schouw+co

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

Highlights

- Strong improvements in revenue and cash flows from operations
- Revenue up by 10% to DKK 4,969 million, driven by acquisitions and organic growth
- EBITDA up by DKK 20 million to DKK 419 million due to positive IFRS 16 effects
- Schouw & Co. upgrades full-year 2019 revenue guidance by approximately DKK 500 million
- Positive EBITDA performance expected despite non-recurring costs

2019 Interim report Second quarter

Company announcement No. 8/2019
15 August 2019 – 27 pages

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

Our Q2 2019 performance was largely in line with expectations. BioMar won a number of attractive contracts, and that has made us raise the guidance for BioMar's full-year revenue and earnings. On the other hand, the current challenges facing the European auto industry has made us lower the earnings guidance for Fibertex Nonwovens and Borg Automotive.

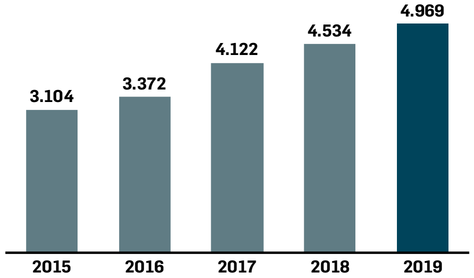
We have invested heavily in recent years to prepare Schouw & Co. for the future, adding new portfolio companies and expanding existing capacity. As a result, Schouw & Co. is today the owner of six attractive and well-invested businesses. Once this year's projects are completed, we will have finalised most of our planned investments, and we will be looking forward to reaping the benefits over the following years. Schouw & Co. is strongly positioned and well prepared for the future.

Financial highlights and key ratios

GROUP SUMMARY (DKKm)	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
REVENUE AND INCOME					
Revenue	4,969	4,534	9,645	8,385	18,253
Operating profit before depreciation (EBITDA)	419	399	821	713	1,579
Depreciation and impairment losses	196	133	395	264	532
EBIT	224	266	426	449	1,047
Profit/loss after tax in associates and joint ventures	7	16	22	18	70
Gains on equity divestments	29	0	29	0	9
Net financials	-42	-24	-45	-37	-40
Profit before tax	218	258	432	430	1,086
Profit for the period	175	201	341	319	796
Cash flows					
Cash flow from operating activities	128	-35	228	-33	837
Cash flow from investing activities	-316	-221	-641	-438	-1,360
Of which investment in property, plant and equipment	-183	-221	-367	-356	-685
Cash flows from financing activities	210	109	418	360	623
Invested capital and financing					
Invested capital (ex. goodwill)	10,532	8,157	10,532	8,157	8,831
Total assets	18,794	15,429	18,794	15,429	16,940
Working capital	3,938	3,158	3,938	3,158	3,441
Net interest-bearing debt (NIBD)	4,061	2,035	4,061	2,035	2,425
Share of equity attributable to shareholders of Schouw & Co.	8,781	8,371	8,781	8,371	8,652
Non-controlling interests	6	11	6	11	7
Total equity	8,787	8,382	8,787	8,382	8,659
Financial data					
EBITDA margin (%)	8.4	8.8	8.5	8.5	8.7
EBIT margin (%)	4.5	5.9	4.4	5.4	5.7
EBT margin (%)	4.4	5.7	4.5	5.1	6.0
Return on equity (%)	9.6	10.9	9.6	10.9	9.4
Equity ratio (%)	46.8	54.3	46.8	54.3	51.1
ROIC excluding goodwill (%)	12.4	16.3	12.4	16.3	14.5
ROIC including goodwill (%)	9.9	12.6	9.9	12.6	11.3
NIBD/EBITDA ratio	2.4	1.2	2.4	1.2	1.5
Average no. of employees	9,706	7,073	9,729	7,050	7,174
Per share data					
Earnings per share (of DKK 10)	7.37	8.45	14.42	13.39	33.43
Diluted earnings per share (of DKK 10)	7.36	8.42	14.40	13.35	33.35
Net asset value per share (of DKK 10)	368.98	347.96	368.98	347.96	365.17
Share price, end of period (per share DKK 10)	500.00	563.50	500.00	563.50	485.60
Price/Net asset value	1.36	1.62	1.36	1.62	1.33
Market capitalisation, end of period	11,899	13,556	11,899	13,556	11,505

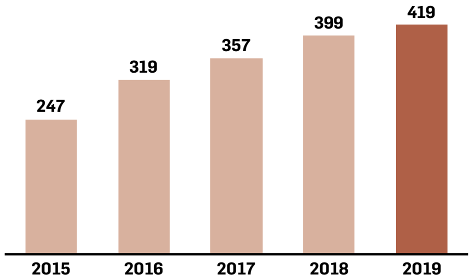
Revenue, second quarter

(DKKm)



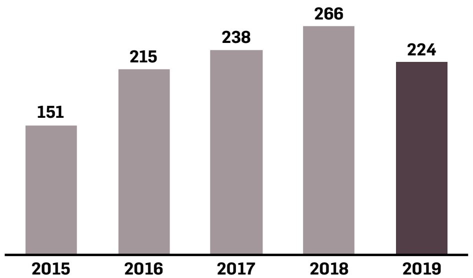
EBITDA, second quarter

(DKKm)



EBIT, second quarter

(DKKm)



Interim report – Second quarter of 2019

Strong improvements in revenue and cash flows from operations. High level of EBITDA reported when disregarding non-recurring costs and change in other operating income.

Financial performance

(DKKm)	Q2 2019	Q2 2018	Change	
Revenue	4,969	4,534	435	10%
EBITDA	419	399	20	5%
EBIT	224	266	-43	-16%
Associates and JVs	7	16	-9	-54%
Profit before tax	218	258	-40	-15%
Cash flows from operating activities	128	-35	163	-

(DKKm)	YTD 2019	YTD 2018	Change	
Revenue	9,645	8,385	1,260	15%
EBITDA	821	713	108	15%
EBIT	426	449	-24	-5%
Associates and JVs	22	18	4	24%
Profit before tax	432	430	2	0%
Cash flows from operating activities	228	-33	262	-
Net interest-bearing debt	4,061	2,035	2,025	99%
Working capital	3,938	3,158	779	25%
ROIC excluding goodwill	12.4%	16.3%	-3.9pp	
ROIC including goodwill	9.9%	12.6%	-2.7pp	

Overall, the companies of the Schouw & Co. Group performed largely in line with expectations in the second quarter of 2019.

Consolidated revenue improved by 10% to DKK 4,969 million in Q2 2019 from DKK 4,534 million in Q2 2018. The largest single contribution to the increase was GPV's acquisition of CCS. BioMar reported revenue in line with last year, and the other portfolio businesses with the exception of Borg Automotive all reported improvements.

This Q2 2019 interim report reflects the effects of IFRS 16, the new accounting standard for recognising lease obligations, which Schouw & Co. 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 as an increase of interest-bearing debt. In the income statement, the lease payment is broken down 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 399 million in Q2 2018 to DKK 419 million in Q2 2019, which includes DKK 51 million recognised due to the implementation of IFRS 16. When adjusted for this factor, EBITDA declined by 8% mainly driven by the reduced earnings of Borg Automotive and Fibertex Nonwovens, which were partly due to non-recurring costs. In addition, BioMar reported a decline in other operating income relative to last year.

Consolidated amortisation, depreciation and impairment rose from DKK 133 million in Q2 2018 to DKK 196 million in Q2 2019. DKK 48 million of the increase related to IFRS 16 effects.

