MTH GROUP

MT Højgaard Group financial review First quarter 2019

MT Højgaard A/S
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MANAGEMENT'S REVIEW

CONSOLIDATED FINANCIAL STATEMENTS

This financial review covers the whole of the MT Højgaard Group and 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.

Date of publication: 28 May 2019

Summary - first quarter 2019

Revenue

1.7 DKKbn in Q1 2019

1.5 DKKbn in Q1 2018

Operating profit before special items

5 DKKm in Q1 2019

-56 DKKm in Q1 2018

Operating cash flow

-116 DKKm in Q1 2019

-322 DKKm in Q1 2018

Order intake

1.4 DKKbn in Q1 2019

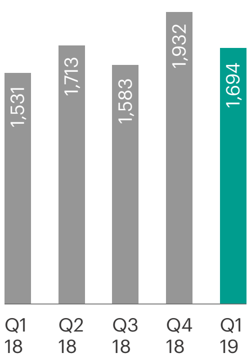
1.4 DKKbn in Q1 2018

Order book

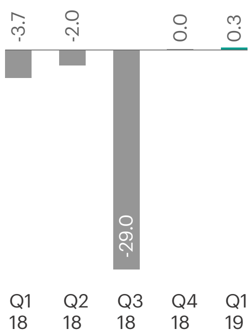
8.8 DKKbn in Q1 2019

6.9 DKKbn in Q1 2018

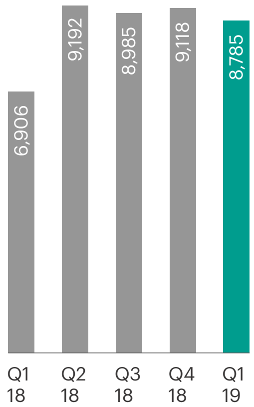
Revenue
DKKm



EBIT margin
%



Order book
DKKm



Capital position

Following the merger of Højgaard Holding A/S and Monberg & Thorsen A/S, the new parent company, MT Højgaard Holding A/S, injected new equity of DKK 400 million into MT Højgaard A/S on 10 April as planned.

Following the capital injection, pro forma equity can be determined at approx. DKK 785 million, including non-controlling interests, corresponding to a (pro forma) equity ratio of approx. 20%.

The strengthening of equity will ensure a sound capital base for putting MT Højgaard's operations back on a healthy footing.

Outlook 2019

The outlook of Group revenue of around DKK 7.0 billion and EBIT of around DKK 75 million is reaffirmed.

Financial highlights

Amounts in DKK million	2019 Q1	2018 Q1	2018
Income statement			
Revenue	1,694	1,531	6,758
Gross profit/(loss)	109	51	-126
EBIT	5	-56	-547
Profit/(loss) before tax	-3	-60	-559
Net profit/(loss)	-3	-46	-588
Cash flows			
Cash flows from operating activities	-116	-322	-142
Purchase of property, plant and equipment	-26	-37	-40
Other investments, incl. investments in securities	-18	-2	-73
Cash flows from investing activities	-44	-39	-113
Cash flows from operating and investing activities	-160	-361	-255
Balance sheet			
Non-current assets	1,606	1,197	1,299
Current assets	2,413	2,479	2,496
Equity	385	827	393
Non-current liabilities	749	287	559
Current liabilities	2,885	2,562	2,843
Balance sheet total	4,019	3,676	3,795

Amounts in DKK million	2019 Q1	2018 Q1	2018
Other information			
Order intake	1,361	1,430	8,870
Order book, end of period	8,785	6,906	9,118
Working capital *	-260	-73	-367
Net interest-bearing deposit/debt (+/-) including IFRS 16 debt	-838	-444	-370
Average invested capital incl. goodwill	859	1,010	788
Average number of employees	3,910	4,119	3,971
Financial ratios			
Gross margin (%)	6.4	3.4	-1.9
EBIT margin (%)	0.3	-3.7	-8.1
Pre-tax margin (%)	-0.2	-3.9	-8.3
Return on invested capital incl. goodwill (ROIC) (%)	-	-	-67.5
Return on invested capital incl. goodwill after tax (%)	-	-	-52.6
Return on equity (ROE) (%)	-0.8	-5.9	-95.1
Equity ratio (%)	9.3	22.0	10.1
Equity ratio (%) incl. subordinated loan	15.6	22.0	16.7

* 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 2018 annual report under accounting policies.

Operating and financial review

As expected, the Group delivered revenue growth and improved earnings in the first quarter. However, earnings are still affected by the fact that the Group is in a transitional phase with continuing optimisation of project portfolio, structures and costs, especially in MT Højgaard.

The number one priority in 2019 is to improve the Group's earnings and create the basis for further improvements in profitability in the years ahead, with particular focus on putting MT Højgaard's operations back on a healthy footing.

Group revenue increased by 11%, to DKK 1.7 billion, primarily reflecting growth in Construction, while revenue in Civil Works decreased.

