

# **Interim Financial Report**

**1 October 2016 to 30 June 2017**

Investor relations presentation Q3

# Aarsleff Group 2016/2017 Q3

## Contents



### **Aarsleff Group 2015/16 Q3** **3**

Revenue  
Results  
Solvency ratio, cash flows and  
financial resources  
Construction  
Pipe Technologies  
Ground Engineering

### **The financial year 2015/16** **11**

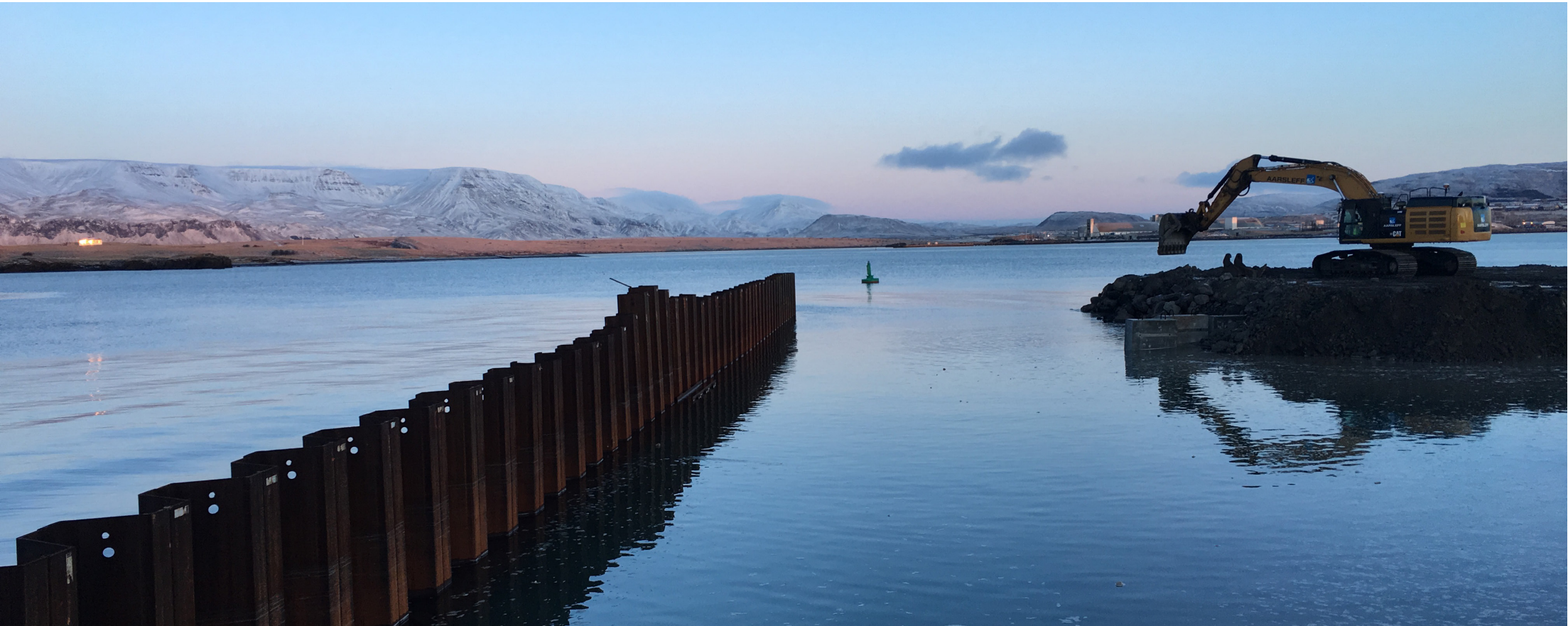
Group  
Construction  
Pipe Technologies  
Ground Engineering

### **Long-term financial targets** **17**

Attractive and stable return on equity,  
significant financial resources  
and a high solvency ratio  
Growth and development  
Profit and return on equity  
Sound financial resources

### **Financial calendar** **19**

# Aarsleff Group 2016/2017 Q3

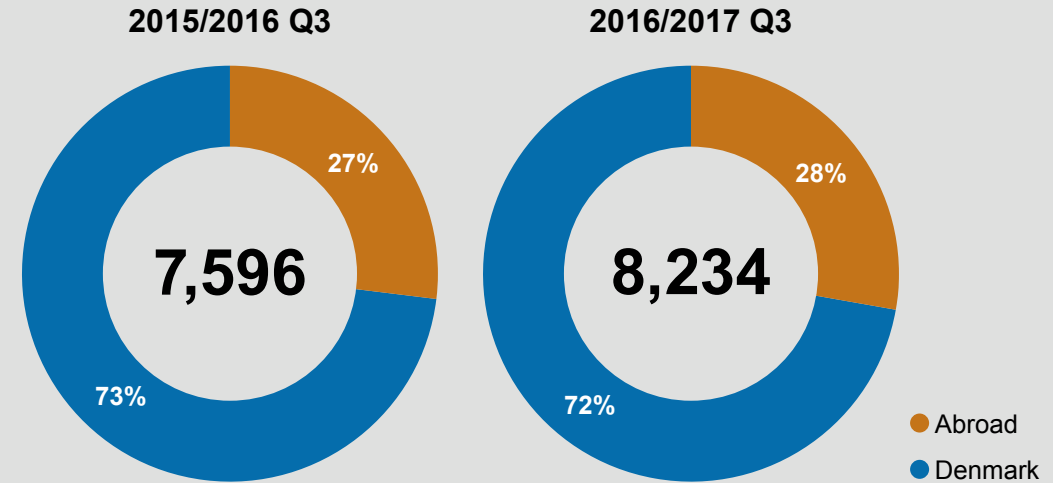


# Aarsleff Group 2016/2017 Q3

## The Group



mDKK	2015/16 Q3	2016/17 Q3
Revenue	7,596	8,234
EBIT	312	246
EBIT, %	4.1%	3.0%
Number of employees	5,886	6,169



