

Annual Report

1 October 2016 to 30 September 2017

Investor relations presentation Q4

Aarsleff Group 2016/17

Contents



Aarsleff Group 2016/17	3	The future financial year and medium-term EBIT margin target	11
Group		Group	
Revenue		Construction	
Results		Pipe Technologies	
Investments, solvency ratio, cash flows, financial resources and dividend		Ground Engineering	
Construction			
Pipe Technologies		Financial calendar	19
Ground Engineering			

Aarsleff Group 2016/17

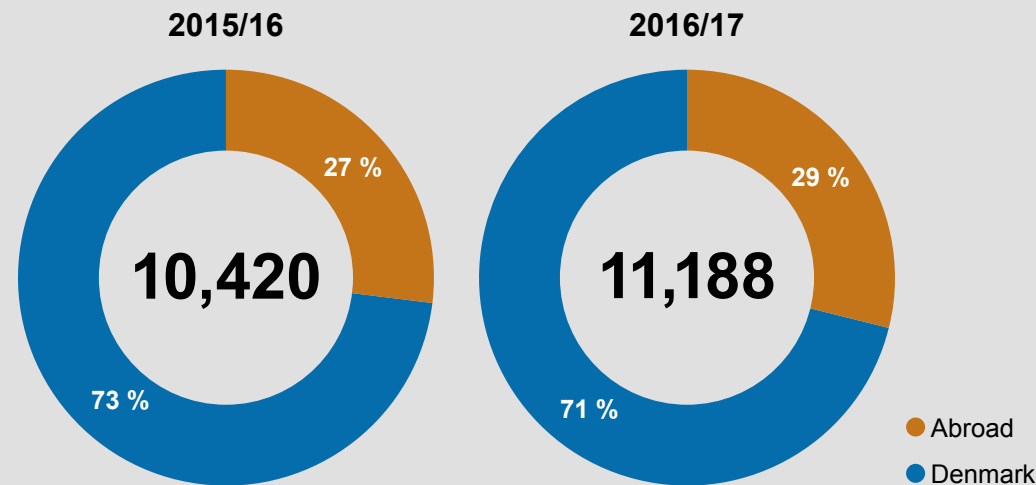


Aarsleff Group 2016/17

Group



mDKK	2015/16	2016/17
Revenue	10,420	11,188
EBIT	416	380
EBIT, %	4.0 %	3.4 %
Number of employees	5,906	6,203



- Consolidated revenue growth came to 7.4% of which 5.1% was organic growth
- The Danish operations reported growth of 5.1%, and the foreign operations reported a 13.3% revenue increase

- Earnings expectations were EBIT of DKK 430 million at the beginning of the financial year and were adjusted downwards to EBIT of DKK 375 million after Q2
- Profit before tax came to DKK 364 million against DKK 399 million last financial year

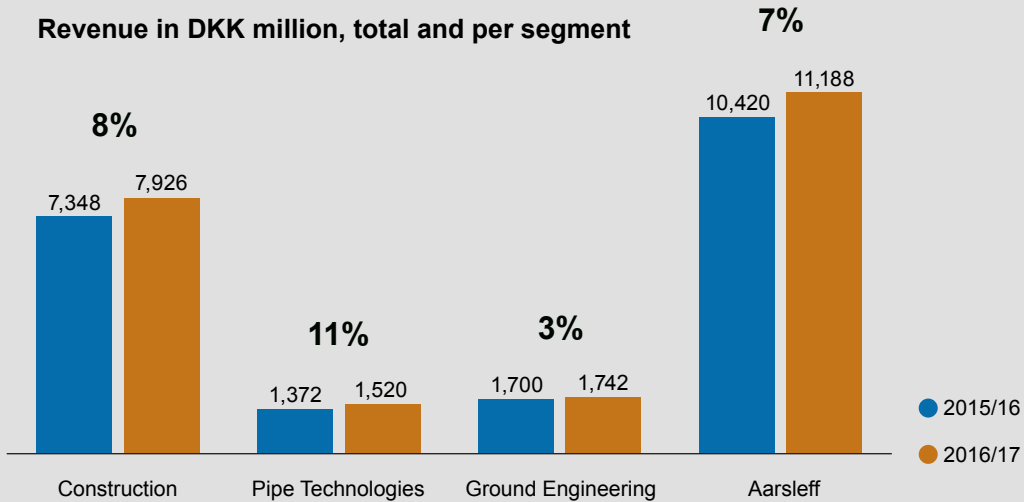
- Profit after tax came to DKK 269 million against DKK 304 million last financial year