First-quarter Group earnings developed as expected, with EBIT of DKK 5 million compared with a DKK 56 million loss in the first quarter of 2018. The improvement is mainly attributable to higher earnings in MT Højgaard, although viewed in isolation, the company is still loss-making as a result of a few, previously mentioned, legacy projects that contribute low or no earnings during their completion. The Group's other companies reported increased earnings, overall.
The first-quarter results confirm expectations of a gradual improvement in earnings during the year.

The replacement of MgO boards and the remediation of consequential damage are proceeding to plan and are still expected to be completed within the provisions made by the Group in 2018.

REVITALISATION OF MT HØJGAARD
Intensive work was done during the quarter to create the necessary drive in MT Højgaard.

MT Højgaard has strengthened its focus on those parts of the market where the company can best achieve reasonable contribution margins and use its skills to create critical mass and consequently profitability.

Due to its more selective approach to the market, during the quarter MT Højgaard opted not to participate in a few major tenders based on an assessment of competitive factors, conditions, risks and the opportunities for efficient execution. MT Højgaard has sharpened its focus on winning more smaller orders, which provide a more balanced project portfolio and reduce risks associated with major individual projects.

To ensure quality in bidding and efficient execution of projects, the company has tightened up on processes, manning and skills in both the bidding and execution phases of projects.

MT Højgaard's organisation was adjusted in the first quarter to reduce costs, flatten chains of command and simplify structures.

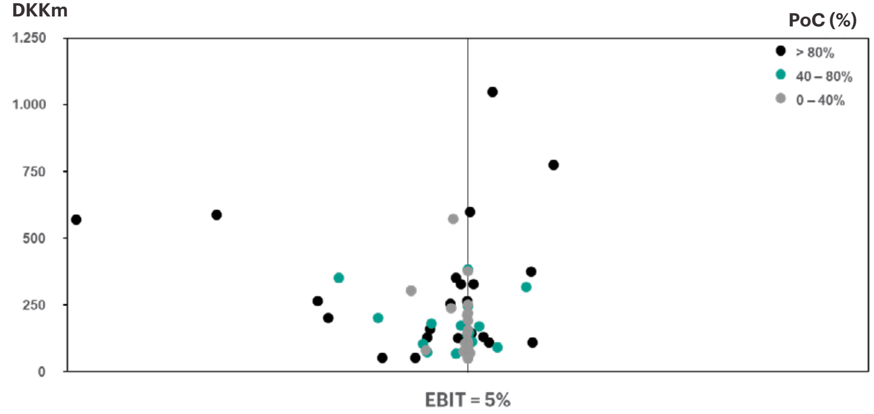
Some functions have been outsourced, several departments have been merged, VDC has moved out into the production area, supported by a lean skills centre, and staffing has been adjusted. In addition, the Kalundborg factory, which manufactured customised precast concrete panels, was closed in May 2019.

Compared with the baseline of 1 January 2018, more than 200 salaried posts in MT Højgaard have been cut, and total costs have been reduced by approx. DKK 100 million, with full effect in 2019.

Creating stable operations in existing projects is a focus area, especially in MT Højgaard's Danish business, which has previously had to make write-downs.

As in previous quarters, the diagram on this page shows the extent to which the Group's projects in progress with revenue of over DKK 50 million meet management's EBIT requirements.

PROJECTS IN PROGRESS REVENUE > DKK 50 MILLION

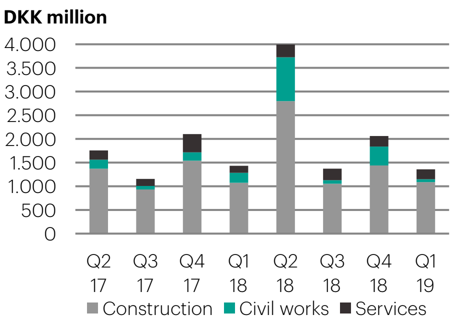


ORDER INTAKE AND ORDER BOOK

The Group's companies won new orders to a value of DKK 1,361 million in the first quarter, compared with DKK 1,430 million in the same period last year. Order intake was driven by large, medium and relatively small orders in the strategic focus segments.

Order intake was slightly lower than expected, as growing order intake in Construction and Services did not offset lower order intake in Civil Works. The order book amounted to DKK 8.8 billion at the end of the quarter, compared with DKK 6.9 billion at the end of the first quarter of 2018 and DKK 9.1 billion at the end of 2018.

ORDER INTAKE

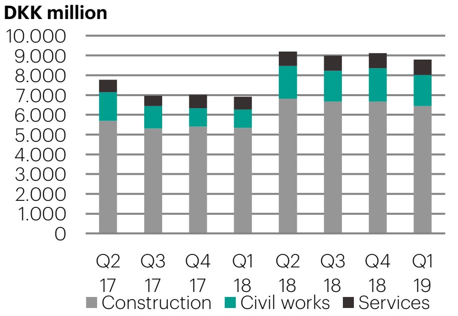


Production on some large projects extends over a relatively long period of 3-4 years.