- Operating profit (EBIT) was positive at DKK 246 million against DKK 311.9 million in the same period last financial year
- The period includes profit from the sale of Aarsleff's former main office in Aabyhøj and sale of land at a total amount of DKK 22.5 million.

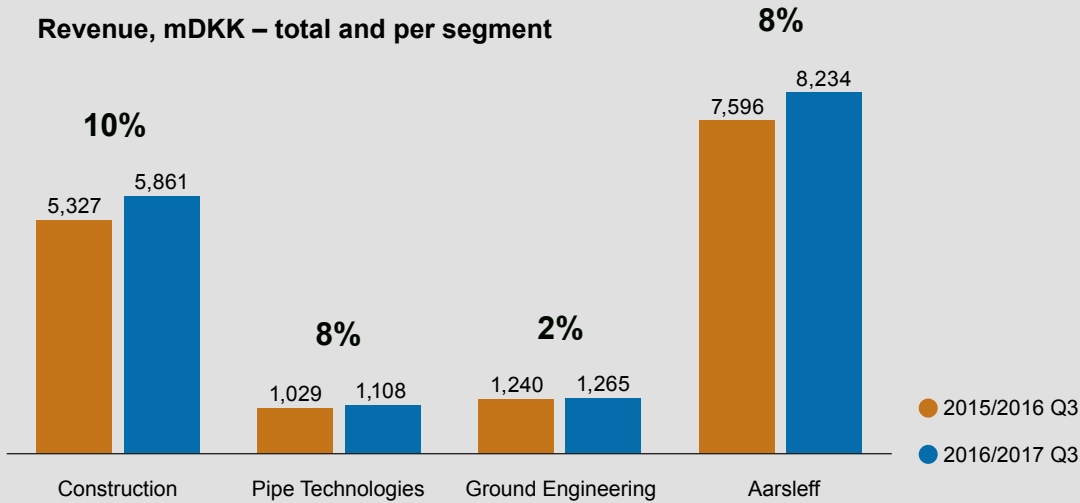


# Aarsleff Group 2016/2017 Q3

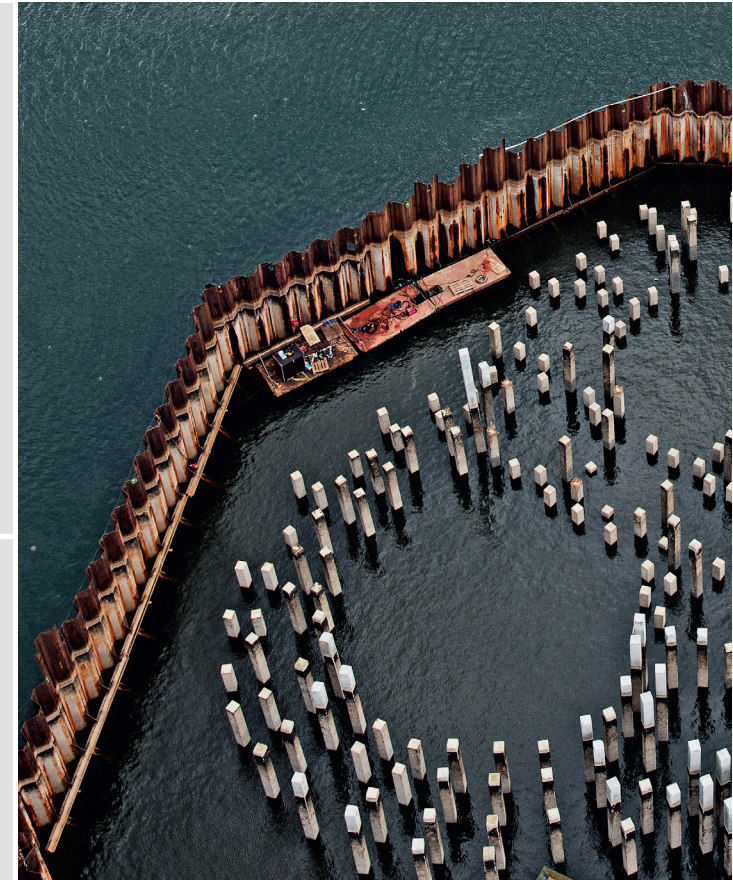
## Revenue



Revenue, mDKK – total and per segment



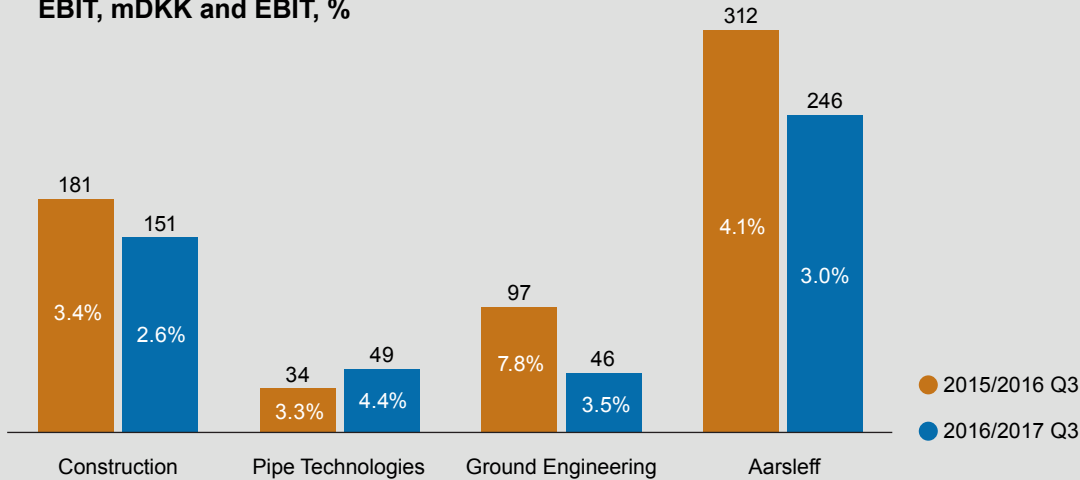
- Total growth for the Group came to 8% of which organic growth came to 6%
- The Danish operations reported growth of 6%, and the foreign operations reported a 16% revenue increase.



