A/S Øresundsforbindelsen
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Annual Report 2018

Chair of the Annual General Meeting: Kristina Jæger

Approved at the Annual General Meeting 26 April 2019

Contents

Company objective

A/S Øresund's primary task is to own and operate the fixed link across Øresund with associated landworks. These tasks must be carried out with due regard for maintaining a high level of safety and accessibility on the link. Moreover, repayment of the loans raised to finance the facilities must take place within a reasonable time frame.

Highlights of the year

Financial position
The financial result before fair value adjustment and tax, including the share from Øresundsbro Konsortiet I/S, is a profit of DKK 120 million and is thus almost DKK 140 million up on 2017.

The result is primarily affected by lower interest expenses for Øresundsbro Konsortiet I/S of almost DKK 60 million and a reduction in depreciation of approximately DKK 80 million for A/S Øresund.

The result before tax is a profit of DKK 318 million and is affected by positive fair value adjustments of DKK 198 million. The result after tax is a profit of DKK 251 million.

Profitability
The repayment period for A/S Øresund is now calculated at 45 years and the debt will be repaid in 2043, which is 5 years less compared to last year. This relates to the fact that the adoption of a new dividend policy for Øresundsbro Konsortiet I/S has brought forward the dividend payments.

The repayment period for Øresundsbro Konsortiet I/S is 50 years from the opening, which means that the debt will be repaid in 2050. The repayment period has increased by 17 years as a result of the above-mentioned new dividend policy.

For Øresundsbro Konsortiet I/S, the financial result before value adjustments improved by approximately DKK 135 million on the year.

A/S Øresund's interest-bearing net debt was reduced by DKK 219 million during the year and amounts to DKK 11.0 billion at the end of 2018.

The impact of value adjustments on the financial results

	Consolidated income statement in relation to Annual Report	**Fair value adjust-ment**	**Proforma income state-ment**
Operating loss	-279.8		-279.8
Net financials	-93.3	-109.1	-202.4
Loss before share of jointly managed company	**-373.1**		**-482.2**
Profit/loss from jointly managed company	690.9	-88.6	602.3
Profit before fair value adjustment and tax			**120.1**
Fair value adjustment		197.7	197.7
Profit before tax	**317.8**		**317.8**
Tax	-66.7		-66.7
Profit for the year	**251.1**		**251.1**

Financial position

The result before financial value adjustments, the share from the jointly managed company and tax is a loss of DKK 482 million against a loss of DKK 555 million in 2017.

Operating income totals DKK 70 million and primarily comprises fees from Banedanmark for use of the rail link. Operating expenses total DKK 98 million.

Long-term interest rates were rather volatile in 2018, and after beginning the year with interest rate rises, interest rates fell back over the summer and took another dive in Q4. Short-term rates were largely unchanged in 2018.

Net financing expenses were DKK 3 million lower in 2018 compared to 2017, which is the result of two opposing factors where lower inflation indexation more than offset the effect of a higher effective return on the debt portfolio in that 2017 was positively affected by loan restructuring.

Fair value adjustments amounted to an income of DKK 109 million in 2018. The value adjustment consists in part of positive fair value adjustments of financial assets and liabilities of DKK 113 million and in part of an expense from foreign exchange adjustments of DKK 4 million net.

Fair value adjustments are an accounting item that does not affect the repayment period of the company's debt since the debt is repayable at nominal value.

Øresundsbro Konsortiet I/S' result is a profit of DKK 1,382 million, which includes positive fair value adjustments of DKK 177 million. The share of the financial result before fair value adjustments is thus DKK 135 million higher than that for 2017 and is affected by a rise in operating income of DKK 29 million, an increase in expenses of DKK 4 million and a fall in interest expenses of DKK 111 million. A/S Øresund's share of the result totals 50 per cent corresponding to an income of DKK 691 million.

The annual result before fair value adjustments and tax is a profit of DKK 120 million, including the share of the profit from Øresundsbro Konsortiet I/S.

Tax on the year's result amounts to an expense of DKK 67 million. The result after tax is a profit of DKK 251 million.

In the interim financial statement for Q3, the outlook for the year's financial results before financial value adjustments and tax was within the range of DKK 0-100 million. The realised result is on a par with this.

Equity at 31 December 2018 was negative at DKK 6,033 million. The company's negative equity is expected to increase over a number of years.

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

Future operating results are estimated on the basis of the Ministry of Transport, Building and Housing's fixed fee from Banedanmark for use of the rail link and on the basis of the traffic forecast for the Øresund Bridge. The operating results are recognised at 50 per cent, which corresponds to the ownership share.

It should be noted that under the terms of *the Act on Sund & Bælt Holding A/S f*or A/S Øresund, and against a guarantee commission of 0.15 per cent, the Danish State has extended separate guarantees for interest and repayments and other ongoing liabilities associated with the company's borrowings. In addition, and without further notification of each individual case, the Danish State guarantees the company's other financial obligations. Øresundsbro Konsortiet I/S' debt is guaranteed jointly and severally by the Danish and Swedish States.

Cash flow from operations is positive at DKK 362 million, which is DKK 20 million lower than in 2017.

Cash flow from investing activities is negative and totals DKK 14 million as a result of investments in fixed assets.

The free cash flow is positive at DKK 348 million and arises on the basis of operations less capital investments and expresses the company's ability to generate liquidity for financing interest and repayment of the company's liabilities.

Financing activities include borrowing, interest expenses and debt repayments, which netted an outflow of DKK 273 million.

In total, the company's cash fund increased by DKK 75 million so that cash at bank and in hand at the end of 2018 was negative at DKK 24 million.

Finance

The major themes in the financial markets during 2018 centred on trade war, inflation and the central banks. US economic growth was at a high and relatively stable level throughout the year, while European growth was more moderate. Whereas growth in 2017 was largely matched on both sides of the Atlantic, the respective economies diverged rather more in 2018.

The primary explanation for the continued good growth in the US rests in the tax cuts introduced by President Trump in his first year in office. The positive effects overshadow even the monetary policy tightening by the Federal Reserve and the uncertainty caused by the President's trade war – including on domestic industry.

The slowdown in Europe can probably be attributed to a range of different factors, including the above-mentioned restrictions on free world trade. In addition, some countries have been characterised by political unrest – not least in the UK and Italy.

Inflation has, as usual, been the focus on both sides of the Atlantic, and while in the US it has finally reached a level where it can be used as an argument for the Central Bank's austerity measures, it continues to be serious in Europe.

Long-term interest rates rose by almost 0.4 per cent from mid-December 2017 to mid-February 2018 but were on a slight downward trend over the rest of the year, ending 2018 at their lowest level. The short-term interest rates remain at extremely low levels.

Debt repayment amounted to DKK 219 million in 2018.

At year end 2018, interest-bearing net debt totalled DKK 11.0 billion.

Financial strategy
A/S Øresund's objective is to maintain active and comprehensive financial management that minimises the long-term financial costs with due regard for financial risks. Among other things, financial risks are minimised by having exposure to DKK and EUR only, while optimisation of the loan portfolio is achieved through the use of swaps and other derivative financial instruments.

A/S Øresund exclusively raised loans via the Nationalbanken throughout 2018. Such on-lending continues to remain very attractive compared to alternative funding sources.

The company's cautious approach to credit risk meant that the company did not lose money in 2018 because of financial counterparties' insolvency.

Interest expenses in 2018 were more or less unchanged compared to 2017, which is the result of two opposing factors: in part the effective return was higher in that 2017 was favourably influenced by a number of loan restructurings, but more than offset by lower inflation indexation.

The duration of A/S Øresund's debt continues to be around 9 years.

A/S Øresund – financial ratios 2018

	DKK million	Per cent per annum
Borrowing 2018	1,750	
- of which on-lending	1,750	
Gross debt (fair value)	12,878	
Net debt (fair value)	12,278	
Interest bearing net debt	11,017	
Real rate (before value adjustment)		**0,90**
Interest expenses	186	1.70
Value adjustment	-109	-1.00
Total financing expenses [1)]	**77**	**0.70**

[1)] Note: The amount excludes the guarantee commission of DKK 16.2 million.

Profitability
The investment in the Øresund fixed link's landworks will be repaid in part through payment from Banedanmark for use of the Øresund railway line and in part through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent. As a basis for the calculation of the repayment date in the long-term profitability calculations, the company uses a real interest rate of 3.0 per cent on the part of the debt that is not hedged, whereas the interest-hedged debt is included within the agreed interest rate terms.

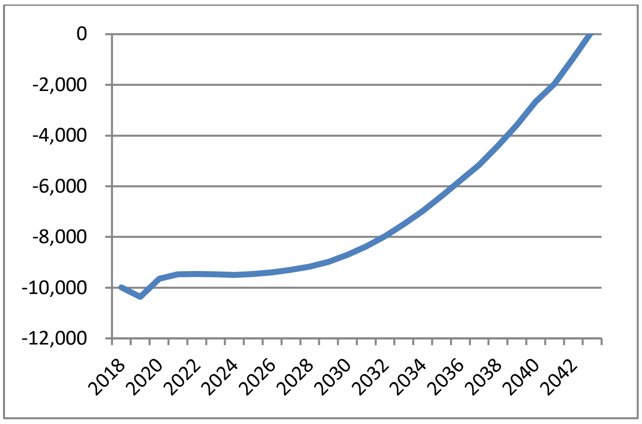
As a consequence of the 2016 Finance Act, the railway payment is gradually reduced until 2024 and will be reduced by a total of DKK 200 million in 2016 prices when fully phased in. In addition, A/S Øresund is obliged to cover the railway payment to Øresundsbro Konsortiet I/S, which was previously financed by the Finance Act.

Also, as a consequence of the joint taxation with the Group's other companies, A/S Øresund obtains a cash flow benefit. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings to A/S Øresund. A/S Øresund can thus forward the use of its tax loss over time.

The repayment period for A/S Øresund is now calculated at 45 years, which is 5 years less compared to last year. This relates to the fact that the adoption of a new dividend policy for Øresundsbro Konsortiet I/S has brought forward the dividend payments.

A/S Øresund is sensitive to changes in the finances of the two above-mentioned companies.

A/S Øresund – forecast debt trend, DKK million



See more about Øresundsbro Konsortiet I/S' repayment period on page 9.

Events after the balance sheet date

There are no events after the balance sheet date that are of significance to the Annual Report for 2018.

Outlook for 2019

Economic and financial developments in 2019, and thus the company's expectations for the financial result for the year, are subject to some uncertainty.

Projections for the Danish economy point towards a lower, but still positive growth level through 2019, along with a moderate rise in inflation.

According to the budget for 2019, drawn up at the end of 2018, the financial result before financial value adjustments and tax is expected to total DKK 100 million of which the share of result from Øresundsbro Konsortiet I/S is a profit of approximately DKK 640 million.

Road

Traffic on the Øresund motorway
The Øresund motorway continues to be essential to the development of Amager and is a critical link between Copenhagen and the outside world via the airport and the Øresund Bridge. It plays a major role in the day-to-day management of this critical infrastructure facility, which has a very high traffic density.

As a result, focus is always on accessibility, passability and safety for road users when carrying out maintenance and reinvestments on this road section. This means, among other things, that maintenance activities are allocated to off-peak periods where possible. Lengthy upgrades also need to be carried out during the day so as to make the overall impact as short as possible. Such activities are always based on comprehensive analyses of traffic flow and clear communication to neighbours, road users and other partners.

Traffic on the Øresund motorway in 2018 increased by approximately 1.5 per cent compared to 2017. This means that 86,722 vehicles run daily West of Ørestad and 72,580 vehicles per day East of Ørestad.

Climate protection
In 2012, the coastal dyke between Kalvebod Bridge and Kongelunden on West Amager was raised. The Board of Vestamager Pumpedigelag, of which Sund & Bælt is part, is finalising the last part of the dyke around south/western Amager at Ullerup, so that this part of Amager and Sund & Bælt's facilities will be better protected from flooding in storm situations. Regulatory processing and approvals were obtained in 2017 and the work is almost completed. The final works will be concluded at the start of 2019.

Partnership with the Nature Agency on extreme rainfall
An agreement has been reached with the Nature Agency that A/S Øresund, in normal situations, supplies water from its catchment systems to the part of West Amager located on the south side of the Øresund motorway. The objective is the desired improvement in the natural habitat so that the conditions for wading birds on West Amager are improved. The system was also designed so as to relieve A/S Øresund’s drainage system in extreme rainfall situations. The work was completed in 2018.

Key figures, DKK million

Road	**2018**	**2017**
Operating income	1.2	1.5
Operating expenses	-29.7	-26.9
Depreciation	-36.3	-78.9
Operating loss (EBIT)	-64.8	-104.3
Net financials	-68.8	-69.6
Loss before financial value adjustments	**-133.6**	**-173.9**

Traffic development, per cent

	2018	**2017**
Øresund Bridge	-0.4	1.4

Railway

Øresund line

Total traffic on the Øresund railway line fell by 1.6 per cent compared to 2017 and amounted to 109,414 trains. Within this, the number of freight trains fell by 5.5 per cent compared to 2017 and amounted to 8,202 trains.

The Øresund railway comprises both an 18 km railway line from Copenhagen Central Station to and including Kastrup Station at Copenhagen Airport, and a 6 km freight line from Ny Ellebjerg to the Kalvebod Bridge. As can be seen from the above figures, the Øresund railway is very busy, which leads to a great need for maintenance. Since Sund & Bælt took over the responsibility for maintenance and reinvestment of the Øresund railway in 2015, a total 12 km of rail has been replaced on the line.

Punctuality

The framework conditions for the operational impact of trains on the Øresund line in 2018 were set for a maximum of 540 delayed passenger trains (excluding signalling system errors, which are a Banedanmark responsibility). In 2018, there was a successful reduction in the number of delayed trains on the Øresund railway with just 147 delayed passenger trains. This corresponds to approximately 27 per cent of the allocated quota for delayed passenger trains. There are ongoing analyses of the reasons for the identified faults with a view to prevention and improvement.

