MTH GROUP

Interim financial report
First quarter 2018

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MANAGEMENT'S REVIEW

CONSOLIDATED FINANCIAL STATEMENTS

The **MTH GROUP** logo on the front page of this report refers to the whole of the MT Højgaard Group, which this interim financial report covers.
This interim financial report 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.

Summary – First quarter 2018

1.5
DKK billion

Revenue declined by 10% compared with the same period last year as a result of low order intake in 2017.

-56
DKK million

Unsatisfactory EBIT because of lower revenue, low capacity utilization and write-down on a single project.

-322
DKK million

Negative operating cash flows due to lower earnings, increasing working capital and payment of settled offshore guarantee obligations.

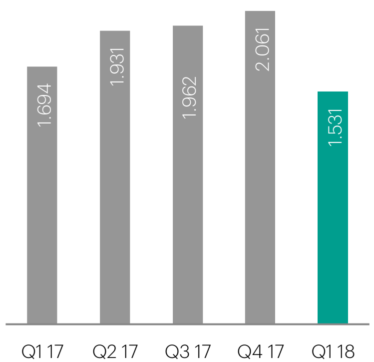
1.4
DKK billion

Order intake increased by 37% in the quarter. This included both major and minor orders as well as extra work. However, the level was below expectations.

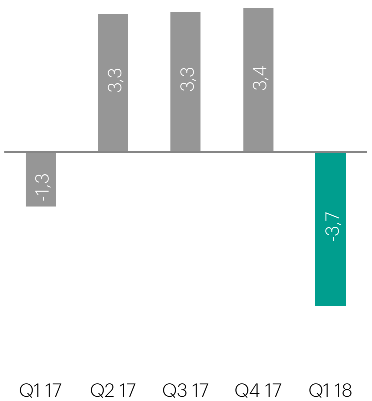
6.9
DKK billion

Order book at the same level as at the end of 2017, as order intake and activity for the period were similar.

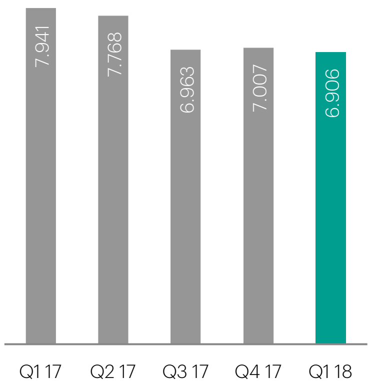
Revenue
DKK million



Operating margin before special items
%



Order book
DKK million



Outlook 2018

Unchanged outlook for revenue of around

6.8 DKKb

Revenue is expected to increase during the coming quarters, driven by the existing order book and intake of new orders with focus on quality.

Unchanged outlook for EBIT in the range of

140-180 DKKm

Earnings will improve during the year as a result of growing revenue, the effect of capacity adjustment in MT Højgaard and the Focus 2018 programme, which is expected to contribute to earnings in the second half of 2018 and be fully effective in 2019.

Capital

As a result of major payments in the last six months relating to legacy offshore projects, the MTH GROUP's owners have decided to strengthen the liquidity and capital base through a subordinated loan of DKK 150 million, which was set up on 9 May 2018. This was done in order to ensure that MTH GROUP's development opportunities will not be limited by the effect of the legacy offshore projects and to support the Focus 2018 programme, the aim of which is to improve MT Højgaard's competitiveness, order intake and operations.

Consolidated financial highlights

Amounts in DKK million	2018 Q1	2017 Q1	2017 Year
Income statement			
Revenue	1,531	1,694	7,648
Gross profit	51	92	631
Operating profit/(loss) before special items	-56	-22	176
Special items*	-	-	-125
EBIT	-56	-22	51
Profit/(loss) before tax	-60	-26	40
Net profit/(loss) for the period	-46	-19	-58
Cash flows			
Cash flows from operating activities	-322	1	168
Purchase of property, plant and equipment	-37	-25	-86
Other investments, incl. investments in securities	-2	4	-12
Cash flows from investing activities	-39	-21	-98
Cash flows from operating and investing activities	-361	-20	70
Balance sheet			
Non-current assets	1,197	1,150	1,153
Current assets	2,479	2,575	2,522
Equity	827	946	884
Non-current liabilities	287	225	256
Current liabilities	2,562	2,554	2,535
Balance sheet total	3,676	3,725	3,675