Aarsleff Group 2016/17

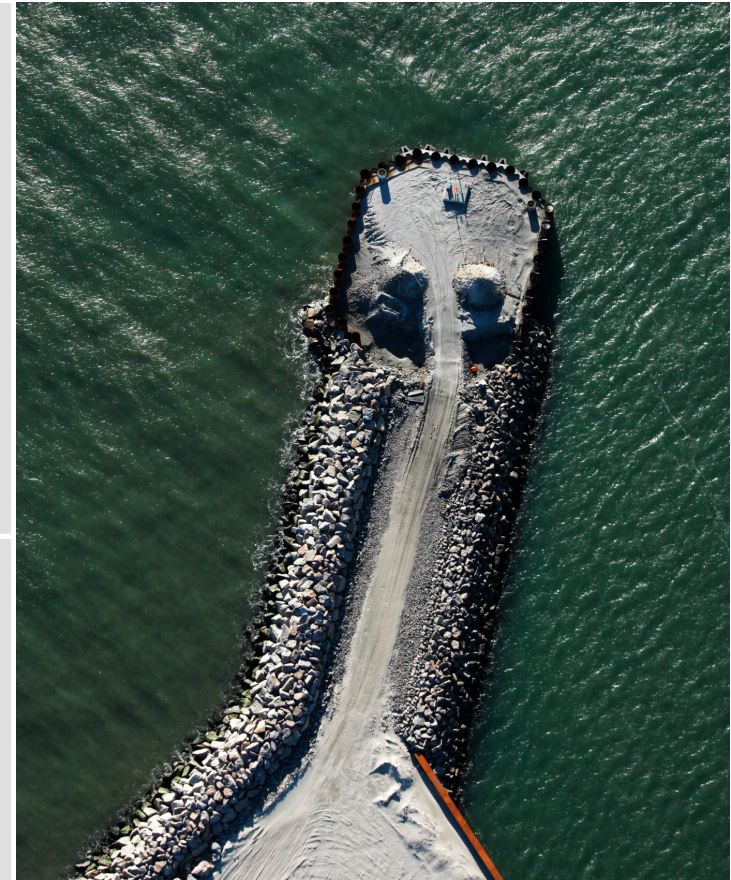
Revenue



Revenue in DKK million, total and per segment



- The high level of activity in Denmark resulted in increasing revenue in Construction
- Pipe Technologies has increased revenue on the three main markets in Germany, Denmark and Sweden
- In Ground Engineering, revenue increased slightly with decreasing revenue in Denmark and increasing revenue abroad

