

INTERIM FINANCIAL REPORT FOR THE PERIOD 1 OCTOBER 2019-31 MARCH 2020



AARSLEFF

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

RESULTS OF THE FIRST SIX MONTHS

- Consolidated revenue increased by 2.5% to DKK 6,536 million (H1 2018/19: DKK 6,374 million)
- Operating profit (EBIT) before recognition of goodwill impairment came to DKK 299 million (H1 2018/19: DKK 209 million/DKK 281 million before arbitration loss*). In connection with the H1 interim financial report, an impairment test of goodwill has been performed. For Hansson & Knudsen A/S this has resulted in impairment losses of DKK 71.7 million in the second quarter. EBIT after recognition of goodwill impairment came to DKK 227 million.
- Construction generated EBIT of DKK 164 million before goodwill impairment (H1 2018/19: DKK 126 million/DKK 198 million before arbitration loss*). EBIT after recognition of goodwill impairment came to DKK 92 million.
- Pipe Technologies generated EBIT of DKK 82 million (H1 2018/19: DKK 44 million).
- Ground Engineering generated EBIT of DKK 53 million (H1 2018/19: DKK 39 million).
- Cash flows from operating activities with deduction of investing activities (exclusive of investments in securities) amounted to a positive liquidity flow of DKK 984 million.
- The Group's net interest-bearing deposit came to DKK 822 million at 31 March 2020. The implementation of IFRS 16 affected the interest-bearing debt by DKK 369 million.

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

OUTLOOK FOR THE FINANCIAL YEAR 2019/20

The outlook for the financial year as a whole, before recognition of goodwill impairment for Hansson & Knudsen A/S, remain unchanged. EBIT is expected to amount to DKK 560 million. EBIT after recognition of goodwill impairment is expected to amount to DKK 488 million. Revenue is expected to be approx. 1% up on the financial year 2018/19.

COVID-19 IMPACT

The short-term financial impact of COVID-19 is currently limited but depending on how fast conditions return to normal, profit for the year may be affected.

EBBE MALTE IVERSEN
Chairman of the Board

JESPER KRISTIAN JACOBSEN
CEO

PER AARSLEFF HOLDING A/S
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

	January quarter		H1		Financial year
(tDKK)	2019/20	2018/19	2019/20	2018/19	2018/19
INCOME STATEMENT					
Revenue	3,026,108	2,985,677	6,535,929	6,374,431	13,453,011
Of this, work performed abroad	971,229	841,539	2,154,183	1,857,110	4,196,739
Operating profit (EBIT)	51,880	114,757	226,905	208,850	502,620
Net financials	-6,326	2,374	-14,121	-17,743	-29,887
Profit before tax	45,554	117,131	212,784	191,107	472,733
Profit after tax	19,847	88,066	149,451	144,110	360,661
BALANCE SHEET					
Non-current assets			2,966,465	2,693,072	2,708,999
Current assets			5,200,429	4,927,345	5,461,687
Total assets			8,166,894	7,620,417	8,170,686
Equity			3,113,329	2,928,402	3,114,466
Non-current liabilities			972,589	652,999	749,827
Current liabilities			4,080,976	4,039,016	4,306,393
Total equity and liabilities			8,166,894	7,620,417	8,170,686
Net interest-bearing deposit/debt (+/-)			822,307	-374,503	399,260
Invested capital (IC)			2,284,346	2,544,237	2,706,432

	January quarter		H1		Financial year
(tDKK)	2019/20	2018/19	2019/20	2018/19	2018/19
CASH FLOW STATEMENT					
Cash flows from operating activities	790,677	204,969	1,170,893	668,733	940,200
Cash flows from investing activities	-96,464	-201,578	-386,001	-516,824	-665,475
Of this, investment in property, plant and equipment, net	-96,464	-89,171	-157,137	-181,353	-378,102
Cash flows from financing activities	-171,160	-106,438	-217,644	-136,299	-234,293
Change in cash and cash equivalents for the period	523,053	-103,047	567,248	15,610	40,432
FINANCIAL RATIOS					
Gross margin, %	11.4	11.3	11.8	10.4	10.7
Operating margin (EBIT margin), %	1.7	3.8	3.5	3.3	3.7
Profit margin (pre-tax margin), %	1.5	3.9	3.3	3.0	3.5
Return on invested capital (ROIC), % *			9.1	7.7	18.1
Return on invested capital after tax (ROIC), % *			6.4	5.8	13.8
Return on equity (ROE), % *			4.8	5.0	12.1
Equity ratio, %			38.1	38.4	38.1
Earnings per share (EPS), DKK	1.07	4.35	7.95	7.10	17.76
Number of employees			6,984	6,551	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 most parts of the Aarsleff Group maintain almost normal operations.

