

FINANCIAL STATUS 2015

**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 PLAN 2016

**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**

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1. Summary.

Pursuant to the Articles of Association of the Company, SEV shall submit a report on the fiscal status of the company for 2015, as well as the Operations, Financial and Investment Budget for 2016. The 2016 Operations, Financial and Investment Budget is structured as a parent company budget and not as a 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. The parent company budget shows the fiscal import of the daughter companies as an integrated part of the budget relative to, e.g., purchases, sales, capital gains, current accounts, etc.

There remains some doubt as to the final figure, but it is estimated that the profit will not be less than 40 million DKK. This excellent result stems from, among other factors, an increase in kWh sales and connection fees. Greater sales to customers by the Company means that production also will be somewhat greater than the previous year.

1.1 Fiscal status since the Annual General Meeting and the trends for 2015.

The Company anticipates an operational profit in 2015 of DKK 98.1 million, compared to a budgeted result of DKK 37.2 million, or an increase of DKK 60.9 million. Although the final figures may very well differ, it is forecast that the profit will not be less than DKK 85 million. This positive result is derived from, among other factors, increased kWh sales, lower oil costs and lower costs overall.

The fact that the Company sold more (kWhs) to its customers means that production was somewhat greater than the previous year. Oil costs were lower than budgeted, based on lower oil prices. The costs for goods and services were also lower than projected by DKK 14.8 million, while wage costs were DKK 3.2 million lower. Depreciation and interest expense were lower than budgeted by a total of DKK 10.6 million.

Production from renewable energy resources in 2015 was projected to be 57.7%, compared to 50.8% in 2014 or an increase of 6.9%. When the Húсахaga windfarm battery system comes online, it is anticipated that more production will be derived from wind power and the amount of green energy will increase. The distribution among the various energy sources is forecast to be 42.3% from oil, 39.6% from hydropower and 18.1% from wind. According to current planning, the production of electricity from renewable resources will increase in the future, but this is a challenge when overall total production also increases at the same time.

Investment in 2015 is forecast to be DKK 272.2 million, compared to a budgeted DKK 407.4 million. This lower investment is distributed over several areas. The budget called for a loan facility of upwards of DKK 1,000 million, but when actual investment proved lower than budgeted the budgeted loan facility was not necessary and thus the loan facility was only DKK 830 million. Liquidity is calculated to be DKK 162.3 million at year-end, thus the Company has

a good liquidity base. Moreover, the Company has access to a line of credit from financial institutions of around DKK 270 million.

The Board and Management are satisfied with the fiscal status of the Company to date, and the forecast result for 2015 and the fiscal status of the Company at year-end 2015.

1.2 Operations, Financial and Investment Plan 2016.

It is envisioned that SEV will not adjust the price of electricity for its customers in 2016, even though the Company anticipates an operational profit of some DKK 72.5 million. It is critical for the Company to build up a good economic foundation to have the capacity to undertake the planned investments over the coming four years. Included in these projected investments are the expansion of the power plant at Sund, several new coupling stations, a new workshop and administrative building and the enlargement of the electricity grid, including a cable to Suđuroy.

It is projected that electricity sales will increase swiftly by 1.7% and as a consequence also production.

The costs of goods and services are budgeted to DKK 62.8 million, which is less than budgeted in 2015. Wage expense will increase consistent with normal wage adjustments, plus it is anticipated that several additional employees will be hired. Wage expense is projected to be DKK 72.4 million, compared to the DKK 71.3 million budgeted in 2015.

Depreciation is budgeted at DKK 90.9 million, compared to DKK 97.5 million, which was budgeted in 2015. This reflects a decrease of DKK 6.6 million, and the reason is that the depreciation of the wind farms is not included. Compared to the 2015 projection, this is DKK 4.1 million higher and the reason is the increased investment undertaken by SEV. Net interest costs is budgeted at DKK 29.4 million, which is DKK 5.7 million higher than that budgeted in 2015. The reason is a debt increase and the conversion of debt to a fixed rate of interest.

Investment for DKK 377.4 million is planned. In addition, there are plans to execute a loan facility for DKK 270 million against current drawing rights. Debt is anticipated to be DKK 1,100 million at year-end 2016. This means that the financing the Company obtained in 2015 is also sufficient to finance the Company's loan requirements for 2016.

At present, work is underway to obtain long-term financing for the Company that would also cover the extension of the Sund power plant. This work is expected to be carried out over the next six months and is thus planned to be completed in the second quarter of 2016. A loan facility for DKK 1,670 million should be arranged, of which the greatest portion will be long-term debt and another as drawing rights, which will be accessed as each expansion phase of the Sund power plant is initiated during the period 2016-2021. The new financing for DKK 1,670 million will be used to finance the debt at year-end 2016 of DKK 1,100 million and the new debt and drawing rights of DKK 570 million for the period 2016-2021.

Liquidity at year-end 2016 is calculated to be DKK 191.3 million. Thus, the Company has good liquidity. The Extraordinary General Meeting held on 29 June 2015 approved and granted the Board of Directors the authority to structure the Neshaga and Húsahaga wind farms as two, 100%-owned subsidiary companies, whereby the wind farms are transferred in such a way that the operations of the wind farms are conducted under two, independent companies of which SEV is the only shareholder. Work is underway to prepare for the formation of these two companies as of 1 January 2016. According to current plans, the companies should be officially founded during the first quarter of 2016.

The Board of Directors and Management are satisfied with the budgeted result for 2016 and the anticipated financial position of the Company at year-end 2016.

2. The following shall be laid before SEV's Extraordinary General Meeting on 27 November 2015:

2.1 For Discussion and Review:

- Fiscal trends since the Annual General Meeting and the financial status for 2015, pursuant to § 3, paragraph 13b and § 4, paragraph 12b of the Articles of Association.

2.2 For Approval:

- Operations, Financial and Investment Budget for 2016, pursuant to § 3, paragraph 13c and § 4, paragraph 12c and § 9, paragraphs 1-4. 4, hereunder:
 1. That the kWh price remain unchanged, consistent with the current pricing schedule.
 2. That the base rate and connection fee remain unchanged, consistent with the current pricing schedule.
 3. That the compensation for the Board Chairman be set at DKK 12,612 per month, Vice Chairman DKK 9,459 per month, and individual board members 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.
 5. That investment be a total of DKK 377.4 million, hereunder:
 - The Company's board itself can determine how the construction of the six new coupling stations shall be organized over the next four years, hereunder the timeframe, priority of construction, tenders in connection with the construction, etc. for an overall cost of DKK 244.9 million over the four-year period. It is anticipated that construction will proceed according to the prioritized schedule below:

Place/Year in DKK mil.	2015F	2016B	2017	2018	2019	Total
Vestmanna	0.0	2.2	0.0	20.0	18.0	40.2
Sund	0.0	12.2	35.0	0.0	0.0	47.2
Runavík	22.0	18.0	0.0	0.0	0.0	40.0
Innan Eið	2.0	30.0	8.0	0.0	0.0	40.0
Skarðshjalli	0.0	2.0	20.0	18.0	0.0	40.0
Strond	0.0	11.5	20.0	0.0	0.0	31.5
Others	0.0	6.0	0.0	0.0	0.0	6.0
Total	24.0	81.9	83.0	38.0	18.0	244.9
Húshaga	20.0	2.0	0.0	0.0	0.0	22.0
Total w/ Húshaga	44.0	83.9	83.0	38.0	18.0	266.9

F=Forecast; B=Budget

- As part of the long-term expansion of the grid, SEV shall initiate major cable work in 2016, hereunder the laying of cable from Vestmanna to Eiði for a total of DKK 15.0 million over three years, of which DKK 5.0 million is budgeted for 2016; Strond to Viðareiði for DKK 7.1 million in 2016; and Molin Tórshavn for DKK 1.0 million in 2016.
 - The construction of a new workshop and administration building for some DKK 80 million over three years, of which DKK 10 million is budgeted for 2016, DKK 50 million for 2017, and DKK 20 million for 2018. In this connection, when the construction of the new workshop and administration building is completed, the current “Tórshavn Workshop” and administration building at Landavegur 92 in Tórshavn shall be sold for some DKK 20-30 million. This will offset the cost of the construction of the new facility such that the net investment will be between DKK 50-55 million. This is DKK 14 million more than the General Meeting approved on 27 November 2014 for the construction of the administration building, which was DKK 36-41 million.
 - With the reservation that the project “Expansion of the Sund Power Plant” will be approved at the General Meeting in April 2016, DKK 68 million is included in the total investment budget for 2016, of which some DKK 15 million is set aside to be used in connection with the previously initiated study and design work, etc. relative to the project.
6. A new loan facility for DKK 1,100 million be executed for the refinancing of the Company’s debt at year-end 2015 of some DKK 830 million and Company drawing rights for DKK 270 million, which the Company has available currently. The Board itself may stipulate more specific terms and conditions relative to this financing.
 7. A new loan facility for DKK 570 million be executed for budgeted investment over the coming years, of which the special extension of the Sund power plant is the largest individual investment, hereunder to execute agreements with

financial institutions such that the financing provided to the Company is in the form of drawing rights in effect for a period of 5-10 years.

8. Consistent with the approval granted at the Extraordinary General Meeting of 19 June 2015, two independent 100%-owned subsidiaries of SEV comprising the two wind farms be spun out of SEV with these two entities operating the Neshaga and Húsahaga wind farm, respectively. This action is, of course, conditioned on the final approval of the relevant governmental authorities.
9. Consistent with the approval granted at the Extraordinary General Meeting of 19 June 2015 to transfer the five wind turbines at Neshaga (and that which to date is associated with the operation of the wind turbines, e.g., business agreements with third parties, liabilities, inventory, cash-on-hand and other assets) into a corporation or limited liability company that is a 100%-owned subsidiary of SEV and to initiate and execute all the multiple matters in this connection.
10. Consistent with the approval granted at the Extraordinary General Meeting of 19 June 2015 to transfer the thirteen wind turbines at Húsahaga (and that which to date is associated with the operation of the wind turbines, e.g., business agreements with third parties, liabilities, inventory, cash-on-hand and other assets) into a corporation or limited liability company that is a 100%-owned subsidiary of SEV and to initiate and execute all the multiple matters in this connection.
11. SEV may provide its subsidiary that shall own and operate the wind turbines at Neshaga a loan of up to DKK 45 million (budgeted DKK 38.4 million) or that the subsidiary itself may take out a loan from other providers of financing.
12. SEV may provide its subsidiary that shall own and operate the wind turbines at Húsahaga a loan of up to DKK 90.0 million (budgeted DKK 76.5 million) or that the subsidiary itself may take out a loan from other providers of financing.
13. The respective subsidiaries that shall operate the wind farms at Neshaga and Húsahaga maintain an independent budget for operations, financing and investment to manage the economy of their respective business with oversight by an autonomous board of directors for each subsidiary.
14. SEV may place up to DKK 10 million (budgeted DKK 7 million) in share capital and/or possible subordinated loan capital securitization in the company that shall operate the wind farm at Neshaga.

15. SEV may place up to DKK 30 million (budgeted DKK 20 million) in share capital and/or possible subordinated loan capital securitization in the company that shall operate the wind farm at Húsahaga.
16. In 2016, SEV may undertake a two-year trial for the sale of electricity for electric vehicles and heat pumps, based on a discounted pricing schedule for said electricity, and the Board of Directors in this connection be granted the authority to itself determine how this discounted pricing schedule shall be organized relative to all the various details, hereunder the stipulation of the price per kWh, the base rate and the connection fee, and other relevant terms and conditions.

3. Introduction

Over the period from 2008 to 2012, SEV had a combined total deficit of DKK 100 million, including the charge taken in the 2012 accounts due to changes in SEV's accounting principles. Such a fiscal situation could not continue. Therefore, the Board of Directors and Management took on the goal of reversing this trend. The Board and Management set as a goal to turn around this precarious course and in 2013 generated an operational profit of DKK 11.9 million. This turn-around continued in 2014 with a generated positive result of DKK 57.8 million.

In the main, the Company has set out the goal that beginning in 2015 the operational result shall be sufficient to meet the requirements for adequate self-financing for the investments that, as budgeted, lie ahead. The goal of SEV is to ensure that the budgeted investment is financed via satisfactory equity capital in combination with outside financing. This can be achieved by SEV continuing to have a satisfactory operational profit, because this approach is deemed to be the only method by which self-financing can become a reality.

For 2015, the result is expected to be a profit of around DKK 98.1 million, while the result for 2016 is budgeted to be a profit of DKK 72.5 million. The plan is not to institute any changes in the kWh pricing schedule and other fees during 2016. The Board and Management of the Company believes that with the forecast result for 2015 and the projected result for 2016 that the Company's fiscal requirements will be realized.

3.1 Interest-bearing debt compared to EBITDA

The companies to which SEV could be compared in 2014 had debt to EBITDA¹ ratios as shown in the Table below. The data are from Skandinaviska Enskilda Banken (SEB), February 2015.

DONG	Naturgas FYN	SEV	Nukissiorfiit	Landsvirkjun	Orkuveita	Average
0.4x	9.2x	3.6x	5.8x	6.6x	6.9x	8.0x

¹ Earnings before interests, tax, depreciation and amortization.

As the Table shows, the average ratio is 8.0, but this average number is based on more companies than are shown in the Table. In the main, it is believed that it is not good for an ordinary company to maintain a debt to EBITDA ratio higher than 3. However, it is quite normal that this number is higher.

Because SEV is a corporate entity that operates somewhat differently than the usual company, the requirement to maintain a ratio of 3 could prove to be burdensome. On the other hand, SEV has set the long-term goal that the debt to EBITDA ratio shall never be greater than 6.

At present, the Company is able to achieve this ratio and the debt to EBITDA ratio in 2015 lies at 3.2. This ratio will increase to 4.7 in 2016, peaking at 6.0 in 2020, and subsequently falling to 3.3 in 2025.

3.2 Key Figures and Financial Ratios for 2008-2018.

In order to show the financial position of SEV, the Table below shows the key figures and financial ratios for the period from 2008 to 2014, wherein the figures are verified, and for the period from 2015 to 2018, wherein the values are Forecast (F), Budgeted (B) or Projected (P). The Table above shows a steadily increase in net turnover, which, in the main, results from a price increase during the period up to 2014. The decrease in 2016 of net turnover stems from an envisioned significant increase in the purchase of wind energy once the wind farms are placed in independent companies.

million DKK	2008	2009	2010	2011	2012	2013	2014	2015F	2016B	2017P	2018P
Net turnover	275	277	278	316	356	384	411	425	405	417	424
Annual results	-16	15	-46	-39	-12	11.9	57.8	98	72	74	74
Liquidity	24	37	42	57	87	67	132	162	193	93	127
Total assets	499	1,151	1,201	1,287	1,411	1,475	1,742	1,991	2,334	2,565	2,768
Equity	341	967	922	885	870	882	940	1,038	1,110	1,184	1,258
Total liabilities	105	187	293	382	519	575	783	830	1,100	1,280	1,410
Return on equity	-4.6	2.3	-4.9	-4.4	-1.4	1.4	6.3	10.2	6.7	6.4	6.0
EBITDA – debt ratio	2.9	1.9	12.0	7.4	4.9	4.3	3.6	3.2	4.7	5.6	5.9
Equity	68.3	82.5	74.8	68.6	61.7	59.8	54.0	52.1	47.6	46.2	45.4
Average full-time employee equivalents	-	-	175	166	157	159	160	170	172	172	172

The Table below shows the kWh sales of the Company derived from the various customer groups from 2005 to 2014 (data verified), and 2015-2018, wherein the amounts are either Forecast (F), Budgeted (B), or Projected (P).

	Agriculture, aquaculture, fishing industry, natural resources	Work in progress, 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 org. etc.	Street lighting	Homes, apts, summer homes and boathouses	Totals
2005	15.8	51.1	19.1	18.7	3.8	32.0	6.1	74.9	221.6
2006	19.3	53.8	21.0	21.8	3.9	34.1	5.6	75.6	234.9
2007	22.1	54.7	21.7	23.3	4.0	35.2	6.8	77.6	245.4
2008	23.1	53.8	22.9	25.1	4.2	36.2	7.0	81.5	253.9
2009	25.8	52.0	22.6	24.4	4.5	35.6	6.7	80.5	251.9
2010	25.9	48.9	22.5	28.7	4.2	36.5	6.8	81.3	255.0
2011	26.4	44.5	22.4	31.8	4.2	36.8	7.3	81.4	254.8
2012	29.4	52.5	21.6	34.7	3.9	36.6	6.9	75.7	261.4
2013	29.2	69.3	22.7	25.1	4.0	37.7	7.4	78.9	274.4
2014	31.1	76.1	24.7	25.7	4.0	37.3	7.0	78.0	283.8
2015F	32.2	78.4	24.8	25.8	3.9	39.1	7.3	80.3	291.7
2016B	32.6	79.2	25.0	25.9	3.9	39.9	7.4	82.7	296.6
2017P	35.8	79.9	25.3	26.0	4.0	40.7	7.6	84.4	303.6
2018P	41.2	80.8	25.8	26.5	4.0	41.5	7.7	86.1	313.6

As the Table above shows, the share capital of SEV in 2009 has increased considerably because of changes to the depreciation period of the Company's tangible fixed assets. Cash-flow was minimal in the past, compared to investment requirements, thus it was necessary to increase the price of electricity and increase the level of financing for operations and infrastructure investment.

SEV increased the price of electricity by DKK 0.15 per kWh on 1 January 2011, and on 1 January 2012 increased the price by DKK 0.10 per kWh with the approval of the Electricity Production Commission. At the same time, the Electricity Production Commission and SEV acknowledged that the high oil prices and the need for expansion and renovation of both SEV's production facilities and the grid meant that it would be necessary to increase the price of electricity again on 1 January 2013.

On 1 January 2013, SEV increased the price by DKK 0.05 per kWh for all consumers, plus DKK 0.06 per kWh for consumers under the special fee schedule that have a rate of consumption greater than 20,000 kWh – so-called "industrial customers". In addition, SEV received approval from the Electricity Production Commission to increase the price for its industrial customers DKK 0.05 per kWh as of 1 January 2014. The price per kWh without VAT thus became DKK 1.15 for this particular customer group. There were no pricing adjustments relative to the kWh price in 2015 and there are no plans at present that the kWh price shall be adjusted in 2016.

