Company announcement No 7/2019

28 August 2019

Sustained improvement in earnings in the second quarter of 2019 for MT Højgaard Group

MT Højgaard Group (MT Højgaard A/S and subsidiaries)
As expected, earnings from the contracting activities improved still further in the second quarter, driven by higher gross margins, lower distribution costs and considerably lower write-downs on projects. However, as expected, earnings were still affected by the completion of legacy projects that contribute low or no earnings, especially in MT Højgaard A/S.

- Revenue was DKK 1,731 million compared with DKK 1,713 million in the second quarter of 2018.
- EBIT was DKK 16 million compared with a loss of DKK 34 million in the second quarter of 2018.
- Operating activities generated a cash inflow of DKK 36 million compared with an outflow of DKK 152 million in the second quarter of 2018.
- Order intake, at DKK 1.4 billion, was slightly lower than expected and below the level in the second quarter of 2018adjusted for the cancelled order for a data centre near Aabenraa in June 2019.
- The Group has won new orders with a combined value of DKK 1.1 billion since the end of the quarter.

Our outlook for 2019 remains unchanged:
- Revenue is still expected to amount to around DKK 7.0 billion (2018: DKK 6.8 billion).
- EBIT is expected to be around DKK 75 million in 2019 (2018: loss of DKK 547 million)
- Operating cash flows in 2019 are still expected to be in line with 2018 (outflow of DKK 142 million), but with an upside potential.

– The results confirm that we are well on the way to improving earnings and cash flows quarter by quarter, so 2019 will be a turning point for the MT Højgaard Group in terms of earnings. Stabilisation of the operations in MT Højgaard A/S is well underway and the company's loss has been significantly reduced, while the other companies in the Group overall are performing soundly. This supports our ongoing work on optimising the Group's organisation, project portfolio, structures and costs, says President and CEO Anders Heine Jensen.

MT Højgaard Holding A/S (the whole Group incl. the parent company MT Højgaard Holding A/S)
Højgaard Holding A/S and Monberg & Thorsen A/S merged on 5 April 2019. The continuing company changed its name to MT Højgaard Holding A/S, which, on implementation of the merger, became the owner of 100% of the MT Højgaard Group (the contracting activities).

The financial figures and outlook for MT Højgaard Holding A/S differ from those of the MT Højgaard Group in the interim financial report because MT Højgaard Holding A/S did not consolidate the MT Højgaard Group for accounting purposes until with effect from 5 April. Furthermore, purchase price allocation was charged against profit in connection with the merger, and MT Højgaard Holding A/S incurred transaction costs and administrative expenses. For further details of the accounting effect of the merger, see pages 3-4 of the interim financial report.

For the first half of 2019, MT Højgaard Holding A/S consequently delivered revenue of DKK 1,731 million, while EBIT was a loss of DKK 11 million. Profit before tax was DKK 118 million following a write-up of the value of the shares in MT Højgaard A/S to estimated fair value. Operating activities generated a cash inflow of DKK 30 million.

For the period 5 April-31 December 2019, MT Højgaard Holding A/S expects to deliver revenue of DKK 5.3 billion, EBIT of around DKK 0 million and operating cash flows of around DKK 0 million.
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MT HØJGAARD HOLDING

Interim financial report - First half 2019

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This interim financial report covers MT Højgaard Holding A/S and has been published in both Danish and English. In case of discrepancies between the two versions, or in case of doubt, the Danish version shall prevail.

Date of publication: 28 August 2019

Terms in the report

MT Højgaard Holding A/S comprises the parent company MT Højgaard Holding A/S, the wholly-owned subsidiary MT Højgaard A/S and its subsidiaries, the core ones of which are Enemærke & Petersen A/S, Scandi Byg A/S, Lindpro A/S and Ajos A/S.

The terms **the MT Højgaard Group** and **the operational entity** are both synonymous with the construction and civil engineering companies MT Højgaard A/S and its subsidiaries, the core ones of which are Enemærke & Petersen A/S, Scandi Byg A/S, Lindpro A/S and Ajos A/S. The MT Højgaard Group was previously known as MTH GROUP.

In this report, **MT Højgaard A/S** is synonymous with the contracting arm of the legal entity MT Højgaard A/S.

Operating and financial review - MT Højgaard Holding A/S

Højgaard Holding A/S and Monberg & Thorsen A/S merged on 5 April 2019, with Højgaard Holding as the continuing company. The continuing company changed its name to MT Højgaard Holding A/S and, on implementation of the merger, became the owner of 100% of the MT Højgaard Group comprising the company MT Højgaard A/S and a number of subsidiaries.

Up to the date of implementation of the merger, the financial statements only include the operations of Højgaard Holding A/S, which owned 54% of the MT Højgaard Group until 5 April 2019.

The merger was processed according to the acquisition method, whereby assets and liabilities have been determined at fair value on 5 April 2019. The accounting effects in the form of purchase price allocation etc. have been determined after the implementation of the merger and had a significant effect (expense of DKK 21 million) on the financial statements for the second quarter and first half of 2019, as expected. The financial statements were also affected by transaction costs and administrative expenses in MT Højgaard Holding A/S, as expected.

The accounting figures for MT Højgaard Holding A/S for the second quarter and first half of 2019 differ significantly from those of the MT Højgaard Group (the operational entity) because of the acquisition date and the accounting effects of the merger.

In the report, emphasis has been placed on the MT Højgaard Group's development. For further details of the MT Højgaard Group's operating and financial performance in the second quarter and first half of 2019, see pages 7-13.

The comparative figures for 2018 have not been restated to reflect the merger and thus only comprise the consolidated financial statements of Højgaard Holding A/S for 2018.

REVENUE

MT Højgaard Holding A/S delivered revenue of DKK 1,731 million in the second quarter and first half of 2019 compared with DKK 15 million in the second quarter and DKK 28 million in the first half of 2018. Revenue in 2018 related solely to the company Højgaard Industri A/S, which Højgaard Holding A/S disposed of in 2018 as part of the planning of the merger with Monberg & Thorsen A/S.

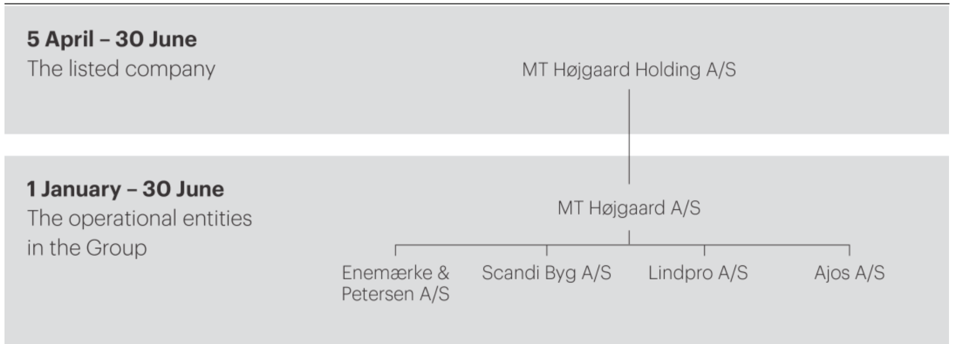
The MT Højgaard Group reported revenue of DKK 1,731 million in the second quarter and DKK 3,425 million in the first half of 2019. As already mentioned, the disparity between the revenue of MT Højgaard Holding A/S and the revenue of the operational entity in the first half of 2019 reflects the fact that MT Højgaard Holding A/S did not consolidate the activities of the MT Højgaard Group until with effect from the merger date of 5 April 2019.

EARNINGS

EBIT in MT Højgaard Holding A/S was a loss of DKK 7 million in the second quarter and a loss of DKK 11 million in the first half of 2019 compared with a profit of DKK 2 million in the second quarter and DKK 3 million in the first half of 2018.

The MT Højgaard Group's EBIT was DKK 16 million in the second quarter and DKK 21 million in the first half of 2019. The disparity between EBIT in MT Højgaard Holding A/S and EBIT in the operational entity is due to the merger date of 5 April 2019 and the purchase price allocation amounting to an expense of DKK 21 million in the second quarter of 2019 as well as transaction costs and administrative expenses of DKK 6 million in MT Højgaard Holding A/S.

REPORTING STRUCTURE



For further details of these companies, see note 1 on page 20.

ACCOUNTING EFFECTS OF MERGER ON MT HØJGAARD HOLDING A/S IN THE FIRST HALF OF 2019

	MT Højgaard Group (1/1 - 30/6 2019)			MT Højgaard Holding A/S (5/4 - 30/6 2019)				
				Effects of merger				
Amounts in DKK million	Q1	Q2	H1	Merger date	Adm. exp.*	Net finan-cials	PPA**	H1
Revenue	1,694	1,731	3,425	-1,694				1,731
EBIT	5	16	21	-5	-6	-	-21	-11
Profit/(loss) before tax	-3	9	6	3	-6	136	-21	118
Cash flows from operating activities	-116	36	-80	116	-1	-5	-	30

*Period from 1/1 - 30/6 2019, **PPA: Purchase Price Allocation

MT Højgaard Holding A/S reported profit before tax of DKK 123 million in the second quarter and DKK 118 million in the first half of 2019 compared with a loss of DKK 25 million in the second quarter and a loss of DKK 49 million in the first half of 2018. The MT Højgaard Group reported profit before tax of DKK 9 million in the second quarter and DKK 6 million in the first half of 2019.

The disparity between the pre-tax results of MT Højgaard Holding A/S and the operational unit primarily reflected a considerable positive effect on net financials of the write-up of the value of the shares in MT Højgaard A/S to estimated fair value in connection with the stepwise acquisition of the company as part of the merger.

CASH FLOWS

MT Højgaard Holding A/S reported operating cash inflow of DKK 31 million in the second quarter and DKK 30 million in the first half of 2019, versus DKK 4 million in the second quarter and DKK 2 million in the first half of 2018.

The MT Højgaard Group's cash flows improved primarily due to enhanced operating efficiency and higher positive cash flows related to non-cash items. Operating activities generated a cash outflow of DKK 80 million in the first half of 2019, compared with an outflow of DKK 474 million in the same period last year, which included a payment of a settled legacy offshore guarantee obligation in the first quarter of 2018..

The MT Højgaard Group's operating activities generated a cash inflow of DKK 36 million in the second quarter of 2019, compared with an outflow of DKK 152 million in the same period last year.

OUTLOOK 2019

The MT Højgaard Group's outlook for revenue and operating profit for 2019 remains unchanged. The MT Højgaard Group still expects to deliver revenue of around DKK 7.0 billion and EBIT of around DKK 75 million.

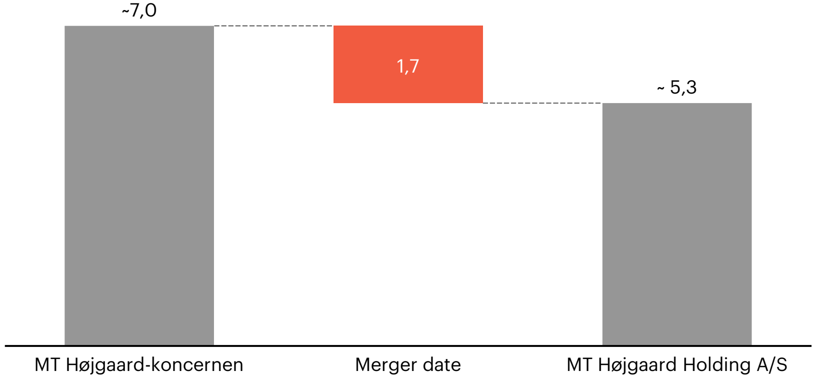
The MT Højgaard Group's operating cash flows are still expected to be on a par with 2018, but with an upside potential, including the effect of the payment of provisions already made for obligations in the MgO board cases.

On these grounds, MT Højgaard Holding A/S is expected to deliver revenue of DKK 5.3 billion and EBIT of around DKK 0 million for 2019.

MT Højgaard Holding A/S's operating cash flow is expected to be around DKK 0 million.

The disparity between the outlook for MT Højgaard Holding A/S and that of the operational entity the MT Højgaard Group is due to the merger date of 5 April 2019 and to depreciation and amortisation of the purchase price allocation amounting to an expense of around DKK 63 million in MT Højgaard Holding A/S in the period 5 April-31 December 2019 as well as administrative expenses for the year of around DKK 7 million.