Amounts in DKK million	2018 Q1	2017 Q1	2017 Year
Other information			
Order intake	1,430	1,044	6,064
Order book, end of period	6,906	7,941	7,007
Working capital **	-73	-155	-264
Net interest-bearing deposit/debt (+/-)	-444	-88	-73
Average invested capital incl. goodwill	1,010	988	934
Average number of employees	4,119	4,222	4,338
Financial ratios			
Gross margin (%)	3.4	5.4	8.2
Operating margin before special items (%)	-3.7	-1.3	2.3
EBIT margin (%)	-3.7	-1.3	0.7
Pre-tax margin (%)	-3.9	-1.5	0.5
Return on invested capital incl. goodwill (ROIC) (%)	-	-	21.0
Return on invested capital incl. goodwill after tax (%)	-	-	16.4
Return on equity (ROE) (%)	-5.9	-2.4	-9.3
Equity ratio (%)	22.0	24.7	23.4

*Special items represent the impact on profit of legacy offshore disputes.
** Working capital excludes properties held for resale.
Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the 2017 annual report under accounting policies.

Operating and financial review

As expected, revenue and EBIT declined in the first quarter. The aim of the Focus 2018 Programme is to improve MT Højgaard's competitiveness and thus increase order intake and improve earnings.

Historically, MTH GROUP's level of activity has always been lowest in the first quarter of the year. Lower order intake in 2017 led to a fall in revenue of 10% across all business areas.

EBIT fell, as expected, partly reflecting lower revenue and low capacity utilization. EBIT was also affected by the write-down on a single project, where a potential compensation claim against partners cannot yet be recognised.

REDUCED RISK ON LEGACY OFFSHORE GUARANTEE OBLIGATIONS

Payment of settled offshore guarantee obligations that the Group made provision for under special items in 2017, had a significant impact on cash flows.

This means that the risk of guarantee obligations on legacy offshore projects that have long since been completed is now significantly reduced.

ORDER INTAKE ROSE DURING THE QUARTER

Order intake increased by 37% during the first quarter, and at the quarter end the order book was at the same level as at the end of 2017, as order intake and activity were similar.

FOCUS 2018 PROGRAMME

In January, MT Højgaard gave notice to 100 salaried employees and cut 60 jobs in the Danish company, where a general limit on new appointments was also introduced.

A number of initiatives were subsequently launched in order to improve competitiveness in MT Højgaard and thus increase order intake and earnings. These initiatives are brought together in the Focus 2018 programme, with three action areas: Improved competitiveness, Increased order intake and Stable operation.

The Focus 2018 programme is expected to reduce total costs by around DKK 100 million. These savings will begin to contribute to improving MT Højgaard's earnings during the second half 2018, with full effect from 2019.

The programme is also expected to grow the order book and ensure stable operations, so that altogether the programme will contribute to a much-needed improvement in MT Højgaard's earnings.

Construction

MT Højgaard
Enemærke & Petersen
Lindpro
Scandi Byg

Develops, builds and refurbishes private and public sector buildings, primarily in Denmark, but also in the North Atlantic countries and the Maldives. Accounts for the majority of the overall activities, measured in terms of both revenue and number of employees.

Revenue Q1 2018

74%

Civil Works

MT Højgaard

Civil works projects are undertaken by MT Højgaard. Handles large and small projects from offices in Denmark, the North Atlantic countries and the Maldives.

14%

Services

Lindpro
Ajos
Enemærke & Petersen
MT Højgaard

A range of services in the construction and civil engineering industry, especially through Lindpro, Ajos, Enemærke & Petersen and in connection with project development and design in MT Højgaard.

12%

Improved competitiveness
MT Højgaard's competitiveness will be improved through cost adjustments and increased efficiency. Revenue per employee must increase.

A number of initiatives will improve efficiency, making internal working processes more flexible and effective. This includes making the management system leaner, speeding up the digitalisation of a number of internal processes, and optimising the processes for calculating tender. In addition, fixed costs will be reduced in accordance with a general prioritisation of planned and current activities, on the basis of what adds value for the business and for customers. Investment in the new IT platform will continue unchanged.

