are based there as well. As a result, the practical developments when Britain leaves the EU could impact on the company's revenue and earnings, but the current postponements mean that no effect is expected in 2019.

Based on the reported revenue in the third quarter and the current outlook, Borg Automotive maintains its full-year revenue guidance at just over DKK 900 million and EBITDA in the DKK 110-120 million range.

Interim financial statements

Statements of income and comprehensive income

Note	Income statement	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
1	Revenue	5,872	5,034	15,517	13,419	18,253
	Cost of sales	-4,884	-4,220	-13,004	-11,202	-15,278
	Gross profit	988	815	2,513	2,218	2,975
	Other operating income	4	4	26	35	41
	Distribution costs	-351	-332	-1,002	-936	-1,225
2	Administrative expenses	-220	-176	-688	-556	-741
	Other operating expenses	0	-2	-3	-3	-3
	EBIT	421	309	846	758	1,047
	Profit after tax in associates	6	19	27	35	63
	Profit after tax in joint ventures	4	0	6	2	8
	Gains on equity divestments	0	0	29	0	9
	Financial income	22	18	38	45	79
	Financial expenses	-42	-45	-104	-109	-119
	Profit before tax	411	301	843	731	1,086
	Tax on profit for the period	-95	-71	-186	-182	-290
	Profit for the period	316	230	657	549	796
	Shareholders of Schouw & Co.	317	232	659	553	801
	Non-controlling interests	-1	-2	-2	-4	-5
	Profit for the period	316	230	657	549	796
5	Earnings per share (DKK)	13.31	9.64	27.73	23.03	33.43
5	Diluted earnings per share (DKK)	13.30	9.62	27.71	22.96	33.35

Note	Statement of comprehensive income	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
	Items that can be reclassified to the income statement:					
	Foreign exchange adjustments of foreign units, etc.	161	-1	227	45	81
	Value adjustment of hedging instruments for the period	11	2	4	0	-2
	Hedging instruments transferred to cost of sales	0	0	-1	2	1
	Hedging instruments transferred to financials	0	-2	2	0	5
	Other comprehensive income from associates and JVs	0	-1	0	-5	2
	Other adjustments to other comprehensive income	0	3	-1	4	0
	Tax on other comprehensive income	-3	0	-1	-1	-1
	Other comprehensive income after tax	170	1	232	45	86
	Profit for the period	316	230	657	549	796
	Total recognised comprehensive income	485	231	889	594	882
	Attributable to					
	Shareholders of Schouw & Co.	487	235	891	600	888
	Non-controlling interests	-1	-4	-2	-7	-5
	Total recognised comprehensive income	485	231	889	594	882

Amounts in DKK million

Balance sheet · Assets and liabilities

Note	Total assets	30/9 2019	31/12 2018	30/9 2018	31/12 2017
	Goodwill	2,474	2,404	2,239	2,208
	Customer relations	521	549	362	379
	Brands	159	169	172	183
	Know-how	360	370	314	326
	Other intangible assets	92	101	82	99
	Intangible assets	3,605	3,594	3,169	3,195
	Land and buildings	2,004	1,797	1,774	1,776
	Plant and machinery	2,013	1,894	1,802	1,836
	Other fixtures and fittings, tools and equipment	144	125	129	120
	Assets under construction, etc.	718	501	464	226
	Property, plant and equipment	4,879	4,317	4,167	3,959
	Equity investments in associates	413	377	388	342
	Equity investments in joint ventures	145	137	152	169
	Lease assets	839	0	0	0
	Securities	77	75	3	5
	Deferred tax	121	66	77	58
	Receivables	110	108	102	137
	Other non-current assets	1,705	763	722	710
	Total non-current assets	10,189	8,674	8,058	7,864
	Inventories	3,929	3,683	3,191	2,811
3	Receivables	4,715	3,903	3,998	3,180
	Income tax receivable	42	94	55	56
	Cash and cash equivalents	613	585	464	478
	Total current assets	9,298	8,266	7,707	6,525
	Total assets	19,487	16,940	15,765	14,389

