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**A/S Øresund**

**Interim report**

**for the period 1 January – 31 March 2019**

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The interim report comprises:

A/S Øresund, CVR no. 15807830

## SUMMARY

Financial results (figures for the corresponding period in 2018 are given in parenthesis).

- Revenue from the railway: DKK 10 million (DKK 15 million). The decline in revenue can be attributed to the adoption of the Finance Act 2016 whereby it was decided that the fees for the rail companies' use of the Øresund rail line should be reduced over a number of years.
- Other income: the negative difference can primarily be ascribed to the sale of development rights for DKK 7.5 million in the same period last year.
- Operating expenses: DKK 19 million (DKK 18 million).
- Depreciation: DKK 56 million (DKK 66 million).
- EBIT amounts to a loss of DKK 65 million (loss DKK 61 million).
- Interest expenses DKK 29 million (DKK 14 million).
- Value adjustments: expense of DKK 213 million (income DKK 123 million). Fair value adjustments are an accounting item with no effect on the company's debt repayment because the debt is repaid at nominal value.
- The share of the result from Øresundsbro Konsortiet I/S: income of DKK 31 million (income DKK 224 million). The difference in the result for Øresundsbro Konsortiet I/S compared to the same period last year is primarily due to a negative difference on value adjustments of DKK 200 million.
- The result before value adjustments and tax is a profit of DKK 41 million, including the share of the result in Øresundsbro Konsortiet I/S (profit DKK 55 million).
- Tax amounts to an income of DKK 61 million (expense DKK 60 million). Changes in relation to the same period in 2018 are solely related to changes in the result.
- The result after tax is a loss of DKK 216 million (profit DKK 212 million).

### Cash flow

- Cash flow from operating and investing activities (free cash flow) has resulted in a net rise in liquidity of DKK 4 million. Cash flow from financing activities has resulted in a net fall in liquidity of DKK 15 million whereby the Group's cash at bank and in hand for the period saw a net reduction of DKK 11 million.

### Outlook for 2019

- The outlook for the result before financial value adjustments and tax is unchanged at a profit of approximately DKK 100 million. Of this, the share of the result from Øresundsbro Konsortiet I/S is a profit of approximately DKK 640 million.

### COMPREHENSIVE INCOME STATEMENT

(DKK million)	1 January - 31 March 2019	1 January - 31 March 2018	2018
Revenue - railway	10.1	15.2	60.8
Other income	0.0	7.9	9.6
<b>Total income</b>	10.1	23.1	70.4
Operating expenses	-19.2	-18.3	-98.2
Depreciation	-56.0	-65.8	-252.0
<b>EBIT</b>	-65.1	-61.0	-279.8
Interest expenses	-29.1	-13.9	-202.4
<b>Loss before value adjustment</b>	-94.2	-74.9	-482.2
Value adjustments	-213.1	123.2	109.1
<b>Profit/loss before share of results in affiliated company</b>	-307.3	48.3	-373.1
Share of results in jointly managed company	30.6	223.9	690.9
<b>Profit/loss before tax</b>	-276.7	272.2	317.8
Tax	60.9	-59.9	-66.7
<b>Profit/loss after tax</b>	-215.8	212.3	251.1

## ASSETS

(DKK million)	31 March 2019	31 December 2018	31 March 2018
<b>Non-current assets</b>			
<u>Fixed assets</u>			
Road and rail links	4,972.3	5,022.4	5,196.2
Other property, plant and equipment	0.8	0.9	1.1
Total property, plant and equipment	4,973.1	5,023.3	5,197.3
Other non-current assets	1,015.5	924.0	1,042.2
<b>Total non-current assets</b>	<b>5,988.6</b>	<b>5,947.3</b>	<b>6,239.5</b>
<b>Current assets</b>			
Receivables	2,380.8	2,264.4	1,788.9
Cash at bank and hand	0.0	0.0	0.0
<b>Total current assets</b>	<b>2,380.8</b>	<b>2,264.4</b>	<b>1,788.9</b>
<b>Total assets</b>	<b>8,369.4</b>	<b>8,211.7</b>	<b>8,028.4</b>

