



Stock exchange announcement

16 May 2012

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## **MT Højgaard A/S**

Enclosed please find MT Højgaard A/S' report for 1<sup>st</sup> quarter 2012 (January 1 – March 31, 2012), which is hereby published.

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

Best regards,  
Højgaard Holding A/S

Berit Lovring  
CEO

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

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## **Interim financial report – Q1 2012**

The Board of Directors of MT Højgaard A/S has today discussed and approved the Company's interim financial report for the first quarter of 2012.

### **Unsatisfactory first-quarter financial performance**

- The result before tax was a loss, as expected, although, at DKK 152 million, the loss was significantly higher than assumed, primarily reflecting further downward adjustments on projects in progress, including especially the bridge projects in Sweden
- The downward adjustments on projects and the restructuring that has been initiated depressed the result by around DKK 140 million
- First-quarter revenue was DKK 2.5 billion, up 16% on the same period last year
- Operating activities absorbed DKK 167 million, partly reflecting a continued high level of funds tied up in construction contracts in progress, including offshore projects
- The order book stood at DKK 7.7 billion at the end of the first quarter compared with DKK 8.8 billion at the start of the year

### **Outlook for 2012**

- Full-year 2012 revenue is expected to be in line with 2011, possibly slightly higher
- As a consequence of the first-quarter financial performance, the outlook for the pre-tax margin is changed to a full-year 2012 pre-tax margin of around -1% compared with, previously, a positive result. As a result of the first-quarter financial performance and the initiatives put in place, the overall result for the remaining three quarters of 2012 is expected to be positive
- Financial resources are still expected to be satisfactory and cash flows from operating activities are still expected to be positive

## **Contact**

Jørgen Nicolajsen  
Acting President and CEO  
Tel. +45 2270 9263

Helge Israelsen  
Chairman of the Board of Directors  
Tel. +45 4520 1503

MT Højgaard A/S  
Knud Højgaards Vej 9  
2860 Søborg  
Denmark

This announcement is available in Danish and English.

Interim financial report – Q1 2012

+45 7012 2400  
mail@mth.dk  
www.mth.dk  
Reg. no. 12562233

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## Consolidated financial highlights

Amounts in DKK million	2012 YTD	2011 YTD	2011 Year
<b>Income statement</b>			
Revenue	2,492	2,144	9,307
Operating profit (loss) (EBIT)	-151	-11	-332
Net finance costs and profit (loss) of associates	-1	-8	-3
Profit (loss) before tax	-152	-19	-335
Profit (loss) after tax	-116	-16	-261
<b>Balance sheet</b>			
Share capital	220	220	220
Equity	1,176	1,604	1,289
Balance sheet total	5,566	4,826	5,654
Interest-bearing deposit/debt (+/-)	-179	70	-10
Invested capital	1,355	1,534	1,299
<b>Cash flows</b>			
Cash flows from operating activities	-167	-236	-268
Cash flows for investing activities:			
<i>Net investments excl. securities</i>	-2	-30	34
<i>Net investments in securities</i>	-13	45	69
Cash flows from financing activities	-5	-4	-72
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-187</b>	<b>-225</b>	<b>-237</b>
<b>Financial ratios (%)</b>			
Gross margin	-1.3	4.2	0.9
Operating margin (EBIT margin)	-6.1	-0.5	-3.6
Pre-tax margin	-6.1	-0.9	-3.6
Return on invested capital (ROIC) *	-11.4	-0.8	-25.7
Return on invested capital after tax (ROIC) *	-8.7	-0.7	-20.0
Return on equity (ROE) *	-9.4	-1.0	-18.0
Equity ratio	21.1	33.2	22.8
<b>Other information</b>			
Order book, year end	7,719	8,754	8,751
Average number of employees	4,902	4,715	4,738

The interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for interim financial reports. The accounting policies are unchanged from those set out in the 2011 annual report, with the following exceptions: Standards and interpretations with an effective date of 1 January 2012, including amendments to IFRSs 1 and 7 and to IAS 12, have been implemented. The new standards and interpretations have not had any effect on recognition and measurement.

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 2011 annual report.

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

\*) Not converted to full-year figures.

## Management's review

### Group diagram

The organisation was changed in 2012 in connection with the restructuring and focusing of the Group's activities.

