Stock exchange announcement

22 February 2018

MT Højgaard A/S

Enclosed please find MT Højgaard A/S annual report 2017, which is hereby published.

Højgaard Holding A/S holds an ownership interest of 54 % in MT Højgaard.

Yours faithfully,
Højgaard Holding A/S

Ditlev Fløistrup
CEO

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.

MTH GROUP

Annual report 2017

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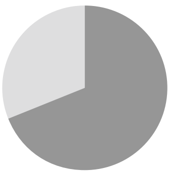
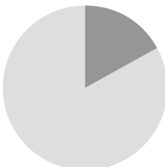
The **MTH GROUP** logo on the front page of this report refers to the whole of the MT Højgaard Group, which this annual report covers.
This annual report has been published in both Danish and English. In case of discrepancies between the two versions,
or in case of doubt, the Danish version shall prevail.

MTH GROUP at a glance

	Construction	Civil works	Services
			
Companies	**MT Højgaard** **Enemærke & Petersen** **Lindpro** **Scandi Byg**	**MT Højgaard** **Seth**	**Lindpro** **Ajos** **Enemærke & Petersen** **MT Højgaard** **Greenland Contractors**
Description	Develops, builds and refurbishes private and public sector buildings, primarily in Denmark, but also in the North Atlantic and the Maldives. Accounts for the majority of the overall activities, measured in terms of both revenue and number of employees.	Civil works projects are undertaken by MT Højgaard and the partly-owned company Seth. Handles large and small projects from offices in Denmark, the North Atlantic countries, the Maldives and Portugal.	A range of services in the construction and civil engineering industry, especially through Ajos, Enemærke & Petersen, Lindpro, Greenland Contractors and, in connection with project development and design, MT Højgaard.
Revenue 2017	 **69%**	 **17%**	 **14%**

Core capabilities **Project development, design and engineering, strategic purchasing, VDC and value engineering, sustainability, project management, project design management**

Company profiles

MTHøjgaard

Construction and civil works projects in the Nordic countries and major related service and consultancy assignments as well as a strong position in Public-Private Partnerships in Denmark.

Enemærke & Petersen a/s

Refurbishment projects in the fields of non-profit housing, schools and institutions as well as construction of new housing, public institutions, offices and other buildings in Denmark.

Lindpro

Contracting and service solutions in the fields of electrical installations, plumbing, fire and security alarm systems and assistive technology such as call systems, dementia systems and personal alarm systems in Denmark and the subsidiary Arssarnerit in Greenland.

scandibyg

Production and construction of buildings using prefabricated modules – from non-profit and private multi-dwelling units to offices. Pavilions and portable site accommodation are manufactured under the SB Modul brand.

ajos

Nationwide equipment hire for construction, civil works and refurbishment projects, assistance in connection with establishing temporary buildings in the private and public sectors and establishment, operation and dismantling of construction sites.

GREENLAND CONTRACTORS

All types of operation and maintenance services, including operation of port, airport, hospital, power station, water supply and canteen – all in an Arctic environment.

seth

Marine works and civil works in the Portuguese market and Africa, with specialist skills in sheet piling, port construction, coastal protection and electrification projects.

Summary 2017

7.6
DKK billion

13% growth
Revenue increased by 13% in 2017, which was characterised by increased activity, especially within construction.

176
DKK million

Improved operating profit before special items *
Operating margin before special items increased to 2.3%, driven mainly by increased revenue and project sales.

168
DKK million

Positive operating cash flow
Driven by the operating profit before special items and improved working capital.

6.1
DKK billion

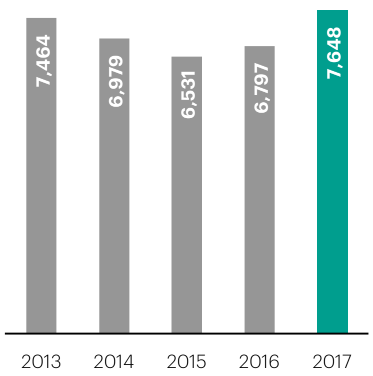
Order intake lower than anticipated
Reflecting the loss of three specific orders at the end of 2017 and a generally lower order level in the first three quarters of the year.

7.0
DKK billion

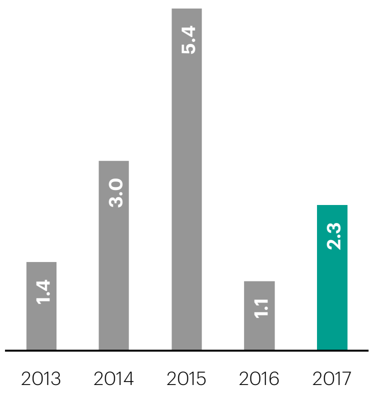
Order book reduced
Due to the trend in order intake and a high activity level throughout the year.

* Special items amounted to a negative DKK 125 million due to the ruling in the Robin Rigg case and a reassessment of the guarantee provisions on legacy offshore projects, which run until 2021, see note 8. The net result for the year was a loss of DKK 58 million after special items and reassessment of the tax asset.

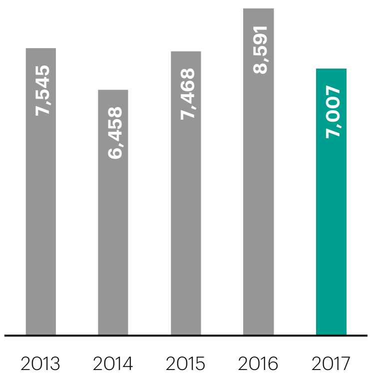
Revenue
DKK million



Operating margin before special items
%



Order book
DKK million



Outlook 2018

Revenue around

6.8 DKKbn

Revenue will be driven by the existing order book and the intake of new orders, which will focus on quality.

EBIT in the range of

140-180 DKKm

The earnings margin and consequently profitability will improve further. In 2018, the parent company MT Højgaard will be affected by reduced revenue and the capacity adjustment implemented in January 2018. The effect of the adjustment will have full impact in the second half of 2018, as the first-half results will be partly offset by redundancy pay.

Focus in 2018

- Continuing the positive trend in health and safety
- Targeted segment and customer focus to boost order intake
- Enhancing competitiveness by optimising MT Højgaard's organisation and tightening resource management
- Ensuring planned execution of orders
- Implementing new IT platform which, together with the earlier investment in VDC, will strengthen the future competitiveness
- Continuing the focus on improving operating cash flows to secure financial flexibility and potential future investments

High activity level in MTH GROUP in 2017

MTH GROUP met expectations for 2017, which was a busy year throughout the Group.

2017 saw high activity and improved earnings, partly due to an upward trend in project development sales. We handed over a number of prestigious construction and civil works projects and won contracts for several attractive projects. Revenue was higher than expected, while earnings were as expected.

The digital platform and early involvement in the tender process played a crucial part in several of the major projects we are working on.

This applies e.g. to the setting up of a number of data centres and in connection with the new IKEA store in Copenhagen. It was also very important with regard to the framework agreement (TRUST) we entered into with the City of Copenhagen in 2016 for the refurbishment of a number of public buildings in the next few years.

2017 saw general growth in the Danish economy, including investments in public building works. In the light of this, we would have liked to see greater order intake in the past year.

Although we noted that the trend towards increased collaboration and the implementation of productivity-enhancing technology in major projects continued in 2017, we also learned that the immediate and evidently lowest construction price still plays a very important part in relation to the total actual final price for the project. Even on large projects.

Well-documented digital solutions that help to minimise risk, and focus on collaboration between all parties involved, which increases productivity and job satisfaction, as well as our strong specialist skills, which ensure a well-run organisation and quality of construction, have not brought us the desired volume of construction projects.

At the end of January 2018, we unfortunately had to give notice to 100 salaried employees and cut 60 salaried positions in MT Højgaard's Danish business in order to adjust capacity to the current order book and the projects anticipated in 2018, and as a result of the loss of three specific orders at the end of 2017. It is sad to have to say goodbye to competent and dedicated colleagues but essential in order to ensure profitability.

We are still convinced that digitalisation, new forms of collaboration and early involvement as in all other industries are here to stay, as this will benefit all parties involved in a construction project. It is good for our industry and extremely positive for our Group.

Technology and skills have always played a vital role in the development of the MTH GROUP and we make significant investments in technological solutions and further training for our employees. For MTH GROUP, it is a basic condition to conform to and support what we call the Danish model with focus on responsibility and good order in all our business processes.

In summer 2017, the long-running litigation concerning the Robin Rigg offshore project came to an end, unfortunately with an unexpected negative outcome. In the light of this, we considered it necessary to reassess provisions for our other guarantee obligations in the closed-down business area of offshore.

In 2018, we look forward to continuing with ongoing projects, starting work on contracts we have won, and winning exciting new orders. We anticipate slightly lower revenue than in 2017 but on the other hand we can be pleased that our focus on quality in our order portfolio is expected to mean that we will be able to improve profitability in the Group.

2018 is also the year when we will start celebrating the Group's centenary and with good reason, because we have left our mark – especially on Denmark – for a hundred years and in all that time we have been at the forefront of development. We are proud of this.

Torben Biilmann
President and CEO

Consolidated financial highlights

Amounts in DKK million	2017	2016	2015	2014	2013
Income statement					
Revenue	7,648	6,797	6,531	6,979	7,464
Gross profit	631	505	772	619	494
Operating profit before special items	176	73	352	207	105
Special items*	-125	-	-	-408	130
EBIT	51	73	352	-201	235
Profit/(loss) before tax	40	72	370	-186	209
Net profit/(loss) for the year	-58	10	290	-252	107
Cash flows					
Cash flows from operating activities	168	200	-52	429	113
Purchase of property, plant and equipment	-86	-148	-137	-106	-131
Other investments, incl. investments in securities	-12	-3	-3	67	107
Cash flows from investing activities	-98	-151	-140	-39	-24
Cash flows from operating and investing activities	70	49	-192	390	89
Balance sheet					
Non-current assets	1,153	1,147	1,099	1,028	1,065
Current assets	2,522	2,521	2,497	2,618	2,949
Equity	884	964	999	822	1,181
Non-current liabilities	256	232	323	429	511
Current liabilities	2,535	2,472	2,274	2,396	2,322
Balance sheet total	3,675	3,668	3,596	3,646	4,014

Amounts in DKK million	2017	2016	2015	2014	2013
Other information					
Order intake	6,064	7,920	7,541	5,892	8,844
Order book, year end	7,007	8,591	7,468	6,458	7,545
Working capital **	-264	-158	-112	-462	35
Net interest-bearing deposit/debt (+/-)	-73	-67	-50	387	149
Average invested capital incl. goodwill	934	940	662	489	551
Average number of employees	4,338	4,207	3,965	3,846	4,057
Financial ratios					
Gross margin (%)	8.2	7.4	11.8	8.9	6.6
Operating margin before special items (%)	2.3	1.1	5.4	3.0	1.4
EBIT margin (%)	0.7	1.1	5.4	-2.9	3.1
Pre-tax margin (%)	0.5	1.1	5.7	-2.7	2.8
Return on invested capital incl. goodwill (ROIC) (%)	21.0	9.4	55.0	44.7	20.4
Return on invested capital incl. goodwill after tax (%)	16.4	7.3	43.0	34.9	15.3
Return on equity (ROE) (%)	-9.3	-1.3	21.3	-35.7	9.0
Equity ratio (%)	23.4	25.7	26.7	20.9	29.4

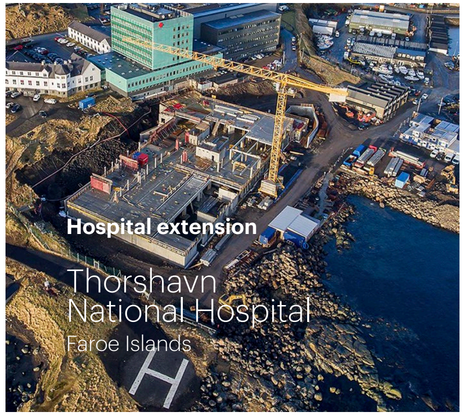
*Special items represent the impact on profit of legacy offshore disputes and the Buxton dispute.
** Working capital excludes properties held for resale.
Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the 2017 annual report under accounting policies.

Projects

Selected major projects in MTH GROUP in 2017.

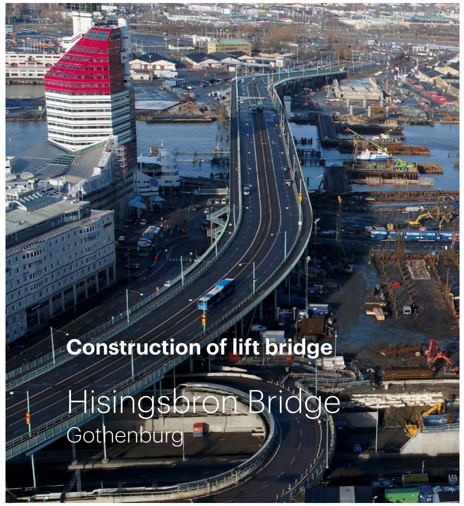
Hospital construction
New Aalborg University Hospital
Aalborg

Civil works project
Data centre
Odense



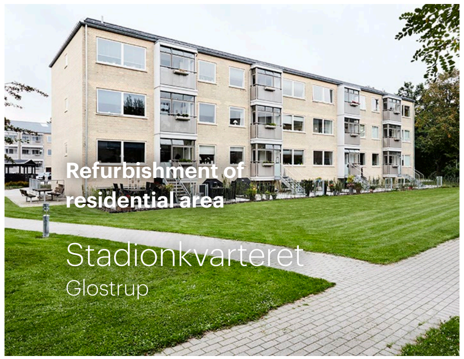
Hospital extension
Thorshavn National Hospital
Faroe Islands

Construction of housing and retail
Hummeltoftevej
Sorgenfri



Construction of lift bridge
Hisingsbron Bridge
Gothenburg

Construction of new residential area
Den Grønne Fatning
Herlev



Refurbishment of residential area
Stadionkvarteret
Glostrup

Financial review

FOURTH QUARTER 2017

Amounts in DKK million	Q4 2017	Q4 2016
Revenue	2,061	2,092
Gross profit	185	225
Operating profit before special items	70	96
Special items	-	-
EBIT	70	96
Cash flows from operating activities	71	-22
Cash flows from investing activities	1	-36
Gross margin (%)	9.0	10.8
Operating margin before special items (%)	3.4	4.6
EBIT margin (%)	3.4	4.6

Fourth-quarter 2017 revenue was DKK 2.1 billion, in line with the same period last year.

Fourth-quarter operating profit before special items was DKK 70 million, corresponding to an operating margin before special items of 3.4%, compared with DKK 96 million and 4.6% in the fourth quarter of 2016. There was a positive impact from the transfer of the Greenland Contractors contract in connection with the final transfer. The fourth quarter of 2016 was very positively affected by handovers of construction projects developed in-house.

Order intake in the fourth quarter of 2017 was DKK 2.1 billion, compared with DKK 2.4 billion in the same period of the previous year. The decrease was partly due to deferred contracting and lapse of expected agreements, which were therefore not included in the year-end results.

Operating cash flow was amounted to DKK 71 million in the fourth quarter of 2017, compared with DKK -22 million in the same quarter in 2016. The fourth quarter of 2017 was driven by high activity, operating profit for the period before special items and improved working capital.

SUMMARY FINANCIAL STATEMENTS 2017

ORDER INTAKE AND ORDER BOOK

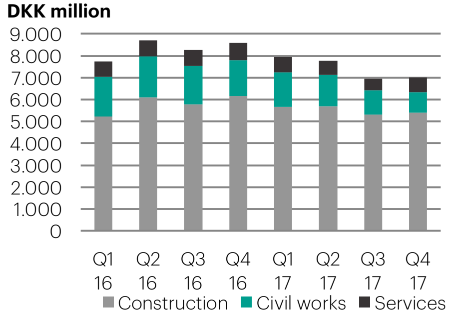
Order intake totalled DKK 6.1 billion in 2017, compared with DKK 7.9 billion in 2016.

The order book amounted to DKK 7.0 billion at the end of 2017, compared with DKK 8.6 billion at the end of 2016. This trend was primarily due to the high activity level and lower order intake in 2017.

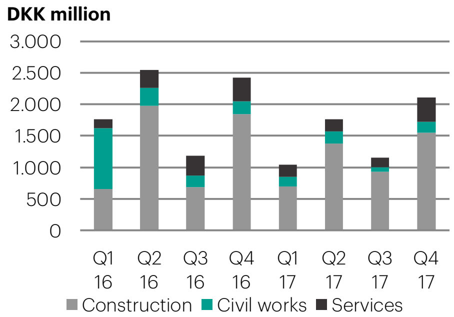
Awarded but not contracted work totalled around DKK 0.7 billion at the end of 2017, compared with DKK 1.1 billion in 2016 (2016 figures exclude the conditional DKK 1.5 billion Silicor contract in Iceland, which is no longer included). The conditional agreement on the Vinge district in Frederikssund to MT Højgaard (DKK 0.6 billion) was cancelled in December 2017 and is consequently no longer included. Contracts awarded include the refurbishment of Lundevænget in Copenhagen to Enemærke & Petersen (DKK 0.4 billion) and new building at The Technical University of Denmark (DTU) to MT Højgaard (DKK 0.2 billion).

The Group is also working on the clarification phase of a number of collaboration agreements and projects, including a new IKEA store in Copenhagen, which is to result in the conclusion of final, unconditional agreements.

ORDER BOOK



ORDER INTAKE



Amounts in DKK million	Q4 2017	Q4 2016	2017	2016
Order book, start of year	6,963	8,258	8,591	7,468
Order intake	2,105	2,425	6,064	7,920
Production	2,061	2,092	7,648	6,797
Order book, year end	7,007	8,591	7,007	8,591

Construction
Total order intake in the construction business was down 12% in 2017. The order book also reduced by 12%, mainly as a result of the high activity level and lower than anticipated order intake.

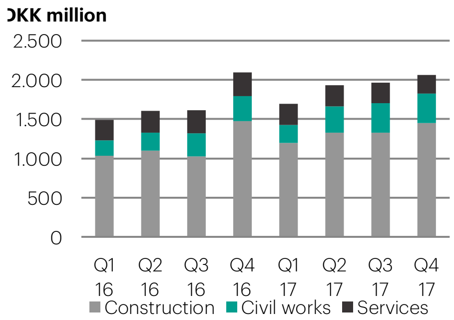
The order book in the construction business remains satisfactory and the Group anticipates growth in the market for refurbishment and residential construction projects in and around the major cities, as well as a high level of activity in construction of super-hospitals and data centres in Denmark.

Civil works
As a result of the high activity level and the trend in order intake, the order book in the civil works business declined by 44%. However, there is still a basis for good activity in the coming year and the Group is also experiencing a positive trend in demand in the fields of infrastructure, data centres and super-hospitals, though the market is also characterised by strong price competition and fewer large public civil works projects.

Services
In 2017, order intake was 17% down on last year, and the order book reduced by 14%, mainly due to Greenland Contractors, whose contract with the U.S. Air Force came to an end at the end of the third quarter of 2017.

REVENUE
Group revenue increased to DKK 7.6 billion in 2017, compared with DKK 6.8 billion in 2016, up 13%.