## EQUITY AND LIABILITIES

<b>Equity</b>			
Share capital	5.0	5.0	5.0
Retained earnings at the beginning of the period	-6,037.5	-6,288.6	-6,288.6
Profit/loss for the period	-215.8	251.1	212.3
<b>Total equity</b>	<b>-6,248.3</b>	<b>-6,032.5</b>	<b>-6,071.3</b>
<b>Liabilities</b>			
Non-current liabilities	12,248.5	12,054.3	14,528.8
Current liabilities	2,369.2	2,189.9	-429.1
<b>Total liabilities</b>	<b>14,617.7</b>	<b>14,244.2</b>	<b>14,099.7</b>
<b>Total equity and liabilities</b>	<b>8,369.4</b>	<b>8,211.7</b>	<b>8,028.4</b>

## CASH FLOW STATEMENT

(DKK million)	1 January - 31 March 2019	1 January - 31 March 2018	2018
<b>Cash flow from operating activities</b>			
Loss before net financials	-65.1	-61.0	-279.8
<b>Adjustment for non-cash items</b>			
Amortisation, depreciation and impairment	56.0	65.8	252.0
Joint taxation contribution	0.0	0.0	-2.9
Adjustment for other non-cash items	0.0	0.0	0.0
<b>Cash flow from operations (operating activity) before change in working capital</b>	-9.1	4.8	-30.7
<b>Change in working capital</b>			
Receivables, prepayments and accrued income	-2.0	-218.2	-271.1
Creditors and other liabilities	21.0	179.3	663.6
<b>Total cash flow from operating activity</b>	9.9	-34.1	361.8
<b>Cash flow from investing activity</b>			
Purchase of facility	-5.8	-2.0	-14.2
<b>Total cash flow from investing activity</b>	-5.8	-2.0	-14.2
<b>Free cash flow</b>	4.1	-36.1	347.6
<b>Cash flow from financing activities</b>			
Raising of loans	0.0	0.0	1,750.0
Reduction of liabilities, net	0.0	0.0	-1,730.0
Interest paid	-15.2	-14.0	-293.1
Interest received	0.0	0.2	0.2
<b>Total cash flow from financing activities</b>	-15.2	-13.8	-272.9
<b>Change for the period in cash at bank and in hand</b>	-11.1	-49.9	74.7
Cash at bank and in hand at the beginning of the period	-23.9	-98.6	-98.6
<b>Cash at bank and in hand at the end of the period</b>	-35.0	-148.5	-23.9

## NET DEBT

2019 - Q1 (DKK million)				2018 (DKK million)			
Fair value hierarchy	Level 1	Level 2	Level 3	Fair value hierarchy	Level 1	Level 2	Level 3
Bonds	599.2	0.0	0.0	Bonds	600.4	0.0	0.0
Cash at bank and in hand	0.0	0.0	0.0	Cash at bank and in hand	0.0	0.0	0.0
Derivatives, assets	0.0	1,115.5	0.0	Derivatives, assets	0.0	1,032.1	0.0
<b>Financial assets</b>	<b>599.2</b>	<b>1,115.5</b>	<b>0.0</b>	<b>Financial assets</b>	<b>600.4</b>	<b>1,032.1</b>	<b>0.0</b>
Bond loans and debt	-12,957.7	-217.2	0.0	Bond loans and debt	-12,771.4	-219.6	0.0
Derivatives, liabilities	0.0	-1,163.3	0.0	Derivatives, liabilities	0.0	-1,076.8	0.0
<b>Financial liabilities</b>	<b>-12,957.7</b>	<b>-1,380.5</b>	<b>0.0</b>	<b>Financial liabilities</b>	<b>-12,771.4</b>	<b>-1,296.4</b>	<b>0.0</b>

## MAIN FIGURES

(DKK million)	Q1 2019	Q1 2018	2018
Net turnover	10.1	23.1	70.4
EBIT	-65.1	-61.0	-279.8
Net financials before value adjustment	-29.1	-13.9	-202.4
Value adjustments, net	-213.1	123.2	109.1
Profit from jointly managed company (Øresundsbro Konsortiet I/S)	30.6	223.9	690.9
Profit/loss before tax	-276.7	272.2	317.8
Total assets	8,369.4	8,028.4	8,211.7
Equity	-6,248.3	-6,071.3	-6,032.5

## FINANCIAL RATIOS

Per cent	Q1 2019	Q1 2018	2018
Profit ratio (EBIT)	-645.0%	-400.5%	-397.6%
Rate of return (EBIT)	-3.1%	-3.0%	-3.4%
Return on facility (EBIT)	-5.2%	-4.7%	-5.6%

## Developments over the period under review

EBIT shows a loss of DKK 65 million against a loss of DKK 61 million for the same period in 2018.

