

Interim financial report - First quarter 2014

At its meeting today, the Board of Directors of Monberg & Thorsen A/S approved the interim financial report for the period 1 January – 31 March 2014. The interim financial report has not been audited or reviewed by the company's auditor.

Søborg, 19 May 2014
Monberg & Thorsen A/S



Anders Colding Friis
Chairman

Questions relating to this announcement should be directed to Anders Colding Friis, Chairman, on telephone +45 3546 8000.

The interim financial report can also be viewed at www.monthor.com

This announcement is available in Danish and English. In case of doubt, the Danish version shall prevail.

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Interim financial report - First quarter 2014

The first-quarter result from ordinary activities was in line with expectations.

The share of MT Højgaard's result after tax was a loss of DKK 108 million compared with a loss of DKK 26 million in the first quarter of 2013. This includes Monberg & Thorsen's DKK 90 million share of special items relating to old offshore disputes, see our Stock Exchange Announcement No 9 dated 15 April 2014. Our share of the result from ordinary activities was a loss of DKK 18 million, which is an improvement on last year's first quarter and in line with expectations.

Monberg & Thorsen's administrative expenses were in line with expectations.

The outlook for the result from ordinary activities for 2014 expressed in the 2013 annual report is reaffirmed, but the effect of special items in MT Højgaard is now expected to be an expense of DKK 195 million, of which Monberg & Thorsen's share is 46%.

The accounting policies are unchanged from the 2013 annual report apart from the fact that, with effect from 1 January 2014, the ownership interest in MT Højgaard is recognised using the equity method (one-line consolidation), whereas previously it was consolidated on a proportionate basis in accordance with IFRS 11, as explained in note 1. The comparative figures have been restated to reflect the change in policy.

Financial highlights

DKK million	Year 2013	Q1 2013	2014
Income statement			
Share of profit (loss) after tax of jointly controlled entities, MT Højgaard (46%)	15	-26	-108
Administrative expenses in Monberg & Thorsen	-33	-2	-1
Operating profit (loss) (EBIT)	-18	-28	-109
Net finance costs	-1	0	0
Profit (loss) before tax	-17	-28	-109
Profit (loss) after tax	-17	-28	-109
Balance sheet			
Interest-bearing assets	288	320	286
Interest-bearing liabilities	0	0	0
Invested capital	474	433	366
Equity	762	753	652
Balance sheet total	801	788	690
Cash flows			
From operating activities	-21	4	-2
For investing activities**	164	164	0
From financing activities	-7	0	0
Net increase (decrease) in cash and cash equivalents	136	168	-2
**Portion relating to inv. in property, plant and equipment (gross)	0	0	0
Financial ratios (%)			
Return on invested capital (ROIC)	-4	-7*	-26*
Return on equity (ROE)	-2	-4*	-15*
Equity ratio	95	96	94
Share ratios (DKK per DKK 20 share)			
Earnings per share (EPS)	-5	-8	-30
Cash flows from operating activities	-3	1	0
Book value	213	210	182
Market price	268	193	285
Market price/book value	1.3	0.9	1.6
Market capitalisation in DKK million	961	692	1,022

*Not converted to full-year figures.

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting and Danish disclosure requirements for interim financial reports of listed companies.

The financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2010' published by the Danish Society of Financial Analysts. Financial ratios are defined in the 2013 annual report.

Management's review

Income statement

MT Højgaard's first-quarter result from ordinary activities developed in line with expectations. The result before special items was a loss of DKK 30 million compared with a loss of DKK 59 million in the first quarter of 2013, which is a satisfactory development. The negative result reflects the continued completion of orders with low profitability. Special items amounted to a loss of DKK 195 million relating to the lost Robin Rigg offshore dispute, which MT Højgaard will seek permission to appeal.

A detailed account of the development in the jointly controlled entity **MT Højgaard**, in which Monberg & Thorsen has a 46% ownership interest, is given in Stock Exchange Announcement No. 10, which has just been released and to which reference is made.

The parent company's operating result was in line with expectations.

