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Quarterly report - 3rd quarter 2002

At its meeting today, the Board of Directors of Monberg & Thorsen A/S approved the quarterly report for the third quarter 2002. The quarterly report is unaudited.

Copenhagen, 18 November 2002
Board of Directors and Management



Mogens Granborg
Chairman of the Board



Erik Søndergaard
President

Questions relating to this announcement should be directed to Erik Søndergaard, President, on tel. +45 35 46 80 00.

The quarterly report can also be viewed on www.monthor.dk

This announcement is available in Danish and English. In the event of discrepancies, the Danish version shall prevail.

Continued progress in Dyrup but unsatisfactory result in MT Højgaard

- Monberg & Thorsen A/S's profit after tax for the third quarter was DKK 18 million against DKK 61 million in 2001. The profit after tax realised for the year to date is DKK 78 million versus DKK 99 million in the same period in 2001. The result is far below expectations.
- Dyrup A/S records continued growth and earnings again in the third quarter in a declining and highly competitive market.
- The share of MT Højgaard a/s's result was a highly unsatisfactory loss after tax of DKK 35 million as a result of major problems connected with the cement factory in Buxton.
- The share of DENERCO A/S's profit doubled in the third quarter compared with 2001.
- An operating profit of around DKK 110-120 million is expected compared with the figure of DKK 170-190 million previously expected. The profit after tax is expected to be around DKK 50 million against the figure of approx. DKK 110 million previously expected.

GROUP

Financial highlights for Monberg & Thorsen

DKKm.	3 rd quarter			Year to date		
	2001	2002	Change	2001	2002	Change
Turnover						
Dyrup	481	495	2.9%	1,362	1,417	4.0%
MT Højgaard	1,007	1,087	7.9%	2,779	3,331	19.9%
	1,488	1,582	6.3%	4,141	4,748	14.7%
Operating profit (EBIT)	96	34		127	133	
Profit before tax	92	28		143	116	
Profit after tax	61	18		99	78	

The 6.3% increase in turnover recorded by the Monberg & Thorsen Group in the third quarter 2002 was satisfactory in view of the market development.

The profit after tax was DKK 18 million compared with DKK 61 million in 2001, which is extremely unsatisfactory. The sole reason for the result development was the negative development in MT Højgaard's international contracting activities, as both Dyrup and other activities fully lived up to expectations.

Development in operating result (EBIT):

DKK m	3 rd quarter		Year to date	
	2001	2002	2001	2002
Dyrup	74	77	141	169
MT Højgaard	18	-48	-20	-51
Oil interests	2	4	5	15
Parent company and property interests	2	1	1	0
	96	34	127	133

Dyrup delivered satisfactory operating profit of DKK 77 million in the third quarter, up 4%. At DKK 169 million, operating profit for the year to date was up 20%. The profit enhancement was due to sustained efficiency-improvements and the effect of the strategic business projects.

The quarterly report for the third quarter 2002 for Dyrup is attached. The quarterly report presents a detailed account of the development within the paint and varnish company.

MT Højgaard contributed with a negative share of the operating result of DKK 48 million, which was considerably below the third quarter last year and the expected level. The highly unsatisfactory result was due to major losses on the construction of the cement factory in Buxton in the UK. An additional provision of approx. DKK 150 million was thus made on this project in the third quarter.

The Danish activities showed substantial progress in the first three quarters compared with 2001.

Stock Exchange Announcement No. 16 on MT Højgaard, which was issued earlier today, gives a detailed account of the development within the contracting activities.

At the same time a press release has been issued explaining the strategic measures that have been put in place to enhance efficiency and profitability.

The board of Directors of Monberg & Thorsen believes in MT Højgaards' new strategy with focus on profitability and the Danish market. The activities initiated to bring earnings back to the normal level are a prerequisite for listing within the next few years as envisaged.

The share of the operating profit from the **oil interests** showed satisfactory progress for the third quarter as a result of an increased production volume and sustained high oil prices.

The parent company's operating result, including property interests, was on a par with the same period last year, as expected.

Ratios for Monberg & Thorsen A/S

The ratios developed as illustrated in the table below:

	1998	1999	2000	2001	Year to date
Financial ratios (%)					
Operating margin	3.3	2.3	3.1	1.3	2.5
Return on average invested capital	15	12	27	6	8*
Equity ratio	10	8	24	5	6*
Share ratios (DKK per share)					
Earnings	28	25	68	17	21
Net asset value	273	282	342	350	358
Market value	229	182	308	335	360

*) Not converted to full-year figures.

Expectations for the year

The Monberg & Thorsen Group still expects total turnover growth for the year of approx. 12%.

