Stock exchange announcement

21 February 2019

MT Højgaard A/S

Enclosed please find MT Højgaard A/S annual report 2018, which is hereby published.

Højgaard Holding A/S holds an ownership interest of 54 % in MT Højgaard.

Yours faithfully,
Højgaard Holding A/S

Anders Heine Jensen
CEO

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

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MTH GROUP

Annual report 2018

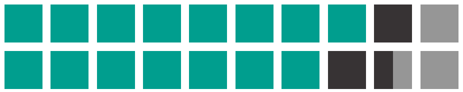
MT Højgaard A/S
Knud Højgaards Vej 7
2860 Søborg
CVR No 12562233

Group at a glance

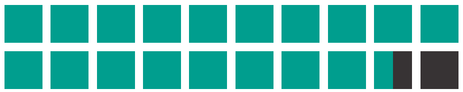
The Group is one of the leading players in the construction and civil engineering industry in Denmark. The key companies are MT Højgaard, Enemærke & Petersen, Lindpro, Scandi Byg and Ajos. The companies operate as independent units and brands, each enjoying a leading position in its respective sub-market, but also work together by sharing knowledge and capabilities.

The vast majority of the Group's activities are carried out in Denmark for Danish and international private and public customers, primarily in the form of main contracts, design-build contracts or Public-Private Partnerships (PPPs).

Revenue by business area



Revenue by geography



ajos

Assisting with establishing temporary buildings in the form of pavilions, and establishment, organisation, operation and dismantling of construction sites; equipment hire for construction, civil works and refurbishment projects.

Enemærke & Petersen a/s

Refurbishment of non-profit housing, schools, commercial buildings, day care centres and co-operative and owner-occupied housing as well as construction of new housing, schools, institutions, offices and other buildings.

Lindpro

Contracting and service solutions in the fields of electrical installations, plumbing and heating, fire and security alarm systems, and assistive technology such as call systems, dementia systems and personal alarm systems.

MTHøjgaard

Construction and civil works and related service and consultancy assignments as well as development of property projects.

scandibyg TÆNK I NYE RAMMER

Prefabricated modular residential buildings (Nordic Swan Ecolabel certification), offices, institutions and healthcare facilities; modular site huts; pavilions for accommodation, institutions and offices.

Construction
The Group develops, constructs and refurbishes buildings on a main, design-build or subcontract basis for private and public customers, organisations and housing associations, mainly in Denmark, the North Atlantic countries and a few chosen geographies. Construction activities are carried out by MT Højgaard, Enemærke & Petersen, Lindpro and Scandi Byg.

Civil works
The Group undertakes infrastructure projects, earthworks and piling, marine works and shell construction, primarily in Denmark and a few chosen geographies. Civil works activities are carried out by MT Højgaard.

Services
The Group provides services to the construction and civil engineering industry in Denmark through Ajos, Enemærke & Petersen, Lindpro and MT Højgaard.

Core capabilities
In the course of the past 100 years, the Group has built up experience in areas such as Design & Engineering, Virtual Design & Construction (VDC), project development, strategic partnerships, sustainability, technical installations and in-house production.

Summary

Revenue
6.8 DKKbn in 2018
7.6 DKKbn in 2017

Operating profit/(loss) before special items
-547 DKKm in 2018
176 DKKm in 2017

Operating cash flow
-142 DKKm in 2018
168 DKKm in 2017

Order intake
8.9 DKKbn in 2018
6.1 DKKbn in 2017

Order book
9.1 DKKbn in 2018
7.0 DKKbn in 2017

Customer satisfaction

2017
index 73

2018
index 78

Target
index 76

A safe working environment

2017
10.8 injuries*

2018
8.1 injuries*

Target
Max. 10 injuries*

*Injuries per one million hours worked

Strategic focus

The number one priority in 2019 will be to improve the Group's earnings and create a basis for further improvements in profitability in the years ahead. Our greatest and most important priority is to put the parent company MT Højgaard's operations back on a healthy footing, primarily through:

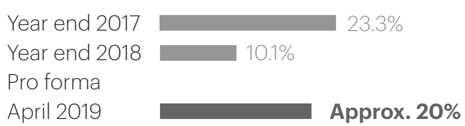
- Critical selection of activities
- Quality from bidding through to execution
- Leadership presence

Capital commitment

On 7 February 2019, Knud Højgaards Fond committed to providing a DKK 400 million loan to the new merged company, MT Højgaard Holding A/S, in continuation of the merger that is expected to be considered at the Annual General Meetings of Højgaard Holding A/S and Monberg & Thorsen A/S on 5 April 2019, to be used for a DKK 400 million capital increase in MT Højgaard A/S.

The merged parent company MT Højgaard Holding A/S, assisted by Knud Højgaards Fond, will thus ensure a sound capital base for putting MT Højgaard A/S's operations back on a healthy footing.

Equity ratio (%)



Outlook 2019

In view of the existing order book and expected order intake, the Group expects revenue of around DKK 7.0 billion in 2019.

EBIT of around DKK 75 million is expected in 2019.

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MANAGEMENT'S REVIEW

CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

The **MTH GROUP** logo on the front page of this report refers to the whole of the MT Højgaard Group, which this annual report covers. This annual report has been published in both Danish and English. In case of discrepancies between the two versions, or in case of doubt, the Danish version shall prevail

Foreword: revitalisation of the parent company MT Højgaard

The financial circumstances in 2018 speak for themselves. The operating loss of DKK 547 million, in particular, was extremely unsatisfactory.

We have previously reported on the causes which, as is known, resulted from provisions for the unexpected arbitration award in the MgO boards case in September 2018, but also a number of internal factors in the parent company MT Højgaard: low use of capacity in the first half and severance pay, plus write-downs on a major civil works project and a few other projects.

The result was also affected by the fact that in the fourth quarter we reviewed a number of accounting estimates related to our projects and disputes.

However, all in all we kept within the latest outlook.

SOUND CAPITAL BASE RESTORED

It is clear that our greatest and most important priority is to put the parent company MT Højgaard's operations back on a healthy footing.

In this connection a crucially important factor is that we have now received a commitment concerning a DKK 400 million increase in MT Højgaard A/S's equity.

This increase in equity removes the uncertainty around our capital position and provides a sound basis for the revitalisation.

FOCUS ON QUALITY IN BIDDING AND EXECUTION

Now it has been said, it cannot be too strongly emphasised that two internal factors are essential in order to put MT Højgaard back on an even keel, namely ensuring quality in bidding and carrying out projects efficiently.

In this connection, we are working on our processes, organisation, staffing, skills and – most important of all – embedding these in management. In a construction company, problems must be dealt with and resolved promptly if we are to be successful. And that is what we want.

CRITICAL SELECTION OF ACTIVITIES

The framework for our activities is the Danish market, the North Atlantic countries and other chosen geographies.

In the main Danish market we still wish to have a broad presence, but we will focus on those parts of the market where we can best achieve reasonable contribution margins and use our skills to create critical mass. Within the framework of the main Danish market we assess the concrete bids according to risk, attractiveness and the possibility of efficient execution. In the fourth quarter, this resulted in a deliberate rejection of, for example, an infrastructure project in the Nordic area and a major hospital tender.

Even more than previously, we want to create a broad, balanced portfolio, in order to reduce our dependence on very large, one-off projects.

We will therefore be making more critical selections — and rejections – and continuing to reduce our fixed costs in order to ensure our competitiveness and earnings.

GOOD STARTING POINT FOR IMPROVEMENTS

Also with regard to competitiveness, it is worth emphasising the position we are starting from as a Group, with rising order intake and a growing order book. MT Højgaard in particular improved its win rate, which shows that the Focus 2018 programme has made us more competitive. Several of the Group's subsidiaries have seen good growth, Enemærke & Petersen in particular, but also Scandi Byg.

At the same time it was confirmed that in the great majority of cases we have a sound approach to our projects, customers and employees, as in 2018 we noted considerable improvement in the Group's surveys of both customer satisfaction and health and safety.

2019 WILL BE A YEAR OF TRANSITION

In 2019 we will continue to have projects with low or no earnings, and there will still be a risk of variations on some MT Højgaard projects. This affects our outlook for the year, which is EBIT of around DKK 75 million on revenue of DKK 7.0 billion.

The revitalisation of MT Højgaard will not happen overnight. We have a great deal of work ahead of us, and 2019 will be a year of transition, in which we must first of all turn things around and create a sustainable foundation, so that we can increase profitability and improve cash flows year by year.

I look forward to continuing this work in close collaboration with management, employees, customers and business partners.

Anders Heine Jensen
President & CEO

Consolidated financial highlights

Amounts in DKK million	2018	2017*	2016*	2015*	2014*
Income statement					
Revenue	6,758	7,648	6,797	6,531	6,979
Gross profit/(loss)	-126	631	505	772	619
Operating profit/(loss) before special items	-547	176	73	352	207
Special items**	-	-125	-	-	-408
EBIT	-547	51	73	352	-201
Profit/(loss) before tax	-559	40	72	370	-186
Net profit/(loss) for the period	-588	-58	10	290	-252
Cash flows					
Cash flows from operating activities	-142	168	200	-52	429
Purchase of property, plant and equipment	-40	-86	-148	-137	-106
Other investments, incl. investments in securities	-73	-12	-3	-3	67
Cash flows from investing activities	-113	-98	-151	-140	-39
Cash flows from operating and investing activities	-255	70	49	-192	390
Balance sheet					
Non-current assets	1,299	1,153	1,147	1,099	1,028
Current assets	2,496	2,522	2,521	2,497	2,618
Equity	393	884	964	999	822
Non-current liabilities	559	256	232	323	428
Current liabilities	2,843	2,535	2,472	2,274	2,396
Balance sheet total	3,795	3,675	3,668	3,596	3,646

Amounts in DKK million	2018	2017*	2016*	2015*	2014*
Other information					
Order intake	8,870	6,064	7,920	7,541	5,892
Order book, end of year	9,118	7,007	8,591	7,468	6,458
Working capital***	-367	-264	-158	-112	-462
Net interest-bearing deposit/debt (+/-)	-370	-73	-67	-50	387
Average invested capital incl. goodwill	788	934	940	662	489
Average number of employees	3,971	4,338	4,207	3,965	3,846
Financial ratios					
Gross margin (%)	-1.9	8.2	7.4	11.8	8.9
Operating margin before special items (%)	-8.1	2.3	1.1	5.4	3.0
EBIT margin (%)	-8.1	0.7	1.1	5.4	-2.9
Pre-tax margin (%)	-8.3	0.5	1.1	5.7	-2.7
Return on invested capital incl. goodwill (ROIC) (%)	-67.5	21.0	9.4	55.0	44.7
Return on invested capital incl. goodwill after tax (%)	-52.6	16.4	7.3	43.0	34.9
Return on equity (ROE) (%)	-95.1	-9.4	-1.3	21.3	-35.7
Equity ratio (%)	10.1	23.3	25.7	26.7	21.0
Equity ratio (%) incl. subordinated loan	16.7	23.3	25.7	26.7	21.0

*Comparative figures have not been restated to reflect the implementation of IFRS 9 and IFRS 15.
** Special items represent the impact on profit of legacy offshore disputes.
*** Working capital excludes properties held for resale.
Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the 2018 annual report under Accounting policies

Management's review

FOURTH QUARTER 2018

Fourth-quarter revenue was the highest of the year. Revenue and EBIT matched expectations in the latest announcement, and the positive trend in order intake continued.

Amounts in DKK million	4k 2018	4k 2017
Revenue	1,932	2,061
Gross profit/(loss)	105	185
EBIT	1	70
Cash flows from operating activities	216	71
Gross margin (%)	5.5	9.0
Operating margin before special items (%)	0.0	3.4
EBIT margin (%)	0.0	3.4
Order intake	2,065	2,105

Fourth-quarter revenue was the highest of the year, but was 6% down on last year's fourth quarter, as expected. The decrease was driven by MT Højgaard's Danish construction business, which felt the effect of low order intake in 2017. Enemærke & Petersen, on the other hand, delivered its highest ever quarterly revenue, up 46% compared with the fourth quarter of 2017.

The Group reported operating profit (EBIT) of DKK 1 million, compared with DKK 70 million in the fourth quarter of 2017, despite the increase in activity compared with the first quarters of the year. Profit was in line with the latest announcement of a break-even result for the fourth quarter, partly due to a management review of a number of accounting estimates related to the Group's projects and disputes. There were no further write-downs on the major civil works project referred to during the first three quarters of the year.

Fourth-quarter order intake was DKK 2.1 billion, in line with the same period last year, continuing the positive trend from the first three quarters of the year.

Operating activities generated a cash inflow of DKK 216 million compared with DKK 71 million in the fourth quarter of 2017, reflecting the level of activity in the fourth quarter of 2018 and the timing of due dates at the year end.

One of the subordinated loans was drawn down by DKK 250 million at the end of 2018, making financial resources more visible.

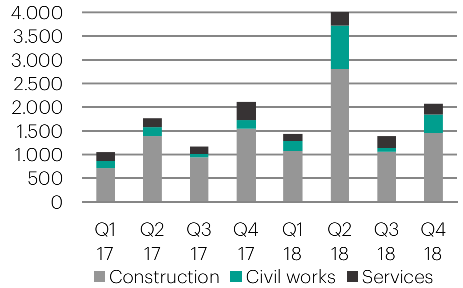
FULL YEAR 2018

ORDER INTAKE AND ORDER BOOK

Order intake totalled DKK 8.9 billion in 2018, compared with DKK 6.1 billion in 2017, providing an order book of DKK 9.1 billion at the end of 2018, compared with DKK 7.0 billion at the end of 2017. This growth was driven by a number of large, medium and relatively small orders in the strategic focus segments. As production on some large projects extends over a relatively long period of 3-4 years, the order book will underpin earnings for several years.

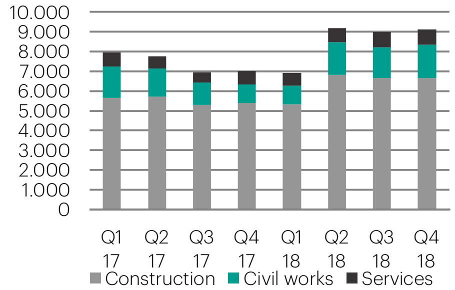
ORDER INTAKE

DKK million



ORDER BOOK

DKK million



Awarded but not contracted work totalled around DKK 0.6 billion at the end of 2018 compared with DKK 0.7 billion at the end of 2017. The Group is also working on the clarification phase of a number of collaboration agreements and projects, which it expects will result in the conclusion of final, unconditional agreements.

Construction

Order intake in 2018 grew by 40%, mainly reflecting the fact that MT Højgaard increased its win rate in Denmark and that Enemærke & Petersen maintained the high order intake from 2017. The order book consequently increased by 23% overall, to DKK 6.6 billion at the end of the year compared with DKK 5.4

Amounts in DKK million	4k 2018	4k 2017	2018	2017
Order book, start of year	8,985	6,963	7,007	8,591
Order intake	2,065	2,105	8,870	6,064
Production	1,932	2,061	6,758	7,648
Order book, year end	9,118	7,007	9,118	7,007

billion at the end of 2017, providing a satisfactory basis for a good level of activity going forward.

Civil Works

Order intake increased by 171% in 2018, reflecting a higher win rate in MT Højgaard. The order book consequently increased by 82%, to DKK 1.7 billion at the end of the year compared with DKK 0.9 billion at the end of 2017, overall providing the basis for a good level of activity in the coming years.

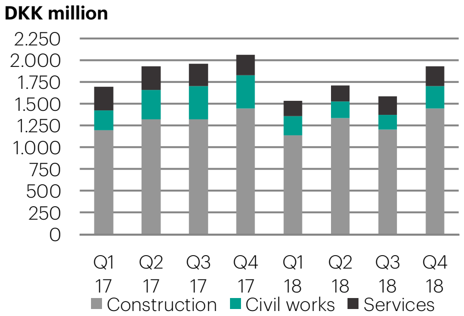
Services

Order intake in 2018 decreased by 4% compared with last year. The order book increased by 13% to DKK 0.8 billion.

REVENUE

Group revenue was DKK 6.8 billion in 2018, as expected, compared with DKK 7.6 billion in 2017, down 8% excluding DKK 0.3 billion in revenue from Greenland Contractors in 2017.

REVENUE



The decrease reflected the effect of low order intake in 2017. Order intake in 2018 was unable to offset this. Revenue on new orders won in 2018 was in line with the expected level.

Construction

The construction business delivered revenue of DKK 5.2 billion, compared with DKK 5.3 billion in 2017, down 3%. The fall was expected in the wake of the low order intake in 2017.

The main construction activities were:

- MT Højgaard's work on a new data centre in Odense and on the New Aalborg University Hospital in Aalborg, which was handed over to the client ahead of time and with no defects or shortcomings. MT Højgaard also worked on the housing project Hummeltoftevej in Sorgenfri, a research and laboratory building for DTU in Lyngby, the AARhus residential project in Aarhus, the refurbishment of 40 apartment blocks in Møllevangen in Vejle and the construction of a new hospital building in Tórshavn (Faroe Islands).
- Enemærke & Petersen's work on the refurbishment of Hjortegården and Denmark's biggest residential refurbishment project, Stadionkvarteret in Glostrup; plus new building at A.C. Meyers Vænge in Copenhagen and Den Grønne Fatning in Herlev. Enemærke & Petersen also completed a large number of major and relatively small projects under the TRUST framework agreement with the City of Copenhagen. These projects jointly make up a growing proportion of Enemærke & Petersen's revenue.
- Scandi Byg's work on 96 housing units in Skebjerg Allé in Høje Taastrup C and housing units in Engdraget in Slagelse, Eco Village in Lejre and the handover of a large number of pavilions to Ajos that were leased to the City of Copenhagen under the TRUST framework agreement.
- Lindpro's work on a number of major and relatively small technical contracts, including Thule Air Base and the residential project AARhus in Aarhus and Den grønne Fatning in Herlev.

Civil works

The civil works business delivered revenue of DKK 0.8 billion, compared with DKK 1.3 billion in 2017, down 37% due to the low order intake in 2017.

The main civil works activities were:

- MT Højgaard's renewal and improvement of 56 bridges on the railway line between Ringsted and Rødby, a new ferry terminal in the Port of Aarhus, Madifushi Island Resort (Maldives), and a number of collaborative projects with the construction business on civil works projects for data centres, hospitals and new residential and commercial buildings.

Services

Revenue was DKK 0.8 billion compared with DKK 1.0 billion in 2017. Adjusted for the end of Greenland Contractors' contract with the U.S. Air Force, revenue increased by 7%, despite slightly lower activity in Lindpro, offset by good utilisation of the rental assets in Ajos.

EARNINGS

The operating result before special items for 2018 was a loss of DKK 547 million compared with a profit of DKK 176 million in 2017. The result was extremely unsatisfactory, but in line with the latest outlook.

As previously announced, the unexpected arbitration award in the MgO board litigation from September 2018 had a significant impact on the result, and the Group consequently had to make a substantial accounting provision to cover liabilities on residential construction projects and refurbishment projects on which MgO boards were used. The MgO board cases depressed the 2018 results of MT Højgaard, Enemærke & Petersen and Scandi Byg in an otherwise good year for the two latter companies in the Group.

The accounting provision for the MgO board cases is based on an overall estimate of the substance of each case and amounts to just under DKK 400 million.