#### THE MT HØJGAARD GROUP

<b>MT HØJGAARD A/S</b> carries out civil engineering, construction and refurbishment projects	<b>AJOS A/S</b> leases mechanical equipment	<b>ENEMÆRKE &amp; PETERSEN A/S</b> carries out refurbishment and new build	<b>GREENLAND CONTRACTORS I/S</b> is responsible for operation at the Thule Air Base (67%)
	<b>LINDPRO A/S</b> carries out electrical installations and services work	<b>SCANDI BYG A/S</b> produces and builds industrial modular buildings	<b>SETH S.A.</b> carries out civil works in the area of marine works in Portugal and Africa (60%)

The MT Højgaard Group consists of the company MT Højgaard, four wholly owned subsidiaries and two partly owned subsidiary undertakings.

The Group is organised into the company MT Højgaard consisting of the three business areas Denmark, International and Offshore and into separate subsidiaries.

The business area Denmark undertakes construction and civil engineering projects.

The business area International encompasses all our international activities, including steel bridges and mining, our construction activities in Norway and Greenland, and all our civil works and marine works activities in Qatar and on the Maldives. To these should be added the completion of projects in progress in the geographical areas in which we no longer want to have a presence.

Our activities related to the installation of offshore wind turbine foundations are gathered in the business area Offshore.

The separately profiled capabilities of the Group's subsidiaries and jointly controlled entities are shown in the Group diagram above.

**Initiatives undertaken**

Besides focusing MT Højgaard geographically, the focus is also on a reorganisation of the individual business areas. In addition, a number of initiatives have been put in place that are to help boost earnings. First and foremost, tight management focus is being applied to risk management as well as to efficiency improvements and savings to enable MT Højgaard to become the well-earning contracting group that has been the ambition all along. The consequences of these initiatives are considerable non-recurring costs and investments in 2012 and the fact that the full effect of these will not be felt until 2013 and beyond.

Furthermore, we have found that the order book with which we entered 2012 is not of the quality assumed. Orders have been accepted with too low contribution margins compared with their complexity and risk profiles. We have taken the consequence of this in our interim financial statements, and focus is being put on far higher selectivity in the projects for which we bid in future. One of the implications of this is a lower order intake. In return, we expect earnings to be more proportionate to the risks on each project.

As a result of the first-quarter financial performance and the initiatives put in place, the overall result for the remaining three quarters of 2012 is expected to be positive.

The process that has been initiated with a view to identifying a new President and CEO has entered the final phase, and an agreement is expected to be in place in mid-2012.

**Income statement**

As expected, the first-quarter 2012 result was a loss, although, at DKK 152 million before tax, the loss was significantly higher than assumed. The result was affected by further considerable downward adjustments on projects in progress, including especially the two bridge projects in Sweden. It is unfortunately the case that the contribution margins on orders accepted in 2011 and previous years are too low compared with the complexity and risk profiles of these orders.

Furthermore, the result was affected by the focusing of the company MT Højgaard that has been initiated and means that the activities in certain geographical areas will be discontinued. In that connection projects have again been reviewed, which has led to the recognition of further impairment losses.

All in all, the factors described above depressed the first-quarter result by approximately DKK 115 million.

The result was also affected by non-recurring costs of around DKK 25 million in connection with the restructuring, including redundancies and changes to Group Management.

The negative result relates exclusively to the company MT Højgaard, while the Group's subsidiaries and jointly controlled entities are developing satisfactorily.

There is no news to report in relation to the special provisions for completed projects in the offshore area – the so-called grout issue. Management is still of the opinion that the Group is in a strong legal position in these cases, but that there is always some risk attached to the process in such cases.

First-quarter revenue was DKK 2.5 billion, in line with expectations and 16% ahead of last year. The increase was mainly driven by higher production from the Offshore activities and in subsidiaries and jointly controlled entities.

Revenue can be broken down as shown in the table below.

<b>Revenue - DKK million</b>	<b>2012 YTD</b>	<b>2011 YTD</b>	<b>2012 Year</b>
Denmark	956	822	3,877
International	215	318	1,249
Offshore	602	425	1,541
Subsidiaries and jointly controlled entities	862	696	3,249
Eliminations/others	-143	-117	-609
<b>MT Højgaard Group</b>	<b>2,492</b>	<b>2,144</b>	<b>9,307</b>

Net finance costs amounted to DKK 1 million versus DKK 8 million in the same period last year.

The first-quarter result before tax was a loss of DKK 152 million, a decline of DKK 133 million on the same period last year. The pre-tax margin was therefore -6.1% compared with -0.9% in the same period in 2011.

