Shareholder magazine 2016

schouw+co

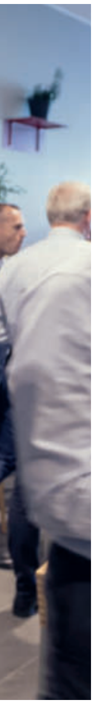
As in previous years, Schouw & Co. will not be printing and distributing a conventional annual report.

We have published a shareholder magazine to accompany our full-length annual report and readers may benefit from reading the annual report in conjunction with the shareholder magazine. The shareholder magazine contains only very general financial information and management reporting. The annual report is available electronically at www.schouw.dk

Key figures and key ratios *(DKK million)*

INCOME STATEMENT AND BALANCE SHEET	2016	2015	2014	2013	2012
Revenue	14,369	12,566	11,784	11,645	12,478
Operating profit before depreciation (EBITDA)	1,472	1,214	1,070	1,039	1,163
Operating profit (EBIT)	1,038	831	708	685	772
Profit after tax in associates etc.	566	86	28	-21	-5
Value adjustment of financial investments	0	0	0	499	-68
Other net financials	-27	-46	-35	-53	-86
Profit before tax	1,578	871	701	1,109	613
Profit for the year from continuing operations	1,339	645	428	860	469
Profit for the year from discontinued operations	0	0	0	508	29
Profit for the year	1,339	645	428	1,368	498
Total assets	12,273	10,516	9,882	9,696	10,381
Net interest bearing debt (NIBD)	-1,028	-511	44	-23	2,023
Total equity	7,814	6,677	6,074	5,746	4,627

FINANCIAL DATA	2016	2015	2014	2013	2012
EBITDA margin	10.2%	9.7%	9.1%	8.9%	9.3%
EBIT margin	7.2%	6.6%	6.0%	5.9%	6.2%
ROIC excluding goodwill	20.2%	18.3%	16.9%	16.1%	15.2%
ROIC including goodwill	16.6%	15.1%	14.0%	13.3%	12.9%
NIBD/EBITDA	-0.7	-0.4	0.0	0.0	1.7
Average number of employees during the year	4.108	2.382	2.139	2.052	2.873
Dividend per share (of DKK 10)	12	10	8	6	5
Net asset value per share (of DKK 10)	328.38	282.10	258.44	240.49	196.25
Share price at year-end (of DKK 10)	526.00	387.00	290.00	222.50	149.00
Price/net asset value	1.60	1.37	1.12	0.93	0.76



With performance comes responsibility

The Schouw & Co. Group had a remarkable year in 2016. Achieving a number of milestones while generating an EBIT of more than DKK 1 billion and a cash flow from operations of DKK 1.6 billion, Schouw & Co. has built a very strong financial position. We are seeing the positive effects of recent years' investments into preparing our business for the future, and we have an attractive platform for continuing to grow. However, these strong results and our strong capital structure also bring with them a certain responsibility – and we are confident that we at Schouw & Co. and our portfolio businesses have the potential to continue creating long-term value.

It lies firmly rooted in Schouw & Co.'s DNA for us to think in terms of and invest in long-term opportunities, but we also understand and respect the importance of every single penny and of having ambitions for developing our group in the short term as well. As an international business, at Schouw & Co. we fully accept the responsibility that comes with operating globally. Creating value in a proper and trustworthy manner always pays off in the long term.

Long-term investment will also be a key factor for Schouw & Co. in 2017, as we expect to allocate additional resources to upgrading our organisations and managements. We will be focused on projects involving innovation and future value creation. Even business-to-business industrial players need to think about digitalisation and need to be adaptable and ready for change.

Schouw & Co. has a strong, solid platform. We regularly review attractive investment opportunities involving either our existing portfolio companies or the potential of adding new businesses to the portfolio. Our performance and our capital structure imply certain responsibilities; we are well-prepared for continuing the long-term value creation.

Jens Bjerg Sørensen, President
10 March 2017

A good year with significant activities

Financial performance

The Schouw & Co. Group had a good year in 2016. The portfolio companies reported good business activity in most market segments. Many of the initiatives and activities undertaken were successful, and the Group upgraded its guidance several times during the year.

2016 ended with a strong fourth quarter in which the reported revenue was about 10% higher than expected. Also, consolidated EBIT ended up slightly higher than the upper end of the guidance, in part due to special factors in BioMar.

Consolidated 2016 revenue was up by 14% from DKK 12,566 million in 2015 to DKK 14,369 million in 2016. The increase was due predominantly to the acquisitions of Specma and GPV, which were consolidated from 1 January and 1 April 2016, respectively. Fibertex Nonwovens and the former Hydra-Grene also contributed, while Fibertex Personal Care reported flat revenue and BioMar's revenue fell slightly despite an increase in volumes sold.

EBIT rose from DKK 831 million in 2015 to DKK 1,038 million in 2016. BioMar and the acquisitions of Specma and GPV were the main drivers of the EBIT improvement. Fibertex Nonwovens and the former Hydra-Grene also contributed, while Fibertex Personal Care reported a moderate decline relative to the very good performance of 2015.

Profit from associates and joint ventures, which is stated after tax, improved from DKK 86 million in 2015 to DKK 566 million in 2016. The strong performance was mainly based on Kramp, as the share of profit and the gain from the sale of shares in September 2016 totalled DKK 489 million, and on Incuba Invest, which in August 2016 sold its shares in Scandinavian Micro Biodevices. Schouw & Co.'s share of the profit was recognised at DKK 67 million. By way of comparison, Kramp and Incuba Invest combined were recognised at a share of profit of DKK 72 million in 2015. The remaining associates and joint ventures were recognised at a slight combined profit.

24.9%

↑ Growth in EBIT

"2016 turned out very well and was characterised by several significant activities including both acquistions and divestments, and a key factor for 2017 will be to continue long-term investments and long-term value creation."

JENS BJERG SØRENSEN, PRESIDENT, SCHOUW & CO.

Consolidated net financial items were an expense of DKK 27 million in 2016, compared with an expense of DKK 46 million in 2015, which was mainly driven by a writedown of securities by BioMar.

The consolidated profit before tax increased from DKK 871 million in 2015 to DKK 1,578 million in 2016. A significant part of the income is not subject to tax seeing that it results from divestments, hence profit for the year after tax increased from DKK 645 million in 2015 to DKK 1,339 million in 2016.

Liquidity and capital resources

The Schouw & Co. Group's operating activities generated a cash inflow of DKK 1,598 million in 2016, compared with DKK 1,171 million in 2015. Cash flows for investing activities amounted to DKK 395 million in 2016, against DKK 569 million in 2015. The moderate net volume of investment in 2016 consisted of several opposing factors, with investment in property, plant and equipment amounting to DKK 828 million and acquisitions to DKK 625 million, whereas the sale of shares in Kramp produced an inflow of DKK 1,034 million, and dividends received from Incuba Invest amounted to DKK 61 million.

At 31 December 2016, the consolidated net interest-bearing position was a net deposit of DKK 1,028 million, against a DKK 511 million net deposit at 31 December 2015.

The Group's overall working capital increased from DKK 1,598 million at 31 December 2015 to DKK 1,727 million at 31 December 2016. The increase was based on the acquired activities, whereas BioMar in particular has reduced its working capital, in part through greater use of supply chain financing.

Group developments

At Group level, two major acquisitions and two significant divestments were dominant events of 2016.

The Swedish hydraulics company Specma was acquired effective from the start of the year in a transaction that nearly trebled the Group's hydraulics operations, and Hydra/Specma is a Nordic market leader. In addition, Schouw & Co. acquired EMS company GPV on 1 April 2016, adding a new leg for the portfolio with the ambition of bringing GPV to a new and higher level through long-term ownership.

In August 2016, the associate Incuba Invest divested its shares in Scandinavian Micro Biodevices at a substantial accounting gain that led to an extraordinary dividend in the third quarter of 2016 of wich Schouw & Co.'s share was DKK 61 million.

On 9 September 2016, Schouw & Co. agreed to sell its shares in Kramp at a price of DKK 1,034 million. Schouw & Co.'s involvement in spare parts and accessories to the agricultural sector dated back to the 1988 acquisition of Grene, which then became the first portfolio company in the establishment of the conglomerate. In 2013, Schouw & Co. merged its wholly owned subsidiary Grene with Dutch company Kramp in return for a 20% ownership interest in the combined company. The merger has been a huge success, propelling the company to a position as a leading supplier of spare parts and accessories to the agricultural sector in Europe and creating substantial shareholder value.