EXPECTED ACCOUNTING EFFECT OF MERGER ON REVENUE FOR 2019, DKK BILLION



EXPECTED ACCOUNTING EFFECT OF MERGER ON EBIT FOR 2019, DKK MILLION

Comment: The interim financial report contains forward-looking statements, including the above projections of financial performance in 2019, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

Financial highlights - MT Højgaard Holding A/S

Amounts in DKK million	2019 Q2	2018 Q2	2019 1H	2018 1H	2018 Year
Income statement					
Revenue	1,731	15	1,731	28	58
Gross profit/(loss)	99	4	99	7	12
EBIT	-7	2	-11	3	6
Profit/(loss) before tax	123	-25	118	-49	-300
Net profit/(loss)	121	-26	116	-50	-300
Cash flows					
Cash flows from operating activities	31	4	30	2	-17
Purchase of property, plant and equipment	-53	-	-53	-	-
Purchase of subsidiaries	8	-	8	-	-
Divestment of business	-	-	-	-	28
Other investments, incl. investments in securities	2	-	2	-	-
Cash flows from investing activities	-43	-	-43	-	28
Cash flows from operating and investing activities	-12	4	-13	2	11
Balance sheet					
Non-current assets	-		1,925	410	207
Current assets			2,624	24	12
Equity			582	377	190
Non-current liabilities			1,217	43	27
Current liabilities			2,750	15	1
Balance sheet total			4,549	434	219

Amounts in DKK million	2019 Q2	2018 Q2	2019 1H	2018 1H	2018 Year
Other information					
Order intake	1,361	-	1,361	-	-
Order book, end of period			6,515	-	-
Working capital *			-195	3	9
Net interest-bearing deposit/debt (+/-)			-300	-29	-16
Average invested capital incl. goodwill			657	-	-
Average number of employees			3,883	29	29
Financial ratios					
Gross margin (%)	5.7	23.7	5.7	23.5	21.0
EBIT margin (%)	-0.4	14.5	-0.6	12.1	9.9
Pre-tax margin (%)	7.1	-165.8	6.8	-175.0	-521.6
Return on invested capital incl. goodwill (ROIC) (%)			-1.2	-	-
Return on invested capital incl. goodwill after tax (%)			-1.0	-	-
Return on equity (ROE) (%)			22.2	-12.4	-97.2
Equity ratio (%)			12.6	86.9	87.1
Equity-related key figures					
Number of shares, average and end of period (million shares)			7.8	4.2	4.2
Earnings and diluted earnings per share (EPS and EPS-D) (DKK)			14.9	-11.8	-71.4
Book value per share (DKK)			73.5	89.7	45.3
Total market capitalisation (DKK million)			580.1	525.4	245.0

* Working capital excludes properties held for resale.
** Q2 2018, 1H 2018 and 2018 are Højgaard Holding figures.

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the notes under accounting policies on page 30.

Operating and financial review for the first half of 2019 for MT Højgaard Group

Summary of the second quarter of 2019 - MT Højgaard Group

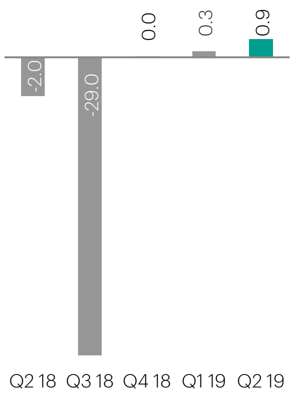
Revenue	EBIT	Cash flows from operating activities	Order intake*	Order book*
1.7 DKKbn Q2 2019	**16** DKKm Q2 2019	**36** DKKm Q2 2019	**1.4** DKKbn Q2 2019	**6.5** DKKbn Q2 2019
1.7 DKKbn Q2 2018	**-34** DKKm Q2 2018	**-152** DKKm Q2 2018	**1.8** DKKbn Q2 2018	**7.0** DKKbn Q2 2018

Revenue

DKKm

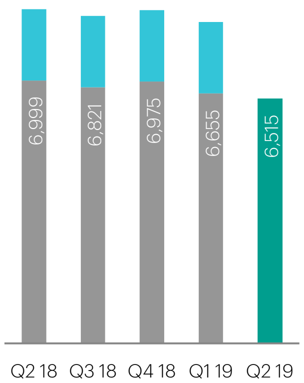
EBIT margin

%



Order book*

DKKm



Sustained improvement

- Earnings improved considerably in the second quarter, driven by higher gross margins, lower distribution costs and considerably lower write-downs on projects.
- As expected, earnings were still under pressure because MT Højgaard A/S, in particular, is completing legacy projects that contribute low or no earnings.
- Stabilisation of the operations in MT Højgaard A/S is well underway and the loss has been significantly reduced.
- Overall, the other companies in the Group are performing soundly.
- The results confirm that 2019 will be a turning point in terms of earnings.
- Optimising of organisation, project portfolio, structures and costs is continuing.

Outlook 2019

The outlook for revenue and EBIT for 2019 remains unchanged. Group revenue is still expected to be around DKK 7.0 billion, and EBIT is expected to be around DKK 75 million. Earnings are expected to improve still further in the second half year as a result of slightly increasing revenue and the fact that projects contributing no or low earnings will gradually make up a smaller proportion of revenue, especially in MT Højgaard A/S.

The MT Højgaard Group's operating cash flows are expected to be on a par with 2018, but with an upside potential, including the effect of the payment of provisions already made for obligations in the MgO board cases.

*Order book and order intake in the table no longer include the order for the construction of a data centre outside Aabenraa, as the order was cancelled, see MT Højgaard Holding company announcement dated 12 June, 2019, althought it is illustrated in the graph above showing the order book and illustrated with "blue".

Financial highlights - MT Højgaard Group

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018
Income statement					
Revenue	1,731	1,713	3,425	3,244	6,758
Gross profit/(loss)	120	57	229	109	-126
EBIT	16	-34	21	-90	-547
Profit/(loss) before tax	9	-33	6	-93	-559
Net profit/(loss)	7	-50	4	-96	-588
Cash flows					
Cash flows from operating activities	36	-152	-80	-474	-142
Purchase of property, plant and equipment	-53	-35	-79	-72	-40
Other investments, incl. investments in securities	2	5	-16	3	-73
Cash flows for investing activities	-51	-30	-95	-69	-113
Cash flows from operating and investing activities	-15	-182	-175	-543	-255
Balance sheet					
Non-current assets			1,607	1,249	1,299
Current assets			2,621	2,551	2,496
Equity			789	776	393
Non-current liabilities			731	455	559
Current liabilities			2,708	2,569	2,843
Balance sheet total			4,228	3,800	3,795

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018
Other information					
Order intake *	1,361	1,806	2,722	3,235	6,969
Order book, end of period			6,515	6,999	7,218
Working capital **			-198	34	-367
Net interest-bearing deposit/debt (+/-)			-457	-683	-370
Average invested capital incl. goodwill			878	1,095	788
Average number of employees			3,883	4,032	3,971
Financial ratios					
Gross margin (%)	6.9	3.4	6.7	3.4	-1.9
EBIT margin (%)	0.9	-2.0	0.6	-2.8	-8.1
Pre-tax margin (%)	0.5	-1.9	0.2	-2.9	-8.3
Return on invested capital incl. goodwill (ROIC) (%)			-47.4	5.7	-67.5
Return on invested capital incl. goodwill after tax (%)			-37.0	4.5	-52.6
Return on equity (ROE) (%)			0.7	-12.7	-95.1
Solvency ratio (%)			18.4	20.0	10.1
Solvency ratio (%) incl. subordinated loan			18.4	23.9	16.7

* Order book and order intake no longer include the order for the construction of a data centre outside Aabenraa, as the order was cancelled, see MT Højgaard Holding company announcement dated 12 June 2019.
** Working capital excludes properties held for resale.

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the notes on page 30.

Operating and financial review - MT Højgaard Group

As expected, the second quarter saw a further improvement in earnings following moderate revenue growth. However, earnings are still affected by the fact that the Group is in a transitional phase with continuing optimisation of project portfolio, structures and costs, especially in MT Højgaard A/S.

The number one priority in 2019 is to improve earnings and create the basis for further improvements in profitability with particular focus on strengthening MT Højgaard A/S's operations.

Earnings developed largely as expected in the second quarter, with EBIT of DKK 16 million, compared with a loss of DKK 34 million in the second quarter of 2018. First-half EBIT was DKK 21 million compared with a loss of DKK 90 million in 2018. The improvement mainly reflected the performance of MT Højgaard A/S, which has reduced its write-downs on projects in progress significantly. However, the company is still loss-making as a result of a few, previously mentioned, legacy projects that contribute low or no earnings during their completion.

The results confirm the expectations of a gradual improvement in EBIT during the year, so that the Group will report a profit of around DKK 75 million in 2019.

The Group's operating activities showed a significant improvement, a cash inflow of DKK 36 million compared with an outflow of DKK 152 million in the second quarter of 2018.

The replacement of MgO board cases and the remediation of consequential damage are proceeding to plan and are still expected to be completed within the provisions made by the Group last year.

REVITALISATION OF MT HØJGAARD A/S

Intensive work was done during the second quarter to consolidate the required improvements in MT Højgaard A/S's operations and earnings. With marginally higher revenue of DKK 898 million, viewed in isolation the Group's largest company improved its EBIT to a loss of DKK 22 million from a loss of DKK 90 million in the second quarter of 2018. MT Højgaard A/S's EBIT was a loss of DKK 49 million in the first half, compared with a loss of DKK 174 million in the same period last year.

The improvement reflects efforts to create stable operations in existing projects that have previously been the cause of considerable write-downs.

MT Højgaard A/S has reinforced its focus on those parts of the market where the company can best use its skills to create critical mass and, in turn, profitability. Applying a more selective approach to the market, all tenders are being carefully assessed on the basis of competitive factors, conditions, risks and the opportunities for efficient execution.

MT Højgaard A/S has also sharpened its focus on winning more smaller orders, which provide a more balanced portfolio and reduce risks for possible outcomes associated with major individual projects.

To ensure quality in bidding and efficient project execution, the company has tightened up on processes, manning and skills in both the bidding and execution phases of projects.

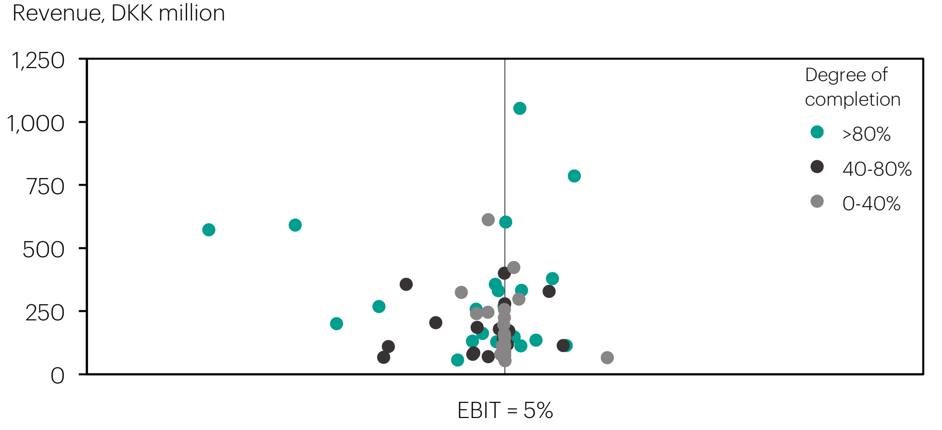
The organisation was adjusted in the first quarter to reduce costs, flatten chains of command and simplify structures. No major adjustments were made in the second quarter, but costs are constantly in focus and capacity is continuously assessed. As previously announced, more than 200 salaried posts in MT Højgaard A/S have been cut compared with 1 January 2018.

In June, MT Højgaard A/S was the first company in the Group to implement a new ERP system as part of the establishment of a new, common IT platform for the Group. The ERP system, which provides MT Højgaard A/S with a better basis for controlling finances and projects, has an effect on administrative expenses through licenses and amortisation.

The Kalundborg factory, which manufactured customised precast concrete panels, was shut down in May 2019, as previously announced.

As in previous quarters, the diagram on this page shows the extent to which the Group's projects in progress with revenue of over DKK 50 million meet management's EBIT requirements.

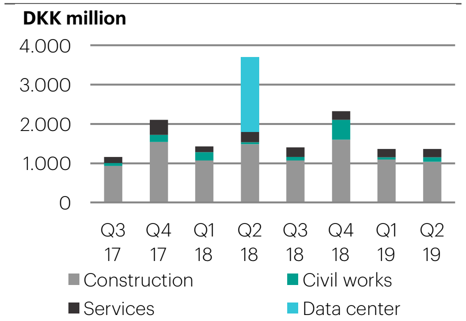
PROJECTS IN PROGRESS REVENUE > DKK 50 MILLION



ORDER INTAKE AND ORDER BOOK

In the second quarter, the Group contracted new orders worth a total of DKK 1.4 billion, consisting of a good mix of large, medium-sized and a number of relatively small orders of good quality in the strategic focus segments.

ORDER INTAKE

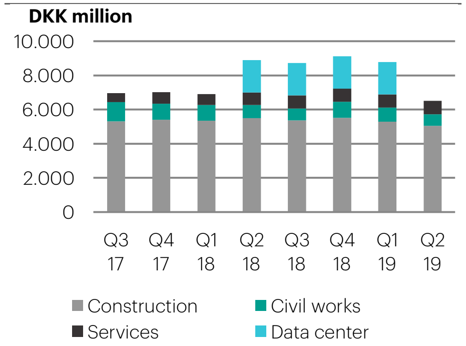


Increasing order intake in Civil Works was more than outweighed by lower order intake in Construction and Services. As a result, order intake for the quarter was slightly below expectations and lower than in the same quarter last year, when the Group won new orders worth DKK 1.8 billion, adjusted for the order for the construction of a data centre outside Aabenraa.

The order for this data centre was cancelled in June 2019 and will reduce the total order book by around DKK 1.9 billion over the next 3-4 years. In order to make the tables comparable, order intake and order book no longer include the cancelled order but can still be read in the graphs.

First-half order intake was DKK 2.7 billion compared with DKK 3.2 billion in the same period last year.

ORDER BOOK



Amounts in DKK million	Q2 19	Q2 18	H1 2019	H1 2018	2018
Order book beginning of period*	6,885	6,906	7,218	7,007	7,007
Order intake during period*	1,361	1,806	2,722	3,236	6969
Production during period	1,731	1,713	3,425	3,244	6,758
Order book end of period*	6,515	6,999	6,515	6,999	7,218

Construction

The Group develops, constructs and refurbishes buildings on a main, design-build or subcontract basis for private and public customers, organisations and housing associations, mainly in Denmark, the North Atlantic countries and a few chosen geographies. Construction activities are carried out by MT Højgaard A/S, Enemærke & Petersen A/S, Lindpro A/S and Scandi Byg A/S.

