



Stock exchange announcement

28 August 2013

Page 1 of 12

MT Højgaard A/S report for 1st half 2013

Enclosed please find MT Højgaard A/S' report for 1st half 2013 (1 January – 30 June 2013), 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

Ditlev Fløistrup
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.

Interim financial report - First half 2013

The Board of Directors of MT Højgaard A/S has today discussed and approved the Group's interim financial report for the first half of 2013.

- The second-quarter operating result was a profit of DKK 25 million, as expected
- First-half financial performance matched the outlook at the start of the year. Profitability has increased, and the quality and risk profile of the order portfolio have been significantly strengthened
- In the first half the Group undertook a number of initiatives and restructuring of activities, both in relation to customers and internally, in order to ensure a sound financial development

First-half results

- First-half revenue was DKK 3.3 billion, as expected, compared with DKK 5.5 billion in the same period last year
- The second-quarter result before tax was a profit of DKK 16 million and the first-half result a loss of DKK 53 million, in line with our expectations. As expected, the results were adversely affected by a lower level of activity than last year and the weak profitability of the order portfolio at the start of the year
- The Group's financial resources totalled DKK 717 million at 30 June 2013 compared with DKK 620 million at 31 December 2012. The increase in financial resources primarily reflected the DKK 300 million capital injection in February 2013
- The equity ratio was 24.0% compared with 17.4% at the end of 2012. The increase primarily reflected the capital injection in February and a lower balance sheet total
- The order book increased by DKK 0.3 billion in the first half, standing at DKK 6.3 billion at 30 June, of which DKK 3.2 billion is for execution in 2013

Outlook for 2013

- The outlook of revenue in the region of DKK 7 billion and a small positive result before tax is reaffirmed
- The result may be impacted positively or adversely by the outcome of major disputes. The profit outlook is affected by the weak profitability of the order portfolio at the start of the year

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This announcement is available in Danish and English.

Interim financial report - First half 2013

Reg. no. 12562233

Consolidated financial highlights

DKK million	2013 Q2	2012 Q2	2013 YTD	2012 YTD	2012 Year
Income statement					
Revenue	1,771	3,011	3,282	5,503	9,735
Operating profit (loss) (EBIT)	25	4	-45	-147	-507
Net finance costs and profit (loss) of associates	-9	6	-8	5	-5
Profit (loss) before tax	16	10	-53	-142	-512
Profit (loss) after tax	-11	-1	-68	-117	-512
Balance sheet					
Share capital			520	220	220
Equity			1,011	1,169	771
Balance sheet total			4,213	5,418	4,433
Interest-bearing deposit/debt (+/-)			-137	107	-190
Invested capital			1,148	1,061	961
Cash flows					
Cash flows from operating activities			-229	141	-142
Cash flows for investing activities:					
<i>Net investments excl. securities</i>			-17	-24	-9
<i>Net investments in securities</i>			-7	-4	-4
Cash flows from financing activities			344	-6	-44
Net increase (decrease) in cash and cash equivalents			91	107	-199
Financial ratios (%)					
Gross margin	7.3	3.5	4.8	1.4	-0.6
Operating margin (EBIT margin)	1.4	0.1	-1.4	-2.7	-5.2
Pre-tax margin	0.9	0.3	-1.6	-2.6	-5.3
Return on invested capital (ROIC) *			-3.8	-12.4	-44.9
Return on invested capital after tax (ROIC) *			-6.3	-10.2	-44.9
Return on equity (ROE) *			-5.9	-9.5	-49.7
Equity ratio			24.0	21.6	17.4
Other information					
Order book, end of period			6,316	7,036	6,042
Average number of employees			4,237	4,814	4,688

The interim financial statements have 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 the 2012 annual report (note 1) apart from the fact that, with effect from 1 January 2013, we have implemented the standards and interpretations that became effective for 2013. These have not had any impact on recognition and measurement for the MT Højgaard Group. Accounting estimates and judgements have been accounted for in the same way as in the 2012 annual report (note 2), to which reference is made.

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 2012 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

First-half 2013 financial performance matched expectations. The full-year outlook of revenue in the region of DKK 7 billion and a small positive result before tax is reaffirmed.

In the first half the Group undertook a number of initiatives and restructuring of activities, both in relation to customers and internally. Organisation, efficiency improvements and risk management have been areas of particular focus.

