schouw+co

2020
INTERIM REPORT FIRST QUARTER

COMPANY ANNOUNCEMENT NO. 6 | 7 MAY 2020

Statement by Jens Bjerg Sørensen, President and CEO:

The near future is indeed a time of uncertainty considering the global coronavirus pandemic, but if we look back on the first quarter of 2020 we see a distinct, positive effect of our strategic efforts and recent years' substantial investments. I am therefore very pleased that we are presenting our best-ever first quarter performance with improvements in both revenue and earnings.

Our full-year financial guidance remains suspended, but our diversified portfolio of leading businesses, the Group's strong financial resources and the many measures our portfolio businesses have taken to adapt to current conditions mean that Schouw & Co. is well-positioned and ready to conduct business in these unprecedented times.

HIGHLIGHTS

- Best-ever Q1 performance with both revenue and EBITDA improving
- Diversified operations have a mitigating effect on coronavirus implications
- All businesses aligning activities and costs to the current situation
- Capital resources strengthened by DKK 1bn, ensuring substantial latitude
- Full-year financial guidance remains suspended

Financial highlights and key ratios

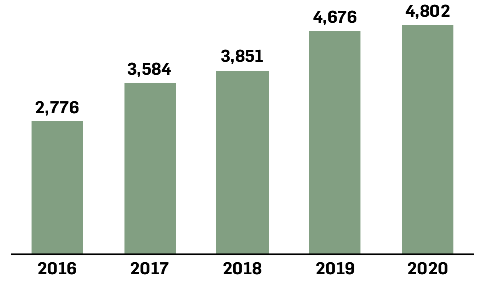
This is a translation of Schouw & Co.'s Interim Report for the three months ended 31 March 2020. The original Danish text shall be controlling for all purposes, and in case of discrepancy, the Danish wording shall be applicable.

GROUP SUMMARY (DKKm)	YTD 2020	YTD 2019	FY 2019
REVENUE AND INCOME			
Revenue	4,802	4,676	20,946
Operating profit before depreciation/amortisation (EBITDA)	434	401	1,951
Depreciation and impairment losses	205	200	802
EBIT	229	202	1,149
Profit/loss after tax in associates and joint ventures	14	15	50
Gains on equity divestments	0	0	29
Net financials	-31	-4	-79
Profit before tax	212	213	1,149
Profit for the period	159	167	906
Cash flows			
Cash flows from operating activities	181	100	1,410
Cash flow from investing activities	-134	-325	-1,043
Of which investment in property, plant and equipment	-133	-184	-774
Cash flows from financing activities	-1	208	-421
Cash flows for the period	47	-16	-54
Invested capital and financing			
Invested capital (ex. goodwill)	10,336	10,192	10,510
Total assets	18,308	18,409	18,777
Working capital	3,829	3,725	3,738
Net interest-bearing debt (NIBD)	3,164	3,520	3,298
Share of equity attributable to shareholders of Schouw & Co.	9,500	8,961	9,519
Non-controlling interests	0	7	2
Total equity	9,500	8,967	9,521
Financial data			
EBITDA margin (%)	9.0	8.6	9.3
EBIT margin (%)	4.8	4.3	5.5
EBT margin (%)	4.4	4.6	5.5
Return on equity (%)	9.8	9.8	10.0
Equity ratio (%)	51.9	48.7	50.7
ROIC excluding goodwill (%) *	12.5	13.7	12.3
ROIC including goodwill (%) *	10.1	10.8	10.0
NIBD/EBITDA ratio *	1.6	2.1	1.7
Average no. of employees	9,427	9,749	9,683
Per share data			
Earnings per share (of DKK 10)	6.76	7.05	38.27
Diluted earnings per share (of DKK 10)	6.76	7.04	38.27
Net asset value per share (of DKK 10)	396.24	377.59	397.34
Share price, end of period (per share DKK 10)	450.80	494.80	560.00
Price/Net asset value	1.14	1.31	1.41
Market capitalisation at year end	10,808	11,742	13,415

* The change from YTD 2019 to FY 2019 and YTD 2020 is affeccted by the implementation of IFRS 16

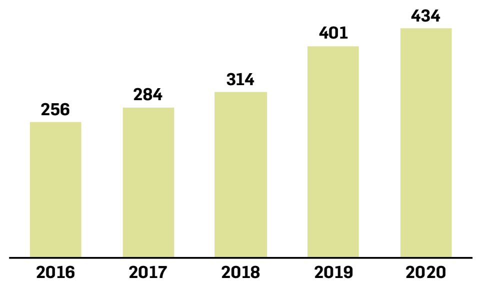
Revenue, first quarter

(DKKm)



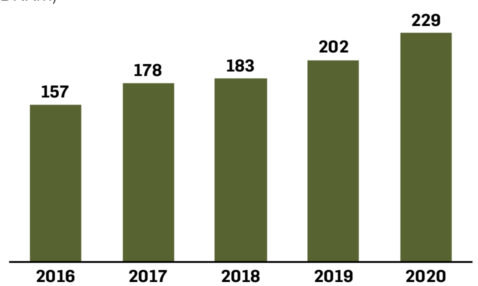
EBITDA, first quarter **

(DKKm)



EBIT, first quarter **

(DKKm)



** Figures for 2016-2018 have not been restated to IFRS 16.

Interim report – First quarter of 2020

Best-ever first-quarter performance by the Schouw & Co. Group with year-on-year revenue and EBITDA improvements. Improved positive cash flows from operations. Capital resources strengthened with additional credit facilities of DKK 1 billion.

Financial performance

(DKKm)	YTD 2020	YTD 2019	Change	
Revenue	4,802	4,676	126	3%
EBITDA	434	401	32	8%
EBIT	229	202	27	13%
Associates and JVs	14	15	(1)	-6%
Profit before tax	212	213	(2)	-1%
Cash flows from operating activities	181	100	81	81%
Net interest-bearing debt	3,164	3,520	(356)	-10%
Working capital	3,829	3,725	104	3%

The Schouw & Co. Group achieved its best-ever Q1 performance in the past quarter with year-on-year improvements in revenue and EBITDA. Despite the negative trend of the coronavirus outbreak as the quarter progressed, the Group's businesses generally reported normal operations until the latter half of March.

Consolidated revenue improved by 3% to DKK 4,802 million in Q1 2020 from DKK 4,676 million in Q1 2019. The improvement was driven by increased volume sales by BioMar, while Fibertex Personal Care, GPV and HydraSpecma all reported lower revenue than in the first quarter of 2019.

EBITDA was up by 8% from DKK 401 million in Q1 2019 to DKK 434 million in Q1 2020. Drivers of the improvement were increased earnings by BioMar and Fibertex Nonwovens, whereas Borg Automotive and HydraSpecma both reported lower year-on-year earnings.

Associates and joint ventures contributed an aggregate share of profit after tax of DKK 14 million in Q1 2020, compared with DKK 15 million in Q1 2019. For both years, the share of profit related to BioMar's associates and joint ventures.

Consolidated net financial items were an expense of DKK 31 million in Q1 2020, compared with a DKK 4 million expense in Q1 2019. The higher expense was entirely due to a negative foreign exchange adjustment of DKK 11 million in Q1 2020 and a positive foreign exchange adjustment of DKK 16 million in Q1 2019. Accordingly, actual net interest expenses in the first quarter of 2020 were unchanged from the year before.

ROIC excluding goodwill increased slightly from 12.3% at 31 December 2019 to 12.5% at 31 March 2020, driven mainly by the profit improvement.

Liquidity and capital resources

Consolidated operating activities generated a cash inflow of DKK 181 million in Q1 2020, compared with DKK 100 million in Q1 2019. Fibertex Nonwovens, GPV and Borg Automotive all contributed to the improvement, while BioMar and Fibertex Personal Care both reported lower cash flows from operations. Cash flows for investing activities in Q1 2020 amounted to DKK 134 million, against DKK 325 million in Q1 2019.

The consolidated net interest-bearing debt was reduced from DKK 3,298 million at December 31, 2019, to DKK 3,164 million at March 31, 2020. By comparison, net interest-bearing debt at 31 March 2019 was DKK 3,520 million. Accordingly, the key credit ratio NIBD/EBITDA improved from 1.7 at 31 December 2019 to 1.6 at 31 March 2020.

The Group's working capital increased slightly from DKK 3,738 million at 31 December 2019 to DKK 3,829 million at 31 March 2020. By comparison, working capital amounted to DKK 3,725 million at 31 March 2019. BioMar's use of supply chain financing was largely unchanged from 31 March 2019 to 31 March 2020, but has dropped by DKK 173 million relative to 31 December 2019 due to ordinary seasonal fluctuations.