Civil Works

The Group undertakes infrastructure projects, earthworks and piling, marine works and shell construction, primarily in Denmark and a few chosen geographies. Civil works activities are carried out by MT Højgaard A/S.

Services

The Group provides services to the construction and civil engineering industry in Denmark through Ajos A/S, Enemærke & Petersen A/S, Lindpro A/S and MT Højgaard A/S.

Core capabilities

In the course of the past 100 years, the Group has built up experience in areas such as Design & Engineering, Virtual Design & Construction (VDC), project development, strategic partnerships, occupational health and safety management, sustainability, technical installations and in-house production.

*Order book and order intake in the table no longer include the order for the construction of a data centre outside Aabenraa, as the order was cancelled, see MT Højgaard Holding company announcement dated 12 June, 2019, althought it is illustrated in the graph above showing the order book and illustrated with "blue".

The order book amounted to DKK 6.5 billion at the end of the second quarter, compared with DKK 7.0 billion at the end of the second quarter of 2018 and DKK 7.2 billion at the end of 2018.

The Group is making a determined effort to win profitable orders and develop projects in-house. Since the end of the second quarter, the Group has won, but not yet signed new orders with a total value of approx. DKK 1.1 billion, including a new 8,500-square metre Science & Innovation Hub for Aalborg University and a new 50,000-square metre "SUND-hus" for the Faculty of Business and Social Sciences at the University of Southern Denmark in Odense.

The Group is also working on the clarification phase of a number of collaboration agreements and projects, which may result in the conclusion of final, unconditional agreements.

Construction

Revenue in Construction declined by 3% in the second quarter, to DKK 1,295 million, while first-half revenue increased by 6%, to DKK 2,610 million. The activities mainly comprised construction of new housing, residential refurbishment, construction of hospitals, commercial buildings, educational institutions etc.

In terms of revenue, MT Højgaard A/S's biggest projects in the second quarter were the New Aalborg University Hospital in Aalborg (fitting-out contracts, internal service building etc.), the AARhus residential complex in Aarhus, a research and laboratory building for Denmark's Technical University (DTU) in Lyngby, the refurbishment of 40 apartment blocks in Vejle, and new housing in Sorgenfri. The iconic AARhus residential complex, featuring 247 unique apartments, bath houses etc., was handed over in May.

The biggest projects in Enemærke & Petersen in the second quarter were the refurbishment of the Lundevænget and Søndermarken residential projects in Copenhagen, new housing at A. C. Meyers Vænge in Copenhagen, and Denmark's biggest non-profit housing refurbishment project, Stadionparken, which was handed over to Glostrup Housing Association six months ahead of schedule. Enemærke & Petersen also completed projects under the TRUST framework agreement with the City of Copenhagen. However, the projects in this agreement are currently affected by the fact that the local authority has postponed a number of planned jobs in consequence of the state cap on civil works.

Scandi Byg's biggest projects in the quarter were the housing projects Engdraget in Slagelse, Skjeberg Allé in Høje Taastrup, and the sustainable Eco Village in Lejre. The 126 housing units in Engdraget and phase one of the Eco Village project, comprising 46 terraced houses, were handed over during the quarter.

Construction, DKK million	Q2 19	Q2 18	H1 2019	H1 2018
Revenue	1,295	1,336	2,610	2,473
EBIT	30	41	42	42
Order book*	5,040	5,491	5,040	5,491
Order intake*	1,037	1,487	2,129	2,559

Lindpro carried out a number of large and relatively small technical contracts for both affiliated companies and external customers in the second quarter.

At DKK 30 million, EBIT in Construction was down 26% on the second quarter of last year. As expected, EBIT was depressed by legacy projects in MT Højgaard A/S that contribute low or no earnings during their completion. EBIT was also affected by small write-downs on a few projects. At DKK 42 million, first-half EBIT was 1% higher than in the same period last year.

Second-quarter order intake in Construction amounted to DKK 1,037 million, down 30% compared with the second quarter of 2018.

The biggest new order for MT Højgaard A/S was the approx. DKK 290 million design-build contract for a new baggage-handling terminal at Copenhagen Airport. Other major orders for MT Højgaard A/S were the design-build contract for an office building in Aarhus developed in-house (approx. DKK 100 million), phase one of the new University Park campus in Aarhus (DKK 85 million), 107 youth residences at A. C. Meyers Vænge in Copenhagen (DKK 85 million) and a rehabilitation centre in Hoyvik in the Faroe Islands (DKK 65 million). Enemærke & Petersen's biggest new order worth approx. DKK 75 million was the refurbishment of the housing association Boligforeningen PM Afd. 1's 108 single-family houses in Brønderslev.

The order book in Construction was DKK 5,040 million at the end of the quarter, a decrease of 8% on the end of the second quarter of 2018.

In March, the partnership "&os Byggepartnerskab" headed by Enemærke & Petersen entered into a strategic partnership with Denmark's largest housing association, KAB, on refurbishment and new building. KAB expects the agreement to result in projects worth up to DKK 6 billion over up to six years. Projects will be included in order intake and order book as the framework agreement results in specific orders, which is expected to happen from 2020.

The Group still expects some market growth in strategic focus segments such as refurbishment and construction of new housing, data centres, hospitals etc.

*Order book and order intake no longer include the order for the construction of a data centre outside Aabenraa, as the order was cancelled, see MT Højgaard Holding company announcement dated 12 June 2019.

Civil Works

Revenue in Civil Works increased by 30% in the second quarter, to DKK 243 million, while revenue in the first half increased by 5%, to DKK 425 million.

The most significant projects were the renewal and improvement of 56 bridges for Banedanmark and a new ferry terminal for MOLSLINJEN in Aarhus.

EBIT in Civil Works was a loss of DKK 21 million in the second quarter and a loss of DKK 39 million in the first half, significantly better than last year, when the first half showed write-downs totalling DKK 80 million on a major civil works project.

Second-quarter order intake was DKK 118 million, a 156% increase on the second quarter of 2018. At DKK 688 million, the order book at the end of the quarter was 12% lower than at the same time last year.

The Danish civil works market is characterised by positive demand within projects such as data centres and super-hospitals, while fewer major public infrastructure projects are put out to tender.

Civil Works, DKK million	Q2 19	Q2 18	H1 2019	H1 2018
Revenue	243	188	425	405
EBIT	-21	-74	-39	-135
Order book*	688	778	688	778
Order intake*	118	46	177	256

Services, DKK million	Q2 19	Q2 18	H1 2019	H1 2018
Revenue	193	189	390	366
EBIT	0	0	3	1
Order book*	787	730	787	730
Order intake*	206	273	416	421

Services

Second-quarter revenue in Services increased by 2% to DKK 193 million, and revenue increased by just under 7% in the first half, partly reflecting continued growing demand for Ajos' rental of pavilions and other equipment and fitting-out and operation of construction sites.

EBIT in this business area remained unchanged at DKK 0 million in the second quarter and improved to DKK 3 million for the first half compared with the first half of 2018.

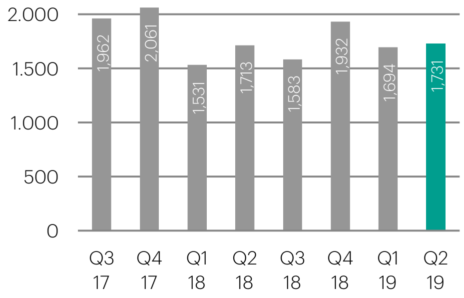
At DKK 206 million, second-quarter order intake in Services was 25% lower than in the same period last year, while order intake for the first half was in line with last year.

The order book at the end of the period, at DKK 787 million, was 8% higher than in the same period last year.

GROUP REVENUE

REVENUE

DKK million



Second-quarter total Group revenue increased by 1% to DKK 1,731 million. A high level of growth in Civil Works and less growth in Services offset a small decline in activities in the business area Construction.

First-half revenue increased by 6%, to DKK 3,425 million, as a result of broadly-based growth in all three business areas.

EARNINGS

The Group's second-quarter EBIT was DKK 16 million, equivalent to an operating margin of 0.9%, compared with a loss of DKK 34 million and -2.0% in the same period in 2018.

EBIT increased to DKK 21 million in the first half, equivalent to an operating margin of 0.6%, compared with a loss of DKK 90 million and -2.8% in the same period last year.

The improved earnings in the quarter reflected higher gross margins, lower distribution costs and a higher-quality portfolio.

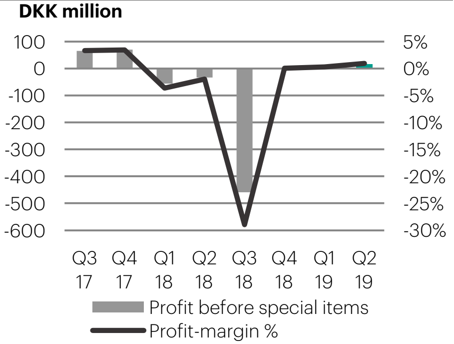
The second-quarter gross margin of 6.9 per cent – an improvement of 3.5 percentage points compared with last year – shows that the Group's ability to make money has been improved.

The improved gross margin was mainly due to MT Højgaard having to make far fewer write-downs on its projects this year than last year. Net write-downs on projects depressed EBIT by DKK 22 million in the second quarter and DKK 22 million in the first half. By comparison, net write-downs on projects depressed EBIT by DKK 72 million in the second quarter and DKK 148 million in the first half of 2018.

The net result for the second quarter was a profit of DKK 7 million, compared with a loss of DKK 50 million in the same period in 2018. First-half net profit was DKK 4 million compared with a loss of DKK 96 million in the first half of 2018.

For details of the development in core units, see page 44.

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS



BALANCE SHEET

Intangible assets and property, plant and equipment amounted to DKK 1,324 million at the end of the quarter, compared with DKK 999 million at the end of 2018. The increase in fixed assets primarily reflected the fact that the Group implemented IFRS 16 Leases on 1 January 2019 and invested in rental equipment and the Group's new IT platform.

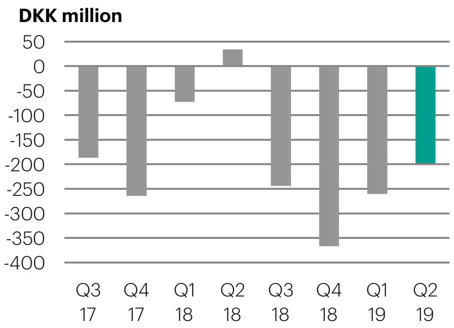
Inventories amounted to DKK 507 million at the end of the second quarter, compared with DKK 508 million at the beginning of the year. Inventories primarily relate to properties and construction projects developed in-house for resale, which totalled DKK 474 million.

Trade receivables were DKK 1,400 million at the end of the quarter, compared with DKK 1,330 million at the end of 2018.

Construction contracts in progress amounted to a liability of DKK 358 million net at the end of June 2019, compared with a liability of DKK 373 million at the end of 2018, reflecting project mix and activity level.

Trade payables amounted to DKK 893 million at 30 June 2019, compared with DKK 1,053 million at the end of 2018, primarily reflecting the timing of due dates at the end of 2018, making payables higher than normal.

WORKING CAPITAL (EXCL. PROPERTIES)



Overall, at the end of June 2019 the Group had a working capital outflow of DKK 198 million, excluding properties for resale, compared with an outflow of DKK 367 million at the end of 2018. The change in working capital was mainly driven by an increase in receivables and a reduction in trade payables.

Equity amounted to DKK 789 million at the end of June 2019, compared with DKK 393 million at the end of 2018, while the equity ratio was 18.4% compared with 10.1% at the end of 2018.

As previously announced, on 10 April 2019 the parent company MT Højgaard Holding A/S injected new equity of DKK 400 million into MT Højgaard A/S.

CASH FLOWS AND FINANCIAL RESOURCES

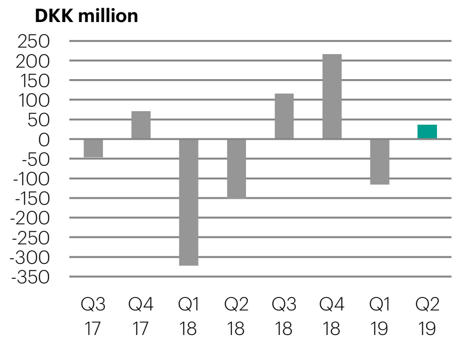
Operating activities generated a cash inflow of DKK 36 million in the second quarter, compared with an outflow of DKK 152 million in the same period last year. The improvement was primarily driven by increasing earnings and higher positive cash flows relating to non-cash items.. Operating activities generated a cash outflow of DKK 80 million in the first half, compared with an outflow of DKK 474 million in the first half of 2018. A settled legacy offshore guarantee obligation was paid in the first quarter of 2018.

Investing activities amounted to an outflow of DKK 51 million in the second quarter, primarily investments in property, plant and equipment and the Group's new IT platform, compared with an outflow of DKK 30 million in the same period in 2018. Investing activities absorbed DKK 96 million in the first half, compared with DKK 69 million in the same period last year.

The Group's financial resources totalled DKK 388 million at the end of June 2019, compared with DKK 569 million at the start of the year. Including a subordinated loan of DKK 250 million from Knud Højgaards Fond, financial resources totalled DKK 638 million at the end of the quarter, which is considered satisfactory based on the current level of activity.

In connection with the DKK 400 million capital injection by the parent company on 10 April 2019, MT Højgaard A/S repaid a subordinated loan of DKK 250 million from Knud Højgaards Fond, and the loan commitment ceased. The agreement with Knud Højgaards Fond on DKK 400 million in subordinated loan capital to provide the liquidity required by the Group to meet its obligations in the MgO board cases was reduced to the above DKK 250 million loan at the same time. The Group has still not made any drawdowns under this agreement.

