
A/S Storebælt

Interim report

for the period 1 January – 31 March 2019

The interim report comprises:

A/S Storebælt, CVR no. 10634970

SUMMARY

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

- Road revenue: DKK 636 million (DKK 624 million). Compared to 2018, road revenue from the Storebælt fixed link increased by 2 per cent. Traffic growth also amounted to 2 per cent compared to 2018.
- Revenue from the railway: DKK 77 million (DKK 80 million). The number of passages is largely unchanged.
- The decline in other income relates to the sale of Sprogø Offshore Wind Farm in 2018 where the sale of electricity totalled DKK 4 million for the same period last year.
- Operating expenses: DKK 81 million (DKK 83 million).
- Depreciation: DKK 132 million (DKK 132 million).
- EBIT: DKK 510 million (DKK 500 million).
- Interest expenses: DKK 11 million (interest income DKK 18 million).
- The result before value adjustments and tax is a profit of DKK 499 million (profit DKK 518 million).
- Value adjustments amount to an expense of DKK 161 million (income DKK 100 million). Fair value adjustments are an accounting item with no effect on the company's debt repayment because the debt is repaid at nominal value.
- Tax amounts to an expense of DKK 75 million (expense DKK 136 million). Changes in relation to the same period in 2018 are solely related to changes in the results.
- The result after tax is a profit of DKK 264 million (profit DKK 482 million)

Cash flow

- Cash flow from operating and investing activities (free cash flow) has resulted in an improvement in liquidity of DKK 352 million. Cash flow from financing activities has resulted in a reduction in liquidity of DKK 478 million whereby A/S Storebælt's cash at bank and in hand for the period was reduced by DKK 126 million.

Outlook for 2019

- The outlook for the result before financial value adjustments and tax is unchanged at a profit of approximately DKK 2,000 million.

COMPREHENSIVE INCOME STATEMENT

(DKK million)	1 January - 31 March 2019	1 January - 31 March 2018	2018
Revenue - road	636.3	623.7	2,872.6
Revenue - railway	77.2	80.4	305.0
Other income	8.8	11.7	105.0
Total income	722.3	715.8	3,282.6
Operating expenses	-80.8	-83.0	-370.0
Depreciation	-131.5	-132.4	-528.2
EBIT	510.0	500.4	2,384.4
Interest expenses	-10.7	17.5	-267.7
Profit before value adjustment	499.3	517.9	2,116.7
Value adjustments	-160.8	100.1	90.7
Profit before tax	338.5	618.0	2,207.4
Tax	-74.5	-135.9	-485.7
Profit after tax	264.0	482.1	1,721.7

ASSETS

(DKK million)	31 March 2019	31 December 2018	31 March 2018
Non-current assets			
<u>Fixed assets</u>			
Road link	13,633.7	13,677.0	13,789.9
Rail link	12,014.6	12,071.7	12,252.5
Port facilities	185.5	188.6	189.5
Wind turbine facilities	0.0	0.0	5.2
Total road and rail links, port and wind turbine facilities	25,833.8	25,937.3	26,237.1
Other property, plant and equipment/intangible fixed assets	95.8	94.9	101.2
Total property, plant and equipment	25,929.6	26,032.2	26,338.3
Other non-current assets	0.0	0.0	18.0
Total non-current assets	25,929.6	26,032.2	26,356.3
Current assets			
Receivables	2,901.5	3,030.3	3,254.5
Cash at bank and hand	139.1	265.4	172.3
Total current assets	3,040.6	3,295.7	3,426.8
Total assets	28,970.2	29,327.9	29,783.1

EQUITY AND LIABILITIES

Equity			
Share capital	355.0	355.0	355.0
Retained earnings at the beginning of the period	3,754.0	3,632.3	3,632.3
Profit for the period	264.0	121.7	482.1
Proposed dividend	0.0	1,600.0	0.0
Dividend	0.0	-1,600.0	0.0
Total equity	4,373.0	4,109.0	4,469.4
Liabilities			
Non-current liabilities	19,062.7	17,979.8	19,275.3
Current liabilities	5,534.5	7,239.1	6,038.4
Total liabilities	24,597.2	25,218.9	25,313.7
Total equity and liabilities	28,970.2	29,327.9	29,783.1

