



Stock exchange announcement

2008-03-27

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## **MT Højgaard a/s**

Enclosed please find MT Højgaard a/s' preliminary statement for 2007, 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.

27 March 2008

### **Preliminary announcement 2007**

The Supervisory Board of MT Højgaard a/s has today discussed and approved the Company's annual report for 2007.

Søborg, 27 March 2008  
Supervisory Board and Executive Board

Per Møller  
Chairman of the Supervisory Board

Kristian May  
President and CEO

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

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

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## **Profit increase in 2007**

- Revenue for 2007 was DKK 11,714 million, up 6% on last year. The increase in revenue was due, in particular, to growing international activities.
- The result before tax was a profit of DKK 311 million, including profits and gains on disposals, which was an improvement of DKK 259 million on 2006. The result matched the profit outlook in the announcement dated 29 November 2007.
- The MT Højgaard sold its 50% ownership interest in the crane company BMS was sold at the end of November 2007, yielding a gain of DKK 112 million.
- The pre-tax margin was 2.7% compared with 0.5% in 2006. Excluding non-recurring income of DKK 117 million from the sale of shares in subsidiaries, the pre-tax margin was 1.7%.
- Due to the development in both international and national interpretations relating to recognition of project development cases, MT Højgaard has changed its accounting policy on this point. The policy change results in a postponement of the recognition of revenue and profit from project development cases to subsequent accounting periods, reducing profit before tax for the year by DKK 45 million, compared with a positive effect of DKK 1 million in 2006.
- Equity stood at DKK 1,231 million at the end of 2007 (2006: DKK 1,021 million), giving an equity ratio of 24.5% compared with 21.2% in 2006.
- Return on invested capital was 19.0% in 2007 compared with 5.9% in 2006.
- Cash flows from operating activities were affected by more funds tied up in receivables and inventories, and amounted to an outflow of DKK 73 million compared with an inflow of DKK 317 million in 2006.
- A dividend of DKK 50 million will be proposed.

## **Outlook for 2008**

- The order book stood at DKK 10.7 billion at the end of 2007, with DKK 7.9 billion expected to be executed in 2008.
- Revenue for 2008 is expected to reach about DKK 11 billion. International revenue is expected to increase to a level of 25% of consolidated revenue in 2008 compared with 21% in 2007.
- It is expected that profit before tax in the region of DKK 300 million can be realised compared with profit before tax of DKK 194 million in 2007, excluding non-recurring income from the sale of shares in subsidiaries. The pre-tax margin is expected to be about 2.7% compared with 1.7% in 2007, excluding this non-recurring income.

## Consolidated financial highlights

Amounts in DKK million	Pro forma *				
	2003	2004	2005	2006	2007
<b>Income statement</b>					
Revenue	7,982	7,320	8,273	11,063	11,714
Operating profit (EBIT)	42	89	107	60	194
Net financing costs and profit (loss) of associates	(1)	(16)	(13)	(8)	117
Profit before tax	40	73	94	52	311
Profit for the year	26	75	78	38	235
<b>Balance sheet</b>					
Share capital	220	220	220	220	220
Equity attributable to equity holders of the parent	828	896	968	997	1,231
Equity incl. minority interests	847	911	988	1,021	1,231
Balance sheet total	3,560	3,210	3,898	4,824	5,033
Interest-bearing assets	436	267	265	354	491
Interest-bearing liabilities	592	411	303	301	299
Invested capital	1,025	1,074	1,045	988	1,051
<b>Cash flows</b>					
Cash flows from operating activities	107	3	341	317	(73)
Cash flows for investing activities**	(112)	(21)	(169)	(240)	68
Cash flows from financing activities	328	4	(47)	(8)	(35)
Net increase (decrease) in cash and cash equivalents	323	(14)	125	69	(40)
***) Portion relating to property, plant and equipment (gross)	(118)	(220)	(230)	(288)	(199)
<b>Financial ratios (%)</b>					
Gross margin	5.5	5.9	5.5	4.0	4.7
Operating margin (EBIT margin)	0.5	1.2	1.3	0.5	1.7
Pre-tax margin	0.5	1.0	1.1	0.5	2.7
Return on invested capital (ROIC)	4.1	8.4	10.1	5.9	19.0
Return on equity (ROE)	3.6	8.5	8.2	3.7	20.9
Equity ratio	23.8	28.4	25.3	21.2	24.5
Earnings per share and diluted earnings per share (EPS), DKK	1.7	6.6	6.5	2.6	21.3
<b>Other information</b>					
Order book, year end	4,797	5,398	8,352	10,752	10,687
Average number of employees	5,535	4,950	5,260	5,889	6,044

