
A/S Øresund

Interim report

For the period 1 January – 30 September 2015

The interim report comprises:

A/S Øresund, CVR no. 15807830

RESUMÉ

Financial results (figures for the corresponding period in 2014 are given in parenthesis).

- Revenue from the railway DKK 81 million (DKK 79 million).
- Operating expenses DKK 25 million (DKK 18 million).
- Depreciation DKK 74 million (DKK 60 million).
- EBIT: a loss of DKK 16 million (profit DKK 2 million).
- Interest expenses DKK 191 million (DKK 169 million).
- Value adjustments: income DKK 390 million (expense DKK 659 million). This includes the fair value adjustment of net financials at an income of DKK 394 million, which is an accounting item with no effect on the company's debt reduction.
- The share from Øresundsbro Konsortiet I/S' result is an income of DKK 461 million (expense DKK 36 million). Øresundsbro Konsortiet I/S' result is affected by a rise in road revenue of 4.7 per cent, which can be explained by traffic growth of 1.8 per cent. In addition, the result is affected by lower interest expenses as well as positive value adjustments of DKK 190 million (negative DKK 712 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 159 million, including the share of the result in Øresundsbro Konsortiet I/S (share of profit DKK 366 million).
- Tax constitutes an expense of DKK 142 million (income DKK 189 million). As regards the tax expense for the period, a tax income of DKK 10 million has been offset, which relates to an adjustment of the company's tax asset as a result of the reduction in the corporation tax rate.
- The result after tax is a profit of DKK 502 million (loss DKK 673 million).

Cash flow

- Cash flow from operating and investment activities (free cash flow) resulted in a net rise in liquidity of DKK 226 million. Cash flow from financing activities has resulted in a net rise in liquidity of DKK 434 million whereby the Group's cash at bank and in hand for the period saw a net rise of DKK 660 million.

Outlook for 2015

The outlook before financial value adjustments and tax remains unchanged at a profit of approximately DKK 100 million.

COMPREHENSIVE INCOME STATEMENT

(DKK million)	1 January - 30 September 2015	1 January - 30 September 2014	1 July - 30 September 2015	1 July - 30 September 2014	2014
Revenue - railway	80.8	78.9	27.6	26.3	105.2
Other income	1.9	1.5	0.0	0.5	2.1
Total income	82.7	80.4	27.6	26.8	107.3
Operating expenses	-24.6	-17.8	-10.6	-5.1	-26.1
Depreciation	-74.3	-60.4	-33.8	-20.2	-80.7
EBIT	-16.2	2.2	-16.8	1.5	0.5
Interest expenses	-190.7	-169.1	-46.7	-48.5	-224.6
Loss before value adjustment	-206.9	-166.9	-63.5	-47.0	-224.1
Value adjustments	389.8	-659.3	-35.9	-179.1	-903.8
Profit/loss before share of results in affiliated company	182.9	-826.2	-99.4	-226.1	-1,127.9
Share of results in jointly managed company	460.7	-36.2	215.3	42.0	55.8
Profit/loss before tax	643.6	-862.4	115.9	-184.1	-1,072.1
Tax	-141.6	189.2	-25.5	40.5	276.7
Profit/loss after tax	502.0	-673.2	90.4	-143.6	-795.4

ASSETS

(DKK million)	30 September 2015	31 December 2014	30 September 2014
Non-current assets			
<u>Fixed assets</u>			
Road and rail links	5,809.9	5,883.2	5,902.6
Other property, plant and equipment	0.2	0.0	0.0
Total property, plant and equipment	5,810.1	5,883.2	5,902.6
Other non-current assets	727.9	869.4	1,190.0
Total non-current assets	6,538.0	6,752.6	7,092.6
Current assets			
Receivables	2,227.5	2,216.2	1,596.4
Cash at bank and in hand	585.5	0.0	91.0
Total current assets	2,813.0	2,216.2	1,687.4
Total assets	9,351.0	8,968.8	8,780.0

EQUITY AND LIABILITIES

Equity			
Share capital	5.0	5.0	5.0
Retained earnings at the beginning of the period	-6,896.7	-6,101.1	-6,101.1
Profit/loss for the period	502.0	-795.4	-673.2
Total equity	-6,389.7	-6,891.5	-6,769.3
Liabilities			
Non-current liabilities	12,306.5	12,482.0	13,595.3
Current liabilities	3,434.2	3,378.3	1,954.0
Total liabilities	15,740.7	15,860.3	15,549.3
Total equity and liabilities	9,351.0	8,968.8	8,780.0

