

TO: THE DANISH FINANCIAL SUPERVISORY AUTHORITY  
AND NASDAQ COPENHAGEN

COMPANY ANNOUNCEMENT  
NO. 01/2019, 8 MARCH 2019  
3 PAGES

## **The Board of Directors has approved the 2018 Annual Report**

### **Highlights**

#### Realised in 2018

- Revenue rose by 7% to DKK 18,253 million (2017: DKK 17,032 million)
- EBITDA rose to DKK 1,579 million (2017: DKK 1,568 million)
- Cash flow from operating activities improved by 10% to DKK 837 million (2017: DKK 763 million)
- ROIC excl. goodwill was 14.5 % (2017: 17.6%)
- High level of activity and revenue improvements by all portfolio businesses. Several businesses expanded and major acquisition made by GPV. EBITDA improved despite very competitive markets and challenging market conditions.
- Proposal that the dividend for the 2018 financial year maintain 8% at DKK 13 per share.

#### Outlook for 2019

- We plan to expand and defend our positions in 2019, to strengthen customer relations, optimise production and logistics, and we intend to invest in innovation and future-proofing.
- The Group prioritises long-term sustainable earnings. Healthy business activity and the acquisition of CCS fuelling expectations for higher revenue and improved EBITDA.
- For 2018, we expect consolidated revenue of about DKK 20.0 billion, EBITDA in the range of DKK 1,815-1,975 million, and EBIT in the range of DKK 1,020-1,180 million.

#### Group development in 2018

##### **BioMar**

BioMar finished an otherwise challenging year on a good note. The Group reported an increase in both revenue and volumes sold, which was driven especially by the shrimp feed operations acquired in Ecuador in 2017. Reported EBITDA improved by a slight margin despite fierce competition in Norway. The share of profit in associate Salmenes Austral, the Chilean fish farming business, has developed well,

and the company's non-consolidated joint ventures in Turkey and China are developing well and are steadily becoming more important for BioMar's overall business activity.

#### **Fibertex Personal Care**

Fibertex Personal Care reported a fair revenue improvement driven mainly by higher prices of raw materials and an increase in activity for the printing business. Reported EBITDA was down relative to the year before due to more competitive markets in Asia, a negative impact from raw materials prices and foreign exchange rates, as well as costs of running in printing operations in Malaysia.

#### **Fibertex Nonwovens**

Fibertex Nonwovens reported a fair revenue improvement driven mainly by the acquisition of the nonwovens business in Brazil in February 2018. Reported EBITDA was lower than expected, mainly due to a combination of high prices of raw materials and lower sales towards the end of the year, as well as substantial nonrecurring costs for restructuring and downsizing operations in India at the end of the year.

#### **GPV**

GPV reported revenue and earnings improvements and took over Swiss-based EMS company CCS at the end of 2018. The reported EBITDA remains impacted by the costs of building operations in Mexico, and GPV recognised transaction costs relating to the acquisition of CCS. Other than those transaction costs, the acquisition of CCS did not influence 2018 earnings, but CCS was consolidated at the end of 2018.

#### **HydraSpecma**

HydraSpecma reported a fair revenue improvement following positive developments in the wind turbine segment and strong activity in several other business segments. Reported EBITDA continued to improve, driven by the high level of activity combined with efficiency enhancements resulting from completed investments in both production equipment and organisational development.

#### **Borg Automotive**

Borg Automotive reported a moderate improvement in revenue relative to the 2017 calendar year driven by an increase in volume sales. As Borg Automotive was only consolidated for nine months in 2017, the increased contribution to the consolidated financial statements is substantial. Reported EBITDA fell short of expectations, weighed down by larger customer bonuses and a number of adjustments relating to cores, among other things.

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

*" We grew our revenue at a satisfactory rate of 7% in 2018. All of our businesses reported revenue improvements over 2017, which is a positive achievement given the current market conditions. HydraSpecma reported the biggest improvement at 11%, driven in part by sound underlying demand in wind, automotive and other segments. Fibertex Nonwovens also generated 11% growth, of which the most is derived from an acquisition in Brazil at the beginning of the year.*

*Challenging market conditions, rising prices of raw materials and margin pressures meant that we were unable to grow our earnings at the same rate as our revenue, but the performance was also due to certain individual events. The annual contract negotiations in the important Norwegian market in the summer of 2018 meant that BioMar has had below-normal volumes since the second half of 2018. In addition, Fibertex Personal Care surprisingly experienced reduced demand from several of its major customers in Asia from the second half of 2018, but that is by no means an indication that the substantial growth in the Asian market should not continue in the coming years. Given the circumstances, I am pleased to note that our consolidated EBITDA was higher in 2018 than in 2017, although we had anticipated a larger improvement at the start of the year.*

*Strengthening our companies' strategic positions and long-term competitive strength is key, and in 2018, we invested close to DKK 1.5 billion to increase capacity and acquire business operations.*

*Schouw & Co. has grown into a global business, and at the beginning of 2019, our businesses employed about 10,000 people at 60 production facilities in 29 countries. BioMar is building a factory in Australia in order to serve salmon farmers in the region better, and the Group is making additional investments to increase its shrimp feed capacity in Ecuador. Fibertex Personal Care is starting up nonwovens print production in the USA; Fibertex Nonwovens has acquired businesses in Brazil and the USA within the last 18 months. Both HydraSpecma and Borg Automotive have expanded their production facilities in Poland.*

*We see good opportunities over the next few years to create value from the substantial investments we have made in recent years. All of our businesses are strongly positioned and well prepared to face the competition. However, we also see some degree of volatility, and our focus in 2019 will be on strengthening our earnings power and generating cash flows."*

Jørn Ankær Thomsen  
Chairman

Jens Bjerg Sørensen  
President

Schouw & Co. will be hosting a phone conference (in English) for analysts, the media, etc. on

**FRIDAY, 8 MARCH 2019 at 09:00 CET.**

Those wishing to attend the phone conference are invited to dial one of the following numbers:  
DK: +4535445583 // UK: +442031940544 // SE: +46856642661 // US: +18552692604.

Questions relating to the above should be directed to Jens Bjerg Sørensen, President, phone no. +45 86 11 22 22.