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## Interim financial report - Q1 2013

The Board of Directors of MT Højgaard A/S has today discussed and approved the Company's interim financial report for the first quarter of 2013.

### General

- The company's first-quarter financial performance matched expectations
- The quarter was characterised by the ongoing implementation of measures and changes designed to create a solid platform for a strong, healthy Group
- We focused particularly on organisation, efficiency improvements and risk management. These initiatives will contribute to significantly improving the quality of new orders, i.e. mitigating risks and boosting earnings as well as ensuring efficient execution and management of individual projects
- The financial ambition is a pre-tax margin of 5% in the longer term

### First-quarter financial performance

- First-quarter revenue was DKK 1.5 billion, as expected, compared with DKK 2.5 billion in the same period last year
- The first-quarter result before tax was a loss of DKK 69 million, in line with expectations. The result was affected by a lower level of activity in the winter season and the weak profitability of the order portfolio at the start of the year
- Operating activities generated a cash outflow in the first quarter of the year, as expected, absorbing DKK 101 million. Capital resources at 31 March 2013 totalled DKK 828 million compared with DKK 620 million at 31 December 2012
- The equity ratio was 24.4% compared with 17.4% at the end of 2012. The increase reflected the capital injection in February and a lower balance sheet total
- The order book increased by DKK 0.3 billion in the first quarter, amounting to DKK 6.4 billion at 31 March, including DKK 4.2 billion for execution in 2013

This announcement is available in Danish and English.

Interim financial report - Q1 2013

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**Outlook for 2013**

- We still expect revenue for 2013 to be in the region of DKK 7 billion, with a small positive result before tax
- The result may be impacted positively or adversely by the outcome of major disputes. The outlook is influenced by the weak profitability of the order portfolio at the start of the year

**Contact**

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## Consolidated financial highlights

DKK million	2013 YTD	2012 YTD	2012 Year
<b>Income statement</b>			
Revenue	1,511	2,492	9,735
Operating profit (loss) (EBIT)	-70	-151	-507
Net finance costs and profit (loss) of associates	1	-1	-5
Profit (loss) before tax	-69	-152	-512
Profit (loss) after tax	-56	-116	-512
<b>Balance sheet</b>			
Share capital	520	220	220
Equity	1,016	1,176	771
Balance sheet total	4,162	5,566	4,433
Interest-bearing deposit/debt (+/-)	13	-179	-190
Invested capital	1,003	1,355	961
<b>Cash flows</b>			
Cash flows from operating activities	-101	-167	-142
Cash flows for investing activities:			
<i>Net investments excl. securities</i>	4	-2	-9
<i>Net investments in securities</i>	-12	-13	-4
Cash flows from financing activities	292	-5	-44
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>183</b>	<b>-187</b>	<b>-199</b>
<b>Financial ratios (%)</b>			
Gross margin	1.8	-1.3	-0.6
Operating margin (EBIT margin)	-4.6	-6.1	-5.2
Pre-tax margin	-4.6	-6.1	-5.3
Return on invested capital (ROIC) *	-6.4	-11.4	-44.9
Return on invested capital after tax (ROIC) *	-6.9	-8.7	-44.9
Return on equity (ROE) *	-4.9	-9.4	-49.7
Equity ratio	24.4	21.1	17.4
<b>Other information</b>			
Order book, end of period	6,380	7,719	6,042
Average number of employees	4,252	4,902	4,688

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for interim financial reports. The accounting policies are unchanged from the 2012 annual report apart from the fact that, with effect from 1 January 2013, we have implemented the standards and interpretations that became effective for 2013. These have not had any impact on recognition and measurement for the MT Højgaard Group.

The financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts. Financial ratios are defined in the 2012 annual report.

The interim financial report has not been audited or reviewed by the Company's auditor.

\*) Not converted to full-year figures.

## Management's review

The first-quarter 2013 financial performance was as planned, and full-year revenue is still expected to be in the region of DKK 7 billion, with a small positive result before tax.

