

Interim report – Q3 2017/18 (the period 1 November 2017 – 31 July 2018)

Full-year guidance for 2017/18 maintained

The Board of Directors of Roblon A/S has today considered and approved the interim report for Q3 2017/18

Summary of Q1-Q3 2017/18 for the Roblon Group:

- The order intake was DKKm 178.2 (DKKm 171.4).
- The order book at 31 July 2018 stood at DKKm 71.4 (DKKm 52.7).
- Revenue was DKKm 156.9 (DKKm 146.4).
- Operating profit (EBIT) was DKKm 5.9 (DKKm 18.6).
- Profit before tax was DKKm 8.2 (DKKm 20.3).
- Revenue and operating profit/loss for Q3 2017/18 were adversely impacted by postponed orders in the Composite product group. Some of these orders have been placed after the end of Q3 2017/18 and will contribute to the Group's revenue and operating profit for Q4 2017/18.
- Profit after tax for continuing and discontinued operations was DKKm 13.3 (DKKm 20.0).
- In April 2018, the Group invested DKKm 13.7 in acquisition of business activities in the USA, and in that connection signed a three-year project contract with an expected revenue potential of USDm 15-20. The project contract includes an option to extend the delivery of fibre-based solutions for the wind turbine industry beyond the three-year project period.

- As stated in Company Announcement no. 2/2018, Roblon concluded an agreement in February 2018 to sell the greater part of the Roblon Engineering segment. Profit/loss from the divested business is reported under discontinued operations, and comparative figures have been restated.
- In Company Announcement no. 7/2018, Roblon downgraded its guidance for the 2017/18 financial year for continuing operations. This guidance is maintained: Revenue of around DKKm 235 (2016/17: DKKm 198.6), compared with the previous guidance of DKKm 255, and profit before tax of around DKKm 20 (2016/17: DKKm 21.6), compared with the previous guidance of DKKm 28.

Frederikshavn, 11 September 2018

Roblon A/S

Jørgen Kjær Jacobsen Lars Østergaard
Chairman of the Board Managing Director and CEO

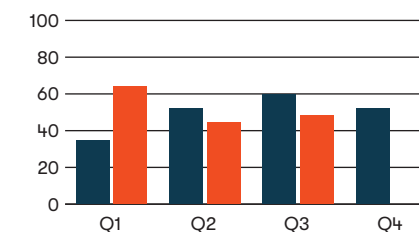
Enquiries regarding this announcement should be addressed to:
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Roblon

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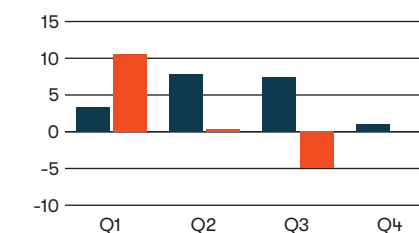
Quarterly revenue

DKKm



Quarterly EBIT

DKKm



■ 2016/17 ■ 2017/18

Financial highlights

for the Roblon Group

		Q3	Q3	Q1-Q3	Q1-Q3	Full year
	Unit	2017/18 ¹	2016/17 ¹	2017/18 ¹	2016/17 ¹	2016/17 ¹
Orders						
Order intake	DKKm	96.2	79.6	178.2	171.4	220.4
Order book	DKKm	71.4	52.7	71.4	52.7	48.9
Income statement						
Revenue	DKKm	48.4	59.8	156.9	146.4	198.6
Gross profit	DKKm	19.8	28.0	74.4	77.8	104.6
Operating profit/loss (EBIT)	DKKm	-4.9	7.4	5.9	18.6	19.6
Net financial income	DKKm	0.7	0.1	2.3	1.7	2.0
Profit/loss before tax from continuing operations	DKKm	-4.2	7.5	8.2	20.3	21.6
Profit/loss for the period from continuing operations	DKKm	-3.4	5.5	6.4	15.4	15.6
Profit/loss for the period from discontinued operations	DKKm	-0.3	0.4	6.9	4.8	4.6
Profit/loss for the period	DKKm	-3.7	5.8	13.3	20.0	20.2
Balance sheet						
Cash and securities	DKKm	121.8	85.3	121.8	85.3	100.8
Total assets	DKKm	276.0	295.3	276.0	295.3	306.4
Equity	DKKm	246.8	252.1	246.8	252.1	252.4
Working capital	DKKm	59.5	93.7	59.5	93.7	80.4
Cash flows						
Cash flow from operating activities	DKKm	8.1	12.4	32.7	15.1	32.7
Cash flow from investing activities	DKKm	-3.9	-14.8	-19.1	-8.7	-27.5
Of which investment in marketable securities	DKKm	0.1	-13.8	-26.0	23.2	7.1
Of which investments in property, plant and equipment	DKKm	-1.4	-0.7	15.3	-8	-9.3
Cash flow from financing activities	DKKm	-	-	-17.9	-17.9	-17.9
Cash flow for the year	DKKm	4.2	-2.4	-4.3	-11.5	-12.7