Awarded but not yet contracted work totalled around DKK 0.2 billion, compared with DKK 0.3 billion in the same period in 2018.

The Group has entered into framework agreements with customers such as the City of Copenhagen and the housing association KAB, which regularly contract projects under these framework agreements.

ORDER BOOK



Amounts in DKK million	Q1 2019	Q1 2018	2018
Order book, beginning of period	9,118	7,007	7,007
Order intake	1,361	1,430	8,870
Production	1,694	1,531	6,758
Order book, end of period	8,785	6,906	9,118

Construction
The Group develops, constructs and refurbishes buildings on a main, design-build or subcontract basis for private and public customers, organisations and housing associations, mainly in Denmark, the North Atlantic countries and a few chosen geographies. Construction activities are carried out by MT Højgaard, Enemærke & Petersen, Lindpro and Scandi Byg.

Civil works
The Group undertakes infrastructure projects, earthworks and piling, marine works and shell construction, primarily in Denmark and a few chosen geographies. Civil works activities are carried out by MT Højgaard.

Services
The Group provides services to the construction and civil engineering industry in Denmark through Ajos, Enemærke & Petersen, Lindpro and MT Højgaard.

Core capabilities
In the course of the past 100 years, the Group has built up experience in areas such as Design & Engineering, Virtual Design & Construction (VDC), project development, strategic partnerships, sustainability, technical installations and in-house production.

Construction

DKK million	Q1 19	Q1 18
Revenue	1,315	1,137
EBIT	17	2
Order book	6,435	5,340
Order intake	1,085	1,073

Revenue in Construction was up 16% at DKK 1,315 million following good growth in construction of new housing and residential refurbishment, in particular. First-quarter activities also included construction of data centres, hospitals, commercial buildings, schools etc.

In terms of revenue, MT Højgaard's biggest projects in the first quarter were the New Aalborg University Hospital in Aalborg (many smaller fitting-out contracts, internal service building etc.), the AARhus residential project in Aarhus, the refurbishment of 40 apartment blocks in Vejle and a research and laboratory building for Denmark's Technical University (DTU) in Lyngby. The parties to the latter project describe it as a showcase for how the potential of new digital solutions and technologies makes it possible to work together on construction projects in a completely new, digital way.

The biggest projects in Enemærke & Petersen were the refurbishment of the Lundevænget and Søndermarken residential projects in Copenhagen, and new housing at A. C. Meyers Vænge in Copenhagen. Enemærke & Petersen also completed a number of projects under the TRUST framework agreement with the City of Copenhagen.

Scandi Byg's largest projects were the housing projects Skjeberg Allé in Høje Taastrup, Engdraget in Slagelse and the sustainable Eco Village in Lejre. Lindpro carried out a number of large and relatively small technical contracts for both affiliated companies in the Group and external customers.

As expected, earnings in Construction were depressed by, among other things, legacy projects in MT Højgaard that contribute low or no earnings during their completion. EBIT improved to DKK 17 million.

First-quarter order intake in Construction amounted to DKK 1,085 million, up 1% on the first quarter of 2018.

The largest new order was MT Højgaard's main contract for the demolition, refurbishment and reconstruction of the Skoleparken housing project in Gladsaxe for the housing association Arbejdernes Boligselskab. The contract has a value of approx. DKK 380 million. Enemærke & Petersen also won two major contracts with a combined value of approx. DKK 250 million for the refurbishment of the housing projects Skovparken in Næstved (for Lejerbo) and Klostervangen in Aarhus (for AAB).

The order book in Construction was DKK 6,435 million at the end of the quarter, an increase of 20% on the end of the first quarter of 2018.

The KAB TRUST joint venture headed by Enemærke & Petersen entered into a strategic partnership during the period with Denmark's largest housing association, KAB, on refurbishment and new building for KAB's organisations. KAB expects the agreement with the joint venture to result in projects to a value of up to DKK 4-6 billion over up to six years. Projects will be included in order intake and order book as the framework agreement results in specific orders.

The Group still expects some market growth in strategic focus segments such as refurbishment and construction of new housing, data centres, hospitals etc.

Civil Works

DKK million	Q1 19	Q1 18
Revenue	182	218
EBIT	-17	-60
Order book	1,576	919
Order intake	66	209

Revenue in Civil Works decreased by 16% to DKK 182 million. The most significant projects were the renewal and improvement of 56 bridges for Banedanmark and a new ferry terminal for MOLSLINJEN in Aarhus. After the end of the quarter, MT Højgaard handed over Kløvermarken, Denmark's largest pumping station, to Greater Copenhagen Utility (Hovedstadens Forsyningsselskab).

Amounting to a loss of DKK 17 million, earnings in Civil Works were substantially better than in the first quarter of 2018, when significant write-downs were made on a major civil works project.