Group developments

Developments in the Group were generally characterised by ordinary activities during most of the first quarter of 2020 until the last part of March when several of the portfolio businesses began to feel the effects of the coronavirus pandemic. The following is a brief review of business developments in the portfolio companies for the quarter. See the individual company reviews on the following pages for more information.

BioMar reported its best first-quarter performance to date with both revenue and earnings improving. The performance was based on increased volume sales supported by a strong product mix and supplementary services.

Fibertex Personal Care reported improvements in both volume sales and profit. However, reported revenue fell year on year due to lower prices of raw materials.

Fibertex Nonwovens reported substantially improved profit, among other things due to a favourable trend in the price of raw materials. The company maintained revenue at the prior-year level with sales of healthcare-related products up and sales to automotive and industrial segments down.

GPV reported a revenue decline due to the coronavirus pandemic. EBITDA was unchanged, however, as the company did not have an inventory adjustment and integration costs similar to those recognised in Q1 2019 following the acquisition of Swiss EMS company CCS at the end of 2018.

HydraSpecma reported good business activity in the first quarter driven by sales of solutions for

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Interim report – First quarter of 2020

wind turbines and other stationary equipment, but sharply weakened demand for products for the vehicles segment, especially towards the end of the quarter. As a result, revenue and EBITDA were slightly lower year on year.

Borg Automotive saw healthy demand during the early part of the year, but sharply declining activity towards the end of the quarter. The company's reported revenue was in line with the year-earlier period, but EBITDA was lower mainly due to stronger price competition and rising wage costs in Poland.

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 2020.

See the 2019 Annual Report for a full description of the accounting policies.

Judgments and estimates

The preparation of interim financial statements requires management to make accounting judgments and estimates that affect recognised assets, liabilities, income and expenses. Actual results may differ from these judgments and estimates.

Special risks

The overall risk factors the Schouw & Co. Group faces are discussed in the 2019 Annual Report. The current assessment of special risks is largely unchanged from the assessment applied in the preparation of the 2019 Annual Report. It is important to note, however, that risks relating to the coronavirus outbreak, which at the time the annual report was being prepared, was limited to China and a few other countries, has now escalated into a global pandemic.

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.

Schouw & Co. shares

Schouw & Co. shares fell by 19.5% during the first quarter of 2020 to DKK 450.80 at 31 March 2020 from DKK 560.00 at 30 December 2019.

Events after the balance sheet date

On 14 April 2020, Schouw & Co. established an additional credit facility for a combined amount of DKK 1.0 bn and consisting of DKK 500 million with each of Danske Bank and Nordea. The credit facility runs for 12 months with optional extension of a further 12 months. The credit facility was established in order to strengthen the Group's capital resources at a time of generally increased risk due to the coronavirus pandemic.

After the end of the first quarter, BioMar concluded a Memorandum of Understanding with a leading player in Vietnam's shrimp industry, Viet-UC, as mentioned on page 10.

Other than as set out elsewhere in this interim report, Schouw & Co. is not aware of events occurring after 31 March 2020 which are expected to have a material impact on the Group's financial position or outlook.

Outlook

The Group's diversified operations have a mitigating effect on the implications of coronavirus, but a notably negative impact is still expected in the second quarter. Activities and costs being aligned to the current situation. Financial guidance remains suspended.

Outlook for 2020

The Schouw & Co. Group opened 2020 at a record-high level of business activity, and during the first two months of the year, the portfolio companies only felt very limited effects from the coronavirus pandemic. However, there were clear indications that the situation might evolve, and already on 27 February 2020, Schouw & Co.'s executive management met with the CEOs of the six portfolio businesses to consider a response to the situation and chart the course. We concluded a strategy in which we apply clear policies to protect employees and ensure that factory sites will continue to operate with the necessary adjustments, while we endeavour to support the customers of our portfolio businesses and review all costs and investments.

The group of executives have since held online update meetings every week, exchanging knowledge and experience relating to coronavirus. Each of the six portfolio companies has set up a task force which includes the company's CEO to set out the specific guidelines and precautions of the individual business unit; in other words applying a model whose objective is to establish good and safe working conditions for the employees and to ensure that operations continue as normally as possible.

A large part of our Group's operations is characterised by demand being only somewhat sensitive to short-term market impacts. However, we also have operations that are relatively sensitive to supply chain disruptions or failing demand.

From the beginning of the year, Schouw & Co. expected consolidated revenue for 2020 of about DKK 21.6 billion with EBITDA in the DKK 1,935-2,105 million range. However, the Group operates production facilities in 29 countries with sales to more than 100 countries, and the rapidly changing situation relating to coronavirus across many markets has caused uncertainty about the duration and potential negative effects of the situation. As a result, on 25 March 2020, we found it necessary to suspend temporarily the financial guidance for 2020 for the Group.

All of the Group's businesses are focused on adapting their operations to the current situation so as to maintain operations to the extent possible and to ensure the safety of their employees. We are taking active steps to limit costs and protect investments in order to safeguard our earnings and maintain a strong financial position. Considering the circumstances, this exercise appears to have produced reasonably satisfactory results. The Group has strengthened its capital resources through extra credit facilities of DKK 1 billion, ensuring sufficient latitude in day-to-day operations and to capitalise on business opportunities that may arise.

Moreover, the Group's diversified operations have a significant mitigating effect with respect to the coronavirus pandemic, but a notably negative impact is still expected in the second quarter of 2020. The implications for the rest of the year will depend entirely on the speed and degree to which the situation normalises during the second half of 2020. At the present time, there is no basis for lifting the suspension of the full-year consolidated guidance.

The following brief comments are provided for the outlook of the individual portfolio companies for 2020. Please refer to the individual company reviews on the following pages for further information.

BioMar expects to sustain healthy sales in 2020, although the company may fall slightly short of the original guidance of about DKK 12 billion. BioMar also expects to keep earnings for 2020 at an attractive level, but the original EBITDA guidance of DKK 1,000–1,060 million will obviously be challenged by coronavirus.

Fibertex Personal Care unchanged expects to generate full-year 2020 revenue of about DKK 2.1 billion based on a combination of increased volumes and lower selling prices due to lower raw material prices. On the basis of the current outlook, however, Fibertex Personal Care raises its full-year EBITDA guidance to the range of DKK 320-360 million from the previous forecast of DKK 280-310 million.

Fibertex Nonwovens lowers its 2020 revenue guidance to about DKK 1.6 billion from previously DKK 1,750 million. In addition, the full-year EBITDA will expectedly also fall slightly short of the original guidance range of DKK 165-185 million.

Earlier in the year, **GPV** expected to generate FY 2020 revenue of about DKK 2.8 billion and EBITDA in the range of DKK 210-240 million. However, GPV now expects a decline in both revenue and EBITDA. The setback will most likely materialise in the second quarter of 2020, whereas the impact in the second half of the year will depend on how the coronavirus pandemic evolves.

HydraSpecma lowers its 2020 revenue guidance to about DKK 1.8 billion from previously DKK 2.0 billion. The EBITDA expectation is now reduced to somewhat below the original guidance range of DKK 200-220 million.

Earlier in the year, **Borg Automotive** expected to generate FY 2020 revenue of about DKK 975 million and EBITDA in the range of DKK 110-120 million. Borg Automotive now anticipates sharp declines in both revenue and EBITDA. A severe setback is certain to occur in the second quarter of 2020, whereas the impact in the second half of the year will depend entirely on the speed and degree to which the situation in Europe normalises.

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 31 March 2020.

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 31 March 2020 and of the results of the Group's operations and cash flows for the three months ended 31 March 2020.

Furthermore, in our opinion the management's report includes a fair review of the development and performance of the business, the results for the period and the Group's financial position in general and describes the principal risks and uncertainties that it faces.