Capacity on the Øresund railway

In 2018, the company participated in a dialogue with Banedanmark and the Ministry of Transport, Building and Housing in order to investigate the possibilities of increasing capacity on selected parts of the section. This needs to be seen in connection with the establishment of the Fehmarnbelt link.

Key figures, DKK million

Railway	**2018**	**2017**
Operating income	69.2	79.6
Operating expenses	-76.3	-68.8
Depreciation	-217.1	-257.1
Operating loss (EBIT)	-224.2	-246.3
Net financials	-133.9	-135.5
Loss before financial value adjustments	**-358.1**	**-381.8**

Øresundsbro Konsortiet I/S

In 2018, Øresundsbro Konsortiet I/S posted a profit before value adjustment of DKK 1,205 million, which is an increase of DKK 135 million over the previous year. The improvement reflects an increase in turnover of approximately DKK 30 million, higher expenses and depreciation of approximately DKK 5 million net and lower interest expenses of approximately DKK 110 million.

Road revenue increased by DKK 25 million compared to 2017 and amounts to DKK 1,430 million.

Total vehicle traffic fell by 0.4 per cent compared to 2017. An average of 20,554 vehicles drove across the Øresund Bridge per day and a total of 7.5 million vehicles crossed the bridge in 2018.

Lorry traffic rose by 4.9 per cent compared to 2017. The market share for lorry traffic across Øresund totals 53.1 per cent.

Passenger car traffic fell by 0.9 per cent compared to 2017. Leisure traffic rose by 2.9 per cent compared to 2017, commuter traffic fell by 4.7 per cent compared to 2017 and other passenger car traffic fell by 1.1 per cent compared to 2017. Commuter and vehicles paying the standard price did not develop as expected. It is assessed that the latter category was affected by the unusually hot summer when many holiday customers opted to remain at home. Nevertheless, leisure traffic grew by 2.9 per cent compared to 2017, which is ascribed to market efforts during the autumn when the low Swedish krone made it particularly attractive for Danes to travel across Øresund. At the same time, the Club BroPas benefits programme helped to boost interest in new destinations and the opportunities on both sides.

Commuter traffic is seeing a slowdown that is expected to continue. Travel frequency and other improvements in public transport will increasingly meet commuter requirements in the future.

Train traffic decreased by 5.2 per cent compared to 2017 and now totals 11.0 million passengers.

EBIT came in at a profit of DKK 1,413 million, which is an improvement of approximately DKK 25 million compared to 2017. After value adjustment, the result for the year is a profit of DKK 1,382 million.

Equity at 31 December 2018 was positive at DKK 1,787 million.

The repayment period is 50 years from the opening in 2000, which means that the Øresund Bridge will be repaid in 2050. The owners decided on a new dividend policy in the first half year 2018 whereby the primary focus will be on maximum debt reduction in the owner companies, A/S Øresund and SVEDAB AB. On this basis, the repayment period has been increased by 17 years, which means that the debt is expected to be repaid in 2050 compared to the previously expected 2033.

In 2013, HH Ferries *et al* lodged a complaint with the EU Commission claiming that the Danish/Swedish state guarantees for the Consortium'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 the state aid was illegal or not, but only that the Commission had made certain procedural errors. The Commission is initiating a formal investigation procedure which will lead to a new decision, probably in the second half of 2019.

Øresundsbro Konsortiet I/S publishes an independent report on corporate social responsibility and sustainable development, which is found at www.oresundsbron.com/samfundsansvar.

Further details on the Øresund Bridge can be found at Øresundsbro Konsortiet I/S' Annual Report or at www.oresundsbron.com

Through A/S Øresund, Sund & Bælt owns 50 per cent of Øresundsbro Konsortiet I/S, which is responsible for the Øresund Bridge's operations

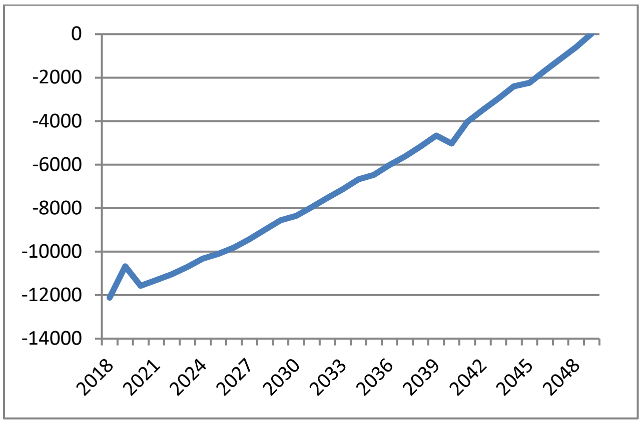
Key figures, DKK million

Øresundsbro Konsortiet	**2018**	**2017**
Operating income	1,956.4	1,927.7
Operating expenses	-267.4	-263.5
Depreciation	-275.8	-274.7
Operating profit (EBIT)	1,413.2	1,389.5
Net financials	-208.5	-319.3
Profit before financial value adjustments	1,204.7	1,070.2
Financial value adjustments	177.1	398.0
Profit for the year	**1,381.8**	**1,468.2**
Group share of profits	**690.9**	**734.1**

Traffic development, per cent

	2018	**2017**	**2016**
Øresund Bridge	-0.4	1.4	5.1

Forecast debt trend, DKK million



Environment and climate

One of Sund & Bælt's fundamental values is to support sustainable development and to contribute to meeting the objectives that society has set out with regard to the climate and the environment. This is achieved through a proactive approach to preventing and minimising the impact from the Group's activities on the surrounding world.

Key figures for selected environmental indicators

	2018	2017	Trend
Waste volume (tonnes)	1,166	472	
Water consumption (m^3)	6,774	8,917	↘
Water discharge (m^3)	2.7 million	2.8 million	→
Electricity consumption (kWh)	10.6 million	10.4 million	→

The rise in the volume of waste in 2018 is due in part to rail replacement on a section of the Øresund railway and in part to the cleaning of wells and reservoirs. The rails are recycled whereas the sediment from wells is sent to landfill. These two extraordinary items amount to approximately 700 tonnes.

Water consumption in 2018 decreased compared to the previous year.

Water discharge, which derives from rain and drainage water, reduced slightly in 2018, probably because of the dry summer.

Overall, electricity consumption in 2018 increased by 141,000 kWh to 10.6 million kWh. This slight change in consumption is probably due to increased operation and maintenance activities.

A good working environment

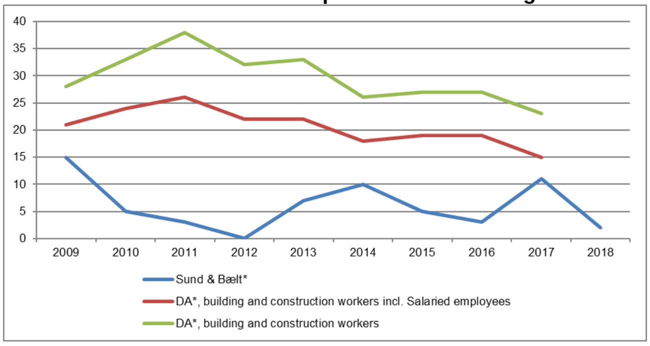
Sund & Bælt wishes to be an attractive workplace where the working environment, health and safety are assigned high priority. It should be healthy and safe to work for Sund & Bælt, both as an employee and as a partner. Accidents at work should be the exception and this is achieved by maintaining and continually improving the working environment in all parts of the company whether this relates to bridges, tunnels or the work carried out in offices. In order to deliver this, Sund & Bælt has a working environment management system, which is certified in accordance with OHSAS 18001. A skilled and proficient working environment organisation ensures that everyone has a responsibility for the working environment.

As proof that Sund & Bælt is also publicly known for its good working environment, the company was contacted by the Ministry of Employment's working environment task force in 2018 to share insight into how the company, with its largescale infrastructures such as Storebælt and Øresund Landanlæg, which incorporate many risks in respect of operation and maintenance work, has succeeded in safeguarding employees' and partners' working conditions so that accidents are avoided. The result of the task force's work, which comprised interviews with many companies from diverse sectors, can be found on the Ministry's website.

In 2018, based on 678,691 working hours, there was only one accident involving absence from work. Fortunately, the injury sustained was only minor.

By way of comparison, the table below shows Sund & Bælt's accident figures compared to the Confederation of Danish Employers (DA)'s official accident statistics. In 2018, Sund & Bælt, including its partners, had an accident rate of 1.5 per 1 million working hours. (DA's statistics are one year behind the current year).

Number of industrial accidents per 1 million working hours



Traffic safety on the road link

One of Sund & Bælt's objectives is that it must be at least as safe to drive on the Øresund motorway as it is on other motorways in Denmark. Sund & Bælt takes a proactive approach to traffic safety, i.e. by preventing accidents through analysis and screening all incidents. In 2018, there were three traffic accidents with minor injuries.

Read more about Sund & Bælt's working environment and traffic safety at www.sundogbaelt.dk/samfundsansvar

Corporate Governance

A/S Øresund is 100 per cent owned by Sund & Bælt Holding A/S. Through its 100 per cent ownership of Sund & Bælt Holding A/S, the Danish State is the company's supreme authority and exercises its ownership in accordance with the legislative guidelines set out in the publication, "The state's ownership policy".

The two-tier management structure consists of a Board of Directors and a Management Board, which are independent of each other. No individual is a member of both boards.

A/S Øresund endeavours to ensure that the company is managed in accordance with the principles of sound corporate governance at all times.

NASDAQ Copenhagen's corporate governance recommendations correspond to the recommendations from the Committee for Corporate Governance updated in November 2017. A/S Øresund generally complies with NASDAQ Copenhagen's corporate governance recommendations. Exceptions to the recommendations are owing to the Group's special ownership structure where the Danish State is the sole shareholder. The exceptions to the recommendations are:

- In connection with elections to the Board of Directors, the shareholder assesses the necessary expertise that the Board should possess. There is no nomination committee.
- The shareholder determines the remuneration of the Board of Directors while the Board of Directors decides the salaries of the Management Board. Performance-related remuneration or bonuses for the Management Board and Board of Directors are not employed. No remuneration committee has, therefore, been established or a remuneration report prepared.
- Members of the Board of Directors elected by the Annual General Meeting stand for election every second year. According to the recommendations, members should stand for election every year.

A/S Øresund meets the diversity requirements at senior management levels. There is a 33/67 per cent distribution between the genders among board members.

The company has set up an Audit Committee which, as a minimum, meets half-yearly. The members of the Audit Committee comprise Ruth Schade (Chair) and Peter Frederiksen.

The Board of Directors held four meetings during the year and all members were considered independent in 2018.

In relation to significant concurrent positions held by the senior management outside the company, please refer to the section *Board of Directors, Board of Management and Senior Executives*

The Board of Directors conducted a self-evaluation in 2017 and 2018 in accordance with the State's ownership policy and Corporate Governance recommendations. The Chair has submitted the conclusions of the self-evaluation to the company's owner – The Ministry of Transport, Building and Housing.

The recommendations from the Committee for Corporate Governance are available at www.corporategovernance.dk

CSR – Corporate Social Responsibility

Statutory statement regarding Corporate Social Responsibility, c.f. section 99a of the Danish Financial Statements Act.

As regards the company's formal compliance with section 99a of the Danish Financial Statements Act concerning a statement on social responsibility, please refer to the parent company's management report 2018 under CSR – Corporate Social Responsibility, Corporate Governance, Environment and Climate, Employees and Targets for CSR work in 2019.

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act.

There is gender balance at top management level, and no target figures have been set for this. Moreover, as the company has no employees, no policy has been established for increasing the underrepresented gender at other management levels.

The annual report for Sund & Bælt Holding A/S is available at www.sundogbaelt.dk/årsrapport

Read more about Sund & Bælt's corporate social responsibility at www.sundogbaelt.dk/samfundsansvar.

Risk management and control environment

Certain events may prevent the Group from achieving its objectives in whole or in part. The consequences and likelihood of such events occurring is an element of risk of which the Group is well aware. Some risks can be managed and/or reduced by the Group itself while others are external events over which the companies have no control. The Group has identified, and prioritised certain risks based on a holistic approach. As part of the work with these issues, the Board of Directors receives a report on an annual basis.

The greatest risk to accessibility is a prolonged interruption to a traffic link caused by a ship colliding with a bridge, terrorist activity or the like. The likelihood of such incidents is remote, but the potential consequences are significant. The potential financial losses for the Group from such events, including operating losses for up to two years, are, however, covered by insurances.

A/S Øresund's objective is to ensure that safety on the company's facilities should be at least as high as on similar Danish facilities. This is made possible by proactive safety work supported by regularly updated risk analyses.

Long-term traffic development is a significant factor in the repayment period for the company's debts, c.f. notes 19 and 20, where the calculations and uncertainty factors are described. In addition to the general uncertainties that are inherent in such long-term forecasts, there is a special risk related to adjustment to prices introduced by the authorities, e.g. in the form of EU directives. The introduction of road taxes may also impact on the bridges' market position.

Development in long-term maintenance and reinvestment costs is subject to some uncertainty too. The company works proactively and systematically to reduce such factors and it is unlikely that these risks will have a major effect on the repayment period.

Work on holistic risk management has defined and systemised certain risks linked to the company's general operations. These include the risk of computer breakdowns or a failure of other technical systems, unauthorised access to computer systems, delays to, and cost increases for, maintenance work etc. These risks are handled by day-to-day management and the line organisation.

A/S Øresund's risk management and internal controls in connection with the accounts and financial reporting are intended to minimise the risk of material error. The internal control system contains clearly defined roles and areas of responsibility, reporting requirements and procedures for attestation and approval. Internal controls are examined by the auditors and reviewed by the Board of Directors through the Audit Committee.

