

Sund ≈ Bælt
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ANNUAL REPORT 2018

Contents

Sund & Bælt Group's objectives and organisation

Preface	3
About Sund & Bælt	4
Highlights of the year	5
CSR – Corporate Social Responsibility	6

Results 2018

Traffic	8
Financial position	9
Finance	11
Events after the balance sheet date	14
Outlook for 2019	14
Targets for CSR work 2019	15

Business areas

Road	16
Railway	17
Ports and ferry services	18
Sund & Bælt Partner A/S	19
BroBizz A/S	20
BroBizz Operatør A/S	21
Fehmarnbelt	22
Øresundsbro Konsortiet I/S	25

Social responsibility

Corporate Governance	27
Risk management and control environment	27
Environment and climate	28
Employees	30

Financial statements

Main items	32
Key figures and financial ratios	33
Accounts	34
Statement by the Board of Directors and Management Board	79
The independent auditor's report	80
Board of Directors and Management Board	82
Key figures and financial ratios (subsidiaries)	85
Financial glossary	88

Digitalisation opens up new opportunities for the benefit of customers and business

From 1 January 2018, the government reduced the prices for crossing Storebælt by 15 per cent for anyone using automatic payment. The lower prices meant that the total saving for road users in 2018 was DKK 428 million. There was an overall traffic increase of 2 per cent, while continued low interest rates gave us a good financial result for the year with a profit of DKK 1.8 billion after tax.

Although many Danes chose to pay with BroBizz@ during the year or signed up for a PayByPlate@ contract, there are still more than expected who pay in cash or by card. Since automatic payment is three times as fast as card payment, the digital payment solutions are the springboard for us to ensure that road users have an efficient and fast passage through the toll station in the future – even with growing traffic levels. We are continuing, therefore, to make it even more attractive to pay automatically and are in the process of upgrading the toll station to version 2.0. This will mean that the 175,000 plus customers who have already entered into a PayByPlate@ contract can look forward to new express lanes from the autumn when, together with other Bizz customers, they can drive through at 50 km/h.

Number plate technology is also an important part of the foundation of the new BroBizz A/S subsidiary, BroBizz Operatør A/S, which was launched in 2017. In bidding for similar tasks and contracts, the company will take advantage of the synergies and knowledge accumulated at Sund & Bælt after some 20 years of experience of payment management at Storebælt. In the autumn of 2018, BroBizz Operatør A/S won the contract for Denmark's first free flow toll system at Frederikssund, which opens in the second half of 2019. Number plate technology is also deployed here and will provide customers with an efficient and simple payment solution at the new user-paid link.

Increased digitalisation is at the core of BroBizz A/S' growth strategy. BroBizz A/S continues to operate amid fierce competition in a growing European market of issuer companies that has opened up through EETS. It was therefore an important step for the company when it signed a cooperation agreement with Telepass in December. This means that a new service can be launched: EuroBizz. The new service, which will initially be offered to all road haulage customers, also offers the option of paying for driving in Europe.

New digital opportunities also remain the focus for the operation and maintenance of our infrastructure facilities. We are aiming to increase operational efficiency through new technology and thereby increase productivity. The target is to reduce costs by 2 per cent annually over the next five years. This is an ambitious goal because our facilities require increasing maintenance and reinvestments as they age and traffic increases. Consequently, we have been at the forefront of efforts to drive the digital transformation of the operation and maintenance of major

infrastructure facilities together with technology partners and other experts.

We have long used drones to inspect the massive concrete surfaces of the Storebælt Bridge's anchor blocks. This provides a huge amount of data with which we can analyse very accurately where – and when – there is the need for repair to the damage to the concrete. Together with our technology partners, we have spent the past 12 months fine tuning our data analyses and producing them in visual and intuitive 3D models for the benefit of timely operation and maintenance. The result is that we can benefit further from our large data volumes and get to know and understand our facilities even better. On the Øresund rail line, we are working on an equivalent digitalisation project involving our switches where, via sensors and robots, we are examining the potential for optimising operation and maintenance and thereby also ensuring robust punctuality on the railway.

The Fehmarnbelt project is making good progress and 2018 saw a major step closer to the construction phase. Femern A/S received the German regulatory approval ready for signature from the approval authority in Schleswig-Holstein on 28 December 2018. The issue of this approval in Schleswig-Holstein marks a major milestone for the realisation of the Fehmarnbelt project. It means that agreement has been reached between Femern A/S and the relevant German authorities on how the project is to be implemented in specific terms. In addition, Femern A/S finished the preparatory construction activities on the construction site in Rødbyhavn.

Some of the many benefits will begin to become apparent even before the link opens. On the Danish side, A/S Femern Landanlæg, with Banedanmark as the client, has been full steam ahead on the upgrade of the railway between Ringsted and Rødbyhavn. It means that, from 2024, the travel time between Copenhagen and Nykøbing Falster will be significantly reduced, which will offer completely new, local development opportunities. The landworks project has made good progress with both budget and schedule meeting expectations.

At Sund & Bælt, we are continuing our journey toward the digitalisation of our business. It is a journey that would not have been possible without a huge effort from our employees and their tremendous knowledge and indomitable will to follow the path to the future – for the benefit of our customers and Danish society as a whole.

Peter Frederiksen
Chairman
Sund & Bælt Holding A/S

Mikkel Hemmingsen
CEO
Sund & Bælt Holding A/S

About Sund & Bælt

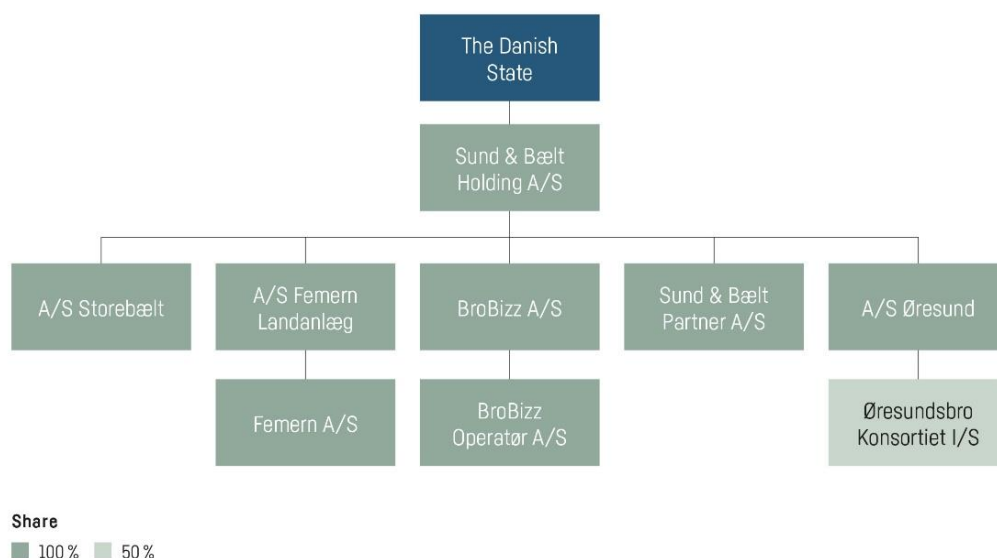
The Sund & Bælt Group's primary responsibility is to own and operate the fixed links across Storebælt and Øresund and, in time also the Fehmarnbelt. These responsibilities are carried out with due regard for maintaining high levels of accessibility and safety on the links. Moreover, repayment of the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

BroBizz A/S' main task is to facilitate mobility for motorists in Scandinavia and the rest of Europe through the issue of BroBizz® and PayByPlate®, which are 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 is responsible for customer relationships in respect of private and business customers, including contract administration and the collection of fees between operators and the customer.

The company can function as an issuer 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;
- 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 and operator consultancy in relation to major and primarily large international infrastructure projects on a commercial basis;
- Functioning as operator of payment facilities for user-funded infrastructure in Denmark through BroBizz Operator A/S;
- Operating as an issuer of BroBizz® and PayByPlate® for use at user-paid infrastructure through BroBizz A/S.



Highlights of the year

Traffic

Road traffic on the Storebælt Bridge totalled 13.0 million vehicles in 2018, which is a new annual record. Traffic grew by 2.0 per cent compared to 2017, but the expected traffic growth following the reduction in toll charges on 1 January 2018 did not arrive.

Passenger car traffic rose by 1.7 per cent and lorry traffic rose by 3.6 per cent. Rail traffic across Storebælt totalled 49,708 trains, a decrease of 5.9 per cent compared to 2017.

On the Øresund Bridge, road traffic fell by 0.4 per cent in 2018, with 7.5 million vehicles crossing the bridge. Lorry traffic rose by 4.9 per cent compared to 2017 while passenger car traffic fell by 0.9 per cent compared to 2017. Leisure traffic rose by 2.9 per cent compared to 2017, commuter traffic declined by 4.7 per cent compared to 2017 and other passenger car traffic also declined by 1.1 per cent compared to 2017. Train traffic fell by 5.2 per cent compared to 2017 and now accounts for 11.0 million passengers.

Financial position

The financial result before fair value adjustments and tax, including the share from Øresundsbro Konsortiet I/S, is a profit of DKK 2,198 million and is thus DKK 86 million higher than in 2017.

The financial result is affected by a decline in turnover of approximately 9 per cent from road revenue from Storebælt corresponding to approximately DKK 300 million, lower operating expenses of approximately DKK 35 million, less depreciation and amortisation of approximately DKK 90 million primarily for A/S Øresund, lower net interest expenses of approximately DKK 180 million and an improved performance for Øresundsbro Konsortiet I/S of approximately DKK 70 million.

Fair value adjustments amount to an income of DKK 63 million against an income of DKK 1,176 million in 2017, which in comparison with 2017 have an impact on the year's profit after tax of DKK 870 million.

Profits after tax amount to DKK 1,752 million.

Based on a proposed dividend from A/S Storebælt, Sund & Bælt Holding A/S expects to pay an extraordinary dividend of DKK 1,411 million in 2019.

Profitability

For A/S Storebælt, the repayment period is unchanged at 34 years and the debt will be repaid in 2032. The repayment period for A/S Øresund is estimated at 45 years, which is five years shorter than last year, largely as a result of a new dividend policy for Øresundsbro Konsortiet I/S. For the same reason, the repayment period for Øresundsbro Konsortiet I/S has increased by 17 years and now totals 50 years, which means that the debt will be repaid in 2050.

New projects

In 2018, Sund & Bælt assisted the Ministry of Transport, Building and Housing with three projects: a feasibility study of Ny Kastrup Airport Station, including a closer look at the potential of co-

financing through the use of building rights above a new station, a closer examination of a fixed link across Kattegat and an investigation into the projected ferry port at Tårs with the purpose of achieving half-hourly services on the Spodsbjerg-Tårs ferry. The reports can be downloaded from the Ministry of Transport, Building and Housing's website: www.ttm.dk/en

Turnover from the road link across Storebælt totals DKK 2,873 million and decreased by 9 per cent compared to 2017 owing to the reduction in toll charges with effect from 1 January 2018.

In 2018, DKK 0.5 billion was repaid on A/S Storebælt's interest-bearing net debt, which totalled DKK 19.8 billion at the end of 2018.

The effect of value adjustments on the results

	Consolidated income statement with ref. to the Annual Report	Fair value adjust- ment	Proforma Income statement
Operating profit (EBIT)	2,065.1		2,065.1
Total financial income and expenses	-495.2	25.4	-469.8
Profit before share of jointly managed company	1,569.9		1,595.3
Profit/loss from jointly managed company	690.9	-88.6	602.3
Profit before fair value adjustment and tax			2,197.8
Fair value adjustment		63.2	63.2
Profit before tax	2,260.8		2,260.8
Tax	-509.0		-509.0
Profit for the year	1,751.8		1,751.8

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.

This section, as well as the sections *Objectives for CSR Work 2019*, *Environment and Climate*, *Corporate Governance* and *Employees* constitute the statutory statement of social responsibility and gender composition, cf. § 99a and 99b of the Danish Financial Statements Act.

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, 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 the 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 2018, we reviewed our procurement policy, which means stronger focus on avoiding obtaining special customer benefits and purchases. There have been no problems in these areas, but the conditions have now been formalised through the procurement policy.

Read more about Sund & Bælt's Corporate Social Responsibility at www.sundogbaelt.dk/samfundsansvar

CSR objectives and results for 2018

By and large, all objectives for 2018 were met. However, there was one accident at work involving absence. In addition, there were two minor oil spills on the railway, where the environmental monitoring officer in the relevant local authority decided in both cases that remedial measures were not necessary.

In 2018, the Group put special focus on social responsibility, non-discrimination in relation to creating opportunities in the labour market for people with special needs. There are, for instance, four permanently employed war veterans working reduced hours on maintenance tasks in the green areas on Sprogø. There is also an individual with special needs employed in Facilities Management at head office. The project on Sprogø is being conducted in close co-operation with Slagelse municipality, which resulted in the presentation of The Socio-Economic Municipality Award in the summer of 2018.

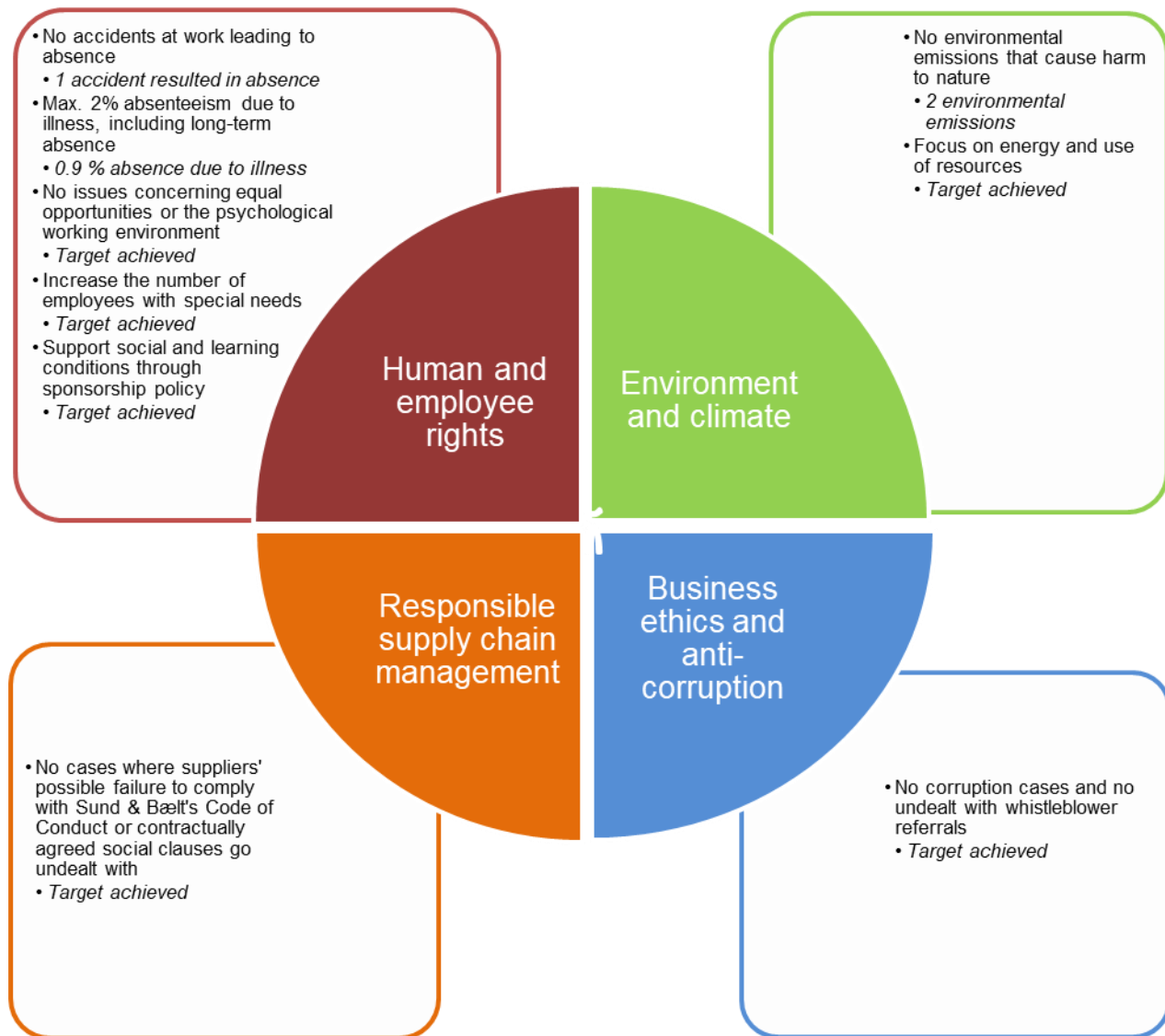
Our CSR policy is also manifested in the company's sponsorship policy and the company supports projects relating to technology, science and education with sponsorships and/or free tickets for the Storebælt Bridge. The projects should promote an interest in knowledge, education and specialisation within the areas that support the company's business areas, such as engineering. Projects that improve the integration of socially disadvantaged groups, improve the environment and promote health and exercise can also apply for free tickets for the bridge.

Sund & Bælt also participated as exhibitor and sponsor at the ITS World Congress in Copenhagen in 2018. The company showcased the 360° TBM (Transport Budgetting Model) platform, developed in partnership with IBM, CN3 and KPMG Denmark. This is a platform that can be used to optimise planning and maintenance of transport infrastructure and to integrate dynamic budget models, asset management and virtual 3D reproduction in one overall solution.

In 2018, the company awarded two sponsorships in relation to technology, science and education. In addition, a large number of free tickets for the Storebælt Bridge, including free tickets issued to Muskelsvindsfonden (the Neuromuscular Foundation) for the Green Concert and Cirkus Summarum.

In 2018, Sund & Bælt conducted a staff satisfaction survey which showed that 86 per cent are satisfied or very satisfied with their job overall. The results also showed that nobody had experienced abusive behaviour in the form of threats, violence or unwanted sexual attention.

Finally, 2018 saw continued focus on absenteeism due to illness. This declined to under 1 per cent including long-term illness.



Traffic

Road traffic on the Storebælt Bridge totalled 13,029,955 vehicles in 2018, which corresponds to average annual daily traffic of 35,699 vehicles. Traffic increased by 2.0 per cent compared to 2017. Thus, the expected traffic growth following the reduction in toll charges on 1 January 2018 failed to arrive. On the contrary, there was a continued decline in growth for passenger cars, which in 2018, amounted to 1.7 per cent against 2.8 per cent in 2017 and growth rates of over 4 per cent in the two previous years.

For passenger cars, the reduction in toll charges was linked to automatic payment in the form of either BroBizz@ and similar devices or PayByPlate@, the automatic number plate registration scheme, which was launched in March 2018. This has resulted in a significant shift in payment methods for passenger cars on Storebælt where the proportion of automatic payment increased from 62.9 per cent in 2017 to 71.0 per cent in 2018. The highest percentage on a single day was recorded on 17 December, when the figure reached 80.1 per cent. In general, however, the increase was highest at weekends and on public holidays and over the peak Christmas period, the share did not fall below 75 per cent.

The higher proportion of automatic payments helps to future-proof capacity at the toll station. This meant, for example, that there were no queues in the BroBizz@ lanes on the last Sunday of the school summer holidays, when a daily record of just under 53,000 vehicles was set. Some 30,000 of these 53,000 vehicles crossed Storebælt from Funen and Jutland to Zealand.

Growth for lorries in 2018 totalled 3.6 per cent, which means that, compared to passenger cars, higher growth was maintained. Despite the many public holidays in May, the month proved to be a record for lorries: 135,560 corresponding to an average of 4,373 lorries per day.

The strong focus and competition for long-distance coach traffic is reflected in the traffic figures on Storebælt. Thus, coach traffic increased by almost 12 per cent in 2018. Growth was highest in the holiday and bank holiday months such as March, May and August.

