



MT Højgaard Group Interim financial report Third quarter 2016

MT Højgaard A/S
Knud Højgaards Vej 7, 2860 Søborg, Denmark
CVR 12562233



Summary

Third quarter 2016

Order intake and new joint venture project DKK 1.2 billion

DKK 0.8 billion lower than 2015. Not included was a joint venture with Skanska for a Swedish bridge project where MT Højgaard's share in this amounts to DKK 0.5 billion. The amount is not included in the order intake due to JV status.

Reduced order book in the quarter DKK 0.4 billion down

Indicates revenue higher than order intake during the period.

Revenue in line with last year DKK 1.6 billion

Lower than expected due to postponed project start-ups but in line with last year, despite greater activity in Greenland Contractors in 2015.

Operating profit/(loss) before special items DKK 4 million loss

Lower than expected because of continued postponed project start-ups and reorganisation in Scandi Byg including reassessing the construction contracts in progress, and a new automation system is being run in.

Operating cash flow DKK 81 million

Positive progress based on new orders and enhanced working capital position.

YTD 2016

High order intake DKK 5.5 billion

Positive development and in line with 2015.

Satisfactory order book DKK 8.3 billion

Up DKK 1.1 billion compared with 2015.

Stable revenue DKK 4.7 billion

In line with last year, despite postponed project start-ups and greater activity in Greenland Contractors in 2015.

Operating profit/(loss) before special items DKK 23 million loss

Lower than expected because of postponed and lower revenue, a write-down on an infrastructure project and reorganisation in Scandi Byg including reassessing the construction contracts in progress, and a new automation system is being run in.

Operating cash flow DKK 223 million

Positive progress based on new orders and enhanced working capital position.

Outlook for 2016

Revenue outlook reaffirmed Around DKK 6.8 billion

Fourth-quarter revenue is expected to be considerably higher. This is particularly dependent on planned hand-overs of construction projects developed in-house and on major projects in the order book not being affected by further delays.

Outlook for operating profit/(loss) before special items lowered Around DKK 75 million compared with previously around DKK 225 million

The lower outlook is based on the year-to-date development, an updated estimate from construction projects developed in-house, the circumstances in Scandi Byg and postponed project development activities that are awaiting official approval. Management continues to focus on the ongoing transformation of the Group centred on technology and new forms of collaboration. The Group sees good opportunities for progress in the coming years, so that the strategic framework target of an operating margin before special items of around 5% can be achieved.

Consolidated financial highlights

Amounts in DKK million	2016	2015	2016	2015	2015
	Q3	Q3	YTD	YTD	Year
Income statement					
Revenue	1,612	1,532	4,704	4,783	6,531
Gross profit	87	231	280	572	772
Operating profit/(loss) before special items	-4	145	-23	267	352
EBIT	-4	340	-23	462	352
Profit/(loss) before tax	-5	334	-28	481	370
Profit/(loss) for the period	-4	305	-22	423	290
Cash flows					
Cash flows from operating activities	81	-149	223	-56	-52
<i>Purchase of property, plant and equipment</i>	-37	-36	-112	-105	-137
<i>Other investments, incl. investments in securities</i>	-1	2	-4	21	-3
Cash flows from investing activities	-38	-34	-116	-84	-140
Cash flows from operating and investing activities	43	-183	107	-140	-192
Balance sheet					
Non-current assets	-	-	1,172	1,066	1,099
Current assets	-	-	2,625	2,528	2,497
Equity	-	-	938	1,174	999
Non-current liabilities	-	-	364	292	323
Current liabilities	-	-	2,495	2,128	2,274
Balance sheet total	-	-	3,797	3,594	3,596
Other information					
Order intake	1,179	2,022	5,494	5,454	7,541
Order book, end of period	-	-	8,258	7,129	7,468
Working capital	-	-	-435	-89	-112
Net interest-bearing deposit/debt (+/-)	-	-	30	47	-50
Average invested capital incl. goodwill	-	-	922	739	662
Average number of employees	-	-	4,157	4,070	3,965
Financial ratios					
Gross margin (%)	5.4	15.1	5.9	12.0	11.8
Operating margin before special items (%)	-0.3	9.4	-0.5	5.6	5.4
EBIT margin (%)	-0.3	22.2	-0.5	9.7	5.4
Pre-tax margin (%)	-0.3	21.8	-0.6	10.1	5.7
Return on invested capital incl. goodwill (ROIC) (%)	-	-	9.0	53.0	55.0
Return on invested capital incl. goodwill after tax (%)	-	-	7.1	41.4	43.0
Return on equity (ROE) (%)	-	-	-5.8	35.5	21.3
Equity ratio (%)	-	-	24.0	31.6	26.7

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios 2015' published by the Danish Finance Society. Financial ratios are defined in the 2015 annual report. Working capital excludes sites held for resale.