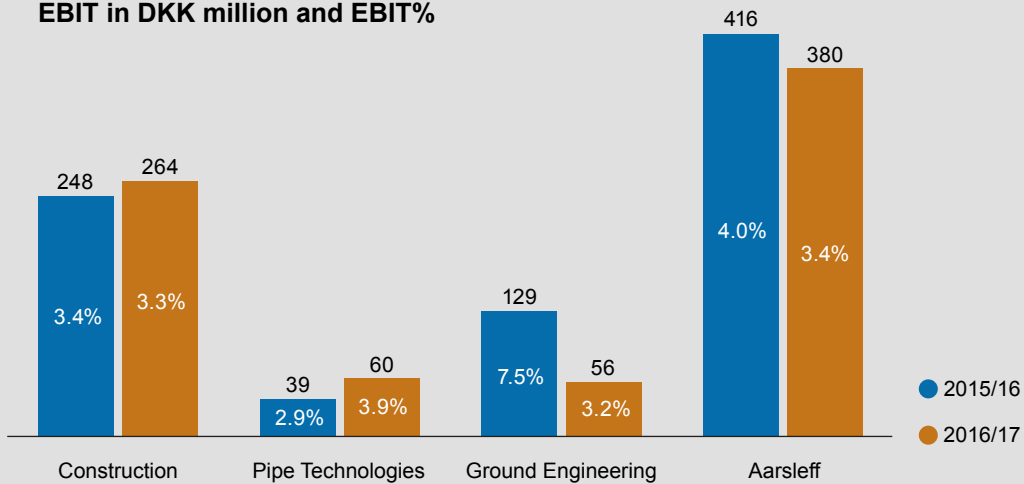


Aarsleff Group 2016/17

Results



EBIT in DKK million and EBIT%

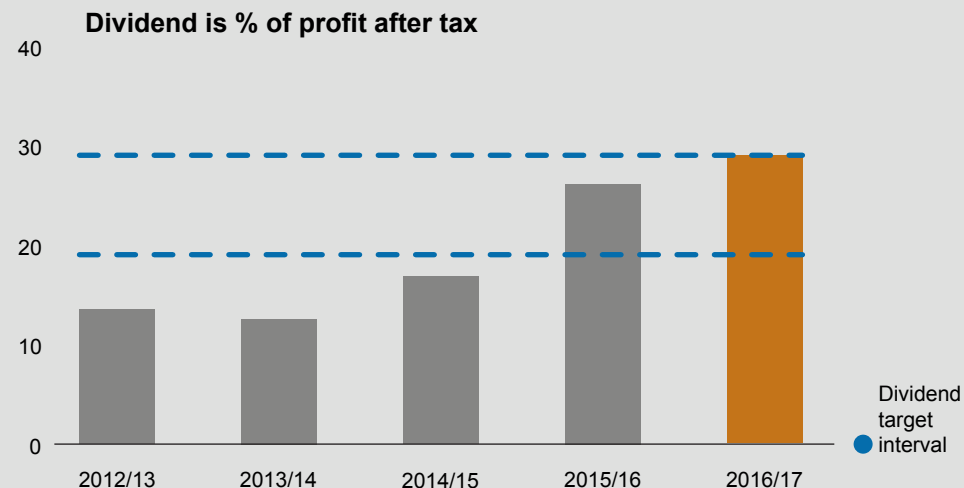
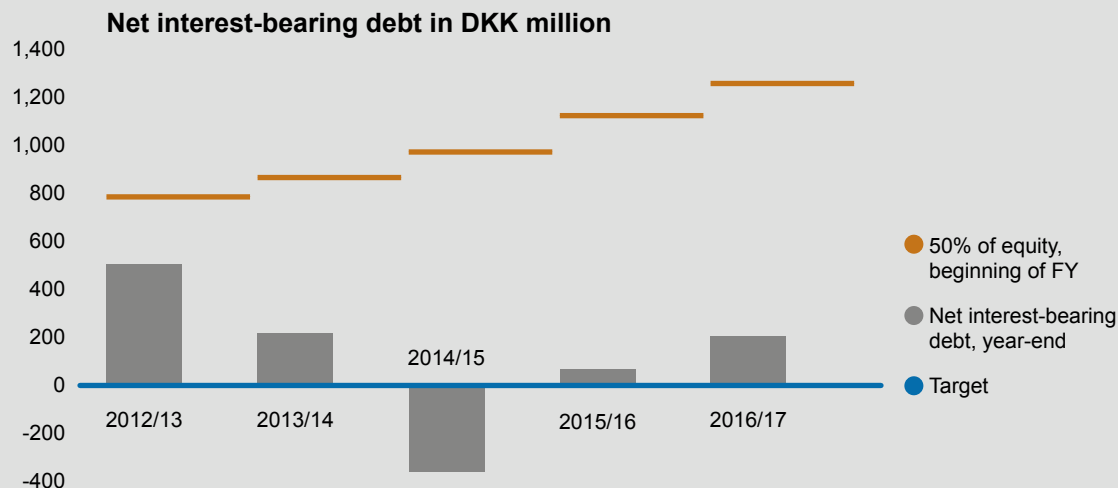


- Construction reported EBIT slightly below expectations
- Results in Ground Engineering were significantly below expectations, while Pipe Technologies reported satisfactory results
- Return on invested capital after tax came to 10.3% compared to 14.4% last financial year
- Administrative expenses and selling costs increased from DKK 834 million to DKK 901 million or by 67 million corresponding to an increase of 8%, now amounting to 8.1% of revenue compared to 8% last financial year
- The financial year includes profit from the sale of the former main office in Aarhus and sale of land at a total amount of DKK 22.5 million before tax



Aarsleff Group 2016/17

Investments, solvency, cash flows, financial resources and dividend



- Total investments came to DKK 490 million. In the financial year, major investments were made in equipment for electrification of the Danish railway network, completion of new headquarters in Aarhus as well as acquisition of Olimb
- Cash flows from operating activities with deduction of investments came to a positive liquidity flow of DKK 3 million against a negative liquidity flow of DKK 352

million last financial year. The year is influenced by a reduced investment level and a continued high level of activity

- Equity amounted to 38.4% of the balance sheet total against 38.3% at the end of last financial year
- The Board of Directors proposes a dividend of DKK 4 per share of a nominal value of DKK 2 corresponding to

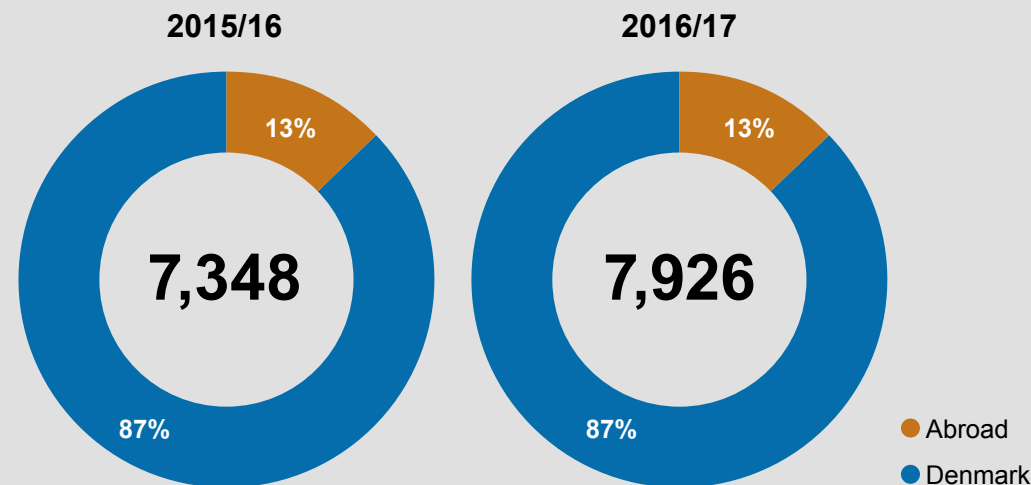
a payment of DKK 82 million

Aarsleff Group 2016/17

Construction



mDKK	2015/16	2016/17
Revenue	7,348	7,926
EBIT	248	264
EBIT, %	3.4%	3.3%
Number of employees	4,161	4,327