A few small units and activities are particularly challenged by the situation, especially activities that involve private households. This is the case in Pipe Technologies' housing and industry segment, where the activities in Norway are affected. Moreover, in some countries the lockdown has caused a major, temporary decline in the level of activity, e.g. Ground Engineering in the UK and Pipe Technologies in Russia.

MARKET DEVELOPMENT AND CUSTOMERS

On all projects, Aarsleff maintains a close and constructive dialogue with our customers about the COVID-19 challenges and about how best to solve them. Also, we focus on ensuring that everything is handled in accordance with contract.

Aarsleff is involved in the development of several large building projects using the principles of early contractor involvement. This involves two hotel projects which have been stopped, and 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, and the development of the project design and the construction pit

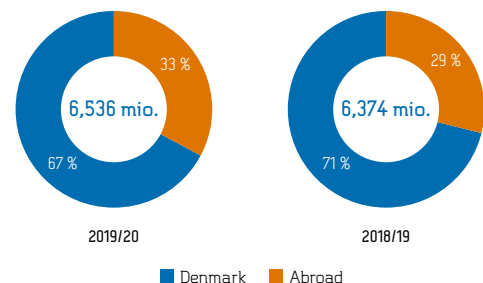
work continue at present. However, it is expected that a design and build contract will be signed in 2021 at the earliest.

The Danish government's decision to suspend the capital cost ceiling in 2020 will entail that the state/municipalities initiate and/or advance work to maintain employment, including construction work and renovation/maintenance of buildings. Such measures will benefit the building and construction industry and Aarsleff as a company – this applies to all of the Group's three segments.

Consulting engineers and architects are currently reporting employment decline and business activities adjustments. This will influence the number

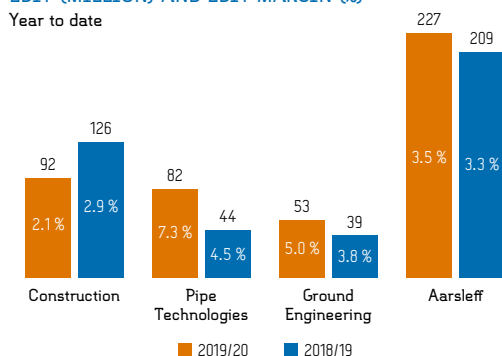
REVENUE

Year to date

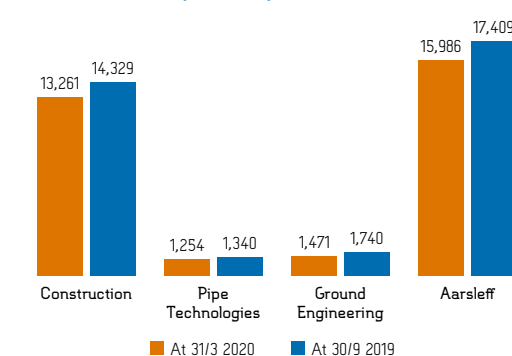


EBIT (MILLION) AND EBIT MARGIN (%)

Year to date



ORDER BACKLOG (MILLION)



of future tenders. It is assessed that primarily the building activities will be affected by this.

EMPLOYEES AND FACILITIES

In the usual One Company spirit, the entire organisation is working hard to overcome the challenges related to COVID-19. At construction sites and offices, hourly-paid employees as well as salaried employees are doing their utmost to maintain operations and employment under the current circumstances.

The Group's biggest challenge has been the two-week quarantine recommendations for our foreign, hourly-paid employees working primarily on the large building projects. The quarantine recommendations have entailed additional costs for accommodation and wages during the quarantine period.

In addition, the Aarsleff Group has a small number of Danish workers stationed in our neighbouring countries. Here, solutions have been found to maintain an almost normal production. However, a few construction sites have been closed down for short periods or staffing has been reduced

SUPPLY CHAIN

There is a close and constructive dialogue with our suppliers and subcontractors about COVID-19, and the agreed supplies are received as expected. However, there are minor challenges with a few suppliers from Italy and China.

FINANCIAL IMPACT

The short-term financial impact of COVID-19 is currently limited but depending on how fast conditions return to normal, profit for the year may be affected. Aarsleff has activities in different countries, and it is uncertain how fast conditions return to normal in these countries. Also, the measures that are taken vary and likewise the extent to which the individual countries are affected by the virus.