Operating and financial review

Continuing good order intake, but postponed projects in the third quarter still affecting revenue and earnings.

In the third quarter, the Group continued to see a good intake of new orders, based on a broad spectrum of collaborations with clients and other relevant stakeholders early on in the process and on the involvement of VDC. The latter with the opportunities it creates, when projects are built virtually before being constructed in practice. The order book has a sound risk profile and matches the Group's clear profitability requirements.

The Group's third-quarter revenue and earnings were adversely affected by the same trend as in the preceding quarters, when projects continued to be delayed. This development is partly due to the Group's new business approach and the move away from the traditional method of tendering for projects. VDC and BIM are therefore now already an integral tool in the bidding phase.












The loss for the period was negatively affected by a reorganisation in Scandi Byg, including reassessing the construction contracts in progress, and a new automation system is being run in.

If the postponed project start-ups and the fact that there was greater activity in Greenland Contractors in 2015 are not taken into account, there was underlying organic growth in revenue during the period, driven mainly by the Group's construction activities.

Work to support the Group's ongoing transformation is being carried out at all levels and will continue to be underpinned by initiatives and investments in technology and new forms of collaboration. In parallel, the Group has refocused the business during the period by closing down its activities in Norway and scaling down its activities in Qatar.

MT Højgaard Group

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 span construction, civil works and services.

CONSTRUCTION	CIVIL WORKS	SERVICES
   	 	    

Construction

The MT Højgaard Group develops, constructs and refurbishes private and public sector buildings, mainly in Denmark, but also in the North Atlantic countries.

Construction is the Group's largest business area, measured by both revenue and number of employees. Companies throughout the Group are involved in providing solutions for large and complex construction projects.

The MT Højgaard Group's construction activities recorded revenue for the first three quarters of the year of DKK 3.2 billion compared with DKK 2.8 billion in the same period in 2015, up 14%. This development is primarily attributable to concentration on projects that match the Group's business model of early involvement, a high level of collaboration and drawing on the entire spectrum of the Group's capabilities.

Order intake and order book for Construction were as expected, with the order book ending the first three quarters of the year DKK 0.6 billion ahead of the same time in 2015.

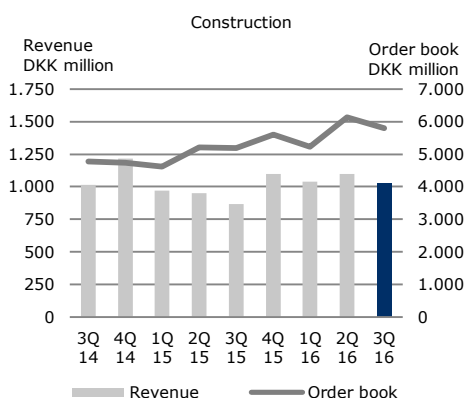
This was due in part to the fact that in the third quarter MT Højgaard won a contract for finishing work at DNV Gødstrup to a value of DKK 236 million. In the field of construction projects developed in-house, during the period MT Højgaard entered a conditional agreement worth DKK 368 million to erect 148 dwellings in Virum with PensionDanmark as client and investor. In addition, MT Højgaard began work on the construction of 120 dwellings in Amalieparken in Vallensbæk, which are being built in collaboration with the property investment company DADES, and held a topping-out ceremony at Nordre Jernbanevej in Hillerød, which comprises the construction of 94 apartments for PFA.

Tenders within Public Private Partnerships (PPP) and Public Private Collaborations (PPC) continued to develop well in the period under review. In the third quarter, MT Højgaard began the assembly of prefabricated elements at Slagelse Hospital, held a topping-out ceremony at

Skovbakke School in Odder and entered the handover phase of the New Psychiatric Ward in Vejle.