Note	Liabilities and equity	30/9 2019	31/12 2018	30/9 2018	31/12 2017
5	Share capital	255	255	255	255
	Hedge transaction reserve	-3	-8	-9	-10
	Exchange adjustment reserve	307	79	41	-7
	Retained earnings	8,688	7,994	8,208	7,748
	Proposed dividend	0	332	0	332
	Equity attributable to parent company shareholders	9,247	8,652	8,495	8,317
	Non-controlling interests	5	7	8	14
	Total equity	9,252	8,659	8,503	8,332
	Deferred tax	438	397	309	309
	Liability regarding put option	366	321	307	237
	Pensions, provisions and other liabilities	272	275	130	153
	Interest-bearing debt	3,282	1,749	1,771	1,366
	Non-current liabilities	4,357	2,742	2,517	2,065
	Current portion of non-current interest-bearing debt	387	283	283	291
	Interest-bearing debt	537	1,026	160	149
	Trade payables and other payables	4,806	4,089	4,167	3,464
	Corporate income tax	148	140	135	89
	Current liabilities	5,878	5,538	4,745	3,993
	Total liabilities	10,235	8,281	7,262	6,057
	Total equity and liabilities	19,487	16,940	15,765	14,389

Notes without reference 6-8.

Amounts in DKK million

Cash flow statement

Note		Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
	Profit before tax	411	301	843	731	1,086
	Adjustment for operating items of non-cash nature, etc.					
	Depreciation and impairment losses	200	136	595	400	532
	Other non-cash operating items, net	24	-19	-32	-50	6
	Provisions	1	1	7	4	0
	Share of profit after tax in associates and JVs	-11	-19	-33	-37	-70
	Financial income	-22	-18	-38	-45	-79
	Financial expenses	42	45	104	109	119
	Cash flows from operations bef. changes in working capital	646	427	1,446	1,112	1,594
	Changes in working capital	169	201	-256	-401	-434
	Cash flows from operations	814	628	1,190	711	1,160
	Interest received	4	6	13	17	30
	Interest paid	-39	-27	-98	-62	-98
	Cash flows from ordinary activities	779	607	1,105	666	1,092
	Income tax paid	-55	-44	-153	-136	-254
	Cash flows from operating activities	724	563	952	529	837
	Purchase of intangible assets	-8	-3	-21	-9	-34
	Purchase of property, plant and equipment	-203	-128	-570	-484	-685
	Sale of property, plant and equipment	1	2	9	4	4
4	Acquisitions	0	0	-241	-80	-708
	Divestments	0	0	0	0	55
	Acquisition of/capital increase in associates and JVs	-1	0	-2	0	-1
	Dividends received from associates	0	0	11	0	0
	Additions/disposals of other financial assets	43	1	4	3	9
	Cash flows from investing activities	-170	-128	-810	-567	-1,360

Note		Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
	Loan financing:					
	Repayment of non-current liabilities	-76	-21	-184	-69	-119
	Proceeds from non-current liabilities incurred	0	2	1,016	2	0
	Increase of bank overdrafts	-465	-251	-688	440	1,219
	Cash flows from debt financing	-541	-271	144	373	1,100
	Shareholders:					
	Dividends paid	0	0	-309	-312	-314
	Purchase/sale of treasury shares, net	0	-68	43	-40	-163
	Cash flows from financing activities	-541	-339	-123	21	623
	Cash flows for the period	14	96	19	-16	100
	Cash and cash equivalents at 1 January	588	371	585	478	478
	Value adjustment of cash and cash equivalents	11	-3	9	2	6
	Cash and cash equivalents at 31 December	613	464	613	464	585