Operating profit is now expected to be approx. DKK 110-120 million against DKK 170-190 million as previously expected. Profit after tax for the year is expected to be approx. DKK 50 million compared with the figure of approx. DKK 110 million previously expected. The lower profit expectations are due solely to the unsatisfactory development in the share of the result from the international activities of MT Højgaard.

The expectations are based on stable interest rate and exchange rate levels as well as on the following assumptions for each company:

Dyrup still expects turnover growth of 2-4% and higher growth in earnings than the result for 2001 before non-recurring costs.

MT Højgaard expects an operating loss of approx. DKK 80 million against the previously expected profit of DKK 70-90 million, and a pre-tax loss of approx. DKK 95 million. The downwards adjustment is due primarily to the cement factory in Buxton and, to a lesser extent, to lower result expectations for the domestic activities.

DENERCO OIL expects a full-year result more than 50% ahead of last year's result, primarily as a result of a corresponding increase in production. Monberg & Thorsen's ownership share is 12.5%.

Other information

The accounting policies have been changed in 2002 as a consequence of the new Danish Financial Statements Act. The policy changes, which are set out in Attachment 1, have only affected capital and reserves and the related ratios, as the dividends proposed for the year will in future not be removed from capital and reserves until the year in which the dividends are paid. Capital and reserves at 31.12.01 thus increased by DKK 41.5m. The changes have not had any effect on the profit and loss account. Previous years' figures have been restated accordingly.

In the past quarter, Monberg & Thorsen purchased 86,249 nos. own shares. At 30.09.02, the portfolio of own shares had thus increased to 137,145 nos. B shares, which have been valued at DKK 0. After the end of the quarter, an additional 65,500 nos. have been purchased, which means that the portfolio of own B shares stands at 202,645 nos., corresponding to 5.4%.

Financial calendar for 2003

The following expected reporting dates have been fixed for 2003:

Preliminary announcement 2002	26 March 2003
Quarterly report – 1 st quarter 2003	28 May 2003
Quarterly report – 2 nd quarter 2003	27 August 2003
Quarterly report - 3 rd quarter 2003	27 November 2003

The Annual General Meeting is expected to be held on 30 April 2003.



*Appendices: Financial highlights and ratios
Group balance sheet and changes in capital and reserves
Quarterly statements
Quarterly report for the 3rd quarter 2002 for Dyrup A/S*

ATTACHMENT 1:

Financial highlights and ratios

	Year	3 rd quarter		Year to date	
	2001	2001	2002	2001	2002
Financial highlights (DKKm)					
<i>Profit and loss account</i>					
Turnover:					
Dyrup	1,670	481	495	1,362	1,417
MT Højgaard	4,041	1,007	1,087	2,779	3,331
	5,711	1,488	1,582	4,141	4,748
Operating profit before non-recurring items	126	96	34	127	133
Operating profit	80	96	34	127	133
Net financial items	18	-4	-6	16	-17
Profit before tax	98	92	28	143	116
Profit after tax	71	61	18	99	78
Monberg & Thorsen's share of Group profit	71	61	18	99	78
<i>Balance sheet</i>					
Interest-bearing assets	493			625	336
Interest-bearing liabilities	776			726	807
Invested capital	1,603			1,545	1,780
Capital and reserves, Group	1,321			1,444	1,309
Balance sheet total	3,618			3,741	3,521
<i>Cash flow</i>					
From operating activities	153			-37	-16
For investing activities	313			145	99
From financing activities	-231			-143	-58
Total	-391			-325	-173
Ratios (%)					
Operating margin	1.3			3.0	2.5
Return on average invested capital (ROAIC)	6			9*	8*
Return on equity (ROE)	5			7*	6*
Equity ratio	37			39	37
Share ratios (DKK per DKK 20 share)					
Earnings	17			24	21
Net asset value	350			355	358
Market value	335			282	360
Market value/net asset value	1.0			0.8	1.0
Market capitalisation in DKKm (incl. portfolio of own shares)	1,268			1,150	1,363

*) Not converted to full-year figures.

The accounting policies relating to recognition of dividends, financial liabilities and derivative financial instruments have been changed in 2002 as a consequence of the new Danish Financial Statements Act.

Proposed dividends are recognised as a separate item under capital and reserves. Dividends due were previously allocated under other creditors. Financial liabilities are recognised at amortised cost against previously at nominal amount.

Derivative financial instruments are recognised initially at cost at the transaction date and subsequently at fair value at the balance sheet date.

Exchange adjustments in respect of instruments entered into to hedge future transactions are taken directly to capital and reserves until the underlying transactions have been realised. Derivative financial instruments entered into to hedge future transactions were previously recognised in the financial statements only when the underlying transactions had been realised.

