

FINANCIAL STATUS 2018

**Report on the financial position of the Company
since the Annual General Meeting,
pursuant to Article 3, paragraph 13b and
Article 4, paragraph 12b of the Articles of Association**

and

OPERATIONS, FINANCIAL AND INVESTMENT BUDGET 2019

**Proposed budget for the coming fiscal year for approval,
pursuant to Article 3, paragraph 13c; Article 4, paragraph 12c,
and Article 9, paragraphs 1-4 of the Articles of Association**

Table of Contents

1. Summary	4
1.1 Fiscal status since the Annual General Meeting and the trends for 2018	4
1.2 Operations, Financial and Investment Plan 2019.....	5
2. The following shall be laid before SEV's Extraordinary General Meeting on 30 November 2018.....	7
2.1 For discussion and review	7
2.2 For approval.....	7
3. Financial position since the Annual General Meeting and the trends for 2018	9
3.1 Electricity sales and production.....	10
3.2 Revenue	13
3.3 Operational expenses.....	14
3.3.1 Oil expenses	14
3.3.2 Goods and services	18
3.3.3 Wage expense.....	18
3.3.4 Depreciation of fixed assets.....	18
3.3.5 Interest and valuation adjustments of share capital	19
3.3.6 Taxes on annual result and deferred taxes	19
3.4 Investment, financing and liquidity	19
4. Operations, Financial and Investment Budget 2019	22
4.0 Attest of the independent accountant.....	22
4.1 Profitability and setting the price of electricity.....	23
4.1.1 Overview of the efforts to improve profitability over the past few years.....	24
4.2 Electricity sales and production.....	26
4.3 Wind energy purchase from Sp/F Vindrøkt and SEV subsidiaries	28
4.4 Total revenue.....	29
4.5 Operational expenses.....	29
4.5.1 Hedging strategy for oil, currency and interest	30
4.5.2 Strategy for insuring against oil price and currency risks	31
4.5.3 Strategy for insuring against interest rate risk.....	31
4.5.4 Oil expenses	32
4.5.5 Goods and services	33

4.5.5.1 Production activities.....	33
4.5.5.2 Grid-related activities.....	33
4.5.5.3 Administration.....	34
4.5.6 Wage expense	35
4.5.7 Depreciation	37
4.5.8 Interest and adjustments to equity.....	37
4.5.9 Taxes on annual result and deferred taxes	38
4.6 Investment	38
4.7 Loan facilities	43
4.8 Liquidity	43
5. Sustainable budgets 2018-2028	44
6. Overview of SEV's fiscal economy for the period 2008-2028	45
7. Key Figures and Financial Ratios for 2009-2021	52
7.1 Interest-bearing debt compared to EBITDA	53
7.2 Key Figures and Financial Ratios 2009-2021	54
Windfarm Subsidiary Corporations of SEV and Fjarhitafelagið	56
8. Independent subsidiary corporations to operate the windfarms.....	57
8.1 Neshagi	57
8.2 Húsaðagi	58
9. P/F Fjarhitafelagið	59
10. Financial Statistics and Tables	60

1. Summary

Pursuant to the Articles of Association of the Company, SEV shall submit a report on the fiscal status of the Company for 2018, as well as the Operations, Financial and Investment Budget for 2019. The 2019 Operations, Financial and Investment Budget is structured as a consolidated corporate concern budget, wherein the daughter companies are consolidated (integrated) within the parent company budget and the internal transfer pricing transactions, current accounting, etc. are excluded.

1.1. Fiscal status since the Annual General Meeting and the trends for 2018

The 2018 Financial Status is based on the Company accounts as at 30 September 2018 and economic projections for the fourth quarter to generate a combined projection of the trend in 2018.

The Company anticipates an operational profit in 2018 of DKK 49.9 million before taxes, compared to a budgeted result of DKK 79.5 million, or a decrease of DKK 29.7 million. Although the final figures may very well differ, it is forecast that the profit will not be less than DKK 40.0 million before taxes. After taxes, the result is expected to be DKK 40.9 million. That the result is not as budgeted, stems first and foremost from the fact that Company income is DKK 16.5 million less than budgeted and that oil expenses are DKK 14.5 million greater than budgeted. It is anticipated that production will be greater than the previous year.

Higher oil costs of some DKK 14.5 million more than budgeted stems in the main from the Company using much more gas oil in production than budgeted and somewhat more heavy oil based less rainfall and freezing conditions in the Spring. Additionally, the price of oil increased compared to that when costs were projected in the 2018 budget and that the Company hedged the oil purchases for the latter part of the year at a price greater than budgeted. Moreover, it has been determined that the average cost for heavy oil included in the budget was somewhat higher than projected. Further, the adjustments made for oil storage were made consistent with the changes in the price of oil, but these adjustments, however, do not impact the cost for oil purchases and the purchase of oil is consistent with the stipulated price hedging and thus is at a fixed price.

Forecast costs for goods and services is less than expected by DKK 0.2 million, while the costs for wages are DKK 1.8 million less than budgeted. Forecast depreciation costs are DKK 3.2 million higher than budgeted, and interest expenses are DKK 1.8 million, less than budgeted.

The distribution among the various energy resources is forecast to be 51.0% from oil, 30.9% from hydropower and 18.1% from wind. Production of electricity from renewable resources in 2018 is projected to be 49.0% compared to 51.1% in 2017, which is 2.1% lower. The Húsahagi battery system is working well and thus the Company derives more from wind energy and this supports the production of electricity from green energy.

The plan is that the production of electricity from renewable resources will increase in the future. This is a challenge, especially given the fact that, as total electricity production steadily increases, there are no new windfarms being set up. Moreover, the weather also impacts the renewable portion of electricity production from year to year.

Investment in 2018 was forecast to be DKK 410.7 million, compared to a budgeted DKK 554.7 million. This lower investment is distributed over several areas. The intent was that the

Company would draw down some DKK 320 million against the loan facility that the Company had obtained from the financial institutions, but when actual investment proved lower than budgeted and that the timing of additional investment was delayed, it proved necessary to tap only some DKK 200.0 million. Cash-on-hand is forecast to be DKK 213.3 million at year-end. Moreover, the Company has access to a line of credit from financial institutions of around DKK 314.9 million for near-term investment and liquidity. In total, the Company has access to cash-on-hand and drawing rights of some DKK 528.2 million at year-end. Thus, the Company has a good liquidity position.

The ratio of net debt to EBITDA is forecast to be 6.2, and ratio of share equity to total assets is 45.7%. Thus, SEV has exceeded the permitted in-house ratio for net debt to EBITDA (a factor of 6) by 0.2, but SEV is well within the key-figure ratios stipulated by the financial institutions.

The Board of Directors and Management are not satisfied with the fiscal status of the Company to date in 2018, the forecast result for 2018 and the financial position of the Company at year-end 2018, compared to the business activity of the Company at present.

1.2. Operations, Financial and Investment Budget for 2019.

The price of electricity for the Company's customers will increase by DKK 0.10 per kWh in 2019. The Company anticipates that this will generate an operational profit in 2019 of DKK 81.3 million after taxes. The after-tax result is anticipated to be DKK 66.6 million.

Net revenue is expected to be DKK 482.6 million and oil expenses are at a high level amounting to DKK 116.1 million, which is higher than the projected cost in 2018.

In 2019, electricity sales are projected to increase by 7.1%, and thus production would also increase, especially given the expected increase in sales to the fish farms and other production customers.

The cost of goods and services is projected to be DKK 54.8 million, which is higher than the forecast costs and budgeted costs for 2018. Wage expenses have increased consistent with ordinary wage increases, certain employee reorganization, as well as the expected hiring of new employees. Wage expenses are thus budgeted at DKK 75.9 million, which is higher than forecast costs in 2018.

Depreciation is budgeted at DKK 123.0 million, compared to a forecast DKK 114.0 million for 2018. The reason for this increase in depreciation expense is the investment the Company will undertake. Net interest expense is budgeted at DKK 31.6 million, which is higher than the forecast cost for 2018. The reason for an increase in net interest expense is the increase in long-term debt undertaken by the Company.

Investment for DKK 424.0 million is planned. In addition, there are plans to execute additional loan facilities of some DKK 214.9 million against current drawing rights. Thus, the Company has DKK 100.00 million drawing rights remaining before reaching the limit. The goal in 2019 is to assure drawing rights of around DKK 100-200 million. Long-term debt is anticipated to be DKK 1,563.0 million at year-end 2019.

At year-end 2019, it is anticipated that the Company will have cash-on-hand of DKK 198.2 million plus drawing rights of some DKK 100.0 million from the financial institutions, or in total DKK 298.2 million. Thus, the Company has good liquidity.

The ratio of net debt to EBITDA is projected to be 6.0, and the ratio of share equity to total assets is 43.4%. Thus, SEV is within its permitted in-house ratio and well within the key-figure ratio factor stipulated by the financial institutions.

The Board of Directors and Management are satisfied with the projected result for 2019 and the anticipated financial position of the Company at year-end 2019.

2. The following shall be laid before SEV’s Extraordinary General Meeting on 30 November 2018:

2.1 For discussion and review:

- Fiscal trends since the Annual General Meeting and the financial status for 2018, pursuant to § 3, paragraph 13b and § 4, paragraph 12 b of the Articles of Association.

2.2 For approval:

- Operations, Financial and Investment Budget for 2019, pursuant to § 3, paragraph 13c and § 4, paragraph 12c and § 9, paragraphs 1-4, hereunder:
 1. That the kWh price for all customer groups be increased by DKK 0.10 per kWh and be as shown in the pricing schedules.
 2. That the fixed base rate and connection fees remain unchanged and be as shown in the pricing schedules.
 3. That the fixed compensation for the Chairman of the Board be DKK 12,612 per month, the Vice Chairman DKK 9,459 per month, and each individual board member DKK 6,306 per month. In addition, for each meeting a board member participates in on behalf of SEV, the board member shall receive a meeting allowance corresponding to the allowance granted in the civil servants’ wage agreement. Associated costs for travel, etc. shall be repaid to the respective board member.
 4. That if a board member of SEV sits on other boards of the Company, e.g., subsidiaries of the Company or the buildings committee, or the like, said work shall be compensated based on the extent of the work involved. However, there shall be no additional compensation for work on the board of the wind farm subsidiaries.
 5. That investment in 2019 be a total of DKK 424.0 million, hereunder:
 - That the Company’s Board itself can determine how the long-term expansion of the grid over the period 2019-2022 shall be organized, hereunder the timeframe, priority of construction, tenders, etc. for an overall cost of DKK 540.7 million, as illustrated in the Table below. Specifically, the Extraordinary Annual Meeting shall only address the amount of investment stipulated for 2019.

Investment/Year	2019	2020	2021	2022	Total
DKK millions	126.6	155.1	162.0	97.0	540.7

- That, as part of the long-term expansion of the grid over the period 2019-2022 for an investment of DKK 540.7 million as referenced above, the Company’s Board itself can determine how the construction of the new coupling stations and the updating of existing stations shall be organized over the next four years, hereunder the timeframe, priority of construction,

tenders relating to the construction, etc. for an overall cost of DKK 206.9 million, as illustrated in the Table below. Specifically, the Extraordinary Annual Meeting shall only address the amount of investment stipulated for 2019.

Investment/Year	2019	2020	2021	2022	Total
DKK millions	65.9	76.0	65.0	0.0	206.9

6. That in 2019 SEV may undertake to sell electricity to electric vehicles and heat pumps and that the Board in this connection grant the authority to itself to determine, in every aspect, how this sale of electricity shall be organized, hereunder, to stipulate the kWh price, the fixed rate, the connection fee and other related conditions.

3. Financial position since the Annual General Meeting and the trends for 2018

Pursuant to the Articles of Association of SEV – § 3, paragraph 13b and § 4, paragraph 12b – the Board of Directors shall submit to an Extraordinary General Meeting in the autumn of each year a report on the Company’s fiscal position and the economic trends since the last Annual General Meeting. Below, in addition to a discussion of the overall economic trends experienced since the last Annual General Meeting, is an analysis of the anticipated activity for the remainder of the year, culminating in a forecast of the expected result for 2018.

The Table below outlines the operational data according to SEV’s bookkeeping records for the period January – September 2018; the result for 2018 is forecast. Also shown are deviations from the 2018 budget and projections.

The account entries are complete and up-to-date, but have not been audited. Also, accounting adjustments are probable.

The Table below shows verified operational data for 2013-2017, and verified and forecast data for 2018 in DKK million.

	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Concern Budget 2018	Actual as at 30 Sep 2018	Forecast 2018	Difference between Budget and Forecast
Net turnover	384.6	410.6	422.0	420.3	432.3	436.1	306.0	419.4	-16.5
Oil expenses	167.9	141.5	86.2	50.9	84.7	91.1	79.6	105.6	-14.5
Goods & services	54.1	49.8	49.9	59.3	53.9	52.4	39.1	52.2	+0.2
Wages	58.7	63.6	64.3	66.5	67.4	71.9	52.0	69.3	+2.5
Total expenses	280.7	254.9	200.5	176.7	206.0	215.4	170.7	227.1	-11.8
Result before depreciation & write-downs	103.9	155.6	221.5	243.6	226.3	220.8	135.3	192.5	-28.3
Depreciation	70.0	77.2	93.6	93.2	102.7	110.8	83.8	114.0	-3.2
Result before interest, etc.	33.9	78.4	127.9	150.4	123.5	110.0	51.5	78.5	-31.5
Net interest expense & value adjustments	22.0	20.6	25.3	48.3	32.9	30.4	20.8	28.6	+1.8
Result before tax	11.9	57.8	103.1	102.1	90.6	79.5	30.7	49.9	-29.7
Tax on result	0	0	0	9.3	1.6	0	0	9.0	-9.0
Annual result	11.9	57.8	103.1	92.8	89.0	79.5	30.7	40.9	-38.7

The price of electricity was lowered for 2018 by DKK 0.05 per kWh for all customers except those customers in the special pricing schedule for usage greater than 30,000 kWh wherein there was no price reduction. Moreover, the intent was to undertake the sale of electricity to electric vehicles and heat pumps consistent with Vision 2030 at a lower price, but, when the proposal to differentiate the price of electricity was not approved by Parliament, this initiative was thus not possible.

The annual result for 2018 is forecast to be an operational profit before taxes of some DKK 49.9 million. After taxes, it is anticipated that the result will around DKK 40.9 million. Forecasts by their very nature embrace some doubt, but in this case SEV truly expects that its profit will not be less than DKK 40 million before tax.

Originally, the Company budgeted a 2018 result before taxes of some DKK 79.5 million, thus the Company experienced a considerably worse operational result than originally budgeted, corresponding to DKK 29.7 million.

Forecast oil expenses, including urea, gas-oil and lubricating oil, is DKK 105.6 million. This is DKK 14.5 million more than budgeted. The reason for this is that the Company used considerably more gas oil and heavy oil than budgeted, much more lubricating oil than budgeted, part of the hedging was stipulated at a higher price than budgeted, too low an expense projected in the budget for hedging compared to the actual and adjustment projections for the oil storage compared to actual current values.

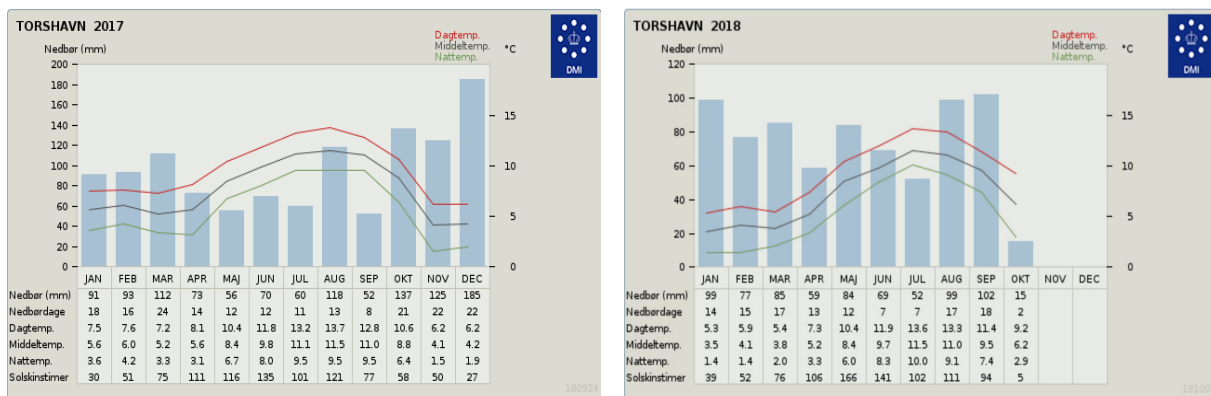
Goods and services are forecast to be DKK 52.2 million, which is DKK 0.2 million less than budgeted. Wages are forecast at DKK 69.3 million, which is DKK 2.5 million lower than budgeted. The reason for this is that the Company did not hire as many employees as originally budgeted, or employees were hired later than projected.

Depreciation is forecast at DKK 114.0 million, which is DKK 3.2 million greater than budgeted. The reason for this is that the budgeted depreciation was underestimated, compared to the depreciation period for the increase in assets in 2018, which was shorter than budgeted and thus the depreciation was greater.

Interest expense is DKK 28.6 million, which is DKK 1.8 million less than budgeted, and the reason for this is that the projections anticipate fewer loan facilities than budgeted, based on less investment than budgeted.

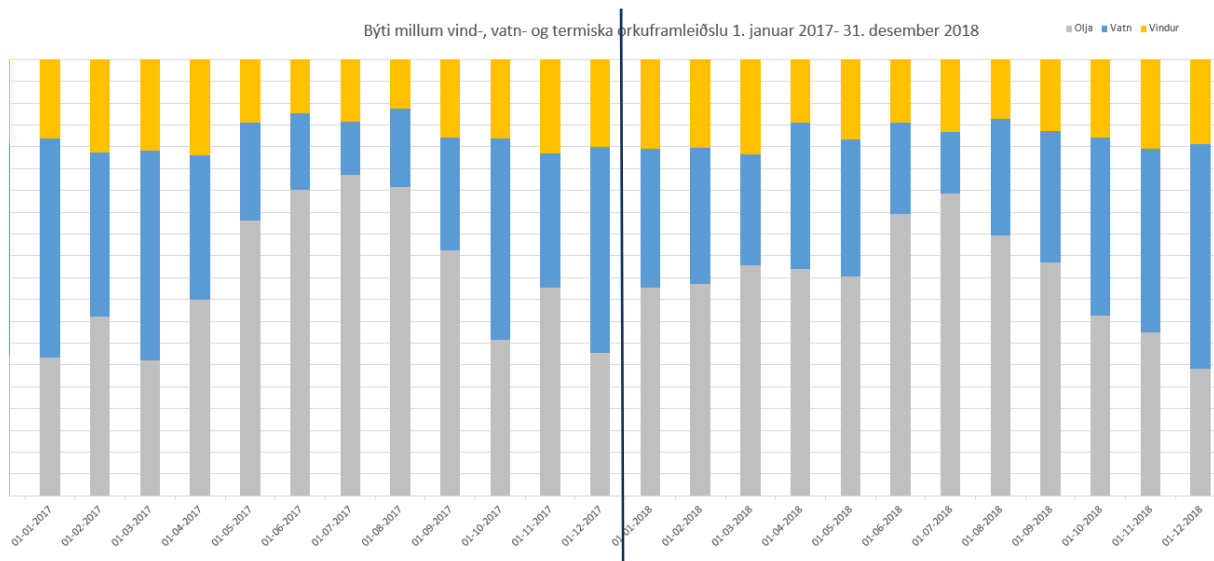
3.1 Electricity sales and production

The weather changes from year to year and consequently the production of electricity from hydropower and wind fluctuates up and down.



The Table above from DMI (Danish Meteorological Institute) shows how much rain fell in 2017 and to date in 2018. It shows that the rainfall in the first months of 2018 was than in 2017. Moreover, the average temperature was much higher in 2017 than in 2018.

There was considerable frost in the first months of the year, and this led to the freezing of water, which negatively impacted hydropower electricity production. Less rainfall and increased freezing meant that SEV did not produce as much electricity from hydropower than anticipated.



Distribution among wind, hydro and thermal energy production 1 January 2017 – 31 December 2018 Oil Hydro Wind

As the Table above shows, hydro electricity production the first four months was less than for the same period the year before and this stems from the cold weather in the beginning of 2018 and that it did not rain as much in the Spring as in the previous year.

In the period August to September 2017, repairs were carried out on the reservoir dam at the Fossá hydropower plant in Vestmanna. At the Norðuri á Strond power plant in Klaksvík, repairs were carried out on the dam during the period October to November 2017. These repairs impacted hydropower electricity production in 2017, which was not as much as it could have been.

In 2018, the turbines at the Norðuri á Strond hydropower plant were upgraded during the month of May. No other hydropower plants were repaired or upgraded and these therefore produced energy throughout the year, limited, however, by the amount of rainfall.

Electricity production from wind was actually the largest SEV has experienced since the Company began to produce electricity from wind.

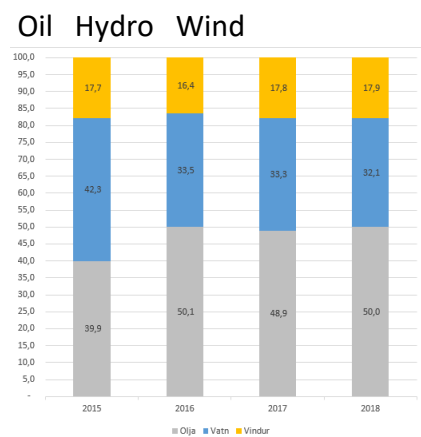
The Table below shows SEV's electricity production to date in GWh. The Table also shows production for the last twelve months. The same period for the previous year is provided for comparison.

	Jan-Sep 2018	%	Jan-Sep 2017	Change in %	Oct 2017 to Sep 2018	%	Oct 2016 to Sep 2017	Change in %
Wind	44.0	16.4	41.3	17.1	62.4	18.1	57.9	17.6
Hydro	69.5	30.1	72.9	30.2	107.8	31.3	107.4	32.6
Thermal	138.5	53.5	127.5	52.7	174.5	50.6	164.1	49.8
Total	252.0	100.0	241.7	100.0	344.7	100.0	329.4	100.0

If one notes the data for the period October 2017 to September 2018, compared to the previous time-period, it can be seen that production increased by 4.6%. To date in 2018, production has increased 3.3%. If one observes the last twelve months, it can be seen that

production from green energy is anticipated to be 49.3%. Electricity production in 2017 from wind and hydropower was 51.2%, or 1.8% higher than in 2018.

If one observes the production data for the last four years, the data presents as the bar chart below shows.



For 2018, the first nine months are actual, while the last three months are an average of the last three months of the last three years.

The bar chart shows the distribution among wind, hydropower and thermal energy production each year from 2015 to 2018.

Thus, projections indicate that production of green energy will be somewhat lower in 2018 than in 2017 and the green energy portion will be 49-50% when the year is completed.

The Table below shows the booked sales to the Company's customers, grid loss and own-use, and total production in GWh over the last nine years. Included are the budgeted and forecast results for 2018.

Booked sales in GWh.	2009	2010	2011	2012	2013	2014	2015	2016	2017	Concern Budget 2018	Forecast 2018
Booked sales to customers in GWh	251.9	255.0	254.8	261.4	274.4	283.8	288.1	291.4	306.5	321.8	316.1
Grid loss and own use in GWh	23.6	25.3	19.0	30.1	18.1	21.6	26.3	26.0	27.8	24.5	28.0
Total production in GWh per year	275.5	280.3	273.8	291.6	292.5	305.4	314.4	317.4	334.3	346.3	344.1
Thermal	168.1	199.3	166.8	181.0	180.1	150.2	125.5	158.9	163.4	168.1	175.6
Hydro	92.4	67.4	92.5	99.8	90.6	120.7	133.1	106.3	111.2	118.0	106.2
Wind	15.0	13.6	14.5	10.8	21.8	34.5	55.8	52.1	59.7	60.2	62.3
Green portion totals	107.4	81.0	107.0	110.6	112.4	155.2	188.9	158.4	170.9	178.2	168.5
Green portion %			39.1	37.9	38.4	50.8	60.1	49.9	51.1	51.5	49.0
Growth in electricity usage in %		1.2	0.0	2.6	5.0	3.4	1.5	1.1	5.2	6.7	3.1

For 2018, electricity production was budgeted at 346.3 GWh. Production is forecast to be 344.1 GWh or 2.2 GWh less. Electricity production from renewable energy resources was budgeted at 178.2 GWh (51.5% from green energy resources), but this production is now forecast to be 168.5 GWh, or 9.7 GWh less. The thermal power plants were expected to produce 168.1 GWh, but now production is forecast to be 175.6 GWh, or 7.5 GWh more.

This means that the electric power produced from green energy is forecast to be 49.0%, while thermal power is forecast to be 51.0%. Thus, SEV is less green than in 2017, when green energy production was 51.1%. The reason stems from growth in electricity consumption and reduced availability of green production from hydro. This corresponds also to the booked figures, based on the last twelve months, as show above.

In 2018, an increase in customer sales of some 15.3 GWh was budgeted, especially industrial customers in fish farming and the production of fish products. Also, an increase was projected in electricity consumption by ordinary private customers.

Now the year appears to end with a decline and the projected figures indicate that the Company will generate 316.1 GWh in sales to its customers, compared to 321.8 GWh. Thus, sales are 5.7 GWh less than budgeted and especially the consumption of customers engaged in the production of fish products is not as great as budgeted, as was the sale of electricity to electric vehicles and heat pumps, which was not as great as anticipated. On the other hand, sales to the fish farms is somewhat greater than budgeted. Sales to private customers will be somewhat greater than budgeted.

Grid loss and own-use is estimated to be 28 GWh, of which SEV itself has estimated to use around 8.0 GWh. Thus, grid loss is projected to be 20.0 GWh, corresponding to 5.8% of production.

3.2 Revenue 2018

There are three factors that influence SEV's gross revenue: 1) changes in the price of electricity, 2) changes in electricity consumption, and 3) shifts by a customer from one pricing group to another. The Table below shows SEV's net revenue over the past few years in DKK million and forecast numbers for 2018.

Net revenue in DKK millions	2009	2010	2011	2012	2013	2014	2015	2016	2017	Concern Budget 2018	Forecast 2018	Difference
KWh fee	260.3	261.8	296.5	335.0	362.4	379.2	385.0	392.7	393.1	402.8	396.6	-6.2
Fixed fee	16.4	16.1	16.5	16.4	16.6	16.5	16.4	16.6	16.8	17.0	17.0	0.0
Connection fee	2.1	1.6	1.3	2.3	6.9	14.7	16.2	8.0	27.4	16.0	8.0	-8.0
Service fees, etc.	1.1	1.3	5.0	4.7	1.3	2.7	6.7	5.3	-2.2	3.0	0.5	-2.5
Income	279.9	280.8	319.3	358.4	387.2	413.1	424.4	422.6	435.1	438.8	422.2	-16.6
Purchase of wind power	-2.7	-2.6	-2.8	-2.5	-2.6	-2.5	-2.4	-2.4	-2.8	-2.7	-2.6	0.1
Net revenue	277.2	278.3	316.4	355.8	384.6	410.6	422.0	420.3	432.3	436.1	419.6	-16.5

As the Table above shows, the revenue of the Company has steadily grown from 2009 through 2017. This growth not only stems from an increase in customer kWh consumption, but also reflects the increases in the price of electricity levied on several occasions over the past few years with the intent to off-set the rising price of oil purchased by the Company for energy production.

SEV is now wirelessly connected to almost all of the electric meters of its customers. Thus, only a small portion of sales are based on calculations reflecting the annual reading of a

customer's electric meter, readings that are done in the main once a year in December. In connection with the calculation of production and sales, one must reconcile SEV's own-use of electricity and grid loss. Grid loss in 2018 is calculated to be 20.0 GWh, while own-use is estimated to be 8 GWh. Over the last six years, grid loss has been on average some 23 GWh, but the actual number has fluctuated year-on-year.

Net revenue is projected to be DKK 419.6 million, which is DKK 16.5 million less than budgeted. DKK 6.2 million stems from less kWh sales, and the income from the fixed-fee is as budgeted. Connection fees are DKK 8.0 million lower and this stems from the fact that a portion of the connection fees earned in 2017 originally was budgeted as revenue in 2018. The difference stems from fluctuations between years. Other revenue is DKK 2.5 million lower than budgeted and the purchase of wind power is somewhat lower than budgeted.