SEV considers high oil prices to be extremely critical for the Company. The price of oil declined significantly over the last few years and remains at a low level currently. SEV continually



strives to undertake initiatives designed to reduce oil-related expenses. Moreover, SEV is equally focused on other efforts to bring the cost of electricity production down.

These goals are advanced, among other efforts, by the expansion of the Eiði hydropower plant, the wind farms at Neshaga and Húsahaga. These three initiatives alone have resulted in the oil consumption of SEV being reduced by around 14,000 tonnes, and, all things considered, ultimately will contribute to a more stable Faroese economy overall, as well as considerably reduce the country's CO₂ emissions by some 30,000 tonnes annually.

Thus, through these initiatives each and every consumer of electricity, as well as the country as a whole, will benefit, not only in terms of reduced oil consumption, but also relative to the natural environment.

Given that such a large part of SEV's electricity production is derived from wind power, the resultant challenges are significant. These challenges necessitate the installation of a battery system to gather and preserve as much energy from the wind as possible. It is expected that this work will be completed early next year.

From page 52 onwards, a number of various financial charts and detailed analyses for different business areas are provided.

4. Fiscal status since the Annual General Meeting and the trends for 2015.

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 status 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 2015.

Below outlines the accounting data according to SEV's bookkeeping records for the period January – September 2015; the result for 2015 is forecast. Also shown are deviations from the 2015 budget and predicted forecasts.

The account entries are complete and up-to-date, but have not been audited. Moreover, the numbers relevant to revenue should be viewed with the understanding that the eventual annual settlement with electricity customers is not available until sometime in December when the physical reading of the residual, non-wireless electricity meters, which encompass but only a small percentage of SEV's customers, is completed and the calculations booked. Also, accounting adjustments are probable.

The Table below shows verified accounting data for 2011-2014, and verified and forecast data for 2015 in DKK millions.

	Financials 2011	Financials 2012	Financials 2013	Financials 2014	Budget 2015	Booked as at 30 Sep 2015	Forecast 2015	Deviation from budget and forecast
Net turnover	316.4	355.8	384.6	410.6	407.7	310.1	424.7	17.0
Oil expenses	142.6	166.0	167.9	141.5	109.1	71.8	93.2	15.8
Goods and services	74.9	53.5	54.1	49.8	68.9	36.6	54.1	14.8
Wages	62.6	60.2	58.7	63.6	71.3	48.7	68.1	3.2
Total expenses	280.1	279.7	280.7	254.9	249.3	157.1	215.4	33.8
Result before depreciation and write-offs	36.3	76.0	103.9	155.6	158.5	153.0	209.3	50.9
Depreciation	61.1	67.8	70.0	77.2	97.5	75.1	86.9	10.6
Result before financial bookings	-24.8	8.3	33.9	78.4	60.9	77.8	122.4	61.4
Net interest expense and adjustments	14.5	20.5	22.0	20.6	23.8	18.5	24.4	0.5
Result before taxes	-39.3	-12.3	11.9	57.8	37.2	59.3	98.1	60.9

The annual result for 2015 is forecast to be an operational profit of some DKK 98.1 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 85 million. Originally, the Company budgeted a result in 2015 of DKK 37.2 million, thus SEV has experienced much greater success than originally envisioned. One of the reasons for this is the precipitous decline in oil prices.

The forecast predicts DKK 17.0 million higher revenue than budgeted, of which DKK 14.3 million is derived from higher kWh sales, while DKK 2.7 million stems from increases in other revenue streams relative to that budgeted. The base rates and the connection fees are as budgeted.

Electricity production from wind and hydropower was quite extensive during the first two quarters of 2015, when the weather was extremely favourable to SEV. Oil expense, including gas oil and lubricating oil, is DKK 15.8 million less than budgeted. The reason for this is the declining price of oil. On the other hand, included in the oil expenses for 2015 is a write-off of DKK 3.0 million.

Purchases of heavy oil in 2015 are hedged; additionally, the Company has purchased dollar futures contracts to pay for the oil. The intent of these actions was to enable the Company to hold to its budgeted oil costs as much as practicable, but, given the fall in oil prices since the budget was drafted, the consequent hedging was done at a much lower cost than originally planned.

Goods and services are forecast to be DKK 54.1 million, which is DKK 14.8 million less than budgeted, and wages are forecast at DKK 68.1 million, which is DKK 3.2 million less.

Depreciation is forecast at DKK 86.9 million, which is DKK 10.6 million less than budgeted, and interest expense is DKK 24.4 million, which is DKK 0.5 million higher than budgeted.

The reason that interest expenses are higher than budgeted is because the carried debt was not refinanced as quickly as planned and the related refinancing settlement costs and fees were booked under interest expense. There was no income derived from equity in 2015.

4.1 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. From the first of the year through July of 2015, more rain and wind was recorded than normal, while parts of August and September experienced less than normal. This is reflected in the beneficial production and oil consumption data to date.

The Table below shows electricity production in GWh from SEV's various production sources.

	Jan-Sep 2015	In %	Jan-Sep 2014	Oct 2014 to Sep 2015	Oct 2013 to Sep 2014	Change in %
Wind	39.1	17.3	17.1	56.4	23.3	141.8
Hydro	85.5	37.8	79.7	126.4	114.5	10.4
Thermal	101.5	44.9	123.5	128.3	162.6	-21.1
Total	226.1	100.0	220.4	311.1	300.5	3.5

When comparing the data for the period October 2014 to September 2015 to the previous period, one can see that production increased by 3.5%. Electricity production from wind has risen considerably since the wind farm at Húsahaga came online.

Electricity production from hydropower also increased significantly, which especially reflects the considerable rain that occurred during the early months of 2015, as well as the greater amount of water available to SEV as a result of the Eiði 2 South water catchment tunnel project. In addition, it should be noted that 2013 experienced less water than normal, as well as routine maintenance and upgrading of both the Eiði and Heyga power plants was carried out during 2013. Moreover, in 2012 and 2014 SEV brought online the wind farms at Neshaga and Húsahaga, respectively. This is seen in the increased electricity production from wind especially in 2014 and 2015.

Thermal electricity production has fallen as a consequence of the growth in green energy production, even though electricity consumption has increased. In other words, SEV has generated a considerable amount of power (kWhs) from green energy.

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 six years. Included are the forecast results for 2015.

Booked sales in GWh	2009	2010	2011	2012	2013	2014	Budget 2015	Forecast 2015
Booked sales to customers in GWh	251.9	255.0	254.8	261.4	274.4	283.8	279.0	291.7
Grid loss and own-use in GWh	23.6	25.3	19.0	30.1	18.1	21.6	25.0	21.6
Total production per year in GWh	275.5	280.3	273.8	291.6	292.5	305.4	304.0	313.3
Thermal	168.1	199.3	166.8	181.0	180.1	150.2	133.6	132.5
Hydropower	92.4	67.4	92.5	99.8	90.6	120.7	116.5	124.0
Wind	15.0	13.6	14.5	10.8	21.8	34.5	54.0	56.8
Growth in electricity consumption		1.2	0.0	2.6	5.0	3.4	1.0	2.8

For 2015, electricity production was budgeted at 304.0 GWh. Production is forecast to be 313.3 GWh or 9.3 GWh more.

Electricity production from renewable energy resources was budgeted at 170.5 GWh, but this production is now forecast to be 180.8 GWh, or 10.3 GWh more. The thermal power plants were expected to produce 133.6 GWh, but now production is forecast to be 132.5 GWh, or 1.1 GWh less.

This means that the electric power produced from green energy is forecast to be 57.7%, while thermal power is forecast to be 42.3%. Thus, SEV is greener than in 2014, when green energy production was 50.8%.

4.2 Revenue 2015

There are three factors that influence SEV's gross revenue: 1) change in the price of electricity, 2) change 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 millions of DKK and forecast numbers for 2015.

Net revenue in million DKK	2009	2010	2011	2012	2013	2014	Budget 2015	Forecast 2015
KWh payment	260.3	261.8	296.5	335.0	362.4	379.2	376.0	390.3
Base rate	16.4	16.1	16.5	16.4	16.6	16.5	16.7	16.7
Connection fee	2.1	1.6	1.3	2.3	6.9	14.7	16.3	16.3
Service charges, etc.	1.1	1.3	5.0	4.7	1.3	2.7	1.5	4.1
Revenue	279.9	280.8	319.3	358.4	387.2	413.1	410.5	427.3
Purchase of wind energy	-2.7	-2.6	-2.8	-2.5	-2.6	-2.5	-2.8	2.6
Net Revenue	277.2	278.3	316.4	355.8	384.6	410.6	407.7	424.7



As the Table above shows, the revenue of the Company has steadily grown beginning in 2009 and continuing through 2015. This growth not only stems from an increase in 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.

The forecasted sales to customers for 2015 is estimated to be 291.7 GWh, corresponding to an increase of 21.7 GWh compared to that budgeted. This is much higher than originally envisioned when the budget was developed in the autumn of 2014. The reason for this is that the 2015 budget was grounded on an anticipated lower sales volume.

It is difficult to estimate more exactly, given that the growth in revenue is also conditioned on which customer grouping experiences the greatest growth. SEV's growth in sales varies, based on the sales distribution among the various customer groups. Certain individual customer groups might experience a profound growth in consumption, especially the fish farming, the fishing industry and fish processing industrial group, as well as SEV's ordinary retail customers.

It is not possible for SEV to obtain a more detailed overview of the trends in a particular customer group until the final tally is made at year-end. When all of the new wireless meters come online, this will no longer be a problem. At present, only a minimal portion of SEV's overall sales are derived from customers whose meters are read once a year and from which an individual customer's total consumption is calculated. Such meter reading, in the main, is conducted in December of each year. At the same, one must reconcile SEV's own-use and consequent grid loss of electricity. Grid loss in 2015 is calculated to be 21.6 GWh. Over the last five years, grid loss has been on average some 23 GWh, but the actual number has fluctuated year-on-year.

The booked revenue from kWh sales of DKK 310.1 million up to 30 September 2015 cannot directly be used to forecast revenue for a full year, because a small portion of the annual booked income is derived from customers whose final accounting is made subsequent to the reading of their meters at year-end. Moreover, certain disparities can occur in the calculation of the monthly installment payments and revenue in general that are not adjusted evenly from month to month.

However, based on the increase in electricity production and an estimation of electricity consumption, the booked revenue to date and the booked connection fees, it is forecast that revenue will be DKK 427.3 million, which is DKK 16.8 million more than the revenue projected for the 2015 budget. Net revenue for 2015 will be DKK 424.7 million, compared to the budgeted DKK 407.7 million. These forecasts are based on the wireless meter readings and the registered production numbers to date.

4.3 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.

4.3.1 Oil expenses

SEV has hedged its purchases of oil for 2015, 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. In this regard, SEV has determined that such a strategy is important to facilitate holding to the planned operations, financial and investment budget; moreover, price hedging is important relative to loan negotiations. Confer the more detailed analysis in section 5.6.1.

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 part of the total costs of the Company.

These costs are directly linked to the price adjustments in the home 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.

At the beginning of 2014, the price of oil had fallen to USD 584.00 per tonne only to rise again to USD 630.00 per tonne of heavy oil in March 2014. Most believed that the price of oil would fall by mid-year, but this did not occur and instead the price again rose to USD 633.70 per tonne of heavy oil. SEV hedged its oil purchases for 2014 in December of 2013 effective in January 2014 and in June 2014.

The price of oil remained high, but in July the price began to fall, reaching USD 553.70 per tonne of heavy oil by September 2014. By the end of 2014, the price was USD 321.10 per tonne of heavy oil. Below is an overview of SEV's hedging during 2014 for the purchase of oil per tonne of heavy oil in DKK:

	DKK per tonne of heavy oil	Difference
Budgeted price as at October 2013 for the purchase of oil in 2014	3,647	
Fixed oil price hedged as at December 2013 and June 2014	3,659	-12.0
Calculated 2014 market price for the purchase of oil	3,505	-154.0

At the beginning of 2015, the price of oil again cascaded to USD 244.10 per tonne only to subsequently rise to USD 296.60 per tonne of heavy oil by March 2015. The price of oil continued to rise until May 2015 when it reached USD 339.80 per tonne of heavy oil. The price then fell to USD 214.80 per tonne of heavy oil at the end of September 2015. Consequently, the price of oil fell to USD 210.00 per tonne of heavy oil in early October 2015. It is anticipated that the price of oil will trend even lower in the near future.

SEV's purchase of oil in 2015 is hedged and SEV has purchased dollar futures contracts at a stipulated exchange rate. These contracts were executed in June 2014 (with settlement running from November 2014 to February 2015) and in February 2015 (with settlement in



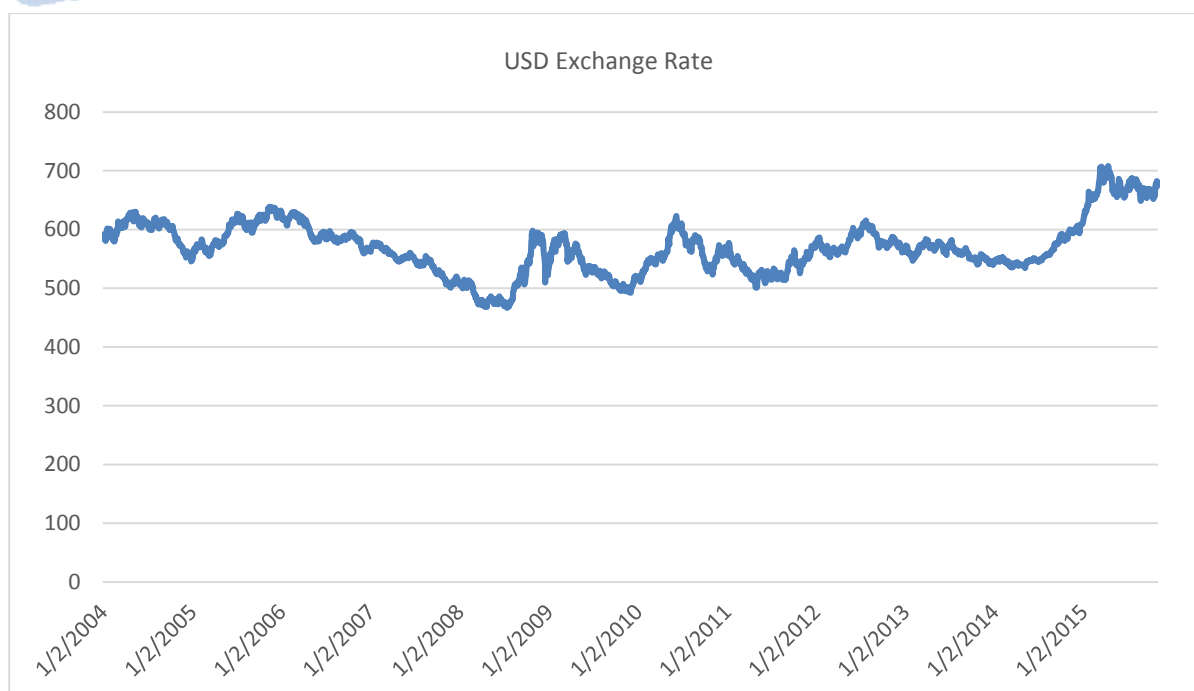
May, July, August and October). The hedging executed in February 2015 was stipulated at a level well under the budgeted oil costs in the 2015 budget. To fix the price lower than stipulated in the budget means that the anticipated result compared to the budget will be better by around DKK 24 million.

On the other hand, the price of oil on the open market when the oil is actually purchased can be higher or lower than the hedged price. This means that SEV would either receive money from the insurance company underwriting the hedge agreement or must pay the insurance company the difference between the hedged amount and the market price of oil as at the respective dates the oil was actually purchased. The same is true for the hedged purchase of USD. Generally, when the price of oil rises, the cost of a dollar declines and vice-versa. Below is an overview of SEV's hedging during 2015 for the purchase of oil per tonne of heavy oil in DKK:

	DKK per tonne of heavy oil	Difference
Budgeted price as at October 2014 for the purchase of oil in 2015	3,504	
Fixed oil price hedged as at June 2014 and February 2015	2,639	-865.0
Calculated 2015 market price for the purchase of oil	2,125	-514.0

The Tables below show the trends in the price of oil and the USD exchange rate over the last eighteen years. The first Table shows the cost in USD per tonne of heavy oil and the following Table shows the fluctuations in the USD exchange rate from 2004 to date.





For 2015, the price of oil – including lubricating and gas oil – was originally budgeted at DKK 3,779 per tonne. When considering heavy oil alone, the price per tonne originally budgeted was DKK 3,504.

The price per tonne of heavy oil – excluding lubricating and gas oil – used in production is forecast for 2015 to be DKK 2,886 or DKK 618 per tonne lower than budgeted. The thermal power plants were budgeted to use 27,781 tonnes of heavy oil, but the 2015 forecast for oil consumption by the thermal power plants is 27,570 tonnes. This is 211 tonnes less than budgeted. This yields a reduced cost of DKK 0.6 million.

The thermal power plants were originally budgeted to use 840 tonnes of gas oil, but the forecast for 2015 indicates that the power plants will use 1,187 tonnes. This is 347 tonnes more than budgeted. This will result in an increase in cost of DKK 2.7 million. The thermal power plants were expected to use 240 tonnes of lubricating oil, but the forecast for 2015 reveals that the thermal power plants will use 190 tonnes. This is 50 tonnes less than budgeted, which yields a cost saving of DKK 1.1 million.

The net total oil cost for 2015 including lubricating and gas oil is forecast to be DKK 93.2 million, compared to the budgeted DKK 109.9 million, corresponding to a savings of DKK 16.7 million. Also included in the forecasted cost of oil is an inventory write-off of DKK 3.0 million.

4.3.2 Goods and services

Total cost for goods and services was budgeted at DKK 68.9 million, but this is forecast to be DKK 54.1 million, or DKK 14.8 million less. This decrease in goods and services can be further

broken down such that the production plants used DKK 6.7 million less, the grid DKK 1.6 million less, and administration used DKK 6.6 million less than originally budgeted.

SEV continues to focus on a tight management of the resources of the Company, where each and every department carefully scrutinizes how funds are allocated. This reduction partially stems from undertakings that were amended or postponed to be carried out in 2016. In addition, changes were made to various projects.

