
A/S Øresund

Interim report

for the period 1 January – 30 June 2017

The interim report comprises:

A/S Øresund, CVR no. 15807830

REVIEW

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

- Revenue from the railway: DKK 40 million (DKK 50 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.
- Operating expenses: DKK 45 million (DKK 36 million). The increase can primarily be attributed 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 168 million (DKK 107 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 171 million (loss DKK 91 million).
- Interest expenses DKK 118 million (DKK 116 million). The increase can be attributed to higher inflation.
- Value adjustments: income DKK 395 million (expense DKK 807 million). This includes the fair value adjustment of net financials at an expense of DKK 395 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 426 million (income DKK 10 million). Øresundsbro Konsortiet I/S' result is affected by a rise in road revenue of 4.0 per cent, which can primarily be explained by growth in traffic of 3.5 per cent (not adjusted for the leap year day, traffic growth amounts to 2.9 per cent). In addition, the result is affected by lower depreciation and positive value adjustments of DKK 386 million (negative DKK 421 million) of which half is included in the company's share of the results.
- The result before value adjustments and tax is a loss of DKK 57 million, including the share of the profit in Øresundsbro Konsortiet I/S (share of profit DKK 233 million).
- Tax constitutes an expense of DKK 117 million (income DKK 221 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 414 million (loss DKK 784 million).

Cash flow

- Cash flow from operating and investing activities (free cash flow) has resulted in a net rise in liquidity of DKK 336 million. Cash flow from financing activities has resulted in a net fall in liquidity of DKK 131 million whereby the Group's cash at bank and in hand for the period saw a net increase of DKK 205 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 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016	2016
Revenue - railway	39.8	49.5	19.9	24.7	98.9
Other income	1.4	1.9	0.0	0.0	2.1
Total income	41.2	51.4	19.9	24.7	101.0
Operating expenses	-44.8	-35.5	-24.8	-20.4	-77.5
Depreciation	-167.8	-107.0	-82.9	-53.5	-192.3
EBIT	-171.4	-91.1	-87.8	-49.2	-168.8
Interest expenses	-118.2	-116.1	-72.8	-82.5	-225.7
Loss before value adjustment	-289.6	-207.2	-160.6	-131.7	-394.5
Value adjustments	394.5	-807.1	143.5	-349.2	-460.3
Profit/loss before share of results in affiliated company	104.9	-1,014.3	-17.1	-480.9	-854.8
Share of results in jointly managed company	425.8	9.8	233.7	86.8	404.6
Profit/loss before tax	530.7	-1,004.5	216.6	-394.1	-450.2
Tax	-116.8	221.0	-47.7	86.7	99.0
Profit/loss after tax	413.9	-783.5	168.9	-307.4	-351.2

ASSETS

(DKK million)	30 June 2017	31 December 2016	30 June 2016
Non-current assets			
<u>Fixed assets</u>			
Road and rail links	5,420.3	5,579.2	5,583.6
Other property, plant and equipment	1.2	0.4	0.5
Total property, plant and equipment	5,421.5	5,579.6	5,584.1
Other non-current assets	822.8	513.6	903.3
Total non-current assets	6,244.3	6,093.2	6,487.4
Current assets			
Receivables	2,025.7	2,322.6	2,321.4
Cash at bank and in hand	43.3	0.0	0.0
Total current assets	2,069.0	2,322.6	2,321.4
Total assets	8,313.3	8,415.8	8,808.8

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	-6,316.5
Profit/loss for the period	413.9	-351.2	-783.5
Total equity	-6,194.4	-6,608.3	-7,095.0
Liabilities			
Non-current liabilities	11,935.5	10,696.8	11,734.7
Current liabilities	2,572.2	4,327.3	4,169.1
Total liabilities	14,507.7	15,024.1	15,903.8
Total equity and liabilities	8,313.3	8,415.8	8,808.8

CASH FLOW STATEMENT

(DKK million)	1 January - 30 June 2017	1 January - 30 June 2016	2016
Cash flow from operating activities			
Loss before net financials	-171.4	-91.1	-168.8
Adjustment for non-cash items			
Amortisation, depreciation and impairment	167.8	107.0	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	-3.6	15.9	33.5
Change in working capital			
Receivables, prepayments and accrued income	44.0	24.3	-352.9
Creditors and other liabilities	374.8	-6.1	283.6
Total cash flow from operating activity	415.2	34.1	-35.8
Cash flow from investing activity			
Purchase of facility	-79.4	-2.5	-13.7
Total cash flow from investing activity	-79.4	-2.5	-13.7
Free cash flow	335.8	31.6	-49.5
Cash flow from financing activities			
Raising of loans	1,480.4	0.0	2,363.8
Reduction of liabilities, net	-1,487.4	-6.9	-2,122.5
Interest paid	-123.8	-70.7	-328.3
Interest received	0.0	0.0	-0.1
Total cash flow from financing activities	-130.8	-77.6	-87.1
Change for the period in cash at bank and in hand	205.0	-46.0	-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	43.3	-71.1	-161.7
Cash at bank and in hand at the end of the period is composed as follows:			
Cash at bank and in hand	43.3	-71.1	-161.7
Cash at bank and in hand and the end of the period	43.3	-71.1	-161.7