The long-term effects of COVID-19 are currently difficult to assess but it must be expected that the building activities will be negatively affected. However, a positive effect from the commencement of large-scale infrastructure projects may be seen. An example of this is the commencement of the Fehmarnbelt Link project where Aarsleff as a member of the joint venture Femern Link Contractors was informed in May 2020 that the construction of the Fehmarnbelt Link will commence on 1 January 2021. The joint venture's three 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. (Amounts are stated in 2015 prices).

INCOME STATEMENT

In H1 of the financial year 2019/20, consolidated revenue amounted to DKK 6,536 million or 2.5% up on last financial year, of which 1.4% was organic growth. Revenue of the Danish operations decreased by 2.9%, while revenue of the foreign operations increased by 15.8%.

Revenue growth is mainly attributable to the Pipe Technologies segment generating a 16.2% revenue increase due to a higher level of activity in Sweden and Germany. The Ground Engineering segment generated a 4.5% revenue increase, primarily owing to the activities acquired in Germany. In the Construction segment, revenue decreased by 0.9% due to a slowdown in the market in Iceland as well as a low level of activity in Hansson & Knudsen A/S.

Administrative expenses and selling costs amounted to 7.6% compared to 7.4% in the same period last financial year.

Operating profit (EBIT) before recognition of goodwill impairment amounted to DKK 299 million (EBIT margin: 4.6%) compared to DKK 209 million/DKK 281 million before arbitration loss (EBIT margin: 3.3%/4.4%

before arbitration loss) in H1 of last financial year. EBIT after recognition of goodwill impairment came to DKK 227 million (EBIT margin: 3.5%).

Financial items, net amounted to a negative amount of DKK 14.1 million.

Consolidated profit after tax amounted to DKK 149 million in H1 compared to DKK 144 million last financial year

QUARTERLY FINANCIAL STATEMENT

Operating profit (EBIT) of the second quarter before recognition of goodwill impairment amounted to DKK 124 million (EBIT margin: 4.1%) compared to DKK 115 million (EBIT margin: 3.8%) in the same period of last financial year. In the second quarter, EBIT after recognition of goodwill impairment came to DKK 52 million.

The Construction segment generated second quarter results in line with expectations before recognition of goodwill impairment. As previously announced, 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.

In the second quarter, the Ground Engineering segment performed in line with expectations. However, in March results were affected by COVID-19, especially in the UK. Even though the level of activity is decreasing in Denmark, the capacity utilisation is still good, e.g. on the large, ongoing construction pit projects, such as the new Natural History Museum of Denmark, and the preliminary work in connection with the expansion of Terminal 3 in Copenhagen Airport.

In the second quarter, the Pipe Technologies segment performed above expectations due to increased earnings in all main markets. However, in March results were affected by COVID-19, especially in Norway and Russia.

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 31 March 2020, the company's order backlog amounted to DKK 15,986 million (30 September 2019: DKK 17,409 million). The H1 order intake amounted to DKK 5,113 million (H1 2018/19: DKK 7,235 million).

The H1 order intake of the Construction segment amounted to DKK 3,278 million (H1 2018/19: DKK 5,322 million), and at 31 March 2020 the order backlog amounted to DKK 13,261 million (30 September 2019: DKK 14,329 million) of which approx. DKK 3,650 million is expected to be carried out during this financial year.

The H1 order intake of the Pipe Technologies segment amounted to DKK 1,035 million (H1 2018/19: DKK 935 million), and at 31 March 2020 the order backlog amounted to DKK 1,254 million (30 September 2019: DKK 1,340 million) of which approx. DKK 700 million is expected to be carried out during this financial year.

The H1 order intake of the Ground Engineering segment amounted to DKK 800 million (H1 2018/19: DKK 978 million), and at 31 March 2020 the order backlog amounted to DKK 1,471 million (30 September 2019: DKK 1,740 million) of which approx. DKK 775 million is expected to be carried out during this financial year

BALANCE SHEET

The Aarsleff Group has a strong balance sheet with a high equity ratio and no net debt.

The majority of the Group's customers are public clients and pension funds, and thus there is a very low credit risk. Work carried out for private clients is usually subject to a payment guarantee as well as advance payments. There is a close follow-up on receivables, and at present there has been no challenges in relation to payments.