Key figures and financial ratios

(DKK million)

	2014	**2015**	**2016**	**2017**	**2018**
Operating income	107	113	101	81	70
Operating expenses	-26	-42	-78	-97	-98
Depreciation	-80	-200	-192	-334	-252
Operating profit/loss (EBIT)	1	-130	-169	-350	-280
Net financials before value adjustment	-225	-246	-226	-205	-202
Loss before value adjustment	-224	-376	-395	-555	-482
Value adjustments, net	-904	556	-460	261	109
Profit from jointly managed company (Øresundsbro Konsortiet I/S) *)	56	567	405	734	691
Profit/loss before tax	-1,072	747	-450	440	318
Tax	277	-178	99	-99	-67
Profit/loss for the year	-795	569	-351	341	251
Capital investment in the year	3	9	13	14	14
Capital investment, at the end of the year	5,883	5,688	5,579	5,260	5,023
Bond loans and bank loans	13,164	12,905	13,449	13,043	13,015
Net debt (fair value)	13,083	12,302	12,957	12,647	12,278
Interest-bearing net debt	11,145	10,956	11,190	11,236	11,017
Equity	-6,892	-6,257	-6,608	-6,267	-6,033
Balance sheet total	8,969	8,525	8,416	8,203	8,212
Financial ratios, per cent:					
Profit ratio (EBIT)	0.9	-117.7	-167.3	-431.5	-400.0
Rate of return (EBIT)	0.0	-1.6	-2.0	-4.3	-3.4
Return on facilities (EBIT)	0.0	-2.3	-3.1	-6.6	-5.6

NB. The financial ratios have been stated as referenced in Note 1, Accounting Policies.

*) The result from Øresundsbro Konsortiet I/S for 2018 includes an income of DKK 89 million relating to value adjustments. The result before value adjustments amounts to a profit of DKK 602 million.

Comprehensive income statement 1 January – 31 December

(DKK million)

Note		2018	2017
	Income		
4	Operating income	70.4	81.1
	Total income	**70.4**	**81.1**
	Expenses		
5	Other operating expenses	-98.2	-97.2
7-9	Depreciation and amortisation of intangible fixed assets and property, plant and equipment	-252.0	-333.6
	Total expenses	**-350.2**	**-430.8**
	Operating loss (EBIT)	**-279.8**	**-349.7**
	Net financials		
	Financial income	0.2	28.2
	Financial expenses	-202.6	-233.1
	Value adjustment, net	109.1	261.1
10	**Net financials, total**	**-93.3**	**56.2**
	Loss before inclusion of share of results in jointly managed company and tax	**-373.1**	**-293.5**
11	Share of results in jointly managed company	690.9	734.0
	Profit before tax	**317.8**	**440.5**
12	Tax	-66.7	-98.7
	Profit for the year	**251.1**	**341.8**
	Other comprehensive income	0.0	0.0
	Tax on other comprehensive income	0.0	0.0
	Comprehensive income	**251.1**	**341.8**
	Proposed profit appropriation:		
	Retained earnings	251.1	341.8

Balance sheet 31 December – Assets

(DKK million)

Note	Assets	2018	2017
	Non-current assets		
	Property, plant and equipment		
7	Road link	1,228.4	1,263.1
8	Rail link	3,794.0	3,996.8
9	Operating plant	0.9	1.2
	Total property, plant and equipment	**5,023.3**	**5,261.1**
	Other non-current assets		
11	Participating interest in associated company	893.3	759.5
13	Deferred tax	30.7	118.9
	Total other non-current assets	**924.0**	**878.4**
	Total non-current assets	**5,947.3**	**6,139.5**
	Current assets		
	Receivables		
14	Receivables	631.8	556.2
	Securities	600.4	488.0
15	Derivatives	1,032.1	1,018.9
16	Prepayments and accrued income	0.1	0.1
	Total receivables	**2,264.4**	**2,063.2**
	Total current assets	**2,264.4**	**2,063.2**
	Total assets	**8,211.7**	**8,202.7**

Balance sheet 31 December – Liabilities

(DKK million)

Note	Equity and liabilities	2018	2017
	Equity		
17	Share capital	5.0	5.0
	Retained earnings	-6,037.5	-6,271.5
	Total equity	**-6,032.5**	**-6,266.5**
	Liabilties		
	Non-current liabilities		
18	Bond loans and amounts owed to credit institutions	12,054.3	11,200.4
	Total non-current liabilities	**12,054.3**	**11,200.4**
	Current liabilities		
18	Current portion of non-current liabilities	936.7	1,743.9
	Credit institutions	23.9	98.6
21	Trade and other payables	150.6	184.7
15	Derivatives	1,076.8	1,241.6
	Accruals and deferred income	1.9	0.0
	Total current liabilities	**2,189.9**	**3,268.8**
	Total liabilities	**14,244.2**	**14,469.2**
	Total equity, provisions and liabilities	**8,211.7**	**8,202.7**

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Statement of changes in equity 1 January – 31 December

	Share capital	Retained earnings	(DKK million) Total
Balance at 1 January 2017	5.0	-6,613.3	-6,608.3
Profit for the year and comprehensive income	0.0	341.8	341.8
Balance at 31 December 2017	**5.0**	**-6,271.5**	**-6,266.5**
Balance at 1 January 2018	5.0	-6,271.5	-6,266.5
Profit for the year and comprehensive income	0.0	251.1	251.1
Transitional effect of IFRS 15 after tax	0.0	-17.1	-17.1
Balance at 31 December 2018	**5.0**	**-6,037.5**	**-6,032.5**

Cash flow statement 1 January – 31 December

(DKK million)

Note		2018	2017
	Cash flow from operating activities		
	Loss before net financials	-279.8	-349.7
	Adjustments		
7-9	Amortisation, depreciation and writedowns	252.0	333.6
12	Joint taxation contribution	-2.9	-22.8
	Cash flow generated from operations (operating activities) before change in working capital	**-30.7**	**-38.8**
	Change in working capital		
14	Receivables, prepayments and accrued income	-271.1	-650.3
21	Trade and other payables	663.6	1,070.6
	Total cash flow from operating activity	**361.8**	**381.5**
	Cash flow from investing activity		
7-9	Purchase of property, plant and equipment	-14.2	-15.1
	Total cash flow from investing activity	**-14.2**	**-15.1**
	Free cash flow	**347.6**	**366.4**
	Cash flow from financing activities		
	Raising of loans	1,750.0	2,519.3
	Reduction of liabilities	-1,730.0	-2,546.6
	Interest received	0.2	0.0
	Interest paid	-293.1	-276.0
18	**Total cash flow from financing activities**	**-272.9**	**-303.3**
	Change for the period in cash at bank and in hand	**74.7**	**63.1**
	Cash at bank and in hand at 1 January	-98.6	-161.7
	Cash at bank and in hand at 31 December	**-23.9**	**-98.6**

Liquid assets comprise bank loans and overdrafts.

Notes

Note 1 Accounting policies

General

The annual accounts are presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of companies with listed debt instruments (Class D companies). Additional Danish disclosure requirements for annual reports are laid down in the IFRS order issued pursuant to the Danish Financial Statements Act and NASDAQ Copenhagen.

The accounting policies are in accordance with those applied in the Annual Report 2017 with the exception of changes referred to in the section New accounting standards below.

The accounting policies for operating income, other operating expenses, leasing, staff expenses, participating interest in jointly managed company, receivables and prepayments (assets) are described in the respective notes.

The company has opted to use the so-called Fair Value Option under IFRS 9. Consequently, all loans and derivatives are measured at fair value and changes in the fair value are recognised in the comprehensive income statement. Loans are measured at fair value on initial recognition in the balance sheet whereas derivative financial instruments are always measured at fair value, c.f. IFRS 9.

The rationale for using the Fair Value Option is that the company consistently applies a portfolio approach to financial management, which implies that the intended exposure to financial risks is managed through different financial instruments, both primary and derivative financial instruments. Accordingly, in the management of the financial market risk, the company does not distinguish between, for example, loans and derivatives, but solely focuses on overall exposure. Using financial instruments to manage financial risks could, therefore, result in accounting inconsistencies were the Fair Value Option not used. Hence this is the reason for exercising it.

It is the company's opinion that the Fair Value Option is the only principle under IFRS that reflects this approach as the other principles lead to inappropriate accounting inconsistencies between otherwise identical exposures depending on whether the exposure relates to loans or derivative financial instruments or necessitates extensive requirements for documentation of hedging as is the case with the rules on hedge accounting. As both loans and derivatives are measured at fair value, recognition in the financial statements will produce the same results for loans and related derivatives when hedging is effective. Thus, the company will achieve accounting consistency. Loans without associated derivative financial instruments are also measured at fair value in contrast to the main rule laid down in IFRS 9 pursuant to which loans are measured at amortised cost. This naturally leads to volatility in the profit/loss for the year as a result of value adjustments.

The annual accounts are presented in DKK, which is also the company's functional currency. Unless otherwise stated, all amounts are disclosed in DKK million.

New accounting standards

With effect from 1 January 2018, the company implemented the following new standards and interpretations: IFRS 9, IFRS 15 and IFRIC 22.

The implementation of IFRS 9 "Financial instruments" changes among other things the classification and measurement of financial assets. Currently, the company does not use hedge accounting, which is why the introduction of the new rules on hedge accounting are not expected to have any effect.

Only to a limited extent does the company have financial assets in the form of debt instruments. It is assessed, therefore, that the new rules on provision for future credit losses will not have a significant effect. Under IFRS 9, a company can continue to measure financial liabilities at fair value (Fair value option). Under IFRS 9, the impact of changes attributable to changes in own credit risk are recognised in other comprehensive income instead of, as before, in the income statement. As a result of the guarantee from the Danish State, the company has maintained the highest achievable credit rating, and thus there is no effect from the changes in own credit risk on the calculation of the fair value of the company's debt items.

IFRS 9 also changes the provision for future credit losses for not yet due receivables However, this has not had a significant effect.

Previously, under IAS 39, the company recognised treasury shares at fair value, which is not possible under IFRS 9 because the shares are primarily held for collateral. From 1 January 2018, treasury shares are recognised at amortised cost price in accordance with IFRS 9. The effect has been insignificant.

The implementation of IFRS 15 "Revenue from contracts with customers" means that, in the 2018 financial year, there is a transitional effect. The transition effect entails the recognition of previously unrecognised contractual debt relating to obligations to BroPas customers of Øresundsbro Konsortiet I/S. See Statement of changes in equity for details of the transition effect and Note 11 Participating interest in jointly managed company.

IASB has issued the following new or updated standards and interpretations which have not yet become effective and are not valid in connection with the preparation of the 2018 Annual Report: IFRS 16 and IFRS 9 (a minor change on classification). These standards and interpretations will be implemented when they come into force.

The implementation of IFRS 16 “Leasing” in the 2019 financial year is expected to have a negligible effect on the balance sheet. Reference is made to Note 5 Other operating expenses where the expected effect of the standard is described.

Other new or updated accounting standards, which have not yet become effective, are not expected to significantly impact the company’s financial reporting.

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the rates on the date at which the receivable or payable arose, or the rates recognised on the previous balance sheet date are recognised in the comprehensive income statement as financial income and financial expenses.

Non-monetary assets and liabilities in foreign currencies, which have not been revalued at fair value, are translated at the time of transaction to the rate of exchange on the transaction date.

Translation of financial assets and liabilities are recognised in value adjustments and translation of receivables, payables etc. are assigned to financial income and expenses.

Segment information
According to IFRS, revenues, expenses, assets and liabilities per segment must be disclosed. A/S Øresund’s assessment is that the company consists of one segment as it is one overall link. Internal reporting and senior management's financial control take place on the basis of one overall segment.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realised inflation indexation, foreign exchange gains and losses on cash at bank and in hand, securities, payables, derivatives and transactions in foreign currencies as well as realised gains and losses relating to derivative financial instruments.

The difference in fair value at the balance sheet dates amounts to the total financial income and expenses, which, in the comprehensive income statement, are split into financial income, financial expenses and value adjustment. Financial income and expenses comprise interest income, interest expenses and realised inflation indexation from payables and derivatives. The value adjustment includes exchange gains and losses as well as foreign exchange translation for financial assets and liabilities.

Financial expenses for financing assets in progress are recognised in the cost of the assets.

Tax on the year’s result
The company is subject to the Danish rules on mandatory joint taxation of the Sund & Bælt Group companies. The subsidiaries are jointly taxed from the date they are included in the consolidated accounts and until such time when they may be omitted from the consolidation.

Sund & Bælt Holding A/S is the administrating company for joint taxation and therefore settles all tax payments with the tax authorities.

Balances below the interest deduction limitation rules of the Danish Corporation Tax Act are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to such balances are recognised in the balance sheet while deferred tax assets are recognised only if the criteria for doing so are met.

Current Danish corporation tax is distributed by settlement of joint taxation contributions among the jointly taxed companies in proportion to their taxable earnings. Moreover, the companies with tax losses receive a joint taxation contribution from companies that are able to use these losses to reduce their own tax profits.

Tax for the year, which comprises the year’s current corporation tax, the year's joint taxation contribution and changes in deferred tax – including the change in the tax rate - is recognised in the comprehensive income statement with the proportion attributable to the year’s results and directly in the equity with the proportion attributable to the entries made directly in the equity.

Financial assets and liabilities
Initial recognition of financial assets and liabilities takes place on the trading date.

Securities comprising bank deposits and treasury shares are recognised at amortised cost on initial recognition, as well as on subsequent measurement, in the balance sheet.

Holdings and returns on treasury shares are set off against equivalent bond loans issued and are therefore not recognised in the comprehensive income statement and balance sheet.

Loans are initially and subsequently measured at fair value in the balance sheet. On recognition, all loans are classified as financial liabilities at fair value via the comprehensive income statement. Irrespective of the scope of interest rate hedging, all loans are measured at fair value with value adjustments being recognised continually in the income statement, stated as the difference in fair value between the balance sheet dates.

The fair value of treasury share issues of bilateral loans is determined as the market value by discounting future known and expected cash flows with the relevant discounting rates, as there are no quotations available for unlisted treasury share issuers and bilateral loans. The discounting rates used are based on current market rates deemed to apply to the company as a borrower.

Real rate loans consist of a real rate plus an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the real rate loans and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break-even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

The fair value of loans with related structured financial instruments is determined collectively and the market value of any options for payment of interest or instalments on the loans are measured using generally accepted standard valuation methods (locked formulas) with the volatility of reference rates and foreign currencies being included.

