COWI Holding A/S

Parallelvej 2
2800 Kongens Lyngby

Annual Report 2019

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Chairman

COWI

ANNUAL REPORT 2019

RIGSHOSPITALET

COWI

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MANAGEMENT'S REVIEW

2019 was the first year with Arkitema as part of the COWI Group. Including an architectural firm in the Group demonstrated its clear value as customers are increasingly looking for partners that provide integrated design solutions. During 2019, COWI and Arkitema jointly won projects worth approximately DKK 500 million. However, this could not mitigate the negative impact of delayed investment decisions and projects being put on hold, following uncertainty in world economy and trade tensions. All in all, COWI had a challenging year, which led to an unsatisfactory financial result, but we concluded the year with a solid order book and strong operating cash flow.

The poor financial result was heavily affected by project disputes, as well as project descoping and delays. In addition, we were negatively affected by the slow-down in the buildings markets in Denmark and Sweden, which saw both fewer project tenders and projects put on hold, mainly in the private sector. Finally, our business in North America is yet to obtain critical mass, rendering it sensitive to individual wins and losses or projects put on hold.

As a consequence of the reduced business activity and unpredictable markets, we adjusted our capacity and reduced our exposure to risks in certain markets. This included withdrawing or reducing our presence in geographical areas where we consider business risks to be too high. As a consequence, we divested our business in Zambia, closed our office in Tanzania and reduced our exposure in the Middle East.

SUSTAINABILITY MOVING UP THE BUSINESS AGENDA

Furthermore, the green transition gained momentum and focus with our customers. The intensified political attention to climate change influenced customers' prioritisation of and demand for sustainable solutions, which calls for immense behavioural changes in terms of, e.g., new energy-efficient homes and infrastructure. With our broad experience and solid expertise within sustainability, COWI is well positioned to be the partner of choice when governments, municipalities and private companies have to find sustainable solutions to solve the climate challenges.

In line with the growing drive for sustainability, COWI decided to become carbon neutral in 2020, and within the next ten years, we will reduce our actual CO_2 footprint by 70 per cent, compared to our 2008 level. The end goal is zero emissions by 2050. In order to reach carbon neutrality, it was decided to offset COWI's carbon emissions through the funding of an equivalent carbon dioxide reduction elsewhere in the world. The selected project is the Sidrap Wind Energy Project Phase 1, located in the South Sulawesi Province, Indonesia. It replaces traditional electricity production based on fossil fuels and is estimated to shave off 1,412,480 tonnes of CO_2 from 2018 to 2028. The project is a so-called Gold Standard project, which is the highest possible classification. The measured and calculated CO_2 reductions are verified by an independent UNFCCC-accredited verification and validation company. In 2019, we also set up a strategic framework to further increase sustainability impact through our services to customers. These efforts will continue into 2020 and are particularly linked to the UN's sustainable development goals (SDGs) nos. 6, 7, 9, 11 and 13.

DIGITAL TRANSFORMATION ON TRACK AND ACCELERATING

Our digitalisation journey progressed as planned. We now have a digital transformation team, which enables us to orchestrate our digital innovation across the Group. Our focus is on transforming how we work so our project delivery to customers as well as our internal operation benefit from digital solutions and tools. One focal point is developing common processes and tools for project management. Working according to the same methodology and using the same digital tools throughout the Group will improve our organisational agility significantly as project team members can work across borders with fewer practical obstacles. Looking ahead, our platform will enable us to share advantages in data science, AI and robotics across units.

We see how new digital solutions are changing our existing business model and offerings. For instance, we now provide real-time data from more than 100,000 cars, which will be used by the Danish Road Directorate to provide the public with better online traffic information. Similarly, we now provide several web-based self-service solutions to customers for a variety of applications such as retail-store location and traffic accident analysis. All examples of service deliveries that have evolved from traditional consultancy into digital solutions.

UNSATISFACTORY OPERATIONAL RESULT FOR 2019

In 2019, COWI's turnover grew compared to 2018 by 6.8 per cent to DKK 6,623 million, due to Arkitema becoming part of the COWI Group. There was no organic growth (0.3 per cent). Our EBITDA margin decreased to 6.4 per cent compared to 7.8 per cent in 2018, while operating profit for the year was DKK 213 million, corresponding to an EBIT margin of 3.2 per cent, down 1.6 percentage points from 2018. Operating cash flow was a satisfactory DKK 384 million and in line with the target set.

The result was negatively affected by DKK 44 million related to the ongoing arbitration case in Oman. The figures above are exclusive of these costs.

Result for the year is positively affected by a reversal of earn-out regarding acquisitions.

The performance of our five business lines varied significantly, from robust to unsatisfactory.

ROBUST PERFORMANCE IN DENMARK

Business Line Denmark delivered a robust performance in a market where the investment level in public infrastructure is low. The Water and Environment business unit demonstrated solid results and we expect this trend to continue with sustainability at the top of both the political and business agendas. The Infrastructure business managed to maintain a stable business volume in spite of a low investment level. After the summer, our Buildings business unit saw a growing number of projects being either delayed or put on hold, but managed to catch up at the end of the year and delivered a solid performance, including significant wins together with Arkitema. Throughout the year, Business Line Denmark landed a number of significant projects, including Odense Tramway, and framework agreements with Sund og Bælt and KAB. In 2019, efforts to grow the share of private customers (vs. public sector) continued and we generated an increased business volume from private customers.

NORWEGIAN MARKET REMAINS BUOYANT

The Norwegian market continued to be buoyant, positively affecting our business in Norway, which strengthened both the order backlog and pipeline, in particular within the buildings segment, and also here the collaboration with Arkitema gained solid momentum during the year. The financial result was, however, negatively affected by the costs related to the settlement of three disputes. The growing business volume resulted in Business Line Norway cooperating closely with Business Line Denmark to execute a number of projects mainly within the transportation sector, and the number of employees from other business lines allocated to Norwegian projects continued to grow during the year. Noteworthy wins in 2019 included the expansion of the Nygårdstangen-Bergen-Fløen railway line and the expansion of highway E6 from Kvål to Melhus, as well as the new emergency hospital in Hjelset.

TURNAROUND IN SWEDEN TAKES TIME

Business Line Sweden continued its solid efforts to turn around the business, and the new leadership team headed by the new Executive Vice President, Anders Wiktorson, was put in place early in the year. The business performance is not yet in line with ambitions. The results were in particular negatively affected by low profitability in legacy infrastructure projects, and low billability affected by a slow-down in the residential building market. On the positive side, the overall performance of the project portfolio is improving, and cashflow was robust. AEC, Projektbyrån and the Industry business unit performed well, and we had some notable wins in the past year: the creation of the man-made peninsula being built at Masthuggskajen in Gothenburg, a new LNG Terminal at the port of Oxelösund, as well as a substantial addition to the OLP high-speed rail project.

BTM DELIVERS UNSATISFACTORY PERFORMANCE

The performance in BTM was highly unsatisfactory mainly due to the King Abdul Aziz Road (KAAR) project, but also due to a combination of disputes, overdue payments and the slow ramp-up or rescoping of projects, the latter particularly affecting North America.
To our benefit, the activity in the global infrastructure market remained high as did the need for our knowledge and services. We continued to win projects throughout the year, and despite the uneven distribution across business units, we still had an acceptable backlog. While the backlog for Bridges was challenged, Tunnels geared up for projects like the Fehmarn Link (Denmark and Germany) and Silvertown (the UK) and could to some extent utilise spare capacity with Bridges. We consolidated COWI Group capabilities related to the wind market within BTM, and the new Wind and Marine business unit had a strong backlog with the ever-increasing need for sustainable waterfront and energy solutions – in particular offshore wind. In September, we relocated and expanded our office in Hamburg, Germany, which is the centre for our work on the Arcadis Ost 1 offshore windfarm.

ARKITEMA HIT BY A VOLATILE BUILDING MARKET

Business Line Arkitema had a troublesome first year in the COWI Group as our architecture business was hit severely by a cool-down in the residential building market, both in Denmark and Sweden. As a result, customers delayed projects or put them on hold, which heavily affected Arkitema's result, which was disappointing. Arkitema was, however, quick to adapt its capacity to the new situation without compromising its quality or competitiveness. This was reflected in some significant wins, and in the last part of the year, we were able to boost the backlog significantly. For instance, by adding the turnkey consultancy contract for the Posthusgrunden project in Copenhagen and the new railway station in Trondheim, Norway. At the end of the year, Thomas Kveiborg was appointed new CEO as Peter Hartmann Berg chose to step down.

EXECUTIVE BOARD EXPANDED AND SIGNIFICANT ORGANISATIONAL CHANGE

In January 2020, Corporate Technical Director Jens Christoffersen joined the Executive Board as Chief Business Development Officer, taking on the responsibility for strengthening COWI's business development, innovation, customer focus and growth. In January 2020, an organisational restructure was announced with the purpose of escalating COWI's ambitions in the international market within transportation and wind energy, as well as furthering growth in the UK and North America. In light of the new focus on international growth, the former Business Line BTM was renamed Business Line International. Former Executive Vice President of Business Line Denmark Michael

Bindseil was appointed Executive Vice President of Business Line International, and Henrik Winther was appointed Executive Vice President of Business Line Denmark.

OMAN EFFECT ON RESULTS

COWI's results for the year continue to be negatively affected by costs related to the ongoing arbitration in Oman (DKK 44 million).

The arbitration case costs are unrelated to daily operations, and our comments on the development of our results and cash flow in the above sections are thus related to our performance, excluding these costs.

In 2018, the COWI-Larsen Joint Venture submitted its statement of claim, and in 2019 the Omani government submitted its statement of defence and counter-claim. COWI expects the arbitration to be completed in 2022.

WORKING AS ONE COWI

In 2019, the cooperation and sharing of competencies and resources across business lines and borders in COWI accelerated further through the sector boards (Transportation, Building, Water and Environment, and Energy). Strategic and practical coordination of joint market activities took place in these boards and winning the E6 Kvål-Melhus road project was an example of the results of such cooperation.

The competencies of our colleagues in India, Lithuania and Poland are increasingly being integrated into the business model for all our business lines, enabling COWI to provide competitive and high-quality solutions to our customers, especially within building information management (BIM).

Our employees in India, Lithuania and Poland now number a total of 931, making up 13 per cent of the Group's employees.

AMONG PEERS

Also in 2019, COWI's services were acknowledged in the 'Engineering News-Record (ENR) Yearly Sourcebook', which assesses around 150 global design firms in our industry. COWI moved down to number 42 (36 in 2018), but we retained our number-one ranking within solid waste and our number-four ranking within bridge design. On the positive side, we jumped one place to number four (number five in 2018) in Marine and Port Facilities. However, we dropped one place in Health Care Service Buildings to number nine (eight in 2018) and we were number 11 in Mass Transport and Rails (ten in 2018).