The comparative figures have been restated to reflect the changed accounting policies with respect to recognition of dividends. The comparative figures have not been restated to account for financial liabilities and derivative financial instruments, as the effect of these changes is insignificant.

ATTACHMENT 2:

Group balance sheet and changes in capital and reserves

Group balance sheet (DKKm)	Year	Year to date	
	2001	2001	2002
ASSETS			
Intangible	203	167	177
Tangible	1,098	1,055	1,079
Financial	92	121	117
Total fixed assets	1,393	1,343	1,373
Stocks	454	508	448
Debtors	1,315	1,302	1,412
Liquid resources and securities	456	588	288
Total current assets	2,225	2,398	2,148
Total assets	3,618	3,741	3,521
LIABILITIES			
Capital and reserves, Monberg & Thorsen's share	1,319	1,442	1,306
Capital and reserves, minority interests' share	2	2	3
Total capital and reserves	1,321	1,444	1,309
Provisions	121	137	155
Long-term liabilities	474	443	430
Work in progress, net	217	166	79
Short-term debt, interest-bearing	302	284	377
Other short-term debt	1,183	1,267	1,171
Total liabilities	3,618	3,741	3,521

Changes in capital and reserves (DKKm)	Year	Year to date	
	2001	2001	2002
Monberg & Thorsen's share:			
At beginning of period	1,450	1,450	1,277
Change of accounting policies	44	44	42
Restated capital and reserves	1,494	1,494	1,319
Exchange adjustment, etc.	0	-2	-2
Share of profit after tax for the period	71	99	78
Dividend to shareholders	-44	-44	-42
Purchase of own shares	-202	-105	-47
At end of period	1,319	1,442	1,306

ATTACHMENT 3

Quarterly statements

DKKm	2002				Total
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	
Profit and loss account					
Turnover:					
Dyrup	383	539	495		
MT Højgaard	1,020	1,224	1,087		
	1,403	1,763	1,582		
Operating profit					
Dyrup before non-recurring costs	8	84	77		
MT Højgaard	-2	-1	-48		
Oil interests	5	6	4		
Parent company and property interests	-1	0	1		
Total	10	89	34		
Financial items	-4	-7	-6		
Profit before tax	6	82	28		
Profit after tax	4	56	18		
Monberg & Thorsen's share of Group profit	4	56	18		
Cash flow					
From operating activities	-62	-16	62		
For investing activities	18	34	47		
From financing activities	-13	-24	-21		
Total	-93	-74	-6		

DKKm	2001				Total
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	
Profit and loss account					
Turnover:					
Dyrup	363	518	481	308	1,670
MT Højgaard	832	940	1,007	1,262	4,041
	1,195	1,458	1,488	1,570	5,711
Operating profit/loss					
Dyrup before non-recurring costs	-8	75	74	-19	122
MT Højgaard	-13	-25	19	21	2
Oil interests	1	2	2	2	7
Parent company and property interests	-1	0	1	-5	-5
Total	-21	52	96	-1	126
Non-recurring items in Dyrup	-	-	-	-46	-46
Financial items	16	4	-4	2	18
Profit/loss before tax	-5	56	92	-45	98
Profit/loss after tax	-4	42	61	-28	71
Monberg & Thorsen's share of Group profit/loss	-4	42	61	-28	71
Cash flow					
From operating activities	-23	-68	54	190	153
For investing activities	31	42	72	168	313
From financing activities	-98	-38	-7	-88	-231
Total	-152	-148	-25	-66	-391

ATTACHMENT 4

Quarterly report for the 3rd quarter 2002 for Dyrup A/S

- **Dyrup records continued growth in a falling market**
- **Profit 15% ahead in the first three quarters compared with 2001**
- **Positive results of new market initiatives in several markets**
- **Dyrup maintains its expectations concerning the profit for the year**

The Dyrup Group delivered growth of 4% in the first three quarters in a declining and highly competitive market. Turnover at DKK 1,417 million was satisfactory.

Group pre-tax profit was DKK 149 million versus DKK 130 million in the same period last year, corresponding to an improvement of DKK 19 million or 15%.

The profit increase also meant an improvement of all ratios. Operating margin for the first three quarters was 12.7% compared with 11.2% in 2001, and return on average invested capital was 19.3% against 16.5% in 2001.

Investments in the first three quarters of the year amounted to DKK 33 million. The investment level was significantly lower than in the same period in 2001, when investments were made in new manufacturing facilities in Poland and a number of tinting systems were introduced at customers across Europe - particularly in Germany.

The pressure on earnings as a result of recession and intense price competition in Dyrup's European markets continued. Dyrup's lift in profit was achieved as a result of increased sales, efficiency-improvements and the initial results of the strategic business projects.