Loans that contractually fall due after more than one year are recognised as non-current liabilities.

Derivative financial instruments are recognised and measured in the balance sheet at fair value and initial recognition in the balance sheet is stated at fair value. Positive and negative fair values are included in Financial Assets and Liabilities respectively, and positive and negative values on derivatives are only set off when the company has the right and intention to settle several financial instruments collectively.

Derivative financial instruments are actively used to manage the debt portfolio and are therefore included in the balance sheet as current assets and current liabilities respectively.

Derivative financial instruments include instruments where the value depends on the underlying value of the financial parameters, primarily reference rates and currencies. All derivative financial instruments are recognised with financial counterparties and are OTC derivatives. There are no listed quotations for such transactions. Derivative financial instruments typically comprise interest rate swaps and currency swaps, forward exchange contracts, currency options, FRAs and interest rate guarantees and swaptions. The market value is determined by discounting known and expected future cash flows using relevant discounting rates. The discounting rate is determined in the same way as loans and cash at bank and in hand, i.e. based on current market interest rates that are expected to be available to the company as borrower.

As with real rate loans, Inflation swaps contain an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the inflation swaps and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps, where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe’s "break even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

The fair value of derivatives with optionality in the payment flows, such as currency options, interest rate guarantees and swaptions, is determined by recognised and standardised valuation methods (closed formulas) wherein the volatility of the underlying reference rates and foreign currencies is included. Derivatives comprising a combination of several underlying financial instruments are recognised together with the sum of the fair value of the individual financial instruments.

According to IFRS 13, financial assets and liabilities, which are recognised at fair value, should be classified in a 3-layer hierarchy for valuation methodology. Level 1 of the fair value hierarchy includes assets and liabilities recognised at quoted prices in active markets. At level 2 assets and liabilities are valued using active quoted market data as input to generally accepted valuation methods and formulas. Finally, level 3 includes assets and liabilities in the balance sheet that are not based on observable market data, and therefore require separate comment.

Property, plant and equipment
On initial recognition, property, plant and equipment are measured at cost. Cost comprises the purchase price and any expenses directly attributable to the acquisition until the date when the asset is available for use. Subsequently, the assets are measured at cost less depreciation and writedowns performed.

During the construction period, the value of the road and rail links was stated using the following principles:

- Expenses relating to the links are based on concluded contracts, and contracts are capitalised directly
- Other direct expenses are capitalised as the value of own work
- Net financing expenses are capitalised as construction loan interest

Significant future one-off replacements/maintenance work are regarded as separate elements and depreciated over the expected useful life. Ongoing maintenance work is recognised in the comprehensive income statement as the costs are incurred.

Depreciation on the road and rail link commences when the construction work is finalised, and the facilities are ready for use. The facilities are depreciated on a straight-line basis over the expected useful lives. For the road and rail links, the facilities are divided into components with similar useful lives:

- The main part of the links comprises structures designed with minimum expected useful lives of 100 years. The depreciation period for these parts is 100 years
- Mechanical installations, crash barriers and road surfaces are depreciated over useful lives of 20-50 years
- Software and electrical installations are depreciated over useful lives of 10-20 years
- Technical rail installations are depreciated over 25 years

Other assets are recognised at cost and depreciated on a straight-line basis over the assets' expected useful life:

Other plant, machinery, fixtures and fittings	5-10 years
Buildings for operational use	25 years

Depreciation is recognised as a separate item in the comprehensive income statement

The depreciation method and the expected useful lives are reassessed annually and are changed if there has been a major change in the conditions or expectations. If there is a change to the depreciation method, the effect is recognised moving forward as a change in accounting estimates and judgements.

The basis of depreciation is stated on the basis of residual value less any writedowns. The residual value is determined at the time of acquisition and is reassessed annually. If the residual value exceeds the book value, depreciation will be discontinued.

Profits and losses in respect of disposal of property, plant and equipment are stated as the difference between the sales price less sales costs and book value at the time of sale. Profits and losses are recognised in the comprehensive income statement under other operating income or other operating expenses.

Writedown of assets
Property, plant and equipment, intangible fixed assets and financial fixed assets are subject to impairment testing when there is an indication that the accounting value may not be recovered (other assets are covered under IAS 9). Impairment losses are recognised at the amount by which the asset's book value exceeds the recoverable amount, i.e. the asset's net sales price or its value in use, whichever is higher. Value in use is calculated at the present value of expected future cash flows using a pre-tax discount factor that reflects the market's current required rate of return. In determining impairment losses, assets are grouped in the smallest group of assets that generate separate identifiable cash flows (cash-generating units). See also Note 20: Profitability.

Impairment losses are recognised in the comprehensive income statement.

Securities
Listed securities are recognised under current assets from the trading day and are measured at fair value at the balance sheet date.

Current tax and deferred tax
Sund & Bælt Holding A/S and the jointly taxed companies are liable for tax on earnings, etc. for the jointly taxed companies and for any obligations to include tax at source on interest, royalties and dividends for the jointly taxed companies.

Current tax liabilities and tax receivable are recognised in the balance sheet as calculated tax on the year's taxable income, adjusted for tax on taxable income for previous years and for tax paid on account.

Joint tax contributions payable and receivable are recognised in the balance sheet under inter-company accounts.

Deferred tax is measured in accordance with the balance-sheet oriented liability method for all temporary differences between book value and the value for tax of assets and liabilities. When the statement definition of value for tax can be performed according to different taxation rules, deferred tax is measured on the basis of the management's planned utilisation of the assets or settlement of the liability.

Deferred tax assets, including the value for tax of tax losses entitled to be carried forward are recognised under other non-current assets at the value at which they are expected to be used, either through the elimination of tax on future earnings or by set-off against tax liabilities within the same legal tax entity and jurisdiction.

Balances below the interest deduction limitation rules of the Danish Corporation Tax Act are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to such balances are recognised in the balance sheet while tax assets are recognised only if the criteria for deferred tax assets are met.

Adjustment of deferred tax is carried out as regards eliminations of non-realised intra-group profits and losses.

Other financial liabilities
Other financial liabilities are measured at amortised cost which usually corresponds to the nominal value.

Cash flow statement
The company's cash flow statement has been prepared in accordance with the indirect method based on the items in the comprehensive income

statement. The company's cash flow statement shows the cash flow for the year, the year's changes in cash and cash equivalents as well as the company's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is calculated as the profit/loss for the year before financial income and expenses adjusted for non-cash income statement items, calculated corporation tax and changes in working capital. The working capital comprises the operations-related balance sheet items recognised in current assets and current liabilities.

Cash flow from investing activities comprises the acquisition and disposal of intangible assets, property, plant and equipment and financial assets.

Cash flow from financing activities comprises borrowing, dividend to the shareholder, repayment of debt and financial income and expenses.

Cash at bank and in hand comprises cash and short-term marketable securities with a term of three months or less at the acquisition date less short-term bank loans. Unused credit lines are not included in the cash flow statement.

Financial ratios
The following financial ratios presented under financial highlights are calculated as follows:

Profit ratio:	Operating profit (EBIT) in percentage of turnover.
Rate of return:	Operating profit (EBIT) in percentage of total assets
Return on facilities:	Operating profit (EBIT) in percentage of investment in road and rail links

Note 2 Significant accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities requires an estimate on how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates which are significant for the preparation of the financial statements are, for instance, made by computing depreciation of, and impairment losses on, road and rail links and by computing the fair value of certain financial assets and liabilities.

Depreciation of the road and rail links is based on an assessment of their main components and their useful lives. An ongoing estimate of the assets' useful life is undertaken. Any change in these assessments will significantly affect the profit/loss for the year but will not affect cash flows. For certain financial assets and liabilities, an estimate is made of the expected future rate of inflation when calculating the fair value.

A/S Øresund's and Øresundsbro Konsortiet I/S' facilities are deemed to be a cash generating unit in that the companies' road and rail facilities function as one entity.

The calculation of fair value on financial instruments is based on estimates of the relevant discounting rate for the company, volatility of reference rates and currency for financial instruments with an option for cash flows and estimates of future inflation for real rate loans and swaps. Estimates for determining fair values and the need for impairment are, as far as possible, based on observable market data and continuously adjusted to actual price indications, see Note 1 Accounting policies.

With regard to the calculation of deferred tax, an estimate is made of the future utilisation of tax losses carried forward and reduced net financing expenses, which are based on the projected future earnings of the Group and the projected lifetime of the assets. As far as possible, the estimates are based on observable market data continuously adjusted in line with inflation indexation and current price indications. See Note 13 Deferred tax.

Note 3 Segment information

The segment information below is the information that is mandatory even if there is only one segment, c.f. Note 1 Accounting policies.

Revenue from the rail link comprises payment from Banedanmark. This operating income thus includes net sales to one customer amounting to more than 10 per cent of the company's total net turnover.

The company's entire turnover is generated in Denmark and there are no transactions between operating incomes.

Besides the payments from Banedanmark in the operating income "Railway", the company is not dependent on individual major customers and has no transactions with individual customers that amount to 10 per cent of the company's net turnover or more.

Note 4 Operating income

Income from the sale of services is recognised as the services are provided, and if the income can be measured reliably and is expected to be received. Income is measured excl. VAT, taxes and discounts in connection with the sale.

Income from the rail link comprises fees from Banedanmark for use of the rail facilities. Rail fees are determined by the Minister of Transport and Building and Housing.

Other income comprises items secondary to the company's activities, including income from the use of fibre optic cables and antennae capacity. Other income also comprised the sale of development rights for DKK 7.5 million in 2018.

Specification of income	**2018**	**2017**
Income from the rail link	60.8	79.5
Other income	9.6	1.6
Total income	**70.4**	**81.1**

Note 5 Other operating expenses

Other operating expenses comprise expenses relating to the technical, transport and commercial operations of the link. This includes, for instance, expenses for the operation and maintenance of technical systems, insurances, IT, external services, financial management and fees to the parent company of DKK 24 million.

Audit fees for 2018 are specified as follows	**Statutory audit**	**assurance state-ments**	**Tax advice**	**Other**	**Total**
PwC	0.2	0.1	0.0	0.0	0.3
Total audit fees	**0.2**	**0.1**	**0.0**	**0.0**	**0.3**

Fees for non-audit services provided by PwC to the company amount to a total of DKK 0.1 million and consist of statements on the EMTN programme and XBRL reports of interim and annual reports.

Audit fees for 2017 are specified as follows	**Statutory audit**	**assurance state-ments**	**Tax advice**	**Other**	**Total**
PwC	0.2	0.1	0.0	0.1	0.4
Total audit fees	**0.2**	**0.1**	**0.0**	**0.1**	**0.4**

Vehicle leasing is recognised in the comprehensive income statement and is regarded as operating leasing. Operating leasing is recognised in the comprehensive income statement on a straight-line basis over the term of the lease unless another systematic method better reflects the lessee's benefit within the contract period. The leasing contracts are for leasing periods of 1 to 2 years.

The notice periods for operating leasing payments are as follows:

	2018	**2017**
0-1 years	0.0	0.0
1-5 years	0.1	0.1
After 5 years	0.0	0.0
Leasing payments, total	**0.1**	**0.1**
Minimum leasing payments recognised in the profit for the year	0.1	0.1

IFRS 16 will be implemented in 2019 and will have an impact on the balance sheet of approximately DKK 0.1 million gross.

Note 6 Staff expenses

Staff expenses include other staff expenses only.

Apart from the Management Board, the company has no employees.

The Management Board and the Board of Directors receive fees from Sund & Bælt Holding A/S, which are paid via the administration contribution. The Management Board's share totals DKK 0.3 million (DKK 0.3 million in 2017).

Note 7 Road link

	Directly capitalised expenses	Value of own work	Financing expenses (net)	Total 2018	Total 2017
Original cost at 1 January	1,502.7	13.8	165.0	1,681.5	1,680.9
Additions for the year	0.6	0.0	0.0	0.6	0.8
Disposals for the year	0.0	0.0	0.0	0.0	-0.2
Original cost at 31 December	**1,503.3**	**13.8**	**165.0**	**1,682.1**	**1,681.5**
Depreciation at 1 January	382.8	2.7	32.9	418.4	340.5
Additions for the year	33.6	0.1	1.6	35.3	78.1
Disposals for the year	0.0	0.0	0.0	0.0	-0.2
Depreciation at 31 December	**416.4**	**2.8**	**34.5**	**453.7**	**418.4**
Balance at 31 December	**1,086.9**	**11.0**	**130.5**	**1,228.4**	**1,263.1**

Note 8 Rail link

	Directly capitalised expenses	Value of own work	Financing expenses (net)	Total 2018	Total 2017
Original cost at 1 January	4,972.4	0.0	487.4	5,459.8	5,451.3
Additions for the year	13.6	0.0	0.0	13.6	13.3
Disposals for the year	-20.4	0.0	0.0	-20.4	-4.8
Original cost at 31 December	**4,965.6**	**0.0**	**487.4**	**5,453.0**	**5,459.8**
Depreciation at 1 January	1,333.3	0.0	129.7	1,463.0	1,212.5
Additions for the year	199.2	0.0	17.1	216.3	255.3
Disposals for the year	-20.4	0.0	0.0	-20.4	-4.8
Depreciation at 31 December	**1,512.2**	**0.0**	**146.8**	**1,659.0**	**1,463.0**
Balance at 31 December	**3,453.4**	**0.0**	**340.6**	**3,794.0**	**3,996.8**

Note 9 Operating plant

	2018	2017
Original cost at 1 January	1.6	0.7
Additions for the year	0.0	1.0
Disposals for the year	0.0	-0.1
Original cost at 31 December	**1.6**	**1.6**
Depreciation at 1 January	0.4	0.3
Additions for the year	0.3	0.1
Depreciation at 31 December	**0.7**	**0.4**
Balance at 31 December	**0.9**	**1.2**

Note 10 Financial income and expenses

The company recognises fair value adjustments of financial assets and liabilities through the comprehensive income statement, c.f. Note 1 Accounting policies. The difference in the fair value between the balance sheet dates constitutes the total financial income and expenses allocated between value adjustments and net financing expenses where the latter comprises interest income and expenses.