OPERATING CASH FLOW



Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the interim financial report of MT Højgaard Holding A/S for the period 1 January – 30 June 2019.

The interim financial statements, which have not been audited or reviewed by the company's auditor, have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at 30 June 2019 and of the results of the Group's operations and cash flows for the period 1 January – 30 June 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's operations and financial matters, the results for the period and the Group's financial position and a description of the significant risks and uncertainty factors pertaining to the Group.

Søborg, 28 August 2019

EXECUTIVE BOARD

Anders Heine Jensen
President & CEO

Martin Solberg
CFO

BOARD OF DIRECTORS

Carsten Dilling
Chairman

Anders Lindberg
Deputy Chairman

Christine Thorsen

Ole Røsdahl

Pernille Fabricius

Morten Hansen

Consolidated financial statements for the first half of 2019 -MT Højgaard Holding A/S

Income statement and statement of comprehensive income

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Year
INCOME STATEMENT					
Revenue	1,730.5	15.2	1,730.5	28.1	57.5
Production costs	-1,631.7	-11.6	-1,631.7	-21.5	-45.4
Gross profit(/loss)	**98,8**	**3.6**	**98.8**	**6.6**	**12.1**
Distribution costs	-35.6	-	-35.6	-	
Administrative expenses	-70.1	-1.4	-73.3	-3.2	-6.4
Profit/(loss) before share of profit/(loss) of joint ventures	**-6.9**	**2.2**	**-10.1**	**3.4**	**5.7**
Share of profit/(loss) after tax of joint ventures	-0.4		-0.4		
EBIT	**-7.3**	**2.2**	**-10.5**	**3.4**	**5.7**
Share of profit/(loss) after tax of jointly controlled entity	-	-27.2	-1.6	-52.1	-318.3
Net financials	130.4	-0.2	130.4	-0.5	12.7
Profit/(loss) before tax	**123.1**	**-25.2**	**118.3**	**-49.2**	**-299.9**
Income tax expense	-2.4	-0.4	-2.1	-0.6	-0.4
Net profit/(loss) for the period	**120.7**	**-25.6**	**116.2**	**-49.8**	**-300.3**

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Year
ATTRIBUTABLE TO:					
Shareholders in MT Højgaard Holding A/S	120.7	-25.6	116.2	-49.8	-300.3
Non-controlling interests	-	-	-	-	-
Total	**120.7**	**-25.6**	**116.2**	**-49.8**	**-300.3**
STATEMENT OF COMPREHENSIVE INCOME					
Net profit/(loss) for the period	**120.7**	**-25.6**	**116.2**	**-49.8**	**-300.3**
Other comprehensive income					
Items that may be reclassified to the income statement:					
Share of other comprehensive income in jointly controlled entity		-0.2		-0.5	-
Foreign exchange adjustments, foreign enterprises	1.4	-	1.4	-	-
Value adjustment of hedging instruments, joint ventures	-4.2	0.1	-4.2	-	-
Other comprehensive income after tax	**-2.8**	**-0.1**	**-2.8**	**-0.5**	**0.0**
Total comprehensive income	**117.9**	**-25.7**	**113.4**	**-50.3**	**-300.3**
Attributable to:					
Shareholders of MT Højgaard Holding A/S	117.9	-25.7	113.4	-50.3	-300.3
Non-controlling interests	-	-	-		
Total	**117.9**	**-25.7**	**113.4**	**-50.3**	**-300.3**

Balance sheet

ASSETS Amounts in DKK million	2019 30-06	2018 30-06	2018 31-12
NON-CURRENT ASSETS			
Intangible assets	603.1	-	-
Property, plant and equipment	1,038.6	-	-
Deferred tax assets	150.5	-	-
Investments in jointly controlled entity	-	409.8	206.9
Other investments	132.8	-	-
Total non-current assets	**1,925.0**	**409.8**	**206.9**
CURRENT ASSETS			
Inventories	506.6	2.8	-
Trade receivables	1,400.1	7.8	-
Receivables from group enterprises	-	6.0	9.7
Construction contracts in progress	433.4	-	-
Other receivables	148.5	0.4	0.6
Cash and cash equivalents	134.9	7.4	1.4
Total current assets	**2,623.5**	**24.4**	**11.7**
Total assets	**4,548.5**	**434.2**	**218.6**

EQUITY AND LIABILITIES Amounts in DKK million	2019 30-06	2018 30-06	2018 31-12
EQUITY			
Equity attributable to shareholders	572.7	377.2	190.4
Non-controlling interests	9.4	-	-
Total equity	**582.1**	**377.2**	**190.4**
NON-CURRENT LIABILITIES			
Subordinated loan	400.0	-	-
PAYABLES TO GROUP ENTERPRISES	17.3	42.5	27.0
Bank loans, etc.	434.9	-	-
Deferred tax liabilities	96.7	-	-
Provisions	267.6	-	-
Total non-current liabilities	**1,216.5**	**42.5**	**27.0**
CURRENT LIABILITIES			
Bank loans, etc.	167.7	-	-
Construction contracts in progress	791.7	-	-
Trade payables	895.3	5.5	0.4
Other current liabilities	895.2	9.0	0.8
Total current liabilities	**2,749.9**	**14.5**	**1.2**
Total liabilities	**3,966.4**	**57.0**	**28.2**
Total equity and liabilities	**4,548.5**	**434.2**	**218.6**

Statement of cash flows

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Year
OPERATING ACTIVITIES					
EBIT	-7.3	2.2	-10.5	3.4	5.7
Adjustments for items not included in cash flow	114.0	-	114.0	-	-
Cash flows from operating activities before working capital changes	**106.7**	**2.2**	**103.5**	**3.4**	**5.7**
Working capital changes					
Inventories	11.0	0.6	11.0	-1.0	0.1
Receivables excl. construction contracts in progress	-94.1	1.8	-91.3	-1.7	-20.5
Construction contracts in progress	60.8	-	60.8	-	-
Trade and other current payables	-41.5	-0.5	-42.2	1.6	1.5
Cash flows from operations (operating activities)	**42.9**	**4.1**	**41.8**	**2.3**	**-13.2**
Net financials	-12.3	-0.2	-12.3	-0.5	-1.1
Cash flows from operations (ordinary activities)	**30.6**	**3.9**	**29.5**	**1.8**	**-14.3**
Income taxes paid, net	-	-	-	-	-2.8
Operating cash flow	**30.6**	**3.9**	**29.5**	**1.8**	**-17.1**
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	-52.6	-	-52.6	-	-
Purchase of subsiduaries	8.2	-	8.2	-	-
Disposal of enterprise	-	-	-	-	28.4
Other investments, net	2.0	-	2.0	-	-
Cash flows from investing activities	**-42.4**	**0.0**	**-42.4**	**0.0**	**28.4**
Subordinated loan	400.0	-	400.0	-	-
Repayment of subordinated loan	-250.0	-	-250.0	-	-
Other financing, net	-35.2	-	-35.2	-	-15.5
Cash flows from financing activities	**114.8**	**0.0**	**114.8**	**0.0**	**-15.5**
Net increase (decrease) in cash and cash equivalents	103.0	3.9	101.9	1.8	-4.2
Cash and cash equivalents at beginning of period	0.3	3.5	1.4	5.6	5.6
Cash and cash equivalents at end of period	**103.3**	**7.4**	**103.3**	**7.4**	**1.4**

Statement of changes in equity

Amounts in DKK million

Statement of changes in equity	Share capital	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to sharehol-ders	Attributa-ble to non-controlling interests	Total equity
2019							
Equity at 1 January	**84.1**	**-18.8**	**0.9**	**124.2**	**190.4**	**0.0**	**190.4**
Merger with Monberg & Thorsen A/S	71.6	18.8	-0.9	184.1	**273.6**	9.4	**283.0**
Net profit/(loss) for the period	**0.0**	**0.0**	**0.0**	**116.2**	**116.2**	**0.0**	**116.2**
Other comprehensive income:							**0.0**
Foreign exchange adjustments foreign enterprises	-	-	1.4	-	**1.4**	-	**1.4**
Value adjustment of hedging instruments, joint ventures	-	-4.2	-	-	**-4.2**	-	**-4.2**
Total other comprehensive income	**0.0**	**-4.2**	**1.4**	**0.0**	**-2.8**	**0.0**	**-2.8**
Warrant programme	-	-	-	-4.7	**-4.7**	-	**-4.7**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**-4.7**	**-4.7**	**0.0**	**-4.7**
Total changes in equity	**0.0**	**-4.2**	**1.4**	**111.5**	**108.7**	**0.0**	**108.7**
Equity at 30 June 2019	**155.7**	**-4.2**	**1.4**	**419.8**	**572.7**	**9.4**	**582.1**
2018							
Equity at 1 January	**84.1**	**-18.7**	**0.8**	**361.4**	**427.6**	**0.0**	**427.6**
Effect of accounting policies, IFRS 15	-	-	-	-0.3	**-0.3**	-	**-0.3**
Equity at 1 January	**84.1**	**-18.7**	**0.8**	**361.1**	**427.3**	**0.0**	**427.3**
Net profit/(loss)	**0.0**	**0.0**	**0.0**	**-49.8**	**-49.8**	**0.0**	**-49.8**
Other comprehensive income:							
Share of other comprehensive income of jointly controlled entity	-	0.1	-0.6	-	**-0.5**	-	**-0.5**
Total other comprehensive income	**0.0**	**0.1**	**-0.6**	**0.0**	**-0.5**	**0.0**	**-0.5**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Other	**0.0**	**0.0**	**0.0**	**0.2**	**0.2**	**0.0**	**0.2**
Total changes in equity	**0.0**	**0.1**	**-0.6**	**-49.6**	**-50.1**	**0.0**	**-50.1**
Equity at 30 June 2018	**84.1**	**-18.6**	**0.2**	**311.5**	**377.2**	**0.0**	**377.2**

Notes

1 BRIEF DESCRIPTION OF GROUP STRUCTURE

MT Højgaard Holding A/S's interim financial report comprises the parent company MT Højgaard Holding A/S, the wholly-owned subsidiary MT Højgaard A/S and its subsidiaries, the core ones of which are Enemærke & Petersen A/S, Scandi Byg A/S, Lindpro A/S and Ajos A/S.

The MT Højgaard Group's operating and financial review and key financial highlights comprise the construction and civil engineering companies MT Højgaard A/S and its subsidiaries, the core ones of which are Enemærke & Petersen A/S, Scandi Byg A/S, Lindpro A/S and Ajos A/S. In the report, the MT Højgaard Group is also referred to as the operational entity. The MT Højgaard Group was previously known under the name of MTH Group.

The interim financial reports of MT Højgaard Holding A/S and the MT Højgaard Group differ on a number of points. This is mainly because:

- The MT Højgaard Group did not become wholly-owned by MT Højgaard Holding A/S until 5 April 2019, when it became consolidated. MT Højgaard Holding A/S previously owned 54% of the MT Højgaard Group, which was recognised as a jointly controlled entity.
- MT Højgaard Holding A/S has incurred transaction costs and administrative expenses.
- A purchase price allocation was performed in connection with the acquisition.
- The value of the shares in MT Højgaard A/S has been written up to estimated fair value.

2 ACCOUNTING POLICIES

The interim financial statements have been prepared as condensed financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. No interim financial statements have been prepared for the parent company. The interim financial statements are presented in Danish kroner (DKK), the parent company's functional currency.

Apart from the below change in Group structure and the implementation of IFRS 16, the accounting policies applied in the interim financial statements are unchanged compared with the accounting policies applied in the 2018 consolidated financial statements, which are in accordance with International Financial Reporting Standards as adopted by the EU. The accounting policies of the whole Group have been reproduced below as a result of the significant changes in Group structure.

2 ACCOUNTING POLICIES (CONTINUED)

Change in Group structure

The Group structure has changed as a result of the merger of Monberg & Thorsen A/S and Højgaard Holding A/S on 5 April 2019. In connection with the merger, Monberg & Thorsen A/S was dissolved and Højgaard Holding A/S was chosen as the continuing company. In connection with the merger, Højgaard Holding A/S changed its name to MT Højgaard Holding A/S, and the jointly controlled entity MT Højgaard A/S changed accounting category to become a subsidiary.

In connection with the merger, all existing shares in Højgaard Holding A/S were merged into a single share class with equal rights, and new shares in the company were issued to the shareholders of Monberg & Thorsen A/S. On completion of the merger, the new shares were admitted to trading and official listing on Nasdaq Copenhagen (ISIN code DK0010255975) The new shares were distributed to the shareholders of Monberg & Thorsen A/S and existing shareholders. For each share held in Monberg & Thorsen A/S, shareholders were entitled to receive one share in the company. Existing shareholders in Højgaard Holding A/S were not entitled to receive any new shares in connection with the merger. As a result, the ownership of the Group remains unchanged after the merger, and MT Højgaard Holding A/S owns all shares in MT Højgaard A/S and is the Group's parent company.

The merger has been accounted for applying the acquisition method, according to which the acquisition date for accounting purposes is 5 April 2019. The purchase consideration for Monberg & Thorsen A/S is primarily based on the company's shareholding in MT Højgaard A/S, as holding these shares was the company's core activity. MT Højgaard A/S has been determined at the fair value of the shares in MT Højgaard A/S, determined as the implied fair value based on the market price of the merged companies adjusted for other net assets in the company and Monberg & Thorsen A/S.

