

INVESTOR PRESENTATION

15 August 2019

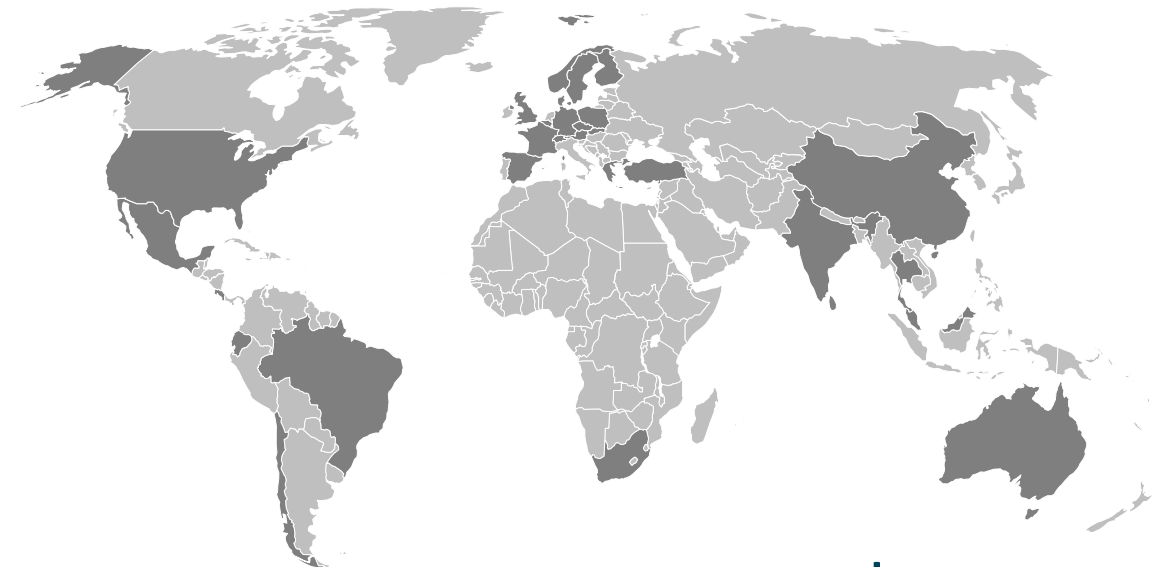
schouw+co

2019 Q2 interim report



Schouw & Co. value proposition

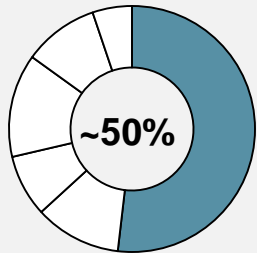
- 1 Diversified portfolio
- 2 Leading B2B businesses
- 3 Active/long-term ownership
- 4 Europe-based, global outlook
- 5 ROIC-focused
- 6 Financially strong



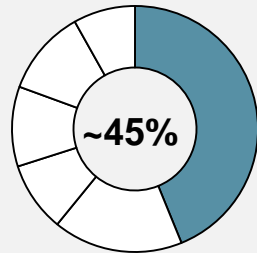
The portfolio

schouw+co

Fish Feed

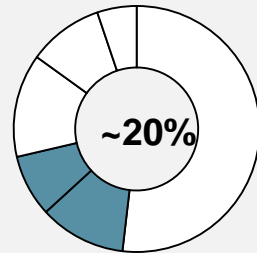


of 2019E sales

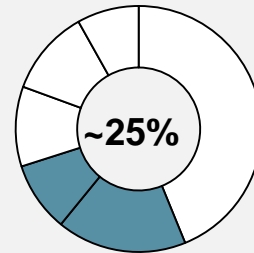


of 2019E EBITDA

Nonwovens

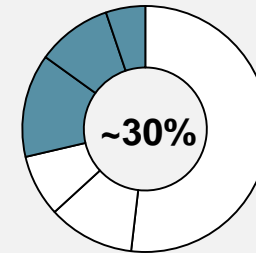
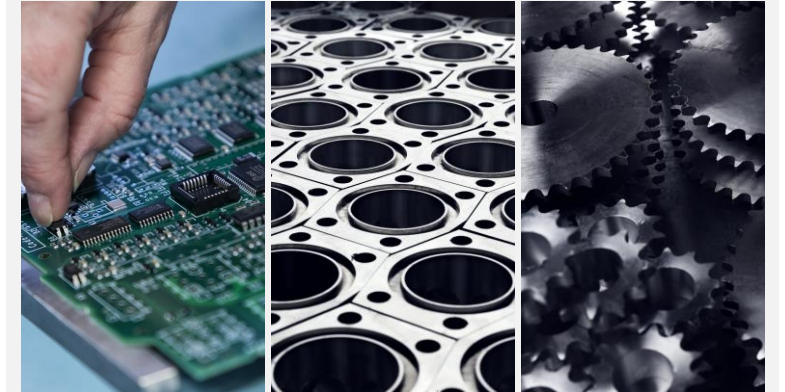