In connection with the H1 interim financial report, an impairment test relating to goodwill has been performed. This has resulted in a write-down of the value of Hansson & Knudsen A/S 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.

The Group's balance sheet total came to DKK 8,167 million at 31 March 2020. This corresponds to a decrease of DKK 4 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 increased by DKK 19 million in the first six months of the financial year.

Consolidated interest-bearing liabilities less interest-bearing assets amounted to a net deposit of DKK 822 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 369 million.

Equity amounted to DKK 3,113 million compared to DKK 3,114 million at the end of last financial year or 38.1% of the balance sheet total compared to 38.1% at the beginning of the financial year.

CASH FLOW STATEMENT

Cash flows from operating activities amounted to DKK 1,171 million compared to DKK 669 million in the first half of last financial year. The working capital amounted to a positive effect of DKK 654 million, primarily due to the usual seasonal fluctuations and a low level of receivables at the balance sheet date.

Cash flows from investing activities amounted to a negative amount of DKK 386 million compared to a negative amount of DKK 517 million in the first half of last financial year. In the first quarter, the portfolio of securities in the form of short-term mortgage credit bonds has been increased by DKK 199 million to allow for optimisation of the Group's cash management.

The company's outlook for investments of the year exclusive of acquisitions is unchanged at DKK 400 million. As a consequence of COVID-19, the requirement for new investments is followed closely on a regular basis.

Cash flows from financing activities amounted to a negative amount of DKK 218 million compared to a negative amount of DKK 136 million in the first half of last financial year.

Thus, the change in liquidity for the period was positive at DKK 567 million

CONSTRUCTION

– RESULTS IN LINE WITH EXPECTATIONS

H1 revenue came to DKK 4,345 million or 0.9% below H1 of last financial year, of which 1.0% was organic revenue decline. Revenue generated by the Danish operations was DKK 3,708 million or 0.8% up on the same period of last financial year. Revenue of the foreign operations decreased by 9.9% to DKK 636 million.

Segment results (EBIT) came to DKK 164 million (EBIT margin: 3.8%) compared to DKK 126 million/DKK 198 million before arbitration loss (EBIT margin: 2.9%/4.5% before arbitration loss) last financial year and were in line with expectations at the beginning of the financial year. EBIT after recognition of goodwill impairment came to DKK 92 million.

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. A few minor units have been particularly challenged by the sit-

uation, but the level of activity is already developing positively again. Other units have experienced a short-term decline in the level of activity, and the progress of a small number of projects has been affected to a minor extent.

Per Aarsleff A/S achieved 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 building activities continued to increase, and a number of large projects in Copenhagen and Aarhus are currently being executed. Overall, the projects progressed as planned.

Wicotec Kirkebjerg A/S performed in line with expectations. The level of activity is lower compared to the same period of last financial year when the ventilation and plumbing contracts for the Niels Bohr Building contributed to high revenue. The focus 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, affecting both revenue and results.



WHAT WE DO

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

The Group's railway activities in the Aarsleff Rail Group performed in line with expectations. The level of activity was satisfactory, however lower than in the same period of last financial year.

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. Activities have only been affected by COVID-19 to a limited extent, and solutions were found so that the start-up of the construction of the new school in Nuuk is relatively unaffected.

Aarsleff is involved in the development of several large building projects using the principles of early contractor involvement. This involves two hotel projects which have been stopped, and 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, and 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 the financial year 2019/20 is unchanged, corresponding to an EBIT margin of approx. 3.7% before recognition of goodwill impairment and revenue approximately on par with 2018/19.

REVENUE

4,345M

SEGMENT RESULTS (EBIT)

92M

EBIT MARGIN

2.1%

PIPE TECHNOLOGIES

– RESULTS ABOVE EXPECTATIONS

H1 revenue came to DKK 1,122 million or 16.2% up on last financial year. Revenue of the Danish operations increased by 2.8% to DKK 286 million. Revenue of the foreign operations increased by 21.7% to DKK 836 million.

Segment results (EBIT) amounted to DKK 82 million (EBIT margin: 7.3%) compared to DKK 44 million (EBIT margin: 4.8%) last financial year. Results are above expectations at the beginning of the financial year.