PROCESS AND QUALITY PROGRESSING

Operational excellence (OE) is one of the four enablers identified in our strategy, One Step Ahead, as vehicles for achieving our ambitions. In 2019, we continued the journey, focusing on achieving improved process maturity, and OE accelerated the development of processes and tools to improve efficiency, quality and productivity on projects. Furthermore, Group Finance developed common processes and supporting tools for business and project controlling. This led to less controller time being spent on repeat reporting and more time being invested in financial support to project and line managers. Late in the year, COWI in Norway was ISO 9001 certified, completing the journey for the engineering business lines.

EMPLOYEE ENGAGEMENT REMAINS HIGH

COWI's key resource is our employees. Their competencies, knowledge and commitment enable us to provide our customers with outstanding solutions. To gauge whether we continue to be an attractive workplace, to make sure that our leaders provide the support and feedback necessary to develop as individuals and teams, and to identify areas where we can improve, we conduct an engagement survey every year. More than 91 per cent (83 per cent in 2018) of all employees took part in the survey this year, and our overall engagement score increased to 77 (76 in 2018). The industry average score is 76.

EMPLOYER BRANDING ACTIVITIES PAYING OFF

We continued to invest in and develop our employer branding activities in Scandinavia, and we saw our efforts pay off as COWI's employer branding ranking in Norway reached the level of premium brands in the Norwegian market. Our employer brand position in Sweden also saw significant progress. We experienced increasing competition for talent in 2019, underlining the necessity of a strong, relevant employer brand. With the establishment of a new talent acquisition team combined with employer branding activities, COWI now has a more solid foundation to attract talent.

DEVELOPING LEADERS AND EMPLOYEES

In 2019, COWI continued to invest significant resources into line management and project management training, because we consider investment in leaders an investment in our employees and future business.

COWI Academy provides training in a wide range of subjects, among other things business development, negotiation training and project management (PM). This year, 446 (572 in 2018) employees completed the Academy's PM courses, including 17 (9 in 2018) of COWI's top project managers graduating from a specialised PM course dealing with highly complex and challenging international projects, which are COWI's strategic focus.

Our courses are attended by participants from all parts of COWI. We firmly believe that meeting customer needs as One COWI requires relationships across our business. This is why we attach great importance to creating learning environments where employees from across the Group can meet face-to-face. In total, 2,748 (2,742 in 2018) employees, or 41.2 per cent (40.5 per cent in 2018) of COWI employees, completed one or more instructor-led courses arranged by COWI Academy.

ACCELERATING TALENT

Our top talent development programme, ACCELERATOR, covering all career tracks, gained momentum by building on previous experiences from pioneering ACCELERATOR 1. We completed the ACCELERATOR 2 programme at the end of 2019, encompassing an extraordinary group of 22 ambitious and driven colleagues, and we will continue the programme in the coming year. The programme is a business-driven action learning programme with the individual participants 'taking the driver's seat' for personal and professional development based on seven core elements: personal development plan, on-the-job training, mentoring, growth project, mobility and training events.

DIVERSITY REMAINS A CORE FOCUS AREA – AND CHALLENGE

It is COWI's ambition that all employees 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. A breadth in employees gives us more perspectives to our business and organisation and a better contribution to the development of services and solutions valued by society. Today, we number 76 different nationalities across all career levels.

It is COWI's ambition that the composition of management reflects the diversity of our business and markets.

Specifically, regarding gender diversity, we renewed our target of having a minimum of two female out of six COWI board members by 2020. At the end of 2019, the board had two female members.

We have 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 2019, the share of women in management was 24 per cent (24 per cent in 2018). We have not fully achieved the desired progress in this field, and we will therefore continue to focus on generating a strong field of female candidates via our annual people review process.

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 our customers.

On the following pages, we present our business model, our CSR risk assessment, i.e. the CSR issues linked to the business model, explanations as to how we apply the mitigating actions and, finally, the key performance indicators (KPIs) we use to follow up on the various risks. In our Communication on Progress towards the UN Global Compact, we outline our policies, actions, results and KPIs within the above areas of corporate social responsibility. The report is available at https://www.cowi.com/about/corporate-governance/cop

REMUNERATION OF THE EXECUTIVE BOARD AND THE BOARD OF DIRECTORS

The members of the Board of Directors received a fixed annual remuneration determined by comparing 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 440,000 and the Chairman DKK 660,000.

In 2019, the Board of Directors received a total remuneration of DKK 3 million, and the Executive Board a total remuneration of DKK 22 million. Remunerations in 2019 were in line with COWI's remuneration policy for the Board of Directors and Executive Board, which is available at www.cowi.com.

In conclusion, a warm thank you to our dedicated and engaged employees, who did everything possible to tackle the headwind we faced during the year. To withstand the challenging market conditions, we strengthened our management team and streamlined parts of our organisation. We settled disputes, withdrew from non-profitable market segments and reduced risks significantly. Combined with an increased focus on the implementation of digital tools, that provides us with a robust foundation for delivering on our promises and reaching our goals for the years ahead.

On behalf of the Executive Board
Lars-Peter Søbye, Chief Executive Officer

COWI'S BUSINESS MODEL

AND CSR RISK ASSESSMENT

SOCIETY

GLOBAL/NATIONAL ECONOMIES and the POLITICAL ENVIRONMENT constitute the framework conditions for all aspects of COWI's market presence. The CSR risks presented by the framework are MITIGATED by living COWI's mission and vision and practising COWI's five values: integrity, respect, independence, professional capacity and freedom. In addition, navigating a constantly changing political environment calls for a flexible and digitalised organisation which can adapt quickly to new project conditions.

HOW WE FOLLOW UP

- Management's and employees' knowledge of mission, vision and values is scored in COWI's annual engagement survey.

MARKETS

As a global player in diverse GEOGRAPHIES and with diverse CUSTOMERS, COWI's employees face a number of CSR risks ranging from their personal safety to the business environment of customers and the customers' CSR approaches. These risks are MITIGATED by the Executive Board's approval of projects' geographical presence and COWI's safety organisation. COWI is a signatory of the UN Global Compact and thus the business environment, including corruption, is a key focal point vis-à-vis customers.

HOW WE FOLLOW UP

- The Executive Board applies the Transparency International Corruption Perception Index to decision-making on geographical presence.
- Training courses in anti-corruption are mandatory for all COWI employees.

SERVICES

To supply our customers with state-of-the art sustainable solutions, we need to be able to recruit and retain highly COMPETENT EMPLOYEES and attract strong and responsible PARTNERS. We MITIGATE the risk of losing such employees through leadership and by creating a great place to work. We MITIGATE the risk of attracting inappropriate partners through our screening process and by making sure that our code of conduct is upheld.

HOW WE FOLLOW UP

- Every year, we carry out an engagement survey to measure the overall engagement of our employees.
- The type and severity of incidents reported in the Whistleblower system are assessed by the Executive Board and reported to the Board of Directors.
- All training activities in COWI Academy are monitored with regards to content and participants.

VALUE CREATION

COWI's success in the market depends on meeting CUSTOMER REQUIREMENTS and supplying RESPONSIBLE PROJECT MANAGEMENT. The risk of not living up to customer requirements or being able to incorporate sustainable quality solutions through diligent management is MITIGATED by ensuring that COWI has a vibrant and strong professional environment which can provide the high-quality, innovative and sustainable solutions that COWI's customers expect. Responsible project management entails that quality management is integrated in every phase of project execution, therefore making up a strong mitigating factor.

HOW WE FOLLOW UP

- Customer satisfaction is followed closely through the Net Promoter Score.
- Quality management is ensured through ISO certification, recertification and regular audits.

IMPACT

COWI's core business is to deliver projects based on the requirements of customers and society at large. Each project has an impact and can contribute to achievement of the SUSTAINABLE DEVELOPMENT GOALS if designed and realised in an innovative way. As a business, COWI also makes a footprint in these societies. In 2006, COWI signed the Global Compact. Since then, we have strived to MITIGATE our impact on society by reducing our footprint and contributing to the SDGs through actively working with and implementing the COP policies.

HOW WE FOLLOW UP

- COWI projects will be classified according to their relevance and contribution to achieving the SDGs.
- We measure COWI's environmental impact.

Further information about COWI's business model and CSR risk assessment is available in the COP Report (Communication on Progress) for 2019.

COWI'S SERVICES

COWI is a leading consulting group providing services within engineering, environmental science and economics. Our competitive edge is the combination of world-class services with a 360° approach offering customers complete solutions. Together with our customers, we create coherence in tomorrow's sustainable societies.

INFRASTRUCTURE

- Bridges
- Tunnels
- Ports and marine structures
- Railways
- Metros
- Light rails
- Roads and highways
- Airports
- Digitalisation and technology.

BUILDINGS

- Hospitals
- Residential buildings
- Cultural and educational buildings
- Commercial buildings
- Transport hubs
- Industrial buildings
- Data centres
- Project management consultancy
- Airports.

ENVIRONMENT

- Strategic environmental consultancy
- Nature
- Waste and resources
- Contaminated sites
- Environmental impact assessments
- Environment, health and safety
- Sustainability
- Climate change
- Urbanisation
- Digitalisation and technology.

WATER

- Water supply
- Wastewater treatment
- Water and natural resources management
- Dewatering and geophysics
- Flooding
- Drainage
- Stormwater tunneling
- Climate change
- Sustainability
- Urbanisation
- Digitalisation and technology.

ENERGY

- Wind energy
- Biomass and waste to energy
- District heating and cooling
- Oil and gas.

INDUSTRY

- Process industry
- Data centres
- Industrial buildings
- Forest industry
- Food industry
- Manufacturing industry.

PLANNING

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

ARCHITECTURE

- Hospitals
- Housing
- Educational projects
- Domiciles
- Urban design
- Cultural projects
- Laboratories
- Commercial buildings
- Industrial buildings
- Historic and protected buildings.

