ANNUAL REPORT 2017

COWI

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MANAGEMENT'S REVIEW

COWI ends 2017 with the best results ever, a record backlog and a strengthened One COWI.

2017 saw COWI produce good results in strong markets characterised by intensive competition. However, financial results varied from business line to business line ranging from excellent to disappointing.

Although the world political climate appears to be somewhat unpredictable and volatile, the global economy continues to grow. On all markets, we see increasingly fierce competition, which underlines our strategic choice to concentrate most of our business in Scandinavia, the UK and North America. These markets remain buoyant and robust driven by the need for mobility and infrastructure in heavily urbanised areas. The building sector in Scandinavia is booming and the infrastructure markets in Norway and Sweden are strong. The Middle Eastern market remains somewhat challenged in the segments where COWI is most active, but in Asia and Africa, the intense urbanisation is providing us with several attractive opportunities.

Market developments confirm that the megatrends: urbanisation, sustainability and digitalisation, cornerstones of COWI's five year strategy One Step Ahead, are driving business in our key markets, domestic as well as international. This demonstrates that our strongholds: Buildings, Water & Environment, Transportation and Energy & Industry are all strategically rooted with powerful contributions to make in a rapidly developing world.

The need for COWI's services is reflected in our satisfactory results. Our ambition is to continue to grow our business lines profitably in all our key markets in Scandinavia, and to retain focus on strengthening our presence in the UK and North America. We leave 2017 with a record backlog, which has been achieved through efficient cooperation across our business lines.

ON TRACK FOR 2020

In 2017 COWI's turnover grew compared to last year by 3.6 per cent to DKK 6,151 million. Our EBITDA margin also increased compared to last year from 6.7 per cent to 7.3 per cent, while operating profit for the year was DKK 268 million, corresponding to an EBIT margin of 4.4 per cent. Operating cash flow increased significantly to an all time high of DKK 453 million. Cash management was a focus area in 2017, and the results were highly satisfactory giving us freedom to operate and pursue our desire for continued future profitable growth.

The result for the year is negatively affected by costs related to preparing and initiating an arbitration case in Oman.

MIXED PERFORMANCE

Business Line Denmark continued its strong performance in practically all sectors throughout the entire year in spite of a stagnating domestic infrastructure market. Key drivers were a booming building sector and strong performance within transportation, energy and water. The global market is attractive for Business Line Denmark, and the business line was successful in looking beyond borders and strengthening its portfolio within infrastructure and water. A high-profile project win 'CRIDF' (Climate Resilient Infrastructure Development Fund in Southern Africa) – the largest contract ever won by COWI's water and environment business – confirmed our position as a strong player within projects where population growth and climate change are key drivers.

Business Line Norway experienced a mixed year. With regard to results, the last few years have been disappointing, and consequently, there has been a change in management in Norway. However, the market in Norway is strong and in spite of challenges, the business line – in close cooperation with the three other business lines – was able to win several spectacular contracts reaching year-end with a record high backlog. Among the wins were the new Government Quarter and the Fornebu Metro Line. At the end of the year, COWI in Norway was able to register a positive effect of the turnaround with billability in line with expectations. Marius Weydahl Berg, the new Regional Vice President for Business Line Norway, assumes his position no later than 1 June 2018.

The performance of Business Line Sweden was unsatisfactory due to challenges on a number of major projects and resource utilisation below expectations in Q3. The Swedish market is becoming increasingly competitive, and therefore focus for COWI in Sweden will be on involving colleagues across COWI in projects in order to grow the market share. The acquisition of Projektbyrån strengthened COWI's services within project management considerably, and the performance of Projektbyrån was highly satisfactory. A high-profile win in Sweden during the year was the design of a combined power station, Mälarenergi, Korsvägen and the contract won by Projektbyrån for the refurbishment/renovation of the Royal Opera House in Stockholm, Sweden.

While COWI's tunnel business was the key driver behind improved performance this year, the turnaround in North America introduced at the beginning of 2017 also started to take effect.

Business Line Bridge, Tunnel and Marine Structures was thus able not only to turn the corner in 2017, but also to gain ground. Over the year, BTM has consolidated its position in Scandinavia. In the UK, the business line is now operating under the COWI brand and making headway with participation in several high-profile projects, among others the Lower Thames Crossing, Thames Tideway, and the Trans-Pennine Rail Tunnel. An impressive win in 2017 underlining the world-class profile of Business Line BTM was the joint venture contract for the Canakkale bridge crossing the Dardanelles Strait in Turkey. This will be the world's longest suspension bridge. BTM's Singapore office also won its first major project this year – the Deep Tunnel Sewage System Phase 2. The office provides COWI with a good base for exploring business opportunities in the region.

ONE MAJOR STEP CLOSER TO ONE COWI

Once again, COWI's record high backlog was the product of fruitful cooperation among the business lines. The four group-wide boards, Transportation Board, Buildings Board, Energy Board and Water Board, set up to strengthen cooperation across the group, more than proved their value through their cooperation on the capture of major projects during the year. Worth mentioning here is another strip of Västlänken, Korsvägen in Gothenburg, and two projects in Norway, the Fornebu Metro Line and the E18.

Furthermore, the boards are instrumental in ensuring that COWI's customers experience 360˚ solutions with experts from all COWI business lines and that we are able to enter into strong strategic partnerships that enrich our services to our customers.

Collaboration across borders has been further fuelled by an improved ability to incorporate the competences of COWI employees globally. Our employees in India, Lithuania and Poland are increasingly an integrated part of our services to customers, and we expect to see continued growth of their integration in 2018.

STRATEGIC ACQUISITIONS

In April, COWI acquired the well-reputed and Stockholm-based project management company, Projektbyrån, as part of our strategy to develop operations and competences in Stockholm. With Projektbyrån we have acquired a company in the project management market which gives COWI a push up the decision ladder of our Swedish customers and doubles our number of employees in Stockholm. The prestigious contract for the refurbishment/renovation of the Royal Opera House cements our position in Stockholm as a leading player within project management. Integration has been successful with satisfied and engaged employees.

On a smaller scale, and also important, was the acquisition in October of Norwegian AnkoNova – a consulting company specialised in transportation and with an attractive customer portfolio. The acquisition strengthens our presence in the western part of Norway, and will enable us to access some of the major projects planned for that area.

WELL-POSITIONED IN SPECIALIST AREAS

The 'Engineering News-Record (ENR) Yearly Sourcebook' assesses annually around 250 international companies in our industry, and in 2017 as in previous years, COWI secured prominent rankings. COWI is ranked number 42 on the overall list, one down compared to last year. Two categories have swapped rankings so that we are now number 3 (4) in the category of Bridge Design and number 4 (3) in Marine and Port Facilities. We have retained our number one rank in Solid Waste.

HIGH EMPLOYEE ENGAGEMENT

As a consulting company, our main resource is the ability of our employees to supply the range of high quality and innovative services our customers desire. This requires that our competent employees are engaged and committed to COWI and our vision. To gauge their commitment, we carry out an annual engagement survey among all employees where we benchmark ourselves against similar companies. 89 per cent of our employees took part in the survey giving us a score of 75, up three points from last survey – a very satisfactory score in itself and highly satisfactory compared to our industry benchmark of 71. An important reason for the high score is job content, i.e. exciting projects, and COWI's reputation.

DEVELOPING LEADERS AND EMPLOYEES

For the last eight years, we have intensified our line management training, because we consider investment in leaders an investment in employees and our business. More than half of our line managers – at all levels – have been through leadership training, and this year the number of participants was 43.

COWI Academy provides training in a wide range of subjects, among others business development & negotiation training and project management. This year 891 employees completed the Academy's PM courses, including 67 from the advanced PM course. 2017 also saw 17 of COWI's top project managers graduate from a specialised PM course dealing with highly complex and challenging international projects which are COWI's strategic focus.

Our focus on ensuring that all geographies in the business lines take part in enhancing their competences is paying off, and we see today line management and project management courses with a well-balanced group of participants from all over COWI.

COWI Academy increased its number of online training courses (e-learning, webinars, videos) providing thus an increasing number of employees with flexibility in furthering their competences and knowledge, while also offering diversity in learning methods. Data security was one of the subjects offered this year.

We firmly believe that creating One COWI requires relations across the business. This is why we attach much importance to creating learning environments where employees representing the breadth of COWI are able to meet face-to-face. In total, 1,849 individual employees, or 27 percent of COWI's employees, completed one or more classroom training sessions arranged by COWI Academy.

NURTURING TALENT IN COWI

As part of COWI's' enabler 'Leadership', COWI's Accelerator Programme took off – a programme designed to nurture, in the first instance, the talent of 24 young participants.
The programme consists of a mix of stretch assignments, on-the-job-training, mentoring, course input, mobility and specific tasks for each participant.

The success of the first young talent programme led COWI to set up the next programme, i.e. Accelerator 2. Thus, COWI continues its young talent management process for training, and in addition for succession.

DIVERSITY – A STRENGTH

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, because a breadth in employees gives us new and interesting views and different aspects and perspectives to our business and organisation. Today we are 79 different nationalities in all career levels.