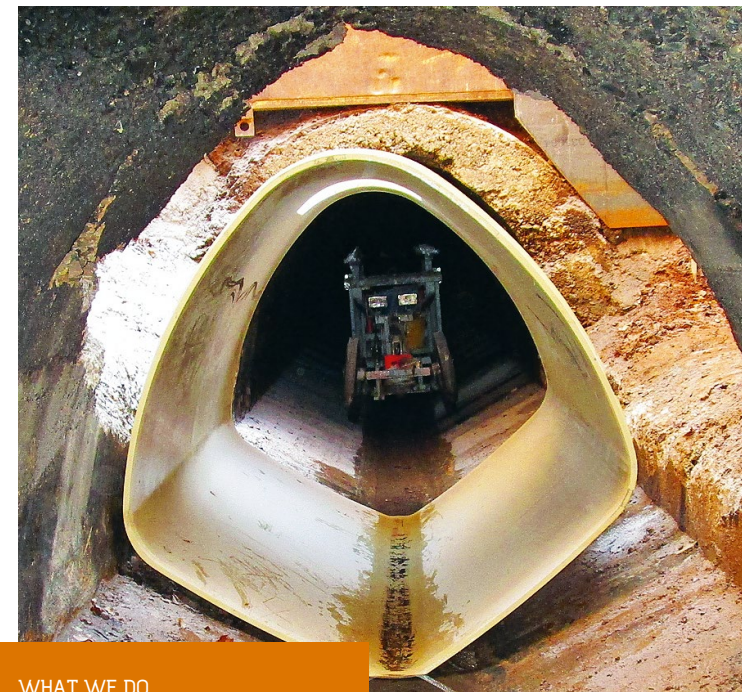
Our companies in the Nordic countries performed above expectations. In Sweden, the level of activity has returned to normal after a decline in the market last year. In addition, a large project was carried out in the second quarter, contributing positively to both revenue and earnings. In Norway, both revenue and earnings in March were negatively affected by a decline within the housing and industry segment due to COVID-19. This is expected to continue in the future months. Also, Sweden and Norway will see a negative effect due to declining exchange rates.

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.

In Germany, results were in line with expectations. The level of activity was high, and during the quarter a large project was carried out in Dresden. The low level of activity within the industrial segment due to COVID-19 has caused a beginning price pressure, resulting in increased competition within the utility market. The new initiative concerning the production of non-circular GRP pipes in Germany progressed in line with expectations, and production start will be in June.

In Russia, results were affected by the country's lockdown due to COVID-19, and it is uncertain when the Russian society will open again, and how the low oil price will influence demand.

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



WHAT WE DO

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

REVENUE

1,122M

SEGMENT RESULTS (EBIT)

82M

EBIT MARGIN

7.3%

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

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

GROUND ENGINEERING

– RESULTS IN LINE WITH EXPECTATIONS

H1 revenue came to DKK 1,069 million or 4.5% up on H1 of last financial year, of which 2.4% was organic revenue decline. The Danish operations reported a revenue decline of 30.2% to DKK 390 million. The foreign operations reported a revenue increase of 46.3% to DKK 679 million.

Segment results (EBIT) amounted to DKK 53 million (EBIT margin: 5.0%) compared to DKK 39 million (EBIT margin: 3.8%) last financial year and are in line with expectations at the beginning of the financial year.

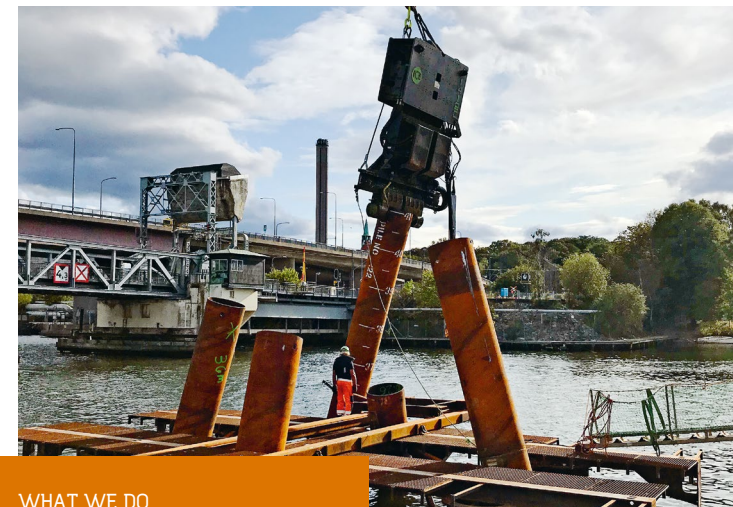
The Danish activities performed in line with expectations. However, the level of activity in Denmark was considerably lower than H1 of last financial year. Capacity utilisation is still good e.g. on the large, ongoing construction pit projects such as the New Natural History Museum of Denmark in Copenhagen, the preliminary work in connection with the expansion of Terminal

3 in Copenhagen Airport, the ground engineering work for the Minnevik Bridge in Norway and two large infrastructure projects in Sweden. A lower level of activity is expected in the second half of the financial year.