Financial ratios

for the Roblon Group

		Q3	Q3	Q1-Q3	Q1-Q3	Full year
	Unit	2017/18 ¹	2016/17 ¹	2017/18 ¹	2016/17 ¹	2016/17 ¹
Ratios						
Book-to-bill ratio	%	198.8	133.1	113.6	117.1	111.0
Revenue growth	%	-19.1	28.3	7.2	29.9	24.6
Gross margin	%	40.9	46.8	47.4	53.1	52.7
EBIT margin	%	-10.1	12.4	3.8	12.7	9.9
ROIC/return on average invested capital ²	%	-15.1	19.5	6.1	16.3	13.5
Equity ratio	%	89.4	85.4	89.4	85.4	82.4
Return on equity ²	%	-5.5	8.7	3.4	8.1	6.2
Employees						
Average no. of full-time employees	No.	92	84	91	85	87
Gross profit per full-time employee	DKKm	0.2	0.3	0.8	0.9	1.2
Per share ratios						
Earnings per DKK 20 share (EPS) ²	DKK	-2.1	3.2	7.4	11.2	11.3
Price/earnings ratio (PE)	DKK	-135.2	102.7	38.4	29.8	36.2
Book value of shares ²	DKK	138.0	141.0	138.0	141.0	141.1
Market price per share	DKK	284.0	333.0	284.0	333.0	408.5
Market price/book value		2.1	2.4	2.1	2.4	2.9

¹ The interim report has not been audited or reviewed by the company's auditors.

² The ratio is calculated on a full-year basis.

The ratios are defined in the accounting policies section on page 82 of the 2016/17 annual report.

Management's review

Consolidated income statement

Effective at 1 November 2017, the Roblon Group has the following product groups:

- **FOC** (comprising optic cable components and cable machinery for the Fibre Optic Cables industry)
- **Composite** (comprising composite materials for onshore and offshore industries)

Revenue and operating profit/loss for Q3 2017/18 were adversely impacted by postponed orders in the Composite product group. Some of these orders have been placed after the end of Q3 2017/18 and will contribute to the Group's revenue and operating profit in Q4 2017/18.

The Group's revenue and performance for Q1-Q3 2017/18 did not develop as expected due to postponement of projects in the Composite product group. This and an expected change in the product mix caused Management to downgrade the guidance for the 2017/18 financial year for continuing operations in Company Announcement no. 7/2018. The revenue guidance for the Group was adjusted from DKKm 255 to DKKm 235 and the guided profit before tax was adjusted from DKKm 28 to DKKm 20.

Order intake

The Group's order intake was DKKm 178.2 for Q1-Q3 2017/18, an improvement of 4.0% on the year-earlier period but, as previously mentioned, lower than expected.

The book-to-bill ratio was 113.6% for Q1-Q3 2017/18, compared with 117.1% in the year-earlier period.

In Q3 2017/18, the Group realised an order intake of DKKm 96.2, against DKKm 79.6 in the year-earlier period. The DKKm 16.6 (net) improvement consisted of a DKKm 2.5 decrease in the FOC product group and a DKKm 19.1 increase in the Composite product group.

The adverse development in FOC comprised an improvement in the US market and a decline in the European market. The improvement in Composite was a combination of a large order intake from the wind turbine industry and a declining order intake due to the postponement of projects in other Composite customer groups.

Revenue

Group revenue in Q1-Q3 2017/18 was DKKm 156.6, corresponding to a year-on-year increase of 7.2% or DKKm 10.5.

The (net) improvement of DKKm 10.5 was made up of a DKKm 24.0 improvement in FOC, partially offset by a DKKm 13,5

decline in Composite due to projects being postponed to later in the financial year and next financial year, respectively.

Organic growth was negative at 13.4% or DKKm 19.7, mainly as a result of the previously mentioned postponement of projects by Composite customers.

