

COPENHAGEN MALMÖ PORT ANNUAL REPORT 2017



2017 IN BRIEF

CMP reports increased volumes. In 2016 CMP handled 15.7 million tonnes of goods. This is an increase of five per cent compared with the previous year, corresponding to around 700,000 tons.

CMP focuses on its collaborative partners in Cruise Copenhagen, which are the reason that the port can pick up awards and recognition as the best cruise port and destination.

Liquid bulk handling capacity is being fine-tuned. CMP is investing in yet another automatic loading arm at Prøvestenen in Copenhagen. This will make loading more effective and increase safety.

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

Naming ceremony for MV Auto Energy, the largest dual-fuel PCTC (Pure Car & Truck Carrier) in the world. Auto Energy is powered by LNG for cleaner and environmentally friendly operations.

The cruising season commences with Aidacara calling to the port. The number of ports of call is up 2017 and CMP is taking on a greater number of cruise passengers than previously.

NYK Group Europe announces that CMP has received the distinguished accolade "Certificate of zero Damages FY2016" as a confirmation of the fact that the damage rate for car handling in Malmö is essentially zero.

CMP is taking the container terminal one step further in work to rationalise processes and is now offering a Mobile Self Service function for haulers to use.

Two new mobile cranes are in place in Swede Harbour in Malmö. They offer a significant increase in flexibility, as they are not track-based, and the lifting capacity is much higher than before.

Mercedes Benz and CMP have signed a contract relating to the rental of outdoor space and a vehicle handling/-service contract in Malmö. This involves a total area of around 6,100 m².

CMP is a hub for handling concrete panels in Malmö. This is down to the port's strategic location in an expansive region, but also to the top-class service with minimal damage to goods.

New record at the container terminal in Copenhagen. A total of 955 lifting operations took place on one vessel, corresponding to 1,601 TEUs.

Boost in collaboration with SCA Logistics. Malmö is the hub for environmentally-friendly local shipping, which transports paper products, primarily newsprint to customers in Denmark.

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

In Copenhagen, CMP has invested in a new system that can meet the requirements for the accuracy of weighing containers for VGM.

Barbara Scheel Agersnap appointed new CEO of CMP. She has been deputy CEO of CMP since June 2015.

CMP is crowned the winner of the 'Future Transport Award', because CMP is "one of the best ambassadors for the intermodal concept in Sweden".

CMP steps up collaboration with the construction industry and deliver solutions in the form of managing the customers' logistics terminal, so they can concentrate on construction.

Copenhagen attracts more Christmas and New Years cruises. In December, CMP welcomes around 6,000 passengers, who will visit attractions including the classic Christmas market at Tivoli.

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KEY FIGURES 2017

- Net sales, MSEK 839 (812)
- Profit after financial items, MSEK 57 (31)
- Net profit, MSEK 26 (6)
- Equity (adjusted), MSEK 151 (99)
- Balance sheet total, MSEK 1,141 (1,038)
- Net margin, % 7 (4)
- Solidity, % 13 (10)
- Return on Equity (average), % 45 (24)
- Net sales per employee, TSEK 2,419 (2,154)
- Number of employees 347 (377)
- Return on Operating Capital (average) ROOC, % 18 (19)

CMP MANIFESTO:

WE CONNECT SEA WITH SHORE AND CREATE GROWTH AND PROSPERITY FOR ALL

As the sun rises on the shores of Malmö, we are here, ready to welcome you on solid ground. As it sets behind the skyline of Copenhagen, we are still here. We're the first to greet you when land is in sight and the last to see you safely off to sea again.

We are CMP. More than 400 Swedish and Danish team players with salt water running through our veins and with proud souls because we make a difference every day. To the community and to the wheels that keep society going. And to the Denmark and Sweden of today, we stand united in developing.

We are CMP. We connect sea with shore and create growth and prosperity for all. It takes will power and strength in every woman and man. And this we have. That is why we work at the docks. From hardhat to laptop. From strong arms and an eye for details, to quick-witted minds who see a bigger picture and who understand what it takes to find a safe haven in modern times. Together we have the courage to find new ways and to do whatever it takes to solve the task, securing the path to the future. We strive to improve – every day. With outmost respect for both society and environment.

We are CMP. The gateway to the Baltics and the Baltic Sea. The doorway to Denmark and Sweden. So, set sail with us. We know where you're coming from and where you are going. And we will make sure that you get there – safe and on time.

We do that better than most. In a healthy work environment, together we ensure the shortest distance between dock and office.

Always greeting you with a smile and a firm handshake, when you dock in Copenhagen or Malmö.



**A SAFE
HAVEN.
A SEA OF
OPPORTUNITIES.**



CEO STATEMENT:

TRANSFORMATION IN THE PORT IS CONSTANT



Barbara Scheel Agersnap
CEO

The port has always been characterised by trade and dynamics. We connect sea with shore and play an important role in our surrounding community. A well-run port generates jobs and attracts new businesses, tourism for example. This applies to both Copenhagen and Malmö, where both ports are full of activity.

Currently, there is additional pressure on change in society and business. A new reality is emerging. The port industry is about to undergo structural changes, as a result of technological developments, and because the industries of which the port is a part are

changing. Innovation is steadily gaining ground and, along with digitalisation, it is one of the major topics on the agenda when we meet customers and other stakeholders.

Almost 90% of all the world's freight is transported by sea. Therefore, the port industry must accommodate and implement new trends. All freight is a part of overall industrial value chain. However, despite all the market changes, the port environment is also a place that exudes tradition. At CMP the new and the old are not each other's opposites, but rather indispensable prerequisites for transformation.

Over the years, we have developed a solid understanding of the port as a meeting point, a hub and a workplace. We are utilising both our experience and new skills to set ambitious goals for the future.

In the new reality, I am convinced that port operations will be even more about partnerships. We are, and will continue to be, involved in partnerships, because the best solutions are most frequently created in interaction between several partners. New business models are surfacing, to the benefit of both the port, our customers and the surrounding community. At CMP we are welcoming these changes.

The core and the pride remain unchanged. As well as our ambitions.

Every day brings operational and logistical challenges which have to be duly handled. Our success in this is particularly down to the human factor. At

CMP, ambitions and cooperation go hand in hand with a natural respect.

A business area undergoing significant development is the cruise industry. With over 960,000 passengers expected in 2018, CMP will break our own record again this year.

Cruise passengers are demanding unique experiences and service at a high international level. In this context, CMP has sent a clear signal with our decision to invest in a new cruise terminal in Copenhagen, which will be completed in a couple of years. In addition, we have started operations at the new cruise quay in Visby, on Gotland. This makes the cruise routes in the Baltic even more attractive, and we are delighted to be involved in developing Gotland as a cruise destination.

CMP is thus establishing the basis for further cruise tourism in Scandinavia and simultaneously developing Copenhagen's position as Northern Europe's leading cruise destination.

We are ambitious about our future. We view change and development as two sides of the same process: As a necessary and continuous transaction in order for CMP to maintain and develop its position as a leading player in the Nordic region.

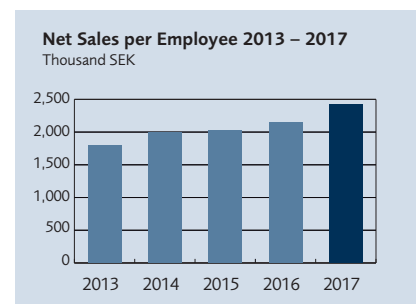
Barbara Scheel Agersnap
CEO





15,500,000
tonnes of cargo

849,000
cruise passengers



BUSINESS CONCEPT:

SOLUTIONS THAT IMPROVE OPERATIONS FOR CUSTOMERS

CMP sells port, terminal and transport solutions. The business concept emphasises that we offer solutions, in other words, services and logistics that improve and facilitate operations for customers and collaborative partners so that they can manage their shipments in a simpler, more efficient and competitive way.

At the same time, offering solutions entails helping customers to meet new challenges in the transport market, but also that we are fast and skilful at resolving everyday problems in our logistics management. To achieve this we are innovative, enterprising and good at adapting our services to different needs.

Moreover, our focus on solutions is the key to our commercial success. Our correctly formulated offers ensure that land and premises give us a rental income, that the quays provide port revenues and that all other handling also produces revenues.

Our business concept also includes the fact that

CMP's work makes a difference for our industry and gets the wheels of society rolling. We are associated with innovation and good business acumen and are a link in the transport chain that is developing the modern Sweden and Denmark.

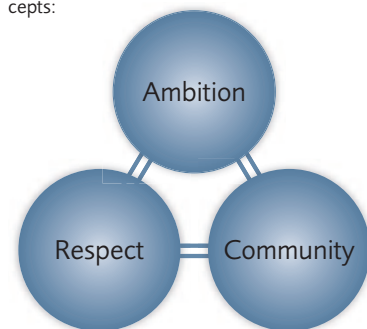
Mission

*We connect sea with
shore and create growth
and prosperity for all*

The mission describes concisely and concretely the justification for our existence and what purpose CMP has. It is crucial that the mission is clear for all employees to ensure implementation of the ambitious business and development goals that CMP has set.

Clear values

Alongside the mission, we know that CMP's culture is also driven by the employees and a good working atmosphere, where everybody feels at home and can support our values. Our values are therefore simple to remember and relate to, at the same time as they highlight the essence in CMP's operations and culture. These values are based on three concepts:



SERVICES:

CMP – A FULL SERVICE PORT

Copenhagen Malmö Port AB (CMP) is one of Scandinavia's largest port operators, with terminals in Copenhagen and Malmö. Copenhagen is a large port of imports for cargo to the capital area and the rest of Zealand. Malmö is more of a transit port, where cargo is reloaded onto ship, train or lorry for onward transport to final destinations in the Baltic region.

A full service port – provides an overall solution

CMP is a full-service port. This means that we receive all types of freight and have a tailor-made infrastructure for all types of ships, for example, RoRo and container services, car imports and liquid and dry bulk. The full service capacity means that we handle everything from consumer goods, petroleum products, chemicals and grain to scrap metal, building materials, wood pellets and raw materials for industry. At the same time, the fact that we work with so many types of goods makes CMP less sensitive to economic fluctuations.

Via Copenhagen – which is Northern Europe's leading cruise destination – CMP has extensive cruise traffic. During 2018 this operation is going to be further expanded via the cruise terminal that has been opened in Visby. In addition, there is a ferry service out of Copenhagen with regular passenger traffic to Oslo as well as one from Malmö to Travemünde.

Core Port – facilitates investments

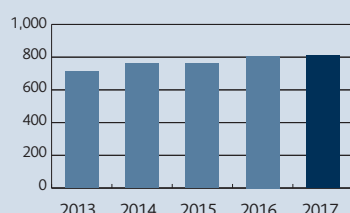
The EU has designated CMP's terminals in Copenhagen and Malmö as Core Ports. This means that the facilities are of particular importance in the initiatives that are made in the future to improve the transport network in Europe. It is easier for a Core Port to obtain EU support for investments, for example, for interlinking rail and road communications or other initiatives that increase the freight capacity.

A logistics hub – intermodal solutions

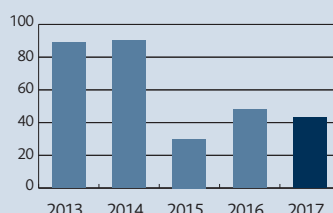
We occupy a strategic location in the Sound between Sweden and Denmark. This has made CMP a logistics hub for companies which handle freight with a final destination in Scandinavia and other countries in the Baltic region. We offer intermodal logistics solutions for these customers, where freight is simply loaded between sea, road and rail.

As a logistics hub, new opportunities are continually emerging as more companies endeavour to concentrate their distribution in regional hubs. For those port companies that have a strategic location and offer a broad service, this can entail increased growth. CMP is further benefitted by the fact that we have access to new areas of land in connection with the terminals in Copenhagen and Malmö. Either new establishments can be made in these areas or existing customers can expand their operations.

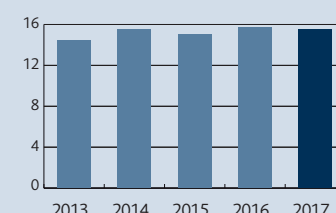
Net Sales 2013 – 2017
Million SEK



Net Profit 2013 – 2017
Million SEK



Cargo Volumes 2013 – 2017
Million of tonnes



Five year overview

	2013 ⁽¹⁾	2014 ⁽¹⁾	2015	2016	2017
Net sales, MSEK	715	763	762	812	839
Profit after financial items, MSEK	89	90	30	31	57
Net profit, MSEK	91	90	39	6	26
Equity (adjusted), MSEK	413	416	164	99	151
Balance sheet total, MSEK	549	632	636	1,038	1,141
Net margin, %	12	12	4	4	7
Solidity, %	76	66	26	10	13
Profit equity ratio, % ⁽²⁾	22	22	10	24	45
Net sales per employee, TSEK	1,788	1,987	2,027	2,154	2,419
Number of employees	400	384	376	377	347
Return on Operating Capital (average) ROOC, %	27	32	20	19	18

(1) As of January 1, 2014, the company applies BFNAR 2012: 1 Annual Report and Consolidated Financial Statements ("K3"). The comparative year 2013 has been recalculated in accordance with K3. Recalculation of previous years has not occurred. Correction of error: In the multiannual review, amounts are reported as an effect of correction of errors by retroactive application. The amounts for 2013-2014 have not been recalculated.

(2) Profit before Tax (PBT)/Average adjusted equity

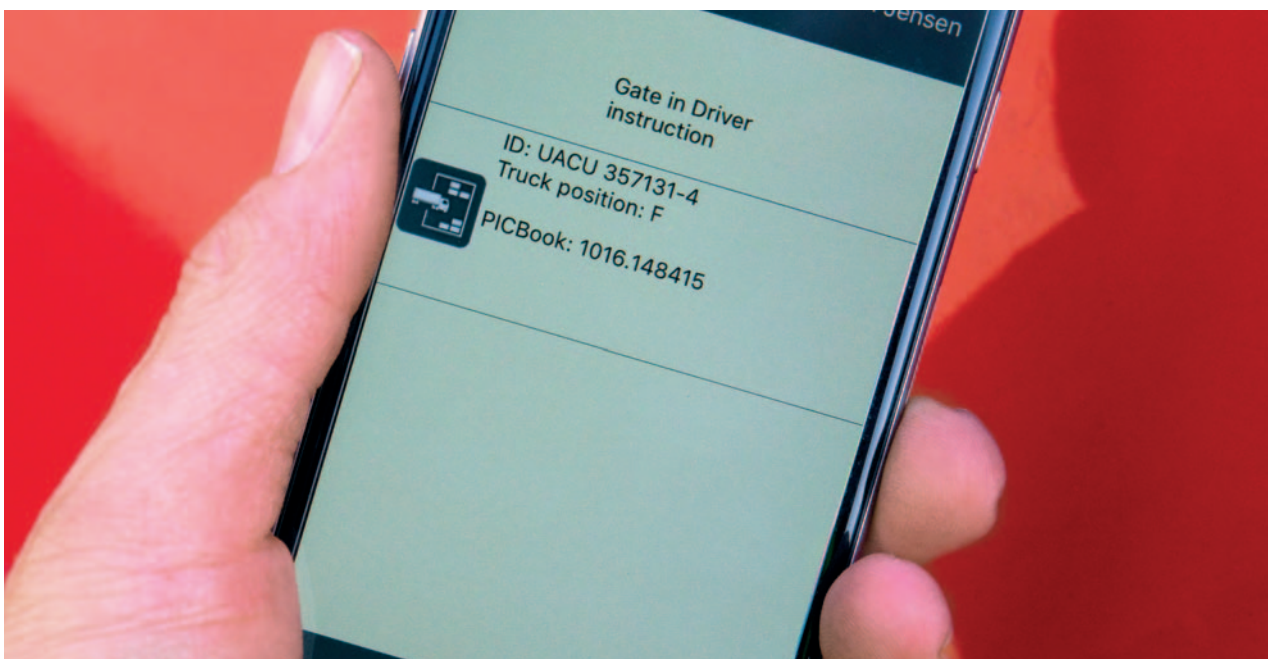
BUSINESS OUTLOOK:

LOGISTICS MANAGEMENT OF THE FUTURE

Logistics management is changing. To ensure competitiveness, service and quality, the actors in the transport chain must change roles and working methods. At the same time, technological developments are providing new opportunities when it comes to sharing and deriving benefit from information in the transport chain.

The changes in the logistics market are taking place increasingly rapidly. CMP points to some trends and external factors that are affecting our industry and which it is therefore important to follow.

- Global consolidation among container companies, which, via alliances and other types of collaboration, want to ensure their competitiveness and their market positions. Collaboration enables the shipping companies to increase their range of services, strengthen their offer and improve their customer service.
- New collaborations, where several large shipping companies have started to join forces with new types of company, principally IT and e-commerce companies, which have not traditionally been a part of the logistics sector. The aim is to digitalise more of the freight flow/logistics chain and strengthen their own control over the parts of this chain.
- Digitalisation, where phenomena such as the Internet of Things and block chain are opening up new possibilities in the logistics chain. "Smart" technological solutions are being introduced which can provide information on a continuous basis about the freight, for example, changes in temperature inside a container. This type of aid enables increased control and monitoring of the flow of goods.
- Connectivity, which means that trains, lorries or ships that transport freight are linked together with terminals and other hubs in a common information flow with a high level of security. The information is open and shared between actors in the transport chain in a way that provides overview and control, and also reduces the need for manual handling.



ACT PROACTIVELY – OFFER SUPPLEMENTARY SERVICES

Competition is increasing in line with customers reviewing their flow of goods and looking for more efficient solutions. Ports and other links in the transport chain are therefore having to act proactively and offer supplementary services and be able to manage the effects of increasing digitalisation.

Traditionally, ports have had competitive advantages through their geographic locations, which have attracted certain types of freight and customers. This paved the way for customer relationships where the logistics flows were fairly stable and sales work was focused on dealing with incoming enquiries.

New conditions

Freight and transport customers now have more options and are evaluating their logistics flows more frequently and more extensively than before.

"The customers are now considering the potential in larger catchment areas than was previously the case. This is increasing the competition between ports in the same region. The customers are also considering rail availability, infrastructure, technological solutions, expertise and much more in their endeavour to

achieve a well-functioning transport chain," says Ann-Charlotte Halldén Åkeson, Key Account Manager at CMP.

