AARSLEFF

ANNUAL REPORT 2018/19

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This Annual Report has been prepared in Danish and English. In case of discrepancy, the Danish version shall prevail.

AARSLEFF AND HOW WE WORK

MARKET LEADER

The Aarsleff Group is a building construction and civil engineering group with an international scope and a market leading position in Denmark. The Group comprises a number of independent, competitive companies, each with their own specialist expertise, organised under Per Aarsleff Holding A/S. As the largest of these companies, Per Aarsleff A/S has a significant role in coordinating and managing the Group, since our top management and the Group staff functions are based in this company, together with the management of all three segments: Construction, Pipe Technologies and Ground Engineering.

ONE COMPANY

The Group's diverse range of business units are either independent companies or departments. Each business unit has different specialist skills, and therefore they mainly sell their services directly to our customers. Our specialist expertise includes harbour and marine construction, railway work, tunnel work, ground engineering work, district heating work, pipe rehabilitation and the execution of technical contracts with subsequent operation and service. Where synergies can be achieved, we focus on integrating the specialist expertise of our business units across the Group into turnkey solutions with a high degree of in-house production. We optimise and improve the efficiency of our collaboration across the Group by working according to specific principles expressed in our One Company model.

PARTNERSHIPS AND EFFICIENCY IMPROVEMENTS

We build long-term partnerships with customers and business partners to improve the efficiency of our services, and we add value to our customers' projects by early contractor involvement. Our ground engineering and trenchless pipe renewal activities are strongly internationalised with a number of companies in Denmark and abroad. The activities have a high degree of industrialisation, and it is our goal to constantly reduce and improve the efficiency of the direct production costs.

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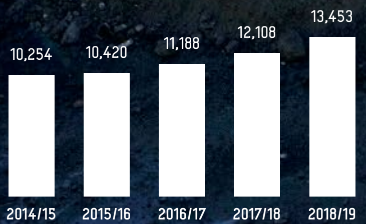
THE YEAR IN FIGURES

REVENUE

13,453M

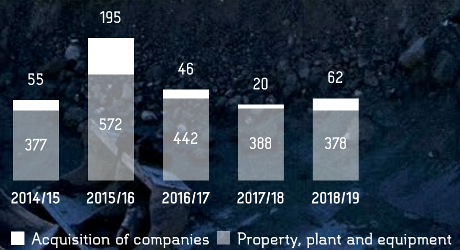
Revenue increased by 11.1%, of which 10.1% was organic growth. Revenue increased in all three segments and was attributable to a high level of activity within harbour expansions, building activities in Greater Copenhagen, construction pits in Denmark, acquisitions in Germany and a high level of activity in the German market for pipe renewal.



INVESTMENTS

440M

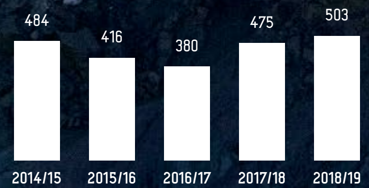
During the financial year, the usual investments were made in the replacement of equipment and a few new investments in e.g. drilling rigs and a tamping machine. Acquisitions during the year primarily consisted of the German companies in Ground Engineering.



EBIT

503M

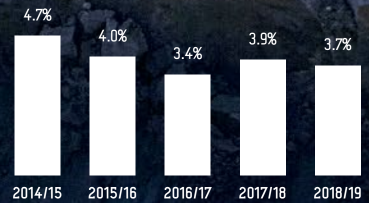
Construction performed in line with expectations. Ground Engineering performed above expectations driven by the high level of activity in Denmark. Pipe Technologies also performed above expectations driven by a high level of activity and improved profit margins in Germany.



EBIT MARGIN

3.7%

The EBIT margin, adjusted for the arbitration loss, was 4.3% as expected. The EBIT margin of the three segments was 3.2% for Construction, 4.9% for Pipe Technologies and 4.9% for Ground Engineering.



ON A STEADY COURSE

The past year was characterised by a very high level of activity and growth in all three segments – and we achieved record-high top and bottom lines. Especially within large harbour expansions, building construction and railway activities, our project activities experienced a very positive development. During the year, we have developed as a team and as an organisation, thereby strengthening our One Company qualifications.

Our activities in Denmark were characterised by the harbour expansions in Rønne, Hanstholm, Frederikshavn and Skagen. Large, exciting and, not least, challenging projects requiring theoretical know-how, practical experience and entrepreneurial spirit for a successful completion. Skills that the Aarsleff Group clearly demonstrated when we produced and installed the 7,000-tons pier head for Port of Hanstholm – the largest so far in Denmark.

PROJECT- AND SOLUTION-BASED BUSINESS APPROACH

We must continue meeting our customers and their consultants with a project- and solution-based approach, and we prefer to begin our collaboration already in the design phase. Although it may be a long process, it allows us to use our specialist skills when we optimise the project, ensure buildability and minimise the risks during the execution phase together with the client and the consulting engineers.

Using early contractor involvement, we secured the contracts for the construction of Danske Bank's new headquarters in Copenhagen, the new Natural History Museum of Denmark in Copenhagen as well as Lighthouse in Aarhus which will become Denmark's tallest residential building.

HEALTHY CULTURE AND JOB SATISFACTION

At Aarsleff, we have generally succeeded in retaining our skilled employees, and for that we are grateful. The experience and the qualifications of our employees are essential to sustain our market position. We have a good and healthy culture, and this was also reflected in our most recent employee survey which showed high employee satisfaction scores.

Over the year, the number of trainees and apprentices in the largest Danish contracting companies has been debated. In the future, there will be an increasing competition to find skilled workers, and we are aware of our shared responsibility to train the employees of the future generations. That is why we will continue having apprentices and trainees on our projects if it is possible and if it provides value to society. Read more about our work concerning apprentices and trainees in our CSR report. This report also describes our measures to reduce the number of accidents.

WE PURSUE MARKET OPPORTUNITIES

There is an increased focus on digitalisation in the building and construction industry. Aarsleff is among the first to implement and use digital tools that e.g. optimise the design phase and improve the efficiency in the execution phase.

Currently, the Aarsleff Group is experiencing a record-high order backlog, and we expect that the relatively high level of activity will continue in the coming years as some of our large projects will keep us busy during the next three to four years.

> The experience and the qualifications of our employees are essential to sustain our market position. We have a good and healthy culture, and this was also reflected in our most recent employee survey which showed high employee satisfaction scores.

We are measured against parameters such as earnings, revenue and growth. However, growth has never been an isolated target to us. And it will not be so in the future, either. Growth goes hand in hand with development and earning capacity. And we will continue developing – because it is in our DNA to pursue market opportunities.

JESPER KRISTIAN JACOBSEN
CEO

FINANCIAL HIGHLIGHTS FOR THE GROUP

(DKK'000)	2018/19	2017/18	2016/17	2015/16	2014/15
Income statement					
Revenue	13,453,011	12,108,257	11,188,255	10,419,564	10,253,877
Of this, work performed abroad	4,196,739	3,519,902	3,221,833	2,843,331	3,145,279
Operating profit (EBIT)	502,620	475,286	380,478	415,808	483,981
Net financials	-29,887	-29,847	-16,557	-16,733	-29,218
Profit before tax	472,733	445,439	363,921	399,075	454,763
Profit for the year	360,661	340,961	268,936	304,166	366,363
Balance sheet					
Non-current assets	2,708,999	2,683,396	2,654,972	2,405,051	1,939,348
Current assets	5,461,687	5,169,477	4,370,146	4,128,270	4,050,798
Total assets	8,170,686	7,852,873	7,025,118	6,533,321	5,990,146
Equity	3,114,466	2,899,042	2,695,173	2,503,431	2,265,103
Non-current liabilities	749,827	743,808	711,354	767,234	725,170
Current liabilities	4,306,393	4,210,023	3,618,591	3,262,656	2,999,873
Total equity and liabilities	8,170,686	7,852,873	7,025,118	6,533,321	5,990,146
Net interest-bearing deposit/debt(+/-)	399,260	31,055	-206,640	-60,560	372,867
Invested capital (IC)	2,706,432	2,857,238	2,880,712	2,554,769	1,880,103
Statement of cash flows					
Cash flow from operating activities	940,200	764,941	492,509	415,058	1,124,293
Cash flow from investing activities	-665,475	-392,894	-489,646	-766,734	-625,865
Of which investment in property, plant and equipment, net	-378,102	-387,640	-442,176	-571,812	-377,052
Cash flow from financing activities	-234,293	-120,051	-96,279	-76,927	-91,168
Change in cash and cash equivalents for the year	40,432	251,996	-93,416	-428,603	407,260

	2018/19	2017/18	2016/17	2015/16	2014/15
Financial ratios[1]					
Gross margin, %	10.7	11.7	11.3	12.0	11.9
Operating margin (EBIT margin), %	3.7	3.9	3.4	4.0	4.7
Profit margin (pre-tax margin), %	3.5	3.7	3.3	3.8	4.4
Return on invested capital (ROIC), %	18.1	16.6	14.0	18.8	24.2
Return on invested capital (ROIC) after tax, %	13.8	12.7	10.3	14.3	19.4
Return on equity (ROE), %	12.1	12.2	10.3	12.7	17.4
Equity ratio, %	38.1	36.9	38.4	38.3	37.8
Earnings per share (EPS), DKK	17.76	16.68	13.16	14.84	17.98
Share price at 30 September, DKK	222.00	243.00	185.00	159.00	229.10
Price/net asset value, DKK	1.45	1.70	1.40	1.29	2.06
Dividend per share, DKK	5.50	5.00	4.00	4.00	3.00
Number of employees	6,838	6,499	6,203	5,906	4,932

[1] For a definition of financial ratios, see page 92

THE YEAR IN BRIEF

In the financial year 2018/19, consolidated revenue amounted to DKK 13,453 million or 11.1% up on last financial year, of which 10.1% was organic growth. Revenue of the Danish operations increased by 7.8%, and revenue of the foreign operations increased by 19.2%. Revenue growth is mainly attributable to Construction and a continued high level of activity within harbour expansions, building activities in Greater Copenhagen and a higher level of activity within the rail activities of the segment. Revenue from our foreign operations was exceptionally high, driven by an offshore wind test project in Taiwan carried out in the second half of the financial year. In Ground Engineering, revenue increased by 14.1% primarily due to a continued high level of activity in the Danish market for construction pits and the acquisition of the German company Neidhardt Grundbau GmbH. In Pipe Technologies, revenue increased by 6.3% primarily driven by a higher level of activity in the German market.

Consolidated EBIT amounted to DKK 503 million (EBIT margin: 3.7%) compared to DKK 475 million (EBIT margin: 3.9%) last financial year. Profit for the year was influenced by an unexpected arbitration loss of DKK 72 million in January 2019 related to the construction of a biogas plant. EBIT before recognition of the arbitration loss was DKK 575 million (EBIT margin: 4.3%). Earnings expectations were an EBIT of DKK 530 million at the beginning of the financial year and were adjusted downwards to an EBIT of DKK 460 million in January 2019 after the arbitration loss. After the second quarter of the financial year, EBIT expectations were adjusted upwards to DKK 480 million.

Construction achieved results in line with expectations. Ground Engineering performed above expectations driven by the high level of activity in Denmark. Pipe Technologies achieved results above expectations driven by a high level of activity and improved profit margins in Germany.

Total investments in property, plant and equipment as well as subsidiaries amounted to DKK 440 million compared to DKK 408 million last financial year. The increase is owing to investments in subsidiaries during the financial year with the acquisition of the German companies Neidhardt Grundbau GmbH and STB Wöltjen GmbH.

Cash flows from operating activities amounted to DKK 940 million compared to DKK 765 million in the same period last financial year. The company's working capital amounted to a positive effect of DKK 123 million, primarily due to a significant decrease in receivables which were exceptionally high at the presentation of the latest annual report.

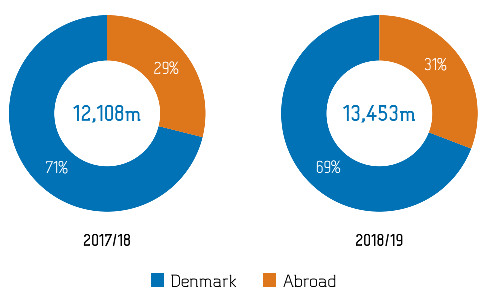
Consolidated interest-bearing liabilities less interest-bearing assets amounted to a net deposit of DKK 399 million against a net deposit of DKK 31 million at 30 September 2018. The improvement is primarily due to the positive effect from the working capital and the operating profit.

Return on invested capital after tax (ROIC) came to 13.8% compared to 12.7% last financial year and complied with the financial target of at least 12%.

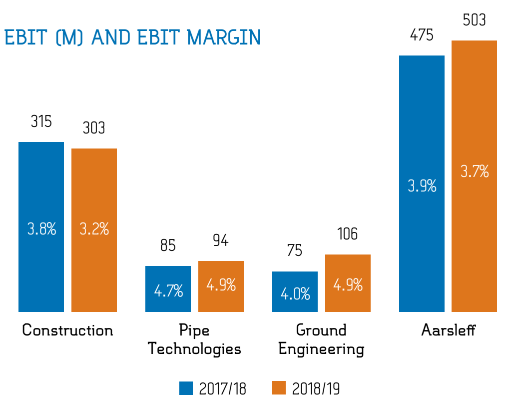
The company's order backlog amounted to DKK 17,409 million compared to DKK 16,601 million at the beginning of the financial year. The order intake of the financial year amounted to DKK 14,261 million. In the financial year, Aarsleff signed several large building contracts, including the DKK 1.2 billion contract with the consortium Lighthouse United for the construction of Lighthouse at Aarhus Ø which will become Denmark's tallest residential building, standing 142 metres high. In May, the Aarsleff Group signed a contract with the Danish Road Directorate for the construction of the new Natural History Museum of Denmark in Copenhagen. Within harbour expansion projects, a DKK 660 million contract was entered into with the municipality and the port of Ystad in Sweden for the establishment of two new ferry berths. Moreover, the Aarsleff Group signed a contract with Port of Skagen for the phase 3 extension at an estimated value of DKK 500 million.

In February 2019, the employees of the Danish part of the Group were once again offered to participate in an employee share programme. This was the second year of the programme out of the planned three years. A total of 1,069 employees signed up for the programme in the second year.

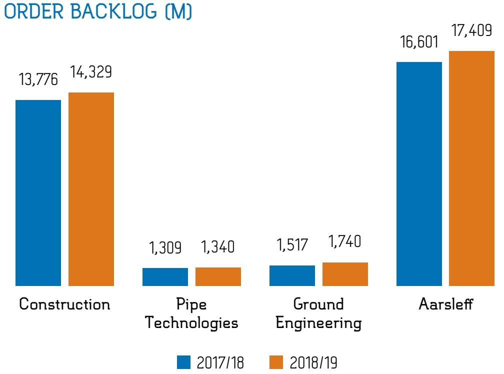
REVENUE



EBIT (M) AND EBIT MARGIN



ORDER BACKLOG (M)



THE FUTURE FINANCIAL YEAR

In the future financial year, the Group expects revenue in line with 2018/19. EBIT is expected to be in the range of DKK 560 million compared to DKK 503 million last financial year. Investments in property, plant and equipment exclusive of leased assets are expected to amount to approx. DKK 400 million compared to DKK 378 million last financial year.

CONSTRUCTION expects revenue in line with 2018/19 and an EBIT margin of 3.7% compared with 3.2% last financial year (4% adjusted for the recognition of the arbitration loss).

Per Aarsleff A/S has a high order backlog, however, with a long execution period. Compared to the past financial years, the order backlog consists of several, very large projects with long execution periods. In the future financial year, there will be a high level of activity on the large building projects, e.g. Danske Bank's new headquarters in Copenhagen, Lighthouse at Aarhus Ø, the tall residential tower of the Carlsberg City and the new Natural History Museum of Denmark in Copenhagen. It is Group policy that large, complex One Company projects are recognised taking unsettled risks into consideration, resulting in a lower EBIT margin for this share of revenue in the future financial year. The market for building construction is still characterised by large, single opportunities, and Aarsleff's focus is on selection, especially concerning capacity and risk management. A lower level of activity is expected due to a stagnating construction market, primarily because several of the large harbour expansion projects have been completed. In the future financial year, the activities abroad will primarily consist of the completion of the expansion of Port of Ystad as well as the income from the activities in PAA Project Finance A/S.

Wicotec Kirkebjerg A/S participates in all the large building projects carried out in One Company collaboration, and the revenue recognition of the projects will affect the EBIT margin in the future financial year. A revenue decline is expected as the completion of the large installation project in the Niels Bohr Building is approaching. Hansson & Knudsen A/S expects an unchanged level of activity, and the focus is on operation and execution in order to improve earnings. However, the market is still characterised by severe price competition.

More large track renewal tenders are expected in the future financial year, creating good opportunities for Aarsleff Rail A/S to maintain revenue at its current high level. The focus is on exploiting opportunities in Norway and Sweden in a controlled growth scenario starting with small and medium-sized projects.

Revenue in Ístak hf. is expected to decline due to a slowdown in the building activities in Iceland. There is still a few, large opportunities within building construction, also in Greenland, and it is expected that several major construction projects will be commenced in the future years.

	2019/20	2018/19
REVENUE GROWTH		
Construction	0%	11.5%
Pipe Technologies	5%	6.3%
Ground Engineering	0%	14.1%
The Aarsleff Group	1%	11.1%
The Aarsleff Group	13,588m	13,453m
EBIT MARGIN		
Construction	3.7%	3.2%
Pipe Technologies	5%	4.9%
Ground Engineering	5%	4.9%
The Aarsleff Group	4.1%	3.7%
The Aarsleff Group	560m	503m
INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT		
The Aarsleff Group	400m	378m

PIPE TECHNOLOGIES expects an increase in revenue of 5% compared to last financial year, and an EBIT margin of 5% compared to 4.9% last financial year.

In the Nordic markets, primarily Sweden experiences revenue growth. There are some large projects in the pipeline while revenue in 2018/19 was extraordinarily low. In Denmark and Norway, the markets are stable with satisfactory earnings.

In Germany, the market conditions are still good. The activity from the sale of LED equipment and materials is increasing, and the focus is on entering the French market.

There are positive expectations to the market in Russia, however, a large part of revenue must be contracted for and executed. In Poland, there is a good order backlog which is taken in at a higher margin than previously.

The strategic partnership with the American company Hammerhead Trenchless is affected by the fact that Charles Machine Works, the owner of HammerHead, has been sold to The Toro Company. This has delayed HammerHead's sales efforts in the American market.

GROUND ENGINEERING expects revenue in line with 2018/19 and an EBIT margin of 5% compared with 4.9% last financial year.

In Denmark, a lower level of activity is expected within establishment of construction pits, and it is uncertain how the market for reinforced concrete piles will develop, especially in the last half of the financial year. The lower level of activity in Denmark is expected to be partly compensated for by increased activity abroad where there is a large order backlog, especially in Sweden and Norway. In Sweden, continued high revenue is expected due to an increasing level of activity within large infrastructure projects. However, the market for reinforced concrete piles is still under pressure due to the decline within residential building and this affects the EBIT margin. In Poland, a high level of activity is expected, and the focus is on increasing earnings. The order backlog in Poland is significantly higher than last year.

The market for pile installation in Germany remains challenged by the lack of onshore wind turbine projects. Neidhardt Grundbau GmbH is expected to continue the positive development with a high level of activity, however, as usual the company has a short order horizon. Also, the new company STB Wöltjen GmbH, specialising in bored piles, is expected to contribute positive results in the financial year. In the UK, a significantly higher level of activity is expected, and there is a really good order backlog. However, it is still uncertain how Brexit will impact market conditions.

STRATEGIC FOCUS AREAS

THE AARSLEFF GROUP is a Northern European contracting group and has activities in three segments: Construction, Pipe Technologies and Ground Engineering.

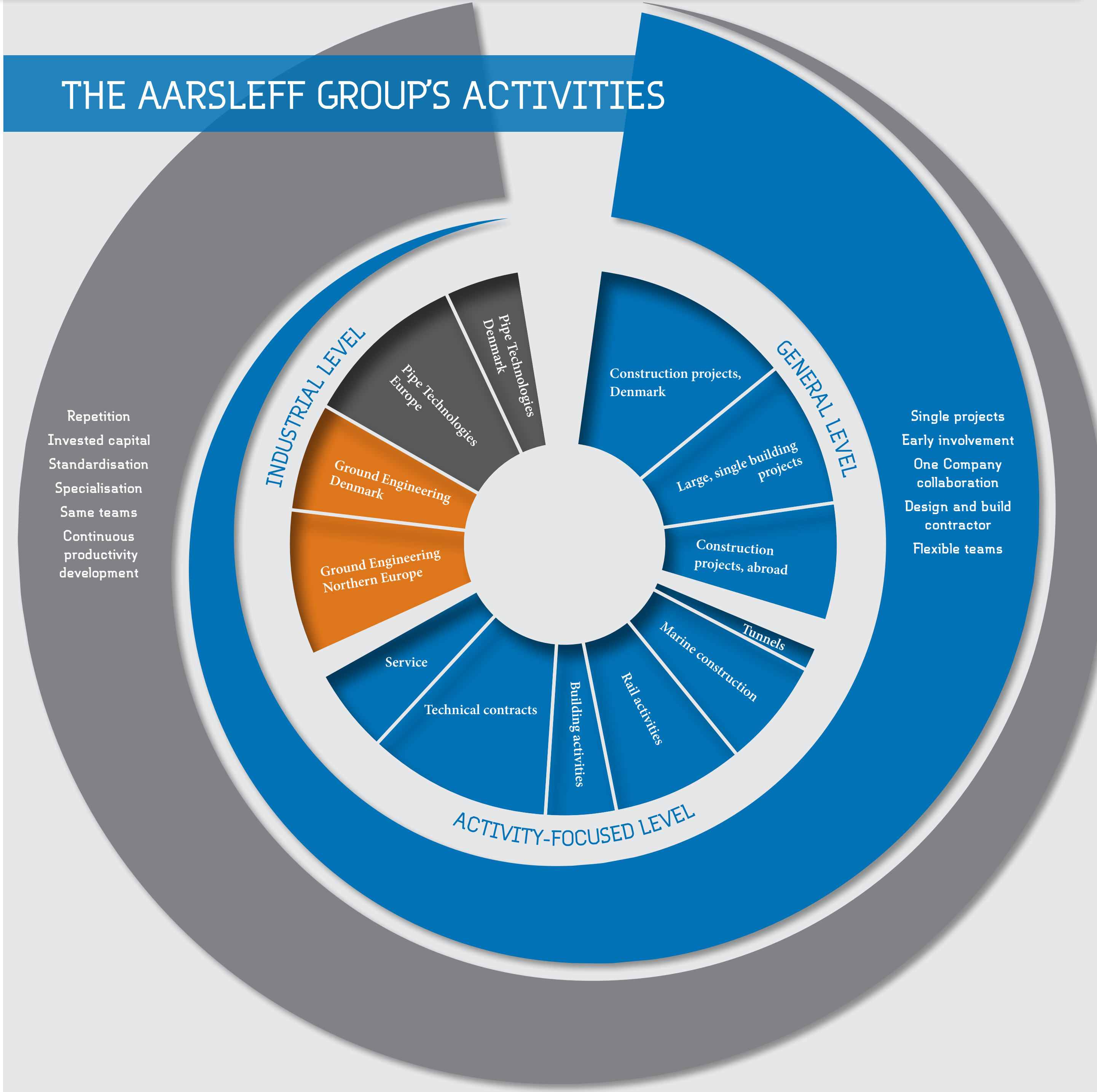
The Group has a clear profitability focus, aiming to increase earnings through continuous efficiency improvements and secure project execution.

We manage our portfolio of activities and projects by establishing working relationships that create synergy between the individual business units of the Group. We have a common approach to management, culture, specialisation and improved efficiency with a view to realising synergies.

FROM A GENERAL TO AN INDUSTRIAL LEVEL

The Aarsleff Group's business model has three different activity levels: The general level with execution of large, single One Company projects and flexible teams from project to project; the activity-focused level with a high potential for repetition; and finally the industrial level in Pipe Technologies and Ground Engineering with fully industrialised activities characterised by a high degree of invested capital.

THE AARSLEFF GROUP'S ACTIVITIES



ONE COMPANY

The Aarsleff Group is organised in independent, competitive divisions and companies each with their own specialist expertise. We refer to teamwork and collaboration across divisions as One Company, meaning that we seek and exploit synergies. The synergies develop when specialist contractors contribute expertise to reach the best solution.

All large-scale projects are undertaken in collaboration between several divisions and companies of the Aarsleff Group. This allows us to utilise and share experience gained through inter-company projects, and we focus on joint management because it creates value to the customer in the form of flexible and efficient processes – and not least results of the highest quality.

INDEPENDENT AND SHARP

The Aarsleff Group is currently expanding its operations by acquisitions or establishment of companies in Denmark and abroad. The companies that we acquire are well-run and have specialist contracting skills. They have a strong management and have shown good results.

All companies are organised as independent entities and are competitive when executing One Company projects as well as own projects. We believe that this contributes to keeping the individual entities sharp and strong, creating the best foundation for mutual development.

ONE POINT OF ENTRY

By drawing on the versatile contracting expertise of the companies, Aarsleff is able to undertake projects of any scale as well as design and build contracts with a high degree of in-house production. This provides security for the client – financially as well as professionally.

ONE COMPANY

Competitiveness and efficiency in complex design and build contracts are created by utilising synergies between skills and specialist expertise across the companies of the Group with a high degree of in-house production.

We utilise repetition effects when we carry out projects using the same teams.

WHAT DOES THE AARSLEFF GROUP'S STRATEGY MEAN?

CLEAR PROFITABILITY FOCUS

- Increase profitability through continuous efficiency improvements as well as project execution and project finance management
- High degree of active involvement from the executive management in the organisation and risk management of projects with particular risks
- Realisation of potential in business units that do not meet expectations.

