

Nasdaq Copenhagen A/S
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Interim financial report for the period 1 October 2016-31 March 2017

Today, the Board of Directors of Per Aarsleff Holding A/S has discussed and approved the interim financial report for the first six months of the financial year 2016/2017. The interim financial report has not been audited or reviewed by the company's auditor.

Results of the first six months

- Operating profit (EBIT) came to DKK 110 million compared to DKK 182 million in the same period of last financial year. Results fell short of expectations.
- Consolidated revenue came to DKK 5,333 million compared to DKK 4,891 million in the same period of last financial year.
- Construction generated EBIT of DKK 50 million.
- Pipe Technologies generated EBIT of DKK 37 million.
- Ground Engineering generated EBIT of DKK 23 million.
- The Group's net interest-bearing debt came to DKK 6 million as at 31 March 2017.
- The equity ratio was 40.9% as at 31 March 2017.

Outlook for the financial year 2016/2017

- In a company announcement of 9 May 2017, the outlook for the full financial year 2016/2017 was changed to an EBIT level of DKK 375 million compared to the previous announcement of DKK 430 million. Revenue is expected to result in continued growth of approx. 5% compared with last financial year. The outlook for increased earnings in the second half of the financial year compared to last financial year cannot compensate for the effect of write-downs made on single projects in the first half of the financial year. In general, the Aarsleff Group experiences positive market opportunities in all three segments. The tender activity is high, and there are continued expectations for a high capacity utilisation in the production.

Andreas Lundby
Chairman of the Board

Ebbe Malte Iversen
General Manager

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Highlights for the Group

Amounts in DKK million

	January quarter		H1		Financial year
	2016/2017	2015/2016	2016/2017	2015/2016	2015/2016
Income statement					
Revenue	2,416	2,336	5,333	4,891	10,420
Of this figure, work performed abroad	673	587	1,448	1,260	2,843
Operating profit	7	59	110	182	418
Profit before interest	7	57	110	180	416
Net financials	-3	-5	-8	-9	-17
Profit before tax	4	52	102	171	399
Profit after tax	2	39	76	129	304
Balance sheet					
Non-current assets			2,489	2,274	2,420
Current assets			3,658	2,268	4,113
Total assets			6,147	5,542	6,533
Equity			2,512	2,330	2,503
Non-current liabilities			768	666	767
Current liabilities			2,867	2,546	3,263
Total equity and liabilities			6,147	5,542	6,533
Net interest-bearing debt			6	-56	61
Invested capital (IC)			2,509	2,262	2,555
Cash flow statement					
Cash flows from operating activities	349	44	328	245	430
Cash flows from investing activities	-68	-349	-186	-487	-782
Of this figure, investment in property, plant and equipment, net	-83	-145	-201	-283	-572
Cash flows from financing activities	-85	-167	-77	-168	-77
Change in liquidity for the period	196	-472	65	-410	-429
Financial ratios					
Gross margin ratio, %	8.7	10.8	9.9	11.8	12.0
Profit margin (EBIT margin), %	0.3	2.5	2.1	3.7	4.0
Net profit ratio (pre-tax margin), %	0.1	2.2	1.9	3.5	3.8
Return on invested capital (ROIC), % *			4.3	8.8	18.8
Return on invested capital after tax (ROIC), % *			3.3	6.6	14.4
Return on equity (ROE), % *			3.0	5.6	12.7
Equity ratio, %			40.9	42.0	38.3
Earnings per share (EPS), DKK	0.11	1.93	3.74	6.34	14.84
Number of employees			6,096	5,655	5,906

Please see page 55 of the 2015/2016 annual report for financial ratio definitions.
*Not translated into full year figures.



Management's review concerning the first six months of the financial year 2016/2017

Financial development of the Aarsleff Group

Income statement

In the first six months of the financial year 2016/2017, consolidated revenue came to DKK 5,333 million or 9% up on last financial year. The Danish operations reported a revenue increase of 7%, while the foreign operations reported a revenue increase of 15%.

Administrative expenses and selling costs came to 8.3%, in line with the level of last financial year.

The period includes profit of DKK 22.5 million from the sale of the former main office in Aabyhøj and the sale of land, of which DKK 12.9 million have been recognised as income in the second quarter.

Operating profit came to DKK 110.0 million against DKK 182.0 million in the same period last financial year.

Net financials were negative at DKK 8.0 million against a negative amount of DKK 8.9 million last financial year.