Given these changes, there are increased requirements on dealing with the following issues or areas:

- **Broad market knowledge** – ability to follow developments and understand how trends and patterns of behaviour are changing and where there is potential in the market.
- **Understand the sales process** – understanding of where crucial decisions are made in the transport chain and that the customer's customer or other actors can affect how the logistics flows are configured.
- **Attractive supplementary services** – differentiate offers and provide the customers with added value in their logistics deals, for example, within storage and special handling. Of equal importance is the ability to function as a link in the individual business network, including connecting different actors with each other and thus offering them new services or freight volumes.

Capacity to adapt quickly

New technology, new business models and new actors – or old actors in new roles – are expected to change the conditions in the transport market in the near future.

"Even though the patterns are not always clear, it is important to follow developments and adapt one's own operation," says Ann-Charlotte Halldén Åkeson, "including through focusing on":

- **Flexibility** – flexible in the service offered, but also in relation to technical equipment, storage, areas available and other aspects which match customers' needs and make a difference for them.
- **Digitalisation** – understanding of how new, digital technology affects business development, in part in the integration with customers, collaborative partners or new types of partnership, in part in the work of streamlining internal work flows.
- **Proactive** – work actively to attract customers and freight volumes, take the initiative and constantly evaluate new business opportunities in order to locate the potential in the market.

Right mode of transport – good for the environment and the economy

CMP is a link in the global transport chain. In this chain, we want to contribute to ensuring that the mode of transport that is most efficient and environmentally compatible is always selected.

We want to participate in a development of the transport industry that is beneficial for both the environment and the economy. As a part of this development, it is important that the mode of transport that is most efficient and environmentally beneficial is selected in every situation.

The ports in focus

In order to derive maximum benefit from each mode of transport, the design of the overall transport infrastructure is an important issue, for example, that of the EU's future transport network. One concrete

issue concerns the so-called Core Ports, which the EU has designated as especially important for the development of the European transport systems.

"By focusing on investments in, for example, train connections at these ports, they can maintain a modern infrastructure and continue to be Core Ports. Of equal importance is ensuring the depth of channels, which benefits shipping and enables more freight to be moved to this environmentally smart mode of transport," says Ulrika Prytz Rugfelt, PR & Corporate Communications Manager at CMP.

Equal treatment important

Moving more freight to sea and rail is a clear objective – both within the EU and in many national transport markets. As stated, managing this requires in-

vestments in the most important ports, but also changes in the conditions in the transport market.

"It is positive for both the economy and the environment if different transport options are treated equally and can compete on equal terms. It concerns, for example, simplifying the administration within shipping so this mode of transport is selected more frequently and the benefits that sea, rail and shipping have, can be optimally utilised," she concludes.

POVL DOLLERIS RØJKJÆR UNGAR, COO BUSINESS AREA PORT & TERMINAL OPERATIONS:

"DIGITALISATION AND NEW COLLABORATIONS IN FOCUS"



Povl Dolleris Røjkjær Ungar
COO Port & Terminal Operations

How would you summarise 2017?

I feel that developments in general have been positive. We have continued to streamline our handling. It means that we are better coordinated and utilise more synergies between the business segments, both in relation to technology and to employees, and this benefits our customers. We have also optimised our terminal areas and are utilising the facilities more effectively.

Another thing that characterised 2017 is the work on our new container terminal. The project shows that CMP is making a long-term investment in this operation in Copenhagen. The work is extensive and is affecting everyday life for many of us.

Furthermore, I would like to highlight the opening of the new Nordhavnsvej, which is substantially improving accessibility to CMP's facilities in Nordhavn, connecting the motorway system with the port. Transports to Copenhagen are now 10-15 minutes faster. This makes a big difference, both for us and our business partners, at the same time as the environmental load from the transports is reduced.

What has the development been like in the different business segments?

We have had a minor downturn within containers and cars. Within cars this was primarily due to the fact that a customer relocated one of its production flows. At the same time, we have further developed the collaboration with the UECC shipping company, which has made CMP its hub in Scandinavia. Furthermore, this customer decided to christen one of its ships, Auto Energy, here in 2017, which is flattering. Within cars I am also pleased that one of our customers has once again praised CMP for its high quality. Our damages are basically zero and it is positive that the customer values the work we do. Mercedes-Benz established its own terminal operation in Malmö during the autumn. We are offering an overall solution, which matches the customer's need for space and service.

Within Logistics, I would like to highlight a new collaboration in Copenhagen with WIG Scandinavia where we are partially taking a new role in relation to the customer. Here too we are supplying a comprehensive logistics service where we are taking responsibility for several stages in the handling so that the customer can instead devote itself to its core activity. This is a good example of how we tailor our product according to specific needs. The collaboration with SCA Logistics in Malmö is continuing to develop positively, partly in relation to volumes, partly in that together we have linked new types of freight to the logistics flow.

Are there any specific initiatives or investments you can highlight?

We are continuing the work on our TOS terminal handling system in Copenhagen. The objective is to continuously develop systems, processes and technical aids which deliver value in the logistics chain. A mobile app was launched during the late summer as a complement to our self-service stations. It is used for ordering inbound and outbound deliveries of containers. The app makes things simpler for users of the terminal and ensures an even better flow. As said, we are going to digitalise increasing numbers of our processes, and this is a good example.

What is in focus 2018?

Digitalisation signals that CMP is open for new types of partnership and collaboration. We shouldn't limit ourselves to frameworks or conditions that have traditionally characterised the port operation. It is an important message to convey to customers and collaborative partners. There should be a sense that we are innovative and have an ambition to develop in new directions and in new types of relationships. Naturally, this ambition doesn't just apply to P&TO, but to all our business segments.

Another example is the work on a so-called autogate. The lorries are registered via cameras and the use of Optical Character Recognition (OCR), which takes place automatically when they drive in and out of the terminal. The OCR system identifies both lorries and containers. Furthermore, the system can be used to identify damage to individual containers.

This technology also makes life easier for both us and our collaborative partner as the flows of traffic into the terminal are speeded up. In addition, the risk of damage is reduced as the technology also helps to document the freight. The evaluation will be completed during spring 2018 and is expected to give the green light for installation of the OCR technology later during the year.

Port & Terminal Operations, P&TO, consists of four distinct areas of freight: Cars, Containers, Logistics/Break bulk and Railway.

CMP operates Scandinavia's largest logistics hub for new cars. 14 brands of car are currently handled via this hub.

Within Container, CMP is a large port of imports, supplying the markets in both Copenhagen and Malmö with consumer products and other goods. Logistics/Break bulk consists mainly of unloading and loading of building components and paper and steel products

Railway handles intermodal flows of freight that are moved between road, rail and sea. The well-developed rail solutions mean that CMP functions as a hub for cars, scrap and paper products etc.

Environmental issues in focus

Environmental issues have characterised the work on CMP's new container terminal in Ydre Nordhavn, Copenhagen. It entails both meeting official requirements and tackling the terminal's overall environmental impact.

A large proportion of the work has been focused on what is called an environmental impact assessment (EIA) – a document which the environmental authorities ultimately have to approve. This process is expected to be completed during 2018.

Increased automation

Another major issue is the technological direction of the future terminal. Even though the details are not finalised, one thing is certain. Automation will increase so that more containers can be handled

per hour and the areas can be better utilised.

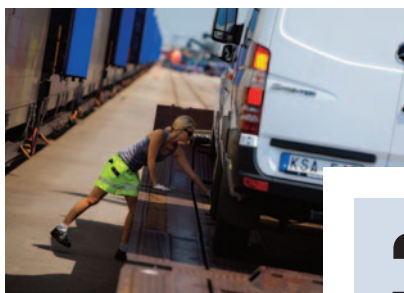
"We want to achieve a new level at the new facility and be the container port of the future," emphasises Povl Dølleris Røjkær Ungar, COO, Port & Terminal Operations. "The board of directors made a decision during 2017 regarding the relocation and the technology that will guide us."

"This work also involves us looking at what is being done in other ports, including the automated container terminals in ports throughout the world. The investment and the high technological level also signal that CMP is a secure and long-term partner for our container customers – via an ultra-modern facility where hauliers and shipping companies are offered an even higher level of availability than is the case today", he continues.

Urban development driving developments

It is ultimately the urban development in Copenhagen that is driving developments and that has led to a new container terminal being constructed further out towards the sea in Ydre Nordhavn. In a few years housing, offices, schools and much more will be constructed where the current terminal is located.

An even more extensive development of the infrastructure will also accompany the urban development throughout the entire area. These are initiatives which will benefit CMP's new container operation and logistics management as a whole. The new terminal is expected to be operational during 2021/2022.



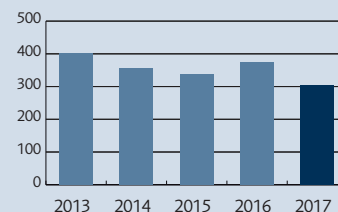
304
thousand handled new cars,

166
thousand TEUs and

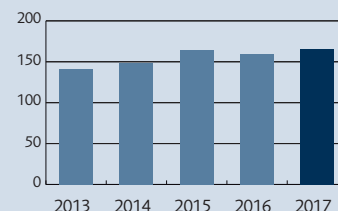
6,8
million tonnes of General Cargo



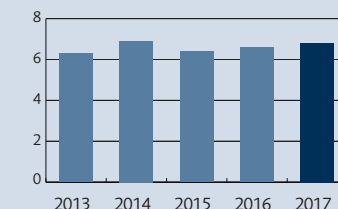
New Cars 2013 – 2017
Thousand



Containers 2013 – 2017
Thousand TEUs



Break Bulk/Logistics 2013 – 2017
Million of tonnes



BRIAN KRISTENSEN, COO BUSINESS AREA LIQUID, DRY BULK & PROPERTY:

"LARGER CAPACITY, INCREASED VOLUMES WITHIN DRY BULK"



Brian Kristensen
COO Liquid, Dry Bulk & Property

Summarise the liquid and dry bulk operation in 2017?

One of the positive events was that our new mobile cranes were put into operation in the dry bulk operation in Malmö. This significantly increases flexibility, partly as the cranes are not track-bound, and partly because the lifting capacity is much higher than before. We can thus offer even better and more efficient handling. Another positive thing is that we have made adjustments and increased volumes at the large dry bulk facility that was established in Malmö in 2016.

What has characterised the year within dry bulk?

Scrap has decreased somewhat, but the total volume within dry bulk has nevertheless increased. This shows the importance of working with a lot of different segments, which makes us less vulnerable. Several of our existing customers have increased their volumes. And even though it doesn't involve large volumes from all of them, it nevertheless contributes to a superb development.

Total volumes also increased at Prøvestenen in 2017, one of the reasons being that we took on a major new client. They utilise 16,000 square metres of our

bulk terminal and work with stone and gravel material for construction and infrastructure projects. In Malmö we are hoping to be able to expand the handling of sorted household waste, which is used as fuel in district heating production. The first trial was conducted during spring 2018. Another factor that is creating opportunities for us is the on-going energy conversion in the Copenhagen region. This entails coal being gradually replaced by biomass as fuel in CHP production. It may well increase the need for areas for storage and handling as well as for more shipments, which is of interest to us.

What characterises liquid bulk?

The total volume decreased somewhat during 2017. At Prøvestenen, it is the volumes within bunker oil that fell compared to last year. In Malmö, on the other hand, the volumes increased. In parallel with the changes within bunker oil, we have also grown within some other segments.

Any particular initiatives that are worth mentioning?

Investments have been made in Malmö in new pipes at one of the liquid bulk terminals. It improves customers' handling by making it more flexible, particularly in a situation where volumes are increasing. On Prøvestenen we have invested in a new automatic loading arm. It makes loading more efficient, but also enhances safety.

Is there any new business or collaborations that you can tell us about?

An interesting future project is the liquid bulk terminal on Prøvestenen, which will be operational in late 2018 or early 2019. It is what was previously called the Shell terminal – a very exciting venture that we anticipate generating major new volumes for us.

What has been happening within Property?

The big news is that we have reorganised and that this operation is now included in a staff function called Property & Legal. It is a function which supports our business areas in relation to, for example, leasing and permit issues. It makes things easier for

the business areas and enables them to concentrate more on their respective core activities. In parallel we are working on the development of Terminal 3 in Malmö. We are holding discussions with a range of stakeholders regarding this facility, and obviously also about which investments and technical adaptations might be relevant.

What is in focus 2018?

I hope that we can fully utilise the capacity we have gained as a result of the new cranes in Malmö. There is great potential and I really want us to exploit it.

We also want to continue developing CMP as a logistics hub. It seems that interest in such hubs is on the increase. We are receiving more and more enquiries, and reasons for this include the fact that a consolidation is under way where the companies are trying to assemble their operations in fewer but larger units. This benefits CMP, partly because we have a good geographic location, partly in view of the capacity and service we offer.

I can also tell you that we have initiated a study into the infrastructure in the oil port in Malmö. It will constitute the basis for decisions on how quays and other facilities in this part of the port will be optimally developed in the long-term.

The products within dry bulk are primarily intended for the markets in Copenhagen and Malmö. In Copenhagen the major products are stone, gravel and other filler material. Scrap is a predominant product in Malmö, and CMP is still the largest port for scrap in the Öresund region. Besides these products, the dry bulk operation also includes cement, salt, sugar, grain, coal and pellets.

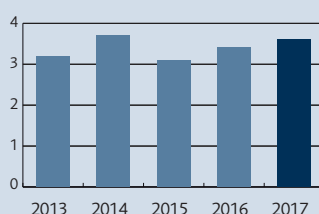
CMP's strategic location in Öresund has made the liquid bulk terminal a hub in the handling of bunkering oil. CMP is also a hub for intermediate storage of this oil in the transit traffic between Russia and countries including the USA. CMP also handles petrol, diesel, oil and chemicals that are used in the local markets in Copenhagen and Malmö.



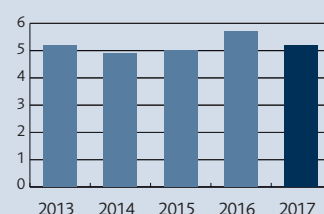
3,6
million of tonnes dry bulk and
5,2
million of tonnes liquid bulk



Dry Bulk 2013 – 2017
Million of tonnes



Liquid Bulk 2013 – 2017
Million of tonnes



ARNT MØLLER PEDERSEN, COO BUSINESS AREA CRUISE & FERRIES:

"RECORD SEASON AND SEVERAL NEW INITIATIVES"



Arnt Møller Pedersen
COO Cruise & Ferries

How would you summarise the cruise season in 2017?

First and foremost, this was CMP's largest and most successful cruise season thus far, both in terms of number of passengers, which amounted to 849,000, and the ships' gross register tonnage. It is quite simply a record season, which feels highly gratifying. Neither have we ever had so many large cruise ships in turnaround with us, i.e. ships that are 300 metres or longer. We received 55 such ships in Copenhagen during 2017, which is almost four times more than in previous years.

How is service and quality affected when handling large ships with more passengers?

It requires greater resources from us. For example, we have needed to work on the basis of two terminals simultaneously in order to manage passenger service and luggage from 17 of the arrivals. However, this too has gone well and we have received a lot of praise. Customer satisfaction also remains high, at over 90 per cent. And the fact that we have handled almost four times as many large arrivals compared with previously – but still maintained the level of quality and service – is obviously positive.

What can you tell us about general developments in the cruise industry?

That growth remains high. 97 new ships will be put into service globally in the period up to 2026. 16 new ships will be put into operation during 2018 alone, and a total of 24 in 2019 – that's a record too! The trend towards larger ships is pronounced, with increasing numbers being powered by Liquid Natural Gas (LNG), which reduces the environmental load. Another trend is that the cruise market in Asia is continuing to increase. It is now the second largest in the world after the Caribbean. By extension this benefits CMP. This is because cruise tourists tend to seek out new destinations once they have had a taste of cruising. When all the trends are put together it is clear that confidence is currently very high in the industry.

What are the major environmental issues and how is CMP addressing them?

The major issue is the waste water which is received at all of our facilities. At the newer terminals in Copenhagen it is processed in tanks on the quays, which are connected to the sewage network. At our newest terminal in Visby, the waste water is also handled in permanent tanks on the quay. Noise from the ships' engines and other sources is another environmental issue that we regularly monitor and follow up. As we have several terminals, we try to place the ships that make the most noise at the terminals farthest out towards the sea. Use of LNG will have a positive impact on this issue in the long-term as noise levels decrease in ships which run on this fuel.

What opportunities will the new terminal in Visby open up?

The facility was opened as planned in April 2018. It enables Visby to double the number of cruise passengers in 2018 compared with the year before. We will be receiving 89 arrivals and 90,000 passengers. Visby represents an additional destination for CMP. It consolidates our leading position in Northern Europe, and means that we will receive about 1 million passengers on our own. The fact that we can now offer three destinations is highly valued by the shipping companies.

Tell us about the cruise operation in Malmö in 2018

Malmö is an excellent complement to Copenhagen. We will be receiving nine arrivals during 2018 and 12 in the year after. It is great that we are broadening the cruise business and that Malmö will once again be a turnaround port.

How are DFDS's ferry services developing?

2017 was also a good season for this operation, which is continuing to grow. DFDS has continued to modernise its ferries between Copenhagen and Oslo, which is making a positive contribution to the development. The number of passengers increased by 2% per cent to 762,300.

What is in focus 2018?

The strong development will continue with more arrivals and passengers, as well as more large ships. It shows that the investment that was decided in 2017 – the establishment of a fourth cruise terminal – is needed. We are also benefitting from the fact that the cruise season is gradually being extended, in 2018 by about one month. We will receive the first arrival in March and the last one on 31 October. In addition to this there are several Christmas and New Year cruises. It means that we are very positive about 2018.

Copenhagen is Northern Europe's leading cruise destination. The number of cruise passengers in Copenhagen amounted to 849,000 in 2017, which is an increase of 16 %.

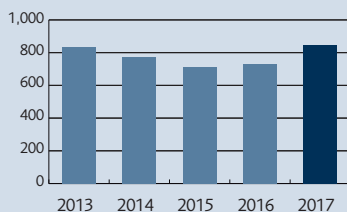
Passenger traffic comprises daily ferry services between Denmark and Norway and also between Sweden and Germany. In 2017 this traffic increased to 857,000 passengers.



