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Copenhagen, 19 March 1999

Preliminary Announcement of the 1998 Financial Statements - C.W. Obel A/S

At a Board Meeting held today, the Supervisory Board of C.W. Obel A/S adopted the 1998 Financial Statements and Consolidated Financial Statements and agreed to issue this press release and the preliminary announcement of the Financial Statements.

- Post-tax profit doubled to DKK 203m
- Pre-tax profit rose 72% to DKK 303m
- Operating profit up from DKK -29m in 1997 to a plus of DKK 74m in 1998
- 14% growth in turnover to DKK 4,458m
- Respectable financial growth reported by Associated Companies
- Positive cash-flow of DKK 56m before financing activities versus a negative cash-flow in 1997 of DKK 118m
- Dividend up from 15% to 18%
- Major reshuffling of corporate management team in 1998. Four out of six divisions have a new management team, and a new Corporate Executive Vice President, Treasury, Finance and IT, was appointed
- Major focus on C.W. Obel's core activities means changes in organizational structure
- Clean-up in three troublesome areas in Malaysia, Sweden and Germany completed and under control.
- For 1999 C.W. Obel forecast continued improvement in pre-tax profit.

Copenhagen, 19 March 1999

Hans Werdelin
Chairman

Mogens Hugo Jørgensen
President and CEO

Contact: Mogens Hugo Jørgensen, President and CEO, who can be reached at tel. +45 4322 1357.

Turn-around in C.W. Obel

The DKK 203m profit for the year is double that reported for 1997. Growth in operating profit - up from DKK minus 29m to a plus of DKK 74m.

1998 was a turnaround year for the negative trend experienced by the C.W. Obel Group after the acquisition of SN Holding in 1996. Today, the C.W. Obel Group is announcing a DKK 203m post-tax profit, which is double that reported for 1997. The profit increase has been realised from 14% growth in turnover, a respectable advance in performance by Skandinavisk Tobakskompagni and comprehensive restructuring of the companies in the Group. Clean-up operations in the three troublesome areas in Malaysia, Sweden and Germany have been completed and are now under control.

The operating profit rose from a minus of DKK 29m to a plus of DKK 74m. This turnaround is due primarily to sound development in the Technical Installations and Service Sector, the core area which comprises the divisions Semco Denmark, Semco Sweden, Semco Maritime and C.W. Obel Industriteknik. Other Companies contributed to the advance as well. The Properties Sector reported an acceptable operating profit of DKK 57m versus DKK 61m in 1997.

Mogens Hugo Jørgensen, President and CEO: "The growth in operating profit is satisfactory, especially considering the major costs connected with restructuring and consolidation. However, the profit level is still not satisfactory. This should be seen in light of the Group's highly negative development in profits in the second half of 1997 which had a major impact on the beginning of 1998."

Restructuring of the C.W. Obel Group has meant the appointment of new management in four out of six divisions. A new Corporate Executive Vice President was also appointed, with responsibility for Treasury, Finance and IT. The management echelon in the business units has also been heavily reinforced.

Together with new targets, a new vision will focus on project-related activities and improved profitability. This shift in focus means a reduction in the number of divisions in Technical Installations and Service from six to four. Business units falling outside the scope of the Corporate vision have been combined in Other Companies and will be sold when the right conditions can be obtained.

In 1998, the C.W. Obel Group reported a turnover of DKK 4,458m versus DKK 3,901m in 1997. The combined consolidated turnover is projected to decline in 1999 as a result of the slowdown in Denmark in the Technical Installations and Service Sector. Respectable growth is forecast for Norway, and some growth in Sweden. Due to overall restructuring and sweeping changes in the three troublesome areas, continued progress in the pre-tax profit for 1999 is forecast.

Copenhagen, 19 March 1999

Additional information is available from Mogens Hugo Jørgensen, President and CEO
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Five-year Financial Summary – The Group

Financial Highlights (DKK '000)

| | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|---------|---------|----------|---------|---------|
| Profit and Loss Account | | | | | |
| Net turnover, excluding rental income | 4,457.5 | 3,901.3 | 2,612.6 | 84.8 | 81.2 |
| Rental income | 100.6 | 94.5 | 81.1 | 80.9 | 72.0 |
| Operating profit | 74.5 | -29.5 | 79.9 | 30.2 | 34.9 |
| Financial items, net | -51.3 | -38.9 | -13.6 | 25.2 | -27.2 |
| Share of profits, associated companies | 279.5 | 244.0 | 274.9 | 174.1 | 205.6 |
| Consolidated profit before taxation and minority interests | 302.6 | 175.7 | 350.9 | 229.5 | 213.3 |
| C.W. Obel's share of the profit for the year | 202.6 | 101.8 | 245.9 | 133.9 | 144.1 |
| Assets | | | | | |
| Tangible fixed assets | 1,355.2 | 1,310.1 | 1,235.2 | 719.0 | 684.6 |
| Financial fixed assets | 550.3 | 554.6 | 629.2 | 559.0 | 549.9 |
| Stocks, including work in progress | 414.1 | 369.5 | 324.7 | 17.2 | 16.4 |
| Debtors | 897.3 | 789.0 | 682.0 | 22.8 | 30.9 |
| Cash and securities | 604.4 | 473.2 | 361.2 | 254.0 | 369.0 |
| Total assets | 3,821.2 | 3,496.3 | 3,232.3 | 1,571.9 | 1,650.8 |
| Liabilities | | | | | |
| C.W. Obel's share of the equity capital | 1,071.5 | 921.6 | 985.9 | 1,400.2 | 1,304.0 |
| Minority shareholders' share of the equity capital | 3.7 | 4.5 | 3.9 | | |
| The Group's combined equity capital | 1,075.2 | 926.1 | 989.8 | 1,400.2 | 1,304.0 |
| Provisions | 99.6 | 129.4 | 197.8 | 29.0 | 23.2 |
| Long-term creditors | 1,377.7 | 1,191.5 | 444.2 | 48.4 | 154.1 |
| Short-term creditors | 1,268.7 | 1,249.3 | 1,600.6 | 94.2 | 169.6 |
| Total liabilities | 3,821.2 | 3,496.3 | 3,232.3 | 1,571.9 | 1,650.8 |
| Cash flow statement | | | | | |
| Cash flow from operating activities | 35.0 | -79.8 | -12.4 | 71.0 | 64.0 |
| Cash flow from investing activities | 21.3 | -38.1 | -796.0 | 20.4 | -149.3 |
| Cash flow before financing activities | 56.3 | -117.9 | -808.4 | 91.4 | -85.3 |
| Cash flow from financing activities | 9.6 | 319.0 | 758.2 | -131.2 | -13.8 |
| Net change in cash and securities | 131.1 | 112.0 | 107.2 | -115.0 | 73.4 |
| Change in interest-yielding net cash | 28.0 | -140.0 | -1,109.8 | 64.5 | -97.8 |
| Interest-yielding net debt end year | 1,035.1 | 1,063.0 | 923.0 | -186.8 | -122.2 |

Five-year Financial Summary – The Group

Key Figures

| | 1998 | 1997 | 1996 | 1995 | 1994 |
|---|-------|-------|-------|-------|-------|
| Average number of employees | 6,149 | 5,828 | 4,850 | 109 | 109 |
| Average number of shares ('000) | 2,075 | 2,075 | 2,075 | 2,075 | 1,660 |
| Earnings per share, DKK 100 | 97.7 | 49.1 | 118.5 | 64.5 | 69.5 |
| Cash flow per share, DKK | 16,9 | -38.5 | -6.0 | 9.5 | 38.6 |
| Dividend per share, DKK 100 | 18.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Net asset value per share DKK 100 | 516 | 444 | 475 | 675 | 629 |
| Gross plant investments and purchase of activities | 182 | 211 | 996 | 60 | 160 |
| Equity ratio % | 28.0 | 26.4 | 30.5 | 89.1 | 79.0 |
| Return on equity % | 20.3 | 10.7 | 20.6 | 9.9 | 11.6 |

Definitions according to the "Recommendations & Key Figures 1998"

issued by the Danish Society of Financial Analysts:

| | |
|---------------------|--|
| Earnings per share | Profit after taxation and minority interests/Average no. of shares |
| Cash flow per share | Cash flow from operating activities/Average no. of shares |
| Net asset value | Equity capital, excl. minority interests end of year/No. of shares, end of year |
| Equity ratio | (Equity capital excl. minority interests/Liabilities, end of year)*100 |
| Return on equity | (Profit after taxation and minority interests/Average equity capital excl. min. interests)*100 |

Excerpt from the Annual Report for the Group and the Parent Company

The 1998 turnover amounted to DKK 4,458m versus DKK 3,901m in 1997, equal to a 14% rise.

The Group's profit on ordinary operations before tax grew by 72% from DKK 176m to DKK 303m.

The profit for the year amounted to DKK 203m, which is twice as much as that reported for 1997, when the profit amounted to DKK 102m.

Apart from the surge in turnover, the sharp growth in profits was due first and foremost to a turnaround in the Technical Installations and Service Sector and Other Companies. Thus the unsatisfactory operating profit of DKK -29m recorded in 1997 was converted into a positive operating profit of DKK 74m. The three problem areas that had a particularly adverse impact on the 1997 result - a project in Malaysia and the operating performances reported by a Swedish and a German company - are now under control.

