A/S Øresundsforbindelsen
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CVR no. 15807830

Annual Report 2019

Chair of the Annual General Meeting: Charlotte Yun Linde

Approved at the Annual General Meeting 17 April 2020

Contents

Company objective

A/S Øresund's primary task is to own and operate the fixed link across Øresund with associated landworks. These tasks shall 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 infrastructure shall take place within a reasonable time frame.

Highlights of the year

Economy

The financial result before fair value adjustment and tax, including the share from Øresundsbro Konsortiet I/S, is a profit of DKK 191 million and is thus DKK 70 million higher compared to 2018.

The result is primarily affected by lower interest expenses for A/S Øresund of almost DKK 30 million and an improved result from Øresundsbro Konsortiet I/S of approximately DKK 40 million (50 per cent) due to higher revenue and lower interest expenses.

The result before tax incl. value adjustments is a loss of DKK 492 million and is affected by negative fair value adjustments of DKK 683 million. The result after tax is a loss of DKK 384 million.

Profitability

The repayment period for A/S Øresund totals 47 years, which is two years longer than last year's calculation primarily due to a postponement of the dividend payment for Øresundsbro Konsortiet I/S as a result of the EU Commission's annulment of the State subsidy approval. The debt will consequently be repaid in 2046.

The repayment period for Øresundsbro Konsortiet I/S is unchanged at 50 years, which means that the debt will be repaid in 2050.

The financial result before value adjustments for Øresundsbro Konsortiet I/S improved by approximately DKK 80 million compared to 2018.

A/S Øresund's interest-bearing net debt is unchanged for the year and totalled DKK 11.0 billion at the end of 2019.

The impact of value adjustments on the financial results

	Income statement with ref. to Annual Report	**Fair value adjustment**	**Proforma Income statement**
Operating loss	**-276.8**		**-276.8**
Total financial items	-642.6	469.5	-173.1
Loss before share of jointly managed company	**-919.4**		**-449.9**
Profit from jointly managed company	427.4	213.1	640.5
Profit before fair value adjustment and tax			**190.6**
Fair value adjustment		-682.6	-682.6
Loss before tax	**-492.0**		**-492.0**
Tax	108.3		108.3
Loss for the year	**-383.7**		**-383.7**

Economy

The result before financial value adjustments, the share from the jointly managed company and tax is a loss of DKK 450 million against a loss of DKK 482 million in 2018.

Net revenue totals DKK 41 million and primarily comprises fees from Banedanmark for use of the rail link. Revenue fell by DKK 29 million due to the Finance Act agreement from 2016 whereby the rail payment is gradually reduced until 2024.

Operating expenses total DKK 96 million, which is on a par with 2018.

In 2019, interest expenses continued to decline, which is due to the impact of the continued fall in market rates and in part to lower inflation indexation.

Fair value adjustments amounted to an expense of DKK 470 million in 2019. The fair value adjustments are an accounting item, with no impact on the repayment period for the company's debt as the debt is repaid at nominal value.

Øresundsbro Konsortiet I/S' result is a profit of DKK 855 million, which includes negative fair value adjustments of DKK 426 million. The result before fair value adjustments is DKK 76 million higher than in 2018 and is affected by a rise in revenue of DKK 55 million and a fall in interest expenses of DKK 29 million. A/S Øresund's share of the result amounts to 50 per cent corresponding to an income of DKK 427 million.

The annual result before fair value adjustments and tax is a profit of DKK 190 million, including the share of the profit from Øresundsbro Konsortiet I/S.

Tax on the year's result amounts to a gain of DKK 108 million. The result after tax is a loss of DKK 384 million.

In the interim financial statement for Q3, for A/S Øresund the outlook for the year's financial results before financial value adjustments and tax was approximately DKK 130 million. Of this, the share of the result from Øresundsbro Konsortiet I/S is a profit of approximately DKK 640 million. The realised result is approximately DKK 60 million higher than expected and this is primarily due to lower interest expenses for both A/S Øresund and Øresundsbro Konsortiet I/S.

Equity at 31 December 2019 was negative at DKK 6,416 million. The company's equity is expected to be negative for 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 17 years calculated from the end of 2019.

Future operating results are estimated on the basis of the Ministry of Transport 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 corresponding 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 liabilities. Øresundsbro Konsortiet I/S' debt is guaranteed jointly and severally by the Danish and Swedish States.

Cash flow from operations is negative at DKK 8 million, which is DKK 166 million lower than in 2018.

Cash flow from investing activities is negative and totals DKK 24 million due to the acquisition of tangible assets.

The free cash flow is negative at DKK 32 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 constitute an addition of DKK 165 million.

In total, the company's cash funds increased by DKK 134 million so that cash at bank and in hand at the end of 2019 is positive at DKK 134 million.

Finance

The main themes in the financial markets during 2019 were the leading central banks' change of direction towards a renewed easing of monetary policy.

This meant that the American Central Bank (FED) and the European Central Bank (ECB) both reduced interest rates during 2019 and this impacted long-term rates, which fell significantly until August after which the sentiment reversed. Overall, long-term interest rates fell by over 0.5 percentage points in 2019.

The interest-bearing net debt remained unchanged for A/S Øresund in 2019. At year-end 2019, the interest-bearing net debt totalled DKK 11,018 million for A/S Øresund.

Financial strategy
The company's objective is to conduct active and comprehensive financial management that minimises the long-term financing expenses 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 primarily raised loans via the Nationalbanken in 2019. Such on-lending continues to remain very attractive compared to alternative funding sources.

The company's cautious strategy with regard to credit risk meant that the company did not lose money in 2019 because of financial counterparties' insolvency.

Interest expenses in 2019 were again lower than in 2018 which is in part due to the impact of the continued fall in market rates and in part to lower inflation indexation.

The duration of the nominal debt was more or less constant at around 9 years for A/S Øresund in 2019.

A/S Øresund – financial ratios 2019

	DKK million	Per cent per annum
Borrowing 2019	1,379	
- of which on-lending	1,379	
Gross debt (fair value)	13,690	
Net debt (fair value)	12,681	
Interest-bearing net debt	11,018	
Real rate (before value adjustment)		**0.60**
Interest expenses	157	1.43
Value adjustment	470	4.27
Total financing expenses [1)]	**627**	**5.70**

[1)] Note: The amount excludes the guarantee commission, which amounts to DKK 15.9 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 rail 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 calculation, the repayment period is calculated at a real rate of 3.0 per cent on the portion of the debt that is not hedged, whereas the part of the debt that is interest-hedged is included with the agreed interest rate terms.

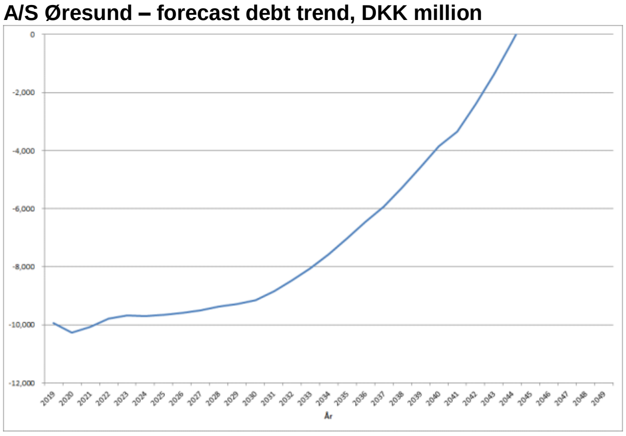
As a consequence of the 2016 Finance Act, the railway payment will gradually be reduced until 2024 and will be reduced by a total of DKK 200 million (2016 prices) when fully phased in. In addition, A/S Øresund is obliged to cover the railway payment for Øresundsbro Konsortiet I/S, which was previously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

Due to 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 utilise the tax losses in A/S Øresund towards paying the proceeds of the tax savings for A/S Øresund. A/S Øresund can thus forward the use of its tax losses over time.

