

# INTERIM FINANCIAL REPORT FOR THE PERIOD 1 OCTOBER-31 DECEMBER 2019



**AARSLEFF**

Today, the Board of Directors of Per Aarsleff Holding A/S has discussed and approved the interim financial report for Q1 of the financial year 2019/20. The interim financial report has not been audited or reviewed by the company's auditor.

## Q1 RESULTS

- Consolidated revenue increased by 3.6% to DKK 3,510 million (Q1 2018/19: DKK 3,389 million).
- Operating profit (EBIT) came to DKK 175 million (Q1 2018/19: DKK 94 million/166 million before arbitration loss\*).
- Construction generated EBIT of DKK 90 million (Q1 2018/19: DKK 33 million/105 million before arbitration loss\*).
- Pipe Technologies generated EBIT of DKK 56 million (Q1 2018/19: DKK 38 million).
- Ground Engineering generated EBIT of DKK 29 million (Q1 2018/19: DKK 23 million).
- Cash flows from operating activities with deduction of investing activities (exclusive of investments in securities) amounted to a positive liquidity flow of DKK 289 million.
- The Group's net interest-bearing deposit came to DKK 239 million at 31 December 2019. Implementation of IFRS 16 affected interest-bearing debt by a negative amount of DKK 403 million.

\*Results adjusted for arbitration loss as announced in company announcement of 16 January 2019.

## OUTLOOK FOR THE FINANCIAL YEAR 2019/20

The outlook for the full financial year remains unchanged. EBIT is expected to amount to DKK 560 million.

Revenue is expected to be approx. 1% up on the financial year 2018/19.

**EBBE MALTE IVERSEN**  
Chairman of the Board

**JESPER KRISTIAN JACOBSEN**  
CEO

**PER AARSLEFF HOLDING A/S**  
[www.aarsleff.com](http://www.aarsleff.com)  
CVR no. 24257797

The interim financial report has been prepared in Danish and in English. In case of discrepancy, the Danish version shall prevail.

**FURTHER INFORMATION:**  
CEO Jesper Kristian Jacobsen,  
tel. +45 8744 2222.

# HIGHLIGHTS

(tDKK)	Q1		Financial year
	2019/20	2018/19	2018/19
<b>INCOME STATEMENT</b>			
Revenue	3,509,821	3,388,754	13,453,011
Of this, work performed abroad	1,182,954	1,015,571	4,196,739
Operating profit (EBIT)	175,025	94,093	502,620
Net financials	-7,795	-20,117	-29,887
Profit before tax	167,230	73,976	472,733
Profit after tax	129,604	56,044	360,661
<b>BALANCE SHEET</b>			
Non-current assets	3,117,254	2,669,941	2,708,999
Current assets	5,292,447	5,016,585	5,461,687
Total assets	8,409,701	7,686,526	8,170,686
Equity	3,256,797	2,944,214	3,114,466
Non-current liabilities	1,022,109	713,909	749,827
Current liabilities	4,130,795	4,028,403	4,306,393
Total equity and liabilities	8,409,701	7,686,526	8,170,686
Net interest-bearing deposit/debt (+/-)	238,601	404,534	399,260
Invested capital (IC)	3,007,959	2,530,034	2,706,432

(tDKK)	Q1		Financial year
	2019/20	2018/19	2018/19
<b>CASH FLOW STATEMENT</b>			
Cash flows from operating activities	380,216	463,764	940,200
Cash flows from investing activities	-289,537	-315,246	-665,475
Of this, investment in property, plant and equipment, net	-60,673	-92,183	-378,102
Cash flows from financing activities	-46,484	-29,861	-234,293
Change in cash and cash equivalents for the period	44,195	118,657	40,432
<b>FINANCIAL RATIOS</b>			
Gross margin, %	12.2	9.7	10.7
Operating margin (EBIT margin), %	5.0	2.8	3.7
Profit margin (pre-tax margin), %	4.8	2.2	3.5
Return on invested capital (ROIC), % *	6.1	3.5	18.1
Return on invested capital after tax (ROIC), % *	4.7	2.6	13.8
Return on equity (ROE), % *	4.1	1.9	12.1
Equity ratio, %	38.7	38.3	38.1
Earnings per share (EPS), DKK	6.88	2.75	17.76
Number of employees	6,867	6,553	6,838

\* Not translated into full-year figures.