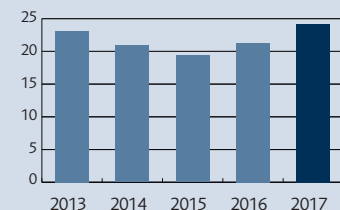
**849
000**
Cruise Passengers from
325
Cruise Ship calls



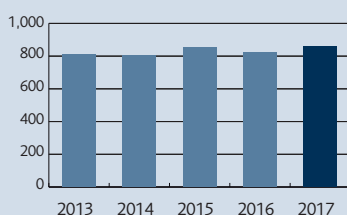
Cruise Ships, Passengers 2013 – 2017
Thousand



Cruise Ships, Tonnage 2013 – 2017
Million of gross tonnes



Passenger Traffic 2013 – 2017
Thousand



New cruise terminal increasing capacity and service

CMP is now planning for another cruise terminal in Copenhagen – a building that will be three times as big as one of the current terminal buildings. It will pave the way for a safer and more efficient passenger service in a cruise industry that is growing exponentially.

In October 2017 the board of CMP decided to invest in a new cruise terminal at Ocean Quay in Copenhagen. The background is that the future prospects for the cruise industry are promising with steadily rising demand. Terminal 4 will consolidate Copenhagen's position as the leading cruise destination in Northern Europe.

"This decision gives us the opportunity to create a modern and attractive terminal which can efficiently handle the large numbers of passengers who will want to visit Copenhagen in the future," says Arnt Møller Pedersen, COO, Cruise & Ferries, Copenhagen Malmö Port AB.

Terminal 4 is designed for more than 5,000 passengers and will contribute to CMP being able to receive even more and larger ships going forward. The actual terminal building will be a total

of about 10,000 square metres in size. It will be constructed over two floors with generous areas for check-in, other passenger services, baggage handling and much more.

"The requirements placed on us are gradually increasing, including in relation to passport and visa control for passengers resident outside the EU," Arnt Møller Pedersen says. "We therefore have to offer larger areas with more space for services."

The passengers will be able to board the ships directly on two gangways from the upper floor in the terminal. This will increase capacity, but will also make boarding safer and more convenient.

The work of designing the new terminal building is fully underway. In focus right now is the environmental permit process. For CMP – which besides the cruise terminal is also constructing a new container terminal in Copenhagen – the environmental permits for the two terminals will be managed in the same project. CMP is planning to open its new cruise terminal 4 in 2020.

JOHAN ULLENBY, COO BUSINESS AREA NORTH HARBOUR:

"WE HAVE THE CAPACITY AND THE OPPORTUNITIES"



Johan Ullenby
COO North Harbour

How would you summarise 2017?

The volumes within RoRo grew substantially, particularly in the latter half of the year. It provides increased stability in this operation in both the short and the long-term perspective as it consolidates our strong product in the market. We are demonstrating that we have the capacity and the opportunities, which feels important for the future. And in the shorter term we have entered 2018 with a completely different energy. A new rail shuttle service started between Malmö and Antwerp during the spring. It broadens the number of destinations from Malmö. The customers have appreciated this, which has led to the operation developing from three to four round trips per week. Last but not least, container volumes increased relatively sharply.

What are you most pleased with?

That the volume growth has enabled us to achieve even better results, which is our starting position for the continued work. And it was also really gratifying that our organisation was able to manage the rapidly growing container volumes in 2017 at short notice. The way in which we absorbed these volumes showed how good – in terms of personnel,

technology and quality – our product in North Harbour is and was a clear acknowledgement of what we can offer. One result of this is that we are now holding discussions with several new stakeholders that we are hoping can pave the way for new business in the long-term.

How has the business segment developed?

The increase within Container occurred during the summer months and meant that the total volume grew to 11,000 TEUs. Within RoRo the development on the lorry side was stable, while trailers increased by around 11,000 units. Passenger traffic within RoRo also increased, representing about 10,000 more private cars for us compared to 2016. Combi-traffic also increased as container volumes rose during the summer. Within combi, CMP is collaborating with Sweden's largest actor in terms of rail logistics. The network we are gaining access to is without doubt one of our major strengths in relation to combi-traffic.

What are the competitive advantages?

The geographic location is an obvious benefit with direct connections to the city, the motorway network and the trunk line for rail, but also the capacity in North Harbour. However, perhaps the greatest strength is our trimodal solutions which mean that freight can be simply moved between ships, lorries and trains in the same terminal. We are also located in direct connection to Malmö Industrial Park, where companies have access to attractive and centrally situated industrial sites.

How has Malmö Industrial Park developed?

Companies looking for large plots for long-term ventures can turn to us. This – together with a functioning port – is available in Malmö Industrial Park. It makes us unique in terms of the opportunities available in the market around us. The first logistics properties are now in place in the industrial park. The area is being developed in conjunction with Malmö City and a number of strong private actors. And to judge from enquiries and discussions that are currently under way, there is also great interest in new estab-

lishments. Our concept is a strong one, with the tenants also being offered – besides these large plots – trimodal logistics solutions via us.

Tell us about the logistics award CMP received in 2017

It is called the Future Transport Award and it was presented at a transport trade fair in the autumn. We received the award for our trimodality, with all types of traffic being considered in the logistics solutions we offer. It feels great that we received an award for our transport solutions. It is an acknowledgement that CMP is thinking in the right way and sends a signal to the customers that we take a long-term approach and are future-oriented.

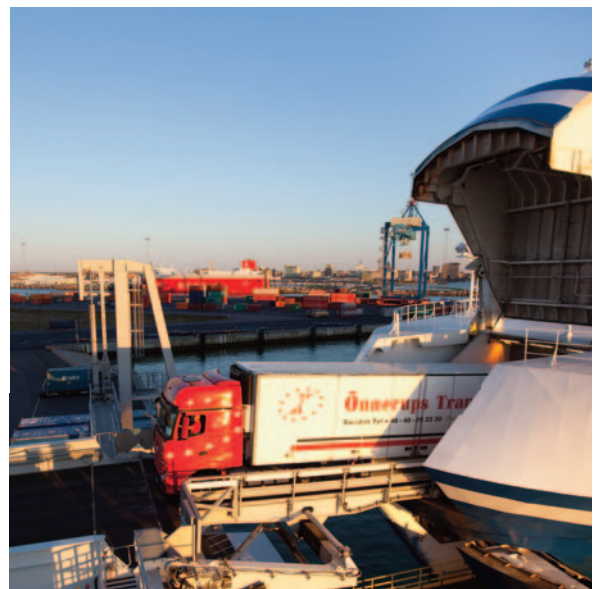
What is in focus 2018?

I would very much like to see further activities and establishments in the industrial park, particularly from customers who are looking for both centrally located industrial sites and trimodal logistics solutions. We are also looking forward to further developing the container traffic. We will be establishing a new flow during late winter 2018. We will then start to handle waste in containers, which will be transported onward to the local CHP plant. Increasing the container volumes is a priority area and the new business is another step in the right direction.

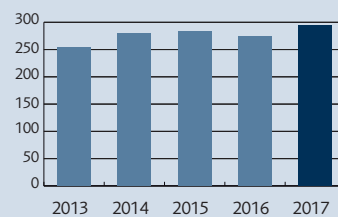
Business Area North Harbour is responsible for RoRo, Container and Combi operations in Malmö. The three cargo terminals is covering some 250,000 square metres. North Harbour is a natural hub for freight. Goods handling is structured around trimodal logistics solutions, where shipping, rail and road transport are combined in such a way as to make handling faster, more flexible and cost-effective.



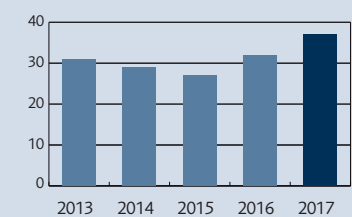
**295
000**
RoRo units



RoRo 2013 – 2017
Thousand of units



Railway 2013 – 2017
Thousand of units



PIA FROM JEPPESEN, CHRO HUMAN RESOURCES:

"VALUES WHICH GUIDE DECISION-MAKING"



Pia From Jeppesen
CHRO

What were you most pleased with in 2017?

We delivered a training course for around 50 managers and specialists which produced a fantastic response. The focus included the importance of coaching, delegating and giving feedback. The vast majority of the managers are very pleased with the tools they have obtained. What is especially positive is that this has paved the way for an organisational development, which the managers have implemented through applying the new tools.

We have a major focus on digitalisation of processes. Among other things, an app was launched during the year for reporting of incidents related to the working environment. It makes the initiatives in relation to the working environment objectives more effective, with one of our most important being zero occupational injuries.

The work to create more transparency and participation is proceeding. In this context I would like to emphasise the collaboration that takes place in Task Force – a group of employees from different parts of the company. We work on suggestions for improvement based on the results from our quarterly employee survey. One of the group's initiatives is that we should produce another app in 2018, which will enable employees to complete the survey on their mobile phones. It will thus be simpler and more

efficient to answer the questions, which will hopefully increase the employees' satisfaction and response frequency. A higher response frequency will give us a more correct picture of the employees' satisfaction and thereby make it easier to implement the right improvements.

How does human resources contribute to developing CMP?

Human Resources strengthens the business and makes CMP more competitive – now and in the future. We further develop managers so that they can in turn develop their staff. We do this by focusing on competence, changed work processes and other aids. We participate in recruitment and ensure that CMP has the right employees who meet the requirements placed on the company. In addition, we contribute to employee development via communication and by involving the employees in the business, via Task Force among other things.

CMP has a major focus on values – why?

If you are secure in the values, you don't need to think too much about which decisions should be taken, but can follow the guidelines, which is what the values fundamentally are. It is consequently important that everybody is aware of the values and can make the right decision. It makes us a more effective business.

Which tools are most important?

One of the most important tools is M/S Progress, which is our tool for management by objectives and communication. During 2017 we conducted a strategy review which laid the basis for new thinking surrounding overall objectives in M/S Progress. Based on these objectives, we have implemented workshops in the company, where objectives have been formulated for each department. As a continuation, we will focus to a greater degree on individual objectives. This will give us a thread, with overall company objectives, objectives for each department and individual tools for the managers in relation to objectives linked in a joint process. Working with clear objectives makes the business more effective and increases the employees' satisfaction.

What is in focus 2018?

We will be stimulating interest in reporting incidents related to the working environment. The aim is to increase the number of reports in 2018. The number of reports is important. They increase safety consciousness and contribute to us being able to reach the target of zero work-related injuries.

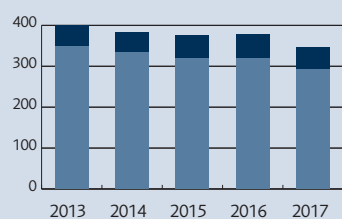
A recertification to the new ISO standard, a significant aid, will be implemented as early as the spring. ISO will streamline the improvement measures. It contributes to making the business more efficient and to CMP obtaining a stamp of quality in relation to customers and external stakeholders.

We will also be working on the objectives in M/S Progress and with individual objectives for managers. I would also, once again, like to highlight the app for the employee survey, which we anticipate will be launched during the autumn. It will be possible to use the app for other types of communication, for example, to draw attention to a specific issue or to highlight a colleague who has performed well. Images and films can also make the communication exciting and creative.



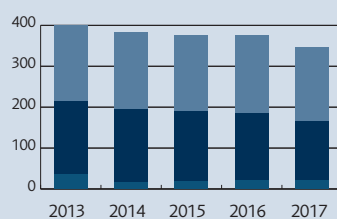
Number of Employees 2013 – 2017

■ Men ■ Women



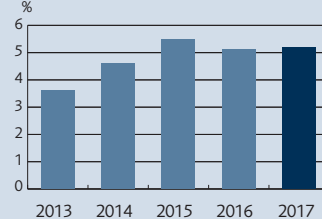
Age Structure 2013 – 2017

■ -29 ■ 30-49 ■ 50-



Absence due to Illness 2013 – 2017

%



PETRA KÖNIG, ENVIRONMENTAL MANAGER:

"SHORT-TERM OBJECTIVES ARE INCREASING THE PACE OF THE ENVIRONMENTAL WORK"



Petra König
Environmental Manager

Summarise the environmental work 2017 – what was on the agenda?

One important aspect is that our digital management system for quality and environment is in place. It means that we now have a better picture of procedures and processes in the company. An enhanced overview and transparency provides new opportunities for efficiencies, but also contributes to clarification of roles and responsibilities – both in and between departments.

Is this something you are especially pleased with?

I am pleased that the environmental work is now managed via a new staff function called Property & Legal. It enables us to address the environmental issues at an earlier stage in our projects and with new initiatives or investments. It makes us more effective, but should also produce savings. I am also pleased with our new digital system for reporting incidents and deviations, with the employees reporting observations via an app in their mobile phones. It provides a better overview as we are able to follow the issue all the way, for example, when the deviation is reported, who is responsible and the status of the issue until it is remedied.

How does the environmental work contribute to strengthening CMP as a company?

The environmental work is important internally in terms of pride in CMP. Nobody wants to work in a company which pollutes or doesn't take responsibility in some other way. This has also been noticed in the strategy work CMP has pursued during 2017. The environmental issues have come up on the agenda and it shows how important it is for our employees. Customers, suppliers and business partners also want to feel that they are collaborating with a company which takes the issues seriously and works systematically on its environmental impact.

CMP reviewed its strategies in 2017 – where do the environmental issues come in?

They are visible in several places in the guidelines that have been produced. A central message is that we will promote what is called "good businessmanship", where the sustainability aspects are a clear point of departure. The strategy also emphasises that all business areas and staff functions must define at least two initiatives with the starting point in CMP's environmental objectives.

How are the environmental objectives realised?

We have been working on a broad front for a long time with our environmental aspects, with the focus on seven areas (see page 24). 2017 is the first year that all departments have had their own short-term environmental objectives – in other words, based on CMP's group-wide objectives. An evaluation of these short-term objectives is now being undertaken for the first time and it will be exciting to follow up.

Can you give examples of concrete environmental initiatives?

We have received the go-ahead from the County Administrative Board in relation to the purification of surface water in Swede Harbour in Malmö. We have been working on this issue for a long time and it feels positive that we have now found a long-term solution. Put simply, it can be said that the surface water will be purified via a ditch in the immediate surroundings. We have also developed source separa-

tion. We now have the same procedures at the offices in Malmö and Copenhagen. In Copenhagen this also includes our canteen, where we will start to weigh left-over food in order to reduce waste.

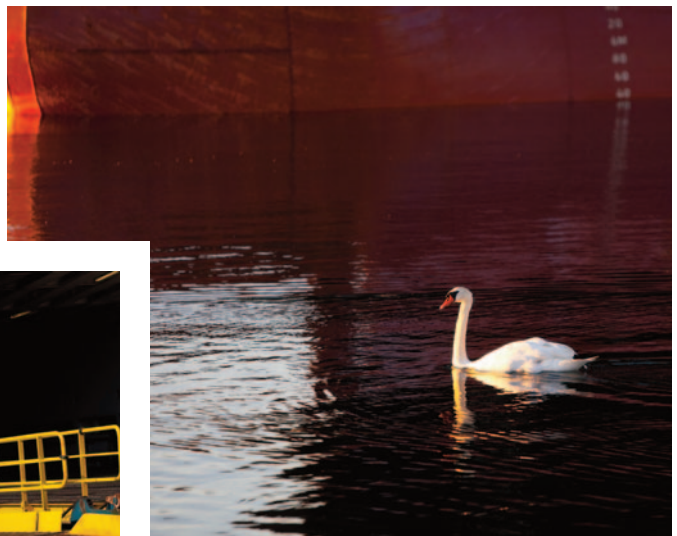
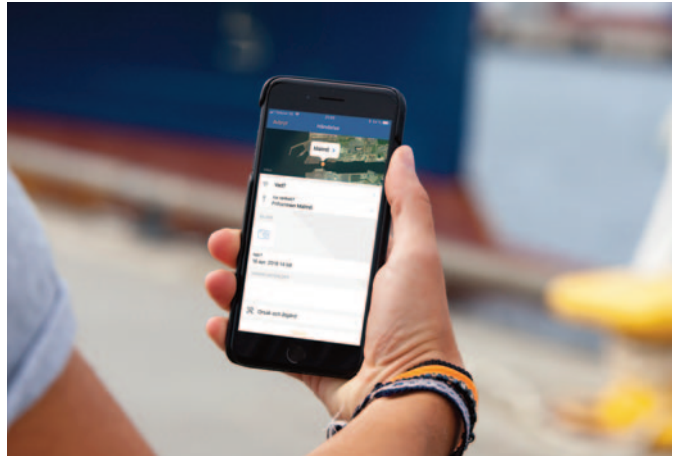
We have also continued to concentrate on electric power, both in our company cars and in parts of the machinery.

What is in focus 2018?

We are going to produce a joint energy strategy, where we compile the major energy consumers and how we can become more efficient. We are also going to evaluate whether CMP will produce its own energy in the future, perhaps via solar or wind power. We will also be looking more closely at CMP's environmental risks in 2018. It is a natural step now that all information about our processes is available in the quality and environmental management system. This will then enable us to discuss with each department what their risks are and how the new preventive work should be formulated.





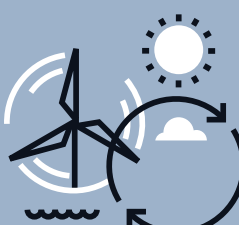


The work on digitalisation is proceeding, where we will digitalise the results from our analysis report and other documents which are compiled on an ongoing basis. This will make it simpler to conduct analyses and comparisons of this data. Reporting to the authorities will also be facilitated.

Please read our Sustainability Report on page 31.



