

Stock exchange announcement

30 August 2011

Page 1 of 12

## MT Højgaard A/S

Enclosed please find MT Højgaard A/S' report for 1<sup>st</sup> half 2011 (January 1 – June 30, 2011), 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.

30 August 2011

## **Interim financial report – First half 2011 (1/1 – 30/06 2011)**

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 2011.

### **First-half 2011 results**

- First-half revenue was DKK 4.3 billion, up 12% on the same period last year
- The result before tax was a loss of DKK 21 million compared with profit before tax of DKK 25 million for the same period in 2010
- The pre-tax margin was -0.5% versus 0.6% in the same period in 2010
- The operating result was in line with expectations, whereas net finance costs were DKK 11 million, which did not match expectations, reflecting foreign exchange and capital losses and higher interest expense
- Operating activities absorbed DKK 530 million, partly reflecting a large amount of capital tied up in offshore projects. Funds tied up in these projects were reduced considerably in July

### **Outlook for 2011 reaffirmed**

- Revenue for 2011 is expected to be approximately DKK 9.5 billion, reaffirming the latest announcement
- The full-year pre-tax margin is expected to be around 1%, reaffirming the latest announcement
- The order book stood at DKK 9.1 billion at the end of the first half compared with DKK 9.2 billion at the start of the year and DKK 8.0 billion at the same time last year
- Cash flows from operating activities are expected to be positive

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This announcement is available in Danish and English.

30 August 2011

## Consolidated financial highlights

Amounts in DKK million	2011 Q2	2010 Q2	2011 YTD	2010 YTD	2010 Year
<b>Income statement</b>					
Revenue	2,187	2,106	4,330	3,865	8,303
Operating profit (loss) (EBIT)	1	24	-10	21	94
Net finance costs and profit (loss) of associates	-4	-5	-12	4	7
Profit (loss) before tax	-3	19	-21	25	100
Profit (loss) after tax	-4	11	-20	15	61
<b>Balance sheet</b>					
Share capital			220	220	220
Equity			1,549	1,584	1,618
Balance sheet total			5,332	5,054	4,698
Interest-bearing deposit/debt (+/-)			-317	745	337
Invested capital			1,886	839	1,281
<b>Cash flows</b>					
Cash flows from operating activities			-530	9	-328
Cash flows for investing activities:					
<i>Net investments excl. securities</i>			-73	-34	-99
<i>Net investments in securities</i>			82	-55	337
Cash flows from financing activities			8	-10	-23
<b>Net increase (decrease) in cash and cash equivalents</b>			<b>-513</b>	<b>-90</b>	<b>-113</b>
<b>Financial ratios (%)</b>					
Gross margin	4.4	6.8	4.3	6.5	6.5
Operating margin (EBIT margin)	0.1	1.1	-0.2	0.5	1.1
Pre-tax margin	-0.1	0.9	-0.5	0.6	1.2
Return on invested capital (ROIC) *			-0.6	2.4	8.7
Return on equity (ROE) *			-1.3	0.9	3.8
Equity ratio			29.0	31.3	34.5
<b>Other information</b>					
Order book, year end			9,114	8,000	9,222
Average number of employees			4,809	5,355	5,217

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 2010 annual report, with the following exceptions: IFRSs and IFRICs with an effective date of 1 January 2011, including IAS 24, amendments to IFRIC 14 and improvements to IFRSs (May 2010), have been implemented. The new accounting standards and interpretations have not had any effect on recognition and measurement.

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 2010 annual report.

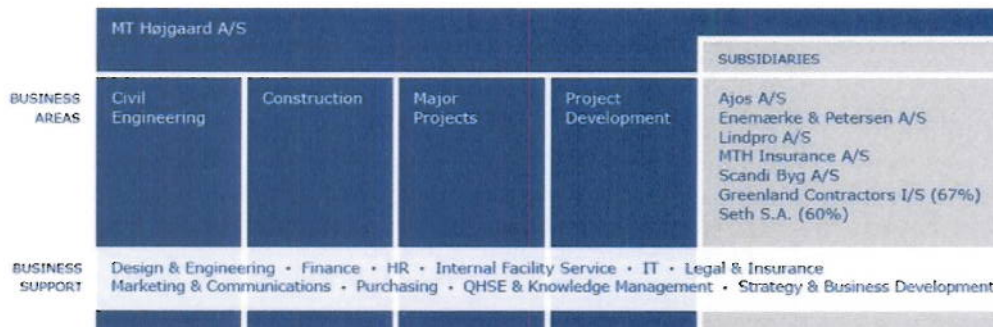
The interim financial report has not been audited or reviewed by the company's auditor.