It is difficult to predict more precisely the level of sales because SEV's revenue stream is conditioned on which customer group generates sales. This varies from group to group. It also varies relative to how customers electricity consumption is distributed over the years. Generally, more electricity is consumed during the dark months of the year, especially by SEV's private customers.

3.3 Operational expenses

The operational expenses of the Company are oil costs, goods and services, wages, depreciation and interest. These costs are discussed in more detail below.

3.3.1 Oil expenses

Good weather in the spring and summer has impacted the "green" portion of electricity production such that it was less than the previous year, plus maintenance was carried out in 2017 on the hydropower dam at the Fossá hydropower plant in Vestmanna, as well as the dam at the Strond facility. The turbines at the Strond power plant were updated in May 2018. The Table below shows the booked cost for oil as at 30 September 2018. The Table shows a greater total consumption of some DKK 16.6 million, of which the greater portion can be attributed to heavy oil.

Oil	Budgeted consumption in tonnes	Budgeted cost	Budgeted average price	Booked Consumption	Booked Costs	Booked Avg. Price	Booked more consumption	Cost excess
Gas oil	630	4,926,600	7.82	1,100	7,771,409	7.06	470	2,844,809
Lubricating oil / Urea	180	4,792,500	21.00		4,972,626			180,126
Heavy oil	26,475	58,597,019	2.21	27,773	66,858,323	2.59	1,293	8,261,304
Total	-	68,315,519	-	-	79,602,357	-		11,286,838

The reasons for this cost increase are:

- 1) Greater consumption of gas oil and heavy oil than projected;
- 2) Higher cost for the price hedging of a portion of the oil purchase than originally projected in the 2018 budget;
- 3) Higher average cost for heavy oil than was projected in the budget;
- 4) Projected cost of hedging in the budget compared to actual cost was too low;
- 5) Adjustments to amount of oil held in oil storage at year-end; and
- 6) Unrealized pricing adjustment of the market value of the oil held in storage.

Oil expenses for all of 2018, including urea, gas oil and lubricating oil, are forecast to be DKK 105.6 million, which is DKK 14.5 million more than budgeted.

This can be further detailed thusly:

Increased cost	DKK mil.	Increased cost of heavy oil can be detailed thusly:	DKK mil.
Gas oil	3.1	Cost of greater consumption of requisite heavy oil	4.1
Lubricating oil / urea	0.3	Adjustment of heavy oil storage to market value	2.0
Heavy oil	11.1	Greater average cost of heavy oil than budgeted	1.7
Total	14.5	Higher cost of hedging for the purchase of oil in February 2018	2.9
		Adjustment of amount of oil storage at the beginning of the year	0.4
		Total	11.1

It proved necessary to produce electricity with gas oil to a greater degree than the previous year, especially to ensure sufficient power supply in the Northern Islands and on Suðuroy. It was budgeted that the thermal power plants would consume 840 tonnes of gas oil, but the projected figures indicate that for 2018 these power plants will consume around 1,280 tonnes or 440 tonnes more.

The thermal power plants were budgeted to consume 35,300 tonnes of heavy oil, but projections indicate for 2018 these power plants will consume 36,988 tonnes. This is 1,688 tonnes more than budgeted. The principal reason for this is the freezing of water in the hydropower reservoirs during the winter and exceptionally good weather in the summer. The cost for the greater consumption of heavy oil equates to DKK 4.1 million.

A portion of the heavy oil (40% of that purchased for 2018) carried with it a higher purchase price than originally budgeted. This is a consequence of an increased price of oil on the open market, before the Company could hedge the remaining portion of its 2018 oil purchase. This represents an increase in cost of DKK 2.9 million. In addition, the budget projected a lower average cost for heavy oil of some DKK 1.7 million than actually booked. Further, the budgeted amount of heavy oil held in storage at the beginning of the year had to be adjusted by some DKK 0.4 million.

Pursuant to the adopted accounting principles of the Company regarding the valuation of the oil held in storage, the oil storage inventory shall be adjusted from time to time to the current market price. This means that the value of the oil held in storage by SEV changes from month

to month, consistent with the trends in the market price of heavy oil. Thus, this reflects only a booked cost, not a realized cost. As at 30 September 2018, SEV has booked an unrealized expense adjustment for the oil inventory of DKK 2.0 million. The valuation adjustment of the oil storage inventory is set in the budget as at year-end. The final numbers reflecting the adjustments will not be available until year-end.

On the other hand, SEV's purchase price of heavy oil for 2018 will not be impacted by the unrealized adjustment of the oil storage inventory because SEV has price hedged the budgeted amount of heavy oil at a fixed price per tonne of heavy oil, while at the same time the Company has purchased US dollars at a fixed price to be used for the purchase of oil.

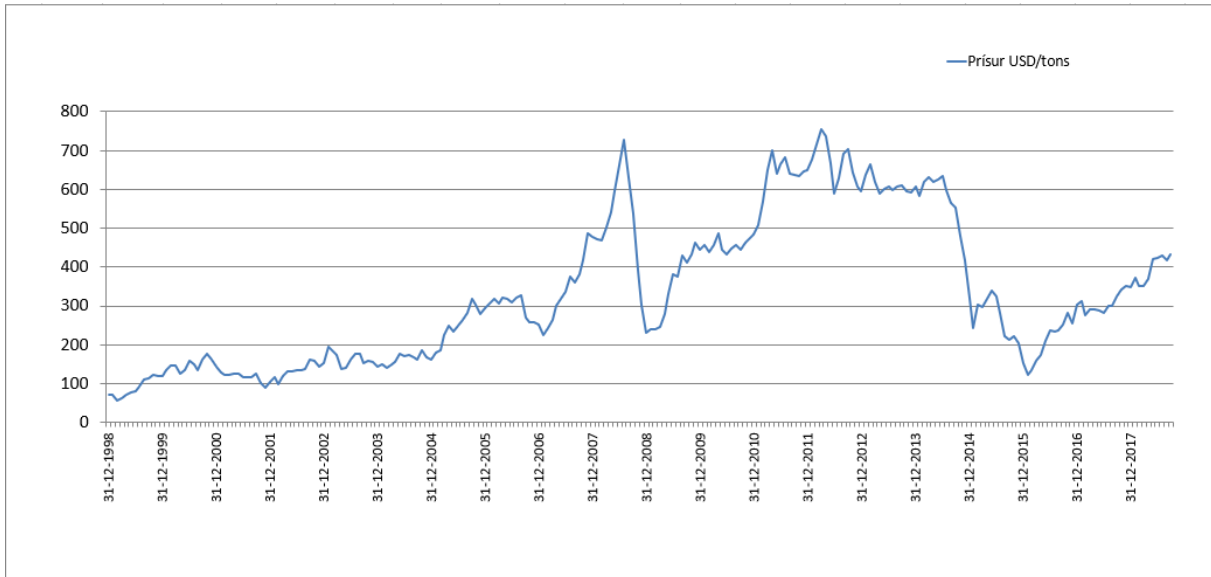
From the time when the 2018 budget was created during October and November 2017 up to the date of the price hedging undertaken by SEV in February 2018, the price of oil increased. Some 60% of the heavy oil purchase price in 2018 was hedged in January 2017 at a cost of USD 313.75 per tonne. Some 40% of the heavy oil purchase in 2018 was price hedged in February 2018 at a cost of USD 379.75 on average per tonne. The budget projected a cost of USD 330.00 per tonne. On the other hand, the exchange rate of the US dollar fell relative to the rate used for the 2018 budget. SEV has hedged its purchases of oil for 2018 consistent with its price-hedging strategy. In addition, the Company has purchased dollar futures contracts at stipulated settlement rates to avoid the risk of dollar currency fluctuations, as generally oil purchases are settled in dollars.

Through this strategy, SEV has tried to protect itself against possible swings in the price of oil and the dollar exchange rate for the purchase of oil. On the other hand, the Company cannot protect itself from fluctuations in oil consumption. It is extremely important to limit the swings in this particular expense category, because these costs represent a major portion of the total costs of the Company. These costs are directly linked to the price adjustments in the world market, as well as changes in the consumption of electricity and the fluctuations in production of electric power from wind and hydropower. The oil price paid by SEV is linked to the commodity market price index for oil and the US dollar exchange rate.

On the other hand, the price of oil on the spot market when the oil is purchased can either be higher or lower than the stipulated hedged price. This means that SEV either receives funds from the insurer underwriting the hedge agreement or must pay the insurer relative to the market price at the time of purchase. The same holds true for the purchase of dollars at term. It is commonly understood that when the price of oil goes up the cost of a dollar goes down and vice-versa. Below is an overview of SEV's oil-purchase hedging during 2018 per tonne of heavy oil in DKK:

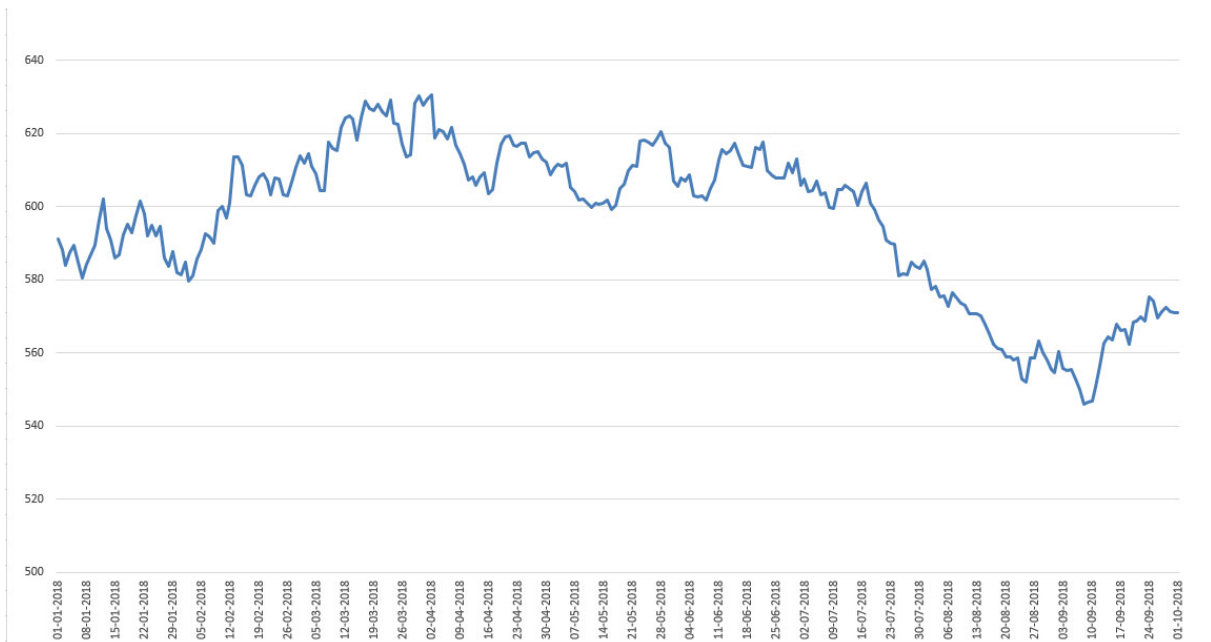
	DKK per tonne of heavy oil	Difference
Budgeted price as of Oct 2017 for the purchase of oil in 2018	2,213	
Fixed hedged oil price as of Jan 2017 for the purchase (60%) of oil in 2018	2,316	+103
Fixed hedged oil price as of Feb 2018 for purchase (40%) of oil in 2018	2,652	+439
Fixed hedged oil purchase	2,464	+251
Forecast price in 2018 for consumption of oil	2,412	+199

The Tables below show the oil price trends over the last several years. The first Table shows the cost per tonne of heavy oil in USD and the following Table shows the trend of the USD exchange rate from 2004 to the end of September 2018.



Price USD/tonne

The Table below shows the trends of the USD exchange rate from January 2018 through September 2018. It can be seen that the dollar exchange rate at the end of September is lower than at the beginning of the year. The USD exchange rate has fallen since the summer and onward to the beginning of September when it subsequently began to rise.



For 2018, the price of heavy oil was originally budgeted at DKK 2,213 per tonne. The price for a tonne of heavy oil, which is used in production, is projected to be DKK 2,412 in 2018 or DKK 199 higher per tonne than budgeted.

If the total oil cost budgeted for 2018 of DKK 78.1 million is compared to the budgeted 36,988 tonnes of oil designated for production, each tonne of heavy oil cost DKK 2,112. The difference between the projected price per tonne of heavy oil of some DKK 2,412 and the budgeted amount of DKK 2,112 is DKK 300. Multiplying this DKK 300 by the projected consumption of 36,988 tonnes, yields an increase in cost of some DKK 14.5 million.

3.3.2 Goods and services

Total cost for goods and services was budgeted at DKK 52.4 million, but this is forecast to be DKK 52.2 million, or DKK 0.2 million less. This decrease in goods and services can be further broken down such that the production plants used DKK 1.0 million less, the grid DKK 1.1 million less, and administration used DKK 0.1 million less than originally budgeted.

SEV continues to focus on a tight management of the resources of the Company, where each and every department scrutinizes how funds are allocated. This reduction partially stems from undertakings that were amended or postponed to be carried out in 2019. In addition, changes were made to various projects.

3.3.3 Wages

The total cost for wages was budgeted at DKK 71.9 million, while the forecast indicates a cost of DKK 69.3 million – corresponding to a decreased spend of around DKK 2.5 million. This decrease breaks down thusly: DKK 1.1 million increase in production operations; DKK 4.4 million less in grid-related activities; and the administrative spend was DKK 0.8 million less.

The higher wage costs for production operations, in the main, stems from the maintenance work undertaken, as well as many other operational endeavours.

The lower wage expense for grid-related activities reflects in the main that the budgeted growth in workers in this area was not carried out early in the year but actually later in the year. In addition, the grid-related wage expenses were actually somewhat over-estimated in the budget for 2018. Also, a large portion of the budgeted work was booked as investment.

Wage expense for administration is DKK 0.8 million less than budgeted, based on the fact that the budgeted growth in workers in this area was not carried out early in the year but actually later in the year.

3.3.4 Depreciation

Depreciation is projected to be DKK 114.0 million, which is DKK 3.2 million higher than budgeted. The reason that depreciation was underestimated stems from the fact that the depreciation time period for the addition of assets in 2018 was shorter than budgeted, which resulted in higher booked depreciation.

3.3.5 Interest and valuation adjustments of share capital

Net interest costs and the adjustments to the share capital were originally budgeted at a total of DKK 30.4 million. The forecast amount equals DKK 28.6 million, corresponding to a decreased cost of DKK 1.8 million. The reason for this was that the investment undertaken in 2018 was less than budgeted, with the consequence that the need to exercise the drawing rights that SEV had in place was not as great in 2018 as budgeted.

3.3.6 Taxes on the annual result and deferred taxes

Taxes on the annual result were not incorporated into the budget for 2018 through 2021. The projected numbers for 2018 incorporate deferred taxes corresponding to 18% of the annual result. This tax will not be paid but is set aside and booked as a debt of the Company under reserves, set aside for deferred taxes. The debt at the beginning of the year was DKK 12.1 million and, with the growth of the reserves for 2018 deferred taxes, the debt at year-end 2018 is DKK 21.1 million. In future, it is the intent to incorporate taxes into the budget of the Company.

Deferred taxes have no impact on the liquidity of the Company before these taxes become due and payable. The Company anticipates that it will not have to pay taxes on the annual result in the coming years based on the fact that the Company currently has a significant tax deficit that offsets the annual tax obligation on earned revenue.

3.4 Investment, financing and liquidity

According to the 2018 budget, total investments were estimated to be DKK 554.7 million. Now that the end of the year is soon upon us, investment for 2018 is forecast to be DKK 410.7 million, which is DKK 144.0 million less than budgeted, and this is spread over several areas representing small amounts, especially at the Sund power plant – Station 3, windfarms and administrative headquarters, which represents DKK 135.1 million of this amount. It should be noted that reprioritization has been carried out within current parameters in several areas and departments.

The Table below shows investment distributed by production, grid-activities and administration.

Investment in DKK millions	2018F	2018 Budget	Difference
	DKK mil.	DKK mil.	DKK mil.
Fossá power plant	1.0	2.6	-1.6
Heyga power plant	0.7	0.8	-0.1
Mýra power plant	3.1	4.5	-1.4
Eiði power plant	4.8	6.1	-1.3
Botni power plant	3.1	4.4	-1.3
Vágs power plant	6.8	7.5	-0.7
Trongisvági power plant	0.0	0.0	-0.0
Sund power plant	219.4	325.1	-105.7
Strond power plant	6.5	9.1	-2.6
Small power plants	5.8	8.3	-2.5
Wind turbines, etc.	5.0	20.0	-15.0
Total investment, Production activities	256.2	388.3	-132.1
Grid, coupling stations, buildings, etc.	142.4	146.4	-4.0
Administration plus buildings	12.2	20.0	-7.8
Total investment, Grid activities	154.5	166.4	-11.9
Total budgeted investment	410.7	554.7	-144.0

Relative to the Sund power plant, the investment is considerably lower than budgeted, equalling DKK 105.7 million less, as there was less investment in Station 3. The reason for this is that the preparation work has been more difficult than planned. It took a long time to get the necessary permits approved. At the same time, it has taken considerable time to organize the project relative to the mechanical installations and the building. Thus, the work was undertaken much later than planned.

The work to advance construction has progressed well. The construction period that was projected when the organizational plan was presented was estimated to be around 31 months from the time the ground-preparation work was initiated, including start-up and testing. As the situation is now, construction progress is proceeding well and it is anticipated that the power plant will be finished around the shift of the year 2019/2020.

Some DKK 15 million was not expensed for wind turbines, given that the 2018 budgeted expansion of the windfarm on Suðuroy did not materialize and this project is expected to be postponed with an estimated completion date in 2019.

Relative to the grid and coupling stations, there is a lower investment of some DKK 4.0 million.

Administration anticipates a lower level of investment equalling DKK 7.8 million because the renovation of the administration building is delayed. For 2018, the budget projected an investment in the administrative building of some DKK 12.0 million and in this connection it is anticipated that some DKK 7.0 million will be invested.

Because SEV did not undertake all the projected investments, it proved unnecessary to increase the loan facilities in 2018 as planned. SEV was granted DKK 1,042 million in loan facilities from the US Private Placement (USPP) market toward the financing of DKK 830

million. The nearly DKK 200 million that was accessed was used for investment in 2017, especially for the new, day-tank storage house and Station 3 at the Sund power plant.

Long-term gross debt at year-end 2018 is projected to be DKK 1,348.1 million, and the Company has access to drawing rights at the financial institutions of some DKK 314.9 million for investment and liquidity purposes.

Liquidity at year-end is calculated to be DKK 213.3 million, such that, with cash-on-hand, including the line of credit and drawing rights equalling DKK 314.9 million, there will be a total of DKK 528.2 million available in the coming years for investment and liquidity purposes.

4. Operations, Financial and Investment Budget 2018

4.0 Attest of independent auditors

TO THE SHAREHOLDERS OF ELECTRIC UTILITY ELFELAGIÐ SEV

Pursuant to agreement, we have reviewed the budget of Efelagið SEV for the period 1 January to 31 December 2019, which includes the budget for operations, liquidity and financing, as well as the relevant accounting principles, terms and conditions underlying the budget and other data. The budget is the subject of Section 4 of this document.

The Board of Directors and Management have responsibility for the budget and stipulating the accounting principles, terms and conditions underpinning the budget set forth in pages 23-43. Our responsibility is to provide an opinion regarding the budget, based on our review.

Review

We have reviewed the budget consistent with international standards governing how future financial data should be reviewed, as well as the provisions of the Faroese auditing law and regulations. These require that we plan and perform the review to obtain reasonable assurance that 1) there is adequate and suitable basis for the accounting principles, terms and conditions underpinning the budget, 2) the budget is free from material misstatement, and 3) the budget is set up consistent with the ascribed to accounting principles, terms and conditions.

We have therefore reviewed the budget to determine if the accounting principles, terms and conditions ascribed to by management are documented, well-grounded and complete. We have investigated the budget to determine if it is structured consistent with the stipulated conditions and if the numbers are consistent and logical.

It is our belief that the review undertaken provides a satisfactory basis for our opinion.

Opinion

Based on a review of the evidentiary documentation supporting the stipulated accounting principles, terms and conditions, we did not discover any circumstances that would give rise to the belief that the ascribed accounting principles, terms and conditions are not a valid foundation upon which to base the budget. Furthermore, it is our opinion that the stipulated accounting principles, terms and conditions are the basis underpinning the budget, which in turn is set up in accordance with the Faroese annual accounting laws and regulations.

It is probable that the final results will differ from the budget, because anticipated events often do not occur as planned. The differences can be significant.

Tórshavn, 9 November 2018.

P/F Januar

State Authorized Public Accounting Firm
Hans Laksá, State-authorized Auditor

The discussion below analyses the fundamentals supporting the revenue assumptions for the 2019 budget.

4.1 Profitability and setting the price of electricity

	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Forecast 2018	Budget 2019
Net sales	316.4	355.8	384.6	410.6	422.0	420.3	420.3	419.6	482.6
Oil expenses	142.6	166.0	167.9	141.5	86.2	50.9	84.7	105.6	116.1
Goods and services	74.9	53.5	54.1	49.8	49.9	59.3	53.9	52.2	54.8
Wages	62.6	60.2	58.7	63.6	64.3	66.5	67.4	69.3	75.9
Total expenses	280.1	279.7	280.7	254.9	200.5	176.7	206.0	227.1	246.8
Result before depreciation and write-downs	36.3	76.0	103.9	155.6	221.5	243.6	226.3	192.5	235.9
Depreciation	61.1	67.8	70.0	77.2	93.6	93.2	102.7	114.0	123.0
Result before financial adjustments	-24.8	8.3	33.9	78.4	127.9	150.4	123.5	78.5	112.9
Net interest expenses and value adjustments	14.5	20.5	22.0	20.6	25.3	48.3	32.9	28.6	31.6
Result before taxes	-39.3	-12.3	11.9	57.8	103.1	102.1	90.6	49.9	81.3
Taxes	0	0	0	0	0.0	9.3	1.6	9.0	14.6
Result after taxes	-39.3	-12.3	11.9	57.8	103.1	92.8	88.9	40.9	66.6
Total investments	96	148	155	275	232	242	389	411	424
Total assets	1,287	1,411	1,475	1,742	1,960	2,303	2,447	2,709	3,004
Cash	57	87	67	132	222	335	248	213	198
Equity	885	870	882	940	1,042	1,141	1,196	1,237	1,304
Total liabilities	382	519	575	783	898	1,134	1,222	1,433	1,648
NIBD/EBITDA	7.4	4.9	4.3	3.6	2.8	3.1	4.2	6.2	6.0

The 2019 result is budgeted to be a profit of DKK 81.3 million, of which the EBITDA to net debt ratio is 6.0, which equates to a return on equity of 5.2%. After taxes the result is DKK 66.6 million.

The price of electricity for 2019 will increase by DKK 0.10 per kWh for all of the Company's customers. The fixed rate fee and other charges will remain unchanged.

Over the coming years, it will be necessary to achieve a superlative profit such that the Company's operations can self-finance a significant portion of the investment that lies ahead. Moreover, the strengthening of operational revenue should be at such a level that the Company is able to continually meet its liabilities, even though revenue might weaken.

To achieve this goal, SEV, in addition to estimating the need to balance pricing, diligently studied its total operations and undertook evaluations of the costs and investment anticipated for the coming year. Confer section 5 regarding the ongoing projected budgets for 2019-2028.

4.1.1 Overview of the efforts to improve profitability over the past few years

SEV submitted a proposed 2012 operations, financial and investment budget to the shareholders on 5 December 2011, along with a proposal to increase the price of electricity by DKK 0.25 per kWh for 2012. The Electricity Production Commission granted permission for the Company to increase the price of electricity by DKK 0.15 per kWh, thereafter SEV submitted a new proposed 2012 budget to the shareholders on 18 December 2011, wherein the price increase was stipulated at DKK 0.15 per kWh. The Board of Directors also called for savings of some DKK 5 million over and above the proposed budget.

At the Annual General Meeting held on 19 December 2011, the shareholders approved an increase to the price of electricity of DKK 0.10 per kWh instead of the suggested DKK 0.15 per kWh and SEV proceeded to again update the 2012 budget effective 19 December 2011 consistent with the wishes of the shareholders. Moreover, the Board directed SEV Management to source income and/or devise savings amounting to DKK 5 million, such that revenue coupled with the realized savings would equal DKK 10 million for 2012.

After implementing these initiatives consistent with the 2012 budget, SEV realized a deficit of DKK 6.3 million, instead of the originally budgeted deficit of DKK 16.3 million.

SEV submitted its budget for 2013 before an Extraordinary General Meeting on 30 November 2012. In this connection, it was again observed that SEV continued to be plagued by deficits that in the long-term would be unsustainable. Therefore, it was deemed necessary to implement strong measures, including the setting of a sufficient kWh price.

SEV subsequently invested considerable time and effort in the analysis of the price schedule to determine that each individual price level was appropriate. In addition, SEV carried out a detailed cost-benefit analysis for each category of customer and for each specific customer and it was determined that the pricing structure for certain commercial customers, those in the so-called “industrial group”, was inadequate.

In 2013 and 2014, the special price schedule was amended such that the customers that consumed more than 20,000 kWh would pay DKK 0.11 per kWh more in 2013. This was DKK 0.06 per kWh more than other customers had to pay under the new price increases. Other customers of SEV were levied a price increase of DKK 0.05 per kWh.

In 2014, the price of electricity was again increased by DKK 0.05 per kWh for the group of customers using more than 20,000 kWh, while no price increase was levied on other customers. The fixed base rate for this industrial group was also raised by DKK 600, while at the same time, the “lowest level” at which customers in this special price schedule could get the lowest price would be raised by 10,000 kWh from 20,000 kWh to 30,000 kWh.

The kWh price and the fixed rate fees remained unchanged in 2015 and 2016. For 2017, the price of electricity was decreased by DKK 0.05 per kWh for all customers and for 2018 the price of electricity was again lowered by DKK 0.05 per kWh for all customers, except for those industrial customers that consume more than 30,000 kWh.

The Table below gives an overview of the result per kWh for customers in the industrial group that have an energy consumption rate of 30,000 kWh, comparing revenue versus oil costs.

The figures for 2018 are forecast, while the figures for 2019 represent the budgeted amounts.

DKK/kWh	2011	2012	2013	2014	2015	2016	2017	F2018	B2018
Sales price per kWh for industrial group	0.89	0.99	1.10	1.15	1.15	1.15	1.10	1.10	1.20
Oil cost per sold kWh produced by oil including own-use and grid-loss	0.92	1.02	0.99	1.01	0.75	0.35	0.57	0.65	0.67
Result	-0.03	-0.03	0.11	0.14	0.40	0.80	0.53	0.45	0.53

As the Table above shows, the cost of each kWh produced from oil in 2012 was DKK 1.02 per kWh. However, a customer in this group paid only DKK 0.99 per kWh (excluding VAT), meaning that SEV ran a deficit before other costs of DKK 0.03 per kWh, a deficit other customers covered.

Thus, through all the initiatives referenced above and the decline in oil prices in the middle of 2014 to the beginning of 2016, when the price of oil subsequently rose to levels not experienced over the last four years, SEV has been able to improve its profitability in this customer group, from running a deficit of DKK 0.03 per kWh in 2012 to an anticipated surplus (before other costs) of DKK 0.53 per kWh in 2019 before other costs.

When total costs are considered, the resulting picture is as shown below. The numbers represent average costs and average sales price per kWh sold.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	F2018	B2018
Income	1.07	1.11	1.10	1.25	1.37	1.41	1.46	1.47	1.45	1.42	1.34	1.43
Expenses	1.13	1.05	1.28	1.40	1.42	1.37	1.25	1.11	1.10	1.13	1.18	1.19
Result	-0.06	0.06	-0.18	-0.15	-0.05	0.04	0.21	0.37	0.35	0.29	0.16	0.24

For 2019, the budgeted production cost of each kWh is DKK 1.19, while each kWh on average will be sold for DKK 1.43, which means that SEV will earn a surplus of DKK 0.24 for each kWh sold.