MAIN FIGURES

(DKK million)	1st half year 2017	1st half year 2016	Q2 2017	Q2 2016	2016
Net turnover	41.2	51.4	19.9	24.7	101.0
EBIT	-171.4	-91.1	-87.8	-49.2	-168.8
Net financials before value adjustment	-289.6	-207.2	-160.6	-131.7	-394.5
Value adjustments, net	394.5	-807.1	143.5	-349.2	-460.3
Profit from jointly managed company (Øresundsbro Konsortiet I/S)	425.8	9.8	233.7	86.8	404.6
Profit/loss before tax	530.7	-1,004.5	216.6	-394.1	-450.2
Total assets	8,313.3	8,808.8	8,313.3	8,808.8	8,415.8
Equity	-6,194.4	-7,095.0	-6,194.4	-7,095.0	-6,608.3

FINANCIAL RATIOS

Per cent	1 January - 30 June 2017	1 January - 30 June 2016	1 April - 30 June 2017	1 April - 30 June 2016	2016
Profit ratio (EBIT)	-416.6%	-177.3%	-440.8%	-198.3%	-167.3%
Rate of return (EBIT)	-4.1%	-2.1%	-2.1%	-1.1%	-2.0%
Return on facility (EBIT)	-6.3%	-3.3%	-3.2%	-1.8%	-3.1%

Developments over the period

EBIT shows a loss of DKK 171 million against a loss of DKK 91 million for the same period in 2016. The difference is due to lower revenue from the railway of DKK 10 million, higher expenses of DKK 9 million and increased depreciation of DKK 61 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 19 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 related in part to the 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.

Interest expenses amount to DKK 118 million and are DKK 2 million higher than in 2016. The increase is related to 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 290 million against a loss in 2016 of DKK 207 million.

The value adjustments of the company's debt amount to an income of DKK 395 million. For the same period in 2016, value adjustments constituted an expense of DKK 807 million. The value adjustments include fair value adjustments of net financials at an income of DKK 395 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 426 million, is included in the income statement. Øresundsbro Konsortiet I/S' result amounts to a profit of DKK 852 million against a profit for the equivalent period in 2016 of DKK 20 million. The value adjustment of net financials amounts to an income of DKK 386 million against an expense of DKK 421 million for the same period in 2016.

Road traffic on the Øresund Bridge saw an overall increase of 3.5 per cent compared to the same period in 2016. The number of passenger cars increased by 3.5 per cent, the number of lorries increased by 4.3 per cent whilst the number of coaches fell by 4.9 per cent. The percentage increases have been adjusted for the leap year day. Not adjusted for the leap year day, the overall traffic growth would be 2.9 per cent.

Tax represents an expense of DKK 117 million against an income of DKK 221 million for the same period in 2016. Tax has been assigned as 22 per cent of the result for the period before tax and the difference in the tax expense is solely related to changes in the result.

A/S Øresund's result after tax shows a profit of DKK 414 million. The result for the same period in 2016 was a loss of DKK 784 million. Compared to the same period in 2016, the result after tax is positively affected by accounting adjustments of approx. DKK 1,250 million in the form of value adjustments of net financials (including value adjustments for Øresundsbro Konsortiet I/S).

Financing expenses, excluding value adjustments, total 2.00 per cent per annum for A/S Øresund against 2.18 per cent per annum for the same period last year and 2.65 per cent per annum for Øresundsbro Konsortiet I/S against 2.21 per cent per annum for the same period in 2016. Including value adjustments, financing expenses amount to -1.56 per cent per annum for A/S Øresund (10.25 per cent in 2016) and -0.30 per cent per annum (5.17 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 June, A/S Øresund's floating rate debt was 8.9 per cent of the net debt and 35.0 per cent for Øresundsbros 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 Øresundsbros Konsortiet I/S is a profit of approximately DKK 530 million.

Equity development

(DKK million)	1 January - 30 June 2017	1 January - 31 December 2016	1 January - 30 June 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	413.9	-351.2	-783.5
Equity at the end of the period	-6,194.4	-6,608.3	-7,040.6

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

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

The repayment period for Øresundsbros 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.

A/S Øresund's interest bearing net debt totals DKK 11.1 billion at the end of June.

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 Øresundsbros 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. Øresundsbros 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 A/S, which is owned by the Danish State.

AUDITOR'S STATEMENT

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

STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT BOARD

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

The interim report, which has not been audited by the companies' 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 Group's assets, liabilities and financial position as at 30 June 2017 and the results of the Group's activities and cash flow for the period 1 January – 30 June 2017.

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

Copenhagen, 21 August 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.