
A/S Øresund

Interim report

for the period 1 January – 30 September 2017

The interim report comprises:

A/S Øresund, CVR no. 15807830

SUMMARY

Financial results (figures for the corresponding period in 2016 are given in parenthesis).

- Revenue from the railway: DKK 60 million (DKK 74 million). As part of the adoption of the Finance Act 2017, the fees for the rail companies' use of the Øresund railway line were reduced compared to 2016.
- Operating expenses: DKK 68 million (DKK 55 million). The increase is primarily related to A/S Øresund assuming responsibility for maintenance and reinvestment on the Øresund railway line from Banedanmark with effect from 1 September 2015.
- Depreciation: DKK 251 million (DKK 161 million). The increase over the period is related in part to further division of the road and rail facilities into their individual components, which took place at the end of 2016, and in part to the implemented reinvestments on the Øresund railway line.
- EBIT amounts to a loss of DKK 258 million (loss DKK 139 million).
- Interest expenses DKK 167 million (DKK 175 million).
- Value adjustments: income DKK 313 million (expense DKK 910 million). Fair value adjustments are an accounting item with no effect on the company's debt repayment because the debt is repaid at nominal value.
- The share from Øresundsbro Konsortiet I/S' result is an income of DKK 639 million (income DKK 170 million). Øresundsbro Konsortiet I/S' result is affected by a rise in road revenue of 4.9 per cent, which can primarily be explained by growth in traffic of 2.4 per cent (not adjusted for the leap year day, traffic growth amounts to 2.0 per cent). In addition, the result is affected by higher interest expenses and positive value adjustments of DKK 426 million (negative DKK 478 million) of which half is included in the company's share of the results.
- The result before value adjustments and tax is a profit of DKK 3 million, including the share of the profit in Øresundsbro Konsortiet I/S (share of profit DKK 427 million).
- Tax constitutes an expense of DKK 116 million (income DKK 232 million). Changes in relation to the same period in 2016 are solely related to changes in the results.
- The result after tax is a profit of DKK 412 million (loss DKK 822 million).

Cash flow

- Cash flow from operating and investing activities (free cash flow) has resulted in a net rise in liquidity of DKK 399 million. Cash flow from financing activities has resulted in a net fall in liquidity of DKK 265 million whereby the Group's cash at bank and in hand for the period saw a net fall of DKK 134 million.

Outlook for 2017

- The outlook before financial value adjustments and tax remains unchanged at a neutral result. Of this, the share of the result from Øresundsbro Konsortiet I/S amounts to a profit of approximately DKK 530 million.

COMPREHENSIVE INCOME STATEMENT

| (DKK million) | 1 January - 30 September 2017 | 1 January - 30 September 2016 | 1 July - 30 September 2017 | 1 July - 30 September 2016 | 2016 |
|---|-------------------------------------|-------------------------------------|----------------------------------|----------------------------------|---------------|
| Revenue - railway | 59.6 | 74.2 | 19.9 | 24.7 | 98.9 |
| Other income | 1.4 | 2.0 | 0.0 | 0.0 | 2.1 |
| Total income | 61.0 | 76.2 | 19.9 | 24.7 | 101.0 |
| Operating expenses | -68.0 | -54.7 | -23.1 | -19.2 | -77.5 |
| Depreciation | -250.6 | -160.5 | -82.8 | -53.5 | -192.3 |
| EBIT | -257.6 | -139.0 | -86.0 | -48.0 | -168.8 |
| Interest expenses | -166.5 | -174.8 | -48.4 | -58.8 | -225.7 |
| Loss before value adjustment | -424.1 | -313.8 | -134.4 | -106.8 | -394.5 |
| Value adjustments | 313.0 | -909.8 | -87.9 | -102.6 | -460.3 |
| Loss before share of results in affiliated company | -111.1 | -1,223.6 | -222.3 | -209.4 | -854.8 |
| Share of results in jointly managed company | 639.3 | 169.9 | 213.5 | 160.1 | 404.6 |
| Profit/loss before tax | 528.2 | -1,053.7 | -8.8 | -49.3 | -450.2 |
| Tax | -116.2 | 231.8 | 0.6 | 10.8 | 99.0 |
| Profit/loss after tax | 412.0 | -821.9 | -8.2 | -38.5 | -351.2 |