See page 92 of the 2018/19 annual report for financial ratio definitions.

# MANAGEMENT'S REVIEW

## FINANCIAL DEVELOPMENT OF THE AARSLEFF GROUP

### INCOME STATEMENT

In Q1 of the financial year 2019/20, consolidated revenue amounted to DKK 3,510 million or 3.6% up on last financial year, of which 1.8% was organic growth. The Danish operations reported a 1.9% revenue decline, while the foreign operations reported a 16.4% revenue increase.

Revenue growth is mainly attributable to the Pipe Technologies segment generating a 15% revenue increase due to a high level of activity in all main markets. The Ground Engineering segment generated a 9.5% revenue increase, primarily owing to the activities acquired in Germany. In the Construction segment, revenue decreased by 0.5% due to a slowdown in the

market in Iceland as well as a low level of activity in Hansson & Knudsen A/S.

Administrative expenses and selling costs amounted to 7.5% compared to 6.9% in the same period last financial year. The increase is attributable to higher staff costs due to the high growth in the past financial year.

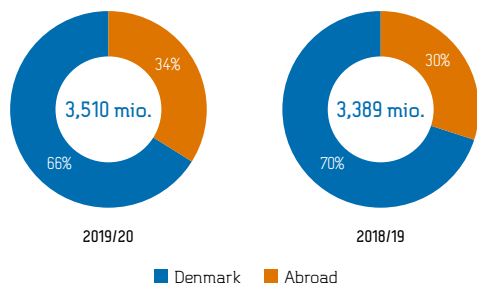
Operating profit (EBIT) amounted to DKK 175 million (EBIT margin: 5.0%) compared to DKK 94 million/166 million before arbitration loss (EBIT margin: 2.8%/4.9% before arbitration loss) in Q1 of last financial year.

The Construction segment performed in line with expectations. As previously announced, the EBIT margin is affected by the revenue recognition of large, complex One Company projects taking unsettled risks into consideration, resulting in a lower EBIT margin for this share of revenue.

The Ground Engineering segment performed in line with expectations. Even though the level of activity is decreasing in Denmark, the capacity utilisation is still good, e.g. in so far as concerns the large, ongoing construction pit projects, such as the new Natural History Museum of Denmark in Copenhagen and the preliminary work in connection with the expansion of Terminal 3 in Copenhagen Airport

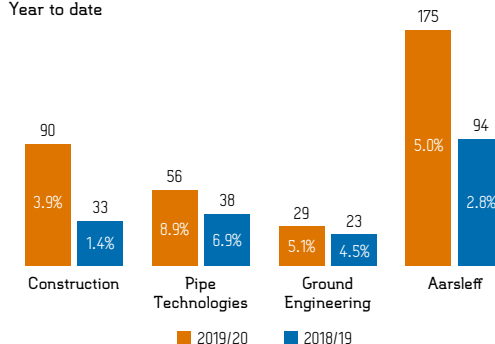
### REVENUE

Year to date

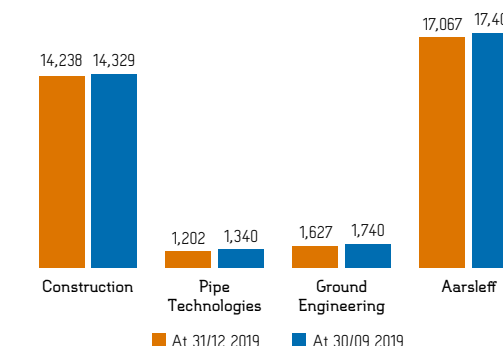


### EBIT (MILLION) AND EBIT MARGIN (%)

Year to date



### ORDER BACKLOG (MILLION)



The Pipe Technologies segment performed above expectations due to increased earnings in all main markets.

Financial items, net constituted a negative amount of DKK 8 million.

Consolidated profit after tax amounted to DKK 130 million in Q1 of the financial year against DKK 56 million last financial year.

#### ORDER BACKLOG

As at 31 December 2019, the company's order backlog amounted to DKK 17,067 million (30 September 2019: DKK 17,409 million). The Q1 order intake amounted to DKK 3,168 million (Q1 2018/19: DKK 3,466 million).