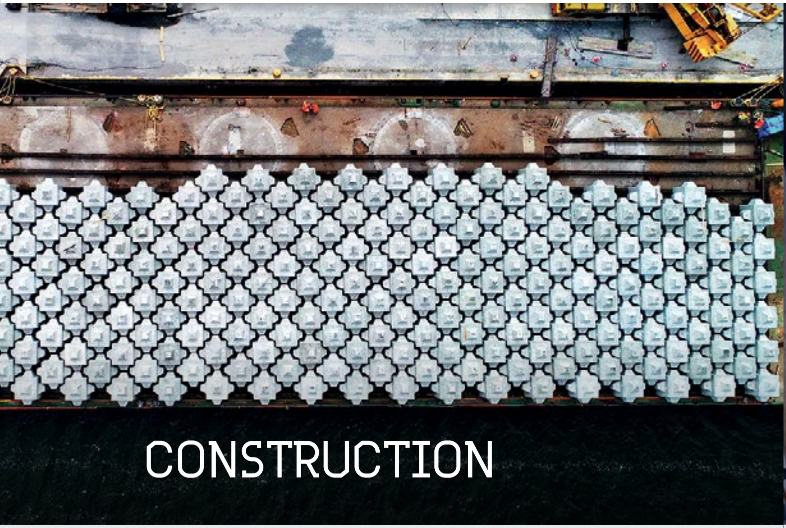
FOCUSED PORTFOLIO MANAGEMENT

- Clear principles for requirements to the units' independent financial and strategic value creation for the Group
- Focus on current increase of value creation by a more proactive and dynamic management of the portfolio in close collaboration with the individual units.

DEVELOPMENT OF COLLABORATION

- Increase focus on creating collaboration in the Group on common approaches to management, culture, specialisation and efficiency improvement with a view to creating synergy.

FOCUS AREAS FOR THE THREE SEGMENTS



CONSTRUCTION

ONE COMPANY
Strengthen our competitiveness continuously through One Company collaboration by developing improved solutions, improved collaboration and increased efficiency in the execution phase.

PROJECT MANAGEMENT SKILLS
Focus on project management skills in large, complex design and build contracts to ensure successful implementation while focusing on commercial management and risk management.

EMPLOYEES
Recruit, develop and retain employees in a market with an increasing demand for the right skills.

PROJECT DEVELOPMENT
Continue building up skills within project development and early involvement.

INDUSTRIALISATION
Achieve efficiency improvements by means of repetition effects and efforts to integrate industrialisation into the projects.

DIGITALISATION
Achieve improved efficiency by means of digitalisation, including continued development of the Group's VDC skills.

BUILDING CONSTRUCTION
Continue expanding the building activities.

EMBEDDING OF LARGE-SCALE PROJECTS
Embed large-scale projects in the top management.

PIPE TECHNOLOGIES

EFFICIENCY IMPROVEMENTS
Continue to industrialise and improve the efficiency of the installation and production processes.

COST REDUCTIONS
Reduce costs in the value chain from manufacturing to installation of standard products.

TECHNOLOGICAL FOUNDATION
Focus on future-proofing the business area by an ongoing development of a broad product portfolio and a strong technological foundation.

SALES GROWTH
Increase growth on existing markets and increase growth internationally via third party sales.

LED SYSTEM SELLING
Focus on selling Aarsleff's unique LED concept, consisting of equipment and materials to third parties through direct sale or in the form of license agreements.

GROUND ENGINEERING

SPECIALISED SEGMENT
Be a strong and coherent international, specialist segment focusing on earnings, industrialisation and optimisation.

PRODUCTIVITY
Increase productivity and competitiveness by incorporating common standards concurrently with product and method development.

MARKET DEVELOPMENT
Provide ground engineering expertise and methods in line with the market development to create technological breadth and earnings potential.

PRECAST CONCRETE PILES
Keep the main priority on supply and installation of precast concrete piles on all markets.

EXCHANGE OF QUALIFICATIONS
Exchange experience, methods, resources and expertise across countries to further develop our machinery, piling methods and technologies to optimise earnings.

BUSINESS APPROACH
Focus on a more project-based business approach and organisation in line with the development of the individual units.

ONE COMPANY
Expand One Company collaboration.

FINANCIAL TARGETS, CAPITAL STRUCTURE AND DISTRIBUTION POLICY

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

GROWTH AND DEVELOPMENT

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

Each individual business area must develop and improve or alternatively rethink its activity. This will lead to organic growth.

Acquisitions will mainly consist of specialist companies and must provide synergy – either by value-adding complementarity or by creating economies of scale by expanding the existing business areas.

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

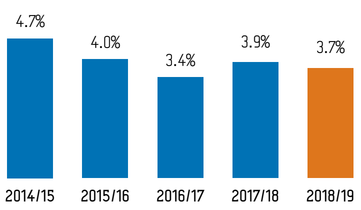
In the industrial segments Pipe Technologies and Ground Engineering, our growth target is between 5% and 10% per year with the focus on international growth.

Overall, the markets for civil works and building construction still bring opportunities of profitable growth. It is a basic principle for the Aarsleff Group's development that earnings requirements take priority over growth. Continued efficiency improvements with consequent increased competitiveness must make growth a consequence more than a target.

FINANCIAL TARGETS

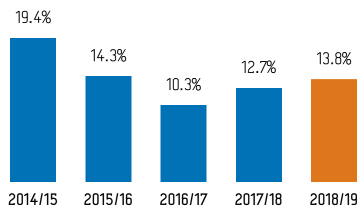
EBIT MARGIN

5%



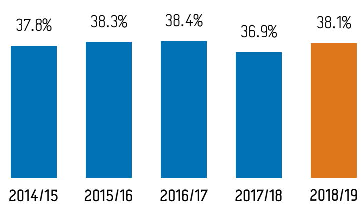
ROIC (AFTER TAX)

AT LEAST **12%**



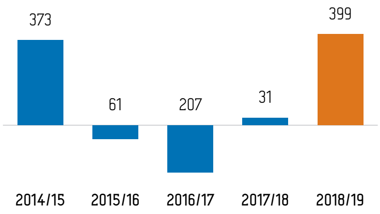
EQUITY RATIO

APPROX. **40%**



NET INTEREST-BEARING DEPOSIT/DEBT

0 M



EARNINGS

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

EBIT MARGIN TARGET

CONSTRUCTION	PIPE TECHNOLOGIES	GROUND ENGINEERING
4.5%	5%	7%

SOUND FINANCIAL RESOURCES

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

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

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

RETURN ON INVESTMENT

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

DIVIDEND

Achievement of the targeted rate of return involves financing of the expected growth by future earnings and generating liquidity for distribution of dividend assessed at 20-40% of the annual profit dependent on growth.

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

INSIGHT INTO THE FINANCIAL DEVELOPMENT

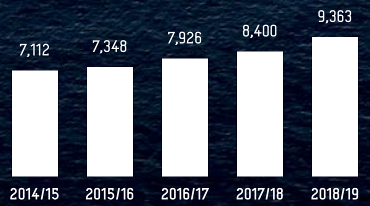
www.aarsleff.com/investor

CONSTRUCTION

REVENUE

9,363M

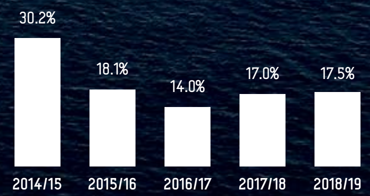
Revenue increased by 11.5%, of which 11.4% was organic growth. There was a high level of activity in Denmark, especially within harbour expansions, building activities in Greater Copenhagen and a higher level of activity within railway work. Revenue of the foreign operations increased by 56.3% to DKK 1,678 million.



ROIC (AFTER TAX)

17.5%

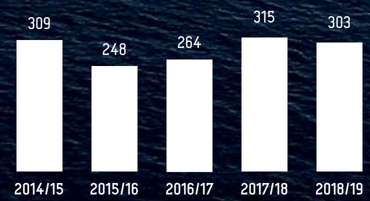
ROIC was above the 12% target. Construction is characterised by having an investment level below Pipe Technologies and Ground Engineering. The invested capital is decreasing primarily due to a positive development in the working capital.



SEGMENT RESULTS (EBIT)

303M

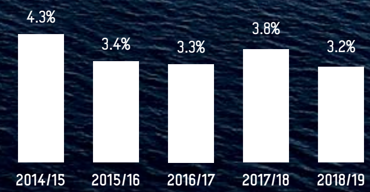
EBIT results were in line with expectations. The high level of activity partly compensated for the impact of the arbitration loss which influenced results negatively by DKK 72 million.



EBIT MARGIN

3.2%

The EBIT margin, adjusted for the arbitration loss, was 4%. The EBIT margin target for the segment is 4.5%.



THE PAST YEAR IN CONSTRUCTION

Segment results (EBIT) came to DKK 303 million, corresponding to 3.2% of revenue. Revenue increased to DKK 9,363 million, corresponding to 11.5%, of which 11.4% was organic growth. Revenue of the Danish operations increased by 4.9% to DKK 7,686 million, and revenue of the foreign operations increased by 56.3% to DKK 1,678 million.

WHAT WE DO

www.aarsleff.com/references

At the beginning of the financial year, EBIT was expected to constitute 4% of revenue, but in January it was adjusted downwards to 3% due to the previously mentioned arbitration loss.

In the financial year, Construction's order intake amounted to DKK 9,917 million, and the order backlog amounted to DKK 14,329 million at 30 September 2019 (30 September 2018: DKK 13,776 million) of which approx. DKK 6,000 million is expected to be carried out in the financial year 2019/20.

Per Aarsleff A/S achieved results above expectations, and the projects progressed as planned. The activities organised under PAA Project Finance A/S achieved results which were higher than previous years. The level of activity remained high, primarily within building activities in Greater Copenhagen and harbour expansions. The ports of Rønne and Frederikshavn were completed and handed over to the clients. The focus is to strengthen our competitiveness continuously through One Company working relationships by developing improved solutions, improved collaboration and increased efficiency in the execution phase.

In March, Aarsleff entered into an agreement with Copenhagen Airport to design and plan the Terminal 3 expansion with a view to being involved in the project at an early stage. Aarsleff is currently involved in a number of similar projects in both Aarhus and Copenhagen.

Wicotec Kirkebjerg A/S performed below expectations due to write-downs of projects in the Jutland-based part of the business as well as reassessment of a few disputes. In the financial year, the level of activity was high, among other things due to the completion of the Niels Bohr Building where Wicotec Kirkebjerg was responsible for the ventilation and plumbing contracts. The focus on project management was maintained, including the collaboration on building projects carried out in One Company.

Aarsleff Rail A/S achieved very satisfactory results. The level of activity was very high, although the number of invitations to tender from Banedanmark decreased compared to previous years. A number of small and medium-sized projects were won, e.g. stabilisation of railway embankments at the Ringsted-Fehmarn Railway Line carried out in One Company collaboration with Per Aarsleff A/S, and track renewal work between Ringsted and Korsør. The performance of Banedrift AS in Norway was unsatisfactory, and the focus is to improve project execution.

Hansson & Knudsen A/S achieved a small, positive profit and continued to be challenged by the difficult market conditions, primarily on Funen. There is a severe price competition affecting revenue and results. The focus is still on strengthening the project management qualifications.

Ístak hf. performed in line with expectations. However, there is a slowdown within building activities resulting in a more intense price competition.

Dan Jord A/S performed below expectations due to a provision of approx. DKK 12 million for a loss-making landscaping service contract. However, other operating activities progressed satisfactorily. Effective 1 October 2019, Dan Jord acquired the company HP Tennisanlæg A/S. The purpose of the acquisition was to strengthen Dan Jord's expertise, especially in the market on Zealand and within the execution of minor sports facilities. In addition, HP Tennisanlæg can offer their expertise to the markets in Jutland and on Funen.

Petri & Haugsted AS achieved results well above expectations. The level of activity was high due to the increasing demand for cable work and communication lines.

Entreprenørfirmaet Østergaard A/S performed above expectations at the beginning of the financial year due to a high level of activity within directional drilling. In addition, the company managed to compensate for the lack of major tunnelling projects by a number of small projects in Denmark and Norway.

VG Entreprenør A/S achieved results in line with expectations. There was a high level of activity, particularly on harbour expansion projects carried out in One Company collaboration with Per Aarsleff A/S.

In the new financial year, revenue on par with 2018/19 is expected. The segment expects an EBIT margin of 3.7%. The long-term expectations to revenue development will follow economic trends and market opportunities, and the EBIT margin target for the segment is 4.5%.

PIPE TECHNOLOGIES

REVENUE

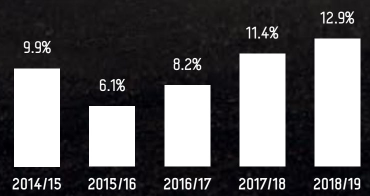
1,929M

Revenue increased by 6.3%. Revenue of the Danish operations decreased by 1.2% to DKK 493 million, and revenue of the foreign operations increased by 9.1% to DKK 1,436 million. The increase was primarily driven by a high level of activity in Germany.

ROIC (AFTER TAX)

12.9%

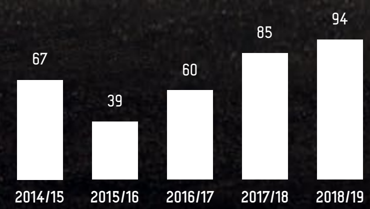
ROIC was above the 12% Group target. Pipe Technologies is characterised by making large investments in production plant for manufacture of materials and mobile installation units. The invested capital was at the same level as last financial year.



SEGMENT RESULTS (EBIT)

94M

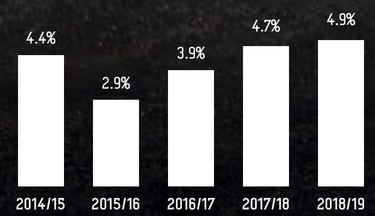
Results exceeded expectations due to the high level of activity and improved profit margins in Germany.



EBIT MARGIN

4.9%

The EBIT margin is approaching the 5% EBIT margin target of the segment.



THE PAST YEAR IN PIPE TECHNOLOGIES

Segment results (EBIT) came to DKK 94 million or 4.9% of revenue. Revenue increased by 6.3% to DKK 1,929 million and was entirely organic growth. Revenue of the Danish operations decreased by 1.2% to DKK 493 million, and revenue of the foreign operations increased by 9.1% to DKK 1,436 million.

HOW WE RENEW SEWERS

www.vimeo.com/album/4677228

The expected EBIT level of 4.5% at the beginning of the financial year was maintained during the year.

In the financial year, Pipe Technologies' order intake amounted to DKK 1,960 million, and the order backlog amounted to DKK 1,340 million at 30 September 2019 (30 September 2018: DKK 1,309 million) of which approx. DKK 925 million is expected to be carried out in the financial year 2019/20.

In Germany, there was a high level of activity, and earnings improved as a result of the initiatives launched to increase productivity at the construction sites and the focus on selective order acquisition in a market with an increasing number of invitations to tender.

The company in Denmark performed in line with expectations, and the level of activity was stable. The market is characterised by many framework agreements, and there is a current focus on using the potential in collaboration with the individual utility companies. Also, new initiatives were launched e.g. CIPP Lining of road shafts.

In Sweden, results were affected by a market decline, primarily in the second quarter of the financial year. However, in the second half of the financial year, the level of activity was back to normal, and the order backlog was satisfactory.

Olimb in Norway performed in line with expectations. The focus is to increase the geographic presence in more regions and to invest in the technological platform, including LED equipment.

The company in Russia performed somewhat below expectations, and the company was loss-making. The level of activity increased significantly in the fourth quarter, and there are several projects in the pipeline to be executed in the next financial year.

The Polish company is now profitable, and the current order backlog is satisfactory. There is focus on project execution.

The strategic partnership with the American company Hammerhead Trenchless was affected by the fact that Charles Machine Works, the owner of HammerHead, has been sold to The Toro Company. This has delayed HammerHead's sales efforts in the American market.

In the new financial year, an approximate 5% revenue growth is expected and an EBIT margin of 5%. The long-term expectations to revenue development are 5% to 10% per year, and the EBIT margin target for the segment is 5%.

GROUND ENGINEERING

REVENUE

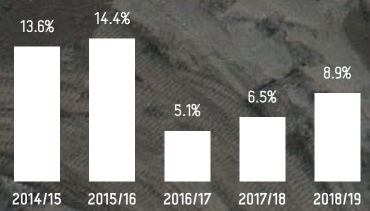
2,161M

Revenue increased by 14.1%, of which 8.3% was organic growth. There was a high level of activity in Denmark, and revenue increased by 41.3% to DKK 1,078 million. Revenue of the foreign operations decreased by 4.2% to DKK 1,083 million.

ROIC (AFTER TAX)

8.9%

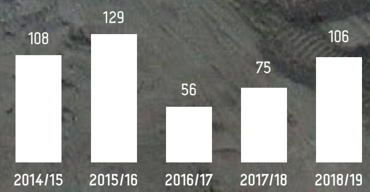
At present, ROIC is below the 12% Group target due to the EBIT level which is too low. Ground Engineering is characterised by making large investments in production plant for manufacture of precast reinforced concrete piles and piling rigs for installation of piles. The invested capital was at the same level as last financial year.



SEGMENT RESULTS (EBIT)

106M

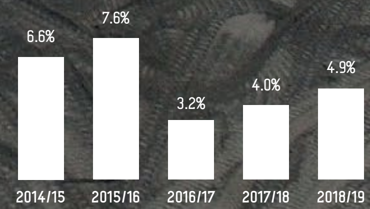
EBIT results were above expectations driven by the high level of activity in Denmark.



EBIT MARGIN

4.9%

The EBIT margin develops positively but is still below the 7% EBIT margin target of the segment.



THE PAST YEAR IN GROUND ENGINEERING

READ MORE ABOUT
GROUND ENGINEERING

www.aarsleff.com/groundengineering

Segment results (EBIT) came to DKK 106 million or 4.9% of revenue. Revenue increased to DKK 2,161 million, corresponding to 14.1%, of which 8.3% was organic growth. Revenue of the Danish operations increased by 41.3% to DKK 1,078 million, and revenue of the foreign operations decreased by 4.2% to DKK 1,083 million.

At the beginning of the financial year, the expectations to segment results were an EBIT level of 4.5% which was maintained during the financial year.

In the financial year, Ground Engineering's order intake amounted to DKK 2,384 million, and the order backlog amounted to DKK 1,740 million at 30 September 2019 (30 September 2018: DKK 1,517 million) of which approx. DKK 1,150 million is expected to be carried out during the financial year 2019/20.

The Danish activities performed above expectations, and the large, ongoing projects comprising construction pits and harbour expansions progressed according to plan. During the year, initiatives were launched to increase the level of activity in Norway, primarily within ground engineering work for large infrastructure projects. This took place in One Company collaboration with Ground Engineering's company in Sweden.

In Sweden, results were in line with expectations. There was a continued slowdown within ground engineering for residential projects; however, this was partly compensated for by the increasing activity within construction projects.

The German pile company was loss-making as expected. The company was still affected by the strong decline in the market for onshore wind turbine foundation.

The newly acquired company Neidhardt Grundbau GmbH performed above expectations, and the order backlog is satisfactory.

In July, Aarsleff signed a purchase agreement on the acquisition of all shares in the German company STB Wöltjen GmbH. The company has a revenue of approx. DKK 45 million and specialises in drilled piles primarily in Germany. The takeover of STB Wöltjen and the acquisition of Neidhart Grundbau back in January underpinned Ground Engineering's strategy to complement standardised reinforced concrete piles with piling activities.

The company in the UK is developing positively but is still not satisfactory. There is considerable uncertainty in the market due to the approaching Brexit.

The company in Poland performed somewhat below expectations. The number of projects within standardised reinforced concrete piles is still decreasing, affecting the results of the pile factory as well as the ground engineering business.

In the new financial year, revenue in line with 2018/19 is expected and an EBIT margin of 5%. The long-term expectations to revenue development are 5% to 10% per year, and the EBIT margin target for the segment is 7%.

SHAREHOLDER INFORMATION

SHARE CAPITAL

The share capital is DKK 45.3 million divided into DKK 2.7 million A shares and DKK 42.6 million B shares.

The B share capital is listed on Nasdaq Copenhagen A/S. At 30 September 2019, the B share capital consisted of 21,300,000 shares of DKK 2 each. The B shares are negotiable instruments issued to bearer but can be registered in the name of the holder in the company's register of shareholders.

The A share holding consists of 27,000 shares of DKK 100 each and carries 10 times the voting rights compared to the B shares. The A shares are not negotiable instruments. In all calculations of financial ratios, the A shares are calculated into shares of DKK 2 in line with the B shares, corresponding to 1,350,000 A shares.

SHAREHOLDERS

All A shares are owned by the foundation Per og Lise Aarsleffs Fond. The foundation possesses 42.63% of the votes primarily through Per Aarsleff Holding A/S's A shares. The purpose of the foundation is to ensure the Aarsleff Group's continued existence and development through possession of Per Aarsleff Holding A/S's A share capital.

Shareholders may exercise their voting rights at the Annual General Meeting only after having had their shares entered in the company's register of shareholders or after due notification and documentation of their acquisition of shares prior to the convening of the Annual General Meeting. At 30 September 2019, 7,706 shareholders were registered, corresponding to approx. 91% of the share capital. Shareholders who hold more than 5% of the share capital or control more than 5% of the voting rights at 11 December 2019 are shown in the pie chart below.

TREASURY SHARES

At the end of the financial year, the holding of treasury shares was 2,475,624 B shares of a nominal value of DKK 4.95 million and an acquisition cost of DKK 115 million. At 30 September 2019, the market capitalisation of the treasury shares was DKK 550 million. In the financial year 2018/19, we purchased 106,265 B shares for the purpose of covering the matching share obligation under the share programme for the Executive Management and the employees.

The holding of treasury shares is 10.93%. At the Annual General Meeting in January 2020, the Board of Directors will propose that 2,265,000 B shares, corresponding to 10% of the company's share capital, be cancelled. The company's remaining holding of treasury shares will be used to cover share-based payments under the share programme for the Executive Management and the employees.

At the Annual General Meeting in January 2017, the Board of Directors was authorised for the next five years to allow the company to acquire treasury shares within a total nominal value of 20% of the share capital of the company.

MARKET CAPITALISATION

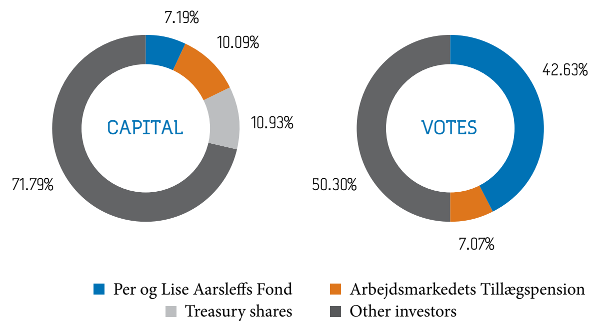
At 30 September 2019, the market capitalisation of the company's B shares exclusive of treasury shares was DKK 4,179 million compared to DKK 4,600 million at 30 September 2018.

In the financial year, the share price of Per Aarsleff Holding A/S has largely followed the development of the Mid Cap index, and at the end of the financial year it is approx. 9% lower than at the beginning of the year.

DIVIDEND

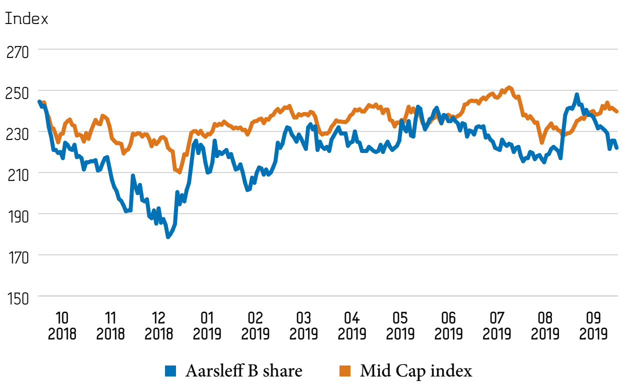
For the financial year 2018/19, the proposed dividend per share of a nominal value of DKK 2 is DKK 5.50.

SHARE HOLDING, CAPITAL AND VOTES[1]

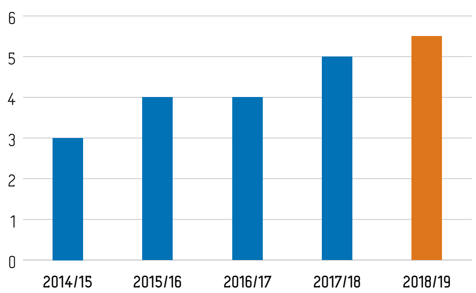


[1] Number of votes corrected for treasury shares.

SHARE PRICE DEVELOPMENT COMPARED TO MID CAP INDEX



DIVIDEND (DKK PER SHARE)



FINANCIAL CALENDAR

30 JANUARY 2020	Annual general meeting at the Group headquarters, Hasselager Allé 5, 8260 Viby J, at 15:00
4 FEBRUARY 2020	Dividend paid to shareholders for the financial year 2018/19
26 FEBRUARY 2020	Interim financial report for the period 1 October-31 December 2019
27 MAY 2020	Interim financial report for the period 1 October 2019-31 March 2020
25 AUGUST 2020	Interim financial report for the period 1 October 2019-30 June 2020
21 DECEMBER 2020	Annual report for the financial year 2019/20

COMPANY ANNOUNCEMENTS

Company announcements can be found at www.aarsleff.com/investor

CORPORATE GOVERNANCE

With few exceptions, Management complies with the recommendations of Nasdaq Copenhagen A/S on good corporate governance, found on www.corporategovernance.dk.

The exceptions are:
- The Board of Directors has chosen not to obtain external assistance in the evaluation of the Board of Directors, cf. the section on evaluation of the work of the Board of Directors and the Executive Management.
- The variable remuneration which is paid to the Executive Management cannot be reclaimed, as recommended, if the remuneration was paid on the basis of information which subsequently was found to be incorrect.
- It is not found appropriate to prepare a remuneration report that includes information on the total remuneration received by each member of the Executive Management.

The below statement concerns the recommendations updated most recently in November 2017.

An outline of the company's approach to the individual recommendations is available at www.aarsleff.com/corporategovernance20182019.

THE WORK AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

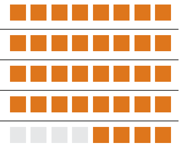
The Board of Directors determines the business concept as well as the overall goals and strategies of the Aarsleff Group and is responsible for the overall management of the company.

The rules of procedure of the Board of Directors describe the work of the Board of Directors. The rules of procedure also describe the work of the Chairman of the Board and the Deputy Chairman. The rules of procedure are reviewed annually to ensure that the Board of Directors undertakes its most important assignments in relation to the overall strategic management and control of the company as well as the current assessment of the work of the Executive Management.

In the course of the year, the Board of Directors held eight meetings attended by the Executive Management. The attendance was as follows:

ATTENDANCE – BOARD MEETINGS

Board member	Meeting attendance
Andreas Lundby	
Jens Bjerg Sørensen	
Peter Arndrup Poulsen	
Charlotte Strand	
Bjarne Moltke Hansen*	



*Bjarne Moltke Hansen joined the Board of Directors at the Annual General Meeting in January.