Aarhus, 7 May 2020

Executive Management

Jens Bjerg Sørensen
President and CEO

Peter Kjær

Board of Directors

Jørn Ankær Thomsen
Chairman

Jørgen Wisborg
Deputy Chairman

Kjeld Johannesen

Agnete Raaschou-Nielsen

Hans Martin Smith

Kenneth Skov Eskildsen

Financial calendar for 2020

14 August 2020	Release of Q2 2020 interim report
5 November 2020	Release of Q3 2020 interim report

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

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Our businesses

Portfolio company financial highlights – Q1

	BioMar		Fibertex Personal Care		Fibertex Nonwovens		GPV		HydraSpecma		Borg Automotive		Group	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
INCOME STATEMENT														
Revenue	2,381	2,137	536	589	445	451	679	718	533	556	232	230	4,802	4,676
Gross profit	280	236	118	115	99	82	87	108	137	141	51	62	772	745
EBITDA	159	132	101	99	54	39	46	46	57	60	24	33	434	401
Depreciation and impairment losses	81	79	36	33	25	26	30	30	21	19	12	12	205	200
EBIT	77	52	66	66	29	13	16	16	36	42	12	21	229	202
Profit after tax in associates and JVs	14	15	0	0	0	0	0	0	0	0	0	0	14	15
Gains on equity divestments	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net financial items	-11	-8	1	0	-12	-7	-12	-5	-7	1	-5	0	-31	-4
Profit before tax	81	59	67	66	17	7	5	11	29	43	7	21	212	213
Tax on profit for the period	-19	-14	-15	-16	-5	-1	-4	-2	-7	-8	-1	-4	-53	-47
Profit before non-controlling interests	62	45	51	50	12	6	1	9	23	34	6	17	159	167
Non-controlling interests	0	0	0	0	3	1	0	0	0	0	0	0	3	0
Profit for the year	62	45	51	50	15	6	1	9	23	34	6	17	162	167
CASH FLOWS														
Cash flows from operating activities	-97	-40	105	126	46	-31	70	1	28	28	7	-12	181	100
Cash flow from investing activities	-56	-83	-7	-22	-34	-160	-13	-33	-21	-20	-3	-8	-134	-325
Cash flows from financing activities	121	155	-77	-51	12	187	-30	-22	4	-5	7	25	-1	208
BALANCE SHEET														
Intangible assets[1]	1,328	1,306	76	83	148	159	428	424	238	253	316	341	3,561	3,592
Property, plant and equipment	1,672	1,377	1,311	1,435	957	951	455	444	260	241	92	88	4,776	4,568
Other non-current assets	1,142	1,162	72	84	8	7	180	187	123	119	87	94	1,632	1,672
Cash and cash equivalents	496	398	55	109	82	46	235	107	53	54	17	33	578	574
Other current assets	3,783	3,541	580	689	753	845	1,160	1,354	1,009	1,048	493	540	7,761	8,003
Total assets	8,421	7,785	2,095	2,400	1,948	2,007	2,458	2,515	1,681	1,715	1,005	1,096	18,308	18,409
Shareholders' equity	2,561	2,388	1,000	995	621	651	841	780	500	476	499	548	9,500	8,967
Interest-bearing liabilities	2,995	2,334	621	920	1,048	1,070	1,002	1,086	786	827	75	109	3,788	4,141
Other liabilities	2,865	3,062	474	485	279	286	615	650	395	412	432	439	5,020	5,301
Total equity and liabilities	8,421	7,785	2,095	2,400	1,948	2,007	2,458	2,515	1,681	1,715	1,005	1,096	18,308	18,409
Average no. of employees	1,338	1,212	740	737	993	1,024	3,620	3,879	1,192	1,208	1,529	1,675	9,427	9,749
FINANCIAL KEY FIGURES														
EBITDA margin	6.7%	6.2%	18.9%	16.8%	12.2%	8.7%	6.8%	6.4%	10.8%	10.9%	10.4%	14.3%	9.0%	8.6%
EBIT margin	3.3%	2.5%	12.3%	11.2%	6.6%	2.9%	2.4%	2.2%	6.8%	7.5%	5.2%	9.2%	4.8%	4.3%
ROIC excluding goodwill	18.6%	21.3%	13.5%	11.8%	4.2%	4.9%	6.1%	8.9%	13.1%	14.1%	13.8%	19.7%	12.5%	13.7%
ROIC including goodwill	13.6%	14.3%	12.7%	11.2%	3.9%	4.5%	5.5%	8.4%	11.7%	12.4%	7.5%	10.4%	10.1%	10.8%
Working capital	1,502	1,001	313	428	498	572	720	856	662	687	140	183	3,829	3,725
Net interest-bearing debt	2,455	1,893	566	811	966	1,025	767	979	733	773	58	76	3,164	3,520

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

BioMar

Strong Q1 performance with revenue and earnings improving. New production capacity started up in Australia and China. Memorandum of Understanding of intent on partnership in Vietnam. Sales outlook for 2020 remaining strong.

BioMar	YTD 2020	YTD 2019	FY 2019
Revenue	2,381	2,137	11,180
EBITDA	159	132	966
EBIT	77	52	655
Associates and JVs	14	15	50

See financial highlights and key ratios on p. 8

BioMar is one of the world's largest manufacturers of quality feed for the shrimp and fish farming industries. In recent years, the company has operated through three divisions, but following a strategy process that split up the Emerging Markets division, BioMar now operates through four 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 LatAm division covering Latin American operations involving shrimp and fish other than salmon. The division has production facilities in Ecuador and Costa Rica.
- The Asia division covering operations involving fish and shrimp in Asia. The division has two factories in China.

BioMar	YTD 2020	YTD 2019	FY 2019
Volume ('000 of tonnes)	270	250	1,250
Revenue (DKKm)	2,381	2,137	11,180
- of which salmon north	957	898	5,008
- of which salmon south	805	638	2,819
- other divisions	619	601	3,353

The business operations in Turkey and China, both driven through 50/50 joint ventures with local partners, are not consolidated.

Financial performance

In 2020, BioMar reported its best Q1 performance ever. An 8% increase in volumes sold and the strong product portfolio drove up revenue by 11% to DKK 2,381 million from DKK 2,137 million in Q1 2019. Developments in foreign exchange rates had only a moderate overall effect on revenue, as the negative effect of NOK was largely offset by the positive effects of USD and GBP relative to DKK.

The increase in volumes sold was driven by a significant improvement in the Salmon division. The innovative product offering and working closely with customers on developing advanced feed solutions were some of the most important factors driving the improvement.

The EMEA division reported a slight year-on-year drop in revenue that originated in the Mediterranean region, as damage from windstorms in Spain and general uncertainty due to the coronavirus pandemic impacted demand.

The LatAm division reported a revenue improvement year on year in the first quarter, despite challenging market conditions for BioMar's customers as the coronavirus outbreak impacted shrimp exports from Ecuador to China. On the other hand, attractive product launches and supplementary services helped to strengthen revenue.

EBITDA increased from DKK 132 million in Q1 2019 to DKK 159 million in Q1 2020. Overall, exchange rate developments had only a moderate effect on Q1 EBITDA.

The 50%-owned feed businesses in Turkey and China, which are not consolidated, reported combined Q1 2020 revenue (100% basis) of DKK 139 million and EBITDA of DKK 12 million, compared to revenue of DKK 123 million and EBITDA of DKK 4 million in Q1 2019. The revenue improvement was driven by increased sales volumes in both Turkey and China, while profit was bolstered by reduced provisions for bad debts

The non-consolidated businesses also include the Chilean fish farming company Salmones Austral and three minor businesses, Letsea, ATC Patagonia and LCL Shipping. The non-consolidated companies are recognised in the Q1 2020 consolidated financial statements at a share of profit of DKK 14 million after tax, compared to DKK 15 million in Q1 2019. The decline was mainly attributable to Salmones Austral due to lower settlement prices for farmed salmon and postponed sales.

Working capital increased to DKK 1,502 million at 31 March 2020 from DKK 1,001 million at 31 March 2019 and DKK 1,315 million at 31 December 2019. The increase in working capital relative to 31 March 2019 was due in part to the higher revenue and shifts in customers and geographies resulting in extended credit periods. BioMar taking full ownership of Alitec Pargua in June 2019 and inventory build-up at the new production facility in Australia were other factors driving the increase. Working capital has continued to grow in recent months due to the coronavirus pandemic. The use of supply chain financing was largely unchanged from 31 March 2019 to 31 March 2020, but has dropped by DKK 173 million relative to 31 December 2019 due to ordinary seasonal fluctuations.

ROIC excluding goodwill fell marginally from 18.8% at 31 December 2019 to 18.6% at 31 March 2020, as the stronger earnings to a large extent mirrored the higher average invested capital.

Business review

BioMar completed a strategy process in 2019 to update and chart the course of business development for the coming years. The "Shaping our future" strategy will be the driver of initiatives and efforts to promote growth in existing and new markets over the coming years.

As part of the updated strategy, BioMar made adjustments to its operational structure with effect from the first quarter of 2020, and the former Emerging Markets division has now been split into a LatAm and an Asia division.