Efforts have centred on the following:

- The way in which individual projects are managed has been improved, including a clearer division of responsibilities and closer monitoring than previously
- More stringent profitability requirements in connection with the contracting of new projects have been introduced, partly by changing the way in which tendering processes are organised
- A clearer policy for and close monitoring of the risk composition of the overall project portfolio have been introduced
- A general reduction of the company's costs has been put in place
- A clear management structure has been established, with a clearer division of responsibilities and new appointees in a whole series of management positions
- A programme for serving key customers has been established, encompassing close and extensive cooperation as appropriate
- The use of digital solutions has been strengthened, in the dialogue with customers, potential customers and business partners as well as internally, with a view to transparency and common understanding of projects and efficient performance
- The internal coordination of project pipelines in the Group's entities has been improved

The effect of the initiatives put in place has begun to filter through in the form of increased profitability in both the day-to-day operations and the contracting of new orders. The effect will become increasingly evident as previously contracted orders are completed.

In addition, more initiatives and restructuring are being prepared to strengthen the Group's market position and profitability still further.

The financial ambition is a pre-tax margin of 5% in the longer term. The work on the new Group strategy is proceeding to plan, and we still expect the strategy to be adopted in autumn 2013. The focus for the strategy work is the target of a pre-tax margin of 5% and preparing the Group for separate listing.

Income statement

Second-quarter revenue was DKK 1.8 billion. Overall revenue for the first half was DKK 3.3 billion compared with DKK 5.5 billion in the same period last year. The lower revenue was expected and reflected the fact that the business area Offshore has no orders for execution in 2013, coupled with the initiatives referred to above, which affect the whole Group and result in a lower level of activity, but higher profitability.

A breakdown of revenue is given below:

Revenue – DKK million	2013 YTD	2012 YTD	2012 Year
Civil Works	303	474	843
Construction	1,453	1,824	3,471
International	186	501	843
Offshore	4	1,126	1,395
Project Development	19	136	268
Steel Bridges	135	177	367
Subsidiaries and jointly controlled entities, total	1,530	1,665	3,331
Eliminations, Group	-348	-400	-783
Group	3,282	5,503	9,735

As expected, the second-quarter operating result was a profit of DKK 25 million and profit before tax was DKK 16 million. The first-half result before tax was a loss of DKK 53 million, in line with expectations, and DKK 89 million ahead of the same period in 2012. As expected, the result was affected by the lower level of activity in the first quarter and the weak profitability of previously contracted projects. The first-half pre-tax margin was -1.6% compared with -2.6% in the same period in 2012.

The overall financial performance of the six business areas matched expectations:

- The level of activity in Civil Works is still below expectations, which also led to a result below expectations
- Construction exceeded expectations, both in terms of revenue and profit
- International delivered revenue ahead of expectations, whereas the operating result was poorer than expected due to a few minor downward adjustments in the first quarter
- The level of activity in Offshore is currently very low, as expected. However, this business area's result was slightly better than expected. Tendering activity is high
- Project Development did not deliver the expected revenue because of the postponement of several projects until later in the year. The result was consequently lower than expected
- Revenue in Steel Bridges continues to be down on expectations. The operating result matched expectations

Overall, subsidiaries and jointly controlled entities delivered slightly lower revenue than expected and profit in line with expectations, making a positive contribution to the consolidated result.

In June 2013, the Danish Parliament (Folketinget) adopted the so-called 'growth package'. One of the consequences of this is a gradual reduction of the income tax rate from 25% to 22% in 2016. This will reduce the value of the Group's deferred tax asset by DKK 20 million, which was expensed in the second quarter. Income tax expense for the first half consequently depressed profit for the period by DKK 15 million, making the result after tax a loss of DKK 68 million compared with a loss of DKK 117 million in the same period in 2012.

Balance sheet

The balance sheet total stood at DKK 4.2 billion at 30 June, which was a DKK 0.2 billion reduction compared with 31 December 2012 and a DKK 1.2 billion reduction compared with 30 June 2012. The lower balance sheet total was partly due to a lower level of activity and a focused effort to reduce the balance sheet total.

Equity stood at DKK 1.0 billion at 30 June 2013. Besides the result for the period, equity was affected by the DKK 300 million capital increase in February 2013. The equity ratio was 24.0% compared with 17.4% at the end of 2012.

Interest-bearing net debt was DKK 137 million at 30 June 2013 compared with DKK 190 million at 31 December 2012. The decrease reflected the DKK 300 million capital injection, which was offset by increased funds tied up in working capital.

Invested capital stood at DKK 1,148 million at 30 June 2013, an increase of DKK 187 million on 31 December 2012, reflecting the above factors.

No significant news has transpired during the period in relation to the major disputes, including the projects in the Offshore area completed in previous years. It is still our opinion that we are generally in a strong position in these cases, but that there is always a risk attached to the process in such cases.

Cash flows and financial resources

Operating activities generated a cash outflow of DKK 229 million in the first half compared with an inflow of DKK 141 million in the same period in 2012. The first-half operating cash outflow reflected the lower level of activity and the resulting decrease in financing from construction contracts in progress and production from previously contracted orders with low or zero earnings, as well as cash resources for settlement of disputes and provisions for old warranty cases.