The Board of Directors has established an Audit Committee consisting of three board members. In the course of the year, the committee held three meetings with the attendance of all members. The terms of reference of the committee are available at www.aarsleff.com/investor. Also, a Nomination and Remuneration Committee was established consisting of two members.

COMPOSITION OF THE BOARD OF DIRECTORS

During most of the financial year, the Board of Directors consisted of five external members. The members are elected for one year at a time by the Annual General Meeting.

In the procedures for recommendation of new candidates to the Board of Directors, we seek to safeguard the principles of diversity and representation of all important qualifications so that the Board can continue to carry out its work in the best possible way. We have set up specific targets for the proportion of women in the Board of Directors, cf. www.aarsleff.com/CSR.

THE BOARD OF DIRECTORS' FOCUS AREAS IN 2018/19

- STRATEGY
- RISK MANAGEMENT
- IT SECURITY
- SUCCESSION PLANNING
- SKILLS DEVELOPMENT

The work, results and composition of the Board of Directors were evaluated during the year. The Chairman of the Board headed the evaluation and interviewed the individual board members. The result was discussed in the entire Board of Directors. The evaluation process did not result in significant changes to the Board of Directors' annual cycle of work or working methods.

COMMERCIAL RISK ASSESSMENT

The Aarsleff Group's activities involve a number of risks that may affect the operation and financial position of the Group. We consider risks a natural and integrated part of our business activities. By means of risk management we reduce risks to an acceptable level.

Group management has the overall responsibility for each individual risk and performs an annual risk assessment which is categorised in relation to probability and financial effect.

Below is a description of the most significant risks relating to the Aarsleff Group and how these can be reduced to an acceptable level:

JOINT VENTURE RISK

The Aarsleff Group often enters into large-scale contracts together with selected business partners with a view to sharing the risk connected with the project execution. Throughout this process, business partners are carefully selected as the Aarsleff Group is exposed to significant risks if the business partners cannot handle the task. The risks are reduced by thoroughly assessing the history and financial strength of our business partners before entering into a working relationship.

RISK OF INSUFFICIENT PLANNING AND EXECUTION OF PROJECTS

A decisive parameter in the Aarsleff Group's ability to generate return is the ability to plan, manage and execute projects. This is a process that is continuously improved, as our base of experience is expanded. Within our specialist fields, we execute a number of routine jobs involving a high degree of repetition. One of the effects of repetition is the possibility to control and reduce errors and risks. We work systematically to identify and remove sources of error, and repetition allows us to monitor, control and inspect the work.

A special form of risk management is integration of design and planning. Traditionally, a contractor does not become part of a project until a firm of consulting engineers has completed the design, and the tender phase is over. However, there is a tendency to involve the contractor already when initiating the design. In some instances, this form of collaboration leads to partnership contracts and in other instances to design and construct contracts. An example of this is the construction of Danske Bank's headquarters in Copenhagen; here the Aarsleff Group has been involved from an early stage and entered into a contract for demolition, land development, construction pit and building construction.

RISK OF INSUFFICIENT ASSESSMENT OF PROJECTS

Each month, a number of procedures and controls are carried out in connection with measuring of progress towards completion of ongoing projects. Notwithstanding the execution of these controls, the monthly measuring of progress is based on an estimate of how many costs are expected to be incurred up until project completion. The initiated controls ensure that the estimates are well-founded and substantiated while taking the experience gained from the project and other similar projects into account. Therefore, Management assesses that the initiated controls reduce the risk to an acceptable level as it will not be possible to eliminate this risk completely.

RISK OF CHANGES IN RAW MATERIAL PRICES, EXCHANGE RATES ETC.

To reduce the financial effect of exchange rate fluctuations, the individual projects are assessed with a view to a potential currency hedging. Normally, currency overdraft facilities are established on the basis of a current calculation of the foreign exchange exposure of the most important currencies. Moreover, forward exchange contracts are used.

The development in raw material prices, e.g. steel prices, may have a significant financial effect. This effect is mitigated by introducing price regulation mechanisms in the contract with the customer, compensating for fluctuations in the raw material price, or by making fixed price contracts with the suppliers at an early stage.

RISK OF CYBERATTACKS

The Aarsleff Group is exposed to cyberattacks of different types and strengths. As a consequence, steps are taken to ensure that potential attacks cause the least possible damage and to minimise the Group's exposure to potential attacks.

INTERNAL CONTROL AND RISK MANAGEMENT IN FINANCIAL REPORTING

Internal controls and risk management relating to financial reporting in the Aarsleff Group are made with a view to presenting financial statements that comply with International Financial Reporting Standards (IFRS), as adopted by the EU, and additional Danish disclosure requirements for listed companies.

The internal controls and risk management systems have been made with a view to providing reasonable and fair security that errors and defects in the financial statements are discovered and rectified so that the annual report provides a true and fair view without material misstatements and with a view to ensuring that the choice and use of accounting policies are appropriate and that accounting estimates are performed responsibly.

The Group's internal control and risk management systems relating to financial reporting are based on the internationally recognised COSO framework and comprises the following:

CONTROL ENVIRONMENT

The Board of Directors has appointed an Audit Committee whose primary purpose is to assist the Board of Directors in monitoring financial reporting and the adequacy of the Group's internal control and risk management systems.

The Audit Committee has supervisory responsibilities and reports to the entire Board of Directors. The responsibility for the day-to-day maintenance of effective internal controls and a risk management system for financial reporting rests with the Executive Management. Managers at different levels are responsible within their respective areas.

Responsibility and powers are defined in the Board of Directors' instructions to the Executive Management, policies, procedures and code. The Board of Directors approves the most significant policies of the Group as well as the code of business conduct.

The Executive Management approves other policies and procedures, and the responsible functions issue guidelines and monitor the use of all policies and procedures. The organisational structure and internal guidelines together with laws and other rules form the control environment.

RISK ASSESSMENT

An annual risk analysis is prepared with a view to assessing key risks in the financial reporting process, including a separate assessment of the risk of material misstatement of the consolidated financial statements due to fraud.

The risk assessment, which is allocated to items and individual processes in the financial reporting, forms the basis of the determined risk management policy which is to ensure that relevant risks are managed and reduced to an acceptable level.

CONTROL ACTIVITIES

The aim of the control activities is to prevent, discover and correct any errors and irregularities. The activities are integrated in the Group's accounting and reporting procedures and include procedures for certification, authorisation, approval, reconciliation, analyses of results, separation of incompatible functions, controls concerning IT applications and general IT controls.

The risk assessment in the individual companies provides the basis for the local control activities concerning the financial reporting. The purpose of the risk assessment and the associated control activities is to ensure that an acceptable level of internal control concerning financial reporting in the Group is maintained.

INFORMATION AND COMMUNICATION

The Aarsleff Group maintains information and communication systems to ensure that the financial reporting is correct and complete. Accounting policies, accounting procedures and other reporting instructions are updated as needed and reviewed at least once a year.

The Aarsleff Group's accounting policies are specified in an accounting and reporting instruction submitted to the Group companies each year. In case of significant changes to the accounting policies, it is considered from one time to the next how these are communicated to the Group's companies most appropriately.

MONITORING

The Aarsleff Group uses a consolidation system for monitoring the Group's results, making it possible by means of analyses and follow-up at an early stage to detect and correct any errors and irregularities in the financial reporting.

Compliance with accounting policies is currently monitored at group level and other operating levels by financial controllers.

On a rotating basis, an annual review and assessment is carried out to find out whether the control design of relevant companies complies with the standards determined for the individual company in accordance with the company's risk assessment. The result hereof is reported to the Audit Committee.

Similarly, the Audit Committee receives observed control weaknesses and recommendations from the auditor elected at the Annual General Meeting. The Audit Committee monitors that the Executive Management reacts efficiently to any weaknesses or shortcomings and that measures relating to risk management and internal controls in connection with the financial reporting are implemented as planned.

CORPORATE SOCIAL RESPONSIBILITY

The requirement on socially responsible corporate behaviour continues to raise Aarsleff's and other companies' awareness of responsibility. In our CSR report you can read about major and minor initiatives from the financial year, and the section below provides an overview of the most important ones.

Based on the business opportunities, skills and resources found in our company and in our entire value chain, it is a fundamental principle to our CSR work that we constantly seek to contribute high value to society. Systematic analyses ensure that our targets and initiatives cover the requirements and the requests of our internal and external stakeholders and that our CSR efforts are highly relevant and essential to the Aarsleff Group as well as to society.

Corporate social responsibility statement cf. section 99 a of the Danish Financial Statements Act and the statement of the gender composition of the management cf. section 99 b of the Danish Financial Statements Act.

OUR CSR REPORT IS STRUCTURED INTO FIVE STRATEGIC MAIN AREAS. IN THE FINANCIAL YEAR, WE HAVE FOCUSED ON THE FOLLOWING CSR EFFORTS:

ENVIRONMENT AND CLIMATE

See CSR report page 13

- Launched work procedures on how to calculate energy consumption and CO_2 emissions
- Targeted the articulation of energy savings on construction sites
- Increased waste recycling rates

EMPLOYEES

See CSR report page 19

- Used e-learning to inform about occupational health and safety
- Increased the focus on near-miss incidents
- Provided prompt and clear information about accidents and immediate improvement notices

SOCIETY AROUND US

See CSR report page 25

- Extended the whistleblower scheme to cover the entire Group
- Employed a large number of apprentices and trainees
- Focused on minimising the disturbance to neighbours, users and other stakeholders during project execution

EXTERNAL BUSINESS PARTNERS

See CSR report page 32

- Worked closely together with clients and end users to increase the total value creation from the projects
- Used computer visualisation as a communication tool
- Carried out external reviews and audits of some of our principles and procedures

EQUALITY

See CSR report page 37

- Updated our policy on equality and diversity
- Ensured that the principles of equality and diversity are applied when recruiting new staff.

THE 17 UN GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

The 17 UN global goals still provide an important basis for our CSR work. We focus our efforts on 7 out of the 17 global goals. Read more in our CSR report on page 11.

SELECTED TARGETS FOR RESULTS AND DEVELOPMENT

	2018/19	2017/18	2016/17	2015/16	2014/15
Acquisitions of the year, share of vehicles and equipment of the most energy-efficient classes:					
Passenger cars – (target: 100%)[1]	100%	100%	97%	62%	47%
Vans – (target: increase the share)	93%	98%	68%	30%	29%
Construction machines – (target: increase the share)	88%	83%	81%	75%	[2]
Accidents (rate)[3] – (target: max. 5)	16.9	15.9	18.8	21.0	[2]
Accidents (days of absence)	12.1	12.6	9.3	11.4	[2]
Sickness absence – (target: max. 2.5%)	3.0%	3.2%	3.1%	2.7%	2.3%
Women in management roles	10.7%	12.9%	12.7%	12.1%	13.0%
Share of women among employees as a whole	11.9%	10.3%	9.7%	9.1%	12.0%

[1] Effective from 2018/19, the measuring method has been changed
[2] There is no comparable data
[3] Accidents (rate): Number of accidents per 1 million working hours. Accident (numerator) is defined as follows: Accident suddenly occurred during working hours, which results in absence on the day of the accident and at least the day after. Number of working hours (denominator) is defined as follows: Number of working hours performed in the year with deduction of accident absence.

READ MORE IN OUR CSR REPORT
www.aarsleff.com/csr

READ MORE ABOUT THE STATUTORY STATEMENTS IN A SEPARATE REPORT
www.aarsleff.com/csr20182019

EXECUTIVE MANAGEMENT

JESPER KRISTIAN JACOBSEN

POSITION
CEO

EDUCATION
BSc (Engineering)

CHAIRMAN OF THE BOARD OF DIRECTORS
Danish Project Export Network

MEMBER OF THE BOARD OF DIRECTORS
K2 Management A/S (Deputy Chairman)

LARS M. CARLSEN

POSITION
Deputy CEO

EDUCATION
BSc (Engineering)

MEMBER OF THE BOARD OF DIRECTORS
The Danish Construction Association
European Construction Industry Federation, FIEC
European International Contractors, EIC

MOGENS VEDEL HESTBÆK

POSITION
Group CFO

EDUCATION
MSc (Economics)

MEMBER OF THE BOARD OF DIRECTORS
Olimb Rørfornying Holding AS

EXECUTIVE MANAGEMENT

Name	Year of birth	Position	Employed since
Jesper Kristian Jacobsen	1970	CEO	2001
Lars M. Carlsen	1961	Deputy CEO	1988
Mogens Vedel Hestbæk	1972	Group CFO	2015

Executive Management's total number of shares in the company held at 18 December 2019: 10,385 (at 20 December 2018: 5,501)

BOARD OF DIRECTORS

ANDREAS LUNDBY
Chairman of the Board

EDUCATION
BSc (Economics and Business Administration), Diploma in Business Administration

SPECIAL COMPETENCES
Management of large, international companies

INDEPENDENCE
Considered independent

MEMBER OF THE BOARD OF DIRECTORS
Arla Foods Ingredients Group P/S (chairman of strategy committee)
Biolac GmbH & Co. KG, Germany
Kavland ApS

OTHER MANAGERIAL POSITIONS
General Manager of 4-Tune Invest ApS

JENS BJERG SØRENSEN
Deputy Chairman
Chairman of Per Aarsleff Holding A/S's Audit Committee

POSITION
President of Aktieselskabet Schouw & Co

EDUCATION
Business graduate, Diploma in Business Administration (marketing economics), Insead IEP

SPECIAL COMPETENCES
Financial insight and general management of large, international companies, including listed companies

INDEPENDENCE
Considered independent

CHAIRMAN OF THE BOARD
A. Kirk A/S
Alba Ejendomme A/S
BioMar Group A/S
Borg Automotive A/S
Borg Automotive Holding A/S
Car Parts Industries ApS
F. Salling Holding A/S
F. Salling Invest A/S
GPV International A/S
Hydra-Grene A/S
Købmand Herman Sallings Fond

BOARD MEMBER
Aida A/S
Bitten & Mads Clausens Fond
Ejendomsselskabet FMJ A/S
F.M.J. A/S
Fibertex Nonwovens A/S (Deputy Chairman)
Fibertex Personal Care A/S (Deputy Chairman)
Salling Group A/S (Deputy Chairman)

OTHER MANAGERIAL POSITIONS
General manager of Jens Bjerg Sørensen Datterholding 1 ApS
General manager of Jens Bjerg Sørensen Holding ApS

PETER ARNDRUP POULSEN
Board member
Member of Per Aarsleff Holding A/S's Audit Committee

EDUCATION
MSc in Forest and Nature Management

SPECIAL COMPETENCES
General management of large, international companies, including listed companies

INDEPENDENCE
Considered independent

CHAIRMAN OF THE BOARD
Noble Nordmann A/S
Idé-Pro Skive A/S
Primodan A/S

BOARD MEMBER
Graphic West Scandinavia ApS

CHARLOTTE STRAND
Board member
Member of Per Aarsleff Holding A/S's Audit Committee

EDUCATION
MSc (Economics)

SPECIAL COMPETENCES
Financial insight and general management of large, international companies, including listed companies

INDEPENDENCE
Considered independent

BOARD MEMBER
Flügger A/S
(chairman of audit committee)
PostNord AB

BJARNE MOLTKE HANSEN
Board member

EDUCATION
BSc (Engineering) (B), Insead, Young Managers Programme

SPECIAL COMPETENCES
General management of large, international companies, including listed companies

INDEPENDENCE
Considered independent

CHAIRMAN OF THE BOARD
Aalborg Portland Holding A/S
Bladt Industries A/S
Pindstrup Mosebrug A/S

BOARD MEMBER
RMIG A/S (Deputy Chairman)
BWSC A/S
LKAB
Danish SDG Investment Fund, Investment Committee

OTHER MANAGERIAL POSITIONS
General manager of BMH Advice ApS

BOARD OF DIRECTORS

Name	Year of birth	Initially elected	Term of office	Positions	Board remuneration	Number of shares[1]	Change[2]
Andreas Lundby	1950	2009	1 year	Chairman	825,000	11,000	1,000
Jens Bjerg Sørensen	1957	2014	1 year	Deputy chairman	550,000	0	0
Peter Arndrup Poulsen	1962	2010	1 year	Board member	365,000[3]	6,855	1,150
Charlotte Strand	1961	2017	1 year	Board member	365,000[3]	0	0
Bjarne Moltke Hansen	1961	2019	1 year	Board member	275,000	0	0

[1] Number of shares in the company held at 18 December 2019.
[2] Change from 20 December 2018.
[3] Of this figure DKK 90,000 constitutes Audit Committee remuneration.

MANAGEMENT'S STATEMENT

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Per Aarsleff Holding A/S for the period 1 October 2018-30 September 2019.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statement Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 30 September 2019 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 October 2018-30 September 2019.

In our opinion, Management's review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

The annual report is submitted for adoption by the Annual General Meeting.

Aarhus, 18 December 2019

EXECUTIVE MANAGEMENT

JESPER KRISTIAN JACOBSEN
CEO

LARS M. CARLSEN
Deputy CEO

MOGENS VEDEL HESTBÆK
Group CFO

BOARD OF DIRECTORS

ANDREAS LUNDBY
Chairman of the Board

JENS BJERG SØRENSEN
Deputy Chairman

PETER ARNDRUP POULSEN

CHARLOTTE STRAND

BJARNE MOLTKE HANSEN

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF PER AARSLEFF HOLDING A/S

OUR OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 30 September 2019 and of the results of the Group's operations and cash flows for the financial year 1 October 2018 to 30 September 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 September 2019 and of the results of the Parent Company's operations for the financial year 1 October 2018 to 30 September 2019 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

WHAT WE HAVE AUDITED

The Consolidated Financial Statements of Per Aarsleff Holding A/S for the financial year 1 October 2018 to 30 September 2019 comprise the consolidated income statement and statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of Per Aarsleff Holding A/S for the financial year 1 October 2018 to 30 September 2019 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

APPOINTMENT

Following the admission of the shares of Per Aarsleff Holding A/S for listing on Nasdaq OMX Copenhagen, we were first appointed auditors of Per Aarsleff Holding A/S in February 1985. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 34 years including the financial year 2018/19.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2018/19. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RECOGNITION AND MEASUREMENT OF CONSTRUCTION CONTRACTS AND RELATED RECOGNITION OF CONTRACT REVENUE

In accordance with IFRS 15, revenue from and profit on construction contracts are recognised over time based on the progress towards complete satisfaction of the individual performance obligations of the construction contracts (percentage-of-completion method). The progress (stage of completion) is determined and assessed by the proportion of the contract costs incurred at the balance sheet date compared to the total costs estimated to complete the contract.

The preparation of reliable forecasts of the total expected contract costs and contract revenue involves material accounting estimates and judgements.

This includes judgement of the extent to which contract costs incurred are expected recovered, including statement of variations compared to contractual assumptions, extra costs incurred due to instructions from builders and other events justifying compensation entitlement as well as claims from builders due to non-performance of contractual terms.

We focused on the recognition and measurement of construction contracts and the related recognition of revenue as the application of the percentage-of-completion method is complex and requires that Management make significant accounting estimates and assessments.

The Aarsleff Group has material construction contracts in the Construction, Pipe Technologies and Ground Engineering segments.

We refer to note 2 to the Annual Report on accounting estimates and judgements, note 17 on construction contracts and note 21 on provisions.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We assessed the Group's procedures and tested selected key controls on construction contracts and the related recognition of contract revenue.

We assessed the accounting policies applied and the Group's application and interpretation of relevant financial reporting standards.

We focused on material construction contracts in respect of which the final forecasts involved material estimates and judgements. We reviewed selected construction contracts with the relevant members of Management, financial managers or project management, and we tested, on a sample basis, central data against underlying documentation.

We reviewed key covenants in selected signed contracts to assess whether they have been treated correctly for accounting purposes and reflected with the correct amounts in the forecasts used.

Based on historical experience from comparable projects and knowledge of the building and construction industry, we challenged significant accounting estimates used in Management's forecasts, including especially the assumptions which form the basis of the judgement of stated variations and extra costs as well as claims from builders included in the forecast for the construction contracts.

For the purpose of assessing contracts subject to disputes and/or lawsuits, we obtained Group Management statements and judgements, legal representation letters from the Group's lawyers and other relevant legal documents.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or Parent Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Aarhus, 18 December 2019

PRICEWATERHOUSECOOPERS
StatsautoriseretRevisionspartnerselskab
CVR No 33 77 12 31

HENRIK KRAGH	THYGE BELTER
mne26783	mne30222
State Authorised	State Authorised
Public Accountant	Public Accountant

MARINE CONSTRUCTION IN EXTREME CONDITIONS

The entrance to Port of Hanstholm has always been a challenge due to some of the most extreme weather conditions in Denmark. In November 2017, Aarsleff and the sister company VG Entreprenør A/S turned the first sod for the large port expansion which was carried out as a design and build contract.

READ MORE

www.aarsleff.com/porthanstholm

AARSLEFF'S LARGEST CONCRETE ELEMENT EVER

As weather conditions are rarely favourable for marine construction in Hanstholm, we constructed the 7,000-tons-heavy pier head directly on a barge at our concrete plant in Poland. The barge was towed from Poland to Denmark, and in the summer of 2019, the pier head was installed at its proper position. The pier head has an impressive height of 16 metres and the size of a handball court.

NEW QUAYS AND NEW HINTERLAND AREA

The water depth of the new harbour basin was increased to 11 metres and 10.5 metres, respectively. We dredged 850,000 cubic metres of material and incorporated 580,000 cubic metres of material in the new 130,000-square-metre hinterland area. Along the new harbour area, we carried out about 500 metres of new quay.

1,400 METRES OF NEW OUTER BREAKWATERS

The pier head is placed at the end of a new 400-metre-long western breakwater which is 80 metres wide at the base and 19 metres tall. To reinforce the western breakwater structure, we used more than 2,500 concrete armour units of the type Cubipods in sizes from 15 to 33 tons, produced at our own concrete factory. At the opposite side of the new entrance, we constructed the 1,000-metre-long new eastern breakwater. A total of 900,000 tons of granite rocks were used for the breakwater construction.

COPENHAGEN'S LARGEST CONSTRUCTION SITE

Through early contractor involvement, Aarsleff has been involved in the development of the 30,000-square-metre former post facility site at Bernstorffsgade in Copenhagen since 2015. With seven tower cranes rising up from the impressive construction pit, one of Copenhagen's largest construction sites is taking shape.

READ MORE

www.aarsleff.com/projectdevelopment

BUILDING THE NEW HEADQUARTERS FOR DANSKE BANK

In the summer of 2018, Aarsleff entered into a DKK 3 billion design and build contract for the construction of Danske Bank's new headquarters. The contract is carried out in One Company collaboration with the focus on in-house production, and Wicotec Kirkebjerg A/S will be responsible for the technical contract. The total building area is 113,000 square metres, of which Danske Bank's headquarters will take up 73,000 square metres, and the rest will be used for plinth and underground parking facilities.

PLANNING AND BUILDING VIRTUALLY

Long before the project was built physically, Aarsleff's VDC specialists worked digitally with drawings and models. When the structural elements of the 3D models are combined with the activities of the project schedule, it is possible to visualise where and how the different activities are to take place. This makes 4D simulation a strong communication tool already in the tender and design phases.

CONSTRUCTION PIT AS A SHOWCASE

The impressive 29,000-square-metre construction pit is executed in One Company collaboration between the two Aarsleff divisions Construction and Ground Engineering. The many disciplines involved in the execution of complete construction pits are among Aarsleff's specialist skills, e.g. soil handling, sheet pile installation, execution of soil anchors, drilling work and groundwater lowering.

SIGNIFICANT AARSLEFF FOOTPRINT AT AARHUS Ø

The new urban space, Aarhus Ø, is taking shape and soon it will also include Denmark's tallest residential building. Construction, Ground Engineering, Dan Jord A/S and Wicotec Kirkebjerg A/S are involved in several of the ongoing projects – in One Company collaboration but also separately.

READ MORE

www.aarsleff.com/newbuildings

LIGHTHOUSE

At the outer tip of Aarhus Ø, Aarsleff is building Lighthouse consisting of a tower and two low-rise buildings. The 43-storey tower will become Denmark's tallest residential building. The work is carried out in a design and build contract and involves Construction, Ground Engineering and Wicotec Kirkebjerg A/S. Also, we have performed full-scale testing of the ground engineering conditions by installing two bored DN2000-millimetre piles to a depth of almost 70 metres.

BASSIN 7 – RESIDENTIAL BUILDINGS AND TOWER

This summer, we began the work on our newest project along Bassin 7 carrying out the construction pit and the pile installation for a future residential project and tower.