Revenue is DKK 13 million lower compared to 2018. The difference is due in part to lower revenue from the railway of DKK 5 million and in part to income of DKK 8 million in 2018 from the sale of development rights.

Operating expenses are on a par with last year and total DKK 19.2 million.

Depreciation has fallen by DKK 10 million.

Interest expenses amount to DKK 29 million and are DKK 15 million higher than in 2018. This is primarily due to the fact that inflation has been higher than last year.

The result before value adjustments, the share of the results in the jointly managed company and tax is a loss of DKK 94 million against a loss in 2018 of DKK 75 million.

The value adjustments of the company's debt amount to an expense of DKK 213 million. For the same period in 2018, value adjustments amounted an income of DKK 123 million. The fair value adjustments are an accounting item with no effect on the company's debt repayment because the debt is repaid at nominal value.

50 per cent of Øresundsbro Konsortiet I/S' result, corresponding to an income of DKK 31 million, is included in the income statement. Øresundsbro Konsortiet I/S' result amounts to a profit of DKK 61 million against a profit for the equivalent period in 2018 of DKK 448 million.

Road traffic on the Øresund Bridge fell by 2.0 per cent compared to the same period in 2018. The number of passenger cars declined by 2.6 per cent, the number of lorries increased by 3.0 per cent and the number of coaches by 20.3 per cent.

Tax amounts to a net income of DKK 61 million against an expense of DKK 60 million for the same period in 2018. Tax has been earmarked as 22 per cent of the result for the period before tax. The difference in the tax expense is solely related to changes in the result.

A/S Øresund's result after tax shows a loss of DKK 216 million. The result for the same period in 2018 was a profit of DKK 212 million. Compared to the same period in 2018, the result after tax is negatively affected by accounting adjustments of approx. DKK 420 million in the form of value adjustments of net financials (including value adjustments for Øresundsbro Konsortiet I/S).

Financing expenses, excluding value adjustments, total 0.95 per cent per annum for A/S Øresund against 0.35 per cent per annum for the same period last year and 0.53 per cent per annum for Øresundsbro Konsortiet I/S against 0.75 per cent per annum for 2018. The difference can be attributed to higher inflation in 2019. Including value adjustments, financing expenses amount to 2.89 per cent per annum for A/S Øresund (-0.74 per cent in 2018) and 2.27 per cent per annum (-0.82 per cent in 2018) for Øresundsbro Konsortiet I/S.

A/S Øresund's financial risks are, in the main, unchanged as compared to the note in the Annual Report for 2018, which deals with financial risk management.

At the end of March, the floating rate debt for A/S Øresund was 28.1 per cent of the net debt and 40.3 per cent for Øresundsbro Konsortiet I/S.

## Outlook for 2019

The outlook for the result before financial value adjustments and tax is unchanged at a profit of approximately DKK 100 million. Of this, the share of the result from Øresundsbro Konsortiet I/S is a profit of approximately DKK 640 million.

### Equity development

(DKK million)	1 January - 31 March 2019	1 January - 31 December 2018	1 January - 31 March 2018
<b>Share capital</b>	<b>5.0</b>	<b>5.0</b>	<b>5.0</b>
Equity at the beginning of the period	-6,032.5	-6,266.5	-6,266.5
Profit/loss for the period	-215.8	251.1	212.3
Transitional effect IFRS 15 after tax	0.0	-17.1	-17.1
<b>Equity at the end of the period</b>	<b>-6,248.3</b>	<b>-6,032.5</b>	<b>-6,071.3</b>

At the end of March, equity was negative at DKK 6.3 billion. Equity movements for the period comprise the results for the period 1 January to 31 March 2019.