Associates and joint ventures contributed an aggregate share of profit after tax of DKK 7 million in Q2 2019, compared with DKK 16 million in Q2 2018. The decline was mainly due to BioMar's associates and joint ventures.

Consolidated net financial items were an expense of DKK 42 million in Q2 2019, compared with a DKK 24 million expense in Q2 2018. The higher expense was mainly due to higher currency translation losses in Q2 2019 than in Q2 2018 and an increase in actual net interest expenses from DKK 13 million in Q2 2018 to DKK 23 million in Q2 2019, of which DKK 7 million related to IFRS 16 effects.

ROIC excluding goodwill fell from 13.7% at 31 March 2019 to 12.4% at 30 June 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 14.0% at 31 March 2019 and 13.0% at 30 June 2019.

Balance sheet and cash flows

The Group's total assets increased from DKK 18,409 million at 31 March 2019 to DKK 18,794 million at 30 June 2019. By comparison, total assets amounted to DKK 15,429 million at 30 June 2018. The increase during the past year was mainly due to the acquisition of CCS and the capitalisation of lease assets (DKK 850 million).

The Group's operating activities produced a DKK 128 million cash inflow in Q2 2019, compared with a cash outflow of DKK 35 million in Q2 2018. The improvement was attributable to improved cash flows in all portfolio businesses except Borg Automotive and to the IFRS 16 effects, which have increased cash flows from operating activities by DKK 44 million because repayments of lease liabilities form part of cash flows from debt financing.

Cash flows for investing activities in Q2 2019 amounted to DKK 316 million, including for BioMar's capacity-expanding investments in Chile, Australia and Denmark. By comparison, cash flows for investing activities in Q2 2018 amounted to DKK 221 million.

The Group's net interest-bearing debt increased from DKK 3,520 million at 31 March 2019 to DKK 4,061 million at 30 June 2019, partly due to the payment of DKK 309 million in dividends. By comparison, net interest-bearing debt at 30 June ➔

Interim report – Second quarter of 2019

2018 was DKK 2,035 million. The increase during the past year was mainly due to the acquisition of CCS and the recognition of lease debt of DKK 857 million. Accordingly, the key credit ratio NIBD/EBITDA increased from 1.2 at 30 June 2018 to 2.4 at 30 June 2019. Adjusted for the IFRS 16 effects, NIBD/EBITDA at 30 June 2019 was 2.0.

The Group's working capital increased from DKK 3,725 million at 31 March 2019 to DKK 3,938 million at 30 June 2019. By comparison, working capital amounted to DKK 3,158 million at 30 June 2018, at which time CCS was not consolidated.

Group developments

The consolidated performance of the second quarter of 2019 was one of revenue improvement driven mainly by GPV's acquisition of CCS. The following is a brief review of other business developments in the portfolio companies in the second quarter of 2019.

BioMar maintained sales volumes and revenue in line with the year-before period, as global improvements made up for the forseen decline in Norway. EBITDA was impacted by a decline in other operating income. BioMar acquired the outstanding 50% of the shares in the formerly 50%-owned Chilean feed company Alitec Pargua.

Fibertex Personal Care reported revenue and earnings improvements and strong positive cash flows from operations. The improvements were supported by increased print sales and positive currency developments during the reporting period.

Fibertex Nonwovens grew its revenue through acquisitions and improvements in the North American market. However, EBITDA fell year on year, in part due to non-recurring costs for a comprehensive strategic review of the company and to continue downsizing operations in India.

As expected, **GPV** reported a sharp increase in revenue and EBITDA due to its acquisition of CCS, whereas the earnings performance of the former GPV was adversely affected by a substantial change in Thai baht exchange rates against the main selling currencies.

HydraSpecma reported improvements in both revenue and EBITDA, mainly due to increased sales of products used in wind turbines and in vehicles.

Borg Automotive reported lower revenue year-on-year due to generally weaker demand and a further decline in EBITDA due to non-recurring restructuring costs in Belgium.

Schouw & Co. shares

While the company paid dividends of DKK 13 per share, Schouw & Co. shares appreciated by 1% in the second quarter to DKK 500.00 at 30 June 2019 from DKK 494.80 at 31 March 2019. At 31 December 2018, the share price was DKK 485.60.

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.

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 June 2019 which are expected to have a material impact on the Group's financial position or outlook.

Outlook

Schouw & Co. raises its full-year revenue guidance. Positive EBITDA performance expected, as strong improvements in BioMar and HydraSpecma make up for non-recurring costs in Fibertex Nonwovens and Borg Automotive.

Outlook for 2019

After their good start to the year, BioMar and HydraSpecma have both raised their full-year guidance, while Fibertex Personal Care maintains its guidance and sees a good probability of generating earnings at the upper end of the forecast range. A weak start to the year for Fibertex Nonwovens and Borg Automotive combined with various non-recurring costs has made it necessary for both to lower their earnings guidance. GPV is in a special situation due to below-normal visibility resulting from the great challenge of integrating CCS in its organisation.

Obviously, the guidance could be affected by the political tensions on international trade and Britain's exit from the EU.

The following is a brief review of the outlook for each individual company in 2019:

BioMar raises its revenue and EBITDA guidance based on first-half financial results and the completed contract negotiations. The company continues to guide for higher volume sales year-on-year and improvements in all three divisions.

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 and EBITDA guidance.

Fibertex Nonwovens expects better balanced input and selling prices for the rest of the year. The company maintains its full-year revenue forecast, but expects lower EBITDA due to non-recurring costs, part of which will be used to downsize operations in India.

GPV maintains its forecast of significant revenue and EBITDA improvements on 2018, primarily as a result of its acquisition of the major Swiss-based EMS business at the end of 2018.

HydraSpecma raises its revenue and EBITDA guidance on the basis of its high level of business activity and the positive effects of its completed capacity expansion, restructuring and efficiency-enhancing projects.

Borg Automotive lowers its full-year revenue and EBITDA guidance on the back of a general market slump and non-recurring restructuring costs in its Belgian operations.

Schouw & Co. Group's overall guidance

Overall, the Schouw & Co. Group raises its guidance for full-year 2019 consolidated revenue to about DKK 20.5 billion against previously about DKK 20.0 billion. This implies an expected increase of about 12% relative to 2018 driven mainly by GPV's acquisition of CCS and by improvements in BioMar. However, for several of the portfolio companies, revenue will depend heavily on how prices of raw materials develop, and any price fluctuations can significantly change the revenue without necessarily having any notable effect on earnings.

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 individual forecasts. Accordingly, the actual guidance is expressed through consolidated EBITDA, which for 2019 is now expected to be in the range of DKK 1,835-1,985 million compared with the previous range of DKK 1,815-1,975 million. About DKK 205 million of the anticipated improvement over 2018 when EBITDA amounted to DKK 1,579 million, relates to IFRS 16 effects.

