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Preliminary announcement of financial statements for the financial year 2015/2016

Today, the Board of Directors of Per Aarsleff Holding A/S has discussed and approved the audited financial statements of the company for 2015/2016.

Profit for the year:

- Profit before tax came to DKK 399 million.
- Consolidated revenue came to DKK 10,420 million.
- Construction reported EBIT of DKK 248 million.
- Pipe Technologies reported EBIT of DKK 41 million.
- Ground Engineering reported EBIT of DKK 129 million.
- Cash flows from operating activities with deduction of investments came to a negative liquidity flow of DKK 352 million.
- Net interest-bearing debt came to DKK 61 million as at 30 September 2016.
- The Board of Directors will propose a dividend of DKK 4 per share of a nominal value of DKK 2 corresponding to a payment of DKK 82 million.

Outlook for the financial year 2016/2017:

- For the future financial year, EBIT of DKK 430 million is anticipated.
- Previously, expectations for the annual results were stated as profit before tax. To ensure consistency with the announcements of the individual segments and the long-term targets, the outlook for the annual results will henceforward be disclosed as EBIT.

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Highlights for the Group

Amounts in tDKK

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Income statement					
Revenue	6,676,165	7,375,888	8,527,042	10,253,877	10,419,565
Of this figure, work performed abroad	2,798,975	2,476,654	2,855,178	3,145,279	2,843,331
Operating profit	181,656	213,399	349,077	487,134	417,792
Profit before interest	182,559	213,477	350,951	483,981	415,808
Net financials	-16,622	-16,531	-21,273	-29,218	-16,733
Profit before tax	165,937	196,946	329,678	454,763	399,074
Profit for the year	112,062	149,892	254,609	366,363	304,166
Balance sheet					
Non-current assets	1,619,478	1,738,752	1,739,128	1,939,348	2,420,051
Current assets	2,622,417	2,797,867	3,224,086	4,050,798	4,113,270
Total assets	4,241,895	4,536,619	4,963,214	5,990,146	6,533,321
Equity	1,593,749	1,724,330	1,952,308	2,265,103	2,503,431
Non-current liabilities	500,128	486,048	589,697	725,170	767,234
Current liabilities	2,148,018	2,326,241	2,421,209	2,999,873	3,262,656
Total equity and liabilities	4,241,895	4,536,619	4,963,214	5,990,146	6,533,321
Net interest-bearing debt	149,486	506,611	209,873	-372,867	60,559
Invested capital (IC)	1,674,496	2,214,266	2,144,682	1,880,103	2,554,769
Cash flow statement					
Cash flows from operating activities	374,584	40,949	611,201	1,124,293	430,058
Cash flows from investing activities	-282,758	-370,203	-254,894	-625,865	-781,734
Of this figure, investment in property, plant and equipment, net	-290,758	-241,416	-255,485	-377,052	-571,812
Cash flows from financing activities	-324	-24,334	-29,900	-91,168	-76,927
Change in liquidity for the year	91,502	-353,588	326,407	407,260	-428,603
Financial ratios					
Gross margin ratio, %	10.3	10.8	12.1	11.9	12.0
Profit margin (EBIT margin), %	2.7	2.9	4.1	4.8	4.0
Net profit ratio (pre-tax margin), %	2.5	2.7	3.9	4.4	3.8
Return on invested capital (ROIC), %	11.0	11.0	16.0	24.2	18.8
Return on invested capital after tax (ROIC), %	7.4	8.4	12.4	19.5	14.4
Return on equity (ROE), %	7.4	9.0	13.9	17.4	12.7
Equity ratio, %	37.6	38.0	39.3	37.8	38.3
Earnings per share (EPS), DKK	5.50	7.32	12.47	17.98	14.84
Share price per share at 30 September, DKK	40	68	97	229	159
Price/equity value, DKK	0.51	0.81	1.01	2.06	1.29
Dividend per share, DKK	1.00	1.00	1.50	3.00	4.00
Number of employees	3,620	4,019	4,532	4,932	5,906



The year in brief

Consolidated profit for the financial year 2015/2016 came to DKK 399 million before tax against DKK 455 million the year before. Earnings expectations were DKK 430 million before tax at the beginning of the financial year and were adjusted downwards to DKK 400 million before tax after the second quarter of the financial year.

Revenue came to DKK 10,420 million compared with DKK 10,254 million last financial year.

The Danish operations reported revenue of DKK 7,577 million against DKK 7,109 million last financial year. The foreign operations reported revenue of DKK 2,843 million against DKK 3,145 million last financial year.

The profit for the year was DKK 304 million after tax compared with DKK 366 million last financial year. Total investments in property, plant and equipment as well as subsidiaries amounted to DKK 782 million.

Cash flows from operating activities with deduction of investments came to a negative liquidity flow of DKK 352 million against a positive liquidity flow of DKK 498 million last financial year.

At the end of the financial year, the Group's net interest-bearing debt came to DKK 61 million against a deposit of DKK 373 million at 30 September 2015.

Construction reported EBIT of DKK 248 million against DKK 309 million last financial year. Pipe Technologies reported EBIT of DKK 41 million against DKK 70 million last financial year. Ground Engineering reported EBIT of DKK 129 million against DKK 108 million last financial year.

Total EBIT margin of the Group was 4% compared with 4.8% last financial year. Equity amounted to 38.3% of the balance sheet total against 37.8% at the end of last financial year. Return on equity came to 12.7% against 17.4% last financial year.