ASSETS

| (DKK million) | 30 September 2017 | 31 December 2016 | 30 September 2016 |
|-------------------------------------|----------------------|---------------------|----------------------|
| Non-current assets | | | |
| <u>Fixed assets</u> | | | |
| Road and rail links | 5,341.0 | 5,579.2 | 5,603.4 |
| Other property, plant and equipment | 1.2 | 0.4 | 0.4 |
| Total property, plant and equipment | 5,342.2 | 5,579.6 | 5,603.8 |
| Other non-current assets | 1,036.8 | 513.6 | 898.8 |
| Total non-current assets | 6,379.0 | 6,093.2 | 6,502.6 |
| Current assets | | | |
| Receivables | 2,075.1 | 2,322.6 | 3,368.8 |
| Cash at bank and in hand | 0.0 | 0.0 | 259.0 |
| Total current assets | 2,075.1 | 2,322.6 | 3,627.8 |
| Total assets | 8,454.1 | 8,415.8 | 10,130.4 |

EQUITY AND LIABILITIES

| | | | |
|--|-----------------|-----------------|-----------------|
| Equity | | | |
| Share capital | 5.0 | 5.0 | 5.0 |
| Retained earnings at the beginning of the period | -6,613.3 | -6,262.1 | -6,262.1 |
| Profit/loss for the period | 412.0 | -351.2 | -821.9 |
| Total equity | -6,196.3 | -6,608.3 | -7,079.0 |
| Liabilities | | | |
| Non-current liabilities | 12,676.2 | 10,696.8 | 12,932.2 |
| Current liabilities | 1,974.2 | 4,327.3 | 4,277.2 |
| Total liabilities | 14,650.4 | 15,024.1 | 17,209.4 |
| Total equity and liabilities | 8,454.1 | 8,415.8 | 10,130.4 |

CASH FLOW STATEMENT

| (DKK million) | 1 January - 30 September 2017 | 1 January - 30 September 2016 | 2016 |
|--|-------------------------------------|-------------------------------------|----------|
| Cash flow from operating activities | | | |
| Loss before net financials | -257.6 | -139.0 | -168.8 |
| Adjustment for non-cash items | | | |
| Amortisation, depreciation and impairment | 250.6 | 160.5 | 192.3 |
| Joint taxation contribution | 0.0 | 0.0 | 10.0 |
| Adjustment for other non-cash items | 0.0 | 0.0 | 0.0 |
| Cash flow from operations (operating activity) before change in working capital | -7.0 | 21.5 | 33.5 |
| Change in working capital | | | |
| Receivables, prepayments and accrued income | -41.4 | -792.7 | -352.9 |
| Creditors and other liabilities | 530.9 | 892.2 | 283.6 |
| Total cash flow from operating activities | 482.5 | 121.0 | -35.8 |
| Cash flow from investing activities | | | |
| Purchase of facility | -82.9 | -6.1 | -13.7 |
| Total cash flow from investing activity | -82.9 | -6.1 | -13.7 |
| Free cash flow | 399.6 | 114.9 | -49.5 |
| Cash flow from financing activities | | | |
| Raising of loans | 2,180.4 | 1,458.9 | 2,363.8 |
| Reduction of liabilities, net | -2,194.3 | -1,168.6 | -2,122.5 |
| Interest paid | -251.3 | -121.1 | -328.3 |
| Interest received | 0.0 | 0.0 | -0.1 |
| Total cash flow from financing activities | -265.2 | 169.2 | -87.1 |
| Change for the period in cash at bank and in hand | 134.4 | 284.1 | -136.6 |
| Cash at bank and in hand at the beginning of the period | -161.7 | -25.1 | -25.1 |
| Cash at bank and in hand at the end of the period | -27.3 | 259.0 | -161.7 |
| Cash at bank and in hand at the end of the period is composed as follows: | | | |
| Cash at bank and in hand | -27.3 | 259.0 | -161.7 |
| Cash at bank and in hand at the end of the period | -27.3 | 259.0 | -161.7 |

