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CVR No 36 42 81 12

Annual Report 2019

The present Annual Report is presented and approved
at the Annual General Meeting

Date: 17 / 4 - 2020

(Chairman of the meeting)

Contents

Aalborg Portland

A leading cement producer in the Nordic region

Produces grey and white cement at its plant in Aalborg.
The products are sold in Denmark, USA and European countries.

Grey cement
is the most important construction material for strengthening infrastructure, building homes and bridges, creating harbours and expanding airports

1,639,000
tonnes of grey cement

White cement
is for solutions ranging from aesthetics to safety - from terrazzo or bathroom tile grouts to highway safety barriers whose whiteness ensures high visibility night and day in all weathers.

767,000
tonnes of white cement

Part of the Aalborg Portland Holding Group

Aalborg Portland A/S, Denmark is part of the Aalborg Portland Holding Group, which is part of the Cementir Group, an international supplier of cement and concrete. Aalborg Portland A/S is included in the Group financial statements for Aalborg Portland Holding A/S, Denmark and Caltagirone S.p.A., Italy.

Cementir Holding N.V. has its head office in Amsterdam and the secondary office in Rome, is listed on the Italian Stock Exchange in Milan (code CEM) and is part of the listed Caltagirone Group.

Financial highlights

	EURm					DKKm	
	2015	**2016**	**2017**	**2018**	**2019**	**2018**	**2019**
CONSOLIDATED INCOME STATEMENT							
Revenue	108.1	232.4	245.4	244.8	258.8	1,825	1,932
Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA)	**42.0**	**80.7**	**80.1**	**79.8**	**92.4**	595	690
EBITDA ratio	*38.9%*	*34.7%*	*32.6%*	*32.6%*	*35.7%*	*32.6%*	*35.7%*
Earnings before interest and tax (EBIT)	**33.9**	**68.3**	**61.8**	**60.3**	**67.0**	450	500
EBIT ratio	*31.4%*	*29.4%*	*25.2%*	*24.6%*	*25.9%*	*24.6%*	*25.9%*
Earnings before tax (EBT)	**33.1**	**67.9**	**63.1**	**59.3**	**66.4**	442	496
Profit for the year	**15.3**	**53.3**	**49.6**	**46.5**	**52.6**	347	393
CASH FLOWS							
Cash flows from operating activities (CFFO)	51.3	89.6	47.4	75.4	72.9	562	544
Cash flows from investing activities (CFFI) *	-2.6	-23.3	-36.1	-18.4	-15.7	-137	-117
Free cash flow (FCF)	**48.7**	**66.3**	**11.3**	**57.0**	**57.1**	**425**	**427**
* Hereof investments in intangible assets and property, plant and equipment (excl. assets acquired at acquisition of enterprises)	-2.6	-21.5	-19.6	-18.4	**-16.3**	-137	-122
BALANCE SHEET							
Total assets	288.8	354.6	383.0	367.3	440.9	2,742	3,294
Shareholders' equity	73.8	127.4	176.8	97.6	150.2	729	1,122
Net interest-bearing debt (NIBD)	**30.3**	**-39.1**	**-51.1**	**17.4**	**-8.9**	**130**	**-67**
Working capital (WC)	**4.5**	**-18.1**	**-0.7**	**-12.8**	**-3.1**	**-96**	**-23**
FINANCIAL RATIOS							
Including non-controlling interests' share							
Equity ratio	26%	36%	46%	27%	34%	27%	34%
NIBD/EBITDA factor	0.7	-0.5	-0.6	0.2	(0.1)	0.2	-0.1
Number of employees at 31 December	**320**	**333**	**334**	**328**	**341**	**328**	**341**

The financial ratios have been computed in accordance with the latest version of Guidelines issued by the Danish Finance Society. Cf. definitions in accounting policies note 25, page 41.
IFRS 16, Leases, was adopted 1 January 2019. No figures prior to 1 January 2019, throughout the report, have been restated.

Based at the Aalborg plant in Denmark, Aalborg Portland develops, produces and distributes grey and white cement. The main markets are Denmark, the North European region and USA.

Activities are carried out through Aalborg Portland A/S and its sales subsidiaries Aalborg Portland Íslandi ehf., Aalborg Portland OOO, Russia, Aalborg Portland Polska Sp. z o.o, Aalborg Portland France S.A.S and Aalborg Portland Belgium S.A.

Aalborg Portland's strategic objective is to maintain its market position in Denmark, to expand its position in neighbouring countries and to consolidate a position as global leader on white cement through customised solutions, products and services at competitive prices.

This is achieved by means of ongoing focus on customer requirements including technical services, specialised product development, optimised processes, and investment in continuous development of production facilities and employee resources.

Overall in 2019, Aalborg Portland realised revenue of EUR 258.8m and earnings before depreciation and amortisation (EBITDA) was EUR 92.4m, and EUR 12.6m better than 2018. EBITDA was positively influenced in the amount of EUR 6.3m by the implementation of IFRS 16 on leasing with effect from 2019.

Earnings in 2019 are reflecting growth in sales, stable energy prices and stable productivity.

Export of grey cement was 10% below the level of 2018, as sales on the main market Norway was flat and the Iceland market slowed down due to the economy.

Finally, export of white cement increased due to general market growth, most notably in Poland and Germany, and also the strategic positioning in France resulting in higher sales and market shares. Aalborg Portland continues to be the market leader of white cement in several countries in Europe.

In 2019, a constant focus on higher operating efficiency and working capital management led to a positive operational cash flow (CFFO) of EUR 72.9m. The cash flow funded the year's investment of EUR 15.7m in improvements, energy savings and environmental projects. The free cash flow after investments (FCF) was EUR 57.1m. The net interest-bearing debt amounted to EUR -8.9m against EUR 17.4m (cash position) in 2018.

Subsidiaries

Poland
Following the positive market development in previous years, sales continued to increase in Poland and surrounding countries which also was reflected in the earnings.

Iceland
Given the slowdown in the Icelandic economy the market demand and sales decreased. Earnings on par with 2018.

France
The newly established 2017 terminal in Rochefort contributes to higher service levels and is a strong enabler for higher market share and the 2019 sales growth.

Belgium
The acquisition of the Belgian producer CBR's white cement market operations has been successfully integrated in Aalborg Portland Belgium S.A. This has resulted in a strong position of Aalborg White cement and positioned Aalborg Portland as the white cement market leader in the Benelux region. The Benelux markets showed a relatively flat growth in 2019.

Russia
Due to official requirements of cement re-certification and import restrictions there were no sales in Russia in 2019.

Continued customer focus

Together with safety and sustainability, customer focus is paramount in Aalborg Portland's long-term strategic development as well as in the day to day business.

Our customers have eligible high expectations on timely deliveries, quality and consistency, which we strive to meet at all time. Equally important is our obligation and ability to support customers on any technical issue they might experience, and in a close dialogue to develop new products and services with the goal of enabling better solutions towards the end user.

Several established activities are in place in this respect: The customer day under the name Portland Open was held for the sixth consecutive year where the newest findings on relevant subjects in cement and concrete were presented by Aalborg Portland's technicians and external peers for more than 150 customers. Furthermore, each year a customer satisfaction survey is carried out in domestic and export markets by an independent consultancy company which apart from invaluable customer feedback resulted also in 2019 in a very good and increasing score on customer satisfaction.

In 2019 we further intensified our work on new products and packaging. As part of Grøn Beton II project on a concrete with reduced CO_2 footprint Aalborg Portland participated and the results has already led to work on commercialization of a new "greener" cement from Aalborg Portland that will be on the market the coming years.

First production from the Aalborg White SolutionTM was developed, tested and launched in 2018. The first product which uses the Cementir Holding patented FuturecemTM sustainable binder technology.

Finally, also 2019 was characterized by a continued high level of re-investments into the factory in Denmark. The investments in 2019 has focused on improving kiln reliability, increasing usage of alternative fuel, increasing us of waste heat and reducing emissions to the environment. Contributing to higher production output and a reduction of the environmental footprint.

Sustainable production of sustainable products

Aalborg Portland has a long-standing tradition of social and environmental responsibility in the countries where it operates. Work is ongoing on several projects that support society's sustainability goals. The company is committed to contributing significantly to achieving society's climate goals and therefore invests substantial sums in continuing environmental improvements.

Society's heightened awareness of sustainability is expressed in a growing interest and demand for products manufactured with sustainability in mind. Aalborg Portland's long-standing work in this area gives the company's products a prominent position in customer deliberations.

Aalborg Portland has an effective development management structure aimed at delivering a stream of sustainable processes and products, and has targeted a 30% reduction in CO_2 emissions against 1990 to be achieved by 2030. For the next three years, a significant amount has been allocated for investment projects intended to strengthen sustainability.

Focal areas going forward include the following:

- Introduction and implementation of FUTURECEM, the Group's globally patented breakthrough technology which enables cement to be manufactured with 30% less CO_2 emission.
- Development of new, advanced and more sustainable products based on white cement.
- New investments aimed at increasing the use of alternative fuel in the production of grey cement from 53% today to 80%.
- Parallel focus on decreasing the use of fossil fuel in the production of white cement.
- Investment in an 8 MW capacity wind farm at the Aalborg cement plant, Denmark, enabling 90% of electricity consumption to be sourced from renewable energy.
- New investments in using heat from Danish cement production for supply as district heating to the city of Aalborg, meeting the needs of approx. 50,000 households.