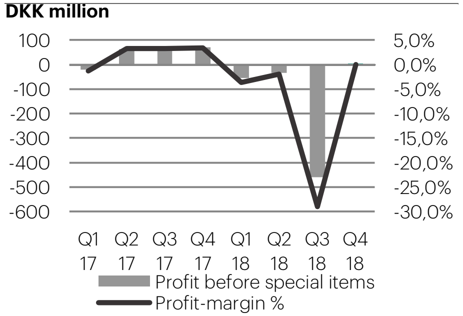
In the fourth quarter, the Group conducted an in-depth review of the cases in order to clarify the situation. The review proceeded to plan, and the Group now has a detailed assessment of the remediation plan and is working on commencing agreed remediation works in collaboration with the individual clients. The work is expected to be carried out over the next 2-3 years within the amount of the accounting provision made.

The Group's operating result before special items was also affected by write-downs on some projects, primarily a major civil works project, to a total of DKK 130 million in the first three quarters of the year.

The result was also affected by the falling revenue, unutilised capacity in MT Højgaard, especially in the first half of 2018, the effect of severance pay and increasing costs for development and commissioning of parts of the Group's new IT platform, which includes a new ERP system.

The Group's operating result benefited from the Focus 2018 programme, including an effort to reduce the Group's bidding costs, which were reduced by DKK 53 million, corresponding to a 24% reduction compared with the previous year.

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS



Special items amounted to nil compared with a loss of DKK 125 million in 2017, which was affected by the ruling in the Robin Rigg case and a reassessment of the guarantee provisions on legacy offshore projects, which run until 2021, see note 7.

Full-year net financials remained unchanged, amounting to an expense of DKK 12 million for 2018.

Income tax expense for 2018 was DKK 29 million, compared with DKK 98 million in 2017. Income tax expense was affected by an impairment loss on the Group's deferred tax asset as a consequence of the negative result for 2018, see note 10.

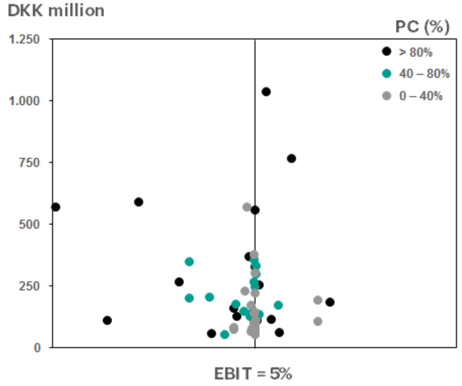
Accordingly, net profit/(loss) for the year was a loss of DKK 588 million compared with a loss of DKK 58 million in 2017.

PROJECTS IN PROGRESS

The diagram shows the Group's largest projects in progress. The position of the projects indicates the degree to which they meet management's requirements concerning EBIT margin and should in principle be close to the centre axis and preferably to the right of it. Nevertheless, minor negative fluctuations may occur at any time and be acceptable, but the small number of major, loss-making contracts must be eliminated. The colour scale illustrates the percentage of completion of each project.

As will be seen from the diagram, some projects do not meet requirements and therefore have a negative effect on gross and EBIT margins. These projects are primarily in MT Højgaard's Danish business. The diagram also shows that the Group is working on a number of sound major projects, whose quality meets and exceeds management's expectations.

THE GROUP'S PROJECTS IN PROGRESS > DKK 50 MILLION



BALANCE SHEET

Intangible assets amounted to DKK 269 million at the end of 2018, compared with DKK 216 million at the end of 2017. This increase was mainly attributable to the Group's large investment in a new IT platform which, together with the earlier investment in VDC, will support the future digitalisation programme and optimise the Group's processes.

Property, plant and equipment amounted to DKK 730 million at the end of 2018, compared with DKK 630 million at the end of 2017. The increase mainly reflected investment in rental equipment and pavilions in Ajos – especially pavilions for the TRUST business unit created by Enemærke & Petersen in cooperation with various industry players.

Inventories totalled DKK 508 million at the end of 2018, compared with DKK 569 million at the end of 2017. Inventories primarily relate to properties and construction projects developed in-house, which totalled DKK 472 million compared with DKK 527 million at the end of 2017. The decrease reflected the handover of Solrækkerne in the Nærheden district in Tåstrup and the disposal of some plots with associated construction projects.

Trade receivables were DKK 1,330 million at the end of 2018, compared with DKK 1,403 million at the end of 2017, mainly reflecting the lower activity, but also a reduction in receivables past due.

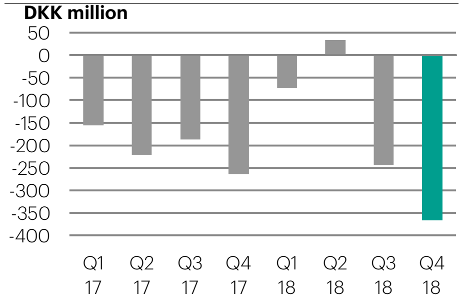
Construction contracts in progress amounted to a net liability item of DKK 373 million at the end of 2018, compared with a net liability item of DKK 245 million at the end of 2017. These changes reflected changed project mix and activity level.

Trade payables were DKK 1,053 million at 31 December 2018, compared with DKK 1,005 million at the end of 2017, reflecting the activity level in the fourth quarter of 2018 and the timing of due dates at the year end. This item is expected to fall in the first quarter of 2019.

Other current liabilities were DKK 804 million (excl. subordinated loan) at 31 December 2018, compared with DKK 905 million at the end of 2017. The fall was mainly due to miscellaneous small items and accruals.

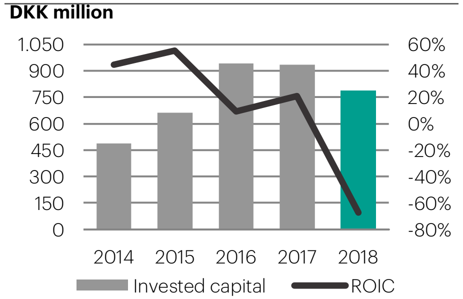
At the end of 2018, the Group's working capital had an outflow of DKK 367 million, compared with an outflow of DKK 264 million at the end of 2017.

WORKING CAPITAL (EXCL. PROPERTIES)



Current and non-current provisions totalled DKK 617 million at the end of 2018, compared with DKK 423 million at the end of 2017. The development was affected by the provision for the liabilities in the MgO board cases, but offset by the payment of a major settled offshore guarantee obligation at the beginning of 2018.

INVESTED CAPITAL AND RETURN (ROIC)



The Group's financial statements are affected by a management review of a number of accounting estimates related to the Group's projects and disputes. For further information, see notes 2 and 21.

Average invested capital amounted to DKK 788 million for 2018, compared with DKK 934 million for 2017.

Return on invested capital including goodwill (ROIC) before special items was -67.5%, down from 21.0% in 2017. The change was mainly driven by the unsatisfactory result before special items.

Equity was DKK 393 million at the end of 2018, compared with DKK 884 million at the end of 2017. The decision by Knud Højgaards Fond and Monberg & Thorsen A/S, on 8 November 2018, to waive repayment of a subordinated loan of DKK 150 million drawn down in full in the second quarter of 2018 had a positive effect on equity, while the decrease in general reflected the result for the year.

The equity ratio was 10.1% at the end of 2018, compared with 23.3% at the end of 2017. At the end of 2018, MT Højgaard A/S drew down DKK 250 million of the total commitment of DKK 650 million in subordinated loan capital entered into between Knud Højgaards Fond and the company in view of the MgO board case and the unsatisfactory performance of the parent company MT Højgaard. Adding the drawn down subordinated loan of DKK 250 million to equity gives a subordinated equity ratio of 16.7% at the end of 2018.

The Board of Directors proposes that no dividend be paid for 2018.

CASH FLOWS AND FINANCIAL RESOURCES

Operating activities amounted to a cash outflow of DKK 142 million in 2018, compared with an inflow of DKK 168 million last year. The change was mainly driven by the lower result and payment of a settled offshore guarantee obligation.

Investing activities amounted to an outflow of DKK 113 million in 2018, primarily investments in property, plant and equipment, compared with an outflow of DKK 98 million in 2017. Investments in 2018 primarily related to rental equipment in Ajos and the Group's new IT platform.

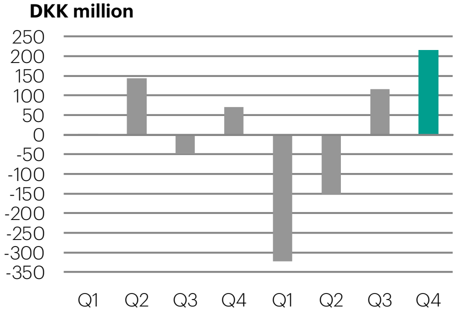
Cash and cash equivalents increased by DKK 75 million net, compared with an increase of DKK 34 million in 2017. The subordinated loan of DKK 150 million (waived in November 2018) and the drawdown on the new DKK 250 million subordinated loan at the end of 2018 had a major impact on net cash and cash equivalents for 2018.

The Group's financial resources totalled DKK 569 million at the end of 2018, compared with

DKK 584 million at the start of the year. Including the drawing right on subordinated loan capital, financial resources thus amounted to DKK 969 million at the end of 2018.

The Group's total financial resources are considered satisfactory in view of the expected level of activity.

CASH FLOWS FROM OPERATING ACTIVITIES



OUTLOOK 2019

The number one priority in 2019 will be to improve the Group's earnings and create a basis for further improvements in profitability in the years ahead.

Of the DKK 9.1 billion order book at the end of 2018, approximately DKK 5.5 billion is expected to be executed in 2019, along with work on the awarded but not contracted projects referred to under order intake in the Management's review.

In view of the current order book and expected order intake, the Group expects revenue of around DKK 7.0 billion in 2019.

EBIT of around DKK 75 million is expected in 2019.

The EBIT outlook is affected by the fact that some projects will continue to generate low or no earnings in 2019, and the continued risk of deviations, especially in MT Højgaard's project portfolio.

Furthermore, in 2019, capacity will be tied up on remediation of the MgO board cases, and will thus not be making a positive contribution to the operating result.

The EBIT outlook is also affected by the fact that the improvement in earnings will occur gradually as the optimisation of the project portfolio, especially in MT Højgaard, materialises.

Lastly, the EBIT outlook also reflects increased costs for the Group's new, shared IT platform (licences and amortisation). The ERP system, in particular, which will be rolled out in the first business unit in the second quarter of 2019, will put strain on the Group's cost structure in the first few years, as the gains will only materialise in the longer term.

Changes in activities in the form of disposals or acquisitions may also affect the outlook.

Operating cash inflow is expected to be weaker than in 2018, mainly due to the burden on liquidity of the consumption of provisions for the liabilities in the MgO board cases.

The Group will continue to focus on the importance of positive cash flows on all projects.

Future focus

The Group will continue to make concerted efforts to enhance profitability and improve operating cash flows in the coming years.

The Group will also continue to focus on reducing costs to improve competitiveness and efficiency.

The aim is a stable, gradual improvement in earnings in a more focused business if conditions in the Danish main market remain unchanged or show a slight improvement.

Efforts to win new orders will centre on segments with sound contribution margins where the Group can draw on its specialised capabilities to win and deliver quality projects on time and with satisfactory profitability.

FORWARD-LOOKING STATEMENTS

The forward-looking statements in this annual report, including the financial outlook for 2019, are based on various assumptions and estimates which, by their nature, involve material commercial, operational, financial or other risks, many of which are outside the Group's control. These assumptions may therefore prove to be incorrect. Unforeseen events could also have a negative impact on the Group's results, even if the assumptions for 2019 or future periods otherwise prove to be correct. These factors could cause actual results in 2019 to differ materially from those expressed or implied by these forward-looking statements.

EVENTS AFTER THE REPORTING PERIOD

In a press release on 7 February 2019, Knud Højgaards Fond stated that, following the merger of MT Højgaard A/S's owner companies, Højgaard Holding A/S and Monberg & Thorsen A/S, which is expected to take place on 5 April 2019, it will make a loan available to MT Højgaard Holding A/S to enable MT Højgaard Holding A/S to inject DKK 400 million in new share capital into MT Højgaard A/S. This will take the form of Knud Højgaards Fond lending the merged company a corresponding amount.

For the existing subordinated loan agreements between Knud Højgaards Fond and MT Højgaard A/S, this means that the subordinated loan of DKK 250 million, which has been drawn down in full, will be repaid and that this commitment will expire, and that the agreement on DKK 400 million in subordinated loan capital to provide the liquidity required by the Group to meet its obligations in the MgO board cases will be reduced to DKK 250 million. It is still the case that no drawdowns have been made under this agreement.

Against this background, equity in April 2019 is expected to be approximately DKK 0.8 billion, equivalent to a (pro forma) equity ratio of around 20% excluding non-controlling interests, which will provide the company with a robust capital base for putting its operations back on a sound footing.

Expected capital effect at start of April 2019

Knud Højgaards Fond

↓

Loan DKK 0.4 billion

↓

MT Højgaard Holding A/S

↓

Capital increase DKK 0.4 billion

↓

MT Højgaard A/S

PRO FORMA EQUITY

Equity at 01-01-2019	DKK 0.4 billion
Commitment re post-merger capital injection from MT Højgaard Holding A/S	DKK 0.4 billion
Expected (pro forma) equity at beginning of April 2019 (excl. operating profit/(loss) for the period 1/1-2019 - April 2019)	DKK 0.8 billion
Pro forma equity ratio (%)	Around ~ 20%

Revitalisation of the parent company MT Højgaard

Revitalisation of the parent company MT Højgaard

THE GROUP'S STRATEGIC FOCUS

The main strategic framework for the Group will be continued in the coming period with further joint focus on a safe working environment and high levels of customer and employee satisfaction in all the companies in the Group.

Group management will continue to focus primarily on the revitalisation of the parent company MT Højgaard.

THE PARENT COMPANY MT HØJGAARD

In 2018, the Group worked hard on creating improvements in MT Højgaard's Danish business through the Focus 2018 programme.

FOCUS 2018 COMPLETED

The programme was launched in the first quarter of 2018 with three focus areas:

Improved competitiveness, focusing on cost adjustments and increased efficiency, measured partly on higher revenue per employee.

Increased order intake, focusing on better project selection, so that the parent company will win more contracts and improve the composition of its project portfolio.

Stable operation, focusing on increased leadership presence and tighter focus on risk management to improve the balance between positive and negative variations on projects.

With the 100 redundancies among salaried employees, the loss of 60 jobs and streamlining the management structure, the Focus 2018 programme contributed to an overall reduction in the Group's costs in the second half of 2018.

The Focus 2018 programme reduced total costs by approximately DKK 100 million, with full effect in 2019, compared with the baseline at the end of 2017.

Despite the reduction in overall costs, the cost level for 2019 is expected to be higher than in 2018, partly due to one-off costs for the implementation of a new ERP system and licences and amortisation related to the implemented IT platform. Cutting the cost level still further will therefore remain a priority in the coming period.

Overall strategic timeframe

The Focus 2018 programme also contributed to higher order intake, and awareness of the consequences of major loss-making projects was raised by systematically putting the issues and challenges into words. However, the required improvements did not materialise at the desired pace, and in August 2018 the Board of Directors consequently appointed Anders Heine Jensen as new President and CEO, replacing Torben Biilmann. Anders Heine Jensen took up his new role on 1 November 2018.

REVITALISATION IN 2019

In continuation of the Focus 2018 programme, improving operations and earnings, especially in the parent company MT Højgaard's Danish business, and generally ensuring that all the Group's areas of activity are healthy and profitable in order to provide a sustainable foundation for the Group's long-term development and growth remain a strategic key priority for 2019. This work will continue under the heading "Revitalisation", with the following focus areas:

Critical segmentation of activities

The parent company will continue to aim for a broad presence in the Danish market for both construction and civil works, including residential and commercial building, hospitals, schools, infrastructure, and data centres. Within this market the actual bids will be assessed for risk, attractiveness and the possibility of efficient execution. The business will focus on those projects that offer the best opportunity for reasonable contribution margins and where the Group's special skills can be used to drive a profitable business.

Within this framework, we must ensure that the Danish part of MT Højgaard in particular achieves a broader and more balanced project portfolio than previously by focusing even more extensively on large, complex projects, medium-sized projects, and especially on smaller projects. This is essential in order to reduce dependence on very large one-off projects.

In addition, it is necessary to create critical mass in all the parent company's active segments in order to ensure sufficient robustness and flexibility in relation to the skills and resources needed to create quality and profitability on projects.

The Group will regularly assess whether there are any non-core activities that do not offer synergies or create value. We will try to adapt or discontinue these activities in order to ensure competitiveness and earnings.

Quality in bids and execution
There is focus on avoiding large negative variations on projects. This will be done by ensuring quality in bidding and efficiency in the execution of projects. Work on this is underway at several levels in the parent company.

- Firstly we must ensure that processes and procedures are functioning properly and are adequate and that data is available in order to show whether the projects are progressing atypically or breaking the norm.
- Secondly we must ensure that there is robust management, that processes are embedded, and that management indicators are in place in order to avoid such things as incorrect assessments or overly-optimistic risk assessments, which could have serious consequences.

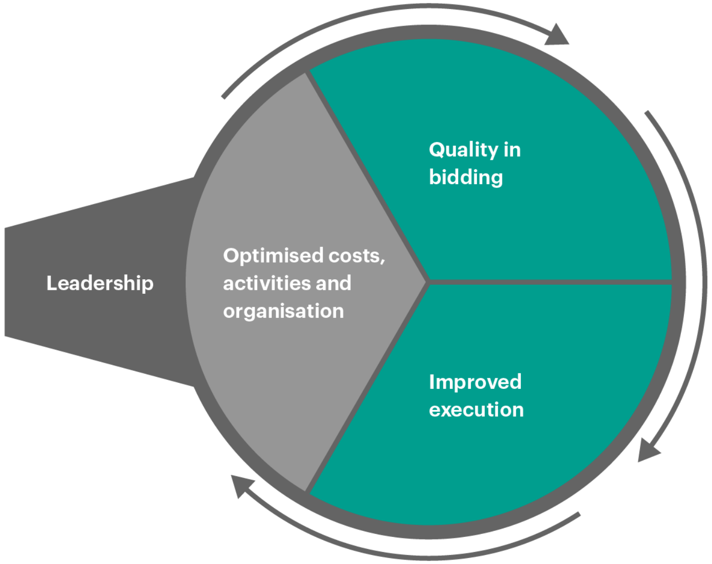
It is our opinion that processes and procedures are efficient, including with the use of a stage-gate model in the parent company MT Højgaard that is designed to optimise and improve transitions between the tender and contract phases and the execution and follow-up phases. In addition, the Group's Contract Board must review tender documents before the final decision on submitting the bid is made by the Executive Board, and, in special cases, by the chairmanship of the Board of Directors.

On the other hand it is clear that work needs to be done on management and skills in the following areas of the parent company:

- There must be focus on ensuring that an unambiguous responsibility is defined for each part of the bidding process in order to create greater clarity and transparency.
- Optimum staffing in bidding work must be ensured, and this must in turn be based on more critical selection than previously, so that resources are targeted efficiently on the very best bids and market opportunities.
- There must be more accurate risk assessment during the bidding process, and any incorrect assessments must be picked up by management before a bid is submitted.
- There must be continuous upgrading of skills through education and training, so that professional and technical knowledge and experience on projects are maintained at a constantly high level.
- There must be greater continuity in the staffing of projects, so we will be better able to mobilise a stand-by team on projects where staffing may fluctuate, and to ensure flexibility and prevent such fluctuations from causing stress and overload.
- Work must be done on creating a greater sense of urgency, i.e. resolute action if a project develops inappropriately. There must be a fundamental understanding and recognition of the fact that the basis of a contracting company's success lies in its ability to ensure that problems are dealt with and resolved promptly.
- There must be more frequent use of standard solutions and transfer of experience in selected areas so that effective use is made of available experience.
- There must be continuing focus on VDC on projects in both the bidding and execution phases. There must be greater awareness of how VDC creates value for the customer and for MT Højgaard, so VDC must be used to varying degrees, depending on the needs of the individual project.