The number of full-time employees is 5,906 against 4,932 last financial year.

The Board of Directors proposes a dividend of DKK 4 per share of a nominal value of DKK 2 corresponding to a payment of DKK 82 million.

Financial development of the Aarsleff Group

Financial review

The consolidated financial statements of Per Aarsleff Holding A/S for 2015/2016 are prepared in accordance with International Financial Reporting Standards (IFRS) as adapted by the EU and additional Danish disclosure requirements for listed companies, cf. the financial reporting requirements of Nasdaq Copenhagen A/S for listed companies and the IFRS notification issued according to the Danish Financial Statements Act. With a view to improving clarity of the annual report, the financial statements of the parent company have been prepared in accordance with the provisions of the Danish Financial Statements Act.

Income statement

Consolidated revenue for 2015/2016 increased by DKK 166 million or 2% from DKK 10,254 million to DKK 10,420 million.

Revenue from our Danish operations increased by DKK 468 million or 7% from DKK 7,109 million to DKK 7,577 million. Work performed abroad decreased by DKK 302 million or 10% from DKK 3,145 million to DKK 2,843 million.

Production costs, which comprise direct production costs and other production costs as well as depreciation on plant and profit from the sale of non-current assets, increased from DKK 9,036 million to DKK 9,168 million or by DKK 132 million,



corresponding to 1%. The gross profit increased by DKK 33 million, corresponding to an increase of 3% compared with last financial year.

Administrative expenses and selling costs increased from DKK 748 million to DKK 834 million or by DKK 86 million corresponding to an increase of 11%, now constituting 8% of revenue compared with 7.3% last financial year.

Operating profit came to DKK 417.8 million against DKK 487.1 million last financial year or a decrease of DKK 69.3 million.

Share of profit after tax in associates and joint ventures has improved from a loss of DKK 3.2 million last financial year to a loss of DKK 2 million this year.

Financial income came to DKK 9.5 million this year against DKK 3.9 million last year. Financial expenses came to DKK 26.3 million against 33.1 million last financial year.

Profit before tax came to DKK 399.1 million against DKK 454.8 million last financial year.

Tax on profit for the year amounted to DKK 94.9 million corresponding to a tax rate of 23.8%. Tax for the year consists of a current tax of DKK 31.6 million and an adjustment of deferred taxes as well as tax assets of DKK 63.3 million. The Group's deferred tax assets have been conservatively assessed based on expectations for realisation by set-off on future earnings.

The consolidated profit for the year was DKK 304.2 million after tax against a profit of DKK 366.4 million last year.

Balance sheet

The consolidated balance sheet total was DKK 6,533 million as at 30 September 2016. This corresponds to an increase of DKK 543 million compared to the balance sheet total of DKK 5,990 million at the end of last financial year.

Cash decreased by DKK 549 million.

Consolidated interest-bearing liabilities less interest-bearing assets constituted a net debt of DKK 61 million against a net deposit of DKK 373 million at 30 September 2015.

Cash flow statement

Cash flows from operating activities amounted to DKK 430 million against DKK 1,124 million last financial year or a decrease of DKK 694 million.

Cash flows from investing activities were negative at DKK 782 million against a negative DKK 626 million last financial year.

Cash flows from financing activities were negative at DKK 77 million against a negative 91 million last financial year.

Consequently, liquidity has decreased by DKK 429 million in the period.

Publication of the annual report

The annual report for the financial year 2015/2016 will be published electronically on 10 January 2017.



Segment results (DKK million)

	Construction		Pipe Technologies		Ground Engineering		Group, total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Segment revenue	7,395	7,150	1,380	1,529	1,724	1,677	10,499	10,356
Internal revenue	-47	-38	-8	-17	-24	-47	-79	-102
Revenue	7,348	7,112	1,372	1,512	1,700	1,630	10,420	10,254
Of this figure, work performed abroad	991	1,086	909	1,098	943	961	2,843	3,145
Operating profit (EBIT)	248	309	41	70	129	108	418	487
Profit in associates and joint ventures	0	0	-2	-3	0	0	-2	-3
Profit before interest	248	309	39	67	129	108	416	484
EBIT margin, %	3.4	4.3	3.0	4.6	7.5	6.4	4.0	4.8
ROIC, %	23.6	37.4	8.4	12.9	19.0	16.8	18.8	24.2
ROIC after tax, %	18.1	30.2	6.4	10.4	14.4	13.6	14.4	19.5
Segment assets	3,956	2,541	837	842	1,195	1,531	5,988	4,914
Capital expenditure	331	214	65	56	180	107	576	377
Depreciation, amortisation and impairment losses	167	148	60	62	91	89	318	299
Investments in associates	0	0	9	12	0	0	9	12
Goodwill	172	83	65	57	8	7	245	147
Segment liabilities	2,350	1,592	226	230	425	865	3,001	2,687
Invested capital (IC)	1,346	755	485	488	724	637	2,555	1,880
Number of employees:								
Paid every two weeks	2,868	2,299	465	456	553	510	3,886	3,265
Engineers, technicians and administrative staff	1,293	994	350	364	377	309	2,020	1,667
Total	4,161	3,293	815	820	930	819	5,906	4,932

Geographical information	Denmark		Abroad		Group, total	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Revenue	7,577	7,109	2,843	3,145	10,420	10,254
Segment assets, non-current	1,997	1,517	414	416	2,411	1,933



The past year in Construction

Segment results (EBIT) came to DKK 248 million or 3.4% of revenue. Revenue increased by 3% to DKK 7,348 million. The Danish operations reported a revenue increase of 5% to DKK 6,357 million, while the foreign operations reported a revenue decline of 9% to DKK 991 million.

