

13.05.15  
Stock Exchange Announcement No. 9, 2015

## **MT Højgaard A/S – Q1 2015**

Enclosed please find the interim financial report from MT Højgaard A/S about the activities during 1 January – 31<sup>st</sup> March 2015.

For your information Monberg & Thorsen A/S owns 46% of the shares in MT Højgaard A/S.

The announcement can also be viewed on [www.monthor.com](http://www.monthor.com)

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

Yours faithfully  
MONBERG & THORSEN A/S

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Knud Højgaards Vej 9  
DK-2860 Søborg



**MT Højgaard Group**  
**Interim financial report –**  
**First quarter 2015**

# Summary

## Financial results for the first quarter of 2015

### Increasing order intake

**DKK 1,262 million**

Based on core projects

### Lower order book

**DKK 6,064 million**

With stable profitability

### Increasing revenue

**DKK 1.7 billion**

As expected

### Operating profit before special items /EBIT

**DKK 50 million**

Turnaround proceeding as planned

### Stable operating cash flows

**DKK 79 million**

A satisfactory level

Expectations are unchanged

### Revenue

**DKK 7.0-7.5 billion**

### Operating profit before special items

**DKK 300-375 million**

### Operating margin before special items

**4-5%**

### Special items

Subject to the ruling in favour of MT Højgaard in the Robin Rigg appeal case not being appealed, special items will amount to approx. DKK 195 million.

## Contact

Torben Biilmann  
President and CEO  
Tel. +45 2270 9020

# Consolidated financial highlights

Amounts in DKK million	2015	2014	2014
	Q1	Q1	Year
<b>Income statement</b>			
Revenue	1,656	1,533	6,979
Gross profit	178	83	693
Operating profit (loss) before special items	50	-30	207
Special items*	-	-195	-408
EBIT	50	-225	-201
Profit (loss) before tax	80	-223	-186
Profit (loss) after tax	62	-216	-252
<b>Cash flows</b>			
Cash flows from operating activities	79	151	428
<i>Purchase of property, plant and equipment</i>	-40	-33	-106
<i>Other investments, incl. investments in securities</i>	-5	15	67
Cash flows from investing activities	-45	-18	-39
Cash flows from operating and investing activities	34	133	389
<b>Balance sheet</b>			
Non-current assets	1,051	1,143	1,028
Current assets	2,445	2,697	2,618
Equity	861	952	822
Non-current liabilities	305	531	429
Current liabilities	2,330	2,357	2,395
Total equity and liabilities	3,496	3,840	3,646
<b>Other information</b>			
Order intake	1,262	814	5,892
Order book, end of period	6,064	6,826	6,458
Working capital	-484	-260	-510
Net interest-bearing deposit/debt (+/-)	285	267	387
Invested capital, end of period	576	685	435
Average number of employees	4,028	3,951	3,846
<b>Financial ratios</b>			
Gross margin (%)	10.7	5.4	9.9
Operating margin before special items (%)	3.0	-1.9	3.0
EBIT margin (%)	3.0	-14.7	-2.9
Pre-tax margin (%)	4.8	-14.5	-2.7
Return on equity (ROE) (%)	8.1	-25.5	-31.9
Equity ratio (%)	24.6	24.8	22.5

\*) Special items represent the impact on profit of old offshore litigation cases. 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 2014 annual report. Working capital is defined as net working capital excluding sites for sale.

# Operating review

## Operations continue to improve

The many initiatives put in place in recent years in connection with turning MT Højgaard around have been successful. Quality orders continue to flow in and profitability on the order book has now been stabilised at a satisfactory level. Efficiency is gradually increasing in all the Group’s activities and the operating result is improving.

In general, the market is stable, and a modest improvement is expected for 2015. Demand is particularly strong for infrastructure projects, construction for the health sector, construction of new head offices and refurbishment of residential property.

The MT Højgaard Group is one of the leading players in the construction and civil engineering industry in the Nordic countries. The Group’s activities cover construction, civil works and services.

CONSTRUCTION	CIVIL WORKS	SERVICES

The Group estimates that the Danish professional construction and civil works market will total around DKK 170 billion in 2015. A little over half of this market is considered to be relevant to the Group’s companies.

## Construction

The MT Højgaard Group develops, constructs and refurbishes private and public-sector buildings, primarily in Denmark, but also in Norway.