Net financing expenses comprise accrued nominal/real coupons rates, realised inflation indexation and amortisation of premiums/discounts while VAT, premiums and expected inflation indexation are included in the value adjustments.

Value adjustments comprise realised and unrealised gains and losses on financial assets and liabilities and foreign exchange gains and losses.

	2018	2017
Financial income		
Interest income, securities, banks, etc.	0.2	0.0
Interest income, financial instruments	0.0	28.2
Total financial income	**0.2**	**28.2**
Financial expenses		
Interest expenses, loans	-202.3	-233.0
Other items, net	-0.3	-0.1
Total financial expenses	**-202.6**	**-233.1**
Net financing expenses	**-202.4**	**-204.9**
Value adjustments, net		
- Securities	1.1	-0.5
- Loans	-67.2	193.7
- Currency and interest rate swaps	175.2	67.9
- Currency options	0.0	0.0
Value adjustments, net	**109.1**	**261.1**
Total financial income and expenses	**-93.3**	**56.2**
Of which financial instruments	**175.2**	**96.1**

Commission to the Danish State of DKK 16.2 million (2017: DKK 16.5 million) is recognised in Interest expenses, loans

Net financing expenses were DKK 2.5 million lower in 2018 compared to 2017, which is the result of two opposing factors where lower inflation indexation more than offset the effect of a higher effective return on the debt portfolio in that 2017 was positively affected by loan restructuring.

Note 11 Participating interest, jointly managed company

The participating interest in the jointly managed company is measured in the balance sheet according to the equity method, after which the proportionate share of the company's calculated carrying amount is recognised. Any losses on the participating interest are recognised under provisions in the balance sheet.

Øresundsbro Konsortiet I/S is a jointly managed company by A/S Øresund and SVEDAB AB. It is a shared ownership both legally and in terms of voting rights. Furthermore, the two owners are jointly and severally liable for the jointly managed company's liabilities, and the owners are not able to transfer rights or liabilities between each other without the prior consent of the other party.

Øresundsbro Konsortiet I/S is based in Copenhagen/Malmø and the Sund & Bælt Group's ownership interest is 50 per cent.

	2018	2017
Value of participating interest at 1 January	759.5	25.5
Share of profit for the year	690.9	734.0
Transitional effect IFRS 15	-22.0	0.0
Paid dividend	-535.1	0.0
Participating interest at 31 December	**893.3**	**759.5**
Carried forward to provisions at 1 January	0.0	0.0
Amount carried forward for the year	0.0	0.0
Carried forward to provisions at 31 December	**0.0**	**0.0**
Value of participating interest at 31 December	**893.3**	**759.5**
Key figures from jointly managed company		
Operating income	1,956.4	1,927.7
Operating expenses	-267.4	-263.5
Depreciation	-275.8	-274.7
Net financials	-208.5	-319.3
Value adjustment	177.1	398.0
Profit for the year	1,381.8	1,468.1
Current assets	1,486.3	1,634.9
- Of which cash and cash equivalents	1.5	77.8
Non-current assets	15,067.8	15,277.5
Equity	1,786.6	1,519.0
Current assets	3,399.4	5,390.5
- Of which short-term financial liabilities	2,943.9	5,218.3
Non-current liabilities	11,368.1	10,002.8
- Of which non-current financial liabilities	11,368.1	10,002.8
Contingent liabilities	83.4	84.2

The year's financial result for Øresundsbro Konsortiet I/S is a profit of DKK 1,382 million. (2017: DKK 1,468 million).

The company's share of Øresundsbro Konsortiet I/S profit of DKK 691 million (2017: DKK 734 million) is recognised in the comprehensive income statement as Share of profit in jointly managed company.

The value of the participating interest in Øresundsbro Konsortiet I/S is affected by a transitional effect as a result of the implementation of IFRS 15 in 2018. The transitional effect entails the recognition of a previously unrecognised contractual debt relating to obligations to BroPass customers. An annual fee is paid for BroPas whereby customers receive a reduced price for 12 months. Income from the annual fees is recognised in accordance with IFRS 15 during the period in which the customers are entitled to the reduced price. Payment of the annual fee is made in advance and this advance payment is allocated as a contractual debt in the balance sheet for the remainder of the customer's contract period.

The recognition of the contractual debt in 2018 reduced the equity in Øresundsbro Konsortiet I/S by DKK 44 million of which the company's share amounts to DKK 22 million before tax.

Note 12 Tax

	2018	2017
Tax paid	-2.9	-22.8
Change in deferred tax	-67.1	-74.2
Adjustment current tax, previous year	0.4	0.0
Adjustment deferred tax, previous year	2.9	-1.7
Total	**-66.7**	**-98.7**
Tax on year's results is made up as follows:		
Computed 22.0 per cent tax on year's results	-69.9	-96.9
Other adjustments	3.2	-1.8
Total	**-66.7**	**-98.7**
Effective tax rate	21.0	22.4

Current tax corresponds to tax payable and is paid via joint taxation.

Note 13 Deferred tax

As a consequence of the capitalisation of financing expenses during the construction period, the carrying value of the road and rail links is higher than the tax value.

Deferred tax is offset as the underlying assets and liabilities are realised, including that the companies in the joint taxation under Sund & Bælt Holding A/S achieve positive taxable income. The company was responsible for the construction of the fixed link across Øresund and during the construction phase, the company realised tax losses in that the income base could only be realised when the links were ready for use. The utilisation of the company's losses carried forward extends over a period longer than five years, but since the main components of the company's property, plant and equipment have an estimated service life of 100 years, it is deemed prudent to recognise the tax value of the losses carried forward without impairment.

	2018	2017
Balance at 1 January	118.9	488.2
Deferred tax for the year	-67.1	-74.1
Adjustment of deferred tax, previous year	2.8	-1.7
Other adjustments	-23.9	-293.5
Balance at 31 December	**30.7**	**118.9**
Deferred tax relates to:		
Property, plant and equipment	-129.6	-126.5
Property, plant and equipment, Øresundsbro Konsortiet I/S	-214.0	-154.3
Reduced net financing expenses	102.4	100.8
Tax loss	271.9	298.9
Total	**30.7**	**118.9**

Differences during the year

	1 Jan 2017	Recognised in year's results 2017	31 Dec 2017	Recognised in year's result 2018	31 Dec 2018
Intangible fixed assets and property, plant and equipment	-119.6	-6.9	-126.5	-3.1	-129.6
Intangible fixed assets and property, plant and equipment, Øresundsbro Konsortiet I/S	-42.0	-112.3	-154.3	-59.7	-214.0
Reduced net financing expenses	351.9	-251.1	100.8	1.6	102.4
Tax loss	297.9	1.0	298.9	-27.0	271.9
Total	**488.2**	**-369.3**	**118.9**	**-88.2**	**30.7**

Note 14 Receivables

Trade receivables are measured at amortised cost. Trade receivables comprise amounts owed by customers. Write-downs are made to offset losses where it is deemed that an individual receivable or a portfolio of receivables is impaired. Impairment losses are determined based on historical loss experience and future expected losses.

Other receivables are measured at the current value of the amounts expected to be received and future expected losses.

There are no significant receivables due that are not impaired.

Receivables also comprise accrued interest in respect of assets, receivables in respect of affiliated companies and other receivables.

	2018	**2017**
Trade receivables and services	7.8	8.6
Members	329.9	306.8
Accrued interest financial instruments (see note 18)	290.6	239.9
Other receivables	3.5	0.9
Total at 31 December	**631.8**	**556.2**
Accrued interest:		
Interest rate swaps	275.7	224.9
Currency swaps	14.9	15.0
Accrued interest, total	**290.6**	**239.9**

Note 15 Derivatives

The fair value adjustment of financial assets and liabilities is recognised in the comprehensive income statement.

	2018		**2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps	461.8	-1,076.8	374.7	-1,241.6
Currency swaps	570.3	0.0	644.2	0.0
Forward exchange contracts	0.0	0.0	0.0	0.0
Total derivatives	**1,032.1**	**-1,076.8**	**1,018.9**	**-1,241.6**

	2018		**2017**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Gross value derivatives	1,032.1	-1,076.8	1,018.9	-1,241.6
Accrued interest	290.6	-65.5	239.9	-67.6
Gross value recognised in the balance sheet	**1,322.7**	**-1,142.3**	**1,258.8**	**-1,309.2**
Offsetting options by default [1)]	-207.9	207.9	-101.6	101.6
Collateral	-957.3	434.1	-1,129.8	289.3
Net value, total	**157.5**	**-500.3**	**27.4**	**-918.3**

1) Note: Offsetting options comprise netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall settlement amount.

Note 16 Prepayments and accrued income

Prepayments and accrued income comprise paid expenses relating to subsequent financial years

	2018	**2017**
Prepaid expenses	0.1	0.1
Total prepayments and accrued income	**0.1**	**0.1**

Note 17 Equity

The entire share capital is owned by Sund & Bælt Holding A/S, Copenhagen, which is 100 per cent owned by the Danish State. The company is recognised in the consolidated accounts for Sund & Bælt Holding A/S, which is the smallest and largest concern.

The share capital comprises 50,000 shares at a nominal value of DKK 100.

The share capital has remained unchanged since 1992.

Financial management
The Board of Directors regularly evaluates the need to adjust the capital structure, including the need for cash funds, credit facilities and equity.

On the basis of the estimated operating results for the company and for Øresundsbro Konsortiet I/S, equity is expected to be restored within a time frame of 18-19 years, calculated from end 2018. For further details, please refer to the finance section of the Management Report.

Without special notification of each individual case, the Danish State underwrites the company's other financial liabilities. Øresundsbro Konsortiet I/S' debt is underwritten jointly and severally by the Danish and Swedish states.

Note 18 Net debt

2018				**2017**			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Fair value hierarchy**	**Level 1**	**Level 2**	**Level 3**
Bonds	600.4	0.0	0.0	Bonds	488.0	0.0	0.0
Derivatives, assets	0.0	1,032.1	0.0	Derivatives, assets	0.0	1,018.9	0.0
Financial assets	**600.4**	**1,032.1**	**0.0**	**Financial assets**	**488.0**	**1,018.9**	**0.0**
Bond loans and debt	-12,771.4	-219.6	0.0	Bond loans and debt	-12,724.8	-219.5	0.0
Derivatives, liabilities	0.0	-1,076.8	0.0	Derivatives, liabilities	0.0	-1,241.6	0.0
Financial liabilities	**-12,771.4**	**-1,296.4**	**0.0**	**Financial liabilities**	**-12,724.8**	**-1,461.1**	**0.0**

2018

Net debt spread across currencies	**EUR**	**DKK**	**Other currencies**	**Net debt**
Cash at bank and in hand	0.0	0.0	0.0	0.0
Investments	599.3	0.0	0.0	599.3
Bond loans and amounts owed to credit institutions	-219.6	-12,794.2	0.0	-13,013.8
Currency and interest rate swaps, net	-2,442.3	2,397.6	0.0	-44.7
Currency exchange contracts, net	0.0	0.0	0.0	0.0
Currency options	0.0	0.0	0.0	0.0
Accrued interest, net	-61.7	243.4	0.0	181.7
Total (notes 14, 15, 18, 21)	**-2,124.3**	**-10,153.2**	**0.0**	**-12,277.5**

Other currencies comprise:	**GBP**	**JPY**	**NOK**	**SEK**	**USD**	**Total**
Cash at bank and in hand	0.0	0.0	0.0	0.0	0.0	0.0
Investments	0.0	0.0	0.0	0.0	0.0	0.0
Bond loans and amounts owed to credit institutions	0.0	0.0	0.0	0.0	0.0	0.0
Currency and interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

The above are recognised in the following accounting items

	Deriva-tives assets	**Deriva-tives liabilities**	**Total**
Interest rate swaps	461.8	-1,076.8	-615.0
Currency swaps	570.3	0.0	570.3
Forward exchange contracts	0.0	0.0	0.0
Total (note 15)	**1,032.1**	**-1,076.8**	**-44.7**

Accrued interest	**Receiv-ables**	**Other payables**	**Total**
Debt	0.0	-43.4	-43.4
Interest rate swaps	275.7	-65.5	210.2
Currency swaps	14.9	0.0	14.9
Total (note 14, 21)	**290.6**	**-108.9**	**181.7**

Net debt is DKK 10,171 million based on the nominal principal sum and there is an accumulated difference of DKK 2,107 million compared to the net debt at fair value, which reflects the difference between fair value and the contractual amount at maturity.

Recognition of financial liabilities at fair value (or in the aggregate) was not affected by changes in the company's credit rating during the year which, because of the guarantee from the Danish State, has maintained a high credit rating.

2017

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	503.4	0.0	0.0	503.4
Bond loans and amounts owed to credit institutions	-219.5	-12,838.9	0.0	-13,058.4
Currency and interest rate swaps, net	-2,528.5	2,305.8	0.0	-222.7
Currency exchange contracts, net	0.0	0.0	0.0	0.0
Accrued interest, net	-63.8	194.5	0.0	130.7
Total (notes 14, 15, 17, 22)	**-2,308.4**	**-10,338.6**	**0.0**	**-12,647.0**

Other currencies comprise:	GBP	JPY	NOK	SEK	USD	Total
Bond loans and amounts owed to credit institutions	0.0	0.0	0.0	0.0	0.0	0.0
Currency and interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

The above are recognised in the following accounting items:

	Deriva- tives assets	Deriva- tives liabilities	Total
Interest rate swaps	374.7	-1,241.6	-866.9
Currency swaps	644.2	0.0	644.2
Forward exchange contracts	0.0	0.0	0.0
Total (note 15)	**1,018.9**	**-1,241.6**	**-222.7**

Accrued interest	Receiv- ables	Other payables	Total
Debt	0.0	-41.6	-41.6
Interest rate swaps	224.9	-67.6	157.3
Currency swaps	15.0	0.0	15.0
Total (note 14, 21)	**239.9**	**-109.2**	**130.7**

Net debt is DKK 10,314 million based on the nominal principal sum and there is an accumulated difference of DKK 2,333 million compared to the net debt at fair value, where the fair value expresses the value at the balance sheet date while the nominal value is the contractual amount at maturity.