SHIP

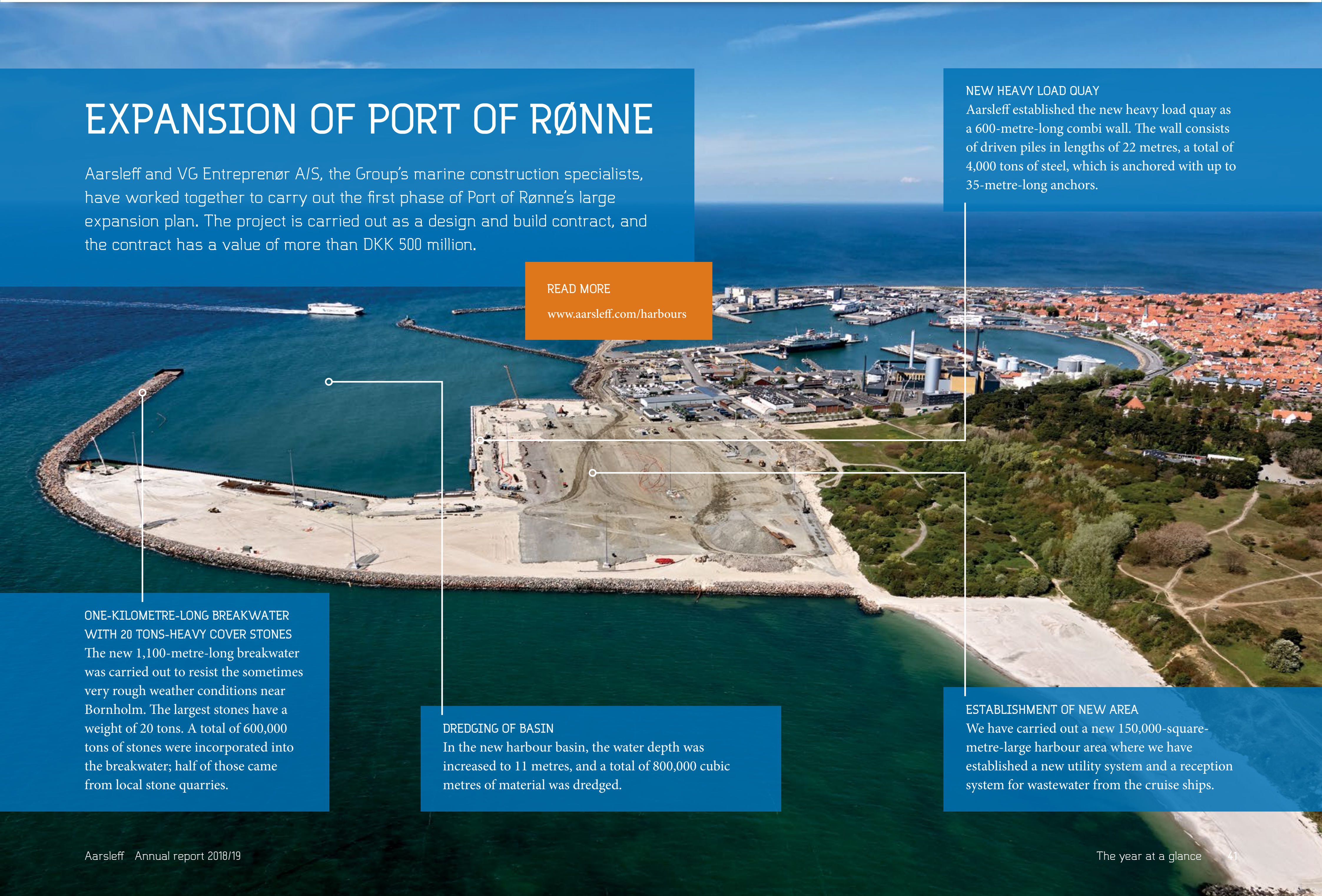
Aarsleff installed sheet pile wall, drove piles, carried out earthwork and sewer work and cast foundations and basement for the residential building, SHIP. Currently, we are working on the 25,000-square-metre element installation for the shell structure.

EXPANSION OF PORT OF RØNNE

Aarsleff and VG Entreprenør A/S, the Group's marine construction specialists, have worked together to carry out the first phase of Port of Rønne's large expansion plan. The project is carried out as a design and build contract, and the contract has a value of more than DKK 500 million.

READ MORE

www.aarsleff.com/harbours



NEW HEAVY LOAD QUAY

Aarsleff established the new heavy load quay as a 600-metre-long combi wall. The wall consists of driven piles in lengths of 22 metres, a total of 4,000 tons of steel, which is anchored with up to 35-metre-long anchors.

ONE-KILOMETRE-LONG BREAKWATER WITH 20 TONS-HEAVY COVER STONES

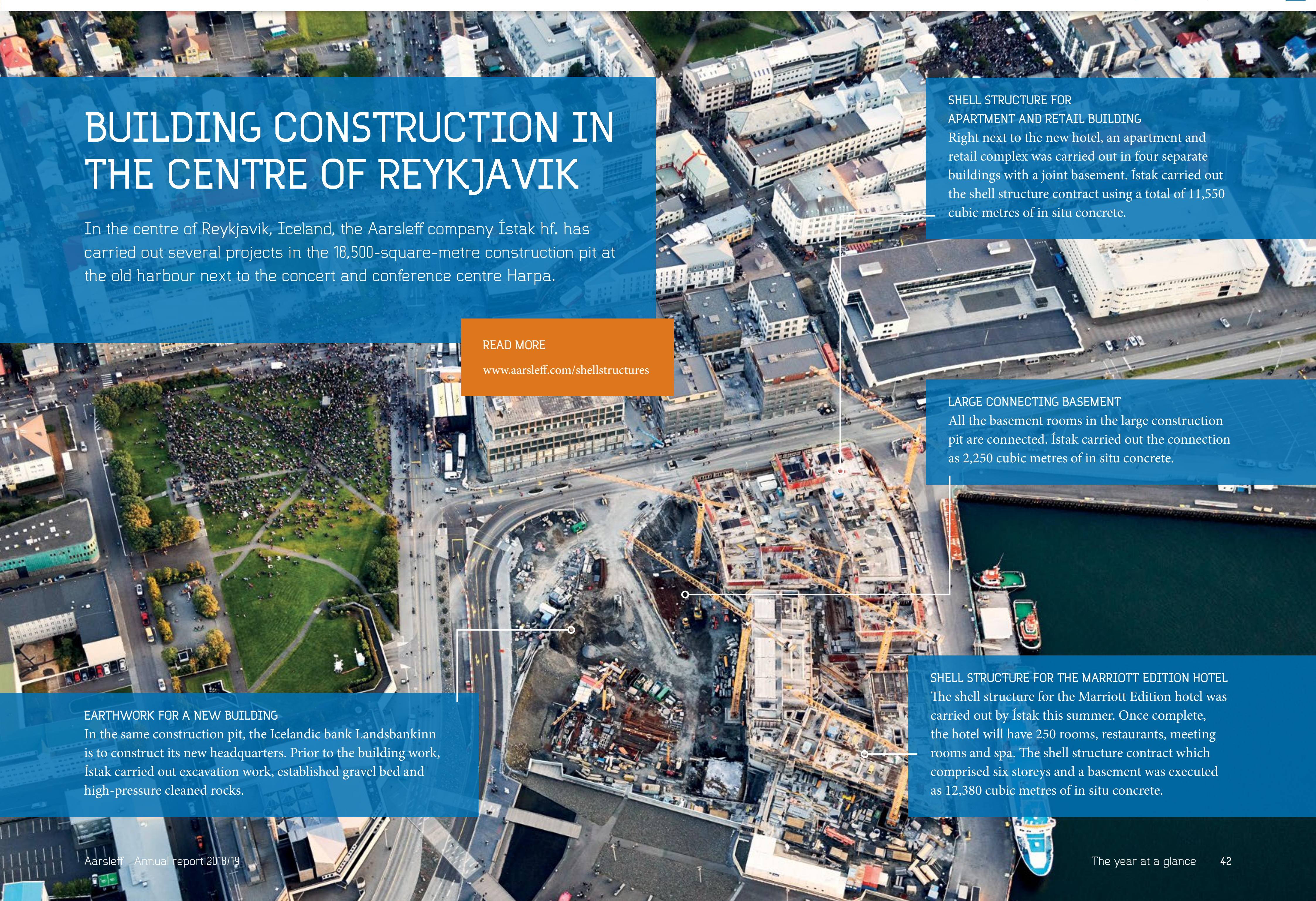
The new 1,100-metre-long breakwater was carried out to resist the sometimes very rough weather conditions near Bornholm. The largest stones have a weight of 20 tons. A total of 600,000 tons of stones were incorporated into the breakwater; half of those came from local stone quarries.

DREDGING OF BASIN

In the new harbour basin, the water depth was increased to 11 metres, and a total of 800,000 cubic metres of material was dredged.

ESTABLISHMENT OF NEW AREA

We have carried out a new 150,000-square-metre-large harbour area where we have established a new utility system and a reception system for wastewater from the cruise ships.



BUILDING CONSTRUCTION IN THE CENTRE OF REYKJAVIK

In the centre of Reykjavik, Iceland, the Aarsleff company Ístak hf. has carried out several projects in the 18,500-square-metre construction pit at the old harbour next to the concert and conference centre Harpa.

READ MORE

www.aarsleff.com/shellstructures

SHELL STRUCTURE FOR APARTMENT AND RETAIL BUILDING

Right next to the new hotel, an apartment and retail complex was carried out in four separate buildings with a joint basement. Ístak carried out the shell structure contract using a total of 11,550 cubic metres of in situ concrete.

LARGE CONNECTING BASEMENT

All the basement rooms in the large construction pit are connected. Ístak carried out the connection as 2,250 cubic metres of in situ concrete.

EARTHWORK FOR A NEW BUILDING

In the same construction pit, the Icelandic bank Landsbankinn is to construct its new headquarters. Prior to the building work, Ístak carried out excavation work, established gravel bed and high-pressure cleaned rocks.

SHELL STRUCTURE FOR THE MARRIOTT EDITION HOTEL

The shell structure for the Marriott Edition hotel was carried out by Ístak this summer. Once complete, the hotel will have 250 rooms, restaurants, meeting rooms and spa. The shell structure contract which comprised six storeys and a basement was executed as 12,380 cubic metres of in situ concrete.

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FINANCIAL REVIEW

INCOME STATEMENT

Consolidated revenue for 2018/19 increased by DKK 1,345 million or 11.1% from DKK 12,108 million to DKK 13,453 million.

The revenue growth was primarily attributable to Construction where there was a continued high level of activity e.g. within harbour expansions, and to Ground Engineering where the high level of activity of the Danish activities and the acquisition of the German company Neidhardt Grundbau GmbH contributed positively. Also, in Pipe Technologies, revenue increased, primarily driven by a high level of activity in the German market.

Production costs, which comprise direct production costs and other production costs as well as depreciation on plant and profit from the sale of non-current assets, increased from DKK 10,688 million to DKK 12,019 million or by DKK 1,331 million corresponding to 12.5%. The gross profit increased by DKK 86 million before recognition of the impact of the arbitration loss relating to a biogas plant as mentioned in the Q1 interim financial report. The effect of the arbitration case was a loss of DKK 72 million, meaning that after recognition of the loss, the gross profit increased by DKK 14 million corresponding to an increase of 1% compared to the previous year. The positive development of the gross profit was mainly attributable to a general, good order execution with a low number of significantly loss-making projects.

Administrative expenses and selling costs decreased from DKK 952 million to DKK 940 million or by DKK 12 million corresponding to a decrease of 1.3%, now constituting 7% of revenue which is a decrease of 0.9% compared to last financial year. To a large extent, this was attributable to the high level of activity and a generally high capacity utilisation. Costs for the employee share programme were included in administrative expenses and selling costs. The programme has a three-year term, and the programme costs of the financial year amounted to DKK 11 million against DKK 4 million last financial year. For further information about the employee share programme, reference is made to note 8.

Share of profit after tax in associates and joint ventures improved from a positive amount of DKK 4.8 million last financial year to a profit of DKK 7.6 million this year. This is mainly attributable to a positive development of the company's activities in Per Aarsleff West Africa A/S.

Operating profit (EBIT) of DKK 503 million was realised against DKK 475 million last financial year or an increase of DKK 28 million.

EBIT compared with last financial year was positively affected by the EBIT delivered by Ground Engineering which increased by DKK 31 million compared to last financial year, primarily driven by the activities in Denmark and Germany – including among other things the acquisition of Neidhardt Grundbau GmbH. EBIT was also positively affected by the EBIT delivered by Pipe Technologies which increased by DKK 9 million compared to last financial year, primarily driven by a high level of activity and improved earnings in the German market. Construction delivered EBIT which decreased by DKK 13 million compared to last year, primarily due to the previously mentioned lost arbitration case concerning the construction of a biogas plant. However, this was to a wide extent compensated for by a positive development of Aarsleff Rail A/S and a high level of activity in Per Aarsleff A/S.

Financial income amounted to DKK 10 million this year against DKK 8 million last year. Financial expenses amounted to DKK 40 million against DKK 38 million last financial year. Financial expenses were negatively affected by the previously mentioned lost arbitration case by a total of DKK 16 million.

Profit before tax was positive at DKK 473 million against a positive DKK 445 million last financial year.

Tax on profit for the year amounted to DKK 112 million corresponding to a tax rate of 23.7%. The tax rate can be explained by a higher tax rate in subsidiaries that contributed positively to the profit for the year as well as to non-deductible expenses. Tax for the year consisted of a current tax of DKK 24 million and an adjustment of deferred taxes as well as tax assets of DKK 88 million. The Group's deferred tax assets have been conservatively assessed based on expectations for realisation by set-off on future earnings.

Consolidated profit for the year after tax was DKK 361 million against DKK 341 million last financial year.

BALANCE SHEET

The consolidated balance sheet total was DKK 8,171 million at 30 September 2019. This corresponds to an increase of DKK 318 million compared to the balance sheet total of DKK 7,853 million at the end of last financial year.

Cash and cash equivalents increased by DKK 215 million which primarily is attributable to a positive development in working capital. The development was primarily driven by a decrease in contract work in progress, net and a decrease in receivables which to some degree was compensated for by a decrease in trade payables.

Consolidated interest-bearing liabilities less interest-bearing assets amounted to a net deposit of DKK 399 million against a net deposit of DKK 31 million at 30 September 2018. The improvement is primarily due to the positive effect from working capital as well as the improved operating profit.

Equity amounted to DKK 3,114 million at 30 September 2019 compared to DKK 2,899 million at the end of last financial year. The development in equity can be specified as follows:

Equity, DKK million	2018/19	2017/18
Equity at the beginning of the year	2,899	2,695
Adjustments according to IFRS 15, beginning of the year	-4	0
Dividend paid	-102	-82
Foreign exchange adjustment of foreign entities	-22	-15
Fair value adjustment of derivative financial instruments	-4	-22
Profit for the year	360	341
Tax on derivative financial instruments	1	5
Employee shares	11	4
Acquisition of treasury shares	-25	-27
Equity at year-end	**3,114**	**2,899**

CASH FLOW STATEMENT

Cash flows from operating activities amounted to DKK 940 million against DKK 765 million last financial year or an increase of DKK 175 million primarily attributable to a positive effect from working capital.

Cash flows from investing activities were negative at DKK 666 million against a negative DKK 393 million last financial year. The increase was primarily due to investments in subsidiaries and investments in securities with a view to optimisation of liquidity in the current interest rate environment.

Cash flows from financing activities came to a negative amount of DKK 234 million compared to a negative DKK 120 million last financial year, primarily attributable to payment of dividend, the purchase of the remaining 20% of Wicotec Kirkebjerg A/S as well as mortgage loan repayment in Ístak hf.

Consequently, liquidity has increased by DKK 40 million in the period.

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INCOME STATEMENT

1/10-30/9

Note	(DKK'000)	2018/19	2017/18
5	**Revenue**	**13,453,011**	**12,108,257**
6, 7	Production costs	-12,018,956	-10,687,942
	Gross profit	**1,434,055**	**1,420,315**
6, 7, 8, 9	Administrative expenses and selling costs	-939,967	-952,230
10	Other operating income and expenses	942	2,415
15	Share of profit in associates and joint ventures	7,590	4,786
	Operating profit (EBIT)	**502,620**	**475,286**
11	Financial income	10,147	8,443
11	Financial expenses	-40,034	-38,290
	Profit before tax	**472,733**	**445,439**
12	Tax on profit for the year	-112,072	-104,478
	Profit for the year	**360,661**	**340,961**
	Profit for the year is attributable to:		
	Per Aarsleff Holding A/S shareholders	360,054	339,829
	Minority shareholders	607	1,132
	Total	**360,661**	**340,961**
13	**Earnings per share (DKK)**		
	Earnings per share	17.76	16.68
	Diluted earnings per share	17.69	16.65

STATEMENT OF COMPREHENSIVE INCOME

GROUP

1/10-30/9

Note	(DKK'000)	2018/19	2017/18
	Profit for the year	**360,661**	**340,961**
	Items that may be reclassified to the income statement		
	Foreign exchange adjustment on translation of foreign entities	-21,935	-14,932
	Fair value adjustments of derivative financial instruments	-4,227	-22,255
	Reversal of fair value adjustments of derivative financial instruments, transferred to income statement	341	-59
12	Tax on other comprehensive income	840	4,501
	Other comprehensive income	-24,981	-32,745
	Total comprehensive income	**335,680**	**308,216**
	Comprehensive income is attributable to:		
	Per Aarsleff Holding A/S shareholders	335,063	307,084
	Minority shareholders	617	1,132
	Total	**335,680**	**308,216**

BALANCE SHEET

Assets

Note	(DKK'000)	30/9 2019	30/9 2018
	Goodwill	267,623	267,623
	Patents and other intangible assets	93,475	114,035
14	**Intangible assets**	**361,098**	**381,658**
	Land and buildings	846,320	840,895
	Plant and machinery	1,287,337	1,281,766
	Other fixtures and fittings, tools and equipment	143,765	127,323
	Property, plant and equipment under construction	37,336	36,144
14	**Property, plant and equipment**	**2,314,758**	**2,286,128**
15	Investments in associates and joint ventures	8,774	10,747
12	Deferred tax	24,369	4,863
	Other non-current assets	**33,143**	**15,610**
	Non-current assets	**2,708,999**	**2,683,396**
16	**Inventories**	**323,618**	**280,500**
18	Construction contract debtors	2,840,351	3,094,457
17	Work in progress	1,034,488	1,011,008
	Receivables from associates and joint ventures	6,037	16,434
	Other receivables	118,347	87,475
	Income tax receivable	46,396	23,605
	Prepayments	21,452	23,260
	Receivables	**4,067,071**	**4,256,239**
19	**Securities**	**412,856**	**190,146**
27	**Cash and cash equivalents**	**658,142**	**442,592**
	Current assets	**5,461,687**	**5,169,477**
	Total assets	**8,170,686**	**7,852,873**

BALANCE SHEET

GROUP

Equity and liabilities

Note	(DKK'000)	30/9 2019	30/9 2018
	Share capital	45,300	45,300
	Translation reserve	-107,388	-85,443
	Hedging reserve	-78	2,968
	Retained earnings	3,044,577	2,815,541
	Proposed dividend	124,575	113,250
	Equity, shareholders of Per Aarsleff Holding A/S	3,106,986	2,891,616
	Minority interests' share of equity	7,480	7,426
20	**Equity**	**3,114,466**	**2,899,042**
	Mortgage debt	123,063	159,243
	Credit institutions	8,224	8,087
21	Provisions	81,985	66,124
12	Deferred tax	536,555	445,805
	Other payables	0	64,549
	Non-current liabilities	**749,827**	**743,808**
	Mortgage debt	14,067	17,171
27	Credit institutions	458,174	282,034
17	Work in progress	1,298,063	1,157,062
21	Provisions	66,038	60,853
	Trade payables	1,474,005	1,785,192
	Income tax payable	60,204	69,268
	Other payables	935,842	838,443
	Current liabilities	**4,306,393**	**4,210,023**
	Total liabilities	**5,056,220**	**4,953,831**
	Total equity and liabilities	**8,170,686**	**7,852,873**

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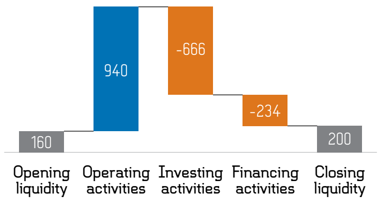
STATEMENT OF CASH FLOWS

1/10-30/9

GROUP

Note	(DKK'000)	2018/19	2017/18
	Cash flow generated from operations		
	Operating profit (EBIT)	502,620	475,286
	Depreciation, amortisation and impairment	436,558	395,274
25	Other adjustments	-11,848	-25,356
26	Change in working capital	122,694	105,227
	Cash flow from operating activities before net financials and tax	**1,050,024**	**950,431**
	Interest received	10,147	8,443
	Interest paid	-36,088	-20,655
	Cash flow from ordinary operating activities	**1,024,083**	**938,219**
	Income tax paid	-83,883	-173,278
	Cash flow from operating activities	**940,200**	**764,941**
	Cash flow generated from investments		
29	Acquisitions	-62,294	-20,147
	Investments in property, plant and equipment	-471,285	-471,199
	Investments in intangible assets	-2,929	-4,421
	Sale of property, plant and equipment	93,183	83,559
	Dividends from associates and joint ventures	0	12,678
	Purchase of securities	-399,465	-138,162
	Sale of securities	177,315	144,798
	Cash flow from investing activities	**-665,475**	**-392,894**
	Cash flow generated from financing		
28	Raising of non-current liabilities	0	8,422
28	Repayment and servicing of non-current liabilities	-107,477	-20,561
	Dividend paid	-101,403	-81,540
	Treasury shares	-25,413	-26,372
	Cash flow from financing activities	**-234,293**	**-120,051**
	Change in cash flows for the year	**40,432**	**251,996**
	Cash and cash equivalents at the beginning of the year	160,558	-90,203
	Market value adjustment of opening cash and cash equivalents	-1,022	-1,235
	Change in cash and cash equivalents for the year	40,432	251,996
27	**Closing cash and cash equivalents**	**199,968**	**160,558**

CASH FLOWS 2018/19 (DKKM)



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ACCOUNTING POLICY

The consolidated statement of cash flows format is presented using the indirect method, starting with operating profit. The statement of cash flows shows cash flows for the year broken down by operating, investing and financing activities, and the effect of these cash flows on the Group's cash and cash equivalents.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities is calculated as profit before tax adjusted for non-cash operating items, changes in working capital, payments relating to financial items and tax paid.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities comprises acquisition and divestment of enterprises, purchase and sale of intangible assets, property, plant and equipment and other non-current assets, dividends from associates and purchase and sale of securities not included in cash and cash equivalents. Acquisition prices are measured including costs of purchase, and selling prices are measured less trading costs. Cash flows from acquired companies are recognised from the date of acquisition and cash flows from divested companies are recognised until the date of divestment.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities comprises changes in the size or composition of the Group's share capital and related costs as well as the raising of loans and servicing of interest-bearing debt and payment of dividend to shareholders.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash less amounts owed to credit institutions which are an integral part of Aarsleff's liquidity management.

STATEMENT OF CHANGES IN EQUITY

GROUP

(DKK'000)	Share capital	Trans-lation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total, Per Aarsleff Holding A/S shareholders	Minority shareholders	Total
Equity at 30 September 2017	**45,300**	**-70,511**	**20,781**	**2,601,936**	**90,600**	**2,688,106**	**7,067**	**2,695,173**
Comprehensive income								
Profit for the year				226,579	113,250	339,829	1,132	340,961
Other comprehensive income								
Foreign exchange adjustment of foreign entities		-14,932				-14,932		-14,932
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			-59			-59		-59
Tax on derivative financial instruments			13			13		13
Fair value adjustments of derivative financial instruments			-22,255			-22,255		-22,255
Tax on derivative financial instruments			4,488			4,488		4,488
Total other comprehensive income	0	-14,932	-17,813	0	0	-32,745		-32,745
Total comprehensive income	**0**	**-14,932**	**-17,813**	**226,579**	**113,250**	**307,084**	**1,132**	**308,216**
Transactions with owners								
Dividend, minority shareholders							-773	-773
Employee share programme				4,338		4,338		4,338
Purchase of treasury shares				-26,372		-26,372		-26,372
Dividend paid					-90,600	-90,600		-90,600
Dividend, treasury shares				9,060		9,060		9,060
Total transactions with owners	**0**	**0**	**0**	**-12,974**	**-90,600**	**-103,574**	**-773**	**-104,347**
Equity at 30 September 2018	**45,300**	**-85,443**	**2,968**	**2,815,541**	**113,250**	**2,891,616**	**7,426**	**2,899,042**

STATEMENT OF CHANGES IN EQUITY

GROUP

(DKK'000)	Share capital	Trans-lation reserve	Hedging reserve	Retained earnings	Proposed dividend	Total, Per Aarsleff Holding A/S shareholders	Minority shareholders	Total
Equity at 30 September 2018	**45,300**	**-85,443**	**2,968**	**2,815,541**	**113,250**	**2,891,616**	**7,426**	**2,899,042**
Adjustment for IFRS 15 at 1 October				-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 year				235,479	124,575	360,054	607	360,661
Other comprehensive income								
Foreign exchange adjustment of foreign entities		-21,945				-21,945	10	-21,935
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement			341			341		341
Tax on derivative financial instruments			-75			-75		-75
Fair value adjustments of derivative financial instruments			-4,227			-4,227		-4,227
Tax on derivative financial instruments			915			915		915
Total other comprehensive income	0	-21,945	-3,046	0	0	-24,991	10	-24,981
Total comprehensive income	**0**	**-21,945**	**-3,046**	**235,479**	**124,575**	**335,063**	**617**	**335,680**
Transactions with owners								
Dividend, minority shareholders							-563	-563
Employee share programme				11,023		11,023		11,023
Purchase of treasury shares				-25,413		-25,413		-25,413
Dividend paid					-113,250	-113,250		-113,250
Dividend, treasury shares				11,847		11,847		11,847
Total transactions with owners	**0**	**0**	**0**	**-2,543**	**-113,250**	**-115,793**	**-563**	**-116,356**
Equity at 30 September 2019	**45,300**	**-107,388**	**-78**	**3,044,577**	**124,575**	**3,106,986**	**7,480**	**3,114,466**

NOTES TO THE FINANCIAL STATEMENTS

GROUP

1 Accounting policies – continued

This section describes the general accounting policies applied by the Aarsleff Group. A more detailed description of the accounting policies regarding specific, reported amounts is presented in the respective notes. The purpose of this is to create full transparency of the disclosed amounts by describing the relevant accounting policies for each note.

The description of accounting policies in the notes forms part of the overall description of the accounting policies of the Aarsleff Group.

BASIS OF ACCOUNTING

The annual report of Per Aarsleff Holding A/S for 2018/19 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for listed companies and the IFRS notification issued according to the Danish Financial Statements Act.

The annual report is presented in Danish Kroner (DKK), which is considered the primary currency of the Group's activities and the functional currency of the parent company.

The annual report is prepared on the basis of historical cost prices, except for certain financial instruments which are measured at fair value. Significant accounting policies are described below.

The accounting policies remain unchanged from last year, except for the implementation of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments, Recognition and Measurement".

IFRS 9 "FINANCIAL INSTRUMENTS, RECOGNITION AND MEASUREMENT"

IFRS 9 is a new standard on financial instruments replacing IAS 39. The standard introduces new rules on hedge accounting. Finally, the standard introduces an expected loss model for impairment losses on receivables. Aarsleff has implemented IFRS 9 with retrospective effect; however, the accumulated effect of the change has been recognised in retained earnings in equity at 1 October 2018 without restating comparative figures. This implies that IFRS 9 has only an immaterial effect, in terms of money, on profit/loss and equity.

IFRS 9 has introduced a new model for the classification of financial instruments. Under IFRS 9, Aarsleff's securities portfolio which was previously classified as a trading portfolio is classified as assets measured at fair value through profit/loss. Other financial instruments have not been subject to any classification change.

The implementation of the standard is not expected to have any material effect on the financial reporting of the Group.

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

The standard replaces the existing revenue standards (IAS 11 and IAS 18) with related interpretations. The standard introduces a new five-step model for recognising and measuring revenue under which revenues are recognised as control of performance obligations is transferred to the counterparty. Performance obligations are recognised either over time or at a certain point in time.