of 2019E sales

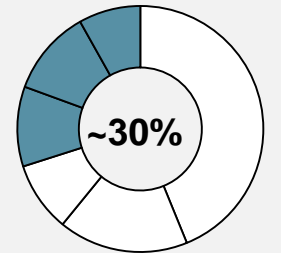


of 2019E EBITDA

Industrial solutions



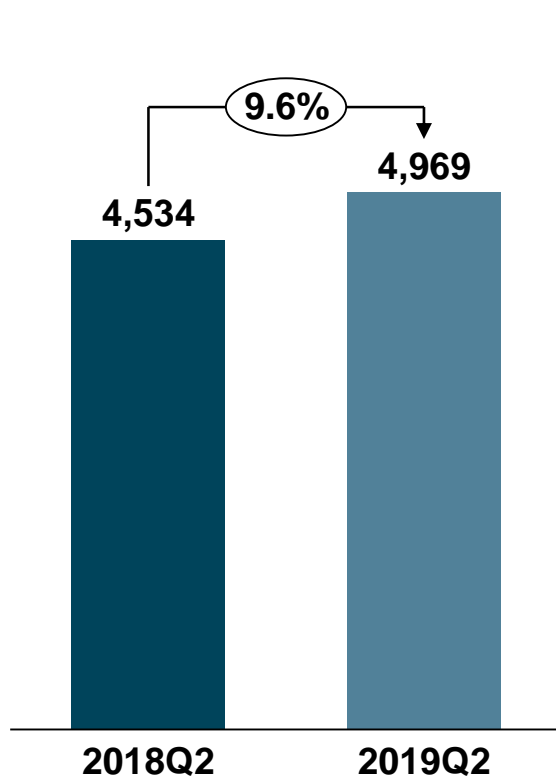
of 2019E sales



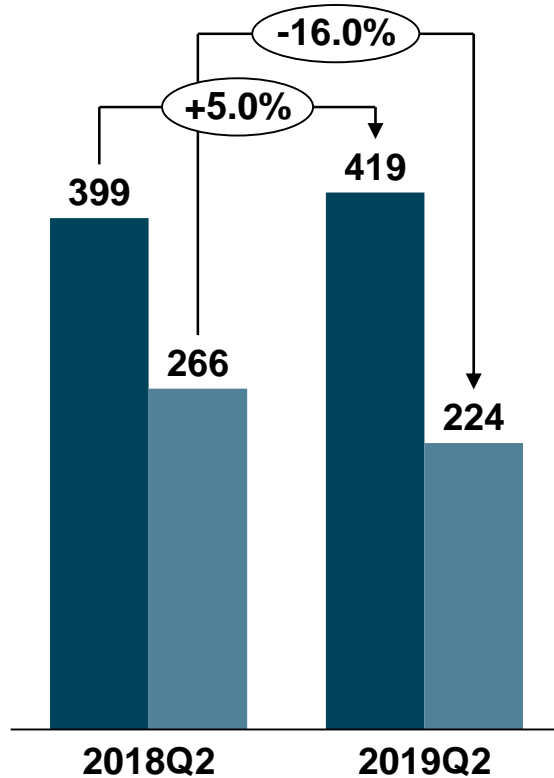
of 2019E EBITDA

Group financial highlights

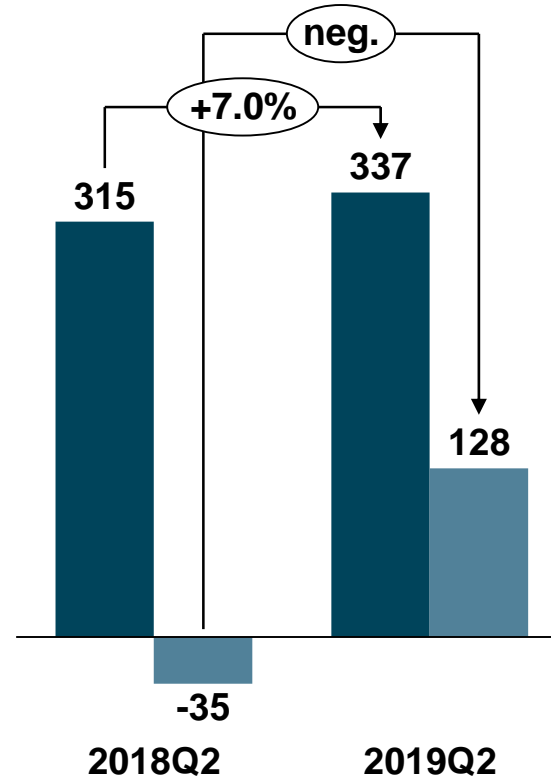
Revenue (DKK million)



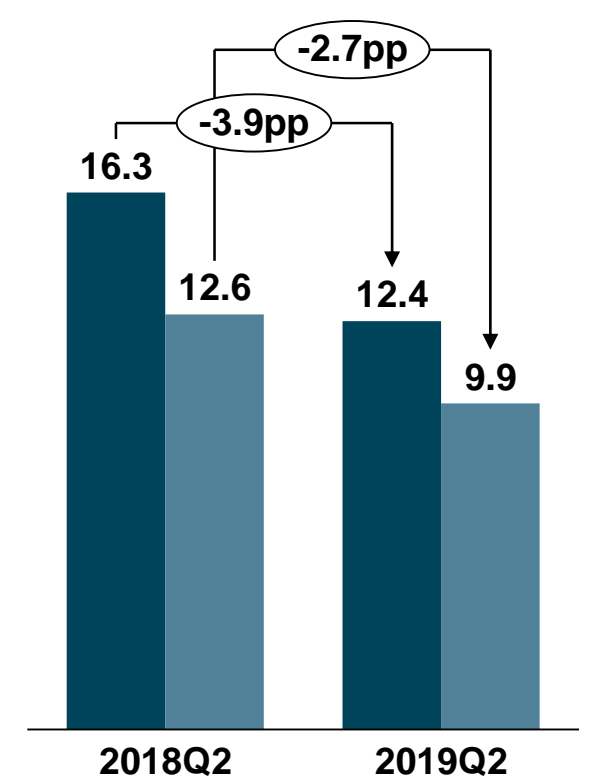
Profit (DKK million)



