MT Højgaard Group
Annual report 2015

MT Højgaard A/S
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CVR No 12562233

Summary

Financial performance in 2015

Increasing order intake

DKK 7.5 billion

Improved quality and risk profile in order intake, which was DKK 1.6 billion above 2014.

Decline in revenue

DKK 6.5 billion

Revenue was DKK 0.4 billion lower than 2014. This was in line with expectations, but slightly below the outlook at the start of the year, primarily due to delayed contracting of orders and consequently postponed start-up on several main projects. The lower order intake in the second half of 2014 impacted revenue negatively well into the middle of 2015.

Robust operating profit before special items

DKK 352 million

Profit was DKK 145 million above the same period last year, largely reflecting the now completed three-year turnaround, the positive impact of profitable projects, and an extraordinarily high contribution from Greenland Contractors.

Increase in operating margin before special items

5.4%

The full-year operating margin before special items for 2015 was 2.4 percentage points above the 3.0% achieved in 2014. The Group's target of an operating margin of 5% was thus met.

Outlook for 2016

Revenue

Around DKK 7 billion

Revenue is expected to increase in view of the improved order book of DKK 7.5 billion. The order book has the desired profitability and risk profile, but in the first half revenue will continue to be affected by the postponed start-up on a number of projects. Revenue is expected to recover and amount to around DKK 7 billion for the full year.

Operating profit before special items

Around DKK 300 million

Operating profit of around DKK 300 million is expected (before any special items), despite a significantly lower contribution from Greenland Contractors in Thule.

Consolidated financial highlights

Amounts in DKK million	2011	2012	2013	2014	2015
Income statement					
Revenue	9,196	9,700	7,464	6,979	6,531
Gross profit	396	201	553	693	863
Operating profit/(loss) before special items	-86	-271	105	207	352
Special items*	-186	-171	130	-408	-
EBIT	-272	-442	235	-201	352
Profit/(loss) before tax	-272	-445	209	-186	370
Profit/(loss) after tax	-196	-443	107	-252	290
Cash flows					
Cash flows from operations (CFFO)	-187	-68	113	429	-52
Purchase of property, plant and equipment	-128	-70	-131	-106	-137
Other investments, incl. investments in securities	228	55	107	67	-3
Cash flows from investing activities	100	-15	-24	-39	-140
Cash flows from operating and investing activities	-87	-83	89	390	-192
Balance sheet					
Non-current assets	1,188	1,241	1,065	1,028	1,099
Current assets	4,384	3,186	2,949	2,618	2,497
Equity	1,344	828	1,181	822	999
Non-current liabilities	400	411	511	429	323
Current liabilities	3,828	3,188	2,322	2,395	2,274
Balance sheet total	5,572	4,427	4,014	3,646	3,596
Other information					
Order intake	8,725	6,991	8,844	5,892	7,541
Order book, year end	8,874	6,165	7,545	6,458	7,468
Working capital	-323	-169	35	-462	-112
Net interest-bearing deposit/debt (+/-)	12	-165	149	387	-50
Average invested capital incl. goodwill	1,208	880	551	489	662
Average number of employees	4,784	4,753	4,057	3,846	3,965
Financial ratios					
Gross margin (%)	4.3	2.1	7.4	9.9	13.2
Operating margin before special items (%)	-0.9	-2.8	1.4	3.0	5.4
EBIT margin (%)	-3.0	-4.6	3.1	-2.9	5.4
Pre-tax margin (%)	-3.0	-4.6	2.8	-2.7	5.7
Return on invested capital incl. goodwill (ROIC) (%)	-6.9	-30.3	20.4	44.7	55.0
Return on invested capital incl. goodwill after tax (ROIC after tax) (%)	-5.0	-22.1	15.3	34.9	43.0
Return on equity (ROE) (%)	-14.6	-53.5	9.0	-35.7	21.3
Equity ratio (%)	24.1	18.7	29.4	20.9	26.7

*Special items primarily represent the impact on profit of legacy offshore disputes.

The financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society.

Financial ratios are defined in note 1, Accounting policies. Working capital is defined as net working capital excluding sites for sale.

An important milestone has been reached

After three years of turnaround, we have now delivered a sound, healthy profit. This was an important milestone for the Group, as we met our expectation of 5% EBIT, which we had set as our target. By doing so, we have made it clear that the MT Højgaard Group has a future as one of the major players in the contracting industry.

In 2015, the companies in the MT Højgaard Group again made good progress. We worked our way through the projects and successfully delivered high-quality projects on time to our customers – projects that we can be proud of. In the light of this, we now have a very satisfactory result, a result that can also provide a basis on which we can build profitable growth, as planned.

Our focus on profitable growth is already reflected in our order book, which is extensive and profitable, with a healthy risk profile. This reflects our future. At the same time, we have become significantly better not just at delivering quality but also at optimising projects so that they can be executed in a manner that benefits both our customers and ourselves. We can now ensure healthier operation from the moment we assess and agree a new project. Our focus here is on seeking out projects that are well-suited to our capabilities and our business model – projects that match our clear requirements for profitability and have all the risks mapped out so that they are under our control.

At the same time, we have been focusing on developing optimum solutions for our customers. This is based on close dialogue between our customers, our competent employees and our business partners at the earliest possible stage of the process. Information technology, including Virtual Design & Construction (VDC), is used in more and more of our projects as an effective tool in this vitally important dialogue.

One of our major focus areas is greater knowledge for our customers and a relationship with them that will ultimately create more value. This is also a more modern way of running a business than only seeing our customers through the projects. VDC is one of the keys to developing and sharing knowledge with our customers and is thus an important pathway to greater customer focus, which will also lead to an increase in the volume of business from our key customers.

VDC means we can carry out a project virtually in one of the nine VDC Labs we now have, before building it in practice. This results in better options for customers, a more efficient building process and greater productivity. It has enabled us to increase productivity and we will continue to do so. In transforming customers' stated desires and requirements into attractive and appropriate solutions, our focus is on productivity – from the original idea to the planning stage and in every single part of the solutions we deliver to customers. Using urban-VDC makes it possible to see projects in a wider context and to test the functionality of the result, so that the end-user's requirements are factored in from the outset.

We are finding that those around us are showing great interest in our productivity agenda and we have reached a common agenda with the great majority of stakeholders: customers, architects, suppliers and the industry.

Customers are increasingly inviting tenders for projects that support this productivity agenda. The traditional way of putting projects out to tender has not entirely gone but when we are awarded these projects, they can always be optimised to enable customers to obtain the benefits of VDC. We have seen some good examples of this recently, for instance in the super-hospital projects.

We also expect to deliver good, sound projects to our customers in 2016, and we look forward to showing our customers, business partners, employees and owners that we can carry on delivering consistent and attractive results.

Torben Biilmann
President and CEO

The Group's strategic development

The MT Højgaard Group management sees great potential in enhancing productivity in the industry, and this will require changes to the traditional approach to construction and civil works processes.

Better use of technology, more openness in the relationship between customers and contractors, as well as greater cooperation along the value chain between architects, consultants, contractors and suppliers, are some of the prerequisites for achieving this potential.

Strategy framework

The Group's strategy framework contains a number of targets and areas for strategic action aimed at gearing the Group to meet these requirements and become a catalyst for changes in the industry.

The starting point is the vision "to be the most productivity-enhancing group in the construction and civil engineering industry".

The financial requirements reflect the Group's value creation and financial stability and we aim to achieve them using supplementary targets as a starting point.

Financial targets

	TARGET	2014	2015
Operating margin before special items	Min. 5%	3.0%	5.4%
Cash flows from operations (CFFO)	Positive	DKK 429 million	DKK -52 million

The Group's overall financial target for an operating margin before special items of 5% was met in 2015, but efforts to achieve positive cash flows from operations (CFFO) did not succeed due to delayed project start-up on new orders and temporarily increasing working capital.

Supplementary targets

	TARGET	2014	2015
Customer satisfaction	>76	74*	73*
Revenue from key customers	>60%	54%	46%
Employee satisfaction	>76	71**	73
Injury frequency rate***	<15	14.9	17.6

* Only the MT Højgaard and Enemærke & Petersen companies, which jointly represent approximately 70% of the Group

**Only the MT Højgaard company, which represents approximately 50% of the Group

***Per one million hours worked

The financial targets are supported by supplementary business-focused targets. The Group's supplementary targets are explained below.

The satisfaction index used:

80-100	Very high satisfaction
70-79	High satisfaction
60-69	Moderate satisfaction
50-59	Low satisfaction
Under 50	Very low satisfaction

High customer satisfaction

The MT Højgaard Group's strategy is built on a firm base of satisfied and loyal customers who feel that working with the Group's employees and business areas provides them with sound solutions. This is achieved by ensuring that price and quality go hand in hand.

In 2015, the MT Højgaard and Enemærke & Petersen companies jointly achieved a customer satisfaction index of 73 out of 100. This was below target, but in line with 2014, when the index was 74. The figure is based on a response rate of 62% in 2015 compared with 60% in 2014. The aim is still to achieve a high satisfaction index of at least 76, and for the 2016 figure to reflect satisfaction with the entire Group. The justification for maintaining an ambitious target for customer satisfaction is confirmed by, among other things, an improvement in the interim customer satisfaction figures resulting from a number of customer-oriented initiatives.

Increasing revenue from key customers

The Group's business areas are increasingly involved in a forward-looking dialogue with customers about their activities and future needs. The aim is to achieve a greater proportion of recurring business, meaning specifically that at least 60% of revenue should come from key customers.

In 2015, key customers accounted for 46% of revenue compared with 54% last year. The decrease of 8 percentage points reflected the completion of a number of large projects in 2015 and the fact that several of the postponed projects were from key customers.

In 2015, the Group focused on working together with customers by changing from a project-oriented to a customer-oriented strategy. This is reflected in continuous dialogue with customers, which improves project quality, mostly through the use of VDC.

Focus on employees

MT Højgaard's results are produced by people who improve and share their knowledge. The Group is focusing on job satisfaction and motivation and is also working hard to attract, develop and retain employees.

In 2015, a survey was carried out among all the Group's employees for the first time. The survey showed a high job satisfaction index of 73 out of 100 with a response rate of 88. A survey carried out among the salaried employees of the MT Højgaard company in 2014 found an index of 71 out of 100 with a response rate of 85. The aim is to maintain a high satisfaction index of at least 74 in 2016, and the long-term target remains 76.

Avoiding occupational injuries
A safe workplace is a top priority in the MT Højgaard Group, partly because it must be safe for the individual employee to go to work, and partly because the injury frequency rate also affects productivity.

In 2015, the Group had a total injury frequency rate of 17.6 – measured by the number of injuries per 1 million hours worked, compared with a total injury frequency rate of 14.9 in 2014. The injury frequency rate is in line with the industry average. There were no fatal injuries in the Group in either 2014 or 2015. In the past two years, the MT Højgaard company has been making a targeted effort to make health and safety a top priority. This has led to a significantly lower frequency rate than in the rest of the Group. The same targeted effort was put in motion in the rest of the Group in the second half of 2015.

The target for the Group as a whole remains to reduce the number of injuries to a total frequency rate of less than 15 injuries per 1 million hours worked. Efforts will centre on bringing all companies below 15, with no fatal or serious injuries. The Group is working systematically to reduce the number of injuries. With the analysis of data on injuries, near misses and observations at construction sites as a starting point, the Group is increasing its investment in employees and their safety. This is reflected in management focus, campaigns and training weeks centred specifically on health and safety.

Pathways to increased productivity
Low productivity is one of the biggest challenges in the Danish construction and civil engineering industry and there is huge potential for improvement. Starting from its vision of being the most productivity-enhancing group in the construction and civil engineering industry, the Group is endeavouring to enhance productivity in all its activities.

The MT Højgaard Group wishes to add value for its customers by delivering optimum solutions based on close dialogue at the earliest possible stage of the process. Here, too, higher productivity will contribute to a healthier financial position which will benefit both customers and the MT Højgaard Group.

Among other things, the use of VDC will enable the Group to offer customers more options and make the relationship between price and quality visible in a much more transparent way than has previously been possible for the industry.

By using new technology, standard solutions and repeating best practice, the Group will endeavour to improve the quality and efficiency of projects. In addition, many components can be produced in factories that supply the entire sector, which will ensure continuous product development.

The Group is attempting to increase productivity by concentrating its efforts on three main strategic pathways:

- Projects from Community to Operations
- Best in Class VDC
- Exploiting synergies

These three areas are mutually dependent.

Projects from Community to Operations
The Group is seeking to strengthen its position in the value chain by establishing broader collaboration with clients and other relevant stakeholders at the earliest possible stage. This collaboration is built on the Group's experiences and capabilities with regard to both social requirements, such as climate change adaptation, infrastructure and sustainability, and to the use of the project throughout its lifetime, i.e. a lifecycle costing perspective.

The involvement of both the client and the MT Højgaard Group early in the process, preferably already in the conceptual phase, makes it possible to meet a number of key needs, such as lifecycle costing, focus on operation and maintenance, or better quality for fewer resources.

The Group's skills, experience and range of efficient solutions are integrated in the final solutions to a far greater extent than previously. The process is simplified and becomes easier for those involved to understand, just as the constructability and economy of the projects become better for both customers, business partners and the MT Højgaard Group itself.

Best in Class VDC
With its customers at the head of the table, and in close collaboration with the other players in the construction industry, the Group endeavours to ensure that technological opportunities are constantly exploited. Building projects virtually before they are built in practice creates more value for both customers and the Group. It is all about agreeing expectations, constructability, aesthetic appeal in relation to future use, economical construction, long-term value and construction time.

With detailed knowledge at an early stage, customers have more solutions to choose between than previously, and the process can be optimised. This technology helps with factors such as visualisation, technical precision, procurement and supplies, planning and coordination of the many processes involved and continuous monitoring that realisation is in line with plans – technically and financially.

The introduction of VDC and the potential it offers is the result of future-oriented dialogue between the Group's business areas and its customers. The experience gained from individual projects is accumulated to become useful knowledge, which is used in the ongoing development of the best possible processes and standard solutions.

The Group has so far completed around 50 pilot projects on which it has used VDC to varying degrees. The experience gained from these projects has been translated into tangible improvements in quality, time and constructability.

Exploiting synergies

The Group is endeavouring to offer the market a broad range of services spanning the capabilities required on projects, from inception to operation. The Group is therefore being developed in such a way that its companies supplement each other's capabilities and brands to match customer requirements.

Centralised corporate initiatives improve cooperation between the companies in the Group. The pooling of experience, skills, projects and types of customer enables the companies to gain many benefits from both strategic and operational cooperation.

The Group's management team is responsible for optimising the overall potential for synergies in the Group. To this end, particular attention is being given to reinforcing and ensuring the use of strategic Group support functions such as procurement, VDC and design & engineering. Developing other Group-wide solutions such as IT, risk management, reporting tools, etc., increases the Group's overall knowledge, raises quality, lowers costs and creates a more customer-focused and efficient Group.

Operational synergies are mainly being generated by the units in the various business areas collaborating on individual projects. This strengthens the Group's customer focus while creating the necessary basis for sharing best practice. It also ensures that the Group's overall expertise and financial resources are being used efficiently.

CSR

The Group's policy and performance in relation to its corporate responsibility to society and other stakeholders are reported in a separate annual CSR report. The report includes reporting on diversity in management roles and can be downloaded from the Group's website at: mth.com/csr2015.

The aim of the Group's CSR reporting is to describe the economic, social and environmental effects of the companies' business practices based on a conviction that promoting sustainable practice in the execution of activities provides the basis for a sound and profitable business going forward.

Corporate governance

The Group's corporate governance report can also be downloaded from the website. This report for the year is available at: mth.com/corporategovernance2015.

The Group's activities

The MT Højgaard Group is one of the leading players in the construction and civil engineering industry in the Nordic countries. The Group consists of the companies MT Højgaard, Enemærke & Petersen, Lindpro, Scandi Byg and Ajos and the partly-owned companies Greenland Contractors and Seth. Services include all forms of projects within the construction and civil engineering industry, with particular focus on productivity and a strategy to deliver optimum solutions based on close dialogue at the earliest possible stage of the process.

Markets
The Group has activities in the construction, civil works and services markets and undertakes projects throughout Denmark, as well as having focused activities in other countries.