Market conditions

The overall European market for paints and wood care for decoration and maintenance is still estimated to have fallen by approx. 2% compared with the first three quarters of 2001. Compared with the general market development, Dyrup's overall growth of 4% was satisfactory - coupled with the fact that Dyrup is performing better than its competitors in all markets.

The Dyrup Group's turnover for the period compared with 2001 can be broken down as follows, by main market:

DKKm	Turnover		Change %
	2001	2002	
Denmark	286	314	10
France	364	370	2
Germany	241	252	4
Portugal	228	224	-2

In Denmark, Dyrup achieved satisfactory operating profit in all market segments. Dyrup strengthened its position within wood care still further through the GORI-brand.

In France, Dyrup recorded growth on a par with the general market growth. Dyrup continues to strengthen its position, with the general market growth coming from sales of decorative paints, a segment in which Dyrup still has only a modest presence.

In Germany, Dyrup achieved progress of 4% in a difficult market, which is still declining steeply. There have been a few indications in autumn of signs of an upturn, although, generally, the downwards trend continues. Market conditions are not expected to improve for the rest of the year.

In Portugal, Dyrup is still growing ahead of the market. However, the recession and labour market unrest – including after a number of economic austerity measures and tax increases - are now also having an adverse impact on Dyrup's business. Realised turnover was 2% below last year's figure. There are no signs of a change in market conditions during the remainder of the year, and Dyrup now expects turnover just below the 2001 level.

The Spanish market is developing favourably, and, with growth of 21%, Dyrup is expanding considerably faster than the general market. Industry sources have proclaimed Dyrup's Spanish company as the fastest-growing. Compared with the rest of Europe, building activity in Spain is high. Dyrup's concepts are well suited to the Spanish consumers, who are becoming increasingly quality conscious and lifestyle-oriented.

In a still declining Polish market, Dyrup grew by 19% measured in local currency. Dyrup made progress in all areas. Within the industrial areas, Dyrup recorded significant growth.

In Norway, Dyrup is developing as expected – partly as a result of the launch of paints and the shop-in-shop concept at a growing number of customers. So far, Dyrup has primarily been represented with wood care products in the Norwegian markets. Furthermore, Dyrup is in the process of establishing sales to the professional market.

Strategy

All Dyrup's long-term strategy projects are going according to plan – including the very challenging replacement of packaging for a new design. In the IT-field, major development and change projects are being implemented, supporting the business strategies.

Dyrup is still making a concerted effort to establish a uniform, international identity in all markets. Dyrup's Shop-in-shop concept is a visualisation of the new identity and is – or will be - implemented at a growing number of customers in all markets in Europe.

Expectations for the year

Dyrup is still expecting unchanged market conditions for the fourth quarter 2002.

Against the background of the positive result for the first three quarters of 2002 and despite continued difficult market conditions in the rest of the year, Dyrup maintains its expectations for the full-year profit. This means modest turnover growth for 2002 of 2-4%, and higher growth in earnings than the result for 2001 before non-recurring costs.

Financial highlights and ratios

	Year	3 rd quarter		Year to date	
	2001	2001	2002	2001	2002
Financial highlights (DKKm)					
<i>Profit and loss account</i>					
Turnover	1,670	481	495	1,362	1,417
Operating profit before non-recurring costs and amortisation of goodwill and trade marks	137	78	80	153	180
Amortisation of goodwill and trade marks	-15	-4	-3	-12	-11
Operating profit before non-recurring costs	122	74	77	141	169
Operating profit	76	74	77	141	169
Net financial items	-12	-7	-6	-11	-20
Profit before tax	64	67	71	130	149
Profit after tax	43	45	51	87	102
<i>Balance sheet</i>					
Interest-bearing assets	157			135	49
Interest-bearing liabilities	388			421	386
Invested capital	823			920	929
Capital and reserves, group	592			634	592
Balance sheet total	1,335			1,496	1,366
<i>Cash flow</i>					
Depreciation – tangible	59	15	15	45	45
Investments – tangible	84	37	6	71	33
From operating activities	122	136	103	44	27
For investing activities	91	31	7	69	34
From financing activities	-29	-11	-11	-24	-123
<i>Ratios (%)</i>					
Operating margin before amortisation of goodwill and trade marks	8.2*	16.3	16.2	11.2	12.7
Operating margin	7.3*	15.5	15.5	10.4	11.9
Return on average invested capital (ROAIC)	15.1*			16.5**	19.3**
Equity ratio	44			42	43
Number of employees	1,212			1,201	1,189

*) Before non-recurring costs

**) Not converted to full-year figures.