# ANNUAL REPORT 2015

COWI HOLDING A/S, COMPANY REGISTRATION NO: 32 89 29 73

ADDRESS COWI Holding A/S
Parallelvej 2
2800 Kongens Lyngby
Denmark
PHONE +45 56 40 00 00
www cowi.com

COWI

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COWI Holding A/S
Parallelvej 2
2800 Kongens Lyngby
Denmark
Tel 56 40 00 00
Fax 56 40 99 99
www.cowi.com
www.cowiholding.com

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# MANAGEMENT REVIEW

Further strengthening of our Scandinavian transportation business, strong focus on competency development and cost optimisation resulted in COWI closing 2015 well prepared for the future.

2015 was the final year of COWI's five-year PowerHouse 2015 strategy, which aimed at growth and further internationalisation of the COWI Group.

Compared to 2010, we end 2015 as a significantly stronger company. COWI's focus on specialist competencies is mirrored in our organisational structure with our global business line, Bridge, Tunnel and Marine (BTM), and our regional business lines, Denmark, Norway and Sweden. We have established and integrated service centres in locations that support both our professional capability and cost competitiveness. We continuously strengthen our ability to apply the full capability of the COWI organisation across the Scandinavian market and in selected international markets.

## COMMERCIALLY CHALLENGING

In 2015, turnover grew by five per cent as expected to DKK 5,577 million. The operating profit for the year was DKK 182 million, which corresponds to an EBIT margin of 3.3 down by 0.9 percentage points from 2014.

In terms of profit and cash flow, the 2015 performance was not in line with our expectations or ambitions. Business line Denmark continued its strong performance, mainly driven by the transportation segment. Similarly, elements of the Bridge, Tunnel and Marine organisation also achieved strong performance.

The main challenges in 2015 were the Swedish, UK and North American activities as well as capactiy utilisation in Norway all of which had a negative impact on results.

## COLLABORATION PAYS OFF

COWI's Scandinavian Transportation Board, a vehicle to promote cross-border collaboration within the Group, has proven highly successful since established in 2014.

The market segment of transportation is of key importance to COWI, and the board enables a more strategic approach to this market, which is evident in the number of large projects won in 2015. Among these are Intercity Østfold in Norway, and not least phase three of the Ostlänken project in Sweden.

COWI's ability to integrate and coordinate business activities across the Scandinavian market was further strengthened in 2015 when the regional business line Sweden completed the implementation of the company-wide project, resource and financial management system, Cockpit. In addition, the roll-out of Cockpit in India and in our UK-based subsidiary Flint & Neill was completed, which means that 76 per cent of COWI's staff is now on a shared platform allowing increased insight and transparency into business processes, and enhancing our ability to win and manage contracts that will secure future profitable growth.

## RESULTS DRIVEN BY BUSINESS LINE DENMARK

In 2015, the regional business line Denmark continued to show strong performance. It was to a large extent driven by results in the transportation segment. Working in this segment implies the application of competencies across the COWI organisation, as environmental impact assessments, city planning and other infrastructure aspects all form part of a transportation project. High-profile projects won in Denmark in 2015 include a new, fast rail connection in central Jutland, as well as the Herning-Holstebro motorway.

A re-organisation of the Norwegian business as well as a higher level of public infrastructure investments in Norway in 2015 contributed to a slight improvement in capacity utilisation. The Norwegian consultancy market, however, is still adapting to the fall in oil prices, which affects the overall consulting engineering industry in Norway.

The business performance of our operations in Sweden, the UK, and North America was challenged in 2015. The Swedish business was negatively affected by project-related writedowns, while growth in operations in the UK and North America was below expectations.

Throughout the organisation, there has been increased focus on customer-oriented activities, such as further development of the key account management concept. Customer satisfaction surveys have been conducted with the Denmark-based organisation as the most advanced business line with

regard to these processes. Combined with successful cost-optimisation efforts related to the allocation of work to colleagues in India and Lithuania, this part of COWI's organisation consistently shows strong performance.

## SUCCESSFUL INTEGRATION OF COMPETENCIES

COWI's ability to employ and utilise a workforce in geographies with lower cost levels than our primary markets in Scandinavia improved in 2015. Today, a substantial number of COWI's 6,364 employees are located in India, Poland and Lithuania, and carry out highly skilled engineering and support functions. This flexibility, combined with the high level of support and quality provided, contributes substantially to our ability to remain highly competitive in terms of both competency and cost level. In 2015, we successfully added financial services to the above range of support functions.

Acquired in 2014, Donaldson Associates Ltd. and Apsilon were successfully incorporated into COWI in 2015 with nearly seamless integration of staff and competencies. As such, one of the main risks when carrying out an acquisition was mitigated successfully. Furthermore, the specialist competencies added by these two companies have had an enabling effect in winning projects for the London Underground, the King Abdul Aziz Road project in Saudi Arabia, and tunnelling and rail/signalling projects in Scandinavia.

COWI acquired one company in 2015: TDA Engineering in Norway. With this addition to the COWI Group, we strengthened our competencies within offshore wind energy and large bridges. COWI's growth strategy – in line with the widespread consolidation of our industry – remains the combination of organic growth with acquisitions within our primary specialist areas, made at opportune times and at attractive price levels.

## WELL POSITIONED IN SPECIALIST AREAS

In 2015, as in previous years, we secured prominent rankings in the "Engineering News-Record (ENR) Yearly Sourcebook", which annually assesses 250 international companies in our industry. COWI is ranked number 33 on the overall list. We are ranked number two in the categories of Bridge Design and Solid Waste, while we rank number four in another COWI specialist service segment, Marine and Port Facilities. We see these positions as a demonstration of our successful strategic endeavours to maintain a strong presence in our traditional home markets in Scandinavia and North America.

## SUCCESS AND STANDSTILL IN THE MIDDLE EAST

COWI's presence in the Middle East was consolidated in 2015 by several major projects, such as the aforementioned King Abdul Aziz Road project in Saudi Arabia, as well as the New Port Project and the Sea Outfall Assessment Study for the State of Qatar. The process of seeking a solution related to the final account on the Muscat and Salalah International Airports project in Oman dating back to 2012 is ongoing. Significant uncertainty is still related to this process.

## DEVELOPING OUR PEOPLE'S COMPETENCIES

COWI's Project Management Academy continued to enable the successful delivery of projects with 95 project managers graduating from the academy in 2015. Participants ranged from managing directors to vice presidents and heads of sections, and in addition to project management skills, special importance was attached to enhancing the focus on business mindset. The participants' improved project management capabilities are further shared and developed with employees through quality and project portfolio management, thus ensuring that project management skills are leveraged in the organisation as a whole. The Project Management Academy received the award of the European Foundation for Management Development for managerial competency development in 2015.

During the year, COWI further developed a group-wide project management concept for new and less experienced staff. The concept was rolled out in Denmark, Norway, Sweden and India, and adapted to local conditions in those geographies. More than 400 employees graduated from these courses, thus significantly increasing COWI's project management skills. Most of these participants also took part in courses focusing on Cockpit, COWI's project, resource and financial management system.

We find that these activities are a strong contributor to a shared management language and the creation of a common culture across the Group.

## VALUABLE INSIGHTS FROM ENGAGEMENT SURVEY

COWI carried out our first ever, group-wide employee engagement survey in 2015. A full 82 per cent of employees participated and delivered an overall engagement score above the external benchmark – a satisfactory result, providing COWI with a good platform for further developing employee engagement and performance.

## FOCUS ON DIVERSITY

It is COWI's ambition that all staff should have equal opportunities regardless of gender, age, race, religion, nationality, ethnic and social origin, disability, political and sexual orientation. COWI views diversity as a competitive advantage that helps our business achieve the best results. Therefore, to the extent possible, the composition of management should reflect the diversity of our business and markets.

According to Danish legislation passed in 2013, a company board shall consist of both female and male directors. In 2013, COWI set the target that a minimum of two out of six of COWI board members should be women by 2017. At the end of 2015, the board had one female board member. The share of women in management is 22 per cent, which is slightly less than the overall share of female employees.

In 2015, COWI began implementing standard COWI-wide talent

management processes to identify and build talent as well as improve focus on diversity. We continue to be engaged in a number of mentor programmes with universities.

## CORPORATE SOCIAL RESPONSIBILITY

COWI outlines its policies, actions and results within relevant areas of corporate social responsibility in our communication on progress towards the UN Global Compact. The report is available at www.cowi.com/sustainability.

## REMUNERATION OF THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The members of the Board of Directors receive a fixed annual remuneration determined by comparison of remuneration levels in similar major Danish companies. At the annual general meeting, it was decided to pay members of the Board of Directors an annual remuneration of DKK 200,000. The vice chairman receives DKK 250,000 and the chairman DKK 650,000.

In 2015, the Board of Directors received a total remuneration of DKK 2 million, and the Executive Board received a total remuneration of DKK 14 million. Remunerations in 2015 were in line with COWI's remuneration policy for the Board of Directors and the Executive Board, adopted at the annual general meeting in March 2014 and available on www.cowi.com.

## A NEW STRATEGY

Early 2016, COWI launched a new five-year strategy, "One Step Ahead", elevating COWI to the next level as a specialised consulting company with a strong presence in Scandinavia and within infrastructure and transportation projects globally. The strategy process involved many parts of the organisation.

"One Step Ahead" will provide the COWI Group with an excellent platform for meeting the opportunities and challenges of the years to come.

**Lars-Peter Søbye, President, CEO**

# COWI'S SERVICES

COWI is a consulting group providing services within engineering, economics and environmental science. Our competitive edge is the combination of world-class services with a 360° approach offering customers complete solutions.

## PLANNING AND ECONOMICS

- Economic analyses and tools
- Financial analyses and law
- Evaluations and impact assessments
- Transport planning and modelling
- Public transportation and ITS
- Spatial planning and urban development
- GIS and IT
- 3D visualisation and modelling
- Maps and geodata products
- Mapping and data capture
- Surveying
- Property rights and land administration
- Project and construction management
- Procurement services
- Technical and financial due diligence
- Design management – BIM
- Method development of digital processes – CAD/BIM
- Project support – IT/BIM.

## WATER AND ENVIRONMENT

- Health, safety and environment
- Wastewater and climate adaptation
- Water supply, water and natural resources management
- Environmental impact assessments and
- monitoring
- Waste and recycling
- Sustainability and resource efficiency
- Contaminated sites
- Strategic environmental consultancy
- Risk management and analysis.

## TRANSPORTATION

- Roads and highways
- Railways
- Light rails
- Metros
- Airports
- Operations consultancy
- Bridges
- Tunnels
- Structures for infrastructure
- Geotechnical engineering
- Underground structures
- Marine structures and harbours
- Coastal engineering
- Operation and maintenance
- Risk management and analysis
- Service life design.

## BUILDINGS

- Building design
- Structural engineering
- HVAC engineering
- Electrical engineering
- Client consultancy
- Technical due diligence
- Refurbishment and retrofit
- Sustainable and green buildings
- Master planning and urban development
- Fire engineering
- Value engineering
- Company headquarters
- Buildings for cultural purposes
- Hospitals and health care
- School and university buildings
- Industrial buildings
- Airport buildings
- Residential housing.

## ENERGY AND INDUSTRY

- District heating and cooling
- Renewable energy
- Combined heat and power (CHP)
- Energy efficiency
- Bioenergy
- Nuclear power
- Data centres
- Wind energy
- Thermal power
- Forestry industry
- Processing industry
- Food industry
- Studies and investigations
- Basic and detailed design
- Project management
- Procurement
- Permit management
- Process design
- Pipe design
- Electrical and automation solutions
- Building construction
- Advanced calculations
- Assembly management.

# KEY FIGURES AND FINANCIAL RATIOS

## KEY FIGURES AND FINANCIAL RATIOS FOR THE COWI GROUP

| | 2011 DKKm | 2012 DKKm | 2013 DKKm | 2014 DKKm | 2015 DKKm | 2015 EURm |
|---|---|---|---|---|---|---|
| **KEY FIGURES** | | | | | | |
| DKK/EUR rate at 31 December 2015 | | | | | | 746.25 |
| NET TURNOVER | 4,690 | 5,126 | 5,280 | 5,313 | 5,577 | 747 |
| Operating profit/loss before amortisation, depreciation and impairment losses (EBITDA) | 216 | (50) | 323 | 360 | 323 | 43 |
| Operating profit/loss before amortisation (EBITA) | 160 | (103) | 278 | 320 | 277 | 37 |
| Operating profit/loss on ordinary activities | 74 | (190) | 195 | 222 | 183 | 25 |
| OPERATING PROFIT/LOSS (EBIT) | 78 | (190) | 200 | 223 | 182 | 24 |
| Net financial items | (4) | (10) | (3) | 30 | 23 | 3 |
| PROFIT/LOSS BEFORE TAX FOR THE YEAR | 74 | (201) | 198 | 253 | 205 | 27 |
| Profit/loss for the year | 34 | (174) | 140 | 174 | 131 | 18 |
| COWI'S SHARE OF PROFIT/LOSS FOR THE YEAR | 34 | (174) | 140 | 174 | 131 | 18 |
| Goodwill | 509 | 506 | 549 | 597 | 539 | 72 |
| Other non-current assets | 333 | 248 | 238 | 267 | 309 | 41 |
| Current assets | 2,187 | 2,246 | 2,213 | 2,282 | 2,160 | 289 |
| TOTAL ASSETS | 2,948 | 3,000 | 3,000 | 3,145 | 3,007 | 403 |
| Share capital | 276 | 281 | 283 | 283 | 282 | 38 |
| EQUITY | 892 | 750 | 814 | 898 | 1,013 | 136 |
| Provisions | 457 | 472 | 380 | 289 | 300 | 40 |
| Long-term debt | 191 | 188 | 166 | 3 | 2 | 0 |
| Short-term debt | 1,405 | 1,588 | 1,637 | 1,955 | 1,690 | 226 |
| Cash flow from operating activities | 297 | 110 | 251 | 223 | 108 | 14 |
| Investment in property, plant and equipment, net | (54) | (34) | (37) | (54) | (70) | (9) |
| Other investments, net | (64) | (65) | (174) | (198) | (42) | (6) |
| Cash flow from investing activities, net | (118) | (99) | (211) | (251) | (113) | (15) |
| FREE CASH FLOW | 178 | 11 | 40 | (28) | (4) | (1) |
| Cash flow from financing activities | (44) | 22 | (75) | 107 | (113) | (15) |
| CASH FLOW FOR THE YEAR | 134 | 33 | (34) | 79 | (117) | (16) |
| **FINANCIAL RATIOS** | | | | | | |
| EBITDA margin | 4.6% | (1.0%) | 6.1% | 6.8% | 5.8% | |
| Operating margin (EBIT margin) | 1.7% | (3.7%) | 3.8% | 4.2% | 3.3% | |
| Return on invested capital | 7.3% | (22.8) | 26.6% | 31.8% | 22.6% | |
| Equity ratio | 30.3% | 25.0% | 27.1% | 28.6% | 33.7% | |
| Return on equity | 3.9% | (21.2)% | 17.9% | 20.3% | 13.7% | |
| Book value per share in DKK | 327.8 | 274.5 | 295.5 | 326.3 | 373.0 | |
| AVERAGE NUMBER OF EMPLOYEES | 6,114 | 6,128 | 6,096 | 6,180 | 6,311 | |

# FINANCIAL REVIEW

## Growth in 2015 and great expectations for the future.

Although turnover grew as expected in 2015, profits and cash flow were below the 2014 performance and below expectations.