Traffic records on Storebælt - top 5

Year	Number of vehicles per year
2018	13,029,955
2017	12,779,645
2016	12,437,748
2015	11,880,022
2014	11,361,421

Annual percentage traffic developments on Storebælt

	2017-2018	2016-2017	2015-2016
Passenger cars	1.7	2.8	4.4
Lorries	3.6	4.8	4.3
Coaches	11.9	-2.2	10.5
Total	2.0	3.0	4.4

Traffic per day on Storebælt

	2018	2017	2016
Passenger cars	31,508	30,977	30,126
Lorries	4,058	3,917	3,736
Coaches	133	119	121
Total	35,699	35,013	33,983

Quarterly traffic development on Storebælt in 2018 compared to the same quarter in 2017 (%)

	Q1	Q2	Q3	Q4
Passenger cars	2.5	1.2	1.8	1.6
Lorries	1.1	6.0	4.3	2.9
Coaches	15.8	12.0	10.7	9.9
Total	2.3	1.7	2.1	1.8

Financial position

The financial result for the year is satisfactory and before financial value adjustments and tax, including the share from Øresundsbro Konsortiet I/S, it amounts to a profit of DKK 2,198 million against a profit of DKK 2,111 million in 2017. The financial result is positively affected by improved performances from Øresundsbro Konsortiet I/S of approximately DKK 70 million and from A/S Øresund of approximately DKK 70 million while A/S Storebælt's results have a negative impact of approximately DKK 60 million.

Group turnover decreased by 7.7 per cent and totals DKK 3,380 million. Turnover from Storebælt's road link shows a net fall of 9.2 per cent corresponding to DKK 291 million and totals DKK 2,876 million hereafter. This decrease derives primarily from the reduction in toll charges with effect from 1 January 2018. Turnover was also affected by extraordinary income from the sale of the wind turbine business of DKK 65 million.

Costs total DKK 510 million and were reduced by DKK 35 million compared to 2017. The reduction is due to a targeted plan for cost reduction across the Group as a whole. Costs for technical operation and maintenance are being reduced systematically as a result of three primary strategic focus areas in the form of digitalisation and procurement and process optimisation.

Depreciation and amortisation are reduced by DKK 89 million compared to 2017 and total 805 million.

Net interest expenses are DKK 177 million lower in 2018 compared to 2017 and total DKK 470 million, which is due to lower inflation and non-recurring gains related to the early amortisation of loans.

Inflation has, as usual, been the focus on both sides of the Atlantic, and while in the US it has finally reached a level where it can be used as an argument for the Central Bank's austerity measures, it continues to be serious in Europe.

Fair value adjustments (including adjustments for Øresundsbro Konsortiet I/S) amount to an income of DKK 63 million in 2018 against an income of DKK 1,176 million in 2017. The value adjustments consist primarily of income relating to fair value adjustments of financial assets and liabilities.

Fair value adjustments are an accounting item that has no impact on 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), amount to an expense of DKK 495 million against an income of DKK 330 million in 2017.

The share of the financial result from Øresundsbro Konsortiet I/S is an income of DKK 691 million, which includes positive fair value adjustments totalling DKK 88 million. The share of the financial result before fair value adjustments is thus positive at DKK 602 million, and DKK 67 million higher than 2017. The share of the

financial result is affected by a rise in road revenue of 1.5 per cent as well as lower interest expenses.

Tax on the Group's results amounts to an expense of DKK 509 million.

The Group's profit after tax is DKK 1,752 million.

In the interim financial statement for Q3, the outlook for the year's financial results before financial value adjustments and tax was at the high end of the DKK 1,900-2,100 million level. The realised profit before fair value adjustments and tax of DKK 2,198 million is approximately DKK 100 million higher than expected, which primarily derives from lower operating expenses and lower financing expenses.

Group equity at 31 December 2018 was negative at DKK 1,566 million. Against the background of the estimated operating results for the subsidiaries and the Group's dividend policy, Group equity is expected to be restored within a time frame of 2-3 years from the end of 2018.

Sund & Bælt Holding A/S received a dividend of DKK 1,600 million from A/S Storebælt in 2018 and subsequently paid an extraordinary dividend of DKK 1,452 million to the shareholder.

After distribution of the expected extraordinary dividend in 2019 of DKK 1.411 million to the State, Sund & Bælt Holding A/S will have distributed DKK 7,063 million to the shareholder. Of the total distribution, DKK 6.600 million relates to the co-financing of the political agreement, A Green Transport Policy, from 2009, and DKK 463 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 fee 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' debt is 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 amounts to DKK 3,028 million, which is DKK 559 million lower than in 2017. The difference is primarily due to changes in working capital.

Cash flow for investing activities totals DKK 4,637 million, due, among other things, to investments in road and rail facilities.

The free cash flow arises from operations less capital expenditure and totals DKK -1,609 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 amount to DKK 2,570 million net.

In total, the Group's cash at bank and in hand increased by DKK 961 million. Thus, cash at bank and in hand at the end of 2018 was positive at DKK 852 million.

Finance

The major themes in the financial markets during 2018 centred on trade war, inflation and the central banks. US economic growth was at a high and relatively stable level throughout the year, while European growth was more moderate. Whereas growth in 2017 was largely matched on both sides of the Atlantic, the respective economies diverged rather more in 2018.

The primary explanation for the continued good growth in the US rests in the tax cuts introduced by President Trump in his first year in office. The positive effects overshadow even the monetary policy tightening by the Federal Reserve and the uncertainty caused by the President's trade war – including on domestic industry.

The slowdown in Europe is can probably be attributed to a range of different factors, including the above-mentioned restrictions on free world trade. In addition, some countries have been characterised by political unrest – not least in the UK and Italy.

Inflation has, as usual, been the focus on both sides of the Atlantic, and while in the US it has finally reached a level where it can be used as an argument for the Central Bank's austerity measures, it continues to be serious in Europe.

Long-term interest rates rose by almost 0.4 per cent from mid-December 2017 to mid-February 2018 but were on a slight downward trend over the rest of the year, ending 2018 at their lowest level. The short-term interest rates remain at extremely low levels.

Debt repayments were DKK 0.5 billion for A/S Storebælt in 2018 and DKK 0.2 billion for A/S Øresund.

At year end 2018, interest-bearing net debt for A/S Storebælt totalled DKK 19.8 billion, DKK 11.0 billion for A/S Øresund, DKK 2.4 billion for A/S Femern Landanlæg and DKK 2.9 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 only, 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 exclusively raised loans via the Nationalbanken throughout 2018. 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 2018 because of financial counterparties' insolvency.

In general, actual interest expenses in 2018 were significantly lower than interest expenses in 2017 and the budget for 2018 – especially for A/S Storebælt. This is in part due to the fact that inflation in Denmark was lower than in 2017, but primarily because

the company converted part of its real rate debt, which resulted in lower interest expenses. Variable interest rates remain extremely low, which positively impacts the companies' floating-rate debt.

A/S Storebælt's debt duration was fairly stable at around 4 years in 2018. For A/S Øresund, the duration remains at around 9 years.

A/S Storebælt – financial ratios 2018

	DKK million	% per annum
Borrowing 2018	3,643	
- of which on lending	3,643	
Gross debt (fair value)	22,767	
Net debt (fair value)	21,288	
Interest-bearing net debt	19,832	
Real rate (before value adjustment)		0.30
Interest expenses	236	1.15
Value adjustment	-90	-0.44
Total financing expenses ¹⁾	146	0.71

¹⁾ Note: The amount excludes the guarantee commission, which totals DKK 31.4 million.

A/S Øresund – financial ratios 2018

	DKK million	% per annum
Borrowing 2018	1,750	
- of which on lending	1,750	
Gross debt (fair value)	12,878	
Net debt (fair value)	12,278	
Interest-bearing net debt	11,017	
Real rate (before value adjustment)		0.90
Interest expenses	186	1.70
Value adjustment	-109	-1.00
Total financing expenses ¹⁾	77	0.70

¹⁾ Note: The amount excludes the guarantee commission, which totals DKK 16.2 million.

A/S Femern Landanlæg – financial ratios 2018

	DKK million	% per annum
Borrowing 2018	1,526	
- of which on-lending	1,526	
Total gross debt (fair value)	2,453	
Net debt (fair value)	2,182	
Interest-bearing net debt	2,389	
Real rate (before value adjustment)		-0.60
Interest expenses	3	0.16
Value adjustment	105	5.56
Total financing expenses ¹⁾	108	5,72

¹⁾ Note: The amount excludes the guarantee commission which totals DKK 2.7 million

Femern A/S – financial ratios 2018

	DKK million	% per annum
Borrowing 2018	11.750	
- of which on-lending	11.750	
Total gross debt (fair value)	6.412	
Net debt (fair value)	2.998	
Interest bearing net debt	2.874	
Real rate (before value adjustment)		-0,80
Interest expenses	1	0,04
Value adjustment	125	4,66
Total financing expenses ¹⁾	126	4,70

¹⁾ Note: The amount excludes the guarantee commission which totals DKK 3.6 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 per cent on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

The political agreement of 21 September 2017 concerning a 25 per cent reduction in toll charges and the obligation to co-finance the extension of the Funen motorway to the tune of DKK 2.1 billion resulted in the repayment period being extended to 34 years whereby the debt is expected to be repaid in 2032. In the current financial year, the repayment period is unchanged at 34 years.

The rail companies' payments for use of the fixed links across Storebælt and Øresund were reduced in connection with the 2016 Finance Act. As regards A/S Storebælt, revenue depends on actual train traffic and the reduction in the railway payment resulted in a reduction in rail revenues of DKK 270 million in 2016 prices.

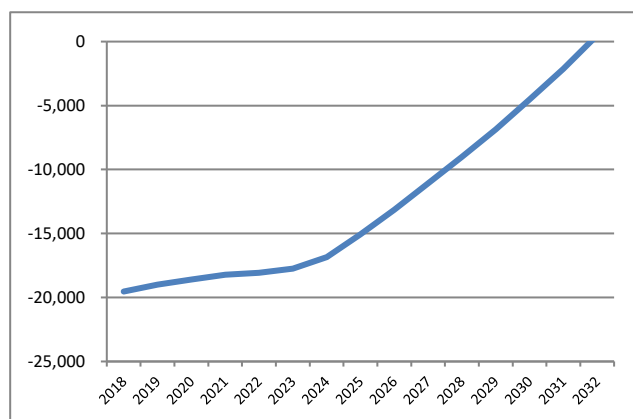
Co-financing of the political agreement, A Green Transport Policy, from 29 January 2009 is included in the repayment period

calculation whereby the company pays a dividend to the State of DKK 9.0 billion (in 2008 prices) up to the financial year 2022.

After payment of the expected dividend of DKK 1,411 million for the 2018 financial year, a total of DKK 7,063 million will have been paid to the shareholder.

The main uncertainties in the profitability calculations relate to the long-term traffic developments and the real rate, which is assumed to total 3.0 per cent.

Traffic growth is expected on average to total 1 per cent and 1.5 per cent for lorries and passenger cars respectively. Operating expenses assume 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 as regards the size and timing of reinvestments in the rail link.

A/S Storebælt – forecast 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 in part through dividend payments from Øresundsbro Konsortiet I/S of which A/S Øresund owns 50 per cent.

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 per cent on the part of the debt that is not hedged, whereas the interest-hedged debt is included in the agreed interest rate terms.

As a consequence of the 2016 Finance Act, the railway payment is gradually reduced until 2024 and will be reduced by a total of DKK 200 million in 2016 prices when fully phased in. In addition, A/S Øresund is obliged to cover the railway payment for Øresundsbro Konsortiet I/S, which was previously financed by the Finance Act.

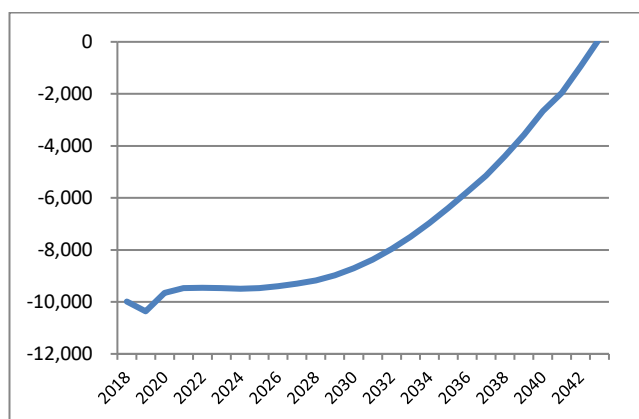
Also, as a consequence of the joint taxation with the Group's other companies, A/S Øresund obtains a cash flow benefit. This is because joint taxation with A/S Storebælt means that A/S Storebælt can immediately offset A/S Øresund's tax loss against paying the proceeds of the tax savings for A/S Øresund. 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 45 years, which is 5 years less compared to last year. This relates to

the fact that the adoption of a new dividend policy for Øresundsbro Konsortiet I/S has brought forward the dividend payments.

A/S Øresund is sensitive to changes in the finances of the two above-mentioned companies.

A/S Øresund – forecast debt trend, DKK million



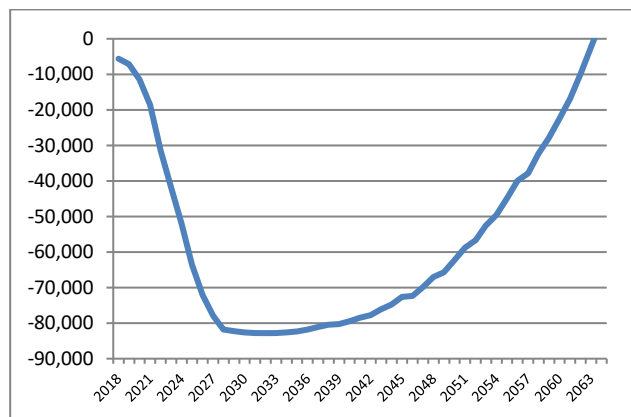
See more about Øresundsbro Konsortiet I/S' repayment period on page 25.

Profitability of the Fehmarnbelt project

On 11 February 2016, Femern A/S published a new financial analysis of the Fehmarnbelt project's overall economy (the 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 apportioned 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 13 December 2018, the EU Court ruled on two cases brought by Scandlines and Stena Line against the European Commission to annul the EU Commission's decision on State aid to the Fehmarnbelt link. On 25 February 2019, Scandlines and Stena Line appealed against the EU Court's rulings of 13 December 2018 to the Court of Justice of the European Union.

Femern A/S has prepared for possible outcomes of the judgements. The company has obtained advance loans in order to ensure the necessary liquidity for the project for a period without a state guarantee.

On 15 February 2019, Scandlines and Stena Line issued a writ against the Ministry of Finance, stating that the Minister of Finance is prohibited from granting state-guaranteed loans or granting state guarantees for the use of Femern A/S under the authority of the Construction Act. In addition, the ferry companies have claimed that the Minister of Finance must demand a repayment of the financial benefit that Femern A/S has obtained through state-guaranteed loans and state guarantees issued pursuant to the Construction Act.

Kammeradvokaten (the legal adviser to the Danish Government) advised on the legality of the borrowing prior to the issue. Kammeradvokaten has informed Femern A/S that the issue of advance borrowing is deemed to be legal.

The action brought is not expected to affect Femern A/S' finances or the plans for the implementation of the Fehmarnbelt project.

On 26 March 2019, the parties supporting the Fehmarnbelt project comprising the government (Liberal, Liberal Alliance and the Conservative People's Party), the Social Democrats, the Danish People's Party, the Radical Liberal Party and the Socialist People's Party, agreed on the start of construction work in Denmark for the Fehmarnbelt link.

The agreement mandates Femern A/S to embark on negotiations with the two contractor consortia, Femern Link Contractors and Fehmarn Belt Contractors, to commence the following construction activities in Denmark:

- The establishment of a work harbour at Rødbyhavn
- The construction of a tunnel element factory at Rødbyhavn
- The establishment of a tunnel portal on Lolland
- The establishment of accommodation and administration facilities
- The ordering of special marine equipment
- Other small-scale preparatory works

Outlook for 2019

Projections for the financial results for 2019 are on a par with those for 2018. This is despite the fact that 2018 contains a realised accounting gain from the sale of the wind turbine business for DKK 66 million. The Group's cost reduction target in 2019 is expected to be met and to make a positive contribution to the financial results for 2019 compared to 2018.

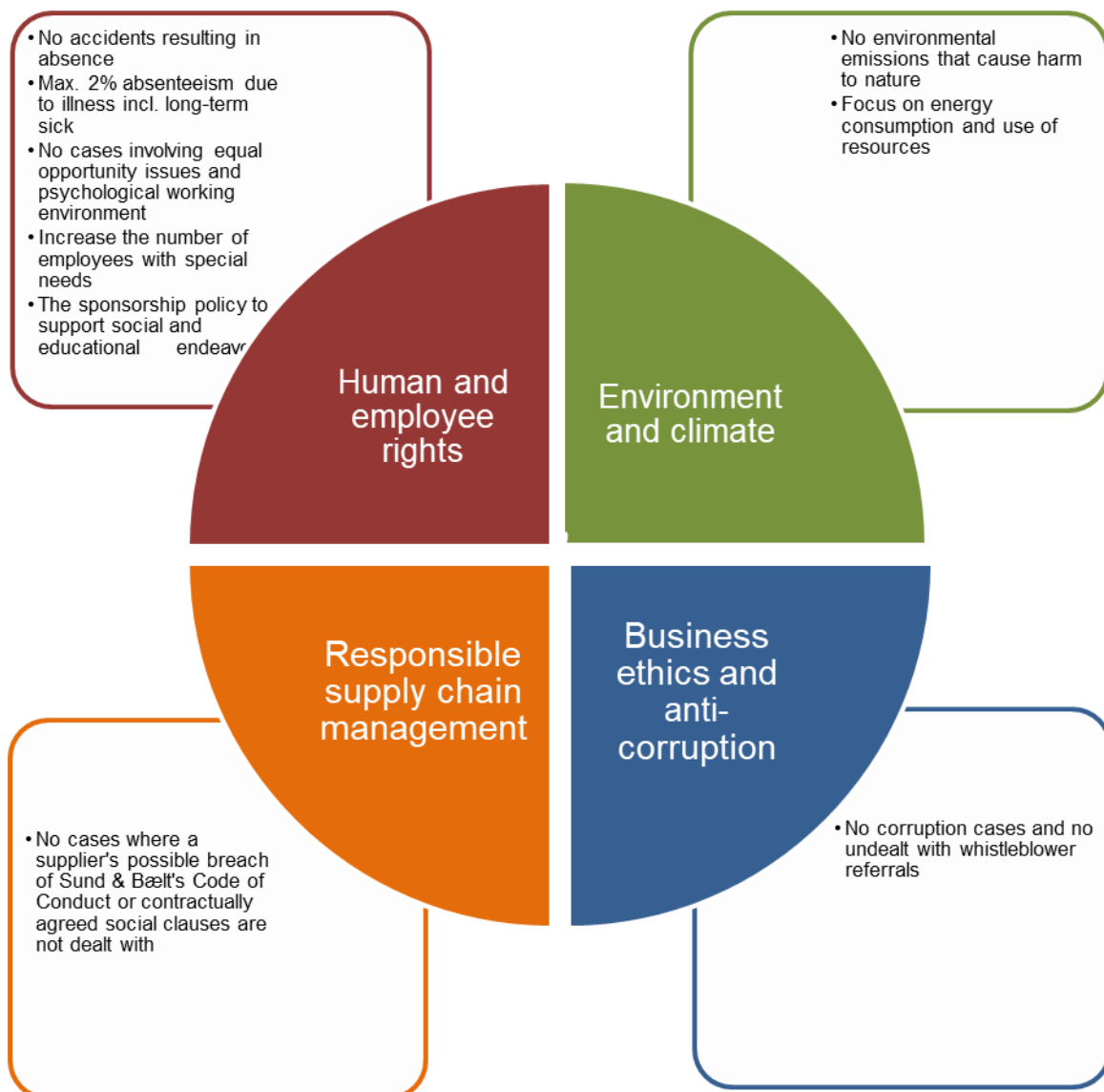
Projections for the Danish economy point towards a lower, but still positive growth level through 2019, along with a moderate rise in inflation. This development impacts the outlook for traffic and revenue development where lower growth is expected compared to 2018.

According to the budget for 2019, drawn up at the end of 2018, the financial result before financial value adjustments and tax is expected to be a profit ranging between DKK 2,000-DKK 2,150 million.

Targets for CSR work in 2019

The chart below shows the Group's CSR targets for 2019.

Read more about Sund & Bælt's CSR targets for 2019 at www.sundogbaelt.dk/samfundsansvar.



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 the greatest possible accessibility, passability and safety of road users, is becoming more visible as the infrastructure ages and wears, new technology enables optimisation and new environmental requirements have to be accommodated.