In addition, the Group's share of the profit reported by Skandinavisk Tobakskompagni contributes significantly to the growth.

The Group's aggregate assets amounted to DKK 3,821m. At the end of the year, the Group's equity capital had grown to DKK 1,072m, equal to an equity ratio of 28% for the Group.

Cash flow before financing activities turned around to yield a positive flow of DKK 56m in 1998, compared to last year's negative flow of DKK 118m.

In addition to improving short-term earnings, focus in 1998 was on formulating a corporate vision and targets, restructuring activities including reinforcement of the management team, and improving the reporting and control systems and Corporate Identity.

Development of the C.W. Obel Group

In 1992, C.W. Obel resolved to adopt a strategy to develop its property holdings and to acquire a major industrial/trading business.

In the period from 1993-96, several prime properties were acquired in Aalborg and Copenhagen.

In April 1996, the listed group SN Holding A/S was acquired. This group was composed of Semco, SN System and LN Entreprise. At the end of 1996, the contracting company LN Entreprise was divested, as C.W. Obel wanted to focus on developing the technical installation companies Semco and SN System.

When taken over by C.W. Obel, Semco and SN System were in the process of acquiring several international companies, and they continued this strategy in 1996 under C.W. Obel's ownership.

In order to acquire a more horizontal corporate structure, SN Holding A/S merged with C.W. Obel A/S on 1 January 1997. At the same time, C.W. Obel's corporate management took over the reins of SN activities, and relocated to SN Holding's offices in Brøndby. Industrial, Engineering and Installation activities were split into six divisions on 1 July 1997, each with its own divisional manager. The object of divisionalization was to make the operational organization more horizontal and to group existing business into cohesive activities. At the same time, divisionalization created greater organizational transparency.

The unsatisfactory performance reported subsequently at the end of 1997 led to a major reshuffling of the executive team. Thus, four out of six divisions now have new management, and a new Corporate Executive Vice President was appointed with special responsibility for Treasury, Finance and IT.

In addition, a corporate structure was established in 1998 with a corporate staff responsible for Treasury, Finance, IT and Human Resources. Management was also heavily reinforced at the business unit level in the divisions, especially the finance functions.

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The Group focused on three major activities in 1998:

- Consolidation
- Corporate Identity
- Corporate Vision

Consolidation

In 1998, efforts were focused on improving the Group's operating profit and consolidating core business with a view to ensuring long-term improvement of profitability and growth.

Considering development for the Group in 1997, the trend in profits recorded for 1998 can be deemed satisfactory, with a turnaround in the operating result from DKK -29m, to a DKK 74m profit in 1998. The performance is not satisfactory as such, but should be viewed in light of the Group's development in profits in the second half of 1997, in particular, and thus the starting point for 1998, and the fact that the 1998 profit includes costs connected with restructuring and consolidation activities.

Focus was primarily on improving loss-making activities. A major telecommunications project in El-Marin Service AB in Malaysia was brought to a halt, and both the project and the company were wound up in 1998. Project management and control was the aim for the Swedish company Backlunds El-Service AB, which is involved in major electrical installation projects, and the company reached break-even in 1998. The real problem child was the Group's German activities under Brockmeyer GmbH. The German company underwent dramatic restructuring with the appointment of new management and heavy support from Denmark. Three branches were closed down, leaving only the branches in Duisburg and Frohburg. More than 85 of the division's 457 employees left the company, and the department for major construction projects has been eliminated. Thus, the company was under control at the end of 1998, but the restructuring exercise was costly and had a major impact on the 1998 Financial Statements.

In addition, the spotlight was in 1998 turned on management, procedures, business routines and control/reporting systems. Focus was on developing project control and management skills throughout project-related divisions.

Corporate Identity

In 1998, the Group adopted a new visual identity by introducing a new design manual and a new logo in the form of a blue oval containing the letters CWO, which will precede all the names of the companies in the corporation.

The new visual identity will signal closer cooperation, both within each division and among the divisions. One of the aims is to encourage employees to share their knowledge and experience and to focus on the Group's most important raw material - the employees in the Group.

Corporate Vision and Objectives

In autumn 1998, work on formulating the Group's vision and objectives was resumed. The goal is to create a focused business and to establish the platform for improving profitability and long-term growth.

The Group's efforts to formulate a strategy resulted in a reformulation of the C.W. Obel Group's vision, as follows:

"The C.W. Obel Group is one of the largest Scandinavian suppliers of land-based technical installations and service and a significant supplier of technical systems, equipment, installations and service to the international maritime sector. The Group also has significant activities in properties and investments in Associated Companies."

