

# INTERIM FINANCIAL REPORT FOR THE PERIOD 1 OCTOBER 2019-30 JUNE 2020



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

## KEY HIGHLIGHTS FROM THE FIRST NINE MONTHS OF THE FINANCIAL YEAR

- Pipe Technologies and Ground Engineering delivered results above expectations
- Construction delivered results in line with expectations
- High order intake in the third quarter due to the commencement of the Fehmarnbelt Link project
- Strong cash flow from operating activities
- Limited impact from COVID-19.

## OUTLOOK FOR THE FINANCIAL YEAR 2019/20

In a company announcement of 18 August 2020, the outlook for the full financial year before goodwill impairment was adjusted upwards to an EBIT level in the range of DKK 615 million against previously DKK 560 million. EBIT after goodwill impairment is expected to be in the range of DKK 543 million. Revenue is expected to be approx. 2% down 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

	April quarter		Year to date		Financial year
(tDKK)	2019/20	2018/19	2019/20	2018/19	2018/19
<b>INCOME STATEMENT</b>					
Revenue	3,309,326	3,620,938	9,845,255	9,995,369	13,453,011
Of this, work performed abroad	1,046,970	1,126,573	3,201,153	2,983,683	4,196,739
Operating profit (EBIT)*	188,462	168,253	415,367	377,103	502,620
Net financials	4,203	-3,404	-9,918	-21,147	-29,887
Profit before tax	192,665	164,849	405,449	355,956	472,733
Profit after tax	137,943	130,280	287,394	274,390	360,661
<b>BALANCE SHEET</b>					
Non-current assets			2,935,487	2,709,768	2,708,999
Current assets			5,628,805	5,552,946	5,461,687
Total assets			8,564,292	8,262,714	8,170,686
Equity			3,241,550	3,058,801	3,114,466
Non-current liabilities			955,395	632,013	749,827
Current liabilities			4,367,347	4,571,900	4,306,393
Total equity and liabilities			8,564,292	8,262,714	8,170,686
Net interest-bearing deposit/debt (+/-)			1,009,126	383,712	399,260
Invested capital (IC)			2,225,701	2,666,649	2,706,432

\* EBIT year-to-date before goodwill impairment amounts to tDKK 487,063 (EBIT margin: 4.9%)

	April quarter		Year to date		Financial year
(tDKK)	2019/20	2018/19	2019/20	2018/19	2018/19
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	315,957	134,197	1,486,849	802,931	940,200
Cash flow from investing activities	-69,162	-127,869	-455,163	-644,693	-665,475
Of this, investment in property, plant and equipment net	-78,640	-126,566	-235,777	-307,919	-378,102
Cash flow from financing activities	-70,768	-4,500	-288,412	-140,800	-234,293
Change in cash and cash equivalents for the period	176,027	1,828	743,274	17,438	40,432
<b>FINANCIAL RATIOS</b>					
Gross margin, %	12.8	11.2	12.2	10.7	10.7
Operating margin (EBIT margin), %	5.7	4.6	4.2	3.8	3.7
Profit margin (pre-tax margin), %	5.8	4.6	4.1	3.6	3.5
Return on invested capital (ROIC), %**			16.8	13.7	18.1
Return on invested capital after tax (ROIC), %**			11.9	10.5	13.8
Return on equity (ROE), %**			9.1	9.2	12.1
Equity ratio, %			37.8	37.0	38.1
Earnings per share (EPS), DKK	6.84	6.43	14.26	13.53	17.76
Number of employees			7,117	6,706	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

### COVID-19 IMPACT

The overall picture is that the Aarsleff Group maintains almost normal operations.

Only a few minor units and activities have been challenged by the situation. During May/June, the situation has normalised in most entities and countries, and only a very limited impact is expected in the last quarter of the financial year.

### INCOME STATEMENT

In the first nine months of the financial year 2019/20, consolidated revenue amounted to DKK 9,845 million or 1.5% down on last financial year, of

which 2.5% was organic decline. Revenue of the Danish operations decreased by 5.2%, while revenue of the foreign operations increased by 7.3%.

The revenue decline is mainly attributable to the Construction segment where revenue declined by 5.5% due to a slowdown in the market in Iceland as well as a lower level of activity in Wicotec Kirkebjerg A/S and in the Aarsleff Rail Group. In the Ground Engineering segment, revenue increased by 0.9%, primarily owing to increased activity in Germany and Poland, while revenue in Denmark declined. In the Pipe Technologies segment, revenue increased by 15% due to a higher level of activity in Sweden and Germany.