In the first six months of the financial year, profit before tax reached DKK 101.8 million against a profit of DKK 171.1 million in the same period of last year.

In the first six months of the financial year, consolidated profit after tax was DKK 76.4 million against a profit of DKK 129.5 million last financial year.

Balance sheet

The consolidated balance sheet total came to DKK 6,147 million at 31 March 2017. This corresponds to a decrease of DKK 386 million compared to the balance sheet total of DKK 6,533 million at the end of last financial year.

Contract work in progress, net increased by DKK 223 million in the first six months of the financial year.

Consolidated interest-bearing liabilities less interest-bearing assets constituted a net debt of DKK 6 million against a net debt of DKK 61 million at 30 September 2016.

Equity amounted to DKK 2,512 million against DKK 2,503 million at the end of last financial year or 40.9% of the balance sheet total compared to 38.3% at the beginning of the financial year.

Cash flow statement

Cash flows from operating activities amounted to DKK 328 million against DKK 245 million in the same period last financial year.

Cash flows from investing activities were negative at DKK 186 million against a negative amount of DKK 487 million in the same period last financial year.

Cash flows from financing activities were negative at DKK 77 million against a negative amount of DKK 168 million in the same period last financial year.

Thus, the change in liquidity for the period was positive at DKK 65 million.



Segment results

Amounts in DKK million	Construction		Pipe Technologies		Ground Engineering		Total	
	H1		H1		H1		H1	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Segment revenue	3,786	3,497	743	689	848	742	5,377	4,928
Internal revenue	-22	-25	-3	-4	-19	-8	-44	-37
Revenue	3,764	3,472	740	685	829	734	5,333	4,891
Of this figure, work performed abroad	482	429	481	426	485	405	1,448	1,260
Operating profit	50	117	37	23	23	42	110	182
Profit in associates	0	0	0	-2	0	0	0	-2
Profit before interest	50	117	37	21	23	42	110	180
Net financials							-8	-9
Profit before tax							102	171
Profit before interest, %	1.3	3,4	5,0	3,4	2,8	5,7	2,1	3,7
Number of employees	4,363	3,944	794	813	939	898	6,096	5,655

Construction – results fell short of expectations

Revenue for the first six months was DKK 3,764 million or up 8% on last financial year. The Danish operations reported a revenue increase of 8% to DKK 3,282 million. The foreign operations reported a revenue increase of 12% to DKK 482 million. Hansson & Knudsen A/S was included in the segment results from January 2016, and revenue came to DKK 216 million in the first quarter of the financial year.

Segment results (EBIT) came to DKK 50 million compared to DKK 117 million last financial year and is below expectations at the beginning of the financial year.

Second quarter results are affected by losses on single projects in Thule and Nuuk in Greenland. These projects will be completed during this financial year, and measures have been initiated to strengthen the management and the project management of projects abroad. The results of Wicotec Kirkebjerg A/S comprise a share of the losses on the projects in Greenland, and the results are also affected by write-downs made in the first quarter. The project organisation in Wicotec Kirkebjerg A/S is being developed with a view to improving the management of large-scale and complex technical contracts. Aarsleff Rail A/S is affected by a negative development in connection with the execution of the first phase of the project for electrification of the Danish railway network due to obstacles in connection with planning, including changed track closures. The next phase has commenced, and a more detailed financial follow-up has been implemented with a view to improving the documentation of the consequences of the amended contractual terms. Also, together with Banedanmark the experience of the first phase can be used for making efficiency improvements on subsequent sections.

Total write-downs in the first half of the financial year on the two projects in Greenland, the electrification project as well as a major, single project in Wicotec Kirkebjerg A/S amount to DKK 60 million. Of this amount, the Ground Engineering segment is affected with DKK 5 million.

The performance of Hansson & Knudsen A/S is significantly below expectations due to a low order intake. The generational change in the management is approaching as the new general manager, Dirk Voss, will join the company on 1 July 2017.

Ístak hf. is developing positively with a good order intake and improved project execution resulting in significant profit improvements compared to last financial year.



For the full financial year 2016/2017, an EBIT margin of approx. 3% is now expected against previous expectations of approx. 3.5%. The outlook for increased earnings in the second half of the financial year compared to last financial year cannot compensate for the effect of write-downs made on single projects in the first half of the financial year. Expectations are maintained for a revenue increase of approx. 5% compared to last financial year.

