
A/S Storebælt

Interim report

For the period 1 January – 31 March

The interim report comprises:

A/S Storebælt, CVR no. 10634970

SUMMARY

Financial results (figures for the corresponding period in 2017 are given in parenthesis).

- Road revenue DKK 624 million (DKK 692 million). Compared to 2017, road revenue from the Storebælt fixed link decreased by 10 per cent. This can primarily be explained by the impact of the toll fee reduction as traffic increased in all segments and, in general, by 2.3 per cent compared to 2017.
- Revenue from the railway: DKK 80 million (DKK 85 million). The number of journeys is largely unchanged but the fares per journey have been reduced in relation to the same period last year.
- Operating expenses: DKK 83 million (DKK 86 million).
- Depreciation: DKK 132 million (DKK 134 million).
- EBIT: DKK 500 million (DKK 569 million).
- Interest income: DKK 17 million (expense of DKK 97 million). The increase of DKK 114 million is primarily due to the early repayment of loans and to lower inflation.
- The result before value adjustments and tax is a profit of DKK 518 million (profit DKK 472 million).
- Value adjustments: income DKK 100 million (income DKK 337 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.
- Tax constitutes an expense of DKK 136 million (expense DKK 178 million). Changes in relation to the same period in 2017 are solely related to changes in the results.
- The result after tax is a profit of DKK 482 million (profit DKK 631 million).

Cash flow

- Cash flow from operating and investing activities (free cash flow) has resulted in a net increase in liquidity of DKK 356 million. Cash flow from financing activities has resulted in a net decrease in liquidity of DKK 74.3 million whereby A/S Storebælt's cash at bank and in hand for the period saw a net increase of DKK 282 million.

Outlook for 2017

- The outlook for the result before financial value adjustments and tax is for a profit within the range of DKK 1,825-DKK 1,925 million. This is DKK 75 million higher than the budget and is primarily due to low interest expenses.

COMPREHENSIVE INCOME STATEMENT

(DKK million)	1 January - 31 March 2018	1 January - 31 March 2017	2017
Revenue - road	623.7	691.5	3,164.0
Revenue - railway	80.4	84.5	347.5
Other income	11.7	12.9	45.6
Total income	715.8	788.9	3,557.1
Operating expenses	-83.0	-86.0	-406.7
Depreciation	-132.4	-133.6	-529.8
EBIT	500.4	569.3	2,620.6
Interest expenses	17.5	-96.9	-442.2
Profit before value adjustment	517.9	472.4	2,178.4
Value adjustments	100.1	337.1	404.3
Profit before tax	618.0	809.5	2,582.7
Tax	-135.9	-178.1	-579.5
Profit after tax	482.1	631.4	2,003.2

ASSETS

(DKK million)	31 March 2018	31 December 2017	31 March 2017
Non-current assets			
<u>Fixed assets</u>			
Road link	13,789.9	13,838.1	13,989.6
Rail link	12,252.5	12,319.5	12,493.2
Port facilities	189.5	192.6	201.8
Wind turbine facilities	5.2	5.3	5.5
Total road and rail links, port and wind turbine facilities	26,237.1	26,355.5	26,690.1
Other property, plant and equipment/intangible fixed assets	101.2	95.5	103.0
Total property, plant and equipment	26,338.3	26,451.0	26,793.1
Other non-current assets	18.0	0.0	0.0
Total non-current assets	26,356.3	26,451.0	26,793.1
Current assets			
Receivables	3,254.5	3,134.5	3,025.7
Cash at bank and hand	172.3	0.0	405.8
Total current assets	3,426.8	3,134.5	3,431.5
Total assets	29,783.1	29,585.5	30,224.6

EQUITY AND LIABILITIES

Equity			
Share capital	355.0	355.0	355.0
Retained earnings at the beginning of the period	3,632.3	2,879.1	2,879.1
Profit for the period	482.1	403.2	631.4
Proposed dividend	0.0	1,600.0	0.0
Dividend	0.0	-1,250.0	0.0
Total equity	4,469.4	3,987.3	3,865.5
Liabilities			
Non-current liabilities	19,275.3	18,841.6	17,307.4
Current liabilities	6,038.4	6,756.6	9,051.7
Total liabilities	25,313.7	25,598.2	26,359.1
Total equity and liabilities	29,783.1	29,585.5	30,224.6

CASH FLOW STATEMENT

(DKK million)	1 January - 31 March 2018	1 January - 31 March 2017	2017
Cash flow from operating activities			
Profit before net financials	500.4	569.3	2,620.6
Adjustment for non-cash items			
Amortisation, depreciation and impairment	132.4	133.6	529.8
Joint taxation contribution			-356.9
Adjustment for other non-cash items	0.0	0.0	0.0
Cash flow from operations (operating activity) before change in working capital	632.8	702.9	2,793.5
Change in working capital			
Receivables, prepayments and accrued income	-141.4	419.6	-470.4
Creditors and other liabilities	-115.5	-652.6	376.9
Total cash flow from operating activity	375.9	469.9	2,700.0
Cash flow from investing activities			
Purchase of facility	-19.7	-28.1	-82.1
Total cash flow from investing activity	-19.7	-28.1	-82.1
Free cash flow	356.2	441.8	2,617.9
Cash flow from financing activities			
Raising of loans	2,143.8	1,000.0	5,590.0
Reduction of liabilities, net	-2,099.6	-1,003.4	-6,797.1
Interest paid	-118.3	-224.4	-462.3
Interest received	-0.2	0.0	0.1
Paid dividend to shareholder	0.0	0.0	-1,250.0
Total cash flow from financing activities	-74.3	-227.8	-2,919.3
Change for the period in cash at bank and in hand	281.9	214.0	-301.4
Cash at bank and in hand at the beginning of the period	-109.6	191.8	191.8
Cash at bank and in hand at the end of the period	172.3	405.8	-109.6

