ZÜBLIN A/S

Hæstvej 46D

8380 Trige

CVR no. 26 42 84 24

Annual report 2018

Adopted at the annual general meeting on 30/4 2019

Steen Hager Nielsen
Chairman of the general meeting

Contents

Statement by Management on the annual report

The Board of Directors and Executive Board have today considered and approved the annual report of ZÜBLIN A/S for the financial year 1 January - 31 December 2018.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

We believe that the management report contains a fair review of the affairs and conditions referred to therein.

Management recommends that the annual report should be approved at the annual general meeting.

Trige, 29 March 2019

Executive Board

Per Engsø Larsen	Thomas Kofod Bentsen

Board of Directors

Jens-Henrik Stilhoff Nicolaisen Chairman	Steen Hager Nielsen	Holger Schmid
Annette Johanna Scheckmann		

Independent auditor's report

To the shareholder of ZÜBLIN A/S

Opinion

We have audited the financial statements of ZÜBLIN A/S for the financial year 1 January - 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the result of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additonal requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 Company's ability to continue as a going concern, for 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 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor´s report

- 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinon on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 29 March 2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jacob Nørmark

state authorised public accountant

MNE-no.: mne30176

Company details

Name	ZÜBLIN A/S
Adress	Hæstvej 46D, 8380 Trige
Website	www.zueblin.dk
CVR-no.	26 42 84 24
Financial year	1 January - 31 December
Incorporated	1 January 2002
Registered in	Aarhus Kommune
Board of Directors	Jens-Henrik Stilhoff Nicolaisen, Chairman Steen Hager Nielsen Holger Schmid Annette Johanna Scheckmann
Executive Board	Per Engsø Larsen Thomas Kofod Bentsen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Værkmestergade 2, 18. 8000 Aarhus C

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Output volume	642.364	1.018.804	1.588.602	1.271.093	1.253.910
Revenue	536.533	764.203	1.329.497	1.099.943	1.090.704
Gross profit	914	218.517	181.613	211.192	142.109
Operating profit/loss	-186.012	12.290	-11.345	29.300	-24.267
Net financials	-16.709	-718	98	-362	-484
Profit/loss for the year	-191.448	8.999	-7.916	22.404	-19.438
Balance sheet total	373.608	480.617	454.117	733.576	440.673
Investment in property, plant and equipment	1.944	757	3.236	3.133	3.102
Share capital	1.000	1.000	1.000	1.000	1.000
Equity	43.028	84.476	75.477	83.392	60.988
Financial ratios					
Gross margin	0,2%	28,6%	13,7%	19,2%	13,0%
Operating margin	-34,7%	1,6%	-0,9%	2,7%	-2,2%
Current ratio	132,6%	85,0%	95,7%	100,4%	104,2%
Solvency ratio	11,5%	17,6%	16,6%	11,4%	13,8%
Return on equity	-300,3%	11,3%	-10,0%	31,0%	-47,5%
Average number of employees	276	315	306	279	232

For definitions, see the summary of significant accounting policies.

Management´s review

ZÜBLIN A/S is a wholly-owned subsidiary of the Austrian group, STRABAG SE, which is one of Europe's largest construction companies, listed in Austria.

The consolidated financial statements may be obtained on STRABAG SE's website, www.strabag.com.

Together with STRABAG SE the Company has a huge capacity and is a professional contractor on the market and a competent partner on appropriate projects. The Company covers all areas of foundation, construction work, infrastructure and building constructions with focus on complex foundation projects, large stand alone buildings and construction projects in cooperation with its parent company or other partners.

ZÜBLIN A/S' revenue in 2018 was 30% lower as compared to 2017. Volume of orders at the end of 2018 amounted to approx DKK 1.6 billion.