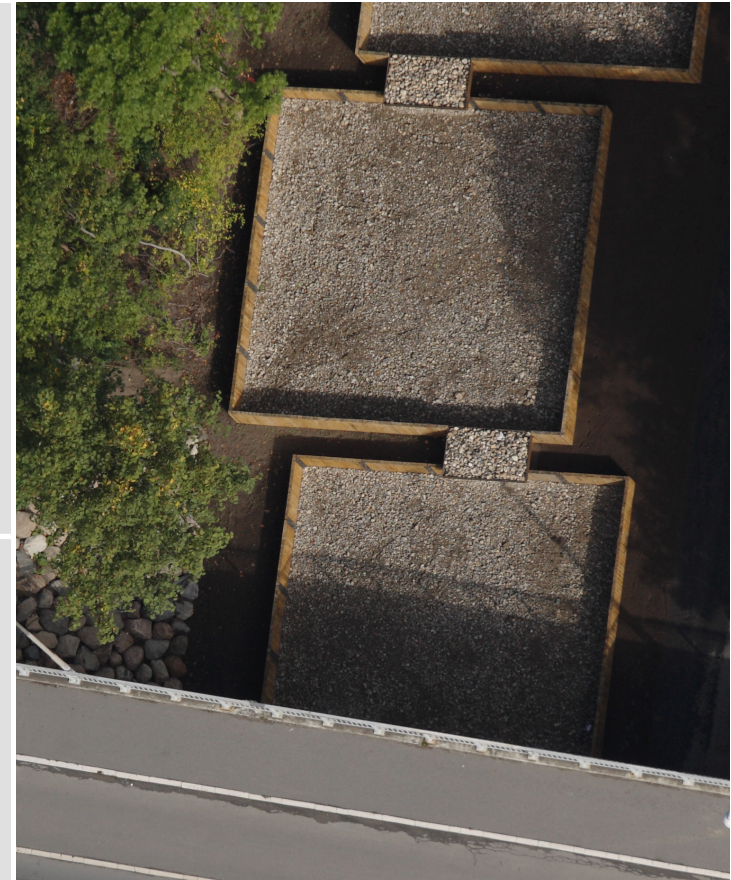
# Aarsleff Group 2016/2017 Q3 Results



EBIT, mDKK and EBIT, %

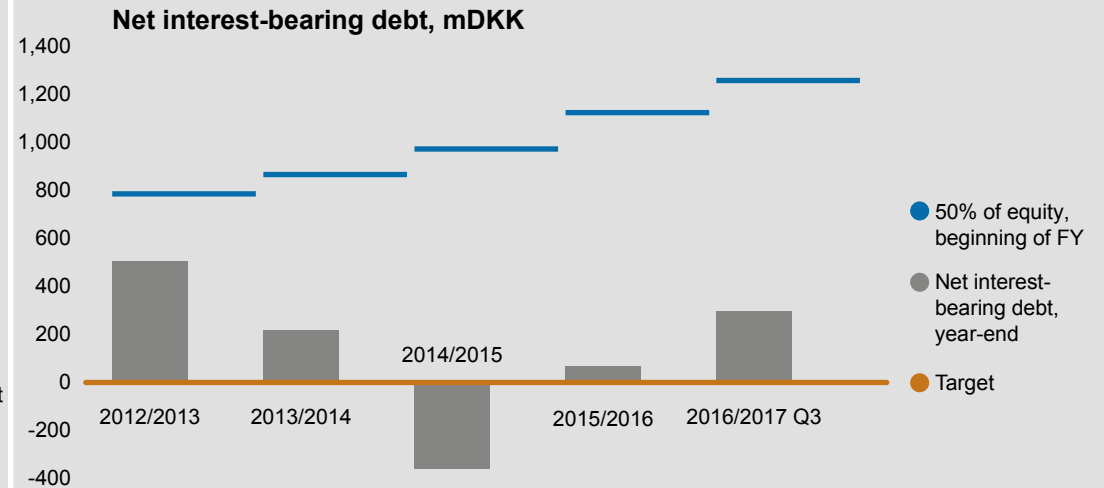
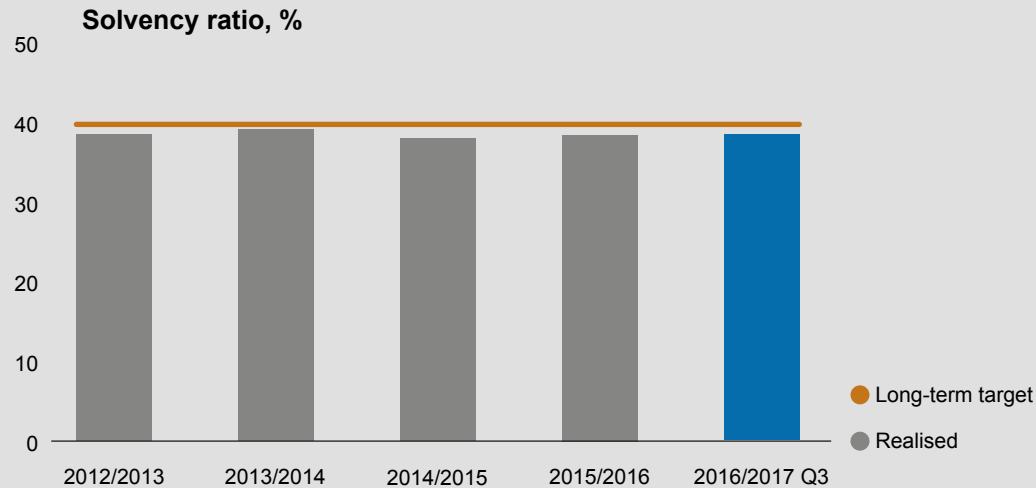


- EBIT margin came to 3.0% against 4.1% last financial year
- Administrative expenses and selling costs amount to 7.9% of revenue compared to 8% in the same period last financial year.



# Aarsleff Group 2016/2017 Q3

Investments, solvency ratio, cash flows and financial resources



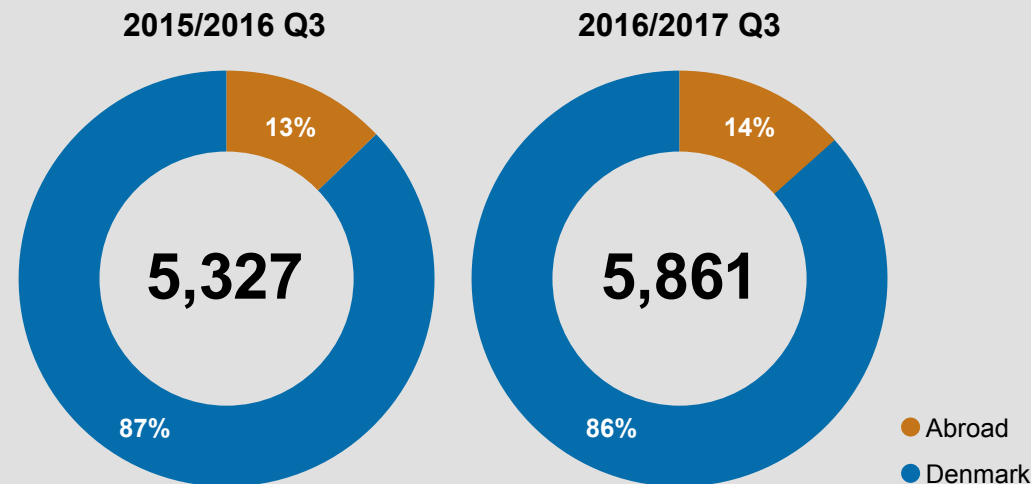
- The equity ratio is 39.0% against 38.3% at the beginning of the financial year
- The Group's net interest-bearing debt came to DKK 302 million against a net debt of DKK 61 million at the beginning of the financial year
- The liquidity of the quarter is affected by an increasing working capital as a result of a higher level of activity.

# Aarsleff Group 2016/2017 Q3

## The Construction segment



mDKK	2015/2016 Q3	2016/2017 Q3
Revenue	5,327	5,861
EBIT	181	151
EBIT, %	3.4%	2.6%
Number of employees	4,147	4,418



- Total growth of 10%: 9% increase in the Danish operations and 19% increase in the foreign operations
- Results fall short of expectations
- Third-quarter results are in line with the most recently announced expectations and particularly the Danish part of Construction of Per Aarsleff A/S generates positive earnings contribution in the quarter

- In connection with the handing over of the project in Nuuk, Greenland, extra costs have been incurred; these are included in the results of the quarter, and there is a dialogue with the client concerning different outstanding amounts. On the second phase of the project for electrification of the Danish railway network, efficiency improvements are still going on
- The results of Wicotec Kirkebjerg A/S are still unsatisfactory, and the work to strengthen the project management continues