Here again, this is a demonstration that SEV has been able to achieve profitability in its operations, going from having a deficit in 2010 of DKK 0.18 per kWh to having a surplus of DKK 0.24 per kWh in 2019.

SEV considers the budgeted expenses and investment planned for 2019 are necessary to ensure a secure and high-quality production of electricity.

The Price Schedule as at 1 January 2019 is shown in the Table below.

Annual use kWh	Fixed fee per year in DKK	2010 price per kWh excl./incl. VAT	2011 price per kWh excl./incl. VAT	2012 price per kWh excl./incl. VAT	2013 price per kWh excl./incl. VAT	2014 price per kWh excl./incl. VAT	2015 price per kWh excl./incl. VAT	2016 price per kWh excl./incl. VAT	2017 price per kWh excl./incl. VAT	2018 Price per kWh excl./incl. VAT	2018 price per kWh excl./incl. VAT
0-10.000	480	1.21/ 1.51	1.36/ 1.70	1.46/ 1.83	1.51/ 1.89	1.51/ 1.89	1.51/ 1.89	1.51/ 1.89	1.46/ 1.83	1.41/ 1.76	1.51/ 1.89
10.000-100.000	1,280	1.13/ 1.41	1.28/ 1.60	1.38/ 1.73	1.43/ 1.79	1.43/ 1.79	1.43/ 1.79	1.43/ 1.79	1.38/ 1.73	1.33/ 1.66	1.43/ 1.79
>100.000	5,280	1.09/ 1.36	1.24/ 1.55	1.34/ 1.68	1.39/ 1.74	1.39/ 1.74	1.39/ 1.74	1.39/ 1.74	1.34/ 1.68	1.29/ 1.61	1.39/ 1.74

The Special Price Schedule is applicable for industrial facilities, aquaculture, agriculture, fishing industry, and certain IT services – in this report referenced as the “industrial group” or “industrial customers”.

The Special Price Schedule (in DKK) is as shown below.

Annual usage in kWh 1)	Annual fixed fee	2010 price per kWh excl. VAT	2011 price per kWh excl. VAT	2012 price per kWh excl. VAT	2013 price per kWh excl. VAT	2014 price per kWh excl. VAT	2015 price per kWh excl. VAT	2016 price per kWh excl. VAT	2017 price per kWh excl. VAT	2018 price per kWh excl. VAT	2018 price per kWh excl. VAT
0-10,000	480	1.21	1.36	1.46	1.51	1.51	1.51	1.51	1.46	1.41	1.51
10,000-30,000	1,280	1.13	1.28	1.38	1.43	1.43	1.43	1.43	1.38	1.33	1.43
>30,000	9,680	0.74	0.89	0.99	1.10	1.15	1.15	1.15	1.10	1.10	1.20

1) Annual usage kWh 10,000-20,000 and greater than 20,000 through 2014. Fixed fee for customers > 30,000 increased by DKK 600 in 2015 – until 2014, the fee was DKK 9,080.

With a price increase of DKK 0.10 per kWh, a household customer with an annual usage of around 6,000 kWh pays DKK 1.51 per kWh, which corresponds to DKK 9,060, plus a base rate of DKK 480 plus, totalling DKK 9,540 annually.

In addition, VAT of 25% must be added, corresponding to DKK 2,385, which means that a private household will pay some DKK 11,925 annually or DKK 993.75 per month.

The additional cost for customers with the price increase including VAT is DKK 750 per year, or DKK 62.50 more per month.

4.2 Electricity sales and production

The Table below shows the growth in electricity consumption.

Year	Calculated customer electricity consumption in GWh	Increase in GWh	Increase in %
2007	256.8	15.2	6.3
2008	258.9	2.1	0.8
2009	252.0	-6.9	-2.7
2010	255.0	3.0	1.2
2011	254.8	-0.2	-0.1
2012	261.4	6.6	2.6
2013	274.4	13.0	5.0
2014	283.8	9.4	3.4
2015	288.1	4.3	1.5
2016	291.4	3.4	1.2
2017	306.5	15.1	5.2
2018 Forecast	316.1	9.6	3.3
2019 Budgeted	338.4	22.3	7.1

The Table above shows an increase in average electricity consumption of 7.1% on average for 2019, compared to a forecast of 3.3% in 2018.

These increases reflect growth in several customer groups with varying individual amounts of growth, as well as decreases in other groups. Moreover, SEV is now including the impact of the shift in energy usage in the budget, which will influence sales.

It is anticipated that there will be increased energy consumption, reflecting increased growth in the production of SEV's industrial customers. SEV's private customers overall are using more and more electrical equipment, such as heat pumps, flat screen TVs, and computers per individual customer. On the other hand, these particular customers are more and more conscious of ways to conserve electricity, e.g., using LED bulbs, which are much more energy efficient than regular light bulbs. In addition, SEV's private customers are now purchasing electrical equipment that is designed to use less energy than older equipment.

SEV believes that its private customers will use 2% more electricity in 2019. Other customer groups are expected to use between 0.0 and 4.0% more electricity. However, it is anticipated that there will be a major increase in electricity consumption among SEV's fish farming customers and it is projected that there will be an increase of upwards of 25% within the industrial group "agriculture, fish farming, fishing industry and raw materials industry".

The Table below shows SEV sales of GWh within the various customer groups from 2005 to 2017 (booked amounts), while the data for 2018-2020 is forecast (F), budgeted (B) and projected (P).

	Agriculture, aquaculture, fishing industry, natural resources industry	Manufacturing, production and construction	Retail stores, restaurants, hotels	Transport, postal services, communications	Financial services, insurance, other business services	Public / private sector services, churches and other religious organizations, etc.	Street lighting	Homes, apartments, summer homes and boat-houses	Electric vehicles and heat pumps 1)	Calculated totals
2005	15.8	51.1	19.1	18.7	3.8	32.0	6.1	74.9	0	221.6
2006	19.3	53.8	21.0	21.8	3.9	34.1	5.6	75.6	0	234.9
2007	22.1	54.7	21.7	23.3	4.0	35.2	6.8	77.6	0	245.4
2008	23.1	53.8	22.9	25.1	4.2	36.2	7.0	81.5	0	253.9
2009	25.8	52.0	22.6	24.4	4.5	35.6	6.7	80.5	0	251.9
2010	25.9	48.9	22.5	28.7	4.2	36.5	6.8	81.3	0	255.0
2011	26.4	44.5	22.4	31.8	4.2	36.8	7.3	81.4	0	254.8
2012	29.4	52.5	21.6	34.7	3.9	36.6	6.9	75.7	0	261.4
2013	29.2	69.3	22.7	25.1	4.0	37.7	7.4	78.9	0	274.4
2014	31.1	76.1	24.7	25.7	4.0	37.3	7.0	78.0	0	283.8
2015	36.6	76.5	23.1	24.9	3.9	37.9	7.1	78.0	0	288.1
2016	37.9	73.9	24.4	25.6	3.9	40.5	7.0	78.1	0	291.4
2017	42.1	85.5	24.4	24.3	3.3	41.5	6.7	78.2	0	306.5
2018F	54.7	78.7	24.9	24.6	3.7	42.4	6.6	80.6	0	316.1
2019B	68.3	81.8	25.4	25.1	3.7	43.2	6.6	82.2	2.0	338.4
2020P	79.3	82.6	25.9	25.6	3.8	44.1	6.8	83.0	20.0	370.9
2021P	80.1	83.5	26.5	26.1	3.9	45.0	7.0	83.9	40.0	395.4

1) Through the years, SEV has sold electricity for heat pumps, but these sales were not shown specifically in the Tables in previous years, but only from 2018 will these sales be calculated consistent with the changes in energy consumption.

The Table below shows the trend in electricity production in GWhs and percentages from 2009-2017, for which the data are confirmed, while the figures for 2018 are forecast (F) and for 2019 they are budget projections (B).

Production in GWh	2009	2010	2011	2012	2013	2014	2015	2016	2017	F2018	B2019
Total	275.5	280.3	273.8	291.6	292.5	305.4	314.4	317.4	334.4	326.1	366.4
Thermal	168.1	199.3	166.8	181.0	180.1	150.2	125.5	158.9	163.4	175.6	187.1
Hydro	92.4	67.4	92.5	99.8	90.6	120.7	133.1	106.3	111.2	106.2	117.0
Wind	15.0	13.6	14.5	10.8	21.8	34.5	55.8	52.1	59.7	62.3	62.3
Black energy	168.1	199.3	166.8	181.0	180.1	150.2	125.5	158.9	163.4	175.6	187.1
Green energy	107.4	81.0	107.0	110.6	112.4	155.2	188.9	158.4	170.9	168.5	179.3

Production in %	2009	2010	2011	2012	2013	2014	2015	2016	2017	F2018	B2019
Thermal	61.1	71.1	60.9	62.1	61.6	49.2	39.9	50.1	48.9	51.0	51.1
Hydro	33.5	24.1	33.8	34.2	31.0	39.5	42.3	33.5	33.3	30.9	31.9
Wind	5.4	4.9	5.3	3.7	7.4	11.3	17.8	16.4	17.8	18.1	17.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Black energy	61.1	71.0	60.9	62.1	61.6	49.2	39.9	50.1	48.9	51.0	51.1
Green energy	38.9	29.0	39.1	37.9	38.4	50.8	60.1	49.9	51.1	49.0	48.9

Production from renewable energy resources is estimated to be 179.3 GWh in 2019, corresponding to 48.9% of total production. Thermal production for 2019 is projected to be 187.1 GWh, equalling 51.1% of total production.

4.3 Wind energy purchase from Sp/f Vindrøkt and SEV subsidiaries

Pursuant to a purchase agreement¹ with Sp/F Vindrøkt based in Vestmanna, SEV purchases around 6.7 million kWh of electricity produced from wind energy for 0.40 DKK per kWh. This corresponds to an expense of DKK 2.7 million, which is reflected in the 2019 budget.

In addition, SEV intends to purchase wind energy from the two subsidiaries that operate the wind farms at Neshagi and Húsahagi. From the Neshagi subsidiary, SEV intends to purchase 15.0 GWh, corresponding to an energy purchase of DKK 6.7 million, or DKK 0.40 per kWh for the two wind turbines at Vørðuni and DKK 0.444 per kWh (including the approved price increase of 1% per annum) for the three wind turbines on Eystnes.

It is anticipated that in 2019 SEV will pay around DKK 0.339 per kWh (including the approved price increase of 1% per annum) for 41.4 GWh from the Húsahagi wind farm, corresponding to a total cost of some DKK 14.0 million. It is further anticipated that the entire guaranteed purchase of wind power will not be realized in 2019. This eventuality is incorporated into

¹ The agreement terminated on 1 September 2013 and as yet the agreement has not been renewed. However, negotiations are proceeding between Sp/f Vindrøkt and SEV and the parties have agreed upon the possibility to extend the agreement forward to 1 September 2019.

production projections. Energy purchases from the Húсахagi and Neshagi wind farms are not incorporated into the financial budget because at present the 2019 budget reflects a consolidated concern budget.

4.4 Total revenue

Customer segment DKK millions	Forecast sales 2018	Forecast fixed fee 2018	Forecast total =(1)	Budgeted sales 2019	Budgeted fixed fee 2019	Budgeted total =(2)	Differ- ence =(2-1)
Farming, fish farming, fish processing and raw materials	61.1	1.1	61.2	83.3	1.1	84.4	23.2
Manufacturing, production and construction	90.2	1.8	92.0	102.1	1.8	103.9	10.9
Commerce, restaurant and hotels	32.7	0.8	33.5	35.9	0.8	36.7	3.2
Transport, postal and communication	30.5	0.6	31.1	33.6	0.6	34.2	3.1
Finance, insurance and other commercial services	4.6	0.1	4.7	5.1	0.1	5.2	0.5
Public and private services, religious groups	55.9	1.5	57.4	61.4	1.5	62.9	5.5
Streetlights	8.8	0.4	9.2	9.6	0.4	10.0	0.8
Private homes, apartments, summer- and boathouses	112.8	10.6	123.4	123.3	10.6	133.9	10.5
New heat pumps	0	0	0	1.1	0.1	1.2	1.2
Electric vehicles	0	0	0	1.1	0.0	1.1	1.1
Total	396.6	17.0	413.6	456.2	17.1	473.3	59.7

The Table above shows that the Company will experience an increase in revenue in 2019 of DKK 59.7 million from kWh sales and fixed-fee charges, corresponding to a total revenue from kWh sales and fixed-fees of DKK 473.3 million. Included in the overview are revenue projections for new heat pumps and electric vehicles, which have been especially highlighted in the Table to add clarity in the budget.

In addition, the Company will derive revenue from its connection fees and other services amounting to DKK 12.0 million, thus yielding a total annual revenue of DKK 485.3 million, compared to the forecast revenue of DKK 422.2 million for 2018. This means that SEV will earn DKK 63.1 million more in revenue than forecast for 2018.

4.5 Operational expenses

Expenses are subdivided among grid-related activities, production activities and administration.

Total expenses encompass oil costs, purchase of wind energy, operational costs, depreciation and interest. Operational costs of the Company are divided between goods and services and wages for employees.

Administrative expenses in the main relate to grid activities, but often there are joint expenses a portion of which is ascribed to production.

Over the last few years, forecast costs are much less than budgeted for the same year. The reason for this is that the budget to a certain degree incorporates unexpected maintenance and break-down repair costs. Considerable work has been undertaken over the last few years to reduce costs in the budget such that there is greater correspondence between the forecast figures and the budget.

4.5.1 Hedging strategy for oil, currency and interest

Especially over the last few years, SEV has undertaken major investment in its production facilities and the grid, and SEV intends to continue making such investments, e.g., the expansion of the Sund power plant that is anticipated to cost between DKK 700 – 800 million.

Based on all the investment either undertaken or planned by SEV, it is apparent that SEV to a certain extent is a project-based company and thus of necessity thinks long-term and builds its budgets accordingly. This means that it is critical to remain abreast of key costs, such as oil futures, currency exchange and interest rates.

The price hedging strategy of SEV is based on the determination that it is critical for the Company to successfully hold to its budgets over the coming years. The purpose of hedging the Company's oil purchases or a portion thereof is to mitigate the swings in future oil prices in US dollars, compared to the projected purchase requirements, as well as to adjust operations if a major increase should occur.

The potential for SEV to cover any increases in costs by adjusting the price of electricity or other fees either partially or completely is limited, and thus the possibility of experiencing a deficit or an unsatisfactory operational result is quite probable in any given time-period. Ultimately, the pricing levels are a decision of the shareholders of SEV and thus there is a political overlay. Pricing is also subject to the final approval of the Electricity Production Commission. At the same time, the financing of increased operational costs through loan liquidity is only a short-term solution and limits the potential for budgeted investment when extra financing is used instead to cover increased costs.

As part of SEV's loan applications, the various financial institutions look closely at the key financial figures of the Company for the most critical areas and the requirements set by these institutions regarding these key data are rigorous and fixed. To obtain competitive financing, it is thus absolutely essential for SEV to meet or exceed the requirements of the financial institutions to insure against the most crucial risks relative to cost increases and SEV as well considers this to be a prudent business practice. When SEV ventures out into the loan market to obtain financing, SEV is compared to other similar companies and thus must compete against these other companies to gain the attention and interest of the financial institutions and, in the end, obtain the best financing possible.

SEV is an interesting customer to which to provide financing, and, according to SEV's financial advisors, is considered an "investment grade" customer. This designation affords SEV the opportunity to gain favourable financing on many levels.

If SEV is to maintain this investment grade "rating", it is critical to maintain consistent operations that yield a satisfactory surplus such that SEV's key financial figures are equal to the companies with which it competes for financing. Confer also the discussion of investment rating under Section 6.

Therefore, SEV, together with Skandinaviska Enskilda Banken AB (SEB), which is SEV's advisor in the area of financing and hedging, designed a hedging strategy for oil, currency and interest. This hedging strategy is incorporated into the loan agreements that SEV has executed. At the same time, in collaboration with its advisors at the insurance broker Sp/f Íti (formerly Willis Føroyar), SEV has worked diligently to cover its insurance risks.

One factor impacting the investment budgets over the course of the next several years is that the current oil and currency hedging strategy was enhanced in 2015 to cover an additional four years.

At the time this report was drafted, the price of oil appeared to be rising to levels comparable to oil prices seen one or two years ago, which is around USD 76.00 per barrel. The price levels are not in themselves definitive relative to hedging, which is designed to ensure steady operations.

4.5.2 Strategy for insuring against oil price and currency risks

As referenced above, SEV has taken affirmative steps to minimize its oil price and currency risks consistent with the terms set forth in the Table below.

	Year 1	Year 2	Year 3	Year 4	Year 5
Oil price hedge	80%	60%	40%	20%	20%

This means that insurance coverage is taken out in year "1" for a specific fiscal year. In year "2", this insurance coverage is increased to extend coverage for a total of five years. This framework secures a step-wise underwriting of insurance at a level that extends insurance coverage at a cost-averaged price level over the relevant time-period. SEV itself selects the type of insurance framework that is most advantageous to SEV to insure against fluctuations in the price of oil, e.g., fixed-price, top-price, top-bottom price, etc.

At the same time, as insurance coverage is put into place relative to the price of oil, SEV also enters into dollar futures contracts to secure the funds for a specific time period to be used for oil purchases to insure against currency fluctuation risks on the dollar market.

4.5.3 Strategy for insuring against interest rate risk

Pursuant to the Company's previously discussed interest-rate policy and agreements with its loan providers, SEV has secured its current long-term debt at a fixed rate of interest at terms longer than 12 months. At the same time, the repayment period for fixed-rate interest loans is between 5 and 10 years. This was done to ensure that SEV could cover its interest-rate risk of between 80 and 100% of its debt at any particular time. The debt could carry either an agreed upon fixed-rate of interest or a variable rate of interest that would be covered by an agreement to shift from a variable rate of interest to a fixed rate of interest (known as interest-rate SWAPs)

This strategy requires that the debt with fixed interest shall be maintained at such a level that, if the fixed-rate portion of the debt falls under 80% or increases to over 100% of total debt, an adjustment is made consistent with the interest rate swap agreements, where the goal is to maintain the fixed-rate portion of total debt at 90%. This means that some interest rate swaps could expire, e.g., to avoid having a portion of the debt larger than 100% protected

against interest rate fluctuations. In turn, this means that the value of the interest rate swap will increase.

A positive value lowers the financial needs of the Company, while a negative value increases SEV's financial requirements. The net balance of the interest rate swaps shall be booked under Company equity. SEV continually strives to balance its interest rate swaps over time, wherein the goal is to have on average a fixed rate of interest stipulated for terms between 5 and 10 years.

4.5.4 Oil expenses

Over the past several years, SEV has had very significant expenses related to the purchase of oil and the 2018 budget estimated a cost of DKK 2,473 per tonne of oil². The forecast for 2018 calculates a price per tonne of heavy oil, including lubricating and gas oil, of DKK 2,718, which is DKK 245 more per tonne than budgeted.

The price of oil has increased while the dollar is weaker and the 2019 budget projects an oil price per tonne of heavy oil, including lubricating and gas oil, equivalent to DKK 2,818.

The Table below shows heavy oil consumption in tonnes for 2009-2017. Also shown is the amount budgeted for 2018, the consumption forecast for 2018, and the amount budgeted for 2019.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2018 Forecast	2019 Budget
Tonnes	34,554	39,748	33,961	36,746	36,893	30,880	25,738	32,195	32,631	35,300	36,988	39,291

SEV expects to use 39,291 tonnes of heavy oil in 2019, compared to a forecast of 36,988 tonnes in 2018 or 2,303 tonnes more, mainly because production is expected to increase by 6.5%. Gas oil and lubricating oil is in addition.

The oil expense forecast for 2018 is estimated to be DKK 105.6 million, and the oil expenditure for 2019 is budgeted to be DKK 116.1 million, which is somewhat higher. Any potential adjustment relative to the oil storage inventory at year-end is not included. The 2019 budget does not address pricing adjustments for the oil storage inventory.

With regard to that portion of SEV's oil purchases not governed by its hedging strategy, SEV relies on the average oil price projected in the Forward Curve for the spot price of heavy oil as at 10 October 2018, which on average is USD 470 for 2019. Moreover, the dollar exchange rate was stipulated at DKK 6.25 (DKK 625.00). In addition to these costs is added the payment to the oil provider, import duties and other fees. This forms the basis for oil expenses in the budget. Subsequently, the price of oil has fallen and is at a low price level as of this writing, but it was decided to hold fast to the spot price effective 10 October 2018 for the 2019 budget, because the price of oil can rise again.

Naturally, if the trend in oil prices or the exchange rate for the dollar differs substantially from the value estimated for the budget, such fluctuations will have a major impact on the operational budget. Price adjustments are incorporated.

² Including lubricating oil and gas oil.

4.5.5 Goods and services

The total budgeted cost for goods and services for 2019 is estimated to be DKK 54.8 million, compared to a budgeted amount in 2018 of DKK 52.4 million, which equates to an increase of DKK 2.4 million.

The forecast cost for goods and services for 2018 is DKK 52.2 million, compared to a budgeted DKK 52.4 million, reflecting a consistency with the budget.

4.5.5.1 Production activities

The Table below shows the cost trend for goods and services for production activities over the past several years in DKK million. The figures for the years 2009-2017 have been verified and are accurate.

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2018 Forecast	2019 Budget
32,089	31,778	43,251	27,628	24,069	21,139	21,280	28,210	25,046	21,836	22,813	21,550

The Table above shows that the budgeted costs for production activities over the previous years stood at a much higher level than forecast and budgeted for 2018 and 2019. The cost for 2019 is budgeted to be DKK 21.6 million, compared to DKK 21.8 million budgeted for 2018, which is about the same as the previous year.

Forecast expenses for 2018 are estimated to be DKK 22.8 million, compared to the budgeted amount for 2018 of DKK 21.8 million, or DKK 1.0 million more. The goal of the Company is to hold down expenses, but it must undertake the necessary maintenance to ensure secure operations.

4.5.5.2 Grid-related activities

The Table below shows the cost trend for goods and services for grid-related activities over the past several years in DKK million. The figures for years 2009-2017 have been verified and are accurate.

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2018 Forecast	2019 Budget
16,577	18,471	15,099	19,999	15,425	11,870	11,815	12,439	10,403	11,500	10,395	12,000

The Table above for grid-related activities shows that costs for years 2007 through 2013 were at a considerably higher level than forecast for 2018 and budgeted for 2019. From 2014 through 2019, the costs have been around DKK 11-12 million annually. Costs for goods and services for grid-related activities is budgeted at DKK 12.0 million for 2019, compared to DKK 11.5 million budgeted for 2018, with is DKK 0.5 million greater.

The costs associated with the inspection department of the installation division, which is a responsibility of SEV pursuant to a directive of the Electricity Production Commission and the Ministry of Industry, are estimated to be DKK 0.5 million.

The grid division has also worked hard to hold down expenses to ensure a satisfactory result in 2018.

4.5.5.3 Administration

The Table below shows the cost trend for goods and services for administration over the past several years in DKK million. The figures for the years 2009-2017 have been verified and are accurate.

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2018 Forecast	2019 Budget
12,685	15,036	16,516	11,860	14,577	16,824	16,840	18,622	18,452	19,042	18,948	21,205

The Table above shows costs for administration, including the cost for research studies, consultancy work and the write-off of creditor debt, etc. Historically, these costs have generally ranged from DKK 12.0 million up to DKK 18.0 million each year.

Expenses for 2019 are budgeted to be DKK 21.2 million, which is DKK 2.2 million greater than 2018.

For 2019, the intent is to continue work on a variety of projects, as well as new endeavours that may present themselves. Certain projects that can be named are the development training for management and staff, research into nuclear power, research into new pricing schedules, legal costs, accounting work and audits, communications, creation of new communication principles and necessary seismic research and study. At the same time, money is set aside to strengthen SEV's identity protocols and a new website. Costs related to research and advisory consultancy services are estimated to be around DKK 11.8 million.

Bank charges and the costs related to processing accounts receivable via the payment system are estimated to be DKK 1.9 million.

Additional administrative costs, among others, include insurance for DKK 2.4 million; telephone and advertising, DKK 1.3 million; Municipal Employers Association, DKK 0.4 million; bad debt of some DKK 1.0 million; cleaning, DKK 0.5 million; building maintenance, DKK 0.5 million; Electricity Production Commission, DKK 2.0 million; office-related expenses, DKK 1.1 million. The cost for computer and related software subscriptions is estimated to be DKK 3.0 million. Management training shall continue in 2019 and in this regard some DKK 0.5 million is set aside for continuing education of the Company's management team, as well as other employee expenses estimated at DKK 1.8 million in connection with development training, courses, schooling and travel.

4.5.6 Wage expenses

The Table below shows the trend in total wage expenses over the past several years in DKK million. The figures for years 2009-2016 have been verified and are accurate.

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2018 Forecast	2019 Budget
62,307	65,061	62,576	60,187	58,706	63,644	64,338	66,466	67,380	71,865	69,350	75,896

Total wage expense in 2019 is budgeted to be DKK 75.9 million, compared to a budgeted DKK 71.9 million for 2018, reflecting an increase of DKK 4.0 million.

The budget for 2019 took into consideration that a part of the wage expense would be related to investment work, because SEV assumed responsibility for a portion of the work on the various investments. For 2019, DKK 9.0 million is set aside for investment work. Thus, total wage expenses for the Company in 2019 is budgeted at DKK 84.9 million, compared to a budgeted DKK 79.9 million in 2018 or DKK 5.0 million higher.

The budgeted growth stems from the increases stipulated in the wage agreements, reassignments, outside security, the hiring of new employees and overtime compensation.

The forecast for 2018 is DKK 69.3 million, compared to DKK 75.8 million in 2019 in which consideration was taken for the work related to investment.

The Table below shows total wage expense for SEV for the past several years. Also shown are the adjustments to employee pensions governed by public civil service pension agreements and the wage expenses related to investment.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2018 Forecast	2019 Budget
Total operational wages	62,307	65,061	62,576	60,187	58,706	63,644	64,338	66,466	67,380	71,865	69,350	75,896
Pension adjustments	0	0	699	-2,070	1,875	-1,139	671	244	1,362	0	0	0
Including adjustments	62,307	65,061	63,275	58,117	60,581	62,505	65,009	66,710	68,742	71,865	69,350	75,896
Investment related	2,458	1,192	1,372	4,391	3,665	4,990	6,083	8,065	6,727	8,000	8,431	9,000
Total wages	64,765	66,253	64,647	62,508	64,246	67,495	71,092	74,775	75,469	79,865	77,781	84,896
Wage growth in %				-3.3	2.8	5.1	5.3	5.2	0.9	-	3.1	6.3
No. of full-time equivalent employees				157	159	160	161	162	167	171	171	176

SEV complies with the general wage agreements for the various union work groups relevant to SEV. An increase in the number of employees in certain specific areas is anticipated for 2019, costs related to employee reassignments, outside security, overtime, as well as an increase in wages as a result of future wage negotiations by the various unions.

The Table below shows total operational wage expense subdivided into production, grid-related activities and administration for the past several years. The figures for 2009-2017 have been verified and are accurate.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 Budget	2018 Forecas	2019 Budget
Produc- tion	32,878	31,103	32,135	28,327	30,652	30,881	32,022	33,647	33,776	33,281	34,370	32,796
Grid	19,326	23,915	20,420	19,999	19,453	19,876	21,109	20,714	21,040	24,807	20,389	27,988
Admin	10,073	10,043	10,021	11,860	8,601	12,887	11,205	12,009	12,444	13,776	14,591	15,112
Totals	62,277	65,061	62,576	62,187	58,705	63,644	64,338	66,466	67,380	71,865	69,350	75,896

The Table above shows that wage expenses have grown from 2009 through and including 2010 and then subsequently declined until 2014, growing again in 2015 through 2018. Wages capitalized as investment work are included.

The Company has employed a number of additional people to meet the manpower needs required of the many and diverse projects that the Company is engaged in at present.

Wage expenses for production activities since 2009 through 2018 (budgeted) have been around DKK 30 million.

Wage expenses for grid-related activities have been increasing as well, but in 2016 declined slightly by comparison to the previous year. It is forecast that more people will be employed in this area in 2018 in order to meet the demands of the many projects that lie ahead.

