

## Continued improvement in earnings in the MT Højgaard Group in the third quarter of 2019

### MT Højgaard Group (MT Højgaard A/S and subsidiaries)

The MT Højgaard Group continues to deliver on the revitalisation plan launched by the contracting group in November 2018. The business as a whole was strengthened in the quarter after a reduction in costs and an improvement in the quality of execution. In addition, net write-downs on projects were reduced.

13 November 2019

- Revenue for the first nine months of the year was DKK 5,077 million compared with DKK 4,827 million in the same period last year. Third-quarter revenue was DKK 1,652 million compared with DKK 1,583 million in the third quarter of 2018.
- EBIT for the first three quarters of the year was DKK 49 million compared with a loss of DKK 548 million in 2018. Third-quarter EBIT was DKK 28 million compared with a loss of DKK 459 million in the third quarter of 2018.
- Operating activities generated a cash outflow of DKK 148 million in the first nine months of the year, compared with an outflow of DKK 358 million in the same period last year. However, third-quarter cash flows were affected by month-end accruals and consequently were an outflow of DKK 69 million compared with an inflow of DKK 116 million in the same period in 2018.
- YTD order intake in the Group was DKK 4.7 billion, compared with DKK 4.6 billion in the same period in 2018. Third-quarter order intake was DKK 2.0 billion, compared with DKK 1.4 billion in the same period last year.
- The results confirm the expectations that 2019 will be a turning point in terms of earnings.
- As part of the revitalisation, MT Højgaard A/S is now creating a paradigm shift, where a number of employees from the staff and support functions will move closer to the projects in order to strengthen focus on production, increase efficiency and improve competitiveness still further. The paradigm shift means that 130-140 salaried jobs mainly in staff and support functions will be cut and costs will be reduced by approx. 130-150 million per year with full effect in 2021. The cost reductions will be achieved through approx. DKK 90-110 million reduction in payroll costs and approx. DKK 40 million through other cost reductions.
- President and CEO Anders Heine Jensen will be stepping down today and Morten Hansen will become acting President and CEO, see company announcement No. 9/2019.
- The organisational changes will result in restructuring cost related to the revitalisation plan in MT Højgaard A/S of estimated DKK 35 million in 4<sup>th</sup> quarter.
- The outlook is unchanged: revenue of around DKK 7 billion (2018: DKK 6.8 billion) and EBIT before restructuring cost of around DKK 75 million (2018: DKK 547 million loss). Operating cash flows are still expected to be in line with 2018 (DKK 142 million outflow), but with an upside potential.

- MT Højgaard A/S is stabilising itself, and the sharper focus on projects is producing good results; bidding has improved, execution has been strengthened, write-downs are under control, and order intake has increased. We are now taking further steps to make MT Højgaard A/S profitable in 2020 – like the rest of the Group – by organising ourselves in a completely new way and moving as many functions as possible closer to projects and customers. That will make us even better equipped to continue the efforts to realise the Group's commercial potential, says Chairman of the Board Carsten Dilling, MT Højgaard Holding A/S.

The other companies in the Group have undergone continuous organisational and strategic adjustments, which means that they continue to cope well overall.

### 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 three quarters of 2019, MT Højgaard Holding A/S delivered revenue of DKK 3,383 million, while EBIT was a loss of DKK 4 million. Profit before tax was DKK 118 million and operating cash flows an outflow of DKK 45 million. For the period 5 April-31 December 2019, MT Højgaard Holding A/S expects unchanged revenue of DKK 5.3 billion and an EBIT before restructuring cost of around DKK 0 million. Restructuring cost

# MT HØJGAARD HOLDING

related to the organisational changes in MT Højgaard A/S is estimated to be approx. DKK 35 million. In addition operating cash outflow of around DKK 20 million (previous expectation: around DKK 0 million).

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13 November 2019



# Interim financial report – 1 January – 30 September 2019

**MT Højgaard Holding A/S**

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Denmark  
CVR 16888419

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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:** 13 November 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 construction and civil engineering company of the legal entity MT Højgaard A/S.

The photo on the front and on this page of the report is of Hummeltofteparken near Sorgenfri Station in Virum. The project was developed and built by MT Højgaard.



# 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 A/S 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.

The accounting figures for MT Højgaard Holding A/S for the current year 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 first nine months of 2019 and the third quarter of 2019, see pages 9-15.

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 accounted for using 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 on the financial statements for the first nine months and third quarter 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 comparative figures for 2018 have not been restated to reflect the merger and only comprise the consolidated financial statements of Højgaard Holding A/S for 2018.

## REVENUE

Revenue in MT Højgaard Holding A/S for the first nine months of the year was DKK 3,383 million compared with DKK 41 million in the same period last year. Third-quarter revenue was DKK 1,652 million compared with DKK 13 million in the same period last year.

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's revenue was DKK 5,077 million in the first nine months of the year and DKK 1,652 million in the third quarter. As already mentioned, the disparity between revenue in MT Højgaard Holding A/S and in the operational entity in the first nine months of the year 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

Operating profit (EBIT) in MT Højgaard Holding A/S was a loss of DKK 4 million in the first three quarters of the year and a profit of DKK 6 million in the third quarter of 2019, compared with a profit of DKK 4 million in the first nine months of 2018 and DKK 0 million in the third quarter of 2018.

The MT Højgaard Group's EBIT was DKK 49 million in the first nine months of the year and DKK 28 million in the third quarter 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 effect on profit of the purchase price allocation amounting to an expense of DKK 42 million in the second and third quarters of 2019 as well as transaction costs and administrative expenses of DKK 6 million in MT Højgaard Holding A/S.

MT Højgaard Holding A/S reported profit before tax of DKK 118 million in the first three

## REPORTING STRUCTURE



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

## ACCOUNTING EFFECTS OF MERGER ON MT HØJGAARD HOLDING A/S - SEPTEMBER 2019 YTD

Amounts in DKK million	MT Højgaard Group (1/1 - 30/9 2019)			MT Højgaard Holding A/S (5/4 - 30/9 2019)				
	Q1	Q2 + Q3	Sept. YTD	Merger date	Adm. exp.*	finan- cials*	PPA**	Sept. YTD
Revenue	1,694	3,383	5,077	-1,694				3,383
EBIT	5	44	49	-5	-6	-	-42	-4
Profit/(loss) before tax	-3	35	32	3	-6	131	-42	118
Operating cash flows	-116	-32	-148	116	-3	-10	-	-45

\*Period from 1/1 - 30/9 2019, \*\*PPA: Purchase Price Allocation

quarters of the year and DKK 0 million in the third quarter, compared with a loss of DKK 334 million in the first three quarters of the year and a loss of DKK 285 million in the third quarter of 2018.

The MT Højgaard Group reported profit before tax of DKK 32 million in the first nine months of the year and DKK 27 million in the third quarter of 2019. The disparity between the pre-tax results of MT Højgaard Holding A/S and the operational entity 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's operating cash flows were an outflow of DKK 45 million in the first three quarters of 2019 and an outflow of DKK 75 million in the third quarter of 2019,

versus DKK 0 million in the first nine months and an outflow of DKK 1 million in the third quarter of 2018.

Working capital changes such as higher payment of trade payables and other current liabilities meant that MT Højgaard Holding A/S's cash flows were adversely affected in the first nine months compared with the same period last year.

The MT Højgaard Group's operating cash flows, which were affected by month-end accruals, were an outflow of DKK 148 million in the first nine months of the year compared with an outflow of DKK 358 million in the same period in 2018. Third-quarter 2019 cash flow was an outflow of DKK 69 million compared with an inflow of DKK 116 million in the same period last year.

On 10 April 2019, MT Højgaard Holding A/S entered into an agreement with Knud

Højgaards Fond on a subordinated loan facility of DKK 400 million. MT Højgaard Holding A/S made a DKK 400 million drawdown on the loan facility on 10 April 2019.

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

MT Højgaard Holding's financial resources totalled DKK 223 million at the end of September 2019. Including a subordinated loan of DKK 250 million from Knud Højgaards Fond, financial resources totalled DKK 473 million at the end of the quarter, which is considered satisfactory based on the current level of activity.

### OUTLOOK 2019

The MT Højgaard Group's outlook for revenue and operating profit (EBIT) before restructuring cost for 2019 remains unchanged.

The MT Højgaard Group still expects to

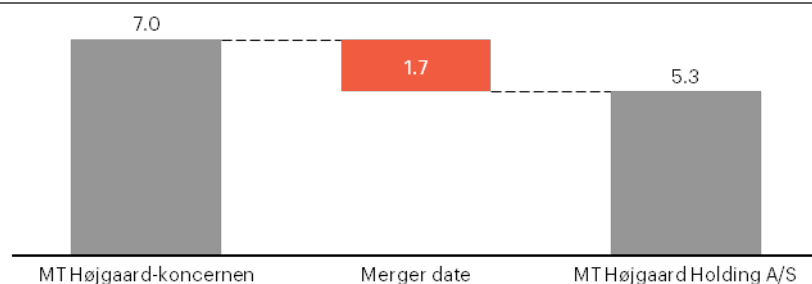
achieve revenue of around DKK 7 billion and operating profit (EBIT) before restructuring cost of around DKK 75 million. Restructuring cost for the revitalisation plan in MT Højgaard A/S is estimated to approx. DKK 35 million. Operating profit (EBIT) after restructuring cost is expected to be around DKK 40 million.

The MT Højgaard Group's operating cash flows are still expected to be on a par with 2018 (outflow of DKK 142 million), but with an upside potential, including the effect of the payment of provisions already made for obligations in the MgO board cases.