Business line Denmark continued its strong performance, mainly driven by the transportation segment. Similarly, elements of the Bridge, Tunnel and Marine organisation also achieved strong performance.

The main challenges in 2015 were the Swedish, UK and North American activities as well as capacity utilisation in Norway all of which had a negative effect on results.

### GROWTH IN TOTAL NET TURNOVER

Net turnover in the COWI Group increased in 2015 by DKK 264 million or five per cent, to DKK 5,577 million compared to 2014. The increase in net turnover was positively affected by organic growth in turnover in business line Denmark and business line BTM. The effect on BTM of Donaldson Associates, acquired in October 2014, was DKK 98 million in 2015. The net foreign exchange impact was positive, contributing DKK 15 million.

| DEVELOPMENT IN TURNOVER | DKKM |
|---|---|
| Realised turnover 2014 | 5,313 |
| Foreign exchange effect | 15 |
| Acquisition of enterprises | 98 |
| Organic growth | 151 |
| Realised turnover 2015 | 5,577 |

### OWN PRODUCTION STABLE

The Group's own production increased by three per cent from DKK 4,412 million in 2014 to DKK 4,564 million in 2015, and was positively affected by a net foreign exchange impact of DKK 7 million.

Denmark experienced an increase in own production of three per cent, while own production in Norway increased in local currency by five per cent compared to 2014. BTM's own production grew by 16 per cent, and was positively affected by exchange rates and the acquisition of Donaldson. Sweden's own production grew by three per cent measured in local currency compared to 2014.

COWI acquired one company in December 2015, TDA in Norway, which did not materially affect the financial results.

### EBIT MARGIN

In 2015, the COWI Group posted an operating profit (EBIT) of DKK 182 million compared with DKK 223 million in 2014. However, the 2014 result was positively affected by the Norwegian business line's termination of a defined pension plan.

Disregarding the positive one-time effect from the pension restructuring in Norway in 2014, the overall performance 2015 was at a similar level as 2014.

### EMPLOYEE EXPENSES

The COWI Group's main operating expense, employee expenses, grew by six per cent to DKK 3,551 million. There was no significant impact from foreign exchange.

DEVELOPMENT IN OWN PRODUCTION FROM 2014 TO 2015 PER BUSINESS LINE

| BUSINESS LINE | 2014 DKKm | 2015 DKKm | GROWTH % | GROWTH DKKm |
|---|---|---|---|---|
| Denmark | 1,686 | 1,730 | 3% | 44 |
| Bridge, Tunnel and Marine | 928 | 1,078 | 16% | 149 |
| Norway | 1,037 | 1,016 | (2%) | (21) |
| Sweden | 677 | 682 | 1% | 5 |
| Other | 84 | 58 | - | (24) |
| Total | 4,412 | 4,564 | 3% | 152 |

### DEVELOPMENT IN HEADCOUNT

At the end of 2015, COWI had 6,364 employees, compared with 6,258 at the end of 2014.

### OTHER EXPENSES

External expenses were at the same level as in 2014 and amounted to DKK 689 million.

In 2015, total operating expenses, excluding financial income and expenses, grew by DKK 192 million, or five per cent, primarily due to the six-per cent increase in employee expenses.

## DEVELOPMENT IN HEADCOUNT

| BUSINESS LINE | 2014 | 2015 | CHANGE |
|---|---|---|---|
| Denmark | 2,923 | 3,021 | 98 |
| Bridge, Tunnel and Marine | 1,237 | 1,257 | 20 |
| Norway | 1,112 | 1,077 | (35) |
| Sweden | 986 | 1,009 | 23 |
| Total headcount | 6,258 | 6,364 | 106 |

Amortisation, depreciation and impairment losses amounting to DKK 141 million are primarily attributable to depreciation on technical installations, operating and other equipment, amortisation of goodwill and own-developed mapping products.

## FINANCIAL INCOME AND TAX

The Group's net financial income decreased by DKK 7 million compared to 2014. Net financial income was DKK 23 million and positively affected by gains from bonds and marketable securities. Expenses include interest payable on subordinate loan capital. Profit before tax amounted to DKK 205 million compared to DKK 253 million in 2014.

The Group's tax on ordinary activities in 2015 amounted to an expense of DKK 74 million, corresponding to an effective tax rate in 2015 of 36 per cent, compared to 31 per cent in 2014. Since 2011, the Group has chosen taxation according to the international joint taxation regulations. The management expects to continue with joint taxation throughout the period of commitment, i.e. up to and including 2020.

## PROFIT AFTER TAX

Profit after tax for the year and profit from subsidiaries attributable to minority shareholders amounted to a profit of DKK 131 million compared to DKK 174 million in 2014.

## BALANCE SHEET

The Group's total assets at the end of 2015 amounted to DKK 3,007 million, a decrease of DKK 138 million compared to 2014 corresponding to four per cent.

Net working capital as a percentage of net turnover increased to nine per cent in 2015 compared to seven per cent in 2014. By the end of 2015, total net working capital was DKK 497 million up from DKK 355 million in 2014.

Short-term debt fell by DKK 264 million. This was mainly due to the repayment of the subordinated loans to SEB Forsikring A/S and Danica Pension Livsforsikringsaktieselskab, respectively, and fewer advance payments from customers during 2015.

In the course of 2015, the Group's cash and cash equivalents decreased by DKK 113 million, resulting in the Group's total cash and cash equivalents, including the securities portfolio, amounting to DKK 582 million equivalent to 19 per cent of the Group's total assets.

Equity at 31 December 2015 amounted to DKK 1,013 million, corresponding to an equity ratio of 33.7 per cent. Equity increased by the financial results for the year of DKK 131 million and increased by exchange rate adjustments of DKK 18 million. Distributed dividend of DKK 17 million and purchase of treasury shares of DKK 10 million caused equity to decrease, as did a capital decrease of DKK 3 million and hedging instruments after tax in the order of DKK 6 million.

## CASH FLOW

Cash flow from operating activities amounted to DKK 108 million, a decrease of 51 per cent compared to 2014. Cash flow from investing activities, amounting to a negative DKK 113 million net in 2015, related primarily to continued investment in the ERP system and IT equipment. Free cash flow was negative at DKK 4 million, up by DKK 24 million compared to 2014, due to fewer investments and acquisitions in 2015.

As of 31 December 2015, the Group's total financial resources, which comprise cash and cash equivalents as well as undrawn committed credit facilities, amounted to DKK 825 million. At the end of 2014, financial resources amounted to DKK 1,069 million.

## BOOK VALUE PER SHARE AND DIVIDEND

Book value per share was DKK 373.0 at the end of 2015, up from DKK 326.3 at the end of 2014. With a 14 per cent increase, the book value of the share is at its highest level to date.

The Board of Directors proposes that a dividend of 12 per cent of the share capital be distributed. The dividend for 2014 was six per cent.

## CAPITAL AND SHARE STRUCTURE

COWI Holding's management finds that the current capital and share structure is appropriate for the shareholders and the company, and that it supports the company's strategy and long-term value creation.

The share capital amounts to DKK 282 million, consisting of DKK 200 million worth of class A shares, DKK 73 million worth of class B shares and DKK 9 million worth of class C shares. The class A shares carry ten votes for each DKK 100 share, whereas class B shares carry one vote for each DKK 100 share. All class A shares are owned by COWIfonden (the COWI Foundation), which supports research and development within Danish engineering.

COWI Holding A/S owns DKK 2.0 million worth of class B shares and DKK 8.7 million worth of class C shares, the employees own DKK 41.4 million worth of class B shares in total, while COWIfonden owns DKK 230 million worth of classes A and B in total.

## UNCERTAINTY IN RESPECT OF RECOGNITION AND MEASUREMENT

### CONTRACT WORK IN PROGRESS

Measurement of the company's work in progress includes estimates of stages of determination of completion. For large-scale projects in particular, the actual realisation may result in material positive or negative variances in relation to the recognised estimates.

### GOODWILL

Goodwill impairment tests require estimates to be made in respect of future cash flows, discount rates and growth rates. A degree of uncertainty attached to such estimates and any changes made to them can have major implications.

### DEBTORS

The management performs writedowns for bad and doubtful debts on the basis of the risk of loss resulting from customers' inability and willingness to pay. If the customers' financial conditions deteriorate, resulting in reduced ability to pay, additional writedowns may be required in the future. As the management continuously assesses customers' credit-worthiness, terms of payment and risk of loss, the uncertainty attached to writedowns for bad and doubtful debts is considered insignificant.

Tax on profit/loss for the year and deferred tax include some uncertainty, especially with regard to the taxation of foreign branches and permanent establishments. The local taxation of branches and permanent establishments may vary materially in relation to the recognised tax on profit for the year and deferred tax liabilities due to the tax administration procedures of the local tax authorities.

## RISK AND RISK MANAGEMENT

The COWI Group's risk exposures fall into market risks, operational risks, financial risks, liquidity risks and other risks.

### MARKET RISKS

We endeavour to minimise risks resulting from changes in the political landscape and in economic trends by maintaining a balanced project portfolio. The balanced portfolio entails spreading risks across geographical markets, service areas and public/private sectors. Changes in the political landscape, notably in politically unstable regions where COWI operates, constitute a clear risk factor.

### OPERATIONAL RISKS

We minimise losses on projects by conducting not only a risk assessment of each individual project and contract, but also by applying such project management and supervisory skills as the assessment requires. Contracts with subcontractors and partners can constitute a risk in the event of failure to deliver on time, within budget and to expected standards. We endeavour to minimise risks by means of dedicated project management, screening/due diligence of subcontractors, dialogue with customers, careful selection of projects and contract monitoring.

Overcapacity in relation to the scope of projects in progress is a risk, which we manage through backlog assessment and pipeline management.

We use professional liability insurance to limit the risks associated with criteria specified by customers, partners and subcontractors.

We have an IT security policy and an IT contingency plan in place to safeguard our central IT systems. We review the plan annually.

### FINANCIAL RISKS

We endeavour to minimise foreign exchange risks related to our projects by matching to the extent possible the income and expenses in the same currency in the individual projects. In addition, net foreign exchange positions arising from business operations are hedged by currency hedging. The translation risk relating to investments in subsidiaries is generally not hedged.

Interest rate risk is limited as a result of COWI's limited net interest-bearing debt. Our securities portfolio forms part of an external portfolio management programme which is managed within set parameters and where investments are primarily made in short-duration Danish bonds.

Acquisitions are part of the COWI Group's growth strategy. We have developed a valuation method and integration strategy to minimise acquisition-related risks and follow up on completed acquisitions systematically.

### LIQUIDITY RISKS

Liquidity risk is the risk that adequate liquidity is not available. COWI has a policy determining the short-term and long-term liquidity requirements to ensure that the Group has sufficient liquidity to fund the anticipated development in COWI's volume of business and activities. In the management's opinion, the COWI Group has sufficient liquidity to ensure the continued development of COWI's activities.

### OTHER RISKS

COWI provides services to public and private customers in many parts of the world. Our reliability and trustworthiness as a consultancy firm depend heavily on our commercial integrity. We therefore adhere to our Business Integrity Management System, which sets out a code of conduct defining best practices for all units, managers and employees.

### RISK MANAGEMENT

In addition to the above risk management activities, we have guidelines for risk management in our best practice code for corporate governance.

Overall strategic risk management is based on a risk profile which we draw up once a year for the Board of Directors to assess, discuss and classify. We set 12-month goals for modifications to risk profiles within selected areas of risk.

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Internal control and risk management systems in connection with the financial reporting procedures are described below.

## CONTROL ENVIRONMENT

Responsibility and authorities are defined in the Board of Directors' instructions to the Executive Board and adopted policies. The Board of Directors approves COWI's primary policy for communications, exchange rate and treasury policy as well as risk management. The Executive Board approves all other policies and procedures, and the responsible functions issue guidelines and monitor the use of all policies and procedures. Systems are in place to ensure adequate segregation of duties in the finance department.

The organisational structure and internal guidelines form the control environment.

## RISK ASSESSMENT

There is a relatively higher risk of error for the items in the financial statements that are based on estimates or generated through complex processes than for other items. A detailed risk assessment with the purpose of identifying these items and specifying the scope of the attached risks is coordinated by the Group's control function. The high-risk items include primarily work in progress, claims and tax liabilities concerning branches and permanent establishments abroad.

## CONTROL ACTIVITIES

The aim of the control activities is to prevent, discover and correct any errors and irregularities. The activities are integrated in COWI's accounting and reporting procedures and include, e.g. procedures for certification, authorisation, approval, reconciliation, analysis of results, segregation of incompatible duties, controls concerning IT applications and general IT controls. COWI has introduced standards for internal control, i.e. standards for control activities concerning the presentation of financial statements. All risk assessments and related controls are linked to the Group's strategy and goals.

