



Stock exchange announcement

16 May 2012

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## **Interim report for 1 January to 31 March 2012 (1st quarter 2012)**

The board of directors of Højgaard Holding A/S has today considered and approved this interim report for the period from 1 January to 31 March 2012.

- The group's revenue was DKK 1.4 billion, up 16% on the same period last year.
- MT Højgaard A/S recorded a loss before tax of DKK 152 million, compared to a loss of DKK 19 million for the same period in the previous year. The loss is significantly higher than expected, primarily as a result of further downward adjustments on projects in progress, particularly the bridge projects in Sweden. The downward adjustments on projects and the restructuring that has been initiated depressed the result by around DKK 140 million.
- The group recorded a loss before tax of DKK 78 million, compared to a loss of DKK 7 million for the same period in the previous year.
- For the full year 2012, the Højgaard Holding group expects to achieve revenue at the same level as in 2011, or possibly slightly higher. A pre-tax margin of around -1% is now expected compared to a previous outlook for a positive pre-tax margin.

Best regards,  
Højgaard Holding A/S

Helge Israelsen  
Chairman of the board

Berit Lovring  
CEO

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*This statement has been translated from the Danish language and in the event of any discrepancies between the Danish and the English language versions, the Danish language version is the governing text.*

## Highlights and key figures for the group

<u>DKK million</u>	2012 1st quarter	2011 1st quarter	2011 Full year
<b>Income statement</b>			
Revenue	1,368	1,176	5,094
Operating profit	-78	-3	-171
Financial items and profit of associates	0	-4	2
Profit before tax	-78	-7	-170
Profit after tax	-59	-7	-133
<b>Balance sheet</b>			
Non-current assets	619	591	608
Current assets	2,496	2,123	2,549
Equity	729	957	787
Liabilities	2,386	1,757	2,370
Balance sheet total	3,115	2,714	3,157
Interest bearing net deposit/debt (+/-)	-3	127	90
<u>Invested capital</u>	<u>732</u>	<u>830</u>	<u>697</u>
<b>Cash flows</b>			
Cash flow to/from operating activities	-92	-135	-142
Cash flow to/from investment activities			
<i>Net investments other than securities</i>	-1	-16	18
<i>Net investments in securities</i>	-4	23	39
Cash flow to/from financing activities	-3	-2	-46
<u>Total cash flows</u>	<u>-100</u>	<u>-130</u>	<u>-130</u>
<b>Key figures</b>			
Pre-tax margin (%)	-5.7	-0.6	-3.3
Dividend paid, DKK million	-	-	34
Average number of shares, million	4.2	4.2	4.2
Number of shares at end of period, million	4.2	4.2	4.2
Earnings and diluted earnings per share (EPS and EPS-D), DKK	-14.1	-1.6	-31.6
Book value per share, DKK	173	228	187
Share price at end of period, A-shares	107	166	85
Share price at end of period, B-shares	98	165	87
Total market value, DKK million	440	697	360
Share price/book value	0.6	0.7	0.5
Return on equity for the period (%)	-7.8	-0.7	-15.2
<u>Equity ratio (%)</u>	<u>23.4</u>	<u>35.3</u>	<u>24.9</u>
<b>Other information</b>			
Order book at end of period	4,219	4,777	4,796
Average number of employees	2,677	2,573	2,587

The interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU, and additional Danish disclosure requirements for interim reporting by listed companies. The accounting policies applied remain unchanged from the annual report for 2011, with the following exceptions. Reporting standards and interpretations with an effective date of 1 January 2012, including amendments to IFRS 1 and 7 as well as IAS 12, have been implemented. The new reporting standards and interpretation have not had any effect on recognition and measurement.

MT Højgaard is included in the consolidated accounts on a proportional consolidation basis based on a holding of 54%.

The key figures have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2010".

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



## Management's review

Højgaard Holding A/S' main asset is the 54% ownership share of MT Højgaard A/S. The management contract with Banedanmark held by Højgaard Industri A/S for the production of concrete sleepers at the facility in Fredericia owned by Banedanmark runs until and including February 2016 with an option for Banedanmark to extend the contract for another two years. Højgaard Holding's own cash resources total slightly more than DKK 90 million.

The group recorded a loss before tax of DKK 78 million, compared to a loss of DKK 7 million for the same period last year, which can be attributed to the development in MT Højgaard's earnings performance.