Study and assessment are currently also taking place into the possibilities of using a broader spectrum of energy sources as well as collecting and storing CO_2 arising from the production processes.

In the course of 2019, the Danish government – backed by a broad parliamentary majority – set a target for a 70% reduction in CO_2 emissions against 1990 to be achieved by 2030. Reaching this ambitious goal will demand substantial public and private investment and changes on all fronts, along with constructive and close cooperation between authorities and companies.

In the light of Aalborg Portland's declared stance, long-standing efforts, results achieved and future plans, the Managing Director of Aalborg Portland was in 2019 appointed to lead the Danish Climate Partnership for Energy Heavy Industry. The partnership will identify obstacles and propose solutions to increase sustainability and decrease global climate load.

Danish cement and concrete technology leads the world due to productive cooperation between research and manufacture, as well as collaboration across the value chain. To maintain this position it is imperative that cement continues to be made in Denmark, enabling technology development and active production to take place side by side and in dialogue with customers.

Against this background, it is positive that one of the special levies applied in Denmark - the PSO levy – is being phased out by 2021. Other such Danish levies and the EU CO_2 quota scheme limit the international competitiveness of the Aalborg Portland Holding Group. The climate challenge is global, and in the regulation of energy-intensive industries by society it should be remembered that a very substantial part of the cement made in Denmark is exported to countries outside Europe and that Danish cement production leads the way globally, also in terms of sustainability.

At the Aalborg Portland cement plant, projects are continuously under way which promote sustainability in both product manufacture and use, and which contribute to the circular economy in society. The Group's research centre, which coordinates the worldwide R&D projects, is located in Aalborg, close to the cement plant.

The production of cement in Aalborg therefore takes place in a symbiosis with both city and society. As stated, heat from cement production is harnessed to supply district heating to more than 20,000 households, and large-scale use is made of waste products that would otherwise have to be landfilled. These wastes include non-recyclable plastics, by-products from reprocessing used aluminium cans, meat and bone waste, sand dredged from navigation channels, dried sewage sludge, and flue gas desulphurisation gypsum. A total of 440,000 tonnes of waste were recycled as alternative raw materials in 2019.

In addition, more than 200,000 tonnes of alternative fuel from industry and society – an increase of 10% on 2018 – were used in cement production as part of a resource-efficient partnership.

2019 saw the start of a major, broad-spectrum renewal project, based partly on increased digitisation and aimed at streamlining and optimising the company's business procedures. The project covers maintenance, production and logistics. Phased over three years and run in collaboration with Compagnie des Ciments Belges S.A. in Belgium – an associated company within the Aalborg Portland Holding Group. The project will deliver material improvements and savings already this year.

In 2019, two older vessels were succeeded by three new and efficient cement tanker ships, each of 5,500 GT. The new ships will transport around one million tonnes of cement annually to the company's terminals in Denmark and northern Europe. This renewal will produce an annual fuel saving of 50%.

In the carriage of cement to Germany, increasing use is made of rail transport, thereby obviating some 1,000 truck journeys by road.

When northern Jutland's new general hospital is completed in 2021, cold water from the deep lake in Aalborg Portland's chalk quarry will be utilised for comfort cooling and process cooling.

Excess heat from cement production has been harnessed for a number of years to provide heating for around 20,000 Aalborg households. In 2019, a new contract was signed with the City of Aalborg, which by the end of the year had already increased the supply of district heating. However, a further 25,000 households can potentially be supplied via the district heating network, which will contribute significantly to the city's goal of phasing out fossil fuels in its power stations by 2028. Aalborg Portland is assisting constructively in the studies to exploit this potential, and has pointed out that adjusting the billing price for the supply of heat and reducing the inappropriate tax on excess heat utilised in a socially acceptable manner will make the necessary investment feasible and also enable the price of heat to the consumer to be reduced.

The ETS - CO_2 quota allocation system after 2020 - is now negotiated in the EU. Some key elements like the benchmarking remains an element of uncertainty, however significant increasing CO_2 costs are unavoidable. As Aalborg Portland has substantial export activities outside the EU, it is imperative that this is taken into consideration, and that the sum of CO_2 levies and other levies does not impact the competitiveness negatively. A fair and level playing field on levies and regulations creates a platform for further investments in Danish production, and thereby safeguard and increase the number of Danish jobs.

Reporting in accordance with Danish financial legislation

Aalborg Portland publishes a detailed annual environmental report. Besides presenting policies and results achieved, the report describes the environmental, energy and health & safety management systems and its certifications.

Aalborg Portland's Statutory Report on Corporate Social Responsibility, cf. Section 99(a) of the Danish Financial Statements Act, can be found in "Sustainability Report 2019" published by Cementir Holding, the owner of Aalborg Portland Holding. The report is available at www.cementirholding.com.

In accordance with Danish regulations governing the gender composition of management in large companies, cf. Section 139(a) of the Danish Companies Act and Section 99(b) of the Danish Financial Statements Act, the Group's policy on gender equality is being extended to recruitment and promotion, the decisive consideration being to find the best qualified people for all company positions. Focus is placed on increasing the number of female managers to provide for a balanced gender composition.

Increasing the female representatives in the management level remains a priority for Aalborg Portland A/S and during 2020 we will continue working to attract female candidates and strengthen our recruitment strategies to ensure that we have female candidates, applying for management positions.

In 2019, the proportion of female managers in Aalborg Portland A/S constitutes in total 19%.

The board of Aalborg Portland A/S has three male AGM-elected members. The aim of Aalborg Portland A/S is to have at least one female AGM-elected member before the end of 2021.

Payments to authorities

In accordance with Danish regulations governing payments to authorities in large companies, cf. Section 99(c) of the Danish Financial Statements Act, reference is made to parent company Aalborg Portland Holding A/S annual report 2019.

Expectations to 2020

Grey sales volumes in 2020 are expected to increase just below the general economic growth in Denmark and nearby markets. The outlook for white export sales are showing a stable growth, mainly driven by continued market growth in the key European markets. In line with the long-term strategy, focus will remain on customer satisfaction and increasing competitiveness.

Earnings in 2020 are expected to increase in the same degree as the sales volumes, given expectations on stable energy prices.

Profit and loss account

Revenue in 2019 amounted to EUR 258.8m (2018: EUR 244.8m).

Sales in Denmark increased while the European export markets were on par with 2018.

Operating profit before depreciation (EBITDA ratio) reached 35.7% (2018: 32.6%). Energy and fuel cost increases were partly offset by continued focus on Operational Excellence and cost optimisation programmes.

Earnings before interest and tax (EBIT) amounted to EUR 67.0m (2018: EUR 60.3m).

Tax on profit for the year amounted to EUR 13.8m (2018: EUR 12.8m), net profit for the year being EUR 52.6m (2018: EUR 46.5m).

Profit/loss for the year and the balance sheet total are affected by the fact that we have changed our interpretation of leases to which we are the lessee from IAS 17 to IFRS 16.

The income statement, EBITDA and EBIT for 2019 are affected, whereas profit/loss for the year remains essentially unchanged. This is due to the depreciation of the right-of-use assets and interest costs from the lease liability being substantially equal to the operating lease costs previously recognised in the income statement.

EBITDA was positively affected by EUR 5.9m and EBIT positively impacted by EUR 0.1m. In 2019, the Company's liabilities were affected by EUR 25.4m at 31 December 2019.

Cash flows

Cash flow from operating activities (CFFO) was EUR 72.9m for 2019 (2018: EUR 75.4m).

Cash flow from investment activities (CFFI) amounted to EUR -15.7m (2018: EUR -18.4m).

Debt and financial resources

Aalborg Portland is part of the cash pool held by the parent company, Aalborg Portland Holding A/S. Aalborg Portland has access to funding through the parent company financing facility, and added to this a long-term mortgage loans of EUR 123m with an average life of 14 years.

Balance sheet

Non-current assets amounted to EUR 184.7m at 31 December 2019, whereof EUR 135.3m is related to property, plant and equipment and EUR 25.4m is related to right-of-use assets.

Current assets amounted to EUR 256.2m, which is mainly related to inventories and receivables.

Shareholders' equity

Shareholders' equity amounted to EUR 150.2m at the end of 2019 against EUR 97.6m the year before. The increase in shareholders' equity is due to profit for the year.

Equity ratio was 34% at the end of 2019 (27% in 2018).

Working capital

Working capital, i.e. the capital tied up in debtors and inventories less creditors, was at a low level through focused control and reporting in relation to agreed goals. Keeping down working capital saves on interest expenses and frees up resources for investment etc. Furthermore, as stated, low working capital contributes to an improved return on capital employed (ROCE).

Working capital at end-2019 amounted to EUR -3.1m (EUR -12.8m in 2018).