Revenue dropped to DKKm 48.4 in Q3 2017/18 from DKKm 59.8 in the year-earlier period. Of this DKKm 11.4 decline, DKKm 4.0 was attributable to a decline in FOC and DKKm 7.4 to a decline in Composite due to the postponed projects.

Gross profit and gross margin

The Group's gross profit amounted to DKKm 74.4, down DKKm 3.4 compared with Q1-Q3 2016/17. The gross margin for Q1-Q3 2017/18 amounted to 47.4%, a decline compared with last year's gross margin of 53.1% that was due to a changed revenue mix.

Other external costs

Other external costs amounted to DKKm 26.3 for Q1-Q3 2017/18, a year-on-year increase of DKKm 3.9. Last year's figure was affected by transaction costs of DKKm 4.5 incurred in connection with acquisitions in the USA. In 2017/18, transaction costs of DKKm 0.5 were expensed relating to additional acquisitions in the USA. The underlying increase in other external costs was DKKm 8.2, most of which could be ascribed to the US subsidiary, which was

recognised for a four-month period in last year's Q1-Q3 income statement.

Staff costs

Staff costs amounted to DKKm 38.1 in Q1-Q3 2017/18, against DKKm 31.5 in the year-earlier period. The DKKm 6.6 increase was due to planned recruitments to execute the strategy of generating growth through continuously increasing sales and development activities combined with acquisitions of relevant activities in the core business.

Depreciation, amortisation and impairment

The Group's depreciation, amortisation and impairment for Q1-Q3 2017/18 amounted to DKKm 7.9, a year-on-year increase of DKKm 2.2. The increase related to depreciation, amortisation and impairment of intangible assets and property, plant and equipment added in connection with the business acquisition in the USA.

Operating profit/loss (EBIT)

For Q1-Q3 2017/18, operating profit (EBIT) was DKKm 5.9, against DKKm 18.6 in the year-earlier period. For Q3 2017/18, the Group realised an operating loss (EBIT) of DKKm 4.9, against an operating profit of DKKm 7.4 for the same period last year. The Q3 operating loss was due to reduced revenue and earnings as a result of the postponed order intake in Composite and the change in the product mix.

Net financial items

Net financial items for Q1-Q3 2017/18 amounted to net income of DKKm 2.3, against DKKm 1.7 in the same period last year.

Profit before tax from continuing operations

Profit before tax from continuing operations for Q1-Q3 2017/18 amounted to DKKm 8.2, against DKKm 20.3 in the year-earlier period.

Tax

Tax is calculated at a rate of 22% of profit for the year before tax.

Discontinued operations

Profit from discontinued operations after tax was DKKm 6.9 for Q1-Q3 of 2017/18 and related to the operating results for the greater part of the Roblon Engineering business segment, which was sold effective at 23 February 2018, and net proceeds from the sale. For Q1-Q3 2016/17, profit from discontinued operations amounted to DKKm 4.4 and related to the sale of Roblon Lighting.

Profit for the period

Profit for Q1-Q3 2017/18 was DKKm 13.3, against DKKm 20.0 in the year-earlier period.

Consolidated balance sheet

Total assets for the Group amounted to DKKm 276.0 at 31 July 2018 – a year-on-year decrease of DKKm 19.3.

The Group's working capital at 31 July 2018 was DKKm 59.5, reduced by DKKm 34.2 from DKKm 93.7 at 31 July 2017.

Total investment in product development amounted to DKKm 2.3 for Q1-Q3 2017/18, against DKKm 0.5 for the same period last year. Investment in the current ERP project amounted to DKKm 2.0. Investments in property, plant and equipment declined to DKKm 4.7 in Q1-Q3 2017/18 from DKKm 8.0 in the year-earlier period. DKKm 2 was invested in a new production line in the US company to facilitate the sale of new complementary products to the Group's FOC customers on the US market.

The Group's equity stood at DKKm 246.8 at 31 July 2018, against DKKm 252.1 at 31 July 2017. The equity ratio at 31 July 2018 was 89.4%, against 85.4% at the same date last year.

Consolidated cash flows

Cash flow from operating activities in Q1-Q3 2017/18 amounted to DKKm 32.7, compared with DKKm 15.1 in the same period last year.

Total cash flow from investing activities was an outflow of DKKm 19.1 in Q1-Q3 2017/18, against an outflow of DKKm 8.7 in the year-earlier period. Acquisition of subsidiaries and operations was an outflow of DKKm 13.7 in Q1-Q3 2017/18, against an outflow of DKKm 27.3 in the year-earlier period.