The focus on project-related activities means that the business sector Industrial, Engineering and Installation activities has been renamed Technical Installations and Service. The sector has been reduced from six divisions to four: Semco Denmark, Semco Sweden, Semco Maritime and C.W. Obel Industriteknik.

Companies falling outside the scope of the corporate vision in terms of geography, product range or skills and qualifications have been regrouped under Other Companies, which now include DGT*Volmatic A/S, SGD-Bera A/S, Semco Vakuumteknik, Skandinavisk Miljø Service A/S and Brockmeyer GmbH. The companies will be sold when the right conditions can be obtained.

The divisions are now in the process of formulating their strategies. Divisional strategies are based on the corporate vision, with special focus on three interdisciplinary skills crucial to Group development: 1) control and management of projects from the initial identification of sales opportunities to handing-over and servicing individual projects, 2) focus on the customer's needs through active customer handling, market development and development of tailor-made solutions, 3) the exchange of knowledge and experience within the individual divisions, as well as across divisional and national lines. Divisional strategies are expected to be ready before the summer of 1999.

An analysis of the Group's business system has been initiated alongside the strategy-development process. The analysis comprises major business processes, including skills and qualifications and uniform IT application within the Group. The objective of the business system analysis is to support the corporate vision and objectives.

1998 - an overview

In 1998, the Group's turnover amounted to DKK 4,458m versus DKK 3,901 the year before. The total advance of 14% in growth stems primarily from organic growth in Semco Denmark, Semco Maritime and C.W. Obel Industriteknik. Compared to 1997, the turnover and growth in % for the various divisions can be broken down as follows:

| (DKKm) | <u>1998</u> | <u>Growth in %</u> |
|--------------------------|--------------|--------------------|
| Semco Denmark | 1,778 | 18 |
| Semco Sweden | 488 | 9 |
| Semco Maritime | 819 | 16 |
| C.W. Obel Industriteknik | 775 | 23 |
| Other companies | 639 | 1 |
| Intra-group turnover | - 41 | |
| Total | <u>4,458</u> | <u>14</u> |

The progress recorded by Semco Denmark is attributable to a number of major projects in Denmark and a few international projects, while growth in Semco Maritime and C.W. Obel Industriteknik is attributable particularly to the advance reported for the Norwegian activities.

The Group's 1998 operating profit amounts to DKK 74m versus a loss of DKK 29m the year before. This improvement derives from the Technical Installations and Service Sector, masking a turnaround from a loss of DKK 38m in 1997 to a DKK 46m profit in 1998. C.W. Obel Ejendomme (C.W. Obel Properties) reported a satisfactory operating profit of DKK 57m for 1998, which is, however, slightly lower than last year's DKK 61m profit. The loss in the German company had a heavy impact on Other Companies, but the operating profit managed to improve from a DKK 52m loss in 1997 to a DKK 29m loss in 1998.

Operating profit was influenced by last spring's labour strike to some extent, as the Group's production companies were the hardest hit.

The Group's operating profit before tax amounted to DKK 303m in 1998, versus DKK 176m in 1997, equal to a 72% growth. This includes Associated Companies, which also reported respectable progress in the pre-tax operating profit, from DKK 244m in 1997 to DKK 280m in 1998. The increase in the pre-tax operating profit for Associated Companies is attributable to Skandinavisk Tobakskompagni exclusively, which turned in a fine performance for 1998, more than compensating for the setback recorded by Skandinavisk Industries and Motortramp. The performance of Skandinavisk Industries is affected by the liquidation of the French furniture company Vinco, while A/S Motortramp's performance was affected by the writedown of the company's vessels.

The profit for the year after tax and the share attributable to minority shareholders amounted to DKK 203m, twice as much as the 1997 profit. Taxes for the year amount to DKK 103m, equal to 34% of the pre-tax profit, versus 41% in 1997. The overall tax payment is still high, due mainly to the fact that the losses recorded for certain Associated Companies, among others, can only be utilized when the same units record profits in future. Conversely, taxes for the year are affected positively by the use of accumulated tax losses by individual business units.

Considering that the profit after taxation and the share attributable to minority shareholders doubled, the return on equity amounted to 20.3% last year versus 10.7% for 1997.

The Group's total assets at 31 December 1998 amounted to DKK 3,821m, equal to a major increase compared to the balance-sheet total of DKK 3,496m at 31 December 1997. This increase is attributable to an increase in funds tied up in debtors and work in progress at an amount of DKK 171m, which corresponds to the progress in the activity level, and to growth in securities and cash by DKK 131m to DKK 604m at 31 December 1998. The latter is financed mainly through a corresponding growth in the interest-bearing debt. The equity capital at 31 December 1998 increased to DKK 1,071m, from DKK 922m at 31 December 1997, equal to an advance in the equity ratio to 28%, despite major growth in the balance-sheet total. Development in the equity capital was adversely affected by a writedown of goodwill, etc. amounting to DKK 16m.