Cash Flow (DKK million)



Return (%)



Total revenue

EBITDA

EBIT

CF Op. before NWC

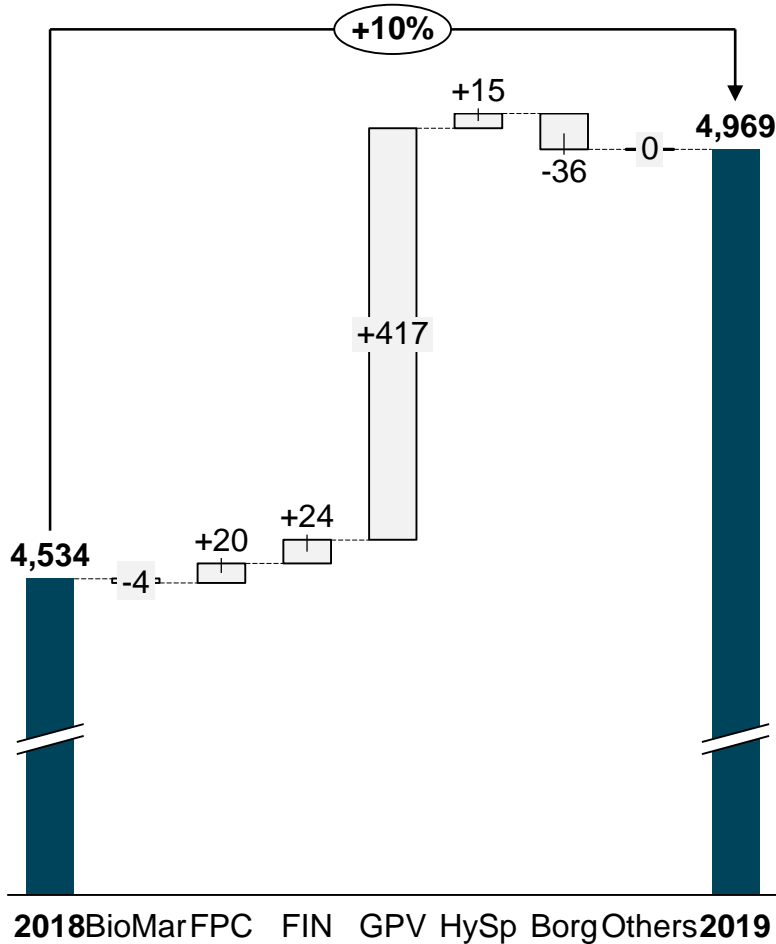
CF from Operations

ROIC excluding GW

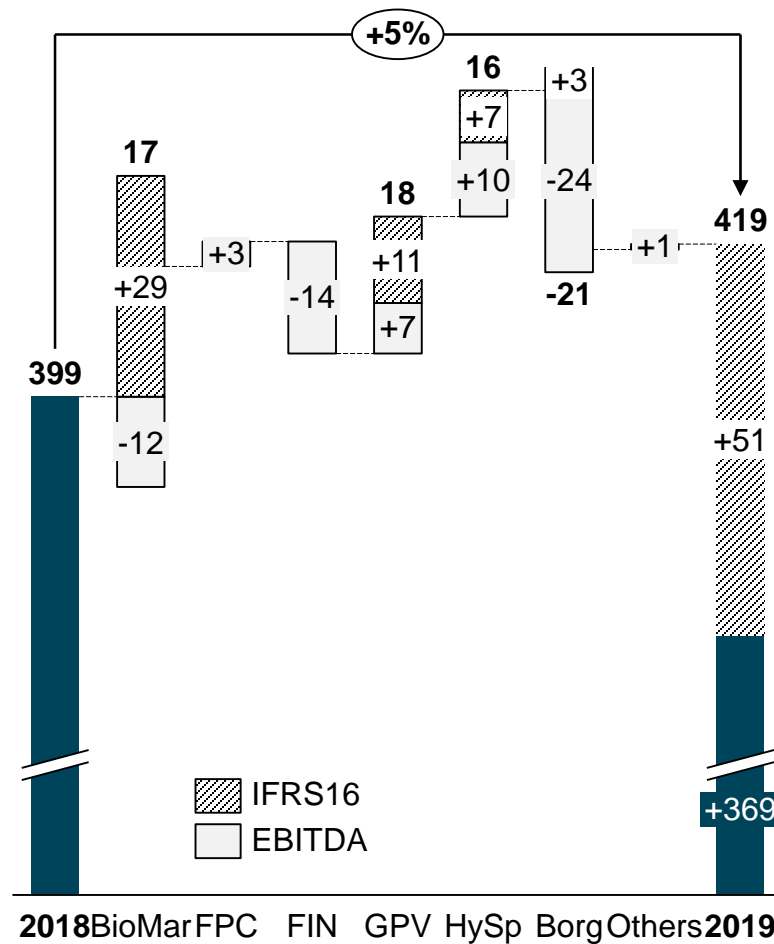
ROIC including GW

Strong cash flow generation

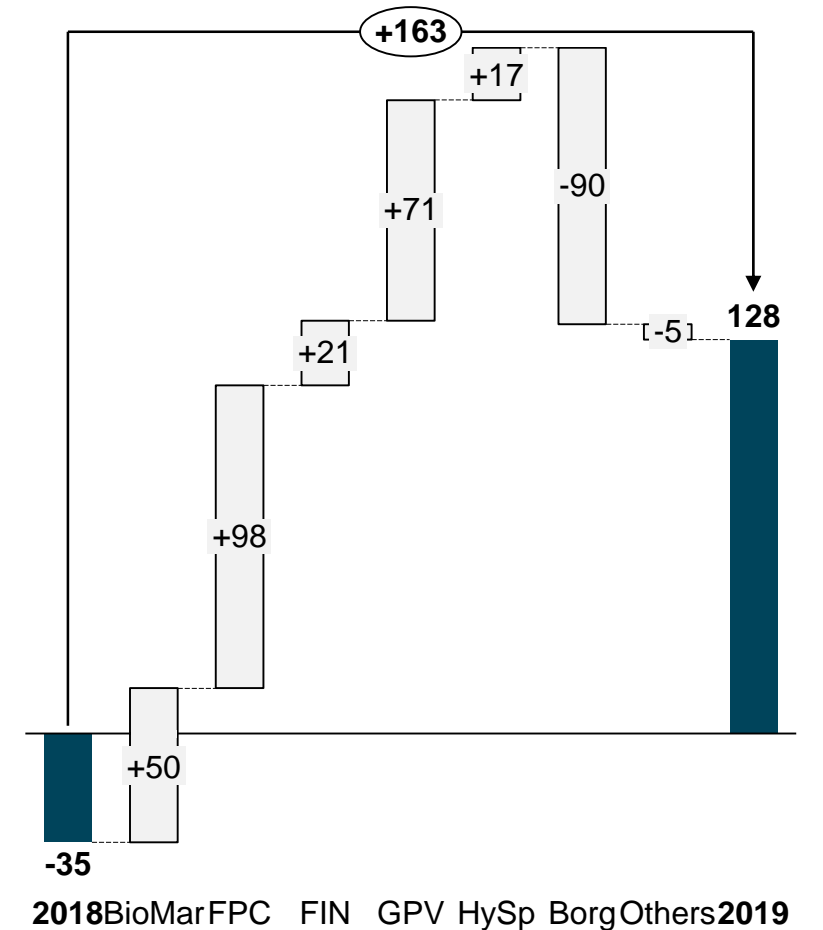
Q2 revenue (DKK million)



Q2 EBITDA (DKK million)



Q2 CashFlow Operations (DKK million)



Significant capex program



- **Tasmania**, green-field for salmon, 110k ton, total investment DKK 300m (~DKK 200m in 2019), expected final in 2020
- **Wuxi, China**, green-field for various high-quality species in JV, 50k ton, project delayed but now expected running by end of 2019
- **Ecuador**, pelletised line 25k ton already running and extruded line 40k ton expected by 2020Q1
- **Denmark**, RAS feed, total investment DKK 90m
- **Alitec Pargua**, Chile, acquired remaining 50% of JV, adds 60k ton capacity, investment of DKK 100m, closed June 2019



- **North Carolina, USA**, green-field for direct print on spunbond materials, total investment DKK ~90m, project finalised but commercial phase-in during 2019 and 2020



- **Greenville, USA**, newish 14k ton spunlace line acquired in January 2019 for DKK 135m