Wage expenses related to inspection of electric installation, the responsibility for which SEV has taken pursuant to directives from the Electricity Production Commission/Ministry of Industry, is budgeted at DKK 2.7 million.

From 2009 through 2017, wage expenses for administration remained fairly constant. The forecast cost for 2018 and the budgeted cost for 2019 are higher, compared to that budgeted in 2018.

In connection with the compensation paid to the Board of Directors, it should be noted that the Board Chairman will receive a fixed compensation of DKK 12,612 per month; the Vice Chairman, DKK 9,459; general board members DKK 6,306 per month. This is the same as the previous year.

In addition, the board members receive a meeting compensation that corresponds to the rate stipulated in the civil servants' wage agreement. This compensation is between DKK 589 and DKK 1,767 per meeting, depending on the length of the meeting.

Board members are reimbursed their travel expenses as well.

In the event that board members sit on other governing boards of SEV, e.g. subsidiary companies of SEV or the buildings committee or the like, they shall receive extra compensation, depending on the scope of work involved. However, there is no additional compensation provided for board work relative to the wind farm subsidiaries.

Total compensation paid to the Board of Directors for 2018 is forecast to be DKK 1.1 million. Generally, the Board has a regular meeting once a month, plus extra board meetings, meetings with the municipalities, annual general meetings and other meetings with shareholders, government authorities, etc. For 2019, Board compensation and related costs are budgeted at DKK 1.1 million. In addition are reimbursements for travel expenses.

4.5.7 Depreciation

Depreciation is budgeted at DKK 123.0 million for 2019, compared to a forecast DKK 114.0 million for 2018, and is based on current fixed assets and anticipated acquisition and disposal of assets. This reflects an increase of DKK 9.0 million, compared to that forecast for 2018.

The distribution of depreciation from year to year can change somewhat, depending on when the asset was taken into use. This reflects a balancing between actual acquisitions and works in progress. However, the Company's depreciation expense will continue to grow over the course of the next few years, because major infrastructure investments will be undertaken and booked, and this will, in turn, increase the depreciation expense.

The budgeted depreciation for 2019 and onward is based in the main on the depreciation principles stipulated by the Electricity Production Commission. In the budget, production-related assets are, on average, depreciated over 20 years and buildings over 50 years. Investment in the grid is depreciated on average over 35 years, while investment in operating equipment is depreciated on average over five years. Investment designed to extend the lifespan of an asset is depreciated over the extended useful life of the asset.

4.5.8 Interest and balancing of equity

There is no adjustment for a capital infusion into the subsidiaries budgeted for 2019, because the budget remains a consolidated concern budget. Estimated interest expense is based on current loan facility agreements.

For 2019, net interest expense is budgeted to be DKK 31.6 million. Net interest expense for 2018 is forecast to be DKK 28.6 million. The 2018 budget and onward anticipated an interest rate increase of 2.0% and 2.6%, depending the type of loan facility. When the current interest-rate SWAPs, which are based on a decrease of some 0.2%, are taken into account, the average interest rate is 2.2%. This is a fixed rate.

Increased interest expense over the past few years stems from an increase in the loan facilities taken out by SEV for investment and operations. In 2008, interest expense was DKK 3.5 million, consistent with long-term debt of DKK 105.8 million held at year-end 2008. At year-end 2018, the gross long-term debt is forecast to be DKK 1,348 million. For 2019, an increase in loan facilities of DKK 214.9 million is budgeted. The gross long-term debt at year-end 2019 is, therefore, budgeted to be DKK 1,563 million.

The interest expense for liquidity is set at DKK 0.0 million, because, at present, interest is negative, i.e., it costs to have liquid funds sitting in a bank account.

4.5.9 Taxes on result and deferred taxes

The intent is to incorporate taxes on the result in the 2019 budget and onward. The 2019 budget calculates that deferred taxes will equal 18% of the annual result. This tax will not be paid but will be set aside as a debt obligation of the Company and booked under reserves as set-aside deferred taxes. This debt at the beginning of the year was DKK 21.1 million and the set-aside will grow when the deferred taxes for 2019 are calculated such that the debt at year-end 2019 will be DKK 35.7 million. Going forward, taxes will be incorporated into the budget of the Company.

Deferred taxes do not impact the liquidity of the Company before these taxes become due and payable. The Company does not expect to have to pay tax on the annual result in the coming years based on the fact that the Company holds a sizable taxable deficit against which it can subtract its annual taxable income.

4.6 Investment

Investment for 2019 is forecast to be DKK 424.0 million. The Table below also shows the audited amounts for 2012 through 2017, as well as the forecast (F) and budgeted (B) amounts for 2018 and budgeted for 2019. The investment for 2019 will be distributed as shown on the Table below.

Investment DKK million	2019B	2018F	2018B	2017	2016	2015	2014	2013	2012
Fossá power plant	1.0	1.0	2.6	3.4	0.6	4.3	16.2	10.1	2.5
Heyga power plant	3.0	0.7	0.8	0.4	0.2	0.1	0.5	13.1	3.3
Mýra power plant	0.8	3.1	4.5	0.7	3.5	5.5	0.9	1.1	1.9
Eiði power plant	1.6	4.8	6.1	3.0	1.5	2.4	6.5	47.8	50.9
Botni power plant	3.8	3.1	4.4	1.6	0.3	0.6	0.3	0.4	0.1
Vágs power plant	3.9	6.8	7.5	13.2	34.1	68.0	15.4	2.3	1.7
Trongisvági power plant	0.0	0.0	0.0	0.1	0.0	0.0	0.4	0.7	1.8
Sund power plant	193.6	219.4	325.1	233.5	97.4	41.2	36.9	8.3	7.8
Strond power plant	4.6	6.5	9.1	8.2	2.3	0.5	4.8	3.0	1.3
Small power plants	8.0	5.8	8.3	3.7	4.1	1.1	0.4	4.2	0.1
Wind turbines/pumping stations	47.2	5.0	20.0	0.7	-0.2	-2.0	91.5	16.5	48.1
Total production investment	267.4	256.2	388.3	268.5	143.9	121.7	178.8	107.4	119.5
Grid, coupling stations, buildings, etc.	126.6	142.4	146.4	110.0	92.4	95.8	89.0	43.5	30.3
Administration with buildings	30.0	12.2	20.0	10.0	5.4	14.6	7.4	4.1	4.0
Total grid-related investment	156.6	154.5	166.4	120.0	97.8	110.4	96.4	47.6	34.3
Total budgeted investment	424.0	410.7	554.7	388.5	241.7	232.1	275.2	155.0	153.8
Budgeted 2012-2018		554.7		728.1	377.4	407.5	375.9	286.7	188.3
Investment slack		-144.0		-339.6	-135.7	-175.4	-100.7	-131.7	-34.5

The Fossá power plant was extensively upgraded over the last several years and in 2019 the repair of the sluice gate will be carried out for DKK 0.5 million and a new cover will be installed over the operations tunnel for DKK 0.5 million. The total investment in the Fossá power plant over the last few years ensures that the power plant will be like new.

The Heyga power plant was also upgraded over the last few years for a considerable investment and only some few small investments were undertaken in 2018. For 2019, the plan is to repair the sluice gate for DKK 3.0 million.

The plan was to asphalt the roadway down to the Mýra power plant completely in 2018, but this work was carried out in 2018 for a cost of some DKK 0.5 million and DKK 0.6 million in 2019.

In 2018, renovation of the Mýra power plant sluice channels was undertaken for DKK 1.6 million. Further, the work to lay lighting power cables to the sluice gate house begun in 2017 was continued in 2018 with an additional investment of DKK 0.5 million. In addition, certain small investment was undertaken in 2018 for DKK 1.0 million.

The Eiði power plant with its associated tunnels is finished and fully operational. The new turbines at the Eiði power plant entered into service in the summer of 2012; the upgrading of Turbines 1 and 2 was carried out in 2012 and 2013 as well. Thus, the power plant has a brand-new turbine as well as two upgraded turbines that meet today's standards.

In 2018, a new tarpaulin was installed in the operational tunnel and the fire prevention fixtures were shifted out. Further, the road down to the southern dam was asphalted in 2018 for DKK 2.0 million and this work will continue in 2019 for DKK 0.8 million. Further, the roadway to the northern dam was asphalted in 2018 for DKK 0.5 million and this work will also continue in 2019 for DKK 0.5 million. The power plant today is essentially a brand-new facility.

Interior renovation of the Botni power plant facility was carried out for DKK 0.4 million in 2017, and two new ventilators were installed at Ryskivatn. A study on the feasibility of a pumping system was initiated as well. This feasibility study continued in 2018 for DKK 1.5 million and the linking of the Botni power plant with the Vágs reservoir was initiated for DKK 0.8 million. This work will continue in 2019 for DKK 3.0 million. Other small investments will be made equally DKK 0.8 million.

The Vágs power plant was expanded to include an additional motor, and the facility itself was enhanced to include several workrooms. The total investment equalled some DKK 100 million. Work got underway in 2014, was put on hold during 2015 and continued again in 2016. In 2017, the preparatory work on the control panel, the transformers and the high-tension lines was carried out, as well as the work on the M4 motor. The total investment at the Vágs power plant in 2018 is projected to be DKK 6.8 million. Currently, the plan is to continue work on the control panel for DKK 2.4 million, as well as initiate various other small projects on the building. M1 and M2 shall be overhauled, while M4 shall be inspected and spare parts will need to be purchased. For 2019, a variety of small investments are planned totalling DKK 3.9 million.

In 2014, two new transformers were installed at the Trongisvágs power plant and the interior of the plant was renovated. This work was completed in 2015. In 2016, work got underway to remove the old motor and get the facility ready for a new coupling station. This work is completed and was much less expensive than initially budgeted.

Thus, the facility at Trongisvágs will in future be considered an asset of the grid division. Investment of DKK 5.2 million was carried out in 2018 for a new coupling station in the building and in 2019 the plan is to invest upwards of DKK 0.5 million.

The total investment in the Sund power plant was forecast to be DKK 219.4 million in 2018 and DKK 193.6 million in 2019.

The expansion of the Sund power plant, Station 3, was finally approved at the Extraordinary General Meeting held on 30 September 2016. A total of DKK 250.4 million was expensed from the beginning of the project through 2017. DKK 189 million is forecast for 2018, and DKK 177.1 million in 2019 and DKK 54.0 million is budgeted for 2020 when the project is expected to be completed. In addition, comes the investment in the coupling station for Station 3 for DKK 58.9 million. Thus, an investment of DKK 730 million is planned for the new power plant. In addition, some DKK 70 million was also approved at the Extraordinary General Meeting for a total authorization of DKK 800 million.

Construction of a new oil storage tank yard and a new day tank facility has been underway since 2012. This project is now concluded, and the facilities formally entered service on 8 November 2018. An investment of DKK 24.7 million was placed in the project in 2018. The total cost of this initiative, including the tank yard, the building, oil storage tanks and related technical equipment and electrical work, cost DKK 143.4 million, which was DKK 6.0 million more than budgeted. SEV believes that it gained considerably from the project and the additional cost was worth the investment.

For 2019, the plan is to initiate several small projects for a total of DKK 16.5 million, which includes an electric boiler for DKK 3.0 million, DKK 1.0 million piping to the well for DKK 1.0 million, storage tank inspection and relocation of piping for a total of DKK 1.0 million, disassembly of the old day tank and piping for DKK 2.5 million and DKK 1.0 million shall be used for the purchase of cylinder heads for the M4 motor. The M2 motor shall be overhauled for DKK 3 million.

The work to update the Strond power plant continued throughout 2018 and will continue in 2019. The investment in the power plant in 2018 is expected to be DKK 6.5 million. The plan includes the upgrade of the hydro turbines and the control system for DKK 3.5 million, plus other investment is envisioned for DKK 3.0 million. In 2019, the budget calls for a number of small investments for a total of DKK 4.6 million. The on-going maintenance of the power plant augers well for a future up-to-date power plant.

In 2018, there was considerable focus on submitting a tender for the erection of a wind turbine on Suđuroy, but this was postponed until March 2019. In this connection, some DKK 30.0 million is set aside for 2019. Moreover, a similar tender is expected in the main region of the country, but the work on this initiative is not expected to get underway until 2020. Thus, no major investment is set aside for this project in 2019.

The Company plans to place investment in the production of electricity from solar power. A trial installation will be set up at Neshagi in 2019 for DKK 3.0 million. Over the coming years, the plan is to invest further in solar power electricity production.

It is proposed to invest in a pumping system for Suđuroy for an estimated DKK 118 million. The 2018 budget set aside DKK 5.0 million for more detailed study of the project, with a projected DKK 8.0 million to be invested in 2019 and an additional DKK 50 million in 2020, and DKK 55 million in 2021. At present, the project is being studied and once all aspects of the

study are completed a full project description will be presented to the shareholders for review and a final decision.

Major investments in the grid, coupling stations, and buildings, etc. shall be undertaken in 2019 and will continue into the years ahead. The work on the grid is especially relevant to strengthen the grid to receive more wind power, and the increased power from the expansion of the Sund power plant.

The total investment for the distribution grid for 2018 is forecast to be DKK 54.3 million, which includes the following major investments: DKK 8.3 million for the 60kV cables to the coupling station Norðuri á Strond, DKK 2.4 million for the transfer station for the smolt facility at Norðuri á Strond. Work is underway to lay 60 kV cables through the Norðoy and the Leirvík tunnels for a budgeted DKK 2.0 million in 2018. Furthermore, the Company is fully engaged in laying 60 kV and 20 kV cables in the Eysturoy tunnel and DKK 2.0 million is set aside for the project in 2018 and DKK 7.0 million in 2019. Investment in the laying of 20 kV and 60 kV cables between Kamsdal and Leirvík was budgeted to cost DKK 4.0 million in 2018. A variety of projects to strengthen the grid on Suðuroy are currently underway and the total investment for this in 2018 was budgeted at DKK 11.1 million, of which especially the laying of cables from Vágs to Porkerisháls is a major project.

The total investment for the distribution grid in 2019 is budgeted to be DKK 48.0 million and is divided thus: DKK 13.7 million for the Northern Islands grid, DKK 7.3 million for the Eysturoy grid, DKK 0.2 million for Northern Streymoy, DKK 4.8 million for the Southern Streymoy area, and DKK 6.5 million for Suðuroy. No investment is projected for Vágoy or Sandoy.

In addition, some DKK 10.5 million is set aside for the expansion of the 10kV, 20kV and 60kV grid. A total of DKK 3.0 million is set aside in 2019 for the purchase of vehicles and DKK 1.0 million for other equipment in 2019.

In 2019, the installation department will invest some DKK 2.3 million in wireless electric meters, etc.

A new control system for the electricity grid is under development in association with specialist companies. This work got underway in 2017, continued in 2018 and is projected to continue through 2019. The project is budgeted to cost around DKK 15.0 million, of which DKK 4.0 million was expensed in 2017 and DKK 6.0 million in 2018. For 2019, DKK 5.0 million is budgeted. Moreover, there are plans to install a battery system in Porkeri in connection with the goal of erecting wind turbines. The battery system is expected to cost DKK 42.0 million, of which DKK 2.0 million is budgeted for 2019.

The new coupling station at Runavík was completed in 2017 and the total cost for the station and the associated installation of cables equalled close to DKK 50.0 million. The coupling station at Eið is now complete and entered into use in March 2018. Total investment was DKK 42.2 million.

It is anticipated that SEV will undertake to construct new coupling stations for DKK 286.4 this year and over the next four years.

Some DKK 79.5 million is forecast for coupling stations for 2018.

The total investment in coupling stations has changed over the last few years, based on the large demand for electricity from our customers. The revised budget for 2019 and onward is as shown below.

Place/year in DKK million	2018F	2019B	2020	2021	2022	Total
Húshagi	0.2	0.0	0.0	0.0	0.0	0.2
Vestmanna	7.0	24.0	25.0	0.0	0.0	56.0
Sund, Station 3	33.8	16.9	0.0	0.0	0.0	50.6
Sund, updating	0.7	7.0	10.0	0.0	0.0	17.6
Skarðshjalli	0.0	0.0	8.0	27.0	0.0	35.0
Varðagöta	1.0	0.0	0.0	0.0	0.0	1.0
Runavík	0.1	0.0	0.0	0.0	0.0	0.1
Innan Eið	5.6	0.0	0.0	0.0	0.0	5.6
Tvøroyri	5.2	0.5	0.0	0.0	0.0	5.7
Porkerishálsur	0.4	15.0	15.0	0.0	0.0	30.4
Klaksvík	0.8	0.0	0.0	0.0	0.0	0.8
Skálabotnur	0.7	0.0	0.0	16.0	0.0	16.7
Strond	24.0	0.5	1.0	0.0	0.0	25.5
Eiði	0.0	2.0	17.0	22.0	0.0	41.0
Havnardalur	0.1	0.1	0.0	0.0	0.0	0.2
Skansin	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.1	0.0	0.0	0.0	0.0	0.1
Totals	79.5	65.9	76.0	65.0	0.0	286.4

SEV has decided to postpone the construction of a new headquarters building. This endeavour is now projected for the 2022 budget, which includes a set aside of DKK 50 million. DKK 30 million is set aside in the 2023 budget. These amounts will no doubt be revised as the project is reviewed in due course.

On the other hand, the need for greater space at the Landavegur building is apparent and it is more economical to refurbish and add additional parking areas. The administrative headquarters on Landavegur shall be renovated for DKK 20.0 million in 2019 and DKK 3.0 million in 2020, including in this renovation will be a new main entrance to help facilitate the entry of the handicapped, the replacement of exterior cladding and windows and the replacement of the roof. At the same time, the building will be upgraded to meet current fire regulations, which it does not meet currently.

Some DKK 5.2 million is budgeted for furnishings, ITC equipment and programming, an emergency lighting system, etc. for 2018. For 2019, DKK 10.0 million is set aside, the greatest portion of which is designated for IT equipment and programming for some DKK 9.0 million.

The total investment for 2019 is projected to be DKK 424.0 million. However, it should be noted that the cost estimates for the various projects described above are provisional, and each individual cost estimate will be reviewed in more detail going forward.

4.7 Loan facilities

At year-end 2016, SEV undertook new financing that the Company has been working diligently to organize and structure. In total, the amount of new and refinancing equalled DKK 1,670 million. DKK 830 million was used to refinance current debt, while the rest is projected to fund planned investment and liquidity. The new financing obtained by SEV was procured from the US Private Placement (USPP) market and equalled DKK 1,042 million. SEV secured DKK 626 million as bank financing from Faroese and Scandinavian financial institutions.

SEV drew down all DKK 1,042 million from USPP in 2017, as well as DKK 106 million against the Company's drawing rights of DKK 626 million in 2017. In 2018, SEV expects to draw down DKK 200.0 million against its drawing rights in 2018, which will leave some DKK 314.9 million for use in 2019, of which DKK 214.9 million will be withdrawn leaving DKK 100.0 million available for use in 2020.

Moreover, SEV provided its wind farm subsidiaries a loan through either an intercompany account or a subordinate loan to finance the purchase of the wind turbines from SEV when the subsidiaries were founded. Moreover, the daily operations of the subsidiaries would be financed through intercompany accounting with SEV.

4.8 Liquidity

The Table below shows the Company's liquidity key figures, based on the detailed register maintained by the Company.

In DKK millions	Budget 2018	Verified & Forecast 2018	Budget 2019
Cash flow from general operations	220.8	192.5	235.9
Adjustments, debt, assets and inventory	8.8	21.1	4.4
Additional cash flow from operations	229.6	213.6	240.2
Investment and work-in-progress	-554.7	-410.7	-424.0
Current year loan facilities	350.0	200.0	214.9
Capital gains, taxes, net interest expenses	-30.4	-37.6	-46.2
Loan repayments	0	-0.0	0
Total change in cash flow	-5.5	-34.7	-15.1
Cash at beginning of year	194.0	248.0	213.3
Cash at year-end	188.5	213.3	198.2

The Company is keenly focused on always maintaining a solid and secure liquidity base. The goal is to maintain a security margin or cushion of DKK 100.0 million in available cash, in addition to drawing rights with the various financial institutions. Currently, SEV has a revolving line of credit (drawing rights) equalling DKK 314.9 million. At present, the Company has an available liquidity of some DKK 528.2 million, which is adequate. At year-end 2019, the liquidity base is projected to be DKK 198.2 million, plus the DKK 100.0 million in drawing rights, for a total of DKK 298.2 million, which is also deemed to be an adequate liquidity.

5. Sustainable budgets 2018-2028

In the years ahead, it is deemed especially prudent that the financial budgets be sustainable, now that the Company has undertaken the major project of expanding the Sund power plant for between DKK 700 – 800 million, while at the same time investing in other areas as well. It is critical that the Company take on debt to carry out these projects.

One of the fundamental conditions that the Company has adopted in order to maintain and foster sustainable financial budgets and which has been demonstrated in its stress-tests as well is that net liabilities versus Company results before depreciation and interest (NIBD/EBITDA) must never be greater than a factor of six during the period 2018-2028. The requirement is determinant regarding if or how much a suggested change in pricing could be.

With increased investment and increased oil prices, it will be necessary to adjust upward the price of electricity charged by the Company in order to achieve the goal of the Company that the result before depreciation and interest (NIBD/EBITDA) is never greater than a factor of 6 in the time-period 2018-2028.

To evaluate the sustainability of the budgets, a number of “stress-tests” were carried out on the assumptions underlying the budgets in order to observe the impact of these on a variety of key figures.

“Stress-tests” were carried out utilizing a price increase of DKK 0.10 per kWh in 2019 for all customers of the Company. At the same time, a price increase of DKK 0.08 per kWh for 2020 was calculated and a price increase of DKK 0.03 per kWh for 2021. The plan is to lower prices in 2025 by DKK 0.10 per kWh and DKK 0.14 per kWh in 2026.

The “stress-tests” carried out are outlined in the Table below.

Stress test where all else remains the same	Price change in 2019
50% reduction in kWh sales to customers in the fish farming industry	+ DKK 0.10/kWh
50% reduction in kWh sales to customers in the pelagic fishing industry	+ DKK 0.08/kWh
Oil price increases by USD 200.00 per tonne of heavy oil 2019-2021	+ DKK 0.08/kWh
General rate of interest increases by 4% points for all new debt from 2021 onward	+ DKK 0.03/kWh
KWh sales declines by -1% in all customers groupings 2019-2021, subsequently ordinary growth	+ DKK 0.15/kWh

The risk that the price of oil will rise in the coming years and that interest rates will rise are, to a certain degree, covered by SEV having locked in the price of oil for its budgeted oil purchases over the long term, as well as the interest on its loans is fixed for a period of at least 5-10 years.

6. Overview of SEV's fiscal economy for the period 2008-2028

SEV has undertaken significant investments over the last several years and intends to further undertake major investments in the years ahead, especially with regard to advancing its Vision 2030 goals and to ensure supply security. Each and every planned investment undertaken by SEV is consistent with and dependent upon the economic viability of the Company.

Over the last three years, SEV has generated a satisfactory operational result with a satisfactory profit margin, but the result for 2018 does not promise to yield a satisfactory profit. Maintaining a satisfactory profit is critical if SEV shall meet the planned investment goals it has mapped out for its production facilities and the grid. In this connection, it is critical that SEV maintain a satisfactory level of self-financing of the required investments generated via its own business operations. Financial projections of SEV indicates, or at least suggests, that since the Electricity Production Act entered into effect, SEV has not generated sufficient funds via its business operations to cover both its operations and necessary future investment. In fact, just the opposite.

A satisfactory economy is one of the conditions stipulated by the financial institutions to even loan SEV any funds to finance the planned investment. The financial institutions consider SEV to be a good customer to offer financing and ascribe a stand-alone credit rating (consistent with Standard & Poor ratings) of BB- (Business risk= Fair; Financial risk=Aggressive). If the linkage to the Faroese governmental authorities (the national government and the municipalities) is taken into consideration, the credit rating jumps to BBB+. This credit rating (BBB+) is considered an "Investment Grade" rating, thus making SEV an interesting company in which to make an investment or offer financing. If only the stand-alone credit rating is considered, SEV would fall out of the "Investment Grade" rating, which means that any interest in making an investment or offering financing would, in the main, disappear.

To ensure that SEV maintains its BBB+ credit rating, it is critical that SEV maintains excellent and consistent relationships with the Faroese Government and the Municipalities, and, at the same time, ensures that its financial key figures, at the very least, remain at current levels. In this regard, operations and income are determinative, if all the planned investment should be undertaken and the necessary loan facilities be obtained.

If SEV shall strengthen its credit rating, its financial key figures should be strengthened considerably, and this can only be done through enhanced operational profit relative to its financial liabilities. Here the income side plays a decisive role, as well as one must be watchful of the expense side of the business.

If SEV were to be compared to the Icelandic electric utility, *Landsvirkjun*, one would discover that its stand-alone credit rating is also BB- and it holds an overall credit rating of BBB. Furthermore, their "business-risk" is deemed *Fair* and their "financial-risk" is *Aggressive* (Source: SEB). Their debt to EBITDA ratio is 5.9. It is deemed advisable that a company should maintain a debt to EBITDA ratio of, at most, a factor of 6, a ratio that SEV is working toward.

Charts 1 through 4 below reflects the trend in the Company’s investments. In addition, investment is compared to net revenue.

Chart 1 – Verified investment in DKK million - 2008 to 2017, forecast for 2018 and budgeted for 2019

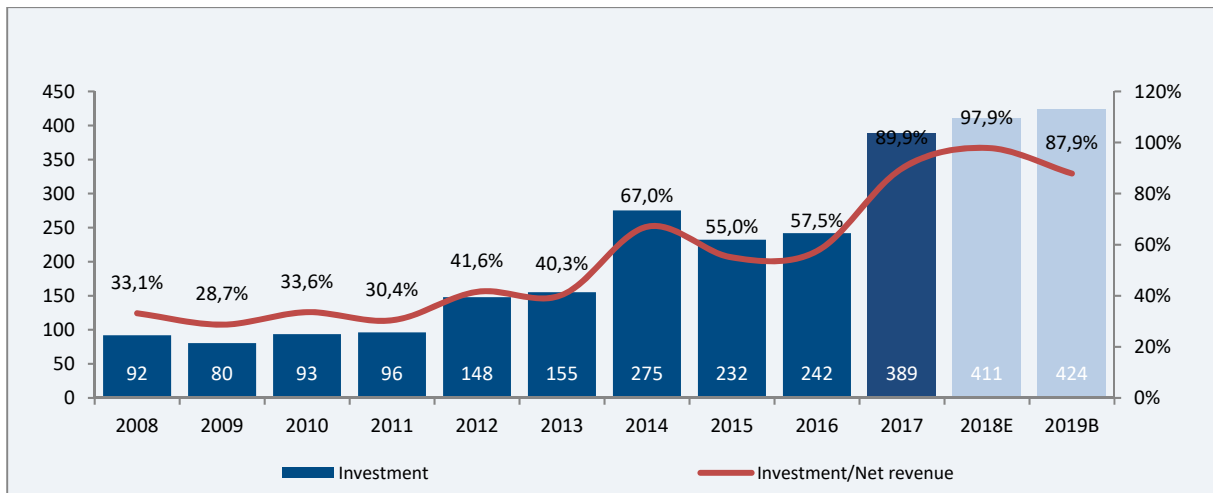
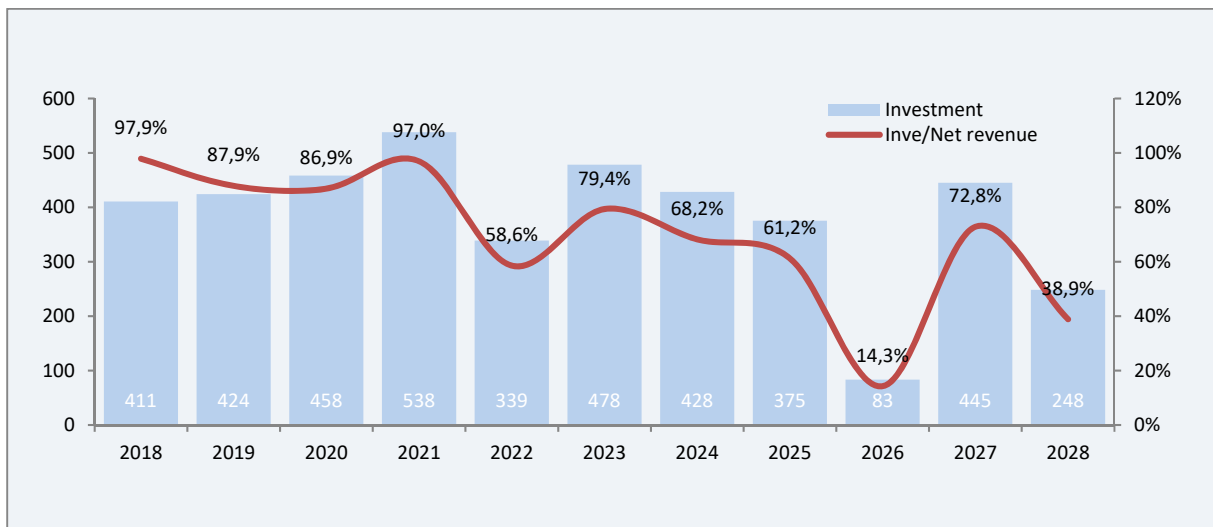


Chart 2 – Projected investment in DKK million 2018 – 2028 and investment compared to net revenue



Charts 1 and 2 above show the trend in verified and projected investment over a long time-period. The projected investments over the next five years are significant, therefore, it is critical for SEV to have a strong fiscal economy

Chart 3 below, which provides a detailed description of a particular investment, shows that the expansion of the Sund power plant is the largest individual investment in the years ahead. At the same time, considerable investment is projected in the various production units that will produce electricity from “green” energy resources.