Before the merger, both Monberg & Thorsen A/S and the company classified the shares in MT Højgaard A/S as investments in jointly controlled entities, which are measured using the equity method. The company obtained control of MT Højgaard A/S in connection with the merger, and the company has consequently accounted for the acquisition as a step acquisition applying the acquisition method. As a result, the Group's interim financial statements for 2019 include a value adjustment determined as the difference between the fair value of the existing 54% shareholding in MT Højgaard A/S at the acquisition date and the accounting value at the acquisition date determined using the equity method.

2 ACCOUNTING POLICIES (CONTINUED)

The total purchase consideration for MT Højgaard A/S at the acquisition date is consequently made up of the fair value of the shares acquired from Monberg & Thorsen A/S and the fair value of the existing shares owned by the company.
Under the acquisition method, MT Højgaard A/S's identifiable assets, liabilities and contingent liabilities have been measured at fair value at the acquisition date. Identifiable intangible assets have been recognised if separable or arisen from a contractual right. Deferred tax has been recognised on the revaluations.
Any excess of total purchase consideration over the fair value of the identifiable assets acquired and identifiable liabilities and contingent liabilities assumed (goodwill) has been recognised in intangible assets as goodwill. Goodwill is not amortised but tested for any indications of impairment at least annually.
All costs incurred by MT Højgaard Holding A/S in connection with the merger have been recognised as administrative expenses.
For accounting purposes, the results of MT Højgaard A/S have been recognised in the company's interim financial statements for 2019 until the acquisition date of 5 April 2019 applying the equity method to the company's 54% share of MT Højgaard A/S before the merger. For accounting purposes, MT Højgaard A/S has been fully consolidated in the Group's interim financial statements for 2019 from the acquisition date, based on the determined values of assets, liabilities and contingent liabilities in MT Højgaard A/S using the acquisition method.

Changes to accounting policies
The Group has implemented IFRS 16 *Leases* with effect from 1 January 2019, The new standard replaces IAS 17 and IFRIC 4, SIC 15 and SIC 27. On implementation of IFRS 16 *Leases*, the Group applies the simplified transition method. In accordance with the transitional provisions in IFRS 16, the Group has opted to apply the following transitional provisions in implementing the standard:

- setting the discount rate for a portfolio of leases with similar characteristics;
- maintaining the evaluation of whether a contract is or contains a lease in accordance with previous accounting policies and accounting standards on the transition to IFRS 16.

In the evaluation of future lease payments, the Group has reviewed its operating leases and identified the lease payments that relate to a lease component and that are fixed or variable but are linked to an index or a rate.

The Group has elected not to recognise payments related to service components as a part of the lease obligation.

The Group has three types of leases: plant and machinery; cars; and properties. In the evaluation of the expected lease term for leases of plant and machinery and property leases, the Group has evaluated leases individually and taken into account non-cancellation periods and the expected use of the property. For car leasing, the expected lease term has been evaluated based on a portfolio approach. The expected remaining lease terms are 2-4 years for the Group's plant and machinery, around 8 years for buildings, and 2-3 years for the portfolio of cars.

When discounting lease payments to present value, the Group has applied its alternative borrowing rate, based on the rate under the Group's existing loan agreements, which are made up of the Group's existing credit facilities and loans from Knud Højgaards Fond. The interest rate has been set on the basis of the lease term. No adjustments have been made for the effect of interest rate differences in currencies, as the Group's debt and all its leases are denominated in Danish kroner.

When measuring the lease obligation, the Group has applied a borrowing rate in the 3-6% p.a. range for discounting future lease payments.

The standard will only affect MT Højgaard A/S, which is recognised in the Group at net asset value as a jointly controlled entity up to the merger of Monberg & Thorsen A/S and Højgaard Holding A/S on 5 April 2019. The recognised leases acquired in connection with the determination of the acquisition balance sheet for MT Højgaard A/S are recognised as part of the acquisition balance sheet for same and consequently will not be included in the determination of the effect of the implementation of IFRS 16, see note 7, Business combinations.

2 ACCOUNTING POLICIES (CONTINUED)

In view of the Group's portfolio of leases (excluding the leases acquired from MT Højgaard A/S) management assess that the implementation of IFRS 16 has some effect on the balance sheet total, but that the effect on profit/(loss) and equity is insignificant. It is thus management's judgement that the effect of the implementation of IFRS 16 on profit/(loss) and the balance sheet in the interim financial statements for 2019 is insignificant.

Going concern statement
In connection with the financial reporting, the Board of Directors, the Audit Committee and the Executive Board have assessed whether it is appropriate to adopt the going concern basis of accounting. The Board of Directors, the Audit Committee and the Executive Board have concluded that there are no factors, at the time of publication of the financial statements, that cast any doubt on the Group's and the parent company's ability to continue as a going concern until at least the next reporting date. This conclusion has been reached on the basis of knowledge of the Group and the future outlook.

Consolidated financial statements
The consolidated financial statements comprise the parent company MT Højgaard Holding A/S and subsidiaries controlled by the Group. The Group controls an enterprise when it is exposed to, or has rights to, variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise.

When assessing control, the Group takes into account de facto control and potential voting rights that are substantive at the reporting date. Subsidiaries' items are fully consolidated in the consolidated financial statements. Non-controlling interests' share of net profit/(loss) for the year and of equity in subsidiaries that are not wholly-owned is recognised as part of the Group's profit/(loss) or equity but is presented separately.

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated for newly acquired enterprises.

The consolidated financial statements of MT Højgaard Holding are prepared on the basis of the parent company's and the individual enterprises' audited financial statements determined in accordance with the MT Højgaard Holding Group's accounting policies.

On preparation of the consolidated financial statements, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are eliminated. Unrealised gains and losses arising from transactions between the consolidated enterprises are also eliminated.

Joint arrangements are operations or entities over which the Group has joint control through contractual agreements with one or more parties. Joint control means that decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified as joint ventures or joint operations. Joint operations are arrangements whereby the parties have direct rights to the assets, and obligations for the liabilities, while joint ventures are arrangements whereby the parties have rights to the net assets only.

All the Group's jointly owned companies are classified as joint ventures. Gains and losses on disposal of subsidiaries and joint ventures are determined by deducting from the proceeds on disposal the carrying amount of net assets including goodwill at the date of disposal and related selling expenses.

Foreign currency translation
For each of the reporting enterprises in the Group, the functional currency is determined as the primary currency in the market in which the enterprise operates. The predominant functional currency for the Group is Danish kroner.

Transactions denominated in all currencies other than the functional currencies are translated into the functional currency using the exchange rates at the transaction date. Receivables and payables in foreign currencies are translated using the exchange rates at the reporting date. Foreign exchange differences arising between the exchange rate at the transaction date or the reporting date and the date of settlement are recognised in the income statement as finance income and costs.

2 ACCOUNTING POLICIES (CONTINUED)

On recognition of foreign subsidiaries and joint arrangements, income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates, which do not differ significantly from the exchange rates at the transaction date, while balance sheet items are translated at the exchange rates at the reporting date. Foreign exchange differences arising on translation of the opening equity of foreign enterprises at the exchange rates at the reporting date and on translation of the income statement items from average exchange rates to the exchange rates at the reporting date are recognised in other comprehensive income and in a separate translation reserve in equity.

Foreign exchange adjustments of balances with foreign entities that are accounted for as part of the overall net investment in the entity in question are recognised in the consolidated financial statements in other comprehensive income and in a separate translation reserve in equity.

On acquisition or disposal of foreign entities, their assets and liabilities are translated at the exchange rates ruling at the acquisition date or the date of disposal.

Business combinations
Acquisitions of enterprises over which the parent company obtains control are accounted for by applying the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be determined reliably. The tax effect of the restatements performed is taken into account.

Any excess of the cost over the fair value of the assets acquired and liabilities and contingent liabilities assumed is recognised in intangible assets as goodwill. Goodwill is not amortised. The carrying amount of goodwill is reviewed, at least annually, and written down through the income statement to the recoverable amount if this is lower than the carrying amount. Impairment losses relating to goodwill are not reversed.

Non-controlling interests
On initial recognition, non-controlling interests are measured either at the fair value of the non-controlling interests' equity interest or at their proportionate share of the fair value of the acquiree's identifiable assets acquired and liabilities and contingent liabilities assumed.

Derivative financial instruments
The Group uses derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as finance costs or finance income as they occur.

For derivative financial instruments that qualify for cash flow hedge accounting, changes in fair value are recognised in other comprehensive income and in a separate hedging reserve in equity.

Income and expenses relating to such hedging transactions are transferred from the reserve in equity to the income statement at the date on which the hedged cash flows affect profit/(loss) and are recognised in the same item as the hedged item.

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables, respectively. Fair value is measured on the basis of current market data and recognised valuation methods based on observable exchange rates (Level 2).

Income statement
Revenue
Revenue comprises completed goods supplied, construction contracts and construction contracts in progress, sale of development projects, sale of properties as well as services determined on a contract basis.

Where several contracts have been entered into with the same customer at the same time, the contracts are combined if they have a single commercial objective, the amount of consideration in one contract depends on the other contract, and the goods or services promised are a single performance obligation.

The Group's sales contracts are broken down into separately identifiable performance obligations, which are recognised and measured separately at fair value. Where a sales contract comprises several performance obligations, the total selling price is allocated to each separate performance obligation based on the selling price of each performance obligation.

2 ACCOUNTING POLICIES (CONTINUED)

Revenue is recognised when control of each separately identifiable performance obligation has transferred to the customer. The recognised revenue is measured at the fair value of the agreed consideration excluding VAT and taxes collected on behalf of third parties. All forms of discounts granted are recognised in revenue. Fair value corresponds to the agreed price discounted to present value if the payment terms are greater than 12 months.

The amount of variable consideration, for example in the form of performance bonuses, incentives, penalties, etc., is only recognised in revenue if it is highly probable that a reversal of the amount of consideration will not occur in future periods, for example as a result of failure to meet targets, etc.

Any contract modifications are recognised when they have been approved by all parties to the contract. Modifications and the associated revenue are accounted for based on an assessment of the standalone price of the modifications and an actual assessment of the elements of the contract compared with the other performance obligations under the sales contract.

Construction contracts
Revenue from construction contracts related to work performed on a customer's land can be categorised as improvements of the customer's property and is consequently recognised over time.

Revenue from construction contracts is also recognised over time if the subject matter of the contract is of such a specialised nature that there is no alternative use for it and the contract states that the Group is entitled to payment for work performed in the event of the contract being terminated for reasons that are not due to breach on the part of the Group.

The Group's construction contracts comprise the construction of major construction and civil engineering projects for private and public customers. The construction contracts basically comprise a single performance obligation as the customer only obtains benefits from the performance of the whole construction contract and the contract involves a high degree of integration of the various contract components.

The transfer of control and recognition of revenue are determined using input methods based on costs incurred relative to total estimated costs for the contract, as these methods are considered to best depict the continuous transfer of control.

If the outcome of a construction contract cannot be estimated reliably, revenue is only recognised corresponding to costs incurred and indirect production costs, insofar as it is probable that these will be recovered.

Facility management etc,
Services such as facility management are considered to be a series of homogenous services that have the same pattern of transfer to the customer. Service contracts are accounted for as a single performance obligation. As customers receive and obtain benefits from the work performed on an ongoing basis, revenue is recognised over time. Revenue is recognised using input methods based on costs incurred relative to total estimated costs.

Project development
Revenue from project development where the overall project has not been sold prior to project start-up is recognised over time during the construction period based on the number of apartments sold and the overall percentage of completion.

Recognition of revenue over time is based on an assessment that the apartments are so specialised that they cannot be used for any purpose and that the Group is legally entitled to payment and that payment will be received.

Unsold apartments are recognised at cost under inventories.

Rental income
Rental income comprises equipment hire under operating leases. Rental is accrued and recognised as income on a straight-line basis over the lease period under the lease agreement.

Direct property sales
Direct property sales are recognised in revenue when control of the separately identifiable performance obligation in the sales contract transfers to the customer, ie at the acquisition date according to the terms of sale.

2 ACCOUNTING POLICIES (CONTINUED)

Production costs
Production costs comprise both direct and indirect costs incurred in generating the revenue for the year, and expected losses on construction contracts in progress.

Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses, subcontractor supplies, leasing of capital equipment, design and technical assistance, remedial and guarantee works as well as subsupplier claims, for example relating to extra work, including any related interest payments, etc.

Distribution costs
Distribution costs include tendering, advertising and marketing costs as well as salaries etc. relating to sales and marketing departments.

Administrative expenses
Administrative expenses comprise expenses for administrative staff and management, including salaries, office expenses, depreciation, etc.

Special items
Special items comprise material income and expenses that constitute the effect on profit/(loss) of legacy offshore litigation. The item is presented separately to give a true and fair view of the Group's operating profit/(loss).

The Group's share of profit/(loss) after tax of joint ventures
The proportionate share of profit/(loss) of joint ventures is recognised in the consolidated income statement net of tax and after elimination of intragroup gains and losses.

Finance income and costs
Finance income and costs comprise interest income and expense, dividends from other equity investments and realised and unrealised gains and losses on financial assets, payables and transactions denominated in foreign currencies, as well as finance lease costs and income tax surcharges and refunds, gains/losses on sale of investments, borrowing costs attributable to the acquisition, construction or development of self-constructed assets, are recognised as part of the cost of those assets.

Income tax
Income tax expense, consisting of current tax and changes in deferred tax, is recognised in net profit/(loss) for the year, other comprehensive income or directly in equity.

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

MT Højgaard Holding A/S participates in Danish joint taxation, where MT Højgaard Holding A/S is the management company from the merger date. The subsidiary MT Højgaard A/S is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). MT Højgaard A/S is the management company for this joint taxation.