In 2012, the group's interest bearing net deposit/debt has been reduced by DKK 93 million to DKK -3 million due to the continued large amount of cash tied up in construction contracts in progress in MT Højgaard.

The group's equity stood at DKK 729 million on 31 March 2012, and the book value corresponds to DKK 173 per share of DKK 20.

### MT Højgaard group

Holding 54 %. The following figures are 100%

DKK million	2012 1st quarter	2011 1st quarter	2011 Full year
Revenue	2,492	2,144	9,307
Profit before tax	-152	-19	-335
Profit after tax	-116	-16	-261
Balance sheet total	5,566	4,826	5,654
Equity	1,176	1,604	1,289
Order book	7,719	8,754	8,751
Employees	4,902	4,715	4,738
Pre-tax margin (%)	-6.1	-0.9	-3.6

In the first quarter, the MT Højgaard group generated revenue of DKK 2.5 billion, up 16% on the same period last year and in line with expectations.

In accordance with the forecast, results for the first quarter 2012 showed a loss, which, however, amounting to DKK 152 million before tax, is significantly higher than expected. Results were affected by further considerable downward adjustments on projects in progress, particularly the two bridge projects in Sweden. It is unfortunately the case that the contribution margin on orders accepted in 2011 and earlier has been too low compared to the complexity and risk profiles of these orders.

Furthermore, results were affected by the ongoing focusing of the activities in the parent company MT Højgaard, which involve that activities in certain geographical areas will be discontinued. In this connection projects have again been reviewed, which has resulted in further write-downs.

All in all, the factors described above affected the results for the first quarter by approx. DKK 115 million.

Further, the results are affected by non-recurring costs of around DKK 25 million in connection with the restructuring, including redundancies and changes in the group management.

The negative results are solely attributable to the activities in the parent company MT Højgaard, whereas the development in the group's subsidiaries and the jointly controlled entities is satisfactory.

Cash flows from operating activities amounted to DKK -167 million, partly reflecting the continued high level of funds tied up in construction contracts in progress. MT Højgaard still expects cash flows from operating activities for the full 2012 to be positive.

As a consequence of the unsatisfactory performance in 2011, a number of initiatives have been put in place with a view to improving earnings. These initiatives are designed to strengthen MT Højgaard's risk management, enhance operational efficiency, reduce costs, sharpen the geographical focus and strengthen project selectivity and project management. These initiatives are not expected to feed through to the results until 2013 and forward.

The MT Højgaard group's order book stood at DKK 7.7 billion at the end of the first quarter versus DKK 8.8 billion at the beginning of the year. The decline is partly driven by a high level of production, which was not offset by new projects, partly due to the focusing of activities and even greater selectivity of project with a focus on risk.

For the full year 2012, the MT Højgaard group expects to achieve revenue at the same level as in 2011, or possibly slightly higher. A pre-tax margin of around -1% is now expected compared to a previous outlook for a positive pre-tax margin. As a result of the first quarter financial performance and the initiatives put in place, the overall result for the remaining three quarters of 2012 is expected to be positive.

For further details regarding MT Højgaard, reference is made to MT Højgaard's interim report which Højgaard Holding has today made public.



## Højgaard Industri A/S

Holding 100%

DKK million	2012 1st quarter	2011 1st quarter	2011 Full year
Revenue	22.5	18.7	68.1
Profit before tax	4.8	3.8	11.9
Profit after tax	3.6	2.8	8.9
Balance sheet total	27.1	29.3	21.3
Equity	14.5	15.2	10.9

The management contract with Banedanmark held by Højgaard Industri A/S for the production of concrete sleepers at the facility in Fredericia owned by Banedanmark runs until and including February 2016 with an option for Banedanmark to extend the contract for another two years.

The profit for the first quarter is in line with expectations. For 2012, a slightly higher production and a result slightly below the level of 2011 is still expected.

### Related parties

Knud Højgaards Fond owns 64% of Højgaard Holding A/S.

Apart from intragroup transactions that have been eliminated in the consolidated financial statements and normal management remuneration, no transactions have been effected during the period with major shareholders, members of the board of directors, members of the executive board or other related parties.

Transactions between Højgaard Holding A/S and other consolidated enterprises are made on an arm's length basis.

### Outlook for 2012

Overall, the Højgaard Holding group expects to achieve revenue at the same level as in 2011, or possibly slightly higher. A pre-tax margin of around -1% is now expected compared to a previous outlook for a positive pre-tax margin.