BioMar

As a result, BioMar has become a market-oriented matrix organisation that combines the various business segments and geographies, thereby strengthening certain global functions that will contribute to more seamless processes and global streamlining.

In response to the positive performance in Ecuador combined with the market growth anticipated for the coming years, BioMar in 2019 initiated capacity expansion in Ecuador. The expansion includes a production line for extruded feed, which will increase annual capacity by a further 40,000 tonnes. The new production line represented a budget investment of approximately DKK 50 million, which is still expected to hold, but due to the coronavirus pandemic, commissioning has been postponed to the third quarter of 2020.

In China, construction of the new factory in Wuxi near Shanghai has now been completed. The factory, constructed in a joint venture with Chinese partner Tongwei Co. Ltd., began commercial production in April and the start-up has been successful despite the coronavirus pandemic. In combination with the existing factory in Guangdong province, the new factory provides a good platform for using BioMar's sustainable quality feed as a means of penetrating the Chinese market.

Construction of the new feed factory in Tasmania, Australia, was completed to schedule at the end of the first quarter, and the plant commenced commercial production in April. Representing a DKK 300 million investment, the project strengthens BioMar's presence in an important new aquaculture market.

After the end of the first quarter, BioMar concluded a Memorandum of Understanding with a leading player in Vietnam's shrimp industry, Viet-UC, intended to pave the way for BioMar becoming a co-owner and taking operational charge of a relatively new feed factory owned by Viet-UC. The new partnership is expected to produce substantial synergies and to strengthen BioMar's global position in the shrimp feed business.

Salmones Austral

BioMar holds a non-strategic ownership interest of 22.9% in Salmones Austral, which is consequently recognised as an associate in the consolidated financial statements. The owners of Salmones Austral have decided to work towards a listing of the company in Santiago, Chile for purposes of raising capital for the continued development of the company. As this ownership interest is of a non-strategic nature, BioMar may choose to divest shares in an IPO – obviously on the condition that the terms overall are considered to be attractive. At the start of the year, the second quarter of 2020 was believed to be realistic timing of an IPO, but due to the coronavirus pandemic, the IPO has been postponed until further notice.

Outlook

Most parts of the world were affected by the coronavirus outbreak during the first quarter of 2020. To date, the coronavirus has not impacted BioMar's operations to any significant extent, but the full implications of the situation probably still remain to be seen.

In the short term, the feed market is unlikely to change significantly, because once fish and shrimp are being farmed they will also need to be fed. On the other hand, feeding periods can be postponed and sales of advanced feed products may diminish, and the volumes of new fry releases, and by extension the future biomass, may be reduced.

There will be a change on the consumer side, as fish and shrimp are very much an out-of-home consumption product with a large proportion of sales usually going to restaurants, catering and airlines, and consumption has currently declined. Obviously, a shift to the retail segment will happen, but adjusting the value chain will be time-consuming, and the shift will hardly be in a 1:1 ratio. The change in consumption pattern may initially lead to lower settlement prices for fish and shrimp, which in turn could make financial conditions for BioMar's customers increasingly difficult. As a result, BioMar will step up its usually very strong attention to trade receivables in the upcoming period, but the company will also endeavour to support its customers as much as possible.

Earlier in the year, BioMar expected to generate FY 2020 revenue of about DKK 12 billion with EBITDA in the range of DKK 1,000–1,060 million. BioMar is well positioned in the market, backed by a strong production platform and a customer-oriented offering of products and services, and the company expects to sustain healthy sales in 2020, although possibly slightly less than originally anticipated. BioMar also expects to sustain attractive earnings in 2020, but obviously the original EBITDA guidance will be challenged by the coronavirus pandemic.

Fibertex Personal Care

Improved sales volumes and strong performance in the first quarter. Growing demand making for better capacity utilisation during the rest of 2020. Full-year forecast increased.

Fibertex Personal Care	YTD 2020	YTD 2019	FY 2019
Revenue	536	589	2,183
EBITDA	101	99	352
EBIT	66	66	215

See financial highlights and key ratios on p. 8

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

Financial performance

Fibertex Personal Care generated revenue of DKK 536 million in Q1 2020, compared with DKK 589 million in Q1 2019. The drop in revenue was driven mainly by lower prices of raw materials and the resulting lower selling prices, whereas nonwovens sales volumes grew by 4% year on year.

EBITDA for Q1 2020 was DKK 101 million, compared with DKK 99 million in Q1 2019. The earnings improvement was driven by higher sales volumes and by positive trends in prices of raw materials and foreign exchange rates during the quarter, similar to last year.

Fibertex Personal Care	YTD 2020	YTD 2019	FY 2019
Revenue (DKKm)	536	589	2,183
- nonwovens from Denmark	183	192	743
- nonwovens from Malaysia	271	288	1,058
- printing activities	82	109	382

Fibertex Personal Care reduced its working capital from DKK 428 million at 31 March 2019 to DKK 313 million at 31 March 2020. The main reason for the lower working capital was a drop in receivables.

ROIC excluding goodwill increased to 13.5% at 31 March 2020 from 13.0% at 31 December 2019.

Business review

Demand in European markets is moving increasingly towards specialty products. Fibertex Personal Care sees the changing demand patterns as an opportunity to focus even more on innovation and specialty product patents and is increasingly working towards launching products featuring new functions and visual effects as well as softer and textile-like materials. In addition, Fibertex Personal Care is working proactively to accommodate nascent demand for more sustainable products, an approach that ties in well with the company's longstanding focus on sustainable production and responsible use of resources.

Fibertex Personal Care sells its products mainly to the baby diaper segment, but it is seeing a strong increase in product sales within the incontinence and sanitary towel segments, driven by demographic developments and generally more demanding users of sanitary products. The company is working hard to maximise the use of its technology platform, raw materials and techniques enabling the production of specialty products customised to meet new requirements.

Outlook

Due to the coronavirus pandemic, the need for products to be used in the healthcare sector has virtually exploded. This has brought about growing demand for nonwovens to produce protective suits and face masks as well as single-use cloths with antibacterial and disinfecting properties. The entire nonwovens industry is working round the clock to deliver such products as soon as possible. The manufacturers that were already supplying materials for these products have ramped up their capacity, while others have converted parts of their production to supply the healthcare industry.

Such conversions and the growing demand for nonwovens for healthcare-related products have reduced the general surplus capacity for producing nonwovens for personal hygiene products. Accordingly, Fibertex Personal Care expects to improve its capacity utilisation rate for the remainder of 2020.

However, the challenging competitive market is expected to return once life normalises post coronavirus. To prepare for that, Fibertex Personal Care continues developing innovative solutions for diapers, sanitary towels and incontinence products, while also investing in new technology and developing services and specialty products that can bolster the company's competitive strength.

Fibertex Personal Care unchanged expects to generate full-year 2020 revenue of about DKK 2.1 billion, based on a combination of increased volumes and lower selling prices. As always, however, the full-year revenue is subject to changes in prices of raw materials and in foreign exchange rates.

Similarly, prices of raw materials and foreign exchange rates may affect the full-year EBITDA, and the coronavirus pandemic has naturally fuelled general uncertainty. On the basis of the current outlook, however, Fibertex Personal Care raises its full-year EBITDA guidance to the range of DKK 320-360 million from the previous forecast of DKK 280-310 million.

Fibertex Nonwovens

Significantly improved earnings in the first quarter. Sales of healthcare-related products are up, but the automotive and industrial segments are down. Moderate expectations for 2020 revenue and EBITDA.

Fibertex Nonwovens	YTD 2020	YTD 2019	FY 2019
Revenue	445	451	1,705
EBITDA	54	39	141
EBIT	29	13	33

See financial highlights and key ratios on p. 8

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. fibre sheets produced on high-tech processing facilities with various purpose-specific post-processings. The products are 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 generated revenue of DKK 445 million in Q1 2020, which was in line with the Q1 2019 figure. North America continued the positive trend from 2019, whereas the largest markets and segments in Europe were hit by the coronavirus outbreak in the second half of March, especially in the automotive industry, which was forced to close large sections of its operations.

Earnings-wise, Fibertex Nonwovens reported its best first quarter ever, based on positive year-on-year performances in all segments and in most business units. Reported EBITDA for the first quarter was DKK 54 million, up from DKK 39 million in Q1 2019, which was better than expected. Underlying the increase was a combination of lower prices of raw materials, good production efficiency and the effects of a number of improvement initiatives.