The quarter was characterised by the ongoing implementation of measures and changes designed to create a solid platform for a strong, healthy Group. The focus was on organising and improving the efficiency of processes and procedures, partly in relation to efficient execution and management of the individual projects, and partly in relation to significantly improving the quality of new orders. Accordingly, the risks inherent in these projects must be better identified and priced, and earnings on each project must be greater than before. This will be achieved by, among other things, improving the efficiency of operations and focusing on developing the digital tools that are instrumental in optimising projects and ensure that we apply the best methods to the benefit of our customers, our business partners and ourselves.

The effects of the measures implemented have begun to feed through in the form of improved performance in the day-to-day operations and management and an order portfolio approach based on improved quality. Unfortunately, the effects of these measures on earnings will not filter through in earnest until we have executed the existing order portfolio at 1 January 2013, which includes a number of orders with very low or zero earnings.

The financial ambition is a pre-tax margin of 5% in the longer term. The work on the new Group strategy is proceeding to plan, and we still expect the strategy to be adopted in autumn 2013. The focus for the strategy work will be the target of a pre-tax margin of 5% and gearing the Group for separate listing.

## Income statement

First-quarter revenue was DKK 1.5 billion, as expected, compared with DKK 2.5 billion in the same period last year. The lower revenue reflected the fact that the business area Offshore has no orders for execution in 2013, coupled with the measures referred to above.

A breakdown of revenue is given below.

Revenue – DKK million	2013 YTD	2012 YTD	2012 Year
Civil Works	135	216	843
Construction	678	853	3,471
International	65	62	843
Offshore	3	602	1,395
Project Development	4	3	268
Steel Bridges	69	89	367
Subsidiaries and jointly controlled entities, total	695	863	3,331
Eliminations, Group	-138	-196	-783
<b>Group</b>	<b>1,511</b>	<b>2,492</b>	<b>9,735</b>

The result before tax was a loss of DKK 69 million, in line with expectations. The result was DKK 83 million ahead of the same period in 2012. The result was affected by a lower level of activity in the winter season and the weak profitability of previously contracted projects. The pre-tax margin was -4.6% against -6.1% in the same period in 2012.

Adjustment of deferred tax added DKK 13 million to the result for the period, making the result after tax a loss of DKK 56 million, compared with a loss of DKK 116 million in the same period in 2012.

Five out of MT Højgaard's six business areas reported a loss, as expected. Overall, the result matched expectations.

Civil Works got off to a slightly slower start than expected, partly due to the long, hard winter, but Civil Works is expected to make up for this in the second quarter.

Construction reported revenue at the expected level. The operating result was slightly ahead of expectations.

International delivered revenue in line with expectations, whereas the operating result was poorer than expected due to a few minor downward adjustments.

The level of activity in Offshore is currently very low, as expected. However, this business area's result was slightly better than expected.

Project Development did not deliver the expected revenue because of the postponement of one project until later in the year. The result was consequently slightly lower than expected.

The level of activity in Steel Bridges was lower than expected. Notwithstanding this, Steel Bridges reported a positive operating result at the expected level due to a positive development on projects.

Subsidiaries and jointly controlled entities performed in line with expectations in terms of both revenue and results, making a positive contribution to the result.

### **Balance sheet**

The balance sheet total stood at DKK 4.2 billion at 31 March 2013, which was a DKK 0.3 billion reduction compared with 31 December 2012 and a DKK 1.4 billion reduction compared with 31 March 2012. This was due to the lower level of activity and the focused action aimed at reducing the balance sheet total. A substantial portion of the DKK 300 million capital injection in February 2013 has been used to reduce bank loans, which were reduced by DKK 166 million net in the first quarter.

Equity stood at DKK 1.0 billion at 31 March 2013. Besides the result for the period, equity was affected by the DKK 300 million capital increase in February 2013. The equity ratio was 24.4% compared with 17.4% at the end of 2012.

Interest-bearing net assets stood at DKK 13 million at 31 March 2013 compared with a debt of DKK 190 million at 31 December 2012. The increase reflected the capital injection referred to above, although the effect of the capital injection did not filter through in full due to the DKK 101 million cash outflow from operating activities.