Like any other company, Aalborg Portland A/S (the Company) is affected by risks and uncertainties relating to its business activities and works continuously on strengthening risk management. Aalborg Portland is part of the Aalborg Portland Holding Group (the Group). The Group employs a holistic risk management process in which the most critical risks are:

- Market conditions
- Framework conditions
- Environmental impacts
- Organisation
- Financial risks

The Group continuously monitors and addresses both risks and opportunities in its market areas with a view to achieving its strategic objectives.

Monitoring and control

The Group's risk management is based on a standardised risk process. The assessment of the individual risk factors is based on the likelihood of the risks occurring and their potential impact on earnings, operations and reputation in this event.

The risk management process is embedded in the management of the business units. The business units together with the corporate and service functions are responsible for identifying, analysing and managing risks and for reporting on progress and initiating control measures. Risk owners are appointed specifically for the most significant risks. The individual unit managements are responsible for integration of risk assessments in all major decisions.

The individual risk reports received from the business units are consolidated at Group level. The combined risk report is included in Group management's monitoring and risk management processes. Group management is responsible for ensuring that the overall risk for the Group as a whole is of an acceptable level and that risk management procedures are implemented.

Group management reports periodically or as needed to the Board of Directors, which determines the overall policies and framework for the day-to-day management.

Market conditions

Competition

Loss of major customers and projects may pose a significant risk in relation to the achievement of the Company's objectives. The Group continuously monitors its markets and takes ongoing actions to adapt to and meet the competitive environment and market changes.

Raw materials and energy prices

The Company uses large quantities of energy in cement manufacture and is therefore sensitive to long-lasting price changes. In order to mitigate this risk the purchase of energy can partly be hedged by establishing contracts for terms up to 24 months.

Access to essential raw materials is ensured through ownership of deposits, extraction licences, long-term contracts and diversity in terms of suppliers. Furthermore, the market for the raw materials which are considered production-critical is carefully monitored. A small number of raw materials are subject to particular uncertainty as regards long-term security of supply, and the Company is working proactively to find appropriate solutions to this issue.

Framework conditions

Legislation and other regulations

The Company is subject to regulatory changes by the authorities and organisations in a variety of areas. Non-compliance with recommendations and regulations is often subject to substantial fines and constitutes a potential risk to overall earnings. The Company is committed to conforming with all aspects of competitive legislation, environmental legislation and internal rules regarding fraud. The Group trains relevant personnel in compliance with current requirements on an ongoing basis.

Political risks

The Group operates globally, including in emerging and growth markets with special political risks. This can have material consequences both for production conditions and sales. The Group pursues active dialogue at all levels with politicians, authorities and interest groups to create a good basis for continued operation and to enable the Group's operations to be adjusted when appropriate.

Taxes and levies

The Company s production is subject to substantial taxation, particularly in Denmark. Tax represents a material area of risk for the Company as it impacts directly on competitiveness and sales potential. It is particularly difficult to compete on price with cement producers from neighbouring countries that do not have high tax levels like Denmark.

CO_2 quotas

The future granting of CO_2 quotas to the Group’s production units may have substantial financial impact. Ongoing focus is therefore placed by the Group on complying with all requirements relating to the granting of such quotas. The Group also closely monitors EU and national political issues concerning CO_2 quotas in relation to the Group’s expected development in the EU area.

Environmental impacts

The Group's business units and management are very conscious of their environmental role and strive to recognise, manage and counteract relevant risks in this regard. The manufacture of the Group's products consumes raw materials and energy, but the environmental and climate characteristics of these products are very favourable. It is the stated policy of the Group to contribute constructively and significantly to achieving society's climate goals, and through the development of its products and production the Group therefore constantly strives to ensure a more environment-friendly and sustainable cement manufacture.

Organisation

Employees and management

The Company's continued success is dependent on the retention of experienced employees and managers and on the recruitment of new skilled employees and managers to the Group's business units and support functions. Accordingly, the Group attaches importance to providing attractive jobs with good development opportunities for employees and managers.

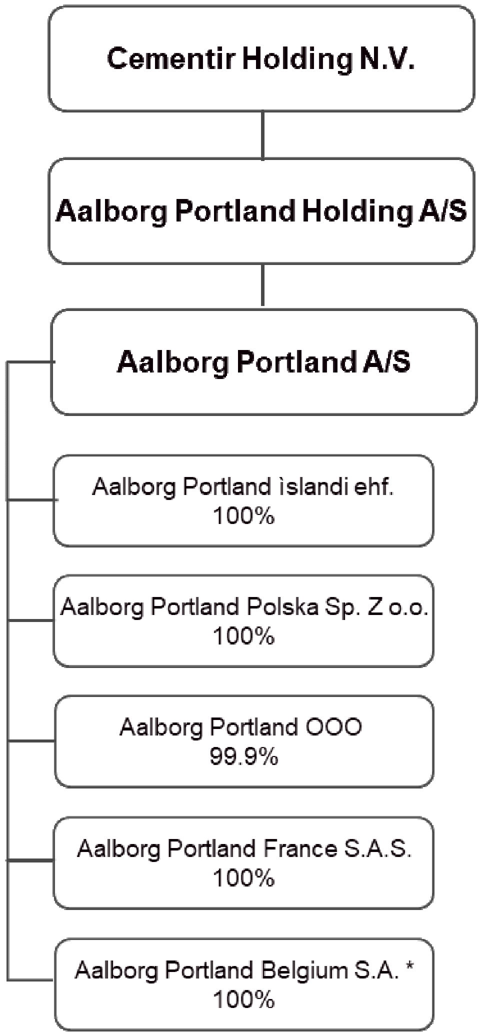
IT systems

IT systems are used in all parts of the Company’s activities, including production, sales and finance. Operational disruption and loss of data and communications would impact the Group negatively. Consequently, IT security and business continuity are accorded high priority, especially in connection with implementation of new systems.

Financial risks

Financial risks, including currency risks, which are of material significance for the Company are described in the notes to the financial statements.

Group chart



Aalborg Portland Group, 31 December 2019

Ownership:
Aalborg Portland A/S is a 100% owned subsidiary of Aalborg Portland Holding A/S, which is part of the Cementir Group, an international supplier of cement and concrete.

* One share owned by Aalborg Portland Holding A/S

Income statement

EUR '000

Notes		2019	2018
1	Revenue	258,794	244,791
2+3+4+9	Cost of sales	126,335	131,112
	Gross profit	**132,459**	**113,679**
4+9+15	Sales and distribution costs	49,903	38,590
4+5+9	Administrative expenses	18,483	16,261
6	Other operating income	2,981	1,519
6	Other operating costs	34	0
	Earnings before interest and tax (EBIT)	**67,020**	**60,347**
7	Financial income	2,656	2,393
7	Financial expenses	3,309	3,381
	Earnings before tax (EBT)	**66,367**	**59,359**
8	Tax on profit for the year	13,776	12,828
	Profit for the year	**52,591**	**46,531**
	Attributable to:		
	Non-controlling interests	0	0
	Shareholders in Aalborg Portland A/S	52,591	46,531
	To be distributed as follows:		
	Retained earnings	52,591	46,531

Statement of comprehensive income

EUR '000

Notes		2019	2018
	Profit for the year	52,591	46,531
	Items that can be reclassified to the income statement:		
	Exchange rate adjustments on translation of foreign currency	-94	-136
	Changes in fair value of financial instruments	141	-141
	Tax	-31	31
	Other comprehensive income after tax	**16**	**-246**
	Total comprehensive income	**52,607**	**46,285**

Cash flow statement

EUR '000

Notes		2019	2018
	Profit for the period	**52,591**	**46,531**
	Reversal of amortisation and depreciation	25,212	19,466
	Net financial income / expense	654	989
	Gains/losses on disposals	-599	-4
	Income taxes	13,776	12,828
	Change in provisions (current and non-current)	179	6
	Operating cash flows before changes in working capital	**91,813**	**79,816**
	Increase / decrease inventories	5,514	-6,153
	Increase / decrease trade receivables	-3,716	2,467
	Increase / decrease trade payables	-10,484	15,997
	Change in non-current/current other assets/liabilities	1,308	-4,687
	Change in current and deferred taxes	-22	-104
	Operating cash flows	**84,413**	**87,336**
	Dividends received	1,662	1,514
	Interests received	97	254
	Interests paid	-2,484	-2,418
	Other income collected/expenses paid	-245	-61
	Income taxes paid	-10,590	-11,251
	Cash flow from operating activities	**72,853**	**75,374**
	Investments in intangible assets	-335	-253
	Investments in property, plant and equipment and investment property	-15,976	-18,150
	Proceeds from sale of intangible assets	5	11
	Proceeds from sale of property, plant and equipment	599	4
	Cash from investing activities	**-15,707**	**-18,388**
	Change in non-current financial liabilities	-12,728	26,607
	Change in current financial liabilities	-43,830	42,100
	Dividend distributed	0	-125,487
	Other variances of equity	17	-235
	Cash flow from financing activities	**-56,541**	**-57,015**
	Net change in cash and cash equivalent	605	-29
	Cash and cash equivalent opening balance	0	29
	Cash and cash equivalent closing	**605**	**0**