## INFORMATION AND COMMUNICATION

COWI maintains information and communication systems to ensure that the presentation of the financial statements is accurate and complete. The Group's accounting rules and procedures for the presentation of the financial statements are set out in specifications and instructions. Accounting and other reporting instructions, including procedures for budgets and monthly financial statements, are updated as needed. They are available – together with other policies which are relevant for internal control of financial reporting such as the policy on project budgeting – on the Group's corporate portal to finance employees and other relevant employees.

## MONITORING

COWI uses a management control system to monitor the company's results, and this makes it possible at an early stage to identify and correct any errors and irregularities in the presentation of the financial statements, including disclosed weaknesses in the internal controls, any non-compliance with procedures, policies etc.

Compliance with the Group's accounting policies is monitored on an ongoing basis at group and company level.

## EVENTS AFTER THE BALANCE SHEET DATE

A purchase agreement for Bascon A/S was signed in February subject to approval by the Danish Competition Authority. The expected closing date is end April 2016.

# OUTLOOK FOR 2016

In 2016, COWI will focus on continued growth and improved profitability and cash flow, together with the launch and implementation of our new five-year strategy: One Step Ahead.

Global macroeconomic developments, such as decreasing prices on oil and raw materials, the indicative slowdown in the Chinese economy, unrest in the Middle East and the increase in migration, are creating uncertainty in all markets, and we expect COWI's business to be impacted by these developments to some extent.

On the demand side in the Danish market in 2016, we foresee challenges, since investments in infrastructure projects will be affected by uncertainty regarding the Danish Train Fund and a delay of the Fehmarnbelt Fixed Link project. Furthermore, we foresee a reduction in public investments, which should, however, be offset by increased growth and investments in the private sector. However, we believe that the net effect is an unchanged market for COWI's services in Denmark.

In Norway, the demand for COWI's services is expected to grow in 2016. The outlook is based on expectations of increased public investments and spending, which have been initiated in order to offset the negative economic impact of the downturn in the offshore sector. However, competition is expected to increase since redundant civil engineering capacity previously employed by the offshore sector will be available for on-shore projects.

We foresee a positive market environment in Sweden in 2016. Overall, the macroeconomic outlook is strong and there is a solid market in infrastructure (e.g. rail and road projects), which should stimulate the growth of COWI's services. The market for commercial and residential buildings in large cities is increasing, which will also support growth.

In general, the economic outlook in the UK is strong as are market expectations in the civil engineering markets. The revised edition of the National Infrastructure Plan Pipeline suggests a growth of more than five per cent in construction expenditures in 2016. Investments in roads will particularly contribute to this growth.

In North America, economic growth combined with an infrastructure characterised by increased congestion and lack of maintenance supports a positive economic outlook for the civil engineering services provided by COWI.

Though local conditions may vary, the general outlook for our industry remains positive, with major infrastructure investment projects in the pipeline, driven by, among other things, urbanisation, globalisation and efficiency demands.

## STAYING COST-COMPETITIVE

The competitive situation in our industry continues to call for tight cost control. With the extension of tasks carried out by our colleagues employed in India, Lithuania and Poland, we expect to improve our competitive pricing and cost effectiveness.

COWI's strategy for the next five years puts special focus on improving performance on profit margins and cash flow through strengthening customer focus, project management, risk management and business mindset throughout the organisation.

We expect the positive trend in net turnover to continue as in previous years, and at the same time a positive development in 2016 of the profit for the year.

## ONE STEP AHEAD

In 2015, we completed the final year of our PowerHouse strategy and simultaneously prepared the new strategy, One Step Ahead, which covers the period from 2016 to 2020. One Step Ahead builds on the global trends which we believe will have the greatest impact on the market and on the demand for our services in the next five years, i.e. globalisation, urbanisation and population development, sustainability, project complexity and size, and digitisation. These trends open up opportunities for countless combinations of COWI's services, thus underlining the importance of COWI's 360º approach.

The strategy is based on profitable growth with our transportation services as the key driver. We plan to continue to grow in Scandinavia, developing our strong positions within building, water and environment, energy, industry and transportation by bringing the entire COWI Group competency and capability platform to the market. At the same time, we wish to grow our Bridge, Tunnel and Marine business further and expand activities in the UK and North

America. Building on our strong positions in Scandinavia within transportation and energy, we will further pursue select international opportunities.

Our strategic focus for the coming five years will be on optimising the operation of our business, managing cash flow effectively and improving our margins. To attract and retain the best people, we will work hard to remain an attractive workplace with a strong business culture that creates value for our customers.

A strong management effort focusing on four specific areas across the entire Group will enable us to succeed: leadership, business mindset, operational excellence and innovation. In One Step Ahead, these four fields are referred to as enablers, and by focusing on these throughout the organisation and the strategy period, they enable us to achieve the goals set for COWI.

# COWI HOLDING A/S CONSOLIDATED FINANCIAL STATEMENTS 2015

# ACCOUNTING POLICIES

The 2015 annual report of COWI Holding A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for a large class-C enterprise with the adoption of the IAS 19 "Employee Benefits" in respect of defined benefit plans.

Due to the deviation from the Danish Financial Statements Act as regards defined benefit plans, the actuarial variations are recognised in the statement of changes in equity rather than in the profit and loss account. For an explanation of the monetary effect, see the statement of changes in equity and note 20, "Net pension benefit obligations".

The accounting policies remain unchanged from the Group's previous accounting policies.

### RECOGNITION AND MEASUREMENT

Income is recognised as earned in the profit and loss account. Value adjustments of financial assets and liabilities which are measured at fair value are also recognised in the profit and loss account. The same applies to all expenses, including amortisation, depreciation and impairment losses.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each individual item below.

Certain financial assets and liabilities are measured at amortised cost to achieve a constant effective interest rate over the life of the asset or liability. Amortised cost is stated as original cost less any repayments plus or minus the cumulative amortisation of any difference between cost and nominal amount. In this way, capital losses and gains are amortised over the life of the asset or liability.

Recognition and measurement take into consideration anticipated losses and risks that arise before the time of presentation of the annual report and which confirm or invalidate affairs and conditions existing at the balance sheet date.

The functional currency used is Danish kroner (DKK). All other currencies are considered foreign currency.

## GROUP FINANCIAL STATEMENTS

### CONSOLIDATION POLICY

The consolidated financial statements include the parent company, COWI Holding A/S, as well as enterprises in which the parent company directly or indirectly holds the majority of the voting rights or in which the parent company through its shareholding or otherwise exercises a controlling interest.

Enterprises in which the Group holds between 20 and 50 per cent of the voting rights and exercises a significant but not controlling interest are treated as associates.

On consolidation, items of a uniform nature will be combined. Intercompany income and expenses, shareholdings, dividends and balances as well as realised and unrealised gains and losses on transactions between consolidated enterprises have been eliminated.

The financial statements included in the Group's annual report have been prepared in accordance with group accounting policies. The Group's annual report has been prepared on the basis of the financial statements of COWI Holding A/S and the subsidiaries by combining items of a uniform nature.

Investments in subsidiaries are eliminated at the relevant proportion of the net asset value of the subsidiaries at the time of acquisition.

On acquisition of new enterprises, any differences between the acquisition cost and the net asset value of the enterprise acquired are stated at the time of acquisition after adjusting the individual assets and liabilities at fair value (the purchase method) and allowing for recognition of any reconstruction provisions in respect of the enterprise acquired.

Any remaining positive differences are recognised in the balance sheet under intangible assets as group goodwill and amortised on a straight-line basis over the expected economic life; however, up to a maximum of 20 years. Any negative differences are recognised in the balance sheet in the equity.

Goodwill from acquired enterprises is adjusted as a result of changes in recognition and measurement of net assets for a period shorter than a full financial year following the time of acquisition.

Intercompany purchases and reconstruction are stated and presented according to the uniting-of-interests method.

### MINORITY INTERESTS

On the statement of group results and group equity, the share of results and equity in subsidiaries that is attributable to minority interests is recognised as separate items in the profit and loss

account and the balance sheet. Minority interests are recognised at fair value on the basis of a revaluation of acquired assets and liabilities at the time of acquisition of subsidiaries.

## CORPORATE INCOME TAX AND DEFERRED TAX

The company is jointly taxed with the consolidated enterprises including foreign subsidiaries.

COWI Holding A/S is the management company. The total Danish tax on the subsidiaries' taxable income is paid by COWI Holding A/S. The tax effect of the joint taxation with the subsidiaries is distributed on the profit- and loss-making enterprises in proportion to their taxable profits (full allocation with refund concerning tax losses).

Income tax for the year, consisting of current tax and deferred tax for the year, is recognised in the profit and loss account with the share attributable to profit for the year, and is recognised directly in equity with the share attributable to entries recognised directly in equity.

Current tax liabilities and current tax receivables are recognised net in the balance sheet as tax computed on taxable income for the year adjusted for tax on taxable income for previous years.

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between accounting and tax values of assets and liabilities. However, no provision is made for deferred tax on temporary differences arising from amortisation of goodwill disallowed for tax purposes as well as other items, apart from acquisition of enterprises, where temporary differences have arisen at the time of acquisition without any effect on financial results or the taxable income.

In cases where the tax base can be determined according to alternative tax rules, deferred tax is recognised on the basis of the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities. Deferred tax assets and liabilities are set off within the same legal tax entity.

Adjustment of deferred tax is made concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured on the basis of the tax rules and tax rates legally effective in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax as a consequence of amendments to tax rates are recognised in the profit and loss account.

As part of international joint taxation, the retaxation liability is recognised at the full retaxation amount or the limited retaxation amount, whichever is smaller, based on the profit expected to be achieved by the sale of assets and debt at market values on cessation of the joint taxation. Furthermore, provision is not made for retaxation of deficits from permanent establishments where the deficit is expected to be reearned through current operation.

## TRANSLATION POLICIES

Transactions in foreign currencies are translated by applying standard rates approximating the foreign exchange rates ruling at the transaction dates. Exchange differences arising between the exchange rates ruling at the transaction date and the rates prevailing at the date of payment are recognised in the profit and loss account as financial income or financial expenses.

Accounts receivable and payable and other monetary items in foreign currencies are translated at the exchange rates ruling at the balance sheet date. Unrealised exchange gains or losses arising from differences between the exchange rates ruling at the balance sheet date and the rates prevailing at the time when the receivable or payable arises are recognised in the profit and loss account under financial income or expenses.

Non-current assets acquired in foreign currencies are translated at the rates ruling at the transaction date. On recognition of foreign subsidiaries and associates that are separate legal entities, profit and loss accounts are translated at monthly average exchange rates, and balance sheet items are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates ruling at the balance sheet date and on translation of profit and loss accounts from average exchange rates to the rates ruling at the balance sheet date are recognised directly in equity.

On recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates ruling at the balance sheet date. Non-monetary items are translated at the rates prevailing at the time of acquisition or at the time of any subsequent revaluation or writedown for impairment of the asset.

Profit and loss account items are translated at the exchange rates ruling at the transaction date; however, items derived from non-monetary items are translated at historical rates for the non-monetary item.

Exchange adjustments of intercompany balances and transactions with foreign subsidiaries that are considered additions to or deductions from the equity of separate subsidiaries are recognised directly in equity. Similarly, exchange gains and losses on loans and derivative financial instruments contracted for hedging purposes by separate foreign subsidiaries are recognised directly in equity.

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised in the balance sheet at

cost and subsequently remeasured at their fair value. Positive and negative fair values of derivative financial instruments are included in prepayments under assets and in deferred income under liabilities, respectively.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or liability are recognised in the profit and loss account together with any changes arising in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments that are designated as and qualify as future asset and liability hedges are recognised in prepayments/deferred income or equity, respectively. Where the forecast transaction results in the recognition of an asset or a liability, amounts that have been deferred in equity are transferred from equity and included in the cost of the asset or the liability, respectively. Where the forecast transaction results in income or expenses, amounts that have been deferred in equity are transferred to the profit and loss account in the period during which the hedged item affects the profit and loss account.

Changes in the fair value of any derivative financial instruments that do not qualify for hedge accounting are recognised on a continuing basis in the profit and loss account.

### SEGMENT INFORMATION

Information is provided on COWI's net turnover and own production, broken down by business area, region and major business line. The information is based on the Group's internal financial reporting system.

### INCENTIVE SCHEMES

Short term and long term incentive schemes to the Executive Board are recognised in "Remuneration, Executive Board" in the note "Employee expenses".

## PROFIT AND LOSS ACCOUNT

### NET TURNOVER

Net turnover is determined on the basis of the selling price of work performed for the year. As the completion of the individual projects will generally progress over several accounting periods, the percentage-of-completion method is applied for turnover recognition. Accordingly, profits on work performed are recognised as income and in proportion to the stage of completion.

### PROJECT EXPENSES

Project expenses include expenses directly attributable to projects, excluding salaries and including travel expenses, external expenses as well as other expenses.

### EXTERNAL EXPENSES

External expenses include administrative expenses, office expenses, marketing expenses as well as other expenses.

### OTHER OPERATING INCOME/ EXPENSES

Other operating income and other operating expenses include items of a secondary nature compared with the company's core activities, including removal expenses, compensations as well as profits and losses from the disposal of non-current assets etc.

### NET FINANCIALS

Financial income and expenses include interest, financial expenses related to finance leases, realised and unrealised foreign exchange adjustments, value adjustments on securities as well as amortisation of long-term receivables.

## BALANCE SHEET

## INTANGIBLE ASSETS

### GOODWILL

Goodwill is amortised over the estimated economic life determined on the basis of the management's experience with the individual business lines. The amortisation period is 5-20 years, the longest period applying to acquired enterprises with a strong market position and an expected long earnings profile.

### OWN-DEVELOPED PRODUCTS

Own-developed products that are clearly defined and identifiable, where the technical utilisation rate, sufficient resources and a potential future market or development opportunity in the enterprise can be verified and where the intention is to market or use the project, are recognised as intangible assets. This applies if there is sufficient evidence that the value in use of future earnings can cover the expenses involved. Own-developed products that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the profit and loss account as incurred.