Statement of cash flows

Operating cash flows for the period were an outflow of DKK 2 million, primarily relating to Monberg & Thorsen's operating expenses. Cash and cash equivalents in Monberg & Thorsen were DKK 286 million, consisting of cash, of which DKK 137 million is still held on deposit as security for guarantees provided in connection with the divestment of Dyrup.

Overall financial resources were slightly better than at the end of 2013 due to an improvement in MT Højgaard's operating cash inflow. The financial resources are still considered to be satisfactory.

Balance sheet

At DKK 690 million, the balance sheet was somewhat lower than at the end of the first quarter of 2013 and at 31 December 2013 due to the loss in MT Højgaard. The equity ratio was 94% compared with 95% at 31 December 2013.

Accounting policies

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies. The accounting policies are unchanged from the 2013 annual report apart from the fact that, with effect from 1 January 2014, we have implemented the standards and interpretations that became effective for 2014, including IFRS 11, which means that the ownership interest in MT Højgaard is recognised using the equity method (one-line consolidation) compared with previously consolidation on a proportionate basis, as explained in note 1. The comparative figures have been restated to reflect the change in policy.

Related parties

The company has a controlling related party relationship with Ejnar og Meta Thorsens Fond.

Related parties with significant influence comprise members of the Board of Directors and the Executive Board.

Monberg & Thorsen's related parties also include the jointly controlled entity MT Højgaard, in which Monberg & Thorsen has significant influence.

All related party transactions were entered into in the ordinary course of business and based on arm's length terms.

Outlook for 2014

The outlook for the result from ordinary activities for 2014 expressed in the 2013 annual report is reaffirmed, but special items in MT Højgaard are now expected to have a negative effect of DKK 195 million, of which Monberg & Thorsen's share is 46%.

For 2014, the MT Højgaard Group consequently still expects revenue of between DKK 7.0 and 7.5 billion and an operating result (EBIT) of DKK 150-225 million, equivalent to 2-3% before special items (old offshore disputes). Special items are expected to have a negative effect of DKK 195 million in 2014 and may still be affected by the outcome of major old offshore disputes.

Monberg & Thorsen's share is 46% of the MT Højgaard Group's result after tax and non-controlling interests. From this should be deducted operating expenses in Monberg & Thorsen, which are still expected to be around DKK 5 million, to which should be added any further expenses in connection with the indemnities and guarantees provided in connection with the divestment of Dyrup.

The projections concerning future financial performance are subject to uncertainties and risks that may cause the performance to differ materially from the projections. Significant risks are described in the 'Risk factors' section in the 2013 annual report. Significant risks and uncertainties remain unchanged compared with the description in the annual report. The outlook is based on relatively stable interest rate and exchange rate levels.

Other information

Monberg & Thorsen did not buy back any treasury shares in the quarter under review. The portfolio of treasury shares is still 2,645 nos.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the interim financial report of Monberg & Thorsen A/S for the period 1 January – 31 March 2014.

The interim financial statements, which have not been audited or reviewed by the company's auditor, have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reports of listed companies.

In our opinion, the interim financial statements give a true and fair view of the financial position at 31 March 2014 and of the results of operations and cash flows for the period 1 January – 31 March 2014.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's operations and financial matters, the results for the period and the Group's financial position and a description of the significant risks and uncertainty factors pertaining to the Group.

Søborg, 19 May 2014

Executive Board

Henriette Holmgreen Thorsen
Acting President and CEO

Board of Directors

Anders Colding Friis
Chairman

Niels Lykke Graugaard
Deputy Chairman

Lars Goldschmidt

Curt Germundsson

Henriette Holmgreen Thorsen

Christine Thorsen

Income statement in the individual financial statements (DKK million)	Year	YTD	
	2013	2013	2014
Share of profit (loss) after tax and non-controlling interests in jointly controlled entities, MT Højgaard	15	-26	-108
Administrative expenses in Monberg & Thorsen	-33	-2	-1
Operating profit (loss)	-18	-28	-109
Net finance costs	1	0	0
Profit (loss) before tax	-17	-28	-109
Income tax	0	0	0
Profit (loss) after tax	-17	-28	-109