Schouw & Co. acquired Grene in 1988 at a price of DKK 49 million. In addition to the DKK 1,034 million received from the sale of shares, Schouw & Co. received dividends totalling DKK 273 million during the almost 30 years of ownership. Overall, Schouw & Co.'s involvement in the business area has produced an annualised internal rate of return of 15%.

The following is a brief review of portfolio company performances in 2016. See the individual company reviews on the following pages for more information.

BioMar reported slightly lower revenue on the back of slightly higher volume sales consisting of lower sales in Chile that were offset by improvements in Norway, Scotland and the rest of Europe. On the other hand, the full-year EBIT was a strong improvement due in part to operational improvements, in part to special income and lower provisions for bad debt.

BioMar's large-scale capacity expansion at the existing factory in Karmøy, Norway is progressing to plan, and the new production line is expected to be commissioned in the second quarter of 2017. In addition, the two new joint ventures, in Turkey and China, are both developing as expected.

"Schouw & Co. has a strong, solid platform, and we regularly review attractive investment opportunities."

JENS BJERG SØRENSEN, PRESIDENT, SCHOUW & CO.

20.2%

↑ *Return on invested capital excluding goodwill*

DKK 12

↑ *Dividend up by DKK 2 per share to DKK 12*

Fibertex Personal Care reported flat revenue with a slight drop in EBIT compared with 2015. Last year, EBIT was strongly supported by plunging prices of raw materials and a considerable foreign exchange gain at the end of the year.

The company's extensive investment in the new factory unit in Malaysia is developing to plan with expected start-up of commercial production in late 2017. The project to expand the print facilities at the existing factory site in Malaysia and in Germany is also progressing to plan.

Fibertex Nonwovens reported improvements in both revenue and EBIT. The advance was mainly attributable to the automotive segment and the acquisition of operations in Turkey in November 2015. In addition, the company increased its product sales to the construction industry and for infrastructure projects in Europe and is reporting growing activity in these two segments in the Middle East and Asia.

Hydra/Specma reported revenue and EBIT improvements for its pre-acquisition operations. The significant effect from the Specma acquisition has taken the combined company to a whole new level. Hydra/Specma spent the year working to achieve the immediate synergies and also acquired the activities of the Chinese company Etola Hydraulic Systems in October 2016.

The most recent acquisition, **GPV,** was only consolidated from 1 April 2016, the date of acquisition. GPV reported year-on-year revenue and EBIT improvements for both the full year and for the nine month period under Schouw & Co. ownership. Shortly after GPV was acquired, the company announced it was establishing electronics production in Guadalajara, Mexico. That project is progressing to plan.

Events after the balance sheet date

GPV agreed on 28 February 2017 to acquire BHE, an EMS company based in Horsens, Denmark, with effect from 1 March 2017.

Other than as set out above and elsewhere in the Annual Report, Schouw & Co. is not aware of events occurring after 31 December 2016, which are expected to have a material impact on the Group's financial position or outlook.

Outlook

The general market conditions the Group is encountering at the beginning of 2017 do not appear to be very different from those of 2016. There is a good momentum in most of the segments our portfolio companies are involved in, but in all markets, winning orders is very demanding and requires highly competitive prices and terms.

Schouw & Co. gives priority to investing long term, but without compromising on short term developments. Long-term investments will also be dominant in 2017, as additional resources will be allocated to prepare the portfolio companies for the future, and the full-year profit forecasts will reflect the budget allocations.

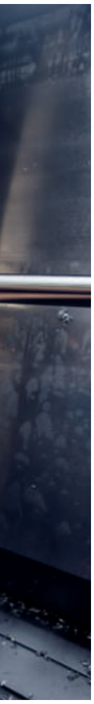
BioMar expects to increase revenue and improve its core earnings in 2017. However, the 2016 EBIT included positive effects of significant income flows relating to special circumstances that cannot be expected to repeat to the same extent in 2017. Accordingly, the profit range guidance for 2017 is lower than the EBIT realised in 2016.

Fibertex Personal Care expects to increase revenue in 2017 based on larger volumes. A particular focus will be on the completion of the new factory unit being built in Malaysia. The full-year EBIT is expected to be in a range close to the 2016 EBIT.

Fibertex Nonwovens expects to increase revenue in 2017 based in part on its greater output capacity and new technology in its upgraded production lines. The company expects to increase full-year EBIT relative to 2016.

Hydra/Specma expects a moderate increase in full-year revenue in 2017. Synergies from the Specma acquisition continue to materialise, but the company has also launched a number of forward-looking initiatives that will increase costs in the short term. As a result, FY EBIT is expected to be in a range close to the 2016 EBIT.

GPV expects to increase revenue from like-for-like activities in 2017. The most recent acquisition will add to the company's overall revenue, but necessary integration costs will detract from the 2017 profit. As a result, the full-year EBIT is expected to drop slightly in 2017 relative to 2016.



Overall, Schouw & Co. expects consolidated revenue in the vicinity of DKK 15.6 billion in 2017. However, for several of the portfolio companies, revenue will depend strongly on how prices of raw materials develop, and any price fluctuations can significantly change revenue without necessarily having any notable effect on earnings.

Schouw & Co. applies a profit forecast range for each individual business, and aggregating these ranges indicates consolidated EBIT guidance for 2017 in the range of DKK 940-1,060 million. Schouw & Co., however, is in 2017 expected to report a consolidated EBIT in the upper end of that range, equivalent to DKK 1,000-1,060 million.

Associates and joint ventures, which are recognised at a share of profit after tax, are expected to contribute combined profit of approximately DKK 20 million for 2017. Disregarding the share of profit in 2016 that derived from the now divested shares in Kramp and from Incuba Invest's sale of shares in Scandinavian Micro Biodevices, the guidance is for a combined improvement.

Consolidated financial items for 2017 are expected to be an expense in the region of DKK 25 million, subject to the effects of exchange rate fluctuations.

REVENUE (DKK million)	**2017** forecast	**2016** actual	**2015** actual
BioMar	c. 9,400	8,867	8,974
Fibertex Personal Care	c. 2,000	1,792	1,797
Fibertex Nonwovens	c. 1,400	1,301	1,222
Hydra/Specma	c. 1,800	1,747	603
GPV	c. 975	668*	-
Other/eliminations	-	-6	-30
Total revenue	**c. 15.6 bn**	**14,369**	**12,566**

EBIT (DKK million)	**2017** forecast	**2016** actual	**2015** actual
BioMar	510-550	581	447
Fibertex Personal Care	230-260	246	253
Fibertex Nonwovens	80-100	81	76
Hydra/Specma	100-120	111	78
GPV	50-60	44*	-
Other	c. -30	-24	-23
Total EBIT	**940-1,060**	**1,038**	**831**
Associates etc.	c. 20	566	86
Other financial items	c. -25	-27	-46
Profit before tax	**935-1,055**	**1.578**	**871**

* GPV in 2016 includes 9 months

36%

↑ Increase in share price in 2016

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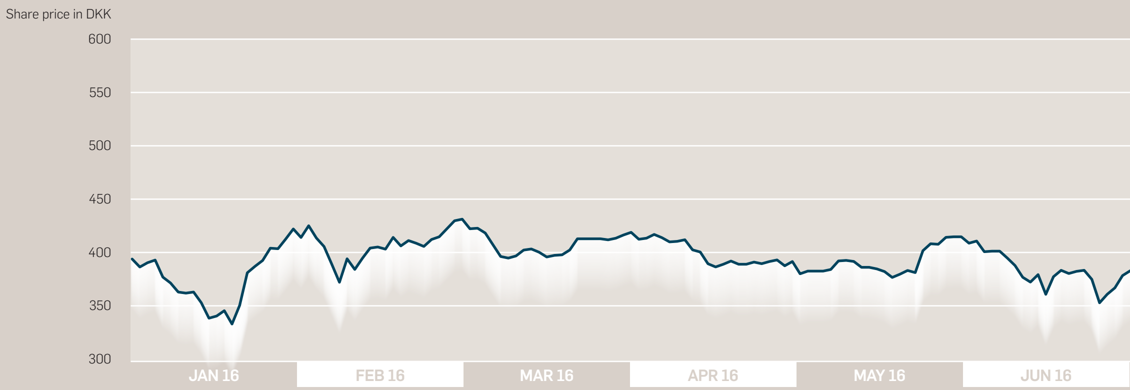


BioMar is the world's third-largest manufacturer of quality feed for the fish farming industry. The core business areas are feed for salmon, trout, sea bass, sea bream and tilapia.

Fibertex Personal Care is among the world's largest manufacturers of spunbond/spunmelt nonwoven textiles for the personal care industry, manufacturing mainly diapers, sanitary towels and incontinence products.

