



Stock exchange announcement

2010-08-30

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## **MT Højgaard a/s**

Enclosed please find MT Højgaard a/s' report for 1<sup>st</sup> half 2010 (January 1 – June 30, 2010), which is hereby published.

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

Yours faithfully,  
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.

30 August 2010

**Interim financial report – First half 2010 (1/1 – 30/06 2010)**

The Board of Directors of MT Højgaard a/s has today discussed and approved the Company's interim financial report for the first half of 2010.

Søborg, 30 August 2010  
Board of Directors and Executive Board

Helge Israelsen  
Chairman

Kristian May  
President and CEO

This announcement can also be viewed on MT Højgaard's website:  
[www.mth.com](http://www.mth.com).

**Contacts**

Kristian May  
President and CEO  
Tel. +45 7012 2400

Helge Israelsen  
Chairman  
Tel. +45 4520 1503

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

**MT Højgaard a/s**  
Knud Højgaards Vej 9  
2860 Søborg  
Denmark  
Tel +45 7012 2400  
Fax +45 7013 2401  
mail@mth.dk  
www.mth.dk  
Reg No 12 56 22 33

### **Modest financial performance**

- First-half revenue was DKK 3.9 billion, down 11% on the same period last year. The market in the second quarter was difficult and characterised by subdued demand, intense competition for orders and pressure on prices. To this should be added the postponement of a few large projects.
- The pre-tax margin was affected by, among other things, lower revenue than expected and amounted to 0.6% versus 3.8% in the same period in 2009.
- Financial resources remain strong.
- The result before tax was a profit of DKK 25 million.
- The order intake in the first half was DKK 4.4 billion compared with DKK 4.6 billion in the same period in 2009.

### **Outlook for 2010**

- Full-year 2010 revenue is expected to be approx. DKK 8.5 billion compared with the previous outlook of approx. DKK 9 billion, as it is no longer expected that the lower revenue in the first half will be recouped.
- The full-year pre-tax margin is expected to be in the region of 1% to 2%. In the most recent outlook, a pre-tax margin in the region of 2% to 3% was forecast.
- The order book stood at DKK 8.0 billion at the end of the first half, compared with DKK 7.5 billion at the start of the year.
- Financial resources are expected to remain strong.

30 August 2010

## Consolidated financial highlights

Amounts in DKK million	2010 Q2	2009 Q2	2010 YTD	2009 YTD	2009 Year
<b>Income statement</b>					
Revenue	2,106	2,212	3,865	4,328	9,087
Operating profit (EBIT)	24	77	21	150	290
Net financing costs and profit (loss) of associates	-5	5	4	15	17
Profit before tax	19	82	25	165	307
Profit after tax	11	60	15	121	223
<b>Balance sheet</b>					
Share capital			220	220	220
Equity			1,584	1,511	1,610
Balance sheet total			5,054	5,195	5,504
Interest-bearing net deposit/net debt (+/-)			745	807	824
Invested capital			839	783	880
<b>Cash flows</b>					
Cash flows from operating activities			9	386	485
Cash flows for investing activities:					
<i>Net investments excl. securities</i>			-34	-84	-159
<i>Net investments in securities</i>			-55	-284	-362
Cash flows from financing activities			-10	-75	-69
<b>Net increase (decrease) in cash and cash equivalents</b>			<b>-90</b>	<b>-57</b>	<b>-105</b>
<b>Financial ratios (%)</b>					
Gross margin	6.8	8.7	6.5	8.5	8.1
Operating margin (EBIT margin)	1.1	3.5	0.5	3.5	3.2
Pre-tax margin	0.9	3.7	0.6	3.8	3.4
Return on invested capital (ROIC) *			2.4	16.7	30.7
Return on equity (ROE) *			0.9	8.2	14.6
Equity ratio			31.3	29.1	29.2
<b>Other information</b>					
Order book, year end			8,000	9,727	7,455
Average number of employees			5,355	5,744	5,872

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. IFRSs and IFRICs with an effective date of 1 January 2010, including IFRS 3 and revised IAS 27, have been implemented. The changes have not had any effect on the presentation of the interim financial report.

The presentation in the income statement of gains and losses on derivative financial instruments arising in connection with operating activities was changed in connection with the 2009 annual report. These are now recognised as production costs. The classification of distribution costs and administrative expenses has been reviewed. Comparative figures in the interim financial report have been restated accordingly.

The financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2010'. Financial ratios are defined in the 2009 annual report.

The interim financial report has not been audited or reviewed by the company's auditors.

\*) Not converted to full-year figures.