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.

The company in Poland performed below expectations. During the second half of the financial year, the level of activity is expected to be high, as the order backlog is very satisfactory comprising a number of projects with reinforced concrete piles. The work in Poland is only affected by COVID-19 to a limited extent.

The H1 results of the company in the UK were negative as expected, and the month of March was affected by the COVID-19 lockdown of society. The order backlog is satisfactory, and a higher level of activity is expected in the future months. This depends, however, on how fast the COVID-19 situation returns to normal.



WHAT WE DO

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

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

The results of the German company Neidhardt Grundbau GmbH were in line with expectations. There is a high level of activity, and the projects are carried out according to plan or better than expected. STB Wöltjen GmbH performed in line with expectations. The work in Germany is only affected by COVID-19 to a limited extent.

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

REVENUE

1,069M

SEGMENT RESULTS (EBIT)

53M

EBIT MARGIN

5.0%

OUTLOOK FOR THE FINANCIAL YEAR 2019/20

The outlook for the financial year as a whole, before recognition of goodwill impairment relating to Hansson & Knudsen A/S, remain unchanged. EBIT is expected to amount to DKK 560 million. EBIT after recognition of goodwill impairment is expected to amount to DKK 488 million. Revenue is expected to be approx. 1% up on the financial year 2018/19.

The short-term financial impact of COVID-19 is currently limited but depending on how fast conditions return to normal, profit for the year may be affected. Aarsleff has activities in different countries, and it is uncertain how fast conditions return to normal in the countries in question. Also, the measures taken and the extent to which these countries are affected by the virus vary.

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

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 2019-31 March 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 31 March 2020 of the Group as well as of the results of the Group's operations and cash flows in the period 1 October 2019 to 31 March 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, 27 May 2020

EXECUTIVE MANAGEMENT

JESPER KRISTIAN JACOBSEN
CEO

LARS M. CARLSEN
Deputy CEO

MOGENS VEDEL HESTBÆK
Group CFO

NICOLAI SCHULTZ
Deputy CEO

BOARD OF DIRECTORS

EBBE MALTE IVERSEN
Chairman of the Board

BJARNE MOLTKE HANSEN
Deputy Chairman

JENS BJERG SØRENSEN
Board member

CHARLOTTE STRAND
Board member

HENRIK HØJEN ANDERSEN
Board member

INCOME STATEMENT

	January quarter		H1	
(tDKK)	2019/20	2018/19	2019/20	2018/19
Revenue	3,026,108	2,985,677	6,535,929	6,374,431
Production costs	-2,680,764	-2,646,939	-5,761,487	-5,708,663
Gross profit	345,344	338,738	774,442	665,768
Administrative expenses and selling costs	-231,294	-228,101	-493,699	-470,647
Goodwill impairment	-71,696	0	-71,696	0
Other operating income and expenses	7,311	3,695	13,848	12,119
Share of profit in associates and joint ventures	2,215	425	4,010	1,610
Operating profit (EBIT)	51,880	114,757	226,905	208,850
Net financials	-6,326	2,374	-14,121	-17,743
Profit before tax	45,554	117,131	212,784	191,107
Tax on profit for the period	-25,707	-29,065	-63,333	-46,997
Profit after tax	19,847	88,066	149,451	144,110
Earnings per share (DKK)	1.07	4.35	7.95	7.10

STATEMENT OF COMPREHENSIVE INCOME

	January quarter		H1	
(tDKK)	2019/20	2018/19	2019/20	2018/19
Profit after tax	19,847	88,066	149,451	144,110
Items that may become reclassified to the income statement				
Foreign exchange adjustment on translation of foreign entities	-59,066	-6,587	-44,247	-9,096
Fair value adjustments of derivative financial instruments, net	4,190	2,603	-3,103	-5,340
Tax on other comprehensive income	-1,152	-639	452	993
Other comprehensive income recognised directly in equity	-56,028	-4,623	-46,898	-13,443
Total comprehensive income	-36,181	83,443	102,553	130,667
Comprehensive income is attributable to				
Per Aarsleff Holding A/S shareholders	-35,860	83,508	102,755	130,520
Minority shareholders	-321	-65	-202	147
Total	-36,181	83,443	102,553	130,667