Fibertex Nonwovens is among Europe's leading manufacturers of nonwovens, i.e. non-woven textiles used for a number of different industrial purposes.

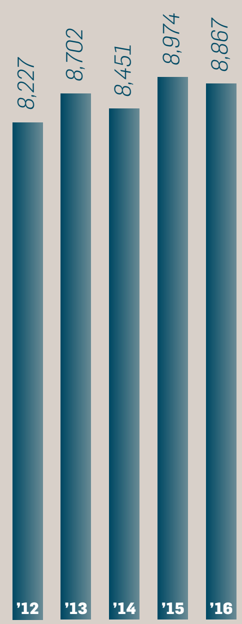
Hydra/Specma is a specialised trading and engineering company whose core business is trading and producing hydraulic components and systems for industry.

GPV is Denmark's largest EMS manufacturer (Electronic Manufactoring Services) focusing on high-mix/low-medium volume production within electronics and mechanics.

BIOMAR

1.9%

Cummulative average growth rate 2012-2016



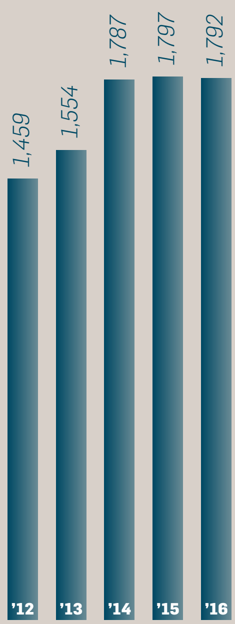
Revenue (DKK million)

DKK million	2016	2015
Revenue	8,867	8,974
Operating profit (EBIT)	581	447
EBIT margin	6.6%	5.0%
Profit before tax	577	399
Number of employees	887	897
Total assets	5,567	4,833
Equity	2,348	2,128
Net interest bearing debt	-234	69
ROIC excl. goodwill	35.8%	22.7%

FIBERTEX PERSONAL CARE

5.3%

Cummulative average growth rate 2012-2016



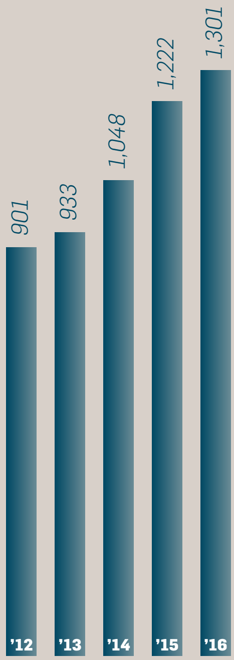
Revenue (DKK million)

DKK million	2016	2015
Revenue	1,792	1,797
Operating profit (EBIT)	246	253
EBIT margin	13.7%	14.1%
Profit before tax	239	247
Number of employees	574	514
Total assets	1,888	1,704
Equity	877	786
Net interest bearing debt	586	482
ROIC excl. goodwill	18.4%	20.7%

FIBERTEX NONWOVENS

9.6%

Cummulative average growth rate 2012-2016



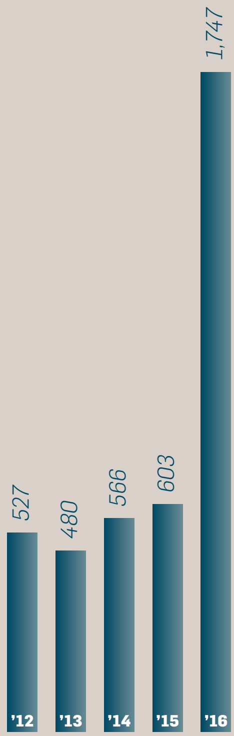
Revenue (DKK million)

DKK million	2016	2015
Revenue	1,301	1,222
Operating profit (EBIT)	81	76
EBIT margin	6.2%	6.2%
Profit before tax	60	64
Number of employees	810	719
Total assets	1,532	1,503
Equity	504	460
Net interest bearing debt	734	730
ROIC excl. goodwill	7.7%	7.8%

HYDRA/SPECMA

34.9%

Cummulative average growth rate 2012-2016



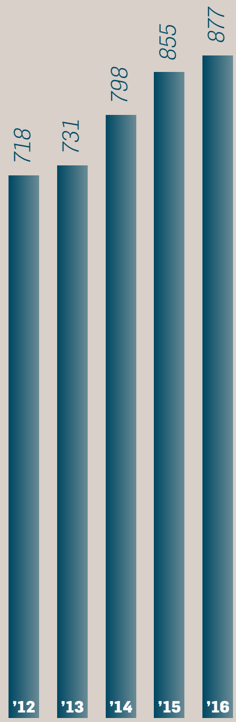
Revenue (DKK million)

DKK million	2016	2015
Revenue	1,747	603
Operating profit (EBIT)	111	78
EBIT margin	6.3%	12.9%
Profit before tax	103	78
Number of employees	1,020	241
Total assets	1,356	409
Equity	407	212
Net interest bearing debt	497	77
ROIC excl. goodwill	16.1%	28.9%

GPV

5.1%

Cummulative average growth rate 2012-2016



Revenue (DKK million)

DKK million	2016	2015
Revenue	877	855
Operating profit (EBIT)	61	53
EBIT margin	6.9%	6.1%
Profit before tax	53	33
Number of employees	1,074	
Total assets	637	
Equity	165	
Net interest bearing debt	240	
ROIC excl. goodwill	15.9%	

Before Schouw & Co. acquired GPV the company had fiscal year 1 April to 31 March. The bars above shows 12 months comparable periods.

Taking Schouw & Co. to the next level

For Schouw & Co., 2017 is more than just a new calendar year in its 139-year history. The group's capital structure is stronger than ever before, and the five portfolio companies are all making their mark as global frontrunners in their fields.

President Jens Bjerg Sørensen responds to six questions about what 'the next level' is for Schouw & Co.

Schouw & Co. had yet another good year in 2016, and the buoyant share price indicates strong market confidence in your performance. How do you see the prospects for your conglomerate?
My view on the outlook for Schouw & Co. really hasn't changed from a year ago. From our position inside the organisation, we take a long-term perspective. We prepare for the future, and we see the company's development as a stable growth process. From the outside, it may not quite look that way. We've achieved some significant milestones that have been highly visible to the world around us. Our capital structure is stronger than ever before, and we've invested heavily for the past several years to internationalise our portfolio companies and turn them into frontrunners in their respective industries. Our investment programme culminated in 2016, our biggest capex year ever, and we expect a positive return on many of these investments over the coming years.

There has been speculation in the market about your solid capital structure, and how you might apply it. Can you tell us a bit about your plans and whether you have any new acquisitions in the pipeline?
The most important thing about our capital structure is that we can act freely, fast and in a long-term perspective. Staying open to opportunities that may arise is part of our DNA, and that won't change. We will take part in industry consolidation when and if there is a good rationale for it, and we regularly consider the possibility of adding a sixth company to our portfolio. We have room for another company in our current situation if the right opportunity comes along. What is important is that we make the right decisions and the right thing to do generally is to strengthen our existing businesses. We've done that consistently in the past, whether we've been expanding a portfolio company or acquiring a new one, and I'm very pleased to say that our portfolio has never been stronger than it is now.

The solid company portfolio is the key driver behind the significant increase in your market capitalisation in recent years. Schouw & Co. became a part of the OMX Copenhagen Large Cap index from the beginning of 2017. What effect will that have?
Our market capitalisation topped the one-billion-euro mark as far back as over two years ago, so we've already been Large Cap for some time. We see that as a very tangible sign that we're moving in the right direction and that we've also moved to the next level. So the question is, what does this actually mean on a practical level? Well, it means that we will be easier to spot, especially for international investors, and, obviously, it will increase the market awareness of the things we do. That's a positive effect, but, apart from that, we will continue to do as we've always done: focus on stable long-term growth.

How do you see the global economic outlook? Can economic developments help Schouw & Co. generate further growth in 2017?
We are upbeat on the global economy. There is a lot to indicate that economic recovery will be picking up, but the outlook remains blurred, and it would be foolish to expect a straight-line development. There will be certain bumps in the road in the short term, both politically and market-wise. What matters most is that we'll be ready for the changes and the bumps that we will undoubtedly encounter. We are more agile and ready for change than we've ever been, and having that preparedness is what will characterise winners in the future.

Everybody is talking about the need for change and digitalisation. Don't you see a risk of falling victim to disruption?
We have a very serious approach to both digitalisation and disruption. In fact, we have a clear objective to continually disrupt ourselves. 'Industry 4.0' and the new digitalisation and automation opportunities play a particular role in this respect. Our businesses are strongly positioned thanks to our high level of capital expenditure over the past many years, but obviously we can't just sit back. We must continue to be innovative.