- **Denmark**, Nano/thermobond investment, investment almost done, expected first commercial products in 2020



- **Thailand**, electronics capacity, step 1 to commence in 2019Q3
- **Mexico**, greenfield, investment done, building up scale



- Currently, no announced significant expansion capex



- **Lublin, Poland**, new site to remanufacture brake callipers and EGR valves, investment done

BioMar: Increased 2019 guidance

Comments

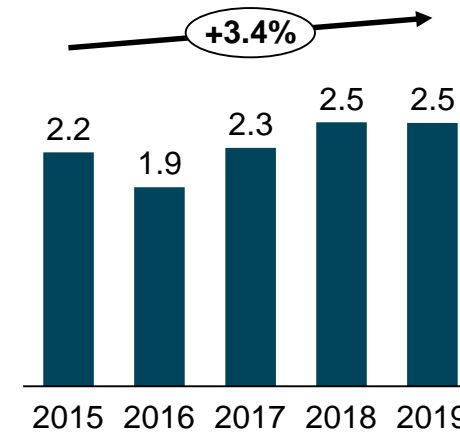
Q2 as expected

- Lower volumes in Norway as expected but partly offset by strong sales in other salmon markets
- EMEA in solid progress, driven by good Baltic
- Strong sales in Ecuador with healthy margins
- 2018Q2 had DKK 13m higher 'R&D farming income'
- Lower profit feed JV's; Turkey (macro), China (construction), Salmenes Austral (farming)

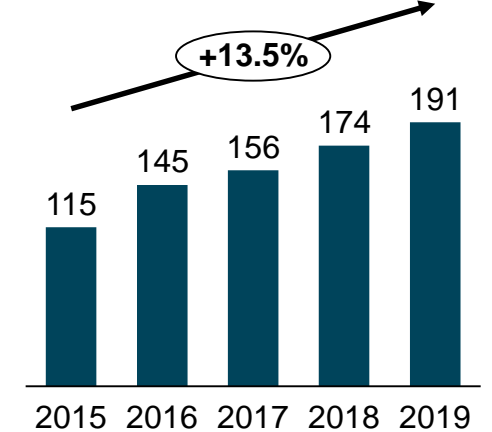
Positive outlook across the globe

- Norway reorganised and change in market approach
- Contract pool better than expected in Chile and UK
- Better balance between price and volume
- New capacity in Chile after 50% JV acquisition
- Expansion in Australia, Ecuador and Denmark
- Revenue and EBITDA guidance raised +5%