In the third quarter, Scandi Byg designed Kronen in Vanløse, which comprises 14,000 m² of housing and is expected to go into production at the start of the fourth quarter. Enemærke & Petersen continued the assembly of prefabricated elements at Carlsberg City in Copenhagen and phase 2 of the refurbishment of Stadionkvarteret in Glostrup is well underway. The refurbishment of Langkærparken and Rosenhøj in Aarhus was handed over according to plan. In the field of electrical installations, in the third quarter Lindpro's work included the final phases of projects for A.P. Møller-Mærsk, Nordea, the New University Hospital in Aalborg, and Axel Towers in Copenhagen.

As previously stated, MT Højgaard's DKK 1.5 billion contract to build a factory in Iceland for Silicor Materials is conditional on the financing process, which is expected to be resolved at the start of 2017.



Civil Works

The Group's civil works activities are undertaken by the MT Højgaard companies and the partly-owned company Seth. Activities include projects in the areas of infrastructure, bridges and tunnels as well as harbour extensions. The MT Højgaard company, in particular, has tendered successfully for projects with a high degree of complexity that require specialist capabilities.

The MT Højgaard Group's civil works activities generated revenue for the first three quarters of the year of DKK 0.7 billion compared with DKK 0.8 billion in the same period last year, but showing an upward trend compared with recent quarters. This primarily reflected fewer major civil works projects in progress, including resort construction, compared with the same period last year, and

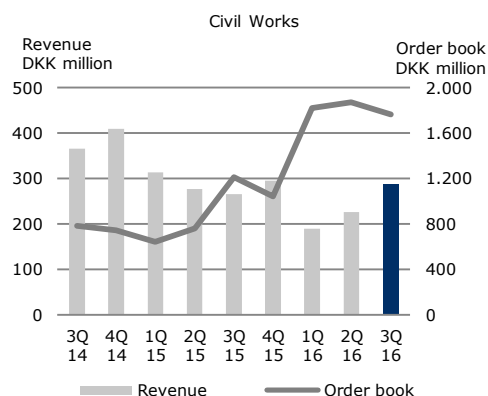
delays to several public infrastructure projects, whereas the market for shell structures continued to develop favourably.

Order intake and order book for Civil Works were as expected, with the order book ending the first three quarters of the year DKK 0.6 billion ahead of the same time in 2015.

In the third quarter, MT Højgaard signed a contract worth DKK 0.5 billion for the Hisingsbron bridge project in Gothenburg in a joint venture with Skanska. MT Højgaard is to produce and install the steelwork and mechanics for the bridge. The bridge is scheduled for completion in 2022.

Work carried out during the period included the shell structure for the New University Hospital in Aarhus. At the New University Hospital in Aalborg, MT Højgaard began casting concrete on 5 out of 10 storeys and casting of the basement floors has been completed.

In the Maldives, the activities in the area of resort construction continued at a slightly lower level during the period. However, infrastructure activities were affected by a write-down on an infrastructure project completed in the third quarter. New procedures have been established for current and future infrastructure activities.



Services

The Group provides services in the construction, civil works and property markets, including project development and engineering. Lindpro is a service provider of technical systems for construction and subsequent operation, and Enemærke & Petersen undertakes operation and maintenance of buildings. Ajos supplies equipment and consultancy services to the construction industry and

is one of Denmark's largest companies hiring out specialist equipment. In addition, MT Højgaard offers services in connection with PPP and PPC projects.

Services reported revenue for the first three quarters of DKK 0.8 billion compared with DKK 1.1 billion in the same period last year. The development was primarily driven by the effect of the lower revenue from Greenland Contractors.

During the period, Greenland Contractors continued to work under the temporary contract with the US Air Force for the operation of Thule Air Base in Greenland. This agreement has now been extended to the end of the first quarter of 2017. Work proceeded as planned during the first three quarters and, as expected, profits were considerably lower than under the old contract.