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 1,040-1,190 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 65 million in 2019, compared with the previous forecast of about DKK 80 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 Q2**	**2019F after Q1**	**2018 realised**
BioMar	c. 10,800	c. 10,300	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. 2,000	2,005
Borg Automotive	c. 900	c. 1,000	958
Other/eliminations	-	-	-18
Total revenue	c. 20,500	c. 20,000	18,253

EBITDA (DKKm)	**2019F after Q2**	**2019F after Q1**	**2018 realised**
BioMar	870-930	820-890	713
Fibertex Personal Care	320-340	320-340	315
Fibertex Nonwovens	155-175	165-185	160
GPV	190-210	190-210	115
HydraSpecma	220-240	210-230	175
Borg Automotive	110-120	140-150	131
Other	-30	-30	-30
Total EBITDA	1,835-1,985	1,815-1,975	1,579
PPA depreciation	-100	-100	-82
IFRS 16 depreciation	-190	-190	
Other depreciation	-505	-505	-450
Total EBIT	1,040-1,190	1,020-1,180	1,047
Associates, JVs, etc.	65	80	70
Equity divestments	29	0	9
IFRS 16 - Fin. items	-25	-25	0
Other financial items	-65	-65	-40
Profit before tax	1,044-1,194	1,010-1,170	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 June 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 June 2019 and of the results of the Group's operations and cash flows for the six months ended 30 June 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, 15 August 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 2019

7 November 2019	Release of Q3 2019 interim report

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

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Company reg. (CVR) no. 63965812

Our businesses

Portfolio company financial highlights – Q2

	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	2,514	2,518	506	486	443	420	714	297	565	550	232	268	4,969	4,534
Gross profit	320	308	83	81	86	91	99	60	141	135	51	79	781	754
EBITDA	191	174	72	69	38	52	42	24	64	48	21	41	419	399
Depreciation and impairment losses	75	45	35	30	24	25	31	9	19	14	12	9	196	133
EBIT	116	128	38	39	14	27	11	15	45	33	9	32	224	266
Profit after tax in associates and JVs	7	17	0	0	0	0	0	0	0	0	0	0	7	16
Gains on equity divestments	29	0	0	0	0	0	0	0	0	0	0	0	29	0
Net financial items	-21	-10	-9	-2	-9	-15	-7	-2	-10	-3	0	-4	-42	-24
Profit before tax	131	135	29	37	6	12	4	13	35	30	9	28	218	258
Tax on profit/loss for the year	-26	-32	-6	-9	-2	-1	-1	-3	-7	-7	-1	-5	-44	-58
Profit before non-controlling interests	105	102	23	29	4	12	3	10	28	24	7	23	175	201
Non-controlling interests	0	0	0	0	1	2	0	0	0	0	0	0	1	2
Profit for the year	105	102	23	29	5	14	3	10	28	24	7	23	175	203
CASH FLOWS														
Cash flow from operating activities	-109	-159	138	40	32	11	46	-25	14	-3	0	90	128	-35
Cash flow from investing activities	-252	-57	-14	-57	-16	-26	-26	-55	-6	-24	-6	-2	-316	-221
Cash flows from financing activities	364	118	-125	10	-16	10	-21	68	-6	41	6	-73	210	109
BALANCE SHEET														
Intangible assets[1]	1,302	1,287	81	83	157	156	420	18	245	265	334	341	3,565	3,176
Property, plant and equipment	1,583	1,267	1,391	1,412	945	824	450	314	242	202	91	74	4,732	4,161
Other non-current assets	1,190	539	76	50	8	4	189	44	135	11	97	63	1,710	721
Cash and cash equivalents	476	343	86	67	32	29	106	20	57	71	54	42	588	371
Other current assets	3,822	3,468	605	696	825	764	1,332	597	1,070	986	549	510	8,199	6,999
Total assets	8,373	6,904	2,240	2,307	1,967	1,777	2,497	994	1,749	1,535	1,124	1,029	18,794	15,429
Shareholders' equity	2,431	2,341	996	931	653	544	795	274	496	439	560	392	8,787	8,382
Interest-bearing liabilities	2,814	1,735	768	906	1,044	934	1,068	470	843	694	134	242	4,690	2,457
Other liabilities	3,128	2,828	476	470	270	299	634	250	411	402	430	395	5,317	4,590
Total equity and liabilities	8,373	6,904	2,240	2,307	1,967	1,777	2,497	994	1,749	1,535	1,124	1,029	18,794	15,429
Average no. of employees	1,215	1,173	743	709	1,032	1,011	3,840	1,412	1,220	1,210	1,644	1,545	9,706	7,073
FINANCIAL KEY FIGURES														
EBITDA margin	7.6%	6.9%	14.3%	14.2%	8.5%	12.5%	5.9%	8.2%	11.4%	8.7%	8.9%	15.4%	8.4%	8.8%
EBIT margin	4.6%	5.1%	7.4%	8.1%	3.2%	6.5%	1.5%	5.1%	7.9%	6.1%	3.7%	12.1%	4.5%	5.9%
ROIC excluding goodwill	19.1%	24.8%	11.9%	14.4%	3.9%	6.8%	7.2%	13.5%	14.4%	13.4%	15.4%	23.9%	12.4%	16.3%
ROIC including goodwill	13.1%	15.9%	11.2%	13.6%	3.6%	6.3%	6.7%	13.3%	12.7%	11.5%	8.3%	13.0%	9.9%	12.6%
Working capital	1,249	1,063	344	402	565	504	843	347	715	644	218	198	3,938	3,158
Net interest-bearing debt	2,298	1,342	682	839	1,012	904	962	450	786	623	80	200	4,061	2,035

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

Portfolio company financial highlights – H1

	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	4,651	4,402	1,095	1,027	895	826	1,432	580	1,120	1,049	461	510	9,645	8,385
Gross profit	556	508	198	182	168	177	207	120	282	266	112	151	1,525	1,403
EBITDA	322	254	171	152	77	97	88	49	125	97	53	79	821	713
Depreciation and impairment losses	154	91	68	59	50	49	61	17	38	29	24	18	395	264
EBIT	168	163	103	93	28	48	27	32	86	68	30	62	426	449
Profit after tax in associates and JVs	22	21	0	0	0	0	0	0	0	0	0	0	22	18
Gains on equity divestments	29	0	0	0	0	0	0	0	0	0	0	0	29	0
Net financial items	-29	-17	-9	-8	-15	-24	-12	-2	-9	-5	0	-5	-45	-37
Profit before tax	190	168	95	85	12	25	15	31	78	63	29	56	432	430
Tax on profit/loss for the year	-40	-53	-22	-20	-3	-5	-3	-6	-15	-14	-6	-10	-91	-111
Profit before non-controlling interests	151	115	73	65	10	19	12	24	63	49	24	46	341	319
Non-controlling interests	0	0	0	0	2	3	0	0	0	-1	0	0	1	2
Profit for the year	151	115	73	65	11	22	12	24	62	48	24	46	342	321
CASH FLOWS														
Cash flow from operating activities	-149	-219	264	97	1	29	48	-9	43	-17	-12	51	228	-33
Cash flow from investing activities	-334	-98	-36	-82	-175	-128	-59	-89	-26	-33	-14	-7	-641	-438
Cash flows from financing activities	519	254	-177	-27	170	91	-43	91	-11	66	31	-22	418	360
BALANCE SHEET														
Intangible assets[1]	1,302	1,287	81	83	157	156	420	18	245	265	334	341	3,565	3,176
Property, plant and equipment	1,583	1,267	1,391	1,412	945	824	450	314	242	202	91	74	4,732	4,161
Other non-current assets	1,190	539	76	50	8	4	189	44	135	11	97	63	1,710	721
Cash and cash equivalents	476	343	86	67	32	29	106	20	57	71	54	42	588	371
Other current assets	3,822	3,468	605	696	825	764	1,332	597	1,070	986	549	510	8,199	6,999
Total assets	8,373	6,904	2,240	2,307	1,967	1,777	2,497	994	1,749	1,535	1,124	1,029	18,794	15,429
Shareholders' equity	2,431	2,341	996	931	653	544	795	274	496	439	560	392	8,787	8,382
Interest-bearing liabilities	2,814	1,735	768	906	1,044	934	1,068	470	843	694	134	242	4,690	2,457
Other liabilities	3,128	2,828	476	470	270	299	634	250	411	402	430	395	5,317	4,590
Total equity and liabilities	8,373	6,904	2,240	2,307	1,967	1,777	2,497	994	1,749	1,535	1,124	1,029	18,794	15,429
Average no. of employees	1,214	1,170	740	702	1,027	974	3,864	1,430	1,215	1,206	1,657	1,555	9,729	7,050
FINANCIAL KEY FIGURES														
EBITDA margin	6.9%	5.8%	15.7%	14.8%	8.6%	11.8%	6.1%	8.5%	11.1%	9.3%	11.6%	15.5%	8.5%	8.5%
EBIT margin	3.6%	3.7%	9.4%	9.1%	3.1%	5.8%	1.9%	5.5%	7.7%	6.5%	6.4%	12.1%	4.4%	5.4%
ROIC excluding goodwill	19.1%	24.8%	11.9%	14.4%	3.9%	6.8%	7.2%	13.5%	14.4%	13.4%	15.4%	23.9%	12.4%	16.3%
ROIC including goodwill	13.1%	15.9%	11.2%	13.6%	3.6%	6.3%	6.7%	13.3%	12.7%	11.5%	8.3%	13.0%	9.9%	12.6%
Working capital	1,249	1,063	344	402	565	504	843	347	715	644	218	198	3,938	3,158
Net interest-bearing debt	2,298	1,342	682	839	1,012	904	962	450	786	623	80	200	4,061	2,035