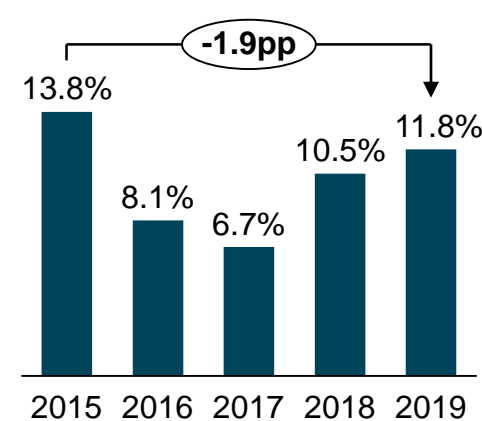
Q2 revenue DKK billion



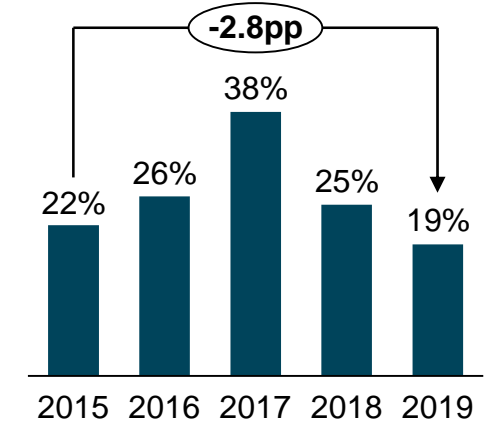
Q2 EBITDA DKK million



June NWC % of revenue



June ROIC ex goodwill %



CAGR

FPC: Focus on cash flow generation

Comments

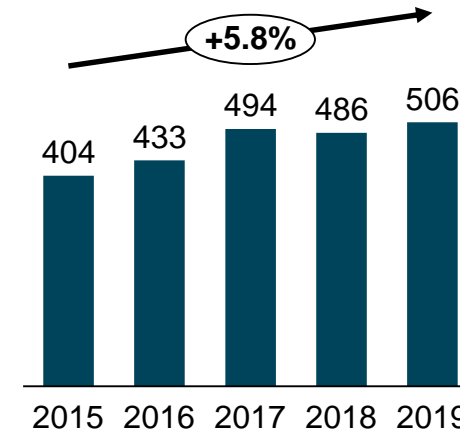
2019 ahead of 2018

- 2019Q2 revenue 4% higher than 2018Q2
- Higher volumes in Denmark, lower in Malaysia
- Significant increase in print sales, but negative EBITDA from starting up in US and Malaysia
- EBITDA improvement partly due to FX (MYR/USD)
- Reduction of NWC following lower DSO
- Asian customers continues to face soft demand

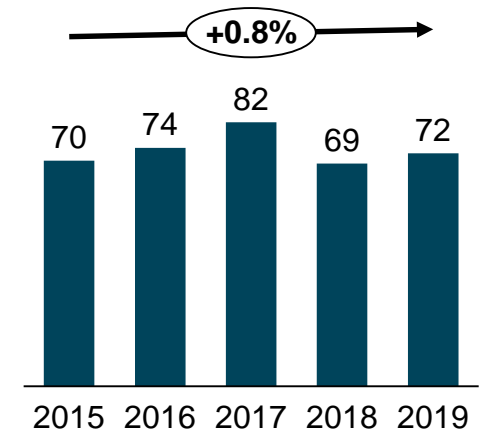
2019 outlook maintained

- Still overcapacity in Europe; volume/price pressure
- Increasing demand for new products/innovation
- Starting to address local Chinese diaper customers who market shares in the Asian market
- Focus on utilising existing production capacity; only maintenance investments expected
- Guidance unchanged, strong cash flow

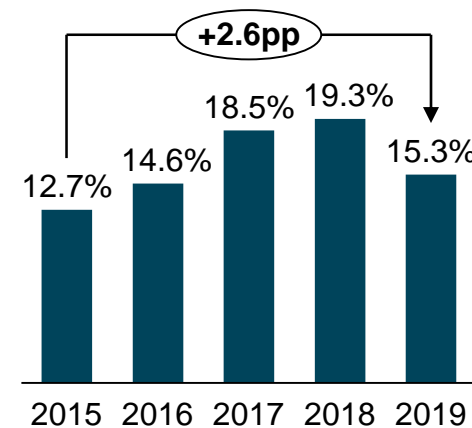
Q2 revenue DKK million



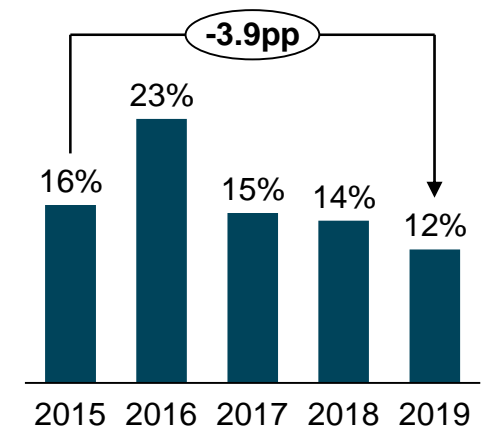
Q2 EBITDA DKK million



June NWC % of revenue



June ROIC ex goodwill %



CAGR

FIN: Strong US but one-off costs hurts

Comments

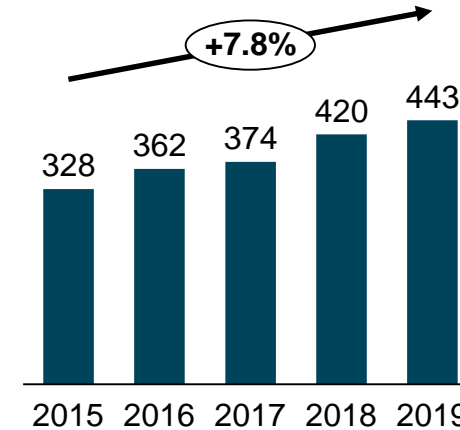
Profit decline, mainly due to one-off's

- Q2 revenue 6% up, mainly effect from US acquisition
- Generally, strong US market conditions
- Raw materials from 2018 have negative impact
- Temporary VAT issue in Brazil raises sourcing costs
- DKK 7m one-off costs to strategic review and restructuring in India