## Management's review

### Group diagram

MT Højgaard					Subsidiaries
Business areas	Civil Engineering	Construction	Major Projects	Project Development	Ajos a/s Enemærke & Petersen a/s Lindpro a/s Promecon a/s Scandi Byg a/s Timbra a/s Greenland Contractors I/S (67%) Seth S.A. (60%)
Business support	Business Processes :: Design & Engineering :: Facility Management :: Finance :: HR :: IT Legal & Insurance :: Marketing & Communications :: Purchasing :: QHSE :: Strategy & Business Development				

The Group is organised into four business areas, separate subsidiaries and the Group's corporate functions in Business Support.

Civil Engineering undertakes infrastructure and civil engineering projects in Denmark and internationally, Construction carries out construction projects in Denmark and the North Atlantic region, Major Projects takes care of the Group's large projects, while Project Development develops projects for or together with investors and clients. The former Utility Services was integrated into Civil Engineering in the second quarter.

Subsidiaries comprises the Group's subsidiaries and jointly controlled entities with separately profiled capabilities.

Business Support comprises the Group's corporate functions, ensuring cohesion and development.

### Income statement

Second-quarter consolidated revenue was DKK 2.1 billion, on a par with the same period last year. The market in the second quarter was difficult and characterised by subdued demand, intense competition for orders and pressure on prices. To this should be added the postponement of a few large projects, where the capacity had been established to produce the expected higher revenue. The postponed activities have subsequently commenced.

First-half revenue was DKK 3.9 billion, down 11% on the same period last year. Revenue did not match expectations and, besides the factors set out above, was also affected by the hard winter.

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

Revenue - DKK million	YTD 2010	YTD 2009	Year 2009
Civil Engineering	1,117	1,205	2,679
Construction	1,239	1,290	2,847
Major Projects	155	11	152
Project Development	7	244	258
Subsidiaries	1,519	1,820	3,619
Eliminations/others	-172	-242	-468
<b>MT Højgaard Group</b>	<b>3,865</b>	<b>4,328</b>	<b>9,087</b>

The second-quarter operating result was a profit of DKK 24 million compared with a profit of DKK 77 million in the second quarter of 2009. The first-half operating profit was DKK 21 million, which was DKK 129 million less than last year. This reflected a combination of several factors, including the above effects on revenue, increased tendering costs in a market under pressure, and the fact that we are still maintaining capacity, in selected areas, for the expected future increase in the level of activity.

Net financing costs amounted to net income of DKK 4 million versus DKK 15 million in the first half of 2009.

The first-half result before tax was a modest DKK 25 million profit, which was DKK 140 million less than the same period last year, and should be viewed in the context of the factors set out above. The pre-tax margin was consequently 0.6% versus 3.8% in the same period in 2009.

Income tax expense was DKK 10 million, corresponding to an effective tax rate of 38%, compared with 27% in the same period last year.

The result after tax was consequently a profit of DKK 15 million compared with a profit of DKK 121 million in the same period last year.

### Balance sheet

The consolidated balance sheet total stood at DKK 5,054 million at the end of the first half, down DKK 450 million on the end of 2009, primarily reflecting a reduction in receivables and a lower net value of contracts in progress.

Equity stood at DKK 1,584 million, giving an equity ratio of 31.3% compared with 29.2% at the end of 2009. Besides profit for the period, equity was affected by dividend of DKK 50 million paid for 2009.

Interest-bearing net debt has been reduced by DKK 79 million in 2010, to DKK 745 million.

### Cash flows and financial resources

Operating activities generated a cash inflow of DKK 9 million compared with DKK 386 million in the same period last year.

Cash flows for investing activities amounted to an outflow of DKK 89 million net, with acquisition of short-term securities absorbing DKK 55 million net. The securities form part of the Group's financial resources.

Financing activities absorbed DKK 10 million compared with DKK 75 million in the same period last year.

Cash and cash equivalents decreased by DKK 90 million net in the first half compared with DKK 57 million in the same period last year.

The Group's financial resources, calculated as cash, including cash and cash equivalents in joint ventures and jointly controlled entities, and securities and undrawn credit facilities, amounted to DKK 1,273 million at 30 June 2010.

The financial resources included cash and cash equivalents in joint ventures and jointly controlled entities of DKK 98 million available exclusively to the joint ventures and jointly controlled entities, compared with DKK 110 million at the same date last year.

### Order book

The order book stood at DKK 8,000 million at the start of the third quarter, compared with DKK 7,455 million at the start of the year.