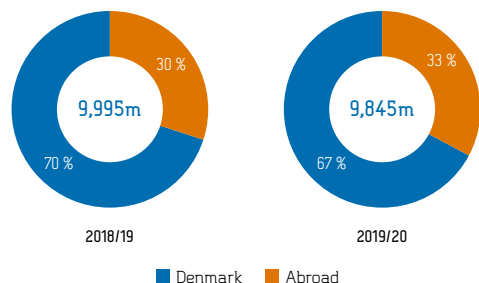
Administrative expenses and selling costs amounted to 7.5% compared to 7.0% in the same period last financial year.

Operating profit (EBIT) before goodwill impairment amounted to DKK 487 million (EBIT margin: 4.9%) compared to DKK 377 million/DKK 449 million\* (EBIT margin: 3.8%/4.5%\*) in the same period of last financial year. EBIT after recognition of goodwill impairment came to DKK 415 million (EBIT margin: 4.2%).

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

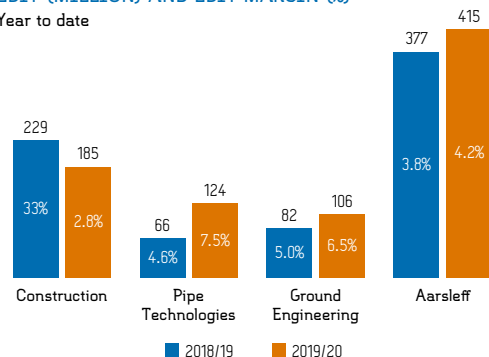
### REVENUE

Year to date

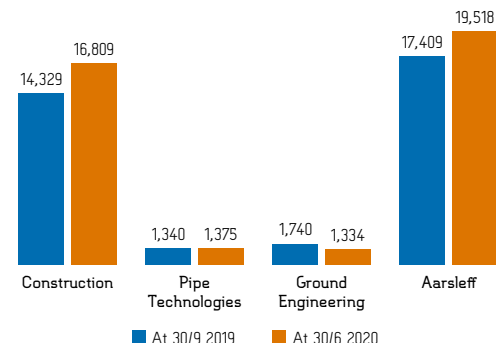


### EBIT (MILLION) AND EBIT MARGIN (%)

Year to date



### ORDER BACKLOG (MILLION)



Financial items, net amounted to DKK -9.9 million.

Consolidated profit after tax amounted to DKK 287 million in the first nine months of the financial year compared to DKK 274 million last financial year.

### THIRD QUARTER RESULTS

Operating profit (EBIT) of the third quarter amounted to DKK 188 million (EBIT margin: 5.7%) compared to DKK 168 million (EBIT margin: 4.6%) in the same period of last financial year.

The Construction segment performed in line with expectations in the third quarter. 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 part of revenue.

The Ground Engineering segment performed above expectations in the third quarter. In Poland, there was a high level of activity, and in Germany results have improved due to several large projects within logistics centres. Primarily in the UK, results were affected by COVID-19.

The Pipe Technologies segment performed above expectations in the third quarter due to increased earnings in all main markets. COVID-19 has had less influence on the level of activity than originally expected, and primarily the Russian market was challenged by COVID-19.

### EMPLOYEE SHARE PROGRAMME

In February 2020, the employees of the Danish part of the Group were once again offered to participate in an employee share programme. This is the last year of the programme out of the planned three years. The share programme is a matching shares programme where the participants by purchasing B shares in the company at their own cost (investment shares), subject to a three-year vesting period, will be entitled to receive one B share (matching share) in the company free of charge per acquired investment share (1:1). A total of 1,188 employees have signed up for the programme in the third year. The costs are expected to amount to DKK 28 million and will be recognised as an expense over the three-year vesting period. The total costs of the employee share programme during the three-year period will amount to DKK 20 million in the financial year 2019/20 and are included in the earnings expectations for the financial year.

### ORDER BACKLOG

As at 30 June 2020, the company's order backlog amounted to DKK 19,518 million (30 September 2019: DKK 17,409 million). The order intake of the first nine months of the financial year amounted to DKK 11,954 million (Q3 2018/19: DKK 11,796 million).