My last question is: what can we expect from Schouw & Co. in 2017?
What you can always expect from Schouw & Co.: more of the same. We will continue to generate earnings in line with the best of our peers in a proper and trusthworthy manner as we work to achieve our long-term targets. In other words, we will maintain our high level of capital expenditure, and we will continue to consolidate in 2017 through expansion and acquisitions. Our goal in everything we do is to be best-in-class and to move to the next level.

Since 2000, Jens Bjerg Sørensen has been President at Schouw & Co.

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Responsibility comes naturally

Assuming corporate responsibility and treating your employees and the world around you properly has always been an integral part of Schouw & Co.'s way of running a business. In 2016, we went a step further and have now devised a CR formula with performance indicators for the period until 2020.

Proper conduct creates long-term value. This is how short and precise it can be expressed when it comes to corporate responsibility. For long periods of its almost 140 years of existence, the company has had the freedom and independence to make proper conduct an important part of its DNA.

At Schouw & Co., we believe there is no excuse for not conducting ourselves in a proper and trustworthy manner. Corporate responsibility is about taking a long-term and holistic approach, and when you are not obliged exclusively to focus on short-term gains, it is only natural to take a position on the responsibility that comes with being a global business.

Ambitious approach

The corporate responsibility displayed by companies is increasingly becoming regulated, both in a Danish and an international perspective. For Schouw & Co., meeting these requirements has been relatively uncomplicated, because its portfolio companies have all consistently worked with corporate responsibility, although often for different purposes. For example, the Fibertex businesses were global almost from the start, whereas Hydra-Grene has only really made an international footprint after acquiring Specma. This is what makes the requirements the companies face so different.

The global aspect makes it increasingly necessary for Schouw & Co. to focus on corporate responsibility. While, for example, anti-corruption and human rights are taken for granted in Denmark and most of Europe, those issues may not be a top priority in other parts of the world where the Schouw & Co. businesses operate.

Schouw & Co. has its main focus on four particular areas: Climate and the Environment, Social Issues and Labour Conditions, Human Rights, and Anti-Corruption and Business Ethics. Schouw & Co. has now set up guidelines and defined performance indicators for each of its five major businesses, which have been combined in a so-called 'corporate responsibility house' (CR house) under this vision statement:

‘Schouw & Co. intend to be among the best in terms of creating value in a proper and trustworthy manner by committing ourselves and our businesses to taking responsibility and acting sustainably while also creating a motivational working environment.’

Initiatives defined for the CR house are to reduce the consumption of water and energy, to minimise waste and maximise recycling, to improve employee health and safety and to ensure a strong employee commitment. All of the portfolio companies are working to define precise and ambitious targets for this work in the coming years.

Achieving the targets will require investment, but a major share of those investments are expected to pay off within a foreseeable future. For example, investing to reduce energy consumption usually has a short payback time, whereas it can be difficult to measure a return on efforts to safeguard business ethics. It will always be necessary to balance the costs with the benefits, but for Schouw & Co., it is a simple logic that doing the right thing will pay off in the long run.

Revenue -1.2%	EBIT +30.1%	Employees -1.1%

2016 DKKm	
Revenue	8,867
EBIT	581
Profit before tax	577
Equity	887

BioMar is the world's third-largest manufacturer of quality feed for the fish farming industry. The core business areas are feed for salmon, trout, sea bass, sea bream and tilapia.

CEO **Carlos Diaz**

BIOMAR

Building platforms for new growth phase

BioMar has trebled both its size and revenue over the past eight to ten years. As the world's third-largest manufacturer of quality feed for the fish farming industry, the company will now begin a new era thereby confirming its leading position on the global market in terms of quality, efficiency and sustainability.

BioMar continues to grow within what is one of the very most important areas of the global food industry. With the global population about to reach 7.5 billion people, food shortages have not become less prevalent in recent years, even with the growing prosperity: on the contrary.

Fish farming is one of the most efficient and sustainable means of solving the world's food shortages for the very simple reason that fish use almost all of their energy to grow. That means that, under the most efficient conditions, a pound of fish feed can be converted to almost a pound of edible fish. Furthermore, fish is one

Optimising feed recipes is an integral part of what BioMar does. Feed recipes are designed on the basis of characteristics, quality, availability and price of the raw materials used.

of the most protein-rich and healthful foods people can eat.

This is precisely the market BioMar operates in. Not only does the company manufacture close to one million tonnes of fish feed a year at its factories in Denmark, Norway, Scotland, France, Spain, Greece, Turkey, Chile, Costa Rica and China; the highly effective brand of feed it manufactures is produced under the best conditions found anywhere in the industry.

BioMar version 2.0

Schouw & Co.'s journey with BioMar has now lasted for more than ten years, and the company has trebled in size during that time. Now, the next phase will take place under the heading "Shaping the Future", the name of BioMar's new growth strategy.

Under the new strategy, BioMar's operations will be divided into three parts: a Salmon division (covering Norway, Scotland and Chile), an EMEA division (other species in Europe and Africa) and an Emerging Markets division (other species in other geographies). BioMar has previously focused on geographical markets, but the new tripartite structure marks a big change in its business strategy.

In 2014, BioMar set up a joint venture with Turkish company Sagun Group, which was to invest almost DKK 100 million to start up a joint fish feed production in Turkey. Production at the plant began in 2016 at an annual capacity of approximately 50,000 tonnes, giving BioMar an important footprint in the region. Turkey produces more than 200,000 tonnes of fish annually, making the country an important fish farming market. Most of the fish produced is trout and two Mediterranean species, sea bass and sea bream. BioMar already has extensive experience in producing fish feed for these species at its plants in Greece, Spain, France and Denmark.

Turkey is not the only market where BioMar is starting up new production. In other important growth markets such as China and south-east Asia, the company is building a platform for a new era of growth. BioMar and its Chinese partner Tongwei are currently constructing a new factory in the city of Wuxi near Shanghai. When finished later this year, the new plant will have an annual capacity of over 50,000 tonnes. During the construction process, BioMar and Tongwei also acquired Chinese fish feed producer Haiwei. Based in southern China near Hong Kong, Haiwei generates revenue of about DKK 300 million and employs 120 people. When it was acquired, the factory had an annual capacity of 60,000 tonnes of fish feed, but BioMar has already invested to expand its capacity additionally over the next few years. BioMar and Tongwei now hold an extremely strong joint position in the Chinese market, which is a highly important one. BioMar specialises in efficient operations and high-quality products, whereas Tongwei, the largest fish feed manufacturer in China and

BioMar manufactures fish feed in ten different countries, always with food safety, traceability and sustainability as fundamental factors in the production process.

"We are innovators dedicated to efficient and sustainable global aquaculture. That commitment is deeply rooted in the BioMar DNA."

CARLOS DIAZ, CEO

south-east Asia, has an extensive regional sales network.

BioMar's DNA is the key to success

A key explanation for its growth and success lies in BioMar's DNA. Fish feed is manufactured in numerous ways and many qualities all over the world, with BioMar clearly representing the very highest end of the industry. The company's particular expertise lies in sustainable production, having the best recipes and offering products of an extremely high and consistent quality.

Its "Shaping the Future" strategy will bring BioMar to a new level of excellence and help the company to reap the benefits of its dedicated approach to corporate responsibility. Already a corporate responsibility frontrunner, BioMar believes it is not just about reducing energy and water consumption and waste. Observing the maxim that healthy fish lead to healthy people is also decidedly important. BioMar applies a general concept of being 'innovators dedicated to an efficient and sustainable global aquaculture', and this is more than just words. It is truly part of BioMar's DNA to hold a leading position in food safety, traceability, and sustainability and to be the innovator of the aquaculture industry.

Growth in 2017

Based on its many new initiatives and extensive investment, BioMar is primed for growth in 2017. In addition to production having started up in Turkey and production to start in China, an all-new production line is scheduled for commissioning in Norway. BioMar is

The fish feed is regularly quality-tested, and BioMar has full traceability along the entire value chain.

expanding its existing facility at Karmøy north of Stavanger in the largest single investment in company history, valued at about DKK 350 million. The new production line will add annual capacity of 140,000 tonnes, bringing BioMar's total capacity in Norway to almost 600,000 tonnes. As Europe's largest and most advanced market, Norway has an annual aquaculture output of almost two million tonnes. In the longer term, this capacity increase is expected to lift BioMar's revenue by DKK 1 billion.

Another big event in 2017 will be the opening of BioMar's new state-of-the-art R&D centre in Chile, whose main purpose will be to serve the Salmon division and provide support for BioMar's market-driven innovation. The salmon business accounts for much of the growth occurring in global aquaculture. As this is a field where BioMar is very strongly positioned, 2017 will possibly be an even more eventful year than 2016 was.