The Group anticipates a small increase in the level of construction activity in Denmark in 2015. In refurbishment, in particular, many relevant projects are expected to be put out to tender. The market is intensively competitive.

Contracts won by Enemærke & Petersen in the first quarter included an extensive project with a value of approx. DKK 400 million for the refurbishment of 900 dwellings in Herlev and a social housing refurbishment project in Ballerup with a value of DKK 230 million.

The MT Højgaard company signed contracts for several small projects but because of time-consuming approval processes at customers several major contracts have yet to be booked as orders even though they have actually

been awarded. In the first quarter, focus was on the construction of head offices for Nordea and Bestseller, the finishings to 17 metro stations on the coming Cityring metro line and a Psychiatric hospital in Vejle. Musikens Hus in Aalborg, built by MT Højgaard, was awarded the ‘Building of the Year 2014’ prize during the first quarter.

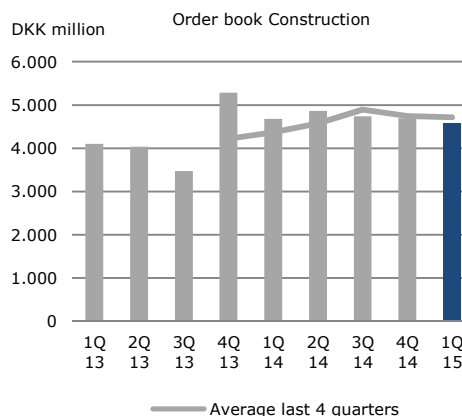
MT Højgaard’s construction businesses enjoyed a stable level of activity during the period and operating results in line with expectations.

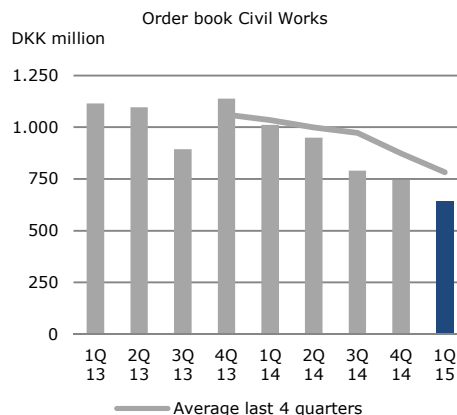
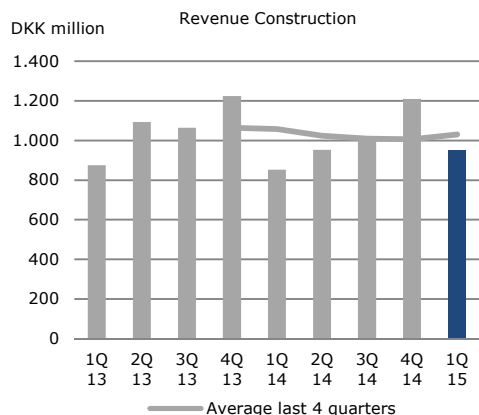
The construction business in Norway reported lower first-quarter revenue, resulting in a weak operating result.

The growing level of activity in refurbishment during the period strengthened *Enemærke & Petersen’s* market position. The company focused, among other things, on PCB refurbishment of 295 apartments in Farum Midtpunkt and the refurbishment project Rosenhøj in Aarhus. The company’s revenue fell slightly short of expectations and this was mirrored in the first-quarter operating result.

*Lindpro* is experiencing fierce price competition in the technical contract market, which continues to be marked by a relatively low level of activity. Contracts in focus during the period were the electrical contract in connection with the construction of the New University Hospital in Aarhus and the extension of Panum with the Maersk Building. The company reported both a satisfactory operating result and satisfactory revenue.

Because of its position in the growing market for modular construction, *Scandi Byg* is involved in all relevant tenders. The level of activity was relatively low in the first quarter, primarily due to the later than expected start-up of work under framework agreement 4. The first-quarter operating result consequently did not meet expectations. Revenue and result are both expected to bounce back in the course of the year.





## Civil Works

MT Højgaard builds roads, bridges and tunnels, extends harbours, constructs large treatment plants and installs foundations for offshore wind turbines. Projects are primarily undertaken in Denmark and Northern Europe, but the Group is also active in Greenland, the Maldives, Qatar, Portugal and parts of Africa.

The Danish civil works market is still characterised by a stable, high level of activity, but also by persistent severe price competition for projects.