The repayment period for A/S Øresund is calculated at 47 years, which is an extension of two years compared to the previous financial statements. This is primarily related to the postponement of the dividend payment from Øresundsbro Konsortiet I/S as a consequence of the EU Commission's annulment of the State aid approval and a downward adjustment to the traffic revenue.

A/S Øresund is sensitive to changes in the economy of Øresundsbro Konsortiet I/S as this is where the traffic revenue for debt repayments comes from and indirectly to A/S Storebælt via joint taxation.

A/S Øresund – forecast debt trend, DKK million



For more details on the repayment period for Øresundsbro Konsortiet I/S see page 8.

Events after the balance sheet date

Please refer to the section Outlook for 2020

Outlook for 2020

The outlook for the results for 2020 – based on the budget adopted in November 2019 – is for a profit before fair value adjustments and tax in the order of DKK 150 million of which the share of the result from Øresundsbro Konsortiet I/S is a profit of approx. DKK 660 million. Since then, the ongoing outbreak of Covid-19 and the subsequent closure of workplaces and borders have created great uncertainty for the coming year’s results.

Traffic revenue from the road link declined substantially owing to the closure of workplaces and borders in mid-March and the effect of this is estimated, with great uncertainty, to be a decline in traffic revenue on a monthly basis of approximately DKK 60-70 million of which DKK 30-35 million can be attributed to A/S Øresund’s ownership share. With respect to financing expenses, the effect is assessed to be limited as it is expected that the interest rate and inflation will remain at a low level over an extended period.

Road

Traffic on the Øresund motorway
The Øresund motorway continues to play a central role in the development of Amager and is a critical link between Copenhagen and the surrounding 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 maintenance and reinvestments are carried out on this road section. This means, among other things, that 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.

In 2019, traffic on the Øresund motorway increased by approximately 0.3 per cent compared to 2018, which means that 86,896 vehicles per day now drive west of Ørestad and 72,874 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 A/S Øresund is part, is finalising the last section of the dyke around south/western Amager at Ullerup, so that this part of Amager and A/S Øresund's facilities will be better protected from flooding in storm surge situations. The final works were completed in 2019. In 2019, A/S Øresund held discussions with a number of stakeholders with a view to establishing additional storm protection for the facilities on Amager and in Sydhavnen.

Key figures, DKK million

Road	2019	2018
Revenue	0.8	1.2
Expenses	-26.2	-29.7
Depreciation	-31.2	-36.3
Operating loss (EBIT)	-56.6	-64.8
Financial items excl. value adjustments	-58.7	-68.8
Loss before financial value adjustments	**-115.3**	**-133.6**

Traffic development in per cent

	2019	2018
Øresund Bridge	-0.7	-0.4

Railway

Øresund line
Total traffic on the Øresund line's rail section fell by 1.5 per cent compared to 2018 and amounted to 107,769 trains. For freight traffic alone, the number of trains fell by 12.2 per cent compared to 2018 and totalled 7,205 freight 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 carries substantial rail traffic, which leads to a great need for maintenance. Since A/S Øresund assumed responsibility for maintenance and reinvestment of the Øresund railway in 2015, a total 17 km of rail has been replaced on the line.

The framework conditions for the operational impact of trains on the Øresund line in 2019 were set for a maximum of 540 delayed passenger trains (excluding signalling system errors, which is a Banedanmark responsibility). At year end, 325 delayed trains were reported, which corresponds to approximately 60 per cent of the quota allocated by Banedanmark. There are ongoing analyses of the reasons for the identified faults with a view to prevention and improvement.

With a view to expanding the capacity of the Øresund railway in order that it is ready to receive increased traffic following the opening of the Fehmarnbelt link, extensive preliminary studies of the technical and economic conditions are underway to establish a a new station, Ny Kastrup Lufthavn Station, for all westbound rail traffic.

Digitalisation and big data
A/S Øresund is constantly seeking to optimise its operation and maintenance. On the Øresund railway line, a pilot project has been initiated to install sensors on a set of points to collect data for use in online monitoring, machine learning and predictive maintenance.

An upgrading of the point heaters was undertaken in 2019. Substantial amounts of energy are required to heat the points during the winter. By upgrading to a more intelligent control system, energy consumption will be significantly reduced.

Key figures, DKK million

Railway	2019	2018
Revenue	40.2	60.3
Expenses	-73.1	-67.9
Depreciation	-191.7	-217.1
Operating loss (EBIT)	-224.6	-224.2
Financial items excl. value adjustments	-114.3	-133.9
Loss before financial value adjustments	**-338.9**	**-358.1**

Øresundsbro Konsortiet I/S

In 2019, Øresundsbro Konsortiet I/S posted a profit before value adjustment of DKK 1,281 million, which is an increase of DKK 76 million over the previous year. The improvement reflects an increase in revenue of approximately DKK 50 million, higher expenses and depreciation of approximately DKK 5 million net and lower interest expenses of approximately DKK 30 million.

Road revenue increased by approximately DKK 40 million compared to 2018 and amounts to DKK 1,472 million.

Total vehicle traffic fell by 0.7 per cent compared to 2018. An average of 20,423 vehicles drove across the Øresund Bridge per day and a total of 7.5 million vehicles crossed the bridge in 2019.

Lorry traffic rose by 2.8 per cent compared to 2018. The market share for lorry traffic across Øresund totals 53.6 per cent.

Passenger car traffic fell by 0.9 per cent compared to 2018. Leisure traffic rose by 2.8 per cent compared to 2018, commuter traffic fell by 3.4 per cent compared to 2018 and other passenger car traffic fell by 2.3 per cent compared to 2018. Danish BroPas customers' leisure trips across the Øresund Bridge reached a record level. In 2019, the number of Danish contract customers' trips across the bridge increased by 10.6 per cent compared to 2018 while Swedish leisure traffic declined by 3.8 per cent over the period. The Øresund Bridge now has over 550,000 BroPas Leisure customers, which is a rise of 10.9 per cent compared to the end of 2018. The number of BroPas contracts among commuters increased by 2.2 per cent during the year while commuter traffic declined by 3.4 per cent. Lower commuter traffic and fewer cash and business trips contributed to a somewhat weaker traffic development on the link overall. Train traffic increased by almost 11 per cent compared to 2018 and now totals 12.2 million passengers.

EBIT came in at a profit of DKK 1,460 million, which is an improvement of approximately DKK 45 million compared to 2018. After value adjustment, the result for the year is a profit of DKK 855 million.

Equity at 31 December 2019 was positive at DKK 2,641 million.

The repayment period is unchanged at 50 years from the opening in 2000, which means that the Øresund Bridge will be repaid in 2050.

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 its 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 first half of 2020.

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 Holding A/S owns 50 per cent of Øresundsbro Konsortiet I/S, which is responsible for the Øresund Bridge's operations.