Pipe Technologies – results above expectations at the beginning of the year

Revenue for the first six months was DKK 740 million or an increase of 8% compared with last year. The Danish operations reported revenue of DKK 259 million or on par with last financial year. The foreign operations reported a revenue increase of 13% to DKK 481 million.

Segment results (EBIT) came to DKK 37 million against DKK 23 million last financial year. Results exceeded expectations at the beginning of the financial year, and the segment develops positively.

In Denmark, it has been possible to maintain the market share even though new competitors have entered the market. In Germany, results were slightly below expectations. The strategy to introduce new technologies on the German market is expected to yield improved results during the second half of the financial year. There is a high level of activity on the Swedish market, and the company performs in line with expectations.

The market conditions in Russia are still difficult, and the company continues to be loss-making. An increased level of activity is expected in the second half of the financial year. In Poland, the first tenders have been financed by the next phase of the EU structural funds. However, Polish legislation on self-financing has not yet been adopted in the parliament. As a result of the delay of the EU projects, the Polish company will continue to be loss-making this financial year.

In Norway, there is an increasing level of activity, and there are good opportunities to introduce different technologies such as glass liners and LED.

The outlook for the full financial year 2016/2017 is changed to an EBIT margin of approx. 3.5% against previous expectations of approx. 3%. Expectations are maintained for a revenue increase of approx. 5% compared with last financial year.

Ground Engineering – results fell short of expectations

Revenue for the first six months came to DKK 829 million or 13% up on the same period last financial year. The Danish operations reported revenue of DKK 344 million or up 5% on last year. The foreign operations reported a revenue increase of 20% to DKK 485 million.

Segment results (EBIT) came to DKK 23 million compared to DKK 42 million last financial year and is below expectations at the beginning of the financial year.

The results of the Danish activities fell short of expectations at the beginning of the year due to a level of activity which was lower than expected in the second quarter of the financial year. Results are affected by shares of write-downs on single projects carried out in collaboration with Construction.

The Polish company is loss-making and far below expectations. The reason is a general slowdown in the market. The outlook is for a high level of activity during the rest of the financial year which will result in positive full-year results.

The companies in Germany and Sweden develop positively with results above expectations, while the companies in the UK performed slightly below expectations due to delays on a large, single project.

The outlook for the full financial year 2016/2017 is changed. We now expect an EBIT margin of approx. 5% against previously 6.5%. Revenue is expected to result in continued growth of approx. 10% compared with last financial year.



Outlook for the financial year 2016/2017

In a company announcement of 9 May 2017, the outlook for the full financial year 2016/2017 was changed to an EBIT level of DKK 375 million compared to the previous announcement of DKK 430 million. Revenue is expected to result in continued growth of approx. 5% compared with last financial year. The outlook for increased earnings in the second half of the financial year compared to last financial year cannot compensate for the effect of write-downs on single projects in the first half of the financial year. In general, the Aarsleff Group experiences positive market opportunities in all three segments. The tender activity is high, and there are continued expectations for a high capacity utilisation in the production.

The expectations for the future financial performance are subject to uncertainties and risks that may cause the performance to differ from the expectations. Significant commercial risks are described in Assessment of commercial risks of the annual report of 2015/2016 and note 2 on Estimation uncertainty. Significant risks and uncertainties remain unchanged compared with the description in the annual report.

Accounting policies

The interim financial report covering the first six months of the financial year 2016/2017 has been prepared in accordance with IAS 34 "Interim Financial Reporting" and additional Danish disclosure requirements for interim financial reports of listed companies.

No interim financial report has been prepared for the parent company.

The accounting policies of the interim financial report remain unchanged from the 2015/2016 Annual Report which has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. Please refer to the 2015/2016 Annual Report for a further description of the accounting policies.

Certain new or changed standards or interpretations have become effective for the financial year 2016/2017. It is the Management's view that these standards and interpretations will have no significant effect on the annual report.

The interim financial report is presented in Danish kroner (DKK) which is the parent company's functional currency.



Management's statement

Today, the Board of Directors and Executive Management have discussed and approved the interim financial report of Per Aarsleff Holding A/S for the period 1 October 2016-31 March 2017.

The interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" and additional Danish disclosure requirements for interim financial reports of listed companies.

The interim financial report has not been audited or reviewed by the company's auditor.