In the first nine months of the financial year, the order intake of the Construction segment came to DKK 9,039 million (Q3 2018/19: DKK 8,538 million), and at 30 June 2020 the order backlog amounted to DKK 16,809 million (30 September 2019: DKK 14,329 million) of which approx. DKK 1,975 million is expected to be carried out this financial year. As a joint venture member of the Femern Link Contractors, Aarsleff was informed in May that the construction of the Fehmarnbelt Link will commence on 1

January 2021. Back in 2016, Femern Link Contractors secured conditional contracts for three out of the four large tunnel contracts for the Fehmarnbelt Link. The contracts comprise establishment of portal structures, ramps, toll stations and bridges on the Danish and the German side as well as casting and immersion of the tunnel elements of the 18-kilometre-long immersed tunnel. The total contract value is EUR 3.4 billion of which Aarsleff's share is EUR 0.5 billion which has been recognised in the order intake of the quarter as the contracts are now unconditional. (Amounts are stated in 2015 prices).

In the first nine months of the financial year, the order intake of the Pipe Technologies segment came to DKK 1,686 million (Q3 2018/19: DKK 1,505 million), and at 30 June 2020 the order backlog amounted to DKK 1,375 million (30 September 2019: DKK 1,340 million) of which approx. DKK 400 million is expected to be carried out this financial year.

In the first nine months of the financial year, the order intake of the Ground Engineering segment came to DKK 1,229 million (Q3 2018/19: DKK 1,753 million), and at 30 June 2020 the order backlog amounted to DKK 1,334 million (30 September 2019: DKK 1,740 million) of which approx. DKK 450 million is expected to be carried out this financial year.

### BALANCE SHEET

The Group's balance sheet total came to DKK 8,564 million at 30 June 2020. This corresponded to an increase of DKK 393 million compared to the balance sheet total of DKK 8,171 million at the end of last financial year. The implementation of IFRS 16 affected the opening balance sheet total by DKK 428 million.

Contract work in progress, net decreased by DKK 241 million in the first nine months of the financial year due to a decrease in advance payments.

Consolidated interest-bearing liabilities less interest-bearing assets amounted to a net deposit of DKK 1,009 million against a net deposit of DKK 399 million at 30 September 2019. The implementation of IFRS 16 affected the interest-bearing liabilities by DKK -357 million.

In connection with the H1 interim financial report, an impairment test relating to goodwill was performed. This resulted in a write-down of the value of Hansson & Knudsen A/S of DKK 72 million due to changed expectations for future earnings, especially seen in the light of the expected long-term impact of COVID-19 on the building activities.

Equity amounted to DKK 3,242 million compared to DKK 3,114 million at the end of last financial year or 37.8% of the balance sheet total compared to 38.1% at the beginning of the financial year.

#### CASH FLOW STATEMENT

Cash flow from operating activities amounted to DKK 1,487 million compared to DKK 803 million in the same period of last financial year. The working capital amounted to a positive effect of DKK 667 million, primarily due to the usual seasonal fluctuations and a low level of receivables at the balance sheet date. Moreover, the Q3 cash flow was also positively affected by the deferral of VAT and A tax payment due to the COVID-19 aid packages.

Cash flow from investing activities amounted to DKK -455 million compared to DKK -645 million in the same period of last financial year. In the first quarter, the portfolio of securities in the form of short-term mortgage credit bonds was increased by DKK 189 million to allow for optimisation of the Group's cash management.

The company's outlook for investments of the year exclusive of acquisitions is changed to DKK 350 million from previously DKK 400 million.

Cash flow from financing activities amounted to DKK -228 million compared to DKK -141 million in the same period of last financial year.

Thus, the change in cash and cash equivalents for the period was positive at DKK 743 million.

#### CHANGE OF AARSLEFF'S EXECUTIVE MANAGEMENT

On 8 July 2020, Per Aarsleff Holding A/S announced the resignation of Lars M. Carlsen, deputy CEO.

In future, the Executive Management consists of CEO Jesper Kristian Jacobsen, deputy CEO Nicolai Schultz and Group CFO Mogens Vedel Hestbæk.

# CONSTRUCTION

## – RESULTS IN LINE WITH EXPECTATIONS

In the first nine months of the financial year, revenue came to DKK 6,559 million or 5.5% below the same period of last financial year, of which 5.7% was organic revenue decline. Revenue from the Danish operations was DKK 5,630 million or 3.1% down on the same period of last financial year. Revenue from the foreign operations decreased by 17.6% to DKK 929 million.