Increased order intake
Order intake will be increased through improved competitiveness and better project selection, so that MT Højgaard will win more contracts and improve the composition of the company's project portfolio with respect to timing, size, skills and organisation. There have already been marked improvements in this field and these advances must continue.

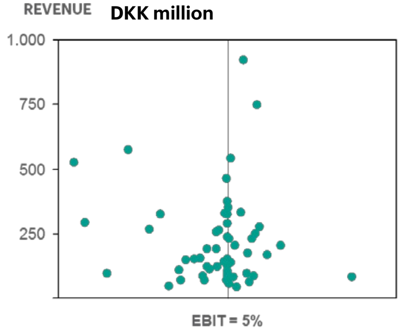
Market focus will be maintained, with the main emphasis on data centres, super-hospitals, headquarters and office buildings, refurbishment and multi-storey housing, PPP/PPS building and projects developed in-house. The requirement for EBIT of 5% on all bids will remain unchanged.

Stable operation
The effort to improve the balance between positive and negative variations on projects will be strengthened by greater management proximity, ensuring that there will be close focus on customers and construction sites on all projects.

A new stage-gate model will further improve risk handling on awarded contracts before the start of the design and production phase. On major projects, the stage gate will be supplemented by a buildability analysis. Other initiatives will improve operational stability, including through the systematic sharing of knowledge about projects.

The diagram shows MTH GROUP's major projects in progress. The position of the projects indicates the degree to which they meet management's requirements concerning contribution margin and should in principle be close to zero and preferably to the right of centre. However, project portfolios will naturally vary within an acceptable range.

THE GROUP'S PROJECTS IN PROGRESS > DKK 50 MILLION



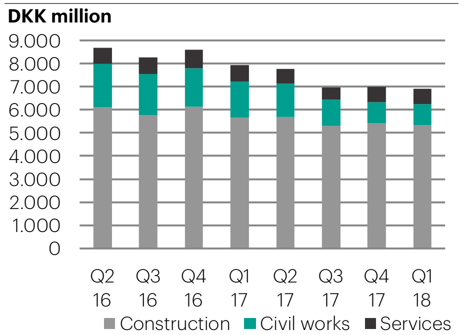
As can be seen from the diagram, some projects do not meet these requirements. This means that these projects currently have a negative impact on gross and operating margins. These projects are primarily in MT Højgaard.

The diagram also shows that the Group is working on a number of sound major projects, whose quality meets and exceeds management's expectations.

ORDER INTAKE AND ORDER BOOK

MTH GROUP won new orders totalling DKK 1.4 billion in the first quarter of 2018, compared with DKK 1.0 billion in the same period last year. The 37% increase benefited from the award of major orders such as Lundevænget in Copenhagen to Enemærke & Petersen (DKK 0.4 billion) and new building at the Technical University of Denmark (DTU) to MT Højgaard (DKK 0.2 billion). Order intake for the period was negatively impacted by the fact that IKEA chose to call a halt to the project with MT Højgaard in the middle of the collaboration phase, due to a decision to redefine their global strategy for urban stores.

ORDER BOOK



The order book amounted to DKK 6.9 billion at the end of the first quarter of 2018, compared with DKK 7.9 billion at the same time in 2017. First-quarter order intake was slightly lower than expected.

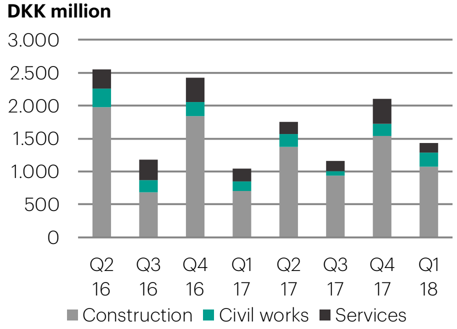
The order book includes a number of major projects and many smaller projects with quick start-ups that will generate revenue already in 2018.

Awarded but not contracted work totalled around DKK 0.3 billion at the end of the first quarter, compared with DKK 0.5 billion in the first quarter of 2017.

The Group is also working on the clarification phase of a number of collaboration agreements and projects, which may result in the conclusion of final, unconditional agreements. This led to order intake of around DKK 2 billion in April.