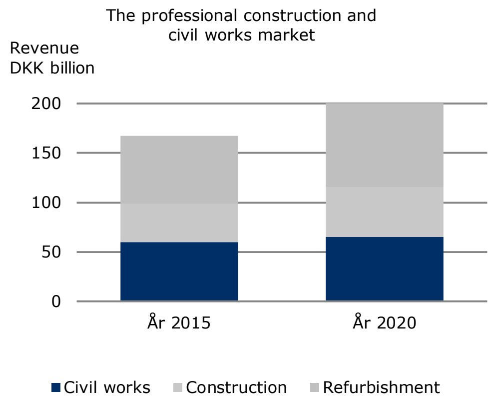
The modest recovery in the Danish economy that began in 2014 continued in 2015, when consumer spending, employment and industrial production all rose. The trend indicator for construction improved during the year, peaking in December 2015. This was confirmed by improved expectations for both employment in the industry and the order book. Growth as measured by GDP was estimated at 1.6% in 2015 and an increase to around 1.9% is expected in 2016 and 2017.

CONSTRUCTION	CIVIL WORKS	SERVICES
MTHøjgaard	MTHøjgaard	Lindpro
Enemærke & Petersen a/s	Seth	ajos
Lindpro		Enemærke & Petersen a/s
scandibyg		MTHøjgaard
		GREENLAND CONTRACTORS

The Group estimates that the Danish professional construction and civil works market totalled around DKK 168 billion in 2015. A little over half of this market is considered to be relevant for the Group.

The Danish construction and civil works market is expected to grow in parallel with a moderate improvement in economic development, coming close to DKK 180 billion in 2016 and ending up at a level of around DKK 200 billion in 2020. This corresponds to annual growth of around 2.5%. Greater growth is expected in refurbishment and new building compared with the civil works area.

The Group's geographical platform



Source: MT Højgaard on the basis of the Danish Construction Association's trend analysis and other sources

The relevant international markets are expected to grow still further, especially in developing countries.

The Group delivers projects in all areas of the building and civil engineering industry, from inception to operation. Customers are Danish and international companies, organisations and public authorities. As a full-service supplier, the Group has the expertise and size needed to enable it to carry out both large and complex projects.

Most projects are undertaken on a main contract or design-build basis, but some are in the form of Public Private Partnerships (PPP), Public Private Collaborations (PPC) or Public Private Innovation Partnerships (PPI).

Construction businesses

The Group develops, constructs and refurbishes private and public sector buildings, mainly in Denmark, but also in Norway and the North Atlantic countries.

Construction is the Group's largest business area, measured by both revenue and number of employees. Companies throughout the Group are involved in providing solutions for large and complex construction projects.

The *MT Højgaard* company's construction business provides services and projects ranging from the construction of housing, head offices and hospitals to metro stations, refurbishment- and PPP projects. Capabilities range from design, project development, engineering and project management to in-house production and operation.

Enemærke & Petersen is active in new building, refurbishment, restoration and service. The company uses an industrialised approach, in which prefabricated modules are factory manufactured and efficiently assembled on the construction site. This company is particularly in demand in the public sector and non-profit segments.

Lindpro is one of Denmark's largest companies in the fields of electrical engineering and service. This company is particularly in demand for specialised and technical contracts, but it has a wide range of activities, from very large projects to small service assignments.

Scandi Byg builds housing, offices and schools as well as research and laboratory facilities using prefabricated modules manufactured and assembled at their factory in Løgstør. The company has positioned itself as a specialist in sustainability, form and functionality.

The 15 biggest projects in progress at the end of 2015

PROJECT	CLIENT
REFURBISHMENT PROJECTS	
Langkærparken	AI2bolig
Rosenhøj	Boligforeningen Århus Omegn
Stadionkvarteret	Glostrup Boligselskab
Hjortegården	Hjortegården
Korngaarden	KAB
PUBLIC SECTOR CONSTRUCTION	
New Aalborg University Hospital (shell structure)	North Denmark Region
New Psychiatric Ward Vejle Psychiatric (PPP)	Region of Southern Denmark
New ward building Slagelse Hospital (PPP)	Region Zealand
New ward building Southwest Jutland Hospital	Region of Southern Denmark
COMMERCIAL CONSTRUCTION	
Nordea head office	Nordea
KHV7 head office	PensionDanmark
RESIDENTIAL CONSTRUCTION	
Tuujuk	Kommuneqarfik Sermersooq, Greenland
Frederikskaj	PFA and housing developed in-house
CIVIL WORKS PROJECTS	
Marieholm Bridge (steel bridge)	Gothenburg and others
Cityringen (metro stations)	Metroselskabet and CMT
DONG 2015+ framework agreement (supply)	DONG Energy

The Danish construction market showed a slight improvement in 2015, but was characterised by considerable competition. Steady market growth is expected from 2016 to 2020, driven mainly by refurbishment work but also by new building around larger towns.

The biggest growth is still expected to be in the *refurbishment* market, as both legal requirements and profitability make refurbishing an attractive proposition. A growing number of refurbishment projects are being put out to tender, with more selection criteria than merely price, for example neighbourhood dialogue, sustainability or social inclusion, and these projects are particularly well-suited to Enemærke & Petersen's strategy of positioning itself as a social contractor.

The *new build* market is expected to grow in the near future. MT Højgaard is positioned in this market through a combination of early customer dialogue and intelligent solutions with particular focus on large, complex projects such as head offices, super-hospitals, distinctive residential buildings and large refurbishment assignments. This growth is expected to include both private residential construction, especially in the areas around Copenhagen and Aarhus, and public sector construction, including super-hospitals and educational institutions.

The *hospital* market is expected to remain steady at a high level until 2020, for both new building and the refurbishment of existing hospitals. In 2015, the Group won a number of projects in connection with the building of the new super-hospitals, including the construction of a new 140-bed maternity ward and bed unit for Slagelse Hospital for Region Zealand (the project had a value of over DKK 500 million and is being carried out as a PPP project) and the construction of a 155,000 m^2 shell structure for a new hospital in Aalborg for North Denmark Region worth around DKK 560 million.

The *project development* market is also growing due to strong interest among investors, especially in residential projects around Copenhagen and Aarhus. Contracts range from small high-density/low-rise residential building projects to new urban areas with integrated housing, offices, institutions and shops. MT Højgaard develops projects both independently and for customers, often jointly with site owners, authorities, tenants and investors. In 2015, the Group initiated its own investments in some of MT Højgaard's development projects and will be intensifying these investments in the years ahead.

The growing interest in new *headquarters and offices* is being met in the form of traditional buildings, and partly in the form of MT Højgaard's multi-user concept, MultiFlex-Office, where companies share common facilities.

The market for *modular construction* is growing, and Scandi Byg's position secured the company several significant projects during the year, including a contract worth around DKK 40 million for the construction of housing and other facilities for up to 360 refugees in the Hamburg area. The contract was entered into with the German business partner Campus 360, which expects to sell buildings with a total floor area of up to 140,000 m^2 over the next four years, so the company sees good prospects in this partnership.

During the period, Scandi Byg worked, among other things, on the Almen-Bolig+ 4th framework contract for the construction of a pool of non-profit housing as well as on Ryhaven in Aarhus.

Public Private Partnerships (PPP) is an area of strategic focus for MT Højgaard. Over the years, the Group has gained extensive experience with PPP and it is the company in Denmark that has completed the most buildings on this basis. The Group currently has five projects in operation and three under construction. There is still great interest in PPP and PPC, and, n a stable market, MT Højgaard is looking to enter into collaborative partnerships with a number of important players with the ambition of positioning itself for further projects.

The market for *electrical installations* has developed from recent years' negative growth to showing good growth of around 4% in 2015, driven by the major public sector projects and growing optimism in the private sector. This growth is set to continue. Lindpro is reinforcing its market position by putting in place a variety of initiatives aimed at closer consultation with customers.

Expected market development for construction and refurbishment in Denmark 2016:

RELEVANT MARKET	DKK BILLION	DEVELOPMENT COMPARED WITH 2015
Refurbishment – housing	31	↗
New building - housing	8	↗
Hospitals	6	↗
Headquarters and offices	8	→
PPP/PPC	2	→
Electrical installations	13	→

Source: MT Højgaard on the basis of the Danish Construction Association's trend analysis and other sources

MT Højgaard has increased its interest in the North Atlantic countries in line with the growth in these markets. In Iceland, in particular, growth is expected in the market for both construction and civil works and, starting with the company's conditional contract for the construction of a factory in Iceland for Silicor Materials to a value of DKK 1.5 billion, MT Højgaard has been able to establish itself permanently in Reykjavik, so the company has a market position ready for appropriate projects.

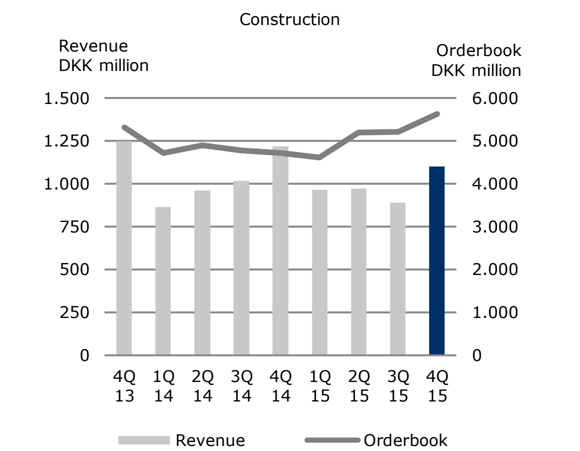
The Silicor project has been contracted, but the contract remains conditional upon financing, which is expected to be in place shortly so that the project can get underway in mid-2016 as planned.

The Greenland market is still weak. MT Højgaard is seeking to position itself for relevant projects and is currently constructing three apartment blocks in Nuuk with a floor area of approximately 4,000 m^2 each. The contract value is just under DKK 230 million.

Order intake in 2015 and the year-end order book were higher than in 2014, closing the year at a satisfactory level. In addition, a number of construction projects were not recorded as orders in 2015, even though they had been awarded to the Group.

The activity level in the construction businesses remained steady in 2015. Revenue was in line with 2014, although a number of projects were postponed to 2016 and 2017.

The increased focus on profitability and steady completion of orders led to a satisfactory operating result for the area in view of the postponed revenue. The same focus also led to an improved order book.



Civil works businesses

The MT Højgaard Group's civil works activities are undertaken by the MT Højgaard company and the partly-owned company Seth. Their activities are run from permanent offices in Denmark, the North Atlantic countries, Qatar, the Maldives and Portugal.

The *MT Højgaard* company builds shell structures for several of the largest construction projects in Denmark. The company also has expertise in all types of projects relating to earthworks, roads, piling, concrete renovation and infrastructure. MT Højgaard is also one of the most experienced companies in Denmark in the area of harbours and marine works. Intelligent tools such as digital project design and GPS guidance for excavation are an integral part of the company's methods, in which focus on productivity and risk management go hand in hand.

Seth specialises in harbour construction and marine works as well as civil works and electrification with capabilities such as high-voltage power pylons and cables, transformer stations and distribution networks. Seth is a joint venture with an ownership interest of 60%, while the remaining 40% is owned by senior executives in the company. Seth is recognised in the income statement under 'Share of profit/(loss) after tax of joint ventures'.

The MT Højgaard company, in particular, has tendered successfully for projects with a high degree of complexity that require specialist capabilities.

In 2015, the Danish civil works market was characterised by a high level of activity with little fluctuation and strong price competition. Predominant projects have been the construction of shell structures for super-hospitals, the expansion of the railway network on Zealand as well as a number of harbour and bridge projects.

The civil works market in Denmark is expected to increase from DKK 60 billion in 2015 to DKK 65 billion in 2020, with public sector investments in climate change adaptation, trams and shell structures for the large hospitals. In 2015, the share of this market that was relevant for the MT Højgaard Group was approximately DKK 20 billion and is expected to develop at a steady pace in the coming years.

In general, the civil works market is characterised by tough ongoing price competition from both Danish and foreign competitors. In the market for shell construction, the Group is experiencing reasonable growth in demand, whereas a number of public infrastructure projects have been delayed.

The growth in demand for steel bridges in the Nordic countries that match up well with the Group's experience and strategy has meant that bidding work has intensified. The major project for the construction of Södra Marieholm Bridge, a new 1.5 km railway bridge connection in Gothenburg, is proceeding according to plan.

In Greenland, the Group maintains close dialogue with clients and consultants in connection with several large projects about to be put out to tender that are a good match for the Group's capabilities.

In the *Maldives*, there was a fair increase in the activity level as a result of increased focus on private resort customers, and collaboration with public sector customers is also increasing. The MT Højgaard company continues to strengthen its position as a leading player in the market and its market share is growing.

In *Qatar*, the Group is working on a coastal protection project and bidding for several similar, relevant projects. The market is expected to grow in the next three years, partly in connection with the preparations for the 2022 World Cup.

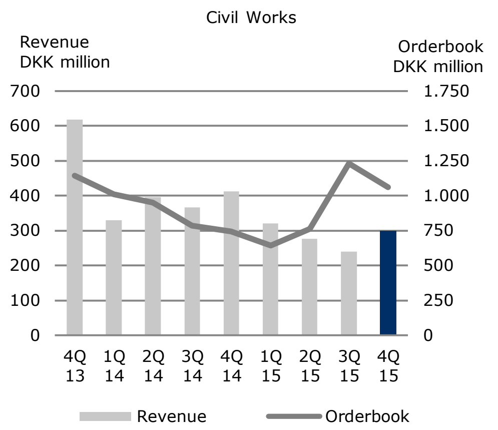
Expected market development for Civil Works in 2016:

RELEVANT MARKET	DKK BILLION	DEVELOPMENT COMPARED WITH 2015
Denmark	20	→

Source: MT Højgaard on the basis of the Danish Construction Association's trend analysis and other sources

In the area of civil works as a whole, order intake and the order book showed a positive trend during the year.

In 2015, the Civil Works business area delivered revenue below expectations due to delayed contracting of orders. With its increased focus on profitability and capacity utilisation, the area reported a satisfactory result.



Service businesses

The Group provides services in the construction and civil works markets; parts of MT Højgaard's activities in project development and the whole area of design & engineering are also regarded as services.

Ajos hires out cranes, hoists, pavilions, sheds, on-site power and construction and civil works equipment, and offers construction site organisation, servicing and logistics. The company advises and hires out equipment to customers from many different sectors.

Enemærke & Petersen also provides operating and maintenance solutions, including building maintenance with 24-hour service. These services include everything from planned maintenance to emergency servicing, making good insurance damage and maintenance and redecorating services that makes it easy for housing associations to get everyday maintenance started.

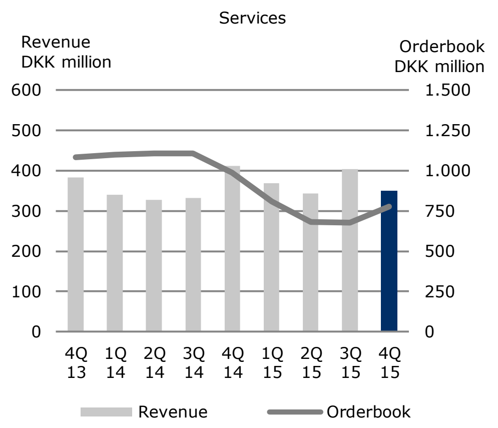
Lindpro is an active service provider of technical systems for industry and commerce and public bodies, as well as advising on safety and security, for example against fire and theft. Many of Lindpro's customers choose to secure their building operations with a service contract.

The *MT Højgaard* company increasingly supplies design & engineering services as a part of construction or civil works projects or as a stand-alone service. It also supplies services in connection with PPP and PPC projects.

Greenland Contractors is a Danish service provider in Greenland. The company carries out maintenance tasks and daily operation at Thule Air Base for the US Air Force. MT Højgaard owns 67% of Greenland Contractors. The company's long-standing contract with the US Air Force expired on 1 October 2015, when it was replaced by a temporary agreement lasting until the end of the first quarter of 2016, with the option of an extension of up to six months. The temporary agreement between the parties was concluded on changed conditions.

Due to the rising activity level in the construction and civil works markets, more service contracts are being put out to tender and competition is intensifying.

Overall, the service businesses contributed a good result in 2015, primarily reflecting the fact that Greenland Contractors received a bonus in connection with the completion of the original contract with the US Air Force. To this should be added a high activity level on supplementary works, which were completed at the end of the third quarter, and the fact that costs for handover to a new supplier were less than estimated as Greenland Contractors is currently continuing daily operation. The results were achieved against the background of a satisfactory activity level.



For the services area as a whole, order intake and the order book developed in line with expectations.

The Services business area posted revenue in 2015 in line with expectations, but with a fluctuating result, with Greenland Contractors delivering an extremely satisfactory result exceeding expectations.