The above factors also affected invested capital, which amounted to DKK 1.0 billion at 31 March 2013, an increase of DKK 42 million on 31 December 2012.

No significant news has transpired during the period in relation to the major disputes, including the projects in the Offshore area completed in previous years. It is still our opinion that we are generally in a strong position in these cases, but there is always a risk attached to the process in such cases.

### Cash flows and financial resources

Operating activities generated a cash outflow of DKK 101 million in the first quarter of 2013 compared with a cash outflow of DKK 167 million in the same period in 2012. The change during the period should be viewed in conjunction with the negative operating result for the period and a small net increase in working capital.

Investing activities absorbed cash of DK 8 million, of which DKK 12 million related to the net purchase of short-term securities. In the same period last year, investing activities generated a cash outflow of DKK 15 million.

There was a cash inflow of DKK 292 million from financing activities, made up of the DKK 300 million capital injection and a DK 8 million decrease in non-current debt. In the same period last year, financing activities absorbed DKK 5 million.

There was a DKK 6 million net increase in cash and cash equivalents at 31 March 2013 compared with a decrease of DKK 178 million at 31 December 2012.

The Group's financial resources totalled DKK 828 million at 31 March 2013 compared with DKK 620 million at 31 December 2012. The increase predominantly reflected the DKK 300 million capital injection. Resources are calculated as cash, including cash and cash equivalents in joint ventures and jointly controlled entities, securities and undrawn credit facilities. Of the total financial resources, DKK 501 million is available for use by MT Højgaard A/S. The financial resources are satisfactory taking into account the expected level of activity.

### Order book

The order book stood at DKK 6.4 billion. The order book showed a positive trend, increasing by DKK 338 million compared with the end of 2012. The profitability of the order book was better than at the end of the year, as expected, partly reflecting the more stringent profitability requirements in connection with the contracting of new projects.

<b>Order book - DKK million</b>	<b>2013 YTD</b>	<b>2012 YTD</b>	<b>2012 Year</b>
Order book, beginning of period	6,042	8,751	8,751
Order intake during period	1,849	1,460	7,026
Production during period	-1,511	-2,492	-9,735
<b>Order book, end of period</b>	<b>6,380</b>	<b>7,719</b>	<b>6,042</b>

The order book includes a number of large orders extending over several years.

**Related parties**

MT Højgaard A/S is owned by Højgaard Holding A/S (54%) and Monberg & Thorsen A/S (46%), both of which are listed on NASDAQ OMX Copenhagen. MT Højgaard A/S is a jointly controlled entity according to an agreement between the shareholders.

Apart from intragroup transactions that have been eliminated in the consolidated financial statements, and 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 MT Højgaard A/S and other group enterprises are on an arm's length basis.

**Management information**

At MT Højgaard's Annual General Meeting on 8 April, Helge Israelsen, Chairman of the Board of Directors, did not stand for re-election. Søren Bjerre-Nielsen was elected to the Board of Directors and was elected as Chairman of the Board of Directors at the subsequent Board meeting.

Three employee representatives were elected to the Board of Directors: Vinnie Sunke Heimann, Ole Kristiansen and John Sommer. As Ole Kristiansen has left the company, Irene Chabior, the first alternate, has joined as employee representative on the Board of Directors.

On 1 March 2013, Søren Ulslev was appointed as COO responsible for Construction, Civil Works and Project Development. Flemming Steen, CFO, resigned from his post on 30 April 2013.

**Outlook for 2013**

The development in the past months of 2013 has not led to any changes in our outlook concerning the level of activity for the year as a whole. The order book for execution during the remainder of 2013 stood at DKK 4.2 billion.

We still expect revenue for 2013 to be in the region of DKK 7 billion, with a small positive result before tax. The outlook is affected by previously contracted orders with zero or low earnings that carry over into 2014.

The result may be impacted positively or adversely by the outcome of major disputes.

We expect that the Group's effective tax rate will be above the Danish tax rate. We expect to maintain financial resources for the year in the form of cash and cash equivalents, securities and credit facilities at a satisfactory level.