Working capital fell from DKK 572 million at 31 March 2019 to DKK 498 million at 31 March 2020 due to reduced inventories and trade receivables. ROIC excluding goodwill increased from 3.1% at 31 December 2019 to 4.2% at 31 March 2020, driven mainly by the profit improvement.

Business review

In recent years, Fibertex Nonwovens has consolidated its position as a leading manufacturer of industrial nonwovens, strengthening its business base through a number of important strategic and structural initiatives. These initiatives included the geographical expansion in North America through the acquisition of the nonwoven business in South Carolina in 2019, the capacity expansion through the relocation of a production line from South Africa to the USA and the expansion of the production facilities in the Czech Republic, Turkey and Brazil.

In terms of development and innovation, the company has built a solid portfolio of new projects, including new products for the automotive, construction and composite industries for acoustic applications, filtration solutions and products used to manufacture wipes. Among the special initiatives that have been underway in Denmark for some time is nanotechnology, the focus of which is to develop and manufacture products for filtration and healthcare-related purposes.

Outlook

After a good start to the year, Fibertex Nonwovens has been affected by the coronavirus pandemic, like many other companies were towards the end of the first quarter. A particular impact is being felt in the automotive industry, in a number of industrial segments and in the production of consumer durables (the furniture and mattress industry), which are all expected to suffer severe setbacks. On the other hand, the company is reporting strong sales of products for manufacturing wipes and specialty products, including nanoproducts, for the production of face masks, for instance. Fibertex Nonwovens is reaping the benefits of having invested for capacity expansion at its factory sites in Turkey, France, the USA and Brazil, which have all stepped up production for the healthcare industry. At the same time, the company has managed to maintain production at a satisfactory level despite the unusual conditions.

Measured by geographical markets, our activities in Europe have been hit the hardest, particularly in France and the Czech Republic. However, the European automotive industry is expected to restart gradually during the second quarter, although probably at a generally lower operational level for the rest of 2020 compared to the level anticipated at the start of the year. In North America, Fibertex Nonwovens is feeling less of an impact from the coronavirus outbreak, as healthcare-related products account for a larger proportion of sales and to some extent offset the lost sales to the automotive industry and the industrial segments.

Production capacities are being aligned to current needs in an attempt to compensate for the drop in sales, and the company is making use of national compensation schemes to the extent possible. At the same time, developments in prices of the most frequently used types of raw materials have supported a sound balance between prices of raw materials and selling prices.

Given the current assessment of the coronavirus pandemic, Fibertex Nonwovens has lowered its 2020 revenue guidance to about DKK 1.6 billion as against the previously anticipated figure of about DKK 1,750 million. In addition, the full-year EBITDA will expectedly also fall slightly short of the original guidance range of DKK 165-185 million. The net profit for the year will depend strongly on developments in the second quarter, but also on the extent to which individual markets and segments normalise during the second half of 2020.

GPV

Revenue lower as a result of coronavirus, but EBITDA unchanged due to fewer integration costs etc. Full-year revenue and EBITDA guidance lowered.

GPV	YTD 2020	YTD 2019	FY 2019
Revenue	679	718	2,856
EBITDA	46	46	196
EBIT	16	16	78

See financial highlights and key ratios on p. 8

GPV is a leading European EMS (Electronics Manufacturing Services) company. The company is a high-mix/low-medium volume manufacturer in the B2B market. Core products are electronics, mechanics, cable harnessing, mechatronics (combination of electronics, mechanics and software) and associated services.

The company's customers are primarily major international businesses typically headquartered in Europe or North America, and GPV supplies its customers' international units in more than fifty countries. GPV has a strong production platform and operates production facilities in Denmark, Switzerland, Germany, Austria, Slovakia, Thailand, Sri Lanka, China and Mexico.

Financial performance

GPV reported revenue of DKK 679 million in Q1 2020, compared with DKK 718 million in Q1 2019. The 5% decline for the quarter was primarily the result of a few of the company's factory sites being fully or partially closed over a period of time due to the restrictions imposed by the authorities on account of the coronavirus pandemic. In addition, a few major customers bought fewer products in the first quarter than during the first quarter of 2019.

Realised EBITDA was DKK 46 million, on par with the Q1 2019 figure. The lower revenue weighed on realised Q1 EBITDA, but on the other hand, the company did not have the inventory adjustment and integration costs of about DKK 10 million it recognised in Q1 2019 following the acquisition of Swiss EMS company CCS.

Working capital amounted to DKK 720 million at 31 March 2020. This represented a substantial drop from DKK 856 million at 31 March 2019 and was mainly driven by inventory reductions.

ROIC excluding goodwill stood at 6.1% at 31 March 2020, compared with 6.0% at 31 December 2019.

Business review

Meeting customer requirements for high quality standards and reliability of supply is a top priority for GPV. To ensure adequate flexibility, the company has an ongoing investment programme to step up automation and efficiency. This includes constant attention to digitising business processes. In the first quarter, GPV decided to implement a new manufacturing execution system (MES) across factory sites. The project will be launched in 2020 and is expected to run over several years.

GPV was only slightly affected by the coronavirus pandemic during the first quarter of 2020. A few of the company's factory sites have been closed due to restrictions imposed by the authorities. Likewise, a small number of customers had to close one or more factory sites. Demand from other customers during the quarter was generally at normal levels.

Outlook

Management expects the market will be severely impacted by the coronavirus pandemic for the remainder of 2020. The situation is very likely to have a negative impact on GPV's business activity in the second quarter and probably also in the second half of 2020.

The actual impact on GPV's business activity will depend on the duration of the lockdowns in Europe and North America, where many of the company's customers decided or were forced to cut back on production by wholly or partly closing factories, and on how severely the global economy will be impacted by the situation.

GPV has a strong pipeline with an ongoing inflow of new contracts and new customers that are expected to contribute considerably to business activity. This positive trend is partly the result of the capacity increase and the skills and experience which GPV welcomed when taking over the Swiss EMS business CCS at the end of 2018. Considering the time frame usually required for integrating such new activities, the process is not expected to offset the negative impact of the coronavirus pandemic within the current year.

Earlier in the year, GPV expected to generate FY 2020 revenue of about DKK 2.8 billion and EBITDA in the range of DKK 210-240 million. Due to the coronavirus pandemic, however, GPV now expects a decline in both revenue and EBITDA. The setback will most likely materialise in the second quarter of 2020, whereas the impact in the second half of the year will depend on how the coronavirus pandemic evolves.

HydraSpecma

Sound levels of business activity driven by sales of solutions for wind turbines and other stationary equipment, but demand for products for the vehicles segment has weakened sharply. Full-year revenue and EBITDA guidance lowered.

HydraSpecma	YTD 2020	YTD 2019	FY 2019
Revenue	533	556	2,123
EBITDA	57	60	215
EBIT	36	42	136

See financial highlights and key ratios on p. 8

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 serves customers from its own businesses in Poland, the UK, China, India, Brazil and the USA.

Financial performance

Customer demand began to wane in the vehicles segment during the fourth quarter of 2019 and as expected, this decline impacted activity at HydraSpecma during the first quarter of 2020. Unfortunately, business activity in the first quarter was further impacted by the coronavirus pandemic, as the company's two factory sites in China were closed for more than a month and have since been operating at reduced capacity. On the other hand, sales remained high to customers in the wind turbine segment and other stationary equipment, and Q1 2020 revenue ended at DKK 533 million against DKK 556 million in Q1 2019.

Realised EBITDA fell slightly from DKK 60 million in Q1 2019 to DKK 57 million in Q1 2020. HydraSpecma managed to limit the setback by quickly adapting the business to the new market conditions, while also benefitting from efficiency improvements from investments made in recent years.

HydraSpecma's working capital fell from DKK 687 million at 31 March 2019 to DKK 662 million at 31 March 2020. The reduction was due both to ongoing efforts to reduce working capital and to reduced business activity, especially in the vehicles segment. Working capital was still affected by the increased value of goods in transit to overseas markets, resulting from strong business activity in these markets.

ROIC excluding goodwill fell from 13.5% at 31 December 2019 to 13.1% at 31 March 2020.

Business review

HydraSpecma is continuously striving to optimise its production lead times in order to enhance efficiency in large series production runs and to optimise logistics for key markets. As part of these efforts, HydraSpecma has designed its new logistics and production facilities in the Gothenburg area, which will help the company to optimise its current production and ensure sufficient capacity for future growth. The new unit is expected to start operations by the end of the second quarter of 2021.