The Q1 order intake of the Construction segment amounted to DKK 2,221 million (Q1 2018/19: DKK 2,681 million), and at 31 December 2019, the order backlog amounted to DKK 14,238 million (30 September 2019: DKK 14,329 million) of which DKK 4,900 million is expected to be carried out during this financial year. One of the contracts signed in the quarter was with Nuuk City Development A/S for the construction of a new school in Nuuk at a value of DKK 615 million.

The Q1 order intake of the Pipe Technologies segment amounted to DKK 496 million (Q1 2018/19: DKK 321 million), and at 31 December 2019, the order backlog amounted to DKK 1,202 million (30 September 2019:

DKK 1,340 million) of which DKK 950 million is expected to be carried out during this financial year.

The Q1 order intake of the Ground Engineering segment amounted to DKK 451 million (Q1 2018/19: DKK 463 million), and at 31 December 2019, the order backlog amounted to DKK 1,627 million (30 September 2019: DKK 1,740 million) of which DKK 900 million is expected to be carried out during this financial year.

#### BALANCE SHEET

The consolidated balance sheet total amounted to DKK 8,410 million at 31 December 2019. This corresponds to an increase of DKK 239 million compared to the balance sheet total of DKK 8,171 million at the end of last financial year. The increase is due to the implementation of IFRS 16 which affected the balance sheet total by DKK 404 million

Contract work in progress, net decreased by DKK 108 million in the quarter.

Consolidated interest-bearing liabilities less interest-bearing assets amounted to a net deposit of DKK 239 million against a net deposit of DKK 399 million at 30 September 2019. The implementation of IFRS 16 affected the interest-bearing debt by a negative amount of DKK 403 million.

Equity amounted to DKK 3,257 million compared to DKK 3,114 million at the end of last financial year or 38.7% of the balance sheet total compared to 38.1% at the beginning of the financial year.

#### CASH FLOW STATEMENT

Cash flows from operating activities amounted to DKK 380 million against DKK 464 million in Q1 of last financial year. The working capital amounted to a positive DKK 101 million in the quarter, primarily due to the usual seasonal fluctuations in receivables and trade payables.

Cash flows from investing activities were negative at DKK 290 million against a negative DKK 315 million in Q1 of last financial year. In the quarter, the portfolio of securities in the form of short-term mortgage credit bonds has been increased by DKK 199 million to allow for optimisation of the Group's cash management.

The company's outlook for investments of the year exclusive of acquisitions is unchanged at DKK 400 million.

Cash flows from financing activities amounted to a negative DKK 46 million compared to a negative DKK 30 million in Q1 of last financial year.

Thus, the change in liquidity for the period was positive at DKK 44 million.

# CONSTRUCTION

## – RESULTS IN LINE WITH EXPECTATIONS

Q1 revenue came to DKK 2,312 million or 0.5% down on the same period last financial year. There was a negative organic growth of 0.7%. Revenue generated by the Danish operations was DKK 1,957 million or 0.2% lower than Q1 of last financial year. The foreign operations reported a revenue decline of 2% to DKK 355 million.

Segment results (EBIT) came to DKK 90 million (EBIT margin: 3.9%) compared to DKK 33 million/105 million before arbitration loss (EBIT margin: 1.4%/4.5% before arbitration loss) last financial year and were in line with expectations at the beginning of the financial year.

Per Aarsleff A/S generated results in line with expectations. During the quarter, the level of activity remained high within harbour expansions,

especially on the projects in Ystad and Skagen. The activities within building activities continued to increase, and a number of large projects in Copenhagen and Aarhus are currently being executed. Overall, the projects progressed as planned.

Wicotec Kirkebjerg A/S performed in line with expectations. The level of activity is lower compared to the same period of last financial year when the ventilation and plumbing contracts for the Niels Bohr Building contributed to high revenue. The focus on improving project management was maintained, including the collaboration regarding One Company building projects.

Hansson & Knudsen A/S was still challenged by the difficult market conditions, primarily on Funen, with severe price competition affecting revenue and results.

Ístak hf. performed in line with expectations. The level of activity was considerably lower compared to last year due to the slowdown in building activities in Iceland.



WHAT WE DO

<http://www.aarsleff.com/references>

The Group's railway activities in the Aarsleff Rail Group delivered results in line with expectations. The level of activity is satisfactory, even though it is lower compared to the same period of last financial year.

The development of more large-scale building projects by means of early involvement continues, e.g. the expansion of Terminal 3 in Copenhagen Airport and the construction of a new hotel and conference centre at Aarhus Ø.