BALANCE SHEET

(tDKK)	31/03 2020	30/9 2019	31/03 2019
ASSETS			
Goodwill	201,904	267,623	267,623
Patents and other intangible assets	93,077	93,475	97,376
Land and buildings	827,829	846,320	846,505
Plant and machinery	1,240,904	1,287,337	1,285,330
Other fixtures and fittings, tools and equipment	150,600	143,765	129,409
Property, plant and equipment in progress	51,920	37,336	52,909
Lease assets	370,147	0	0
Other non-current assets	30,084	33,143	13,920
Non-current assets	2,966,465	2,708,999	2,693,072
Inventories	341,558	323,618	299,498
Contracting debtors	1,955,086	2,840,351	2,376,789
Work in progress	947,811	1,034,488	1,109,899
Other receivables	243,155	192,232	194,680
Securities	601,205	412,856	412,885
Cash and cash equivalents	1,111,614	658,142	533,594
Current assets	5,200,429	5,461,687	4,927,345
Total assets	8,166,894	8,170,686	7,620,417

(tDKK)	31/03 2020	30/9 2019	31/03 2019
EQUITY AND LIABILITIES			
Equity, shareholders of Per Aarsleff Holding A/S	3,106,651	3,106,986	2,920,820
Minority interests' share of equity	6,678	7,480	7,582
Equity	3,113,329	3,114,466	2,928,402
Mortgage debt and credit institutions	105,473	131,287	135,983
Lease liabilities	239,863	0	0
Provisions	81,257	81,985	62,737
Other payables	1,579	0	0
Deferred tax	544,417	536,555	454,279
Non-current liabilities	972,589	749,827	652,999
Mortgage debt and credit institutions	355,768	472,241	371,202
Lease liabilities	129,179	0	0
Work in progress	1,192,337	1,298,063	1,204,901
Trade payables	1,328,268	1,474,005	1,506,318
Other payables	1,075,424	1,062,084	956,595
Current liabilities	4,080,976	4,306,393	4,039,016
Total liabilities	5,053,565	5,056,220	4,692,015
Total equity and liabilities	8,166,894	8,170,686	7,620,417

CASH FLOW STATEMENT

	H1	
(tDKK)	2019/20	2018/19
Cash flow generated from operations		
Operating profit (EBIT)	224,494	208,850
Depreciation, amortisation and impairment, intangible assets	90,676	19,645
Depreciation, amortisation and impairment, property, plant and equipment	271,468	190,913
Other adjustments	-2,158	-22,380
Change in working capital	653,504	351,197
Net financials	-23,681	-17,743
Tax paid	-43,410	-61,749
Cash flow from operating activities	1,170,893	668,733
Cash flow generated from investments		
Acquisitions	-30,220	-113,458
Net investment in property, plant and equipment and intangible assets	-157,137	-181,354
Securities	-198,644	-222,012
Cash flow from investing activities	-386,001	-516,824
Non-current liabilities	-106,685	-34,896
Dividend paid	-110,959	-101,403
Cash flow from financing activities	-217,644	-136,299
Change in cash and cash equivalents for the period	567,248	15,610
Cash and cash equivalents at the beginning of the year	199,968	160,558
Change in cash and cash equivalents for the period	567,248	15,610
Closing cash and cash equivalents	767,216	176,168

NET INTEREST-BEARING DEPOSIT

	H1	
(tDKK)	2019/20	2018/19
Cash and cash equivalents	1,111,614	533,594
Securities	601,205	412,885
Total interest-bearing assets	1,712,819	946,479
Mortgage debt and credit institutions	461,241	507,184
Lease liabilities	369,042	0
Other long-term debt	1,579	0
Other short-term debt	58,650	64,792
Total interest-bearing liabilities	890,512	571,976
Net interest-bearing deposit/debt (+/-)	822,307	374,503