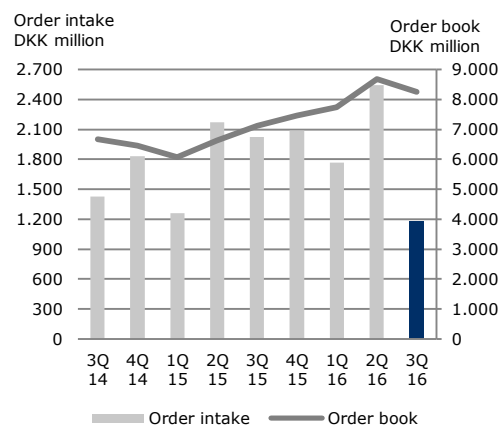
The activity level in the service businesses in Ajos and Lindpro during the period under review was largely unchanged from the same period last year. Development in this area is affected by increasingly intense price competition for a number of services, which is being tackled by continuing to focus strongly on digitisation and training.

Order intake and order book

Third-quarter order intake was DKK 1.2 billion compared with DKK 2.0 billion in the third quarter of 2015. The order intake does not include a joint venture collaboration entered into in the third quarter with Skanska for the Swedish Hisingsbron bridge project in Gothenburg. MT Højgaard's share amounts to DKK 0.5 billion. The amount is not included in the order intake due to JV status. Order intake in the first three quarters of the year totalled DKK 5.5 billion, on a par with the same period last year.

DKK million	YTD 2016	YTD 2015	2015
Order book, beg. of period	7,468	6,458	6,458
Order intake	5,494	5,454	7,541
Revenue	4,704	4,783	6,531
Order book, end of period	8,258	7,129	7,468

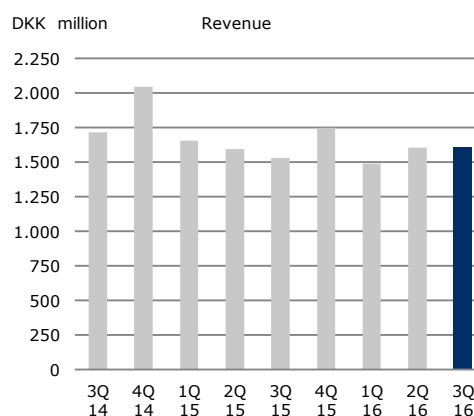
Order intake is considered satisfactory and reflects the Group's targeted tendering and order strategy, which is reflected in both bigger and more new orders. Orders won but not yet contracted were up DKK 0.3 billion, amounting to DKK 2.2 billion at the end of September 2016 compared with DKK 2.7 billion last year.



The order book stood at DKK 8.3 billion at 30 September 2016, up DKK 0.8 billion on the beginning of the year. The order book includes a number of large orders extending over several years.

Revenue and earnings

Third-quarter 2016 revenue was DKK 1.6 billion, a small improvement on the third quarter of 2015. Revenue for the first three quarters was DKK 4.7 billion, in line with the same period last year. Revenue for the first three quarters of the year did not match the Group's expectations for the period, primarily due to the previously mentioned postponed start-up of a number of projects. Adjusted for Greenland Contractors, the Group has created new organic growth.



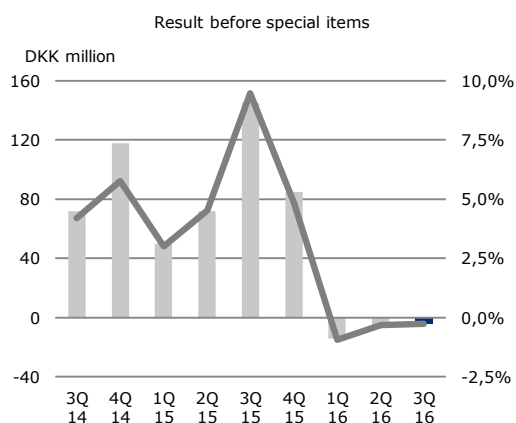
The operating result before special items for the third quarter of the year was a loss of DKK 4 million compared with a DKK 145 million profit in the same period in 2015. In the third quarter of 2015, the operating result and the operating margin before special items benefited particu-

larly from non-recurring income from Greenland Contractors.

The operating margin before special items was -0.3% in the third quarter of the year compared with 9.4% in the same period in 2015.

The operating result before special items for the first three quarters of the year was a loss of DKK 23 million compared with a profit of DKK 267 million in the same period last year, while the operating margin before special items was -0.5% compared with 5.6% in the same period in 2015.