All of this was done to ensure that the goal of a satisfactory result for 2015 is achieved.

4.3.3 Wages

The total cost for wages was budgeted at DKK 71.3 million, while the forecast indicates a cost of DKK 68.1 million – corresponding to an reduced spend of around DKK 3.2 million. This reduction breaks down thusly: DKK 2.0 million increase in production operations; DKK 5.0 million reduction in grid-related activities; and administrative spend was DKK 0.3 million less.

Increased wage expense for the production facilities stems especially from a higher allocation of administrative costs (DKK 1.8 million) than budgeted. Fewer personnel were hired in this area than budgeted, but the increase in cost is a result of overtime and hourly-paid work.

The lower wage expense for grid-related activities stems, in the main, from not implementing the budgeted staff expansion early in 2015 as intended but rather in the middle of the year. Wage expense for administration is DKK 0.3 million less than budgeted, including the adjustments regarding increased wage agreement pension payments of DKK 1.2 million.

4.3.4 Depreciation of fixed assets

Depreciation of fixed assets was budgeted at DKK 97.5 million, but the forecast is now DKK 86.9 million, or DKK 10.6 million less than budgeted. Depreciation is based on existing assets, as well as the net acquisition of assets in 2015.

The reason that depreciation is less than budgeted in 2015 derives, in the main, from less investment than originally planned of some DKK 135.3 million. DKK 407.5 million was originally budgeted.

4.3.5 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 23.8 million. The forecasted amount equals DKK 24.4 million, corresponding to an increase of DKK 0.6 million, even though the total loan facilities of the Company in 2015 were neither as large as budgeted, nor were they executed as quickly as budgeted because of the Company's excellent liquidity.

The reason for the increase in costs is that the anticipated refinancing of current debt under better terms, as well as an increase in the amount of the loan facilities, was carried out later than originally budgeted in 2015. In addition, the bank charges in this connection are booked together with the interest costs.

4.4 Investment, financing and liquidity

According to the 2015 budget, total investments were estimated to be DKK 407.5 million. Now that the end of the year is soon upon us, investment for 2015 is forecast to be DKK 272.2 million, which is DKK 135.3 million less than budgeted, and this is spread over several areas. 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	2015F	2015B	Difference
Fossá power plant	4.0	2.8	+1.2
Heyga power plant	0.1	0.4	-0.3
Mýra power plant	5.9	13.7	-4.2
Eiði power plant	2.0	1.3	+0.7
Botni power plant	0.4	2.5	-2.1
Vágs power plant	81.7	89.5	-7.8
Trongisvági power plant	0.3	0.3	0.0
Sund power plant	56.8	90.1	-33.3
Strond power plant	0.4	1.9	-1.5
Small installations	1.0	4.7	-3.7
Wind turbines, etc.	2.5	10.6	-8.1
Total investment, production facilities	155.0	217.6	-62.6
Gird, coupling stations, buildings, etc.	112.0	145.2	-33.2
Administration with building	5.2	44.6	-39.4
Total investment, grid activities	117.2	189.9	-72.7
Total investment, budgeted	272.2	407.5	-135.3

The investment in the Vágs power plant for 2015 is DKK 7.8 million lower than budgeted, mainly because of a delay in the work. The work is expected to be completed during the first quarter of 2016 rather than at the turn of the year 2015/2016. With respect to the Mýra power plant, some of the work has been postponed to 2017, therefore the investment is lower than budgeted by DKK 4.2 million. Relative to the Sund power plant, the investment is considerably lower than budgeted equalling DKK 26.6 million, of which the Site 3 investment is DKK 7.0 million less and the new, day-use oil storage tank building is DKK 15 million less.

Wind energy is forecast to need less investment equalling DKK 8.1 million. This investment is transferred to the grid and coupling stations. Investment is pending for the new battery system infrastructure for the wind farms. In total, the forecasted investment in production facilities is DKK 62.6 million less than budgeted.



Regarding the grid and coupling stations, the net investment is forecast to be DKK 33.2 million less than budgeted. Work equalling some DKK 20.4 million for coupling stations is postponed to 2016 and 2017. The distribution stations required DKK 3.1 million less investment. It should be noted that the undersea cable to Runavík and Fuglafjordur was DKK 9 million less than budgeted. The operations department booked less investment of DKK 18.4 million, resulting from the postponement of the installation of the Schneider control system for DKK 9 million to 2016, as well as the investment of some DKK 6 million in the 60 kV transfer station was not made.

Administration anticipates a lower level of investment equalling DKK 39.4 million because the construction of the new administration building will not get underway until 2016 and the management buffer set aside for investment purposes of some DKK 10 million was not tapped. In addition, certain small budgeted investments were either not made or were postponed.

Originally, the budget included an increased loan facility of DKK 247 million, in addition to the refinancing of current corporate debt of DKK 753 million, plus DKK 100 million in drawing rights and a DKK 65 million line of credit, altogether DKK 1,165 million. On 19 June 2015, the Company executed a new loan facility agreement with certain financial institutions for a total financing of DKK 1,100 million.

Because SEV did not undertake all the budgeted investment, it was only necessary to take out loans equalling DKK 146 million for 2015, corresponding to a lower indebtedness of DKK 101 million, such that the debt at the end of 2015 is forecast to be DKK 830 million. Drawing rights of DKK 270 million remain available for use by the Company.

Liquidity at year-end is calculated to be DKK 162.3 million, plus cash-on-hand, including the line of credit and the drawing rights, equalling DKK 270 million, or a total of DKK 432.3 million.

5. Operations, financial and investment budget 2016

5.0 Attest of the independent accountant

TO THE SHAREHOLDERS OF ELFELAGIÐ SEV

Pursuant to agreement, we have reviewed the budget of Elfelagið SEV for the period 1 January to 31 December 2016, 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 5 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 24 – 51. 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 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 principles, terms and conditions are not a valid foundation upon which to base the budget. Furthermore, it is our opinion that the stipulated 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, the 6th of November 2015.

P/F Januar

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

The discussion below analyzes the fundamentals supporting the revenue assumptions for the 2016 budget.

5.1 Independent subsidiary corporation to operate the windfarms

The intent is to establish two independent subsidiary companies to own and operate the wind farms at Neshaga and Húsahaga, respectively. This is consistent with the approval granted at the Extraordinary General Meeting held on 19 June 2015, to wit:

- 1) the proposal from the Board of Directors seeking permission and the authority for the Board to transfer the five wind turbines at Neshaga (including that which to date is associated with them) to a corporation or limited liability company that is a 100%-owned subsidiary of SEV, and to initiate and execute all the multiple matters in this connection;
- 2) the proposal from the Board of Directors seeking permission and the authority for the Board to transfer the thirteen wind turbines at Húsahaga (including that which to date is associated with them) to a corporation or limited liability company that is a 100%-owned subsidiary of SEV, and to initiate and execute all the multiple matters in this connection.

Discussion on these matters has been ongoing for some time with the owners of the Company and the relevant government authorities, and it is anticipated that the undertaking will be concluded during the first quarter of 2016.

5.1.1. Neshaga

The wind farm at Neshaga was completed and went operational in November 2012. Thus, the wind farm has produced electricity for SEV's customers for three years and the trials have been good. SEV has excluded the operations of the Neshaga wind farm from the budgets for 2016 onward. Instead, the plan is to purchase electricity from the subsidiary company rather than SEV as the parent company producing it.

The budget for 2016 is based on the assumption that the wind farm is transferred into an independent limited liability company. The wind farm at Neshaga encompasses the five ENERCON wind turbines, which represent a total investment of DKK 50 million made in 2012, and that which to date is associated with the operation of the wind turbines, e.g., business agreements with third parties, liabilities, inventory, cash-on-hand and other assets. It is expected that the subsidiary company will be established through a share equity investment of DKK 7 million and possible other securitization – all from SEV.

The budget is based upon the cautious assumption that a subsidiary company will be 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, SEV deems that it would be more fiscally prudent if all five wind turbines were placed in the subsidiary company.



Thus, the end result of this endeavour will be that the five wind turbines will be sold to a subsidiary company of SEV for a cost price of DKK 50 million, depreciated by around DKK 13.5 million for the period 2012-2015, such that the price will be around DKK 36.5 million. The final valuation shall be undertaken by professional assessors. For SEV, this means that its operational costs, depreciation and interest costs will be reduced once the wind farm is transferred to an independent subsidiary company.

On the other hand, the cost of purchasing electricity will increase, consistent with the number of kWhs the subsidiary company is able to produce and sell to SEV.

It is anticipated that the new subsidiary will need to take out a loan facility of DKK 38.4 million from financial institutions, or have its fiscal requirements satisfied through an intercompany account with SEV, coupled with the DKK 7.0 million invested by SEV in the new subsidiary as equity capital or possible other securitization, such that the subsidiary will have the necessary funds to purchase the wind turbines and other assets and liabilities, in addition to maintaining suitable liquidity.

The 2016 budget anticipates that financing will be secured from SEV via an intercompany account or securitization. Moreover, because the new company will be responsible for the operation of the wind turbines, it will be necessary to create a budget to guide the operation of the wind farm in a suitable manner.

For 2016, SEV has budgeted to purchase electricity production from its subsidiary equal to 16 GWh per year for around DKK 0.41 per kWh, pursuant to a special price agreement that shall be approved by the governmental authorities. This corresponds to an electric energy purchase of around DKK 6.6 million.

The annual operational result of the new subsidiary will be treated in the budget indirectly via fair-market value adjustments of the investments in the subsidiary, such that the revenue earned by the subsidiary benefits the customers of SEV.

The wind farm will be transferred into an independent company as of 1 January 2016, assuming that SEV receives final permission from the relevant governmental authorities.

Below is the operational budget of the new subsidiary shown in key figures in tDKK.

tDKK	2016	2017	2018	2019
Sales	6,560	6,560	6,560	6,560
Operations and maintenance	1,621	1,621	1,621	1,621
Financial costs and depreciation	4,520	4,426	4,332	4,238
Result	417	512	605	700

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

tDKK	2016	2017	2018	2019
Total assets	42,679	40,057	37,528	35,094
Liquidity	5,366	6,136	7,000	7,957
Intercompany account with SEV, primo	38,396	35,679	33,057	30,309
Intercompany account with SEV, ultimo	35,679	33,057	30,309	27,525



5.1.2 Húsahaga

SEV has devoted much time and energy to installing 13 wind turbines at Húsahaga and ultimately to transfer the wind farm into an independent subsidiary corporation that would take over operations after SEV had ensured itself that the project was finally ready to hand over to a subsidiary.

In reality, this means that SEV has taken responsibility for all the various agreements relative to the wind farm, including the purchase agreement for the wind turbines from ENERCON, as well as the contracts for the roadwork and the foundation infrastructure. This project is now completed and was officially handed over to SEV on 2 October 2014.

The 13 wind turbines and the associated assets, hereunder agreements with third parties relative to the operations of the company, liabilities, inventory, cash-on-hand and other assets, are expected to be sold to a new subsidiary of SEV at cost for around DKK 95.4 million as of 1 January 2016.

For SEV, this means that its operational costs, depreciation and interest expense will decrease when the wind farm is transferred to an independent subsidiary corporation. On the other hand, the cost for the purchase of electric energy will increase by the number of kWhs the subsidiary, by agreement, is required to produce and sell to SEV.

As planned, the new subsidiary will need to take out a loan facility of around DKK 76.5 million from financial institutions, or satisfy its fiscal needs via an intercompany account with SEV, combined with the DKK 20.0 million invested by SEV as equity capital or other possible securitization, such that the new subsidiary will have the necessary funds to purchase the wind turbines and the other assets and liabilities, plus maintain adequate liquidity. The 2016 budget is constructed such that the financing provided by SEV shall be via an intercompany account or a subordinated loan.

Moreover, because the new company will be responsible for the operation of the wind turbines, it will be necessary for the subsidiary to create a budget to guide the operation of wind farm in a suitable manner.

The annual operational result of the new subsidiary will be treated in the 2016 budget indirectly via fair market value adjustments for the subsidiary, such that the revenue earned by the subsidiary benefits the customers of SEV.

The wind farm will be transferred into an independent company as of 1 January 2016, assuming that SEV receives final permission from the relevant governmental authorities.

Below is the operational budget of the new subsidiary shown in key figures in tDKK.

tDKK	2016	2017	2018	2019
Sales	13,993	13,993	13,993	13,993
Operations and maintenance	4,379	4,379	4,379	4,379
Financial costs and depreciation	9,097	8,862	8,590	8,315
Result	516	740	838	1,065

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

tDKK	2016	2017	2018	2019
Total assets	91,508	88,010	84,594	81,515
Liquidity	2,880	6,178	9,555	13,271
Intercompany account with SEV, primo	76,544	72,203	67,964	63,709
Intercompany account with SEV, ultimo	72,203	67,964	63,709	59,564

Placing the wind turbines in an independent subsidiary corporation will impact the overall operations of SEV such that the cost of purchasing electricity will increase, while operational costs, depreciation and interest expense will decline. The amount of oil used for electricity production will be reduced and thus also oil expenditures overall, because the wind farm will produce electricity from wind instead of oil.²

For 2016, the plan is that SEV will purchase annually some 41.4 GWh of electricity from the Húsahaga subsidiary for DKK 0.33 per kWh, pending approval by the governmental authorities of a special pricing agreement. This equates to an electricity purchase of DKK 14.0 million.

SEV agreed to purchase 41.4 GWh from the wind farm subsidiary, even though SEV may not be able to fully utilize this capacity. However, beginning in 2017 and beyond, 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.

That said, the installation of the wind turbines places major demands on SEV's grid operations. Upgrading the grid will require considerable investment, which will have a significant impact on overall costs. New high-tension cables are currently being laid from the wind farm over to the Sund power plant and to the coupling station at Varðagøta in Tórshavn and this work is nearly complete.

The new coupling station at Húsahaga will cost around DKK 70 million, and the battery back-up station will be erected for around DKK 15 million. This battery station will arrive in the Faroe Islands in January 2016 and will enter into operation during the first quarter of 2016.

The total investment for these projects is some DKK 190 million. The investment should be depreciated between 15 and 35 years; annual depreciation will increase correspondingly, but the investment, in the end, will have a positive impact on SEV operations.

SEV considers that this endeavour is both challenging and progressive, and the Company has pledged that it shall succeed.

² The 2014 budget outlined the impact in key numbers on operations, adjustments and liquidity if these wind farms were deleted from the budget and placed in two independent subsidiaries, or if they were included. Please refer to the 2014 budget that was sent to the municipalities, and is otherwise available at www.sev.fo.

5.2 Profitability and setting the price of electricity

The 2016 result is budgeted to be a profit of DKK 72.5 million, of which the EBITDA to net debt ratio is 4.7, which equates to a return on equity of 6.7%. SEV does not intend to increase the price of electricity in 2016, nor adjust the fixed charges.

Over the coming five years, it will be necessary to achieve a superlative gross profit so 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.

In order 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 6 regarding the ongoing projected budgets for 2016-2025.

5.2.1 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 satisfactory 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. In 2014, the price was again increased for this customer group by DKK 0.05 per kWh, while no price increase was levied on other customers. The base rate for this industrial group was also raised by 600 DKK, 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 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 consumption.

DKK per kWh	2011	2012	2013	2014	2015F	2016B
Sales cost per kWh, industry group	0.89	0.99	1.10	1.15	1.15	1.15
Oil costs per sold kWh produced from oil, including own-use and grid loss	0.92	1.02	0.99	1.01	0.76	0.60
Result	-0.03	-0.03	0.11	0.14	0.39	0.55

As the Table above shows, the cost of each kWh produced from oil in 2012 was DKK 1.02. 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 during 2014 and 2015, SEV has been able to achieve 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 0.55 per kWh in 2016.

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	2015F	2016B
Revenue	1.07	1.11	1.10	1.25	1.37	1.41	1.46	1.47	1.44
Costs	1.13	1.05	1.28	1.40	1.42	1.37	1.25	1.13	1.20
Result	-0.06	0.06	-0.18	-0.15	-0.05	0.04	0.21	0.34	0.24

For 2016, the budgeted production cost of each kWh is DKK 1.20, while each kWh on average will be sold for DKK 1.44, 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 2016. SEV considers the budgeted expenses and investment planned for 2016 are necessary to ensure a secure and quality production of electricity. The Price Schedule as at 1 January 2016 is shown in the Table below.

Annual usage in kWh	Annual base rate DKK	2010 prices in DKK without / with VAT	2011 prices in DKK without / with VAT	2012 prices in DKK without / with VAT	2013 prices in DKK without / with VAT	2014 prices in DKK without / with VAT	2015 prices in DKK without / with VAT	2016 prices in DKK without / with 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
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
>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



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 is as shown below.

Annual usage in kWh ¹	Annual base rate DKK	2010 prices in DKK without VAT	2011 prices in DKK without VAT	2012 prices in DKK without VAT	2013 prices in DKK without VAT	2014 prices in DKK without VAT	2015 prices in DKK without VAT	2016 prices in DKK without VAT
0-10,000	480	1.21	1.36	1.46	1.51	1.51	1.51	1.51
10,000-30,000	1,280	1.13	1.28	1.38	1.43	1.43	1.43	1.43
> 30,000	9,680	0.74	0.89	0.99	1.10	1.15	1.15	1.15

¹ Annual usage in kWh 10,000 – 20,000 and greater than 20,000 through and including 2014. The base rate for customers with a usage greater than >30,000 increased by DKK 600 in 2015. Through 2014, the fee was 9,080 DKK.

An ordinary household customer with a usage of around 8,000 kWh annually pays a base rate of DKK 480 plus DKK 1.51 per kWh, which corresponds to DKK 12,080. In addition, VAT of 25% must be added, corresponding to DKK 3,140, which means that a private household will pay some DKK 15,700 annually or DKK 1,308 per month. If the annual usage were 6,000 kWh, the private customer would pay DKK 11,940 per year, or DKK 995 per month.

5.3 Electricity sales and production

The Table below shows the growth in electricity consumption.

Year	Booked customer usage in million kWhs	Growth in million kWhs	Growth in percent
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 Forecast	291.7	7.9	2.8
2016 Budgeted	296.6	4.9	1.7

The Table above shows an increase in average electricity consumption of 1.7% for 2016, compared to 2.8% in 2015. These increases reflect growth in several customer groups with varying individual amounts of growth, as well as decreases in other groups. Confer the Table above on [page 10](#) of the report.