ENVIRONMENTAL OBJECTIVES:

WE ARE TAKING RESPONSIBILITY FOR OUR ENVIRONMENT

	<p>Energy</p> <p>Vision objectives: We are energy-efficient. We use the latest technology.</p> <p>Long-term objectives: We will reduce consumption of electricity (not as fuel) and reduce our heating requirement by an average of 2% per annum through increased efficiency. At the same time, we will increase the proportion of internally generated renewable energy by an average of 5% per annum.</p> <p>Start year 2017.</p>	
<p>Water</p> <p>Vision objectives: We have water in the port with a good status.</p> <p>Long-term objectives: We will contribute to achieving and ensuring a good ecological and chemical status in the classified bodies of water that the company affects.</p>		<p>Land</p> <p>Vision objectives: We have soil which fulfils the regulations for industrial land.</p> <p>Long-term objectives: Spillage on permeable areas will be minimised.</p>
		<p>Air</p> <p>Vision objectives: We are CO₂ neutral.</p> <p>Long-term objectives: We will be CO₂ neutral by 2025 through changing to fossil-free fuels and fossil-free sources of energy for heating and electricity. The indoor air in our premises will be of good quality and there will be no risk of releasing toxic substances in connection with demolition work.</p>
<p>Materials flow</p> <p>Vision objectives: We close the circle. All waste can be re-used or re-cycled.</p> <p>Long-term objectives: We will follow the so-called waste staircase. Waste generated by CMP will be reduced by an average of 4% per annum and the degree of recycling will be 50% (excl. hazardous waste) by 2020. Of the waste generated by ships, the fractions of combustible and unsorted waste will be reduced by an average of 2% per annum.</p> <p>Start year 2017.</p>	<p>Climate adaptation</p> <p>Vision objectives: We can deal with the consequences of climate change.</p> <p>Long-term objectives: CMP will establish a clear picture of how the port is affected by a change in the climate. The port's role in such a situation will be clear.</p>	
		<p>Objectives for our indirect environmental impact:</p> <p>Food consumption</p> <p>Vision objectives: We will not impair the conditions for others to have a satisfactory environment.</p> <p>Long-term objectives: The proportion of organic foodstuffs purchased will be 40% in 2020 in order to reduce eutrophication and use of pesticides.</p>



Energy

CMP has conducted energy surveys at the facilities in Copenhagen and Malmö, primarily of heating systems, electricity consumption in the properties and energy used in handling freight. The results constitute the basis for a programme of measures to deliver energy efficiencies, for example, more LED lighting that consumes less energy.

18,000

In 2017 CMP handled about 18,000 cubic metres of waste water from visiting cruise ships during the course of a cruise season. The water is dealt with directly on the quays in Copenhagen, Malmö and Visby, either in facilities that are connected to sewage works, or via tankers which remove the water for purification.



Water

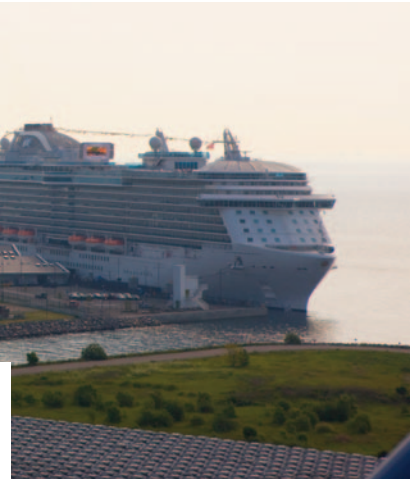
Automatic booms have been installed in Malmö which have increased preparedness for potential accidents. The booms can be released by means of a remote control – a mobile phone for example. It takes just five minutes to seal off the harbour basin and thus limit a discharge.

50%

Now only green electricity generated from solar, wind or hydroelectric power is used. CMP is also focused on increased electric power, including in its car handling operation, where electric powered vehicles are used for transportation within the terminal area. The aim is to have 50 per cent of the vehicles in this operation to be electric powered by 2020. Diesel technology will also be replaced by electric power in forklift trucks and other machines.

Air

CMP measures the air quality on an ongoing basis and endeavours to reduce emissions, including through reducing diesel consumption in its own machinery, or completely changing to electric power. CMP now leases the majority of its machinery, which means that older technology has been phased out. Leasing enables more frequent changes to be made to technology which makes less noise and discharges less exhaust gases.



Waste

Waste is separated at source – both waste from visiting ships and from CMP's own operations. CMP receives payment for sorting out various types of waste, for example, scrap metal, corrugated cardboard and car batteries. More can consequently be recycled and also converted into new raw materials. It produces more efficient use of resources and reduced environmental load.

800

Surveys are being conducted in vulnerable areas to find any soil pollution that might be present. One such inventory has been performed in the liquid bulk port in Malmö, where some 800 soil samples were analysed. The results showed that there were a small number of contaminants with a limited distribution. The survey nevertheless functions as an aid when it comes to risk assessments and practical guidelines, for example, in producing guide values and work procedures.

BOARD OF DIRECTORS



Mads Lebech
Chairman of the Board.
Board member since 2012.



Ilmar Reepalu
Deputy Chairman of the Board.
Board member since 2013.



Olof Andersson
Board member since 2013.



Anja Sonesson
Board member since 2015.



Carsten Koch
Board member since 2013.



Anders Peterson
Board member since 2017.



Søren Jespersen
Board member since 2017.



Lars Weiss
Board member since 2011.



Johnny Isager Høving
Board member since 2017.
Employee representative.



Karsten Jensen
Board member since 2017.
Employee representative.



Gert-Inge Johansson
Board member since 2016.
Employee representative.



Florentina Berisha
Board member since 2018.
Employee representative.

MANAGEMENT



Barbara Scheel Agersnap
CEO



Jonas Arkestad
Deputy CEO and CFO



Povl Dolleris Røjkær Ungar
COO Port & Terminal Operations



Brian Kristensen
COO Liquid & Dry Bulk



Arnt Møller Pedersen
COO Cruise & Ferries



Johan Ullenby
COO North Harbour



Pia From Jeppesen
CHRO



Anna Luterkort
Head of Property & Legal



Ulrika Prytz Rugfelt
PR & Corporate Communications Manager

CORPORATE GOVERNANCE REPORT

CMP is a private Swedish limited company with a Danish subsidiary. Its corporate governance is primarily based on the Swedish Companies Act and the Annual Accounts Act, but also on other relevant laws and regulations. CMP is not formally covered by the Swedish code for corporate governance. However, the ambition is to apply the code as far as possible and also where this is deemed to create value. The aim of this corporate governance report is to highlight to shareholders, customers and other stakeholders how the business is administered. CMP's conviction is that, among other things, good corporate governance creates conditions for clear allocation of responsibility between the different corporate bodies, which increases efficiency and reduces risks.

Annual General Meeting

The AGM is CMP's highest decision-making body and the forum where shareholders can have an influence over the company. Each shareholder is entitled to take part in and exercise the right to vote at the annual meeting of shareholders. A shareholder who is not able to personally attend the meeting can exercise his or her right through a representative. The duties of the AGM are regulated in the Companies Act. Among other things, voting at the AGM determines the composition of the Board of Directors, changes in the articles of association and other matters. Each share represents one vote. Decisions taken at the AGM are made in accordance with the provisions of the Companies Act regarding the size of the majority. The directors and the auditors – along with representatives for the executive management – are normally present to answer questions and provide information.

The Board of Directors

The Board of Directors has ultimate responsibility for how the business is run and must administer the company's affairs in the interests of the company and all shareholders. The Board of Directors' duties include appointing and dismissing the CEO, producing guidelines for the CEO's work and making decisions in all questions that are deemed to be of material importance for the company's operations. The Board of

Directors continually evaluates the company's financial position and also ensures that access to capital meets the business's requirements over time. In accordance with the articles of association, CMP's board consists of twelve ordinary members, eight of which are appointed at the AGM. The trade-union organisations in Malmö are entitled to appoint another two ordinary members and two deputy members. The employees in Copenhagen also have this right. The Chairman and Deputy Chairman of the Board of Directors are appointed by the two largest owners – By & Havn I/S and Malmö City Council, as long as they each own more than 20% of the total number of shares. The chairmanship alternates between By & Havn I/S and Malmö City Council. The Chairman is elected for a period of two years. The company's CEO, deputy CEO and CFO normally participate in board meetings. If necessary other leading company officials also participate. The main task of the Board of Directors is to be responsible for the company's organisation and the administration of its affairs. The work is governed by the Companies Act and by the rules of procedure for CMP's Board of Directors. The work of the Board of Directors follows a set agenda, with the aim of meeting the Board's requirement for information. The agenda is drawn up in accordance with the rules of procedure set by the Board of Directors. This is done every year at the first board meeting held after the AGM. Among other things, the rules of procedure set out how often the Board of Directors should meet and the allocation of work and responsibility between the Board, the Chairman, Deputy Chairman and CEO. The Board of Directors monitors the business through the work it undertakes, via monthly reporting and through regular contacts between board meetings. This follow-up enables decisions to be taken on overall, long-term strategies and goals. The follow-up also ensures adoption of annual accounts and budgets, and decisions surrounding major investments and other business-related matters. CMP's Board of Directors perform an annual evaluation of their work.

Remuneration issues

The Chairman and Deputy Chairman present the annual remuneration principles for the Board of Di-

rectors. The Chairman and Deputy Chairman are also responsible for preparation of issues concerning remuneration principles, remuneration and other terms of employment for the CEO and – if there is one – the Deputy CEO, as well as for submission of proposals to the AGM.

Auditing issues

CMP's board as a whole participates and makes decisions concerning the company's audit. The company's auditors give an account of observations and conclusions from the annual audit.

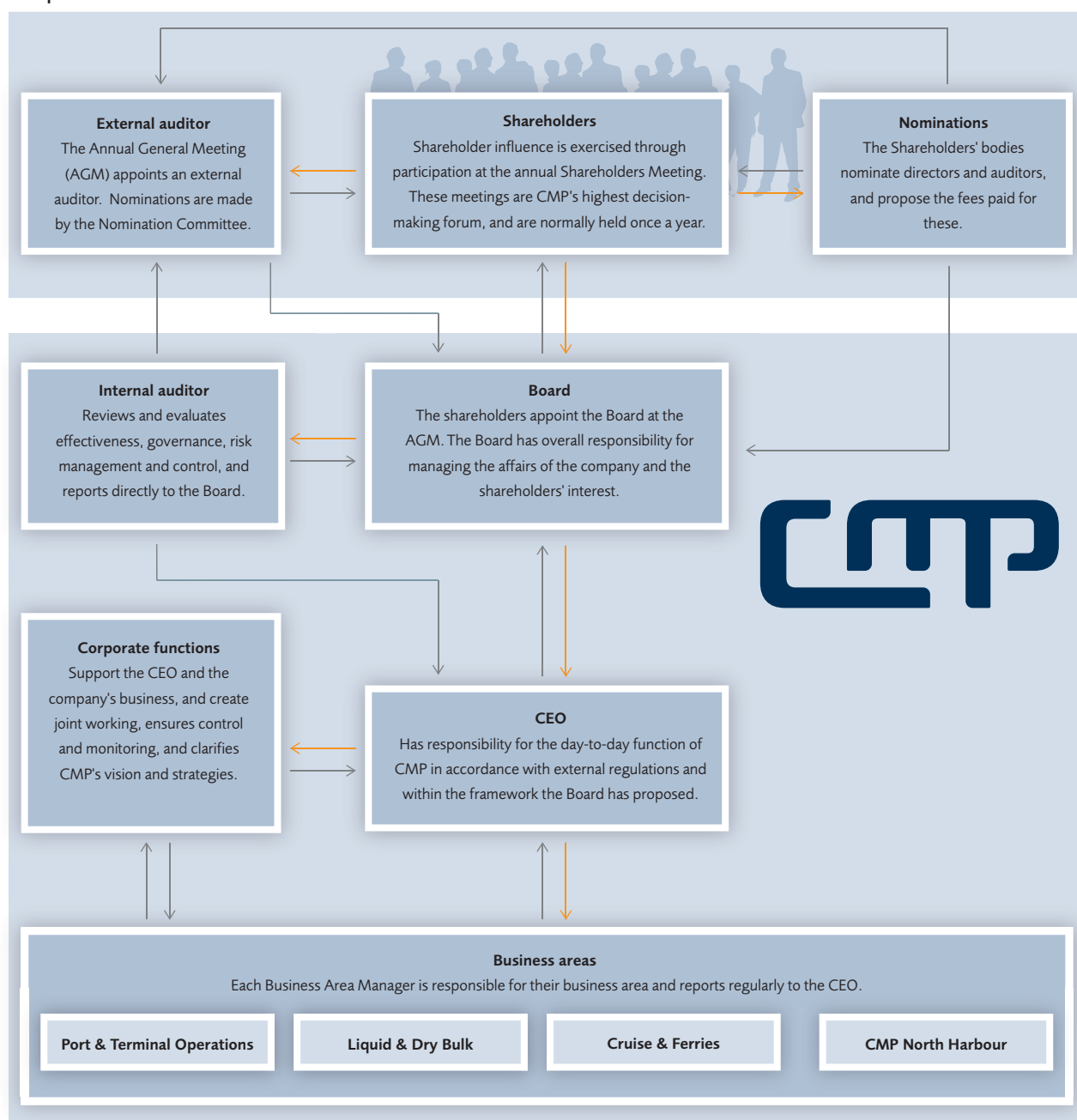
CEO, executive management

CMP's CEO leads the business in accordance with the instructions that the Board of Directors has adopted, as well as according to relevant laws and statutes. The CEO is responsible that the Board of Directors receives information and necessary data on which to base decisions and that the Board of Directors' decisions are implemented. The CEO has principal responsibility for the operational management of the company. The company's operations are divided into three business areas. The company has a management team consisting of eight ordinary members including the CEO and the Deputy CEO. Besides the CEO and Deputy CEO, the management team consists of the head of each business area and the technical service and administration, PR & Communication, HR and strategic development functions.

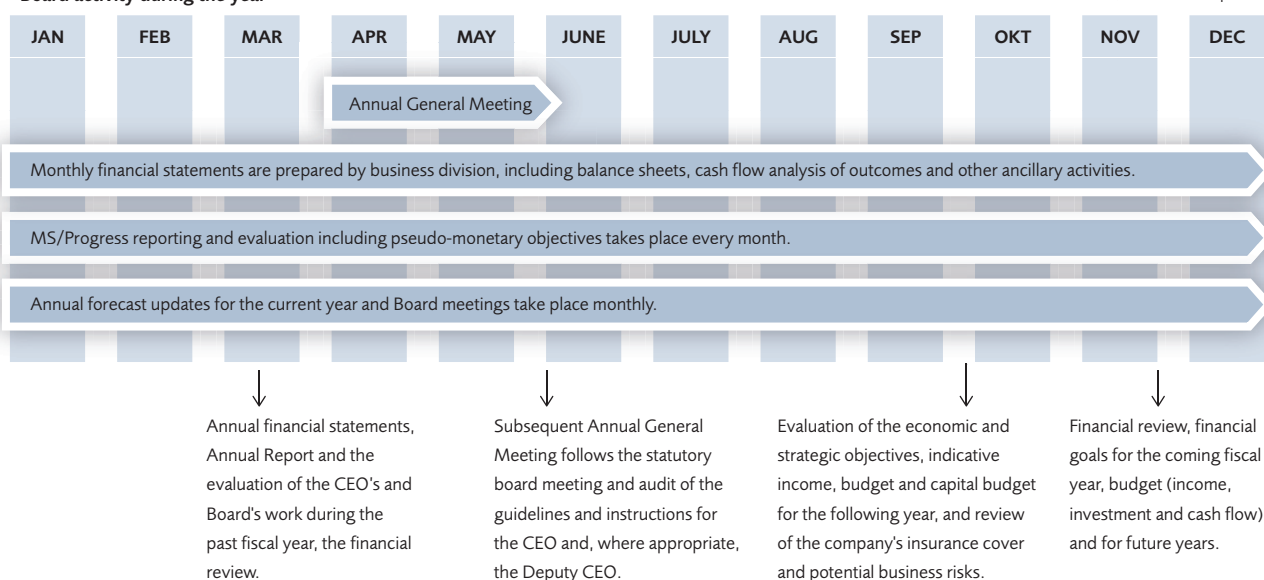
External audit

According to CMP's articles of association, an authorised public accountant and a deputy must be selected. The nomination of auditors and selection of remuneration principles take place at each ordinary AGM. The responsible auditor in CMP reviews the company's annual report and accounts, as well as the Board of Directors' and CEO's administration. The auditor participates in the Board of Directors' annual accounts meeting and reports on his audit. The chairman or auditor presents the auditor's report at the AGM and describes the audit work and observations made.

Corporate Governance



Board activity during the year





Internal control

According to the Swedish Companies Act, CMP's board is responsible for the internal controls. The company's financial reporting complies with the laws and rules that apply for companies of this type and local rules in the respective country where operations are conducted. A satisfactory internal control in respect of financial reporting has the aim, among other things, of providing reasonable certainty in the reporting, among which the annual report has major importance.

The control environment

CMP's board has overall responsibility for establishing an effective system for internal control, both with regard to the financial reporting and for the business in general. The operational responsibility for maintaining effective internal control is delegated to the CEO, who in turn delegates function-specific responsibility to managers at different levels in the company. Controlling documents – for example, the Board of Directors' rules of procedure and instruction for the CEO – ensure a clear allocation of responsibility. Within CMP there is an overall set of rules and regulations in relation to authorization and powers. These authorization instructions regulate responsibility and powers for transactions between Board of Directors, CEO and other persons in the company.

CMP's internal business system – M/S Progress, along with the quality and environmental management systems – contain process descriptions, job instructions and job descriptions.

Risk assessment

The work in respect of material risks in the financial reporting comprises both identification of risks, as well as surveying and assessing them.

Control activities

The aim of the risk management is to quantify and reduce, or alternatively eliminate, risks that have been identified in the financial reporting. The risk management is built into the company's processes. Different control activities are used to evaluate and limit risks, and also to ensure that the risks to which CMP is exposed are dealt with according to set guidelines and instructions. CMP has a reporting system based on monthly, quarterly and annual reporting. Analyses of the reporting are conducted at overall level, with profitability, capital tied up and key ratios in focus. Follow-up is performed in relation to the budget, the most recent forecast and selected key ratios. Monthly reports are always submitted to the Board of Directors. The regulations in respect of authorization and powers ensure a clear decision process for more extensive decisions, for example, major investments and contracts etc.