ZÜBLIN A/S has currently two large operative divisions:

- Ground & Civil Engineering
- Building Construction

Revenue for 2018 for the two divisions:

Ground & Civil Engineering DKK 320,811 thousand (2017: DKK 341,628 thousand)

Building Construction DKK 215,722 thousand (2017: DKK 422,575 thousand)

Financial review

In 2018, the Company's revenue was DKK 536,533 thousand against DKK 764,203 thousand in 2017. The income statement for 2018 shows a loss of DKK 191,448 thousand against a profit of DKK 8,999 thousand in 2017, and the balance sheet at 31 December 2018 shows equity of DKK 43,027 thousand.

Profit is significantly below expectations for 2018. The reason for this is that an Arbitration case was lost. The combined impact from this is DKK 145 million. The amount covers both provisions against claims from sub-contractors and the amount from the lost case against a Client.

In December 2018 a capital contribution of DKK 150 million was given to ZÜBLIN A/S

Ground & Civil Engineering

Revenue for Ground & Civil Engineering in Denmark was as expected. However, the result is far below expectations and very unsatisfactory. The result is primarily attributable to a few mid-sized projects.

In the light of the very unsatisfactory result, a range of measures aimed at ensuring an improved basis and improved earnings in 2019/2020 will be implemented.

The development in the order backlog has been satisfying, following the overall strategy for the business unit. Ground & Civil Engineering has entered into several mid-sized contracts such as the expansion of LINDØ port of ODENSE, the construction of Sydhavn Recycling Centre and the execution of construction pits for the two high rise buildings in Carlsberg City District, BA2 and BA9, which are carried out in cooperation with Building Construction Denmark. The orders received of smaller and specialised ground engineering projects have been satisfying too.

Besides the new orders, Ground & Civil Engineering continues the execution of the Metro line to Nordhavn and the two-storey underground parking in Odense, which both are running according to plan.

Since the new management in Ground & Civil Engineering were appointed in the end of 2017, the business unit has been focusing on developing its core business and strengthening the corporation and synergies with the group. This is an ongoing process which will be further intensified in 2019. Going forward, focus will be on a combination of smaller, medium-sized and larger projects for both public and private clients.

Revenue in 2019 is expected to be at the same level as in 2018.

Building Construction

Total revenue and result for 2018 for Building Construction in Denmark was positive and better than expected. There has been focus on project optimization and tight management of the cost base.

Management´s review

The tender pipeline is increasing satisfactorily on projects focusing on teamconcept with early participation in the process. The pursuit of this strategy has materialised into a larger phase1 design contract regarding offices, residences and hotels. Furthermore, also two turnkey contracts have been entered into with Carlsberg Byen regarding construction of the two high-rise buildings, BA02 and BA09, in Carlsberg Byen in Copenhagen.

Besides activities in large, complicated projects, Building Construction will, going forward, also focus on medium-sized projects for both public and private customers.

For futher information regarding the Group's segmentation, please visit www.strabag.com.

Recognition and measurement uncertainties

In connection with presentation of the annual report for 2018, the recognition and measurement of items in the financial statement is not subject to any uncertainty beyond what is considered usual for the sector, refer to note 2.

Knowledge resources

The Company's most important knowledge resources are its employees and the parent company's know-how.

The Company works independently but in close cooperation with the parent company regarding project planning and design, development and adjustment of materials and execution of the Company's projects. The Company also has close contact to affiliated companies in Sweden.

Special risks

Price risks

ZÜBLIN A/S' projects involve a number of commercial and financial risks that may affect its development, operations and financial position. Commercial and financial risks are not deemed to vary significantly from other risks related to the business.

Through its business foundation and policies laid down, Management at all levels actively addresses the risks deemed to be material to the business, including price fluctuations on significant materials.

Foreign currency risks

Due to the Company's activities, profit/loss, cash flows and equity are affected by the exchange rate and interest rate development of a number of currencies. It is company policy to hedge commercial foreign currency risks. The Company does not engage in any speculative currency transactions.

Interest rate risks

As net interest bearing debt is immaterial, moderate changes in the interest rate level will not directly affect earnings. Interest positions to hedge interest rate risks are therefore not entered into.