Industrial customers experienced an accelerated growth in their production, resulting in increased electricity usage. 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 3% more electricity in 2016. Other customer groups are expected to use between 0.5 and 2.0% more electricity.

The Table below shows the evolution of electricity production in GWh from 2009-2014 (verified data). The data for 2015 is forecast (F) and the data for 2016 is budgeted (B).

Production	2009 GWh / %	2010 GWh / %	2011 GWh / %	2012 GWh / %	2013 GWh / %	2014 GWh / %	2015F GWh / %	2016B GWh / %
Total production	275.5 100.0	280.3 100.0	273.8 100.0	291.6 100.0	292.5 100.0	305.4 100.0	313.3 100.0	318.2 100.0
Thermal	168.1 61.1	199.3 71.1	166.8 60.9	181.0 62.1	180.1 61.6	150.2 49.2	132.5 42.3	139.3 43.8
Hydropower	92.4 33.5	67.4 24.1	92.5 33.8	99.8 34.2	90.6 31.0	120.7 39.5	124.0 39.6	122.0 38.3
Wind	15.0 5.4	13.6 4.9	14.5 5.3	10.8 3.7	21.8 7.4	34.5 11.3	56.8 18.1	57.0 17.9
Green energy	107.4 38.9	81.0 29.0	107.0 39.1	110.6 37.9	112.4 38.4	155.2 50.8	180.8 57.7	178.9 56.2

Production from renewable energy resources is estimated to be 178.9 GWh in 2016, corresponding to 56.2% of total production. Thermal production for 2016 is budgeted to be 139.3 GWh, compared to 132.5 GWh in 2015, equalling 43.8% of total production.

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

Pursuant to a purchase agreement³ 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 2.6 million, which is taken into the budget for 2016.

In addition, SEV intends to purchase wind energy from the two subsidiaries that will operate the wind farms at Neshaga and Húsahaga. SEV intends to purchase 16.0 GWh from the Neshaga subsidiary, corresponding to a purchase of DKK 6.6 million, or DKK 0.41 per kWh.

Further, SEV intends to purchase 42.7 GWh from the Húsahaga wind farm subsidiary for around DKK 0.33 per kWh, which equates to a total cost of around DKK 14.0 million. It is believed that not all of the guaranteed wind energy purchase agreements will enter into effect during 2016, and thus this fact must be taken into account relative to the production budget

³ The agreement terminated on 1 September 2013 and as yet the agreement has not been renewed.

for the Sund power plant. In total, it is anticipated that SEV will purchase energy for DKK 23.2 million in 2016, compared to DKK 2.6 million in 2015, or DKK 20.6 million more.

5.5 Total revenue

The Table below provides an overview of the total revenue derived from the various customer groups in millions of DKK.

Customer Group	Forecast 2015 electricity sales in millions DKK	Forecast 2015 base rate in millions DKK	Electricity sales in millions DKK 2016	Base rate in millions DKK 2016
Agriculture, aquaculture, fishing industry, natural resources industry	37.9	1.1	38.2	1.0
Work in progress, production and construction	91.2	1.7	92.1	1.7
Retail stores, restaurants, hotels	35.5	0.8	35.9	0.8
Transport, postal services, communications	34.2	0.6	34.4	0.6
Financial services, insurance, other business services	5.2	0.2	5.3	0.2
Public sector and private sector services, churches and other religious organizations, etc.	55.4	1.5	56.5	1.5
Street lighting	10.4	0.4	10.6	0.4
Private homes, apartments, summer homes and boathouses	120.5	10.5	124.1	10.5
Total	- 390.3	16.7	397.1	16.7

The Table above shows that the Company will experience an increase in revenue in 2016 of DKK 6.8 million from kWh sales, corresponding to a total revenue from kWh sales of DKK 397.1 million. The base rate payment will remain unchanged and will yield a revenue stream of DKK 16.7 million.

In addition, the Company will derive revenue from its connection fees and other services amounting to DKK 14.1 million, thus yielding a total annual revenue of DKK 427.9 million, compared to the forecast revenue of DKK 427.3 million for 2015. This means that SEV will earn DKK 0.6 million more in revenue than forecast for 2015.

5.6 Operational expenses

Generally, expenses encompass oil costs, purchase of wind energy, operational costs, depreciation and interest. The past two or three years have shown that the forecast costs are much lower than budgeted for the same year. The reason for this is that the budget includes a buffer against unexpected maintenance and damage. On the other hand, much work is

focused on ensuring that costs are not greater than necessary, even though the budgeted amount is in effect higher.

Operational costs of the Company are normally divided between wages for employees and purchased goods and services. These two groupings are again subdivided between grid-related activities, production and administration. Administrative expenses in the main relate to grid activities, but often there are joint expenses a portion of which is ascribed to production.

5.6.1 Hedging strategy for oil, currency and interest

Especially over the last two 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 potential for SEV to cover partially or completely any increases in costs by adjusting the price of electricity or other fees is limited, and thus the possibility of experiencing a deficit or an unsatisfactory operational result is quite probable in any given time period. The pricing levels are in the end 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.

At the same time, 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. However, 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 or better than the companies with which it competes for financing.



Therefore, SEV, together with 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 entered into in 2014 and this past summer when an agreement was executed in June 2015 to cover the financing needs of the Company for 2015 and 2016. At the same time, in collaboration with its advisors at the insurance broker Willis Føroyar, SEV has worked diligently to cover its insurance risks.

One factor impacting the budgets over the course of the next several years is that the current oil and currency hedging strategy was enhanced to cover an additional four years. This is the same timeframe during which the Company's loan facilities are expected to increase by around DKK 700-800 million to some DKK 1,600 million. At the time this report was drafted, the price of oil was low, comparable to the oil prices seen one or two years ago, which means that entering into such hedging for a lengthy period is an advantage for SEV.

However, this price level is not decisive relative to SEV's hedging, which must be deliberately undertaken to ensure profitable and consistent operations.

5.6.1.1 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 for the periods below.

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

This means that insurance coverage is taken out in year one for a specific fiscal year. In year two, 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 insure against currency fluctuation risks on the dollar market.

5.6.1.2 Strategy for insuring against interest rate risk

Pursuant to agreements with its loan providers, SEV has secured some 75% of its debt at a fixed rate of interest at terms longer than 12 months. The fixed rate repayment periods range from five to eight years. This was done in such a manner that SEV could arrange for the coverage of its interest rate risk for between 50-75% of its total debt at any particular time. The debt held by the Company could be linked to either an agreed upon fixed rate of interest

or a variable rate, which could be covered by a derivative agreement allowing for changes from a variable interest rate to a fixed rate, 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 50% or over 75% of total debt an adjustment is made consistent with the interest rate swap agreements. This means that some interest rate swaps could expire, e.g., to avoid having a portion of the debt larger than 75% 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 of from five to eight years.

5.6.2 Oil expenses

Over the past several years, SEV has had very significant expenses related to the purchase of oil and the 2015 budget estimated a cost of DKK 3,779 per tonne of oil⁴. Since then, the price of oil has declined, but the USD is strong, and thus the 2016 budget is based on an oil price per tonne of heavy oil, including lubricating and gas oil, of DKK 2,548, which is DKK 1,231 less per tonne.

The forecast for 2015 anticipates a price per tonne of heavy oil, including lubricating and gas oil, of DKK 3,219, which is DKK 560 less per tonne than originally budgeted.

The Table below shows heavy oil consumption in tonnes for 2008-2014. Also shown is the amount budgeted for 2015, the consumption forecast for 2015, and the amount budgeted for 2016.

	2008	2009	2010	2011	2012	2013	2014	2015 Budget	2015 Forecast	2016 Budget
Tonnes	33,683	34,554	39,748	33,961	36,746	36,893	36,893	27,781	27,570	28,969

SEV expects to use 28,969 tonnes of heavy oil in 2016, compared to a forecast of 27,570 tonnes in 2015 or 1,399 tonnes more, mainly because production is expected to increase by 1.6%. Gas oil and lubricating oil is in addition.

The oil expense forecast for 2015 is estimated to be DKK 93.2 million, and the oil expenditure for 2016 is budgeted to be DKK 78.6 million, which is DKK 14.6 million less. The reason that the cost of oil is DKK 14.6 million less is a consequence of a lower oil price by some DKK 671 per tonne of heavy oil including gas oil, lubricating oil, and urea, even though heavy oil consumption is budgeted to rise to 1,399 tonnes.

⁴ Including lubricating oil and gas oil.

In order to establish a price point to calculate the cost of oil for the 2016 budget, SEV used as a basis the average oil price projected in the Forward Curve for the spot price of heavy oil as at 22 October 2015 for 2016, which on average is USD 248, increased by a margin of 5%, which corresponds to an oil price of USD 260 per tonne of heavy oil. Moreover, the dollar exchange rate was stipulated at DKK 7.42 (DKK 742.00). In addition to these costs is added the payment to the oil provider, import duties and other fees. This forms the basis for the budgeted oil expense.

Oil-related expenses for 2016 are budgeted to be DKK 78.6 million, which equals some 22% of estimated expenses relative to wind energy purchases, other costs, depreciation and interest for 2016. 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 result.

In order to ensure that the cost of oil does not adversely impact the budget, SEV has elected to hedge the cost of oil, as well as entering into USD futures contracts. This is done consistent with the hedging strategy of the Company.

SEV's price hedging strategy was instituted to help ensure that the Company could hold true to its budget over the coming years. The goal of hedging the Company's budgeted oil purchases, or at least a portion thereof, is to minimize the impact of future price swings in the US dollar-dominated price of oil relative to the planned consumption / purchase of oil.

5.6.3 Goods and services

The total budgeted cost for goods and services for 2016 is estimated to be DKK 62.8 million, compared to a budgeted amount in 2015 of DKK 68.9 million, which equates to a reduction of DKK 6.1 million. This savings is distributed thusly: production, DKK 7.4 million less; grid-activities, DKK 1.3 million more; administration, no change.

The forecasted cost for goods and services for 2015 is DKK 54.1 million, compared to a budgeted DKK 68.9 million, corresponding to a reduction of DKK 14.8 million.

5.6.3.1 Production activities

The Table below shows the cost trend for goods and services for production activities over the past several years in DKK millions. The figures for the years 2007-2014 have been verified and are accurate.

2007	2008	2009	2010	2011	2012	2013	2014	2015 Budget	2015 Forecast	2016 Budget
55,610	53,125	32,089	31,778	43,251	27,628	24,069	21,139	28,668	22,008	21,270

The Table above shows that the budgeted costs for production activities for 2016 are at a lower level than previous years. The cost for 2016 is budgeted to be DKK 21.3 million, compared to DKK 28.7 million for 2015, which is DKK 7.4 million lower than the previous year.

Forecast expenses for 2015 are estimated to be DKK 22.0 million, which is a considerable decrease compared to the budgeted amount for 2015 of DKK 28.7 million, or DKK 6.7 million less. The goal of the Company is to hold down expenses, but it must undertake the necessary maintenance to ensure secure operations.

5.6.3.2 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 millions. The figures for years 2007-2014 have been verified and are accurate.

2007	2008	2009	2010	2011	2012	2013	2014	2015 Budget	2015 Forecast	2016 Budget
33,223	40,502	16,577	18,471	15,099	19,999	15,425	11,870	14,218	12,647	15,517

The Table above for grid-related activities shows that costs early on were at a considerably higher level than forecast for 2015 and budgeted for 2016.

Expenses for goods and services for grid-related activities are estimated to be DKK 15.5 million for 2016, compared to DKK 14.2 million for 2015. This is a reduction of DKK 1.3 million. The forecast cost for 2015 is estimated to be DKK 12.6 million, compared to the budgeted amount of DKK 14.2 million, or DKK 1.6 million lower. The grid department has also worked hard to hold down expenses to ensure a satisfactory result in 2015.

5.6.3.3 Administration

The Table below shows the cost trend for goods and services for administration over the past several years in DKK millions. The figures for the years 2007-2014 have been verified and are accurate.

2007	2008	2009	2010	2011	2012	2013	2014	2015 Budget	2015 Forecast	2016 Budget
12,380	15,748	12,685	15,036	16,516	11,860	14,577	16,824	26,010	19,411	26,055

The Table above shows costs for administration, including the cost for research studies, consultancy work and write-off of creditor debt, etc. Historically, these costs have ranged between DKK 12.4 million up to DKK 16.8 million.



Expenses for 2016 are budgeted to be DKK 26.0 million and thus remain unchanged compared to 2015. At present, administrative costs are at a high level because of several projects, such as development training for management and staff, research into a variety of issues, as well as executing the necessary bank financing. These costs are not deemed recurring expenses.

Of special note are the costs related to research and advisory consultancy services that are estimated to be around DKK 12.2 million. For 2016, the plan is to continue work on several projects, as well as new projects that may present themselves. These include, to name but a sample: the study on “Pumped to Storage”, system services, research into a new pricing structure, support of PhD students, a wind project on Suðuroy, legal and accounting work, communications services, revision and drafting of new customer service terms and conditions, and customer satisfaction surveys. In addition, included in the budget are costs of some DKK 1.9 million related to the management and execution of financing for the investment projects that lie ahead.

Bank charges and the costs related to processing accounts receivable, etc. are estimated to be DKK 1.9 million.

Additional administrative costs, among others, include insurance for DKK 1.5 million; telephone and advertising, DKK 1.2 million; cleaning, DKK 0.4 million; Municipal Employers Association, DKK 0.4 million; bad debt of DKK 1.0 million; building maintenance, DKK 1.0 million; Electricity Production Commission, DKK 2.0 million; office-related expenses, DKK 1.1 million. The cost for computer and related equipment is estimated to be DKK 2.5 million.

The leadership development project moved off the back burner late in 2014 and has continued apace through all of 2015. Leadership development will continue in 2016, and in this regard DKK 0.8 million is set aside for the continued development of the Company’s management team, as well as other employee costs related to development, such as courses, schooling and travel, which is estimated to be DKK 2.0 million.

The budgeted amount was DKK 26.0 million, but this has been forecast to be DKK 19.4 million, or DKK 6.6 million less.

5.6.4 Wage expense

The Table below shows the trend in total wage expenses over the past few years in DKK millions. The figures for years 2007-2014 have been verified and are accurate.

2007	2008	2009	2010	2011	2012	2013	2014	2015 Budget	2015 Forecast	2016 Budget
53,051	57,168	62,307	65,061	62,576	60,187	58,706	63,644	71,286	68,097	72,372

Total wage expense in 2016 is budgeted to be DKK 72.4 million, compared to a budgeted DKK 71.3 million in 2015. This is an increase of DKK 1.1 million.

The Table below shows total wage expense subdivided into production, grid-related activities and administration for the past several years. The figures for 2007-2014 have been verified and are accurate.

	2007	2008	2009	2010	2011	2012	2013	2014	2015 Budget	2015 Forecast	2016 Budget
Production	24,684	23,937	32,878	31,103	32,135	28,327	30,652	30,881	30,620	32,679	30,556
Grid	16,507	18,615	19,326	23,915	20,420	19,999	19,453	19,876	27,307	22,329	29,946
Admin	11,860	14,616	10,073	10,043	10,021	11,860	8,601	12,887	13,359	13,089	11,869
Total	53,051	57,168	62,277	65,061	62,576	62,187	58,705	63,644	71,286	68,097	72,372

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 2016 and the Company has budgeted for an increase in wages as a result of future wage negotiations by the various unions.

The Table above shows that wage expenses have grown from 2007 through and including 2010 and then subsequently declined until 2014 and are expected to grow again in 2015 and 2016.

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 2015 (budgeted) have been around 30 million DKK.

Wage expenses for grid-related activities have been increasing and it is anticipated that more people will be needed in this area in 2016 in order to meet the demands of the many projects that lie ahead.

Since 2009 through 2012, wage expenses for administration have remained fairly constant. The forecast cost for 2015 and the budgeted cost for 2016 are lower, compared to that budgeted in 2015, because of an increase in the distribution of wage expenses to production of DKK 1.2 million. In addition, the budget for 2016 also incorporates a cost-averaging relative to SEV's civil service pension obligation of DKK 1.2 million, based on a lower rate of interest. Thus, taking into account these costs reductions, the overall wage expense for administration is somewhat lower than the previous year.

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.

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 540 and DKK 1,620 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.

Total compensation paid to the Board of Directors for 2015 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 government authorities. For 2016, the board compensation and related costs is budgeted at DKK 1.2 million. In addition are reimbursements for travel expenses.

5.6.5 Depreciation

Depreciation is budgeted at DKK 91.0 million for 2016, compared to a forecast DKK 86.9 million for 2015, and is based on current fixed assets and anticipated acquisition and disposal of assets. This reflects an increase of DKK 4.1 million, compared to that forecast for 2015.

Depreciation for 2016 is not only influenced by the depreciation of increased investment. Another change to the amount of depreciation in the budget is the transfer of the investment in the Neshaga and Húsahaga wind farms into the independent subsidiary companies owned by SEV. As a result of this transfer, the overall depreciation will be lower by some DKK 10 million annually.

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.

The budgeted depreciation for 2016 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 35 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.

5.6.6 Interest and return on equity

The balancing of the capital infusion into the subsidiaries is budgeted to be a surplus of some DKK 0.9 million in 2016. No income is forecast from equity in 2015. Estimated interest expense is based on current loan facility agreements and budgeted new loans.

For 2016, net interest expense is budgeted to be DKK 29.4 million. Net interest expense for 2015 is forecast to be DKK 24.4 million. Whether SEV is able to hold its financial costs to as low a level as possible is dependent on the operational result of the Company going forward.

The rate of interest is budgeted to be 3%, although it is anticipated that the rate of interest will be higher in the case of loans with fixed rates of interest.

Increased interest expense over the past few years stems from an increase in the loan facilities taken out by SEV, which in turn are based on the amount of SEV's undertaken and budgeted investments of around DKK 1.4 billion from 2008 through 2016 and an operational deficit in 2008, 2010, 2011, and 2012 for a total of DKK 100 million.

In 2008, interest expense was DKK 3.5 million, consistent with a long-term debt of DKK 105.8 million at year-end 2008. At year-end 2015, the long-term debt is forecast to be DKK 830 million. For 2016, the loan facilities are budgeted to increase by around DKK 270 million. Long-term debt at year-end 2016 is therefore budgeted at DKK 1,100 million.