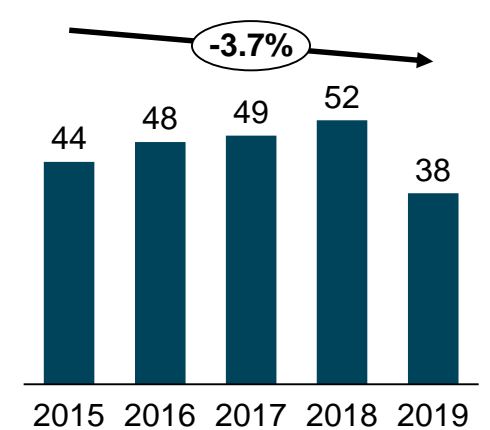
2019 will be a year of rebuilding profitability platform

- Continued challenging European markets
- Raw material prices now at/below 2018 levels
- Strategic review confirms long-term profit potential
Pruning segments and product mix, growing auto/filtration/high-value segments, restructuring in South Africa and India, lowering NWC, improving cost base, increasing activity in US
- Guidance lowered following soft H1

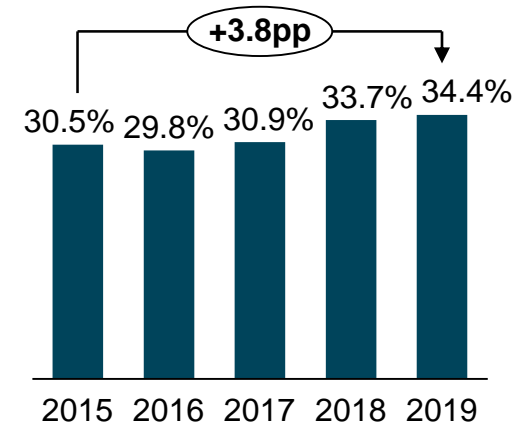
Q2 revenue DKK million



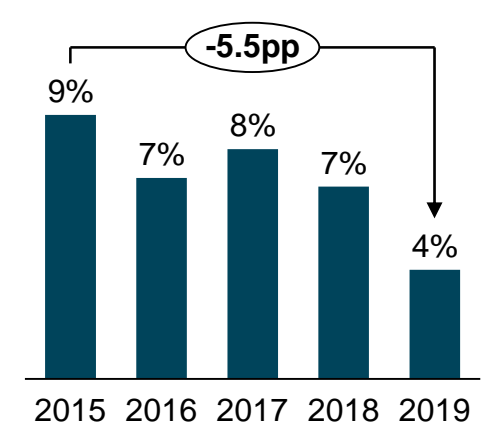
Q2 EBITDA DKK million



June NWC % of revenue



June ROIC ex goodwill %



CAGR

GPV: Integration of acquired region DACH

Comments

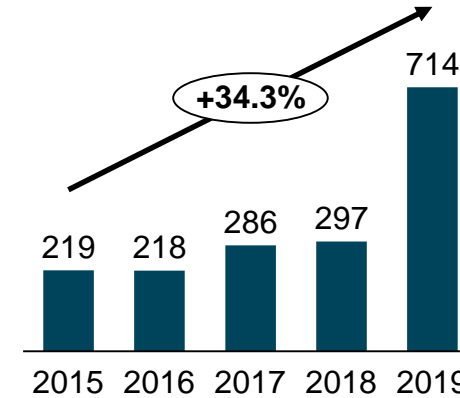
Integration continues smoothly

- Completely transformed GPV after CCS acquisition
- Revenue growth in both 'old' and 'new' GPV, however signs of lower activity at some customers
- Profit affected by FX, PPA, restructuring and IFRS16
- Integration continues to proceed smoothly
- Mexico in progress but still loss-making
- Planning long-term factory footprint

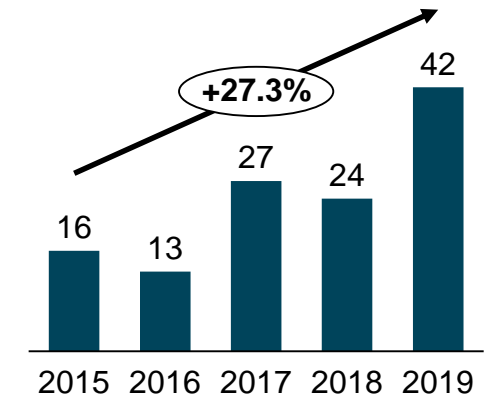
Building an European EMS leader

- Strong European position in HMLV EMS industry
- Gradual expansion of Thai SMT capacity
- Soft outlook in some segments, e.g. semiconductor, and potential uncertainty from global trade war
- 2019 one-offs: DKK 15m in PPA/inventory¹, DKK 35m in one-off integration/restructuring
- Unchanged 2019 outlook