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

BioMar

Good performance in the second quarter with volume sales in line with last year. Contract negotiations in Norway progressed as expected and improvements in other markets. Guidance raised for full-year revenue and EBITDA.

BioMar	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue	2,514	2,518	4,651	4,402	10,328
EBITDA	191	174	322	254	713
EBIT	116	128	168	163	529
Assc. and JVs	7	17	22	21	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

Based on a marginal decline in volume sales, BioMar generated revenue of DKK 2,514 million in Q2 2019, compared with DKK 2,518 million in Q2 2018. Exchange rate developments had a positive overall effect on revenue of approximately DKK 40 million in the quarter.

BioMar	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Volume ('000 tonnes)	285	288	535	512	1,210
Revenue (DKKm)	2,514	2,518	4,651	4,402	10,328
- salmon north	998	1,108	1,897	2,014	4,892
- salmon south	653	601	1,291	1,051	2,315
- other divisions	863	810	1,463	1,337	3,121

As expected, the Salmon division lost revenue in the Norwegian market in the second quarter of 2019. The Norwegian business unit has made a number of general structural and organisational changes during the past six months, creating greater efficiency and more flexible collaboration with customers. The changes are now beginning to produce results, and contract negotiations conducted in the second quarter have developed as expected, producing a better price/volume balance. Contract negotiations conducted in the second quarter have developed as expected, producing a better price/volume balance. The decline in Norway was offset by significant improvements in both Chile and Scotland. The positive performance in those two markets was driven by the fish farming industry's favourable growth conditions during the quarter and an attractive product offering enabling BioMar to expand business relations with existing customers while also attracting new customers.

Combined, the EMEA and Emerging Markets divisions reported a significant Y-o-Y revenue improvement. The strong performance was driven by favourable growth conditions for European fish farmers, growth in the general Ecuadorian market and the launch of new products and services.

EBITDA increased from DKK 174 million in Q2 2018 to DKK 191 million in Q2 2019. It should be noted in a comparison that EBITDA for Q2 2019 included a DKK 29 million positive effect from IFRS 16, while the effect of other operating income was DKK 13 million higher in Q2 2018. Adjusted for this factor, EBITDA was in line with last year. Overall, exchange rate developments had a positive effect of approximately DKK 4 million on Q2 2019 EBITDA.

The 50%-owned feed businesses in Turkey and China, which are not consolidated, reported combined Q2 2019 revenue (100% basis) of DKK 172 million and EBITDA of DKK 12 million, compared to revenue of DKK 184 million and EBITDA of DKK 21 million in Q2 2018. Volumes sold in China were in line with the year-earlier period, while volumes sold in Turkey declined mainly due to challenging macroeconomic conditions. However, BioMar remains positive on the prospects for these two important aquaculture markets, and the company has successfully launched new products and services 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 Q2 2019 consolidated financial statements at a share of profit of DKK 7 million after tax, compared with DKK 17 million in Q2 2018.

For many years, BioMar has run the Chilean feed business Alitec Pargua in a 50/50 joint operation with a local business partner. On 7 June 2019, BioMar acquired the outstanding 50% of the shares, and Alitec Pargua became a wholly owned subsidiary. In connection with the transaction, the value of the previously held equity interest was remeasured in accordance with IFRS 3. The remeasurement produced a gain of DKK 29 million, which amount is recognised in "Gains on equity divestments".

Working capital grew by DKK 185 million from DKK 1,063 million at 30 June 2018 to DKK 1,249 million at 30 June 2019. The increase was driven in part by a geographical shift to markets with longer credit periods, resulting in an increase in trade receivables.

ROIC excluding goodwill fell from 21.3% at 31 March 2019 to 19.1% at 30 June 2019, due to a higher average invested capital resulting in part from the acquisition of the outstanding 50% of the shares in Alitec Pargua. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 22.2% at 31 March 2019 and 20.8% at 30 June 2019.

Business review

In acquiring 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 company's operations had been integrated with BioMar's two

BioMar

other production units in Chile by the end of June. 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 installed a new production line in existing buildings, increasing the annual output capacity by about 25,000 tonnes. In addition to this new production line for pelleted feed, BioMar has commenced construction of an additional 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.

The new fish feed factory BioMar is building in Wuxi near Shanghai, China, has suffered several delays, some of which were due to challenges in cooperating with the local contractor. Being built in a joint venture with Chinese partner Tongwei Co. Ltd., the factory is now 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 basis 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 initiated a project that will lift the output capacity at Brande, Denmark, and reduce the load on the existing production facility. Demand continues to grow in the European markets, particularly for the specialty feeds BioMar manufactures in Brande. The new production line will be 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 90 million and the expanded facility is expected to be commissioned by 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 chosen 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 continuing to strongly 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. While this is not expected to have a material effect, the unresolved situation surrounding the Brexit negotiations naturally causes some concern. BioMar is trying to mitigate possible negative effects by building inventories and identifying potential alternative suppliers.

Based on the reported results and the stronger outlook for the rest of the year, BioMar raises its full-year revenue guidance to about DKK 10.8 billion from the previous forecast of about DKK 10.3 billion and also increases the EBITDA guidance range to DKK 870-930 million from previously DKK 820-890 million. As always, however, changes in raw materials prices 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 65 million in 2019, compared with the previous forecast of about DKK 80 million. The lower forecast is due mainly to the delays in establishing the factory in China and lower earnings in Salmones Austral.

Fibertex Personal Care

Revenue and earnings improved and strong positive cash flows from operations. Sales efforts in China accelerated in a bid to leverage attractive potential. Full-year revenue and EBITDA guidance maintained.

Fibertex Personal Care	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue	506	486	1,095	1,027	2,187
EBITDA	72	69	171	152	315
EBIT	38	39	103	93	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 reported a 4% revenue increase to DKK 506 million in Q2 2019, up from DKK 486 million in Q2 2018. The revenue increase was driven by 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 second quarter of 2019 than in the second quarter of 2018. This dollar appreciation is of great importance to the Malaysian subsidiary, as its sales are predominantly in USD, whereas MYR is its reporting currency. In addition, an increase in print volumes sold also contributed to performance.