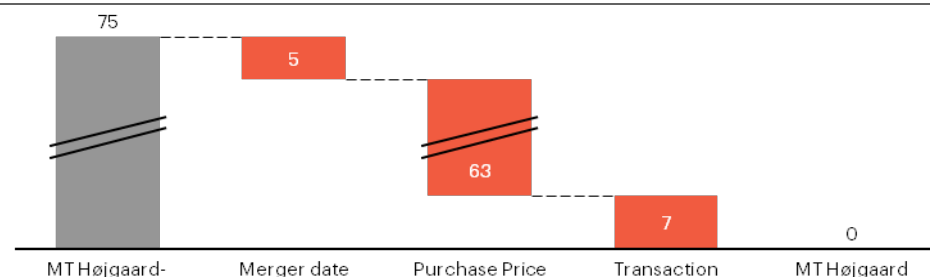
#### Comment

The interim financial report contains forward-looking statements, including 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.

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



**EXPECTED ACCOUNTING EFFECT OF MERGER ON EBIT BEFORE RESTRUCTURING COST FOR 2019, DKK MILLION**



**On this basis**, MT Højgaard Holding A/S is expected to deliver unchanged revenue of approx. DKK 5.3 billion for the period 5 April-31 December 2019 and operating profit (EBIT) before restructuring cost of around DKK 0 million for 2019. Operating profit (EBIT) after restructuring cost is expected to be a loss of around DKK -35 million.

The outlook for MT Højgaard Holding A/S's operating cash flows was around DKK 0 million but is now an outflow of around DKK 20 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 transaction costs and administrative expenses for the year of around DKK 7 million.

# Financial highlights – MT Højgaard Holding A/S

Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year	Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year
<b>Income statement</b>						<b>Other information</b>					
Revenue	1,652	13	3,383	41	58	Order intake	1,968	0	3,329	0	0
Gross profit/(loss)	77	2	176	9	12	Order book, end of period			6,831	0	0
EBIT	6	0	-4	4	6	Working capital *			-100	13	9
Profit/(loss) before tax	-0	-285	118	-334	-300	Net interest-bearing deposit/debt (+/-)			-1,048	-29	-16
Net profit/(loss)	1	-285	117	-334	-300	Average invested capital incl. goodwill			890	-	-
						Average number of employees **			3,785	29	29
<b>Cash flows</b>						<b>Financial ratios</b>					
Cash flows from operating activities	-75	-1	-45	1	-17	Gross margin (%)	4.7	16.5	5.2	21.3	21.0
Purchase of property, plant and equipment	-44	-	-96	-	-	EBIT margin (%)	0.4	0.8	-0.1	8.5	9.9
Purchase of subsidiaries	-	-	-	-	-	Pre-tax margin (%)	-0.0	-2,140	3.5	-806.3	-521.6
Disposal of enterprise	-	-	8	-	28	Return on invested capital incl. goodwill (ROIC) (%)			6.9	-	-
Other investments, incl. investments in securities	-39	-	-37	-	-	Return on invested capital incl. goodwill after tax (%)			5.3	-	-
Cash flows from investing activities	-83	-	-125	-	28	Return on equity (ROE) (%)			30.5	-128.3	-97.2
Cash flows from operating and investing activities	-158	-1	-170	1	11	Solvency ratio (%)			12.3	61.8	87.1
<b>Balance sheet</b>						<b>Share-related ratios</b>					
Non-current assets			1,956	127	207	Number of shares, average and at end of period, million shares			7.8	4.2	4.2
Current assets			2,640	25	12	Earnings and diluted earnings per share (EPS and EPS-D), DKK			15.0	-79.5	-71.4
Equity			575	94	190	Book value per share, DKK			73.8	22.3	45.3
Non-current liabilities			1,189	43	27	Total market capitalisation, DKK million			541.2	435.8	245.3
Current liabilities			2,832	15	1						
Balance sheet total			4,596	152	219						

\* Working capital excludes properties held for resale

\*\* Changed calculation of FTEs. The definition of FTEs was revised on 30 September 2019

Note: Q3 2018, YTD 2018 and 2018 are Højgaard Holding A/S 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 31.



# Operating and financial review – MT Højgaard Group 1 January – 30 September 2019



A.C. Meyers Vænge is a true Group project, which was developed by MT Højgaard and executed by Enemærke & Petersen. The electrical contract was carried out by Lindpro, and Ajos was responsible for organising the construction site.

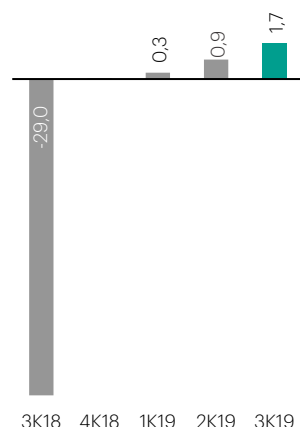
# Summary – Third quarter and 1 January – 30 September 2019 – MT Højgaard Group

Revenue	EBIT	Operating cash flow	Order intake	Order book*
<b>1.7</b> DKKbn in Q3 2019	<b>28</b> DKKm in Q3 2019	<b>-69</b> DKKm in Q3 2019	<b>2.0</b> DKKbn in Q3 2019	<b>6.8</b> DKKbn in Q3 2019
<b>1.6</b> DKKbn in Q3 2018	<b>-459</b> DKKm in Q3 2018	<b>-116</b> DKKm in Q3 2018	<b>1.4</b> DKKbn in Q3 2018	<b>6.8</b> DKKbn in Q3 2018

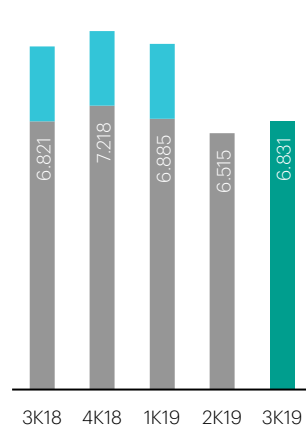
**Revenue**  
DKKbn



**EBIT margin**  
%



**Order book\***  
DKKbn



## Ongoing progress

- Earnings improved both YTD and in the third quarter compared with the same periods last year, reflecting lower distribution costs and administrative expenses and lower write-downs on projects.\*\*
- The revitalisation of MT Højgaard A/S has stabilised operations and significantly reduced the loss. However, earnings are still under pressure due to the completion of legacy projects with low or no earnings.
- The other companies in the Group have undergone continuous organisational and strategic adjustments, which means that they continue to cope well overall.
- The Group's third-quarter order intake was approx. DKK 2.0 billion, compared with DKK 1.4 billion in the same period last year. YTD, the order book is in line with 2018.
- The results confirm the expectations that 2019 will be a turning point in terms of earnings. The paradigm shift will strengthen the future efficiency and competitiveness of MT Højgaard A/S.

## Outlook 2019

- The outlook for revenue and EBIT before restructuring cost for 2019 remains unchanged. Group revenue is still expected to be around DKK 7 billion and EBIT before restructuring cost around DKK 75 million.
- Restructuring cost for the revitalisation plan in MT Højgaard A/S is estimated to approx. DKK 35 million. Operating profit (EBIT) after restructuring cost is expected to be around DKK 40 million.
- A similar improvement in earnings and slightly increasing revenue are expected in the fourth quarter, and projects with low or no 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 still expected to be on a par with 2018 (DKK 142 million outflow), 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. The cancelled order is illustrated in the order book graph, highlighted in "blue".

\*\* 2018 was affected by major provisions for the obligations in the MgO board cases.

# Financial highlights – MT Højgaard Group

Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year	Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year
<b>Income statement</b>						<b>Other information</b>					
Revenue	1,652	1,583	5,077	4,827	6,758	Order intake	1,968	1,405	4,690	4,641	6,969
Gross profit/(loss)	99	-340	328	-231	-126	Order book, end of period *			6,831	6,821	7,218
EBIT	28	-459	49	-548	-547	Working capital **			-97	-244	-367
Profit/(loss) before tax	27	-463	32	-557	-559	Net interest-bearing deposit/debt (+/-)			-614	-633	-370
Net profit/(loss)	17	-527	21	-624	-588	Average invested capital incl. goodwill			965	862	788
						Average number of employees ***			3,785	3,839	3,818
<b>Cash flows</b>						<b>Financial ratios</b>					
Cash flows from operating activities	-69	116	-148	-358	-142	Gross margin (%)	6.0	-21.5	6.5	-4.8	-1.9
Purchase of property, plant and equipment	-44	-39	-122	-110	-40	EBIT margin (%)	1.7	-29.0	1.0	-11.4	-8.1
Other investments, incl. investments in securities	-39	9	-56	12	-73	Pre-tax margin (%)	1.6	-29.3	0.6	-11.5	-8.3
Cash flows for investing activities	-83	-30	-178	-98	-113	Return on invested capital incl. goodwill (ROIC) (%)			7.9	-53.7	-67.5
Cash flows from operating and investing activities	-152	86	-326	-456	-255	Return on invested capital incl. goodwill after tax (%)			6.1	-41.8	-52.6
						Return on equity (ROE) (%)			3.6	-114.5	-95.1
<b>Balance sheet</b>						Solvency ratio (%)			18.3	6.4	10.1
Non-current assets			1,659	1,221	1,299	Solvency ratio (%) incl. subordinated loan			18.3	10.6	16.7
Current assets			2,638	2,408	2,496						
Equity			799	251	393						
Non-current liabilities			713	664	559						
Current liabilities			2,785	2,714	2,843						
Balance sheet total			4,297	3,629	3,795						

\* 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

\*\*\* Changed calculation of FTEs. The definition of FTEs was revised on 30 September 2019. The comparative figures have also been calculated using the new definition.