- Total growth of 7.9% of which 4.9% is organic growth
- Danish operations generated growth of 7.9% and foreign operations generated growth of 7.8%
- High level of activity in Denmark, especially within building construction in Greater Copenhagen, harbour expansions as well as establishment of data centres

- The foreign revenue share is maintained, but the low level of activity of Per Aarsleff A/S is offset by a high level of activity in Ístak hf.
- At the beginning of the financial year, EBIT was expected to amount to 3.5% of revenue, but it was adjusted downwards to 3% after Q2. Results are affected by losses on several single projects, involving total write-

downs of approx. DKK 60 million in the first half of the financial year

- The order intake came to DKK 7,367 million in the financial year
- In Per Aarsleff A/S, the results of the Danish activities were satisfactory

Aarsleff Group 2016/17

Construction



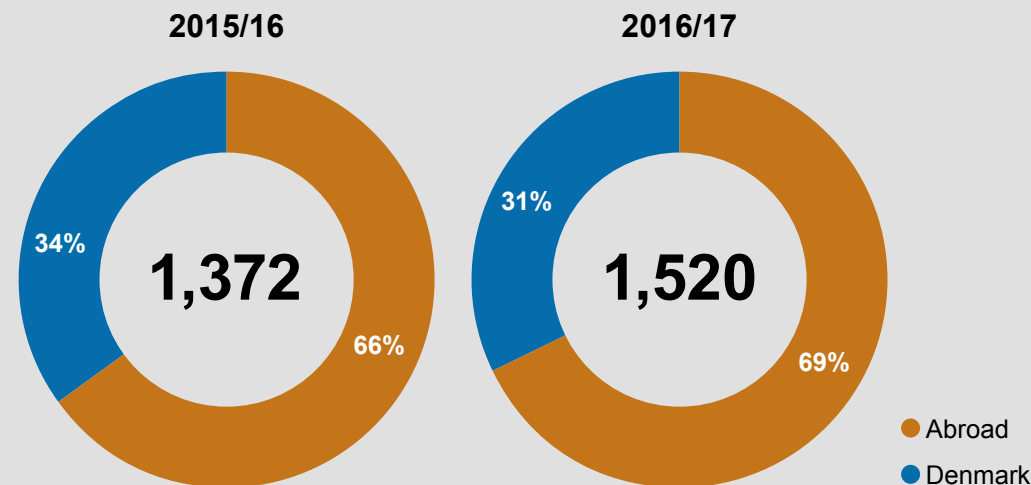
- **Per Aarsleff A/S**
Results exceeded expectations. The activities abroad were influenced by a low order intake and write-downs on two projects in Greenland which have now been completed
- **Wicotec Kirkebjerg A/S**
Loss-making results deviate significantly from expectations due to impairment of some single projects. The company's project organisation is being evaluated with a view to improving the management of large-scale and complex technical contracts
- **Hansson & Knudsen A/S**
Results were significantly below expectations. Low order intake at the beginning of the year and write-downs concerning a legal settlement on a completed project
- **Aarsleff Rail A/S**
Results fell short of expectations. The order intake was satisfactory. The first two phases of the electrification project did not progress satisfactorily, and efforts are made to increase earnings on the subsequent phases. In Norway, a new company has been established
- **Ístak hf.**
Results develop positively as expected. The order backlog is good, and as a result of enhanced project execution there were significant profit improvements
- **Dan Jord A/S**
Results were in line with expectations, and generally there is a high level of activity in the Aarhus area
- **Petri & Haugsted AS**
Results fell short of expectations. Adjustments were made to reduce capacity costs. The effect of these will not show until the next financial year
- **Entreprenørfirmaet Østergaard A/S**
Results were below expectations
- **VG Entreprenør A/S**
Results exceeded expectations There was a high level of activity, not least on projects carried out in collaboration with Per Aarsleff A/S, e.g. port expansions in Frederikshavn and Esbjerg

Aarsleff Group 2016/17

Pipe Technologies



mDKK	2015/16	2016/17
Revenue	1,372	1,520
EBIT	39	60
EBIT, %	2.9%	3.9%
Number of employees	815	848