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjust-ment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Shareholders' equity
Equity at 1 January 2018	255	-10	-7	7,748	332	8,317	14	8,332
Changes in accounting policies, IFRS 9		0	0	-11	0	-11	0	-11
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries		0	48	0	0	48	-3	45
Value adjustment of hedging instruments for the period		0	0	0	0	0	0	0
Hedging instruments transferred to cost of sales		2	0	0	0	2	0	2
Hedging instruments transferred to financials		0	0	0	0	0	0	0
Other comprehensive income from associates and joint ventures		0	0	-5	0	-5	0	-5
Other adjustments to other comprehensive income		0	0	4	0	4	0	4
Tax on other comprehensive income		-1	0	0	0	-1	0	-1
Profit for the period		0	0	553	0	553	-4	549
Total recognised comprehensive income		1	48	551	0	600	-7	594
Transactions with owners:								
Share-based payment		0	0	12	0	12	0	12
Distributed dividends		0	0	19	-332	-312	0	-312
Value adjustment of put option		0	0	-70	0	-70	0	-70
Treasury shares bought/sold		0	0	-40	0	-40	0	-40
Total transactions with owners during the period		0	0	-79	-332	-411	0	-411
Equity at 30 September 2018	255	-9	41	8,208	0	8,495	8	8,503
Equity at 1 January 2019	255	-8	79	7,994	332	8,652	7	8,659
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries		0	228	0	0	228	0	227
Value adjustment of hedging instruments for the period		4	0	0	0	4	0	4
Hedging instruments transferred to cost of sales		-1	0	0	0	-1	0	-1
Hedging instruments transferred to financials		2	0	0	0	2	0	2
Other comprehensive income from associates and joint ventures		0	0	0	0	0	0	0
Other adjustments to other comprehensive income		0	0	-1	0	-1	0	-1
Tax on other comprehensive income		-1	0	0	0	-1	0	-1
Profit for the period		0	0	659	0	659	-2	657
Total recognised comprehensive income		5	228	658	0	891	-2	889
Transactions with owners:								
Share-based payment		0	0	16	0	16	0	16
Distributed dividends		0	0	22	-332	-309	0	-309
Value adjustment of put option		0	0	-45	0	-45	0	-45
Treasury shares bought/sold		0	0	43	0	43	0	43
Total transactions with owners during the period		0	0	36	-332	-295	0	-295
Equity at 30 September 2019	255	-3	307	8,688	0	9,247	5	9,252

Amounts in DKK million

Notes to the financial statements

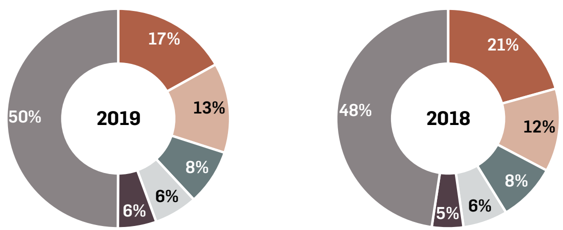
1
Segment reporting

Reporting segments YTD 2019	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	8,055	1,623	1,332	2,173	1,615	719	15,516	1	0	0	15,517
Intra-group revenue	0	14	0	0	0	0	14	0	8	-22	0
Segment revenue	8,055	1,637	1,332	2,173	1,615	719	15,530	1	8	-22	15,517
EBITDA	667	265	125	143	178	86	1,463	1	-23	0	1,441
Depreciation and impairment losses	235	102	74	89	58	35	594	0	0	0	595
EBIT	432	162	50	54	120	50	869	0	-23	0	846
Share of profit in associates and JVs	33	0	0	0	0	0	33	0	0	0	33
Tax on profit for the period	-101	-36	-6	-7	-22	-9	-181	0	-5	0	-186
Segment assets:	9,533	2,256	2,007	2,554	1,697	1,609	19,657	12	10,990	-11,171	19,487
Of which goodwill	1,425	99	122	174	138	516	2,474	0	0	0	2,474
Equity investments in associates and JVs	551	0	0	0	6	0	558	0	0	0	558
Segment liabilities	6,382	1,139	1,304	1,704	1,185	532	12,246	7	2,769	-4,786	10,235
Working capital	1,226	351	546	805	689	184	3,801	0	-6	0	3,795
Net interest-bearing debt	2,070	610	977	898	732	47	5,334	5	-1,786	0	3,553
Cash flows from operating activities	193	351	61	149	115	26	895	1	44	12	952
Capital expenditure	554	47	189	84	47	16	937	0	1	0	938
Average no. of employees	1,226	745	1,027	3,871	1,221	1,634	9,724	0	14	0	9,738

Based on management control and financial management, Schouw & Co. has identified six reporting segments, which are BioMar, Fibertex Personal Care, Fibertex Nonwovens, GPV, HydraSpecma and Borg Automotive. All inter-segment transactions were made on an arm's length basis.