Statement of comprehensive income in the individual financial statements (DKK million)	Year	YTD	
	2013	2013	2014
Profit (loss) after tax	-17	-28	-109
Share of other comprehensive income after tax in jointly controlled entities, MT Højgaard	6	1	-1
Total comprehensive income	-11	-27	-110

Statement of cash flows in the individual financial statements (DKK million)	Year	YTD	
	2013	2013	2014
Operating profit (loss)	-18	-28	-109
Share of profit (loss) of jointly controlled entities	-15	26	108
Working capital changes	11	6	-1
Cash flows from operating activities	-22	4	-2
Net finance costs	1	0	0
Cash flows from operating activities	-21	4	-2
Capital increase in MT Højgaard	-138	-138	0
Purchase/sale of securities	302	302	0
Cash flows for investing activities	164	164	0
Cash flows before financing activities	143	168	-2
Dividends paid	-7	0	0
Cash flows from financing activities	-7	0	0
Net increase (decrease) in cash and cash equivalents	136	168	-2
Cash and cash equivalents at 1 January	152	152	288
Cash and cash equivalents at end of period, consisting of cash	288	320	286

Balance sheet in the individual financial statements (DKK million)	Year	Q1	
	2013	2013	2014
ASSETS			
Investments in jointly controlled entities, MT Højgaard	513	468	404
Other securities	0	0	0
Total non-current assets	513	468	404
Receivables	0	0	0
Cash and cash equivalents and securities	288	320	286
Total current assets	288	320	286
Total assets	801	788	690
EQUITY AND LIABILITIES			
Equity	762	753	652
Trade payables	0	1	1
Income tax	0	0	0
Other payables	39	34	37
Total current liabilities	39	35	38
Total equity and liabilities	801	788	690

Development in consolidated equity in the individual financial statements (DKK million)	Year	YTD	
	2013	2013	2014
Start of period	780	780	762
Changes in accounting policies	0	0	0
Comprehensive income for the period	-11	-27	-110
Dividends to shareholders	-7	0	0
End of period	762	753	652

Quarterly statements

DKK million	2014				Total
	Q1	Q2	Q3	Q4	
Income statement					
Share of profit (loss) after tax of jointly controlled entities, MT Højgaard	-108				-108
Administrative expenses	-1				-1
Operating profit (loss) (EBIT)	-109				-109
Net finance costs	0				0
Profit (loss) before tax	-109				-109
Profit (loss) after tax	-109				-109

DKK million	2013				Total
	Q1	Q2	Q3	Q4	
Income statement					
Share of profit (loss) after tax of jointly controlled entities, MT Højgaard	-26	-5	5	41	15
Administrative expenses	-2	-2	-3	-26	-33
Operating profit (loss) (EBIT)	-28	-7	2	15	-18
Net finance costs	0	0	0	1	1
Profit (loss) before tax	-28	-7	2	16	-17
Profit (loss) after tax	-28	-7	2	16	-17

Note 1 – accounting policies

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

Apart from the changes set out below, the accounting policies are unchanged from the 2013 annual report, to which reference is made.

Changes in accounting policies

We have implemented IFRS 10-12 with associated amendments, IAS 27 (2011), IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 32, amendments to IAS 39 as well as IFRIC 21 with effect from 1 January 2014.

IFRS 10 changes the criteria determining whether a company must be consolidated. IFRS 10 states that, in future, an investor must consolidate another company when it controls the relevant activities that generate variable returns.

IFRS 11 relating to Joint Arrangements replaces IAS 31 Joint Ventures. From 1 January 2014, companies will no longer have a choice between proportionate consolidation and the equity method for jointly controlled entities. IFRS 11 divides Joint Arrangements into joint ventures (equity method) and joint operations (proportionate share of underlying assets and liabilities) based on both formal and substance-related factors.

As a consequence of the amendments to IFRS 10 and 11, from 1 January 2014 we must recognise our interest in MT Højgaard A/S applying the equity method (one-line consolidation), whereas previously it was recognised on a proportionate basis.

IFRS 12 contains disclosure requirements relating to both consolidated and non-consolidated enterprises, joint ventures and associates.