Fibertex Personal Care	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue (DKKm)	506	486	1,095	1,027	2,187
- from Denmark	182	161	374	338	695
- from Malaysia	246	279	534	579	1,116
- printing activities	78	46	187	110	376

EBITDA rose from DKK 69 million in Q2 2018 to DKK 72 million in Q2 2019, without any notable effect from the implementation of IFRS 16. The improvement was mainly driven by favourable developments in the USD/MYR exchange rate. 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.

Working capital fell by DKK 57 million to stand at DKK 344 million at 30 June 2019. The main reason for the lower working capital was a drop in receivables. ROIC excluding goodwill grew from 11.8% at 31 March 2019 to 11.9% at 30 June 2019.

Business review

Demand for specialty products is growing in Europe, and Fibertex Personal Care has ramped up its innovation for this particular category of products. These efforts have now resulted in a product portfolio featuring new functions 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 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. The new print line, Fibertex Personal Care's seventh, covers the North American market, which is expected to generate positive growth rates in the coming years.

The company 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 is working hard to maximise the use of its technology platform, raw materials and techniques enabling the production of specialty products.

Outlook

The European market remains extremely competitive, especially in commodity nonwovens, but due to investments in new technology and upgrades of existing product lines, the company is still able to meet 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 the Asian markets where market conditions have changed. This applies especially to the Chinese market and its many new local private-label suppliers, although this group also requires specialty products. Fibertex Personal Care remains 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. The company has now deployed additional sales resources in order to take advantage of the attractive growth potential in China.

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 and EBITDA in the DKK 320-340 million range. As always, however, changes in raw materials prices and foreign exchange rates may impact revenue and earnings performance.

Fibertex Nonwovens

Acquisitions and improvements in North America send revenue higher. Non-recurring costs weigh on EBITDA. Revenue guidance maintained, but earnings guidance reduced slightly.

Fibertex Nonwovens	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue	443	420	895	826	1,574
EBITDA	38	52	77	97	160
EBIT	14	27	28	48	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 6% revenue increase to DKK 443 million in Q2 2019, up from DKK 420 million in Q2 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 – whereas sales to the industrial markets in Europe have declined. The company has so far managed to maintain sales to the auto industry, even though the number of cars produced have declined from last year.

EBITDA fell from DKK 52 million in Q2 2018 to DKK 38 million in Q2 2019, without any notable IFRS 16 effect. Prices of the most frequently used types of raw materials fell in the H1 2019 period, but Q2 earnings suffered due to the fact that production during the quarter was to some extent based on raw materials sourced in the fourth quarter of 2018. Also, the Brazilian production unit was temporarily faced with considerably higher input prices due to local duties. In addition, EBITDA was impacted by a geographical shift that has reduced European sales and led to non-recurring costs of about DKK 7 million, partly for a comprehensive strategic review of the business, partly to continue downsizing operations in India.

The higher business activity drove up working capital by DKK 61 million from DKK 504 million at 30 June 2018 to DKK 565 million at 30 June 2019. ROIC excluding goodwill fell from 4.9% at 31 March 2019 to 3.9% at 30 June 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.

During the first half of 2019, Fibertex Nonwovens performed a major strategic review of the company together with a team of external consultants. The purpose of the strategic review was to explore opportunities for increasing earnings and strengthening the return on invested capital. The review has uncovered a number of opportunities for developing the company, including by phasing out products not generating sufficient profitability and a number of specific initiatives involving the operations in South Africa and India.

Outlook

Fibertex Nonwovens expects the favourable market condition in North America to continue. On the other hand, activity in the European market will likely go lower depending on general economic developments, and in preparation the company has launched additional market activities and is aligning production capacity.

Prices of the most frequently used types of raw materials, which rose sharply in 2017 and 2018, fell in the H1 2019 period, so going forward the company expects to strike a better balance between the prices of raw materials and selling prices.

In addition, Fibertex Nonwovens expects the effects of the initiatives identified by the strategic review to have an effect in the slightly longer term. The substantial 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 will contribute 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 lowers the EBIT guidance range to DKK 155-175 million from previously DKK 165-185 million.

GPV

Revenue and earnings improvements reported after successful integration of Swiss-based EMS company CCS. New capacity in Thailand ready for operations in third quarter. Full-year revenue and EBITDA guidance maintained.

GPV	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue	714	297	1,432	580	1,218
EBITDA	42	24	88	49	115
EBIT	11	15	27	32	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, high-precision 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 ship products 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 will strongly reflect 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 417 million from DKK 297 million in Q2 2018 to DKK 714 million in Q2 2019. DKK 391 million of the revenue improvement derived from the acquisition of CCS. A few large customers experienced reduced business activity during the quarter, resulting in less business activity for GPV than expected.

EBITDA increased from DKK 24 million in Q2 2018 to DKK 42 million in Q2 2019. EBITDA for the former GPV amounted to DKK 21 million in Q2 2019, DKK 3 million of which was due to the implementation of IFRS 16, whereas the earnings performance, like in the first quarter, 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 the IFRS 16 effects but after deductions for inventory adjustments and integration costs totalling about DKK 10 million.

Working capital increased from DKK 347 million at 30 June 2018 to DKK 843 million at 30 June 2019, mainly due to the consolidation of CCS and general increases in business activities. ROIC excluding goodwill fell from 8.9% at 31 March 2019 to 7.2% at 30 June 2019, most of which was also due to the acquisition of CCS. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 9.1% at 31 March 2019 and 7.5% at 30 June 2019.

Business review

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 program to step up automation and increase production capacity. In particular, this will involve expanding the factory space at the facility in Thailand, which will eventually grow business activity there by about 50%. The first phase of the expansion will begin operations in the third quarter of 2019. The rest of the project will be implemented successively, with completion expected within the next few years.

The CCS acquisition complements GPV's existing market coverage, particularly in the German-speaking parts of Europe. It also expanded the company's service offering to include skills in 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. The integration of CCS began in earnest on 7 January 2019 when all units were renamed globally to reflect the GPV brand. Integration continues to progress as planned with the main focus on customer-facing activities.

Outlook

GPV generally expects relatively flat markets in the near term, while customers exposed to special segments may experience a temporary drop in business activity. As for challenges touched on in previous reports, such as long lead times for certain electronic components, the situation has improved in recent months, and lead times are expected to shorten further over the coming months.

GPV expects to grow its revenue from existing operations in 2019, in part to be driven by the positive effects of new products and an inflow of new customers. Add to this the substantial effects of the acquisition of CCS which will be consolidated for in FY 2019. As a result of the acquisition, EBITDA for 2019 will be affected by inventory adjustments of about DKK 16 million and integration costs which are currently expected to amount to about DKK 35 million net of a limited amount of positive synergies materialising during the year.

GPV retains its full-year guidance of revenue of around DKK 2,750 million and EBITDA in the range of DKK 190-210 million in 2019.

HydraSpecma

High business activity driven by sales of products for wind turbines and vehicles. New 3,000 m^2 warehouse and logistics facility in Finland now in operation. Full-year revenue and EBITDA guidance upgraded.

HydraSpecma	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue	565	550	1,120	1,049	2,005
EBITDA	64	48	125	97	175
EBIT	45	33	86	68	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 3% in the second quarter to DKK 565 million from DKK 550 million in Q2 2018. The high level of business activity has carried over from 2018 and continued in the second quarter of 2019 with revenue improvements in the wind turbines and vehicles business and the other business areas maintaining their overall level of activity.

