

Quarterly report – Third quarter 2004 (1/1 – 30/9 2004)

The Supervisory Board of MT Højgaard a/s has today considered and approved the Company's quarterly report for the third quarter 2004. The quarterly report is unaudited.

Søborg, 22 November 2004
Supervisory Board and Executive Board

Per Møller
Chairman of the Supervisory Board

Kristian May
President and CEO

This announcement can also be viewed on MT Højgaard's website:
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This announcement is available in Danish and English. In the event of discrepancies, the Danish version shall prevail.

Revenue and earnings still developing in line with expectations

- Revenue for the first three quarters of the year was DKK 5,381 million compared with DKK 5,886 million in 2003. Pre-tax profit was DKK 32 million compared with DKK 17 million in 2003.
- Revenue for the third quarter was DKK 1,913 million versus DKK 1,901 million in the third quarter 2003. Pre-tax profit was DKK 23 million, up DKK 9 million on the third quarter 2003.
- The results for the period benefited from a continuing satisfactory trend in the contracting business, whereas, overall, the subsidiaries delivered a weaker performance than expected.
- The order book stood at DKK 4,635 million at the end of the third quarter, equivalent to just over eight months' production.
- After the end of the quarter, MT Højgaard's crane business BMS has been combined with Kran Ringen. MT Højgaard has a 50% ownership interest in the combined company, which will have annual revenue of about DKK 400 million.

Expectations for 2004 reaffirmed

- The expectation of full-year revenue of just over DKK 7 billion and pre-tax profit in the region of DKK 75 million is reaffirmed.

Updating of strategy plan

- The strategy plan covers the period 2005-2010 and has the heading "Profitable growth".

Group financial highlights

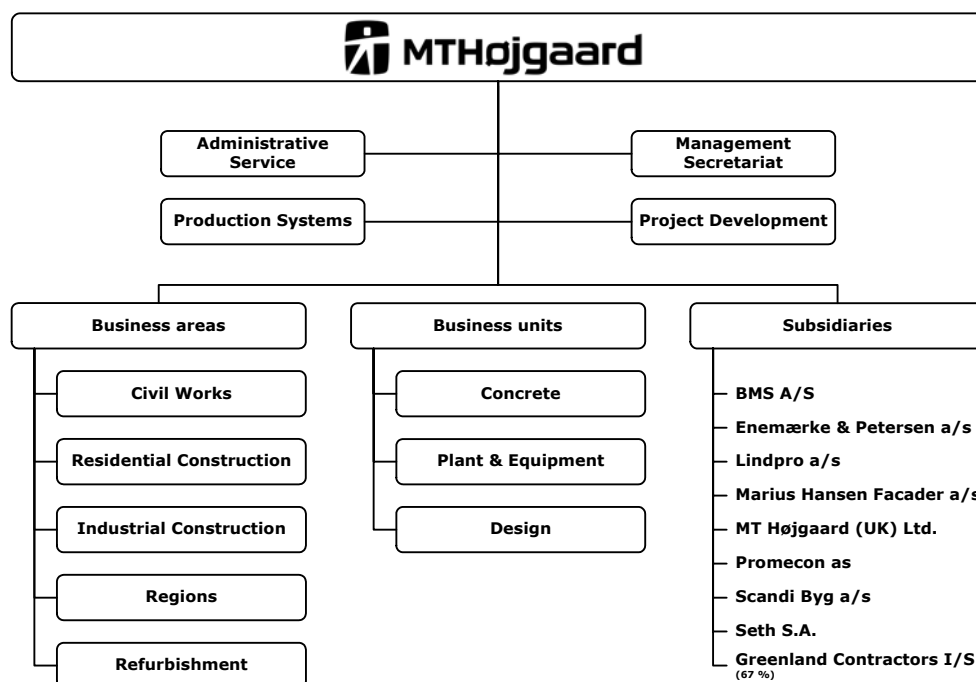
Amounts in DKKm	Q3 2004	Q3 2003	2004 YTD	2003 YTD	2003 Year
Income statement					
Revenue	1,913	1,901	5,381	5,886	7,982
Operating profit (EBIT)	25	13	39	19	50
Financial items and profits (losses) of associates	(2)	1	(7)	(2)	(2)
Profit before tax	23	14	32	17	48
Group share of profit for the period	16	9	22	9	27
Balance sheet					
Share capital			220	220	220
Equity			850	810	828
Balance sheet total			3,126	3,493	3,394
Interest-bearing assets			358	381	436
Interest-bearing liabilities			565	509	592
Invested capital			1,056	938	984
Cash flows					
Cash flows from operating activities			17	123	107
Cash flows for investing activities			(63)	(47)	(68)
Cash flows from financing activities			(30)	299	328
Net cash flows from operating, investing and financing activities			(76)	375	367
Financial ratios (%)					
Gross margin	5.6	5.6	5.4	5.2	5.6
Operating margin	1.3	0.7	0.7	0.3	0.6
Profit margin	0.9	0.5	0.4	0.2	0.3
Return on average inv. capital (ROAIC)			3.8	1.9	5.0
Return on equity (ROE)			2.6	1.3	3.7
Equity ratio			27.2	23.2	24.4
Other information					
Order book, end of period			4,635	4,663	4,797
Average number of employees			4,962	5,472	5,535