Investment in the grid will focus especially on the coupling stations and the grid itself. The envisioned new administrative and workshop building is postponed until 2022-2023.

Chart 3 – Projected total investment 2018-2027

(DKK mil.)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Totals
<i>Sund power plant and other thermal power plants</i>	238.5	210.1	85.5	8.0	3.8	50.1	0.0	0.2	0.0	0.0	0.1	596.3
Wind turbines	5.0	31.2	160.0	240.0	0	180.0	0.0	170.0	0.0	260.0	0.0	1,046.2
Hydropower	12.7	10.2	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27.7
Solar	0.0	3.0	12.0	0.0	50.0	0.0	60.0	102.0	0	102.0	0.0	329.0
Pumped storage and/or hydropower plants	0.0	13.0	50.0	125.0	135.0	135.0	270.0	0.0	0.0	0.0	165.0	893.0
Grid	154.5	156.6	167.6	165.1	150.1	113.1	98.1	103.1	83.1	83.1	83.1	1,357.5
Total investments	410.7	424.0	479.9	538.1	338.9	478.2	428.2	375.3	83.1	445.1	248.2	4,249.7

Chart 4 – Projected investment in the grid 2018-2028

Grid investment (DKK mil.)	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Totals
Coupling Stations	79.6	65.9	76.0	65.0	0.0	3.0	68.0	43.0	20.0	00.0	0.0	420.5
Grid and sea cables	54.3	47.9	16.5	41.0	96.0	76.0	26.0	56.0	59.0	79.0	79.0	630.7
Digital electric meters	1.1	2.3	2.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	14.0
Battery systems	0.0	2.0	60.0	55.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	117.0
New control panels and other related equipment	7.4	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15.9
Administration	12.2	30.0	12.5	3.1	53.1	33.1	3.1	3.1	3.1	3.1	3.1	159.5
Grid totals	154.5	156.6	167.6	165.1	150.1	113.1	98.1	103.1	83.1	83.1	83.1	1,357.5

Chart 5 shows the verified net revenue of the Company from 2009 to 2017, and Chart 6 shows the projected net revenue over the period 2018 – 2028. The growth in revenue over the last few years stems from price increases and greater sales of kWh. The price hikes experienced by ordinary private customers amounted to DKK 0.15 per kWh in 2011, DKK 0.10 per kWh in 2012 and DKK 0.05 per kWh in 2013. For the so-called “industrial customers” engaged in the production of goods for export, the price of electricity increased DKK 0.06 per kWh and DKK 0.05 per kWh in addition to the general price hikes in 2013 and 2014, respectively. The sale of electricity during the period 2008-2011 equalled some 255 GWh annually and grew to 261 GWh in 2012 and 274 GWh in 2013 and 284 GWh in 2014. In 2015, sales equalled 288 GWh and in 2016 sales were 291 GWh, and in 2017 booked sales equalled 307 GWh. For 2018, sales are projected to be 316.1 GWh and for 2019, 338.4 GWh.

Thus, it is apparent that there was net revenue growth and it is critical to maintain good net revenue during the years ahead. As the Chart indicates, the impact from the energy shift is now projected into the budgets in anticipation of an increase in electric vehicles and heat pumps. Thus, SEV’s revenue is projected to increase in the coming years.

Chart 5 – Net revenue in DKK million and percentage growth year-on-year 2009-2019

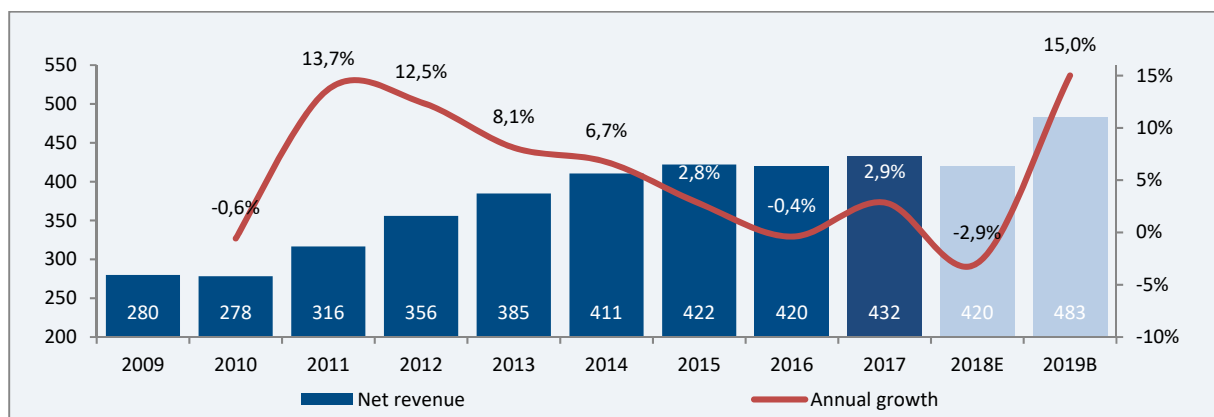
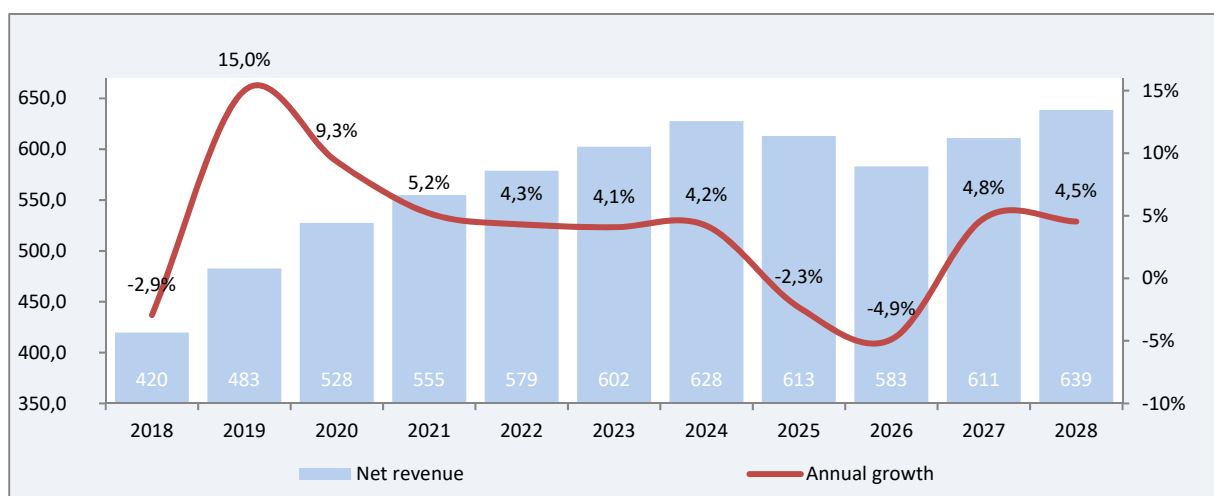


Chart 6 – Net revenue in DKK million and percentage growth year-on-year 2018-2028



The 2019 budget envisions a price increase for all customers of DKK 0.10 per kWh. From 2020 onward to 2018, the budgets reflect both price increases and price decreases for all customers, with the exception of special sales to electric vehicles and heat pumps. In 2020, the plan is a price increase of DKK 0.08 per kWh and in 2021 a price increase of DKK 0.03 per kWh. In 2025, a price decrease of DKK 0.10 per kWh is budgeted and again in 2026, a price decrease of DKK 0.14 per kWh is budgeted.

Chart 7 – EBITDA and EBITDA margin compared to net revenue 2009-2019

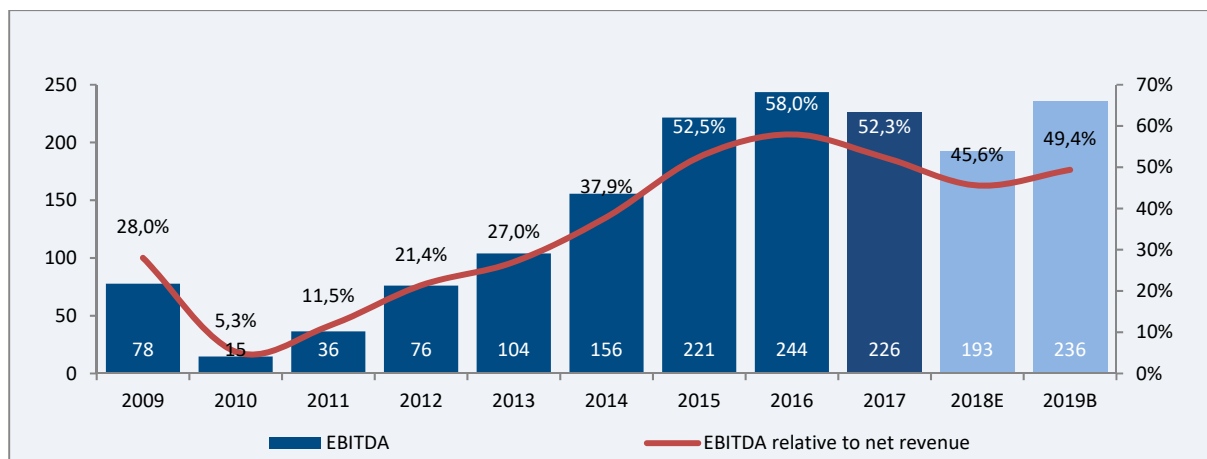
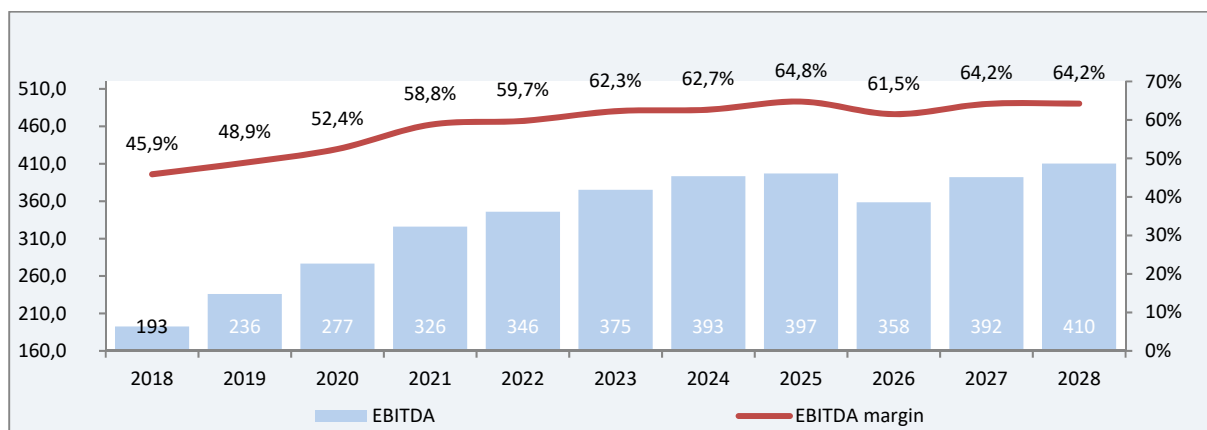


Chart 7 shows the trend in EBITDA and the EBITDA-margin compared to net revenue over the last few years. Early on, these figures were low, but over time they strengthened considerably such that in recent years EBITDA was DKK 236 million against net revenue of some DKK 483 million, or 50% in 2019. This high level is projected to continue in the years ahead, as depicted in Chart 8 below, even though there is a minimal decline in the figures.

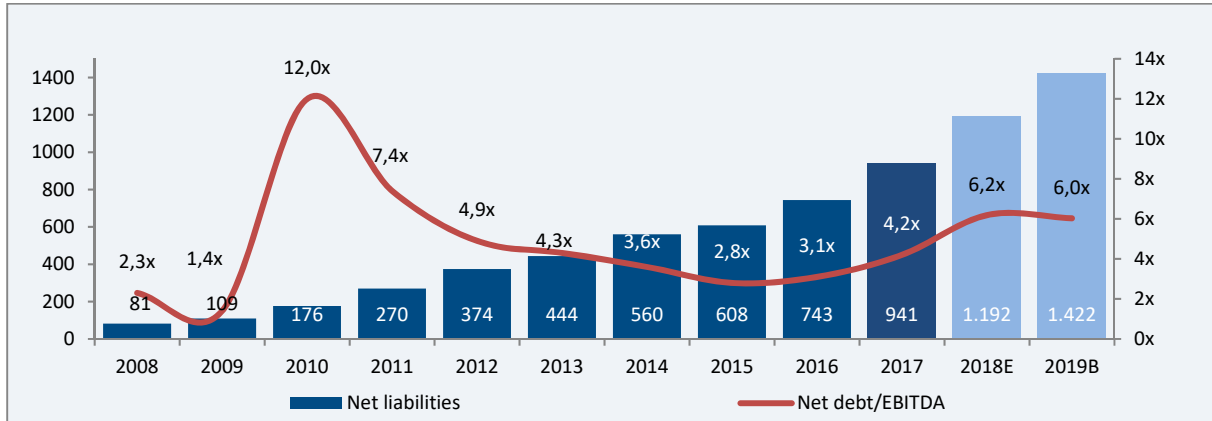
Chart 8 – EBITDA and EBITDA margin compared to net revenue 2018-2028



One of the most significant key figure ratios is net liabilities compared to EBITDA. SEV has determined that this ratio shall not be greater than a factor of 6. In the current loan facilities with the various financial institutions, this ratio can rise to a factor of 9, but SEV believes that this is too high and will therefore strive to ensure that it rises no higher than a factor of 6. Because the financial institutions have permitted a factor of 9, this affords SEV a certain secure margin within which to operate.

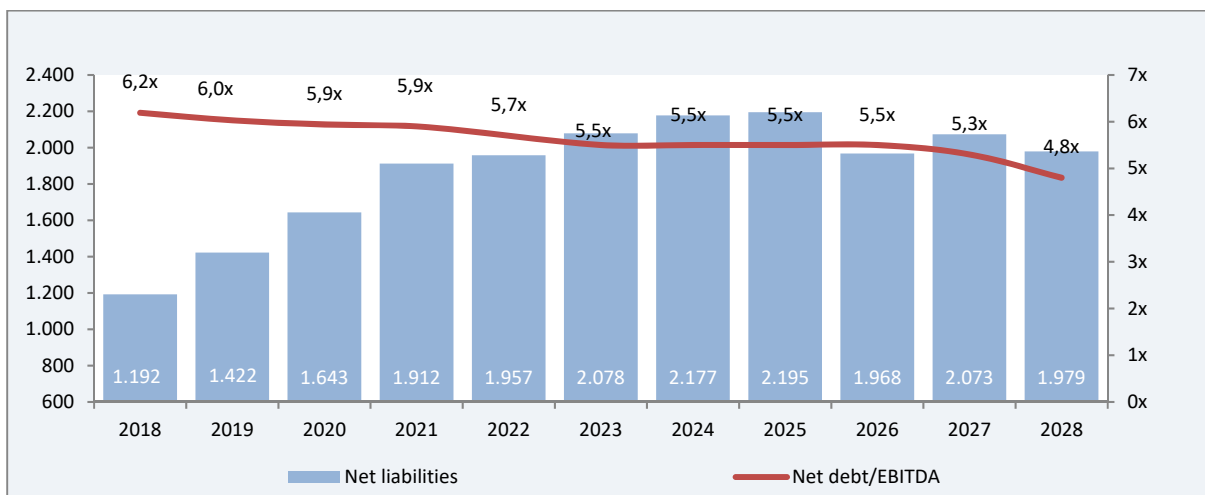
Chart 9 below shows the trend over the last few years of net liabilities in DKK millions compared to EBITDA.

Chart 9 – Net liabilities compared to EBITDA 2008-2019



As Chart 9 shows, net liabilities compared to EBITDA in 2010 was at an especially high level, but subsequently declined to a factor of 4.2 in 2017, which is within the margin of tolerance (factor of 6) adopted by SEV. The key figures have increased and it is anticipated that the margin will be a factor 6.2 at year-end 2018, based on current income and increased oil expenses. This is a little too high and work is underway to bring down the key figure to 6.0 or lower. In 2019, it is projected that the margin will be 6.0, and thus the key figure will decline consistent with the in-house goal of 6.0. The demand for this key figure from the loan providers is that this margin does not exceed 9.0.

Chart 10 – Net liabilities compared to EBITDA 2018-2028¹⁾



1) Included in net debt is financial instruments

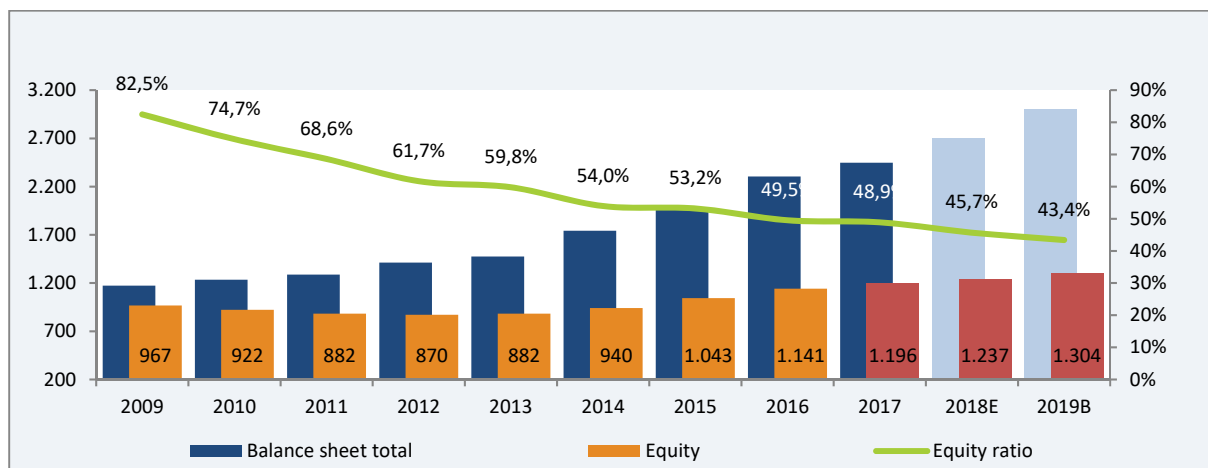
Chart 10 projects that net liabilities compared to EBITDA during the period 2018 – 2028 will remain within the acceptable factor of 6 margin, except for 2018 as shown above. This trend in net liabilities compared to EBITDA is consistent with the current pricing schedule compared to total expenses and investments wherein SEV stipulates the price of electricity annually in

connection with the Operations, Financial and Investment Budget. The combined budget is discussed with and reviewed by the relevant government authorities, e.g., ORKA (representing the Earth and Energy Directorate [Jarðfeingi]) pursuant to current legislation.

In connection with the Operations, Financial, and Investment Budget for 2019, the Company intends to increase the price of electricity for all customers by DKK 0.10 per kWh. In order to hold itself within the adopted factor of 6 margin, it was necessary to amend the operations and investment budgets.

SEV's Operations, Financial, and Investment Budget for 2019 shall be reviewed by Management, the Board of Directors and the shareholders during October and November 2018, when a final decision will be taken on the budget, including the possible price changes.

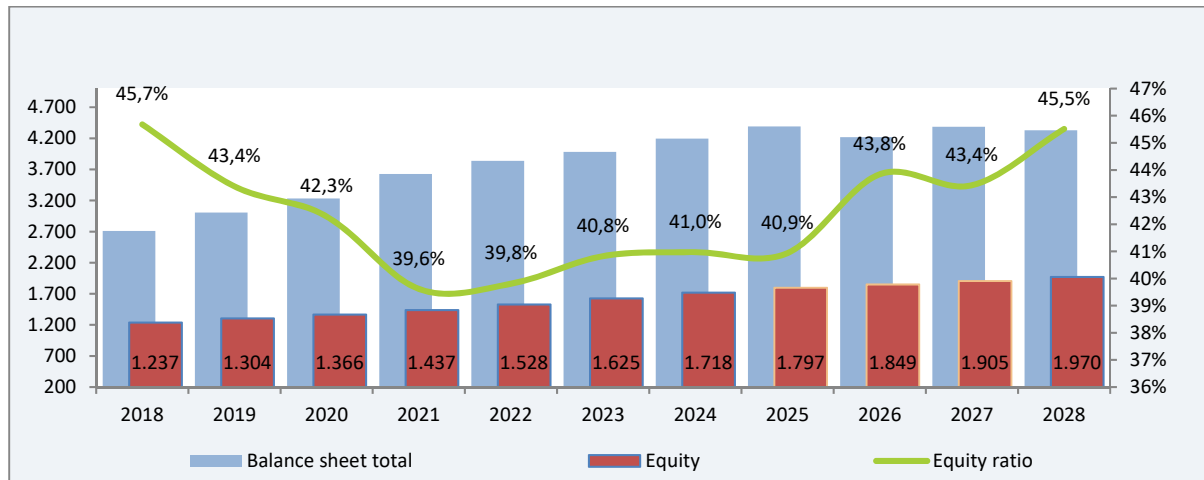
Chart 11 – Asset balance and equity in DKK million and solidity (asset/equity ratio) in percentages 2009-2019



Throughout all the referenced years, SEV has maintained good solidity (owner equity compared to total assets) and in 2017 this equalled 48.9%. The in-house requirement is 42.5%, where the requirement of the financial institutions providing financing to SEV is that owner equity versus total assets remains greater than 37.5%.

The Company meets both of these requirements in 2019, but as the Chart below shows the owner equity portion declines below the in-house level of 42.5% in 2021 onward to and including 2025, at which point it rises to 43.9% in 2026.

Chart 12 – Assets and equity in DKK million and solidity (asset/equity ratio) in percentages 2018-2028



As Chart 12 shows, the goal of SEV is to continue to maintain strong solidity in the years ahead, but the Company will not be able to achieve the in-house goal for solidity of 42.5% during the period 2020 to 2025. In 2026, the solidity of the Company will again rise to 44.6%, which is higher than the in-house level of 42.5%. The in-house goal for solidity shall be reviewed in connection with the activities of the Company.

7. Key figures and financial ratios for 2009 -2021

For 2018, the expected result is a profit of DKK 49.9 million before taxes, but the result for 2019 before taxes is an anticipated profit of DKK 81.3 million after the price increase of DKK 0.10 per kWh. After taxes, the result will be DKK 40.9 million and DKK 66.6 million, respectively.

In 2020, a price increase of DKK 0.08 per kWh is planned and DKK 0.03 per kWh in 2021, but these price increases shall be reviewed in 2019 when the budget for 2020 shall be developed.

From 2008 to 2012, SEV had a total loss of around DKK 100 million, when changes in the accounting principles were instituted in 2012. The Board and Management established as a goal to end the negative trend and in 2013 the result reflected an operational profit of DKK 11.9 million. This trend continued from 2014 through 2017 during which time the result generated a profit of, respectively, DKK 57.8 million, DKK 103.1 million, DKK 92.7 million, and DKK 89.0 million. For 2018, the result is forecast to be DKK 49.9 million before taxes, which is not sufficient compared to the activities of the Company. The income of the Company strengthens in 2019, based on increases in sales and that the price for all customers will increase by DKK 0.10 per kWh.

Overall, the Company has established the goal that the operational result shall meet the requirements that are deemed necessary to provide satisfactory own-financing for the investments that lie ahead. SEV has the need that the planned investment be financed by sufficient own-financing together with outside financing. This requirement can be achieved if SEV has a satisfactory operational profit, because it is believed that this is the only method by which own-financing can be achieved by the Company.

Therefore, the goal of the Board and Management is that the operational result always is sufficient, compared to the operations of the Company and the intended investment projected for the years ahead. The Board and Management are not satisfied with the forecast result for 2018, based on the major investment that lies ahead.

The result for 2019 of DKK 81.3 million before taxes is deemed to be satisfactory. The result after taxes will be DKK 66.6 million.

7.1 Interest-bearing debt compared to EBITDA

Other electric utilities based abroad to which SEV can be compared have a debt to EBITDA³⁾ in 2017 as shown in the Table below.

3) Earnings before interest, taxes, depreciation and amortization. Company accounts: The numbers for NGF Nature Energy are from 2016 and the numbers for Orkuveita are from their projections for 2017.

NGF Nature Energy	SEV	Nukissiorfiit	Landsvirkjun	Orkuveita	Average
5.0x	4.2x	4.5x	5.9x	5.4x	5.0x

It is believed that it is not good for an ordinary company to carry debt compared to EBITDA higher than a factor of 3. However, it is ordinary that this number is higher. Because SEV is a company that operates much differently than an ordinary company, the requirement of a factor of 3 is too demanding. SEV has, on the other hand, has stipulated a long-term goal that debt to EBITDA shall not be higher than a factor of 6. The Company was not able to achieve this goal by year-end 2018 and debt to EBITDA is around 6.2. This will decline to 6.0 in 2019 which is the high point and will subsequently decline to 4.3 by 2028.

7.2 Key figures and financial ratios 2009 – 2021

To offer an explanation of the financial situation of SEV, the Table below shows the key figures and financial ratios for the time-period 2009 to 2017, wherein the figures are verified, and for the time-period 2018 to 2021 wherein the figures are forecast, budgeted and projected.

The Table shows a steady advance in net revenue, which is derived from the price increases in the time-period 2011-2014, as well as the sale of kWhs increased from 2012.

DKK mil.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018F	2019B	2020P	2021P
Net Revenue	277	278	316	356	384	411	422	420	432	420	483	545	583
EBITDA	78	15	36	76	104	156	221	244	226	193	236	281	329
Annual result	15	-46	-39	-12	11,9	57,8	103	93	89	41	67	66	73
Investment	80	93	96	148	155	275	232	242	389	410	424	480	538
Liquidity	37	42	57	87	67	132	222	335	248	213	198	106	147
Total assets	1,151	1,201	1,287	1,411	1,475	1,742	1,960	2,304	2,447	2,709	3,005	3,235	3,634
Share equity	967	922	885	870	882	940	1,042	1,141	1,196	1,237	1,303	1,370	1,433
Total debt	187	293	382	519	575	783	898	1,134	1,222	1,433	1,648	1,798	2,108
Interest on share equity	2.3	-4.9	-4.4	-1.4	1.4	6.3	10.4	8.1	7.6	3.4	5.2	5.0	5.2
Net debt to EBITDA	1.9	12.0	7.4	4.9	4.3	3.6	2.8	3.1	4.2	6.2	6.0	5.9	5.9
Share capital portion	82.5	74.8	68.6	61.7	59.8	54.0	53.2	49.5	48.9	45.7	43.4	42.3	39.7
Annual staff	-	175	166	157	159	160	161	162	167	171	176	177	177

As the Table above shows, the share equity of SEV in 2009 greatly increased because of changes made in the depreciation periods for fixed assets. Cash-flows have been small in the years 2008-2012 compared to investment, therefore it became necessary to increase the price of electricity and to increase the loan facilities for operations and investment.