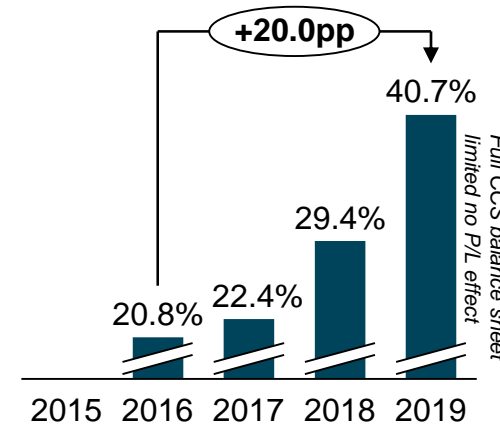
Q2 revenue DKK million



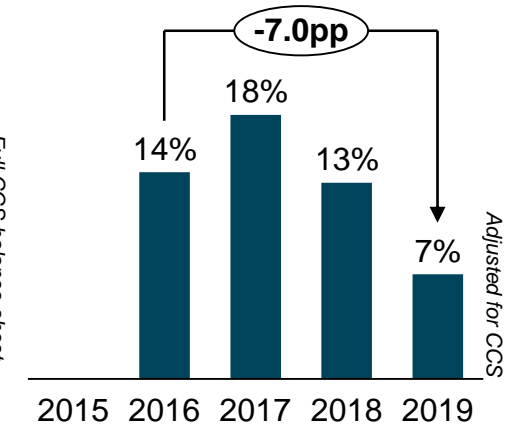
Q2 EBITDA DKK million



June NWC % of revenue



June ROIC ex goodwill %



10 Notes: 1) In addition to PPA inventory (effect only in 2019H1), EBIT will have long-term impact of additional DKK 25m from PPA depreciations



HySp: Good activity and margin expansion

Comments

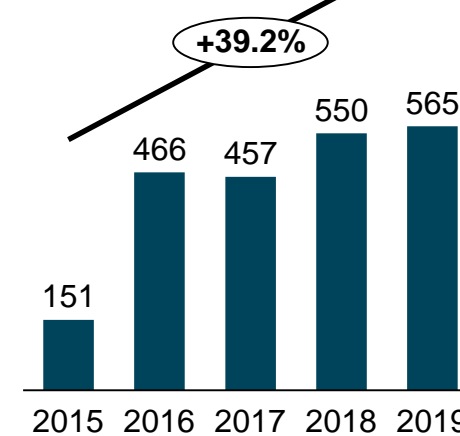
Solid margin improvement

- Revenue up 3%, mainly driven by wind and vehicles
- EBITDA up 33% (one-off and IFRS16 adjusted +8%)
- NWC increase following overseas activities and strategic sourcing of key components
- Optimising Sweden/Finland/Poland/China footprint
- Good development in China (supplier for wind)

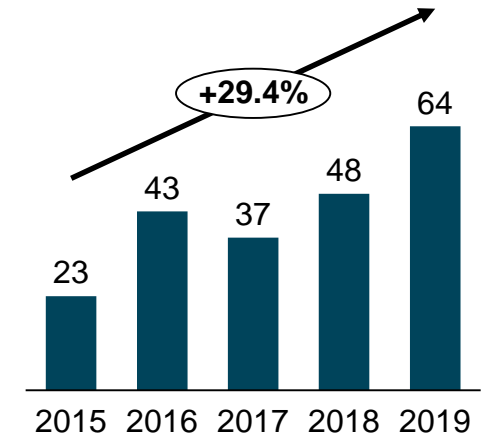
2019 guidance lifted

- Ongoing investments in automatization and efficiency
- Margin improvement more important than growth
- High activity in wind sector continues in Q3
- Still potential to lift profit in Swedish aftermarket
- Increased revenue and profit guidance for 2019 following good start and decent outlook

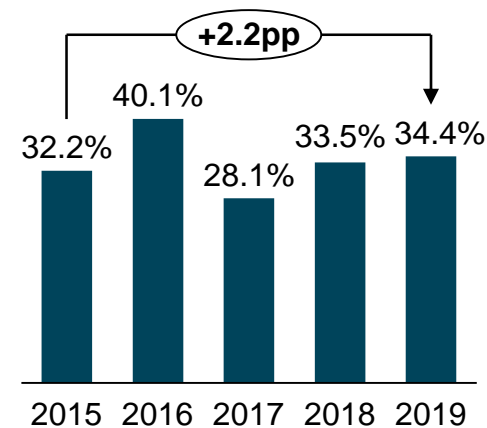
Q2 revenue DKK million



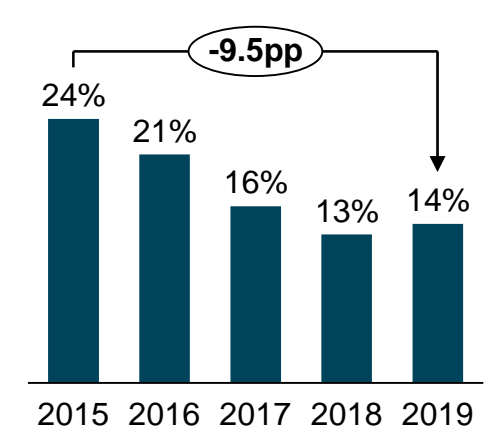
Q2 EBITDA DKK million



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CAGR

Borg: Soft market demand

Comments

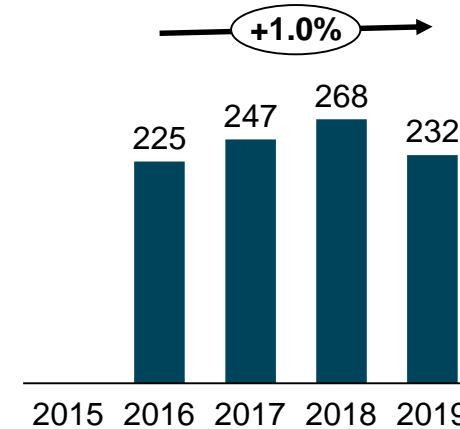
Soft demand puts pressure on profit

- Soft sales across countries and product groups
- No loss of market share to Borg's customers, however some customers have lost orders
- EBITDA declines following lower volumes
- Belgian unit restructured, DKK 7m in Q2 compensation to employees not foreseen
- More cautions on core regulations and bonuses