The interest income on liquid assets is set at DKK 0.5 million, plus the DKK 3.4 million in interest income derived from the intercompany account with SEV subsidiaries in 2016, for a total of DKK 3.9 million.

5.7 Investment

Investment for 2016 is budgeted to be DKK 377.4 million. The Table below also shows the audited amounts for 2012 through 2014, as well as the forecast (F) and budgeted (B) amounts for 2015 and budgeted for 2016. The investment for 2016 will be distributed as shown on the Table below.

Investment in millions DKK	2016B	2015F	2015B	2014	2013	2012
Fossá power plant	2.3	4.0	2.8	16.2	10.1	2.5
Heyga power plant	0.4	0.1	0.4	0.5	13.1	3.3
Mýra power plant	2.7	5.9	13.7	0.9	1.1	1.9
Eiði power plant	1.8	2.0	1.3	6.5	47.8	50.9
Botni power plant	2.0	0.4	2.5	0.3	0.4	0.1
Vágs power plant	18.2	81.7	89.5	15.4	2.3	1.7
Trongisvági power plant	3.7	0.3	0.3	0.4	0.7	1.8
Sund power plant	142.8	56.8	90.1	36.9	8.3	7.8
Strond	4.6	0.4	1.9	4.8	3.0	1.3
Small power plants	5.5	1.0	4.7	0.4	4.2	0.1
Wind turbines	0.5	2.5	10.6	0.4	16.5	48.1
Total production investment	184.3	155.0	217.6	178.8	107.4	119.5
Grid, coupling stations, buildings, etc.	159.6	112.0	145.2	89.0	43.5	30.3
Admin space in buildings	33.5	5.2	44.6	7.4	4.1	4.0
Total grid investment	193.1	117.2	189.9	96.4	47.6	34.3
Total budgeted investment	377.4	272.2	407.5	275.2	155.0	153.8
Budget 2012-2014 / Forecast 2015			272.2	375.9	286.7	188.3
Difference -- Less investment than budgeted			-135.3	-100.7	-131.7	-34.5

A new control system was set up at Fossá power plant in 2014, as well as exterior and interior renovation was carried out on the building facility during the period 2013-2015. In 2016, the roadway into Fonsdal will be asphalted for DKK 1.0 million. In addition, certain small investments will be undertaken in 2016 for DKK 1.3 million. The total investment in the Fossá power plant ensures that the power plant will be like new.

The Heyga power plant was upgraded in 2012 and 2013 for a considerable sum, thus only a minimal investment was required for 2015 and also in 2016

Efforts are underway to extend the useful life of the Mýra power plant by sand blasting and painting the associated water pipes and to shift out the ventilation valves and sluice gate. This is expected to cost DKK 5.9 million in 2015. The installation of a new computer-based control panel and control system and the upgrade of the turbines is postponed until 2017. In 2016, the roadway down to the Mýra power station will be asphalted for DKK 0.9 million and the

sluice gate and ventilation valves will be installed for DKK 1.5 million. After the 2015-2017 investment, when these upgrades are implemented, the Mýra power plant will be like new.

The Eiði power plant with its associated tunnels is now 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. The 2015 investment in the Eiði power plant equalled a total of DKK 2.0 million for several small improvements. For 2016, some small investments will be carried out for DKK 1.8 million. The power plant today is essentially a brand-new facility.

An upgrade of the area surrounding and associated with the Botn power plant, along with some routine maintenance, will be carried out for some DKK 1.1 million and the facility itself will be renovated for DKK 0.9 million. The work encompasses a variety of small improvements.

Major renovations are currently being carried out at the Vágs power plant, including the installation of an additional motor, and the facility itself will be expanded to include several workrooms. The total investment envisioned is DKK 94.0 million over two years, of which DKK 81.0 million is designated to the production accounts. Of this amount, some DKK 25.0 – 30.0 million is set aside for the new motor. Grid-related investment is estimated at DKK 13 million. Work got underway in 2014 and continued through 2015 and it is expected to cost DKK 81.7 million. The work to update the facility will continue in 2016 and DKK 9.7 million is budgeted. In 2016, ancillary work is planned to be undertaken for a total of DKK 2.0 million, encompassing an upgrade of the control system, transformers and high tension lines for DKK 6 million; the removal of the temporary oil storage facility for DKK 0.5 million, as well as other small investment.

In 2014, two new transformers were installed at the Trongisvágs power plant and the interior of the plant was renovated. An additional DKK 0.3 million was invested in the facility in 2015. For 2016, the plan is to remove the old motor and get the facility ready for a new coupling station at a cost of DKK 2.2 million. Routine maintenance on the transformers will be carried out, as well as a new building to house the transformers will be constructed for a total cost of DKK 1.5 million. Once completed, this facility at Trongisvágs will be considered an asset of the grid department.

The total investment in the Sund power plant is forecast to be DKK 56.8 million in 2015. Among other things, the investment in the Sund power plant is designed to meet the environmental and safety requirements of the governmental authorities. One specific project is the upgrading of the current oil tank yard for DKK 33.6 million, of which the investment for 2015 was DKK 27.5 million. Work was initiated in 2014 and is expected to be completed in 2015.

Moreover, preparatory work is underway regarding the expansion of the Sund power plant, which shall be laid before the shareholders when the project is ready for a decision. It is anticipated that DKK 6.0 million will be used toward this preparatory work in 2015, while DKK 68 million is set aside for the expansion of the Sund power plant in 2016. Actual expansion work will not be initiated before the shareholders have approved the project at the Annual



General Meeting in the spring of 2016. Therefore, of the DKK 68 million set aside, only the costs related to the preparatory work will be expensed.

Work on the new short-term oil storage facility has begun. The total cost, including the building, storage tank and technical equipment as well as the electrical work, is estimated to be DKK 63.2 million. This total cost can be subdivided as follows: building for short-term oil storage, DKK 21.5 million; technical equipment, DKK 33.4 million; electrical work, DKK 8.5 million. It is forecast that for 2015 some DKK 8.9 million will be expensed on this project, and in 2016 it is estimated that some DKK 54.3 million will be invested.

Upgrading of the electronic control room at the Sund power plant in 2015 was carried out for DKK 2.6 million; the crane was updated for DKK 2.1 million. The upgrading of the motor control system is estimated to cost DKK 4.0 million and is budgeted for 2016. A new electric boiler will be purchased in 2016 for DKK 7.5 million. It is planned that SEV will enter into an agreement with Fjarhitafelagið [the district heating company based in Tórshavn] on the use of a part of the electric boiler. Other small investments are planned equalling DKK 2.4 million in 2015 and DKK 3.3 million in 2016.

The work on updating the power plant at Strond will continue in 2015 and 2016. The investment in the facility for 2015 is forecast to be DKK 0.4 million, while the investment in technical equipment budgeted for 2016 equals DKK 2.5 million and the building itself DKK 2.1 million.

SEV forecasts an investment in wind power of DKK 2.5 million in 2015, of which the asphaltting of the road system at the Húsahaga wind farm equals DKK 2.0 million. The old Vestas wind turbine is now sold and therefore will not be erected at Eiði as originally planned. In addition, there will be other small investments for around DKK 0.5 million. Investment in the battery station and stabilization infrastructure at Húsahaga is forecast at DKK 6.2 million in 2015 and DKK 7.0 million in 2016. The battery system is a comprehensive system that will enable SEV to transfer much of its wind-generated power directly into the grid.

In 2016, it is proposed that a tender for the erection of a wind turbine on Suðuroy will be issued and in this connection some DKK 50 million is set aside in the 2017 budget, ensuring that SEV could participate in such a tender offer. In addition, other small investments of DKK 0.5 million are planned.

Major investments in the grid, coupling stations, and buildings, etc. should be undertaken in 2015 and the years following. The work on the grid is especially relevant in order to strengthen the grid to receive more wind power, and the expansion of the Sund power plant to incorporate "Site 3" is also critical. New coupling stations are presently being completed at the Húsahaga wind farm. The cost of these is some DKK 67 million altogether, of which DKK 45 million was expensed in 2014 and DKK 20 million in 2015. An expense of DKK 2.0 million is budgeted for 2016.

Investment in the distribution grid for 2015 is forecast to be DKK 52.7 million, including especially the major investments in the undersea cable to Runavík for DKK 8.0 million and the



undersea cable to Fuglafjordur for another DKK 8.0 million, plus the 60 kV cable and transformer station at Runavík estimated at DKK 6.2 million.

The total investment for the distribution grid for 2016 is budgeted at DKK 49.2 million: North Islands grid, DKK 9.4 million; Eysturoy, DKK 5.0 million; Vágoy grid, DKK 1.0 million; Mid-Streymoy, DKK 5.7 million; southern Streymoy, DKK 7.3 million; Sandoy, DKK 0.7 million; Suðuroy, DKK 4.3 million. In addition to these, some DKK 11.6 million is budgeted for the expansion of the 10 kV, 20 kV and the 60 kV grid. Vehicles shall be purchased in 2016 as well for DKK 3.0 million.

The installation department will invest some DKK 6.6 million in wireless electric meters, etc.; charging stations for electric vehicles were set up in 2015 costing DKK 1.0 million. In 2016, an investment of DKK 2.0 million is budgeted toward these charging stations.

A new control system for the electricity grid is under development in association with specialist companies. This work is underway and is estimated at present to cost around DKK 9.0 million, of which DKK 1.0 million was set aside in 2015 and DKK 8.0 million for 2016.

It is anticipated that SEV will undertake to construct six new coupling stations for DKK 250 million beginning in 2015 and extending over the next four years. In addition, the coupling station at Húsahaga is nearly complete. In this regard, SEV is hopeful that it can negotiate a satisfactory price with the various construction companies and equipment suppliers.

Some DKK 44.0 million is forecast for coupling stations for 2015. A combined purchasing agreement for the coupling stations, which was anticipated in the 2015 budget, has not been executed, mainly because the pace of the construction to date was unusually swift. At present it is difficult to predict the success of such a purchasing structure, because of the current situation in which there are a number of time-sensitive projects underway in response to the large demand for electricity from SEV's customers.

The coupling station at Húsahaga is budgeted at DKK 20.0 million. A new coupling station at Runavík is scheduled for a total of DKK 40.0 million, of which DKK 22.0 million is forecast for 2015, and another DKK 18.0 million for 2016. In addition, a new coupling station is budgeted for Innan Eið for a total of DKK 40 million, of which DKK 2.0 million is forecast for 2015, DKK 30.0 million for 2016, and DKK 8.0 million for 2017.

The Table below shows the investment in coupling stations budgeted in 2014 and the coming years in DKK millions.

Place / Year in DKK millions	2015	2016	2017	2018	2019	Total
Húsahaga	25.0	0.0	0.0	0.0	0.0	25
Vestmanna	5.0	20.0	25.0	0.0	0.0	50
Sund	5.0	20.0	25.0	0.0	0.0	50
Runavík	25.0	25.0	0.0	0.0	0.0	50
Innan Eið	2.0	10.0	38.0	0.0	0.0	50
Skarðshjalli	2.0	10.0	38.0	0.0	0.0	50
Total	64.0	85.0	126.0	0.0	0.0	275

The revised budget for 2015 is as follows (F = Forecast; B = Budget):

Place / Year in DKK millions	2015F	2016B	2017	2018	2019	Total
Húsahaga	20.0	2.0	0.0	0.0	0.0	22.0
Vestmanna	0.0	2.2	0.0	20.0	18.0	40.2
Sund	0.0	12.2	35.0	0.0	0.0	47.2
Runavík	22.0	18.0	0.0	0.0	0.0	40.0
Innan Eið	2.0	30.0	8.0	0.0	0.0	40.0
Skarðshjalli	0.0	2.0	20.0	18.0	0.0	40.0
Strond	0.0	11.5	20.0	0.0	0.0	31.5
Other	0.0	6.0	0.0	0.0	0.0	6.0
Total	44.0	83.9	83.0	38.0	18.0	266.9

After conducting a comprehensive cost-benefit analysis on the expansion and updating of the current headquarters building on Landavegur to accommodate a workshop and administrative offices, the conclusion was that it was more economical to construct a new workshop / administrative building rather than attempt to expand and update the existing structure on Landavegur. The new building will house both the activities currently carried out at the Tórshavn station and at the administrative headquarters on Landavegur.

It is anticipated that the Tórshavn station and the Landavegur building will be sold, and in this connection the funds derived from the sale will be applied towards the investment in the new building. The new building is expected to be built for around DKK 60 – 85 million, of which DKK 10 is budgeted for 2016, DKK 50 million in 2017, and DKK 20 million in 2018. It is projected that the Tórshavn station and the Landavegur headquarters could be sold for at least DKK 25-30 million.

The net investment would thus be around DKK 55 million, which is close to the investment projected to be needed and which was adopted at the Annual General Meeting held on 27 November 2014. What was approved was an investment of DKK 36 – 41 million over two



years. Thus, the current investment needed is at most DKK 14 million more than approved at the Annual General Meeting.

A sum of DKK 11.0 million is set aside for 2016 for the purchase of equipment, furnishings, vehicles, computer equipment and programming, etc.

Management has budgeted a set-aside of DKK 10 million for unanticipated expenses.

Thus, total investment for 2016 is estimated to be DKK 377.4 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.

5.8 Loan facilities

At present, the Company is working to reorganize and refinance its total debt, which at year-end 2015 amounts to DKK 830 million, plus drawing rights of DKK 270 million, altogether DKK 1,100 million, and to finance the planned investment for 2017 and onward.

Together, the total amount of refinancing and new financing equals DKK 1,670 million, of which DKK 1,100 is designed to refinance current debt and drawing rights. Thus, DKK 570 million is for new loan financing and drawing rights. This effort is supported by a collaboration between local Faroese financial institutions and Sweden's Skandinaviska Enskilda Banken, SEB, and other international providers of financing. The new financing shall replace existing financing, which was only temporary and short-term.

It is anticipated that the Company will refinance DKK 1,000 – 1,100 million of current financing and drawing rights, subject to a loan agreement with foreign financial providers. The plan is that this agreement would remain in effect for at least 10-15 years. In addition, DKK 570 – 670 million would be offered to the Company as a line of credit effective for 5-7 years. This DKK 570 – 670 million would not be accessed in its entirety, but as needed in connection, especially, with the expansion of the Sund power plant.

Moreover, the plan now is that SEV would provide 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. The interest expense of the Company is corresponding high because the loans financing these wind turbines now resides on the SEV books, but SEV intends to have the interest refunded via the interest on the intercompany account.

The current long-term debt of SEV carries a variable interest rate, but pursuant to SEV's hedging strategy up to 75% of the current variable interest will be adjusted to fixed interest rates. This realignment is expected to be carried out at year-end 2015.

5.9 Liquidity

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

Figures in DKK millions	Budgeted 2015	Confirmed and budgeted 2015	Budgeted 2016
Liquidity increase from normal operations	143.3	209.3	191.8
Adjustments, debt, assets and inventory	-8.7	-28.0	-131.2
Liquidity increase from operations	134.6	181.4	60.6
Investment and work in progress	-409.5	-272.2	-271.7
Loan facilities per year	246.9	146.0	270.0
Refinancing of current debt	753.1	830.0	830.0
Down payment on current long-term debt	-753.1	-684.0	-830.0
Return on equity and net interest costs	-18.5	-24.4	-28.4
Principal repaid	0	-0.0	0
Changes in liquidity. total	-46.5	30.9	30.5
Profit at beginning of year	128.4	131.5	162.3
Liquidity at year-end	81.9	162.3	192.8

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. At present, SEV has a revolving line of credit (drawing rights) equalling DKK 270 million.

The Table above shows that SEV is forecast to have DKK 162.3 million cash-on-hand as at year-end 2015, an unaccessed credit line of DKK 270 million, altogether DKK 432.3 million. The DKK 270 million line of credit is intended to finance the investment planned for 2016.

The cash flow from the Company's subscribers has been reorganized from January 2013. Now, electricity subscribers pay monthly, rather than in 10 instalments as before. The Company is beginning to access the wireless meters that have been installed at each customer's site. This means that the invoice for electricity consumption for one month is sent out the following month with a due date of ten days.

The idea is to move away from a prorated payment system based on prior consumption to a pay-as-you-go system by which the customer pays in the following month what was consumed the month before. Once all of SEV's customers are in the system, the flow of revenue will be steady and consistent with actual usage. The major production processing facilities and industrial customers have such a system already in place and will not be impacted by these proposed changes.

With such a pay-as-you-go system in place, SEV's customers will become even more aware of their own energy consumption. Any efforts to reduce their use of electricity will be readily apparent the following month in their electricity bill.

6. Sustainable budgets 2016-2025

In the years ahead, it is deemed especially prudent that the financial budgets be sustainable, now that the Company plans to undertake 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 2016-2025. The requirement is determinant regarding if or how much a suggested change in pricing could be.

Based on the above prudent conditions, SEV is of the opinion that, given the situation today with increased kWh sales, low oil prices and low interest rates, and a greater portion of production derived from wind and hydropower, it will not be necessary to amend the price of electricity SEV charges its customers to achieve its goal that the result before depreciation and interest (NIBD/EBITDA) be no more than six times greater during the time period 2016-2025.

On the other hand, if there is a decline in kWh sales, or oil prices again go up, it will be without question necessary to initiate a change to the price of electricity to ensure that the Company can continue to carry out the planned expansion of the Sund power plant and other investment, while at the same time ensuring that the result before depreciation and interest (NIBD/EBITDA) does not become greater than a factor of six during the time period 2016-2025.

To determine the sustainability of the financial budgets, stress tests were conducted to evaluate the effect on the Company's key figures of various conditions underpinning the budgets. The stress tests carried out are shown in the Table below.

Stress test where all else remains the same	Price change in 2017
50% decline in kWh sales to the aquaculture industry	+ DKK 0.10 / kWh
50% decline in kWh sales to the pelagic fishing industry	+ DKK 0.05 / kWh
Oil price rises by USD 300 per tonne of heavy oil	+ DKK 0.22 / kWh
Interest rates rise by 4%	+ DKK 0.08 / kWh
KWh sales decline by 1% in all customer groups 2017-2025	+ DKK 0.15 / kWh

The risk that the price of oil will rise in the coming years and that interest rates will rise is to a certain degree covered by SEV having locked in long-term the price of oil for its budgeted oil purchases, as well as the interest on its loans is fixed for a period of 5-8 years.