Financial review

Fourth quarter 2015

DKK million	Q4 2015	Q4 2014
Revenue	1,748	2,044
Gross profit	223	275
Operating profit before special items	85	118
Special items	-195	0
EBIT	-110	119
Cash flows from operating activities	4	164
Cash flows from investing activities	-57	15
Gross margin (%)	13.5	12.5
Operating margin before special items (%)	4.8	5.8
EBIT margin (%)	-6.3	5.8

Fourth-quarter 2015 revenue was DKK 1.7 billion compared with DKK 2.0 billion in the fourth quarter of 2014, again slightly below the Group's expectations for the period, partly due to the delayed start-up of projects in the last few quarters.

Fourth-quarter operating profit before special items was DKK 85 million compared with DKK 118 million in the fourth quarter of 2014. The change primarily reflected the smaller revenue contribution and lower earnings from the temporary extension of Greenland Contractors' activities in Thule, coupled with a higher profit contribution from the rest of the Group. The fourth-quarter operating margin before special items was 4.8% compared with 5.8% a year ago. Excluding Greenland Contractors, the operating margin was 3.7% in 2015 versus 1.9% a year ago.

A DKK 195 provision reversed in the third quarter was re-recognised in the fourth quarter under special items as a result of the UK Supreme Court granting the opposing party permission to appeal the Robin Rigg case despite the court's earlier ruling. Special items consequently amounted to nil in 2015. The appeal is expected to be heard by the UK Supreme Court in 2016. Regardless of the outcome of the appeal, the ruling will not have any further adverse impact on the Groups' result.

Order intake was DKK 2.0 billion compared with DKK 1.8 billion in the fourth quarter of 2014. Orders included Herlev Hospital, the Carlsberg City development, extension of the activities at Thule Air Base, refurbishment of Morbærhaven, a further phase on The New University Hospital (DNU S5) and more orders under framework agreement 4 for Scandi Byg.

Operating cash inflow was DKK 4 million in 2015 compared with DKK 164 million a year ago. In addition, unlike 2014, in the fourth quarter the Group had liquidity tied up in the construction of housing developed in-house.

Highlights – financial statements 2015

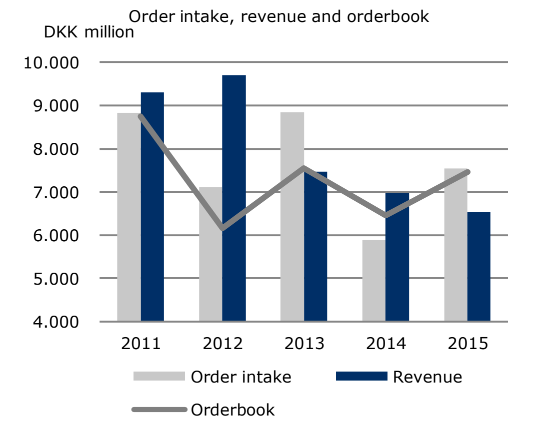
Order intake and order book
Order intake for 2015 totalled DKK 7.6 billion compared with DKK 5.9 billion in 2014.

DKK million	Q4 2015	Q4 2014	2015	2014
Order book, start of yr	7,129	6,667	6,458	7,545
Order intake	2,087	1,835	7,542	5,892
Production	1,748	2,044	6,532	6,979
Order book, year end	7,468	6,458	7,468	6,458

Order intake was generally higher in the individual quarters in 2015 than in 2014 due to the Group's more targeted tendering and order strategy, which is manifesting itself in a higher hit rate and bigger and more new orders.

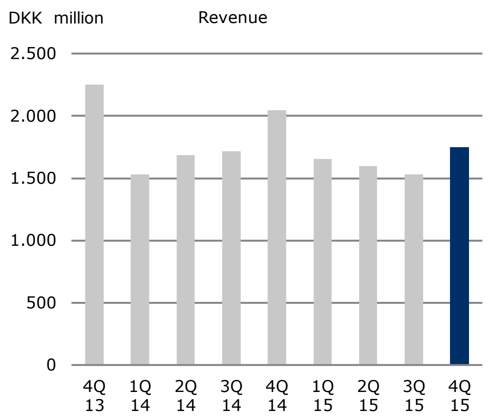
The order book ended the year at DKK 7.5 billion up from DKK 6.5 billion a year ago, and includes a number of large orders extending over several years.

At the end of 2015, projects awarded but not contracted totalled DKK 2.1 billion compared with DKK 1.0 billion at the end of 2014. The Silicor contract in Iceland and further phases on the refurbishment project Stadionkvarteret in Glostrup account for most of these projects.



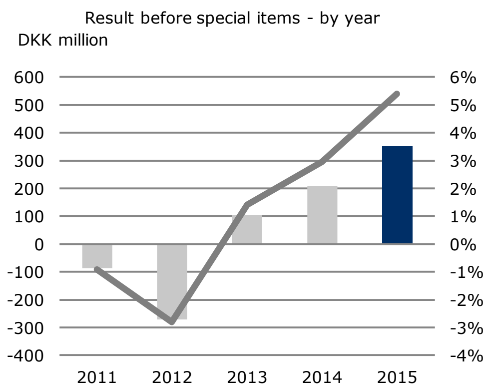
The organisation's resources were focused on higher tendering activity during the period under review to make up for the delay in order intake and consequently the start-up of projects. This focus has led to a both healthy and profitable order book, but has of course also led to an increase in distribution costs compared with 2014.

Revenue and earnings
Revenue was DKK 6.5 billion in 2015, DKK 0.4 billion lower than 2014. This was in line with the latest outlook, but slightly lower than expected at the start of the year, mainly due to general delays in the contracting of orders and consequently postponed start-up on new projects.



The lower order intake in the second half of 2014 had a negative impact on revenue well into the middle of 2015.

For 2015, operating profit before special items was DKK 352 million, an increase of DKK 145 million compared with last year. The full-year 2015 operating margin before special items was 5.4% compared with 3.0% in the same period in 2014. The Group's target of an operating margin of 5% was thus met.



In the third quarter of the year, in particular, operating profit and operating margin before special items benefited from the completion of Greenland Contractors' original contract in Thule. High profitability was driven by a high level of activity on supplementary works and good adjustment of the cost level on the transition to supplies under the new fixed-term contract. The combined full-year operating result of the rest of the Group showed an improvement, despite the revenue challenges, which primarily affected the MT Højgaard company.

EBIT for 2015 was DKK 352 million compared with a loss of DKK 201 million in 2014, of which special items amounted to an expense of DKK 408 million.

Net finance items for 2015 amounted to income of DKK 19 million compared with DKK 15 million in 2014.

Income tax expense for 2015 was DKK 81 million compared with DKK 66 million in 2014.

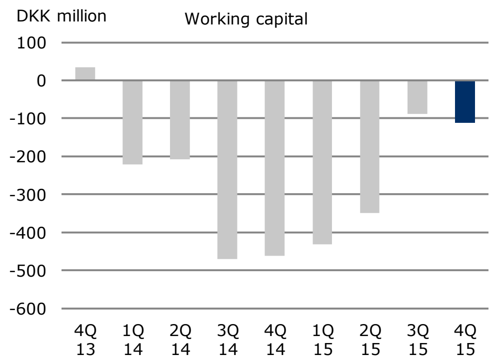
Net profit for the year was DKK 290 million compared with a loss of DKK 252 million in 2014.

Balance sheet
Property, plant and equipment amounted to 0.5 billion at the end of 2015 - in line with 2014.

Inventories amounted to DKK 718 million at the end of 2015, up from DKK 635 million at the end of 2014, primarily reflecting the start-up of residential construction projects developed in-house for private sector clients.

Trade receivables amounted to DKK 1,386 million at the end of 2015 compared with DKK 1,170 million a year ago. The increase is viewed as temporary as the Group has received a large proportion of the receivables after the end of the financial year. However, part of the increase was due to a customer unlawfully withholding payment in respect of MgO boards. Construction contracts in progress amounted to a liability item of DKK 444 million net at the end of 2015 compared with DKK 542 million a year ago. The decline primarily reflected the completion of a number of large projects and slow start-up on new orders.

Trade payables amounted to DKK 809 million at the end of 2015 compared with DKK 887 million at the end of 2014, reflecting the Group's lower activity level in 2015.



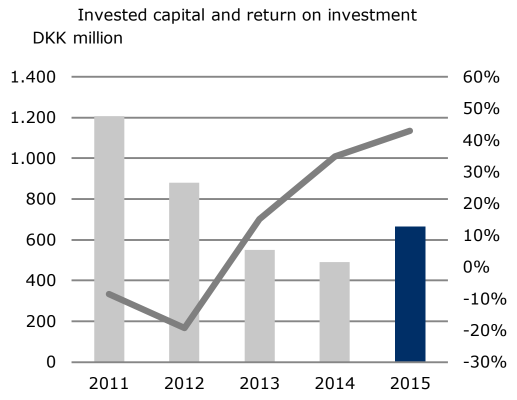
At the end of 2015, the Group had negative working capital of DKK 112 million, excluding properties held for resale, an increase of DKK 350 million compared with the end of 2014.

The increase in working capital reflected trade receivables, a lower activity level in the first half of 2015, and the completion of several projects.

Current and non-current provisions amounted to DKK 0.5 billion at the end of 2015, in line with 2014.

Average invested capital was DKK 0.7 billion at the end of 2015, an increase of DKK 0.2 billion on 2014, mainly driven by working capital. The calculation has been updated in accordance with the accounting policies.

Return on invested capital (ROIC) before special items was 43.0%, continuing recent years' improvement. ROIC reflects the Group's general focus on all capital-intensive activities with the general aim of contributing to a high level of flexibility and mobility in terms of accommodating market and customer requirements.



The Group's requirement concerning positive cash flows on all the Group's projects, coupled with its focus on non-capital-intensive activities, will generally result in a higher ROIC than for the industry as a whole.

Equity amounted to DKK 1.0 billion at the end of 2015 compared with DKK 0.8 billion at the end of 2014. The equity ratio was 26.7% at the end of 2015, an increase from 20.9% at the end of 2014.

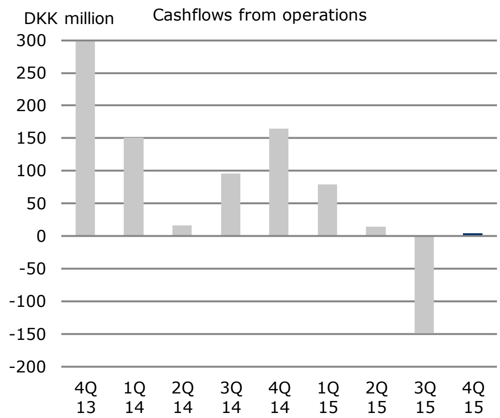
The Group has a target that the equity ratio should be between 30-35%.

The Group aims to pay dividends as its equity improves and satisfactory financial results are reported. The Group's objective is to distribute 30-50% of net profit for the year as dividend, but this objective may be deviated from taking into account the development in the Group's activities.

The Board does not propose a dividend for 2015.

Cash flows and financial resources

Cash flows from operating activities for 2015 were an outflow of DKK 52 million compared with an inflow of DKK 428 million in the same period last year. The delayed start-up of production on new orders coupled with the completion of several large projects had a major negative impact on cash flows. Combined with the increase in trade receivables, this also led to rising working capital, as described above. In addition, unlike 2014, in the second half the Group had liquidity tied up in residential construction projects developed in-house.



Investing activities amounted to an outflow of DKK 140 million in 2015, primarily investments in property, plant and equipment, compared with an outflow of DKK 39 million in 2014. The increase in 2015 was driven by continued investment in the VDC platform, investment in a larger automation plant at Scandi Byg, investment in supporting growth in Ajos, and lower sales of property, plant and equipment than in 2014.

Cash and cash equivalents decreased by DKK 357 million net in 2015 compared with an increase of DKK 272 million last year, mainly reflecting the increase in working capital.

The Group's financial resources amounted to DKK 0.5 billion at the end of 2015 compared with DKK 1.1 billion at the start of the year. The Group's financial resources are considered satisfactory in view of the expected level of activity.

Outlook for 2016 and 2017

The order ended the year at DKK 7.5 billion and had the desired profitability and risk profile. Approximately DKK 4.7 billion of the order book is expected to be executed in 2016. This figure may be increased by work on the projects awarded but not contracted referred to earlier in the review.

The Group expects some improvement in revenue in 2016, to around DKK 7 billion, in view of the improved order book. However, the first half is expected to see a moderate level of activity due to delayed start-up on orders received in 2015, and first-half revenue is consequently expected to be in line with the first half of 2015.

Operating profit before special items of around DKK 300 million is expected, partly due to the expected level of activity for the first half, and partly due to a significantly lower contribution from Greenland Contractors on maintenance and daily operations at Thule Air Base. This will provide an operating margin slightly below the desired 5%.

Operating cash flows are expected to improve as the level of activity increases and less funds are tied up in working capital. To this should be added the continued focus on positive cash flows on all projects. However, a final ruling in the Robin Rigg appeal may have a further impact on both results and cash flows.

The Group sees opportunities for growth in the coming years based on a general improvement in the market fuelled by an expected economic upturn, an increase in the Group's shares of the relevant parts of the market and selective expansion of its activities in new sub-areas within the construction and civil engineering industry. Because the Group prioritises profitability and value creation over growth, the growth should be viewed in the context of the Group's strategy framework with a target EBIT of at least 5%.

The Group sees good opportunities for further growth already for 2017, which will enable the strategy framework target EBIT of at least 5% to be met again.

The annual report contains forward-looking statements, including the above projections of financial performance in 2016, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

Risk management

Management is actively managing risk in order to ensure the MT Højgaard Group's continued development and ongoing value creation.

The Group continuously focuses on systematically assessing and managing risks in connection with bidding and entering into contracts. This has led to a marked improvement in profitability on individual projects in recent years, and a significantly strengthened overall risk profile on the project portfolio.

The Group has drawn up clear guidelines on which areas to tender for projects in. The guidelines cover such factors as geography, markets, customers, project types, legal obligations and safety. At both the general and individual project level, projects will not be pursued if they involve risks that cannot be satisfactorily quantified or be covered.

Project execution will always involve risks, no matter how careful the planning and assessment, and management recognises that risk is an integral part of the business model. However, the Group does not accept risks that may seriously jeopardise its financial position or trustworthiness.

Although the trend in the construction and civil engineering industry is towards a higher level of standardisation, industrialisation and prefabrication, the industry is still characterised by a low level of automation and dependence on the skills and engagement of the individual employees.

Active risk management is therefore crucial to enable the Group to carry its strategy framework into effect and achieve satisfactory value creation.

Strategic risk factors
The MT Højgaard Group is part of the construction and civil engineering industry which, like many other industries, has been undergoing significant structural change in recent years.

There are risks associated with changes in the Group's presence and activities in various areas, and management endeavours to assess these as part of decisions and adjustments. To enable the Group to work efficiently and submit competitive tenders, local market knowledge is an important factor.

International competition is expected to intensify in the coming years. This will entail risks in the domestic market, but also opportunities outside this market, provided the Group's capabilities match the projects.

Market conditions have a major impact on the construction and civil engineering industry in general, and the sector is periodically used as a regulating factor in fiscal policy. Fiscal policy initiatives may include both tightening and expansionary measures in the form of subsidy schemes and grants. The Group's broadly based position in the Danish market and its spread in other geographical markets and on customers and capabilities, are instrumental in balancing the risk inherent in fluctuating market conditions.

Project risks
Projects are the principal risk area in the construction and civil engineering industry and managing project risks is consequently viewed as the most important focus area both in the individual business units and the Group as a whole.

The ability to select the projects that match the Group's capabilities, values, capacity, experience, etc., is of crucial importance for the Group's financial performance.

The Group's tender and contract board screens the individual projects submitted by the commercial units. Its purpose is to:

- ensure sound and profitable tenders and contracts
- identify risks in projects
- evaluate selected working methods and solutions
- comply with procedures and policies for the conclusion of contracts
- ensure clear agreements with customers and subcontractors

The individual business units are responsible for risk assessments and setting prices. The tender is then submitted to the tender and contract board, which reviews and analyses all major tenders, including all tenders with a contract value of DKK 50 million or more. The board approves or rejects whether work on a tender should continue and, if so, under what conditions.

If further work on a tender is proposed, the next phase focuses on the contract conditions. The tender is then resubmitted to the tender and contract board, which decides whether the tender should be submitted to the client.

The final decision on whether a tender is to be submitted is taken by the Executive Board and in special cases – depending on project type and size – the Board of Directors.

The Group manages its risks in every phase of the individual projects and in the portfolio as a whole by focusing particularly on the following points:

- Selection by markets, geography, types and segments
- Including all risks when bidding, and securing price transparency and capabilities in procurement
- Thorough, structured and formalised assessment of all new projects
- Optimising projects by using information technology
- Using planning, monitoring groups and preventive actions in project execution

- Firm management of challenging projects, dealing with problems in a specific, action-oriented and timely manner
- Actively minimising potential losses, while making every effort to complete projects efficiently

Specific risk pools are allocated to identified risks as well as a general execution risk that varies according to the nature and type of the individual project.