The data on revenue by geography are based on customers' geographical location, while data on intangible assets and property, plant and equipment by geography are based the geographical location of the assets. 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 revenue derives from the 'Other' category.

Revenue by country:



	YTD 2019	YTD 2018
Norway	2,608	2,766
Chile	2,053	1,641
Denmark	1,266	1,140
UK	976	866
Germany	865	612
Other	7,749	6,394
Total	15,517	13,419

Amounts in DKK million

Notes to the financial statements

1
Segment reporting (continued)

Reporting segments YTD 2018	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	7,506	1,565	1,201	903	1,503	741	13,418	1	0	0	13,419
Intra-group revenue	0	14	0	0	0	0	14	0	7	-21	0
Segment revenue	7,506	1,579	1,201	903	1,503	741	13,432	1	7	-21	13,419
EBITDA	500	227	137	86	131	101	1,182	0	-24	0	1,158
Depreciation and impairment losses	138	90	74	27	43	26	398	2	0	0	400
EBIT	361	137	64	59	88	75	784	-1	-24	0	758
Share of profit in associates and JVs	42	0	0	0	0	0	42	0	-5	0	37
Tax on profit for the period	-105	-30	-9	-4	-17	-14	-179	0	-3	0	-182
Segment assets:	7,693	2,384	1,778	1,045	1,524	1,522	15,946	82	9,287	-9,549	15,765
Of which goodwill	1,348	99	124	10	143	516	2,239	0	0	0	2,239
Equity investments in associates and JVs	469	0	0	0	3	0	472	0	69	0	540
Segment liabilities	4,807	1,389	1,219	729	1,072	600	9,816	25	1,818	-4,397	7,262
Working capital	867	439	528	382	669	132	3,017	0	-2	0	3,015
Net interest-bearing debt	987	841	929	453	645	117	3,971	3	-2,274	0	1,701
Cash flows from operating activities	189	144	23	0	-16	141	482	-2	40	9	529
Capital expenditure	147	114	100	100	53	14	528	0	0	0	528
Average no. of employees	1,173	710	988	1,456	1,215	1,566	7,108	0	13	0	7,121

Amounts in DKK million

Notes to the financial statements

2
Costs

Share-based payment: Share option programme

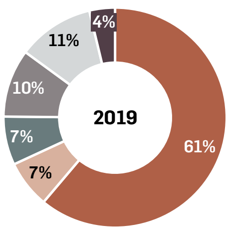
The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest from the date of grant until the date of exercise. The 2019 grant is described in greater detail in company announcement no. 4/2019 of 15 March 2019.

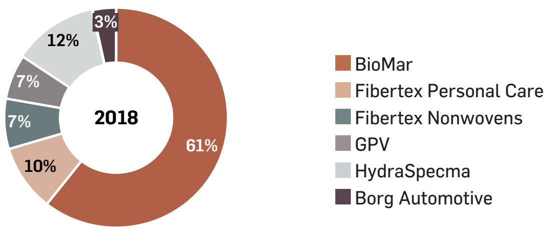
Outstanding options	Executive management	Other	Total
Total outstanding options at 31 December 2018	205,000	700,834	905,834
Exercised in 2019	-40,000	-64,167	-104,167
Granted in 2019	47,000	279,000	326,000
Total outstanding options at 30 September 2019	212,000	915,667	1,127,667

3
Receivables (current)

	30/9 2019	**30/9 2018**
Trade receivables	4,373	3,728
Other current receivables	276	224
Prepayments	66	46
Total current receivables	4,715	3,998

Trade receivables by portfolio company:





30/9 2019	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,779	383	139	235	4,535
Impairment losses on trade receivables	-27	-5	-6	-124	-162
Trade receivables, net	3,751	379	133	110	4,373
Proportion of total receivables expected to be settled					96.4%
Impairment rate	0.7%	1.2%	4.5%	52.9%	3.6%

30/9 2018	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,281	285	129	180	3,876
Impairment losses on trade receivables	-17	-3	-12	-114	-147
Trade receivables, net	3,264	282	117	66	3,728
Proportion of total receivables expected to be settled					96.2%
Impairment rate	0.5%	1.2%	9.5%	63.4%	3.8%