First-quarter order intake was DKK 66 million compared with DKK 209 million in the first quarter of 2018. Thanks to good order intake throughout 2018, the order book was significantly higher at the end of the quarter than at the same time last year: DKK 1,576 million, compared with DKK 919 million at the end of the first quarter of 2018.

The Danish civil works market is characterised by positive demand within projects such as data centres and super-hospitals, while fewer major public infrastructure projects are put out to tender.

Services

DKK million	Q1 19	Q1 18
Revenue	197	176
EBIT	5	2
Order book	774	647
Order intake	210	148

First-quarter revenue in Services increased by 12% to DKK 197 million, partly reflecting continued growth in rental of pavilions and other construction site equipment in Ajos.

EBIT in this business area improved from DKK 2 million to DKK 5 million.

At DKK 210 million, order intake was 42% higher than in the first quarter of last year. The order book, at DKK 774 million, was 15% higher than in the same period last year.

REVENUE

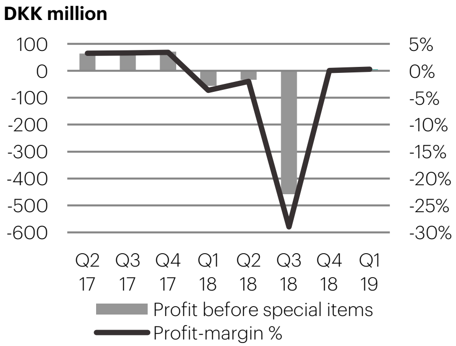
Revenue increased by 11%, to DKK 1,694 million, from DKK 1,531 million in the same period in 2018, which was a weak quarter in terms of revenue. Growth was driven by order intake in 2018.

EARNINGS

The Group's first-quarter EBIT was DKK 5 million, compared with a loss of DKK 56 million in the same period in 2018.

Earnings increased as expected, partly reflecting higher revenue and the effect of the Focus 2018 programme, the benefits of which include a 31% reduction in distribution costs. In addition, revaluation and write-downs on projects balanced each other out, while the first quarter of 2018 saw significant write-downs.

OPERATING PROFIT/(LOSS) BEFORE SPECIAL ITEMS



The net result for the first quarter was a DKK 3 million loss, compared with a loss of DKK 46 million in the same period in 2018.

For details of the development in core units, see note 4.

BALANCE SHEET

Intangible assets and property, plant and equipment amounted to DKK 1,303 million, compared with DKK 999 million at the end of 2018. The increase in fixed assets primarily reflected the fact that the Group implemented IFRS 16 Leases on 1 January 2019 and invested in rental equipment and the Group's new IT platform.

Inventories amounted to DKK 518 million at the end of the first quarter of 2019, compared with DKK 508 million at the beginning of the year. Inventories primarily relate to properties and construction projects developed in-house for resale, which totalled DKK 485 million.

Trade receivables were DKK 1,300 million at the end of the quarter, compared with DKK 1,330 million at the end of 2018.

Construction contracts in progress amounted to a liability of DKK 298 million net at the end of March 2019, compared with a liability of DKK 373 million at the end of 2018, reflecting project mix and activity level.

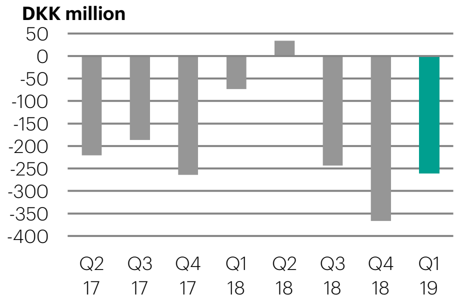
Trade payables amounted to DKK 934 million at 31 March 2019, compared with DKK 1,053 million at the end of 2018, primarily reflecting the timing of due dates at the end of 2018, making payables higher than normal.

Overall, at the end of March 2019 the Group had a working capital outflow of DKK 260 million, excluding properties for resale, compared with an outflow of DKK 367 million at the end of 2018. The increase in working capital was mainly driven by a reduction in trade payables and increasing work in progress.

Equity amounted to DKK 385 million at the end of March 2019, compared with DKK 393 million at the end of 2018.

The equity ratio was 9.3% at the end of March 2019, compared with 10.1% at the end of 2018. Adding the subordinated loan capital of DKK 250 million drawn at the end of March, the equity ratio was 15.8%.

WORKING CAPITAL (EXCL. PROPERTIES)



CASH FLOWS AND FINANCIAL RESOURCES

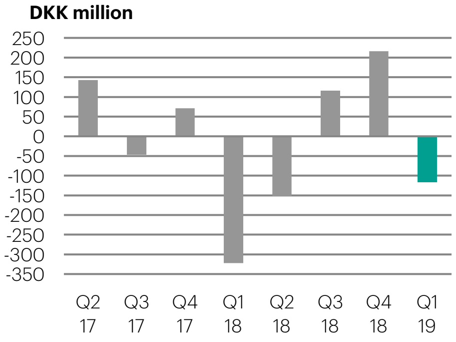
Operating activities generated a cash outflow of DKK 116 million in the first quarter, compared with an outflow of DKK 322 million in the same period last year. The change was primarily driven by increasing earnings and decreasing working capital. A settled legacy offshore guarantee obligation was paid in the first quarter of 2018.