A review of the risks of each project is carried out on a continuous basis, and specific action plans are drawn up.

Continuously increasing use of information technology (VDC and BIM) on projects provides a far better basis for assessing the risk profile on projects already in the tender phase, but also in connection with changes to the project and during execution. This reduces the risk of loss of quality, time and money.

The majority of the Group's costs are made up of purchases of materials and subcontracts. A relatively high level of activity in the construction and civil engineering industry can involve a risk of particularly sharp increases in wages and the price of materials and subcontracts. To mitigate execution risks on such supplies, the Group works in close collaboration with subcontractors and usually enters into long-term agreements with them.

Risks are also mitigated by using standardised components, industrialisation and large procurement volumes.

The Group endeavours to constantly improve the contract basis to mitigate the general risk of disagreement between the parties on a project and such disagreements developing into disputes. The Group always endeavours to settle disagreements through dialogue and negotiation before they escalate.

The Group requires, as a rule, that a certain proportion of the projects developed in-house is sold to customers or tenants found before start-up. When several projects are started up in parallel, it is important that the overall risk is balanced and proportionate to the expected earnings and tie-up of capital.

Organisational risk factors

The demand for labour for construction and civil works projects may result in a lack of skilled workers and make it difficult to attract and retain the most important skills.

The IT platform for activities in the commercial units and in the Group as a whole is important for productivity and data security, and any crashes or other weaknesses in the system can be extremely damaging to the Group.

For the active protection of the Group's data, systems and intellectual property rights, an IT security policy has been drawn up, which combines automatic defences with human resources, and includes the risk of external data theft. Specific measures have been put in place, such as continuous management reporting and awareness campaigns, and the Group's data is constantly being secured via e-mail filters, antivirus software, firewalls and automated monitoring.

Projektselektering og risikostyring

Regulatory risk factors
It is essential for the Group's financial performance, further development and trustworthiness as a business partner and employer that its business units and staff should in all circumstances respect applicable laws, rules, agreements and policies. This particularly applies to quality, the environment, competition, health and safety and employee relations.

The Group's vulnerability is continually being reduced by active collaboration with customers and other stakeholders with regard to joint value creation and uniform, high CSR requirements. This area has been consistently improved during 2015, particularly in relation to ensuring fair competition conditions and preventing fraud, theft and other irregularities. This has been achieved by such means as internal controls, campaigns and the Group's whistleblower scheme. The Group's CSR policy and initiatives are described in the 2015 CSR report.

Financial risk factors
The Group's financial risk factors, which comprise risks related to liquidity, granting of credit, financing, interest rates and exchange rates, are described in note 26 to the financial statements.

Allocation of responsibilities
The Group's business units submit a large number of tenders each year and are responsible for the risks associated with the completion of projects. Structured processes are used that are uniform in principle but must also be able to take into account how the outside world is developing and the nature and size of the tenders.

Other operational risk factors are also monitored and handled in the first place by the management of the individual business units. Organisational, regulatory and financial risk factors are monitored and handled by the Group's staff functions with authority in the respective areas.

The Executive Board constantly assesses the risk factors relating to the Group's activities, particularly in connection with major projects, and the overall risk profile is assessed at regular intervals.

At its annual strategy meeting, the Board of Directors undertakes a general review of the Group's risk profile based on an overview of the Group's exposure in each key risk area.

Furthermore, the Executive Board and the Board of Directors have a special responsibility for the strategic risk factors.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of MT Højgaard A/S for the financial year 1 January – 31 December 2015.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January - 31 December 2015.

In our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters, the results for the year, cash flows and financial position as well as a description of the significant risks and uncertainty factors pertaining to the Group and the Company.

We recommend that the annual report be approved at the Annual General Meeting.

Søborg, 25 February 2016

Executive Board

Torben Biilmann President and CEO	Egil Mølsted Madsen CFO

Board of Directors

Søren Bjerre-Nielsen Chairman	Niels Lykke Graugaard Deputy Chairman	Carsten Bjerg
Pernille Fabricius	Ole Røsdahl	Mats Jönsson
John Sommer	Vinnie Sunke Heimann	Irene Chabior

Independent auditors' report

To the shareholders of MT Højgaard A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of MT Højgaard A/S for the financial year 1 January – 31 December 2015, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 25 February 2016

Ernst & Young
Godkendt Revisionspartnerselskab

CVR No 30 70 02 28

Torben Bender State Authorised Public Accountant	Mona Blønd State Authorised Public Accountant

Executive Board

Torben Biilmann
President and CEO
Born 1956, MSc (Civil Engineering)

Other management positions:
– Executive Committee of the Confederation of Danish Industry (DI) (MB)

Egil Mølsted Madsen
CFO
Born 1965, MSc (Business Economics and Auditing) and State Authorised Public Accountant

Board of Directors

Søren Bjerre-Nielsen
Chairman

Born 1952, MSc (Economics and Business Administration) and State Authorised Public Accountant.
On the Board since 2013.

Other management positions:
- Højgaard Holding A/S (CB), Denmark
- Chairman of the Board of Directors and the Committee of Directors, Danmarks Nationalbank (CB), Denmark
- VKR-Holding A/S (CB), Denmark
- Velux A/S (CB), Denmark
- Scandinavian Tobacco Group (MB), Denmark

Special expertise:

General and international management, economic and financial management, risk management, strategic business development, stock exchange issues and listed companies.

Niels Lykke Graugaard
Deputy Chairman

Born 1947, MSc (Engineering) and MSc (Economics and Management). On the Board since 2012.

Other management positions:
- Gram Equipment A/S (MB), Denmark
- KraussMaffei AG (MB), Germany
- Monberg & Thorsen A/S (CB), Denmark

Special expertise:

International business management, project management, strategic planning, and mergers & acquisitions.

Carsten Bjerg
Born 1959, BSc (Engineering). On the Board since 2014.

Other management positions:
- Højgaard Holding A/S (DCB), Denmark
- The Market Development Fund (CB), Denmark
- PCH Engineering A/S (CB), Denmark
- Rockwool International A/S (DCB), Denmark
- Vestas Wind Systems A/S (MB), Denmark
- Nissens A/S (MB), Denmark

Special expertise:

In-depth knowledge of management of an international group, including particularly knowledge of R&D, manufacturing and strategic management.

Pernille Fabricius
Born 1966, MSc (Business Economics and Auditing), MSc (Finance), LLM (EU law) and MBA. On the Board since 2014.
Group CFO, Getinge.

Other management positions:
- Højgaard Holding A/S (MB), Denmark
- Royal Greenland A/S (MB), Greenland
- Industrial Adviser Silverfleet Capital, UK

Special expertise:

Financial reporting and auditing, financing/refinancing and mergers & acquisitions.

Ole Røsdahl
Born 1964, BSc (Engineering). On the Board since 2015.

Other management positions:
- CEO, Aalborg Engineering A/S, Denmark
- Ferskvandscentret, Denmark
- Chairman of DI's Environment Committee, Denmark

Special expertise:

General and international management, including particularly knowledge on financial management, business development, international contracting and project management.

Mats Jönsson
President and CEO, Monberg & Thorsen
Born 1957, MSc (Engineering). On the Board since 2014.

Other management positions:
- Coor Service Management (MB), Sweden
- Infratek A/S (MB), Norway
- Logent AB (CB), Sweden
- Imtech, Sweden

Special expertise:

General and international management within construction, service and mergers & acquisitions.

Irene Chabior *
HR Development Consultant, HR
Born 1959. Primary and lower secondary school teacher and HRD. On the Board since 2001. Re-elected in 2005, 2009 and 2013. Election period expires in 2017.

Vinnie Sunke Heimann *
QHSE Director, QHSE
Born 1967, BSc (Engineering). On the Board since 2013. Election period expires in 2017.

John Sommer *
Sales Director, Strategy and Business Development
Born 1968, Engineer, Carpenter, HD (BCom) and E*MBA. On the Board since 2013. Election period expires in 2017.

*) Employee representative
(MB) Member of the board of directors
(CB) Chairman of the board of directors
(DCB) Deputy chairman of the board of directors

Income statement and statement of comprehensive income

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
			Income statement		
3,016.0	2,430.0	3-4	Revenue	6,531.4	6,979.4
-2,834.4	-2,208.9	5-6	Production costs	-5,668.6	-6,286.6
181.6	**221.1**		**Gross profit**	**862.8**	**692.8**
-90.3	-157.1	5	Distribution costs	-178.0	-110.8
-150.5	-165.9	5-7	Administrative expenses	-364.6	-338.2
-59.2	**-101.9**		**Profit/(loss) before share of profit/(loss) of joint ventures**	**320.2**	**243.8**
-	-	14	Share of profit/(loss) after tax of joint ventures	31.3	-36.8
-59.2	**-101.9**		**Operating profit/(loss) before special items**	**351.5**	**207.0**
-408.0	-	8	Special items	-	-408.0
-467.2	**-101.9**		**EBIT**	**351.5**	**-201.0**
215.0	269.7	9	Finance income	28.6	31.1
-48.3	-124.8	10	Finance costs	-9.9	-16.2
-300.5	**43.0**		**Profit/(loss) before tax**	**370.2**	**-186.1**
-44.3	-39.6	11	Income tax expense	-80.6	-65.6
-344.8	**3.4**		**Net profit/(loss) for the year**	**289.6**	**-251.7**
			Attributable to:		
			Shareholders of MT Højgaard A/S	183.4	-335.6
			Non-controlling interests	106.2	83.9
			Total	**289.6**	**-251.7**
			Proposal for distribution of profit/(loss)		
-344.8	3.4		Transfer to retained earnings		
-344.8	**3.4**		**Total**		
			Statement of comprehensive income		
-344.8	**3.4**		**Net profit/(loss) for the year**	**289.6**	**-251.7**
			Other comprehensive income		
			Items that may be reclassified to the income statement:		
-	-		Foreign exchange adjustments, foreign enterprises	4.5	-0.1
-	-		Value adjustment of hedging instruments, joint ventures	5.6	-18.6
-	-		Tax on other comprehensive income	-	-
-	**-**		**Other comprehensive income after tax**	**10.1**	**-18.7**
-344.8	**3.4**		**Total comprehensive income**	**299.7**	**-270.4**
			Attributable to:		
			Shareholders of MT Højgaard A/S	193.5	-354.3
			Non-controlling interests	106.2	83.9
			Total	**299.7**	**-270.4**

Balance sheet

PARENT COMPANY			ASSETS	GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
			Non-current assets		
			Intangible assets		
50.3	50.3		Goodwill	121.4	116.6
13.8	37.0		Other intangible assets	54.8	40.5
64.1	**87.3**	12	**Total intangible assets**	**176.2**	**157.1**
			Property, plant and equipment		
35.4	35.3		Land and buildings	194.0	197.4
10.9	8.0		Plant and machinery	278.9	242.5
20.5	15.8		Fixtures and fittings, tools and equipment	57.6	73.7
-	-		Property, plant and equipment under construction	14.7	4.4
66.8	**59.1**	13	**Total property, plant and equipment**	**545.2**	**518.0**
			Other non-current assets		
418.2	428.8	14	Investments in subsidiaries	-	-
37.5	36.0	14	Investments in joint ventures	62.7	29.7
10.8	10.8		Receivables from joint ventures	3.4	3.4
297.8	308.9	11	Deferred tax assets	311.6	320.2
764.3	**784.5**		**Total other non-current assets**	**377.7**	**353.3**
895.2	**930.9**		**Total non-current assets**	**1,099.1**	**1,028.4**
			Current assets		
			Inventories		
1.9	1.8	15	Raw materials and consumables	76.8	79.2
132.4	173.2	15	Properties held for resale	641.2	555.5
134.3	**175.0**		**Total inventories**	**718.0**	**634.7**
			Receivables		
563.3	461.0	26	Trade receivables	1,385.7	1,169.7
31.0	71.9	20	Construction contracts in progress	131.0	90.9
484.6	548.2		Receivables from subsidiaries	-	-
12.1	11.0		Income tax	-	-
48.8	45.9		Other receivables	58.7	95.1
-	-		Payments on account to suppliers	1.4	5.1
32.9	22.9		Prepayments	26.8	41.5
1,172.7	**1,160.9**	16	**Total receivables**	**1,603.6**	**1,402.3**
11.5	**-**	17	**Securities**	**-**	**121.7**
141.5	**50.0**	33	**Cash and cash equivalents**	**175.0**	**459.3**
1,460.0	**1,385.9**		**Total current assets**	**2,496.6**	**2,618.0**
2,355.2	**2,316.8**		**Total assets**	**3,595.7**	**3,646.4**

Balance sheet

PARENT COMPANY			EQUITY AND LIABILITIES	GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
			Equity		
520.0	520.0		Share capital	520.0	520.0
-	-		Other reserves	-27.2	-37.3
-65.7	-59.8		Retained earnings	467.0	281.1
-	-		Proposed dividends	-	-
454.3	**460.2**		**Equity attributable to shareholders**	**959.8**	**763.8**
-	-		Non-controlling interests	39.1	57.9
454.3	**460.2**		**Total equity**	**998.9**	**821.7**
			Non-current liabilities		
6.8	6.5	18	Bank loans, etc.	100.4	159.3
-	-	11	Deferred tax liabilities	10.1	9.0
137.5	203.9	19	Provisions	212.3	260.8
144.3	**210.4**		**Total non-current liabilities**	**322.8**	**429.1**
			Current liabilities		
7.1	0.3	18	Current portion of non-current liabilities	52.0	34.6
0.3	109.4	18	Bank loans, etc.	73.0	0.3
532.3	379.3	20	Construction contracts in progress	575.4	632.8
0.8	32.4		Prepayments received from customers	41.7	0.9
524.5	382.6		Trade payables	809.6	887.3
185.4	374.6		Payables to subsidiaries	-	-
40.0	33.5	11	Income tax	41.1	48.5
174.7	144.0		Other payables	313.0	380.4
39.2	30.3		Deferred income	52.3	41.9
252.3	159.8	19	Provisions	315.9	368.9
1,756.6	**1,646.2**		**Total current liabilities**	**2,274.0**	**2,395.6**
1,900.9	**1,856.6**		**Total liabilities**	**2,596.8**	**2,824.7**
2,355.2	**2,316.8**		**Total equity and liabilities**	**3,595.7**	**3,646.4**

Statement of cash flows

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
			Operating activities		
-467.2	-101.9		EBIT	351.5	-201.0
74.4	8.1	30	Adjustments in respect of non-cash operating items, etc.	111.7	274.7
-392.8	**-93.8**		**Cash flows from operating activities before working capital changes**	**463.2**	**73.7**
			Working capital changes:		
330.8	-40.7		Inventories	-80.6	12.0
255.6	51.6		Receivables excl. construction contracts in progress	-160.9	434.5
114.5	-193.9		Construction contracts in progress	-97.5	48.1
-94.7	3.2		Trade and other current payables	-116.6	-91.3
213.4	**-273.6**		**Cash flows from operations (operating activities)**	**7.6**	**477.0**
5.3	11.9		Finance income	28.6	32.5
-5.1	-1.3		Finance costs	-9.9	-17.2
213.6	**-263.0**		**Cash flows from operations (ordinary activities)**	**26.3**	**492.3**
-40.9	-55.3		Income taxes paid, net	-77.9	-63.5
172.7	**-318.3**		**Cash flows from operating activities**	**-51.6**	**428.8**
			Investing activities		
-	-	34	Acquisition of enterprises and activities	-7.8	-
-10.6	-26.5		Purchase of intangible assets	-26.6	-13.4
-164.7	-107.5		Capital changes in joint ventures, subsidiaries	1.6	-22.9
-27.0	-5.0	31	Purchase of property, plant and equipment	-137.2	-105.5
7.8	0.6		Sale of property, plant and equipment	14.9	61.4
207.3	250.3		Dividends from subsidiaries	-	-
8.7	11.5		Investments in securities, net	14.7	41.1
21.5	**123.4**		**Cash flows from investing activities**	**-140.4**	**-39.3**
			Financing activities		
			Loan financing:		
-	-	32	Increase in non-current bank loans, etc.	-	-8.9
-11.3	-7.1		Decrease in non-current bank loans, etc.	-41.4	-19.6
			Shareholders:		
-	-		Dividends, non-controlling interests	-125.0	-91.0
1.7	1.4		Issued warrants, employee contribution	1.4	1.7
-9.6	**-5.7**		**Cash flows from financing activities**	**-165.0**	**-117.8**
184.6	**-200.6**		**Net increase (decrease) in cash and cash equivalents**	**-357.0**	**271.7**
-43.4	141.2		Cash and cash equivalents at 01-01	459.0	187.3
-	-		Effect of exchange rate fluctuations on cash held	-	-
141.2	**-59.4**	33	**Cash and cash equivalents at 31-12**	**102.0**	**459.0**