A performance obligation is regarded as satisfied over time when an asset controlled by the customer is created. All material construction contracts of Aarsleff belong to this category and will therefore continue to be recognised over time without any change.

The rules of the standard on the identification of separate performance obligations as well as the constraint on the recognition of variable consideration may change the timing of the recognition of revenue from construction contracts, including the recognition of extra work, variations and claims. However, at the time of transition, no differences have been identified with respect to contracts in progress.

In many cases, Aarsleff pays contract closing costs, including tendering costs. Some of these costs were previously recognised as contract costs and do not meet the IFRS 15 criteria for recognition as an asset. At the time of transition, the change reduces equity at 1 October 2018 by DKK 2.1 million.

In connection with the performance of construction contracts, Aarsleff pays costs necessary to perform the contract. Examples of such costs include mobilisation costs and the construction of required temporary facilities. Such costs were previously recognised as contract costs. Under IFRS 15, such costs are, on certain conditions, to be recognised as an asset and amortised over the contract term. At the time of transition, the change reduces equity at 1 October 2018 by DKK 1.8 million.

Aarsleff has applied the prospective transition provision, by which the accumulated change caused by IFRS 15 has been recognised in equity at 1 October 2018 without restating comparative figures for financial year 2017/18. The implementation of IFRS 15 has reduced equity by a total of DKK 3.9 million at the time of transition. Reference is made to note 31 for further specification.

DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent company Per Aarsleff Holding A/S and the subsidiaries in which Per Aarsleff Holding A/S has control. The Group is considered to have control if it is exposed, or has a right, to variable returns from its involvement with the enterprise and has the ability to affect those returns through its power over the enterprise.

When assessing whether the Group has control, de facto control and any potential voting rights actually existing at the balance sheet date are taken into account.

Enterprises in respect of which the Group exercises significant influence, but not control, over operational and financial policies are classified as associates. Significant influence exists where the Group directly or indirectly holds or controls between 20% and 50% of the voting rights.

The consolidated financial statements have been prepared on the basis of the financial statements of the parent company and the individual subsidiaries – prepared under the Group's accounting policies – by combining accounting items of a uniform nature. At the consolidation, elimination

NOTES TO THE FINANCIAL STATEMENTS

GROUP

1 Accounting policies – continued

is made of intercompany income and expenses, unrealised intercompany profits/losses, accounts and settlement of intercompany shareholdings. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Investments in subsidiaries are set off against the parent company's share of the fair value of the subsidiaries' identifiable net assets and recognised contingent liabilities at the date of acquisition.

The subsidiaries' items are fully consolidated in the consolidated financial statements. Minority interests' share of profit/loss for the year and of equity in subsidiaries that are not fully owned is included as part of the consolidated profit and equity, respectively, but is presented separately.

JOINT ARRANGEMENTS

The Group participates in a number of joint arrangements, including consortia and working partnerships, in which the Group has joint control through cooperative agreements with one or more parties. Joint control implies that decisions about the relevant operations require unanimous consent of the parties with joint control.

Joint arrangements are classified as joint operations or joint ventures. Joint operations are arrangements in which the participants have direct rights to assets and direct obligations for liabilities, whereas joint ventures are arrangements in which the participants only have rights to net assets.

Revenues and expenses as well as assets and liabilities relating to joint operations are recognised in accordance with the joint arrangement agreement.

FOREIGN CURRENCY TRANSLATION

A functional currency is determined for each of the reporting entities. The functional currency is the currency used in the primary financial environment in which the individual entity is operating. Transactions in currencies other than the functional currency are transactions in foreign currencies, which are translated into the functional currency at the exchange rates at the date of transaction.

Receivables and payables in foreign currencies are translated into the functional currency at the official exchange rates at the balance sheet date. Exchange differences arising between the transaction date rate and the rate at the date of payment and the balance sheet date, respectively, are recognised in financial items, net in the income statement.

The balance sheets and goodwill of foreign consolidated enterprises are translated at the exchange rate at the balance sheet date while the income statements are translated at the exchange rate prevailing at the date of transaction. Exchange differences arising upon translation of the equity of foreign subsidiaries and associates at the beginning of the year at the exchange rates at the balance sheet date as well as at the translation of income statements from the exchange rates prevailing at the date of transaction to the exchange rates at the balance sheet date are taken directly to equity as a special translation reserve.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised in the balance sheet at fair value as from the trading day. Positive and negative fair values of derivative financial instruments are included in other receivables and other debt, respectively. Fair values are determined on the basis of market data as well as recognised valuation methods.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future cash flows are recognised in other comprehensive income. At realisation of the hedged transaction, gains or losses concerning such hedging transactions are transferred from other comprehensive income and recognised in the same accounting item as the hedged instrument.

For derivative financial instruments not qualifying as hedges, changes in the fair value are recognised currently in net financials in the income statement.

INCOME STATEMENT

The accounting policies for the items in the income statement are described in the respective notes to the income statement with the following exceptions:

PRODUCTION COSTS

Production costs comprise direct and indirect expenses paid to achieve revenue for the year, including expenses for materials, consumables, wages and salaries, rent and leases, amortisation, depreciation and impairment losses, subcontractor expenses, expenses for design and submission of tender as well as provision for bad debts in respect of work in progress and warranty obligations for finished contracts.

ADMINISTRATIVE EXPENSES AND SELLING COSTS

Administrative expenses and selling costs comprise expenses for management and administration, including expenses for administrative staff, management, office supplies, insurance, sales and marketing as well as depreciation.

BALANCE SHEET

The accounting policies for the items in the balance sheet are described in the respective notes to the balance sheet with the following exceptions:

IMPAIRMENT OF NON-CURRENT ASSETS

The carrying amount of intangible assets, property, plant and equipment as well as other non-current assets are assessed at least once a year in order to determine whether there is any indication of impairment. If so, the recoverable amount of the asset is assessed. The recoverable amount of goodwill and intangible assets with indefinite useful lives is, however, always assessed on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

1 Accounting policies – continued

If the asset does not generate cash flows independently, the recoverable amount of the smallest cash-generating unit of which the asset is part is determined.

The recoverable amount is the higher of the selling price of an asset less the expected costs of disposal or value in use, which is the discounted value of expected future cash flows from the asset.

Impairment losses are recognised in the income statement when the carrying amount of an asset exceeds the recoverable amount of the asset.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment losses are reversed only to the extent that the new carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

RECEIVABLES

Receivables are measured at amortised cost. Impairment allowances are made under the simplified expected credit loss model under which the total loss is recognised immediately in profit/loss at the time of recognition in the balance sheet based on the expected loss over the lifetime of the receivable.

PREPAYMENTS

Prepayments recognised as current assets comprise expenses prepaid concerning subsequent financial years.

SECURITIES

Aarsleff's objective in holding listed bonds is to realise cash flows through sale. The Company's decisions to purchase and sell are based on the fair value of the bonds with monitoring, measurement and current fair value reporting according to the Group's investment policy. The bonds are recognised in current assets at fair value as at the trade date and are subsequently measured at fair value. Fair value changes are recognised on a continuing basis in the income statement as financial income or financial expenses.

FINANCIAL LIABILITIES

Mortgage debt and payables to credit institutions are recognised at the time of the raising of the loan at the proceeds received less transaction expenses paid. In subsequent periods, financial obligations are measured at amortised cost, corresponding to the capitalised value when using the effective interest rate, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Contingent consideration (earn-out) is measured at fair value through the income statement, and adjustments are recognised in financials.

Other liabilities comprising debt to suppliers, group enterprises and associates as well as state grants and other debt are measured at amortised cost.

DEFERRED INCOME

Deferred income recognised in liabilities, comprise payments received concerning income in subsequent financial years.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

2 Accounting estimates and judgements

ESTIMATION UNCERTAINTY

The statement of the carrying amounts of certain assets and liabilities requires estimation of future events. The estimates made are based on assumptions that Management considers reasonable but which are inherently uncertain and unpredictable as unexpected events or circumstances may occur which will change the basis of the assumptions applied.

The Group is exposed to risks and uncertainties that may cause actual results to differ from the estimates made. Special risks have been described in the section Commercial Risk Assessment. The key accounting estimates in the Annual Report for 2018/19 concern the following areas and have been described in the related notes:

CONSTRUCTION CONTRACTS	NOTE 17
IMPAIRMENT TEST	NOTE 14
DEFERRED TAX ASSETS	NOTE 12
PROVISIONS	NOTE 21
CONTINGENT LIABILITIES AND LAWSUITS	NOTE 23

JUDGEMENTS EXERCISED IN APPLYING ACCOUNTING POLICIES

In applying the Group's accounting policies, judgements as well as accounting estimates are made which may have a material impact on the amounts recognised in the Consolidated Financial Statements. These have been described in the related notes:

JOINT ARRANGEMENTS	NOTE 15

NOTES TO THE FINANCIAL STATEMENTS

GROUP

3 New accounting standards and interpretations

STANDARDS NOT YET EFFECTIVE WHICH HAVE BEEN ADOPTED BY THE EU

IFRS 16 LEASES
IFRS 16 is a new standard on the accounting treatment of leases. Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. The standard will affect the balance sheet, financial ratios, etc to a limited extent. The preliminary analysis shows that the standard will increase the balance sheet total by DKK 450 million. The standard will be effective for financial years beginning on or after 1 January 2019.

IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENTS
The interpretation specifies the recognition and measurement of uncertain tax positions. IFRIC 23 will be effective for financial years beginning on or after 1 January 2019. The amendment is not expected to have any material effect on the Annual Report.

AMENDMENT TO IAS 28 ON INVESTMENTS IN ASSOCIATES AND JOINT VENTURES
It is clarified that loans to an associate or a joint venture that form part of the net investment are comprised by the provisions of IFRS 9 on provisions for expected credit losses. The amendment will be effective for financial years beginning on or after 1 January 2019.

AMENDMENT TO IFRS 9 FINANCIAL INSTRUMENTS, RECOGNITION AND MEASUREMENT
Concerning the classification of receivables in situations where a borrower has a prepayment option, and where such a prepayment has negative consequences for the borrower. The amendment will be effective as of 1 January 2019 or later.

ANNUAL IMPROVEMENTS 2015-2017
Comprise minor amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23. The amendments will be effective for financial years beginning on or after 1 January 2019

MOREOVER, THE IASB HAS ISSUED THE FOLLOWING AMENDMENTS TO EXISTING STANDARDS AND NEW INTERPRETATIONS WHICH HAVE NOT YET BEEN ADOPTED BY THE EU, AND WHICH ARE RELEVANT TO THE GROUP. NONE OF THE AMENDMENTS ARE EXPECTED TO HAVE ANY MATERIAL EFFECT ON THE ANNUAL REPORT.

AMENDMENTS TO IFRS 3 BUSINESS COMBINATIONS
Comprise an adjustment to the definition of a business combination. The amendment will be effective for financial years beginning on or after 1 January 2020.

AMENDMENTS TO CONCEPTUAL FRAMEWORK
The IASB proposes amendments to various chapters of the conceptual framework, including the objective of financial reporting, the reporting entity, the elements of financial statements as well as recognition, measurement and presentation. The amendment will be effective for financial years beginning on or after 1 January 2020.

AMENDMENT OF IAS 1 AND IAS 8 CONCERNING DEFINITION OF MATERIAL
The definition of "material" is amended ensuring consistency across all IFRS standards. The definition now also comprises obscuring information together with omitting and misstating information. The definition moreover tightens the assumption of when an annual report is affected and includes more stringent wording when specifying who the users of the financial statements are. The amendment will be effective for financial years beginning on or after 1 January 2020.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

4 Segment information

(DKK'000)	Construction 2018/19	Construction 2017/18	Pipe Technologies 2018/19	Pipe Technologies 2017/18	Ground Engineering 2018/19	Ground Engineering 2017/18	Total 2018/19	Total 2017/18
Segment revenue	9,492,373	8,454,930	1,937,460	1,819,850	2,202,919	1,928,036	13,632,752	12,202,816
Internal revenue	-128,991	-54,606	-8,472	-4,983	-42,278	-34,970	-179,741	-94,559
Revenue	9,363,382	8,400,324	1,928,988	1,814,867	2,160,641	1,893,066	13,453,011	12,108,257
Of this, work performed abroad	1,677,860	1,073,602	1,436,101	1,316,050	1,082,778	1,130,250	4,196,739	3,519,902
Share of profit in associates and joint ventures	7,590	0	0	4,786	0	0	7,590	4,786
Operating profit (EBIT)	302,657	315,270	94,022	84,704	105,941	75,312	502,620	475,286
EBIT margin, %	3.2	3.8	4.9	4.7	4.9	4.0	3.7	3.9
ROIC, %	22.9	22.3	16.9	14.9	11.7	8.5	18.1	16.6
ROIC after tax, %	17.5	17.0	12.9	11.4	8.9	6.5	13.8	12.7
Segment assets	4,347,641	4,708,553	1,186,925	1,110,036	1,494,357	1,373,077	7,028,923	7,191,666
Capital expenditure	176,558	209,449	79,391	73,393	122,153	104,798	378,102	387,640
Depreciation, amortisation and impairment	242,974	201,771	76,656	86,491	116,644	107,054	436,274	395,316
Investments in associates and joint ventures	0	0	8,774	10,747	0	0	8,774	10,747
Goodwill	166,446	166,446	94,329	94,329	6,848	6,848	267,623	267,623
Segment liabilities	2,814,223	3,043,809	517,389	505,424	524,321	422,990	3,855,933	3,972,223
Invested capital (IC)	1,240,107	1,398,998	546,818	566,818	919,507	891,422	2,706,432	2,857,238
Number of employees								
Biweekly paid employees	2,980	2,929	616	554	679	670	4,275	4,153
Engineers, technicians and admin. staff	1,659	1,520	410	404	494	422	2,563	2,346
Total	**4,639**	**4,449**	**1,026**	**958**	**1,173**	**1,092**	**6,838**	**6,499**

The EBIT margin expresses EBIT as a percentage of revenue. Calculated as the ratio of EBIT to segment revenue including internal revenue, the EBIT margin is as follows: Construction: 3.2%, Pipe Technologies: 4.9%, Ground Engineering: 4.8%.

No revenue relating to individual customers exceeds 10% of total revenue.

Geographical information (DKK'000)	Denmark 2018/19	Denmark 2017/18	International 2018/19	International 2017/18	Total 2018/19	Total 2017/18
Revenue	9,256,272	8,588,355	4,196,739	3,519,902	13,453,011	12,108,257
Segment assets, non-current	1,969,035	2,208,104	715,595	470,428	2,684,630	2,678,532

Segment assets and liabilities (DKK'000)	2018/19	2017/18
Assets		
Segment assets for reportable segments	7,028,923	7,191,666
Income tax receivable	46,396	23,606
Deferred tax	24,369	4,863
Securities	412,856	190,146
Cash	658,142	442,592
Assets as per balance sheet	**8,170,686**	**7,852,873**
Liabilities		
Segment liabilities for reportable segments	3,855,933	3,972,223
Mortgage debt	137,130	176,414
Credit institutions	466,398	290,121
Income tax payable	60,204	69,268
Deferred tax	536,555	445,805
Liabilities as per balance sheet	**5,056,220**	**4,953,831**

Operating profit (EBIT) is our primary performance measure.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

4 Segment information – continued

§ ACCOUNTING POLICIES

The segment information has been prepared in accordance with the Group's accounting policies and is based on the Group's internal management reporting.

Segment income and expenses and segment assets and liabilities comprise the items directly attributable to the individual segment, as well as the items that can be allocated to the individual segment on a reasonable basis. Revenue and profit before interest for reportable segments can be reconciled directly to the consolidated income statement.

Segment assets comprise non-current assets used directly in the segment's operations, including intangible assets and property, plant and equipment and investments in associates, as well as current assets used directly in the segment's operations, including inventories, trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables, provisions and other payables.

Transactions between segments are priced at estimated market value.

The geographic distribution of revenue is based on the geographic location of the customers. Information on geographic distribution of segment assets is based on the physical location of the assets and comprises subsidiaries and joint operations abroad.

5 Revenue

(DKK'000)	2018/19	2017/18
Domestic		
Sale of goods	61,311	75,474
Income from construction contracts[1]	9,194,961	8,512,880
Total domestic	**9,256,272**	**8,588,354**
International		
Sale of goods	319,079	289,644
Income from construction contracts[1]	3,877,660	3,230,259
Total international	**4,196,739**	**3,519,903**
Total		
Sale of goods	380,390	365,118
Income from construction contracts[1]	13,072,621	11,743,139
Total	**13,453,011**	**12,108,257**

[1] Construction contracts are recognised over time

Revenue from the sale of goods derives predominantly from the Ground Engineering segment.

Order backlog – transaction price allocated to performance obligations not satisfied

(DKK'000)	2018/19	2017/18
Order backlog – construction contracts	17,226,779	16,499,270
Order backlog – sale of goods	182,571	101,915
Total	**17,409,350**	**16,601,185**

Of the total order backlog at 30 September 2019, DKK 8,075 million is expected to be executed in the coming financial year (DKK 7,775 million at 30 September 2018). For long-term contracts, the maximum amount of revenue included in the order backlog is the expected revenue for the next five years. The average contract duration is one to two years.

As the order backlog is in part based on expectations, it is subject to uncertainty and risks, and actual developments may differ from those expected.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

5 Revenue – continued

§ ACCOUNTING POLICY

Revenue comprises satisfied and unsatisfied performance obligations on contract work and the sale of finished goods and goods for resale.

Revenue from the sale of finished goods and goods for resale is recognised in the income statement if control has been transferred to the customer before year end. Revenue is measured excluding value added tax and price reductions directly related to the sale.

Contracts in progress are recognised as revenue in proportion to the rate of completion, so that revenue matches the selling price of the work completed for the year (the percentage of completion method). Control is transferred to the customer over time, as assets are generally constructed on the customer's land.

6 Depreciation, amortisation and impairment

(DKK'000)	2018/19	2017/18
Amortisation and impairment, intangible assets	36,996	30,793
Depreciation and impairment, property, plant and equipment	399,278	364,523
Total	**436,274**	**395,316**
Depreciation and impairment, property, plant and equipment is recognised in the income statement as follows:		
Production costs	351,085	321,813
Administrative expenses and selling costs	48,193	42,710
Total	**399,278**	**364,523**
Amortisation and impairment, intangible assets is recognised in the income statement as follows:		
Production costs	0	0
Administrative expenses and selling costs	36,996	30,793
Total	**36,996**	**30,793**

7 Staff costs

(DKK'000)	2018/19	2017/18
Wages, salaries and remuneration	3,286,195	3,137,620
Pensions	201,876	189,034
Share-based payment	11,023	4,338
Other costs, social security costs, etc.	205,447	170,400
Total	**3,704,541**	**3,501,392**
Of this amount:		
Board members' fees[1, 2]	2,201	1,808
Remuneration, Executive Management[3]	11,433	16,201
Share-based payment, Executive Management	450	262
Total	**14,084**	**18,271**
Average number of full-time employees	**6,838**	**6,499**

[1] The Board of Directors was expanded from four to five members effective at 31 January 2019.

[2] The Board of Directors was reduced from five to four members effective at 31 January 2018.

[3] The Executive Management was reduced from four to three members effective at 1 October 2018.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

8 Share-based payment

In February 2018 and February 2019, the employees in the Danish part of the Group were given the opportunity to take part in a share option programme. The programmes are matching shares programmes, under which the participants for their own account acquire class B shares in the company (investment shares), which are subject to a three-year vesting period, earning them the right to receive, free of charge, one class B share in the company (matching share) per acquired investment share (1:1). The programmes have terms of three years.

To receive matching shares, the employee must meet the conditions of having acquired investment shares and still being employed at the vesting date.

Maximum no. of conditional shares ('000)	Executive Management	Other employees	Total
Conditional shares granted at 1 March 2018	6,285	98,074	104,359
Cancelled, financial year 2017/18	0	-946	-946
Conditional shares granted at 1 March 2019	4,950	101,447	106,397
Cancelled, financial year 2018/19	0	-132	-132
Conditional shares granted at 30 September 2019	**11,235**	**198,443**	**209,678**

Fair value per share at the grant date, 1 March 2018, was computed at DKK 205.78.
Fair value per share at the grant date, 1 March 2019, was computed at DKK 210.96.

The fair value at the grant date was based on the following assumptions:

Share price at grant date, 1 March 2018	218.5
Share price at grant date, 1 March 2019	224.0
Expected term	3 years
Volatility	0.67
Risk-free interest rate	0.5%
Dividend	2% of share value

The volatility is based on a five-year observation period in respect of the return.

§ ACCOUNTING POLICY

The employee share programmes are initially classified as equity-based schemes. The fair value of matching shares is measured at the grant date and recognised in the income statement in staff costs over the vesting period and in the balance sheet in equity over the vesting period. The fair value computed at the grant date was based on the Black Scholes pricing model.

9 Fees to auditors appointed by the annual general meeting

(DKK'000)	2018/19	2017/18
PricewaterhouseCoopers	7,586	7,483
Other auditors	1,344	1,196
Total	**8,930**	**8,679**
The fees to PricewaterhouseCoopers are specified as follows:		
Statutory audit	5,615	4,829
Other assurance engagements	97	177
Tax consulting	854	692
Other services	1,020	1,785
Total	**7,586**	**7,483**

Fees for non-audit services provided to the Group by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amounted to DKK 2 million (2017/18: DKK 3 million), comprising review of tax statements, review of statements for prequalifications and various other reports, tax consulting on transfer pricing and other general accounting and tax consulting.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

10 Other operating income and expenses

(DKK'000)	2018/19	2017/18
Other operating income	3,793	3,464
Other operating expenses	-2,851	-1,049
Total	**942**	**2,415**

For both 2018/19 and 2017/18, the figures comprise no single material items.

§ ACCOUNTING POLICY

Other operating income and expenses comprise items secondary to the primary activities of the company.

11 Financial income and expenses

(DKK'000)	2018/19	2017/18
Fair value adjustment of securities	589	0
Other interest income	9,558	8,443
Financial income	**10,147**	**8,443**
Foreign exchange loss, net	2,459	3,662
Fair value adjustment of securities	0	218
Interest relating to associates	1,302	1,366
Value adjustment of option to acquire minority shareholding	2,923	16,400
Borrowing costs recognised in the cost of assets	-244	-254
Mortgage interest	3,763	6,007
Other interest expenses	29,831	10,891
Financial expenses	**40,034**	**38,290**
Net financials	**-29,887**	**-29,847**
Of which calculated using the effective interest method	**-6,686**	**-22,407**

Borrowing costs are recognised in the cost of constructed assets at an effective interest rate of 1% (2017/18: 1%), corresponding to the Group's average borrowing costs.

§ ACCOUNTING POLICY

Financial income and expenses include interest, capital gains and losses on securities and intra-group balances and transactions in foreign currencies, amortisation of financial assets and liabilities, and surcharges and allowances under the tax prepayment scheme, etc. Also included are realised and unrealised gains and losses relating to derivative financial instruments not qualifying for hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

12 Income tax

(DKK'000)	2018/19	2017/18
Total tax for the year is specified as follows:		
Tax on profit for the year	112,072	104,478
Tax recognised in other comprehensive income	-840	-4,501
Total	**111,232**	**99,977**
Tax on profit for the year is specified as follows:		
Current tax	23,523	25,643
Adjustment for the year of deferred tax and deferred tax asset	88,549	78,835
Total	**112,072**	**104,478**
Tax recognised in other comprehensive income is specified as follows:		
Current tax	-2,433	-427
Adjustment for the year of deferred tax and deferred tax asset	1,593	-4,074
Total	**-840**	**-4,501**
Tax on profit for the year is specified as follows:		
Calculated 22% tax of profit before tax	104,002	97,997
Tax effect of:		
Income earned abroad	1,934	4,423
Discrepancies relating to associates	552	-1,023
Other items	5,584	3,081
Total	**112,072**	**104,478**
Deferred tax		
Deferred tax at 1 October	440,942	377,839
Adjustment at 1 October	-1,100	0
Transferred to current tax	-20,382	-12,845
Addition on investments in subsidiaries	2,584	1,187
Deferred tax for the year recognised in profit for the year	88,549	78,835
Deferred tax for the year recognised in other comprehensive income	1,593	-4,074
Deferred tax at 30 September	**512,186**	**440,942**
Recognised as follows:		
Deferred tax (asset)	-24,369	-4,863
Deferred tax (liability)	536,555	445,805
Total	**512,186**	**440,942**

(DKK'000)	2018/19	2017/18
Deferred tax assets relate to tax loss carryforwards that are expected to be utilised against future taxable income and can generally be carried forward indefinitely.		
Deferred tax relates to:		
Intangible assets	16,785	25,380
Property, plant and equipment	72,129	70,818
Work in progress	537,585	389,658
Other current assets	-7,125	221
Provisions	-1,155	-4,722
Other payables	-9,697	-7,705
Tax loss carryforwards	-96,336	-32,708
Deferred tax at 30 September	**512,186**	**440,942**
Deferred tax expected to be realised within 12 months	43,734	194,260
Tax base of unrecognised deferred tax assets	8,506	9,262

§

ACCOUNTING POLICY

TAX ON PROFIT FOR THE YEAR

Tax for the year, consisting of current tax and changes in deferred tax for the year, is recognised in profit for the year, in other comprehensive income or directly in equity.

Changes in deferred tax as a result of changed tax rates are recognised in the income statement.

Per Aarsleff Holding A/S is jointly taxed with all Danish subsidiaries. The current Danish income tax liability is allocated among the jointly taxed companies in proportion to their taxable incomes. The jointly taxed companies are taxed under the Danish tax prepayment scheme.

INCOME TAX AND DEFERRED TAX

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax on temporary differences relating to goodwill not amortisable for tax purposes and other items is not recognised where such temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

12 Income tax – continued

§ ACCOUNTING POLICY – CONTINUED

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, will apply when the deferred tax is expected to crystallise as current tax. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Provision is made for deferred tax in respect of the retaxation of losses in foreign entities that is expected to arise.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in other non-current assets at the amount at which they are expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal entity.

! SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The Group recognises deferred tax assets, including the tax base of tax-loss carryforwards, if it is assessed that there is convincing evidence that these tax assets can be utilised within a reasonable period of time.

The assessment is based on budgets and business plans for the coming three years, including planned commercial initiatives which are made in due consideration of actual realised results.