*) Not converted to full-year figures.

The quarterly report has been prepared in accordance with the Danish Financial Statements Act, Danish accounting standards and the Copenhagen Stock Exchange rules for listed companies. There have been no changes to the accounting policies compared with the 2003 annual report.

The ratios have been calculated in accordance with the Danish Society of Investment Professionals' guidelines on the calculation of ratios.

Group diagram



Small companies have been omitted from the Group diagram.

The Group's development in the third quarter 2004

Revenue and earnings performance

MT Højgaard delivered profit after tax and minority interests of DKK 16 million for the third quarter, up from DKK 9 million for the same period last year.

The results for the period benefited from a satisfactory trend in the contracting business, whereas, overall, the subsidiaries delivered a weaker performance than expected.

Group revenue for the third quarter was DKK 1,913 million compared with DKK 1,901 million in 2003. Revenue for the first three quarters of the year was DKK 5,381 million versus DKK 5,886 million last year. The level of revenue matched expectations. The decline was a consequence of the alignment of the capacity basis to the subdued market conditions.

Operating profit for the third quarter was DKK 25 million. At DKK 39 million, operating profit for the first three quarters was DKK 20 million ahead of the same period last year.

Financial items and the share of the results of associates amounted to a net loss of DKK 7 million for the first three quarters versus a net loss of DKK 2 million in 2003.

Pre-tax profit for the first three quarters was DKK 32 million, up DKK 15 million on the same period last year. Profit after tax and minority interests was DKK 22 million versus DKK 9 million in 2003.

The Buxton plant has been handed over to the client and commissioned, as stated in the interim report for the first half 2004. As also stated in the interim report for the first half 2004, claims advanced against MT Højgaard resulting from extra works, delays and disruptions in production are still pending, and provisions have been made in this respect on the basis of an evaluation of these claims. Likewise, MT Højgaard has submitted claims for extra payment and extension of time. As these claims are still pending, no income has been recognised in the financial statements in this respect, in accordance with the company's policy. The statement of the total costs on the project is therefore still subject to uncertainty.

Balance sheet

The Group balance sheet total stood at DKK 3,126 million at 30 September 2004, equivalent to a reduction of DKK 268 million compared to the end of 2003. This was due primarily to a decrease in property, plant and equipment as a result of a lower investment level and to a reduction in operating receivables.

Equity stood at DKK 850 million, equivalent to an equity ratio of 27%, compared to 24% at the end of 2003.

Interest-bearing net debt has increased by DKK 50 million in 2004, to DKK 206 million, versus DKK 156 million at the end of 2003.

Invested capital amounted to DKK 1,056 million at the end of the third quarter compared with DKK 984 million at the start of 2004.