Statement of changes in equity, Group

Amounts in DKK million

Equity, Group	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Equity attributable to shareholders	Attributable to non-controlling interests	Total equity
2014								
Equity at 01-01	**520.0**	**-20.4**	**1.8**	**614.6**	**-**	**1,116.0**	**65.0**	**1,181.0**
Net profit/(loss) for the year	-	-	-	-335.6	-	**-335.6**	83.9	**-251.7**
Other comprehensive income:								
Foreign exchange adjustments, foreign enterprises	-	-	-0.1	-	-	-0.1	-	**-0.1**
Value adjustment of hedging instruments, joint ventures	-	-18.6	-	-	-	-18.6	-	**-18.6**
Tax on other comprehensive income	-	-	-	-	-	-	-	**-**
Total other compr. income	-	-18.6	-0.1	-	-	-18.7	-	**-18.7**
Transactions with owners:								
Issued warrants, employee contribution	-	-	-	1.7	-	1.7	-	**1.7**
Issued warrants	-	-	-	0.4	-	0.4	-	**0.4**
Dividends paid	-	-	-	-	-	-	-91.0	**-91.0**
Total transactions with owners	-	-	-	2.1	-	2.1	-91.0	**-88.9**
Total changes in equity	**-**	**-18.6**	**-0.1**	**-333.5**	**-**	**-352.2**	**-7.1**	**-359.3**
Equity at 31-12	**520.0**	**-39.0**	**1.7**	**281.1**	**-**	**763.8**	**57.9**	**821.7**
2015								
Equity at 01-01	**520.0**	**-39.0**	**1.7**	**281.1**	**-**	**763.8**	**57.9**	**821.7**
Net profit/(loss) for the year	-	-	-	183.4	-	**183.4**	106.2	**289.6**
Other compr. income:								
Foreign exchange adjustments, foreign enterprises	-	-	4.5	-	-	**4.5**	-	**4.5**
Value adjustment of hedging instruments, joint ventures	-	5.6	-	-	-	**5.6**	-	**5.6**
Tax on other comprehensive income	-	-	-	-	-	**-**	-	**-**
Total other compr. income	-	5.6	4.5	-	-	**10.1**	-	**10.1**
Transactions with owners:								
Issued warrants, employee contribution	-	-	-	1.4	-	1.4	-	**1.4**
Issued warrants	-	-	-	1.1	-	1.1	-	**1.1**
Dividends paid	-	-	-	-	-	-	-125.0	**-125.0**
Total transactions with owners	-	-	-	2.5	-	2.5	-125.0	**-122.5**
Total changes in equity	**-**	**5.6**	**4.5**	**185.9**	**-**	**196.0**	**-18.8**	**177.2**
Equity at 31-12	**520.0**	**-33.4**	**6.2**	**467.0**	**-**	**959.8**	**39.1**	**998.9**

Statement of changes in equity, parent company

Amounts in DKK million

Equity, parent company	Share capital	Retained earnings	Total
2014			
Equity at 01-01	**520.0**	**277.0**	**797.0**
Net profit/(loss) for the year		-344.8	**-344.8**
Transactions with owners:			
Issued warrants, employee contribution	-	1.7	**1.7**
Issued warrants	-	0.4	**0.4**
Total changes in equity	**-**	**-342.7**	**-342.7**
Equity at 31-12	**520.0**	**-65.7**	**454.3**
2015			
Equity at 01-01	**520.0**	**-65.7**	**454.3**
Net profit/(loss) for the year	-	3.4	**3.4**
Transactions with owners:			
Issued warrants, employee contribution	-	1.4	**1.4**
Issued warrants	-	1.1	**1.1**
Total changes in equity	**-**	**5.9**	**5.9**
Equity at 31-12	**520.0**	**-59.8**	**460.2**

Notes

Notes

Note

1 **Accounting policies**

The Group and the parent company annual report for 2015 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

On 25 February 2016, the Board of Directors and the Executive Board discussed and approved the annual report of MT Højgaard A/S for the financial year 1 January – 31 December 2015. The annual report will be presented to the shareholders of MT Højgaard A/S for approval at the Annual General Meeting on 16 March 2016.

The annual report is presented in Danish kroner (DKK million).

The accounting policies described below have been applied consistently to the financial year and the comparative figures. The accounting policies are unchanged from the 2014 annual report.

The financial ratios have been updated in 2015 in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society. This has resulted in a recalculation of financial ratios, including ROE and ROIC.

Consolidated financial statements

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

The consolidated financial statements comprise the parent company MT Højgaard 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.

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.

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.

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.

Notes

Note

1 **Accounting policies (continued)**

Business combinations

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

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.

If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If the fair value of such identifiable assets, liabilities and contingent liabilities subsequently proves to differ from the fair value assumed at the acquisition date, goodwill may be adjusted within twelve months following their acquisition. The acquisition date is the date on which the parent company acquires de facto control over the acquiree.

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.

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 functional currency for the parent company 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.

On recognition of foreign subsidiaries and joint arrangements, the income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates, which do not deviate significantly from the exchange rates at the transaction date, while the 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.

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.

Notes

Note

1 **Accounting policies (continued)**

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.

Leases
Leases relating to property, plant and equipment in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet as assets. The assets are recognised initially at cost, equivalent to the lower of their fair value and the present value of the future lease payments.

The present value is determined using the interest rate implicit in the lease as the discount rate or an approximated value. The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases, and the lease payments are recognised in the income statement over the term of the lease.

Finance costs are determined as the difference between total future lease payments and the carrying amount (present value) of finance leases. These finance costs are recognised in the income statement over the lease term.

Government grants
Government grants include grants for projects, investments, etc. Grants that compensate for expenses incurred or for the purchase of assets are set up in the balance sheet as deferred income and recognised in the income statement in the same periods in which the expenses are incurred or over the periods in which depreciation on the assets is charged.

Income statement

Revenue
Revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, sale of dwellings, 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).

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

Revenue from projects developed in-house and dwellings is recognised by applying the sales method. Revenue and profit from projects sold are recognised when delivery has been made and risk has been transferred to the buyer and provided the income can be measured reliably and is expected to be received.

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.

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 works, including any related interest payments, etc.

Notes

Note

1 **Accounting policies (continued)**

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 and the Buxton dispute. 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 arrangements 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. 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 equity.

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

The parent company MT Højgaard A/S is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). Subsidiaries are included in the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they are no longer included. Current Danish tax is allocated among the jointly taxed Danish enterprises in proportion to their taxable income.

MT Højgaard A/S is the management company for the Danish joint taxation and consequently settles all income tax payments to the Danish tax authorities.

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 investments.

Notes

Note

1 **Accounting policies (continued)**

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, normally 5-10 years. The basis of amortisation is reduced by any impairment losses. Other intangible assets primarily comprise ERP and other IT systems.

Property, plant and equipment

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

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

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

Expected useful lives:

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

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

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

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.

MT Højgaard A/S is a party to several PPP 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. For further details on ownership, reference is made to notes 25 and 35.

Investments in subsidiaries and joint ventures in the parent company financial statements

In the parent company balance sheet, investments in subsidiaries and joint ventures are measured at cost, including costs of purchase. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

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

Notes

Note

1 **Accounting policies (continued)**

Impairment of non-current assets

The carrying amounts of intangible assets, property, plant and equipment and investments 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 on other assets are reversed to the extent that the assumptions and estimates that led to the recognition of the impairment loss have changed.

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 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 dwellings for resale.

Receivables

Receivables are measured at amortised cost less impairment losses.

Construction contracts in progress

Construction contracts in progress are measured at the selling price of the work performed. A construction contract is characterised by the fact that the assets or plants in question are constructed to customer specifications and requirements in terms of design, function, etc., and that a binding contract under which any termination will lead to penalties or claims is entered into before work commences.

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 costs on a construction contract in progress will exceed total 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 in receivables or current liabilities, depending on the selling price less progress billings and recognised losses.

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.

Equity

Hedging reserve

The hedging reserve in the consolidated financial statements comprises changes 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.

Notes

Note

1 **Accounting policies (continued)**

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.

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 is recognised as an equity-settled arrangement and has been recognised in accordance with the relevant rules.

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, payables to subsidiaries and joint ventures, and other payables, are measured at amortised cost.

Notes

Note

1 **Accounting policies (continued)**

Segment information

Because the Group only has activities in a single business segment, information is only provided on the geographical distribution of the Group's revenue and non-current assets.

This segmentation follows the Group's management control and internal control. Segment information has been prepared in accordance with the Group's accounting policies.

Statement of cash flows

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

Cash flows from operating activities (CFFO)

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, net finance items, and income taxes paid.

Cash flows 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 and investments as well as purchase and sale of securities that are not recognised as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends and increases and decreases in non-current borrowings.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents less current portion of bank loans, etc.

Financial ratios

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society.

Definitions of financial ratios used:

Gross margin	=	Gross profit/Revenue
EBIT margin	=	EBIT/Revenue
Pre-tax margin	=	Profit before tax/Revenue
Working capital	=	Net working capital excluding sites held for resale.
Return on invested capital incl. goodwill (ROIC)	=	EBITA/Average invested capital incl. goodwill
Return on invested capital after tax incl. goodwill (ROIC after tax)	=	NOPLAT/Average invested capital incl. goodwill
Return on equity (ROE)	=	Profit after tax excl. non-controlling interests/Average equity excl. non-controlling interests
Equity ratio	=	Equity excl. non-controlling interests, year end/Total liabilities
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.

Notes

Note

2 **Accounting estimates and judgements**

Estimation uncertainty

Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the reporting 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 equity investments and goodwill.

Special risks for the Group are described in the 'Risk management' section in the Management's review.

Construction contracts, including disputes

The recognition and measurement of construction contracts in progress are based on an assessment of the stage of each project and expectations concerning the remaining progress towards completion of each contract, including the outcome of disputes. The assessment of stage, income and expenses, including disputes, is made jointly by the Executive Board and the project management on a project-by-project basis.

The assessment of disputes relating to extra works, extensions of time, demands concerning liquidated damages, etc., are 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 disputes, 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 disputes may change as the cases proceed.

Actual results may therefore differ materially from expectations.

Provisions for guarantee obligations

Provisions for guarantee obligations are assessed individually for each construction contract and relate to normal one-year and five-year guarantee works. 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. Further details are provided in note 19.

Notes

Note

2 **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 utilised. The amount to be recognised as deferred tax assets is determined on the basis of an estimate of the probable timing and amount of future taxable profits and taking into account current tax legislation.

The projections of future profits in the enterprises in which the losses can be utilised are updated annually. At the end of the financial 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 and the parent company 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.

Further details are provided in note 11.

Impairment testing of equity investments and goodwill

In connection with impairment testing of equity investments and goodwill, estimates are made of how the relevant enterprises or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the equity investment or 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 attributable to Civil Works and Construction in MT Højgaard A/S; Enemærke & Petersen A/S; and Lindpro A/S, are tested for impairment annually.

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 flow. In addition, sensitivity analyses are prepared in order to support carrying amounts.

Further details are provided in note 12.

Notes

Note

2 **Accounting estimates and judgements (continued)**

Other non-current assets

Investments in subsidiaries and joint ventures are determined at the recoverable amount annually. 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. The present value is determined using a discount rate before tax that is reviewed annually.

Impairment losses in joint ventures primarily relate to losses on individual contracts where the joint venture has been established purely with a view to completing the contract and will be terminated on completion of the contract.

Further details are provided in note 14.

Management judgements applying the accounting policies

In the process of applying the Group's accounting policies, management makes judgements, in addition to estimates, that may have a significant effect on the amounts recognised in the financial statements. In 2015, management made judgements as to whether, in connection with the conclusion of contracts, contracts should be recognised using the percentage of completion method or the sales method, and judgements related to the classification of joint arrangements, see below. Management also made judgements as to whether leases concluded should be classified as finance leases or operating leases.

Application of percentage of completion method

When a contract is entered into, management judges whether the contract features a sufficiently high degree of customisation to warrant recognition as a construction contract applying the percentage of completion method. Revenue from projects developed in-house and dwellings is recognised by applying the sales method.

Joint ventures and joint arrangements

The international financial reporting standard IFRS 11 operates with the special concept "joint arrangements", where the share of such arrangements is recognised in proportion to the financial interest in the project in both the parent company and 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. Joint operations are recognised at the proportionate share of income, expenses, assets and liabilities.

The Group's joint ventures are mainly the PPP companies and Seth. For further details on ownership, reference is made to notes 25 and 35.

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

The MT Højgaard Group owns 60% of the voting rights in Soc. de Empreitadas e Trabalhos Hidráulicos, S.A. (Seth). Under the contract between the parties, decisions about the relevant activities in the enterprise require the unanimous consent of the parties. MT Højgaard Group and Operatio SGPS, S.A., consequently have joint control over the arrangement. Because of the contractual arrangement, the parties have rights to net assets only, and Seth is consequently accounted for as a joint venture.

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		3	**Information on activities**		
			The Group is engaged in construction and civil works activities in Denmark and internationally.		
			In 2015, the Group was engaged in international activities in Europe (France, Portugal, Sweden and Norway), the North Atlantic (Faroe Islands, Greenland and Iceland), Asia (the Maldives and Vietnam) and the Middle East (Qatar).		
			Geographical breakdown of revenue and non-current assets		
			Revenue can be broken down as follows:		
			Denmark	5,349.3	5,714.8
			Rest of world	1,182.1	1,264.6
			Total	**6,531.4**	**6,979.4**
			Non-current assets excluding deferred tax assets can be broken down as follows:		
			Denmark	717.8	642.1
			Rest of world	69.8	66.1
			Total	**787.6**	**708.2**
		4	**Revenue**		
			Revenue can be broken down as follows:		
2,970.7	2,374.8		Selling price of the production for the year on contracts in progress and completed contracts, etc.	5,546.6	6,044.6
22.7	27.7		Revenue from project development cases sold, etc.	60.6	30.5
22.6	27.5		Rental income, facility management, etc.	924.2	904.3
3,016.0	**2,430.0**		**Total**	**6,531.4**	**6,979.4**
		5	**Depreciation and amortisation**		
3.3	3.3		Intangible assets	12.3	11.7
12.3	12.4		Property, plant and equipment	100.9	99.9
15.6	**15.7**		**Total depreciation and amortisation**	**113.2**	**111.6**
			Depreciation and amortisation are recognised in the income statement as follows:		
7.3	6.1		Production costs	95.6	96.6
-	-		Distribution costs	0.9	-
8.3	9.6		Administrative expenses	16.7	15.0
15.6	**15.7**		**Total depreciation and amortisation**	**113.2**	**111.6**

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		6	**Staff costs**		
			The total amount paid in wages and salaries, etc., can be broken down as follows:		
741.6	698.1		Wages and salaries, etc.	1,795.5	1,799.8
51.5	48.9		Pension contributions (defined contribution)	134.3	134.0
22.0	23.9		Other social security costs	59.9	60.5
0.4	1.1		Share-based payment (warrants)	1.1	0.4
815.5	**772.0**		**Total**	**1,990.8**	**1,994.7**
1,411	**1,312**		**Average number of employees**	**3,965**	**3,846**
1,324	**1,324**		**Number of employees, year end**	**4,125**	**3,989**
			Total remuneration (salaries and remuneration, etc.) to the Board of Directors and the Executive Board:		
2.4	2.4		Board of Directors	2.4	2.4
17.2	15.1		Executive Board – salary and bonus	15.1	17.2
0.3	0.7		Executive Board - share-based payment (warrants)	0.7	0.3
19.9	**18.2**		**Total**	**18.2**	**19.9**

For 2015, the Executive Board has a bonus scheme that will provide up to six months' salary based on the achievement of financial targets. Other senior executives are also comprised by bonus schemes that depend, among other things, on net profit/(loss) for the year.

In April 2014, the Group set up a warrant programme for the five members of the Group's management team. Under the warrant programme, participants are entitled to purchase warrants annually until 2019. For each warrant purchased, the holder will be allocated one warrant free of charge. The exercise of purchased and allocated warrants is subject to a number of conditions, and the current expectation is that these can be met. If these conditions are not met by the end of the programme term, the programme will be settled by cash payment. Each warrant entitles the holder to subscribe for one share with a nominal value of DKK 1,000 in the parent company. The programme is capped at 5% of the company's share capital.