Financial reporting

CMP has internal information and communication routes with the aim of promoting correct financial reporting. Internal guidelines and manuals that affect the financial reporting are evaluated on a continuous basis. The Board of Directors receives monthly reports concerning the operation's financial development with analyses and comments on the develop-

ment compared with budget, forecast and the previous year. The external auditor reports back to the Board of Directors every year after the year-end audit. CEO and CFO keep the Board of Directors regularly informed concerning the company's financial position, development and any potential risk areas. Press releases, financial information etc. are published on CMP's website. The external financial reporting is based on external and internal controlling documents.

Follow-up

Follow-up to ensure the effectiveness of the internal controls with respect to the financial reporting is dealt with by the Board of Directors, CEO, the management as well as by the company's various units. The follow-up includes analyses of monthly and quarterly reports, which are compared with budgets and forecasts. CMP does not have a specific function for internal auditing. The Board of Directors' assessment is that there are no special circumstances in the business or other conditions that justify establishing such a function.

SUSTAINABILITY – PART OF EVERYDAY LIFE

The sustainability perspective has been an obvious part of our operations for some considerable time, and is included at all times in the debate in our industry and in society in general. This applies to both environmental issues and sustainability in the broader sense, and thus also includes social engagement and social responsibility.

Furthermore, for CMP there are profitability aspects to working on sustainability. One concrete example is how we calculate new investments, including our maintenance operation. Our experience clearly shows that in many occasions it pays to invest in long-term, preventive solutions.

Broad collaboration

Sustainability is a major issue, and one which presupposes that we think and work on a broad basis. CMP supports the work of the World Maritime University and a number of other external operations with a link to shipping – both in Denmark and Sweden. Internally, we are very involved in implementing CMP's values and trying to have a generally supportive staff policy, which ensures that the employees perform well and develop at CMP.

Part of everyday life

Even though we have been working on environmental and responsibility issues for a considerable time, we want to advance our positions even further. We hope that this is clear in our combined annual report and sustainability report for 2017, where we want to demonstrate that CMP is an aware organisation which has high ambitions in the sustainability field, and we consequently include these aspects in different contexts – commercial, social and environmental. That's how we will make a difference and ensure that sustainability is a part of everyday life.

Jonas Arkestad
Deputy CEO and CFO

Translation of official report:

SUSTAINABILITY REPORT

The sustainability report has been prepared in accordance with the regulations in the Annual Accounts Act, chapters 6 and 7, and also reviewed by an external auditor. On signing the annual report and consolidated accounts, the board of directors of Copenhagen Malmö Port AB has also approved the sustainability report.

About the sustainability report

This is Copenhagen Malmö Port AB's (CMP) first sustainability report and relates to the 2017 financial year. The sustainability report encompasses the parent company, Copenhagen Malmö Port AB (Corp ID no. 556027-4077) and all entities that are consolidated in CMP's group accounts for the same period and which are specified in note 15 of the consolidated accounts. The sustainability report has been prepared in accordance with the regulations in the Annual Accounts Act, chapters 6 and 7.

In preparing the sustainability report, guidance has been obtained from the Global Reporting Initiative's (GRI) guidelines for sustainability reporting (GRI Standards), however, CMP does not claim it has fully applied the guidelines.

On signing the annual report and consolidated accounts, the board of directors of Copenhagen Malmö Port AB also approves the sustainability report.

Significant sustainability risks

Prior to preparing the sustainability report, an overall analysis has been conducted with the aim of identifying and prioritising the most significant sustainability risks (sustainability issues) for CMP in its own operations and in its value chain. Workshops within the management team and dialogues with a selection of stakeholders have enabled the most important

sustainability issues for CMP to be established within the areas indicated in the Annual Accounts Act: environment, employees, social conditions, respect for human rights, and combating corruption.

The following section presents CMP's risk management and ongoing work to limit the operation's impact within areas indicated, as well as the results achieved.

Area	Sustainability risks
Environment	<ul style="list-style-type: none"> • Energy usage • Emissions to air, land and water • Waste management
Social conditions	<ul style="list-style-type: none"> • Impact on society • Safety • Emergency preparedness
Employees	<ul style="list-style-type: none"> • Diversity • Health and safety • Employees' rights
Anti-corruption	<ul style="list-style-type: none"> • Business ethics
Human rights	<ul style="list-style-type: none"> • Supplier evaluation

Environment

Management

CMP's operations have both a direct and an indirect environmental impact, which in many cases is intimately linked – the port operation has an environmental impact per se as do the ships which arrive at the port and the shipments in and out of the port area. CMP's responsibility applies primarily to the direct impact, however, together with customers and suppliers, CMP also works to limit the indirect impact.

Environmental management within CMP is governed by the company's environmental policy (which is available at cmpport.com), visions and objectives. Environmental management principally concerns issues of air, ground and water quality, as well as the cycle for energy and waste. The parameters are stipulated in the legislation in Sweden and Denmark, as well as in directives and permits from Swedish and Danish authorities. An ISO-certified (ISO 9001 and 14001) management system and clear process maps are in place to ensure that the everyday work is performed in accordance with risk assessed procedures and instructions.

During 2017 the focus has principally been on evaluating the work and the progress that has been made on CMP's long-term environmental objectives, a task which will continue before subsequently being summarised during 2018. All departments have also set more short-term environmental objectives and all the objectives have been collected in the company's overall tool for follow-up and communication, M/S Progress, which also presents them for all employees.

When it comes to direct environmental impact, six long-term objectives have been formulated. Read more about the work to achieve these objectives below.

Area	Objectives
Energy	We will reduce our electricity consumption and our heating requirements by an average of 2% per year through efficiency solutions. At the same time, we will increase the proportion of internally generated energy by an average of 5% per annum.

Air We will be CO₂-neutral by 2025 through changing to fossil-free fuels and fossil-free sources of energy for electricity and heating. The indoor air in our premises will be of good quality and there must be no risk of toxic substances in connection with demolition work

Water We will contribute to achieving and ensuring a good biological and chemical status in the classified bodies of water that CMP affects

Land Spillage on permeable areas will be minimised

Waste We will follow the so-called waste staircase. Waste generated by CMP will be cut by an average of 4% per annum and the degree of recycling will be 50% (excluding hazardous waste) by 2020. For waste generated by ships, the combustible and unsorted waste will be reduced by an average of 2% per annum

Climate CMP will develop a clear picture of how the ports are affected by changes in the climate. The ports' role in a such a situation must be clear

Activities and results

Energy

Work has continued during 2017 on the energy survey that was commenced in Copenhagen during 2016, but this time for Malmö. These surveys clearly show that the bulk of the energy used within the operations is attributable to diesel consumption from machinery, as well as electricity for lighting of storage areas within the port area.

CMP endeavours at all times to employ the most energy efficient and environmentally friendly solutions. For this reason we reduced the stock of machinery and vehicles by 40% during 2017, and completed the changeover to leasing of machinery and vehicles. Leasing gives us access to newer and more modern technology, which means that machinery and vehicles produce less noise and emissions. We still have a number of small trucks of our own, but these are

gradually being changed from diesel to electric power.

In total CMP used approx. 8.13 GWh of electricity during 2017, the majority of which (approx. 65%) was in Malmö. All electricity purchased is renewable according to an agreement with CMP's electricity supplier. The heating requirement totalled about 3.4 GWh, with the bulk (almost 60%) comprising district heating and the rest gas, which is used in Malmö.

Air

Noise, along with emissions into the air of nitrogen dioxide, are among CMP's most significant indirect environmental impacts and are primarily caused by the ships which dock in the port, as well as heavy transports to and from the port. Regular measurements are taken here in accordance with the environmental permit CMP holds. These measurements show that CMP is clearly below the limit values specified for both nitrogen dioxide and noise levels. During 2017 CMP joined the collaborative European project, "NEPTUNES", which has the aim of creating a standard for noise measurement and classification of ships in order to contribute to a long-term reduction in noise levels.

In terms of direct environmental impact, the focus is on reducing the operation's carbon dioxide footprint with the aim of being climate neutral by 2025. As mentioned above, our own stock of machinery has essentially been phased out and instead we have focused on leasing modern, and thus more environmentally compatible, equipment with lower emissions. Where possible, the change is made from fossil fuels to electric powered vehicles and other machines. Just under half (48%) of all machinery and vehicles were electric powered during 2017. A total of 28 out of 31 vehicles in the cruise operation are electric powered.

Water

Water quality in the port and the Sound is naturally an important aspect of CMP's operations. Discharges into water can arise in connection with spillages on land, maintenance work on board ships and loading and unloading of freight.

CMP conducts regular testing of water at different measuring points in the surface water system. Material is examined for any contaminants in connection with dredging work to keep the access routes in the port open. Thus far it has been possible to use the bulk of this material as filling in the expansion of the port in both Malmö and Copenhagen. Only a very small proportion of the material cannot be re-used as a result of increased contents of contaminants, and this is sent to an authorised waste company for destruction.

Land

Heavy machines are used for loading and unloading, as well as for handling of freight. Accidents sometimes happen in the form of burst hydraulic oil hoses or spillage of, for example, oil or sugar. Containers can sometimes leak or visiting lorries have diesel or oil leaks. In these cases, it is important that we can rapidly prevent spreading into the ground and the docks. We have therefore installed sand traps, oil separators, emergency concrete plates and hard surfaces in the majority of areas.

Together with the companies in the Oil Port in Malmö, CMP is investigating the risk that old pollutants in the ground can leak into the groundwater or surface water. This is a task that is taking place in close conjunction with the supervisory authority. Samples are taken in connection with all excavation work in hazardous areas or where we know that the excavated material will be re-used, and if anything is found, the supervisory authority is contacted for dialogue.

Waste

The largest fraction of waste that CMP handles is "sludge" from ships. It consists of water containing oil from their engine rooms. The sludge is pumped into the waste company's tankers on the quay. The waste companies then separate the oil from the water and sell the oil on. Another significant form of waste that we handle from the ships which dock in the port is blackwater. Blackwater is waste water from the toilets on board which has to go directly to wastewater treatment plants. The port in Copenhagen handles a significant amount of blackwater as we receive a large number of cruise ships. We have

a pipeline for blackwater from the port in Copenhagen directly to the sewage treatment works, while in Malmö it is collected by tanker lorries.

We are endeavouring to reduce the amount of waste from operations and simultaneously increase the degree of recycling. A contract was signed with a new supplier just over a year ago for waste management in Malmö, which gives us increased sorting options for waste. About 25,800 tonnes of waste (excluding left-over food and residual waste) was generated in the operation during 2017, and 99% of this waste went to some form of recycling.

Climate

Climate change is probably one of the most important challenges of our time. It is particularly important for CMP given the coastal location and it is clear that a rise in the sea level as a result of the greenhouse effect will affect CMP's business. Studies show that in an extreme scenario, in one hundred years the sea be almost three metres above its present level. This would mean the entire port would be flooded at high tide. CMP has been involved for some time in a dialogue with Malmö City where different climate adaptation measures are discussed, including a barrier along the coast with gates into the port. This dialogue is continuing and CMP is gradually preparing for forthcoming rises in sea level, at the same time as work is constantly under way to reduce impact on the climate from our own activities.

Social conditions

Management

CMP's role makes it a considerable influence on business and society in Malmö/Copenhagen, but also in surrounding regions. The port operation is an important part of the infrastructure, which in turn creates conditions for economic growth and jobs through mediation of freight and cruise traffic. This also brings a responsibility to limit any burdens that the operation entails for people and the environment.

In view of this, it is of course important that CMP has reliable and effective procedures to keep the ports running, avoid accidents and guarantee safety and security for the people who work in or come into

contact with the operation, as well as the freight that is handled. CMP has a contingency plan which includes protection of the port installations against any terrorist threat, but also in order to prevent the ports being used for transport of terrorists or their weapons.

A security plan has been drawn up for each facility based on a vulnerability assessment. The security plan includes strict procedures and provisions for control of access to the terminals with requirements for advance registration and photo ID on arrival.

In consideration of the large turnover of people within CMP's operations, data security and secure processing of personal data is an important requirement. Work is being continuously undertaken to adapt procedures and processes for personal data processing based on changed conditions such as new legal requirements and opportunities for digitalisation.

Activities and results

CMP is convinced that the business has a positive overall impact on society, with, for example, the cruise operation contributing an estimated 2,000 jobs in Copenhagen, including through the money that the cruise passengers spend during their time in the city.

The new port terminals in Visby on Gotland are expected to increase the number of tourists on the island from around 50,000 per season to some 150,000 within ten years. Obviously, an increase in operations also entails increased environmental loads, and for this reason, various solutions to minimise this impact within the terminal area in Visby have had considerable focus. For example, facilities are being constructed to handle residual water from the ships which can be transported directly to the sewers.

Employees

Management

The health and safety of employees is obviously an important sustainability issue. The work in the port entails some heavy lifting and there are risks of injuries in certain operations. CMP surveys these risks on an ongoing basis and has a zero vision for work-

related injuries associated with handling goods. In the long-term this means that no employees will be injured while working at CMP. The systematic work on health and safety is a part of CMP's integrated management system.

CMP is a workplace where the employees' rights are safeguarded, and everybody should feel welcome regardless of age, gender, ethnic or other background or personal attributes. A large proportion of the employees are over 50 years of age and have been working at CMP for many years. There are several examples where more than one generation from the same family works at CMP, which is regarded as a good testimonial and proof of loyal and engaged employees.

CMP has an explicit "seniors policy" which has the aim of utilising the older (58+) employees' expertise and consolidating their right to development and skilled jobs during their final years at CMP. CMP also has a policy for training and development that includes all employees. The employees' current and future requirements for training and development are surveyed, reviewed and agreed on a continuous basis, but on at least one occasion per year in connection with performance appraisals.

Activities and results

Health and safety

As an element in the proactive work of preventing workplace accidents, CMP has developed a mobile app to make it easier for employees to report incidents and events that could cause accidents. Increased reporting of incidents enables identification and removal of hazardous situations and thus prevention of accidents. This preventive work has contributed to reducing the number of incidents that resulted in injuries from 17 during 2013 to 14 during 2017, ten of which occurred in Denmark and four in Sweden.

Wear to skeleton and muscles are among the most common types of injuries experienced by port workers, constituting 35 per cent of absences due to illness within CMP. During the year, CMP has joined with our healthcare provider in an initiative with the aim of increasing awareness of these injuries among the port workers and simultaneously identifying work processes that need to be adjusted in order to

minimise the risk of injury, as well as the number of days off sick.

The average number of days off sick per employee was 4.37 during 2017. Short-term absence was an average of 2.75% for CMP as a whole during 2017. CMP's aim is to bring short-term absences down to less than 2.5% per department during 2018.

Diversity and working conditions

The port operation in itself entails a need for flexibility – the work is performed when there are ships in the port that have to be attended to. For the individual port worker this means that there can be periods of high activity and lots of working hours, followed by less intensive periods, and this is a natural part of the job. The cruise operation in Copenhagen is also clearly seasonal and a considerable amount of temporary labour is employed here between May and September. However, many of these seasonal employees return every year, which has to be regarded as a good testimonial for CMP as an employer. Apart from temporary jobs, employee turnover during 2017 was 4.2%.

CMP operates a multi-faceted operation and the character of the work varies between the different lines of business, which is also noticeable in the composition of the personnel. The bulk operation involves a lot of heavy lifting and it is mainly men who work here. In loading and unloading of cars in Malmö, on the other hand, there is a large proportion of female employees and a range of different nationalities represented among the employees. For CMP as a whole, about 15% of the employees are women.

Anti-corruption

Management

CMP has zero tolerance of all forms of bribery and corruption and this is set out clearly in the code of conduct. Combatting corruption includes training employees, removing situations where bribes can be given or received, as well as creating opportunities for both employees and outsiders to report irregularities.

Activities and results

The work of conveying CMP's values and embedding them in the employees has continued during 2017. There has long been an internal incident reporting system to which all employees have access and through which all forms of observations including those concerning corrupt or unethical behaviour can be reported. There were no reports of corruption during 2017.

An external whistle-blower function will be established during 2018 in order to further strengthen the opportunities to detect any incidents of corruption there might be. This system will enable both employees and outsiders to report irregularities directly to an independent external party.

Human rights

Management

CMP supports and respects the UN's international human rights. This is a matter of course for CMP and must be equally obvious for customers, suppliers and collaborative partners, a standpoint which is clarified in the code of conduct.

Activities and results

CMP deems the risk of infringements against human rights to be relatively limited in its own operations, however, we are continually engaged in ensuring that employees' rights are upheld. Some activities and results concerning, for example, health and safety, diversity and working conditions have been presented in the section on employees above.

In addition to this, CMP initiated a scheme during 2017 to strengthen the evaluation of suppliers in relation to sustainability criteria, including respect for human rights. This task will continue during 2018 through development and implementation of procedures for systematic evaluation of suppliers.

Besides the efforts to make CMP a safe and welcoming workplace, and to ensure that the suppliers also respect human rights, CMP promotes a more sustainable industry through various partnerships and collaborations – see in addition the website for further information about our participation in collaborative international organisations.

Translation of official report:

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Copenhagen Malmö Port AB (CMP) hereby submit their annual report and consolidated accounts for the financial year January – December 2017.

Ownership structure, scope and type of business operations

CMP's shares and voting rights are distributed among 20 shareholders (21). Udviklingsselskabet By & Havn in/S, Malmö City Council and Förvaltnings AB Norra Vallgatan together represent about 92% of the total number of shares and votes. During 2017 the number of owners has been reduced, by one minor shareholder, otherwise there have been no changes in ownership.

Largest shareholders 31 December 2017

Shareholder	No. of shares	% share
Udviklingsselskabet By & Havn I/S (Danish reg.no. 30823702)	1,800,000	50.0%
Malmö City Office, City of Malmö (Swedish reg.no. 212000-1124)	989,100	27.5%
Förvaltnings AB Norra Vallgatan (Swedish reg.no. 556669-0383)	517,500	14.4%
Other shareholders	293,400	8.1%
Total	3,600,000	100.0%

Note. The equity and voting shares are identical.

The parent company is a Swedish limited company (Corp ID no. 556027-4077) with associated Danish branch (Corp ID no. 25 99 60 11). Besides the parent company and branch, there is the subsidiary, Copenhagen Malmö Port Norra Hamnen AB (Corp ID no. 559061-3963).