\*) Not converted to full-year figures.

30 August 2011

## Management's review

### Group diagram



The Group is organised into four business areas, separate subsidiaries and 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 selected special projects in Denmark and internationally, while Project Development develops projects for or together with investors and clients, primarily in Denmark.

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

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

The activities of the MT Højgaard Group's core business will be brought together in the two focused business areas Civil Engineering and Construction on 1 October. This means that the existing business area Major Projects will be integrated into Civil Engineering, while Project Development will become an entity within the business area Construction.



30 August 2011

## Income statement

Second-quarter consolidated revenue was DKK 2.2 billion, in line with the same period last year. First-half revenue was DKK 4.3 billion, up 12% on the same period last year. Revenue matched expectations.

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

Revenue - DKK million	2011 YTD	2010 YTD	2010 Year
Civil Engineering	1,665	1,117	2,401
Construction	1,456	1,239	2,678
Major Projects	95	155	346
Project Development	5	7	110
Subsidiaries and jointly controlled entities	1,447	1,519	3,199
Eliminations/others	-338	-172	-431
<b>MT Højgaard</b>	<b>4,330</b>	<b>3,865</b>	<b>8,303</b>

The second-quarter operating result was a profit of DKK 1 million compared with a profit of DKK 24 million in the second quarter of 2010. The first-half operating result was a loss of DKK 10 million, in line with expectations, but DKK 30 million less than last year. The lower first-half 2011 operating result, despite the increase in revenue, was partly a reflection of the lower profitability on the order book as a consequence of fiercer competition and price pressure in the market.

Net finance costs amounted to DKK 11 million versus net income of DKK 4 million in the same period last year. A large proportion of net finance costs, which were higher than expected, was due to foreign exchange losses on receivables due to the falling USD rate, capital losses on the bond portfolio due to the rising interest rate level, and interest expense due to cash and cash equivalents being lower than expected.

The first-half result before tax was a loss of DKK 21 million, a decline of DKK 45 million on the same period last year. The result did not match expectations, as explained above. The pre-tax margin was therefore -0.5% versus 0.6% in the same period in 2010.

Income tax expense amounted to income of DKK 1 million.

Accordingly, the result after tax was a loss of DKK 20 million compared with profit of DKK 15 million in the same period last year.

30 August 2011

**Balance sheet**

The consolidated balance sheet total at 30 June 2011 was DKK 5,332 million, an increase of DKK 634 million on the end of 2010, primarily reflecting a considerable increase in trade receivables and a higher net value of construction contracts in progress, including contracts that are recognised for accounting purposes as inventories until they are handed over.

Equity stood at DKK 1,549 million at 30 June 2011, giving an equity ratio of 29.0% compared with 34.5% at the end of 2010. Besides the loss for the period, equity was affected by dividend of DKK 50 million paid for 2010.

In 2011, the net interest-bearing deposit/debt has been reduced by DKK 654 million to DKK -317 million primarily to finance the above increase in receivables and higher net value of work in progress.

**Cash flows and financial resources**

Operating activities absorbed DKK 530 million compared with a cash inflow of DKK 9 million in the same period last year. The movements in the period should be viewed in the context of the above financing of the increase in receivables and higher net value of work in progress, which reflected, in particular, an unusually high proportion of funds tied up in offshore projects.

Funds tied up in these projects have subsequently been considerably reduced, and capital tied up in the net value of work in progress and receivables is expected to be reduced still further during the year. At the same time, expected sales of properties from the project development portfolio will provide additional cash flows. Full-year cash flows from operating activities are therefore expected to be positive.

Cash flows for investing activities amounted to an inflow of DKK 9 million, of which DKK 82 million related to a net sale of short-term securities. In the same period last year, investing activities absorbed DKK 89 million.

Financing activities generated a cash inflow of DKK 8 million compared with a cash outflow of DKK 10 million in the same period last year.

Cash and cash equivalents decreased by DKK 513 million net in the first half compared with DKK 90 million in the same period last year.

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 565 million at 30 June 2011.

30 August 2011

## Order book

The order book stood at DKK 9,114 million at the start of the third quarter compared with DKK 9,222 million at the start of the year and DKK 8.0 billion at the same time last year.