REVENUE



Construction
The construction business delivered revenue of DKK 5.3 billion, compared with DKK 4.6 billion in 2016, up 14% overall.

The main construction activities during the year were:

- MT Højgaard's work on the New Aalborg University Hospital, work on a data centre in Odense, the construction of Kalvebod Fælled School, the AARhus residential project in Aarhus, refurbishment of 40 residential blocks in Møllevangen in Vejle, and accommodation at Thule Air Base.
- Enemærke & Petersen's refurbishment of Hjortegården in Herlev and the residential construction project Den Grønne Fatning in Herlev; Denmark's biggest residential refurbishment project, Stadionkvarteret in Glostrup; plus new construction in the Carlsberg City District.
- Scandi Byg's work on a complete refurbishment of the Ryhaven housing estate in Aarhus, the green urban area Kronen on top of a new shopping centre in Vanløse as well as Kilehusene in Roskilde.
- Lindpro's work on Axel Towers and the Mærsk building as well as a large number of other major and minor technical projects.

Civil works
Revenue in civil works business was 29% higher than in 2016, which was marked by delayed project start-ups on significant new orders.

The main civil works activities during the year were:

- MT Højgaard's shell construction at the New Aalborg University Hospital, the PPP project at Slagelse Hospital, renewal and improvement of 56 bridges on the railway line between Ringsted and Rødby for Banedanmark as well as the construction of Hisingsbron bridge in Gothenburg in a joint venture with Skanska.

Services
Revenue in services business was down 9% compared with last year, driven by the end of the Greenland Contractors contract and slightly lower activity in Lindpro, offset by good utilisation of the rental assets in Ajos.

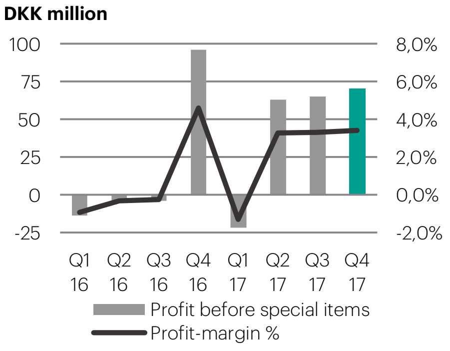
EARNINGS
In 2017, operating profit before special items increased to DKK 176 million, corresponding to an operating margin before special items of 2.3%, compared with DKK 73 million and 1.1% last year.

Revenue in 2017 was up 13% on 2016. However, particularly the first half of 2017 was affected by projects with low profit margins as a result of adjustments made in 2016, and net profit was also affected by write-downs on a few ongoing projects.

Increased bidding activity led to increased bidding costs, and the Group incurred increasing costs for a new IT platform. In addition, capacity was not fully used during the year as a result of lower order intake and deferral of some projects and contracts.

There was a positive impact during the year from the transfer of the Greenland Contractors contract in connection with the final transfer, and project development activities continued to make a positive contribution to earnings and order intake.

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS



Special items amounted to an expense of DKK 125 million due to the ruling in the Robin Rigg case and a reassessment of the guarantee provisions on legacy offshore projects, which run until 2021, see note 8.

Net financials for 2017 amounted to an expense of DKK 12 million, compared with an expense of DKK 1 million in 2016. The change was mainly due to unrealised foreign exchange losses in 2017.

Income tax expense for 2017 was DKK 98 million, compared with DKK 62 million in 2016, and included a DKK 79 million impairment charge on the Group's deferred tax asset as a result of the review of the future outlook, see pages 14 and 44 (note 11).

The net result for the year was consequently a loss of DKK 58 million compared with a profit of DKK 10 million in 2016.

BALANCE SHEET

Intangible assets amounted to DKK 216 million at the end of 2017, compared with DKK 187 million at the end of 2016. This increase was mainly attributable to the Group's investment in a new IT platform which, together with the earlier investment in VDC, will support the future digitalisation agenda and optimise the Group's processes.

Property, plant and equipment amounted to DKK 630 million at the end of 2017, compared with DKK 610 million at the end of 2016. The increase mainly reflected the investment in rental equipment and pavilions in Ajos.

Inventories totalled DKK 569 million at the end of 2017, compared with DKK 642 million at the end of 2016, primarily reflecting sites and construction projects developed in-house for resale totalling DKK 527 million, compared with DKK 578 million at the end of 2016. Lastly, inventories in Greenland Contractors were transferred in connection with the end of the Thule Air Base contract.

Trade receivables were DKK 1,403 million at the end of 2017, compared with DKK 1,393 million at the end of 2016.

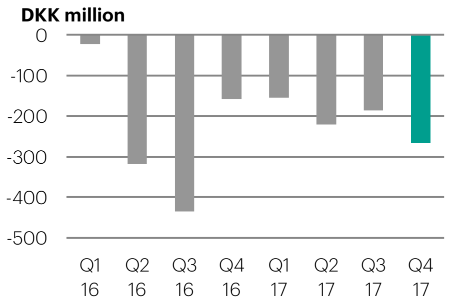
Construction contracts in progress amounted to a net liability item of DKK 245 million at the end of 2017, compared with a net liability item of DKK 452 million at the end of 2016. These changes reflected changed project mix and activity level.

Trade payables were DKK 1,005 million at 31 December 2017, compared with DKK 838 million at the end of 2016, reflecting the higher activity level in the fourth quarter of 2017.

Other current liabilities were DKK 905 million at 31 December 2017, compared with DKK 835 million at the end of 2016. The increase mainly reflected higher activity.

At the end of 2017, the Group had negative working capital of DKK 264 million, excluding sites held for resale, compared with negative working capital of DKK 158 million at the end of 2016.

WORKING CAPITAL (EXCL. PROPERTIES)



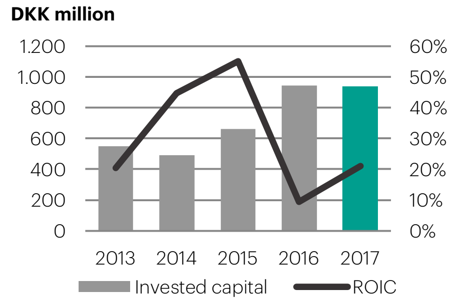
Current and non-current provisions totalled DKK 423 million at the end of 2017, down from DKK 514 million at the end of 2016, reflecting the activity level and settlement in connection with the Robin Rigg ruling.

The Robin Rigg appeal was settled at the end of 2017 and led to a reassessment of the guarantee provisions on legacy offshore projects, which run until 2021.

Due to the nature of its business, the Group's financial statements are naturally affected by a number of accounting estimates and judgements. For further information, reference is made to notes 2 and 21.

Average invested capital amounted to DKK 934 million for 2017, compared with DKK 940 million for 2016.

RETURN ON INVESTED CAPITAL (ROIC)



Return on invested capital including goodwill after tax (ROIC), before special items, was 21.0%, up from 9.4% in 2016, mainly driven by the improved profit before special items.

Equity was DKK 884 million at the end of 2017, compared with DKK 964 million at the end of 2016. The equity ratio was 23.4% at the end of 2017, down from 25.7% at the end of 2016, reflecting the net result for the year.

The Group has a target that the equity ratio should be between 30-35% under its current accounting policies.

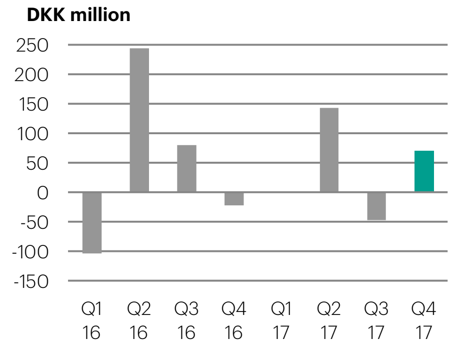
The Group aims to pay dividends as its equity improves and satisfactory financial results are reported. The Board of Directors does not propose a dividend for 2017.

CASH FLOWS AND FINANCIAL RESOURCES

Operating activities generated a cash flow of DKK 168 million in 2017, compared with DKK 200 million last year. The change was mainly driven by the higher activity level and improved operating profit before special items as well as improved working capital, but was adversely affected by settlement following the Robin Rigg ruling.

Cash flow from investing activities amounted to DKK -98 million in 2017, primarily investments in property, plant and equipment, compared with DKK -151 million in 2016. Investments in 2017 primarily related to rental equipment in Ajos and the Group's new IT platform.

OPERATING CASH FLOW



Cash and cash equivalents increased by DKK 34 million net, compared with a decrease of DKK 1 million in 2016.

The Group's financial resources totalled DKK 584 million at the end of 2017, compared with DKK 544 million at the start of the year. The Group's financial resources are considered satisfactory in view of the expected level of activity.

EVENTS AFTER THE REPORTING PERIOD

On 30 January 2018, MT Højgaard A/S, the parent company of MTH GROUP, gave notice to 100 salaried employees and cut 60 positions in the Danish business in order to adjust capacity to the current order book and the projects anticipated in 2018, and as a result of the loss of three specific orders at the end of 2017.

OUTLOOK 2018

Of the DKK 7.0 billion order book at the end of 2017, approximately DKK 5.0 billion is expected to be executed in 2018, along with work on the awarded but not contracted projects referred to under order intake in the financial review.

In the light of the current order book and future order intake, the Group expects revenue of around DKK 6.8 billion in 2018, including the effect of the new IFRS 15.

The Group is currently investing in a new IT platform which, together with the earlier investment in VDC, will support the future digitalisation agenda and optimise the Group's processes. The capacity adjustment carried out at the start of 2018 is expected to improve earnings in the second half of 2018 but not to become fully effective until 2019.

Based on the above, EBIT is expected to be in the DKK 140-180 million range, mainly as a result of the anticipated improvement in the use of capacity in the second half of 2018, as well as a number of units with sound order books.

The anticipated EBIT may also be negatively affected by the Group's warrant programme.

Operating cash flow is expected to be positive, and the Group continues to focus on positive cash flows on all projects.

The Group is working hard to increase profitability over the next few years and is maintaining the ambition of stable, gradual growth in revenue and earnings.

The annual report contains forward-looking statements, including the above projections of financial performance in 2018, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

Markets

MTH GROUP is strongly represented in a number of interesting markets with growth and potential.

The vast majority of the Group's activities are carried out in Denmark for Danish and international companies, organisations and public sector clients in the form of main contracts, design-build contracts, Public-Private Partnerships (PPPs) and Public-Private Collaborations (PPCs).

The positive trend in the Danish economy provides a basis for continued growth in the construction and civil engineering market in the years ahead. Through the construction, civil works and service businesses, MTH GROUP addresses just over half the market, which had an estimated value of around DKK 197 billion in 2017 (2016: around DKK 175 billion). The medium-term outlook is positive, and MTH GROUP expects that in 2025 the market will be worth in the region of DKK 250 billion.

Growing demand in a number of markets and high levels of activity in MTH GROUP's fragmented industry have also led to increased interest in large Danish construction and civil works projects from Danish and international players. This has resulted in intensified competition and underlined the need to ensure that the Group's order book has the right quality and mix to achieve satisfactory profitability and increased productivity.

MTH GROUP is strongly represented in the eight markets of the construction and civil engineering industry that the Group focuses on, all of which are expected to show stability or improvement in the coming years.

CONSTRUCTION

The Group's construction activities in MT Højgaard and the subsidiaries Enemærke & Petersen, Lindpro and Scandi Byg represent the majority of MTH GROUP's total revenue and number of employees. The construction business includes the refurbishment of residential and office buildings as well as the construction of new housing, hospitals, corporate headquarters and data centres.

MTH GROUP still anticipates continued market growth in refurbishment and residential building in and around the major cities and in setting up new data centres, as well as continuing high activity in the field of super-hospitals. Market prospects also remain positive in the field of building with prefabricated modules, which is carried out by Scandi Byg and used mainly in the non-profit sector but is increasingly securing a foothold in the private residential market. Lastly, the high level of activity in the construction and civil engineering industry also brings positive prospects in the market for electrical installations, which is addressed by Lindpro.

Expected development in MTH GROUP's primary markets

Relevant market	DKK billion	Exp. development 2018-20
Refurbishment	~35	↗
Civil projects	~20	→
Multi-story housing	~17	↗
Electrical installations	~15	↗
HQ and office buildings	~9	↗
Hospitals	~8	→
Data centres	~3	↗
PPP/PPC	~3	↗

Source: MT Højgaard on the basis of the Danish Construction Association's trend analysis and other sources

Project development, PPP and PPC
The Danish market for Public-Private Partnerships (PPPs) and Public-Private Collaborations (PPCs) continues to develop positively, and MT Højgaard has built up considerable experience over a number of years as the company that has carried out the most construction work of this type in Denmark. Since 2005, MTH GROUP has been involved in six PPP projects and two PPC projects; these are characterised by long-term planning and greater focus on the total cost of ownership during construction and the subsequent operation and maintenance.

The Group is also increasingly developing projects in the field of residential, commercial and retail property, both independently and in collaboration with landowners, clients and investors. This form of project development ranges from small, one-off projects to planned urban development with integrated residential, commercial and retail building.

CIVIL WORKS
Most of MTH GROUP's civil works activity is carried out by MT Højgaard in the areas of shell construction, infrastructure, bridges and tunnels, ports and marine works. MT Højgaard's activities take place mainly in the Danish market but projects are also carried out from MT Højgaard's permanent offices in the North Atlantic countries and the Maldives. In addition, the Group carries out civil works projects in the partly-owned company Seth, which specialises in marine works and civil works in the Portuguese market and an electrification project in Africa.

Activity in the Danish civil engineering market remained high in 2017 and this level is expected to be maintained for the next few years. There is growing demand for infrastructure and shell construction, for instance for data centres and super-hospitals, but the market is still characterised by fewer major public works projects and delays to approved public infrastructure projects. Competition in the Danish civil engineering market has intensified in recent years, as both Danish and international players are bidding, especially for the larger, more complex projects.

SERVICES
The Group offers services through the equipment hire company Ajos and the service departments of Lindpro and Enemærke & Petersen. These services cover a wide range, including hiring out equipment and pavilions, supplying electrical and technical solutions, and providing advice on the operation and maintenance of buildings, including security.

The high level of activity in the construction and civil engineering industry and greater focus on the total cost of ownership of projects result in a growing demand for services and professionalisation, which in turn leads to an increase in the number of tenders for major projects. This development creates intensified competition from professional players in the service market.

OTHER MARKETS
MTH GROUP's international activities mainly cover civil works and the construction of resorts and hotels.

Development in the North Atlantic markets – the Faroe Islands, Greenland and Iceland – has been good in recent years and the market prospects remain positive, with particular emphasis on various types of private and public sector construction and civil works projects. MTH GROUP's activities in Greenland have declined as a result of the end of Greenland Contractors' contract at Thule Air Base in the third quarter of 2017.

DEVELOPMENT IN KEY UNITS

Amounts in DKK million 2017	MT Højgaard	Enemærke & Petersen	Lindpro	Scandi Byg	Ajos	Greenland Contractors	MTH GROUP *
Revenue	4,451	1,693	938	471	245	285	7,648
Operating profit/(loss) before special items **	-8	65	15	4	23	77	176
2016							
Revenue	3,461	1,628	995	418	228	385	6,797
Operating profit/(loss) before special items **	-76	83	36	-55	17	68	73

* MTH GROUP includes eliminations etc.
** The operating results varies from the statutory accounts due to the Danish Financial Statements Act and certain group adjustments

The Group's strategic framework

Strategic work continued in 2017 with the aim of developing MTH GROUP through productivity-enhancing initiatives.

MTH GROUP's strategic focus is on the three main areas of the strategic framework:

- Projects from society to operations
- Best in class VDC
- Exploiting Group synergies

Progress in these focus areas is vital in order to derive benefit from the trends that will power value creation in the construction industry in the future. The attention of public and private sector decision makers is increasingly centred on the overall sustainability and total cost of ownership of large projects. This can be seen in gradual changes in tender forms and evaluation models that are expected to contribute in the longer term to increased transparency and better collaboration between the players in construction and civil works projects. It is essential to maintain and accelerate this development in order to ensure greater productivity in the industry, and MTH GROUP is well placed to contribute to the process.

PROJECTS FROM SOCIETY TO OPERATIONS – COLLABORATION AND EARLY INVOLVEMENT

In recent years, customers have gradually embraced new forms of collaboration and started dialogue with MTH GROUP and other involved parties at an earlier stage in the project. The demand for early involvement over the last few years is now resulting in several places in concrete collaboration agreements with major customers prior to the signing of the final contracts. This collaboration model gives MTH GROUP, customers and other partners the opportunity to reduce risks in these projects and ensure the best possible basis for decisions before the project is started. At the same time, more and more customers are taking a long-term, lifecycle view of major projects, in which the construction, operation, earnings and maintenance of the building over time are taken into consideration when decisions are taken in the early phases of development and planning. The move towards long-lasting collaborative relationships throughout planning, execution and operation gives MTH GROUP good opportunities to exploit the entire range of the Group's skills and services in contact with the major clients who require holistic solutions.

Vision
The most productivity-enhancing group within the construction and civil engineering industry

Requirements

- A minimum of 5 percent EBIT in all business areas and subsidiaries
- A positive cash flow

Target

- A customer satisfaction index of 76
- 60 percent revenue generated from key clients
- An employee satisfaction index of 76
- Zero defects and deficiencies
- A maximum of 10 accidents at work per 1 million work hours
- Continuous increase in productivity

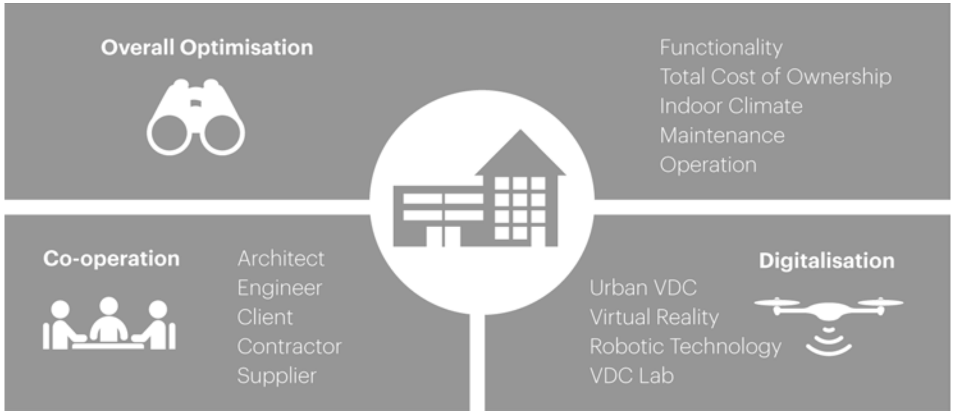
Projects from society to operations	Best in class VDC	Exploiting Group synergies

Operations under control	Staff, management, culture and values	Project and price optimisation	Markets and customers	Group strategy

BEST IN CLASS VDC – CROSS COLLABORATION WITH DIGITALISATION

Over time, there has been a change in customers' willingness to embrace technology and there are growing expectations concerning the role of digitalisation in major construction and civil works projects. More and more clients consider digital solutions to be a prerequisite for ensuring smooth-running projects, and MTH GROUP's investments in digital process and collaboration tools enable the Group to offer detailed simulation of the development and planning phase early on in the process as well as during construction. This creates value for all parties involved in the individual projects, as clients, architects, engineers, other suppliers and MTH GROUP can all contribute to achieving the common goal of reducing risk and rectifying mistakes before the start of construction.