EBITDA increased from DKK 48 million in Q2 2018 to DKK 64 million in Q2 2019. The Q2 EBITDA includes positive effects of DKK 7 million from the implementation of IFRS 16 and of a DKK 6 million gain from the sale of a property in Finland. When adjusted for this factor, EBITDA improved by 8% mainly driven by efficiency improvements and better production lead times.

Working capital increased by DKK 71 million from DKK 644 million at 30 June 2018 to DKK 715 million at 30 June 2019. The increase in working capital was due in part to the increased level of business activity, in part to an increase in the volume of goods in transit to overseas markets, driven by strong growth in the sale of goods manufactured in the Nordic region.

ROIC excluding goodwill grew from 14.1% at 31 March 2019 to 14.4% at 30 June 2019. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 14.4% at 31 March 2019 and 15.2% at 30 June 2019.

Business review

HydraSpecma consistently works to optimise its logistics and production setup in Europe, including by consolidating production in order to optimise its supply chain. For example, the company recently combined two separate units in Finland at a new joint 3,000 m^2 warehouse and logistics facility. In the first quarter, HydraSpecma opened its new 7,300 m^2 factory in Poland and is currently expanding the new site, which will free up capacity and enable the company to optimise production at its other units which have been operating under undue strain.

The company is also ramping up production of large integrated hydraulics units in China, both to accommodate growing demand in Asia and to optimise the supply chain. The build-up is scheduled for completion during the third quarter of 2019. Lastly, HydraSpecma has set up operations in Norway that will mainly be a bridgehead for serving a large specific 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, with healthy sales of hydraulics for vehicles and to customers in the wind turbine segment. Business activity in the rest of the hydraulics market is expected to soften. The current shift in the geographical distribution of the business will continue, as activities in China are expected to expand, especially in the wind turbine segment.

The global hydraulics market is very competitive in both the wind turbine segment and in the rest of the industrial OEM market. In a situation of increasing 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 extra costs, but it is also an important prerequisite for HydraSpecma to retain its competitive strength.

HydraSpecma is currently working to optimise its current 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.

Based on the high level of business activity in the first half of 2019, HydraSpecma raises its full-year revenue guidance to about DKK 2.1 billion from the previous forecast of about DKK 2.0 billion and also raises the EBITDA guidance range to DKK 220-240 million from previously DKK 210-230 million.

Borg Automotive

Drop in demand slowing revenue and EBITDA. Non-recurring restructuring costs in Belgium. Full-year revenue and EBITDA guidance lowered.

Borg Automotive	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
Revenue	232	268	461	510	958
EBITDA	21	41	53	79	131
EBIT	9	32	30	62	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, Elstock and DRI, with Elstock and DRI being proprietary brands. 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 revenue of DKK 232 million in Q2 2019, compared with DKK 268 million in Q2 2018. The 14% drop was attributable to generally softer demand in most European markets during the period.

EBITDA fell from DKK 41 million in Q2 2018 to DKK 21 million in Q2 2019, even though the implementation of IFRS 16 added DKK 3 million. The earnings decline was mainly due to the lower revenue. In addition, Borg Automotive has restructured operations in Belgium, phasing out the development activities there, and as a result new product development will now take place at the factories in the UK and Poland. In connection with the restructuring, the company recognised non-recurring redundancy costs of DKK 7 million.

Working capital increased by DKK 20 million from DKK 198 million at 30 June 2018 to DKK 218 million at 30 June 2019. The main reason for the higher working capital was an increase in finished goods inventories and stocks are expected to normalise by the end of the year.

ROIC excluding goodwill fell from 19.7% at 31 March 2019 to 15.4% at 30 June 2019, due to the lower earnings. Net of the effect of IFRS 16, ROIC excluding goodwill would have been 20.0% at 31 March 2019 and 15.8% at 30 June 2019.

Business review

The sales performance in the second quarter of 2019 was driven by a slowdown that was greater than had been expected. The drop in business activity was not due to a loss of customers, but rather to weaker demand from existing customers. Several customers in the large markets have experienced less business interaction with end users relative to the same period of last year. Considering the type of products Borg Automotive sells, measures to mitigate such developments 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.

An ongoing priority at Borg Automotive has been to develop the product programme and to optimise production at the production units in Poland and the UK. Despite the current performance of the second quarter, Borg Automotive retains its strong market position and its ongoing negotiations with major customers support the outlook for a positive long-term sales performance.

The positive expectations for long-term sales developments have created a need to ensure access to more production capacity that will enable Borg Automotive to manage a wider product range and to broaden its geographical footprint. The new factory at Lublin, Poland, has remanufactured brake calipers, the main product of the portfolio, since February 2019. Borg Automotive has now begun to also remanufacture EGR valves at the site, and these key product types can now be remanufactured at both of its Polish factories.

Outlook

The market Borg Automotive serves has experienced considerable customer consolidation in recent years that gives the consolidated companies 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 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 actual process involving Britain's withdrawal from the EU may have a significant impact on revenue and earnings for 2019. The 2019 guidance continues to assume that a solution avoiding a so-called hard Brexit can be found.

Based on the weak sales of the second quarter and the current outlook, Borg Automotive lowers its full-year revenue guidance to just over DKK 900 million from the previous forecast of about DKK 1.0 billion. Due to the lower sales and the non-recurring costs resulting from restructuring and aligning its operations, Borg Automotive lower its full-year EBITDA guidance to the range of DKK 110-120 million from previously DKK 140-150 million.

Interim financial statements

Statements of income and comprehensive income

Note	Income statement	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
1	Revenue	4,969	4,534	9,645	8,385	18,253
	Cost of sales	-4,189	-3,780	-8,120	-6,982	-15,278
	Gross profit	781	754	1,525	1,403	2,975
	Other operating income	14	18	22	31	41
	Distribution costs	-334	-313	-652	-604	-1,225
2	Administrative expenses	-236	-193	-467	-379	-741
	Other operating expenses	-1	0	-2	-1	-3
	EBIT	224	266	426	449	1,047
	Profit after tax in associates	5	13	20	16	63
	Profit after tax in joint ventures	3	4	2	2	8
	Gains on equity divestments	29	0	29	0	9
	Financial income	7	16	22	30	79
	Financial expenses	-49	-40	-67	-67	-119
	Profit before tax	218	258	432	430	1,086
	Tax on profit for the period	-44	-58	-91	-111	-290
	Profit for the period	175	201	341	319	796
	Shareholders of Schouw & Co.	175	203	342	321	801
	Non-controlling interests	-1	-2	-1	-2	-5
	Profit for the period	175	201	341	319	796
5	Earnings per share (DKK)	7.37	8.45	14.42	13.39	33.43
5	Diluted earnings per share (DKK)	7.36	8.42	14.40	13.35	33.35

Note	Statement of comprehensive income	Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
	Items that can be reclassified to the income statement:					
	Foreign exchange adjustments of foreign units, etc.	-67	97	66	46	81
	Value adjustment of hedging instruments for the period	-8	-1	-7	-1	-2
	Hedging instruments transferred to cost of sales	0	0	-1	2	1
	Hedging instruments transferred to financials	1	-3	2	2	5
	Other comprehensive income from associates and JVs	0	-2	0	-5	2
	Other adjustments to other comprehensive income	-1	0	0	0	0
	Tax on other comprehensive income	2	1	2	-1	-1
	Other comprehensive income after tax	-73	92	62	44	86
	Profit for the period	175	201	341	319	796
	Total recognised comprehensive income	101	293	403	363	882
	Attributable to					
	Shareholders of Schouw & Co.	102	296	404	366	888
	Non-controlling interests	-1	-3	-1	-3	-5
	Total recognised comprehensive income	101	293	403	363	882