13 Earnings per share

(DKK'000)	2018/19	2017/18
Profit for the year, excluding minority shareholders (DKK'000)	360,054	339,829
Average no. of shares (thousands)	22,650	22,650
Average no. of treasury shares (thousands)	-2,375	-2,271
Average no. of shares in circulation (thousands)	**20,275**	**20,379**
Average no. of shares, diluted (thousands)	65	29
Average no. of shares in circulation, diluted (thousands)	**20,340**	**20,408**
Earnings per share (current)	17.76	16.68
Earnings per share (diluted)	17.69	16.65

NOTES TO THE FINANCIAL STATEMENTS

GROUP

14 Intangible assets and property, plant and equipment

(DKK'000)	Goodwill	Patents & other intangible assets	Land and buildings	Plant & machinery	Other fixtures, fittings, tools and equipment	Prop., plant & equipm. under construction
Cost at 1 October 2018	**308,277**	**237,788**	**1,155,392**	**3,090,173**	**307,663**	**36,144**
Foreign exchange adjustments	-271	-349	-6,007	-16,855	-1,953	-172
Additions on acquisition of companies	0	13,439	1,045	34,352	3,800	0
Additions during the year	0	3,173	31,929	283,178	54,306	106,268
Disposals during the year	0	-119	-2,973	-197,056	-26,185	-32,107
Transfers	0	0	16,812	45,097	10,910	-72,797
Cost at 30 September 2019	**308,006**	**253,932**	**1,196,198**	**3,238,889**	**348,541**	**37,336**
Depreciation, amortisation and impairment at 1 October 2018	40,654	123,753	314,497	1,808,407	180,340	
Foreign exchange adjustments	-271	-282	-1,085	-9,548	-827	
Depreciation and amortisation for the year	0	36,996	38,592	312,201	48,485	
Assets sold during the year	0	-10	-2,126	-159,508	-23,222	
Depreciation, amortisation and impairment at 30 September 2019	**40,383**	**160,457**	**349,878**	**1,951,552**	**204,776**	
Carrying amount at 30 September 2019	**267,623**	**93,475**	**846,320**	**1,287,337**	**143,765**	**37,336**
Cost at 1 October 2017	**298,754**	**220,674**	**1,128,648**	**2,842,820**	**286,676**	**107,059**
Foreign exchange adjustments	-514	-370	-3,928	-11,247	-635	-510
Additions on acquisition of companies	10,037	13,061	0	3,960	2,140	0
Additions during the year	0	4,423	33,792	253,801	45,383	121,203
Disposals during the year	0	0	-3,695	-175,907	-31,878	-8,310
Transfers	0	0	575	176,746	5,977	-183,298
Cost at 30 September 2018	**308,277**	**237,788**	**1,155,392**	**3,090,173**	**307,663**	**36,144**
Depreciation, amortisation and impairment at 1 October 2017	41,168	93,300	282,152	1,675,119	165,822	
Foreign exchange adjustments	-514	-342	-1,057	-7,987	-477	
Depreciation and amortisation for the year	0	30,793	34,502	287,363	42,658	
Impairment losses for the year	0	0	0	0	0	
Assets sold during the year	0	2	-1,100	-146,088	-27,663	
Depreciation, amortisation and impairment at 30 September 2018	**40,654**	**123,753**	**314,497**	**1,808,407**	**180,340**	
Carrying amount at 30 September 2018	**267,623**	**114,035**	**840,895**	**1,281,766**	**127,323**	**36,144**

In 2018/19, damages concerning property, plant and equipment received totalled DKK 1,292 thousand, against DKK 765 thousand in 2017/18.

The Group has committed itself to investing in property, plant and equipment. See note 23, Contingent liabilities and other financial obligations.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

14 Intangible assets and property, plant and equipment – continued

GOODWILL

Goodwill is the only intangible asset with an indefinite useful life.

At 30 September 2019, goodwill was tested for impairment. The impairment test was performed on the basis of the business entity or the segment representing the lowest level of cash-generating unit to which goodwill on acquisition could be allocated on a reasonable basis. Where acquired operations and companies are not established as independent units, but are integrated in existing units, it is thus not possible to perform impairment tests on individual acquisitions. In the Group's internal reporting, the carrying amount of goodwill in the individual cash-generating units is allocated to the Group's business segments.

Recoverable amounts are in each individual case calculated as the value in use. Value in use is calculated as the net present value of expected cash flows from the cash-generating units. Value in use is compared to the carrying amounts of the net assets. Expected cash flows are based on budgets for the years 2019/20-2023/24, prepared and approved by the Managements of the respective cash-generating units. For financial years after the budget periods (terminal period), cash flows for the latest budget period are applied, adjusted for expected growth rates.

In the tests, an expected growth rate of 1.5% was applied for the terminal period (2017/18: 1.5%). The growth rate is expected not to exceed the long-term average growth rate in the company's markets. As the diversification of the cash-generating units on industries and geographic locations is limited, they are assessed to have identical growth rates.

Apart from growth and the weighted average cost of capital (discount factor) applied, the principal assumptions are assessed to be revenue performance, operating margin and future reinvestment. Budgets for 2019/20-2023/24 were based on past experience, including budgeted returns on the order book, expected orders and planned capacity. The announced long-term expectations of annual revenue growth of 0-10%, an operating margin of 4.5-7% and strong liquidity were also taken into consideration. Uncertainty relating to past earnings and possible changes in the amount or placement projected cash flows was reflected in the discount factors.

The impairment tests comprised the cash-generating units Per Aarsleff A/S, Wicotec Kirkebjerg A/S, Centrum Pæle A/S, Entreprenørfirmaet Østergaard A/S, Aarsleff Rail A/S, Aarsleff Rohrsanierung GmbH, VG Entreprenør A/S, Ístak hf., Hansson & Knudsen A/S, Olimb Rørfornying Holding AS, Anker AB Centrum Pile Limited, Per Aarsleff AO, Aarsleff Sp. z o.o. and Banedrift AS.

The table below specifies the key assumptions for the most significant cash-generating units:

	2018/19			2017/18		
	Discount factor (%)	Terminal period growth (%)	Carrying amount of goodwill (DKK'000)	Discount factor (%)	Terminal period growth (%)	Carrying amount of goodwill (DKK'000)
Cash-generating unit						
Hansson & Knudsen A/S	8.6	1.5	71,696	8.4	1.5	71,696
Aarsleff Rohrsanierung GmbH	9.4	1.5	56,200	9.1	1.5	56,200
Olimb Rørfornying Holding AS	8.7	1.5	37,013	8.5	1.5	37,013
Entreprenørfirmaet Østergaard A/S	8.5	1.5	26,554	8.4	1.5	26,554
Others	7.8-8.7	1.5	76,160	7.5-8.5	1.5	76,160
Total			**267,623**			**267,623**

The impairment tests did not give rise to any write-down of goodwill to recoverable amount.

Sensitivity analyses were performed to identify the lowest growth rate or the highest increase in discount rate for each cash-generating unit without resulting in impairment losses. Probable changes in the underlying assumptions are not assessed to result in the carrying amount of goodwill exceeding the recoverable amount, with the exception of Hansson & Knudsen A/S, in which the difference amounts to DKK 12,113 thousand. For Hansson & Knudsen A/S, it is assessed that probable changes in the assumed future terminal period growth, the discount factor applied or the expected operating margin could result in the carrying amount of goodwill exceeding the recoverable amount. If either of the three key assumptions is changed to the following levels, the carrying amount of goodwill will exceed the recoverable amount: If terminal period growth is reduced from 1.5% to 1.0%; if the discount factor applied is increased from 8.6% to 9.1%; or if the operating margin for the budget period is reduced from 2.3% to 2.1%.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

14 Intangible assets and property, plant and equipment – continued

§

ACCOUNTING POLICY

INTANGIBLE ASSETS

Goodwill is initially recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. The determination of cash-generating units is based on the management structure and the internal financial management.

Patents and other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is provided on a straight-line basis over the shorter of the contract period and useful life, currently 2-7 years. The basis of amortisation is reduced by any impairment losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and any costs directly associated with the acquisition until the date when the asset is ready for use. The cost of assets constructed by the Group comprises direct and indirect costs of labour, materials, components and subsuppliers as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset.

Depreciation is provided on a straight-line basis over the useful life which is:

Production buildings	20 years
Administrative buildings	50 years
Plant and machinery	8-10 years
Other fixtures and fittings, tools and equipment	5-10 years

Land is not depreciated.

Depreciation is calculated taking into account the residual value of the asset less any impairment losses. The residual value is determined at the acquisition date and reassessed annually.

Property, plant and equipment is written down to the lower of the recoverable amount and the carrying amount.

Gains or losses on the disposal of property, plant and equipment are recognised in the income statement in production costs or administrative expenses or other operating income/expenses, respectively and calculated as the difference between selling price less costs to sell and the carrying amount at the selling date.

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SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

In connection with testing for evidence of impairment of goodwill and other non-current assets, a number of assumptions are applied in the calculations.

Estimates of expected future net cash flows are based on budgets and business plans for the next five years and projections for subsequent years. Key parameters are revenue development, operating margin, future reinvestments and growth and the average cost of capital applied.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

15 Investments in associates and joint ventures

(DKK'000)	30/9 2019	30/9 2018
ASSOCIATES		
The Group has investments in two associates in the Pipe Technologies segment and in one associate in the Construction segment. They are each individually insignificant, and they are measured according to the equity method:		
Total carrying amount	6,600	8,575
Total share of:		
Profit after tax	7,590	4,908
Total comprehensive income	**7,590**	**4,908**
JOINT VENTURES		
In addition to the above investments in associates, the Group has investments in a joint venture which is individually immaterial and is also measured under the equity method:		
Total carrying amount	2,174	2,172
Total share of:		
Profit after tax	0	-122
Total comprehensive income	**0**	**-122**

The Aarsleff Group holds 50% of the voting rights in Nelis Infra-Aarsleff JV. The activities of the joint venture have been discontinued, and the liquidation process is pending performance of the final contractual obligations.

§

ACCOUNTING POLICY

SHARE OF PROFIT IN ASSOCIATES AND JOINT VENTURES

The share of profits after tax in associates and joint ventures is recognised in the consolidated income statement after adjustment for unrealised intra-group gains/losses and less any goodwill impairment.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are measured according to the equity method.

In the balance sheet, investments are measured at the proportionate share of the companies' equity values with the deduction or addition of unrealised intra-group gains and losses and with the addition of the carrying amount of goodwill. Associates and joint ventures with negative equity values are measured at DKK 0. Any legal or constructive obligation by the Group to cover the associate's or joint venture's negative balance is recognised in liabilities.

Any receivables from associates and joint ventures are written down to the extent they are deemed to be irrecoverable.

Acquisitions of investments in associates and joint ventures are accounted for under the purchase method. See the description of business combinations.

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SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Aarsleff participates in a number of joint arrangements, including consortia and working partnerships, the accounting treatment of which is subject to the classification of the individual joint arrangement, and thus the assessment of the specific contractual relationship and circumstances in general.

The majority of these joint arrangements are established when Aarsleff enters into a construction contract jointly with another contractor. The joint arrangement is established simultaneously with the conclusion of the construction contract with the client, and accordingly does not affect the rights and obligations agreed with the client. Usually, the contractual relationship for the performance of such single contracts implies that the rights and obligations towards the client are directly attributed to the parties, which means that the parties have direct rights to arrangement assets and direct obligations for arrangement liabilities. Such joint arrangements are therefore classified as joint operations. Depending on the individual contractual relationship, the assessment as to whether a joint arrangement should be classified as a joint operation may be based on a management assessment.

In a few cases, Aarsleff enters into joint arrangements established with a view to a more permanent strategic alliance which is not based on the conclusion of single construction contracts. These are in the nature of a jointly controlled enterprise, in which the parties have rights to the net assets. The contractual relationship consequently implies that such joint arrangements are classified as joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

16 Inventories

(DKK'000)	30/9 2019	30/9 2018
Raw materials and consumables	222,387	176,405
Finished goods	101,231	104,095
Total	**323,618**	**280,500**

§ ACCOUNTING POLICY

Inventories are measured at the lower of cost under the FIFO principle and the net realisable value of the individual product group.

The cost of raw materials, goods for resale and consumables comprise the invoiced price plus direct costs incurred in connection with their purchase.

The cost of finished goods comprises the cost of materials and direct labour plus indirect production costs. Financing costs during the production period are not recognised.

17 Work in progress

(DKK'000)	30/9 2019	30/9 2018
Selling price of construction contracts	15,473,019	11,723,274
Progress billings	-15,736,594	-11,869,328
Total	**-263,575**	**-146,054**
Recognised as follows:		
Receivables	1,034,488	1,011,008
Current liabilities	-1,298,063	-1,157,062
Total	**-263,575**	**-146,054**
Advance payments from customers relating to construction contracts not commenced	22,567	13,533
Retained payments	72,852	70,442
Contract assets relating to costs for completion of construction contracts	12,575	13,100
Amortisation for the year, recognised in production costs	525	0

Contract assets and liabilities consist in work in progress.

The selling price of work in progress at 30 September 2019 increased relative to 30 September 2018. The increase was attributable to a significant order intake and a high level of activity on harbour projects in progress and major construction projects.

Progress billings were also up at 30 September 2019 relative to 30 September 2018 due to significant advance payments on several projects in progress.

NOTES TO THE FINANCIAL STATEMENTS

17 Work in progress – continued

§ ACCOUNTING POLICY

Contracts in progress are measured by allocating to each performance obligation the selling price of the work performed less progress billings and impairment losses.

The selling price of performance obligations is determined by reference to their stage of completion at the balance sheet date and the total expected contract revenue. In determining total expected income, the constraints on the recognition of variable consideration, including recognition of claims, additional works and variations are taken into consideration. The percentage of completion is determined on the basis of an assessment of the work performed, which is normally calculated as the ratio of contract costs incurred to total expected contract costs.

If it is probable that total contract costs will exceed total contract revenue, provision is made for the total expected loss on the contract. If the selling price cannot be measured reliably, the selling price is measured at the lower of contract costs incurred and net realisable value.

Construction contracts for which the selling price of the work performed exceeds progress billings and expected losses are recognised in receivables. Construction contracts for which progress billings and expected losses exceed the selling price are recognised in liabilities. Advance payments from customers are recognised in liabilities.

Costs incurred in selling and tendering in order to obtain a contract are expensed in the year in which they are incurred. Specific external costs directly related to a contract are capitalised and amortised over the contract period.

On conclusion of contracts, the payment terms used are generally in accordance with the General Conditions for the Provision of Works and Supplies in Building and Construction (AB92/AB18). These terms may, however, be departed from subject to individual negotiation.

Generally, invoicing is carried out according to an agreed instalment plan, based on specified milestones or in the form of progress billing.

! SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

An essential prerequisite for applying the percentage of completion method is that the revenue and costs of the individual construction contract can be reliably measured. Variable consideration is not recognised in revenue until it is highly probable that reversal in the amount of cumulative revenue recognised will not occur in subsequent periods. This assessment is made on an ongoing basis for the individual construction contracts. Expected contract revenue and contract costs may change as the contract is performed and uncertainties are resolved. Also, during the performance of the contract, amendments may be made, and the preconditions for the performance of the contract may turn out not to be fulfilled. Discrepancies related to additional works, extensions of deadlines, claims for daily penalties, etc. are assessed on the basis of the nature of the issue, the stage of negotiation and past experience. The probability of the outcome is thus assessed on an individual basis.

The Group's internal business processes, financial management and calculation tools together with the project management's knowledge and experience support the reliable measurement of work in progress in accordance with the percentage of completion method.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

18 Construction contract debtors

(DKK'000)	30/9 2019	30/9 2018
The fair value of receivables is considered to correspond to the carrying amount.		
Impairment allowance, construction contract debtors at 1 October	32,263	31,302
Additions during the year	20,315	9,533
Disposals during the year:		
– Used	-589	-3,918
– Reversed	-3,026	-4,654
Impairment allowance, construction contract debtors at 30 September	**48,963**	**32,263**
Impairment allowances included in receivables, recognised in the income statement	17,289	6,206
The Group regularly follows up on outstanding receivables. Where uncertainty arises about a customer's ability or willingness to pay a receivable and the Group assesses that the claim is subject to risk, an impairment allowance is made to cover this risk. Individually impaired construction contract debtors and allowances for these are registered in separate accounts, both of which are included in the carrying amount of contract debtors.		
The balance of construction contract debtors falls due as follows:		
Balances not due	2,145,944	2,187,403
Balances past due:		
By less than 30 days	468,579	568,985
By 30 to 90 days	71,375	164,682
By more than 90 days	154,453	173,387
Total	**2,840,351**	**3,094,457**
Receivables falling due more than one year after the balance sheet date	45	2,008

For a description of credit risk, see note 22.

Aarsleff applies the simplified approach under IFRS 9 to measuring expected credit losses, which is based on expected losses on all construction contract debtors. To measure the expected credit loss, construction contract debtors are grouped according to their characteristics and number of past due days. Expected loss rates are based on the payment profiles for sales over a 60-month period before 30 September 2019 and 30 September 2018, respectively, and the corresponding historical credit losses realised during that period. Historical losses are adjusted to reflect current and future expected matters that affect the customer's ability to settle the receivables. As Aarsleff operates in countries in which experience shows that there may be a risk of losses due to changing political and cyclical factors, the Company adjusts historical loss rates based on expected changes in these factors.

Expected losses on trade receivables and construction contracts based on a weighted loss rate:

(DKK'000)	Loss rate	Amount receiv-able	Expected loss	Total
30 September 2019				
Balances not due[1]	0.5%	3,195,127	14,695	3,180,432
Less than 30 days past due	2.4%	480,007	11,428	468,579
30 to 90 days past due	6.6%	76,084	4,709	71,375
More than 90 days past due	8.9%	221,546	18,131	203,415
Total	**1.2%**	**3,972,764**	**48,963**	**3,923,801**
30 September 2018				
Balances not due[1]	0.3%	3,207,244	8,833	3,198,411
Less than 30 days past due	1.2%	575,907	6,922	568,985
30 to 90 days past due	3.1%	169,763	5,081	164,682
More than 90 days past due	5.6%	217,077	11,427	205,650
Total	**0.8%**	**4,169,991**	**32,263**	**4,137,728**

[1] Amounts receivable consist of work in progress (contract assets) and construction contract debtors.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

19 Securities

(DKK'000)	30/9 2019	30/9 2018
Bonds	412,856	190,146
Portfolio at 30 September	**412,856**	**190,146**

20 Equity

SHARE CAPITAL

The share capital consists of 27,000 class A shares of DKK 100 each and 21,300,000 class B shares of DKK 2 each. Their nominal value is DKK 2,700 thousand and DKK 42,600 thousand, respectively. The share capital is unchanged relative to 2017/18.

The class A shares carry ten times as many voting rights as the class B shares. The class A shares are not negotiable instruments.

See the section Information to shareholders for additional information.

	Number of shares		Nominal value (DKK'000)		% of share capital	
(DKK'000)	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Treasury shares (B shares)						
Holding at 1 Oct.	2,369,359	2,265,000	4,739	4,530	10.46	10.00
Additions during the year	106,397	104,359	213	209	0.47	0.46
Disposals during the year	-132	0	0	0	0.00	0.00
Holding at 30 Sep.	**2,475,624**	**2,369,359**	**4,952**	**4,739**	**10.93**	**10.46**

During the year, treasury shares were purchased for the purpose of covering the matching shares obligation under the employee share programme. In addition, treasury shares were purchased to increase financial flexibility in connection with future acquisitions.

Resolutions to amend the articles of association or to wind up the company require a majority vote of not less than two-thirds of the votes cast as well as of the voting share capital represented at the annual general meeting.

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ACCOUNTING POLICY

PROPOSED DIVIDEND

Dividend is recognised in liabilities at the time of its adoption at the annual general meeting. Dividend expected to be distributed for the year is shown as a separate item under equity.

TREASURY SHARES

The purchase and sale sums of and dividends on treasury shares are recognised directly in equity.

TRANSLATION RESERVE

The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on the translation of the financial statements of foreign entities from their functional currencies into the Group's presentation currency (Danish kroner).

On full or partial realisation of the net investment, foreign exchange adjustments are recognised in the income statement.

HEDGING RESERVE

The hedging reserve contains the accumulated net change in the fair value of hedging transactions that qualify as hedges of future cash flows and for which the hedged transaction has yet to be realised.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

21 Provisions

(DKK'000)	30/9 2019	30/9 2018
Provisions at 1 October	126,977	125,992
Used during the year	-32,428	-25,462
Additions on acquisition of companies	766	0
Reversal of unused provisions	-30,402	-24,415
Provided for the year	83,140	50,862
Adjustment of provisions to present value	-30	0
Provisions at 30 September	**148,023**	**126,977**
Recognised as follows:		
Non-current liabilities	81,985	66,124
Current liabilities	66,038	60,853
Total	**148,023**	**126,977**

Provisions include provisions regarding completed contracts, including warranty obligations, the warranty period on contracts being up to five years from the hand-over date. The majority of the costs are expected to be incurred within three years.

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ACCOUNTING POLICY

Provisions are recognised when the Group has a legal or constructive obligation as a consequence of past events in the financial year or prior years, when it is probable that settlement of the obligation will require an outflow of the Group's financial resources and the amount of the obligation can be measured reliably.

In measuring provisions, the expenditure required to settle the obligation is discounted, if this has a material effect on the measurement of the obligation.

Warranty obligations are recognised in proportion to the stage of completion of the contract and are measured based on past experience.

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SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The assessment of provisions for completed contract work is based on past experience with similar work. Aarsleff regularly implements new methods and technologies for the execution of construction contracts. Where this is the case, the extent to which warranty obligations can be expected is assessed on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

22 Credit, interest rate and currency risk and use of financial instruments

	Carrying amount		Fair value	
(DKK'000)	30/9 2019	30/9 2018	30/9 2019	30/9 2018
FINANCIAL INSTRUMENT CATEGORIES				
The Group's financial instrument categories:				
Construction contract debtors	2,840,351	3,094,457	2,840,351	3,094,457
Work in progress	1,034,488	1,011,008	1,034,488	1,011,008
Receivables from associates and joint ventures	6,037	16,434	6,037	16,434
Other receivables	118,347	87,475	118,347	87,475
Cash	658,142	442,592	658,142	442,592
Receivables at amortised cost	**4,657,365**	**4,651,966**	**4,657,365**	**4,651,966**
Securities	412,856	190,146	412,856	190,146
Financial assets at fair value through profit or loss	**412,856**	**190,146**	**412,856**	**190,146**
Derivative financial instruments used for hedging	-781	1,556	-781	1,556
Derivative financial instruments hedging future cash flows	**-781**	**1,556**	**-781**	**1,556**
Other payables (earn-out)	68,210	131,997	68,210	131,997
Financial liabilities at fair value through profit or loss	**68,210**	**131,997**	**68,210**	**131,997**
Mortgage debt	137,130	176,414	137,290	176,705
Credit institutions	466,398	290,121	466,398	290,121
Work in progress	1,298,063	1,157,062	1,298,063	1,157,062
Trade payables	1,474,005	1,785,192	1,474,005	1,785,192
Financial liabilities at amortised cost	**3,375,596**	**3,408,789**	**3,375,756**	**3,409,080**

FAIR VALUE MEASUREMENT

The Group uses the fair value convention in connection with certain disclosure requirements and for the recognition and measurement of financial instruments. Fair value is defined as the price obtainable when selling an asset, or payable when transferring a liability, in an arm's length transaction between market participants (exit price). Assets and liabilities that are measured at fair value or whose fair value is disclosed, are categorised under a fair value hierarchy in three levels, based on inputs to the valuation methods applied in measuring fair value. To the extent possible, fair value measurement is based on quoted prices in active markets (level 1) or alternatively on prices derived from observable market inputs (level 2). To the extent that such observable inputs are not available or cannot be used without significant modification, fair values are based on recognised valuation methods and reasonable estimates (level 3).

CURRENT RECEIVABLES AT AMORTISED COST AND CURRENT FINANCIAL LIABILITIES

The fair values of current receivables at amortised cost and current financial liabilities are not considered to deviate significantly from their carrying amounts.

SECURITIES

Securities are valued at officially quoted prices or price quotes. This constitutes fair value measurement at level 1 of the fair value hierarchy.

MORTGAGE DEBT

The fair value of mortgage debt is determined on the basis of the fair value of the underlying bonds. This constitutes fair value measurement at level 2 of the fair value hierarchy.

DERIVATIVE FINANCIAL INSTRUMENTS

Forward exchange contracts are valued on the basis of externally calculated fair values using generally accepted valuation techniques. This constitutes fair value measurement at level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

22 Credit, interest rate and currency risk and use of financial instruments – continued

CONTINGENT CONSIDERATION

The fair value of contingent consideration (earn out) related to the acquisition of Olimb Rørfornying Holding AS at 31 August 2017 was estimated on the basis of the income approach. The estimate is based on weighted probabilities of the expected payments under the earn-out agreement, discounted at a discount rate of 2%. The total payment amounts to at least DKK 23 million and is contingent on the future earnings of the acquired companies. This constitutes fair value measurement at level 3 of the fair value hierarchy. Expected earnings is a key assumption in the calculation of the estimate. A +1% change in expected earnings would increase the earn-out amount by DKK 2 million. The change in the fair value of the earn-out agreement is recognised in financial expenses in the income statement at DKK 2,923 thousand (2017/18: DKK 16,400 thousand) and in investments at a negative DKK 5,710 thousand (2017/18: a negative DKK 3,448 thousand), corresponding to the minority shareholder's share of dividend paid.

(DKK'000)	2018/19	2017/18
Carrying amount at 1 October	131,997	119,045
Adjustment in income statement	2,923	16,400
Partial repayment	-66,710	-3,448
Carrying amount at 30 September	**68,210**	**131,997**

LIQUIDITY RISK

It is Group policy to maintain significant cash reserves. With its stable and strong solvency, the Group has a high creditworthiness, which is reflected in its adequate credit facilities and loan commitments, both in the short and the long term.

For the majority of the Group's subsidiaries, a cash pooling arrangement has been set up.