Leadership presence
The focus on the importance of open dialogue and short chains of command in day-to-day project management will be tightened, so that the employees involved execute the projects in the best possible way. Work will be done on strengthening leadership presence by creating a more efficient organisation with fewer layers of management and shorter distances between the projects and top management.

REVITALISATION ACTION



HIGH CUSTOMER SATISFACTION

In parallel with the revitalisation process in the parent company, the Group is making concerted efforts to improve customer satisfaction in all the Group's companies. In its annual customer satisfaction survey in 2018, the Group scored 78 compared with 73 in 2017. The Group has a target of an overall customer satisfaction score of 76.

Group management considers that the positive customer satisfaction trend is partly a reflection of the focus on ensuring zero defects and shortcomings, also on the challenged projects in the portfolio.

Group management is also of the view that customer satisfaction is benefiting from the fact that the Group can involve several of its companies in a project so that they can complement each other within areas such as in-house production, modular building, technical installations and construction site organisation. The increased efficiency in execution thus benefits both project economy and quality.

A SAFE WORKING ENVIRONMENT

Health and safety and wellbeing are key focus areas for the Group, resulting in an injury rate significantly below the industry average, which was 15.4 in 2017. The industry average for 2018 is not yet known.

The Group's overall injury rate thus fell to 8.1 injuries per one million hours worked in 2018 from 10.3 in 2017. The Group consequently met the new target from 2018 and beyond of an injury rate of not more than 10 injuries per one million hours worked already after the first year. Efforts to reduce the total number of occupational injuries included instruction and focus on workplace organisation, personal planning, supervision and health and safety weeks, all putting the spotlight on safety.

With its target of an injury rate of not more than 8 injuries per one million hours worked, the Group wants to maintain and improve the injury rate. There must be no fatal or serious injuries.

Overall, the Group has reduced its injury rate target from 14 to 8 over the past two years.

The targets must be met through increased supervision, planning of both site organisation and the individual tasks, mandatory safety course and continued increased management focus.

EMPLOYEE SATISFACTION

The Group wishes to maintain the high level of employee satisfaction from its latest employee satisfaction survey in autumn 2017, especially in view of the parent company's challenges and the focus on improving profitability.

The Group has a target of an overall employee satisfaction score of 77 (latest survey from 2017: score of 77).

Market approach

Market approach

The Group is active in the construction and civil engineering industry in Denmark and the North Atlantic as well as in chosen geographies through direct ownership, part ownership or joint ventures. Activities outside Denmark accounted for 7% of consolidated revenue in 2018, making the Danish market the Group's primary focus.

The Group's chosen markets

Construction	Civil works
Residential buildings	Infrastructure
Commercial buildings	Port facilities
Hospitals	Climate proofing and coastal protection
Schools	
Data centres	
Prefabricated modular buildings	
Technical installations	Technical installations
Equipment hire	Equipment hire

Denmark

In the Danish construction market, the Group is active in the sub-markets residential construction, newbuilds and refurbishment, commercial premises, including newbuilds and refurbishment of head offices and office buildings, hospitals, schools, institutions and data centres. The Group's activities in the construction market are carried out by MT Højgaard, Enemærke & Petersen and Scandi Byg (building using prefabricated modules).

In the civil works market in Denmark, the Group is active in the sub-markets infrastructure (focus on construction and maintenance of bridges), marine works and climate proofing and coastal protection, including wastewater plants. The Group's civil works activities are carried out by MT Højgaard.

In both of the main markets, the Group is also active in the sub-markets technical installations and equipment hire. The Group's activities in these sub-markets are carried out by Lindpro and Ajos.

OTHER MARKETS

In the North Atlantic (Faroe Islands and Greenland), the Group primarily builds schools, hospitals, apartment blocks and single-family housing and carries out construction and civil works projects for the U.S. Air Force at Thule Air Base. In the Maldives, the Group carries out resort construction and marine works. At present, the Group is also active in the civil works market in Sweden, where it is constructing the Hisingsbron Bridge in a joint venture between MT Højgaard and Skanska.

MARKET DEVELOPMENT

According to the Danish Construction Association's trend analysis, the Danish construction and civil engineering market is expected to total approximately DKK 210 billion in 2018, growing to approximately DKK 228 billion by 2020. In the period up to 2025, the market growth is expected to mirror the general trend in the Danish economy, and the Group considers that the relevant part of the Danish market will have a total annual value of approximately DKK 100 billion.

MARKET TRENDS

The construction and civil engineering industry is affected by a number of trends that may impact the Group's position in the market. Group management has analysed the trends that it considers could have the biggest impact on the Group's development and operations.

DIGITALISATION

Digitalising projects based on VDC (Virtual Design & Construction) creates the basis for major efficiency gains in the industry.

VDC makes it possible to design, plan and construct projects digitally before actual construction begins. A number of digital initiatives have been put in place in the industry, and the biggest challenge now is integrating the digital tools in the culture and throughout the project value chain.

The Group is today one of the leaders in VDC in Denmark and has VDC laboratories at its permanent locations and mobile laboratories on major construction sites.

The Group is still working on the implementation of VDC, with particular focus on ensuring greater adoption of VDC in the production units. With its high degree of in-house production, the Group benefits from moving the same efficient teams from project to project, so that they can take their knowledge and experience of digital tools with them from one construction site to the next.

PARTNERSHIPS AND NEW FORMS OF COLLABORATION

Contractors now bring skills into play earlier in order to avoid inefficient use of resources on prequalification and tender documents for projects that turn out not to be achievable. This applies to both private and public projects, where collaboration agreements concerning the initial construction phases are signed before a main or design and build contract is finalised.

The Group has taken the lead in the industry with a new form of collaboration, in which the construction partners join together over a number of years in strategic partnerships for framework agreements with clients. The TRUST business unit has thus been created by Enemærke & Petersen in cooperation with various industry players. TRUST will be responsible for the construction of the City of Copenhagen's institutions and schools for a four-year period.

Project development
The Group develops and constructs residential, commercial and retail property projects, comprising both relatively small, one-off projects and full urban development. Some projects are developed using the Group's own property portfolio as a starting point, with the Group either developing, constructing or selling in-house, or developing them in collaboration with property owners, clients and investors with a view to sale to third parties.

The Group is also one of the most experienced collaborative partners in Denmark within the construction of projects such as hospitals and schools on a PPP basis.

INDUSTRIALISATION

Prefabricated buildings are becoming increasingly popular. The main advantages of prefabricated buildings are shorter delivery times, lower costs, higher quality, greater sustainability and not being dependent on the weather, as production takes place in enclosed environments.

Scandi Byg is a major player in the Danish market for modular construction and, in 2018, was the first player in the industry to have its construction system certified with the Nordic Swan Ecolabel, which reflects a documented sustainable solution for new construction projects as standard.

Scandi Byg is also increasingly using standard residential construction concepts, where housing is developed and constructed using standard formats and proven solutions and materials.

MT Højgaard has developed the MultiFlex Living and Multiflex Office concepts, where projects are built in standard formats. This helps to ensure a high, uniform quality on construction projects and makes the construction process more efficient due to, for example, faster official approvals and competitive prices.

BUILDING MANAGEMENT SYSTEMS

The construction industry is seeing an increased focus on building management systems, with growing demand for buildings featuring equipment such as daylight control, energy optimisation and automated indoor climate control.

Lindpro supplies high-technology solutions for hospitals, data centres, private homes, office buildings and other types of buildings.

SUSTAINABILITY

The construction industry has a major impact on the consumption of resources and raw materials. In Europe, the construction industry accounts for around 40% of materials consumed and 40% of energy consumption, and in Denmark it accounts for around 30% of the total volume of waste. This has sharpened the focus on creating sustainable construction, for example through improved quality in the construction process, choice of materials, efficient use of raw materials and recycling, and the building's energy consumption. The indoor climate of the buildings also plays a growing part in respect of the health and wellbeing of its occupants.

The Group's construction projects are certified to the leading certification systems DGNB, LEED, BREEAM and the Nordic Swan Ecolabel, and the Group has been participating in the work on DGNB certification in Denmark from the outset. The Group has thus been involved in 10% of all construction projects certified to DGNB in Denmark up to 2018. An example: Slagelse Hospital, built by MT Højgaard on a PPP basis, was the first hospital in Denmark to be awarded DGNB gold certification.

Risk management

The Group works with risk management on an ongoing basis in relation to both industry risks and risk factors specifically related to the Group's activities. This work has been further intensified under the new Group management due to write-downs on some projects and will continue unabated to avoid major negative variations on projects on new future projects.

Group management has the overall responsibility for risk management and manages company and project-specific risks on an ongoing basis in close collaboration with the responsible officers in the companies in the Group.

Material risks are documented and discussed in the Board of Directors on a regular basis based on quarterly reporting. The Executive Board reviews and categorises the overall risk assessment annually based on probability and potential financial impact.

The following risk factors related to the Group's activities and operations are considered to have the greatest influence on the Group's ability to meet the stated expectations and generate the expected value:

PROJECTS

The Group is involved in long, complex projects that are normally contracted at a fixed price. Earnings from these projects are highly dependent on whether the projects have been correctly defined in terms of time and quantities, so that they can be priced correctly and can be carried out within the agreed time and of the right quality. Failure to estimate accurately may result in lower earnings than expected or an actual loss on particular projects.

Despite careful planning and assessment there will always be risks connected with the execution of projects, and Group management accepts a certain risk tolerance as essential for ensuring development and value creation. The challenge is to reduce these as much as possible and avoid unacceptable risks.

The pivotal factor for the revitalisation of the parent company MT Højgaard in particular, is the quality of the bidding and efficient execution of projects. Projects must be rejected if they involve risks that are deemed to be too difficult to cover.

We focus on ensuring that processes and procedures are efficient and adequate and that the necessary leadership is in place at all levels of the organisation.

The majority of the Group's costs are made up of purchases of materials and subcontracts as well as labour. To mitigate execution risks and ensure the expected profitability, the Group works in close collaboration with subcontractors and enters into strategic collaboration agreements.

Efforts are also made to mitigate risks by using standardised components, industrialisation and large procurement volumes.

In addition, the Group endeavours to have the majority of the project costs included in the contract at inception of the agreement with the client.

At the outset, there is a requirement for projects developed in-house to be sold to customers/tenants before start-up, wholly or partly dependent on the risk profile of the project.

The Group's Contract Board reviews and analyses tender documents before the final decision on submitting the bid is made by the Executive Board and, in special cases, by the chairmanship of the Board of Directors.

The parent company MT Højgaard has introduced a stage-gate model on projects that optimises transitions between the tender and contract phases and the execution and follow-up phases. The stage-model was inspired by a well-established similar process at Enemærke & Petersen.

The use of VDC generally helps to ensure a better basis for assessing the risk profile of a project before start-up, in connection with changes to the project and during execution. Work on greater adoption in the production units is ongoing.
In addition, risks are being minimised on the projects where the client chooses to involve the contractor at an early stage in drawing up the project materials, as the framework and conditions of the project are agreed at an early stage and in closer collaboration with all parties in the project.

All in all, the above areas help to ensure a reduction in the number and magnitude of fluctuations in the performance of projects.

DISPUTES

The Group may be involved in litigation, arbitration proceedings and possibly also governmental proceedings. For example, such cases may arise as a result of claims relating to delays or defects in connection with the handing over of projects, other warranty claims and breach of contract. Latent defects that only come to light several years later may mean that claims are made later than expected, and this may restrict the opportunity to seek redress from joint venture partners, subcontractors or other third parties who may have caused the defect. The nature or magnitude of some of these claims may be unusual, or they may have arisen long after the expiry of the guarantee period. Claims may also arise in areas in which the Group is no longer active.

If the Group loses such cases, it may be necessary to change business methods or reassess financial items, and the Group may also be held responsible for financial losses. Examples of this are the August 2017 ruling relating to the Robin Rigg offshore wind farm in the previously discontinued business area for offshore activities and the arbitration award in the MgO board litigation from September 2018.

The Group endeavours to minimise the volume of disputes by ensuring good, close cooperation between the construction partners and by maintaining focus on quality in bidding and project execution, which is one of the Group's main focus areas, both now and in the future.

SKILLED AND COMPETENT STAFF

Demand for employees in the industry has increased in line with the rising level of activity, and the industry is also characterised by a workforce that is very much task-driven and motivated by exciting projects. This can lead to a shortage of skilled labour, making it difficult to attract and retain the required skills. The Group's success depends to a great extent on its ability to attract and retain skilled people, as their experience enables them to identify and manage potential risks connected with the development and execution of construction projects.

With regard to its size and breadth and its varied project portfolio, the Group has good opportunities to ensure flexibility and continuity in the staffing of projects. We are constantly working and focused on ensuring this, so that the Group will be even better able than previously to attract and retain the skilled resources that are essential for the projects.

The aim is to have an efficient stand-by team in readiness in case of major changes of personnel, absence, unforeseen events, etc.

The Group is constantly working on providing good development opportunities, competitive employment conditions and a safe working environment. Investments are made in further training, a graduate programme has been set up, and Group talents are more closely involved in strategic initiatives.

IT SECURITY

Failing IT systems and cyber attacks against the Group's IT systems and IT infrastructure can disrupt operations or result in inadvertent disclosure of confidential information.

The Group's IT systems are organised in such a way that they underpin the Group's various activities. Decisions on major purchases or upgrading of the Group's IT systems are made by Group management.

The Group has a continuously updated IT security policy and has not suffered any major IT breakdowns in the past three years.

REGULATORY RISK FACTORS

It is essential that business units and staff should in all circumstances respect applicable laws, rules, agreements and policies. 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 also focuses on ensuring fair competition conditions and preventing fraud, theft and other irregularities through internal controls, campaigns and the Group's whistleblowing system.

Lastly, the Group may be affected by regulations from authorities. New laws and regulations and delays in approval can result in increased costs and delays, affecting the Group's earnings. The Group therefore actively monitors laws and regulations in relevant areas.

ORDER INTAKE

The Group's financial performance is highly dependent on construction and civil works activity in the areas of infrastructure and commercial and residential construction, and the level of public civil works projects. Construction activity and the level of public civil works projects vary in the Group' markets, but tend to be cyclical and often have opposing cycles.

The construction and civil engineering industry is sensitive to interest rate fluctuations, macroeconomic factors and other factors outside the Group's control. During periods of economic slowdown, the construction and civil engineering industry may experience recession, in individual markets or globally, and public works investments may slow down, even in growth economies.

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 24 to the financial statements.

Corporate governance

Corporate governance

In 2018, there were no changes to MT Højgaard A/S's ownership by Højgaard Holding A/S (54%) and Monberg & Thorsen A/S (46%), both of which are listed on Nasdaq Copenhagen. The company complies with relevant legislation, regulation and standards, including the Market Abuse Regulation (MAR), the Danish Capital Markets Act, Nasdaq Copenhagen's issuer rules, and IFRS, and also takes a position on the Danish Recommendations on Corporate Governance.

MANAGEMENT STRUCTURE

The shareholders in general meeting are the company's supreme authority and their responsibilities include electing the Board of Directors of MT Højgaard A/S.

The Board of Directors is responsible for the overall and strategic management; supervises the Group's activities, management and organisation; and appoints and removes the Executive Board.

The Executive Board is responsible for the day-to-day management and for executing the strategy and decisions made by the Board of Directors. Details of the management structure are provided in the statutory corporate governance report, which forms an integral part of the Management's review and can be found at mthgroup.eu/Responsibility/Corporate-governance along with the company's remuneration policy and equal opportunities policy.

BOARD OF DIRECTORS IN 2018

In April 2018, Carsten Dilling was elected to the Board of Directors, replacing Carsten Bjerg. In January 2019, Anders Lindberg joined the Board of Directors, succeeding Anders Heine Jensen, who took over as new President & CEO on 1 November 2018, replacing Torben Biilmann, who resigned in August 2018. Anders Lindberg succeeded Anders Heine Jensen as Deputy Chairman of the Board of Directors.

Key issues considered by the Board in 2018 were the Group's financial situation and management issues, and the operational challenges in the Danish part of the parent company MT Højgaard. In the period from 15 August to 1 November, between Torben Biilmann leaving and Anders Heine Jensen taking over as new President & CEO, the chairmanship took care of the management of the Group in close cooperation with Group management. The Board met seven times in 2018 (2017: seven meetings). Attendance is illustrated in the figure on this page.

The Board of Directors has appointed an Audit Committee consisting of three members of the Board. The Audit Committee met five times in 2018. The Committee's terms of reference can be found on mthgroup.eu/Responsibility/Corporate-governance.

ATTENDANCE – BOARD MEETINGS IN 2018

Board member	Attendance
Søren Bjerre-Nielsen	■■■■■■■
Anders Heine Jensen*	■■■■■
Anders Lindberg*	
Carsten Bjerg*	■
Carsten Dilling*	■■■■□■
Christine Thorsen	■■■■■■■
Pernille Fabricius	■■■■■■■
Ole Jess Bandholtz Rødsdahl	■■■■□■■
Hans-Henrik Hannibal Hansen	■■■■■■■
Irene Elisa Chabior	■■■■□■■
Vinnie Sunke Heimann	■■■■■■■

*Anders Heine Jensen resigned from the Board on 31 October 2018. Anders Lindberg joined in January 2019. Carsten Bjerg resigned from the Board in April 2018. Carsten Dilling joined in April 2018.

NEW OWNERSHIP STRUCTURE IN 2019

Knud Højgaards Fond and Ejnar & Meta Thorsens Fond have announced that they have resumed talks about a potential merger of Højgaard Holding A/S and Monberg & Thorsen A/S. The merger is expected to be considered at the companies' Annual General Meetings in April 2019. As part of this process, the foundations are considering proposing discontinuing the division into share classes of the share capital of the continuing company, Højgaard Holding A/S, which is expected to change its name to MT Højgaard Holding A/S. The merger will result in a simpler, more transparent and cost-effective Group structure.

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 2018.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of 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 2018 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 2018.