Geographically, operations are conducted in the port areas in Copenhagen and Malmö. From the start of 2018, the business will also include the port areas in Visby on Gotland, where a cruise terminal was recently constructed by Region Gotland, the landowner. Operations are divided into four business areas – Cruise & Ferry, Liquid Bulk, Dry Bulk and Property, and Port & Terminal Operations, as well as Norra Hamnen (North Harbour). Operations in North Harbour comprise Container, Combi and RoRo.

All business areas apart from North Harbour have operations in both Malmö and Copenhagen. Norra Hamnen only has operations in Malmö. CMP utilises fixed facilities such as quays, shipping lanes and buildings by agreement with Malmö City Council and Udviklingsselskabet By & Havn I/S respectively. CMP pays annual concession fees for this. These fees are based both on site-leasehold, as is the case with older facilities, and – on completion – on investments made in new facilities. The current concession agreement with the port owners expires in 2035. Discussions are being held with respective landowners about contract extensions of a further five to eight years. The contracts also regulate the conditions for moving certain terminals to new geographic areas during the contract period. Each port owner guarantees CMP at least the book value of investments

which cannot be moved in the event that the lease agreements are not renewed. The guarantee applies for the respective facility provided that the port owner approves the fixed investments that CMP makes and has made. At the end of 2017 there was no investment as described above which was not guaranteed.

Business concept

CMP's business concept is to sell port, terminal and transport services. Put simply, the operation is based on CMP matching areas and activities where land and premises provide a rental income, the quay a port revenue and all other handling a handling revenue. However, it should be noted that the handling revenue is principally burdened with personnel costs and other operating costs, but also with concession fees for the area on which the work is performed. CMP helps to keep the wheels of society rolling and is a part of the transport chain which is contributing to developing and modernising Denmark and Sweden. CMP's various solutions link together land and water, as well as generate growth and prosperity for the common good.

Significant events during the financial year

Work continued on the plan to move the container operation in Copenhagen to Ydre Nordhavn (Outer Northern Harbour), which is located about one kilometre from the present terminal. The reason for the move is the on-going urban development in Copenhagen. CMP's new container terminal will be operational no later than 2021.

Work continued on the plan to construct an additional cruise terminal in Copenhagen to meet the increasing demand with more arrivals and ever larger ships. The plan is for the terminal to be completed during 2020.

Barbara Scheel Agersnap took over as CEO and President of CMP on first September 2017. She has been Deputy CEO since 2016 and succeeded Johan Röstin, who left CMP for a position in another business.

Development of operations, position and profits (group)

(SEK 1,000)	2017	2016
Net sales	839,451	812,136
Operating income	77,874	43,172
Profit/loss after financial deductions	56,676	31,282
Balance sheet total	1,141,047	1,038,457
Equity/assets ratio ¹⁾	13.2%	9.5%
Return on Equity ²⁾	21.1%	4.6%
Average number of employees	347	377

Sales and profits

CMP's turnover in 2017 amounted to SEK 839.5 million (812.1), which was an increase of SEK 27.4 million compared with the previous year. Excluding exchange rate effects of SEK 11.5 million, the increase in turnover was SEK 15.8 million, which – with the removal of exchange rate effects – represents an increase of 1.9 per cent.

The rising sales – over and above exchange rate effects – are principally explained by increased volumes within Cruise & Ferry. Turnover in this business area increased by SEK 38.5 million or 23.7 %, once exchange rate effects are deducted. The Cruise segment accounts for the bulk of the increase, which is explained by more arrivals and bigger ships with more passengers. The Port & Terminal Operations and Liquid and Dry Bulk & Property business areas had minor changes in turnover compared with 2016, which basically applied to all business segments. The North Harbour business area also displayed major, positive changes and increased its turnover by SEK 11.0 million or 14.8 %. The explanation lies in part in successes in utilising existing business opportunities, in part in the increase in the container operation. This increase was linked to the industrial dispute which took place during the summer in Port of Gothenburg.

In total, CMP handled 15.5 million tonnes of freight through the quays in 2017 (15.7), which is a decrease of 0.2 million tonnes or one per cent compared with 2016.

The operating profit for 2017 was SEK 77.9 million (43.2). This produced an operating margin of 9.3% (5.3) and an improved operating profit of SEK 34.7 million compared with 2016. The outcome was affected by the exchange rate effect of SEK 1.9 million, which meant that the operating profit - excluding exchange rate effects - increased by SEK 32.8 million compared with 2016. The operating profit was also affected by the fact that SEK 10.0 million of concession fees in Cost of goods and services sold was reclassified and moved to interest charges among financial income and expenses. Besides this, the improved operating profit is explained by the fact that the outcome for 2016 - in distinction from 2017 - was affected by relatively major additional costs in two separate projects. This applied in part to the work of finding an external operator in North Harbour, in part to the investigatory work surrounding the new container- and cruise terminals in Copenhagen. Including these additional costs, the operating profit increased by SEK 22.8 million. Besides the major project costs, the increase is also explained by a somewhat increased sales volume, effects of a better mix of services and efficiencies that were made.

The difference in net interest income/expense is due to the increased interest expense, which is attributable to reclassification of about SEK 10 million from concession cost to interest cost. Besides this, the increased interest cost is principally due to the investment in new mobile cranes in 2017.

Profit after financial items amounted to SEK 56.7 million (31.3). This was an improvement of SEK 25.4 million compared with 2016. Tax on profits for the year

amounted to SEK -30.4 million (-25.3), SEK 2.2 million of which is explained by a return of deferred tax that had previously been reported in CMP North Harbour AB. The company has chosen not to report any deferred income taxes recoverable on loss carry-forward, as it is currently unlikely that the amount can be utilised within the prescribed period.

Profit for the year amounted to SEK 26.3 million (5.9), which was an increase of SEK 20.4 million.

Cash flow and Liquidity

CMP's cash flow from operating activities amounted to SEK 75.9 (74.3) million. The principle reasons for the change in cash flow from operating activities compared with 2016 were that:

- operating profit increased by SEK 34.7 million to SEK 77.9 million (43.2).
- income tax paid fell by SEK 9.2 million to SEK 27.6 million (36.8).
- working capital increased by SEK 17.6 million, which can be compared with 2016 when it fell by SEK 10.7 million - a difference in cash flow of SEK -28.2 million.

Investing activities produced an outflow of cash of SEK -37.0 (-36.1) million. No dividend was paid during the year (68.9).

Cash flow for the year totalled SEK 34.8 million (-22.7). Cash flow for the year produced cash and cash equivalents at the end of the year of SEK 167.9 (133.1) million.

Balance sheet

There has been relatively little change in the consolidated balance sheet for 2017. The balance sheet total increased by SEK 102.6 million or 9.9 % to SEK 1,141.0 million (1,038.5). On the assets side, it is principally tangible assets that have increased due to the investments made, primarily in mobile cranes. The tangible assets increased from SEK 753.0 million in 2016 to SEK 808.2 million at the end of 2017. Cash holdings have also increased by SEK 34.8 million to SEK 167.9 million.

On the liabilities side, Equity has increased to SEK 151.0 million (98.9) and long-term liabilities to 708.0 (654.4).

These changes mean that the equity/assets ratio increased from 9.5 to 13.2 per cent.

The parent company

Copenhagen Malmö Port AB is the parent company for the CMP group and is based in Malmö with a branch in Copenhagen. As mentioned previously, the operation in North Harbour in Malmö was hived off in 2016 and placed in the sub-

1) Adjusted Equity/Balance sheet total. Adjusted Equity refers to Equity + untaxed reserves with deduction for deferred tax liability.

2) Profit for the year/Average adjusted equity.

subsidiary Copenhagen Malmö Port Norra Hamnen AB. Otherwise, all business operations are conducted in the parent company. The bulk of the comments above therefore relate to the parent company. Turnover in the parent company during 2017 was SEK 812.2 million (807.4).

During 2017 the shares in the subsidiary, Copenhagen Malmö Port Norra Hamnen AB, were valued, resulting in a write-down of SEK 37.0 million. The office property on Terminalgatan in Malmö has been revalued by SEK 33.0 million after an external valuation showed that the value was significantly different from the book value.

A group contribution of SEK 22.9 million has been provided to the subsidiary, CMP Norra Hamnen AB.

Profit for the year in Copenhagen Malmö Port AB amounted to SEK -8.4 million (23.4). The parent company had 302 (337) full-time employees during 2017. The annual report is ratified at the AGM on 28 May 2018.

Copenhagen Malmö Port AB, 5 year summary

(SEK 1,000)	2013 ³⁾	2014 ³⁾	2015	2016	2017
Net turnover	715,363	762,690	762,122	807,442	812,212
Operating income	86,874	89,517	29,122	46,816	87,198
Profit/loss after financial deductions	88,616	90,263	29,965	47,816	43,494
Balance sheet total	543,558	631,766	636,003	603,678	672,640
Equity/assets ratio ⁴⁾	75.9%	65.9%	25.7%	19.6%	20.1%
Return on Equity ⁵⁾	22.1%	21.7%	14.2%	16.3%	Neg.
Average number of employees	400	384	376	337	302

Significant events after the year-end accounts

No significant events have occurred after the year-end accounts.

Outlook

The company views the future positively. This positive outlook is based on CMP's geographic location, the company's purpose-built facilities and the established commercial networks. These success factors have given CMP a strong position in a number of business segments and markets.

³⁾ As of January 1, 2014, the company applies BFNAR 2012: 1 Annual Report and Consolidated Financial Statements ("K3"). The comparative year 2013 has been recalculated in accordance with K3. Correction of error: In the multi-year review, amounts are reported as an effect of correction of errors by retroactive application. The amounts for 2014-2014 have not been recalculated.

⁴⁾ Adjusted Equity/Balance sheet total. Adjusted equity refers to equity + untaxed reserves with deduction for deferred tax liability.

⁵⁾ Profit for the year/Average adjusted equity.

Significant risks and uncertainties

All business operations are associated with risks. Risks managed correctly can open up fresh opportunities and increase value creation, while risks that are badly managed can result in damage and losses. The ability to identify, evaluate and manage risks is an important part of the governance and control of CMP's operations. The ambition is to achieve the business's goals through properly assessed risk-taking, where certain risks can be reduced or entirely avoided.

CMP's risks are managed and followed up systematically, including via a follow-up of the economic monthly outcomes at business segment and departmental level. The ongoing management also entails CMP analysing, expanding and improving the systems, methods and processes used in order to reduce risks. Examples of this are the annual strategy seminars with the Board of Directors, as well as forecasts, budget processes and continuous audits of internal processes and procedures.

The business is exposed to a number of strategic and operational risks. The strategic risks are linked to CMP focusing its operations on areas that might not be in demand in the future, or investing incorrectly and jeopardising competitiveness. CMP tries to reduce these risks through broadly-based, recurrent business analyses, through continually developing the organisation and the employees, as well as through strategy discussions with the Board of Directors and other actors who provide a broader future perspective.

The management of strategic risks is focused on doing the right things. The operational risk management, on the other hand, is more about performing a particular task correctly. Operational risks are therefore focused more on processes, assets and people.

Market risks

CMP's business operations are exposed to market risks, including cyclical fluctuations and changed patterns of demand which can affect demand for the company's services. CMP's operations are wide-ranging and directed at many different sectors and customers. This reduces the risk that a deterioration in demand can affect significant parts of the business. The breadth of the operation also means that the effects and risks of major seasonal variations – which for example characterise the cruise industry – are diminished within CMP.

Price risk

The price risk means that the market price of CMP's services could fall, and have a negative effect on the business. This risk is managed through CMP's services being substantially linked to contracts that extend at least one year forward in time. For long-term contractual relationships in respect of leasing quays and warehouses etc., the contracts are index-linked.

Price risks for products and services that CMP purchases primarily pertain to market risks, currency risks and interest rate risks. CMP is indirectly exposed to interest rate risks in its lease contracts via the annual indexation. Otherwise, the lease contracts run with fixed interest which in some cases is recalculated every three to five years with a limited interest rate risk. During 2017, the leases accounted for an annual cost of some SEK 200 million.

The leases for properties and sites that CMP uses are regulated. This minimises the risk of property and site owners deciding to use areas of land and properties for other purposes. The contracts are extended every five years by a further five years. This means that they are always valid for 20 - 25 years ahead. Fixed assets that are owned by CMP – and which have a longer economic service life than 20 - 25 years – are normally guaranteed by the land owner at book value at the end of the contract term.

IT risks

Disruptions or faults in critical systems can affect CMP's services and financial follow-up. The risk management in this area is based on CMP minimising the number of systems, using standardised systems with no adaptations and purchasing services from companies with effective systems and a high level of quality and expertise.

Personal injuries and damage to assets

CMP's business is exposed to personal injuries and damage to assets. An example of damage to assets is if a ship was to collide with a quay or other equipment, leading to injuries to persons and/or assets and a stop in operations. CMP follows up these risks on a continuous basis, develops procedures and improves technical equipment and expertise in order to prevent accidents.

Environmental risk

CMP has an environmental permit. This permit presupposes that CMP and the company's tenants and customers meet their undertakings. CMP continuously evaluates operations and analyses relevant risks in order to comply with the requirements and conditions in the environmental permit.

CMP has some exposure to substances that are harmful to the environment, for example, oil and chemicals. Through its own environmental policy, extensive safety procedures and continuous monitoring of its facilities, this risk is deemed to be limited. The same goes for the risk of terror attacks or similar events, where according to international regulations, CMP must comply with ISPS (The International Ship and Port Facility Security Code).

Financial risks

CMP currently has minor interest-bearing loans, but is exposed in an equivalent way to interest rates, currency and liquidity, primarily through long lease con-

tracts with port owners in the respective ports. CMP tries to limit this exposure through signing long lease contracts with its customers. The customer contracts thus counterbalance CMP's own exposure as far as possible.

The currency risks are primarily linked to the risk that the Danish krona will develop negatively relative to the Swedish krona. Just over half of CMP's turnover is in Danish kroner. The risk is limited to the profit margin as the bulk of the costs for what is invoiced in Danish kroner are in the same currency.

Other significant risks are the risk of bad debt losses due to insolvency. CMP performs credit checks of customers on a continuous basis, and tries to limit outstanding accounts receivable through adapting the terms of payment. CMP often requires bank guarantees or equivalent from customers for the long lease contracts, which further limits the risks of bad debt losses. Moreover, the risks inherent in long lease contracts are limited as quays and buildings can often be used in other ways than those detailed in the actual contract.

The insurance risk means that the insurance policies that CMP has taken out do not provide protection against different types of damage. CMP has a single insurance policy, with the objective of covering as large a proportion of potential risks as possible at a reasonable cost. Risks of downtime. CMP always tries to have alternative technology and equipment available. This limits the effects of a breakdown or other incidents that can result in long periods of downtime.

Environment and quality

CMP engages with environmental issues on a continuous basis, in part through the company's environmental policy and in part via its own environmental management system. The ISO 14001:2004 international standard has been used for a number of years to ensure systematic environmental management. A recertification was undertaken during 2015 to extend CMP's certificate for a further three years. Environmental legislation stipulates that port operations in Sweden have a permit. CMP received its environmental permit for port operations in Malmö in 2008. Some of the facilities and land areas where CMP currently conducts operations have been polluted by past activities. The environmental conditions that apply to the period before 2001, when CMP's operations started, are the responsibility of the respective port owners. CMP also has a certified quality management system in accordance with ISO 9001:2008. A recertification was also conducted in 2015 for this, which means that the certificate is valid for a further three years. New recertifications in accordance with the ISO standard will be conducted during 2018.

Investments

Investments in buildings, machinery and equipment during the year amounted to SEK 36.2 (36.1) million. The investments primarily related to mechanical equipment. Besides investments on its own account, investments are also made by the respective land owner, which pays via a lease fee.

Proposed distribution of profits

The following funds are at the disposal of the Annual General Meeting:

Retained profits, SEK 1,000	-2,400
Profit for the year, SEK 1,000	-8,441
Total, SEK 1,000	-10,841

The Board of Directors and CEO propose the following:

To be carried forward, SEK 1,000	-10,841
Total, SEK 1,000	-10,841

CMP's dividend policy stipulates that 25 per cent of the free equity is distributed to its shareholders in cases where the equity/assets ratio exceeds 40 per cent and it is judged that the company's general financial strength so allows.

The Board and the Managing Director propose that no dividend is made on this occasion, motivated partly by the fact that the equity/assets ratio does not reach the dividend policy limit of 40 per cent.

For more information about the company's results and financial position for 2017 and 2016, see the following income statement and balance sheet and additional disclosures.

CONSOLIDATED INCOME STATEMENT

(SEK 1,000)	Note	2017-01-01 – 2017-12-31	2016-01-01 – 2016-12-31
Net turnover	3	839,451	812,136
Expenditure for goods sold	10	-705,946	-682,878
Gross profit		133,505	129,258
Sales costs		-25,079	-25,365
Administrative costs		-36,967	-42,683
Other operating income	6	86,652	72,444
Other operating expenses	5	-80,237	-90,482
Operating income	7, 8, 9	77,874	43,172
Interest and other similar income		894	249
Interest expenses and similar items	11	-22,092	-12,139
Profit after financial items		56,676	31,282
Tax on profits of the year	12	-30,357	-25,339
Profit for the year		26,319	5,943

CONSOLIDATED BALANCE SHEET

(SEK 1,000)	Note	2017-12-31	2016-12-31
ASSETS			
FIXED ASSETS			
Tangible fixed assets	13		
Buildings and land		516,398	523,379
Plant and other technical equipment		172,699	128,256
Inventory, tools, fixtures and fittings		88,851	91,216
Construction in progress and advances		30,299	10,108
		808,247	752,959
Financial assets			
Deferred taxes recoverable	14	30,336	30,920
		30,336	30,920
TOTAL FIXED ASSETS		838,583	783,879
CURRENT ASSETS			
Current receivables			
Accounts receivables		73,183	65,880
Other receivables	17	5,482	3,839
Current income taxes recoverable		11,812	5,287
Prepayments and accrued income	18	44,080	46,470
		134,557	121,476
Cash and bank balances	24	167,907	133,102
TOTAL CURRENT ASSETS		302,464	254,578
TOTAL ASSETS		1,141,047	1,038,457

(SEK 1,000)	Note	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
EQUITY			
Share capital		100,000	100,000
Other contributed capital		20,388	20,388
Other equity including profit for the year		30,563	-21,496
		150,951	98,892
TOTAL EQUITY			
		150,951	98,892
APPROPRIATIONS			
Other appropriations	20	27,078	26,342
Deferred tax liability	14	7,260	0
		34,338	26,342
LONG-TERM LIABILITIES			
Liability financial leasing	21	441,932	416,212
Other long-term liabilities	22	266,034	238,199
		707,966	654,411
CURRENT LIABILITIES			
Trade payables		42,533	42,506
Liability financial leasing	21	24,569	24,129
Other liabilities		8,669	7,184
Accrued expenses and deferred income	23	172,021	184,993
		247,792	258,812
TOTAL EQUITY AND LIABILITIES			
		1,141,047	1,038,457

THE GROUP'S CHANGES IN CONSOLIDATED EQUITY

Equity (SEK 1,000)	Share capital	Other contributed capital	Other reserves	Retained profits	Total equity
Opening balance as of 1 January 2017	100,000	20,388	0	-21,496	98,892
Revaluation reserve			25,740		25,740
Profit for the period				26,319	26,319
Total changes in value	0	0	25,740	26,319	52,059
Closing balance as of 31 December 2017	100,000	20,388	25,740	4,823	150,951

The group's share capital comprises 3,600,000 shares with a quota value value of SEK 27.78 per share.