	30/9 2019	**30/9 2018**
Impairment losses on trade receivables		
Impairment losses in accordance with IAS 39 at 1 January		-138
Change of accounting policies		-15
Impairment losses in accordance with IFRS 9 at 1 January	-144	-153
Foreign exchange adjustments	-2	2
Additions on company acquisitions	0	0
Reversed impairment losses	2	2
Impairment losses for the period	-20	-6
Realised loss	1	8
Impairment losses, end of period	-162	-147

Amounts in DKK million

Notes to the financial statements

4
Acquisitions

	Fibertex South Carolina	Alitec Pargua	**YTD 2019**	**YTD 2018**
Customer relations	0	0	0	13
Property, plant and equipment	120	205	325	23
Inventories	9	53	62	37
Receivables	14	317	332	30
Tax asset	16	0	16	0
Cash and cash equivalents	1	11	12	2
Credit institutions	0	-66	-66	0
Trade payables	-19	-306	-325	-11
Other payables	-6	0	-6	-8
Deferred tax	0	-33	-33	-3
Net assets acquired	135	182	316	82
Fair value of original ownership interest	0	-91	-91	0
Goodwill	0	22	22	0
Acquisition cost	135	113	247	82
of which cash and cash equivalents	-1	-6	-6	-2
Total cash acquisition costs	134	107	241	80

Effective 11 January 2019, Fibertex Nonwovens acquired a spunlace production business in South Carolina, USA, for a consideration of DKK 134 million. The seller had established the company in 2016 and built a state-of-the-art spunlace production line. The new production site provides Fibertex Nonwovens with a strategically important foundation for further growth in the North American market.

In connection with the purchase price allocation, intangible assets and property, plant and equipment were identified at values that were DKK 2 million and DKK 59 million, respectively, lower, and a deferred tax asset of DKK 16 million deriving from those amounts.

The acquisition involved costs of DKK 2.7 million, which amount has been recognised under administrative expenses.

Acquired assets included trade receivables at a fair value of DKK 14 million. The contractual gross receivable also amounted to DKK 14 million.

Had the company been acquired effective from 1 January 2019, revenue would have been DKK 4 million higher, while profit would have been the same.

Effective 7 June 2019, BioMar acquired the outstanding 50% of the shares in the fish feed factory Alitec Pargua S.A. for a consideration of DKK 113 million. Prior to the acquisition, the company was owned and operated in conjunction with AquaChile and classified as a joint operation in accordance with IFRS. The acquisition of the shares marks an important increase of BioMar's production capacity in Chile's strategically important salmon market. Having full ownership of Alitec Pargua S.A. also strengthens BioMar's position in the Chilean market. BioMar is now able to serve a broader customer portfolio and to plan future factory upgrades and expansions for the benefit of a sustainable and innovative aquaculture industry, and to accommodate the growing demand for advanced feed solutions.

In accordance with IFRS, the company has measured all assets and liabilities, whether existing or acquired, at fair value for purchase price allocation purposes. In that connection, the company has identified property, plant and equipment at values that were DKK 80 million higher and deferred tax of DKK 22 million deriving from that amount. Goodwill has provisionally been calculated at DKK 22 million.

The remeasurement of the company's existing 50% ownership interest produced an accounting gain of DKK 29 million, which amount is recognised in "Gains on equity divestments".

Assets include trade receivables at a fair value of DKK 317 million, of which DKK 253 million represents a receivable from BioMar Chile. No provision has been made for losses on claims.

Had Alitec Pargua been acquired effective on 1 January 2019, revenue would have been DKK 58 million higher and the full-year profit would have been DKK 2 million higher. BioMar incurred total transaction costs of DKK 0.5 million in connection with the acquisition.

Effective at 30 June, Alitec Pargua S.A. merged with BioMar Chile S.A., BioMar's other sales and production company in Chile . The merger was made at book values and did not affect the consolidated financial statements.

Amounts in DKK million

Notes to the financial statements

5

Share capital and earnings per share (DKK)

The share capital consists of 25,500,000 shares with a nominal value of DKK 10 each. Each share carries one vote. All shares rank equally. The share capital is fully paid up and no changes have been made during the past five years.