It is increasingly necessary to undertake reinvestments on infrastructure systems, which were designed back in the late 80s and early 90s, and which have now been in operation for 20 years.

Examples of major maintenance tasks in 2018 are the renovation hydraulic buffers and the expansion joints on the East Bridge. The two 15-tonne heavy duty hydraulic buffers on the eastern anchor block were removed in 2018, lifted out of the bridge, renovated and reinstalled. This was an operation that required extensive planning. The hydraulic buffers in the western anchor block are due to be refurbished in 2019.

Repair of the two largest expansion joints in the East Bridge was completed in 2018. To minimise traffic disruption, the work was carried out at night. In connection with the roadworks, the road block was hit twice by heavy goods vehicles. This caused extensive damage but did not result in personal injury.

Against a background of several serious traffic incidents on the Storebælt link in 2018, an investigation is to be carried out at the beginning of 2019 on safety and passability on the road link. It will cover a wide range of measures to improve safety and passability on the Storebælt link and will form the basis for decision making for any future safety measures.

To improve protection against damage to the main cables from a vehicle fire on the East Bridge, fire protection will be installed up to approximately 17 m above the road surface. This protection takes the form of fire protection mats around the cables with an outer steel jacket. The same concept is already installed on Lillebæltsbroen. In 2018, a range of tests of materials was undertaken to ensure that they meet Sund & Bælt's requirements.

Climate protection of dykes and coastal defences on Sprogø commenced in 2018. The project was implemented to secure the system against a 10,000-year incident. The project takes birds and wildlife into account, which means the major construction works have to be completed before the breeding season in spring 2019.

Øresund motorway

Traffic on the Øresund motorway

The Øresund motorway continues to be essential to the development of Amager and is a critical link between Copenhagen and the outside world via the airport and the Øresund Bridge. It plays a major role in the day-to-day management of this critical infrastructure facility, which has a very high traffic density.

As a result, focus is always on accessibility, passability and safety for road users when carrying out maintenance and reinvestments on this road section. This means, among other things, that main-

tenance activities are allocated to off-peak periods where possible. Lengthy upgrades also need to be carried out during the day so as to make the overall impact as short as possible. Such activities are always based on comprehensive analyses of traffic flow and clear communication to neighbours, road users and other partners.

Traffic on the Øresund motorway in 2018 increased by approximately 1.5 per cent compared to 2017. This means that 86,722 vehicles run daily West of Ørestad and 72,580 vehicles per day East of Ørestad.

Climate protection

In 2012, the coastal dyke between Kalvebod Bridge and Kongelunden on West Amager was raised. The Board of Vestamager Pumpedigelag, of which Sund & Bælt is part, is finalising 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 obtained in 2017 and the work is almost completed. The final works will be concluded at the start of 2019.

Partnership with the Nature Agency on extreme rainfall

An agreement has been reached with the Nature Agency that A/S Øresund, in normal situations, supplies water from its catchment systems to the part of West Amager located on the south side of the Øresund motorway. The objective is the desired improvement in the natural habitat so that the conditions for wading birds on West Amager are improved. The system was also designed so as to relieve A/S Øresund's drainage system in extreme rainfall situations. The work was completed in 2018.

Key figures, DKK million

Road – Storebælt	2018	2017
Operating income	2,875.8	3,166.9
Operating expenses	-236.4	-261.2
Depreciation	-233.1	-236.4
Operating profit (EBIT)	2,406.3	2,669.3
Net financials	41.5	41.4
Profit before financial value adjustments	2,447.8	2,710.7
Road – Øresund	2018	2017
Operating income	1.2	1.5
Operating expenses	-29.7	-26.9
Depreciation	-36.3	-78.9
Operating loss (EBIT)	-64.8	-104.3
Net financials	-68.8	-69.6
Loss before financial value adjustments	-133.6	-173.9

Railway

Storebælt

Total traffic on the Storebælt railway fell by 1.0 per cent compared to 2017 and amounted to 49,708 trains overall. Within this, the number of freight trains in 2018 amounted to 10,131, a fall of 5.9 per cent compared to 2017.

Storebælt's railway comprises approximately 25 km dual track electrified railway and includes the stations at Nyborg and Korsør. The fully electronic interlocking system, Ebilock 850, was upgraded in 2017 to the newer and more powerful 950 model. This ensures greater reliability and system robustness until the roll-out of the new European signalling system, ERTMS. According to Banedanmark's signalling programme the rollout on Storebælt will take place during the period 2026-2030. The old wayside train monitoring system system was replaced at the turn of the year 2017/2018. The system, which controls the temperature of the trains' wheel tyres and bearings before crossing the link, and which helps to reduce the risk of fire and derailment in the tunnel, has been replaced by a new and more up-to-date system.

Punctuality

In 2018, the framework conditions for the operational impact of trains on Storebælt's railway were set for a maximum of 576 delayed trains. At year end, 536 delayed trains had been recorded, which corresponds to approximately 93 per cent of the maximum allocated by Banedanmark. There are ongoing analyses of the reasons for the identified faults with a view to prevention and improvement.

Internet in trains

New antenna infrastructure was established on Storebælt in 2017/18. This enables telecom operators to opt in so as to offer travellers faster and more stable access to the Internet.

Contingency planning

In the autumn of 2018, a full-scale exercise was conducted in the Storebælt tunnel. The exercise scenario was a passenger train that had hit a stationary, broken down passenger train in one tunnel tube. The exercise went well with the participation of some 500 people.

Øresund line

Total traffic on the Øresund railway line fell by 1.6 per cent compared to 2017 and amounted to 109,414 trains. Within this, the number of freight trains fell by 5.5 per cent compared to 2017 and amounted to 8,202 trains.

The Øresund railway comprises both an 18 km railway line from Copenhagen Central Station to and including Kastrup Station at Copenhagen Airport, and a 6 km freight line from Ny Ellebjerg to the Kalvebod Bridge. As can be seen from the above figures, the Øresund railway is very busy, which leads to a great need for maintenance. Since Sund & Bælt took over the responsibility for maintenance and reinvestment of the Øresund railway in 2015, a total 12 km of rail has been replaced on the line.

Punctuality

The framework conditions for the operational impact of trains on the Øresund line in 2018 were set for a maximum of 540 delayed passenger trains (excluding signalling system errors, which is a Banedanmark responsibility). In 2018, there was a successful reduction in the number of delayed trains on the Øresund railway with just 147 delayed passenger trains. This corresponds to approximately 27 per cent of the allocated quota for delayed passenger trains. There are ongoing analyses of the reasons for the identified faults with a view to prevention and improvement.

Capacity on the Øresund railway

In 2018, the company participated in a dialogue with Banedanmark and the Ministry of Transport, Building and Housing in order to investigate the possibilities of increasing capacity on selected parts of the section. This needs to be seen in connection with the establishment of the Fehmarnbelt link.

Key figures, DKK million

Railway – Storebælt	2018	2017
Operating income	305.9	348.0
Operating expenses	-124.0	-132.8
Depreciation	-290.0	-294.5
Operating loss (EBIT)	-108.1	-79.3
Net financials	-302.9	-464.5
Loss before financial value adjustments	-411.0	-543.8

Railway – Øresund	2018	2017
Operating income	69.2	79.6
Operating expenses	-76.3	-68.8
Depreciation	-217.1	-257.1
Operating loss (EBIT)	-224.2	-246.3
Net financials	-133.9	-135.5
Loss before financial value adjustments	-358.1	-381.8

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. Molslinjen A/S manages the operation of the two ferry services that operate the four ports.

The operation of the Spodsbjerg-Tårs ferry service was put out for renewed tender in 2016. Danske Færger A/S was awarded the contract, which came into force on 1st May 2018. Danske Færger A/S was subsequently sold to Molslinjen A/S which became party to the contract as operator of the service. The service cannot be run on a commercial basis, which is why A/S Storebælt covers the ongoing loss.

Molslinjen A/S, which operates the ports of Odden and Ebeltoft on commercial terms, delivered 2.2 per cent growth in the number of passenger cars on the Odden-Aarhus service compared to 2017. The Spodsbjerg-Tårs service saw a decline of 1.1 per cent for passenger cars and a 7.0 per cent decline for lorries for the year under review.

The operating subsidy for Spodsbjerg-Tårs amounted to DKK 35.2 million in 2018 against DKK 33.4 million in 2017.

Key figures, DKK million

Ports	2018	2017
Operating income	28.9	28.9
Operating expenses	-4.9	-6.8
Depreciation	-13.2	-12.9
Operating profit (EBIT)	10.8	9.2
Net financials	-3.4	-5.5
Profit before financial value adjustments	7.4	3.7

Ferries	2018	2017
Operating income	0.0	0.0
Operating expenses	-35.2	-33.4
Depreciation	0.0	0.0
Operating loss (EBIT)	-35.2	-33.4
Net financials	0.0	0.0
Loss before financial value adjustments	-35.2	-33.4

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. The company operates under the tagline "We assist in the development, improvement and maintenance of infrastructure."

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 enhanced 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 2018.

Support was also extended to Banedanmark's Copenhagen-Ringsted project and to the Signalling Programme. Lectures were delivered both in Denmark and abroad on major Danish infrastructure projects' design, planning, execution and management.

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. The project with the City of Copenhagen to set up a data-driven demo model for the ITS World Congress in September 2018 was implemented. The project resulted in collaboration between KPMG, IBM, CN3 and Sund & Bælt, as an endorsed strategic collaborative model.

At the ITS World Congress 2018, the Sund & Bælt Holding A/S companies held a joint event that was very well received. A sales model has been developed, which can comprise various product modules, where the necessary collaborations are formalised as the product sales are launched. Sund & Bælt Partner A/S aims to have a share of the licence and to provide consultancy.

In doing so, the company's earnings become less sensitive to access to sales of the limited resources available in the companies for project sales.

Sund & Bælt Partner A/S will, in future, strengthen the part of the consultancy that is based on technology while also looking to enter into collaborations with companies that can assist in communicating Sund & Bælt's technological expertise.

In connection with future infrastructure project investments, the OECD has set up an infrastructure group in which Sund & Bælt Partner A/S has participated. This forum has a strong interest in the state guarantee model and the projects that Sund & Bælt has developed, built and operates. The company provided important input on risk allocation when entering into contracts and project financing for the Group's work. The OECD report was published in June 2018 and attracted substantial media attention. It was made available on 6 November under the titles:

- The Danish State Guarantee Model for Infrastructure Investment
- Risk Allocation in Mega-Projects in Denmark

Following positive feedback, the OECD has requested continued collaboration, which is being considered.

Key figures, DKK million.

Partner	2018	2017
Operating income	4.9	4.9
Operating expenses	-5.0	-4.8
Depreciation	0.0	0.0
Operating profit/loss (EBIT)	-0.1	0.1
Net financials	0.0	0.0
Profit/loss before financial value adjustments	-0.1	0.1

Sund & Bælt Partner A/S' Board of Directors comprises:

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

BroBizz A/S

BroBizz A/S' main task is to facilitate mobility for motorists in Scandinavia and the rest of Europe through the issue of BroBizz® and PayByPlate®, which are 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 is responsible for customer relationships in respect of private and business customers, including contract administration and the collection of fees between operators and the customer.

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 new value creating 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 are 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.

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

The company's strategy is to be a competitive, digital mobility company based on business excellence and which, through strong partnerships, delivers exemplary services to customers in Scandinavia and during their journeys through Europe. In 2018, this resulted in an intensification of the company's business development, including through digitalisation in order to continue to provide efficient payment solutions and good services to customers, making BroBizz® attractive at even more points of use. The company thus launched both a new app at the end of 2017 and the option to pay by number plate with the product PayByPlate®, launched in March 2018. In November 2018, an agreement with APCOA enabled customers to pay for parking with their BroBizz® and at the start of 2019, this will also be possible on the Øresund Bridge and on several ferry services. By the end of the year, 170,000 customers had signed up for PayByPlate® while 200,000 customers had downloaded the BroBizz® app.

BroBizz A/S, in accordance with the strategy, delivered a slight increase in revenue in 2018. This was despite the toll charge reduction on the Storebælt fixed link on 1 January 2018 of 15 per cent. Ongoing streamlining of the business means that the profit for 2018 has increased. In 2018, investments were made in business development in accordance with the strategy.

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

Key figures, DKK million

BroBizz	2018	2017
Operating income	91.3	88.0
Operating expenses ^{*)}	-57.9	-62.0
Depreciation	-17.1	-15.3
Operating profit (EBIT)	16.3	10.7
Net financials	2.2	1.5
Profit before financial value adjustments	18.5	12.2

^{*)} Note: Internal Group fees of DKK 11.7 million (DKK 9.2 million in 2017) are not included.

BroBizz A/S' Board of Directors comprises:

- Mikkel Hemmingsen (Chairman)
- Mogens Hansen (Vice-Chairman)
- Bjarne Jørgensen

BroBizz Operatør A/S

BroBizz Operatør A/S is a 100 per cent owned subsidiary of BroBizz A/S. The company was established on 7 December 2017. BroBizz Operatør A/S is not covered by the State guarantee.

BroBizz Operatør A/S has been established in accordance with the Sund & Bælt Group's legal basis and can, on market terms, tender for the establishment, operation and maintenance of electronic toll systems. The company thus makes it possible to utilise the substantial knowledge and experience regarding the establishment and operation of toll systems, which have been accumulated in the Sund & Bælt Group in connection with the construction and operation of the Storebælt link.

The company's first task was to bid for the construction and operation of a toll system for the Crown Princess Mary's bridge across Roskilde Fjord. BroBizz Operatør A/S was awarded the work and the contract was signed on 5 October 2018. The bridge is expected to be completed in September 2019, and the facility will be Denmark's first so-called free flow toll system. It means that the toll system will be designed in such a way that there are no physical barriers and drivers will not have to slow down when passing through. Instead, customers pay via the internet, BroBizz® or similar device and the vehicle's number plate.

BroBizz Operatør A/S can also bid on other future toll systems in connection with the establishment of user-financed infrastructure in Denmark, including other payment collection solutions such as charging by vehicle equipment, camera recording of the vehicle's number plate, etc.

No key figures for 2018 are included because the project was established on 5th October 2018 and the first phase of the project (the design phase) was submitted at the end of 2018.

The Board of Directors of BroBizz Operatør A/S comprises:

- Mikkel Hemmingsen (Chairman)
- Mogens Hansen (Vice-Chairman)
- Bjarne Jørgensen

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 securing 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.

The overall financial framework for the coast-to-coast project is DKK 55.1 billion (2015 prices) in the Construction Act. In the updated financial analysis, which was published in February 2016, the construction budget totalled DKK 52.6 billion, including reserves of DKK 7.3 billion.

Regulatory approval in Germany

The German regulatory approval process is a core function of the company's work, since it is a prerequisite for the commencement of construction work on German territory. In Germany, the Fehmarnbelt project is 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 (Schleswig-Holstein). Since then, the German authorities have carried out two full and extensive public consultations and two written, smaller scale consultations led by the consultation and approval authority in Schleswig-Holstein.

The Schleswig-Holstein Minister of Transport, Bernd Buchholz stated in a press release dated 22 March 2018 that regulatory approval could be expected by mid 2018.

On 28 December 2018 Femern A/S received the German regulatory approval from the approval authority in Schleswig-Holstein. According to German regulations, Femern A/S then had 14 days to review the approval. On 6 February 2019, Femern A/S received the signed German regulatory approval document.

G14The issue of regulatory approval in Schleswig-Holstein marks a major milestone for the implementation of the Fehmarnbelt project. The project has thus been approved in both Germany and Denmark and an agreement has been reached between Femern A/S and the relevant German authorities as to how the project should be implemented.

Regulatory approval determines the specific requirements and conditions pertaining to construction work in German territory. In the spring of 2019 and in collaboration with the company's German experts and other advisers, Femern A/S will carry out an analysis of the approval's contents in more detail. The company has set aside reserves in the construction budget to meet the requirements and conditions that extend beyond the content of the application for regulatory approval.

It is possible to lodge complaints about the approval to the Federal Administrative Court in Leipzig. It is usual in Germany for regulatory approvals of major infrastructure projects to be contested at the Federal Administrative Court.

The duration of the judicial process is inherently subject to uncertainty and depends on the extent and complexity of the complaint and the court's scheduling of the work. The process is estimated to last approximately two years.

When the complaints are known, Femern A/S will, in collaboration with the company's German lawyers and other experts, carry out a thorough analysis of the extent and complexity of the complaints in order to assess the possible consequences in relation to the project's finances and timetable.

Based on an analysis of German approval in the spring of 2019, Femern A/S will prepare an overall report on the Fehmarnbelt project's status and the scenarios for its further development.

The major construction contracts

On 30 May 2016, Femern A/S entered into four major construction contracts with the preferred contractors for the construction of the Fehmarnbelt tunnel. The contracts were signed with the condition that construction work would only commence when final German regulatory approval had been obtained.

Based on developments in the German approval process, in 2018 Femern A/S negotiated with the two main contractor consortia, Femern Link Contractors (FLC) and Fehmarn Belt Contractors (FBC) on the conditions for an extension of the conditional contracts.

On 26 April 2018, Femern A/S entered into a supplementary agreement to the construction contracts with the tunnel contractor consortium, FLC, which is responsible for three of the four main contracts, including the construction of the tunnel element factory, the tunnel itself and portals and ramps.

On 15 October 2018, Femern A/S entered into a supplementary agreement to the construction contracts with the contractor consortium FBC, which is responsible for the dredging of the tunnel trench in the Fehmarnbelt and reclamation.

The supplementary contracts create certainty for the financial conditions for an extension of the conditional contracts by one extra year, i.e. the whole of 2020 with anticipated start to construction in 2021. The contracts' existing mechanisms for further extension and termination are maintained. At the same time, the contracts ensure that the preparatory activities decided upon by the political agreement of 2 March 2018 will be executed as intended.

Costs for the supplementary contracts are fully funded within the project's construction reserves, i.e. within the construction budget of DKK 52.6 billion (2015 prices).

State aid

On 13 December 2018, EU Court ruled on the two cases brought by Scandlines and Stena Line against the European Commission to annul the EU Commission's decision on State aid to the Fehmarnbelt link.

The Court upholds the Commission's state aid approval as far as the financing of A/S Femern Landanlæg is concerned, while the Court annuls the Commission's state aid approval for the coast-to-coast project.

The Ministry of Transport, Building and Housing is in discussions with the Commission about the matter with a view to preparing a new and legally robust state aid approval of the state guarantee model.

Femern A/S has prepared for possible outcomes of the judgement. Following prior agreement with the owner, the company has obtained advance loans in order to secure the necessary liquidity for the project during a period with no state guarantee.

In a letter of 12 December 2018, the Commission confirmed that the judgements do not impact the financial support that the EU has granted the project (CEF support).

Preparation of construction phase

On 2 March 2018, the parties supporting the Fehmarnbelt fixed link comprising the government (Liberal, Liberal Alliance and the Conservative People's Party), the Social Democrats, the Danish People's Party, the Radical Liberal Party and the Socialist People's Party, agreed to a recommendation from Femern A/S to bring forward specific construction preparatory activities in relation to the fixed link across the Fehmarnbelt.

Based on the political agreement, Femern A/S has commenced the following preparatory activities:

- Site development of the production area at Rødbyhavn and the establishment of roads, pathways and office facilities at Rødbyhavn
- Continuation of the archaeological investigations at Rødbyhavn.
- Preparation of more detailed method descriptions of the construction works
- Implementation of a construction preparatory monitoring programme

The activities are financed within the overall construction budget following prior agreement with the owner.

In 2018, Femern A/S, in parallel with the company's other core processes, prepared for the construction phase. During the construction phase, Femern A/S as the client will have three main tasks:

- Management of the contracts in relation to the project's overall management objectives;
- Monitoring that the execution of the work by the contractors meets all the stipulated requirements in Denmark and Germany
- Reporting, information and communication on status and progress

Work on preparations for the construction phase is nearing completion. Management, monitoring and reporting in relation to the construction work are determined via the major contracts and the company's Contract Management systems which focus on finance, time, risk and quality, including CSR.

In 2018 Femern A/S embarked on the restructuring of the internal organisation for the construction phase, including a strengthening of the company's technical division.