In 2015, a total of 4,405 warrants with a nominal value of DKK 1,000 each and a fair value of DKK 1.4 million were granted. The Executive Board accounted for 2,676 of these. The combined fair value of the programme for 2014 and 2015 is consequently DKK 3.1 million at the grant date, determined using an option valuation model.

The fair value is expensed on a straight-line basis over the expected three-year service period. The warrant programme impacted the income statement for 2015 by DKK 1.1 million.

At the end of 2015, the number of outstanding warrants totalled 19,416 nos, corresponding to 3.7% of the share capital if all warrants are exercised. Warrants granted to the Executive Board represent 12,654 nos.

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		7	**Fees paid to auditor appointed by the Annual General Meeting (EY)**		
1.3	1.3		Audit fees	3.6	3.5
0.4	0.6		Other assurance engagements	0.7	0.5
0.9	0.4		Tax and VAT advice	0.5	1.0
0.8	0.6		Non-audit services	0.7	0.9
3.4	**2.9**		**Total fees**	**5.5**	**5.9**
		8	**Special items**		
			Special items in 2014 related to litigation and disputes in respect of offshore projects in the UK.		
			Litigation in 2014 consisted of receivables due from these projects, provisions made as part of provisions for accounting purposes, and information included under contingent liabilities (note 23).		
-408.0	**-**		**Total special items**	**-**	**-408.0**
		9	**Finance income**		
7.5	12.1		Interest income, other (balance sheet items recognised at amortised cost)	2.3	2.2
0.2	-		Interest income, securities (balance sheet items recognised at fair value)	0.3	4.6
-	-		Capital gains on securities	-	0.1
-	0.6		Foreign exchange gains	26.0	24.2
207.0	250.0		Dividends from subsidiaries	-	-
0.3	0.3		Dividends from joint ventures	-	-
-	6.7		Reversal of impairment and adjustment of liabilities related to subsidiaries and joint ventures, etc.	-	-
215.0	**269.7**		**Total finance income**	**28.6**	**31.1**
6.9	11.2		Portion relating to interest received from subsidiaries	-	-
		10	**Finance costs**		
6.5	2.2		Interest expense (balance sheet items recognised at amortised cost)	6.0	13.8
0.2	-		Capital losses on securities	0.1	0.4
1.1	-		Foreign exchange losses	3.8	2.0
40.5	122.6		Impairment and adjustment of liabilities related to subsidiaries and joint ventures, etc.	-	-
48.3	**124.8**		**Total finance costs**	**9.9**	**16.2**
2.5	1.0		Portion relating to interest paid to subsidiaries	-	-

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		11	**Income tax**		
			Tax on other comprehensive income in the parent company and the Group was nil.		
			Current tax relates primarily to tax in some foreign entities in which tax payment is determined based on local rules.		
42.1	50.7		Current tax	70.9	78.1
2.2	-11.1		Changes in deferred tax	9.7	-12.5
44.3	**39.6**		**Income tax expense**	**80.6**	**65.6**
			Income tax expense can be broken down as follows:		
-73.6	10.5		Income tax expense before tax calculated at 23.5%	87.0	-45.6
12.0	21.3		Reduction of Danish income tax rate from 23.5% to 22% in the period up to 2016	17.3	12.0
10.4	14.9		Deviations in foreign enterprises' tax rates	15.4	10.2
-50.8	-61.3		Non-taxable income (Group: primarily tax not provided for on non-controlling interests' share of income from partnerships)	-29.2	-18.6
2.1	28.8		Non-deductible expenses	0.6	0.8
105.4	-21.3		Unrecognised share of the tax asset for the year	-17.3	105.4
38.8	46.7		Other, including prior year adjustments and joint taxation	6.8	1.4
44.3	**39.6**		**Income tax expense**	**80.6**	**65.6**
-14.7	92.1		Effective tax rate (%)	21.8	-35.2

Recovery of deferred tax assets

The projections of future profits in the enterprises in which the losses can be utilised have been updated. At 31 December 2015, the management of MT Højgaard A/S assessed 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. Against this background, the recognition of deferred tax assets has been reviewed.

Like last year, tax loss carryforwards have not been fully capitalised in the assessment of deferred tax assets. They have been capitalised based on expected positive earnings in the next three to five years. Non-capitalised tax assets amount to approximately DKK 200 million both in the Group and the parent company and relate to tax losses that can be carried forward indefinitely. The amount is in line with last year's level. They may be recognised as income when the Group reports the necessary positive results. The amount was reduced by DKK 17.3 million in 2015, reflecting the reduction of the income tax rate to 22%.

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		11	**Income tax (continued)**		
			Tax relating to distributable reserves in foreign subsidiaries that are subject to higher taxation if distributed amounted to DKK 5.2 million (2014: DKK 5.8 million). These liabilities have not been recognised, as the Group checks whether they will crystallise. It is probable that the liabilities will not crystallise in the foreseeable future.		
			Deferred tax assets and deferred tax liabilities		
300.1	297.8		Deferred tax (net) at 01-01	311.2	298.7
-12.0	-21.3		Reduction of Danish income tax rate from 23.5% to 22% in the period up to 2016	-17.3	-12.0
9.7	32.4		Other changes through the income statement	7.6	24.5
297.8	**308.9**		**Deferred tax (net) at 31-12**	**301.5**	**311.2**
			Deferred tax can be broken down as follows:		
			Deferred tax assets		
53.0	53.5		Property, plant and equipment	44.4	39.0
-	-		Other non-current assets	-	0.5
-	-		Current assets	1.6	-
51.2	44.9		Non-current liabilities	65.5	73.9
46.9	27.0		Current liabilities	30.2	55.1
180.0	200.4		Tax loss carryforwards	196.4	232.6
331.1	325.8		Deferred tax assets at 31-12 before set-off	338.1	401.1
-33.3	-16.9		Set-off within legal entities and jurisdictions (countries)	-26.5	-80.9
297.8	**308.9**		**Deferred tax assets at 31-12**	**311.6**	**320.2**
			Deferred tax liabilities		
-5.9	-5.5		Intangible assets	-13.2	-16.6
-	-		Property, plant and equipment	-5.3	-4.7
-27.4	-11.4		Current assets	-16.5	-67.5
-	-		Current liabilities	-1.6	-1.1
-33.3	-16.9		Deferred tax liabilities at 31-12 before set-off	-36.6	-89.9
33.3	16.9		Set-off within legal entities and jurisdictions (countries)	26.5	80.9
-	**-**		**Deferred tax liabilities at 31-12**	**-10.1**	**-9.0**

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		12	**Intangible assets**		
			Goodwill		
50.3	50.3		Cost at 01-01	117.3	117.3
-	-		Additions relating to acquisitions	4.8	-
50.3	50.3		Cost at 31-12	122.1	117.3
			Impairment losses at 01-01 and 31-12	0.7	0.7
50.3	**50.3**		**Carrying amount at 31-12**	**121.4**	**116.6**
			Other intangible assets		
14.3	24.9		Cost at 01-01	71.9	58.5
10.6	26.5		Additions	26.6	13.4
24.9	51.4		Cost at 31-12	98.5	71.9
7.8	11.1		Amortisation and impairment losses at 01-01	31.4	19.7
3.3	3.3		Amortisation charge	12.3	11.7
11.1	14.4		Amortisation and impairment losses at 31-12	43.7	31.4
13.8	**37.0**		**Carrying amount at 31-12**	**54.8**	**40.5**

Goodwill

The carrying amounts of goodwill attributable to Civil Works (DKK 5.7 million) and Construction (DKK 44.6 million) in MT Højgaard A/S; Enemærke & Petersen A/S (DKK 43.2 million); and Lindpro A/S (DKK 28.0 million), were tested for impairment at 31 December 2015, applying the DCF model. In connection with the test at 31 December, revenue was determined for each business unit on the basis of the approved budget for 2016, the order book as well as estimates for the years 2017-2020. The growth rate in the terminal period has been set at 2%. The expectations concerning the pre-tax margin are based on the 5% target and should be viewed in the context of the implemented focus on risk management and the consequent tightened requirements for the return on contracts entered into, and the effects of the Group's other measures to boost earnings, including exploiting synergies and using VDC. The business units are reviewed individually and adjusted up or down based on management's expectations, knowledge and estimates. Net cash flows are determined on this basis. The present value is determined using a discount rate set for each unit. The rate has been estimated to be the same for the business units due to uniform markets/geography and amounts to 9-10% before tax (2014: 9-10%).

The impairment test did not give rise to any write-downs of goodwill to recoverable amount.

Management estimates that probable changes in the underlying assumptions will not result in the carrying amount of goodwill exceeding its recoverable amount.

Other intangible assets

Other intangible assets primarily comprise ERP and other IT systems. Additions for the year primarily relate to the ongoing investments in BIM/VDC, see the Management's review.

Notes

PARENT COMPANY 2015

Note	Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
13	**Property, plant and equipment**				
	Cost at 01-01	46.6	44.7	47.9	**139.2**
	Additions	-	2.2	2.7	**4.9**
	Disposals	-	-8.9	-1.0	**-9.9**
	Cost at 31-12	46.6	38.0	49.6	**134.2**
	Depreciation and impairment losses at 01-01	11.2	33.8	27.4	**72.4**
	Depreciation, disposals	-	-8.7	-1.0	**-9.7**
	Depreciation charge	0.1	4.9	7.4	**12.4**
	Depreciation and impairment losses at 31-12	11.3	30.0	33.8	**75.1**
	Carrying amount at 31-12	**35.3**	**8.0**	**15.8**	**59.1**
	Mortgaged properties:				
	Carrying amount	19.3	-	-	**19.3**
	Year-end balance, loans	6.8	-	-	**6.8**

Notes

PARENT COMPANY 2014

Note	Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
13	**Property, plant and equipment (continued)**				
	Cost at 01-01	45.4	54.6	53.8	**153.8**
	Reclassifications, etc.	9.4	-0.7	0.1	**8.8**
	Additions	-	2.8	19.6	**22.4**
	Disposals	-8.2	-12.0	-25.6	**-45.8**
	Cost at 31-12	46.6	44.7	47.9	**139.2**
	Depreciation and impairment losses at 01-01	6.8	36.2	42.1	**85.1**
	Reclassifications, etc.	4.9	-0.7	0.1	**4.3**
	Depreciation, disposals	-0.6	-7.6	-21.1	**-29.3**
	Depreciation charge	0.1	5.9	6.3	**12.3**
	Depreciation and impairment losses at 31-12	11.2	33.8	27.4	**72.4**
	Carrying amount at 31-12	**35.4**	**10.9**	**20.5**	**66.8**
	Mortgaged properties:				
	Carrying amount	19.6	-	-	**19.6**
	Year-end balance, loans	7.2	-	-	**7.2**

Notes

GROUP						2015
Note	Amounts in DKK million					
13	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
	Cost at 01-01	274.1	626.6	364.7	4.4	**1,269.8**
	Foreign exchange adjustments	-	4.2	-	-	**4.2**
	Reclassifications, etc.	2.0	-	-	-2.0	**-**
	Additions	4.2	93.3	24.1	12.4	**134.0**
	Disposals	-6.0	-26.4	-24.4	-0.1	**-56.9**
	Cost at 31-12	274.3	697.7	364.4	14.7	**1,351.1**
	Depreciation and impairment losses at 01-01	76.7	384.1	291.0	-	**751.8**
	Foreign exchange adjustments	-	1.8	-	-	**1.8**
	Depreciation, disposals	-4.2	-23.4	-21.0	-	**-48.6**
	Depreciation charge	7.8	56.3	36.8	-	**100.9**
	Depreciation and impairment losses at 31-12	80.3	418.8	306.8	-	**805.9**
	Carrying amount at 31-12	**194.0**	**278.9**	**57.6**	**14.7**	545.2
	Mortgaged properties:					
	Carrying amount	117.6	-	-	-	**117.6**
	Year-end balance, loans	45.3	-	-	-	**45.3**
	Assets held under finance leases:					
	Carrying amount	-	84.7	13.4	-	**98.1**

Notes

GROUP						2014
Note	Amounts in DKK million					
13	**Property, plant and equipment (continued)**	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
	Cost at 01-01	326.9	589.4	369.7	5.5	**1,291.5**
	Reclassifications, etc.	9.4	-0.7	0.1	-	**8.8**
	Additions	8.9	67.4	37.1	8.4	**121.8**
	Disposals	-71.1	-29.5	-42.2	-9.5	**-152.3**
	Cost at 31-12	274.1	626.6	364.7	4.4	**1,269.8**
	Depreciation and impairment losses at 01-01	97.7	356.8	283.0	-	**737.5**
	Reclassifications, etc.	4.9	-0.7	0.1	-	**4.3**
	Depreciation, disposals	-34.5	-21.4	-34.0	-	**-89.9**
	Depreciation charge	8.6	49.4	41.9	-	**99.9**
	Depreciation and impairment losses at 31-12	76.7	384.1	291.0	-	**751.8**
	Carrying amount at 31-12	**197.4**	**242.5**	**73.7**	**4.4**	**518.0**
	Mortgaged properties:					
	Carrying amount	119.9	-	-	-	**119.9**
	Year-end balance, loans	49.2	-	-	-	**49.2**
	Assets held under finance leases:					
	Carrying amount	-	93.2	16.6	-	**109.8**

Notes

PARENT COMPANY

Note	Amounts in DKK million	Investments in subsidiaries	Investments in joint ventures
14	**Investments in subsidiaries and joint ventures**		
	2015		
	Cost at 01-01	562.2	70.4
	Additions	108.9	0.5
	Disposals	-	-2.0
	Cost at 31-12	671.1	68.9
	Adjustments at 01-01	-144.0	-32.9
	Impairment charge	-102.7	-
	Reversal of impairment charge	4.4	-
	Adjustments at 31-12	-242.3	-32.9
	Carrying amount at 31-12	**428.8**	**36.0**
	2014		
	Cost at 01-01	530.8	37.4
	Additions	31.4	33.0
	Cost at 31-12	562.2	70.4
	Adjustments at 01-01	-132.6	-0.2
	Impairment charge	-11.4	-32.7
	Adjustments at 31-12	-144.0	-32.9
	Carrying amount at 31-12	**418.2**	**37.5**

A list of consolidated enterprises is provided in note 35.

Investments in subsidiaries and joint ventures were determined at the recoverable amount at 31 December, applying the DCF model. The present value was determined using a discount rate before tax of 9-10% (2014: 9-10%).
In connection with the test at 31 December, revenue was determined for each subsidiary on the basis of the approved budget for 2016 and estimates for the years 2017-2020. The growth rate in the terminal period has been set at 2%.
The DKK 102.7 million impairment charge on investments in subsidiaries relates primarily to the companies in Norway and Qatar, in which activity has yet to reach the expected level. An impairment loss has therefore been recognised on the investments in these countries.