Treasury shares	Number of shares	Nominal value (DKK)	Cost	Percentage of share capital
Treasury shares held at 1 Jan. 2018	1,529,930	15,299,300	317	6.00%
Share option programme	-85,833	-858,330	-10	-0.34%
Additions	134,100	1,341,000	68	0.53%
Treasury shares held at 30 Sept. 2018	1,578,197	15,781,970	375	6.19%
Share option programme	-25,000	-250,000	-3	-0.10%
Additions	253,800	2,538,000	132	1.00%
Treasury shares held at 31 Dec. 2018	1,806,997	18,069,970	504	7.09%
Share option programme	-104,167	-1,041,670	-13	-0.41%
Treasury shares held at 30 Sept. 2019	1,702,830	17,028,300	491	6.68%

A total of 104,167 shares held in treasury were used in connection with options exercised in 2019. The shares had an aggregate fair value of DKK 52 million at the date of exercise.

The Group's holding of treasury shares had a market value of DKK 815 million at 30 September 2019. The portfolio of treasury shares is recognised at DKK 0.

	Q3 2019	**Q3 2018**	**YTD 2019**	**YTD 2018**
Share of the profit for the year attributable to shareholders of Schouw & Co.	317	232	659	553
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,702,830	-1,480,579	-1,737,680	-1,489,413
Average number of outstanding shares	23,797,170	24,019,421	23,762,320	24,010,587
Average dilutive effect of outstanding share options *	14,667	57,692	17,986	74,501
Diluted average number of outstanding shares	23,811,837	24,077,113	23,780,306	24,085,088
Earnings per share of DKK 10	13.31	9.64	27.73	23.03
Diluted earnings per share of DKK 10	13.30	9.62	27.71	22.96

* See note 2 for information on options that may cause dilution.

6

Fair value of categories of financial assets and liabilities

	30/9 2019	**31/12 2018**	**30/9 2018**
Financial assets			
Securities (1)	1	1	1
Other securities and investments (2)	75	72	0
Derivative financial instruments (2)	38	20	5
Other securities and investments (3)	2	1	2
Financial liabilities			
Derivative financial instruments (2)	34	21	24

Listed equities measured at the official end-of-quarter market value (level 1) amounted to DKK 1 million (2018: DKK 1 million). Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1 million at the beginning of the year and DKK 2 million at the end of the quarter.

The Group uses interest rate swaps and forward currency contracts to hedge fluctuations in the level of interest rates 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 (level 2). The fair values applied are calculated mainly by external sources on the basis of discounted future cash flows. Other securities and investments forming part of a trading portfolio (level 2) includes the shareholding in Incuba A/S.

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 interest rates and exchange rates. In addition, fair values are based on non-observable market data, including exchange rate volatilities, or correlations between yield curves 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.

Amounts in DKK million

Notes to the financial statements

7
Related party transactions

Under Danish legislation, 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. Related parties also comprise subsidiaries, joint arrangements and associates, in which Schouw & Co. has control, significant influence or joint control of as well as members of the boards of directors, management boards and senior management of those companies.

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

	YTD 2019	YTD 2018
Joint ventures:		
During the reporting period, the Group sold goods in the amount of	23	15
At 30 September, the Group had a receivable of	27	23
At 30 September, the Group had debt in the amount of	1	1
Associates:		
During the reporting period, the Group sold goods in the amount of	220	209
During the reporting period, the Group bought goods in the amount of	55	104
At 30 September, the Group had a receivable of	161	138
At 30 September, the Group had debt in the amount of	89	66
During the reporting period, the Group received dividends in the amount of	11	0

During 2019, the Group has traded with BioMar-Sagun, BioMar-Tongwei, LetSea, Salmones Austral, ATC Patagonia, LCL Shipping, Young Tech Co., Micron Specma India and NGIN.

Other than as set out above, there were no transactions with related parties.

Schouw & Co. has registered the following shareholders as holding 5% or more of the share capital: Givesco A/S (28.09%), Direktør Svend Hornsylds Legat (14.82%) and Aktieselskabet Schouw & Co. (6.68%).

8
Special risks, judgements and estimates, and accounting policies

For the Group's special risks, judgements and estimates, and accounting policies please see the Management's report page 4.

Amounts in DKK million