Cash flow from financing activities, which related to dividend payments, was an outflow of DKKm 17.9, in line with the same period last year.

Capital resources

At 31 July 2018, marketable securities and net cash amounted to DKKm 121.8, against

DKKm 85.3 at 31 July 2017. In addition to this, Roblon has an undrawn credit facility of DKKm 10.0 with the Group's bankers.

Matters of note in Q1-Q3 2017/18

Roblon concluded an agreement, effective at 23 February 2018, to sell the greater part of the Roblon Engineering business segment, comprising the sale of business activities related to rope-making equipment, twisters and winders. Company Announcement no 2/2018 "Roblon enhances focus on the Industrial Fiber business segment" provides details about the transaction.

Management's resolution to initiate the above-mentioned sale was made at a board meeting in Roblon held on 19 December 2017.

The Group's profit from the divested business until the selling date is reported as discontinued operations, and comparative figures have been restated.

After the sale of the greater part of the Roblon Engineering business segment, Roblon will report on a single segment. Revenue will consequently be disclosed by product groups in the notes to the interim and annual reports, and the two product groups are:

- **FOC** (optic cable components and cable machinery for the Fibre Optic Cables industry)
- **Composite** (composite materials for onshore and offshore industries)

In April 2018, the Group made additional investments in US business operations to complement similar investments in April 2017. Roblon invested in additional, complementary production capacity, production technology for special fibre-based solutions and customer relations in the wind turbine industry. In connection with the DKKm 13.7 investment, Roblon signed a three-year project contract with potential revenue of up to USDm 15-20 and with an option for extension beyond the three years.

Outlook for 2017/18

In Company Announcement no. 7/2018, Roblon downgraded its guidance for the 2017/18 financial year for continuing operations. In the announcement, the Company guided revenue of around DKKm 235 (2016/17: DKKm 198.6), compared with the previous guidance of DKKm 255, and profit before tax of around DKKm 20 (2016/17: DKKm 21.6), compared with the previous guidance of DKKm 28.

Following Roblon's establishment in the USA in 2017, demand for the Company's products for the fibre optic cables industry has been steadily growing, driven by substantial market growth combined with an increased sales drive and focus on selected strategic customers. This positive trend is expected to continue. Roblon US also finds that the demand for fibre-based composite solutions for the wind turbine industry is greater than was anticipated when the above-mentioned investment was made earlier in the year.

As a result, Roblon US has an ever-growing need to hire new employees, which is becoming increasingly difficult given the falling US unemployment rate. Q3 2017/18 was marked by the phasing-in of new employees and efforts to increase capacity utilisation, and at the beginning of Q4 2017/18 production is increasing, which will enable the Company to utilise the new opportunities for revenue and earnings growth.

After the completion of the Q3 2017/18 interim report, the Group has received orders from the customers in the Composite product group responsible for significant postponement of Roblon's expected order intake. The Company has moreover been advised of additional orders reaching into the 2018/19 financial year.

Roblon is aware that its customers are part of a wider value chain that is subject to ongoing changes, and that this may affect the intake and execution of orders.

After Q1-Q3 2017/18, Management maintains its full-year guidance for 2017/18 of revenue of around DKKm 235 and profit before tax of around DKKm 20.

Forward-looking statements

Roblon's sales are characterised by a structure based on project sales. This makes it difficult at any given time to forecast future revenue for a specific period, i.e. three-month, six-month or 12-month periods.

The above forward-looking statements, in particular revenue and earnings projections, are inherently uncertain and subject to risk. Many factors are beyond Roblon's control and, consequently, actual results may differ significantly from the projections expressed in interim and annual reports. Such factors include, but are not limited to, changes in market and competitive situation, changes in demand and purchasing behaviour, foreign exchange and interest rate fluctuations and general economic, political and commercial conditions.

Financial calendar

20/12 2018:	Preliminary statement 2017/18
24/1 2019:	Annual General Meeting

Announcements

– NASDAQ Copenhagen

During the period 1 November 2017 to 11 September 2018, the company sent the following announcements to NASDAQ Copenhagen; these can be found on the company's website, www.roblon.com.