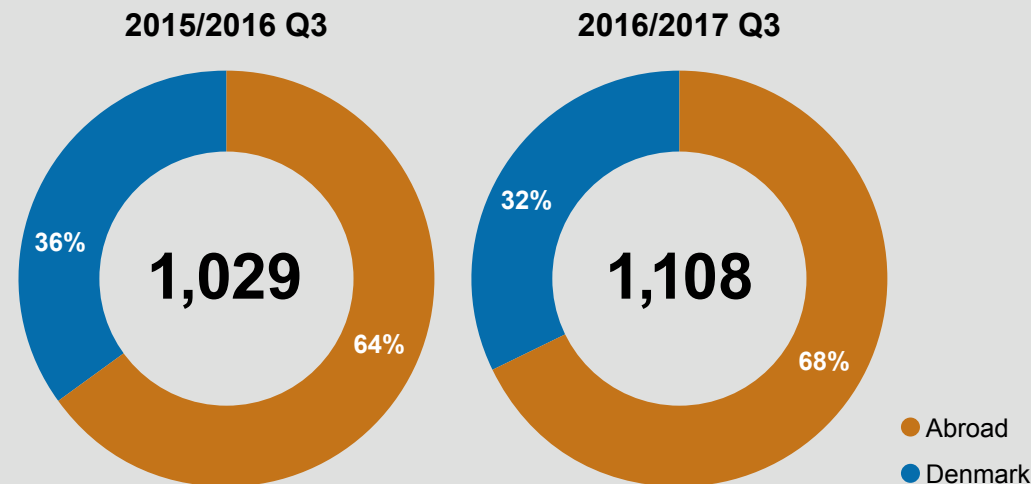
- The results of Hansson & Knudsen A/S are still affected by lack of orders earlier this year. However, contracts for a number of middle-sized orders have been entered into during the quarter.

# Aarsleff Group 2016/2017 Q3

## The Pipe Technologies segment



mDKK	2015/2016 Q3	2016/2017 Q3
Revenue	1,029	1,108
EBIT	34	49
EBIT, %	3.3%	4.4%
Number of employees	825	807



- Total growth of 8%: 2% decrease in the Danish operations and 13% increase in the foreign operations
- Results exceeded expectations at the beginning of the financial year, and the segment continues the positive development
- Overall, the results on the three main markets Germany, Denmark and Sweden exceed expectations. The markets are mature with a relatively stable annual growth but with an increasing price pressure
- In Norway, the company is developing positively, and Pipe Technologies different technologies are in demand
- The companies in Poland and Russia will be loss-making this year. However, the situation has stabilised, and positive results are expected in the next financial year.

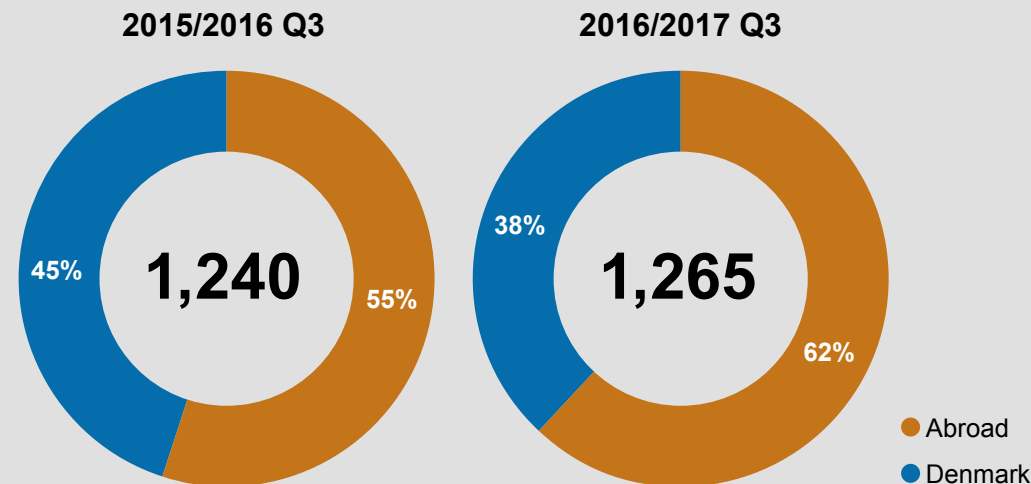


# Aarsleff Group 2016/2017 Q3

## The Ground Engineering segment



mDKK	2015/2016 Q3	2016/2017 Q3
Revenue	1.240	1.265
EBIT	97	46
EBIT, %	7,8%	3,5%
Number of employees	914	944



- Total growth of 2%: 13% decrease in the Danish operations and 14% increase in the foreign operations
- Results fall short of expectations
- The results in Denmark are lower than expected due to a bad capacity utilisation
- The company in Sweden is developing positively, and results are above expectations. The piling activities in Germany are in line with expectations, and there is an increasing level of activity on the newly established pile factory
- In the UK, there has been an unexpected slowdown in the market, and the results of the company are below expectations. Capacity adjustments have been made
- After a difficult year with capacity adjustments in Poland, the order intake has now improved, and the market conditions have enhanced.