Segment results (EBIT) amounted to DKK 257 million (EBIT margin: 3.9%) compared to DKK 229 million/DKK 301 million before arbitration loss (EBIT margin: 3.3%/4.3% before arbitration loss) last financial year and are in line with expectations. EBIT after goodwill impairment came to DKK 185 million (EBIT margin: 2.8%).

In Denmark, the level of activity has only been affected by COVID-19 to a limited extent, and the different challenges have primarily been handled on project level.

Per Aarsleff A/S reported 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. Generally, the projects are progressing as planned, and particularly the harbour projects have contributed positively to results. The mobilisation for the Fehmarnbelt Link project has begun, and the initial work will primarily consist of the construction of the tunnel factory in Rødby.

Wicotec Kirkebjerg A/S performed in line with expectations. The level of activity was 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 is on improving profitability in the Jutland-based part of the business, including which activities to focus on.

Hansson & Knudsen A/S was still challenged by the difficult market conditions and a severe price competition primarily on Funen. This affects both revenue and results. However, the order intake is increasing, especially within housing renovation.

The Group's railway activities, consolidated in the Aarsleff Rail Group, performed in line with expectations. The level of activity was satisfactory,



WHAT WE DO

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

however lower than in the same period of last financial year. The focus on the opportunities in Norway and Sweden has recently resulted in more contracts in both countries.

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. The activities have only been affected by COVID-19 to a limited extent, and the focus has been on commencing the construction of the new school in Nuuk without any major delays.

Aarsleff is involved in the development of several large building projects using the principles of early contractor involvement – this involves two large hotel projects which have been stopped. It is currently not known whether this is temporarily or permanently. Also, the project on the Terminal 3 expansion in Copenhagen Airport is carried out in early contractor involvement. The development of the project design and the construction pit work continue at present. However, it is expected that a design and build contract will be signed in 2021 at the earliest.

The outlook for 2019/20 is adjusted upwards to an EBIT margin of approx. 3.9% against previously 3.7% before goodwill impairment, and revenue which is approx. 5% down on last financial year.

REVENUE

6,559M

SEGMENT RESULTS (EBIT)

185M

EBIT MARGIN

2.8%



# PIPE TECHNOLOGIES

## – RESULTS ABOVE EXPECTATIONS

In the first nine months of the financial year, revenue came to DKK 1,651 million or 15% up on last financial year. Revenue from the Danish operations increased by 12.0% to DKK 430 million. Revenue from the foreign operations increased by 16.1% to DKK 1,221 million.

Segment results (EBIT) amounted to DKK 124 million (EBIT margin: 7.5%) compared to DKK 66 million (EBIT margin: 4.6%) last financial year. Results exceeded expectations.

Our companies in the Nordic countries performed above expectations. In Sweden, the level of activity has returned to normal after a decline in the market last year. Also, in Sweden, a large-scale project has been carried out in Norrköping, contributing positively to both revenue and earnings. In Norway, both revenue and earnings have been affected by COVID-19 for a short period but have returned to a normal level faster than expected. In Denmark, the level of activity remained stable and was only affected by COVID-19 to a limited extent. Also, the capacity utilisation at Pipe Technologies' factory in Hasselager was high.

The German company performed above expectations. The level of activity remained high, and a couple of large projects have contributed positively to both revenue and earnings. The new initiative concerning the production of non-circular GRP pipes in Germany progressed in line with expectations and supplies for the first project in Denmark are in progress.

In Russia, results were affected by the COVID-19 lockdown and by the low exchange rate on rubles. The order backlog is satisfactory, but COVID-19 may have an effect on when the individual projects are carried out.

In Poland, the level of activity is increasing but results were affected by challenges in connection with a project.

Due to COVID-19 it has still not been possible to intensify the sales effort relating to LED curing of CIPP Linings in the US together with Hammer-Head Trenchless.

The outlook for 2019/20 is adjusted upwards to an EBIT margin of approx. 6.5% against previously 5%, and revenue which is approx. 10% higher compared to last financial year.

REVENUE

1,651M

SEGMENT RESULTS (EBIT)

124M

EBIT MARGIN

7.5%

WHAT WE DO

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



# GROUND ENGINEERING

## – RESULTS ABOVE EXPECTATIONS

In the first nine months of the financial year, revenue came to DKK 1,635 million or 0.9% up on the same period of last financial year, of which 4.6% was organic revenue decline. Revenue from the Danish operations declined by 28.5% to DKK 584 million. Revenue from the foreign operations increased by 30.7% to DKK 1,051 million.