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 (ROIC)

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

Equity ratio

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

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

	2015 DKKm	2016 DKKm	2017 DKKm	2018 DKKm	2019 DKKm	2019 EURm
KEY FIGURES						
DKK/EUR rate at 31 December 2019						746.97
NET TURNOVER	5,577	5,939	6,052	6,203	6,623	887
Operating profit before interest, tax, depreciation, amortisation (EBITDA)	323	396	427	475	380	51
Operating profit before amortisation (EBITA)	277	341	363	404	303	41
Operating profit on ordinary activities	183	222	238	272	119	16
OPERATING PROFIT (EBIT)	182	231	247	283	169	23
Net financial items including profit/loss after tax in associates	23	16	(30)	(4)	2	0
PROFIT BEFORE TAX FOR THE YEAR	205	247	217	279	171	23
PROFIT FOR THE YEAR	131	162	144	190	100	13
Goodwill	539	590	637	568	820	110
Other non-current assets	309	349	354	335	369	49
Current assets	2,160	2,392	2,465	2,666	2,645	354
TOTAL ASSETS	3,007	3,331	3,456	3,569	3,834	513
Share capital	282	282	282	282	287	38
EQUITY	1,013	1,137	1,222	1,338	1,330	178
Provisions	302	337	381	409	424	57
Long-term debt	2	1	0	2	80	11
Short-term debt	1,690	1,856	1,853	1,820	2,000	268
Cash flow from operating activities	108	228	433	343	341	46
Investment in property, plant and equipment	(70)	(79)	(106)	(73)	(81)	(11)
Other investments	(42)	(184)	(143)	(42)	(381)	(51)
Cash flow from investing activities, net	(113)	(262)	(249)	(115)	(462)	(62)
FREE CASH FLOW	(4)	(34)	183	228	(121)	(16)
Cash flow from financing activities	(113)	(44)	(89)	(242)	90	12
CASH FLOW FOR THE YEAR	(117)	(78)	94	(14)	(30)	(4)

FINANCIAL RATIOS

	2015	2016	2017	2018	2019
EBITDA margin	5.8%	6.7%	7.1%	7.7%	5.7%
Operating margin (EBIT margin)	3.3%	3.9%	4.1%	4.6%	2.5%
Return on invested capital	22.6%	21.9%	20.6%	24.4%	11.1%
Equity ratio	33.7%	34.1%	35.4%	37.5%	34.7%
Return on equity	13.7%	15.1%	12.2%	14.9%	7.5%
Book value per share in DKK	373.0	413.3	437.2	478.9	496.2
AVERAGE NUMBER OF EMPLOYEES	6,311	6,475	6,599	6,691	6,971

FINANCIAL REVIEW

UNSATISFACTORY RESULTS FOR 2019

UNSATISFACTORY RESULTS FOR 2019

COWI's results for 2019 were unsatisfactory, with a net turnover of DKK 6,623 million compared to DKK 6,203 million in 2018, and an EBIT of DKK 169 million compared to DKK 283 in 2018. COWI's EBIT margin was 2.5 per cent as opposed to 4.6 per cent in 2018. The operating cash flow of DKK 341 million compared to DKK 343 million in 2018 was satisfactory, given the reduced profit level.

As mentioned in the management's review on page 5, the result and the operating cash flow for the year are negatively affected by costs related to the ongoing Oman arbitration case. Net turnover is unaffected by this. The arbitration case costs are unrelated to daily operations, and therefore the management's comments on the development of COWI's operational results in the following sections exclude these costs. However, the management's comments on the development of COWI's non-operational costs include the costs of the Oman arbitration proceedings.

Turnover increased significantly as Arkitema became part of the COWI Group. Operating cash flow was within expectations. The operating profit was significant below expectations. EBIT was DKK 213 million, leading to an unsatisfactory EBIT margin of 3.2 per cent.

DEVELOPMENT IN NET TURNOVER FROM 2018 TO 2019 PER BUSINESS LINE

BUSINESS LINE	2018 DKKm	2019 DKKm	GROWTH %	GROWTH DKKm
Denmark	2,456	2,427	(1%)	(29)
Bridge, Tunnel and Marine Structures	1,504	1,473	(2%)	(30)
Norway	1,283	1,312	2%	29
Sweden	1,021	1,009	(1%)	(12)
Arkitema*	0	440	-	440
Other	(60)	(38)	-	22
Total	6,203	6,623	7%	419

*aquired January 2019

Business Line Denmark delivered a robust performance. In Norway, the financial performance was weak due to costs related to the settlement of legal disputes, but the underlying business performed well. The results of Business Line Sweden, Business Line Bridge, Tunnel and Marine Structures (BTM) and Business Line Arkitema were well below expectations.

GROWTH IN TOTAL NET TURNOVER

Net turnover in the COWI Group increased in 2019 by DKK 419 million, or seven per cent, to DKK 6,623 million compared to 2018. The net foreign exchange rate impact was a negative DKK 36 million, mainly due to weak currencies in our main markets. Excluding foreign exchange impact and acquisitions, there was no organic growth (0.3 per cent).

DEVELOPMENT IN TURNOVER (Organic growth incl. exchange rate diff.)

	GROWTH	DKKm
Net turnover 2018		6,203
Increase excl. acquisitions and currency impact	0.3%	16
Foreign exchange rate impact	(0.6%)	(36)
Acquisition of enterprises	7.1%	440
Net turnover 2019	6.8%	6,623

OWN PRODUCTION

The Group's own production increased by eight per cent to DKK 5,507 million from DKK 5,103 million in 2018 and was negatively impacted by net foreign currency effects of DKK 28 million. Excluding the net foreign exchange impact and acquisitions, own production grew by DKK 44 million, an increase of one per cent.

OPERATING EXPENSES

The COWI Group's main operating expense, employee expenses, increased by 11 per cent and totalled DKK 4,399 million in 2019. The increase in employee expenses was related to Arkitema becoming part of the COWI Group. Employee expenses before acquisitions increased by 2.7 per cent. External expenses increased by 11 per cent and totalled DKK 733 million. Before acquisitions, external expenses increased by two per cent.

Amortisation and depreciation amounting to DKK 212 million were primarily attributable to amortisation of goodwill, as well as depreciation on technical installations, operating and other equipment. Total operating expenses amounted to DKK 5,348 million, an increase of 11 per cent compared to 2018. Adjusted for foreign exchange

DEVELOPMENT IN HEADCOUNT

BUSINESS LINE:	2018	2019	CHANGE
Denmark	3,153	3,016	(137)
Bridge, Tunnel and Marine Structures	1,379	1,391	12
Norway	1,113	1,185	72
Sweden	1,125	1,082	(43)
Arkitema*	-	497	497
Total headcount, end of year	6,770	7,171	401

*aquired January 2019

impact and acquisitions, the increase in operating expenses was 3.4 per cent.

EBITDA MARGIN
In 2019, the COWI Group posted an unsatisfactory operating profit before interest, tax, depreciation and amortisation (EBITDA) of DKK 424 million compared to DKK 487 million in 2018, corresponding to a 13 per cent decrease. EBITDA margin was 6.4 per cent.

EBIT MARGIN
In 2019, the COWI Group posted an unsatisfactory operating profit (EBIT) of DKK 213 compared to DKK 295 million in 2018, corresponding to a 28 per cent decrease. EBIT margin was 3.2 per cent, a decrease of 1.6 percentage points.

CASH FLOW
Cash flow from operating activities amounted to a satisfactory DKK 384 million. Cash flow from investing activities amounted to a negative DKK 462 million in 2019 and related primarily to the acquisition of Arkitema. Free cash flow was negative at DKK 77 million, down by DKK 317 million compared to 2018. At 31 December 2019, the Group's total financial resources, which comprise cash and cash equivalents, as well as undrawn committed credit facilities, amounted to DKK 888 million compared to 1,080 million at the end of 2018.

DEVELOPMENT IN HEADCOUNT
At the end of 2019, COWI had 7,171 employees compared to 6,770 at the end of 2018, seeing an increase of 401 employees, corresponding to 5.9 per cent. The increase is related to Arkitema becoming part of the COWI Group.

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

NET FINANCIAL INCOME AND TAX
The Group's net financial income increased by DKK 6 million compared to 2018. Net financial income was negatively affected by foreign exchange losses of DKK 0.5 million. Profit before tax amounted to DKK 171 million compared to DKK 279 million in 2018. The Group's tax on profit for the year amounted to an expense of DKK 71 million, corresponding to an effective tax rate in 2019 of 41 per cent, compared to 32 per cent in 2018. Since 2011, the Group has applied international joint taxation regulations, and expects to continue to do so throughout the period of commitment, i.e. up to and including 2020.

PROFIT FOR THE YEAR
Profit for the year was DKK 100 million compared to DKK 190 million in 2018.

BALANCE SHEET
The Group's total assets at the end of 2019 amounted to DKK 3,834 million, an increase of DKK 265 million compared to 2018, corresponding to 7.4 per cent. Net of acquisitions, total assets decreased by eight per cent.

Net working capital as percentage of turnover decreased to 10 per cent in 2019, compared to 11 per cent in 2018. At the end of 2019, total net working capital was DKK 660 million, up from DKK 651 million in 2018. The Group's cash and cash equivalents decreased by DKK 41 million to DKK 229 million. The Group's total cash and cash equivalents, including the securities portfolio, amounted to DKK 548 million, equivalent to 14 per cent of the Group's total assets. Equity at 31 December 2019 amounted to DKK 1,330 million, corresponding to an equity ratio of 34.7 per cent, down from 37.5 per cent in 2018.

Equity was positively affected by the financial results for the year of DKK 100 million, and by foreign exchange adjustments of DKK 8 million. Equity was negatively affected by hedging instruments after tax of DKK 1 million, net purchase of treasury shares of DKK 76 million and distributed dividends of DKK 59 million. In total, equity decreased by DKK 8 million.

BOOK VALUE PER SHARE AND DIVIDEND
At the end of 2019, book value per share was DKK 496.2 up from 478.9 at the end of 2018. With an 8.2 per cent increase, including dividends, the book value of the share is at its highest level to date. The Board of Directors proposes that dividends amounting to DKK 22 per share (excluding treasury shares), up from DKK 21 in 2018, be distributed, corresponding to 4.4 per cent of the share price for 2019 and at the same level as 2018.

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 287 million, of which DKK 200 million can be ascribed to class A shares and DKK 87 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 19 million worth of class B shares (classified as treasury shares), the employees own DKK 48 million worth of class B shares in total, while COWIfonden owns DKK 220 million worth of share classes A and B in total.

UNCERTAINTY IN RESPECT OF RECOGNITION AND MEASUREMENT

CONTRACT WORK IN PROGRESS

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

GOODWILL

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

DEBTORS

The management performs provisions 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, segments 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 plans 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, significant 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 which is 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 structured acquisition and divestment process as well as 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 (including bribery, corruption, fraud, conflicts of interest etc.) 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.

Furthermore, each project is subject to risk screening as part of the overall bid/no-bid process and the risk category defines downstream requirements to project management procedures.

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.

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 2020

2020 will be the final year of our One Step Ahead strategy and the key focus will be to achieve our strategic goals despite uncertainty on the global scene.

Compared to last year, a combination of macroeconomic events, increased uncertainty and geopolitical tension in our markets has dampened the economic outlook and sets the stage for a general economic slowdown with delayed investment decisions. However, we still see a strong demand for consulting engineering services driven by global megatrends such as sustainability and urbanisation. Overall, we expect the demand in our key markets to remain strong, but the period of high growth is coming to an end.

We expect the Danish economy to grow at a slower pace than last year. The unemployment rate is at a very low level, but the economic outlook is more uncertain. The general construction outlook is more moderate, and for residential construction, we expect a decline in activity, but from a high level, while we still foresee growth in commercial construction. We expect infrastructure investments to stay at the same low level as in 2019, but with a more positive long-term outlook driven by large-scale projects such as the Fehmarn Belt tunnel. Major project wins in 2019, such as Lynetteholmen, the Copenhagen Airport Terminal 3 expansion and Nykobing Falster Hospital won together with Arkitema, underline the continuous need for COWI's services, even when facing tougher market conditions in 2020.