It is also COWI's ambition that the composition of management reflects the diversity of our business and markets. COWI renewed its target of a minimum of two out of six COWI board members being women by the year 2020. At the end of 2017, the board had one female member. It has proven challenging to identify and attract female candidates who match our competence profile, and we will therefore continue our endeavours to find suitable candidates.

To specify goals and monitor progress on gender equality, COWI has set the overall target that the share of female managers should reflect the share of female employees. The target for 2020 is a share of female managers of at least 25 per cent. In 2016, the share of women in management was 23 per cent, and in 2017, it was 24 per cent. This shows that COWI's effort to increase the number of women in management is effective, and we feel confident that through a persistent focus on gender equality, we will achieve our goal.

INNOVATION IN OUR DNA

The enabler Innovation was a focal point in 2017 in recognition of the fact that it is key to developing COWI's services and part of COWI's DNA. We established a set-up, which centred on launching two tracks of innovation: radical innovation (entirely new solutions) and incremental innovation (developing existing solutions). The radical track has led to two interesting projects, which match our vision of contributing to a sustainable society and which are in the process of being co-created with customers.

The incremental track in the form of an internal campaign has led to increased awareness of the innovation constantly taking place in COWI. This is confirmed by the 2017 engagement survey where innovation in projects received the impressive score of 75. We will continue to keep focus on COWI's innovative spirit, as it plays an important role in being an exciting and attractive workplace.

CORPORATE SOCIAL RESPONSIBILITY

CSR and particularly sustainability are part of our vision. In many ways they are integrated in the projects we carry out for customers. We have for instance this year won a large number of complex projects dealing with water challenges caused by climate change. It is important for many of our employees to make a difference, and that the projects COWI carries out make a difference.

We outline our policies, actions and results within relevant areas of corporate social responsibility in our communication progress toward the UN Global compact. The report is available at https://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 220,000. The vice chairman receives DKK 275,000 and the chairman DKK 660,000.

In 2017 the Board of Directors received a total remuneration of DKK 3 million, and the Executive Board a total remuneration of DKK 17 million. Remunerations in 2017 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 2017 and available on www.cowi.com.

COWI is on track with regard to achieving our ambitions for 2020. Our results are satisfactory and our organisation tuned for the challenges in the years ahead.

On behalf of the Executive Board
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.

INFRASTRUCTURE
- Bridges
- Tunnels
- Ports and marine structures
- Railways
- Metros
- Light rails
- Roads and highways
- Airports

BUILDINGS
- Hospitals
- Residential buildings
- Cultural and educational buildings
- Commercial buildings
- Transport hubs
- Industrial buildings
- Data centres

ENVIRONMENT
- Strategic environmental consultancy
- Nature
- Waste and resources
- Contaminated sites
- Environmental Due Diligence
- Environmental Impact Assessment
- Environment, Health and Safety

WATER
- Water supply
- Wastewater treatment
- Water and natural resources management
- Dewatering and geophysics
- Flooding
- Drainage
- Hydropower
- Stormwater tunneling

ENERGY
- Wind energy
- New bio energy solutions
- Biomass and waste to energy
- District heating and cooling
- Oil and Gas

INDUSTRY
- Process industry
- Forest industry
- Food industry
- Manufacturing industry

PLANNING
- Mapping and geo services
- Area and property development
- Project management consultancy
- Traffic and transportation planning
- GIS and IT
- Economics and management

FINANCIAL RATIOS

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

EBITDA margin

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

Operating margin (EBIT margin)

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

Return on invested capital

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

Equity ratio

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

Return on equity

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

Book value per share

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

KEY FIGURES AND FINANCIAL RATIOS

KEY FIGURES AND FINANCIAL RATIOS FOR THE COWI GROUP

	2013 DKKm	2014 DKKm	2015 DKKm	2016 DKKm	2017 DKKm	2017 EURm
KEY FIGURES						
DKK/EUR rate at 31 December 2017						744.49
NET TURNOVER	5,280	5,313	5,577	5,939	6,151	826
Operating profit before interest, tax, depreciation, amortisation (EBITDA)	323	360	323	396	427	57
Operating profit before amortisation (EBITA)	278	320	277	341	363	49
Operating profit on ordinary activities	195	222	183	222	238	32
OPERATING PROFIT (EBIT)	200	223	182	231	247	33
Net financial items including profit/loss after tax in associates	(3)	30	23	16	(30)	(4)
PROFIT BEFORE TAX FOR THE YEAR	198	253	205	247	217	29
PROFIT FOR THE YEAR	140	174	131	162	144	19
Goodwill	549	597	539	590	637	86
Other non-current assets	238	267	309	349	354	48
Current assets	2,213	2,282	2,160	2,392	2,465	331
TOTAL ASSETS	3,000	3,145	3,007	3,331	3,456	464
Share capital	283	283	282	282	282	38
EQUITY	814	898	1,013	1,137	1,222	164
Provisions	380	289	302	337	381	51
Long-term debt	166	3	2	1	0	0
Short-term debt	1,637	1,955	1,690	1,856	1,853	249
Cash flow from operating activities	251	223	108	228	433	58
Investment in property, plant and equipment	(37)	(54)	(70)	(79)	(106)	(14)
Other investments, net	(174)	(198)	(42)	(184)	(143)	(19)
Cash flow from investing activities, net	(211)	(251)	(113)	(262)	(249)	(33)
FREE CASH FLOW	40	(28)	(4)	(34)	183	25
Cash flow from financing activities	(75)	107	(113)	(44)	(89)	(12)
CASH FLOW FOR THE YEAR	(34)	79	(117)	(78)	94	13
FINANCIAL RATIOS						
EBITDA margin	6.1%	6.8%	5.8%	6.7%	6.9%	
Operating margin (EBIT margin)	3.8%	4.2%	3.3%	3.9%	4.0%	
Return on invested capital	26.6%	31.8%	22.6%	21.9%	20.6%	
Equity ratio	27.1%	28.6%	33.7%	34.1%	35.4%	
Return on equity	17.9%	20.3%	13.7%	15.1%	12.2%	
Book value per share in DKK	295.5	326.3	373.0	413.3	437.2	
AVERAGE NUMBER OF EMPLOYEES	6,096	6,180	6,311	6,475	6,599	

FINANCIAL REVIEW

SATISFACTORY RESULTS FOR 2017

COWI's results for 2017 were satisfactory with a net turnover of DKK 6,151 million compared to DKK 5,939 milion last year, an EBIT of DKK 247 million compared with DKK 231 million last year, and an operating cash flow of DKK 433 million compared to DKK 228 million last year. COWI's EBIT margin was 4.0 per cent as opposed to 3.9 per cent in 2016.

As mentioned in Management's Review on page 3, the result for the year is negatively affected by costs related to preparing and initiating an arbitration case in Oman (DKK 21 million). The arbitration case costs are unrelated to daily operations, and therefore Management's comments on the development of COWI's operational results in the following sections exclude these costs. However, management's comments on the development of COWI's non-operational costs include the costs for the Omani arbitration proceedings.

Turnover and operating profit, excluding costs related to the Omani arbitration proceedings, grew as anticipated in 2017, while cash flow from operating activities was double the level achieved in 2016. Based on this, an EBIT of DKK 268 million was achieved, resulting in an EBIT margin of 4.4 per cent and an operating cash flow of DKK 453 million. Business Line Denmark continued its strong performance in almost all sectors, exceeding expectations.

DEVELOPMENT IN NET TURNOVER FROM 2016 TO 2017 PER BUSINESS LINE

BUSINESS LINE	2016 DKKm	2017 DKKm	GROWTH %	GROWTH DKKm
Denmark	2,459	2,447	0%	(12)
Bridge, Tunnel and Marine Structures	1,472	1,519	3%	47
Norway	1,236	1,266	2%	30
Sweden	917	1,010	10%	93
Other	(145)	(91)	-	54
Total	5,939	6,151	4%	212

The results of Business lines Norway and Sweden were disappointing whereas Business Line Bridge, Tunnel and Marine Structures (BTM) had a strong second half of the year and improved results compared to last year.

GROWTH IN TOTAL NET TURNOVER

Net turnover in the COWI Group increased in 2017 by DKK 212 million or four per cent, to DKK 6,151 million compared to 2016. The net foreign exchange impact was a negative DKK 71 million, mainly due to the weak currencies in our main markets. Excluding foreign exchange impact, net turnover grew by five per cent from 2016 to 2017, while organic growth, excluding foreign exchange impact, was four per cent.

Organic growth was driven by business lines BTM, Norway and Sweden. Organic growth was negatively impacted by foreign currency effects in Business Line BTM (DKK 36 million), Business Line Norway (DKK 15 million) and Business Line Sweden (DKK 18 million).

The effect of Projektbyrån acquired in April 2017 on Business Line Sweden's turnover was DKK 72 million, and the effect of AnkoNova acquired in October 2017 on Business Line Norway's turnover was DKK 2 million.