<b>Order book - DKK million</b>	<b>2011 YTD</b>	<b>2010 YTD</b>	<b>2010 Year</b>
Order book, beginning of period	9,222	7,455	7,455
Order intake during period	4,234	4,410	10,070
Production during period	-4,342	-3,865	-8,303
<b>Order book, end of period</b>	<b>9,114</b>	<b>8,000</b>	<b>9,222</b>

The order intake in the first half of 2011 was DKK 4,234 million, in line with the same period last year. The order book was DKK 9,114 million, in line with the order book at 31 December 2010, but DKK 1,114 million higher than at the same date last year. 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

On 1 October, Peter Kofoed, COO, will become CEO of Greenland Contractors, whose existing CEO, Steen Groth Clausen, will be retiring. As a consequence of this, Peter Kofoed will be stepping down from MT Højgaard's Group Executive Board, which will subsequently consist of: Kristian May, President and CEO; Johnny Rasmussen, CFO; Jens Nyhus, COO; and Thorbjørn Rasmussen, COO.



30 August 2011

## **Outlook for 2011**

The development since the presentation of the 2010 annual report has not led to any major changes in our outlook concerning the level of activity or market development for 2011.

Despite competition in the Danish market remaining intense, we have succeeded in selectively raising our requirements concerning the contribution ratios in selected areas.

In the international markets, which accounted for 31% of revenue in 2010, competition is expected to remain intense.

As a result of the financial performance in 2011 and the outlook, we have aligned the structure of our business areas and aligned Business Support to the business areas' needs. These changes are not expected to have a positive effect on financial performance until the coming year.

When identifying new projects we focus on the profitability and cash flow of the projects within the framework of our risk management. Based on our order book and the market outlook at the start of the third quarter, we still expect revenue for 2011 to be in the region of DKK 9.5 billion.

Focus and targeted risk management will continue to be key to securing satisfactory earnings.

We still expect to achieve a full-year pre-tax margin of around 1%. Compared with the first-half result, the expected second-half result is affected by, among other factors, the expected continued positive revenue trend in the second half and the raised contribution ratio requirements.

We expect the Group's effective tax rate to be at a higher level than the Danish income tax rate, but at a lower level than in 2010.

We expect full-year cash flows from operating activities to be positive and financial resources in the form of cash and cash equivalents, securities and credit facilities to be satisfactory.

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 'Risk factors' section in the 2010 annual report. The significant risks and uncertainties are consistent with those described in the annual report.



30 August 2011

**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 2011.

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 2011 and of the results of the Group's operations and cash flows for the period 1 January - 30 June 2011.

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 2011

**Executive Board**

Kristian May  
President and CEO

Johnny Rasmussen  
CFO

Jens Nyhus  
COO

Peter Kofoed  
COO

Thorbjørn N. Rasmussen  
COO

**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

30 August 2011

## Consolidated income statement

Amounts in DKK million	2011 Q2	2010 Q2	2011 YTD	2010 YTD	2010 Year
Revenue	2,186.5	2,106.2	4,330.2	3,864.6	8,303.4
Production costs	-2,090.0	-1,963.2	-4,142.9	-3,612.8	-7,762.8
<b>Gross profit</b>	<b>96.5</b>	143.0	<b>187.3</b>	251.8	540.6
Distribution costs	-31.5	-45.4	-69.7	-80.9	-165.9
Administrative expenses	-63.8	-73.9	-127.3	-150.3	-281.1
<b>Operating profit (loss)</b>	<b>1.2</b>	23.7	<b>-9.7</b>	20.6	93.6
Share of profit after tax of associates	0.5	0.0	0.9	0.0	2.5
Net finance costs	-4.4	-4.8	-12.4	3.9	4.1
<b>Profit (loss) before tax</b>	<b>-2.7</b>	18.9	<b>-21.2</b>	24.5	100.2
Income tax expense	-1.6	-7.8	1.1	-9.4	-38.8
<b>Profit (loss) after tax</b>	<b>-4.3</b>	11.1	<b>-20.1</b>	15.1	61.4

## Consolidated statement of comprehensive income

Profit (loss) after tax	-4.3	11.1	-20.1	15.1	61.4
<b>Other comprehensive income</b>					
Foreign exchange adjustments, foreign enterprises	0.5	3.5	-0.7	6.2	1.8
Share of other comprehensive income of associates	-1.3	2.6	1.1	2.6	-4.4
Tax on other comprehensive income	0.0	0.0	0.0	0.0	0.0
Other comprehensive income after tax	-0.8	6.1	0.4	8.8	-2.6
<b>Total comprehensive income</b>	<b>-5.1</b>	17.2	<b>-19.7</b>	23.9	58.8