THE GROUP'S CASH FLOW STATEMENT

(SEK 1,000)	2017	2016
Operating activities		
Operating income	77,874	43,172
Adjustment for non-cash items:		
Depreciation and impairment of property, plant and equipment	72,918	67,609
Interest received	894	249
Interest paid	-22,092	-12,139
Provisions	736	1,283
Adjustment for linear distribution of rental costs	19,103	0
Other adjustments	0	-363
Capital gain on property, plant and equipment	-590	663
	148,843	100,474
Income tax paid	-27,566	-36,811
Cash flow from operating activities before changes in working capital	121,277	63,663
Change in receivables	-6,556	11,725
Change in current liabilities	-11,020	-1,061
Cash flow from operating activities	103,701	74,327
Investing activities		
Acquisition of property, plant and equipment	-37,594	-37,359
Sale of equipment	590	1,290
Cash flow from investing activities	-37,004	-36,069
Financing activities		
Amortization of long-term liabilities including financial leasing	-31,892	0
Change in long-term liabilities	0	8,001
Dividend	0	-68,940
Cash flow from financing activities	-31,892	-60,939
Cash flow for the year	34,805	-22,681
Cash and cash equivalents at beginning of year	133,102	155,783
Cash and cash equivalents at end of year	167,907	133,102

THE PARENT COMPANY'S INCOME STATEMENT

(SEK 1,000)	Note	2017-01-01 – 2017-12-31	2016-01-01 – 2016-12-31
Net turnover	3	812,212	807,442
Expenditure for goods sold	10	-671,146	-679,525
Gross profit		141,066	127,917
Sales costs		-23,000	-24,722
Administrative costs		-35,099	-41,693
Other operating income	5	83,653	72,444
Other operating expenses	6	-79,422	-87,130
Operating income	7, 8, 9	87,198	46,816
Impairment of financial assets	15	-37,000	0
Interest and other similar income		3,720	1,110
Interest expenses and similar items	11	-10,424	-110
Profit after financial items		43,494	47,816
Reserves	19	-22,900	4,912
Tax on profits of the year	12	-29,035	-29,377
Profit for the year		-8,441	23,351

THE PARENT COMPANY'S BALANCE SHEET

(SEK 1,000)	Note	2017-12-31	2016-12-31
ASSETS			
FIXED ASSETS			
Tangible fixed assets	13		
Buildings and land		122,248	94,956
Plant and other technical equipment		64,392	74,443
Inventory, tools, fixtures and fittings		88,237	91,201
Construction in progress and advances		30,299	10,108
		305,176	270,708
Financial assets			
Participations in group companies	15	3,050	40,050
Receivables from group companies	16	56,650	56,650
Deferred taxes recoverable	14	27,112	26,375
		86,812	123,075
TOTAL FIXED ASSETS		391,988	393,783
CURRENT ASSETS			
Current receivables			
Accounts receivables		64,110	63,354
Receivables from Group companies		2,252	0
Other receivables	17	5,482	2,001
Current income taxes recoverable		11,311	4,997
Prepayments and accrued income	18	40,436	34,041
		123,591	104,393
Cash and bank balances	24	157,061	105,502
TOTAL CURRENT ASSETS		280,652	209,895
TOTAL ASSETS		672,640	603,678

(SEK 1,000)

Note

2017-12-31

2016-12-31

EQUITY AND LIABILITIES**RESTRICTED EQUITY**

Share capital		100,000	100,000
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Statutory reserve		20,388	20,388
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Revaluation reserve		25,740	0
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	146,128	120,388
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NON-RESTRICTED EQUITY

Retained earnings		-2,400	-25,751
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Profit for the year		-8,441	23,351
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	-10,841	-2,400
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TOTAL EQUITY

	135,287	117,988
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APPROPRIATIONS

Other appropriations	20	27,078	26,342
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Deferred tax liability	14	7,260	0
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	34,338	26,342
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LONG-TERM LIABILITIES

Other long-term liabilities	22	266,034	238,199
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	266,034	238,199
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CURRENT LIABILITIES

Trade payables		41,098	40,356
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Liabilities to group companies		22,975	283
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Other liabilities		6,566	5,547
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Accrued expenses and deferred income	23	166,342	174,963
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	236,981	221,149
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TOTAL EQUITY AND LIABILITIES

	672,640	603,678
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CHANGES IN THE PARENT COMPANY'S EQUITY

Equity (SEK 1,000)	Share capital	Statutory reserve	Revaluation reserve	Non-restricted equity	Total equity
Opening balance as of 1 January 2017	100,000	20,388	0	-2,400	117,988
Revaluation reserve			25,740		25,740
Profit for the period				-8,441	-8,441
Total changes in value	100,000	20,388	25,740	-10,841	135,287

The parent company's share capital comprises 3,600,000 shares with a quota value of SEK 27.78 per share.

THE PARENT COMPANY'S CASH FLOW STATEMENT

(SEK 1,000)	2017	2016
Operating activities		
Operating income	87,198	46,816
Adjustment for non-cash items:		
Depreciation and impairment of property, plant and equipment	35,321	36,475
Interest received	3,720	1,110
Interest paid	-10,424	-110
Provisions	736	1,283
Adjustment for linear distribution of rental costs	19,103	31,488
Other adjustments	0	-349
Capital gain on property, plant and equipment	-590	663
	135,064	117,376
Income tax paid	-27,354	-36,519
Cash flow from operating activities before changes in working capital	107,710	80,857
Change in receivables	-12,884	28,515
Change in current liabilities	-7,068	-14,594
Cash flow from operating activities	87,758	94,778
Investing activities		
Acquisition of subsidiaries	0	-40,050
Acquisition of property, plant and equipment	-36,789	-37,359
Sale of equipment	590	1,290
Cash flow from investing activities	-36,199	-76,119
Financing activities		
Dividend	0	-68,940
Cash flow from financing activities	0	-68,940
Cash flow for the year	51,559	-50,281
Cash and cash equivalents at beginning of year	105,502	155,783
Cash and cash equivalents at end of year	157,061	105,502

ADDITIONAL DISCLOSURES

Note 1 General information

Copenhagen Malmö Port AB with corporate identity number 556027-4077 is a limited company registered in Sweden with its headquarters in Malmö. The address of the head office is Terminalgatan 18, SE 201-25 Malmö.

The parent company owns 100% of the subsidiary Copenhagen Malmö Port Norra Hamnen AB, Corp. ID no. 559061-3963, also with headquarters in Malmö. The parent company also consists of the Danish branch, Copenhagen Malmö Port, Filial af Copenhagen Malmö Port AB, Sverige with Corp. ID no. 25 99 60 11 and registered office in Copenhagen, Denmark.

Note 2 Accounting principles

The company applies the Swedish Annual Accounts Act (1995:1554) and the general advice of the Swedish Annual Accounting Standards Board BFNAR 2012:1 Annual Accounts and Consolidated Accounts ("K3").

The same accounting and valuation principles are applied in the parent company as in the group, apart from in the cases indicated in italics below.

Consolidated accounts

The consolidated accounts comprise the parent company Copenhagen Malmö Port AB and the companies over which the parent company directly or indirectly has a controlling influence (subsidiaries). Controlling influence entails an entitlement to structure another company's financial and operational strategies with the aim of obtaining financial benefits. In assessing whether controlling influence exists, the holding of financial instruments which are potentially qualified to vote should be taken into account as well as financial instruments which can be utilised or converted to equity instruments qualified to vote without delay. Consideration should also be taken to whether the company is able to control operations through an agent. Controlling influence normally exists when the parent company directly or indirectly has shares which represent more than 50% of the votes.

Lease payments

All the parent company's lease contracts in which the company is lessee are reported as operational leasing (rental agreement), regardless of whether the agreement is financial or operational.

Revenues

Revenues are reported at the fair value of the compensation received or that will be received, with deduction for value added tax, discounts, returns and similar.

Sales of services

Revenues from sales of services on current account are reported as revenues in the period the work is performed and materials are supplied or consumed.

Tangible fixed assets

Fixed assets are reported at acquisition value after deduction for accumulated depreciation and any write-downs.

The acquisition value consists of the purchase price, expenditure that is directly attributable to the acquisition in order to bring it to the location and in the condition to be used. Additional expenses are only included in the asset or reported as a separate asset when it is likely that future economic advantages that are associated with the item will accrue to the company and that the acquisition value for it can be measured reliably. All other costs for repairs and maintenance, as well as additional expenditure, are reported in the income statement in the period when they arise.

When there is deemed to be a material difference in use of a tangible asset's significant components, the asset is divided into these components.

Depreciation of tangible fixed assets is booked in such a way that the asset's acquisition value, potentially reduced by the estimated residual value at the end of its economic life, is written off lineally over its estimated economic life. If an asset has been divided up into different components, the respective component is written off separately over its economic life. Depreciation commences when the tangible fixed asset can be put into use. The economic life of tangible fixed assets is set at:

Buildings	
Framework	100 years
Additional structure/dry walls	50 years
Heating, ventilation, sanitation and electricity	40 years
Ventilation	20 years
Facade and roof	40 years
Transport (lifts)	25 years
Cranes	25-30 years
Building equipment and installations	10-20 years
Work machinery	7-10 years
Vehicles and other equipment	5 years
Computers	3-5 years

Capital allowances other than depreciation according to plan are regarded as accelerated depreciation arrangements which constitute an untaxed reserve.

Assessed economic life and depreciation methods are reviewed if there are indications that expected use has changed substantially compared with the estimate on the previous balance sheet date. When the company changes its as-

assessment of economic life, it also reviews the asset's residual value, if any. The effect of these changes is reported prospectively.

Buildings have no assessed value.

Removal from the balance sheet

The reported value for a tangible asset is removed from the balance sheet in connection with disposal or sale, or when no future economic benefits are expected from use or disposal/sale of the asset or the component. The profit or loss that arises when a tangible fixed asset or a component is removed from the balance sheet is the difference between that which is potentially received after deduction for direct sales expenses, and the asset's reported value. The capital gain or capital loss that arises when a tangible fixed asset or a component is removed from the balance sheet is reported in the income statement as other operating income and other operating expense.

Lease contracts

A financial lease contract is an agreement according to which the economic risks and benefits that are associated with ownership of an asset are transferred in all essentials from the lessor to the lessee. Other lease contracts are classified as operational lease contracts.

If rent payments do not coincide with linear accounting and it is assessed that rent that is to be paid includes a financing component, rent arrears are reported at discounted value.

The group as lessee

Assets which are held according to financial lease contracts are reported as fixed assets in the group's balance sheet at actual value at the start of the lease period or at the current value of the minimum leasing fees if this is lower. The liability that the lessee has in relation to the lessor is reported in the balance sheet under the headings Long-term liabilities and Short-term liabilities respectively, with the subheading Liability financial leasing. The lease payments are distributed between interest and amortization of the liability. The interest is distributed over the term of the lease so that each accounting period is charged with an amount equivalent to a fixed interest rate on the liability recorded during the respective period. Interest charges are reported directly in the income statement unless they are directly attributable to acquisition of an asset which of necessity takes a significant period to make ready for the intended use or sale, and the capitalization principle is applied.

Lease contracts where the economic benefits and risks which are attributable to the leased item in all essentials remain with the lessor, are classified as operational leasing. Payments, including an initial increased rent, according to these contracts are accounted as a cost lineally over the lease period, or alternatively based on the economic benefit over the leasing period.

Financial instruments

Financial instruments are reported in accordance with the rules in K3, Chapter 11, which means that valuation is based on acquisition value. Financial instruments reported in the balance sheet include accounts receivable and other receivables, accounts payable and borrowings. The instruments are reported in the balance sheet when the company becomes a party to the contractual provisions. Financial assets are removed from the balance sheet when the right to receive

the cash flow from the instrument have expired or been transferred and the group has substantially transferred all risks and rewards of ownership.

Financial liabilities are removed from the balance sheet when the commitments have been regulated or ceased in some other way.

Accounts receivable and other receivables

Receivables are reported as current assets with the exception of items with a due date more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are recognised at the amount that is expected to be paid after deductions for individually assessed doubtful debts. Receivables that are interest-free or which bear interest which deviates from the market rate and have a duration in excess of 12 months, are reported at a discounted present value and the change in value over time is reported as interest income in the income statement.

Borrowings and accounts payable

Borrowings are reported initially at acquisition value after deduction for transaction costs (accrued acquisition value). If the amount reported differs from the amount that is to be repaid on maturity, the difference is periodised as an interest expense over the term of the loan using the instrument's effective rate of interest. The amount reported thus corresponds with the amount to be repaid.

Current accounts payable are reported at acquisition value.

Offsetting of financial receivable and financial liability

A financial asset and a financial liability are only offset and reported at a net amount in the balance sheet when there is a legal right of set-off and when regulation with a net amount is intended to take place or when there is an intention to simultaneously dispose of the asset and settle the liability.

Impairment test of financial liability

On every balance sheet date, the company assesses whether there is any indication of impairment in any of the financial fixed assets. Impairment takes place if the depreciation is judged to be permanent. Impairment is reported in the income statement item, Profit/loss from other securities and receivables forming part of the fixed assets. Impairment is tested individually for shares and participations and other individual financial fixed assets that are significant. Examples of indications of impairment are negative economic circumstances or adverse changes in industry conditions in companies whose shares CMP AB has invested in. Impairment for assets valued at accrued acquisition value are measured as the difference between the asset's carrying amount and the present value of the management's best estimate of the future cash flows discounted at the financial asset's original effective interest rate. For assets with floating interest rate, the current rate on the balance sheet date is used as discount rate.

For the purpose of impairment testing for the securities portfolio with interest rate instruments, an effective interest rate for the portfolio is established correspondingly to that used for discounting. If impairment of shares takes place, the impairment loss is established as the difference between the carrying amount and the highest of fair value with deduction for selling expenses and the present value of the future cash flows (which are based on the management's best estimate).

Remuneration to employees

Remuneration to employees in the form of salaries, bonuses, paid holiday, paid sick leave etc., as well as pensions, are reported as they are accrued. With regard to pensions and other post-employment remuneration, they are classified as defined contribution or defined benefit pension plans. The company only has defined contribution pension plans.

Provisions

Provisions are reported when the company has an existing obligation (legal or informal) as a result of an incident that has occurred, it is likely that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

A provision is reviewed each balance sheet date and adjusted so that it reflects the best estimate of the amount required to settle the existing obligation on the balance sheet date, taking into account risks and uncertainties associated with the obligation. When a provision is calculated by estimating the payments that are expected to be required to settle the obligation, the reported value corresponds to the current value of these payments.

Tax

Total tax comprises current tax and deferred tax. Taxes are reported in the income statement, apart from when the underlying transaction is accounted directly against equity, when pertinent tax effects are reported in equity.

Current tax

Current tax refers to income tax for the present financial year as well as the part of the previous financial year's income tax that has not yet been reported. Current tax is calculated on the basis of the tax rate that applies on the balance sheet date.

Deferred tax

Deferred tax is income tax which relates to future financial years as a result of previous events. Accounting takes place according to the balance sheet method. This means that deferred tax liabilities and deferred income taxes recoverable on temporary differences which arise between, respectively, booked and fiscal values for assets and liabilities as well as for other fiscal deductions or deficits.

Deferred income taxes recoverable are reported net against deferred tax liabilities only if they can be paid with a net amount. Deferred tax is calculated on the basis of the tax rate approved on the balance sheet date. Effects of changes to the applicable tax rates are taken up as income in the period in which the change was legally prescribed. Deferred income taxes recoverable are reduced to the extent that it is unlikely that the underlying income taxes recoverable will be realised within the foreseeable future. Deferred income taxes recoverable are reported as financial assets and deferred tax liability as provision.

Receivables and liabilities

Receivables are recognised at the amounts expected to be received. Receivables and liabilities in foreign currencies have been converted into Swedish kronor at closing-date exchange rates. The difference between cost and the value at the closing date has been recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents are constituted solely by bank balances.

Foreign branch

The branch's income statement and balance sheet have been converted in accordance with the monetary/non-monetary method. Monetary items in foreign currency are converted at the rate on the balance sheet date. Non-monetary items are recognised at the rate per day for the business event (date of acquisition).

Cash flow statement

The cash flow statement shows changes in the company's liquid funds during the financial year. The cash flow statement has been prepared according to the indirect method. The cash flow reported solely comprises transactions that entailed payments received or made.

Important estimates and assessments

Estimates and assessments are evaluated continuously and are based on historical experience and other factors, including expectations of future events regarded as reasonable under prevailing circumstances.

Reserve for bad debts

The company continually makes an individual assessment of accounts receivable to assess and determine the need for a reserve where full payment is not anticipated.

Need for restoration of land

The company and the company's customers sometimes conduct operations that can entail a risk that restoration of land etc. will be required. In most customer agreements, the customer is responsible for this, however, the company continuously assesses and evaluates the need to make provisions for restoration costs.

Classification of leasing

The company pays large concession fees for the areas where operations are conducted, as well as for the buildings etc. included. The company classifies the concession fees on an ongoing basis regarding whether they are to be considered as financial or operational leasing. Where the classification is financial, the installation or area is reported in the balance sheet as an asset.