Throughout 2017, the Group focused on extending the use of VDC in projects and broadening the utilisation of the Group's VDC skills in



the actual construction process. In today's world, technological tools have become a much more integral part of the toolbox than previously on construction sites, promoting everyday efficiency, for instance by having all parties working on iPads according to the same designs and timetables.

EXPLOITING GROUP SYNERGIES

Many construction and civil works projects involve more than one of the Group's companies or business areas in order to meet the client's needs and ensure efficiency and the best possible collaboration between all parties. Along with the increasing demand for long-term collaboration agreements and the Group's involvement from development, planning and construction of projects through to the subsequent operation, the application of the Group's technical skills and tools and collaboration across the business areas will help enhance MTH GROUP's competitiveness.

In connection with this, MTH GROUP is currently investing in a new common IT platform that will equip the Group even better for the future by creating greater cohesion in projects from bidding to handover in one overall process.
In terms of day-to-day operation, MTH GROUP's Group functions contribute to ensuring efficient running, and the companies in the Group can draw on available strategic and specialist skills. In addition, joint corporate initiatives in areas such as purchasing, health and safety, IT and training ensure the best possible use of total resources.

CUSTOMER SATISFACTION

In 2017, the customer satisfaction index rose to 73 from 70 in 2016. This increase occurred mainly in the Group's construction and civil works projects, where there was strong focus on following up areas for action from interim measurements to final measurements to ensure greater customer satisfaction.

The Group maintains its target of a customer satisfaction index of 76.

KEY CUSTOMERS

The Group has a target that at least 60% of revenue should come from key customers. In 2017, this key figure constituted 46% of total revenue and was consequently on a par with 2016 (48%).

EMPLOYEE SATISFACTION

In autumn 2017, MTH GROUP carried out an employee satisfaction survey for all companies in the Group. Since 2015, when the Group last ran this survey, the overall job satisfaction index has increased from 73 to 77, bringing MTH GROUP up among the companies in Denmark with the absolute highest employee satisfaction. In the most recent survey, the Group achieved its target of an employee satisfaction index of 76 for the first time. This is a remarkable achievement and gives grounds for optimism with regard to the coming years' focus on increasing profitability.

MTH GROUP wants to maintain high employee satisfaction, so the Group target index for employee satisfaction has been raised to 77 for 2018 and beyond.

OCCUPATIONAL INJURIES

The Group's overall injury rate fell to 10.3 per one million hours worked in 2017 from 14.4 in 2016 and thus beat the Group's target of an injury rate of max. 14.

The efforts to reduce the total number of occupational injuries included instruction and focus on workplace organisation, personal planning, inspection and training weeks with special focus on safety. As a new initiative in 2017, the Group introduced a mandatory safety course in the parent company MT Højgaard as a way of improving safety.

The Group wants to maintain and improve the injury rate, so the Group target for 2018 and beyond has been raised to an overall rate of max. 10 injuries per one million hours worked. There must be no fatal or serious accidents.

The target is to be achieved through systematic data analysis and follow-up of injuries, near misses and observations at construction sites, plus continuing increased management focus.

FINANCIAL TARGETS

The Group is working hard to increase profitability over the next few years and is maintaining the ambition of stable, gradual growth in revenue and earnings.

Among the factors affecting development is increased competition resulting from high growth in the construction industry and a change in the nature of the competition, with more foreign players entering the Danish market.

The Group's development is further affected by the speed at which the construction industry is maturing with regard to the willingness to invest in new forms of collaboration, early involvement and focus on the total project costs.

Lastly, financial development is affected by considerable investments in the new IT platform, which will support all the Group's processes in the future.

Again in 2017, the Group met the long-term target of positive cash flows from operations (CFFO), mainly as a result of the improved working capital and the operating profit before special items.

The equity ratio fell short of the long-term target, primarily due to special items, which affected the net result for the year and consequently equity.

As expected, in 2017 the Group did not meet its objective of an operating margin before special items of 5% and an equity ratio of 30-35%. A slower but steady journey towards increasing earnings and equity ratio is to be expected over the next few years.

SUPPLEMENTARY TARGETS

	TARGET	2016	2017
Customer satisfaction	>76	70	73
Revenue from key customers	>60%	48	46
Employee satisfaction	>76	Not measured	77
Injury rate**	<14	14.4	10.3

* Per one million hours worked

FINANCIAL TARGETS

	TARGET	2016	2017
Operating margin before special items	≥5%	1.1	2.3
Cash flows from operations (CFFO)	Positive	DKK 200 million	DKK 168 million
Equity ratio	30-35%	25.7	23.4

Risk management

MTH GROUP is actively engaged in risk management and value creation to ensure the Group's continued development.

The Group follows a model for corporate governance on two levels: 1) company-specific risks that are dealt with at board level (Executive Board and Board of Directors) and 2) project-specific risks that are dealt with at project level. The purpose of this is to ensure overall governance and reduce risks. The following three areas are considered to have the greatest influence on MTH GROUP's ability to meet the stated expectations and create the expected value:

- Project execution
- Balanced order intake
- Skills and qualified labour

PROJECT EXECUTION

Projects are the principal risk area in the construction and civil engineering industry, and managing project risks is consequently viewed as the most important focus area both in the individual business units and the Group as a whole.

The ability to select the projects that match the Group's capabilities, values, capacity, experience, etc., is of crucial importance to the Group's financial performance.

Project management

At the end of 2017, the parent company MT Højgaard set up a stage gate model, which is intended to optimise and improve transitions in the project from 1) tasks/tender to 2) contract to 3) execution. The model has been set up in order to ensure more efficient transfer and sharing of knowledge.

The use of VDC and BIM provides a far better basis for assessing the risk profile of a project before start-up, in connection with changes to the project and during execution. This reduces the risk of loss of quality, time and money. Efforts are being made to increase use of these tools in the tender and execution phase.

Project execution will always involve risks despite careful planning and assessment, and management recognises that risks are an integral part of the business model. The challenge is to reduce these as much as possible and avoid unacceptable risks.

Entering into an agreement

The Group has drawn up clear guidelines on the risk profile for the projects it tenders for. The guidelines cover such factors as geography, markets, customers, project types, legal obligations and safety. Projects must not be pursued if they involve risks that are deemed to be too difficult to cover. At the outset, there is a requirement for projects developed in-house to be wholly or partly sold to customers/tenants before start-up, and that in general an attempt should be made to minimise risks by using standardised components, industrialisation and large procurement volumes.

The individual business units are responsible for risk assessment and they set provisions and prices for the projects in the individual tenders. As stated above, VDC and BIM create the best basis for assessing the risk profile of a project already in the tender phase.

The Group's Tender and Contract Board must assess all tenders with a contract value of DKK 50 million or above. This Board scrutinises and analyses the project and can approve or reject whether work on a tender should continue and, if so, under what conditions. The final decision on whether a tender is to be submitted is taken by the Executive Board and in special cases the Board of Directors.

New collaboration agreements with clients mean that a large number of employees are engaged in client consultancy for quite a long period before construction starts. In 2017, this meant that in some cases the date of recording the order was deferred, but in the end it will ensure improved collaboration with clients and reduce risks.

BALANCED ORDER INTAKE

The Group's business units submit a large number of tenders each year and are responsible for the related risks. The business units apply structured processes that are uniform in principle but must also be able to take into account how the outside world is developing and the nature and size of the tenders. The Group therefore focuses on and applies resources to dialogue with business partners, strategic customers, key customers and other stakeholders in order to secure order intake.

The majority of the Group's costs are made up of purchases of materials and subcontracts as well as labour. To mitigate execution risks and ensure the expected profitability, the Group works in close collaboration with subcontractors and enters into strategic collaboration agreements. In addition, the Group strives to have the majority of the project costs included in the contract when the agreement with the client is being concluded.

The Group is particularly exposed to variations in the Danish economy, as 80-90% of revenue is generated in Denmark. Nevertheless, management considers that the Group has a good balance between private and public sector customers, which supplement one another satisfactorily during changes in economic conditions.

SKILLS AND QUALIFIED LABOUR

The growing market means that there is high demand for labour on construction and civil works projects. This can result in a lack of qualified labour and make it difficult to attract and retain the necessary skills. The Group is therefore working hard to ensure competitive employment conditions and a safe working environment.

Investments have been made in further training, an ambitious graduate programme has been set up, talents are more closely involved in strategic initiatives, and a new recruitment system supports modern forms of communication such as video and social media.

The construction industry as a whole is still characterised by low use of automation and great dependence on the skills of individual employees. The Group is constantly working on increasing the level of standardisation, industrialisation and prefabrication in order to minimise risks and improve quality and productivity.

OTHER RISK FACTORS

Other operational risk factors are monitored and handled by the management of the business units.

IT security

The IT platform for activities in the commercial units and the Group as a whole is important for productivity and data security, and any crashes or other weaknesses in the system can be extremely damaging to the Group.

Cybercrime is also a focus area, as external access to or theft of data can affect core business, operations and reputation. The Group therefore constantly assesses whether its security system is satisfactory.

Regulatory risk factors

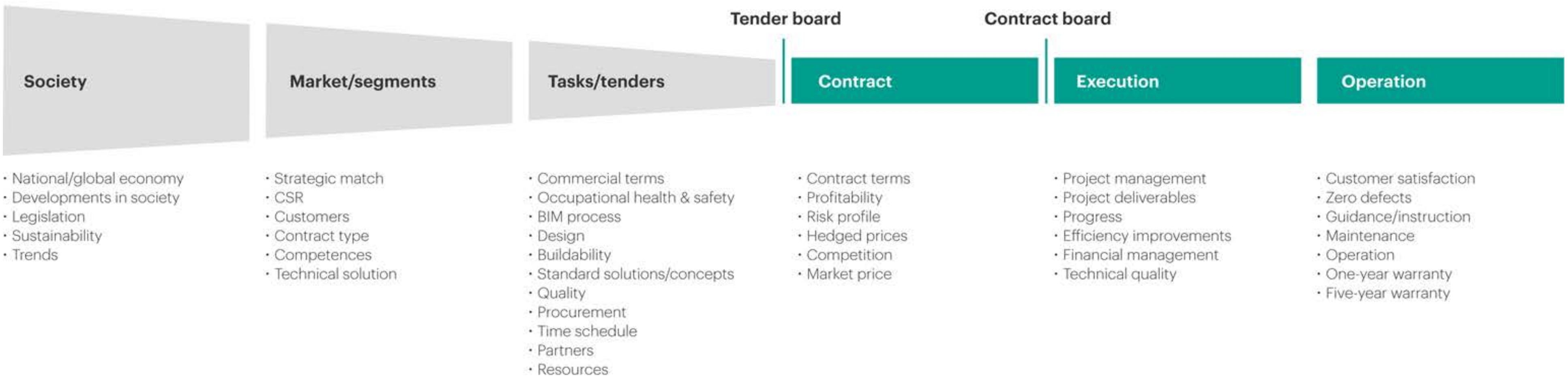
It is essential that business units and staff should in all circumstances respect applicable laws, rules, agreements and policies. The Group's vulnerability is continually being reduced by active collaboration with customers and other stakeholders with regard to joint value creation and uniform, high CSR requirements. This area also focuses on ensuring fair competition conditions and preventing fraud, theft and other irregularities through internal controls, campaigns and the Group's whistleblower scheme.

Lastly, the Group may be affected by regulations from authorities. New laws and regulations and delays in approval can result in increased costs and delays, affecting the earnings. Therefore the Group actively monitors legislation and regulations in relevant areas.

Financial risk factors

The Group's financial risk factors, which comprise risks related to liquidity, granting of credit, financing, interest rates and exchange rates, are described in note 25 to the financial statements.

PROJECT SELECTION AND RISK MANAGEMENT



Corporate governance and corporate social responsibility

CORPORATE GOVERNANCE

MT Højgaard A/S is owned by the two companies Højgaard Holding A/S (54%) and Monberg & Thorsen A/S (46%), both of which are listed on Nasdaq Copenhagen.

MTH GROUP therefore operates as a listed company, which is reflected, among other things, in MTH GROUP's compliance with relevant legislation, regulation and standards, including the EU Market Abuse Regulation (MAR), the Danish Capital Markets Act, the Nasdaq Copenhagen's issuer rules, and IFRS, etc. The Group also takes a position on the Danish Recommendations on Corporate Governance.

Management structure

The shareholders consist of the two owner companies, which can exercise their rights at the Annual General Meeting, the company's supreme body, and nominate the Board of Directors of MT Højgaard A/S.

The Board of Directors takes care of the company's general management, makes decisions of a strategic nature and appoints and oversees the Executive Board. The Board's activities are governed by its rules of procedure, which have been prepared in accordance with the provisions of the Danish Companies Act and are revised annually.

The Board of Directors has established an Audit Committee. The Committee assists the Board in overseeing the financial reporting process and reviewing the adequacy and effectiveness of internal control systems. The Committee also helps oversee that applicable legislation is being complied with, that the accounting policies are relevant and current, and the manner in which material and exceptional items are accounted for. The Committee also assesses and makes recommendations in relation to the appointment of auditors at the Annual General Meeting.

The Board of Directors has also established a Remuneration Committee, which is made up of the chairmanship. The Committee determines the remuneration policy for the Board of Directors and the Executive Board, which is presented to and approved by the shareholders in general meeting annually.

The Executive Board is responsible for the day-to-day management of the company and for executing the strategy and decisions for the Group once these have been approved by the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY

MTH GROUP occupies a key position in the construction and civil engineering industry and is responsible for helping to promote sustainable development in both the industry and the surrounding community. MTH GROUP is a member of the UN Global Compact and has signed the Danish Association for Responsible Construction's Charter for Responsible Danish Property and Construction.

Sustainability and social responsibility are both a business priority and a challenge in which MTH GROUP has chosen to be actively engaged. The Group has particular focus on the five strategic areas where we can make a difference and create value – business conduct, human rights, the workplace and labour market conditions, environment and also guidance and reporting.

Business conduct

MTH GROUP undertakes to act professionally, fairly and with integrity in all business activities and relations and stresses the importance of honest and ethical behaviour with regard to avoiding fraud, corruption, moonlighting, cartel formation and other conduct that could damage MTH GROUP, the Group's customers and society.

Human rights

MTH GROUP actively takes responsibility for protecting the rights of the individual and also requires its partners and suppliers to take the same responsibility.

The workplace and labour market conditions

MTH GROUP considers safety and a healthy working environment to be key elements for being a leading group in the building and civil engineering industry. The Group's influence extends beyond its own construction and civil works projects and we strive to lead the way as a good example to inspire and benefit others in the industry.

Environment

MTH GROUP is constantly working to reduce the impact on the environment and climate in the many construction and civil works projects the Group is involved in. Actions include optimising the actual construction, choice of materials, waste management and subsequent operation.

Reporting on performance

MTH GROUP reports continuously on the Group's performance in accordance with the recognised international Global Reporting Initiative (GRI) standard, so that the Group's actions and results can be assessed and compared with those of other companies.

MTH GROUP's statutory corporate governance report for the 2017 financial year, cf. section 107(b) of the Danish Financial Statements Act, is available at mthgroup.eu/Responsibility/Corporate governance.

The Group's work on corporate social responsibility and the results of it are described in MTH GROUP's CSR report, which, in accordance with section 99(a)-(b) of the Danish Financial Statements Act, is available at mthgroup.eu/Responsibility/CSR.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the annual report of MT Højgaard A/S for the financial year 1 January – 31 December 2017.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017.

In our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters, the results for the year, cash flows and financial position as well as a description of the significant risks and uncertainty factors pertaining to the Group and the Company.

We recommend that the annual report be approved at the Annual General Meeting.

Søborg, 22 February 2018

EXECUTIVE BOARD

Torben Biilmann
President and CEO

Egil Mølsted Madsen
CFO

BOARD OF DIRECTORS

Søren Bjerre-Nielsen
Chairman

Anders Heine Jensen
Deputy Chairman

Carsten Bjerg

Ole Røsdahl

Pernille Fabricius

Christine Thorsen

Irene Chabior

Vinnie Sunke Heimann

Hans-Henrik Hannibal Hansen

Independent auditor's report

TO THE SHAREHOLDERS OF MT HØJGAARD A/S

OPINION

We have audited the consolidated financial statements and the parent company financial statements of MT Højgaard A/S for the financial year 1 January – 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 22 February 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender State Authorised Public Accountant MNE no.: mne 21332	Mona Blønd State Authorised Public Accountant MNE no.: mne 11697

Executive Board

Torben Biilmann (1956, M)
President and CEO

MSc in Civil Engineering

Other management positions:
- Executive Committee of the Confederation of Danish Industry (B)

Egil Mølsted Madsen (1965, M)
CFO

MSc in Business Economics and Auditing and State Authorised Public Accountant

Board of Directors

Søren Bjerre-Nielsen (1952, M)
Chairman

MSc in Economics and Business Administration and State Authorised Public Accountant

On the Board since 2013

Other management positions:
- Højgaard Holding A/S (CB), Denmark
- Chairman of the Board of Directors and the Committee of Directors of Danmarks Nationalbank (CB), Denmark
- VKR-Holding A/S (CB), Denmark
- Velux A/S (CB), Denmark
- Scandinavian Tobacco Group (B), Denmark

Søren Bjerre-Nielsen held 1,500 shares in Højgaard Holding A/S at year end (2016: 1,500 shares)

Anders Heine Jensen (1964, M)
Deputy Chairman

MSc in Mechanical Engineering,
HD in International Business

On the Board since 2017

Other management positions:
- BWSC A/S (CEO), Denmark
- Monberg & Thorsen A/S (CB), Denmark
- Haldor Topsøe A/S (B), Denmark
- DI Energi (B), Denmark
- International Market Committee of the Confederation of Danish Industry (B), Denmark

Board of Directors

Carsten Bjerg (1959, M)

BSc in Engineering

On the Board since 2014

Other management positions:
- Højgaard Holding A/S (DCB), Denmark
- PCH Engineering A/S (CB), Denmark
- Guldager A/S (CB), Denmark
- Ellepot A/S (CB) , Denmark
- Bogballe A/S (CB) , Denmark
- Rockwool International A/S (DCB), Denmark
- Vestas Wind Systems A/S (B), Denmark
- Agrometer A/S (B) , Denmark

Ole Røsdahl (1964, M)

BSc in Engineering

On the Board since 2015

Other management positions:
- Malmberg Water AB (B), Sweden
- Malmberg Borrning AB (B), Sweden
- Ferskvandscentret (B), Denmark
- Guldager A/S (B), Denmark

Pernille Fabricius (1966, F)

Group CFOO, JG International Ltd., UK
MSc in Business Economics and Auditing, MSc in Finance, LLM (EU law) and MBA

Chairman of the Audit Committee
On the Board since 2014

Other management positions:
- Højgaard Holding A/S (B), Denmark
- Gabriel (B), Denmark
- Royal Greenland A/S (B), Greenland
- Industrial Adviser Silverfleet Capital, UK
- Netcompany (B), Denmark