Investing activities amounted to an outflow of DKK 44 million in the first quarter, primarily investments in property, plant and equipment and the Group's new IT platform, compared with an outflow of DKK 39 million in the same period in 2018.

The Group's financial resources totalled DKK 379 million at the end of March 2019, compared with DKK 569 million at the beginning of the year.

Including the subordinated loan facility, which amounts to DKK 250 million following the capital increase at the beginning of April, financial resources totalled DKK 629 million. This is considered satisfactory based on the current level of activity.

OPERATING CASH FLOW



EVENTS AFTER THE REPORTING PERIOD

MT Højgaard A/S's owner companies, Højgaard Holding A/S and Monberg & Thorsen A/S, merged on 5 April 2019, with Højgaard Holding A/S as the continuing company under the name MT Højgaard Holding A/S.

On 10 April 2019, MT Højgaard Holding A/S injected new equity of DKK 400 million into MT Højgaard A/S. Pro forma equity at the beginning of April 2019 can thus be determined at DKK 785 million and the equity ratio at approx. 20%.

For the two existing subordinated loan agreements between Knud Højgaards Fond and MT Højgaard A/S, the capital increase on 10 April 2019 meant that the drawn subordinated loan of DKK 250 million was repaid and the commitment ceased. The agreement on DKK 400 million in subordinated loan capital to provide the liquidity required by the Group to meet its obligations in the MgO board cases was reduced to DKK 250 million. It is still the case that no drawdowns have been made under this agreement.

On 1 May 2019, MT Højgaard won an order for the construction of a new baggage-handling terminal at Copenhagen Airport. The contract has a value of close to DKK 290 million.

NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND IFRIC INTERPRETATIONS IN 2019

The Group has implemented IFRS 16 Leases with effect from 2019. The net effect on profit of the implementation is insignificant and consequently does not impact the outlook for 2019.

Reference is made to note 1, Accounting policies, to this financial review and note 27 to the 2018 Annual Report.

OUTLOOK 2019

Revenue is still expected to amount to around DKK 7 billion. Revenue is expected to increase slightly during the coming quarters based on the existing order book and the intake of new orders.

The outlook of EBIT of around DKK 75 million is also reaffirmed. Earnings are expected to improve during the year as a result of increasing revenue and the fact that projects with no or low earnings will be making up a smaller proportion of revenue, especially in MT Højgaard.

Operating cash flow is now expected to be on a par with 2018, including the effect of the payment of provisions already made for obligations in the MgO board cases. The Group remains focused on the importance of positive cash flows on all projects.

The investment in the Group's new IT platform is continuing.

Changes in activities in the form of disposals or acquisitions may affect the outlook.

The financial review contains forward-looking statements, including the above projections of financial performance in 2019, which, by their nature, involve risks and uncertainties that may cause actual performance to differ materially from that contained in the forward-looking statements.

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today discussed and approved the financial review of MT Højgaard A/S for the period 1 January – 31 March 2019.

The financial review has not been audited or reviewed by the Company's auditor. The financial review conforms to the Group's accounting policies, as described in note 1.

In our opinion, the financial review has been prepared materially in accordance with the Group's accounting policies.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's operations and financial matters, the results for the period and the Group's financial position as well as a description of the significant risks and uncertainties pertaining to the Group.

Søborg, 28 May 2019

EXECUTIVE BOARD

Anders Heine Jensen
President & CEO

Egil Mølsted Madsen
CFO

BOARD OF DIRECTORS

Carsten Dilling
Chairman

Anders Lindberg
Deputy Chairman

Christine Thorsen

Ole Røsdahl

Pernille Fabricius

Morten Hansen

Irene Chabior
Employee representative

Vinnie Sunke Heimann
Employee representative

Hans-Henrik Hannibal Hansen
Employee representative

Income statement and statement of comprehensive

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Amounts in DKK million	2019 Q1	2018 Q1	2018 Year
INCOME STATEMENT			
Revenue	1,694.1	1,530.7	6,758.3
Production costs	-1,585.2	-1,479.3	-6,884.0
Gross profit/(loss)	**108.9**	**51.4**	**-125.7**
Distribution costs	-36.8	-53.6	-166.1
Administrative expenses	-68.0	-63.4	-280.6
Profit/(loss) before share of profit/(loss) of joint ventures	**4.1**	**-65.6**	**-572.4**
Share of profit/(loss) after tax of joint ventures	1.0	9.8	25.2
EBIT	**5.1**	**-55.8**	**-547.2**
Net financials	-7.8	-4.1	-11.6
Profit/(loss) before tax	**-2.7**	**-59.9**	**-558.8**
Income tax expense	-0.2	13.7	-29.0
Net profit/(loss)	**-2.9**	**-46.2**	**-587.8**