The decline in the operating result for the first three quarters of the year reflected the aforementioned relatively low activity during the period due to postponed project start-ups, the reduced earnings from the operation of Thule Air Base, a write-down on an infrastructure project, as reported in the interim financial report for the second quarter of 2016, and reorganisation in Scandi Byg.



Net financials for the first three quarters of 2016 amounted to expenditure of DKK 5 million compared with income of DKK 20 million in the same period last year, when a gain on exercise of a currency option had a positive effect.

The result for the third quarter of 2015 was affected by the final settlement of the Robin Rigg offshore litigation in respect of which a provision was reversed with a positive effect of DKK 195 million. However, this provision was re-recognised in the fourth quarter of 2015 as a result of the UK Supreme Court granting the opposing party permission to appeal the case despite the earlier ruling.

The result after tax for the first three quarters of 2016 was a loss of DKK 22 million compared with a profit of DKK 423 million in the same period in 2015.

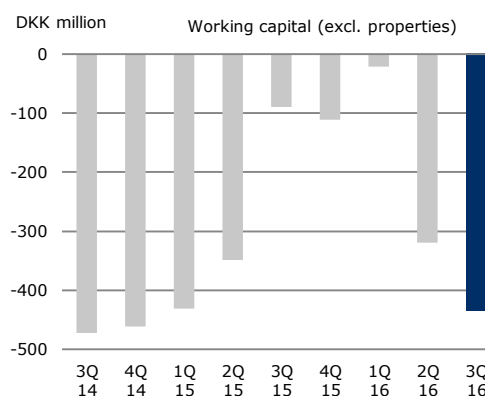
Balance sheet

Inventories totalled DKK 795 million at the end of September 2016 compared with DKK 718 million at the end of 2015. The increase primarily reflected sites and construction projects developed in-house for resale, which totalled DKK 717 million at the end of September 2016. The Group has two residential construction projects developed in-house for private customers, on which handover is expected during the fourth quarter of 2016 onwards.

Trade receivables were DKK 1,178 million at the end of September 2016 compared with DKK 1,386 million at the end of 2015. Construction contracts in progress amounted to a liability item of DKK 494 million net at the end of September 2016 compared with a liability item of DKK 444 million at the end of 2015. The changes were mainly due to the delayed start-up of new projects.

Trade payables were DKK 760 million at the end of September 2016 compared with DKK 810 million at the end of 2015, reflecting the activity level.

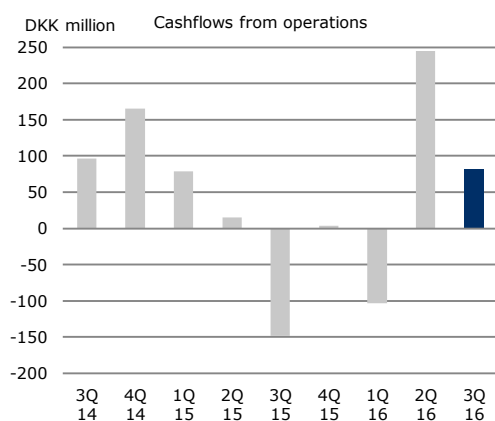
Overall, the Group had negative working capital of DKK 435 million at the end of September 2016 compared with negative working capital of DKK 112 million at the end of 2015. The development was primarily driven by cash receipts from customers and an increase in work in progress.



Cash flows and financial resources

Cash flows from operating activities were an inflow of DKK 81 million in the third quarter of 2016 compared with an outflow of DKK 149 million in the same period last year. New projects and a change in working capital had a positive effect on cash flows for the period. In the first three quarters of the year, cash flows from operating activities were an inflow of DKK 223 million compared with an outflow of DKK 56 million the previous year. The increase was primarily driven by less capital being tied up in trade receivables as well as the start-up of new projects.

Investing activities absorbed DKK 38 million in the third quarter of 2016, mainly comprising investments in property, plant and equipment. In the third quarter of 2015, the corresponding item was an outflow of DKK 34 million. In the first three quarters of 2016, investing activities absorbed DKK 116 million compared with DKK 84 million in the same period last year. The increase reflected a major equipment investment in Ajos and investments for MT Højgaard's new multiflex head office in Søborg.



The Group's financial resources totalled DKK 0.6 billion, in line with the level at the start of the quarter. The Group's financial resources are satisfactory in view of the expected level of activity.