Current tax is allocated among the jointly taxed Danish companies in proportion to their taxable income.

Deferred tax liabilities and deferred tax assets are measured using the balance sheet liability method, providing for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The following temporary differences are not provided for: goodwill not deductible for tax purposes and office premises. The measurement is based on the planned use of the asset or settlement of the liability, and on the relevant tax rules.

Deferred tax is provided for retaxation of previously deducted losses of jointly taxed foreign subsidiaries to the extent that it is deemed that disposal of the investment or withdrawal from the international joint taxation scheme may be relevant.

Deferred tax is measured on the basis of the tax rules and the tax rates effective in the respective countries at the time the deferred tax is expected to crystallise as current tax. The effect of changes in deferred tax due to changed tax rates is recognised in the income statement, unless the items in question have previously been recognised in equity.

Deferred tax assets, including the value represented by the tax base of tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised either by set-off against deferred tax liabilities or tax on future profits/(losses) of the parent company and the other jointly

2 ACCOUNTING POLICIES (CONTINUED)

taxed enterprises in the same country. Deferred tax assets are entered as a separate line item within other non-current assets.

Deferred tax assets are reviewed annually and are only recognised to the extent that it is probable that they will be utilised within the foreseeable future.

Balance sheet

Intangible assets

Recognition and measurement of goodwill are described in the section on business combinations.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life. The basis of amortisation is reduced by any impairment losses. Other intangible assets comprise customer relationships, brands order book and ERP and other IT systems.

Expected useful lives:

Customer relationships	5 years
Brands	20 years
Order book	1-3 years
ERP and other IT systems	5-10 years

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect cost of materials, components, subsuppliers and labour as well as borrowing costs attributable to the construction of the assets.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life to the expected residual value. Useful lives are determined on an individual basis for major assets, while the useful lives of other assets are determined for groups of uniform assets.

Expected useful lives:

Buildings	10-50 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

Land is not depreciated. Nor is depreciation charged if the residual value of an asset exceeds its carrying amount. The residual value is determined at the acquisition date and reviewed annually.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal and are recognised in the income statement as production costs or administrative expenses.

Leases effective from 1 January 2019

A lease asset and a lease liability are recognised in the balance sheet when entering a lease ,into a specific identifiable asset, the lease asset is made available to the Group for the lease term, and when the Group obtains the right to substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Lease liabilities are measured initially at the present value of future lease payments discounted using the Group's alternative borrowing rate.

The following lease payments are recognised as part of the lease liability:

- Fixed payments
- Variable payments that depend on an index or a rate, based on the index or interest rate in question
- Payments due under residual value guarantees
- The exercise price of a purchase option if management is reasonably certain to exercise that option
- Payments comprised by an option to extend the lease if the Group is reasonably certain to exercise that option
- Payments related to an option to terminate the lease unless the Group is reasonably certain not to exercise that option

2 ACCOUNTING POLICIES (CONTINUED)

The lease liability is measured at amortised cost under the effective interest method. The lease liability is reassessed if the underlying contractual cash flows change as a result of
- changes in an index or a rate,
- if there are changes in a residual value guarantee or the amount the Group expects to be payable under a residual value guarantee,
- if the Group changes its assessment of whether it is reasonably certain to exercise a purchase option or an option to extend or terminate the lease.

The lease asset is measured initially at cost, corresponding to the value of the lease liability less any prepayments of lease payments and with the addition of any directly related costs and estimated costs for dismantling, restoration or similar and less any discounts or other types of incentive payments from the lessor.

The asset is subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses. The lease asset is depreciated over the shorter of the lease term and the useful life of the lease asset. Depreciation is recognised in the income statement on a straight-line basis.

The lease asset is adjusted for changes in the lease liability as a result of changes in the terms and conditions of the lease or changes in the contractual cash flows depending on changes in an index or a rate.

Lease assets are depreciated on a straight-line basis over the expected lease term, which is:

Vehicles	2-3 years
Properties	8 years
Plant and machinery	2-4 years

The Group presents the lease asset and the lease liability separately in the balance sheet.

The Group has elected not to recognise lease assets of low value and short-term leases in the balance sheet. Instead, lease payments relating to such leases are recognised in the income statement on a straight-line basis.

Leases effective before 1 January 2019
Leases are classified as either operating leases or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. Other leases are classified as operating leases.

In the case of assets held under finance leases, cost is determined as the lower of the fair value of the assets and the present value of future minimum lease payments. The present value is determined using the rate implicit in the lease or the Group's alternative borrowing rate as the discount rate.

Lease payments under operating leases are recognised in the income statement over the term of the lease on a straight-line basis.

Assets that are leased out on operating lease terms are recognised, measured and presented in the balance sheet in the same way as the Group's other assets of a similar type. Lease income is recognised in the income statement over the lease term on a straight-line basis.

Investments in joint ventures in the consolidated financial statements
In the Group's balance sheet, investments in joint ventures are measured using the equity method. Accordingly, as a rule investments are measured at the proportionate shares of the joint ventures' net assets, applying the Group's accounting policies, plus or minus unrealised intragroup profits/losses, and plus goodwill.

Joint ventures with a negative carrying amount are recognised at nil. If the Group has a legal or constructive obligation to cover a joint venture's negative balance, the negative balance is offset against the Group's receivables from the enterprise. Any balance is recognised in other provisions.

The Group is a party to several PPP and PPC companies, which are all recognised as joint ventures in accordance with IFRS 11. According to the contractual arrangements between the parties, decisions require the unanimous consent of all parties.

2 ACCOUNTING POLICIES (CONTINUED)

Impairment of non-current assets
The carrying amounts of intangible assets, property, plant and equipment and other non-current assets are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is determined. However, the recoverable amount of goodwill is always determined annually.

An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are reversed to the extent that the assumptions and estimates that led to the recognition of the impairment loss have changed. Impairment losses relating to goodwill are not reversed.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, the carrying amount is written down to this lower value.

The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

Properties, project development in progress as yet unsold under IFRS 15 and undeveloped sites that are not classified as held for continued future ownership or use are measured at the lower of cost and net realisable value and are carried as properties held for resale. Properties held for resale include undeveloped sites held with a view to project development activities, and completed residential projects for resale.

Receivables
The simplified expected credit loss model, where the expected loss over the life of the financial asset is recognised immediately in the income statement, is applied to financial assets related to trade receivables and construction contract assets. The financial asset is recognised at the same time as the receivable is recognised in the balance sheet.

Risks related to losses on trade receivables are assessed prior to contract inception and continuously monitored until realisation in accordance with the Group's risk management policies. Write-downs are determined based on the expected percentage loss, which is determined on the basis of historical data, a default day of 90 days and adjusted for estimates of the effect of expected changes in relevant parameters, including market trends in the construction and civil engineering industry and cyclical fluctuations etc. that are expected to potentially affect the industry.

Construction contracts (assets/liabilities)
The selling price is measured by reference to the total expected income from each construction contract and the stage of completion at the reporting date. The stage of completion is determined on the basis of the costs incurred and the total expected costs.

When it is probable that total expected costs on a construction contract in progress will exceed total expected contract income, the total expected loss on the contract is recognised as an expense immediately.

Where the selling price cannot be measured reliably, it is recognised at the lower of costs incurred and net realisable value.

The individual construction contract in progress is recognised in the balance sheet as a contract asset or a contract liability, depending on the selling price less progress billings and recognised losses.

Contract costs
Contract performance costs incurred as a direct consequence of the contract having been entered into and which are expected to be recovered, including soil investigations, manning plans, etc., are capitalised and charged as expenses over the term of the contract.

Costs in connection with sales work and tendering to secure contracts are recognised as distribution costs in the income statement in the financial year in which they are incurred.

Prepayments and deferred income
Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to construction contracts in progress.

Securities
Listed securities that are monitored, measured and reported at fair value on an ongoing basis in conformity with the Group's investment practice are recognised at fair value under current assets at the trade date and are subsequently measured at fair value.

Changes in fair value are recognised in the income statement as finance income or costs in the period in which they occur.

Equity
Dividends
Dividends are recognised as a liability at the date of their adoption at the Annual General Meeting, Proposed dividends are disclosed as a separate item in equity.

Hedging reserve
The hedging reserve in the consolidated financial statements comprises the accumulated net change in the fair value of hedging transactions that qualify for designation as cash flow hedges, and where the hedged transaction has yet to be realised.

The reserve is dissolved on realisation of the hedged transaction, if the hedged cash flows are no longer expected to be realised or the hedging relationship is no longer effective.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences that have arisen from the translation of the financial statements of foreign entities from their functional currencies to Danish kroner and foreign exchange adjustments of balances with foreign entities that are accounted for as part of the Group's overall net investment in the entity in question. On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Reserve for development costs
The Group's reserve for development costs comprises costs recognised for labour, licences, consultancy manhours and external fees in connection with the development of the ERP system and the digital platform. The reserve may not be used for dividends or to cover losses. The reserve must be reduced or dissolved as the development projects are amortised or if the recognised development costs are no longer a part of the company's operation. This must be done by direct transfer to retained earnings.

Share-based payment transactions
The value of services received as consideration for share-based payment is measured at fair value. Share-based payment is classified as either an equity-settled or a cash-settled arrangement. The classification is based on whether the transaction is settled by the issuance of shares or by cash settlement. If the form of settlement is based on future criteria, the programme is classified on the basis of management's expectations concerning the probability of these future criteria occurring.

If it is considered more probable that the arrangement will have to be settled in shares, the programme will be classified as an equity-settled arrangement. For equity-settled arrangements, the fair value is measured at the date of grant and recognised in the income statement as staff costs over the service period. The recognised expense is taken to equity. If the length of the service period is uncertain at the date of grant, it is estimated based on management's best estimate of the date on which the share-based payment will vest. Subsequent to initial recognition, the total programme costs are adjusted for changes to the estimate of the number of grants that will vest. If the estimate of the length of the service period changes, the proportion of the programme costs that has not yet been expensed will be recognised proportionately over the revised service period.

If it is deemed to be more probable that the outcome of the future criteria will mean that the programme will have to be cash-settled, it must be classified as a cash-settled arrangement. On initial recognition, the liability is measured at fair value at the date of grant and recognised through the income statement as a staff cost on a continuous basis as the employees render service. The fair value of the liability is subsequently remeasured at each reporting date until settled. Changes in the fair value of the liability are recognised in the income statement as staff costs based on the proportion of the service period that has been rendered. The offsetting entry is recognised in liabilities.

The Group's warrant programme has been recognised as an equity-settled arrangement up to and including 2015 and as a cash-settled arrangement from and including 2016 and has been recognised in accordance with the relevant rules.

2 ACCOUNTING POLICIES (CONTINUED)

Provisions
Provisions comprise expected costs for guarantee obligations, losses on work in progress, provisions for disputes/litigation and other liabilities. Provisions for guarantee obligations are made on the basis of guarantee claims received where it has not been possible to make a final determination of the amount, and on the basis of known defects in connection with one-year and five-year reviews and, for some contracts, assessed costs in connection with longer guarantee periods.

Financial liabilities
Bank loans, etc., are recognised at inception at fair value net of transaction costs incurred. Subsequent to initial recognition, the liabilities are measured at amortised cost using the effective interest rate method. Accordingly, the difference between the proceeds (net) and the nominal value is recognised in the income statement over the term of the loan. The fair value of financial liabilities has been determined as the present value of expected future instalments and interest payments. The Group's current borrowing rate for similar maturities has been used as discount rate.

Other liabilities, comprising trade payables and other payables, are measured at amortised cost.

Statement of cash flows
The statement of cash flows shows cash flows for the year, broken down by operating, investing and financing activities, and the effects of these cash flows on cash and cash equivalents,

Cash flows to/from operating activities
Cash flows from operating activities are determined using the indirect method, whereby operating profit/(loss) is adjusted for the effects of non-cash operating items, changes in working capital, and net finance costs and income taxes paid.

Cash flows to/from investing activities
Cash flows from investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment, financial and other non-current assets as well as purchase and sale of securities that are not recognised as cash and cash equivalents.

Cash flows to/from financing activities
Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends and increases and decreases in loan facilities.

Cash and cash equivalents
Cash and cash equivalents comprise cash and cash equivalents less payables relating to on-call overdraft facilities that form part of the Group's day-to-day cash management.

Segment information
The Group's segment information is based on the Group's management control and internal control and reporting, which is broken down by activity.

Operating segments that have similar economic characteristics, and similar products/services, customers, manufacturing and delivery methods, are aggregated.

Segment income and segment expense are those items that can be directly attributed to the individual segment or allocated to the individual segment on a reliable basis.

Segment assets comprise those non-current and current assets that are directly employed by a segment in its operating activities. Segment liabilities comprise those liabilities that result from the segment's operating activities.

2 ACCOUNTING POLICIES (CONTINUED)

Financial ratios

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society.