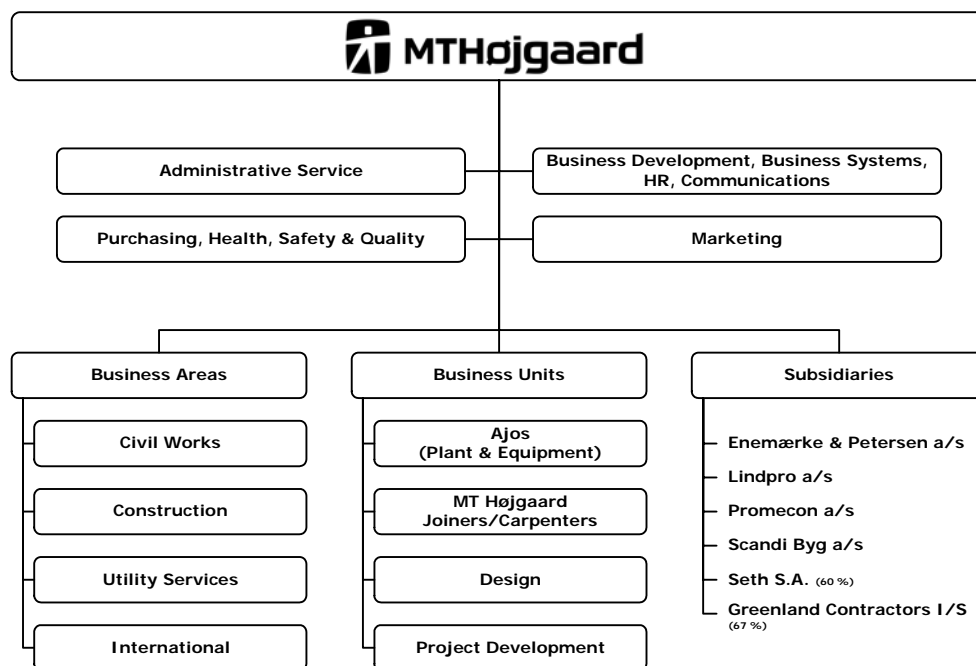
The ratios have been calculated in accordance with the Danish Society of Financial Analysts' 'Recommendations & Financial Ratios 2005'.

The financial highlights for 2004-2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

\* The financial highlights for 2003 are pro forma figures, with the existing financial highlights based on the Danish Financial Statements Act and Danish Accounting Standards having been restated, in all material respects, to comply with IFRS practice. Adjustment has been made in the income statement for the effect of the discontinuation of goodwill amortisation, foreign currency translation relating to foreign subsidiaries and derivative financial instruments, while the balance sheet has only been adjusted for the effect of the reclassifications relating to construction contracts in progress.

The financial highlights have been restated to reflect the change in accounting policy in 2007 relating to the recognition of project development cases.

## Group diagram



The above organisational structure is the structure effective until 31 December 2007. Ajos was unbundled into a newly established subsidiary with effect from 1 January 2008. Details of the organisational changes are given on page 11.

## Group annual review

### Performance compared with expectations

MT Højgaard reported profit before tax of DKK 311 million in 2007, including profits and gains on disposals, which was an improvement of DKK 259 million on 2006.

Fourth-quarter revenue was DKK 3,108 million and fourth-quarter profit before tax DKK 181 million. Reference is also made to the income statement by quarter on pages 20.

The result matched the profit outlook in the announcement dated 29 November 2007.

In the preliminary announcement for 2006, profit before tax in the region of DKK 225 million was anticipated, and this was adjusted to profit before tax in the region of DKK 185 million in the interim financial report for the third quarter of 2007 as a result of a change in accounting policy relating to recognition of project development cases. The profit outlook was subsequently raised in the announcement dated 29 November 2007, to profit before tax in the region of DKK 300 million. The reason for the increased profit outlook was the sale of the ownership interest in the crane company BMS.

## **Income statement**

Revenue for 2007 totalled DKK 11,714 million, up 6% on last year.

The increase in revenue, which was driven predominantly by organic growth, was attributable, in particular, to growing international activities. International activities, which comprise the activities in business area International and the foreign subsidiaries as well as jointly controlled entities, made up 21% of revenue in 2007 as opposed to 17% in 2006.

The MT Højgaard Group delivered operating profit (EBIT) of DKK 194 million in 2007, up DKK 134 million on 2006. The policy change relating to project development cases depressed profit by DKK 45 million. Profit was also eroded by further write-downs in connection with the completion of previously written-down projects. These factors predominantly relate to the parent company, which, in 2007, recorded an operating loss of DKK 46 million compared with a loss of DKK 172 million in 2006. Costs for corporate functions accounted for DKK 56 million of this figure compared with DKK 52 million in 2006.

The operating margin (EBIT margin) increased to 1.7% in 2007, up from 0.5% in 2006, due to the increase in operating profit.

Net financing costs amounted to net income of DKK 117 million compared with a net charge of DKK 8 million in 2006. The favourable development was due primarily to non-recurring income of DKK 117 million net in connection with the sale of shares in BMS, Seth and Composite Limited.

The result before tax was a profit of DKK 311 million, up DKK 259 million on 2006. The pre-tax margin was consequently 2.7% compared with 0.5% in 2006. Excluding non-recurring income of DKK 117 million from the sale of shares, the pre-tax margin was 1.7%.