MAIN FIGURES

| (DKK million) | 1 January - 30 September 2017 | 1 January - 30 September 2016 | Q3 2017 | Q3 2016 | 2016 |
|--|-------------------------------------|-------------------------------------|------------|------------|----------|
| Net turnover | 61.0 | 76.2 | 19.9 | 24.7 | 101.0 |
| EBIT | -257.6 | -139.0 | -86.0 | -48.0 | -168.8 |
| Net financials before value adjustment | -424.1 | -313.8 | -134.4 | -106.8 | -394.5 |
| Value adjustments, net | 313.0 | -909.8 | -87.9 | -102.6 | -460.3 |
| Profit from jointly managed company (Øresundsbro Konsortiet I/S) | 639.3 | 169.9 | 213.5 | 160.1 | 404.6 |
| Profit/loss before tax | 528.2 | -1,053.7 | -8.8 | -49.3 | -450.2 |
| Total assets | 8,454.1 | 10,130.4 | 8,454.1 | 10,130.4 | 8,415.8 |
| Equity | -6,196.3 | -7,079.0 | -6,196.3 | -7,079.0 | -6,608.3 |

FINANCIAL RATIOS

| Per cent | 1 January - 30 September 2017 | 1 January - 30 September 2016 | Q3 2017 | Q3 2016 | 2016 |
|---------------------------|-------------------------------------|-------------------------------------|------------|------------|---------|
| Profit ratio (EBIT) | -421.6% | -182.6% | -432.0% | -193.5% | -167.3% |
| Rate of return (EBIT) | -4.1% | -1.8% | -4.1% | -1.9% | -2.0% |
| Return on facility (EBIT) | -6.4% | -3.3% | -6.4% | -3.4% | -3.0% |

Developments over the period

EBIT shows a loss of DKK 258 million against a loss of DKK 139 million for the same period in 2016. The difference is due to lower revenue from the railway of DKK 15 million, higher expenses of DKK 13 million and increased depreciation of DKK 90 million. The lower revenue is owing to the previously mentioned reduction in fees for the rail companies' use of the railway across Øresund by approximately DKK 20 million net in 2017. The increased operating expenses are largely related to the transfer of maintenance and reinvestment responsibility for the Øresund railway from Banedanmark with effect from 1 September 2015. The increase in depreciation is in part related to the reinvestments on the Øresund railway line and in part to the further division of the road and rail facility into its individual components, which took place in 2016.

Interest expenses amount to DKK 167 million and are DKK 8 million lower than in 2016. This is primarily due to the development in inflation over the period and is in line with the company's expectations.

The result before value adjustments, the share of the results in the jointly managed company and tax is a loss of DKK 424 million against a loss in 2016 of DKK 314 million.

The value adjustments of the company's debt amount to an income of DKK 313 million. For the same period in 2016, value adjustments constituted an expense of DKK 910 million. The fair value adjustments are an accounting item with no effect on the company's repayment ability because the debt is repaid at nominal value.

50 per cent of Øresundsbro Konsortiet I/S' result, equating to an income of DKK 639 million, is included in the income statement. Øresundsbro Konsortiet I/S' result amounts to a profit of DKK 1,279 million against a profit for the equivalent period in 2016 of DKK 340 million. The value adjustment of net financials amounts to an income of DKK 426 million against an expense of DKK 478 million for the same period in 2016.

Road traffic on the Øresund Bridge saw an overall increase of 2.4 per cent compared to the same period in 2016. The number of passenger cars increased by 2.3 per cent, the number of lorries increased by 4.7 per cent whilst the number of coaches fell by 6.0 per cent. The percentage increases have been adjusted for the leap year day. Overall traffic growth not adjusted for the leap year day is 2.0 per cent.