Reconciliation of changes in financial liabilities	Current debt	Non- current debt	Derivat- ives assets	Derivatives liabilities	Total
Early 2018	-1,743.9	-11,200.4	1,019.0	-1,241.8	-13,167.1
Cash flow	1,738.0	-1,544.0	-67.0	143.0	270.0
Paid interest - reversed	-3.0	-306.0	167.0	-143.0	-285.0
Amortisation	7.0	128.0	-65.0	1.0	71.0
Inflation indexation	0.0	0.0	-8.0	-12.0	-20.0
Currency adjustment	0.0	-1.0	-4.0	-3.0	-8.0
Fair value adjustment	1.0	-67.0	-37.0	206.0	103.0
Transfer beginning/end of the year	-937.0	937.0	27.0	-27.0	0.0
End 2018	**-937.9**	**-12,053.4**	**1,032.0**	**-1,076.8**	**-13,036.1**

The difference between the cash flow in the reconciliation and the cash flow statement is due to the guarantee commission to the State of approximately DKK 16 million and an income of approximately DKK 13 million relating to the change of CSA agreement.

Reconciliation of changes in financial liabilities	**Current debt**	**Non-current debt**	**Derivatives assets**	**Derivatives liabilities**	**Total**
Early 2017	-2,590.2	-10,696.8	1,231.5	-1,430.5	-13,486.0
Cash flow	2,593.9	-2,224.8	-262.4	180.1	286.8
Paid interest - reversed	-47.4	-289.5	257.3	-180.1	-259.7
Amortisation	-1.9	118.8	-47.9	0.0	69.0
Inflation indexation	0.0	0.0	-15.8	-23.1	-38.9
Currency adjustment	0.0	1.7	-1.9	-2.3	-2.5
Fair value adjustment	45.5	146.5	-155.9	228.0	264.1
Transfer beginning/end of the year	-1,743.9	1,743.9	14.0	-14.0	0.0
End 2017	**-1,744.0**	**-11,200.2**	**1,018.9**	**-1,241.9**	**-13,167.2**

The difference between the cash flow in the reconciliation above and the cash flow statement is due to the guarantee commission to the State of approximately DKK 17 million.

Note 19 Financial risk management

Financing

A/S Øresund's financial management is conducted within the framework determined by A/S Øresund's Boards of Directors and guidelines from the guarantor, the Danish Ministry of Finance/Danmarks Nationalbank.

The Board of Directors determines an overall financial policy and an annual financing strategy, which regulates borrowing and liquidity reserves for specific years and sets the framework for A/S Øresund's credit, foreign exchange, inflation and interest rate exposure. Financial risk management is also supported by operational procedures.

The overall objective is to achieve the lowest possible financing expenses for the infrastructure facilities over their useful lives with due regard for an acceptable risk level as acknowledged by the Board of Directors. A long-term perspective has been applied in the balancing of economic performance and the risks associated with financial management.

The following describes A/S Øresund's funding in 2018 as well as the key risks.

Funding

All loans and other financial instruments employed by A/S Øresund are underwritten by the Danish State. In general, this means that A/S Øresund can achieve capital market terms equivalent to those available to the State, even if A/S Øresund does not have an explicit rating from the international credit rating agencies.

The adopted financial strategy seeks to maximise funding flexibility in order to take advantage of developments in the capital markets. However, all loan types must adhere to certain criteria partly because of the demands from the guarantor and partly because of internal guidelines set out in A/S Øresund's financial policy. In general, A/S Øresund's loan transactions should consist of common and standardised loan constructions that, as far as possible, limit the credit risk. The loan transactions do not contain any special terms that require disclosure with reference to IFRS 7.

In certain cases, lending itself can profitably occur in currencies in which A/S Øresund cannot expose itself to currency risks (see below). In such cases, the loans are translated through currency swaps into acceptable currencies. Thus, there is no direct link between the original loan currencies and A/S Øresund's currency risk.

A/S Øresund has also established a standardised MTN (Medium Term Note) loan programme in the European bond market with a maximum borrowing limit of USD 1 billion of which USD 37 million has been utilised. Thus, an available credit limit of USD 963 million remains.

Since 2002, the company has had access to on-lending, which is a direct loan from Danmarks Nationalbank on behalf of the State to the company based on a specific government bond, and subject to the same conditions under which the bond is traded in the market.

In 2018, funding requirements were mainly covered by on-lending from Danmarks Nationalbank, which was a particularly attractive source of funding. A/S Øresund raised on-lending to a nominal value of DKK 1.8 billion.

The extent of A/S Øresund's funding in any individual year is largely decided by the size of the repayments on the existing debt (refinancing) and the impact from operations. In 2019, such refinancing will amount to approx. DKK 0.9 billion and the expected net borrowing requirements will be around DKK 1.3 billion. This is beyond what is needed for the financing of any extraordinary repurchase of existing loans and the debt issued to cover collateral demands.

The company has the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption with the objective of reducing the risk of borrowing at times when the general loan terms in the capital markets are temporarily unattractive.

Financial risk exposure

A/S Øresund is exposed to financial risks inherent in the funding of the infrastructures and linked to financial management as well as operational decisions, including bond issuance and loans from credit institutions, the use of derivatives and deposit of liquid funds for liquidity reserve, receivables from customers and trade payables.

Risks relating to these financial risk exposures primarily comprise:

- Currency risks
- Interest rate risks
- Inflation risks
- Credit risks
- Liquidity risks

Financial risks are identified, monitored and controlled within the framework approved by the Board of Directors as determined in A/S Øresund's financial policy and strategy, operational procedures and in accordance with the guidelines from the Danish Ministry of Finance/Danmarks Nationalbank, which has issued guarantees for A/S Øresund's liabilities.

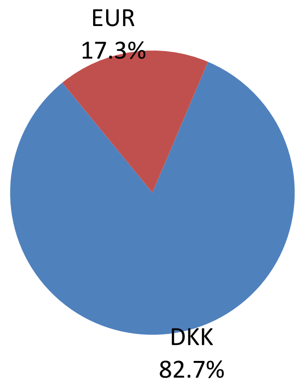
Currency risks

The company's exposure to currency risks primarily relates to the part of the net debt denominated in currencies other than the base currency (DKK). Financial derivatives and liquid funds are included in the disclosure of the currency risk measured at fair value.

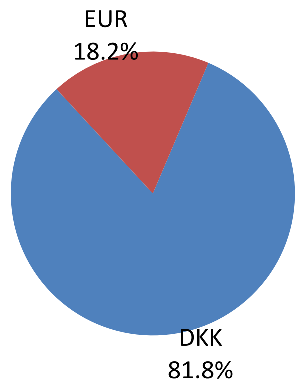
Currency exposure at fair value in DKK million 2018 and 2017

Currency	Fair value 2018	Currency	Fair value 2017
DKK	-10,153	DKK	-10,339
EUR	-2,125	EUR	-2,308
Total 2018	**-12,278**	**Total 2017**	**-12,647**

2018



2017



The Danish Ministry of Finance has stipulated that the company may have currency exposures to DKK and EUR. The company's currency risks are managed within the limits of the composition of the currency allocation and can be distributed with no constraint between DKK and EUR.

Based on the stable Danish fixed exchange rate policy and the relatively narrow fluctuation band vis-a-vis EUR +/- 2.25 per cent in the ERM2 agreement, exposure to EUR is not considered to represent any substantial risk. The currency distribution between DKK and EUR will, over the coming years, depend on the exchange rate and interest rate relationship between the two currencies.

The proportion of other currencies comprise AUD, JPY, NOK, SEK and USD and are attributed to the hedging of bond loans in these currencies where premium/discounts in the currency swap result in an exposure based on market-to-market values although the cash flows are completely hedged.

Foreign exchange sensitivity for A/S Øresund amounted to DKK 10 million in 2018 (DKK 10 million in 2017) calculated as Value-at-Risk.

Value-at-Risk for foreign exchange sensitivity risk expresses the maximum loss as a result of an unfavourable development in the exchange rate within one year, with a 95 per cent probability. Value-at-Risk has been calculated based on historical volatility and correlations within one year in the currencies that pose a risk.

Interest rate and inflation risks

A/S Øresund's financing expenses are exposed to interest rate risks because of the ongoing funding for the refinancing of debts maturing, refixing of interest rates on floating rate debt and deposit of liquidity from operations and investments. The uncertainty arises as a consequence of fluctuations in market interest rates.

A/S Øresund's interest rate risk is actively managed within several lines and limits, and the combination of these limits the interest rate risk on the net debt.

For A/S Øresund, the following framework for 2018 was applied in the interest rate risk management:

- Interest rate refixing risk may not exceed 40 per cent of the net debt
- Duration target on net debt is 9.0 years (variation limit: 8.0-10.0 years)
- Limits for interest rate exposure with fluctuation bands.

The company's interest rate risk is actively managed through the use of interest rate and currency swaps and other derivatives.

Floating rate debt or debt with a short remaining maturity imply that the loan must have the interest rate reset at market interest rates within a given time frame, which typically involves higher risks than fixed rate debts with long maturity when fluctuations in the current interest expenses form the basis of the risk management.

By contrast, financing expenses are usually a rising function of the maturity, and the choice of debt allocation is thus a question of balancing financing expenses and risk tolerance.

The debt allocation between fixed and floating rate nominal debt and real rate debt in conjunction with the maturity profile (maturity on the fixed rate debt) and the currency distribution comprise the uncertainty on the financing expenses.

Besides representing an isolated balancing of financing expenses and interest refixing risk on the net debt, the company's risk profile is also affected by linkages to the operations. This means that a balancing of risk occurs across assets and liabilities with the aim of achieving a lower risk by combining debt distribution so that there is a positive correlation between operating revenue and financing expenses. This relationship was evident in the downturn that followed the financial crisis, when a sluggish trend in traffic revenues was offset by lower financing expenses.

Typically, floating rate debt and real rate debt have a positive correlation with general economic growth because monetary policy will often seek to balance the economic cycle by hiking interest rates when economic growth and inflation are high – and vice versa.

The economic relationship between operating revenue and financing expenses justifies a relatively large proportion of floating rate debt. Developments in road traffic revenue, which is the primary income source, are particularly dependent on economic conditions and low economic growth typically entails low traffic growth, and thus a less favourable development in revenue. This revenue risk can, to a certain extent, be offset by a high proportion of floating rate debt in that adverse economic trends normally lead to lower interest rates, notably at the short end of the maturity spectrum.

Fixed rate debt may, on the other hand, serve as a hedge against stagflation, with low growth and high inflation, which cannot be passed on to the tolls for crossing the bridge.

Furthermore, the company has a strategic interest in real rate debt where the financing expenses comprise a fixed real rate plus indexation dependent upon general inflation. The reason is that operating income, by and large, can be expected to follow inflation developments as both road tolls and rail revenue are normally indexed. Real rate debt, therefore, represents a very low risk and functions as a hedge of operating revenue and the company's long-term project risk.

Based on the overall financial management objective - to attain the lowest possible financing expenses within a risk level approved by the Board of Directors – the company has established a strategic benchmark for the debt portfolio's interest rate allocation and the nominal duration.

This benchmark serves as an overall guideline and a financial framework for the debt management and implies that the company targets a real rate debt allocation of 25-45 per cent and for 2018, the duration on the nominal debt was set at 9.0 years for A/S Øresund. The calculation of the duration will be assessed without discounting.

Maximum variation limits for the interest rate allocation and duration target are established.

The basis for determining the strategic benchmark in the debt management is economic model simulations that estimate the outcome and expected earnings development of the company's assets and liabilities on a large number of relevant portfolio combinations with different interest rate allocations and maturity profiles and consists of a balancing of financing expenses with revenue risk.

Besides the above-mentioned strategic elements, the interest rate risk is also managed on the basis of the expectations for short-term interest rate developments and an isolated balancing of financing expenses and interest rate refixing risk on the nominal debt.

For A/S Øresund, the target for the duration on the nominal debt was 9.0 years in 2018 and the actual duration was between 8.9 years and 9.5 years and was largely balanced in relation to the benchmark. In the period following the receipt of dividend, the duration was higher due to the debt reduction.

For A/S Øresund, the duration on the strategic benchmark for 2019 is maintained at 9.0 years and the target for the real rate debt ratio is unchanged.

Long-term interest rates were rather volatile in 2018, and after beginning the year with interest rate rises, interest rates fell back over the summer and took another fall in Q4.

A/S Øresund is exposed to interest rates in DKK and EUR, and here interest rates on the long maturities fell by 0.10 percentage points overall over the year. Seen in isolation, interest rate developments produced a small fair value loss, which, however, was offset by the effect of the general maturity shortening, so that, in 2018, there was an unrealised fair value gain of DKK 113 million from fair value adjustments in 2018.

The management of the interest rate risk aims at attaining the lowest possible longer-term financing expenses with no specific regard for the annual fluctuations in the fair value adjustment. The fair value adjustment has, however, no impact on the company's economy, including the repayment period.

The yield exposure on the net debt is based on the nominal value (the notional) split in time buckets at the earliest of the time to maturity or the time to the next interest rate refixing. Thus, the floating rate debt is included in the next financial year and shows the cash flow exposure to the interest refixing risk.

The company uses derivatives to adjust the allocation between floating and fixed rate nominal debt and real rate debt, including, primarily, interest rate and currency swaps, FRAs and interest rate guarantees.