The approach to the company's tasks during the construction phase assumes a firm and significant presence by Femern A/S in the area around the construction sites – primarily at Rødbyhavn, but also at Puttgården. As a natural and direct consequence of the construction work's implementation, Femern A/S will thus move the majority of its activities to a new client centre on Lolland. This is in the light of the decision of 2011 to locate the tunnel element factory at Rødbyhavn.

The organisation had 91 permanent staff at year end.

Femern A/S' total costs amounted to DKK 389 million in 2018. This is offset against the EU subsidy of DKK 33 million, and on that basis DKK 356 million is capitalised under fixed assets.

The company raised loans totalling DKK 11,750 million in 2018, including refinancing and advance loans of DKK 5,550 million. The company has therefore covered the expected borrowing requirements for the coming years.

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

Key figures, DKK million

Femern	2018	2017
Operating expenses	-1.5	-0.9
Depreciation	0.0	0.0
Operating loss (EBIT)	-1.5	-0.9
Net financials	0.0	0.0
Loss before financial value adjustments	-1.5	-0.9

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.

A/S Femern Landanlæg 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.

Sund & Bælt is responsible for coordinating the planning and construction activities in the various sub-projects that make up the overall Fehmarnbelt project. Co-ordination between the coast-to-coast link, the Danish landworks for the road and railway covers the interfaces relating to 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 Holeby on Lolland is to be extended until it needs to be developed and adapted for the opening of the coast-to-coast link.

Based on the decision, Banedanmark signed a number of contracts in 2016, 2017 and 2018. Most recently, in August 2018, the Austrian engineering contractor, Swietelsky, was awarded the contract for track works on Zealand and Falster for DKK 516 million. The track work comprises approximately 60 km of 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 been agreed and in the case of the signalling programme, an option was agreed with Alstom for DKK 104 million in July 2018.

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 support from the EU's Connecting Europe Facility programme. The subsidy amounts to approximately 20 per cent of the total construction costs for the period 2017-2023. Following

negotiation, the total subsidy amount was finalised at EUR 117.5 million corresponding to approximately DKK 875 million. The final agreement was signed by INEA on 6 April 2018. The EU subsidy is specifically awarded for the construction work on the Ringsted-Nykøbing Falster section and nine bridges on Lolland.

The company's capitalised construction costs amount to DKK 2,344 million. This sum comprises project costs of DKK 2,791 million, offset by EU subsidies of DKK 447 million.

Key figures, DKK million

Femern Landanlæg	2018	2017
Operating expenses	-3.1	-3.1
Depreciation	0.0	0.0
Operating loss (EBIT)	-3.1	-3.1
Net financials	0.0	0.0
Loss before financial value adjustments	-3.1	-3.1

Øresundsbro Konsortiet I/S

In 2018, Øresundsbro Konsortiet I/S posted a profit before value adjustment of DKK 1,205 million, which is an increase of DKK 135 million over the previous year. The improvement reflects an increase in turnover of approximately DKK 30 million, higher expenses and depreciation of approximately DKK 5 million net and lower interest expenses of approximately DKK 110 million.

Road revenue increased by DKK 25 million compared to 2017 and amounts to DKK 1,430 million.

Total vehicle traffic fell by 0.4 per cent compared to 2017. An average of 20,554 vehicles drove across the Øresund Bridge per day and a total of 7.5 million vehicles crossed the bridge in 2018.

Lorry traffic rose by 4.9 per cent compared to 2017. The market share for lorry traffic across Øresund totals 53.1 per cent.

Passenger car traffic fell by 0.9 per cent compared to 2017. Leisure traffic rose by 2.9 per cent compared to 2017, commuter traffic fell by 4.7 per cent compared to 2017 and other passenger car traffic fell by 1.1 per cent compared to 2017. Commuter and vehicles paying the standard price did not develop as expected. It is assessed that the latter category was affected by the unusually hot summer when many holiday customers opted to remain at home. Nevertheless, leisure traffic grew by 2.9 per cent compared to 2017, which is ascribed to market efforts during the autumn when the low Swedish krone made it particularly attractive for Danes to travel across Øresund. At the same time, the Club BroPas benefits programme helped to boost interest in new destinations and the opportunities on both sides.

Commuter traffic is seeing a slowdown that is expected to continue. Travel frequency and other improvements in public transport will increasingly meet commuter requirements in the future.

Train traffic decreased by 5.2 per cent compared to 2017 and now totals 11.0 million passengers.

EBIT came in at a profit of DKK 1,413 million, which is an improvement of approximately DKK 25 million compared to 2017. After value adjustment, the result for the year is a profit of DKK 1,382 million.

Equity at 31 December 2018 was positive at DKK 1,787 million.

The repayment period is 50 years from the opening in 2000, which means that the Øresund Bridge will be repaid in 2050.

The owners decided on a new dividend policy in the first half year 2018 whereby the primary focus will be on maximum debt reduction in the owner companies, A/S Øresund and SVEDAB AB. On this basis, the repayment period has been increased by 17 years, which means that the debt is expected to be repaid in 2050 compared to the previously expected 2033.

In 2013, HH Ferries *et al* lodged a complaint with the EU Commission claiming that the Danish/Swedish state guarantees for the Consortium's loans etc. are illegal according to the EU's state aid rules. In October 2015, the EU Commission decided that the guarantees are covered by the state aid rules, but that they are in compliance with these rules. HH Ferries *et al* brought this before the EU Court which reached a decision on 19 September 2018. The decision was an annulment of the EU Commission's decision from 2015.

The judgement did not state whether the state aid was illegal or not, but only that the Commission had made certain procedural errors. The Commission is initiating a formal investigation procedure which will lead to a new decision, probably in the second half of 2019.

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

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

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

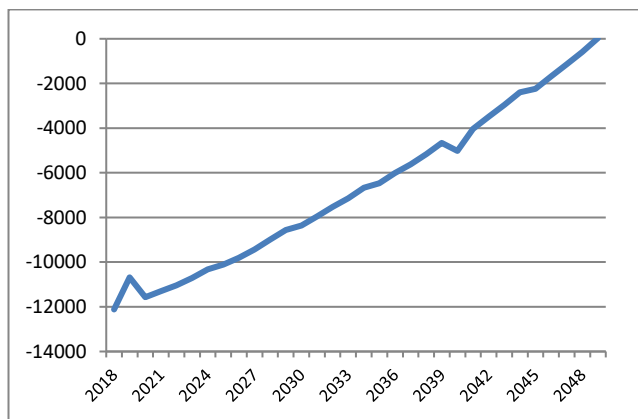
Key figures, DKK million

Øresundsbro Konsortiet	2018	2017
Operating income	1,956.4	1,927.7
Operating expenses	-267.4	-263.5
Depreciation	-275.8	-274.7
Operating profit (EBIT)	1,413.2	1,389.5
Net financials	-208.5	-319.3
Profit before financial value adjustments	1,204.7	1,070.2
Value adjustments	177.1	398.0
Profit for the year	1,381.8	1,468.2
Group share of profits	690.9	734.1

Percentage traffic growth

	2018	2017	2016
Øresund Bridge	-0.4	1.4	5.1

Øresundsbro Konsortiet I/S - Forecast debt trend, 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 2017. 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.
- 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 or a remuneration report prepared.
- 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 in that there is a 33/67 per cent 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 2018.

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 Board of Directors conducted a self-evaluation in 2017 and 2018 in accordance with the State’s ownership policy and Corporate Governance recommendations. The Chair has

submitted the conclusions of the self-evaluation to the company’s owner – The Ministry of Transport, Building and Housing.

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

Risk management and control environment

Certain events may prevent Sund & Bælt 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 certain 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.

On the backdrop of a number of traffic incidents on the road link, including accidents involving wind-sensitive vehicles, investigative work has begun with the police authorities to identify the potential for increasing the safety of road users and contributing to an improved traffic flow when accidents occur.

With regard to the traffic accident on the West Bridge on 2 January 2019, Sund & Bælt will, irrespective of accountability, consider the report from the Accident Investigation Board Denmark, including its recommendations, and actively contribute to reducing the risk of a repeat of such an incident on Sund & Bælt’s facilities if possible. Moreover, the existing risk analysis will be updated if there is evidence for this.

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 certain 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

	2018	2017	Trend
Waste volume (tonnes)	1,166	472	
Water consumption (m ³)	6,774	8,917	→
Water discharge (m ³)	2.7 million	2.8 million	→
Electricity consumption (kWh)	10.6 million	10.4 million	→
Electricity Production, Sprogø Offshore wind farm (kWh)		55.9 million	
CO ₂ emissions	4,732 tonnes		

The rise in the volume of waste in 2018 is due in part to rail replacement on a section of the Øresund railway and in part to the cleaning of wells and reservoirs. The rails are recycled whereas the sediment from wells is sent to landfill. These two extraordinary items amount to approximately 700 tonnes.

Water consumption in 2018 decreased compared to the previous year.

Water discharge, which derives from rain and drainage water, reduced slightly in 2018, probably because of the dry summer.

Overall, electricity consumption in 2018 increased by 141,000 kWh to 10.6 million kWh. This slight change in consumption is probably due to increased operation and maintenance activities.

Sund & Bælt disposed of Sprogø Offshore Wind Farm in 2018. The table shows CO₂ emissions originating from the company's total electricity consumption in 2018 (the calculation is based on Energinet's general declaration 2017).

A good working environment

Sund & Bælt wishes to be an attractive workplace where the working environment, health and safety are assigned high priority. It should be healthy and safe to work for Sund & Bælt, both as an employee and as a partner. Accidents at work should be the exception and this is achieved by maintaining and continually improving the working environment in all parts of the company whether this relates to bridges, tunnels or the work carried out in offices. In order to deliver this, Sund & Bælt has a working environment management system, which is certified in accordance with OHSAS 18001. A skilled and proficient working environment

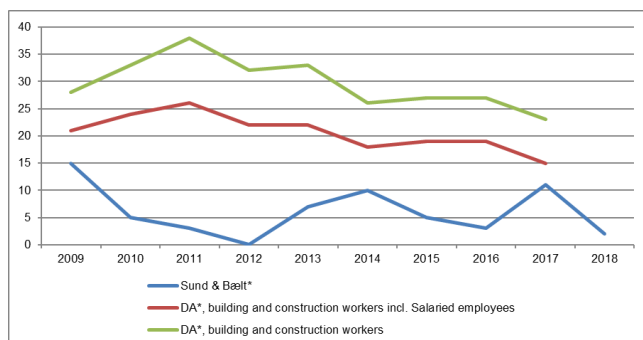
organisation ensures that everyone has a responsibility for the working environment.

As proof that Sund & Bælt is also publicly known for its good working environment, the company was contacted by the Ministry of Employment's task force in 2018 to share insight into how the company, with its largescale infrastructures such as Storebælt and Øresund Landanlæg, has managed to safeguard employees' and partners' working conditions so that accidents are avoided. The result of the task force's work, which comprised interviews with many companies from diverse sectors, can be found on the Ministry's website.

In 2018, based on 678,691 working hours, there was only one accident involving absence from work. Fortunately, the injury sustained was only minor. This is the lowest figure since 2012.

By way of comparison, the table shows Sund & Bælt's accident figures compared to the Confederation of Danish Employers (DA)'s official accident statistics. In 2018, Sund & Bælt, including its partners, had an accident rate of 1.5 per 1 million working hours. (DA's statistics are one year behind the current year).

Number of industrial accidents per 1 million working hours



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 2018, there were five traffic accidents resulting in one fatality, two serious injuries and seven less serious injuries.

In 2018, the Storebælt Bridge was closed to all traffic for almost three hours. The nationwide police action on 28 September caused a two-hour closure, and a lorry fire on 2 July meant that the Storebælt Bridge was closed for 46 minutes. In addition, there were 16 closures in one direction of a total duration of 14.5 hours, primarily because of traffic accidents on the link.

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. Sprogø is located in the bird protection area 98 and is part of

Natura 2000 area 116. Consequently, special account is taken of the area's designated protected birds. The Natura 2000 plan includes the eider, sandwich tern and little tern.

As a result of pro-active intervention in recent years, sandwich tern are now nesting in large numbers on Sprogø. In 2018, there were more than 1,000 breeding pairs, which is the second largest population of breeding sandwich terns in Denmark. By contrast, until 2008, there were fewer than 25 breeding pairs. Eider and little tern also breed on Sprogø but in significantly lower numbers.

The green toad, a protected species in Denmark, is also found on Sprogø. As part of the nature monitoring programme, an inventory of the green toad is carried out periodically. In 2018, the population was estimated at approximately 2,400 individuals of which 1,633 live on Gl. Sprogø. In the period prior to the opening of the Storebælt fixed link, the number was calculated at 1,600-2,800 individuals on Gl. Sprogø. In 2014, approximately 4,000 individuals were estimated to inhabit Ny Sprogø, but this figure had been reduced to 786 individuals by 2018. The safeguarding of living conditions for the green toad on Sprogø therefore continues to be a priority.

Read more about Sund & Bælt's nature conservation at www.sundogbaelt.dk/samfundsansvar

Employees

Sund & Bælt A/S has 131 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 section comprises 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.

Many of the 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. We wish 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 policy 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.

With regards 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 is committed to ensuring that both female and male managers are able to take maternity/paternity leave and that opportunities for flexible working hours and ways of working are provided.

Key figures 2018

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 2018, the proportion of women at other management levels was 17 per cent for directors and 44 per cent for senior executives and managers.

Sund & Bælt remains committed to retaining a high percentage of women in managerial positions and the equal opportunities policy for the Group helps to ensure a higher representation of women at senior executive/managerial levels.

If two candidates for a vacant position are equally qualified, then the gender representation is considered. In 2018, a female manager was appointed to a position previously held by a man. For this reason, there has been a 2 percentage point increase in female senior executives and manager since 2017.

In 2018, Sund & Bælt focused on absenteeism due to illness. From the key figures below, it can be seen that absenteeism declined from 1.7 per cent in 2017 to 0.9 per cent in 2018. This is an excellent result in which we take pride.

In 2018, Sund & Bælt carried out an employee satisfaction survey. Some 84 per cent of employees responded. Overall, the result for the company as a whole shows a positive state of affairs. Approximately 90 per cent regard *their responsibilities as meaningful and are motivated and committed to their work.*

There are also areas that require work. 30 per cent, for example, feel that there is *no balance between the tasks and the time that is available to perform them.*

The results also show that no employee has experienced abusive behaviour in the form of violence, threats or unwanted sexual attention.

Each department has considered the results and has prioritised their respective issues.

Sund & Bælt Holding A/S	2018	2017
Number of employees	131 ¹⁾	138
Gender representation		
- Female	41 per cent	39 per cent
- Male	59 per cent	61 per cent
Gender representation, senior executive level		
- Female	17 per cent	17 per cent
- Male	83 per cent	83 per cent
Gender representation, other management levels		
- Female	44 per cent	42 per cent
- Male	56 per cent	58 per cent
Educational background		
- Higher	47 per cent	45 per cent
- Intermediate	36 per cent	34 per cent
- Basic	17 per cent	21 per cent
Staff turnover	16.1 per cent	12.3 per cent
Average age	50 years	50 years
Training per employees	DKK 7,286	DKK 17,659
Absenteeism caused by illness (incl. long-term)	0.9 per cent	1.7 per cent

¹⁾ Note: In addition are a changing number of interns

Employees in the BroBizz issuer organisation

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

BroBizz A/S	2018	2017
Number of employees	38 ¹⁾	29 ¹⁾
Gender representation		
- Female	55 per cent	65 per cent
- Male	45 per cent	35 per cent
Gender representation, senior executive level		
- Female	33 per cent	50 per cent
- Male	67 per cent	50 per cent
Gender representation, other management levels		
- Female	86 per cent	75 per cent
- Male	14 per cent	25 per cent
Educational background		
- Higher	27 per cent	14 per cent

- Intermediate	22 per cent	10 per cent
- Basic	51 per cent	76 per cent
Staff turnover	27.0 per cent	20.7 per cent
Average age	41 years	40 years
Training per employee	DKK 5,520	DKK 5,347
Absenteeism caused by illness (incl. long-term)	3.7 per cent	2.5 per cent

¹⁾ Note: In addition are a changing number of interns

Employees in the Fehmarn construction organisation

Femern A/S is a project-based organisation under continuing development. The development follows the progress of the project taking into account the commissioning of such a complex project.

At the end of 2018, the company had 91 employees, corresponding to 83 on a full-time basis. The organisation comprises individuals of Danish, Swedish, German and British nationality.

Femern A/S	2018	2017
Number of employees	91	82
Gender representation		
- Female	41 per cent	39 per cent
- Male	59 per cent	61 per cent
Gender representation, senior executive level		
- Female	25 per cent	25 per cent
- Male	75 per cent	75 per cent
Gender representation, other management levels		
- Female	11 per cent	11 per cent
- Male	89 per cent	89 per cent
Educational background		
- Higher	68 per cent	70 per cent
- Intermediate	23 per cent	23 per cent
- Basic	9 per cent	7 per cent
Staff turnover	2 per cent	9 per cent
Average age	47 years	47 years
Training per employee	DKK 10,762	DKK 10,225
Absenteeism caused by illness (incl. long-term)	1,2 per cent	1,0 per cent

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 *)	2018 Total	2017 Total
Operating profit/loss (EBIT)	-37	2,384	-280	-0.1	-3.1	-1.5	4.6	0.0	2,065	2,223
Financing expenses excl. value adjustment	1,599	-268	-202	-	-	-	2.2	-	-470	-647
Profit/loss before value adjustment	1,562	2,116	-482	-0.1	-3.1	-1.5	6.8	0.0	1,595	1,576
Value adjustments, net	2	91	109	-	-101.6	-125.3	-0.7	-	-25	1,286
Profit/loss before inclusion of share of jointly managed company and tax	1,564	2,207	-373	-0.1	-104.7	-126.8	6.1	0.0	1,570	2,862
Profit from jointly managed company	-	-	691	-	-	-	-	-	691	734
Profit/loss before tax	1,564	2,207	318	-0.1	-104.7	-126.8	6.1	0.0	2,261	3,596
Tax	-10	-486	-67	-	26.4	27.8	-1.3	-	-509	-726
Profit/loss for the year	1,554	1,721	251	-0.1	-78.3	-99.0	4.8	0.0	1,752	2,870

*) 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 recognised 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: 2018 total) of approx. DKK 1,600 million, which relates to intra-group trading and dividend payments.

Key figures and financial ratios for the Sund & Bælt Group

DKK million	2014	2015	2016	2017	2018
Operating income, road	2,785	2,904	3,069	3,164	2,873
Operating income, railway	892	703	423	427	366
Other income incl. ports and wind turbines	77	76	78	71	142
Operating expenses	-464	-467	-502	-545	-510
Depreciation, amortisation and writedowns	-628	-746	-1,069	-893	-805
Operating profit (EBIT)	2,662	2,470	1,999	2,224	2,065
Net financials before value adjustment	-813	-758	-710	-647	-470
Profit before value adjustment	1,849	1,712	1,289	1,577	1,595
Value adjustments, net	-1,691	914	-512	977	-25.4
Profit before inclusion of share of results in jointly managed company and tax	158	2,626	777	2,553	1,570
Share of results from jointly managed company (Øresundsbro Konsortiet I/S*)	56	567	405	734	691
Profit before tax	214	3,193	1,182	3,287	2,261
Tax	-48	-718	-249	-726	-509
Profit for the year	166	2,475	933	2,561	1,752
Capital investment in the year	874	1,210	1,134	732	1,686
Capital investment at the end of the year	36,150	36,592	36,612	36,507	36,938
Bond loans and bank loans	42,023	40,763	41,227	39,447	44,376
Net debt (fair value)	41,253	39,862	40,479	38,892	38,746
Interest-bearing net debt	36,630	36,187	36,363	35,707	36,112
Equity	-4,584	-2,943	-3,210	-1,849	-1,566
Balance sheet total	44,458	43,518	43,886	43,525	48,181
Financial ratios, per cent:					
Profit ratio (EBIT)	70.9	66.9	56.0	60.7	61.1
Rate of return (EBIT)	6.0	5.7	4.6	5.1	4.3
Return on facilities (EBIT)	7.4	6.8	5.5	3.0	5.6

NB. The financial ratios have been stated as referenced in Note 1, Accounting Policies.