Cash flows and financial resources

The net cash inflow from operating activities for the first three quarters of 2004 was DKK 17 million compared with DKK 123 million in 2003, mainly reflecting run-off of previously made provisions.

Investing activities absorbed DKK 63 million net, compared with DKK 47 million in the same period last year, covering capital expenditure on property, plant and equipment, primarily replacement of and new investment in contractors' plant and equipment, etc.

There was an outflow of DKK 30 million from financing activities compared to an inflow of DKK 299 million in the same period last year, when the cash flow benefited from a DKK 300 million capital increase.

There was thus a net cash outflow of DKK 76 million for the first three quarters versus an inflow of DKK 375 million last year.

The Group's financial resources at 30 September 2004, calculated as cash and cash equivalents, including liquid resources in joint ventures, and securities and undrawn credit facilities, provide it with satisfactory liquidity of DKK 570 million.

The financial resources include liquid resources in joint ventures of DKK 97 million that are available exclusively to the joint ventures.

Order book

The order intake in the third quarter was satisfactory. The order book stood at DKK 4,635 million at the end of the third quarter compared with DKK 4,663 million in 2003.

DKKm	30.09 2004	30.09 2003
Order book at 1 January	4,797	5,327
Order intake during period	5,219	5,222
Production during period	(5,381)	(5,886)
Order book at end of period	4,635	4,663

The order book corresponds to on average just over eight months' production.

The contracting business

MT Højgaard's contracting arm is organised into the following business areas: Civil Works, Residential Construction/Industrial Construction, Regions and Refurbishment.

The contracting business reported revenue of DKK 3,346 million for the first three quarters versus DKK 3,763 million last year. Operating profit was DKK 28 million versus DKK 37 million in 2003, when the profit for the year benefited from reversal of provisions in connection with agreed settlements and a reduced risk profile on work in progress.

The order book totalled DKK 2,578 million at the end of the third quarter. Full-year revenue is expected to reach DKK 4.6 billion.

The operating and financial performance of the individual business segments in the first three quarters 2004 is focused on in the following.

Civil Works

Business area Civil Works undertakes infrastructure and civil works projects, primarily east of the Great Belt. Civil Works also undertakes MT Højgaard's international activities – focusing on markets and projects within which MT Højgaard boasts specialist competencies, such as marine and harbour works and offshore wind farms.

Civil Works reported revenue of DKK 1,022 million, as expected. At DKK 62 million, operating profit considerably exceeded expectations, reflecting the favourable completion of several large projects.

The order book stood at DKK 631 million at the end of the third quarter. Full-year revenue of DKK 1.4 billion is now anticipated.

Residential Construction/Industrial Construction

The business areas Residential Construction and Industrial Construction undertake all types of residential, institutional and commercial and industrial building projects east of the Great Belt.

Revenue of DKK 711 million was recorded and operating profit of DKK 10 million, exceeding expectations.

The order book closed at DKK 691 million at the end of the third quarter. Full-year revenue of just over DKK 1.0 billion is anticipated.

Regions

Business area Regions carries out civil works, building and refurbishment projects in Jutland and on Funen. Regions has substantial own production within new builds, conversions and extensions. The business area is organised into six regions.

Regions generated revenue of DKK 1,127 million and operating profit of DKK 10 million, in line with expectations.

The order book stood at DKK 1,006 million at the end of the third quarter, and full-year revenue is expected to reach DKK 1.6 billion.

Refurbishment

Business area Refurbishment undertakes all types of refurbishment and conversion projects east of the Great Belt, including penthouses. Refurbishment also carries out all forms of carpentry/joinery, masonry and insulation works, also east of the Great Belt.

Regions produced revenue of DKK 447 million and operating profit of DKK 2 million, matching expectations.

The order book totalled DKK 308 million at the end of the third quarter, and full-year revenue of DKK 0.6 billion is expected.