Yield exposure disclosed in nominal notional amounts 2018

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Investments	597	0	0	0	0	0	597	600
Bond loans and other loans	-1,124	-1,150	-650	0	-1,700	-5,922	-10,546	-13,034
Interest rate and currency	-2,295	1,150	0	-373	1,700	-381	-199	180
Forward exchange	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Cash at bank	-24	0	0	0	0	0	-24	-24
Net debt	**-2,846**	**0**	**-650**	**-373**	**0**	**-6,303**	**-10,172**	**-12,278**
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,563	-4,563	-5,387
Real rate instruments total	**0**	**0**	**0**	**0**	**0**	**-4,563**	**-4,563**	**-5,387**

Yield exposure > 5 years is allocated as follows (DKK million):

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-762	-635	-2,917	-1,989
Of which real rate instruments	-1,419	-1,934	-693	-517

Yield exposure disclosed in nominal notional amounts 2017

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Investments	298	186	0	0	0	0	484	488
Bond loans and other loans	-1,953	-900	-500	-650	0	-6,522	-10,525	-12,986
Interest rate and currency	-632	79	500	0	-372	252	-173	-50
Forward exchange	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Cash at bank	-99	0	0	0	0	0	-99	-99
Net debt	**-2,386**	**-635**	**0**	**-650**	**-372**	**-6,270**	**-10,313**	**-12,647**
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,533	-4,533	-5,480
Real rate instruments total	**0**	**0**	**0**	**0**	**0**	**-4,533**	**-4,533**	**-5,480**

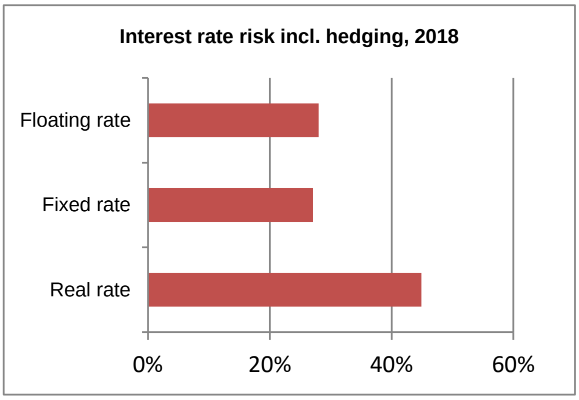
Yield exposure > 5 years is allocated as follows (DKK million):

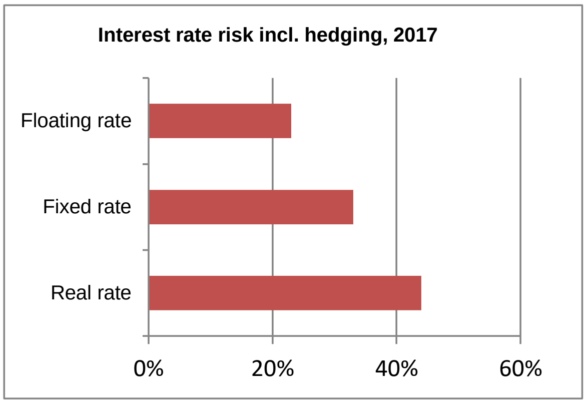
Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-762	-621	-2,904	-1,983
Of which real rate instruments	-1,415	-1,919	-687	-512

The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 10, 15 and 20-year yield segment.

Interest rate allocation

2018	Interest rate allocation in per cent	2017
28.0	Floating rate	23.0
27.1	Fixed rate	33.0
44.9	Real rate	44.0
100.0	**Total**	**100.0**





The yield exposure is distributed with an allocation of 111.4 per cent to interest rates in DKK and -11.4 per cent in EUR. As regards real rate debt, this is exposed to the Danish Consumer Price Index (CPI).

The financing expenses' sensitivity to an interest rate or inflation rate change of 1 percentage point can be estimated at DKK 30 million for a symmetrical interest rate change and for inflation, a rise will increase financing expenses by DKK 46 million. A fall in inflation will result in savings of DKK 43 million. There is no optionality in the hedging of the variable interest rate while for inflation, there is a sold "floor" on the inflation indexation (notional EUR 190 million).

When interest rates change, this affects the market value (fair value) of the net debt and, in this respect, the impact and risk are greater on fixed rate debt with long maturities. This is primarily owing to the discounting effect and offsets the alternative cost or gain relating to fixed rate debt obligations in comparison to financing at current market interest rates.

The duration denotes the average remaining maturity on the net debt. A long duration implies a low interest rate refixing risk since a relatively small proportion of the net debt needs to be reset to the current interest rate.

The duration also expresses the interest rate sensitivity on the net debt stated at market value.

2018 Duration (years)	**BPV**	**Fair value**		**2017 Duration (years)**	**BVP**	**Fair value**
7.8	5.4	-7,260	Nominal debt	7.9	5.6	-7,167
11.4	6.1	-5,387	Real interest debt	12.2	6.7	-5,480
9.7	11.5	-12,647	Net debt	9.7	12.3	-12,647

Basis point value (BPV) expresses the rate sensitivity to a parallel shift in the yield curve of 1 bp.

A/S Øresund's duration totalled 9.7 years at the end of 2018 of which 7.8 years relate to the nominal debt and 11.4 years to the real rate debt. Interest rate sensitivity can be calculated at DKK 11.5 million, when the yield curve is shifted in parallel by 1bp. This will imply a positive fair value adjustment in the income statement and balance sheet when interest rates rise by 1bp, and vice versa.

The fair value adjustment's sensitivity to an interest rate change of 1 percentage point can be calculated as a fair value loss of DKK 1,296 million (2017: DKK 1,393 million) with an interest rate fall and a fair value gain of DKK 1,095 million (2017: DKK 1,172 million) with an interest rate rise.

The calculated sensitivity to interest rate changes on the fair value adjustment takes account of the convexity of the debt portfolio.

The sensitivity calculations have been made on the basis of the net debt on the balance sheet date, and the impact is similar in result and balance sheet as a result of the accounting policies where financial assets and liabilities are recognised at fair value.

Credit risks
Credit risks are defined as the risk of losses arising as a result of a counterparty not meeting its payment obligations. Credit risks arise in connection with the deposit of excess liquidity, amount receivables from derivative transactions and trade receivables.

The credit policy for the deposit of excess liquidity has continuously been tightened with increased requirements for rating, credit limits and maximum duration.

The company has, to the greatest possible extent, limited excess liquidity and has only had deposits in banks with high credit ratings or invested liquidity in German government bonds for pledging of collateral. There have been no incidents of overdue payments as a result of credit events.

The company's derivative transactions are regulated by an ISDA master agreement with each counterparty, and it is explicitly set out that netting of positive and negative balances will apply.

The credit risk on financial counterparties is managed and monitored on a daily basis through a specific line and limit system which has been approved by the Board of Directors in respect of the company's financial policy and determines the principles for calculating these risks and limits for acceptable credit exposures. The allocation of limits for acceptable credit exposures is determined on the basis of the counterparty's long-term rating by either Standard and Poor's (S&P), Moody's Investor Service (Moody's) or Fitch Ratings.

The credit risk is limited to the greatest possible extent by diversifying the counterparty exposure and reducing the risk exposure to individual counterparties. The financial counterparties must adhere to high standards for credit quality and agreements are only entered into with counterparties that have a long-term rating above A3/A-. The rating requirement can be eased to BBB/Baa2, provided that the counterparty is resident in a country with an AA/Aa2 rating and that a number of strict collateral requirements are met.

The company has entered into collateral agreements (CSA agreements) with the majority of the financial counterparties and since 2005 has only entered into derivative contracts that are regulated by such agreements. The CSA agreements are two-way and imply that both the company and the counterparty must pledge collateral in the form of government bonds or mortgage bonds with high credit quality when the balance is in favour of one of the parties. The parties have title of right to the collateral with mandatory return of income and securities in the absence of bankruptcy.

Credit exposure is effectively limited by low threshold values for unhedged receivables and greater collateral is required for counterparties with lower credit quality, i.e. with a requirement for supplementary collateral for lower ratings.

The bonds, provided as collateral, must have a minimum rating of Aa3/AA-.

The company is not covered by EMIR's central clearing obligation for derivative transactions.

The IFRS accounting standard stipulates that the credit risk is calculated gross excluding netting (the offsetting of positive and negative balances for each counterparty), even though such agreements exist. Net exposure is given as additional information and constitutes a better measure of the company's actual credit risk.

Credit risks on financial assets recognised at fair value distributed on credit quality 2018

Total counterparty exposure (market value)

Rating	Deposits	Deriva-tives without netting	Deriva-tives with netting	Collateral	Number of counter-parties
AAA	600	0	0	0	1
AA	0	253	5	0	2
A	0	1,062	989	957	4
BBB	0	0	0	0	1
Total	**600**	**1,315**	**994**	**957**	**8**

Credit risks on financial assets recognised at fair value distributed on credit quality 2017

Total counterparty exposure (market value)

Rating	Deposits	Deriva-tives without netting	Deriva-tives with netting	Collateral	Number of counter-parties
AAA	488	0	0	0	1
AA	0	120	84	87	3
A	0	1,092	970	1,042	3
BBB	0	0	0	0	1
Total	**488**	**1,212**	**1,054**	**1,129**	**8**

A/S Øresund has 8 financial counterparties, including Germany as bond issuer, while the business volume with the remaining 7 counterparties is related to derivative transactions of which all counterparties are covered by collateral agreements.

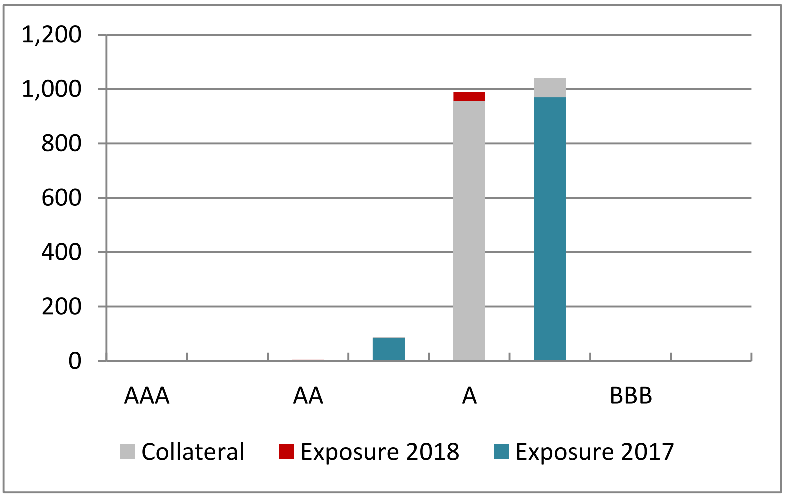
The credit exposure is primarily concentrated in the A rating category and largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 994 million and collateral amounts to DKK 957 million. There is no exposure to counterparties without collateral.

A/S Øresund has pledged collateral for DKK 434 million to hedge outstanding exposure from derivative transactions in favour of four counterparties.

The amounts related to credit risks and collateral are stated at market value at the balance sheet date.

Distribution of counterparty exposure on rating categories 2018 and 2017



Liquidity risk
Liquidity risk is the risk of losses arising if A/S Øresund has difficulties meeting its financial liabilities, both in terms of debt and derivatives.

The guarantee provided by the Danish state, and the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption imply a limited liquidity risk for A/S Øresund. In order to avoid substantial fluctuations in the refinancing for individual years, the objective is for the principal repayments to be evenly dispersed. Unexpected cash outflow can arise from demands for collateral as a result of market value changes on derivative transactions.

Maturity on debt as well as liabilities and receivables from financial derivatives 2018

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-900	-1,150	-650	0	-1,700	-6,146	-10,546
Derivative liabilities	0	0	0	0	0	-1,611	-1,611
Derivative receivables	0	0	0	0	0	1,412	1,412
Assets	598	0	0	0	0	0	598
Total	**-302**	**-1,150**	**-650**	**0**	**-1,700**	**-6,345**	**-10,147**
Interest payments							
Debt	-320	-283	-281	-262	-263	-1,373	-2,782
Derivative liabilities	-106	-89	-83	-80	-81	-335	-774
Derivative receivables	151	121	107	99	99	603	1,180
Total	**-275**	**-251**	**-257**	**-243**	**-245**	**-1,105**	**-2,376**

Maturity on debt as well as liabilities and receivables from financial derivatives 2017

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-1,730	-900	-500	-650	0	-6,745	-10,525
Derivative liabilities	0	0	0	0	0	-1,586	-1,586
Derivative receivables	0	0	0	0	0	1,413	1,413
Assets	298	186	0	0	0	0	484
Total	**-1,432**	**-714**	**-500**	**-650**	**0**	**-6,918**	**-10,214**
Interest payments							
Debt	-306	-301	-266	-265	-247	-1,624	-3,009
Derivative liabilities	-120	-112	-96	-101	-105	-414	-948
Derivative receivables	122	119	99	99	99	548	1,086
Total	**-304**	**-294**	**-263**	**-267**	**-253**	**-1,490**	**-2,871**

Debt, derivative liabilities and receivables, as well as financial assets, are recognised in the liquidity projection and repayments and principal amounts are entered at the earliest due date. Interest payments are recognised at agreed terms and implicit forward interest rates and inflation form the basis for the variable interest payments and inflation indexation. Repayments, principal amounts and interest payments are disclosed for the net debt and neither refinancing nor cash flows from operating activities is included, c.f. IFRS 7.

Note 20 Profitability

The investment in the Øresund fixed link's landworks will be repaid in part through payment from Banedanmark for use of the Øresund railway line and in part through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent. In the long-term profitability calculations, the repayment period is calculated with a real interest rate of 3.0 per cent on the part of the debt that is not hedged whereas the interest hedged debt is included with the agreed interest rate terms.

As a consequence of the Finance Act of 2016, the railway payment will be reduced on a gradual basis until 2024 and will be reduced by DKK 200 million (in 2016 prices) when fully phased in. Moreover, this also means that A/S Øresund is required to cover the railway payment for Øresundsbro Konsortiet I/S, which has hitherto been financed by the State.

As a result of the joint taxation with the Group's other companies, A/S Øresund obtains a cash flow benefit. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings to A/S Øresund. A/S Øresund can thus forward the use of its tax loss over time.

The repayment period for A/S Øresund is now calculated at 45 years, which is an improvement of five years compared to last year and is ascribed to the adoption of the new dividend policy. Øresundsbro Konsortiet I/S has brought forward dividend payments.