Highest capex level ever

Over the past year, Fibertex Personal Care has implemented its most comprehensive investment programme ever. The company made investments for no less than DKK 650 million in 2016 directed at expanding capacity, improving quality and optimising its environmental profile and energy consumption. The moves consolidate the company's position as a frontrunner in terms of quality, service and corporate responsibility. Last year, those qualities earned Fibertex Personal Care a Procter & Gamble award that is considered the highest honour in the industry.

FIBERTEX PERSONAL CARE

Revenue -0.3%	**EBIT -2.8%**	**Equity +11.7%**

2016 DKKm		
Revenue	1,792	
EBIT	246	
Profit before tax	239	
Employees	574	

Fibertex Personal Care is among the world's largest manufacturers of spunbond/spunmelt nonwovens for the personal care industry, manufacturing mainly diapers, sanitary towels and incontinence products.
CEO **Mikael Staal Axelsen**

As the world's fifth-largest manufacturer of nonwoven textiles, Fibertex Personal Care produces about 10% of global output. The company consolidated its position in 2016 by launching investments worth over half a billion Danish kroner.

The largest single investment was DKK 400 million to build a whole new factory in Malaysia to house the company's eighth production line. Fibertex Personal Care currently has three production lines in Aalborg, Denmark, and four in Nilai, Malaysia. As there are no more expansion options at the existing site in Malaysia, Fibertex Personal Care is constructing a new factory about 25 km from the current facility. Construction is already well underway, and the factory will be fully operational in the second half of 2017. At a capacity of almost 20,000 tonnes, the new line will lift the group total annual output to 138,000 tonnes, and give a capacity increase of 20% in the rapidly growing Asian market.

All-important softness

Fibertex Personal Care has also made a capex investment in upgrading its Aalborg factory, with its DKK 100 million project to facilitate production of new, soft and textile-like products. Fibertex Personal Care's non-woven textiles are the main components in diapers, femcare and incontinence products. Consumer demand in both Europe and Asia is on the rise for products with a more cotton-like feel, and this is where Fibertex Personal Care has some very special capabilities. For decades, the company has researched how to enhance softness and the fine feel of its products and consistently implemented its latest innovations in its factories in Nilai and Aalborg.

Constant quality development and quality assurance is a fundamental requirement for being a supplier to some of the world's largest consumer goods manufacturers.

Fibertex Personal Care monitors and photographs every single square inch of the nonwoven textiles shipped daily in large volumes to customers around the world.

Print holding great potential

Fibertex Personal Care also invested heavily in its print operations in 2016. Innowo Print, the printing business based in Ilsenburg, Germany, that Fibertex Personal Care co-founded in 2008 and which it took full ownership of in 2014, employs about 100 people today. DKK 50 million was spent in 2016 on adding a fourth printing line in Germany, while another DKK 50 million has been allocated to establishing a first printing line in Malaysia. The latter project is especially interesting because it involves a unique technology that allows direct printing on nonwoven fabrics. This makes Fibertex Personal Care the first manufacturer in Asia capable of printing, for example, teddy bear motifs directly on the external layer of a diaper.

Consumption of virgin polypropylene cut by 20%

Fibertex Personal Care also invested in recycling and in optimising its energy consumption in 2016. More than 97% of waste from production in Nilai and Aalborg is reprocessed and reused. As a result, the company's use of virgin polypropylene, i.e. the raw material produced in the crude oil fractionation process, has been cut by 20% over the past few years. This is good for the environment, and it makes good economic sense, which is characteristic of the many environmental footprint- and energy-reducing projects launched by Fibertex Personal Care.

Extensive agreement with the Danish Energy Agency

Fibertex Personal Care's production process is relatively energy-intensive. Electric power accounts for 80% of the energy consumed, but this is also an area in which improvements are consistently made for the benefit of both the environment and the company's bottom line. In 2016, Fibertex Personal Care signed an extensive agreement on energy efficiency enhancements with the Danish Energy Agency involving a three-year mutually binding subsidy scheme that will reduce the company's PSO charge in return for Fibertex Personal Care launching a number of projects aimed at

Nearly all production wastage is reused: the recycling rate is over 97%.

"Fibertex Personal Care is mainly growing in Asia. In 2017, we will install our fifth production line in Malaysia, so we can keep up with customer demand."

MIKAEL STAAL AXELSEN, CEO

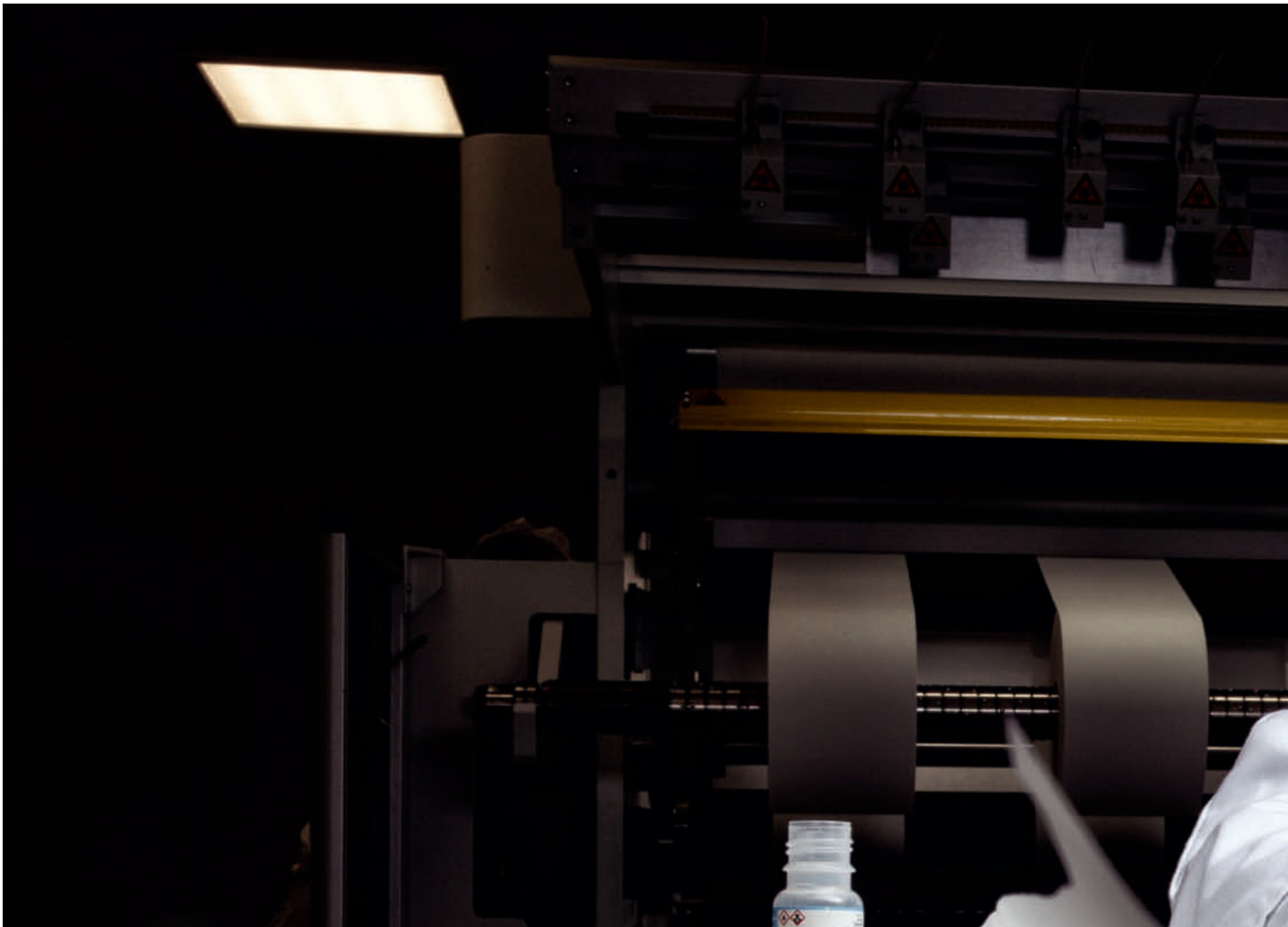
optimising its energy consumption. As part of the agreement, the factories at Aalborg and Ilsenburg have been certified to the ISO 50001 energy management standard. This is expected to result in energy savings of 1,500 MWh per year at the Aalborg facility alone, or the same amount that 250 households consume annually, once all the projects have been finalised.