At the beginning of the financial year, EBIT was expected to constitute 4% of revenue, but in the middle of the financial year it was adjusted downwards to 3.5%. Results are influenced by the fact that some major tenders have been postponed or not won to the expected degree. Construction is currently working with exceptionally large tenders with extended preparation periods and consequently, tender costs have increased.

Revenue in Ístak hf. came to DKK 404 million against DKK 126 million last financial year. The company was included from May 2015. Revenue in Hansson & Knudsen A/S came to DKK 521 million. The company was included from January 2016.

At the end of the financial year, the volume of orders is in line with last year's level.

The segment's building activities develop positively in a market with many projects put out to tender. Aarsleff's building activities in the Copenhagen area have been stable during the past years, now constituting a significant activity. Aarsleff is now also undertaking building activities west of the Great Belt. The basis of these activities is Per Aarsleff A/S in Aarhus and Hansson & Knudsen A/S in Odense.

As a partner of Femern Link Contractors, Aarsleff signed conditional contracts for three out of the four large tunnel contracts for the Fehmarnbelt Link during the third quarter of the financial year. The total contract value is EUR 3.4 billion, and Aarsleff's share is EUR 0.5 billion. The contracts are subject to the German environmental approval, and the start date of the construction activities is still not known.

Per Aarsleff A/S performed above expectations at the beginning of the financial year. The foreign operations reported a revenue decline compared with last financial year which was characterised by a high activity on the new harbour project Värtahamnen in Stockholm. Examples of new projects during the financial year are construction of a new laboratory and logistics building at the Bispebjerg Hospital in Copenhagen, 28,000 square metres of combined residential and commercial construction at Thomas B. Thriges Gade in Odense and cooperation with the real estate company Project Nord P/S on design, building plans and budgets for development of the area near Bernstorffsgade and Tietgens Bridge in Copenhagen with a total area of approx. 39,000 square metres. In addition, Aarsleff is currently building a new railway bridge over Masned Sund between Vordingborg and the island of Masnedø according to a contract entered into with Banedanmark. All the above projects are carried out in One Company collaboration, i.e. Wicotec Kirkebjerg A/S carries out technical contracts, Aarsleff Rail A/S contributes railway expertise and Hansson & Knudsen A/S contributes expertise within building construction on Funen, in the Triangle Region and in Southern Jutland.

The performance of Wicotec Kirkebjerg A/S deviates significantly from expectations due to impairment of some of the company's projects and there was a small positive contribution to results. Wicotec Kirkebjerg carries out technical installations in a broad sense, technical service as well as cable work and district heating installations. Generally, there is a high level of activity within technical contracts, and the company has a satisfactory order intake. During the financial year, the work on the technical contract at the Psychiatric Center in Aarhus has commenced, and the company will subsequently be the operator of the 25-year facility management contract.

During the financial year, Hansson & Knudsen A/S became part of the Aarsleff Group. Results were below expectations. The integration of the company into the Group has begun and takes longer than expected. Hansson & Knudsen carries out new construction, renovation and building maintenance primarily on Funen, in the Triangle Region and in Southern Jutland.

Aarsleff Rail A/S and Anker AB are the Group's railway specialists. The companies did not perform in line with expectations at the beginning of the financial year. The order intake did not reach the expected level, however order opportunities are good, and the tender activity is high. The contract for electrification of 1,300 kilometres of railway progresses according to plan and will be in force during the next approx. eight years.



The activities of Ístak hf. are loss-making and fell short of expectations. Action plans to strengthen the company and utilise synergies with the Group's other activities are being implemented. During the financial year, the order intake was good in a positive market.

Dan Jord A/S performed in line with expectations. Generally, there is a high level of activity in the Aarhus area, e.g. infrastructure work for the development of the harbor area and the establishment of the light rail transit. Another example of completed work is the establishment of sports facilities near Bellahøj in Copenhagen.

Petri & Haugsted AS specialises in cable work and communication lines. Results fell short of expectations. During the financial year, the company renewed the contract with TDC Group for the establishment of customer-ordered fibre connections and error correction of the fibre network in all of Denmark for another three years. Adjustments and action plans have been initiated to streamline and optimise ongoing contracts as well as utilise market opportunities.

Entreprenørfirmaet Østergaard A/S carries out tunnelling, directional drilling and civil engineering work. Results were in line with expectations at the beginning of the financial year. The company is positioning itself for execution of complex tunnelling projects in connection with future climate adaptation projects in One Company collaboration with Per Aarsleff A/S.

VG Entreprenør A/S specialises in coastal protection and other marine work. Results were significantly above expectations. There was a high level of activity, not least on projects carried out in collaboration with Per Aarsleff A/S, e.g. the enlargement of Port of Frederikshavn.

In the new financial year, the level of activity is expected to be approx. 5% higher compared with 2015/2016. The segment expects an EBIT margin of 3.5%. The long-term expectation to revenue development will follow economic trends and market potentials. The long-term expectation to EBIT margin is 4.5%.



The past year in Pipe Technologies

Segment results (EBIT) came to DKK 41 million or 3% of revenue. Revenue fell by 9% to DKK 1,372 million. The Danish operations reported a revenue increase of 12% to DKK 463 million, while the foreign operations reported a revenue decline of 17% to DKK 909 million.