Amounts in DKK million	Q1 2018	1 K 2017	2017
Order book, start of period	7,007	8,591	8,591
Order intake	1,430	1,044	6,064
Production	1,531	1,694	7,648
Order book, end of period	6,906	7,941	7,007

ORDER INTAKE



Construction

Total order intake in this business area rose by 54% in the first quarter of 2018 compared with the same period in 2017. The order book fell by 5% because activity in the period was higher than order intake.

The Group anticipates continued growth in the market for refurbishment and residential construction projects in and around the major cities, as well as a high level of activity in construction of data centres in Denmark.

Civil Works

Order intake increased 40% compared with the first quarter of 2017. As a result of the trend in order intake in 2017, the order book for this business area at the end of the first quarter was down 42% on last year.

There is still a basis for good activity in the coming year and the Group is also experiencing a positive trend in demand in the fields of infrastructure, data centres and super-hospitals, though the market is also characterised by strong price competition and fewer large public civil works projects.

Services

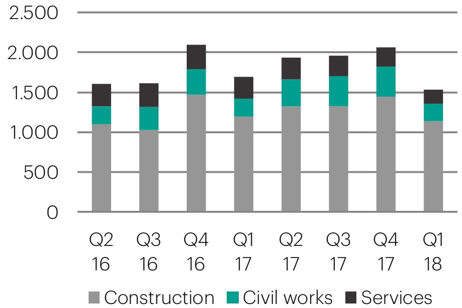
In the first quarter of 2018, order intake decreased 25% on the same period last year and the order book reduced by 9%, primarily driven by the end of Greenland Contractors' contract with the U.S. Air Force.

REVENUE

The Group's first-quarter 2018 revenue was DKK 1.5 billion, compared with DKK 1.7 billion in the same period last year, and the expected decline reflected lower order intake in 2017.

REVENUE

DKK million



Construction

Revenue in the construction business decreased 5% at DKK 1,137 million compared with DKK 1,195 million in the same quarter of 2017.

The main construction activities during the quarter were:

- MT Højgaard's work on the New Aalborg University Hospital, work on a data centre in Odense, the construction of Kalvebod Fælled School, the AARhus residential project in Aarhus and 94 apartments in Nordre Jernbanevej in Hillerød, and the refurbishment of 40 residential blocks in Møllevangen in Vejle.
- Enemærke & Petersen's refurbishment of Hjortegården in Herlev and the residential construction project Den Grønne Fatning in Herlev; Denmark's biggest residential refurbishment project, Stadionkvarteret in Glostrup; plus new building at A.C. Meyers Vænge in Copenhagen.
- Scandi Byg's work on 61 family units in Nørrevang in Herlev and 96 housing units in Skjeberg Allé in Høje Taastrup C.
- Lindpro's work on a number of major and minor technical projects.

Civil Works

Revenue in this business area decreased 5% at DKK 216 million, compared with DKK 228 million in the same quarter of 2017.

The main civil works activities during the quarter were:

- MT Højgaard's shell construction at the New Aalborg University Hospital, handover of the PPP project at Slagelse Hospital, renewal and improvement of 56 bridges on the railway line between Ringsted and Rødby for Banedanmark as well as the construction of Hisingsbron bridge in Gothenburg in a joint venture with Skanska.

Services

Revenue in this business area decreased 35% at DKK 176 million, compared with DKK 270 million in the same quarter of 2017. Adjusted for the end of Greenland Contractors' contract with the U.S. Air Force, revenue decreased 4%.

EARNINGS

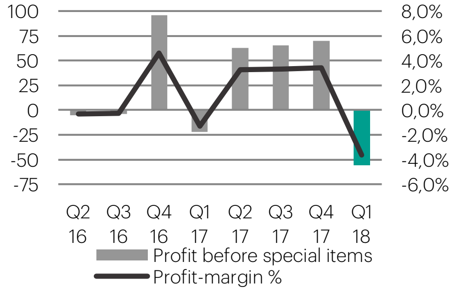
First-quarter EBIT was a DKK 56 million loss, compared with a DKK 22 million loss in the same period in 2017.

The expected decline in EBIT reflected factors such as lower revenue, low use of capacity and a write-down on a project on which a potential claim for damages against the partners cannot yet be recognised.