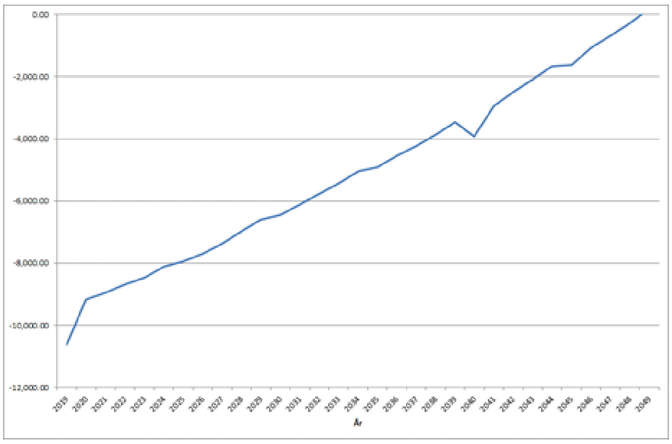
Key figures, DKK million

Øresundsbro Konsortiet	**2019**	**2018**
Revenue	2,011.0	1,956.4
Expenses	-260.7	-267.4
Depreciation	-290.1	-275.8
Operating profit (EBIT)	1,460.2	1,413.2
Financial items excl. value adjustments	-179.4	-208.5
Profit before financial financial adjustments	1,280.8	1,204.7
Financial value adjustments	-426.1	177.1
Profit for the year	**854.7**	**1,381.8**
Group share of profits	**427.4**	**734.1**

Traffic development in per cent

	2019	**2018**	**2017**
Øresund Bridge	-0.7	- 0.4	1.4

Øresundsbro Konsortiet I/S – Expected debt development, DKK million



Environment and Climate

One of A/S Øresund'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 (total for Sund & Bælt)

	2019	2018	Trend
Waste volume (tonnes)	1,365	1,166	↗
Water consumption (m^3)	11,222	8,755	↗
Water discharge (million m^3)	3.5	3.7	→
Electricity consumption (million kWh)	9.9	10.6	↘
CO_2 emissions (tonnes)	5,158	4,732	

Major activities were initiated in 2019 to restore the drainage system on the landworks. These activities reached their peak in the second half year of 2019 but are continuing in the first half of 2020. As a result, both waste volumes and water consumption for operation and maintenance of the landworks increased in 2019.

The amount of discharged groundwater, rain and drainage water was slightly reduced compared to 2018. Most of the water is groundwater pumped up to keep the infrastructure dry.

No engineering modifications were carried out, so the reduced water volume is attributed to the amount of rain and drainage water which fluctuates from year to year. Over the past five years, between 3.5 and 3.7 million m3 have been discharged annually.

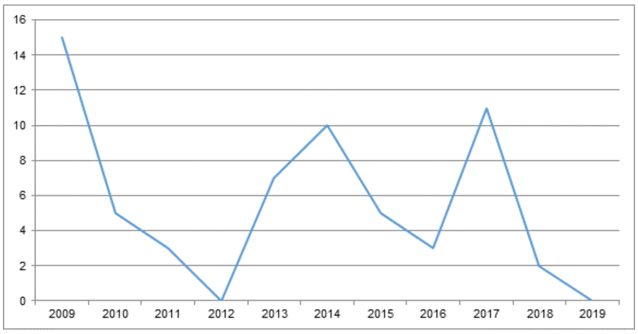
Total electricity consumption fell by almost 0.7 million kWh in 2019. The reduced consumption is due to the mild winters of 2018/2019 and 2019/2020. It is therefore primarily the consumption for points heaters on the railway systems that has led to the reduced electricity consumption.

The significantly reduced consumption of electricity has a positive impact on CO_2 emissions. The rise in CO_2 emissions from 2018 to 2019 is due to the fact that the 2019 calculations also include fuel emissions from company vehicles and for employees' transport by car between the head office in Copenhagen and the Administration Centre in Korsør.

Priority on the working environment
A good working environment – both physically and psychologically – has high priority at Sund & Bælt. And this applies to work on the motorway or railway, at the toll station, in our workshops and offices, or at any of our many facilities. Most of the operational and maintenance work is performed by external partners and the same applies to our project implementation. The majority of administrative tasks, however, are handled by our own employees. It must be safe for our partners and our staff to go to work, which means that injuries and accidents are avoided during the working day. Sund & Bælt continues to have a working environment management system, which is certified in accordance with the OHSAS 18001 standard. This carries obligations, not just to create and maintain a good and safe working environment for everyone working for Sund & Bælt, but also to be constantly on the lookout for opportunities for improvement. We always do this in close dialogue with our own employees, our working environmental organisation and our partners' employees.

In 2019, 20 working environment incidents were reported for all Sund & Bælt's facilities, workshops and office areas (Sund & Bælt and partners) of which eight are categorised as accidents. None of the accidents led to absence. This results in an accident frequency of 0 (accidents with absence per 1 million working hours).

Number of industrial accidents per 1 million working hours at Sund & Bælt



Road traffic safety
One of the company'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. A/S Øresund takes a proactive approach to traffic safety, i.e. by preventing accidents through analysis and by screening all incidents. In 2019, there were two accidents involving slight injury on the Øresund motorway (preliminary calculations).

For 2018 for which final figures are available, there were fewer accidents involving injury per 1 million km than on the other motorway sections in Denmark.

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 2019.

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 2019 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 and Housing.

The recommendations from the Committee for Corporate Governance are available at https://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 2019 under CSR – Corporate Social Responsibility, Corporate Governance, Environment and Climate, Employees and Targets for CSR work in 2020.

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 A/S Øresund 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 A/S Øresund itself while others are external events over which the company has no control. 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 disruption to a traffic link caused by a ship colliding with a bridge, terrorist activity, flooding or the like. The likelihood of such incidents is remote, but the potential consequences are significant. The potential financial losses for A/S Øresund from such events are, however, covered by insurances.

A/S Øresund’s objective is to ensure that safety on the links shall be high and at least as high as on similar Danish facilities. This objective has been met so far and the proactive safety work continues. The work is 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 financial statements 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)	**2019**	**2018**	**2017**	**2016**	**2015**
Revenue	41	70	81	101	113
Expenses	-96	-98	-97	-78	-42
Depreciation	-221	-252	-334	-192	-200
Operating loss (EBIT)	-277	-280	-350	-169	-130
Financial items	-173	-202	-205	-226	-246
Loss before value adjustment, inclusion of the share of the result from the jointly managed company and tax	-450	-482	-555	-395	-376
Value adjustments, net	-470	109	261	-460	556
Share of results from jointly managed company (Øresundsbro Konsortiet I/S) *)	427	691	734	405	567
Profit/loss before tax	-492	318	440	-450	747
Tax	108	-67	-99	99	-178
Profit/loss for the year	-384	251	341	-351	569
Capital investment in the year, road and railway	24	14	14	13	9
Capital investment in road and railway at the end of the year	4,825	5,022	5,260	5,579	5,688
Bond loans and bank loans	13,532	13,015	13,043	13,449	12,905
Net debt (fair value)	12,681	12,278	12,647	12,957	12,302
Interest-bearing net debt	11,018	11,017	11,236	11,190	10,956
Equity	-6,416	-6,033	-6,267	-6,608	-6,257
Balance sheet total	8,677	8,212	8,203	8,416	8,525
Cash flow from operating activity	-8	-173	362	-36	225
Cash flow from investing activity	-24	521	-14	-14	-9
Cash flow from financing activity **)	165	-348	-273	-87	-196
Total cash flow **)	134	0	75	-137	50
Financial ratios, per cent					
Profit ratio (EBIT)	-675.1	-400.0	-431.5	-167.3	-117.7
Rate of return (EBIT)	-3.2	-3.4	-4.3	-2.0	-1.6
Return on facilities (EBIT)	-5.7	-5.6	-6.6	-3.1	-2.3

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

*) The result from Øresundsbro Konsortiet I/S for 2019 includes expense of DKK 213 million relating to value adjustments (2018: gain of DKK 89 million). The result excl. value adjustments amounts to a profit of DKK 640 million (2018: profit of DKK 603 million).