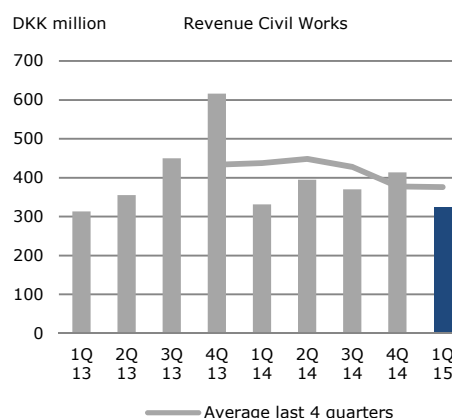
MT Højgaard is experiencing a fair increase in demand, particularly within infrastructure projects in Denmark. During the first quarter of 2015, the Group won a number of small, highly complex civil works projects that need the specialist capabilities the Group possesses.

The level of activity is stable and the first-quarter 2015 operating result met expectations.

Work on tenders in the market for steel bridges has been intensified because of several projects with a nature and risk profile matching the Group's experience and strategy. By contrast, MT Højgaard's activities in offshore remain at a low level due to the Group's policy on risk.

In the Maldives, both the level of activity and the result are continuing to show good improvement.

*Seth* is a jointly controlled entity with an ownership interest of 60% and is included in the income statement in 'Share of profit (loss) after tax of joint ventures'. The company is still suffering from the slow start-up of, particularly, the Danida-funded projects in Africa.



## Services

The Group comprises companies and brands that provide services related to the construction, civil works and property markets.

Ajos supplies equipment and consultancy services to the construction industry and is one of Denmark's largest companies hiring out specialist equipment. Lindpro provides services in the electrical area in the market for construction and subsequent operation. In recent years, Enemærke & Petersen's subsidiary E&P service has made a name for itself as an important provider of operating and maintenance projects.

Once the Group's projects have been handed over and brought into operation by customers, the Group increasingly continues as a supplier of building maintenance and supervision of, for example, electrical systems and installations. The Group also positions itself in relation to new customers in the market who require services related to buildings and civil works.

Furthermore, the MT Højgaard company offers services in connection with Public-Private Partnerships (PPP) in which the Group participates.

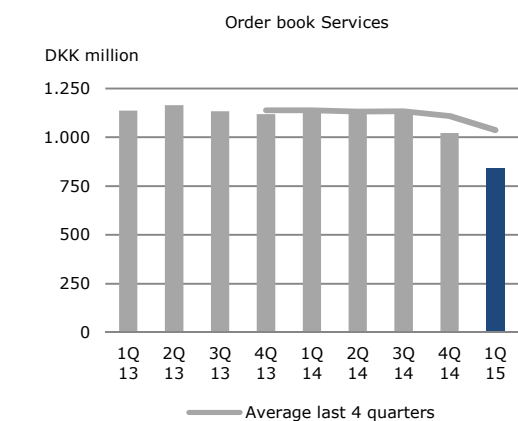
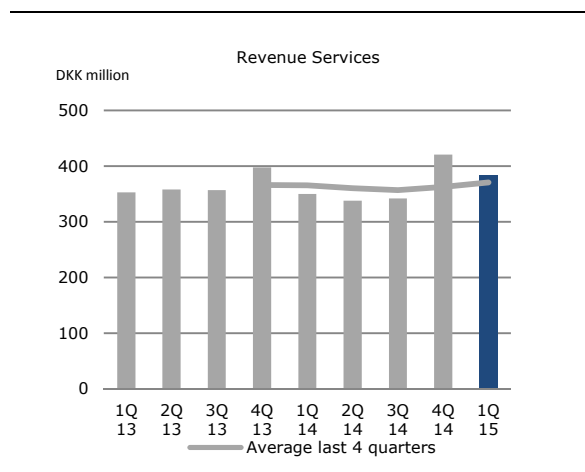
The rising level of activity in the construction and civil works markets means that an increasing number of service contracts are being put out to tender and that competition is intensifying.

The service companies recorded a satisfactory result in the first quarter of 2015, driven by a stable level of activity.

Consequently, both *E&P service* and *Lindpro's service* business recorded stable development in the first quarter.

*Ajos* benefited from a generally stable level of activity in its core products, cranes and hoists, in which it has a strong market position. The company had a good start to the year and, in the first quarter, both revenue and operating result exceeded expectations.