The DKK 35m cash flow contribution also masks progress compared to 1997, when there was a negative contribution of DKK 80m. The substantial improvement in profits accounts for most of this advance. The cash flow before financing activities amounted to DKK 56m in 1998, versus last year's negative cash flow of DKK 118m. The purchase and sale of fixed assets amounted to DKK 139m in 1998, which is slightly higher than the DKK 115m recorded in 1997. In contrast, the acquisition of companies and activities amounted to as little as DKK 3m in 1998, versus DKK 59m in 1997. Skandinavisk Holding A/S distributed an extraordinarily high dividend for 1998, with total dividends from Associated Companies amounting to DKK 159m in 1998, versus DKK 134m in 1997.

The order intake for 1998 aggregated DKK 4,126m, which corresponds to the order intake recorded in 1997. At end-1998, the Group's order book stood at DKK 1,726m, versus a slightly higher volume of DKK 2,058m at the end of 1997.

At 31 December 1998, the volume of work in progress amounted to DKK 1,717m at cost, versus DKK 1,299m at the same time a year earlier.

The Group's accounting policies have not been changed from last year.

Investment activities

In the second half of 1998, the Group acquired the remaining 25% of the share capital in the two Swedish companies GEMA AB and NVI Entreprenad AB. The companies then merged with Widholms Industri A/S, the latter being the continuing company. In the second half of 1998, the Fjeldstad Group obtained full ownership of the subsidiary Norstell AS. Apart from that, no major acquisitions of companies and activities were made in 1998.

The Group sold the company Sem-Consult A/S, an energy consultancy firm, plus the Group's interest in Special Waste System I/S. The total selling price amounted to DKK 3.5m.

DKK 54m of the total tangible fixed assets investments of DKK 139m were invested in properties under C.W. Obel Ejendomme (C.W. Obel Properties). In addition, the scaffolding company SGD-Bera A/S invested just under DKK 10m in a property at Avedøre Holme, with a view to centralizing the company's management, sales staff and the Copenhagen leasing activities, financing and administration under one roof. The other investments include mainly small acquisitions, including service cars.

Coordination of electrical installation bids

At the end of 1998, the Danish Competition Authority issued a report showing that a number of Danish electrical installation companies were guilty of bid coordination. When it turned out that Semco had been party to agreements on bidding for certain contracts, C.W. Obel along with several other major electrical installation companies contacted the Danish Competition Authority to offer their assistance. The unacceptable practice was stopped immediately at Semco.

It turned out subsequently that this practice has been going on for many years and has been widespread throughout the industry.

As the Competition Authority is still considering the matter, no provisions have been made in the 1998 Financial Statements.

The Year 2000 Problem

In 1998, the Group began a centrally coordinated review of the Year 2000 Problem, or Y2K problem, as it is often called.

This project has been subdivided into the following three categories:

- The Group's customers and suppliers
- Plant installations and equipment
- IT systems

The bulk of the last two years' supplies have been examined in some of the individual business units in order to identify components that could cause Y2K problems. An analysis is being carried out in other business units in specific service areas, also in order to identify any elements that may be critical in connection with the millennium change. In addition, the Group has entered into a dialogue with all major suppliers. Management is confident that the Group is not at special risk or obligation in relation to services sold, and expects that the measures taken will ensure that no Year 2000-related problems will have a negative impact on the ability to supply the Group's customers.

Already at this time, most of the Group's production equipment has been analyzed to identify any Y2K problems, and an examination of the Group's buildings was initiated at the beginning of 1999. In the second half of 1998, Year 2000-related activities were initiated within the IT area, including telephone systems. The overall picture is that Year 2000 compliance will have been ensured in all material areas involving buildings, equipment and IT equipment by the end of the third quarter of 1999.

Due to the complexity of the Y2K problem, including outside influences, it is impossible to guarantee that the operations will not be affected by the Y2K problem to any significant extent.

Management and employees

Birger Riisager, Managing Director, was elected as a new member of the Supervisory Board at the Annual General Meeting held on 4 May 1998.

Four divisions saw the appointment of new divisional managers in 1998. On 15 January 1998, Lars Christiansen took over the helm at C.W. Obel Industriteknik, and Poul Nørby was appointed head of Semco Maritime. At the same time, Poul Nørby was given responsibility for

the Semco Germany division. Mogens Andersen took up the post of head of Semco Sweden on 1 July 1998, and on 1 August 1998 Ib Dybdahl Christoffersen joined C.W. Obel's Management as Corporate Executive Vice President, with special responsibility for Treasury, Finance and IT.

