
Sund & Bælt Holding A/S

Vester Søgade 10
1601 Copenhagen V

CVR no. 15694688

Annual Report 2017

Chair of the Annual General Meeting: Kristina Jæger

Approved at the Annual General Meeting 23 April 2018

Contents

Sund & Bælt Group's objective and organisation

Preface	3
Sund & Bælt Group's objective and organisation	4
Highlights of the year	5
CSR – Corporate Social Responsibility	6

Results 2017

Traffic	7
Financial position	8
Finance	10
Events after the balance sheet date	13
Outlook for 2018	13
CSR objectives 2018	14

Business areas

Road	15
Railway	16
Ports and ferry services	17
Wind turbines	18
S&B Partner A/S	18
BroBizz A/S	19
Partnerships for the collection of tolls	20
Fehmarnbelt	20
Øresundsbro Konsortiet I/S	23

Corporate Social Responsibility

Corporate Governance	24
Risk management and control environment	24
Environment and climate	25
Employees	26

Accounts

Main items	29
Key figures and financial ratios	30
Financial statements	31
Statement by the Board of Directors and Management Board	75
The independent auditor's report	76
Board of Directors, Management Board and Senior Executives	78
Key figures and financial ratios (subsidiaries)	81
Financial glossary	83

New digital strategy contributes to efficiency improvements and better customer service

2017 was another good year for Sund & Bælt. Traffic across Storebælt increased by 3 per cent and contributed to an overall profit of DKK 2,111 million. Some 12.8 million customers passed through the Storebælt toll station, and overall, our infrastructure facilities on Amager and across Storebælt contributed to enhancing mobility of over 250,000 road users on a daily basis. The Øresund Bridge also delivered a good result with a profit of DKK 1,070 million. The year broke further traffic records and a total of 7.5 million vehicles used the link in 2017, which corresponded to a 1.7 per cent traffic growth. Furthermore, good progress was made on the Fehmarnbelt project to complete the application to the German authorities, who are expected to issue the approval in 2018.

In autumn 2017, the government decided to reduce the toll fee to cross Storebælt for those who use automatic payment systems such as BroBizz. The lower fees mean that a commuter using a commuter discount will pay approx. DKK 31 per passage after tax, thus boosting labour supply between East and West Denmark.

From Easter 2018, we will make it even easier and more attractive to use automatic payments when we introduce our number plate payment solution, PaybyPlate. The lower prices are expected to lead to more traffic across the bridge, so it has been necessary to link the lower pricing to this means of payment so as to ensure future capacity and avoid creating extra waiting time for customers. The alternative would be expensive with multi-lane expansion plus increasing costs for operation and staffing. Storebælt will also contribute to financing the expansion of the West Funen motorway to accommodate increased traffic. There is a natural connection between the fixed links and the infrastructure around them. With the building of the Øresund Bridge and with the upcoming Fehmarnbelt link, the task of securing access to the new links is part of the overall project. The same is the case with the Funen motorway.

This volume of traffic takes its toll on the infrastructure, which has been in operation for 20 years. As a result, in 2017 we focused on improving the efficiency of our facilities using new technology. In fact, we have set the ambitious goal that we will take the lead and drive the digital transformation in the operation and maintenance of major infrastructure. We are in the process of gathering experience from specific projects where the likes of drones, robots and sensors can automate inspection at many locations on our facilities and thus replace heavy manual workflows. The objective is to reduce our operating costs; and with an annual operating budget of approximately DKK 500 million, this can go right to the bottom line.

And we are well on our way. Together with technology partners and other experts, we rolled out our digital strategy in 2017. Since the summer we have been using drones to inspect the extensive concrete surfaces of the Storebælt bridge's anchor blocks. This provides a unique amount of data that we can analyse to

accurately diagnose, where and when repair of concrete damage is required. On the Øresund railway we are working on a project that concerns our point switching, where we can optimise operation and maintenance through sensors, thus ensuring rail service punctuality. This is knowledge we want to share with the wider world in the public and private sectors and, via Sund & Bælt Partner, generate revenue for Sund & Bælt.

BroBizz A/S is in fierce competition with other European issuing companies in a market that has been opened up to increased competition through EETS. In consequence, the company has to be competitive and, through strong partnerships and a digital mobility platform, deliver good services for customers both in Denmark and on their travels in Europe. The first step was a new BroBizz app, launched at the end of the year and can now be used to sign up for number plate payment.

Last summer, Femern A/S in close collaboration with colleagues, environmental experts and many other partners on the Danish and German sides, delivered the final information to the German authorities, which will form the basis for German regulatory approval. The German authorities have announced that they are now entering the final phase of formulating the approval, which is expected in 2018. At the same time, politicians, the business community and organisations at all levels have met and discussed the importance of the Fehmarnbelt link for trade, education, tourism and cultural exchanges in our part of Europe.

The many benefits will already begin to become apparent before the link opens. From 2024, the travel time by train between Copenhagen and Nykøbing Falster will be significantly reduced. This alone will bring entirely new local development opportunities. At the same time, it has been possible to secure the loan interest for A/S Femern Landonlæg at such a low level that the total repayment period for the Fehmarnbelt project can be reduced by three years. The EU also announced in autumn 2017 that A/S Femern Landonlæg has been allocated funding of up to DKK 920 million. This demonstrates that the project has a solid financial foundation.

The work on digital transformation also involves an internal process where we are currently focusing on upskilling the technical skills of our staff to equip them for the digital future. Furthermore, and fully in line with recommendations, the government has recently announced in their strategy for Denmark's digital growth, that we will continue to work towards increasing Sund & Bælt's added value to Danish society in the coming year by continuing the journey towards a more efficient business driven by new technological opportunities.

Peter Frederiksen
Chairman
Sund & Bælt Holding A/S

Mikkel Hemmingsen
CEO
Sund & Bælt Holding A/S

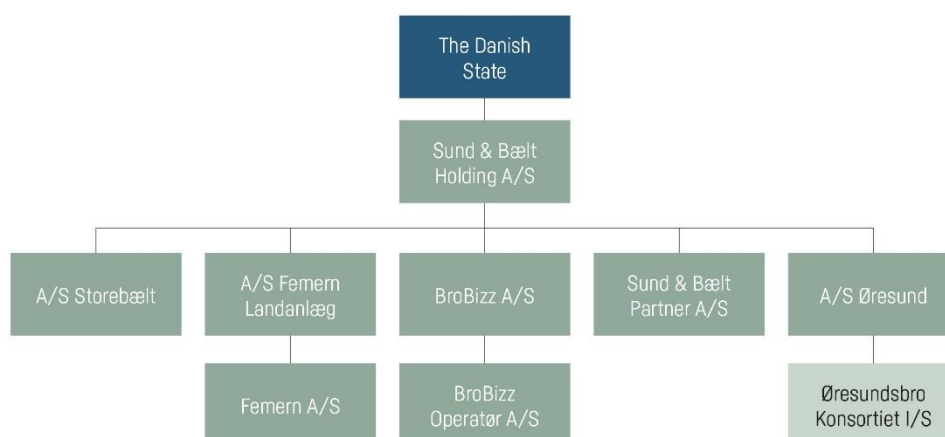
About Sund & Bælt

The Sund & Bælt Group's primary responsibility is to own and operate the fixed links across Storebælt and Øresund and, in time, also the Fehmarnbelt. These responsibilities are carried out with due regard for maintaining high levels of accessibility and safety on the links. Moreover, repayment of the loans raised to finance the facilities will take place within a reasonable time frame.

Pursuant to the Act on Sund & Bælt Holding A/S, BroBizz A/S' main task is to be the issuer of BroBizz®, which can be used as a means of identification for a number of transport-related payment services, such as toll roads, bridges, ferries, parking, etc. With the most recent amendment to the Act, the framework for BroBizz A/S' activities was clarified: the company can function as an issuing company for any transport and infrastructure provider and related activities that equivalent European issuer companies can offer.

The Sund & Bælt Group is tasked with:

- Operating and maintaining the road link across the Storebælt Bridge;
- Collecting payment from motorists using the Storebælt Bridge;
- Monitoring and maintaining Storebælt's rail section;
- Operating and maintaining the Øresund motorway;
- Monitoring and maintaining the Øresund railway;
- Collecting fees from Banedanmark for the right to use the Øresund railway on Amager and the rail link across Storebælt;
- Managing and ensuring repayment of A/S Storebælt's and A/S Øresund's debt portfolio;
- Managing the part ownership of Øresundsbro Konsortiet I/S;
- Operating and maintaining the port facilities at Odden, Ebeltoft, Spodsbjerg and Tårs;
- Operating and maintaining Sprogø Offshore Wind Farm;
- Being responsible for the planning, feasibility studies and construction works for the coast-coast link for the fixed link across Fehmarnbelt;
- Being responsible for the ownership and financing of the Danish landworks in connection with the Fehmarnbelt fixed link;
- Being responsible for the co-ordination of the planning and construction works for the fixed link across the Fehmarnbelt comprising the coast-to-coast link and the Danish landworks;
- Providing client consultancy in relation to major and primarily international infrastructure projects on a commercial basis;
- Functioning as operator of the payment facilities for user-funded infrastructure in Denmark;
- Operating as an issuer of BroBizz® for use at user-paid infrastructure via BroBizz A/S.



Share
 ■ 100 % ■ 50 %

Highlights of the year

Traffic

Road traffic on the Storebælt Bridge totalled 12.8 million vehicles in 2017, which is a new annual record. Traffic grew by 3.0% compared to 2016. Passenger car traffic rose by 2.8% and lorry traffic rose by 4.8%. Rail traffic across Storebælt totalled 50,235 trains, an increase of 5.3% compared to 2016.

On the Øresund Bridge, road traffic increased by 1.7% in 2017, with 7.5 million vehicles crossing the bridge. Lorry traffic rose by 4.8% compared to 2016 while passenger car traffic rose by 4.8%. Leisure traffic rose by 5.6% compared to 2016, commuter traffic declined by 1.6% and other passenger car traffic increased by 0.2%. Train traffic increased by 2.7% compared to 2016 and now accounts for 11.4 million passengers.

Financial position

The result before fair value adjustments and tax, including the share from Øresundsbro Konsortiet I/S, is a profit of DKK 2,111 million and is thus DKK 313 million higher than in 2016.

The result is affected by an additional turnover of 3.1% from road revenues at Storebælt, corresponding to approximately DKK 95 million; increased operating expenses of almost DKK 40 million, less depreciation and amortisation for A/S Storebælt of approximately DKK 175 million, primarily related to the writedowns on the wind turbines and buildings in 2016, lower net interest expenses of around DKK 60 million and an improved result for Øresundsbro Konsortiet I/S of some DKK 25 million.

Fair value adjustments amount to an income of DKK 977 million against an expense of DKK 617 million in 2016. Compared to 2016, the result is thus positively affected by fair value adjustments of DKK 1,488 million corresponding to DKK 1,160 million after tax.

Profits after tax amount to DKK 2,629 million.

Based on a proposed dividend from A/S Storebælt, Sund & Bælt Holding A/S expects to pay an extraordinary dividend of DKK 1,452 million in 2018.

Profitability

For A/S Storebælt, the repayment period has been extended by 4 years compared to last year and now amounts to 34 years. The reason is because of the toll reduction at the Storebælt Bridge and the increased dividend payment for the co-financing of the Funen motorway. The repayment period for A/S Øresund is estimated at 50 years, which is one year less than last year, largely as a result of lower financing expenses. For Øresundsbro Konsortiet I/S the repayment period has also been reduced by one year to 33 years.

New company

The Danish parliament, Folketinget, adopted an amendment to the Act on Sund & Bælt Holding A/S in 2016. The amendment specified that BroBizz A/S can act on equal footing with other issuing companies, including developing the company for new business areas within ferries, parking, access control and possibly

new added value additional services not only in Denmark but also in Europe.

Moreover, the amendment meant that the framework for BroBizz A/S' use of new technology was expanded so that the company can remain competitive in an increasingly competitive market. The legislator's intention and expectation is that BroBizz A/S develops and expands its market shares, business areas and new technology solutions.

On 7 December 2017, BroBizz A/S established the subsidiary, BroBizz Operator A/S, which will be responsible for establishing, operating and maintaining the electronic toll systems and similar payment facilities for user-funded infrastructure in Denmark.

Management of Sund & Bælt Holding A/S

Vice-Chairmen Carsten Koch and David P. Meyer, as well as board members Pernille Sams and Mette Boye stepped down from the Board of Directors at the Annual General Meeting in April and Jørn Tolstrup Rohde joined the board as the new Vice-Chairman.

Turnover from the road link across Storebælt totals DKK 3,164 million and increased by 3.1% compared to 2016.

In 2017, DKK 1.0 billion was repaid on A/S Storebælt's interest-bearing net debt, which totalled DKK 20.3 billion at the end of the year.

The effect of value adjustments on the results

	Consolidated income statement with regard to the Annual Report	Fair value adjustment	Proforma income statement
Operating profit (EBIT)	2,223.6		2,223.6
Total financial income and expenses	329.5	-976.9	-647.4
Profit before share of jointly managed company	2,553.1		1,576.2
Profit/loss from jointly managed company	734.0	-199.0	535.0
Profit before fair value adjustment and tax			2,111.2
Fair value adjustment		1,175.9	1,175.9
Profit before tax	3,287.1		3,287.1
Tax	-657.7		-657.7
Profit for the year	2,629.4		2,629.4

CSR – Corporate Social Responsibility

Sund & Bælt supports growth and cohesion in Denmark by operating a responsible company whose aim is to bring people and regions together and balances respect for the economy, people and the environment in its daily operations. A safe and efficient traffic flow is at the Group's foundation and the safety of both customers and employees is paramount. CSR is thus not an isolated activity, but a basic tenet that is integrated into daily work.

Sund & Bælt has joined the UN Global Compact and through its membership is required to respect, comply and work with the 10 principles of the Global Compact. Sund & Bælt does this through its CSR policy and risk assessment with related activities.

The CSR policy comprises;

- social responsibility, including respect for human rights and the promotion of equality,
- environmental responsibility, including minimising climate impact, nature protection and sustainable resource consumption,
- financial responsibility, including anti-corruption and transparency.
- Support endeavours that promote the areas in which Sund & Bælt is involved

This section, as well as the sections *Targets for CSR Work 2018*, *Environment and Climate*, *Corporate Governance* and *Employees* constitute the statutory statement of social responsibility and gender composition, cf. § 99a and 99b of ÅRL.

Work on social responsibility, including human rights such as gender equality and non-discrimination, personal safety and favourable working conditions, are described in this section as well as in the sections *Environment* and *Climate and Employees*.

Work on environmental responsibility, including the climate impact in terms of energy consumption and renewable energy production, is described in this section as well as in the section *Environment and Climate*.

Work on financial accountability is described in this section as well as in section *Corporate Governance*.

Sund & Bælt addresses anti-corruption and transparency by running a whistleblower scheme, prioritising public access requests and taking a zero-tolerance approach to corruption cases and complaints from authorities, c.f. the chart on the next page. In 2017, work began on revising the procurement policy, i.e. through greater focus on avoiding obtaining special customer benefits and purchases. There have been no problems in these areas, but the conditions will now be formalised through the procurement policy.

Read more about Sund & Bælt's Corporate Social Responsibility at www.sundogbaelt.dk/en/our-social-responsibility

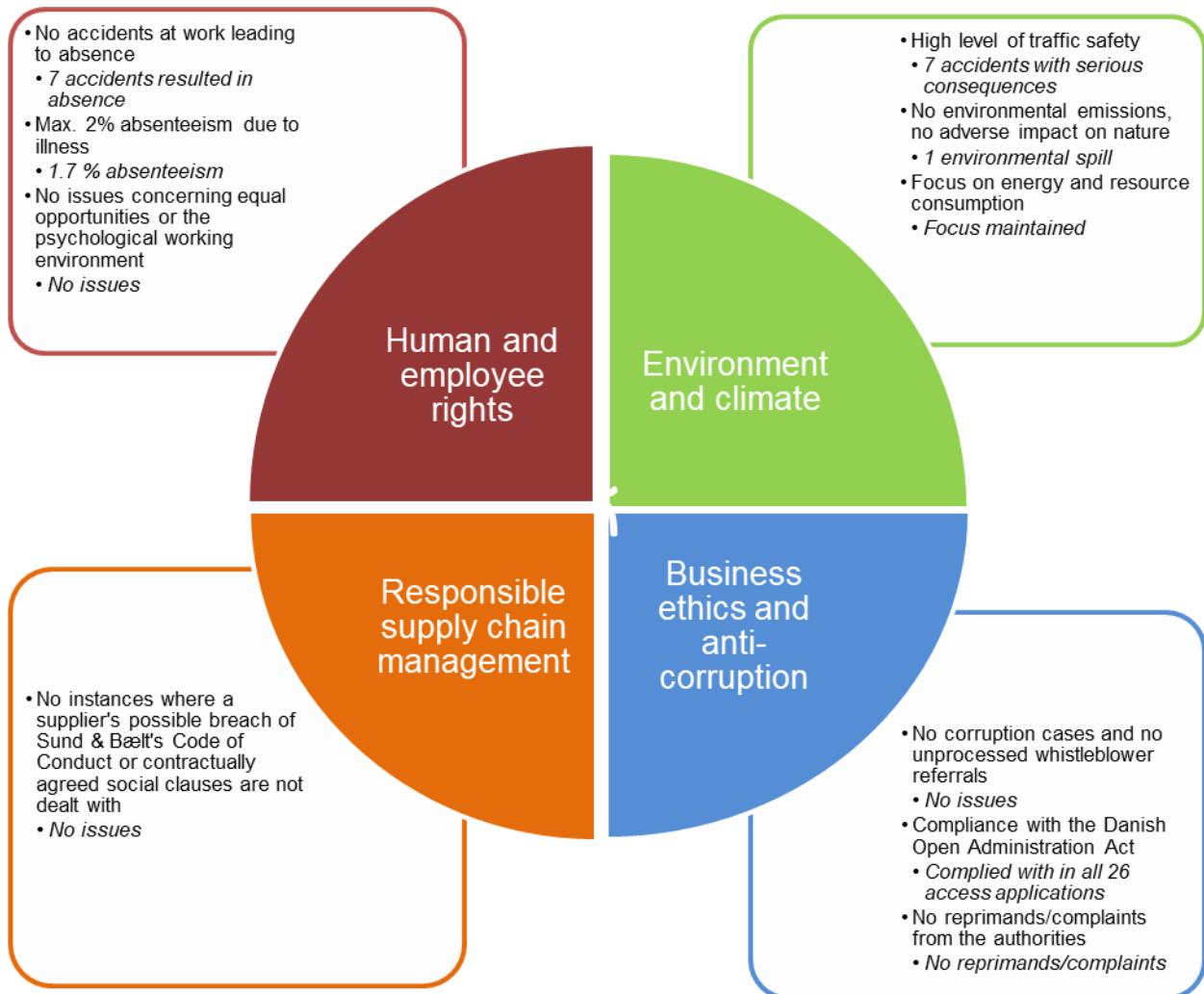
CSR targets and results for 2017

By and large, all targets for 2017 were met. However, there were seven industrial accidents involving absence of 37 days with the Group's suppliers (c.f. page 25). In addition, there were five road accidents involving serious injury, but no fatalities. Moreover, there was an oil spill to a watercourse, which was subsequently cleaned.

In 2017, the Group's focus on social responsibility and non-discrimination created opportunities in the labour market for people with special needs. For example, our collaboration with VeteranHaven means that previously-deployed soldiers carry out maintenance work on Sprogø. The veterans have been injured in service and need to re-establish their links to the labour market. As part of the provision of canteen operations, it is also required that 20 per cent of staff consists of individuals in flex or part-time jobs who are disabled or otherwise disadvantaged.

Similarly, our CSR policy is manifested in the company's sponsorship policy whereby socially disadvantaged groups can apply for sponsorships and free trips across the Storebælt link. Moreover, our sponsorship policy aims to promote interest in knowledge, education and specialisation within the areas that support the company's business area, such as engineering. In 2017, Sund & Bælt decided, therefore, to exhibit at and be a sponsor of the ITS World Congress to be held in Copenhagen in 2018.

The muscular dystrophy foundation has been the flagship of our sponsorship policy, with an award of 500 free tickets for the Storebælt Bridge, which were used in connection with Green Concerts and Circus Summarum.



Traffic

Some 12,779,645 vehicles crossed Storebælt in 2017, which is a rise of 3.0% compared to 2016 adjusted for the leap year day. Consequently, traffic growth was well above the average long-term traffic growth, even though the growth rate was slightly less than the previous year, when traffic increased by 4.4 per cent. The 12.8 million vehicles correspond to annual daily traffic of 35,013 vehicles, of which passenger cars amount to 88%.

The growth for lorries in 2017 was 4.8%, which is higher than previous years. For six of the year's months, monthly traffic exceeded 125,000 lorries, and was thus slightly above the previous monthly record for lorries. The major fluctuations in the first and second quarters are mainly due to Easter, which in 2017 was in April.

The wet summer of 2017 impacted passenger car traffic when July traffic was 2.0% below that for the same month in 2016. December was also characterised by relatively low growth. Thus, it was typically holiday periods that contributed to the reduced growth in passenger cars for the year, i.e. 2.8% for the whole year compared to the previous level of 4-5%.

Coach traffic declined by 2.2% in 2017 following high growth rates in previous years. The development should be seen in the light of the fact that Spring 2016 saw an extraordinary high level of coach traffic across Storebælt due to the deployment of replacement buses in connection with track work on East Funen. For the rest of 2017, traffic growth established a level comparable to passenger cars.

Despite the increase for all types of vehicles, Storebælt still has good capacity. This is because an increasing number of drivers are using BroBizz® and can drive through the toll station much more quickly. The percentage of vehicles using a BroBizz increased to 65.6 per cent in 2017, corresponding to over 300,000 more vehicles with a BroBizz or other OBEs.

Traffic records on Storebælt - top 5

Year	Number of crossings per year
2017	12,779,645
2016	12,437,748
2015	11,880,022
2014	11,361,421
2008	11,025,788

Annual percentage traffic growth on Storebælt

	2016-2017	2015-2016	2014-2015
Passenger cars	2.8	4.4	4.8
Lorries	4.8	4.3	1.6
Coaches	-2.2	10.5	49.3
Total	3.0	4.4	4.6

Traffic per day on Storebælt

	2017	2016	2015
Passenger cars	30,977	30,126	28,857
Lorries	3,917	3,736	3,581
Coaches	119	121	110
Total	35,013	33,983	32,548

Quarterly traffic development on Storebælt in 2017 compared to the same quarter in 2016

	Q1	Q2	Q3	Q4
Passenger cars	4,1	3,3	1,3	2,9
Lorries	9,3	1,9	4,1	4,5
Coaches	3,2	-13,7	3,3	2,2
Total	4.7	3.0	1.6	3.1

Financial position

The result for the year was satisfactory and the result before financial value adjustments and tax, including the share from Øresundsbro Konsortiet I/S, amounts to a profit of DKK 2,111 million against a profit of DKK 1,798 million in 2016. The result was positively affected by an improved performance from Øresundsbro Konsortiet I/S of around DKK 25 million and from A/S Storebælt of approx. 460 million. However, A/S Øresund's results had a negative impact at around DKK 160 million.

Group turnover increased by 2.6% and totals DKK 3,662 million. Turnover from Storebælt's road link showed a net increase of 3.1%, equivalent to DKK 95 million and totals DKK 3,164 million hereafter. This increase derives primarily from traffic growth of 3.0%.

Expenses total DKK 545 million and increased by 43 million compared to 2016. The increase is due to increased operating expenses for maintenance of the Øresund line.

Depreciation and amortisation decreased by DKK 176 million compared to 2016 and totals 894 million. This is primarily because, in 2016, A/S Storebælt made a provision for a loss in value of Sprogø Wind Farm at DKK 287 million and of the administration building at the port of Ebeltøft of DKK 20 million.

Interest rates were fairly stable in 2017 when long-term rates rose slightly, but short-term rates remained at a low level. Inflation rose significantly in 2017 albeit from a low level. Net interest expenses were thus DKK 63 million lower in 2017 compared to 2016 and total DKK 647 million. The decline is primarily related to early repayment of a number of on-lending loans expiring in 2017 at an effective rate that was significantly higher than the market rate at which the loans were re-financed. The higher rate of inflation resulted in increased inflation indexation on the portion of the debt linked to inflation developments, which pulled in the opposite direction. The portfolio duration at A/S Storebælt increased by one year to five years due to the toll fee reduction on the Storebælt Bridge, while the duration at A/S Øresund has fallen slightly.

Fair value adjustments (including adjustments for Øresundsbro Konsortiet I/S) amounted to an income of DKK 1,176 million in 2017 against an expense of DKK 617 million in 2016. The value adjustments consist in part of an income relating to fair value adjustments of financial assets and liabilities of net DKK 1,160 million, and in part of an income from foreign exchange adjustments totalling DKK 16 million.

Fair value adjustments are an accounting item that does not affect the repayment period of the Group's debt since the debt is repayable at nominal value.

Net financing expenses including fair value adjustment (excluding adjustments for Øresundsbro Konsortiet I/S) were an income of DKK 330 million against an expense of DKK 1,222 million in 2016.

The profit share from Øresundsbro Konsortiet I/S was an income of DKK 734 million, which included positive fair value adjustments

totalling DKK 199 million. The share of the result before fair value adjustments was thus positive at DKK 535 million, and DKK 25 million higher than 2016. The share was affected by a rise in road revenues of 4.4% as well as lower interest expenses.

Tax on the Group's results amounted to an expense of DKK 658 million.

The Group's profit after tax was DKK 2,629 million.

In the interim financial statement for Q3, the outlook for the year's results before financial value adjustments and tax was at the high end of the DKK 1,800-1,950 million range, which is in line with the outlook at the start of the year. The actual profit before fair value adjustments and tax is thus approximately DKK 160 million higher than expected, which is mainly because of higher traffic revenues, lower expenses and interest expenses.

Group equity at 31 December 2017 was negative at DKK 1,781 million. Against the background of estimated operating results for the subsidiaries and the Group's dividend policy, it is expected that Group equity will be restored within a time frame of 4-5 years from the end of 2017.

Sund & Bælt Holding A/S received a dividend of DKK 1,250 million from A/S Storebælt in 2017 and subsequently paid an extraordinary dividend of DKK 1,200 million to the shareholder.

After distribution of the expected extraordinary dividend in 2018 of DKK 1.452 million to the state, Sund & Bælt Holding A/S will have distributed DKK 5,652 million to the shareholder.

Of the total distribution, DKK 5,400 million relates to the co-financing of the political agreement, A Green Transport Policy, from 2009, and DKK 252 million relates to the co-financing of the expansion of the Funen Motorway.

Future operating results are estimated on the basis of the Ministry of Transport, Building and Housing's fixed fees from Banedanmark for use of the rail links and on the basis of traffic forecasts for A/S Storebælt and Øresundsbro Konsortiet I/S. The latter is recognised at 50 per cent, which corresponds to the ownership share.

It should be noted that under the terms of *the Act on Sund & Bælt Holding A/S for A/S Storebælt and A/S Øresund*, and against a guarantee commission of 0.15 per cent, the Danish state has extended separate guarantees for interest and repayments and other ongoing liabilities associated with the companies' borrowings. In addition, and without further notification of each individual case, the Danish state guarantees the companies' other financial obligations. Øresundsbro Konsortiet A/S' liabilities are guaranteed jointly and severally by the Danish and Swedish states.

Moreover, it should be noted that under the terms of *the Planning Act for the fixed link across the Fehmarnbelt with associated landworks in Denmark* for A/S Femern Landanlæg and Femern A/S, and the Act on Construction and Operation of a Fixed Link across the Fehmarnbelt with associated landworks in Denmark,

the Danish state has extended separate guarantees for interest and repayments and other ongoing liabilities relating to the companies' borrowings against payment of a guarantee commission of 0.15 per cent. In addition, and without further notification of each individual case, the Danish state guarantees the companies' other financial liabilities.

Cash flow for the Group's operations amounted to DKK 3,587 million, which is DKK 749 million higher than in 2016. The difference is primarily due to changes in working capital.