Distribution costs were reduced by 6% due to a more focused tendering strategy and extraordinarily high tendering activity in the first quarter of 2017. Administrative expenses were reduced by 2% due to savings and efficiency improvements that will be accelerated in the course of the year. The investment in a new IT platform continued. Together with the earlier investment in VDC, this investment will increase the Group's competitiveness.

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS

DKK million



The net result for the first quarter was a DKK 46 million loss, compared with a loss of DKK 19 million in the same period in 2017.

BALANCE SHEET

Inventories amounted to DKK 530 million at the end of the first quarter of 2018, compared with DKK 569 million at the beginning of the year, primarily reflecting properties and construction projects developed in-house for resale totalling DKK 491 million. These included Solrækkerne in Hedehusene, on which phase one was handed over in the first quarter of 2018.

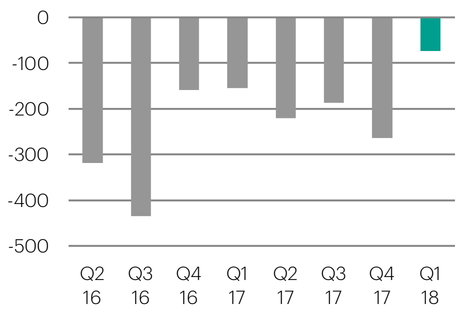
Trade receivables were DKK 1,445 million at the end of the quarter, compared with DKK 1,403 million at the end of 2017. Construction contracts in progress amounted to a liability of DKK 202 million net at the end of March 2018, compared with a liability of DKK 245 million at the end of 2017, reflecting project mix and activity level.

Trade payables amounted to DKK 918 million at 31 March 2018, compared with DKK 1,005 million at the end of 2017, reflecting the change in the activity level.

Overall, the Group had negative working capital of DKK 73 million at the end of March 2018, excluding properties for resale, compared with negative working capital of DKK 264 million at the end of 2017. The increase in working capital was mainly driven by a decline in work in progress and a reduction in trade payables.

WORKING CAPITAL (EXCL. PROPERTIES)

DKK million



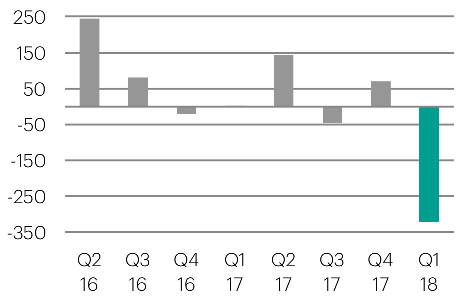
CASH FLOWS AND FINANCIAL RESOURCES

Operating cash flow amounted to DKK -322 million in the first quarter of 2018, compared with DKK 1 million in the same period last year. The change was mainly driven by lower activity, negative earnings, increasing working capital and payment of settled legacy offshore guarantee obligations. The amount was in line with the special items totalling DKK 125 million from 2017.

Cash flow from investing activities was DKK -39 million at the end of March 2018, primarily investments in property, plant and equipment, compared with DKK -21 million in 2017. Investments for the quarter mainly related to rental equipment in Ajos and the Group's new IT platform.

OPERATING CASH FLOW

DKK million



The Group's financial resources totalled DKK 263 million at the end of March 2018, compared with DKK 584 million at the beginning of the year. The Group's financial resources are considered satisfactory in view of the expected level of activity.

As a consequence of the substantial payments in the last six months related to legacy offshore projects, MTH GROUP's owners have decided to strengthen the liquidity and capital base through a subordinated loan of DKK 150 million, which was set up on 9 May 2018. This was done in order to ensure that MTH GROUP's development opportunities will not be limited by the effect of legacy offshore projects and to support the Focus 2018 programme, the aim of which is to improve competitiveness, order intake and operations in MT Højgaard.

The equity ratio, including subordinated loan capital, was 26% at the date of setting up the loan.

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS

IFRSs implemented by MTH GROUP with effect from 2018 include IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". The net effect of the implementation of these is insignificant and consequently does not impact the outlook for 2018. Reference is made to note 1 to this interim financial report or note 27 to the 2017 Annual Report.

OUTLOOK FOR 2018 UNCHANGED

The Group maintains the outlook of revenue of around DKK 6.8 billion and EBIT in the DKK 140-180 million range in 2018.