CASH FLOW STATEMENT

(DKK million)	1 January - 30 September 2015	1 January - 30 September 2014	2014
Cash flow from operating activities			
Profit/loss before net financials	-16.2	2.2	0.5
Adjustment for non-cash items			
Amortisation, depreciation and impairment	74.3	60.4	80.7
Adjustment for other non-cash items	0.0	0.0	407.5
Cash flow from operations (operating activity) before change in working capital	58.1	62.6	488.7
Change in working capital			
Receivables, prepayments and accrued income	199.4	456.1	-239.5
Creditors and other liabilities	-30.3	-22.1	-4.2
Total cash flow from operating activities	227.2	496.6	245.0
Cash flow from investing activities			
Purchase of facility	-1.2	-1.6	-2.5
Total cash flow from investing activity	-1.2	-1.6	-2.5
Free cash flow	226.0	495.0	242.5
Cash flow from financing activities			
Raising of loans	525.2	300.0	620.9
Reduction of liabilities, net	3.1	-1,167.7	-1,188.4
Interest paid	-94.1	-79.2	-292.6
Interest received	0.0	0.1	0.1
Total cash flow from financing activities	434.2	-946.8	-860.0
Change for the period in cash at bank and in hand	660.2	-451.8	-617.5
Cash at bank and in hand at the beginning of the period	-74.7	542.8	542.8
Cash at bank and in hand at the end of the period	585.5	91.0	-74.7
Cash at bank and in hand at the end of the period is composed as follows:			
Cash at bank and in hand	585.5	91.0	-74.7
Cash at bank and in hand at the end of the period	585.5	91.0	-74.7

MAIN FIGURES

(DKK million)	1 January - 30 September 2015	1 January - 30 September 2014	Q3 2015	Q3 2014	2014
Net turnover	82.7	80.4	27.6	26.8	107.3
EBIT	-16.2	2.2	-16.8	1.5	0.5
Net financials before value adjustment	-206.9	-166.9	-63.5	-47.0	-224.1
Value adjustments, net	389.8	-659.3	-35.9	-179.1	-903.8
Profit/loss from jointly managed company (Øresundsbro Konsortiet)	460.7	-36.2	215.3	42.0	55.8
Profit/loss before tax	643.6	-862.4	115.9	-184.1	-1,072.1
Total assets	9,351.0	8,780.0	9,351.0	8,780.0	8,968.8
Equity	-6,389.7	-6,769.3	-6,389.7	-6,769.3	-6,891.5

FINANCIAL RATIOS

Per cent	1 January - 30 September 2015	1 January - 30 September 2014	Q3 2015	Q3 2014	2014
Profit ratio (EBIT)	-19.6%	2.8%	-60.7%	6.0%	0.9%
Rate of return (EBIT)	-0.2%	0.0%	-0.2%	0.0%	0.0%
Return on facility (EBIT)	-0.4%	0.0%	-0.4%	0.0%	0.0%

Developments over the period

EBIT shows a loss of DKK 16 million against a profit of DKK 2 million for the same period in 2014. The difference is due to higher expenses of DKK 7 million and increased depreciation of DKK 14 million, which is related to the transfer of operations and maintenance responsibility for the Øresund line from Banedanmark with effect from 1 September 2015.

Interest expenses amount to DKK 191 million and are DKK 22 million higher than in 2014. The higher interest expenses are due to a restructuring of the inflation-indexed portion of the company's debt whereby the duration has also been extended.

The result before value adjustments, the share of the results in the jointly managed company and tax is a loss of DKK 207 million against a loss in 2014 of DKK 167 million.

The value adjustments of the company's debt amount to an income of DKK 390 million. For the same period in 2014, value adjustments constituted an expense of DKK 659 million. The value adjustments include fair value adjustments of DKK 394 million, which is an accounting item with no effect on the company's repayment ability.

50 per cent of Øresundsbro Konsortiet I/S' result, equating to an income of DKK 461 million, is included in the income statement. Øresundsbro Konsortiet I/S' result amounts to a profit of DKK 921 million against a loss for the equivalent period in 2014 of DKK 72 million. The value adjustment of net financials amounts to an income of DKK 190 million against an expense of DKK 712 million for the same period in 2014.

Road traffic on the Øresund Bridge saw an overall increase of 1.8 per cent compared to the same period in 2014. The number of passenger cars increased by 1.6 per cent, the number of lorries increased by 6.9 per cent whilst the number of coaches declined by 13.2 per cent. The figures are obscured, however, by the train strike in June 2014, which affected the year's traffic figures. If the traffic figures are adjusted for the effects of the train strike, coach traffic increased by 13.4 per cent, leisure traffic by 6.6 per cent and commuter traffic by 0.8 per cent. Lorry traffic was not affected by the train strike.