Cash flow for investing activities totalled DKK 798 million, due mainly to investments in road and rail facilities.

The free cash flow arises from operations less capital expenditure and totalled DKK 2,789 million. Free cash flow expresses the Group's ability to generate liquidity for the financing of interest and repayment of liabilities.

Financing activities include borrowing, repayments, interest expenses and dividend payments, which amounted to DKK 2,963 net.

In total, the Group's cash at bank and in hand decreased by DKK 174 million. Thus, cash at bank and in hand at the end of 2017 was negative at DKK 109 million.

Finance

2017 was characterised by very fair growth in the vast majority of countries/regions. Growth in both the US and Europe increased gradually to 2.5 per cent following a slight slowdown in 2016. Conversely, China's growth stabilised at around 6.5 per cent.

The gap in the world economy (potential growth being lower than actual growth) has gradually narrowed to the extent that some resources are under pressure, not least the labour force. The correlation between unemployment and inflation (the Phillips curve) has been a theme over the last couple of years. In the United States in particular, the very low unemployment rate (close to 4 per cent) is expected to lead to rising wage pressure and hence rising inflation, but development has been sluggish.

The threat of deflation – that has largely characterised the ECB's policy and the European economy since the financial crisis broke – is no longer part of the debate and, although inflation is still slightly lagging behind the ECB's target, its direction of travel was correct in 2017. The recovery has obviously been assisted by the extremely loose monetary policy, with the resulting negative interest rates and huge bond purchases by the ECB.

In addition, the financial markets were obviously influenced by the newly elected US President, Donald Trump, elections in several major European countries (Holland, France and Germany), as well as the EU-UK negotiations on the terms for Brexit.

The US Federal Reserve raised interest rates three times in 2017 and by a total of 0.75 per cent. At the same time, there was a trimming of the Federal Reserve's balance sheet, which had begun to rise significantly after the financial crisis. In Europe, the ECB did not change the interest rate during 2017, but it did initiate a normalisation of monetary policy. This was in the form of a plan to wind up the bond purchase programme (APP) in 2018.

Long-term interest rates were quite stable, despite the otherwise increasing growth on both sides of the Atlantic. In Europe, the 10-year swap rate moved within a narrow range of 0.7-1.0 per cent, while the fluctuations were moderately higher in the US.

Loan repayments were DKK 1.0 billion for A/S Storebælt in 2017, while A/S Øresund's debt increased by DKK 46 million.

At year end 2017, interest-bearing net debt at A/S Storebælt stood at DKK 20.3 billion. The interest-bearing net debt was DKK 11.2 billion for A/S Øresund, DKK 1.5 billion for A/S Femern Landanlæg and DKK 2.5 billion for Femern A/S.

Financial strategy

Sund & Bælt's objective is to maintain active and comprehensive financial management that minimises the long-term financial costs with due regard for financial risks. Among other things, financial risks are minimised by having exposure to DKK and EUR, while optimisation of the loan portfolio is achieved through the use of swaps and other derivative financial instruments.

A/S Storebælt, A/S Øresund, A/S Femern Landanlæg and Femern A/S raised loans via the Nationalbanken throughout 2017. Such on-lending continues to remain very attractive compared to alternative funding sources.

The Group's cautious approach to credit risk meant that the companies did not lose money in 2017 because of financial counterparties' insolvency.

The companies' real rate exposure of approximately 1/3 of the total net debt gave rise to inflation indexation for both A/S Storebælt and A/S Øresund, which was significantly above the results for 2016. Broadly, inflation has tripled from the extremely low levels of around 0.5 per cent to approximately 1.5 per cent at year end. The reason is that Danish inflation (and inflation generally in all the major economies) has finally begun to rise. Not up to the level that economists, and the central banks especially, would like, but significantly nonetheless. Oil prices increased in the second half of the year in particular, rising from under USD 45/barrel to over USD 60/barrel at year end. Meanwhile wage pressures are also finally beginning to emerge, in part as a result of the low unemployment rate.

The duration of the debt at A/S Storebælt grew at year end due to the toll fee reduction introduced in the 2018 Finance Act, which extends the repayment period for the company's debt. The duration therefore extended from almost 4 years at the end of 2016 to just under 5 years at the end of 2017. At A/S Øresund, the duration is slightly shorter due to the natural run-off on the portfolio. At year end 2017, it was therefore just over 9 years, corresponding to the company's benchmark for the duration of the nominal part of the portfolio.

A/S Storebælt – financial ratios 2017

	DKK million	% per annum
Borrowing 2017	5,590	
- of which on-lending from Nationalbanken	5,590	
Gross debt (fair value)	23,238	
Net debt (fair value)	22,070	
Interest-bearing net debt	20,307	
Real rate (before value adjustment)		0.80
Interest expenses	411	1.94
Value adjustment	-404	-1.91
Total financing expenses ¹⁾	7	0.03

¹⁾ Note: The amount excludes the guarantee commission, which totals DKK 31.1 million.

A/S Øresund – financial ratios 2017

	DKK million	% per annum
Borrowing 2017	2,533	
- of which on-line lending from Nationalbanken	2,533	
Gross debt (fair value)	13,135	
Net debt (fair value)	12,647	
Interest-bearing net debt	11,236	
Real rate (before value adjustment)		0.60
Interest expenses	188	1.69
Value adjustment	-261	-2.35
Total financing expenses ¹⁾	-73	-0.66

¹⁾ Note: The amount excludes the guarantee commission, which totals DKK 16.5 million.

A/S Femern Landanlæg – financial ratios 2017

	DKK million	% per annum
Borrowing 2017	300	
- of which on-line lending from Nationalbanken	300	
Gross debt (fair value)	1,171	
Net debt (fair value)	1,151	
Interest-bearing net debt	1,458	
Real rate (before value adjustment)		-1.00
Interest expenses	1	0.08
Value adjustment	-315	-25.84
Total financing expenses ¹⁾	-314	-25.76

¹⁾ Note: The amount excludes the guarantee commission, which totals DKK 2.0 million.

Femern A/S – financial ratios 2017

	DKK million	% per annum
Borrowing 2017	200	
- of which on-lending from Nationalbanken	200	
Gross debt (fair value)	2,644	
Net debt (fair value)	2,556	
Interest-bearing net debt	2,545	
Real rate (before value adjustment)		-1.40
Interest expenses	-9	-0.36
Value adjustment	-3	-0.16
Total financing expenses ¹⁾	-12	0.04

¹⁾ Note: The amount excludes the guarantee commission, which totals DKK 4.0 million.

A/S Storebælt profitability

A/S Storebælt's debt will be repaid from the revenue from road and rail traffic. As a basis for the calculation of the repayment date in the long-term profitability calculations, the company uses a real rate of 3.0% on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

As part of the Finance Act 2016, the annual fee payable by the rail companies for use of the fixed links across Storebælt and Øresund was revised downwards. For A/S Storebælt this was a reduction in the order of DKK 270 million in 2016. From and including 2016, the amount depends on actual train traffic where it was previously a fixed amount set aside in the Finance Act.

On 21 September 2017, a political agreement was reached on a toll fee reduction at the Storebælt link, and that A/S Storebælt should contribute DKK 2.1 billion to financing the extension of the Funen motorway between Nr. Aaby and Odense Vest. Fees will be reduced by 15 per cent as at 1 January 2018 increasing to 25 per cent when the extension of the Funen motorway is completed in 2022.

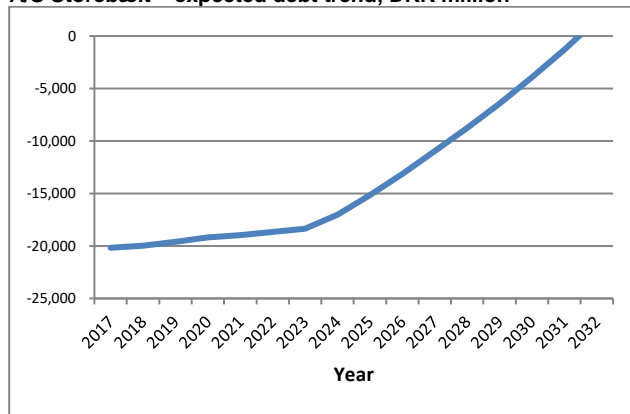
Seen in isolation, the consequences of the toll fee reduction and the co-financing of the Funen motorway for A/S Storebælt's economy mean an extension of the repayment period by 5 years. However, this should be counterbalanced by operational efficiency improvements at the Storebælt link as well as lower interest expenses. The repayment period is 34 years in total, which means that the debt is expected to be repaid in 2032. This will extend the repayment period by four years compared to the previous financial statements.

Co-financing of the political agreement, A Green Transport Policy, from 29 January 2009 is included in the repayment period calculation whereby the company pays a dividend to the State of DKK 9.0 billion (in 2008 prices) up to the financial year 2022 and ceases to do so after fulfilment of the agreement. A/S Storebælt's DKK 2.1 billion contribution to the co-financing of the Funen motorway (in 2018 prices) will be covered by the dividend to the State.

After distribution of an expected dividend of DKK 1,452 billion to the State for the 2017 financial year, the company will have distributed a total dividend of DKK 5,652 billion to the shareholder.

The main uncertainties in the profitability calculations relate to the long-term traffic growth and the real rate. Traffic growth is expected to average 1% and 1.5% for lorries and passenger cars respectively. Operating expenses assume annual efficiencies of 2% per annum over the next five years whereafter they are expected to rise in line with inflation. Moreover, there is some uncertainty as regards the size and timing of reinvestments in the rail link.

A/S Storebælt – expected debt trend, DKK million



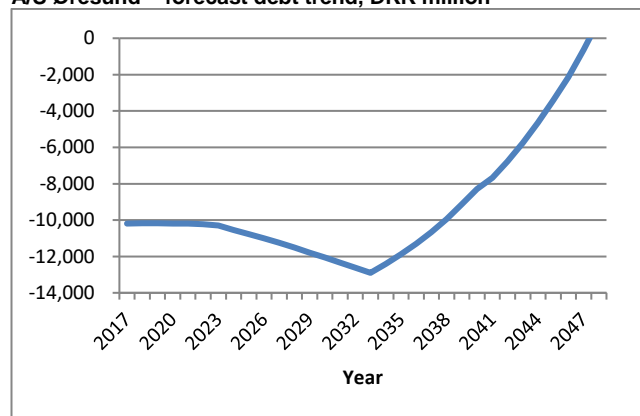
A/S Øresund profitability

The investment in the Øresund fixed link's landworks will be repaid in part through payment from Banedanmark for use of the Øresund rail line and partly through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent.

A/S Øresund has also been affected by the above-mentioned changes in the 2016 Budget where the annual fee for the railway companies' use of the fixed links will be gradually reduced over the coming years. In addition, A/S Øresund is obliged to pay the Danish state's rail contribution to Øresundsbro Konsortiet I/S until 2024 on a gradual basis. The profitability calculations are based on an assumed real rate of 3% on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

Moreover, as a consequence of the joint taxation with the Group's other companies, A/S Øresund will obtain a cash flow benefit. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings to A/S Øresund. A/S Øresund can thus forward the use of its tax loss over time.

The repayment period for A/S Øresund is now calculated at 50 years, which is 1 year less than last year due to lower financing expenses. The repayment period for A/S Øresund is sensitive to changes in the finances of the Øresund project and in the joint taxation and dividend policy of the Group.

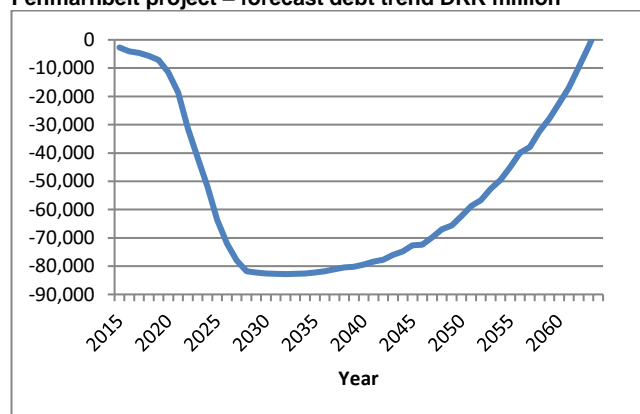
A/S Øresund – forecast debt trend, DKK million

See more about Øresundsbros Konsortiet I/S' repayment period on page 23.

Profitability of the Fehmarnbelt project

On 11 February 2016, Femern A/S published a new financial analysis of the Fehmarnbelt project's overall economy (coast-to-coast link and the Danish landworks). The analysis shows that the total construction budget amounts to DKK 62.1 billion (2015 prices) which includes total reserves of DKK 9.5 billion. The budget is divided as follows: the coast-to-coast link DKK 52.6 billion of which reserves of DKK 7.3 billion and the Danish landworks of DKK 9.5 billion of which reserves of DKK 2.2 billion. The repayment period is calculated at 36 years from the date of commissioning.

An analysis of the reserves and risk apportionment on the Fehmarnbelt link undertaken by the consulting company EY, published on 8 February 2016, states that the size and proportion of the reserves are deemed appropriate.

Fehmarnbelt project – forecast debt trend DKK million

Events after the balance sheet date

On 2 March 2018, an agreement was reached on the Fehmarnbelt link backed by the Government ((Venstre/Liberal Party, Liberal Alliance and Det Konservative Folkeparti/The Conservative Peoples Party), Socialdemokratiet/the Social Democrats, Dansk Folkeparti/the Danish People's Party, Det Radikale Venstre/the Radical Liberal Party and Socialistisk Folkeparti/the Socialist People's Party) to accept a recommendation from Femern A/S to advance specific construction preparatory activities in relation to the fixed link across the Fehmarnbelt.

This means that Femern A/S can instigate the following construction activities:

- Implementation of a pre-construction monitoring programme;
- Preparation of more detailed method descriptions of construction work;
- Continue the archaeological studies at Rødbyhavn;
- Development of the production area at Rødbyhavn and the establishment of roads, pathways and office facilities at Rødbyhavn.

The activities will be undertaken between 2018-2020 and will be financed within the total construction budget and therefore will not have any effect on the repayment period of the project.

On 22 March 2018, the Ministry of Transport of Schleswig-Holstein issued a press release on the status of regulatory approval of the Fehmarnbelt link. This states that regulatory approval will be issued in the second half of 2018 and that the consultation process in Germany can be regarded as completed.

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.

Other than that, there are no events after the balance sheet date that are of significance to the Annual Report 2017.

Outlook for 2018

The outlook for 2018 is particularly influenced by the decision to reduce the toll fees on Storebælt by a total of 25% over a number of years. The initial part – 15% - will be implemented with effect from 1 January 2018. The effect will have a negative impact of approximately DKK 400 million in 2018.

Projections for the Danish economy point towards a modest increase in growth level through 2018, along with a moderate rise in inflation. At the same time, this has a positive impact on projections for traffic and revenue development.

According to the budget for 2018, drawn up at the end of 2017, the result before financial value adjustments and tax is expected to be a profit ranging between DKK 1,650-DKK 1,800 million.

Targets for CSR work in 2018

The chart below shows the Group's CSR targets for 2018.

Read more about Sund & Bælt's CSR targets for 2018 at www.sundogbaelt.dk/en/our-social-responsibility.



Road

Storebælt

Maintenance and reinvestments

The company's maintenance strategy, which is based on long-term profitability, proactive preventive maintenance of all critical systems and maximum accessibility, availability and safety for road users, will become more visible as the infrastructure ages and wears, new technology paves the way for optimisation and new environmental requirements require adjustments.

Reinvestments in the infrastructure facilities designed back in the late 1980s and early 1990s, and which have now been in operation for 18 years, are becoming increasingly necessary.

Examples of major maintenance work in 2017 include replacing the sliding surfaces of the East Bridge bearings and repair of the East Bridge road surface in the right-hand lane of the eastbound direction.

Planning the work to renovate the East Bridge's four hydraulic dampers continued in 2017 with simulations of how the approximately 7m long and 15 tonne dampers are to be lifted out of the bridge. The first two dampers will be renovated in 2018.

Øresund motorway

Traffic on the Øresund motorway

The Øresund motorway continues to play a central role in the development of Amager and is an indispensable link between Copenhagen and the wider world via the airport and Øresund Bridge. It plays very much into the daily management of the critical infrastructure facilities that have a very high traffic density.

As a result, accessibility, convenience and safety for road users is continually in focus when carrying out maintenance and reinvestments on this stretch of road. This includes activities being transferred to low-traffic times of day wherever possible. Extensive upgrades may, however, also be carried out in the daytime to make the impact as brief as possible. Such activities are always based on thorough analyses of traffic flow and clear communication to neighbours, road users and other partners.

Traffic on the Øresund motorway increased by approximately 3.3 per cent on the year, which means that some 85,651 vehicles now drive west of Ørestad and around 71,466 vehicles per day east of Ørestad.

Climate protection

In 2012, the coastal dyke between Kalvebod Bridge and Kongelunden on West Amager was raised. Vestamager Pumpediglag's board, of which Sund & Bælt is part, has initiated work to finalise the last part of the dyke around south/western Amager at Ullerup, so that this part of Amager and Sund & Bælt's facilities will be better protected from flooding in storm situations.

Regulatory processing and approvals were finalised in 2017 and the work will be implemented in 2018.

Partnership with the Nature Agency on extreme rainfall

An agreement has been reached with the Nature Agency that A/S Øresund, in normal situations, brings water from its catchment systems to that part of West Amager located on the south side of the Øresund motorway. The objective is a desired improvement in the natural habitat. The system was also designed so that it can function as a relief for A/S Øresund's drainage system in extreme rainfall situations. The project is being implemented with funding from The Danish Agri-Fish Agency and began in the autumn of 2017. The work will be completed at the start of 2018.

Key figures, DKK million

Road – Storebælt	2017	2016
Operating income	3,166.9	3,073.9
Operating expenses	-261.2	-258.3
Depreciation	-236.4	-241.6
Operating profit (EBIT)	2,669.3	2,574.0
Net financials	41.4	12.5
Profit before financial value adjustments	2,710.7	2,586.5

Road – Øresund	2017	2016
Operating income	1.5	2.0
Operating expenses	-26.9	-26.5
Depreciation	-78.9	-1.1
Operating loss (EBIT)	-104.3	-25.6
Net financials	-69.6	-78.9
Loss before financial value adjustments	-173.9	-104.5

Railway

Storebælt

Traffic on the Storebælt railway section increased by 5.3% compared to 2016 and amounted to a total of 50,235 trains. Freight traffic increased by 1.7% in 2016 compared to 2016 and amounted to 10,767 freight trains.

The Storebælt railway comprises an approximately 25 km dual track line between the stations at Nyborg and Korsør. This includes, through the use of a SCADA system (Supervisory Control And Data Acquisition), 24 hour monitoring of all railway technical facilities. The SCADA system ensures that these systems continue to function optimally, and that rail traffic runs without restrictions. This contributes to the railway being one of the safest in the country with good punctuality and a line speed of 180 km/h for rail traffic.

Punctuality

The framework conditions for the operational effect of trains on the Storebælt railway line were set at a maximum of 576 delayed trains in 2017. At year end, 490 delayed trains were recorded, which corresponds to approximately 85 per cent of the maximum permitted number of delayed trains. An analysis of errors identified is ongoing with a view to improvement and prevention in this regard.

Internet in trains

In the light of its ambition to make it easier to be a traveller, the company was in discussions with telecommunications companies in 2016-2017 to improve mobile and Internet connections on the Group's rail systems, including the Storebælt tunnel.

During early spring 2018, telecom operators wishing to do so will be able to link up to an upgraded antennae infrastructure on Storebælt.

Contingency measures

In the autumn of 2017, a new five-year agreement was reached with Slagelse Emergency Services. The current level of contingency services on the Storebælt fixed link will be maintained. Within this context, Slagelse Emergency Services is entering a joint supplementary contingency agreement with the Funen emergency services. The agreement will cover a co-ordinated, holistic response for the entire Storebælt fixed link.

Øresund line

Øresund line's acquisition, maintenance and reinvestments

Traffic on the Øresund line's rail section increased by 24.6% compared to 2016 and totalled 111,165 trains. The increase in the number of passenger trains is due to the lifting of the border controls between Sweden and Denmark. Freight traffic in 2017 increased by 1.9% compared to 2016 and totalled 8,679 freight trains.

The Øresund railway comprises both an 18km railway line from Copenhagen Central Station to and including Kastrup Station at Copenhagen Airport, and a 6km freight line from Ny Ellebjerg to Kalvebod Bridge. As part of the Act on Sund & Bælt Holding A/S

and the Railway Act, responsibility for maintenance and reinvestments of the Øresund railway was transferred to A/S Øresund on 1 September 2015. As part of the acquisition of the Øresund railway, work went ahead on a comprehensive overview of the state of the rail technology facilities. The large volume of traffic contributes to increased wear on the track and catenary system. During 2016-17 the replacement of rails, track parts and catenary components was completed, and this has contributed to improving the maintenance level.

Punctuality

The framework conditions for the operational impact of trains on the Øresund railway in 2017 were set at a maximum of 540 delayed passenger trains (excluding signalling system failure, which is a matter for Banedanmark). At year end, 497 delayed passenger trains were recorded, which corresponds to approximately 92 per cent of the maximum permitted number of delayed passenger trains. Punctuality improved during 2017. The reason can be ascribed to the many improvements to the track and catenary systems carried out in 2017. Analyses of the reasons for the identified faults with a view to prevention and improvement are regularly carried out.

Capacity on the Øresund line

At the beginning of 2017, ID checks at Kastrup Station for passengers travelling to Sweden were lifted.

In 2017, the company took part in discussions with Banedanmark and the Ministry for Transport, Building and Housing to examine the potential for increasing capacity on certain sections of the line. This should be viewed within the context of the establishment of the Fehmarnbelt fixed link.

Key figures, DKK million

Railway – Storebælt	2017	2016
Operating income	348.0	326.7
Operating expenses	-132.8	-118.9
Depreciation	-294.5	-289.3
Operating loss (EBIT)	-79.3	-81.5
Net financials	-464.5	-477.5
Loss before financial value adjustments	-543.8	-559.0

Railway – Øresund	2017	2016
Operating income	79.6	99.0
Operating expenses	-68.8	-56.3
Depreciation	-257.1	-192.2
Operating loss (EBIT)	-246.3	-149.5
Net financials	-135.5	-146.8
Loss before financial value adjustments	-381.8	-296.3

Ports and ferry services

A/S Storebælt owns four ferry ports north and south of the Storebælt link. They are Odden and Ebeltoft, Spodsbjerg and Tårs.

The ports are operated on standard commercial terms under which port revenues from users finance investments, operations and maintenance. Two shipping companies, Mols-Linien A/S and Danske Færger A/S, are currently customers of A/S Storebælt.

In 2016, the service on the Spodsbjerg-Tårs route was put out for tender. Danske Færger A/S won the tender and thus continues as the operator of the Spodsbjerg-Tårs service after the current contract has expired. The signed contract will take effect from 1 May 2018 and will be valid for 10 years with an option for another two years.

Mols-Linien A/S delivered 9.4% growth in the number of passenger cars on the Odden-Aarhus service compared to 2016 while Danske Færger A/S saw an increase of 0.8% for passenger cars and a 2.9% decline for lorries on the Spodsbjerg-Tårs service.

The operating subsidy for Spodsbjerg-Tårs amounted to DKK 33.4 million in 2017 against DKK 29.3 million in 2016.

Key figures, DKK million

Ports	2017	2016
Operating income	28.9	28.8
Operating expenses	-6.8	-6.8
Depreciation	-12.9	-34.0
Operating profit/loss (EBIT)	9.2	-12.0
Net financials	-5.5	-6.0
Profit/loss before financial value adjustments	3.7	-18.0

Ferries	2017	2016
Operating income	0.0	0.0
Operating expenses	-33.4	-29.3
Depreciation	0.0	0.0
Operating loss (EBIT)	-33.4	-29.3
Net financials	0.0	0.0
Loss before financial value adjustments	-33.4	-29.3

Wind turbines

Sales prices for electricity on the Nordic Electricity Exchange were above expectations in 2017. This is partly due to the increases for other raw materials (primarily oil and coal), which had a knock-on effect on electricity prices for wind power. The negative electricity prices, as well as imbalances in the Danish and the German power grid halted Storebælt's wind turbines under an agreement on a temporary halt to the turbines. In these situations, A/S Storebælt receives compensation for the lost power generation.

Power generated by Sprogø Wind Farm was 55.9 GWh in 2017. The wind farm stopped production in 2017 as a result of the agreement concerning a halt to turbine production in periods in which about 9.2 GWh in total could have been produced. The latter figure is significantly higher compared to 2016. This is due to bottleneck issues in distribution through Germany, which was why it was necessary to down-regulate production in Denmark.

Potential production in 2017 was 65.1 GWh, which is approximately 0.3 GWh less than expected in a normal year.

Total income from the sale of power from Sprogø Wind Farm was DKK 13.6 million, of which DKK 1.1 million derives from compensation for stopping the turbines. The state subsidy for Sprogø Wind Farm is 25 øre/kWh, totalling DKK 1.2 million, and was discontinued at the end of January. The reason is that the wind turbines will have been in operation for 22,000 full load hours by this time.

The accessibility of the wind turbines, which is an expression of their technical quality, remains high. In 2017, the accessibility amounted to 98.8%, which means that they are still among the best performing turbines in Vestas' entire stock of offshore wind turbines of this type in the world.

In 2017, Sprogø Wind Farm was put up for sale because developing wind turbine operations will be made more efficient if managed by a party specialising in this area. The sale is expected to be settled at the beginning of March 2018.

Key figures, DKK million

Wind turbines	2017	2016
Operating income	13.2	24.2
Operating expenses	-13.3	-9.0
Depreciation	-0.6	-299.4
Operating loss (EBIT)	-0.7	-284.2
Net financials	-15.0	-15.8
Loss before financial value adjustments	-15.7	-300.0

Sund & Bælt Partner A/S

Sund & Bælt Partner A/S, Sund & Bælt's consulting company, offers consultancy services to developers and operators in Denmark and abroad. The consultancy services are based on the bridge companies' significant experience and knowledge from the construction, operation and financing of the major infrastructure projects that have been undertaken over the past decades.

Through the contacts that Sund & Bælt Partner A/S establishes through its consultancy services for foreign companies, the company acts as a bridgehead between foreign clients and Danish companies for the benefit of Danish industry.

Similarly, Danish consulting companies' involvement in foreign projects can be supplemented by the special know-how that Sund & Bælt Partner A/S possesses as client and operator, which thereby strengthens the competitiveness of these consulting companies. This may be projects connected with the planning, preparation and implementation of client assignments in close dialogue with the authorities as well as projects relating to the operation and maintenance of infrastructure facilities.

Sund & Bælt Partner A/S retained the financial advisory work for Metroselskabet I/S, By & Havn I/S, Letbane/Ring 3 and the Frederikssund Fjord link in 2017.

Support was also extended to Banedanmark's Copenhagen-Ringsted project and to the Signal Programme and to the Nordhavnsvej tunnel for the City of Copenhagen. Lectures were delivered both in Denmark and abroad on the major Danish infrastructure projects' design, planning, execution and management. Moreover, the company has established a framework agreement with Norway's Statens Vegvesen (Norwegian Public Roads Administration), which is based on the company's operational experience from the Storebælt fixed link where Sund & Bælt Partner A/S assisted in a feasibility analysis for the operating phase of a floating suspension bridge on the ferry-free E39 Bjørnafjord link.

In 2016, Sund & Bælt adopted a new business strategy that entails increased use of new technology where the likes of drones, robots, sensors, etc., are used in the operation and maintenance of the Group's facilities. The implementation of the new strategy has resulted in a number of leading technology companies having consulted about the opportunities for entering into various types of partnerships, including proposals for specific development projects. During the year, therefore, attention was given to establishing the necessary framework for such technology partnerships, including with a view to ensuring that the knowledge developed can be shared with other actors in the industry.

Going forward, therefore, Sund & Bælt Partner will further strengthen those aspects of its consultancy based on technology and at the same time seek to collaborate with companies able to assist in communicating Sund and Bælt's technological experience.

The consultancy also covers financing, where the state-guaranteed financing model with user-paid repayment attracts considerable attention.