This outlook is based on trends in the first quarter and the continuing positive market prospects. Revenue in the coming quarters is expected to be higher than in the first quarter. The Focus 2018 programme, including the capacity adjustment in MT Højgaard in January 2018, is expected to improve earnings over the second half of 2018 but not to become fully effective until 2019.

The investment in the Group's new IT platform is continuing.

The EBIT outlook may be adversely affected by the Group's warrant programme.

OUTLOOK 2018

Revenue	~ DKK 6.8 billion
EBIT	DKK 140-180 million

LONG-TERM FINANCIAL TARGETS

Operating margin	≥5%
Cash flows from operations (CFFO)	Positive
Equity ratio	30-35%

The interim financial report contains forward-looking statements, including the above projections of financial performance in 2018, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

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 A/S for the period 1 January – 31 March 2018.

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 of 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 31 March 2018 and of the results of the Group's operations and cash flows for the period 1 January – 31 March 2018.

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 as well as a description of the significant risks and uncertainties pertaining to the Group.

Søborg, 9 May 2018

EXECUTIVE BOARD

Torben Biilmann
President and CEO

Egil Mølsted Madsen
CFO

BOARD OF DIRECTORS

Søren Bjerre-Nielsen
Chairman

Anders Heine Jensen
Deputy Chairman

Carsten Dilling

Ole Røsdahl

Pernille Fabricius

Christine Thorsen

Irene Chabior

Vinnie Sunke Heimann

Hans-Henrik Hannibal Hansen

Income statement and statement of comprehensive income

Amounts in DKK million	2018 Q1	2017 Q1	2017 Year
INCOME STATEMENT			
Revenue	1,530.7	1,694.2	7,648.1
Production costs	-1,479.3	-1,602.6	-7,017.3
Gross profit	**51.4**	**91.6**	**630.8**
Distribution costs	-53.6	-57.0	-219.1
Administrative expenses	-63.4	-64.5	-261.8
Profit/(loss) before share of profit/(loss) of joint ventures	**-65.6**	**-29.9**	**149.9**
Share of profit/(loss) after tax of joint ventures	9.8	7.5	26.4
Operating profit/(loss) before special items	**-55.8**	**-22.4**	**176.3**
Special items	-	-	-125.0
EBIT	**-55.8**	**-22.4**	**51.3**
Net financials	-4.1	-3.3	-11.5
Profit/(loss) before tax	**-59.9**	**-25.7**	**39.8**
Income tax expense	13.7	6.3	-98.2
Net profit/(loss) for the period	**-46.2**	**-19.4**	**-58.4**

Amounts in DKK million	2018 Q1	2017 Q1	2017 Year
Attributable to:			
Shareholders of MT Højgaard A/S	-46.2	-24.4	-84.1
Non-controlling interests	-	5.0	25.7
Total	**-46.2**	**-19.4**	**-58.4**
Statement of comprehensive income			
Net profit/(loss) for the period	-46.2	-19.4	-58.4
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign exchange adjustments, foreign enterprises	-	-0.1	-3.7
Value adjustment of hedging instruments, joint ventures	-	1.8	3.7
Total comprehensive income	**-46.2**	**-17.7**	**-58.4**
Attributable to:			
Shareholders of MT Højgaard A/S	-46.2	-22.7	-84.1
Non-controlling interests	-	5.0	25.7
Total	**-46.2**	**-17.7**	**-58.4**

Balance sheet

ASSETS Amounts in DKK million	2018 31-03	2017 31-03	2017 31-12
NON-CURRENT ASSETS			
Intangible assets	232.5	180.6	216.1
Property, plant and equipment	626.4	610.0	629.5
Deferred tax assets	232.6	276.3	210.4
Other investments	105.9	83.4	97.0
Total non-current assets	**1,197.4**	**1,150.3**	**1,153.0**
CURRENT ASSETS			
Inventories	530.3	640.9	568.9
Trade receivables	1,445.1	1,365.2	1,402.7
Construction contracts in progress	323.9	318.4	334.5
Other receivables	100.7	81.5	80.5
Cash and cash equivalents	78.9	169.0	135.4
Total current assets	**2,478.9**	**2,575.0**	**2,522.0**
Total assets	**3,676.3**	**3,725.3**	**3,675.0**