Own-developed products include salaries, amortisation and other expenses that are directly or indirectly attributable to the company's development activities. Capitalised own-developed products are measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount.

On completion of the development work, own-developed products are amortised on a straight-line basis over the period in which the work is expected to generate economic benefits. The amortisation period is two to five years.

### SOFTWARE AND LICENSES

Software is measured at the lower of cost, less accumulated amortisation on a straight-line basis and impairment losses, and the value in use. The standard depreciation period is three to eight years. Assets acquired during the year and that are meant to be interoperable with already acquired assets are amortised over the remaining service life of the main asset.

Licenses include software licenses which are amortised over the contract period.

### SUMMARY OF AMORTISATION PERIODS FOR INTANGIBLE ASSETS

| | |
|---|---|
| Goodwill | 5-20 years |
| Own-developed products | 2-8 years |

## PROPERTY, PLANT AND EQUIPMENT

### LAND AND BUILDINGS

Land is measured at cost and is not depreciated. Buildings are measured at cost less accumulated depreciation and impairment losses and depreciated on a straight-line basis over 50 years.

Special installations in buildings are depreciated on a straight-line basis over 10-15 years.

### TECHNICAL INSTALLATIONS, OPERATING AND OTHER EQUIPMENT

Technical installations, operating and other equipment, including leasehold improvements, are measured at cost less accumulated depreciation and impairment losses and depreciated on a straight-line basis over three to ten years. Aircraft are also included and measured at cost less accumulated depreciation and impairment losses and depreciated on a straight-line basis over 20 years.

### ASSETS HELD UNDER FINANCE LEASES

Leases involving property, plant and equipment where the individual group companies assume substantially all the risks and rewards of ownership (finance leases) are initially recognised in the balance sheet at the fair value of the leased asset, if such value can be established. Alternatively, the net present value, if lower, of future lease payments at the inception of the lease is applied. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value thereof.

Assets held under finance leases are depreciated and written down according to the same principles as for the Group's other property, plant and equipment.

The capitalised residual lease obligation is recognised in the balance sheet as debt under liabilities, and the interest element on the lease payment is charged to the profit and loss account as incurred. All other leases are considered to be operating leases. Lease payments under operating leases are recognised in the profit and loss account over the term of the lease.

### SUMMARY OF DEPRECIATION PERIODS FOR PROPERTY, PLANT AND EQUIPMENT

| | |
|---|---|
| Buildings | 50 years |
| Special installations in buildings | 10-15 years |
| Technical installations, operating and other equipment including leasehold improvements | 3-12 years |
| Aircraft | 20 years. |

### WRITEDOWN FOR IMPAIRMENT OF NON-CURRENT ASSETS

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment exceeding the writedowns made in connection with general amortisation and depreciation. Where writedown for impairment is required, the asset is written down to the lower recoverable amount.

The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. Where it is not possible to determine the recoverable amount of the individual asset, the impairment requirement is assessed in respect of the smallest group of assets for which it is possible to determine the recoverable amount.

## FINANCIAL ASSETS

### INVESTMENTS IN ASSOCIATES

Investments in associates are recognised using the equity method so that the carrying amount of the investments constitutes the Group's proportional share of the assets of the enterprises.

Profit after tax of investments in associates has been recognised as a separate line in the profit and loss account.

Associates with negative net asset value are included without any value. Where the Group has a legal or constructive obligation to cover the associate's negative balance, the obligation is recognised under liabilities.

### OTHER INVESTMENTS AND SECURITIES

Other investments and securities include bonds and shares measured at fair value at the balance sheet date. Listed securities are measured at the official market price at the balance sheet date. Unlisted securities are measured at selling price based on a calculated value in use.

## CURRENT ASSETS

### RECEIVABLES

Accounts receivable are measured at the lower of amortised cost and net realisable value corresponding to the nominal value writedowns for bad and doubtful debts.

Writedowns for bad and doubtful debts are calculated on the basis of an individual assessment of each receivable, and an additional general provision is made in respect of trade accounts receivable.

### CONTRACT WORK IN PROGRESS

Contract work in progress is recognised in the balance sheet net of amounts invoiced on account.

Gross work in progress is measured at the selling price of the work performed. The selling price is stated in proportion to the stage of completion at the balance sheet date and the total expected profit on the individual projects (the percentage-of-completion method).

Under this principle, the expected profit on the individual projects is recognised in the profit and loss account on a continuing basis by reference to the stage of completion.

The stage of completion is measured by reference to the proportion that project expenses (in hours) incurred for work

performed to date bear to the estimated total project expenses (in hours). Where total project expenses are likely to exceed the total turnover from a project, the expected loss is recognised as an expense in the profit and loss account. The share of work in progress etc. performed in working partnerships is included in work in progress.

### MARKETABLE SECURITIES

Marketable securities include listed bonds and shares measured at fair value at the balance sheet date. Listed securities are measured at market price. Unlisted securities are measured at selling price based on a calculated value in use.

### PREPAYMENTS

End-of-period adjustments required by accrual accounting and recognised as prepayments under assets include payments made in respect of subsequent financial years, typically prepaid rent, insurance premiums, subscriptions etc. as well as adjustments to fair value for derivative financial instruments with a positive fair value.

## EQUITY

### DIVIDENDS

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

### TREASURY SHARES

Purchase and sales amounts for treasury shares are recognised directly in equity.

## PROVISIONS

### NET PENSION BENEFIT OBLIGATIONS

The Group's Swedish subsidiary has entered into a defined benefit plan, but as the pension fund cannot determine the current net pension obligation, the plan has been recognised as an ordinary defined contribution plan. So, the costs are expensed when payment requests are received from the pension fund. This procedure is in compliance with generally accepted accounting principles, including IFRS.

The Group's Danish subsidiary, COWI A/S, has made commitments to provide a number of former executive employees with defined benefit plans. These pension commitments are recognised concurrently with the pension benefits being earned. The calculation of the pension commitment is based on an actuarial calculation.

### OTHER PROVISIONS

Provisions are recognised when, as a consequence of an event before or on the balance sheet date, the Group has a legal or constructive obligation and it is probable that economic benefits must be sacrificed to settle the obligation.

Other provisions include potential legal obligations etc. on completed projects. Provisions with an expected maturity exceeding one year from the balance sheet date are discounted at the average bond yield.

Deferred tax is not discounted to present value.

## DEBT

### FINANCIAL DEBTS

Fixed-rate loans and loans from credit institutions intended to be held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, borrowings are stated at amortised cost corresponding to the capitalised value using the effective interest method: The difference between the proceeds and the nominal value (the capital loss) is recognised in the profit and loss account over the term of the loan.

Initially, subordinate loan capital is recognised at fair value net of transaction costs incurred. Subsequently, subordinate loan capital is recognised at amortised cost so that the difference between the proceeds and the nominal value is recognised in the profit and loss account as interest expenses over the term of the loan.

Other accounts payable are measured at amortised cost, materially corresponding to nominal value.

### EMPLOYEE BONDS

In 2008 and 2009, the Group's Danish subsidiary, COWI A/S, issued employee bonds. The issuance was effected at a price of DKK 100, and the bonds were either redeemed at par on 1 January 2014 or on 1 January 2015, respectively.

## CASH FLOW STATEMENT

The cash flow statement shows the Group's cash flow for the year classified by operating, investing and financing activities, net changes for the year in cash and cash equivalents as well as group cash and cash equivalents at the beginning and end of the year.

### CASH FLOW FROM OPERATING ACTIVITIES

Cash flows from operating activities are calculated as group operating profit adjusted for non-cash operating items such as amortisation, depreciation and impairment losses, provisions as well as net change in working capital with the addition of interest income and expenses and corporate income tax paid.

Working capital includes current assets less short-term debt, excluding items included in cash and cash equivalents.

### CASH FLOW FROM INVESTING ACTIVITIES

Cash flows from investing activities include cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as financial assets.

### CASH FLOW FROM FINANCING ACTIVITIES

Cash flows from financing activities include cash flows from the raising and

repayment of long-term debt as well as purchase of treasury shares and payments of dividend to shareholders.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash as well as marketable securities recognised as current assets.

The cash flow statement cannot be immediately derived from the published financial records.

## FINANCIAL RATIOS

The financial ratios stated in "Key figures and financial ratios" have been calculated as follows:

EBITDA margin

$$\frac{\text{Operating profit/loss excluding depreciation and amortisation} \times 100}{\text{Net turnover}}$$

Operating margin (EBIT margin)

$$\frac{\text{Operating profit/loss} \times 100}{\text{Net turnover}}$$

Return on invested capital

$$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital including goodwill}}$$

Equity ratio

$$\frac{\text{Equity, end of year} \times 100}{\text{Total liabilities, end of year}}$$

Return on equity

$$\frac{\text{COWI's share of profit/loss for the year} \times 100}{\text{Average equity}}$$

Book value per share

$$\frac{\text{Equity}}{\text{Nominal shareholding (excluding treasury shares)}}$$

# PROFIT AND LOSS ACCOUNT

## PROFIT AND LOSS ACCOUNT OF THE COWI GROUP FOR 1 JANUARY-31 DECEMBER

| DKK '000 | NOTE | 2015 | 2014 |
|---|---|---|---|
| Net turnover | 1 | 5,577,493 | 5,313,007 |
| Project expenses | | (1,013,278) | (900,608) |
| OWN PRODUCTION | 1 | 4,564,215 | 4,412,399 |
| External expenses | | (688,979) | (693,371) |
| Employee expenses | 2 | (3,551,160) | (3,359,958) |
| Amortisation, depreciation and impairment losses | 3 | (141,186) | (137,360) |
| OPERATING PROFIT ON ORDINARY ACTIVITIES | | 182,890 | 221,710 |
| Other operating income | 4 | 8,682 | 10,704 |
| Other operating expenses | 5 | (9,403) | (9,530) |
| OPERATING PROFIT | | 182,169 | 222,884 |
| Profit after tax in associates | | 131 | 1,662 |
| Financial income | 6 | 130,298 | 90,788 |
| Financial expenses | 7 | (107,323) | (62,285) |
| PROFIT BEFORE TAX | | 205,276 | 253,049 |
| Tax on profit for the year | 8 | (74,023) | (79,412) |
| PROFIT FOR THE YEAR | | 131,253 | 173,637 |
| Profit from subsidiaries attributable to minority shareholders | 19 | 0 | 490 |
| COWI'S SHARE OF PROFIT FOR THE YEAR | | 131,253 | 174,127 |

# BALANCE SHEET

## BALANCE SHEET OF THE COWI GROUP AT 31 DECEMBER

| DKK '000 | NOTE | 2015 | 2014 |
|---|---|---|---|
| Goodwill | | 538,506 | 596,591 |
| Software and licenses | | 96,576 | 80,760 |
| Own-developed products | | 3,473 | 8,223 |
| Intangible assets in progress | | 8,810 | 3,487 |
| INTANGIBLE ASSETS | 9 | 647,365 | 689,061 |
| Land and buildings | | 1,305 | 1,345 |
| Technical installations, operating and other equipment | | 151,025 | 127,202 |
| Property, plant and equipment in progress | | 479 | 34 |
| PROPERTY, PLANT AND EQUIPMENT | 10 | 152,809 | 128,581 |
| Investments in associates | 11 | 7,666 | 7,353 |
| Other investments and securities | | 981 | 2,155 |
| Deposits | | 38,228 | 36,449 |
| FINANCIAL ASSETS | 12 | 46,875 | 45,957 |
| TOTAL NON-CURRENT ASSETS | | 847,049 | 863,599 |
| Accounts receivable, services | | 1,023,807 | 1,074,163 |
| Contract work in progress | 13 | 366,745 | 332,377 |
| Receivables from associates | | 7,016 | 13,710 |
| Other receivables | | 32,936 | 41,181 |
| Tax receivables | | 29,007 | 16,023 |
| Deferred tax assets | 20 | 22,801 | 19,708 |
| Prepayments | 14 | 95,560 | 89,474 |
| RECEIVABLES | | 1,577,872 | 1,586,637 |
| MARKETABLE SECURITIES | 15 | 293,778 | 278,118 |
| CASH | 16 | 288,339 | 416,924 |
| TOTAL CURRENT ASSETS | | 2,159,989 | 2,281,679 |
| TOTAL ASSETS | | 3,007,038 | 3,145,278 |

# BALANCE SHEET

## BALANCE SHEET OF THE COWI GROUP AT 31 DECEMBER

| DKK '000 | NOTE | 2015 | 2014 |
|---|---|---|---|
| Share capital | 17 | 282,201 | 283,000 |
| Treasury shares | 18 | (10,733) | (7,666) |
| Retained earnings | | 708,569 | 606,526 |
| Proposed dividend | | 32,576 | 16,586 |
| EQUITY | | 1,012,613 | 898,446 |
| MINORITY INTERESTS | 19 | 0 | 0 |
| Deferred tax | 20 | 249,830 | 203,159 |
| Net pension benefit obligations | 21 | 13,300 | 16,300 |
| Other provisions | 22 | 38,749 | 69,972 |
| PROVISIONS | | 301,879 | 289,431 |
| Leasing debt | | 2,097 | 2,659 |
| LONG-TERM DEBT | 23 | 2,097 | 2,659 |
| Subordinated loan capital | | 0 | 130,848 |
| Credit institutions | | 299,806 | 175,317 |
| Employee bonds | | 0 | 33,846 |
| Contract work in progress | 13 | 352,969 | 420,797 |
| Accounts payable, suppliers | | 250,145 | 307,272 |
| Amounts owed to group enterprises | | 4,977 | 5,237 |
| Amounts owed to associates | | 3,368 | 45,648 |
| Corporate income tax payable | | 19,883 | 38,002 |
| Other accounts payable | 24 | 745,819 | 797,775 |
| Deferred income | | 13,482 | 0 |
| SHORT-TERM DEBT | | 1,690,449 | 1,954,742 |
| TOTAL DEBT | | 1,692,546 | 1,957,401 |
| TOTAL EQUITY AND LIABILITIES | | 3,007,038 | 3,145,278 |
| Fees to auditors | 25 | | |
| Contingencies and other financial commitments | 26 | | |
| Related party transactions and ownership | 27 | | |
| Board of Directors and Executive Board | 28 | | |
| Cash and cash equivalents | 29 | | |
| Entities in the COWI Group | 30 | | |

# STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY OF THE COWI GROUP

| DKK '000 | SHARE CAPITAL | TREASURY SHARES | RETAINED EARNINGS | DIVIDEND | TOTAL |
|---|---|---|---|---|---|
| EQUITY AT 1 JANUARY 2014 | 283,000 | (7,457) | 524,777 | 13,798 | 814,118 |
| Distributed dividend | | | | (13,798) | (13,798) |
| Profit for the year | | | 174,127 | | 174,127 |
| Foreign exchange adjustment, foreign subsidiaries | | | (30,594) | | (30,594) |
| Purchase of own shares | | (209) | (496) | | (705) |
| Change in estimate/pension plan changes | | | (63,100) | | (63,100) |
| Deferred tax concerning changed estimate/pension plan changes | | | 18,398 | | 18,398 |
| Proposed dividend | | | (16,586) | 16,586 | 0 |
| EQUITY AT 1 JANUARY 2015 | 283,000 | (7,666) | 606,526 | 16,586 | 898,446 |
| Distributed dividend | | | | (16,586) | (16,586) |
| Profit for the year | | | 131,253 | | 131,253 |
| Capital decrease | (799) | | (1,809) | | (2,608) |
| Foreign exchange adjustment, foreign subsidiaries | | | 17,949 | | 17,949 |
| Value adjustment of hedging instruments, end of year | | | (7,071) | | (7,071) |
| Deferred tax asset concerning hedging instruments | | | 1,556 | | 1,556 |
| Purchase of own shares | | (3,067) | (7,259) | | (10,326) |
| Proposed dividend | | | (32,576) | 32,576 | 0 |
| EQUITY AT 31 DECEMBER 2015 | 282,201 | (10,733) | 708,569 | 32,576 | 1,012,613 |

# CASH FLOW STATEMENT

## CASH FLOW STATEMENT OF THE COWI GROUP

| DKK '000 | NOTE | 2015 | 2014 |
|---|---|---|---|
| Operating profit | | 182,169 | 222,884 |
| Amortisation, depreciation and impairment loss for the year | | 141,186 | 137,360 |
| Value adjustments (net) etc. | | 748 | (48,260) |
| Other provisions and allowances for the year | | (32,064) | (61,849) |
| OPERATING PROFIT ADJUSTED FOR NON-CASH MOVEMENT | | 292,039 | 250,135 |
| Net financial income received for the year | | 22,980 | 28,503 |
| Income taxes paid | | (60,751) | (77,918) |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL | | 254,268 | 200,720 |
| Change in contract work in progress | | (94,991) | 57,775 |
| Change in deposits | | (1,826) | 5,836 |
| Change in accounts receivable, services | | 37,033 | (59,468) |
| Change in accounts payable, suppliers | | (51,687) | 33,163 |
| Change in other receivables and prepayments | | 4,446 | (8,709) |
| Change in other payables and deferred income | | (38,969) | (6,161) |
| CASH FLOW FROM OPERATING ACTIVITIES | | 108,275 | 223,156 |
| Acquisition of intangible assets | | (47,522) | (44,028) |
| Acquisition of property, plant and equipment | | (70,171) | (73,077) |
| Disposal of property, plant and equipment | | 1,030 | 1,155 |
| Acquisition of subsidiaries and activities | | 0 | (139,152) |
| Sales of subsidiaries and associates | | 2,791 | 2,304 |
| Sales of other fixed asset investments | | 1,372 | 1,580 |
| CASH FLOW FROM INVESTING ACTIVITIES | | (112,500) | (251,218) |
| FREE CASH FLOW | | (4,225) | (28,062) |
| Raising of bank loan, net | | 123,779 | 99,721 |
| Loan SEB and DANICA/subordinate loan | | (130,848) | 0 |
| Decrease of capital | | (2,609) | 0 |
| Employee bonds | | (33,846) | (20,896) |
| Distributed dividend | | (16,582) | (13,798) |
| Amounts owed to associates | | (41,923) | 45,571 |
| Amounts owed to group enterprises | | (261) | (354) |
| Purchase of treasury shares | | (10,326) | (3,084) |
| CASH FLOW FROM FINANCING ACTIVITIES | | (112,616) | 107,160 |
| CASH FLOW FOR THE YEAR | | (116,841) | 79,098 |
| Currency translation adjustments | | 3,916 | 0 |
| Cash and cash equivalents, beginning of year | | 695,042 | 615,944 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 29 | 582,117 | 695,042 |

The cash flow statement cannot be directly derived from the balance sheet and the profit and loss account.

# NOTES FOR THE COWI GROUP

## NOTE 1 SEGMENT INFORMATION

Below, the Group's net turnover is distributed on the following business areas as well as regional and global business lines, based on the Group's internal financial reporting:

The Group's net turnover distributed on business areas:

| DKK '000 | 2015 | 2014* |
|---|---|---|
| Planning and economics | 605,162 | 561,075 |
| Water and environment | 828,366 | 880,129 |
| Transportation | 2,234,962 | 1,954,703 |
| Buildings | 1,132,621 | 1,182,077 |
| Industry and energy | 605,090 | 678,671 |
| Not distributed and eliminations | 171,291 | 56,352 |
| Total | 5,577,493 | 5,313,007 |

The Group's net turnover distributed on regional and global business lines:

| DKK '000 | 2015 | 2014* |
|---|---|---|
| Denmark | 2,319,497 | 2,252,054 |
| Bridge, Tunnel and Marine | 1,327,786 | 1,134,052 |
| Norway | 1,197,894 | 1,236,632 |
| Sweden | 831,904 | 803,035 |
| Other and eliminations | (99,588) | (112.766) |
| Total | 5,577,493 | 5,313,007 |

The Group's own production distributed on regional and global business lines:

| DKK '000 | 2015 | 2014* |
|---|---|---|
| Denmark | 1,729,944 | 1,685,732 |
| Bridge, Tunnel and Marine | 1,077,682 | 928,418 |
| Norway | 1,016,235 | 1,037,390 |
| Sweden | 682,230 | 677,240 |
| Other and eliminations | 58,124 | 83,619 |
| Total | 4,564,215 | 4,412,399 |

** Adjusted to the Group's internal reporting in 2015.*

## NOTE 2 EMPLOYEE EXPENSES

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Salaries and wages | (3,086,330) | (3,018,006) |
| Pensions | (105,762) | (101,600) |
| Pension gain related to withdrawal from defined benefit pension scheme in Norway | 0 | 135,656 |
| Social security | (268,166) | (271,827) |
| Other employee expenses | (90,902) | (104,181) |
| Employee expenses | (3,551,160) | (3,359,958) |
| | | |
| Remuneration, Executive Board | (14,237) | (16,193) |
| Remuneration, former Executive Board and partners | (8,814) | (3,241) |
| Remuneration, Board of Directors, parent company | (2,250) | (1,767) |

Remuneration of former Executive Board and partners also includes pensions paid in connection with defined benefit plans. Remuneration of former Executive Board is paid by COWI Holding A/S and former partners are paid by COWI A/S.

| | | |
|---|---|---|
| Average number of employees | 6,311 | 6,180 |
| | | |
| Number of employees at 31 December | 6,364 | 6,258 |

## NOTE 3 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Goodwill | (65,823) | (60,328) |
| Software and licenses | (24,136) | (29,195) |
| Own-developed products | (5,463) | (7,349) |
| Land and buildings | (75) | (74) |
| Technical installations, operating and other equipment | (45,689) | (40,414) |
| Amortisation, depreciation and impairment losses | (141,186) | (137,360) |

## NOTE 4 OTHER OPERATING INCOME

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Profit from disposal of property, plant and equipment | 416 | 86 |
| Profit from disposal of associates | 0 | 669 |
| Compensations | 340 | 198 |
| Reimbursements | 2,695 | 6,599 |
| Other operating income | 5,231 | 3,152 |
| Other operating income | 8,682 | 10,704 |

## NOTE 5 OTHER OPERATING EXPENSES

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Loss from disposal of property, plant and equipment | (140) | (1,622) |
| Removal expenses | (366) | (3,152) |
| Loss from disposal of subsidiaries and associates | (4,317) | (3,489) |
| Other operating expenses | (4,580) | (1,267) |
| Other operating expenses | (9,403) | (9,530) |

## NOTE 6 FINANCIAL INCOME

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Interest, cash, securities etc. | 4,058 | 8,655 |
| Realised and unrealised capital gains, investments | 36,938 | 24,146 |
| Foreign exchange gains | 89,302 | 57,987 |
| Financial income | 130,298 | 90,788 |

## NOTE 7 FINANCIAL EXPENSES

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Interest, cash, securities etc. | (13,157) | (17,236) |
| Realised and unrealised capital gains, investments | (25,024) | (8,776) |
| Foreign exchange losses | (69,142) | (36,273) |
| Financial expenses | (107,323) | (62,285) |

## NOTE 8 TAX ON PROFIT FOR THE YEAR

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Current tax | (25,979) | (39,610) |
| Current tax, foreign project offices | (4,280) | (8,560) |
| Deferred tax | (33,462) | (19,338) |
| Change of deferred tax of corporate income tax | 3,479 | 4,624 |
| Tax adjustment in respect of deferred tax prior periods | (12,287) | 5,364 |
| Tax adjustment in respect of prior periods | 62 | (3,494) |
| Tax for the year | (72,467) | (61,014) |
| *Broken down as follows:* | | |
| Tax on profit for the year | (74,023) | (79,412) |
| Tax on movements in equity | 1,556 | 18,398 |
| Total tax on profit for the year | (72,467) | (61,014) |
| *Tax on profit for the year can be broken down as follows:* | | |
| Tax calculated at 23.5 per cent (2014: 24.5 per cent) on profit before tax | (48,240) | (61,997) |
| Adjustment in proportion to 23.5 per cent (2014: 24.5 per cent) of tax calculated in foreign subsidiaries | (1,042) | (866) |
| Current tax, foreign project offices | (4,281) | (8,560) |
| *Tax effect from:* | | |
| Amortisation of goodwill disallowed for tax purposes | (10,579) | (13,278) |
| Other expenses/other income disallowed for tax purposes | (4,053) | (4,059) |
| Difference tax percentage, deferred tax/current tax | 2,918 | 2,853 |
| Change of deferred tax due to change of corporate income tax | 3,479 | 4,624 |
| Tax adjustment in respect of prior periods, current tax | 62 | (3,493) |
| Tax adjustment in respect of prior periods, deferred tax | (12,287) | 5,364 |
| | (74,023) | (79,412) |
| Effective tax rate | 36.1% | 31.4% |

## NOTE 9 INTANGIBLE ASSETS

| DKK '000 | Goodwill | Software and licences | Own-developed products | Intangible assets in progress | Total |
|---|---|---|---|---|---|
| Cost at 1 January 2015 | 944,861 | 165,855 | 19,754 | 3,486 | 1,133,956 |
| Value adjustment | 24,674 | 88 | (159) | 0 | 24,603 |
| Additions | 2,042 | 39,919 | 765 | 5,324 | 48,050 |
| Disposals | (435) | (8,380) | (200) | 0 | (9,015) |
| Cost at 31 December 2015 | 971,142 | 197,482 | 20,160 | 8,810 | 1,197,594 |
| Amortisation and impairment losses at 1 January 2015 | 348,269 | 85,095 | 11,531 | - | 444,895 |
| Value adjustment | 18,979 | 55 | (107) | - | 18,927 |
| Amortisation and impairment losses | 65,823 | 24,136 | 5,463 | - | 95,422 |
| Disposals | (435) | (8,380) | (200) | - | (9,015) |
| Amortisation and impairment losses at 31 December 2015 | 432,636 | 100,906 | 16,687 | 0 | 550,229 |
| Carrying amount at 31 December 2015 | 538,506 | 96,576 | 3,473 | 8,810 | 647,365 |

## NOTE 10 TANGIBLE ASSETS

| DKK '000 | Land and buildings | Technical installations, operating and other equipment | Property, plant and equipment in progress | Total |
|---|---|---|---|---|
| Cost at 1 January 2015 | 2,091 | 347,320 | 34 | 349,445 |
| Value adjustment | 89 | 738 | 0 | 827 |
| Additions | 0 | 67,899 | 479 | 68,378 |
| Disposals | (380) | (30,433) | (34) | (30,847) |
| Cost at 31 December 2015 | 1,800 | 385,524 | 479 | 387,803 |
| Depreciation and impairment losses at 1 January 2015 | 746 | 220,118 | - | 220,864 |
| Value adjustment | 43 | (1,772) | - | (1,729) |
| Depreciation and impairment losses | 75 | 45,689 | - | 45,764 |
| Disposals | (369) | (29,536) | - | (29,905) |
| Amortisation and impairment losses at 31 December 2015 | 495 | 234,499 | - | 234,994 |
| Carrying amount at 31 December 2015 | 1,305 | 151,025 | 479 | 152,809 |
| Of which assets held under finance leases amount to | 0 | 3,832 | 0 | 3,832 |

## NOTE 11 INVESTMENTS IN ASSOCIATES

| Name | Home | Ownership | | Capital ('000) |
|---|---|---|---|---|
| COWI A/S's (Denmark) investments in associates: | | | | |
| CAT Alliance Ltd. | UK | 33% | GBP | 100 |
| Ces COWI Ltd. | Serbia | 32% | RSD | 53,736 |
| COWI AS's (Norway) investments in associates: | | | | |
| Team T AS | Norway | 25% | NOK | 1,000 |
| Team T3 AS | Norway | 30% | NOK | 1,000 |
| COWI North America Inc.'s (USA) investments in associate: | | | | |
| Consorcio Consultor R&Q | Chile | 30% | CLP | 348,750 |