*Greenland Contractors* (67%-owned) has begun preparations for the handover of their activities as a result of the contract with the US Air Force for operation and maintenance of the Thule base terminating on 30 September 2015. Operations proceeded as planned in the first quarter, and the result benefited from a financial gain on a currency option that the company purchased in connection with the hedging of its tender.

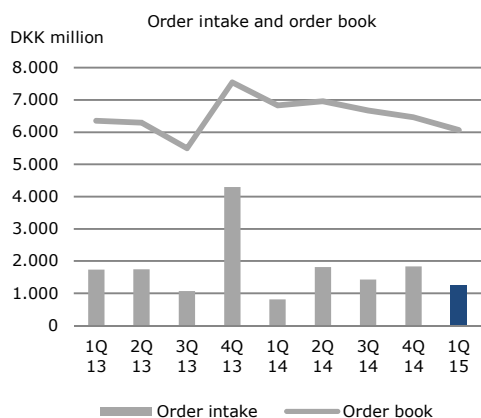


## Order intake and order book

The first-quarter 2015 order intake reflected the fact that the contracts for a number of new major projects had not been signed by the end of the quarter and consequently will not be included in the order book until in subsequent quarters. These projects totalled approx. DKK 1.3 billion compared with approx. DKK 0.5 billion at the end of the first quarter of 2014.

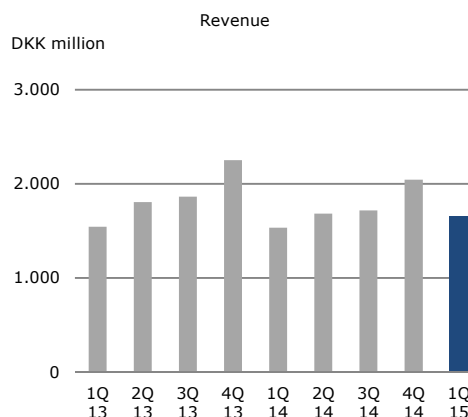
DKK million	Q1 2015	Q4 2014	Q1 2014	2014
Order intake	<b>1,262</b>	1,835	814	5,892
Production	<b>1,656</b>	2,044	1,533	6,979
Change in order book	<b>-394</b>	-209	-719	-1,087
Order book end of period	<b>6,064</b>	6,458	6,826	6,458

The order book includes a number of large orders that extend over several years and have a markedly improved risk profile.



## Revenue and earnings

First-quarter revenue was DKK 1.7 billion compared with DKK 1.5 billion in the first quarter of 2014, in line with expectations.



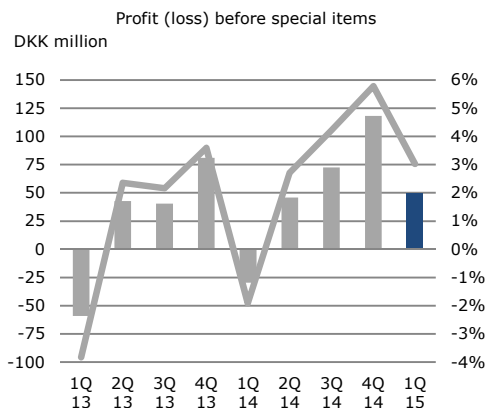
In the first quarter, MT Højgaard recorded an operating profit for the first time since 2010. Before special items, operating profit was DKK 50 million compared with a loss of DKK 30 million in the first quarter of 2014. The operating margin before special items was 3.0%, up from -1.9% in the first quarter of 2014, reflecting the fact that contracts of the desired quality are now being completed but that available capacity is not being fully exploited in all the Group's business areas and subsidiaries.

First-quarter 2015 EBIT was DKK 50 million compared with a loss of DKK 225 million in the first quarter of 2014, when special items amounted to a loss of DKK 195 million due to the effect of the settled offshore litigation cases.

Net finance costs amounted to an income of DKK 30 million for the first quarter of 2015 compared with DKK 1.5 million in the first quarter of 2014. A gain on exercise of a currency option raised by Greenland Contractors in connection with the tender for the service contract in Greenland boosted this item by DKK 29 million.

First-quarter 2015 income tax was an expense of DKK 17 million compared with income of DKK 7 million in the first quarter of 2014, providing an effective tax rate of 21.7%, in line with expectations.