The projections concerning future financial performance are subject to uncertainties and risks that may cause the performance to differ from the projections. For a description of risks and uncertainty factors, reference is made to note 2 in the 2012 annual report. The significant risks and uncertainties are consistent with those described in the annual report.

## 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 2013.

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

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at 31 March 2013 and of the results of the Group's operations and cash flows for the financial period 1 January – 31 March 2013.

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, 22 May 2013

### Executive Board

Torben Biilmann  
President and CEO

Søren Ulslev  
COO

### Board of Directors

Søren Bjerre-Nielsen  
Chairman

Niels Lykke Graugaard  
Deputy Chairman

Irene Chabior \*

Curt Germundsson

Vinnie Sunke Heimann\*

Jens Jørgen Madsen

Jørgen Nicolajsen

Lars Rasmussen

John Sommer\*

\*) Employee representative



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**Consolidated income statement and statement of comprehensive income**

DKK million	2013 YTD	2012 YTD	2012 Year
<b>Consolidated income statement</b>			
Revenue	<b>1,511.3</b>	2,492.2	9,734.7
Production costs	<b>-1,484.0</b>	-2,523.7	-9,797.8
<b>Gross profit (loss)</b>	<b>27.3</b>	-31.5	-63.1
Distribution costs	<b>-26.8</b>	-31.2	-126.3
Administrative expenses	<b>-70.4</b>	-88.1	-317.8
<b>Operating profit (loss)</b>	<b>-69.9</b>	-150.8	-507.2
Share of profit (loss) after tax of associates	<b>0.3</b>	0.3	1.3
Net finance costs	<b>0.8</b>	-1.2	-5.8
<b>Profit (loss) before tax</b>	<b>-68.8</b>	-151.7	-511.7
Income tax expense	<b>12.6</b>	36.2	0.0
<b>Profit (loss) after tax</b>	<b>-56.2</b>	-115.5	-511.7
<b>Consolidated statement of comprehensive income</b>			
Profit (loss) after tax	<b>-56.2</b>	-115.5	-511.7
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to the income statement:</i>			
Foreign exchange adjustments, foreign enterprises	<b>-0.1</b>	-0.4	-3.4
Value adjustments of hedging instruments in associates	<b>1.7</b>	3.0	-3.2
Tax on other comprehensive income	<b>0.0</b>	0.0	0.0
Other comprehensive income after tax	<b>1.6</b>	2.6	-6.6
<b>Total comprehensive income</b>	<b>-54.6</b>	-112.9	-518.3

**Consolidated balance sheet**

DKK million	2013 31.03	2012 31.03	2012 31.12
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	146.5	121.1	148.1
Property, plant and equipment	620.1	718.1	642.8
Deferred tax assets	359.5	290.7	338.0
Other investments	14.2	13.8	13.8
<b>Total non-current assets</b>	<b>1,140.3</b>	<b>1,143.7</b>	<b>1,142.7</b>
<b>Current assets</b>			
Inventories	693.7	1,093.4	685.1
Trade receivables	1,603.5	1,938.3	1,860.8
Construction contracts in progress	166.1	521.2	166.7
Other receivables	170.9	497.7	227.1
Securities	176.5	171.8	164.8
Cash and cash equivalents	210.9	200.3	185.7
<b>Total current assets</b>	<b>3,021.6</b>	<b>4,422.7</b>	<b>3,290.2</b>
<b>Total assets</b>	<b>4,161.9</b>	<b>5,566.4</b>	<b>4,432.9</b>
<b>Equity and liabilities</b>			
Share capital	520.0	220.0	220.0
Other equity items	496.2	956.2	550.8
<b>Total equity</b>	<b>1,016.2</b>	<b>1,176.2</b>	<b>770.8</b>
<b>Non-current liabilities</b>			
Bank loans, etc.	136.0	165.2	138.3
Deferred tax liabilities	12.2	4.8	12.2
Provisions	267.5	244.5	258.7
<b>Total non-current liabilities</b>	<b>415.7</b>	<b>414.5</b>	<b>409.2</b>
<b>Current liabilities</b>			
Bank loans, etc.	238.6	386.1	402.4
Construction contracts in progress	823.7	1,358.9	874.0
Trade payables	897.5	1,492.7	1,043.0
Other current liabilities	770.2	738.0	933.5
<b>Total current liabilities</b>	<b>2,730.0</b>	<b>3,975.7</b>	<b>3,252.9</b>
<b>Total liabilities</b>	<b>3,145.7</b>	<b>4,390.2</b>	<b>3,662.1</b>
<b>Total equity and liabilities</b>	<b>4,161.9</b>	<b>5,566.4</b>	<b>4,432.9</b>