Balance sheet

EUR '000

Notes	ASSETS	2019	2018
	Goodwill	2,326	2,327
	Other intangible assets	13,383	15,974
	Intangible assets in development	456	120
10	**Intangible assets**	**16,165**	**18,421**
	Land and buildings	25,973	28,263
	Plant and machinery	97,244	95,497
	Property, plant and equipment in development	12,091	12,480
	Right-of-use assets	25,446	0
11	**Property, plant and equipment**	**160,754**	**136,240**
	Investments in subsidiaries	7,595	7,599
	Other non-current assets	146	151
12	**Other non-current assets**	**7,741**	**7,750**
	Total non-current assets	**184,660**	**162,411**
14	**Inventories**	**35,477**	**40,991**
15	Trade receivables	13,860	12,630
	Amounts owed by Group enterprises	197,976	142,569
	Amounts owed by related parties	37	0
15	Other receivables	7,896	7,820
15	Prepayments	354	846
	Receivables	**220,123**	**163,865**
	Cash and cash equivalents	**605**	**0**
	Total current assets	**256,205**	**204,856**
	TOTAL ASSETS	**440,865**	**367,267**

Balance sheet

EUR '000

Notes	EQUITY AND LIABILITIES	2019	2018
	Shareholder's equity		
	Share capital	13,404	13,404
	Hedge reserve	0	-110
	Retained earnings	136,806	84,309
	Total shareholders' equity	**150,210**	**97,603**
	Liabilities		
13	Deferred tax liabilities	23,740	23,036
16	Provisions	3,754	3,689
17+19	Credit institutions, etc.	130,282	122,827
	Non-current liabilities	**157,776**	**149,552**
17+19	Credit institutions, etc.	18,267	12,635
	Trade payables	58,059	63,652
	Amounts owed to Group enterprises	35,541	26,310
16	Provisions	114	0
	Joint taxation contribution payables	14,911	12,421
18	Other payables	5,987	5,094
	Current liabilities	**132,879**	**120,112**
	Total liabilities	**290,655**	**269,664**
	TOTAL EQUITY AND LIABILITIES	**440,865**	**367,267**

Statement of shareholders' equity

EUR '000	Share capital	Hedge reserve	Retained earnings	Total equity
Shareholders' equity at 1 January 2019	**13,404**	**-110**	**84,309**	**97,603**
Effect of translation to presentation currency		0	-94	-94
Changes in fair value of financial instruments		110	0	110
Profit for the year (total comprehensive income)			52,591	52,591
Shareholders' equity at 31 December 2019	**13,404**	**0**	**136,806**	**150,210**

	Share capital	Hedge reserve	Retained earnings	Total equity
Shareholders' equity at 1 January 2018	**13,404**	**0**	**163,401**	**176,805**
Effect of translation to presentation currency			-136	-136
Changes in fair value of financial instruments		-110	0	-110
Profit for the year (total comprehensive income)			46,531	46,531
Extraordinary paid dividend			-125,487	-125,487
Shareholders' equity at 31 December 2018	**13,404**	**-110**	**84,309**	**97,603**

The share capital in 2019 and 2018 consists of:
100,000 shares at DKK 1,000

All shares are fully issued and paid up. One share of DKK 1,000 holds one vote.

EUR '000

		2019	2018
1	**Revenue**	2019	2018
	Split by product		
	Sale of cement	250,741	239,890
	Other sales*	8,053	4,901
		258,794	**244,791**
	Split by geography		
	Denmark	151,497	136,255
	Other Europe	85,538	85,433
	USA	20,167	20,952
	Other	1,592	2,151
		258,794	**244,791**

All revenue derives from contracts.
*Other sales mainly include sale of heat etc.

2 Cost of sales

Cost of sales amounts to EUR 126.3m (2018: EUR 131.1m). Hereof direct staff costs amount toEUR 20.3m (2018: EUR 20.2m) and use of raw materials amounts to EUR 16.2m (2018: EUR 16.8m).

		2019	2018
3	**Research and development costs**		
	Research and development costs paid	2,778	2,696
		2,778	**2,696**
4	**Staff costs**		
	Wages and salaries and other remuneration	28,986	27,515
	Pension costs, defined contribution scheme	2,567	2,201
	Social security costs	392	340
		31,945	**30,056**
	Number of employees at 31 December	341	328
	Average number of full-time employees	337	334
	Remuneration of the Board of Directors, the Management and other senior executives		
	Salaries and remunerations	1,685	1,909
	Pension contributions	107	194
		1,792	**2,103**
	Hereof Board of Directors and Management	1,064	1,646

Remuneration of the Board of Directors represents EUR 111k in 2019 (2018: EUR 103k).

Pension schemes

Pension schemes in Aalborg Portland A/S are defined contribution schemes, which do not entail any obligations beyond payment of contributions.

EUR '000

		2019	2018
5	**Fees to the auditors appointed by the Annual General Meeting**	2019	2018
	Total fees to KPMG are specified as follows:		
	Statutory audit	116	115
	Other assurance engagements	3	3
	Other services	5	56
		124	**174**
6	**Other operating income and other operating costs**		
	Other operating income		
	Rent income	827	838
	Profit on sale of property, plant and equipment	632	4
	Sale of scrap, spare parts and consumables	0	284
	Other income	1,522	393
		2,981	**1,519**
	Other operating costs		
	Loss on sale of property, plant and equipment	34	0
		34	**0**
7	**Financial income and expenses**		
	Financial income		
	Interest, cash funds etc.	0	1
	Interest, Group enterprises	97	253
	Dividends received from subsidiaries	1,662	1,514
	Exchange rate adjustments	897	625
		2,656	**2,393**
	Interest on financial assets measured at amortised cost	97	254
	Financial expenses		
	Interest, credit institutions etc.	1,359	1,288
	Interest, Group enterprises	1,376	1,391
	Losses on derivatives	0	28
	Exchange rate adjustments	574	674
		3,309	**3,381**
	Interest on financial obligations measured at amortised cost	2,735	2,679
8	**Income tax**		
	Income tax		
	Current tax on the profit for the year/joint taxation contribution	15,224	12,680
	Deferred tax adjustment	-858	156
	Other adjustments, including previous years	-590	-8
		13,776	**12,828**
	Taxes paid	**10,590**	**11,251**
	Reconciliation of tax rate		
	Tax according to Danish tax rate 22.0%	14,600	13,059
	Dividends received from subsidiaries and profits from sales	-366	-333
	Non-taxable income and non-deductible expenses	14	14
	Other, including adjustments previous years	-472	88
		13,776	**12,828**
	Applicable tax rate for the year	**20.8%**	**21.6%**
	Income tax recognised directly as other comprehensive income	**0**	**0**
	Total income tax	**13,776**	**12,828**

EUR '000

9 Environmental taxes

	2019	2018
The Company has paid the following direct environmental taxes:		
Sulphur	757	659
NO_x	1,780	1,707
Electricity	172	167
Waste	370	455
Energy	651	515
Raw materials	721	715
Diesel and fuel oil	2	2
PSO	684	2,604
	5,137	**6,824**

10 Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2019	2,327	30,944	120	33,391
Exchange rate adjustments	-1	-17	0	-18
Additions	0	0	336	336
Disposals	0	-29	0	-29
Cost at 31 December 2019	**2,326**	**30,898**	**456**	**33,680**
Amortisation and impairment at 1 January 2019	0	14,970	0	14,970
Exchange rate adjustments	0	-9	0	-9
Reversed amortisation on disposals	0	-24	0	-24
Amortisation for the year	0	2,578	0	2,578
Amortisation and impairment at 31 December 2019	**0**	**17,515**	**0**	**17,515**
Carrying amount at 31 December 2019	**2,326**	**13,383**	**456**	**16,165**

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2018	2,334	30,689	256	33,279
Exchange rate adjustments	-7	-94	-1	-102
Additions	0	155	98	253
Disposals	0	-39	0	-39
Other adjustments/reclassifications	0	233	-233	0
Cost at 31 December 2018	**2,327**	**30,944**	**120**	**33,391**
Amortisation and impairment at 1 January 2018	0	12,501	0	12,501
Exchange rate adjustments	0	-42	0	-42
Reversed amortisation on disposals	0	-29	0	-29
Amortisation for the year	0	2,540	0	2,540
Amortisation and impairment at 31 December 2018	**0**	**14,970**	**0**	**14,970**
Carrying amount at 31 December 2018	**2,327**	**15,974**	**120**	**18,421**

Amortisation during the year is included in the following items:		
Cost of sales	32	32
Sales and distribution costs	520	521
Administrative expenses	2,026	1,987
	2,578	**2,540**

Other intangible assets include software licenses (SAP R/3), quarry rights, CO_2 quotas, customers and development projects.

Except goodwill, all intangible assets have definite useful lives. The Management has not identified factors indicatings a need for carrying through impairment test of other intangible assets.

The carrying amount of development projects is EUR 0.0m (2018: EUR 0.0m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 0.9m (2018: EUR 1.1m). Goodwill is related to cement activity. Due to strong cash flow there is no indication on impairment.