DEVELOPMENT IN NET TURNOVER

	GROWTH	DKKm
Net turnover 2016		5,939
Organic growth excl. foreign exchange impact	4%	209
Foreign exchange impact	(1%)	(71)
Acquisition of enterprises	1%	74
Net turnover 2017	4%	6,151

OWN PRODUCTION

The Group's own production increased by three per cent from DKK 4,866 million in 2016 to DKK 5,007 million in 2017, and was negatively affected by net foreign currency effects of DKK 59 million. Excluding the net foreign exchange impact, own production grew by four per cent. Denmark experienced an increase in own production of three per cent, while own production in Norway decreased in local currency by one per cent compared to 2016. BTM's own production grew by three per cent, but was negatively affected by exchange rates, two per cent. Sweden's own production, including Projektbyrån, grew by eight per cent measured in local currency compared to 2016.

OPERATING EXPENSES

The COWI Group's main operating expense, employee expenses, increased by three per cent and totalled in 2017 DKK 3,896 million, while external expenses decreased by two per cent and totalled DKK 673 million.

DEVELOPMENT IN HEADCOUNT

BUSINESS LINE:	2016	2017	CHANGE
Denmark	3,086	2,963	(123)
Bridge, Tunnel and Marine Structures	1,347	1,361	14
Norway	1,096	1,124	28
Sweden	1,057	1,164	107
Total headcount	6,586	6,612	26

Both employee expenses and external expenses were affected by decreased exchange rates in COWI's main markets. Amortisation and depreciation amounting to DKK 180 million are primarily attributable to depreciation on technical installations, operating and other equipment, as well as amortisation of goodwill. Total operating expenses amounted to DKK 4,739 million which is an increase compared to 2016 of two per cent. Thus, adjusted for foreign exchange impact, the increase in operating expenses was three per cent.

EBITDA MARGIN

In 2017, the COWI Group posted an operating profit before interest, tax, depreciation, amortisation (EBITDA) of DKK 448 million compared to DKK 396 million in 2016, corresponding to a 13 per cent increase. EBITDA margin was 7.3 per cent, an increase of 0.6 percentage points.

EBIT MARGIN

In 2017, the COWI Group posted an operating profit (EBIT) of DKK 268 million compared to DKK 231 million in 2016, corresponding to a 16 per cent increase. EBIT margin was 4.4 per cent, an increase of 0.5 percentage points.

CASH FLOW

Cash flow from operating activities amounted to DKK 453 million, a major increase compared to 2016. Cash flow from investing activities amounted to a negative DKK 249 million net in 2017, and related primarily to the acquisition of subsidiaries and investments in fixed assets. Free cash flow was positive at DKK 183 million, up by DKK 217 million compared to 2016. At 31 December 2017, the Group's total financial resources, which comprise cash and cash equivalents as well as undrawn committed credit facilities, amounted to DKK 911 million compared DKK 780 million at the end of 2016.

DEVELOPMENT IN HEADCOUNT

At the end of 2017, COWI had 6,612 employees compared to 6,586 at the end of 2016, an increase of 26 headcounts.

The following comments on non-operational results include the costs for the arbitration proceedings in Oman.

NET FINANCIAL INCOME AND TAX

The Group's net financial income decreased by DKK 45 million compared to 2016. Net financial income was negatively affected by foreign exchange losses and amounted to DKK -29 million. Profit before tax amounted to DKK 217 million compared to DKK 247 million in 2016. The Group's tax on profit for the year amounted to an expense of DKK 74 million, corresponding to an effective tax rate in 2017 of 34 per cent, compared to 35 per cent in 2016. Since 2011, the Group has applied the international joint taxation regulations, and expects to continue to do so throughout the period of commitment, i.e. up to and including 2020.

PROFIT AFTER TAX

Profit after tax for the year was DKK 144 million compared to DKK 162 million in 2016.

BALANCE SHEET

The Group's total assets at the end of 2017 amounted to DKK 3,456 million,an increase of DKK 125 million compared to 2016, corresponding to four per cent.

Net working capital as a percentage of net turnover decreased to nine per cent in 2017 compared to 11 per cent in 2016. By the end of 2017, total net working capital was DKK 566 million, down from DKK 647 million in 2016. The Group's cash and cash equivalents increased by DKK 76 million to DKK 279 million.

The Group's total cash and cash equivalents, including the securities portfolio, amounted to DKK 587 million, equivalent to 17 per cent of the Group's total assets. Equity at 31 December 2017 amounted to DKK 1,222 million, corresponding to an equity ratio of 35.4 per cent, up from 34.1 per cent in 2016. Equity at 31 December 2016 was DKK 1,137 million.

Equity was positively affected by the financial results for the year of DKK 144 million, by hedging instruments after tax of DKK 7 million and by the sale of treasury shares of DKK 18 million. Equity was negatively affected by exchange rate adjustments of DKK 32 million, other adjustments of DKK 2 million and distributed dividends of DKK 50 million. In total, equity increased by DKK 84 million.

BOOK VALUE PER SHARE AND DIVIDEND

At the end of 2017, book value per share was DKK 437.2, up from DKK 413.3 at the end of 2016. With a 5.8 per cent increase, the book value of the share is at its highest level to date. The Board of Directors proposes that dividends amounting to DKK 19 per share (excluding treasury shares) to be distributed, corresponding to 4.3 per cent of the share price for 2017 and at same level as 2016.

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, of which DKK 200 million can be ascribed to class A shares and DKK 82 million to class B shares. Class A shares carry ten votes for each DKK 100 share, while 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 engineering. COWI Holding A/S owns DKK 3 million worth of class B shares, the employees own DKK 49 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, 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 write-downs 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 write-downs 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 write-downs 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 exposure falls 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 from damage and threats. 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 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 managed within set parameters and where investments are to a large extent 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 unavailable. 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 operation and 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 consulting company 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 update 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 communication and financial risk management policies as well as the company's 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, compared to 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 Internal 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 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 – to finance employees and other relevant employees on the Group's corporate portal.

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.

OUTLOOK FOR 2018

In 2018, we expect global economic growth to continue. However, political uncertainty and geopolitical tensions remain a risk.

In Denmark, we expect the economy to grow in line with 2017 numbers, and continue its favourable development. The outlook for the construction sector continues to be optimistic, in particular within new residential and complex buildings. However, infrastructure investments are expected to stagnate, albeit with output at quite a high level.

Growth in the Norwegian economy remained strong in 2017, and this trend is expected to continue in 2018. In recent years, the construction and infrastructure sectors have been positively affected by significant public investments, and therefore we foresee attractive market conditions with an increasing market potential for COWI. However, there is a risk of stagnation in the market for residential construction, and the risk of a property bubble looms in the distance.

In Sweden, the economic development is strong. Nevertheless, we expect residential construction to slow down in the years ahead, although from a very high level. The outlook for infrastructure remains robust, in particular within railways, with strong growth predicted for the coming years. The outlook for the Swedish market is sound going forward, but also in Sweden there is risk of a potential property bubble.

The uncertainty and risks surrounding Brexit are impeding economic growth in the UK, and as a result, we expect growth to weaken in the coming years. Despite a negative outlook for construction in general, we expect modest growth in civil engineering driven by a handful of mega projects and public investments in roads and railways.

The US economy is in good shape, and we predict it to remain that way throughout 2018. Although there is some uncertainty related to the ambitious investment plan for infrastructure proposed by the US President, the infrastructure plan is widely based on funding from private investors rather than public funding. In Canada, we expect the robust economic growth to ease slightly in 2018.

Across COWI's markets in the Middle East and South East Asia, our strongholds within bridges, ports, airports and mass transit are expected to continue to benefit from the extensive urbanisation in the region.

UTILISING ALL COWI RESOURCES

We see increasing competition in all our key markets. Therefore, we will in 2018 continue our efforts to bring all COWI geographies into play when providing solutions for our customers. With a positive development in collaboration throughout 2017, we have a strong platform for fostering cross border collaboration and gaining a competitive advantage in all our markets.

COWI'S ENABLERS

In 2018 COWI will continue to work on all four strategic enablers: Leadership, Operational Excellence, Business Mindset, and Innovation.

We will further accelerate our Operational Excellence enabler. By analysing operations in our business lines we have been able to pick those systems and work actions that add most value to COWI. On this basis we have developed tools and work practices which can optimise collaboration, reduce complexity and strengthen risk management. The methodology will be rolled out throughout the group in 2018. However, operational excellence is not simply a question of tools and systems, but to a large extent about mind-set – opening up, sharing best practice and learning from each other – and therefore day-to-day leadership is and will be an important part success factor in the roll-out.

We will also increase our attention on Business Mindset, especially as regards cash flow management and key account management. The positive experience from Business Line Denmark regarding cash practices will be transplanted to the three other business lines. Key account management is day-to-day business throughout COWI, but in 2018 we will continue to professionalise our approach through mapping, prioritisation of customers and systematically measuring and following up on customer satisfaction.

