

DSB expects profit of DKK 350-375 million before tax for 2013 and makes provision for loss in DSB Øresund

"The underlying operations in the corporation are developing as expected" DSB's CFO Stig Pastwa says and adds "but while we had earlier forecast a profit before tax in the magnitude of DKK 600 million for 2013, including profits on the sale of properties, we have adjusted our expectations and now expect a profit before tax in the order of DKK 350-375 million."

The adjustment is based on:

- Lower profits on sale – in the order of DKK 125 million from the sale of properties that was expected to be completed in 2013, but has been postponed to 2014.
- An EU decision regarding availability pay for public servants – requires provisions in the order of DKK 20 million.
- A write-down of the activities in Germany – as a consequence of expected higher salary costs for the remaining term of the contract, goodwill is written down by approx. DKK 25 million.
- The storms in October and December - entailed a loss of approx. DKK 25 million.
- Provisions in DSB Øresund A/S (Øresund) – owned by DSB SOV (70 percent) and First Group (30 percent) through DSB Øresund Holding ApS - of approx. DKK 68 million to cover expected losses on the company's transport contract in the period 2014-2015. Out of the DKK 68 million, however, the provision in the consolidated annual accounts of DSB is, due to eliminations, only approx. DKK 39 million.

The provision in Øresund is primarily due to:

- New accounting regulations – Øresund's contract for services between Copenhagen-Ystad expired on 11 January 2014. The new contract is prepared based on the new accounting regulations which together with changed operating conditions reduce Øresund's earnings in 2014-2015 by a total of DKK 14 million.
- Increased expenses for special IT and maintenance involve additional expenses for Øresund in the amount of DKK 32 million in 2014-2015.
- Contractual matters:
 - a) Driver-only operated trains – The Danish Ministry of Transport's request to exercise the option in the transport contract for driver-only operation is expected to involve a net additional expense/non-materialising earnings for Øresund of well over DKK 13 million in 2014-2015.

- b) Penalty regime – intensified requirements for penalties may involve additional expenses estimated at DKK 14 million in 2014-2015.

“Activation of the letters of comfort from the owners from 2011 ensure the availability of the necessary funds to ensure that operations in DSB Øresund are carried on as planned for the remaining term of the contract”, Stig Pastwa says.