Statutory CSR report

ZÜBLIN A/S' business strategy actively involves the environment and society and sets up targets for these areas. The Company in Denmark has not prepared its own policies for CSR, including climate and human rights, but work based on overall group guidelines and policies for the area. Reference is made to the group's report and information regarding CSR at www.strabag.com (Strategy / Strategic Approach).

Account of the gender composition of Management

The Company's goal is to have at least 25% of both genders represented as board members appointed by the general meeting. In 2018 the goal has been reached with 3 men and 1 woman on the board of directors.

ZÜBLIN A/S is working to achieve and maintain gender balance in the organisation and to increase the percentage of the under-represented gender at other management levels. It is company policy to fill these positions with the best candidates and at the same time to upgrade women's leadership talent.

The percentage of women with management responsibility is 22% by the end of 2018. There are 5 women at this management level. It is the objective for the under-represented gender to reach a 25% share at other management levels no later than 31 December 2022.

Management´s review

The initiatives taken for this include focus on having both genders from ZÜBLIN A/S present at job fairs and presentations of ZÜBLIN A/S in university forum's and focus on the under-represented gender when recruitments are implemented. Within the STRABAG SE Group the "Potential Management" program also gives an opportunity to focus on the under-represented gender when choosing candidates.

Post balance sheet

No events have occurred after the balance sheet date which may materially affect the assessment of the Company's financial position.

Outlook

ZÜBLIN A/S' level of activity in 2019 is expected to be 20-50% higher than in 2018 due to higher order volume.

The result for the year 2019 is expected to be zero.

Income statement 1 January - 31 December

Note		2018 TDKK	2017 TDKK
4	Revenue	536.533	764.203
	Other operating income	12.630	0
	Construction materials, consumables and services used	-491.668	-555.302
	Income from investments in joint ventures	7.947	51.007
	Other external expenses	-64.528	-41.391
	Gross profit	**914**	**218.517**
5	Staff costs	-184.608	-203.709
	Depreciation, amortisation and impairment of intangible assets and property, plant and equipment.	-2.180	-2.518
	Other operating expenses	-138	0
	Profit/loss before financial income and expenses	**-186.012**	**12.290**
6	Financial income	504	27
7	Financial costs	-17.213	-745
	Profit/loss before tax	**-202.721**	**11.572**
8	Tax on profit/loss for the year	11.273	-2.573
	Net profit/loss for the year	**-191.448**	**8.999**

9 Distribution of profit/loss

Balance sheet 31 December

Note		2018 TDKK	2017 TDKK
	ASSETS		
	Software	183	490
10	**Intangible assets**	**183**	**490**
	Plant and machinery	103	213
	Other fixtures and fittings, tools and equipment	4.917	5.120
	Leasehold improvements	53	214
11	**Tangible assets**	**5.073**	**5.547**
12	Investments in joint ventures	51.063	163.116
	Fixed assets investments	**51.063**	**163.116**
	Non-current assets total	**56.319**	**169.153**
	Raw materials and consumables	16.454	6.060
	Stocks	**16.454**	**6.060**
	Trade receivables	46.095	45.946
13	Contract work in progress	47.154	49.416
	Receivables from group companies	3.180	3.050
	Receivables from associates	8.515	0
	Other receivables	16.121	6.560
14	Deferred tax assets	18.775	9.337
15	Prepayments	2.160	1.270
	Receivables	**142.000**	**115.579**
	Cash	**158.835**	**189.825**
	Current assets total	**317.289**	**311.464**
	ASSETS TOTAL	**373.608**	**480.617**

Balance sheet 31 December

Note		2018 TDKK	2017 TDKK
	EQUITY AND LIABILITIES		
	Share capital	1.000	1.000
	Retained earnings	-9.035	0
	Reserve for net revaluation according to equity method	51.063	83.476
16	**Equity**	**43.028**	**84.476**
17	Provisions	91.379	29.695
	Provisions total	**91.379**	**29.695**
	Trade payables	92.787	94.436
13	Contract work in progress	19.058	68.383
	Payables to group companies	8.224	9.692
	Payables to joint ventures	94.896	158.474
	Corporation tax	0	4.966
	Other payables	24.236	30.495
	Current liabilities	**239.201**	**366.446**
	EQUITY AND LIABILITIES TOTAL	**373.608**	**480.617**