No. 17/2017:	Preliminary Statement 2016/17
No. 18/2017:	Notice convening AGM
No. 1/2018:	Decisions of the Annual General Meeting
No. 2/2018:	Roblon enhances focus on the Industrial Fiber business segment
No. 3/2018:	Interim report for Q1 2017/18
No. 4/2018:	Roblon A/S expands US business
No. 5/2018:	Interim report for Q2 2017/18
No. 6/2018:	Managers' transactions
No. 7/2018	Full-year guidance for 2017/18 is downgraded

Statement by the Management

The Board of Directors and Executive Management have today considered and approved the interim report of Roblon A/S for Q3 2017/18 and the period 1 November 2017 to 31 July 2018.

The interim report, which has not been audited or reviewed by the company's auditor, is presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements under the Danish Financial Statements Act.

It is our opinion that the interim financial statements provide a true and fair view of the Group's assets, liabilities and financial position as of 31 July 2018 as well as of the results of the Group's activities and cash flows for the period 1 November 2017 to 31 July 2018.

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

Frederikshavn, 11 September 2018

Executive Management

Lars Østergaard
Managing Director and CEO

Carsten Michno
Chief Financial Officer (CFO)

Kim Müller
Chief Operating Officer (COO)

Board of Directors

Jørgen Kjær Jacobsen
Chairman

Ole Lønsmann Andersen
Deputy Chairman

Peter Sloth Vagner Karlsen

Randi Toftlund Pedersen

Nita Svendsen
Employee representative

Flemming Nielsen
Employee representative

Consolidated income statement

for the period 1 November 2017 to 31 July 2018

DKKm	Note	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17	Full year 2016/17
Revenue	4	48.4	59.8	156.9	146.4	198.6
Cost of sales		-28.6	-31.8	-82.5	-68.6	-94.0
Work carried out for own account and capitalised		1.1	0.1	2.3	0.3	0.8
Other operating income		0.8	0.1	1.5	0.1	0.2
Other external costs		-9.5	-7.5	-26.3	-22.4	-31.0
Staff costs		-13.8	-11.0	-38.1	-31.5	-47.0
Depreciation, amortisation and impairment		-3.3	-2.3	-7.9	-5.7	-8.0
Operating profit/loss (EBIT)		-4.9	7.4	5.9	18.6	19.6
Net financial income		0.7	0.1	2.3	1.7	2.0
Profit/loss before tax		-4.2	7.5	8.2	20.3	21.6
Tax on profit/loss for the period		0.8	-2.0	-1.8	-4.9	-6.0
Profit/loss for the period from continuing operations		-3.4	5.5	6.4	15.4	15.6
Profit/loss for the period from discontinued operations	5	-0.3	0.3	6.9	4.6	4.6
Profit/loss for the period		-3.7	5.8	13.3	20.0	20.2
Earnings per share (DKK)						
Earnings per share (EPS), continuing and discontinued operations		-2.1	3.2	7.4	11.2	11.3
Earnings per share, diluted (EPS-D), continuing and discontinued operations		-2.1	3.2	7.4	11.2	11.3
Earnings per share (EPS), continuing operations		-1.9	3.1	3.6	8.6	8.7
Earnings per share, diluted (EPS-D), continuing operations		-1.9	3.1	3.6	8.6	8.7

Consolidated statement of comprehensive income

for the period 1 November 2017 to 31 July 2018

DKKm	Note	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17	Full year 2016/17
Profit/loss for the period		-3.7	5.8	13.3	20.0	20.2
<i>Items that may be recycled to profit or loss</i>						
Fair value adjustment of available-for-sale financial assets		0.9	-0.3	-1.0	0.2	0.6
Foreign exchange adjustment of foreign subsidiaries		0.7	0.5	-0.2	-2.0	-2.3
Tax on other comprehensive income		-0.2	0.1	0.2	0.0	-0.1
Comprehensive income		-2.3	6.1	12.3	18.2	18.4

Consolidated balance sheet

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DKKm	Note	31.07.18	31.07.17	31.10.17
ASSETS				
Completed development projects		1,2	5,6	5,6
Trademarks and other intangible assets		16.2	9.2	8.9
Intangible assets in progress		6.7	2.3	3.3
Intangible assets		24.1	17.1	17.8
Land and buildings		23.1	38.6	37.8
Technical plant and machinery		21.2	21.7	21.1
Other fixtures and fittings, tools and equipment		0.8	1.2	1.2
Property, plant and equipment under construction		1.4	0.5	0.9
Property, plant and equipment		46.5	62.0	61.0
Financial assets	5	-	1.3	1.3
Total non-current assets		70.6	80.4	80.1
Inventories		40.4	77.5	74.1
Trade receivables		36.6	47.5	46.8
Other receivables		6.6	4.1	4.6
Securities		111.7	69.6	86.2
Cash and cash equivalents		10.1	15.7	14.6
Assets held for sale	5	-	0.5	-
Total current assets		205.4	214.9	226.3
TOTAL ASSETS		276.0	295.3	306.4