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, 21 February 2019

EXECUTIVE BOARD

Anders Heine Jensen
President & CEO

Egil Mølsted Madsen
CFO

BOARD OF DIRECTORS

Søren Bjerre-Nielsen
Chairman

Anders Lindberg
Deputy Chairman

Carsten Dilling

Ole Røsdahl

Pernille Fabricius

Christine Thorsen

Irene Chabior

Vinnie Sunke Heimann

Hans-Henrik Hannibal Hansen

Independent auditor's report

TO THE SHAREHOLDERS OF MT HØJGAARD A/S

Opinion
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 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and 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 requirements of 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 financial position of the Group and the Parent Company at 31 December 2018 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 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the 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 requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 21 February 2019

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender State Authorised Public Accountant mne21332	Mona Blønd State Authorised Public Accountant mne11697

Executive Board

Anders Heine Jensen (1964, M)
President & CEO since 2018

Danish citizen
Education: MSc in Mechanical Engineering, HD in International Business

External appointments:
- DI Energi, DK (B)
- International Market Committee of the Confederation of Danish Industry, DK (B)
- Haldor Topsøe A/S, DK (B)

Egil Mølsted Madsen (1965, M)
CFO since 2013

Danish citizen
Education: MSc in Business Economics and Auditing and State Authorised Public Accountant

External appointments:
- EMM Invest ApS, DK (D)
- SRE Invest ApS, DK (D)

All managerial positions
as at 31 December 2018.
(CB) Chairman of the board of directors
(DCB) Deputy chairman of the board of directors
(B) Member of the board of directors
(D) = Executive position
(M) = Male
(F) = Female

Board of Directors

Søren Bjerre-Nielsen (1952, M)
Chairman

Danish citizen
Position: Professional board member
Education: MSc in Economics and Business Administration and State Authorised Public Accountant

External appointments:
- Højgaard Holding A/S, DK (CB)
- Højgaard Industri A/S, DK (CB)
- VELUX A/S, DK (CB)
- VKR Holding A/S, DK (CB)
- Fonden Erik Hoffmeyers Rejselegat, DK (B)
- Scandinavian Tobacco Group A/S, DK (B)
- Aase og Jørgen Münters Fond, DK (B)

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

Anders Lindberg (1965, M)
Deputy Chairman

Swedish citizen
Position: Executive Vice President, Ørsted Wind Power EPC
Education: MSc in Electrical Engineering, MBA /TITEL FRA HANS LINKEDIN#

External appointments:
- IEC Holden Inc, Canada (B)

Special skills:
Complex projects, including risk management and understanding of the value chain and the necessity of transverse cooperation with many stakeholders, technical understanding, understanding of the market, broad management experience, including practical experience with change management processes.

Board of Directors

Carsten Dilling (1962, M)

Danish citizen
Position: Professional board member
Education: HA and HD in International Business

External appointments:
- Icotera A/S, DK (CB)
- NNIT A/S, DK (CB)
- SAS AB, Sweden (CB)
- Højgaard Holding A/S, DK (DCB)
- Terma A/S, DK (B)
- CDI Consult ApS, DK (D)
- BC Partners, UK, Senior Advisor Nordic
- Member of Nordic Eye & Maj Invest investment committees

Special skills:
Strategic and operational management experience across sales, commercial and operational departments, mergers and acquisitions, economic and financial management in project and technology enterprises, digital transformation, board experience from listed companies.

Pernille Fabricius (1966, F)

Danish citizen
Position: Group CFO, John Guest International Ltd. (England)
Education: MSc in Business Economics and Auditing, MSc in Finance, LLM (EU law), MBA

External appointments:
- Gabriel Holding A/S, DK (B)
- Højgaard Holding A/S, DK (B)
- Netcompany A/S, DK (B)
- Royal Greenland A/S, Greenland (B)

Special skills:
Financial reporting, auditing, financing, refinancing, mergers and acquisitions, board experience from listed companies.

Ole Jess Bandholtz Røsdahl (1964, M)

Danish citizen
Position: Director of Water & Energy, Sweco Danmark A/S
Education: BSc in Engineering

External appointments:
- CapHold Guldager ApS, DK (B)
- Finansrådgiverne - forsikringsmægler A/S, DK (B)
- Guldager A/S, DK (B)
- Malmberg Borrning AB, Sweden (B)
- Malmberg Water AB, Sweden (B)

Special skills:
Management experience, experience in international contracting and project management from Aalborg Engineering, the Krüger Group and other companies, special expertise in energy, environmental and water treatment solutions.

Christine Thorsen (1958, F)

Danish citizen
Position: Member of the executive board, Dynamic Approach ApS (D)
Education: Master of Management of Technology (DTU), Consulting and Coaching for Change (INSEAD)

External appointments:
- ANT-Fonden, DK (CB)
- Ejnar og Meta Thorsens Fond, DK (CB)
- EMTF Holding K ApS, DK (CB)
- EMTF Holding P/S ApS, DK (CB)
- Monberg & Thorsen A/S, DK (B)
- World Guide Foundation, DK (B)

Special skills:
Change management, cost optimisation and experience from the contracting industry, board experience from listed company.

Board of Directors

Irene Chabior (1959, F) *

Danish citizen
Position: HR Development Consultant, HR
Education: Primary and lower secondary school teacher and HRD

Vinnie Sunke Heimann (1967, F) *

Danish citizen
Position: QHSE Director, Group QHSE
Education: BSc in Engineering

Hans-Henrik Hannibal Hansen (1968, M) *

Danish citizen
Position: Manager, MT Højgaard A/S
Education: Construction Engineer, EBA

External appointments:
- Knud Højgaards Fond, DK (elected by employees B)

*Elected by the employees in 2017. Members elected by the employees are elected for four-year terms, while members elected by the shareholders in general meeting are elected for one-year terms. The members elected by the shareholders in general meeting are nominated by the two owner companies and associated with these. They are therefore not independent. All external appointments and shareholdings in the owner companies as at 31 December 2018

Name	Elected first time in	Shareholding in owner companies	Changes in 2018
Søren Bjerre-Nielsen (CB)	2013	Højgaard Holding A/S: 2,467	+967
Anders Lindberg (DCB)	2019	-	
Carsten Dilling (B)	2018	-	
Pernille Fabricius (B)	2014	-	
Ole Røsdahl (B)	2015	-	
Christine Thorsen (B)	2016	Monberg & Thorsen A/S: 6.19	+2,931
Irene Elisa Chabior*	2001	-	
Hans-Henrik H. Hansen*	2017	-	
Vinnie Sunke Heimann*	2013	-	

Corporate social responsibility

Corporate social responsibility

The Group acts in a socially responsible manner and helps to promote sustainable practices in the construction and civil engineering industry. For us, social responsibility and sustainability is both a business priority and a challenge to which we have chosen a proactive approach. We have integrated the 10 principles of the UN Global Compact into the Group's CSR policy and we work proactively to apply them.

The Group's CSR action centres on four key areas that generate value for the Group, its stakeholders and society. These four areas, known as indicators in the Group, are business behaviour, human rights, the workplace and industrial relations, and the environment.

BUSINESS CONDUCT

The Group is committed to acting professionally, fairly and with integrity in all business activities and relations and stresses the importance of honest and ethical behaviour in order to avoid, for example, fraud and corruption.

In 2018, the Group conducted ethical conduct workshops for employees to ensure that they are equipped to act correctly within the framework of our policies in this area.

HUMAN RIGHTS

The Group works proactively to protect the rights of the individual and also requires its partners and suppliers to do the same.

In 2018, all tenders with a value of over DKK 50 million were systematically reviewed to ensure that they did not include any clauses that are contrary to human rights.

THE WORKPLACE AND INDUSTRIAL RELATIONS

The Group considers safety and a healthy working environment to be essential elements of its CSR activities. As one of the leading players in the construction and civil works industry, the Group has major influence in the health and safety area and endeavours to take the lead in creating good, safe working conditions, for the benefit and inspiration of others in the industry.

In 2018, the Group made concerted efforts to reduce the number of injuries and, at the end of the year, recorded an injury rate of 8.1 compared with 10.3 in 2017, which is significantly below the industry average.

ENVIRONMENT

The Group works hard to reduce negative environmental and climate impacts by embedding sustainability in both construction projects and daily operations, including choice of materials and waste management.

The Group focused extensively on waste sorting and recycling in 2018. The Group thus recycled 54% of waste in 2018 compared with 45% in 2017.

REPORTING

The Group's CSR action is detailed in its annual CSR report, which is based on the internationally recognised Global Reporting Initiative (GRI) reporting system. The reporting follows GRI Standards at Core level. The CSR report constitutes the Group's report on social responsibility and the gender composition of governance bodies, in accordance with sections 99(a) and (b) of the Danish Financial Statements Act.

In 2018, for the first time, the Group reports against the UN's 17 Global Goals, which are designed to promote sustainable development. The global goals help to provide the whole industry with a common language that can be used to communicate performance. The Group is applying the global goals over a broad front, but works specifically with eight strategic goals that have been used in the report within the framework of the four indicators.

The Group's statutory corporate governance report for the 2018 financial year in accordance with section 107(b) of the Danish Financial Statements Act is available at mthgroup.eu/Responsibility/Corporate-governance.
The Group's CSR action and achievements are described in the Group's CSR report, which is available at mthgroup.eu/Responsibility/CSR, in accordance with sections 99(a) and (b) of the Danish Financial Statements Act.

Consolidated and parent company financial statements

CONTENTS

NOTES

Income statement and statement of comprehensive income

PARENT COMPANY 2017	PARENT COMPANY 2018	Note	Amounts in DKK million	GROUP 2018	GROUP 2017
			INCOME STATEMENT		
3,791.4	2,866.4	3	Revenue	6,758.3	7,648.1
-3,591.4	-3,163.3	4-5	Production costs	-6,884.0	-7,017.3
200.0	**-296.9**		**Gross profit/(loss)**	**-125.7**	**630.8**
-156.7	-116.3	4	Distribution costs	-166.1	-219.1
-144.6	-141.5	4-6	Administrative expenses	-280.6	-261.8
-101.3	**-554.7**		**Profit/(loss) before share of profit/(loss) of joint ventures**	**-572.4**	**149.9**
-	-	13	Share of profit/(loss) after tax of joint ventures	25.2	26.4
-101.3	**-554.7**		**Operating profit/(loss) before special items**	**-547.2**	**176.3**
-125.0	-	7	Special items	-	-125.0
-226.3	**-554.7**		**EBIT**	**-547.2**	**51.3**
189.6	154.8	8	Finance income	4.5	2.2
-13.3	-34.9	9	Finance costs	-16.1	-13.7
-50.0	**-434.8**		**Profit/(loss) before tax**	**-558.8**	**39.8**
-60.8	-30.0	10	Income tax expense	-29.0	-98.2
-110.8	**-464.8**		**Net profit/(loss) for the year**	**-587.8**	**-58.4**
			Attributable to:		
			Shareholders of MT Højgaard A/S	-589.4	-84.1
			Non-controlling interests	1.6	25.7
			Total	**-587.8**	**-58.4**

PARENT COMPANY 2017	PARENT COMPANY 2018	Note	Amounts in DKK million	GROUP 2018	GROUP 2017
			PROPOSAL FOR DISTRIBUTION OF PROFIT/(LOSS)		
59.9	20.4		Transfer to reserve for development costs	-	-
-170.7	-485.2		Transfer to retained earnings	-587.8	-58.4
-110.8	**-464.8**		**Total**	**-587.8**	**-58.4**
			STATEMENT OF COMPREHENSIVE INCOME		
-110.8	**-464.8**		**Net profit/(loss) for the year**	**-587.8**	**-58.4**
			Other comprehensive income		
			Items that may be reclassified to the income statement:		
-	-		Foreign exchange adjustments, foreign enterprises	-0.3	-3.7
-	-		Value adjustment of hedging instruments, joint ventures	0.2	3.7
-	**-**		**Other comprehensive income after tax**	**-0.1**	**-**
-110.8	**-464.8**		**Total comprehensive income**	**-587.9**	**-58.4**
			Attributable to:		
			Shareholders of MT Højgaard A/S	-589.5	-84.1
			Non-controlling interests	1.6	25.7
			Total	**-587.9**	**-58.4**

Balance sheet

PARENT COMPANY 2017	PARENT COMPANY 2018	Note	ASSETS Amounts in DKK million	GROUP 2018	GROUP 2017
			NON-CURRENT ASSETS		
			Intangible assets		
50.3	50.3		Goodwill	121.4	121.4
93.4	144.9		Other intangible assets	147.8	94.7
143.7	**195.2**	11	**Total intangible assets**	**269.2**	**216.1**
			Property, plant and equipment		
36.1	27.5		Land and buildings	175.5	191.1
18.4	17.1		Plant and machinery	488.2	340.7
43.7	40.2		Fixtures and fittings, tools and equipment	58.2	70.5
-	-		Property, plant and equipment under construction	8.0	27.2
98.2	**84.8**	12	**Total property, plant and equipment**	**729.9**	**629.5**
			OTHER NON-CURRENT ASSETS		
437.2	525.3	13	Investments in subsidiaries	-	-
36.0	36.0	13	Investments in joint ventures	116.4	93.6
10.8	40.0		Receivables from joint ventures	32.6	3.4
173.1	99.2	10	Deferred tax assets	150.4	210.4
657.1	**700.5**		**Total other non-current assets**	**299.4**	**307.4**
899.0	**980.5**		**Total non-current assets**	**1,298.5**	**1,153.0**
			CURRENT ASSETS		
			Inventories		
1.0	0.8	14	Raw materials and consumables	36.3	41.9
150.3	123.6	14	Properties held for resale	471.7	527.0
151.3	**124.4**		**Total inventories**	**508.0**	**568.9**
			Receivables		
675.7	499.4	24	Trade receivables	1,330.0	1,402.7
155.2	91.9	18	Construction contracts	291.5	334.5
353.0	419.1		Receivables from subsidiaries	-	-
15.4	8.9	10	Income tax	7.0	3.4
24.8	83.1		Other receivables	118.5	47.3
24.1	24.1		Prepayments	30.5	29.8
1,248.2	**1,126.5**	15	**Total receivables**	**1,777.5**	**1,817.7**
56.5	**177.4**	32	**Cash and cash equivalents**	**210.6**	**135.4**
1,456.0	**1,428.3**		**Total current assets**	**2,496.1**	**2,522.0**
2,355.0	**2,408.8**		**Total assets**	**3,794.6**	**3,675.0**

PARENT COMPANY 2017	PARENT COMPANY 2018	Note	EQUITY AND LIABILITIES Amounts in DKK million	GROUP 2018	GROUP 2017
			EQUITY		
520.0	200.0		Share capital	200.0	520.0
80.4	100.8		Other reserves	-32.9	-32.8
-145.6	-194.0		Retained earnings	216.0	368.6
454.8	**106.8**		**Equity attributable to shareholders**	**383.1**	**855.8**
-	-		Non-controlling interests	9.4	27.8
454.8	**106.8**		**Total equity**	**392.5**	**883.6**
			NON-CURRENT LIABILITIES		
5.7	5.3	16	Bank loans, etc.	259.6	162.6
-	-	10	Deferred tax liabilities	29.0	13.0
64.6	163.6	17	Provisions	270.2	80.5
70.3	**168.9**		**Total non-current liabilities**	**558.8**	**256.1**
			CURRENT LIABILITIES		
-	250.0	25	Subordinated loan	250.0	-
0.6	0.5	16	Bank loans, etc.	71.2	46.0
320.5	279.0	18	Construction contracts	664.5	579.9
589.7	498.4		Trade payables	1,053.3	1,004.7
310.2	709.5		Payables to subsidiaries	-	-
9.5	1.5	10	Income tax	1.5	26.7
309.6	189.1		Other payables	404.1	473.4
36.3	27.6		Deferred income	51.4	62.4
253.5	177.5	17	Provisions	347.3	342.2
1,829.9	**2,133.1**		**Total current liabilities**	**2,843.3**	**2,535.3**
1,900.2	**2,302.0**		**Total liabilities**	**3,402.1**	**2,791.4**
2,355.0	**2,408.8**		**Total equity and liabilities**	**3,794.6**	**3,675.0**

Statement of cash flows

PARENT COMPANY 2017	2018	Note	Amounts in DKK million	GROUP 2018	2017
			OPERATING ACTIVITIES		
-226.3	-554.7		EBIT	-547.2	51.3
167.4	260.4	29	Adjustments for items not included in cash flow, etc.	529.4	192.1
-58.9	**-294.3**		**Cash flows from operating activities before working capital changes**	**-17.8**	**243.4**
			Working capital changes:		
-1.3	26.9		Inventories	60.9	73.5
32.0	51.9		Receivables excl. construction contracts	0.8	-7.8
-97.6	21.8		Construction contracts	127.6	-206.6
119.4	-54.7		Trade and other current payables	-286.8	105.5
-6.4	**-248.4**		**Cash flows from operations (operating activities)**	**-115.3**	**208.0**
10.6	7.5		Finance income	4.5	2.2
-3.6	-9.2		Finance costs	-16.1	-13.7
0.6	**-250.1**		**Cash flows from operations (ordinary activities)**	**-126.9**	**196.5**
22.9	9.4		Income taxes paid, net	-14.8	-28.7
23.5	**-240.7**		**Cash flows from operating activities**	**-141.7**	**167.8**
			INVESTING ACTIVITIES		
-49.7	-66.0	11	Purchase of intangible assets	-68.9	-49.7
-4.1	-88.1	13	Capital changes in joint ventures and subsidiaries	1.8	6.4
-	-29.2		Loans to joint ventures and subsidiaries	-29.2	-
-22.4	-13.2	30	Purchase of property, plant and equipment	-40.3	-86.0
-	11.0		Sale of property, plant and equipment	23.2	30.9
174.6	147.3		Dividends, etc., from joint ventures and subsidiaries	-	-
98.4	**-38.2**		**Cash flows from investing activities**	**-113.4**	**-98.4**
			FINANCING ACTIVITIES		
			Loan financing:		
-	-0.5		Decrease in loan facilities	-50.0	-13.7
			Shareholders:		
-	150.0	25	Subordinated loan (debt remission)	150.0	-
	250.0	25	Subordinated loan	250.0	
-	-		Dividends, non-controlling interests	-20.0	-20.0
-1.7	0.3		Issued warrants, employee contribution	0.3	-1.7
-1.7	**399.8**	33	**Cash flows from financing activities**	**330.3**	**-35.4**
120.2	**120.9**		**Net increase (decrease) in cash and cash equivalents**	**75.2**	**34.0**
-63.7	56.5		Cash and cash equivalents at 01-01	135.4	101.4
56.5	**177.4**	32	**Cash and cash equivalents at 31-12**	**210.6**	**135.4**

Statement of changes in equity, Group

Amounts in DKK million Equity, Group	Share capital	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to share-holders	Attributa-ble to non-controlling interests	Total equity
2018							
Equity at 01-01	**520.0**	**-34.3**	**1.5**	**368.6**	**855.8**	**27.8**	**883.6**
Change in accounting policy, IFRS 15	-	-	-	-0.7	**-0.7**	-	**-0.7**
Tax effect, IFRS 15	-	-	-	0.2	**0.2**	-	**0.2**
Adjusted equity at 01-01	520.0	-34.3	1.5	368.1	**855.3**	27.8	**883.1**
Net profit/(loss) for the year	-	-	-	-589.4	**-589.4**	1.6	**-587.8**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-0.3	-	**-0.3**	-	**-0.3**
Value adjustment of hedging instruments, joint ventures	-	0.2	-	-	**0.2**	-	**0.2**
Total other comprehensive income	**-**	**0.2**	**-0.3**	**-**	**-0.1**	**-**	**-0.1**
Transactions with owners:							
Debt remission	-	-	-	150.0	**150.0**	-	**150.0**
Calculated tax on taxable debt remission	-	-	-	-33.0	**-33.0**	-	**-33.0**
Capital reduction	-320.0	-	-	320.0	**-**	-	**-**
Issued warrants, employee contribution	-	-	-	0.3	**0.3**	-	**0.3**
Dividends paid	-	-	-	-	**-**	-20.0	**-20.0**
Total transactions with owners	**-320.0**	**-**	**-**	**437.3**	**117.3**	**-20.0**	**97.3**
Total changes in equity	**-320.0**	**0.2**	**-0.3**	**-152.1**	**-472.2**	**-18.4**	**-490.6**
Equity at 31-12	**200.0**	**-34.1**	**1.2**	**216.0**	**383.1**	**9.4**	**392.5**