The outlook for the financial year 2019/20 is unchanged, corresponding to an EBIT margin of approx. 3.7% and revenue approximately on par with 2018/19.

REVENUE

2,312M

SEGMENT RESULTS (EBIT)

90M

EBIT MARGIN

3.9%



# PIPE TECHNOLOGIES – RESULTS ABOVE EXPECTATIONS

Q1 revenue came to DKK 634 million or 15% up on last financial year. The Danish operations reported a revenue increase of 10.9% to DKK 158 million. The foreign operations reported a revenue increase of 16.4% to DKK 476 million.

Segment results (EBIT) amounted to DKK 56 million (EBIT margin: 8.9%) compared to DKK 38 million (EBIT margin: 6.9%) last financial year. The first quarter of the financial year is Pipe Technologies' peak season. Results are above expectations at the beginning of the financial year.

Our companies in the Nordic countries performed above expectations. The level of activity was satisfactory in all markets, and there was a high capacity utilisation in Pipe Technologies' factory in Hasselager.

The German company performed above expectations. The level of activity is still increasing with improved margins as a result of the previously launched initiatives to increase earnings. A new initiative concerning a non-circular pipe production in Germany has been commenced, and the production is expected to be in operation during the third quarter of the financial year.

The company in Russia delivered positive results. There was an increase in revenue, and the number of invitations to tender was rising.

In Poland, the positive development continued. The order backlog is satisfactory, and the projects are executed as expected.

The strategic collaboration with Hammerhead is still affected by the sale of the company to new owners in 2019. The focus is on intensifying the sales effort.

The outlook for 2019/20 is unchanged, corresponding to an EBIT margin of approx. 5% and revenue which is approx. 5% higher compared to last financial year.

REVENUE

634M

SEGMENT RESULTS (EBIT)

56M

EBIT MARGIN

8.9%



WHAT WE DO

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# GROUND ENGINEERING – RESULTS IN LINE WITH EXPECTATIONS

Q1 revenue came to DKK 564 million or 9.5% up on the same period last financial year. There was a negative organic growth of 1.1%. The Danish operations reported a revenue decline of 21.4% to DKK 212 million. The foreign operations reported a revenue increase of 43.6% to DKK 352 million.

Segment results (EBIT) amounted to DKK 29 million (EBIT margin: 5.1%) compared to DKK 23 million (EBIT margin: 4.5%) last financial year and are in line with expectations at the beginning of the financial year.

The Danish activities performed in line with expectations. The level of activity in Denmark is considerably lower than Q1 of last financial year. Capacity utilisation is still good e.g. on the large, ongoing construction pit projects such as the New Natural History Museum of Denmark in Copenhagen, the preliminary work in connection with the expansion of Terminal 3 in

Copenhagen Airport, as well as the ground engineering work for the Minnevik bridge in Norway and two large infrastructure projects in Sweden.

In Sweden, results were in line with expectations. The activity within infrastructure projects is good, but the pile market is still under pressure due to the slowdown within residential building activities.

In Poland, results were in line with expectations. The order backlog is good and comprises numerous projects with reinforced concrete piles.

The Q1 results of the company in the UK were negative as expected. However, the order backlog is satisfactory, and a high level of activity is expected over the coming months. The effect of Brexit on market conditions is still uncertain.

The German pile company delivered positive results in Q1, driven by a large pile project in connection with the construction of a logistics centre. However, the market is still challenged by the lack of onshore wind turbine projects.



WHAT WE DO

<http://www.aarsleff.com/references>

The results of the German company Neidhardt Grundbau GmbH were in line with expectations. There is a high level of activity, and the projects are carried out according to plan or better than expected. STB Wöltjen GmbH contributed results in line with expectations.

The outlook for the financial year 2019/20 is unchanged, corresponding to an EBIT margin of approx. 5% and revenue approximately on par with 2018/19.

REVENUE

564M

SEGMENT RESULTS (EBIT)

29M

EBIT MARGIN

5.1%

## OUTLOOK FOR THE FINANCIAL YEAR 2019/20

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The outlook for the full financial year remains unchanged. EBIT is expected to amount to DKK 560 million. Revenue is expected to be approx. 1% up on the financial year 2018/19.

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 Commercial risk assessment of the 2018/19 annual report and note 2 on Estimation uncertainty. Significant risks and uncertainties remain unchanged compared with the description in the annual report.