CR, quality and service creating new opportunities

Initiatives involving corporate responsibility (CR), quality and service have become a trademark of Fibertex Personal Care and are highly valued by the company's customers, which include some of the world's largest companies, such as Procter & Gamble (P&G), Kimberly Clark, SCA and Ontex. Most recently, Fibertex Personal Care won Procter & Gamble's External Business Partner of the Year Award. CEO Mikael Staal attended the ceremony at P&G's US headquarters in Cincinnati, Ohio, to receive the award in person. P&G is the world's leading consumer goods manufacturer, and this biennial award is granted to only a very few selected among P&G's some 50,000 suppliers worldwide. It is very likely one of the highest awards in the consumer goods industry anywhere.

In fact, Fibertex Personal Care's approach to CR, quality and service is a veritable gateway to new opportunities, and that is why the company has a steady need to expand capacity with the support of Schouw & Co., which also helps improve both its top and bottom lines. Having a reputation as one of the best in the industry and products that consistently raise the bar for softness and other characteristics translates into good sales opportunities.

The Asian markets still have the highest growth rates in the personal care industry. The annual growth rate of roughly 10% is driven by the increasing focus on hygiene by the middle class in these countries. Sales of Japanese luxury hygiene products are growing rapidly in large parts of Asia, and, for many Japanese manufacturers, Fibertex Personal Care is the preferred non-Japanese supplier.



Focused on the nonwoven products of the future

Fibertex Nonwovens is fast becoming a global market leader in new industrial applications for high-end nonwovens. This includes products for the automotive industry, where Fibertex Nonwovens is already known as a premium supplier, and new growth areas in fields like filtration, which could well become an attractive new business area for the company.

Fibertex Nonwovens is in a transition from its position as an international player to becoming a global market leader within nonwovens for industrial applications. The company recently opened new sales offices in India and China, and it is expanding existing production facilities in Denmark, France, the Czech Republic, Turkey, South Africa and the USA to match growth in customer base and demand.

In other words, this 50-year-old Danish industrial icon has greater potential than ever

FIBERTEX NONWOVENS

Revenue	EBIT	Employees
+6.5%	+5.6%	+12.7%

2016 DKKm	
Revenue	1,301
EBIT	81
Profit before tax	60
Employees	810

Fibertex is among Europe's leading manufacturers of nonwovens, i.e. non-woven textiles used for many different industrial purposes.

CEO **Jørgen Bech Madsen**

before. More and more new windows of opportunity are opening, especially in terms of new markets and products, thanks in particular to its years of patiently remaining focused on product development and innovation.

New products for new markets

Fibertex Nonwovens was among the first nonwoven manufacturers to specialise and direct its nonwoven production and innovation towards the automotive industry. Over the past 15 to 20 years, the company has developed products that currently have more than 30 different purposes in an average car – uses inside the passenger compartment that include lining for the roof, floor, parcel shelf and glove compartment, as well as exterior uses such as in wheel housings and engine compartments – and the company has been rewarded for its patience. Fibertex Nonwovens currently derives 35% of its revenue from the automotive industry. The company is currently ranked as an absolute leader among suppliers to the European car industry, and it has the potential to gain a similar position in

➔

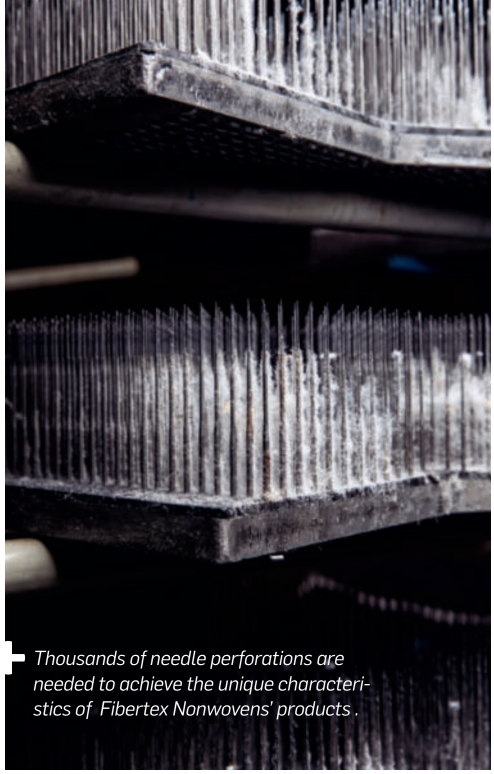
"We have invested to prepare both our technology and our market platform for the future, and we have a very attractive pipeline of new products."

JØRGEN BECH MADSEN, CEO

→ both North and South America. The European car industry plays a leading role when it comes to making vehicles lighter and introducing new materials, something that gives Fibertex Nonwovens an extremely strong position in that part of the market. Fibertex Nonwovens grew its sales to the automotive industry by 8% in 2016.

There are also new and attractive business areas in the pipeline: Since the early years of the new millennium, Fibertex Nonwovens has conducted extensive research into finding new nonwoven applications, also by using refining technologies to give the products special properties. This is yet another example of patience being rewarded: While many other players in the nonwoven industry have long since discontinued their development projects due to a lack of results in the short term, Fibertex Nonwovens held firm to its long-term strategy. As a result, the company is now about to launch a number of new products that could potentially create value for its customers. Fibertex Nonwovens has developed a technology to produce textiles using fibres that are 100 times thinner than ordinary fibres, giving the product some unique characteristics. Uses for these new properties could include liquid and air filtration, and the

Both management and the production staff are strongly committed to optimising the health and safety environment and to reducing the company's environmental footprint.



Thousands of needle perforations are needed to achieve the unique characteristics of Fibertex Nonwovens' products.

textiles could be used to filter out bacteria or pollen, for example. This is a market where competing products are much, much more expensive to produce than nonwoven textiles are.

Construction sector sales in Europe up by 36% in 2016

Patiently pursuing long-term development projects is a key part of Schouw & Co.'s DNA, in a process that combines short-term profitability with investing in platforms for future growth. In this context, Fibertex Nonwovens continues to have a solid foundation consisting of its many high-volume products: While maintaining the many development products and its ongoing conversion of production to high-end products, the company has remained competitive in its high-volume products. One example is products for the construction sector, which uses large volumes of geotextiles to separate soil layers or as membranes for various purposes. Fibertex Nonwovens grew its sales to this sector by no less than 36% in Europe in 2016. Despite the more competitive market, the business is performing well, and Fibertex Nonwovens specialises in making precise, efficient deliveries and, not least, in avoiding wastage.

Focused on low-hanging fruit

The company's strong competitive ability derives in part from the company's constant attention to picking low-hanging fruit in terms of optimising energy consumption, improving recycling and creating an optimal working environment. Fibertex Nonwovens has appointed a three-man executive group that meets on a monthly basis to follow up on current projects and launch new initiatives. Maintaining an ethi-

Some of the fibres used in production are manufactured in-house at Fibertex Nonwovens' factories in Denmark and South Africa.

cal approach and corporate responsibility are common denominators of such new initiatives. For example, the group is charged with reducing energy consumption per manufactured unit by 4% by 2020. Other tasks include reducing wastage and increasing recycling rates. All Fibertex Nonwovens' factories are constantly working to reap the benefits of these efforts. For example, the facility at Aalborg has been certified to the ISO 50001 standard on energy management systems, and the plan is for the other production units to eventually become certified as well.

Maintaining a high capex level

Fibertex Nonwovens maintained a capex level of historical proportions in 2016. Production facilities in Denmark, France and the Czech Republic were upgraded, expanded and aligned with the current market situation of growth in the construction sector, the automotive industry and value-added products for other industry customers. Returns on these investments will begin to materialise in 2017 and 2018, and Fibertex Nonwovens expects to increase volumes sold in 2017 relative to 2016.

At the same time, new investment plans are being made. Production facilities in Turkey are currently being upgraded and the US operations are close to maximum capacity. The company is also making a dedicated effort to promote knowledge-sharing and a best practice approach so that all production units use the same management systems and the same IT platform. This is yet another factor that will improve efficiency, competitive strength and, eventually, profitability at Fibertex Nonwovens.

HYDRA/SPECMA

Revenue	EBIT	Employees
+189.8%	+41.7%	+323.2%

2016 (DKKm)	
Revenue	1,747
EBIT	111
Profit before tax	103
Employees	1,020

Hydra/Specma is a specialised trading and engineering company whose core business is trading and producing hydraulic components and systems for industry.

CEO **Erik Lodberg**

Nordic hydraulics business with a global perspective

The merger of Denmark's Hydra-Grene and Sweden's Specma in early 2016 instantly created a Nordic leader in hydraulics. Driven by its global perspective, the company is gradually expanding its market to other parts of the world, in particular in a close collaboration with its major industrial customers, who are happy to take Hydra/Specma's products, skills and – not least – responsible conduct with them to all parts of the world.