At the beginning of the financial year, Pipe Technologies expected an EBIT level of 4%, but expectations were adjusted to 3% in the middle of the financial year and to 2.5% after the third quarter of the financial year.

More than ever, Pipe Technologies' challenge is a race to improve efficiency and to ensure competitiveness in a market with decreasing margins and keen competition. A growing share of our installations is carried out with our internally developed LED curing system. Also, we have carried out the first installations with our internally developed glass liner, and a plan for implementation has been launched. An agreement with Uponor was made on the acquisition of Omega-Liner® which is now a part of Aarsleff's product programme.

In Denmark, the activity within sewer pipe renewal of the municipal utility companies and the housing and industry segments exceeded expectations, and earnings were in line with expectations.

Export projects within drinking water supply and wastewater, primarily carried out in Eastern Europe, performed below expectations. The low activity level is caused by the political situation in Ukraine and Russia. Capacity adjustments have been made due to the very difficult market conditions.

The results of the German subsidiary were in line with expectations. Utilisation of potential market opportunities and development of the collaboration with the other companies of the Group are still focus areas.

The companies in Sweden and Finland performed in line with expectations and are developing positively.

The companies in Poland, Russia, Ukraine and Lithuania are strongly affected by the difficult market conditions. The companies in Poland, Russia and Lithuania were loss-making, and in Ukraine, activities have been discontinued. However, we are now seeing the first EU financed tenders in the Baltic countries and in Poland.

On Pipe Technologies' new market in Norway, the activity was satisfactory during the financial year, but results were below expectations. On the new market in the Netherlands, results fell short of expectations.

In the new financial year, a growth in revenue of 5% is expected. The segment expects an EBIT margin of 3% due to the difficult market conditions. The long-term expectation to revenue development is 5 to 10% per year. The long-term expectation to EBIT margin is 5%.



The past year in Ground Engineering

Segment results (EBIT) came to DKK 129 million or 7.5% of revenue. Revenue increased by 4% to DKK 1,700 million. The Danish operations reported a revenue increase of 13% to DKK 757 million, while the foreign operations reported a revenue decline of 2% to DKK 943 million.

At the beginning of the financial year, the expectations as to segment results were an EBIT level of 6% of revenue. In the middle of the financial year, these expectations were adjusted upwards to 7% and to 7.5% in the third quarter interim financial report.

The degree of collaboration between the companies of the Ground Engineering segment has been intensified to standardise and improve the efficiency of the segment's central, market-leading precast pile system. In addition, other piling methods will be introduced with a view to meeting requests for complete supplies adjusted to the needs of the individual markets. The production in the newly established pile factory in Southern Germany has now begun. Ground Engineering is now pile contractor as well as concrete pile producer in Denmark, Sweden, the UK, Poland and Germany.

In One Company collaboration with Ístak hf., an agreement on installation of sheet piles and execution of other foundation work for the enlargement of Port of Reykjavik has been entered into during the financial year.

The results of the activities in Denmark were significantly above expectations at the beginning of the financial year driven by exceptionally high levels of demand. The activity within One Company collaboration with the other companies of the Group was high.

The specialised section for geotechnical drillings saw a high level of activity during the financial year.

The companies in the UK and Sweden performed in line with expectations.

The German company performed above expectations at the beginning of the financial year, and the production in our own pile factory has now been launched.

The Polish company performed below expectations, and the market conditions are difficult.

In the new financial year, a 10% higher level of activity is expected and an EBIT margin of 6.5%. The long-term expectation to revenue development is 5 to 10% per year. The long-term expectation to EBIT margin is adjusted to 7% against previously 6.5%.



The future financial year and strategic focus areas

In the future financial year, the Group as a whole expects a level of activity up approx. 5% on 2015/2016. EBIT is expected to amount to DKK 430 million. Investments are expected to amount to approx. DKK 500 million and are inclusive of Aarsleff's new office building in the southern part of Aarhus and acquisition of equipment for the project concerning electrification of the Danish railway, a total of approx. DKK 120 million.

Construction expects a level of activity up approx. 5% on 2015/2016 and an EBIT margin of approx. 3.5%. The civil engineering market in Denmark is still stable, even though there is a small setback in some areas. There is a high level of activity within new construction as well as building renovation in Denmark. Even though activities will still be affected by the delay of major infrastructure projects, such as the Fehmarnbelt Link, the level of activity is still expected to increase, among other things due to a full inclusion in the financial year of Hansson & Knudsen A/S, acquired in 2015/2016. EBIT will continue to be affected by high tender costs for exceptionally large tenders with extended preparation periods. The integration of the acquired companies will continue in the future financial year to increase the earnings contribution. Level of activity and earnings in connection with large projects abroad are expected to be relatively low due to a reduced number of ongoing projects.

Pipe Technologies expects a level of activity up approx. 5% on last financial year and an EBIT margin of approx. 3%. Pipe Technologies' market potential in Denmark is closely connected to the utility companies' investment level within sewer pipe renewal which is expected to be unchanged. The difficult market conditions in Poland, the Baltic countries and Russia are expected to continue in 2016/2017, and the companies are not expected to contribute significantly to results in spite of the initiated capacity adjustments. The implementation of sewer pipe renewal with our internally developed glass liner is continued gradually and expected to contribute to increased earnings over time.