## NOTE 12 FINANCIAL ASSETS

| DKK '000 | Investments in associates | Other investments and securities | Deposits | Total |
|---|---|---|---|---|
| Cost at 1 January 2015 | 5,725 | 1,856 | 36,449 | 44,030 |
| Value adjustment | 438 | (35) | 538 | 941 |
| Additions | 0 | 0 | 3,314 | 3,314 |
| Disposals | (819) | (1,135) | (2,073) | (4,027) |
| Costs at 31 December 2015 | 5,344 | 686 | 38,228 | 44,258 |
| Revaluations at 1 January 2015 | 2,700 | 299 | - | 2,999 |
| Value adjustment | (161) | 0 | - | (161) |
| Additions | 90 | (4) | - | 86 |
| Disposals | - | - | - | - |
| Revaluations at 31 December 2015 | 2,629 | 295 | - | 2,924 |
| Impairment losses at 1 January 2015 | 1,072 | 0 | - | 1,072 |
| Value adjustment | 41 | 0 | - | 41 |
| Additions | 5 | 0 | - | 5 |
| Disposals | (811) | 0 | - | (811) |
| Impairment losses at 31 December 2015 | 307 | 0 | - | 307 |
| Accounting value 31 December 2015 | 7,666 | 981 | 38,228 | 46,875 |

## NOTE 13 CONTRACT WORK IN PROGRESS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Contract work in progress, net | 13,776 | (88,420) |
| Recognised in the balance sheet as: | | |
| Contract work in progress (assets) | 366,745 | 332,377 |
| Amounts invoiced in advance (liabilities) | (352,969) | (420,797) |
| | 13,776 | (88,420) |

COWI is a party to a number of working partnerships and joint ventures and has assumed joint and several liability for the liabilities of the working partnerships and joint ventures. It is primarily the Group's Danish subsidiary, COWI A/S, which participates in joint ventures as the lead partner.
At the end of the financial year, the Danish subsidiary, COWI A/S's, commitments through working partnerships and joint ventures of which COWI is a partner can be calculated as follows:

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Total amount contracted for in working partnerships and joint ventures to which COWI A/S is a party | 2,809,918 | 2,212,784 |
| Stage of completion of the working partnerships and joint ventures | 64.96% | 76.41% |
| COWI A/S's share of amounts contracted for through working partnerships and joint ventures | 1,357,242 | 1,137,016 |
| COWI A/S's average stage of completion of own share of contract amounts | 68.40% | 78.55% |

## NOTE 14 PREPAYMENTS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Insurance premiums | 14,459 | 20,367 |
| Rent | 26,043 | 23,809 |
| Other | 55,058 | 45,298 |
| Prepayments | 95,560 | 89,474 |

## NOTE 15 MARKETABLE SECURITIES

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Shares | 122,025 | 138,852 |
| Bonds | 171,753 | 139,266 |
| Portfolio at 31 December | 293,778 | 278,118 |

## NOTE 16 CASH

| DKK '000 | 2015 | 2014 |
|---|---|---|
| The bank's liquid assets subject to restrictions | 31,447 | 38,860 |

The majority concerns COWI AS (Norway), where DKK 31 million (2014: DKK 33 million) are placed in a secure account to cover payment of payroll tax, due to regulatory requirements.

## NOTE 17 SHARE CAPITAL

| DKK '000 | 2015 |
|---|---|
| *The share capital consists of:* | |
| A shares: | |
| 2,000,000 shares of each DKK 100 | 200,000 |
| B shares: | |
| 735,070 shares of each DKK 100 | 73,507 |
| C shares: | |
| 86,940 shares of each DKK 100 | 8,694 |
| Share capital in total | 282,201 |

Each class A share of DKK 100 carries ten votes, whereas each class B and C share of DKK 100 carries one vote. All class A shares are held by COWIfonden (the COWI Foundation). The class B shares may be held by COWIfonden and employees and will as a main rule be sold back to the company when the employee leaves the company. All class C shares are held by COWI Holding A/S.

*Specification of movements in share capital:*

| DKK '000 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Share capital at 1 January | 283,000 | 283,000 | 280,500 | 275,695 | 267,801 |
| Capital increase | 0 | 0 | 2,500 | 4,805 | 7,894 |
| Capital decrease | (799) | | | | |
| Share capital at 31 December | 282,201 | 283,000 | 283,000 | 280,500 | 275,695 |

## NOTE 18 TREASURY SHARES

| DKK '000 | Nominal value | Share capital percentage |
|---|---|---|
| Portfolio at 1 January 2015 | 7,666 | 2.6% |
| Additions for the year | 12,711 | 4.6% |
| Disposals for the year | (9,644) | (3.4%) |
| Portfolio at 31 December 2015 | 10,733 | 3.8% |

Treasury shares consist of class B shares with a nominal value of DKK 2,039 thousand, and class C shares with a nominal value of DKK 8,694 thousand.

## NOTE 19 MINORITY INTERESTS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Minority interests at 1 January | 0 | 3,767 |
| Value adjustment | 0 | 636 |
| Disposals and additions | 0 | (3,913) |
| Share of profit/loss for the year | 0 | (490) |
| Minority interests at 31 December | 0 | 0 |

## NOTE 20 DEFERRED TAX

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Deferred tax at 1 January | | |
| | 183,452 | 187,830 |
| Value adjustments | 977 | (222) |
| Deferred tax change due to corporate income tax rate reduction | (3,479) | (4,624) |
| Deferred tax due to sales of enterprises | 329 | 0 |
| Deferred tax transferred to corporate income tax payable | 0 | (13,507) |
| Deferred tax for the year | 45,750 | 13,974 |
| | 227,029 | 183,451 |
| *Recognised in the balance sheet as:* | | |
| Deferred tax assets | 22,801 | 19,708 |
| Deferred tax | 249,830 | 203,159 |
| | 227,029 | 183,451 |
| *Deferred tax concerns:* | | |
| Intangible assets | 44,281 | 46,844 |
| Property, plant and equipment | (24,180) | (26,319) |
| Financial assets | (228) | 0 |
| Current assets | 215,089 | 175,395 |
| Provisions | (39,527) | (26,462) |
| Debt | 39,212 | 21,809 |
| Tax-loss carryforward, deductible for tax purposes | (7,719) | (7,816) |
| | 227,029 | 183,451 |

## NOTE 21 NET PENSION BENEFIT OBLIGATIONS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Benefit obligations to former members of management in COWI A/S | 13,300 | 16,300 |
| Total net pension benefit obligations | 13,300 | 16,300 |

## NOTE 22 OTHER PROVISIONS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Guarantees at 1 January | 19,843 | 9,968 |
| Value adjustment | (134) | (791) |
| Adjustment for the year | (6,099) | 10,666 |
| Guarantees at 31 December | 13,610 | 19,843 |
| | | |
| Other provisions at 1 January | 50,129 | 53,929 |
| Currency adjustment | (421) | (33) |
| Adjustment for the year | (24,569) | (3,767) |
| Other provisions made at 31 December | 25,139 | 50,129 |
| | | |
| Total other provisions at 31 December | 38,749 | 69,972 |

## NOTE 23 LONG-TERM DEBT

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Leasing loans falling due later than one year and not later than five years | 2,097 | 2,659 |
| Long-term debt at 31 December | 2,097 | 2,659 |

## NOTE 24 OTHER ACCOUNTS PAYABLE

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Accrued holiday allowance | 296,887 | 295,179 |
| Taxes and VAT payable | 200,128 | 204,471 |
| Other accounts payable | 248,804 | 298,125 |
| Other accounts payable at 31 December | 745,819 | 797,775 |

## NOTE 25 FEES TO AUDITORS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Fee, statutory audit | (3,884) | (4,144) |
| Assurance engagements | (716) | (891) |
| Tax consultancy | (2,152) | (2,266) |
| Services other than audit | (1,250) | (959) |
| Total fees, PricewaterhouseCoopers | (8,002) | (8,260) |

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Fee, statutory audit | (892) | (1,230) |
| Assurance engagements | (243) | (160) |
| Tax consultancy | (118) | (0) |
| Services other than audit | (53) | (0) |
| Total fees, other accountancy firms | (1,306) | (1,390) |

## NOTE 26 CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Contingent liabilities | | |
| Lease commitments (operating leases) due after less than one year | 16,080 | 17,473 |
| Lease commitments (operating leases) falling due later than one year and not later than five years | 24,389 | 31,433 |
| Lease commitments (operating leases) due after more than five years | 8,394 | 4,203 |
| Lease commitments (operating leases) in total | 48,863 | 53,109 |
| Rental commitments | | |
| Rental commitments in the period of termination due after less than one year | 151,729 | 174,969 |
| Rental commitments in the period of termination falling due later than one year and not later than five years | 487,186 | 448,087 |
| Rental commitments in the period of termination due after more than five years | 298,654 | 262,767 |
| Rental commitments in total | 937,569 | 885,823 |
| Recourse guarantees and performance bonds | 530,091 | 360,152 |
| Other guarantees and charges | 91,633 | 6,404 |

By virtue of its business operations, the COWI Group is a party to legal disputes that can be expected in the course of its business operations. The management keeps all such involvements under constant review and makes provisions accordingly. COWI's work in connection with the establishment of the Muscat and Salalah International Airports in Oman was finished at the end of 2012. COWI has claims of outstanding payments and other claims against the client. The client may have counterclaims against COWI. Neither COWI's claims for outstanding payments and other claims nor the client's potential counterclaims are recognised in the annual report, since the size of the amounts and the probability that the amounts will be paid are surrounded by considerable uncertainty. It is uncertain when these matters will be clarified. To date, the client has not raised any claims against COWI.

| DKK '000 | 2015 | 2014 |
|---|---|---|
| *Contingent assets:* | | |
| Contingent assets related to rental due after less than one year | 1,419 | 1,419 |
| Contingent assets related to rental falling due later than one year and not later than five years | 3,666 | 5,085 |
| Contingent assets related to rental due after more than five years | 0 | 0 |
| Contingent assets in total | 5,085 | 6,504 |

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Guarantees | | |
| *For guarantees, the following assets have been provided as security to credit institutions:* | | |
| Cash at a carrying amount of | 14,057 | 5,917 |
| Securities at a carrying amount of | 277,837 | 272,767 |
| Guarantee facility at 31 December | 1,121,788 | 902,076 |
| Drawn for performance bonds relating to projects in progress | 530,091 | 314,471 |
| Drawn for other guarantees | 91,633 | 45,681 |

COWI's guarantees through cash and securities can be terminated by the company from day to day.

Guarantees

The Group operates a share ownership programme for present and former employees, and the Group is under a duty to repurchase the employee shares at book value per share. As at 31 December 2015, the employees hold shares at a nominal value of DKK 41.4 million.

## NOTE 27 RELATED PARTY TRANSACTIONS AND OWNERSHIP

COWIfonden (the COWI Foundation) owns all class A shares in COWI Holding A/S and exercises a controlling influence on the company. No other shareholders own more than five per cent of the share capital.
COWIfonden does not carry out any independent business, and no material transactions are conducted between COWIfonden and the company.

Apart from usual intercompany transactions and usual management remuneration, no transactions were made during the year with the Board of Directors, the Executive Board, managerial employees, principal shareholders, subsidiaries or other related parties.

## NOTE 28 THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The company's directors and members of the Executive Board own the following nominal shareholdings in COWI Holding A/S and, at the end of the financial year, held the following directorships and executive positions in companies other than consolidated COWI companies:

| Board of Directors | Directorships and executive positions in other companies | Shares in COWI Holding A/S, nominal holding |
|---|---|---|
| Steen Riisgaard, Chairman | ALK-Abelló A/S (CB)<br>Xellia Pharmaceutical A/S (CB)<br>Egmont International Holding A/S (CB)<br>WWF Denmark (CB)<br>Aarhus University (MB)<br>Corbion (MB)<br>Novo A/S (MB)<br>Novo Nordisk Fonden (MB)<br>Willum Fonden (MB) | 0 |
| Kirsti Engebretsen Larssen, Vice Chairman | RIF (Association of Consulting Engineers, Norway) (MB) | 77,200 |
| Hans Ole Voigt | Partner Associate Square One A/S<br>DTZ Egeskov Lindquist A/S (MB)<br>Fonden Godhavn (MB)<br>Square One A/S (CB) | 0 |
| Thomas Stig Plenborg | Professor at Copenhagen Business School<br>Saxo Bank (MB)<br>DSV (MB)<br>Everyday Luxury Feeling (CB) | 0 |
| Jukka Pekka Pertola | Siemens A/S, CEO<br>Siemens A/S (MB)<br>Siemens Wind Power A/S (CB)<br>DELTA (CB)<br>Industrial Employers Association Copenhagen (MB)<br>LEO Pharma A/S (CB)<br>Industriens Pensionsforsikring A/S (MB)<br>Baltic Development Forum (MB)<br>Confederation of Danish Industries (MB) | 0 |
| Lars Green Lauridsen | | 64,800 |
| Caroline Magnusson* | | 70,000 |
| Niels Fog* | | 35,200 |
| Uffe Sophus Hjort* | | 7,800 |
| EXECUTIVE BOARD | | |
| Lars-Peter Søbye, President, CEO | Mannaz (MB) | 575,000 |
| Tomas Bergendahl,<br>Executive Vice President, CFO | | 0 |
| Rasmus Ødum,<br>Executive Vice President, COO | DI Videnrådgiverne (MB) | 437,800 |

(CB) = Chairman of the board of directors
(MB) = Member of the board of directors
* = Elected by the employees

## NOTE 29 CASH AND CASH EQUIVALENTS

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Marketable securities | 293,778 | 278,118 |
| Cash | 288,339 | 416,924 |
| Cash and cash equivalents at 31 December | 582,117 | 695,042 |
| | | |
| Undrawn committed credit facilities at 31 December not including guarantee facilities | 242,782 | 373,943 |
| Financial resources at 31 December | 824,899 | 1,068,985 |