Within Leadership we will continue our training activities and talent development, while with regard to Innovation we will strive to push the innovation methodology developed at group level in 2017 further out throughout the organisation.

EMPLOYEE COMMITMENT

We will carry out our third engagement survey in the spring of 2018 in order to monitor and develop the commitment of our employees, and follow up on whether our leadership skills are meeting employee requirements. With the keen competition for competent and highly qualified employees, there is a strong need to ensure that employee commitment and engagement are high, so that we can retain and attract employees.

Our employees are all members of various professional networks and thus each one of them is a COWI ambassador in their particular circle. Therefore, we will also work on strengthening our brand as employers (employer branding). COWI's growth strategy requires that we are able to win the biggest and most challenging projects, and to do so, we need to be able to attract and retain the brightest employees. However, the competition for talent is fierce, and it is global – hence the need for employer branding and for employee advocacy. Tools for enabling our employees to be ambassadors for COWI, e.g. on social media will be developed and introduced in 2018.

NET PROMOTER SCORE

In 2017, we started using the Net Promoter Score in Business Lines Denmark and Bridge, Tunnel and Marine Structures. The system allows us to map the satisfaction of our customers with our services, and to follow up on our performance. This first year shows a relatively high overall satisfaction among Danish customers with the services we supply. Business Line Norway has also started using NPS and Business Line Sweden will follow. In 2018, NPS will have been launched in all business lines providing us with an enhanced platform for further dialogue with our customers.

EXPECTATIONS FOR 2018

In 2018 we expect organic growth and the positive development in our operating profit to continue in line with 2017. We further expect to have a strong cash flow at yearend 2018. However, the profit will continue to be negatively affected by the arbitration proceedings in Oman.

COWI HOLDING A/S CONSOLIDATED FINANCIAL STATEMENTS 2017

ACCOUNTING POLICIES

The 2017 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 19, "Net pension benefit obligations etc."

The annual accounts have been prepared according to the same accounting policies as last year.

RECOGNITION AND MEASUREMENT

Income is recognised in the profit and loss account as earned. 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 that confirm or invalidate affairs and conditions existing at the balance sheet date.

The functional currency 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. 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.

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 lossmaking 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 rearned 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 other accounts payable 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/other accounts payable 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 on business areas and business lines. The information is basedon the Group's internal financial reporting system.

INCENTIVE SCHEMES

The fair value of short-term and long-term incentive schemes for the Executive Board and Group Management Board are recognised in "Remuneration, Executive Board" in the note "Employee expenses" and a liability is recognised.

The total expense is recognised over the period from the start of employees providing services (under the Performance Share Programme (LTIP), employees provide services in advance of the grant date) until the end of the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied. The Long Term Incentive Plan is a share-based programme but, from an accounting point of view, a cash settlement programme.

The fair value of the granted performance share units takes into account the conditions attached to that programme regarding the COWI share's performance. Other conditions are included in assumptions about the number of units that are expected to vest.

At the end of each reporting period, the estimated number of share units that are expected to vest are revised.

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 generally progresses 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 and the individual case in connection with the acquired enterprises. The economic life of goodwill is estimated based on an assessment of the market position and strength of the brand or operation and thus the estimated expected earnings profile.

Acquired enterprises in both a new market and new service/segment with a strong market position and an expected long earnings profile have an estimated economic life of 20 years and are thus amortised over a period of 20 years.

Acquired enterprises in both an existing market and existing service/segment that have a strong market position are estimated to have an economic life of 15 years and are thus amortised over a period of 15 years.

Acquired enterprises in both an existing market and existing service/segment that do not have a strong market position are estimated to have an economic life of ten years and are thus amortised over a period of ten years.

Small acquired enterprises are estimated to have an economic life of three years and are thus amortised over a period of three years.

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 13 years. Assets acquired during the year 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	3-20 years
Own-developed products	2-5 years
Software and licenses	3-13 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 3-12 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 enterprises 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

The cost of a total asset is divided into separate components which are depreciated separately if the useful life of the individual components is different.

The basis of depreciation is determined by considering the asset's residual value after the end of the useful life of the asset, less any writedowns. The depreciation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the asset's book value, the depreciation discontinues.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or loss is recognised in the profit and loss account under other operating income or other operating expenses, respectively.

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 of 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.

EQUITY

RESERVE FOR DEVELOPMENT COSTS
The reserve for development costs include recognised development costs. The reserve cannot be used for dividends or for covering a loss, if any. The reserve is reduced or dissolved if the recognised development costs are amortised or excluded from the operations of the company. This is carried out through a direct transfer to the free reserves of equity.

DIVIDENDS
Dividends expected to be distributed for the year are recorded in a separate item under equity.

TREASURY SHARES
Treasury shares are defined as COWI Holding A/S shares owned by COWI Group. Purchase and sales amounts for treasury shares are recognised directly in equity.

PROVISIONS

NET PENSION BENEFIT OBLIGATIONS
The Group's Swedish subsidiary, COWI AB, 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.

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

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.

PROFIT AND LOSS ACCOUNT

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

DKK '000	NOTE	2017	2016
Net turnover	1	6,151,460	5,938,884
Project expenses		(1,144,484)	(1,072,745)
OWN PRODUCTION	1	5,006,976	4,866,139
External expenses		(693,240)	(685,127)
Employee expenses	2	(3,895,820)	(3,794,791)
Amortisation, depreciation and impairment losses	3	(180,344)	(164,607)
OPERATING PROFIT ON ORDINARY ACTIVITIES		237,572	221,614
Other operating income	4	10,465	15,769
Other operating expenses	5	(906)	(6,088)
OPERATING PROFIT		247,131	231,295
Loss after tax in associates		(529)	(298)
Financial income	6	71,551	89,017
Financial expenses	7	(100,910)	(72,691)
PROFIT BEFORE TAX		217,243	247,323
Tax on profit for the year	8	(73,511)	(85,551)
PROFIT FOR THE YEAR		143,732	161,772

BALANCE SHEET

BALANCE SHEET OF THE COWI GROUP AT 31 DECEMBER

DKK '000	NOTE	2017	2016
Goodwill		637,163	590,480
Software and licenses		86,463	105,330
Own-developed products		5,618	12,324
Intangible assets in progress		4,333	6,114
INTANGIBLE ASSETS	9	733,577	714,248
Land and buildings		1,121	1,202
Technical installations, operating and other equipment		206,767	172,596
Property, plant and equipment in progress		836	0
PROPERTY, PLANT AND EQUIPMENT	10	208,724	173,798
Investments in associates	11	5,711	7,472
Other investments and securities		544	605
Deposits		43,024	43,100
FINANCIAL ASSETS	12	49,279	51,177
TOTAL NON-CURRENT ASSETS		991,580	939,223
Accounts receivable, services		1,122,848	1,142,542
Contract work in progress	13	559,188	529,907
Receivables from associates		759	4,151
Other receivables		32,632	31,315
Tax receivables		33,087	42,287
Deferred tax assets	14	27,295	19,363
Prepayments	15	101,582	117,507
RECEIVABLES		1,877,391	1,887,072
MARKETABLE SECURITIES	16	308,810	302,137
CASH		278,569	202,619
TOTAL CURRENT ASSETS		2,464,770	2,391,828
TOTAL ASSETS		3,456,350	3,331,051

BALANCE SHEET

BALANCE SHEET OF THE COWI GROUP AT 31 DECEMBER

DKK '000	NOTE	2017	2016
Share capital	17	282,201	282,201
Treasury shares	18	(2,733)	(6,974)
Retained earnings		889,328	812,641
Proposed dividend		53,099	49,541
EQUITY		1,221,895	1,137,409
Deferred tax	14	349,395	304,869
Net pension benefit liabilities etc.	19	12,337	12,500
Other provisions	20	19,204	19,218
PROVISIONS		380,936	336,587
Credit institutions		454	640
LONG-TERM DEBT	21	454	640
Credit institutions		203,291	281,764
Contract work in progress	13	525,439	451,406
Accounts payable, suppliers		246,628	260,183
Amounts owed to associates		24,823	3,489
Corporate income tax payable		15,582	16,233
Other accounts payable	22	837,302	843,340
SHORT-TERM DEBT		1,853,065	1,856,415
TOTAL DEBT		1,853,519	1,857,055
TOTAL EQUITY AND LIABILITIES		3,456,350	3,331,051
Fees to auditors	23		
Financial instruments	24		
Contingencies and other financial commitments	25		
Related party transactions	26		
Board of Directors and Executive Board	27		
Cash and cash equivalents	28		
Entities in the COWI Group	29		
Events after the balance sheet date	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 2016	282,201	(10,733)	708,569	32,576	1,012,613
Distributed dividend				(32,576)	(32,576)
Profit for the year			161,772		161,772
Foreign exchange adjustment, foreign subsidiaries			(16,731)		(16,731)
Value adjustment of hedging instruments			(1,692)		(1,692)
Sale of treasury shares		3,759	10,264		14,023
Proposed dividend			(49,541)	49,541	0
EQUITY AT 1 JANUARY 2017	282,201	(6,974)	812,641	49,541	1,137,409
Distributed dividend				(49,541)	(49,541)
Profit for the year			143,732		143,732
Foreign exchange adjustment, foreign subsidiaries			(32,445)		(32,445)
Other adjustments			(1,746)		(1,746)
Value adjustment of hedging instruments			6,952		6,952
Sale of treasury shares		4,241	13,293		17,534
Proposed dividend			(53,099)	53,099	0
EQUITY AT 31 DECEMBER 2017	282,201	(2,733)	889,328	53,099	1,221,895