SEV increased the price of electricity by DKK 0.15 per kWh on 1 January 2011 and on 1 January 2012 the price of electricity was increased by DKK 0.10 per kWh with the approval of the Electricity Production Commission. At the same time, the Electricity Production Commission and SEV agreed that, given higher oil prices and the need to expand and renovate both the existing production facilities and the grid, it was necessary to increase the price of electricity again on 1 January 2013.

On 1 January 2013, SEV increased the price of electricity by DKK 0.05 per kWh for all customers, plus an additional DKK 0.06 per kWh for customers who came under the special pricing schedule and had a consumption greater than 30,000 kWh (previously 20,000 kWh) – the so-called “industrial customers”. In addition, SEV received approval from the Electricity Production Commission to increase the price of electricity for its industrial customers by DKK 0.05 per kWh as of 1 January 2014. The price per kWh without VAT thus became DKK 1.15 for this customer group. There was no kWh price increase in 2015 and 2016, while SEV lowered the kWh price for all customers by DKK 0.05 per kWh in 2017.

In 2018, the Company lowered the price of electricity for all customers by DKK 0.05 per kWh, except customers in the special pricing schedule with a consumption greater than 30,000 kWh.

What the pricing schedule for these customers will look like going forward remains a question that will need to be explored between SEV, the government authorities and the business community, because the pricing schedule reflects a special system advanced during the financial crisis of the 1990s.

The 2019 budget reflects a price increase for all customers of DKK 0.10 per kWh. In 2020, a price increase of some DKK 0.08 per kWh is planned and in 2021 an increase of DKK 0.03 per kWh. These price increases do not extend to sales to electric vehicles and heat pumps.

SEV believes that higher oil prices will be very serious. The price of oil has declined considerably since the middle of 2014 and onward to the beginning of 2016, when it began to rise again. SEV always is working to put into place those initiatives that will contribute to lowering oil expenses. Moreover, SEV is working hard on many levels to reduce the cost of producing electricity.

For example, these efforts are reflected in the expansion of the Eiði hydropower plant, wind turbines on Neshagi and Húsahagi. These three initiatives have resulted in the reduction of SEV's oil consumption by around 14,000 tonnes and once completed this will result in a much more steady economy, as well as a considerable reduction in CO₂ production of around 30,000 tonnes annually.

These initiatives will benefit not only the individual consumer, but the entire society, both with regard to reduced oil consumption, but also contributing to a better environment.

The challenges are significant, given that such a large portion of electricity production is derived from wind power, thus the battery system was installed at Húsahagi to ensure that as much of the production as possible could be utilized. The system has shown itself to operate well and the system has reduced by a considerable amount the wind energy that could not flow efficiently into the grid.

Wind Farm Subsidiaries and Fjarhitafelagið

8. Independent subsidiaries to operate wind farms

At year-end 2016, the wind farm subsidiaries were founded, respectively, P/F Vindfelagið í Neshagi, business registration no. 6387 and P/F Vindfelagið í Húshagi, business registration no. 6386. These companies own and operate the wind farms at respectively, Neshagi and Húshagi. For more information about these wind farm companies, confer the 2016 and 2017 annual accounts for the wind farm companies and the 2018 budget, section 8, which is available at www.sev.fo.

8.1 Neshagi

The wind farm at Neshagi was completed and went operational in November 2012. Thus, the wind farm has produced electricity for SEV's customers for six years and the trials have been good. SEV has excluded the operations of the Neshagi wind farm from the budgets for 2019 onward. Thus, the budget of SEV going forward represents a consolidated concern budget in which the parent company and subsidiaries are combined.

The budget is based upon the cautious assumption that this subsidiary company was established to own and operate the wind farm. Even though the requirement of the governmental authorities was to place only three of the wind turbines into the subsidiary, all five wind turbines were placed in the subsidiary company.

For 2019, SEV has budgeted to purchase electricity production from its subsidiary equal to 15 GWh per year for around DKK 0.431 per kWh, pursuant to a special price agreement that was approved by the governmental authorities. This corresponds to an electric energy purchase of around DKK 7.0 million.

Below are the verified key figures for 2016-2017, verified figures as at the end of September 2018, and the operational budget for 2019-2021 of the new subsidiary shown in key figures in tDKK.

tDKK	2016	2017	2018 30 Sep	2018B	2019B	2020	2021
Sales	6,552	6,681	4,907	6,895	6,964	7,033	7104
Operations and maintenance	717	899	555	2,155	2,176	2,198	2,220
Financial costs and depreciation	4,043	3,663	2,641	4,013	3,968	3,921	3,874
Result before taxes	1,790	2,121	1,709	726	819	914	1,010
Taxes on result	245	459		130	147	164	182
Annual result	1,545	1,662		595	672	749	828

Below is the financial position of the subsidiary in key figures in tDKK.

tDKK	2016	2017	2018 30 Sep	2018B	2019B	2020	2021
Total assets	36,965	36,540	36,285	33,525	31,974	30,453	28,963
Accounts receivable	2,183	5,024	7,039	6,007	7,967	9,956	11,978
Internal current account for loan	28,175	25,628	23,665	23,864	21,641	19,371	17,053

8.2 Húsahagi

The wind farm at Húsahagi was completed and entered into operation in October 2014. Thus, the wind farm has generated electricity to SEV's customers for three years and the trials have gone well. SEV has excluded the operations of the Húsahagi wind farm from the budgets for 2018 onward. Thus, the budget of SEV going forward represents a consolidated concern budget in which the parent company and subsidiaries are combined.

SEV decided some time ago to install 13 wind turbines at Húsahagi and to ultimately transfer the wind farm into an independent subsidiary corporation after SEV was confident that the project was finally ready to hand over to a subsidiary. This project cost DKK 104.5 million.

The 2019 budget projects that SEV will purchase some 41.4 GWh per year of the electricity production of the subsidiary for DKK 0.33 per kWh, pursuant to a special price agreement approved by the government authorities. This equates to an electricity purchase of around DKK 13.8 million.

Below is shown the verified figures for 2017, the forecast for 2018 as at 30 September and the operational budget for 2019-2021 of the subsidiary in key figures in tDKK.

tDKK	2016	2017	2018 30 Sep	2018B	2019B	2020	2021
Sales	14,158	13,685	10,836	13,614	13,750	13,887	14,026
Operations and maintenance	4,755	4,261	3,269	4,669	4,716	4,733	4,811
Financial costs and depreciation	9,991	8,876	6,470	8,736	8,617	8,495	8,371
Result before taxes	-587	548	1,088	208	416	658	844
18% taxes on result	105	99		0	0	0	0
Annual result	-481	450		208	416	658	844

Below is the financial position of the subsidiary in key figures in tDKK.

tDKK	2016	2017	2018 30 Sep	2018B	2019B	2020	2021
Total assets	96,518	91,446	88,271	85,700	80,736	76,134	71,779
Accounts receivable	3,705	5,913	8,197	7,444	9,757	12,434	15,357
Internal accounts for loan	75,000	69,479	65,215	63,762	57,965	52,047	46,004

SEV agreed to purchase 41.4 GWh from the wind farm subsidiary, if the subsidiary is able to generate this amount, even though SEV may not be able to fully utilize this wind capacity. However, beginning in 2017 and onward, it is anticipated that nearly all the wind capacity could be utilized, and, moreover, the wind turbines could all generate electricity directly into SEV's grid. This will be facilitated by the new battery system that has been installed by SEV at the Húsahagi wind farm.

9. P/F Fjarhitafelagið

SEV owns one-half (50%) of P/F Fjarhitafelagið, while Tórshavn Municipality owns the other half. Thus, P/F Fjarhitafelagið is considered an “associated” company of SEV and therefore not a part of the financial budget of SEV, except that the original capital portion of the company is booked as part of the assets of SEV.

Fjarhitafelagið, as a “district heating” company, sells heat in the form of hot water to several of the communities within the municipality of Tórshavn and according to the latest annual report has some 1,097 customers, compared to 1,051 customers in 2016. Thus, 46 new customers joined the company.

The annual accounts of the company as at year-end 2017 show a balance sheet of DKK 126.8 million, compared to DKK 95.1 million in 2016, and a share equity in 2017 of DKK 62.2 million, compared to DKK 60.8 million in 2016. The annual result for 2017 was DKK 0.4 million, compared to DKK 1.1 million in 2016. Thus, 2017 experienced a lower result.

Early in 2018, the new heating pipes in Gundadalur were connected into the Fjarhitafelagið system, and this paved the way for several large buildings now can be linked into the system, e.g. Bank Nordik, the sports centre at á Hálsi and the new FSF building. Later, it is planned that the swimming hall and Tórshavn stadium will be linked into the system.

The company wrote in its annual report for 2017 that it intended to continue on its green course that the owners and the Board had approved which calls for connecting the western part of Tórshavn and Argir into the Fjarhitafelagið system. In the coming year (2018), it was intended to lay heating pipes along Hoydalsveg over to Finsen street. Also new piping was to be laid at Klingurstjørn 2, úti á Fløtum and Undir Kongavarða.

By utilizing the heat generated by the incinerator at Sandvíkahjalla and the motors of the Sund power plant that otherwise would be lost, Fjarhitafelagið is a green enterprise, which is consistent with the vision of the Faroe Islands being 100% green by 2030. Work is underway to considerably expand the system over the course of the next few years and the company has secured the necessary financing for this endeavour.

It will be important for the economy of the company that the regulatory initiatives of the government designed to promote the competitiveness of heat pumps over oil furnaces do not undermine the earnings potential of Fjarhitafelagið, which already is a green heating solution.

Tórshavn, 9 November 2018

Elfelagið SEV

The Electricity Utility SEV

Financial Statistics and Tables

Page 61 following

- **Operations**
- **Asset Adjustments**
- **Liquidity**
- **Investments**
- **Tables**

Rakstur / Operations	2018		2018		Frávik milliðum ætlað og staðfest/-framroknað kr	%	2019		2020		2021	
	Staðfest og Framroknað / Actual and projected		Ætlan / Budget				Ætlan / Budget		Ætlan og framskrivning / Budget and projections		Framskriving/ projections	
	íalt / total	íalt / total	íalt / total	íalt / total			íalt / total	íalt / total	íalt / total	íalt / total	íalt / total	íalt / total
Inntøkur / Revenue												
kWh-gjald / kWh charges	402.804.069	396.632.208	-6.171.860	-1,5			456.199.531	521.805.357	560.097.390			
Fast gjald / Fixed charges	17.022.880	17.022.880	0	0,0			17.072.880	17.072.880	17.072.880			
Íbinding / Connection fees	16.000.000	8.000.000	-8.000.000	-50,0			11.000.000	8.000.000	8.000.000			
Annað / Other charges	3.000.000	500.000	-2.500.000	-83,3			1.000.000	1.000.000	1.000.000			
Keyp av vindorku / Purchase of wind power	-2.685.412	-2.561.496	123.916	-4,6			-2.685.412	-2.685.412	-2.685.412			
Nettuumsetningur / Net Turnover	436.141.537	419.593.592	-16.547.945	-3,8			482.586.999	545.192.825	583.484.858			
Oljútreiðslur til egna nýtslu / Cost of oil used in production												
	91.088.158	105.561.412	-14.473.253	-15,9			116.076.820	131.439.530	107.830.837			
Tilfar og tænaustveitingar / Materials and services												
Framleiðsluvirkir	52.378.206	52.162.251	215.954	0,4			54.755.100	54.409.801	68.565.498			
Netvirksemi uttan fyrising	21.836.526	22.813.016	976.490	4,5			21.550.000	21.765.500	35.528.155			
Fyrising	11.500.079	10.395.354	-1.104.725	-9,6			12.000.000	12.135.150	12.241.200			
	19.041.600	18.953.881	-87.719	-0,5			21.205.100	20.509.151	20.796.143			
Bruttovinningur / Gross profit	292.675.173	261.869.929	-30.805.243	-10,5			311.755.079	359.343.494	407.088.523			
Starvsfólkaútreiðslur - Salaries and wages												
Framleiðsluvirkir	71.864.965	69.349.975	2.514.991	3,5			75.896.923	77.514.862	78.289.536			
Netvirksemi uttan lönir hjá fyrising	33.281.035	34.369.693	-1.088.658	-3,3			32.796.460	33.452.389	33.788.837			
Fyrising	24.807.259	20.389.061	4.418.197	17,8			27.988.184	28.647.948	28.984.427			
	13.776.671	14.591.221	-814.549	-5,9			15.112.279	15.414.525	15.516.273			
Úrslit áðrenn av- og niðurskrivingar / Profit before depreciation, amortization and impairment	220.810.208	192.519.955	-28.290.253	-12,8			235.858.156	281.828.632	328.798.987			
Avskrivningar / Depreciation, amortization and impairment												
Framleiðsluvirkir	110.826.274	114.029.553	-3.203.279	-2,9			122.988.810	164.642.950	194.932.210			
Bygningar og jarðarðeki	63.633.631	68.860.138	-5.226.508	-8,2			71.148.138	101.293.638	123.579.138			
Býttisvirkir	1.606.565	1.530.655	75.910	4,7			1.956.655	7.228.655	7.438.011			
Rakstrargægn	29.943.964	30.499.236	-555.272	-1,9			33.894.493	38.811.636	44.983.064			
	15.642.115	13.139.524	2.502.591	16,0			15.989.524	17.309.021	18.931.996			
Úrslit áðrenn figgjarpostar og skatt / Profit before financials and tax	109.983.933	78.490.402	-31.493.531	-28,6			112.869.346	117.185.682	133.866.777			
Virðisjavnun av kapitalþørtum / Subsidiary fair value adjustments	0	0	0	0,0			0	0	0			
Rentuútreiðslur / Interest expenses	30.435.820	28.617.359	1.818.461	6,0			31.592.189	36.336.058	45.696.058			
Rentuinntøkur / Interest revenue	0	0	0	0,0			0	0	0			
Úrslit áðrenn skatt / Profit before tax	79.548.113	49.873.043	-29.675.070	-37,3			81.277.157	80.849.624	88.170.719			
Skattur / tax	0	8.977.148	-8.977.148	-100,0			14.629.888	14.552.932	15.870.729			
Úrslit eftir skatt / Profit after tax	79.548.113	40.895.895	-38.652.218	-48,6			66.647.269	66.296.692	72.299.989			

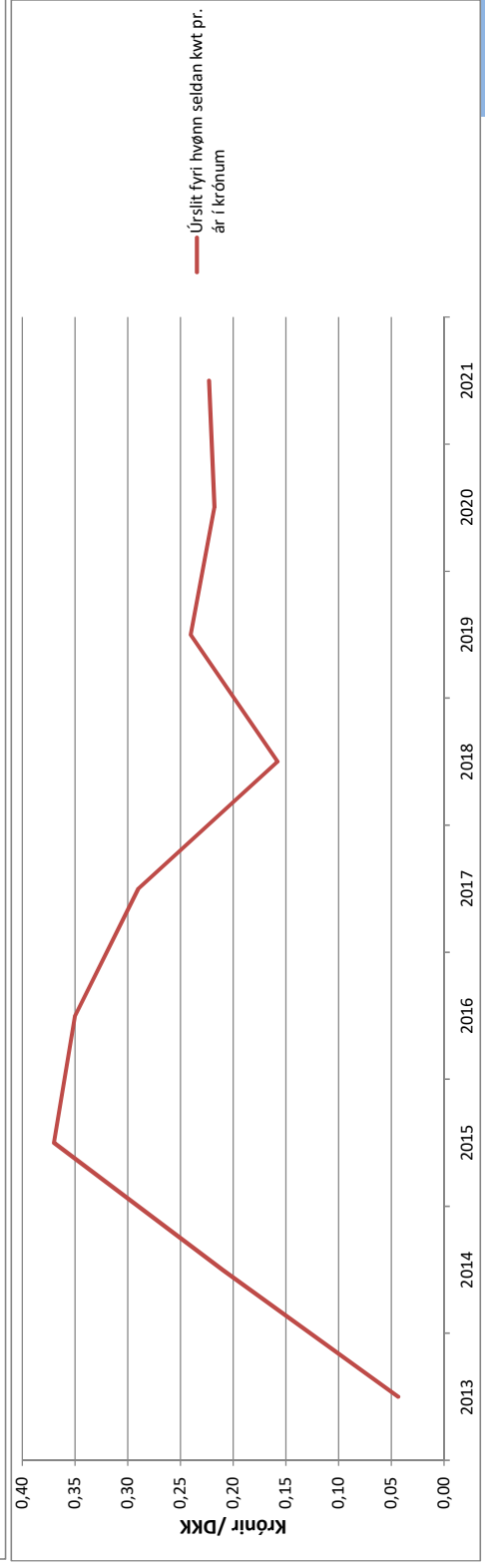
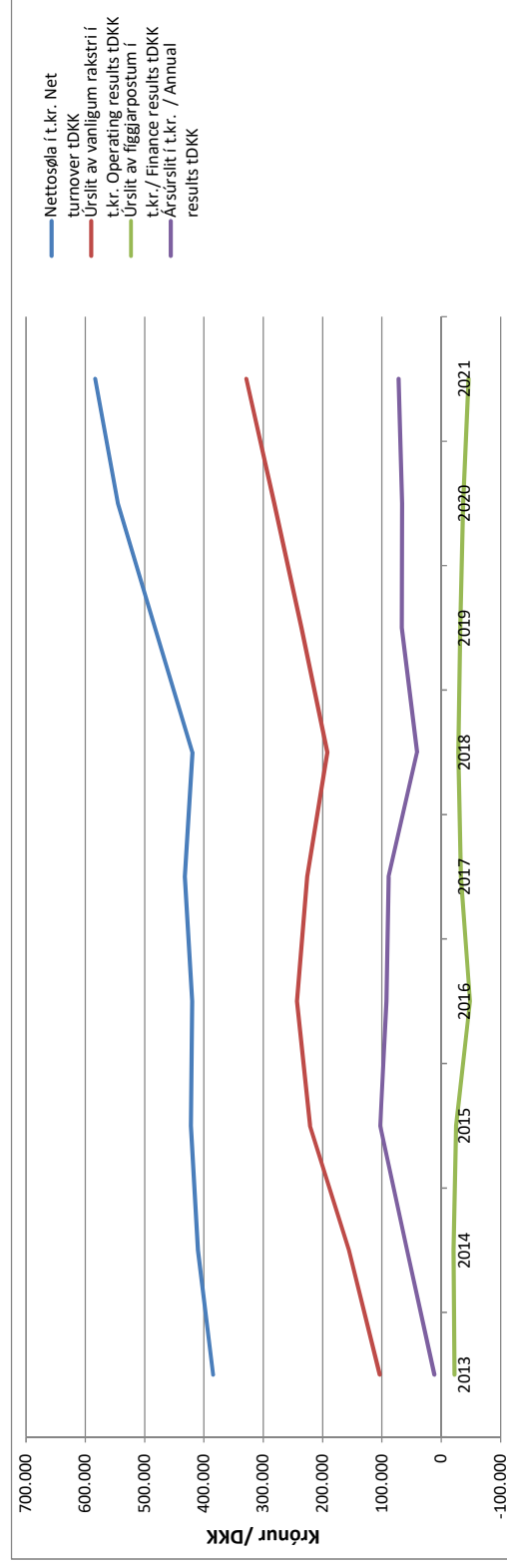
JAVNI / PR. 31. DESEMBER / BALANCE PR. 31. DECEMBER	2016		2017		2018		2019		2020		2021	
AKTIV / ASSETS	íalt		íalt		íalt		íalt		íalt		íalt	
Fastar ognir og avskrivningar / Fixed assets and depreciation, amortization and impairment												
Útvegnarvirði við ársbyrjan / Acquisition value beginning-of-year	2.956.350.005	3.183.758.542	3.292.846.087	3.560.319.099	3.760.463.099	4.810.323.099						
Tilgöngd / additions	227.408.539	111.466.847	267.473.012	200.144.000	1.049.860.000	680.292.658						
Frágöngd / disposals	0	2.379.302	-	-	-	-						
Útvegnarvirði við ársenda / Acquisition value year-end	3.183.758.544	3.292.846.087	3.560.319.099	3.760.463.099	4.810.323.099	5.490.615.757						
Avskrivningar við ársbyrjan / Depreciation, amortization and impairment beginning-of-year	1.554.106.275	1.647.343.928	1.750.085.720	1.864.115.273	1.987.104.083	2.151.747.034						
Avskrivningar í árinum / Depreciation, amortisation and impairment over the year	93.237.653	102.741.792	114.029.553	122.988.810	164.642.950	194.932.210						
Avskrivningar við ársenda / Depreciation, amortization and impairment year-end	1.647.343.928	1.750.085.720	1.864.115.273	1.987.104.083	2.151.747.034	2.346.679.243						
Fastar ognir við ársenda / Fixed assets year-end	1.536.414.615	1.542.760.367	1.696.203.826	1.773.359.016	2.658.576.066	3.143.936.514						
Ílögurbeirði í gerð / Investment works in progress	238.753.463	518.105.660	661.342.648	885.246.648	315.246.648	173.013.990						
Materiel stöðio / Tangible fixed assets	1.775.168.078	2.060.866.027	2.357.546.474	2.658.605.664	2.973.822.714	3.316.950.504						
Kapítalpartar í dótturfelögum / Investments in subsidiaries	-	-	-	-	-	-						
Kapítalpartar í assosíeraðum virkjum / Investments in associates	2.750.000	2.750.000	2.750.000	2.750.000	2.750.000	2.750.000						
Avleidd figgjafarlig amboð/derivatives	50.657.737	20.532.250	20.532.250	20.532.250	20.532.250	20.532.250						
Figgjafarlig stöðio / Financial Assets	53.407.737	23.282.250	23.282.250	23.282.250	23.282.250	23.282.250						
STÖÐIOGN TILSAMANS / Total Assets	1.828.575.815	2.084.148.277	2.380.828.724	2.681.887.914	2.997.104.964	3.340.232.754						
Olja á goymslu - Oil inventory	15.086.325	16.670.548	16.088.721	24.453.826	21.981.713	30.044.407						
Tilfar á goymslu - Materials inventory	20.307.082	18.955.624	18.955.624	19.376.976	19.376.976	19.376.976						
Arbeidi í gerð fyrir fremmanda rokning / paid for work in progress	0	0	0	0	0	0						
Goymslur tilsamans / Total Inventory	35.393.407	35.626.172	35.044.345	43.830.802	41.358.689	49.421.383						
Vöru- og tænaúoagn (Eiskuldarar) / Electricity debtors	93.663.049	75.887.591	75.887.591	80.878.735	91.313.039	97.695.045						
Skuldarar aðrir / Other debtors	0	0	0	0	0	0						
Millumrokning við net / Settlement grid	0	0	0	0	0	0						
Millumrokning við dótturfelög / Settlement with subsidiary company's	0	0	0	0	0	0						
Önnur ögn / Other receivables	105.767	7.047	7.047	7.047	7.047	7.047						
Tíðavörðing / Prepayments and accrued income	10.724.892	3.516.379	3.516.379	3.516.379	3.516.379	3.516.379						
Skuldarar tilsamans / Total Receivables	104.493.708	79.411.017	79.411.017	80.878.735	91.313.039	97.695.045						
Lánsbrøv / Obligations	0	0	0	0	0	0						
Virðisbrøv tilsamans / Total shares	0	0	0	0	0	0						
Tökur peningur / Cash and cash equivalents	335.498.325	247.992.531	213.287.718	198.164.510	105.834.893	146.433.122						
ÖGN Í UMFERÐ TILSAMANS / TOTAL CURRENT ASSETS	475.385.440	363.029.720	327.743.080	322.874.047	238.506.621	293.549.550						
AKTIV TILSAMANS / TOTAL ASSETS	2.303.961.256	2.447.177.997	2.708.571.804	3.004.761.961	3.235.611.585	3.633.782.304						

JAVNI PR. 31. DESEMBER / BALANSE PR. 31 DECEMBER		2016		2017		2018		2019		2020		2021	
PASSIV / LIABILITIES		falt		falt		falt		falt		falt		falt	
Innskot / Deposits		4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875
Kapitalkonto / Capital account		1.044.109.602	1.103.283.103	1.103.283.103	1.192.257.478	1.233.153.373	1.299.800.642	1.299.800.642	1.299.800.642	1.299.800.642	1.299.800.642	1.366.097.334	1.366.097.334
Úrslit / Results		92.753.702	88.974.376	88.974.376	40.895.895	66.647.269	66.296.692	66.296.692	66.296.692	66.296.692	66.296.692	72.299.989	72.299.989
Eiginogn tilsamans / Total Equity		1.141.003.180	1.196.397.354	1.196.397.354	1.237.293.248	1.303.940.517	1.370.237.209	1.370.237.209	1.370.237.209	1.370.237.209	1.370.237.209	1.442.537.198	1.442.537.198
Avsetingar til eftirløn og líknandi skyldur / Provisions for pensions and equivalent liabilities		18.450.559	17.089.212	17.089.212	17.089.212	17.089.212	17.089.212	17.089.212	17.089.212	17.089.212	17.089.212	17.089.212	17.089.212
Avsetingar til útsettan skatt / Provisions for deferred tax		10.618.669	12.110.938	12.110.938	21.088.086	35.717.974	50.270.906	50.270.906	50.270.906	50.270.906	50.270.906	66.141.636	66.141.636
Aðrar avsetingar / Other Provisions		0	0	0	0	0	0	0	0	0	0	0	0
Avsetingar tilsamans / Total Provisions		29.069.228	29.200.150	29.200.150	38.177.298	52.807.186	67.360.118	67.360.118	67.360.118	67.360.118	67.360.118	83.230.848	83.230.848
Skuld til peningastovnar / Bank borrowings		1.042.116.000	1.132.318.261	1.132.318.261	1.348.116.000	1.563.029.000	1.713.029.000	1.713.029.000	1.713.029.000	1.713.029.000	1.713.029.000	2.023.029.000	2.023.029.000
Langfreistað skuld til samans / Total long-term debt		1.042.116.000	1.132.318.261	1.132.318.261	1.348.116.000	1.563.029.000	1.713.029.000	1.713.029.000	1.713.029.000	1.713.029.000	1.713.029.000	2.023.029.000	2.023.029.000
Stuttfreistaður partur av langfreistaðari skuld / Current portion of long-term debt		923.132	869.797	869.797	0	0	0	0	0	0	0	0	0
Skuld til peningastovnar / Bank borrowings		28.342	0	0	0	0	0	0	0	0	0	0	0
Móttikin frammanundangjöld frá kundum (El-oggnarar) / Prepayment received from electricity debtors		5.216.696	0	0	0	0	0	0	0	0	0	0	0
Vøru- og tænauskuld (aðrir ognarar) / Trade creditors		34.718.640	22.240.425	22.240.425	22.240.425	22.240.425	22.240.425	22.240.425	22.240.425	22.240.425	22.240.425	22.240.425	22.240.425
Millumrokning framleiðsla / Balance production		0	0	0	0	0	0	0	0	0	0	0	0
Avleidd fíggjarlig amboð/derivatives		33.997.611	56.739.457	56.739.457	56.739.457	56.739.457	56.739.457	56.739.457	56.739.457	56.739.457	56.739.457	56.739.457	56.739.457
Partafelagsskattur / Corporate tax		0	0	0	0	0	0	0	0	0	0	0	0
Önnur skuld / Other debt		16.888.425	9.412.552	9.412.552	6.005.376	6.005.376	6.005.376	6.005.376	6.005.376	6.005.376	6.005.376	6.005.376	6.005.376
Tíðaravmarkingar / Prepayments		0	0	0	0	0	0	0	0	0	0	0	0
Stuttfreistað skuld tilsamans / Total short-term debt		91.772.846	89.262.231	89.262.231	84.985.258	84.985.258	84.985.258	84.985.258	84.985.258	84.985.258	84.985.258	84.985.258	84.985.258
SKULD TILSAMANS / TOTAL DEBTS		1.133.888.846	1.221.580.492	1.221.580.492	1.433.101.258	1.648.014.258	1.798.014.258	1.798.014.258	1.798.014.258	1.798.014.258	1.798.014.258	2.108.014.258	2.108.014.258
PASSIV TILSAMANS / TOTAL LIABILITIES		2.303.961.256	2.447.177.997	2.447.177.997	2.708.571.804	3.004.761.961	3.235.611.585	3.235.611.585	3.235.611.585	3.235.611.585	3.235.611.585	3.633.782.304	3.633.782.304