In the opening balance sheet at 1 January 2013, the effect of the change has been recognised in accordance with the transition provisions in IFRS 10 and 11.

In terms of presentation, the Group's share of profit (loss) after tax and non-controlling interests in MT Højgaard A/S is recognised in the income statement in a separate item designated 'Share of profit (loss) after tax of jointly controlled entities', and in the balance sheet the net asset value of MT Højgaard A/S is recognised in a separate line under non-current investments.

The accounting effect of implementation is shown in the following.

The comparative figures have been restated to reflect the change in policy.

Accounting effect of implementation

The accounting effect of the implementation of IFRS 10 and 11 in the individual financial statements is as follows:

DKK million	Q1 2013			2013 Year		
	Current practice	Adjust-just-ments	New practice	Current practice	Adjust-ments	New practice
Statement of comprehensive income						
Revenue	695.2	-695.2	0	3,384.8	-3,384.8	0
Production costs	682.6	-682.6	0	3,104.4	-3,104.4	0
Gross profit (loss)	12.6	-12.6	0	280.4	-280.4	0
Dividends from jointly controlled entities, MT Højgaard	0	0	0	0	0	0
Share of profit (loss) of jointly controlled entities, MT Højgaard	0	-25.9	-25.9	0	15.3	15.3
Distribution costs	-12.3	12.3	0	59.4	-59.4	0
Administrative expenses	-34.6	32.5	-2.1	177.7	-145.1	32.6
Operating profit (loss)	-34.3	6.3	-28.0	43.3	-60.6	-17.3
Net finance costs	0.7	-0.5	0.2	-11.3	12.1	0.8
Profit (loss) before tax	-33.6	5.8	-27.8	32.0	48.5	-16.5
Income tax expense	5.8	-5.8	0	48.5	-48.5	0
Profit (loss) for the period	-27.8	0	-27.8	-16.5	0	-16.5
Other comprehensive income	0.7	0	0.7	5.4	0	5.4
Comprehensive income for the period	-27.1	0	-27.1	-11.1	0	-11.1
Statement of cash flows						
Operating activities	-42.2	46.3	4.1	-12.1	-8.6	-20.7
Investing activities	297.7	-134.2	163.5	291.2	-127.7	163.5
Financing activities	-3.6	3.6	0	6.5	-13.7	-7.2
Cash and cash equivalents for the period	251.9	-84.3	167.6	285.6	-150.0	135.6
Cash and cash equivalents, start of period	70.8	81.7	152.5	70.8	81.7	152.5
Cash and cash equivalents, end of period	322.7	-2.6	320.1	356.4	-68.3	288.1

DKK million	31 March 2013			31 December 2013		
	Current practice	Adjust-just-ments	New practice	Current practice	Adjust-ments	New practice
Balance sheet						
Intangible assets	67.4	-67.4	0	71.4	-71.4	0
Property, plant and equipment	285.2	-285.2	0	262.3	-262.3	0
Investments	171.9	295.6	467.5	146.1	367.3	513.4
Inventories	319.1	-319.1	0	288.7	-288.7	0
Trade receivables	737.6	-737.6	0	801.5	-801.5	0
Construction contracts in progress	76.4	-76.4	0	34.1	-34.1	0
Other receivables	78.7	-78.6	0.1	53.3	-53.2	0.1
Securities and cash and cash equivalents	498.3	-178.2	320.1	479.9	-191.8	288.1
Total assets	2,234.6	-1,446.9	787.7	2,137.3	-1,335.7	801.6
Equity	753.3	0	753.3	761.8		761.8
Bank loans, etc., long-term	62.6	-62.6	0	80.0	-80.0	0
Non-current liabilities	128.7	-128.7	0	149.8	-149.8	0
Bank loans, etc., short-term	109.8	-109.8	0	67.2	-67.2	0
Construction contracts in progress	378.9	-378.9	0	274.1	-274.1	0
Trade payables	413.3	-412.9	0.4	352.8	-352.4	0.4
Other current liabilities	388.0	-354.0	34.0	451.6	-412.2	39.4
Total equity and liabilities	2,234.6	-1,446.9	787.7	2,137.3	-1,335.7	801.6