Valmont SM A/S

Værksvej 5, 6230 Rødekro, Hjordkær

CVR no. 88 37 46 14

Annual report
for the year 1 January - 31 December 2016

Approved at the annual general meeting of shareholders on 1/5 - 17

Chairman:

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Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Valmont SM A/S for the financial year 1 January - 31 December 2016.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

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

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

Rødekro, 1 May 2017
Executive Board:

Jens Holk Nielsen

Board of Directors:

Barry Albert Ruffalo Chairman	Roger Andrew Massey	Jens Holk Nielsen
Bent Pedersen	Palle Mikkel Rudebeck	

Independent auditor's report

To the shareholders of Valmont SM A/S

Opinion

We have audited the financial statements of Valmont SM A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 note 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 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 our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aabenraa, 1 May 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jon Midtgaard
State Authorised Public Accountant

Henrik Andersen
State Authorised Public Accountant

Management's review

Company details

Name	Valmont SM A/S
Address, Postal code, City	Værksvej 5, 6230 Rødekro, Hjordkær
CVR no.	88 37 46 14
Financial year	1 January - 31 December
Board of Directors	Barry Albert Ruffalo, Chairman Roger Andrew Massey Jens Holk Nielsen Bent Pedersen Palle Mikkel Rudebeck
Executive Board	Jens Holk Nielsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Skibbroen 16, 6200 Aabenraa, Denmark
Bankers	Sydbank A/S Nykredit Bank A/S

Management's review

Financial highlights

DKK'000	2016 12 months	2015 12 months	2013/14 18 months	2012/13 12 months	2011/12 12 months
Key figures					
Revenue	725,885	693,080	1,529,282	903,323	780,710
Profit before net financials	24,033	36,669	189,205	94,236	67,225
Net financials	-5,206	-5,566	-10,159	-3,905	-5,986
Profit/loss for the year	14,678	25,810	137,563	69,567	45,931
Total assets	600,210	643,818	697,533	663,385	584,690
Investment in property, plant and equipment	9,367	14,412	67,863	15,425	13,873
Equity	229,540	227,767	236,957	199,394	164,826
Financial ratios					
Operating margin	3.3%	5.3%	12.4%	10.4 %	8.6 %
Current ratio	186.3%	208.9%	231.4%	100.7%	71.9%
Solvency ratio	38.2%	35.4%	34.0%	30.1%	28.2%
Return on equity	6.4%	11.1%	63.1%	38.2%	31.3%
Assets turnover	1.2	1.0	2.2	1.4	1.3
Average number of employees	625	624	741	695	629

In 2014 the financial year was changed from 30 June to 31 December. Thus, the financial year 2014 includes 18 month.

Management's review

Management commentary

Business review

Valmont SM A/S is a manufacturer of complex heavy steel structures for energy related industries.

Financial review

The company realised a profit in the financial year of 14.678 tDKK (2015: 25,810 tDKK). The profit is in line with expectations and management consider the profit as satisfactory. Total equity amounts to 229,540 tDKK corresponding to an equity ratio of 38.2%. During the financial year 2016 the Company has invested DKK 9.4 million in property, plant and equipment. Cash at bank and in hand totaled 87.1 DKK million at 31 December 2016.

Special risks

The main risk is related to the company's ability to be strong positioned on significant markets, being mainly energy related industries in the Nordics and Germany.

Financial risks

Based on the company's equity ratio and financial resources, moderate changes in the interest rate level will not have significant, direct effect on earnings.

Currency risks

Due to its international activities, profit and equity are affected by the foreign exchange development for a number of currencies. It is company policy to hedge commercial currency risks. Speculative currency transactions are not made.

Credit risks

Credit risk is related to receivables recognised in the balance sheet. Based on a specific credit rating, the Company grants credit to selected customers. On an ongoing basis the Company follows up on credit ratings etc.

Intellectual capital etc.

Know-how and competencies accumulated over decades is important for Valmont SM A/S.