Based on the estimated operating results for the company and for Øresundsbro Konsortiet I/S, equity is expected to be restored within a time span of 18-19 years, calculated from the end of 2018.

The repayment periods for Øresundsbro Konsortiet I/S' and A/S Øresund's debts are expected to be 50 and 45 years from the opening, i.e. 2050 and 2043 respectively. The repayment periods were recently revised in connection with the adoption of the dividend policy for Øresundsbro Konsortiet I/S, which was published in connection with the Annual General Meeting on 26 April 2018. In addition to the uncertainty relating to traffic development and fluctuations in real interest rates, the dividend policy will impact on the repayment period.

A/S Øresund's interest bearing net debt totals DKK 11.0 billion at the end of March.

Øresundsbro Konsortiet I/S' interest bearing net debt totals DKK 11.9 billion at the end of March.

Future operating results are estimated on the basis of the fixed fee from Banedanmark as determined by the Ministry of Transport, Building and Housing for use of the rail link and on the basis of traffic forecasts for road traffic for Øresundsbro Konsortiet I/S, which is recognised at 50 per cent of the result for the period corresponding to the share of ownership.

It should be noted that under the terms of the Act on Sund & Bælt Holding A/S for the parent company and, amongst others, A/S Øresund, the Danish State has extended separate guarantees for interest and repayments and other ongoing liabilities relating to the company's loans against payment of a guarantee commission of 0.15 per cent. Moreover, and without further notification of each individual case, the Danish State guarantees the company's other financial liabilities. Øresundsbro Konsortiet I/S' debt is guaranteed jointly and severally by the Danish and Swedish states.

In 2013, HH Ferries *et al*/ lodged a complaint with the EU Commission claiming that the Danish/Swedish State guarantees for Øresundsbro Konsortiet I/S' loans etc. are illegal according to the EU's state aid rules. In October 2015, the EU Commission decided that the guarantees are covered by the state aid rules, but that they are in compliance with these rules. HH Ferries *et al*

brought this before the EU Court which reached a decision on 19 September 2018. The decision was an annulment of the EU Commission's decision from 2015.

The judgement did not state whether or not the State aid was illegal, but only that the EU Commission had committed certain procedural errors. The EU Commission is initiating a formal investigation procedure which will lead to a new decision, probably in the second half of 2019.

## **ACCOUNTING POLICIES**

The interim report is presented in accordance with IAS 34 provisions. The accounting policies are in accordance with those used in the 2018 Annual Report.

## **EVENTS AFTER THE BALANCE SHEET DATE**

No events have occurred after the balance sheet date that could affect these accounts.

## **OWNERSHIP OF A/S Øresund**

The entire share capital of A/S Øresund is owned by Sund & Bælt Holding, which is owned by the Danish State.

## **AUDITOR'S STATEMENT**

No audit or review of the interim report has been carried out

## **STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD**

The Board of Directors and Management Board of A/S Øresund have today discussed and approved the interim report for the period 1 January to 31 March 2019.

The interim report, which has not been audited by the company's auditors, has been prepared in accordance with IAS 34 Presentation of Interim Reports as approved by the EU and additional Danish disclosure requirements for interim reports for companies with publicly traded debt instruments.

We are of the opinion that the interim report gives a true and fair view of the company's assets, liabilities and financial position as at 31 March 2019 and the results of the company's activities and cash flow for the period 1 January – 31 March 2019.

It is our view that the Management Report contains a true and fair account of developments in the company's activities and financial position, the results for the period and the company's financial position as a whole and a description of the key risks and uncertainties facing the company.

Copenhagen, 23 May 2019

### **Management Board**

Mikkel Hemmingsen  
CEO

### **Board of Directors**

Peter Frederiksen  
Chairman

Jørn Tolstrup Rohde  
Vice-Chairman

Walter Christophersen

Claus Jensen

Ruth Schade

Lene Lange

## APPENDIX 1

### FINANCIAL RATIOS

The financial ratios given in the main figures and financial ratios summary have been calculated as follows:

Profit ratio: EBIT less other income in percentage of turnover.

Rate of return: EBIT less other income in percentage of total assets.

Return on facilities: EBIT less other income in percentage of investment in road and rail links.