Segment results (EBIT) amounted to DKK 106 million (EBIT margin: 6.5%) compared to DKK 82 million (EBIT margin: 5.0%) last financial year and were above expectations.

The Danish activities performed above expectations. However, the level of activity in Denmark was considerably lower than in the same period of last financial year due to the completion of a number of large projects. This is partly compensated for by the Danish company's involvement in One Company projects in Norway and Sweden which are progressing satisfactorily.

In Sweden, results were above expectations. The level of activity within infrastructure projects was good, but the pile market remains under pressure due to the slowdown within residential building activities.

In Poland, results were above expectations. During the third quarter of the financial year, the level of activity was high, and the order backlog is very satisfactory comprising a number of projects with reinforced concrete piles. The work in Poland has only been affected by COVID-19 to a limited extent.

In the UK, results were affected by COVID-19. However, the order backlog is satisfactory, and a normal level of activity is expected in the last quarter of the financial year.

The German pile company developed positively during this financial year and delivered satisfactory results above expectations. The company has previously been very dependent on onshore wind projects, but due to increased focus on other industrial segments, such as logistics centres, the level of activity has returned to a more normal level. In Neidhardt Grundbau GmbH and Ponel Bau GmbH, the activities generated results in line with expectations. There was a high level of activity, and the projects were carried out according to plan. STB Wöltjen GmbH performed in line with expectations. The projects in Germany are only affected by COVID-19 to a limited extent.

In July, Aarsleff signed a purchase agreement on the acquisition of all shares in the Norwegian company Sør-Norsk Boring AS. For more than 20 years,



WHAT WE DO

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

the company has worked with drilled foundation solutions. Based in Ulefoss, approx. 150 kilometres south-west of Oslo, Sør-Norsk Boring is today the leading specialist company within drilled foundation solutions in Southern Norway, undertaking work for large groups, small and medium-sized Norwegian companies and public customers. The company has 50 employees and generated revenue of NOK 154 million in 2019. The purchase of Sør-Norsk Boring will provide Aarsleff with specialist expertise within rock drilling and energy drilling which, combined with the Aarsleff Group's expertise within reinforced concrete piles, sheet pile walls and drilled piles in large dimensions, will strengthen our market position in Norway and in the rest of Scandinavia.

The outlook for 2019/20 is adjusted upwards to an EBIT margin of approx. 6% against previously 5%, and revenue which is approx. 3% higher compared to last financial year.

REVENUE

1,635M

SEGMENT RESULTS (EBIT)

106M

EBIT MARGIN

6.5%



## OUTLOOK FOR THE FINANCIAL YEAR 2019/20

In a company announcement of 18 August 2020, the outlook for the full financial year before goodwill impairment was adjusted upwards to an EBIT level in the range of DKK 615 million against previously DKK 560 million. EBIT after goodwill impairment is expected to be in the range of DKK 543 million. Revenue is expected to be approx. 2% down 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

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
26 February 2020	Interim financial report for the period 1 October-31 December 2019
6 May 2020	Reduction of share capital and information on possession of treasury shares
12 May 2020	Commencement of the Fehmarnbelt Link
27 May 2020	Interim financial report for the period 1 October 2019-31 March 2020
27 May 2020	Per Aarsleff Holding A/S launches share buyback programme
8 June 2020	Share buyback programme, week 23
15 June 2020	Share buyback programme, week 24
22 June 2020	Share buyback programme, week 25
29 June 2020	Share buyback programme, week 26
6 July 2020	Termination of share buyback programme
8 July 2020	Change in Aarsleff's Executive Management
18 August 2020	Aarsleff announces upward adjustment of expectations for the financial year 2019/20

MORE COMPANY ANNOUNCEMENTS

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

# MANAGEMENT'S STATEMENT

---

Today, the Board of Directors and Executive Management have discussed and approved the interim financial report of Per Aarsleff Holding A/S for the period 1 October 2019-30 June 2020.

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 30 June 2020 of the Group as well as of the results of the Group's operations and cash flows in the period 1 October 2019-30 June 2020.