Income tax expense was a net charge of DKK 76 million, giving an effective tax rate of 24% versus 28% in 2006. Income tax expense was made up of a current tax charge of DKK 43 million and a tax charge of DKK 33 million due to a change in the Group's deferred taxes, DKK 24 million of which related to a reduction in the Group's deferred net tax asset in connection with the reduction of the Danish income tax rate from 28% to 25%. The effective tax rate was also affected by gains on sale of BMS and others, which are not taxable. The Group's deferred net tax asset amounted to DKK 210 million at the end of 2007 compared with DKK 225 million in 2006.

The consolidated result after tax was a profit of DKK 235 million compared with DKK 38 million in 2006.

On the Buxton project, there are no changes to report in relation to what was stated in the 2006 annual report. The claims for extra payments advanced by MT Højgaard are the subject of international arbitration. In accordance with the company's policy, no income has been recognised in the financial statements in this respect.

## **Balance sheet**

The consolidated balance sheet total stood at DKK 5,033 million at 31 December 2007, up 4% on the end of 2006. The development reflected the increase in the level of activity in 2007.

Equity was DKK 1,231 million, corresponding to an equity ratio of 24.5% versus 21.2% at the end of 2006. Besides profit, equity was affected by the opening effect of the change in accounting policy, which led to a reduction of DKK 27 million, and a DKK 25 million disposal of minority interests, which was due to changed recognition of the Portuguese contracting business Seth, as mentioned in the interim financial report for the first half of 2007.

The interest-bearing net deposit increased by DKK 139 million in 2007, standing at DKK 192 million at the end of 2007. The increase primarily reflected the sale of BMS and a lower level of investment and capital expenditure than in 2006.

Invested capital amounted to DKK 1,051 million at the end of 2007 compared with DKK 988 million in 2006, and the return on invested capital was 19.0% versus 5.9% in 2006.

## **Cash flows and financial resources**

Cash flows from operating activities were affected by more funds tied up in receivables and inventories, and amounted to an outflow of DKK 73 million compared with an inflow of DKK 317 million in 2006.

Cash flows for investing activities amounted to a net inflow of DKK 68 million compared to an outflow of DKK 240 million last year. The year's cash flows for investing activities benefited from a DKK 270 million cash inflow relating to acquisition and disposal of businesses and was eroded by DKK 61 million relating to purchase of securities. Net capital expenditure on property, plant and equipment amounted to DKK 141 million versus DKK 219 million in 2006 and related primarily to replacement of and new investment in contractors' plant and equipment.

Financing activities absorbed DKK 35 million compared with DKK 8 million last year, and related to reduction of non-current bank loans, etc.

Cash and cash equivalents decreased by DKK 40 million in 2007, compared with an increase of DKK 69 million last year. The net cash balance, calculated as cash less the current portion of bank loans, etc., amounted to DKK 177 million compared with DKK 217 million at the end of 2006.

The Group's financial resources, calculated as cash, including cash and cash equivalents in joint ventures, and securities and undrawn credit facilities, stood at DKK 936 million at 31 December 2007, which is satisfactory.

## Order book

The order book at the end of 2007 was on a par with the same time in 2006.

DKK million	2007	2006
Order book, beginning of year	10,752	8,352
Order intake for the year	11,649	13,463
Production during year	(11,714)	(11,063)
<b>Order book, end of year</b>	<b>10,687</b>	<b>10,752</b>

The order book corresponds to on average about 11 months' production based on the outlook concerning the level of activity in 2008. The order book includes a number of large orders extending over several years.

## Employees

The average number of people employed by the MT Højgaard Group in 2007 was 6,044 compared with 5,889 in 2006. The number of employees remained stable during the year, showing a downward trend towards the end of the year, closing 2007 at 5,872, down 373 on the same time last year.

## Operating review for 2007

The MT Højgaard Group works exclusively within building and civil works, and is therefore not divided into segments.

On 31 December 2007, the Group was organised into four business areas, four business units and the separately profiled subsidiaries as well as the Group's corporate functions.

The business areas Civil Works, Construction and Utility Services, which carries out cable works, are countrywide. International activities, primarily comprising civil works projects, are taken care of by the business area International.

The business units Ajos, MT Højgaard Joiners/Carpenters, Design and Project Development undertake projects for external clients and for the four business areas.

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

The MT Højgaard Group delivered revenue of DKK 11,714 million in 2007, up 6% on 2006. Revenue can be broken down by the following activities:



Revenue – DKK million	2007	2006
Civil Works	1,546	1,679
Construction	4,523	4,489
Utility Services	598	333
International	1,698	895
Business units	990	1,340
Subsidiaries	3,373	3,312
Eliminations/others	(1,014)	(985)
<b>MT Højgaard Group</b>	<b>11,714</b>	<b>11,063</b>

### Civil Works

Civil Works undertakes traditional civil works projects, with the main emphasis on earthworks, sewers, concrete and marine works. Project types include construction of roads, bridges, harbours, shell structures, steel structures, prefabricated construction and concrete renovation. Customers come from the public sector as well as the private sector.