Christine Thorsen (1958, F)

Management Consultant, MBA Dynamic Approach ApS
MMT and CCC

On the Board since 2016

Other management positions:
- Monberg & Thorsen A/S (B), Denmark
- Ejnar og Meta Thorsens Fond (CB), Denmark
- ANT-Fonden (CB), Denmark

Christine Thorsen held 3,265 shares in Monberg & Thorsen A/S at year end (2016: 3,265 shares).
Of these shares, 1,625 were held by Dynamic Approach

Board of Directors

Irene Chabior (1959, F) *

HR Development Consultant, HR
Primary and lower secondary school teacher and HRD

On the Board since 2001
Re-elected in 2005, 2009, 2013 and 2017
Term of office expires in 2021

Vinnie Sunke Heimann (1967, F) *

QHSE Director, Group QHSE
BSc in Engineering

On the Board since 2013
Re-elected in 2017
Term of office expires in 2021

Hans-Henrik Hannibal Hansen (1968, M) *

Manager, MT Højgaard A/S
Construction Engineer, EBA

On the Board since 2017
Term of office expires in 2021

Other management positions:

- Knud Højgaards Fond (B), Denmark

*) Employee representative
(B) Member of the board of directors
(CB) Chairman of the board of directors
(DCB) Deputy chairman of the board of directors
(M) Male
(F) Female

Consolidated financial statements

CONTENTS

NOTES

Income statement and statement of comprehensive income

PARENT COMPANY 2016	PARENT COMPANY 2017	Note	Amounts in DKK million	GROUP 2017	GROUP 2016
			INCOME STATEMENT		
3,075.0	3,791.4	3-4	Revenue	7,648.1	6,796.6
-2,894.3	-3,591.4	5-6	Production costs	-7,017.3	-6,291.6
180.7	**200.0**		**Gross profit**	**630.8**	**505.0**
-146.2	-156.7	5	Distribution costs	-219.1	-202.1
-121.2	-144.6	5-7	Administrative expenses	-261.8	-251.4
-86.7	**-101.3**		**Profit/(loss) before share of profit/(loss) of joint ventures**	**149.9**	**51.5**
-	-	14	Share of profit/(loss) after tax of joint ventures	26.4	21.3
-86.7	**-101.3**		**Operating profit/(loss) before special items**	**176.3**	**72.8**
-	-125.0	8	Special items	-125.0	-
-86.7	**-226.3**		**EBIT**	**51.3**	**72.8**
258.2	189.6	9	Finance income	2.2	7.9
-37.7	-13.3	10	Finance costs	-13.7	-8.8
133.8	**-50.0**		**Profit/(loss) before tax**	**39.8**	**71.9**
-26.9	-60.8	11	Income tax expense	-98.2	-61.7
106.9	**-110.8**		**Net profit/(loss) for the year**	**-58.4**	**10.2**
			Attributable to:		
			Shareholders of MT Højgaard A/S	-84.1	-12.8
			Non-controlling interests	25.7	23.0
			Total	**-58.4**	**10.2**

PARENT COMPANY 2016	PARENT COMPANY 2017	Note	Amounts in DKK million	GROUP 2017	GROUP 2016
			PROPOSAL FOR DISTRIBUTION OF PROFIT/(LOSS)		
20.5	59.9		Transfer to reserve for development costs	-	-
86.4	-170.7		Transfer to retained earnings	-58.4	10.2
106.9	**-110.8**		**Total**	**-58.4**	**10.2**
			Statement of comprehensive income		
106.9	**-110.8**		**Net profit/(loss) for the year**	**-58.4**	**10.2**
			Other comprehensive income		
			Items that may be reclassified to the income statement:		
-	-		Foreign exchange adjustments, foreign enterprises	-3.7	-1.0
-	-		Value adjustment of hedging instruments, joint ventures	3.7	-4.6
-	-		Tax on other comprehensive income	-	-
-	**-**		**Other comprehensive income after tax**	**-**	**-5.6**
106.9	**-110.8**		**Total comprehensive income**	**-58.4**	**4.6**
			Attributable to:		
			Shareholders of MT Højgaard A/S	-84.1	-18.4
			Non-controlling interests	25.7	23.0
			Total	**-58.4**	**4.6**

Balance sheet

PARENT COMPANY 2016	2017	Note	ASSETS Amounts in DKK million	GROUP 2017	2016
			NON-CURRENT ASSETS		
			Intangible assets		
50.3	50.3		Goodwill	121.4	121.4
56.3	93.4		Other intangible assets	94.7	65.3
106.6	**143.7**	12	**Total intangible assets**	**216.1**	**186.7**
			Property, plant and equipment		
36.2	36.1		Land and buildings	191.1	194.0
7.3	18.4		Plant and machinery	340.7	305.8
47.3	43.7		Fixtures and fittings, tools and equipment	70.5	84.5
-	-		Property, plant and equipment under construction	27.2	26.1
90.8	**98.2**	13	**Total property, plant and equipment**	**629.5**	**610.4**
			OTHER NON-CURRENT ASSETS		
434.3	437.2	14	Investments in subsidiaries	-	-
36.0	36.0	14	Investments in joint ventures	93.6	77.7
10.8	10.8		Receivables from joint ventures	3.4	3.4
224.4	173.1	11	Deferred tax assets	210.4	268.5
705.5	**657.1**		**Total other non-current assets**	**307.4**	**349.6**
902.9	**899.0**		**Total non-current assets**	**1,153.0**	**1,146.7**
			CURRENT ASSETS		
			Inventories		
1.5	1.0	15	Raw materials and consumables	41.9	63.9
148.5	150.3	15	Properties held for resale	527.0	578.4
150.0	**151.3**		**Total inventories**	**568.9**	**642.3**
			Receivables		
588.3	675.7	25	Trade receivables	1,402.7	1,393.4
141.2	155.2	19	Construction contracts in progress	334.5	235.6
477.8	353.0		Receivables from subsidiaries	-	-
49.4	15.4		Income tax	3.4	4.5
21.3	24.8		Other receivables	47.3	49.7
22.2	24.1		Prepayments	29.8	28.8
1,300.2	**1,248.2**	16	**Total receivables**	**1,817.7**	**1,712.0**
2.2	**56.5**	32	**Cash and cash equivalents**	**135.4**	**167.3**
1,452.4	**1.456.0**		**Total current assets**	**2,522.0**	**2,521.6**
2,355.3	**2,355.0**		**Total assets**	**3,675.0**	**3,668.3**

PARENT COMPANY 2016	2017	Note	EQUITY AND LIABILITIES Amounts in DKK million	GROUP 2017	2016
			EQUITY		
520.0	520.0		Share capital	520.0	520.0
20.5	80.4		Other reserves	-32.8	-32.8
26.8	-145.6		Retained earnings	368.6	454.4
567.3	**454.8**		**Equity attributable to shareholders**	**855.8**	**941.6**
-	-		Non-controlling interests	27.8	22.1
567.3	**454.8**		**Total equity**	**883.6**	**963.7**
			NON-CURRENT LIABILITIES		
6.3	5.7	17	Bank loans, etc.	162.6	122.5
-	-	11	Deferred tax liabilities	13.0	15.4
83.2	64.6	18	Provisions	80.5	94.8
89.5	**70.3**		**Total non-current liabilities**	**256.1**	**232.7**
			CURRENT LIABILITIES		
66.5	0.6	17	Current portion of bank loans, etc.	46.0	111.8
404.1	320.5	19	Construction contracts in progress	579.9	687.6
528.0	589.7		Trade payables	1,004.7	837.6
275.0	310.2		Payables to subsidiaries	-	-
11.1	9.5	11	Income tax	26.7	11.1
180.6	309.6		Other payables	473.4	340.5
20.7	36.3		Deferred income	62.4	64.0
212.5	253.5	18	Provisions	342.2	419.3
1,698.5	**1,829.9**		**Total current liabilities**	**2,535.3**	**2,471.9**
1,788.0	**1,900.2**		**Total liabilities**	**2,791.4**	**2,704.6**
2,355.3	**2,355.0**		**Total equity and liabilities**	**3,675.0**	**3,668.3**

Statement of cash flows

PARENT COMPANY				GROUP	
2016	2017	Note	Amounts in DKK million	2017	2016
			OPERATING ACTIVITIES		
-86.7	-226.3		EBIT	51.3	72.8
18.6	167.4	29	Adjustments for items not included in cash flow	192.1	162.7
-68.1	**-58.9**		**Cash flows from operating activities before working capital changes**	**243.4**	**235.5**
			Working capital changes:		
25.0	-1.3		Inventories	73.5	75.8
-31.6	32.0		Receivables excl. construction contracts in progress	-7.8	0.6
-44.5	-97.6		Construction contracts in progress	-206.6	7.6
-41.6	119.4		Trade and other current payables	105.5	-71.1
-160.8	**-6.4**		**Cash flows from operations (operating activities)**	**208.0**	**248.4**
12.4	10.6		Finance income	2.2	7.9
-2.1	-3.6		Finance costs	-13.7	-8.8
-150.5	**0.6**		**Cash flows from operations (ordinary activities)**	**196.5**	**247.5**
-3.7	22.9		Income taxes paid, net	-28.7	-47.4
-154.2	**23.5**		**Operating cash flow**	**167.8**	**200.1**
			INVESTING ACTIVITIES		
-26.3	-49.7	12	Purchase of intangible assets	-49.7	-26.3
-25.8	-4.1	14	Capital changes in joint ventures and subsidiaries	6.4	0.3
-45.2	-22.4	30	Purchase of property, plant and equipment	-86.0	-147.7
0.2	-		Sale of property, plant and equipment	30.9	22.6
245.3	174.6		Dividends, etc., from joint ventures and subsidiaries	-	-
148.2	**98.4**		**Cash flows from investing activities**	**-98.4**	**-151.1**
			FINANCING ACTIVITIES		
			Loan financing:		
-	-		Decrease in non-current bank loans, etc.	-13.7	-11.3
			Shareholders:		
-	-		Dividends, non-controlling interests	-20.0	-40.0
1.7	-1.7		Issued warrants, employee contribution	-1.7	1.7
1.7	**-1.7**		**Cash flows from financing activities**	**-35.4**	**-49.6**
-4.3	**120.2**		**Net increase (decrease) in cash and cash equivalents**	**34.0**	**-0.6**
-59.4	-63.7		Cash and cash equivalents at 01-01	101.4	102.0
-	-		Effect of exchange rate fluctuations on cash held	-	-
-63.7	**56.5**	32	**Cash and cash equivalents at 31-12**	**135.4**	**101.4**

Statement of changes in equity, Group

Amounts in DKK million Equity, Group	Share capital	Insurance trans-action reserve	Transla-tion reserve	Retained earnings	Equity attributa-ble to share-holders	Attributa-ble to non-control-ling interests	Total equity
2017							
Equity at 01-01	**520.0**	**-38.0**	**5.2**	**454.4**	**941.6**	**22.1**	**963.7**
Net profit/(loss) for the year	-	-	-	-84.1	**-84.1**	25.7	**-58.4**
Other comprehensive income:							
Foreign exchange adjustments, foreign enter-prises	-	-	-3.7	-	**-3.7**	-	**-3.7**
Value adjustment of hedging instruments, joint ventures	-	3.7	-	-	**3.7**	-	**3.7**
Total other comprehensive income	**-**	**3.7**	**-3.7**	**-**	**-**	**-**	**-**
Transactions with owners:							
Reversal of granted programme (warrants), net	-	-	-	-1.7	**-1.7**	-	**-1.7**
Dividends paid	-	-	-	-	**-**	-20.0	**-20.0**
Total transactions with owners	**-**	**-**	**-**	**-1.7**	**-1.7**	**-20.0**	**-21.7**
Total changes in equity	**-**	**3.7**	**-3.7**	**-85.8**	**-85.8**	**5.7**	**-80.1**
Equity at 31-12	**520.0**	**-34.3**	**1.5**	**368.6**	**855.8**	**27.8**	**883.6**
2016							
Equity at 01-01	**520.0**	**-33.4**	**6.2**	**467.0**	**959.8**	**39.1**	**998.9**
Net profit/(loss) for the year	-	-	-	-12.8	**-12.8**	23.0	**10.2**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-1.0	-	**-1.0**	-	**-1.0**
Value adjustment of hedging instruments, joint ventures	-	-4.6	-	-	**-4.6**	-	**-4.6**
Total other comprehensive income	**-**	**-4.6**	**-1.0**	**-**	**-5.6**	**-**	**-5.6**
Transactions with owners:							
Issued warrants, employee contribution	-	-	-	1.7	**1.7**	-	**1.7**
Issued warrants	-	-	-	-1.5	**-1.5**	-	**-1.5**
Dividends paid	-	-	-	-	-	-40.0	**-40.0**
Total transactions with owners	**-**	**-**	**-**	**0.2**	**0.2**	**-40.0**	**-39.8**
Total changes in equity	**-**	**-4.6**	**-1.0**	**-12.6**	**-18.2**	**-17.0**	**-35.2**
Equity at 31-12	**520.0**	**-38.0**	**5.2**	**454.4**	**941.6**	**22.1**	**963.7**

Statement of changes in equity, parent company

Amounts in DKK million

Equity, parent company	Share capital	Reserve for development costs	Retained earnings	Total
2017				
Equity at 01-01	**520.0**	**20.5**	**26.8**	**567.3**
Net profit/(loss) for the year	-	59.9	-170.7	**-110.8**
Transactions with owners:				
Reversal of granted programme (warrants), net	-	-	-1.7	**-1.7**
Total changes in equity	**-**	**59.9**	**-172.4**	**-112.5**
Equity at 31-12	**520.0**	**80.4**	**-145.6**	**454.8**
2016				
Equity at 01-01	**520.0**	**-**	**-59.8**	**460.2**
Net profit/(loss) for the year	-	20.5	86.4	**106.9**
Transactions with owners:				
Issued warrants, employee contribution	-	-	1.7	**1.7**
Issued warrants	-	-	-1.5	**-1.5**
Total changes in equity	**-**	**20.5**	**86.6**	**107.1**
Equity at 31-12	**520.0**	**20.5**	**26.8**	**567.3**

Note 1

1 ACCOUNTING POLICIES

The Group and the parent company annual report for 2017 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. On 22 February 2018, the Board of Directors and the Executive Board discussed and approved the annual report of MT Højgaard A/S for the financial year 1 January – 31 December 2017. The annual report will be presented to the shareholders of MT Højgaard A/S for approval at the Annual General Meeting on 15 March 2018.

The annual report is presented in Danish kroner (DKK million).

The accounting policies described below have been applied consistently to the financial year and the comparative figures. The accounting policies are unchanged from the 2016 annual report.

The Group has implemented the standards and interpretations that become effective for 2017. The introduction of these standards and interpretations has not affected recognition and measurement in 2017 and are not expected to affect the Group in future.

Going concern statement

In connection with the financial reporting, the Board of Directors, the Audit Committee and the Executive Board have assessed whether it is appropriate to adopt the going concern basis of accounting. The Board of Directors, the Audit Committee and the Executive Board have concluded that, at the time of publication of the financial statements, there are no factors that cast any doubt on the Group's and the parent company's ability to continue as a going concern until at least the next reporting date. This conclusion is based on knowledge of the Group and the future outlook.

Consolidated financial statements

The consolidated financial statements are prepared on the basis of the parent company's and the individual enterprises' audited financial statements determined in accordance with the MTH GROUP's accounting policies. The consolidated financial statements comprise the parent company MT Højgaard A/S and subsidiaries controlled by the Group. The Group controls an enterprise when it is exposed to, or has rights to, variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise.

When assessing control, the Group takes into account de facto control and potential voting rights that are substantive at the reporting date. Subsidiaries' items are fully consolidated in the consolidated financial statements. Non-controlling interests' share of net profit/(loss) for the year and of equity in subsidiaries that are not wholly-owned is recognised as part of the Group's profit/(loss) or equity but is presented separately.

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated financial statements up to the date of disposal. Comparative figures are not restated for newly acquired enterprises.

On preparation of the consolidated financial statements, identical items are aggregated and intragroup income and expenses, shareholdings, balances and dividends are eliminated. Unrealised gains and losses arising from transactions between the consolidated enterprises are also eliminated.

Joint arrangements are operations or entities over which the Group has joint control through contractual agreements with one or more parties. Joint control means that decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified as joint ventures or joint operations. Joint operations are arrangements whereby the parties have direct rights to the assets, and obligations for the liabilities, while joint ventures are arrangements whereby the parties have rights to the net assets only.

In the Group's balance sheet, investments in joint ventures are measured using the equity method. Accordingly, as a rule investments are measured at the proportionate shares of the joint ventures' net assets, applying the Group's accounting policies, plus or minus unrealised intragroup profits/losses, and plus goodwill.

Joint ventures with a negative carrying amount are recognised at nil. If the Group has a legal or constructive obligation to cover a joint venture's negative balance, the negative balance is offset against the Group's receivables from the enterprise. Any balance is recognised in other provisions.

1 ACCOUNTING POLICIES (CONTINUED)

Gains and losses on disposal of subsidiaries and joint ventures are determined by deducting from the proceeds on disposal the carrying amount of net assets including goodwill at the date of disposal and related selling expenses.

Business combinations

Acquisitions of enterprises over which the parent company obtains control are accounted for by applying the purchase method. The acquiree's identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be determined reliably. The tax effect of the restatements performed is taken into account. Transaction costs are expensed as incurred.

Any excess of the cost over the fair value of the assets acquired and liabilities and contingent liabilities assumed is recognised in intangible assets as goodwill. Goodwill is not amortised. The carrying amount of goodwill is reviewed, at least annually, and written down through the income statement to the recoverable amount if this is lower than the carrying amount. Impairment losses relating to goodwill are not reversed.

If there is any uncertainty at the acquisition date concerning the measurement of identifiable assets acquired or liabilities or contingent liabilities assumed, initial recognition is based on provisional fair values. If the fair value of such identifiable assets, liabilities and contingent liabilities subsequently proves to differ from the fair value assumed at the acquisition date, goodwill may be adjusted within twelve months following their acquisition. The acquisition date is the date on which the parent company acquires de facto control over the acquiree.

Non-controlling interests

On initial recognition, non-controlling interests are measured either at the fair value of the non-controlling interests' equity interest or at their proportionate share of the fair value of the acquiree's identifiable assets acquired and liabilities and contingent liabilities assumed.

Foreign currency translation

For each of the reporting enterprises in the Group, the functional currency is determined as the primary currency in the market in which the enterprise operates. The functional currency for the parent company is Danish kroner.

Transactions denominated in all currencies other than the functional currencies are translated into the functional currency using the exchange rates at the transaction date. Receivables and payables in foreign currencies are translated using the exchange rates at the reporting date. Foreign exchange differences arising between the exchange rate at the transaction date or the reporting date and the date of settlement are recognised in the income statement as finance income and costs.