On average, the Group had 6,149 employees in 1998, versus 5,828 in 1997. The increase is attributable to the mounting activity level in Denmark and Norway, with 117 and 277 employees, respectively.

At 31 December 1998, Danish staff numbered 4,172, with 2,178 employees working abroad. Restructuring in Germany reduced the number of foreign employees by 85.

Development in the sectors and underlying divisions

A detailed review of the individual divisions can be found in the Annual Report which should be available from 19 April 1999 (in Danish and later in English).

C.W. Obel's activities are divided into three sectors: Technical Installations and Service, Properties and Associated Companies, and to this Other Companies are added.

Technical Installations and Service

This sector reported an aggregate turnover of DKK 3,819m, versus DKK 3,271m in 1997.

The operating profit improved significantly from a DKK 38m loss in 1997 to a DKK 46m profit in 1998. Even though the profit was somewhat lower than the target for the sector, it lived up to expectations.

The Properties Sector

Total rent income for 1998 amounted to DKK 101m, versus DKK 94m in 1997.

The operating profit amounted to DKK 57m in 1998, compared to DKK 61m a year earlier, an acceptable performance. The decline was attributable to increased maintenance costs.

Associated Companies

The pre-tax profit amounted to DKK 280m for Associated Companies, versus DKK 244m the year before. This advance is due to improved earnings reported by Skandinavisk Tobakskompagni, as both Skandinavisk Industries and the shipping company Motortramp reported highly unsatisfactory results.

Other Companies

The total turnover reported by Other Companies in 1998 amounted to DKK 639m, equal to a slight improvement over 1997, when the corresponding figure was DKK 630m.

The operating profit improved from a DKK 52m loss in 1997 to a DKK 29m loss in 1998. The improvement is attributable exclusively to a reduction of the loss in Germany.

Outlook for 1999

Focus this year will be on:

- additional consolidation and improvement of profitability

- continued development of the Group's Corporate Identity, including development of skills and qualifications
- implementation of the new corporate vision and targets, including the formulation of divisional strategies
- initiation of the implementation of business systems for long-term development of the Group.

A recession is expected for Danish shipyard and offshore industries, and Danish shore-based activities in technical installations and service are expected to decline. The latter will be due primarily to fewer major projects, as well as to a projected decline for the construction sector.

Development on the Norwegian market is expected to continue on a positive note, with favourable earnings potential in 1999. However, Norway is also showing incipient signs of a downturn in shipyards and offshore activities, while slight growth is expected in Sweden in general, with the competitive environment expected to improve.

Overall, the Technical Installations and Service Sector is projected to show a combined fall in turnover, although with improvement of the operating profit.

The forecast for the Property Sector is a slight decline in operating profit, while some progress is projected for Associated Companies, breaking down into a slight decline for Skandinavisk Tobakskompagni and progress for Skandinavisk Industries and Motortramp.

The operating profit is expected to advance for Other Companies.

Consequently, for the Group as a whole, C.W. Obel forecast continued improvement in pre-tax profit.

The Annual General Meeting of C.W. Obel will be held on Monday, 3 May 1999 at 2.00 p.m. in Aalborg Kongres & Kultur Center in Aalborg.

The printed version of the Financial Statements is expected to be published on 19 April 1999.

Consolidated Profit and Loss Account

| | Group | | Parent Company | |
|--|------------|------------|----------------|----------|
| | 1998 | 1997 | 1998 | 1997 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Net turnover | 4,457,548 | 3,901,291 | | |
| Cost of sales | -2,001,824 | -1,761,780 | | |
| Gross profit | 2,455,724 | 2,139,511 | | |
| Rental and other operating income | 121,726 | 116,186 | 45,321 | 41,620 |
| Staff costs | -1,969,299 | -1,765,268 | -12,545 | -11,561 |
| Other external expenses | -449,661 | -443,992 | -37,931 | -28,012 |
| Profit before depreciation | 158,490 | 46,437 | -5,155 | 2,047 |
| Depreciation on fixed assets | -84,033 | -75,902 | -5,342 | -4,866 |
| Profit/loss before financial items | 74,457 | -29,465 | -10,497 | -2,819 |
| Income from other investments | 162 | 487 | | |
| Financing income | 54,600 | 66,065 | 34,747 | 35,337 |
| Financing expenses | -106,097 | -105,404 | -52,854 | -36,782 |
| Profit on ordinary operations Excluding affiliated and associated companies | 23,122 | -68,317 | -28,604 | -4,264 |
| Share of profits of affiliated companies | | | 55,919 | -61,153 |
| Share of profits of associated companies | 279,519 | 243,974 | 278,516 | 240,348 |
| Profit on ordinary operations before tax | 302,641 | 175,657 | 305,831 | 174,931 |
| Tax on profit for the year, group companies | 10,452 | 18,969 | 10,171 | 19,167 |
| Tax on profit for the year, associated comp. | -113,646 | -92,330 | -113,365 | -92,330 |
| Consolidated profit | 199,447 | 102,296 | 202,637 | 101,768 |
| Attributable to minority interests | 3,190 | -528 | | |
| C.W. Obel's share of the profit for the year | 202,637 | 101,768 | 202,637 | 101,768 |
| To be used as follows: | | | | |
| Dividend | 37,342 | 31,118 | 37,342 | 31,118 |
| Provisions | 165,295 | 70,650 | 165,295 | 70,650 |
| | 202,637 | 101,768 | 202,637 | 101,768 |