## NOTE 30 ENTITIES IN THE COWI GROUP

| Name | Domicile | Ownership | | Share capital ('000) |
|---|---|---|---|---|
| COWI Holding A/S (parent company) | Denmark | | DKK | 282,201 |
| | | | | |
| COWI A/S | Denmark | 100% | DKK | 26,505 |
| COWI AS | Norway | 100% | NOK | 23,200 |
| COWI Holding AB | Sweden | 100% | SEK | 100 |
| COWI International A/S | Denmark | 100% | DKK | 1,000 |
| COWI Invest A/S | Denmark | 100% | DKK | 500 |
| | | | | |
| *COWI International A/S's subsidiaries:* | | | | |
| COWI GULF A/S | Denmark | 100% | DKK | 2,400 |
| COWI North America Holding Inc. | USA | 100% | USD | 1 |
| Donaldson Associates Ltd. | UK | 100% | GBP | 0 |
| Flint & Neill Limited | UK | 100% | GBP | 100 |
| | | | | |
| *COWI A/S's subsidiaries:* | | | | |
| Apsilon A/S | Denmark | 100% | DKK | 2,000 |
| COMAR Engineers A/S | Denmark | 100% | DKK | 849 |
| COWI & Partners LLC | Oman | 100% | OMR | 150 |
| COWI Almoayed Gulf W.L.L. | Bahrain | 100% | BHD | 20 |
| COWI Belgium SPRL | Belgium | 100% | EUR | 7 |
| COWI Consulting (Beijing) Ltd. Co. | China | 100% | CNY | 14,930 |
| COWI India Private Ltd. | India | 100% | INR | 30,800 |
| COWI Korea Co., Ltd. | South Korea | 100% | KRW | 500,000 |
| COWI Lietuva UAB | Lithuania | 100% | EUR | 59 |
| COWI Limited | Uganda | 100% | UGX | 220,000 |
| COWI Limited | Zambia | 100% | ZMK | 1,569 |
| COWI Mapping UK Ltd. | UK | 100% | GBP | 85 |
| COWI Mozambique Lda. | Mozambique | 100% | MZN | 29,983 |
| COWI Polska Sp. z o.o. | Poland | 100% | PLN | 1,000 |
| COWI Tanzania Limited | Tanzania | 100% | TZS | 20,000 |
| COWI-SNS Müşavrlik ve Mühendislik Ltd. Şti. | Turkey | 100% | TRY | 6,400 |
| KX A/S | Denmark | 100% | DKK | 3,501 |
| Studstrup og Østgaard A/S | Denmark | 100% | DKK | 1,125 |
| Tripod Wind Energy ApS | Denmark | 100% | DKK | 200 |

This note applies to COWI Holding A/S and its subsidiaries as well as to COWI A/S and COWI International A/S and their subsidiaries.

# COWI HOLDING A/S FINANCIAL STATEMENTS

(PARENT COMPANY)

# ACCOUNTING POLICIES

The parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

The accounting policies are the same as those applied to the group financial statements apart from the following policies:

## INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured according to the equity method. Investments are measured at the proportionate share of the equity value of the relevant subsidiary determined in accordance with the Group's accounting policies, subject to deduction or addition of unrealised intercompany profits and losses, and subject to addition or deduction of the remaining value of positive or negative goodwill determined in accordance with the purchase method.

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and any receivable from these enterprises is written down to the extent that the receivable is uncollectible. To the extent that the parent company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the remaining amount is recognised under provisions.

## CASH FLOW STATEMENT

No separate cash flow statement has been prepared for the parent company – see the group cash flow statement on page 25.

# PROFIT AND LOSS ACCOUNT

## PROFIT AND LOSS ACCOUNT OF THE PARENT COMPANY, COWI HOLDING A/S, FOR 1 JANUARY-31 DECEMBER

| DKK '000 | NOTE | 2015 | 2014 |
|---|---|---|---|
| External expenses | 1 | (844) | (801) |
| Employee expenses | 1 | (21,229) | (17,455) |
| OPERATING PROFIT | | (22,073) | (18,256) |
| Profit after tax in subsidiaries | | 156,165 | 199,807 |
| Financial income | 2 | 4,516 | 209 |
| Financial expenses | 3 | (12,575) | (14,728) |
| PROFIT BEFORE TAX | | 126,033 | 167,032 |
| Tax on profit for the year | 4 | 5,220 | 7,095 |
| PROFIT FOR THE YEAR | | 131,253 | 174,127 |

| Proposed distribution of profit for the year<br>DKK '000 | | |
|---|---|---|
| Proposed dividend (12 per cent of the share capital excluding treasury shares) | 32,576 | 16,586 |
| Reserve for net revaluation according to the equity method | 162,036 | 205,678 |
| Retained earnings | (63,359) | (48,137) |
| | 131,253 | 174,126 |

# BALANCE SHEET

## BALANCE SHEET OF THE PARENT COMPANY, COWI HOLDING A/S, AT 31 DECEMBER

| DKK '000 | NOTE | 2015 | 2014 |
|---|---|---|---|
| Investments in subsidiaries | | 1,282,542 | 1,192,469 |
| Loans to subsidiaries | | 0 | 240,000 |
| FINANCIAL ASSETS | 5 | 1,282,542 | 1,432,469 |
| | | | |
| TOTAL NON-CURRENT ASSETS | | 1,282,542 | 1,432,469 |
| | | | |
| Receivables from subsidiaries | | 4,020 | 208 |
| Receivable company tax | 6 | 1,858 | 1,278 |
| Loans to subsidiaries | | 240,000 | 0 |
| Other receivables | | 9 | 0 |
| RECEIVABLES | | 245,887 | 1,486 |
| | | | |
| CASH | | 1,986 | 1,302 |
| | | | |
| TOTAL CURRENT ASSETS | | 247,873 | 2,788 |
| | | | |
| TOTAL ASSETS | | 1,530,415 | 1,435,257 |
| | | | |
| Share capital | 7 | 282,201 | 283,000 |
| Treasury shares | | (10,733) | (7,666) |
| Reserve for net revaluation according to the equity method | | 26,028 | 0 |
| Retained earnings | | 682,541 | 606,526 |
| Proposed dividend | | 32,576 | 16,586 |
| EQUITY | | 1,012,613 | 898,446 |
| | | | |
| Deferred tax | 6 | 18,179 | 11,904 |
| PROVISIONS | | 18,179 | 11,904 |
| | | | |
| Loans from COWI Group companies | | 0 | 384,580 |
| LONG-TERM DEBT | | 0 | 384,580 |
| | | | |
| Amounts owed to subsidiaries | | 2,018 | 1,933 |
| Loans from COWI Group companies | | 492,452 | 0 |
| Subordinated loan capital | | 0 | 130,848 |
| Accounts payable, suppliers | | 64 | 64 |
| Other accounts payable | | 5,088 | 7,482 |
| SHORT-TERM DEBT | | 499,623 | 140,327 |
| | | | |
| TOTAL DEBT | | 499,623 | 524,907 |
| | | | |
| TOTAL LIABILITIES AND EQUITY | | 1,530,415 | 1,435,257 |
| | | | |
| Contingencies and other financial commitments | 8 | | |
| Related party transactions | 9 | | |
| Board of Directors and Executive Board | 10 | | |

# STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY, COWI HOLDING A/S

| DKK '000 | Share capital | Treasury shares | Reserve for net revaluation according to the equity method | Retained earnings | Dividend | Total |
|---|---|---|---|---|---|---|
| EQUITY AT 1 JANUARY 2014 | 283,000 | (7,457) | 0 | 524,777 | 13,798 | 814,118 |
| Distributed dividend | | | | | (13,798) | (13,798) |
| Profit for the year | | | 205,678 | (31,551) | | 174,127 |
| Foreign exchange adjustment, foreign subsidiaries | | | (30,594) | | | (30,594) |
| Purchase of treasury shares | | (209) | | (496) | | (705) |
| Change in estimate/pension plan changes | | | (63,100) | | | (63,100) |
| Deferred tax concerning changed estimate/pension plan changes | | | 18,398 | | | 18,398 |
| Other transfers | | | (130,382) | 130,382 | | 0 |
| Proposed dividend | | | | (16,586) | 16,586 | 0 |
| EQUITY AT 1 JANUARY 2015 | 283,000 | (7,666) | 0 | 606,526 | 16,586 | 898,446 |
| Distributed dividend | | | | | (16,586) | (16,586) |
| Profit for the year | | | 162,036 | (30,783) | | 131,253 |
| Foreign exchange adjustment, foreign subsidiaries | | | 17,949 | | | 17,949 |
| Purchase of treasury shares | | (3,067) | | (7,259) | | (10,326) |
| Capital decrease | (799) | | | (1,809) | | (2,608) |
| Value adjustment of hedging instruments, year-end | | | | (7,071) | | (7,071) |
| Deferred tax asset concerning hedging instruments | | | | 1,556 | | 1,556 |
| Other transfers | | | (153,957) | 153,957 | | 0 |
| Proposed dividend | | | | (32,576) | 32,576 | 0 |
| EQUITY AT 31 DECEMBER 2015 | 282,201 | (10,733) | 26,028 | 682,541 | 32,576 | 1,012,613 |

# NOTES FOR THE PARENT COMPANY, COWI HOLDING A/S

## NOTE 1 EXPENSES

*See note 3 to the group financial statements on page 27. The company had three employees during the financial year.*

Fee, auditor elected at the annual general meeting

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Fee, statutory audit | (75) | (125) |
| Total fees, PricewaterhouseCoopers | (75) | (125) |

Employee expenses:

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Salaries and wages | (18,711) | (14,974) |
| Pensions | (2,502) | (2,475) |
| Social security | (16) | (6) |
| Employee expenses | (21,229) | (17,455) |

## NOTE 2 FINANCIAL INCOME

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Interest, subsidiaries | 3,813 | 208 |
| Interest, bank accounts | 11 | 0 |
| Foreign exchange gains | 692 | 1 |
| Financial income | 4,516 | 209 |

## NOTE 3 FINANCIAL EXPENSES

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Interest, subsidiaries | (7,025) | (8,740) |
| Interest, cash, securities etc. | (16) | (5,888) |
| Foreign exchange losses | (712) | (100) |
| Other financial expenses | (4,822) | 0 |
| Financial expenses | (12,575) | (14,728) |

## NOTE 4 TAX ON PROFIT FOR THE YEAR

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Deferred tax | 6,928 | 7,365 |
| Change of deferred tax due to reduction of corporate income tax | 265 | (428) |
| Tax adjustment in respect of prior periods | (1,973) | 158 |
| Tax on profit for the year | 5,220 | 7,095 |
| *Broken down as follows:* | | |
| Tax on profit for the year | 5,220 | 7,095 |
| Tax of changes in equity | 0 | 0 |
| Total tax on profit for the year | 5,220 | 7,095 |
| *Tax on profit for the year can be broken down as follows:* | | |
| Tax calculated at 24.5 per cent on profit before tax excluding profit after tax in subsidiaries | 8,460 | 9,468 |
| Other expenses/other income disallowed for tax purposes | (1,532) | (2,103) |
| Change of deferred tax due to reduction of corporate income tax | 265 | (428) |
| Tax adjustment in respect of prior periods | (1,973) | 158 |
| | 5,220 | 7,095 |

## NOTE 5 FINANCIAL ASSETS

| DKK '000 | Investments in subsidiaries | Loans to subsidiaries | Total |
|---|---|---|---|
| Costs at 1 January 2015 | 1,373,993 | 240,000 | 1,613,993 |
| Additions | 0 | | 0 |
| Disposals | 0 | (240,000) | (240,000) |
| Cost at 31 December 2015 | 1,373,993 | 0 | 1,373,993 |
| Revaluations at 1 January 2015 | 9,512 | 0 | 9,512 |
| Additions | 25,142 | 0 | 25,142 |
| Disposals | (8,626) | 0 | (8,626) |
| Revaluations at 31 December 2015 | 26,028 | 0 | 26,028 |
| Impairment losses at 1 January 2015 | (191,036) | 0 | (191,036) |
| Additions | (43,686) | 0 | (43,686) |
| Disposals | 117,244 | 0 | 117,244 |
| Impairment losses at 31 December 2015 | (117,478) | 0 | (117,478) |
| Book value at 31 December 2015 | 1,282,542 | 0 | 1,282,542 |

* Of this, added value amounts to DKK 41,097 thousand.

See note 30 to the group financial statements on page 38 for information on investments in subsidiaries.

## NOTE 6 DEFERRED TAX

| DKK '000 | 2015 | 2014 |
|---|---|---|
| Deferred tax at 1 January | (11,904) | (5,307) |
| Deferred tax adjustment in respect of prior periods | | - |
| Deferred tax change due to corporate income tax rate reduction | 264 | (428) |
| Deferred tax for the year | (6,539) | (6,169) |
| | (18,179) | (11,904) |
| *Specification of deferred tax assets and deffered tax:* | | |
| Debt | (24,807) | (19,269) |
| Tax-loss carryforward | 6,628 | 7,365 |
| | (18,179) | (11,904) |
| *Recognised in the balance is:* | | |
| Deferred tax | (18,179) | (11,904) |
| | (18,179) | (11,904) |

## NOTE 7 SHARE CAPITAL

See note 17 to the group financial statements on page 32 for information on share capital.

## NOTE 8 CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

COWI Holding A/S is liable for taxes on the Group's jointly-taxed profit.The Danish companies in the Group are jointly and severally liable for taxes on the Group's jointly-taxed income etc. COWI Holding A/S functions as the management company in terms of joint taxation, and the total amount is stated in the annual report.

See note 26 to the group financial statements on page 36 for further information on contingencies and other financial commitments.

## NOTE 9 RELATED PARTY TRANSACTIONS

See note 27 to the group financial statements on page 36 for information on related party transactions.

## NOTE 10 THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

See note 28 to the group financial statements on page 37 for information on the Board of Directors and the Executive Board.

# STATEMENTS ON THE ANNUAL REPORT

## STATEMENT BY THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

Today, the Board of Directors and the Executive Board considered and approved the annual report for the financial year 1 January-31 December 2015 of COWI Holding A/S. The annual report has been prepared in accordance with the Danish Financial Statements Act. In our opinion, the accounting policies applied are appropriate and the accounting estimates made are adequate.

Furthermore, we find the overall presentation of the financial statements and the consolidated financial statements to be true and fair. In our opinion, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities, equity, financial position and results of the Group's and the parent company's activities and the Group's cash flows for the financial year 1 January-31 December 2015 in accordance with the Danish Financial Statements Act.

In our opinion, the management's review gives a fair presentation of the issues covered and describes the Group's most material risks and uncertainties.