Tax represents a net expense of DKK 142 million, where DKK 10 million relating to an adjustment of the company's tax assets as a result of the reduction in the corporation tax rate has been offset.

A/S Øresund's result after tax shows a profit of DKK 502 million. The result for the same period in 2014 was a loss of DKK 673 million. Compared to the same period in 2014, the result after tax is positively affected by accounting adjustments of approx. DKK 1,150 million in the form of value adjustments of net financials (including value adjustments for Øresundsbro Konsortiet I/S).

Financing expenses, excluding value adjustments, total 2.39 per cent per annum for A/S Øresund against 1.99 per cent per annum for the same period last year and 2.16 per cent per annum for Øresundsbro Konsortiet I/S against 2.41 per cent per annum for the same period in 2014. Including value adjustments, financing expenses amount to -1.52 per cent per annum for A/S Øresund (8.24 per cent in 2014) and 0.93 per cent per annum (6.86 per cent in 2014) for Øresundsbro Konsortiet I/S.

On 12 May 2015, a majority in the Danish parliament adopted the bill for the Railway Act whereby responsibility for maintenance and reinvestments on the Øresund line is transferred from Banedanmark to A/S Øresund with effect from 1 September 2015. The consequence is that the company's operations and maintenance costs as well as reinvestments will increase

significantly. Furthermore, depreciation on the rail facility will be increased by approximately DKK 165 million per year to approximately DKK 245 million per year over the next eight years. The reason for this is that as a consequence of assuming financial responsibility for the maintenance of the rail facility, A/S Øresund must divide the rail facility's components into uniform useful lives. In relation to current practice, where there was no differentiation of the depreciation periods (100 years), this results in an increased level of depreciation.

The Danish government's budget proposal for 2016 includes a proposal that Banedanmark's payment to A/S Øresund for use of the Øresund line be reduced by approximately DKK 14 million. At the same time, it is proposed that part of the rail fee for A/S Øresund and Øresundsbro Konsortiet, which is paid as a state subsidy to Banedanmark – a total of approximately DKK 200 million – will be phased out by 2024. Furthermore, the rail fee to A/S Øresund will be made dependent on the number of passengers on the rail section.

Outlook for 2015

The outlook before financial value adjustments and tax is unchanged at a profit of approximately DKK 100 million.

Equity development

(DKK million)	1 January - 30 September 2015	1 January - 31 December 2014	1 January - 30 September 2014
Share capital	5.0	5.0	5.0
Equity at the beginning of the period	-6,891.5	-6,096.1	-6,096.1
Profit/loss for the period	502.0	-795.4	-673.2
Equity at the end of the period	-6,389.5	-6,891.5	-6,769.3

At the end of September 2015, equity was negative at DKK 6.4 billion. Equity movements for the period relate in part to the result for the period 1 January to 30 September 2015.

As stated in the Annual Report for 2014, it is expected that equity will be re-established within a time span of 21-23 years from the end of 2014.

The repayment periods for Øresundsbro Konsortiet I/S' and A/S Øresund's debts are expected to be 33 and 45 years from the opening, i.e. 2033 and 2043.

If the Danish parliament adopts the aforementioned budget proposal for 2016 relating to a reduction in Banedanmark's payment for use of the Øresund line, the time scale for the re-establishment of the equity will be negatively affected.

The repayment period for the company's debt will be increased by 7 years from 45 years to 52 years, which primarily relates to the budget proposal for a reduction in the rail fee. The prolongation is also related to the later payment of dividend from Øresundsbro Konsortiet I/S, which taken in isolation means a two year prolongation of the repayment period.

A/S Øresund's interest-bearing net debt amounts to DKK 10.8 billion at the end of September.

Future operating results are estimated on the basis of the fixed fee from Banedanmark for use of the rail links as determined by the Minister of Transport and Building and the road traffic forecasts for Øresundsbro Konsortiet I/S.

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 government 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' debts are 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 conform to those used in the 2014 Annual Report.

EVENTS AFTER THE BALANCE SHEET DATE

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

OWNERSHIP: A/S ØRESUND

The entire share capital of A/S Øresund is held 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 September 2015.

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.

It is our view that the interim report provides a true and fair view of the Group's assets, liabilities and financial position at 30 September 2015 and the results of the Group's activities and cash flow for the period 1 January – 30 September 2015.

It is our view 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, 26 November 2015

Management Board

Leo Larsen, CEO

Board of Directors

Henning Kruse Petersen, Chairman

Carsten Koch, Vice-Chairman

Pernille Sams

Mette Boye

Walter Christophersen

Claus Jensen

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.