Tórshavn, the 6th of November 2015

Elfelagið SEV

Financial Statistics and Tables

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Rakstur / Operations	2015		2015				2016	2017	2018
	Ætlan / Budget		Ætlan / Budget	Staðfest og Framroknað / Actual and projected	Frávik millum ætlað og staðfest/-framroknað		Ætlan / Budget	Ætlan og framskriving / Budget and projections	Framskringing/pr ojections
		3/4 ár / year	4 ársf. Q4	íalt / total	kr	%	íalt / total	íalt / total	Ár / year
Inntøkur / Revenue									
kWh-gjald / kWh charges	376.017.484	282.491.719	107.794.033	390.285.752	14.268.268	3,8	397.084.566	406.236.442	418.898.527
Fast gjald / Fixed charges	16.743.040	10.927.114	5.764.486	16.691.600	-51.440	-0,3	16.691.600	16.691.600	16.691.600
Íbinding / Connection fees	16.295.000	15.003.678	1.261.950	16.265.628	-29.372	-0,2	12.740.000	16.000.000	10.000.000
Annað / Other charges	1.457.600	3.312.902	800.000	4.112.902	2.655.302	182,2	1.447.865	1.457.600	1.457.600
Keyp av vindorku / Purchase of wind power	-2.812.810	-1.671.161	-968.839	-2.640.000	172.810	-6,1	-23.245.260	-23.245.260	-23.245.260
Nettuumsetningur / Net Turnover	407.700.314	310.064.252	114.651.630	424.715.882	17.015.568	4,2	404.718.771	417.140.382	423.802.467
Oljuútreiðslur til egna nýtslu / Cost of oil used in production	109.909.822	71.786.820	21.441.374	93.228.194	16.681.628	15,2	78.567.804	80.449.648	80.899.557
Inntøkur frá sölum av olju til triðjamann / Revenue from oil sold to third parties	842.400	0	0	0	-842.400	-100,0	852.135	842.400	842.400
Tilfar og tænaþjónustur / Materials and services	68.896.116	36.626.335	17.439.300	54.065.635	14.830.481	21,5	62.841.752	53.117.620	53.728.796
Framleiðsluvirkir	28.668.116	15.968.436	6.039.300	22.007.736	6.660.380	23,2	21.269.500	18.440.195	18.612.597
Netvirksemi uttan fyrising	14.218.000	9.276.999	3.370.000	12.646.999	1.571.001	11,0	15.517.252	13.672.425	13.829.149
Fyrising	26.010.000	11.380.900	8.030.000	19.410.900	6.599.100	25,4	26.055.000	21.005.000	21.287.050
Bruttovinningur / Gross profit	229.736.776	201.651.098	75.770.956	277.422.054	47.685.278	20,8	264.161.350	284.415.515	290.016.514
Starvsfólkaútreiðslur - Salaries and wages	71.286.191	48.661.862	19.435.000	68.096.862	3.189.328	4,5	72.371.678	73.095.395	73.681.824
Framleiðsluvirkir	30.619.893	23.803.951	8.875.000	32.678.951	-2.059.058	-6,7	30.556.501	30.862.066	31.170.687
Netvirksemi uttan lönir hjá fyrising	27.307.254	16.069.345	6.260.000	22.329.345	4.977.909	18,2	29.945.793	30.245.251	30.547.703
Fyrising	13.359.044	8.788.566	4.300.000	13.088.566	270.477	2,0	11.869.384	11.988.078	11.963.434
Úrslit áðrenn av- og niðurskrivingar / Profit before depreciation, amortization and impairment	158.450.585	152.989.236	56.335.956	209.325.191	50.874.606	32,1	191.789.672	211.320.120	216.334.690
Avskringingar / Depreciation, amortization and impairment	97.500.900	75.147.179	11.773.424	86.920.603	10.580.297	10,9	90.906.528	100.956.900	104.084.414
Úrslit áðrenn figgjarpostar og skatt / Profit before financials and tax	60.949.685	77.842.056	44.562.532	122.404.588	61.454.903	100,8	100.883.144	110.363.221	112.250.276
Virðisjavnan av kapitalþórtum / Subsidiary fair value adjustments	0	0	0	0	0		934.090	1.252.898	1.444.926
Rentuútreiðslur / Interest expenses	24.276.905	18.711.615	5.859.250	24.570.865	-293.960	-1,2	33.263.500	41.540.000	43.490.000
Rentuinntøkur / Interest revenue	500.000	163.000	54.333	217.333	-282.667	-56,5	3.912.913	3.672.604	3.427.906
Úrslit áðrenn skatt / Profit before tax	37.172.780	59.293.441	38.757.615	98.051.056	60.878.276	163,8	72.466.647	73.748.723	73.633.109
Skattur / tax	0	0	0	0	0	0,0	0	0	
Úrslit eftir skatt / Profit after tax	37.172.780	59.293.441	38.757.615	98.051.056	60.878.276	163,8	72.466.647	73.748.723	73.633.109

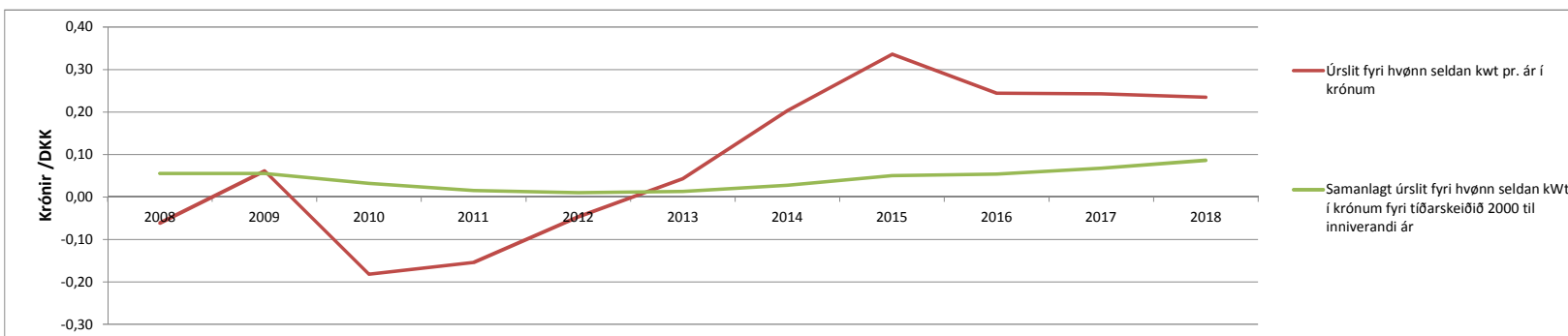
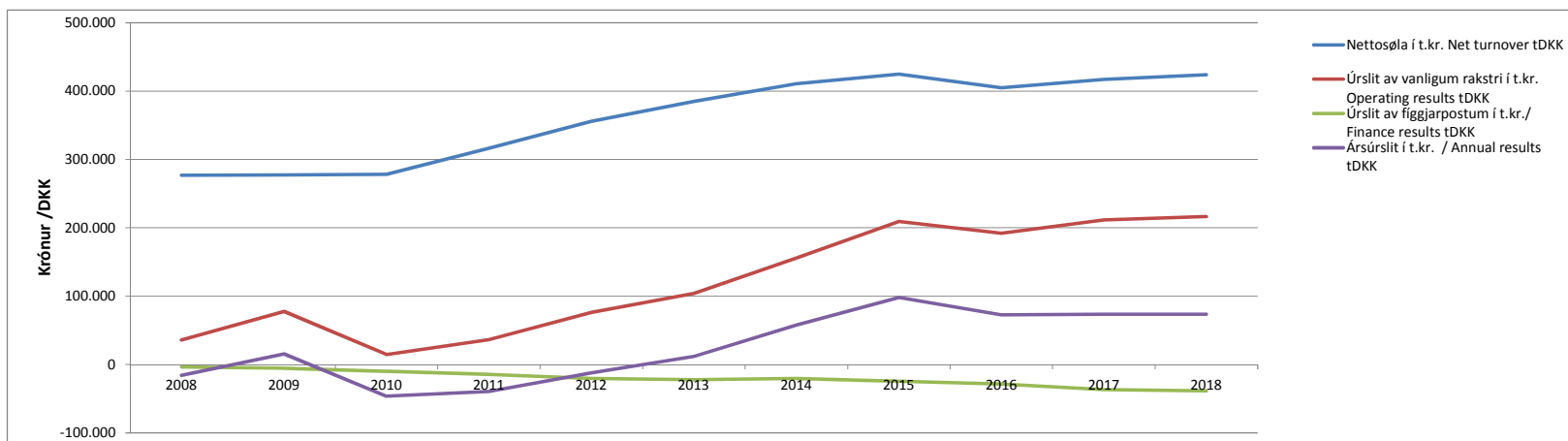
JAVNI / PR. 31. DESEMBER / BALANCE PR. 31. DECEMBER	2012	2013	2014	2015	2016	2017	2018
AKTIV / ASSETS	íalt	íalt	íalt	íalt	íalt	íalt	íalt
Fastar ognir og avskrivningar / Fixed assets and depreciation, amortization and impairment							
Útvegnarvirði við ársbyrjan / Acquisition value beginning-of-year	2.239.262.078	2.385.452.238	2.581.385.794	2.799.790.435	2.921.593.435	3.187.029.423	3.520.792.423
Tilgongd / additions	146.529.211	195.933.556	218.404.641	121.803.000	397.354.000	333.763.000	96.863.000
Frágongd / disposals	0	0	-	0	131.918.012	-	30.000.000
Útvegnarvirði við ársenda / Acquisition value year-end	2.385.791.289	2.581.385.794	2.799.790.435	2.921.593.435	3.187.029.423	3.520.792.423	3.587.655.423
Avskrivningar við ársbyrjan / Depreciation, amortization and impairment beginning-of-year	1.239.213.105	1.306.650.082	1.376.687.168	1.453.884.200	1.540.804.803	1.631.711.332	1.732.668.231
Avskrivningar í árinum / Depreciation, amortisation and impairment over the year	67.776.029	70.037.086	77.197.032	86.920.603	90.906.528	100.956.900	104.084.414
Avskrivningar við ársenda / Depriceation, amoritzation and impairment year-end	1.306.989.134	1.376.687.168	1.453.884.200	1.540.804.803	1.631.711.332	1.732.668.231	1.836.752.645
Fastar ognir við ársenda / Fixed assets year-end	1.078.802.155	1.204.698.626	1.345.906.235	1.380.788.632	1.555.318.091	1.788.124.191	1.750.902.778
Íløgvarbeiði í gerð / Investment works in progress	126.410.900	85.486.142	142.275.019	292.625.019	272.625.019	390.625.019	603.625.019
Materiel stöðioign / Tangible fixed assets	1.205.213.055	1.290.184.768	1.488.181.254	1.673.413.651	1.827.943.110	2.178.749.210	2.354.527.797
Kapitalpartar í dótturfelögum / Investments in subsidiaries	0	0	-	-	26.304.870	27.045.828	28.104.177
Kapitalpartar í assosieraðum virkjum / Investments in associates	2.850.000	2.850.000	2.850.000	2.850.000	2.850.000	2.850.000	2.850.000
Figgjarlig stöðisogn / Financial Assets	2.850.000	2.850.000	2.850.000	2.850.000	29.154.870	29.895.828	30.954.177
STÖÐISOIGN TILSAMANS / Total Assets	1.208.063.055	1.293.034.768	1.491.031.254	1.676.263.651	1.857.097.980	2.208.645.038	2.385.481.973
Olja á goymslu - Oil nventory	34.231.695	41.335.857	19.772.904	16.479.468	16.549.000	16.549.000	16.549.000
Tilfar á goymslu - Materials inventory	12.404.184	14.470.185	26.731.277	20.975.245	20.975.245	21.396.597	21.396.597
Arbeiði í gerð fyri fremmanda rokning / paid for work in progress	0	0	0	0	0	0	0
Goyslur tilsamans / Total Inventory	46.635.879	55.806.042	46.504.181	37.454.713	37.524.245	37.945.597	37.945.597
Vøru- og tænaúáögn (Elskuldarar) / Eletricity debtors	43.489.996	53.644.032	68.804.189	55.621.209	68.962.694	60.000.000	60.000.000
Skuldarar aðrir / Other debtors	-163.942	0	0	3.330.631	3.330.631	3.330.631	3.330.631
Millumrokning við net / Settlement grid	0	0	0	44.942.934	44.942.934	44.942.934	44.942.934
Millumrokning við dótturfelög/ Settlement with subsidiary company's				0	114.940.155	107.882.600	101.022.094
Onnur áögn / Other receivables	14.154.777	6.130.183	4.239.375	8.667.968	8.530.000	8.530.000	8.530.000
Tíðavmarkingar /Prepayments and accrued income	11.436.273	0	0	3.000.000	6.000.000	0	0
Skuldarar tilsamans / Total Receivables	68.917.104	59.774.215	73.043.564	115.562.742	246.706.415	224.686.165	217.825.659
Lánsbrøv / Obligations	0	0	0	0	0	0	0
Virðisbrøv tilsamans / Total shares	0	0	0	0	0	0	0
Tøkur peningur / Cash and cash equivalents	87.384.093	66.592.930	131.459.476	162.336.508	192.788.712	93.349.098	127.005.778
OGN Í UMFERÐ TILSAMANS /TOTAL CURRENT ASSETS	202.937.076	182.173.187	251.007.221	315.353.963	477.019.372	355.980.860	382.777.034
AKTIV TILSAMANS / TOTAL ASSETS	1.411.000.131	1.475.207.955	1.742.038.475	1.991.617.613	2.334.117.352	2.564.625.898	2.768.259.007

JAVNI PR. 31. DESEMBER / BALANSE PR. 31 DECEMBER	2012	2013	2014	2015	2016	2017	2018
PASSIV / LIABILITIES	Íalt	Íalt	Íalt	Íalt	Íalt	Íalt	Íalt
Innskot / Deposits	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875	4.139.875
Kapitalkonto / Capital account	878.355.072	866.085.120	877.951.026	935.713.841	1.033.764.897	1.106.231.544	1.179.980.266
Úrslit / Results	-12.269.953	11.865.906	57.762.816	98.051.056	72.466.647	73.748.723	73.633.109
Eginogn tilsamans / Total Equity	870.224.994	882.090.901	939.853.717	1.037.904.772	1.110.371.419	1.184.120.141	1.257.753.250
Avsetingar til eftirløn og líknandi skyldur / Provisions for pensions and equivalent liabilities	20.101.759	18.227.175	19.366.050	20.566.050	20.566.050	20.566.050	20.566.050
Avsetingar til útsettan skatt / Provisions for deferred tax	0	0	0	0	0	0	0
Aðrar avsetingar / Other Provisions	1.830.033	47.607	0	0	0	0	0
Avsetingar tilsamans / Total Provisions	21.931.792	18.274.782	19.366.050	20.566.050	20.566.050	20.566.050	20.566.050
Skuld til peningastovnar / Bank borrowings	218.694.261	477.899.068	683.991.517	830.000.000	1.100.000.000	1.280.000.000	1.410.000.000
Langfreistað skuld til samans / Total long-term debt	218.694.261	477.899.068	683.991.517	830.000.000	1.100.000.000	1.280.000.000	1.410.000.000
Stuttfreistaður partur av langfreistaðari skuld / Current portion of long-term debt	242.889.126	32.355.033	7.419.867	0	0	0	0
Skuld til peningastovnar / Bank borrowings	1.495.476	1.685.268	1.571.685	0	0	0	0
Móttikin frammanundangjöld frá kundum (El-ogrnarar) / Prepayment received from electricity debtors	20.940.563	20.622.618	21.282.389	20.000.000	20.000.000	0	0
Vøru- og tænauskuld (aðrir ognarar) / Trade creditors	31.168.735	28.081.118	51.091.835	22.236.948	22.236.948	24.996.772	24.996.772
Millumrokning framleiðsla / Balance production	0	0	0	44.942.934	44.942.934	44.942.934	44.942.934
Partafelagsskattur / Corporate tax	0	0	0	0	0	0	0
Onnur skuld / Other debt	2.735.184	14.199.166	17.461.415	9.966.908	10.000.000	10.000.000	10.000.000
Tíðaravmarkingar / Prepayments	920.000	0	0	6.000.000	6.000.000	0	0
Stuttfreistað skuld tilsamans / Total short-term debt	300.149.084	96.943.203	98.827.191	103.146.790	103.179.882	79.939.706	79.939.706
SKULD TILSAMANS / TOTAL DEBTS	518.843.345	574.842.271	782.818.708	933.146.790	1.203.179.882	1.359.939.706	1.489.939.706
PASSIV TILSAMANS / TOTAL LIABILITIES	1.411.000.131	1.475.207.955	1.742.038.475	1.991.617.613	2.334.117.352	2.564.625.898	2.768.259.007