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, 25 August 2020

## EXECUTIVE MANAGEMENT

JESPER KRISTIAN JACOBSEN  
CEO

MOGENS VEDEL HESTBÆK  
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

	April quarter		Nine months	
(tDKK)	2019/20	2018/19	2019/20	2018/19
<b>Revenue</b>	<b>3,309,326</b>	<b>3,620,938</b>	<b>9,845,255</b>	<b>9,995,369</b>
Production costs	-2,885,137	-3,218,052	-8,646,624	-8,939,522
<b>Gross profit</b>	<b>424,189</b>	<b>402,886</b>	<b>1,198,631</b>	<b>1,055,847</b>
Administrative expenses and selling costs	-241,521	-239,588	-735,220	-697,428
Goodwill impairment	0	0	-71,696	0
Other operating income and expenses	2,844	3,420	16,692	15,539
Share of profit in associates and joint ventures	2,950	1,535	6,960	3,145
<b>Operating profit (EBIT)</b>	<b>188,462</b>	<b>168,253</b>	<b>415,367</b>	<b>377,103</b>
Net financials	4,203	-3,404	-9,918	-21,147
<b>Profit before tax</b>	<b>192,665</b>	<b>164,849</b>	<b>405,449</b>	<b>355,956</b>
Tax on profit for the period	-54,722	-34,569	-118,055	-81,566
<b>Profit after tax</b>	<b>137,943</b>	<b>130,280</b>	<b>287,394</b>	<b>274,390</b>
Earnings per share (DKK)	6.84	6.43	14.26	13.53

## STATEMENT OF COMPREHENSIVE INCOME

	April quarter		Nine months	
(tDKK)	2019/20	2018/19	2019/20	2018/19
<b>Profit after tax</b>	<b>137,943</b>	<b>130,280</b>	<b>287,394</b>	<b>274,390</b>
<b>Items that may become reclassified to the income statement</b>				
Foreign exchange adjustment on translation of foreign entities	17,264	-6,658	-26,983	-15,754
Fair value adjustments of derivative financial instruments, net	-7,632	4,065	-10,735	-1,275
Tax on other comprehensive income	1,776	-675	2,228	318
Other comprehensive income recognised directly in equity	11,408	-3,268	-35,490	-16,711
<b>Total comprehensive income</b>	<b>149,351</b>	<b>127,012</b>	<b>251,904</b>	<b>257,679</b>
<b>Comprehensive income is attributable to</b>				
Per Aarsleff Holding A/S shareholders	149,446	127,142	252,201	257,662
Minority shareholders	-95	-130	-297	17
<b>Total</b>	<b>149,351</b>	<b>127,012</b>	<b>251,904</b>	<b>257,679</b>

# BALANCE SHEET

(tDKK)	30/6 2020	30/9 2019	30/6 2019
<b>ASSETS</b>			
Goodwill	202,050	267,623	267,623
Patents and other intangible assets	82,921	93,475	90,641
Land and buildings	824,938	846,320	845,219
Plant and machinery	1,226,895	1,287,337	1,289,174
Other fixtures and fittings, tools and equipment	151,414	143,765	130,634
Property, plant and equipment in progress	60,131	37,336	73,864
Lease assets	356,409	0	0
Other non-current assets	30,729	33,143	12,613
<b>Non-current assets</b>	<b>2,935,487</b>	<b>2,708,999</b>	<b>2,709,768</b>
Inventories	331,197	323,618	293,241
Contracting debtors	2,142,157	2,840,351	2,852,832
Work in progress	1,086,052	1,034,488	1,087,170
Other receivables	271,912	192,232	189,847
Securities	598,212	412,856	415,390
Cash and cash equivalents	1,199,275	658,142	714,466
<b>Current assets</b>	<b>5,628,805</b>	<b>5,461,687</b>	<b>5,552,946</b>
<b>Total assets</b>	<b>8,564,292</b>	<b>8,170,686</b>	<b>8,262,714</b>