DKK million	2010 YTD	2009 YTD	2009 Year
Order book, beginning of period	7,455	9,461	9,461
Order intake during period	4,410	4,594	7,081
Production during period	-3,865	-4,328	-9,087
<b>Order book, end of period</b>	<b>8,000</b>	<b>9,727</b>	<b>7,455</b>

The order intake in the first half of 2010 was DKK 4,410 million compared with DKK 4,594 million for the same period last year, and the order book was DKK 545 million higher than on 31 December 2009. The order book includes a number of large orders extending over several years.

### Acquisition of activities

With the acquisition of the company Carlo Lorentzen A/S on 1 June 2010, MT Højgaard strengthened its market coverage in North Zealand and Roskilde and Sorø.

The acquisition did not have any material effect on the Group's revenue or financial position.

### **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.

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 based on arm's length terms.

### **Outlook for 2010**

The activities in the markets in Denmark are still facing pressure and competition is still extremely fierce. We do not expect to be able to recoup the decline in revenue we experienced in the first half in the rest of 2010. We expect full-year 2010 revenue to be lower than in 2009.

In the international markets, which accounted for 33% of revenue in 2009, we are focusing on selective identification of project opportunities that match our capabilities and resources. We are tendering for many large and interesting projects. These projects are not expected to be in time to make any considerable contribution to revenue in 2010. We estimate that the level of activity in 2010 will be on a par with 2009.

Coupled with the figures reported for the first half, this means that we expect revenue in the region of DKK 8.5 billion and a pre-tax margin in the region of 1% to 2% for the year. In our most recent outlook, we forecast revenue of approx. DKK 9 billion and a pre-tax margin in the region of 2% to 3%.

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

By their nature, these expectations concerning the future financial performance are subject to uncertainties and risks that may cause the performance to differ from the expectations expressed in this report. For a description of risks and uncertainties, reference is made to the section "Risk factors" in the 2009 annual report. The significant risks and uncertainties are consistent with those described in the annual report.



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

The Board of Directors and the Executive Board have today discussed and approved the interim financial report of MT Højgaard a/s for the period 1 January – 30 June 2010.

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 30 June 2010 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 2010.

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, 30 August 2010

### **Executive Board**

Kristian May  
President and CEO

Johnny Rasmussen  
Executive Vice President,  
Finance

Jens Nyhus  
Executive Vice President

Peter Kofoed  
Executive Vice President

Thorbjørn N. Rasmussen  
Executive Vice President

### **Board of Directors**

Helge Israelsen  
Chairman

Jørgen Nicolajsen  
Deputy Chairman

Irene Chabior\*

Curt Germundsson

Hans-Henrik Hansen\*

Poul Lind

Jens Jørgen Madsen

Torsten Ask Overgaard \*

Knud Rasmussen\*

Lars Rasmussen

\*) Employee representative

## Income statement

Amounts in DKK million	2010 Q2	2009 Q2	2010 YTD	2009 YTD	2009 Year
Revenue	<b>2,106.2</b>	2,212.1	<b>3,864.6</b>	4,328.3	9,087.4
Production costs	<b>-1,963.2</b>	-2,019.6	<b>-3,612.8</b>	-3,959.3	-8,347.8
<b>Gross profit</b>	<b>143.0</b>	192.5	<b>251.8</b>	369.0	739.6
Distribution costs	<b>-45.4</b>	-42.6	<b>-80.9</b>	-74.7	-153.6
Administrative expenses	<b>-73.9</b>	-72.9	<b>-150.3</b>	-144.6	-296.5
<b>Operating profit</b>	<b>23.7</b>	77.0	<b>20.6</b>	149.7	289.5
Share of profit after tax of associates	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.3
Net financing costs	<b>-4.8</b>	5.4	<b>3.9</b>	15.3	17.0
<b>Profit before tax</b>	<b>18.9</b>	82.4	<b>24.5</b>	165.0	306.8
Income tax expense	<b>-7.8</b>	-22.6	<b>-9.4</b>	-44.5	-84.1
<b>Profit after tax</b>	<b>11.1</b>	59.8	<b>15.1</b>	120.5	222.7

## Statement of comprehensive income

Profit after tax	<b>11.1</b>	59.8	<b>15.1</b>	120.5	222.7
<b>Other comprehensive income</b>					
Foreign exchange adjustments, foreign enterprises	<b>3.5</b>	-1.2	<b>6.2</b>	-1.3	0.3
Value adjustments of hedging instruments	<b>2.6</b>	0.0	<b>2.6</b>	0.0	-5.2
Tax on other comprehensive income	<b>0.0</b>	0.0	<b>0.0</b>	0.0	0.0
Other comprehensive income after tax	<b>6.1</b>	-1.2	<b>8.8</b>	-1.3	-4.9
<b>Total comprehensive income</b>	<b>17.2</b>	58.6	<b>23.9</b>	119.2	217.8