Income tax expense amounted to income of DKK 36 million.

The result after tax was consequently a loss of DKK 116 million compared with a loss of DKK 16 million in the same period last year.

### **Balance sheet**

The balance sheet total stood at DKK 5,566 million at 31 March 2012, a decrease of DKK 88 million on the end of 2011.

On the asset side, there was a decrease in receivables that was partly offset by an increase in construction contracts in progress, including contracts that are accounted for as inventories until they are handed over. Inventories amounted to DKK 1,093 million at 31 March 2012, of which approximately DKK 354 million was made up of the type of contracts referred to in the foregoing that are expected to be handed over in 2012, when they will be deleted from the balance sheet.

On the liability side, the development mainly reflected the effect on equity of the negative result for the period and a small decline in other balance sheet items, offset by drawings on short-term credit facilities.

Equity stood at DKK 1,176 million at 31 March 2012, equivalent to an equity ratio of 21.1% compared with 22.8% at the end of 2011.

Interest-bearing net debt was DKK 179 million at 31 March 2012 – compared with debt of DKK 10 million at 31 December 2011. The DKK 169 million movement reflected a small decline in cash and cash equivalents and drawings on credit facilities, primarily to fund the result for the period and the increase in construction contracts in progress.

Invested capital was DKK 1,355 million at 31 March 2012, an increase of DKK 56 million on 31 December 2011.

### Cash flows and financial resources

Cash and cash equivalents amounted to a negative DKK 166 million at 31 March 2012. Cash and cash equivalents stood at DKK 21 million at 31 December 2011. The DKK 187 million decrease in the period under review primarily reflected a DKK 167 million cash outflow from operating activities. During the same period last year, operating activities generated a cash outflow of DKK 236 million.

Besides the result for the year, cash flows from operating activities were affected by an increase in construction contracts in progress net and a continued high level of funds tied up in the Offshore business area, only partly offset by the reduction in receivables. The level of funds tied up in Offshore has been reduced considerably after the end of the quarter.

Cash flows for investing activities amounted to an outflow of DKK 15 million, of which DKK 13 million related to the net purchase of short-term securities. In the same period last year, investing activities generated a cash inflow of DKK 15 million.

Financing activities generated a cash outflow of DKK 5 million compared with an outflow of DKK 4 million in the same period last year.

Cash and cash equivalents decreased by DKK 187 million net in the first quarter compared with DKK 225 million in the first quarter of 2011.

The Group's financial resources, calculated as cash and cash equivalents, including cash and cash equivalents in joint ventures and jointly controlled entities, and securities and undrawn credit facilities, amounted to DKK 683 million at 31 March 2012. Financial resources included DKK 385 million that is available for use by the parent company. The financial resources are satisfactory viewed in the context of the expected level of activity.

### Order book

The order book in the first quarter of 2012 was DKK 1,460 million and the order book stood at DKK 7,719 million at the start of the second quarter. The order book was thus DKK 1,032 million lower than at the end of 2011. The decline was partly driven by a high level of production, which was not offset by new projects, partly due to the focusing of activities and even greater selectivity of projects with the focus on risk.

<b>Order book – DKK million</b>	<b>2012 YTD</b>	<b>2011 YTD</b>	<b>2011 Year</b>
Order book, beginning of period	8,751	9,222	9,222
Order intake during period	1,460	1,670	8,836
Production during period	-2,492	-2,138	-9,307
<b>Order book, end of period</b>	<b>7,719</b>	<b>8,754</b>	<b>8,751</b>

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

### Related parties

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

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

Transactions between MT Højgaard A/S and other group enterprises are on an arm's length basis.

### **Management information**

Kristian May, President and CEO, and Thorbjørn N. Rasmussen, COO, both stepped down in March 2012. The Executive Board therefore consists of: Jørgen Nicolajsen, Acting President and CEO; Flemming Steen, CFO; and Jens Nyhus, COO.

At the company's Annual General Meeting on 11 April 2012, Niels Lykke Graugaard, CEO, was elected to the Board of Directors. He was elected as Deputy Chairman at the Board's first meeting.

The Board of Directors therefore has the following composition: Helge Israelsen (Chairman), Niels Lykke Graugaard (Deputy Chairman), Irene Chabior, Curt Germundsson, Hans-Henrik Hansen, Jens Jørgen Madsen, Jørgen Nicolajsen, Torsten Ask Overgaard, Knud Rasmussen and Lars Rasmussen.