In Denmark, HydraSpecma has almost completed a 1,100 m^2 expansion of its facilities in Skjern, which will accommodate the growing demand for products for wind turbines and other stationary equipment. In addition, capacity expansion continues in China in support of the company's growth strategy in the wind turbine segment.

HydraSpecma implemented a planned management succession in the first quarter, as the former CEO Erik Lodberg retired after 45 years of service and was succeeded by CEO Morten Kjær, who has been with the company since 2013. Morten Kjær is joined by Henrik Sillesen on the new management team. Following the management change, Erik Lodberg was appointed to the company's board of directors.

Outlook

With respect to the coronavirus pandemic, the main impact on HydraSpecma in the first quarter was felt in its Chinese units, while the other business units were only significantly affected towards the end of the quarter. HydraSpecma expects to maintain sales to customers in the wind turbine segment and other stationary equipment at a relatively decent level, whereas sales are expected to drop sharply to customers in the vehicles segment due to the coronavirus pandemic, especially in the second quarter as several global customers have had to close their factory sites temporarily.

Obviously, HydraSpecma cannot determine the full implications for 2020 of the coronavirus pandemic, but the company has taken a number initiatives to align its operations to the anticipated level of activity while at the same time avoiding loss of key skills and expertise. On the other hand, the company has also allocated resources to identify opportunities that tend to occur in a turbulent market.

The global hydraulics market remains very competitive in both the wind turbine segment and the rest of the industrial OEM market. This situation combined with waning demand due to coronavirus places heavy demands on the company's ability to optimise its production capacity and processes and on developing the organisation without losing competitive strength.

Based on its current assessment of the coronavirus pandemic, HydraSpecma lowers its full-year revenue guidance to about DKK 1.8 billion from the previous forecast of about DKK 2.0 billion. The EBITDA expectation is now reduced to somewhat below the original guidance range of DKK 200-220 million. Naturally, this guidance is subject to how the coronavirus pandemic evolves.

Borg Automotive

Healthy demand during early part of the year, but bottom line impacted by price competition and rising wage costs. Full-year revenue and EBITDA guidance sharply lowered.

Borg Automotive	YTD 2020	YTD 2019	FY 2019
Revenue	232	230	918
EBITDA	24	33	110
EBIT	12	21	62

See financial highlights and key ratios on p. 8

Europe's largest independent remanufacturing company Borg Automotive produces, sells and distributes remanufactured automotive parts to the European market, applying a business model that supports the concept of a circular economy.

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

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

Financial performance

Borg Automotive reported revenue of DKK 232 million in Q1 2020, compared with DKK 230 million in Q1 2019. The marginal improvement reflects predominantly a positive trend in aftermarket sales during the early part of the year. The coronavirus outbreak had only a minor impact on operations in the first quarter and primarily in the second half of March when national borders were closed and several core markets saw business activity diminish.

Realised EBITDA for Q1 2020 was DKK 24 million, compared with DKK 33 million in Q1 2019. The decline in earnings was mainly attributable to stronger price competition and rising wage costs in Poland.

Working capital fell from DKK 183 million at 31 March 2019 to DKK 140 million at 31 March 2020. The reduced working capital relative to last year was due to reduced component and finished goods inventories as well as lower trade receivables. ROIC excluding goodwill fell from 14.9% at 31 December 2019 to 13.8% at 31 March 2020.

Business review

Q1 2020 sales were on an upward trend year on year until mid-March when the market slumped due to the coronavirus pandemic. Borg Automotive's customer base remained largely intact during the period, and the revenue improvement recorded early in the year was due to an increase in activity at end-user level. In fact, several customers in the major markets indicated that the market had been stabilising during the period. Considering the type of products Borg Automotive sells, sales are extremely reliant on end-user activity. In other words, the company has a limited ability to steer developments in the short term, while winning market share and expanding the product portfolio can obviously help to influence the longer-term performance.

Developing the product programme, optimising production and ensuring complementary operations at the production units in Poland and the UK are ongoing priorities at Borg Automotive. The company has stepped up investments in product development in recent years in order to be able to manage greater product complexity and electrification and to accommodate customer demands in both the short and the long term. The product offering will be strengthened in the short term, including a wider range of electric rack-and-pinion systems. Longer-term projects include addressing the challenges of the future by way of mechatronics (combination of electronics, mechanics and software).

Outlook

The market which Borg Automotive serves has experienced considerable customer consolidation in recent years, giving the consolidated companies higher procurement volumes which in turn changes their trading patterns. On the positive side, consolidation also facilitates higher sales volumes for large, well-established manufacturers like Borg Automotive. Borg Automotive has a broad product portfolio and a strong pipeline that will support positive sales developments to the independent aftermarket and to the OE segment.

Borg Automotive expects 2020 sales to be severely impacted by the coronavirus outbreak in Europe, as consumption of the company's products is expected to fall sharply in a number of countries.

Earlier in the year, Borg Automotive expected to generate FY 2020 revenue of about DKK 975 million and EBITDA in the range of DKK 110-120 million. Due to the coronavirus pandemic, however, Borg Automotive now anticipates sharp declines in both revenue and EBITDA. A severe setback is certain to occur in the second quarter of 2020, whereas the impact in the second half of the year will depend entirely on the speed and degree to which the situation in Europe normalises.

Interim financial statements

Statements of income and comprehensive income

Note	Income statement	YTD 2020	YTD 2019	FY 2019
1	Revenue	4,802	4,676	20,946
	Cost of sales	-4,030	-3,931	-17,576
	Gross profit	772	745	3,370
	Other operating income	5	7	37
	Distribution costs	-331	-317	-1,335
2	Administrative expenses	-209	-231	-918
	Other operating expenses	-7	-1	-5
	EBIT	229	202	1,149
	Profit after tax in associates	11	16	49
	Profit after tax in joint ventures	4	-1	1
	Gains on divestments	0	0	29
	Financial income	27	29	84
	Financial expenses	-58	-32	-164
	Profit before tax	212	213	1,149
	Tax on profit for the period	-53	-47	-243
	Profit for the period	159	167	906
	Shareholders of Schouw & Co.	162	167	911
	Non-controlling interests	-3	0	-5
	Profit for the period	159	167	906
6	Earnings per share (DKK)	6.76	7.05	38.27
6	Diluted earnings per share (DKK)	6.76	7.04	38.27

Note	Statement of comprehensive income	YTD 2020	YTD 2019	FY 2019
	Items that cannot be reclassified to the income statement:			
	Actuarial gains/losses on defined benefit pension liabilities	0	0	3
	Items that can be reclassified to the income statement:			
	Foreign exchange adjustments of foreign units, etc.	-170	134	163
	Value adjustment of hedging instruments	-6	2	0
	Hedging instruments transferred to cost of sales	-2	-1	2
	Hedging instruments transferred to financials	0	1	4
	Other comprehensive income from associates and JVs	0	0	9
	Other adjustments to other comprehensive income	1	0	0
	Tax on other comprehensive income	1	0	-1
	Other comprehensive income after tax	-175	135	180
	Profit for the period	159	167	906
	Total recognised comprehensive income	-17	302	1,086
	Attributable to			
	Shareholders of Schouw & Co.	-14	302	1,091
	Non-controlling interests	-2	0	-5
	Total recognised comprehensive income	-17	302	1,086

Amounts in DKK million

Balance sheet · Assets and liabilities

Note	Total assets	31/3 2020	31/12 2019	31/3 2019	31/12 2018
	Intangible assets	3,561	3,568	3,592	3,594
	Property, plant and equipment	4,776	4,956	4,568	4,317
	Lease assets	761	827	849	0
	Equity investments in associates	441	427	397	377
	Equity investments in joint ventures	138	136	140	137
	Securities	78	79	75	75
	Deferred tax	122	122	106	66
	Receivables	92	107	105	108
	Total non-current assets	9,969	10,222	9,832	8,674
	Inventories	3,617	3,868	3,871	3,683
3	Receivables	4,102	4,112	4,058	3,903
	Income tax receivable	41	37	75	94
	Cash and cash equivalents	578	538	574	585
	Total current assets	8,339	8,554	8,577	8,266
	Total assets	18,308	18,777	18,409	16,940

Note	Liabilities and equity	31/3 2020	31/12 2019	31/3 2019	31/12 2018
6	Share capital	255	255	255	255
	Hedge transaction reserve	-9	-3	-6	-8
	Exchange adjustment reserve	80	251	213	79
	Retained earnings	8,817	8,658	8,167	7,994
	Proposed dividend	357	357	332	332
	Equity attributable to parent company shareholders	9,500	9,519	8,961	8,652
	Non-controlling interests	0	2	7	7
	Total equity	9,500	9,521	8,967	8,659
	Deferred tax	410	409	420	397
	Liability regarding put option	0	0	336	321
	Other payables	299	306	271	275
	Interest-bearing debt	2,867	2,976	2,379	1,749
	Non-current liabilities	3,577	3,691	3,406	2,742
	Interest-bearing debt	921	909	1,762	1,309
	Trade payables and other payables	3,820	4,173	4,150	4,089
	Liability regarding put option	387	369	0	0
	Corporate income tax	104	114	125	140
	Current liabilities	5,231	5,565	6,036	5,538
	Total liabilities	8,808	9,256	9,442	8,281
	Total equity and liabilities	18,308	18,777	18,409	16,940

Notes without reference 5 and 7-9.