The group's effective tax rate is expected to be at a higher level than the Danish corporate income tax rate.

The projections for future economic development are by their very nature subject to uncertainties and risks that may result in a development that deviates from expectations. For a description of risks and uncertainties, reference is made to the section "Risk factors" in the annual report for 2011. The significant risks and uncertainties are unchanged from the annual report.



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## **Statement by the executive board and the board of directors**

The board of directors and the executive board have today considered and approved this interim report for Højgaard Holding A/S for the period from 1 January to 31 March 2012.

The interim report has been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the EU, and additional Danish disclosure requirements for interim reporting by listed companies.

In our opinion, the interim report provides a true and fair view of the group’s assets, liabilities and financial position at 31 March 2012 and of the results of the group’s activities and cash flows for the accounting period from 1 January to 31 March 2012.

Further, in our opinion, the management’s review also gives a true and fair account of the development in the activities and financial affairs of the group, the results for the period and the group’s financial position as a whole as well as a description of the significant risks and uncertainties facing the group.

Kgs. Lyngby, 16 May 2012

### **Executive board**

Berit Lovring  
CEO

### **Board of directors**

Helge Israelsen  
Chairman

Jens Jørgen Madsen  
Deputy chairman

Lars Rasmussen

## Group income statement

DKK million	2012 1st quarter	2011 1st quarter	2011 Full year
Revenue	1,368.3	1,176.3	5,094.1
Production costs	1,380.0	1,123.0	5,036.6
<b>Gross profit</b>	<b>-11.7</b>	53.3	57.5
Sales costs	16.9	20.7	72.7
Administration costs	49.2	36.0	156.2
<b>Operating profit</b>	<b>-77.8</b>	-3.4	-171.4
Share of profit of associates after tax	0.2	0.2	0.7
Financial items	0.0	-4.3	0.9
<b>Profit before tax</b>	<b>-77.6</b>	-7.5	-169.8
Tax on profit for the period	-18.4	-0.8	-37.1
<b>Total profit for the period</b>	<b>-59.2</b>	-6.7	-132.7
The profit before tax can be specified as follows:			
MT Højgaard group	-81.9	-10.0	-180.8
Højgaard Industri A/S	4.8	3.8	11.9
Højgaard Holding A/S	-0.5	-1.3	-0.9
<b>Profit before tax</b>	<b>-77.6</b>	-7.5	-169.8
Earnings and diluted earnings per share (EPS and EPS-D), DKK	-14.1	-1.6	-31.6

## Group statement of comprehensive income

DKK million			
<b>Profit after tax</b>	<b>-59.2</b>	-6.7	-132.7
<b>Other comprehensive income</b>			
Exchange adjustments, foreign companies	-0.1	-0.6	-0.1
Share of other comprehensive income of associates	1.6	1.4	-9.8
Tax on other comprehensive income	0.0	0.0	0.0
<b>Other comprehensive income after tax</b>	<b>1.5</b>	0.8	-9.9
<b>Total comprehensive income</b>	<b>-57.7</b>	-5.9	-142.6



## Group balance sheet

DKK million	2012 31 March	2011 31 March	2011 31 December
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	65.4	66.2	65.7
Property, plant and equipment	387.8	440.1	401.2
Deferred tax assets	157.7	77.9	133.5
Other investments	7.5	6.5	7.4
<b>Total non-current assets</b>	<b>618.4</b>	<b>590.7</b>	<b>607.8</b>
<b>Current assets</b>			
Inventories	595.2	399.0	556.4
Receivables from sales and services	1,055.4	915.6	1,240.5
Construction contracts in progress	281.4	370.9	234.7
Other receivables	269.6	157.7	207.9
Securities	175.2	182.5	170.7
Cash and cash equivalents	119.4	97.2	139.1
<b>Total current assets</b>	<b>2,496.2</b>	<b>2,122.9</b>	<b>2,549.3</b>
<b>Total assets</b>	<b>3,114.6</b>	<b>2,713.6</b>	<b>3,157.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>729.3</b>	<b>957.3</b>	<b>787.0</b>
<b>Non-current liabilities</b>			
Credit institutions, etc.	89.2	67.3	90.8
Deferred tax liabilities	2.6	0.0	2.5
Other provisions	132.0	107.3	125.4
<b>Total non-current liabilities</b>	<b>223.8</b>	<b>174.6</b>	<b>218.7</b>
<b>Current liabilities</b>			
Credit institutions, etc.	208.5	85.3	129.3
Construction contracts in progress	733.8	389.7	778.5
Suppliers of goods and services	810.9	581.6	753.5
Other current liabilities	408.3	525.1	490.1
<b>Total current liabilities</b>	<b>2,161.5</b>	<b>1,581.7</b>	<b>2,151.4</b>
<b>Total liabilities</b>	<b>2,385.3</b>	<b>1,756.3</b>	<b>2,370.1</b>
<b>Total equity and liabilities</b>	<b>3,114.6</b>	<b>2,713.6</b>	<b>3,157.1</b>