Ground Engineering expects a level of activity up approx. 10% on last financial year and an EBIT margin of approx. 6.5%. Ground Engineering's market potential is good in a stable civil engineering market in Denmark, e.g. in One Company working relationships with Construction on major projects. Also, the potential on the segment's foreign markets in Sweden, the UK, Poland and Germany is expected to be positive. In 2015/2016, the segment benefitted from an exceptionally high level of demand on the Danish market. However, in the future financial year, we expect the demand to normalise, but to remain at a high level. The production launch in the new pile factory in Germany and the integration of the activities into the segment's total activities will continue in the future financial year with an expected earnings growth over time.



On the threshold of the new financial year, the Group's volume of orders is in line with last year's level.

Strategic focus areas

The Aarsleff Group has developed expertise on an international scale, allowing us to participate in large infrastructure projects in Denmark, often in collaboration with international contracting companies. The experience gained from these projects will be useful in future international business opportunities. The Group has now established a solid activity level within industrial building in the capital area and focuses on exploiting the positive market opportunities within residential building and building renovation. A new organisation west of the Great Belt is being set up to exploit the market



opportunities. Large building projects are typically carried out in One Company collaboration with a high degree of own production and with the participation of the Group companies that carry out cofferdams, piling work, underground structures, building construction and total technical contracts.

The Aarsleff Group's business model has proved to be sustainable. Our different types of activities range from single projects to activities with a high degree of repetition and fully industrialised activities in the Pipe Technologies and the Ground Engineering segments.

Aarsleff is an integrated Group with joint, basic principles of management. We combine our specialist contracting expertise into turnkey solutions with a high degree of own production. We call this One Company, and our strategy as a contracting group is underpinned by this principle.

The market for civil works and building construction still provides opportunities of profitable growth. However, it is a basic principle for the Aarsleff Group's development that earnings requirements take priority over growth. Continued improvements with consequent increased competitiveness must make growth a result more than a target.

We anticipate that a consolidated EBIT level of 5% is within reach. This level complies with the long-term targets of our segments.

At www.aarsleff.com About Aarsleff, we account for the Group's business model, mission, vision and values.

Construction will focus on positioning for future major traffic infrastructure projects, the climate and environmental challenges facing the Danish utility companies as well as increased involvement in general building activities.

The number of design and build contracts put out to tender is increasing. This calls for combinations of specialist expertise and early involvement of the contractor in the design phase. Aarsleff combines specialist skills into turnkey solutions by offering a wide range of activities supplied by our divisions and companies in own production. These skills are applied to single construction projects as well as to multi-annual framework agreements on service and maintenance work.

Last financial year, Construction implemented plans to increase the application of digital tools within design, planning and project execution. The implementation of Virtual Design and Construction (VDC) is now increasingly contributing to efficiency improvement and industrialisation in the projects as well as value creation for our customers. The focus on how to exploit this expertise has a high priority.

Pipe Technologies is among the global market leaders in the supply of trenchless pipe renewal which is a highly specialist business area. In Pipe Technologies, the challenge is to constantly industrialise and streamline the installation and production processes. The demands for competitive prices in the market for trenchless pipe renewal must be met. The object is to reduce costs in the value chain from manufacturing to installation of Aarsleff's standard products. This is vital for creating growth on new markets and for maintaining our leading position on existing markets.

Pipe Technologies focuses on future-proofing the business area by current development of a broad product portfolio and a strong technological foundation. This is done in an international framework across country borders from the division's centre of expertise in Hasselager.

Ground Engineering focuses on the incorporation of common standards as well as product and method development. This is done to increase productivity and competitiveness in manufacturing and installation on all markets.

Ground Engineering aims at becoming a market leader in Denmark and taking up a leading position in Germany, the UK, Poland and Sweden. Supply and installation of precast concrete piles have a high priority on all markets. However, other piling skills and methods are developed on the individual markets to exploit the earnings opportunities. Experience, methods and expertise are shared across country borders to continue the development of pile types, machinery as well as new methods and techniques.



Ground Engineering has pile production facilities in Denmark, the UK, Sweden, Poland and Germany. The objective is to have a leading position within production and installation of precast concrete piles on the markets where we are established. The pile production must continuously be optimised by sharing experience and coordinating parts of the production across country borders.



Long-term financial targets

The overall financial targets of the Group are an EBIT margin of 5% with significant financial resources and a high solvency ratio to mitigate risks. This will help provide the shareholders with an attractive, long-term, direct return through allocation of surplus capital as dividend payments.

	Financial year 2015/2016	Outlook for 2016/2017	Long-term financial targets
EBIT margins:			
Construction	3.4%	3.5%	4.5%
Pipe Technologies	3.0%	3.0%	5.0%
Ground Engineering	7.5%	6.5%	7.0%
The Aarsleff Group	4.0%	4.0%	Approx. 5%
Profit share (Payout ratio)	27%	-	20-30%
Equity ratio of the balance sheet (solvency ratio)	38.3%	-	Approx. 40%
Net interest-bearing debt (Measured as quarterly average)	Net deposit of DKK 90 million	-	Net debt of DKK 0 million
Return on equity (ROE)	12.7%	-	Minimum 12% per year