2	Uncertainty in the recognition and measurement
3	Special items
18	Rental agreements and lease commitments
19	Contingent assets, liabilities and other financial obligations
20	Related parties and ownership
21	Fee to auditors appointed at the general meeting

Statement of changes in equity

	Share Capital	Reserve for net revaluation according to equity method	Retained earnings	Total
Equity beginning of year	1.000	83.476	-	84.476
Transfer for coverage of losses	-	-32.413	32.413	-
Net profit/loss for the year	-	-	-191.448	-191.448
Contribution from group	-	-	150.000	150.000
Equity end of year	**1.000**	**51.063**	**-9.035**	**43.028**

Notes

1 Accounting policies

The annual report of ZÜBLIN A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied by the Company are consistent with those of last year.

The annual report for 2018 is presented in DKK thousands.

Omission to present a cash flow statement

ZÜBLIN A/S is recognised in the consolidated financial statements of STRABAG SE. In accordance with section 86 article 4 of the Danish Financial Statements Act, ZÜBLIN A/S has decided not to prepare any cash flow statement for the Company, as the Group´s total cash flows have been consolidated into the group STRABAG SE.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from construction contracts where the purchaser has significantly influenced the construction of the asset is recognised as revenue as the production activities are carried out, implying that revenue corresponds to the market value of the contract work performed (production method). This method is used where the total income and expenses and the degree of completion of the contract can be made up reliably.

Where the income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Income from the sale of services is recognised in revenue on a straight-line basis as the services are provided.

Revenue is recongised net of VAT, duties and sales discount and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises items of a secondary nature in relation to the Company's main activity, including profits on the sale of intangible assets and tangible fixed assets.

Construction materials, consumables and services used

Expenses for construction materials, consumables and services used include both direct and indirect costs incurred to generate revenue for the year as well as expected losses on ongoing construction work.

Net income from investment in joint ventures

The proportionate share of the profit or loss of the individual joint venture is recognised as operating result in the income statement under the item "Net income from investments in joint ventures".

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc., including profits on the sale of intangible assets and tangible fixed assets.

Notes

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amount relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Intangible assets including software are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straght-line basis over 3 years.

The depreciable amount is cost during the useful life.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Tangible assets

Items of plant and machinery, other fixtures and fittings, tools and equipment, and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the assets until the item is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3 - 5 years
Other fixtures and fittings, tools and equipment	3 - 10 years
Leasehold improvements	2 - 3 years

Estimated useful lives and residual values are reassessed annually.

Gains and losses from the sale of the tangible assets are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in joint ventures

Investments in joint ventures are recognised and measured using the equity method.

The proportionate share of the profit or loss of the individual joint venture is recognised as operating result in the income statement.

Notes

In the balance sheet investments in joint ventures are measured at the proportionate share of the net asset value of joint ventures, calculated on the basis of the Company's accounting policies, less or plus unrealised intra-group gains or losses.

Investments in joint ventures with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the Company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised.

Net revaluations of investments in joint ventures are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost.

Stocks

Stocks are measured using the FIFO-method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Impairment of fixed assets

Intangible assets, property, plant and equipment are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of indvidual assets or groups of assets generating separate cash flows when there are indications of impairment. The assets are written down to the higher of the value in use net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable is impaired, which is measured on an indvidual basis.

Contract work in progress

Contract work in progress is measured at the market value of the work performed. The market value is measured based on the percentage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The percentage of completion is determined as the share of the costs incurred relative to the expected total costs for the individual work in progress.
Where the market value of work in progress cannot be reliably determined, the market value is measured at the lower of costs incurred and net realisable value.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds payments on account. Net liabilities comprise the sum of work in progress where payments on account exceeds the selling price.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash

Cash comprises bank deposits.

Notes

Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, rebuildings, claims etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Warranties comprise obligations to repair any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Financial liabilities

Financial liabilities are measured at net realisable value.