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

# Operating and financial review – MT Højgaard Group

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. As expected, earnings improved still further in the third quarter, following moderate revenue growth. Continued focus on profitability, efficiency and costs will create the basis for further improvements in 2020.

The Group's earnings generally developed in line with expectations in the first nine months of the year, with EBIT of DKK 49 million compared with a loss of DKK 548 million in 2018.

Third-quarter EBIT was DKK 28 million compared with a loss of DKK 459 million in the third quarter of 2018, which was affected by major provisions for the obligations in the MgO board cases.

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

Operating activities generated a cash outflow of DKK 148 million in the first nine months, compared with an outflow of DKK 358 million in the same period last year. The continuous improvements were mainly driven by higher earnings, whereas cash flows in 2018 were depressed by the payment of settled legacy offshore projects.

However, as expected, third-quarter cash flows were affected by month-end accruals, and consequently were an outflow of DKK 69 million at 30 September 2019 compared with an inflow of DKK 116 million in the same period in 2018.

The replacement of MgO boards and 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**

In the third quarter, MT Højgaard A/S continued consolidating the required improvements in operations and earnings based on the revitalisation plan launched in November 2018.

In 2019, MT Højgaard A/S has reinforced its focus on those parts of the market where the company can best utilise its skills to create critical mass in the segment. Bidding has been improved, and all tenders are being carefully assessed on the basis of competitive factors, conditions, risks and opportunities for efficient execution. In addition, MT Højgaard A/S is aiming to win more relatively small orders to ensure a balanced portfolio and minimise the risk of fallouts from large single projects.

Project execution has also been improved, in order to ensure that projects are handed over on time, on budget and within the agreed framework. The reliability of execution of new

orders has been improved and write-downs on projects are under control.

The company has also reduced its fixed costs to the effect that, compared with 2018, MT Højgaard A/S's EBIT for the first nine months of the year improved by DKK 325 million to a loss of DKK 90 million. However, as expected, earnings remain unsatisfactory due to a few, previously mentioned, legacy projects that contribute low or no earnings during their completion. Most of these projects will be completed in 2019-20.

## **Paradigm shift in MT Højgaard's organisation and way of working**

Management is now taking the next step in the revitalisation of MT Højgaard A/S by creating a paradigm shift in the company's organisation and way of working. This is being done in order to increase efficiency, competitiveness and profitability.

This means that a number of employees who previously worked in the staff and support functions will move closer to the projects. This is being done in order to strengthen focus on production and thus increase efficiency and improve competitiveness. Earlier in the year, MT Højgaard A/S successfully moved VDC out into production and is now doing the same with other specialist skills such as project procurement as well as a part of finance and health & safety.

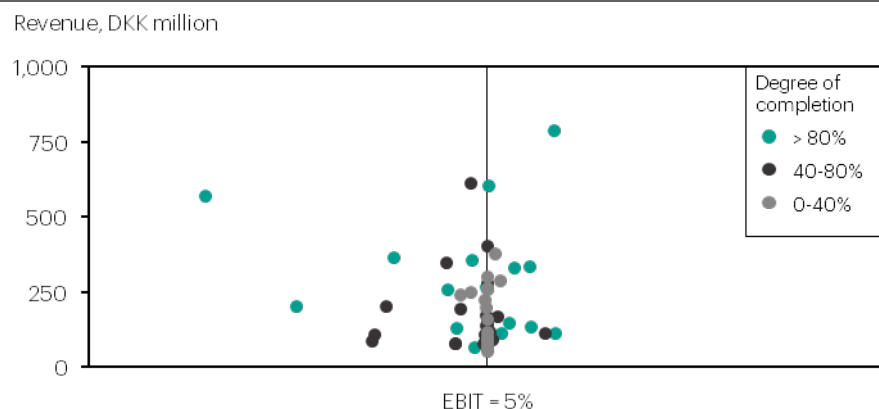
Similarly, a focused Design & Engineering will retain a strong professional engineering skills centre, in which the core expertise will generally be retained within areas of specialist capabilities, meaning that secondary services will be outsourced.

All in all, this means that in future the staff and support functions within MT Højgaard A/S will be small, efficient units in a flexible organisation that can be scaled up or down as needed, depending on factors such as the order book and the demand for specialist skills. In order to ensure uniform management, a number of efficient and smaller skills centres will be maintained within the most important corporate staff functions such as finance/BI, HR, IT, legal, quality management and communications.

As a result of the reorganisation, 130-140 of a total of approx. 800 salaried jobs in MT Højgaard A/S will be cut, mainly in the company's existing staff and support functions.

These measures are expected to reduce MT Højgaard A/S's costs by approx. DKK 130-150 million per year, approx. DKK 90-110 million of which will come from reductions in payroll costs and the remaining approx. DKK 40 million from various other cost reductions. The initiatives are expected to show some effect in 2020 and full effect in 2021. The measures are expected to help MT Højgaard A/S to become profitable in 2020 like the rest of the MT Højgaard Group.

## PROJECTS IN PROGRESS REVENUE > DKK 50 MILLION



### Project portfolio and EBIT requirements

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

The position of the projects indicates the degree to which they meet management's EBIT margin requirements and should in principle be close to the centre axis and preferably to the right of it. However, minor, negative fluctuations may occur at any time and be

acceptable, but the small number of major, loss-making contracts must be eliminated. The colour scale illustrates the percentage of completion of each project.

### ORDER INTAKE AND ORDER BOOK

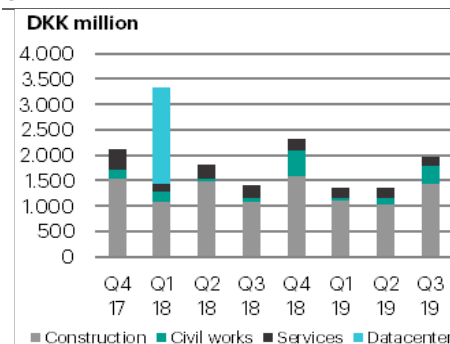
At the end of the third quarter, the Group had contracted new orders worth approx. DKK 4.2 billion and other intakes of DKK 0.5 billion, marginally exceeding the same period last year.

In the below order book table, the item 'other

Amounts in DKK million	Q3 19	Q3 18	YTD 2019	YTD 2018	2018
Order book, beginning of period *	6,515	6,999	7,218	7,007	7,007
Order intake during period *	1,901	1,092	4,151	4,096	5,943
Other intakes +/-	67	313	539	545	1,026
Production during period	1,652	1,583	5,077	4,826	6,758
Order book, end of period *	6,831	6,821	6,831	6,821	7,218

\*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.

## ORDER INTAKE



intakes +/- includes various extra work on existing projects, sale of development projects, minor operational projects etc.

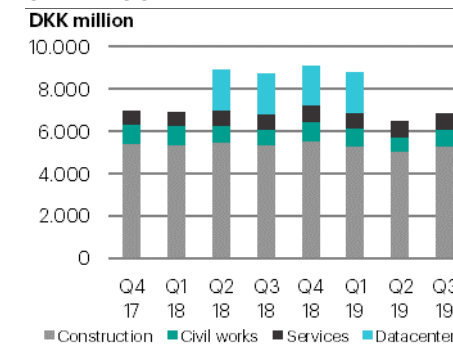
The Group's order book totalled DKK 6.8 billion after the first nine months of the year, in line with last year.

In the third quarter, the Group contracted new orders worth a total of DKK 2.0 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.

Increasing order intake in both Construction and Civil Works in the third quarter more than offset lower order intake in Services, providing overall order intake above the level in the same quarter of last year.

The order for a data centre outside Aabenraa was cancelled in June 2019 and will reduce the total order book by around DKK 1.9 billion over

## ORDER BOOK



the next 3-4 years. In order to make the tables comparable, order intake and order book no longer include the cancelled order; however, it can still be read in the graphs.

### Construction

Revenue in Construction increased by almost 3% to DKK 3,790 million in the first nine months of the year, while third-quarter revenue was down 2% at DKK 1,180 million. 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 third quarter were the New Aalborg University Hospital, the refurbishment of 178 cluster houses for the housing association Boligselskabet Birkebo in Birkerød, the refurbishment of 40 apartment blocks in Vejle, and the B310 research and laboratory building

for DTU, which was handed over in September with no defects or deficiencies.

The biggest projects in Enemærke & Petersen in the third quarter were the refurbishment of the Lundevænget and Søndermarken residential projects in Copenhagen and the Postparken housing co-operative in Amager.

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 construction of 66 new family dwellings with the Nordic Swan Ecolabel for the housing association 3B in Amager, and the housing projects Engdraget in Slagelse, Skjeberg Allé in Høje Taastrup and Skråningen (EcoVillage) in Lejre.

Lindpro carried out a number of large and relatively small technical contracts for both affiliated companies in the Group and external customers in the third quarter. EBIT in Construction improved significantly in

the first nine months of the year, to DKK 79 million, compared with a loss of DKK 343 million last year, while third-quarter EBIT was DKK 27 million compared with a loss of DKK 389 million in the same quarter last year, which was impacted by major provisions for the obligations in the MgO board cases.

Order intake in Construction increased by 32% to DKK 1,420 million in the third quarter of 2019. Order intake in Construction in the first nine months of the year was DKK 3,549 million, down 2% on the same period last year.