Growth and development

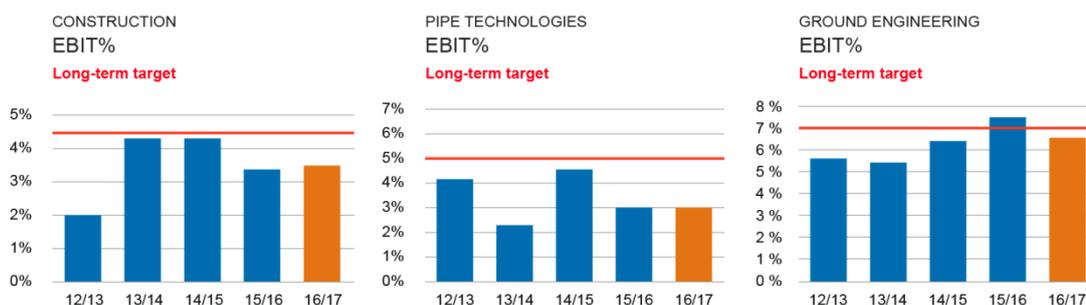
The growth and development of the Group will continue to take place through a combination of organic growth and acquisitions of specialist expertise and with the focus on profitability.

In Construction, we are making the most of the current market potential while considering our policy of selective order intake.

Within the industrial segments Pipe Technologies and Ground Engineering, our growth target is between 5% and 10% per year with the focus on international growth.

Profit and return on investment

Efficiency and productivity in all phases must contribute to continuous improvements of competitiveness and earnings. Combinations of skills into turnkey solutions together with the focus on efficiency in all phases are to increase margins and earnings.





Sound financial resources

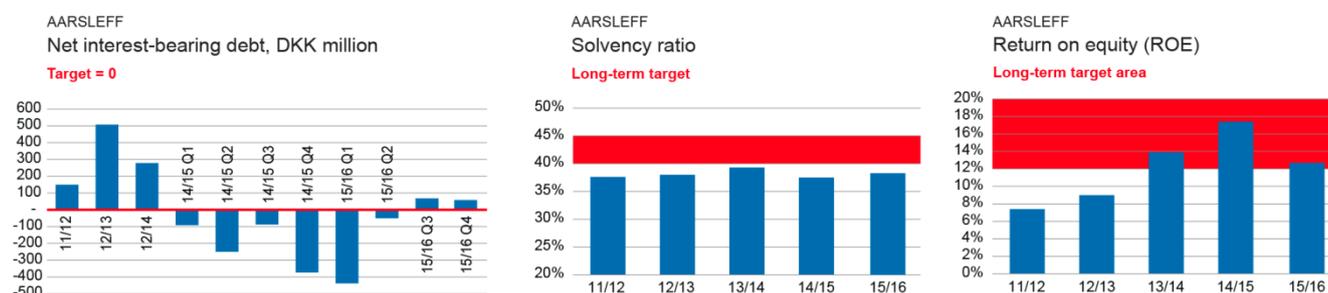
Aarsleff undertakes large-scale civil engineering projects for which only consolidated companies with sound financial resources are able to tender. A sound financial position and thus a high credit ranking allow us to strategically position ourselves for long-term and continuous development of the Group in connection with acquisition of companies as well as internal business development.

Aarsleff's ambition to have sound financial resources entails an overall target to keep net interest-bearing debt at an average of 0 per quarter. This corresponds to a solvency ratio of about 40%.

As the company receives considerable prepayments which often are available for joint ventures only, a net interest-bearing debt of 0 involves continued drawdown on the company's credit facilities.

During growth periods, the company may require new borrowing up to a certain level. However, net interest-bearing debt must not exceed 50% of equity at the beginning of the financial year (debt/equity ratio maximum 0.5).

It is a target to provide return on equity of at least 12% per year. However, realisation of the stated, long-term EBIT targets as well as targets for net debt and solvency ratio will imply a somewhat higher return on equity.



Dividend

Achievement of the targeted return on equity will imply that the expected growth can be financed by future earnings and that liquidity is generated for payment of dividend which is assessed at 20-30% of the annual profit subject to growth.

The decision as to the annual dividend distribution is made on the basis of the company's actual financial situation, comprising net interest-bearing debt, solvency ratio and outlook for the future financial year.

For the financial year 2015/2016, the proposed dividend per share of a nominal value of DKK 2 is DKK 4 against DKK 3 per share last year. This corresponds to 27% of the profit of the company.

Treasury shares

The holding of treasury shares amounts to 10%. At the Annual General Meeting in January 2017, the Board of Directors will ask the shareholders for authorisation for the next five years to allow the company to acquire treasury shares within a total nominal value of 20% of the share capital of the company. The authorisation to acquire another 10% will only come into effect in case of a special situation. Distribution to shareholders is expected to take place only in the form of dividend.



Decisions by the Board of Directors and proposals to be presented at the Annual General Meeting

The Board of Directors makes the following proposals to the Annual General Meeting:

- That a dividend of tDKK 90,600 be paid. Of this figure, tDKK 9,060 constitute dividend concerning treasury shares.
- That the Board of Directors is authorised for the next five years to allow the company to acquire treasury shares within 20% of the B share capital, corresponding to a nominal value of DKK 8,520,000 B shares. The consideration for such shares must not deviate by more than 10% from the market price at the time of acquisition.
- That the ordinary board remuneration per board member amounts to DKK 225,000 for the financial year 2016/2017 plus a multiple thereof for the deputy chairman and the chairman as well as ordinary members of the Board of Directors in accordance with the remuneration policy. The deputy chairman receives 1 times the ordinary board remuneration and the chairman receives 2 times the ordinary board remuneration. One ordinary board member receives 40% of the ordinary remuneration.