Notes

GROUP

Note	Amounts in DKK million		
14	**Investments in subsidiaries and joint ventures (continued)**		Investments in joint ventures
	2015		
	Cost at 01-01		44.2
	Reclassifications, etc.		0.3
	Disposals		-2.0
	Cost at 31-12		42.5
	Adjustments at 01-01		-14.5
	Foreign exchange adjustments		0.1
	Reclassifications, etc.		-0.3
	Share of profit/(loss) for the year after tax		31.3
	Dividends paid		-0.3
	Other adjustments		3.9
	Adjustments at 31-12		20.2
	Carrying amount at 31-12		**62.7**
	2014		
	Cost at 01-01		44.2
	Cost at 31-12		44.2
	Adjustments at 01-01		-0.5
	Share of profit/(loss) for the year after tax		-36.8
	Dividends paid		22.1
	Other adjustments		0.7
	Adjustments at 31-12		-14.5
	Carrying amount at 31-12		**29.7**
	Material joint ventures (the figures represent 100%), see note 34	2015	2014
	Soc. de Empreitadas e Trabalhos Hidráulicos, S.A., (Seth) - Ownership interest 60%		
	Revenue	396.6	126.2
	Net profit/(loss) for the year	28.1	-14.0
	Total assets	291.8	130.3
	Total liabilities	230.8	92.7
	Total contingent liabilities	-	-
	Joint ventures - not individually material (the figures represent 100%), see note 34		
	Net profit/(loss) for the year	44.9	-23.7
	Reconciliation of carrying amount at 31 December		
	Carrying amount of material joint ventures	39.5	22.6
	Carrying amount of investments in joint ventures that are not individually material	23.2	7.1
	Carrying amount at 31-12	**62.7**	**29.7**

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		15	**Inventories**		
			Raw materials and consumables		
1.9	1.9		Cost at 01-01	90.0	91.7
1.6	0.2		Additions	114.5	119.6
-1.6	-0.3		Disposals	-122.9	-121.3
1.9	1.8		Cost at 31-12	81.6	90.0
-	-		Adjustments at 01-01	-10.8	-8.0
-	-		Write-downs for the year	-	-2.8
-	-		Reversal of write-downs for the year	6.0	-
-	-		Adjustments at 31-12	-4.8	-10.8
1.9	**1.8**		**Carrying amount at 31-12**	**76.8**	**79.2**
-	-		Value of inventories recognised at net realisable value	-	6.1
			Properties held for resale		
455.6	132.4		Cost at 01-01	555.5	555.4
12.7	70.2		Additions	164.2	17.9
-335.9	-29.4		Disposals	-78.5	-17.8
132.4	173.2		Cost at 31-12	641.2	555.5
-	-		Adjustments at 01-01 and 31-12	-	-
132.4	**173.2**		**Carrying amount at 31-12**	**641.2**	**555.5**
-	-		Value of properties recognised at net realisable value	-	-
			Mortgaged properties:		
-	-		Carrying amount	72.7	86.9
-	-		Year-end balance, loans	0.5	0.3

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		16	**Receivables**		
12.1	15.4		Receivables falling due more than one year after the reporting date	17.6	12.3
			Receivables falling due more than one year after the reporting date relate primarily to rent deposits.		
9.7	12.3		The fair value of receivables is deemed to correspond to the carrying amount, apart from the above non-current receivables, the fair value of which represents approx. 80%.	14.1	9.8
			In the balance sheet at 31 December 2015, consolidated receivables were DKK 1,603.60 million (parent company DKK 1,160.90 million). These only include minor amounts that are subject to normal contract disputes. For further details, see note 26.		
		17	**Securities**		
11.5	-		Bonds	-	121.7
11.5	**-**		**Total carrying amount**	**-**	**121.7**
11.5	-		Nominal holding	-	120.8
-	-		Maturity of bond portfolio (years)	-	0.3
-	-		Effective interest rate on bond portfolio (%)	-	1.1
-	-		Price sensitivity of bond portfolio in the event of a one percentage point interest rate change	-	0.4
11.5	-		Bonds lodged as security (market value). Returns, etc., flow to MT Højgaard A/S.	-	11.5
-	-		The insurance portfolio in MTH Insurance was transferred to Tryg during the year. In that connection a securities portfolio totalling DKK 107.0 million was transferred in return for Tryg assuming a corresponding provision.		

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		18	**Interest-bearing liabilities**		
			Interest-bearing liabilities can be broken down by commitment type as follows:		
14.2	116.2		Bank loans, etc.	134.5	76.8
-	-		Lease commitments (assets held under finance leases)	90.9	117.4
14.2	**116.2**		**Carrying amount at 31-12**	**225.4**	**194.2**
			Interest-bearing liabilities are only denominated in DKK		
			Interest-bearing liabilities can be broken down by fixed and floating-rate debt as follows:		
13.9	6.8		Fixed-rate debt	95.5	110.8
0.3	109.4		Floating-rate debt	129.9	83.4
14.2	**116.2**		**Carrying amount at 31-12**	**225.4**	**194.2**
			Interest-bearing liabilities can be broken down by effective interest rate as follows:		
12.4	116.2		Less than 3%	225.4	157.9
1.8	-		Between 3% and 5%	-	36.3
-	-		More than 5%	-	-
14.2	**116.2**		**Carrying amount at 31-12**	**225.4**	**194.2**
2.8	2.0		Weighted average effective interest rate (%)	3.3	2.8
2.8	2.0		Weighted average remaining term (years)	4.3	5.0
			Interest-bearing liabilities are recognised in the balance sheet as follows:		
6.8	6.5		Non-current liabilities	100.4	159.3
7.4	109.7		Current liabilities	125.0	34.9
14.2	**116.2**		**Carrying amount at 31-12**	**225.4**	**194.2**
13.8	**115.0**		Fair value	**225.1**	**174.0**

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		19	**Provisions**		
			Breakdown of provisions by type:		
385.9	389.8		Guarantee works, etc., at 01-01	522.2	486.1
58.5	124.5		Provided in the year	195.1	109.6
-54.6	-136.5		Utilised during the year	-153.0	-69.7
-	-14.1		Reversal of unutilised prior year provisions	-36.1	-3.8
389.8	363.7		Guarantee works, etc., at 31-12	528.2	522.2
-	-		Employee liabilities at 01-01	107.5	94.2
-	-		Settled on transfer to Tryg	-107.5	-
-	-		Provided in the year	-	27.7
-	-		Utilised during the year	-	-14.4
-	-		Employee liabilities at 31-12	-	107.5
389.8	**363.7**		**Carrying amount at 31-12**	**528.2**	**629.7**
			Provisions are recognised in the balance sheet as follows:		
137.5	203.9		Non-current provisions	212.3	260.8
252.3	159.8		Current provisions	315.9	368.9
389.8	**363.7**		**Carrying amount at 31-12**	**528.2**	**629.7**
			Expected maturity dates:		
252.3	159.8		Less than one year	315.9	368.9
27.5	40.8		Between one and two years	42.0	40.4
82.5	122.3		Between two and five years	129.5	124.0
27.5	40.8		More than five years	40.8	96.4
389.8	**363.7**		**Carrying amount at 31-12**	**528.2**	**629.7**

Provisions due in less than one year include a provision for the termination of Greenland Contractors' service contract.
Provisions due between two to five years include a provision for the April 2014 Robin Rigg ruling related to grout.

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		20	**Construction contracts in progress**		
4,543.0	3,186.1		Progress billings	7,913.4	7,169.9
-4,041.7	-2,878.7		Selling price of construction contracts	-7,469.0	-6,628.0
501.3	**307.4**		**Construction contracts in progress (net)**	**444.4**	**541.9**
			Construction contracts in progress are recognised in the balance sheet as follows:		
532.3	379.3		Current liabilities	575.4	632.8
-31.0	-71.9		Receivables	-131.0	-90.9
501.3	**307.4**		**Construction contracts in progress (net)**	**444.4**	**541.9**
124.1	73.1		Prepayments from customers	114.3	134.8
97.4	87.4		Payments withheld	98.9	101.5
		21	**Security arrangements**		
			Normal security in the form of bank guarantees and guarantee insurances has been provided for contracts and supplies.		
1,880.7	**1,795.0**		**Total**	**2,882.5**	**2,939.2**
			In addition, land and buildings have been lodged as security for bank loans, etc., see note 14.		

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		22	**Lease commitments**		
			Finance leases		
			Total future minimum lease payments:		
-	-		Due within one year	50.7	34.5
-	-		Due between one and five years	45.8	92.9
-	-		Due after more than five years	-	-
-	**-**		**Total**	**96.5**	**127.4**
			Carrying amount:		
-	-		Due within one year	47.7	31.2
-	-		Due between one and five years	43.2	86.2
-	-		Due after more than five years	-	-
-	**-**		**Total**	**90.9**	**117.4**
-	-		Finance costs	5.6	10.0
			Operating leases		
			Total future minimum lease payments:		
49.5	46.7		Due within one year	76.9	81.5
103.6	88.2		Due between one and five years	135.9	164.5
44.3	29.3		Due after more than five years	29.3	44.5
197.4	**164.2**		**Total**	**242.1**	**290.5**
52.4	49.5		Lease payments relating to operating leases recognised in the income statement	85.8	84.1

The Group's finance and operating leases primarily relate to vehicles, operating equipment, IT and leased premises. The lease term for vehicles, operating equipment and IT is typically between two and five years with an option to extend the lease. The lease term for leased premises is up to 14 years. None of the leases features contingent rent.

An agreement on leasing of Knud Højgaards Vej 7, 2860 Søborg, Denmark, has been entered into for expected occupation on 1 August 2016. The total lease obligation, DKK 252 million, is not included in the above figures.

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014

23 Contingent assets and contingent liabilities

Indemnities

In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries, joint ventures and contracts won by subsidiaries. In management's opinion, these indemnities will not have a material negative impact on the Group's financial position.

Pending disputes and litigation

Due to the nature of its business, the Group is naturally involved in various disputes, legal and arbitration proceedings, etc., including MgO board litigation. In management's opinion, the outcome of these proceedings is not expected to have any material adverse impact on the Group's financial position.

The final ruling in the appeal before the UK Supreme Court related to Robin Rigg grout is still pending, but the outcome will not have any further adverse impact on the Group's profit/(loss). Also pending is the final settlement of a few warranty claims as well as guarantee periods on the legacy offshore cases, which expire in 2021.

Joint taxation

MT Højgaard A/S has opted for joint international taxation with other companies in the MT Højgaard Group. As management company, MT Højgaard A/S has unlimited and joint and several liability with the other companies with respect to income taxes and withholding taxes on dividends, interest and royalties in the joint taxation group. At 31 December 2015, the total known net liability on payable income taxes and withholding taxes in the joint taxation group was DKK 3.0 million. Any subsequent adjustments of joint taxation income and withholding taxes, etc., may result in the company's liability being higher.

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		24	**Related parties**		
			Joint control		
			The Group's related parties with joint control comprise the shareholders in the parent company MT Højgaard A/S. The parent company 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 under an agreement entered into between the shareholders.		
			Significant influence		
			Related parties with significant influence comprise the members of the company's Board of Directors and Executive Board.		
			Subsidiaries and joint ventures		
			The parent company's related parties also include subsidiaries and jointly controlled entities in which MT Højgaard A/S has control or significant influence. A list of consolidated enterprises is provided in note 35.		
			Related party transactions		
			All related party transactions during the year were entered into in the ordinary course of business and based on arm's length terms.		
			Related party transactions comprised:		
197.4	114.3		Purchases of goods and services from subsidiaries	-	-
3.5	114.4		Sales of goods and services to subsidiaries	-	-
0.1	-		Purchases of goods and services from joint ventures	-	0.1
-	24.8		Sales of goods and services to joint ventures	24.8	-
-	-		Purchases of goods and services from shareholders	-	-
1.0	2.7		Sales of goods and services to shareholders	2.7	1.0
0.1	2.2		Balance with shareholders (- = debt)	2.2	0.1
-	-		Purchases of goods and services from the Board of Directors and the Executive Board	-	-
-	-		Sales of goods and services to the Board of Directors and the Executive Board	-	-
-	-		Balance with Board of Directors and Executive Board (- = debt)	-	-
			Remuneration to the Board of Directors and the Executive Board as well as share option programmes are disclosed in note 6.		
			The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 9 and 10.		
			The parent company's dividends from subsidiaries are disclosed in note 9.		
			The Group's companies have opted for joint international taxation. In 2015, transfers of joint taxation contributions between the Danish companies were DKK 13.6 million (2014: DKK 27.5 million.)		

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014

24 **Related parties (continued)**

Balances with subsidiaries and joint ventures at 31 December 2015 are disclosed in the balance sheet and relate primarily to the Group's cash pool agreement, business-related balances concerning purchases and sales of goods and services, and intragroup loans. The business-related balances are non-interest-bearing and are entered into on the same terms as apply to the parent company's other customers and suppliers. Interest on intragroup loans is charged at the Group's internal interest rate. Balances with subsidiaries and joint ventures were not written down in 2015 or 2014.

25 **Joint ventures**

Activities in progress:

Seth S.A.		60%	OPERATIO Lda.
OPP Vejle sygehus A/S		50%	DEAS
OPP Hobro Tinglysningsret A/S		33%	DnB, DEAS
OPP Randers P-hus A/S		33%	DnB, DEAS
OPP Vildbjerg Skole A/S		33%	DnB, DEAS
OPP Ørstedskolen A/S		33%	DnB, DEAS
OPS Frederikshavn Byskole A/S		50%	DEAS
OPS Skovbakkeskolen A/S		50%	DEAS
Driftselskabet OPP Slagelse sygehus A/S		50%	DEAS
Skanska-MTH Marieholmsbron HB		30%	Skanska

Completed activities. Will be terminated on expiry of the guarantee period:

Changuinola Civil Works JV	*	50%	(The estate of Pihl & Søn A/S)
Züblin - MTH JV, Navitas	*	50%	Züblin A/S
MT Hojgaard-Züblin JV	*	50%	Züblin A/S
Eidi 2 Sudur Konsortiet		50%	PF. J&K Contractors
Fe Camp Met Mast	*	56%	Eiffrage, Seatower

*) With reference to Section 5(1) of the Danish Financial Statements Act, these Danish joint ventures have omitted to prepare annual reports as they are recognised in the consolidated financial statements.

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014

26 **Financial risks**

The Group's activities entail various financial risks that may affect the Group's development, financial position and operations.

The Group's most significant financial risks relate to loans, receivables and cash and cash equivalents as well as interest-bearing liabilities and trade payables.

MT Højgaard maintains an overview of the Group's currency positions and interest rate sensitivity with a view to mitigating currency risks and maintaining interest rate sensitivity at a low level.

Based on the Group's expectations concerning the future operations and the Group's current financial resources, no material liquidity risks have been identified. A cash pool agreement has been established for the parent company and most of the Group's subsidiaries.

Currency risks

Currency risks are managed centrally in MT Højgaard with a view to mitigating the effects of currency fluctuations. On projects, MT Højgaard strives to minimise risks by seeking to match income to expenditure so that they balance with respect to currency and by using forward exchange contracts. Changes in the value of derivative financial instruments are recognised in the income statement under production costs as they arise, as they do not qualify for hedge accounting.

Currency fluctuations do not have any material effect on the Group's foreign enterprises, as the individual consolidated enterprises settle both income and expenses in their functional currencies.

Where major currency positions arise in currencies outside the euro zone, these are normally hedged using forward exchange contracts. The currency exposure therefore mainly relates to the value of foreign investments, which is not normally hedged.

The Group primarily uses forward exchange contracts to hedge contractual and budgeted cash flows. The amount recognised in the consolidated income statement was income of DKK 14.1 million (2014: income of DKK 16.9 million). The amount recognised in the parent company income statement was an expense of DKK 0.5 million (2014: expense of DKK 0.6 million).

Open forward exchange contracts at 31 December 2015 had a remaining term of up to three months.

Consolidated revenue denominated in foreign currencies was DKK 0.4 billion in 2015 (2014: DKK 0.5 billion), predominantly in NOK and MVR.

Notes

PARENT COMPANY				GROUP	
		Note	Amounts in DKK million		
		26	**Financial risks (continued)**		
			The hypothetical effect on net profit/(loss) for the year and equity of reasonable, probable increases in exchange rates is shown below:		
Hypothetical effect on net profit /(loss) for the year and equity	Nominal position of cash and cash equivalents, receivables and financial liabilities			Nominal position of cash and cash equivalents, receivables and financial liabilities	Hypothetical effect on net profit/(loss) for the year and equity
-0.1	-15.8		EUR/DKK, probable increase in exchange rate 1%	-15.8	-0.1
0.7	8.7		USD/DKK, probable increase in exchange rate 10%	8.9	0.7
2.2	29.2		GBP/DKK, probable increase in exchange rate 10%	28.5	2.2
-1.8	-24.0		SEK/DKK, probable increase in exchange rate 10%	-24.0	-1.8
0.0	-0.5		NOK/DKK, probable increase in exchange rate 10%	12.9	1.0
	-2.4			**10.5**	

A decrease in the exchange rates would have a corresponding opposite effect on net profit/(loss) for the year and equity.

The sensitivity analysis was based on the financial instruments recognised at 31 December 2015 and an assumption of unchanged production/sales and price level.

Interest rate risks

Interest rate risks relate mainly to cash/securities and interest-bearing liabilities.

At the end of 2015, cash amounted to DKK 175.0 million and was mainly placed on short-term, fixed-term deposit and escrow accounts.

The Group's interest-bearing liabilities were DKK 225.4 million at the end of 2015, with short-term borrowings accounting for 55%. The average weighted remaining maturity of the Group’s interest-bearing debt was 4.3 years, and the weighted average effective interest rate was 3.3%. Fixed-rate debt accounted for 42% of the Group’s interest-bearing debt.

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		26	**Financial risks (continued)**		

Changes in fair value: All other conditions being equal, the hypothetical effect on consolidated net profit (/loss) for the year and equity of a one percentage point increase in relation to the interest rate level at the reporting date would have been nil (2014: decrease of DKK 0.3 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

Changes in cash flows: All other conditions being equal, the hypothetical effect of a one percentage point increase in relation to the interest rate level realised for the year on the Group's floating-rate cash/securities and debt would have been a DKK 1.6 million increase in consolidated net profit/(loss) for the year and equity at 31 December 2015 (2014: DKK 2.1 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

Credit risks

Credit risks are generally managed by regular credit rating of customers and business partners. The Group has no material risks relating to a single customer or business partner. For further details, see the Financial review.