The year was characterised by a high level of activity, and earnings were ahead of 2006. However, one highly complex project was loss-making.

Foreign business partners are increasingly important to the execution of projects, both in terms of staffing and building materials, which are increasingly sourced abroad. This trend looks set to continue in 2008.

A lower level of activity is projected for 2008 – but with continued focus on optimisation of profitability on current projects and selective contracting of new projects.

### Construction

Business area Construction undertakes all types of construction work across Denmark, both residential and commercial construction projects such as institutions and schools. Construction has strong capabilities within both large multi-storey housing blocks and family dwellings, and within commercial buildings and institutions this business area covers everything from retail outlets and head offices, through production and warehousing facilities, to schools, sports facilities and hospitals. Construction also undertakes all types of refurbishment, urban renewal and conversions.

The business area is divided into five geographical divisions with a local focus: Greater Copenhagen, Funen & Zealand, South Jutland, Central Jutland and North Jutland. The local presence plays a crucial role to the divisions' competitiveness. The business area's revenue comes predominantly from small, locally anchored building and refurbishment projects, where local knowledge and specialist skills are combined with the Group's countrywide skills. In-house production is being undertaken within all types of joinery/carpentry, masonry and concrete works.

The business area also has a countrywide unit that develops and markets housing concepts.

2007 was a busy year with revenue in line with 2006. Projects included housing, head offices, a hotel, warehousing and transport facilities, etc. Earnings were lower than expected, primarily due to further write-downs in connection with the completion of previously written-down projects in Greater Copenhagen.

Another PPP project was started up in 2007. The joint venture, consisting of MT Højgaard, Dan-Ejendomme and Bank DnB NOR will be responsible for the construction, operation and financing of the new Land Registration Court in Hobro in collaboration with the Danish Palaces and Properties Agency. We are convinced that PPP has a future in the Danish building sector.

Our service business provides a good platform for diversity in our activities. From here, we service small contracts and our regular customers such as housing associations.

Many of our activities relate to repeat customers. For example, we have built a number of head offices and warehousing facilities for the transport industry, and our cutting-edge capabilities in this area enable us to optimise their projects at the right price.

On 1 January 2008, a new organisational unit, Special Projects, will be added to Construction. This will bring together various specialist skills with a view to strengthening and focusing Construction within sale and implementation of projects for selected, professional key accounts, including the project management of these projects and the countrywide sales coordination, further development and sale of housing projects.

A sustained high level of activity is projected for 2008, albeit at a lower level than in 2007 due to the fall-off in activity within residential construction, in particular.

### **Utility Services**

Utility Services' activities include underground installation of power cables, fibre optic network and broadband cables for data transmission, water supply, sewers and gas pipes. Part of the electrical work is carried out in collaboration with MT Højgaard's electrical installations company Lindpro a/s.

The level of activity for the year exceeded expectations, and earnings were therefore also higher than expected.

Frost did not materialise at the start of the year, and production could therefore carry on without any serious weather interruptions.

Another reason for the increase in production was a wish on the part of clients in Zealand to accelerate the underground installation of power cables and fibre optic cables.

The level of activity on Funen and in Jutland was low, primarily reflecting the stagnation already at the start of the year of the pace of the fibre network roll-out.

The production in business area Utility Services consists, in equal shares, of in-house production and Danish and foreign trade contractors. Of the foreign trade contractors, four companies are from Poland and one from Germany.

A stable level of activity is expected in 2008, not only in Zealand, but also on Funen and in Jutland. In-house production of electrical works will be added to the activities in connection with the dismantling of overhead power lines and connection of underground power cables.

### **International**

Business area International primarily focuses on three geographical areas and on two market segments.

The three geographical areas are: the North Atlantic (the Faroe Islands and Greenland), South-West Asia and the Middle East (Qatar). On the Faroe Islands and in Greenland, both building and civil works are undertaken, while, in South-West Asia and Qatar, mainly civil works are undertaken.

The two market segments are: offshore foundations, mainly comprising foundations for offshore wind turbines, and establishment and operation of mines, which is a relatively new activity.

Business area International had another good year. Revenue was twice the 2006 figure. Profit doubled, both in relation to expectations and to profit for 2006.

The fact that the level of activity is still very high in business area International is reflected in an extremely satisfactory order book for execution in 2008. There is still a large untapped potential in the market areas and market segments in which International operates, and the level of activity is expected to continue rising in 2008.

### **Business units**

The business units comprise Ajos, MT Højgaard Joiners/Carpenters, Design and Project Development.

Overall, the business units delivered revenue below expectations, while profit matched expectations. However, profit was adversely affected by the accounting policy change concerning the recognition of project development cases in Project Development.

## **Subsidiaries**

The subsidiaries of the Contracting business comprise Enemærke & Petersen a/s, Lindpro a/s, Promecon as, Scandi Byg a/s and the jointly controlled entities Seth S.A. and Greenland Contractors I/S.

The subsidiaries reported operating profit of DKK 240 million in 2007 versus DKK 232 million in 2006.