Subsidiaries

The subsidiaries delivered revenue of DKK 2,035 million for the first three quarters compared with DKK 2,123 million last year. At DKK 11 million, operating profit was less than expected, overall. MT Højgaard (UK) Ltd., which builds prisons and car parks in the UK, showed a considerable profit. The crane company BMS produced a lower profit than anticipated because of a low level of activity. The Buxton project, which is also reported on under Subsidiaries, showed a negative result as a consequence of the costs incurred during the hand-over phase in the first half 2004.

The subsidiaries closed the third quarter with an order book totalling DKK 2,058 million. Full-year revenue is expected to total DKK 2.7 billion.

Post-balance sheet events

After the end of the quarter, MT Højgaard's crane business BMS has been combined with Kran Ringen.

The combination, which is in line with the MT Højgaard Group's strategy to continuously develop its companies, has created Denmark's largest crane hire company with approximately 110 mobile cranes and annual sales of about DKK 400 million.

BMS will be the continuing company from a legal point of view. The company will have equity of around DKK 165 million and will be owned on a fifty-fifty basis by MT Højgaard and the Jørgen and Søren Enggaard families.

The combination is expected to generate a number of synergies and to improve BMS' earnings in the years ahead.

Expectations for 2004

The Danish building market has stabilised during the year, whereas the civil works market continues to stagnate. This trend is expected to persist, although the Danish building market may show a moderate improvement in the coming year.

The projection of full-year revenue of just over DKK 7 billion is reaffirmed. Pre-tax profit is still expected to be in the region of DKK 75 million, in line with the expectations expressed at the start of the year.

Strategy and organisation

With the implementation of the strategy of focus and consolidation in the period 2003-2004, MT Højgaard is embarking on a new strategy phase that builds on and should be viewed as a natural continuation of the preceding phases – viz. the amalgamation phase in 2001-2002 and the focusing phase in the period 2003-2004.

The new phase covers the period 2005-2010 and has the heading "Profitable growth".

MT Højgaard's strategy for profitable growth features a Group revenue objective in the order of DKK 12 billion in 2010 and an objective of achieving an operating margin of 2.0-2.5% within a few years. In pursuing the first objective, MT Højgaard's risk management guidelines must be observed, and profitability must remain a priority over growth. The growth objective should be viewed as the underlying direction for MT Højgaard's efforts during the strategy period.

It is anticipated that the growth objective can be achieved through:

- Organic growth, which is not expected to exceed 10% a year in the business areas.
- Strengthening of the project development activities.
- Broadening of the geographical coverage in Denmark.
- Further development of the international activities within MT Højgaard's core competencies.
- Development of concepts and conceptualisation of existing activities.
- Development of the subsidiaries with focus on further consolidation.
- Strategic acquisitions that will broaden MT Højgaard's market coverage in Denmark.

The common denominator behind the strategy is an increasingly stronger market orientation.

To underpin the implementation of the strategy, MT Højgaard's organisation will be aligned at 1 January 2005 to the tasks which the strategy entails – including improved market follow-up and sales co-ordination, placing of the project development activities as a business unit, and continued focus on development of the Group's common production systems and co-operation concepts.

Jens Bak-Nyhus, Senior Vice President, will be registered as member of the Executive Board and will be appointed Executive Vice President at 1 January 2005 with responsibility for Regions, Production Systems and Purchasing. The Group Executive Board will subsequently consist of: Kristian May (President and CEO), Jens Bak-Nyhus, Allan H. Christensen, Peter Kofoed and John K. Lassen.

Ownership

MT Højgaard a/s is owned by Højgaard Holding a/s (54%) and Monberg & Thorsen A/S (46%), both of which are listed on the Copenhagen Stock Exchange.