### **Outlook for 2012**

The development since the presentation of the 2011 annual report has not led to any major changes in our outlook concerning the level of activity in 2012 or the market development in general. The order book stood at DKK 7.7 billion at the end of the first quarter, with DKK 5.8 billion scheduled for execution in 2012. In addition, it is expected that two property projects will be handed over in 2012 that are recognised as inventories. We still expect that the Group will deliver 2012 revenue in line with 2011, possibly slightly higher.

As a consequence of the unsatisfactory performance in 2011, a number of initiatives have been put in place with a view to boosting earnings. These initiatives are to strengthen our risk management, enhance operational efficiency, reduce costs, sharpen our geographical focus, and strengthen project selectivity and project management. Unfortunately, the positive effect of these initiatives will not be felt on financial performance until 2013 and beyond.

As a result of the poor first-quarter financial performance, the outlook for the full-year pre-tax margin is changed to a negative pre-tax margin of around -1%. In the latest outlook, we expected a positive pre-tax margin. As a result of the first-quarter financial performance and the initiatives put in place, the overall result for the remaining three quarters of 2012 is expected to be positive.

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

In view of the earnings outlook for the year and due to an expected decrease in the level of funds tied up in working capital, we expect full-year operating cash flows to be positive.

We expect financial resources in the form of cash and cash equivalents, securities and credit facilities to remain adequate at the end of the year.



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The projections concerning future financial performance are subject to uncertainties and risks that may cause the performance to differ from the projections. For a description of risks and uncertainties, reference is made to the 'Risk factors' section in the 2011 annual report. The significant risks and uncertainties are consistent with those described in the annual report.

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## Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the interim financial report of MT Højgaard A/S for the period 1 January – 31 March 2012.

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

In our opinion, the interim financial statements give a true and fair view of the Group's financial position at 31 March 2012 and of the results of the Group's operations and cash flows for the period 1 January – 31 March 2012.

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, 16 May 2012

### Executive Board

Jørgen Nicolajsen  
Acting President and CEO

Flemming Steen  
CFO

Jens Nyhus  
COO

### Board of Directors

Helge Israelsen  
Chairman

Niels Lykke Graugaard  
Deputy Chairman

Irene Chabior\*

Curt Germundsson

Hans-Henrik Hansen\*

Jens Jørgen Madsen

Jørgen Nicolajsen

Torsten Ask Overgaard \*

Knud Rasmussen\*

Lars Rasmussen

\*) Employee representative

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### Consolidated income statement and statement of comprehensive income

Amounts in DKK million	2012 YTD	2011 YTD	2011 Year
<b>Consolidated income statement</b>			
Revenue	<b>2,492.2</b>	2,143.7	9,307.4
Production costs	<b>-2,523.7</b>	-2,052.9	-9,227.0
<b>Gross profit (loss)</b>	<b>-31.5</b>	90.8	80.4
Distribution costs	<b>-31.2</b>	-38.2	-134.5
Administrative expenses	<b>-88.1</b>	-63.5	-277.4
<b>Operating profit (loss)</b>	<b>-150.8</b>	-10.9	-331.5
Share of profit after tax of associates	<b>0.3</b>	0.4	1.1
Net finance costs	<b>-1.2</b>	-8.0	-4.5
<b>Profit (loss) before tax</b>	<b>-151.7</b>	-18.5	-334.9
Income tax expense	<b>36.2</b>	2.7	73.9
<b>Profit (loss) after tax</b>	<b>-115.5</b>	-15.8	-261.0
<b>Consolidated statement of comprehensive income</b>			
Profit (loss) after tax	<b>-115.5</b>	-15.8	-261.0
<b>Other comprehensive income</b>			
Foreign exchange adjustments, foreign enterprises	<b>-0.4</b>	-1.2	-0.1
Share of other comprehensive income of associates	<b>3.0</b>	2.4	-18.2
Tax on other comprehensive income	<b>0.0</b>	0.0	0.0
Other comprehensive income after tax	<b>2.6</b>	1.2	-18.3
<b>Total comprehensive income</b>	<b>-112.9</b>	-14.6	-279.3