We consider the accounting policies used to be appropriate. Accordingly, the interim financial report gives a true and fair view of the financial position at 31 March 2017 of the Group as well as of the results of the Group's operations and cash flows in the period 1 October 2016 to 31 March 2017.

In our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances of the Group, of the results for the period and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Viby J, 22 May 2017

Executive Management

Ebbe Malte Iversen
General Manager

Lars M. Carlsen
Deputy General Manager

Jesper Kristian Jacobsen
Group Director

Mogens Vedel Hestbæk
Group Chief Financial Officer

Board of directors

Andreas Lundby
Chairman of the Board

Jens Bjerg Sørensen
Deputy Chairman

Carsten Fode
Board member

Peter Arndrup Poulsen
Board member

Charlotte Strand
Board member



Consolidated income statement

Amounts in tDKK

	January quarter		H1	
	2016/2017	2015/2016	2016/2017	2015/2016
Revenue	2,416,334	2,336,117	5,332,904	4,891,224
Production costs	-2,205,655	-2,083,385	-4,803,376	-4,313,133
Gross profit	210,679	252,732	529,528	578,091
Administrative expenses and selling costs	-216,225	-193,605	-441,509	-396,028
Other operating income and expenses	12,628	48	21,957	-75
Operating profit	7,082	59,175	109,976	181,988
Profit in associates	25	-1,784	-139	-1,978
Profit before interest	7,107	57,391	109,837	180,010
Net financials	-3,770	-5,140	-8,046	-8,936
Profit before tax	3,337	52,251	101,791	171,074
Tax on profit for the period	-1,009	-12,812	-25,424	-41,606
Profit after tax	2,328	39,439	76,367	129,468
Earnings per share (DKK)	0.11	1.93	3.74	6.34

Statement of comprehensive income

Amounts in tDKK

	January quarter		H1	
	2016/2017	2015/2016	2016/2017	2015/2016
Profit after tax	2,328	39,439	76,367	129,468
Items which may become reclassified to the income statement				
Exchange rate adjustment of foreign companies	10,381	-7,366	12,925	-5,308
Fair value adjustments of derivative financial instruments, net	1,850	8,357	2,740	2,768
Tax on other comprehensive income	-441	-1,839	-630	-609
Other total comprehensive income	11,790	-848	15,035	-3,149
Total comprehensive income	14,118	38,591	91,402	126,319
Total comprehensive income accrues to				
Shareholders of Per Aarsleff Holding A/S	14,097	38,536	91,268	126,064
Minority shareholders	21	55	134	255
Total	14,118	38,591	91,402	126,319



Consolidated balance sheet

Amounts in tDKK

	31/3 2017	30/9 2016	31/3 2016
Assets			
Goodwill	229,588	244,584	237,894
Patents and other intangible assets	81,076	88,164	95,400
Land and buildings	645,105	645,768	631,414
Plant and machinery	1,110,407	1,119,397	1,097,872
Other fixtures and fittings, tools and equipment	112,449	91,297	63,984
Property, plant and equipment in progress	287,062	212,519	131,103
Other non-current assets	22,988	18,322	16,060
Non-current assets	2,488,675	2,420,051	2,273,727
Inventories	238,397	225,432	220,532
Contracting debtors	1,831,091	2,553,926	1,744,007
Work in progress	834,280	678,638	636,992
Other receivables	185,783	142,005	114,077
Securities	195,670	195,997	196,114
Cash	372,998	317,272	356,937
Current assets	3,658,219	4,113,270	3,268,659
Total assets	6,146,894	6,533,321	5,542,386
Equity and liabilities			
Equity, shareholders of Per Aarsleff Holding A/S	2,505,243	2,495,515	2,323,427
Minority interests' share of equity	6,563	7,916	6,840
Equity	2,511,806	2,503,431	2,330,267
Mortgage debt and credit institutions	184,469	180,264	89,464
Provisions	70,161	71,786	80,890
Other payables	67,015	62,727	58,683
Deferred tax	446,453	452,457	437,025
Non-current liabilities	768,098	767,234	666,062
Mortgage debt and credit institutions	323,250	330,838	348,450
Work in progress	709,245	776,542	694,131
Trade payables	1,101,214	1,376,700	849,679
Other payables	733,281	778,576	653,797
Current liabilities	2,866,990	3,262,656	2,546,057
Total liabilities	3,635,088	4,029,890	3,212,119
Total equity and liabilities	6,146,894	6,533,321	5,542,386