On recognition of foreign subsidiaries and joint arrangements, the income statement items determined in the individual enterprises' functional currencies are translated into Danish kroner at average exchange rates, which do not deviate significantly from the exchange rates at the transaction date, while the balance sheet items are translated at the exchange rates at the reporting date. Foreign exchange differences arising on translation of the opening equity of foreign enterprises at the exchange rates at the reporting date and on translation of the income statement items from average exchange rates to the exchange rates at the reporting date are recognised in other comprehensive income and in a separate translation reserve in equity.

Foreign exchange adjustments of balances with foreign entities that are accounted for as part of the overall net investment in the entity in question are recognised in the consolidated financial statements in other comprehensive income and in a separate translation reserve in equity.

On acquisition or disposal of foreign entities, their assets and liabilities are translated at the exchange rates ruling at the acquisition date or the date of disposal.

Derivative financial instruments

The Group uses derivative financial instruments such as forward exchange contracts and similar instruments to hedge financial risks arising from operating activities. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as finance costs or finance income as they occur.
For derivative financial instruments that qualify for cash flow hedge accounting, changes in fair value are recognised in other comprehensive income and in a separate hedging reserve in equity.

Income and expenses relating to such hedging transactions are transferred from the reserve in equity to the income statement at the date on which the hedged cash flows affect profit/(loss) and are recognised in the same item as the hedged item.

1 ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments are recognised from the trade date and measured in the balance sheet at fair value. Gains and losses on remeasurement to fair value are recognised as other receivables and other payables respectively. Fair value is measured on the basis of current market data and recognised valuation methods based on observable exchange rates.

Leases

Leases relating to property, plant and equipment in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet as assets. The assets are recognised initially at cost, equivalent to the lower of their fair value and the present value of the future lease payments.

The present value is determined using the interest rate implicit in the lease as the discount rate or an approximated value. The capitalised residual lease commitment on finance leases is recognised as a liability.

All other leases are accounted for as operating leases, and the lease payments are recognised in the income statement over the term of the lease.

Finance costs are determined as the difference between total future lease payments and the carrying amount (present value) of finance leases. These finance costs are recognised in the income statement over the lease term.

Government grants

Government grants include grants for projects, investments, etc. Grants that compensate for expenses incurred or for the purchase of assets are set up in the balance sheet as deferred income and recognised in the income statement in the same periods in which the expenses are incurred or over the periods in which depreciation on the assets is charged.

INCOME STATEMENT

Revenue

Revenue comprises completed construction contracts and construction contracts in progress, sale of development projects, sale of residential projects, rental income, services, etc.

Revenue from construction contracts under which assets or plants with a high degree of individual customisation are supplied is recognised in the income statement by reference to the stage of completion so that revenue corresponds to the selling price of the work performed during the year (percentage of completion method).

Income from construction contracts comprises the agreed contract sum plus or minus agreed variations to contract work, claims for extra work, and any related interest payments, etc.

Revenue from projects developed in-house and residential projects is recognised by applying the sales method. Revenue and profit from projects sold are recognised when 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.

Revenue relating to rental income, services, etc., is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer and the income can be measured reliably and its payment is probable.

Revenue is measured net of value added and similar sales-based taxes, but including trade discounts and rebates.

Production costs

Production costs comprise both direct and indirect costs incurred in generating the revenue for the year, and expected losses on construction contracts in progress. Production costs include the cost of raw materials and consumables, wages and salaries, depreciation and impairment losses, subcontractor supplies, leasing of capital equipment, design and technical assistance, remedial and guarantee works as well as subsupplier claims, for example relating to extra work, including any related interest payments, etc.

Distribution costs

Distribution costs include tendering, advertising and marketing costs as well as salaries etc. relating to sales and marketing departments.

1 ACCOUNTING POLICIES (CONTINUED)

Administrative expenses

Administrative expenses comprise expenses for administrative staff and management, including salaries, office expenses, depreciation, etc.

Special items
Special items comprise material income and expenses that constitute the effect on profit/(loss) of legacy offshore litigation and the Buxton dispute. The item is presented separately to give a true and fair view of the Group's operating profit/(loss).

The Group's share of profit/(loss) after tax of joint ventures
The proportionate share of profit/(loss) of joint ventures is recognised in the consolidated income statement net of tax and after elimination of intragroup gains and losses.

Finance income and costs
Finance income and costs comprise interest income and expense, dividends from other equity investments and realised and unrealised gains and losses on financial assets, payables and transactions denominated in foreign currencies, as well as finance lease costs and income tax surcharges and refunds. Borrowing costs attributable to the acquisition, construction or development of self-constructed assets are recognised as part of the cost of those assets.

Income tax
Income tax expense, consisting of current tax and changes in deferred tax, is recognised in net profit/(loss) for the year, other comprehensive income or equity.

Current tax payable and receivable is recognised in the balance sheet as tax calculated on the taxable income for the year, adjusted for tax paid on account, etc.

The parent company MT Højgaard A/S is taxed jointly with its Danish and foreign subsidiaries (international joint taxation). Subsidiaries are included in the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they are no longer included. Current Danish tax is allocated among the jointly taxed Danish enterprises in proportion to their taxable income.

MT Højgaard A/S is the management company for the Danish joint taxation and consequently settles all income tax payments to the Danish tax authorities.

Deferred tax liabilities and deferred tax assets are measured using the balance sheet liability method, providing for all temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The following temporary differences are not provided for: goodwill not deductible for tax purposes and office premises. The measurement is based on the planned use of the asset or settlement of the liability, and on the relevant tax rules.

Deferred tax is provided for retaxation of previously deducted losses of jointly taxed foreign subsidiaries to the extent that it is deemed that disposal of the investment or withdrawal from the international joint taxation scheme may be relevant.

Deferred tax is measured on the basis of the tax rules and the tax rates effective in the respective countries at the time the deferred tax is expected to crystallise as current tax. The effect of changes in deferred tax due to changed tax rates is recognised in the income statement, unless the items in question have previously been recognised in equity.

Deferred tax assets, including the value represented by the tax base of tax loss carryforwards, are recognised at the value at which it is expected that they can be utilised either by set-off against deferred tax liabilities or tax on future profits/(losses) of the parent company and the other jointly taxed enterprises in the same country. Deferred tax assets are entered as a separate line item within other non-current assets.

Deferred tax assets are reviewed annually and are only recognised to the extent that it is probable that they will be utilised within the foreseeable future.

1 ACCOUNTING POLICIES (CONTINUED)

BALANCE SHEET

Intangible assets
Recognition and measurement of goodwill are described in the section on business combinations. Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the estimated useful life, normally 5-10 years. The basis of amortisation is reduced by any impairment losses. Other intangible assets primarily comprise ERP and other IT systems.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises purchase price and any costs directly attributable to the acquisition until the date the asset is available for use. The cost of self-constructed assets comprises direct and indirect cost of materials, components, subsuppliers and labour as well as borrowing costs attributable to the construction of the assets.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life to the expected residual value. Useful lives are determined on an individual basis for major assets, while the useful lives of other assets are determined for groups of uniform assets.

Expected useful lives:	
Buildings	10-50 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

Land is not depreciated. Nor is depreciation charged if the residual value of an asset exceeds its carrying amount. The residual value is determined at the acquisition date and reviewed annually.

Gains and losses on disposal of property, plant and equipment are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal and are recognised in the income statement as production costs or administrative expenses.

Investments in joint ventures in the consolidated financial statements
In the Group's balance sheet, investments in joint ventures are measured using the equity method. Accordingly, as a rule investments are measured at the proportionate shares of the joint ventures' net assets, applying the Group's accounting policies, plus or minus unrealised intragroup profits/losses, and plus goodwill.

Joint ventures with a negative carrying amount are recognised at nil. If the Group has a legal or constructive obligation to cover a joint venture's negative balance, the negative balance is offset against the Group's receivables from the enterprise. Any balance is recognised in other provisions.

MT Højgaard A/S is a party to several PPP companies, which are all recognised as joint ventures in accordance with IFRS 11. According to the contractual arrangements between the parties, decisions require the unanimous consent of all parties. For further details on ownership, reference is made to notes 24 and 33.

Investments in subsidiaries and joint ventures in the parent company financial statements
In the parent company balance sheet, investments in subsidiaries and joint ventures are measured at cost, including costs of purchase. Investments are written down to the recoverable amount, if this is lower than the carrying amount.

Subsidiaries and joint ventures with a negative recoverable amount are recognised at nil. If the parent company has a legal or constructive obligation to cover an enterprise's negative balance, the negative balance is offset against the parent company's receivables from the enterprise. Any balance is recognised in other provisions.

Impairment of non-current assets
The carrying amounts of intangible assets, property, plant and equipment and other non-current assets are reviewed, at least annually, to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset or cash-generating unit is determined. However, the recoverable amount of goodwill is always determined annually.

An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are reversed to the extent that the assumptions and estimates that led to the recognition of the impairment loss have changed. Impairment losses relating to goodwill are not reversed.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than the cost, the carrying amount is written down to this lower value.

The cost of raw materials and consumables comprises purchase price plus expenses incurred in bringing them to their existing location and condition.

Properties, project development in progress and undeveloped sites that are not classified as held for continued future ownership or use are measured at the lower of cost and net realisable value and are carried as properties held for resale. Properties held for resale include undeveloped sites held with a view to project development activities, and completed residential projects for resale.

Receivables
Receivables are measured at amortised cost less impairment losses.

Construction contracts in progress
Construction contracts in progress are measured at the selling price of the work performed. A construction contract is characterised by the fact that the assets or plants in question are constructed to customer specifications and requirements in terms of design, function, etc., and that a binding contract under which any termination will lead to penalties or claims is entered into before work commences.

The selling price is measured by reference to the total expected income from each construction contract and the stage of completion at the reporting date. The stage of completion is determined on the basis of the costs incurred and the total expected costs. When it is probable that total costs on a construction contract in progress will exceed total contract income, the total expected loss on the contract is recognised as an expense immediately.

Where the selling price cannot be measured reliably, it is recognised at the lower of costs incurred and net realisable value.

The individual construction contract in progress is recognised in the balance sheet in receivables or current liabilities, depending on the selling price less progress billings and recognised losses.

Costs in connection with sales work and tendering to secure contracts are recognised as distribution costs in the income statement in the financial year in which they are incurred.

Prepayments and deferred income
Prepayments and deferred income include costs incurred or income received during the year in respect of subsequent financial years, apart from items relating to construction contracts in progress.

EQUITY

Hedging reserve
The hedging reserve in the consolidated financial statements comprises changes in the fair value of hedging transactions that qualify for designation as cash flow hedges, and where the hedged transaction has yet to be realised.

Translation reserve
The translation reserve in the consolidated financial statements comprises foreign exchange differences that have arisen from the translation of the financial statements of foreign entities from their functional currencies to Danish kroner and foreign exchange adjustments of balances with foreign entities that are accounted for as part of the Group's overall net investment in the entity in question.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

Reserve for development costs
The reserve for development costs in the parent company comprises recognised development costs. The reserve may not be used for dividends or to cover losses. The reserve must be reduced or dissolved as the development projects are amortised or if the recognised development costs are no longer a part of the company's operation. This must be done by direct transfer to retained earnings.

1 ACCOUNTING POLICIES (CONTINUED)

Share-based payment transactions
The value of services received as consideration for share-based payment is measured at fair value.

Share-based payment is classified as either an equity-settled or a cash-settled arrangement. The classification is based on whether the transaction is settled by the issuance of shares or by cash settlement. If the form of settlement is based on future criteria, the programme is classified on the basis of management's expectations concerning the probability of these future criteria occurring.

If it is considered more probable that the arrangement will have to be settled in shares, the programme will be classified as an equity-settled arrangement. For equity-settled arrangements, the fair value is measured at the date of grant and recognised in the income statement as staff costs over the service period. The recognised expense is taken to equity. If the length of the service period is uncertain at the date of grant, it is estimated based on management's best estimate of the date on which the share-based payment will vest. Subsequent to initial recognition, the total programme costs are adjusted for changes to the estimate of the number of grants that will vest. If the estimate of the length of the service period changes, the proportion of the programme costs that has not yet been expensed will be recognised proportionately over the revised service period.

If it is deemed to be more probable that the outcome of the future criteria will mean that the programme will have to be cash-settled, it must be classified as a cash-settled arrangement. On initial recognition, the liability is measured at fair value at the date of grant and recognised through the income statement as a staff cost on a continuous basis as the employees render service. The fair value of the liability is subsequently remeasured at each reporting date until settled. Changes in the fair value of the liability are recognised in the income statement as staff costs based on the proportion of the service period that has been rendered. The offsetting entry is recognised in liabilities.

The Group's warrant programme has been recognised as an equity-settled arrangement up to and including 2015 and as a cash-settled arrangement from and including 2016 and has been recognised in accordance with the relevant rules.

Provisions
Provisions comprise expected costs for guarantee obligations, losses on work in progress, provisions for disputes/litigation and other liabilities. Provisions for guarantee obligations are made on the basis of guarantee claims received where it has not been possible to make a final determination of the amount, and on the basis of known defects in connection with one-year and five-year reviews and, for some contracts, assessed costs in connection with longer guarantee periods.

Financial liabilities
Bank loans, etc., are recognised at inception at fair value net of transaction costs incurred. Subsequent to initial recognition, the liabilities are measured at amortised cost using the effective interest rate method. Accordingly, the difference between the proceeds (net) and the nominal value is recognised in the income statement over the term of the loan. The fair value of financial liabilities has been determined as the present value of expected future instalments and interest payments. The Group's current borrowing rate for similar maturities has been used as discount rate.

Other liabilities, comprising trade payables, payables to subsidiaries and joint ventures, and other payables, are measured at amortised cost.

Segment information
Because the Group only has activities in a single business segment, information is only provided on the geographical distribution of the Group's revenue and non-current assets.

1 ACCOUNTING POLICIES (CONTINUED)

Statement of cash flows

The statement of cash flows shows the Group's cash flows for the year, broken down by operating, investing and financing activities, and the effects of these cash flows on the Group's cash and cash equivalents.

Cash flows from operating activities (CFFO)

Cash flows from operating activities are determined using the indirect method, whereby operating profit/(loss) is adjusted for the effects of non-cash operating items, changes in working capital, and net finance costs and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisition and disposal of enterprises and activities and purchase and sale of intangible assets, property, plant and equipment and investments as well as purchase and sale of securities that are not recognised as cash and cash equivalents.

Cash flows from financing activities

Cash flows from financing activities comprise payments to and from shareholders, including payment of dividends and increases and decreases in non-current borrowings.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash equivalents less current portion of bank loans, etc.

Financial ratios

Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society.

Definitions of financial ratios used:

Gross margin	=	Gross profit/revenue
Operating margin before special items	=	Profit/(loss) before special items/revenue
EBIT margin	=	EBIT/revenue
Pre-tax margin	=	Profit before tax/revenue
Working capital	=	Net working capital excluding sites held for resale
Return on invested capital incl. goodwill (ROIC)	=	EBITA/average invested capital incl. goodwill
Return on invested capital after tax incl. goodwill (ROIC after tax)		NOPLAT/average invested capital incl. goodwill
Return on equity (ROE)	=	Profit after tax excl. non-controlling interests/average equity excl. non-controlling interests
Equity ratio	=	Equity excl. non-controlling interests, year end/total liabilities
Invested capital	=	Invested capital represents the capital invested in operating activities, i.e. the assets that generate income that contributes to EBIT. Invested capital is calculated as the sum of intangible assets and property, plant and equipment used in operations plus net working capital.

Note 2

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation uncertainty
Determining the carrying amount of some assets and liabilities requires estimation of the effects of future events on those assets and liabilities at the balance sheet date.

The estimates applied are based on assumptions which are sound, in management's opinion, but which, by their nature, are uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur. Moreover, the company is subject to risks and uncertainties that may cause the actual results to differ from these estimates.

Estimates deemed critical to the financial reporting primarily relate to the recognition of construction contracts and the risks associated with their execution, i.e. measurement of the selling price of construction contracts in progress, determination of guarantee commitments, assessment of the outcome of disputes, and recovery of deferred tax assets. Key accounting estimates are also made when assessing the need for impairment charges in connection with the recognition of equity investments and goodwill.

Construction contracts, including estimated recognition and measurement of revenue and contribution margin
The measurement of construction contracts in progress are based on an assessment of the stage of each project and expectations concerning the remaining progress towards completion of each contract, including the outcome of disagreements. The assessment of stage, income and expenses, including disagreements, is made jointly by the Executive Board and the project management on a project-by-project basis.

The assessment of disagreements relating to extra work, extensions of time, demands concerning liquidated damages, etc., is based on the nature of the circumstances, knowledge of the client, the stage of negotiations, previous experience and consequently an assessment of the likely outcome of each case. For major disagreements, external legal opinions are a fundamental part of the assessment.

Estimates concerning the remaining progress towards completion depend on a number of factors, and project assumptions may change as the work is being performed. Likewise, the assessment of disagreements may change as the cases proceed.

Actual results may therefore differ materially from expectations.

Disputes, legal and arbitration proceedings and contingent assets and contingent liabilities
Due to the nature of its business, the Group is naturally involved in various disagreements, disputes and legal and arbitration proceedings. An assessment is made in all instances of the extent to which such cases may result in obligations for the Group, and the probability of this. In some instances, a case may also result in a contingent asset or claims against other parties than the client. Management's estimates are based on available information and legal opinions from advisers. The outcome may be difficult to assess and, depending on the nature of the case, may differ from management's estimate.

Provisions for guarantee obligations
Provisions for guarantee obligations are assessed individually for each construction contract and relate to normal one-year and five-year guarantee works and, for a few contracts, longer guarantee periods. The level of provisions is based on experience and the characteristics of each project. By their nature such estimates involve uncertainty, and actual guarantee obligations may consequently differ from those estimated. Further details are provided in note 18.

In view of the Robin Rigg ruling in 2017 and the assessment of ongoing guarantee cases relating to legacy offshore projects, the risk provision for offshore guarantee obligations, which run until 2021, was increased during 2017.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Recovery of deferred tax assets
Deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available, in the foreseeable future (3-5 years), against which tax loss carryforwards, etc., can be utilised. The amount to be recognised as deferred tax assets is determined on the basis of an estimate of the probable timing and amount of future taxable profits and taking into account current tax legislation.

The projections of future profits in the enterprises in which the losses can be utilised are updated annually. At the end of the financial year, management assesses the extent to which, under current tax legislation, taxable profits can be realised in the foreseeable future, and the tax rates that will apply at the date of utilisation. The recognition of deferred tax assets is reviewed against this background.

Non-capitalised tax assets in the Group and the parent company relate to tax losses that can be carried forward indefinitely. They may be recognised as income when the Group reports the necessary positive results.

Deferred tax is calculated using the tax rates effective in the respective countries to which the deferred tax relates.

Further details are provided in note 11.

Impairment testing of equity investments and goodwill
In connection with impairment testing of equity investments recognised at cost (parent company) and goodwill, estimates are made of how the relevant enterprises or parts of the enterprise to which the goodwill relates will be able to generate sufficient positive future net cash flows to support the value of the equity investment or goodwill and other net assets in the relevant part of the enterprise. Such estimates are naturally subject to some uncertainty, which is reflected in the discount rate applied.

The carrying amounts of goodwill are tested annually for impairment. Goodwill is attributable to Civil Works and Construction in MT Højgaard A/S; Enemærke & Petersen A/S; and Lindpro A/S.