Amounts in DKK million

Cash flow statement

Note		YTD 2020	YTD 2019	FY 2019
	Profit before tax	212	213	1,149
	Adjustment for operating items of a non-cash nature, etc.			
	Depreciation and impairment losses	205	200	802
	Other non-cash operating items, net	-3	-22	-1
	Provisions	2	6	33
	Share of profit after tax in associates and JVs	-14	-15	-50
	Financial income	-27	-29	-84
	Financial expenses	58	32	164
	Cash flows from operations before changes in working capital	433	385	2,012
	Changes in working capital	-164	-216	-228
	Cash flows from operations	269	169	1,784
	Interest received	3	7	16
	Interest paid	-27	-23	-116
	Cash flows from ordinary activities	245	153	1,684
	Income tax paid	-63	-53	-274
	Cash flows from operating activities	181	100	1,410
	Purchase of intangible assets	-5	-9	-30
	Purchase of property, plant and equipment	-133	-184	-774
	Sale of property, plant and equipment	2	0	12
4	Acquisitions	0	-134	-259
	Acquisition of non-controlling interests	0	0	-1
	Acquisition of/capital contribution to associates and joint ventures	0	0	-3
	Dividends received from associates	0	0	11
	Additions/disposals of other financial assets	3	2	1
	Cash flows from investing activities	-134	-325	-1,043

Note		YTD 2020	YTD 2019	FY 2019
	Loan financing:			
	Repayment of non-current liabilities	-106	-54	-363
	Proceeds from non-current liabilities incurred	2	0	1,020
	Increase of bank overdrafts	95	246	-881
	Cash flows from debt financing	-9	192	-224
	Shareholders:			
	Dividends paid	0	0	-309
	Purchase/sale of treasury shares, net	9	17	112
	Cash flows from financing activities	-1	208	-421
	Cash flows for the period	47	-16	-54
	Cash and cash equivalents at 1 January	538	585	585
	Value adjustment of cash and cash equivalents	-7	5	8
	Cash and cash equivalents at 31 December	578	574	538

Amounts in DKK million

Statement of changes in equity

	Share capital	Hedge transaction reserve	Exchange adjustment reserve	Retained earnings	Proposed dividend	Total	Non-controlling interests	Shareholders' equity
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	133	0	0	133	0	134
Value adjustment of hedging instruments		2	0	0	0	2	0	2
Hedging instruments transferred to cost of sales		-1	0	0	0	-1	0	-1
Hedging instruments transferred to financials		1	0	0	0	1	0	1
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		0	0	0	0	0	0	0
Profit for the period		0	0	167	0	167	0	167
Total recognised comprehensive income		2	133	167	0	302	0	302
Transactions with owners:								
Share-based payment		0	0	5	0	5	0	5
Value adjustment of put option		0	0	-15	0	-15	0	-15
Treasury shares bought/sold		0	0	17	0	17	0	17
Total transactions with owners during the period		0	0	6	0	6	0	6
Equity at 31 March 2019	255	-6	213	8,167	332	8,961	7	8,967
Equity at 1 January 2020	255	-3	251	8,658	357	9,519	2	9,521
Profit and other comprehensive income:								
Foreign exchange adjustments of foreign subsidiaries		0	-171	0	0	-171	1	-170
Value adjustment of hedging instruments		-6	0	0	0	-6	0	-6
Hedging instruments transferred to cost of sales		-2	0	0	0	-2	0	-2
Hedging instruments transferred to financials		0	0	0	0	0	0	0
Other comprehensive income from associates and joint ventures		0	0		0	0	0	0
Other adjustments to other comprehensive income		0	0	1	0	1	0	1
Tax on other comprehensive income		2	0	0	0	1	0	1
Profit for the period		0	0	162	0	162	-3	159
Total recognised comprehensive income		-6	-171	163	0	-14	-2	-17
Transactions with owners:								
Share-based payment		0	0	5	0	5	0	5
Value adjustment of put option		0	0	-18	0	-18	0	-18
Treasury shares bought/sold		0	0	9	0	9	0	9
Total transactions with owners during the period		0	0	-4	0	-4	0	-4
Equity at 31 March 2020	255	-9	80	8,817	357	9,500	0	9,500

Amounts in DKK million

Notes to the financial statements

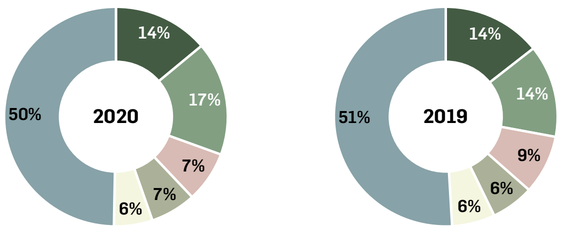
1
Segment reporting

Reporting segments YTD 2020	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	2,381	532	445	679	533	232	4,802	0	0	0	4,802
Intra-group revenue	0	4	0	0	0	0	4	0	3	-7	0
Segment revenue	2,381	536	445	679	533	232	4,806	0	3	-7	4,802
EBITDA	159	101	54	46	57	24	442	0	-9	0	434
Depreciation and impairment losses	81	36	25	30	21	12	205	0	0	0	205
EBIT	77	66	29	16	36	12	237	0	-9	0	229
Share of profit in associates and joint ventures	14	0	0	0	0	0	14	0	0	0	14
Tax on profit for the period	-19	-15	-5	-4	-7	-1	-52	0	-1	0	-53
Profit for the period	62	51	12	1	23	6	154	0	5	0	159
Segment assets:	8,852	2,143	1,980	2,458	1,681	1,521	18,635	11	10,973	-11,312	18,308
Of which goodwill	1,419	99	120	178	134	516	2,467	0	0	0	2,467
Equity investments in associates and JVs	571	0	0	0	8	0	579	0	0	0	579
Segment liabilities	5,860	1,095	1,327	1,617	1,181	507	11,587	6	2,499	-5,284	8,808
Working capital	1,502	313	498	720	662	140	3,836	0	-7	0	3,829
Net interest-bearing debt	2,455	566	966	767	733	58	5,545	5	-2,386	0	3,164
Cash flows from operating activities	-97	105	46	70	28	7	159	0	18	4	181
Capital expenditure	60	7	34	14	21	3	139	0	0	0	139
Average no. of employees	1,338	740	993	3,620	1,192	1,529	9,412	0	14	1	9,427

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

The data on revenue by geography are based on customers' geographical location, while data on intangible assets and property, plant and equipment by geography are based the geographical location of the assets. The specification shows individual countries that account for more than 5% of the Group in terms of revenue or assets. As Schouw & Co.'s consolidated revenue is generated in some 100 different countries, a very large proportion of revenue derives from the 'Other' category.