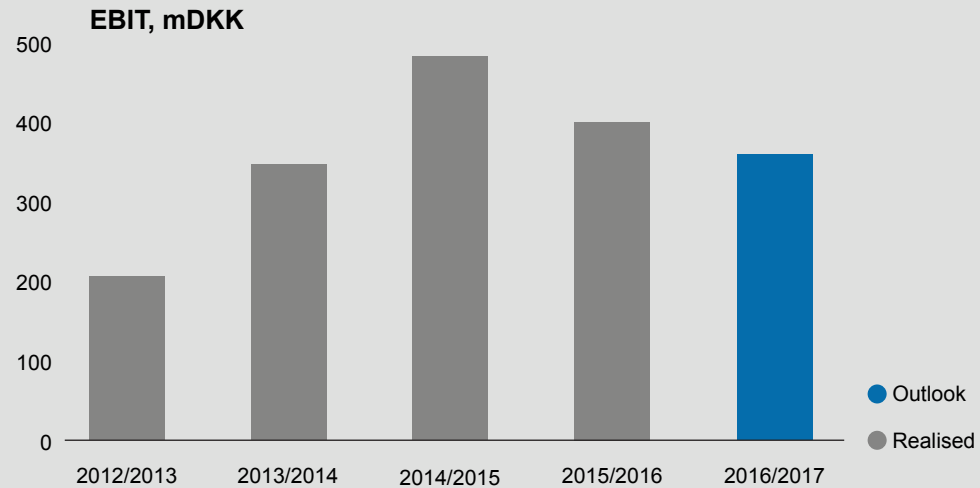
# The financial year 2016/2017



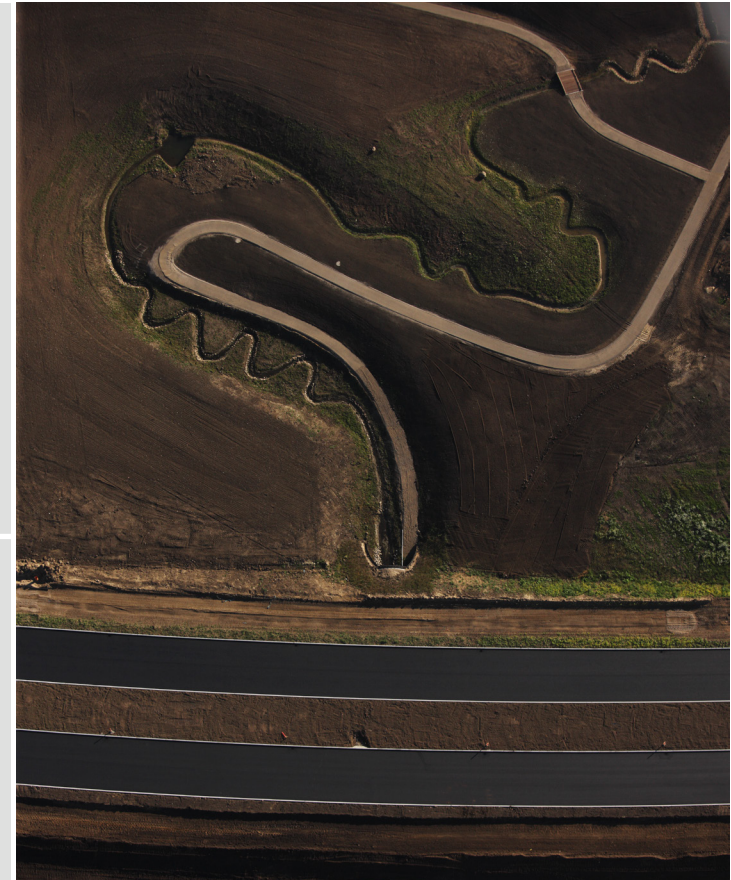


# The financial year 2016/2017

## The Group

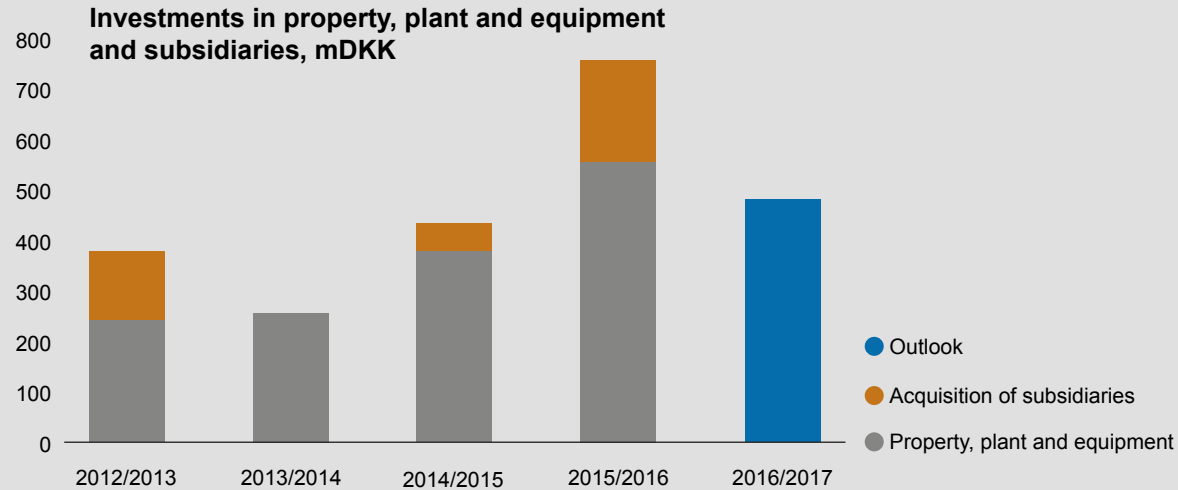


- We maintain our expectations for an EBIT level of DKK 375 million for the financial year
- Revenue is expected to result in continued growth of approx. 6% against 5% last financial year.