Investing activities absorbed cash of DKK 24 million, of which DKK 7 million related to the net purchase of short-term securities. In the same period last year, investing activities absorbed DKK 28 million.

There was a cash inflow of DKK 344 million from financing activities, made up of the DKK 300 million capital injection and a DKK 44 million increase in non-current debt. In the same period last year, financing activities absorbed DKK 6 million.

There was a DKK 87 million net decrease in cash and cash equivalents at 30 June 2013 compared with a decrease of DKK 178 million at 31 December 2012.

The Group's financial resources totalled DKK 717 million at 30 June 2013 compared with DKK 620 million at 31 December 2012. The increase was mainly due to the net effect of the DKK 300 million capital increase less increased funds tied up in working capital. Financial resources are calculated as cash, including cash and cash equivalents in joint ventures and jointly controlled entities, securities and undrawn credit facilities. Of the total financial resources, DKK 428 million is available for use by MT Højgaard A/S. The financial resources are satisfactory in view of the expected level of activity.

Order book

The order book stood at DKK 6,316 million at 30 June. The order book showed a positive trend, growing by DKK 274 million compared with the end of 2012. The profitability of the order book

was higher than at the end of 2012, as expected, partly reflecting the introduction of more stringent profitability requirements in connection with the contracting of new projects and the realisation of old orders with lower profitability.

Order book - DKK million	2013 YTD	2012 YTD	2012 Year
Order book, beginning of period	6,042	8,751	8,751
Order intake during period	3,556	3,788	7,026
Production during period	-3,282	-5,503	-9,735
Order book, end of period	6,316	7,036	6,042

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 according to an agreement between the shareholders.

In February 2013, the owners increased MT Højgaard A/S's share capital by DKK 300 million in the form of a cash injection. In addition, normal management remuneration was paid and intragroup transactions were eliminated in the consolidated financial statements. Transactions between MT Højgaard A/S and consolidated enterprises are on an arm's length basis.

Management information

Egil Mølsted Madsen will take up the post of CFO on 1 September 2013. MT Højgaard's Executive Board will consequently consist of President and CEO Torben Biilmann, CFO Egil Mølsted Madsen and COO Søren Ulslev.

Outlook for 2013

The order book stood at DKK 6.3 billion at 30 June 2013, of which DKK 3.2 billion is for execution in 2013. There have been no developments in the period under review that change our expectations concerning the full-year level of activity.

The outlook of revenue in the region of DKK 7 billion with a small positive result before tax is therefore reaffirmed. The profit outlook is affected by previously contracted orders with low or zero earnings, some of which carry over into 2014.

The result may be impacted positively or adversely by the outcome of major disputes.

We expect that the Group's effective tax rate will exceed the Danish tax rate and, furthermore, as already mentioned, will be affected by the DKK 20 million reduction in the value of the deferred tax asset resulting from the reduction of the income tax rate. We also expect to maintain financial resources for the year in the form of cash and cash equivalents, securities and credit facilities at a satisfactory level.

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 uncertainty factors, reference is made to note 2 in the 2012 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 2013.

The interim financial statements have 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 2013 and of the results of the Group's operations and cash flows for the financial period 1 January – 30 June 2013.

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, 28 August 2013

Executive Board

Torben Biilmann
President and CEO

Søren Ulslev
COO

Board of Directors

Søren Bjerre-Nielsen
Chairman

Niels Lykke Graugaard
Deputy Chairman

Irene Chabior *

Curt Germundsson

Vinnie Sunke Heimann*

Jens Jørgen Madsen

Jørgen Nicolajsen

Lars Rasmussen

John Sommer*

*) Employee representative

Consolidated income statement and statement of comprehensive income

DKK million	2013 Q2	2012 Q2	2013 YTD	2012 YTD	2012 Year
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Consolidated income statement

Revenue	1,770.9	3,010.5	3,282.2	5,502.7	9,734.7
Production costs	-1,641.1	-2,903.9	-3,125.1	-5,427.6	-9,797.8
Gross profit (loss)	129.8	106.6	157.1	75.1	-63.1
Distribution costs	-29.2	-34.1	-56.0	-65.3	-126.3
Administrative expenses	-75.2	-68.5	-145.6	-156.6	-317.8
Operating profit (loss)	25.4	4.0	-44.5	-146.8	-507.2
Share of profit (loss) after tax of associates	0.9	0.0	1.2	0.3	1.3
Net finance costs	-10.2	6.0	-9.4	4.8	-5.8
Profit (loss) before tax	16.1	10.0	-52.7	-141.7	-511.7
Income tax expense	-27.4	-11.0	-14.8	25.2	0.0
Profit (loss) after tax	-11.3	-1.0	-67.5	-116.5	-511.7