Amounts in DKK million

Balance sheet · Assets and liabilities

Note	Total assets	30/6 2019	31/12 2018	30/6 2018	31/12 2017
	Goodwill	2,429	2,404	2,227	2,208
	Customer relations	524	549	371	379
	Brands	162	169	174	183
	Know-how	356	370	318	326
	Other intangible assets	93	101	86	99
	Intangible assets	3,565	3,594	3,176	3,195
	Land and buildings	1,981	1,797	1,788	1,776
	Plant and machinery	1,992	1,894	1,786	1,836
	Other fixtures and fittings, tools and equipment	138	125	128	120
	Assets under construction, etc.	621	501	459	226
	Property, plant and equipment	4,732	4,317	4,161	3,959
	Equity investments in associates	390	377	367	342
	Equity investments in joint ventures	138	137	164	169
	Lease assets	850	0	0	0
	Securities	76	75	3	5
	Deferred tax	116	66	76	58
	Receivables	140	108	111	137
	Other non-current assets	1,710	763	721	710
	Total non-current assets	10,007	8,674	8,058	7,864
	Inventories	4,019	3,683	3,187	2,811
3	Receivables	4,119	3,903	3,753	3,180
	Income tax receivable	60	94	58	56
	Cash and cash equivalents	588	585	371	478
	Total current assets	8,787	8,266	7,370	6,525
	Total assets	18,794	16,940	15,429	14,389

Note	Liabilities and equity	30/6 2019	31/12 2018	30/6 2018	31/12 2017
5	Share capital	255	255	255	255
	Hedge transaction reserve	-12	-8	-8	-10
	Exchange adjustment reserve	146	79	40	-7
	Retained earnings	8,392	7,994	8,084	7,748
	Proposed dividend	0	332	0	332
	Equity attributable to parent company shareholders	8,781	8,652	8,371	8,317
	Non-controlling interests	6	7	11	14
	Total equity	8,787	8,659	8,382	8,332
	Deferred tax	428	397	316	309
	Liability regarding put option	341	321	261	237
	Pensions, provisions and other liabilities	269	275	187	153
	Interest-bearing debt	3,565	1,749	2,003	1,366
	Non-current liabilities	4,603	2,742	2,768	2,065
	Current portion of non-current interest-bearing debt	436	283	287	291
	Interest-bearing debt	688	1,026	166	149
	Trade payables and other payables	4,156	4,089	3,721	3,464
	Corporate income tax	124	140	104	89
	Current liabilities	5,404	5,538	4,279	3,993
	Total liabilities	10,007	8,281	7,047	6,057
	Total equity and liabilities	18,794	16,940	15,429	14,389

Notes without reference 6-8.

Amounts in DKK million

Cash flow statement

Note		Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
	Profit before tax	218	258	432	430	1,086
	Adjustment for operating items of a non-cash nature etc.					
	Depreciation and impairment losses	196	133	395	264	532
	Other non-cash operating items, net	-34	-8	-56	-31	6
	Provisions	1	2	6	3	0
	Share of profit after tax in associates and JVs	-7	-16	-22	-18	-70
	Financial income	-7	-16	-22	-30	-79
	Financial expenses	49	40	67	67	119
	Cash flows from operations before changes in working capital	415	394	800	685	1,594
	Changes in working capital	-209	-350	-424	-602	-434
	Cash flows from operations	207	44	376	83	1,160
	Interest received	2	4	9	11	30
	Interest paid	-36	-22	-59	-35	-98
	Cash flows from ordinary activities	173	25	326	59	1,092
	Income tax paid	-46	-61	-98	-92	-254
	Cash flows from operating activities	128	-35	228	-33	837
	Purchase of intangible assets	-4	-3	-13	-6	-34
	Purchase of property, plant and equipment	-183	-221	-367	-356	-685
	Sale of property, plant and equipment	9	2	9	2	4
4	Acquisitions	-107	0	-241	-80	-708
	Divestments	0	0	0	0	55
	Acquisition of/capital increase in associates and JVs	0	0	-1	0	-1
	Dividends received from associates	11	0	11	0	0
	Additions/disposals of other financial assets	-41	1	-39	2	9
	Cash flows from investing activities	-316	-221	-641	-438	-1,360

Note		Q2 2019	Q2 2018	YTD 2019	YTD 2018	FY 2018
	Loan financing:					
	Repayment of non-current liabilities	-54	-30	-108	-48	-119
	Proceeds from non-current liabilities incurred	1,016	0	1,016	1	0
	Increase of bank overdrafts	-469	440	-224	691	1,219
	Cash flows from debt financing	493	410	684	644	1,100
	Shareholders:					
	Dividends paid	-309	-312	-309	-312	-314
	Purchase/sale of treasury shares, net	26	11	43	28	-163
	Cash flows from financing activities	210	109	418	360	623
	Cash flows for the period	21	-147	5	-112	100
	Cash and cash equivalents, beginning of period	574	509	585	478	478
	Value adjustment of cash and cash equivalents	-7	9	-2	5	6
	Cash and cash equivalents, end of period	588	371	588	371	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	47	0	0	47	-1	46
Value adjustment of hedging instruments for the period		-1	0	0	0	-1	0	-1
Hedging instruments transferred to cost of sales		2	0	0	0	2	0	2
Hedging instruments transferred to financials		2	0	0	0	2	0	2
Other comprehensive income from associates and joint ventures		0	0	-5	0	-5	0	-5
Other adjustments to other comprehensive income		0	0	0	0	0	0	0
Tax on other comprehensive income		0	0	0	0	-1	0	-1
Profit for the period		0	0	321	0	321	-2	319
Total recognised comprehensive income		2	47	317	0	366	-3	363
Transactions with owners:								
Share-based payment		0	0	8	0	8	0	8
Distributed dividends		0	0	19	-332	-312	0	-312
Value adjustment of put option		0	0	-25	0	-25	0	-25
Treasury shares bought/sold		0	0	28	0	28	0	28
Total transactions with owners during the period		0	0	30	-332	-301	0	-301
Equity at 30 June 2018	255	-8	40	8,084	0	8,371	11	8,382
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	66	0	0	66	0	66
Value adjustment of hedging instruments for the period		-7	0	0	0	-7	0	-7
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	0	0	0	0	0
Tax on other comprehensive income		1	0	0	0	2	0	2
Profit for the period		0	0	342	0	342	-1	341
Total recognised comprehensive income		-4	66	342	0	404	-1	403
Transactions with owners:								
Share-based payment		0	0	11	0	11	0	11
Distributed dividends		0	0	22	-332	-309	0	-309
Value adjustment of put option		0	0	-19	0	-19	0	-19
Treasury shares bought/sold		0	0	43	0	43	0	43
Total transactions with owners during the period		0	0	56	-332	-276	0	-275
Equity at 30 June 2019	255	-12	146	8,392	0	8,781	6	8,787