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## Group statement of changes in equity

DKK million	Share capital	Reserve for hedging transactions	Reserve for exchange rate adjustments	Profit carried forward	Proposed dividend	Equity capital total
<b>Equity at 1 January 2012</b>	<b>84.1</b>	<b>-15.0</b>	<b>2.0</b>	<b>715.9</b>	<b>0.0</b>	<b>787.0</b>
Profit after tax				-59.2		-59.2
Other comprehensive income		1.6	-0.1			1.5
<b>Total changes in equity</b>		<b>1.6</b>	<b>-0.1</b>	<b>-59.2</b>		<b>-57.7</b>
<b>Equity at 31 March 2012</b>	<b>84.1</b>	<b>-13.4</b>	<b>1.9</b>	<b>656.7</b>	<b>0.0</b>	<b>729.3</b>
<b>Equity at 1 January 2011</b>	<b>84.1</b>	<b>-5.2</b>	<b>2.1</b>	<b>848.6</b>	<b>33.6</b>	<b>963.2</b>
Profit after tax				-6.7		-6.7
Other comprehensive income		1.4	-0.6			0.8
<b>Total changes in equity</b>		<b>1.4</b>	<b>-0.6</b>	<b>-6.7</b>		<b>-5.9</b>
<b>Equity at 31 March 2011</b>	<b>84.1</b>	<b>-3.8</b>	<b>1.5</b>	<b>841.9</b>	<b>33.6</b>	<b>957.3</b>

## Group cash flow statement

DKK million	2012 1st quarter	2011 1st quarter	2011 Full year
<b>Operations</b>			
Operating profit	-77.8	-3.4	-171.4
Operating items with no impact on cash flow	16.2	13.0	158.6
<b>Cash flow to/from primary activities before changes in working capital</b>	<b>-61.6</b>	<b>9.6</b>	<b>-12.8</b>
Changes in working capital	-30.5	-144.4	-128.8
<b>Cash flow to/from operating activities</b>	<b>-92.1</b>	<b>-134.8</b>	<b>-141.6</b>
Net investments other than securities	-1.1	-16.2	18.3
Net investments in securities	-4.3	22.9	39.0
<b>Cash flow to/from investing activities</b>	<b>-5.4</b>	<b>6.7</b>	<b>57.3</b>
<b>Cash flow to/from financing activities</b>	<b>-2.5</b>	<b>-1.9</b>	<b>-45.8</b>
<b>Cash flows, net</b>	<b>-100.0</b>	<b>-130.0</b>	<b>-130.1</b>
Cash and cash equivalents at beginning of period	21.7	151.8	151.8
<b>Cash and cash equivalents at end of period</b>	<b>-78.3</b>	<b>21.8</b>	<b>21.7</b>

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## Segment information

DKK million	2012 1st quarter	2011 1st quarter	2011 Full year
<b>Revenue</b>			
Construction work	1,345.8	1,157.6	5,026.0
Production	22.5	18.7	68.1
<b>Total revenue</b>	<b>1,368.3</b>	<b>1,176.3</b>	<b>5,094.1</b>
<b>Profit before tax</b>			
Construction work	-81.9	-10.0	-180.8
Production	4.8	3.8	11.9
Parent company/eliminations	-0.5	-1.3	-0.9
<b>Total profit before tax</b>	<b>-77.6</b>	<b>-7.5</b>	<b>-169.8</b>
<b>Total assets</b>			
Construction work	3,005.8	2,605.9	3,053.0
Production	27.1	29.3	21.2
Parent company/eliminations	81.7	78.4	82.9
<b>Total assets</b>	<b>3,114.6</b>	<b>2,713.6</b>	<b>3,157.1</b>