In Norway, the economic growth is expected to continue its strong momentum in 2020, mainly driven by the oil sector. A moderate correction is expected for residential buildings, but we expect a continued increase in commercial and public buildings – especially hospitals – where COWI and Arkitema are well positioned for future opportunities. In line with previous years, we see a very strong outlook for infrastructure, especially within roads and railways due to significant public investments. COWI's recent project wins – the Bergen-Fløen Railway and the E6 Kvål-Melhus section – highlight that we are well positioned to benefit from these investments within infrastructure. Overall, we foresee a continued organic growth in our Norwegian business.

Growth in the Swedish economy dampened in 2019, and the economic growth outlook remains sluggish for 2020. Growth in the residential segment has slowed down significantly, in particular within the Stockholm region, but we expect some major COWI/Arkitema wins to materialize in 2020. On the other hand, we expect the commercial and public construction segment to develop positively. The outlook for infrastructure and industry remains robust with investments in both new projects and maintenance of existing infrastructure and facilities. Investments are particularly concentrated within railways, water and process industry, and COWI continues to participate in projects such as Oxelösunds Harbour and has recently won Masthuggskajen in Gothenburg. Overall, the outlook for the Swedish market is sound going forward.

Our UK business continues to be affected by the uncertainties surrounding the effects of Brexit and the current situation makes it difficult to assess the underlying strength of the economy. As a result, the construction sector was also adversely affected in 2019. However, assuming an orderly exit from the European Union, we expect a slight economic growth in 2020. Furthermore, the UK infrastructure pipeline, especially within roads and railways, is robust and backed by reliable funding. COWI still considers the UK to be a market with positive development and expects to benefit from the increasing infrastructure investments.

In North America, the 2020 outlook remains positive, driven by economic growth in both the USA and Canada. In these markets, the construction outlook is particularly positive for our bridge, tunnel, marine and wind offerings as infrastructure investments and maintenance continue to be a key driver of growth in the coming years. The outlook for North America is bright, but uncertainties remain as to how and when the infrastructure investment plan initiated by the US President will materialise.

Across COWI's markets in the Middle East and Asia, our business within bridges, ports, airports and mass transit are expected to continue benefitting from urbanisation trends in combination with fairly stable economic outlooks. In addition, a positive trend in oil prices in 2019 may increase the investment appetite in Middle East economies. However, we have decided to scale down our presence in the Middle East due to the financial risks involved in entering into projects in this area.

SUSTAINABLE DEVELOPMENT GOALS

In 2006, COWI acceded to the UN Global Compact as a natural consequence of COWI's DNA, values and vision: To create coherence in tomorrow's sustainable societies.

COWI's services contribute to the fulfilment of several of the UN's 17 sustainable development goals (SDGs). However, the Executive Board finds that we play a special role in relation to five SDGs:

- No. 6: Clean Water and Sanitation
- No. 7: Affordable and Clean Energy
- No. 9: Industry Innovation and Infrastructure
- No. 11: Sustainable Cities and Communities
- No. 13: Climate Action.

Particularly SDG no. 11, Sustainable Cities and Communities, encompasses so much of what we do and what we want to achieve. Therefore, working with the SDGs will take priority in our focus and communication.

We are strongly committed to working with these SDGs in a credible and sustainable manner that benefits customers, society and our business. In 2020, we will invest time and energy in analysing, developing and communicating our contribution to the fulfilment of the SDGs in our projects and operations.

2020 LOOKS PROMISING

The outlook for 2020 is promising. Our order backlog has never been stronger, and the underlying business in Norway and Denmark is doing well. The green transition is also expected to have a positive impact on our business. We still face uncertainty on the global political scene, though, with potential negative effects on trade and economy. For instance, we do not yet know what the real consequences of Brexit will be.

In 2020, we expect modest organic growth and positive development in our operational profit. However, the profit will continue to be negatively affected by the arbitration proceedings in Oman.

COWI HOLDING A/S CONSOLIDATED FINANCIAL STATEMENTS 2019

PROFIT AND LOSS ACCOUNT

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

DKK ‘000	NOTE	2019	2018
Net turnover	2	6,622,763	6,203,289
Project expenses		(1,116,043)	(1,100,003)
OWN PRODUCTION	2	5,506,720	5,103,286
External expenses		(777,418)	(670,719)
Employee expenses	3	(4,398,523)	(3,968,792)
Amortisation, depreciation and impairment losses	4	(211,619)	(192,192)
OPERATING PROFIT ON ORDINARY ACTIVITIES		119,160	271,583
Other operating income	5	54,132	14,939
Other operating expenses	6	(4,776)	(3,441)
OPERATING PROFIT		168,516	283,081
Profit after tax in associates		259	2
Financial income	7	91,854	110,163
Financial expenses	8	(89,707)	(114,382)
PROFIT BEFORE TAX		170,922	278,864
Tax on profit for the year	9	(70,778)	(88,502)
PROFIT FOR THE YEAR		100,144	190,362

BALANCE SHEET

BALANCE SHEET OF THE COWI GROUP AT 31 DECEMBER

DKK '000	NOTE	2019	2018
Goodwill		820,218	568,396
Software and licenses		55,650	64,389
Own-developed products		4,904	7,497
Intangible assets in progress		15,922	4,975
INTANGIBLE ASSETS	10	896,694	645,257
Land and buildings		971	1,032
Technical installations, operating and other equipment		223,356	205,494
Property, plant and equipment in progress		661	799
PROPERTY, PLANT AND EQUIPMENT	11	224,988	207,325
Investments in associates	12	6,144	5,742
Other investments and securities		7,347	541
Deposits		53,972	44,646
FINANCIAL ASSETS	13	67,463	50,929
TOTAL NON-CURRENT ASSETS		1,189,145	903,511
Accounts receivable, services		1,186,958	1,274,818
Contract work in progress	14	615,510	575,806
Other receivables		77,213	46,377
Tax receivables		37,184	40,128
Deferred tax assets	15	29,173	25,427
Prepayments	16	150,074	127,916
RECEIVABLES		2,096,112	2,090,472
MARKETABLE SECURITIES	17	319,866	304,634
CASH		228,723	270,442
TOTAL CURRENT ASSETS		2,644,701	2,665,548
TOTAL ASSETS		3,833,846	3,569,059

BALANCE SHEET

BALANCE SHEET OF THE COWI GROUP AT 31 DECEMBER

DKK '000	NOTE	2019	2018
Share capital	18	286,594	282,201
Treasury shares	19	(18,588)	(2,826)
Retained earnings		1,002,847	999,887
Proposed dividend		58,961	58,669
EQUITY		1,329,814	1,337,931
Deferred tax	15	391,793	382,529
Net pension benefit liabilities etc.	20	4,062	5,871
Other provisions	21	28,318	20,415
PROVISIONS		424,173	408,815
Credit institutions		3,412	2,274
Other long-term liabilities		5,806	0
Other debt		70,888	0
LONG-TERM DEBT	22	80,106	2,274
Credit institutions		199,885	28,282
Contract work in progress	14	547,910	549,607
Accounts payable, suppliers		318,544	305,954
Corporate income tax payable		33,649	26,070
Other accounts payable	23	899,765	910,126
SHORT-TERM DEBT		1,999,753	1,820,039
TOTAL DEBT		2,079,859	1,822,313
TOTAL EQUITY AND LIABILITIES		3,833,846	3,569,059

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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 2018	282,201	(2,733)	889,328	53,099	1,221,895
Distributed dividend				(53,099)	(53,099)
Profit for the year			190,362		190,362
Foreign exchange adjustment, foreign subsidiaries			(16,738)		(16,738)
Other adjustments			(1,152)		(1,152)
Value adjustment of hedging instruments			(2,940)		(2,940)
Purchase of treasury shares		(93)	(304)		(397)
Proposed dividend			(58,669)	58,669	0
EQUITY AT 1 JANUARY 2019	282,201	(2,826)	999,887	58,669	1,337,931
Distributed dividend				(58,669)	(58,669)
Profit for the year			100,144		100,144
Capital increase	4,393		16,645		21,038
Foreign exchange adjustment, foreign subsidiaries			8,436		8,436
Other adjustments			(3,314)		(3,314)
Value adjustment of hedging instruments			652		652
Purchase of treasury shares		(15,762)	(60,642)		(76,404)
Proposed dividend			(58,961)	58,961	0
EQUITY AT 31 DECEMBER 2019	286,594	(18,588)	1,002,847	58,961	1,329,814

CASH FLOW STATEMENT

CASH FLOW STATEMENT OF THE COWI GROUP

DKK '000	NOTE	2019	2018
Operating profit		168,516	283,080
Amortisation, depreciation and impairment loss for the year		211,619	192,192
Value adjustments (net) etc.		4,860	(13,194)
Other provisions and allowances for the year		(7,176)	12,693
OPERATING PROFIT ADJUSTED FOR NON-CASH MOVEMENT		377,819	474,771
Net financial income received for the year		2,146	(4,219)
Income taxes paid		(55,902)	(49,477)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL		324,063	421,075
Change in contract work in progress		(32,721)	9,663
Change in deposits		(1,333)	(1,621)
Change in accounts receivable, services		168,645	(148,323)
Change in accounts payable, suppliers		(14,425)	58,167
Change in other receivables and prepayments		(38,894)	(38,316)
Change in other payables and deferred income		(64,152)	41,925
CASH FLOW FROM OPERATING ACTIVITIES		341,183	342,570
Acquisition of intangible assets		(39,567)	(27,763)
Acquisition of property, plant and equipment		(81,131)	(72,744)
Disposal of property, plant and equipment		3,740	3,287
Acquisition of subsidiaries and associates		(340,002)	(17,505)
Aquisition of other fixed asset investments		(4,995)	0
Disposal of other fixed asset investments		0	147
CASH FLOW FROM INVESTING ACTIVITIES		(461,955)	(114,578)
FREE CASH FLOW		(120,772)	227,992
Raising of bank loan, net		178,277	(173,189)
Distributed dividend		(58,669)	(53,099)
Change in other loans		25,211	(14,379)
Amounts owed to group enterprises		919	(937)
Increase of capital		21,038	0
Purchase/sale of treasury shares		(76,404)	(397)
CASH FLOW FROM FINANCING ACTIVITIES		90,372	(242,001)
CASH FLOW FOR THE YEAR		(30,400)	(14,009)
Currency translation adjustments		3,912	1,706
Cash and cash equivalents, beginning of year		575,076	587,379
CASH AND CASH EQUIVALENTS, END OF YEAR	29	548,588	575,076

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 GENERAL ACCOUNTING POLICIES

The 2019 annual report of COWI Holding A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for large enterprises in reporting class C.