## COMPANY ANNOUNCEMENTS

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18 December 2019	Annual report for 2018/19
8 January 2020	Notice convening the Annual General Meeting of Per Aarsleff Holding A/S
30 January 2020	Annual General Meeting in Per Aarsleff Holding A/S

MORE COMPANY ANNOUNCEMENTS

<http://www.aarsleff.com/investor>



# MANAGEMENT'S STATEMENT

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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-31 December 2019.

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 December 2019 of the Group as well as of the results of the Group's operations and cash flows in the period 1 October-31 December 2019.

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, 26 February 2020

## EXECUTIVE MANAGEMENT

JESPER KRISTIAN JACOBSEN  
CEO

LARS M. CARLSEN  
Deputy CEO

MOGENS VEDEL HESTBÆK  
Group CFO

NICOLAI SCHULTZ  
Deputy CEO

## BOARD OF DIRECTORS

EBBE MALTE IVERSEN  
Chairman of the Board

BJARNE MOLTKE HANSEN  
Deputy Chairman

JENS BJERG SØRENSEN  
Board member

CHARLOTTE STRAND  
Board member

HENRIK HØJEN ANDERSEN  
Board member

## INCOME STATEMENT

(tDKK)	Q1	
	2019/20	2018/19
<b>Revenue</b>	<b>3,509,821</b>	<b>3,388,754</b>
Production costs	-3,080,723	-3,061,724
<b>Gross profit</b>	<b>429,098</b>	<b>327,030</b>
Administrative expenses and selling costs	-262,405	-235,200
Other operating income and expenses	6,537	1,078
Share of profit in associates and joint ventures	1,795	1,185
<b>Operating profit (EBIT)</b>	<b>175,025</b>	<b>94,093</b>
Net financials	-7,795	-20,117
<b>Profit before tax</b>	<b>167,230</b>	<b>73,976</b>
Tax on profit for the period	-37,626	-17,932
<b>Profit after tax</b>	<b>129,604</b>	<b>56,044</b>
Earnings per share (DKK)	6.88	2.75

## STATEMENT OF COMPREHENSIVE INCOME

(tDKK)	Q1	
	2019/20	2018/19
<b>Profit after tax</b>	<b>129,604</b>	<b>56,044</b>
<b>Items that may become reclassified to the income statement</b>		
Foreign exchange adjustment on translation of foreign entities	14,819	-2,509
Fair value adjustments of derivative financial instruments, net	-7,293	-7,943
Tax on other comprehensive income	1,604	1,632
Other comprehensive income recognised directly in equity	9,130	-8,820
<b>Total comprehensive income</b>	<b>138,734</b>	<b>47,224</b>
<b>Comprehensive income is attributable to</b>		
Per Aarsleff Holding A/S shareholders	138,615	46,994
Minority shareholders	119	230
<b>Total</b>	<b>138,734</b>	<b>47,224</b>

# BALANCE SHEET

(tDKK)	31/12 2019	30/9 2019	31/12 2018
<b>ASSETS</b>			
Goodwill	274,011	267,623	267,623
Patents and other intangible assets	102,230	93,475	103,776
Land and buildings	847,511	846,320	851,375
Plant and machinery	1,262,438	1,287,337	1,267,199
Other fixtures and fittings, tools and equipment	151,261	143,765	127,155
Property, plant and equipment in progress	40,805	37,336	37,149
Lease assets	404,426	0	0
Other non-current assets	34,572	33,143	15,664
<b>Non-current assets</b>	<b>3,117,254</b>	<b>2,708,999</b>	<b>2,669,941</b>
Inventories	346,051	323,618	289,754
Contracting debtors	2,640,376	2,840,351	2,617,388
Work in progress	889,842	1,034,488	904,829
Other receivables	213,035	192,232	164,164
Securities	607,260	412,856	412,667
Cash and cash equivalents	595,883	658,142	627,783
<b>Current assets</b>	<b>5,292,447</b>	<b>5,461,687</b>	<b>5,016,585</b>
<b>Total assets</b>	<b>8,409,701</b>	<b>8,170,686</b>	<b>7,686,526</b>