EUR '000

11 Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2019	112,283	435,990	12,480	0	560,753
Exchange rate adjustments	-63	-258	-7	-23	-351
Change in accounting policy, leases	0	0	0	14,672	14,672
Additions	0	6,132	9,844	16,606	32,582
Disposals	0	-276	0	-1,098	-1,374
Reclassifications	0	10,226	-10,226	0	0
Cost at 31 December 2019	**112,220**	**451,814**	**12,091**	**30,157**	**606,282**
Depreciation and impairment at 1 January 2019	84,020	340,493	0	0	424,513
Exchange rate adjustments	-49	-202	0	-4	-255
Reversed depreciation on disposals	0	-276	0	-1,088	-1,364
Depreciation for the year	2,276	14,555	0	5,803	22,634
Depreciation and impairment at 31 December 2019	**86,247**	**354,570**	**0**	**4,711**	**445,528**
Carrying amount at 31 December 2019	**25,973**	**97,244**	**12,091**	**25,446**	**160,754**

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Right-of-use assets	Total
Cost at 1 January 2018	112,611	416,117	15,580	0	544,308
Exchange rate adjustments	-338	-1,288	-41	0	-1,667
Additions	0	8,683	9,467	0	18,150
Disposals	0	-38	0	0	-38
Reclassifications	10	12,516	-12,526	0	0
Cost at 31 December 2018	**112,283**	**435,990**	**12,480**	**0**	**560,753**
Depreciation and impairment at 1 January 2018	81,898	326,986	0	0	408,884
Exchange rate adjustments	-250	-1,008	0	0	-1,258
Reversed depreciation on disposals	0	-38	0	0	-38
Depreciation for the year	2,372	14,553	0	0	16,925
Depreciation and impairment at 31 December 2018	**84,020**	**340,493**	**0**	**0**	**424,513**
Carrying amount at 31 December 2018	**28,263**	**95,497**	**12,480**	**0**	**136,240**

EUR '000

11 Property, plant and equipment (continued)

	2019	2018
Depreciation during the year is included in the following items:		
Cost of sales	16,867	16,588
Sales and distribution costs	5,356	2
Administrative expenses	411	335
	22,634	**16,925**

	2019
Amounts recognised in the income statement regarding leases:	
Depreciation, plant and machinery	5,803
Interest on lease liabilities	348
Short-term leases	305
Lease of low value assets	2
	6,458

Residual value guarantees that are expected to be paid are included in the initial measurement of the lease liability. Reference is made to note 17.

Variable lease payments may depend on an index, a rate or other elements. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index/rate at the lease commencement

The Company has not signed essential contracts regarding purchase of property, plant and equipment.
No changes are made in significant accounting estimates regarding property, plant and equipment.

12 Other non-current assets

	Investments in subsidiaries	Other non-current assets	Total
Cost at 1 January 2019	7,599	151	7,750
Exchange rate adjustments	-4	0	-4
Disposals	0	-5	-5
Cost at 31 December 2019	**7,595**	**146**	**7,741**
Carrying amount at 31 December 2019	**7,595**	**146**	**7,741**

	Investments in subsidiaries	Other non-current assets	Total
Cost at 1 January 2018	7,622	156	7,778
Exchange rate adjustments	-23	0	-23
Disposals	0	-5	-5
Cost at 31 December 2018	**7,599**	**151**	**7,750**
Carrying amount at 31 December 2018	**7,599**	**151**	**7,750**

Other non-current assets mainly relate to deposits and loans in both years.

EUR '000

13 Deferred tax assets and deferred tax liabilities

	2019	2018
Change in deferred tax in the year		
Deferred tax at 1 January	23,036	21,271
Exchange rate adjustments	-14	-67
Adjustments, previous years via income statement	1,545	1,707
Adjustment on hedge accounting	31	-31
Movements via income statement	-858	156
Deferred tax liabilities at 31 December, net	**23,740**	**23,036**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	23,740	23,036
Deferred tax liabilities at 31 December, net	**23,740**	**23,036**

	Deferred tax liabilities	
	2019	2018
Intangible assets	2,210	1,474
Property, plant and equipment	17,597	17,837
Current assets	3,986	3,781
Non-current and current liabilities	-53	-56
Deferred tax at 31 December	**23,740**	**23,036**

14 Inventories

Raw materials and consumables	21,988	26,161
Work in progress	4,404	6,325
Finished goods	9,085	8,505
Inventories at 31 December	**35,477**	**40,991**

As was the case last year, there are no significant inventories of cement and aggregates carried at net realisable value.

Write-down of inventories of spare parts amounts to EUR 1.8m (2018: EUR 1.7m). Reversal of write-down recognised in the income statement is EUR 0.1m (2018: EUR -2.1m).

15 Trade receivables, other receivables and prepayments

	2019	2018
Development in provisions for impairment on trade receivables:		
Provision for impairment losses at 1 January	6	4
Provision for impairment in the year	0	2
Provision for impairment at 31 December	**6**	**6**

Other receivables include VAT and other amounts.
Prepayments comprise insurance.
Impairment and write-offs included in the income statement amount to EUR 0.0m.

16 Provisions

Provisions at 1 January	3,689	3,683
Exchange rate adjustment	-2	-11
Additions in the year	181	67
Reversal	0	-50
Provisions at 31 December	**3,868**	**3,689**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	3,754	3,689
Stated as current liabilities	114	0
	3,868	**3,689**
Maturities for other provisions are expected to be:		
Falling due within one year	114	0
Falling due between one and five years	1,104	1,105
Falling due after more than five years	2,650	2,584
	3,868	**3,689**

EUR '000

16 Provisions (continued)

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 1.6m (2018: EUR 1.5m), demolition liabilities for buildings and terminal on rented land at EUR 2.2m (2018: EUR 2.2m) as well as other provisions at EUR 0.1m (2018: EUR 0.0m).

Movements in the year include adjustment of liabilities regarding re-eastblishment of chalk and clay pits and other provisions.

Provisions for liabilities due after more than five years include liabilities regarding re-establishment of chalk, gravel and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

Costs for re-establishment of chalk, gravel and clay pits are mainly paid when finishing an excavation or when moving out from leases. No considerable payments are expected in 2020.

17 Credit institutions and other borrowings

Bank borrowings and credits in the Parent Company at 31 December:

	Year of maturity	Fixed/ variable	Carrying amount 2019	Carrying amount 2018
Mortgage loan	2033	Variable	122,708	135,462
Lease liability	2020-2032	Variable	25,841	0
			148,549	**135,462**

Fair value of the mortgage loan amounts to EUR 123.5m (2018: EUR 136.2m). Other fair values do not significally deviate from the carrying amount.
The fair value corresponds to the nominal outstanding debt.

The Company's debt to credit institutions has been recognised and falls due as follows:

	Non-current borrowings (>1 year)	Current borrowings (0-1 year)	Total	Maturity >5 years
31 December 2019:				
Mortgage loan	110,113	12,595	122,708	60,054
Lease liability	20,168	5,673	25,841	2,241
	130,281	**18,268**	**148,549**	**62,295**
Specification of contractual cash flows incl. interest:				
Mortgage loan	112,801	13,374	126,175	60,448
Lease liability	21,024	6,147	27,171	2,316
	133,825	**19,521**	**153,346**	**62,764**
31 December 2018:				
Mortgage loan	122,827	12,635	135,462	72,612
	122,827	**12,635**	**135,462**	**72,612**
Specification of contractual cash flows incl. interest:				
Mortgage loan	127,838	13,475	141,313	74,263
	127,838	**13,475**	**141,313**	**74,263**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.
Maturity of derivatives is disclosed in note 22.
Other financial liabilities are due within 1 year.

18 Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes, interest payable and dividends payable to non-controlling interests.

19 Charges and securities

	2019		2018	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	111,505	122,708	111,216	135,462
	111,505	**122,708**	**111,216**	**135,462**

EUR '000

20 Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities
The Company is involved in a few disputes, lawsuits, etc. of various scopes, including a few tax disputes in some countries. No significant liabilities are considered to be incumbent on the Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Company's financial position beyond what has been recognised in the balance sheet.

In 2019, contractual liabilities are EUR 0.0m (2018: EUR 55.2m).

The Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. The Company is jointly and unlimited liable with the other companies in the joint taxation of Danish taxes at source and income taxes within the joint taxation group. Payable income taxes in the joint taxation group amounted to EUR 4.3m at 31 December 2019 (2018: EUR 1.2m). Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the Company.

Contractual obligations

	2019	2018
Guarantees		
Performance guarantees	606	606
	606	**606**
Operating leases		
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year		8,041
Falling due between one and five years		38,972
Falling due after more than five years		8,221
		55,234
Lease expenses recognised in the income statement		**7,404**

Lease expenses recognised in the income statement in accordance with IFRS 16, reference is made to note 11.