*) Øresundsbro Konsortiet I/S' share of the results for 2018 recognises an income of DKK 89 million (income of DKK 199 million in 2017) relating to value adjustments. The result before value adjustments amounts to a profit of DKK 603 million (DKK 535 million in 2017).

Accounts

Comprehensive income statement	35
Balance sheet	36
Statement of changes in equity	38
Cash flow statement	39
Notes	40

Comprehensive income statement 1 January – 31 December

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2017	2018	Note		2018	2017
			Income		
126.8	120.9	4	Operating income	3,380.1	3,662.3
126.8	120.9		Total income	3,380.1	3,662.3
			Expenses		
-59.3	-55.4	5	Other operating expenses	-394.8	-433.9
-91.6	-92.6	6	Staff expenses	-115.5	-111.3
-17.1	-9.7	8-12	Depreciation, amortisation and writedowns	-804.7	-893.5
-168.0	-157.7		Total expenses	-1,315.0	-1,438.7
-41.2	-36.8		Operating profit/loss (EBIT)	2,065.1	2,223.6
			Financial income and expenses		
1,250.0	1,600.0	16	Received dividend from participating interests	0.0	0.0
0.3	0.1		Financial income	123.5	164.7
-2.0	-1.8		Financial expenses	-593.3	-812.1
2.4	2.4		Value adjustments, net	-25.4	976.9
1,250.7	1,600.7		Total financial income and expenses	-495.2	329.5
1,209.5	1,563.9		Profit before inclusion of share of results in jointly managed company and tax	1,569.9	2,553.1
0.0	0.0	15	Share of results in jointly managed company	690.9	734.0
1,209.5	1,563.9		Profit before tax	2,260.8	3,287.1
21.2	-9.5	7	Tax	-509.0	-725.8
1,230.7	1,554.4		Profit for the year	1,751.8	2,561.3
0.0	0.0		Other comprehensive income	0.0	0.0
0.0	0.0		Tax on other comprehensive income	0.0	0.0
1,230.7	1,554.4		Comprehensive income	1,751.8	2,561.3

Balance sheet 31 December – Assets

(DKK million)

Sund & Bælt Holding A/S			Sund & Bælt Group		
2017	2018	Note	Assets	2018	2017
Non-current assets					
Intangible assets					
10.5	31.5	8	Software	64.9	32.9
10.5	31.5		Total intangible assets	64.9	32.9
Property, plant and equipment					
0.0	0.0	9	Road and rail links	36,749.4	36,308.6
0.0	0.0	10	Port facilities	188.6	192.6
0.0	0.0	12	Land and buildings	84.4	90.7
20.3	16.9	12	Other fixtures and fittings, plant and equipment	56.3	62.4
20.3	16.9		Total property, plant and equipment	37,078.7	36,654.3
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	893.3	759.5
406.9	280.7	13	Deferred tax	0.0	0.0
1,382.9	1,256.7		Total other non-current assets	893.3	759.5
1,413.7	1,305.1		Total non-current assets	38,036.9	37,446.7
Current assets					
Receivables					
0.0	0.0		Inventory	1.5	1.5
380.1	300.1	17	Receivables	1,251.8	957.3
0.0	0.0		Securities	5,117.7	1,735.9
0.0	0.0	18	Derivatives	2,736.8	3,027.7
6.8	6.3	19	Prepayments and accrued income	160.5	137.8
386.9	306.4		Total receivables	9,268.3	5,860.2
0.0	31.0	20	Cash at bank and in hand	875.7	212.3
0.0	0.0	11	Assets for sale	0.0	5.3
386.9	337.4		Total current assets	10,144.0	6,077.8
1,800.6	1,642.5		Total assets	48,180.9	43,524.5

Balance sheet 31 December – Liabilities

(DKK million)

Sund & Bælt Holding A/S				Sund & Bælt Group	
2017	2018	Note	Equity and liabilities	2018	2017
			Equity		
355.0	355.0	21	Share capital	355.0	355.0
158.6	261.0		Retained earnings	-469.0	-1,003.7
0.0	0.0	21	Dividend paid	-1,452.0	-1,200.0
513.6	616.0		Total equity	-1,566.0	-1,848.7
			Liabilities		
			Non-current liabilities		
0.0	0.0	13	Deferred tax	880.5	407.8
325.9	0.0	22	Bond loans and amounts owed to credit institutions	38,162.8	32,115.5
325.9	0.0		Total non-current liabilities	39,043.3	32,523.3
			Current liabilities		
201.6	312.2	22	Current portion of non-current liabilities	6,189.2	7,040.3
113.2	0.0		Credit institutions	23.9	321.5
646.3	714.3	25	Trade and other payables	1,086.2	1,034.9
0.0	0.0	18	Derivatives	3,351.7	4,410.1
0.0	0.0	26	Accruals and deferred income	52.6	43.1
961.1	1,026.5		Total current liabilities	10,703.6	12,849.9
1,287.0	1,026.5		Total liabilities	49,746.9	45,373.2
1,800.6	1,642.5		Total equity and liabilities	48,180.9	43,524.5

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	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 31 December 2017	355.0	-2,135.6	-1,780.6
355.0	158.6	513.6	Balance at 1 January 2018	355.0	-2,135.6	-1,780.6
0.0	0.0	0.0	Adjustment to Annual Report 2017	0.0	-68.1	-68.1
355.0	158.6	513.6	Adjusted equity 1 January 2018	355.0	-2,203.7	-1,848.7
0.0	-1,452.0	-1,452.0	Payment of extraordinary dividend	0.0	-1,452.0	-1,452.0
0.0	1,554.4	1,554.4	Profit for the year and comprehensive income	0.0	1,751.8	1,751.8
0.0	0.0	0.0	Transitional effect of IFRS after tax	0.0	-17.2	-17.2
355.0	261.0	616.0	Balance at 31 December 2018	355.0	-1,921.0	-1,566.0

Notes

Note 1	Accounting policies	41	Note 17	Receivables	57
Note 2	Significant accounting estimates and judgements	46	Note 18	Derivatives	58
Note 3	Segment information	46	Note 19	Prepayments and accrued income	58
Note 4	Operating income	47	Note 20	Cash at bank and in hand	59
Note 5	Other operating expenses	48	Note 21	Equity	59
Note 6	Staff expenses	49	Note 22	Net debt	60
Note 7	Tax	50	Note 23	Financial risk management	62
Note 8	Software	50	Note 24	Profitability	73
Note 9	Road and rail links	51	Note 25	Trade and other payables	74
Note 10	Port facilities	51	Note 26	Accruals and deferred income	74
Note 11	Wind turbine facilities, assets for sale	51	Note 27	Contractual obligations, contingent liabilities and collateral	75
Note 12	Land, buildings and other plant	52	Note 28	Related parties	76
Note 13	Deferred tax	53	Note 29	Events after the balance sheet date	77
Note 14	Participating interests in subsidiaries	54	Note 30	Approval of the Annual Report for publication	78
Note 15	Participating interests in jointly managed company	55			
Note 16	Financial income and expenses	56			

Note 1 Accounting policies

General

The annual accounts are presented 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 2017 with the exception of changes referred to in the section New accounting standards below.

The accounting policies for operating income, other operating expenses, leasing, staff expenses, participating interests in subsidiaries, participating interest in jointly managed company, receivables, prepayments and accrued income, cash at bank and in hand and accruals and deferred income are described in the respective notes.

The company has opted to use the so-called Fair Value Option under IFRS 9. Consequently, all loans and derivatives are measured at fair value and changes in the fair value are recognised in the comprehensive income statement. Loans are measured at fair value on initial recognition in the balance sheet whereas derivative financial instruments are always measured at fair value, c.f. IFRS 9.

The rationale for using the Fair Value Option is that the company consistently applies a portfolio approach to financial management, which implies that the intended exposure to financial risks is managed through different financial instruments, both primary and derivative financial instruments. Accordingly, in the management of the financial market risk, the company does not distinguish between, for example, loans and derivatives, but solely focuses on overall 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 company's opinion that the Fair Value Option is the only principle under IFRS that reflects this approach as the other principles lead to inappropriate accounting inconsistencies between otherwise identical exposures depending on whether the exposure relates to loans or derivative financial instruments or necessitates extensive requirements for documentation of hedging as is the case with the rules on hedge accounting. As both loans and derivatives 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 associated derivative financial instruments are also measured at fair value in contrast to the main rule laid down in IFRS 9 pursuant to which loans are measured at amortised cost. This naturally leads 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.

New accounting standards

With effect from 1 January 2018, the Group implemented the following new standards and interpretations: IFRS 9, IFRS 15 and IFRIC 22.

The implementation of IFRS 9 "Financial instruments" changes among other things the classification and measurement of financial assets. Currently, the Group does not use hedge accounting, which is why the introduction of the new rules 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. It is assessed, therefore, that the new rules on provision for future credit losses will not have a significant effect. Under IFRS 9, a company can continue to measure financial liabilities at fair value (Fair value option). Under IFRS 9, the impact of changes attributable to changes in own credit risk are recognised in other comprehensive income instead of, as before, in the income statement. As a result of the guarantee from the Danish State, the companies have maintained the highest achievable credit rating, and thus there is no effect from the changes in own credit risk on the calculation of the fair value of the companies' debt items.

IFRS 9 also changes the provision for future credit losses for not yet due receivables. However, this has not had a significant effect.

Previously, under IAS 39, the Group recognised treasury shares at fair value, which is not possible under IFRS 9 because the shares are primarily held for collateral. From 1 January 2018, treasury shares are recognised at amortised cost price in accordance with IFRS 9. The effect has been insignificant.

The implementation of IFRS 15 "Revenue from contracts with customers" means that, in the 2018 financial year, there is a transitional effect. The transition effect entails the recognition of previously unrecognised contractual debt relating to obligations to BroPas customers of Øresundsbro Konsortiet I/S. See Statement of changes in equity for details of the transition effect and Note 15 Participating interest in jointly managed company.

IASB has issued the following new or updated standards and interpretations which have not yet become effective and are not valid in connection with the preparation of the 2018 Annual Report: IFRS 16 and IFRS 9 (a minor change on classification). These standards and interpretations will be implemented when they come into force.

The implementation of IFRS 16 "Leasing" in the 2019 financial year is expected to have an effect on the balance sheet. Reference is made to Note 5 Other operating expenses where the expected effect of the standard is described.

Other new or updated accounting standards, which have not yet become effective, are not expected to significantly impact the Group's financial reporting.

Consolidation

The consolidated accounts cover the parent company Sund & Bælt Holding A/S and the 100 per cent owned subsidiaries A/S Storebælt, A/S Øresund, Sund & Bælt Partner A/S, Femern A/S, BroBizz A/S, BroBizz Operatør 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 recognised 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.

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 rates at the balance sheet date and the rates on 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 at fair value, are translated at the time of transaction to the rate of exchange on 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.

Segment information

According to IFRS, revenues, expenses, assets and liabilities per segment must be disclosed. Sund & Bælt's assessment is that the Group consists of one segment. Internal reporting and senior management's financial control take place on the basis of one overall segment.

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 facilities are deducted from the asset's cost.

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 difference in fair value at the balance sheet dates amounts to the total financial income and expenses, 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. The value adjustment includes exchange gains and losses as well as foreign exchange translation for financial assets and liabilities.

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

Tax on the year's result

The company is subject to the Danish rules on mandatory joint taxation of the Sund & Bælt Group companies. The subsidiaries are jointly taxed from the date they are included 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 tax payments with the tax authorities.

Balances below the interest deduction limitation rules of the Danish Corporation Tax Act are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to such balances are recognised in the balance sheet while deferred tax assets are recognised only if the criteria for doing so are met.

Current Danish corporation tax is distributed by settlement of joint taxation contributions among the jointly taxed companies in proportion to their taxable earnings. Moreover, the companies with tax losses receive a joint taxation contribution from companies that are able to use these losses to reduce their own tax profits.

Tax for the year, which comprises the year's current corporation tax, the year's joint taxation contribution and changes in deferred tax – including the change in the tax rate - is recognised 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 entries made directly in the equity.

Financial assets and liabilities

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

Securities comprising bank deposits and treasury shares are recognised at amortised cost on initial recognition, as well as on subsequent measurement, in the balance sheet.

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 via the comprehensive income statement. Irrespective of the scope of interest rate hedging, all loans are measured at fair value with value adjustments being recognised continually in the income statement, stated as the difference in fair value between the balance sheet dates.

The fair value of treasury share issues of bilateral loans is determined as the market value by discounting future known and expected cash flows with the relevant discounting rates, as there are no quotations available for unlisted treasury share issuers and bilateral loans. The discounting rates used are based on current market rates deemed 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 in the balance sheet at fair value and initial recognition in the balance sheet is stated at fair value. 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 recognised with financial counterparties and are OTC derivatives. 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 discounting 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.

The fair value of derivatives with optionality in the payment flows, such as currency options, interest rate guarantees and swaptions, is determined by recognised and standardised valuation methods (closed formulas) wherein the volatility of the underlying reference rates and foreign currencies is included. Derivatives comprising a combination of several underlying financial instruments are recognised together with the sum of the fair value 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.

Intangible assets

On initial recognition, intangible assets are measured at cost. Subsequently, the assets are measured at cost less depreciation and writedowns performed.

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 writedowns performed.

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

- Expenses relating 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 financing 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 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 these parts 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)	3-5 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 is recognised moving forward as a change in accounting estimates and judgements.

The basis of depreciation is stated on the basis of residual value less any writedowns. The residual value is determined at the time of acquisition and is reassessed annually. If the residual value exceeds the book value, 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 book value at the time of sale. Profits and losses are recognised in the comprehensive income statement under other operating income or other operating expenses.

Writedown of assets

Property, plant and equipment, intangible fixed assets and financial fixed assets are subject to impairment testing when there is an indication that the accounting value may not be recovered (other assets are covered under IFRS 9). Impairment losses are recognised at the amount by which the asset's book value exceeds the recoverable amount, i.e. the asset's net sales price or its value in use, whichever is higher. Value in use is calculated at the present value of expected future cash flows using a pre-tax discount factor that reflects the market's current required rate of return. In determining impairment losses, 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.

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.

Securities

Listed securities are recognised under current assets from the trading day and are measured at fair value at the balance sheet date.

Equity

Dividend proposed by the management for the financial year is shown as a separate item under Equity.

Current tax and deferred tax

Sund & Bælt Holding A/S and the jointly taxed companies are liable for tax on earnings, etc. for the jointly taxed companies and for any obligations to include tax at source on interest, royalties and dividends for the jointly taxed companies.

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

Joint tax contributions payable and receivable are recognised in the balance sheet under inter-company accounts.

Deferred tax is measured in accordance with the balance-sheet oriented liability method for all temporary differences between book value and the value for tax of assets and liabilities. When the statement definition of value for tax can be performed according to different taxation rules, deferred tax is measured on the basis of the management's planned utilisation of the assets or settlement of the liability.

Deferred tax assets, including the value for tax 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 elimination of tax on future earnings or by set-off against tax liabilities within the same legal tax entity and jurisdiction.

Balances below the interest deduction limitation rules of the Danish Corporation Tax Act are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to such 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 as regards eliminations of non-realised intra-group profits and losses.

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.

Other financial liabilities

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

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 financial income and expenses adjusted for non-cash income statement items, calculated corporation tax and changes in working capital. The working capital comprises the operations-related 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 financial assets.

Cash flow from financing activities comprises borrowing, 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.

Financial ratios

The following financial ratios presented 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 links

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 the preparation of the financial statements 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 their 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 Accounting policies.

With regard to the calculation of deferred tax, an estimate is made of the future utilisation of tax losses carried forward and reduced net financing expenses, which are based on the projected future earnings of the Group and the projected lifetime of the assets. 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 Deferred tax.

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

A/S Storebælt's 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

The segment information below is the information that is mandatory even if there is only one segment, c.f. Note 1 Accounting Policies.

Revenue from the road link comprises fees per vehicle for crossing the link. Revenue from the rail link comprises payment from Banedanmark. This operating income thus includes net sales to one customer amounting to more than 10 per cent of the company's total net turnover.

The company's entire turnover is generated in Denmark and there are no transactions between operating incomes.

Besides the payments from Banedanmark in the operating income "Railway", the company is not dependent on individual major customers and has no transactions with individual customers that amount to 10 per cent of the company's net turnover or more.

Other income comprises revenue from the use of fibre optic and telephone cables on the bridge.

Note 4 Operating income

Income from the sale of services is recognised as the services are provided, and if the income can be measured reliably and is expected to be received. Income is measured excl. VAT, taxes and discounts in connection with the sale. Operating income includes income from the road and rail facilities, charges for the use of port facilities and the sale of electricity produced by wind turbines.

Income from the road link comprises payment per vehicle crossing the Storebælt link. Payment is charged in cash via debit/credit card with subsequent invoicing or as prepayment. Prepaid journeys are recognised as they are consumed. Income from the rail link includes fees from Banedanmark for the use of the rail links. The charges on the Storebælt link and the rail fees have been set by the Minister of Transport, Building and Housing.

Income from wind turbines comprises the sale of electricity. The wind turbines were sold in the spring of 2018. The proceeds from the sale amount to DKK 65.7 million and are recognised in other income. In addition, other income also comprises the sale of development rights for DKK 7.5 million in 2018.

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

Specification of income in 2018	A/S Storebælt	A/S Øresund	Other companies	Total
Income from road links	2,872.6	0.0	0.0	2,872.6
Income from rail links	305.0	60.8	0.0	365.8
Income from port facilities	28.9	0.0	0.0	28.9
Income from wind turbines	6.8	0.0	0.0	6.8
Other income	69.3	9.6	27.1	106.0
Total income	3,282.6	70.4	27.1	3,380.1

Sund & Bælt Group

Specification of income in 2017	A/S Storebælt	A/S Øresund	Other companies	Total
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

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 relating to the technical, transport and commercial operations of the links and wind turbine operations. This includes, for instance, operation and maintenance of technical systems, 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 2018 are specified as follows					
PwC	0.8	0.1	0.7	0.7	2.3
Audit fees, total	0.8	0.1	0.7	0.7	2.3

	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

Sund & Bælt Holding A/S

	Statutory audit	Other assurance state- ments	Tax advice	Other	Total
Audit fees for 2018 are specified as follows					
PwC	0.2	0.0	0.7	0.5	1.4
Audit fees, total	0.2	0.0	0.7	0.5	1.4

Sund & Bælt Holding A/S

	Statutory audit	Other assurance state- ments	Tax advice	Other	Total
Audit fees for 2018 are specified as follows					
PwC	0.2	0.0	0.7	0.5	1.4
Audit fees, total	0.2	0.0	0.7	0.5	1.4

	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

Rented premises and vehicle leasing are recognised in the comprehensive income statement and are regarded as operating leasing. Operating leasing is recognised in the comprehensive income statement on a straight-line basis over the term of the lease unless another systematic method better reflects the lessee's benefit within the contract period. The leasing contracts are for leasing periods of 1 to 7 years.

The notice periods for operating leasing payments are as follows:

Sund & Bælt Holding A/S			Sund & Bælt Group	
2017	2018		2018	2017
31.1	29.9	0-1 years	30.4	31.6
88.6	84.3	1-5 years	84.9	89.1
10.9	10.4	After 5 years	10.4	10.9
130.6	124.6	Leasing payments total	125.6	131.6
11.4	7.7	Minimum leasing payments recognised in profit for the year	26.9	27.5

IFRS 16 will be implemented in 2019 and will have an impact on the balance sheet of approximately DKK 102 million gross.

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 courses and other direct staff expenses.

Staff expenses are recognised as an expense for the period in which the work was performed. The same applies to costs for salary-related taxes, earned holiday allowance and similar expenses.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2017	2018		2018	2017
78.2	80.1	Wages and salaries, remuneration and emoluments	171.4	160.0
7.7	7.9	Pension contributions	11.7	11.1
1.4	1.4	Social security expenses	3.3	3.5
4.3	3.2	Other staff expenses	7.3	9.3
91.6	92.6	Total staff expenses	193.7	183.9
0.0	0.0	Recognised in property, plant and equipment in progress	-78.2	-72.6
91.6	92.6	Staff expenses as per comprehensive income	115.5	111.3
136	129	Average number of employees	241	243
138	131	Number of employees at 31 December	261	250

Fees to Management Board (DKK 1,000)

	Fixed salary	Pensions	Non-monetary benefits	Total
2018				
Mikkel Hemmingsen	2,317	396	3	2,716
Other members of the Management Board (4 people)	4,910	491	337	5,738
Total	7,227	887	340	8,454
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

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 1.4 million (DKK 1.3 million in 2017).