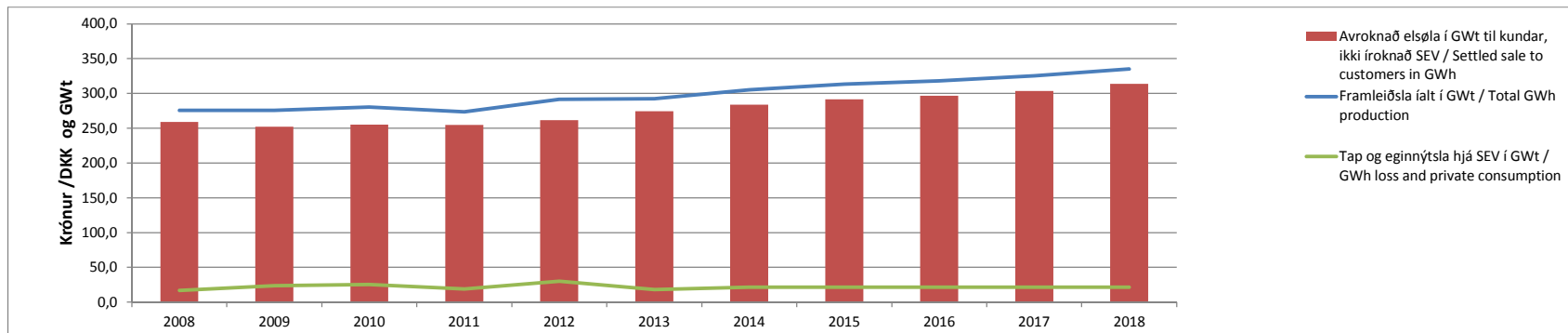
GJALDFØRISVIRLIT / CASH FLOW STATEMENT	2013	2014	2015	2016	2017	2018
	íalt	íalt	íalt	íalt	íalt	íalt
Rakstur / Operations						
Nettougsetningur / Net turnover	384.625.911	410.551.073	424.715.882	404.718.771	417.140.382	423.802.467
Streyngjald / KWh charges	362.430.420	379.210.190	390.285.752	397.084.566	406.236.442	418.898.527
Fast gjald / Fixed charges	16.600.240	16.477.262	16.691.600	16.691.600	16.691.600	16.691.600
Íbindingargjald / Connection fees	6.947.748	14.656.473	16.265.628	12.740.000	16.000.000	10.000.000
Ómaksgjöld v.m. / Other charges	1.269.361	2.745.236	4.112.902	1.447.865	1.457.600	1.457.600
Keyp av vindorku / Purchase of wind power	-2.621.858	-2.538.088	-2.640.000	-23.245.260	-23.245.260	-23.245.260
Broytiligur kostnaður / Variable costs						
Oljukostnaður / Cost of Oil	167.934.451	141.500.467	93.228.194	77.715.669	79.607.248	80.057.157
Tungolja, gassolja og smyrjuolja til sundverkið / Heavy fuel oil, gas oil and lubricating oil for Sund power plant	167.934.451	141.500.467	93.228.194	78.567.804	80.449.648	80.899.557
Inntøkur frá sölu av olju til triðjamann / Revenue from oil sold to third parties	0	0	0	852.135	842.400	842.400
Søla av tungolju til SL / Revenue from heavy fuel oil sold to SL	0	0	0	17.983.359	17.148.803	17.148.803
Keyp av tungolju til SL / Cost of heavy fuel oil sold to SL	0	0	0	-17.131.224	-16.306.403	-16.306.403
- Tilfar og tænastr / Materials and services	54.071.491	49.833.608	54.065.635	62.841.752	53.117.620	53.728.796
Framleiðsluvirkir / Power plants	24.068.583	21.139.376	22.007.736	21.269.500	18.440.195	18.612.597
Netvirksemi uttan fyrisiting / Grid less administration	15.425.724	11.870.060	12.646.999	15.517.252	13.672.425	13.829.149
Fyrisiting / Administration	14.577.184	16.824.172	19.410.900	26.055.000	21.005.000	21.287.050
Bruttovinningur / Gross Profits	162.619.969	219.216.998	277.422.054	264.161.350	284.415.515	290.016.514
- Lønarátreiðslur / Wages and salaries	58.705.952	63.644.385	68.096.862	72.371.678	73.095.395	73.681.824
Framleiðsluvirkir / Power plants	30.652.203	30.880.621	32.678.951	30.556.501	30.862.066	31.170.687
Netvirksemi uttan fyrisiting / Grid less administration	19.452.583	19.876.442	22.329.345	29.945.793	30.245.251	30.547.703
Fyrisiting / Administration	8.601.166	12.887.322	13.088.566	11.869.384	11.988.078	11.963.434
Gjaldförisbroyting frá vanligum raksturi / Changes in cash flow from traditional operations	103.914.017	155.572.613	209.325.191	191.789.672	211.320.120	216.334.690
Broytingar í goymslu, skuldarum og ognarum v.m. / Changes in inventory, debtors and creditors etc.	3.454.142	24.056.513	-27.950.111	-131.180.113	-1.641.279	6.860.506
+/- broyting í vørugoymslu / changes in inventory	-9.170.163	9.301.910	9.049.468	-69.532	-421.352	0
+/- broyting í skuldarum / changes in debtors	9.142.889	-13.269.349	-42.519.178	-131.143.673	22.020.249	6.860.506
+/- broyting í avsetingum/skyldum / changes in provisions	-4.930.967	1.091.268	1.200.000	0	0	0
+/- broyting ognarum/changes in creditors		11.510.717	0	0	0	0
+/- broyting ognarum/stuttfræstað skuld/changes in creditors and short-term debt	8.412.383	15.421.967	4.319.599	33.092	-23.240.176	0
Gjaldförisbidrag frá rakstur / Cash generated from operating activities	107.368.159	179.629.126	181.375.080	60.609.559	209.678.842	223.195.197
+/- Íløgur/Investments:	-155.008.798	-275.193.518	-272.153.000	-271.740.858	-452.503.958	-280.921.349
Netvirksemi / Grid	-167.607.585	-183.000.921	-82.177.000	-161.069.000	-268.763.000	-96.863.000
Framleiðsluvirksemi / Production	-28.325.971	-35.403.720	-39.626.000	-236.285.000	-65.000.000	0
Broyting í arbeiði í gerð / Changes to work in progress	40.924.758	-56.788.877	-150.350.000	20.000.000	-118.000.000	-213.000.000
Broyting í fíggarligari stöðisogn / Changes in financial assets	0	0	0	-26.304.870	-740.958	-1.058.349
Søla av vindmyllulund 2016 og skrivstovubygning v.m. 2018 / Sale of wind turbine park 2016 and sale of officebuilding 2018	0	0	0	131.918.012		30.000.000
Javning til primo íløgur av fóstum ognum / Balancing of investments in fixed assets			0	0		
Fíggarligar inngjaldingar og útgjaldingar / Net cash flow from financing activities						
+/- broyting í langfræstaðari skuld / changes to long-term debt	48.860.501	181.043.701	146.008.483	270.000.000	180.000.000	130.000.000
Nýggj lántøka - New borrowings	74.189.788	210.720.191	0	270.000.000	180.000.000	130.000.000
Lántøka til umlegging av verandi skuld til langfræstað / Conversion of existing debt into long-term debt	0	0	830.000.000	830.000.000	0	0
Avdráttir uppá skuld / Repayment of borrowings	-19.502.135	-29.676.490	-683.991.517	-830.000.000	0	0
Afturrindan av skuld í sambandi við sølu av vindmyllulund/Repayment of borrowing regarding sale of wind turbine park			0	0		
Javnan av trekki frá íløgufígging / Balancing withdrawals from investment financing	-5.827.152		0	0		
+/- Kapitalinntøkur og rentukostnaður og provisión netto / Net proceeds from investments and interest expenses and provisions	-22.011.024	-20.612.763	-24.353.532	-28.416.497	-36.614.498	-38.617.167
Kapitalpartar / Subsidiaries	0	0	0	934.090	1.252.898	1.444.926
Rentuinntøkur / Interest revenue	343.206	567.484	217.333	3.912.913	3.672.604	3.427.906
Rentuútreiðslur / Interest expenses	-22.354.230	-21.180.247	-24.570.865	-33.263.500	-41.540.000	-43.490.000
Gjaldförisbroyting íalt/ Total net cash flow	-20.791.162	64.866.546	30.877.032	30.452.205	-99.439.614	33.656.680
Tøkur peningur primo / Cash and Cash equivalents beginning -of-year	87.384.092	66.592.930	131.459.476	162.336.508	192.788.712	93.349.098
Tøkur peningur ultimo áðrenn rakstrarkreditt / Cash and cash equivalents year-end before bank overdraft	66.592.930	131.459.476	162.336.508	192.788.712	93.349.098	127.005.778
+ Rakstrarkredittur frá peningastovnum / Allowed bank overdraft	65.000.000	130.981.568	270.000.000	570.000.000	390.000.000	260.000.000
+ Loyvt trot uppá kassakreditt / allowed overdraft	50.000.000	0	0	0	0	0
Tøkur peningur ultimo eftir rakstrarkreditt / Cash and cash equivalents at the end of year after bank overdraft	181.592.930	262.441.044	432.336.508	762.788.712	483.349.098	387.005.778

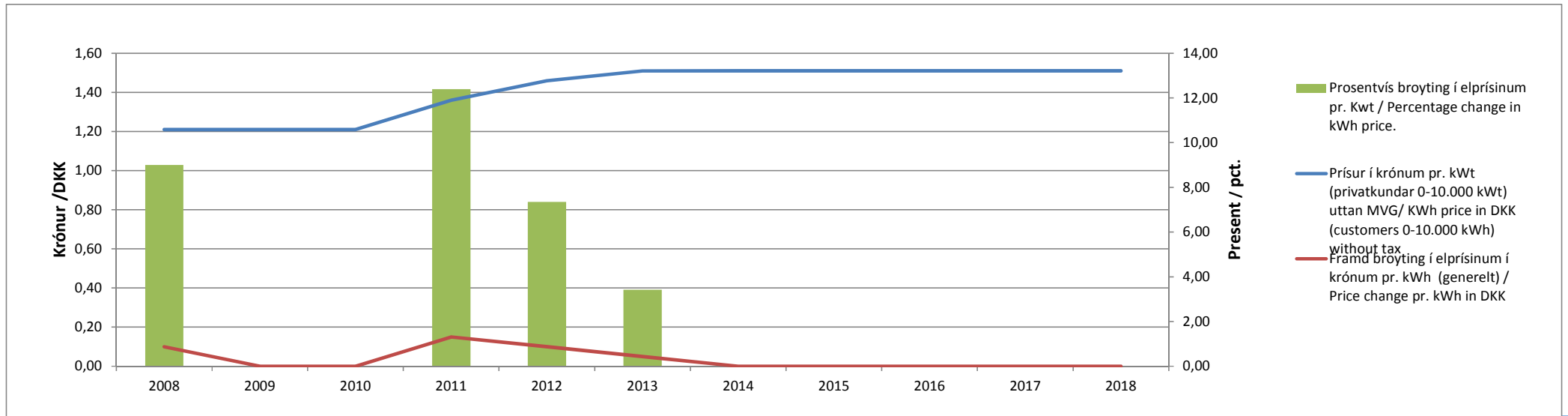
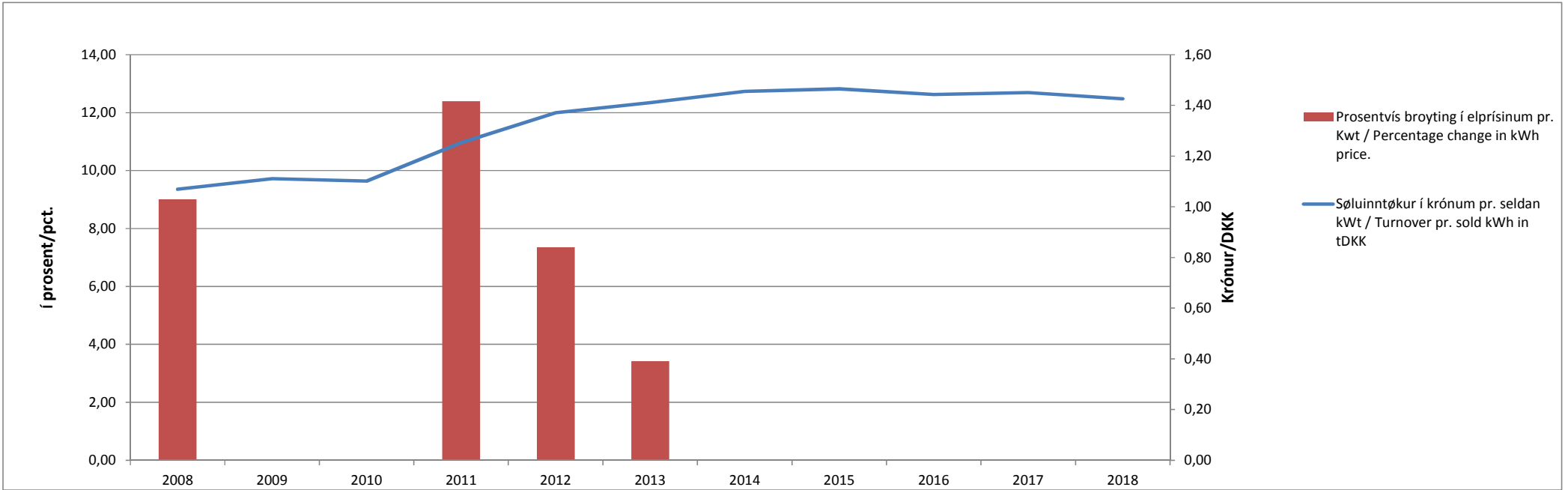
Ár			2015	2016	2017	2018
Íløgur og útgreiningar harav í t.kr.			Íalt	Íalt	Íalt	Íalt
Fossaverkið - (deild 120)			3.951	2.300	0	0
Heygaverkið - (deild 130)			100	350	0	0
Mýruverkið - (deild 140)			5.850	2.700	15.000	0
Eiðisverkið - (deild 150)			1.960	1.750	0	0
Verkið í Botni - (deild 160)			380	1.950	0	0
Vágsverkið - (deild 170)			81.700	18.200	0	0
Verkið í Trongisvági - (deild 180)			250	3.700	0	0
Sundsverkið - (deild 190)			56.840	142.835	178.000	213.000
Strond - (deild 220)			355	4.550	0	0
Smáverk felags - (deild 290)			0	950	0	0
Vindorka - (deild 230, 231, 232 og 240)			2.500	450	50.000	0
Mobilaggregat - (deild 291)			0	0	0	0
Fugloy - (deild 292)			0	750	0	0
Svínoy - (deild 293)			0	0	0	0
Mykines - (deild 294)			1.090	400	0	0
Hestur - (deild 295)			0	1.500	0	0
Koltur - (deild 296)			0	0	0	0
Nólsoy - (deild 297)			0	250	0	0
Skúvoy - (deild 298)			0	350	0	0
Dímun - (deild 299)			0	1.300	0	0
Sjóvarfalsorka			0	0	0	0
Pumped storage			0	0	0	0
Víkarvatn - (deild 200)			0	0	0	0
Annað innan framleiðslu			0	0	0	0
Framleiðsluvirkir íalt			154.976	184.285	243.000	213.000
Netvirkir uttan fyrisiting			112.007	159.574	140.763	62.763
Koblingsstøðir			44.000	83.950	83.000	38.000
Býtisvirkir			52.705	49.181	55.000	22.000
Innlegging			6.602	6.393	2.763	2.763
Verkfrøði			8.700	20.050	0	0
Fyrisiting			5.170	33.495	68.000	34.100
			0	0	0	0
Netvirksemi íalt			117.177	193.069	208.763	96.863
ÍALT			272.153	377.354	451.763	309.863

Rakstrarrokkaskapur / Income Statement	Staðfest roknskapartöl / Actual accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and projection	Framskrifað / Projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Nettosøla í t.kr. Net turnover tDKK	276.860	277.200	278.263	316.393	355.787	384.626	410.551	424.716	404.719	417.140	423.802
Úrslit av vanligum rakstri í t.kr. Operating results tDKK	35.917	77.688	14.638	36.310	76.041	103.914	155.573	209.325	191.790	211.320	216.335
Úrslit av fíggarpostum í t.kr./ Finance results tDKK	-3.533	-5.210	-10.139	-14.454	-20.535	-22.011	-20.613	-24.354	-28.416	-36.614	-38.617
Ársúrslit í t.kr. / Annual results tDKK	-15.973	15.353	-46.422	-39.257	-12.270	11.866	57.763	98.051	72.467	73.749	73.633
Yvirskotsstig (í prosent) / Operating Profit Margin (%)	12,97	28,03	5,26	11,48	21,37	27,02	37,89	49,29	47,39	50,66	51,05
Úrslit fyri hvønn seldan kw t pr. ár í krónum	-0,06	0,06	-0,18	-0,15	-0,05	0,04	0,20	0,34	0,24	0,24	0,23
Samanlagt úrslit fyri hvønn seldan kWt í krónum fyri tíðarskeiðið 2006 til inniverandi ár	0,02	0,03	-0,01	-0,04	-0,04	-0,03	-0,00	0,00	0,06	0,08	0,09
Samanlagt úrslit fyri hvønn seldan kWt í krónum fyri tíðarskeiðið 2000 til inniverandi ár	0,05	0,06	0,03	0,02	0,01	0,01	0,03	0,05	0,05	0,07	0,09