Amounts in DKK million	2019 Q1	2018 Q1	2018 Year
Attributable to:			
Shareholders of MT Højgaard A/S	-2.9	-46.2	-589.4
Non-controlling interests	-	-	1.6
Total	**-2.9**	**-46.2**	**-587.8**
STATEMENT OF COMPREHENSIVE INCOME			
Net profit/(loss)	**-2.9**	**-46.2**	**-587.8**
Other comprehensive income			
Items that may be reclassified to the income statement:			
Foreign exchange adjustments, foreign enterprises	-0.4	-	-0.3
Value adjustment of hedging instruments, joint ventures	-4.3	-	0.2
Other comprehensive income after tax	**-4.7**	**-**	**-0.1**
Total comprehensive income	**-7.6**	**-46.2**	**-587.9**
Attributable to:			
Shareholders of MT Højgaard A/S	-7.6	-46.2	-589.5
Non-controlling interests	-	-	1.6
Total	**-7.6**	**-46.2**	**-587.9**

Balance sheet

ASSETS Amounts in DKK million	2019 31-03	2018 31-03	2018 31-12
NON-CURRENT ASSETS			
Intangible assets	277.7	232.5	269.2
Property, plant and equipment	1,024.9	626.4	729.9
Deferred tax assets	150.4	232.6	150.4
Other investments	152.7	105.9	149.0
Total non-current assets	**1,605.7**	**1,197.4**	**1,298.5**
CURRENT ASSETS			
Inventories	517.6	530.3	508.0
Trade receivables	1,300.0	1,445.1	1,330.0
Construction contracts in progress	393.5	323.9	291.5
Other receivables	146.9	100.7	156.0
Cash and cash equivalents	55.0	78.9	210.6
Total current assets	**2,413.0**	**2,478.9**	**2,496.1**
Total assets	**4,018.7**	**3,676.3**	**3,794.6**

EQUITY AND LIABILITIES Amounts in DKK million	2019 31-03	2018 31-03	2018 31-12
EQUITY			
Equity attributable to shareholders	375.5	808.9	383.1
Non-controlling interests	9.4	17.8	9.4
Total equity	**384.9**	**826.7**	**392.5**
NON-CURRENT LIABILITIES			
Bank loans, etc.	459.2	186.8	259.6
Deferred tax liabilities	28.7	21.7	29.0
Provisions	261.1	78.4	270.2
Total non-current liabilities	**749.0**	**286.9**	**558.8**
CURRENT LIABILITIES			
Subordinated loan	250.0	-	250.0
Bank loans, etc.	184.0	336.2	71.2
Construction contracts in progress	691.0	526.3	664.5
Trade payables	933.8	918.2	1,053.3
Other current liabilities	826.0	782.0	804.3
Total current liabilities	**2,884.8**	**2,562.7**	**2,843.3**
Total liabilities	**3,633.8**	**2,849.6**	**3,402.1**
Total equity and liabilities	**4,018.7**	**3,676.3**	**3,794.6**

Statement of cash flows

Amounts in DKK million	2019 Q1	2018 Q1	2018 Year
OPERATING ACTIVITIES			
EBIT	5.1	-55.8	-547.2
Adjustments for items not included in cash flow	55.4	13.3	529.4
Cash flows from operating activities before working capital changes	**60.5**	**-42.5**	**-17.8**
Working capital changes			
Inventories	-9.6	38.5	60.9
Receivables excl. construction contracts in progress	39.0	-62.7	0.8
Construction contracts in progress	-75.5	-43.0	127.6
Trade and other current payables	-121.8	-207.8	-286.8
Cash flows from operations (operating activities)	**-107.4**	**-317.5**	**-115.3**
Net financials	-7.8	-4.1	-11.6
Cash flows from operations (ordinary activities)	**-115.2**	**-321.6**	**-126.9**
Income taxes paid, net	-0.5	-	-14.8
Cash flows from operating activities	**-115.7**	**-321.6**	**-141.7**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	-25.9	-37.3	-40.3
Other investments, net	-18.4	-1.9	-73.1
Cash flows from investing activities	**-44.3**	**-39.2**	**-113.4**
Cash flows from financing activities	**-41.3**	**13.8**	**-330.3**
Net increase (decrease) in cash and cash equivalents	**-201.3**	**-347.0**	**75.2**
Cash and cash equivalents at beginning of period	210.6	135.4	135.4
Cash and cash equivalents at end of period	**9.3**	**-211.6**	**210.6**

