

Interim report for 1 January to 30 September 2014 (3rd quarter 2014)

The board of directors of Højgaard Holding A/S has today considered and approved this interim report for the period from 1 January to 30 September 2014.

- In accordance with IFRS 11, as of 1 January 2014 the ownership share in the jointly controlled enterprise MT Højgaard is recognised on the basis of the equity method (one-line consolidation) and not on a pro rata basis as previously, see note 1.
- The group's revenue was DKK 53 million against DKK 55 million for the same period last year.
- The group recorded a loss before tax of DKK 204 million, compared to a loss of DKK 25 million for the same period in the previous year.
- The jointly controlled enterprise MT Højgaard (in which Højgaard Holding A/S holds a share of 54%) recorded an operating profit before special items for the period of DKK 88 million, compared to a profit of DKK 23 million for the same period in the previous year. Special items amount to a loss of DKK 408 million and relate to the provision for the lost offshore dispute case Robin Rigg and decisions made in offshore cases as described in the stock exchange announcement of 12 October 2014. The profit after tax (before minority interests) was a loss of DKK 339 million for the period, compared to a loss of DKK 9 million for the same period last year.
- MT Højgaard expects revenue at the level of DKK 7.0 billion compared to a previous outlook for DKK 7.0 to 7.5 billion. An operating profit before special items for 2014 of DKK 175-200 million, corresponding to an operating margin of approx. 2.5%, is expected, compared to a previous outlook for DKK 150-225 million (an operating margin of 2-3%). Special items are expected to amount to approx. DKK -400 million for the full year.



- For 2014, in addition to our share of 54% in the MT Højgaard group's profit after tax and minority interests, the Højgaard Holding group still expects a small positive result before tax.

Best regards
Højgaard Holding A/S

Søren Bjerre-Nielsen
Chairman of the board

Ditlev Fløistrup
CEO

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This statement has been translated from the Danish language and in the event of any discrepancies between the Danish and the English language versions, the Danish language version is the governing text.

Highlights and key figures for the group

DKK million	2014 Year to date	2013 Year to date	2013 Full year
Income statement			
Revenue	53	55	72
Operating profit	8	7	11
Financial items	-2	-2	-2
Share of profit after tax and minority interests in jointly controlled enterprise	-210	-31	18
Profit before tax	-204	-25	27
Profit after tax	-205	-27	25
Balance sheet			
Non-current assets	387	554	603
Current assets	20	18	17
Equity	335	495	547
Liabilities	71	77	73
Balance sheet total	407	572	620
Net interest-bearing debt	-53	-58	-53
Invested capital	388	553	600
Cash flows			
Cash flow to/from operating activities	0	1	6
Cash flow to/from investing activities	0	-66	-66
Cash flow to/from financing activities	-4	62	62
Total cash flows	-4	-3	2
Key figures			
Pre-tax margin (%)	-386	-46	37
Dividend paid, DKK million	0	0	0
Average number of shares, million	4	4	4
Number of shares at end of period, million	4	4	4
Earnings and diluted earnings per share (EPS and EPS-D), DKK	-49	-6	6
Book value per share, DKK	80	118	130
Share price at end of period, A-shares	225	150	180
Share price at end of period, B-shares	223	152	182
Total market value, DKK million	944	653	759
Share price/book value	2.8	1.3	1.4
Return on equity for the period (%)	-47	-5	5
Equity ratio (%)	82	86	88
Other information			
Average number of employees	30	30	30

The key figures have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2010". The definition of the key figures applied can be seen from the annual report for 2013.

The highlights and key figures have been adapted to the changed accounting policies as regards recognition of jointly controlled enterprises, see note 1.

Management's review

Højgaard Holding A/S' main asset is the 54% ownership share of MT Højgaard A/S. For further details regarding MT Højgaard, reference is made to MT Højgaard's interim report which Højgaard Holding has today made public.

The management contract with Banedanmark held by Højgaard Industri A/S for the production of concrete sleepers at the facility in Fredericia owned by Banedanmark runs until and including February 2016 with an option for Banedanmark to extend the contract for another two years.

Højgaard Holding A/S' own cash resources are considered satisfactory.

The group recorded a loss before tax of DKK 204 million, compared to a loss of DKK 25 million for the same period in the previous year. The higher loss can be attributed to the fact that the results for the jointly controlled enterprise MT Højgaard include special items for the period which amounted to a loss of DKK 408 million, and which relate to the settlement of the old offshore dispute cases and the appealed Robin Rigg decision from the first quarter 2014.