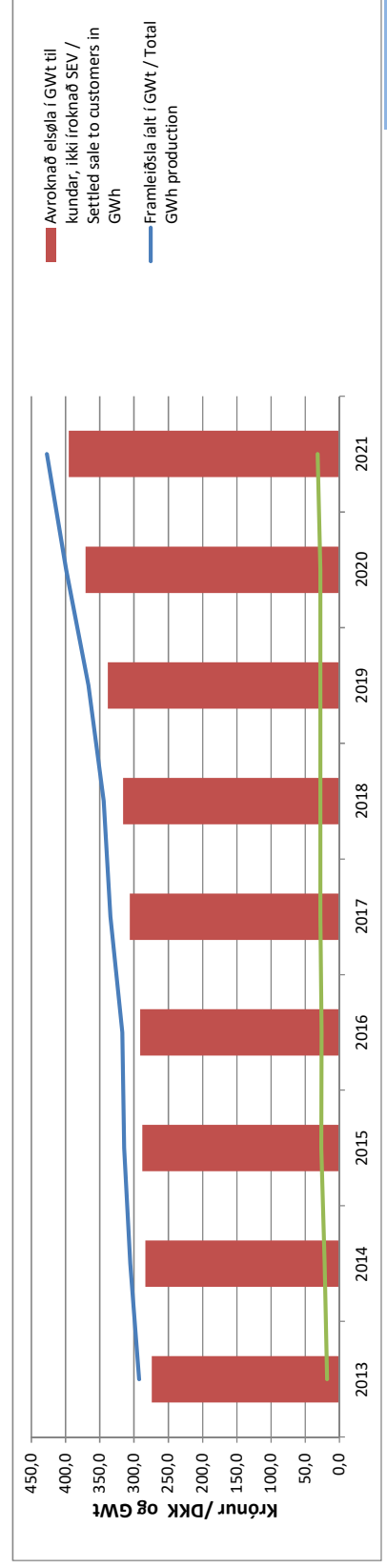
GJALDFÓRISVIRLIT / CASH FLOW STATEMENT		2018	2019	2020	2021
		íalt	íalt	íalt	
Rakstur / Operations					
Nettómsetningar / Net turnover		419.598.592	482.586.999	545.192.825	583.484.858
Streyngjald / kWh charges		396.632.208	456.199.531	521.805.357	560.097.390
Fast gjald / Fixed charges		17.022.880	17.072.880	17.072.880	17.072.880
Þvingingargjald / Connection fees		8.000.000	11.000.000	8.000.000	8.000.000
Ómaksgjöld v.m. / Other charges		500.000	1.000.000	1.000.000	1.000.000
Keyp av vindorku / Purchase of wind power		-2.561.496	-2.685.412	-2.685.412	-2.685.412
Breyttilgur kostnaður / Variable costs					
Oplýkostnaður / Cost of Oil		105.561.412	116.076.820	131.439.530	107.830.837
Tunguolja, gassolja og smyrjuolja til sundverkið / Heavy fuel oil, gas oil and lubricating oil for Sund power plant		105.561.412	116.076.820	131.439.530	107.830.837
Inntøkur frá sölu av olju til trújamann / Revenue from oil sold to third parties		0	0	0	0
Søla av tunguolu til SL / Revenue from heavy fuel oil sold to SL		0	0	0	0
Keyp av tunguolu til SL / Cost of heavy fuel oil sold to SL		0	0	0	0
- Tilfar og tænarur / Materials and services		52.162.251	54.755.100	54.409.801	68.565.498
Framleiðuvirkir / Power plants		22.813.016	21.550.000	21.765.500	35.528.155
Netvirksemi uttan fyrirsiting / Grid less administration		10.395.354	12.000.000	12.135.150	12.241.200
Fyrirsiting / Administration		18.953.881	21.205.100	20.509.151	20.796.143
Bruttovinningur / Gross Profits		261.869.929	311.755.079	359.343.494	407.088.523
- Lønartreloðslur / Wages and salaries		69.349.975	75.896.923	77.514.862	78.289.536
Framleiðuvirkir / Power plants		34.369.693	32.796.460	33.452.389	33.788.837
Netvirksemi uttan fyrirsiting / Grid less administration		20.389.061	27.988.184	28.647.948	28.984.427
Fyrirsiting / Administration		14.591.221	15.112.279	15.414.525	15.516.273
Gjaldfórisbroyting frá vanilgum raksturi / Changes in cash flow from traditional operations/ EBITDA		192.519.955	235.858.156	281.828.632	328.798.987
Broytingar í goymslu, skuldarum og ognarum v.m. / Changes in inventory, debtors and creditors etc.		21.079.740	4.375.714	6.590.741	1.426.030
+/- broyting í vørguoymslu / changes in inventory		581.827	-8.786.456	2.472.113	-8.062.694
+/- broyting í skuldurum / changes in debtors		0	-1.467.718	-10.434.304	-6.382.005
+/- broyting í avsetingum/skyldum / changes in provisions		8.977.148	14.629.888	14.552.932	15.870.729
+/- broyting ognarum/changes in creditors		0	0	0	0
+/- broyting ognarum/stuttfrístað skuld/changes in creditors and short-term debt		-4.276.973	0	0	0
+/- broyting í figgiarligi amboð og jøvning av skuld í dollar/changes in derivatives and regulation of debt		15.797.739	0	0	0
+/- jøvning / Balancing		0	0	0	0
Gjaldfórisbroyting frá raksturi / Cash generated from operating activities		213.599.695	240.233.870	288.419.373	330.225.016
+/- lögur/Investments:		-410.710.000	-424.048.000	-479.860.000	-538.060.000
Netvirksemi / Grid		-200.378.012	-152.834.000	-187.600.000	-234.332.658
Framleiðuvirksemi / Production		-67.095.000	-47.310.000	-862.260.000	-445.960.000
Figgiarlig stóðisagn/financial fixed assets		0	0	0	0
Broyting í arbeiði / gerð / Changes to work in progress		-143.236.988	-223.904.000	570.000.000	142.232.658
Broyting í figgiarligi stóðisagn / Changes in financial assets		0	0	0	0
Søla av vindmyllulund 2016 og skrivstovubýgning v.m. 2022 / Sale of wind turbine park 2016 and sale of officebuilding 2018		0	0	0	0
Jøvning til primo lögur av føstum ognum / Balancing of investments in fixed assets		0	0	0	0
Figgiarligar inngjaldingar og útgjaldingar / Net cash flow from financing activities		200.000.000	214.913.000	150.000.000	310.000.000
+/- broyting í langfrístaðari skuld / changes to long-term debt		200.000.000	214.913.000	150.000.000	310.000.000
Nýggj lántøka - New borrowings		0	0	0	626.000.000
Lántøka til umløgging av verandi skuld til langfrístað / Conversion of existing debt into long-term debt		0	0	0	-626.000.000
Avdráttir uppá skuld / Repayment of borrowings		0	0	0	0
Afturrindan av skuld í sambandi við sølu av vindmyllulund/Repayment of borrowing regarding sale of wind turbine park		0	0	0	0
Javnan av trekki frá lögufígging / Balancing withdrawals from investment financing		0	0	0	0
+/- Kapitalinntøkur og rentukostnaður og próvísión netto / Net proceeds from investments and interest expenses and provisions		-37.594.507	-46.222.077	-50.888.990	-61.566.787
Kapitalpartar / Subsidiaries		0	0	0	0
Gjald av skatt/tax		-8.977.148	-14.629.888	-14.552.932	-15.870.729
Kursreguleringar av lánum/interest rate adjustment during the year on loan in USD		0	0	0	0
Rentuinntøkur / Interest revenue		0	0	0	0
Rentuufríðslur / Interest expenses		-28.617.359	-31.592.189	-36.336.058	-45.696.058
Gjaldfórisbroyting íalt / Total net cash flow		-34.704.812	-15.123.207	-92.329.617	40.598.229
Tøkur peningur primo / Cash and Cash equivalents beginning -of-year		247.992.529	213.287.718	198.164.510	105.834.893
Tøkur peningur útkoma áðrenn rakstrarfríð / Cash and cash equivalents year-end before bank overdraft		213.287.718	198.164.510	105.834.893	146.433.122
+ Rakstrarfríð / Allowed bank overdraft		314.913.000	100.000.000	0	0
+ Lovt trott uppá kassakrætt / allowed overdraft		0	0	0	0
Tøkur peningur útkoma eftir rakstrarfríð / Cash and cash equivalents at the end of year after bank overdraft		528.200.718	298.164.510	105.834.893	146.433.122

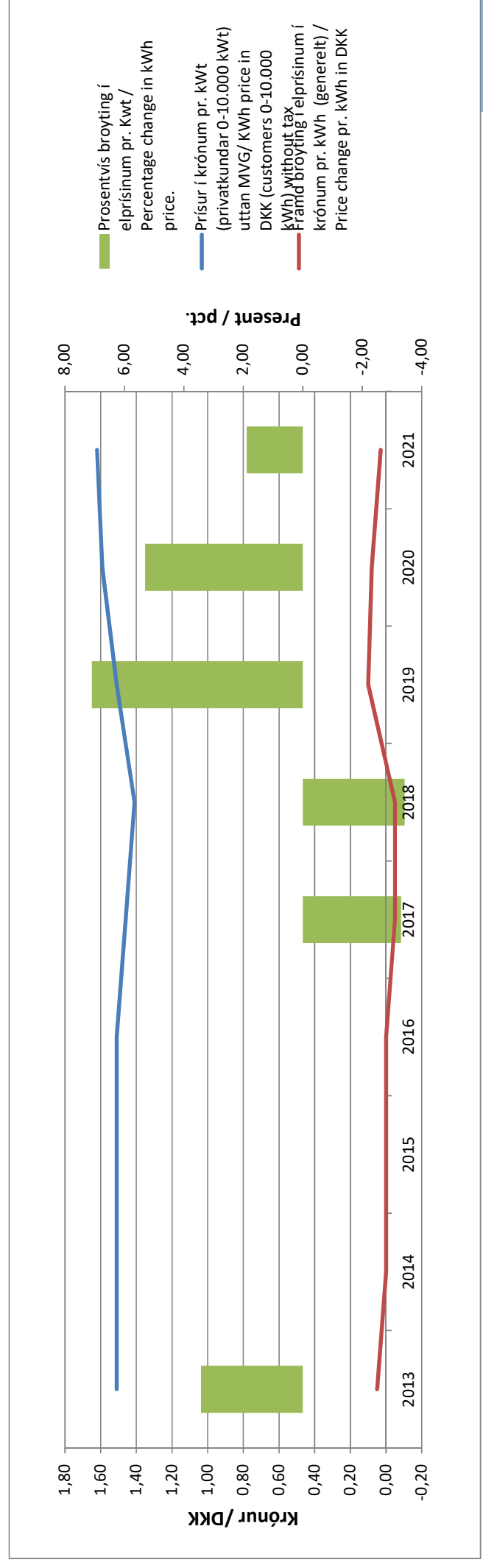
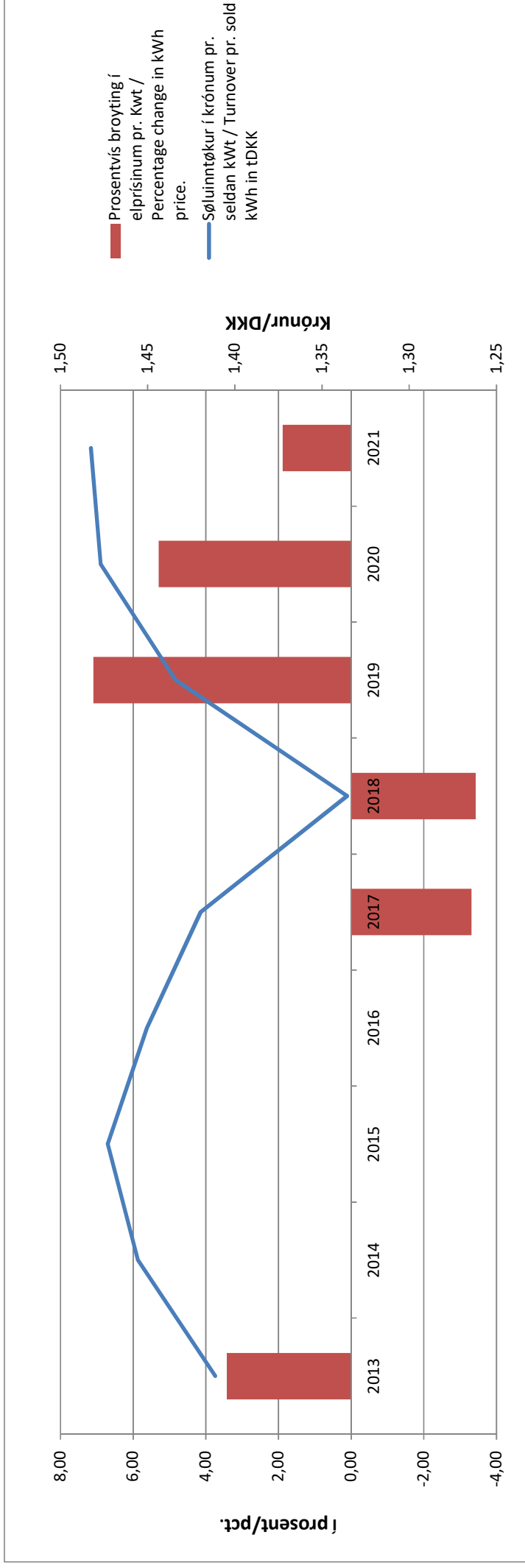
Ár	2018		2019		2020		2021	
		íalt		íalt		íalt		íalt
íflögur og útgreiningar harav í t.kr.								
Maskindeild (110)		900		3.100		100		600
Fossaverkið - (deild 120)		1.000		1.000		0		0
Heygaverkið - (deild 130)		700		3.000		0		0
Mýruverkið - (deild 140)		3.080		750		0		0
Eiðisverkið - (deild 150)		4.780		1.600		2.800		0
Verkið í Botni - (deild 160)		3.120		3.800		2.000		0
Vágsverkið - (deild 170)		6.830		3.900		2.300		2.400
Verkið í Trongsvági - (deild 180)		0		0		0		0
Sundsverkið - (deild 190)		219.408		193.614		74.450		0
Skopun - (deild 210)		0		0		0		0
Strond - (deild 220)		6.505		4.600		2.960		1.510
Vindorka - (deild 230, 231, 232, 240, 245 og 270)		5.000		31.150		160.000		240.000
Smáverk felags - (deild 290)		1.350		3.450		3.450		3.450
Mobilaggregat - (deild 291)		0		0		0		0
Fugloy - (deild 292)		1.110		0		200		0
Svínoy - (deild 293)		0		150		0		0
Mykines - (deild 294)		220		200		200		0
Hestur - (deild 295)		650		300		300		0
Koltur - (deild 296)		700		500		0		0
Nólsoy - (deild 297)		250		0		1.000		0
Skúvoy - (deild 298)		600		200		500		0
Dimun - (deild 299)		5		100		0		0
Sjóvarfalsorka		0		0		0		0
Sólorka		0		3.000		12.000		0
Pumped storage		0		13.000		50.000		125.000
Víkarvatn - (deild 200)		0		0		0		0
Annað innan framleiðslu		0		0		0		0
Framleiðsluvirkir íalt		256.208		267.414		312.260		372.960
Netvirkir uttan fyrirsiting		142.352		126.634		155.100		162.000
Koblingsstöðir		79.530		65.884		76.000		65.000
Býtisvirkir		54.322		47.950		16.500		41.000
Innlegging		1.100		2.300		2.600		1.000
Verkfrøði		7.400		10.500		60.000		55.000
Fyrirsiting		12.150		30.000		12.500		3.100
Netvirksemi íalt		154.502		156.634		167.600		165.100
ÍÁLT		410.710		424.048		479.860		538.060

Rakstrarroknskapur / Income Statement	Staðfest roknskapartöl / Actual accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and projection	Framskrivað / Projections
	2013	2014	2015	2016	2017	2018	2021				
Nettosøla í t.kr. Net turnover tDKK	384.626	410.551	421.952	420.270	432.277	419.594	583.485				
Úrslit av vanligum rakstri í t.kr. Operating results tDKK	103.914	155.573	221.483	243.621	226.255	192.520	328.799				
Úrslit av fíggiarpostum í t.kr. / Finance results tDKK	-22.011	-20.613	-24.830	-48.286	-32.948	-28.617	-45.696				
Skattur	0	0	0	-9.343	-1.591	-8.977	-15.871				
Ársúrslit í t.kr. / Annual results tDKK	11.866	57.763	103.067	92.754	88.974	40.896	72.300				
Yvirsjótstig (í prosent) / Operating Profit Margin (%)	27,02	37,89	52,49	57,97	52,34	45,88	56,35				
Úrslit fyri hvønn seldan kwrt pr. ár í krónum	0,04	0,21	0,37	0,35	0,29	0,16	0,22				

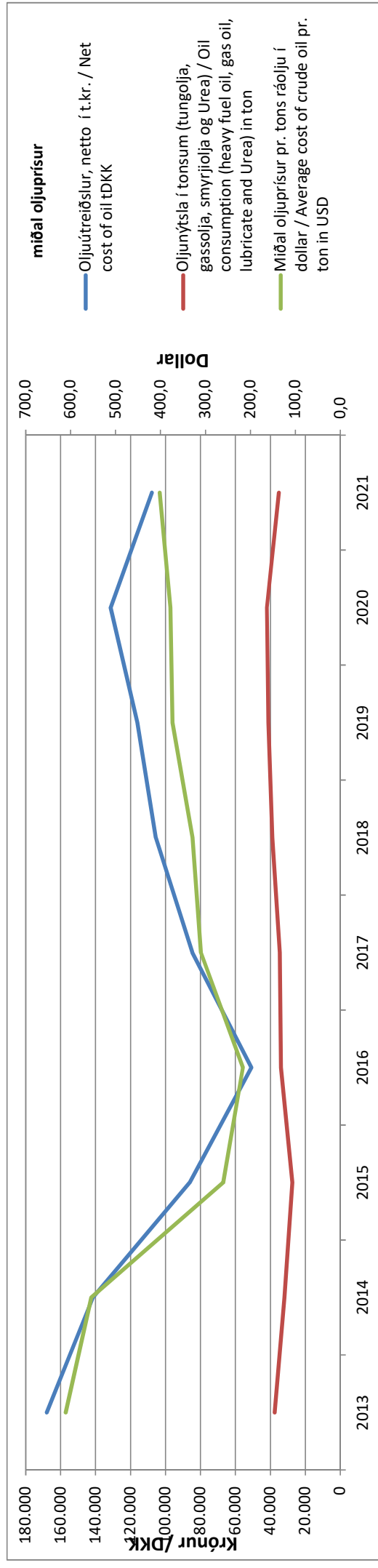


Framleiðsla / Production	Staðfest rokningspartöl / Actual accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and projection	Framskrivað / projections
	2013	2014	2015	2016	2017	2018	2019				
Framleiðsla av GWT við vindorku / GWh production utilising wind power	21,8	34,5	55,8	52,1	59,7	62,3	62,3	62,3	108,4	166,6	
Framleiðsla av GWT við vatnorku / GWh production utilising hydro power	90,6	120,7	133,1	106,3	111,2	106,2	117,0	117,0	117,0	117,0	
Framleiðsla av GWT við sjóarfali, sólorku og pumpað to storage/GWh production utilising tidal, solar and pumped to storage	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,8	4,5	
Framleiðsla av GWT við termiskari orku / GWh production utilising thermal power	180,1	150,2	125,5	158,9	163,4	175,6	187,1	171,8	139,3	139,3	
Framleiðsla ialt í GWT / Total GWh production	292,5	305,4	314,4	317,3	334,3	344,1	366,4	398,9	427,4	427,4	
Framleiðsla í GWT sundurgreinað soleiðis / Break down of GWh production											
Avroknað elsøla í GWT til kundar, ikki íroknað SEV / Settled sale to customers in GWh	274,4	283,8	288,1	291,4	306,5	316,1	338,4	370,9	370,9	395,4	
Eginnýtsla hjá SEV í GWT / Private consumption in GWh	7,1	6,9	7,0	7,0	8,0	8,0	8,0	8,0	8,0	8,0	
Tap í GWT / GWh loss	11,0	14,7	14,6	18,9	19,8	20,0	20,0	20,0	20,0	24,0	
Tap og eginnýtsla hjá SEV í GWT / GWh loss and private consumption	18,1	21,6	26,3	25,9	27,8	28,0	28,0	28,0	28,0	32,0	
Tap og eginnýtsla hjá SEV í % av framleiðslu / GWh loss and private consumption as a percentage of total production	6,2	7,1	8,4	8,2	8,3	8,1	7,6	7,0	7,0	7,5	
Prosentvísur vøkstur í sølu av GWT til kundar/Percentage change in sale to customers in GWh	5,0	3,4	1,5	1,1	5,2	8,5	7,1	9,6	6,6	6,6	
Prisur í krónum pr. kWT (privatkundar 0-10.000 kWT) uttan MVG/ kWh price in DKK (customers 0-10.000 kWh) without tax	1,51	1,51	1,51	1,51	1,46	1,41	1,51	1,59	1,62	1,62	
Framd broyting í elprísinum í krónum pr. kWh (generelt) / Price change pr. kWh in DKK	0,05	0,00	0,00	0,00	-0,05	-0,05	0,10	0,08	0,03	0,03	
Prosentvís broyting í elprísinum pr. kwt / Percentage change in kWh price.	3,42	0,00	0,00	0,00	-3,31	-3,42	7,09	5,30	1,89	1,89	





Oljuútreiðslur og keyp av streym / Oil Expenses and purchase of electricity	Staðfest roknskapartöl / Actual accounts						Staðfest og ætlað / Actual and Budgeted	Ætlan / Budgeted	Meting og framskrifing / Estimation and projection	Framskrifað / projections
	2013	2014	2015	2016	2017	2018				
Oljuútreiðslur, netto í t.kr. / Net cost of oil tDKK	167.934	141.500	86.196	50.911	84.741	105.561	116.077	131.440	107.831	
Oljunýtsla í tonsum (tungolja, gassolja, smyrjolja og Urea) / Oil consumption (heavy fuel oil, gas oil, lubricate and Urea) in ton	37.540	31.979	27.488	33.912	34.590	38.838	41.187	42.020	35.200	
Kostnaður pr. tons olju í krónum inkl. gass- og smyrjuolju / Cost of oil pr. ton incl. gas- and lubricating oil in DKK	4.473	4.425	3.136	1.501	2.450	2.718	2.818	3.128	3.063	
Tungoljunýtsla í tonsum / Heavy fuel Oil consumption in ton	36.893	30.880	25.738	32.195	32.631	36.988	39.291	36.080	29.260	
Kostnaður pr. tons tungolju / Cost of heavy fuel oil pr. ton	3.726	3.506	2.859	1.139	2.123	2.412	2.618	2.869	2.731	
Miðal oljuprísur pr. tons ráolju í dollar / Average cost of crude oil pr. ton in USD	611,0	554,1	260,7	216,8	310,2	328,8	373,5	377,8	401,6	
Keyp av streymi í t.kr/ Purchase of electricity in DKK	2.622	2.538	2.402	2.394	2.844	2.561	2.685	2.685	2.685	



Rakstrarinntøkur og útreiðslur fyri SEV pr. kWh / Revenue and expenses pr. kWh	Staðfest roknskapartøl / Actual Accounts					Staðfest og ætlað / Actual and Budgeted	Ætlan / Budgeted	Meting og framskriving / Estimation and projection	Framskrivað / projections				
	2013	2014	2015	2016	2017					2018	2019	2020	2021
Inntøkur í t.kr. / Revenue in tDKK	387.248	413.089	424.354	422.664	435.121	422.155	485.272	547.878	586.170				
Framleiðsluvirkir (roknað bygningar) í t.kr. / Power Budgets (buildings incl.) in tDKK	54.721	52.020	53.302	61.954	58.942	57.183	54.346	55.218	69.317				
Netvirkssemi í t.kr. / Grid in tDKK	34.878	31.747	32.925	33.154	31.443	30.784	39.988	40.783	41.226				
Fyrising iroknað tryggingar, tap av skuldaram, eftirlønir og arbeiðsm. gjöld í t.kr. / Administration incl. insurance, loss on unpaid debt and pensions in tDKK	23.178	29.711	28.046	30.632	30.897	33.545	36.317	35.924	36.312				
Rakstrarútreiðslur falt í t.kr. / Total operational expenses in tDKK	112.777	113.478	114.273	125.740	121.282	121.512	130.652	131.925	146.855				
Oljútreiðslur, netto í t.kr. / Net cost of oil in tDKK	167.934	141.500	86.196	50.911	84.741	105.561	116.077	131.440	107.831				
Orkukeyp / Purchase of power	2.622	2.538	2.402	2.394	2.844	2.561	2.685	2.685	2.685				
Avskrivningar í t.kr. / Depreciation in tDKK	70.037	77.197	93.587	93.238	102.742	114.030	122.989	164.643	194.932				
Fíggiarpostar netto í t.kr. (í 2010: iroknað niðurskriving av partabøv í Sewave 2,1 mió.kr.) / Net financials in tDKK (in 2010 an amortization of shares in Sewave for DKK 2,1 mio is included).	22.011	20.613	24.830	48.284	32.948	28.617	31.592	36.336	45.696				
Kostnaður falt í t.kr. / Total cost in tDKK	375.381	355.326	321.288	320.567	344.557	372.282	403.995	467.029	498.000				
Ársúrslit í t.kr. áðrenn skatt / Annual Results in tDKK before tax	11.867	57.763	103.066	102.097	90.564	49.873	81.277	80.850	88.171				
Skattur/tax	0	0	0	9.343	1.590	8.977	14.630	14.553	15.871				
Ársúrslit í t.kr. eftir skatt / Annual Results in tDKK after tax	11.867	57.763	103.066	92.754	88.974	40.896	66.647	66.297	72.300				
Inntøka í mió.kr./Income in DKK million	387,2	413,1	424,4	422,7	435,1	422,2	485,3	547,9	586,2				
KWt-gjald í mió.kr. / kWh charges in DKK million.	362,4	379,2	385,1	392,7	393,1	396,6	456,2	521,8	560,1				
Onnur inntøka í mió.kr./base-rate, connection fee and service fee in mióDKK	24,8	33,9	39,3	30,0	42,0	25,5	29,1	26,1	26,1				
Míðalprísur í krónum pr. seldan kWh/ Average unit price in DKK pr. kWh sold	1,32	1,34	1,34	1,35	1,28	1,25	1,35	1,41	1,42				
Onnur inntøka pr. kWh/base-rate, connection fee and service fee per kWh	0,09	0,12	0,14	0,10	0,14	0,08	0,09	0,07	0,07				
Søluinntøkur í krónum pr. seldan kWh / Turnover pr. sold kWh in tDKK	1,41	1,46	1,47	1,45	1,42	1,34	1,43	1,48	1,48				
Prosentvís broyting í elprísinum pr. kWh													
Søluinntøkur í krónum pr. seldan kWh / Turnover pr. sold kWh in tDKK	1,41	1,46	1,47	1,45	1,42	1,34	1,43	1,48	1,48				
Kostnaður í krónum pr. seldan kWh / Cost pr. kWh sold in DKK	1,37	1,25	1,11	1,10	1,13	1,18	1,19	1,26	1,26				
Úrslit fyri seldan kWh / Profit/loss pr. sold kWh	0,04	0,21	0,37	0,35	0,29	0,16	0,24	0,22	0,22				
Kostnaður í krónum pr. seldan kWh sundurgreinaður í framleiðslu og net / Cost pr. kWh sold in DKK specified in cost for production and grid													
Framleiðslukostnaður pr. framleiddan kWh / production cost pr. produced kWh	1,03	0,90	0,74	0,64	0,74	0,79	0,78	0,86	0,87				
Netkostnaður pr. seldan kWh / Grid expenses pr. kWh sold	0,34	0,35	0,37	0,45	0,39	0,39	0,41	0,39	0,39				
Kostnaður í krónum pr. seldan kWh / Cost pr. kWh sold in DKK	1,37	1,25	1,11	1,10	1,13	1,18	1,19	1,26	1,26				

Sundurgreinaður framleiðslukostnaður 1) / Production expenses broken down	Staðfest roknskapartöl / Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and projections	Framskrifað / Projections
	2013	2014	2015	2016	2017	2018	2019				
Olja / Oil	167.934	141.500	86.196	50.911	84.507	105.561	116.077	131.440	107.831		
Keypt av vindorku/purchase of wind power	2.622	2.538	2.402	2.394	2.844	2.561	2.685	2.685	2.685		
Tilfar og lönir / Materials, wages and salaries	54.721	52.020	53.302	61.954	58.942	57.183	54.346	55.218	69.317		
Avskrivningar / Depreciation	42.306	47.366	59.230	59.230	67.823	69.889	72.253	106.700	129.036		
Rentur / Interest	14.050	11.773	11.221	12.116	9.488	15.348	19.992	24.736	34.096		
Framleiðslukostnaður íalt / Total production cost	281.633	255.197	212.351	186.605	223.604	250.543	265.354	320.779	342.965		
Framleiddir kWt í GWT / Produced kWt in GWh	292,5	305,4	314,4	317,3	334,3	344,1	366,4	398,9	427,4		
Framleiðslukostnaður pr. framleiddan kWt / production cost pr. produced Kwh	0,96	0,84	0,68	0,59	0,67	0,73	0,72	0,80	0,80		
Harav ojúlkostnaður / Oil cost pr. produced Kwh	0,57	0,46	0,27	0,16	0,25	0,31	0,32	0,33	0,25		
harav vindorkukeypt/purchase of wind power	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,01		
Harav tilfar og lönir / Materials and wages and salaries portion	0,19	0,17	0,17	0,20	0,18	0,17	0,15	0,14	0,16		
Harav avskrivningar / Depreciation pr. produced Kwh	0,14	0,16	0,19	0,19	0,20	0,20	0,20	0,27	0,30		
Harav rentur / Interest portion	0,05	0,04	0,04	0,04	0,03	0,04	0,05	0,06	0,08		
Seldir kWt í GWT / KWh sold in GWT units	274,4	283,8	288,1	291,4	306,5	316,1	338,4	370,9	395,4		
Framleiðslukostnaður pr. seldan kWt / Production cost pr. kWh sold	1,03	0,90	0,74	0,64	0,74	0,79	0,78	0,86	0,87		
Harav ojúlkostnaður / Oil cost pr. kWh sold	0,61	0,50	0,30	0,17	0,29	0,33	0,34	0,35	0,27		
harav vindorkukeypt/purchase of wind power	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,01		
Harav annar kostnaður / Other costs pr. produced Kwh	0,20	0,18	0,19	0,21	0,19	0,18	0,16	0,15	0,18		
Harav avskrivningar / Depreciation pr. produced Kwh	0,15	0,17	0,21	0,20	0,22	0,22	0,21	0,29	0,33		
Harav rentur / Interest pr. produced Kwh	0,05	0,04	0,04	0,04	0,03	0,05	0,06	0,07	0,09		

1) Hæddi ekki tilkið fyrir fordeiling av kostnaði fyrri nettab og eginnytslu hjá SEV millum framleiðslu og neti, men tilkið í mun til seldan kWh.