Environmental issues

Manufacturing of heavy complex steel structures is energy heavy. On an ongoing basis, the company initiates in energy saving investments of different matter.

Statutory CSR report

CSR is high on the agenda for the entire Valmont Group and the group pays close attention to its corporate responsibility. For more information on Valmont Inc.'s corporate responsibility the company refers to: www.valmont.com/valmont/investors/corporate-governance.
Therefore, Valmont SM A/S as a subsidiary in the Valmont Group does not have a separate policy for CSR nor specific policies for human rights, environment, and climate change as regards the Danish Financial Act §99A.

Management's review

Management commentary

Account of the gender composition of Management

It is the company's goal that the Board of Directors is composed in such a way that it is effectively able to perform its tasks related to strategy development, management and control. The company will seek to nominate candidates whose profiles and skills are best suited for the company, as it is considered best for the company in the long run. When candidates for the Board of Directors are to be nominated, gender is considered with due regard to the company's other recruitment criteria, including requirements for professional qualifications, industry experience,educational background, etc.
In 2016, the gender composition of the company's Board of Directors is the following: 0 women and 3 men (excl. Board of Directors elected by employees). Valmont SM A/S' goal is that one of three members of the Board of Directors appointed by the general meeting is to be a woman, corresponding to 33 %, before 2020. In 2016 it has not been possible to nominate female candidates.

Other management levels

The company seeks to create a good and versatile workplace that promotes equal career opportunities for both women and men. It is the company's goal to achieve a balanced composition of gender in other management levels. To achieve this goal the company aims to always have at least one representative of each sex among the last three candidates for vacancies at the company's other management levels. The current gender composition of the company's other management levels is the following: 20 % women and 80 % men.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

For financial year 2017 management expects positive earnings.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2016	2015
	Revenue	725,885	693,080
	Other operating income	4,775	3,469
	Raw materials and consumables	-335,319	-307,027
	Other external expenses	-58,774	-61,870
	Gross margin	336,567	327,652
2	Staff costs	-270,601	-250,934
	Depreciation of property, plant and equipment	-41,933	-40,049
	Profit before net financials	24,033	36,669
	Financial income	0	82
3	Financial expenses	-5,206	-5,648
	Profit before tax	18,827	31,103
4	Tax for the year	-4,149	-5,293
	Profit for the year	14,678	25,810

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	ASSETS		
	Fixed assets		
5	**Property, plant and equipment**		
	Land and buildings	165,980	180,658
	Plant and machinery	59,817	77,258
	Other fixtures and fittings, tools and equipment	2,272	2,751
	Property, plant and equipment in progress	21,960	692
		250,029	261,359
	Total fixed assets	250,029	261,359
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	5,319	7,441
		5,319	7,441
	Receivables		
	Trade receivables	109,699	147,469
6	Work in progress for third parties	118,230	134,886
	Receivables from group entities	23,615	0
	Income taxes receivable	0	855
	Other receivables	3,057	1,957
	Deferred income	3,134	2,696
		257,735	287,863
	Cash	87,127	87,155
	Total non-fixed assets	350,181	382,459
	TOTAL ASSETS	600,210	643,818

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2016	2015
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	15,000	15,000
	Retained earnings	207,201	199,862
	Dividend proposed for the year	7,339	12,905
	Total equity	229,540	227,767
	Provisions		
	Deferred tax	17,720	26,984
9	Total provisions	17,720	26,984
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Mortgage debt	25,033	30,972
	Payables to group entities	139,982	174,985
		165,015	205,957
	Current liabilities other than provisions		
	Mortgage debt	5,938	5,911
6	Work in progress for third parties	36,946	68,225
	Trade payables	94,104	65,404
	Income taxes payable	4,220	0
	Other payables	46,727	43,570
		187,935	183,110
	Total liabilities other than provisions	352,950	389,067
	TOTAL EQUITY AND LIABILITIES	600,210	643,818