CASH FLOW STATEMENT

CASH FLOW STATEMENT OF THE COWI GROUP

DKK '000	NOTE	2017	2016
Operating profit		247,131	231,295
Amortisation, depreciation and impairment loss for the year		180,344	164,607
Value adjustments (net) etc.		3,042	(11,511)
Other provisions and allowances for the year		(20,330)	7,148
OPERATING PROFIT ADJUSTED FOR NON-CASH MOVEMENT		410,187	391,539
Net financial income received for the year		(29,359)	16,344
Income taxes paid		(29,145)	(54,680)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL		351,683	353,203
Change in contract work in progress		53,516	(59,389)
Change in deposits		76	(2,918)
Change in accounts receivable, services		37,308	(82,505)
Change in accounts payable, suppliers		(19,524)	3,646
Change in other receivables and prepayments		16,535	(17,818)
Change in other payables and deferred income		(6,862)	34,147
CASH FLOW FROM OPERATING ACTIVITIES		432,732	228,366
Acquisition of intangible assets		(15,616)	(56,874)
Acquisition of property, plant and equipment		(106,013)	(78,619)
Disposal of property, plant and equipment		1,156	4,617
Acquisition of subsidiaries and associates		(129,834)	(132,906)
Disposal of subsidiaries and associates		760	49
Disposal of other fixed asset investments		50	1,344
CASH FLOW FROM INVESTING ACTIVITIES		(249,497)	(262,389)
FREE CASH FLOW		183,235	(34,023)
Raising of bank loan, net		(77,952)	(19,887)
Distributed dividend		(49,541)	(32,576)
Amounts owed to associates		21,334	121
Amounts owed to group enterprises		(194)	(5,227)
Purchase/sale of treasury shares		17,534	14,023
CASH FLOW FROM FINANCING ACTIVITIES		(88,819)	(43,546)
CASH FLOW FOR THE YEAR		94,416	(77,569)
Currency translation adjustments		(11,793)	208
Cash and cash equivalents, beginning of year		504,756	582,117
CASH AND CASH EQUIVALENTS, END OF YEAR	28	587,379	504,756

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 business lines, based on the Group's internal financial reporting:

The Group's net turnover distributed on business areas:

DKK '000	2017	2016
Planning and economics	763,564	682,327
Water and environment	762,325	764,482
Transportation	2,568,407	2,555,446
Buildings	1,349,604	1,265,857
Industry and energy	606,720	588,795
Not distributed and eliminations	100,840	81,977
Total	6,151,460	5,938,884

The Group's net turnover distributed on business lines:

DKK '000	2017	2016
Denmark	2,447,074	2,459,166
Bridge, Tunnel and Marine	1,519,463	1,472,423
Norway	1,265,614	1,235,510
Sweden	1,009,544	916,930
Other and eliminations	(90,235)	(145,145)
Total	6,151,460	5,938,884

The Group's own production distributed on business lines:

DKK '000	2017	2016
Denmark	1,899,757	1,852,966
Bridge, Tunnel and Marine	1,228,281	1,195,656
Norway	1,023,816	1,024,879
Sweden	810,873	737,314
Other and eliminations	44,249	55,324
Total	5,006,976	4,866,139

NOTE 2 EMPLOYEE EXPENSES

DKK '000	2017	2016
Salaries and wages	(3,349,529)	(3,265,148)
Pensions	(117,520)	(115,275)
Social security	(320,322)	(291,304)
Other employee expenses	(108,449)	(123,064)
Employee expenses	(3,895,820)	(3,794,791)

Remuneration, Executive Board	(16,843)	(15,586)
Remuneration, former Executive Board and partners	(2,821)	(3,540)
Remuneration, Board of Directors, parent company	(2,431)	(2,300)

Remuneration to former Executive Board members and partners also includes pensions paid in connection with defined benefit plans.

The Executive Board and the Group Management Board are granted performance share units annually. The value of performance share units granted is calculated as a percentage of the members' base salary depending on their role and the Group's performance. In 2017, the bonus achieved through Long Term Incentive Plan corresponded to approximately ten per cent of the base salary and is accrued over four years. The yearly accrued value is included in above "Remuneration, Executive Board". Ownership of shares will pass to members only provided the performance share units vest. Performance share units vest three years from the date of granting.

Number of employees		
Average number of employees	6,599	6,475
Number of employees at 31 December	6,612	6,586

NOTE 3 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

DKK '000	2017	2016
Goodwill	(74,953)	(68,853)
Software and licenses	(33,801)	(34,446)
Own-developed products	(7,111)	(6,942)
Land and buildings	(48)	(49)
Technical installations, operating and other equipment	(64,431)	(54,317)
Amortisation, depreciation and impairment losses	(180,344)	(164,607)

NOTE 4 OTHER OPERATING INCOME

DKK '000	2017	2016
Profit from disposal of property, plant and equipment	274	2,662
Reimbursements	2,553	2,585
Other operating income	7,638	10,522
Other operating income	10,465	15,769

NOTE 5 OTHER OPERATING EXPENSES

DKK '000	2017	2016
Loss from disposal of property, plant and equipment	(247)	(3,260)
Removal expenses	(304)	(651)
Other operating expenses	(355)	(2,177)
Other operating expenses	(906)	(6,088)

NOTE 6 FINANCIAL INCOME

DKK '000	2017	2016
Interest, cash, securities etc.	6,162	1,462
Realised and unrealised capital gains, investments	20,081	32,455
Foreign exchange gains	45,308	55,100
Financial income	71,551	89,017

NOTE 7 FINANCIAL EXPENSES

DKK '000	2017	2016
Interest, cash, securities etc.	(8,661)	(5,671)
Realised and unrealised capital losses, investments	(7,659)	(13,083)
Foreign exchange losses	(84,590)	(53,937)
Financial expenses	(100,910)	(72,691)

NOTE 8 TAX ON PROFIT FOR THE YEAR

DKK '000	2017	2016
Current tax	(28,281)	(23,035)
Current tax, foreign project offices	(8,231)	(10,531)
Deferred tax	(40,570)	(45,913)
Change of deferred tax of corporate income tax	(197)	(239)
Tax adjustment in respect of deferred tax, prior periods	8,577	(14,235)
Tax adjustment in respect of deferred tax from acquisitions	0	263
Tax adjustment in respect of prior periods	(8,598)	8,616
Tax on profit for the year	(77,300)	(85,074)
Broken down as follows:		
Tax on profit for the year	(73,511)	(85,551)
Tax on movements in equity	(3,789)	477
Total tax on profit for the year	(77,300)	(85,074)
Tax on profit for the year can be broken down as follows:		
Tax calculated at 22 per cent (2016: 22 per cent) on profit before tax	(47,793)	(54,411)
Adjustment in proportion to 22 per cent (2016: 22 per cent) of tax calculated in foreign subsidiaries	(2,386)	(1,094)
Current tax, foreign project offices	(8,231)	(10,531)
Tax effect from:		
Amortisation of goodwill disallowed for tax purposes	(12,262)	(10,982)
Other expenses/other income disallowed for tax purposes	(4,291)	(2,675)
Difference tax percentage, deferred tax/current tax	(197)	(240)
Tax adjustment in respect of prior periods, current tax	(6,928)	8,617
Tax adjustment in respect of prior periods, deferred tax	8,577	(14,235)
	(73,511)	(85,551)
Effective tax rate	33.8%	34.6%

NOTE 9 INTANGIBLE ASSETS

DKK '000	Goodwill	Software and licences	Own-developed products	Intangible assets in progress	Total
Cost at 1 January 2017	1,064,392	238,418	36,062	6,114	1,344,986
Value adjustment	(25,593)	(3,343)	(450)	0	(29,386)
Additions from acquisitions of enterprises	133,561	834	(375)	0	134,020
Additions	20	15,167	564	2,030	17,781
Disposals	0	(1,844)	0	(3,811)	(5,655)
Cost at 31 December 2017	1,172,380	249,232	35,801	4,333	1,461,746
Amortisation and impairment losses at 1 January 2017	473,912	133,088	23,738	-	630,738
Value adjustment	(13,648)	(2,948)	(444)	-	(17,040)
Additions from acquisitions of enterprises	0	672	(222)	-	450
Amortisation and impairment losses	74,953	33,801	7,111	-	115,865
Disposals	0	(1,844)	0	-	(1,844)
Amortisation and impairment losses at 31 December 2017	535,217	162,769	30,183	-	728,169
Carrying amount at 31 December 2017	637,163	86,463	5,618	4,333	733,577

Development projects concern the development of mapping products (update of map data: images and height survey data including Streetview), as well as the development of the existing ERP system, Maconomy.