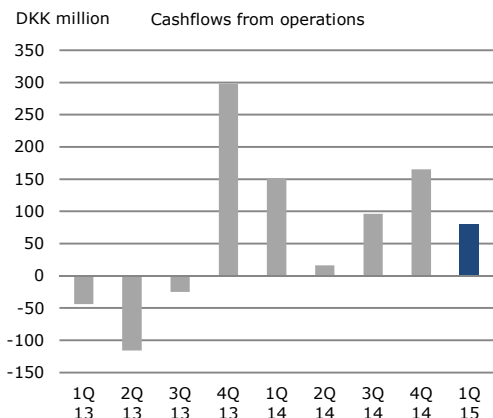


### Cash flows and financial resources

Operating activities generated a cash inflow of DKK 79 million in the first quarter of 2015 compared with DKK 151 million in the first quarter of 2014, in line with expectations for the period. Internal requirements for positive cash flows on all projects, coupled with a generally tightened focus on cash management, were instrumental in maintaining a satisfactory cash flow level.

Cash flows from investing activities were DKK 45 million in the first quarter of 2015 compared with DKK 18 million in the first quarter of 2014. Investing activities mainly comprised property, plant and equipment for Ajos' equipment hire business and capital equipment for Scandi Byg.

In view of the satisfactory ongoing liquidity generation and the resolution of last year's settled offshore litigation cases, the Group's overall financial resources have been aligned to the Group's current needs and level of activity. The Group's financial resources consequently totalled DKK 0.8 billion at the end of the first quarter of 2015 compared with DKK 1.1 billion at the end of 2014.



### Balance sheet

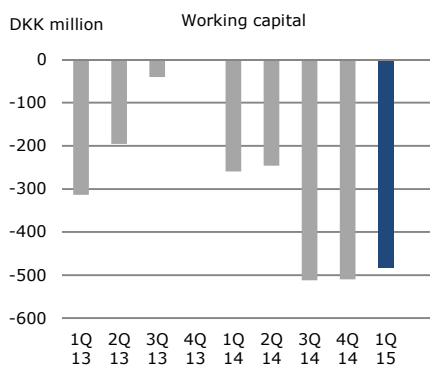
Inventories amounted to DKK 643 million at the end of the first quarter of 2015 compared with DKK 635 million at the end of 2014, including sites for sale amounting to DKK 567 million. The Group is seeking to reduce this tie-up of funds through phased construction of dwellings developed in-house on selected sites with a view to sale. The first project of this type is scheduled for start-up from the second quarter of 2015.

Trade receivables were DKK 1,108 million at the end of the first quarter of 2015, down from DKK 1,170 million at the end of 2014, reflecting the lower level of activity in the first quarter and continued close risk management and follow-up on all projects.

Trade payables amounted to DKK 773 million at the end of the first quarter of 2015, down from DKK 887 million at the end of 2014 due to the lower level of activity in the first quarter of 2015.

Overall, the Group's working capital at the end of the first quarter of 2015 was on a par with the end of 2014 and considerably improved compared with the same period last year.

Working capital excluding sites for sale was DKK -484 million at the end of the first quarter of 2015 compared with DKK -260 million in the first quarter of 2014.



In the first quarter of 2015, the parent company's captive insurance and sickness and repatriation insurance with associated liabilities were transferred to Tryg Forsikring together with DKK 105 million in undistributable securities related to this programme.

Equity stood at DKK 861 million at the end of the first quarter of 2015 compared with DKK 822 million at the end of 2014. The equity ratio improved, standing at 24.6% compared with 22.5% at the end of 2014 due to the first-quarter result.

Interest-bearing net deposits were DKK 285 million at the end of the quarter compared with DKK 387 million at the end of 2014. The decrease reflected the transfer of undistributable securities referred to above.

### **Old disputes**

The last of the old litigation cases in the offshore area has now been settled. In April 2015, the Court of Appeal in London found in favour of MT Højgaard, ruling that the Group is not liable for costs regarding the grouted connections on the Robin Rigg offshore project. Subject to the opposing party not appealing the ruling, special items will amount to income of approx. DKK 195 million. The appeal option is expected to be clarified over the coming quarters. The appeal case has had the effect of suspending the payment of the damages for which MT Højgaard was initially found liable. The Group made provision for this liability under special items in its 2014 annual report.

### **Outlook for 2015 and 2016**

Based on the first-quarter performance, the outlook for 2015 of revenue of DKK 7.0-7.5 billion and operating profit before special items of DKK 300-375 million, corresponding to an operating margin before special items of 4-5%, is reaffirmed.