Statement of the company's equity capital DKK '000

| | | | | |
|--|-----------|---------|-----------|---------|
| Equity capital at 1 January 1998 | 921,595 | 985,886 | 921,595 | 985,886 |
| Adjustment of securities | 880 | -5,363 | 880 | -5,363 |
| Exchange-rate adjustments of subsidiaries | -1,776 | 1,467 | -1,776 | 1,467 |
| Adjustment of associated companies | -6,240 | -88,483 | -6,240 | -88,483 |
| Increased value upon acquisition of subsidiaries | -8,278 | -44,144 | -8,278 | -44,144 |
| Increased value upon sale of subsidiaries | | 1,582 | | 1,582 |
| Profit for the year | 202,637 | 101,768 | 202,637 | 101,768 |
| Dividend for the financial year | -37,342 | -31,118 | -37,342 | -31,118 |
| Equity capital at 31 December 1998 | 1,071,476 | 921,595 | 1,071,476 | 921,595 |

Balance sheet at 31 December 1998

| | Group | | Parent Company | |
|---|------------------|------------------|------------------|------------------|
| | 1998 | 1997 | 1998 | 1997 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Assets | | | | |
| Fixed assets: | | | | |
| Tangible fixed assets | | | | |
| Land and buildings | 1,117,327 | 1,086,515 | 340,339 | 319,779 |
| Plant and machinery | 44,912 | 45,120 | 0 | 0 |
| Other plant, operating equipment, fixtures and fittings | 150,570 | 148,617 | 4,339 | 2,881 |
| Equipment for lease | 23,864 | 23,242 | 0 | 0 |
| Assets in course of construction | 18,538 | 6,531 | 5,249 | 5,536 |
| | <u>1,355,211</u> | <u>1,310,065</u> | <u>349,927</u> | <u>328,196</u> |
| Investments: | | | | |
| Holdings in affiliated companies | | | 633,187 | 619,470 |
| Holdings in associated companies | 547,825 | 547,785 | 544,543 | 544,420 |
| Other securities and holdings | 2,428 | 6,778 | 0 | 0 |
| | <u>550,253</u> | <u>554,563</u> | <u>1,177,730</u> | <u>1,163,890</u> |
| Total fixed assets | 1,905,464 | 1,864,628 | 1,527,657 | 1,492,086 |
| Current assets: | | | | |
| Stocks etc.: | | | | |
| Stocks | 192,403 | 177,239 | 0 | 0 |
| Work in progress on behalf of third parties | 221,686 | 192,217 | 0 | 0 |
| | <u>414,089</u> | <u>369,456</u> | <u>0</u> | <u>0</u> |
| Debtors: | | | | |
| Trade debtors | 803,626 | 675,257 | 654 | 0 |
| Amounts owed by affiliated companies | 0 | 0 | 358,886 | 393,580 |
| Corporation tax | 0 | 17,742 | 5,938 | 19,264 |
| Other debtors | 78,410 | 75,541 | 15,021 | 16,668 |
| Prepayments and accrued income | 15,219 | 20,459 | 0 | 0 |
| | <u>897,255</u> | <u>788,999</u> | <u>380,499</u> | <u>429,512</u> |
| Securities and holdings: | | | | |
| Bonds | 382,484 | 346,515 | 227,888 | 188,287 |
| Shares | 5,480 | 6,544 | 5,100 | 5,082 |
| | <u>387,964</u> | <u>353,059</u> | <u>232,988</u> | <u>193,369</u> |
| Cash at bank and in hand | <u>216,387</u> | <u>120,183</u> | <u>164,515</u> | <u>113,968</u> |
| Total current assets | 1,915,695 | 1,631,697 | 778,002 | 736,849 |
| Total assets | <u>3,821,159</u> | <u>3,496,325</u> | <u>2,305,659</u> | <u>2,228,935</u> |