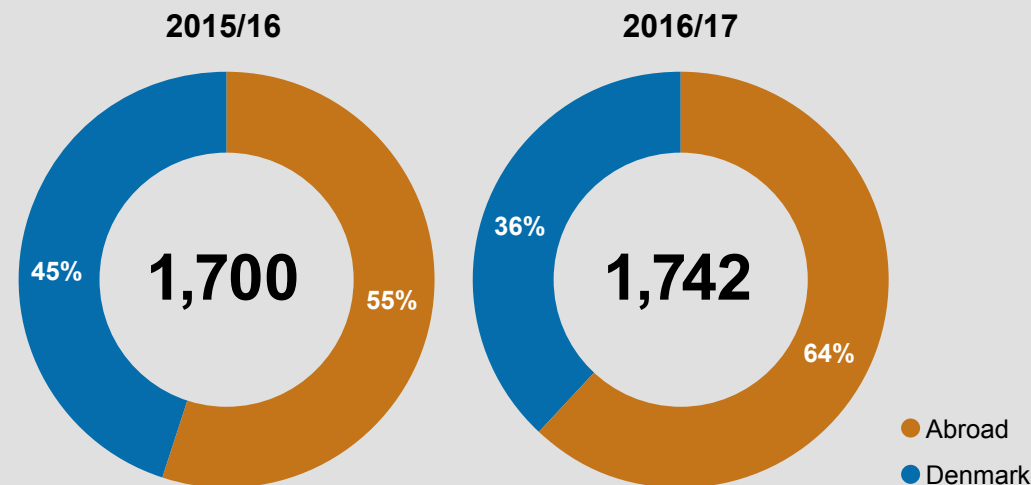
- Revenue increased by 10.8% of which 9.5% is organic
- The Danish operations reported a revenue increase of 2.6%, and the foreign operations reported a revenue increase of 15%
- At the beginning of the financial year, EBIT was expected at 3%, adjusted to 3.5% after Q2 and to 4% after Q3
- The order intake was DKK 1,669 million of which DKK 135 million concern the acquisition of Olimb
- Focus on ongoing efficiency improvement in a market with keen competition
- Increasing demand for the Group's internally developed LED curing system which is also sold to third party as system selling. The implementation of the internally developed glass liner progresses as planned
- Effective from September 2017, Aarsleff acquired 51% of Olimb Group's pipe renewal activities with an option to buy the remaining shares. Revenue of approx. DKK 165 million per year
- Overall, the results on the three main markets Germany, Denmark and Sweden exceeded expectations. The German company intensified its focus on the Dutch market, where all the activities previously were carried out in joint venture with a local partner
- The companies in Poland and Russia were loss-making. The situation has stabilised, and positive results are expected in the future financial year
- The activities in Norway developed positively, and this tendency will be intensified by the acquisition of Olimb

Aarsleff Group 2016/17

Ground Engineering



mDKK	2015/16	2016/17
Revenue	1,700	1,742
EBIT	129	56
EBIT, %	7.5%	3.2%
Number of employees	930	1.028



- Revenue increased by 2.5%, a decrease in the Danish operations of 16.4% and an increase in the foreign operations of 17.6%
- At the beginning of the financial year, EBIT was expected at 6.5%, adjusted to 5% after Q2 and to 4.5% after Q3
- The order intake was DKK 1,760 million in the financial year, comprising a contract for the tower Karlatornet in Gothenburg
- Continued efficiency improvements and standardisation of the central pile system across country borders

- Other piling methods will be introduced with a view to meeting requests for complete supplies adjusted to the needs of the individual markets
- The results in Denmark are lower than expected due to a bad capacity utilisation. The pile factory performed satisfactorily
- The company in Sweden developed positively, and results are above expectations. The capacity of the pile factory increased, and additional piling methods were successfully introduced

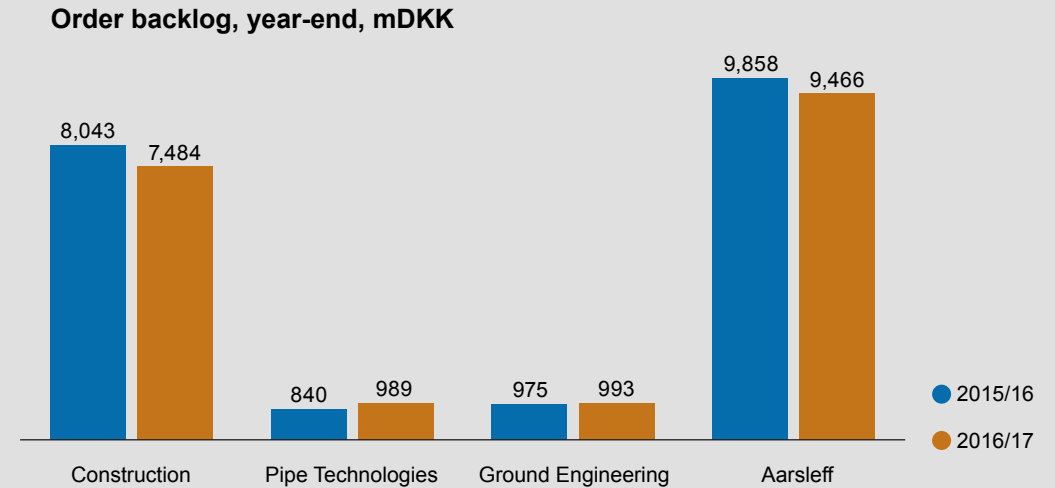
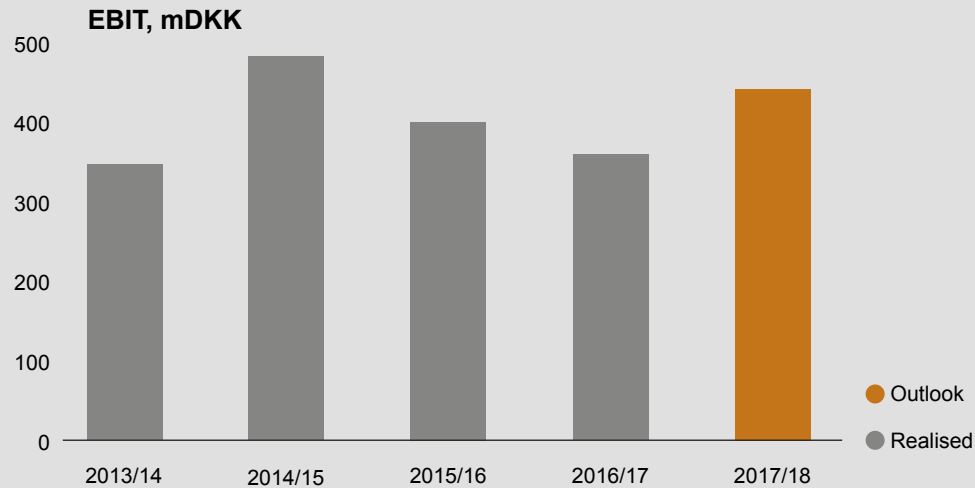
- The activities in Germany were in line with expectations. High level of activity within wind turbine foundations. At the newly established pile factory, the level of activity is increasing, mainly concerning supplies for Switzerland
- In the UK, results were significantly below expectations due to a slowdown in the market and conclusion of low-profit contracts. Initiated capacity adjustments have affected results negatively by DKK 10 million
- In Poland, results fell short of expectations. There is a slowdown in the market, however with improved order intake towards the end of the year