Segment information

Reference is made to the Management's review, page 6 and 7, where segment information is disclosed.

Financial Highlights

Definitions of financial ratios.

Gross margin	$\frac{\text{Gross Profit x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets total x 100}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit/loss for the year x 100}}{\text{Average equity}}$
Output volume	Revenue including the proportional revenue of joint ventures.

Notes

2 Uncertainty in the recognition and measurement

The measurement of the net asset value of certain assets and liabilities requires an estimate of the effect of future events on these assets and liabilities on the balance sheet date.

The applied estimates are based on conditions considered reasonable by Management; however, these estimates will inherently be uncertain and unpredictable. The conditions might be incomplete or inaccurate, or unexpected events or circumstances might occur. Furthermore, the Company is subject to risks and uncertainties that could lead to the actual results deviating from these estimates.

Estimates, which are important to the presentation of the annual report, relate mainly to measurement of the market value of contract work in progress, which among other things are assessed on the basis of anticipated remaining costs and income. Furthermore, it depends on the outcome of disputes concerning claims for additional payment, etc., which is determined among other things by the stage of negotiations with the counterpart as well as by an assessment of the probability of the outcome.

3 Special items

Special items for 2018 comprise the combined impact of a lost arbitration case against a client and provisions against claims from subcontractors, total DKK 145 million. There were no special items for 2017.

	2018 TDKK	2017 TDKK
4 Revenue		
Geographic markets		
Denmark	536.533	764.203
	536.533	**764.203**
Activities		
Ground & Civil Engineering	320.811	341.628
Building Construction	215.722	422.575
	536.533	**764.203**

5 Staff costs

	2018 TDKK	2017 TDKK
Wages and salaries	167.422	186.560
Pensions	12.106	13.894
Other social security costs	2.950	1.045
Other staff costs	2.130	2.210
	184.608	**203.709**

Notes

	2018 TDKK	2017 TDKK
Remuneration to members of current and former management in the financial year:		
Executive Board	3.484	3.655
Board of Directors	0	0
	3.484	**3.655**
Average number of employees	276	315

6 Financial income

	2018 TDKK	2017 TDKK
Financial income, group	5	0
Other financial income	289	6
Exchage rate difference	210	21
	504	**27**

7 Financial costs

	2018 TDKK	2017 TDKK
Other financial costs	16.922	597
Exchage rate difference	291	148
	17.213	**745**

8 Tax on profit/loss for the year

	2018 TDKK	2017 TDKK
Current tax for the year	-1.835	5.456
Deferred tax for the year	-9.438	-2.335
Adjustment of tax concerning previous years	0	-548
	-11.273	**2.573**
Paid company tax	**5.456**	**622**

9 Distribution of profit

	2018 TDKK	2017 TDKK
Reserve for net revaluation according to equity method	-32.413	51.007
Retained earnings	-159.035	-42.008
	-191.448	**8.999**

Notes

10 Intangible assets

	Software
Cost at 1 January	1.124
Additions for the year	0
Disposals for the year	-359
Cost at 31 December	765
Depreciation at 1 January	634
Amortisation for the year	211
Disposals for the year	-263
Depreciation at 31 December	582
Carrying amount at 31 December	**183**

11 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January	1.181	14.411	784
Additions for the year	0	1.944	0
Disposals for the year	0	-1.529	0
Cost at 31 December	1.181	14.826	784
Depreciation at 1 January	968	9.291	570
Depreciation for the year	110	1.698	161
Disposals for the year	0	-1.080	0
Depreciation at 31 December	1.078	9.909	731
Carrying amount at 31 December	**103**	**4.917**	**53**

Notes

		2018 TDKK	2017 TDKK
12	**Investments in joint ventures**		
	Cost at 1 January	0	0
	Additions for the year	0	0
	Cost at 31 December	0	0
	Revaluations at 1 January	163.116	112.109
	Net profit/loss for the year	7.947	51.007
	Received dividend	-120.000	0
	Revaluations at 31 December	51.063	163.116
	Carrying amount at 31 December	**51.063**	**163.116**