The recoverable amount is determined as the value in use, calculated as the present value of the expected future net cash flows from the cash-generating units. In connection with the annual test, net cash flows are determined on the basis of the latest approved budget for the following year and estimates for the following four years. The growth in the terminal period is kept constant. The present value is determined using a discount rate before tax. The primary key assumptions are estimated to be the growth rates and the EBIT margins applied, which depend on the general economic development and the Group's risk management on individual projects. Budgets and estimates are determined on the basis of previous experience, including budgeted returns on the order portfolio and on anticipated orders and planned capacity, and taking into account management's expectations for the future, including announced expectations concerning future growth, EBIT margin and cash flow. In addition, sensitivity analyses are prepared in order to support carrying amounts.

Impairment losses in joint ventures primarily relate to losses on individual contracts where the joint venture has been established purely with a view to completing the contract and will be terminated on completion of the contract.

Further details are provided in note 14.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Joint ventures and joint operations
The international financial reporting standard IFRS 11 operates with the concept "joint arrangements", where the share of such arrangements is recognised in proportion to the financial interest in the project in both the parent company and the consolidated financial statements.

Jointly controlled entities are operations or entities over which the Group has joint control through contractual agreements with one or more parties. Such entities are classified as joint ventures if the rights of the parties sharing control are limited to net assets in separate legal entities, or as joint operations if the parties sharing control have direct and unlimited rights to the assets and obligations for the liabilities respectively.

Joint ventures are recognised using the equity method. Joint operations are recognised at the proportionate share of income, expenses, assets and liabilities.

The Group's joint ventures are mainly the PPP companies and Seth. For further details on ownership, reference is made to notes 24 and 33.

The GROUP assesses on an entity-by-entity basis whether an arrangement is a joint venture or a joint operation, based on an assessment of control and joint control.

The MTH Group owns 60% of the voting rights in Soc. de Empreitadas e Trabalhos Hidráulicos, S.A. (Seth). Under the contract between the parties, decisions about the relevant activities in the enterprise require the unanimous consent of the parties. The MTH GROUP and Operatio SGPS, S.A. consequently have joint control over the arrangement. Because of the contractual arrangement, the parties have rights to net assets only, and Seth is consequently accounted for as a joint venture.

Management judgements applying the accounting policies
In the process of applying the Group's accounting policies, management regularly makes judgements, in addition to estimates, that may have a significant effect on the amounts recognised in the financial statements.

Notes 3-5

3 INFORMATION ON ACTIVITIES

PARENT COMPANY 2016	PARENT COMPANY 2017	Amounts in DKK million	GROUP 2017	GROUP 2016
		The Group is engaged in construction and civil works activities in Denmark and internationally.		
		In 2017, the Group was engaged in international activities in Europe (Portugal and Sweden), the North Atlantic (Faroe Islands, Greenland and Iceland), Asia (the Maldives and Vietnam), the Middle East (Qatar) and Africa.		
		Geographical breakdown of revenue and non-current assets		
		Revenue can be broken down as follows:		
		Denmark	6,880.8	6,155.0
		Rest of world	767.3	641.6
		Total	**7,648.1**	**6,796.6**
		Non-current assets excluding deferred tax assets can be broken down as follows:		
		Denmark	874.0	811.7
		Rest of world	68.6	66.5
		Total	**942.6**	**878.2**

4 REVENUE

PARENT COMPANY 2016	PARENT COMPANY 2017	Amounts in DKK million	GROUP 2017	GROUP 2016
		Revenue can be broken down as follows:		
2,978.5	3,722.2	Selling price of the production for the year on construction contracts in progress and completed construction contracts, etc.	6,782.1	5,815.2
85.4	62.8	Revenue from project development cases sold, etc.	320.1	367.2
11.1	6.4	Rental income, facility management, etc.	545.9	614.2
3,075.0	**3,791.4**	**Total**	**7,648.1**	**6,796.6**

5 DEPRECIATION AND AMORTISATION

PARENT COMPANY 2016	PARENT COMPANY 2017	Amounts in DKK million	GROUP 2017	GROUP 2016
7.0	12.6	Intangible assets	20.3	15.8
13.5	15.0	Property, plant and equipment	90.0	92.1
20.5	**27.6**	**Total depreciation and amortisation**	**110.3**	**107.9**
		Depreciation and amortisation are recognised in the income statement as follows:		
18.9	25.9	Production costs	106.1	103.2
-	-	Distribution costs	0.5	0.6
1.6	1.7	Administrative expenses	3.7	4.1
20.5	**27.6**	**Total depreciation and amortisation**	**110.3**	**107.9**

Note 6

6 STAFF COSTS

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
		The total amount paid in wages and salaries, etc., can be broken down as follows:		
780.5	952.4	Wages and salaries, etc.	2,074.3	1,895.7
56.1	66.8	Pension contributions (defined contribution)	152.7	142.9
32.3	31.3	Other social security costs	69.0	74.7
1.7	-	Share-based payment (warrants)	-	1.7
-3.2	-	Reversal of granted programme (warrants)	-	-3.2
867.4	**1,050.5**	**Total**	**2,296.0**	**2,111.8**
1,480	**1,739**	**Average number of employees**	**4,338**	**4,207**
1,650	**1,806**	**Number of employees, year end**	**4,204**	**4,211**
		Total remuneration (salaries and remuneration, etc.) to the Board of Directors and the Executive Board:		
2.8	3.0	Board of Directors	3.0	2.8
12.7	16.5	Executive Board – salary and bonus	16.5	12.7
1.0	-	Executive Board – share-based payment (warrants)	-	1.0
-2.0	-	Reversal of granted programme (warrants)	-	-2.0
14.5	**19.5**	**Total**	**19.5**	**14.5**

6 STAFF COSTS (CONTINUED)

For 2017, the Executive Board has a bonus scheme that will provide up to 7.2 months' salary based on the achievement of financial targets. Other senior executives are also comprised by bonus schemes that depend, among other things, on net profit/(loss) for the year.

In April 2014, the Group set up a warrant programme for the five members of the Group's management team that runs for the period until 2019. For each warrant purchased, the holder will be granted one warrant free of charge. Under the warrant programme, participants are entitled to buy/receive warrants annually up to an accumulated amount corresponding to 5% of the company's share capital.

Exercise of purchased and granted warrants was originally subject to listing of the parent company MT Højgaard A/S before spring 2019. In connection with the financial reporting for 2016, it was judged that the assumption in the financial statements concerning a listing of MT Højgaard A/S before spring 2019 was no longer the most likely outcome, and at the end of 2016 the warrant programme was therefore reclassified so that it is now accounted for as a cash-settled arrangement.

The combined fair value of the programme for 2014-2015 determined at the grant dates using an option valuation model was DKK 3.1 million.

The fair value was DKK 0.8 million at the end of the year. Future adjustments to fair value will be expensed on a straight-line basis until April 2019, when the programme will come to an end.

At the end of December 2017, outstanding warrants totalled 19,416. with a nominal value of DKK 1,000 each, corresponding to 3.7% of the share capital. The service period will run until April 2019. The programme must be valued at the end of each quarter, finishing in April 2019.

Note 7-10

7 FEES PAID TO AUDITOR APPOINTED BY THE ANNUAL GENERAL MEETING (EY)

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
1.3	1.3	Audit fees	3.5	3.7
-	-	Other assurance engagements	0.2	0.1
0.6	1.4	Tax and VAT advice	1.6	0.6
1.1	1.0	Non-audit services	1.4	1.4
3.0	**3.7**	**Total fees**	**6.7**	**5.8**

8 SPECIAL ITEMS

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
		Special items in 2017 were legal and arbitration proceedings related to offshore projects in the UK.		
		In view of the Robin Rigg ruling in 2017 and the assessment of ongoing guarantee cases relating to legacy offshore projects, the risk provision for offshore guarantee obligations, which run until 2021, was increased in 2017 (notes 18 and 22).		
-	**-125.0**	**Total special items**	**-125.0**	**-**

9 FINANCE INCOME

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
12.9	10.4	Interest income (balance sheet items recognised at amortised cost)	1.4	2.9
1.6	-	Gain on sale of equity investments	-	-
-	0.7	Foreign exchange gains	0.8	5.0
238.9	173.0	Dividends from subsidiaries	-	-
4.8	4.0	Dividends from joint ventures	-	-
-	1.5	Reversal of impairment and adjustment of liabilities related to subsidiaries and joint ventures, etc.	-	-
258.2	**189.6**	**Total finance income**	**2.2**	**7.9**
12.5	9.6	Portion relating to interest received from subsidiaries	-	-

10 FINANCE COSTS

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
-2.3	-4.0	Interest expense (balance sheet items recognised at amortised cost)	-10.5	-8.6
-0.3	-	Foreign exchange losses	-3.2	-0.2
-35.1	-9.3	Impairment and adjustment of liabilities related to subsidiaries and joint ventures, etc.	-	-
-37.7	**-13.3**	**Total finance costs**	**-13.7**	**-8.8**
-0.5	-0.5	Portion relating to interest paid to subsidiaries	-	-

Note 11

11 INCOME TAX

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
		Tax on other comprehensive income was DKK nil in the parent company and the Group. Current tax in the Group relates primarily to tax in some foreign entities in which tax payment is determined based on local rules.		
-57.6	9.5	Current tax	42.5	13.3
84.5	51.3	Changes in deferred tax	55.7	48.4
26.9	**60.8**	**Income tax expense**	**98.2**	**61.7**
		Income tax expense can be broken down as follows:		
32.8	-11.0	Income tax expense before tax calculated at 22%	7.0	15.8
3.0	1.2	Deviations in foreign enterprises' tax rates	7.8	5.5
-53.6	-39.2	Non-taxable income (Group: primarily tax not provided for on non-controlling interests' share of income from partnerships)	-8.8	-8.5
7.9	1.6	Non-deductible expenses	1.1	0.4
42.1	78.3	Impairment of previously recognised deferred tax asset	79.0	47.9
-5.3	29.9	Other, including prior year adjustments and joint taxation	12.1	0.6
26.9	**60.8**	**Income tax expense**	**98.2**	**61.7**
20.1	-121.6	Effective tax rate (%)	246.7	85.8

11 INCOME TAX (CONTINUED)

Recovery of deferred tax assets
The projections of future profits in the enterprises in which the losses can be utilised have been updated. At 31 December 2017, the management of MT Højgaard A/S assessed the extent to which, under current tax legislation, taxable profits can be realised in the foreseeable future, and the tax rates that will apply at the date of utilisation. Against this background, an impairment charge has been recognised on the deferred tax assets.

Like last year, tax loss carryforwards have not been fully capitalised in the assessment of deferred tax assets. They have been capitalised based on expected positive earnings in the next three to five years. Non-capitalised tax assets amount to approximately DKK 320 million both in the Group and the parent company and relate to tax losses that can be carried forward indefinitely. The amount has been increased by DKK 79 million in the Group and DKK 78 million in the parent company as the financial result for 2017 was lower than expected and the projections for 2018 and 2019 show lower results than previously anticipated due to less order intake than expected. The non-capitalised tax asset may be recognised as income when the Group reports the necessary positive results.

11 INCOME TAX (CONTINUED)

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
		Tax relating to distributable reserves in foreign subsidiaries that are subject to higher taxation if distributed amounted to DKK 5.2 million (2016: DKK 5.8 million). These liabilities have not been recognised, as the Group checks whether they will crystallise. It is probable that the liabilities will not crystallise in the foreseeable future.		
		DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES		
308.9	224.4	Deferred tax (net) at 01-01	253.1	301.5
-84.5	-51.3	Changes through the income statement	-55.7	-48.4
224.4	**173.1**	**Deferred tax (net) at 31-12**	**197.4**	**253.1**
		Deferred tax can be broken down as follows:		
		Deferred tax assets		
62.1	69.8	Property, plant and equipment	39.9	39.5
-	-	Current assets	-	2.3
39.7	13.4	Non-current liabilities	62.9	74.0
10.3	43.1	Current liabilities	50.4	15.3
383.7	399.1	Tax loss carryforwards	421.6	415.2
-253.8	-320.0	Non-capitalised tax loss	-325.0	-259.7
242.0	205.4	Deferred tax assets at 31-12 before set-off	249.8	286.6
-17.6	-32.3	Set-off within legal entities and jurisdictions (countries)	-39.4	-18.1
224.4	**173.1**	**Deferred tax assets at 31-12**	**210.4**	**268.5**
		Deferred tax liabilities		
-5.5	-23.1	Intangible assets	-31.0	-14.4
-	-	Property, plant and equipment	-2.6	-5.3
-12.1	-9.2	Current assets	-14.1	-9.2
-	-	Current liabilities	-4.7	-4.6
-17.6	-32.3	Deferred tax liabilities at 31-12 before set-off	-52.4	-33.5
17.6	32.3	Set-off within legal entities and jurisdictions (countries)	39.4	18.1
-	**-**	**Deferred tax liabilities at 31-12**	**-13.0**	**-15.4**

Note 12

12 INTANGIBLE ASSETS

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
		GOODWILL		
50.3	50.3	Cost at 01-01	122.1	122.1
50.3	50.3	Cost at 31-12	122.1	122.1
-	-	Impairment losses at 01-01 and 31-12	0.7	0.7
50.3	**50.3**	**Carrying amount at 31-12**	**121.4**	**121.4**
		OTHER INTANGIBLE ASSETS		
51.4	77.7	Cost at 01-01	124.8	98.5
26.3	49.7	Additions	49.7	26.3
-	-	Disposals	-0.1	-
77.7	127.4	Cost at 31-12	174.4	124.8
14.4	21.4	Amortisation and impairment losses at 01-01	59.5	43.7
7.0	12.6	Amortisation	20.2	15.8
21.4	34.0	Amortisation and impairment losses at 31-12	79.7	59.5
56.3	**93.4**	**Carrying amount at 31-12**	**94.7**	**65.3**

12 INTANGIBLE ASSETS (CONTINUED)

Goodwill

The carrying amounts of goodwill attributable to Civil Works (DKK 5.7 million) and Construction (DKK 44.6 million) in MT Højgaard A/S; Enemærke & Petersen A/S (DKK 43.2 million); and Lindpro A/S (DKK 28.0 million), were tested for impairment at 31 December 2017, applying the DCF model. In connection with the test at 31 December, revenue was determined for each business unit on the basis of the budget for 2018, the order book as well as estimates for the years 2019-2022. The growth rate in the terminal period has been set at 2%. The result is based on budgets and projections for 2018 and 2019, and the pre-tax margin has consequently been increased to the long-term target of 5%. Earnings are underpinned by the order book and utilisation of synergies and VDC. The business units are reviewed individually and adjusted up or down based on management's expectations, knowledge and estimates. Net cash flows are determined on this basis. The present value is determined using a discount rate set for each unit. The rate has been estimated to be the same for the business units due to uniform markets/geography and amounts to 9.1% before tax (2016: 9.2%).

The impairment test did not give rise to any write-downs of goodwill to recoverable amount.

Management estimates that probable changes in the underlying assumptions will not result in the carrying amount of goodwill exceeding its recoverable amount.

Other intangible assets

Other intangible assets primarily comprise ERP and other IT systems, including VDC. Additions primarily relate to the investment in the new IT platform referred to in the Management's review. The year-end carrying amounts were DKK 42.9 million for VDC and DKK 50.5 million for the new IT platform, which is under construction. The VDC asset is amortised over five years. The VDC asset is amortised over five years. Amortisation of the new IT platform has not commenced yet.

Note 13

13 PROPERTY, PLANT AND EQUIPMENT

PARENT COMPANY 2017

Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 01-01	47.6	31.5	92.2	**171.3**
Additions	-	15.3	7.1	**22.4**
Disposals	-	-	-16.2	**-16.2**
Cost at 31-12	47.6	46.8	83.1	**177.5**
Depreciation and impairment losses at 01-01	11.4	24.2	44.9	**80.5**
Depreciation	0.1	4.2	10.7	**15.0**
Disposals	-	-	-16.2	**-16.2**
Depreciation and impairment losses at 31-12	11.5	28.4	39.4	**79.3**
Carrying amount at 31-12	**36.1**	**18.4**	**43.7**	**98.2**
Mortgaged properties:				
Carrying amount	19.3	-	-	**19.3**
Year-end balance, loans	6.1	-	-	**6.1**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PARENT COMPANY 2016

Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 01-01	46.6	38.0	49.6	**134.2**
Reclassifications, etc.	-	-1.7	1.7	**-**
Additions	1.0	3.3	40.9	**45.2**
Disposals	-	-8.1	-	**-8.1**
Cost at 31-12	47.6	31.5	92.2	**171.3**
Depreciation and impairment losses at 01-01	11.3	30.0	33.8	**75.1**
Reclassifications, etc.	-	-1.3	1.3	**-**
Depreciation	0.1	3.6	9.8	**13.5**
Disposals	-	-8.1	-	**-8.1**
Depreciation and impairment losses at 31-12	11.4	24.2	44.9	**80.5**
Carrying amount at 31-12	**36.2**	**7.3**	**47.3**	**90.8**
Mortgaged properties:				
Carrying amount	19.3	-	-	**19.3**
Year-end balance, loans	6.5	-	-	**6.5**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP

Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
					2017
Cost at 01-01	279.6	761.1	404.7	26.1	**1,471.5**
Foreign exchange adjustments	-	-8.2	-0.6	-	**-8.8**
Additions	5.9	111.0	16.0	6.9	**139.8**
Disposals	-2.3	-100.3	-231.1	-5.8	**-339.5**
Cost at 31-12	283.2	763.6	189.0	27.2	**1,263.0**
Depreciation and impairment losses at 01-01	85.6	455.3	320.2	-	**861.1**
Foreign exchange adjustments	-	-5.0	-0.1	-	**-5.1**
Depreciation	7.7	57.6	24.7	-	**90.0**
Disposals	-1.2	-85.0	-226.3	-	**-312.5**
Depreciation and impairment losses at 31-12	92.1	422.9	118.5	-	**633.5**
Carrying amount at 31-12	**191.1**	**340.7**	**70.5**	**27.2**	**629.5**
Mortgaged properties:					
Carrying amount	111.7	-	-	-	**111.7**
Year-end balance, loans	37.3	-	-	-	**37.3**
Assets held under finance leases:					
Carrying amount	-	179.2	3.2	-	**182.4**

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP

Amounts in DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
					2016
Cost at 01-01	274.3	697.7	364.4	14.7	**1,351.1**
Foreign exchange adjustments	-	1.7	0.1	-	**1.8**
Reclassifications, etc.	-1.1	-1.0	-0.8	2.9	**-**
Additions	9.4	99.2	57.7	8.5	**174.8**
Disposals	-3.0	-36.5	-16.7	-	**-56.2**
Cost at 31-12	279.6	761.1	404.7	26.1	**1,471.5**
Depreciation and impairment losses at 01-01	80.3	418.8	306.8	-	**805.9**
Foreign exchange adjustments	-	1.1	-	-	**1.1**
Reclassifications, etc.	-	-1.3	1.3	-	**-**
Depreciation	7.6	59.1	25.4	-	**92.1**
Disposals	-2.3	-22.4	-13.3	-	**-38.0**
Depreciation and impairment losses at 31-12	85.6	455.3	320.2	-	**861.1**
Carrying amount at 31-12	**194.0**	**305.8**	**84.5**	**26.1**	**610.4**
Mortgaged properties:					
Carrying amount	122.5	-	-	-	**122.5**
Year-end balance, loans	41.3	-	-	-	**41.3**
Assets held under finance leases:					
Carrying amount	-	138.7	9.6	-	**148.3**

Note 14

14 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

PARENT COMPANY

Amounts in DKK million

	Investments in subsidiaries	Investments in joint ventures
2017		
Cost at 01-01	696.9	68.9
Additions	71.3	-
Disposals	-67.2	-
Cost at 31-12	701.0	68.9
Adjustments at 01-01	-262.6	-32.9
Impairment charge	-2.5	-
Reversal of impairment charge	1.3	-
Adjustments at 31-12	-263.8	-32.9
Carrying amount at 31-12	**437.2**	**36.0**
2016		
Cost at 01-01	671.1	68.9
Additions	50.0	-
Disposals	-24.2	-
Cost at 31-12	696.9	68.9
Adjustments at 01-01	-242.3	-32.9
Impairment charge	-20.3	-
Adjustments at 31-12	-262.6	-32.9
Carrying amount at 31-12	**434.3**	**36.0**

14 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

A list of consolidated enterprises is provided in note 33.