Outlook for 2016

Based on the order book at the end of the period, revenue for the fourth quarter of 2016 is still expected to be significantly higher than in the preceding quarters, particularly driven by planned handovers in the fourth quarter of construction projects developed in-house. The full-year revenue outlook of around DKK 6.8 billion is consequently reaffirmed. The contribution from high-margin

revenue will however, be replaced in part by other revenue with a lower margin, thus affecting earnings.

Management is lowering the outlook for the full-year operating result before special items to around DKK 75 million compared with the previous outlook of around DKK 225 million. The lower outlook is based on the development year-to-date, an updated estimate from construction projects developed in-house, the circumstances in Scandi Byg and postponed project development activities that are awaiting official approval.

The Robin Rigg appeal case will not be decided in 2016. As a result of a provision made previously, a possible negative outcome of the case can only adversely affect the Group's liquidity, not the results.

The Group still sees opportunities for growth in the coming years based on both the Group's strategic focus and competitiveness and a general improvement in the market. As part of the transformation towards increased collaboration with clients and stakeholders, the Group will continue the planned development of and investment in VDC and new technological platforms.

The Group sees good opportunities for progress in the coming years, so that the strategic framework target of an operating margin before special items of around 5% can be achieved again.

The interim financial report contains forward-looking statements, including the above projections of financial performance in 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 – 30 September 2016.

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 at

at 30 September 2016 and of the results of the Group's operations and cash flows for the financial period 1 January – 30 September 2016.

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 uncertainties pertaining to the Group.

Søborg, 10 November 2016

Executive Board

Torben Biilmann
President and CEO

Egil Mølsted Madsen
CFO

Board of Directors

Søren Bjerre-Nielsen
Chairman

Niels Lykke Graugaard
Deputy Chairman

Carsten Bjerg

Pernille Fabricius

Ole Røsdahl

Christine Thorsen

John Sommer

Vinnie Sunke Heimann

Irene Chabior

Income statement and statement of comprehensive income

	2016	2015	2016	2015	2015
Amounts in DKK million	Q3	Q3	YTD	YTD	Year
Income statement					
Revenue	1,611.8	1,531.8	4,704.4	4,783.2	6,531.4
Production costs	-1,524.8	-1,300.5	-4,424.8	-4,211.4	-5,759.9
Gross profit	87.0	231.3	279.6	571.8	771.5
Distribution costs	-46.8	-43.2	-147.5	-152.2	-204.2
Administrative expenses	-48.8	-51.1	-166.7	-163.7	-247.1
Profit/(loss) before share of profit/(loss) of joint ventures	-8.6	137.0	-34.6	255.9	320.2
Share of profit/(loss) after tax of joint ventures	4.5	7.7	11.6	11.0	31.3
Operating profit/(loss) before special items	-4.1	144.7	-23.0	266.9	351.5
Special items	-	195.0	-	195.0	-
EBIT	-4.1	339.7	-23.0	461.9	351.5
Net financials	-0.8	-6.1	-5.4	19.6	18.7
Profit/(loss) before tax	-4.9	333.6	-28.4	481.5	370.2
Income tax expense	1.0	-28.1	6.6	-58.6	-80.6
Profit/(loss) for the period	-3.9	305.5	-21.8	422.9	289.6
Attributable to:					
Shareholders of MT Højgaard A/S	-9.0	266.1	-39.7	324.5	183.4
Non-controlling interests	5.1	39.4	17.9	98.4	106.2
Total	-3.9	305.5	-21.8	422.9	289.6
Statement of comprehensive income					
Profit/(loss) for the period	-3.9	305.5	-21.8	422.9	289.6
Other comprehensive income					
Items that may be reclassified to the income statement:					
Foreign exchange adjustments, foreign enterprises	-0.2	-1.7	-0.6	1.0	4.5
Value adjustment of hedging instruments, joint ventures	-0.8	-	-11.7	6.5	5.6
Total comprehensive income	-4.9	303.8	-34.1	430.4	299.7
Attributable to:					
Shareholders of MT Højgaard A/S	-10.4	264.4	-52.0	332.0	193.5
Non-controlling interests	5.5	39.4	17.9	98.4	106.2
Total	-4.9	303.8	-34.1	430.4	299.7