(tDKK)	30/6 2020	30/9 2019	30/6 2019
<b>EQUITY AND LIABILITIES</b>			
Equity, shareholders of Per Aarsleff Holding A/S	3,234,977	3,106,986	3,051,351
Minority interests' share of equity	6,573	7,480	7,450
<b>Equity</b>	<b>3,241,550</b>	<b>3,114,466</b>	<b>3,058,801</b>
Mortgage debt and credit institutions	101,714	131,287	131,482
Lease liabilities	228,418	0	0
Provisions	79,777	81,985	44,655
Other payables	1,196	0	0
Deferred tax	544,290	536,555	455,876
<b>Non-current liabilities</b>	<b>955,395</b>	<b>749,827</b>	<b>632,013</b>
Mortgage debt and credit institutions	266,493	472,241	549,870
Lease liabilities	128,790	0	0
Work in progress	1,109,366	1,298,063	1,189,381
Trade payables	1,526,051	1,474,005	1,803,254
Other payables	1,336,647	1,062,084	1,029,395
<b>Current liabilities</b>	<b>4,367,347</b>	<b>4,306,393</b>	<b>4,571,900</b>
<b>Total liabilities</b>	<b>5,322,742</b>	<b>5,056,220</b>	<b>5,203,913</b>
<b>Total equity and liabilities</b>	<b>8,564,292</b>	<b>8,170,686</b>	<b>8,262,714</b>



## CASH FLOW STATEMENT

	Nine months	
(tDKK)	2019/20	2018/19
<b>Cash flow generated from operations</b>		
Operating profit (EBIT)	411,485	377,103
Depreciation, amortisation and impairment, intangible assets	100,831	28,107
Depreciation, amortisation and impairment, property, plant and equipment	405,748	288,885
Other adjustments	-15,634	-46,315
Change in working capital	667,422	247,920
Net financials	-16,378	-21,147
Tax paid	-66,625	-71,522
<b>Cash flow from operating activities</b>	<b>1,486,849</b>	<b>802,931</b>
<b>Cash flow generated from investments</b>		
Acquisitions	-30,220	-113,458
Net investment in property, plant and equipment and intangible assets	-235,777	-307,919
Securities	-189,166	-223,316
<b>Cash flow from investing activities</b>	<b>-455,163</b>	<b>-644,693</b>
Non-current liabilities	-30,331	-39,397
Lease payments	-120,211	0
Purchase of treasury shares	-26,911	0
Dividend paid	-110,959	-101,403
<b>Cash flow from financing activities</b>	<b>-288,412</b>	<b>-140,800</b>
<b>Change in cash and cash equivalents for the period</b>	<b>743,274</b>	<b>17,438</b>
Cash and cash equivalents at the beginning of the year	199,968	160,558
Change in cash and cash equivalents for the period	743,274	17,438
<b>Closing cash and cash equivalents</b>	<b>943,242</b>	<b>177,996</b>

## NET INTEREST-BEARING DEPOSIT

(tDKK)	30/6 2020	30/6 2019
Cash and cash equivalents	1,199,275	714,466
Securities	598,212	415,390
<b>Total interest-bearing assets</b>	<b>1,797,487</b>	<b>1,129,856</b>
Mortgage debt and credit institutions	368,207	681,352
Lease liabilities	357,208	0
Other long-term debt	1,196	0
Other short-term debt	61,750	64,792
<b>Total interest-bearing liabilities</b>	<b>788,361</b>	<b>746,144</b>
<b>Net interest-bearing deposit/debt (+/-)</b>	<b>1,009,126</b>	<b>383,712</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>Comprehensive income</b>								
Profit for the period				274,373		274,373	17	274,390
<b>Other comprehensive income</b>								
Foreign exchange adjustment of foreign entities		-15,761				-15,761	7	-15,754
Fair value adjustment of derivative financial instruments			-1,275			-1,275		-1,275
Tax on derivative financial instruments			318			318		318
Total other comprehensive income	0	-15,761	-957	0	0	-16,718	7	-16,711
<b>Total comprehensive income</b>	<b>0</b>	<b>-15,761</b>	<b>-957</b>	<b>274,373</b>	<b>0</b>	<b>257,655</b>	<b>24</b>	<b>257,679</b>
<b>Transactions with owners</b>								
Employee share programme				7,383		7,383		7,383
Dividend paid					-113,250	-113,250		-113,250
Dividend, treasury shares				11,847		11,847		11,847
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,230</b>	<b>-113,250</b>	<b>-94,020</b>	<b>0</b>	<b>-94,020</b>
<b>Equity at 30 June 2019</b>	<b>45,300</b>	<b>-101,204</b>	<b>2,011</b>	<b>3,105,244</b>	<b>0</b>	<b>3,051,351</b>	<b>7,450</b>	<b>3,058,801</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>Capital reduction*</b>	<b>-4,530</b>			<b>4,530</b>		<b>0</b>		<b>0</b>
<b>Comprehensive income</b>								
Profit for the period				287,691		287,691	-297	287,394
<b>Other comprehensive income</b>								
Foreign exchange adjustment of foreign entities		-26,973				-26,973	-10	-26,983
Fair value adjustment of derivative financial instruments			-10,735			-10,735		-10,735
Tax on derivative financial instruments			2,228			2,228		2,228
Total other comprehensive income	0	-26,973	-8,507	0	0	-35,480	-10	-35,490
<b>Total comprehensive income</b>	<b>0</b>	<b>-26,973</b>	<b>-8,507</b>	<b>287,691</b>	<b>0</b>	<b>252,211</b>	<b>-307</b>	<b>251,904</b>
<b>Transactions with owners</b>								
Dividend, minority shareholders							-600	-600
Employee share programme				13,650		13,650		13,650
Acquisition of treasury shares				-26,911		-26,911		-26,911
Dividend paid					-124,575	-124,575		-124,575
Dividend, treasury shares				13,616		13,616		13,616
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>355</b>	<b>-124,575</b>	<b>-124,220</b>	<b>-600</b>	<b>-124,820</b>
<b>Equity at 30 June 2020</b>	<b>40,770</b>	<b>-134,361</b>	<b>-8,585</b>	<b>3,337,153</b>	<b>0</b>	<b>3,234,977</b>	<b>6,573</b>	<b>3,241,550</b>