Changes to the composition of the Board of Directors

The Board of Directors proposes the following new board member:

Charlotte Strand, 55 years
MSc (Economics), Aarhus University
Senior Vice President Finance (CFO) and Executive Decision Support (EDS); DONG Energy A/S, Wind Power.

Managerial positions: DONG VE A/S (deputy chairman), DONG Vind A/S (deputy chairman), DONG Energy Power (UK) Ltd. (director) and DONG Energy Wind Power TW Holding A/S (director).

Has considerable insight into CFO responsibility for organisations in Denmark, the UK, Germany and the USA as well as considerable insight into and responsibility for Governance and Compliance. Considered an independent member.

Company announcements

12 October 2015	Aarsleff signs conditional agreement for acquisition of the shares in Hansson & Knudsen A/S
12 November 2015	Aarsleff involved in preliminary collaboration on the development of the central post office area in Copenhagen
21 December 2015	Preliminary announcement of financial statements for the financial year 2014/2015
21 December 2015	Stock split to enhance the liquidity of the Aarsleff share
29 January 2016	Annual General Meeting of Per Aarsleff A/S
7 January 2016	Aarsleff's acquisition of the shares in Hansson & Knudsen A/S has been approved
18 January 2016	Notification pursuant to section 55 of the Danish Companies Act and section 29 of the Danish law on securities trading etc.
21 January 2016	Establishment of a holding company structure in the Aarsleff Group
25 February 2016	Interim financial report for the period 1 October-31 December 2015
8 March 2016	Notification pursuant to section 55 of the Danish Companies Act and section 29 of the Danish law on securities trading etc.
8 March 2016	Notification pursuant to section 55 of the Danish Companies Act and section 29 of the Danish law on securities trading etc.
16 March 2016	Notice convening Extraordinary General Meeting of Per Aarsleff A/S
7 April 2016	The Danish Competition and Consumer Authority has commenced an investigation of Hansson & Knudsen A/S
20 April 2016	Notification pursuant to section 55 of the Danish Companies Act and section 29 of the Danish law on securities trading etc.



20 April 2016	Aarsleff company renews contract with TDC Group
9 May 2016	Aarsleff to build new bridge over Masnedsund
30 May 2016	Interim financial report for the period 1 October 2015-31 March 2016
30 May 2016	Aarsleff signs conditional contract for the Fehmarnbelt Link
17 June 2016	Notification pursuant to section 55 of the Danish Companies Act and section 29 of the Danish law on securities trading etc.
24 June 2016	Per Aarsleff Holding A/S expands its Executive Management
1 July 2016	Aarsleff close to signing contract with AP Pension in Odense
8 July 2016	Aarsleff close to signing contract concerning Bispebjerg Hospital
29 August 2016	Interim financial report for the period 1 October 2015-30 June 2016
12 September 2016	Hansson & Knudsen cleared of suspicion
21 December 2016	Preliminary announcement of financial statements for the financial year 2015/2016

Financial calendar

31 January 2017	Annual general meeting at the Group headquarters, Hasselager Allé 5, 8260 Viby J, at 15:00
3 February 2017	Dividend paid to shareholders for the financial year 2015/2016
24 February 2017	Interim financial report for the period 1 October 2016-31 December 2016
22 May 2017	Interim financial report for the period 1 October 2016-31 March 2017
28 August 2017	Interim financial report for the period 1 October 2016-30 June 2017
21 December 2017	Preliminary announcement of financial statements for the financial year 2016/2017



Management's statement

The Executive Management and Board of Directors have today considered and adopted the Annual Report of Per Aarsleff Holding A/S for the financial year 1 October 2015 - 30 September 2016.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statement Act. Moreover, the Consolidated Financial Statements and the Financial Statements are prepared in accordance with additional Danish disclosure requirements for listed companies. Management's Review is also prepared in accordance with Danish disclosures requirements for listed companies.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 30 September 2016 of the Group and the Company and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 October 2015 - 30 September 2016.

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 year and of the financial position of the Group and the company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

The annual report is submitted for adoption by the general meeting.

Aarhus, 21 December 2016

Executive management

Ebbe Malte Iversen
General Manager

Lars M. Carlsen
Deputy General Manager

Mogens Vedel Hestbæk
Group Chief Financial Officer

Jesper Kristian Jacobsen
Group Director

Board of directors

Andreas Lundby
Chairman of the Board

Jens Bjerg Sørensen
Deputy Chairman

Carsten Fode

Peter Arndrup Poulsen



Consolidated income statement

Amounts in tDKK

	July quarter		Financial year	
	2015/2016	2014/2015	2015/2016	2014/2015
Revenue	2,823,604	2,737,612	10,419,564	10,253,877
Production costs	-2,492,712	-2,413,527	-9,168,061	-9,035,795
Gross profit	330,892	324,085	1,251,503	1,218,082
Administrative expenses and selling costs	-224,828	-207,381	-833,499	-747,667
Other operating income and expenses	-146	16,211	-212	16,719
Operating profit	105,918	132,915	417,792	487,134
Profit/loss in associates and joint ventures	827	-1,153	-1,984	-3,153
Profit before interest	106,745	131,762	415,808	483,981
Net financials	-5,349	-12,242	-16,733	-29,218
Profit before tax	101,396	119,520	399,075	454,763
Tax on profit for the year	-22,563	-10,354	-94,909	-88,400
Profit for the year	78,833	109,166	304,166	366,363
Earnings per share (DKK)	3.76	53.56	14.8	18.00