Statement of changes in equity

Amounts in DKK million

Statement of changes in equity	Share capital	Hedging reserve	Translation reserve	Retained earnings	Equity attributable to shareholders	Attributable to non-controlling interests	Total equity
2019							
Equity at 1 January	**200.0**	**-34.1**	**1.2**	**216.0**	**383.1**	**9.4**	**392.5**
Net profit/(loss)	**-**	**-**	**-**	**-2.9**	**-2.9**	**-**	**-2.9**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-0.4	-	-0.4	-	-0.4
Value adjustment of hedging instruments, joint ventures	-	-4.3	-	-	-4.3	-	-4.3
Total other comprehensive income	**-**	**-4.3**	**-0.4**	**-**	**-4.7**	**-**	**-4.7**
Transactions with owners:							
Dividends paid	-	-	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total changes in equity	**-**	**-4.3**	**-0.4**	**-2.9**	**-7.6**	**-**	**-7.6**
Equity at 31 March	**200.0**	**-38.4**	**0.8**	**213.1**	**375.5**	**9.4**	**384.9**
2018							
Equity at 1 January	**520.0**	**-34.3**	**1.5**	**368.6**	**855.8**	**27.8**	**883.6**
Effect of accounting policies, IFRS 15				-0.7	-0.7		-0.7
Tax effect, IFRS 15				0.2	0.2		0.2
Equity at 1 January	**520.0**	**-34.3**	**1.5**	**368.1**	**855.3**	**27.8**	**883.1**
Net profit/(loss)	**-**	**-**	**-**	**-46.2**	**-46.2**	**-**	**-46.2**
Other comprehensive income:							
Foreign exchange adjustments, foreign enterprises	-	-	-	-	-	-	-
Value adjustment of hedging instruments, joint ventures	-	-0.2	-	-	-0.2	-	-0.2
Total other comprehensive income	**-**	**-0.2**	**-**	**-**	**-0.2**	**-**	**-0.2**
Transactions with owners:							
Dividends paid	-	-	-	-	-	-10.0	-10.0
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-10.0**	**-10.0**
Total changes in equity	**-**	**-0.2**	**-**	**-46.2**	**-46.4**	**-10.0**	**-56.4**
Equity at 31 March	**520.0**	**-34.5**	**1.5**	**321.9**	**808.9**	**17.8**	**826.7**

Notes

1 ACCOUNTING POLICIES

The financial review is presented in accordance with recognition and measurement provisions in IFRS.

A full description of accounting policies is provided in the 2018 annual report. The accounting policies are unchanged from the 2018 annual report, except as stated below.

Changes to accounting policies
The Group has implemented IFRS 16 Leases with effect from 1 January 2019. The new standard replaces IAS 17 and IFRIC 4, SIC 15 and SIC 27.

On implementation of IFRS 16 Leases, the Group applies the simplified transition method. In accordance with the transitional provisions in IFRS 16, the Group has opted to apply the following transitional provisions in implementing the standard:

- setting the discount rate for a portfolio of leases with similar characteristics;
- maintaining the evaluation of whether a contract is or contains a lease in accordance with previous accounting policies and accounting standards on the transition to IFRS 16

In the evaluation of future lease payments, the Group has reviewed its operating leases and identified the lease payments that relate to a lease component and that are fixed or variable but are linked to an index or a rate. The Group has elected not to recognise payments related to service components as a part of the lease obligation.

The Group has three types of leases: plant and machinery; cars; and properties. In the evaluation of the expected lease term for leases of plant and machinery and property leases, the Group has evaluated leases individually and taken into account non-cancellation periods and the expected use of the property. For car leasing, the expected lease term has been evaluated based on a portfolio approach. The expected remaining lease terms are 2-4 years for the Group's plant and machinery, around 8 years for buildings, and 2-3 years for the portfolio of cars.

When discounting lease payments to present value, the Group has applied its alternative borrowing rate, based on the rate under the Group's existing loan agreements, which are made up of the Group's existing credit facilities and loans from Knud Højgaards Fond. The interest rate has been set on the basis of the lease term. No adjustments have been made for the effect of interest rate differences in currencies, as the Group's debt and all its leases are denominated in Danish kroner.

At 1 January 2019, the Group recognised lease assets and a corresponding lease obligation of approx. DKK 300 million, corresponding to 8% of the balance sheet total. For the Group for 2019, the effect is expected to be approx. DKK 7 million in EBIT and a loss before tax of approx. DKK 5 million.

When measuring the lease obligation, the Group has applied a borrowing rate in the 3-6% range to discount future lease payments. Based on the Group's existing lease portfolio, the effect on profit for 2019 is not estimated to be significant.

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Accounting estimates and the associated estimation uncertainty, which are considered customary and essentially unchanged, are described in note 2 to the 2018 annual report.

3 REVENUE

The Group is engaged in construction and civil works activities in Denmark and internationally. In 2019, the Group was engaged in international activities in the North Atlantic (Faroe Islands, Greenland and Iceland), Asia (the Maldives and Vietnam), and in Europe and Africa through the partly-owned Seth and joint ventures in Sweden.

Sale of properties is recognised on delivery of the property (point-in-time). All other revenue is recognised over time. Reference is made to the accounting policies for further details on revenue recognition.