30 August 2011

## Consolidated balance sheet

Amounts in DKK million	2011 30.06	2010 30.06	2010 31.12
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	121.9	124.0	123.2
Property, plant and equipment	818.2	794.5	816.8
Deferred tax assets	146.2	117.1	128.5
Other investments	21.0	19.5	11.3
<b>Total non-current assets</b>	<b>1,107.3</b>	<b>1,055.1</b>	<b>1,079.8</b>
<b>Current assets</b>			
Inventories	831.1	596.3	660.0
Trade receivables	2,088.1	1,911.3	1,578.1
Construction contracts in progress	739.9	249.7	497.5
Other receivables	279.7	339.7	329.1
Securities	141.7	618.2	225.8
Cash and cash equivalents	144.5	283.2	327.2
<b>Total current assets</b>	<b>4,225.0</b>	<b>3,998.4</b>	<b>3,617.7</b>
<b>Total assets</b>	<b>5,332.3</b>	<b>5,053.5</b>	<b>4,697.5</b>
<b>Equity and liabilities</b>			
Share capital	220.0	220.0	220.0
Other equity items	1,328.7	1,363.5	1,398.4
<b>Total equity</b>	<b>1,548.7</b>	<b>1,583.5</b>	<b>1,618.4</b>
<b>Non-current liabilities</b>			
Bank loans etc.	188.2	137.1	129.2
Provisions	199.6	158.3	188.9
<b>Total non-current liabilities</b>	<b>387.8</b>	<b>295.4</b>	<b>318.1</b>
<b>Current liabilities</b>			
Bank loans etc.	415.4	19.3	86.3
Construction contracts in progress	840.1	1,130.6	705.6
Trade payables	1,146.8	964.6	940.2
Other current liabilities	993.5	1,060.1	1,028.9
<b>Total current liabilities</b>	<b>3,395.8</b>	<b>3,174.6</b>	<b>2,761.0</b>
<b>Total liabilities</b>	<b>3,783.6</b>	<b>3,470.0</b>	<b>3,079.1</b>
<b>Total equity and liabilities</b>	<b>5,332.3</b>	<b>5,053.5</b>	<b>4,697.5</b>



30 August 2011

## 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 01-01-2010</b>	<b>220.0</b>	<b>-5.2</b>	<b>2.2</b>	<b>1,342.6</b>	<b>50.0</b>	<b>1,609.6</b>
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>	<b>220.0</b>	<b>-2.6</b>	<b>8.4</b>	<b>1,357.7</b>	<b>0.0</b>	<b>1,583.5</b>
<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				-20.1		-20.1
Other comprehensive income		1.1	-0.7			0.4
Dividends paid					-50.0	-50.0
<b>Total changes in equity</b>	<b>0.0</b>	<b>1.1</b>	<b>-0.7</b>	<b>-20.1</b>	<b>-50.0</b>	<b>-69.7</b>
<b>Equity at 30-06-2011</b>	<b>220.0</b>	<b>-8.5</b>	<b>3.3</b>	<b>1,333.9</b>	<b>0.0</b>	<b>1,548.7</b>

## Consolidated statement of cash flows

Amounts in DKK million	2011 YTD	2010 YTD	2010 Year
Operating profit (loss)	-9.7	20.6	93.6
Non-cash operating items	66.5	53.4	131.4
<b>Cash flows from operating activities before working capital changes</b>	<b>56.8</b>	<b>74.0</b>	<b>225.0</b>
Working capital changes	-587.0	-65.2	-553.3
<b>Cash flows from operating activities</b>	<b>-530.2</b>	<b>8.8</b>	<b>-328.3</b>
Net investments excl. securities	-72.8	-34.2	-98.9
Net investments in securities	82.2	-54.8	336.6
<b>Cash flows for investing activities</b>	<b>9.4</b>	<b>-89.0</b>	<b>237.7</b>
<b>Cash flows from financing activities</b>	<b>8.3</b>	<b>-9.7</b>	<b>-22.7</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-512.5</b>	<b>-89.9</b>	<b>-113.3</b>
Cash and cash equivalents at start of period	258.4	371.7	371.7
<b>Cash and cash equivalents at end of period</b>	<b>-254.1</b>	<b>281.8</b>	<b>258.4</b>