EQUITY AND LIABILITIES Amounts in DKK million	2018 31-03	2017 31-03	2017 31-12
EQUITY			
Equity attributable to shareholders	808.9	918.9	855.8
Non-controlling interests	17.8	27.1	27.8
Total equity	**826.7**	**946.0**	**883.6**
NON-CURRENT LIABILITIES			
Bank loans, etc.	186.8	112.5	162.6
Deferred tax liabilities	21.7	12.9	13.0
Provisions	78.4	100.0	80.5
Total non-current liabilities	**286.9**	**225.4**	**256.1**
CURRENT LIABILITIES			
Bank loans, etc.	336.2	144.2	46.0
Construction contracts in progress	526.3	704.9	579.9
Trade payables	918.2	818.2	1,004.7
Other current liabilities	782.0	886.6	904.7
Total current liabilities	**2,562.7**	**2,553.9**	**2,535.3**
Total liabilities	**2,849.6**	**2,779.3**	**2,791.4**
Total equity and liabilities	**3,676.3**	**3,725.3**	**3,675.0**

Statement of cash flows

Amounts in DKK million	2018 Q1	2017 Q1	2017 Year
OPERATING ACTIVITIES			
EBIT	-55.8	-22.4	51.3
Adjustments for items not included in cash flow	13.3	27.2	192.1
Cash flows from operating activities before working capital changes	**-42.5**	**4.8**	**243.4**
Working capital changes			
Inventories	38.5	1.3	73.5
Receivables excl. construction contracts in progress	-62.7	29.7	-7.8
Construction contracts in progress	-43.0	-65.6	-206.6
Trade and other current payables	-207.8	36.9	105.5
Cash flows from operations (operating activities)	**-317.5**	**7.1**	**208.0**
Net financials	-4.1	-3.3	-11.5
Cash flows from operations (ordinary activities)	**-321.6**	**3.8**	**196.5**
Income taxes paid, net	-	-3.1	-28.7
Operating cash flow	**-321.6**	**0.7**	**167.8**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-37.3	-25.4	-86.0
Other investments, net	-1.9	4.1	-12.4
Cash flows from investing activities	**-39.2**	**-21.3**	**-98.4**
Cash flows from financing activities	**13.8**	**-13.2**	**-35.4**
Net increase (decrease) in cash and cash equivalents	-347.0	-33.8	34.0
Cash and cash equivalents at beginning of period	135.4	101.4	101.4
Cash and cash equivalents at end of period	**-211.6**	**67.6**	**135.4**

Statement of changes in equity

Amounts in DKK million

Statement of changes in equity	Share capital	Hedging reserve	Trans-lation reserve	Retained earnings	Equity attributa-ble to share-holders	Attributa-ble to non-control-ling interests	Total equity
2018							
Equity at 1 January	**520.0**	**-34.3**	**1.5**	**368.6**	**855.8**	**27.8**	**883.6**
Effect of accounting policies, IFRS 15				-0.7			
Tax effect, IFRS 15				0.2			
Net profit/(loss) for the period	**-**	**-**	**-**	**-46.2**	**-46.2**	**-**	**-46.2**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-	-	-	-	-
Value adjustment of hedging instruments, joint ventures	-	-0.2	-	-	-0.2	-	-0.2
Total other comprehensive income	**-**	**-0.2**	**-**	**-**	**-0.2**	**-**	**-0.2**
Transactions with owners:							
Dividends paid	-	-	-		-	-10.0	-10.0
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-10.0**	**-10.0**
Total changes in equity	**-**	**-0.2**	**-**	**-46.2**	**-46.4**	**-10.0**	**-56.4**
Equity at end of period	**520.0**	**-34.5**	**1.5**	**322.4**	**809.4**	**17.8**	**827.2**
2017							
Equity at 1 January	**520.0**	**-38.0**	**5.2**	**454.4**	**941.6**	**22.1**	**963.7**
Net profit/(loss) for the period	**-**	**-**	**-**	**-24.4**	**-24.4**	**5.0**	**-19.4**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-0.1	-	-0.1	-	-0.1
Value adjustment of hedging instruments, joint ventures	-	1.8	-	-	1.8	-	1.8
Tax on other comprehensive income	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**1.8**	**-0.1**	**-**	**1.7**	**-**	**1.7**
Transactions with owners:							
Dividends paid	-	-	-		-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in equity	**-**	**1.8**	**-0.1**	**-24.4**	**-22.7**	**5.0**	**-17.7**
Equity at end of period	**520.0**	**-36.2**	**5.1**	**430.0**	**918.9**	**27.1**	**946.0**

Notes

1 ACCOUNTING POLICIES

The interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU and Danish disclosure requirements for interim financial reports.