Balance sheet at 31 December 1998

| | Group | | Parent Company | |
|---|------------------|------------------|------------------|------------------|
| | 1998 | 1997 | 1998 | 1997 |
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Liabilities | | | | |
| Shareholders' equity: | | | | |
| Share capital | 207,454 | 207,454 | 207,454 | 207,454 |
| Revaluation reserves | 12,490 | 11,610 | 5,783 | 4,903 |
| Other reserves and retained profit | 851,532 | 702,531 | 858,239 | 709,238 |
| Total shareholders' equity | 1,071,476 | 921,595 | 1,071,476 | 921,595 |
| Minority interests | 3,692 | 4,549 | 0 | 0 |
| Provisions: | | | | |
| Deferred tax | 26,187 | 46,745 | 21,745 | 42,312 |
| Guarantee obligations | 35,451 | 25,380 | 3,000 | 0 |
| Other provisions | 37,958 | 57,278 | 9,477 | 11,219 |
| Total provisions | 99,596 | 129,403 | 34,222 | 53,531 |
| Creditors: | | | | |
| Long-term creditors: | | | | |
| Mortgage debt | 383,698 | 398,673 | 71,947 | 76,701 |
| Bank loans | 970,851 | 744,400 | 970,851 | 744,400 |
| Other long-term creditors | 23,115 | 48,451 | 6,651 | 5,786 |
| Total long-term creditors | 1,377,664 | 1,191,524 | 1,049,449 | 826,887 |
| Short-term creditors: | | | | |
| short-term portion of long-term creditors | 38,589 | 33,995 | 6,943 | 7,330 |
| Bank debt | 223,188 | 310,767 | 13,791 | 112,466 |
| Prepayments from customers | 193,625 | 178,621 | 0 | 0 |
| Trade creditors | 295,423 | 306,003 | 2,303 | 2,385 |
| Amounts owed to subsidiaries | 0 | 0 | 82,124 | 256,920 |
| Corporation tax | 1,072 | 0 | 0 | 0 |
| Other short-term creditors | 441,692 | 358,615 | 7,962 | 16,703 |
| Accruals and deferred income | 37,445 | 29,561 | 47 | 0 |
| Dividend for the financial year | 37,697 | 31,692 | 37,342 | 31,118 |
| Total short-term creditors | 1,268,731 | 1,249,254 | 150,512 | 426,922 |
| Total creditors | 2,646,395 | 2,440,778 | 1,199,961 | 1,253,809 |
| Total liabilities | 3,821,159 | 3,496,325 | 2,305,659 | 2,228,935 |

Cash Flow Statement for the Group

| | 1998 DKK '000 | 1997 DKK '000 |
|---|---------------|---------------|
| Cash flow from operating activities: | | |
| Profit for the year before depreciation | 158,490 | 46,437 |
| Financial items, net | -51,740 | -44,525 |
| Change in provisions | -9,249 | -18,957 |
| Taxation paid | 8,990 | -50,530 |
| Cash flow before change in operating capital | 106,491 | 67,575 |
| Change in stocks and work in progress | -44,633 | -34,279 |
| Change in short-term debtors | -125,735 | -53,540 |
| Change in short-term creditors etc. | 98,887 | 75,561 |
| Change in operating capital | -71,481 | -12,258 |
| Total cash flow from operating activities | 35,010 | -79,833 |
| Cash flow from investing activities: | | |
| Dividend from associated companies | 158,788 | 133,745 |
| Acquisition and sale of companies and activities | -2,707 | -59,263 |
| Acquisition and sale of tangible fixed assets | -138,855 | -115,376 |
| Net investments in financial fixed assets | 4,082 | 2,806 |
| Total cash flow from investing activities | 21,308 | -38,088 |
| Cash flow before financing activities | 56,318 | -117,921 |
| Cash flow from financing activities: | | |
| Dividend paid to shareholders | -31,692 | -31,118 |
| Raising of long-term loans | 226,451 | 744,400 |
| Repayment of short-term loans | -144,850 | -356,730 |
| Repayment of long-term loans | -40,311 | -37,585 |
| Total cash flow from financing activities | 9,598 | 318,967 |
| Total cash flow | 65,916 | 201,046 |
| Cash and cash equivalents at the beginning of the year | 311,919 | 95,768 |
| Regulations of cash and cash equivalents at the beginning of the year and cash form acquired and sold companies | 3,328 | 15,105 |
| Cash and cash equivalents end year | 381,163 | 311,919 |
| comprising: | | |
| Cash | 216,387 | 120,183 |
| Listed securities | 387,964 | 353,059 |
| Bank debt for financing of operations | -223,188 | -161,323 |
| Total | 381,163 | 311,919 |