The future financial year and medium-term EBIT margin target



The future financial year 2017/18

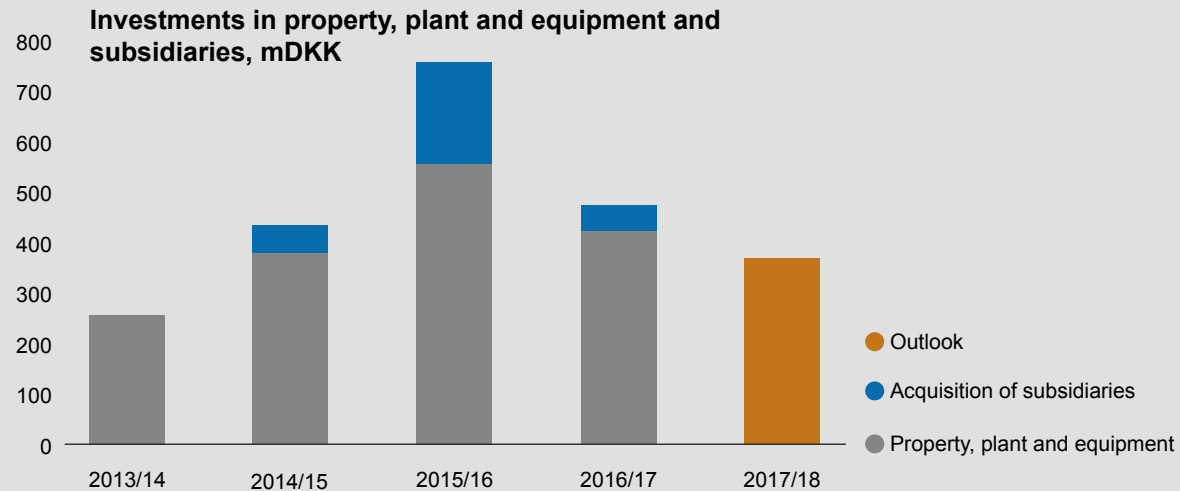
Group



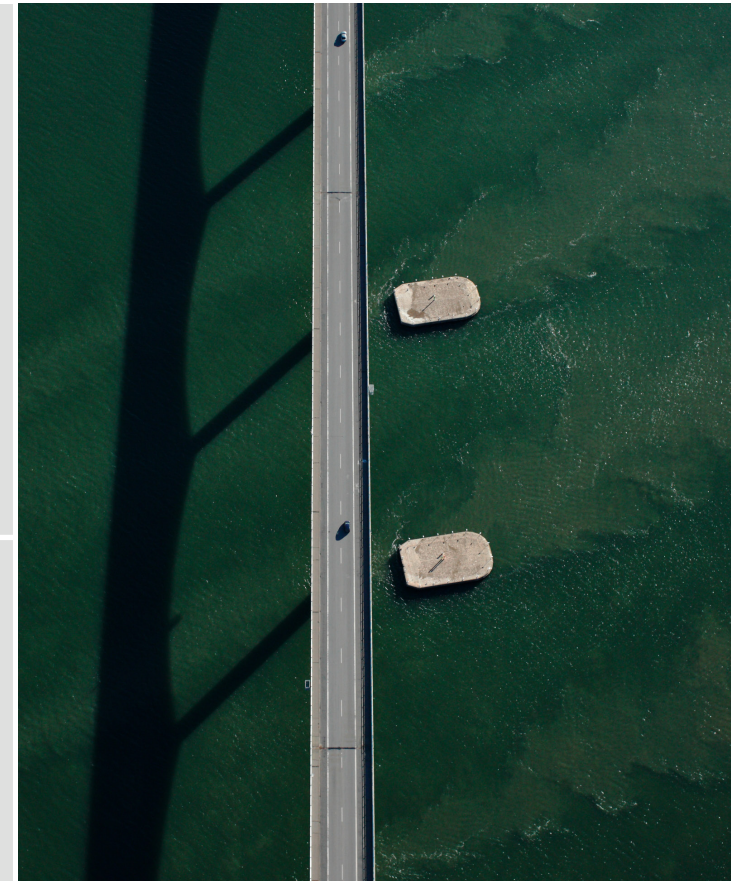
- The Group as a whole expects a revenue level approx. 5% up on the financial year 2016/17 of which 2% is attributable to the acquisition of the Norwegian company Olimb Group's pipe renewal activities
- EBIT is expected to amount to DKK 450 million against DKK 380 million last financial year