At 30 September 2014, the group's interest bearing debt amounted to DKK 53 million, which corresponds to the interest bearing debt as of 31 December 2013.

The group's equity stood at DKK 335 million at 30 September 2014, and the book value corresponds to DKK 80 per share of DKK 20.

Højgaard Industri A/S

Holding 100%

DKK million	2014 3rd Qtr	2013 3rd Qtr	2014 Year to date	2013 Year to date	2013 Full year
Revenue	16.7	15.8	52.8	55.0	72.2
Profit before tax	3.1	3.1	10.0	10.4	16.0
Profit after tax	2.4	2.3	7.6	7.8	12.7
Balance sheet total			19.9	23.4	22.6
Equity			9.6	9.8	14.7

The profit for the three quarters is in line with expectations. For the full 2014, expectations remain unchanged, i.e. a production of sleepers slightly lower than in 2013 and results before tax below the level of 2013.

Related parties

Knud Højgaards Fond owns 65% of Højgaard Holding A/S.

Apart from intragroup transactions that have been eliminated in the consolidated financial statements and management remuneration, no transactions have been effected during the period with major shareholders, members of the board of directors, members of the executive board or other related parties. Transactions between Højgaard Holding A/S and other consolidated enterprises are made on an arm's length basis.

Outlook for 2014

MT Højgaard expects revenue at the level of DKK 7.0 billion compared to a previous outlook for DKK 7.0 to 7.5 billion. An operating profit before special items for 2014 of DKK 175-200 million, which corresponds to an operating margin of approx. 2.5%, is expected, compared to a previous outlook for DKK 150-225 million (an operating margin of 2-3%). Special items are expected to amount to approx. DKK -400 million for the full year.

For 2014, in addition to our share of 54% in the MT Højgaard group's profit after tax and minority interests, the Højgaard Holding group still expects a small positive result before tax.

The projections concerning future financial performance are subject to uncertainties and risks that may result in a development that deviates substantially from expectations. For a description of risks and uncertainties, reference is made to note 2. The significant risks and uncertainties are unchanged from the description provided in the latest annual report.

Statement by the executive board and the board of directors

The board of directors and the executive board have today considered and approved this interim report for Højgaard Holding A/S for the period from 1 January to 30 September 2014.

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 reporting by listed companies.

In our opinion, the interim report provides a true and fair view of the group's assets, liabilities and financial position at 30 September 2014 and of the results of the group's activities and cash flows for the accounting period from 1 January to 30 September 2014.

Further, in our opinion, the management's review also gives a true and fair account of the development in the activities and financial affairs of the group, the results for the period and the group's financial position as a whole as well as a description of the significant risks and uncertainties facing the group.

Gentofte, 19 November 2014

Executive board

Ditlev Fløistrup
CEO

Board of directors

Søren Bjerre-Nielsen
Chairman

Carsten Bjerg
Deputy chairman

Pernille Fabricius

Group income statement

DKK million	2014 3rd Qtr	2013 3rd Qtr	2014 Year to date	2013 Year to date	2013 Full year
Revenue	16.7	15.8	52.8	55.0	72.2
Production costs	13.1	12.2	41.1	42.7	56.2
Gross profit	3.6	3.6	11.7	12.3	16.0
Administration costs	1.1	1.4	3.8	5.3	4.7
Operating profit	2.5	2.2	7.9	7.0	11.3
Share of profit after tax and minority interests in jointly controlled enterprise	-92.4	5.8	-209.9	-30.7	18.0
Financial items	-0.7	-0.7	-2.0	-1.7	-2.5
Profit before tax	-90.6	7.3	-204.0	-25.4	26.8
Tax on profit for the period	0.4	0.4	1.4	1.3	1.6
Total profit for the period after tax	-91.0	6.9	-205.4	-26.7	25.2

The profit before tax can be specified as follows:

MT Højgaard group (after tax and minority interests)	-92.4	5.8	-209.9	-30.7	18.0
Højgaard Industri A/S	3.1	3.1	10.0	10.4	16.0
Højgaard Holding A/S	-1.3	-1.6	-4.1	-5.1	-7.2
Profit before tax	-90.6	7.3	-204.0	-25.4	26.8

Earnings and diluted earnings per share (EPS and EPS-D), DKK	-21.6	1.6	-48.9	-6.4	6.0
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Group statement of comprehensive income