Definitions of financial ratios used:

$$Working\ capital = Net\ working\ capital\ excluding\ properties\ held\ for\ resale$$

$$Return\ on\ invested\ capital\ after\ tax\ (ROIC\ after\ tax$$
$$= \frac{NOPLAT}{Average\ invested\ capital\ incl,goodwill}$$

$$Gross\ margin = \frac{Gross\ profit}{Revenue}$$

$$Operating\ margin\ before\ special\ items\ = \frac{Operating\ profit\ before\ special\ items}{Revenue}$$

$$Return\ on\ equity\ (ROE) = \frac{Profit\ after\ tax\ excl,\ \ non-controlling\ interests}{Average\ equity\ excl,non-controlling\ interests}$$

$$Equity\ ratio = \frac{Equity\ incl,non-controlling\ interests,end\ of\ period}{Total\ liabilities,end\ of\ period}$$

$$EBIT\ margin = \frac{EBIT}{Revenue}$$

$$Average\ number\ of\ shares = Average\ number\ of\ shares\ in\ circulation\ in\ a\ given\ period$$

$$Net\ asset\ value\ per\ share = \frac{Equity\ excl,non-controlling\ interest}{Number\ of\ shares,end\ of\ period}$$

Invested capital = Invested capital represents the capital invested in operating activities, i.e. the assets that generate income that contributes to EBIT. Invested capital is calculated as the sum of intangible assets and property, plant and equipment used in operations plus net working capital.

$$\frac{Price}{Net\ asset\ value} = \frac{Market\ price}{Net\ asset\ value}$$

$$Market\ capitalisation$$
$$= Market\ price$$
$$\times number\ of\ shares\ in\ circulation\ at\ end\ of\ period\ excl,the\ company's\ treasury\ shares$$

$$Pre-tax\ margin = \frac{Profit\ before\ tax}{Revenue}$$

$$Earnings\ and\ diluted\ earnings\ per\ share\ (EPS\ and\ EPS-D)*$$
$$= \frac{Earnings\ excl,non-controlling\ interests}{Average\ number\ of\ shares*}$$

$$Solvency\ ratio = \frac{Equity\ excl,non-controlling\ interests,end\ of\ period}{Total\ assets}$$

* It has not been relevant to use either an adjustment factor or average number of diluted shares.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation uncertainty
The note on accounting estimates and judgements has been included in its entirety in the interim financial report, as the estimates and judgements made predominantly relate to MT Højgaard A/S, which changed accounting category during the period from a jointly controlled entity to a subsidiary. The stated estimates and judgements consequently relate directly to the MT Højgaard Holding Group.

Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates.

Estimates deemed critical to the financial reporting primarily relate to the recognition of construction contracts and the risks associated with their execution, i.e. measurement of the selling price of construction contracts in progress, determination of guarantee commitments, assessment of the outcome of disputes, and recovery of deferred tax assets. Key accounting estimates are also made when assessing the need for impairment charges in connection with the recognition of goodwill and acquisitions.

For all accounting estimates and judgments in their entirety relating to the acquisition of MT Højgaard A/S, reference is made to note 7, Business combinations.

Construction contracts, including estimated recognition and measurement of revenue and contribution margin
At contract inception, management assesses that the contracts involve a high degree of individual customisation and satisfy the criteria for recognition over time. This assessment is based on an analysis of, among other things, the contract provisions on:

- The degree of customisation, including the alternative use potential of buildings and civil works
- The time of transfer of legal title, including relating to the place of construction of building and civil works
- Payment terms, including early termination of contract.

For construction contracts, management considers that they essentially constitute a single performance obligation and that the recognition of the selling price of contracts over time is best depicted by using an input method based on costs incurred relative to budgeted project costs.

Variable elements of consideration are not recognised in revenue until it is highly probable that a reversal of the amount of consideration will not occur in future periods. This assessment is made jointly by the Executive Board and the project management on an ongoing basis.

The assessment of disagreements relating to extra work, extensions of time, demands concerning liquidated damages, etc., is based on the nature of the circumstances, knowledge of the client, the stage of negotiations, previous experience and consequently an assessment of the likely outcome of each case. For major disagreements, external legal opinions are a fundamental part of the assessment.

Estimates concerning the remaining progress towards completion depend on a number of factors, and project assumptions may change as the work is being performed. Likewise, the assessment of disagreements may change as the cases proceed.

Actual results may therefore differ materially from expectations.

Disputes, legal and arbitration proceedings and contingent assets and contingent liabilities
Due to the nature of its business, the Group is naturally involved in various disagreements, disputes and legal and arbitration proceedings in both Danish and some international companies. An assessment is made in all instances of the extent to which such cases may result in obligations for the Group, and the probability of this. In some instances, a case may also result in a contingent asset or claims against other parties than the client. Management's estimates are based on available information and legal opinions from advisers. The outcome may be difficult to assess and, depending on the nature of the case, may differ from management's estimate.

Provisions for guarantee obligations
Provisions for guarantee obligations in the Group are assessed individually for each construction contract and relate to normal one-year and five-year guarantee works and, for a few contracts,

longer guarantee periods. The level of provisions is based on experience and the characteristics of each project. By their nature such estimates involve uncertainty, and actual guarantee obligations may consequently differ from those estimated.

Recovery of deferred tax assets
Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available, in the foreseeable future (3-5 years), against which tax loss carryforwards, etc., can be utilised. The amount to be recognised as deferred tax assets is determined on the basis of an estimate of the probable timing and amount of future taxable profits and taking into account current tax legislation.

The projections of future profits in the enterprises in which the losses can be utilised are updated annually. At the end of the financial half year, management assesses the extent to which, under current tax legislation, taxable profits can be realised in the foreseeable future, and the tax rates that will apply at the date of utilisation. The recognition of deferred tax assets is reviewed against this background.

Non-capitalised tax assets in the Group relate to tax losses that can be carried forward indefinitely. They may be recognised as income when the Group reports the necessary positive results.

Deferred tax is calculated using the tax rates effective in the respective countries to which the deferred tax relates.

Impairment testing of equity investments and goodwill
In connection with impairment testing of goodwill, estimates are made of how the relevant enterprises or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the goodwill and other net assets in the relevant part of the enterprise. Such estimates are naturally subject to some uncertainty, which is reflected in the discount rate applied.

The carrying amounts of goodwill are tested annually for impairment. Goodwill is attributable to the acquisition of the shares in MT Højgaard A/S on the merger of Højgaard Holding A/S and Monberg & Thorsen A/S, Civil Works and Construction in MT Højgaard A/S, Enemærke & Petersen A/S, and Lindpro A/S.

The recoverable amount is determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. In connection with the annual test, net cash flows are determined on the basis of the latest approved budget for the following year and estimates for the following four years. The growth in the terminal period is kept constant. The present value is determined using a discount rate before tax. The primary key assumptions are estimated to be the growth rates and the EBIT margins applied, which depend on the general economic development and the Group’s risk management on individual projects. Budgets and estimates are determined on the basis of previous experience, including budgeted returns on the order portfolio and on anticipated orders and planned capacity, and taking into account management’s expectations for the future, including announced expectations concerning future growth, EBIT margin and cash flows. In addition, sensitivity analyses are prepared in order to support carrying amounts.

Joint ventures and joint operations
IFRS 11 operates with the concept "joint arrangements", where the share of such arrangements is recognised in proportion to the financial interest in the project in the consolidated financial statements.

Jointly controlled entities are operations or entities over which the Group has joint control through contractual agreements with one or more parties. Such entities are classified as joint ventures if the rights of the parties sharing control are limited to net assets in separate legal entities, or as joint operations if the parties sharing control have direct and unlimited rights to the assets and obligations for the liabilities respectively.

Joint ventures are recognised using the equity method in the consolidated financial statements. Joint operations are recognised at the proportionate share of income, expenses, assets and liabilities.

The Group’s joint ventures are primarily in the PPP and PPS companies and Soc. de Empreitadas e Trabalhos Hidráulicos, S.A., (”Seth”).

The Group assesses on an entity-by-entity basis whether an arrangement is a joint venture or a joint operation, based on an assessment of control and joint control.

The Group owns 60% of the voting rights in Seth. Under the contract between the parties, decisions about the relevant activities in the enterprise require the unanimous consent of the parties.

3 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The Group and Operatio SGPS, S.A. consequently have joint control over the arrangement. Because of the contractual arrangement, the parties have rights to net assets only, and Seth is consequently accounted for as a joint venture.

Management judgements applying the accounting policies
In the process of applying the Group's accounting policies, management regularly makes judgements, in addition to estimates, that may have a significant effect on the amounts recognised in the interim financial report.

4 REVENUE

The Group is engaged in construction and civil works activities in Denmark and internationally. In 2019, the Group was engaged in international activities in the North Atlantic (Faroe Islands, Greenland and Iceland), Asia (the Maldives and Vietnam), and in Europe and Africa through joint ventures in Sweden, and Seth.

Sale of properties is recognised on delivery of the property (point-in-time). All other revenue is recognised over time (DKK 0 million in the first half of 2019). Reference is made to the accounting policies for further details on revenue recognition.

MT HØJGAARD HOLDING				2019
Amounts in DKK million				Q2
	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	1,222.7	212.2	178.2	**1,613.1**
Rest of world	72.0	31.1	14.3	**117.3**
Total revenue	1,294.7	243.3	192.5	**1,730.5**
Products:				
Construction contracts	1,238.8	243.3	-	**1,482.1**
Project development	55.9	-	-	**55.9**
Rental income, facility management and service, etc,	-	-	192.5	**192.5**
Total revenue	1,294.7	243.3	192.,5	**1,730.5**

5 SEGMENT INFORMATION

ACTIVITIES - FIRST HALF 2019

DKK million	Construction	Civil Works	Services	Other	Total
Revenue to external customers	1,295	243	193	-	1,731
Inter-segment revenue	74	34	36	-	144
Total segment revenue	1,369	277	229	-	1,875
Segment profit/(loss) before tax	42	-39	3	112	118

6 SUBORDINATED LOAN

On 26 October 2018, MT Højgaard A/S entered into two agreements with Knud Højgaards Fond on subordinated loan facilities of DKK 250 million and DKK 400 million respectively.

The purpose of the DKK 250 million loan facility was to inject cash into MT Højgaard to support the company's operations and development. At the end of 2018, MT Højgaard A/S made a DKK 250 million drawdown on the loan facility.

On 10 April 2019, MT Højgaard Holding A/S injected new equity of DKK 400 million into MT Højgaard A/S.

The drawn subordinated loan of DKK 250 million was repaid in that connection and the commitment ceased.

Against the background of the accounting provision to cover the Group's liabilities in the MgO board cases, Knud Højgaards Fond had committed to providing an additional up to DKK 400 million in the form of subordinated loan capital. The loan commitment was reduced to DKK 250 million in connection with the DKK 400 million capital increase. This facility can be drawn down in DKK 25 million tranches or multiples thereof, as and when funds are required to resolve the MgO board cases. Drawdowns on the facility can be made until 31 December 2021.

No instalments are payable on the loan until 31 December 2021, from which date the loan is repayable with DKK 50 million annually, and the loan must be repaid in full by 30 October 2026. MT Højgaard will be charged interest (CIBOR plus a margin).

No security has been provided in respect of the loan, and drawdowns under the loan facility will be treated as subordinated loan capital, so that any outstanding amounts will rank after claims under sections 93-97 and 98(1) of the Danish Insolvency Act.

MT Højgaard A/S has not made any drawdowns on the DKK 250 million facility relating to the MgO board cases.

7 BUSINESS COMBINATIONS

As at 5 April 2019, Højgaard Holding A/S and Monberg & Thorsen A/S merged through a legal merger, with Højgaard Holding A/S as the continuing company. The legal owners of Monberg & Thorsen A/S were compensated with shares in the continuing company. The acquisition price for 100% of the share capital in MT Højgaard A/S was estimated at DKK 621.9m. The acquisition price was estimated based on the average listed share price from 1 April 2019 to 5 April 2019 for shares in Monberg & Thorsen A/S and Højgaard Holding A/S, the number of shares outstanding and other net assets.

Before the merger, Højgaard Holding A/S and Monberg & Thorsen A/S jointly controlled MT Højgaard A/S. At the date of the merger, the only activity in Højgaard Holding A/S and Monberg & Thorsen A/S was the ownership of shares in MT Højgaard A/S and managing the joint venture agreement between Højgaard Holding A/S and Monberg & Thorsen A/S.

The purpose of the legal merger was to achieve a simpler and more transparent ownership structure for MT Højgaard A/S, creating the basis for a stronger company culture and better communication internally and externally. In connection with the merger, Højgaard Holding A/S changed its name to MT Højgaard Holding A/S. From the date of the merger, MT Højgaard Holding A/S has owned all shares in MT Højgaard A/S and been the parent company of the Group.

MT Højgaard A/S is recognised in revenue with DKK 1.7 billion and in profit before tax with DKK 9 million. The pro forma effect on revenue and profit before tax for the Group for 2019, determined as if MT Højgaard A/S was acquired on 1 January 2019, amounted to DKK 3.4 billion and DKK 6 million respectively.

7 BUSINESS COMBINATIONS (CONTINUED)

Purchase price allocation at date of acquisition Amounts in DKK million	Estimated Fair value
Intangible assets	490.0
Property, plant and equipment	1,024.9
Other investments	152.7
Current assets	2,508.7
Cash and cash equivalents	8.2
Provisions	-608.8
Credit institutions and bank loans	-847.4
Other current liabilities	-2,234.1
Net assets acquired	**494.2**
Goodwill	127.1
Equity incl, non-controlling interests	**621.3**
Non-controlling interests	9.4
Purchase price	**611.9**
Paid in shares	276.1
Current shares in MT Højgaard A/S	335.8
Cash consideration	**611.9**

Intangible assets consist of customer relationships (DKK 68.6 million), brands (DKK 180.8 million), order book (DKK 84.3 million) and IT software (DKK 156.3 million).

The fair market value of customer relationships of DKK 68.6 million is amortised over five years. The value relates to existing customers of MT Højgaard A/S, Enemærke & Petersen A/S and Scandi Byg A/S.

The fair market value of the brands of DKK 180.8 million is amortised over 20 years. The value relates to the brands MT Højgaard A/S, Lindpro A/S, Enemærke & Petersen A/S, Scandi Byg A/S and Ajos A/S.