Moreover, there is an increasing interest in the company's capabilities as a partner in major infrastructure projects. In this regard, the company has participated in Rail Baltica, TEN-T working groups and project days in Trondheim where interest was shown in the company's substantial client and operator expertise found in Sund & Bælt companies. In addition, delegations from Sweden and Latvia visited the company to learn more about its skills and know-how.

The Company is not covered by a state guarantee.

Key figures, DKK million

Partner	2017	2016
Operating income	4.9	4.8
Operating expenses	-4.8	-4.6
Depreciation	0.0	0.0
Operating profit (EBIT)	0.1	0.2
Net financials	0.0	0.0
Profit before financial value adjustments	0.1	0.2

The Board of Sund & Bælt Partner A/S comprises:

- Mikkel Hemmingsen (Chairman)
- Mogens Hansen (Vice-Chairman)
- Lars Fuhr Pedersen
- Claus F. Baunkjær
- Søren Rosenkilde Clausen

BroBizz A/S

BroBizz A/S develops and manages the BroBizz® concept that delivers automatic payment at bridges, ferries, toll roads, parking facilities, etc.

With the most recent amendment to the Act on Sund & Bælt Holding A/S, the framework for BroBizz A/S' operations was clarified with the purpose of ensuring that BroBizz A/S can act on equal footing with other issuing companies, including developing the company for new business areas within ferries, parking, access control and possibly new added value additional services not only in Denmark but also in Europe.

Moreover, the framework for BroBizz A/S' use of new technology was expanded as a consequence of the amendment so that the company can remain competitive in an increasingly competitive market. The legislator's intention and expectation is that BroBizz A/S develops and expands its market shares, business areas and new technology solutions.

BroBizz A/S has substantial experience with payment solutions across national borders. BroBizz® currently functions on toll roads, bridges and ferries in Denmark, the rest of Scandinavia and Austria. In addition, the BroBizz solution is used in certain parking areas and for access control.

Although the BroBizz A/S business concept is unique and is widespread in the Danish market, the company expects to encounter growing competition from foreign companies and new technologies.

At the end of 2016, therefore, Sund & Bælt adopted on this basis a new business strategy that has intensified the company's focus. BroBizz' will be a competitive, digital mobility platform based on business excellence and which, through strong partnerships, delivers exemplary services to customers in Scandinavia and during their journeys through Europe. This means an intensification of the company's business development, including digitalisation, in order to provide efficient payment solutions and good services to customers, making BroBizz attractive at even more places of use.

As part of the strategy, BroBizz A/S established the subsidiary BroBizz Operator A/S at the end of the year. The objective is to provide systems and services for operators of toll stations, etc. BroBizz will thus be in a position to offer end-to-end solutions for handling user-paid infrastructure, etc.

In 2017, the company has been working to simplify and improve services towards its customers and to raise awareness of the many benefits of a BroBizz contract. The first step was the launch of a new BroBizz app at the end of the year.

In 2018, BroBizz expects to be able to offer a range of new applications, which will offer customers new payment options and new geographical coverage.

In 2017, the company posted an excellent 23 per cent development in revenue. There was also an increase in the

number of BroBizz devices, which totalled around 950,000 at the end of the year, corresponding to a growth of approximately 7% in 2017.

The company's expenses rose sharply in 2017 which, in addition to the effect of the increase in revenue, is due to the special efforts implemented to transform the strategy into actual action plans and activities, including a new app and improved customer service.

BroBizz A/S is a 100% owned subsidiary of Sund & Bælt Holding A/S. BroBizz A/S is not covered by the state guarantee.

Key figures, DKK million

BroBizz	2017	2016
Operating income	88.0	71.8
Operating expenses *)	-62.0	-45.9
Depreciation	-15.3	-13.7
Operating profit (EBIT)	10.7	12.2
Net financials	1.5	2.4
Profit before financial value adjustments	12.2	14.6

*) Note: Internal Group fees of DKK 9.2 million (DKK 9.8 million in 2016) are not included.

The Board of BroBizz A/S comprises:

- Mikkel Hemmingsen (Chairman)
- Mogens Hansen (Vice-Chairman)
- Søren Rosenkilde Clausen

Partnerships for the collection of tolls

Partnerships on road tolls

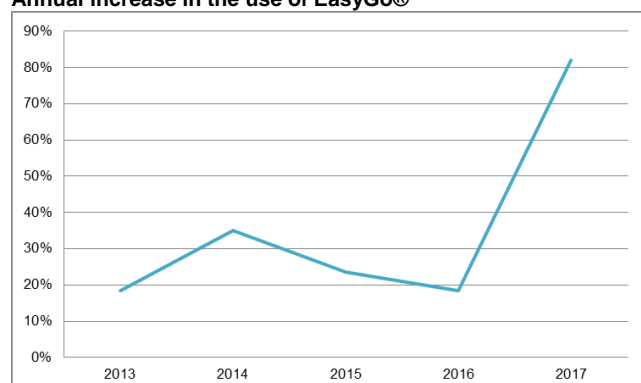
Sund & Bælt wishes to enter into partnerships on the collection of road tolls, in part to promote efficiency in the flow of traffic on the companies' own infrastructure and partly to help to extend the use of BroBizz® to other infrastructure operators and operators of transport-related services.

EasyGo®

EasyGo® is a regional partnership involving Denmark, Norway, Sweden and Austria, where motorists can use on-board vehicle equipment (OBE) to pay for the use of roads, bridges, tunnels and ferries in Scandinavia and Austria. The partnership was established in 2007 and was the first project in Europe to offer a cross-border payment service, which was based on the requirements set out in the EETS directive.

The partnership has been very successful with good growth rates year on year, as well as the addition of new operators and issuing companies. In 2017, the growth rate totalled approximately 80%, which is owing to the addition of new EETS issuers.

Annual increase in the use of EasyGo®



On Storebælt, EasyGo customers crossed the bridge 728,000 times in 2017 corresponding to an increase of 2% compared to 2016. BroBizz was used 3,698,000 times as a means of payment at other facilities, which is a rise of 18% on an annual basis.

Fehmarnbelt

Coast-to-coast link

Femern A/S is responsible for planning, constructing and operating the fixed link across the Fehmarnbelt on behalf of the Danish state, including providing the basis for regulatory approval of the coast-to-coast link.

The overall framework for the company's work follows from the Treaty that was signed in September 2008 between Denmark and Germany on regulatory approval, financing, construction and operation of a fixed link across the Fehmarnbelt between Rødbyhavn and Puttgarden.

In Germany, the Treaty was approved by a law passed in the Bundestag and Bundesrat in 2009 while, in Denmark, the Danish parliament approved the treaty through planning legislation (*Act on planning a fixed link across the Fehmarnbelt with associated landworks, April 2009*).

On 28 April 2015, the Danish Parliament adopted the *Act on construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark*. The Construction Act is the final Danish environmental approval of the project.

Regulatory approval in Denmark

With the Construction Act coming into force, the Danish EIA report, which was published for public consultation in 2013, was approved.

With the Construction Act coming into force, the company was required to pay compensation on acquisition (expropriation) of a number of land areas for the establishment of production facilities and acquisition of wind turbines in accordance with previous agreements.

The implementation of the Construction Act also meant that the company was authorised to incur a number of costs for the commencement of activities that had awaited its adoption. This mainly concerned preparing sites on Lolland, archaeological surveys and removal of identified contaminated soil. The aim of the activities was to ensure that Femern A/S is able to make these sites available for contractors at the right time. These include the ramp and portal areas, the alignment corridor and the construction of the tunnel element factory.

The Construction Act also ensured that uncertainties surrounding the project's economics and the German regulatory approval process had to be settled before signing the major tunnel contracts.

For the purpose of bringing about a decision-making basis, the auditing and consulting company, EY, conducted a detailed external quality assurance of reserves and risks concerning the Fehmarnbelt link between November 2015 and February 2016 on behalf of the Ministry of Transport, Building and Housing, including the implementation of the company's risk register.

With regard to quality assurance, EY assessed the project's reserve requirements at DKK 7.3 billion, which formed the basis for the updated financial analysis that Femern A/S published on 11 February 2016. In the analysis, the construction budget for the coast-coast link came to DKK 52.6 billion, including that DKK 7.3 billion reserve. The updated financial analysis demonstrates that the project economics are sound and robust.

The tender process

Based on the tenders received and in light of the status of the German regulatory approval process, the political parties behind Fehmarnbelt link (Liberal Party; Social Democrats, the Danish People's Party, Liberal Alliance, Social Liberals, Socialist People's Party and the Conservative People's Party) entered into a political agreement on the way forward for the project on 4 March 2016. The agreement authorised Femern A/S to seek to enter into conditional contracts with the preferred contractors.

Regulatory approval in Germany

The German regulatory approval process is currently a core function of the company's work, since it is a prerequisite for the commencement of construction work. In Germany, the Fehmarnbelt project will be approved by the German authorities on the basis of a comprehensive project application.

In 2013, Femern A/S submitted the application for approval of the construction of the Fehmarnbelt link in Germany. Since then, the German authorities have carried out two full and extensive public consultations led by the approval authority in Schleswig-Holstein.

All interested parties in Germany had the opportunity to comment and raise questions about the project during the public consultations. Every objection was answered by Femern A/S in consultation with relevant German authorities. In addition, after each of the written consultations, there were oral consultations with the interested parties in Germany.

Femern A/S and its German advisors have updated and expanded the application material over the course of the consultations from an initial 11,000 pages to 14,000 pages. The consultation processes in Germany have been extremely time-consuming and resource-intensive, but the thorough process means that the Fehmarnbelt project is based on a solid, well-documented and transparent basis. 25 German consulting companies have contributed to updating the application material.

In the spring of 2017, Femern A/S submitted written responses to the objections received in connection with the second public consultation in Germany in the summer of 2016.

Based on these responses, the approval authority in Schleswig-Holstein, and following standard German practice, conducted a series of oral consultations between Femern A/S and all the interested parties in Germany from 22 May to 13 July 2017. The consultations were concluded two weeks ahead of time when the approval authority assessed that all the issues had been addressed.

In the second half of 2017, and within the agreed deadlines, Femern A/S submitted to the authorities in Schleswig-Holstein all the contributions required to follow-up the consultation meetings from the summer of 2017.

In November 2017, the approval authority announced that further full public consultations in Germany would not be necessary before the approval could be issued. This is an important step in the German approval process and a milestone for the project.

On 22 March 2018, the Ministry of Transport of Schleswig-Holstein issued a press release on the status of regulatory approval of the Fehmarnbelt link. This states that regulatory approval will be issued in the second half of 2018 and that the consultation process in Germany can be regarded as completed.

The approval authority in Kiel has started work on preparing the approval itself. In parallel with this, a brief written mini consultation on specific parts of the supplementary application material submitted by Femern A/S in the autumn of 2017 will be conducted in January 2018. The completion of the mini consultation is not expected to affect the overall timetable for the issuing authority approval.

Should additional material be required for the preparation of the approval, Femern A/S will ensure significant resources will be available to the German authorities until the approval is issued.

Following issue of regulatory approval, it will be possible to file complaints about the approval to the Federal Administrative Court in Leipzig.

Femern A/S is preparing, in parallel with the administrative consultation and approval process, for the forthcoming legal proceedings, including for the various scenarios and risks in the process.

According to the German authorities, legal proceedings can be expected to last for an average of two years and construction work will be able to start when final and valid approval is in place.

The organisation had 82 permanent staff at year end.

The company's total costs amounted to DKK 177 million in 2017. This is offset against EU subsidies of DKK 13 million, and on that basis DKK 190 million is capitalised under fixed assets.

Read more about the company's CSR policy and social responsibility at: www.femern.com/en/About-us/CSR.

Key figures, DKK million

Femern	2017	2016
Operating expenses	-0.9	-2.4
Depreciation	0.0	0.0
Operating loss (EBIT)	-0.9	-2.4
Net financials	0.0	0.0
Loss before financial value adjustments	-0.9	-2.4

Femern Landanlæg

A/S Femern Landanlæg is a 100 per cent owned subsidiary of Sund & Bælt Holding A/S and is the parent company of Femern A/S.

The company was established in order to administer the ownership and financing of the Danish landworks in connection with the fixed link across the Fehmarnbelt. The planning work for the railway facilities is undertaken by Banedanmark while planning work for the road facilities is undertaken by the Danish Road Directorate. Banedanmark receives EU support with regard to the railway element of the project.

Sund & Bælt Holding A/S is responsible for coordinating the planning and construction activities in the various sub-projects that make up the overall Fehmarnbelt project. Among other things, this work consists of coordinating the planning and construction work for the coast-to-coast link plus the Danish road and railway facilities. It covers the interfaces between the coast-to-coast link and the Danish landworks for both the road and railway engineering solutions, progress in project planning and resource consumption. Furthermore, the company also deals with budget control and quarterly reporting to the Ministry of Transport, Building and Housing.

With the adoption of the *Act on the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark* in April 2015, A/S Femern Landanlæg was authorised to build and operate the Danish landworks associated with a fixed link across the Fehmarnbelt. In issuing the executive order on the delegation of certain tasks and powers for the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark, the role of client was given to Banedanmark on 17 September 2015, while A/S Femern Landanlæg remained responsible for the ownership and financing of the landworks.

Based on an updated financial analysis, the parties behind Fehmarnbelt link reached a political agreement on 4 March 2016 on the way forward for the project. The financial analysis included the total cost of the upgrading of the Danish landworks. This was DKK 9.5 billion (2015 prices).

The overall timetable for the Danish landworks gave the green light for full expansion and upgrading of rail facilities down to Nykøbing Falster. Completion is due in 2021, apart from electrification, which is to be finished in 2024. In addition, the life of the section from Nykøbing Falster to Høleby on Lolland is to be extended until it

needs to be developed and adapted for the opening of the coast-coast link.

Based on the decision, Banedanmark signed a number of contracts in 2016 and 2017. In February 2017, the Danish Barslund was commissioned to carry out certain renovation and upgrading works at stations on the Ringsted-Nykøbing Falster section in a contract worth DKK 147 million. In August 2017, the Austrian construction company, Swietelsky, was awarded the contract comprising track work on Zealand and Falster for DKK 516 million. The contract includes approx. 60 km new track, the establishment or replacement of 52 sets of points as well as the renewal of large parts of the existing track. Thus, all major contracts for completing the work between Ringsted and Nykøbing Falster have either been agreed or, in the case of the Signalling programme, covered by an option.

On 12 December 2017, the CEF Committee voted in favour of the European Commission's proposal that the Danish railway landworks for the forthcoming Fehmarnbelt link should be allocated up to EUR 123.5 million (DKK 920.3 million) from the EU "Connecting Europe Facility" programme. The subsidy amounts to approximately 20 per cent of the total construction costs for the period 2017-2023. The subsidy will be finally awarded when the subsidy agreement is entered into – presumably in April 2018.

On 19 December 2017, the Road Directorate held a handover ceremony with the contractor MT Højgaard for the construction of a new bridge over the South Motorway at Lundegårdsvej, and subsequently the Lundegårdsvej bridge was opened to traffic. The new bridge replaces the demolished bridge following a lorry accident last year and forms part of the upgrading of the road network on the Danish side of the Fehmarnbelt link. Whereas the old bridge was narrow and had a weight limit, the new bridge has been built both longer and wider so that it can handle the increased traffic between the upcoming new Høleby Station and Rødby.

The company's capitalised construction costs amount to DKK 1,609 million. This sum comprises project costs of DKK 1,866 million, offset by EU subsidies of DKK 257 million.

Key figures, DKK million

Femern Landanlæg	2017	2016
Operating expenses	-3.1	-0.2
Depreciation	0.0	0.0
Operating loss (EBIT)	-3.1	-0.2
Net financials	0.0	0.0
Loss before financial value adjustments	-3.1	-0.2

Øresundsbro Konsortiet I/S

In 2017, Øresundsbro Konsortiet I/S posted a profit before value adjustment of DKK 1,070 million, which is an increase of DKK 50 million over the previous year. The improvement reflects an increase in turnover of DKK 62 million, lower expenses and depreciation of DKK 21 million net and increased interest expenses of DKK 33 million.

Road revenue increased by DKK 60 million compared to 2016 and amounts to DKK 1,406 million.

Total vehicle traffic rose by 1.7% compared to 2016. July set a record for the number of vehicles in one day and the number of vehicles in one month. An average of 20,631 vehicles drove across the Øresund Bridge per day. A total of 7,530,255 vehicles crossed the bridge in 2017, which surpasses the previous record from 2016.

Lorry traffic rose by 4.8% compared to 2016. The market share for lorry traffic across Øresund remains at 53%.

Passenger car traffic rose by 1.3% compared to 2016. Leisure traffic rose by 5.6% compared to 2016, commuter traffic fell by 1.6% and other passenger car traffic rose by 0.2%. The number of BroPas contracts increased by approximately 96,450 compared to 2016 and now stands at 497,000.

Train traffic increased by 2.7% compared to 2016 and now totals 11.4 million passengers.

EBIT came in at a profit of DKK 1,390 million, which is an improvement of DKK 84 million over 2016. After value adjustment, the result for the year is a profit of DKK 1,468 million.

Equity at 31 December 2017 was positive at DKK 1,519 million. The Board of Directors proposes that a dividend of DKK 1,070 million be paid to the owners for the year.

The repayment period has decreased by 1 year to 33 years from the opening in 2000. Thus, the debt on the Øresund Bridge will be repaid in 2033.

The EU Commission's ruling on the complaint on State aid to Øresundsbro Konsortiet I/S has been brought before the General Court of the European Union by the plaintiff.

Øresundsbro Konsortiet I/S publishes an independent report on corporate social responsibility and sustainable development, which is found at www.oresundsbron.com/samfundsansvar (Danish only).

Further details about the Øresund Bridge are available from Øresundsbro Konsortiet I/S' Annual Report at www.oresundsbron.com

Through A/S Øresund, Sund & Bælt owns 50 per cent of Øresundsbro Konsortiet I/S, which is responsible for the Øresund Bridge's operations

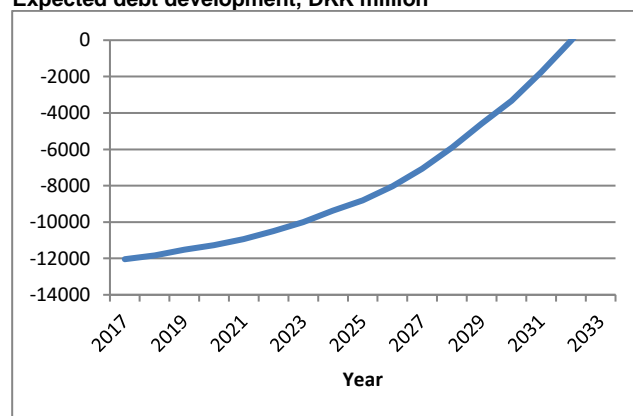
Key figures, DKK million

Øresundsbro Konsortiet	2017	2016
Operating income	1,927.7	1,866.0
Operating expenses	-263.5	-279.4
Depreciation	-274.7	-280.3
Operating profit (EBIT)	1,389.5	1,306.3
Net financials	-319.3	-286.6
Profit before financial value adjustments	1,070.2	1,019.7
Value adjustments	398.0	-210.5
Profit for the year	1,468.2	809.2
Group share of profits	734.1	404.6

Percentage traffic growth

	2017	2016	2015
Øresund Bridge	1.4	5.1	1.8

Expected debt development, DKK million



Corporate Governance

Sund & Bælt Holding A/S is a state-owned public limited company. The shareholder – the Danish state – has supreme authority over the company within the framework laid down in legislation and exercises its ownership in accordance with the guidelines set out in the publication, *“The State as Shareholder”*.

The two-tier management structure consists of a Board of Directors and a Management Board, which are independent of each other. No individual is a member of both boards.

Sund & Bælt endeavours to ensure that the company is managed in accordance with the principles of sound corporate governance at all times.

NASDAQ Copenhagen's corporate governance recommendations correspond to the recommendations from the Committee for Corporate Governance updated in November 2014. Sund & Bælt generally complies with NASDAQ Copenhagen's corporate governance recommendations. Exceptions to the recommendations are owing to the Group's special ownership structure where the Danish state is the sole shareholder. The exceptions to the recommendations are:

- In connection with elections to the Board of Directors, the shareholder assesses the necessary expertise that the Board should possess. There is no nomination committee.
- No formal rules exist regarding board members' age and number of board positions a member of the board may hold. This, however, is considered by the shareholder in connection with the elections of new members.
- The shareholder determines the remuneration of the Board of Directors while the Board of Directors decides the salaries of the Management Board. Performance-related remuneration or bonuses for the Management Board and Board of Directors are not employed. No remuneration committee has, therefore, been established.
- Members of the Board of Directors elected by the Annual General Meeting stand for election every second year. According to the recommendations, members should stand for election every year.

Sund & Bælt meets the diversity requirements at senior management levels. There is a 33/67% distribution between the genders among board members.

The company has set up an Audit Committee which, as a minimum, meets half-yearly. The members of the Audit Committee comprise Ruth Schade (Chair) and Peter Frederiksen.

The Board of Directors held four meetings during the year and all members were considered independent in 2017.

In relation to significant concurrent positions held by the senior management outside the company, please refer to the section *Board of Directors, Board of Management and Senior Executives*.

The recommendations from the Committee for Corporate Governance are available at www.corporategovernance.dk/english

Risk management and control environment

Certain events may prevent the Group from achieving its objectives in whole or in part. The consequences and likelihood of such events occurring is an element of risk of which the Group is well aware. Some risks can be managed and/or reduced by the Group itself while others are external events over which the companies have no control. The Group has identified and prioritised a number of risks based on a holistic approach. As part of the work with these issues, the Board of Directors receives a report on an annual basis.

The greatest risk to accessibility is a prolonged interruption to a traffic link caused by a ship colliding with a bridge, terrorist activity or the like. The likelihood of such incidents is remote, but the potential consequences are significant. The potential financial losses for the Group from such events, including operating losses for up to two years, are, however, covered by insurances.

Sund & Bælt's objective is to ensure that safety on the links should be high and at least as high as on similar Danish facilities. So far, this objective has been met and the proactive safety work continues. The work is supported by regularly updated risk analyses.

In partnership with the relevant authorities, Sund & Bælt maintains a comprehensive contingency plan, including an internal crisis management programme for handling accidents etc. on the company's traffic facilities. The programme is tested regularly through exercises.

Long-term traffic development is a significant factor in the repayment period for the companies' debts, c.f. notes 23 and 24, where the calculations and uncertainty factors are described. In addition to the general uncertainties that are inherent in such long-term forecasts, there is a special risk related to adjustment to prices introduced by the authorities, e.g. in the form of EU directives. The introduction of road taxes may also impact on the bridges' market position.

Development in long-term maintenance and reinvestment costs is subject to some uncertainty too. Sund & Bælt works proactively and systematically to reduce such factors and it is unlikely that these risks will have a major effect on the repayment period.

Work on holistic risk management has defined and systemised a number of risks linked to the company's general operations. These include the risk of computer breakdowns or a failure of other technical systems, unauthorised access to computer systems, delays to, and cost increases for, maintenance work etc. These risks are handled by day-to-day management and the line organisation.

The Sund & Bælt Group's risk management and internal controls in connection with the accounts and financial reporting are intended to minimise the risk of material error. The internal control system contains clearly defined roles and areas of responsibility, reporting requirements and procedures for attestation and approval. Internal controls are examined by the auditors and reviewed by the Board of Directors through the Audit Committee.

Environment and climate

One of Sund & Bælt's fundamental values is to support sustainable development and to contribute to meeting the objectives that society has set out with regard to the climate and the environment. This is achieved through a proactive approach to preventing and minimising the impact from the Group's activities on the surrounding world.

Key figures for selected environmental indicators

	2017	2016	Trend
Waste volume (tonnes)	472	580	➔
Water consumption (m ³)	8,917	11,320	➔
Water discharge (m ³)	2.8 million	2.5 million	➔
Electricity consumption (kWh)	10.4 million	10.8 million	➔
Electricity production, Sprogø Offshore Wind Farm (kWh)	55.9 million	57.1 million	➔

The volume of waste from the operation and maintenance of the Øresund motorway rose slightly, but was substantially reduced on Storebælt, amounting to an overall reduction of 20%.

Overall, water consumption decreased by more than 20 per cent, which is primarily related to substantially reduced water consumption for the maintenance of the Storebælt railway. Water consumption for the operation and maintenance of the Øresund motorway increased.

Water discharge, which derives from rain and groundwater and which is pumped up to keep the facilities dry, increased slightly, most probably because of the wet summer in 2017.

Overall, electricity consumption for the operation and maintenance of Sund & Bælt's facilities decreased by 4 per cent from 2016 to 2017. Electricity consumption for operating the Storebælt railway saw a substantial decrease whereas electricity consumption increased slightly for Øresund Landanlæg.

There was also a reduction in electricity production and is significantly below the wind turbines' total capacity of 66 million kWh per year. The reason for the fall in electricity production is due to overcapacity in the electricity market. The turbines' production is

therefore halted in periods when it is not economically viable to produce electricity for the electricity grid.

A good working environment

Sund & Bælt wishes to be an attractive workplace where the spotlight is trained on health, safety and well-being. The aim, therefore, is to maintain and continually improve a safe and healthy working environment where occupational accidents are the exception.

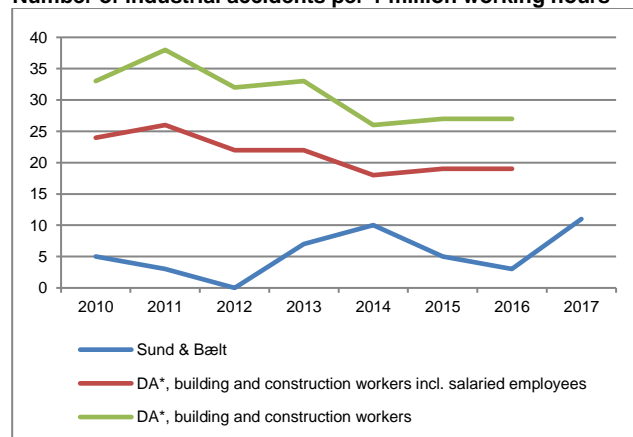
The overall framework for the working environment is defined in the working environment policy. The working environment management system, which transforms the working environment policy into reality, is DS/OHSAS 18001 certified. Although management is responsible for ensuring that employees have a good working environment, they cannot do so alone. Therefore, management, employees and the working environment organisation work in partnership to meet the requirements drawn up in the working environment management system.

There is additional focus on working conditions on the road and rail facilities and at Storebælt's toll station. The risk factors in this respect are wind, weather and, not least, traffic – and they require the utmost attention. In preparation for this, everyone who works at, and moves around on, Sund & Bælt's facilities has to pass a mandatory pre-entry safety course so that they are familiar with the design of the facilities and the regulations that pertain to promoting safe and working environmentally prudent behaviour.

Accidents and 'near-misses' are reported by both employees and Sund & Bælt's partners. Subsequent analysis of the reports is carried out to avoid repetitions and to bring about improvements in both behaviour and the design of the facilities.

In 2017, Sund & Bælt and its contractors worked around 650,000 hours on the road and railway, at Sprogø Offshore Wind Farm, in workshops and in offices - and the company succeeded in maintaining a low number of occupational accidents

Number of industrial accidents per 1 million working hours



*) Confederation of Danish Employers, manual workers and salaried employees

Traffic safety on the road link

One of Sund & Bælt's objectives is that it must be at least as safe to drive on the motorway across Storebælt and on the Øresund motorway as it is on other motorways in Denmark. Sund & Bælt takes a proactive approach to traffic safety, i.e. by preventing accidents through analysis and screening all incidents. In 2017, there were five traffic accidents involving serious injury; two on the Storebælt fixed link and three on the Øresund motorway.

In 2017, the Storebælt Bridge was closed to all traffic for 2.6 hours because of wind and 7.3 hours in one direction because of traffic accidents and two lorry fires.

Nature conservation on Sprogø

Sund & Bælt policy is to maintain green areas by taking nature into account and pursuing an active management of natural areas, which includes Sprogø being preserved as a unique natural area, which is located in Natura 2000 area 116, which includes the bird protection area 98. Consequently, particular account has to be taken of the area's designated protected birds. The Little Tern has been added to the Natura 2000 plan 2016-2021, which means that the eider, the sandwich tern and the little tern have now been designated as protected species on Sprogø.