The future financial year 2017/18

Group

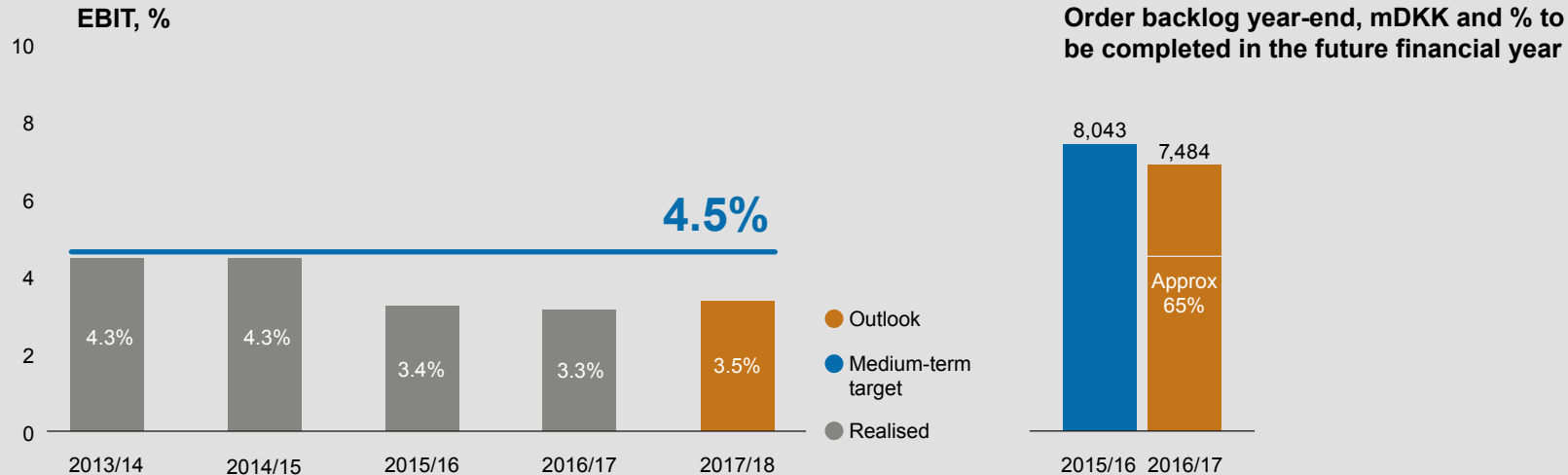


- Investments in property, plant and equipment are expected to amount to DKK 385 million compared to DKK 442 million last financial year