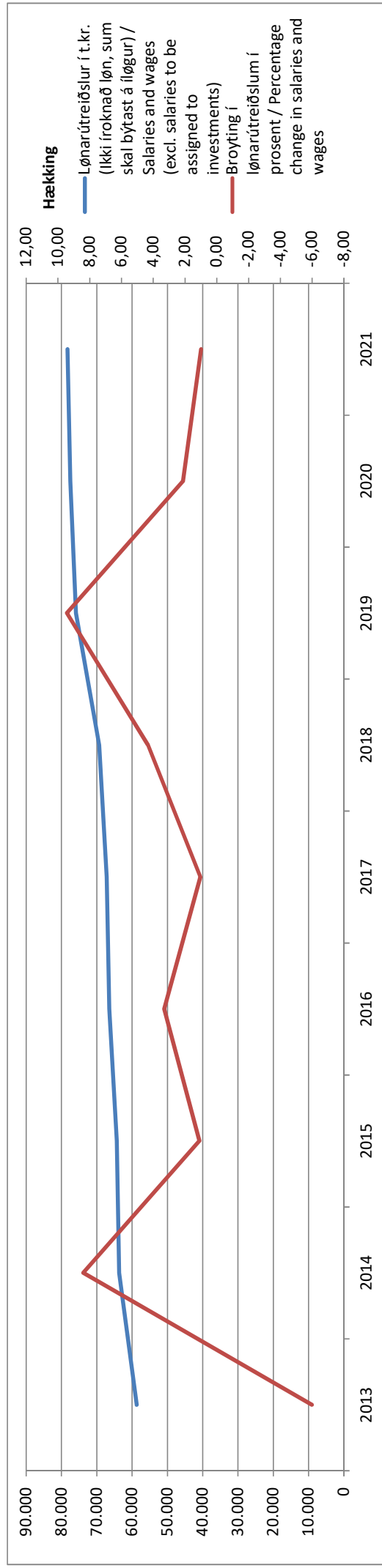
Sundurgreinaður netkostnaður 1) / Grid expenses broken down	Staðfest roknskapartöl / Actual Accounts						Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2013	2014	2015	2016	2017	2018				
Tilfar og lönir / Materials and salaries	58.057	61.458	60.971	63.786	62.340	64.330	76.306	76.707	77.538	
Avskrivningar uppá net / Grid depreciation	27.732	29.831	34.356	34.078	34.919	44.140	50.736	57.943	65.897	
Rentur / Interest og/and subsidiary fair	7.961	8.840	13.609	35.106	21.348	13.269	11.600	11.600	11.600	
Netkostnaður íalt / Total Grid expenses	93.750	100.129	108.937	132.970	118.607	121.739	138.641	146.250	155.035	
Seldir kWt í GWT / Sold kWt in GWT	274,4	283,8	288,1	291,4	306,5	316,1	338,4	370,9	395,4	
Netkostnaður pr. seldan kWt / Grid expenses pr. kWh sold	0,34	0,35	0,37	0,45	0,39	0,39	0,41	0,39	0,39	
Harav netkostnaður / grid expenses pr. kWh sold	0,13	0,11	0,11	0,11	0,11	0,10	0,12	0,11	0,10	
Harav fyrirsiting / administration expenses pr. kWh sold	0,08	0,10	0,09	0,10	0,09	0,11	0,11	0,10	0,09	
Harav avskrivningar / depreciation pr. kWh sold	0,10	0,11	0,12	0,12	0,11	0,14	0,15	0,16	0,17	
Harav rentur / Interest expenses pr. kWh sold	0,03	0,03	0,05	0,12	0,07	0,04	0,03	0,03	0,03	

1) Hæddi ekki tikið fyrir fordeiling av kostnaði fyrir nettab og eginnytslu hjá SEV millum framleiðslu og net, men tikið í mun til seldan kWt

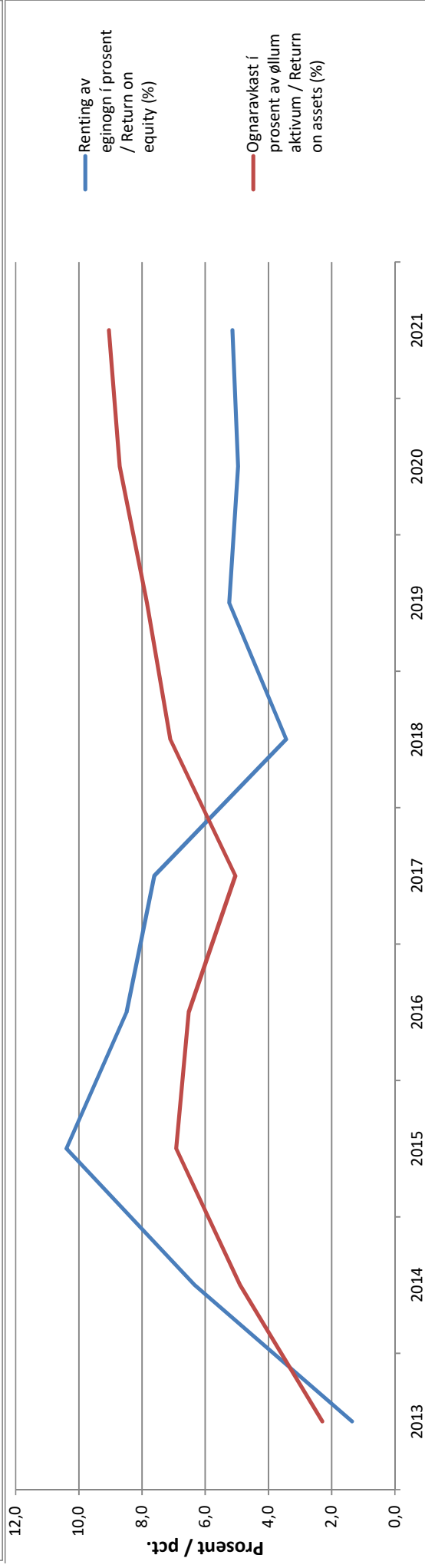
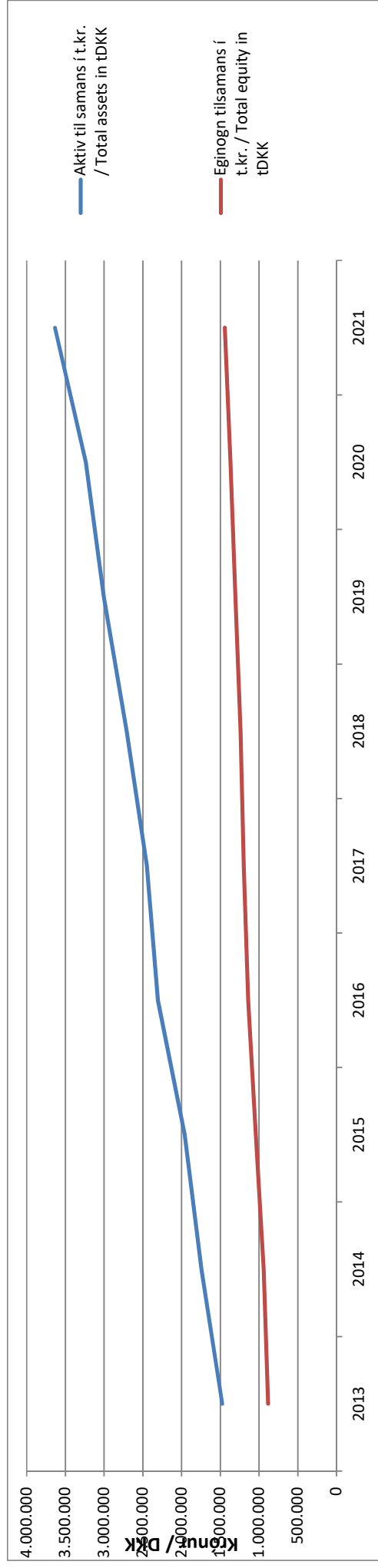
Sundurgreinaður oljukostnaður / Oil expenses broken down	Staðfest roknskapartöl / Actual Accounts						Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskrifing / Estimation and projection	Framskrifað / projections
	2013	2014	2015	2016	2017	2018				
Kostnaður íalt í t.kr. / Total cost tDKK	375.381	355.326	321.288	320.567	344.557	372.282	403.995	467.029	498.000	
Oljukostnaður netto, íalt í t.kr. / Net oil cost in total in tDKK	167.934	141.500	86.196	50.911	84.741	105.561	116.077	131.440	107.831	
Kostnaður íalt í t.kr. utan olju / Total costs excl. cost of oil in tDKK	207.447	213.826	235.092	269.656	259.816	266.721	287.918	335.589	390.169	
Olja í prosent av kostnaðinum / Oil portion of total cost (%)	44,74	39,82	26,83	15,88	24,59	28,36	28,73	28,14	21,65	
Oljukostnaður pr. framleiddan kWt við olju / Oil cost pr. kWh produced using oil	0,93	0,94	0,69	0,32	0,52	0,60	0,62	0,77	0,77	
Oljukostnaður pr. seldan kWt framleiddur við olju (íroknað eiginmýtsla og nettap) / Oil cost pr. sold kWh produced using oil (net loss and private consumption incl.)	0,99	1,01	0,75	0,35	0,57	0,65	0,67	0,82	0,84	
Sølukostnaður pr. kWt í ídnaðarbólkinum > 20.000 kWt / Cost pr. kWh sold to industry >20.000 kWh	1,10	1,15	1,15	1,15	1,10	1,10	1,20	1,20	1,20	
Úrslit í mun til oljuútreiðslunar / Result in comparison to oil expenses	0,11	0,14	0,40	0,80	0,53	0,45	0,53	0,38	0,36	
Sølukostnaður pr. kWt í bólkinum < 10.000 kWt / Cost pr. kWh sold to customers < 10.000 kWh	1,51	1,51	1,51	1,51	1,46	1,41	1,51	1,54	1,54	
Úrslit í mun til oljuútreiðslunar / Result in comparison to oil expenses	0,52	0,50	0,76	1,16	0,89	0,76	0,84	0,72	0,70	

Sundurgreinaður fyrisingarkostnaður / Administration costs broken down	Staðfest roknskapartöl / Actual Accounts						Meting og framskriving / Estimated and projection	Framskrivað / Projections												
	2013		2014		2015				2016		2017		2018		2019		2020		2021	
Fyrisingarkostnaður sundurgreinaður í hövuðsbóikar í mio.kr. / Administration costs broken down into main groups in DKK million	23,2	29,7	28,0	30,6	30,9	33,5	36,3	35,9	36,3											
Lønir leiðsla og umsiting (roknað avlesing / Management salary and administration incl. meter readings.)	10,5	12,0	12,2	12,9	14,5	16,3	15,9	16,3	15,9											16,4
Lønir umboðsnevnd, stýri, aðalfundur og nevnd / Salaries for the general meeting and board	1,0	0,9	1,2	0,7	1,1	1,0	1,1	1,0	1,1											1,1
Tænaustumannaeftirlönir og arbeiðsmarknaðargjöld / Pensions and other fees	0,1	3,0	1,1	1,6	0,4	1,3	1,3	1,3	1,3											1,3
Fordeiling til framleiðslu og net (varislig meting við stöði í 2009 og 2010) / Distribution between production and grid (estimation based on 2009 and 2010)	-3,1	-3,1	-3,2	-3,2	-3,6	-4,0	-3,2	-4,0	-3,2											-3,3
Lönir (inkl. eftirlönir og arbeiðsmarknaðargjöld sum áður partvist var undir tilfar) / Wages and salaries (incl. pensions and other costs previously booked as material expenses)	8,6	12,9	11,2	12,0	12,4	14,6	15,1	15,4	15,1											15,5
Elveitingarefirlit - Supervision	1,7	1,7	1,9	2,3	3,2	4,0	0,0	4,0	0,0											0,0
Kanningar og ráðgeving / Studies and consultancy	2,0	2,2	2,4	1,3	2,0	1,0	7,8	1,0	7,8											7,0
Lýsingar og telefon, konsulent, prent, porto (og kunningartækni fram til 2002) / Advertising and telephone expenses, consultancy, print and postage (and IT until 2002)	1,2	1,1	1,1	1,0	0,7	1,3	1,3	1,3	1,3											1,3
Kunningartækni / IT	3,8	5,6	2,8	2,7	3,1	1,6	0,0	1,6	0,0											0,0
Bankakostnaður, ómaksgjöld / Bank charges and other charges	0,6	1,6	1,1	1,3	1,3	1,9	1,8	1,9	1,8											3,0
Tryggingar / Insurance	1,1	2,0	1,8	2,8	2,2	3,1	2,4	3,1	2,4											2,4
Tap uppá skuldarar / Loss on unpaid debt	1,2	0,9	-0,3	-0,1	0,2	0,5	1,0	0,5	1,0											1,0
Tap av skuldarum uppá dótturfelög/tilknytt felög / Loss on unpaid debt from subsidiaries and associates	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0											0,0
Viðlíkahald av bygningum / Maintenance of buildings	1,9	3,1	1,1	1,0	0,9	1,1	1,6	1,1	1,6											1,6
Skrifstofuvald, aðrar fyrisingarútreiðslur, ferðaútr. og starvsfólkakostnaður v.m. / Other administration and employee costs etc.	1,1	-1,3	4,9	6,3	4,8	4,4	5,4	4,4	5,4											4,4
Tilfar og tænastr íalt / Total materials and services	14,6	16,8	16,8	18,6	18,5	19,0	21,2	20,5	21,2											20,8

Lönarútreiðslur í t.kr. (Ikki íroknað lön, sum skal býttast á ílögur) / Salaries and wages (excl. salaries to be assigned to investments)	58.706	63.644	64.338	66.466	67.158	69.350	75.897	77.515	78.290
Broyting í lönarútreiðslum í prosent / Percentage change in salaries and wages	-5,98	8,41	1,09	3,31	1,04	4,34	9,44	2,13	1,00
Ársverk/Average number og employees	159	160	161	162	167	171	176	176	176

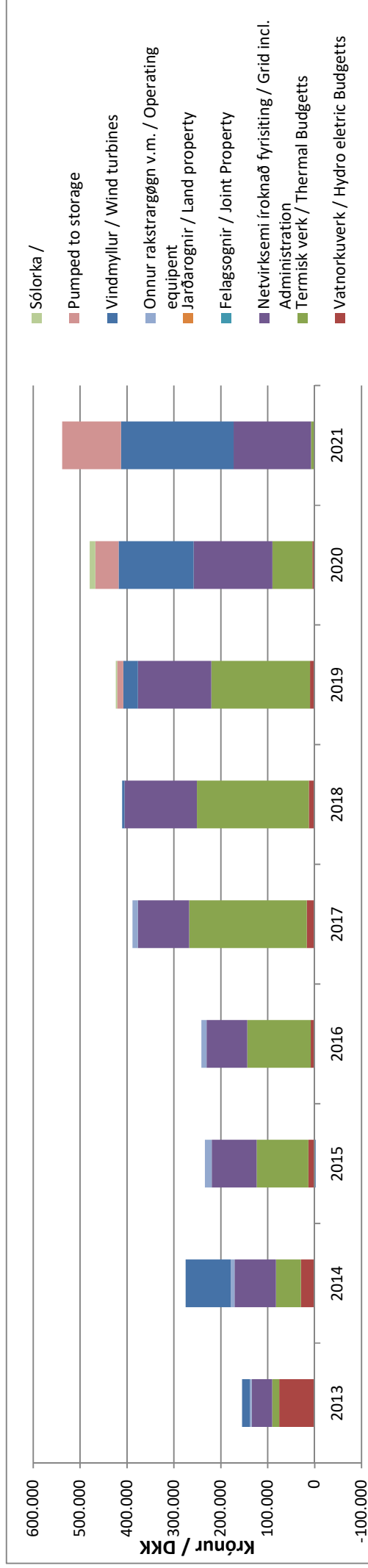
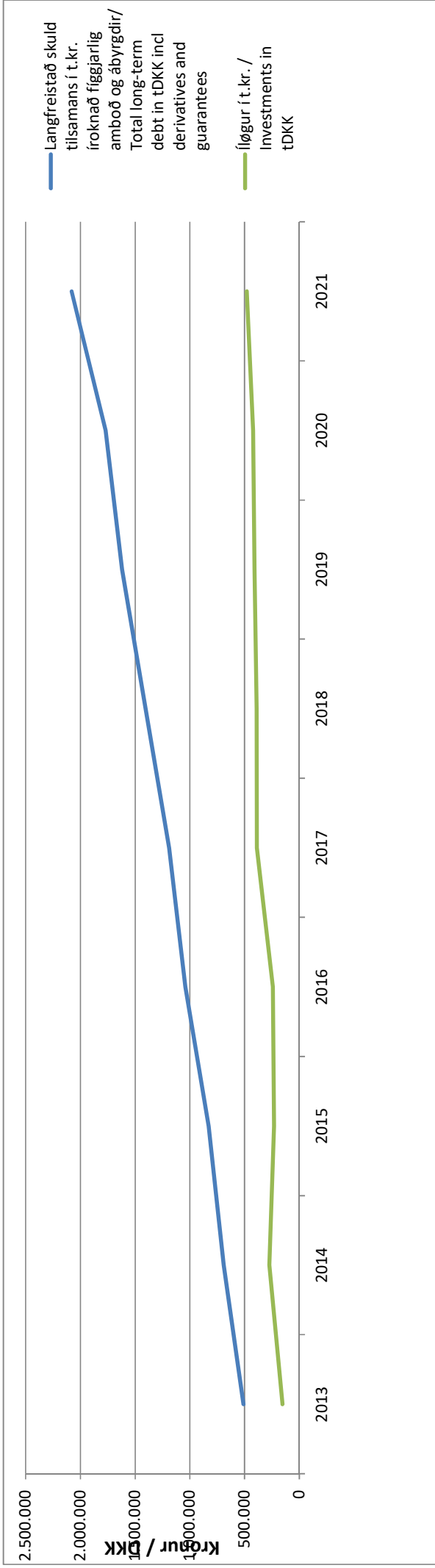


Figgiarstøða / Balance Sheet	Staðfest roknskapartöl / Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Actual	Meting og framskriving / Estimation and projection	Framskrivað / Projections
	2013	2014	2015	2016	2017	2018	2019				
	2013	2014	2015	2016	2017	2018	2019				
Aktiv til samans í t.kr. / Total assets in tDKK	1.475.208	1.742.038	1.960.373	2.303.961	2.447.178	2.708.572	3.004.762	3.235.612	3.633.782		
Eiginogn tilsamans í t.kr. / Total equity in tDKK	882.091	939.854	1.042.921	1.141.003	1.196.397	1.237.293	1.303.941	1.370.237	1.442.537		
Soliditetur í prosent / Equity/Asset ratio (%)	59,8	54,0	53,2	49,5	48,9	45,7	43,4	42,3	39,7		
Renting av eiginogn í prosent / Return on equity (%)	1,4	6,3	10,4	8,5	7,6	3,4	5,2	5,0	5,1		
Ognaravkast í prosent av øllum aktivum / Return on assets (%)	2,3	4,9	6,9	6,5	5,0	7,1	7,8	8,7	9,0		



Ílögur og langfreistað skuld - Investments and long-term debt	Staðfest roknskapartöl - Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budgeted	Meting og framskriving / Estimation and projection	Framskrivnað / Projections
	2013	2014	2015	2016	2017	2018	2019				
Úrslit frá vanligum rakstri/EBITDA	103.914	155.573	221.483	243.621	226.255	192.520	235.858	281.829	328.799		
Langfreistað skuld tilsamans í t.kr. íroknað figgjjarlig amboð og abyrgdir/ Total long-term debt in tDKK incl derivatives and guarantees	510.254	691.411	830.000	1.042.116	1.189.057	1.404.855	1.619.768	1.769.768	2.079.768		
Gjaldfæri/Closing cash on hand	66.593	131.459	221.889	335.498	247.993	213.288	198.165	105.835	146.433		
Nettó langfreistað skuld tilsamans í t.kr./net total long-term debt in tDKK	443.661	559.952	608.111	706.618	941.064	1.191.568	1.421.604	1.663.934	1.933.335		
Figgjjarlig amboð/derivatives	0	0	0	33.998	56.739	56.739	56.739	56.739	56.739		
abyrgdir/garanties	0	0	0	3	3	9	9	9	3		
Nettó langfreistað skuld í mun til EBITDA, ferðir/net total long-term debt in tDKK in comparison to EBITDA, times	4,3	3,6	2,8	3,1	4,2	6,2	6,0	5,9	5,9		
Stuttfreistað skuld tilsamans	64.588	91.408	77.612	91.772	91.772	84.985	84.985	84.985	84.985		
Stutt- og langfreistað skuld tilsamans/short and long term debt in total	574.842	782.819	907.612	1.133.889	1.221.580	1.433.101	1.648.014	1.798.014	2.108.014		
Nettó samlað skuld í mun til EBITDA, ferðir / Total net debt in comparison to EBITDA, times	4,9	4,2	3,1	3,3	4,2	6,3	6,1	6,0	6,0		
Eiginingspartur í %/equity-asset ratio (solveny)	59,8	54,0	53,2	49,5	48,9	45,7	43,4	42,3	39,7		
Skuld í mun til eiginögn í prosent / Debt as a portion of Equity	57,8	73,6	79,6	91,3	99,4	113,5	124,2	129,16	144,17		
Kostnaður í % av langfreistað skuld og trekningsrættum/cost of long-term debt and committed lines in pct.	4,6	3,5	3,3	5,2	3,0	2,3	2,1	2,1	2,4		
Breyting í langfreistaðari skuld í t.kr.	48.671	181.157	138.589	212.116	146.941	362.739	214.913	150.000	310.000		
Ílögur í t.kr. / Investments in tDKK	155.009	275.200	232.100	241.700	388.500	390.806	410.710	424.048	479.860		
Munur milliúrrættur í langfreistaðari skuld og ílögur í t.kr. / Difference between change in long-term debt and investments in t.DKK	106.338	94.043	93.511	29.584	241.559	28.066	195.797	274.048	169.860		

Ílögslað í 1.000 kr. / Investments in tDKK	Staðfest roknskapartöl - Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budgeted	Meting og framskriving / Estimation and projection	Framskrivnað / Projections
	2013	2014	2015	2016	2017	2018	2019				
Vatnorkverk / Hydro electric Budgets	75.400	29.400	13.400	8.500	17.200	12.680	10.150	4.800	0		
Termisk verk / Thermal Budgets	15.500	53.400	110.300	135.300	250.500	238.528	210.114	85.460	7.960		
Vindmyllur / Wind turbines	16.500	96.100	-2.000	0	0	5.000	31.150	160.000	240.000		
Netvríksemi íroknað fyrirséing / Grid incl. Administration	43.500	88.100	95.900	86.700	109.400	154.502	156.634	167.600	165.100		
Sjóvarfalsorka/Tidal	0	0	0	0	0	0	0	0	0		
Pumped to storage	0	0	0	0	0	0	13.000	50.000	125.000		
Sólorka /	0	0	0	0	0	0	3.000	12.000	0		
Felagsögnir / Joint Property	0	0	0	0	0	0	0	0	0		
Jarðarögnir / Land property	0	0	0	0	0	0	0	0	0		
Önnur rakstrargögn v.m. / Operating equipment	4.109	8.200	14.500	11.200	11.400	0	0	0	0		
Íalt	155.009	275.200	232.100	241.700	388.500	410.710	424.048	479.860	538.060		



Gjaldfæri / Liquidity	2013 2014 2015 2016 2017 2018 2019 2020 2021												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	Staðfest og ætlað / Actual and Budgeted	Ætlan / Budgeted	Meting og framskriving / Estimation and projection	Framskrifað / Projections
Gjaldfærisbreyting frá vanligum rakstri í t.kr. / Changes in liquidity from general operations tDKK	85.357	159.016	183.904	143.821	194.928	192.520	235.858	281.829	328.799	192.520	235.858	281.829	328.799
Önnur gjaldfærisbreyting í t.kr. / Other changes in liquidity	-18.764	-27.557	37.985	191.677	53.065	20.768	-37.694	-175.994	-182.366	20.768	-37.694	-175.994	-182.366
Gjaldfæri við ársenda í t.kr. / Liquidity year-end	66.593	131.459	221.889	335.498	247.993	213.288	198.165	105.835	146.433	213.288	198.165	105.835	146.433
Breyting í gjaldfæri í krónum í mun til undanfarna ár í t.kr. / Changes in liquidity DKK compared to previous years.	-20.791	64.866	90.430	113.609	-87.505	-122.210	-15.123	-92.330	40.598	-122.210	-15.123	-92.330	40.598
Avdráttur úttan afturrindan av lán við sölul/ Loan Repayment (not incl. termination of loan)	25.329	29.563	19.432	0	0	0	0	0	0	0	0	0	0
Rentukostnaður/cost of finance	22.354	21.180	25.034	48.304	32.948	28.617	31.592	36.336	45.696	28.617	31.592	36.336	45.696
Rentuinntækur/interest income	343	567	204	20	0	0	0	0	0	0	0	0	0
Kapítalkostnaður/cost of finance	22.011	20.613	24.830	48.284	32.948	28.617	31.592	36.336	45.696	28.617	31.592	36.336	45.696
Sjálfvinsanering til at fígga broytingar í goymslu, skuldarum og ognarum umframt flögur eftir rindan av avdráttum / Self financed investments after loan repayment	38.017	108.840	139.642	95.537	161.980	163.903	204.266	245.493	283.103	163.903	204.266	245.493	283.103