As a result of nature conservation projects in recent years, sandwich tern are now nesting in large numbers on Sprogø. In 2017, there were approx. 1,000 breeding pairs on Sprogø, which is the second largest population of breeding sandwich terns in Denmark. By contrast, until 2008, there were fewer than 25 breeding pairs.

As part of the regular nature monitoring on Sprogø, an inventory of the green toad was carried out between 2015 and 2017. The green toad is a rare species and historically, there has been a large population of Sprogø.

The population is now estimated at approx. 4,000 individuals, most of which live on Ny Sprogø. In the period prior to the opening of the Storebælt fixed link, the number was calculated at 1,600-2,800 individuals, all with a habitat on Gl. Sprogø. The Improvement in living conditions for the green toad on Gl. Sprogø therefore remains a priority.

Read more about Sund & Bælt's nature conservation at www.sundogbaelt.dk/en/our-social-responsibility

Employees

The Sund & Bælt Group has 250 full-time employees who perform tasks in the parent company and its 100 per cent-owned subsidiaries. The Group's employees are employed at Sund & Bælt Holding A/S, BroBizz A/S and Femern A/S. This constitutes the statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act. Femern A/S accounts independently for section 99b of the Danish Financial Statements Act in the company's annual report.

The majority of operational tasks are outsourced and are carried out by approximately 200 employees from private service companies and contractors.

Employees in the operating organization

Fundamental values

Sund & Bælt seeks to attract, develop and retain employees with the qualifications and skills necessary for the effective fulfilment of Sund & Bælt's objectives.

The Group offers its employees attractive conditions for performing their jobs and is receptive to the wishes and needs of its employees and managers. Sund & Bælt wishes to provide a workplace where people wish to work irrespective of age and experience.

The framework for creating a good working life is defined in Sund & Bælt's human resources policy which comprises policies for the family, seniors, health and well-being, alcohol and smoking, pay conditions, harassment, trainees/placements/flex jobs and equal rights as well as in Sund & Bælt's values and internal guidelines.

Guiding principles for gender representation at management levels

Sund & Bælt sees diversity in management as a strength that contributes positively to our work and management force. We seek to achieve more equal gender representation through recruitment, retention and development in order to have more female managers and a higher proportion of female executives in general.

The Group focuses on formulating job descriptions so that vacancies appeal to both sexes. This includes making it clear that Sund & Bælt wants managers who also have time for the family.

With regard to career development, all staff are asked each year to discuss their development potential, including management development potential. Thus, both male and female candidates are considered in cases where a management position may be appropriate.

Sund & Bælt ensures that both female and male managers have the opportunity to take parental leave and that flexible working hours and forms of working are available.

Key figures 2017

There is a gender balance on Sund & Bælt's board, and therefore no target figures have been set for this. At Group level, three companies are subject to the requirement to report on gender representation at top management levels. In each of the subsidiaries involved, the boards in question have achieved equal representation and have no need to report on target figures as a result. Sund & Bælt Holding A/S has decided to only set and report on targets, policies, actions and results for the companies in the Group that are independently covered by the Danish financial statements rules.

At year-end 2017, the proportion of women at other management levels was 17 per cent for directors and 42 per cent for senior executives and managers. If two candidates for a vacant position are equally qualified, then the gender representation is considered. This is the reason that, in 2017, there were two management positions that were previously held by men and which were subsequently filled by women. One new management position was also taken by a woman while two were filled by men. For this reason, there has been a 3 per cent increase in female senior executives and manager since 2016. In 2017, the Management Board was expanded by an extra male, so the female proportion of gender representation fell by 3 per cent compared to 2016.

Sund & Bælt remains committed to appointing more females to managerial positions and the equal opportunities policy for the Group helps to ensure a higher representation of females at senior executive/managerial levels. The aim is that within a 7-year period, an even more balanced composition of male and female for senior positions will have been achieved. If two candidates for a job vacancy are equally qualified, the gender representation in the specific department will be taken into account.

In 2017, Sund & Bælt focused on absenteeism. From the key figures it is evident that absenteeism declined to 1.9% in 2017 from 2.8% in 2016.

As part of the Group's new strategy, where one of the objectives is to be the market leader in the intelligent use of asset management in operation and maintenance among infrastructure owners, the company is in the midst of a transformation that has required a major training process for managers so that they are properly equipped to lead change and implement transformation.

Sund & Bælt Holding A/S	2017	2016
Number of employees	138	127
Male/female representation		
- Females	39 %	40 %
- Males	61 %	60 %
Gender representation Senior executive level		
- Females	17 %	20 %
- Males	83 %	80 %
Gender representation, other management levels		
- Females	42 %	39 %
- Males	58 %	61 %
Educational background		
- Higher	45 %	42 %
- Intermediate	34 %	32 %
- Basic	21 %	26 %
Staff turnover	12.3 %	13.8 %
Average age	50 years	50 years
Training per employee	DKK 17,659	DKK 8,900
Absenteeism caused by illness (incl. long-term sick)	1.7 %	2.8 %

Employees in the BroBizz issuer organisation

BroBizz A/S is an issuer organisation established on 1 June 2013.

BroBizz A/S	2017	2016
Number of employees	29 ¹⁾	30 ¹⁾
Male/female representation		
- Females	65 %	63 %
- Males	35 %	37 %
Gender representation Senior executive level		
- Females	50 %	100 %
- Males	50 %	0 %
Gender representation, other management levels		
- Females	75 %	67 %
- Males	25 %	33 %
Educational background		
- Higher	14 %	13 %
- Intermediate	10 %	13 %
- Basic	76 %	74 %
Staff turnover	20,7 %	19,0 %
Average age	40 years	40 years
Training per employee	DKK 5,347	DKK 8,200
Absenteeism caused by illness (incl. long-term sick)	2,5 %	3,2 %

¹⁾ Note: In addition, a varying number of student placements

Employees in the Femern construction organisation

Femern A/S is a project-based organisation under continuing development. In addition to its own employees, Femern A/S employs a number of permanent consultants.

The organisation includes employees of Danish, Swedish, German and British nationalities. The management team comprises individuals with experience from the construction of the fixed links across Storebælt and Øresund as well as other international projects.

Femern A/S	2017	2016
Number of employees	82	87
Male/female representation		
- Females	39 %	40 %
- Males	61 %	60 %
Gender representation, Senior executive level		
- Females	25 %	36 %
- Males	75 %	64 %
Gender representation, other management levels		
- Females	11 %	13 %
- Males	89 %	87 %
Educational background		
- Higher	70 %	68 %
- Intermediate	23 %	22 %
- Basic	7 %	10 %
Staff turnover	9 %	17 %
Average age	47 years	47 years
Training per employee	DKK 10,225	DKK 13,182
Absenteeism caused by illness (incl. long-term sick)	1,0 %	2,0 %

Main items in the consolidated results apportioned across the Group's companies

DKK million	Sund & Bælt Holding A/S	A/S Storebælt	A/S Øresund	Sund & Bælt Partner A/S	A/S Femern Land-anlæg	Femern A/S	BroBizz A/S	BroBizz Operatør A/S *)	2017 Total**)	2016 Total
Operating profit/loss (EBIT)	-41	2,621	-350	-	-3.1	-0.9	1.4	-0.0	2,223	1,999
Financing expenses excl. value adjustment	1,248	-442	-205	-0.1	-	-	1.5	-	-647	-710
Profit/loss before value adjustment	1,207	2,179	-555	-0.1	-3.1	-0.9	2.9	-0.0	1,576	1,289
Value adjustments, net	2	404	261	-	309.4	-	-0.3	-	977	-512
Profit/loss before inclusion of share of jointly managed company and tax	1,209	2,583	-294	-0.1	306.3	-0.9	2.6	-0.0	2,553	777
Profit from jointly managed company	-	-	734	-	-	-	-	-	734	405
Profit/loss before tax	1,209	2,583	440	-0.1	306.3	-0.9	2.6	-0.0	3,287	1,182
Tax	21	-580	-99	-	0.9	-1.0	-0.6	-	-658	-249
Profit for the year	1,230	2,003	341	-0.1	307.2	-1.9	2.0	-0.0	2,629	933

*) The first financial year for BroBizz Operatør A/S covers the period 7 December 2017 - 31 December 2018. The results for the period 7 December 2017 – 31 December 2017 are included in the Group's 2017 results and amount to an expense of DKK 44 thousand.

**) Note: There is a difference between the sum of the individual companies and the consolidated results (column: 2017 total) of approx. DKK 1,250 million which relates to trade and dividend payment.

Key figures and financial ratios for the Sund & Bælt Group

DKK million	2013	2014	2015	2016	2017
Operating income, road	2,637	2,785	2,904	3,069	3,164
Operating income, rail	888	892	703	423	427
Other income, incl. ports and wind turbines	79	77	76	78	71
Operating expenses	-459	-464	-467	-502	-545
Depreciation, amortisation and write downs	-619	-628	-746	-1,069	-893
Operating profit (EBIT)	2,526	2,662	2,470	1,999	2,224
Net financials before value adjustment	-1,095	-813	-758	-710	-647
Profit before value adjustment	1,431	1,849	1,712	1,289	1,577
Value adjustments, net	1,763	-1,691	914	-512	977
Profit before inclusion of share of jointly managed company and tax	3,194	158	2,626	777	2,553
Profit from jointly managed company (Øresundsbro Konsortiet I/S*)	1,039	56	567	405	734
Profit before tax	4,233	214	3,193	1,182	3,287
Tax	-1,235	-48	-718	-249	-658
Profit for the year	2,998	166	2,475	933	2,629
Capital investment in the year	605	874	1,210	1,134	732
Capital investment at the end of the year	36,068	36,150	36,592	36,612	36,507
Bond loans and bank loans	42,027	42,023	40,763	41,227	39,447
Net debt (fair value)	40,605	41,253	39,862	40,479	38,892
Interest-bearing net debt	37,391	36,630	36,187	36,363	35,707
Equity	-3,850	-4,584	-2,943	-3,210	-1,781
Balance sheet total	43,892	44,458	43,518	43,886	43,525
Financial ratios, per cent					
Profit ratio (EBIT)	70.1	70.9	66.9	56.0	60.7
Rate of return (EBIT)	5.8	6.0	5.7	4.6	5.1
Return on facilities (EBIT)	7.0	7.4	6.8	5.5	3.0

NB: The financial ratios have been stated in accordance with the Society of Financial Analysts' "Recommendations and Financial Ratios 2015". Please refer to definitions and concepts in note 1 Accounting Policies.

*) Øresundsbro Konsortiet I/S' share of the results for 2017 includes an income of DKK 199 million (expense of DKK 105 million in 2016) relating to value adjustments. The result before value adjustments amounts to a profit of DKK 535 million (DKK 510 million in 2016).

Accounts

Comprehensive income statement	32
Balance sheet	33
Statement of changes in equity	35
Cash flow statement	36
Notes	37

Comprehensive income statement 1 January – 31 December

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2016	2017	Note		2017	08-07-1905
			Income		
122.9	126.8	4	Operating income	3,662.3	3,569.6
122.9	126.8		Total income	3,662.3	3,569.6
			Expenses		
-55.9	-59.3	5	Other operating expenses	-433.9	-390.5
-92.2	-91.6	6	Staff expenses	-111.3	-111.3
-7.5	-17.1	8-12	Depreciation, amortisation and writedowns	-893.5	-1,069.0
-155.6	-168.0		Total expenses	-1,438.7	-1,570.8
-32.7	-41.2		Operating profit (EBIT)	2,223.6	1,998.8
			Financial income and expenses		
1,200.0	1,250.0	16	Received dividend from participating interests	0.0	0.0
0.1	0.3		Financial income	164.7	266.9
-1.0	-2.0		Financial expenses	-812.1	-977.1
-4.0	2.4		Value adjustments, net	976.9	-511.5
1,195.1	1,250.7		Total financial income and expenses	329.5	-1,221.7
1,162.4	1,209.5		Profit before inclusion of share of results in jointly managed company and tax	2,553.1	777.1
0.0	0.0	15	Share of results in jointly managed company	734.0	404.6
1,162.4	1,209.5		Profit before tax	3,287.1	1,181.7
8.2	21.2	7	Tax	-657.7	-249.0
1,170.6	1,230.7		Profit for the year	2,629.4	932.7
0.0	0.0		Other comprehensive income	0.0	0.0
0.0	0.0		Tax on other comprehensive income	0.0	0.0
1,170.6	1,230.7		Comprehensive income	2,629.4	932.7
			Proposed profit appropriation:		
1,170.6	1,230.7		Retained earnings	2,629.4	932.7

Balance sheet 31 December – Assets

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2016	2017	Note	Assets	2017	2016
Non-current assets					
Intangible assets					
7.0	10.5	8	Software	32.9	28.3
7.0	10.5		Total intangible assets	32.9	28.3
Property, plant and equipment					
0.0	0.0	9	Road and rail links	36,308.6	36,402.3
0.0	0.0	10	Port facilities	192.6	204.4
0.0	0.0	11	Wind turbine facilities	0.0	5.6
0.0	0.0	12	Land and buildings	90.7	94.8
26.9	20.3	12	Other fixtures and fittings, plant and equipment	62.4	61.5
26.9	20.3		Total property, plant and equipment	36,654.3	36,768.6
Other non-current assets					
976.0	976.0	14	Participating interest in subsidiaries	0.0	0.0
0.0	0.0	15	Participating interest in affiliated companies	759.5	25.4
140.1	406.9	13	Deferred tax	0.0	301.8
1,116.1	1,382.9		Total other non-current assets	759.5	327.2
1,150.0	1,413.7		Total non-current assets	37,446.7	37,124.1
Current assets					
Receivables					
0.0	0.0		Inventory	1.5	1.5
249.0	380.1	17	Receivables	957.3	1,021.2
0.0	0.0		Securities	1,735.9	2,023.2
0.0	0.0	18	Derivatives	3,027.7	3,273.3
6.6	6.8	19	Prepayments and accrued income	137.8	137.8
255.6	386.9		Total receivables	5,860.2	6,457.0
0.0	0.0	20	Cash at bank and in hand	212.3	305.0
0.0	0.0	11	Assets for sale	5.3	0.0
255.6	386.9		Total current assets	6,077.8	6,762.0
1,405.6	1,800.6		Total assets	43,524.5	43,886.1

Balance sheet 31 December – Equity and liabilities

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2016	2017	Note	Equity and liabilities	2017	2016
Equity					
355.0	355.0	21	Share capital	355.0	355.0
127.9	158.6	21	Retained earnings	-935.6	-3,565.0
0.0	0.0	21	Dividend paid	-1,200.0	0.0
482.9	513.6		Total equity	-1,780.6	-3,210.0
Liabilities					
Non-current liabilities					
0.0	0.0	15	Provisions	0.0	0.0
0.0	0.0	13	Deferred tax	339.7	0.0
542.5	325.9	22	Bond loans and amounts owed to credit institutions	32,115.5	31,224.8
542.5	325.9		Total non-current liabilities	32,455.2	31,224.8
Current liabilities					
0.0	201.6	22	Current portion of non-current liabilities	7,040.3	9,761.6
3.7	113.2		Credit institutions	321.5	240.4
376.5	646.3	25	Trade and other payables	1,034.9	1,046.2
0.0	0.0	18	Derivatives	4,410.1	4,787.4
0.0	0.0	26	Accruals and deferred income	43.1	35.7
380.2	961.1		Total current liabilities	12,849.9	15,871.3
922.7	1,287.0		Total liabilities	45,305.1	47,096.1
1,405.6	1,800.6		Total equity and liabilities	43,524.5	43,886.1

Statement of changes in equity 1 January – 31 December

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group		
Share capital	Retained earnings	Total		Share capital	Retained earnings	Total
355.0	157.3	512.3	Balance at 1 January 2016	355.0	-3,297.7	-2,942.7
0.0	-1,200.0	-1,200.0	Payment of extraordinary dividend	0.0	-1,200.0	-1,200.0
0.0	1,170.6	1,170.6	Profit for the year and comprehensive income	0.0	932.7	932.7
355.0	127.9	482.9	Balance at 1 January 2016	355.0	-3,565.0	-3,210.0
355.0	127.9	482.9	Balance at 1 January 2017	355.0	-3,565.0	-3,210.0
0.0	-1,200.0	-1,200.0	Payment of extraordinary dividend	0.0	-1,200.0	-1,200.0
0.0	1,230.7	1,230.7	Profit for the year and comprehensive income	0.0	2,629.4	2,629.4
355.0	158.6	513.6	Balance at 1 January 2017	355.0	-2,135.6	-1,780.6

Cash flow statement 1 January – 31 December

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2016	2017	Note		2017	2016
			Cash flow from operating activity		
-32.7	-41.2		Profit/loss before net financial	2,223.6	1,998.8
			Adjustments		
7.5	17.1	8-12	Amortisation, depreciation and write-downs	893.5	1,069.0
109.7	374.4		Joint taxation contribution	-56.4	-173.6
-0.3	0.0		Adjustment for other non-cash items	0.4	41.5
84.2	350.3		Cash flow from operations (operating activities) before change in working capital	3,061.1	2,935.7
			Change in working capital		
-393.4	-751.3	17, 19	Receivables, prepayments and accrued income	-817.0	-869.9
266.1	269.5	25, 26	Trade and other payables	1,342.9	772.2
-43.1	-131.5		Total cash flow from operating activity	3,587.0	2,838.0
			Cash flow from investing activity		
1,200.0	1,250.0		Dividend from subsidiaries and associated companies	0.0	0.0
-21.2	-14.0	8-12	Purchase of intangible assets and property, plant and equipment	-786.6	-1,182.9
0.0	0.0		Purchase of securities	-11.1	14.9
1,178.8	1,236.0		Total cash flow from investing activity	-797.7	-1,168.0
1,135.7	1,104.5		Free cash flow	2,789.3	1,670.0
			Cash flow from financing activity		
102.0	0.0		Raising of loans	8,576.0	7,571.6
0.0	0.0		Reduction of liabilities	-9,540.5	-7,145.9
0.1	0.2		Interest received	3.2	3.7
-13.2	-14.2		Interest paid	-788.9	-916.8
0.0	0.0		Received EU subsidy	-12.8	42.9
-1,200.0	-1,200.0		Paid dividend to shareholder	-1,200.0	-1,200.0
-1,111.0	-1,214.0	22	Total cash flow from financing activity	-2,963.0	-1,644.5
24.6	-109.5		Change for the period in cash at bank and in hand	-173.7	25.5
-28.3	-3.7	20	Cash at bank and in hand at 1 January	64.6	39.1
-3.7	-113.2		Cash at bank and in hand at 31 December	-109.1	64.6

Sund & Bælt Holding A/S' liquid assets comprise bank loans and overdrafts.

The Group's liquidity portfolio comprises deposits and bank loans and overdrafts

Notes

Note 1	Accounting policies	38	Note 17	Receivables	54
Note 2	Significant accounting estimates and judgments	44	Note 18	Derivatives	54
Note 3	Segment information	44	Note 19	Prepayments and accrued income	55
Note 4	Operating income	44	Note 20	Cash at bank and in hand	55
Note 5	Other operating expenses	45	Note 21	Equity	55
Note 6	Staff expenses	46	Note 22	Net debt	56
Note 7	Tax	47	Note 23	Financial risk management	58
Note 8	Software	48	Note 24	Profitability	70
Note 9	Road and rail facilities	48	Note 25	Trade and other payables	71
Note 10	Port facilities	49	Note 26	Accruals and deferred income	71
Note 11	Wind turbine facilities	49	Note 27	Contractual obligations, contingent liabilities and collateral	72
Note 12	Land, buildings and other plant	49	Note 28	Related parties	73
Note 13	Deferred tax	50	Note 29	Events after the balance sheet date	74
Note 14	Participating interests in subsidiaries	52	Note 30	Approval of the annual report for publication	74
Note 15	Participating interest in jointly managed company	52			
Note 16	Financial income and expenses	53			

Note 1 Accounting policies

General

The annual accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of companies with listed debt instruments (Class D companies). Additional Danish disclosure requirements for annual reports are laid down in the IFRS order issued pursuant to the Danish Financial Statements Act and NASDAQ Copenhagen.

The accounting policies are in accordance with those applied in the Annual Report 2016.

The companies have elected to use the so-called Fair Value Option under IAS 39. Consequently, all financial assets and liabilities (loans, placements and derivatives) are measured at fair value and changes in the fair value are recognised in the comprehensive income statement. Loans and cash at bank and in hand are measured at fair value on initial recognition in the balance sheet whereas derivative financial instruments are always measured at fair value, c.f. IAS 39.

The rationale for using the Fair Value Option is that the companies consistently apply a portfolio approach to financial management, which means that the anticipated exposure to financial risks is managed through different financial instruments, both primary and derivative financial instruments. Accordingly, when managing financial market risks, the companies do not distinguish between, for example, loans and derivatives, but solely focus on the total exposure. Using financial instruments to manage financial risks could, therefore, result in accounting inconsistencies were the Fair Value Option not used. Hence this is the reason for exercising it.

It is the companies' opinion that the Fair Value Option is the only principle under IFRS that reflects this approach as the other principles lead to inappropriate inconsistencies between otherwise identical exposures depending on whether the exposure relates to loans or derivative financial instruments or requires comprehensive documentation as in the case of hedge accounting. As derivative financial instruments, financial assets and loans are measured at fair value, recognition in the financial statements will produce the same results for loans and related derivatives when hedging is effective. Thus, the company will achieve accounting consistency. Loans without related derivative financial instruments are also measured at fair value in contrast to the main rule laid down in IAS 39 pursuant to which loans are measured at amortised cost. This will naturally lead to volatility in the profit/loss for the year as a result of value adjustments.

The consolidated accounts and the parent company accounts are presented in DKK, which is also the Group's functional currency. Unless otherwise stated, all amounts are disclosed in DKK million.

In order to assist users of the Annual Report, some of the disclosures required under IFRS are also included in the Management's Report. Similarly, information that is not considered material to the financial reader is omitted.

New accounts adjustment

The new and revised IFRS standards and interpretations implemented in 2017 have not resulted in any changes in accounting policies.

The following amendments to existing and new standards and interpretations have not yet come into force and are not applicable in connection with the preparation of the Annual Report for 2017: IFRS 9, 15 and 16. The new standards and interpretations will be implemented when they become effective.

The implementation of IFRS 9 changes, among other things, the classification and measurement of financial assets and liabilities. The Group does not currently use hedge accounting which is why the introduction of the new regulations on hedge accounting are not expected to have any effect. Only to a limited extent does the Group have financial assets in the form of debt instruments, which is why it is expected that the new regulations concerning provision for future credit losses will not have a significant effect. According to IFRS 9, a company can continue to recognise financial liabilities at fair value (fair value option). According to IFRS 9, the impact of changes attributable to changes in own credit risk are recognised in other comprehensive income instead of currently in the income statement. On the basis of preliminary analysis, it is deemed that the guarantees provided by the Danish and Swedish states for the Group's infrastructure companies will not significantly change the credit risk.

The effect of IFRS 15 is expected to be insignificant as revenue from road traffic and issuer fees are included when passage has been undertaken.

The implementation of the other standards and interpretations are not expected to have any financial effect on the Sund & Bælt Group's results, assets and liabilities or equity in connection with financial reporting.

Consolidation

The consolidated accounts cover the parent company Sund & Bælt Holding A/S and the wholly-owned subsidiaries A/S Storebælt, A/S Øresund, Sund & Bælt Partner A/S, Femern A/S, BroBizz A/S, BroBizz Operator A/S and A/S Femern Landanlæg. Øresundsbro Konsortiet I/S is recognised in the consolidated accounts according to the equity method whereafter the Group's share of the annual results and equity, corresponding to 50 per cent, are included in the consolidated accounts. Any negative equity is recognised as a provision since Øresundsbro Konsortiet I/S is structured as a partnership with joint and several liability.

The consolidated accounts have been prepared on the basis of the accounts for Sund & Bælt Holding A/S and the subsidiaries by the addition of items of a uniform nature.

The accounts on which the consolidation is based are submitted in accordance with the Group's accounting policies.

On consolidation, elimination is made of internal income and expenses and internal balances. The parent company's participating interests in the subsidiaries are offset against the corresponding equity.

Newly established companies are included in the consolidated accounts from the time of establishment.

Operating income

Income from sales of services is included as the services are supplied and if the income can be reliably calculated and is expected to be received.

Income is measured excluding VAT, taxes and discounts relating to the sale.

Other income comprises accounting items of a secondary nature in relation to the company's activities, including income from the use of fibre optic and telephone cables.

Public subsidies

Public subsidies are recognised when it is reasonably probable that the subsidy conditions have been fulfilled and that the subsidy will be received.

Subsidies to cover expenses are recognised in the comprehensive income statement proportionally over the periods in which the associated expenses are recognised in the comprehensive income statement. The subsidies are offset in the costs incurred.

Public subsidies related to the settlement of the road and rail links are deducted from the asset's cost.

Impairment of assets

Property, plant and equipment, investments and intangible fixed assets are subject to an impairment test when there is an indication that the carrying amount may not be recoverable (other assets are covered under IAS 39). Impairment losses are recognised by the amount by which the carrying amount of the asset exceeds the recoverable amount, i.e. the higher of an asset's net selling price or its value in use. Value in use is the present value of expected future cash flows from the asset using a pre-tax discount rate that reflects the current market return. In determining impairment, assets are grouped in the smallest group of assets that generate separate identifiable cash flows (cash-generating units). See also note 24: Profitability.

Impairment losses are recognised in the comprehensive income statement.

Tax on the year's result

The company is covered by the Danish regulations concerning compulsory group taxation of the Sund & Bælt Group's companies. The subsidiaries are included in the Group taxation from the time they are included in the consolidation in the consolidated accounts and until such time when they may be omitted from the consolidation.

Sund & Bælt Holding A/S is the administrating company for joint taxation and therefore settles all corporation tax payments with the tax authorities.

Balances under corporation tax legislation's interest deduction limitation rules are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to these balances are recognised in the balance sheet while deferred tax assets are recognised only if the criteria for recognition of deferred tax assets are met.

Current Danish corporation tax is duly apportioned through payment of the joint taxation contribution between the jointly taxed companies in relation to their taxable incomes. In conjunction with this, companies with tax losses receive joint taxation contribution from companies that have been able to use such losses against their own taxable profits.

Tax for the year, which comprises the year's current corporation tax, the year's joint taxation contribution and changes to deferred tax – including the change in the tax rate - is included in the comprehensive income statement with the proportion attributable to the year's results and directly in the equity with the proportion attributable to the items directly in the equity.

Current tax and deferred tax

Sund & Bælt Holding A/S and the jointly taxed companies are liable for income taxes, etc. for the jointly taxed companies and for any obligations for withholding tax on interest, royalties and dividends for the jointly taxed companies.

Current tax liabilities and tax receivable are recognised in the balance sheet as computed tax on the year's taxable income, adjusted for tax on previous year's taxable income as well as for paid taxation on account.

Tax owed and joint tax contribution receivable are included in the balance sheet under balances with affiliated companies.

Deferred tax is measured in accordance with the balance-sheet oriented liability method of all interim differences between the carrying value and the tax value of assets and liabilities. In cases where the computation of the tax value can be carried out on the basis of the various taxation rules, the deferred tax is measured on the basis of the management's planned utilisation of the asset or the disposal of the liability.

Deferred tax assets, including the tax value of tax losses entitled to be carried forward are recognised under other non-current assets at the value at which they are expected to be used, either through the setting-off of tax on future earnings or by the offsetting of deferred tax liabilities, within the same legal tax entity and jurisdiction.

Balances under corporation tax legislation's interest deduction limitation rules are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to these balances are recognised in the balance sheet while tax assets are recognised only if the criteria for deferred tax assets are met.

Adjustment of deferred tax is carried out relating to eliminations made of unrealised intra-group profits and losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised inflation indexation, foreign exchange gains and losses on cash at bank and in hand, securities, payables, derivatives and transactions in foreign currencies as well as realised gains and losses relating to derivative financial instruments.