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
Equity at 1 October 2018	45,300	-85,443	2,968	2,815,541	113,250	2,891,616	7,426	2,899,042
Adjustment at the beginning of the year				-3,900		-3,900		-3,900
Adjusted equity at 1 October 2018	45,300	-85,443	2,968	2,811,641	113,250	2,887,716	7,426	2,895,142
Comprehensive income								
Profit for the period				143,963		143,963	147	144,110
Other comprehensive income								
Foreign exchange adjustment of foreign entities		-9,105				-9,105	9	-9,096
Fair value adjustment of derivative financial instruments			-5,340			-5,340		-5,340
Tax on derivative financial instruments			993			993		993
Total other comprehensive income	0	-9,105	-4,347	0	0	-13,452	9	-13,443
Total comprehensive income	0	-9,105	-4,347	143,963	0	130,511	156	130,667
Transactions with owners								
Employee share programme				3,996		3,996		3,996
Dividend paid					-113,250	-113,250		-113,250
Dividend, treasury shares				11,847		11,847		11,847
Total transactions with owners	0	0	0	15,843	-113,250	-97,407	0	-97,407
Equity at 31 March 2019	45,300	-94,548	-1,379	2,971,447	0	2,920,820	7,582	2,928,402
Equity at 1 October 2019	45,300	-107,388	-78	3,044,577	124,575	3,106,986	7,480	3,114,466
Comprehensive income								
Profit for the period				149,653		149,653	-202	149,451
Other comprehensive income								
Foreign exchange adjustment of foreign entities		-44,247				-44,247		-44,247
Fair value adjustment of derivative financial instruments			-3,103			-3,103		-3,103
Tax on derivative financial instruments			452			452		452
Total other comprehensive income	0	-44,247	-2,651	0	0	-46,898	0	-46,898
Total comprehensive income	0	-44,247	-2,651	149,653	0	102,755	-202	102,553
Transactions with owners								
Dividend, minority shareholders							-600	-600
Employee share programme				7,869		7,869		7,869
Dividend paid					-124,575	-124,575		-124,575
Dividend, treasury shares				13,616		13,616		13,616
Total transactions with owners	0	0	0	21,485	-124,575	-103,090	-600	-103,690
Equity at 31 March 2020	45,300	-151,635	-2,729	3,215,715	0	3,106,651	6,678	3,113,329

NOTES

NOTE 1 – SEGMENT INFORMATION

	Construction		Pipe Technologies		Ground Engineering		Total	
	H1	H1	H1	H1	H1	H1	H1	H1
Amounts in mDKK	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Segment revenue	4,372	4,488	1,124	967	1,096	1,045	6,592	6,500
Internal revenue	-27	-102	-2	-2	-27	-22	-56	-126
Revenue	4,345	4,386	1,122	965	1,069	1,023	6,536	6,374
Of this, work performed abroad	636	706	836	687	679	464	2,151	1,857
Operating profit (EBIT)	92	126	82	44	53	39	227	209
Net financials							-14	-18
Profit before tax							213	191
EBIT margin, %	2.1	2.9	7.3	4.5	5.0	3.8	3.5	3.3
Number of employees	4,693	4,398	1,016	1,017	1,275	1,136	6,984	6,551

NOTE 2 – ALLOCATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	H1	
(tDKK)	2019/20	2018/19
Domestic		
Sale of goods	49,000	60,043
Construction contracts*	4,500,931	4,457,278
Total domestic	4,549,931	4,517,321
International		
Sale of goods	175,565	79,703
Construction contracts*	1,810,433	1,777,407
Total international	1,985,998	1,857,110
Total		
Sale of goods	224,565	139,746
Construction contracts*	6,311,364	6,234,685
Total	6,535,929	6,374,431

* Construction contracts are recognised over time

NOTES

NOTE 3 – ACCOUNTING POLICIES

The interim financial report covering the first six 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 half of the financial year, the positive effect of IFRS 16 on EBIT amounted to DKK 1.3 million, and the similar effect for the entire financial year is assessed at DKK 2.4 million.

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

IFRS 16 “LEASES”

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

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

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

IFRS 16 IMPACT ON FINANCIAL STATEMENTS

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

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

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

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

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

NOTES

NOTE 3 – ACCOUNTING POLICIES

(tDKK)	1/10 2019
Operating lease liability as disclosed in annual report at 30 September 2019	325,841
Discounted using the incremental borrowing rate at 1 October 2019	319,781
Lease liabilities where the asset has not yet been delivered	-26,379
Extension and termination options reasonably certain to be exercised as well as variable lease payments based on an index	135,017
Lease liabilities recognised at 1 October 2019	428,419

Lease assets amount to tDKK 370,147 at 31 March 2020. Lease liabilities are included in financial debts and are specified as follows:

(tDKK)	31/3 2020
Lease liabilities – non-current	239,863
Lease liabilities – current	129,179

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

(tDKK)	H1 2019/20
Depreciation of lease assets recognised directly in income statement	79,391
Interest on lease liabilities recognised in income statement	2,411

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.