CASH FLOW STATEMENT

(DKK million)	1 January - 31 March 2019	1 January - 31 March 2018	2018
Cash flow from operating activities			
Profit before net financials	510.0	500.4	2,384.4
Adjustment for non-cash items			
Amortisation, depreciation and impairment	131.5	132.4	528.2
Proceeds from the sale of fixed assets	0.0	0.0	-65.7
Joint taxation contribution	0.0	0.0	-279.7
Cash flow from operations (operating activity) before change in working capital	641.5	632.8	2,567.2
Change in working capital			
Receivables, prepayments and accrued income	371.3	-141.4	16.6
Creditors and other liabilities	-632.4	-115.5	-28.9
Total cash flow from operating activity	380.4	375.9	2,554.9
Cash flow from investing activities			
Purchase of property, plant and equipment	-28.9	-19.7	-114.6
Sale of tangible assets	0.0	0.0	70.8
Total cash flow from investing activity	-28.9	-19.7	-43.8
Free cash flow	351.5	356.2	2,511.1
Cash flow from financing activities			
Raising of loans	900.0	2,143.8	3,643.8
Reduction of liabilities, net	-1,298.9	-2,099.6	-3,905.1
Interest paid	-78.6	-118.3	-274.4
Interest received	-0.3	-0.2	-0.4
Paid dividend to shareholder	0.0	0.0	-1,600.0
Total cash flow from financing activities	-477.8	-74.3	-2,136.1
Change for the period in cash at bank and in hand	-126.3	281.9	375.0
Cash at bank and in hand at the beginning of the period	265.4	-109.6	-109.6
Cash at bank and in hand at the end of the period	139.1	172.3	265.4

NET DEBT

2019 - Q1 (DKK million)				2018 (DKK million)			
Fair value hierarchy	Level 1	Level 2	Level 3	Fair value hierarchy	Level 1	Level 2	Level 3
Bonds	864.1	0.0	0.0	Bonds	1,213.8	0.0	0.0
Cash at bank and in hand	0.0	0.0	0.0	Cash at bank and in hand	0.0	0.0	0.0
Derivatives, assets	0.0	1,188.7	0.0	Derivatives, assets	0.0	1,039.8	0.0
Financial assets	864.1	1,188.7	0.0	Financial assets	1,213.8	1,039.8	0.0
Bond loans and debt	-19,396.8	-1,949.9	0.0	Bond loans and debt	-18,313.5	-3,619.9	0.0
Derivatives, liabilities	0.0	-1,968.8	0.0	Derivatives, liabilities	0.0	-1,862.2	0.0
Financial liabilities	-19,396.8	-3,918.7	0.0	Financial liabilities	-18,313.5	-5,482.1	0.0

MAIN FIGURES

(DKK million)	Q1 2019	Q1 2018	2018
Net turnover	722.3	715.8	3,282.6
EBIT	510.0	500.4	2,384.4
Net financials before value adjustment	-10.7	17.5	-267.7
Value adjustments, net	-160.8	100.1	90.7
Profit before tax	338.5	618.0	2,207.4
Total assets	28,970.2	29,783.1	29,327.9
Equity	4,373.0	4,469.4	4,109.0

FINANCIAL RATIOS

Per cent	Q1 2019	Q1 2018	2018
Profit ratio (EBIT)	70.6%	69.9%	72.6%
Rate of return (EBIT)	7.0%	6.7%	8.1%
Return on facility (EBIT)	7.9%	7.6%	9.2%

Developments over the period

EBIT for the period shows a profit of DKK 510 million, which is DKK 10 million higher than the corresponding period in 2018.

Revenue from the road link across Storebælt totals DKK 636 million and is DKK 13 million higher compared to the revenue for the same period in 2018, corresponding to a rise of 2 per cent. This can primarily be explained by the rise in traffic, which increased by 1.8 per cent for passenger cars and 4.1 per cent for lorries for the period under review. Overall, traffic increased by 2.0 per cent compared to 2018.