**) The accounting policy regarding the presentation of bank debt in the cash flow statement has changed for 2019 and 2018. The comparative figures for 2017-15 have not been restated. For further details, see Note 1 Accounting Policies.

Comprehensive income statement 1 January – 31 December

(DKK million)

Note		2019	2018
	Revenue		
4	Net revenue	41.0	70.4
	Total revenue	**41.0**	**70.4**
	Expenses		
5	Other external expenses	-96.4	-98.2
7-9	Depreciation on property, plant and equipment	-221.4	-252.0
	Total expenses	**-317.8**	**-350.2**
	Operating loss (EBIT)	**-276.8**	**-279.8**
	Financial items		
	Financial income	0.0	0.2
	Financial expenses	-173.1	-202.6
	Value adjustment, net	-469.5	109.1
10	**Total financial items**	**-642.6**	**-93.3**
	Loss before inclusion of share of results in jointly managed company and tax	**-919.4**	**-373.1**
11	Share of results in jointly managed company	427.4	690.9
	Profit/loss before tax	**-492.0**	**317.8**
12	Tax	108.3	-66.7
	Profit/loss for the year	**-383.7**	**251.1**
	Other comprehensive income	0.0	0.0
	Tax on other comprehensive income	0.0	0.0
	Comprehensive income	**-383.7**	**251.1**
	Proposed profit appropriation:		
	Retained earnings	-383.7	251.1

Balance sheet 31 December – Assets

(DKK million)

Note	Assets	2019	2018
	Non-current assets		
	Property, plant and equipment		
7	Road link	1,198.6	1,228.4
8	Rail link	3,626.4	3,794.0
9	Operating plant	0.7	0.9
	Total property, plant and equipment	**4,825.7**	**5,023.3**
	Other non-current assets		
11	Participating interest in associated company	1,320.7	893.3
13	Deferred tax	0.0	30.7
	Total other non-current assets	**1,320.7**	**924.0**
	Total non-current assets	**6,146.4**	**5,947.3**
	Current assets		
	Receivables		
14	Receivables	547.4	631.8
	Bonds	866.2	600.4
15	Derivatives	983.0	1,032.1
16	Prepayments and accrued income	0.1	0.1
	Total receivables	**2,396.7**	**2,264.4**
	Cash at bank and in hand	**133.7**	**0.0**
	Total current assets	**2,530.4**	**2,264.4**
	Total assets	**8,676.8**	**8,211.7**

Balance 31 December – Equity and liabilities

(DKK million)

Note	Equity and liabilities	2019	2018
	Equity		
17	Share capital	5.0	5.0
	Retained earnings	-6,421.2	-6,037.5
	Total equity	**-6,416.2**	**-6,032.5**
	Liabilties		
	Non-current liabilities		
13	Deferred tax	61.4	0.0
18	Bond loans and amounts owed to credit institutions	12,371.8	12,054.3
	Total non-current liabilities	**12,433.2**	**12,054.3**
	Current liabilities		
18	Current portion of non-current liabilities	1,160.1	936.7
	Credit institutions	0.0	23.9
21	Trade and other payables	127.6	150.6
15	Derivatives	1,370.2	1,076.8
	Accruals and deferred income	1.9	1.9
	Total current liabilities	**2,659.8**	**2,189.9**
	Total liabilities	**15,093.0**	**14,244.2**
	Total equity and liabilities	**8,676.8**	**8,211.7**

1 Accounting policies

2 Significant accounting estimates and judgements

3 Segment information

6 Staff expenses

19 Financial risk management

20 Profitability

22 Contractual obligations, contingent liabilities and collateral

23 Related parties

24 Events after the balance sheet date

25 Approval of the annual report for publication

Statement of changes in equity 1 January – 31 December

	Share capital	Retained earnings	(DKK million) Total
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**
Balance at 1 January 2019	5.0	-6,037.5	-6,032.5
Profit/loss for the year and comprehensive income	0.0	-383.7	-383.7
Balance at 31 December 2019	**5.0**	**-6,421.2**	**-6,416.2**

Cash flow statement 1 January – 31 December

(DKK million)

Note		2019	2018
	Cash flow from operating activities		
	Loss before financial items	-276.8	-279.8
	Adjustments		
7-9	Amortisation, depreciation and writedowns	221.4	252.0
12	Joint taxation contribution	118.7	-2.9
	Cash flow generated from operations (operating activities) before change in working capital	**63.3**	**-30.7**
	Change in working capital		
14	Receivables, prepayments and accrued income	-563.4	-806.2
21	Trade and other payables	492.3	663.6
	Total cash flow from operating activity	**-7.8**	**-173.3**
	Cash flow from investment activity		
7-9	Purchase of property, plant and equipment	-23.8	-14.2
	Dividend received from jointly managed company	0.0	535.1
	Total cash flow from investment activity	**-23.8**	**520.9**
	Free cash flow	**-31.6**	**347.6**
	Cash flow from financing activities		
	Raising of loans	1,379.5	1,750.0
	Reduction of liabilities	-900.0	-1,730.0
	Raising of loans at credit institutions	0.0	0.0
	Debt reduction at credit institutions	-23.9	-74.7
	Interest received	0.0	0.2
	Interest paid	-290.3	-293.1
18	**Total cash flow from financing activities**	**165.3**	**-347.6**
	Change for the period in cash at bank and in hand	**133.7**	**0.0**
	Cash at bank and in hand at 1 January	0.0	0.0
	Cash at bank and in hand at 31 December	**133.7**	**0.0**

Notes

Note 1 Accounting policies

A/S Øresund is a limited company based in Denmark. A/S Øresund is a subsidiary of Sund & Bælt Holding A/S and is included in the consolidated accounts for Sund & Bælt Holding A/S, which is the ultimate parent company.

The annual financial statements for A/S Øresund for 2019 are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and approved by the EU as well as additional Danish disclosure requirements for annual reports for companies with listed bonds (class D).

The financial statements are presented in Danish kroner, which is the company's functional currency. Unless otherwise stated, all amounts are stated in DKK million.

The accounting policies, as described below, have been applied consistently throughout the financial year and for the comparative figures. However, for standards implemented going forward, the comparative figures have not been restated.

In the cash flow statement, bank debt is presented in the form of drawings on overdraft facilities under cash flow from financing activities. This is in contrast to previously when bank debt was included as part of cash and cash equivalents.

The accounting policies for net revenue, other external expenses, staff expenses, participating interests in the jointly managed company, receivables and prepayments and accrued income 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.

Implementation of new and amended accounting standards
With effect from 1 January 2019, A/S Øresund implemented the following amendments or new accounting standards: IFRS 16, Leases, and IFRS 9, Early termination with negative compensation (a minor amendment to the classification) which becomes effective for the financial year beginning 1 January 2019 or later. The implementation has not had any effect in terms of value on the comprehensive income statement, the balance sheet and the equity statement in connection with the company's presentation of accounts.

Adopted accounting standards and interpretations that have not come into effect
There are currently no revised accounting standards and interpretations adopted by the IASB and approved by the EU which will subsequently come into effect and which are relevant to the company.

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

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

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

Translation of financial assets and liabilities are recognised in the value adjustment 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. Internal reporting and senior management's financial control take place on the basis of one overall segment.

Other operating income and expenses
Other operating income and expenses contain items of a secondary nature in relation to the company's activities, including profits and losses on current sales and replacement of intangible and tangible fixed assets. Profits and losses on the sale of intangible and tangible fixed assets are calculated as the sales price less sales costs and the book value at the time of sale.