The Group's liabilities fall due as follows:

(DKK'000)	Carrying amount	Contractual cash flows[1]	Within 1 year	1-2 years	2-5 years	After 5 years
30 September 2019						
Non-derivative financial instruments:						
Mortgage debt	137,130	141,157	14,578	14,005	29,001	83,573
Credit institutions	466,398	466,398	458,174	2,002	6,222	0
Trade payables	1,474,005	1,474,005	1,474,005	0	0	0
Other payables	68,210	68,210	0	0	68,210	0
Derivative financial instruments:						
Derivative financial instruments hedging future cash flows	781	781	-7,376	-1,847	1,384	8,620
Total liabilities	**2,146,524**	**2,150,551**	**1,939,381**	**14,160**	**104,817**	**92,193**
30 September 2018						
Non-derivative financial instruments:						
Mortgage debt	176,414	184,052	18,028	17,129	39,481	109,414
Credit institutions	290,121	291,115	282,319	4,765	4,031	0
Trade payables	1,785,192	1,785,192	1,785,192	0	0	0
Other payables (earn-out)	131,997	133,810	70,597	0	63,213	0
Derivative financial instruments:						
Derivative financial instruments hedging future cash flows	-1,556	-1,556	-497	-160	447	-1,346
Total liabilities	**2,382,168**	**2,392,613**	**2,155,639**	**21.734**	**107,172**	**108,068**

[1] All cash flows are undiscounted and comprise all obligations under agreements concluded, including future interest payments on loans.

The Group's cash outflows are fully covered by its profit from operations and the availability of credit facilities and refinancing options.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

22 Credit, interest rate and currency risk and use of financial instruments – continued

(DKK'000)

CURRENCY RISK

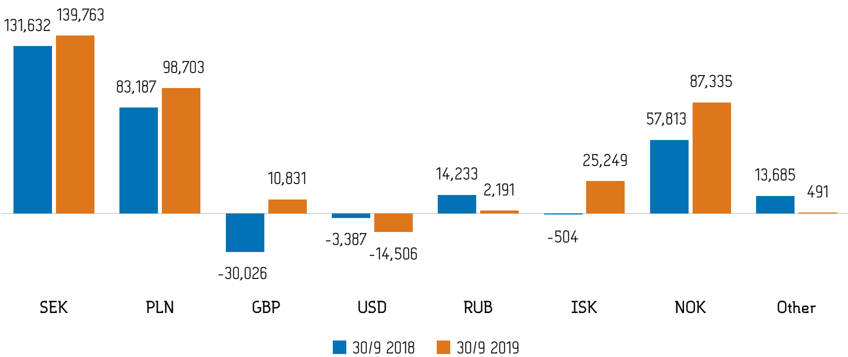
Currency risk is managed centrally in the Aarsleff Group. The Group's strategy is to hedge currency risk related to construction contracts and other currency transactions by optimising its commercial currency flow. Aarsleff's policy is to hedge at least 50% of the expected contribution margin in relation to construction contracts through commercial currency flow optimisation. To minimise currency risk, the aim is for foreign currency construction contracts to be entered into in EUR or, alternatively, in the same currency as that in which costs are incurred in order to ensure as much natural hedging as possible. During the tendering stage until the contract is entered into, currency risk is generally not hedged.

Normally, currency overdraft facilities are established on the basis of regular computation of foreign exchange exposures to the most important currencies. Moreover, forward contracts are entered into to hedge future cash flows in the form of contract revenue, but only where a contract has been concluded. Ineffectiveness is primarily due to timing differences between the expected timing of receipt of income and payment of expenses.

Foreign exchange adjustment of foreign subsidiaries and associates with functional currencies different from that of the parent company is recognised directly in other comprehensive income. Related currency risks are not hedged. Current and non-current receivables in group enterprises are not generally hedged.

Intra-group balances in foreign currency (excluding Eurozone currencies) and related hedging transactions are as follows:

NET POSITION AT 30 SEPTEMBER (DKK'000)



	30/9 2019					30/9 2018	
Currency	Financial assets	Financial liabilities	Thereof hedged	Net position	Thereof companies with other functional currency	Net position	Thereof companies with other functional currency
SEK	241,525	-40,171	-61,592	139,763	111,371	131,632	99,840
PLN	244,720	-145,550	-467	98,703	90,279	83,187	80,188
GBP	60,915	-50,084	0	10,831	20,481	-30,026	-26,548
USD	94,581	-107,742	-1,345	-14,506	0	-3,387	0
RUB	27,319	-29,846	4,718	2,191	2,187	14,233	14,261
ISK	150,014	-124,765	0	25,249	25,249	-504	-503
NOK	200,643	-123,014	9,706	87,335	107,956	57,813	99,379
Other	2,308	-1,817	0	491	0	13,685	9,807
Total	**1,022,025**	**-622,988**	**-48,980**	**350,057**	**357,523**	**266,633**	**276,424**
Payment/ maturity profile is specified as follows:							
Less than 1 year	1,022,025	-592,343	-48,980	380,703	400,854	332,937	372,112
1-5 years	0	-17,960	0	-17,960	-30,645	-36,921	-66,305
More than five years	0	-12,686	0	-12,686	-12,686	-29,383	-29,383
Total	**1,022,025**	**-622,988**	**-48,980**	**350,057**	**357,523**	**266,633**	**276,424**

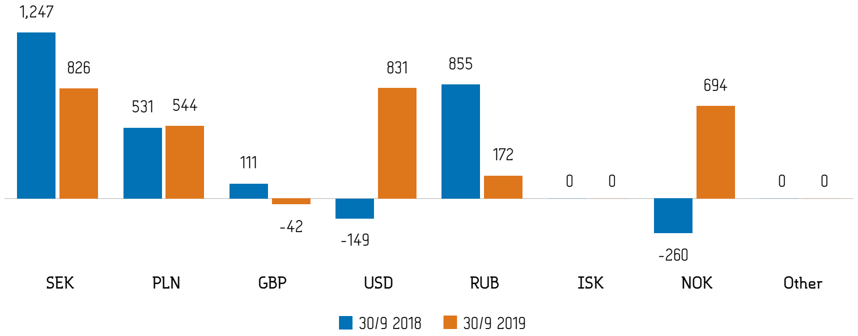
NOTES TO THE FINANCIAL STATEMENTS

22 Credit, interest rate and currency risk and use of financial instruments – continued

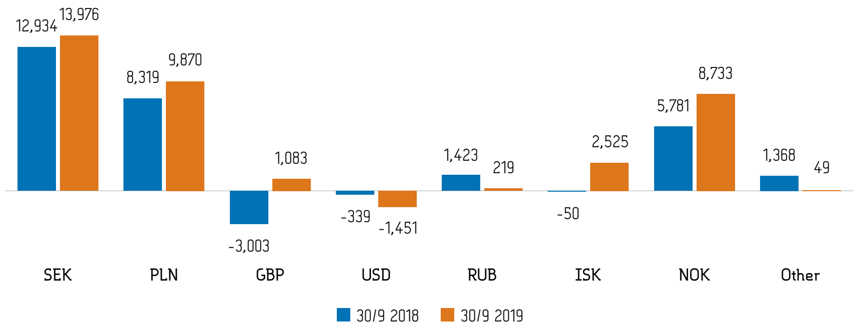
(DKK'000)

The isolated effects of a 10% increase at 30 September 2019 in exchange rates against DKK are specified as follows (pre-tax amounts):

CHANGE IN PROFIT FOR THE YEAR IN CASE OF A 10% INCREASE IN EXCHANGE RATES AT 30 SEPTEMBER



CHANGE IN EQUITY IN CASE OF A 10% INCREASE IN EXCHANGE RATES AT 30 SEPTEMBER



The above analysis is based on the assumption of all other variables, interest rates in particular, remaining constant. The forecast is based on available market data.

A corresponding decline in exchange rates for the above currencies would have a similar, but negative, effect on profit for the year and equity. The differences between the effects for 2018/19 and 2017/18 are entirely attributable to differences in the nominal amounts of the individual currencies.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group has established forward exchange contracts and foreign currency overdraft facilities to hedge future cash flows on construction contracts in EUR, NOK, USD, PLN, SEK and CHF for a total amount of DKK 611,873 thousand, against DKK 82,458 thousand in 2017/18. At 30 September 2019, these financial instruments had a positive fair value of DKK 9,565 thousand, against a positive fair value of DKK 597 thousand at 30 September 2018, recognised in other comprehensive income. The hedged cash flows are expected to be realised by June 2021.

DKK'000	Contract value, net	Average exchange rate	Positive fair value, 30/9	Negative fair value, 30/9	Hedge maturing no later than
30 September 2019					
SEK	207,561	0.7138	5,859	-458	December 2020
NOK	184,196	0.7446	1,050	-303	June 2021
EUR	91,630	7.4518	22	-8	March 2021
USD	39,083	6.3737	1,803	0	March 2021
PLN	17,200	1.7200	387	0	September 2020
CHF	9,945	6.8491	0	-56	June 2020
Other	62,259		1,602	-334	June 2020
Total	**611,873**		**10,724**	**-1,159**	
30 September 2018					
NOK	31,055	0.7406	1,435	-93	December 2019
USD	12,503	6.5804	430	0	May 2019
RUB	703	0.0998	18	0	October 2018
PLN	446	1.7492	0	-3	November 2018
Other	37,751		11	-1,201	April 2019
Total	**82,458**		**1,895**	**-1,298**	

NOTES TO THE FINANCIAL STATEMENTS

GROUP

22 Credit, interest rate and currency risk and use of financial instruments – continued

The Group has furthermore established interest rate swaps in DKK with a view to interest rate hedging of mortgage loans for a total amount of DKK 89,691 thousand, against DKK 81,191 thousand in 2017/18. At 30 September 2018, these financial instruments had a negative fair value of DKK 8,620 thousand, against a positive fair value of DKK 1,347 thousand in 2017/18. The contracts expire in December 2036 at the latest.

The Group has furthermore entered into forward exchange transactions in NOK with a view to paying an earn-out agreement and forward exchange transactions in RUB with a view to hedging future cash flows from loan repayments. Their total value was DKK 27,449 thousand, against DKK 31,437 thousand in 2017/18. At 30 September 2018, these financial instruments had a negative fair value of DKK 1,725 thousand, against DKK 387 thousand in 2017/18. The contracts expire in January 2022 at the latest.

See the section on Commercial risk assessment in the Management's review for further information.

CAPITAL MANAGEMENT

The Company regularly assesses the need for adjusting the capital structure of the Group as well as of the individual subsidiaries so that it complies with the applicable rules and matches the business foundation and volume of activity.

The Group assesses capital on the basis of the solvency ratio. The Group's solvency ratio target is around 40%.

INTEREST RATE RISK

Interest rate risk mainly relates to interest-bearing debt, securities and cash. To minimise both interest and related risks, the Group has entered into cash pooling and interest netting agreements in DKK, SEK, EUR and GBP with its Danish bankers.

The Group's interest rate risk is related to the following items. The earliest maturity data is stated:

		Effective interest rate		Carrying amount		Fair value	
	Fixed/ Floating	30/9 2019 %	30/9 2018 %	30/9 2019 (DKK'000)	30/9 2018 (DKK'000)	30/9 2019 (DKK'000)	30/9 2018 (DKK'000)
Interest-bearing assets	**Fixed**	**-1-1**		**133,035**	**0**	**133,035**	**0**
Interest-bearing assets	**Floating**	**-1-1**	**0-2**	**937,963**	**632,738**	**937,963**	**632,738**
Interest-bearing liabilities	**Fixed**	**1-8**	**1-6**	**175,597**	**248,768**	**178,145**	**249,059**
Interest-bearing liabilities	**Floating**	**1-8**	**1-6**	**496,141**	**352,915**	**496,141**	**352,915**
Net interest-bearing deposit				**399,260**	**31,055**		
Payment/maturity profile is specified as follows:							
Less than 1 year				530,547	262,933		
1-5 years				-49,747	-127,377		
More than 5 years				-81,540	-104,501		
				399,260	**31,055**		

A 1% increase in the level of interest rates relative to that at the balance sheet date and net interest-bearing assets would, all other things being equal, have a negative effect of DKK 1,102 thousand on the Group's profit before tax and equity (2017/18 a positive effect of DKK 2,385 thousand). A decrease in the interest rate level would have had a similar negative effect on profit and equity.

CREDIT RISK

The Group is exposed to credit risk with respect to receivables and bank deposits. The Group is not deemed to be exposed to significant credit risk with respect to its cash and cash equivalents, securities portfolio or derivative financial instruments, as the Group's bankers, bond issuers and derivative financial instrument counterparties all have credit ratings corresponding to at least A-/A3 (S&P/Moody's). The maximum credit risk corresponds to the carrying amount.

A large proportion of the Group's customers are public or semi-public institutions, on which the exposure to financial losses is minimal. The Group's trade receivables from other customers are exposed to the usual credit risk. Customers are therefore credit rated before work on a contract commences. To the extent that it is expedient and possible, credit risk on trade receivables is covered by way of bank and insurance guarantees and letters of credit.

The Group does not have significant risk exposure to any individual customer or business partner.

As was the case at 30 September 2018, the Group's impairment allowances at 30 September 2019 related solely to financial assets classified as receivables. See note 18.

NOTES TO THE FINANCIAL STATEMENTS

23 Contingent liabilities and other financial obligations

(DKK'000)	30/9 2019	30/9 2018
Operating leases		
Future rent and lease payments under non-terminable contracts (minimum lease payments):		
Due within 1 year	104,165	92,327
Due in between 1 and 5 years	217,026	200,189
Due in more than 5 years	4,650	7,487
Total	**325,841**	**300,003**
Expensed lease payments for the year	111,826	132,197

Operating lease liabilities relate to cars, construction equipment and tools and equipment. The Group's leases have maximum terms of ten years at 30 September 2019.

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ACCOUNTING POLICY
LEASES
Leases in which the Group retains substantially all risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Payments under operating leases are recognised in the income statement over the terms of the leases.

(DKK'000)	30/9 2019	30/9 2018
Investment and purchase obligations		
Investments in property, plant and equipment	83,425	15,693
Contingent assets and liabilities		
Guarantee provided for outstanding bank balance in joint ventures	0	0
The Aarsleff Group is a party to various legal and arbitration proceedings, which are not expected to negatively affect the Group's future earnings.		
Security		
The carrying amount of land and buildings posted as security for debt to mortgage credit institutions is	196,349	212,167
The carrying amount of other property, plant and equipment posted as security for debt to credit institutions is	0	0
As security for the completion of construction contracts, the usual security has been posted in the form of bank guarantees and suretyship insurance	4,670,726	4,911,999

The item warranty obligations comprises the obligations to perform certain warranty work for normally up to five years. The obligation has been calculated on the basis of historical warranty costs.

The Group is a party to joint venture arrangements under joint and several liability. The total liability at 30 September 2019 was DKK 463 million, against DKK 466 million at 30 September 2018, of which amounts DKK 160 million and DKK 212 million, respectively, were recognised in the consolidated balance sheet. The Group does not foresee any losses over and above those included in the financial statements.

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SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS
In the course of its contracting business, Aarsleff may become party to disputes and lawsuits. In such cases, the Group assesses whether it may incur liabilities as a result of the case in question and the probability thereof. Such assessment is based on available information and legal opinions from advisers. The final outcome of a case is inherently difficult to estimate and may differ considerably from Aarsleff's assessments.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

24 Related party transactions

	Associates and joint ventures		Management [1]	
(DKK'000)	2018/19	2017/18	2018/19	2017/18
Group				
Income[2]	12,504	20,584	0	171
Expenses[2]	12,115	5,388	0	1,259
Receivables[3]	2,173	2,859	0	2
Payables[3]	8	2,464	0	1,105

[1] Includes members of the Board of Directors and Executive Management of the parent company. Management remuneration is set out in note 7 to the financial statements.

[2] Includes purchase and sale of goods and services.

[3] Includes receivables and payables related to purchase and sale of goods and services.

The foundation Per og Lise Aarsleffs Fond is considered to exercise control as a result of its own shareholding and the dissemination of other shareholdings. Apart from distribution of dividend, the Group had no transactions with the foundation in 2018/19 or 2017/18.

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies.

No unusual agreements or other such trades or transactions were concluded or conducted between the Group and its related parties.

25 Other adjustments – Statement of cash flows

(DKK'000)	2018/19	2017/18
Profit/loss in associates	-7,590	-4,786
Provisions	20,277	985
Profit from sale of property, plant and equipment	-24,535	-21,555
Total	**-11,848**	**-25,356**

26 Change in working capital – Statement of cash flows

(DKK'000)	2018/19	2017/18
Inventories	-6,114	-19,280
Work in progress, net	105,403	428,977
Receivables	245,582	-572,833
Trade payables, other payables, etc.	-222,177	268,363
Total	**122,694**	**105,227**

27 Liquidity

(DKK'000)	2018/19	2017/18
Cash	658,142	442,592
Overdraft facility	-458,174	-282,034
Total	**199,968**	**160,558**
Cash is specified as follows:		
Share of cash in joint operations	127,479	140,671
Other cash	530,663	301,921
Total	**658,142**	**442,592**

NOTES TO THE FINANCIAL STATEMENTS

28 Liabilities from financing activity

(DKK'000)	Opening	Cash flows	Non-cash changes	Closing
2018/19				
Non-current debt	231,879	-107,477	6,885	131,287
Total liabilities from financing activity	**231,879**	**-107,477**	**6,885**	**131,287**
2017/18				
Non-current debt	241,296	-12,139	2,722	231,879
Total liabilities from financing activity	**241,296**	**-12,139**	**2,722**	**231,879**

29 Acquisitions

2018/19

During the financial year 2018/19, Per Aarsleff Holding A/S made the following acquisitions:

Via the subsidiary Per Aarsleff GmbH, Per Aarsleff Holding A/S acquired 100% of the shares in the ground engineering companies Neidhardt Grundbau GmbH and Ponel Bau GmbH at 1 January 2019. Before the acquisition, the Neidhardt Group was a family-owned business. Based in Hamburg and Oldenburg, Germany, the companies specialise in anchoring works and are today among the most reputable companies in this specialist field. In addition to its activities in Germany, the Neidhardt Group is a well-known subcontractor in Denmark, Poland, Sweden and the UK.

The total consideration for 100% of the shares in the companies on a debt-free basis was calculated at DKK 49.1 million. The consideration was paid in cash.

Also via the subsidiary Per Aarsleff GmbH, Per Aarsleff Holding A/S acquired 100% of the shares in the German companies STB Wöltjen GmbH, STB Grundbau GmbH, DMG-Holding Verwaltungs-GmbH and DMG-Holding GmbH & Co. KG. Prior to the acquisition, the STB Group was a family-owned business. Based in Wedemark, Germany, the companies specialise in drilled piles and secant piles for construction pits and are today reputable subcontractors in this specialist field. In addition to its activities in Germany, the STB Group is a well-known subcontractor in Scandinavia.

The total consideration for 100% of the shares in the companies on a debt-free basis was calculated at DKK 13.2 million. The consideration was paid in cash.

Identifiable assets and liabilities, etc. are stated at fair value, and intangible assets comprise the value of the company's name, customers and order book. After recognition of identifiable assets and liabilities at fair value, goodwill waas calculated at DKK 0.

(DKK'000)	2018/19	
Fair value at acquisition date	STB Group	Neidhardt Group
Intangible assets	10,454	2,986
Property, plant and equipment	10,208	28,987
Inventories	25,105	11,900
Receivables	8,095	10,010
Cash and cash and cash equivalents	224	25,576
Non-current liabilities	-7,654	0
Other current liabilities	-32,990	-4,807
Net assets acquired	13,442	74,652
Goodwill	0	0
Acquisition price	13,442	74,652
Of this amount cash/bank debt	-224	-25,576
Cash acquisition price	**13,218**	**49,076**
The nominal value of the above receivables is	8,095	10,010

NOTES TO THE FINANCIAL STATEMENTS

GROUP

29 Acquisitions – continued

The acquired companies' revenue and profits included in the consolidated financial statements from the acquisition date amounted to DKK 120 million and DKK 13 million, respectively. Pro forma consolidated revenue and profit calculated as if the companied were acquired at 1 October 2018 was DKK 206 million and DKK 20 million, respectively. The pro forma figures were calculated on the basis of the actual consideration paid and the purchase price allocation at the acquisition date, but with depreciation and amortisation, etc. being calculated from 1 October 2018.

BUSINESS COMBINATIONS AFTER THE BALANCE SHEET DATE

At 1 October 2019, Per Aarsleff Holding A/S has acquired 100% of the companies Vandfax A/S and Vandfax Maskinservice ApS. Vandfax is a small enterprise based in Hejnsvig near Billund, Denmark, specialising in groundwater lowering and water works well drilling and is a reputable subcontractor in this specialist field.

Also on 1 October 2019, the group company Dan Jord A/S has acquired all shares in HP Tennisanlæg A/S. HP Tennisanlæg is a small, well-run enterprise that builds tennis courts, paddle tennis courts, multi courts, artificial turf courts and playgrounds for local authorities, athletics associations and housing associations.

2017/18

During the financial year 2017/18, Per Aarsleff Holding A/S made the following acquisitions:

At 1 November 2017, Per Aarsleff Holding A/S acquired all shares in the Norwegian company Banedrift AS, which has competencies in track work, drainage, vegetation clearing, winter preparedness, fibre and cable routing in Norway.

The total consideration for 100% of the shares in the company on a debt-free basis was calculated at DKK 20 million. The consideration was paid in cash.

Identifiable assets and liabilities, etc. are stated at fair value, and intangible assets comprise the value of the company's name, customers and order backlog. After recognition at fair value of identifiable assets and liabilities, goodwill was calculated at DKK 10 million, which has been allocated to Construction. Goodwill represents the value of synergies in connection with the integration in the Group's One Company strategy as well as staff and know-how. The recognised goodwill is not amortisable for tax purposes.

During the financial year 2017/18, the Group made a minor acquisition of all shares in Holmskov Rustfri Stainless Steel Company A/S.

(DKK'000)	2017/18
Fair value at acquisition date	Banedrift AS
Intangible assets	13,061
Property, plant and equipment	4,054
Receivables	7,301
Cash and cash equivalents	1,145
Non-current liabilities	-5,321
Current bank debt	-190
Other current liabilities	-10,177
Net assets acquired	9,873
Goodwill	10,037
Acquisition price	19,910
Of this amount cash/bank debt	-956
Cash acquisition price	**18,954**
The nominal value of the above receivables is	7,301

The acquired company's revenue and profit, included in the consolidated financial statements from the acquisition date, amount to DKK 69 million and DKK 0.5 million, respectively.

NOTES TO THE FINANCIAL STATEMENTS

29 Acquisitions – continued

§ ACCOUNTING POLICY

BUSINESS COMBINATIONS

The purchase method is applied to acquisitions of subsidiaries and associates. The identifiable assets, liabilities and contingent liabilities of acquired companies are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual or legal right. Deferred tax is recognised on the basis of the revaluations made.

The cost of a company is generally the fair value of the consideration paid. If part of the consideration is contingent on future events occurring or on agreed conditions being met, that part of the consideration is recognised at fair value at the acquisition date. Costs attributable to business combinations are recognised directly in the income statement as incurred.

Any positive difference between cost and fair value (goodwill) on acquisition of subsidiaries is recognised in intangible assets and tested for impairment annually. On acquisition, goodwill is allocated to the cash-generating units subsequently providing a basis for impairment testing. Any positive difference (goodwill) on acquisition of associates is recognised in the balance sheet under investments in associates. Any negative difference (negative goodwill) is recognised as income in the income statement at the date of acquisition.

Acquired companies are recognised from the acquisition date, and companies sold are recognised until the selling date. The acquisition date is the date at which the parent company actually obtains control of the acquired company.

If the fair values of acquired assets and liabilities subsequently turn out to deviate from the preliminary values calculated at the date of acquisition, goodwill is adjusted for this until 12 months after the acquisition date.

In connection with an acquisition, goodwill and any non-controlling (minority) interest are recognised according to one of the following methods:

(1) Goodwill related to the acquired company consists of any positive difference between the total fair value of the acquired company and the fair value of total net assets recognised. The non-controlling interest is recognised at its share of the total fair value of the acquired company (full goodwill).

(2) Goodwill related to the acquired company consists of any positive difference between the acquisition cost and the fair value of the Group's share of the acquired company's net assets recognised at the acquisition date. The non-controlling interest is recognised at its proportion of the acquired net assets (proportionate goodwill).

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the disposal consideration and the carrying amount of net assets, including goodwill, at the date of disposal plus disposal costs.

NOTES TO THE FINANCIAL STATEMENTS

GROUP

30 Financial highlights for the Group, EUR

(EUR'000)	2018/19	2017/18	2016/17	2015/16	2014/15
Income statement					
Revenue	1,801,855	1,623,874	1,503,333	1,398,355	1,374,551
Of this, work performed abroad	562,098	472,065	432,908	381,589	421,630
Operating profit (EBIT)	67,319	63,742	51,124	55,803	64,879
Net financials	-4,003	-4,003	-2,225	-2,246	-3,917
Profit before tax	63,316	59,739	48,899	53,558	60,962
Profit for the year	48,306	45,727	36,136	40,821	49,112
Balance sheet					
Non-current assets	362,835	359,878	356,741	322,769	259,973
Current assets	731,522	693,294	587,204	554,034	543,017
Total assets	1,094,357	1,053,172	943,945	876,803	802,990
Equity	417,142	388,799	362,142	335,973	303,641
Non-current liabilities	100,430	99,754	95,583	102,966	97,210
Current liabilities	576,785	564,619	486,220	437,864	402,139
Total equity and liabilities	1,094,357	1,053,172	943,945	876,803	802,990
Net interest-bearing deposit/debt(+/-)	53,476	4,165	-27,766	-8,127	49,984
Invested capital (IC)	362,491	383,193	387,073	342,862	252,031
Statement of cash flows					
Cash flow from operating activities	125,927	102,589	66,177	55,703	150,714
Cash flow from investing activities	-89,132	-52,692	-65,792	-102,900	-83,898
Of which investment in property, plant and equipment, net	-50,642	-51,988	-59,414	-76,740	-50,545
Cash flow from financing activities	-31,380	-16,100	-12,937	-10,324	-12,221
Change in cash and cash equivalents for the year	5,415	33,796	-12,552	-57,521	54,594

	2018/19	2017/18	2016/17	2015/16	2014/15
Financial ratios[1]					
Gross margin, %	10.7	11.7	11.3	12.0	11.9
Operating margin (EBIT margin), %	3.7	3.9	3.4	4.0	4.7
Profit margin (pre-tax margin), %	3.5	3.7	3.3	3.8	4.4
Return on invested capital (ROIC), %	18.1	16.6	14.0	18.8	24.2
Return on invested capital (ROIC) after tax, %	13.8	12.7	10.3	14.4	19.5
Return on equity (ROE), %	12.1	12.2	10.3	12.7	17.4
Equity ratio, %	38.1	36.9	38.4	38.3	37.8
Earnings per share (EPS), EUR	2.38	2.24	1.77	1.99	2.41
Share price at 30 September, EUR	29.73	32.59	24.86	21.34	30.71
Price/net asset value, EUR	1.45	1.70	1.40	1.29	2.06
Dividend per share, EUR	0.74	0.67	0.54	0.54	0.40
Number of employees	6,838	6,499	6,203	5,906	4,932
Exchange rate applied	7.4662	7.4564	7.4423	7.4513	7.4598

[1] For a definition of financial ratios, see page 92.