Subject to the appeal case ruling in favour of MT Højgaard not being appealed, this item will amount to approx. DKK 195 million.

In recent years, management has stated its target to achieve an operating margin of 5% by the end of 2015. This target is reaffirmed.

An operating margin of 5% is also expected for 2016, despite Greenland Contractors' service contract in Thule terminating.

The interim financial report contains forward-looking statements, including the above projections of financial performance in 2015 and 2016, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

# 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 2015.

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 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

Søborg, 13 May 2015

at 31 March 2015 and of the results of the Group's operations and cash flows for the financial period 1 January – 31 March 2015.

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.

## Executive Board

Torben Biilmann  
CEO

Egil Mølsted Madsen  
CFO

## Board of Directors

Søren Bjerre-Nielsen  
Chairman

Niels Lykke Graugaard  
Deputy Chairman

Carsten Bjerg

Pernille Fabricius

Ole Røsdahl

Mats Jönsson

Irene Chabior

John Sommer

Vinnie Sunke Heimann

# Income statement and statement of comprehensive income

	2015	2014	2014
Amounts in DKK million	Q1	Q1	Year
<b>Income statement</b>			
Revenue	1,655.5	1,532.8	6,979.4
Production costs	-1,477.3	-1,450.2	-6,286.6
<b>Gross profit</b>	<b>178.2</b>	<b>82.6</b>	<b>692.8</b>
Distribution costs	-37.8	-30.7	-110.8
Administrative expenses	-87.5	-77.4	-338.2
<b>Profit (loss) before share of profit (loss) of joint ventures</b>	<b>52.9</b>	<b>-25.5</b>	<b>243.8</b>
Share of profit (loss) after tax of joint ventures	-2.9	-4.0	-36.8
<b>Operating profit (loss) before special items</b>	<b>50.0</b>	<b>-29.5</b>	<b>207.0</b>
Special items	-	-195.0	-408.0
<b>Operating profit (loss) (EBIT)</b>	<b>50.0</b>	<b>-224.5</b>	<b>-201.0</b>
Net finance costs	29.7	1.5	14.9
<b>Profit (loss) before tax</b>	<b>79.7</b>	<b>-223.0</b>	<b>-186.1</b>
Income tax expense	-17.3	7.0	-65.6
<b>Profit (loss) after tax</b>	<b>62.4</b>	<b>-216.0</b>	<b>-251.7</b>
Attributable to:			
Shareholders of MT Højgaard A/S	25.6	-234.4	-335.6
Non-controlling interests	36.8	18.4	83.9
<b>Total</b>	<b>62.4</b>	<b>-216.0</b>	<b>-251.7</b>
<b>Statement of comprehensive income</b>			
<b>Profit (loss) after tax</b>	<b>62.4</b>	<b>-216.0</b>	<b>-251.7</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to the income statement:			
Foreign exchange adjustments, foreign enterprises	2.8	0.4	-0.1
Share of other comprehensive income of joint ventures	-7.5	-3.5	-18.6
Tax on other comprehensive income	-	-	-
<b>Other comprehensive income after tax</b>	<b>-4.7</b>	<b>-3.1</b>	<b>-18.7</b>
<b>Total comprehensive income</b>	<b>57.7</b>	<b>-219.1</b>	<b>-270.4</b>
Attributable to:			
Shareholders of MT Højgaard A/S	20.9	-237.5	-354.3
Non-controlling interests	36.8	18.4	83.9
<b>Total</b>	<b>57.7</b>	<b>-219.1</b>	<b>-270.4</b>