The fair market value of the order book of DKK 84.3 million is amortised over the expected delivery of the underlying performance obligations of the order backlog ranging from one to three years.

In connection with the purchase price allocation, DKK 25.0 million has been recognised on claim provisions corresponding to the fair value of claims previously accounted for as contingent liabilities. As at the purchase date, the Group had over 50 pending disputes and arbitration cases and the fair market value adjustment is based on an individual review of each pending cases.
The expected loss on accounts receivable and other contract assets is immaterial and the market value of acquired receivables corresponds to the nominal value.

After recognition of identifiable assets and liabilities, goodwill (including deferred tax liabilities) related to the acquisition amounts to DKK 127.1 million. Goodwill mainly expresses the value of future customers and workforce-in-place. The recognised goodwill is not deductible for tax purposes.

In relation to the merger, the Group has incurred transaction costs of approximately DKK 3.8 million, which are recognised as administrative expenses in the consolidated income statement for the financial year 2019.

Appendices

Selected financial highlights for the first half of 2019 -MT Højgaard Group

Income statement and statement of comprehensive income

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Year
INCOME STATEMENT					
Revenue	1,730.6	1,713.0	3,424.6	3,243.7	6,758.3
Production costs	-1,610.6	-1,655.5	-3,195.7	-3,134.8	-6,884.0
Gross profit/(loss)	**120.0**	**57.5**	**228.9**	**108.9**	**-125.7**
Distribution costs	-35.6	-37.8	-72.4	-91.4	-166.1
Administrative expenses	-67.8	-66.4	-135.8	-129.8	-280.6
Profit/(loss) before share of profit/(loss) of joint ventures	**16.6**	**-46.7**	**20.7**	**-112.3**	**-572.4**
Share of profit/(loss) after tax of joint ventures	-0.4	13.1	0.6	22.8	25.2
EBIT	**16.2**	**-33.6**	**21.3**	**-89.5**	**-547.2**
Net financials	-7.7	0.6	-15.5	-3.5	-11.6
Profit/(loss) before tax	**8.5**	**-33**	**5.8**	**-93**	**-558.8**
Income tax expense	-1.2	-17.1	-1.5	-3.4	-29.0
Net profit/(loss)	**7.3**	**-50.1**	**4.3**	**-96.4**	**-587.8**

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Year
Attributable to:					
Shareholders of MT Højgaard A/S	7.3	-50.1	4.3	-96.4	-589.4
Non-controlling interests	-	-	-	-	1.6
Total	**7.3**	**-50.1**	**4.3**	**-96.4**	**-587.8**
STATEMENT OF COMPREHENSIVE INCOME					
Net profit/(loss)	**7.3**	**-50.1**	4.3	**-96.4**	**-587.8**
Other comprehensive income					
Items that may be reclassified to the income statement:					
Foreign exchange adjustments, foreign enterprises	1.4	-1.1	1.0	-0.8	-0.3
Value adjustment of hedging instruments, joint ventures	-4.2	0.1	-8.5	0.2	0.2
Other comprehensive income after tax	**-2.8**	**-1.0**	**-7.5**	**-0.6**	**-0.1**
Total comprehensive income	**4.5**	**-51.1**	**-3.2**	**-97.0**	**-587.9**
Attributable to:					
Shareholders of MT Højgaard A/S	4.4	-51.1	-3.2	-97.0	-589.5
Non-controlling interests	-	-	-	-	1.6
Total	**4.4**	**-51.1**	**-3.2**	**-97.0**	**-587.9**

Balance sheet

ASSETS Amounts in DKK million	2019 30-06	2018 30-06	2018 31-12
NON-CURRENT ASSETS			
Intangible assets	284.9	250.7	269.2
Property, plant and equipment	1,038.6	670.0	729.9
Deferred tax assets	150.4	210.4	150.4
Other investments	132.8	117.9	149.0
Total non-current assets	**1,606.7**	**1,249.0**	**1,298.5**
CURRENT ASSETS			
Inventories	506.6	522.4	508.0
Trade receivables	1,400.1	1,508.1	1,330.0
Construction contracts in progress	433.4	306.6	291.5
Other receivables	147.8	132.4	156.0
Cash and cash equivalents	133.2	81.1	210.6
Total current assets	**2,621.1**	**2,550.6**	**2,496.1**
Total assets	**4,227.8**	**3,799.6**	**3,794.6**

EQUITY AND LIABILITIES Amounts in DKK million	2019 30-06	2018 30-06	2018 31-12
EQUITY			
Equity attributable to shareholders	779.9	758.2	383.1
Non-controlling interests	9.4	17.8	9.4
Total equity	**789.3**	**776.0**	**392.5**
NON-CURRENT LIABILITIES			
SUBORDINATED LOAN	-	150.0	-
Bank loans, etc.	434.9	210.1	259.6
Deferred tax liabilities	28.7	21.8	29.0
Provisions	267.6	72.6	270.2
Total non-current liabilities	**731.2**	**454.5**	**558.8**
CURRENT LIABILITIES			
Subordinated loan	-	-	250.0
Bank loans, etc.	155.3	404.1	71.2
Construction contracts in progress	791.7	521.1	664.5
Trade payables	893.0	965.9	1.053.3
Other current liabilities	867.3	678.0	804.3
Total current liabilities	**2,707.3**	**2,569.1**	**2,843.3**
Total liabilities	**3,438.5**	**3,023.6**	**3,402.1**
Total equity and liabilities	**4,227.8**	**3,799.6**	**3,794.6**

Statement of cash flows

Amounts in DKK million	2019 Q2	2018 Q2	2019 H1	2018 H1	2018 Year
OPERATING ACTIVITIES					
EBIT	16.1	-33.6	21.3	-89.5	-547.2
Adjustments for items not included in cash flow	93.0	7.0	148.2	20.3	529.4
Cash flows from operating activities before working capital changes	**109.1**	**-26.6**	**169.5**	**-69.2**	**-17.8**
Working capital changes					
Inventories	11.0	7.9	1.4	46.4	60.9
Receivables excl, construction contracts in progress	-100.9	-94.1	-61.9	-156.7	0.8
Construction contracts in progress	60.8	12.0	-14.7	-31.0	127.6
Trade and other current payables	-36.4	-50.9	-158.2	-258.7	-286.8
Cash flows from operations (operating activities)	**43.6**	**-151.7**	**-63.9**	**-469.2**	**-115.3**
Net financials	-7.7	0.6	-15.5	-3.5	-11.6
Cash flows from operations (ordinary activities)	**35.9**	**-151.1**	**-79.4**	**-472.7**	**-126.9**
Income taxes paid, net	0.0	-0.9	-0.5	-0.9	-14.8
Cash flows from operating activities	**35.9**	**-152.0**	**-79.9**	**-473.6**	**-141.7**
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	-52.6	-34.6	-78.5	-71.9	-40.3
Other investments, net	2.0	5.1	-16.4	3.2	-73.1
Cash flows from investing activities	**-50.6**	**-29.5**	**-94.9**	**-68.7**	**-113.4**
Capital increases	400.0	-	400.0	-	-
Subordinated loan	-	150.0	-	150.0	400.0
Repayment of subordinated loan	-250.0	-	-250.0	-	
Other financing, net	-30.6	-23.5	-71.8	-9.7	-69.7
Cash flows from financing activities	**119.4**	**126.5**	**78.2**	**140.3**	**330.3**
Net increase (decrease) in cash and cash equivalents	**104.7**	**-55.0**	**-96.6**	**-402.0**	**75.2**
Cash and cash equivalents at beginning of period	9.3	-211.6	210.6	135.4	135.4
Cash and cash equivalents at end of period	**114.0**	**-266.6**	**114.0**	**-266.6**	**210.6**

Statement of changes in equity, MT Højgaard Group

Amounts in DKK million

Statement of changes in equity, DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to shareholders	Attributable to non-controlling interests	Total equity
2019							
Equity at 1 January	**200.0**	**-34.1**	**1.2**	**216.0**	**383.1**	**9.4**	**392.5**
Net profit/(loss)	**0.0**	**0.0**	**0.0**	**4.3**	**4.3**	**0.0**	**4.3**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	1.0	-	**1.0**	0.0	**1.0**
Value adjustment of hedging instruments, joint ventures	-	-8.5	-	-	**-8.5**	-	**-8.5**
Total other comprehensive income	**0.0**	**-8.5**	**1.0**	**0.0**	**-7.5**	**0.0**	**-7.5**
Transactions with owners:							
Capital injection	25.0	0.0	0.0	375.0	**400.0**	-	**400.0**
Total transactions with owners	**25.0**	**0.0**	**0.0**	**375.0**	**400.0**	**0.0**	**400.0**
Total changes in equity	**25.0**	**-8.5**	**1.0**	**379.3**	**396.8**	**0.0**	**396.8**
Equity at 30 June	**225.0**	**-42.6**	**2.2**	**595.3**	**779.9**	**9.4**	**789.3**
2018							
Equity at 1 January	**520.0**	**-34.3**	**1.5**	**368.6**	**855.8**	**27.8**	**883.6**
Effect of accounting policies, IFRS 15				-0.7	**-0.7**		**-0.7**
Tax effect, IFRS 15				0.2	**0.2**		**0.2**
Equity at 1 January	**520.0**	**-34.3**	**1.5**	**368.1**	**855.3**	**27.8**	**883.1**
Net profit/(loss)	**0.0**	**0.0**	**0.0**	**-96.4**	**-96.4**	**0.0**	**-96.4**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-1.1	-	**-1.1**	-	**-1.1**
Value adjustment of hedging instruments, joint ventures	-	0.1	-	-	**0.1**	-	**0.1**
Tax on other comprehensive income	-	-	-	-	**-**	-	**0.0**
Total other comprehensive income	**0.0**	**0.1**	**-1.1**	**0.0**	**-1.0**	**0.0**	**-1.0**
Transactions with owners:							
Dividends paid	-	-	-	-	**0.0**	-10.0	**-10.0**
Total transactions with owners	**0.0**	**0.0**	**0.0**	**0.3**	**0.3**	**-10.0**	**-9.7**
Total changes in equity	**0.0**	**0.1**	**-1.1**	**-96.1**	**-97.1**	**-10.0**	**-107.1**
Equity at 30 June	**520.0**	**-34.2**	**0.4**	**272.0**	**758.2**	**17.8**	**776.0**

Statement of changes in equity, MT Højgaard A/S

Amounts in DKK million

Equity, parent company	Share capital	Reserve for development costs	Retained earnings	Total equity
2019				
Equity at 1 January	**200.0**	**100.8**	**-194.0**	**106.8**
Net profit/(loss)	**0.0**	**10.6**	**-44.3**	**-33.7**
Transactions with owners:				
Capital injection	25.0	0.0	375.0	400.0
Total transactions with owners	**25.0**	**0.0**	**375.0**	**400.0**
Total changes in equity	**25.0**	**10.6**	**330.7**	**366.3**
Equity at 30 June	**225.0**	**111.4**	**136.7**	**473.1**
Solvency ratio (%) at 30 June 2019				**17.1**

Notes

REVENUE - MT HØJGAARD GROUP

MT HØJGAARD GROUP				2019
Amounts in DKK million				H1
	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	2,480.0	369.5	360.0	**3,209.5**
Rest of world	129.8	55.6	29.7	**215.1**
Total revenue	2,609.8	425.1	389.7	**3,424.6**
Products:				
Construction contracts	2,.541.2	425.1	-	**2,966.3**
Project development	68.6	-	-	**68.6**
Rental income, facility management and service, etc,	-	-	389.7	**389.7**
Total revenue	2,609.8	425.1	389.7	**3,424.6**

MT HØJGAARD GROUP				2018
Amounts in DKK million				H1
	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	2,337.7	356.7	337.2	**3,031.6**
Rest of world	135.1	48.4	28.5	**212.0**
Total revenue	2,472.8	405.1	365.7	**3,243.6**
Products:				
Construction contracts	2,376.8	405.1	-	**2,781.9**
Project development	96.1	-	-	**96.1**
Rental income, facility management and service, etc,	-	-	365.7	**365.7**
Total revenue	2,472.9	405.1	365.7	**3,243.7**

SEGMENT INFORMATION - MT HØJGAARD GROUP

ACTIVITIES - FIRST HALF 2019

DKK million	Construction	Civil Works	Services	Total
Revenue to external customers	2,610	425	390	3,425
Inter-segment revenue	107	96	77	280
Total segment revenue	2,717	521	466	3,704
Segment profit/(loss) before tax	42	-39	3	6

DEVELOPMENT IN CORE UNITS

DEVELOPMENT IN CORE UNITS

Amounts in DKK million **First half 2019**	MT Høj- gaard	Enemærke & Petersen	Lindpro	Scandi Byg	Ajos	MTH Group *
Revenue	1,704	1,239	394	189	141	3,425
EBIT **	-49	65	-16	10	11	21
First half 2018						
Revenue	1,723	1,012	413	243	122	3,244
EBIT **	-174	67	-14	9	9	-90

Amounts in DKK million **Year 2018**	MT Høj- gaard	Enemærke & Petersen	Lindpro	Scandi Byg	Ajos	MTH Group *
Revenue	3,393	2,262	878	501	286	6,758
EBIT excluding MgO **	-386	146	-5	21	25	-547
EBIT **	-525	-8	-5	-46	25	-547
Year 2017						
Revenue	4,448	1,693	938	471	245	7,648
Operating profit/(loss) before special items **	-27	73	20	6	24	176

* MT HØJGAARD A/S GROUP includes eliminations etc,
** EBIT/Operating profit/(loss) before special items differs from the external financial statements due to the Danish Financial Statements Act

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