Financial items
Financial items comprise interest income and expenses, realised inflation indexation, foreign exchange gains and losses on cash at bank and in hand, securities, payables, derivatives and foreign exchange translation of 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 items, 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 results
The company is covered by 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 consolidation 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 contribution 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.

Initial recognition of cash at bank and in hand is recognised at fair value as well as on subsequent measurement in the balance sheet. The difference in the fair value between the balance sheet dates are recognised in the comprehensive income statement under financial items. On initial recognition, all cash at bank and in hand is classified as assets valued at fair value.

Listed securities are recognised on the trading date at fair value under current assets and subsequently measured at fair value. Changes in the fair value are recognised in the comprehensive income statement under financial items on an ongoing basis.

Holdings and returns on treasury shares are set off against equivalent bond loans issued and are therefore not recognised in the financial statement's 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 bond issues of bilateral loans is calculated as the market value by discounting back future known and expected cash flows with the relevant discounting rates, as no quotations are available for unlisted bond issues and bilateral loans. Discounting rates are based on current market rates considered to apply to the company as 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 fair 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, shall 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 links 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 link, the facilities are divided into components with similar useful lives:

- The main part of the links comprises structures designed with minimum useful lives of 100 years. The depreciation period for these sections 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' useful lives:

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

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

The depreciation method and the expected useful life 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.

Gains 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. Gains 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 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 IFRS 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.

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 liabilities 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 tax calculated 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 balances with affiliated companies.

Deferred tax is measured using the balance-sheet liability method providing for all temporary differences between the book and tax value 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 asset or settlement of the liability.

Deferred tax assets, including the value represented by the tax base of tax loss carryforwards, are recognised under other non-current assets at the value at which they are expected to be utilised, 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 year's comprehensive income statement. The company's cash flow statement shows the cash flows 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 determined as the profit/loss for the year before financial items adjusted for non-cash operating items, 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 as well as received dividend from jointly managed company.

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

Cash and cash equivalents comprise cash at bank and in hand and securities that, at the time of acquisition, have a maturity of three months or less and which can be converted into cash at bank and in hand and where there are only insignificant risks of changes in value.

Financial ratios

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

Profit ratio:	Operating profit (EBIT) in percentage of revenue.
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 of how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates deemed significant to 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 regarded as one cash generating entity in that the companies' road and rail facilities function as one overall entity.

The calculation of fair value of 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 fees from Banedanmark. This operating income thus includes net revenue for one customer amounting to more than 10 per cent of the company's net revenue.

The company's entire revenue is generated in Denmark and there are no transactions between net revenue.

Besides the fee from Banedanmark in the revenue from rail link, 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 revenue or more.

Note 4 Net revenue

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.

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

Other revenue income from the use of fibre optic cables and antennae capacity and the sale of development rights for DKK 7.5 million in 2018.

Specification of net revenue	**2019**	**2018**
Revenue from rail link	40.2	60.8
Other revenue	0.8	9.6
Total revenue	**41.0**	**70.4**

Note 5 Other external expenses

The 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 25 million (2018: DKK 24 million).

Fees to auditors elected by annual general meeting **PricewaterhouseCoopers**	**2019**	**2018**
Statutory audit	0.2	0.2
Other services	0.1	0.1
Total audit fees	**0.3**	**0.3**

Other services comprise statements on the EMTN programme and XBRL reports of interim and annual reports.

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 2018).

Note 7 Road link

	Directly capitalised expenses	Value of own work	Financing expenses (net)	Total 2019	Total 2018
Original cost at 1 January	1,503.3	13.8	165.0	1,682.1	1,681.5
Additions for the year	1.1	0.0	0.0	1.1	0.6
Original cost at 31 December	**1,504.4**	**13.8**	**165.0**	**1,683.2**	**1,682.1**
Depreciation at 1 January	416.4	2.8	34.5	453.7	418.4
Depreciation for the year	29.3	0.0	1.6	30.9	35.3
Depreciation at 31 December	**445.7**	**2.8**	**36.1**	**484.6**	**453.7**
Book value	**1,058.7**	**11.0**	**128.9**	**1,198.6**	**1,228.4**

Note 8 Rail link

	Directly capitalised expenses	Value of own work	Financing expenses (net)	Total 2019	Total 2018
Original cost at 1 January	4,965.6	0.0	487.4	5,453.0	5,459.8
Additions for the year	22.7	0.0	0.0	22.7	13.6
Disposals for the year	-6.4	0.0	0.0	-6.4	-20.4
Original cost at 31 December	**4,981.9**	**0.0**	**487.4**	**5,469.3**	**5,453.0**
Depreciation at 1 January	1,512.2	0.0	146.8	1,659.0	1,463.0
Depreciation for the year	173.2	0.0	17.1	190.3	216.4
Depreciation on assets disposed	-6.4	0.0	0.0	-6.4	-20.4
Depreciation at 31 December	**1,679.0**	**0.0**	**163.9**	**1,842.9**	**1,659.0**
Book value	**3,302.9**	**0.0**	**323.5**	**3,626.4**	**3,794.0**

Note 9 Operating plant

	2019	2018
Original cost at 1 January	1.6	1.6
Original cost at 31 December	**1.6**	**1.6**
Depreciation at 1 January	0.7	0.4
Depreciation for the year	0.2	0.3
Depreciation at 31 December	**0.9**	**0.7**
Book value	**0.7**	**0.9**

Note 10 Financial items

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 items 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.

	2019	2018
Financial income		
Interest income, securities, banks, etc.	0.0	0.2
Total financial income	**0.0**	**0.2**
Financial expenses		
Interest expenses, loans	-172.7	-202.3
Other financial items, net	-0.4	-0.3
Total financial expenses	**-173.1**	**-202.6**
Net financing expenses	**-173.1**	**-202.4**
Value adjustments, net		
- Securities	0.4	1.1
- Loans	-220.4	-67.2
- Currency and interest rate swaps	-249.5	175.2
- Currency options	0.0	0.0
Value adjustments, net	**-469.5**	**109.1**
Total financial items	**-642.6**	**-93.3**
Of which financial instruments	**-249.5**	**175.2**

Commission to the Danish State of DKK 15.9 million (2018: DKK 16.2 million) is recognised in Interest expenses, loans

Net financing expenses were DKK 29 million lower in 2019 compared to 2018, which is primarily attributed to the impact of lower market rates and lower inflation indexation.

Note 11 Participating interest in 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 proportional 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.

	2019	2018
Value of participating interest at 1 January	893.3	759.5
Share of profit for the year	427.4	690.9
Transitional effect IFRS 15	0.0	-22.0
Paid dividend	0.0	-535.1
Participating interest at 31 December	**1,320.7**	**893.3**
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	**1,320.7**	**893.3**
Key figures from jointly managed company		
Revenue	2,011.0	1,956.4
Expenses	-260.7	-267.4
Depreciation	-290.1	-275.8
Financial items	-179.4	-208.5
Value adjustment	-426.1	177.1
Profit for the year and comprehensive income	854.7	1,381.8
Current assets	1,969.1	1,486.3
- Of which cash and cash equivalents	1.4	1.5
Non-current assets	14,866.8	15,067.8
Equity	2,641.4	1,786.6
Current liabilities	6,109.1	3,399.4
- Of which current financial liabilities	4,942.3	2,943.9
Non-current liabilities	8,085.5	11,368.1
- Of which non-current financial liabilities	8,085.5	11,368.1
Contingent liabilities	94.4	83.4

The year’s financial result for Øresundsbro Konsortiet I/S is a profit of DKK 855 million. (2018: DKK 1,382 million).