The biggest new orders for MT Højgaard A/S in the third quarter were a shell contract for a 50,000 sqm building for SDU SUND in Odense (approx. DKK 300 million), a main contract for AAU Science & Innovation Hub in Aalborg (approx. DKK 170 million), the construction of a commercial building (approx. DKK 80 million) for the company Usisaat in Nuuk in Greenland and a fitting-out contract (approx. DKK 75 million) at Steno Diabetes Center Copenhagen.

Enemærke & Petersen's biggest new orders were the refurbishment of the Bartholin complex at Aarhus University (approx. DKK 260 million), the refurbishment of Margrethegården in Ringsted (approx. DKK 90 million)

#### Construction, DKK million

	Q3 19	Q3 18	Q3 19 YTD	Q3 18 YTD
Revenue	1,180	1,198	3,790	3,671
EBIT	27	-389	79	-343
Order book*	5,281	5,366	5,281	5,366
Order intake and other intakes*	1,420	1,074	3,549	3,633

\*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.



#### 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, mainly 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

The Group has extensive 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.

and alteration and refurbishment of the Danish Customs and Tax Administration in Højbjerg (approx. DKK 90 million).

Scandi Byg's order intake continues to be strong.

The order book in Construction was DKK 5,281 million at the end of the quarter, down 2% on the end of the third quarter of 2018.

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

### Civil Works

Revenue in Civil Works increased by 19% to DKK 693 million in the first three quarters of the year, while third-quarter revenue increased by 52% to DKK 268 million. The increase was mainly due to shell construction in connection with the New Aalborg University Hospital (NAU), a new internal service building in connection with NAU, and resort construction in the Maldives (Kagi).

The main revenue contributors were the renewal and improvement of 56 bridges on the railway line between Ringsted and Rødby for Banedanmark, a new ferry terminal for

Civil Works, DKK million	Q3 19	Q3 18	Q3 19 YTD	Q3 18 YTD
Revenue	268	176	693	581
EBIT	-6	-81	-44	-219
Order book*	785	690	785	690
Order intake and other intakes*	365	88	542	343

MOLSLINJEN in Aarhus and the construction of the Hisingbron bridge in Gothenburg.

EBIT in Civil Works was a loss of DKK 44 million in the first nine months of the year and a loss of DKK 6 million in the third quarter, significantly better than last year, which was impacted by write-downs totalling DKK 170 million, including DKK 128 million on a major civil works project ("56 bridges").

Order intake in the first nine months of the year was DKK 542 million, up 58% on the same period in 2018. The order book stood at DKK 785 million at the end of the quarter, 14% higher than at the end of the third quarter of 2018.

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

### Services

Revenue in Services rose by 3% to DKK 594 million in the first nine months. At DKK 204 million, third-quarter revenue was largely identical to the third quarter of last year.

Ajos is still seeing growing demand for rental of pavilions and other equipment and fitting-

### Services, DKK million

	Q3 19	Q3 18	Q3 19 YTD	Q3 18 YTD
Revenue	204	209	594	575
EBIT	7	11	14	14
Order book	765	765	765	765
Order intake and other intakes	183	243	599	665

out and operation of construction sites.

EBIT for Services for the first three quarters of the year was DKK 14 million and identical to the same period last year. Third-quarter EBIT was DKK 7 million compared with DKK 11 million in the same quarter in 2018.

Order intake in Services for the first three quarters of the year was down 10% on the same period last year, while third-quarter order intake was down 25% on the same quarter last year.

The order book of DKK 765 million at the end of the first nine months of the year was identical to the same period last year.

### GROUP REVENUE

Group revenue for the first three quarters of the year increased by 5% in total, to DKK 5,077 million, reflecting broad-based growth in all three business areas. Third-quarter revenue increased by 4% to DKK 1,652 million, mainly driven by high growth in Civil Works.

### EARNINGS

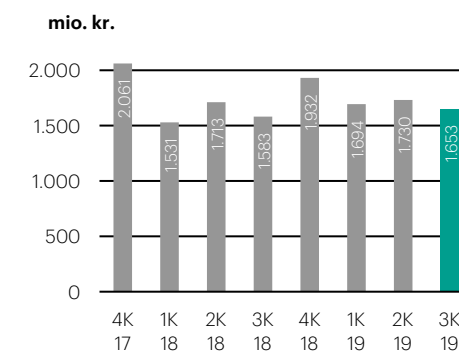
EBIT for the first nine months of the year was DKK 49 million, corresponding to an EBIT margin of 1.0%, compared with a loss of DKK

548 million and a decrease of 11.4% in the same period in 2018.

EBIT increased to DKK 28 million in the third quarter, corresponding to an EBIT margin of 1.7%, compared with a loss of DKK 459 million and a decrease of 29.0% in the same period last year, which was impacted by major provisions for the obligations in the MgO board cases.

The improvement in earnings in the first nine months of the year and the quarter reflected lower distribution costs and administrative expenses, higher quality of execution, a higher-quality portfolio and significantly lower write-downs.

### REVENUE



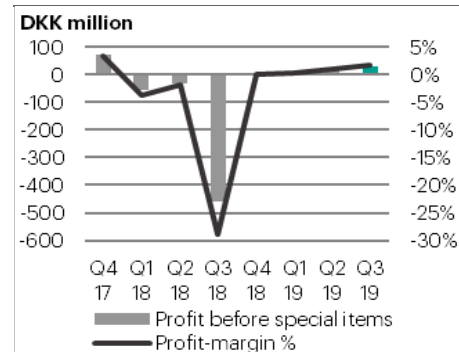
\*Order book and order intake no longer include the order for the construction of a data centre outside Aabenraa, as the order was cancelled, see MT Højgaard Holding company announcement dated 12 June 2019.

Overall, the Group grew its gross margin to 6.5% in the first nine months of the year compared with a decrease of 4.8% in the same period last year and 6.0% in the third quarter, compared with a decrease of 21.5% in the third quarter of last year.

Net write-downs on projects depressed the result by a loss of DKK 43 million net in the first nine months of the year and a loss of DKK 21 million in the third quarter. By comparison, net write-downs were a loss of DKK 233 million in the first nine months of 2018.

The net result for the first nine months of the year was a profit of DKK 21 million compared with a loss of DKK 624 million in the same period last year. The net result for the third quarter was a profit of DKK 17 million compared with a loss of DKK 527 million in the same period last year.

#### OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS



For details of the development in core units, see page 47.

#### BALANCE SHEET

Intangible assets and property, plant and equipment amounted to DKK 1,331 million at the end of the quarter, compared with DKK 999 million at the end of 2018. The increase in fixed assets mainly 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.

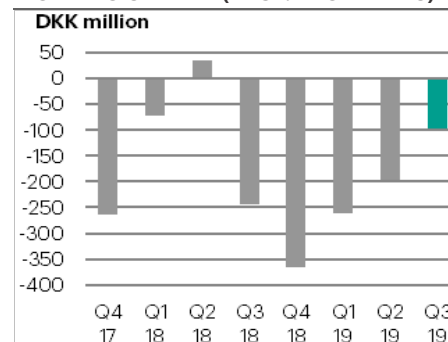
Inventories amounted to DKK 475 million at the end of the third quarter, compared with DKK 508 million at the beginning of the year. Inventories mainly relate to properties and construction projects developed in-house for resale, which totalled DKK 441 million.

Trade receivables were DKK 1,437 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 450 million net at the end of September 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 770 million at 30 September 2019, compared with DKK 1,053 million at the end of 2018, mainly 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 September 2019 the Group had a working capital outflow of DKK 97 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 a reduction in trade payables and an increase in receivables. Equity amounted to DKK 799 million at the end of September 2019, compared with DKK 393 million at the end of 2018, while the solvency 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

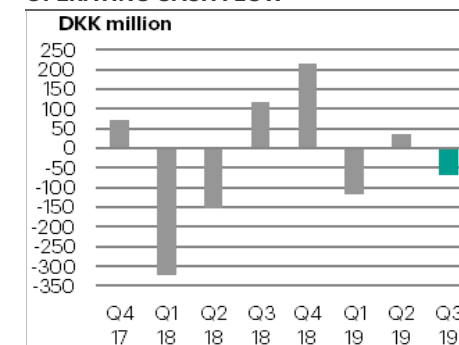
Operating activities showed a cash outflow of DKK 148 million after the first three quarters of the year, compared with an outflow of DKK

358 million in the same period in 2018. A settled legacy offshore guarantee obligation was paid in the first quarter of 2018.

Third-quarter operating cash flows were affected by month-end accruals, and amounted to an outflow of DKK 69 million in the third quarter compared with an inflow of DKK 116 million in the same period in 2018. The change was mainly driven by higher payment of trade payables, higher receivables and significantly lower non-cash items compared with the same period last year. Cash flow benefited from significantly improved earnings.

Investing activities were an outflow of DKK 178 million in the first three quarters of the year, mainly investments in property, plant and equipment and the Group's new IT platform, compared with an outflow of DKK 98 million in the same period in 2018. Investing activities were an outflow of DKK 83 million in the third

#### OPERATING CASH FLOW





quarter compared with an outflow of DKK 30 million in the same period in 2018.

The Group's financial resources totalled DKK 241 million at the end of September 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 491 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 in connection with the capital injection, to the above DKK 250 million loan. The Group has still not made any drawdowns under this agreement.