Group income statement

Amounts in DKKm	2004 Q3	2003 Q3	2004 YTD	2003 YTD	2003 Year
Revenue	1,912.7	1,901.2	5,380.7	5,886.1	7,982.0
Production costs	(1,804.9)	(1,794.6)	(5,090.9)	(5,577.7)	(7,537.7)
Gross profit	107.8	106.6	289.8	308.4	444.3
Distribution costs	(20.8)	(27.0)	(64.2)	(80.4)	(112.5)
Administrative expenses	(61.8)	(66.7)	(186.7)	(209.3)	(281.8)
Operating profit	25.2	12.9	38.9	18.7	50.0
Share of pre-tax profits of associates	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)
Financial items	(2.4)	1.7	(6.6)	(1.9)	(1.7)
Profit before tax	22.7	14.4	32.0	16.5	47.9
Tax on profit	(6.8)	(4.5)	(9.6)	(5.7)	(14.4)
Profit for the year	15.9	9.9	22.4	10.8	33.5
Minority shareholders share of profit	0.5	(0.7)	(0.7)	(1.5)	(6.7)
Group share of profit	16.4	9.2	21.7	9.3	26.8

Group balance sheet

Amounts in DKKm	2004 30.09	2003 30.09	2003 31.12
Assets			
Fixed assets			
Intangible assets	39.8	49.6	47.2
Property, plant and equipment	857.2	961.3	943.5
Investments	10.4	10.7	10.9
Total fixed assets	907.4	1,021.6	1,001.6
Current assets			
Deferred tax asset	89.7	91.7	99.3
Inventories	454.2	406.1	423.8
Contract work in progress	-	-	-
Receivables	1,316.4	1,592.8	1,433.0
Securities	112.1	117.5	113.1
Cash	246.3	263.4	323.1
Total current assets	2,218.7	2,471.5	2,392.3
Total assets	3,126.1	3,493.1	3,393.9
Equity and liabilities			
Equity	849.6	809.9	828.3
Minority interests	14.6	9.0	18.8
Provisions			
Deferred tax asset	2.9	5.3	2.9
Other provisions	28.3	189.2	93.5
Total provisions	31.2	194.5	96.4
Liabilities other than provisions			
Long-term liabilities other than provisions	246.0	254.0	269.7
Contract work in progress	369.9	459.2	331.1
Other short-term liabilities other than provisions	1,614.8	1,766.5	1,849.6
Total liabilities other than provisions	2,230.7	2,479.7	2,450.4
Total equity and liabilities	3,126.1	3,493.1	3,393.9

Statement of changes in Group equity

Amounts in DKKm	2004 YTD	2003 YTD	2003 Year
Equity at 1 January	828.3	501.6	501.6
Capital increase	-	300.0	300.0
Foreign exchange adjustments, etc.	(0.4)	(1.0)	(0.1)
Profit for the period	21.7	9.3	26.8
Equity at end of period	849.6	809.9	828.3

Group cash flow statement

Amounts in DKKm	2004 YTD	2003 YTD	2003 Year
Operating activities			
Operating profit	38.9	18.7	50.0
Non-cash operating items	118.8	182.1	89.3
Cash generated from operations (operating activities) before changes in working capital, etc.	157.7	200.8	139.2
Changes in working capital, etc.	(140.7)	(77.7)	(32.5)
Cash flows from operating activities	17.0	123.1	106.7
Cash flows for investing activities	(63.0)	(47.0)	(67.6)
Cash flow from financing activities	(30.4)	299.0	327.9
Net cash flows from operating, investing and financing activities	(76.4)	375.1	367.0
Cash and cash equivalents at 1 January	149.4	(217.6)	(217.6)
Cash and cash equivalents at end of period	73.0	157.5	149.4