Amounts in DKK million Equity, Group	Share capital	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to share-holders	Attributa-ble to non-controlling interests	Total equity
2017							
Equity at 01-01	**520.0**	**-38.0**	**5.2**	**454.4**	**941.6**	**22.1**	**963.7**
Net profit/(loss) for the year	-	-	-	-84.1	**-84.1**	25.7	**-58.4**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-3.7	-	**-3.7**	-	**-3.7**
Value adjustment of hedging instruments, joint ventures	-	3.7	-	-	**3.7**	-	**3.7**
Total other comprehensive income	**-**	**3.7**	**-3.7**	**-**	**-**	**-**	**-**
Transactions with owners:							
Reversal of granted programme (warrants), net	-	-	-	-1.7	**-1.7**	-	**-1.7**
Dividends paid	-	-	-	-	**-**	-20.0	**-20.0**
Total transactions with owners	**-**	**-**	**-**	**-1.7**	**-1.7**	**-20.0**	**-21.7**
Total changes in equity	**-**	**3.7**	**-3.7**	**-85.8**	**-85.8**	**5.7**	**-80.1**
Equity at 31-12	**520.0**	**-34.3**	**1.5**	**368.6**	**855.8**	**27.8**	**883.6**

Statement of changes in equity, parent company

Amounts in DKK million

Equity, parent company	Share capital	Reserve for develop-ment costs	Retained earnings	Total equity
2018				
Equity at 01-01	**520.0**	**80.4**	**-145.6**	**454.8**
Change in accounting policy, IFRS 15	-	-	-0.7	**-0.7**
Tax effect, IFRS 15	-	-	0.2	**0.2**
Adjusted equity at 01-01	520.0	80.4	-146.1	**454.3**
Net profit/(loss) for the year	-	20.4	-485.2	**-464.8**
Transactions with owners:				
Debt remission	-	-	150.0	**150.0**
Calculated tax on taxable debt remission	-	-	-33.0	**-33.0**
Capital reduction	-320.0	-	320.0	**-**
Issued warrants, employee contribution	-	-	0.3	**0.3**
Total transactions with owners	**-320.0**	**-**	**437.3**	**117.3**
Total changes in equity	**-320.0**	**20.4**	**-47.9**	**-347.5**
Equity at 31-12	**200.0**	**100.8**	**-194.0**	**106.8**
2017				
Equity at 01-01	**520.0**	**20.5**	**26.8**	**567.3**
Net profit/(loss) for the year	-	59.9	-170.7	**-110.8**
Transactions with owners:				
Reversal of granted programme (warrants), net	-	-	-1.7	**-1.7**
Total changes in equity	**-**	**59.9**	**-172.4**	**-112.5**
Equity at 31-12	**520.0**	**80.4**	**-145.6**	**454.8**

Note 1

1 ACCOUNTING POLICIES

The Group and the parent company annual report for 2018 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 21 February 2019, the Board of Directors and the Executive Board discussed and approved the annual report of the Group and the parent company for the financial year 1 January – 31 December 2018. The annual report will be presented to the shareholders of the parent company for approval at the Annual General Meeting on 14 March 2019.

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, apart from revenue and financial instruments. For standards that are implemented prospectively, comparative figures are not restated.

Changes to accounting policies
The Group has implemented the following amended standards with effect from 1 January 2018.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The implementation of IFRS 9 and IFRS 15 has not had any material effect on the Group's or the parent company's income statement, balance sheet, cash flows or financial ratios.

Further details of the implementation of both standards are provided in the following paragraphs.

The Group has also implemented IFRIC 22. The implementation has not required any restatements, as sales contracts are primarily denominated in the functional currency of the companies that are parties to the contract.

Effect of IFRS 9
The replacement of IAS 39 with IFRS 9 Financial Instruments introduces a more logical approach to the classification of financial assets driven by the Group's business model and the characteristics of the underlying cash flows. It also introduces a new impairment model for all financial assets.

Classification and measurement of financial assets
The new approach to the classification and measurement of financial assets has not had any material quantitative effect on the Group's financial statements.

It is the Group's business model to hold trade receivables with a view to receiving contractual cash flows, and these financial assets are consequently classified as receivables measured at amortised cost.

Impairment of financial assets
The implementation of IFRS 9 introduces the simplified expected credit loss model for all financial assets and replaces the existing impairment model whereby impairment losses were only recognised when there were indications of losses. The expected credit loss model is designed to ensure more timely recognition of expected losses both on initial recognition and subsequent measurement.

The simplified expected credit loss model in IFRS 9 whereby the expected loss is recognised in the income statement immediately is applied to trade receivables and contract assets. In view of the Group's customer mix, which consists mainly of public and private customers with high credit ratings, the implementation has only affected the Group's method for determining impairment of financial assets measured at amortised cost. The implementation has consequently not required any further write-downs of receivables at 1 January 2018, as the Group has been pursuing a conservative policy with respect to write-downs of receivables in previous years.

The implementation of the expected credit loss model in IFRS 9 has not had any material effect on the income statement or balance sheet.

Hedge accounting
The implementation of IFRS 9 has not had any effect on the Group's application of hedge accounting.

In connection with the implementation of IFRS 9 management has updated the underlying hedge documentation so that it complies with the requirements for hedge accounting under IFRS 9.

1 ACCOUNTING POLICIES (CONTINUED)

Effect of IFRS 15

IFRS 15 Revenue from Contracts with Customers, which replaces existing revenue standards (IAS 11 and IAS 18) and related interpretations, introduces a new model for recognition and measurement of revenue related to sales contracts with customers. In future, revenue will be recognised based on analysis and assessment of a five-step model, providing greater correlation between the timing of revenue recognition and the underlying terms and conditions in the related sales contracts.

The Group has implemented IFRS 15 with effect from 1 January 2018.

The main changes in IFRS 15 compared with current practice are:

- Sales transactions must be recognised as revenue in the income statement when control (either at a point in time or over time) of the construction contract or services is transferred to the customer. The current "risk and rewards" concept is thus replaced by a control concept.
- New, more detailed guidance on how part transactions in a sales contract are to be identified and how the individual components are to be recognised and measured.
- New, more detailed guidance on over-time recognition of revenue.

Based on the Group's revenue and contract types, the new standard has mainly affected the following areas:

- The new requirements for estimates and judgements of, for example, variable consideration and identification of the sub-components of sales contracts and their effect on amounts and/or timing of recognition of revenue. It is management's opinion that the effect will be insignificant, based on existing revenue types, but that some instances of variable consideration related to construction contracts, including possible bonus income on achievement of specific milestones by predetermined dates, will be recognised later than under current practice. In 2017, the effect was estimated to be less than DKK 5 million in selling price and operating result, which, under IFRS 15, was not to be recognised until 2018.
- Until now, revenue from sites and construction projects developed in-house has been recognised using the sales method when delivered and when risk has been transferred to the buyer, but management assesses that under IFRS 15 such revenue must be recognised when control is transferred, to the extent that the sale to the customer is final, the sale is legally enforceable and collection is reasonably assured. At the end of 2017, residential projects corresponding to revenue of DKK 41 million and operating profit of DKK 4 million had been sold that should have been recognised in 2017 if IFRS 15 had applied in 2017.

The Group has decided to use the modified retrospective approach whereby the net effect on profit/(loss), DKK 0.5 million in total, is recognised in equity at 1 January 2018, with no restatement of comparative figures.

Going concern statement

In connection with the financial reporting, the Board of Directors, the Audit Committee and the Executive Board have assessed whether it is appropriate to adopt the going concern basis of accounting. The Board of Directors, the Audit Committee and the Executive Board have concluded that there are no factors, at the time of publication of the financial statements, that cast any doubt on the Group's and the parent company's ability to continue as a going concern until at least the next reporting date. This conclusion has been reached on the basis of knowledge of the Group and the future outlook.

Consolidated financial statements

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

1 ACCOUNTING POLICIES (CONTINUED)

On preparation of the consolidated financial statements, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are eliminated. Unrealised gains and losses arising from transactions between the consolidated enterprises are also eliminated.

Joint arrangements are operations or entities over which the Group has joint control through contractual agreements with one or more parties. Joint control means that decisions about the relevant activities require the unanimous consent of the parties sharing control.
Joint arrangements are classified as joint ventures or joint operations. Joint operations are arrangements whereby the parties have direct rights to the assets, and obligations for the liabilities, while joint ventures are arrangements whereby the parties have rights to the net assets only.

All the Group's jointly owned companies are classified as joint ventures.

Gains and losses on disposal of subsidiaries and joint ventures are determined by deducting from the proceeds on disposal the carrying amount of net assets including goodwill at the date of disposal and related selling expenses.

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.

Any excess of the cost over the fair value of the assets acquired and liabilities and contingent liabilities assumed is recognised in intangible assets as goodwill. Goodwill is not amortised. The carrying amount of goodwill is reviewed, at least annually, and written down through the income statement to the recoverable amount if this is lower than the carrying amount. Impairment losses relating to goodwill are not reversed.

Non-controlling interests
On initial recognition, non-controlling interests are measured either at the fair value of the non-controlling interests' equity interest or at their proportionate share of the fair value of the acquiree's identifiable assets acquired and liabilities and contingent liabilities assumed.

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.

1 ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as finance costs or finance income as they occur.

For derivative financial instruments that qualify for cash flow hedge accounting, changes in fair value are recognised in other comprehensive income and in a separate hedging reserve in equity.

Income and expenses relating to such hedging transactions are transferred from the reserve in equity to the income statement at the date on which the hedged cash flows affect profit/(loss) and are recognised in the same item as the hedged item.

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables, respectively. Fair value is measured on the basis of current market data and recognised valuation methods based on observable exchange rates (Level 2).

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

Accounting policies are described for 2018 only based on IFRS 15, as the effect of the transition has been insignificant. The transition is described earlier in the accounting policies in the paragraphs relating to changes in accounting policies, and reference is made to these.

Revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, sale of properties as well as services determined on a contract basis.

Where several contracts have been entered into with the same customer at the same time, the contracts are combined if they have a single commercial objective, the amount of consideration in one contract depends on the other contract, and the goods or services promised are a single performance obligation.

The Group's sales contracts are broken down into separately identifiable performance obligations, which are recognised and measured separately at fair value. Where a sales contract comprises several performance obligations, the total selling price is allocated to each separate performance obligation based on the selling price of each performance obligation.

Revenue is recognised when control of each separately identifiable performance obligation has transferred to the customer. The recognised revenue is measured at the fair value of the agreed consideration excluding VAT and taxes collected on behalf of third parties. All forms of discounts granted are recognised in revenue. Fair value corresponds to the agreed price discounted to present value if the payment terms are greater than 12 months.

1 ACCOUNTING POLICIES (CONTINUED)

The amount of variable consideration, for example in the form of performance bonuses, incentives, penalties, etc., is only recognised in revenue if it is highly probable that a reversal of the amount of consideration will not occur in future periods, for example as a result of failure to meet targets, etc.

Any contract modifications are recognised when they have been approved by all parties to the contract. Modifications and the associated revenue are accounted for based on an assessment of the standalone price of the modifications and an actual assessment of the elements of the contract compared with the other performance obligations under the sales contract.

Construction contracts
Revenue from construction contracts related to work performed on a customer's land can be categorised as improvements of the customer's property and is consequently recognised over time.

Revenue from construction contracts is also recognised over time if the subject matter of the contract is of such a specialised nature that there is no alternative use for it and the contract states that the Group is entitled to payment for work performed in the event of the contract being terminated for reasons that are not due to breach on the part of the Group.

The Group's construction contracts comprise the construction of major construction and civil engineering projects for private and public customers. The construction contracts basically comprise a single performance obligation as the customer only obtains benefits from the performance of the whole construction contract and the contract involves a high degree of integration of the various contract components.

The transfer of control and recognition of revenue are determined using input methods based on costs incurred relative to total estimated costs for the contract, as these methods are considered to best depict the continuous transfer of control.

If the outcome of a construction contract cannot be estimated reliably, revenue is only recognised corresponding to costs incurred and indirect production costs, insofar as it is probable that these will be recovered.

Facility management etc.
Services such as facility management are considered to be a series of homogenous services that have the same pattern of transfer to the customer. Service contracts are accounted for as a single performance obligation. As customers receive and obtain benefits from the work performed on an ongoing basis, revenue is recognised over time. Revenue is recognised using input methods based on costs incurred relative to total estimated costs.

Project development
Revenue from project development where the overall project has not been sold prior to project start-up is recognised over time during the construction period based on the number of apartments sold and the overall percentage of completion.

Recognition of revenue over time is based on an assessment that the apartments are so specialised that they cannot be used for any purpose and that the Group is legally entitled to payment and that payment will be received.

Unsold apartments are recognised at cost under inventories.

Rental income
Rental income comprises equipment hire under operating leases. Rental is accrued and recognised as income on a straight-line basis over the lease period under the lease agreement.

Direct property sales
Direct property sales are recognised in revenue when control of the separately identifiable performance obligation in the sales contract transfers to the customer, ie at the acquisition date according to the terms of sale.

Production costs
Production costs comprise both direct and indirect costs incurred in generating the revenue for the year, and expected losses on construction contracts in progress. Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses, subcontractor supplies, leasing of capital equipment, design and technical assistance, remedial and guarantee works as well as subsupplier claims, for example relating to extra work, including any related interest payments, etc.

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. The item is presented separately to give a true and fair view of the Group's operating profit/(loss).

The Group's share of profit/(loss) after tax of joint ventures
The proportionate share of profit/(loss) of joint ventures is recognised in the consolidated income statement net of tax and after elimination of intragroup gains and losses.

Finance income and costs
Finance income and costs comprise interest income and expense, dividends from other equity investments and realised and unrealised gains and losses on financial assets, payables and transactions denominated in foreign currencies, as well as finance lease costs and income tax surcharges and refunds. 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 calculated on the taxable income for the year, adjusted for tax 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 other non-current assets.

Deferred tax assets are reviewed annually and are only recognised to the extent that it is probable that they will be utilised within the foreseeable future.

BALANCE SHEET

Intangible assets
Recognition and measurement of goodwill are described in the section on business combinations. Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life, 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 and PPC companies, which are all recognised as joint ventures in accordance with IFRS 11. According to the contractual arrangements between the parties, decisions require the unanimous consent of all parties. For further details on ownership, reference is made to notes 23 and 34.

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 recoverable 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.

Impairment of non-current assets
The carrying amounts of intangible assets, property, plant and equipment and other non-current assets are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is determined. However, the recoverable amount of goodwill is always determined annually.

An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are reversed to the extent that the assumptions and estimates that led to the recognition of the impairment loss have changed. Impairment losses relating to goodwill are not reversed.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, the carrying amount is written down to this lower value. The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

Properties, project development in progress as yet unsold under IFRS 15 and undeveloped sites that are not classified as held for continued future ownership or use are measured at the lower of cost and net realisable value and are carried as properties held for resale. Properties held for resale include undeveloped sites held with a view to project development activities, and completed residential projects for resale.

Receivables
The accounting policies are described for 2018 only based on IFRS 9, as the effect of the transition has been insignificant. The transition is described earlier in the accounting policies in the paragraphs relating to changes in accounting policies, and reference is made to these.

The simplified expected credit loss model, where the expected loss over the life of the financial asset is recognised immediately in the income statement, is applied to financial assets related to trade receivables and construction contract assets. The financial asset is recognised at the same time as the receivable is recognised in the balance sheet.

Risks related to losses on trade receivables are assessed prior to contract inception and continuously monitored until realisation in accordance with the Group's risk management policies. Write-downs are determined based on the expected percentage loss, which is determined on the basis of historical data, a default day of 90 days and adjusted for estimates of the effect of expected changes in relevant parameters, including market trends in the construction and civil engineering industry and cyclical fluctuations etc. that are expected to potentially affect the industry.

Construction contracts (assets/liabilities)
The selling price is measured by reference to the total expected income from each construction contract and the stage of completion at the reporting date. The stage of completion is determined on the basis of the costs incurred and the total expected costs.

When it is probable that total expected costs on a construction contract in progress will exceed total expected contract income, the total expected loss on the contract is recognised as an expense immediately.

Where the selling price cannot be measured reliably, it is recognised at the lower of costs incurred and net realisable value.

The individual construction contract in progress is recognised in the balance sheet as a contract asset or a contract liability, depending on the selling price less progress billings and recognised losses.

Contract costs
Contract performance costs incurred as a direct consequence of the contract having been entered into and which are expected to be recovered, including soil investigations, manning plans, etc., are capitalised and charged as expenses over the term of the contract.

Costs in connection with sales work and tendering to secure contracts are recognised as distribution costs in the income statement in the financial year in which they are incurred.

Prepayments and deferred income
Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to construction contracts in progress.

1 ACCOUNTING POLICIES (CONTINUED)

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.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences that have arisen from the translation of the financial statements of foreign entities from their functional currencies to Danish kroner and foreign exchange adjustments of balances with foreign entities that are accounted for as part of the Group's overall net investment in the entity in question.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Reserve for development costs
The parent company's reserve for development costs comprises costs recognised for labour, licences, consultancy manhours and external fees in connection with the development of the ERP system and the digital platform. The reserve may not be used for dividends or to cover losses. The reserve must be reduced or dissolved as the development projects are amortised or if the recognised development costs are no longer a part of the company's operation. This must be done by direct transfer to retained earnings.

Share-based payment transactions
The value of services received as consideration for share-based payment is measured at fair value. Share-based payment is classified as either an equity-settled or a cash-settled arrangement. The classification is based on whether the transaction is settled by the issuance of shares or by cash settlement. If the form of settlement is based on future criteria, the programme is classified on the basis of management's expectations concerning the probability of these future criteria occurring.

If it is considered more probable that the arrangement will have to be settled in shares, the programme will be classified as an equity-settled arrangement. For equity-settled arrangements, the fair value is measured at the date of grant and recognised in the income statement as staff costs over the service period. The recognised expense is taken to equity. If the length of the service period is uncertain at the date of grant, it is estimated based on management's best estimate of the date on which the share-based payment will vest. Subsequent to initial recognition, the total programme costs are adjusted for changes to the estimate of the number of grants that will vest. If the estimate of the length of the service period changes, the proportion of the programme costs that has not yet been expensed will be recognised proportionately over the revised service period.

If it is deemed to be more probable that the outcome of the future criteria will mean that the programme will have to be cash-settled, it must be classified as a cash-settled arrangement. On initial recognition, the liability is measured at fair value at the date of grant and recognised through the income statement as a staff cost on a continuous basis as the employees render service. The fair value of the liability is subsequently remeasured at each reporting date until settled. Changes in the fair value of the liability are recognised in the income statement as staff costs based on the proportion of the service period that has been rendered. The offsetting entry is recognised in liabilities.

The Group's warrant programme has been recognised as an equity-settled arrangement up to and including 2015 and as a cash-settled arrangement from and including 2016 and has been recognised in accordance with the relevant rules.

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 inter-

1 ACCOUNTING POLICIES (CONTINUED)

est 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.

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

Cash flows from operating activities
Cash flows from operating activities are determined using the indirect method, whereby operating profit/(loss) is adjusted for the effects of non-cash operating items, changes in working capital, and net finance costs 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 loan facilities.

Cash and cash equivalents
Cash and cash equivalents comprise cash and cash equivalents less liabilities related to bank overdrafts repayable on demand, which form part of the Group's day-to-day cash management.