Tax represents a net expense of DKK 116 million against an income of DKK 232 million for the same period in 2016. Tax has been assigned as 22 per cent of the profit for the period before tax and the difference in the tax expense is solely related to changes in the results.

A/S Øresund's result after tax shows a profit of DKK 412 million. The result for the same period in 2016 was a loss of DKK 822 million. Compared to the same period in 2016, the result after tax is positively affected by accounting adjustments of approx. DKK 1,300 million in the form of value adjustments of net financials (including value adjustments for Øresundsbro Konsortiet I/S).

Financing expenses, excluding value adjustments, total 1.85 per cent per annum for A/S Øresund against 2.17 per cent per annum for the same period last year and 2.67 per cent per annum for Øresundsbro Konsortiet I/S against 2.10 per cent per annum for the same period in 2016. Including value adjustments, financing expenses amount to -0.97 per cent per annum for A/S Øresund (11.26 per cent in 2016) and -0.64 per cent per annum (5.52 per cent in 2016) for Øresundsbro Konsortiet I/S.

A/S Øresund's financial risks are, in the main, unchanged as compared to the note to the Annual Report for 2016, which deals with financial risk management. Developments in financial markets continue to make it necessary that particular attention is paid to the credit risks associated with liquidity positions as well as financial transactions in general.

At the end of September, A/S Øresund's floating rate debt was 6.4 per cent of the net debt and 29.7 per cent for Øresundsbro Konsortiet I/S.

Outlook for 2017

The outlook for the result before financial value adjustments and tax remains unchanged, i.e. ranging between a loss of DKK 100 million and a neutral result. Of this, the share of the result from Øresundsbro Konsortiet I/S is a profit of approximately DKK 530 million.

Equity development

| (DKK million) | 1 January - 30 September 2017 | 1 January - 31 December 2016 | 1 January - 30 September 2016 |
|--|-------------------------------------|------------------------------------|-------------------------------------|
| Share capital | 5.0 | 5.0 | 5.0 |
| Equity at the beginning of the period | -6,608.3 | -6,257.1 | -6,257.1 |
| Profit/loss for the period | 412.0 | -351.2 | -821.9 |
| Equity at the end of the period | -6,196.3 | -6,608.3 | -7,079.0 |

At the end of September, equity was negative at DKK 6.2 billion. Equity movements for the period solely comprise the results for the period 1 January to 30 September 2017.

As stated in the Annual Report for 2016, it is expected that A/S Øresund's negative equity, based on the estimated operating results for the company and for Øresundsbro Konsortiet I/S, will increase over a number of years.

The repayment period for Øresundsbro Konsortiet I/S' and A/S Øresund's debts are expected to be 34 and 51 years from the opening, i.e. 2034 and 2049 respectively. In addition to the uncertainty related to traffic development and fluctuations in real rates, the dividend policy will have an impact on the repayment period.

At the end of September, A/S Øresund's interest-bearing net debt amounts to DKK 11.1 billion.

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

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

ACCOUNTING POLICIES

The interim report is presented in accordance with IAS 34 provisions. The accounting policies are in accordance with those used in the 2016 Annual Report.

EVENTS AFTER THE BALANCE SHEET DATE

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

OWNERSHIP OF A/S Øresund

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

AUDITOR'S STATEMENT

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

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

The Board of Directors and Management Board of A/S Øresund have today discussed and approved the interim report for the period 1 January to 30 September 2017.

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

We are of the opinion that the interim report gives a true and fair view of the company's assets, liabilities and financial position as at 30 September 2017 and the results of the company's activities and cash flow for the period 1 January – 30 September 2017.

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

Copenhagen, 30 November 2017

Management Board

Mikkel Hemmingsen, CEO

Board of Directors

Peter Frederiksen
Chairman

Jørn Tolstrup Rohde
Vice-Chairman

Walter Christophersen

Claus Jensen

Ruth Schade

Lene Lange

APPENDIX 1

FINANCIAL RATIOS

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' Recommendations and Key Figures 2015.

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

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

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

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