The general accounting policies applied in the Group and parent financial statements are described below, while the remaining policies are described in the notes to which they relate. 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 measured reliably.

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 measured reliably. 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.

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 its 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 proffit and loss account as incurred.

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.

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 write-down 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 nonmonetary 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.

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

RECEIVABLES
Receivables are measured at the lower of amortised cost and net realisable value corresponding to the nominal value of write-downs for bad and doubtful debts.

Write-downs 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.

EQUITY
RESERVE FOR EQUITY METHOD
In the parent company, the net revaluation reserve according to the equity method includes net revaluation of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investment or a change in accounting policies. The reserve cannot be recognised with a negative amount.

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

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.

PARENT COMPANY CASH FLOW
No separate cash flow statement has been prepared for the parent company, in accordance with section 86(4) of the Danish Financial Statements Act.

NOTE 2 SEGMENT INFORMATION

ACCOUNTING POLICIES

Information is provided on COWI's net turnover and own production, broken down on business areas and business lines. The information is based on the Group's internal financial reporting system.

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

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	2019	2018
Planning and economics	647,145	689,870
Water and environment	858,637	788,366
Transportation	2,642,286	2,640,788
Buildings	1,882,805	1,419,111
Industry and energy	498,734	604,030
Not distributed and eliminations	93,156	61,124
Total	6,622,763	6,203,289

The Group's net turnover distributed on business lines:

DKK '000	2019	2018
Denmark	2,426,636	2,455,667
Bridge, Tunnel and Marine Structures	1,473,461	1,503,750
Norway	1,312,237	1,283,049
Sweden	1,009,043	1,020,732
Arkitema	439,527	-
Other and eliminations	(38,141)	(59,909)
Total	6,622,763	6,203,289

The Group's own production distributed on business lines:

DKK '000	2019	2018
Denmark	1,928,117	1,965,603
Bridge, Tunnel and Marine Structures	1,217,941	1,194,265
Norway	1,146,401	1,098,806
Sweden	788,354	807,770
Arkitema	387,942	-
Other and eliminations	37,965	36,842
Total	5,506,720	5,103,286

NOTE 3 EMPLOYEE EXPENSES

ACCOUNTING POLICIES

The fair value of short-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 long-term incentive schemes where the company uses own shares as bonus payment are not recognized in the annual report.

DKK ‘000	2019	2018
Salaries and wages	(3,812,740)	(3,425,700)
Pensions	(141,873)	(119,431)
Social security	(347,624)	(321,708)
Other employee expenses	(96,285)	(101,953)
Employee expenses	(4,398,523)	(3,968,792)

Remuneration, Executive Board	(21,878)	(19,734)
Remuneration, former Executive Board and partners	(1,809)	(2,478)
Remuneration, Board of Directors, parent company	(2,740)	(2,699)

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. 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. However, no bonus was achieved through long-term incentive plan in 2019.

Number of employees		
Average number of employees	6,971	6,691
Number of employees at 31 December	7,171	6,770

NOTE 4 AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

ACCOUNTING POLICIES

Amortisation and depreciation for the year are recognised based on the amortisation and depreciations profiles of the underlying assets. Reference is made to note 10 and 11 respectively.

DKK ‘000	2019	2018
Goodwill	(91,534)	(75,243)
Software and licenses	(38,959)	(34,991)
Own-developed products	(3,785)	(10,277)
Land and buildings	(44)	(45)
Technical installations, operating and other equipment	(77,297)	(71,636)
Amortisation, depreciation and impairment losses	(211,619)	(192,192)

NOTE 5 OTHER OPERATING INCOME

ACCOUNTING POLICIES

Other operating income includes items of a secondary nature compared with the company’s core activities, including compensation as well as profits from the disposal of non-current assets etc.

DKK ‘000	2019	2018
Profit from disposal of property, plant and equipment	441	460
Reimbursements and compensations	4,294	11,685
Other operating income	6,397	2,794
Reversal of earn-out	43,000	0
Other operating income	54,132	14,939

NOTE 6 OTHER OPERATING EXPENSES

ACCOUNTING POLICIES

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

DKK '000	2019	2018
Loss from disposal of property, plant and equipment	(316)	(228)
Removal expenses	(1,906)	(386)
Other operating expenses	(2,554)	(2,827)
Other operating expenses	(4,776)	(3,441)

NOTE 7 FINANCIAL INCOME

ACCOUNTING POLICIES

Financial income includes interest income, realised and unrealised foreign exchange adjustments and value adjustments on securities.

DKK '000	2019	2018
Interest, cash, securities etc.	4,176	12,303
Realised and unrealised capital gains, investments	25,865	20,536
Foreign exchange gains	61,812	77,324
Financial income	91,854	110,163

NOTE 8 FINANCIAL EXPENSES

ACCOUNTING POLICIES

Financial 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.

DKK '000	2019	2018
Interest, cash, securities etc.	(15,192)	(12,712)
Realised and unrealised capital losses, investments	(12,162)	(23,382)
Foreign exchange losses	(62,354)	(78,288)
Financial expenses	(89,708)	(114,382)

NOTE 9 TAX ON PROFIT FOR THE YEAR

ACCOUNTING POLICIES

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

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

Income tax for the year, consisting of current tax and deferred tax for the year, is recognised in the profit and loss account with the share attributable to profit for the year, and is recognised directly in equity with the share attributable to entries recognised directly in equity. Current tax liabilities and current tax receivables are recognised net in the balance sheet as tax computed on taxable income for the year adjusted for tax on taxable income for previous years. Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences between accounting and tax values of assets and liabilities. However, no provision is made for deferred tax on temporary differences arising from amortisation of goodwill disallowed for tax purposes as well as other items, apart from acquisition of enterprises, where temporary differences have arisen at the time of acquisition without any effect on financial results or the taxable income.

DKK '000	2019	2018
Current tax	(30,834)	(31,576)
Current tax, foreign project offices	(19,199)	(13,476)
Deferred tax	(23,181)	(48,519)
Change of deferred tax of corporate income tax	(290)	(4,890)
Tax adjustment in respect of deferred tax, prior periods	17,319	17,832
Tax adjustment in respect of prior periods	(14,777)	(7,226)
Tax on profit for the year	(70,962)	(87,855)
Broken down as follows:		
Tax on profit for the year	(70,778)	(88,502)
Tax on movements in equity	(184)	647
Total tax on profit for the year	(70,962)	(87,855)
Tax on profit for the year can be broken down as follows:		
Tax calculated at 22 per cent on profit before tax	(37,603)	(61,350)
Adjustment in proportion to 22 per cent of tax calculated in foreign subsidiaries	(3,872)	(2,066)
Current tax and withholding taxes, foreign project offices	(19,199)	(13,476)
Tax effect from:		
Amortisation of goodwill disallowed for tax purposes	(13,237)	(12,371)
Other expenses/other income disallowed for tax purposes	881	(4,956)
Difference tax percentage, deferred tax/current tax	(290)	(4,890)
Tax adjustment in respect of prior periods, current tax	(14,777)	(7,226)
Tax adjustment in respect of prior periods, deferred tax	17,319	17,833
	(70,778)	(88,502)
Effective tax rate	41.4%	31.7%

NOTE 10 INTANGIBLE ASSETS

ACCOUNTING POLICIES

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

WRITE-DOWN FOR IMPAIRMENT OF NON-CURRENT ASSETS

The carrying amounts of intangible assets, as well as property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment exceeding the write-downs made in connection with general amortisation and depreciation. Where write-down 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. Value in use is determined at the present value of the discounted future net cash flow from the group of assets to which it relates.

NOTE 10 INTANGIBLE ASSETS, CONTINUED

DKK '000	Goodwill	Software and licences	Own-developed products	Intangible assets in progress	Total
Cost at 1 January 2019	1,172,901	244,784	35,527	4,975	1,458,187
Value adjustment	(2,085)	566	11	0	(1,508)
Additions from acquisitions of enterprises	0	21,361	0	0	21,361
Additions	346,316	27,522	1,193	10,947	385,978
Disposals	(4,772)	(57,031)	(15,953)	0	(77,756)
Cost at 31 December 2019	1,512,360	237,202	20,778	15,922	1,786,262
Amortisation and impairment losses at 1 January 2019	604,505	180,395	28,030	-	812,930
Value adjustment	875	515	12	-	1,402
Additions from acquisitions of enterprises	0	18,714	0	-	18,714
Amortisation and impairment losses	91,534	38,959	3,785	-	134,278
Disposals	(4,772)	(57,031)	(15,953)	-	(77,756)
Amortisation and impairment losses at 31 December 2019	692,142	181,552	15,874	-	889,568
Carrying amount at 31 December 2019	820,218	55,650	4,904	15,922	896,694

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 the 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.

In 2019, the development of the ERP system concerned a large upgrade of the system as well as roll-out of Cockpit in COWI North America, COWI Lietuva UAB, COWI Limited and COWI Mozambique Lda. Regular software updates are expected, resulting in an estimated economic life of these projects of 84 months. The ERP system is only used internally in COWI.

NOTE 11 TANGIBLE ASSETS

ACCOUNTING POLICIES

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.

PROPERTY, PLANT AND EQUIPMENT IN PROGRESS

Property, plant and equipment in progress, including development of mapping products, are measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount.

On completion of the development work, property, plant and equipment in progress are depreciated on a straight-line basis along with technical installations, operating and other equipment.

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
Aircrafts: 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 write-downs. 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.

WRITE-DOWN FOR IMPAIRMENT OF NON-CURRENT ASSETS

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment exceeding the write-downs made in connection with general amortisation and depreciation. Reference is made to note 10.

NOTE 11 TANGIBLE ASSETS, CONTINUED

DKK '000	Land and buildings	Technical installations, operating and other equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2019	1,610	514,889	799	517,298
Value adjustment	(25)	4,874	0	4,849
Additions from acquisitions of enterprises	0	44,547	0	44,547
Additions	0	80,550	(138)	80,412
Disposals	0	(48,787)	0	(48,787)
Cost at 31 December 2019	1,585	596,073	661	598,319
Amortisation and impairment losses at 1 January 2019	578	309,395	-	309,973
Value adjustment	(8)	2,858	-	2,850
Additions from acquisitions of enterprises	0	29,059	-	29,059
Amortisation and impairment losses	44	76,577	-	76,621
Disposals	0	(45,172)	-	(45,172)
Amortisation and impairment losses at 31 December 2019	614	372,717	-	373,331
Carrying amount at 31 December 2019	971	223,356	661	224,988
Of which assets held under finance leases amount to		5,943		

NOTE 12 INVESTMENTS IN ASSOCIATES

ACCOUNTING POLICIES

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.

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 13 FINANCIAL ASSETS

ACCOUNTING POLICIES

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.