# 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 September 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 September 2019 and of the results of the Group's operations and cash flows for the period 1 January – 30 September 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, 13 November 2019

## EXECUTIVE BOARD

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**Anders Heine Jensen**  
President & CEO

**Martin Solberg**  
CFO

## BOARD OF DIRECTORS

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**Carsten Dilling**  
Chairman

**Anders Lindberg**  
Deputy Chairman

**Christine Thorsen**

**Ole Røsdahl**

**Pernille Fabricius**

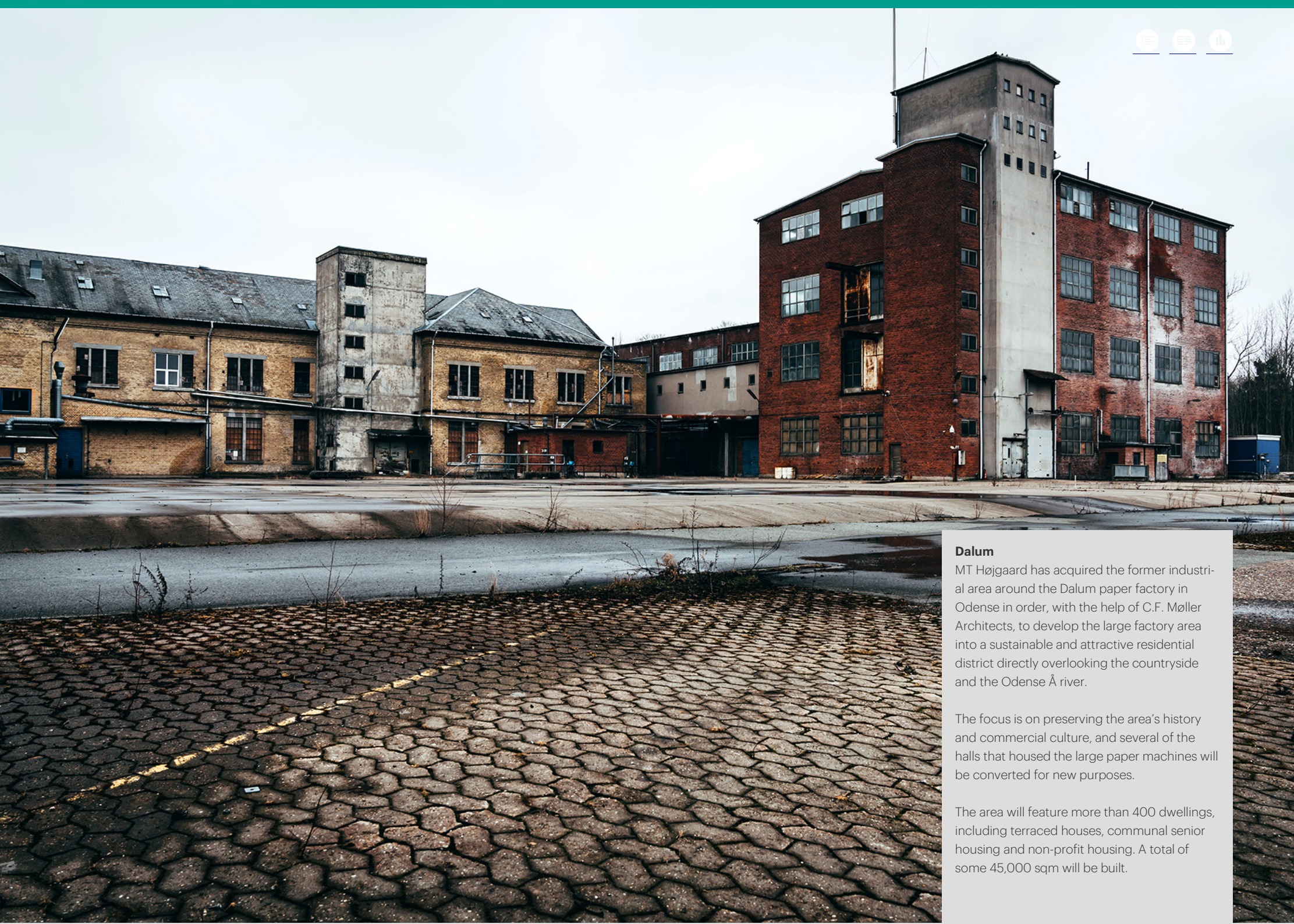
**Morten Hansen**



### **56 bridges on time**

The renewal and improvement of 56 bridges on the railway line between Ringsted and Rødby for Banedanmark has been a project with high customer satisfaction – but financially challenging for MT Højgaard A/S.

As part of the revitalisation, strategic focus has been placed on the organisation of the project. This has given the execution the necessary efficiency and quality, meaning that MT Højgaard A/S will hand over all 56 bridges to the client on time and to the agreed quality.



### Dalum

MT Højgaard has acquired the former industrial area around the Dalum paper factory in Odense in order, with the help of C.F. Møller Architects, to develop the large factory area into a sustainable and attractive residential district directly overlooking the countryside and the Odense Å river.

The focus is on preserving the area's history and commercial culture, and several of the halls that housed the large paper machines will be converted for new purposes.

The area will feature more than 400 dwellings, including terraced houses, communal senior housing and non-profit housing. A total of some 45,000 sqm will be built.



### **Nordic Swan Ecolabel as standard**

As a responsible company focusing on sustainability in construction, today Scandi Byg A/S delivers dwellings with the Nordic Swan label as standard. This is a sustainable solution for new construction projects, which means that Scandi Byg A/S can document the fact that the company works sustainably with regard to processes, materials and the finished building.

The Swan label also sets stringent requirements for the building's life cycle.

A photograph of a modern school interior. The room features white walls and a light-colored floor. In the foreground, there is a white, curved bench with a blue cushion. Behind it, a wooden structure with a perforated backrest and a white top section is visible. To the right, there is a wooden table with a white base and another blue cushioned bench. In the background, there are more white walls, a wooden door, and a window with a white frame. The overall atmosphere is clean, bright, and modern.

Consolidated financial statements:  
MT Højgaard Holding A/S  
1 January – 30 September 2019

Holberg School was awarded "School Building of the Year" in 2019. Enemærke & Petersen completely refurbished the 1953 school, which was considered to be worth preserving, as part of the strategic partnership TRUST, which is handling some of the City of Copenhagen's institutional and school buildings over the course of four years.

# Income statement and statement of comprehensive income

Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year
<b>INCOME STATEMENT</b>					
Revenue	1,652.1	13.3	3,382.6	41.4	57.5
Production costs	-1,574.7	-11.1	-3,206.5	-32.6	-45.4
<b>Gross profit/(loss)</b>	<b>77.4</b>	<b>2.2</b>	<b>176.1</b>	<b>8.8</b>	<b>12.1</b>
Distribution costs	-26.7	-	-62.3	-	-
Administrative expenses	-56.8	-2.1	-130.1	-5.3	-6.4
<b>Profit/(loss) before share of profit/(loss) of joint ventures</b>	<b>-6.1</b>	<b>0.1</b>	<b>-16.3</b>	<b>3.5</b>	<b>5.7</b>
Share of profit/(loss) after tax of joint ventures	12.4	-	12.0	-	-
<b>EBIT</b>	<b>6.3</b>	<b>0.1</b>	<b>-4.3</b>	<b>3.5</b>	<b>5.7</b>
Share of profit/(loss) after tax and non-controlling interests in jointly controlled entity	-	-284.5	-1.6	-336.6	-318.3
Net financials	-6.4	-0.2	124.0	-0.7	12.7
<b>Profit/(loss) before tax</b>	<b>-0.1</b>	<b>-284.6</b>	<b>118.1</b>	<b>-333.8</b>	<b>-299.9</b>
Income tax expense	0.6	-	-1.4	-0.6	-0.4
<b>Net profit/(loss)</b>	<b>0.5</b>	<b>-284.6</b>	<b>116.7</b>	<b>-334.4</b>	<b>-300.3</b>

Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year
<b>Attributable to:</b>					
Shareholders in MT Højgaard Holding A/S	-1.2	-284.6	115.0	-334.4	-300.3
Non-controlling interests	1.7	-	1.7	-	-
<b>Total</b>	<b>0.5</b>	<b>-284.6</b>	<b>116.7</b>	<b>-334.4</b>	<b>-300.3</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>Net profit/(loss)</b>	<b>0.5</b>	<b>-284.6</b>	<b>116.7</b>	<b>-334.4</b>	<b>-300.3</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified to the income statement:</b>					
Share of other comprehensive income in jointly controlled entity	-	-	-	-	-
Foreign exchange adjustments, foreign enterprises	-2.6	-	-1.2	-	-
Value adjustment of hedging instruments, joint ventures	-7.5	-	-11.7	0.1	-
<b>Other comprehensive income after tax</b>	<b>-10.1</b>	<b>-</b>	<b>-12.9</b>	<b>0.1</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>-9.6</b>	<b>-284.6</b>	<b>103.8</b>	<b>-334.3</b>	<b>-300.3</b>
<b>Attributable to:</b>					
Shareholders in MT Højgaard Holding A/S	-11.3	-284.6	102.1	-334.3	-300.3
Non-controlling interests	1.7	-	1.7	-	-
<b>Total</b>	<b>-9.6</b>	<b>-284.6</b>	<b>103.8</b>	<b>-334.3</b>	<b>-300.3</b>