The company’s share of Øresundsbro Konsortiet I/S profit of DKK 427 million (2018: DKK 691 million) is recognised in the comprehensive income statement as Share of profit in jointly managed company.

Note 12 Tax

	2019	2018
Tax paid	118.7	-2.9
Change in deferred tax	-10.5	-67.1
Adjustment current tax, previous year	-3.8	0.4
Adjustment deferred tax, previous year	3.9	2.9
Total	**108.3**	**-66.7**
Tax on year's results is made up as follows:		
Computed 22.0 per cent tax on year's results	108.2	-69.9
Other adjustments	0.1	3.2
Total	**108.3**	**-66.7**
Effective tax rate	22.0	21.0

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.

	2019	2018
Balance at 1 January	30.7	118.9
Deferred tax for the year	-10.5	-67.1
Adjustment of deferred tax, previous year	3.9	2.8
Other adjustments	-85.5	-23.9
Balance at 31 December	**-61.4**	**30.7**
Deferred tax relates to:		
Intangible fixed asset and property, plant and equipment	-136.4	-129.6
Property, plant and equipment, Øresundsbro Konsortiet I/S	-271.0	-214.0
Reduced net financing expenses	52.4	102.4
Tax loss	293.6	271.9
Total	**-61.4**	**30.7**

Difference during the year

	1 Jan 2018	Year's adjustments 2018	31 Dec 2018	Year's adjustments 2018	End 2019
Intangible fixed assets and property, plant and equipment	-126.5	-3.1	-129.6	-6.8	-136.4
Property, plant and equipment, Øresundsbro Konsortiet I/S	-154.3	-59.7	-214.0	-57.0	-271.0
Reduced net financing expenses	100.8	1.6	102.4	-50.0	52.4
Tax loss	298.9	-27.0	271.9	21.7	293.6
Total	**118.9**	**-88.2**	**30.7**	**-92.1**	**-61.4**

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.

	2019	2018
Trade receivables and services	5.2	7.8
Members	204.8	329.9
Accrued interest financial instruments (see note 18)	335.8	290.6
Other receivables	1.6	3.5
Total at 31 December	**547.4**	**631.8**
Accrued interest:		
Payables	0.3	0.0
Interest rate swaps	320.5	275.7
Currency swaps	15.0	14.9
Accrued interest, total	**335.8**	**290.6**

Note 15 Derivatives

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

	2019		2018	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps	471.0	-1,370.2	461.8	-1,076.8
Currency swaps	512.0	0.0	570.3	0.0
Forward exchange contracts	0.0	0.0	0.0	0.0
Total derivatives	**983.0**	**-1,370.2**	**1,032.1**	**-1,076.8**

	2019		2018	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Gross value derivatives	983.0	-1,370.2	1,032.1	-1,076.8
Accrued interest	335.8	-58.0	290.6	-65.5
Value recognised in the balance sheet	**1,318.8**	**-1,428.2**	**1,322.7**	**-1,142.3**
Offsetting options by default [1)]	-297.2	297.2	-207.9	207.9
Collateral	-1,021.4	668.7	-957.3	434.1
Net value, total	**0.2**	**-462.3**	**157.5**	**-500.3**

[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

	2019	2018
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 group.

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 at bank and in hand, 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 17 years, calculated from end 2019. For further details, please refer to the section, Economy, 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

2019 Fair value hierarchy	Level 1	Level 2	Level 3
Bonds	866.2	0.0	0.0
Derivatives, assets	0.0	983.0	0.0
Financial assets	**866.2**	**983.0**	**0.0**
Bond loans and debt	-13,316.0	-215.9	0.0
Derivatives, liabilities	0.0	-1,370.2	0.0
Financial liabilities	**-13,316.0**	**-1,586.1**	**0.0**

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

2019

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	-33.0	166.7	0.0	133.7
Investments	866.2	0.0	0.0	866.2
Bond loans and amounts owed to credit institutions	-215.9	-13,316.0	0.0	-13,531.9
Currency and interest rate swaps, net	-2,750.1	2,362.9	0.0	-387.2
Currency futures	0.0	0.0	0.0	0.0
Currency options	0.0	0.0	0.0	0.0
Accrued interest, net	-53.4	292.0	0.0	238.6
Total (notes 14, 15, 18, 21)	**-2,186.2**	**-10,494.4**	**0.0**	**-12,680.6**

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	471.0	-1,370.2	-899.2
Currency swaps	512.0	0.0	512.0
Forward exchange contracts	0.0	0.0	0.0
Total (note 14)	**983.0**	**-1,370.2**	**-387.2**

Accrued interest	Receiv-ables	Other payables	Total
Debt	0.3	-39.2	-38.9
Interest rate swaps	320.5	-58.0	262.5
Currency swaps	15.0	0.0	15.0
Total (notes 14, 21)	**335.8**	**-97.2**	**238.6**

Net debt is DKK 10,168 million based on the nominal principal sum and there is an accumulated difference of DKK 2,513 million compared to the net debt at fair value, which reflects the difference between fair value and the contractual liability 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.

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 futures	-61.7	243.4	0.0	181.7
Total (notes 14, 15, 17, 22)	**-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 the fair value and the contractual liability at maturity.

Reconciliation of changes in financial liabilities (2019)	Current debt	Non-current debt	Derivat-ives assets	Derivatives liabilities	Total
Opening 2019	-936.7	-12,054.3	1,032.1	-1,076.8	-13,035.7
Cash flow	938.6	-1,089.1	-209.7	154.8	-205.4
Paid interest - reversed	-21.7	-287.2	209.7	-154.8	-254.0
Amortisation	14.0	125.0	-77.9	0.0	61.1
Inflation indexation	0.0	0.0	-11.6	-4.0	-15.6
Currency adjustment	0.0	0.0	-1.1	-0.4	-1.5
Fair value adjustment	5.8	-226.2	-185.7	-61.9	-468.0
Transfer beginning/end of the year	-1,160.1	1,160.1	227.2	-227.2	0.0
End 2019	**-1,160.1**	**-12,371.7**	**983.0**	**-1,370.3**	**-13,919.1**

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 16 million and an income of approximately DKK 13 million relating to the change of CSA agreement.

Reconciliation of changes in financial liabilities (2018)	Current debt	Non-current debt	Derivatives assets	Derivatives liabilities	Total
Opening 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 above and the cash flow statement is due to the guarantee commission to the State and an income relating to the change of CSA agreement.

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 2019 as well as the key financial 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 structures 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 line 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 2019, 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 1.4 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 2020, such refinancing will amount to approx. DKK 1.1 billion and the expected net borrowing requirements will be around DKK 1.5 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

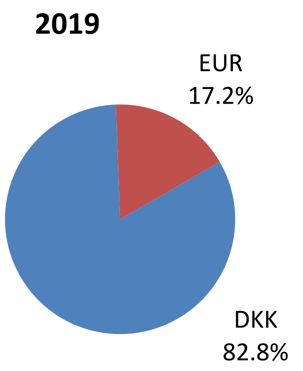
Financial risks are identified, monitored and controlled within the framework approved by the Board of Directors as determined in A/S Øresund's financial policy and strategy, operational procedures and in accordance with the guidelines from the Danish Ministry of Finance/Danmarks Nationalbank, which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

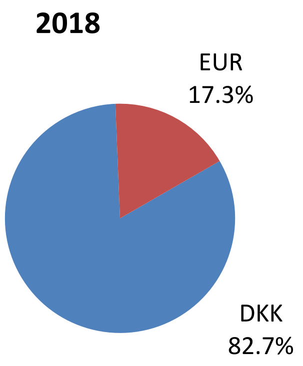
Currency risks

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 2019 and 2018

Currency	Fair value 2019	Currency	Fair value 2018
DKK	-10,495	DKK	-10,153
EUR	-2,186	EUR	-2,125
Total 2019	**-12,681**	**Total 2018**	**-12,278**





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 JPY, 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 2019 (DKK 10 million in 2018) 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 a one-year horizon, with a 95 per cent probability. Value-at-Risk has been calculated based on historical volatility and correlations for a one-year period in the currencies with exposure.