# Balance sheet

	2015	2014	2014
Amounts in DKK million	Q1	Q1	Year
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	160.4	152.6	157.1
Property, plant and equipment	532.5	546.6	518.0
Deferred tax assets	319.7	328.5	320.2
Other investments	38.2	115.1	33.1
<b>Total non-current assets</b>	<b>1,050.8</b>	<b>1,142.8</b>	<b>1,028.4</b>
<b>Current assets</b>			
Inventories	642.5	642.0	634.7
Trade receivables	1,108.2	1,303.4	1,169.7
Construction contracts in progress	124.5	128.8	90.9
Other receivables	104.7	80.1	141.7
Securities	5.1	157.8	121.7
Cash and cash equivalents	459.6	385.1	459.3
<b>Total current assets</b>	<b>2,444.6</b>	<b>2,697.2</b>	<b>2,618.0</b>
<b>Total assets</b>	<b>3,495.4</b>	<b>3,840.0</b>	<b>3,646.4</b>
<b>Equity and liabilities</b>			
Equity attributable to shareholders of MT Højgaard	786.3	878.5	763.8
Non-controlling interests	74.7	73.4	57.9
<b>Total equity</b>	<b>861.0</b>	<b>951.9</b>	<b>821.7</b>
<b>Non-current liabilities</b>			
Bank loans, etc.	135.0	183.0	159.3
Deferred tax liabilities	10.0	10.0	9.0
Provisions	159.8	338.0	260.8
<b>Total non-current liabilities</b>	<b>304.8</b>	<b>531.0</b>	<b>429.1</b>
<b>Current liabilities</b>			
Bank loans, etc.	44.4	93.1	34.9
Construction contracts in progress	661.3	649.6	632.8
Trade payables	772.6	684.2	887.3
Other current liabilities	851.3	930.2	840.6
<b>Total current liabilities</b>	<b>2,329.6</b>	<b>2,357.1</b>	<b>2,395.6</b>
<b>Total liabilities</b>	<b>2,634.4</b>	<b>2,888.1</b>	<b>2,824.7</b>
<b>Total equity and liabilities</b>	<b>3,495.4</b>	<b>3,840.0</b>	<b>3,646.4</b>

# Statement of cash flows

	2015	2014	2014
Amounts in DKK million	Q1	Q1	Year
<b>Operating activities</b>			
EBIT	50.0	-224.5	-201.0
Adjustments in respect of non-cash operating items, etc.	27.5	136.9	274.3
<b>Cash flows from operating activities before working capital changes</b>	<b>77.5</b>	<b>-87.6</b>	<b>73.3</b>
<b>Working capital changes:</b>			
Inventories	-7.8	4.8	12.0
Receivables excluding construction contracts in progress	61.5	325.5	434.5
Construction contracts in progress	-5.0	1.0	48.1
Trade and other current payables	-65.5	-83.6	-91.3
<b>Cash flows from operations (operating activities)</b>	<b>60.7</b>	<b>160.1</b>	<b>476.6</b>
Net finance costs	29.7	-0.2	15.3
<b>Cash flows from operations (ordinary activities)</b>	<b>90.4</b>	<b>159.9</b>	<b>491.9</b>
Income taxes paid, net	-11.8	-9.1	-63.5
<b>Cash flows from operating activities</b>	<b>78.6</b>	<b>150.8</b>	<b>428.4</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	-40.1	-32.8	-105.5
Other investments, net	-4.9	14.8	66.2
<b>Cash flows from investing activities</b>	<b>-45.0</b>	<b>-18.0</b>	<b>-39.3</b>
<b>Cash flows from financing activities</b>	<b>-33.5</b>	<b>10.0</b>	<b>-117.4</b>
Net increase (decrease) in cash and cash equivalents	0.1	142.8	271.7
Cash and cash equivalents at 01-01	459.0	187.3	187.3
<b>Cash and cash equivalents at end of period</b>	<b>459.1</b>	<b>330.1</b>	<b>459.0</b>