1 Accounting policies
10 Contractual obligations and contingencies, etc.
11 Collateral
12 Related parties
13 Fee to the auditors appointed by the Company in general meeting

Financial statements for the period 1 January - 31 December

Statement of changes in equity

	DKK'000	Share capital	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2015	15,000	186,957	35,000	236,957
14	Profit for the year	0	12,905	12,905	25,810
	Dividend distributed	0	0	-35,000	-35,000
	Equity at 1 January 2016	15,000	199,862	12,905	227,767
14	Profit for the year	0	7,339	7,339	14,678
	Dividend distributed	0	0	-12,905	-12,905
	Equity at 31 December 2016	15,000	207,201	7,339	229,540

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Valmont SM A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015. This implies changes in the recognition and measurement in the following areas:

Yearly reassessment of residual values of property, plant and equipment.
In future, residual values of property, plant and equipment are subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment other than those relating to the Company's land. Consequently, the change is made in accordance with section 4 of the executive order on transitional provisions with future effect only as a change in accounting estimates with no impact on equity.

The above change does not affects the income statement or the balance sheet for 2016 or the comparative figures.

Apart from the above changes as well as new and changed presentation and disclosure requirements, which follow from act no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Valmont Industries, Inc.

Basis of recognition and measurement

Accounting estimates and assesments:
The calculation of the carrying amount of certain assets and liabilities is subject to assessments, estimates and assumptions of future events. The estimates made and assumptions are based on past experiences and other parameters which Management considers reasonable in the circumstances, but which naturally are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unexpected events or circumstances may arise. In addition, the company is subject to risks and uncertainties which may imply that the actual outcome may differ from these estimates.

Significant accounting estimates and assessments are mainly releated to measurement of work in progress and provision for warranties and losses on work in progress.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

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

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

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets and liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement on a regular basis.

Income statement

Revenue

Revenue from work in progress for third parties is recognised by reference to the stage of completion.

Revenue is measured at the fair value of the agreed consideration ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of non-current assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. 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 relating to specific and general borrowing directly attributable to the construction of the individual asset.

Interest expenses on loans to finance the production of items of property, plant and equipment, and which relate to the production period, are recognised in cost. All other borrowing costs are recognised in the income statement.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Buildings	10-20 years
Plant and machinery	5-10 years
Fixtures and fittings, plant and equipment	3-8 years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation of amortisation.

Impairment tests are conducted on individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower the the carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress for third parties

Work in progress for third parties are measured at the market value of the work performed less advances received. The market value is calculated on the basis of the percentage of completion at the balance sheet date and the total expected income from the relevant contract. The percentage of completion is made up based on costs incurred relative to the expected, total expenses on each individual work in progress.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

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

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash

Cash comprise cash and bank balances.

Equity

Proposed dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Provisions

Provisions comprise anticipated costs related to warranties, losses on work in progress, etc. Provisions are recognised when, as a result of past events, the Company 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.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranties comprise obligations to make good any defects within the warranty period of one to five years. Provisions for warranties are measured at net realisable value and recognised based on past experience. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond interest rate.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Segment information

Valmont SM A/S does not have activities or markets that differ among themselves. Therefore, revenue on segments is not disclosed.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit x 100}}{\text{Revenue}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$
Assets turnover	$\frac{\text{Revenue}}{\text{Average total assets}}$

The figures and ratios for 2012/13 have been changed due to change in accounting policies as regards proposed dividends, which are recognized under equity (earlier under liabilities).

Financial statements for the period 1 January - 31 December

Notes to the financial statements

	DKK'000	2016	2015
2	**Staff costs**		
	Wages/salaries	247,811	229,018
	Pensions	16,700	16,145
	Other social security costs	4,453	5,016
	Other staff costs	1,637	755
		270,601	250,934
	Average number of full-time employees	625	624

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration for 2016 to the Management is not disclosed (2015: Executive board 5,347 tDKK and Board of directors 14 tDKK).