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 2019 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.

Furthermore, there is an isolated balance of financing expenses and interest rate refixing risk on the nominal debt.

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 – A/S Øresund 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 2019, the duration on the nominal debt was set at 9.0 years for A/S Øresund. The calculation of the duration will be calculated without the effect of 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 2019 and the actual duration was between 8.5 years and 9.6 years and the duration was actively extended in September. For A/S Øresund, the duration on the strategic benchmark for 2020 is maintained at 9.0 years and the target for the real rate debt ratio is unchanged.

Long-term interest rates plunged in 2019, particularly up until August after which they bottomed out and began to rise again.

A/S Øresund is exposed to interest rates in DKK and EUR, and here interest rates on the long-term maturities fell by 0.6-0.7 percentage points overall over the year. Interest rate developments in 2019 produced an unrealised fair value loss of DKK 469 million from fair value adjustments.

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 A/S Øresund'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.

A/S Øresund 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 2019

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Investments	0	859	0	0	0	0	859	866
Bond loans and other loans	-1,374	-650	-700	-1,700	-2,062	-4,460	-10,946	-13,571
Interest rate and currency swaps	-1,155	0	-373	1,700	740	-1,127	-215	-110
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit instutions	134	0	0	0	0	0	134	134
Net debt	**-2,395**	**209**	**-1,073**	**0**	**-1,322**	**-5,587**	**-10,168**	**-12,681**
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	-1,419	-3,150	-4,569	-5,687
Real rate instruments total	**0**	**0**	**0**	**0**	**-1,419**	**-3,150**	**-4,569**	**-5,687**

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	-149	-903	-4,162	-373
Of which real rate instruments	-857	-1,081	-1,212	0

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 swaps	-2,295	1,150	0	-373	1,700	-381	-199	180
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-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**

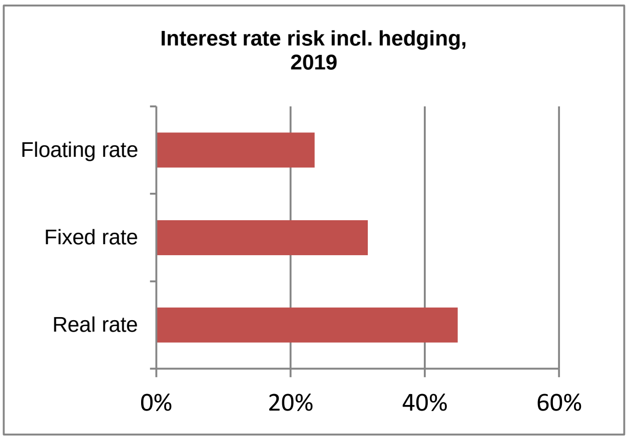
Yield exposure > 5 years is allocated as follows (DKK million):

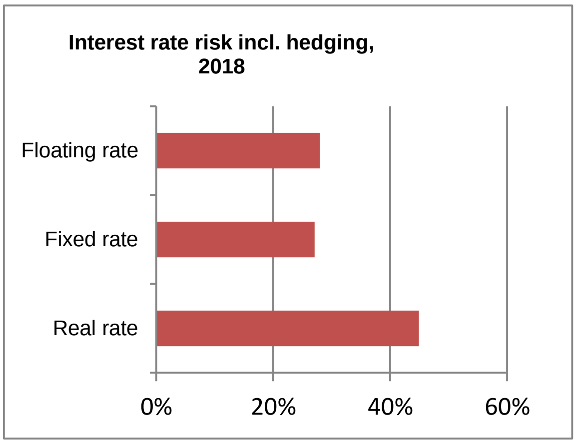
Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-762	-635	-2,917	-1,989
Of which real rate instruments	-1,419	-1,934	-693	-517

The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 15 to 25-year yield segment.

Interest rate allocation

2019	Interest rate allocation in per cent	2018
23.6	Floating rate	28.0
31.5	Fixed rate	27.1
44.9	Real rate	44.9
100.0	**Total**	**100.0**





The yield exposure is distributed with an allocation of 113.7 per cent to interest rates in DKK and -13.7 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).

2019 Duration (years)	BPV	Fair value		2018 Duration (years)	BVP	Fair value
9,1	6,4	-6.994	Nominal debt	7,8	5,4	-7.260
10,7	6,1	-5.687	Real interest debt	11,4	6,1	-5.387
9,8	12,5	-12.681	Net debt	9,7	11,5	-12.647

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

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 longer-term 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.

A/S Øresund's duration totalled 9.8 years at the end of 2019 of which 9.1 years relate to the nominal debt and 10.7 years to the real rate debt. Interest rate sensitivity can be calculated at DKK 12.5 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 1,383 million (2018: 1,296 million) with an interest rate fall and a fair value gain of DKK 1,188 million (2018: 1,095 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, 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 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 of A/S Øresund 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.

A/S Øresund 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.

The 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-.

A/S Øresund 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 2019

Total counterparty exposure (market value)

Rating	Deposits	Deriva-tives without netting	Deriva-tives with netting	Collateral	Number of counter-parties
AAA	866	0	0	0	1
AA	0	322	56	84	2
A	0	997	954	967	4
BBB	0	0	0	0	1
Total	**866**	**1,319**	**1,010**	**1,051**	**8**

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**

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.

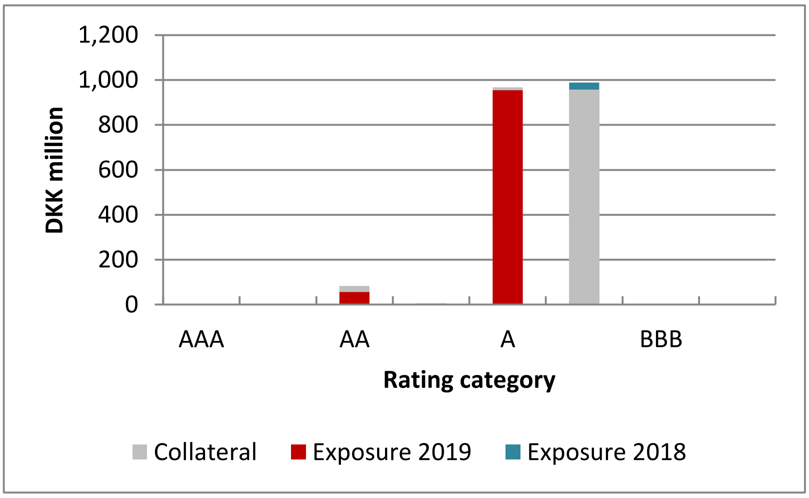
The credit exposure is primarily concentrated in the A rating category and largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 1,010 million and collateral amounts to DKK 1,051 million. There is no exposure to counterparties without collateral.