21 Related party transactions

Related parties with significant influence in the Aalborg Portland A/S:
- Cementir España S.L., Calle General Yagüe, Num. 13, 28020 Madrid, Spain
- Cementir Holding N.V., Zuidplein 36, 1077 XV Amsterdam, Netherlands
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy
- Aalborg Portland Holding A/S, Rørdalsvej 44, 9220 Aalborg Øst

Related parties within Aalborg Portland A/S comprise the enterprises' Board of Directors and Management together with family related to these persons.
Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

	2019	2018
Transactions with Aalborg Portland Holding A/S.:		
- Intra-group management and administration agreements and royalties	5,526	5,460
- Financial items, net	1,302	1,293
- Trade and financial receivables	187,206	133,969
- Trade and financial payables	31,782	19,314
Transactions with other related parties:		
- Sale of cement and micro silica	107,132	102,140
- Intercompany purchase of cement and other variable costs, net	25,570	27,494
- Intercompany management, administration agreements and shared service	5,141	3,629
- Financial items, net	23	155
- Trade and financial receivables	10,770	8,600
- Trade and financial payables	3,759	6,854

Remunerations to the Board of Directors and the Management are presented in note 4.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2019 or 2018.
All transactions were made on terms equivalent to arm's length principles.

22 Financial risks and financial instruments

Risk management policy

As a result of its international operations, investments and financing, the Company is exposed to a number of financial risks, including market risks, liquidity and credit risks.

Market risks	Liquidity risks	Credit risks
Risks that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices.	Risks that the Company will encounter difficulties in meeting obligations associated with financial liabilities.	Risks that a counterparty of a financial instrument is unable to fulfil its obligations and thereby inflict a loss to the Company.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors and the Company follows the Group policy. The policy is not to engage in any active speculation in financial risks. The Group's financial management is thereby solely directed towards the management and reduction of financial risks arising directly from the commercial operations, investments and financing.

Market risks

Currency risks	Interest rate risks	Raw material price risks
Arise due to purchase and sale transactions as well as financial assets and liabilities in currencies other than the functional currency of the individual Company business.	Refer to the influence of changes in market interest rates on future cash flow relating to the Company's interest-bearing assets and liabilities and the fair value of these.	Refer to the influence of changes in raw material prices, which are not related to currency risks or interest rate risks.

Currency risks
Hedging is assessed and taken out in close co-operation with the parent company. For the hedging of currency risks, the Company analyses realised and expected cash flows broken down by currencies. The Company does not hedge the currency risk between EUR/DKK due to the Danish fixed-exchange-rate policy aimed at the EUR.

Risks relating to purchases and sales
Revenue from the Company's activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Company's currency risks are primarily hedged by the settlement of income and costs in the same currency and by use of derivative financial instruments. Investments in Group enterprises are not hedged.

The Company's most predominant currency exposure regarding the operating results arises from sales and purchases in EUR, USD, GBP, NOK, SEK and PLN. A 10% drop in these currencies (apart from EUR) would, viewed separately, increase EBITDA by EUR 0.7m (NOK amounts to EUR 0.0m, GBP amounts to EUR 1.3m, PLN amounts to EUR 1.1m, USD amounts to EUR -1.8m and SEK amounts to 0.0m), (2018: NOK amounted to EUR 0.1m, GBP amounted to EUR 1.1m, PLN amounted to EUR 1.2m, USD amounted to EUR -0.5m and SEK amounted to 0.0m).

Risks relating to net financing
The Company's most important net positions at 31 December 2019 relate to USD, SEK and NOK. If these currencies had been 10% down at 31 December 2019, the Company's equity would have been affected negatively by an exchange rate adjustment of EUR 0.1m (2018: EUR 0.5m). Rising exchange rates would have had a similar positive impact on equity.

Translation risks relating to net investments in subsidiaries
Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to net assets in foreign subsidiaries are accounted directly in equity.

With regard to investments in foreign enterprises, equity at 31 December 2019 would have been reduced by EUR 1.1m (2018: EUR 1.0m), if the PLN, ISK, EUR and RUB exchange rates had been 10% down on the actual exchange rates.

Assumptions of sensitivity analysis
The sensitivities are stated on the assumption of unchanged sales and price levels and interest levels, and on the assumption of recognised assets and liabilities at 31 December 2019.

Forward contracts regarding future transactions
The Company does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Company assesses in each case whether these comply with the conditions for hedge accounting.

No forward contracts at 31 December 2019 or 31 December 2018.

Interest rate risk
The Company has exposure to interest rate changes in Denmark. The primary interest-rate exposure is related to fluctuations in CIBOR.

The Company's preferred financing is floating rate loans. The Company's net interest-bearing debt (NIBD) at 31 December 2019 is EUR -8.9m (deposit), 100% thereof financed by floating rate loans. NIBD at 31 December 2018 represented EUR 17.4m.

With regard to the Company's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical impact on the profit before tax of EUR 1.3m (2018: EUR 1.2m) and on equity of EUR 1.0m (2018: EUR 0.9m). A declining interest level would have had a corresponding positive impact on result and equity.

Raw material price risks
The Company uses a number of raw materials in the manufacture of products, which expose the Company to a price risk, i.a. especially different fuels and electricity. The Company enters into annual fixed price contracts for some raw materials. A material part of the price risk on the Company's fuel oil is hedged through swap agreements.

Open swap contract at 31 December, net:

2019

EURm	**Total**
Market value - swap contracts	**0.0**

2018

EURm	**Total**
Market value - swap contracts	**-0.1**

The swap contracts fell due in December 2019.

Liquidity risks
Aalborg Portland A/S is included in the Cementir Group's overall management of financial risks.

Aalborg Portland A/S has access to funding through the Cementir Holding facility and also through Aalborg Portland Holding’s uncommitted facility in Danske Bank.

The Company is part of the Group's cash pool scheme. The purpose of the cash pool scheme is to optimise cash management and the use of liquidity in the participating companies.

Neither in 2019 nor in 2018 the Company has defaulted or breached any loan agreements (covenants).

Regarding maturities of the Company’s debt, reference is made to note 17.

Based on the expectations for the future operation and the present cash funds, no other significant liquidity risks have been identified.

Credit risks
The credit risks arise primarily from receivables related to customers, other receivables and cash.

As a consequence of the credit risk policy, credit rating of all major customers and other trading partners is performed before contract formation and hereafter continuously. An efficient credit control is important in the present market. Management of the credit risk is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

The Company takes out credit insurances on a large part of export customers.

Due to the market situation, the Company has in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. As part of the overall risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments. Historically the Company has had relatively small losses due to customers' or counterparties' inability to pay.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Company.

Receivables from the Company's activities are attributable to Danish customers and export customers characterised as medium-sized and major customers. The Company is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Receivables overdue at 31 December are specified as follows:

EURm

	2019	2018
Payment:		
Up to 30 days	0.2	3.0
Between 30 and 90 days	0.1	0.4
More than 90 days	0.0	0.0
	0.3	**3.4**

The historical loss percentage in the income statement is 0.0%. The Company's trade receivables at 31 December 2019 and 31 December 2018 include no write-downs.

Management of capital structure
Capital management is assessed and adjusted in close co-operation with the parent company. Aalborg Portland A/S is included in the Cementir Group's overall capital management.

It is the Group's policy that the capital structure and financial gearing shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions based on the Group strategy.

The distribution of dividends takes place considering the appropriate level of equity and sufficient availability of loan capital to facilitate the Group's ongoing expansion.

The financial gearing between net interest-bearing debt and EBITDA is -0.1 at 31 December 2019.

Fair value measurement
Financial instruments measured at fair value are measured on a recurring basis and categorised into the following levels of the fair value hierarchy:

- Level 1: Observable market prices for identical instruments
- Level 2: Valuation techniques primarily based on observable prices or traded prices for comparable instruments
- Level 3: Valuation techniques primarily based on unobservable prices

Securities and investments measured at fair value through profit/loss are either measured at quoted prices in an active market for the same type of instrument (level 1) or at fair value based on available data (level 3).

Hedging instruments are not traded on an active market based on quoted prices. Measured instead of using a valuation technique, where all significant inputs are based on observable market data; such as exchange rates, interest rates, credit risk and volatilities (level 2).

There have been no transfers between the levels in 2019 or 2018.

Specification of financial assets and obligations

EUR '000	Carrying value 2019	Fair value 2019	Carrying value 2018	Fair value 2018
Financial assets measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	0	0	0	0
Loans and receivables	220,269	220,269	164,015	164,015
Financial obligations measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	0	0	141	141
Financial obligations measured at amortised cost	248,136	248,136	235,270	235,406

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

23 Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

24 Estimation on uncertainties and judgements

Estimation on uncertainties
The accounting polices require that when calculating the carrying value of certain assets and liabilities estimates are made of how future events influence the value of recognised assets and liabilities at the balance sheet date. Estimates that have a material influence on the amounts recognised in the annual report.

The estimates applied are based on assumptions deemed reasonable by the Management, but, given the nature of things, are uncertain. Thus, the Company is exposed to risks and uncertainties that may result in variances between actual and estimated results.

The development in the world economy and in the financial markets in the last three years has resulted in considerable changes compared to previous years in respect of some uncertainty in a number of key assumptions within i.a. credit risk, interest level, sales volumes, volatility, etc.

The Management deems that the accounting policies do not include critical aspects.