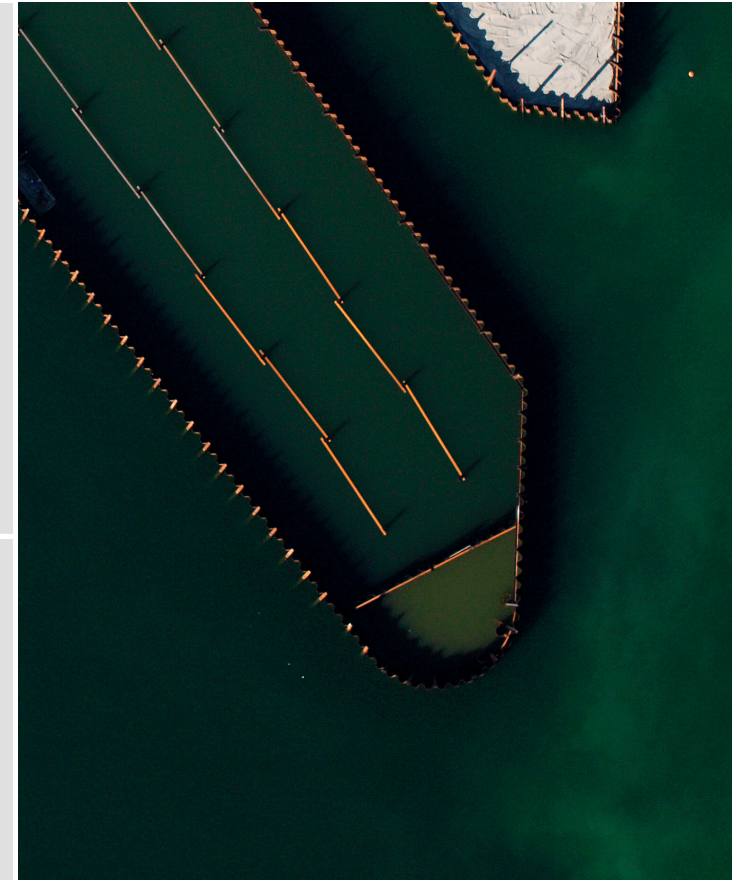


# The financial year 2016/2017

## The Group

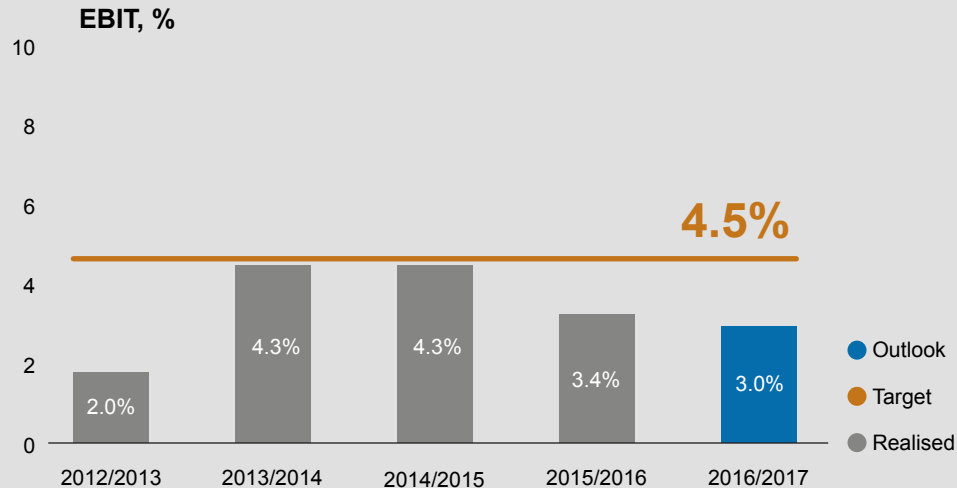


- Investments are still expected to amount to approx. DKK 500 million and are inclusive of Aarsleff's new office building in the southern part of Aarhus and acquisition of equipment for the project concerning electrification of the Danish railway, a total of approx. DKK 120 million.



# The financial year 2016/2017

## The Construction segment



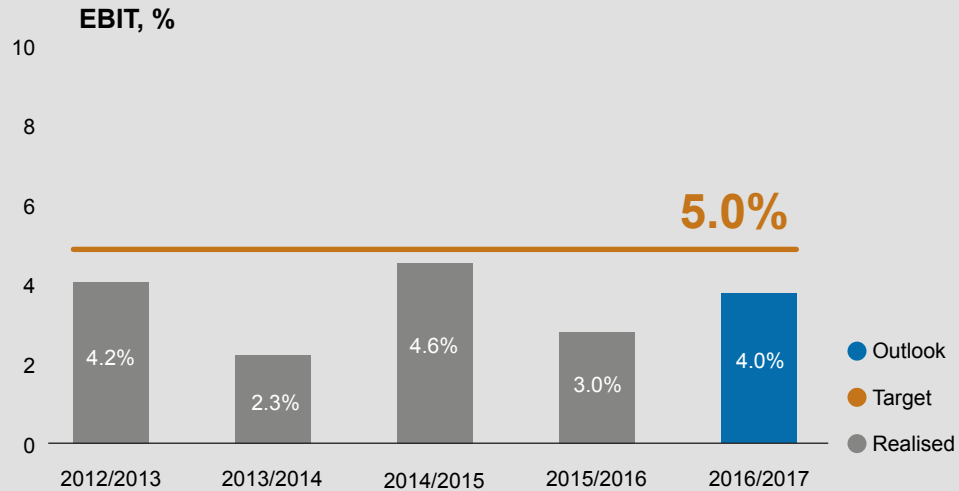
- For the full financial year 2016/2017, expectations are maintained for an EBIT margin of approx. 3%
- Expectations for revenue are changed to a growth of approx. 7% against previously approx. 5%
- There are still many opportunities in the market, particularly within construction activities in and around the large cities
- In the market for civil engineering projects, there is an increasing level of activity within harbour construction, establishment of data centres as well as large infrastructure tenders for the metro line to Sydhavnen, the light rail line in Copenhagen and the Storstrøm Bridge.