This was a milestone year in Hydra-Grene's long history. The acquisition of Sweden's Specma was completed in early January 2016, and the integration process of the two specialist hydraulics companies has since run smoothly. On paper, the two companies were a perfect match, and reality has certainly proved to match the original expectations. Hydraulics is part of the core DNA of both companies, but while Hydra-Grene has a background in commerce and trade, Specma brings a Swedish industrial and production-

Several of our Nordic customers aim to have a broad geo-graphical presence, and Hydra/Specma has moved with them to several markets in Asia and North and South America.

→ driven culture to the match-up, and now, backed by the best of both worlds, Hydra/Specma is second to none. Hydra/Specma is currently a Nordic leader in industrial hydraulics and a global leader in hydraulics solutions for the wind industry. The company carries almost 100,000 hydraulic components: from fittings and tubes to valves, pumps and motors.

A global perspective

Although the Nordics make up the company's domestic market, its exports of products and know-how to other parts of the world account for an ever-growing share of revenue. In March 2016, Hydra/Specma won the Danish Export Association's prestigious Exporter of the Year award, which is given each year to companies that have demonstrated an innovative approach to exporting, have achieved significant success over a number of years or made an extraordinary effort to promote Danish exports.

The timing of the award is certainly no coincidence. Hydra/Specma has performed extremely well in export markets in recent years, mainly because the company's Nordic customers have been wanting their top suppliers and business partners to follow them onto international markets. For Hydra-Grene, this means first and foremost the wind industry, in which Denmark has several global players. For Specma, it mostly means the company's large-scale Swedish industrial customers whose interests lie in Asia and the Americas.

Expanding in China

In October 2016, Hydra/Specma took over the Chinese industrial company Etola China from Finland's Etola Group, aiming to strengthen its presence in Asia. Etola China is a supplier of lubrication, cooling and filter systems for industrial gears and mining and of tubing and piping for water cooling, hydraulic oil and gear oil. The acquisition gave Hydra/Specma a much more complete product platform.

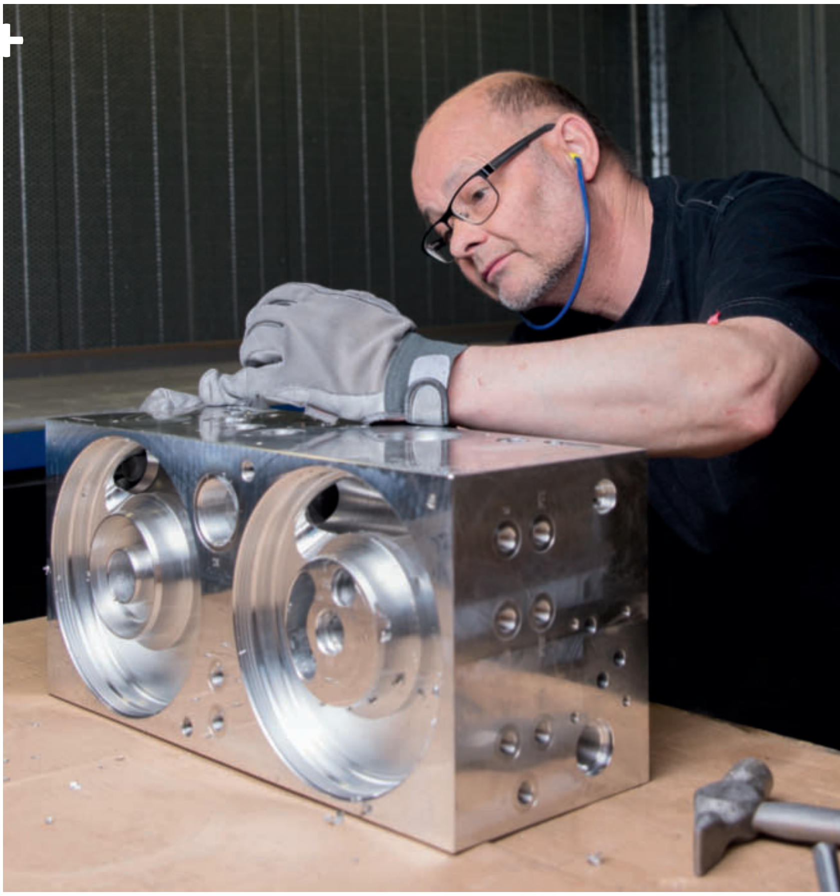
Today, Hydra/Specma has two factory sites in China, both strategically well located: one in Tianjin near Beijing, where several of the world's leading wind turbine manufacturers have factory locations, and one in the Shanghai area, whose main business is hydraulics systems for marine cranes and trucks.

In addition to its operations in China, Hydra/Specma has full-scale production facilities in Poland and smaller production units in India, Brazil and the USA. The company's platform is geared to serve both the Nordic and the global customer base, a capability that will be key to generating growth going forward.

Devising the formula for inherently responsible conduct

As a Nordic group, Hydra/Specma acts responsibly towards both internal and external stakeholders. This is a natural part of its corporate culture and its Nordic heritage. However, as its international activities continue to grow, so does its need to devise a formula for responsible con-

Hydra/Specma supplies the global wind turbine industry with large manifold blocks designed to withstand all kinds of weather conditions for years and years.



duct. To address this situation, Hydra/Specma is working on a number of corporate responsibility initiatives intended to ensure consistent and uniformly responsible conduct across the organisation. These efforts form an integral part of its ambitions for 2020: the company's long-term growth strategy. The initiatives span areas such as human resources, health and safety, environment and climate, as well as special activities.

One of its HR initiatives is the ambition to attract more female employees to the group. Currently, about 20% of the staff are women, which for the hydraulics industry is quite a high number, and the company aims to increase this percentage in the years ahead.

Within health and safety, Hydra/Specma is working hard to set up a system for recording near accidents, whereas its efforts in the environment and climate field centre on reducing energy consumption by as much as 10% by 2020. This latter goal is measured per unit produced, so the target can be achieved even as activity levels rise.

In the special activities category, Hydra/Specma is working to create a shared understanding of issues such as anti-corruption and business ethics among its almost 1,100 employees. Lastly, a Code of Conduct and quality manuals directed at its many sub-contractors all over the world are also being prepared. All of these are natural steps to take for a Nordic business that is growing globally.

A more diversified approach

This was also the year when Hydra/Specma yet again enjoyed the benefits of being a diversified business. While activity levels in the marine, offshore and mining industries remained low, the company's business areas of lorries/buses and wind both saw strong growth.

In addition to the various industries Hydra/Specma is involved in, there are also geographical differences to consider. Industrial sector growth is strong in some parts of the world, but flattish in others. In late 2016, IEDRA, the Indian Economic Development & Research Association presented Hydra/Specma with the Fastest Growing Indian Company Excellence Award. India is a relatively new market for the group. In Europe, for example, the company's Polish operations generated decent growth rates in 2016.

In 2017, Hydra/Specma intends to focus more on the parts of the business that are performing well and to give less attention to those industries or geographical areas that, for various reasons, may not be generating growth. This is the best way to capitalise on the benefits of being a global business with a presence in multiple industries.

Hydra/Specma is committed to reduce its energy consumption by 10% by 2020.

GPV embarking on a growth journey

Danish EMS manufacturer GPV International A/S became part of the Schouw & Co. portfolio as of the second quarter of 2016. Schouw & Co. immediately began to apply its active ownership approach, also by setting a target of increasing the company's revenue from the current figure of DKK 850 million to DKK 1.5 billion by 2020.

When announcing its acquisition of GPV at a price of DKK 400 million in January 2016, Schouw & Co. launched yet another growth ambition for a Danish industrial company. In other words, GPV is about to set off on a multi-year growth journey.

GPV is a medium-sized EMS (Electronic Manufacturing Services) company that in size lies between the largest of the small players and the smallest of the big fish. GPV specialises in both electronics and mechanics, which is quite unusual for a company of this size: it gives GPV certain advantages over its competitors. The smaller ones are generally pure electronics manufacturers.

Flexible low-volume custom solutions

GPV specialises in manufacturing low-volume custom solutions, including electronic sub-assembly solutions, finished goods (box builds) and mechatronics products. The growth generated by the Internet of Things and Big Data are among the drivers of current industry trends, and this is very much GPV's field of expertise, something it is broadly recognised and known for in the market.