NOTES TO THE FINANCIAL STATEMENTS

31 Effects of implementation of IFRS 15

(DKK'000)	As reported	Effect of IFRS 15	Balance sheet without IFRS 15 imple-mentation
INCOME STATEMENT EFFECTS OF IFRS 15, 1 OCTOBER 2018 TO 30 SEPTEMBER 2019			
Revenue	**13,453,011**	**-432**	**13,452,579**
Production costs	-12,018,956	197	-12,018,759
Gross profit	**1,434,055**	**-235**	**1,433,820**
Tax on profit for the year	-112,072	52	-112,020
Profit for the year	**360,661**	**-183**	**360,478**
BALANCE SHEET EFFECTS OF IFRS 15 – ASSETS AT 30 SEPTEMBER 2019			
Total assets	**8,170,686**		**8,170,686**
BALANCE SHEET EFFECTS OF IFRS 15 – EQUITY AND LIABILITIES AT 30 SEPTEMBER 2019			
Equity	3,114,466	3,717	3,118,183
Deferred tax	536,555	1,048	537,603
Work in progress	1,298,063	-4,765	1,293,298
Total equity and liabilities	**8,170,686**		**8,170,686**

BALANCE SHEET EFFECTS OF IFRS 15 AT 1 OCTOBER 2018

(DKK'000)	Previous accounting policies	Effect of IFRS 15	New accounting policies
Non-current assets	**2,683,396**		**2,683,396**
Inventories	**280,500**		**280,500**
Receivables	**4,256,239**		**4,256,239**
Securities	**190,146**		**190,146**
Cash and cash and cash equivalents	**442,592**		**442,592**
Current assets	**5,169,477**		**5,169,477**
Total assets	**7,852,873**		**7,852,873**
Equity	2,899,042	-3,900	2,895,142
Mortgage debt	159,243		159,243
Credit institutions	8,087		8,087
Provisions	66,124		66,124
Deferred tax	445,805	-1,100	444,705
Other payables	64,549		64,549
Non-current liabilities	**743,808**	**-1,100**	**742,708**
Mortgage debt	17,171		17,171
Credit institutions	282,034		282,034
Work in progress	1,157,062	5,000	1,162,062
Provisions	60,853		60,853
Trade payables	1,785,192		1,785,192
Income tax payable	69,268		69,268
Other payables	838,443		838,443
Current liabilities	**4,210,023**	**5,000**	**4,215,023**
Total liabilities	**4,953,831**	**3,900**	**4,957,731**
Total equity and liabilities	**7,852,873**		**7,852,873**

PARENT COMPANY FINANCIAL STATEMENTS

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ACCOUNTING POLICIES

PARENT COMPANY

BASIS OF ACCOUNTING

The financial statements of the parent company, Per Aarsleff Holding A/S, have been prepared in accordance with the provisions of the Danish Financial Statements Act (DK GAAP) applying to enterprises of reporting class D as well as the requirements laid down by Nasdaq Copenhagen A/S in respect of the financial reporting of companies listed on the stock exchange.

For accounting policies, see note 1 to the consolidated financial statements. The denomination of the items in the parent company's financial statements complies with the requirements of DK GAAP, but in content they conform to accounting policies under IFRS. See the section Terminology for a description of the main differences between the denomination of the items under DK GAAP and IFRS.

Apart from the implementation of IFRS 15 Revenue from contracts with customers, the accounting policies are consistent with those applied last year.

SUPPLEMENTARY ACCOUNTING POLICIES FOR THE PARENT COMPANY

IMPLEMENTATION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

Per Aarsleff Holding A/S implemented IFRS 15 Revenue from contracts with customers at 1 October 2018 so as to align the parent company's accounting policies with those applied in the consolidated financial statements. For a description of the related accounting policies, see notes 5 and 17 to the consolidated financial statements. The implementation of IFRS 15 did not affect the financial results of Per Aarsleff Holding A/S.

INTANGIBLE ASSETS

On initial recognition, goodwill is recognised at cost in the item Goodwill or in the item Investments in subsidiaries. Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is amortised over the estimated useful life not exceeding 20 years.

INVESTMENTS

Investments in subsidiaries and associates are recognised and measured according to the equity method which is used as method of consolidation.

In the income statement, the proportionate share of profit for the year after tax less goodwill amortisation is included in the items Share of profit in subsidiaries and Share of profit in associates.

In the balance sheet, the items Investments in subsidiaries and Investments in associates include the proportionate ownership share of the equity value of the enterprises calculated under the accounting policies of the parent company with deduction or addition of unrealised intercompany profits or losses and with addition of any remaining value of goodwill.

Subsidiaries and associates with negative equity values are measured at DKK 0. Any legal or constructive obligation by the parent company to cover the negative balance of the enterprise is recognised in provisions.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to Reserve for net revaluation according to the equity method under equity. The reserve is reduced by means of distribution of dividends to the parent company and is adjusted for other changes in equity in subsidiaries and associates.

TAX

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish companies. Subsidiaries are included in the joint taxation from the date at which they are included in the Consolidated Financial Statements and until the date when they cease to be consolidated.

The parent company is the designated management company for the tax pool and handles the settlement of all corporation tax payments with the tax authorities.

The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full absorption with refunds for tax losses). The jointly taxed companies are taxed under the Danish tax prepayment scheme.

In its capacity of management company, the parent company assumes liability for the subsidiaries' payment of income tax as the subsidiaries pay joint taxation contributions.

STATEMENT OF CASH FLOWS

No separate statement of cash flows has been prepared for the parent company in accordance with the exemption clause of section 86(4) of the Danish Financial Statements Act.

TERMINOLOGY

- Investments (DK GAAP): Other non-current assets (IFRS)
- Provisions (DK GAAP): Non-current and current liabilities (IFRS)
- Long-term liabilities other than provisions (DK GAAP): Non-current liabilities (IFRS)
- Short-term liabilities other than provisions (DK GAAP): Current liabilities (IFRS)

INCOME STATEMENT

1/10-30/9

PARENT COMPANY

Note	(DKK'000)	2018/19	2017/18
	Revenue	**10,892**	**9,739**
	Production costs	210	-59
	Gross profit	**11,102**	**9,680**
1, 2	Administrative expenses and selling costs	-20,405	-27,913
	Operating profit	**-9,303**	**-18,233**
5	Share of profit in subsidiaries	335,358	333,604
5	Share of profit in associates	0	6,705
	Profit before interest	**326,055**	**322,076**
3	Financial income	4,640	3,060
3	Financial expenses	-2,465	-1,016
	Profit before tax	**328,230**	**324,120**
4	Tax on profit for the year	648	-1,308
	Profit for the year	**328,878**	**322,812**
	Proposed appropriation of profit		
	Reserve for net revaluation according to the equity method	181,557	129,814
	Profit for the year carried forward	22,746	79,748
	Dividend to shareholders	124.575	113.250
	Total	**328,878**	**322,812**

BALANCE SHEET

Assets

Note	(DKK'000)	30/9 2019	30/9 2018
5	Investments in subsidiaries	3,224,483	2,865,444
	Investments	**3,224,483**	**2,865,444**
	Non-current assets	**3,224,483**	**2,865,444**
	Amounts owed by subsidiaries	444,331	452,589
	Amounts owed by associates	0	12,646
	Income tax receivable	17,942	833
	Other receivables	129	1,994
	Receivables	**462,402**	**468,062**
	Cash and cash and cash equivalents	**362,113**	**174,563**
	Current assets	**824,515**	**642,625**
	Assets	**4,048,998**	**3,508,069**

BALANCE SHEET

PARENT COMPANY

Equity and liabilities

Note	(DKK'000)	30/9 2019	30/9 2018
	Share capital	45,300	45,300
	Reserve for net revaluation according to the equity method	836,885	675,956
	Retained earnings	1,952,861	1,946,995
	Proposed dividend	124,575	113,250
6	**Equity**	**2,959,621**	**2,781,501**
	Credit institutions	320,793	165,878
	Trade payables	224	1,236
	Amounts owed to subsidiaries	758,585	523,941
	Income tax payable	0	23,566
	Other payables	9,775	11,947
7	**Current liabilities**	**1,089,377**	**726,568**
	Equity and liabilities	**4,048,998**	**3,508,069**

Notes without reference:

8 Contingent liabilities and other financial obligations

9 Related party transactions

10 Currency and interest rate risk and use of derivative financial instruments

STATEMENT OF CHANGES IN EQUITY

PARENT COMPANY

(DKK'000)	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 30 September 2017	**45,300**	**561,074**	**1,898,034**	**90,600**	**2,595,008**
Changes in equity in 2017/18					
Foreign exchange adjustment of foreign entities		-14,932			-14,932
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement (net financials)			-59		-59
Market value adjustment re. derivative financial instruments			-22,255		-22,255
Tax on derivative financial instruments			4,501		4,501
Net gains/losses recognised directly in equity	0	-14,932	-17,813	0	-32,745
Dividend paid				-90,600	-90,600
Dividend, treasury shares			9,060		9,060
Employee shares			4,338		4,338
Purchase of treasury shares			-26,372		-26,372
Profit for the year		129,814	79,748	113,250	322,812
Total changes in equity in 2017/18	**0**	**114,882**	**48,961**	**22,650**	**186,493**
Equity at 30 September 2018	**45,300**	**675,956**	**1,946,995**	**113,250**	**2,781,501**
Changes in equity in 2018/19					
Foreign exchange adjustment of foreign entities		-20,628			-20,628
Reversal of fair value adjustments of derivative financial instruments, transferred to the income statement (net financials)			341		341
Market value adjustment re. derivative financial instruments			-4,227		-4,227
Purchase of minority interests			-9,717		-9,717
Other changes in equity			-1,574		-1,574
Tax on derivative financial instruments			840		840
Net gains/losses recognised directly in equity	0	-20,628	-14.337	0	-34,965
Dividend paid				-113,250	-113,250
Dividend, treasury shares			11,847		11,847
Employee shares			11,023		11,023
Purchase of treasury shares			-25,413		-25,413
Profit for the year		181,557	22,746	124,575	328,878
Total changes in equity in 2018/19	**0**	**160,929**	**5,866**	**11,325**	**178,120**
Equity at 30 September 2019	**45,300**	**836,885**	**1,952,861**	**124,575**	**2,959,621**

NOTES TO THE FINANCIAL STATEMENTS

1 Staff costs

(DKK'000)	2018/19	2017/18
Wages, salaries and remuneration	17,157	19,077
Pensions	37	110
Share-based payment	450	262
Other costs, social security costs, etc.	20	23
Total	**17,664**	**19,472**
Of this amount:		
Board members' fees[1, 2]	2,201	1,808
Remuneration, Executive Management[3]	11,433	16,201
Share-based payment, Executive Management	450	262
Total	**14,084**	**18,271**
Average number of full-time employees	3	4

[1] The Board of Directors was expanded from four to five members effective at 31 January 2019.
[2] The Board of Directors was reduced from five to four members effective at 31 January 2018.
[3] The Executive Management was reduced from four to three members effective at 1 October 2018.

2 Fees to auditors appointed by the annual general meeting

(DKK'000)	2018/19	2017/18
The fees to PricewaterhouseCoopers can be specified as follows:		
Statutory audit	99	125
Other assurance engagements	4	6
Tax consulting	94	60
Other services	219	95
Total	**416**	**286**

3 Financial income and expenses

(DKK'000)	2018/19	2017/18
Other interest income	4,640	3,060
Financial income	**4,640**	**3,060**
Foreign exchange loss, net	2,059	547
Other interest expenses	406	469
Financial expenses	**2,465**	**1,016**
Net financials	**2,175**	**2,044**

4 Income tax

(DKK'000)	2018/19	2017/18
Tax on profit for the year is specified as follows:		
Current tax	-648	1,308
Total	**-648**	**1,308**
Total tax for the year is specified as follows:		
Tax on profit for the year	-648	1,308
Tax on changes in equity	-840	-4,501
Total	**-1,488**	**-3,193**

NOTES TO THE FINANCIAL STATEMENTS

5 Investments in subsidiaries and associates

(DKK'000)	Investments in subsidiaries
Cost at 1 October 2018	2,351,879
Additions during the year	255,609
Cost at 30 September 2019	**2,607,488**
Value adjustment at 1 October 2018	513,565
Profit after tax	362,944
Goodwill amortisation	-20,395
Amortisation of other intangible assets	-23,321
Dividend received	-181,387
Market value adjustment re. derivative financial instruments	-3,047
Other changes in equity	-1.574
Purchase of minority interests	-9.717
Foreign exchange adjustments	-20,073
Value adjustment at 30 September 2019	**616,995**
Carrying amount at 30 September 1019	**3,224,483**
Of this amount, goodwill amounts to	**106,600**

For a list of legal entities in the Aarsleff Group, see the Overview of group companies.

6 Equity

SHARE CAPITAL

See note 20 to the consolidated financial statements for details on the composition of equity and treasury shares.

7 Maturity structure, liabilities

(DKK'000)	Carrying amount	Within 1 year
The parent company's liabilities fall due as follows:		
30 September 2019		
Credit institutions	320,793	320,793
Trade payables	224	224
Amounts owed to subsidiaries	758,585	758,585
Other payables	9,775	9,775
Total liabilities	**1,089,377**	**1,089,377**

The parent company's cash outflows are fully covered by its profit from operations and the availability of credit facilities and refinancing options.

NOTES TO THE FINANCIAL STATEMENTS

PARENT COMPANY

8 Contingent liabilities and other financial obligations

(DKK'000)	30/9 2019	30/9 2018
Operating leases		
Future rent and lease payments under non-terminable contracts (minimum lease payments):		
Due within 1 year	236	221
Due in between 2 and 5 years	496	382
Total	**732**	**603**
Expensed lease payments for the year	**267**	**305**
Operating lease liabilities relate to cars.		
The maximum term of the parent company's leases is five years at 30 September 2019.		
Investment and purchase obligations		
Investments in property, plant and equipment	0	0
Contingent assets and liabilities		
Guarantee provided for subsidiaries' liabilities	125,666	115,037
Per Aarsleff Holding A/S is a party to various legal and arbitration proceedings, which are not expected to negatively affect the Group's future earnings.		
As security for the completion of construction contracts, the usual security has been posted in the form of bank guarantees and suretyship insurance	4,670,726	4,911,999
Guarantee/performance bonds for subsidiaries	2,889,000	2,944,000

8 Contingent liabilities and other financial obligations – continued

(DKK'000)	30/9 2019	30/9 2018
The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. Under the Danish joint taxation, a subsidiary has utilised losses in foreign subsidiaries. Provision has been made for the resulting retaxation liability based on a specific assessment, taking into account the relation between the utilisation of tax losses abroad and retaxation in Denmark.		

9 Related party transactions

See note 24 to the consolidated financial statements for information on related party transactions.

10 Currency and interest rate risk and use of derivative financial instruments

See note 22 to the consolidated financial statements for information on the use of derivative financial instruments and risk and capital management.

FINANCIAL RATIOS

GROUP

Earnings per share and diluted earnings per share are calculated in accordance with IAS 33.

Other financial ratios are prepared as stated below.

DEFINITION OF FINANCIAL RATIOS

GROSS MARGIN = $\frac{\text{Gross profit}}{\text{Revenue}}$

OPERATING MARGIN (EBIT MARGIN) = $\frac{\text{Operating profit}}{\text{Revenue}}$

PROFIT MARGIN (PRE-TAX MARGIN) = $\frac{\text{Profit before tax}}{\text{Revenue}}$

INVESTED CAPITAL (IC) = The sum of equity, including minority interests, and net interest-bearing debt less investments in associates and joint ventures

RETURN ON INVESTED CAPITAL (ROIC) = $\frac{\text{Operating profit}}{\text{Average invested capital}}$

RETURN ON INVESTED CAPITAL AFTER TAX = $\frac{\text{Operating profit after tax}}{\text{Average invested capital}}$

RETURN ON EQUITY (ROE) = $\frac{\text{Profit for the year excluding minority shareholders}}{\text{Average equity excluding minority share}}$

EQUITY RATIO = $\frac{\text{Equity at year end}}{\text{Total equity and liabilities at year end}}$

EARNINGS PER SHARE (EPS) = $\frac{\text{Profit for the year excluding minority shareholders}}{\text{Average number of shares}}$

PRICE/NET ASSET VALUE = $\frac{\text{Quoted price per share at year end}}{\text{Net asset value per share at year end}}$

COMPANIES IN THE AARSLEFF GROUP

CONSTRUCTION

Company name	Registered office			Ownership share %
Per Aarsleff A/S	Aarhus	Denmark	Contractor	100 [1]
Dan Jord A/S	Aarhus	Denmark	Contractor	100
Petri & Haugsted AS	Rødovre	Denmark	Contractor	100
Wicotec Kirkebjerg A/S	Taastrup	Denmark	Contractor	80
E. Klink A/S	Skovlunde	Denmark	Contractor	100
Holmskov Rustfri Stainless Steel Company A/S	Slangerup	Denmark	Contractor	100
PAA Project Finance A/S	Hvidovre	Denmark	Contractor	100
Aarsleff Rail A/S	Aarhus	Denmark	Contractor	100
Anker AB	Varberg	Sweden	Contractor	100
Banedrift AS	Fredrikstad	Norway	Contractor	100
Aarsleff Anläggning AB	Limhamn	Sweden	Contractor	100
VG Entreprenør A/S	Lemvig	Denmark	Contractor	100
Lemvig Transport A/S	Lemvig	Denmark	Contractor	67
Entreprenørfirmaet Østergaard A/S	Vejle	Denmark	Contractor	100
Per Aarsleff Grønland ApS	Nuuk	Greenland	Contractor	100
Per Aarsleff East Africa A/S	Aarhus	Denmark	Contractor	100
Per Aarsleff West Africa A/S	Aarhus	Denmark	Contractor	100
New Horizons In Infrastructure Of Denmark Nhid I/S	Aarhus	Denmark	Contractor	28
Per Aarsleff Mediterranean A/S	Aarhus	Denmark	Contractor	100
Ístak hf.	Mosfellsbær	Iceland	Contractor	100
Hansson & Knudsen A/S	Odense	Denmark	Contractor	100
Håndværkergården A/S	Odense	Denmark	Contractor	100
PH Byg Faaborg A/S	Faaborg	Denmark	Contractor	100
Aarsleff Biz Sp. z o.o.	Swinoujscie	Poland	Contractor	100
Rock Armour Trading AB	Kungshamn	Sweden	Production company	91

[1] Per Aarsleff A/S is represented in all three segments

PIPE TECHNOLOGIES

Company name	Registered office			Ownership share %
Per Aarsleff A/S	Aarhus	Denmark	Contractor	100 [1]
Danpipe A/S	Aarhus	Denmark	Contractor	100
Aarsleff Rörteknik AB	Stockholm	Sweden	Contractor	100
Aarsleff OY	Helsinki	Finland	Contractor	100
Per Aarsleff AO	St. Petersburg	Russia	Contractor	100
Bertos OOO	Moscow	Russia	Contractor	49 [2]
Arpipe OOO	Moscow	Russia	Contractor	50 [2]
Aarsleff Sp. z o.o.	Warsaw	Poland	Contractor	100 [3]
Aarsleff Baltic SIA	Riga	Latvia	Contractor	100
UAB Aarsleff	Kaunas	Lithuania	Contractor	100
Aarsleff Rohrsanierung GmbH	Nuremberg	Germany	Contractor	100
Bluelight GmbH	Nuremberg	Germany	Contractor	100
Aarsleff Hulín s.r.o.	Hlohovec	Slovakia	Contractor	51
Aarsleff Leidingrenovatie bv	Amsterdam	The Netherlands	Contractor	100
Olimb Rørfornying Holding AS	Råde	Norway	Contractor	51
Olimb Rørfornying AS	Råde	Norway	Contractor	100
Olimb Offshore AS	Råde	Norway	Contractor	100

[1] Per Aarsleff A/S is represented in all three segments
[2] Associate
[3] Aarsleff Sp. z o.o. is represented in the segments Pipe Technologies and Ground Engineering

GROUND ENGINEERING

Company name	Registered office			Ownership share %
Per Aarsleff A/S	Aarhus	Denmark	Contractor	100 [1]
Centrum Pæle Holding A/S	Vejle	Denmark	Holding company	100
Aarsleff Grundbau GmbH	Hamburg	Germany	Contractor	100
Centrum Pfähle GmbH	Germaringen	Germany	Pile production	100
Centrum Pæle A/S	Vejle	Denmark	Pile production	100
CP Test A/S	Vejle	Denmark	Vibration and noise measurements	100
DMT GmbH	Büdelsdorf	Germany	Vibration and noise measurements	100
Per Aarsleff GmbH	Hamburg	Germany	Holding company	100
Ponel Bau GmbH	Oldenburg	Germany	Contractor	100
Neidhardt Grundbau GmbH	Hamburg	Germany	Contractor	100
STB Wöltjen GmbH	Wedemark	Germany	Contractor	100
STB Grundbau GmbH	Wedemark	Germany	Contractor	100
DMG-Holding Verwaltungs-GmbH	Wedemark	Germany	Contractor	100
DMG-Holding GmbH & Co. KG	Wedemark	Germany	Contractor	100
Aarsleff Ground Engineering Limited	Newark	United Kingdom	Contractor	100
Centrum Pile Limited	Newark	United Kingdom	Pile production	100
Aarsleff Sp. z o.o.	Warsaw	Poland	Contractor	100 [3]
Centrum Pali Sp. z o.o.	Kutno	Poland	Pile production	100
Metris Sp. z o.o. Instytut Badań dla Budownictwa	Kutno	Poland	Vibration and noise measurements	100
Aarsleff Ground Engineering AB	Gunnilse	Sweden	Contractor	100
Centrum Pile AB	Älvängen	Sweden	Pile production	100
Aarsleff Norge AS	Råde	Norway	Contractor	100

DORMANT COMPANIES

Aarsleff S.r.l.	Milan	Italy	Contractor	100
PAA International Engineering Corp.	Taichung	Taiwan	Contractor	50 [2]

[1] Per Aarsleff A/S is represented in all three segments
[2] Associate
[3] Aarsleff Sp. z o.o. is represented in the segments Pipe Technologies and Ground Engineering

JOINT OPERATIONS AND JOINT VENTURES

JOINT OPERATIONS

Company name	Group, ownership share % Construction	Pipe Technologies	Ground Engineering	Lead partner
Arbeitsgemeinschaft EUGAL Los 3+4	20			
BW Rock Group Swinoujscie – Spolka Cywilna (Poland)	40			Yes
Electrification Programme Aarsleff I/S	75		25	Yes
Fiber og Anlæg I/S	37			Yes
FLC Tunnel Group North I/S	11			
FLC Tunnel Group South I/S	11			
FLC Portals Group I/S	31			
Geo Aarsleff JV I/S	9		41	
JV Aarsleff-Streicher-Bunte I/S	30			Yes
JV Värtahamnen HB I/S (Sweden)	75		25	Yes
LNG – Breakwater, Civil Group JV – Spolka Cywilna (Poland)	50			
Malmö Citytunnel Group HB (Sweden)	25			
NCC-Aarsleff Norvikudden (Sweden)	50			
Strukton-Aarsleff JV I/S	50			Yes
Wicotec Kirkebjerg-Dan Jord I/S	100			Yes
Østergaard-Aarsleff JV I/S	83		17	Yes
Aarsleff-BAM International Joint Venture V.O.F. (Tanzania)	50			
Aarsleff Bane & Anlæg I/S	77		23	Yes
Aarsleff BAUER Foundation Contractors (ABFC) HB (Sweden)			50	Yes
Aarsleff Bilfinger Berger JV Dan-Tysk	50			

To be continued on the next page

JOINT OPERATIONS

Company name	Group, ownership share % Construction	Pipe Technologies	Ground Engineering	Lead partner
Aarsleff Bilfinger Berger JV London Array	50			Yes
Aarsleff-Dan Jord JV I/S	94		6	Yes
Aarsleff-Interbeton J.V. I/S (Tanzania)	50			Yes
Aarsleff-Ístak I/S	100			Yes
Aarsleff-Kamco J.V. I/S	100			Yes
Aarsleff Langelinie JV I/S	85		15	Yes
Aarsleff Nørreport I/S	100			Yes
Aarsleff-Petri & Haugsted JV I/S	70		30	Yes
Aarsleff Rail Nørreport I/S	100			Yes
Aarsleff-Seth J.V. I/S (Mozambique)	50			Yes
Aarsleff-Spitzke 2019 I/S	50			Yes
Aarsleff-Spitzke Konsortium I/S	50			Yes
Aarsleff-VG J.V. I/S	100			Yes
Aarsleff-Wicotec Kirkebjerg J.V. I/S	100			Yes

JOINT VENTURES

Company name	Construction	Pipe Technologies	Ground Engineering	Lead partner
Nelis Infra-Aarsleff JV (The Netherlands)		50		

According to section 5 (1) of the Danish Financial Statements Act, partnerships in which Per Aarsleff A/S is lead partner have omitted to prepare financial statements, as these partnerships are included in the consolidated financial statements of Per Aarsleff Holding A/S.

PARTNERS AND FOREIGN BRANCH OFFICES

PARTNERS

- A. Hak Leidingbouw B.V.
- BAM Infra B.V.
- BAM International B.V.
- Bilfinger Berger AG
- Boskalis International bv
- CFE SA
- Damacon A/S
- Dominion Instalaciones y Montajes, S.A.U.
- Doraco Sp. z o.o.
- Eltel Networks A/S
- Energy Saving Engineering SL
- Geo
- Hochtief Construction AG
- Interbeton bv
- Johann Bunte Bauunternehmung GmbH & Co. KG
- Max Bögl Stiftung & Co. KG
- Munck Forsyningsledninger A/S
- NCC Construction Sverige AB
- Seth SA
- Solétanche-Bachy International S.A.S.
- Spietzke SE Danmark
- Strukton Rail A/S
- Sverige BAUER GL AB
- Vinci Construction Grands Projets GP
- Wayss & Freytag Ingenieurbau AG

FOREIGN BRANCH OFFICES

- Ankara, Turkey
- Gothenburg, Sweden
- Kaunas, Lithuania
- Kiev, Ukraine
- Oslo, Norway
- Porto, Portugal
- Riga, Latvia
- Szczecin, Poland


AARSLEFF

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