Non-current assets
Non-current assets are measured at cost less accumulated depreciation and impairment. Depreciation is provided on a straight-line basis over the expected useful lives of the assets considering the residual value of the assets. The anticipated useful life and residual value are determined on the basis of past experience and the anticipated future use of the asset in question. The anticipated future use and scrap values may prove impossible to realise, prompting a need for write-down or a loss on the disposal of the assets. The depreciation periods are stated in the section "Accounting policies" in note 25, and non-current assets are stated in notes 10 and 11.

Accounting judgements

Accounting judgements are made when applying accounting policies. Accounting judgements are the judgements made, that can have a significant impact on the amounts recognised in the financial statements.

Provisions and contingent liabilities
Assessment of provisions and contingent liabilities are largely based on estimates and judgements. Description of provisions and contingent assets and contingent liabilities is given in note 16 and 20.

25 Accounting policies

The Annual Report 2019 of Aalborg Portland A/S is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

Aalborg Portland A/S official statutory annual report is presented in EUR.

The accounting policies set out below have been used consistently in respect of the financial year. For standards implemented prospectively, comparative information is not restated.

On 5 March 2020, the Board of Directors and the Management approved the annual report for 2019 for the Aalborg Portland Group. The annual report is submitted to the shareholders of Aalborg Portland A/S for approval at the Annual General Meeting on 17 April 2020.

Changes in accounting policies

We have implemented all now or amended accounting standards and interpretations as adopted by the EU and applicable for the 2019 financial year, including:

- IFRS 16, Leases (issued 2016, effective date 1 January 2019)
- IFRIC 23, Uncertainty over income tax treatment (issued 2017, effective date 1 January 2019)

Effect from implementation of IFRS 16, Leases

With effect from 1 January 2019, we have adopted IFRS 16 Leases regarding recognition and measurement of leases to which the Company is the lessee.

Consequently, with effect from 1 January 2019, the Company recognises all finance and operating leases in the balance sheet as a right-of-use asset and a lease liability except from:

- Short-term leases with a maximum lease term of 12 months
- Leases for low-value assets.

For such leases, lease payments are recognised on a straight-line basis in the income statement over the lease term.

On adoption of IFRS 16, the Company has used the modified retroactive approach under IFRS 16 on 1 January 2019 without restatement of comparative figures. The effect of the change as of 1 January 2019 has been recognised directly in equity. The Company has applied the following practical expedients for right-of-use assets and lease liabilities previously accounted for as operating leases:

- Applied a single discount rate to a portfolio of lease assets with reasonably similar characteristics.
- Not recognised leases for which the lease term ends within 12 months from the date of transition.
- Excluded initial direct costs from the measurement of the right-use-assets at 1 January 2019.
- On 1 January 2019, the right-of-use asset is measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.
- Not applied the new lease definition to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.
- On 1 January 2019, not separated non-lease components from lease components, but considered them a single lease component.

The adoption of IFRS 16 has increased EBITDA by EUR 5,920k while EBIT remains substantially unchanged. Upon implementation 1 January 2019, we have recognised a right of use asset of EUR 14,670k and a lease liability of EUR 14,670k. The implementation has no effect on equity.

Profit/loss for the year remains substantially unchanged. This is due to the depreciation of the right-of-use assets and interest costs from the lease liabilities being almost equal to the operating lease expense.

Below, the operating lease liability in accordance with IAS 17 disclosed in the financial statements for 2018 has been reconciled with the lease liability recognised in the balance sheet at 1 January 2019 (date of transition):

The weighted average discount rate applied is 1.78%

EUR '000	Opening balance
Operating lease commitments as disclosed in the Group's 2018 consolidated financial statements	55,234
Short-term and low value lease assets	-9
Service commitments excluded	-8,684
New contracts recognised during 2019	-32,638
Extension options expected to be utilised	682
Other	834
Undiscounted value	**15,419**
Discounted value	-749
Lease liability recognised on transition	**14,670**

Implementation of IFRS 16 has no effect on the underlying cash flows. However, due to the lease payments being split into interest costs and a repayment of the lease liability, the presentation of the cash flow statement has changed. The change has improved the cash flow from operating activities as well as free cash flow by EUR 5,572k whereas the cash outflow from financing activities has been negative impacted by EUR 5,572k.

Effect from implementing IFRIC 23, Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The implementation has had no significant impact on the financial statement.

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

Transactions in foreign currencies are on initial recognition translated at the functional currency at the exchange rate of the date of transaction.

Financial assets and liabilities in foreign currencies are translated at the exchange rates at the balance sheet date. Any foreign exchange variances between the rates at the transaction date and the payment date or the balance sheet date, respectively, are stated in the income statement as financial items.

Non-financial assets and liabilities in foreign currencies are stated at the rate of exchange at the date of transaction.

On recognition in the consolidated financial statements of foreign enterprises and associates as well as foreign joint ventures with a functional currency different from the Group's presentation currency, the income statements are translated at the average exchange rates and the balance sheet items are translated at the exchange rates at the balance sheet date. The calculation differences arising from the translation of the income statements of companies abroad at average exchange rates and of their balance sheet items at the rate of exchange on the balance sheet date are taken directly to other comprehensive income.

On full or partial disposal of wholly-owned foreign operations resulting in a loss of control or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences that is recognised in other comprehensive income relating hereto is reclassified from other comprehensive income to profit for the year together with gain or loss on disposal.

On the disposal of partially owned foreign subsidiaries resulting in a loss of control, the share of the translation reserve in other comprehensive income attributable to non-controlling interests is not transferred to profit or loss.

An average exchange rate is used if it does not significantly deviate from the exchange rate ruling at the transaction date.

The assets and liabilities of a foreign company acquired are translated at the exchange rate at the date of transaction (acquisition date).

Income statement

Revenue

Revenue is recognised in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably and is expected to be received.

Revenue is measured at fair value of the consideration agreed excl. VAT charged on account of third party. All kinds of discounts are recognised in Revenue.

Trade receivables recognised as services delivered are invoiced to the customer and are not adjusted for any financing components as credit terms are short – typically between 20 to 45 days – and the financing component therefore insignificant.

No special obligations in relation to warranties or return obligations compared to the industry.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year and development costs which do not meet the criteria for capitalisation. This includes raw materials, consumables, CO_2 quotas, direct labour costs and indirect production costs such as maintenance and operation of production plant as well as production plant depreciation, administration and plant management.

Sales and distribution costs

Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs, including depreciation and amortisation.

Administrative expenses

Administrative expenses comprise the costs of administrative staff and management and other indirect expenses, as well as depreciation and amortisation.

Other operating income and costs

Other operating income and costs comprise items of a secondary nature in relation to the activities of the Group, including certain grants, rentals, fees, etc.

Gains and losses from the disposal of property, plant and equipment which cannot be considered part of the disposal of a complete activity are included in other operating income and costs.

Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included as separate line items in the statement of financial position, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net.

The rules for hedge accounting are not applied, and value adjustments of derivative financial instruments are therefore recognised as finance income and finance costs.

Financial items

Interest income and expenses comprise interest, exchange rate gains and losses regarding transactions denominated in foreign currencies and write-down on securities, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Realised and unrealised gains and losses on derivative financial instruments that are not qualified as hedge accounting are also included.

Tax

Tax for the year comprises current tax and changes in deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year and any adjustment of tax for previous years.

Tax related to other comprehensive income is recognised in other comprehensive income.

Deferred tax is recognised and measured according to the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for tax purposes.

Measurement of deferred tax is based on the tax rules and tax rates applicable in the respective countries at the balance sheet date, which is expected to be valid, when the deferred tax will be reversed as current tax. The effect of changes in the tax rates is stated in the income statement unless it relates to items previously entered directly in Shareholders' equity.

Deferred tax assets, including the value of tax loss carry-forwards, are recognised under Financial assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Uncertain tax positions are measured at the amount estimated to be required to settle such potential future obligations. We measure these uncertain tax positions on a yearly basis through dialog with key stakeholders. The measurement addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and IFRIC 23. We will determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty will be followed. Uncertain tax positions are measured at the most likely outcome method.

Aalborg Portland A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish companies. Enterprises are included in the joint taxation from the date of consolidation into the consolidated financial statements and up to the date when they exit the consolidation.

Aalborg Portland A/S is jointly taxed with the parent company, Aalborg Portland Holding A/S, and all Danish enterprises. The current Danish income tax is allocated by payment of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint tax contributions from companies who have used this loss to reduce their own taxable income.

Balance sheet

Intangible assets

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under “Business combinations”. Subsequently goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Determination of cash-generating units follows the management structure and internal financial control.

Development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company is demonstrated, and where the Company intends to complete, market or use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development projects are measured at cost less accumulated amortisation and impairment. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is up to 5 years.

Other intangible assets

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses.

Amortisation is made on a straight-line basis over the lower of the useful life and the contract period.

The expected useful lives are:

- Software applications, up to 10 years.
- Customer list up to 25 years.
- Patents, licences and other intangible assets, up to 20 years.
- Leasehold improvements, up to 5 years.

CO_2 quotas
On initial recognition, granted and acquired CO_2 quotas are measured at cost.

The basis for amortisation of CO_2 quotas is stated as cost less scrap value. The scrap value depends on whether the company expects to utilise the quotas or sell them. Amortisation is based on a portfolio view on a straight-line basis.