Amounts in DKK million

Notes to the financial statements

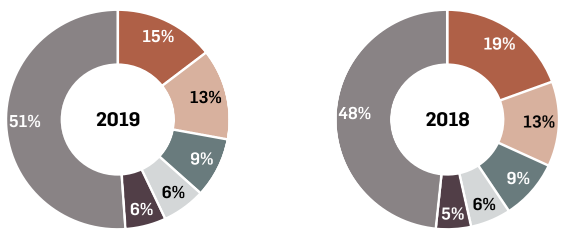
1
Segment reporting

Reporting segments YTD 2019	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra-Specma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group elimina-tions, etc.	Total
External revenue	4,651	1,085	895	1,432	1,120	461	9,644	1	0	0	9,645
Intra-group revenue	0	10	0	0	0	0	10	0	5	-16	0
Segment revenue	4,651	1,095	895	1,432	1,120	461	9,655	1	5	-16	9,645
EBITDA	322	171	77	88	125	53	837	1	-17	0	821
Depreciation and impairment losses	154	68	50	61	38	24	395	0	0	0	395
EBIT	168	103	28	27	86	30	442	0	-17	0	426
Share of profit in associates and JVs	22	0	0	0	0	0	22	0	0	0	22
Tax on profit for the period	-40	-22	-3	-3	-15	-6	-88	0	-3	0	-91
Segment assets:	8,803	2,288	1,999	2,497	1,749	1,640	18,976	12	10,889	-11,083	18,794
Of which goodwill	1,385	99	121	170	139	516	2,429	0	0	0	2,429
Equity investments in associates and Js	523	0	0	0	5	0	528	0	0	0	528
Segment liabilities	5,941	1,244	1,314	1,703	1,253	564	12,019	7	3,135	-5,154	10,007
Working capital	1,249	344	565	843	715	218	3,934	0	4	0	3,938
Net interest-bearing debt	2,298	682	1,012	962	786	80	5,820	5	-1,764	0	4,061
Cash flow from operating activities	-149	264	1	48	43	-12	194	1	26	8	228
Capital expenditure	427	36	162	55	33	14	727	0	0	0	727
Average no. of employees	1,214	740	1,027	3,864	1,215	1,657	9,715	0	14	0	9,729

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 on 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	1,401	1,626
Chile	1,290	1,049
Denmark	849	737
UK	607	492
Germany	569	426
Other	4,928	4,055
Total	9,645	8,385

Amounts in DKK million

Notes to the financial statements

1
Segment reporting (continued)

Reporting segments YTD 2018	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	Hydra-Specma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group elimina-tions, etc.	Total
External revenue	4,402	1,017	826	580	1,049	510	8,384	1	0	0	8,385
Intra-group revenue	0	10	0	0	0	0	10	0	5	-15	0
Segment revenue	4,402	1,027	826	580	1,049	510	8,394	1	5	-15	8,385
EBITDA	254	152	97	49	97	79	729	0	-17	0	713
Depreciation and impairment losses	91	59	49	17	29	18	262	1	0	0	264
EBIT	163	93	48	32	68	62	467	-1	-17	0	449
Share of profit in associates and JVs	21	0	0	0	0	0	21	0	-3	0	18
Tax on profit for the period	-53	-20	-5	-6	-14	-10	-110	0	-2	0	-111
Segment assets:	7,334	2,355	1,809	994	1,535	1,545	15,572	83	9,299	-9,525	15,429
Of which goodwill	1,341	99	120	10	141	516	2,227	0	0	0	2,227
Equity investments in associates and JVs	457	0	0	0	3	0	460	0	71	0	531
Segment liabilities	4,563	1,376	1,233	720	1,096	637	9,625	26	1,954	-4,558	7,047
Working capital	1,063	402	504	347	644	198	3,157	0	1	0	3,158
Net interest-bearing debt	1,342	839	904	450	623	200	4,359	3	-2,327	0	2,035
Cash flow from operating activities	-219	97	29	-9	-17	51	-66	-2	29	6	-33
Capital expenditure	102	82	80	89	33	8	394	0	0	0	395
Average no. of employees	1,170	702	974	1,430	1,206	1,555	7,037	0	13	0	7,050

Amounts in DKK million

Notes to the financial statements

2
Costs

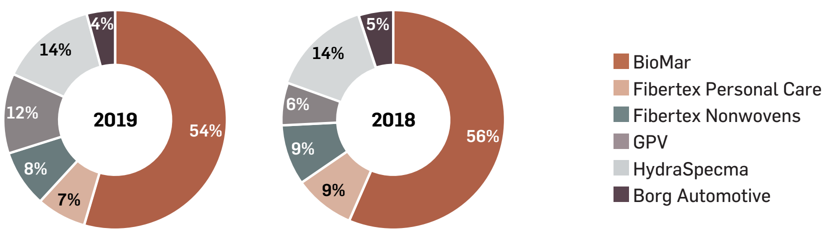
Share-based payment: Share option programme
The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted 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 June 2019	212,000	915,667	1,127,667

3
Receivables (current)

	30/6 2019	**30/6 2018**
Trade receivables	3,824	3,466
Other current receivables	225	238
Prepayments	70	48
Total current receivables	4,119	3,753

Trade receivables by portfolio company:



30/6 2019	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,256	334	140	246	3,976
Impairment losses on trade receivables	-23	-4	-6	-119	-152
Trade receivables, net	3,233	330	134	127	3,824
Proportion of the total receivables expected to be settled					96.2%
Impairment rate	0.7%	1.2%	4.5%	48.3%	3.8%

30/6 2018	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,073	264	96	186	3,620
Impairment losses on trade receivables	-18	-2	-10	-123	-153
Trade receivables, net	3,055	262	87	63	3,466
Proportion of the total receivables expected to be settled					95.8%
Impairment rate	0.6%	0.9%	10.1%	66.0%	4.2%

	30/6 2019	**30/6 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	-1	0
Additions on company acquisitions	0	0
Reversed impairment losses	2	1
Impairment losses for the period	-10	-7
Realised loss	1	6
Impairment losses, end of period	-152	-153

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	10
Property, plant and equipment	120	205	325	22
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	-4
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 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 2.6 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%
Treasury shares held at 30 Jun 2018	1,444,097	14,440,970	307	5.66%
Share option programme	-25,000	-250,000	-3	-0.10%
Additions	387,900	3,879,000	200	1.52%
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 Jun 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 851 million at 30 June 2019. The portfolio of treasury shares is recognised at DKK 0.

	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Share of the profit for the year attributable to shareholders of Schouw & Co.	175	203	342	321
Average number of shares	25,500,000	25,500,000	25,500,000	25,500,000
Average number of treasury shares	-1,712,061	-1,469,152	-1,755,394	-1,493,903
Average number of outstanding shares	23,787,939	24,030,848	23,744,606	24,006,097
Average dilutive effect of outstanding share options *	15,040	77,927	19,810	82,630
Diluted average number of outstanding shares	23,802,979	24,108,775	23,764,416	24,088,727
Earnings per share of DKK 10	7.37	8.45	14.42	13.39
Diluted earnings per share of DKK 10	7.36	8.42	14.40	13.34

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

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Fair value of categories of financial assets and liabilities

	30/6 2019	31/12 2018	30/6 2018
Financial assets			
Securities (1)	1	1	1
Other securities and investments (2)	74	72	0
Derivative financial instruments (2)	3	20	14
Other securities and investments (3)	2	1	2
Financial liabilities			
Derivative financial instruments (2)	26	21	22

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

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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	12	11
At 30 June, the Group had a receivable of	20	26
At 30 June, the Group had debt in the amount of	1	1
Associates:		
During the reporting period, the Group sold goods in the amount of	98	118
During the reporting period, the Group bought goods in the amount of	42	78
At 30 June, the Group had a receivable of	85	91
At 30 June, the Group had debt in the amount of	97	32
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. and Micron Specma India.

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%).

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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