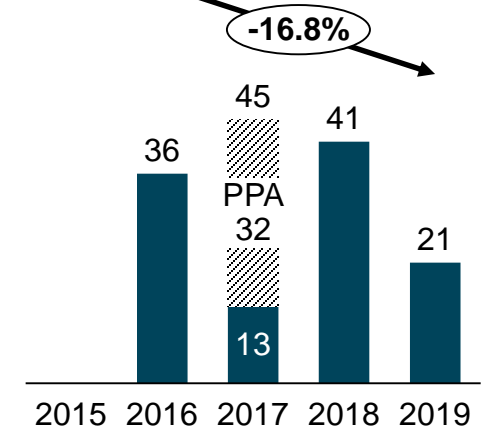
Weak start of 2019 reduces guidance

- Fundamental market outlook continues to be strong
- Very solid position in both aftermarket and OE
- Positive effect from Belgian restructuring from 2020 (break-even expected in 2019)
- A potential hard Brexit will have negative impact
- Guidance lowered following weak start of 2019

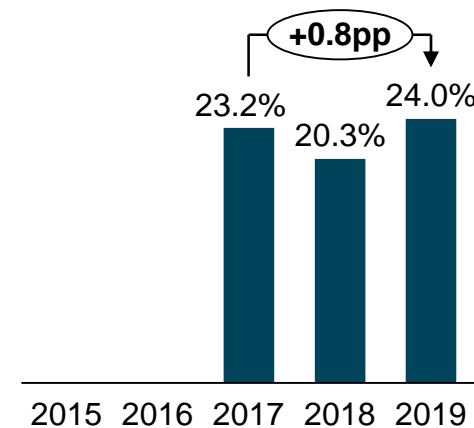
Q2 revenue DKK million



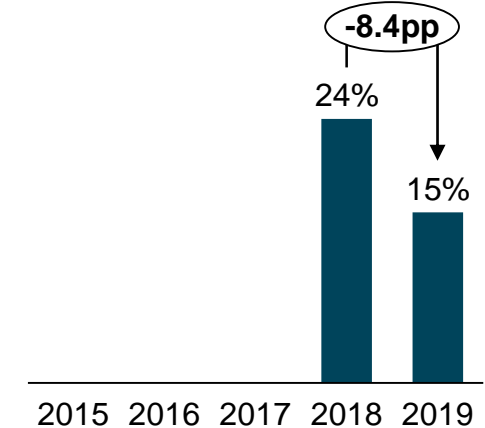
Q2 EBITDA DKK million



June NWC % of revenue



June ROIC ex goodwill %



CAGR

Updated 2019 guidance

Profit guidance DKK million

Significant impact on EBITDA from IFRS 16, however progress in BioMar, Fibertex Personal Care, GPV and HydraSpecma expected in adjusted figures

IFRS16 effect included in 2019 guidance

	2019E ^{Q2}	2019E ^{Q1}	IFRS16	2018R
BioMar	● 870-930	820-890	130	713
Fibertex Personal Care	○ 320-340	320-340	2	315
Fibertex Nonwovens	● 155-175	165-185	2	160
GPV	○ 190-210	190-210	30	115
HydraSpecma	● 220-240	210-230	30	175
Borg Automotive	● 110-120	140-150	11	131
Other	-30	-30	0	-30
Total EBITDA	1.835-1.985	1.815-1.975	205	1.579
PPA depreciation	-100	-100		-82
IFRS 16 depreciation	-190	-190		-
Other depreciation	-505	-505		-450
Total EBIT	1.040-1.190	1.020-1.180		1.047
Associates, etc.	● 65	80		71
Divestments	29	-		9
IFRS 16 financials	-25	-25		-
Other financial items	-65	-65		-40
Profit before tax	1.044-1.194	1.010-1.170		1.087

Revenue guidance DKK million

All businesses expect strong sales in 2019

	2019 ^{Q2}	2019E ^{Q1}	2018R
BioMar	● ~10.800	~10.300	10.328
Fibertex Personal Care	○ ~2.300	~2.300	2.187
Fibertex Nonwovens	○ ~1.650	~1.650	1.574
GPV	○ ~2.750	~2.750	1.218
HydraSpecma	● ~2.100	~2.000	2.005
Borg Automotive	● ~900	~1.000	958
Other/eliminations	-	-	-17
Total revenue	~20.500	~20.000	18.253

Guidance raised in BioMar due to strong operations and good contract base for 2019, and HydraSpecma due to solid H1 especially in wind and vehicle segments.

Guidance lowered in Fibertex Nonwovens due to one-off costs relating to strategic review and in Borg Automotive due to soft start of the year.

Top priorities in 2nd half of 2019

01

Harvest value from large investment and capex program

02

Turn FIN around by implementing findings from strategic review

03

Secure value-creation from BioMar's strong contract base

04

Continue successful integration and building a strong international GPV

05

Increasing cash flow and optimising NWC

06

Make Borg more robust to volatility in top-line

Results are created by people

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