A/S Øresund is sensitive to changes in the finances of the two above-mentioned companies.

Note 21 Trade and other payables

	2018	**2017**
Trade payables	21.2	15.9
Members	0.2	38.1
Debt, Øresundsbro Konsortiet I/S	0.0	0.0
Commission payable	17.0	17.0
Accrued interest financial instruments (see note 18)	108.9	109.2
Other payables	3.3	4.5
Total	**150.6**	**184.7**
Accrued interest		
Loans	43.4	41.6
Interest rate swaps	65.5	67.6
Total	**108.9**	**109.2**

Note 22 Contractual obligations, contingent liabilities and collateral

The company's contractual obligations comprise operating and maintenance contracts with expiry dates up to 2020 at an overall balance of DKK 6.2 million (DKK 9.9 million in 2017). At year end, work under contracts amounted to DKK 67.2 million (DKK 42.6 million in 2017).

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

A/S Øresund has entered into two-way collateral agreements (CSA agreements) with a number of financial counterparties and is required to pledge collateral in the form of government bonds for outstanding exposure from derivative contracts in the counterparties' favour. A/S Øresund has currently pledged collateral for DKK 434 million to hedge outstanding exposure from derivative transactions in favour of four counterparties.

The company is part of a Danish joint taxation agreement with Sund & Bælt Holding A/S as the administering company. According to corporate tax legislation, the company is jointly and severally liable, from and including 2013, with the other jointly taxed companies for corporation tax.

Otherwise, the company has not pledged any collateral.

Note 23 Related parties

Related parties comprise the Danish State, companies and institutions owned by it. Transactions relating to the company's senior executives are stated in Note 6.

Related party	Registered office	Affiliation	Transactions	Pricing
The Danish State	Copenhagen	100 per cent ownership via Sund & Bælt Holding A/S	Guarantee for the company's debt. Guarantee commission	Determined by law. Accounts for 0.15 per cent of nominal debt
Sund & Bælt Holding A/S	Copenhagen	100 per cent ownership of A/S Øresund	Management of operational tasks Joint taxation contribution	Market price
A/S Storebælt	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
Sund & Bælt Partner A/S	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
A/S Femern Landanlæg	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
Femern A/S	Copenhagen	Subsidiary of A/S Femern Landanlæg	-	Market price
BroBizz A/S	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	-	Market price
BroBizz Operatør A/S	Copenhagen	Subsidiary of BroBizz A/S	-	Marketprice
Øresundsbro Konsortiet I/S	Copenhagen/Malmø	50 per cent owned company	Purchase of financial management	Market price
Banedanmark	Copenhagen	Owned by the Danish State	Payment for use of rail link	Determined by the Minister of Transport, Building and Housing
Danish Road Directorate	Copenhagen	Transport, Building and Housing Ministry	Maintenance tasks	Market price

Related party	Description	Amount 2018	Amount 2017	Balance at 31 Dec 2018	Balance at 31 Dec 2017
The Danish State	Guarantee commission	-16.2	-16.9	-16.2	-16.9
Sund & Bælt Holding A/S	Management of subsidiary's operational tasks	-23.6	-23.4	-2.9	-3.6
	Joint taxation contribution	53.7	-34.4	53.7	-34.4
A/S Storebælt	Analysis	-0.5	-0.9	-0.4	-0.2
	Maintenance tasks	0.3	0.0	0.2	0.0
Øresundsbro Konsortiet I/S	Treasury management	-1.8	-1.4	0.0	0.0
Banedanmark	Payments for use of rail links etc.	61.1	79.5	6.7	8.3
	Maintenance tasks	-2.5	-2.8	-2.5	-1.6
The Danish Road Directorate	Maintenance tasks	-1.8	-1.8	-0.2	-0.4

Note 24 Events after the balance sheet date

No events occurred after the balance sheet date that are of significance to the Annual Report for 2018.

Note 25 Approval of the Annual Report for publication

At the meeting of the Board of Directors on 27 March 2019, the Board of Directors approved the Annual Report for publication.
The Annual Report will be presented to the shareholders of A/S Øresund for approval at the Annual General Meeting on 26 April 2019.

Statement by the Board of Directors and Management Board

The Board of Directors and Management Board have today considered and approved the annual report for the financial year 1 January – 31 December 2018 for A/S Øresund.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of issuers of listed bonds.

It is our view that the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018, as well as the results of the company's activities and cash flow for the financial year 1 January – 31 December 2018.

It is also our view that the Management Report gives a true and fair view of developments in the company's activities and financial conditions, the annual results and the company's overall financial position and a description of the significant risks and uncertainty factors to which the company is exposed.

It is recommended that the annual report be approved at the Annual General Meeting.

Copenhagen, 27 March 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

Independent auditor's report

To the shareholder of A/S Øresund

Our opinion
In our opinion, the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our conclusion is consistent with our audit report to the Audit Committee and the Board of Directors.

What we have audited
A/S Øresund's Financial Statements for the financial year 1 January to 31 December 2018 comprise the income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including summary of significant accounting policies ("financial statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence
We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5 (1) of Regulation (EU) No 537/2014 have been carried out.

Election
We were first appointed auditors for A/S Øresund on 26 April 2016 for the financial year 2016. We are re-elected annually by an Annual General Meeting resolution for a continuous period of three years, up to and including the financial year 2018.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of loans and derivative financial instruments for fair value A/S Øresund has raised loans in international capital markets to finance the Øresund Fixed Link. A/S Øresund complies with certain regulations governing these loans, such as the State owner's guidelines for the issuing of loans and derivatives as well as the company's own internal guidelines. These regulations govern which loans and derivatives the company may use. A/S Øresund uses the so-called fair value option, which means that all loans and financial instruments are measured at fair value. The unrealised fair value adjustments are recognised in the income statement and can represent a significant amount. However, this impact on profit has no effect on cash flow and the loans' long-term repayment period. The valuation models for fair value are complex and are primarily	We evaluated and tested the design and operational effectiveness of the relevant internal controls for obtaining market data that form the basis for calculating fair values and tested the established controls to ensure appropriate recognised valuation models. We checked loans and derivative financial instruments for underlying agreements on a random basis. For derivative financial instruments, we examined controls for comparison of the applied fair values with fair values provided by external parties. We recalculated the fair value of loans and derivative financial instruments using alternative models as a random test.

based on objective data, but it can happen that A/S Øresund uses alternative recognised valuation models if this gives a more accurate valuation. We focused on the valuation of loans and derivative financial instruments since the management makes significant estimates from limited observable data as a basis for valuation. See notes 15, 18 and 19.	

Statement on the Management Report
The Management is responsible for the Management's Report.

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

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

Moreover, we considered whether the Management Report includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, the Management Report is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management Report.

Management responsibility for the financial statements
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 unless Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 27 March 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Christian Fredensborg Jakobsen
State-authorised Public Accountant
mne16539

Jens Otto Damgaard
State-authorised Public Accountant
mne9231

Board of Directors and Management Board

Board of Directors

Peter Frederiksen, Chairman (Born: 1963)
Director

Chairman since 2016
Joined the Board of Directors in 2016
Election period expires 2020
Areas of expertise: Many years' experience in senior management positions within transport and logistics companies in the private sector, including A. P. Møller-Mærsk. Has particular expertise in management, strategy and analysis.

Board member of
- Sund & Bælt Holding A/S (Chairman)
- A/S Storebælt (Chairman)
- A/S Øresund (Chairman)
- Femern A/S (Chairman)
- A/S Femern Landanlæg (Chairman)
- Øresundsbro Konsortiet I/S (Chairman)
- A/S United Shipping & Trading Company
- Bunker Holding A/S
- Uni-Tankers A/S

Jørn Tolstrup Rohde, Vice-Chairman (born: 1961)
Director
Vice-Chairman since 2017
Joined the Board of Directors in 2017
Election period expires in 2019
Areas of expertise: Many years' experience in senior management positions within international production and logistical companies in the private sector food industry, including Carlsberg A/S. Has particular expertise within management, strategy, finance, marketing and NGOs.

Board member of
- 3C Groups A/S (Chairman)
- Blue Ocean Robotics A/S (Chairman)
- Alfred Pedersen & Søn A/S (Chairman)
- Sund & Bælt Holding A/S (Vice-Chairman)
- A/S Storebælt (Vice-Chairman)
- A/S Øresund (Vice-Chairman)
- Femern A/S (Vice-Chairman)
- A/S Femern Landanlæg (Vice-Chairman)
- Øresundsbro Konsortiet I/S
- Løgimose Meyers A/S
- Dinex A/S

Walter Christophersen (Born 1951)
Independent businessman

Joined the Board of Directors in 2011
Election period expires in 2019
Areas of expertise: Many years' experience from the private sector and politics. Has particular expertise within business, traffic and societal issues.

Board member of:
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg

Claus Jensen (Born: 1964)
Union President, the Danish Metal Workers' Union

Joined the Board of Directors in 2014
Election period expires in 2019
Areas of expertise: Management experience gained through various managerial positions at the Danish Metal Workers' Union. In-depth social and international understanding, thorough knowledge of labour market conditions and the collective bargaining system, strong negotiation skills, experience of management systems, staffing and organisational issues, in-depth knowledge of budgeting, accounting, insurance and pensions

Board member of
- CO-industri (Chairman)
- EUROPA Think Tank
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg
- Øresundsbro Konsortiet I/S
- Danish Confederation of Trade Unions, LO
- European Workers Participation Fund, EWPF
- IndustriALL – European Trade Union (Vice-Chairman)
- IndustriALL - Global
- Industrianställda i Norden, IN (Chairman)
- A/S A-Pressen
- Danish Academy of Technical Sciences, ATV
- The Economic Council of the Labour Movement, AE
- Arbejderbevægelsens Kooperative Finansieringsfond, AKF
- Arbejdernes Landsbank
- Arbejdsmarkeds Tillægspension, ATP
- CPH Vækstkomité
- Danmarks Nationalbank
- The Danish Growth Council
- Det Blå Danmark
- The Danish Economic Council
- Disruptionsrådet
- Folk & Sikkerhed
- Fonden Peder Skram
- Industriens Kompetenceudviklingsfond, IKUF
- Industriens Pensionsforsikring A/S
- Industriens Pension Service A/S
- Industriens Uddannelse- og Samarbejdsfond, IUS
- IndustriPension Holding A/S
- InnovationsFonden
- Interforcekomitéen
- LINDØ port of ODENSE A/S
- Markedsmodningsfonden
- Innovationsfonden

- Olympisk Idrætsforum
- Young Enterprise/Fonden for Entreprenørskab
- Labour Court (Deputy Judge)
- Produktionsskolerne (Ambassador)
- Foreningen Norden (Ambassador)
- TeknologipagtRådet
- Danmarks Erhvervsfremmebestyrelse

Ruth Schade (Born: 1951)
Group Director

Joined the Board of Directors in 2016
Election period expires in 2020
Areas of expertise: Director of the Harboe Group with responsibility for business strategy, finance and corporate and contractual matters as well as investor relations.

Board member of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Maj Invest Holding A/S
- Fondsmæglerselskabet Maj Invest A/S
- May Invest Equity A/S
- Harboe Ejendomme A/S
- Skælskør Bryghus A/S
- Vejrmøllegård ApS
- Buskysminde A/S
- Lundegård A/S
- Rugbjerggård A/S
- Keldernæs A/S
- Visbjerggården A/S
- Danfrugt Skælskør A/S

Lene Lange (Born 1973)
Executive Vice President, Skamol A/S

Joined the Board of Directors in 2016
Election period expires in 2020
Areas of expertise: Legal advice and project management in public-private partnerships, infrastructure projects, production and processing systems and development and supply contracts. On 1 January 2019, took up the position as Executive Vice President at Skamol A/S with responsibility for organisational development and HR. Management experience from position as VP Legal and Human Resources at Terma A/S, Director at Delacour Law Firm and Head of Department at DLA Piper Law Firm (formerly LETT Law Firm).

Board member of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Compositelligence ApS
- PatentCo ApS
- The independent institution Aarhus Jazz Orchestra

Management Board

Mikkel Hemmingsen
CEO

CEO of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg

Board member of
- BroBizz A/S (Chairman)
- BroBizz Operatør A/S (Chairman)
- Sund & Bælt Partner A/S (Chairman)
- Femern A/S
- Øresundsbro Konsortiet I/S

Financial glossary

Swaps
The exchange of payments between two counterparties – typically a company and a bank. A company may, for example, raise a fixed interest loan and subsequently enter a swap with the bank by which the company receives fixed interest corresponding to the interest on the loan and pays variable interest +/- a premium. The company's net obligation will be the payment of the variable interest +/- the premium. Such transactions are called swaps. In a currency swap, payments in two different currencies are exchanged. Interest rate and currency swaps may also be combined.

Denominated
... issued in ... A bond can be issued (denominated) in EUR, but carry interest related to an amount in DKK.

Interest-bearing net debt
The interest-bearing net debt comprises financial assets and liabilities measured at amortised cost, excluding interest due and receivable under accruals and deferred income.

Fair value
Fair value is the accounting term for market value and expresses current purchase and selling rates on financial assets and liabilities. Changes in the fair value can be primarily attributed to developments in the level of interest rate, exchange rates and inflation.

Fair value adjustment
An accounting principle in financial reporting requiring the value of assets/liabilities to be determined at their market value (fair value) - i.e. the value at which an asset could be sold, or a liability settled in the market. In the period between the raising and repayment of loans the fair value will change as interest rates change.

AAA or AA rating
International credit rating agencies rate companies according to their creditworthiness. Companies are usually rated with a short and a long rating that expresses the company's ability to settle its liabilities in the short-term and the long-term respectively. The rating follows a scale, with AAA being the best rating, AA the second best etc. The Danish State, which guarantees the liabilities of the Storebælt fixed link and the Øresund fixed link, has the highest credit rating: AAA. The largest credit rating agencies are Moody's and Standard & Poor's.

Real rate
The nominal interest rate minus inflation.