DKK '000	Investments in associates	Other investments and securities	Deposits	Total
Cost at 1 January 2019	5,215	263	44,646	50,124
Foreign exchange adjustments	104	3	284	391
Additions from acquisitions of enterprises	0	1,809	7,993	9,802
Additions	28	4,995	4,107	9,130
Disposals	0	0	(3,058)	(3,058)
Costs at 31 December 2019	5,347	7,070	53,972	66,389
Value adjustments at 1 January 2019	527	278	-	805
Foreign exchange adjustments	11	0	-	11
Profit for the year	259	0	-	259
Value adjustments at 31 December 2019	797	278	-	1,075
Carrying amount at 31 December 2019	6,144	7,348	53,972	67,464

NOTE 14 CONTRACT WORK IN PROGRESS

ACCOUNTING POLICIES

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.

DKK '000	2019	2018
Recognised in the balance sheet as:		
Contract work in progress (assets)	615,510	575,806
Amounts invoiced in advance (liabilities)	(547,910)	(549,607)
Contract work in progress, net	67,600	26,199

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 15 DEFERRED TAX

ACCOUNTING POLICIES

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.

DKK ‘000	2019	2018
Deferred tax at 1 January	357,102	322,100
Value adjustments	(634)	(1,035)
Deferred tax change due to corporate income tax rate reduction	290	4,919
Deferred tax due to disposal/acquisition of enterprises	0	461
Deferred tax for previous year	(17,295)	(10,674)
Deferred tax two years ago and before	(24)	(7,188)
Deferred tax for the year	23,181	48,699
	362,620	357,102
Recognised in the balance sheet as:		
Deferred tax asset	29,173	25,427
Deferred tax liability	391,793	382,529
	362,620	357,102
Deferred tax concerns:		
Intangible assets	6,248	8,866
Property, plant and equipment	(60,607)	(67,881)
Current assets	384,993	407,156
Provisions	(19,761)	(52,010)
Debt	61,500	61,688
Tax-loss carryforward, deductible for tax purposes	(9,753)	(717)
	362,620	357,102

As of 31 December 2019, the Group recognized tax assets worth a total of DKK 29.1 million. The tax assets are made up of deferrable tax losses of DKK 9.7 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 16 PREPAYMENTS

ACCOUNTING POLICIES

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.

DKK '000	2019	2018
Insurance premiums	22,529	23,549
Rent	53,167	38,866
Other	74,378	65,501
Prepayments	150,074	127,916

NOTE 17 MARKETABLE SECURITIES

ACCOUNTING POLICIES

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.

DKK '000	2019	2018
Shares	105,454	127,356
Bonds	214,412	177,278
Portfolio at 31 December	319,866	304,634

NOTE 18 SHARE CAPITAL

DKK '000	2019
The share capital consists of:	
A shares:	
2,000,000 shares of each DKK 100	200,000
B shares:	
865,937 shares of each DKK 100	86,594
Share capital in total	286,594

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 within three years when the employee leaves the company.

DKK '000	2019	2018	2017	2016	2015
Specification of movements in share capital:					
Share capital at 1 January	282,201	282,201	282,201	282,201	283,000
Capital increase	4,393	0	0	0	0
Capital decrease	0	0	0	0	(799)
Share capital at 31 December	286,594	282,201	282,201	282,201	282,201

NOTE 19 TREASURY SHARES

ACCOUNTING POLICIES

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.

DKK '000	Nominal value	Share capital percentage
Portfolio at 1 January 2019	2,826	1.0%
Additions for the year	22,921	8.0%
Disposals for the year	(7,159)	(2.5%)
Portfolio at 31 December 2019	18,588	6.5%

Treasury shares consist of B shares with a nominel value of DKK 18,588 thousand. Additions for the year are due to the Group's repurchasing of shares under the Group's employee programme and from COWIfonden.

NOTE 20 NET PENSION BENEFIT LIABILITIES

ACCOUNTING POLICIES

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.

DKK '000	2019	2018
Net pension benefit liabilities	4,062	5,871
Net pension benefit liabilities at 31 December	4,062	5,871

NOTE 21 OTHER PROVISIONS

ACCOUNTING POLICIES

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.

DKK '000	2019	2018
Guarantees	24,481	16,308
Provision	3,837	4,107
Other provisions at 31 December	28,318	20,415

NOTE 22 LONG-TERM DEBT

ACCOUNTING POLICIES

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.

DKK '000	2019	2018
Leasing loans falling due later than one year and not later than five years	3,412	2,274
Other long-term liabilities falling due later than five years	1,601	0
Other long-term liabilities falling due later than one year and not later than five years	4,206	0
Holiday allowance falling due later than five years	62,939	0
Holiday allowance falling due later than one year and not later than five years	7,948	0
Long-term debt at 31 December	80,106	2,274

NOTE 23 OTHER ACCOUNTS PAYABLE

ACCOUNTING POLICIES

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

DKK '000	2019	2018
Accrued holiday allowance	308,078	338,315
Taxes and VAT payable	242,072	234,900
Other accounts payable	349,615	336,911
Other accounts payable at 31 December	899,765	910,126

NOTE 24 FEES TO AUDITORS

DKK '000	2019	2018
Fee, statutory audit	(4,355)	(3,313)
Assurance engagements	(578)	(408)
Tax consultancy	(2,260)	(2,508)
Services other than audit	(2,557)	(1,004)
Total fees, PricewaterhouseCoopers	(9,750)	(7,233)

DKK '000	2019	2018
Fee, statutory audit	(523)	(526)
Assurance engagements	(124)	(653)
Tax consultancy	(2,264)	(978)
Services other than audit	(1,620)	(1,540)
Total fees, other accountancy firms	(4,531)	(3,697)

NOTE 25 FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

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.

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	2019	2018
Liabilities	15,268	13,025

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 a negative DKK 15,268 thousand. The duration of the currency forward contracts are between 0 and 18 months.

The Group hedges large projects with currency exposure. Besides the project-based balance sheet items stated above, a part of expected future cash flow is hedged. In total DKK 35.4 million of future cash flow was hedged as of 31 December 2019. The fair market value thereof was a negative DKK 2.4 million. The loss is recognised in the equity.

NOTE 26 CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

DKK '000	2019	2018
Lease commitments		
Lease commitments (operating leases) due after less than one year	16,134	16,492
Lease commitments (operating leases) falling due later than one year and not later than five years	28,399	22,613
Lease commitments (operating leases) due after more than five years	877	265
Lease commitments (operating leases) in total	45,410	39,370

DKK '000	2019	2018
Rental commitments		
Rental commitments in the period of termination due after less than one year	157,479	183,858
Rental commitments in the period of termination falling due later than one year and not later than five years	487,155	553,506
Rental commitments in the period of termination due after more than five years	112,302	227,087
Rental commitments in total	756,936	964,451

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.

MAJOR CLAIMS

The COWI Group is regularly involved in both major and minor legal processes and disputes, and there is a risk that pronouncement of judgments and/or rulings, including imposition of liability to pay damages, fines etc., may have a negative impact on the COWI Group's business, results, cash flows and financial position.

MUSCAT AND SALALAH AIRPORTS (OMAN)

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 material claims of outstanding payments and other claims against the Omani government. As the final account was rejected by the client, COWI A/S initiated arbitration proceedings against the client. Notice of arbitration was filed in November 2017 and an arbitral tribunal was constituted in April 2018. Later in 2018, COWI submitted its statement of claim, and during 2019, the client submitted its statement of defence and counterclaim, and has as expected challenged COWI's claim in its entirety and raised a substantial counterclaim. However, the external legal assessment finds that there are considerable areas whereas the counterclaim remains unparticularised and/or unsubstantiated, as the client has until now not provided sufficient evidence to support its claim. In addition to this, the external legal assessment finds that the client will face serious difficulties in succeeding with its arguments since it, among other things, will need to establish that COWI A/S has been grossly negligent to exceed the agreed cap on liability of approximately DKK 590 million (OMR 34.5 million) as well as several exclusions of liability in the contract. The client will also need to establish that COWI A/S is responsible for all delay and extra costs affecting the project — disregarding the cause of the cost, the time of the origin of the cost and whether or not the loss was suffered by the client or a third party. Since the size of the amounts and the probability that the amounts will be paid are surrounded by considerable uncertainty, neither COWI's claims for outstanding payments and other claims, nor the client's counterclaims have been recognized in the annual report. It is uncertain when these matters will be clarified; however COWI expects the arbitration to be completed in 2022.

BRIDGES FOR THE LUSAIL CITY PROJECT (QATAR)

In 2006-2007, acting under a sub-consultancy agreement with Halcrow Consulting Eng. & Arch. Ltd. ("Halcrow"), COWI A/S designed nine marine bridges for the Lusail City project in Qatar. In February 2017, Halcrow was presented with a substantial claim from Lusail Real Estate Development Company, a legal entity controlled by the Qatar state, based on alleged defects, amongst others, in COWI's design, and in late 2018, Halcrow issued a request of arbitration against COWI A/S with a claim yet to be determined if and when Halcrow is found liable for damages under the court case with Lusail Real Estate Development Company. The arbitration case against COWI is stayed until further notice or final resolution under the court case between Lusail Real Estate Development Company and Halcrow. It is therefore expected that Halcrow will pursue a claim against COWI A/S to the extent that Halcrow is found liable for damages towards Lusail Real Estate Development Company, however, it should be noted that the agreed cap on liability is DKK 68 million (QAR 36.5 million) in the contract between COWI A/S and Halcrow.

BABCOCK & WILCOX VØLUND A/S AND BWL ENERGY (TEESIDE) LIMITED (UK)

In 2019, Babcock & Wilcox Vølund A/S and BWL Energy (Teeside) Limited filed a statement of claim against COWI A/S to the Danish Institute of Arbitration, raising a substantial claim. The claim is related to engineering services provided by Bascon A/S – now COWI A/S – in connection with the construction of three biomass power plants in the UK. However, the obtained external legal assessment finds that Babcock & Wilcox Vølund A/S and BWL Energy (Teeside) Limited will face serious difficulties in succeeding with their arguments since it is profoundly based on disregarding the agreed limitation of liability (liability cap) of DKK 20.8 million, just as Babcock & Wilcox Vølund A/S and BWL Energy (Teeside) Limited have until now not provided sufficient evidence to support their claim.

NOTE 26 CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS, CONTINUED

DKK '000	2019	2018
Guarantees		
Guarantee facility at 31 December	1,280,369	1,344,739
Drawn for performance bonds relating to projects in progress	317,786	406,312
Drawn for other guarantees	96,589	104,384
Total drawn guarantees	414,375	510,696
For guarantees, the following assets have been provided as security to credit institutions:		
Cash at a carrying amount of	3,666	1,662
Securities at a carrying amount of	163,322	158,400
Total securities	166,988	160,062

COWIs securities to credit institutions in 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 2019, the employees hold shares at a nominal value of DKK 47.7 million. COWIfonden has signed a letter of indemnity in favour of the Group in order that the Group shall be able to honour its duty to repurchase employee shares at book value per share at any time.