DKKm	Note	31.07.18	31.07.17	31.10.17
EQUITY AND LIABILITIES				
Share capital		35.8	35.8	35.8
Other reserves		-2.1	196.1	-1.1
Retained earnings		213.1	20.2	217.7
Equity		246.8	252.1	252.4
Deferred tax		4.9	4.2	4.9
Other provisions		0.5	0.5	0.7
Non-current liabilities		5.4	4.7	5.6
Prepayments received from customers		1.5	5.9	7.8
Trade payables		15.6	21.6	22.8
Income tax		0.2	3.3	3.9
Other debt		6.5	7.4	13.9
Liabilities relating to assets held for sale	5	-	0.3	-
Current liabilities		23.8	38.5	48.4
Total liabilities		29.2	43.2	54.0
TOTAL EQUITY AND LIABILITIES		276.0	295.3	306.4

Consolidated statement of changes in equity

DKKm	Share capital	Currency translation reserve	Reserve for available-for-sale financial assets	Retained earnings	Proposed dividends	Total equity
Q3 2017/18						
Equity 01.11.2017	35.8	-2.3	1.2	199.8	17.9	252.4
Comprehensive income for the period						
Profit for the period	-	-	-	13.3	-	13.3
Other comprehensive income	-	-0.2	-0.8	-	-	-1.0
Total comprehensive income for the period	-	-0.2	-0.8	13.3	-	12.3
Transactions with owners						
Dividends paid	-	-	-	-	-17.9	-17.9
Equity 31.07.2018	35.8	-2.5	0.4	213.1	-	246.8
Q3 2016/17						
Equity 01.11.2016	35.8	-	0.7	197.4	17.9	251.8
Comprehensive income for the period						
Profit for the period	-	-	-	20.0	-	20.0
Other comprehensive income	-	-2.0	0.2	-	-	-1.8
Total comprehensive income for the period	-	-2.0	0.2	20.0	-	18.2
Transactions with owners						
Dividends paid	-	-	-	-	-17.9	-17.9
Equity 31.07.2017	35.8	-2.0	0.9	217.4	-	252.1

DKKm	Share capital	Currency translation reserve	Reserve for available-for-sale financial assets	Retained earnings	Proposed dividends	Total equity
2016/17						
Equity 01.11.2016	35.8	-	0.7	197.5	17.9	251.9
Comprehensive income for the period						
Profit for the period	-	-	-	2.3	17.9	20.2
Other comprehensive income	-	-2.3	0.5	-	-	-1.8
Total comprehensive income for the period	-	-2.3	0.5	2.3	17.9	18.4
Transactions with owners						
Dividends paid	-	-	-	-	-17.9	-17.9
Equity 31.10.2017	35.8	-2.3	1.2	199.8	17.9	252.4

Consolidated statement of cash flows

for the period 1 November 2017 to 31 July 2018

DKKm		Q3	Q3	Q1-Q3	Q1-Q3	Full year
	Spec.	2017/18	2016/17	2017/18	2016/17	2016/17
Operating profit/loss (EBIT) from continuing operations		-4.9	7.4	5.9	19.8	19.6
Operating profit/loss (EBIT) from discontinued operations		0.0	0.5	-0.8	0.7	2.0
Operating profit/loss (EBIT)		-4.9	7.9	5.1	20.5	21.6
Adjustment for non-cash items	A	2.9	2.4	8.8	6.2	10.1
Change in working capital	B	9.5	2.3	22.9	-15.0	-2.5
Financing provided by seller, discontinued operations		0.0	0.0	0.0	-2.6	-2.6
Cash generated from operating activities		7.5	12.6	36.8	9.1	26.6
Financial income received		0.6	-0.2	3.2	1.0	1.2
Financial expenses paid		-	-	0.0	-	-0.1
Income tax paid		-	-	-7.3	5.0	5.0
Cash flow from operating activities		8.1	12.4	32.7	15.1	32.7
Investment in intangible assets		-1.2	-0.2	-4.3	-0.5	-1.9
Purchase of securities		-8.2	-22.1	-54.9	-35.5	-54.1
Sale of securities		8.3	8.3	28.9	58.7	61.2
Acquisition of subsidiaries and operations		-1.0	-	-13.7	-27.3	-27.3
Proceeds from sale of division		-0.4	-0.1	9.6	3.9	3.9
Purchase of property, plant and equipment		-1.4	-0.7	-4.7	-8.0	-9.3
Sale of property, plant and equipment		0.0	-	20.0	-	-
Cash flow from investing activities		-3.9	-14.8	-19.1	-8.7	-27.5
Dividends paid		-	-	-17.9	-17.9	-17.9
Cash flow from financing activities		0.0	0.0	-17.9	-17.9	-17.9
Change in cash and cash equivalents		4.2	-2.4	-4.3	-11.5	-12.7
Cash and cash equivalents at beginning of period		5.9	18.1	14.6	27.2	27.2
Foreign exchange adjustment of cash and cash equivalents		-	0.0	-0.2	-	0.1
Cash and cash equivalents at end of period		10.1	15.7	10.1	15.7	14.6