The fair value adjustment at the balance sheet date equals total net financials which, in the comprehensive income statement, are split into financial income, financial expenses and value adjustment. Financial income and expenses comprise interest income, interest expenses and realised inflation indexation from payables and derivatives. Foreign exchange gains and losses and foreign currency translation for financial assets and liabilities are included in the value adjustment.

Financial expenses for financing assets in progress are recognised in the cost of the assets.

Financial assets and liabilities

Initial recognition of financial assets and liabilities takes place on the trading date.

Cash at bank and in hand, which includes bank deposits, are recognised at fair value on initial recognition in the balance sheet as well as on subsequent recognition. Differences in the fair value between balance sheet dates are included in the income statement under Financial income and expenses. On initial recognition, all cash at bank and in hand items are classified as assets measured at fair value.

Holdings and returns on treasury shares are set off against equivalent bond loans issued and are therefore not recognised in the consolidated accounts' comprehensive income statement and balance sheet.

Loans are initially and subsequently measured at fair value in the balance sheet. On recognition, all loans are classified as financial liabilities at fair value through comprehensive income. Irrespective of the scope of interest rate hedging, all loans are measured at fair value with value adjustments being recognised regularly in the income statement, calculated as the difference in fair value between the balance sheet dates.

The fair value of loans is calculated as the market value of future known and expected cash flows discounted at relevant rates, as there are no quotations available for unlisted bond issuers and bilateral loans. The discounting rates used are based on current market rates considered to apply to the Group as a borrower.

Real rate loans consist of a real rate plus an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the real rate loans and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break-even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

The fair value of loans with related structured financial instruments is determined collectively and the market value of any options for payment of interest or instalments on the loans are measured using generally accepted standard valuation methods (locked formulas) with the volatility of reference rates and foreign currencies being included.

Loans that contractually fall due after more than one year are recognised as non-current liabilities.

Derivative financial instruments are recognised and measured at fair value in the balance sheet and on initial recognition in the balance sheet, they are measured at cost. Positive and negative fair values are included in Financial Assets and Liabilities respectively, and positive and negative values on derivatives are only set off when the Group has the right and intention to settle several financial instruments collectively.

Derivative financial instruments are actively used to manage the debt portfolio and are therefore included in the balance sheet as current assets and current liabilities respectively.

Derivative financial instruments include instruments where the value depends on the underlying value of the financial parameters, primarily reference rates and currencies. All derivative financial instruments are OTC derivatives with financial counterparties. There are no listed quotations for such transactions. Derivative financial instruments typically comprise interest rate swaps and currency swaps, forward exchange contracts, currency options, FRAs and interest rate guarantees and swaptions. The market value is determined by discounting known and expected future cash flows using relevant discount rates. The discounting rate is determined in the same way as loans and cash at bank and in hand, i.e. based on current market interest rates that are expected to be available to the Group as borrower.

As with real rate loans, Inflation swaps contain an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the inflation swaps and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps, where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

For derivative financial instruments with an option for cash flows, e.g. currency options, interest rate guarantees and swaptions, fair value is determined using generally accepted valuation methods (locked formulas) where the volatility of the underlying reference rates and currencies are included. Where derivative financial instruments are tied to several underlying financial instruments, total fair value is calculated as the sum of the individual financial instruments.

According to IFRS 13, financial assets and liabilities, which are recognised at fair value, should be classified in a 3-layer hierarchy for valuation methodology. Level 1 of the fair value hierarchy includes assets and liabilities recognised at quoted prices in active markets. At level 2 assets and liabilities are valued using active quoted market data as input to generally accepted valuation methods and formulas. Finally, level 3 includes assets and liabilities in the balance sheet that are not based on observable market data, and therefore require separate comment.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the rates at the date of payment are recognised in the comprehensive income statement as financial income and financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rate at the balance sheet date and the rates at the date at which the receivable or payable arose, or the rates recognised on the previous balance sheet date, are recognised in the comprehensive income statement as financial income and financial expenses.

Non-monetary assets and liabilities in foreign currencies, which have not been revalued to fair value, are translated at the time of transaction to the rate of exchange at the transaction date.

Translation of financial assets and liabilities are recognised in value adjustments and translation of receivables, payables etc. are assigned to financial income and expenses.

Intangible fixed assets

On initial recognition, intangible fixed assets are measured at cost. Subsequently, the assets are measured at cost less depreciation, amortisation and impairment losses.

Intangible assets are depreciated on a straight-line basis over the expected useful life, not exceeding more than 5 years.

Property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost. Cost comprises the purchase price and any expenses directly attributable to the acquisition until the date when the asset is available for use. Subsequently, the assets are measured at cost less depreciation and impairment losses.

During the construction period, the value of the road and rail links was determined using the following principles:

- Expenses related to the links are based on concluded contracts, and contracts are capitalised directly
- Other direct expenses are capitalised as the value of own work
- Net finance expenses are capitalised as construction loan interest
- EU subsidies received are set off against the cost price

Significant future one-off replacements/maintenance work are regarded as separate elements and depreciated over the expected useful life. Ongoing maintenance work is recognised in the comprehensive income statement as the costs are incurred.

Depreciation

Depreciation on the road and rail links commences when the construction work is finalised and the facilities are ready for use. The facilities are depreciated on a straight-line basis over the expected useful lives. For the road and rail links across Storebælt and Øresund, the facilities are divided into components with similar useful lives.

- The main part of the links comprises structures designed with minimum expected useful lives of 100 years. The depreciation period for this part is 100 years
- Mechanical installations, crash barriers and road surfaces are depreciated over useful lives of 20-50 years
- Software and electrical installations are depreciated over useful lives of 10-20 years
- Technical rail installations are depreciated over 25 years

Other assets are recognised at cost and depreciated on a straight-line basis over the assets' expected useful life:

Administrative IT systems and programmes (software)	0-5 years
Leasehold improvements, the lease period, but max.	5 years
Acquired rights	7 years
Other plant, machinery, fixtures and fittings	5-10 years
Port facilities and buildings at the ports	25 years
Buildings for operational use	25 years
Wind turbine facilities	25 years

Amortisation and depreciation are recognised as a separate item in the income statement

The depreciation method and the expected useful lives are reassessed annually and are changed if there has been a major change in the conditions or expectations. If there is a change to the depreciation method, the effect on depreciation going forward will be recognised as a change of accounting estimates and judgements.

The basis of depreciation is calculated on the basis of residual value less any impairment losses. The residual value is determined at the time of acquisition and is reassessed annually. If the residual value exceeds the carrying amount, depreciation will be discontinued.

Profits and losses in respect of disposal of property, plant and equipment are stated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profits and losses are recognised in the comprehensive income statement under other operating expenses.

Other operating expenses

Other operating expenses include expenses relating to technical, traffic-related and commercial operations of the links. These comprise, inter alia, expenses for operation and maintenance of technical plant, marketing, insurance, IT, external services, office expenses and expenses for office premises.

Staff expenses

Staff expenses comprise overall expenses for employees, the Management Board and the Board of Directors. Total expenses include direct payroll costs, pension contributions, training expenses and other direct staff-related expenses.

Staff expenses as well as payroll taxes, holiday allowance and similar costs are expensed in the period in which the services are performed by the employee.

Operating leases

Operating leases are recognised in the comprehensive income statement on a straight-line basis over the leasing contract's leasing term unless another systematic method would give a better view of the leases during their term. Leasing contracts have been entered into with a leasing period of 1-9 years. Operating leasing comprises office premises and vehicles.

Participating interests in subsidiaries

Participating interests in subsidiaries are measured at cost or lower recovery value.

Participating interests in jointly managed company

Participating interests in the jointly managed company are measured in the balance sheet according to the equity method after which the proportion of the company's carrying value is recognised. Any losses on the participating interest are recognised under provisions in the balance sheet.

Securities

Listed securities are recognised under current assets and measured at fair value at the balance sheet date. Holdings of treasury shares are set off against equivalent issued bond loans.

Inventories

Inventories are measured at cost determined by the FIFO method or net realisable value, whichever is lower.

Cost of merchandise, raw materials and consumables includes cost plus delivery costs.

Net realisable value of inventories is calculated as the sales price less costs of completion and costs incurred to effectuate the sale, and determined with regard to marketability, obsolescence and development in the estimated sales price.

Trade receivables

Trade receivables are measured at the amortised cost. Trade receivables comprise amounts owed by customers and balances with payment card companies. Write-down is made for expected bad debt. Receivables also comprise accrued interest in respect of assets and costs paid concerning subsequent financial years.

Other receivables

Other receivables are measured at the current value of the amounts expected to be received.

Prepayments and accrued income

Prepayments and accrued income comprise expenses paid concerning subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash holdings and short-term bank deposits and securities which have a term of less than three months at the acquisition date, and which can readily be converted to cash and which only involve an insignificant risk of changes in value.

Other financial liabilities

Other financial liabilities are measured at amortised cost which usually corresponds to the nominal value.

Pension obligations

The Group has established defined contribution schemes and similar agreements for its employees.

Defined contribution schemes are recognised in the comprehensive income statement in the period to which they relate, and any contributions outstanding are recognised in the balance sheet as Trade and other payables. Any prepayments are recognised in the balance sheet under Receivables.

Deferred income and accruals

Deferred income and accruals comprise payments received concerning income in subsequent years.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of events in the financial year or previous years, and it is probable that the obligation will require drawing on the Group's financial resources.

Provisions are measured as the best estimate of the expenses necessary to settle the liabilities on the balance sheet date. Provisions with an expected maturity later than one year from the balance sheet date are measured at present value.

With planned restructuring of the Group's operations, provision is made solely for the liabilities relating to the restructurings, which, on the balance sheet date, have been decided in accordance with a specific plan, and where the parties concerned have been informed about the overall plan.

Cash flow statement

The consolidated cash flow statement has been prepared in accordance with the indirect method based on the comprehensive income statement items. The Group's cash flow statement shows the cash flow for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is calculated as the profit/loss for the year before net financials adjusted for non-cash income statement items, computed corporation taxes and changes in working capital. The working capital comprises the operating balance sheet items recognised in current assets and current liabilities.

Cash flow from investing activities comprises the acquisition and disposal of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities comprises the raising of loans, dividend to the shareholder, repayment of debt and financial income and expenses.

Cash at bank and in hand comprises cash and short-term marketable securities with a term of three months or less at the acquisition date less short-term bank loans. Unused credit lines are not included in the cash flow statement.

Segment information

According to International Financial Reporting Standards (IFRS), revenues, expenses, assets and liabilities per segment must be disclosed. Sund & Bælt's assessment is that the Group consists of a segment that is divided into the following activities, Road, Railway, Ports and Ferry Services, Wind Turbines, Consultancy and Issuer Activities, as stated in the Management Report. Internal reporting and senior management's financial control take place on the basis of an overall segment.

The reported segment information has been prepared in accordance with the Group's accounting policies.

The segment's revenues and expenses comprise items directly attributable to the individual activity and the items that can be allocated to the individual activity on a reliable basis. Allocated revenue and expenses mainly comprise the Group's administrative functions, income taxes, etc.

Financial ratios

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

The following financial ratios provided under financial highlights are calculated as follows:

Profit ratio: Operating profit (EBIT) in percentage of turnover.
 Rate of return: Operating profit (EBIT) in percentage of total assets
 Return on facilities: Operating profit (EBIT) in percentage of investment in road and rail link

Note 2 Significant accounting estimates and judgements

Determining the carrying amount of certain assets and liabilities requires an estimate on how future events will affect the value of such assets and liabilities at the balance sheet date. Estimates which are significant for financial reporting are, for instance, made by computing depreciation of, and impairment losses on, road and rail links and by computing the fair value of certain financial assets and liabilities.

Depreciation of the road and rail links is based on an assessment of the main components and their useful lives. An ongoing estimate of the assets' useful life is undertaken. Any change in these assessments will significantly affect the profit/loss for the year, but will not affect cash flows. For certain financial assets and liabilities, an estimate is made of the expected future rate of inflation when calculating the fair value.

The calculation of fair value on financial instruments is based on estimates of the relevant discounting rate for the Group, volatility of reference rates and currency for financial instruments with an option for cash flows and estimates of future inflation for real rate loans and swaps. Estimates for determining fair values and the need for impairment are, as far as possible, based on observable market data and continuously adjusted to actual price indications, see note. 1.

With regard to the calculation of deferred tax, an estimate is made of the future utilisation of tax losses carried forward, which is based on the projected future earnings of the Group and the projected lifetime of the assets. In addition, an estimate is made of gains on financial items that can be used for recovery of the interest rate cap constraints within a 3 year period. As far as possible, the estimates are based on observable market continuously adjusted in line with inflation indexation and current price indications. See note 13.

A/S Øresund and Øresundsbro Konsortiet I/S' facilities are deemed to be cash generating units in that the companies' road and rail link function as one overall unit.

A/S Storebælt facilities are deemed to be a cash generating unit in that the company's road and rail link functions as one overall unit.

Note 3 Segment information

Segment information is based on the Group's internal reporting, and thus reflects the basis that senior management uses to monitor and evaluate the segments' financial performance, including making financial decisions on allocating resources to operating activities. Reporting-based segment information is prepared in accordance with the Group's accounting policies.

The Group reports internally as one segment, but specifies operating activities: Road, Rail, Ports and Ferry Services, Wind Turbines, Consultancy and Issuer Activities. The operating activities are reviewed in the Management Report. A specification of turnover is part of the segment reporting, which corresponds to the specification in note 4, Operating income.

Income and costs from operating activities comprise those items that are directly attributed to the individual activity as well as those items that can be allocated to the individual activity on a reliable basis. Allocated income and costs primarily comprise the Group's administrative functions, tax on income, etc.

Note 4 Operating income

Operating income comprises revenue from the road and rail links, charges for use of port facilities and sale of electricity generated by the wind turbines. Revenue is measured excluding VAT, charges and discounts in connection with sale.

Revenue from the road links comprises tolls collected in cash at the point of passage or by subsequent invoice as well as income from the sale of pre-paid journeys. Pre-paid journeys are recognised as they are undertaken.

Income from the rail links comprises fees from Banedanmark for use of the rail facilities.

Toll charges on the Storebælt link and the rail fees are set by the Minister of Transport, Building and Housing.

Other income comprises items secondary to the Group's activities, including income from the use of fibre optic and telephone cables.

Operating income is specified as follows:

Sund & Bælt Group

	A/S Storebælt	A/S Øresund	Other companies	Total
Specification of income in 2017				
Income from road links	3,164.0	0.0	0.0	3,164.0
Income from rail links	347.5	79.5	0.0	427.0
Income from port facilities	29.0	0.0	0.0	29.0
Income from wind turbines	13.2	0.0	0.0	13.2
Other income	3.4	1.6	24.1	29.1
Total income	3,557.1	81.1	24.1	3,662.3

Sund & Bælt Group

	A/S Storebælt	A/S Øresund	Other companies	Total
Specification of income in 2016				
Income from road links	3,069.4	0.0	0.0	3,069.4
Income from rail links	324.3	98.9	0.0	423.2
Income from port facilities	28.8	0.0	0.0	28.8
Income from wind turbines	24.2	0.0	0.0	24.2
Other income	3.2	2.1	18.7	24.0
Total income	3,449.9	101.0	18.7	3,569.6

Operating income in respect of Sund & Bælt Holding A/S constitutes fees received from subsidiaries.

Note 5 Other operating expenses

Other operating expenses comprise expenses related to the technical, transport and commercial operations of the links and wind turbine operations. This includes, for instance, operation and maintenance of technical plant, marketing expenses, insurances, external services, IT, cost of office space and office supplies.

Audit fees are specified as follows:

Sund & Bælt Group

	Statutory audit	Other assurance state- ments	Tax advice	Other	Total
Audit fees for 2017 are specified as follows					
PwC	0.7	0.2	1.2	0.4	2.5
Audit fees, total	0.7	0.2	1.2	0.4	2.5

	Statutory audit	Other assurance state- ments	Tax advice	Other	Total
Audit fees for 2016 are specified as follows					
PwC	0.8	0.2	0.5	0.4	1.9
Audit fees, total	0.8	0.2	0.5	0.4	1.9

Sund & Bælt Holding A/S

	Statutory audit	Other assurance state- ments	Tax advice	Other	Total
Audit fees for 2017 are specified as follows					
PwC	0.4	0.2	1.2	0.1	1.9
Audit fees, total	0.4	0.2	1.2	0.1	1.9

	Statutory audit	Other assurance state- ments	Tax advice	Other	Total
Audit fees for 2016 are specified as follows					
PwC	0.2	0.0	0.5	0.1	0.8
Audit fees, total	0.2	0.0	0.5	0.1	0.8

Rented premises and vehicle leasing are recognised in the income statement and are regarded as operating leasing. The notice periods for operating leasing payments are as follows:

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
31.9	31.1	0-1 years	31.6	34.6
123.8	88.6	1-5 years	89.1	136.5
27.6	10.9	After 5 years	10.9	32.6
183.3	130.6	Leasing payments total	131.6	203.7
11.6	11.4	Minimum leasing payments recognised in profit for the year	27.5	29.2

Note 6 Staff expenses

Staff expenses include total expenses for employees, management and the Board of Directors. Staff expenses comprise direct payroll costs, defined contribution pension schemes, training and other direct staff expenses.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
80.3	78.2	Wages and salaries, remuneration and emoluments	160.0	171.1
7.9	7.7	Pension contributions	11.1	11.4
1.5	1.4	Social security expenses	3.5	3.1
2.5	4.3	Other staff expenses	9.3	10.1
92.2	91.6	Total staff expenses	183.9	195.7
0.0	0.0	Recognised in property, plant and equipment in progress	-72.6	-84.4
92.2	91.6	Staff expenses as per comprehensive income statement	111.3	111.3
133	136	Average number of employees	243	252
127	138	Number of employees at 31 December	250	245

Fees to Management Board (DKK 1,000)

	Fixed salary	Pensions	Non-monetary benefits	Total
2017				
Mikkel Hemmingsen	2,260	378	3	2,641
Other members of the Management Board (5 people)	6,217	615	476	7,308
Total	8,477	993	479	9,949
2016				
Mikkel Hemmingsen	669	112	1	782
Mogens Hansen	607	37	23	667
Leo Larsen	1,969	327	2	2,298
Other members of the Management Board (4 people)	4,355	635	366	5,356
Total	7,600	1,111	392	9,103

The CEO is employed by the parent company and by A/S Storebælt, A/S Øresund and A/S Femern Landanlæg. Remuneration from the parent company amounts to DKK 1.3 million (DKK 1.6 million in 2016).

Fees to the Board of Directors (DKK 1,000)

Fees 2017		Fees 2016	
Peter Frederiksen (Chairman)	304	Henning Kruse Petersen (Chairman), (1/1-26/4)	80
Jørn Tolstrup Rohde (Vice-Chairman), (18/4-31/12)	157	Peter Frederiksen (Chairman), (26/4-31/12)	203
Carsten Koch (Vice-Chairman), (1/1-18/4)	66	Carsten Koch (Vice-Chairman)	204
David P. Meyer (Vice-Chairman), (1/1-18/4)	64	David P. Meyer (Vice-Chairman), (26/4-31/12)	149
Pernille Sams (1/1-18/4)	45	Pernille Sams	142
Mette Boye (1/1-18/4)	45	Mette Boye	142
Walter Christophersen	152	Walter Christophersen	142
Claus Jensen	152	Claus Jensen	142
Ruth Schade	152	Ruth Schade (11/5-31/12)	96
Lene Lange	152	Lene Lange (11/5-31/12)	96
Jesper Brink (1/1-18/4)	45	Jesper Brink	142
Martin Duus Hansen	152	Martin Duus Hansen	142
Christian Hein (1/1-18/4)	45	Christian Hein	142
Christina Bendixen Würtz (18/4-31/12)	107		
Jens Willemoes (18/4-31/12)	107		
Total	1,745	Total	1,822

If the company terminates the employment of the CEO, a contract has been agreed for the payment of severance pay corresponding to 12 months' salary.

One of the members of the Management Board is employed in the jointly managed company, which is why half the remuneration is included in the sum.

There are no incentive payments or bonus schemes for the Management Board and Board of Directors.

Key management personnel, comprising the Board of Management and the Management Board, are remunerated as shown above

Note 7 Tax

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
109.7	374.4	Tax paid	-45.3	-134.1
-101.5	-365.7	Change in deferred tax	-611.0	-126.5
0.0	0.0	Adjustment tax paid, previous year	0.0	-0.1
0.0	12.5	Adjustment deferred tax, previous year	-1.4	11.7
8.2	21.2	Total tax	-657.7	-249.0
Tax on the year's results is specified as follows:				
-255.7	-266.1	Computed 22.0 per cent tax on annual results	-723.2	-260.0
263.9	287.3	Other adjustments ¹⁾	65.5	10.9
8.2	21.2	Total	-657.7	-249.0
21.8	52.3	Effective tax rate	20.0	21.1

¹⁾ Note: The adjustment for Sund & Bælt Holding A/S relates to the dividend received from the subsidiary.

Note 8 Software

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
1.0	8.8	Original cost at 1 January	64.3	97.7
7.8	6.3	Additions for the year	16.5	18.3
0.0	0.0	Disposals for the year	0.0	-51.6
8.8	15.1	Original cost at 31 December	80.8	64.3
1.0	1.8	Depreciation at 1 January	36.1	69.4
0.8	2.8	Additions for the year	11.8	11.8
0.0	0.0	Disposals for the year	0.0	-45.1
1.8	4.6	Depreciation at 31 December	47.9	36.1
7.0	10.5	Balance at 31 December	32.9	28.3
0.0	0.0	Depreciation is recognised in Projects in progress	1.1	1.4

Note 9 Road and rail facilities

Projects in progress comprise the road and rail facilities in connection with the Fehmarnbelt link.

Sund & Bælt Group	Directly capitalised expenses	Value of own work	Financing expenses (net)	Projects in progress	Total 2017	Total 2016
Original cost at 1 January	31,756.4	1,563.0	10,085.1	4,235.0	47,639.5	46,609.4
Additions for the year	88.5	0.0	0.0	643.1	731.6	1,098.8
Received EU subsidy	0.0	0.0	0.0	12.8	12.8	-42.9
Disposals for the year	-41.1	0.0	0.0	0.0	-41.1	-25.8
Original cost at 31 December	31,803.8	1,563.0	10,085.1	4,890.9	48,342.8	47,639.5
Depreciation at 1 January	8,303.1	368.6	2,565.5	0.0	11,237.2	10,559.5
Opening adjustment	0.0	0.0	0.0	0.0	0.0	0.0
Additions for the year	686.7	17.9	133.5	0.0	838.1	703.5
Disposals for the year	-41.1	0.0	0.0	0.0	-41.1	-25.8
Depreciation at 31 December	8,948.7	386.5	2,699.0	0.0	12,034.2	11,237.2
Balance at 31 December	22,855.1	1,176.5	7,386.1	4,890.9	36,308.6	36,402.3

With regard to projects in progress, financing income for the year is recognised at DKK 4.5 million (2016: financing expenses DKK 2.3 million). All financing expenses in the companies with projects in progress are used for the asset and therefore capitalised.

Femern A/S receives EU subsidies to cover expenses, and this is recognised in the balance sheet. Femern A/S recognised an expense of DKK 13 million in 2017, which relates to an adjustment for previous years. (2016: income DKK 43 million).

Banedanmark has received EU subsidies in connection with the planning work. With regard to A/S Femern Landanlæg, expenses of DKK 1,866 million (2016: DKK 1,395 million) were offset by EU subsidies of DKK 257 million (2016: DKK 257 million).

Note 10 Port facilities

Sund & Bælt Group	2017	2016
Original cost at 1 January	343.3	342.6
Additions for the year	0.8	35.2
Disposals for the year	-0.5	-34.5
Original cost at 31 December	343.6	343.3
Depreciation at 1 January	138.9	105.1
Additions for the year inclusive of depreciation	12.6	33.8
Disposals for the year	-0.5	0.0
Depreciation at 31 December	151.0	138.9
Balance at 31 December	192.6	204.4

With regard to A/S Storebælt, the year's depreciation contains a provision for loss in value of DKK 20 million on the administration building in Ebeltoft Harbour. No impairment losses were made in 2017.

Note 11 Wind turbine facilities

Sund & Bælt Group	Directly capitalised expenses	Financing expenses (net)	Total 2017	Total 2016
Original cost at 1 January	401.2	1.5	402.7	402.7
Original cost at 31 December	401.2	1.5	402.7	402.7
Depreciation at 1 January	395.6	1.5	397.1	97.9
Additions for the year inclusive of depreciation	0.3	0.0	0.3	299.2
Depreciation at 31 December	395.9	1.5	397.4	397.1
Balance at 31 December	5.3	0.0	5.3	5.6

In 2016, the year's depreciation included a provision for loss in value of DKK 287 million for A/S Storebælt's Sprogø Offshore Wind Farm. No impairment losses were made in 2017. Sprogø Wind Farm is being offered for sale because it is assessed that wind turbine operations can be made more efficient if managed by a party specialising in this area. The sale is expected to be settled in March 2018. With the sale of the wind turbines, the Group expects to achieve a profit compared to the book value.

Note 12 Land, buildings and other plant

Sund & Bælt Group	Land and buildings	Machinery, fixtures and fittings	Leasehold improvements	Total 2017
Original cost at 1 January	167.4	170.8	68.4	239.2
Additions for the year	3.1	21.7	7.0	28.7
Disposals for the year	-2.8	-1.4	-9.4	-10.8
Original cost at 31 December	167.7	191.1	66.0	257.1
Depreciation at 1 January	72.6	135.7	42.0	177.7
Additions for the year	7.2	12.8	14.9	27.7
Disposals for the year	-2.8	-1.3	-9.4	-10.7
Depreciation at 31 December	77.0	147.2	47.5	194.7
Balance at 31 December	90.7	43.9	18.5	62.4
Depreciation is recognised in Projects in progress	0.4	1.5	1.3	2.8

	Land and buildings	Machinery, fixtures and fittings	Leasehold improve- ments	Total 2016
Sund & Bælt Group				
Original cost at 1 January	162.5	153.9	57.2	211.1
Additions for the year	4.9	17.9	11.2	29.1
Disposals for the year	0.0	-1.0	0.0	-1.0
Original cost at 31 December	167.4	170.8	68.4	239.2
Depreciation at 1 January	66.2	124.9	34.3	159.2
Additions for the year	6.4	11.7	7.7	19.4
Disposals for the year	0.0	-0.9	0.0	-0.9
Depreciation at 31 December	72.6	135.7	42.0	177.7
Balance at 31 December	94.8	35.1	26.4	61.5
Depreciation is recognised in Projects in progress	0.4	1.6	1.8	3.4

	Machinery, fixtures and fittings	Leasehold improve- ments	Total 2017
Sund & Bælt Holding A/S			
Original cost at 1 January	3.6	37.6	41.2
Additions for the year	0.7	7.0	7.7
Disposals for the year	-0.2	-9.4	-9.6
Original cost at 31 December	4.1	35.2	39.3
Depreciation at 1 January	1.4	12.9	14.3
Additions for the year	0.7	13.6	14.3
Disposals for the year	-0.2	-9.4	-9.6
Depreciation at 31 December	1.9	17.1	19.0
Balance at 31 December	2.2	18.1	20.3

The year's depreciation on leasehold improvements contains an impairment of DKK 7.1 million.

	Machinery, fixtures and fittings	Leasehold improve- ments	Total 2016
Sund & Bælt Holding A/S			
Original cost at 1 January	1.5	26.4	27.9
Additions for the year	2.1	11.2	13.3
Original cost at 31 December	3.6	37.6	41.2
Depreciation at 1 January	0.6	7.0	7.6
Additions for the year	0.8	5.9	6.7
Depreciation at 31 December	1.4	12.9	14.3
Balance at 31 December	2.2	24.7	26.9

Note 13 Deferred tax

As a result of the capitalisation of financing expenses during the construction period for A/S Storebælt and A/S Øresund, the carrying value of the facility is higher than the tax value.