## Consolidated balance sheet

Amounts in DKK million	2012 31.03	2011 31.03	2011 31.12
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	121.1	122.5	121.7
Property, plant and equipment	718.1	815.1	742.8
Deferred tax assets	290.7	142.6	246.1
Other investments	13.8	12.1	13.6
<b>Total non-current assets</b>	<b>1,143.7</b>	1,092.3	1,124.2
<b>Current assets</b>			
Inventories	1,093.4	732.3	1,021.6
Trade receivables	1,938.3	1,671.7	2,293.4
Construction contracts in progress	521.2	686.9	434.7
Other receivables	497.7	290.1	382.4
Securities	171.8	179.0	159.0
Cash and cash equivalents	200.3	173.5	238.5
<b>Total current assets</b>	<b>4,422.7</b>	3,733.5	4,529.6
<b>Total assets</b>	<b>5,566.4</b>	4,825.8	5,653.8
<b>Equity and liabilities</b>			
Share capital	220.0	220.0	220.0
Other equity items	956.2	1,383.8	1,069.1
<b>Total equity</b>	<b>1,176.2</b>	1,603.8	1,289.1
<b>Non-current liabilities</b>			
Bank loans etc.	165.2	124.7	168.1
Deferred tax liabilities	4.8	0.0	4.8
Provisions	244.5	198.7	232.2
<b>Total non-current liabilities</b>	<b>414.5</b>	323.4	405.1
<b>Current liabilities</b>			
Bank loans etc.	386.1	158.0	239.4
Construction contracts in progress	1,358.9	721.7	1,441.7
Trade payables	1,492.7	1,068.6	1,388.0
Other current liabilities	738.0	950.3	890.5
<b>Total current liabilities</b>	<b>3,975.7</b>	2,898.6	3,959.6
<b>Total liabilities</b>	<b>4,390.2</b>	3,222.0	4,364.7
<b>Total equity and liabilities</b>	<b>5,566.4</b>	4,825.8	5,653.8

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### Consolidated statement of changes in equity

Amounts in DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total equity
<b>Equity at 01-01-2011</b>	<b>220.0</b>	<b>-9.6</b>	<b>4.0</b>	<b>1,354.0</b>	<b>50.0</b>	<b>1,618.4</b>
Profit (loss) after tax				-15.8		<b>-15.8</b>
Other comprehensive income		2.4	-1.2			<b>1.2</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>2.4</b>	<b>-1.2</b>	<b>-15.8</b>	<b>0.0</b>	<b>-14.6</b>
<b>Equity at 31-03-2011</b>	<b>220.0</b>	<b>-7.2</b>	<b>2.8</b>	<b>1,338.2</b>	<b>50.0</b>	<b>1,603.8</b>
<b>Equity at 01-01-2012</b>	<b>220.0</b>	<b>-27.8</b>	<b>3.9</b>	<b>1,093.0</b>	<b>0.0</b>	<b>1,289.1</b>
Profit (loss) after tax				-115.5		<b>-115.5</b>
Other comprehensive income		3.0	-0.4			<b>2.6</b>
<b>Total changes in equity</b>	<b>0.0</b>	<b>3.0</b>	<b>-0.4</b>	<b>-115.5</b>	<b>0.0</b>	<b>-112.9</b>
<b>Equity at 31-03-2012</b>	<b>220.0</b>	<b>-24.8</b>	<b>3.5</b>	<b>977.5</b>	<b>0.0</b>	<b>1,176.2</b>

### Consolidated statement of cash flows

Amounts in DKK million	2012 YTD	2011 YTD	2011 Year
Operating profit (loss)	<b>-150.8</b>	-10.9	-331.5
Adjustments in respect of non-cash operating items etc.	<b>30.0</b>	24.0	293.6
<b>Cash flows from operating activities before working capital changes</b>	<b>-120.8</b>	13.1	-37.9
Working capital changes	<b>-46.5</b>	-248.7	-230.3
<b>Cash flows from operating activities</b>	<b>-167.3</b>	-235.6	-268.2
Net investments excl. securities	<b>-2.0</b>	-30.0	33.9
Net investments in securities	<b>-12.8</b>	44.6	69.5
<b>Cash flows for investing activities</b>	<b>-14.8</b>	14.6	103.4
<b>Cash flows from financing activities</b>	<b>-4.6</b>	-3.6	-72.5
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-186.7</b>	-224.6	-237.3
Cash and cash equivalents at start of period	<b>21.1</b>	258.4	258.4
<b>Cash and cash equivalents at end of period</b>	<b>-165.6</b>	33.8	21.1