Balance sheet

	2016	2015	2015
Amounts in DKK million	30-09	30-09	31-12
Assets			
Non-current assets			
Intangible assets	184.1	167.7	176.2
Property, plant and equipment	582.5	524.0	545.2
Deferred tax assets	333.4	331.4	311.6
Other investments	72.2	42.7	66.1
Total non-current assets	1,172.2	1,065.8	1,099.1
Current assets			
Inventories	794.6	723.1	718.0
Trade receivables	1,178.2	1,267.0	1,385.7
Construction contracts in progress	288.6	138.3	131.0
Other receivables	88.1	111.4	86.9
Cash and cash equivalents	275.1	288.6	175.0
Total current assets	2,624.6	2,528.4	2,496.6
Total assets	3,796.8	3,594.2	3,595.7
Equity and liabilities			
Equity attributable to shareholders	911.2	1,098.0	959.8
Non-controlling interests	27.0	76.3	39.1
Total equity	938.2	1,174.3	998.9
Non-current liabilities			
Bank loans, etc.	138.8	128.7	100.4
Deferred tax liabilities	10.1	10.0	10.1
Provisions	214.6	152.9	212.3
Total non-current liabilities	363.5	291.6	322.8
Current liabilities			
Bank loans, etc.	106.0	112.8	125.0
Construction contracts in progress	782.4	594.2	575.4
Trade payables	760.0	758.5	809.6
Other current liabilities	846.7	662.8	764.0
Total current liabilities	2,495.1	2,128.3	2,274.0
Total liabilities	2,858.6	2,419.9	2,596.8
Total equity and liabilities	3,796.8	3,594.2	3,595.7

Statement of cash flows

	2016	2015	2016	2015	2015
Amounts in DKK million	Q3	Q3	YTD	YTD	Year
Operating activities					
EBIT	-4.1	339.7	-23.0	461.9	351.5
Adjustments in respect of non-cash operating items, etc.	19.4	10.7	54.3	74.1	111.7
Cash flows from operating activities before working capital changes	15.3	350.4	31.3	536.0	463.2
Working capital changes					
Inventories	-29.8	-70.5	-76.6	-88.4	-80.6
Receivables excl. construction contracts in progress	-10.8	-215.4	210.1	-66.8	-160.9
Construction contracts in progress	-8.4	-18.0	49.4	-86.0	-97.5
Trade and other current payables	119.4	-180.7	25.8	-342.6	-116.6
Cash flows from operations (operating activities)	85.7	-134.2	240.0	-47.8	7.6
Net financials	-0.8	-6.2	-5.4	19.5	18.7
Cash flows from operations (ordinary activities)	84.9	-140.4	234.6	-28.3	26.3
Income taxes paid, net	-3.9	-8.4	-11.6	-27.2	-77.9
Cash flows from operating activities	81.0	-148.8	223.0	-55.5	-51.6
Investing activities					
Purchase of property, plant and equipment	-36.6	-35.5	-111.5	-104.8	-137.2
Other investments, net	-0.7	1.8	-4.2	20.5	-3.2
Cash flows from investing activities	-37.3	-33.7	-115.7	-84.3	-140.4
Cash flows from financing activities	-7.0	-8.6	-0.4	-107.5	-165.0
Net increase (decrease) in cash and cash equivalents	36.7	-191.1	106.9	-247.3	-357.0
Cash and cash equivalents at beginning of period	172.2	402.8	102.0	459.0	459.0
Cash and cash equivalents at end of period	208.9	211.7	208.9	211.7	102.0