Since mapping products are produced every two years to ensure that customers are offered updated products, their economic life is estimated at two years, after which the products are replaced by updated versions. No updates are produced in 2017.
The mapping products are expected to be sold to the company's existing customers in the current market as well as to new customers in the existing market, including mortgage credit institutions. The development of mapping products is progressing according to plan, using the development resources allocated by the management.

In 2017, the development of the ERP system concerned an upgrade in a larger scale. The implementation of the project is postponed and is expected in mid 2018. Development resources allocated by the management are not affected by delay of implementation. However, minor regular software updates are expected, resulting in an estimated economic life of these projects of 96 months. The ERP system is only used internally in COWI.

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 2017	1,725	443,828	0	445,553
Value adjustment	(49)	(18,729)	0	(18,778)
Additions from acquisitions of enterprises	0	948	0	948
Additions	0	105,426	836	106,262
Disposals	0	(30,327)	0	(30,327)
Cost at 31 December 2017	1,676	501,146	836	503,658
Depreciation and impairment losses at 1 January 2017	523	271,232	-	271,755
Value adjustment	(16)	(12,969)	-	(12,985)
Additions from acquisitions of enterprises	0	883	-	883
Depreciation and impairment losses	48	64,431	-	64,479
Disposals	0	(29,198)	-	(29,198)
Amortisation and impairment losses at 31 December 2017	555	294,379	-	294,934
Carrying amount at 31 December 2017	1,121	206,767	836	208,724
Of which assets held under finance leases amount to	0	1,197	0	1,197

NOTE 11 INVESTMENTS IN ASSOCIATES

Name of associate	Home	Ownership		Capital ('000)
COWI A/S's (Denmark) investments in associate:				
CAT Alliance Ltd.	UK	33%	GBP	100
COWI AS's (Norway) investments in associates:				
Team T AS	Norway	25%	NOK	1,000
Team T3 AS	Norway	30%	NOK	1,000
Team Urbis AS	Norway	23%	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 2017	5,409	327	43,100	48,836
Foreign exchange adjustments	(589)	(12)	(941)	(1,542)
Additions	203	0	1,842	2,045
Disposals	0	(49)	(977)	(1,026)
Costs at 31 December 2017	5,023	266	43,024	48,313
Value adjustments at 1 January 2017	2,063	278	-	2,341
Foreign exchange adjustments	(86)	0	-	(86)
Profit for the year	(529)	0	-	(529)
Dividends	(760)	0	-	(760)
Value adjustments at 31 December	688	278	-	966
Carrying amount at 31 December 2017	5,711	544	43,024	49,279

NOTE 13 CONTRACT WORK IN PROGRESS

DKK '000	2017	2016
Recognised in the balance sheet as:		
Contract work in progress (assets)	559,188	529,907
Amounts invoiced in advance (liabilities)	(525,439)	(451,406)
Contract work in progress, net	33,749	78,501

COWI is a party to a number of working partnerships and joint operations and has assumed joint and several liability for the liabilities of the working partnerships and joint operations. It is primarily the Group's Danish subsidiary, COWI A/S, which participates in joint operations as the lead partner.

NOTE 14 DEFERRED TAX

DKK '000	2017	2016
Deferred tax at 1 January	285,506	227,029
Value adjustments	1,435	(1,169)
Deferred tax change due to corporate income tax rate reduction	197	239
Deferred tax due to disposal/acquisition of enterprises	1,008	(263)
Deferred tax for the year	33,954	59,670
	322,100	285,506
Recognised in the balance sheet as:		
Deferred tax assets	27,295	19,363
Deferred tax	349,395	304,869
	322,100	285,506
Deferred tax concerns:		
Intangible assets	23,467	38,701
Property, plant and equipment	(58,501)	(27,716)
Financial assets	(57)	(71)
Current assets	361,294	262,176
Provisions	(37,512)	(23,104)
Debt	39,125	41,239
Tax-loss carryforward, deductible for tax purposes	(5,716)	(5,719)
	322,100	285,506

As of 31 December 2017, the Group's recognized tax assets are worth a total of DKK 27.3 million. The tax assets are made up of deferrable tax losses of DKK 5.7 million and unused tax deductions by way of timing differences. On the basis of future budgets, the management considers it likely that future taxable income will be available, and there is no doubt that unused tax losses and unused tax deductions can be used.

NOTE 15 PREPAYMENTS

DKK '000	2017	2016
Insurance premiums	12,323	12,620
Rent	33,232	37,123
Other	56,027	67,764
Prepayments	101,582	117,507

NOTE 16 MARKETABLE SECURITIES

DKK '000	2017	2016
Shares	120,784	119,368
Bonds	188,026	182,769
Portfolio at 31 December	308,810	302,137

NOTE 17 SHARE CAPITAL

DKK '000	2017
The share capital consists of:	
A shares:	
2,000,000 shares of each DKK 100	200,000
B shares:	
822,005 shares of each DKK 100	82,201
Share capital in total	282,201

Each class A share of DKK 100 carries ten votes, whereas each class B 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.

DKK '000	2017	2016	2015	2014	2013
Specification of movements in share capital:					
Share capital at 1 January	282,201	282,201	283,000	283,000	280,500
Capital increase	0	0	0	0	2,500
Capital decrease	0	0	(799)	0	0
Share capital at 31 December	282,201	282,201	281,201	283,000	283,000

NOTE 18 TREASURY SHARES

DKK '000	Nominal value	Share capital percentage
Portfolio at 1 January 2017	6,974	2,5%
Additions for the year	1,861	0,7%
Disposals for the year	(6,102)	(2,2%)
Portfolio at 31 December 2017	2,733	1,0%

Treasury shares consist of class B shares with a nominal value of DKK 2,733 thousand. Additions for the year are due to the Group's obligation to repurchase shares under the Group's employee share programme.

NOTE 19 NET PENSION BENEFIT LIABILITIES ETC.

DKK '000	2017	2016
Net pension benefit liabilities	7,931	10,400
Bonus, LTI-programme	4,406	2,100
Net pension benefit liabilities etc. at 31 December	12,337	12,500

Net pension benefit liabilities include benefit obligations to former members of the management in COWI A/S etc.

NOTE 20 OTHER PROVISIONS

DKK '000	2017	2016
Guarantees	12,727	11,703
Provision	6,477	7,515
Other provisions at 31 December	19,204	19,218

NOTE 21 LONG-TERM DEBT

DKK '000	2017	2016
Leasing loans falling due later than one year and not later than five years	454	640
Long-term debt at 31 December	454	640

NOTE 22 OTHER ACCOUNTS PAYABLE

DKK '000	2017	2016
Accrued holiday allowance	320,367	334,845
Taxes and VAT payable	225,872	211,118
Other accounts payable	291,063	297,377
Other accounts payable at 31 December	837,302	843,340

NOTE 23 FEES TO AUDITORS

DKK '000	2017	2016
Fee, statutory audit	(3,436)	(3,779)
Assurance engagements	(257)	(271)
Tax consultancy	(2,360)	(1,402)
Services other than audit	(1,338)	(2,663)
Total fees, PricewaterhouseCoopers	(7,391)	(8,115)

DKK '000	2017	2016
Fee, statutory audit	(918)	(861)
Assurance engagements	(586)	0
Tax consultancy	(1,071)	(596)
Services other than audit	(1,611)	(924)
Total fees, other accountancy firms	(4,186)	(2,381)

NOTE 24 FINANCIAL INSTRUMENTS

Agreements have been made on derivative financial instruments in the form of currency forward contracts. On the balance sheet day, the total fair market value of the derivative financial instruments are:

DKK '000	2017	2016
Assets	5,623	0
Liabilities	0	(21,009)

Currency forward contracts are entered into in order to hedge selected balance sheet items and part of the expected future cash flow. The total fair market value of the derivative financial instruments is DKK 5.6 million. The duration of the currency forward contracts are between zero and 16 months.

The Group hedges large projects with currency exposure. Besides the project-related balance sheet items stated above, a part of expected future cash flow is hedged. In total DKK 66.6 million of expected future cash flow was hedged as of 31 December 2017. The fair market value hereof was negative DKK 328 thousand. The loss is recognised in equity.

The Group also uses a combination of currency spot deal and short duration forward contracts, in order to optimise liquidity management. The fair market value is included in the total fair market value of forward contracts.

NOTE 25 CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

DKK '000	2017	2016
Lease commitments		
Lease commitments (operating leases) due after less than one year	17,844	20,665
Lease commitments (operating leases) falling due later than one year and not later than five years	29,161	37,240
Lease commitments (operating leases) due after more than five years	1,622	8,045
Lease commitments (operating leases) in total	48,627	65,950
Rental commitments		
Rental commitments in the period of termination due after less than one year	168,519	157,812
Rental commitments in the period of termination falling due later than one year and not later than five years	533,757	531,915
Rental commitments in the period of termination due after more than five years	349,146	237,823
Rental commitments in total	1,051,422	927,550

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 involvement under constant review and makes provisions accordingly.