Consolidated statement of comprehensive income

Profit (loss) after tax	-11.3	-1.0	-67.5	-116.5	-511.7
Other comprehensive income					
<i>Items that may be reclassified to the income statement:</i>					
Foreign exchange adjustments, foreign enterprises	1.6	-1.4	1.5	-1.8	-3.4
Value adjustments of hedging instruments in associates	4.7	-5.3	6.4	-2.3	-3.2
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Other comprehensive income after tax	6.3	-6.7	7.9	-4.1	-6.6
Total comprehensive income	-5.0	-7.7	-59.6	-120.6	-518.3

Consolidated balance sheet

	2013	2012	2012
DKK million	30.06	30.06	31.12
Assets			
Non-current assets			
Intangible assets	148.8	125.0	148.1
Property, plant and equipment	621.1	709.8	642.8
Deferred tax assets	339.2	292.1	338.0
Other investments	13.2	13.9	13.8
Total non-current assets	1,122.3	1,140.8	1,142.7
Current assets			
Inventories	680.9	748.5	685.1
Trade receivables	1,643.2	2,049.9	1,860.8
Construction contracts in progress	233.6	567.5	166.7
Other receivables	163.6	352.1	227.1
Securities	171.2	162.7	164.8
Cash and cash equivalents	198.3	396.1	185.7
Total current assets	3,090.8	4,276.8	3,290.2
Total assets	4,213.1	5,417.6	4,432.9
Equity and liabilities			
Share capital	520.0	220.0	220.0
Other equity items	491.2	948.5	550.8
Total equity	1,011.2	1,168.5	770.8
Non-current liabilities			
Bank loans, etc.	185.4	161.5	138.3
Deferred tax liabilities	12.2	4.8	12.2
Provisions	259.5	265.3	258.7
Total non-current liabilities	457.1	431.6	409.2
Current liabilities			
Bank loans, etc.	320.7	290.0	402.4
Construction contracts in progress	710.1	1,194.6	874.0
Trade payables	1,040.4	1,635.0	1,043.0
Other current liabilities	673.6	697.9	933.5
Total current liabilities	2,744.8	3,817.5	3,252.9
Total liabilities	3,201.9	4,249.1	3,662.1
Total equity and liabilities	4,213.1	5,417.6	4,432.9

Consolidated statement of changes in equity

DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total equity
Equity at 01-01-2012	220.0	-27.8	3.9	1,093.0	0.0	1,289.1
Profit (loss) after tax				-116.5		-116.5
Other comprehensive income		-2.3	-1.8			-4.1
Dividends paid						0.0
Total changes in equity	0.0	-2.3	-1.8	-116.5	0.0	-120.6
Equity at 30-06-2012	220.0	-30.1	2.1	976.5	0.0	1,168.5
Equity at 01-01-2013	220.0	-31.0	0.5	581.3	0.0	770.8
Capital increase in February 2013	300.0					300.0
Profit (loss) after tax				-67.5		-67.5
Other comprehensive income		6.4	1.5			7.9
Total changes in equity	300.0	6.4	1.5	-67.5	0.0	240.4
Equity at 30-06-2013	520.0	-24.6	2.0	513.8	0.0	1,011.2

Consolidated statement of cash flows

DKK million	2013 YTD	2012 YTD	2012 Year
Operating profit (loss)	-44.5	-146.8	-507.2
Adjustments in respect of non-cash operating items, etc.	44.8	83.3	320.9
Cash flows from operating activities before working capital	0.3	-63.5	-186.3
Working capital changes	-228.8	204.7	44.5
Cash flows from operating activities	-228.5	141.2	-141.8
Net investments excl. securities	-17.3	-23.6	-8.7
Net investments in securities	-6.9	-4.0	-3.9
Cash flows for investing activities	-24.2	-27.6	-12.6
Cash flows from financing activities	343.8	-6.2	-44.5
Net increase (decrease) in cash and cash equivalents	91.1	107.4	-198.9
Cash and cash equivalents at start of period	-177.8	21.1	21.1
Cash and cash equivalents at end of period	-86.7	128.5	-177.8

Fair value measurement of financial instruments

The disclosure requirements relevant to the MT Højgaard Group in relation to financial instruments recognised at fair value are set out below.

The methods used to determine the fair value of financial instruments are unchanged compared with the 2012 annual report.

Securities are valued based on quoted prices (Level 1). Fair value and carrying amount stood at DKK 171.2 million at the end of the period.

Derivative instruments comprise forward exchange contracts, which are valued at observable prices (Level 2). Fair value and carrying amount stood at DKK 3.7 million at the end of the period.

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 the levels in the first half of 2013.