The annual report is recommended for approval at the annual general meeting.

Kongens Lyngby, 29 February 2016

EXECUTIVE BOARD:

LARS-PETER SØBYE
President, CEO

TOMAS BERGENDAHL
Executive Vice President, CFO

RASMUS ØDUM
Executive Vice President, COO

BOARD OF DIRECTORS:

STEEN RIISGAARD
Chairman

KIRSTI ENGEBRETSEN LARSSEN
Vice Chairman

HANS OLE VOIGT

LARS GREEN LAURIDSEN

THOMAS STIG PLENBORG

CAROLINE MAGNUSSON*

NIELS FOG*

SOPHUS HJORT*

JUKKA PERTOLA

* Elected by the employees.

# INDEPENDENT AUDITOR'S REPORT

To the shareholders of COWI Holding A/S

## REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the consolidated financial statements and the parent company financial statements of COWI Holding A/S for the financial year 1 January to 31 December 2015, which comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group and the parent company, as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements in accordance with Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

The audit has not resulted in any qualification.

## OPINION

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the company at 31 December 2015 and of the results of the Group and company operations as well as the consolidated cash flows for the financial year 1 January 2015-31 December 2015 in accordance with the Danish Financial Statements Act.

## STATEMENT ON THE MANAGEMENT'S REVIEW

We have read management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the consolidated financial statements and the parent company financial statements. On this basis, in our opinion, the information provided in management's Review is consistent with the consolidated financial statements and the parent company financial statements.

Kgs. Lyngby, 29 February 2016
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
CVR no. 33 77 12 31

KIM FÜCHSEL
State Authorised
Public Accountant

JACOB F CHRISTIANSEN
State Authorised
Public Accountant

# COWI HOLDING A/S COMPANY INFORMATION

## COMPANY INFORMATION

COWI Holding A/S
Parallelvej 2
2800 Kongens Lyngby
Denmark
Tel. +45 56 40 00 00
Fax +45 46 40 99 99
www.cowi.com
www.cowi.dk
www.cowiholding.com
cowi@cowi.dk
Company registration number
32 89 29 73

## BOARD OF DIRECTORS

Steen Riisgaard, Chairman
Kirsti Engebretsen Larssen, Vice Chairman
Hans Ole Voigt
Lars Green Lauridsen
Thomas Plenborg
Caroline Magnusson
Niels Fog
Sophus Hjort

## EXECUTIVE BOARD

Lars-Peter Søbye, President, CEO
Tomas Bergendahl, Executive Vice President, CFO
Rasmus Ødum, Executive Vice President, COO

## AUDITING

PricewaterhouseCoopers
Strandvejen 44
2900 Hellerup
Denmark
State Authorised Public Accountants
Kim Füchsel and Jacob F Christiansen

## ANNUAL GENERAL MEETING

The annual general meeting will be held on 31 March 2016 at the company address.

# COWI'S ORGANISATION AT 29 FEBRUARY 2016

## BOARD OF DIRECTORS

## EXECUTIVE BOARD

LARS-PETER SØBYE
President, CEO

TOMAS BERGENDAHL
Executive Vice President, CFO

RASMUS ØDUM
Executive Vice President, COO

## BUSINESS SUPPORT

## REGIONAL BUSINESS LINES

### COWI DENMARK

JENS CHRISTOFFERSEN
Regional Vice President

- Planning and economics
- Water and environment
- Railways, metros, roads and airports
- Buildings
- Industry and energy.

SUBSIDIARIES

- COWI Belgium SPRL (Belgium)
- COWI Consulting (Beijing) Ltd. Co.
- COWI India Private Ltd. (India)
- COWI Limited (Uganda)
- COWI Limited (Zambia)
- COWI Mapping UK Ltd. (UK)
- COWI Mozambique Lda. (Mozambique)
- COWI Polska Sp. z o.o. (Poland)
- COWI Tanzania Limited (Tanzania).

### COWI NORWAY

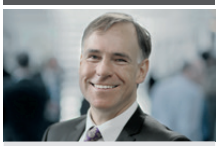
TERJE BYGLAND NIKOLAISEN
Regional Vice President

- Buildings
- Water and environment
- Transport and urban development.

SUBSIDIARIES

- Aquateam COWI AS.

### COWI SWEDEN



PÄR HAMMARBERG
Regional Vice President

- Buildings
- Industry
- Infrastructure
- Environment
- Project management.

SUBSIDIARIES

- AEC AB
- COWI Management AB
- UAB COWI Lietuva (Lithuania).

## GLOBAL BUSINESS LINE

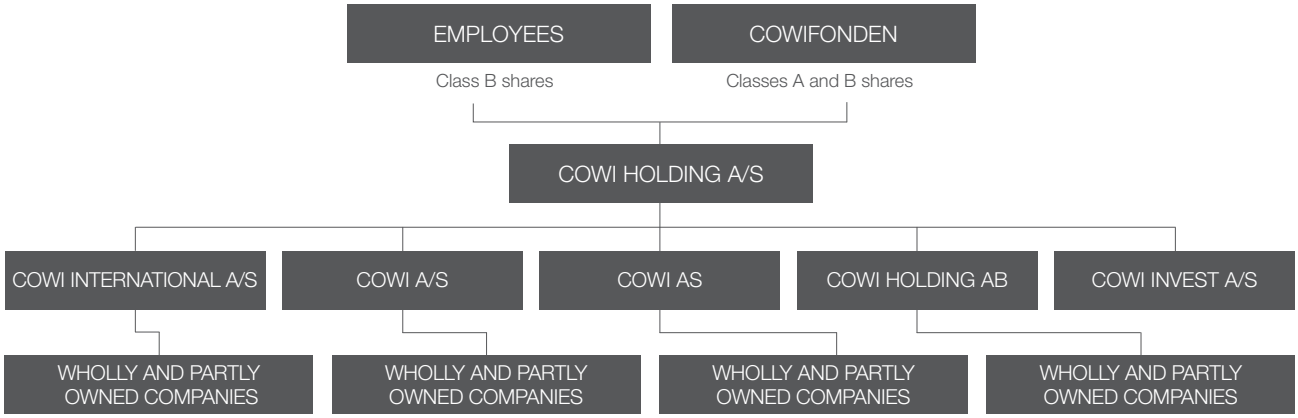
### BRIDGE, TUNNEL AND MARINE

LARS HAUGE
Regional Vice President

- Bridges international
- Bridges Scandinavia
- Tunnels and underground structures
- Marine and foundation engineering.

SUBSIDIARIES

- COWI Gulf A/S (Bahrain and UAE)
- COWI Korea Co., Ltd. (South Korea)
- COWI North America, Inc. (USA)
- COWI North America Ltd. (Canada)
- Donaldson Associates Limited (UK)
- Donaldson Associates (Asia) Limited (Hong Kong)
- Flint & Neill Limited (UK)
- TDA COWI AS (Norway).




# COWI SUBSIDIARIES, BRANCHES AND THEIR OFFICES AT 29 FEBRUARY 2016

## BAHRAIN
COWI GULF A/S Bahrain Branch Office
- Manama.

## BELGIUM
COWI Belgium SPRL
- Brussels.

## CANADA
COWI North America Ltd.
- Edmonton, Alberta
- Halifax, Nova Scotia
- North Vancouver, British Columbia.

## CHINA
COWI Consulting (Beijing) Ltd. Co.
- Beijing.

## DENMARK
COWI A/S
- Esbjerg
- Holstebro
- Lyngby (head office)
- Odense
- Ringsted
- Roskilde
- Vejle
- Viborg
- Aalborg
- Aarhus.

## GEORGIA
UAB COWI Lietuva Branch in Georgia
- Tbilisi.

## HONG KONG
Donaldson Associates (Asia) Limited
- Hong Kong.

## INDIA
COWI India Private Ltd.
- Bangalore
- Chennai
- Delhi (Gurgaon).

## LITHUANIA
UAB COWI Lietuva
- Vilnius.

## MOZAMBIQUE
COWI Mozambique Lda.
- Maputo.

## NORWAY
COWI AS
- Bergen
- Bodø
- Drammen
- Frederikstad
- Hamar
- Haugesund
- Hønefoss
- Kongsberg
- Kristiansand S
- Kristiansund
- Larvik
- Levanger
- Lillehammer
- Oslo
- Stavanger
- Trondheim
- Voss.

Aquateam COWI AS
- Oslo.

TDA COWI AS
- Oslo.

## OMAN
COWI & Partners LLC
- Muscat.

## POLAND
COWI Polska Sp. z o.o.
- Bielsko - Biala
- Wroclaw.

## QATAR
COWI A/S Qatar Branch
- Doha.

## SINGAPORE
COWI A/S Singapore Branch
- Singapore.

## SOUTH KOREA
COWI Korea Co., Ltd.
- Bundang (Seoul).

## SWEDEN
COWI AB
- Gothenburg
- Helsingborg
- Jönköping
- Karlstad
- Kristianstad
- Linköping
- Malmö
- Skövde
- Stenungsund
- Stockholm
- Vänersborg.

AEC AB
- Gothenburg
- Stockholm
- Växjö.

COWI Management AB
- Gothenburg
- Stockholm.

## TANZANIA
COWI Tanzania Limited
- Dar es Salaam.

## TURKEY
COWI-SNS Müsavirlik ve MühendiŞlikLtd. Şti.
- Istanbul.

## UAE
COWI GULF A/S Abu Dhabi Branch Office
- Abu Dhabi.

COWI GULF A/S Dubai Branch Office
- Dubai.

## UGANDA
COWI Limited
- Kampala.

## UNITED KINGDOM
COWI Mapping UK Ltd.
- Taunton.

Donaldson Associates Limited
- Derby
- Glasgow
- London
- Uttoxeter
- York.

Flint & Neill, Ltd
- Erskine
- London
- Stone.

## USA
COWI North America, Inc.
- Braintree, Massachussets
- Gibbsboro, New Jersey
- Long Beach, California
- Mount Pleasant, South Carolina
- New Orleans, Louisiana
- New York, New York
- Oakland, California
- Seattle, Washington
- Springfield Township, New Jersey
- Trumbull, Connecticut.

## ZAMBIA
COWI Limited
- Lusaka.

# BOARD OF DIRECTORS

STEEN RIISGAARD
Chairman

Born 1951. MSc. On the Board of COWI Holding A/S since 2013. Independent of COWI.

Competencies in compliance with the adopted competency profile: Corporate governance; senior management of global companies; customer relations management; people management in knowledge-based companies; M&A or alliance experience; and business development.

KIRSTI ENGEBRETSEN LARSSEN
Vice Chairman

Born 1967. BSc (Engineering) and Senior Vice President (Buildings) at COWI Norway. With COWI since 2003. On the Board of COWI Holding A/S since 2012.

Competencies in compliance with the adopted competency profile: Senior management of global companies; people management in knowledge-based companies; M&A or alliance experience; and business development.

HANS OLE VOIGT

Born 1952. MSc (Engineering) and independent management consultant. On the Board of COWI Holding A/S since 2011. Independent of COWI.

Competencies in compliance with the adopted competency profile: Corporate governance; senior management of global companies; customer relations management; people management in knowledge-based companies; operational excellence in service companies; M&A or alliance experience; and business development.

LARS GREEN LAURIDSEN

Born 1961. MSc (Geodesy and Cadastral Science) and Senior Vice President (Planning and Economics) at COWI A/S. With COWI since 2007. On the Board of COWI Holding A/S since 2014.

Competencies in compliance with the adopted competency profile: Corporate governance; senior management of global companies; customer relations management; people management in knowledge-based companies; operational excellence in service companies; M&A or alliance experience; and business development.

THOMAS STIG PLENBORG

Born 1967. MSc (Economics and Business Administration) and PhD. Professor at Copenhagen Business School. On the Board of COWI Holding A/S since its formation in 2010. Independent of COWI.

Competencies in compliance with the adopted competency profile: Global financial and risk management; operational excellence in service companies; M&A or alliance experience; and business development.

JUKKA PERTOLA

Born 1960. MSc (Electrical Engineering). President and CEO, Siemens Denmark. On the Board of COWI Holding A/S since 2015. Independent of COWI.

Competencies in compliance with the adopted competency profile: Corporate governance; financial and risk management experience from global companies; customer relations management, including sales, marketing and branding; people management in knowledge-based companies; operational excellence in service companies; and M&A or alliance experience.

CAROLINE MAGNUSSON

Elected by the employees. Born 1956. MSc and Vice President (Infrastructure) at COWI AB. With COWI since 2008. On the Board of COWI Holding A/S since 2014.

Competencies in compliance with the adopted competency profile: Corporate governance; customer relations management; people management in knowledge-based companies; operational excellence in service companies; and business development.

Special competencies for employee-elected members, in compliance with the adopted competency profile: Experience and broad knowledge of how the company works and what goes on among employees; ability to balance employee and business perspective; ability to advise on appropriate forms of communication; and diversity in business experience, geographical experience and gender.

NIELS FOG

Elected by the employees. Born 1960. MSc (Engineering) and QA Manager (Industry) at COWI A/S. With COWI since 1996. On the Board of COWI A/S from 2006 to 2014. On the Board of COWI Holding A/S since its formation in 2010.

Competencies in compliance with the adopted competency profile: Corporate governance; global financial and risk management; customer relation management; M&A or alliance experience; and business development.

Special competencies for employee-elected members, in compliance with the adopted competency profile: Experience and broad knowledge of how the company works and what goes on among employees; ability to balance employee and business perspective; ability to advise on appropriate forms of communication; and diversity in business experience, geographical experience and gender.

SOPHUS HJORT

Elected by the employees. Born 1967. MSc (Civil Engineering) and Chief Project Manager (Transport Infrastructure) at COWI A/S. With COWI since 1992. On the Board of COWI Holding A/S since 2014.

Competencies in compliance with the adopted competency profile: Customer relations management; people management in knowledge-based companies; M&A or alliance experience; and business development.

Special competencies for employee-elected members, in compliance with the adopted competency profile: Experience and broad knowledge of how the company works and what goes on among employees; ability to balance employee and business perspective; ability to advise on appropriate forms of communication; and diversity in business experience, geographical experience and gender.