# The financial year 2016/2017

## The Pipe Technologies segment

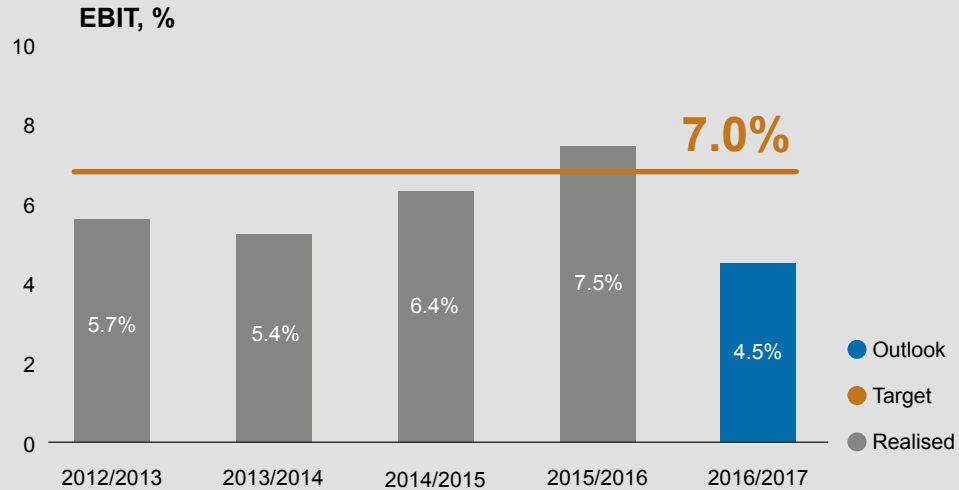


- For the full financial year 2016/2017, an EBIT margin of approx. 4% is expected against previously approx. 3.5%
- Expectations for revenue are changed to a growth of approx. 7% against previously 5%.

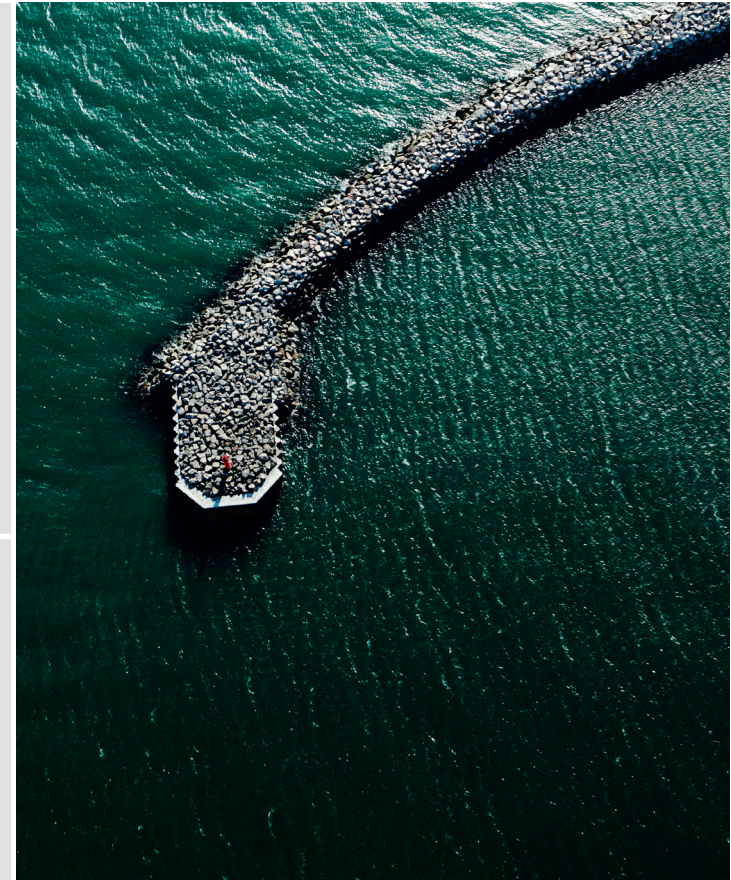


# The financial year 2016/2017

## The Ground Engineering segment



- Expectations for the full year revenue are changed, and growth is reduced from 10% to approx. 3%
- The EBIT margin is now expected to amount to approx. 4.5% against previously approx. 5.0 %.



# Long-term financial targets

Attractive and stable return on equity, significant financial resources and a high solvency ratio



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

# Long-term financial targets

## Growth and development



- Growth takes place through a combination of organic growth, acquisition of specialist contracting expertise and with a 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



# Financial calendar





# Financial calendar



## **21 December 2017**

Preliminary announcement of financial statements for the financial year 2016/2017