# Statement of changes in equity

Amounts in DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Total	Attributable to non-controlling interests	Total
<b>2014</b>								
<b>Equity at 01-01</b>	<b>520.0</b>	<b>-20.4</b>	<b>1.8</b>	<b>614.6</b>	<b>-</b>	<b>1,116.0</b>	<b>65.0</b>	<b>1,181.0</b>
Profit (loss) after tax				-234.4		-234.4	18.4	<b>-216.0</b>
Other comprehensive income:								
Foreign exchange adjustments, foreign enterprises			0.4			0.4		<b>0.4</b>
Share of other comprehensive income of joint ventures		-3.5				-3.5		<b>-3.5</b>
Total other comprehensive income	-	-3.5	0.4	-	-	-3.1	-	<b>-3.1</b>
Transactions with owners:								
Dividends paid						-	-10.0	<b>-10.0</b>
Total transactions with owners	-	-	-	-	-	-	-10.0	<b>-10.0</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-3.5</b>	<b>0.4</b>	<b>-234.4</b>	<b>-</b>	<b>-237.5</b>	<b>8.4</b>	<b>-229.1</b>
<b>Equity at 31-03-14</b>	<b>520.0</b>	<b>-23.9</b>	<b>2.2</b>	<b>380.2</b>	<b>-</b>	<b>878.5</b>	<b>73.4</b>	<b>951.9</b>
<b>2015</b>								
<b>Equity at 01-01</b>	<b>520.0</b>	<b>-39.0</b>	<b>1.7</b>	<b>281.1</b>	<b>-</b>	<b>763.8</b>	<b>57.9</b>	<b>821.7</b>
Profit after tax				25.6		25.6	36.8	<b>62.4</b>
Other comprehensive income:								
Foreign exchange adjustments, foreign enterprises			2.8			2.8		<b>2.8</b>
Share of other comprehensive income of joint ventures		-7.5				-7.5		<b>-7.5</b>
Tax on other comprehensive income						-		<b>-</b>
Total other comprehensive income	-	-7.5	2.8	-	-	-4.7	-	<b>-4.7</b>
Transactions with owners:								
Capital increase, warrant programme - purchased				1.4		1.4		<b>1.4</b>
Capital increase, warrant programme - granted				0.2		0.2		<b>0.2</b>
Dividends paid						-	-20.0	<b>-20.0</b>
Total transactions with owners	-	-	-	1.6	-	1.6	-20.0	<b>-18.4</b>
<b>Total changes in equity</b>	<b>-</b>	<b>-7.5</b>	<b>2.8</b>	<b>27.2</b>	<b>-</b>	<b>22.5</b>	<b>16.8</b>	<b>39.3</b>
<b>Equity at 31-03-15</b>	<b>520.0</b>	<b>-46.5</b>	<b>4.5</b>	<b>308.3</b>	<b>-</b>	<b>786.3</b>	<b>74.7</b>	<b>861.0</b>

# Notes

## 1. Accounting policies

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.

Except as stated below, the accounting policies are unchanged from the 2014 annual report, to which reference is made (note 1). A full description of accounting policies is provided in the 2014 annual report.

## 2. Accounting estimates and judgements

The preparation of interim financial statements requires management to make accounting estimates and judgements that affect the application of accounting policies and recognised assets, liabilities, income and expenses. Actual results may differ from these estimates.

Accounting estimates and the associated estimation uncertainty, which are considered customary and essentially unchanged, are described in note 2 to the 2014 consolidated financial statements and annual report.

## 3. Share-based payment transactions

In April 2014, the Group set up a warrant programme for the five members of the Group's leadership team. Under the programme, participants are entitled to purchase warrants annually until 2019. For each warrant purchased, the holder will be allocated one warrant free of charge. Exercise of purchased and allocated warrants is subject to listing of the parent company. If the parent company is not listed, the programme will be settled by cash payment. Each warrant entitles the holder to subscribe for shares in the parent company. The programme is capped at 5% of the company's share capital.

In the first quarter, a total of 8,810 warrants with a nominal value of DKK 1,000 each were issued. The fair value of the grant in the first quarter was DKK 1.4 million, determined using an option valuation model.

The fair value of the programme totalled DKK 2.6 million. The fair value will be expensed on a straight-line basis over the expected three-year service period. The warrant programme impacted the first-quarter income statement by DKK 0.1 million.

At the end of the first quarter of 2015, the number of outstanding warrants was 19,416 with a nominal value of DKK 1,000 each.

## 4. Income tax expense and deferred tax

Income tax expense was DKK 17.3 million and can be broken down as follows:

	2015	2014
Amounts in DKK million	YTD	YTD
Income tax expense before tax calculated at 23.5%	18.7	-54.6
Reduction of Danish income tax rate from 23.5% to 22% in the period up to 2016	0.0	4.9
Deviations in foreign enterprises' tax rates	5.0	2.8
Non-taxable income (primarily non-allocated tax on non-controlling interests' share of income from partnerships)	-7.9	-3.5
Non-deductible expenses	0.1	0.0
Unrecognised share of the tax asset for the period	0.0	42.9
Other, including prior year adjustments and joint taxation	1.4	0.5
<b>Income tax expense</b>	<b>17.3</b>	<b>-7.0</b>



# Notes

## **Recovery of deferred tax assets**

The tax loss carryforwards may be carried forward indefinitely and are expected to be utilised against future earnings.

Like last year, tax loss carryforwards have not been fully capitalised in the assessment of deferred tax assets. They have been capitalised based on expected positive earnings in the next 3-5 years. Non-capitalised tax assets amount to DKK 227.0 million in the Group and relate to tax losses that can be carried forward indefinitely. They may be recognised as income when the Group reports the necessary positive results.

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