DKK million

Profit after tax	-91.0	6.9	-205.4	-26.7	25.2
Other comprehensive income					
Items that can be reclassified to the income statement:					
Share of other compr. income in jointly controlled enterprise	-2.9	1.4	-7.5	5.6	6.3
Tax on other compr.income	0.0	0.0	0.0	0.0	0.0
Other comprehensive income after tax	-2.9	1.4	-7.5	5.6	6.3
Total comprehensive income	-93.9	8.3	-212.9	-21.1	31.5

Group balance sheet

DKK million	2014 30 September	2013 30 September	2013 31 December
ASSETS			
Non-current assets			
Deferred tax assets	0.7	0.7	0.7
Investments in jointly controlled enterprise	386.2	553.2	602.7
Total non-current assets	386.9	553.9	603.4
Current assets			
Inventories	3.3	2.5	2.6
Receivables	11.0	11.6	4.7
Cash, cash equivalents and securities	5.4	3.8	9.3
Total current assets	19.7	17.9	16.6
Total assets	406.6	571.8	620.0
EQUITY AND LIABILITIES			
Equity	335.2	494.5	547.1
Non-current liabilities			
Payables to group companies	58.0	62.0	62.0
Total non-current liabilities	58.0	62.0	62.0
Current liabilities			
Suppliers of goods and services	2.8	3.9	3.4
Other current liabilities	10.6	11.4	7.5
Total current liabilities	13.4	15.3	10.9
Total liabilities	71.4	77.3	72.9
Total equity and liabilities	406.6	571.8	620.0

Group statement of changes in equity

DKK million	Share capital	Reserve for hedging transactions	Reserve for currency rate adjustments	Profit carried forward	Proposed dividend	Total equity
Equity at 1 January 2013	84.1	-16.7	0.2	448.0	0.0	515.6
Profit after tax				-26.7		-26.7
Other comprehensive income		4.8	0.8			5.6
Total changes in equity		4.8	0.8	-26.7		-21.1
Equity at 30 September 2013	84.1	-11.9	1.0	421.3	0.0	494.5
Equity at 1 January 2014	84.1	-11.1	0.9	473.2	0.0	547.1
Profit after tax				-205.4		-205.4
Other				1.0		1.0
Other comprehensive income		-6.2	-1.3			-7.5
Total changes in equity		-6.2	-1.3	-204.4		-211.9
Equity at 30 September 2014	84.1	-17.3	-0.4	268.8	0.0	335.2

Group cash flow statement

DKK million	2014 Year to date	2013 Year to date	2013 Full year
Operations			
Operating profit	7.9	7.0	11.3
Cash flow to/from primary activities before changes in working capital	7.9	7.0	11.3
Change in working capital	-7.8	-6.4	-5.2
Cash flow to/from operating activities	0.1	0.6	6.1
Capital contribution to MT Højgaard	0.0	-162.0	-162.0
Sale of securities, net	0.0	96.3	96.3
Cash flow to/from investing activities	0.0	-65.7	-65.7
Cash flow to/from financing activities	-4.0	62.0	62.0
Cash flows, net	-3.9	-3.1	2.4
Cash and cash equivalents at beginning of period	9.2	6.8	6.8
Cash and cash equivalents at end of period	5.3	3.7	9.2

The cash flow statement cannot be determined on the basis of the published material alone.

Note 1 - Accounting policies applied

The interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”, as adopted by the EU, and Danish disclosure requirements for interim reporting by listed companies.

Apart from the changes described below, the accounting policies applied remain unchanged from those described in note 1 in the annual report for 2013, to which reference is made. The annual report for 2013 includes a full description of the accounting policies applied.

Changes in the accounting policies applied

With an effective date of 1 January 2014, IFRS 10, 11 and 12 have been implemented, including the accompanying amendments, IAS 27 (2011), IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 32, amendments to IAS 39 and IFRIC 21. The effect of the changes is described in note 1 in the interim report for the first quarter 2014 as of 19 May 2014.

The comparative figures for the third quarter and the full year have been adjusted.