DKKm		Q3	Q3	Q1-Q3	Q1-Q3	Full year
		2017/18	2016/17	2017/18	2016/17	2016/17
Spec. A: Adjustments for non-cash items						
Depreciation and amortisation		3.3	2.9	8.2	7.2	10.0
Provisions		-0.3	0.2	-0.2	-0.3	-0.4
Adjustm., current part of financing by seller on sale of discount operations		-	-	1.3	0.0	1.3
Foreign exchange adjustment		-0.1	-0.7	-0.5	-0.7	-0.8
		2.9	2.4	8.8	6.2	10.1
Spec. B: Change in working capital						
Change in inventories		-0.6	7.0	35.9	3.9	7.3
Change in receivables		10.7	4.2	7.9	-10.4	-10.8
Change in current liabilities		-0.6	-8.9	-20.9	-8.5	0.9
		9.5	2.3	22.9	-15.0	-2.6

Notes to the financial statements

1. Accounting policies
2. Estimates
3. Seasonality
4. Segment reporting
5. Sale of business operations
6. Acquisition of business and operations

Note 1 – 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 listed companies. No interim report has been prepared for the parent company.

The accounting policies applied in the interim report are consistent with those applied in Roblon’s annual report for 2016/17, which was prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. For a more detailed description of the accounting policies, see the annual report for 2016/17.

New or amended standards and interpretations which have come into force effective for the financial year 2017/18 have no effect on recognition and measurement.

Note 2 – Estimates

The preparation of interim reports requires Management to make accounting estimates that will affect the accounting policies and recognised assets, liabilities, income and costs. Actual results may differ from these estimates.

The most significant estimates made by Management in applying the Group’s accounting policies and the most significant uncertainties associated therewith in preparing the consolidated interim report are identical to those applying to the preparation of the annual report for 2016/17.

Note 3 – Seasonality

The Group’s activities in the interim report have not been affected by seasonal or cyclical fluctuations.

Note 4 – Segment reporting

In 2015/16, Roblon changed its segment reporting to comprise three segments: Industrial Fiber, Lighting and Engineering. During the financial year 2016/17, Roblon Lighting was divested and, as announced in Company Announcement no. 2/2018, the greater part of Roblon Engineering was divested on 23 February 2018 effective 14 March 2018.

As a consequence of these two divestments, the Group’s segment reporting will comprise a single segment as from 1 November 2017, and additional information on external revenue by product groups will be disclosed in the notes to the financial statements.

Effective at 1 November 2017, the Roblon Group has the following product groups:

- **FOC** (comprising optic cable components and cable machinery for the fibre optic cables industry)
- **Composite** (comprising composite materials for onshore and offshore industries)

	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17	Full year 2016/17
DKKm					
4. Segment reporting, continued					
Revenue from external customers:					
By product groups					
FOC	29.9	33.1	94.1	70.0	101.7
Composite	18.5	26.7	62.8	76.4	96.9
Total	48.4	59.8	156.9	146.4	198.6
By geographical markets					
Denmark	0.5	2.2	8.6	5.4	8.1
United Kingdom	7.2	8.4	28.8	27.4	35.5
Rest of Europe	13.4	13.8	45.3	37.2	49.9
Asia	4.9	3.5	10.2	9.2	13.6
Brazil	0.7	18.2	20.0	46.6	59.9
Latin America	3.8	7.0	12.3	12.0	17.9
North Amerika	17.9	6.7	31.7	8.6	13.7
Total	48.4	59.8	156.9	146.4	198.6

Of the Group’s non-current assets, DKKm 44.9 were located in Denmark (2016/17: DKKm 42.7) and DKKm 25.7 in North America (2016/17: DKKm 17.0).