	DKK'000	2016	2015
3	**Financial expenses**		
	Interest expenses, group entities	3,054	3,786
	Exchange losses	16	264
	Other financial expenses	2,136	1,598
		5,206	5,648
4	**Tax for the year**		
	Estimated tax charge for the year	13,413	18,620
	Deferred tax adjustments in the year	-9,264	-13,327
		4,149	5,293

22 % of profit before tax amounts to 4,142 DKK'000.
Effect of non-deductable expenses amounts to 7 DKK'000.
Tax for the year in total amounts to 4,149 DKK'000.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2016	347,182	290,349	23,337	692	661,560
Additions in the year	265	8,497	605	21,960	31,327
Disposals in the year	0	-1,348	-568	-692	-2,608
Cost at 31 December 2016	347,447	297,498	23,374	21,960	690,279
Impairment losses and depreciation at 1 January 2016	166,524	213,091	20,586	0	400,201
Depreciation in the year	14,943	25,906	1,084	0	41,933
Reversal of depreciation and impairment of disposals	0	-1,316	-568	0	-1,884
Impairment losses and depreciation at 31 December 2016	181,467	237,681	21,102	0	440,250
Carrying amount at 31 December 2016	165,980	59,817	2,272	21,960	250,029

	DKK'000	2016	2015
6	Work in progress for third parties		
	Selling price of work performed	944,772	411,353
	Progress billings	-863,488	-344,692
		81,284	66,661
	recognised as follows:		
	Work in progress for third parties (assets)	118,230	134,886
	Work in progress for third parties (liabilities)	-36,946	-68,225
		81,284	66,661

7 Share capital

The share capital comprises 15.000 shares of DKK 1.000 each. All shares rank equally.

The share capital has remained unchanged for the last five years.

8 Long-term liabilities

DKK'000	Total debt at 31/12 2016	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	30,971	5,938	25,033	3,844
Payables to group entities	139,982	0	139,982	0
	170,953	5,938	165,015	3,844

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Provisions

The provision for deferred tax relates to timing differences in respect of:

Property, plant and equipment, DKK 2,050 thousand

Work in progress, DKK 15,287 thousand

Other, DKK 383 thousand

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

Contingent liabilities:
Valmont SM A/S is a party to a few pending lawsuits and or claims. In Management's opinion, apart from the receivables and payables recognised in the balance sheet at 31 December 2016, the outcome of these lawsuits or claims will not further affect the Company's financial position.

The company is liable to normal warranty commitments from sale of goods usual for the sector.

Guarantees:
The company has issued guarantees in favor of customers of DKK 159,302 thousand (2015: DKK 136,285 thousand).

Operating lease obligations:
Lease obligations (operating leases) falling due within 5 years total DKK 1,209 thousand (2015: DKK 2,133 thousand).

11 Collateral

The Company has issued mortgages registered to the owner of DKK 74,064 thousand, secured on land and buildings with a carrying amount of 165,980 DKK thousand. Of this amount, mortgages registered to the owner of DKK 66,064 thousand have been lodged as collateral for bank loans, whereas mortgages registered to the owner of DKK 8,000 thousand are held by the Company.

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Notes to the financial statements

12 Related parties

Valmont SM A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Valmont Industries Inc.	One Valmont Plaza, Omaha, Nebraska 68154-5215 USA	ultimate parent of the Group
Valmont Industries Holland B.V.	Den Engelsman 3, 6026 RB Maarheeze, Nederland	Parent company

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Valmont Industries Inc.	One Valmont Plaza, Omaha, Nebraska 68154-5215 USA	www.valmont.com

	DKK'000	2016	2015
13	Fee to the auditors appointed by the Company in general meeting		
	Statutory audit	215	215
	Assurance engagements	560	358
	Tax assistance	29	0
	Other assistance	223	44
		1,027	617
14	Appropriation of profit/loss		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	7,339	12,905
	Retained earnings	7,339	12,905
		14,678	25,810