Valuation of own assets

The company has a small number of assets which have a depreciation period longer than the company's Concession agreement with the owners of the area. The company therefore continuously evaluates depreciation rate and asset value.

Note 3 Net sales

(SEK 1,000)	Group		Parent Company	
	2017	2016	2017	2016
Terminal income	615,332	606,336	534,698	582,502
Rental income	152,148	166,913	150,777	166,860
Other income	71,971	38,887	126,737	58,080
Total	839,451	812,136	812,212	807,442

Sales per geographic market (SEK 1,000)	Group		Parent Company	
	2017	2016	2017	2016
Sweden	325,550	329,999	298,310	325,305
Denmark	513,901	482,137	513,902	482,137
Total	839,451	812,136	812,212	807,442

Note 4 Information about purchases and sales within the same group

(SEK 1,000)	Parent Company	
	2017	2016
Purchases	0%	0%
Sales	7%	2%

Note 5 Other operating income

(SEK 1,000)	Group		Parent Company	
	2017	2016	2017	2016
Exchange rate regulation	71,344	68,993	68,345	68,993
Capital gain/loss on sale	590	1,290	590	1,290
Other	14,718	2,161	14,718	2,161
Total	86,652	72,444	83,653	72,444

Note 6 Other operating expenses

(SEK 1,000)	Group		Parent Company	
	2017	2016	2017	2016
Exchange rate regulation	71,521	75,087	71,385	71,774
Property tax	5,328	5,229	5,328	5,229
Self-insurance costs	-29	5,070	-579	5,036
Capital gain/loss on sale	0	1,953	0	1,953
Other	3,417	3,143	3,288	3,138
Total	80,237	90,482	79,422	87,130

Note 7 Fees to auditors

(SEK 1,000)	Group		Parent Company	
	2017	2016	2017	2016
PwC				
Audit assignment	872	325	502	325
Auditing services in addition to the audit assignment	730	0	245	0
Tax consultancy	575	70	525	70
Other services	501	0	501	0
Total	2,679	395	1,774	395
(SEK 1,000)	2017	2016	2017	2016
Deloitte				
Audit assignment	0	125	0	0
Auditing services in addition to the audit assignment	0	72	0	72
Tax consultancy	0	256	0	211
Total	0	453	0	283
Total fees to auditors	2,679	848	1,774	678

Audit assignments include reviewing the annual report and accounts, as well as administration by the Board of Directors and the CEO. Auditing services in addition to audit assignments refers to other tasks that it is incumbent on the company's auditor to perform, as well as consultancy or other assistance as a result of observations in connection with such inspection. Tax consultancy is reported separately. Everything else is included in other services.

Note 8 Number of employees, salaries and remuneration for employees and the Board

Average number of employees

	Group		Parent Company	
	2017	2016	2017	2016
Malmö				
Men	125	158	83	119
Women	29	28	26	27
	154	186	109	146
Copenhagen				
Men	167	162	167	162
Women	26	29	26	29
	193	191	193	191
Total	347	377	302	337

Note 8 Number of employees, salaries and remuneration for employees and the Board, continued

(SEK 1,000)	Group		Parent Company	
	2017	2016	2017	2016
Board of Directors and CEO				
Salaries and other remuneration,	8,843	7,817	7,723	7,447
of which bonuses	0	501	0	501
Social-security contributions,	2,945	3,505	2,130	3,231
of which pension costs and obligations	1,566	1,915	1,103	1,758
Other employees				
Salaries and other remuneration,	224,300	210,467	204,609	204,789
of which bonuses	0	0	0	0
Social-security contributions,	50,192	47,561	42,139	45,381
of which pension costs and obligations	23,843	20,786	21,618	19,966

Agreements on severance pay in the amount of one year's salary have been concluded with the CEO and for the Deputy CEO.

Female representation on the Board and in management	Board of Directors	CEO and other senior executives
Proportion of men in group	92%	62%

Note 9 Operational leasing

The company has lease expenses for cars, machinery and equipment. Total lease payments in 2017 were 11,196.
(The nominal values are given in the note below.)

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Maturity				
Within one year	13,150	6,128	10,350	4,750
Later than one year but within five years	30,507	13,706	39,779	8,502
Later than five years	0	0	39,462	0
Total	43,657	19,834	89,591	13,252

The company has leasing costs for leases (SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Maturity				
Within one year	155,652	132,372	222,802	195,818
Later than one year but within five years	720,897	675,072	1,004,208	954,370
Later than five years	2,839,166	2,904,813	3,592,380	3,700,541
Total	3,715,715	3,712,257	4,819,390	4,850,729

The parent company as lessee

The parent company has a lease contract with Malmö City on which the subsidiary, Copenhagen Malmö Port Norra Hamnen AB conducts its operations. The relevant area consists of quays, land, railway tracks and buildings consisting of office premises and workshop. The parent company sublets the area to the subsidiary in a lease contract which extends until 2035. The contract is drawn up in such a way that the fee consists primarily of a fixed component.

Note 10 Depreciation and impairment of tangible fixed assets

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Cost of goods sold	-72,918	-67,707	-35,321	-36,476
Total	-72,918	-67,707	-35,321	-36,476

Note 11 Interest charges and similar expenses

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Interest in respect of financial leasing	11,568	12,029	0	0
Other	10,524	110	10,424	110
Total	22,092	12,139	10,424	110

Note 12 Tax

(SEK 1,000)	Group		Parent Company	
	2017	2016	2017	2016
Current tax	-29,772	-31,889	-29,772	-31,889
Deferred tax	-585	6,550	737	2,512
Tax on profits for the year	-30,357	-25,339	-29,035	-29,377

Reconciliation of tax expense for the year:

Reported profit before tax	56,676	31,282	20,594	52,728
Tax calculated with tax rate of 22%	-12,469	-6,882	-4,531	-11,600
Tax effect of non-deductible expenses	-1,035	-7,100	-954	-7,100
Tax effect of non-taxable income	2	4	2	4
Adjustment from reported to fiscal depreciation on buildings	-376	-279	-349	-279
Effect of foreign tax	-14,505	-9,997	-14,505	-9,997
Difference in exchange rate on foreign tax	-584	-356	-584	-356
Tax effect of impairment of shares in subsidiary	0	0	-8,140	0
Other adjustments	-1,391	-729	26	-48
Total	-30,357	-25,339	-29,035	-29,377
Reported tax expense for the year	-30,357	-25,339	-29,035	-29,377

Note 13 Tangible fixed assets

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Buildings and land				
Opening acquisition value	128,387	119,337	125,975	119,337
Acquisitions for the year	33,000	0	33,000	0
Reclassifications	284	9,050	284	9,050
Sales/disposals	0	0	0	-2,412
Closing accumulated acquisition value	161,671	128,387	159,259	125,975
Opening depreciation	-31,521	-26,360	-31,019	-26,360
Depreciation for the year	-6,112	-5,161	-5,992	-5,121
Sales/disposals	0	0	0	462
Closing accumulated depreciation	-37,633	-31,521	-37,011	-31,019
Closing residual value according to plan	124,038	96,866	122,248	94,956

Note 13 **Tangible fixed assets, continued**

(SEK 1,000)	Group	
	2017.12.31	2016.12.31
Buildings and Land attributable to financial leasing		
Opening acquisition value	510,830	486,227
Procurement regulation	5,875	0
Acquisitions for the year	0	24,603
Sales/disposals	-7,017	0
Closing accumulated acquisition value	509,688	510,830
Opening depreciation	-84,317	-54,815
Procurement regulation	-1,458	0
Depreciation for the year	-31,553	-29,502
Closing accumulated depreciation	-117,328	-84,317
Closing residual value according to plan	392,360	426,513

Depreciation of financial lease contracts takes place over the term of the lease, normally 5-35 years.

For more information regarding lease contracts, see note 21 Financial leasing.

(SEK 1,000)	Group	
	2017.12.31	2016.12.31
Machinery assignable to financial leasing		
Opening acquisition value	0	0
Acquisitions for the year	60,212	0
Closing accumulated acquisition value	60,212	0
Opening depreciation	0	0
Depreciation for the year	-774	0
Closing accumulated depreciation	-774	0
Closing residual value according to plan	59,438	0

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Plant and other technical equipment				
Opening acquisition value	327,189	348,846	242,651	348,846
Reclassifications	5,186	4,148	5,186	3,882
Sales/disposals	-12,361	-25,805	-12,361	-110,077
Closing accumulated acquisition value	320,014	327,189	235,476	242,651
Impairment at beginning of year	-11,170	-11,170	-11,170	-11,170
Impairment charge for the year	0	0	0	0
Impairment at end of year	-11,170	-11,170	-11,170	-11,170
Opening depreciation	-187,763	-193,953	-157,038	-193,953
Sales/disposals	12,361	25,671	12,361	54,749
Depreciation for the year	-20,181	-19,481	-15,237	-17,834
Closing accumulated depreciation	-195,583	-187,763	-159,914	-157,038
Closing residual value according to plan	113,261	128,256	64,392	74,443

Note 13 **Tangible fixed assets, continued**

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Inventory, tools, fixtures and fittings				
Opening acquisition value	173,371	178,665	172,671	178,665
Reclassifications	11,933	23,836	11,128	24,102
Sales/disposals	-250	-29,130	-250	-30 096
Closing accumulated acquisition value	185,054	173,371	183,549	172,671
Opening depreciation	-82,155	-95,902	-81,470	-95,902
Sales/disposals	250	27,310	250	27,953
Depreciation for the year	-14,298	-13,563	-14,092	-13,521
Closing accumulated depreciation	-96,203	-82,155	-95,312	-81,470
Closing residual value according to plan	88,851	91,216	88,237	91,201

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Construction in progress and advances				
Opening balance	10,108	9,779	10,108	9,779
Expenditure for the year	37,594	37,363	36,789	37,363
Reclassifications during the year	-17,403	-37,034	-16,598	-37,034
Closing balance	30,299	10,108	30,299	10,108

Note 14 **Deferred tax**

Deferred taxes recoverable

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Deferred tax in respect of financial leasing	3,223	2,386	0	0
Deferred tax in respect of temporary difference in lease contract	27,113	26,375	27,112	26,375
Deferred tax on loss carry-forward	0	2,159	0	0
Total	30,336	30,920	27,112	26,375

Tax rate for calculation of deferred tax amounts to 22 per cent. The deferred tax asset is not recognised on the carry-forward amount for settlement of foreign tax as at present it is not likely that the amount can be utilised within the prescribed period.

Deferred tax on lease contracts arises as a temporary difference for the cost, as it does not become deductible until the date of payment, see note 22.

Deferred tax liability

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Deferred tax in respect of appreciation of property	7,260	0	7,260	0
Total	7,260	0	7,260	0

Tax rate for calculation of deferred tax amounts to 22 per cent. The deferred tax asset is not recognised on the carry-forward amount for settlement of foreign tax as at present it is not likely that the amount can be utilised within the prescribed period.

Deferred tax on lease contracts arises as a temporary difference for the cost, as it does not become deductible until the date of payment, see note 22.

Note 14 **Deferred tax, continued**

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Opening deferred taxes recoverable	0	0	0	0
Appropriations for the year	7 260	0	7 260	0
Reversal for the year.	0	0	0	0
Closing deferred taxes recoverable	7,260	0	7,260	0

Note 15 **Participations in group companies**

(SEK 1,000)	Parent Company	
	2017.12.31	2016.12.31
Opening acquisition value	40,050	0
Investment subsidiaries	0	40,050
Closing accumulated acquisition value	40,050	40,050
Opening impairment	0	0
Impairment charge for the year	-37,000	0
Closing accumulated	-37,000	0
Closing reported value	3,050	40,050

The company's holding of participations in group companies

The company's name	Share of equity	Share of voting power	Number of participations	Booked value 2017.12.31
Copenhagen Malmö Port Norra Hamnen AB	100%	100%	100,000	3,050
Closing reported value				3,050

The company's name	Corp. ID no.	Registered office
Copenhagen Malmö Port Norra Hamnen AB	559061-3963	Malmö

Note 16 **Receivables from group companies**

(SEK 1,000)	Parent Company	
	2017.12.31	2016.12.31
Opening acquisition value	56,650	0
Additional receivables	0	56,650
Closing accumulated acquisition value	56,650	56,650
Closing reported value	56,650	56,650

Note 17 **Other receivables**

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Insurance compensation	660	711	660	711
Other	4,822	3,127	4,822	1,290
Total	5,482	3,838	5,482	2,001

Note 18 Prepayments and accrued income

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Accrued terminal income etc.	19,013	22,218	15,422	11,642
Prepaid rents	19,792	18,369	19,792	18,369
Other	5,275	5,883	5,222	4,030
Total	44,080	46,470	40,436	34,041

Note 19 Appropriations and untaxed reserves

(SEK 1,000)	Parent Company	
	2017.12.31	2016.12.31
Appropriations		
Difference between scheduled depreciation and permissible depreciation for tax purposes	0	-4,912
Group contribution provided	22,900	0
Total appropriations	22,900	-4,912

Note 20 Provisions

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Opening appropriation	26,342	25,059	26,342	25,059
Rate adjustment for the year	736	1,283	736	1,283
Closing value other appropriations	27,078	26,342	27,078	26,342

Appropriations correspond to the compensation the company received from a previous customer related to future environmental requirements for restoration of land in connection with the customer relocating. The obligations are based on thorough studies of the environmental requirements for restoration of land.

The customer has made a one off payment to CMP corresponding to the obligation. The compensation and appropriation has had no impact on the operating profit during the financial year.

Note 21 Financial leasing**Financial lease contracts – lessee**

The group has entered into financial lease contracts in respect of buildings & land. The lease contracts are non-terminable and the lease periods vary between 5-35 years. The year's costs with regard to depreciation and interest amount to SEK 43.1 million in the group and SEK 0 million in the parent company. The terms of the lease contract do not give the group the option to acquire the leased assets at the end of the lease period. The due dates for the financial leasing liabilities are clarified below.

(SEK 1,000)	Group	
	2017.12.31	2016.12.31
Maturity		
Within one year	24,569	24,129
Later than one year but within five years	124,514	114,570
Later than five years	317,418	301,642
	466,501	440,341
Long-term part	441,932	416,212
Short-term part	24,569	24,129
	466,501	440,341

Note 21 Financial leasing, continued

A financial lease contract is a lease contract according to which the economic risks and benefits that are associated with ownership of an asset are transferred in all essentials from the lessor to the lessee. Our assessment is also that the leased asset is of such a specific character that only the lessee can use the asset without essential changes being made.

Information about reported values in respect of tangible assets which are held through financial lease contracts is available in note 13.

The CMP group has a number of significant contracts that are very important in enabling CMP to conduct its operations. These are the concession agreements that the CMP AB group has with its two largest landowners, which are also major owners of CMP. These are By & Havn and Malmö City. The contracts cover almost all areas in which CMP conducts its operations in Malmö. The fees for the concession agreements are deemed to be market-based and the current contracts apply for the period 2011 to 2035. The group largely books the concession agreements evenly throughout the term of the agreement, while the landowners have incrementally increased the annual invoicing from the start of 2011 by almost SEK 10 million per year in accordance with the concession agreements. According to the agreements, they will do this until 2023 and subsequently invoice the same amount until 2035 where only an index linked amount for inflation will be added.

Note 22 Other long-term liabilities

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Long-term liabilities due for payment more than five years after the balance sheet date:				
Other liabilities	266,034	238,199	266,034	238,199
Total long-term liabilities	266,034	238,199	266,034	238,199

Note 23 Prepayments and accrued income

(SEK 1,000)	Group		Parent Company	
	2017.12.31	2016.12.31	2017.12.31	2016.12.31
Accrued expenses and deferred income				
Accrued salaries, holiday pay and social-security contributions	55,421	55,762	50,740	48,010
Estimated payroll tax	1,905	1,999	1,645	1,896
Accrued discounts	25,470	21,841	25,470	21,821
Prepaid Basic rent reduction 2015-2019	22,068	37,359	22,068	37,359
Accrued rental costs	48,000	50,028	48,000	50,028
Other	19,157	18,004	18,419	15,849
Total accrued expenses and deferred income	172,021	184,993	166,342	174,963

Note 24 Overdraft facility

The company has a credit facility of SEK 30,000 thousand with SEB Bank. The overdraft facility was not utilised at the closing date.

Note 25 Allocation of profits

(SEK 1,000)	2017.12.31
The Board of Directors proposes that funds available	
Retained earnings	-2,400
Profit for the year	-8,441
	-10,841
are allocated so that	
to be carried forward	-10,841
	-10,841

The parent company's share capital comprises 3,600,000 shares with a quota value of SEK 27.78 per share.

Note 26 Pledged assets

	Group	
(SEK 1,000)	2017.12.31	2016.12.31
Regarding liabilities to credit institutions		
Assets held with financial leasing	451 798	426 513

Note 27 Events after the balance sheet date

No events of a significant character have occurred after the end of the financial year.

Malmö, March 12, 2018

Mads Lebech Chairman	Ilmar Reepalu Deputy Chairman	Olof Andersson
Carsten Koch	Søren Jespersen	Anja Sonesson
Anders Peterson	Lars Weiss	Johnny Isager Høvring Employee representative
Gert-Inge Johansson Employee representative	Karsten Jensen Employee representative	Florentina Berisha Employee representative

Barbara Scheel Agersnap
Chief Executive Officer

Our auditor's report was submitted on 22 March 2018

PricewaterhouseCoopers AB

Mats Åkerlund
Authorized Public Accountant

AUDITOR'S REPORT

Referring to pages 35-62

To the general meeting of the shareholders of Copenhagen Malmö Port AB, corporate identity number 556027-4077

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Copenhagen Malmö Port AB for the year 2017 except for the statutory sustainability report on pages 31-34.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 31-34. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisormsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Copenhagen Malmö Port AB for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss dealt with in accordance with the proposal in the statutory administration report and

that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisormsansvar. This description is part of the auditor's report.

The auditor's opinion regarding the statutory sustainability report
The Board of Directors is responsible for the statutory sustainability report on pages 10-16, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Malmö 22 March 2018
PricewaterhouseCoopers AB

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Authorized Public Accountant



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