Revenue from the rail link declined by DKK 3 million, from DKK 80 million for the same period in 2018 to DKK 77 million. The number of passages is largely unchanged.

Other income totals DKK 9 million and is DKK 3 million lower than in 2018. The decline relates to the sale of Sprogø Wind Farm in 2018 where the sale of electricity totalled DKK 4 million for the same period last year.

Operating expenses fell by DKK 2 million compared to the same period last year and amount to DKK 81 million.

Depreciation is on a par with the same period last year.

Interest expenses total DKK 11 million, which is DKK 29 million higher compared to 2018, primarily because inflation has been higher than last year.

The result before value adjustments and tax for the period shows a profit of DKK 499 million against a profit in 2018 of DKK 518 million.

The value adjustments of net financials amount to an expense of DKK 161 million. For the same period in 2018, value adjustments amounted to an income of DKK 100 million. The fair value adjustments are an accounting item with no effect on the company's debt repayment because the debt is repaid at nominal value.

Tax for the period amounts to an expense of DKK 75 million against an expense of DKK 136 million in 2018.

The result after tax is a profit of DKK 264 million. The result for the corresponding period in 2018 showed a profit of DKK 482 million. The main reason for the difference can be found in the value adjustment of net financials, which has negatively impacted the result after tax by approximately DKK 200 million.

Financing expenses excluding value adjustments amount to 0.07 per cent per annum against -0.51 per cent per annum for the same period last year. The difference can be attributed to higher inflation in 2019. Including value adjustments, financing expenses amount to 0.89 per cent per annum compared to -1.00 per cent per annum for the same period in 2018.

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

At the end of March, the floating rate debt for A/S Storebælt was 32.9 per cent of the net debt.

Outlook for 2019

The outlook for the result before financial value adjustments and tax is unchanged at a profit of approximately DKK 2,000 million.

Equity development

(DKK million)	1 January - 31 March 2019	1 January - 31 December 2018	1 January - 31 March 2018
Share capital	355.0	355.0	355.0
Equity at the beginning of the period	4,109.0	3,987.3	3,987.3
Profit for the period	264.0	121.7	482.1
Dividend proposed	0.0	1,600.0	0.0
Dividend paid	0.0	-1,600.0	0.0
Equity at the end of the period	4,373.0	4,109.0	4,469.4

Equity is positive at DKK 4.4 billion. Equity movements for the period relate to the result for the period 1 January to 31 March 2019.

In A/S Storebælt's Annual Report for 2018, it is proposed that dividend of DKK 1,600 million be paid to Sund & Bælt Holding A/S, which was subsequently approved at the company's Annual General Meeting on 26 April 2019.

The repayment period on A/S Storebælt's debt is expected to amount to 34 years from the opening date, which corresponds to 2032.

At the end of March, A/S Storebælt's interest-bearing net debt amounts to DKK 19.5 billion.

Future operating results are estimated on the basis of the fixed fee from Banedanmark for use of the rail link as determined by the Ministry of Transport, Building and Housing and on the basis of the company's road traffic forecasts.

It should be noted that under the terms of the Act on Sund & Bælt Holding A/S for the parent company and, among others, A/S Storebælt, the Danish State has extended separate guarantees for interest and repayments and other ongoing liabilities relating to the company's loans against payment of a guarantee commission of 0.15 per cent. Moreover, and without further notification of each individual case, the Danish State guarantees the company's other financial liabilities.

ACCOUNTING POLICIES

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

EVENTS AFTER THE BALANCE SHEET DATE

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

OWNERSHIP

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

AUDITOR'S STATEMENT

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

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

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

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

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

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

Copenhagen, 23 May 2019

Management Board

Mikkel Hemmingsen
CEO

Board of Directors

Peter Frederiksen
Chairman

Jørn Tolstrup Rohde
Vice-Chairman

Walter Christophersen

Claus Jensen

Ruth Schade

Lene Lange

APPENDIX 1

FINANCIAL RATIOS

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

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

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

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