Segment information

Amounts in DKKm	2004 Q3	2003 Q3	2004 YTD	2003 YTD	2003 Year
Activities – primary segment					
Revenue					
Civil Works	444.7	335.4	1,022.1	1,029.5	1,359.8
Residential Constr./Industrial Constr.	229.1	252.8	710.8	897.2	1,197.9
Regions	357.4	428.7	1,127.1	1,433.7	1,942.5
Refurbishment	174.5	150.9	446.8	447.6	614.8
Other/eliminations	(13.5)	(6.0)	39.2	(45.2)	(10.5)
Contracting business	1,192.2	1,181.8	3,346.0	3,762.8	5,104.5
Subsidiaries	720.5	719.4	2,034.7	2,123.3	2,877.5
MT Højgaard Group	1,912.7	1,901.2	5,380.7	5,886.1	7,982.0
Operating profit (loss) (EBIT)					
Civil Works	26.5	27.7	62.3	57.8	61.0
Residential Constr./Industrial Constr.	5.1	(12.5)	10.4	(43.0)	(39.1)
Regions	0.1	6.1	9.8	16.5	24.8
Refurbishment	3.8	5.5	1.8	9.6	19.2
Other	(29.1)	30.9	(56.6)	(4.0)	(7.1)
Contracting business	6.4	57.7	27.7	36.9	58.8
Subsidiaries *) **)	18.8	(44.8)	11.2	(18.2)	(8.8)
MT Højgaard Group	25.2	12.9	38.9	18.7	50.0
Order book, end of period					
Civil Works			630.9	894.6	966.5
Residential Constr./Industrial Constr.			691.0	869.7	731.2
Regions			1,005.7	1,000.4	1,019.1
Refurbishment			307.8	258.1	270.5
Other/eliminations			(57.5)	2.4	(8.0)
Contracting business			2,577.9	3,025.2	2,979.3
Subsidiaries			2,057.5	1,638.0	1,818.2
MT Højgaard Group			4,635.4	4,663.2	4,797.5
Geographical - secondary segment					
MT Højgaard Group					
Revenue – Denmark	1,523.9	1,686.4	4,418.4	5,283.2	6,756.8
Revenue – Rest of world	388.8	214.8	962.3	602.9	1,225.2
MT Højgaard Group	1,912.7	1,901.2	5,380.7	5,886.1	7,982.0

*) Incl. Buxton project.

**) The option to the management of MT Højgaard (UK) Ltd. referred to in the 2003 Annual Report is no longer relevant, and account has been taken of this in the accounting treatment.

Group income statement broken down by quarter (unaudited)

Amounts in DKKm	2004				Total
	Q1	Q2	Q3	Q4	
Revenue	1,610.2	1,857.8	1,912.7		
Production costs	(1,550.3)	(1,735.7)	(1,804.9)		
Gross profit	59.9	122.1	107.8		
Distribution costs	(21.9)	(21.5)	(20.8)		
Administrative expenses	(63.4)	(61.5)	(61.8)		
Operating profit (loss)	(25.4)	39.1	25.2		
Share of pre-tax profits (losses) of associates	(0.1)	(0.1)	(0.1)		
Financial items	(2.4)	(1.8)	(2.4)		
Profit (loss) before tax	(27.9)	37.2	22.7		
Tax on profit (loss)	8.4	(11.2)	(6.8)		
Profit (loss) before minority interests	(19.5)	26.0	15.9		
Minority interests' share of profit (loss)	0.0	(1.2)	0.5		
Group share of profit (loss)	(19.5)	24.8	16.4		

Amounts in DKKm	2003				Total
	Q1	Q2	Q3	Q4	
Revenue	1,905.4	2,079.5	1,901.2	2,095.9	7,982.0
Production costs	(1,833.1)	(1,950.0)	(1,794.6)	(1,960.0)	(7,537.7)
Gross profit	72.3	129.5	106.6	135.9	444.3
Distribution costs	(28.8)	(24.6)	(27.0)	(32.1)	(112.5)
Administrative expenses	(70.1)	(72.5)	(66.7)	(72.5)	(281.8)
Operating profit (loss)	(26.6)	32.4	12.9	31.3	50.0
Share of profits (losses) of associates	0.1	(0.2)	(0.2)	(0.1)	(0.4)
Financial items	(6.4)	2.8	1.7	0.2	(1.7)
Profit (loss) before tax	(32.9)	35.0	14.4	31.4	47.9
Tax on profit (loss)	9.1	(10.3)	(4.5)	(8.7)	(14.4)
Profit (loss) before minority interests	(23.8)	24.7	9.9	22.7	33.5
Minority interests' share of profit (loss)	(0.3)	(0.5)	(0.7)	(5.2)	(6.7)
Group share of profit (loss)	(24.1)	24.2	9.2	17.5	26.8