Investments in subsidiaries and joint ventures were determined at the recoverable amount at 31 December, applying the DCF model. The present value was determined using a discount rate before tax of 9.1% (2016: 9.2%).

In connection with the test at 31 December, revenue was determined for each subsidiary and joint venture on the basis of the budget for 2018 and estimates for the years 2019-2022. The growth rate in the terminal period has been set at 2%.

In 2017, a DKK 2.5 million impairment charge was recognised in respect of project companies that no longer have any activities (2016: DKK 20.3 million charge relating primarily to Norway, where a decision was made to discontinue the activities).

The reversal of a DKK 1.3 million impairment charge on investments in subsidiaries relates to MTH Føroyar PF.

14 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

GROUP

Amounts in DKK million	Investments in joint ventures
2017	
Cost at 01-01	42.5
Disposals	-6.8
Cost at 31-12	35.7
Adjustments at 01-01	35.2
Foreign exchange adjustments	-0.1
Share of net profit/(loss) for the year after tax	26.4
Dividends paid	-4.0
Other adjustments	0.4
Adjustments at 31-12	57.9
Carrying amount at 31-12	**93.6**

	Investments in joint ventures
2016	
Cost at 01-01	42.5
Cost at 31-12	42.5
Adjustments at 01-01	20.2
Share of net profit/(loss) for the year after tax	21.3
Dividends paid	-4.9
Other adjustments, etc.	-1.4
Adjustments at 31-12	35.2
Carrying amount at 31-12	**77.7**

Share of income of joint ventures has been recognised as operating income in the consolidated financial statements as joint ventures are an element of MTH GROUP's business.

14 INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES (CONTINUED)

GROUP

Material joint ventures (the figures represent 100%), see note 33	2017	2016
Soc. De Empreitadas e Trabalhos Hidráulicos, S.A. (Seth) - Ownership interest 60%		
Revenue	267.0	222.9
Net profit/(loss) for the year	4.9	22.9
Dividends paid	-	-
Total assets	247.7	204.1
Total liabilities	178.7	132.0
Total contingent liabilities	-	-

Joint ventures - not individually material (the figures represent 100%), see note 33		
Net profit/(loss) for the year	24.4	24.1
Reconciliation of carrying amount at 31 December		
Carrying amount of material joint ventures	48.7	49.1
Carrying amount of investments in joint ventures that are not individually material	44.9	28.6
Carrying amount at 31-12	93.6	77.7

Notes 15-16

15 INVENTORIES

PARENT COMPANY 2016	PARENT COMPANY 2017	Amounts in DKK million	GROUP 2017	GROUP 2016
		RAW MATERIALS AND CONSUMABLES		
1.8	1.5	Cost at 01-01	72.5	81.6
0.3	0.3	Additions	120.9	99.8
-0.6	-0.8	Disposals	-147.7	-108.9
1.5	1.0	Cost at 31-12	45.7	72.5
-	-	Adjustments at 01-01	-8.6	-4.8
-	-	Write-downs	-0.4	-5.7
-	-	Reversal of write-downs	5.2	1.9
-	-	Adjustments at 31-12	-3.8	-8.6
1.5	**1.0**	**Carrying amount at 31-12**	**41.9**	**63.9**
		PROPERTIES HELD FOR RESALE		
173.2	148.5	Cost at 01-01	578.4	641.2
0.2	1.8	Additions	130.6	177.8
-24.9	-	Disposals	-182.0	-240.6
148.5	150.3	Cost at 31-12	527.0	578.4
148.5	**150.3**	**Carrying amount at 31-12**	**527.0**	**578.4**
		Mortgaged properties:		
-	-	Carrying amount	-	72.7

16 RECEIVABLES

PARENT COMPANY 2016	PARENT COMPANY 2017	Amounts in DKK million	GROUP 2017	GROUP 2016
20.5	22.7	Receivables falling due more than one year after the reporting date	26.4	20.5
16.4	18.2	Receivables falling due more than one year after the reporting date relate primarily to rent deposits. The fair value of receivables is deemed to correspond to the carrying amount, apart from the above non-current receivables, the fair value of which represents approx. 80%. In the balance sheet at 31 December 2017, consolidated receivables were DKK 1,817.7 million (2016: DKK 1,712.0 million) (parent company DKK 1,248.2 million (2016: DKK 1,300.2 million)). These include amounts that are subject to normal contract disputes. For further details, see note 22.	21.1	16.4

Notes 17-18

17 INTEREST-BEARING LIABILITIES

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
		Interest-bearing liabilities can be broken down by commitment type as follows:		
72.8	6.3	Bank loans, etc.	50.8	123.4
-	-	Lease commitments (assets held under finance leases)	157.8	110.9
72.8	**6.3**	**Carrying amount at 31-12**	**208.6**	**234.3**
		INTEREST-BEARING LIABILITIES ARE ONLY DENOMINATED IN DKK		
		Interest-bearing liabilities can be broken down by fixed and floating-rate debt as follows:		
6.8	6.3	Fixed-rate debt	172.9	121.2
66.0	-	Floating-rate debt	35.7	113.1
72.8	**6.3**	**Carrying amount at 31-12**	**208.6**	**234.3**
		Interest-bearing liabilities can be broken down by effective interest rate as follows:		
72.8	6.3	Less than 3%	174.4	167.1
-	-	Between 3% and 5%	18.5	67.2
-	-	More than 5%	15.7	-
72.8	**6.3**	**Carrying amount at 31-12**	**208.6**	**234.3**
2.0	2.1	Weighted average effective interest rate (%)	1.9	1.9
2.4	14.8	Weighted average remaining term (years)	5.1	4.2
		Interest-bearing liabilities are recognised in the balance sheet as follows:		
6.3	5.7	Non-current liabilities	162.6	122.5
66.5	0.6	Current liabilities	46.0	111.8
72.8	**6.3**	**Carrying amount at 31-12**	**208.6**	**234.3**
71.9	**6.0**	**Fair value**	**204.5**	**228.4**

18 PROVISIONS

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
		Change in provisions by type:		
363.7	295.7	Provisions at 01-01	514.1	528.2
61.3	155.9	Provided in the year	176.3	97.2
-81.8	-122.1	Utilised during the year	-213.2	-96.6
-47.5	-11.4	Reversal of unutilised prior year provisions	-54.2	-14.7
-	-	Foreign exchange adjustments	-0.3	-
295.7	**318.1**	**Carrying amount at 31-12**	**422.7**	**514.1**
		Provisions are recognised in the balance sheet as follows:		
83.2	64.6	Non-current provisions	80.5	94.8
212.5	253.5	Current provisions	342.2	419.3
295.7	**318.1**	**Carrying amount at 31-12**	**422.7**	**514.1**
		Expected maturity dates:		
212.5	253.5	Less than one year	342.2	419.3
16.6	12.9	Between one and two years	15.0	17.1
49.9	38.7	Between two and five years	52.5	61.0
16.7	13.0	More than five years	13.0	16.7
295.7	**318.1**	**Carrying amount at 31-12**	**422.7**	**514.1**

The change in interest-bearing liabilities, DKK 25,8 million in total, is made up of decreases in mortgage and lease debt (DKK 13.7 million), change in drawings on open credit facilities (DKK 65.9 million) and additions to assets held under finance leases (DKK -53.8 million).

Provisions relate to claims in connection with concluded construction contracts and service contracts and covers guarantee obligations, disputes as well as provisions for the termination of Greenland Contractors' service contract. Provisions maturing in less than one year include provisions for legacy offshore guarantee obligations and the termination of Greenland Contractors' service contract. In view of the Robin Rigg ruling in 2017 and the assessment of ongoing guarantee cases relating to legacy offshore projects, the risk provision for offshore guarantee obligations, which run until 2021, was increased during 2017.

Notes 19-20

19 CONSTRUCTION CONTRACTS IN PROGRESS

PARENT COMPANY 2016	PARENT COMPANY 2017	Amounts in DKK million	GROUP 2017	GROUP 2016
4,258.6	4,791.2	Progress billings	9,910.8	8,987.7
-3,995.7	-4,625.9	Selling price of construction contracts	-9,665.4	-8,535.7
262.9	**165.3**	**Construction contracts in progress (net)**	**245.4**	**452.0**
		Construction contracts in progress are recognised in the balance sheet as follows:		
404.1	320.5	Current liabilities	579.9	687.6
-141.2	-155.2	Receivables	-334.5	-235.6
262.9	**165.3**	**Construction contracts in progress (net)**	**245.4**	**452.0**
147.7	63.1	Prepayments from customers included in progress billings	90.0	227.7
75.1	59.0	Payments withheld	73.8	79.3

20 SECURITY ARRANGEMENTS

PARENT COMPANY 2016	PARENT COMPANY 2017	Amounts in DKK million	GROUP 2017	GROUP 2016
		Normal security in the form of bank guarantees and guarantee insurances has been provided for contracts and supplies.		
2,089.0	**1,943.0**	**Total**	**3,357.6**	**3,302.7**
		In addition, land and buildings have been lodged as security for bank loans, etc., see note 13.		

Notes 21-22

21 LEASE COMMITMENTS

PARENT COMPANY 2016	2017	Amounts in DKK million	GROUP 2017	2016
		FINANCE LEASES		
		Total future minimum lease payments:		
-	-	Due within one year	42.0	41.3
-	-	Due between one and five years	120.0	72.2
-	-	Due after more than five years	-	-
-	**-**	**Total**	**162.0**	**113.5**
		Carrying amount:		
-	-	Due within one year	40.3	39.4
-	-	Due between one and five years	117.4	71.5
-	-	Due after more than five years	-	-
-	**-**	**Total**	**157.7**	**110.9**
-	-	Finance costs	4.3	2.6
		OPERATING LEASES		
		Total future minimum lease payments:		
51.4	50.0	Due within one year	86.6	84.4
150.1	150.2	Due between one and five years	207.8	200.9
170.3	151.3	Due after more than five years	151.4	170.3
371.8	**351.5**	**Total**	**445.8**	**455.6**
53.7	52.2	Lease payments relating to operating leases recognised in the income statement.	98.0	92.7

The Group's finance and operating leases primarily relate to vehicles, operating equipment and office buildings. The lease term for vehicles and operating equipment is typically between two and five years with an option to extend the lease. The lease term for office buildings is up to 12 years. None of the leases features contingent rent.

22 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Indemnities
In accordance with normal practice, the parent company has issued indemnities in respect of a few subsidiaries, joint ventures and contracts entered into by subsidiaries. In management's opinion, these indemnities will not have a material negative impact on the Group's financial position.

Pending disputes and litigation
Due to the nature of its business, the Group is naturally involved in various disputes and legal and arbitration proceedings, including MgO board litigation, where legal practice is still awaiting clarification. In management's opinion, the overall outcome of the Group's disputes and legal and arbitration proceedings will not have a material negative impact on the Group's financial position.

With regard legacy offshore cases, final settlement of warranty claims received is still pending, as is the expiry of the guarantee periods on the individual contracts, which run until 2021. The outcome of these can be difficult to assess and may deviate, both positively and negatively, from the Group's accounting estimates.

In view of the Robin Rigg ruling in 2017 and the assessment of ongoing guarantee cases relating to legacy offshore projects, the risk provision (see note 18) for offshore guarantee obligations, which run until 2021, was increased during 2017.

Joint taxation
MT Højgaard A/S has opted for joint international taxation with other companies in the MTH GROUP. As management company, MT Højgaard A/S has unlimited and joint and several liability with the other companies with respect to income taxes and withholding taxes on dividends, interest and royalties in the joint taxation group. At 31 December 2017, the total known net liability on payable income taxes and withholding taxes in the joint taxation group was nil (2016: nil). Any subsequent adjustments of joint taxation income and withholding taxes, etc., may result in the company's liability being higher.

Note 23

23 RELATED PARTIES

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
		JOINT CONTROL		
		Related parties with which the Group shares joint control comprise the shareholders in the parent company MT Højgaard A/S. The parent company is owned by Højgaard Holding A/S (54%) and Monberg & Thorsen A/S (46%), both of which are listed on Nasdaq Copenhagen.		
		MT Højgaard A/S is a jointly controlled entity under an agreement entered into between the shareholders.		
		SIGNIFICANT INFLUENCE		
		Related parties with significant influence comprise the members of the company's Board of Directors and Executive Board.		
		SUBSIDIARIES AND JOINT VENTURES		
		The parent company's related parties also include subsidiaries and jointly controlled entities in which MT Højgaard A/S has control or joint control. A list of consolidated enterprises is provided in note 33.		
		TRANSAKTIONER MED RELATED PARTIES		
		All related party transactions during the year were entered into in the ordinary course of business and based on arm's length terms.		
		Related party transactions comprised:		
255.4	394.9	Purchases of goods and services from subsidiaries	-	-
118.8	106.0	Sales of goods and services to subsidiaries	-	-
73.8	54.1	Sales of goods and services to joint ventures	54.1	73.8
1.2	26.1	Sales of goods and services to shareholders	26.1	1.2
-	2.5	Balance with shareholders (- = debt)	2.5	-

23 RELATED PARTIES (CONTINUED)

Remuneration to the Board of Directors and the Executive Board as well as share option programmes are disclosed in note 6.
The parent company's interest income and interest expense relating to balances with subsidiaries are disclosed in notes 9 and 10.

The parent company's dividends from subsidiaries and joint ventures are disclosed in note 9.

The Group's companies have opted for joint international taxation. In 2017, transfers of joint taxation contributions among the Danish companies were DKK 61.3 million (2016: (DKK 32.3 million).

Balances with subsidiaries and joint ventures at 31 December 2017 are disclosed in the balance sheet and relate primarily to the Group's cash pool agreement, business-related balances concerning purchases and sales of goods and services, and intragroup loans. The business-related balances are non-interest-bearing and are entered into on the same terms as apply to the parent company's other customers and suppliers. Interest on intragroup loans is charged at the Group's internal interest rate. Balances with subsidiaries and joint ventures were not written down in 2017 or 2016.

Note 24

24 JOINT VENTURES

Joint venture	Ownership	Partner
Activities in progress:		
Seth S.A.	60%	APPROACHDETAIL S.A.
Driftsselskabet OPP Vejle A/S	50%	DEAS
OPP Hobro Tinglysningsret A/S	33%	DnB and PKA/Sampension
OPP Randers P-hus A/S	33%	DnB and PKA/Sampension
OPP Vildbjerg Skole A/S	33%	DnB and PKA/Sampension
OPP Ørstedskolen A/S	33%	DnB and PKA/Sampension
OPS Frederikshavn Byskole A/S	50%	DEAS
OPS Skovbakkeskolen A/S	50%	DEAS
Driftselskabet OPP Slagelse sygehus A/S	50%	DEAS
Skanska-MTH Marieholmsbron HB	30%	Skanska
Skanska-MTH Hisingsbron HB	30%	Skanska
Bravida - MT Højgaard ApS	50%	Bravida
Completed activities. Will be terminated on expiry of the guarantee period:		
Changuinola Civil Works JV	*50%	(Estate of Pihl & Søn A/S)
Züblin - MTH JV, Navitas	*50%	Züblin A/S
MT Hojgaard-Züblin JV	*50%	Züblin A/S
Eidi 2 Sudur Konsortiet	*50%	PF. J&K Contractors
Fe Camp Met Mast	*60%	Eiffrage, Seatower
Fortis MT Hojgaard Joint Venture I/S	*50%	Fortis Construction ApS
Sundlink Contractors HB	*37%	Skanska AB and Hochtief AG

*) With reference to Section 5(1) of the Danish Financial Statements Act, these Danish joint ventures have omitted to prepare annual reports as they are recognised in the consolidated financial statements.

Note 25

25 FINANCIAL RISKS

The Group's activities entail various financial risks that may affect the Group's development, financial position and operations.

The Group's most significant financial risks relate to loans, receivables and cash and cash equivalents as well as interest-bearing liabilities and trade payables.

The Group maintains an overview of the Group's currency positions and interest rate sensitivity with a view to mitigating currency risk and maintaining interest rate sensitivity at a low level.

Based on the Group's expectations concerning the future operations and the Group's current financial resources, no material liquidity risks have been identified. A cash pool agreement has been established for the parent company and most of the Group's subsidiaries.

Currency risks
Currency risks are managed centrally in the Group with a view to mitigating the effects of currency fluctuations. On projects, MT Højgaard strives to minimise risks by seeking to match income to expenditure so that they balance with respect to currency and by using forward exchange contracts. Changes in the value of derivative financial instruments are recognised in the income statement under production costs as they arise, as they do not qualify for hedge accounting.

Currency fluctuations do not have any material effect on the Group's foreign enterprises, as the individual consolidated enterprises settle both income and expenses in their functional currencies.

Where major currency positions arise in currencies outside the euro zone, these are normally hedged using forward exchange contracts. The currency exposure therefore mainly relates to the value of foreign investments, which is not normally hedged.

The Group primarily uses forward exchange contracts to hedge contractual and budgeted cash flows. The amount recognised in the Group's income statement was income of DKK 1.3 million (2016: income of DKK 0.8 million). The amount recognised in the parent company income statement was income of DKK 1.3 million (2016: income of DKK 0.8 million).

25 FINANCIAL RISKS (CONTINUED)

Open forward exchange contracts at 31 December 2017 had a remaining term of up to 13 months.

Consolidated revenue denominated in foreign currencies was DKK 0.2 billion in 2017 (2016: DKK 0.1 billion), predominantly in MVR.