(tDKK)	31/12 2019	30/9 2019	31/12 2018
<b>EQUITY AND LIABILITIES</b>			
Equity, shareholders of Per Aarsleff Holding A/S	3,249,195	3,106,986	2,936,547
Minority interests' share of equity	7,602	7,480	7,667
<b>Equity</b>	<b>3,256,797</b>	<b>3,114,466</b>	<b>2,944,214</b>
Mortgage debt and credit institutions	125,657	131,287	140,618
Lease liabilities	268,782	0	0
Provisions	79,121	81,985	63,316
Other payables	1,766	0	61,400
Deferred tax	546,783	536,555	448,575
<b>Non-current liabilities</b>	<b>1,022,109</b>	<b>749,827</b>	<b>713,909</b>
Mortgage debt and credit institutions	365,590	472,241	362,808
Lease liabilities	134,537	0	0
Work in progress	1,261,649	1,298,063	1,137,367
Trade payables	1,269,671	1,474,005	1,598,294
Other payables	1,099,348	1,062,084	929,934
<b>Current liabilities</b>	<b>4,130,795</b>	<b>4,306,393</b>	<b>4,028,403</b>
<b>Total liabilities</b>	<b>5,152,904</b>	<b>5,056,220</b>	<b>4,742,312</b>
<b>Total equity and liabilities</b>	<b>8,409,701</b>	<b>8,170,686</b>	<b>7,686,526</b>

# CASH FLOW STATEMENT

	Q1	
(tDKK)	2019/20	2018/19
<b>Cash flow generated from operations</b>		
Operating profit (EBIT)	173,783	94,094
Depreciation, amortisation and impairment, intangible assets	9,416	10,259
Depreciation, amortisation and impairment, property, plant and equipment	135,651	95,550
Other adjustments	-8,628	-11,340
Change in working capital	101,419	329,748
Net financials	-7,795	-20,117
Tax paid	-23,630	-34,430
<b>Cash flow from operating activities</b>	<b>380,216</b>	<b>463,764</b>
<b>Cash flow generated from investments</b>		
Acquisitions	-30,220	0
Net investment in property, plant and equipment and intangible assets	-60,673	-92,183
Securities	-198,644	-223,063
<b>Cash flow from investing activities</b>	<b>-289,537</b>	<b>-315,246</b>
<b>Cash flow generated from financing</b>	<b>-46,484</b>	<b>-29,861</b>
<b>Cash flow from financing activities</b>	<b>-46,484</b>	<b>-29,861</b>
<b>Change in cash and cash equivalents for the period</b>	<b>44,195</b>	<b>118,657</b>
Cash and cash equivalents at the beginning of the year	199,968	160,558
Change in cash and cash equivalents for the period	44,195	118,657
<b>Closing cash and cash equivalents</b>	<b>244,163</b>	<b>279,215</b>

# NET INTEREST-BEARING DEPOSIT

(tDKK)	31/12 2019	31/12 2018
Cash and cash equivalents	595,883	627,783
Securities	607,260	412,667
<b>Total interest-bearing assets</b>	<b>1,203,143</b>	<b>1,040,450</b>
Mortgage debt and credit institutions	491,247	503,427
Lease liabilities	403,319	0
Other long-term debt	1,766	61,400
Other short-term debt	68,210	71,089
<b>Total interest-bearing liabilities</b>	<b>964,542</b>	<b>635,916</b>
<b>Net interest-bearing deposit/debt (+/-)</b>	<b>238,601</b>	<b>404,534</b>