Statement of comprehensive income

Amounts in tDKK

	July quarter		Financial year	
	2015/2016	2014/2015	2015/2016	2014/2015
Profit for the year	78,833	109,166	304,166	366,363
Items which may become reclassified to the income statement				
Exchange rate adjustments relating to foreign entities	2,727	-13,149	-15,854	-18,488
Fair value adjustments of derivative financial instruments, net	15,292	4,246	14,312	-4,884
Tax on other comprehensive income	-3,058	-929	-2,842	1,217
Other comprehensive income recognised directly in equity	14,961	-9,832	-4,384	-22,155
Total comprehensive income	93,794	99,334	299,782	344,208
Total comprehensive income accrues to				
Shareholders of Per Aarsleff Holding A/S	92,544	99,362	298,152	344,371
Minority shareholders	1,250	-28	1,630	-163
Total	93,794	99,334	299,782	344,208



Consolidated balance sheet

Amounts in tDKK

	30/9 2016	30/9 2015
Assets		
Intangible assets	332,748	178,144
Property, plant and equipment	2,068,981	1,743,406
Other non-current assets	18,322	17,798
Non-current assets	2,420,051	1,939,348
Inventories	225,432	210,726
Contracting debtors	2,553,926	2,154,706
Work in progress	678,638	530,874
Other receivables	142,005	92,467
Securities	195,997	196,457
Cash	317,272	865,568
Current assets	4,113,270	4,050,798
Total assets	6,533,321	5,990,146
Equity and liabilities		
Equity	2,503,431	2,265,103
Mortgage debt and credit institutions	180,264	184,008
Other debt and provisions	134,513	138,746
Deferred tax	452,457	402,416
Non-current liabilities	767,234	725,170
Mortgage debt and credit institutions	330,838	448,411
Work in progress	776,542	626,308
Trade payables	1,376,700	1,312,437
Other payables	778,576	612,717
Current liabilities	3,262,656	2,999,873
Total liabilities	4,029,890	3,725,043
Total equity and liabilities	6,533,321	5,990,146



Consolidated cash flow statement

Amounts in tDKK

	2015/2016	2014/2015
Cash flow from operating activities		
Profit before interest	415,808	483,981
Depreciation, amortisation and impairment losses	318,217	298,441
Other adjustments	-35,286	42,291
Change in working capital	-237,398	337,536
Cash flow from operating activities before net financials and tax	461,341	1,162,249
Interest received	9,519	3,865
Interest paid	-24,536	-31,488
Cash flow from ordinary activities	446,324	1,134,626
Corporation tax paid	-16,266	-10,333
Cash flows from operating activities	430,058	1,124,293
Cash flow from investing activities		
Acquisitions	-210,010	-54,856
Net investment in non-current assets	-571,724	-374,552
Investment in securities	0	-196,457
Cash flows from investing activities	-781,734	-625,865
Cash flows from financing activities	-76,927	-91,168
Change in liquidity for the year	-428,603	407,260
Opening liquidity	435,678	30,013
Exchange rate adjustment of opening liquidity	-1,716	-1,595
Change in liquidity for the year	-428,603	407,260
Closing liquidity	5,359	435,678



Statement of changes in equity, Group

Amounts in tDKK	Share capital	Reserve for exchange rate adjustments	Hedging reserve	Retained earnings	Proposed dividend	Total share-holders of Per Aarsleff Holding A/S	Minority shareholders	Total
Equity at 1 October 2014	45,300	-33,961	4,517	1,894,893	33,975	1,944,724	7,584	1,952,308
Total comprehensive income								
Profit for the year				298,576	67,950	366,526	-163	366,363
Other total comprehensive income								
Exchange rate adjustments of foreign companies		-18,533		45		-18,488	13	-18,475
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			-5,423			-5,423		-5,423
Tax on derivative financial instruments			1,329			1,329		1,329
Fair value adjustments of derivative financial instruments			539			539		539
Tax on derivative financial instruments			-112			-112		-112
Other total comprehensive income	0	-18,533	-3,667	45	0	-22,155	13	-22,142
Total comprehensive income	0	-18,533	-3,667	298,621	67,950	344,371	-150	344,221
Transactions with owners								
Dividend, minority shareholders							-849	-849
Dividend paid					-33,975	-33,975		-33,975
Dividend, treasury shares				3,398		3,398		3,398
Total transactions with owners	0	0	0	3,398	-33,975	-30,577	-849	-31,426
Equity at 30 September 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				211,582	90,600	302,182	1,984	304,166
Other total comprehensive income								
Exchange rate adjustments of foreign companies		-15,500				-15,500	-354	-15,854
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			-937			-937		-937
Tax on derivative financial instruments			220			220		220
Fair value adjustments of derivative financial instruments			15,249			15,249		15,249
Tax on derivative financial instruments			-3,062			-3,062		-3,062
Other total comprehensive income	0	-15,500	11,470	0	0	-4,030	-354	-4,384
Total comprehensive income	0	-15,500	11,470	211,582	90,600	298,152	1,630	299,782
Transactions with owners								
Dividend, minority shareholders							-299	-299
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	-299	-61,454
Equity at 30 September 2016	45,300	-67,994	12,320	2,415,289	90,600	2,495,515	7,916	2,503,431



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