Deferred tax will be offset as the underlying assets and liabilities are realised, including that the companies in the joint taxation under Sund & Bælt Holding A/S achieve positive taxable income. The Group managed the construction of the fixed links across Storebælt and Øresund and during the construction phase, the companies realised tax losses in that the income base could only be realised when the links were ready for use. The use of the companies' losses carried forward extends over a period longer than five years, but since the main components of the companies' property, plant and equipment have an estimated service life of 100 years, it is deemed prudent to recognise the tax value of the losses carried forward without impairment.

The Group recognises interest deduction restrictions through interest cap regulations under deferred tax. The management believes that the restrictions under the interest cap can be recovered within 3 years.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
7.7	140.1	Balance at 1 January	301.8	524.4
-101.5	-365.8	Deferred tax for the year	-610.0	-126.7
0.0	12.5	Adjustment deferred tax, previous year	-1.4	11.6
0.0	0.0	Effect of change in tax rate	0.0	0.0
233.9	620.1	Other adjustments	-30.1	-107.5
140.1	406.9	Balance at 31 December	-339.7	301.8
Deferred tax relates to:				
3.6	6.5	Intangible fixed assets and property, plant and equipment	-1,175.2	-862.2
0.0	0.0	Property, plant and equipment, Øresundsbro Konsortiet I/S	-154.3	-42.0
132.1	396.0	Reduced net financing expenses	498.6	701.5
4.4	4.4	Tax loss	491.2	504.5
140.1	406.9	Total	-339.7	301.8

Differences during the year

	1 Jan 2016	Recognised in annual results 2016	31 Dec 2016	Recognised in annual results 2017	31 Dec 2017
Sund & Bælt Group					
Intangible fixed assets and property, plant and equipment	-751.8	-110.4	-862.2	-313.0	-1,175.2
Property, plant and equipment, Øresundsbro Konsortiet I/S	101.6	-143.6	-42.0	-112.3	-154.3
Reduced net financing expenses	708.5	-7.0	701.5	-202.9	498.6
Tax loss	466.1	38.4	504.5	-13.3	491.2
Total	524.4	-222.6	301.8	-641.5	-339.7

Differences during the year

	1 Jan 2016	Recognised in annual results 2016	31 Dec 2016	Recognised in annual results 2017	31 Dec 2017
Sund & Bælt Holding A/S					
Intangible fixed assets and property, plant and equipment	5.2	-1.6	3.6	2.9	6.5
Property, plant and equipment, Øresundsbro Konsortiet I/S	0.0	0.0	0.0	0.0	0.0
Reduced net financing expenses	2.5	129.6	132.1	263.9	396.0
Tax loss	0.0	4.4	4.4	0.0	4.4
Total	7.7	132.4	140.1	266.8	406.9

Utilisation of the deferrable interest rate deduction restrictions for 2016 was not finally allocated between the joint taxation companies at the time of the 2016 financial reporting and was therefore settled in 2017 and recognised as an adjustment for previous years. For 2017, Sund & Bælt Holding A/S paid DKK 108.5 million for 2017 and DKK 420.5 million for 2016.

Note 14 Participating interests in subsidiaries

Participating interests in subsidiaries are valued at cost.

					Sund & Bælt Holding A/S		
					2017	2016	
Original cost at 1 January					976.0	976.0	
Capital contribution for the year					0.0	0.0	
Original cost at 31 December					976.0	976.0	
Book value at 31 December					976.0	976.0	
	Registered office	Owner-ship	Share capital	Equity 1 Jan	Profit/loss	Dividend paid	Equity 31 Dec
A/S Storebælt	Copenhagen	100 per cent	355.0	3,234.1	2,003.2	-1,250.0	3,987.3
A/S Øresund	Copenhagen	100 per cent	5.0	-6,608.3	198.5	0.0	-6,409.8
A/S Femern Landanlæg	Copenhagen	100 per cent	500.0	518.7	-2.1	0.0	516.6
Sund & Bælt Partner A/S	Copenhagen	100 per cent	5.0	11.2	0.0	0.0	11.2
BroBizz A/S	Copenhagen	100 per cent	30.0	116.8	2.0	0.0	118.8
Total			895.0	-2,727.5	2,201.6	-1,250.0	-1,775.9

Subsidiaries' activities

A/S Storebælt	The main responsibility is to own and operate the fixed link across Storebælt.
A/S Øresund	The main responsibility is to own and operate the fixed link across Øresund with related landworks.
A/S Femern Landanlæg	The main objective is to own and co-ordinate the planning and construction works, including other necessary actions relating to the expansion and upgrading of the related landworks for the fixed link across the Fehmarnbelt. In addition, the company's objective is to own all shares in Femern A/S.
Sund & Bælt Partner A/S	The main task is to provide client consultancy relating to infrastructure projects in Denmark and abroad. The company also provides consultancy in respect of both transport and financial planning.
BroBizz A/S	The objective is to be the issuer of BroBizz®, which can be used as a means of identification for a number of transport-related payment services, such as toll roads, bridges, ferries, parking etc. BroBizz A/S manages customer relations, including contract administration, charging for usage between the operators and the customer etc.
BroBizz Operatør A/S	The main task is the establishment, operation and maintenance of electronic toll systems and similar payment systems in connection with user-financed infrastructure in Denmark.

Note 15 Participating interest in jointly managed company

Øresundsbro Konsortiet I/S is jointly managed by A/S Øresund and SVEDAB AB. It is a shared ownership both legally and in terms of voting rights. Furthermore, the two owners are jointly and severally liable for the jointly managed company's liabilities, and the owners cannot transfer rights or liabilities between each other without the prior consent of the other party.

Øresundsbro Konsortiet I/S is based in Copenhagen/Malmö and the Sund & Bælt Group's ownership interest is 50 per cent.

		Sund & Bælt Group	
		2017	2016
Value of participating interest at 1 January		25.5	-379.1
Share of annual profits		734.0	404.6
Participating interest at 31 December		759.5	25.5
Carried forward to provisions at 1 January		0.0	379.1
Amount carried forward for the year		0.0	-379.1
Carried forward to provisions at 31 December		0.0	0.0
Value of participating interest at 31 December		759.5	25.5

Commission to the Danish state of DKK 53.6 million (2015: 54.0 million) is included in interest expenses.

Net financing expenses for the Group are DKK 62.8 million lower in 2017 compared to 2016. This is primarily related to a number of early on-lending repayments expiring in 2017 at an effective rate that was significantly higher than the market rate at which the loans were refinanced. The Danish rate of inflation was significantly higher in 2017, which resulted in increased inflation indexation, which had a reverse effect.

Note 17 Receivables

Trade receivables and services comprise amounts owed by customers, outstanding balances with payment card companies and receivables relating to the rail fee (DKK 45 million). As at 31 December 2017, payment card companies represent approximately 9% of total trade receivables. As at 31 December 2017, of the total amount owed by customers of DKK 385 million, there is a provision for unsecured receivables of DKK 4 million, which constitutes the assessed risk from customer losses. The book value of receivables thus represents the expected realisable value.

There are no significant receivables due that are not impaired.

Receivables also comprise accrued interest in respect of assets, receivables in respect of affiliated companies and other receivables.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
1.7	2.0	Sales and services	385.0	402.7
246.2	376.9	Group enterprises	0.0	0.0
1.0	0.9	Affiliated company, Øresundsbro Konsortiet I/S	0.0	0.0
0.0	0.0	Accrued interest, financial instruments ¹⁾	518.6	448.1
0.1	0.2	Other receivables	53.7	170.4
249.0	380.0	Total receivables	957.3	1,021.2
Accrued interest:				
0.0	0.0	Investments	3.7	4.2
0.0	0.0	Payables	0.1	0.3
0.0	0.0	Interest rate swaps	432.5	355.4
0.0	0.0	Currency swaps	82.3	88.2
0.0	0.0	Total accrued interest	518.6	448.1

¹⁾ Note: See note 22.

Note 18 Derivatives

The fair value adjustment of financial assets and liabilities is recognised in the comprehensive income statement.

Sund & Bælt Group	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	2,076.2	-3,982.9	2,029.5	-4,524.6
Currency swaps	950.3	-422.6	1,243.6	-255.3
Forward exchange contracts	1.2	-4.6	0.2	-2.2
Currency option	0.0	0.0	0.0	-5.3
Total derivatives	3,027.7	-4,410.1	3,273.3	-4,787.4

A/S Storebælt	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Gross value derivatives	1,099.1	-2,609.4	1,452.1	-2,811.9
Accrued interest	215.8	-172.2	223.1	-204.1
Offsetting, c.f. IAS 32	0.0	0.0	0.0	0.0
Gross value, total	1,314.9	-2,781.6	1,675.2	-3,016.0
Offsetting options by default ¹⁾	-577.9	577.9	-1,077.4	1,077.4
Collateral	-421.4	944.9	-244.1	675.3
Net value, total	315.6	-1,258.8	353.7	-1,263.3

¹⁾ Note: Offsetting options include netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall net settlement amount.

A/S Øresund	2017		2016	
	Assets	Liabilities	Assets	Liabilities
Gross value derivatives	1,018.9	-1,241.6	1,231.6	-1,430.5
Accrued interest	239.9	-67.6	202.5	-65.5
Offsetting, c.f. IAS 32	0.0	0.0	0.0	0.0
Gross value, total	1,258.8	-1,309.2	1,434.1	-1,496.0
Offsetting options by default ¹⁾	-101.6	101.6	-291.9	291.9
Collateral	-1,129.8	289.3	-1,142.1	381.4
Net value, total	27.4	-918.3	0.1	-822.7

¹⁾ Note: Offsetting options include netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall net settlement amount.

Note 19 Prepayments and accrued income

Prepayments and accrued income comprise paid expenses relating to subsequent financial years

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
0.0	0.0	Prepaid rent	0.3	0.3
5.9	6.5	Prepaid insurance premiums	6.4	5.9
0.7	0.3	Prepaid expenses	131.1	131.6
6.6	6.8	Total prepayments and accrued income	137.8	137.8

Note 20 Cash at bank and in hand

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
0.0	0.0	Cash at bank and in hand	212.3	305.0
0.0	0.0	Total cash at bank and in hand	212.3	305.0

Note 21 Equity

Sund & Bælt Holding A/S' share capital comprises 3,550,000 shares at a nominal value of DKK 100.

The entire share capital is owned by the Danish state. The share capital has remained unchanged since 1992.

In 2017, Sund & Bælt Holding A/S paid a dividend of DKK 338 per share at a nominal value of DKK 100 (DKK 338 in 2016).

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
355.0	355.0	Share capital	355.0	355.0
157.3	127.9	Retained earnings at 1 January	-3,565.0	-3,297.7
1,170.6	1,230.7	Profit for the year	2,629.4	932.7
-1,200.0	-1,200.0	Paid dividend	-1,200.0	-1,200.0
127.9	158.6	Retained earnings at 31 December	-2,135.6	-3,565.0
482.9	513.6	Equity at 31 December	-1,780.6	-3,210.0

Capital management

The Board of Directors regularly evaluates the need to adjust the capital structure, including the need for cash funds, credit facilities and equity.

The Group expects negative equity for some years to come. For further details, please refer to "Financial Position" in the Management Report.

Without special notification of each individual case, the Danish state underwrites A/S Storebælt's, A/S Øresund's, A/S Femern Landanlæg's and Femern A/S' other financial liabilities. Øresundsbro Konsortiet I/S' debt is underwritten jointly and severally by the Danish and Swedish states.

Note 22 Net debt

Sund & Bælt Group 2017				2016			
Fair value hierarchy	Level 1	Level 2	Level 3	Fair value hierarchy	Level 1	Level 2	Level 3
Bonds	1,735.6	0.0	0.0	Bonds	2,023.0	0.0	0.0
Cash at bank and in hand	0.0	0.0	0.0	Cash at bank and in hand	0.0	0.0	0.0
Derivatives, assets	0.0	3,027.7	0.0	Derivatives, assets	0.0	3,273.3	0.0
Financial assets	1,735.6	3,027.7	0.0	Financial assets	2,023.0	3,273.3	0.0
Bond loans and debt	-27,728.5	-5,621.2	0.0	Bond loans and debt	32,256.3	8,187.6	0.0
Derivatives, liabilities	0.0	-4,410.1	0.0	Derivatives, liabilities	0.0	4,787.4	0.0
Financial liabilities	-27,728.5	-10,031.3	0.0	Financial liabilities	32,256.3	12,975.0	0.0

Sund & Bælt Group 2017					Other currencies		Net debt
Net debt spread across currencies					EUR	DKK	
Cash at bank and in hand					1,627.1	14.2	1,650.8
Investments					0.0	80.0	80.0
Bond loans and amounts owed to credit institutions					-1,967.5	-34,082.3	-39,270.2
Currency and interest rate swaps					-8,246.9	3,699.6	-1,378.9
Currency exchange contracts					648.1	-706.7	-3.4
Currency swaps					0.0	0.0	0.0
Accrued interest					-256.7	286.5	29.8
Total (notes 17, 18, 20, 25)					-8,195.9	-30,708.7	-38,891.9

Other currencies comprise	AUD	GBP	JPY	NOK	SEK	USD	Total
Cash at bank and in hand	0.0	0.3	1.3	0.5	7.8	-0.4	9.5
Bond loans and amounts owed to credit institutions	-12.6	0.0	-999.2	-1,465.0	-647.5	-96.1	-3,220.4
Currency and interest rate swaps	12.6	0.0	946.5	1,464.9	648.5	95.9	3,168.4
Currency exchange contracts	0.0	0.0	55.2	0.0	0.0	0.0	55.2
Total	0.0	0.3	3.8	0.4	8.8	-0.6	12.7

The above items are included in the following accounting items

	Derivatives assets	Derivatives liabilities	Total
Interest rate swaps	2,076.2	-3,982.9	-1,906.7
Currency swaps	950.3	-422.6	527.7
Forward exchange swaps	1.2	-4.6	-3.4
Currency exchange contracts	0.0	0.0	0.0
Total (note 18)	3,027.7	-4,410.1	-1,382.4

	Receivables	Other payables	Total
Accrued interest			
Deposits and securities	3.7	-2.9	0.8
Debt	0.1	-188.1	-188.0
Interest rate swaps	432.5	-297.7	134.8
Currency swaps	82.3	-0.1	82.2
Total (notes 17, 25)	518.6	-488.8	29.8

**Sund & Bælt Group
2016**

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	2,068.5	251.0	8.7	2,328.2
Investments	0.0	0.0	0.0	0.0
Bond loans and amounts owed to credit institutions	-2,062.4	-35,153.0	-4,011.4	-41,226.8
Currency and interest rate swaps	-9,171.6	3,637.3	4,027.4	-1,506.9
Currency exchange contracts	348.0	-410.5	60.5	-2.0
Currency swaps	143.0	-148.3	0.0	-5.3
Accrued interest	-283.9	217.1	0.0	-66.8
Total (notes 17, 18, 20, 25)	-8,958.4	-31,606.4	85.2	-40,479.6

Other currencies comprise	AUD	GBP	JPY	NOK	SEK	USD	Total
Cash at bank and in hand	0.0	0.6	1.1	0.5	6.4	0.1	8.7
Bond loans and amounts owed to credit institutions	-20.4	0.0	-1,097.7	-2,068.8	-685.5	-139.0	-4,011.4
Currency and interest rate swaps	20.6	0.0	1,069.0	2,090.9	706.2	140.7	4,027.4
Currency exchange contracts	0.0	0.0	60.5	0.0	0.0	0.0	60.5
Total	0.2	0.6	32.9	22.6	27.1	1.8	85.2

The above items are included in the following accounting items

	Derivatives assets	Derivatives liabilities	Total
Interest rate swaps	2,029.5	-4,524.6	-2,495.1
Currency swaps	1,243.6	-255.3	988.3
Forward exchange swaps	0.0	-5.3	-5.3
Currency options	0.2	-2.2	-2.0
Total (note 18)	3,273.3	-4,787.4	-1,514.1

Accrued interest	Receivables	Other payables	Total
Deposits and securities	4.2	-2.9	1.3
Debt	0.3	-225.6	-225.3
Interest rate swaps	355.4	-286.3	69.1
Currency swaps	88.2	-0.1	88.1
Total (notes 17, 25)	448.1	-514.9	-66.8

Reconciliation of differences in financial liabilities	Current debt	Long-term debt	Derivatives assets	Derivatives liabilities	Total
Early 2017	-9,761.6	-30,681.8	3,273.3	-4,787.4	-41,957.5
Cash flow	9,653.2	-8,020.6	-609.6	652.6	1,675.6
Paid interest - reversed	-230.9	-768.5	771.2	-522.9	-751.1
Amortisation	4.0	261.1	-91.4	29.3	203.0
Inflation indexation	0.0	-56.6	-4.6	-104.7	-165.9
Currency adjustment	32.2	239.7	-98.2	-178.7	-5.0
Fair value adjustment	209.8	492.0	-307.9	596.2	990.1
Transfer beginning/end of the year	-6,745.5	6,745.5	94.5	-94.5	0.0
End 2017	-6,838.8	-31,789.2	3,027.3	-4,410.1	-40,010.8

The difference between the cash flow in the reconciliation and the cash flow statement is primarily due to dividend payment, the guarantee commission to the state, EU subsidy etc. of DKK 1.290 million.

Note 23 Financial risk management

Financing

The companies' financial management is conducted within the framework determined by the companies' Boards of Directors and guidelines from the guarantor, the Danish Ministry of Finance/Danmarks Nationalbank.

The Board of Directors determines an overall financial policy and an annual financing strategy, which regulates borrowing and liquidity reserves for specific years and sets the framework for the companies' credit, foreign exchange, inflation and interest rate exposure. Financial risk management is also supported by operational procedures.

The overall objective is to achieve the lowest possible financing expenses for the infrastructure facilities over their useful lives with due regard for an acceptable risk level as acknowledged by the Board of Directors. A long-term perspective has been applied in the balancing of economic performance and the risks associated with financial management.

The following describes the companies' funding in 2017 as well as the key risks.

Funding

All loans and other financial instruments employed by the companies are underwritten by the Danish state. In general, this means that the companies can achieve capital market terms equivalent to those available to the State, even if the companies do not have an explicit rating from the international credit rating agencies.

The adopted financial strategy seeks to maximise funding flexibility in order to take advantage of developments in the capital markets. However, all loan types must adhere to certain criteria partly because of the demands from the guarantor and partly because of internal guidelines set out in the companies' financial policy. In general, the companies' loan transactions should consist of common and standardised loan constructions that, as far as possible, limit the credit risk. The loan transactions do not contain any special terms that require disclosure with reference to IFRS 7.

In certain cases, lending itself can profitably occur in currencies in which the companies cannot expose themselves to currency risks (see below). In such cases, the loans are translated through currency swaps into acceptable currencies. Thus, there is no direct link between the original loan currencies and the companies' currency risk.

A/S Storebælt has established a standardised MTN (Medium Term Note) loan programme in the European bond market with a maximum borrowing limit of USD 5 billion of which USD 0.6 billion has been utilised. Thus, an available credit limit of USD 4.4 billion remains. In addition, the company has a Swedish MTN programme of SEK 5 billion of which SEK 0.6 billion has been utilised.

A/S Øresund has also established a standardised MTN (Medium Term Note) loan programme in the European bond market with a maximum borrowing limit of USD 1 billion of which USD 37 million has been utilised. Thus, an available credit limit of USD 963 million remains.

Since 2002, the companies have had access to on-lending, which is a direct loan from Danmarks Nationalbank on behalf of the State to the companies based on a specific government bond, and subject to the same conditions under which the bond is traded in the market.

In 2017, funding requirements were mainly covered by on-lending from Danmarks Nationalbank, which was a particularly attractive source of funding. A/S Storebælt raised on-lending to a nominal value of DKK 5.6 billion and A/S Øresund to a nominal value of DKK 2.5 billion.

The extent of A/S Storebælt's funding in any individual year is largely decided by the size of the repayments on the existing debt (refinancing) and the impact from operations. In 2018, such refinancing will amount to approx. DKK 3.5 billion, and the expected net borrowing requirements will be around DKK 5.3 billion. This is beyond what is needed for the financing of any extraordinary repurchase of existing loans and the debt issued to cover collateral demands.

The extent of A/S Øresund's funding in any individual year is largely decided by the size of the repayments on the existing debt (refinancing) and the impact from operations. In 2018, such refinancing will amount to approx. DKK 1.7 billion and the expected net borrowing requirements will be around DKK 1.8 billion. This is beyond what is needed for the financing of any extraordinary repurchase of existing loans and the debt issued to cover collateral demands.

The companies have the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption with the objective of reducing the risk of borrowing at times when the general loan terms in the capital markets are temporarily unattractive.

Financial risk exposure

The companies are exposed to financial risks inherent in the funding of the infrastructures and linked to financial management as well as operational decisions, including bond issuance and loans from credit institutions, the use of derivatives and deposit of liquid funds for liquidity reserve, receivables from customers and trade payables.

Risks relating to these financial risk exposures primarily comprise:

- Currency risks
- Interest rate risks
- Inflation risks
- Credit risks
- Liquidity risks

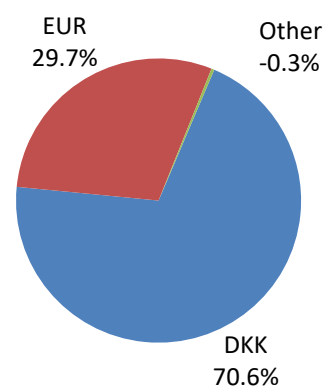
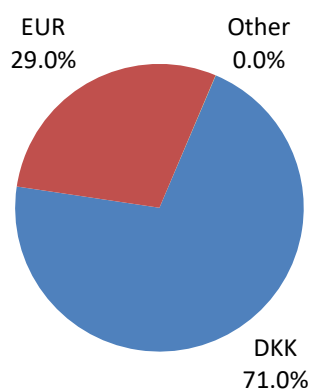
Financial risks are identified, monitored and controlled within the framework approved by the Board of Directors as determined in the companies' financial policy and strategy, operational procedures and in accordance with the guidelines from the Danish Ministry of Finance/Danmarks Nationalbank, which has issued guarantees for the companies' liabilities.

Currency risks

The companies' exposure to currency risks primarily relates to the part of the net debt denominated in currencies other than the base currency (DKK). Financial derivatives and liquid funds are recognised in the disclosure of the currency risk measured at fair value.

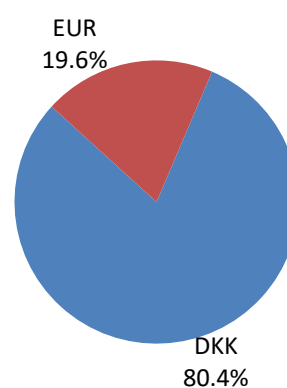
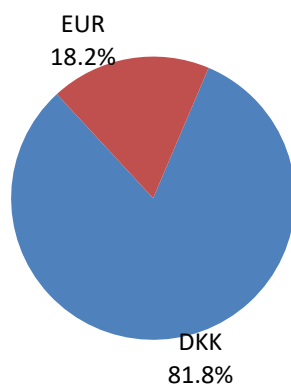
A/S Storebælt's currency exposure at fair value in DKK million 2017 and 2016

Currency	Fair value 2017	Currency	Fair value 2016
DKK	-15,671	DKK	-16,665
EUR	-6,404	EUR	-7,012
Other	5	Other	78
Total 2017	-22,070	Total 2016	-23,599



A/S Øresund's currency exposure at fair value in DKK million 2017 and 2016

Currency	Fair value 2017	Currency	Fair value 2016
DKK	-10,339	DKK	-10,415
EUR	-2,308	EUR	-2,542
Total 2017	-12,647	Total 2016	-12,957



The Danish Ministry of Finance has stipulated that the companies may have currency exposures to DKK and EUR. The companies' currency risks are managed within the limits of the composition of the currency allocation and can be distributed with no constraint between DKK and EUR.

Based on the stable Danish fixed exchange rate policy and the relatively narrow fluctuation band vis-a-vis EUR +/- 2.25 per cent in the ERM2 agreement, exposure to EUR is not considered to represent any substantial risk. The currency distribution between DKK and EUR will, over the coming years, depend on the exchange rate and interest rate relationship between the two currencies.

The proportion of other currencies comprise AUD, JPY, NOK, SEK and USD and are attributed to the hedging of bond loans in these currencies where premium/discounts in the currency swap result in an exposure based on market-to-market values although the cash flows are completely hedged.

Foreign exchange sensitivity for A/S Storebælt amounted to DKK 28 million in 2017 (DKK 46 million in 2016) calculated as Value-at-Risk.

Foreign exchange sensitivity for A/S Øresund amounted to DKK 10 million in 2017 (DKK 16 million in 2016) calculated as Value-at-Risk.

Value-at-Risk for foreign exchange sensitivity expresses the maximum loss as a result of an unfavourable development in the exchange rate within one year, with a 95 per cent probability. Value-at-Risk has been calculated based on historical volatility and correlations within one year in the currencies that pose a risk.

Interest rate and inflation risks

The companies' financing expenses are exposed to interest rate risks because of the ongoing funding for the refinancing of debts maturing, refixing of interest rates on floating rate debt and deposit of liquidity from operations and investments. The uncertainty arises as a consequence of fluctuations in market interest rates.

The companies' interest rate risk is managed by several lines and limits, and the combination of these limits the interest rate risk on the net debt.

For A/S Storebælt, the following framework for 2017 was applied in the interest rate risk management:

- Interest rate refixing risk may not exceed 40 per cent of the net debt
- Duration target on net debt is 3.25 years (variation limit: 2.5-4.0 years)
- Limits for interest rate exposure with fluctuation bands.

For A/S Øresund, the following framework for 2017 was applied in the interest rate risk management:

- Interest rate refixing risk may not exceed 45 per cent of the net debt
- Duration target on net debt is 9.0 years (variation limit: 8.0-10.0 years)
- Limits for interest rate exposure with fluctuation bands.

The companies' interest rate risk is actively managed through the use of interest rate and currency swaps and other derivative instruments.

Floating rate debt or debt with a short remaining maturity imply that the loan must have the interest rate reset at market interest rates within a given time frame, which typically involves higher risks than fixed rate debts with long maturity when fluctuations in the current interest expenses form the basis of the risk management.

By contrast, financing expenses are usually a rising function of the maturity, and the choice of debt allocation is thus a question of balancing financing expenses and risk tolerance.

The debt allocation between fixed and floating rate nominal debt and real rate debt in conjunction with the maturity profile (maturity on the fixed rate debt) and the currency distribution comprise the uncertainty on the financing expenses.

Besides representing an isolated balancing of financing expenses and interest refixing risk on the net debt, the companies' risk profile is also affected by linkages to the operations. This means that a balancing of risk is targeted across assets and liabilities with the aim of achieving a lower risk by combining the debt mix so that there is a positive correlation between operating revenue and financing expenses. This relationship was evident in the downturn that followed the financial crisis, when a sluggish trend in traffic revenues was offset by lower financing expenses.

Typically, floating rate debt and real rate debt have a positive correlation with general economic growth because monetary policy will often seek to balance the economic cycle by hiking interest rates when economic growth and inflation are high – and vice versa.

The economic relationship between operating revenue and financing expenses justifies some proportion of floating rate debt. Developments in road traffic revenue, which is the primary income source, are particularly dependent on economic conditions and low economic growth typically entails low traffic growth, and thus a less favourable development in revenue. This revenue risk can, to a certain extent, be offset by a high proportion of floating rate debt in that adverse economic trends normally lead to lower interest rates, notably at the short end of the maturity spectrum.

Fixed rate debt may, on the other hand, serve as a hedge against stagflation, with low growth and high inflation, which cannot be passed on to the tolls for crossing the bridge.

Furthermore, the companies have a strategic interest in real rate debt where the financing expenses comprise a fixed real rate plus indexation dependent upon general inflation. The reason is that operating income, by and large, can be expected to follow inflation developments as both road tolls and rail revenue are normally indexed. Real rate debt, therefore, represents a very low risk and functions as a hedge of operating revenue and the companies' long-term project risk.

Based on the overall financial management objective - to attain the lowest possible financing expenses within a risk level approved by the Board of Directors – the companies have established a strategic benchmark for the debt portfolio's interest rate allocation and the nominal duration.