# STATEMENT OF CHANGES IN EQUITY

(tDKK)	Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total Per Aarsleff Holding A/S shareholders	Minority shareholders	Total
<b>Equity at 1 October 2018</b>	<b>45,300</b>	<b>-85,443</b>	<b>2,968</b>	<b>2,815,541</b>	<b>113,250</b>	<b>2,891,616</b>	<b>7,426</b>	<b>2,899,042</b>
Adjustment at the beginning of the year				-3,900		-3,900		-3,900
<b>Adjusted equity at 1 October 2018</b>	<b>45,300</b>	<b>-85,443</b>	<b>2,968</b>	<b>2,811,641</b>	<b>113,250</b>	<b>2,887,716</b>	<b>7,426</b>	<b>2,895,142</b>
<b>Total comprehensive income</b>								
Profit for the year				55,814		55,814	230	56,044
<b>Other comprehensive income</b>								
Foreign exchange adjustment of foreign entities		-2,520				-2,520	11	-2,509
Fair value adjustment of derivative financial instruments			-7,943			-7,943		-7,943
Tax on derivative financial instruments			1,632			1,632		1,632
Total other comprehensive income	0	-2,520	-6,311	0	0	-8,831	11	-8,820
<b>Total comprehensive income</b>	<b>0</b>	<b>-2,520</b>	<b>-6,311</b>	<b>55,814</b>	<b>0</b>	<b>46,983</b>	<b>241</b>	<b>47,224</b>
<b>Transactions with owners</b>								
Employee share programme				1,848		1,848		1,848
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,848</b>	<b>0</b>	<b>1,848</b>	<b>0</b>	<b>1,848</b>
<b>Equity at 31 December 2018</b>	<b>45,300</b>	<b>-87,963</b>	<b>-3,343</b>	<b>2,869,303</b>	<b>113,250</b>	<b>2,936,547</b>	<b>7,667</b>	<b>2,944,214</b>
<b>Equity at 1 October 2019</b>	<b>45,300</b>	<b>-107,388</b>	<b>-78</b>	<b>3,044,577</b>	<b>124,575</b>	<b>3,106,986</b>	<b>7,480</b>	<b>3,114,466</b>
<b>Comprehensive income</b>								
Profit for the year				129,485		129,485	119	129,604
<b>Other comprehensive income</b>								
Foreign exchange adjustment of foreign entities		14,816				14,816	3	14,819
Fair value adjustment of derivative financial instruments			-7,293			-7,293		-7,293
Tax on derivative financial instruments			1,604			1,604		1,604
Total other comprehensive income	0	14,816	-5,689	0	0	9,127	3	9,130
<b>Total comprehensive income</b>	<b>0</b>	<b>14,816</b>	<b>-5,689</b>	<b>129,485</b>	<b>0</b>	<b>138,612</b>	<b>122</b>	<b>138,734</b>
<b>Transactions with owners</b>								
Employee share programme				3,597		3,597		3,597
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,597</b>	<b>0</b>	<b>3,597</b>	<b>0</b>	<b>3,597</b>
<b>Equity at 31 December 2019</b>	<b>45,300</b>	<b>-92,572</b>	<b>-5,767</b>	<b>3,177,659</b>	<b>124,575</b>	<b>3,249,195</b>	<b>7,602</b>	<b>3,256,797</b>

# NOTES

## NOTE 1 – SEGMENT INFORMATION

Amounts in mDKK	Construction		Pipe Technologies		Ground Engineering		Total	
	3 mths.	3 mths.	3 mths.	3 mths.	3 mths.	3 mths.	3 mths.	3 mths.
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Segment revenue	2,329	2,334	635	552	576	526	3,540	3,412
Internal revenue	-17	-11	-1	-1	-12	-11	-30	-23
<b>Revenue</b>	<b>2,312</b>	<b>2,323</b>	<b>634</b>	<b>551</b>	<b>564</b>	<b>515</b>	<b>3,510</b>	<b>3,389</b>
Of this, work performed abroad	355	362	476	409	352	245	1,183	1,016
<b>Operating profit (EBIT)</b>	<b>90</b>	<b>33</b>	<b>56</b>	<b>38</b>	<b>29</b>	<b>23</b>	<b>175</b>	<b>94</b>
Net financials							-8	-20
<b>Profit before tax</b>							<b>167</b>	<b>74</b>
EBIT margin, %	3.9	1.4	8.9	6.9	5.1	4.5	5.0	2.8
Number of employees	4,663	4,497	963	956	1,241	1,100	6,867	6,533

## NOTE 2 – ALLOCATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

(tDKK)	Q1	
	2019/20	2018/19
<b>Domestic</b>		
Sale of goods	18,490	28,152
Construction contracts*	2,308,376	2,345,031
<b>Total domestic</b>	<b>2,326,866</b>	<b>2,373,183</b>
<b>International</b>		
Sale of goods	96,607	56,936
Construction contracts*	1,086,348	958,635
<b>Total international</b>	<b>1,182,955</b>	<b>1,015,571</b>
<b>Total</b>		
Sale of goods	115,097	85,088
Construction contracts*	3,394,724	3,303,666
<b>Total</b>	<b>3,509,821</b>	<b>3,388,754</b>

\* Construction contracts are recognised over time

# NOTES

## NOTE 3 – ACCOUNTING POLICIES

The interim financial report covering the first quarter of the financial year 2019/20 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 interim financial report is presented in Danish kroner (DKK) which is the parent company’s functional currency.

### CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Except for the changes below, the accounting policies remain unchanged compared to the annual report for 2018/19, to which reference is made.

Aarsleff has implemented all new or amended accounting standards and interpretations as adopted by the EU and applicable for the 2019/20 financial year, including: IFRS 16, Leases, and IFRIC 23, Uncertainty over Income Tax Treatments.

The positive IFRS 16 impact on EBIT can be determined at DKK 2.3 million in the quarter, and the similar impact for the full financial year can be determined at DKK 6.4 million.

IFRIC 23 has not had any significant impact on recognition or measurement in the consolidated financial statements for the first quarter of 2019/20. Also, no significant impact is expected on future periods.

### IFRS 16 “LEASES”

With effect from 1 October 2019, Aarsleff has implemented the new lease standard IFRS 16 applying the modified retrospective transition approach, which means that comparative figures have not been restated and are still presented in accordance with the rules of IAS 17 and IFRIC 4.

According to IFRS 16, Aarsleff is now required, with a few exceptions, to recognise all leases, including operating leases, in the balance sheet. This implies recognition of a lease liability measured at the present value of

the future lease payments and a corresponding lease asset adjusted for payments made to the lessor prior to the commencement of the lease, onerous contracts and incentive payments received from the lessor. Aarsleff has opted not to recognise costs directly related to the lease asset

### IFRS 16 IMPACT ON FINANCIAL STATEMENTS

Upon transition to IFRS 16, Aarsleff has recognised lease assets of DKK 428 million and a corresponding lease liability. The transition to IFRS 16 therefore has no impact on equity at 1 October 2019.

In accordance with the transitional provisions of IFRS 16, Aarsleff has opted not to recognise leases with a term of less than 12 months or low-value assets. Moreover, Aarsleff has opted not to recognise payments relating to service components as part of the lease liability.

Aarsleff has leased properties, vehicles and other capital equipment. Leases have typically been concluded for a fixed term but may include lease term extension options. Lease terms are negotiated on an individual basis and comprise various terms, including terms of payment, termination rights, maintenance, deposits and guarantees, etc. Some leases on real property comprise variable payments linked to an index, such as a consumer price index, which are also recognised in the lease liability.

When determining the expected lease term, Aarsleff has identified the non-cancellable period of the lease added periods resulting from an extension option which Management assesses that the Company is reasonably certain to exercise, and added periods resulting from an extension option which Management assesses that the Company is reasonably certain not to exercise. The likely lease term of properties has been determined on the basis of the strategic objective of the individual properties. The likely lease term of other capital equipment has been determined on the basis of the expected completion of the individual construction contracts.

When discounting lease payments to present value, Aarsleff has applied the incremental borrowing rate which represents the cost of borrowing over a term similar to the lease term, and in the currency in which lease payments are settled, the funds to obtain an asset of a similar value. The average weighted incremental borrowing rates applied at 1 October 2019 were 2.3% for properties and 1.1% for vehicles and other capital equipment.

# NOTES

## NOTE 3 – ACCOUNTING POLICIES

(tDKK)	1/10 2019
Operating lease liability as disclosed in annual report at 30 September 2019	325,841
Discounted using the incremental borrowing rate at 1 October 2019	319,781
Lease liabilities where the asset has not yet been delivered	-26,379
Extension and termination options reasonably certain to be exercised as well as variable lease payments based on an index	135,016
Lease liabilities recognised at 1 October 2019	428,419

Lease assets amount to tDKK 404,426 at 31 December 2019. Lease liabilities are included in financial debts and are specified as follows:

(tDKK)	31/12 2019
Lease liabilities – non-current	268,782
Lease liabilities – current	134,537

Interest related to the lease liabilities and depreciation related to the lease assets are recognised in the income statement and amount to:

(tDKK)	Q1 2019/20
Depreciation of lease assets recognised in income statement	39,560
Interest on lease liabilities recognised in income statement	1,242

### IFRIC 23 "UNCERTAINTY OVER INCOME TAX TREATMENTS"

At 1 October 2019, Aarsleff adopted the interpretation IFRIC 23 which clarifies the accounting treatment of uncertainties in income taxes as part of the application of IAS 12. The interpretation specifically addresses whether an entity considers each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The principles are followed, and uncertain tax positions are measured at the likely outcome. The adoption of IFRIC 23 at 1 October 2019 had no material impact on profit and loss, balance sheet items and equity.