Greenland Contractors, Promecon and Scandi Byg outperformed expectations, whereas Enemærke & Petersen and Lindpro recorded results slightly below expectations. Seth performed on a par with expectations. The subsidiaries are expected to deliver revenue for 2008 at the 2007 level.

## **Acquisition and disposal of businesses**

The UK subsidiary Composite Limited, which specialises in precast concrete frames, was sold to the local management of the company in the first quarter of 2007.

Furthermore, on 29 November, MT Højgaard sold its entire 50% ownership interest in the crane company BMS to the Enggaard family, which has owned BMS on a fifty-basis with MT Højgaard since 2004. MT Højgaard's collaboration with BMS will continue as before.

The disposal of these activities is in keeping with MT Højgaard's strategy to dispose of activities that fall outside MT Højgaard's strategic focus and of which we are consequently no longer the best owner.

## **Management information**

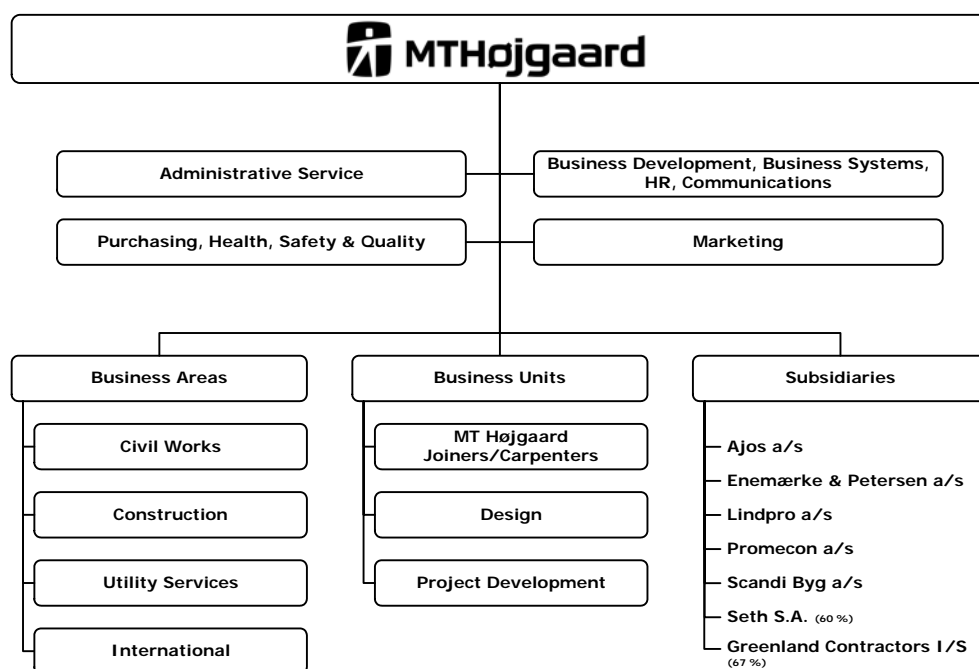
Jette Grabow, employee representative, left MT Højgaard a/s on 7 March 2008 to take up the post of Group Administration Manager in the subsidiary Lindpro a/s. Her alternate, Poul M. Rørup, Finance Manager, joined the board on the same day.

## **Organisation**

In November 2007, the activities of the business unit A.V. Andersen were split up, so that masonry service, restoration and refurbishment now belong under the subsidiary Enemærke & Petersen a/s, while the activities of Svend E. Larsen facade insulation are part of business area Civil Works. With this structure, we plan to further develop A.V. Andersen's capabilities, drawing on the extensive experience and highly specialised skills held by the employees of A.V. Andersen.

The business unit Ajos was unbundled into a newly established subsidiary with effect from 1 January 2008.

The Group is consequently organised into four business areas, three business units and the separately profiled subsidiaries as well as the corporate functions.



## Strategic platform

The strategy work for the period 2005-2010 is headed "Profitable growth". We have adjusted the content of our strategy work, so that we focus, in order of priority, on "increased profitability and profitable growth".

The MT Højgaard Group's strategy features a Group revenue target in the order of DKK 12 billion by 2010 and a pre-tax margin of 2-2.5% within a few years. In pursuing the first target, the MT Højgaard Group's risk management guidelines must be observed. It is MT Højgaard's ambition to meet the pre-tax margin target in 2008 and to develop our strategy still further in 2008 with a view to meeting our ambitions of a further increase in the pre-tax margin.

The main elements of the strategy are as follows:

- continuous focus on profitability and further development of risk management
- organic selective growth
- further development of the project development activities
- broad geographical presence in Denmark
- further development of the international activities within MT Højgaard's core capabilities
- development of concepts and conceptualisation of existing activities
- development of collaboration models, including with selected key accounts

- development of the subsidiaries with focus on further market consolidation
- strategic acquisitions that will broaden MT Højgaard's market coverage in Denmark.