The Group’s revenue largely derived from the sale of goods.

Of the Group’s total revenue for Q1-Q3 2017/18, DKKm 15.9 could be attributed to one major customer (2016/17: DKKm 24.0 attributable to two customers). Accordingly, revenue from these individual customers constituted more than 10% of the Group’s total revenue for the periods in question.

The USD/DKK exchange rate development did not affect the Group’s reported revenue for Q1-Q3 2017/18 relative to the expected USD/DKK exchange rate of 625.

Notes to the financial statements

Note 5 – Discontinued operations

Effective at 23 February 2018, Roblon concluded an agreement to sell the greater part of the Roblon Engineering business segment, comprising the sale of business activities related to rope-making equipment, twistors and winders. Information on the transaction can be found in Company Announcement no 2/2018 “Roblon enhances focus on the Industrial Fiber business segment”. The profit from these operations until 23 February 2018 and from the divestment of the activities is reported as discontinued operations, and comparative figures have been restated. Moreover, the restated comparative figures for the quarters and full year 2016/17 comprise the profit/loss of Roblon Lighting, which was divested in 2017 and was also reported as discontinued operations for this period.

DKKkM	Q3 2017/18	Q3 2016/17	Q1-Q3 2017/18	Q1-Q3 2016/17	Full year 2016/17
Income statement					
Revenue	-	22.7	27.2	74.5	98.3
Cost of sales	-	-10.2	-11.1	-33.8	-44.2
Gross profit	-	12.5	16.1	40.7	54.1
Work carried out for own account and capitalised	-	0.1	-	0.2	0.4
Other operating income	-	-	-	-	-
Other external costs	-	-3.9	-5.1	-11.0	-14.3
Staff costs	-	-7.6	-11.5	-26.3	-36.1
Depreciation, amortisation and impairment	-	-0.6	-0.3	-1.5	-2.1
Operating profit/loss	-	0.5	-0.8	2.1	2.0
Net proceeds from the sale of the business segment	-0.4	-	9.6	4.0	3.9
Profit/loss before tax	-0.4	0.5	8.8	6.1	5.9
Tax on profit/loss for the period	0.1	-0.1	-1.9	-1.3	-1.3
Profit/loss for the period	-0.3	0.4	6.9	4.8	4.6
Discontinued operations affected the statement of cash flows as follows:					
Cash flow from operating activities	-	6.9	38.7	5.0	11.1
Cash flow from investing activities	-	-2.2	-0.7	-7.2	-8.1
Cash flow from financing activities	-	-	-	-	-
Total	-	4.7	38.0	-2.2	3.0

Note 6 – Acquisition of business and operations

In Company Announcement no. 4/2018, Roblon announced its acquisition of assets from Neptco Inc, Hickory, North Carolina, part of the listed US Chase Corporation group.

In April 2017, Roblon acquired business operations related to the fibre optic cables industry from the Chase Group. In order to complete the acquisition, Roblon A/S established a US company, Roblon US Inc., Hickory, North Carolina. Roblon US Inc. has made additional investments in production plant, licences and inventory for the production of fibre-based products for the wind turbine industry and has signed a three-year project contract with Ria Blades, owned by Germany-based wind turbine manufacturer Senvion. Under the contract, Roblon will supply parts for the Senvion Group's rotor blade production with potential revenue over the three-year contract period of up to USDm 15-20. The contract provides an option for extension beyond the three years.

The acquisition of additional, complementary production capacity and the signing of the contract with the Senvion Group were made possible by Roblon's establishment in the USA in 2017. Parts of Roblon's existing production capacity as well as the newly acquired production plant relate to production technology for special fibre-based solutions that target the fibre optic cables industry but can also be applied in other industries – in this instance the wind turbine industry.

The acquisition price was approximately DKKm 13.7 and was paid in cash.

The takeover balance sheet has been provisionally calculated as follows:

DKKkM	Recognised value at takeover
Intangible assets (technology licences)	3.0
Intangible assets (list of customers and contracts)	5.7
Property, plant and equipment (production equipment and technical plant)	1.8
Inventories	3.2
Acquired net assets (total acquisition price)	13.7

A preliminary identification of assets (and contingent liabilities) was performed in connection with the takeover, and these are recognised in the takeover balance sheet at fair value.

No deferred taxes or contingent liabilities are recognised in the preliminary takeover balance sheet.