MAIN FIGURES

(DKK million)	Q1 2018	Q1 2017	2017
Net turnover	715.8	788.9	3,557.1
EBIT	500.4	569.3	2,620.6
Net financials before value adjustment	17.5	-96.9	-442.2
Value adjustments, net	100.1	337.1	404.3
Profit before tax	618.0	809.5	2,582.7
Total assets	29,783.1	30,224.6	29,585.5
Equity	4,469.4	3,865.5	3,987.3

FINANCIAL RATIOS

Per cent	Q1 2018	Q1 2017	2017
Profit ratio (EBIT)	69.9%	72.2%	73.7%
Rate of return (EBIT)	6.7%	7.5%	8.9%
Return on facility (EBIT)	7.6%	8.5%	9.9%

Developments over the period

EBIT for the period shows a profit of DKK 500 million, which is DKK 69 million lower than the corresponding period in 2017.

Revenue from the road link across Storebælt totals DKK 624 million and is DKK 68 million lower compared to the revenue for the same period in 2017. The decrease can primarily be explained by the impact of the reduction in toll fees as traffic increased in all segments and, in general, by 2.3 per cent in relation to 2017. The reduction took effect from 1 January 2018 and amounts to 15 per cent for all lorries and for passenger cars using BroBizz or Automatic Number Plate Recognition (PayByPlate).

Revenue from the rail link decreased by DKK 5 million, from DKK 85 million for the same period in 2017 to DKK 80 million. The number of journeys is largely unchanged, but in parallel with the fee reduction for road traffic, fares per journey were reduced compared to the same period last year. The difference compared to the budget is also due to the monthly adjustments for the number of trains in operation.

Operating expenses fell by DKK 3 million compared to the same period in 2017. Depreciation decreased by DKK 2 million.

Interest income totals DKK 17 million, which is DKK 114 million higher compared to 2017 primarily as a result of the early repayment of loans and lower inflation.

The result before value adjustments and tax for the period shows a profit of DKK 518 million against a profit in 2017 of DKK 472 million.

The value adjustments of net financials amount to an income of DKK 100 million. For the same period in 2017, value adjustments amounted to an income of DKK 337 million. The value adjustments are an accounting item with no effect on the company's repayment ability because the debt is repaid at nominal value.

Tax for the period represents an expense of DKK 136 million against an expense of DKK 178 million in 2017.

The result after tax is a profit of DKK 482 million. The result for the corresponding period in 2017 showed a profit of DKK 631 million. The main reason for the difference is due to the value adjustment of net financials.

Financing expenses excluding value adjustments amount to -0.51 per cent per annum against 1.73 per cent per annum for the same period last year. Including value adjustments, financing expenses amount to -1.00 per cent per annum compared to 0.13 per cent per annum for the same period in 2017.

A/S Storebælt's financial risks are, in the main, unchanged as compared to the note in the Annual Report for 2017, which deals with financial risk management.

At the end of March, the floating rate debt for A/S Storebælt was 39.6 per cent of the net debt.

A conditional contract was signed on 6 March for the sale of Sprogø Offshore Wind Farm. The sale is conditional on the buyer obtaining permission from the Danish Energy Agency for the operation of the wind turbines. The agreed sales price exceeds the book value.

Outlook for 2018

The outlook for the result before financial value adjustments and tax is for a profit within the range of DKK 1,825-DKK 1,925 million. This is DKK 75 million higher than the budget and is primarily due to low interest expenses.

Equity development

(DKK million)	1 January - 31 March 2018	1 January - 31 December 2017	1 January - 31 March 2017
Share capital	355.0	355.0	355.0
Equity at the beginning of the period	3,987.3	3,234.1	3,234.1
Profit for the period	482.1	403.2	631.4
Dividend proposed	0.0	1,600.0	0.0
Dividend paid	0.0	-1,250.0	0.0
Equity at the end of the period	4,469.4	3,987.3	3,865.5

Equity is positive at DKK 4.5 billion. Equity movements for the period relate to the result for the period 1 January to 31 March 2018.

In the Annual Report 2017 for A/S Storebælt, it is proposed that dividend of DKK 1,600 million be paid to Sund & Bælt Holding, which was subsequently adopted at the company's Annual General Meeting on 23 April 2018.

The repayment period for the company's debt is estimated at 34 years from the opening of the Storebælt fixed link, which corresponds to 2032.

At the end of March, A/S Storebælt's interest-bearing net debt amounts to DKK 20.2 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 the company.

It should be noted that under the terms of the Act on Sund & Bælt Holding A/S for the parent company and, among others, A/S Storebælt, the Danish State has extended separate guarantees for interest and repayments and other ongoing liabilities relating to the company's 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.

ACCOUNTING POLICIES

The interim report is presented in accordance with IAS 34 provisions. The accounting policies are in accordance with those used in the 2017 Annual Report.

EVENTS AFTER THE BALANCE SHEET DATE

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

OWNERSHIP

The entire share capital of A/S Storebælt 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 Storebælt have today discussed and approved the interim report for the period 1 January to 31 March 2018.

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 31 March 2018 and the results of the company's activities and cash flow for the period 1 January – 31 March 2018.

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, 25 May 2018

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.