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

Fees 2018		Fees 2017	
Peter Frederiksen (Chairman)	310	Peter Frederiksen (Chairman)	304
Jørn Tolstrup Rohde (Vice-Chairman)	227	Jørn Tolstrup Rohde (Vice-Chairman), (18/4-31/12)	157
Walter Christophersen	155	Carsten Koch (Vice-Chairman), (1/1-18/4)	66
Claus Jensen	155	David P. Meyer (Vice-Chairman), (1/1-18/4)	64
Ruth Schade	155	Pernille Sams (1/1-18/4)	45
Lene Lange	155	Mette Boye (1/1-18/4)	45
Martin Duus Havelykke	155	Walter Christophersen	152
Christina Bendixen Würtz	155	Claus Jensen	152
Jens Willemoes	155	Ruth Schade	152
		Lene Lange	152
		Jesper Brink (1/1-18/4)	45
		Martin Duus Havelykke	152
		Christian Hein (1/1-18/4)	45
		Christina Bendixen Würtz (18/4-31/12)	107
		Jens Willemoes (18/4-31/12)	107
Total	1,622	Total	1,745

Should the company terminate 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 amount. 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	
2017	2018		2018	2017
374.4	132.5	Tax paid	-48.0	-45.3
-365.7	-124.7	Change in deferred tax	-450.2	-679.1
0.0	-18.5	Adjustment tax paid, previous year	-14.7	0.0
12.5	1.2	Adjustment deferred tax, previous year	3.9	-1.4
21.2	-9.5	Total tax	-509.0	-725.8
Tax on the year's results is specified as follows:				
-266.1	-344.1	Computed 22.0 per cent tax on annual results	-497.4	-723.2
287.3	334.6	Other adjustments ¹⁾	-11.6	-2.6
21.2	-9.5	Total	-509.0	-725.8
52.3	-0.6	Effective tax rate	22.5	22.1

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	
2017	2018		2018	2017
8.8	15.1	Original cost at 1 January	80.8	64.3
6.3	23.7	Additions for the year	41.6	16.5
0.0	0.0	Disposals for the year	0.0	0.0
15.1	38.8	Original cost at 31 December	122.4	80.8
1.8	4.6	Depreciation at 1 January	47.9	36.1
2.8	2.7	Additions for the year	9.6	11.8
0.0	0.0	Disposals for the year	0.0	0.0
4.6	7.3	Depreciation at 31 December	57.5	47.9
10.5	31.5	Balance at 31 December	64.9	32.9
0.0	0.0	Depreciation is recognised in Projects in progress	0.1	1.1

Note 9 Road and rail links

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 2018	Total 2017
Original cost at 1 January	31,803.8	1,563.0	10,085.1	4,890.9	48,342.8	47,639.5
Additions for the year	109.5	0.0	3.3	1,564.0	1,676.8	731.6
Received EU subsidy	0.0	0.0	0.0	-480.0	-480.0	12.8
Disposals for the year	-43.8	0.0	0.0	0.0	-43.8	-41.1
Original cost at 31 December	31,869.5	1,563.0	10,088.4	5,974.9	49,495.8	48,342.8
Depreciation at 1 January	8,948.7	386.5	2,699.0	0.0	12,034.2	11,237.2
Opening adjustment	0.0	0.0	0.0	0.0	0.0	0.0
Additions for the year	605.1	17.9	133.0	0.0	756.0	838.0
Disposals for the year	-43.8	0.0	0.0	0.0	-43.8	-41.1
Depreciation at 31 December	9,510.0	404.4	2,832.0	0.0	12,746.4	12,034.1
Balance at 31 December	22,359.5	1,158.6	7,256.4	5,974.9	36,749.4	36,308.7

In projects in progress, financing expenses excluding financial value adjustments for the year are recognised at DKK 3.3 million (2017: DKK 0.5 million). All financing expenses excluding financial value adjustments 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 income of DKK 33 million in 2018.

In the costs incurred by A/S Femern Landanlæg of DKK 2,791 million (2017: DKK 1,866 million), EU subsidies of DKK 477 million are offset (2017: DKK 257 million) of which DKK 190 million was included in 2018.

Note 10 Port facilities

Sund & Bælt Group	2018	2017
Original cost at 1 January	343.6	343.3
Additions for the year	9.0	0.8
Disposals for the year	-1.1	-0.5
Original cost at 31 December	351.5	343.6
Depreciation at 1 January	151.0	138.9
Additions for the year	13.0	12.6
Disposals for the year	-1.1	-0.5
Depreciation at 31 December	162.9	151.0
Balance at 31 December	188.6	192.6

Note 11 Wind turbine facilities – Assets for sale

Sund & Bælt Group	Directly capitalised expenses	Financing expenses (net)	Total 2018	Total 2017
Original cost at 1 January	401.2	1.5	402.7	402.7
Disposals for the year	-401.2	-1.5	-402.7	0.0
Original cost at 31 December	0.0	0.0	0.0	402.7
Depreciation at 1 January	395.9	1.5	397.4	397.1
Additions for the year	0.1	0.0	0.1	0.3
Disposals for the year	-396.0	-1.5	-397.5	0.0
Depreciation at 31 December	0.0	0.0	0.0	397.4
Balance at 31 December	0.0	0.0	0.0	5.3

Sprogø Offshore Wind Farm was sold in the spring of 2018. The proceeds amount to DKK 65.7 million and are recognised in the comprehensive income statement under Other operating income.

Note 12 Land, buildings and other plant

	Land and buildings	Machinery, fixtures and fittings	Leasehold improve- ments	Total 2018
Sund & Bælt Group				
Original cost at 1 January	167.7	191.1	66.0	257.1
Additions for the year	0.6	15.6	0.0	15.6
Disposals for the year	-2.0	-1.4	0.0	-1.4
Original cost at 31 December	166.3	205.3	66.0	271.3
Depreciation at 1 January	77.0	147.2	47.5	194.7
Additions for the year	6.9	14.7	6.7	21.4
Disposals for the year	-2.0	-1.1	0.0	-1.1
Depreciation at 31 December	81.9	160.8	54.2	215.0
Balance at 31 December	84.4	44.5	11.8	56.3
Depreciation is recognised in Projects in progress	0.4	1.4	0.4	1.8
	Land and buildings	Machinery, fixtures and fittings	Leasehold improve- ments	Total 2017
Sund & Bælt Group				
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
		Machinery, fixtures and fittings	Leasehold improve- ments	Total 2018
Sund & Bælt Holding A/S				
Original cost at 1 January		4.1	35.2	39.3
Additions for the year		3.6	0.0	3.6
Disposals for the year		0.0	0.0	0.0
Original cost at 31 December		7.7	35.2	42.9
Depreciation at 1 January		1.9	17.1	19.0
Additions for the year		0.7	6.3	7.0
Disposals for the year		0.0	0.0	0.0
Depreciation at 31 December		2.6	23.4	26.0
Balance at 31 December		5.1	11.8	16.9

	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

Note 13 Deferred tax

As a consequence 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 is 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 was responsible for 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 utilisation 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 and the reduced net financing expenses without impairment.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2017	2018		2018	2017
140.1	406.9	Balance at 1 January	-407.8	301.8
-365.8	-124.7	Deferred tax for the year	-450.2	-679.1
12.5	1.2	Adjustment deferred tax, previous year	3.9	-1.4
620.1	-2.7	Other adjustments	-26.4	-29.1
406.9	280.7	Balance at 31 December	-880.5	-407.8
		Deferred tax relates to:		
6.5	7.1	Intangible fixed assets and property, plant and equipment	-1,543.2	-1,243.3
0.0	0.0	Property, plant and equipment, Øresundsbro Konsortiet I/S	-214.0	-154.3
396.0	269.2	Reduced net financing expenses	412.2	498.6
4.4	4.4	Tax loss	464.5	491.2
406.9	280.7	Total	-880.5	-407.8

Differences during the year

	1 Jan 2017	Recognised in annual results 2017	31 Dec 2017	Recognised in annual results 2018	31 Dec 2018
Sund & Bælt Group					
Intangible fixed assets and property, plant and equipment	-862.2	-381.1	-1,243.3	-299.9	-1,543.2
Property, plant and equipment, Øresundsbro Konsortiet I/S	-42.0	-112.3	-154.3	-59.7	-214.0
Reduced net financing expenses	701.5	-202.9	498.6	-86.4	412.2
Tax loss	504.5	-13.3	491.2	-26.7	464.5
Total	301.8	-709.6	-407.8	-472.7	-880.5

Differences during the year

	1 Jan 2017	Recognised in annual results 2017	31 Dec 2017	Recognised in annual results 2018	31 Dec 2018
Sund & Bælt Holding A/S					
Intangible fixed assets and property, plant and equipment	3.6	2.9	6.5	0.6	7.1
Property, plant and equipment, Øresundsbro Konsortiet I/S	0.0	0.0	0.0	0.0	0.0
Reduced net financing expenses	132.1	263.9	396.0	-126.8	269.2
Tax loss	4.4	0.0	4.4	0.0	4.4
Total	140.1	266.8	406.9	-126.2	280.7

Note 14 Participating interests in subsidiaries

Participating interests in subsidiaries are measured at cost or any lower recoverable amount.

	Sund & Bælt Holding A/S	
	2018	2017
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	Ownership	Share capital	Equity 1 Jan	Profit/loss	Dividend paid	Equity 31 Dec
A/S Storebælt	Copenhagen	100 per cent	355.0	3,987.3	1,721.7	-1,600.0	4,109.0
A/S Øresund	Copenhagen	100 per cent	5.0	-6,266.5	234.0	0.0	-6,032.5
A/S Femern Landanlæg	Copenhagen	100 per cent	500.0	757.9	-78.3	0.0	679.5
Sund & Bælt Partner A/S	Copenhagen	100 per cent	5.0	11.2	-0.1	0.0	11.1
BroBizz A/S	Copenhagen	100 per cent	30.0	118.8	4.8	0.0	123.6
Total			895.0	-1,391.3	1,882.1	-1,600.0	-1,109.3

Subsidiaries' activities

A/S Storebælt	The primary responsibility is to own and operate the fixed link across Storebælt.
A/S Øresund	The primary responsibility is to own and operate the fixed link across Øresund with related landworks
A/S Femern Landanlæg	The primary 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 primary responsibility 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 primary task is to operate as an issuer of BroBizz® and PayByPlate® for use on user-paid infrastructure.

Note 15 Participating interest in jointly managed company

The participating interest in the jointly managed company is measured in the balance sheet according to the equity method, after which the proportionate share of the company's calculated carrying amount is recognised. Any losses on the participating interest are recognised under provisions in the balance sheet.

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	
	2018	2017
Value of participating interest at 1 January	759.5	25.5
Share of annual profits	690.9	734.0
Transitional effect IFRS 15	-22.0	0.0
Dividend paid	-535.1	0.0
Participating interest at 31 December	893.3	759.5
Carried forward to provisions at 1 January	0.0	0.0
Amount carried forward for the year	0.0	0.0
Carried forward to provisions at 31 December	0.0	0.0
Value of participating interest at 31 December	893.3	759.5

Key figures from the jointly managed company

Operating income	1,956.4	1,927.7
Operating expenses	-267.4	-263.5
Depreciation	-275.8	-274.7
Financial income and expenses	-208.5	-319.3
Value adjustment	177.1	398.0
Profit and comprehensive income	1,381.8	1,468.1
Current assets	1,486.3	1,634.9
- Of which cash and cash equivalents	1.5	77.8
Non-current assets	15,067.8	15,277.5
Equity	1,786.6	1,519.0
Current liabilities	3,399.4	5,390.5
- Of which short-term financial liabilities	2,943.9	5,218.3
Non-current liabilities	11,368.1	10,002.8
- Of which non-current financial liabilities	11,368.1	10,002.8
Contingent liabilities	83.4	84.2

The year's financial result for Øresundsbro Konsortiet I/S is a profit of DKK 1,382 million. (2017: DKK 1,468 million).

The Group's share of Øresundsbro Konsortiet I/S profit of DKK 691 million (2017: DKK 734 million) is recognised in the comprehensive income statement as Share of profit in jointly managed company.

The value of the participating interest in Øresundsbro Konsortiet I/S is affected by a transitional effect as a result of the implementation of IFRS 15 in 2018. The transitional effect entails the recognition of a previously unrecognised contractual debt relating to obligations to BroPass customers. An annual fee is paid for BroPas whereby customers receive a reduced price for 12 months. Income from the annual fees are recognised in accordance with IFRS 15 during the period in which the customers are entitled to the reduced price. Payment of the annual fee is made in advance and this advance payment is allocated as a contractual debt in the balance sheet for the remainder of the customer's contract period.

The recognition of the contractual debt in 2018 reduced the equity in Øresundsbro Konsortiet I/S by DKK 44 million of which Sund & Bælt's share amounts to DKK 22 million before tax.

Note 16 Financial income and expenses

The Group recognises fair value adjustments of financial assets and liabilities through the comprehensive income statement. The difference in the fair value between the balance sheet dates constitutes the total financial income and expenses allocated between value adjustments and net financing expenses where the latter comprises interest income and expenses.

Net financing expenses comprise accrued nominal/real coupons rates, realised inflation indexation and amortisation of premiums/discounts while premiums and expected inflation indexation are included in the value adjustments.

Value adjustments comprise realised and unrealised gains and losses on financial assets and liabilities and foreign exchange gains and losses.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2017	2018		2018	2017
		Financial income		
1,250.0	1,600.0	Income from participating interests	0.0	0.0
0.3	0.1	Interest income, securities, banks etc.	4.0	2.7
0.0	0.0	Interest income, financial instruments	119.5	162.0
1,250.3	1,600.1	Total financial instruments	123.5	164.7
		Financial expenses		
-2.0	-1.8	Interest expenses, loans	-592.2	-810.4
0.0	0.0	Other financial income and expenses, net	-1.1	-1.7
-2.0	-1.8	Total financial expenses	-593.3	-812.1
1,248.3	1,598.3	Net financing expenses	-469.8	-647.4
		Value adjustments, net		
0.0	0.0	- Securities	3.7	-1.4
2.4	2.4	- Loans	-92.1	970.9
0.0	0.0	- Currency and interest rate swaps	185.9	1.8
0.0	0.0	- Currency options	-1.0	4.2
0.0	0.0	- Other value adjustments	-121.9	1.4
2.4	2.4	Value adjustments, net	-25.4	976.9
1,250.7	1,600.7	Total financial income and expenses	-495.2	329.5
0.0	0.0	Of which financial instruments	304.4	168.0

Commission to the Danish State of DKK 48.8 million (2017: provision totalled DKK 53.6 million) is recognised in interest expenses.

Net financing expenses for the Group were DKK 177.6 million lower in 2018 compared to 2017. This is primarily due to the repurchase of an inflation swap with a relatively high real rate relative to the market rate and refinancing to lower real rate exposure, as well as reduced inflation exposure in addition to a lower inflation trend in 2018.

Note 17 Receivables

Trade receivables are measured at amortised cost. Trade receivables comprise amounts owed by customers, balances with payment card companies and receivables relating to the rail fee (DKK 53 million). As at 31 December 2018, payment card companies represented approximately 9 per cent of the total trade receivables. Write-downs are made to offset losses where it is deemed that an individual receivable or a portfolio of receivables is impaired. Impairment losses are determined based on historical loss experience and future expected losses. As at 31 December 2018, of the total trade receivables of DKK 356 million provision for unsecured receivables was recognised at DKK 2.3 million, which thus constitutes the calculated 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.

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

Sund & Bælt Holding A/S			Sund & Bælt Group	
2017	2018		2018	2017
2.0	3.4	Sales and services	356.0	385.0
376.9	276.2	Group enterprises	0.0	0.0
0.9	0.0	Affiliated company, Øresundsbro Konsortiet I/S	0.0	0.0
0.0	0.0	Accrued interest, financial instruments ¹⁾	574.4	518.6
0.3	20.5	Other receivables	321.4	53.7
380.1	300.1	Total receivables	1,251.8	957.3
		Accrued interest:		
0.0	0.0	Investments	11.9	3.7
0.0	0.0	Payables	0.1	0.1
0.0	0.0	Interest rate swaps	538.7	432.5
0.0	0.0	Currency swaps	23.7	82.3
0.0	0.0	Total accrued interest	574.4	518.6

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	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	1,942.1	-3,267.9	2,076.2	-3,982.9
Currency swaps	792.8	-82.7	950.3	-422.6
Forward exchange contracts	1.9	-1.1	1.2	-4.6
Currency option	0.0	0.0	0.0	0.0
Total derivatives	2,736.8	-3,351.7	3,027.7	-4,410.1

A/S Storebælt	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Gross value derivatives	1,039.8	-1,862.2	1,099.1	-2,609.4
Accrued interest	185.6	-100.0	215.8	-172.2
Offsetting, c.f. IAS 32	0.0	0.0	0.0	0.0
Gross value, total	1,225.4	-1,962.2	1,314.9	-2,781.6
Offsetting options by default ¹⁾	-757.5	757.5	-577.9	577.9
Collateral	-165.0	727.3	-421.4	944.9
Net value, total	302.9	-477.4	315.6	-1,258.8

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

A/S Øresund	2018		2017	
	Assets	Liabilities	Assets	Liabilities
Gross value derivatives	1,032.1	-1,076.8	1,018.9	-1,241.6
Accrued interest	290.6	-65.5	239.9	-67.6
Offsetting, c.f. IAS 32	0.0	0.0	0.0	0.0
Gross value, total	1,322.7	-1,142.3	1,258.8	-1,309.2
Offsetting options by default ¹⁾	-207.9	207.9	-101.6	101.6
Collateral	-957.3	434.1	-1,129.8	289.3
Net value, total	157.5	-500.3	27.4	-918.3

1) Note: Offsetting options comprise netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall 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	
2017	2018		2018	2017
0.0	0.0	Prepaid rent	0.3	0.3
6.5	5.6	Prepaid insurance premiums	33.6	6.4
0.3	0.7	Prepaid expenses	126.5	131.1
6.8	6.3	Total prepayments and accrued income	160.5	137.8

Note 20 Cash at bank and in hand

Cash at bank and in hand comprise cash in hand and short-term bank deposits.

Sund & Bælt Holding A/S			Sund & Bælt Group	
2017	2018		2018	2017
0.0	31.0	Cash at bank and in hand	875.7	212.3
0.0	31.0	Total cash at bank and in hand	875.7	212.3

Note 21 Equity

Sund & Bælt Holding A/S's share capital comprises 3,550,000 shares with 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 2018, Sund & Bælt Holding A/S paid a dividend of DKK 409 per share with a nominal value of DKK 100 (DKK 338 in 2017).