The credit risk exposure relating to dealings with counterparties other than banks is estimated to be limited, as the Group requests security in the form of bank guarantees and guarantee insurance or similar to a considerable extent when entering into contracts with private sector clients. Political credit risks on international projects are hedged through export credit insurance based on individual assessment.

Write-downs for bad and doubtful debts are consequently negligible and are due to compulsory winding-up or expected compulsory winding-up of customers.

PARENT COMPANY 2014	PARENT COMPANY 2015	Amounts in DKK million	GROUP 2015	GROUP 2014
		Write-downs recognised in receivables developed as follows:		
4.2	5.5	Carrying amount at 01-01	33.0	26.2
1.5	0.3	Provided in the year	8.4	13.2
-0.2	-1.4	Utilised during the year	-12.0	-4.9
-	-	Reversal of unutilised prior year provisions	-0.1	-1.5
5.5	**4.4**	**Carrying amount at 31-12**	**29.3**	**33.0**
5.5	4.4	Nominal value of written-down receivables	104.6	76.4
145.7	132.2	Receivables that were past due by more than 90 days at 31 December but not impaired	281.1	227.9
243.6	170.0	Collateral received as security for receivables (fair value)	170.2	244.9

Notes

PARENT COMPANY 2014	PARENT COMPANY 2015	Note	Amounts in DKK million	GROUP 2015	GROUP 2014
		26	**Financial risks (continued)**		

Liquidity risks

Liquidity risks are managed through established, appropriate credit lines and committed facilities that match the need for financing planned operating activities and expected investments.

At the end of 2015, the Group's financial resources were DKK 493 million, consisting of cash and cash equivalents of DKK 101 million and undrawn credit facilities of DKK 392 million. Of the total financial resources, DKK 424 million is available to MT Højgaard A/S.

Of the Group's facilities, DKK 80 million is subject to financial covenants related to equity ratio and earnings. All covenants were complied with in 2015.

PARENT COMPANY 2014	PARENT COMPANY 2015	Amounts in DKK million	GROUP 2015	GROUP 2014
		Financial liabilities can be broken down as follows:		
14.2	116.2	Interest-bearing liabilities	225.4	194.2
524.5	382.6	Trade payables	809.6	857.3
1.3	0.8	Derivative financial liabilities	0.8	1.3
540.0	**499.6**	**Total carrying amount**	**1,035.8**	**1,052.8**
		Maturity profile for financial liabilities:		
531.9	492.3	Less than one year	934.6	892.2
0.4	0.4	Between one and two years	33.8	62.8
1.1	1.1	Between two and five years	35.8	59.1
5.3	5.0	More than five years	30.8	37.4
538.7	**498.8**	**Total contractual cash flows**	**1,035.0**	**1,051.5**
		Maturity profile for derivative financial liabilities:		
1.3	0.8	Less than one year	0.8	1.3
-	-	Between one and two years	-	-
-	-	Between two and five years	-	-
-	-	More than five years	-	-
1.3	**0.8**	**Total contractual cash flows**	**0.8**	**1.3**

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		26	**Financial risks (continued)**		
			Categories of financial instruments		
			Carrying amount by category:		
11.5	-		Financial assets measured at fair value through profit or loss	-	121.7
1,200.6	1,175.6		Loans, receivables and cash and cash equivalents	1,659.3	1,755.7
1.3	0.8		Financial liabilities measured at fair value through profit or loss (Level 2)	0.8	1.3
938.8	1,120.3		Financial liabilities measured at amortised cost	1,497.3	1,475.7

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

The Group's derivative financial instruments are valued on the basis of recognised valuation methods in the form of discount models and observable market data such as interest rate curves and exchange rates.

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 levels in 2015.

27 **Capital management and share capital**

The need for alignment of the Group's and the individual subsidiaries' capital structure is reviewed on an ongoing basis to ensure that the capital position complies with current regulations and is aligned to the business concept and the activity level. According to the Group's internal policy, as a rule equity must cover total non-current assets and provide an equity ratio of 30-35%. The equity ratio was 26.4% at 31 December 2015 compared with 20.9% at the end of 2014.

At 31 December 2015, MT Højgaard A/S's share capital amounted to DKK 520 million, which is fully paid up. The share capital is divided into shares of DKK 1,000. No shares carry special rights. Dividends paid in 2015 amounted to nil per share.

The objective for dividend is to distribute 30-50% of net profit for the year, but this objective may be deviated from taking into account the development in the Group's activities.

Notes

Note

28 **New International Financial Reporting Standards and IFRIC Interpretations**

The IASB has issued a number of standards and interpretations that are not mandatory for MT Højgaard A/S at the time of the publication of the Group's annual report for 2015.

The new standards and interpretations are expected to be implemented as they become mandatory for MT Højgaard A/S. The analysis of the expected effect of the implementation of IFRS 9, IFRS 15 and IFRS 16 has yet to be completed, see below.

IFRS 9 'Financial Instruments', which replaces IAS 39, changes the classification and resulting measurement of financial assets and liabilities. Changes in the fair value of financial liabilities that relate to the fair value and are attributable to a change in own credit risk must be recognised in other comprehensive income. At the same time, simpler provisions on hedge accounting are introduced, and a new model for writing down loans and receivables. This is expected to have an effect on the financial statements, as IFRS 9 requires expected credit losses to be recognised on initial recognition instead of, as now, on indication of impairment (IAS 3). IFRS 9 is effective for financial years beginning on or after 1 January 2018 only.

IFRS 15 'Revenue from Contracts with Customers' is a new joint standard on recognition of revenue that is effective for financial years beginning on or after 1 January 2018. The standard introduces a new revenue recognition model that is expected to affect MT Højgaard in terms of the timing of the recognition of income, allocation of revenue from multiple-element contracts and contract acquisition costs. MT Højgaard has commenced an in-depth analysis of the effect of the new standard on the Group. The analysis is expected to be completed during 2016.

IFRS 16 'Leases' was issued in mid-January 2016. This standard, which is effective for financial years beginning on or after 1 January 2019, considerably changes the accounting treatment of operating leases. The standard stipulates that all leases — with a few exceptions — regardless of type, must be recognised in the lessee's balance sheet as an asset with an associated lease liability. This will also affect the lessee's income statement, as the lease expense will be made up of two components in future — depreciation and interest expense — unlike the current practice, where the lease expense is recognised as a one-line item under operating expenses. The Group has yet to analyse the effect of the new standard on the Group. However, it is deemed that it will have some effect, as the Group is expected to have operating leases with minimum lease obligations of around DKK 500 million in future, corresponding to approximately 14% of the balance sheet total, which are potentially to be recognised in the balance sheet.

29 **Events after the reporting date**

So far as management is aware, no events have occurred between 31 December 2015 and the date of signing of the annual report that will have a material effect on the assessment of the Group's financial position at 31 December 2015, other than the effects recognised and referred to in the annual report.

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		30	**Adjustments in respect of non-cash operating items, etc.**		
15.7	15.7		Depreciation and amortisation of intangible assets and property, plant and equipment	114.7	112.5
58.7	-7.6		Other adjustments	-3.0	162.2
74.4	**8.1**		**Total**	**111.7**	**274.7**
		31	**Purchase of property, plant and equipment**		
-27.0	-5.0		Purchase of property, plant and equipment, including assets held under finance leases	-137.2	-126.7
-	-		Portion relating to assets held under finance leases	-	21.2
-27.0	**-5.0**		**Total**	**-137.2**	**-105.5**
		32	**Increase in non-current bank loans, etc.**		
-	-		Increase in bank loans, etc., including lease commitments	-	12.3
-	-		Portion relating to lease commitments	-	-21.2
-	**-**		**Total**	**-**	**-8.9**
		33	**Cash and cash equivalents**		
			Cash and cash equivalents at 31-12 can be broken down as follows:		
141.5	50.0		Distributable cash	105.5	255.5
-	-		Cash and cash equivalents that are not available to the whole Group	69.5	203.8
141.5	**50.0**		**Cash and cash equivalents**	**175.0**	**459.3**
-0.3	-109.4		Current portion of bank loans, etc.	-73.0	-0.3
141.2	**-59.4**		**Total cash and cash equivalents**	**102.0**	**459.0**

Cash and cash equivalents that are not available to the whole Group comprise cash in jointly controlled entities and joint ventures, which, as a rule, is only available to these entities and joint ventures.

Notes

PARENT COMPANY				GROUP	
2014	2015	Note	Amounts in DKK million	2015	2014
		34	**Acquisition and disposal of enterprises and activities**		
			Acquisition of enterprises and activities		
-	-		Property, plant and equipment	0.6	-
-	-		Inventories	2.6	-
-	-		Receivables	0.3	-
-	-		Current liabilities	-0.5	-
-	-		**Acquired identifiable net assets**	**3.0**	-
-	-		Goodwill	4.8	-
-	-		**Cash purchase consideration**	**7.8**	-
-	-		Cash and cash equivalents in acquirees	-	-
-	-		**Cash purchase consideration, net**	**7.8**	-

Arssarnerit A/S acquired the activities and assets of Brand og Sikring Grønland ApS in Nuuk on 1 January 2015, thereby considerably expanding its activities in the fire and security areas in 2015.

Furthermore, on 1 September 2015, Arssarnerit A/S acquired the activities and assets of Burmeister El-teknik A/S. Besides a few contracts in progress, this acquisition contributed to an increase in Arssarnerit's service activities in the last months of the year.

Notes

35 Company overview

Companies		Registered office	Owner-ship interest		Capital '000
MT Højgaard A/S					
Ajos A/S		Hvidovre DK	100.00	DKK	1,000
Enemærke & Petersen A/S		Ringsted DK	100.00	DKK	5,000
Ringsted Entreprenørforretning ApS		Ringsted DK	100.00	DKK	200
E&P Service A/S		Alb.lund DK	100.00	DKK	1,000
Greenland Contractors I/S		Cph. DK	66.67	DKK	-
Lindpro A/S		Glostrup DK	100.00	DKK	25,000
Arssarnerit A/S		Greenland DK	100.00	DKK	2,000
MT (UK) Ltd.		England GB	100.00	GBP	25
MT Atlantic Inc.		USA US	100.00	USD	10
MT Højgaard Føroyar P/F		Faroe Islands DK	100.00	DKK	2,800
MT Hojgaard (GIB) Ltd.		Gibraltar GB	100.00	GBP	2
MTH Qatar LCC	(1)	Qatar QA	49.00	QAR	200
MT Højgaard Grønland ApS		Greenland DK	100.00	DKK	200
MT Højgaard Norge A/S		Norway NO	100.00	NOK	500
MTHI A/S		Søborg DK	100.00	DKK	5,000
MT Höjgaard Iceland ehf		Iceland IS	100.00	ISK	500
MTH Maldiverne Ltd		Maldiv. MV	100.00	MVR	2
MT Hojgaard Vietnam Company Limited		Vietnam VN	100.00	USD	50
AC Meyers Vænge, København ApS		Cph. DK	100.00	DKK	60
Birkekær/Teglvænget, Roskilde ApS		Roskilde DK	100.00	DKK	55
Horsensvej, Vejle APS		Vejle DK	100.00	DKK	51
Høje Taastrup Boulevard, Høje Taastrup ApS		Taastrup, DK	100.00	DKK	55
Nivåvej, Nivå ApS		Nivå DK	100.00	DKK	60
Nordre Jernbanevej, Hillerød ApS		Hillerød DK	100.00	DKK	51
Nordre Mellemvej, Roskilde Aps		Roskilde DK	100.00	DKK	55
Sjællandsbroen, København ApS		Cph. DK	100.00	DKK	60
Strandvejen, Korsør ApS		Korsør DK	100.00	DKK	52
Projekt 1 ApS		Søborg DK	100.00	DKK	51
Projekt 3 ApS		Søborg DK	100.00	DKK	50
Projekt 4 ApS		Søborg DK	100.00	DKK	50
Projekt 5 ApS		Søborg DK	100.00	DKK	50
Projekt 6 ApS		Søborg DK	100.00	DKK	50
Projekt 7 ApS		Søborg DK	100.00	DKK	50
Projekt 8 ApS		Søborg DK	100.00	DKK	50
Projekt 9 ApS		Søborg DK	100.00	DKK	50
Projekt 10 ApS		Søborg DK	100.00	DKK	50
Projekt 11 ApS		Søborg DK	100.00	DKK	50
Projekt 12 ApS		Søborg DK	100.00	DKK	50
Projekt 13 ApS		Søborg DK	100.00	DKK	50
Projekt 14 ApS		Søborg DK	100.00	DKK	50
Scandi Byg A/S		Løgstør DK	100.00	DKK	3,000

Notes

35 Company overview (continued)

Companies		Registered office	Ownership interest		Capital '000
OPP Vejle sygehus A/S	(J)	Fred.berg DK	50.00	DKK	500
OPP Hobro Tinglysningsret A/S	(J)	Fred.berg DK	33.33	DKK	700
OPP Randers P-hus A/S	(J)	Fred.berg DK	33.33	DKK	4,410
OPP Vildbjerg Skole A/S	(J)	Fred.berg DK	33.33	DKK	1,224
OPP Ørstedskolen A/S	(J)	Fred.berg DK	33.33	DKK	2,400
OPS Frederikshavn Byskole A/S	(J)	Fred.berg DK	50.00	DKK	2,000
OPS Skovbakkeskolen A/S	(J)	Fred.berg DK	50.00	DKK	500
Driftselskabet OPP Slagelse sygehus A/S	(J)	Fred.berg DK	50.00	DKK	500
Soc. de Empreitadas e Trabalhos Hidráulicos, S.A., (Seth)	(J)	Portugal PT	60.00	EUR	4,000
Skanska-MTH Marieholmsbron HB	(J)	Sweden SE	30.00	SEK	0

(J) Joint venture

(1) The company is fully consolidated on the basis of a shareholders' agreement that gives MT Højgaard A/S control of and the right to the financial return from the company's activities.

For joint ventures not in corporate form, reference is made to note 25.

Consolidated financial highlights – EUR

Amounts in EUR million	2011	2012	2013	2014	2015
Income statement					
Revenue	1,232	1,300	1,000	935	875
Gross profit/(loss)	53	27	-74	93	116
Operating profit /(loss) before special items	-12	-36	14	28	47
Special items*	-25	-23	17	-55	0
EBIT	-36	-59	31	-27	47
Profit/(loss) before tax	-36	-60	28	-25	50
Profit/(loss) after tax	-26	-59	24	-34	39
Cash flows					
Cash flows from operations (CFFO)	-25	-9	15	57	-7
Purchase of property, plant and equipment	*-17*	*-9*	*-18*	*-14*	*-18*
Other investments, incl. investments in securities	*31*	*7*	*14*	*9*	*0*
Cash flows from investing activities	13	-2	-3	-5	-19
Cash flows from operating and investing activities	-12	-11	12	52	-26
Balance sheet					
Non-current assets	159	166	143	138	147
Current assets	587	427	395	351	335
Equity	180	111	158	110	134
Non-current liabilities	54	55	68	58	43
Current liabilities	513	427	311	321	305
Balance sheet total	747	593	538	489	482
Other information					
Order intake	1,169	937	1,185	790	1,011
Order book, year end	1,189	826	1,011	865	1,001
Working capital	-43	-23	5	-62	-15
Net interest-bearing deposit/debt (+/-)	2	-22	20	52	-7
Average invested capital incl. goodwill	162	118	74	66	89
Average number of employees	4,784	4,753	4,057	3,846	3,965
Financial ratios					
Gross margin (%)	4.3	2.1	-7.4	9.9	13.2
Operating margin before special items (%)	-0.9	-2.8	1.4	3.0	5.4
EBIT margin (%)	-3.0	-4.6	3.1	-2.9	5.4
Pre-tax margin (%)	-3.0	-4.6	2.8	-2.7	5.7
Return on invested capital incl. goodwill (ROIC) (%)	-6.9	-30.3	20.4	44.7	55.0
Return on invested capital incl. goodwill after tax (ROIC after tax) (%)	-5.0	-22.1	15.3	34.9	43.0
Return on equity (ROE) (%)	-18.0	-92.8	-46.6	-93.4	-58.4
Equity ratio	23.1	17.4	27.8	20.9	26.7

*Special items primarily represent the impact on profit of legacy offshore disputes.

The consolidated financial highlights in EUR are supplementary information to the financial statements.

Financial ratios have been calculated in accordance with ’Recommendations & Financial Ratios 2015’ published by the Danish Finance Society. Financial ratios are defined in note 1, Accounting policies. Working capital is defined as net working capital excluding sites held for resale.

Items in the income statement, the balance sheet and the statement of cash flows for all the years have been translated from DKK into EUR using Danmarks Nationalbank’s official exchange rate at 31 December 2015 of 7.462.

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