# Balance sheet

<b>ASSETS</b>	2019	2018	2018	<b>EQUITY AND LIABILITIES</b>	2019	2018	2018
Amounts in DKK million	30-9	30-9	31-12	Amounts in DKK million	30-9	30-9	31-12
<b>NON-CURRENT ASSETS</b>				<b>EQUITY</b>			
Intangible assets	580.1	-	-	Equity attributable to shareholders	563.9	93.8	190.4
Property, plant and equipment	1,047.7	-	-	Non-controlling interests	11.1	-	-
Deferred tax assets	150.4	0.4	-	<b>Total equity</b>	<b>575.0</b>	<b>93.8</b>	<b>190.4</b>
Investments in jointly controlled entity	-	126.0	206.9	<b>NON-CURRENT LIABILITIES</b>			
Other investments	177.6	-	-	Subordinated loan	400.0	-	-
<b>Total non-current assets</b>	<b>1,955.8</b>	<b>126.4</b>	<b>206.9</b>	Payables to group enterprises	17.3	42.5	27.0
<b>CURRENT ASSETS</b>				Bank loans, etc.	432.2	-	-
Inventories	474.9	2.2	-	Deferred tax liabilities	87.4	-	-
Trade receivables	1,436.9	9.0	-	Provisions	243.1	-	-
Receivables from group enterprises	-	7.5	9.7	Other non-current liabilities	9.3	-	-
Construction contracts in progress	454.5	-	-	<b>Total non-current liabilities</b>	<b>1,189.3</b>	<b>42.5</b>	<b>27.0</b>
Other receivables	154.7	0.5	0.6	<b>CURRENT LIABILITIES</b>			
Cash and cash equivalents	119.2	6.1	1.4	Bank loans, etc.	317.6	-	-
<b>Total current assets</b>	<b>2,640.2</b>	<b>25.3</b>	<b>11.7</b>	Construction contracts in progress	904.8	-	-
<b>Total assets</b>	<b>4,596.0</b>	<b>151.7</b>	<b>218.6</b>	Trade payables	771.5	5.5	0.4
				Other current liabilities	837.8	9.9	0.8
				<b>Total current liabilities</b>	<b>2,831.7</b>	<b>15.4</b>	<b>1.2</b>
				<b>Total liabilities</b>	<b>4,021.0</b>	<b>57.9</b>	<b>28.2</b>
				<b>Total equity and liabilities</b>	<b>4,596.0</b>	<b>151.7</b>	<b>218.6</b>



# Statement of cash flows

Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year
<b>OPERATING ACTIVITIES</b>					
EBIT	6.3	0.1	-4.3	3.5	5.7
Adjustments for items not included in cash flow	38.5	-	152.6	-	-
<b>Cash flows from operating activities before working capital changes</b>	<b>44.8</b>	<b>0.1</b>	<b>148.3</b>	<b>3.5</b>	<b>5.7</b>
<b>Working capital changes</b>					
Inventories	31.7	0.5	42.7	-0.5	0.1
Receivables excl. construction contracts in progress	-36.8	-2.7	-128.1	-4.4	-20.5
Construction contracts in progress	92.1	-	152.9	-	-
Trade and other current payables	-199.4	1.0	-241.6	2.6	1.5
<b>Cash flows from operations (operating activities)</b>	<b>-67.6</b>	<b>-1.1</b>	<b>-25.8</b>	<b>1.2</b>	<b>-13.2</b>
Net financials	-6.5	-0.2	-18.8	-0.7	-1.1
<b>Cash flows from operations (ordinary activities)</b>	<b>-74.1</b>	<b>-1.3</b>	<b>-44.6</b>	<b>0.5</b>	<b>-14.3</b>
Income taxes paid, net	-0.7	-	-0.7	-	-2.8
<b>Cash flows from operating activities</b>	<b>-74.8</b>	<b>-1.3</b>	<b>-45.3</b>	<b>0.5</b>	<b>-17.1</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	-43.5	-	-96.1	-	-
Disposal of enterprise	-	-	8.2	-	28.4
Other investments, net	-39.2	-	-37.2	-	-
<b>Cash flows from investing activities</b>	<b>-82.7</b>	<b>-</b>	<b>-125.1</b>	<b>-</b>	<b>28.4</b>
Subordinated loan	-	-	400.0	-	-
Repayment of subordinated loan	-	-	-250.0	-	-15.5
Other financing, net	-10.7	-	-45.9	-	-
<b>Cash flows from financing activities</b>	<b>-10.7</b>	<b>-</b>	<b>104.1</b>	<b>-</b>	<b>-15.5</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-168.2</b>	<b>-1.3</b>	<b>-66.3</b>	<b>0.5</b>	<b>-4.2</b>
Cash and cash equivalents at beginning of period	103.3	7.4	1.4	5.6	5.6
<b>Cash and cash equivalents at end of period</b>	<b>-64.9</b>	<b>6.1</b>	<b>-64.9</b>	<b>6.1</b>	<b>1.4</b>

# Statement of changes in equity

Statement of changes in equity, DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Equity attributable to shareholders	Attributable to non-controlling interests	Total equity
<b>2019</b>								
<b>Equity at 1 January</b>	<b>84.1</b>	<b>-18.8</b>	<b>0.9</b>	<b>124.2</b>	<b>-</b>	<b>190.4</b>	<b>-</b>	<b>190.4</b>
Merger with Monberg & Thorsen A/S	71.6	18.8	-0.9	186.6	0.0	<b>276.1</b>	9.4	<b>285.5</b>
<b>Equity after merger</b>	<b>155.7</b>	<b>0.0</b>	<b>0.0</b>	<b>310.8</b>	<b>0.0</b>	<b>466.5</b>	<b>9.4</b>	<b>475.9</b>
<b>Net profit/(loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>115.0</b>	<b>0.0</b>	<b>115.0</b>	<b>1.7</b>	<b>116.7</b>
Other comprehensive income:								
Foreign exchange adjustments, foreign enterprises	-	-	-1.2	-	-	<b>-1.2</b>	-	<b>-1.2</b>
Value adjustment of hedging instruments, joint ventures	-	-11.7	-	-	-	<b>-11.7</b>	-	<b>-11.7</b>
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-11.7</b>	<b>-1.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-12.9</b>	<b>0.0</b>	<b>-12.9</b>
Transactions with owners:								
Warrant programme	-	-	-	-4.7	-	<b>-4.7</b>	-	<b>-4.7</b>
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-4.7</b>	<b>0.0</b>	<b>-4.7</b>	<b>0.0</b>	<b>-4.7</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>-11.7</b>	<b>-1.2</b>	<b>110.3</b>	<b>0.0</b>	<b>97.4</b>	<b>1.7</b>	<b>99.1</b>
<b>Equity at 30 September</b>	<b>155.7</b>	<b>-11.7</b>	<b>-1.2</b>	<b>421.1</b>	<b>0.0</b>	<b>563.9</b>	<b>11.1</b>	<b>575.0</b>
<b>2018</b>								
<b>Equity at 1 January</b>	<b>84.1</b>	<b>-18.7</b>	<b>0.8</b>	<b>361.4</b>	<b>0.0</b>	<b>427.6</b>	<b>0.0</b>	<b>427.6</b>
Effect of accounting policies, IFRS 15	-	-	-	-0.3	-	<b>-0.3</b>	-	<b>-0.3</b>
<b>Equity at 1 January</b>	<b>84.1</b>	<b>-18.7</b>	<b>0.8</b>	<b>361.1</b>	<b>0.0</b>	<b>427.3</b>	<b>0.0</b>	<b>427.3</b>
<b>Net profit/(loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-334.4</b>	<b>0.0</b>	<b>-334.4</b>	<b>0.0</b>	<b>-334.4</b>
Other comprehensive income:								
Share of other comprehensive income in jointly controlled entity	-	1.2	-0.6	-	-	<b>0.6</b>	-	<b>0.6</b>
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>1.2</b>	<b>-0.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>0.0</b>	<b>0.6</b>
<b>Other</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>1.2</b>	<b>-0.6</b>	<b>-334.1</b>	<b>0.0</b>	<b>-333.5</b>	<b>0.0</b>	<b>-333.5</b>
<b>Equity at 30 September</b>	<b>84.1</b>	<b>-17.5</b>	<b>0.2</b>	<b>27.0</b>	<b>0.0</b>	<b>93.8</b>	<b>0.0</b>	<b>93.8</b>

# 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 from 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 using 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 using 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 assesses 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 Group's functional currency 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 using the acquisition 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 goods supplied, completed 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 other 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 taxed enterprises in the same country. Deferred tax assets are entered as a separate line item within other non-current assets.



## 2 ACCOUNTING POLICIES (CONTINUED)

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, sub-suppliers 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, under a lease entered into for 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.

## 2 ACCOUNTING POLICIES (CONTINUED)

### 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 financials 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 related 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 for resale*

*Return on invested capital after tax incl. goodwill ((ROIC after tax)*  

$$= \frac{\text{NOPLAT}}{\text{Average invested capital incl. goodwill}}$$

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

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

*Return on equity (ROE) =* 
$$\frac{\text{Profit after tax excl. non – controlling interests}}{\text{Average equity excl. non – controlling interests}}$$

*Equity ratio =* 
$$\frac{\text{Equity incl. non – controlling interests, end of period}}{\text{Equity and liabilities, end of period}}$$

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

*Average number of shares = Average number of shares in circulation in a given period*

*Net asset value per share =* 
$$\frac{\text{Equity excl. non – controlling interests}}{\text{Number of shares, end of period}}$$

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.