COWI's work in connection with the establishment of the Muscat and Salalah airports in Oman was finished at the end of 2012. COWI A/S has claims of outstanding payments and other claims against the client. COWI submitted its Final Account to the Omani government for payment of outstanding fees in the middle of 2013. As the Final Account was rejected by the Omani government, COWI A/S initiated arbitration proceedings against the client. Notice of arbitration was filed in November 2017.
Neither COWI's claims for outstanding payments and other claims nor the potential counterclaim notified by the client are recognized 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.

DKK '000	2017	2016
Guarantees		
Guarantee facility at 31 December	1,267,402	1,143,322
Drawn for performance bonds relating to projects in progress	464,043	459,599
Drawn for other guarantees	83,726	96,501
Total drawn guarantees	547,769	556,100
For guarantees, the following assets have been provided as security to credit institutions:		
Cash at a carrying amount of	1,654	16,006
Accounts receivables at a carrying amount of	0	1,145
Securities at a carrying amount of	308,810	284,905
Total securities	310,464	302,056

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

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 2017, the employees hold shares at a nominal value of DKK 49.4 million.

As part of a joint operation, COWI A/S has signed a consultancy agreement with a client. The consultancy agreement requires each joint operation member, including COWI A/S, at the client's request, to provide a parent company guarantee. If such guarantee is requested, it must cover each joint operation member's obligations towards the client. As the parent company of COWI A/S, this contingent obligation for a parent company guarantee is imposed on COWI Holding A/S.

NOTE 26 RELATED PARTY TRANSACTIONS

COWIfonden (the COWI Foundation) owns all class A shares in COWI Holding A/S and exercises a controlling influence on the company. No other shareholder owns more than five per cent of the shares.

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. Transactions with related parties at arm's length have not been disclosed in accordance with section 98 C(7) of the Danish Financial Statements Act.

NOTE 27 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 enterprises:

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) Xellia Pharmaceutical ApS (CB) WWF Verdensnaturfonden (CB) Aarhus Universitet (MB) Corbion (MB) Novo Holdings A/S (MB) Novo Nordisk Fonden (VCB) Villum Fonden (VCB)	300,000
Lars Green Lauridsen, Vice Chairman		92,500
Thomas Stig Plenborg	Professor at Copenhagen Business School Saxo Bank A/S (MB) DSV A/S (VCB) Everyday Luxury Feeling A/S (CB)	1,400,000
Jukka Pertola	Akademiet for de Tekniske Videnskaber (CB) Siemens Gamesa Renewable Energy A/S (CB) GomSpace A/S (CB) GomSpace AB (CB) LEO Pharma A/S (CB) Industriens Pensionsforsikring A/S (MB) Baltic Development Forum (MB) Tryg A/S (VCB) Tryg Forsikring A/S (VCB)	150,000
Henriette Hallberg Thygesen	Svitzer A/S, CEO	
Torbjörn Spetz		20,000
Sophus Hjort*		13,500
Jens Brendstrup*		44,200
Marius Sekse*		1,000

Executive Board		
Lars Peter Søbye, President, CEO	DI Dansk Industri (CB) BLOXHUB (CB)	800,000
Tomas Bergendahl, Executive Vice President, CFO		200,000
Rasmus Ødum, Executive Vice President, COO	DI Rådgiverne (MB)	502,800

(CB) = Chairman of the Board of Directors
(VCB) = Vice Chairman of the Board of Directors
(MB) = Member of the Board of Directors
* = Elected by the employees

NOTE 28 CASH AND CASH EQUIVALENTS

DKK '000	2017	2016
Marketable securities	308,810	302,137
Cash	278,569	202,619
Cash and cash equivalents at 31 December	587,379	504,756
Undrawn committed credit facilities at 31 December not including guarantee facilities	323,310	275,606
Financial resources at 31 December	910,689	780,362

NOTE 29 ENTITIES IN THE COWI GROUP

Name of entity	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 Consult UK Limited	UK	100%	GBP	1
COWI GULF A/S	Denmark	100%	DKK	2,400
COWI Hong Kong Ltd.	Hong Kong	100%	HKD	3,010
COWI North America Holding Inc.	USA	100%	USD	1
COWI Singapore Pte. Ltd.	Singapore	100%	SGD	500
COWI UK Limited	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 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	3,570,000
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.

NOTE 30 EVENTS AFTER THE BALANCE SHEET DATE

No events have occured since the balance sheet date that have a material impact on the company's financial position at 31 December 2017.

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 27.

PROFIT AND LOSS ACCOUNT

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

DKK '000	NOTE	2017	2016
External expenses	1	(24,718)	(672)
Employee expenses	1	(20,299)	(19,458)
Other operating income		38,633	0
OPERATING PROFIT		(6,384)	(20,130)
Profit after tax in subsidiaries		147,369	182,540
Financial income	2	4,044	3,629
Financial expenses	3	(5,189)	(5,431)
PROFIT BEFORE TAX		139,840	160,608
Tax on profit for the year	4	3,892	1,164
PROFIT FOR THE YEAR		143,732	161,772
Proposed distribution of profit for the year:			
Proposed dividend (19 per cent of the share capital excluding treasury shares)		53,099	49,541
Retained earnings		90,633	112,231
		143,732	161,772

BALANCE SHEET

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

DKK '000	NOTE	2017	2016
Investments in subsidiaries		1,135,706	1,269,697
FINANCIAL ASSETS	5	1,135,706	1,269,697
TOTAL NON-CURRENT ASSETS		1,135,706	1,269,697
Receivables from subsidiaries		11,391	16,540
Receivable company tax		262	814
Loans to subsidiaries		190,000	190,000
Other receivables		4,913	0
RECEIVABLES		206,566	207,354
CASH		118	0
TOTAL CURRENT ASSETS		206,684	207,354
TOTAL ASSETS		1,342,390	1,477,051
Share capital	6	282,201	282,201
Treasury shares		(2,733)	(6,974)
Retained earnings		889,328	812,641
Proposed dividend		53,099	49,541
EQUITY		1,221,895	1,137,409
Deferred tax	7	26,898	25,570
Net pension benefit liabilities etc.		1,264	1,400
PROVISIONS		28,162	26,970
Amounts owed to subsidiaries		12,093	2,770
Loans from COWI Group enterprises		75,750	306,610
Accounts payable, suppliers		3	0
Other accounts payable		4,487	3,292
SHORT-TERM DEBT		92,333	312,672
TOTAL DEBT		92,333	312,672
TOTAL LIABILITIES AND EQUITY		1,342,390	1,477,051
Contingencies and other financial commitments	8		
Related party transactions	9		
The Board of Directors and the 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 2016	282,201	(10,733)	0	708,569	32,576	1,012,613
Distributed dividend					(32,576)	(32,576)
Profit for the year			188,411	(26,639)		161,772
Foreign exchange adjustment, foreign subsidiaries			(16,731)			(16,731)
Sale of treasury shares		3,759		10,264		14,023
Value adjustment of hedging instruments			(1,692)			(1,692)
Other transfers			(169,988)	169,988		0
Proposed dividend				(49,541)	49,541	0
EQUITY AT 1 JANUARY 2017	282,201	(6,974)	0	812,641	49,541	1,137,409
Distributed dividend					(49,541)	(49,541)
Profit for the year			153,240	(9,508)		143,732
Foreign exchange adjustment, foreign subsidiaries			(32,445)			(32,445)
Other adjustments			(1,746)			(1,746)
Sale of treasury shares		4,241		13,293		17,534
Value adjustment of hedging instruments			6,952			6,952
Other transfers			(126,001)	126,001		0
Proposed dividend				(53,099)	53,099	0
EQUITY AT 31 DECEMBER 2017	282,201	(2,733)	0	889,328	53,099	1,221,895

NOTES FOR THE PARENT COMPANY, COWI HOLDING A/S

NOTE 1 EXPENSES

Employee expenses

See note 2 to the group financial statements on page 29. The company had three employees during the financial year.