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

Definitions of financial ratios used:

Gross margin	=	Gross profit/revenue
Operating margin before special items	=	Operating profit before special items/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.

Note 2

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 balance sheet date.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates.

Estimates deemed critical to the financial reporting primarily relate to the recognition of construction contracts and the risks associated with their execution, i.e. measurement of the selling price of construction contracts in progress, determination of guarantee commitments, assessment of the outcome of disputes, and recovery of deferred tax assets. Key accounting estimates are also made when assessing the need for impairment charges in connection with the recognition of equity investments and goodwill.

Construction contracts, including estimated recognition and measurement of revenue and contribution margin
At contract inception, management assesses that the contracts involve a high degree of individual customisation and satisfy the criteria for recognition over time. This assessment is based on an analysis of, among other things, the contract provisions on:

- The degree of customisation, including the alternative use potential of buildings and civil works
- The time of transfer of legal title, including relating to the place of construction of building and civil works
- Payment terms, including early termination of contract.

For construction contracts, management considers that they essentially constitute a single performance obligation and that the recognition of the selling price of contracts over time is best depicted by using an input method based on costs incurred relative to budgeted project costs.

Variable elements of consideration are not recognised in revenue until it is highly probable that a reversal of the amount of consideration will not occur in future periods. This assessment is made jointly by the Executive Board and the project management on an ongoing basis.

The assessment of disagreements relating to extra work, extensions of time, demands concerning liquidated damages, etc., is based on the nature of the circumstances, knowledge of the client, the stage of negotiations, previous experience and consequently an assessment of the likely outcome of each case. For major disagreements, external legal opinions are a fundamental part of the assessment.

Estimates concerning the remaining progress towards completion depend on a number of factors, and project assumptions may change as the work is being performed. Likewise, the assessment of disagreements may change as the cases proceed.

Actual results may therefore differ materially from expectations.

Disputes, legal and arbitration proceedings and contingent assets and contingent liabilities
Due to the nature of its business, the Group is naturally involved in various disagreements, disputes and legal and arbitration proceedings in both Danish and some international companies. An assessment is made in all instances of the extent to which such cases may result in obligations for the Group, and the probability of this. In some instances, a case may also result in a contingent asset or claims against other parties than the client. Management's estimates are based on available information and legal opinions from advisers. The outcome may be difficult to assess and, depending on the nature of the case, may differ from management's estimate.

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 and, for a few contracts, longer guarantee periods. The level of provisions is based on experience and the characteristics of each project. By their nature such estimates involve uncertainty, and actual guarantee obligations may consequently differ from those estimated. Further details are provided in note 17.

The development in 2018 was affected by the provisions for the liabilities in the MgO board cases, but offset by the settlement of a major offshore guarantee obligation at the beginning of the year.

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 10.

Impairment testing of equity investments and goodwill
In connection with impairment testing of equity investments recognised at cost (parent company) 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 are tested annually for impairment. Goodwill is attributable to Civil Works and Construction in MT Højgaard A/S; Enemærke & Petersen A/S; and Lindpro A/S.

The recoverable amount is determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. In connection with the annual test, net cash flows are determined on the basis of the latest approved budget for the following year and estimates for the following four years. The growth in the terminal period is kept constant. The present value is determined using a discount rate before tax. The primary key assumptions are estimated to be the growth rates and the EBIT margins applied, which depend on the general economic development and the Group’s risk management on individual projects. Budgets and estimates are determined on the basis of previous experience, including budgeted returns on the order portfolio and on anticipated orders and planned capacity, and taking into account management’s expectations for the future, including announced expectations concerning future growth, EBIT margin and cash flow. In addition, sensitivity analyses are prepared in order to support carrying amounts.

Further details are provided in notes 11 and 13.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Joint ventures and joint operations
IFRS 11 operates with the concept "joint arrangements", where the share of such arrangements is recognised in proportion to the financial interest in the project in 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 in the consolidated financial statements. Joint operations are recognised at the proportionate share of income, expenses, assets and liabilities.

The Group's joint ventures are primarily in the PPP and PPS companies and Soc. de Empreitadas e Trabalhos Hidráulicos, S.A., ("Seth"). For further details on ownership, see notes 23 and 34.

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

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

Management judgements applying the accounting policies
In the process of applying the Group's accounting policies, management regularly makes judgements, in addition to estimates, that may have a significant effect on the amounts recognised in the financial statements.

Note 3

3 REVENUE

The Group is engaged in construction and civil works activities in Denmark and internationally. In 2018, the Group was engaged in international activities in the North Atlantic (Faroe Islands, Greenland and Iceland), Asia (the Maldives and Vietnam), and in Europe and Africa through the partly-owned Seth and joint ventures in Sweden.

Sale of properties is recognised on delivery of the property (point-in-time). All other revenue is recognised over time. Reference is made to the accounting policies for further details on revenue recognition.

GROUP Amounts in DKK million	2018	2017
Non-current assets excluding deferred tax assets can be broken down as follows:		
Denmark	1,080.0	874.0
Rest of world	68.1	68.6
Total	**1,148.1**	942.6

3 REVENUE (CONTINUED)

GROUP 2018

Amounts in DKK million	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	4,803.1	756.2	731.0	**6,290.3**
Rest of world	312.5	80.6	74.9	**468.0**
Total revenue	**5,115.6**	**836.8**	**805.9**	**6,758.3**
Products:				
Construction contracts	4,933.7	836.8	-	**5,770.5**
Project development (of which sales of properties represent DKK 68.9 million)	181.9	-	-	**181.9**
Rental income, facility management and service, etc.	-	-	805.9	**805.9**
Total revenue	**5,115.6**	**836.8**	**805.9**	**6,758.3**

GROUP 2017

Amounts in DKK million	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	5,007.0	1,174.1	726.0	**6,907.1**
Rest of world	283.2	142.6	315.2	**741.0**
Total revenue	**5,290.2**	**1,316.7**	**1,041.2**	**7,648.1**
Products:				
Construction contracts	4,970.1	1,316.7	-	**6,286.8**
Project development	320.1	-	-	**320.1**
Rental income, facility management and service, etc.	-	-	1,041.2	**1,041.2**
Total revenue	**5,290.2**	**1,316.7**	**1,041.2**	**7,648.1**

PARENT COMPANY 2018

Amounts in DKK million	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	2,120.4	731.2	12.4	**2,864.0**
Rest of world	2.4	-	-	**2.4**
Total revenue	**2,122.8**	**731.2**	**12.4**	**2,866.4**
Products:				
Construction contracts	2,057.0	731.2	-	**2,788.2**
Project development (of which sales of properties represent DKK 52.4 million)	65.8	-	-	**65.8**
Rental income, facility management and service, etc.	-	-	12.4	**12.4**
Total revenue	**2,122.8**	**731.2**	**12.4**	**2,866.4**

PARENT COMPANY 2017

Amounts in DKK million	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	2,594.0	1,173.6	23.8	**3,791.4**
Rest of world	-	-	-	**-**
Total revenue	**2,594.0**	**1,173.6**	**23.8**	**3,791.4**
Products:				
Construction contracts	2,531.2	1,173.6	-	**3,704.8**
Project development	62.8	-	-	**62.8**
Rental income, facility management and service, etc.	-	-	23.8	**23.8**
Total revenue	**2,594.0**	**1,173.6**	**23.8**	**3,791.4**

Note 4

4 DEPRECIATION AND AMORTISATION

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
12.6	14.5	Intangible assets	15.8	20.3
15.0	15.6	Property, plant and equipment	88.9	90.0
27.6	**30.1**	**Total depreciation and amortisation**	**104.7**	**110.3**
		Depreciation and amortisation are recognised in the income statement as follows:		
25.9	27.8	Production costs	100.3	106.1
-	-	Distribution costs	-	0.5
1.7	2.3	Administrative expenses	4.4	3.7
27.6	**30.1**	**Total depreciation and amortisation**	**104.7**	**110.3**

Note 5

5 STAFF COSTS

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
		The total amount paid in wages and salaries, etc., can be broken down as follows:		
952.4	820.0	Wages and salaries, etc.	1,845.8	2,074.3
66.8	60.9	Pension contributions (defined contribution)	142.4	152.7
31.3	26.0	Other social security costs	61.6	69.0
1,050.5	**906.9**	**Total**	**2,049.8**	**2,296.0**
1,739	**1,521**	**Average number of employees**	**3,971**	**4,338**
1,806	**1,376**	**Number of employees, year end**	**3,914**	**4,204**
		Total remuneration (salaries and remuneration, etc.) to the Board of Directors and the Executive Board:		
3.0	3.2	Board of Directors	3.2	3.0
16.5	28.9	Executive Board – salary and bonus	28.9	16.5
19.5	**32.1**	**Total**	**32.1**	**19.5**
		The above amount for 2018 includes termination benefit of DKK 17.25 million to former President & CEO.		

For 2018, the Executive Board has a bonus scheme based on the achievement of financial targets. No bonus will be paid for 2018. 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 Group's management team that runs for the period until 2019. The warrant programme was classified as a cash-settled arrangement at the end of 2016. The expected merger with the Group's owner companies, creating an indirect listing, has not given cause for an adjustment of the classification.

The combined fair value of the programme for 2014-2015 determined at the grant dates using an option valuation model was DKK 3.1 million.

In April 2018, the Group set up an additional warrant programme for the Group's management team that runs until 2020. This programme is also accounted for as a cash-settled arrangement. The fair value of the programme for 2018 determined at the grant date was DKK 0.3 million, also here using an option valuation model.

The fair value of both programmes was DKK 0.1 million at the end of the year and will be expensed on a straight-line basis until the end of the programmes.

In connection with the implemented capital reduction, the number of outstanding warrants was adjusted so that there are now 9,672 nos warrants instead of previously 25,154 nos.

At the end of 2018, outstanding warrants totalled 9,672 nos. with a nominal value of DKK 1,000 each, corresponding to 4.84% of the share capital. The programme must be valued at the end of each quarter, finishing in April 2019 for the 2014-2015 programme and April 2020 for the 2018 programme. The service period also expires in April 2019 and April 2020 respectively.

Notes 6-9

6 FEES PAID TO AUDITOR APPOINTED BY THE ANNUAL GENERAL MEETING (EY)

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
1.3	1.4	Audit fees	3.6	3.5
-	-	Other assurance engagements	0.1	0.2
1.4	0.7	Tax and VAT advice	0.8	1.6
1.0	1.2	Non-audit services	1.3	1.4
3.7	**3.3**	**Total fees**	**5.8**	**6.7**

7 SPECIAL ITEMS

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
		Special items in 2017 were legal and arbitration proceedings related to offshore projects in the UK.		
-125.0	**-**	**Total special items**	**-**	**-125.0**

8 FINANCE INCOME

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
10.4	7.4	Interest income (balance sheet items recognised at amortised cost)	0.5	1.4
0.7	0.1	Foreign exchange gains	4.0	0.8
173.0	146.5	Dividends from subsidiaries	-	-
4.0	0.8	Dividends from joint ventures	-	-
1.5	-	Reversal of impairment and adjustment of liabilities related to subsidiaries and joint ventures, etc.	-	-
189.6	**154.8**	**Total finance income**	**4.5**	**2.2**
9.6	7.4	Portion relating to interest received from subsidiaries	-	-

9 FINANCE COSTS

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
-4.0	-9.2	Interest expense (balance sheet items recognised at amortised cost)	-15.6	-10.5
-	-	Foreign exchange losses	-0.5	-3.2
-9.3	-25.7	Impairment and adjustment of liabilities related to subsidiaries and joint ventures, etc.	-	-
-13.3	**-34.9**	**Total finance income**	**-16.1**	**-13.7**
-0.5	-0.3	Portion relating to interest paid to subsidiaries	-	-

Note 10

10 INCOME TAX

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
		Tax on other comprehensive income was DKK nil in the parent company and the Group. Current tax in the Group relates primarily to tax in some foreign entities in which tax payment is determined based on local rules.		
9.5	-11.1	Current tax	-14.2	42.5
51.3	41.1	Changes in deferred tax	43.2	55.7
60.8	**30.0**	**Income tax expense**	**29.0**	**98.2**
		Income tax expense can be broken down as follows:		
-11.0	-95.6	Income tax expense before tax calculated at 22%	-122.9	7.0
1.2	-	Deviations in foreign enterprises' tax rates	2.4	7.8
-39.2	-32.4	Non-taxable income (Group: primarily tax not provided for on non-controlling interests' share of income from partnerships)	-4.6	-8.8
1.6	1.0	Non-deductible income and expenses	0.9	1.1
78.3	155.0	Impairment of current and previously recognised deferred tax asset	149.9	79.0
29.9	-2.0	Other, including prior year adjustments and joint taxation	3.3	12.1
60.8	**30.0**	**Income tax expense**	**29.0**	**98.2**
-121.6	-6.9	Effective tax rate (%)	-5.2	246.7

10 INCOME TAX (CONTINUED)

Tax relating to distributable reserves in foreign subsidiaries that are subject to higher taxation if distributed amounted to DKK 7.2 million (2017: DKK 5.2 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.

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
		DEFERRED TAX ASSETS AND TAX LIABILITIES		
224.4	173.1	Deferred tax (net) at 01-01	197.4	253.1
-	0.2	IFRS 15 adjustment	0.2	-
-	-33.0	Tax on taxable debt remission taken to equity	-33.0	-
-51.3	-41.1	Changes through the income statement	-43.2	-55.7
173.1	**99.2**	**Deferred tax (net) at 31-12**	**121.4**	**197.4**
		Deferred tax can be broken down as follows:		
		Deferred tax assets		
69.8	76.3	Property, plant and equipment	14.2	39.9
13.4	35.9	Non-current liabilities	28.8	62.9
43.1	21.8	Current liabilities	29.9	50.4
399.1	483.3	Tax loss carryforwards	594.0	421.6
-320.0	-475.0	Non-capitalised tax loss	-444.1	-325.0
205.4	142.3	Deferred tax assets at 31-12 before set-off	222.8	249.8
-32.3	-43.1	Set-off within legal entities and jurisdictions (countries)	-72.4	-39.4
173.1	**99.2**	**Deferred tax assets at 31-12**	**150.4**	**210.4**
		Deferred tax liabilities		
-23.1	-34.4	Intangible assets	-41.3	-31.0
-	-	Property, plant and equipment	-4.0	-2.6
-9.2	-8.7	Current assets	-34.8	-14.1
-	-	Current liabilities	-21.3	-4.7
-32.3	-43.1	Deferred tax liabilities at 31-12 before set-off	-101.4	-52.4
32.3	43.1	Set-off within legal entities and jurisdictions (countries)	72.4	39.4
-	**-**	**Deferred tax liabilities at 31-12**	**-29.0**	**-13.0**

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 2018, 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, an impairment charge has been recognised on the deferred tax assets.

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 amounted to approximately DKK 0.5 billion both in the Group and the parent company and relate to tax losses that can be carried forward indefinitely. The amount increased by DKK 0.2 billion, primarily due to the negative result for the year. The non-capitalised tax asset may be recognised as income when the Group reports the necessary positive results.

The Group's joint taxation group will change in connection with the expected merger of the owner companies Højgaard Holding A/S and Monberg & Thorsen A/S to form MT Højgaard Holding A/S. In that connection, the withdrawal of the Group from the chosen international joint taxation is being considered. If such a decision is made, the Group's gross tax asset of DKK 0.6 billion will decrease to DKK 0.3 billion due to retaxation. This taxation is not expected to trigger any significant cash tax. The decision will not affect the DKK 150.4 million tax asset recognised at the end of 2018.

Note 11

11 INTANGIBLE ASSETS

PARENT COMPANY 2017	2018	Amounts in DKK million	GROUP 2018	2017
		GOODWILL		
50.3	50.3	Cost at 01-01	122.1	122.1
50.3	50.3	Cost at 31-12	122.1	122.1
-	-	Impairment losses at 01-01 and 31-12	0.7	0.7
50.3	**50.3**	**Carrying amount at 31-12**	**121.4**	**121.4**
		OTHER INTANGIBLE ASSETS		
77.7	127.4	Cost at 01-01	174.4	124.8
49.7	66.0	Additions	68.9	49.7
-	-	Disposals	-2.9	-0.1
127.4	193.4	Cost at 31-12	240.4	174.4
21.4	34.0	Amortisation and impairment losses at 01-01	79.7	59.5
12.6	14.5	Amortisation	15.8	20.2
-	-	Disposals	-2.9	-
34.0	48.5	Amortisation and impairment losses at 31-12	92.6	79.7
93.4	**144.9**	**Carrying amount at 31-12**	**147.8**	**94.7**
50.5	81.3	Of which assets under construction	81.3	50.5

Goodwill

The carrying amounts of goodwill attributable to Construction and Civil Works West (DKK 5.7 million) and Construction and Civil Works East (DKK 44.6 million) in MT Højgaard A/S; Enemærke & Petersen A/S (DKK 43.1 million); and Lindpro A/S (DKK 28.0 million), were tested for impairment at 31 December 2018, applying the DCF model. In connection with the test at 31 December, revenue was determined for each business unit on the basis of the budget for 2019, the order book and estimates for the years 2020-2023. The growth rate in the terminal period has been set at 2%. The result is based on budgets and projections for 2019 and 2020, and the pre-tax margin has consequently been increased over time to the long-term target of 4-5%. Earnings are underpinned by the order book and utilisation of synergies and 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 10.5% before tax (2017: 9.1%).

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, including VDC. Additions primarily relate to the investment in the new IT platform referred to in the Management's review. The year-end carrying amounts were DKK 31 million for VDC and DKK 113 million for the new IT platform, which is under construction. The VDC asset is amortised over five years. Amortisation of the new IT platform has not commenced yet.