If the actual emission exceeds the granted and acquired CO_2 quotas, a liability corresponding to the fair value of the CO_2 quotas, which the company has to settle, is recognised.

On disposal of CO_2 quotas the difference between carrying amount and the selling price of excess CO_2 quotas is recognised in the income statement at the date of disposal.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs from specific or general lending directly relating to the construction of the individual asset.

Deemed costs for dismantling and disposal of the asset and re-establishment are added to cost if the deemed costs are recognised as a provision. The cost of total assets is split into separate components, which are depreciated separately if the useful lives of the individual components differ.

The cost of finance leases are measured at the lower value of the asset's fair value or at the present value of the future minimum lease payment. When calculating the present value, the internal interest rate of the lease or the Group's alternative borrowing rate is used as discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The carrying amount of the replaced components are derecognised in the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis during the estimated useful life of the asset concerned until it reaches the estimated scrap value.

Estimated useful lives are as follows:

- Buildings and improvements of land, 5-50 years
- Main machinery, 25 years
- Other plant and machinery, 3-20 years

Newly acquired assets and assets of own construction are depreciated from the time they come into use. Land is not depreciated, unless it is used for raw material extraction after individual assessment.

The basis of depreciation is calculated on the basis of the scrap value less impairment losses. The scrap value is determined at the acquisition date and reassessed annually. If the scrap value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the scrap value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Leases up to 2018
Leases are classified either as finance or operating leases.

A lease is classified as a finance lease if it transfers substantially all risks and rewards incident to ownership. All other leases are classified as operating leases.

The accounting for finance leases and the related liabilities are described in the paragraphs concerning tangible assets and financial liabilities, respectively.

Lease payments regarding operating leasing are expensed on a straight-line basis over the lease term.

Lease assets and lease liabilities from 2019

Aalborg Portland mainly leases land, vehicles and ships. When entering into a contract, it is assessed whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to essentially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

A right-of-use asset and a lease liability is recognised at the commencement date.

Aalborg Portland leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If it is not possible to separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, we have used the incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options, if the Company finds it reasonably certain to exercise the option and termination penalties, if the lease term reflects our exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows, if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is EUR 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Other non-current assets
Other non-current assets mainly relate to deposits and loans which are measured at amortised cost. Amortisation for the year is stated in the income statement.

Impairment of non-current assets
Goodwill is subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amount of goodwill is tested together with the other non-current assets of the cash-generating unit (CGU) or group of CGUs to which goodwill is allocated. The assets of the CGUs are written down to the recoverable amount in profit or loss if the carrying amount is higher. The recoverable amount of a CGU is generally determined as the present value of the expected future net cash flows from the entity or activity (CGU) to which goodwill is allocated. However, impairment losses on goodwill are recognised as other operating costs in the income statement.

The carrying amount of other non-current assets, except for goodwill, investment properties and financial assets measured at fair value, is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the CGU to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a CGU, respectively, exceeds the recoverable amount of the asset or the CGU.

Amortisation and depreciation of intangible assets and property, plant and equipment are recognised in the same item as the related amortisation and depreciation. However, impairment losses on goodwill are recognised in a separate line item in the income statement.

Inventories
Raw materials and consumables are measured at cost. Cost is computed according to the weighted average cost method.

The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery costs.

The cost of work in progress and finished goods comprise direct production costs with addition of indirect production costs. Indirect production costs include operating costs, maintenance and depreciation of production plant and plant management.

If the net realisable value is lower than cost, write-down is made to this lower value.

Receivables
Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is an objective indication of an impairment loss. In such cases, write-down is made individually for each specific receivable.

Write-down is stated as the difference between the carrying amount and the present value of the expected cash flow, including the net realisable value of any received collaterals. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Equity
Dividends are recognised as debt at the time of approval at the annual general meeting (time of declaration). Dividends which are proposed for distribution are therefore stated separately in the shareholders’ equity.

Reserves relating to foreign exchange adjustments in the consolidated financial statements comprise currency translation differences arising from the translation of the financial statements of foreign entities from their functional currencies to the presentation currency of the Company (EUR) and foreign exchange adjustments of assets and liabilities considered to be part of the Group's net investment in foreign operations.

On full or partial realisation of net investments, exchange differences are recognised in the income statement.

Provisions
Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs. The present value of costs is recognised in the income statement for the tangible assets concerned and is amortised together with these assets over the useful lives or according to the production method.

Provisions are measured as the best estimate of the expenses required to settle the obligation at the balance sheet date.

Financial liabilities
Amounts owed to credit institutions are recognised when raising the loan at fair value less transaction costs. Subsequent measurement is made at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

The capitalised remaining lease liability of finance leases is also recognised in financial liabilities, measured at amortised cost.

Other financial liabilities are measured at amortised cost.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash funds.

Cash funds consist of cash in hand and bank deposits.

Loans represent total interest-bearing debt items less interest-bearing receivables. Formation of finance leases are considered as non-cash transactions

All other non-interest-bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as Profit for the year (EAT) adjusted for non-cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Aalborg Portland A/S and group entities are included in the consolidated financial statements of Aalborg Portland Holding A/S, Rørdalsvej 44, 9220 Aalborg Øst, Denmark, CVR no. 14 24 44 41.

Segment reporting

Aalborg Portland A/S is not a listed company and therefore no segment reporting is made according to IFRS 8.

Forthcoming requirements

A number of new financial reporting standards, which are not compulsory for the Company in 2019, have been released. The adopted, non-effective standards and interpretations are implemented as they become mandatory for the Company.

Financial ratios

EBITDA ratio	Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA) Revenue
EBIT ratio	Earnings before interest and tax (EBIT) Revenue
NOPAT	Net Operating Profit After Tax Earnings before interest and tax (EBIT) x (1 – effective tax rate)
Capital employed	Intangible assets + tangible assets + working capital
Equity ratio	Shareholders' equity Total assets
Return on equity	Profit Average shareholders' equity
Net interest-bearing debt (NIBD)	Interest-bearing liabilities less interest-bearing assets
Working capital	Inventories, trade receivables and trade payables.

Signatures

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland A/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 5 March 2020

Executive Board

Søren Holm Christensen
CEO

Michael Lundgaard Thomsen
Managing Director

Henning Bæk
Executive Vice President, CFO

Board of Directors

Bjarne Moltke Hansen
Chairman

Søren Holm Christensen

Marco Maria Bianconi
Vice Chairman

Morten Børglum

Ernst Aage Jensen

Independent auditors' report

To the shareholders of Aalborg Portland A/S

Opinion

We have audited the financial statements of Aalborg Portland A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

KPMG

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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 5 March 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Henrik O. Larsen
State Authorised Public Accountant
MNE-NO. 15839

Steffen S. Hansen
State Authorised Public Accountant
MNE-NO. 32737

Board of Directors

Bjarne Moltke Hansen, *Chairman*
Marco Maria Bianconi, *Vice Chairman*
Søren Holm Christensen
Morten Børglum *
Ernst Aage Jensen *

* Elected by the employees

Executive Board

Søren Holm Christensen, *CEO*
Michael Lundgaard Thomsen, *Managing Director*
Henning Bæk, *Executive Vice President, CFO*

Companies in the Group

The Company
Aalborg Portland A/S
Rørdalsvej 44
9220 Aalborg Øst
Denmark
Tel. +45 98 16 77 77
E-mail: cement@aalborgportland.com
Internet: www.aalborgportland.com
CVR No 36 42 81 12

Owners
Aalborg Portland A/S is 100% owned by Aalborg Portland Holding A/S.
Aalborg Portland Holding A/S is included in the Group financial statements for Cementir Holding N.V., the Neterlands and Caltagirone S.p.A., Italy.

Annual General Meeting
17 April 2020 at
Islands Brygge 43, Copenhagen.

			Nominal share capital (in 000)	Direct holding *
Aalborg Portland A/S	Denmark	DKK	100,000	-
Aalborg Portland Íslandi ehf.	Iceland	ISK	303,000	100.0%
Aalborg Portland Polska Sp. z o.o.	Poland	PLN	100	100.0%
Aalborg Portland OOO	Russia	RUB	14,700	100.0%
Aalborg Portland France S.A.S.	France	EUR	10	100.0%
Aalborg Portland Belgium S.A.	Belgium	EUR	500	100.0%

* Ownershare is stated as direct holding of the superjacent enterprise.

Aalborg Portland Group

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Denmark
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E-mail: cement@aalborgportland.com
Internet: www.aalborgportland.dk

Bjarne Moltke Hansen,
Chairman of the Board of Directors

Executive Board:
Søren Holm Christensen, *CEO, Nordic & Baltic*
Michael Lundgaard Thomsen, *Managing Director*
Henning Bæk, *Executive Vice President, CFO*

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Tomasz Stasiak, *Managing Director*

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Iceland
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Magnús Eyjólfsson, *Managing Director*

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Jean-Fabien Criquioche, *Managing Director*

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Frank Brandt, General Manager

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188480, Leningrad region
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Tel. +7 812 346 74 14
Alexey Tomashevskiy, *Managing Director*