PARENT COMPANY		Amounts in DKK million	GROUP	
Hypothetical effect on net profit/(loss) for the year and equity	Nominal position of cash and cash equivalents, receivables and financial liabilities	The hypothetical effect on net profit/(loss) for the year and equity of reasonable, probable increases in exchange rates is shown below:	Nominal position of cash and cash equivalents, receivables and financial liabilities	Hypothetical effect on net profit/(loss) for the year and equity
-0.2	-26.1	EUR/DKK, probable increase in exchange rate 1%	-26.1	-0.2
-0.3	-4.1	USD/DKK, probable increase in exchange rate 10%	-3.6	-0.3
-1.5	-19.7	GBP/DKK, probable increase in exchange rate 10%	-19.5	-1.5
-6.2	-79.8	SEK/DKK, probable increase in exchange rate 10%	-79.8	-6.1
-	-	NOK/DKK, probable increase in exchange rate 10%	-1.3	-0.1

A decrease in the exchange rates would have a corresponding opposite effect on net profit/(loss) for the year and equity.

The sensitivity analysis was based on the financial instruments recognised at 31 December 2017 and an assumption of unchanged production/sales and price level.

Interest rate risks
The Group measures and manages interest rate risks on debt and deposits, which are determined and reviewed on a continuous basis. The Group has no material interest rate risks.
Interest rate risks relate mainly to cash and interest-bearing liabilities.

25 FINANCIAL RISKS (CONTINUED)

At the end of 2017, cash amounted to DKK 135.4 million and was mainly placed on short-term, fixed-term deposit and escrow accounts.

The Group's interest-bearing liabilities were DKK 208.6 million at the end of 2017, with short-term borrowings accounting for 22%. The average weighted remaining maturity of the Group's interest-bearing debt was 5.1 years, and the weighted average effective interest rate was 1.9%. Fixed-rate debt accounted for 83% of the Group's interest-bearing debt.

Changes in fair value: All other conditions being equal, the hypothetical effect on consolidated net profit (/loss) for the year and equity at 31 December 2017 of a one percentage point increase in relation to the interest rate level at the reporting date would have been nil (2016: nil). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

Changes in cash flows: All other conditions being equal, the hypothetical effect of a one percentage point increase in relation to the interest rate level realised for the year on the Group's floating-rate cash/securities and debt would have been a DKK 0.6 million increase in consolidated net profit/(loss) for the year and equity at 31 December 2017 (2016: DKK 0.2 million). A one percentage point decrease in the interest rate level would have had a corresponding opposite effect.

25 FINANCIAL RISKS (CONTINUED)

Credit risks
Credit risks are generally managed by regular credit rating of customers and business partners. The Group has no material risks relating to a single customer or business partner.

The credit risk exposure relating to dealings with counterparties other than banks is estimated to be limited, as the Group requests security in the form of bank guarantees and guarantee insurance or similar to a considerable extent when entering into contracts with private clients. Political credit risks on international projects are hedged through export credit insurance based on individual assessment.

Write-downs for bad and doubtful debts are consequently negligible and are due to compulsory winding-up or expected compulsory winding-up of customers.

Change in write-downs recognised in receivables:

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
4.4	1.3	Carrying amount at 01-01	28.4	29.3
-	0.2	Provided in the year	2.1	3.3
-3.1	-	Utilised during the year	-6.7	-4.0
-	-	Reversal of unutilised prior year provisions	-0.1	-0.2
-	-	Other adjustments	13.6	-
1.3	**1.5**	**Carrying amount at 31-12**	**37.3**	**28.4**
-	-	Nominal value of written-down receivables	75.9	10.4
107.7	125.7	Receivables that were past due by more than 90 days at 31 December but not impaired	331.6	331.2
63.4	129.1	Collateral received as security for receivables (fair value)	129.4	63.5

25 FINANCIAL RISKS (CONTINUED)

LIQUIDITY RISKS

Liquidity risks are managed through established, appropriate credit lines and committed facilities that match the need for financing planned operating activities and expected investments.

At the end of 2017, the Group's financial resources were DKK 584 million, consisting of cash and cash equivalents of DKK 135 million and undrawn credit facilities of DKK 449 million. Of the total financial resources, DKK 522 million is available to MT Højgaard A/S.

Of the Group's facilities, DKK 80 million is subject to financial covenants related to equity ratio and earnings. All covenants were complied with in 2017.

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
		Financial liabilities can be broken down as follows:		
72.8	6.3	Interest-bearing liabilities	208.6	234.3
528.0	589.7	Trade payables	1,004.7	837.6
1.6	2.9	Derivative financial liabilities	2.9	1.6
602.4	**598.9**	**Total carrying amount**	**1,216.2**	**1,073.5**
		Maturity profile for financial liabilities:		
594.5	590.3	Less than one year	1,050.7	949.4
0.6	0.4	Between one and two years	40.7	30.0
1.1	1.1	Between two and five years	105.5	68.4
4.6	4.2	More than five years	16.4	24.1
600.8	**596.0**	**Total contractual cash flows**	**1,213.3**	**1,071.9**
		Maturity profile for derivative financial liabilities:		
1.6	1.8	Less than one year	1.8	1.6
-	1.1	Between one and two years	1.1	-
-	-	Between two and five years	-	-
-	-	More than five years	-	-
1.6	**2.9**	**Total contractual cash flows**	**2.9**	**1.6**

25 FINANCIAL RISKS (CONTINUED)

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
		CATEGORIES OF FINANCIAL INSTRUMENTS		
		Carrying amount by category:		
-	-	Financial assets measured at fair value through profit or loss	-	-
1,159.9	1,458.4	Loans, receivables and cash and cash equivalents	2,250.3	1,615.3
1.6	2.9	Financial liabilities measured at fair value through profit or loss (Level 2)	2.9	1.6
1,075.5	1,249.2	Financial liabilities measured at amortised cost *	1,759.2	1,490.2

* amortised cost corresponds largely to fair value

FAIR VALUE HIERARCHY FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET

The Group's derivative financial instruments are valued on the basis of recognised valuation methods in the form of discount models and observable market data such as interest rate curves and exchange rates (Level 2).

It is the Group's policy to recognise transfers between the various categories from the date on which an event or a change in circumstances results in a change of classification. No transfers were made between levels in 2017.

Notes 26-27

26 CAPITAL MANAGEMENT AND SHARE CAPITAL

The need for alignment of the Group's and the individual subsidiaries' capital structure is reviewed on an ongoing basis to ensure that the capital position complies with current regulations and is aligned to the business concept and the activity level. According to the Group's internal policy, as a rule equity must cover total non-current assets and provide an equity ratio of 30-35%. The equity ratio was 23.4% at 31 December 2017, compared with 25.7% at the end of 2016.

At 31 December 2017, MT Højgaard A/S's share capital amounted to DKK 520 million, which was fully paid up. The share capital is divided into shares of DKK 1,000. No shares carry special rights. Dividends paid in 2017 amounted to nil per share.

27 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS

The IASB has issued a number of standards and interpretations that are not mandatory for MT Højgaard A/S at the time of the publication of the Group's annual report for 2017.

The new standards and interpretations will be implemented as they become mandatory for MT Højgaard A/S. The analysis of the expected effect of the implementation of IFRS 16 has yet to be completed, see below.

IFRS 9 'Financial Instruments', which replaces IAS 39, changes the classification and resulting measurement of financial assets and liabilities. At the same time, simpler provisions on hedge accounting are introduced, and a new model for writing down loans and receivables. This may have an effect on the financial statements, as IFRS 9 requires expected credit losses to be recognised on initial recognition instead of, as now, on indication of impairment. This does not have a material effect on the Group. IFRS 9 is effective for financial years beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers' replaces the existing revenue standards (IAS 11 and IAS 18) and interpretations and is effective for financial years beginning on or after 1 January 2018. The standard introduces a new five-step model for recognition and measurement of revenue.

The main changes in IFRS 15 compared with current practice is:

27 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

- Sales transactions must be recognised as revenue in the income statement when control (either at a point in time or over time) of the goods or services is transferred to the customer (the current "risk and rewards" concept is thus replaced by a control concept)
- New, more detailed guidance on how part transactions in a sales contract are to be identified and how the individual components are to be recognised and measured
- New, more detailed guidance on over-time recognition of revenue.

Management has in 2017 carried out an analysis of the effect of the new standard on the Group, especially the new requirements concerning estimates and judgements of variable consideration and identification of financing components, etc. Based on analyses of the revenue mix and contract types – and the fact that the Group has until now been applying the percentage of completion method (IAS 11) to most revenue – it is expected that IFRS 15 will affect the following areas:

- The new requirements for estimates and judgements of, for example, variable consideration and identification of the sub-components, etc., of sales contracts may affect amounts and/or timing of recognition of revenue. It is management's opinion that the effect will be minimal, based on the existing product mix, but that, under IFRS 15, some instances of variable consideration related to construction contracts, including possible bonus income on achievement of specific milestones by predetermined dates, will be recognised later than under current practice. The assessment is that the effect in 2017 will be less than DKK 5 million in terms of selling price and operating profit, which, under IFRS 15, is not to be recognised until 2018.
- Until now, revenue from sites and construction projects developed in-house has been recognised using the sales method when delivered and when risk has been transferred to the buyer, but management assesses that under IFRS 15 such revenue must be recognised when control is transferred, to the extent that the sale to the customer is final, the sale is legally enforceable and collection is reasonably assured (based on percentage of completion). At the end of 2017, residential projects corresponding to revenue of DKK 41 million and operating profit of DKK 4 million had been sold that would have been recognised in 2017 if IFRS 15 had been effective in 2017.

Based on the detailed analyses performed, the general assessment is that the effect on recognition and measurement is insignificant in view of the current project mix and contract types.

The Group has decided to use the 'modified' retrospective transition option whereby the effect on profit/(loss) is recognised in equity at 1 January 2018, with no restatement of comparative figures.

Notes 28-32

27 NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 16 'Leases', effective for financial years beginning on or after 1 January 2019, considerably changes the accounting treatment of operating leases. It stipulates that all leases — with a few exceptions — must be recognised on the lessee's balance sheet as an asset with an associated lease liability. This will also affect the lessee's income statement, as the lease expense will be made up of two components in future — depreciation and interest expense — unlike current practice, where the lease expense is recognised as a one-line item under operating expenses. The Group's statement of cash flows will also be affected as the operating lease payments that currently recognised in cash flows from operating activities will be presented as financing activities in future. The Group's analysis of the effect of the new standard on the Group is ongoing. However, it is deemed that it will have some effect, as the Group is expected to have operating leases with minimum lease obligations of around DKK 4-500 million in future, equivalent to approximately 11-14% of the balance sheet total, which must presumably be recognised in the balance sheet.

28 EVENTS AFTER THE REPORTING DATE

On 30 January 2018, MT Højgaard A/S, the parent company of MTH GROUP, gave notice to 100 salaried employees and cut 60 jobs in the Danish business in order to adjust capacity to the current order book and the projects anticipated in 2018, and as a result of the loss of three specific orders at the end of 2017.

So far as management is aware, no other events have occurred between 31 December 2017 and the date of signing of the annual report that will have a material effect on the assessment of the Group's financial position at 31 December 2017, other than the effects recognised and referred to in the annual report.

29 ADJUSTMENTS FOR OPERATING ITEMS NOT INCLUDED IN CASH FLOW, ETC.

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
20.6	27.6	Depreciation and amortisation of intangible assets and property, plant and equipment	110.2	108.3
-2.0	139.8	Other adjustments	81.9	54.4
18.6	**167.4**	**Total**	**192.1**	**162.7**

30 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
-45.2	-22.4	Purchase of property, plant and equipment, including assets held under finance leases	-139.8	-174.8
-	-	Portion relating to assets held under finance leases	53.8	27.1
-45.2	**-22.4**	**Total**	**-86.0**	**-147.7**

31 INCREASE IN NON-CURRENT BANK LOANS, ETC.

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
-	-	Increase in bank loans, etc., including lease commitments	53.8	27.1
-	-	Portion relating to lease commitments	-53.8	-27.1
-	**-**	**Total**	**-**	**-**

32 CASH AND CASH EQUIVALENTS

PARENT COMPANY			GROUP	
2016	2017	Amounts in DKK million	2017	2016
		Cash and cash equivalents at 31-12 can be broken down as follows:		
2.2	23.2	Distributable cash	33.7	73.7
-	33.3	Cash and cash equivalents that are not available to the whole Group	101.7	93.6
2.2	**56.5**	**Cash and cash equivalents**	**135.4**	**167.3**
-65.9	-	Current portion of bank loans, etc.	-	-65.9
-63.7	**56.5**	**Total cash and cash equivalents**	**135.4**	**101.4**

Cash and cash equivalents that are not available to the whole Group comprise cash in jointly controlled entities and joint ventures, which, as a rule, is only available to these entities and joint ventures, and funds lodged in connection with property transactions, etc.

Note 33

33 COMPANY OVERVIEW

Companies		Registered office	Ownership interest		Capital '000
MT Højgaard A/S					
Ajos A/S		Hvidovre DK	100.00	DKK	1,000
Enemærke & Petersen A/S		Ringsted DK	100.00	DKK	5,000
Ringsted Entreprenørforretning ApS		Ringsted DK	100.00	DKK	200
Greenland Contractors I/S		Cph DK	66.67	DKK	-
Lindpro A/S		Glostrup DK	100.00	DKK	25,000
Arssarnerit A/S		Greenl. DK	100.00	DKK	2,000
MT (UK) Ltd.		England GB	100.00	GBP	25
MT Atlantic Inc.		USA US	100.00	USD	10
MT Højgaard Føroyar P/F		Faroe Isl. DK	100.00	DKK	2,800
MT Hojgaard (GIB) Ltd.		Gibraltar GB	100.00	GBP	12,187
MTH Qatar LCC	(1)	Qatar QA	49.00	QAR	200
MT Højgaard Grønland ApS		Greenl. DK	100.00	DKK	200
MT Højgaard Norge AS		Norway NO	100.00	NOK	500
MTHI A/S		Søborg DK	100.00	DKK	5,000
MT Höjgaard Iceland ehf		Iceland IS	100.00	ISK	500
MTH Maldiverne Ltd		Maldiv. MV	100.00	MVR	2
MT Hojgaard Vietnam Company Limited		Vietnam VN	100.00	USD	400
Birkekær/Teglvænget, Roskilde ApS		Roskilde DK	100.00	DKK	55
Horsensvej, Vejle APS		Vejle DK	100.00	DKK	52
Høje Taastrup Boulevard, Høje Taastrup ApS		Taastrup DK	100.00	DKK	55
Nivåvej, Nivå ApS		Nivå DK	100.00	DKK	60
Nordre Mellemvej, Roskilde Aps		Roskilde DK	100.00	DKK	55
Sjællandsbroen, København ApS		Cph DK	100.00	DKK	60
Strandvejen, Korsør ApS		Korsør DK	100.00	DKK	52
Sjællandsbroen Erhverv ApS		Søborg DK	100.00	DKK	51
Solrækkerne ApS		Søborg DK	100.00	DKK	50
Vestervænget, Høje Taastrup ApS		Søborg DK	100.00	DKK	50
MTH Projekt 5 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 6 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 7 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 8 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 9 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 10 ApS		Søborg DK	100.00	DKK	50

33 COMPANY OVERVIEW (CONTINUED)

Companies		Registered office	Ownership interest		Capital '000
MTH Projekt 11 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 12 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 13 ApS		Søborg DK	100.00	DKK	50
MTH Projekt 14 ApS		Søborg DK	100.00	DKK	50
Scandi Byg A/S		Løgstør DK	100.00	DKK	5,000
OPP Vejle sygehus A/S	(J)	Fr.berg DK	50.00	DKK	500
OPP Hobro Tinglysningsret A/S	(J)	Fr.berg DK	33.33	DKK	700
OPP Randers P-hus A/S	(J)	Fr.berg DK	33.33	DKK	4,410
OPP Vildbjerg Skole A/S	(J)	Fr.berg DK	33.33	DKK	1,224
OPP Ørstedskolen A/S	(J)	Fr.berg DK	33.33	DKK	2,400
OPS Frederikshavn Byskole A/S	(J)	Fr.berg DK	50.00	DKK	2,000
OPS Skovbakkeskolen A/S	(J)	Fr.berg DK	50.00	DKK	500
Driftselskabet OPP Slagelse sygehus A/S	(J)	Fr.berg DK	50.00	DKK	500
Soc. de Empreitadas e Trabalhos Hidráulicos, S.A.,(Seth)	(J)	Portugal PT	60.00	EUR	4,000
Skanska-MTH Marieholmsbron HB	(J)	Sweden SE	30.00	SEK	0
Skanska-MTH Hisingsbron HB	(J)	Sweden SE	30.00	SEK	0
Bravida MT Højgaard ApS	(J)	Brøndby DK	50.00	DKK	50

(J) Joint venture

(1) The company is fully consolidated on the basis of a shareholders' agreement that gives MT Højgaard A/S control of and the right to the financial return from the company's activities.

For joint ventures not in corporate form, reference is made to note 23

Consolidated financial highlights – EUR

Amounts in DKK million	2017	2016	2015	2014	2013
Income statement					
Revenue	1,027	913	877	937	1,003
Gross profit	85	68	104	83	66
Operating profit before special items	24	10	47	28	14
Special items*	-17	-	-	-55	17
EBIT	7	10	47	-27	32
Profit/(loss) before tax	5	10	50	-25	28
Net profit/(loss) for the year	-8	1	39	-34	14
Cash flows					
Cash flows from operating activities	22.6	26.9	-7.0	57.6	15.2
Purchase of property, plant and equipment	-11.6	-19.9	-18.4	-14.2	-17.6
Other investments, incl. investments in securities	-1.6	-0.4	-0.4	9.0	14.4
Cash flows from investing activities	-13.2	-20.3	-18.8	-5.2	-3.2
Cash flows from operating and investing activities	9.4	6.6	-25.8	52.4	12.0
Balance sheet					
Non-current assets	155	154	148	138	143
Current assets	339	339	335	352	396
Equity	119	129	134	110	159
Non-current liabilities	34	31	43	58	69
Current liabilities	341	332	305	322	312
Balance sheet total	494	493	483	490	539

Amounts in DKK million	2017	2016	2015	2014	2013
Other information					
Order intake	815	1,064	1,013	791	1,188
Order book, year end	941	1,154	1,003	867	1,013
Working capital	-35	-21	-15	-62	5
Net interest-bearing deposit/debt (+/-)	-10	-9	-7	52	20
Average invested capital incl. goodwill	125	126	89	66	74
Average number of employees	4,338	4,207	3,965	3,846	4,057
Financial ratios					
Gross margin (%)	8.2	7.4	11.8	8.9	6.6
Operating margin before special items (%)	2.3	1.1	5.4	3.0	1.4
EBIT margin (%)	0.7	1.1	5.4	-2.9	3.1
Pre-tax margin (%)	0.5	1.1	5.7	-2.7	2.8
Return on invested capital incl. goodwill (ROIC) (%)	21.0	9.4	55.0	44.7	20.4
Return on invested capital incl. goodwill after tax (%)	16.4	7.3	43.0	34.9	15.3
Return on equity (ROE) (%)	-9.3	-1.3	21.3	-35.7	9.0
Equity ratio (%)	23.4	25.7	26.7	20.9	29.4

*Special items represent the impact on profit of legacy offshore disputes and the Buxton dispute.
** Working capital excludes properties held for resale.
Financial ratios have been calculated in accordance with 'Recommendations & Financial Ratios' published by the Danish Finance Society. Financial ratios are defined in the 2017 annual report under accounting policies.

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