A/S Øresund has pledged collateral for DKK 669 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 2019 and 2018



Liquidity risk
Liquidity risk is the risk of losses arising if A/S Øresund has difficulty 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 payments 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 2019

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-1,150	-650	-700	-1,700	-2,062	-4,684	-10,946
Derivative liabilities	0	0	0	0	-1,419	-208	-1,627
Derivative receivables	0	0	0	0	1,412	0	1,412
Assets	0	859	0	0	0	0	859
Total	**-1,150**	**209**	**-700**	**-1,700**	**-2,069**	**-4,892**	**-10,302**
Interest payments							
Debt	-289	-285	-265	-264	-239	-1,127	-2,469
Derivative liabilities	-93	-94	-86	-79	-99	-599	-1,050
Derivative receivables	127	114	111	116	99	582	1,149
Assets	0	0	0	0	0	0	0
Total	**-255**	**-265**	**-240**	**-227**	**-239**	**-1,144**	**-2,370**

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
Assets	0	0	0	0	0	0	0
Total	**-275**	**-251**	**-257**	**-243**	**-245**	**-1,105**	**-2,376**

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 rail 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 calculation, the repayment date is calculated using a real rate of 3.0 per cent on the part of the debt that is not hedged, while the part of the debt that is hedged is included with 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 for Øresundsbro Konsortiet I/S, which was previously financed by the Finance Act.

Due to 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 utilise the tax losses in A/S Øresund's towards paying the proceeds of the tax savings for A/S Øresund. A/S Øresund can thus forward the use of its tax losses over time.

The repayment period for A/S Øresund is calculated at 47 years, which is an extension of two years compared to the previous financial statements. Among other things, this is on account of the postponement of the dividend payment from Øresundsbro Konsortiet I/S because of the EU Commission's annulment of State aid approval and a slight downward adjustment of traffic revenue.

A/S Øresund is sensitive to changes in the economy of Øresundsbro Konsortiet I/S as this is where the traffic revenue for debt repayments comes from and indirectly to A/S Storebælt via joint taxation.

Note 21 Trade and other payables

	2019	**2018**
Trade payables	9.9	21.2
Members	0.2	0.2
Commission due	17.0	17.0
Accrued interest financial instruments (see note 18)	97.2	108.9
Other payables	3.3	3.3
Total	**127.6**	**150.6**
Accrued interest		
Loans	39.2	43.4
Interest rate swaps	58.0	65.5
Total	**97.2**	**108.9**

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 3.6 million (DKK 6.2 million in 2018). At year end, work under contracts amounted to DKK 73.3 million (DKK 67.2 million in 2018).

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'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 first half of 2020.

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 669 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	-	Market price
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 Maintenance tasks	Determined by the Minister of Transport and Housing
Danish Road Directorate	Copenhagen	Transport and Housing Ministry	Maintenance tasks	Market price

Related party	Description	Amount 2019	Amount 2018	Balance at 31 Dec 2019	Balance at 31 Dec 2018
The Danish State	Guarantee commission	-15.9	-16.2	-17.0	-16.2
Sund & Bælt Holding A/S	Management of subsidiary's operational tasks	-30.7	-23.6	0.6	-2.9
	Joint taxation contribution	200.4	53.7	204.2	53.7
A/S Storebælt	Analysis	0.0	-0.5	0.0	-0.4
	Maintenance tasks	-1.0	0.3	-0.2	0.2
Øresundsbro Konsortiet I/S	Treasury management	-1.8	-1.8	0.0	0.0
Banedanmark	Payments for use of rail links etc.	50.3	61.1	4.2	6.7
	Maintenance tasks	-3.0	-2.5	-1.2	-2.5
The Danish Road Directorate	Maintenance tasks	-1.3	-1.8	-0.3	-0.2

Note 24 Events after the balance sheet date

The outbreak of Covid-19 and the subsequent closure of workplaces and borders have created great uncertainty for the coming year’s results. The outlook for the results for 2020 – based on the budget adopted in November 2019 – is for a profit before fair value adjustments and tax in the order of DKK 150 million of which the share of the results from Øresundsbro Konsortiet I/S is a profit of approximately DKK 660 million.

Traffic revenue from the road link declined substantially owing to the closure of workplaces and borders in mid-March and the effect of this is estimated, with great uncertainty, to be a decline in traffic revenue on a monthly basis of approximately DKK 60-70 million of which DKK 30-35 million can be attributed to A/S Øresund’s ownership share. With respect to financing expenses, the effect is assessed to be limited as it is expected that the interest rate and inflation will remain at a low level over an extended period.

Note 25 Approval of the annual report for publication

At the Board meeting of 25 March 2020, the Board of Directors approved this Annual Report for publication.

The Annual Report will be presented to the shareholder of Sund & Bælt Holding A/S for approval at the Annual General Meeting on 17 April 2020.

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 2019 for A/S Øresund.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) 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 2019, as well as the results of the company's activities and cash flow for the financial year 1 January – 31 December 2019.

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, 25 March 2020

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 2019 and the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2019 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 2019 comprise the comprehensive income statement, 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 four years, up to and including the financial year 2019.

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 2019. 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.	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.

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 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, 25 March 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Christian Fredensborg Jakobsen
State-authorised public accountant
mne16539

Martin Enderberg Lassen
State-authorised public accountant
mne40044

Board of Directors, Management Board and Senior Executives

Board of Directors

Peter Frederiksen, Chairman (date of birth 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 within 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 (date of birth 1961)
Director

Vice-Chairman since 2017
Joined the Board of Directors in 2017
Election period expires 2021
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)
- Facit Bank 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 (date of birth 1951)
Independent businessman

Joined the Board of Directors in 2011
Election period expires 2021
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 (date of birth 1964)
Union Present, the Danish Metal Workers' Union

Joined the Board of Directors in 2014
Election period expires 2021
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
- European Workers Participation Fund, EWPF
- IndustriALL – European Trade Union (Vice-Chairman)
- 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
- 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
- Interforcekomitéen
- LINDØ port of ODENSE A/S
- Young Enterprise/Fonden for Entreprenørskab
- Labour Court (Deputy Judge)
- The Norden Association (Ambassador)
- TeknologipagtRådet
- Danmarks Erhvervsfremmebestyrelse

- The Trade Unions’ Main Organisation – FH
- AKF Holding
- AlsFynBroen
- E-20 Committee
- Green Business Forum
- Climate Partnership

Ruth Schade (date of birth 1951)
Group Director

Joined the Board of Directors in 2016
Election period expires 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
- Maj Invest Equity A/S
- Harboe Ejendomme A/S
- Keldernæs A/S
- Visbjerggården A/S
- Danfrugt Skælskør A/S

Lene Lange (date of birth 1973)
Director: Value AdviceApS

Joined the Board of Directors in 2016
Election period expires 2020

Areas of expertise: Legal advice and project management in public-private partnerships, infrastructure projects, production and processing systems and development and supply contracts. Management experience from position as VP Legal and Human Resources at Terma A/S, Director of Delacour Law Firm, Head of Department and Partner at DLA Piper Law Firm (formerly LETT Law Firm) and Executive Vice President of Skamol A/S. Currently runs independent company providing legal and management consultancy.

Board member of
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Value Advice 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 a series of payments between two counterparties, e.g. interest or currency swaps, typically between a company and a bank. A company can, for example, take out a fixed rate loan and subsequently enter into an interest rate swap with the bank by which the company receives a corresponding fixed interest rate and pays variable interest +/- a premium. The company will thus have a liability to pay the variable interest +/- the premium. In a currency swap, payments are exchanged in two different currencies.

Interest-bearing net debt
Net interest-bearing debt consists of financial assets and liabilities calculated at amortized cost, excluding debt and interest receivable.

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 they have in the market at a given time if they were to be bought or sold. During the period between receipt and redemption of the asset/liability, the fair value will fluctuate according to, for example, the interest rate level and the exchange rate.

AAA or AA rating
International credit rating agencies assign companies a grade which expresses their credit rating. Typically, companies can be assigned a short and 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 underwrites the liabilities of Storebælt 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 adjusted for inflation.