### Consolidated statement of changes in equity

DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total equity
<b>Equity at 01-01-2012</b>	<b>220.0</b>	<b>-27.8</b>	<b>3.9</b>	<b>1,093.0</b>	<b>0.0</b>	<b>1,289.1</b>
Profit (loss) after tax				-115.5		-115.5
Other comprehensive income		3.0	-0.4			2.6
Dividends paid						0.0
<b>Total changes in equity</b>	<b>0.0</b>	<b>3.0</b>	<b>-0.4</b>	<b>-115.5</b>	<b>0.0</b>	<b>-112.9</b>
<b>Equity at 31-03-2012</b>	<b>220.0</b>	<b>-24.8</b>	<b>3.5</b>	<b>977.5</b>	<b>0.0</b>	<b>1,176.2</b>
<b>Equity at 01-01-2013</b>	<b>220.0</b>	<b>-31.0</b>	<b>0.5</b>	<b>581.3</b>	<b>0.0</b>	<b>770.8</b>
Capital increase in February 2013	300.0					300.0
Profit (loss) after tax				-56.2		-56.2
Other comprehensive income		1.7	-0.1			1.6
<b>Total changes in equity</b>	<b>300.0</b>	<b>1.7</b>	<b>-0.1</b>	<b>-56.2</b>	<b>0.0</b>	<b>245.4</b>
<b>Equity at 31-03-2013</b>	<b>520.0</b>	<b>-29.3</b>	<b>0.4</b>	<b>525.1</b>	<b>0.0</b>	<b>1,016.2</b>

### Consolidated statement of cash flows

DKK million	2013 YTD	2012 YTD	2012 Year
Operating profit (loss)	-69.9	-150.8	-507.2
Adjustments in respect of non-cash operating items, etc.	30.5	30.0	320.9
<b>Cash flows from operating activities before working capital changes</b>	<b>-39.4</b>	<b>-120.8</b>	<b>-186.3</b>
Working capital changes	-61.2	-46.5	44.5
<b>Cash flows from operating activities</b>	<b>-100.6</b>	<b>-167.3</b>	<b>-141.8</b>
Net investments excl. securities	3.7	-2.0	-8.7
Net investments in securities	-11.9	-12.8	-3.9
<b>Cash flows for investing activities</b>	<b>-8.2</b>	<b>-14.8</b>	<b>-12.6</b>
<b>Cash flows from financing activities</b>	<b>292.2</b>	<b>-4.6</b>	<b>-44.5</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>183.4</b>	<b>-186.7</b>	<b>-198.9</b>
Cash and cash equivalents at start of period	-177.8	21.1	21.1
<b>Cash and cash equivalents at end of period</b>	<b>5.6</b>	<b>-165.6</b>	<b>-177.8</b>

**Fair value measurement of financial instruments**

The disclosure requirements relevant to the MT Højgaard Group in relation to financial instruments recognised at fair value are set out in the following.

The methods used to determine the fair value of financial instruments are unchanged compared with the 2012 annual report.

Securities are valued based on quoted prices (Level 1). Fair value and carrying amount stood at DKK 176.5 million at the end of the period.

Derivative instruments comprise forward exchange contracts, which are valued at observable prices (Level 2). Fair value and carrying amount stood at DK 7.0 million at the end of the period.

It is the Group's policy to recognise transfers between the various categories from the date on which an event or a change in circumstances results in a change of classification. No transfers were made between the levels in the first quarter of 2013.