\* The capital reduction which was adopted at the annual general meeting was implemented on 5 May 2020 by cancellation of own B shares of nominally DKK 4,530,000.

# NOTES

## NOTE 1 – SEGMENT INFORMATION

	Construction		Pipe Technologies		Ground Engineering		Total	
	9 mths. 2019/20	9 mths. 2018/19	9 mths. 2019/20	9 mths. 2018/19	9 mths. 2019/20	9 mths. 2018/19	9 mths. 2019/20	9 mths. 2018/19
Amounts in mDKK								
Segment revenue	6,604	7,050	1,655	1,441	1,670	1,649	9,929	10,140
Internal revenue	-45	-112	-4	-5	-35	-28	-84	-145
<b>Revenue</b>	<b>6,559</b>	<b>6,938</b>	<b>1,651</b>	<b>1,436</b>	<b>1,635</b>	<b>1,621</b>	<b>9,845</b>	<b>9,995</b>
Of this figure, work performed abroad	929	1,128	1,221	1,052	1,051	804	3,201	2,984
<b>Operating profit (EBIT)</b>	<b>185</b>	<b>229</b>	<b>124</b>	<b>66</b>	<b>106</b>	<b>82</b>	<b>415</b>	<b>377</b>
Net financials							-10	-21
<b>Profit before tax</b>							<b>405</b>	<b>356</b>
EBIT margin, %	2.8	3.3	7.5	4.6	6.5	5.0	4.2	3.8
Number of employees	4,806	4,543	1,022	1,011	1,289	1,152	7,117	6,706

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

	Nine months	
(tDKK)	2019/20	2018/19
<b>Domestic</b>		
Sale of goods	79,366	182,197
Construction contracts*	6,564,736	6,829,489
<b>Total domestic</b>	<b>6,644,102</b>	<b>7,011,686</b>
<b>International</b>		
Sale of goods	274,133	142,215
Construction contracts*	2,927,020	2,841,468
<b>Total international</b>	<b>3,201,153</b>	<b>2,983,683</b>
<b>Total</b>		
Sale of goods	353,499	324,412
Construction contracts*	9,491,756	9,670,957
<b>Total</b>	<b>9,845,255</b>	<b>9,995,369</b>

\*Construction contracts are recognised over time

# NOTES

## NOTE 3 – ACCOUNTING POLICIES

The interim financial report covering the first nine months 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.

In the first nine months of the financial year, the positive effect of IFRS 16 on EBIT amounted to DKK 1.5 million, and the similar effect for the entire financial year is assessed at DKK 2 million.

IFRIC 23 has not had any significant impact on recognition or measurement in the consolidated financial statements for the first nine months of the financial year. 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 liabilities 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	135,017
Lease liabilities recognised at 1 October 2019	428,419

Lease assets amount to tDKK 356.409 at 30 June 2020. Lease liabilities are included in financial debts and are specified as follows:

(tDKK)	30/6 2020
Lease liabilities – non-current	228,418
Lease liabilities – current	128,790

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

(tDKK)	Nine months 2019/20
Depreciation of lease assets recognised directly in income statement	117,129
Interest on lease liabilities recognised in income statement	3,881

### 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.