The future financial year 2017/18

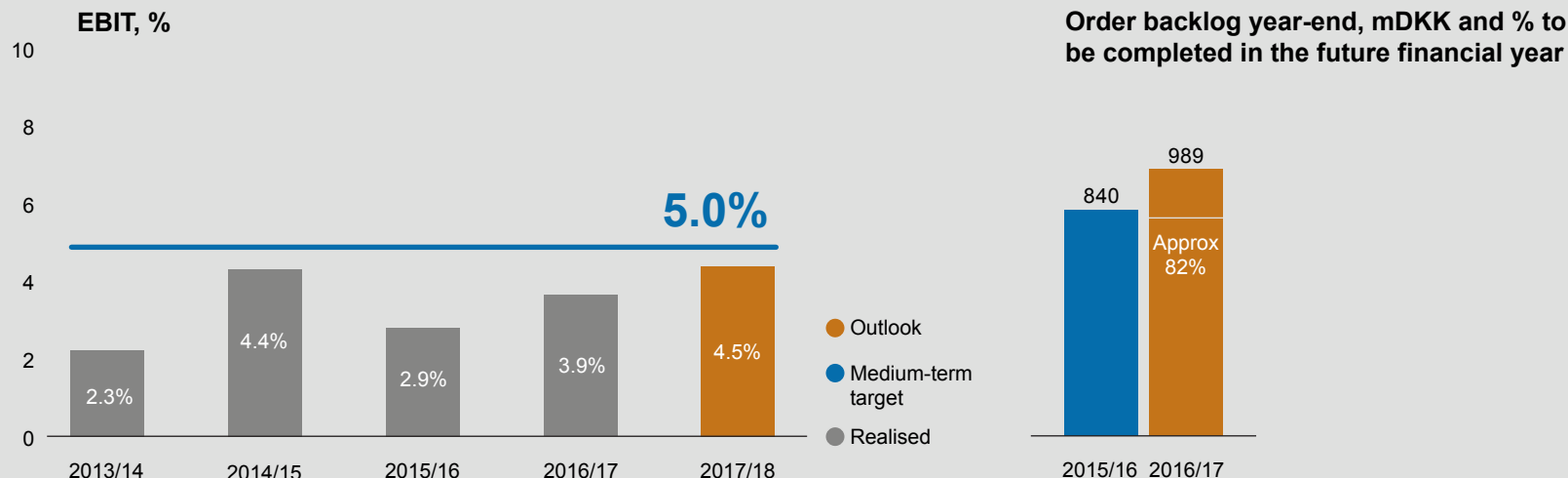
Construction



- Approximately the same revenue level
- The Danish civil engineering market remains stable with good opportunities as a result of harbour project tenders and establishment of data centres
- In Denmark, there is a high level of activity within new construction as well as building renovation
- Strengthening of the management and selective tendering for projects abroad are expected to result in profit improvements
- The efforts of Wicotec Kirkebjerg A/S and Hansson & Knudsen A/S towards secure project execution and consolidation are expected to lead to profit improvements
- Ístak hf. is expected to continue the positive momentum in a positive market

The future financial year 2017/18

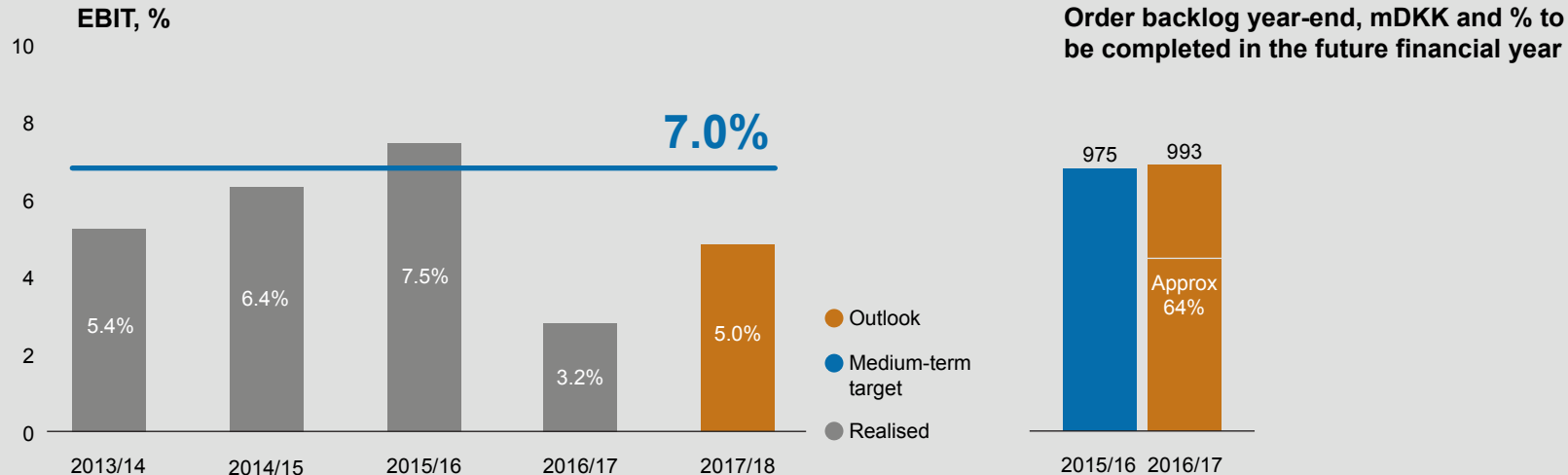
Pipe Technologies



- Approx. 15% growth in revenue. Growth excluding the effect of the acquisition of Olimb is expected to amount to approx. 5%
- Results will be affected by amortisation of intangible assets of DKK 10 million, primarily involving the order backlog in connection with the acquisition of Olimb
- Pipe Technologies' market potential in Denmark is closely connected to the utility companies' investment level which is expected to be unchanged
- The activities in Olimb and the Group's other activities will be integrated with a view to creating synergy and exploiting the potential opportunities on the Norwegian market
- The difficult market conditions in Poland and the Baltic countries are expected to improve due to an increasing number of EU supported projects
- In Russia, the order intake is increasing but the political conditions remain unstable
- In Germany, Sweden and Finland we expect stable market conditions

The future financial year 2017/18

Ground Engineering



- A 5% increase in revenue level
- In Denmark, we expect an increasing level of activity within establishment of construction pits and a continued high demand for piles as a result of the high number of building activities
- The opportunities in Sweden and Germany are expected to be positive. However, lately there is uncertainty about the German wind turbine market. The newly established pile factory in Southern Germany expects an increasing level of activity
- There is a slowdown on the British market, and capacity adjustments were made
- In Poland the market conditions are improving, and the order intake is good.

Financial calendar



Financial calendar



31 January 2018

Annual general meeting at the Group headquarters, Hasselager Allé 5, Viby J

5 February 2018

Dividend paid to shareholders for the financial year 2016/17

28 February 2018

Interim financial report for the period 1 October-31 December 2017

28 May 2018

Interim financial report for the period 1 October 2017-31 March 2018

28 August 2018

Interim financial report for the period 1 October 2017-30 June 2018

20 December 2018

Announcement of financial statements for the financial year 2017/18