3 REVENUE (CONTINUED)

GROUP				2019
Amounts in DKK million				Q1
	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	1,257.3	157.3	181.8	**1,596.4**
Rest of world	57.9	24.5	15.4	**97.8**
Total revenue	1,315.1	181.9	197.2	**1,694.1**
Products:				
Construction contracts	1,302.5	181.9	-	**1,484.3**
Project development	12.7	-	-	**12.7**
Rental income, facility management and service, etc.	-	-	197.2	**197.2**
Total revenue	1,315.1	181.9	197.2	**1,694.1**

GROUP				2018
Amounts in DKK million				Q1
	Construction	Civil Works	Services	Total
Primary geographical segments:				
Denmark	1,082.9	191.6	161.4	**1,435.9**
Rest of world	53.9	26.0	14.9	**94.7**
Total revenue	1,136.8	217.6	176.3	**1,530.7**
Products:				
Construction contracts	1,061.5	217.6	-	**1,279.1**
Project development	75.3	-	-	**75.3**
Rental income, facility management and service, etc.	-	-	176.3	**176.3**
Total revenue	1,136.8	217.6	176.3	**1,530.7**

4 DEVELOPMENT IN CORE UNITS

Amounts in DKK million Q1 2019	MT Højgaard	Ene-mærke & Petersen	Lindpro	Scandi Byg	Ajos	MTH GROUP *
Revenue	806	640	210	106	68	1,694
EBIT **	-27	36	-9	6	5	5
Q1 2018						
Revenue	832	457	203	106	56	1,531
EBIT **	-84	20	-9	-1	4	-56

Amounts in DKK million Year 2018	MT Højgaard	Ene-mærke & Petersen	Lindpro	Scandi Byg	Ajos	MTH GROUP *
Revenue	3,393	2,262	878	501	286	6,758
EBIT excluding MgO **	-386	146	-5	21	25	-547
EBIT **	-525	-8	-5	-46	25	-547
Year 2017						
Revenue	4,448	1,693	938	471	245	7,648
Operating profit/(loss) before special items **	-27	73	20	6	24	176

* MT HØJGAARD A/S GROUP includes eliminations etc.
** EBIT/Operating profit/(loss) before special items differs from the external financial statements due to the Danish Financial Statements Act

5 SHARE-BASED PAYMENT TRANSACTIONS

In April 2014, the Group set up a warrant programme for the Group's management team that ran for the period until 2019. The warrant programme was classified as a cash-settled arrangement at the end of 2016. The merger of the Group's owner companies, creating an indirect listing, has not given cause for adjustment of the classification.

Warrants for 2014 and 2015 have been determined and paid, resulting in an expense of DKK 1.1 million.

In April 2018, the Group set up an additional warrant programme for the Group's management team, with a fair value at the grant date of DKK 0.3 million calculated using an option valuation model. The programme runs until 2020. This programme is also accounted for as a cash-settled arrangement.

The fair value at 31 March 2019 was DKK 1.2 million, which will be expensed on a straight-line basis until the end of the programme.

At the end of March 2019, outstanding warrants totalled 2,206 nos. with a nominal value of DKK 1,000 each, corresponding to 1.0% of the share capital. The programme must be valued at the end of each quarter, and the service period ends in April 2020.

6 SUBORDINATED LOAN

On 26 October 2018, MT Højgaard A/S entered into two agreements with Knud Højgaards Fond on subordinated loan facilities of DKK 250 million and DKK 400 million respectively.

The purpose of the DKK 250 million loan facility was to inject cash into MT Højgaard to support the company's operations and development. At the end of 2018, MT Højgaard A/S made a DKK 250 million drawdown on the loan facility.

On 10 April 2019, MT Højgaard Holding A/S injected new equity of DKK 400 million into MT Højgaard A/S.

The drawn subordinated loan of DKK 250 million was repaid in that connection and the commitment ceased.

Against the background of the accounting provision to cover the Group's liabilities in the MgO board cases, Knud Højgaards Fond had committed to providing an additional up to DKK 400 million in the form of subordinated loan capital. The loan commitment was reduced to DKK 250 million in connection with the DKK 400 million capital increase. This facility can be drawn down in DKK 25 million tranches or multiples thereof, as and when funds are required to resolve the MgO board cases. Drawdowns on the facility can be made until 31 December 2021.

No instalments are payable on the loan until 31 December 2021, from which date the loan is repayable with DKK 50 million annually, and the loan must be repaid in full by 30 October 2026. MT Højgaard will be charged interest (CIBOR plus a margin).

No security has been provided in respect of the loan, and drawdowns under the loan facility will be treated as subordinated loan capital, so that any outstanding amounts will rank after claims under sections 93-97 and 98(1) of the Danish Insolvency Act.

MT Højgaard A/S has not made any drawdowns on the DKK 250 million facility relating to the MgO board cases.

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