Financial 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 2018

Fair value hierarchy	2018			Fair value hierarchy	2017		
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Bonds	1,814.2	0.0	0.0	Bonds	1,735.6	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	2,736.8	0.0	Derivatives, assets	0.0	3,027.7	0.0
Financial assets	1,814.2	2,736.8	0.0	Financial assets	1,735.6	3,027.7	0.0
Bond loans and debt	-33,793.4	-3,839.5	0.0	Bond loans and debt	-27,728.5	-5,621.2	0.0
Derivatives, liabilities	0.0	-3,350.6	0.0	Derivatives, liabilities	0.0	-4,410.1	0.0
Financial liabilities	-33,793.4	-7,190.1	0.0	Financial liabilities	-27,728.5	-10,031.3	0.0

Sund & Bælt Group 2018

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	1,985.5	2,093.8	9.4	4,088.7
Investments	1,463.1	430.3	0.0	1,893.4
Bond loans and amounts owed to credit institutions	-1,892.4	-40,814.9	-1,667.5	-44,374.8
Currency and interest rate swaps	-2,146.3	2,354.9	0.0	208.6
Currency exchange contracts	-1,008.3	1,007.2	0.0	-1.1
Currency swaps	-3,743.1	1,250.8	0.0	-2,492.3
Accrued interest	-184.4	359.8	0.0	175.4
Total (notes 17, 18, 20, 25)	-5,525.9	-33,318.1	-1,658.1	-40,502.1

Other currencies comprise	AUD	GBP	JPY	NOK	SEK	USD	Total
Cash at bank and in hand	0.0	-0.6	1.7	1.9	7.1	-0.7	9.4
Bond loans and amounts owed to credit institutions	-6.1	0.0	-987.1	0.0	-603.0	-71.3	-1,667.5
Currency and interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency exchange contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency swaps	6.1	0.0	988.7	0.0	603.8	71.4	1,670.0
Total	0.0	-0.6	3.3	1.9	7.9	-0.6	11.9

The above items are included in the following accounting items

	Derivatives assets	Derivatives liabilities	Total
Interest rate swaps	1,942.1	-3,267.9	-1,325.8
Currency swaps	792.8	-82.7	710.1
Currency exchange contracts	1.9	-1.1	0.8
Forward exchange swaps	0.0	0.0	0.0
Total (note 18)	2,736.8	-3,351.7	-614.9

Accrued interest	Receivables	Other payables	Total
Deposits and securities	11.9	-3.2	8.7
Debt	0.1	-149.9	-149.8
Interest rate swaps	538.7	-260.7	278.0
Currency swaps	23.7	14.8	38.5
Total (notes 17, 25)	574.4	-399.0	175.4

**Sund & Bælt Group
2017**

Net debt spread across currencies	EUR	DKK	Other currencies	Net debt
Cash at bank and in hand	1,627.1	14.2	9.5	1,650.8
Investments	0.0	80.0	0.0	80.0
Bond loans and amounts owed to credit institutions	-1,967.5	-34,082.3	-3,220.4	-39,270.2
Currency and interest rate swaps	-8,246.9	3,699.6	3,168.4	-1,378.9
Currency exchange contracts	648.1	-706.7	55.2	-3.4
Currency swaps	0.0	0.0	0.0	0.0
Accrued interest	-256.7	286.5	0.0	29.8
Total (notes 17, 18, 20, 25)	-8,195.9	-30,708.7	12.7	-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	0.0	0.0	0.0
Currency options	1.2	-4.6	-3.4
Total (note 18)	3,027.7	-4,410.1	-1,382.4

Accrued interest	Receivables	Other payables	Total
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

Reconciliation of differences in financial liabilities	Current debt	Long-term debt	Derivatives assets	Derivatives liabilities	Total
Early 2018	-6,838.7	-31,789.6	3,027.7	-4,410.2	-40,010.8
Cash flow	6,827.1	-11,460.4	-293.3	903.0	-4,023.6
Paid interest - reversed	-87.1	-733.0	533.6	-353.1	-639.6
Amortisation	12.8	306.4	-152.1	12.6	179.7
Inflation indexation	0.0	-60.4	22.1	-51.1	-89.4
Currency adjustment	-45.6	-48.6	-6.1	78.1	-22.2
Fair value adjustment	36.0	-157.9	-476.1	549.2	-48.8
Transfer beginning/end of the year	-5,782.0	5,782.0	80.5	-80.5	0.0
End 2017	-5,877.5	-38,161.5	2,736.3	-3,352.0	-44,654.7

The difference between the cash flow in the reconciliation and the cash flow statement of DKK 1,450 million is primarily due to dividend, guarantee commission and EU subsidy, etc.

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 of DKK 1,290 million is primarily due to dividend, guarantee commission and EU subsidy, etc.

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 2018 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 0.4 billion has been utilised. Thus, an available credit limit of USD 4.6 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 2018, 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 3.5 billion.

A/S Øresund raised on-lending to a nominal value of DKK 1.8 billion.

A/S Femern Landanlæg raised on-lending to a nominal value of DKK 1.5 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 2019, such refinancing will amount to approx. DKK 4.6 billion, and the expected net borrowing requirements will be around DKK 3.6 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 2019, such refinancing will amount to approx. DKK 0.9 billion and the expected net borrowing requirements will be around DKK 1.3 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 Femern Landanlæg'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 2019, such refinancing will amount to approx. DKK 0.2 billion and the expected net borrowing requirements will be around DKK 1.3 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 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

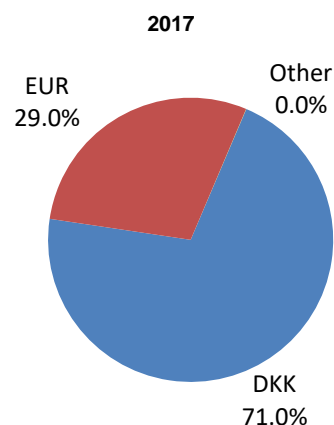
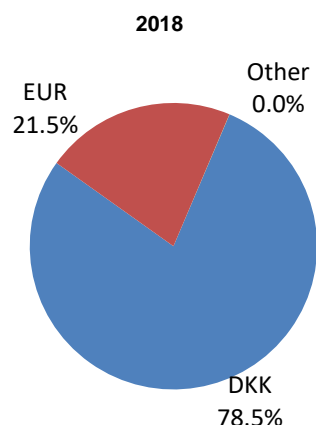
Financial risks are identified, monitored and controlled within the framework approved by the Board of Directors as determined in the companies' financial policy and strategy, operational procedures and in accordance with the guidelines from the Danish Ministry of Finance/Danmarks Nationalbank, which 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 included in the disclosure of the currency risk measured at fair value.

A/S Storebælt's currency exposure at fair value in DKK million 2018 and 2017

Currency	Fair value 2018	Currency	Fair value 2017
DKK	-16,713	DKK	-15,671
EUR	-4,579	EUR	-6,404
Other	4	Other	5
Total 2018	-21,288	Total 2017	-22,070



A/S Øresund's currency exposure at fair value in DKK million 2018 and 2017

Currency	Fair value 2018	Currency	Fair value 2017
DKK	-10,153	DKK	-10,339
EUR	-2,125	EUR	-2,308
Total 2018	-12,278	Total 2017	-12,647



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 21 million in 2018 (DKK 28 million in 2017) calculated as Value-at-Risk.

Foreign exchange sensitivity for A/S Øresund amounted to DKK 10 million in 2018 (DKK 10 million in 2017) calculated as Value-at-Risk.

Foreign exchange sensitivity for A/S Femern Landanlæg amounted to DKK 1 million in 2018 (DKK 2 million in 2017) calculated as Value-at-Risk.

Value-at-Risk for foreign exchange risk 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 within 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 2018 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 4.0 years (variation limit: 3.25-4.75 years)
- Limits for interest rate exposure with fluctuation bands.

For A/S Øresund, the following framework for 2018 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 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 2018, the duration on the nominal debt was set at 4.0 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 4.0 years for 2018 and the actual duration was between 3.3 years to 4.0 years and was predominantly underweighted in relation to the benchmark, which primarily coincided with the period following dividend distribution when the net debt was relatively higher.

The duration of the strategic benchmark for 2019 was maintained at 4.0 years for A/S Storebælt and the target for the real rate debt ratio is unchanged.

For A/S Øresund, the target for the duration on the nominal debt was 9.0 years in 2018 and the actual duration was between 8.9 years and 9.5 years and was largely balanced in relation to the benchmark. In the period following the receipt of dividend, the duration was high due to the debt reduction.

For A/S Øresund, the duration on the strategic benchmark for 2019 is maintained at 9.0 years and the target for the real rate debt ratio is unchanged.

Long-term interest rates were rather volatile in 2018, and after beginning the year with interest rate rises, interest rates fell back over the summer and took another fall in Q4.

A/S Storebælt is exposed to interest rates in DKK and EUR, and here interest rates on the long maturities fell by 0.10 percentage points overall over the year. Seen in isolation, interest rate developments produced a small fair value loss, which, however, was offset by the effect of the general maturity shortening, so that, in 2018, there was an unrealised fair value gain of DKK 101 million from fair value adjustments.

A/S Øresund is exposed to interest rates in DKK and EUR, and here interest rates on the long maturities fell by 0.10 percentage points overall over the year. Seen in isolation, interest rate developments produced a small fair value loss, which, however, was offset by the effect of the general maturity shortening, so that, in 2018, there was an unrealised fair value gain of DKK 113 million from fair value adjustments in 2018.

A/S Femern Landanlæg is exposed to interest rates in DKK and EUR, and here interest rates on the long maturities fell by 0.10 percentage points overall over the year. Seen in isolation, interest rate developments produced a small fair value loss of DKK 105 million from fair value adjustments in 2018.

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 2018, 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
Investments	1,209	0	0	0	0	0	1,209	1,213
loans	-4,602	-2,242	-2,267	0	-3,289	-8,091	-20,491	-22,031
Interest rate and currency sw aps	-3,204	749	972	747	2,800	-2,569	-505	-739
Forw ard exchange contracts	0	0	0	0	0	0	0	2
Other derivatives	0	0	0	0	0	0	0	0
Cash at bank	265	0	0	0	0	0	265	265
Net debt	-6,332	-1,493	-1,295	747	-489	-10,660	-19,522	-21,290

Of this, real rate instrumen

Real rate debt	0	-539	0	0	-1,592	-2,019	-4,150	-4,587
Real rate sw aps	0	539	0	0	0	-2,780	-2,241	-2,702
Real rate instruments total	0	0	0	0	-1,592	-4,799	-6,391	-7,289

Yield exposure > 5 years is allocated as follows (DKK million)

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-6,050	-4,610	0	0
Of w hich real rate instruments	-2,430	-2,369	0	0

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
Investments	186	968	0	0	0	0	1,154	1,168
Bond loans and other	-3,275	-4,579	-2,205	-2,251	0	-7,847	-20,157	-21,662
Interest rate and	-3,629	1,639	716	959	0	-650	-965	-1,463
Forw ard exchange	0	0	0	0	0	0	0	-3
Other derivatives	0	0	0	0	0	0	0	-110
Cash at bank	-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 instrumen

Real rate debt	0	-1,634	-549	0	0	-1,578	-3,761	-4,062
Real rate sw aps	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

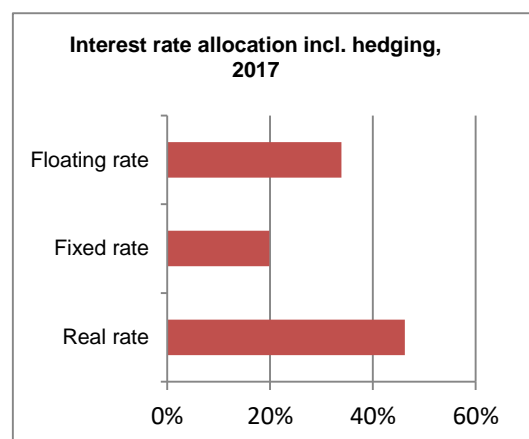
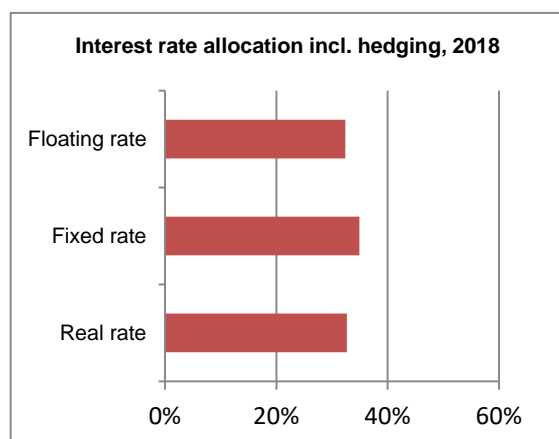
Yield exposure > 5 years is allocated as follows (DKK million):

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-4,637	-3,860	0	0
Of w hich real rate instruments	-3,980	-347	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		Interest rate allocation in per cent	
2018			2017
32.4	Floating rate		33.9
34.9	Fixed rate		19.9
32.7	Real rate		46.2
100.0	Total		100.0



The yield exposure is distributed with an allocation of 105.3 per cent to interest rates in DKK and -5.3 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 or inflation rate change of 1 percentage point can be estimated at DKK 80 million and DKK 80 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 2018, 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	597	0	0	0	0	0	597	600
Bond loans and other loans	-1,124	-1,150	-650	0	-1,700	-5,922	-10,546	-13,034
Interest rate and currency	-2,295	1,150	0	-373	1,700	-381	-199	180
Forward exchange	0	0	0	0	0	0	0	0
Other derivatives	0	0	0	0	0	0	0	0
Credit institutions	-24	0	0	0	0	0	-24	-24
Net debt	-2,846	0	-650	-373	0	-6,303	-10,172	-12,278
Of this, real rate instruments:								
Real rate debt	0	0	0	0	0	0	0	0
Real rate swaps	0	0	0	0	0	-4,563	-4,563	-5,387
Real rate instruments total	0	0	0	0	0	-4,563	-4,563	-5,387

Yield exposure > 5 years is allocated as follows:

Yield buckets	5-10 years	10-15 years	15-20 years	> 20 years
Net debt	-762	-635	-2,917	-1,989
Of which real rate instruments	-1,419	-1,934	-693	-517

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	-632	79	500	0	-372	252	-173	-50
Forward exchange	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

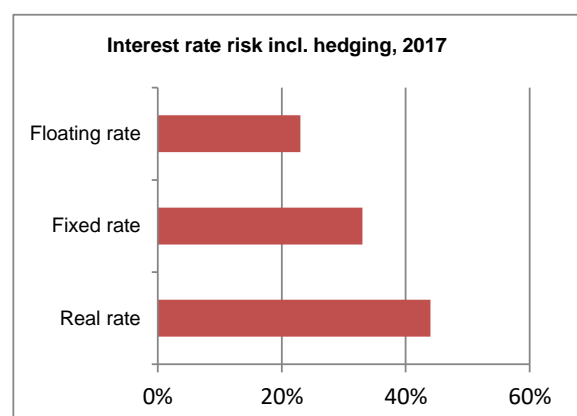
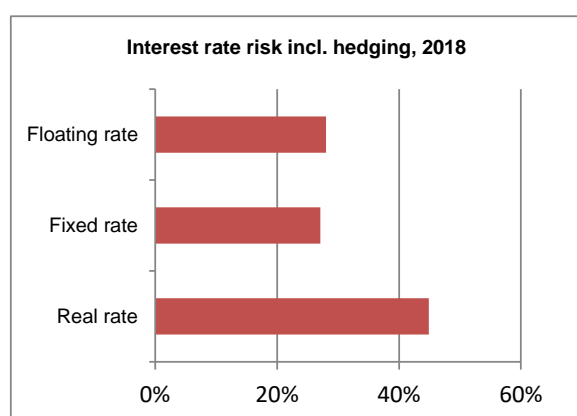
Yield exposure > 5 years is allocated as follows:

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

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 2018	Interest rate allocation in per cent	2017
28.0	Floating rate	23.0
27.1	Fixed rate	33.0
44.9	Real rate	44.0
100.0	Total	100.0



The yield exposure is distributed with an allocation of 111.4 per cent to interest rates in DKK and -11.4 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 30 million for a symmetrical interest rate change and for inflation, a rise will increase financing expenses by DKK 46 million. A fall in inflation will result in savings of DKK 43 million. There is no optionality in the hedging of the variable interest rate while for inflation, there is a sold "floor" on the inflation indexation (notional EUR 190 million).

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

2018				2017		
Duration (years)	BPV	Fair value		Duration (years)	BVP	Fair value
3.9	5.4	-14,001	Nominal debt	4.7	5.5	-11,724
8.0	5.8	-7,289	Real interest debt	4.1	4.2	-10,346
4.4	11.2	-21,290	Net debt	4.4	9.7	-22,070

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 2018, of which 3.9 years relates to the nominal debt and 8.0 years to the real rate debt. Rate sensitivity can be calculated at DKK 11.2 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 1,183 million (2017: 1.022 million) with an interest rate fall and a fair value gain of DKK 1,069 million (2017: 930 million) with an interest rate rise.

Duration, A/S Øresund

2018				2017		
Duration (years)	BPV	Fair value		Duration (years)	BVP	Fair value
7.8	5.4	-7,260	Nominal debt	7.9	5.6	-7,167
11.4	6.1	-5,387	Real interest debt	12.2	6.7	-5,480
9.7	11.5	-12,647	Net debt	9.7	12.3	-12,647

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 2018 of which 7.8 years relate to the nominal debt and 11.4 years to the real rate debt. Interest rate sensitivity can be calculated at DKK 11.5 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 1,296 million (2017: 1.393 million) with an interest rate fall and a fair value gain of DKK 1,095 million (2017: 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, amount 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-. The rating requirement can be eased to BBB/Baa2, provided that the counterparty is resident in a country with a AA/Aa2 rating and that a number of strict collateral requirements are met.

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 2018, A/S Storebælt

Total counterparty exposure (market value)

Rating	Deposits	Deriva- tives without netting	Deriva- tives with netting	Collateral	Number of counter- parties
AAA	863	0	0	0	1
AA	350	828	125	0	4
A	0	373	232	125	5
BBB	0	16	3	40	2
Total	1,213	1,217	360	165	12

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

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

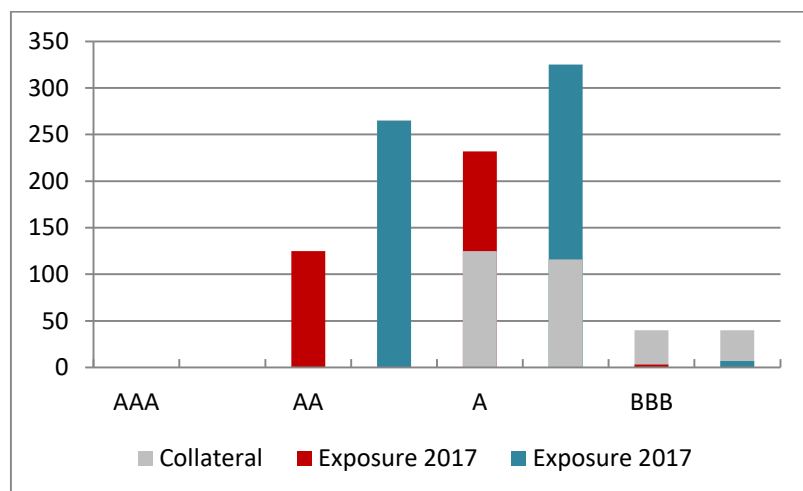
The credit exposure is primarily exposed against the AA and A rating category and is largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 148 million and collateral amounts to DKK 165 million. Counterparty exposure without collateral agreements totals DKK 212 million, primarily in the AA and A rating category.

A/S Storebælt has pledged collateral for DKK 727 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 2018 and 2017, A/S Storebælt



Credit risks on financial assets recognised at fair value distributed on credit quality 2018, A/S Øresund

Total counterparty exposure (market value)

Rating	Deposits	Deriva- tives without netting	Deriva- tives with netting	Collateral	Number of counter- parties
AAA	600	0	0	0	1
AA	0	253	5	0	2
A	0	1,062	989	957	4
BBB	0	0	0	0	1
Total	600	1,315	994	957	8

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

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.

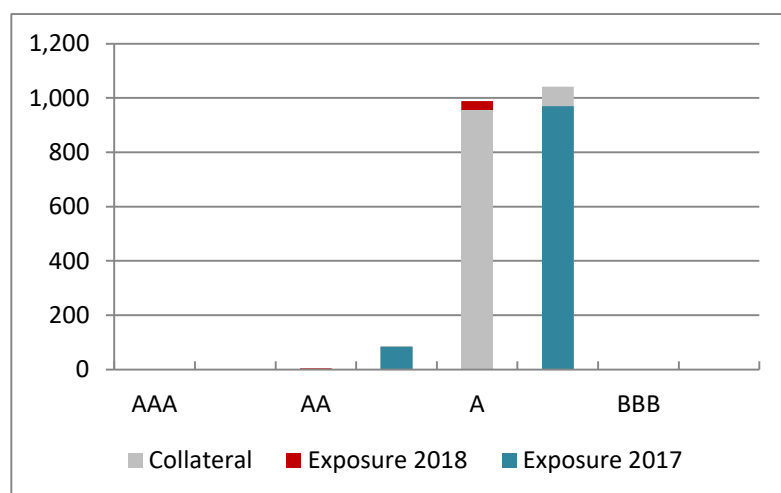
The credit exposure is primarily concentrated in the A rating category and largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 994 million and collateral amounts to DKK 957 million. There is no exposure to counterparties without collateral.