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

NOTE 27 RELATED PARTY TRANSACTIONS

COWIfonden (the COWI Foundation) owns all A shares in COWI Holding A/S and exercises a controlling influence on the company. No other shareholders own more than five per cent of the 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 has not been disclosed in accordance with section 98 C(7) of the Danish Financial Statements Act.

NOTE 28 THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

The company's directors and members of the Executive Board own the following nominal shareholdings in COWI Holding A/S and, at the end of the financial year, held the following directorships and executive functions 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) Aarhus University (VCB) Corbion (MB) Novo Holdings A/S (VCB) Novo Nordisk Fonden (MB) Villum Fonden (VCB)	300,000
Jukka Pertola, Vice Chairman	Akademiet for de Tekniske Videnskaber (CB) Siemens Gamesa Renewable Energy A/S (CB) GomSpace A/S (CB) GomSpace Group AB (CB) Asetek A/S (CB) Industriens Pensionsforsikring A/S (MB) IoT Denmark A/S (CB) Tryg A/S (CB) Tryg Forsikring A/S (CB) Monsenso A/S (CB)	200,000
Thomas Stig Plenborg	Professor at Copenhagen Business School DSV Panalpina A/S (CB) Everyday Luxury Feeling A/S (CB)	1,400,000
Henriette Hallberg Thygesen	A.P. Møller - Mærsk A/S (CEO of Fleet & Strategic Brands, Executive Vice President and member of the Executive Board) Damco (CB) Maersk Supply Service (CB)	
Henrik Andersen		360,200
Birgit Farstad Larsen		12,600
Sophus Hjort*		30,500
Jens Brendstrup*		44,200
Marius Sekse*		1,000

Executive Board		
Lars Peter Søbye, Chief Executive Officer	DI (Confederation of Danish Industry) (CB) BLOXHUB (CB)	931,500
Tomas Bergendahl, Chief Financial Officer		350,000
Rasmus Ødum, Chief Operating Officer	DI's udvalg for Offentlig-privat Samspil (CB)	565,600
Jens Christoffersen, Chief Business Development Officer		469,400

(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 29 CASH AND CASH EQUIVALENTS

DKK '000	2019	2018
Marketable securities	319,866	304,634
Cash	228,723	270,442
Cash and cash equivalents at 31 December	548,589	575,076
Undrawn committed credit facilities at 31 December not including guarantee facilities	339,740	504,544
Financial resources at 31 December	888,329	1,079,620

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 2019.

NOTE 31 ENTITIES IN THE COWI GROUP

NAME OF ENTITY	DOMICILE	OWNERSHIP
COWI Holding A/S	Denmark	
COWI Invest A/S	Denmark	100%
COWI A/S	Denmark	100%
Comar Engineers A/S	Denmark	100%
COWI & Partners LLC	Oman	100%
COWI Belgium SPRL	Belgium	100%
COWI Consulting (Beijing) Ltd. Co.	China	100%
COWI India Private Limited	India	100%
COWI Korea Co., Ltd	Korea	100%
COWI Lietuva UAB	Lithuania	100%
COWI Limited	Uganda	100%
COWI Mapping UK Ltd.	United Kingdom	100%
COWI Mozambique Lda.	Mozambique	100%
COWI Polska Sp. z o.o.	Poland	100%
COWI Tanzania Ltd	Tanzania	100%
KX A/S	Denmark	100%
Studstrup & Østgaard A/S Rådgivende Ingeniørfirma	Denmark	100%
COWI International AB	Sweden	100%
COWI AS	Norway	100%
Aquateam COWI AS	Norway	100%
TDA COWI AS	Norway	100%
COWI Holding AB	Sweden	100%
COWI AB	Sweden	100%
AEC Advanced Engineering Computation Aktiebolag	Sweden	100%
COWI Projektbyrån AB	Sweden	100%
Granruds Byggkonsult Aktiebolag	Sweden	100%
PB-Teknik Aktiebolag	Sweden	100%
Vinga Elprojektering Aktiebolag	Sweden	100%
COWI International A/S	Denmark	100%
Flint & Neill Limited	United Kingdom	100%
COWI Consult UK Limited	United Kingdom	100%
COWI GULF A/S	Denmark	100%
COWI Hong Kong Limited	Hong Kong	100%
COWI North America Holding, Inc.	USA	100%
COWI North America, Inc.	USA	100%
COWI North America Ltd.	Canada	100%
COWI Singapore Pte. Ltd.	Singapore	100%
COWI UK Limited	United Kingdom	100%
COWI Architecture A/S	Denmark	100%
Anpartsselskabet 03.03.03.	Denmark	100%
Arkitema K/S	Denmark	100%
Arkitema AB	Sweden	100%
Arkitema Architects AS	Norway	100%

COWI HOLDING A/S FINANCIAL STATEMENTS

(PARENT COMPANY)

ACCOUNTING POLICIES

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

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

INVESTMENTS IN SUBSIDIARIES

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

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

CASH FLOW STATEMENT

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

PROFIT AND LOSS ACCOUNT

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

DKK '000	NOTE	2019	2018
External expenses	1	(29,943)	(27,796)
Employee expenses	1	(22,182)	(21,540)
Other operating income		59,402	43,500
OPERATING PROFIT/LOSS		7,277	(5,836)
Profit after tax in subsidiaries		73,543	194,611
Financial income	2	55,068	16,538
Financial expenses	3	(25,760)	(15,231)
PROFIT BEFORE TAX		110,128	190,082
Tax on profit/loss for the year	4	(9,984)	280
PROFIT FOR THE YEAR		100,144	190,362
Proposed distribution of profit for the year:			
Proposed dividend (22 per cent of the share capital excluding treasury shares)		58,961	58,669
Retained earnings		41,183	131,693
		100,144	190,362

BALANCE SHEET

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

DKK '000	NOTE	2019	2018
Investments in subsidiaries	5	806,637	921,885
Other receivables		6,413	0
FINANCIAL ASSETS		813,050	921,885
TOTAL NON-CURRENT ASSETS		813,050	921,885
Receivables from subsidiaries		72,056	162,917
Receivable company tax		807	166
Loans to subsidiaries		824,477	508,246
Other receivables		10,790	320
Prepayments		841	929
RECEIVABLES		908,971	672,578
MARKETABLE SECURITIES		319,866	304,634
CASH		88,713	70,640
TOTAL CURRENT ASSETS		1,317,550	1,047,852
TOTAL ASSETS		2,130,600	1,969,737
Share capital	6	286,594	282,201
Treasury shares		(18,588)	(2,826)
Retained earnings		1,002,847	999,887
Proposed dividend		58,961	58,669
EQUITY		1,329,814	1,337,931
Deferred tax	7	49,685	45,049
PROVISIONS		49,685	45,049
Bank debt		192,713	17,859
Amounts owed to subsidiaries		480,801	197,221
Loans from COWI Group companies		36,073	364,076
Accounts payable, suppliers		33,484	3,531
Payable company tax		5,937	0
Other accounts payable		2,093	4,070
SHORT-TERM DEBT		751,101	586,757
TOTAL DEBT		751,101	586,757
TOTAL LIABILITIES AND EQUITY		2,130,600	1,969,737
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 2018	282,201	(2,733)	0	889,328	53,099	1,221,895
Distributed dividend					(53,099)	(53,099)
Profit for the year			200,482	(10,120)		190,362
Foreign exchange adjustment, foreign subsidiaries			(16,738)			(16,738)
Other adjustments			(4,092)			(4,092)
Purchase of treasury shares		(93)		(304)		(397)
Other transfers			(179,652)	179,652		0
Proposed dividend				(58,669)	58,669	0
EQUITY AT 1 JANUARY 2019	282,201	(2,826)	0	999,887	58,669	1,337,931
Distributed dividend					(58,669)	(58,669)
Profit for the year			79,414	20,730		100,144
Foreign exchange adjustment, foreign subsidiaries			8,436			8,436
Other adjustments			(2,662)			(2,662)
Purchase of treasury shares		(15,762)		(60,642)		(76,404)
Capital increase	4,393			(16,645)		21,038
Other transfers			(85,188)	85,188		0
Proposed dividend				(58,961)	58,961	0
EQUITY AT 31 DECEMBER 2019	286,594	(18,588)	0	1,002,847	58,961	1,329,814

NOTES FOR THE PARENT COMPANY, COWI HOLDING A/S

NOTE 1 EXPENSES

If not otherwise stated, the accounting policies for the parent financial statements are equal to the accounting policies described in the notes for the group financial statements.

Employee expenses

See note 3 to the group financial statements on page 29. The company had three employees during the financial year (2018: three).

Fees to auditors:

DKK ‘000	2019	2018
Fee, statutory audit	(64)	(63)
Tax consultancy	0	(34)
Services other than audit	(19)	(76)
Total fees, PricewaterhouseCoopers	(83)	(173)

Employee expenses:

DKK ‘000	2019	2018
Salaries and wages	(18,867)	(18,342)
Pensions	(3,297)	(3,180)
Social security	(19)	(18)
Employee expenses	(22,181)	(21,540)

NOTE 2 FINANCIAL INCOME

DKK ‘000	2019	2018
Interest, subsidiaries	17,942	8,645
Interest, bank accounts	841	21
Foreign exchange gains	10,420	7,360
Capital gain on securities	25,865	512
Financial income	55,068	16,538

NOTE 3 FINANCIAL EXPENSES

DKK ‘000	2019	2018
Interest, subsidiaries	(6,284)	(3,421)
Interest, cash, securities etc.	(2,763)	(1,106)
Foreign exchange losses	(7,548)	(8,507)
Other financial expenses	(96)	(63)
Capital loss on securities	(9,069)	(2,134)
Financial expenses	(25,760)	(15,231)

NOTE 4 TAX ON PROFIT FOR THE YEAR

DKK '000	2019	2018
Tax on profit for the year	(5,937)	0
Withholding taxes abroad	(157)	(167)
Deferred tax	(2,300)	213
Tax adjustment in respect of prior periods	(1,590)	234
Tax on profit for the year	(9,984)	280
Broken down as follows:		
Tax on profit for the year	(9,984)	280
Total tax on profit for the year	(9,984)	280
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	(6,757)	2,288
Withholding taxes, foreign project offices	(157)	0
Amortisation of goodwill disallowed for tax purposes	(1,292)	(167)
Other expenses/other income disallowed for tax purposes	(188)	(1,292)
Change of deferred tax due to reduction of corporate income tax	0	(783)
Tax adjustment in respect of prior periods	(1,590)	234
	(9,984)	280

NOTE 5 FINANCIAL ASSETS

DKK '000	Investments in subsidiaries
Costs at 1 January	1,429,493
Additions	35,580
Costs at 31 December 2019	1,465,073
Value adjustments at 1 January 2019	(507,608)
Foreign exchange adjustments	6,313
Profit for the year	79,414
Dividends	(230,684)
Amortisation of goodwill	(5,871)
Value adjustments at 31 December 2019	(658,436)
Carrying amount at 31 December 2019	806,637

See note 30 to the group financial statements on page 46 for information on investments in subsidiaries.