A full description of accounting policies is provided in the 2017 annual report. The accounting policies are unchanged from the 2017 annual report, except as stated below.

Changes to accounting policies

The Group has implemented IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" with effect from 1 January 2018.

IFRS 9 "Financial Instruments", which replaces IAS 39, requires, among other things, initial recognition of expected credit losses instead of the previous practice of on indication of impairment. This has not had any material effect on the Group or the implementation at 1 January 2018 and consequently has not had any effect on opening equity.

Only IFRS 15 has had an effect on recognition and measurement in the interim financial report. The effect of IFRS 15 on profit and diluted earnings per share, balance sheet and financial ratios is insignificant. IFRS 15 has not impacted cash flows.

IFRS 15 'Revenue from Contracts with Customers' replaced the existing revenue standards (IAS 11 and IAS 18) and interpretations and introduced a new five-step model for recognition and measurement of revenue.

The Group has decided to use the 'modified' retrospective transition option whereby the net effect on profit/(loss), DKK 0.5 million in total, is recognised in equity at 1 January 2018, with no restatement of comparative figures. For information on the gross effect, reference is made to note 27 to the 2017 annual report.

Because the 'modified' retrospective transition option has been used, management has assessed the differences between IFRS 15 and previous accounting practice for the period 31 January – 31 March 2018. Management has not identified any material differences that have affected the period under review or the individual items. The Group has not capitalised any material costs of obtaining contracts.

Revenue

Revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, sale of residential projects, rental income, services, etc.

Revenue from construction contracts under which assets or plants with a high degree of individual customisation are supplied is recognised in the income statement by reference to the stage of completion so that revenue corresponds to the selling price of the work performed during the year (percentage of completion method). Management regularly assesses estimates and judgements of, for example, contracts, variable consideration, identification of the sub-components, etc., of sales contracts.

Income from construction contracts comprises the agreed contract sum plus or minus agreed variations to contract work, claims for extra work, and any related interest payments, etc.

Revenue from projects developed in-house and residential projects is recognised as control is transferred, to the extent that the sale to the customer is final, the sale is legally enforceable and collection is reasonably assured (based on percentage of completion).

Revenue relating to rental income, services, etc., is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the income can be measured reliably and its payment is probable.

Revenue is measured net of value added and similar sales-based taxes, but including trade discounts and rebates.

A breakdown of revenue is provided below, in accordance with the disclosure requirements in IFRS 15:

Amounts in DKK million	Q1 2018	Q1 2017	2017
Work in progress	1,304	1,385	6,243
Services	176	270	1,039
Other revenue, including project sales	51	39	367
Revenue	**1,531**	**1,694**	**7,648**

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim financial statements requires management to make accounting estimates and judgements that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting estimates and the associated estimation uncertainty, which are considered customary and essentially unchanged, are described in note 2 to the 2017 annual report.

3 SHARE-BASED PAYMENT TRANSACTIONS

In April 2014, the Group set up a warrant programme for the Group's management team that runs for the period until 2019. The warrant programme was classified as a cash-settled arrangement at the end of 2016.

In connection with the financial reporting for 2016, it was judged that the assumption in the financial statements concerning a listing of MT Højgaard A/S before spring 2019 was no longer the most likely outcome, and at the end of 2016 the warrant programme was therefore reclassified so that it is now accounted for as a cash-settled arrangement.

The combined fair value of the programme for 2014-2015 determined at the grant dates using an option valuation model was DKK 3.1 million. The fair value was DKK 0.4 million at 31 March 2018. Future adjustments to fair value will be expensed on a straight-line basis until April 2019, when the programme will come to an end.

At the end of March 2018, outstanding warrants totalled 19,416 nos. with a nominal value of DKK 1,000 each, corresponding to 3.7% of the share capital. The service period will run until April 2019. The programme must be valued at the end of each quarter, finishing in April 2019.

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