MT Højgaard's revenue grew faster than expected in 2006, and in 2007 it grew by a further 6%. The high level of activity has strained resources, both with respect to suppliers and employees, making it necessary to be highly selective when choosing new projects, with a reduction in the level of activity in the longer term as a possible and accepted consequence. Profitability is a priority over growth, and each area focuses critically on initiatives that can bring earnings up to the targeted pre-tax margin.

The work on implementation of the strategy continued in 2007, with the following results in the other areas:

- the organisation was developed so that its structure is unambiguous, with countrywide civil works, construction, and utility services activities. This platform provides the basis for developing MT Højgaard, including delivering a satisfactory financial performance in the years ahead
- the project development activities were at a lower level than in 2006, but MT Højgaard is pro-actively exploring a number of interesting opportunities
- business area International delivered profitable growth in 2007 and more than doubled its level of activity compared with 2006. We anticipate continued growth in 2008
- MT Højgaard worked on the development of concepts within more types of building
- in subsidiaries and business units the development is still in line with the strategy plans. The market position was strengthened generally, and the earnings trend was positive
- risk management has been incorporated as an integral part of our management model, for example in the tendering process, and we expect these measures to contribute to improving our future profitability.

## **Accounting policies**

The annual report for 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

The accounting policies are unchanged from those set out in the 2006 annual report, apart from the policy change for recognition of revenue from project development cases, as announced in the interim financial report for the third quarter.

The accounting policy for recognition of project development cases, which consist of self-generated housing construction projects that are not started up until the sale of 75% to 80% of the project has been secured, has been changed from the percentage of completion method to the sales method. The policy change means that revenue and profit from projects sold will not be recognised until delivery has been made and risk has been transferred to

the buyer and provided the income can be measured reliably and is expected to be received.

The comparative figures in the annual report have been restated to reflect the change in accounting policy.

The policy change has reduced profit before tax for the year by DKK 45 million compared with a positive effect of DKK 1 million in 2006. The accumulated effect at 31 December 2007 was a reduction of equity by DKK 62 million compared with DKK 27 million in 2006.

With the exception of IFRS 8 "Operating Segments", the implementation of new International Financial Reporting Standards (IFRS/IAS) and Interpretations (IFRIC) that come into effect for financial years beginning on or after 1 January 2007 has only led to changes in the scope of the note information provided in the financial statements.

IFRS 8, which comes into effect on 1 January 2009, has been implemented as announced in the annual report for 2006. In this connection the MT Højgaard Group reviewed the segmentation of its activities. The review process showed that the existing segment structure did not reflect operational segments and identified only one reportable segment. The Group works exclusively within Contracting business (building and civil works). The Group's division into activities should be viewed in the light of the need for separate market profiling of the various skills and activities. From a management and project execution point of view, the Group is managed and operated as a single business, and there is therefore no basis for segmentation. The segment information in the financial statements has been restated accordingly.

## **The future**

The Danish building and civil works market is expected to fall off in 2008 from the current very high level to a more normalised level due to a slowdown in market conditions. It is estimated that about DKK 125 billion of the total market volume of about DKK 175 billion in the professional building and civil works market in 2008 will lie within MT Højgaard's spheres of interest.

The activities within construction are expected to slow down in 2008, as the progress within commercial construction is not expected to be able to make up for the decline in residential construction, particularly in the private sector.

The refurbishment market will benefit from a high level of activity within conversion and upgrading projects again in 2008.

With a continued high level of investment within the transport sector, the civil works market in Denmark is expected to remain stable.

The utility services market is also expected to be at the same high level in 2008 as in 2007, based on a sustained willingness to invest within, for example, telecommunications.

As far as concerns the international activities, an increasing level of activity is expected in 2008, with the focus on selective identification of project opportunities in relation to in-house skills and resources. MT Højgaard is experiencing particular growth within foundations for offshore wind farms, an area in which MT Højgaard is one of the most experienced in the world.

The order book stood at DKK 10.7 billion at the start of 2008, with DKK 7.9 billion expected to be executed in 2008. With an order book on a par with last year, MT Højgaard will continue being highly selective when choosing new projects. Revenue for 2008 is expected to reach about DKK 11 billion. The proportion of consolidated revenue accounted for by international activities is expected to be at the 25% level compared with 21% in 2007.

Selectivity, focusing and targeted risk management are expected to boost earnings. One of the reasons for the anticipated progress in 2008 is that the number of written-down projects with a low contribution margin that have yet to be completed is considerably lower than at the start of 2007. The quality of the order book was thus substantially improved in the course of 2007. The subsidiaries are expected to deliver satisfactory results again in 2008, in line with 2007, taking into account activities disposed of. Consolidated profit before tax is expected to amount to around DKK 300 million compared with profit before tax of DKK 194 million in 2007, excluding non-recurring income from the sale of shares in subsidiaries. The pre-tax margin is expected to be about 2.7% compared with 1.7% in 2007, excluding this non-recurring income.

The Group's effective tax rate is expected to be on a par with the Danish tax rate.

## **Ownership**

MT Højgaard a/s is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), which are both listed on the Copenhagen Stock Exchange.