NOTE 6 SHARE CAPITAL

See note 18 to the group financial statements on page 38 for information on share capital.

NOTE 7 DEFERRED TAX

DKK '000	2019	2018
Deferred tax at 1 January	(45,049)	(26,898)
Deferred tax adjustment in respect of prior periods	(2,336)	(18,364)
Deferred tax for the year	(2,300)	213
	(49,685)	(45,049)
Specification of deferred tax assets and deferred tax:		
Current assets	2,300	0
Tax-loss carryforward	(47,385)	(491)
Provision for retaxation	0	(45,540)
	(49,685)	(45,049)
Recognised in the balance sheet as:		
Deferred tax liability	(49,685)	(45,049)
Deferred tax	(49,685)	(45,049)

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.

COWI Holding A/S has signed a letter of intent to a subsidiary not to demand repayment of a DKK 6 million loan, until the subsidiary is able to generate sufficient cash flow.

DKK '000	2019	2018
Guarantees		
Guarantee facility at 31 December	682,232	686,355
Drawn for performance bonds relating to projects in progress	179,261	234,308
Drawn for other guarantees	66,666	71,285
Total drawn guarantees	245,927	305,593
For guarantees, the following assets have been provided as security to credit institutions:		
Cash at a carrying amount of	2,299	404
Securities at a carrying amount of	163,322	158,400
Total securities	165,621	158,804

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

See note 26 to the group financial statements on page 43 for further information on contingencies and other financial commitments.

NOTE 9 RELATED PARTY TRANSACTIONS

See note 27 to the group financial statements on page 43 for information on related party transactions.

NOTE 10 THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD

See note 28 to the group financial statements on page 44 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 2019 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 2019 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, 27 February 2020

EXECUTIVE BOARD:

LARS-PETER SØBYE
Chief Executive Officer

TOMAS BERGENDAHL
Chief Financial Officer

RASMUS ØDUM
Chief Operating Officer

JENS CHRISTOFFERSEN
Chief Business Development Officer

BOARD OF DIRECTORS:

STEEN RIISGAARD
Chairman

JUKKA PERTOLA
Vice Chairman

HENRIETTE HALLBERG THYGESEN

BIRGIT FARSTAD LARSEN

THOMAS STIG PLENBORG

HENRIK ANDERSEN

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 2019, 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 2019 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 2019, which comprise profit and loss account, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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 Financial 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 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 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 fi ndings, including any significant defi ciencies in internal control that we identify during our audit.

Hellerup, 27 February 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No *33 77 12 31*

JESPER MØLLER LANGVAD
State Authorised
Public Accountant
mne21328

SØREN ALEXANDER
State Authorised
Public Accountant
mne42824

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
Jukka Pertola, Vice Chairman
Thomas Stig Plenborg
Birgit Farstad Larsen
Henriette Hallberg Thygesen
Henrik Andersen
Sophus Hjort
Jens Brendstrup
Marius Sekse

EXECUTIVE BOARD

Lars-Peter Søbye, Chief Executive Officer
Tomas Bergendahl, Chief Financial Officer
Rasmus Ødum, Chief Operating Officer
Jens Christoffersen, Chief Business Development Officer

AUDITING

PricewaterhouseCoopers
Strandvejen 44
2900 Hellerup
Denmark
State Authorised Public Accountants
Jesper Møller Langvad and Søren Alexander

ANNUAL GENERAL MEETING

The annual general meeting will be held on
26 March 2020 at the company address.

COWI'S ORGANISATION AT 27 FEBRUARY 2020

BOARD OF DIRECTORS

EXECUTIVE BOARD

LARS-PETER SØBYE
Chief Executive Officer

TOMAS BERGENDAHL
Chief Financial Officer

RASMUS ØDUM
Chief Operating Officer

JENS CHRISTOFFERSEN
Chief Business Development Officer

BUSINESS SUPPORT

DENMARK

HENRIK WINTHER
Executive Vice President

- Planning and Economics
- Mapping
- Water and Environment
- Transportation
- Buildings
- Industry and Energy.

SUBSIDIARIES

- COWI Belgium SPRL (Belgium)
- COWI India Private Ltd. (India)
- COWI Mozambique Lda. (Mozambique)
- COWI Polska Sp. z o.o. (Poland).

NORWAY

MARIUS WEYDAHL BERG
Executive Vice President

- Buildings
- Water and Environment
- Transportation and Urban Development.

SUBSIDIARIES

- Aquateam COWI AS.

SWEDEN

ANDERS WIKTORSON
Executive Vice President

- Buildings
- Industry
- Civil.

SUBSIDIARIES

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

INTERNATIONAL

MICHAEL BINDSEIL
Executive Vice President

- Transportation international
- Energy international
- COWI UK
- COWI North America.

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 Limited (Uganda)
- COWI UK Limited (UK)
- COWI & Partners LLC (Oman).

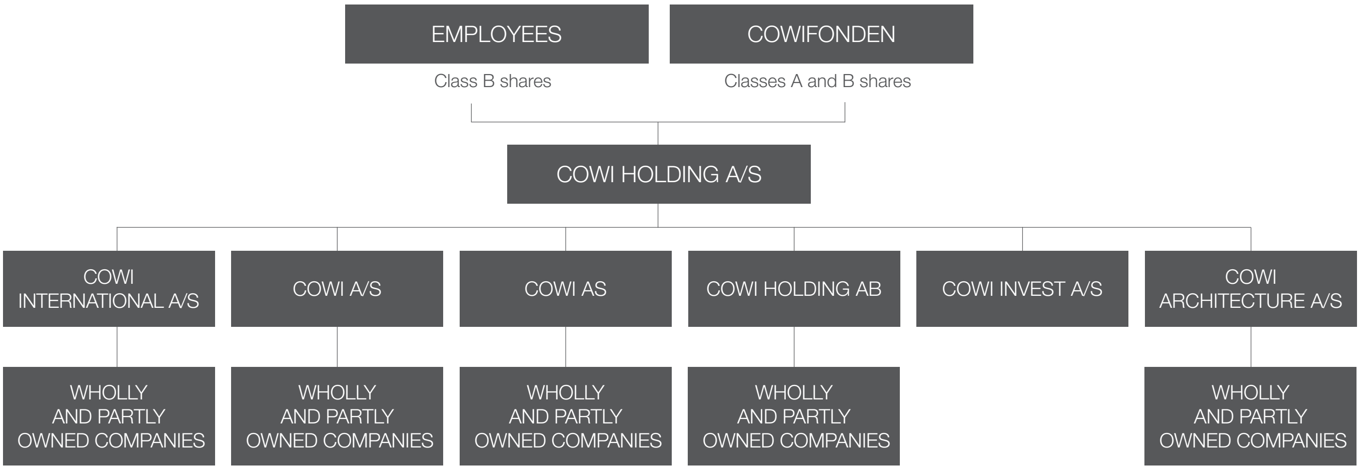
ARKITEMA

THOMAS KVEIBORG
Executive Vice President

- Living
- Working
- Health
- Urban
- Learning
- Culture
- Infrastructure
- Consulting.

SUBSIDIARIES

- Arkitema Architects AS, (Norway)
- Arkitema Architects AB, (Sweden)
- Arkitema K/S.



COWI OFFICES AROUND THE WORLD AT 27 FEBRUARY 2020

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
- Vejle
- Aalborg
- Aarhus

Arkitema K/S
- Aarhus
- Copenhagen

GERMANY
COWI A/S Hamburg Branch Office
- Hamburg

GREENLAND
COWI A/S Greenland Branch Office
- Nuuk

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
- Flekkefjord
- Frederikstad
- Førde
- Hamar
- Haugesund
- Hovden
- Hønefoss
- Kongsberg
- Kristiansand
- Kristiansund
- Larvik
- Levanger
- Lillehammer
- Norheimsund
- Oslo
- Stavanger
- Tromsø
- Trondheim
- Voss

Aquateam COWI AS
- Oslo

Arkitema Architects AS
- Oslo

OMAN
COWI & Partners LLC
- Muscat

PHILIPPINES
COWI A/S Philippine Branch
- Makati City, Manila

POLAND
COWI Polska Sp. z o.o.
- Bielsko - Biala
- Gdansk
- 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
- Karlstad
- Linköping
- Luleå
- Malmö
- Skövde
- Stenungsund
- Stockholm
- Sundsvall
- Vänersborg

AEC AB
- Gothenburg
- Stockholm
- Uppsala
- Växjö

COWI Projektbyrån AB
- Stockholm
- Uppsala

Arkitema AB
- Stockholm
- Malmö

TAIWAN
COWI A/S Taiwan Branch
- Taipei

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
- Bridgeport, Connecticut
- Florham Park, New Jersey
- Mount Pleasant, South Carolina
- New York, New York
- Oakland, California
- Seattle, Washington

BOARD OF DIRECTORS

STEEN RIISGAARD
Chairman

Born 1951. MSc (Microbiology). 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.

JUKKA PERTOLA
Vice Chairman

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.

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.

HENRIETTE HALLBERG THYGESEN

Born 1971. MSc (Mathematics & Economics) and PhD. CEO of Fleet & Strategic Brands, Executive Vice President and member of the Executive Board, A.P. Møller - Mærsk A/S. 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.

HENRIK ANDERSEN

Born 1964. MSc (Civil and Structural Engineering) and Senior Project and Market Director (Transportation International) at COWI A/S. On the board of COWI Holding since 2018. Not independent of COWI.

Competencies in compliance with the adopted competency profile: Senior management of Nordic consultancy companies; customer relations management including sales, marketing and branding; people management in knowledge-based companies; operational excellence in service companies; financial management; and business development.

BIRGIT FARSTAD LARSEN

Born 1974. MSc (Civil and Environmental Engineering) and Senior Vice President (Buildings), COWI AS. With COWI since 1998. On the Board of COWI Holding A/S since 2019. Not independent of COWI.

Competencies in compliance with the adopted competency profile: Financial and risk management; business development and project management; strategy development and implementation; cross-cultural understanding from working with projects globally; senior management experience from Nordic consulting companies; customer relation management including sales, marketing and branding; people management in knowledge-based companies; operational excellence in service companies; and experience with innovation.

SOPHUS HJORT

Elected by the employees. Born 1967. MSc (Civil Engineering) and Associate Technical Director (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 R&D Director 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.

The cover photo shows the coming extension to Rigshospitalet, in Copenhagen. The new hospital sets new standards for treatment of children, adolescents, pregnant women and their families. Arkitema has been the architect behind this upcoming landmark in Copenhagen while COWI has been client consultant in the first phase of the project. The hospital will cover an area of 58,000 m², 179 beds and 56 outpatient rooms for children and adolescents as well as 43 beds and 30 outpatient rooms for adults.

Credit: 3XN

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

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