Consolidated cash flow statement

Amounts in tDKK

	H1	
	2016/2017	2015/2016
Cash flow from operating activities		
Profit before interest	109,837	180,010
Depreciation, amortisation and impairment losses, intangible assets	6,629	5,332
Depreciation, amortisation and impairment losses, property, plant and equipment	160,923	146,229
Other adjustments	-32,745	-11,430
Changes in working capital	122,990	-64,612
Net financials	-8,046	-8,936
Corporation tax paid	-31,976	-1,601
Cash flows from operating activities	327,612	244,992
Cash flow from investing activities		
Net investment in property, plant and equipment and intangible assets	-185,714	-292,245
Net investment in subsidiaries	0	-195,678
Net investment in associates and joint ventures	0	930
Cash flows from investing activities	-185,714	-486,993
Cash flow from financing activities	-76,794	-167,725
Cash flows from financing activities	-76,794	-167,725
Change in liquidity for the period	65,104	-409,726
Opening liquidity	5,359	435,678
Change in liquidity for the period	65,104	-409,726
Closing liquidity	70,463	25,952

Net interest-bearing debt

Amounts in tDKK

	H1	
	2016/2017	2015/2016
Cash	372,998	356,937
Securities	195,670	196,114
Total interest-bearing assets	568,668	553,051
Mortgage debt and credit institutions	507,719	437,914
Other long-term debt	67,015	58,683
Total interest-bearing liabilities	574,734	496,597
Net interest-bearing debt	6,066	-56,454



Statement of changes in equity, Group

Amounts in tDKK

	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total shareholders of Per Aarsleff Holding A/S	Minority shareholders	Total
Equity at 1 October 2015	45,300	-52,494	850	2,196,912	67,950	2,258,518	6,585	2,265,103
Total comprehensive income								
Profit for the year				129,213		129,213	255	129,468
Other total comprehensive income								
Exchange rate adjustments of foreign companies		-5,308				-5,308		-5,308
Fair value adjustments of derivative financial instruments			2,768			2,768		2,768
Tax on derivative financial instruments			-609			-609		-609
Other total comprehensive income	0	-5,308	2,159	0	0	-3,149	0	-3,149
Total comprehensive income	0	-5,308	2,159	129,213	0	126,064	255	126,319
Transactions with owners								
Dividend paid					-67,950	-67,950		-67,950
Dividend, treasury shares				6,795		6,795		6,795
Total transactions with owners	0	0	0	6,795	-67,950	-61,155	0	-61,155
Equity at 31 March 2016	45,300	-57,802	3,009	2,332,920	0	2,332,920	6,840	2,330,267
Equity at 1 October 2016	45,300	-67,994	12,320	2,415,289	90,600	2,495,515	7,916	2,503,431
Total comprehensive income								
Profit for the year				76,233		76,233	134	76,367
Other total comprehensive income								
Exchange rate adjustments of foreign companies		12,925				12,925		12,925
Fair value adjustments of derivative financial instruments			2,740			2,740		2,740
Tax on derivative financial instruments			-630			-630		-630
Other total comprehensive income	0	12,925	2,110	0	0	15,035	0	15,035
Total comprehensive income	0	12,925	2,110	76,233	0	91,268	134	91,402
Transactions with owners								
Dividend paid					-90,600	-90,600		-90,600
Dividend, treasury shares				9,060		9,060		9,060
Dividend, minority shareholders							-1,487	-1,486
Total transactions with owners	0	0	0	9,060	-90,600	-81,540	-1,487	-83,026
Equity at 31 March 2017	45,300	-55,069	14,430	2,500,582	0	2,505,243	6,563	2,511,806



Company announcements published this current financial year

21 December 2016	Preliminary announcement of financial statements for the financial year 2015/2016
09 January 2017	Notice convening the Annual General Meeting of Per Aarsleff Holding A/S
01 February 2017	Annual General Meeting of Per Aarsleff Holding A/S
10 February 2017	Aarsleff is to construct new headquarters for the Carlsberg Group
24 February 2017	Interim financial report for the period 1 October-31 December 2016
09 May 2017	Aarsleff adjusts expectations for the financial year 2016/2017 downwards

See www.aarsleff.com for further information.

This interim financial report is a translation of Per Aarsleff Holding A/S's official Danish interim financial report. The original Danish text shall take precedence and in case of discrepancy the Danish wording shall prevail.