## Balance sheet

	2010	2009	2009
Amounts in DKK million	30.06	30.06	31.12
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	124.0	94.2	108.8
Property, plant and equipment	794.5	776.0	797.5
Deferred tax assets	117.1	97.7	113.3
Other investments	19.5	22.2	16.6
<b>Total non-current assets</b>	<b>1,055.1</b>	990.1	1,036.2
<b>Current assets</b>			
Inventories	596.3	558.6	575.1
Trade receivables	1,911.3	1,893.8	2,171.5
Construction contracts in progress	249.7	499.3	383.1
Other receivables	339.7	332.3	382.3
Securities	618.2	485.2	563.4
Cash and cash equivalents	283.2	436.0	392.7
<b>Total current assets</b>	<b>3,998.4</b>	4,205.2	4,468.1
<b>Total assets</b>	<b>5,053.5</b>	5,195.3	5,504.3
<b>Equity and liabilities</b>			
Share capital	220.0	220.0	220.0
Other equity items	1,363.5	1,291.0	1,389.6
<b>Total equity</b>	<b>1,583.5</b>	1,511.0	1,609.6
<b>Non-current liabilities</b>			
Bank loans, etc.	137.1	86.7	95.7
Provisions	158.3	141.5	144.7
<b>Total non-current liabilities</b>	<b>295.4</b>	228.2	240.4
<b>Current liabilities</b>			
Bank loans, etc.	19.3	27.2	36.3
Construction contracts in progress	1,130.6	1,505.1	1,527.2
Trade payables	964.6	974.5	1,008.6
Other current liabilities	1,060.1	949.3	1,082.2
<b>Total current liabilities</b>	<b>3,174.6</b>	3,456.1	3,654.3
<b>Total liabilities</b>	<b>3,470.0</b>	3,684.3	3,894.7
<b>Total equity and liabilities</b>	<b>5,053.5</b>	5,195.3	5,504.3

## Statement of changes in equity

Amounts in DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total equity
<b>Equity at 01-01-2009</b>	220.0	0.0	1.9	1,169.9	50.0	1,441.8
Profit after tax				120.5		120.5
Other comprehensive income			-1.3			-1.3
Dividends paid					-50.0	-50.0
<b>Total changes in equity</b>	<b>0.0</b>	<b>0.0</b>	<b>-1.3</b>	<b>120.5</b>	<b>-50.0</b>	<b>69.2</b>
<b>Equity at 30-06-2009</b>	220.0	0.0	-0.6	1,290.4	0.0	1,511.0
<b>Equity at 01-01-2010</b>	220.0	-5.2	2.2	1,342.6	50.0	1,609.6
Profit after tax				15.1		15.1
Other comprehensive income		2.6	6.2			8.8
Dividends paid					-50.0	-50.0
<b>Total changes in equity</b>	<b>0.0</b>	<b>2.6</b>	<b>6.2</b>	<b>15.1</b>	<b>-50.0</b>	<b>-26.1</b>
<b>Equity at 30-06-2010</b>	220.0	-2.6	8.4	1,357.7	0.0	1,583.5

## Cash flow statement

Amounts in DKK million	2010 YTD	2009 YTD	2009 Year
Operating profit (loss)	20.6	149.7	289.5
Non-cash operating items	53.4	67.2	135.8
<b>Cash flows from operating activities before working capital changes</b>	<b>74.0</b>	<b>216.9</b>	<b>425.3</b>
Working capital changes	-65.2	169.1	60.4
<b>Cash flows from operating activities</b>	<b>8.8</b>	<b>386.0</b>	<b>485.7</b>
Net investments excl. securities	-34.2	-83.8	-159.4
Net investments in securities	-54.8	-284.3	-362.0
<b>Cash flows for investing activities</b>	<b>-89.0</b>	<b>-368.1</b>	<b>-521.4</b>
<b>Cash flows from financing activities</b>	<b>-9.7</b>	<b>-74.5</b>	<b>-69.0</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-89.9</b>	<b>-56.6</b>	<b>-104.7</b>
Cash and cash equivalents at start of period	371.7	476.4	476.4
<b>Cash and cash equivalents at end of period</b>	<b>281.8</b>	<b>419.8</b>	<b>371.7</b>