A/S Øresund has pledged collateral for DKK 434 million to hedge outstanding exposure from derivative transactions in favour of four 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 2018 and 2017, 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, 2018

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-4,602	-2,242	-2,267	0	-3,289	-8,091	-20,491
Derivative liabilities	-2,336	-1,608	-280	0	0	-465	-4,689
Derivative receivables	2,330	1,612	242	0	0	0	4,184
Assets	1,209	0	0	0	0	0	1,209
Total	-3,399	-2,238	-2,305	0	-3,289	-8,556	-19,787
Interest payments							
Debt	-378	-237	-164	-96	-190	-527	-1,592
Derivative liabilities	-195	-167	-93	-61	-72	-471	-1,059
Derivative receivables	360	190	70	0	0	108	728
Assets	0	0	0	0	0	0	0
Total	-213	-214	-187	-157	-262	-890	-1,923

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 Øresund, 2018

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Principal amount							
Debt	-900	-1,150	-650	0	-1,700	-6,146	-10,546
Derivative liabilities	0	0	0	0	0	-1,611	-1,611
Derivative receivables	0	0	0	0	0	1,412	1,412
Assets	598	0	0	0	0	0	598
Total	-302	-1,150	-650	0	-1,700	-6,345	-10,147
Interest payments							
Debt	-320	-283	-281	-262	-263	-1,373	-2,782
Derivative liabilities	-106	-89	-83	-80	-81	-335	-774
Derivative receivables	151	121	107	99	99	603	1,180
Total	-275	-251	-257	-243	-245	-1,105	-2,376

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

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 the calculation of the repayment date in the long-term profitability calculations, the company uses a real interest rate of 3.0 per cent on the part of the debt that is not hedged, whereas the interest-hedged debt is included within the agreed interest rate terms.

The political agreement of 21 September 2017 concerning a 25 per cent reduction in toll charges and the obligation to co-finance the extension of the Funen motorway to the tune of DKK 2.1 billion resulted in the repayment period being extended to 34 years whereby the debt is expected to be repaid in 2032. In the current financial year, the repayment period is unchanged at 34 years.

The railway companies' payments for use of the fixed links across Storebælt and Øresund were reduced in connection with the 2016 Finance Act. As regards A/S Storebælt, revenue depends on actual train traffic and the reduction in the railway payment resulted in a reduction in rail revenues of DKK 270 million in 2016 prices.

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.

After payment of the expected dividend of DKK 1,411 million for the 2018 financial year, a total of DKK 7,063 million will have been paid to the shareholder.

The main uncertainties in the profitability calculations relate to the long-term traffic developments and the real interest rate, which is assumed to total 3.0 per cent. Traffic growth is expected on average to total 1 per cent and 1.5 per cent for lorries and passenger cars respectively. Operating expenses assume 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 as regards the size and timing of reinvestments in the railway 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.

As a basis for the calculation of the repayment date in the long-term profitability calculations, the company uses a real interest rate of 3.0 per cent on the part of the debt that is not hedged, whereas the interest-hedged debt is included within the agreed interest rate terms.

As a consequence of the 2016 Finance Act, the railway payment is gradually reduced until 2024 and will be reduced by a total of DKK 200 million in 2016 prices when fully phased in. In addition, A/S Øresund is obliged to cover the railway payment for Øresundsbro Konsortiet I/S, which was previously financed by the Finance Act.

Also, as a consequence of the joint taxation with the Group's other companies, A/S Øresund obtains 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 for 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 45 years, which is 5 years less compared to last year. This relates to the fact that the adoption of a new dividend policy for Øresundsbro Konsortiet I/S has brought forward the dividend payments.

A/S Øresund is sensitive to changes in the finances of the two above-mentioned companies.

Note 25 Trade and other payables

Sund & Bælt Holding A/S			Sund & Bælt Group	
2017	2018		2018	2017
5.3	14.0	Trade payables	498.0	329.2
604.2	658.9	Debt group enterprises - group companies	0.0	0.0
0.0	0.0	Debt, Øresundsbro Konsortiet I/S	0.0	22.7
1.0	1.3	Guarantee commission payable	51.9	50.0
1.6	1.5	Accrued interest, financial instruments ¹⁾	399.0	488.8
34.2	38.6	Other payables	137.3	144.2
646.3	714.3	Total	1,086.2	1,034.9
		Accrued interest		
0.0	0.0	Deposits and securities	3.2	2.9
1.6	1.5	Loans	149.9	188.1
0.0	0.0	Interest rate swaps	260.7	297.7
0.0	0.0	Currency swaps	-14.8	0.1
1.6	1.5	Total	399.0	488.8

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	
2017	2018		2018	2017
0.0	0.0	Prepaid income	48.5	39.9
0.0	0.0	Other accruals	4.1	3.2
0.0	0.0	Accruals and deferred income, total	52.6	43.1

Note 27 Contractual obligations, contingent liabilities and collateral

The Group's contractual obligations comprise construction, operations and maintenance contracts with expiry dates up to 2022 at an overall balance of DKK 304 million (DKK 289 million in 2017). At year end, work under contracts amounted to DKK 277 million (DKK 333 million in 2017).

Concerning the conditional contracts for the construction of the Fehmarnbelt tunnel, the company has a contingent liability of DKK 112 million (2015 prices). Femern A/S has also entered into conditional contracts relating to land acquisitions. The company has a contingent liability related to the conditional contracts of DKK 17 million.

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.

On 13 December 2018, EU Court ruled on the two cases brought by Scandlines and Stena Line against the European Commission to annul the EU Commission's decision on State aid to the Fehmarnbelt link. The Court upholds the Commission's state aid approval as far as the financing of A/S Femern Landanlæg is concerned, while the Court annuls the Commission's state aid approval for the coast-to-coast project. The Ministry of Transport, Building and Housing is in discussions with the Commission about the matter with a view to preparing a new and legally robust approval of the State guarantee model pursuant to the State aid regulations. Femern A/S was prepared for all possible outcomes of the judgement and has, following prior agreement with the owner, obtained advance loans in order to ensure the necessary liquidity for the project for a period with no State guarantee.

Operating leasing comprises contracts with a maturity of between 1-7 years. The leasing liability totals DKK 125.6 million (DKK 131.6 million in 2017) of which DKK 26.9 million falls due in 2019.

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, with effect from 1 May 2018, an agreement was entered into with Danske Færger A/S (purchased by Molslinjen A/S during 2018) with regard to the operation of the service for a period of 10 years with the option of a further two years. In 2019, costs are expected to amount to DKK 35 million.

In 2013, HH Ferries *et al* lodged a complaint with the EU Commission claiming that the Danish/Swedish State guarantees for Øresundsbro Konsortiet I/S's loans, etc. are illegal according to the EU's State aid rules. In October 2015, the EU Commission decided that the guarantees are covered by the State aid rules, but that they are in compliance with these rules. HH Ferries *et al* brought this before the EU Court, which reached a decision on 19 September 2018. The decision was an annulment of the EU Commission's decision from 2015.

The judgement did not state whether the State aid was illegal or not, but only that the Commission had made certain procedural errors. The Commission is initiating a formal investigation procedure, which will lead to a new decision, probably in the second half of 2019.

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 are required to 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 727 million to hedge outstanding exposure from derivative transactions in favour of three counterparties. A/S Øresund has currently pledged collateral for DKK 434 million to hedge outstanding exposure from derivative transactions in favour of four counterparties. A/S Femern Landanlæg has not pledged collateral.

Sund & Bælt Holding A/S is the management company in a Danish joint taxation agreement. As from the financial year 2013, according to the rules of the Danish Corporation Tax Act, the company is jointly and severally liable with the other jointly taxed companies for corporation tax.

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

Note 28 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
The Danish State	Copenhagen	100 per cent ownership of Sund & Bælt Holding A/S	Guarantee for the company's debt. Guarantee commission	Determined by law. Accounts for 0.15 per cent of nominal debt
Ministry of Transport, Building and Housing	Copenhagen	100 per cent 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 per cent 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 per cent 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 per cent owned subsidiary via A/S Femern Landanlæg	Purchase of consultancy. Joint taxation contribution	Market price
A/S Femern Landanlæg	Copenhagen	100 per cent 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 per cent owned subsidiary	Management of common functions. Joint taxation contribution	Market price
BroBizz A/S	Copenhagen	100 per cent owned subsidiary	Management of common functions. Joint taxation contribution	Market price
BroBizz Operatør A/S	Copenhagen	100 percent owned subsidiary via BroBizz A/S	-	Market price
Øresundsbro Konsortiet I/S	Copenhagen/Malmø	50 per cent ownership via A/S Øresund. Partly common board members. Common CFO	Purchase of financial management	Market price
Banedanmark	Copenhagen	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

Related party	Description	Amount 2018	Amount 2017	Balance at 31 Dec 2018	Balance at 31 Dec 2017
The Danish State	Guarantee commission	-48.8	-55.4	-48.8	-55.4
Ministry of Transport, Building and Housing	Purchase of consultancy	0.0	-0.7	0.0	-0.5
Danish Road Directorate	Purchase of consultancy	-2.4	-13.6	-0.9	-2.2
A/S Storebælt	Management of subsidiary's operational tasks	79.2	88.8	11.1	14.5
	Common functions	0.0	-0.2	0.0	0.0
	Joint taxation contribution	-261.5	272.7	-261.5	272.7
A/S Øresund	Management of subsidiary's operational tasks	23.6	23.4	2.9	3.6
	Joint taxation contribution	53.7	34.4	53.7	34.4
Sund & Bælt Partner A/S	Management of subsidiary's operational tasks	0.0	0.2	0.0	0.0
	Joint taxation contribution	32.0	0.0	32.0	0.0
Femern A/S	Management of subsidiary's operational tasks	26.5	23.1	1.2	1.3
	Sale of services	0	-0.3	0	-0.1
	Joint taxation contribution	-96.0	-69.9	-96.0	-69.9
A/S Femern Landanlæg	Management of subsidiary's operational tasks	7.1	7.2	1.0	1.2
	Joint taxation contribution	8.5	50.4	8.5	50.4
BroBizz A/S	Management of subsidiary's operational tasks	14.6	12.6	1.5	-2.5
	Joint taxation contribution	-2.0	-0.3	-2.0	-0.3
Øresundsbro Konsortiet I/S	Management of subsidiary's operational tasks	5.2	7.5	0.0	0.9
	Purchase of operational tasks	-0.8	-0.5	0.0	0.0
Banedanmark	Payment for use of rail links in subsidiaries	367.2	427.0	36.7	38.7
	Consultancy	12.8	8.5	5.6	3.1
	Construction and maintenance work	-906.3	-461.6	-279.9	-174.0
Metroselskabet I/S	Consultancy	2.0	2.0	0.6	0.6

Note 29 Events after the balance sheet date

On 13 December 2018, the EU Court ruled on two cases brought by Scandlines and Stena Line against the European Commission to annul the EU Commission's decision on State aid to the Fehmarnbelt link. On 25 February 2019, Scandlines and Stena Line appealed against the EU Court's rulings of 13 December 2018 to the Court of Justice of the European Union.

Femern A/S has prepared for possible outcomes of the judgements. The company has obtained advance loans in order to ensure the necessary liquidity for the project for a period without a state guarantee.

On 15 February 2019, Scandlines and Stena Line issued a writ against the Ministry of Finance, stating that the Minister of Finance is prohibited from granting state-guaranteed loans or granting state guarantees for the use of Femern A/S under the authority of the Construction Act. In addition, the ferry companies have claimed that the Minister of Finance must demand a repayment of the financial benefit that Femern A/S has obtained through state-guaranteed loans and state guarantees issued pursuant to the Construction Act.

Kammeradvokaten (the legal adviser to the Danish Government) advised on the legality of the borrowing prior to the issue. Kammeradvokaten has informed Femern A/S that the issue of advance borrowing is deemed to be legal.

The action brought is not expected to affect Femern A/S' finances or the plans for the implementation of the Fehmarnbelt project.

On 26 March 2019, the parties supporting the Fehmarnbelt project comprising the government (Liberal, Liberal Alliance and the Conservative People's Party), the Social Democrats, the Danish People's Party, the Radical Liberal Party and the Socialist People's Party, agreed on the start of construction work in Denmark for the Fehmarnbelt link.

The agreement mandates Femern A/S to embark on negotiations with the two contractor consortia, Femern Link Contractors and Fehmarn Belt Contractors, to commence the following construction activities in Denmark:

- The establishment of a work harbour at Rødbyhavn
- The construction of a tunnel element factory at Rødbyhavn

- The establishment of a tunnel portal on Lolland
- The establishment of accommodation and administration facilities
- The ordering of special marine equipment
- Other small-scale preparatory works

Note 30 Approval of the Annual Report for publication

At the Board meeting of 27 March 2019, the Board of Directors approved this Annual Report for publication.

The Annual Report will be presented to the shareholder of Sund & Bælt Holding A/S for approval at the Annual General Meeting on 26 April 2019.

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 2018 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 2018, as well as the results of the Group and parent company's activities and cash flow for the financial year 1 January – 31 December 2018.

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, 27 March 2019

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 Havelykke

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 2018 and of the results of the Group and parent company's operations and cash flows for the financial year 1 January – 31 December 2018 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 2018, which comprise the comprehensive income statement 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 the Management Report and, in doing so, consider whether the Management Report 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 the Management Report 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 judgement 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.

Hellerup, 27 March 2019

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 2020

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 expertise 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 (Chairman)
- 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 private sector food industry, including Carlsberg A/S. Has particular expertise within management, strategy, finance, marketing and NGOs.

Board member of

- 3C Groups 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
- Løgimose Meyers A/S
- Dinex A/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 politics. Has particular expertise 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 (Chairman)
- 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
- Young Enterprise/Fonden for Entreprenørskab

- Labour Court (Deputy Judge)
- Produktionsskolerne (Ambassador)
- Foreningen Norden (Ambassador)
- TeknologipagtRådet
- Danmarks Erhvervsfremmebestyrelse

Ruth Schade (Born: 1951)
Group Director

Joined the Board of Directors in 2016
Election period expires in 2020

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
- May Invest Equity A/S
- Harboe Ejendomme A/S
- Skælskør Bryghus A/S
- Vejrmøllegård ApS
- Buskysminde A/S
- Lundegård A/S
- Rugbjerggård A/S
- Keldernæs A/S
- Visbjerggården A/S
- Danfrugt Skælskør A/S

Lene Lange (Born 1973)
Executive Vice President, Skamol A/S

Joined the Board of Directors in 2016
Election period expires in 2020

Areas of expertise: Legal advice and project management in public-private partnerships, infrastructure projects, production and processing systems and development and supply contracts. On 1 January 2019, took up the position as Executive Vice President at Skamol A&S with responsibility for organisational development and HR. Management experience from position as VP Legal and Human Resources at Terma A/S, Director at Delacour Law Firm and Head of Department at DLA Piper Law Firm (formerly 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
- The independent institution Aarhus Jazz Orchestra

Martin Duus Hansen (Born: 1964)

Operations 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 1979)

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 Operatør 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

Asset Management Executive Director Bjarne Jørgensen

Board member of

- BroBizz A/S
- BroBizz Operatør A/S

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 Kasper Ørtvig

BroBizz Operatør A/S

CEO Ole Lykke Christensen

Sund & Bælt Partner A/S

CEO Bjarne Jørgensen

Board member of

- BroBizz A/S
- BroBizz Operatør A/S

Femern A/S

CEO Claus F. Baunkjær

Board member of

- Sund & Bælt Partner A/S

Key figures and financial ratios

NB: The financial ratios have been stated in accordance with the Accounting Policies.

Sund & Bælt Holding A/S

Key figures, DKK million	2018	2017
Operating income	121	127
Operating expenses	-148	-151
Depreciation	-10	-17
EBIT	-37	-41
Net financials before value adjustment	1,598	1,248
Profit before value adjustment	1,562	1,207
Value adjustments, net	2	2
Profit before tax	1,564	1,210
Tax	-10	21
Profit for the year	1,554	1,231
Capital investment at year end	976	976
Equity	616	514
Balance sheet total	1,643	1,801
Financial ratios, per cent		
Profit ratio (EBIT)	-30.6	-32.5
Rate of return (EBIT)	-2.6	-2.2

A/S Storebælt

Key figures, DKK million	2018	2017
Operating income	3,283	3,557
Operating expenses	-370	-407
Depreciation	-528	-530
EBIT	2,384	2,621
Net financials before value adjustment	-268	-442
Profit before value adjustment	2,117	2,178
Value adjustments, net	91	404
Profit before tax	2,207	2,583
Tax	-486	-580
Profit for the year	1,722	2,003
Capital investment at year end	26,015	26,439
Bond loans and bank loans	21,933	21,525
Net debt (fair value)	21,288	22,070
Interest-bearing net debt	19,832	20,307
Equity	4,109	3,987
Balance sheet total	29,328	29,586
Financial ratios, per cent		
Profit ratio (EBIT)	72.6	73.7
Rate of return (EBIT)	8.1	8.9
Return on facilities (EBIT)	9.2	9.9

A/S Øresund

Key figures, DKK million	2018	2017
Operating income	70	81
Operating expenses	-98	-97
Depreciation	-252	-334
EBIT	-280	-350
Net financials before value adjustment	-202	-205
Profit/loss before value adjustment	-482	-555
Value adjustments, net	109	261
Profit from jointly managed company	691	734
Profit before tax	318	440
Tax	-67	-99
Profit for the year	251	341
Capital investment at year end	5,023	5,260
Bond loans and bank loans	13,015	13,043
Net debt (fair value)	12,278	12,647
Interest-bearing net debt	11,017	11,236
Equity	-6,033	-6,267
Balance sheet total	8,212	8,203

Financial ratios, per cent

Profit ratio (EBIT)	-400.0	-431.5
Rate of return (EBIT)	-3.4	-4.3
Return on facilities (EBIT)	-5.6	-6.6

Sund & Bælt Partner A/S

Key figures, DKK 1,000	2018	2017
Operating income	4,878	4,963
Operating expenses	-5,004	-4,923
Depreciation	0	0
EBIT	-126	40
Net financials	-56	-52
Tax	44	-1
Loss for the year	-138	-13
Capital investment	0	0
Equity	11,086	11,224
Balance sheet total	12,605	12,690

Financial ratios, per cent

Profit ratio (EBIT)	-2.6	0.8
Rate of return (EBIT)	-1.0	0.3

A/S Femern Landanlæg

Key figures, DKK 1,000	2018	2017
Income	0	0
Operating expenses	-3,081	-3,067
EBIT	-3,081	-3,067
Net financials	-101,661	309,369
Tax	26,399	-67,130
Profit/loss for the year	-78,343	239,172
Capital investment	2,344,100	1,609,150
Equity	679,546	757,889
Balance sheet total	4,182,355	3,192,015

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	2018	2017
Income	0	0
Operating expenses	-1,451	-919
EBIT	-1,451	-919
Net financials	-125,275	0
Tax	27,839	-993
Loss for the year	-98,887	-1,912
Capital investment	3,645,551	3,289,066
Equity	424,395	523,282
Balance sheet total	7,375,020	3,587,894

Financial ratios, per cent

Profit ratio (EBIT)	0.0	0.0
Rate of return (EBIT)	0.0	0.0

BroBizz A/S

Key figures, DKK million	2018	2017
Operating income	91.3	88.0
Operating expenses	-69.6	-71.3
Depreciation	-17.1	-15.3
EBIT	4.6	1.4
Net financials	1.5	1.2
Tax	-1.3	-0.6
Profit for the year	4.8	2.0
Capital investment	57.6	57.4
Equity	123.6	118.8
Balance sheet total	533.3	557.9

Financial ratios, per cent

Profit ratio (EBIT)	5.0	1.6
Rate of return (EBIT)	0.9	0.3

BroBizz Operatør A/S

Key figures, DKK 1,000	2018
Operating income	1,166
Operating expenses	-1,180
Depreciation	0
EBIT	-14
Net financials	0
Tax	-7
Loss for the year	-21
Capital investment	0
Equity	9,979
Balance sheet total	11,629

Financial ratios, per cent

Profit ratio (EBIT)	-1.2
Rate of return (EBIT)	-0.1
Adjusted Operating Earnings (AOE)	-0.2

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.

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.