This benchmark serves as an overall guideline and a financial framework for the debt management and implies that the companies target a real rate debt allocation of 25-45 per cent and for 2017, the duration on the nominal debt was set at 3.25 years for A/S Storebælt and 9.0 years for A/S Øresund. The calculation of the duration will be assessed without discounting.

Maximum variation limits for the interest rate allocation and duration target are established.

The basis for determining the strategic benchmark in the debt management is economic model simulations that estimate the outcome and expected earnings development of the companies' assets and liabilities on a large number of relevant portfolio combinations with different interest rate allocations and maturity profiles and consists of a balancing of financing expenses with revenue risk.

Besides the above-mentioned strategic elements, the interest rate risk is also managed on the basis of the expectations for short-term interest rate developments and an isolated balancing of financing expenses and interest rate refixing risk on the nominal debt.

For A/S Storebælt, the target for the duration on the nominal debt was 3.25 years for 2017 and the actual duration was between 2.9 years to 4.9 years. In respect of the Storebælt toll fee reduction, the target for the duration has been temporarily suspended.

The duration of the strategic benchmark for 2018 has been temporarily overridden for A/S Storebælt as a consequence of the political agreement on a toll fee reduction, which extends the repayment period. The aim is to cover two-thirds of Storebælt's debt development and the final determination of the framework awaits the mix between nominal and real interest coverage.

For A/S Øresund, the target for the duration on the nominal debt was 9.00 years in 2017 and the actual duration was between 9.2 years and 9.8 years and was predominately overweighted in relation to the benchmark. The existing interest rate hedging on the nominal debt was extended in tandem with the debt refinancing and the maturing fixed rate exposure.

For A/S Øresund, the duration on the strategic benchmark for 2018 is maintained at 9.00 years and the target for the real rate debt ratio remains unchanged.

The long-term interest rates were fairly stable in 2017. The companies are exposed to interest rates in DKK and EUR, and interest rates on long maturities have risen by 0.15-0.30 percentage points.

The development in interest rates has led to an unrealised gain of DKK 405 million for A/S Storebælt.

The development in interest rates has led to an unrealised gain of DKK 263 million for A/S Øresund.

The management of the interest rate risk aims at attaining the lowest possible longer-term financing expenses with no specific regard for the annual fluctuations in the fair value adjustment. The fair value adjustment has, however, no impact on the companies' economy, including the repayment period.

The yield exposure on the net debt is based on the nominal value (the notional) split in time buckets at the earliest of the time to maturity or the time to the next interest rate refixing. Thus, the floating rate debt is included in the next financial year and shows the cash flow exposure to the interest refixing risk.

The companies use derivatives to adjust the allocation between floating and fixed rate nominal debt and real rate debt, including, primarily, interest rate and currency swaps, FRAs and interest rate guarantees.

Yield exposure disclosed in nominal notional amounts 2017, A/S Storebælt

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	186	968	0	0	0	0	1,154	1,168
Bond loans and other loans	-3,275	-4,579	-2,205	-2,251	0	-7,847	-20,157	-21,662
Interest rate and currency swaps	-3,629	1,639	716	959	0	-650	-965	-1,463
Forward exchange contracts	0	0	0	0	0	0	0	-3
Other derivatives	0	0	0	0	0	0	0	-110
Credit institutions	-110	0	0	0	0	0	-110	0
Net debt	-6,828	-1,972	-1,489	-1,292	0	-8,497	-20,078	-22,070
Of this, real rate instruments:								
Real rate debt	0	-1,634	-549	0	0	-1,578	-3,761	-4,062
Real rate swaps	0	-3,306	549	0	0	-2,749	-5,506	-6,284
Real rate instruments total	0	-4,940	0	0	0	-4,327	-9,267	-10,346

Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-4,637	-3,860	0	0
Of which real rate instruments	-3,980	-347	0	0

Yield exposure disclosed in nominal notional amounts 2016, A/S Storebælt

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	558	371	0	0	0	0	929	936
Bond loans and other loans	-6,774	-3,245	-4,559	-1,273	-1,522	-3,985	-21,358	-23,387
Interest rate and currency swaps	-489	2,501	1,686	-214	232	-4,458	-742	-1,333
Forward exchange contracts	0	0	0	0	0	0	0	-2
Other derivatives	0	0	0	0	0	0	0	-5
Credit institutions	192	0	0	0	0	0	192	192
Net debt	-6,513	-373	-2,873	-1,487	-1,290	-8,443	-20,979	-23,599
Of this, real rate instruments:								
Real rate debt	0	0	-1,609	-555	0	-1,557	-3,721	-4,114
Real rate swaps	0	0	-3,264	555	0	-2,708	-5,417	-6,364
Real rate instruments	0	0	-4,873	0	0	-4,265	-9,138	-10,478

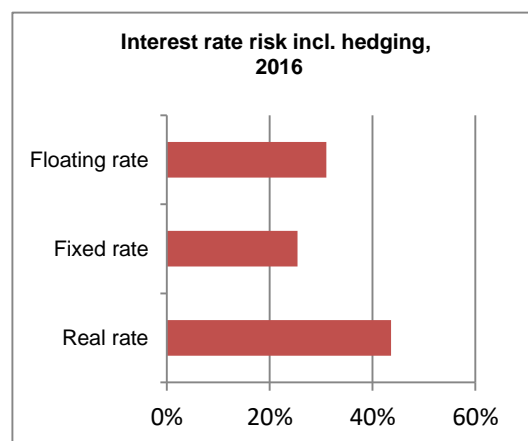
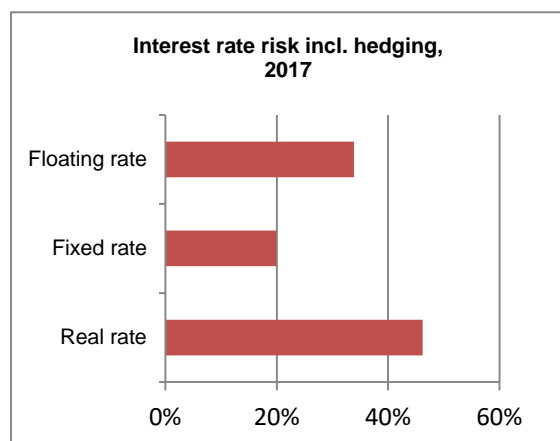
Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-7,928	-515	0	0
Of which real rate instruments	-3,922	-343	0	0

The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 7 to 10-year yield segment.

Interest rate allocation, A/S Storebælt

Interest rate allocation		2017	Interest rate allocation in per cent	2016
		33.9	Floating rate	31.0
		19.9	Fixed rate	25.4
		46.2	Real rate	43.6
		100.0	Total	100.0



The yield exposure is distributed with an allocation of 116.6 per cent to interest rates in DKK and -11.6 per cent in EUR. As regards real rate debt, this is exposed to the Danish Consumer Price Index (CPI).

The financing expenses' sensitivity to an interest or inflation rate change of 1 percentage point can be estimated at DKK 80 million and DKK 93 million respectively and the impact will be symmetrical since there is no optionality in either the interest rate or inflation exposure.

Yield exposure disclosed in nominal notional amounts 2017, A/S Øresund

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	298	186	0	0	0	0	484	488
Bond loans and other loans	-1,953	-900	-500	-650	0	-6,522	-10,525	-12,986
Interest rate and currency swaps	-632	79	500	0	-372	252	-173	-50
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-99	0	0	0	0	0	-99	-99
Net debt	-2,386	-635	0	-650	-372	-6,270	-10,313	-12,647
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,533	-4,533	-5,480
Real rate instruments total	0	0	0	0	0	-4,533	-4,533	-5,480

Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-762	-621	-2,904	-1,983
Of which real rate instruments	-1,415	-1,919	-687	-512

Yield exposure disclosed in nominal notional amounts 2016, A/S Øresund

Yield buckets	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Nominal value	Fair value
Cash at bank and in hand	0	595	0	0	0	0	595	603
Bond loans and other loans	-2,723	-1,730	-600	0	-450	-5,062	-10,565	-13,336
Interest rate and currency swaps	1,326	0	80	0	0	-1,539	-133	-62
Forward exchange contracts	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-162	0	0	0	0	0	-162	-162
Net debt	-1,559	-1,135	-520	0	-450	-6,601	-10,265	-12,957
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,493	-4,493	-5,585
Real rate instruments total	0	0	0	0	0	-4,493	-4,493	-5,585

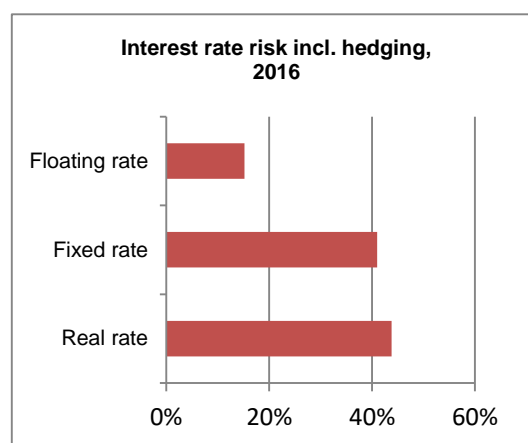
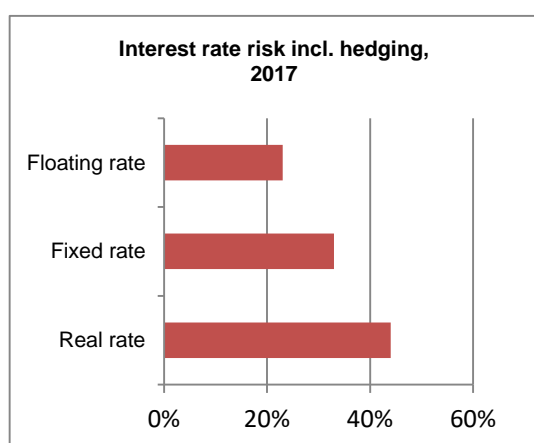
Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-1,133	-601	-2,891	-1,976
Of which real rate instruments	-1,413	-1,898	-677	-505

The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 10, 15 and 20-year yield segment.

Interest rate allocation, A/S Øresund

Interest rate allocation 2017	Interest rate allocation in per cent	2016
23.0	Floating rate	15.2
33.0	Fixed rate	41.0
44.0	Real rate	43.8
100.0	Total	100.0



The yield exposure is distributed with an allocation of 110.3 per cent to interest rates in DKK and -10.3 per cent in EUR. As regards real rate debt, this is exposed to the Danish Consumer Price Index (CPI).

The financing expenses' sensitivity to an interest rate or inflation rate change of 1 percentage point can be estimated at DKK 20 million and DKK 45 million respectively, and the impact will be symmetrical since there is no optionality in the hedging of the variable interest rate and with the current inflation level, the lower limit from a sold "floor" on the inflation indexation (principal EUR 190 million) is not effective.

When interest rates change, this affects the market value (fair value) of the net debt and, in this respect, the impact and risk are greater on fixed rate debt with long maturities. This is primarily owing to the discounting effect and offsets the alternative cost or gain relating to fixed rate debt obligations in comparison to financing at current market interest rates.

The duration denotes the average remaining maturity on the net debt. A long duration implies a low interest rate refixing risk since a relatively small proportion of the net debt needs to be reset to the current interest rate.

The duration also expresses the interest rate sensitivity on the net debt stated at market value.

Duration, A/S Storebælt

2017 Duration (years)	BPV	Fair value		2016 Duration (years)	BVP	Fair value
4.7	5.5	-11,724	Nominal debt	3.8	4.9	-13,121
4.1	4.2	-10,346	Real interest debt	5.0	5.3	-10,478
4.4	9.7	-22,070	Net debt	4.3	10.2	-23,599

Basis point value (BPV) expresses the rate sensitivity to a parallel shift in the yield curve of 1 bp.

A/S Storebælt's duration totalled 4.4 years at the end of 2017, of which 4.7 years relates to the nominal debt and 4.1 years to the real rate debt. Rate sensitivity can be calculated at DKK 9.7 million, when the yield curve is shifted in parallel by 1bp. This will imply a positive fair value adjustment in the income statement and balance sheet when interest rates rise by 1bp, and vice versa.

As regards A/S Storebælt, the fair value adjustment's sensitivity to an interest rate change of 1 percentage point can be calculated as a fair value loss of DKK 1,022 million with an interest rate fall and a fair value gain of DKK 930 million with an interest rate rise.

Duration, A/S Øresund

2017 Duration (years)	BPV	Fair value		2016 Duration (years)	BVP	Fair value
7.9	5.6	-7,167	Nominal debt	8.5	6.3	-7,372
12.2	6.7	-5,480	Real interest debt	13.1	7.3	-5,585
9.7	12.3	-12,647	Net debt	10.5	13.6	-12,957

Basis point value (BPV) expresses the rate sensitivity to a parallel shift in the yield curve of 1 bp.

A/S Øresund's duration totalled 9.7 years at the end of 2017 of which 7.9 years relate to the nominal debt and 12.2 years to the real rate debt. Rate sensitivity can be calculated at DKK 12.3 million, when the yield curve is shifted in parallel by 1bp. This will imply a positive fair value adjustment in the income statement and balance sheet when interest rates rise by 1bp, and vice versa.

As regards A/S Øresund, the fair value adjustment's sensitivity to an interest rate change of 1 percentage point can be calculated as a fair value loss of DKK 1,393 million with an interest rate fall and a fair value gain of DKK 1,172 million with an interest rate rise.

The calculated sensitivity to interest rate changes on the fair value adjustment takes account of the convexity of the debt portfolio.

The sensitivity calculations have been made on the basis of the net debt on the balance sheet date, and the impact is similar in result and balance sheet as a result of the accounting policies where financial assets and liabilities are recognised at fair value.

Credit risks

Credit risks are defined as the risk of losses arising as a result of a counterparty not meeting its payment obligations. Credit risks arise in connection with the deposit of excess liquidity, receivables from derivative transactions and trade receivables.

The credit policy for the deposit of excess liquidity has continuously been tightened with increased requirements for rating, credit limits and maximum duration.

The companies have, to the greatest possible extent, limited excess liquidity and have only had deposits in banks with high credit ratings or invested liquidity in German government bonds for pledging collateral. There have been no incidents of overdue payments as a result of credit events.

Companies' derivative transactions are regulated by an ISDA master agreement with each counterparty, and it is explicitly set out that netting of positive and negative balances will apply.

The credit risk on financial counterparties is managed and monitored on a daily basis through a specific line and limit system which has been approved by the Board of Directors in respect of the companies' financial policy and determines the principles for calculating these risks and limits for acceptable credit exposures. The allocation of limits for acceptable credit exposures is determined on the basis of the counterparty's long-term rating by either Standard and Poor's (S&P), Moody's Investor Service (Moody's) or Fitch Ratings.

The credit risk is limited to the greatest possible extent by diversifying the counterparty exposure and reducing the risk exposure to individual counterparties. The financial counterparties must adhere to high standards for credit quality and agreements are only entered into with counterparties that have a long-term rating above A3/A-. At year end, the rating requirement was relaxed to BBB/Baa2, provided that a number of strict collateral requirements were met and that the counterparty is resident in a country with a minimum AA/Aa2 rating.

The companies have entered into collateral agreements (CSA agreements) with the majority of the financial counterparties and since 2005 have only entered into derivative contracts that are regulated by such agreements. The CSA agreements are two-way and imply that both the company and the counterparty must pledge collateral in the form of government bonds or mortgage bonds with high credit quality when the balance is in favour of one of the parties. The parties have title of right to the collateral with mandatory return of income and securities in the absence of bankruptcy.

Credit exposure is effectively limited by low threshold values for unhedged receivables and greater collateral is required for counterparties with lower credit quality, i.e. with a requirement for supplementary collateral for lower ratings.

The bonds, provided as collateral, must have a minimum rating of Aa3/AA-.

The companies are not covered by EMIR's central clearing obligation for derivative transactions.

The IFRS accounting standard stipulates that the credit risk is calculated gross excluding netting (the offsetting of positive and negative balances for each counterparty), even though such agreements exist. Net exposure is given as additional information and constitutes a better measure of the companies' actual credit risk.

Credit risks on financial assets recognised at fair value distributed on credit quality 2017, A/S Storebælt

Total counterparty exposure (market value)

Rating	Deposits	Deriva- tives without netting	Deriva- tives with netting	Collateral	Number of counter- parties
AAA	1,168	0	0	0	1
AA	0	742	265	265	4
A	0	498	325	116	5
BBB	0	19	7	40	2
Total	1,168	1,259	597	421	12

Credit risks on financial assets recognised at fair value distributed on credit quality 2016, A/S Storebælt

Total counterparty exposure (market value)

Rating	Deposits	Deriva- tives without netting	Deriva- tives with netting	Collateral	Number of counter- parties
AAA	936	23	23	0	2
AA	0	811	106	95	4
A	0	742	409	149	5
BBB	0	40	10	0	3
Total	936	1,616	548	244	14

A/S Storebælt has 12 financial counterparties, including Germany as bond issuer, while the business volume with the remaining 11 counterparties is related to derivative transactions of which 8 counterparties are covered by collateral agreements.

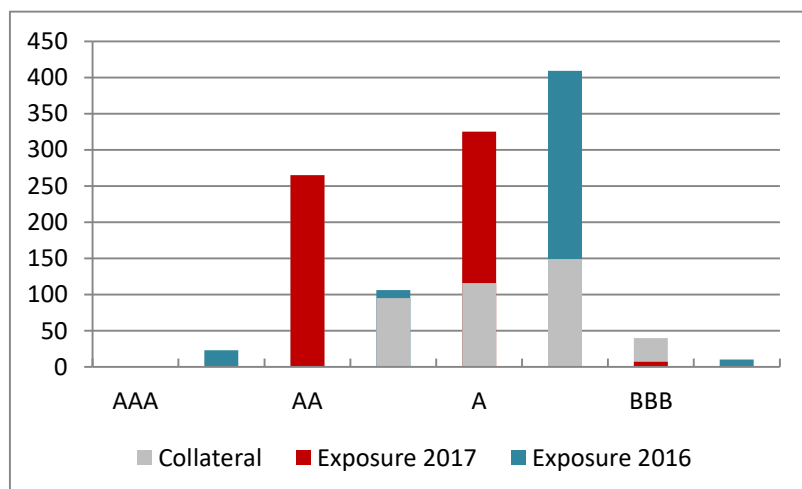
The credit exposure is primarily exposed against the AA and A rating category and is largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 378 million and collateral amounts to DKK 421 million. Counterparty exposure without collateral agreements totals DKK 218 million, primarily in the A rating category.

A/S Storebælt has pledged collateral for DKK 945 million to hedge outstanding exposure from derivative transactions in favour of three counterparties.

The amounts related to credit risks and collateral are stated at market value at the balance sheet date.

Distribution of counterparty exposure on rating categories 2017 and 2016, A/S Storebælt



Credit risks on financial assets recognised at fair value distributed on credit quality 2017, A/S Øresund

Total counterparty exposure (market value)

Rating	Deposits	Deriva- tives without netting	Deriva- tives with netting	Collateral	Number of counter- parties
AAA	488	0	0	0	1
AA	0	120	84	87	3
A	0	1,092	970	1,042	3
BBB	0	0	0	0	1
Total	488	1,212	1,054	1,129	8

Credit risks on financial assets recognised at fair value distributed on credit quality 2016, A/S Øresund

Total counterparty exposure (market value)

Rating	Deposits	Deriva- tives without netting	Deriva- tives with netting	Collateral	Number of counter- parties
AAA	603	0	0	0	1
AA	0	195	105	92	3
A	0	1,211	1,102	1,076	3
BBB	0	0	0	0	1
Total	603	1,406	1,207	1,168	8

A/S Øresund has 8 financial counterparties, including Germany as bond issuer, while the business volume with the remaining 7 counterparties is related to derivative transactions of which all counterparties are covered by collateral agreements.

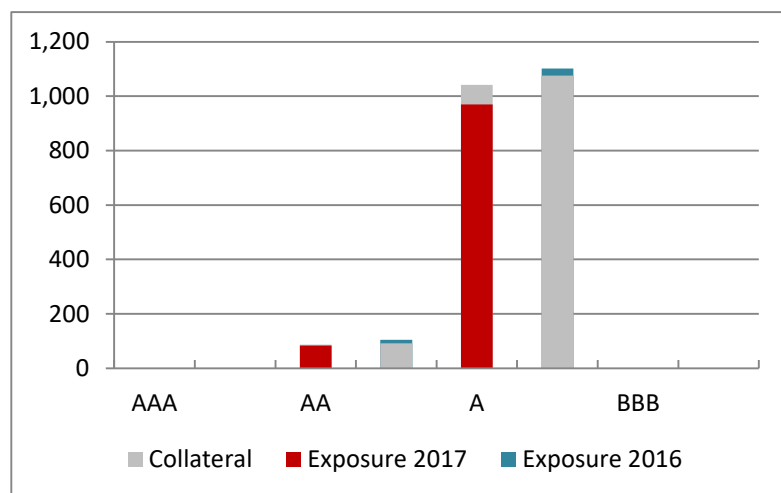
The credit exposure is primarily concentrated in the A rating category and largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 1,054 million and collateral amounts to DKK 1,129 million. There is no exposure to counterparties without collateral.

A/S Øresund has pledged collateral for DKK 289 million to hedge outstanding exposure from derivative transactions in favour of two counterparties.

The amounts related to credit risks and collateral are stated at market value at the balance sheet date.

Distribution of counterparty exposure on rating categories 2017 and 2016, A/S Øresund



Liquidity risk

Liquidity risk is the risk of losses arising if the companies have difficulties meeting their financial liabilities, both in terms of debt and derivatives.

The guarantee provided by the Danish state, and the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption imply a limited liquidity risk for the companies. In order to avoid substantial fluctuations in the refinancing for individual years, the objective is for the principal payments to be evenly dispersed.

Unexpected cash outflow can arise from demands for collateral as a result of market value changes on derivative transactions

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Storebælt, 2017

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-3,133	-4,593	-2,217	-2,366	0	-7,848	-20,157
Derivative liabilities	-2,658	-1,676	-1,587	-279	0	-442	-6,642
Derivative receivables	2,302	1,591	1,558	226	0	0	5,677
Assets	186	968	0	0	0	0	1,154
Total	-3,303	-3,710	-2,246	-2,419	0	-8,290	-19,968
Interest payments							
Debt	-432	-384	-223	-139	-70	-346	-1,594
Derivative liabilities	-261	-318	-153	-81	-88	-651	-1,552
Derivative receivables	381	303	139	18	0	92	933
Assets	0	0	0	0	0	0	0
Total	-312	-399	-237	-202	-158	-905	-2,213

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Storebælt, 2016

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-6,621	-3,257	-4,572	-1,285	-1,534	-4,089	-21,358
Derivative liabilities	-987	-1,883	-1,642	-1,633	-279	-401	-6,825
Derivative receivables	910	1,663	1,590	1,673	247	0	6,083
Assets	557	372	0	0	0	0	929
Total	-6,141	-3,105	-4,624	-1,245	-1,566	-4,490	-21,171
Interest payments							
Debt	-648	-389	-346	-185	-90	-289	-1,947
Derivative liabilities	-249	-255	-331	-198	-125	-673	-1,831
Derivative receivables	404	296	226	139	20	86	1,171
Assets	0	0	0	0	0	0	0
Total	-493	-348	-451	-244	-195	-876	-2,607

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Øresund, 2017

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-1,730	-900	-500	-650	0	-6,745	-10,525
Derivative liabilities	0	0	0	0	0	-1,586	-1,586
Derivative receivables	0	0	0	0	0	1,413	1,413
Assets	298	186	0	0	0	0	484
Total	-1,432	-714	-500	-650	0	-6,918	-10,214
Interest payments							
Debt	-306	-301	-266	-265	-247	-1,624	-3,009
Derivative liabilities	-120	-112	-96	-101	-105	-414	-948
Derivative receivables	122	119	99	99	99	548	1,086
Total	-304	-294	-263	-267	-253	-1,490	-2,871

Maturity on debt as well as liabilities and receivables from financial derivatives, A/S Øresund, 2016

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-2,500	-1,730	-600	0	-450	-5,285	-10,565
Derivative liabilities	-6	0	0	0	0	-1,544	-1,550
Derivative receivables	5	0	0	0	0	1,412	1,417
Assets	0	595	0	0	0	0	595
Total	-2,501	-1,135	-600	0	-450	-5,417	-10,103
Interest payments							
Debt	-367	-279	-275	-251	-252	-1,822	-3,246
Derivative liabilities	-110	-111	-109	-109	-108	-561	-1,108
Derivative receivables	182	100	99	99	99	606	1,185
Total	-295	-290	-285	-261	-261	-1,777	-3,169

Debt, derivative liabilities and receivables, as well as financial assets, are recognised in the liquidity projection and repayments and principal amounts are entered at the earliest due date. Interest payments are recognised at agreed terms and implicit forward interest rates and inflation form the basis for the variable interest payments and inflation indexation. Repayments, principal amounts and interest payments are disclosed for the net debt and neither refinancing nor cash flows from operating activities is included, c.f. IFRS 7.

Note 24 Profitability

A/S Storebælt

A/S Storebælt's debt will be repaid from the revenue from road and rail traffic. As a basis for calculating the repayment period in the long-term profitability calculations, the company uses a real rate of 3.0% on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

As part of the Finance Act 2016, the annual fee payable by the rail companies for their use of the fixed links across Storebælt and Øresund was adjusted downwards. With respect to A/S Storebælt, the reduction was in the order of DKK 270 million in 2016. From and including 2016, the amount depends on actual train traffic whereas previously, it was a fixed amount determined by the Finance Act.

On 21 September 2017, a political agreement was entered into concerning a toll fee reduction on the Storebælt fixed link. Moreover, that A/S Storebælt shall contribute to the financing of the expansion of the Funen Motorway between Nr. Aaby and Odense Vest in the sum of DKK 2.1 billion. The fees will be reduced by 15 per cent on 1 January 2018 increasing to 25 per cent when the expansion of the Funen Motorway is complete in 2022.

Seen in isolation, the consequences of the toll fee reduction and the co-financing of the Funen Motorway for A/S Storebælt's economy mean an extension of the repayment period by 5 years. However, this should be counterbalanced by the operational efficiency of the Storebælt link as well as lower interest expenses. The repayment period is 34 years in total, which means that the debt is expected to be repaid in 2032. This will extend the repayment period by four years compared to the previous financial statements.

Co-financing of the political agreement, "A Green Transport Policy", from 29 January 2009 is included in the repayment period calculation. With this, the company pays dividends to the State of DKK 9.0 billion (in 2008 prices) up to the financial year 2022 and ceases to do so after fulfilment of the agreement. A/S Storebælt's contribution to the co-financing of the Funen Motorway in the sum of DKK 2.1 billion (2018 prices) will be covered by the dividend to the State.

After distribution of an expected dividend of DKK 1,452 billion to the State for the 2017 financial year, the company will have distributed a total dividend of DKK 5,652 billion to the shareholder

The main uncertainties in the profitability calculations relate to the long-term traffic development and the real rate. Traffic growth is expected to average between 1 and 1.5 per cent for lorries and passenger cars respectively. Operating expenses are based on assumed annual efficiencies of 2 per cent per annum over the next five years whereafter they are expected to rise in line with inflation. Moreover, there is some uncertainty in relation to the size and timing of reinvestments in the rail link.

A/S Øresund

The investment in the Øresund fixed link's landworks will be repaid in part through payment from Banedanmark for use of the Øresund rail line and in part through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent.

A/S Øresund has also been affected by the above-mentioned changes in the 2016 Budget where the annual payment for the railway companies' use of the fixed links will be gradually reduced over the coming years. In addition, A/S Øresund is obliged to pay the Danish state's rail contribution to Øresundsbro Konsortiet I/S until 2024 on a gradual basis. As a basis for calculating the repayment period in the long-term profitability calculations, the company applies a real rate of 3.0% on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

Moreover, as a result of the joint taxation with the Group's other companies, A/S Øresund obtains a cash flow advantage. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings to A/S Øresund. A/S Øresund can thus forward the use of its tax loss over time.

The repayment period for A/S Øresund is now calculated at 50 years, which is 1 year less than last year, primarily due to lower financing expenses. The repayment period for A/S Øresund is sensitive to changes in the economics of the Øresund project and in the joint taxation and dividend policy of the Group.