Note 12

12 PROPERTY, PLANT AND EQUIPMENT

GROUP
Amounts in DKK million — 2018

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	283.2	760.9	189.0	27.2	**1,260.3**
Foreign exchange adjustments	-	2.3	-0.4	-	**1.9**
Reclassifications, etc.	-	27.7	-	-27.7	**-**
Additions	4.3	189.1	10.6	8.5	**212.5**
Disposals	-15.4	-46.1	-16.4	-	**-77.9**
Cost at 31-12	272.1	933.9	182.8	8.0	**1,396.8**
Depreciation and impairment losses at 01-01	92.1	420.2	118.5	-	**630.8**
Foreign exchange adjustments	-	1.5	-	-	**1.5**
Depreciation	8.1	60.4	20.4	-	**88.9**
Disposals	-3.6	-36.4	-14.3	-	**-54.3**
Depreciation and impairment losses at 31-12	96.6	445.7	124.6	-	**666.9**
Carrying amount at 31-12	**175.5**	**488.2**	**58.2**	**8.0**	**729.9**
Mortgaged properties:					
Carrying amount	109.1	-	-	-	**109.1**
Year-end balance, loans	33.0	-	-	-	**33.0**
Assets held under finance leases:					
Carrying amount	-	312.9	1.5	-	**314.4**

GROUP
Amounts in DKK million — 2017

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 01-01	279.6	761.1	404.7	26.1	**1,471.5**
Foreign exchange adjustments	-	-8.2	-0.6	-	**-8.8**
Additions	5.9	111.0	16.0	6.9	**139.8**
Disposals	-2.3	-103.0	-231.1	-5.8	**-342.2**
Cost at 31-12	283.2	760.9	189.0	27.2	**1,260.3**
Depreciation and impairment losses at 01-01	85.6	455.3	320.2	-	**861.1**
Foreign exchange adjustments	-	-5.0	-0.1	-	**-5.1**
Depreciation	7.7	57.6	24.7	-	**90.0**
Disposals	-1.2	-87.7	-226.3	-	**-315.2**
Depreciation and impairment losses at 31-12	92.1	420.2	118.5	-	**630.8**
Carrying amount at 31-12	**191.1**	**340.7**	**70.5**	**27.2**	**629.5**
Mortgaged properties:					
Carrying amount	111.7	-	-	-	**111.7**
Year-end balance, loans	37.3	-	-	-	**37.3**
Assets held under finance leases:					
Carrying amount	-	179.2	3.2	-	**182.4**

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PARENT COMPANY
Amounts in DKK million — 2018

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 01-01	47.6	44.1	83.1	**174.8**
Additions	2.8	3.9	6.5	**13.2**
Disposals	-11.7	-0.6	-	**-12.3**
Cost at 31-12	38.7	47.4	89.6	**175.7**
Depreciation and impairment losses at 01-01	11.5	25.7	39.4	**76.6**
Depreciation	0.4	5.2	10.0	**15.6**
Disposals	-0.7	-0.6	-	**-1.3**
Depreciation and impairment losses at 31-12	11.2	30.3	49.4	**90.9**
Carrying amount at 31-12	**27.5**	**17.1**	**40.2**	**84.8**
Mortgaged properties:				
Carrying amount	19.3	-	-	**19.3**
Year-end balance, loans	5.7	-	-	**5.7**

PARENT COMPANY
Amounts in DKK million — 2017

	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 01-01	47.6	31.5	92.2	**171.3**
Additions	-	15.3	7.1	**22.4**
Disposals	-	-2.7	-16.2	**-18.9**
Cost at 31-12	47.6	44.1	83.1	**174.8**
Depreciation and impairment losses at 01-01	11.4	24.2	44.9	**80.5**
Depreciation	0.1	4.2	10.7	**15.0**
Disposals	-	-2.7	-16.2	**-18.9**
Depreciation and impairment losses at 31-12	11.5	25.7	39.4	**76.6**
Carrying amount at 31-12	**36.1**	**18.4**	**43.7**	**98.2**
Mortgaged properties:				
Carrying amount	19.3	-	-	**19.3**
Year-end balance, loans	6.1	-	-	**6.1**

Note 13

13 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

PARENT COMPANY

Amounts in DKK million	Investments in subsidiaries	Investments in joint ventures
2018		
Cost at 01-01	701.0	68.9
Additions	134.6	-
Disposals	-40.1	-30.9
Cost at 31-12	795.5	38.0
Adjustments at 01-01	-263.8	-32.9
Write-downs	-6.4	-
Reversal of write-downs	-	30.9
Adjustments at 31-12	-270.2	-2.0
Carrying amount at 31-12	**525.3**	**36.0**
2017		
Cost at 01-01	696.9	68.9
Additions	71.3	-
Disposals	-67.2	-
Cost at 31-12	701.0	68.9
Adjustments at 01-01	-262.6	-32.9
Write-downs	-2.5	-
Reversal of write-downs	1.3	-
Adjustments at 31-12	-263.8	-32.9
Carrying amount at 31-12	**437.2**	**36.0**

A list of consolidated enterprises is provided in note 34.

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 10.5% (2017: 9.1%).

In connection with the test at 31 December, revenue was determined for each subsidiary and joint venture on the basis of the budget for 2019 and estimates for the years 2020-2023. The growth rate in the terminal period has been set at 2%.

A DKK 6.4 million impairment charge was recognised in 2018, primarily in respect of the activities in Iceland, which have been discontinued (2017: DKK 2.5 million).

13 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

GROUP

Amounts in DKK million

	Investments in joint ventures
2018	
Cost at 01-01	35.7
Additions	-
Disposals	-
Cost at 31-12	35.7
Adjustments at 01-01	57.9
Foreign exchange adjustments	0.2
Share of net profit/(loss) for the year after tax	25.2
Dividends paid	-0.8
Other adjustments	-1.8
Adjustments at 31-12	80.7
Carrying amount at 31-12	**116.4**

	Investments in joint ventures
2017	
Cost at 01-01	42.5
Disposals	-6.8
Cost at 31-12	35.7
Adjustments at 01-01	35.2
Foreign exchange adjustments	-0.1
Share of net profit/(loss) for the year after tax	26.4
Dividends paid	-4.0
Other adjustments	0.4
Adjustments at 31-12	57.9
Carrying amount at 31-12	**93.6**

Share of income of joint ventures has been recognised as operating income in the consolidated financial statements as joint ventures are an element of MTH GROUP's business.

Material joint ventures (the figures represent 100%), see note 33	2018	2017
Soc. De Empreitadas e Trabalhos Hidráulicos, S.A. (Seth) -		
Ownership interest 60%		
Revenue	253.0	267.0
Net profit/(loss) for the year	32.3	4.9
Dividends paid	-	-
Total assets	268.6	247.7
Total liabilities	166.5	178.7
Total contingent liabilities	-	-

Joint ventures - not individually material (the figures represent 100%), see note 34		
Net profit/(loss) for the year	5.8	24.4
Reconciliation of carrying amount at 31 December		
Carrying amount of material joint ventures	68.4	48.7
Carrying amount of investments in joint ventures that are not individually material	48.0	44.9
Carrying amount at 31-12	**116.4**	**93.6**

Seth carries out contracting activities in Portugal and has activities in Africa through joint ventures, etc. For further details on accounting recognition, see note 2.

Notes 14-15

14 INVENTORIES

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
		RAW MATERIALS AND CONSUMABLES		
1.5	1.0	Cost at 01-01	45.7	72.5
0.3	0.3	Additions	90.2	120.9
-0.8	-0.5	Disposals	-95.1	-147.7
1.0	0.8	Cost at 31-12	40.8	45.7
-	-	Adjustments at 01-01	-3.8	-8.6
-	-	Write-downs	-0.7	-0.4
-	-	Reversal of write-downs	-	5.2
-	-	Adjustments at 31-12	-4.5	-3.8
1.0	**0.8**	**Carrying amount at 31-12**	**36.3**	**41.9**
		PROPERTIES HELD FOR RESALE		
148.5	150.3	Cost at 01-01	527.0	578.4
1.8	24.5	Additions	74.2	130.6
-	-51.2	Disposals	-129.5	-182.0
150.3	**123.6**	**Cost at 31-12**	**471.7**	**527.0**
		Mortgaged properties:		
-	-	Carrying amount	-	-

15 RECEIVABLES

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
22.7	26.8	Receivables falling due more than one year after the reporting date	28.6	26.4
18.2	21.4	Receivables falling due more than one year after the reporting date relate primarily to rent deposits. 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%. In the balance sheet at 31 December 2018, consolidated receivables were DKK 1,741.9 million (2017: DKK 1,817.7 million) (parent company DKK 1,126.5 million (2017: DKK 1,248.2 million)). These include amounts that are subject to normal contract disputes. For further details, see note 21.	22.9	21.1

Notes 16-17

16 BANK LOANS

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
		Bank loans can be broken down by commitment type as follows:		
6.3	5.8	Bank loans, etc.	44.0	50.8
-	-	Lease commitments (assets held under finance leases)	286.8	157.8
6.3	**5.8**	**Carrying amount at 31-12**	**330.8**	**208.6**
		BANK LOANS ARE ONLY DENOMINATED IN DKK		
		Bank loans can be broken down by fixed and floating-rate debt as follows:		
6.3	5.8	Fixed-rate debt	330.8	172.9
-	-	Floating-rate debt	-	35.7
6.3	**5.8**	**Carrying amount at 31-12**	**330.8**	**208.6**
		Bank loans can be broken down by effective interest rate as follows:		
6.3	5.8	Less than 3%	330.8	174.4
-	-	Between 3% and 5%	-	18.5
-	-	More than 5%	-	15.7
6.3	**5.8**	**Carrying amount at 31-12**	**330.8**	**208.6**
2.1	1.4	Weighted average effective interest rate (%)	1.7	1.9
14.8	13.9	Weighted average remaining term (years)	5.0	5.1
		Bank loans are recognised in the balance sheet as follows:		
5.7	5.3	Non-current liabilities	259.6	162.6
0.6	0.5	Current liabilities	71.2	46.0
6.3	**5.8**	**Carrying amount at 31-12**	**330.8**	**208.6**
6.0	**5.3**	**Fair value**	**319.5**	**204.5**

The change in bank loans, DKK 122.2 million in total, is made up of decreases in mortgage and lease debt (DKK 50.0 million) and additions to assets held under finance leases for the year (DKK -172.2 million).

17 PROVISIONS

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
		Change in provisions by type:		
295.7	318.1	Provisions at 01-01	422.7	514.1
155.9	258.8	Provided in the year	453.1	176.3
-122.1	-233.5	Utilised during the year	-255.1	-213.2
-11.4	-2.3	Reversal of unutilised prior year provisions	-3.2	-54.2
-		Foreign exchange adjustments	-	-0.3
318.1	**341.1**	**Carrying amount at 31-12**	**617.5**	**422.7**
		Provisions are recognised in the balance sheet as follows:		
64.6	163.6	Non-current provisions	270.2	80.5
253.5	177.5	Current provisions	347.3	342.2
318.1	**341.1**	**Carrying amount at 31-12**	**617.5**	**422.7**
		Expected maturity dates:		
253.5	177.5	Less than one year	347.3	342.2
12.9	70.1	Between one and two years	162.9	15.0
38.7	77.6	Between two and five years	91.4	52.5
13.0	15.9	More than five years	15.9	13.0
318.1	**341.1**	**Carrying amount at 31-12**	**617.5**	**422.7**

Provisions relate to claims in connection with concluded construction contracts and service contracts and cover guarantee obligations and disputes.

The development in 2018 was affected by the provisions for the liabilities in the MgO board cases, but offset by the settlement of a major offshore guarantee obligation at the beginning of the year. Provisions maturing in less than one year primarily include costs for remedying the MgO board cases and normal guarantee provisions for one-year reviews.

Note 18

18 CONSTRUCTION CONTRACTS

PARENT COMPANY 2017	PARENT COMPANY 2018	Amounts in DKK million	GROUP 2018	GROUP 2017
4,791.2	5,571.6	Progress billings	11,894.6	9,910.8
-4,625.9	-5,384.5	Selling price of construction contracts	-11,521.6	-9,665.4
165.3	**187.1**	**Construction contracts (net)**	**373.0**	**245.4**
		Construction contracts in progress are recognised in the balance sheet as follows:		
320.5	279.0	Current liabilities	664.5	579.9
-155.2	-91.9	Receivables	-291.5	-334.5
165.3	**187.1**	**Construction contracts (net)**	**373.0**	**245.4**
63.1	34.1	Prepayments from customers included in progress billings	104.9	90.0
59.0	54.0	Payments withheld	60.4	73.8
		Outstanding performance obligations associated with construction contracts		
2,359.8	2,393.1	Within one year	5,491.3	5,006.0
1,072.4	703.3	More than one year	3,626.6	2,000.9
3,432.2	**3,096.4**	**Total**	**9,117.9**	**7,006.9**
4.0	8.0	Contract assets related to costs for the performance of construction contracts	8.3	4.0
3.6	4.8	Depreciation charge recognised under production costs	5.0	3.6

The increase in contract assets in 2018 reflects the fact that the Group's order book is increasing and the higher percentage of completion built up over the past two years on the project portfolio, especially on major contracts. Contractual obligations showed a corresponding increase.

Recognised revenue related to construction contracts

Efforts are made to ensure that progress billings on sales contracts for construction work reflect the underlying stage of completion based on the detailed project plan. Payment terms are typically net 30-45 days. For project sales, the Group does not receive payment until the finished project has been completed and handed over, and payment is consequently not received until after the work has been completed.

Construction contracts (assets) comprise the selling price of work performed where the Group does not yet have an unconditional right to payment.

Construction contracts (liabilities) comprise agreed, unconditional payments received on account for work yet to be performed.

For guarantee obligations relating to projects or other sales, see note 17.

Notes 19-20

19 SECURITY ARRANGEMENTS

PARENT COMPANY 2017	2018	Amounts in DKK million	GROUP 2018	2017
		Normal security in the form of bank guarantees and guarantee insurances has been provided for contracts and supplies.		
1,943.0	**1,996.8**	**Total**	**3,478.3**	**3,357.6**
		In addition, land and buildings have been lodged as security for bank loans, etc., see note 12.		

20 LEASE COMMITMENTS

PARENT COMPANY 2017	2018	Amounts in DKK million	GROUP 2018	2017
		FINANCE LEASES		
		Total future minimum lease payments:		
-	-	Due within one year	67.6	42.0
-	-	Due between one and five years	211.9	120.0
-	-	Due after more than five years	20.6	-
-	**-**	**Total**	**300.1**	**162.0**
		Carrying amount:		
-	-	Due within one year	66.9	40.3
-	-	Due between one and five years	201.3	117.4
-	-	Due after more than five years	18.6	-
-	**-**	**Total**	**286.8**	**157.7**
-	-	Finance costs	13.3	4.3
		OPERATING LEASES		
		Total future minimum lease payments:		
50.0	50.2	Due within one year	91.6	86.6
150.2	145.5	Due between one and five years	221.8	207.8
151.3	124.4	Due after more than five years	124.4	151.4
351.5	**320.1**	**Total**	**437.8**	**445.8**
52.2	50.0	Lease payments relating to operating leases recognised in the income statement	93.4	98.0

The Group's finance and operating leases primarily relate to vehicles, operating equipment and office buildings. The lease term for vehicles and operating equipment is typically between two and five years with an option to extend the lease. The lease term for office buildings is up to 11 years. None of the leases features contingent rent.

Note 21

21 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 entered into 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 and legal and arbitration proceedings, including MgO board litigation, but also litigation of an occasionally unusual nature or magnitude or litigation arising long after the expiry of the guarantee period. Litigation may also arise in areas in which the Group is no longer active.

Accordingly, the Group is a party to pending disputes and arbitration proceedings under which claims have been brought, including a case brought before an international arbitration tribunal, where the guarantee period expired several years ago. Against this background and on the basis of the legal opinions, management considers these claims to be unjustified and obsolete and has consequently not made any provisions in respect of these. However, the Group incurs legal and other fees in respect of these claims that have a limited negative impact on earnings as the Group does always recover such litigation costs in full.

With regard legacy offshore cases, final settlement of warranty claims received is still pending, as is the expiry of the guarantee periods on the individual contracts, which run until 2021.

The outcome of disputes can be difficult to assess and may deviate, both positively and negatively, from the Group's accounting estimates.

The Group is of the view that, overall, there are no material risks related to disputes or litigation.

Joint taxation
MT Højgaard A/S has opted for joint international taxation with other companies in MTH 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 2018, the total known net liability on payable income taxes and withholding taxes in the joint taxation group was nil (2017: nil). Any subsequent adjustments of joint taxation income and withholding taxes, etc., may result in the company's liability being higher.

For further information, see note 10.

Note 22

22 RELATED PARTIES

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
		JOINT CONTROL		
		Related parties with which the Group shares 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 joint control. A list of consolidated enterprises is provided in note 34.		
		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:		
394.9	433.9	Purchases of goods and services from subsidiaries	-	-
106.0	128.2	Sales of goods and services to subsidiaries	-	-
153.8	103.6	Sales of goods and services to joint ventures	103.6	153.8
26.1	2.7	Sales of goods and services to shareholders	2.7	26.1
-	150.0	Remission of debt; direct and indirect shareholders	150.0	-
-	2.5	Interest, subordinated loans; direct and indirect shareholders	2.5	-
2.5	-250.0	Balance with indirect shareholders (- = debt)	-250.0	2.5

Remuneration to the Board of Directors and the Executive Board as well as share option programmes are disclosed in note 5.

The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 8 and 9.

The parent company's dividends from subsidiaries and joint ventures are disclosed in note 8.

The Group's companies have opted for joint international taxation. In 2018, transfers of joint taxation contributions among the Danish companies were DKK 23.4 million (2017: DKK 61.3 million).

Balances with subsidiaries and joint ventures at 31 December 2018 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 sales of properties to project companies, 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 2018 or 2017.

For further details on subordinated loan/balances with shareholders of DKK 250 million, see note 25.

Note 23

23 JOINT VENTURES

Joint venture	Ownership	Partner
Activities in progress:		
Seth S.A.	60%	APPROACHDETAIL S.A.
Driftsselskabet OPP Vejle A/S	50%	DEAS
OPP Hobro Tinglysningsret A/S	33%	DnB and PKA/Sampension
OPP Randers P-hus A/S	33%	DnB and PKA/Sampension
OPP Vildbjerg Skole A/S	33%	DnB and PKA/Sampension
OPP Ørstedskolen A/S	33%	DnB and PKA/Sampension
OPS Frederikshavn Byskole A/S	50%	DEAS
OPS Skovbakkeskolen A/S	50%	DEAS
Driftselskabet OPP Slagelse sygehus A/S	50%	DEAS
Skanska-MTH Hisingsbron HB	30%	Skanska
No activity:		
Skanska-MTH Marieholmsbron HB	30%	Skanska
Bravida - MT Højgaard ApS	50%	Bravida
Changuinola Civil Works JV	*50%	(Estate of Pihl & Søn A/S)
Züblin - MTH JV, Navitas	*50%	Züblin A/S
Sundlink Contractors HB	*37%	Skanska AB and Hochtief AG

*) 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.

Note 24

24 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.

The Group maintains an overview of the Group's currency positions and interest rate sensitivity with a view to mitigating currency risk 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 the Group 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 2.9 million (2017: income of DKK 1.3 million). The amount recognised in the parent company income statement was income of DKK 2.9 million (2017: income of DKK 1.3 million).

Open forward exchange contracts at 31 December 2018 had a remaining term of up to 21 months.

Consolidated revenue denominated in foreign currencies was DKK 0.1 billion in 2018 (2017: DKK 0.2 billion), primarily in MVR.

PARENT COMPANY			GROUP	
		Amounts in DKK million		
Hypothetical effect on net profit/(loss) for the year and equity	Nominal position of cash and cash equivalents, receivables and financial liabilities	The hypothetical effect on net profit/(loss) for the year and equity of reasonable, probable increases in exchange rates is shown below:	Nominal position of cash and cash equivalents, receivables and financial liabilities	Hypothetical effect on net profit/(loss) for the year and equity
0.1	11.1	EUR/DKK, probable increase in exchange rate 1%	11.1	0.1
-0.2	-2.2	USD/DKK, probable increase in exchange rate 10%	-1.7	-0.1
-	0.1	GBP/DKK, probable increase in exchange rate 10%	-2.5	0.2
-6.3	-81.8	SEK/DKK, probable increase in exchange rate 10%	-81.8	-6.2
-	-	NOK/DKK, probable increase in exchange rate 10%	-1.4	-0.1

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 2018 and an assumption of unchanged production/sales and price level.

24 FINANCIAL RISKS (CONTINUED)

Interest rate risks
The Group measures and manages interest rate risks on debt and deposits, which are determined and reviewed on a continuous basis. The Group has no material interest rate risks.

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

At the end of 2018, cash amounted to DKK 210.6 million and was mainly placed on short-term, fixed-term deposit and escrow accounts.

The Group's interest-bearing liabilities, excluding subordinated loan of DKK 250 million, were DKK 330.8 million at the end of 2018, with short-term borrowings accounting for 22%. The average weighted remaining maturity of the Group’s interest-bearing debt was 5.0 years, and the weighted average effective interest rate was 1.7%. Fixed-rate debt accounted for 100% of the Group’s interest-bearing debt.