Overall, GPV manufactures roughly 4,500 electronics products for about 300 international customers. Its customer base consists mainly of OEMs in its Cleantech, Instruments and Industry, Medico, Marine & Defence business areas. OEM customers increasingly want to

GPV

Revenue +2.6% **EBIT +13.9%**

2016 DKKm	
Revenue	877
EBIT	61
Profit before tax	53
Employees	1,074

GPV is Denmark's largest EMS manufacturer (Electronic Manufactoring Services) focusing on high-mix/low-medium volume production within electronics and mechanics.

CEO **Bo Lybæk**

In preparation for the electronics production being established in Mexico, several Mexican employees trained at the factories in Thailand and Denmark.

GPV has a customer base of leading international players that, like GPV, have an uncompromising approach to quality.

concentrate on their core business and are therefore looking to outsource parts of their production to other players such as GPV. As this trend is predominant in Western Europe and on the North American market, these areas offer the greatest growth potential.

A global platform

For several years, GPV has had production facilities in Denmark (almost 200 employees in Tarm and Aars) and in Bangkok, Thailand, where it has a staff of just over 900. Just a few months after Schouw & Co. acquired the company, GPV took steps to set up production facilities in Mexico. The company opened a 4,500-square-metre facility in Mexico's second largest city, Guadalajara, which is known as Mexico's centre for high-tech electronics. The new facility will give GPV an important foothold, both on the North American market, which is currently a high-growth market, and on the Central American market, where this industry is also seeing a great deal of momentum.

As many of GPV's customers are major global players, it is important for GPV to have an international presence in Europe, Asia and the Americas: both a physical presence, with all the logistical benefits that implies, and a production and customer support presence in the three most important time zones in the world.

"Becoming a part of Schouw & Co. has been a big positive for GPV. It has enabled us to be innovative and to think big, and we look forward to delivering profitable long-term growth."

BO LYBÆK, CEO

Top quality is a basic requirement for GPV's customers. Ultraviolet light is used to test the quality of the product.

At its new site in Mexico, GPV has already set up one full-scale SMT (Surface Mount Technology) production line enabling surface mounting of electronic components on circuit boards, with a second scheduled to come online in the next 12-18 months. The facility currently employs a staff of 35, but the company expects to hire another 300 people within a few years, bringing GPV's total headcount to almost 1,500.

Important KPIs for CR approach

As GPV's global presence grows, so does the need for the company to focus on corporate responsibility. GPV applies a number of key per-

GPV subjects its products to a number of quality tests during the production process. This picture shows a visual inspection of high-performance LED units.

GPV

formance indicators (KPIs) to measure performance in terms of its environmental footprint, energy and water consumption, recycling, staff turnover, supplementary training, work-related accidents and other factors. In addition, the company has a zero-tolerance policy on corruption and bribery.

GPV has defined a number of targets to be reached by 2020. One of these categories is energy consumption, which GPV aims to reduce by 10% per unit produced. The company has also defined a recommended target for the number of female managers, a category in which GPV already ranks high relative to other industries: 50% of its managers are women, and, in Mexico, the number is even higher at 60%.

In fact, GPV has an ambitious and dedicated approach to achieving its defined targets. According to its current strategy, “Accomplish More”, GPV aims to be the best EMS partner in the world in terms of creating value for its customers. GPV’s vision is to enable its customers to accomplish more through its uncompromising focus on quality, reliability of supply and fast response. Management at GPV is committed to doing things a little better every day in these three areas.

Accelerating growth in 2017

Schouw & Co. and GPV have joined forces to work on general business strategy targets. The plan is for GPV to grow its revenue to DKK 1.5 billion while maintaining a 15% return on invested capital. The company intends to meet these targets by means of additional organic growth, by expanding production in Mexico and through an active acquisition strategy that among other targets acquisitions in the Nordic home market, and where the acquisition of BHE in early 2017 is a first step.

Overall, GPV has embarked on an exciting new journey after becoming a part of the Schouw & Co. group. Backed by Schouw & Co.’s active ownership approach and having the right amount of resources at its disposal, GPV is expected to grow considerably over the coming years.

Other investments

Xergi

Schouw & Co. has been involved in the biogas sector since 2001 and today co-owns Xergi on a fifty/fifty basis together with Dalgasgroup (Hedeselskabet).

Xergi is one of Europe's leading suppliers of turnkey biogas systems. Its core business consists of technology development, system design and installation as well as turnkey system operation and maintenance. The company's head office is in Støvring near Aalborg, Denmark and it operates mainly on the European and US markets. Xergi is recognised as a joint venture in the Schouw & Co. consolidated financial statements.

Xergi completed several major projects in 2016, whereas the inflow of new project start-ups has not been as strong as previously expected. As a result, revenue for 2016 amounted to DKK 182 million, down from DKK 411 million in 2015. Due to the revenue decline, Xergi incurred a loss for the year and Schouw & Co. has recognised a loss of DKK 2 million under profit after tax in joint ventures in its consolidated financial statements.

However, Xergi has a considerable active project portfolio, and although the timing of when these projects get final approval will depend on, among other things, the regulatory authorities and on financing commitments, Xergi expects to improve both revenue and earnings by a considerable margin in 2017.

Incuba Invest

Schouw & Co. holds a 49% stake in Incuba Invest, a development and venture operation supporting entrepreneurial environments and investing actively in business start-ups. Incuba Invest is a co-owner of Incuba, a company owning a number of properties and running three science parks in Aarhus, Denmark, and has an ownership interest in Capnova, a government-approved innovation environment.

In addition, Incuba Invest held for moderate years a 38% ownership interest in Scandinavian Micro Biodevices ApS, a company producing point-of-care veterinary diagnostic products. The company was sold to US company Zoetis in August 2016.

Incuba Invest usually reports a modest profit after tax that is based on the ordinary operations of its underlying businesses. While that was also the case in 2016, the profit for the year was supported by a considerable gain on the sale of Scandinavian Micro Biodevices. Schouw & Co. recognised DKK 67 million as its share of the profit for 2016 under profit after tax in associates. Incuba Invest expects to report a modest profit at the usual level in 2017.

Property

Schouw & Co. owns a small number of properties in addition to the operational properties of the portfolio companies. They are the parent company's offices in Aarhus, Denmark, a minor property relating to the former Grene Industri-service, also in Aarhus, and two properties in Frederikshavn, Denmark, that Schouw & Co. took over in February 2013 in connection with the divestment of Martin, both of which have been put up for sale.

Schouw & Co.'s web site contains press releases and company announcements, as well as more detailed information on the Group. Interested parties are also invited to subscribe to the company's news service.

WWW.SCHOUW.DK

Chairman
Jørn Ankær Thomsen

Board of Directors

Jørn Ankær Thomsen, Chairman
Jørgen Wisborg, Deputy chairman
Erling Eskildsen, Board member
Niels Kristian Agner, Board member
Kjeld Johannesen, Board member
Agnete Raaschou-Nielsen, Board member

Executive Management

Jens Bjerg Sørensen, President
Peter Kjær, Vice president

Financial calendar

20 April 2017	Annual general meeting
25 April 2017	Expected payment of dividend for 2016
4 May 2017	Release of Q1 interim report 2017
17 August 2017	Release of H1 interim report 2017
13 November 2017	Release of Q3 interim report 2017

Schouw & Co. shares

The shares of Aktieselskabet Schouw & Co. are listed on Nasdaq Copenhagen under the short name SCHO and the ISIN code DK0010253921. Effective from 1 January 2017, the share became a component of the Large Cap index.

The Schouw & Co. share closed the year at a price of DKK 526.00 (official year-end price), compared with DKK 387.00 per share at 31 December 2015, corresponding to an increase of 36%.

Accordingly, the total market capitalisation of the company's listed share capital amounted to DKK 13,413 million at the close of the financial year, against DKK 9,869 million at the close of 2015. Adjusted for the holding of treasury shares, the company's market capitalisation was DKK 12,489 million at 31 December 2016.

Shareholder information

The number of registered shareholders in Schouw & Co. has in the recent year increased from about 8,000 to about 9,000, of whom the following are listed in the company's register in accordance with section 56 of the Danish Companies Act:

Givesco A/S	28.09%
Direktør Svend Hornsylds Legat	14.82%
Aktieselskabet Schouw & Co.	6.89%

Pursuant to the provisions of Section 31 of the Danish Securities Trading Act, the three shareholders Givesco A/S, Direktør Svend Hornsylds Legat and Erling Eskildsen, who holds 3.94%, are considered as a single shareholder of Schouw & Co. The three shareholders hold in aggregate 46.85% of the shares in the company.

This is a translation of the Danish Shareholder Magazine 2016. The original Danish text shall be controlling for all purposes, and in cases of discrepancy, the Danish wording shall be applicable.

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