Investments in joint ventures are specified as follows:

Name	Place of registered office	Ownership/Votes
Nordhavnsvej Konsortiet I/S	Copenhagen	50%
MetNord JV I/S	Copenhagen	60%/50%
Züblin - MTH JV Navitas	Aarhus	50%
MT Højgaard - Züblin JV	Gladsaxe	50%

		2018 TDKK	2017 TDKK
13	**Contract work in progress**		
	Work in progress, selling price	513.615	1.265.822
	Work in progress, payments received on account	-485.519	-1.284.789
		28.096	**-18.967**
	Recognised in the balance sheet as follows:		
	Contract work in progress under assets	47.154	49.416
	Contract work in progress under liabilities	-19.058	-68.383
		28.096	**-18.967**
14	**Deferred tax asset**		
	Non-current assets	13.303	7.517
	Other provisions	5.472	1.820
		18.775	**9.337**

Notes

	2018	2017
	TDKK	TDKK
Movements in the year		
Deferred tax January 1	9.337	7.517
Included in the income statement	9.438	1.820
Deferred tax asset at 31 December	**18.775**	**9.337**

The measurement of the deffered tax asset is based on the planned use within a 5-year period.

15 Prepayments

Prepayments consists primarily of prepaid insurance and lease costs.

16 Equity

The share capital comprise 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.

17 Provisions

Provisions comprise provision for warranty commitment, totalling DKK 30,763 thousand (2017: DKK 21,422 thousand), provisions for losses on construction contracts in progress totalling DKK 14,670 thousand (2017: DKK 7,999 thousand). Other provisions totalling DKK 45,946 thousand (2017: DKK 274 thousand). Provisions are expected to mature with DKK 69,676 thousand within 1 year, DKK 18,992 thousand within 1-5 years and DKK 2,711 thousand after 5 years.

18 Rental agreements and lease commitments

Rental and lease commitments		
Within 1 year	3.323	3.426
Between 1 and 5 years	2.309	3.951
	5.632	**7.377**

In addition, the Company also have rental and lease commitments of machinery and equipment related to contract work in progress.

Notes

19 Contingent assets, liabilities and other financial obligations

The Company is jointly taxed with the other Danish enterprises in the STRABAG Group. As administrative company, the Company has joint and several unlimited liability together with the other enterprises for Danish coorporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit. The jointly taxed enterprises' total known net liability for coorporation taxes and withholding taxes on dividends, interest and royalties amounted to DKK 0 at 31 December 2018. Any subsequent corrections to the joint taxation income or withholding taxes, etc. may entail the Company's liability will increase.

The Company is part of various legal and arbitration cases, which are not expected to adversely affect the Company's financial position.

For contract works the Company has provided collateral by bank guarantees totalling DKK 714 million (2017: DKK 550 million). The Company participates in joint ventures with joint and several liability, where collateral is also provided by bank guarantees totalling DKK 243 million (2017: DKK 416 million).

20 Related parties and ownership

Züblins A/S' related parties comprise the following:

Controlling interest

Züblin Spezialtiefbau GmbH, Albstadtweg 1, D-70567 Stuttgart, Germany

Transactions

Transactions with related parties comprise transactions with companies within the STRABAG SE group including joint ventures in Denmark.

Work and services performed DKK 62,571 thousand (2017: DKK 103,774 thousand)

Work and services received DKK 33,180 thousand (2017: DKK 49,093 thousand)

Receivables as at 31 December 2018 DKK 11,695 thousand (2017: DKK 3,050 thousand)

Liabilities as at 31 December 2018 DKK 103,120 thousand (2017: 168,166 thousand)

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 5.

Consolidated financial statements

The Company is included in the group annual report of STRABAG SE, Austria.

The group annual report of STRABAG SE, Austria, may be obtained at the following address: www.strabag.com.

21 Fee to auditors appointed at the general meeting

ZÜBLIN A/S is recognised in the consolidated financial statements of STRABAG SE in which information about fee to auditors is provided for the group.