Fees to auditors

DKK '000	2017	2016
Fee, statutory audit	(70)	(75)
Services other than audit	(15)	(20)
Total fees, PricewaterhouseCoopers	(85)	(95)

Employee expenses

DKK '000	2017	2016
Salaries and wages	(17,461)	(16,696)
Pensions	(2,819)	(2,750)
Social security	(19)	(12)
Employee expenses	(20,299)	(19,458)

NOTE 2 FINANCIAL INCOME

DKK '000	2017	2016
Interest, subsidiaries	2,721	3,592
Interest, bank accounts	15	8
Foreign exchange gains	1,308	29
Financial income	4,044	3,629

NOTE 3 FINANCIAL EXPENSES

DKK '000	2017	2016
Interest, subsidiaries	(3,062)	(5,389)
Interest, cash, securities etc.	(2)	(4)
Foreign exchange losses	(2,076)	(37)
Other financial expenses	(49)	(1)
Financial expenses	(5,189)	(5,431)

NOTE 4 TAX ON PROFIT FOR THE YEAR

DKK '000	2017	2016
Deferred tax	1,627	4,826
Tax adjustment in respect of prior periods	2,265	(3,662)
Tax on profit for the year	3,892	1,164
Broken down as follows:		
Tax on profit for the year	3,892	1,164
Total tax on profit for the year	3,892	1,164
Tax on profit for the year can be broken down as follows:		
Tax calculated at 22% on profit before tax excl. profit after tax in subsidiaries	2,948	6,116
Other expenses/other income disallowed for tax purposes	(1,321)	(1,290)
Tax adjustment in respect of prior periods	2,265	(3,662)
	3,892	1,164

NOTE 5 FINANCIAL ASSETS

DKK '000	Investments in subsidiaries
Costs at 1 January	1,423,993
Costs at 31 December	1,423,993
Value adjustments at 1 January	(154,296)
Foreign exchange adjustments	(34,191)
Profit for the year	153,240
Dividends	(254,121)
Value adjustment of hedging instruments	6,952
Amortisation of goodwill	(5,871)
Value adjustments at 31 December	(288,287)
Carrying amount at 31 December	1,135,706

See note 29 to the group financial statements on page 40 for information on investments in subsidiaries.

NOTE 6 SHARE CAPITAL

See note 17 to the group financial statements on page 34 for information on share capital.

NOTE 7 DEFERRED TAX

DKK '000	2017	2016
Deferred tax at 1 January	(25,570)	(18,179)
Deferred tax for the year	(1,328)	(7,391)
	(26,898)	(25,570)
Specification of deferred tax assets and deferred tax:		
Debt	278	308
Tax-loss carryforward	5,271	4,518
Provision for retaxation	(32,447)	(30,396)
	(26,898)	(25,570)
Recognised in the balance is:		
Deferred tax	(26,898)	(25,570)
	(26,898)	(25,570)

NOTE 8 CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

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.
COWI Holding A/S is liable for taxes on the Group's jointly-taxed profit.
See note 25 to the group financial statements on page 38 for further information on contingencies and other financial commitments.

NOTE 9 RELATED PARTY TRANSACTIONS

See note 26 to the group financial statements on page 38 for information on related party transactions.

NOTE 10 THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

See note 27 to the group financial statements on page 39 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 2017 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 the 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 2017 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, 26 February 2018

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

LARS GREEN LAURIDSEN
Vice Chairman

HENRIETTE HALLBERG THYGESEN

TORBJØRN SPETZ

THOMAS STIG PLENBORG

JUKKA PERTOLA

JENS BRENDSTRUP*

SOPHUS HJORT*

MARIUS SEKSE*

* Elected by the employees.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of COWI Holding A/S

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 Parent Company at 31 December 2017, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of COWI Holding A/S for the financial year 1 January - 31 December 2017, which comprise a summary of significant 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 statement of cash flows ("financial statements").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

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

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated Financial Statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 26 February 2018
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
CVR No 33 77 12 31

KIM FÜCHSEL	JESPER MØLLER LANGVAD
State Authorised	State Authorised
Public Accountant	Public Accountant
mne9291	mne21328

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.cowiholding.com
cowi@cowi.com
Company registration number
32 89 29 73

BOARD OF DIRECTORS
Steen Riisgaard, Chairman
Lars Green Lauridsen, Vice Chairman
Jukka Pertola
Thomas Stig Plenborg
Torbjörn Spetz
Henriette Hallberg Thygesen
Sophus Hjort
Jens Brendstrup
Marius Sekse

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 Jesper Møller Langvad

ANNUAL GENERAL MEETING
The annual general meeting will be held on 22 March 2018 at the company address.

COWI'S ORGANISATION AT 28 FEBRUARY 2018

BOARD OF DIRECTORS

EXECUTIVE BOARD

LARS-PETER SØBYE
President, CEO

TOMAS BERGENDAHL
Executive Vice President, CFO

RASMUS ØDUM
Executive Vice President, COO

BUSINESS SUPPORT

DENMARK

MICHAEL BINDSEIL
Regional Vice President

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

SUBSIDIARIES
- COWI Belgium SPRL (Belgium)
- COWI India Private Ltd. (India)
- COWI Limited (Uganda)
- COWI Limited (Zambia)
- COWI Mozambique Lda. (Mozambique)
- COWI Polska Sp. z o.o. (Poland)
- COWI Tanzania Limited (Tanzania).

NORWAY

MARIUS WEYDAHL BERG
Regional Vice President
(by 1 June 2018)

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

SUBSIDIARIES
- Aquateam COWI AS.

SWEDEN

PÄR HAMMARBERG
Regional Vice President

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

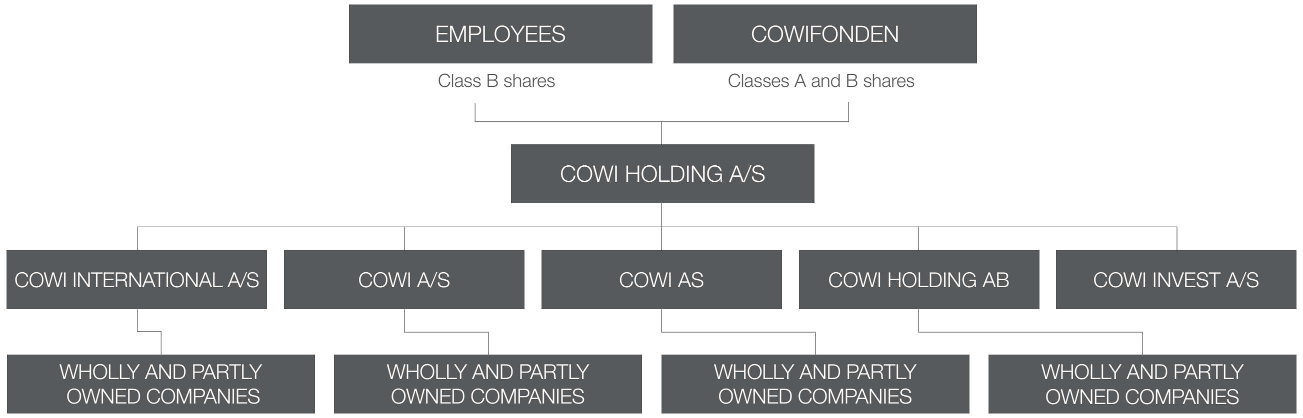
SUBSIDIARIES
- AEC Advanced Engineering Computation Aktiebolag
- COWI Projektbyrån AB
- UAB COWI Lietuva (Lithuania).

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)
- COWI Hong Kong limited (Hong Kong)
- COWI Singapore Pte. Ltd. (Singapore)
- COWI UK Limited (UK).



COWI OFFICES AROUND THE WORLD AT 28 FEBRUARY 2018

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
› Aalborg
› Aarhus.

GERMANY
COWI A/S Hamburg Branch Office
› Hamburg.

HONG KONG
COWI Hong Kong 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
› Tromsø
› Trondheim.

Aquateam 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 PTE Ltd.
› Singapore.

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

SWEDEN
COWI AB
› Gothenburg
› Helsingborg
› Jönköping
› Karlstad
› Kristianstad
› Linköping
› Luleå
› Malmö
› Skövde
› Stenungsund
› Stockholm
› Vänersborg
› Västerås.

AEC Advanced Engineering Computation Aktiebolag
› Gothenburg
› Malmö
› Stockholm
› Uppsala
› Växjö.

COWI Projektbyrån AB
› Stockholm
› Uppsala

TANZANIA
COWI Tanzania Limited
› Dar es Salaam.

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 UK Limited
› Derby
› Glasgow
› London
› Uttoxeter
› York
› Bristol.

USA
COWI North America, Inc.
› Braintree, Massachussetts
› New York, New York
› Oakland, California
› Seattle, Washington
› Florham Park, New Jersey
› Bridgeport, 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.

LARS GREEN LAURIDSEN
Vice Chairman

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.

TORBJÖRN SPETZ

Born 1968. MSc (Civil Engineering) and Senior Vice President (Infrastructure) at COWI AB. With COWI since 1988. On the Board of COWI Holding A/S since 2016.

Competencies in compliance with the adopted competency profile: 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). Professional board member. 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.

HENRIETTE HALLBERG THYGESEN

Born 1971. MSc (Mathematics & Economics) and PhD. CEO, Svitzer. On the Board of COWI Holding since 2017. 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; business development; M&A or alliance experience; global financial and risk management;

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.

MARIUS SEKSE

Elected by the employees. Born 1981. MSc (Landscape Architecture) and Landscape Architect at COWI AS. With COWI since 2009. On the Board of COWI Holding since 2017.

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.

JENS BRENDSTRUP

Elected by the employees. Born 1951. BSc (Engineering) and Project Manager (Buildings) at COWI A/S. With COWI since 1986. On the board of COWI Holding since 2017.

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

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.

Creating green urban spaces wherever possible – this park lies above one of Copenhagen's new metro stations.

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Photo: Piet Simonsen