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

*Market capitalisation*  
 = Market price  
 × number of shares in circulation at end of period excl. the company's treasury shares

*Pre – tax margin =* 
$$\frac{\text{Profit before tax}}{\text{Revenue}}$$

*Earnings and diluted earnings per share (EPS and EPS – D) \**  

$$= \frac{\text{Earnings excl. non – controlling interests}}{\text{Average number of shares *}}$$

*Solvency ratio =* 
$$\frac{\text{Equity excl. non – controlling interests, end of period}}{\text{Total assets}}$$

\* 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.

### 3 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

Amounts of variable consideration are only included to the extent that it is highly probable that they will not reverse 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, claims for 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 the Group'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.

### 3 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### 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 offset. 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 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. The Group and Operatio SGPS, S.A. consequently have joint control over the



### 3 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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) (DKK 25 million in the first nine months of the year). All other revenue is recognised over time. Reference is made to the accounting policies for further details on revenue recognition.

MT HØJGAARD HOLDING				2019
Amounts in DKK million				5/4 - 30/9
	Construc- tion	Civil Works	Services	Total
Primary geographical segments:				
Denmark	2,309.0	429.0	367.6	<b>3,105.6</b>
Rest of world	166.1	81.7	29.2	<b>277.0</b>
<b>Total revenue</b>	<b>2,475.1</b>	<b>510.7</b>	<b>396.8</b>	<b>3,382.6</b>
Products:				
Construction contracts	2,380.7	510.7	-	<b>2,891.4</b>
Project development	94.4	-	-	<b>94.4</b>
Rental income, facility management and service, etc.	-	-	396.8	<b>396.8</b>
<b>Total revenue</b>	<b>2,475.1</b>	<b>510.7</b>	<b>396.8</b>	<b>3,382.6</b>

### 5 SEGMENT INFORMATION

#### ACTIVITIES - 5/4 - 2019 TO 30/9 - 2019

DKK million	Construc- tion	Civil Works	Services	Other	Total
Revenue to external customers	2,475	511	397	-	3,383
Inter-segment revenue	55	15	37	-	107
<b>Total segment revenue</b>	<b>2,530</b>	<b>526</b>	<b>434</b>	<b>-</b>	<b>3,490</b>
Segment profit/(loss) before tax	48	-28	15	83	118

### 6 SUBORDINATED LOAN

On 10 April 2019, MT Højgaard Holding A/S entered into an agreement with Knud Højgaards Fond on a subordinated loan facility of DKK 400 million. MT Højgaard Holding A/S made a DKK 400 million drawdown on the loan facility on 10 April 2019. The purpose of the loan facility was to support MT Højgaard Holding A/S's financing of new shares in MT Højgaard A/S.

No instalments are payable on MT Højgaard Holding A/S's DKK 400 million loan facility from 10 April 2019 until 31 March 2023, from which date the loan is repayable with DKK 80 million annually, and the loan must be repaid in full by 31 March 2027. MT Højgaard Holding A/S 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.

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

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. The drawn DKK 250 million subordinated loan was

## 6 SUBORDINATED LOAN (CONTINUED)

repaid in connection with the capital increase in MT Højgaard A/S on 10 April 2019, and the commitment ceased.

Against the background of the accounting provision to cover the Group's liabilities in the MgO board cases in 2018, 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 capital increase on 10 April 2019 in MT Højgaard A/S.

The 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 DKK 250 million 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 A/S 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 611.9 million. 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.

## 7 BUSINESS COMBINATIONS (CONTINUED)

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 3.4 billion and in profit before tax with DKK 35 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, was DKK 5.1 billion and DKK 32 million respectively.

<b>Preliminary purchase price allocation at date of acquisition</b>	<b>Estimated</b>
<b>Amounts in DKK million</b>	<b>fair value</b>
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
<b>Net assets acquired</b>	<b>494.2</b>
Goodwill	127.1
<b>Equity incl. non-controlling interests</b>	<b>621.3</b>
Non-controlling interests	9.4
<b>Purchase price</b>	<b>611.9</b>
Paid in shares	276.1
Current shares in MT Højgaard A/S	335.8
<b>Cash consideration</b>	<b>611.9</b>

## 7 BUSINESS COMBINATIONS (CONTINUED)

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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 values relate 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 values relate to 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 guarantee 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 approx. DKK 4.3 million, which are recognised as administrative expenses in the consolidated income statement for the financial year 2019.

# **Appendices**

Selected financial highlights for  
the MT Højgaard Group for  
1 January – 30 September 2019

# Income statement and statement of comprehensive income

Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year	Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year
<b>INCOME STATEMENT</b>						<b>Attributable to:</b>					
Revenue	1,652.1	1,582.8	5,076.7	4,826.5	6,758.3	Shareholders of MT Højgaard A/S	15.3	-526.9	19.6	-623.5	-589.4
Production costs	-1,553.5	-1,922.7	-4,749.2	-5,057.6	-6,884.0	Non-controlling interests	1.7	-	1.7	-	1.6
<b>Gross profit/(loss)</b>	<b>98.6</b>	<b>-339.9</b>	<b>327.5</b>	<b>-231.1</b>	<b>-125.7</b>	<b>Total</b>	<b>17.0</b>	<b>-526.9</b>	<b>21.3</b>	<b>-623.5</b>	<b>-587.8</b>
Distribution costs	-26.7	-36.9	-99.1	-128.3	-166.1	<b>STATEMENT OF COMPREHENSIVE INCOME</b>					
Administrative expenses	-56.2	-77.0	-191.9	-206.8	-280.6	<b>Net profit/(loss)</b>	<b>17.0</b>	<b>-526.9</b>	<b>21.3</b>	<b>-623.5</b>	<b>-587.8</b>
<b>Profit/(loss) before share of profit/(loss) of joint ventures</b>	<b>15.7</b>	<b>-453.8</b>	<b>36.5</b>	<b>-566.2</b>	<b>-572.4</b>	<b>Other comprehensive income</b>					
Share of profit/(loss) after tax of joint ventures	12.4	-4.8	12.9	18.0	25.2	<b>Items that may be reclassified to the income statement:</b>					
<b>EBIT</b>	<b>28.1</b>	<b>-458.6</b>	<b>49.4</b>	<b>-548.2</b>	<b>-547.2</b>	Foreign exchange adjustments, foreign enterprises	-2.6	-0.3	-1.6	-0.3	-0.3
Net financials	-1.5	-4.7	-17.0	-8.3	-11.6	Value adjustment of hedging instruments, joint ventures	-5.2	1.5	-13.7	1.5	0.2
<b>Profit/(loss) before tax</b>	<b>26.6</b>	<b>-463.3</b>	<b>32.4</b>	<b>-556.5</b>	<b>-558.8</b>	<b>Other comprehensive income after tax</b>	<b>-7.8</b>	<b>1.2</b>	<b>-15.3</b>	<b>1.2</b>	<b>-0.1</b>
Income tax expense	-9.6	-63.6	-11.1	-67.0	-29.0	<b>Total comprehensive income</b>	<b>9.2</b>	<b>-525.7</b>	<b>6.0</b>	<b>-622.3</b>	<b>-587.9</b>
<b>Net profit/(loss)</b>	<b>17.0</b>	<b>-526.9</b>	<b>21.3</b>	<b>-623.5</b>	<b>-587.8</b>	<b>Attributable to:</b>					
						Shareholders of MT Højgaard A/S	7.5	-525.7	4.3	-622.3	-589.5
						Non-controlling interests	1.7	-	1.7	-	1.6
						<b>Total</b>	<b>9.2</b>	<b>-525.7</b>	<b>6.0</b>	<b>-622.3</b>	<b>-587.9</b>

# Balance sheet

<b>ASSETS</b>	2019	2018	2018	<b>EQUITY AND LIABILITIES</b>	2019	2018	2018
Amounts in DKK million	30-9	30-9	31-12	Amounts in DKK million	30-9	30-9	31-12
<b>NON-CURRENT ASSETS</b>				<b>EQUITY</b>			
Intangible assets	283.2	258.4	269.2	Equity attributable to shareholders	787.4	233.3	383.1
Property, plant and equipment	1,047.7	695.9	729.9	Non-controlling interests	11.1	17.8	9.4
Deferred tax assets	150.4	150.4	150.4	<b>Total equity</b>	<b>798.5</b>	<b>251.1</b>	<b>392.5</b>
Other investments	177.4	116.3	149.0	<b>NON-CURRENT LIABILITIES</b>			
<b>Total non-current assets</b>	<b>1,658.7</b>	<b>1,221.0</b>	<b>1,298.5</b>	Subordinated loan	-	150.0	-
<b>CURRENT ASSETS</b>				Bank loans, etc.	432.2	234.2	259.6
Inventories	474.9	511.4	508.0	Deferred tax liabilities	28.7	22.0	29.0
Trade receivables	1,436.9	1,403.2	1,330.0	Provisions	243.1	258.1	270.2
Construction contracts in progress	454.5	290.1	291.5	Other non-current liabilities	9.3	-	-
Other receivables	154.0	132.6	156.0	<b>Total non-current liabilities</b>	<b>713.3</b>	<b>664.3</b>	<b>558.8</b>
Cash and cash equivalents	117.4	71.1	210.6	<b>CURRENT LIABILITIES</b>			
<b>Total current assets</b>	<b>2,637.7</b>	<b>2,408.4</b>	<b>2,496.1</b>	Subordinated loan	-	-	250.0
<b>Total assets</b>	<b>4,296.4</b>	<b>3,629.4</b>	<b>3,794.6</b>	Bank loans, etc.	298.9	320.3	71.2
				Construction contracts in progress	904.8	675.4	664.5
				Trade payables	770.3	961.8	1,053.3
				Other current liabilities	810.6	756.5	804.3
				<b>Total current liabilities</b>	<b>2,784.6</b>	<b>2,714.0</b>	<b>2,843.3</b>
				<b>Total liabilities</b>	<b>3,497.9</b>	<b>3,378.3</b>	<b>3,402.1</b>
				<b>Total equity and liabilities</b>	<b>4,296.4</b>	<b>3,629.4</b>	<b>3,794.6</b>