Statement of changes in equity

Amounts in DKK million	Share capital	Hedging reserve	Translation reserve	Retained earnings	Proposed dividends	Equity attributable to shareholders	Attributable to non-controlling interests	Total equity
2016								
Equity at 1 January	520.0	-33.4	6.2	467.0	-	959.8	39.1	998.9
Profit/(loss) for the period	-	-	-	-39.7	-	-39.7	17.9	-21.8
Other comprehensive income:								
Foreign exchange adjustments, foreign enterprises	-	-	-0.6	-	-	-0.6	-	-0.6
Value adjustment of hedging instruments, joint ventures	-	-11.7	-	-	-	-11.7	-	-11.7
Total other comprehensive income	-	-11.7	-0.6	-	-	-12.3	-	-12.3
Transactions with owners:								
Issued warrants, employee contribution	-	-	-	1.7	-	1.7	-	1.7
Issued warrants	-	-	-	1.7	-	1.7	-	1.7
Dividends paid	-	-	-	-	-	-	-30.0	-30.0
Total transactions with owners	-	-	-	3.4	-	3.4	-30.0	-26.6
Total changes in equity	-	-11.7	-0.6	-36.3	-	-48.6	-12.1	-60.7
Equity at end of period	520.0	-45.1	5.6	430.7	-	911.2	27.0	938.2
2015								
Equity at 1 January	520.0	-39.0	1.7	281.1	-	763.8	57.9	821.7
Profit/(loss) for the period	-	-	-	324.5	-	324.5	98.4	422.9
Other comprehensive income:								
Foreign exchange adjustments, foreign enterprises	-	-	1.0	-	-	1.0	-	1.0
Value adjustment of hedging instruments, joint ventures	-	6.5	-	-	-	6.5	-	6.5
Tax on other comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	-	6.5	1.0	-	-	7.5	-	7.5
Transactions with owners:								
Issued warrants, employee contribution	-	-	-	1.4	-	1.4	-	1.4
Issued warrants	-	-	-	0.8	-	0.8	-	0.8
Dividends paid	-	-	-	-	-	-	-80.0	-80.0
Total transactions with owners	-	-	-	2.2	-	2.2	-80.0	-77.8
Total changes in equity	-	6.5	1.0	326.7	-	334.2	18.4	352.6
Equity at end of period	520.0	-32.5	2.7	607.8	-	1,098.0	76.3	1,174.3

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.

The accounting policies are unchanged from the 2015 annual report. A full description of accounting policies is provided in the 2015 annual report.

The functions in the income statement have been reclassified in 2016. The net effect on operating profit before special items is nil. The reason for the reclassification was to align allocations to conform to peer companies. The comparative figures have been restated accordingly.

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 2015 annual report.

3. Share-based payment transactions

In 2014, the Group set up a warrant programme for the 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, contrary to expectations, the parent company is not listed, the programme will be settled by cash payment. Each warrant entitles the holder to subscribe for one share with a nominal value of DKK 1,000 in the parent company. The programme is capped at 5% of the company's share capital.

In 2016, a total of 6,274 warrants with a nominal value of DKK 1,000 each and a fair value of DKK 1.7 million have been issued.

For 2014-2016, the fair value of the programme totalled DKK 4.8 million at 30 September 2016. The fair value is expensed on a straight-line basis over the expected three-year service period. The warrant programme impacted the income statement for the first three quarters of 2016 by DKK 1.7 million.

At the end of September 2016, the number of outstanding warrants was 25,690 with a nominal value of DKK 1,000 each, corresponding to 4.9% of the share capital.

4. Reclassification of expenses

Reclassification of the income statement for 2015 YTD and for the year 2015, respectively, is shown below. The net effect is nil.

Amounts in DKK million	2015 30-09			2015 Year		
	After reclass.	Adjust- ment	Before reclass.	After reclass.	Adjust- ment	Before reclass.
Income statement						
Revenue	4,783.2	-	4,783.2	6,531.4	-	6,531.4
Production costs	-4,211.4	-67.9	-4,143.5	-5,759.9	-91.3	-5,668.6
Gross profit	571.8	-67.9	639.7	771.5	-91.3	862.8
Distribution costs	-152.2	-27.3	-124.9	-204.2	-26.2	-178.0
Administrative expenses	-163.7	95.2	-258.9	-247.1	117.5	-364.6
Profit/(loss) before share of profit/(loss) of joint ventures	255.9	-	255.9	320.2	-	320.2
Share of profit/(loss) after tax of joint ventures	11.0	-	11.0	31.3	-	31.3
Operating profit/(loss) before special items	266.9	-	266.9	351.5	-	351.5
Special items	195.0	-	195.0	-	-	-
EBIT	461.9	-	461.9	351.5	-	351.5
Net financials	19.6	-	19.6	18.7	-	18.7
Profit/(loss) before tax	481.5	-	481.5	370.2	-	370.2
Income tax expense	-58.6	-	-58.6	-80.6	-	-80.6
Profit/(loss) for the period	422.9	-	422.9	289.6	-	289.6

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