Changes in fair value: All other conditions being equal, the hypothetical effect on consolidated net profit (/loss) for the year and equity at 31 December 2018 of a one percentage point increase in relation to the interest rate level at the reporting date would have been nil (2017: nil). 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 0.9 million increase in consolidated net profit/(loss) for the year and equity at 31 December 2018 (2017: DKK 0.6 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

The above calculations exclude the subordinated loan of DKK 250 million, as it is expected to be replaced by a capital injection in spring 2019, see note 25.

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.

The vast majority of the Group’s activities are carried out in Denmark for private and public customers, organisations and housing associations. The Group also carries out civil works projects in North Atlantic countries and a few chosen geographies. Private customers are normally major Danish and international companies with high credit ratings. Credit risk on public customers is considered to be very limited.

The credit risk exposure relating to dealings with private 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 clients. On construction and civil works projects, progress billings are issued to customers as the work is performed, reducing the Group’s credit risk. 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.

Change in write-downs recognised in receivables. The figures for 2017 are based on actual figures, while the figures for 2018 are based on the simplified expected credit loss model:

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
1.3	1.5	Carrying amount at 01-01	5.2	28.4
0.2	2.3	Provided in the year	7.7	2.1
-	-	Utilised during the year	-2.7	-6.7
-	-	Reversal of unutilised prior year provisions	-0.8	-0.1
-	-	Reclassified to construction contracts	-	-32.1
-	-	Other adjustments	1.5	13.6
1.5	**3.8**	**Carrying amount at 31-12**	**10.9**	**5.2**
-	-	Nominal value of written-down receivables	73.2	75.9
125.7	77.3	Receivables that were past due by more than 90 days at 31 December but not impaired	181.6	331.6
129.1	192.8	Collateral received as security for receivables (fair value)	198.8	129.4

24 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 2018, the Group's financial resources stood at DKK 569 million, consisting of cash and cash equivalents of DKK 211 million and undrawn credit facilities of DKK 358 million.

In addition, Knud Højgaards Fond has committed to providing a further up to DKK 400 million in the form of a subordinated loan related to the MgO board cases. MT Højgaard has not made any drawings on this facility.

The below calculations exclude the subordinated loan of DKK 250 million, as it is expected to be replaced by a capital injection in spring 2019, see note 25.

For further details on the subordinated loan from Knud Højgaards Fond, see notes 25 and 28.

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
		Financial liabilities can be broken down as follows:		
6.3	5.8	Bank loans	330.8	208.6
589.7	498.4	Trade payables	1,053.3	1,004.7
596.0	**504.2**	**Total carrying amount**	**1,384.1**	**1,213.3**
		Maturity profile for financial liabilities:		
590.3	499.0	Less than one year	1,127.7	1,050.7
0.4	0.4	Between one and two years	65.2	40.7
1.1	1.3	Between two and five years	160.8	105.5
4.2	3.5	More than five years	30.4	16.4
596.0	**504.2**	**Total contractual cash flows**	**1,384.1**	**1,213.3**

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
		CATEGORIES OF FINANCIAL INSTRUMENTS		
		Carrying amount by category:		
-	-	Financial assets measured at fair value through profit or loss	-	-
1,131.2	1,197.3	Loans, receivables and cash and cash equivalents	1,683.8	1,612.3
2.9	5.8	Financial assets measured at fair value through profit or loss (Level 2)	5.8	2.9
1,252.1	1,680.4	Financial liabilities measured at amortised cost *	2,089.6	1,749.1

* amortised cost corresponds largely to fair value

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 (Level 2).

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 2018.

Note 25

25 SUBORDINATED LOAN

On 26 October 2018, MT Højgaard A/S entered into two agreements with Knud Højgaards Fond on subordinated loan facilities of DKK 250 million and DKK 400 million respectively.

The purpose of the DKK 250 million loan facility was to inject cash into MT Højgaard to support the company's operations and development. At the end of 2018, MT Højgaard A/S made a DKK 250 million drawdown on the loan facility.

Furthermore, against the background of the accounting provision to cover the Group's liabilities in the MgO board cases, Knud Højgaards Fond has committed to providing an additional up to DKK 400 million in the form of subordinated loan capital. This facility can be drawn down in DKK 25 million tranches or multiples thereof, as and when funds are required to resolve the MgO board cases. Drawdowns on the facility can be made until 30 October 2021.

No instalments are payable on the loans until 31 December 2021, from which date the loans are repayable with DKK 50 million and DKK 80 million annually respectively, and the loans must be repaid in full by 30 October 2026. MT Højgaard will be charged interest (CIBOR plus a margin).

No security has been provided in respect of the loans, and drawdowns under the loan facility will be treated as subordinated loan capital, so that any outstanding amounts in the event of the compulsory winding-up of MT Højgaard will rank after claims under sections 93-97 and 98(1) of the Danish Insolvency Act.

MT Højgaard A/S has not made any drawdowns on the DKK 400 million facility relating to the MgO board cases.

In a press release on 7 February 2019, Knud Højgaards Fond stated that, following the merger of MT Højgaard A/S's owner companies, Højgaard Holding A/S and Monberg & Thorsen A/S, which is expected to take place on 5 April 2019, it will make a loan available to MT Højgaard Holding A/S to enable MT Højgaard Holding A/S to inject DKK 400 million in new share capital into MT Højgaard A/S. This will take the form of Knud Højgaards Fond lending the merged company a corresponding amount.

For the existing subordinated loan agreements between Knud Højgaards Fond and MT Højgaard A/S, this means that the subordinated loan of DKK 250 million, which has been drawn down in full, will be repaid and that this commitment will expire, and that the agreement on DKK 400 million in subordinated loan capital to provide the liquidity required by the Group to meet its obligations in the MgO board cases will be reduced to DKK 250 million. It is still the case that no drawdowns have been made under this agreement.

Against this background, the DKK 250 million subordinated loan has been classified as a current liability.

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
		Subordinated loan recognised in the balance sheet as follows:		
-	-	Non-current portion	-	-
-	250.0	Current portion	250.0	-
-	**250.0**	**Carrying amount at 31-12**	**250.0**	**-**
		Expected maturity dates:		
-	250.0	Less than one year	250.0	-
-	-	Between one and two years	-	-
-	-	Between two and five years	-	-
-	-	More than five years	-	-
-	**250.0**	**Carrying amount at 31-12**	**250.0**	**-**

Notes 26-27

26 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, equity must, as a rule, cover total non-current assets and provide an equity ratio between 30-35%.

The decision by Knud Højgaards Fond and Monberg & Thorsen A/S, on 8 November 2018, to waive repayment of a subordinated loan of DKK 150 million drawn down in full in the second quarter of 2018 had a positive effect on equity in 2018.

The equity ratio was 10.1% at the end of 2018, compared with 23.3% at the end of 2017. At the end of 2018, MT Højgaard A/S made a drawdown on the loan concluded in October 2018 on the subordinated loan facility of DKK 250 million entered into by Knud Højgaards Fond. Adding the subordinated loan to equity gives an equity ratio of 16.7% at the end of 2018.

For further details on the subordinated loan from Knud Højgaards Fond, see note 25.

At 31 December 2018, MT Højgaard A/S's share capital amounted to DKK 200 million, which was fully paid up. The share capital is divided into shares of DKK 1,000. The share capital was reduced by DKK 320 million to DKK 200 million on 20 December 2018.

No shares carry special rights. Dividends paid in 2018 amounted to nil per share.

27 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS

TRANSITION TO IFRS 16

In connection with the implementation of IFRS 16, the Group has carried out an analysis of the effect of the standard on the Group. The Group will implement IFRS 16 with effect from 1 January 2019.

On implementation of IFRS 16 Leases, the Group will apply the simplified transition method. In accordance with the transitional provisions in IFRS 16, the Group is considering applying the following transitional provisions when implementing the standard:

- Setting the discount rate for a portfolio of leases with similar characteristics;
- Maintaining the evaluation of whether a contract is or contains a lease in accordance with previous accounting policies and accounting standards on the transition to IFRS 16

In the evaluation of future lease payments, the Group has reviewed its operating leases and identified the lease payments that relate to a lease component and that are fixed or variable but are linked to an index or a rate. The Group has elected not to recognise payments related to service components as a part of the lease obligation.

The Group has two types of leases: cars and properties. In the evaluation of the expected lease period for property leases, the Group has evaluated leases individually and taken into account non-cancellation periods and the expected use of the property. For car leasing, the expected lease period has been evaluated based on a portfolio approach. The expected remaining lease term for the Group's buildings is around 8 years and the lease term for cars 2-3 years.

When discounting the lease payments to present value, the Group has applied its alternative borrowing rate, based on the rate under the Group's existing loan agreements, which are made up of the Group's existing credit facilities and loans from Knud Højgaards Fond. The interest rate has been set on the basis of the lease term. No adjustments have been made for the effect of interest rate differences in currencies, as the Group's debt and all its leases are denominated in Danish kroner.

Based on the analysis of the Group's leases, the Group expects to recognise lease assets and a corresponding lease obligation of approximately DKK 300 million, corresponding to 8% of the balance sheet total. The corresponding amount for the parent company is approximately DKK 230 million. The effect for the Group in 2019 is expected to be operating profit of approximately DKK 7 million and a loss before tax of approximately DKK 5 million. For the parent company, the corresponding figures are operating profit of approximately DKK 6 million and a loss before tax of approximately DKK 4 million.

When measuring the lease obligation, the Group has applied a borrowing rate in the 3-6% p.a. range for discounting future lease payments.

Based on the Group's existing lease portfolio, the effect on profit for 2019 is not estimated to be significant.

Notes 28-32

28 EVENTS AFTER THE REPORTING DATE

So far as management is aware, no other events have occurred between 31 December 2018 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 2018, other than the effects recognised and referred to in the annual report.

For further information, see note 25.

29 ADJUSTMENTS FOR OPERATING ITEMS NOT INCLUDED IN CASH FLOW, ETC.

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
27.6	30.1	Depreciation and amortisation of intangible assets and property, plant and equipment	104.7	110.2
144.5	256.5	Adjustments for provisions	449.9	121.8
-4.7	-26.2	Other adjustments	-25.2	-39.9
167.4	**260.4**	**Total**	**529.4**	**192.1**

30 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
-22.4	-13.2	Purchase of property, plant and equipment, including assets held under finance leases	-212.5	-139.8
-	-	Portion relating to assets held under finance leases	172.2	53.8
-22.4	**-13.2**	**Total**	**-40.3**	**-86.0**

31 INCREASE IN NON-CURRENT BANK LOANS, ETC.

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
-	-	Increase in bank loans, etc., including lease commitments	172.2	53.8
-	-	Portion relating to lease commitments	-172.2	-53.8
-	**-**	**Total**	**-**	**-**

32 CASH AND CASH EQUIVALENTS

PARENT COMPANY			GROUP	
2017	2018	Amounts in DKK million	2018	2017
		Cash and cash equivalents at 31-12 can be broken down as follows:		
23.2	69.4	Distributable cash	95.5	33.7
33.3	108.0	Cash and cash equivalents that are not available to the whole Group	115.1	101.7
56.5	**177.4**	**Total cash and cash equivalents**	**210.6**	**135.4**

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, and funds lodged in connection with property transactions, etc.

Note 33

33 LIABILITIES FROM FINANCING ACTIVITIES

GROUP

Amounts in DKK million				2018
	01-01	Cash flows	Non-cash changes	31-12
Liabilities				
Subordinated loans	-	400.0	-150.0	**250.0**
Dividends, non-controlling interests	-	-20.0	20.0	**-**
Non-current liabilities	47.6	-7.9	-	**39.7**
Current liabilities	3.2	1.4	-0.3	**4.3**
Lease commitments (current and non-current)	157.8	129.0	-	**286.8**
New lease commitments - offset in purchase of property, plant and equipment	-	-172.2	172.2	**-**
Total liabilities from financing activities	**208.6**	**330.3**	**41.9**	**580.8**

GROUP

Amounts in DKK million				2017
	01-01	Cash flows	Non-cash changes	31-12
Liabilities				
Subordinated loans	-	-	-	**-**
Dividends, non-controlling interests	-	-20.0	20.0	**-**
Non-current liabilities	53.4	-5.8	-	**47.6**
Current liabilities	70.0	-65.1	-1.7	**3.2**
Lease commitments (current and non-current)	110.9	109.3	-62.4	**157.8**
New lease commitments - offset in purchase of property, plant and equipment	-	-53.8	53.8	**-**
Total liabilities from financing activities	**234.3**	**-35.4**	**9.7**	**208.6**

PARENT COMPANY

Amounts in DKK million				2018
	01-01	Cash flows	Non-cash changes	31-12
Liabilities				
Subordinated loans	-	400.0	-150.0	**250.0**
Non-current liabilities	5.7	-0.4	-	**5.3**
Current liabilities	0.6	0.2	-0.3	**0.5**
Lease commitments (current and non-current)	-	-	-	**-**
Total liabilities from financing activities	**6.3**	**399.8**	**-150.3**	**255.8**

PARENT COMPANY

Amounts in DKK million				2017
	01-01	Cash flows	Non-cash changes	31-12
Liabilities				
Subordinated loans	-	-	-	**-**
Non-current liabilities	6.3	-	-0.6	**5.7**
Current liabilities	66.5	-1.7	-64.2	**0.6**
Lease commitments (current and non-current)	-	-	-	**-**
Total liabilities from financing activities	**72.8**	**-1.7**	**-64.8**	**6.3**

Note 34

34 COMPANY OVERVIEW

Companies		Registered office	Ownership 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
Greenland Contractors I/S		Cph DK	66.67	DKK	-
Lindpro A/S		Glostrup DK	100.00	DKK	25,000
Arssarnerit A/S		Greenland GR	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	12,187
MTH Qatar LCC	(1)	Qatar QA	49.00	QAR	200
MT Højgaard Grønland ApS		Greenland GR	100.00	DKK	200
MT Højgaard Norge AS		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	400
Birkekær/Teglvænget, Roskilde ApS		Roskilde DK	100.00	DKK	55
Horsensvej, Vejle ApS		Vejle DK	100.00	DKK	52
Gaardhaverne ApS		Taastrup DK	100.00	DKK	55
Nivåvej, Nivå ApS		Nivå DK	100.00	DKK	60
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
Sjællandsbroen Erhverv ApS		Søborg DK	100.00	DKK	51
Solrækkerne ApS		Søborg DK	100.00	DKK	50
Vestervænget, Høje Taastrup ApS		Søborg DK	100.00	DKK	50
MTH Projekt 5 ApS		Søborg DK	100.00	DKK	50
Skjeberg Allé, del 3, Høje Taastrup ApS		Søborg DK	100.00	DKK	50
Halland Boulevard, Høje Taastrup ApS		Søborg DK	100.00	DKK	50
MTH Projekt 9 ApS		Søborg DK	100.00	DKK	50
MT Højgaard Construction Management ApS		Søborg DK	100.00	DKK	50
Mosevej 15b, Risskov ApS		Søborg DK	100.00	DKK	50

Companies		Registered office	Ownership interest		Capital '000
Mosevej 17, Risskov ApS		Søborg DK	100.00	DKK	50
Nivåvej, Nivå - del 1 ApS		Søborg DK	100.00	DKK	50
Nivåvej, Nivå - del 2 ApS		Søborg DK	100.00	DKK	50
Nivåvej, Nivå - del 3 ApS		Søborg DK	100.00	DKK	50
Nivåvej, Nivå - del 4 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 17 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 18 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 19 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 20 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 21 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 22 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 23 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 24 ApS		Søborg DK	100.00	DKK	50
Scandi Byg A/S		Løgstør DK	100.00	DKK	5,000
OPP Vejle sygehus A/S	(J)	Fr.berg DK	50.00	DKK	500
OPP Hobro Tinglysningsret A/S	(J)	Fr.berg DK	33.33	DKK	700
OPP Randers P-hus A/S	(J)	Fr.berg DK	33.33	DKK	4,410
OPP Vildbjerg Skole A/S	(J)	Fr.berg DK	33.33	DKK	1,224
OPP Ørstedskolen A/S	(J)	Fr.berg DK	33.33	DKK	2,400
OPS Frederikshavn Byskole A/S	(J)	Fr.berg DK	50.00	DKK	2,000
OPS Skovbakkeskolen A/S	(J)	Fr.berg DK	50.00	DKK	500
Driftselskabet OPP Slagelse sygehus A/S	(J)	Fr.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
Skanska-MTH Hisingsbron HB	(J)	Sweden SE	30.00	SEK	0
Bravida MT Højgaard ApS	(J)	Brøndby DK	50.00	DKK	50

(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 22.

Consolidated financial highlights – EUR

Amounts in DKK million	2018	2017*	2016*	2015*	2014*
Income statement					
Revenue	907	1,028	913	875	936
Gross profit/(loss)	-17	85	68	103	83
Operating profit/(loss) before special items	-73	24	10	47	28
Special items**	-	-17	-	-	-55
EBIT	-73	7	10	47	-27
Profit/(loss) before tax	-75	5	10	50	-25
Net profit/(loss) for the period	-79	-8	1	39	-34
Cash flows					
Cash flows from operating activities	-19.0	22.6	26.9	-7.0	57.6
Purchase of property, plant and equipment	-5.4	-11.6	-19.9	-18.4	-14.2
Other investments, incl. investments in securities	-9.8	-1.6	-0.4	-0.4	9.0
Cash flows from investing activities	-15.1	-13.2	-20.3	-18.8	-5.2
Cash flows from operating and investing activities	-34.1	9.4	6.6	-25.7	52.4
Balance sheet					
Non-current assets	174	155	154	147	138
Current assets	334	339	339	335	352
Equity	53	119	130	134	110
Non-current liabilities	75	34	31	43	57
Current liabilities	381	341	333	305	322
Balance sheet total	508	494	493	482	490

Amounts in DKK million	2018	2017*	2016*	2015*	2014*
Other information					
Order intake	1,188	815	1,065	1,011	792
Order book, year end	1,221	941	1,156	1,001	868
Working capital***	-49	-35	-21	-15	-62
Net interest-bearing deposit/debt (+/-)	-50	-10	-9	-7	52
Average invested capital incl. goodwill	106	125	126	89	66
Average number of employees	3,971	4,338	4,207	3,965	3,846
Financial ratios					
Gross margin (%)	-1.9	8.2	7.4	11.8	8.9
Operating margin before special items (%)	-8.1	2.3	1.1	5.4	3.0
EBIT margin (%)	-8.1	0.7	1.1	5.4	-2.9
Pre-tax margin (%)	-8.3	0.5	1.1	5.7	-2.7
Return on invested capital incl. goodwill (ROIC) (%)	-67.5	21.0	9.4	55.0	44.7
Return on invested capital incl. goodwill after tax (%)	-52.6	16.4	7.3	43.0	34.9
Return on equity (ROE) (%)	-95.1	-9.4	-1.3	21.3	-35.7
Equity ratio (%)	10.1	23.3	25.7	26.7	21.0
Equity ratio (%) incl. subordinated loan	16.7	23.3	25.7	26.7	21.0

* Comparative figures have not been restated to reflect the implementation of IFRS 9 and IFRS 15.
** Special items represent the impact on profit of legacy offshore disputes.
*** Working capital excludes properties held for resale.
Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the 2018 annual report under Accounting policies.

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