# Statement of cash flows

Amounts in DKK million	2019 Q3	2018 Q3	2019 YTD	2018 YTD	2018 Year
<b>OPERATING ACTIVITIES</b>					
EBIT	28.1	-458.6	49.4	-548.2	-547.2
Adjustments for items not included in cash flow	17.4	219.4	165.6	239.7	529.4
<b>Cash flows from operating activities before working capital changes</b>	<b>45.5</b>	<b>-239.2</b>	<b>215.0</b>	<b>-308.5</b>	<b>-17.8</b>
<b>Working capital changes</b>					
Inventories	31.7	11.0	33.1	57.4	60.9
Receivables excl. construction contracts in progress	-36.8	102.0	-106.9	-54.7	0.8
Construction contracts in progress	92.1	170.9	77.4	139.9	127.6
Trade and other current payables	-198.7	75.9	-348.7	-182.8	-286.8
<b>Cash flows from operations (operating activities)</b>	<b>-66.2</b>	<b>120.6</b>	<b>-130.1</b>	<b>-348.7</b>	<b>-115.3</b>
Net financials	-1.6	-4.7	-17.1	-8.2	-11.6
<b>Cash flows from operations (ordinary activities)</b>	<b>-67.8</b>	<b>115.9</b>	<b>-147.2</b>	<b>-356.9</b>	<b>-126.9</b>
Income taxes paid, net	-0.7	-	-1.2	-0.9	-14.8
<b>Cash flows from operating activities</b>	<b>-68.5</b>	<b>115.9</b>	<b>-148.4</b>	<b>-357.8</b>	<b>-141.7</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	-43.5	-38.7	-122.0	-110.6	-40.3
Other investments, net	-39.2	9.1	-55.6	12.3	-73.1
<b>Cash flows from investing activities</b>	<b>-82.7</b>	<b>-29.6</b>	<b>-177.6</b>	<b>-98.3</b>	<b>-113.4</b>
Capital increases	-	-	400.0	-	-
Subordinated loan	-	-	-	150.0	400.0
Repayment of subordinated loan	-	-	-250.0	-	-
Other financing, net	-10.7	-12.8	-82.5	-22.4	-69.7
<b>Cash flows from financing activities</b>	<b>-10.7</b>	<b>-12.8</b>	<b>67.5</b>	<b>127.6</b>	<b>330.3</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-161.9</b>	<b>73.5</b>	<b>-258.5</b>	<b>-328.5</b>	<b>75.2</b>
Cash and cash equivalents at beginning of period	114.0	-266.6	210.6	135.4	135.4
<b>Cash and cash equivalents at end of period</b>	<b>-47.9</b>	<b>-193.1</b>	<b>-47.9</b>	<b>-193.1</b>	<b>210.6</b>

# Statement of changes in equity, MT Højgaard Group

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
<b>2019</b>							
<b>Equity at 1 January</b>	<b>200.0</b>	<b>-34.1</b>	<b>1.3</b>	<b>215.9</b>	<b>383.1</b>	<b>9.4</b>	<b>392.5</b>
<b>Net profit/(loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>19.6</b>	<b>19.6</b>	<b>1.7</b>	<b>21.3</b>
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	0.0	0.0	-1.6	0.0	-1.6	0.0	-1.6
Value adjustment of hedging instruments, joint ventures	0.0	-13.7	0.0	0.0	-13.7	0.0	-13.7
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>-13.7</b>	<b>-1.6</b>	<b>0.0</b>	<b>-15.3</b>	<b>0.0</b>	<b>-15.3</b>
Transactions with owners:							
Capital injection	25.0	0.0	0.0	375.0	400.0	0.0	400.0
<b>Total transactions with owners</b>	<b>25.0</b>	<b>0.0</b>	<b>0.0</b>	<b>375.0</b>	<b>400.0</b>	<b>0.0</b>	<b>400.0</b>
<b>Total changes in equity</b>	<b>25.0</b>	<b>-13.7</b>	<b>-1.6</b>	<b>394.6</b>	<b>404.3</b>	<b>1.7</b>	<b>406.0</b>
<b>Equity at 30 September</b>	<b>225.0</b>	<b>-47.8</b>	<b>-0.3</b>	<b>610.5</b>	<b>787.4</b>	<b>11.1</b>	<b>798.5</b>
<b>2018</b>							
<b>Equity at 1 January</b>	<b>520.0</b>	<b>-34.3</b>	<b>1.5</b>	<b>368.6</b>	<b>855.8</b>	<b>27.8</b>	<b>883.6</b>
Effect of accounting policies, IFRS 15	0.0	0.0	0.0	-0.7	-0.7	0.0	-0.7
Tax effect, IFRS 15	0.0	0.0	0.0	0.2	0.2	0.0	0.2
<b>Equity at 1 January</b>	<b>520.0</b>	<b>-34.3</b>	<b>1.5</b>	<b>368.1</b>	<b>855.3</b>	<b>27.8</b>	<b>883.1</b>
<b>Net profit/(loss)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-623.5</b>	<b>-623.5</b>	<b>0.0</b>	<b>-623.5</b>
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	0.0	0.0	-0.3	0.0	-0.3	0.0	-0.3
Value adjustment of hedging instruments, joint ventures	0.0	1.5	0.0	0.0	1.5	0.0	1.5
<b>Total other comprehensive income</b>	<b>0.0</b>	<b>1.5</b>	<b>-0.3</b>	<b>0.0</b>	<b>1.2</b>	<b>0.0</b>	<b>1.2</b>
Transactions with owners:							
Issued warrants	0.0	0.0	0.0	0.3	0.3	0.0	0.3
Dividends paid	0.0	0.0	0.0	0.0	0.0	-10.0	-10.0
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>-10.0</b>	<b>-9.7</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>1.5</b>	<b>-0.3</b>	<b>-623.2</b>	<b>-622.0</b>	<b>-10.0</b>	<b>-632.0</b>
<b>Equity at 30 September</b>	<b>520.0</b>	<b>-32.8</b>	<b>1.2</b>	<b>-255.1</b>	<b>233.3</b>	<b>17.8</b>	<b>251.1</b>



# Notes

## REVENUE - MT HØJGAARD GROUP

Amounts in DKK million	2019 1/1 - 30/9			
	Construc- tion	Civil Works	Services	Total
Primary geographical segments:				
Denmark	3,566.2	586.4	549.4	<b>4,702.0</b>
Rest of world	223.9	106.2	44.6	<b>374.7</b>
Total revenue	3,790.1	692.6	594.0	<b>5,076.7</b>
Products:				
Construction contracts	3,683.1	692.6	-	<b>4,375.7</b>
Project development	107.0	-	-	<b>107.0</b>
Rental income, facility management and service, etc.	-	-	594.0	<b>594.0</b>
Total revenue	3,790.1	692.6	594.0	<b>5,076.7</b>
Amounts in DKK million	2018 1/1 - 30/9			
	Construc- tion	Civil Works	Services	Total
Primary geographical segments:				
Denmark	3,457.6	520.1	532.0	<b>4,509.7</b>
Rest of world	213.5	60.6	42.7	<b>316.8</b>
Total revenue	3,671.1	580.7	574.7	<b>4,826.5</b>
Products:				
Construction contracts	3,538.8	580.7	-	<b>4,119.5</b>
Project development	132.3	-	-	<b>132.3</b>
Rental income, facility management and service, etc.	-	-	574.7	<b>574.7</b>
Total revenue	3,671.1	580.7	574.7	<b>4,826.5</b>

## SEGMENT INFORMATION - MT HØJGAARD GROUP

### ACTIVITIES - SEPTEMBER 2019 YTD

DKK million	Construc- tion	Civil Works	Services	Total
Revenue to external customers	3,790	693	594	5,077
Inter-segment revenue	162	111	114	387
Total segment revenue	3,952	804	708	5,464
Segment profit/(loss) before tax	59	-45	18	32

### DEVELOPMENT IN CORE UNITS

Amounts in DKK million, Septem- ber 2019 YTD	Ene- mærke & Peteresen		Scandi Byg		MTH Group *	
	MT Højgaard	Lindpro	Ajos			
Revenue	2,602	606	208	234		5,077
EBIT **	-90	-10	15	12		49
September 2018 YTD						
Revenue	2,468	623	201	362		4,826
EBIT excluding MgO **	-276	-20	17	15		-548
EBIT **	-415	-20	17	-52		-548

Amounts in DKK million, Year 2018	Ene- mærke & Peteresen		Scandi Byg		MTH Group *	
	MT Højgaard	Lindpro	Ajos			
Revenue	3,393	878	286	501		6,758
EBIT excluding MgO **	-386	-5	25	21		-547
EBIT **	-525	-8	25	-46		-547

### Amounts in DKK million, Year 2017

	MT Højgaard	Lindpro	Ajos			
Revenue	4,448	938	245	471		7,648
EBIT **	-27	20	24	6		51

\* MT HØJGAARD A/S GROUP includes eliminations, MgO provisions, reclassifications etc.

\*\* EBIT/Operating profit/(loss) before special items differs from the external financial statements due to application of the Danish Financial Statements Act in the individual companies

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