The preliminary announcement 2007 contains forward-looking statements regarding management's expectations concerning revenue and financial performance. 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, reference is made to the section 'Risk factors' in the 2006 annual report.



## Consolidated income statement

Amounts in DKK million	2007	2006
Revenue	11,713.8	11,062.5
Production costs	(11,159.7)	(10,619.5)
<b>Gross profit</b>	<b>554.1</b>	<b>443.0</b>
Distribution costs	(127.5)	(129.0)
Administrative expenses	(232.8)	(254.1)
<b>Operating profit</b>	<b>193.8</b>	<b>59.9</b>
Share of profit (loss) after tax of associates	0.0	0.0
Financial income	155.6	23.3
Financial expenses	(38.3)	(30.9)
<b>Profit before tax</b>	<b>311.1</b>	<b>52.3</b>
Income tax expense	(75.9)	(14.7)
<b>Profit for the year</b>	<b>235.2</b>	<b>37.6</b>
<b>Attributable to</b>		
Equity holders of MT Højgaard a/s	234.3	29.1
Minority interests	0.9	8.5
<b>Total</b>	<b>235.2</b>	<b>37.6</b>
<b>Changes in equity</b>		
Equity at 01-01	1,048.0	1,016.3
Change in accounting policy	(27.2)	(28.1)
<b>Restated equity 01-01</b>	<b>1,020.8</b>	<b>988.2</b>
Foreign exchange adjustments, etc.	(0.2)	(0.4)
Profit for the year	235.2	37.6
<b>Total income and expense for the year</b>	<b>235.0</b>	<b>37.2</b>
Adjustment of minority interests	(24.5)	(4.6)
<b>Total changes in equity</b>	<b>210.5</b>	<b>32.6</b>
<b>Equity at 31-12</b>	<b>1,231.3</b>	<b>1,020.8</b>

## Consolidated balance sheet

Amounts in DKK million	2007	2006
<b>Assets</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Goodwill	64.0	73.6
<b>Total intangible assets</b>	<b>64.0</b>	<b>73.6</b>
<b>Property, plant and equipment</b>		
Land and buildings	366.4	357.4
Plant and machinery	274.7	445.1
Fixtures and fittings, tools and equipment	76.1	78.3
Property, plant and equipment under construction	12.7	27.7
<b>Total property, plant and equipment</b>	<b>699.9</b>	<b>908.5</b>
<b>Investments</b>		
Investments in associates	1.0	0.7
Receivables from associates	11.7	5.6
Other investments	1.0	0.9
Deferred tax assets	210.3	249.5
<b>Total investments</b>	<b>224.0</b>	<b>256.7</b>
<b>Total non-current assets</b>	<b>987.9</b>	<b>1,238.8</b>
<b>Current assets</b>		
<b>Inventories</b>		
Raw materials and consumables	64.5	54.4
Properties held for resale	540.0	438.4
<b>Total inventories</b>	<b>604.5</b>	<b>492.8</b>
<b>Receivables</b>		
Trade receivables	2,225.4	2,192.1
Construction contracts in progress	426.0	369.4
Receivables from associates	0.0	6.3
Income tax	1.3	0.0
Other receivables	162.2	95.7
Prepayments	134.0	77.6
<b>Total receivables</b>	<b>2,948.9</b>	<b>2,741.1</b>
<b>Securities</b>	<b>149.0</b>	<b>87.9</b>
<b>Cash and cash equivalents</b>	<b>342.4</b>	<b>263.8</b>
<b>Total current assets</b>	<b>4,044.8</b>	<b>3,585.6</b>
<b>Total assets</b>	<b>5,032.7</b>	<b>4,824.4</b>

## Consolidated balance sheet

Amounts in DKK million	2007	2006
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	220.0	220.0
Translation reserve	0.4	(2.8)
Retained earnings	960.9	780.0
Proposed dividends	50.0	0.0
<b>Total equity attributable to equity holders of the parent</b>	<b>1,231.3</b>	<b>997.2</b>
Minority interests	0.0	23.6
<b>Total equity</b>	<b>1,231.3</b>	<b>1,020.8</b>
<b>Non-current liabilities</b>		
Bank loans, etc.	115.9	174.3
Deferred tax liabilities	0.7	24.1
Provisions	69.1	62.3
<b>Total non-current liabilities</b>	<b>185.7</b>	<b>260.7</b>
<b>Current liabilities</b>		
Current portion of non-current financial liabilities	17.5	80.8
Bank loans, etc.	165.3	46.3
Construction contracts in progress	1,335.2	1,216.8
Prepayments received from customers	170.1	157.1
Trade payables	1,078.7	1,282.6
Payables to associates	0.0	0.4
Income tax	0.0	37.0
Other payables	694.0	659.8
Deferred income	151.9	59.4
Provisions	3.0	2.7
<b>Total current liabilities</b>	<b>3,615.7</b>	<b>3,542.9</b>
<b>Total liabilities</b>	<b>3,801.4</b>	<b>3,803.6</b>
<b>Total equity and liabilities</b>	<b>5,032.7</b>	<b>4,824.4</b>