Accounting effects of the implementation

The accounting effects of the implementation of IFRS 11 for the group are as follows:

DKK million	3rd Qtr 2013			Year to date 2013		
	Current practice	Adjustments	New practice	Current practice	Adjustments	New practice
Statement of comprehensive income						
Revenue	1,007.4	-991.6	15.8	2,819.0	-2,764.0	55.0
Production costs	936.6	-924.4	12.2	2,654.6	-2,611.9	42.7
Sales costs	15.6	-15.6	0.0	45.8	-45.8	0.0
Administration costs	40.1	-38.7	1.4	122.7	-117.4	5.3
Share of profit after tax in associates	0.2	-0.2	0.0	0.8	-0.8	0.0
Share of profit after tax and minority interests in jointly controlled enterprise	0.0	5.8	5.8	0.0	-30.7	-30.7
Interest, net	-4.4	3.7	-0.7	-10.5	8.8	-1.7
Tax on net profit or loss for the period	4.0	-3.6	0.4	12.9	-11.6	1.3
Profit after tax	6.9	0.0		-26.7	0.0	
Other comprehensive income		0.0			0.0	
Comprehensive income for the period		0.0			0.0	
Cash flow statement						
Operating activities				-146.0	146.6	0.6
Investing activities				76.9	-142.6	-65.7
Financing activities				83.5	-21.5	62.0
Cash flow at beginning of period				-89.2	96.0	6.8
Cash flow at end of period					78.5	

The effect on the full 2013 was described in the interim report for the first quarter 2014 as of 19 May 2014.

DKK million	30 September 2013			31 December 2013		
	Current practice	Adjustments	New practice	Current practice	Adjustments	New practice
Balance sheet						
Intangible assets	80.4	-80.4	0.0	83.9	-83.9	0.0
Property, plant and equipment	329.8	-329.8	0.0	307.9	-307.9	0.0
Deferred tax assets	185.7	-185.0	0.7	167.4	-166.7	0.7
Investments in jointly controlled enterprise	0.0	553.2	553.2	0.0	602.7	602.7
Other financial assets	8.0	-8.0	0.0	4.8	-4.8	0.0
Inventories	359.6	-357.1	2.5	341.5	-338.9	2.6
Receivables from sales and services	946.9	-935.7	11.2	945.3	-945.3	0.0
Contracts in progress	89.1	-89.1	0.0	40.1	-40.1	0.0
Other receivables	76.9	-76.5	0.4	62.8	-58.1	4.7
Securities	90.6	-90.5	0.1	88.2	-88.1	0.1
Cash and cash equivalents	94.9	-91.2	3.7	146.2	-137.0	9.2
Total assets		-1,690.1			-1,568.1	
Credit institutions etc., long-term	97.7	-97.7	0.0	93.9	-93.9	0.0
Deferred tax liabilities	6.6	-6.6	0.0	5.4	-5.4	0.0
Provisions for liabilities	139.9	-139.9	0.0	170.4	-170.4	0.0
Credit institutions etc., short-term	189.2	-189.2	0.0	78.8	-78.8	0.0
Contracts in progress	393.1	-393.1	0.0	321.7	-321.7	0.0
Suppliers of goods and services	498.8	-494.9	3.9	417.1	-413.7	3.4
Other current liabilities	380.1	-368.7	11.4	491.7	-484.2	7.5
Total equity and liabilities		-1,690.1			-1,568.1	

Note 2 – Accounting estimates and assessments

The preparation of the interim financial statements requires that the management makes accounting estimates and assessments that affect the accounting policies applied and the recognition of assets, liabilities, income and expenses. The actual financial performance may deviate from those estimates.

The special offshore disputes were settled in 2014 which has reduced the estimation uncertainty significantly. Other estimates made and the related estimation uncertainty, which are considered usual and in all material respects unchanged, are described in note 2 to the consolidated financial statements and the financial statements for 2013.

Note 3 - Measurement of financial instruments at fair value

The methods used to determine the fair value of financial instruments are unchanged from the annual report for 2013.

Securities are measured based on quoted prices (Level 1). At the end of the period, the fair value and the book value was DKK 0.1 million.

It is the group's policy to recognise transfers between the different categories from the date on which an event or a change in circumstances caused the classification to be changed. No transfers between the levels were made in 2014.

Note 4 - Segment information

DKK million	2014 Year to date	2013 Year to date	2013 Full year
Revenue			
Production	52.8	55.0	72.2
Total revenue	52.8	55.0	72.2
Profit before tax			
Production	10.0	10.4	16.0
Jointly controlled enterprise, etc.	-214.0	-35.8	10.8
Total profit before tax	-204.0	-25.4	26.8
Total assets			
Production	19.9	23.4	22.6
Jointly controlled enterprise, etc.	386.7	548.4	597.4
Total assets	406.6	571.8	620.0
Total liabilities			
Production	10.3	13.7	7.9
Parent company, etc.	61.1	63.6	65.0
Total liabilities	71.4	77.3	72.9