Revenue by country:



	YTD 2020	YTD 2019
Norway	665	670
Chile	805	638
Denmark	359	406
UK	318	291
Germany	268	291
Other	2,387	2,380
Total	4,802	4,676

Amounts in DKK million

Notes to the financial statements

1
Segment reporting (continued)

Reporting segments YTD 2019	BioMar	Fibertex Personal Care	Fibertex Nonwovens	GPV	HydraSpecma	Borg Automotive	Reporting segments	Non-reporting segments	Parent company	Group eliminations, etc.	Total
External revenue	2,137	584	451	718	556	230	4,675	0	0	0	4,676
Intra-group revenue	0	5	0	0	0	0	5	0	3	-8	0
Segment revenue	2,137	589	451	718	556	230	4,681	0	3	-8	4,676
EBITDA	132	99	39	46	60	33	409	0	-8	0	401
Depreciation and impairment losses	79	33	26	30	19	12	199	0	0	0	200
EBIT	52	66	13	16	42	21	210	0	-8	0	202
Share of profit in associates and joint ventures	15	0	0	0	0	0	15	0	0	0	15
Tax on profit for the period	-14	-16	-1	-2	-8	-4	-45	0	-2	0	-47
Profit for the period	45	50	6	9	34	17	162	0	5	0	167
Segment assets:	8,215	2,448	2,039	2,515	1,715	1,612	18,544	12	10,541	-10,688	18,409
Of which goodwill	1,374	99	121	169	141	516	2,421	0	0	0	2,421
Equity investments in associates and JVs	532	0	0	0	5	0	537	0	0	0	537
Segment liabilities	5,397	1,404	1,356	1,736	1,239	548	11,680	7	2,607	-4,852	9,442
Working capital	1,001	428	572	856	687	183	3,726	0	-1	0	3,725
Net interest-bearing debt	1,893	811	1,025	979	773	76	5,556	6	-2,042	0	3,520
Cash flows from operating activities	-40	126	-31	1	28	-12	72	0	25	3	100
Capital expenditure	85	22	148	33	20	8	314	0	0	0	314
Average no. of employees	1,212	737	1,024	3,879	1,208	1,675	9,735	0	14	0	9,749

Amounts in DKK million

Notes to the financial statements

2
Costs

Share-based payment: Share option programme

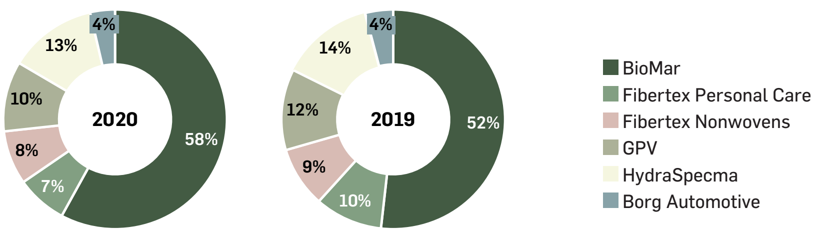
The company maintains an incentive programme for the Executive Management and senior managers, including the executive managements of subsidiaries. The programme entitles participants to acquire shares in Schouw & Co. at a price based on the officially quoted price at around the time of grant plus a calculated rate of interest from the date of grant until the date of exercise. The 2020 grant is described in greater detail in company announcement no. 2/2020 of 13 March 2020, but the number of options has subsequently been increased by 10,000.

Outstanding options	Executive management	Other	Total
Total outstanding options at 31 December 2019	157,000	805,333	962,333
Lapsed in Q1 2020	0	-5,666	-5,666
Exercised in 2020	0	-20,000	-20,000
Granted in 2020	60,000	310,000	370,000
Total outstanding options at 31 March 2020	217,000	1,089,667	1,306,667

3
Receivables (current)

	31/3 2020	**31/3 2019**
Trade receivables	3,719	3,749
Other current receivables	313	238
Prepayments	70	71
Total current receivables	4,102	4,058

Trade receivables by portfolio company:



31/3 2020	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,108	384	131	241	3,863
Impairment losses on trade receivables	-25	-4	-7	-108	-144
Trade receivables, net	3,083	380	124	133	3,719
Proportion of total receivables expected to be settled					96.3%
Impairment rate	0.8%	1.0%	5.5%	44.7%	3.7%

31/3 2019	Not fallen due	Due between (days) 1-30	31-90	>91	Total
Total receivables	3,222	320	132	220	3,895
Impairment losses on trade receivables	-20	-2	-8	-116	-145
Trade receivables, net	3,203	319	124	103	3,749
Proportion of total receivables expected to be settled					96.3%
Impairment rate	0.6%	0.5%	6.0%	53.0%	3.7%

Impairment losses on trade receivables	**31/3 2020**	**31/3 2019**
Impairment losses at 1 January	-171	-144
Foreign exchange adjustments	3	-1
Additions on company acquisitions	0	0
Reversed impairment losses	0	2
Impairment losses for the period	0	-3
Realised loss	24	1
Impairment losses, end of period	-144	-145

Amounts in DKK million

Notes to the financial statements

4
Acquisitions

	YTD 2020	YTD 2019
Property, plant and equipment	0	122
Inventories	0	9
Receivables	0	14
Tax asset	0	15
Cash and cash equivalents	0	1
Trade payables	0	-19
Other payables	0	-7
Net assets acquired	0	135
Goodwill	0	0
Acquisition cost	0	135
of which cash and cash equivalents	0	-1
Total cash acquisition costs	0	134

Schouw & Co. has made no company acquisitions in 2020.

In 2019, Fibertex Nonwovens acquired a company based in South Carolina, USA.

5
Capital resources

It is group policy when raising loans to maximise flexibility by diversifying borrowings in respect of maturity, renegotiation dates and counterparties, with due consideration to costs. The objective is to maintain sufficient capital resources for investing and to continue to run business operations and respond adequately to unforeseen fluctuations in cash holdings.

The Group's capital resources consist of undrawn credit facilities and cash. In April 2020, the Group established new committed facilities of DKK 1 billion running for 12 months with an optional extension of a further 12 months.

Facility	Loans and lines	Of which utilised	Unutilised facilities and cash	Commitment	Avg. term to maturity
RCF facility	2,100	1,065	1,035	Committed	1 year 3 mths
Other facilities	859	608	251	Uncommitted	
Schuldschein	1,016	1,016	0	Committed	4 years 5 mths
Mortgages	183	183	0	Committed	4 years 9 mths
Other long-term debt	142	142	0	Uncommitted	1 year 9 mths
Leases	774	774	0	Committed	2 years 10 mths
Cash and cash equivalents	-	-	578		
31 March 2020	5,073	3,788	1,863		
New facilities at 14 April	1,000		1,000	Committed	12 mths (+12 mths)
14 April 2020	6,073		2,863		

Including the new facilities, the Group has total facilities of DKK 6,073 million of which DKK 5,073 million are committed facilities, corresponding to 160% of the net interest-bearing debt at 31 March 2020.

Notes to the financial statements

6

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 January 2019	1,806,997	18,069,970	504	7.09%
Share option programme	-38,167	-381,670	-5	-0.15%
Treasury shares held at 31 March 2019	1,768,830	17,688,300	499	6.94%
Share option programme	-224,550	-2,245,500	-30	-0.88%
Treasury shares held at 31 Dec. 2019	1,544,280	15,442,800	469	6.06%
Share option programme	-20,000	-200,000	-3	-0.08%
Treasury shares held at 31 March 2020	1,524,280	15,242,800	466	5.98%

A total of 20,000 shares held in treasury were used in connection with options exercised in 2020. The shares had an aggregate fair value of DKK 10 million at the date of exercise.

The Group's holding of treasury shares had a market value of DKK 687 million at 31 March 2020. The portfolio of treasury shares is recognised at DKK 0.

	YTD 2020	YTD 2019
Share of the profit for the year attributable to shareholders of Schouw & Co.	162	167
Average number of shares	25,500,000	25,500,000
Average number of treasury shares	-1,538,566	-1,799,208
Average number of outstanding shares	23,961,434	23,700,792
Average dilutive effect of outstanding share options *	0	38,208
Diluted average number of outstanding shares	23,961,434	23,739,000
Earnings per share of DKK 10	6.76	7.05
Diluted earnings per share of DKK 10	6.76	7.04

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

7

Fair value of categories of financial assets and liabilities

	31/3 2020	31/12 2019	31/3 2019
Financial assets			
Securities (1)	0	2	1
Other securities and investments (2)	77	76	73
Derivative financial instruments (2)	51	14	6
Other securities and investments (3)	1	1	1
Financial liabilities			
Derivative financial instruments (2)	26	26	15

The Group sold its holding of equities measured at the official market value (level 1) in the first quarter of 2020. Securities measured at fair value through other comprehensive income (level 3) amounted to DKK 1 million at the beginning of the year and was unchanged at DKK 1 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

8
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 2020	YTD 2019
Joint ventures:		
During the reporting period, the Group sold goods in the amount of	8	5
At 31 March, the Group had a receivable of	38	22
At 31 March, the Group had debt in the amount of	1	1
Associates:		
During the reporting period, the Group sold goods in the amount of	59	34
During the reporting period, the Group bought goods in the amount of	9	27
At 31 March, the Group had a receivable of	98	69
At 31 March, the Group had debt in the amount of	4	95

During 2020, the Group has traded with BioMar-Sagun, BioMar-Tongwei, LetSea, Salmones Austral, 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. (5.98%).

9
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