## Consolidated cash flow statement

Amounts in DKK million	2007	2006
<b>Operating activities</b>		
Operating profit	193.8	59.9
Non-cash operating items	119.8	179.7
<b>Cash flows from operating activities before changes in working capital</b>	<b>313.6</b>	<b>239.6</b>
Working capital changes:		
Inventories	(113.7)	55.5
Receivables excluding construction contracts in progress	(294.0)	(595.6)
Construction contracts in progress	24.4	391.8
Trade and other current payables	50.0	280.4
<b>Cash generated from operations (operating activities)</b>	<b>(19.7)</b>	<b>371.7</b>
Financial income	32.9	20.8
Financial expenses	(38.4)	(30.9)
<b>Cash generated from operations (ordinary activities)</b>	<b>(25.2)</b>	<b>361.6</b>
Income taxes paid, net	(47.4)	(44.5)
<b>Cash flows from operating activities</b>	<b>(72.6)</b>	<b>317.1</b>
<b>Investing activities</b>		
Acquisition of enterprises and activities	(0.3)	(6.8)
Disposal of enterprises and activities	270.4	12.7
Purchase of property, plant and equipment	(196.8)	(287.5)
Sale of property, plant and equipment	55.4	68.5
Dividends from associates	0.0	5.0
Purchase of securities	(199.0)	(90.0)
Sale of securities	137.9	58.3
<b>Cash flows for investing activities</b>	<b>67.6</b>	<b>(239.8)</b>
<b>Financing activities</b>		
Loan financing:		
Minority interests	(7.5)	(4.6)
Increase in non-current bank loans, etc.	5.8	45.7
Decrease in non-current bank loans, etc.	(33.7)	(48.6)
<b>Cash flows from financing activities</b>	<b>(35.4)</b>	<b>(7.5)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(40.4)</b>	<b>69.8</b>
Cash and cash equivalents at 01-01	217.5	147.7
<b>Cash and cash equivalents at 31-12</b>	<b>177.1</b>	<b>217.5</b>

The figures in the cash flow statement cannot be directly derived from the published accounting records alone.

**Consolidated income statement by quarter (unaudited)**

Amounts in DKK million	2007				
	Q1	Q2	Q3	Q4	Total
Revenue	2,865.0	3,055.9	2,685.0	3,107.9	11,713.8
Production costs	(2,740.3)	(2,903.5)	(2,580.2)	(2,935.7)	(11,159.7)
<b>Gross profit</b>	124.7	152.4	104.8	172.2	554.1
Distribution costs	(27.8)	(38.2)	(19.2)	(42.3)	(127.5)
Administrative expenses	(61.8)	(54.3)	(53.9)	(62.8)	(232.8)
<b>Operating profit (loss)</b>	35.1	59.9	31.7	67.1	193.6
Share of profit (loss) after tax of associates	0.0	0.0	0.2	(0.2)	0.0
Net financing costs	(3.8)	11.8	(5.0)	114.3	117.3
<b>Profit (loss) before tax</b>	31.3	71.7	26.9	181.2	311.1
Income tax expense	(8.7)	(40.0)	(6.8)	(20.4)	(75.9)
<b>Profit (loss) after tax</b>	22.6	31.7	20.1	160.8	235.2
<b>Attributable to</b>					
Equity holders of MT Højgaard a/s	22.3	31.0	20.1	160.9	234.3
Minority shareholders	0.5	0.7	0.0	(0.1)	0.9
<b>Total</b>	22.6	31.7	20.1	160.8	235.2

Amounts in DKK million	2006				
	Q1	Q2	Q3	Q4	Total
Revenue	2,301.6	2,590.6	2,932.5	3,237.8	11,062.5
Production costs	(2,205.0)	(2,486.8)	(2,849.3)	(3,078.4)	(10,619.5)
<b>Gross profit</b>	96.6	103.8	83.2	159.4	443.0
Distribution costs	(26.8)	(31.6)	(30.1)	(40.5)	(129.0)
Administrative expenses	(59.6)	(61.2)	(57.5)	(75.8)	(254.1)
<b>Operating profit (loss)</b>	10.2	11.0	(4.4)	43.1	59.9
Share of profit (loss) of associates	0.0	0.0	0.0	0.0	0.0
Net financing costs	(1.1)	(4.1)	(2.3)	(0.1)	(7.6)
<b>Profit (loss) before tax</b>	9.1	6.9	(6.7)	43.0	52.3
Income tax expense	(2.5)	(2.0)	1.9	(12.1)	(14.7)
<b>Profit (loss) after tax</b>	6.6	4.9	(4.8)	30.9	37.6
<b>Attributable to</b>					
Equity holders of MT Højgaard a/s	6.1	3.3	(7.9)	27.6	29.1
Minority shareholders	0.5	1.6	3.1	3.3	8.5
<b>Total</b>	6.6	4.9	(4.8)	30.9	37.6