Fehmarnbelt project

On 11 February 2016, Femern A/S published a new financial analysis of the Fehmarnbelt project's overall economy (coast-to-coast link and the Danish landworks). The analysis shows that the total construction budget amounts to DKK 62.1 billion (2015 prices) which includes total reserves of DKK 9.5 billion. The budget is divided as follows: the coast-to-coast link DKK 52.6 billion of which reserves of DKK 7.3 billion and the Danish landworks of DKK 9.5 billion of which reserves of DKK 2.2 billion. The repayment period is calculated at 36 years from the date of commissioning.

An analysis of reserves and risk apportionment for the Fehmarnbelt link, which was carried out by the consultancy firm, EY, was published on 8 February 2016. It confirms that the size and proportion of the reserves are appropriate.

Note 25 Trade and other payables

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
0.2	5.3	Trade payables	329.2	284.8
313.4	604.2	Debt group enterprises - group companies	0.0	0.0
0.0	0.0	Debt, Øresundsbro Konsortiet I/S	22.7	20.0
0.7	1.0	Guarantee commission payable	50.0	53.2
1.6	1.6	Accrued interest, financial instruments ¹⁾	488.8	514.9
60.6	34.2	Other payables	144.2	173.3
376.5	646.3	Total	1,034.9	1,046.2
Accrued interest				
0.0	0.0	Deposits and securities	2.9	2.9
1.6	1.6	Loans	188.1	225.6
0.0	0.0	Interest rate swaps	297.7	286.3
0.0	0.0	Currency swaps	0.1	0.1
1.6	1.6	Total	488.8	514.9

¹⁾ Note: Se note 22.

Note 26 Accruals and deferred income

Accruals and deferred income comprise payments received relating to income in subsequent years.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2016	2017		2017	2016
0.0	0.0	Prepaid income	39.9	33.5
0.0	0.0	Other accruals	3.2	2.2
0.0	0.0	Accruals and deferred income, total	43.1	35.7

Note 27 Contractual obligations, contingent liabilities and collateral

The Group's contractual obligations comprise construction, operation and maintenance contracts with expiry dates up to 2022 at an overall balance of DKK 289 million (DKK 362 million in 2016). At year end, work under contracts amounted to DKK 333 million (DKK 384 million in 2016).

In connection with Femern A/S entering into conditional contracts for the construction of the Fehmarnbelt tunnel, the company has a contingent liability of DKK 197 million (2015 prices) relating to the conditional contracts.

The Act on construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark was adopted by the Danish Parliament on 28 April 2015. The Act authorises A/S Femern Landanlæg to build and operate the Danish landworks associated with a fixed link across the Fehmarnbelt. With the issue of the statutory order on the delegation of certain tasks and powers concerning the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark on 17 September 2015, client responsibility was assigned to Banedanmark while A/S Femern Landanlæg remains responsible for the ownership and financing of the landworks. The notes to the Construction Act stipulate that a reassessment of the overall economics of the project, including an updated risk assessment, are to be submitted to the political parties behind the Fehmarnbelt project before construction work can begin. The total cost of the upgrading of the Danish landworks is budgeted at DKK 9.5 billion (2015 prices). Based on the political agreement by the political parties behind the Fehmarnbelt link of 4 March 2016, the company is authorised to begin work on the Ringsted-Nykøbing Falster railway line so that the section is upgraded to dual track with new signalling systems by 2021 and electrified by 2024. The section between Nykøbing Falster and Holeby near Rødby will be extended, so that the section will be complete before the opening of the coast-to-coast link. These works are budgeted at DKK 7.5 billion (2015 prices) and contractual obligations are primarily assigned to Banedanmark.

Operating leasing comprises contracts with a maturity of between 1-7 years. The leasing liability totals DKK 131.6 million (DKK 203.7 million in 2016) of which DKK 27.5 million falls due in 2018.

In accordance with the Act on Ferry Operations, A/S Storebælt is required, within a specified extent, to maintain car ferry operations between Zealand and Jutland across Kattegat and between Spodsbjerg and Tårs. For the Spodsbjerg and Tårs service, this means that the company has signed a contract with Danske Færger A/S concerning the operation of the service until 30 April 2018. In 2016, the Spodsbjerg-Tårs service was put up for tender. Danske Færger A/S won the tender and will thus remain the operator of the Spodsbjerg-Tårs service after expiry of the current contract. The contract becomes effective from 1 May 2018 and applies for 10 years with the option of a further two years. In 2018, costs are expected to amount to DKK 35 million.

As part of the authorities' approval of Sprogø Offshore Wind Farm, A/S Storebælt is obliged to dismantle the wind turbines 25 years from the date of establishment. At the present time, considerable uncertainty is attached to estimating the financial implications.

In October 2014, the EU Commission ruled on the complaint concerning state subsidies to Øresundsbros Konsortiet I/S. The Commission found that Øresundsbros Konsortiet I/S is covered by the rules on state subsidies, and that the specific state subsidy in the form of state guarantees and, in Denmark's case, the special tax rules, are compatible with the EU Treaty. In February 2015, Scandlines Øresund etc. took the EU Commission's decision on Danish state subsidies to Øresundsbros Konsortiet I/S to the General Court of the European Union. The case has now been argued before the Court and a decision is awaited. The case also includes the tax regulations to which the Sund & Bælt Group is subject. At present, it is not possible to estimate the financial consequences.

As previously stated, Scandlines filed a complaint with the European Commission concerning alleged unlawful state subsidies for the Fehmarnbelt project, primarily because of the state guarantees in respect of the Fehmarnbelt project's borrowing, etc. In July 2015, the EU Commission rejected the complaint and declared that the guarantees etc. are fully compatible with EU state subsidy rules. In the event that the Fehmarnbelt project needs to raise state-guaranteed loans 55 years after the opening of the fixed link, the Commission must be notified accordingly. Scandlines and others have challenged this decision before the European Court of the First Instance. Scandlines has subsequently filed two further cases against the Commission before the Court partly concerning annulment of a ruling of September 2016 relating to a number of other objections, partly concerning alleged inactivity relating to lack of evaluation of other objections. The Fehmarnbelt project is not aware of when the Court will rule on the cases. The Court's decisions may be appealed to the European Court of Justice. At present, it is not possible to estimate the financial consequences.

A/S Storebælt, A/S Øresund and A/S Femern Landanlæg have entered into two-way collateral agreements (CSA agreements) with a number of financial counterparties and must pledge collateral in the form of government bonds for outstanding exposure from derivative contracts in the counterparties' favour. A/S Storebælt has currently pledged collateral for DKK 945 million to hedge outstanding exposure from derivative transactions in favour of three counterparties. A/S Øresund has currently pledged collateral for DKK 289 million to hedge outstanding exposure from derivative transactions in favour of two counterparties. A/S Femern Landanlæg has received collateral for EUR 54 million as security for outstanding exposure from derivative contracts with two financial counterparties in its favour.

Sund & Bælt Holding A/S is the management company in a Danish joint taxation agreement. According to corporate tax legislation, the company is jointly and severally liable, from and including 2013, with the other jointly taxed companies for corporation tax of DKK 42 million and from and including 1 July 2012 for any liabilities for holding tax on interest, royalties and dividend for the jointly taxed companies.

Otherwise, the Group's companies have not pledged any collateral.

Note 27 Related parties

Related parties comprise the Danish state, companies and institutions owned by it. Transactions concerning the Group's senior executives are shown in note 6.

Related party	Registered Office	Affiliation	Transactions	Pricing
Danish state	Copenhagen	100% ownership of Sund & Bælt Holding A/S	Guaranatee for the company's debt. Guarantee commission	Determined by legislation. Accounts for 0.15% of nominal debt
Ministry of Transport, Building and Housing	Copenhagen	100% ownership of Sund & Bælt Holding A/S	Purchase of consultancy	Market price
Danish Road Directorate	Copenhagen	Part of the Ministry of Transport, Building and Housing	Purchase of consultancy	Market price
A/S Storebælt	Copenhagen	100% owned subsidiary. Partly common board members. Common Management Board	Management of subsidiary's operational tasks. Joint taxation contribution	Market price
A/S Øresund	Copenhagen	100% owned subsidiary. Partly common board members. Common Management Board.	Management of subsidiary's operational tasks. Joint taxation contribution	Market price
Femern A/S	Copenhagen	100% owned subsidiary via A/S Femern Landanlæg	Purchase of consultancy. Joint taxation contribution	Market price
A/S Femern Landanlæg	Copenhagen	100% owned subsidiary. Partly common board members. Common Management Board	Management of subsidiary's operational tasks. Joint taxation contribution	Market price
Sund & Bælt Partner A/S	Copenhagen	100% owned subsidiary	Management of shared functions Joint taxation contribution	Market price
BroBizz A/S	Copenhagen	100% owned subsidiary	Management of shared functions Joint taxation contribution	Market price
Øresundsbro Konsortiet I/S	Copenhagen/Malmö	50% ownership via A/S Øresund. Partly common board members. Common CFO	Purchase of financial management	Market price
Banedanmark		Owned by the Danish state	Payments for use of subsidiaries' rail links	Determined by the Minister of Transport, Building and Housing
Metroselskabet I/S	Copenhagen	Partly owned by the Danish state	Purchase of consultancy	Market price

In addition, the company's senior management are considered to be related parties, c.f. Note 6.

Related party	Description	Amount 2017	Amount 2016	Balance at 31 Dec 2017	Balance at 31 Dec 2016
The Danish State	Guarantee commission	-55.4	-54.0	-55.4	-54.0
Ministry of Transport, Building and Housing	Purchase of consultancy	-0.7	-7.2	-0.5	0.0
Danish Road Directorate	Purchase of consultancy	-13.6	-1.9	-2.2	1.2
A/S Storebælt	Management of subsidiary's operational tasks	88.8	95.3	14.5	8.5
	Common functions	-0.2	-8.6	0.0	0.0
	Joint taxation contribution	272.7	233.5	272.7	233.5
A/S Øresund	Management of subsidiary's operational tasks	23.4	15.8	3.6	2.9
	Joint taxation contribution	49.1	-276.1	49.1	-276.1
Sund & Bælt Partner A/S	Management of subsidiary's operational tasks	0.2	0.0	0.0	0.0
	Joint taxation contribution	0.0	0.0	0.0	0.0
Femern A/S	Management of subsidiary's operational tasks	23.1	18.0	1.3	0.7
	Sale of services	-0.3	0	-0.1	0
	Joint taxation contribution	-69.9	-40.9	-69.9	-40.9
A/S Femern Landanlæg	Management of subsidiary's operational tasks	7.2	4.2	1.2	0.6
	Joint taxation contribution	50.4	-0.5	50.4	-0.5
BroBizz A/S	Management of subsidiary's operational tasks	12.6	13.1	-2.5	2.9
	Joint taxation contribution	-0.3	1.2	-0.3	1.2
Øresundsbro Konsortiet I/S	Management of subsidiary's operational tasks	7.5	7.8	0.9	1.0
	Purchase of operational tasks	-0.5	-0.5	0.0	0.0
Banedanmark	Payment for use of rail links in subsidiaries	427.0	424	38.7	44.9
	Consultancy	8.5	31.2	3.1	39
	Maintenance work	-461.6	-439.7	-174.0	-162.2
Metroselskabet I/S	Consultancy	2.0	2.0	0.6	0.6

Note 29 Events after the balance sheet date

On 2 March 2018, an agreement was reached on the Fehmarnbelt link backed by the Government ((Venstre/Liberal Party, Liberal Alliance and Det Konservative Folkeparti/The Conservative Peoples Party), Socialdemokratiet/the Social Democrats, Dansk Folkeparti/the Danish People's Party, Det Radikale Venstre/the Radical Liberal Party and Socialistisk Folkeparti/the Socialist People's Party) to accept a recommendation from Femern A/S to advance specific construction preparatory activities in relation to the fixed link across the Fehmarnbelt.

This means that Femern A/S can instigate the following construction activities:

- Implementation of a pre-construction monitoring programme;
- Preparation of more detailed method descriptions of construction work;
- Continue the archaeological studies at Rødbyhavn;
- Development of the production area at Rødbyhavn and the establishment of roads, pathways and office facilities at Rødbyhavn.

The activities will be undertaken between 2018-2020 and will be financed within the total construction budget and therefore will not have any effect on the repayment period of the project.

A conditional contract for the sale of Sprogø Offshore Wind Farm was entered into on 6 March. The sale is conditional upon the buyer obtaining permission from Energistyrelsen (Danish Energy Agency) to operate the wind turbines. The agreed sales price exceeds the book value.

Otherwise, no events occurred after the balance sheet date that are of significance to the Annual Report for 2017.

Note 30 Approval of the Annual Report for publication

At the meeting of the Board of Directors on 26 March 2018, the Board of Directors approved the Annual Report for publication.

The Annual Report will be presented to the shareholders of Sund & Bælt Holding A/S for approval at the Annual General Meeting on 23 April 2018.

Statement by the Board of Directors and Management Board

The Board of Directors and Management Board have today considered and approved the annual report for the financial year 1 January – 31 December 2017 for Sund & Bælt Holding A/S.

The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of issuers of listed bonds.

It is our view that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group and parent company's assets, liabilities and financial position at 31 December 2017, as well as the results of the Group and parent company's activities and cash flow for the financial year 1 January – 31 December 2017.

It is also our view that the Management's Report gives a true and fair view of developments in the Group and parent company's activities and financial conditions, the annual results and the Group and parent company's overall financial position and a description of the significant risks and uncertainty factors to which the Group and the parent company are exposed.

It is recommended that the annual report be approved at the Annual General Meeting.

Copenhagen, 26 March 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

Martin Duus Hansen

Christina Bendixen Würtz

Jens Villemoes

Independent auditors' report

To the shareholder of Sund & Bælt Holding A/S

Our opinion

In our opinion, the Financial Statements give a true and fair view of the Group and parent company's assets, liabilities and financial position at 31 December 2017 and of the results of the Group and parent company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the consolidated and parent company accounts for Sund & Bælt Holding A/S for the financial year 1 January – 31 December 2017, which comprise the comprehensive income, the balance sheet, statement of changes in equity, cash flow and notes, including the accounting policies for the Group and Company.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the Management Report

Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, the Management Report is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management Report.

Management responsibility for the financial statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence for the financial information for the Group's companies or business activities for the purpose of expressing an opinion on the consolidated financial statements. We are responsible for managing, supervising and conducting the Group audit. We are solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 26 March 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Christian Fredensborg Jakobsen
State Authorised Public Accountant
mne16539

Jens Otto Damgaard
State Authorised Public Accountant
mne9231

Board of Directors, Management Board and Senior Executives

Board of Directors

Peter Frederiksen, Chairman (Born: 1963)
Director

Chairman since 2016

Joined the Board of Directors in 2016

Election period expires 2018

Areas of expertise: Many years' experience in senior management positions within transport and logistics companies in the private sector, including A. P. Møller-Mærsk. Has particular competence within management, strategy and analysis.

Board member of

- Sund & Bælt Holding A/S (Chairman)
- A/S Storebælt (Chairman)
- A/S Øresund (Chairman)
- Femern A/S (Chairman)
- A/S Femern Landanlæg (Chairman)
- Øresundsbro Konsortiet I/S
- A/S United Shipping & Trading Company
- Bunker Holding A/S
- Uni-Tankers A/S

Jørn Tolstrup Rohde, Vice-Chairman (born: 1961)
Director

Vice-Chairman since 2017

Joined the Board of Directors in 2017

Election period expires in 2019

Areas of expertise: Many years' experience in senior management positions within international production and logistical companies in the food industry in the private sector, including Carlsberg A/S. Has particular competence within management, strategy, finance, marketing and NGOs.

Board member of

- 3C Groups A/S (Chairman)
- Løgimose Meyers A/S (Chairman)
- Blue Ocean Robotics A/S (Chairman)
- Alfred Pedersen & Søn A/S (Chairman)
- Sund & Bælt Holding A/S (Vice-Chairman)
- A/S Storebælt (Vice-Chairman)
- A/S Øresund (Vice-Chairman)
- Femern A/S (Vice-Chairman)
- A/S Femern Landanlæg (Vice-Chairman)
- Øresundsbro Konsortiet I/S

Walter Christophersen (Born 1951)
Independent businessman

Joined the Board of Directors in 2011

Election period expires in 2019

Areas of expertise: Many years' experience from the private sector and with political work. Has particular competence within business, traffic and societal issues.

Board member of:

- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg

Claus Jensen (Born: 1964)

Union President, the Danish Metal Workers' Union

Joined the Board of Directors in 2014

Election period expires in 2019

Areas of expertise: Management experience gained through various managerial positions at the Danish Metal Workers' Union. In-depth social and international understanding, thorough knowledge of labour market conditions and the collective bargaining system, strong negotiation skills, experience of management systems, staffing and organisational issues, in-depth knowledge of budgeting, accounting, insurance and pensions

Board member of

- CO-industri (Chairman)
- EUROPA Think Tank
- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- Femern A/S
- A/S Femern Landanlæg
- Øresundsbro Konsortiet I/S
- Danish Confederation of Trade Unions, LO
- European Workers Participation Fund, EWPF
- IndustriALL – European Trade Union (Vice-Chairman)
- IndustriALL - Global
- Industrianställda i Norden, IN (Chairman)
- A/S A-Pressen
- Danish Academy of Technical Sciences, ATV
- The Economic Council of the Labour Movement, AE
- Arbejderbevægelsens Kooperative Finansieringsfond, AKF
- Arbejdernes Landsbank
- Arbejdsmarkeds Tillægspension, ATP
- CPH Vækstkomité
- Danmarks Nationalbank
- The Danish Growth Council
- Det Blå Danmark
- The Danish Economic Council
- Disruptionsrådet
- Folk & Sikkerhed
- Fonden Peder Skram
- Industriens Kompetenceudviklingsfond, IKUF
- Industriens Pensionsforsikring A/S
- Industriens Pension Service A/S
- Industriens Uddannelse- og Samarbejdsfond, IUS
- IndustriPension Holding A/S
- InnovationsFonden

- Interforcekomitéen
- LINDØ port of Odense A/S
- Markedsmodningsfonden
- Innovationsfonden
- Olympisk Idrætsforum
- Produktionspanel 4.0
- Ulandssekretariatet
- Young Enterprise/Fonden for Entreprenørskab
- Labour Court (Deputy Judge)
- Produktionsskolerne (Ambassador)
- Foreningen Norden (Ambassador)

Ruth Schade (Born: 1951)
Group Director

Joined the Board of Directors in 2016

Election period expires in 2018

Areas of expertise: Director of the Harboe Group with responsibility for business strategy, finance and corporate and contractual matters as well as investor relations.

Board member of

- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S
- Maj Invest Holding A/S
- Fondsmæglerselskabet Maj Invest A/S
- Harboe Ejendomme A/S
- Skælskør Bryghus A/S
- Vejmølleghård ApS
- Buskysminde A/S
- Lundegård A/S
- Rugbjerggård A/S
- Keldernæs A/S
- Visbjerggården A/S
- Danfrugt Skælskør A/S
- BG af 31. december 2010 A/S

Lene Lange (Born 1973)
Lawyer, Partner in LETT legal partnership

Joined the Board of Directors in 2016

Election period expires in 2018

Areas of expertise: Legal advice and project management, primarily in public-private partnerships, infrastructure projects, and production and processing plants. Management experience from position as VP Legal and Human Resources at Terma A/S, Director of Delacour Law Firm and Head of Department at LETT Law Firm.

Board member of

- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg
- Femern A/S

- Compositelligence ApS
- PatentCo ApS

Martin Duus Hansen (Born: 1964)
Manager, Construction and Installations (elected by employees)

Joined the Board of Directors in 2013

Election period expires in 2021

Christina Bendixen Würtz (Born 1970)
Safety Manager, railway and auditor (elected by employees)

Joined the Board of Directors in 2017

Election period expires in 2021

Jens Villemoes (Born 1977)
Head of Media Relations (elected by employees)

Joined the Board of Directors in 2017

Election period expires in 2021

Management Board**Mikkel Hemmingsen**

CEO

CEO of

- Sund & Bælt Holding A/S
- A/S Storebælt
- A/S Øresund
- A/S Femern Landanlæg

Board member of

- BroBizz A/S (Chairman)
- BroBizz Operator A/S (Chairman)
- Sund & Bælt Partner A/S (Chairman)
- Femern A/S
- Øresundsbro Konsortiet I/S

Senior Executives**Technical Department**

Technical Director Lars Fuhr Pedersen

Board member of

- Sund & Bælt Partner A/S

Process Development Director Bjarne Jørgensen
(from 22/12-2017)

Finance Department

CFO Mogens Hansen

Board member of

- Sund & Bælt Partner A/S (Vice-Chairman)
- BroBizz A/S (Vice-Chairman)
- BroBizz Operatør A/S (Vice-Chairman)

Treasury Department

Treasury Director Kaj V. Holm

Vice CEO and CFO Øresundsbro Konsortiet I/S

Board member of

- KommuneKredit
- Rønne Havn A/S

BroBizz A/S

CEO Helle Bech

BroBizz Operatør A/S

CEO Martin Morsing Larsen

Sund & Bælt Partner A/S

CEO Kim Smedegaard Andersen

Femern A/S

CEO Claus F. Baunkjær

Member of the Board of Directors of

- Sund & Bælt Partner A/S

Key figures and financial ratios

NB: The financial ratios have been stated in accordance with the Society of Financial Analysts' "Recommendations and Financial Ratios 2015". Please refer to definitions and concepts in note 1 Accounting Policies.

Sund & Bælt Holding A/S

Key figures, DKK million	2017	2016
Operating income	127	123
Operating expenses	-151	-147
Depreciation	-17	-8
EBIT	-41	-32
Net financials before value adjustment	1,248	1,199
Profit before value adjustment	1,207	1,167
Value adjustments, net	2	-4
Profit before tax	1,210	1,163
Tax	21	8
Profit for the year	1,231	1,171
Capital investment at year end	976	976
Equity	514	483
Balance sheet total	1,801	1,405
Financial ratios, per cent		
Profit ratio (EBIT)	-32.5	-26.6
Rate of return (EBIT)	-2.2	-2.3

A/S Storebælt

Key figures, DKK million	2017	2016
Operating income	3,557	3,450
Operating expenses	-407	-388
Depreciation	-530	-858
EBIT	2,621	2,204
Net financials before value adjustment	-442	-486
Profit before value adjustment	2,178	1,718
Value adjustments, net	404	-47
Profit before tax	2,583	1,671
Tax	-580	-368
Profit for the year	2,003	1,303
Capital investment at year end	26,439	26,798

Bond loans and bank loans	21,525	23,221
Net debt (fair value)	22,070	23,599
Interest-bearing net debt	20,307	21,281
Equity	3,987	3,234
Balance sheet total	29,586	30,114

Financial ratios, per cent		
Profit ratio (EBIT)	73.7	63.9
Rate of return (EBIT)	8.9	7.3
Return on facilities (EBIT)	9.9	8.2

A/S Øresund

Key figures, DKK million	2017	2016
Operating income	81	101
Operating expenses	-97	-78
Depreciation	-334	-192
EBIT	-350	-169
Net financials before value adjustment	-205	-226
Loss before value adjustment	-555	-395
Value adjustments, net	261	-460
Profit from jointly managed company	734	405
Profit/loss before tax	440	-450
Tax	-99	99
Profit/loss for the year	342	-351
Capital investment at year end	5,260	5,579
Bond loans and bank loans	13,043	13,449
Net debt (fair value)	12,647	12,957
Interest-bearing net debt	11,236	11,190
Equity	-6,267	-6,608
Balance sheet total	8,203	8,416

Financial ratios, per cent		
Profit ratio (EBIT)	-431.5	-167.3
Rate of return (EBIT)	-4.3	-2.0
Return on facilities (EBIT)	-6.6	-3.1

Sund & Bælt Partner A/S

Key figures, DKK 1,000	2017	2016
Operating income	4,963	4,849
Operating expenses	-4,923	-4,653
Depreciation	0	0
EBIT	40	196
Net financials	-52	-52
Tax	-1	-32
Profit/loss for the year	-13	112
Capital investment	0	0
Equity	11,224	11,237
Balance sheet total	12,690	13,122
Financial ratios, per cent		
Profit ratio (EBIT)	0.8	4.0
Rate of return (EBIT)	0.3	1.5

A/S Femern Landanlæg

Key figures, DKK 1,000	2017	2016
Income	0	0
Operating expenses	-3,067	-1,588
EBIT	-3,067	-1,588
Net financials	309,369	0
Tax	931	8,776
Profit for the year	307,233	7,188
Capital investment	1,609,150	1,137,822
Equity	825,951	518,718
Balance sheet total	3,192,946	2,735,749
Financial ratios, per cent		
Profit ratio (EBIT)	0.0	0.0
Rate of return (EBIT)	0.0	0.0

Femern A/S

Key figures, DKK 1,000	2017	2016
Income	0	0
Operating expenses	-919	-2,374
EBIT	-919	-2,374
Net financials	0	0
Tax	993	3,595
Profit/loss for the year	-1,912	1,221
Capital investment	3,289,066	3,100,104
Equity	523,282	525,194
Balance sheet total	3,587,894	3,402,404
Financial ratios, per cent		
Profit ratio (EBIT)	0.0	0.0
Rate of return (EBIT)	0.0	-0.1

BroBizz A/S

Key figures, DKK million	2017	2016
Operating income	88.0	71.8
Operating expenses	-71.3	-55.7
Depreciation	-15.3	-13.7
EBIT	1.4	2.4
Net financials	1.2	1.7
Tax	-0.6	-0.9
Profit for the year	2.0	3.2
Capital investment	57.5	38.2
Equity	119.0	116.8
Balance sheet total	557.9	525.9
Financial ratios, per cent		
Profit ratio (EBIT)	1.6	3.3
Rate of return (EBIT)	0.3	0.5

Financial glossary

Swaps

The exchange of payments between two counterparties – typically a company and a bank. A company may, for example, raise a fixed interest loan and subsequently enter a swap with the bank by which the company receives fixed interest corresponding to the interest on the loan and pays variable interest +/- a premium. The company's net obligation will be the payment of the variable interest +/- the premium. Such transactions are called swaps. In a currency swap, payments in two different currencies are exchanged. Interest rate and currency swaps may also be combined.

Denominated

... issued in ... A bond can be issued (denominated) in EUR, but carry interest related to an amount in DKK.

Cap/floor structure

A cap is an agreement that allows a borrower to choose the maximum interest rate payable over a set period. A floor is the opposite of a cap. A floor restricts the interest rates from falling below a certain level. Accordingly, if a cap/floor has been entered into, the maximum and minimum interest to be paid has been fixed (interest can only fluctuate within a certain interval).

Collar structure

Another term for a cap/floor structure. A zero-cost collar, for example, is purchase of a cap financed by the sale of a floor. If the market rates increase, a cap has been set for the amount of interest to be paid. By contrast, there is no benefit if interest rates fall below the floor.

Cap hedge

Hedging of significant interest rate increases on the variable rate debt against payment of a premium. Is used as an alternative to entering a fixed rate for the entire loan period.

Interest-bearing net debt

The interest-bearing net debt comprises financial assets and liabilities measured at amortised cost, excluding interest due and receivable under accruals and deferred income.

Fair value

Fair value is the accounting term for market value and expresses current purchase and selling rates on financial assets and liabilities. Changes in the fair value can be primarily attributed to developments in the level of interest rate, exchange rates and inflation.

Fair value adjustment

An accounting principle in financial reporting requiring the value of assets/liabilities to be determined at their market value (fair value) - i.e. the value at which an asset could be sold or a liability settled in the market. In the period between the raising and repayment of loans the fair value will change as interest rates change.

AAA or AA rating

International credit rating agencies rate companies according to their creditworthiness. Companies are usually rated with a short and a long rating that expresses the company's ability to settle its liabilities in the short-term and the long-term respectively. The rating follows a scale, with AAA being the best rating, AA the second best etc. The Danish state, which guarantees the liabilities of Storebælt and the Øresund fixed link, has the highest credit rating: AAA. The largest credit rating agencies are Moody's and Standard & Poor's.

Real rate

The nominal interest rate minus inflation.