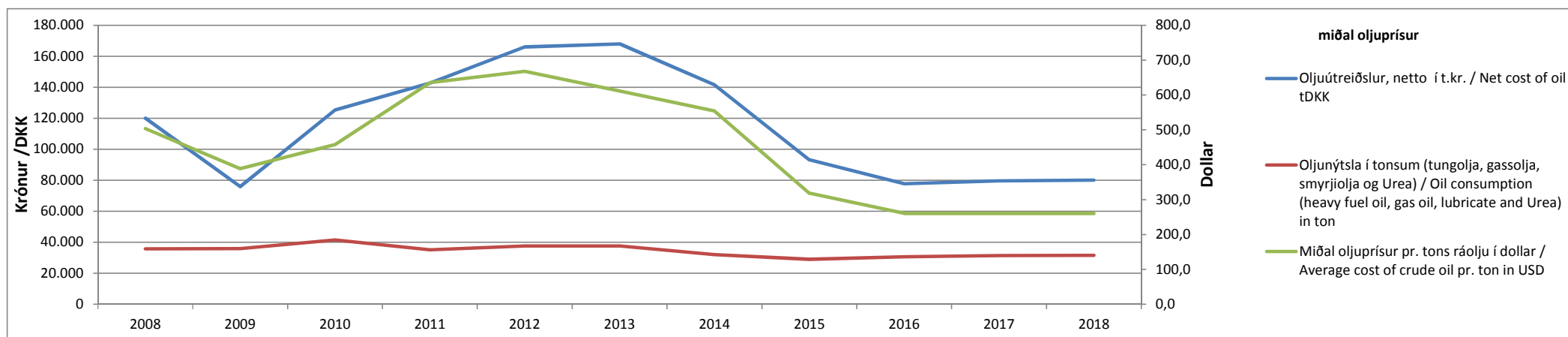


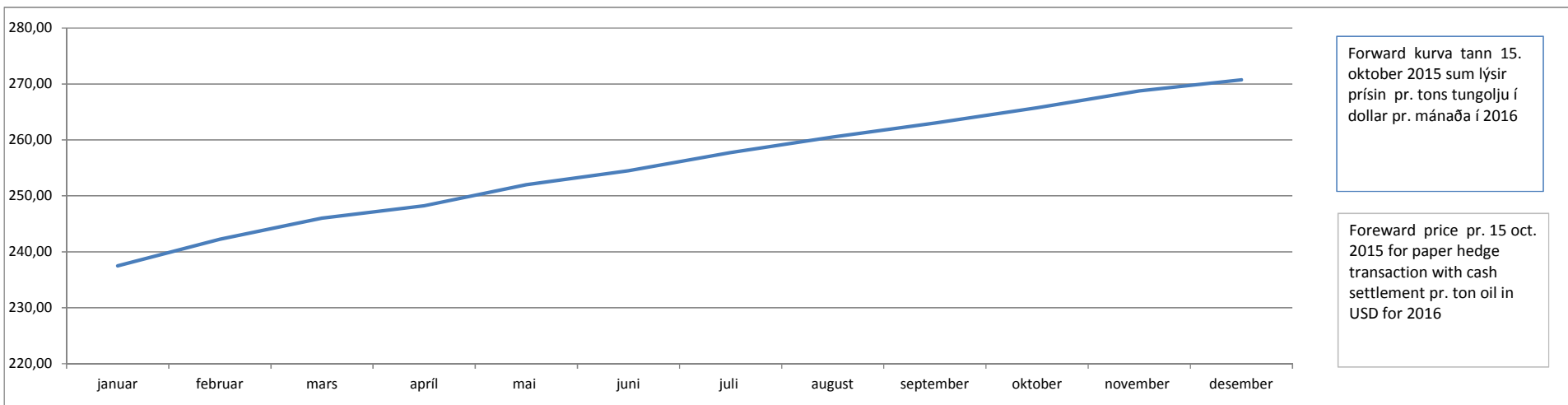
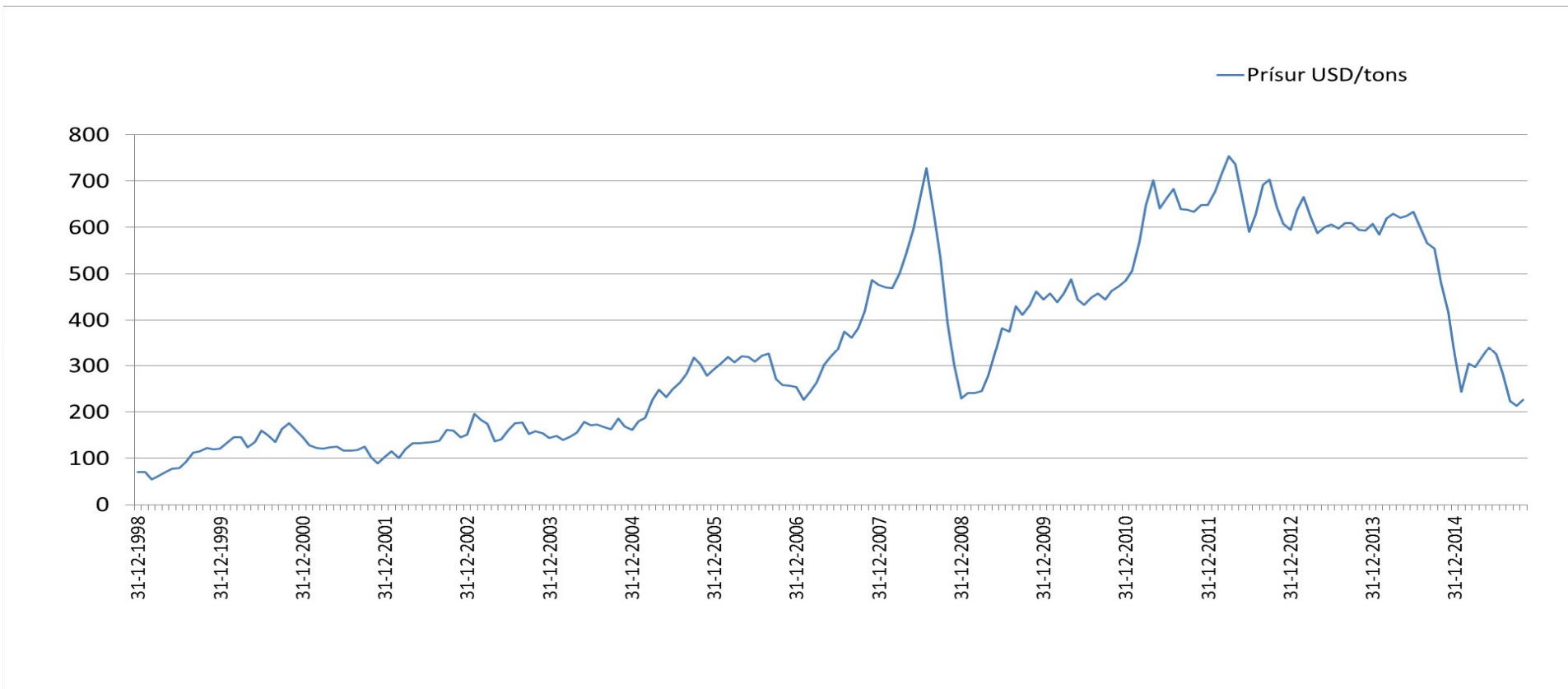
Framleiðsla / Production	Staðfest roknskapartöl / Actual accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Framleiðsla av GWT við vindorku / GWh production utilising wind power	13,0	15,0	13,6	14,5	10,8	21,8	34,5	56,8	56,9	60,0	68,9
Framleiðsla av GWT við vatnorku / GWh production utilising hydro power	95,9	92,4	67,4	92,5	99,8	90,6	120,7	124,0	122,0	122,0	122,0
Framleiðsla av GWT við sjóarfall og pumped to storage/GWh production utilising tidal and pumped to storage	0,0	0,0	0,0	0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Framleiðsla av GWT við termiskari orku / GWh production utilising thermal power	167,0	168,1	199,4	166,8	181,0	180,1	150,2	132,5	139,3	143,3	144,2
Framleiðsla íalt í GWT / Total GWh production	275,8	275,5	280,4	273,8	291,6	292,5	305,4	313,3	318,2	325,2	335,2
Framleiðsla í GWT sundurgreinað soleiðis / Break down of GWh production											
Avroknað elsøla í GWT til kundar, ekki íroknað SEV / Settled sale to customers in GWh	258,9	252,0	255,0	254,8	261,4	274,4	283,8	291,7	296,6	303,6	313,6
Eginnýtsla hjá SEV í GWT / Private consumption in GWh	5,6	6,7	7,1	6,7	6,9	7,1	6,9	7,0	7,0	7,0	7,0
Tap í GWT / GWh loss	11,4	16,8	18,3	12,3	23,1	11,0	14,7	14,6	14,6	14,6	14,6
Tap og eginnýtsla hjá SEV í GWT / GWh loss and private consumption	16,9	23,5	25,4	19,0	30,0	18,1	21,6	21,6	21,6	21,6	21,6
Tap og eginnýtsla hjá SEV í % av framleiðslu / GWh loss and private consumption as a percentage of total production	6,1	8,5	9,1	6,9	10,3	6,2	7,1	6,9	6,8	6,6	6,4
Prosentvísur vöxtur í sölu av GWT til kundar/Percentage change in sale to customers in GWh	0,9	-2,7	1,2	-0,1	2,6	5,0	3,4	2,8	1,7	2,4	3,3
Prísur í krónum pr. kWt (privatkundar 0-10.000 kWh) uttan MVG/ KWh price in DKK (customers 0-10.000 kWh) without tax	1,21	1,21	1,21	1,36	1,46	1,51	1,51	1,51	1,51	1,51	1,51
Framd broyting í elprísinum í krónum pr. kWh (generelt) / Price change pr. kWh in DKK	0,10	0,00	0,00	0,15	0,10	0,05	0,00	0,00	0,00	0,00	0,00
Prosentvís broyting í elprísinum pr. Kwt / Percentage change in kWh price.	9,01	0,00	0,00	12,40	7,35	3,42	0,00	0,00	0,00	0,00	0,00





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 framskriving / Estimation and projection	Framskrifað / projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Oljuútreiðslur, netto í t.kr. / Net cost of oil tDKK	119.923	75.853	125.258	142.640	166.018	167.934	141.500	93.228	77.716	79.607	80.057
Oljunýtsla í tonsum (tungolja, gassolja, smyrjiolja og Urea) / Oil consumption (heavy fuel oil, gas oil, lubricate and Urea) in ton	35.679	35.813	41.478	34.983	37.510	37.540	31.979	28.960	30.499	31.330	31.529
Kostnaður pr. tons olju í krónum inkl. gass- og smyrjuolju / Cost of oil pr. ton incl. gas- and lubricating oil in DKK	3.361	2.118	3.020	4.077	4.426	4.473	4.425	3.219	2.548	2.541	2.539
Tungoljunýtsla í tonsum / Heavy fuel Oil consumption in ton	33.683	34.554	39.748	33.961	36.746	36.893	30.880	27.570	28.969	29.800	29.999
Kostnaður pr. tons tungolju / Cost of heavy fuel oil pr. ton								2.866	2.265	2.265	2.265
Miðal oljuprísur pr. tons ráolju í dollar / Average cost of crude oil pr. ton in USD	503,8	388,5	457,7	635,3	667,7	611,0	554,1	318,0	260,4	260,4	260,4
Keyp av streymi / Purchase of electricity	2.185	2.670	2.553	2.804	2.524	2.622	2.538	2.640	23.245	23.245	23.245





Rakstrarinntøkur og útreiðslur fyri SEV pr. kWt / 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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Inntøkur í t.kr. / Revenue in tDKK	276.860	279.870	280.816	319.197	358.311	387.248	413.089	427.356	427.964	440.386	447.048
Framleiðsluvirkir (íroknað bygningar) í t.kr. / Power Budgetts	53.125	64.967	62.881	75.386	55.956	54.721	52.020	54.687	51.826	49.302	49.783
Netvirksemið í t.kr. / Grid in tDKK	40.503	35.903	42.386	35.520	32.277	34.878	31.747	34.976	45.463	43.918	44.377
Fyrising íroknað tryggingar, tap av skuldurum, eftirlønir og arbeiðsm. gjöld í t.kr. / Administration incl. insurance, loss on unpaid debt and pensions in tDKK	25.207	22.788	25.079	26.537	25.495	23.178	29.711	32.499	37.924	32.993	33.250
Rakstrarútreiðslur íalt í t.kr. / Total operational expenses in tDKK	118.835	123.658	130.346	137.443	113.728	112.777	113.478	122.162	135.213	126.213	127.411
Oljuútreiðslur, netto í t.kr. / Net cost of oil in tDKK	119.924	75.853	125.258	142.640	166.018	167.934	141.500	93.228	77.716	79.607	80.057
Orkukøyp / Purchase of power	2.185	2.670	2.553	2.804	2.524	2.622	2.538	2.640	23.245	23.245	23.245
Avskrivningar í t.kr. / Depreciation in tDKK	48.357	57.125	58.943	61.113	67.776	70.037	77.197	86.921	90.907	100.957	104.084
Fígjarpostar netto í t.kr. (í 2010: íroknað niðurskriving av partabrøv í Sewave 2,1 mió.kr.) / Net financials in tDKK (in 2010 an amortization	3.533	5.210	10.139	14.454	20.535	22.011	20.613	24.354	28.416	36.614	38.617
Kostnaður íalt í t.kr. / Total cost in tDKK	292.834	264.516	327.239	358.454	370.581	375.381	355.326	329.305	355.497	366.637	373.415
Ársúrslit í t.kr. / Annual Results in tDKK	-15.974	15.354	-46.423	-39.257	-12.270	11.867	57.763	98.051	72.467	73.749	73.633
Inntøka í mió.kr./Income in DKK million	276,9	279,9	280,8	319,3	358,4	387,2	413,1	427,4	428,0	440,4	447,0
KWt-gjald í mió.kr. / kWh charges in DKK million.	255,9	260,3	261,8	296,5	335,0	362,4	379,2	390,3	397,1	406,2	418,9
Onnur inntøka í mió.kr./base-rate, connection fee and service fee in mióDKK	21,0	19,6	19,0	22,8	23,4	24,8	33,9	37,1	30,9	34,1	28,1
Miðalprísur í krónum pr. seldan kWt/ Average unit price in DKK pr. kWh sold	0,99	1,03	1,03	1,16	1,28	1,32	1,34	1,34	1,34	1,34	1,34
Onnur inntøka pr. kWt/base-rate, connection fee and service fee per kWh	0,08	0,08	0,07	0,09	0,09	0,09	0,12	0,13	0,10	0,11	0,09
Søluinntøkur í krónum pr. seldan kWt / Turnover pr. sold kWh in tDKK	1,07	1,11	1,10	1,25	1,37	1,41	1,46	1,47	1,44	1,45	1,43
Prosentvís broyting í elprísum pr. kWt											
Søluinntøkur í krónum pr. seldan kWt / Turnover pr. sold kWh in tDKK	1,07	1,11	1,10	1,25	1,37	1,41	1,46	1,47	1,44	1,45	1,43
Kostnaður í krónum pr. seldan kWt / Cost pr. kWh sold in DKK	1,13	1,05	1,28	1,41	1,42	1,37	1,25	1,13	1,20	1,21	1,19
Úrslit fyri seldan kWt / Profit/loss pr. sold kWh	-0,06	0,06	-0,18	-0,15	-0,05	0,04	0,20	0,34	0,24	0,24	0,23
Kostnaður í krónum pr. seldan kWt sundurgreinaður í framleiðslu og net / Cost pr. kWh sold in DKK specified in cost for production and grid											
Framleiðslukostnaður pr. framleiddan kWt / production cost pr. produced kWh	0,78	0,71	0,89	1,03	1,07	1,03	0,90	0,74	0,74	0,73	0,72
Netkostnaður pr. seldan kWt / Grid expenses pr. kWh sold	0,35	0,34	0,39	0,37	0,35	0,34	0,35	0,39	0,46	0,48	0,48
Kostnaður í krónum pr. seldan kWt / Cost pr. kWh sold in DKK	1,13	1,05	1,28	1,41	1,42	1,37	1,25	1,13	1,20	1,21	1,19

Sundurgreinaður framleiðslukostnaður 1) / Production expenses broken down	Staðfest roknskapartöl / Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and pjojections	Framskrifað / Projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Olja / Oil	119.924	75.853	125.258	142.640	166.018	167.934	141.500	93.228	77.716	79.607	80.057
Keyp av vindorku/purchase of wind power	2.185	2.670	2.553	2.804	2.524	2.622	2.538	2.640	23.245	23.245	23.245
Tilfar og lönir / Materials, wages and salaries	53.125	64.967	62.881	75.386	55.956	54.721	52.020	54.687	51.826	49.302	49.783
Avskringingar / Depreciation	22.471	30.716	31.306	31.539	41.833	42.306	47.366	53.672	50.380	52.238	52.238
Rentur / Interest	3.533	5.210	4.710	10.810	13.592	14.050	11.773	11.398	16.140	17.138	19.088
Framleiðslukostnaður íalt / Total production cost	201.238	179.416	226.708	263.179	279.922	281.633	255.197	215.624	219.307	221.530	224.411
Framleiddir kWt í GWT / Produced kWt in GWh	275,8	275,5	280,4	273,8	291,6	292,5	305,4	313,3	318,2	325,2	335,2
Framleiðslukostnaður pr. framleiddan kWt / production cost pr. produced Kwh	0,73	0,65	0,81	0,96	0,96	0,96	0,84	0,69	0,69	0,68	0,67
Harav oljukostnaður / Oil cost pr. produced Kwh	0,43	0,28	0,45	0,52	0,57	0,57	0,46	0,30	0,24	0,24	0,24
harav vindorkukeyp/purchase of wind power	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,07	0,07	0,07
Harav tilfar og lönir / Materials and wages and salaries portion	0,20	0,25	0,22	0,28	0,19	0,19	0,17	0,17	0,16	0,15	0,15
Harav avskringingar / Depreciation pr. produced Kwh	0,08	0,11	0,11	0,12	0,14	0,14	0,16	0,17	0,16	0,16	0,16
Harav rentur / Interest portion	0,01	0,02	0,02	0,04	0,05	0,05	0,04	0,04	0,05	0,05	0,06
Seldir kWt í GWT / KWh sold in GWT units	258,9	252,0	255,0	254,8	261,4	274,4	283,8	291,7	296,6	303,6	313,6
Framleiðslukostnaður pr. seldan kWt / Production cost pr. kWh sold	0,78	0,71	0,89	1,03	1,07	1,03	0,90	0,74	0,74	0,73	0,72
Harav oljukostnaður / Oil cost pr. kWh sold	0,46	0,30	0,49	0,56	0,64	0,61	0,50	0,32	0,26	0,26	0,26
harav vindorkukeyp/purchase of wind power	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,01	0,08	0,08	0,07
Harav annar kostnaður / Other costs pr. produced Kwh	0,21	0,26	0,25	0,30	0,21	0,20	0,18	0,19	0,17	0,16	0,16
Harav avskringingar / Depreciation pr. produced Kwh	0,09	0,12	0,12	0,12	0,16	0,15	0,17	0,18	0,17	0,17	0,17
Harav rentur / Interest pr. produced Kwh	0,01	0,02	0,02	0,04	0,05	0,05	0,04	0,04	0,05	0,06	0,06

1) Hædd ekki tikið fyrri fordeiling av kostnaði fyrri nettab og eginnýtslu hjá SEV millum framleiðslu og net, men tikið í mun til seldan kWt.

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
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Tilfar og lönir / Materials and salaries	65.710	58.691	67.465	62.057	57.772	58.057	61.458	67.476	83.387	76.911	77.627
Avskringingar uppá net / Grid depreciation	25.886	26.409	27.637	29.574	25.943	27.732	29.831	33.249	40.526	48.719	51.847
Rentur / Interest og/and subsidiary fair	0	0	5.429	3.644	6.944	7.961	8.840	12.956	12.277	19.477	19.530
Netkostnaður íalt / Total Grid expenses	91.596	85.100	100.531	95.275	90.659	93.750	100.129	113.681	136.190	145.107	149.004
Seldir kWt í GWT / Sold kWt in GWT	258,9	252,0	255,0	254,8	261,4	274,4	283,8	291,7	296,6	303,6	313,6
Netkostnaður pr. seldan kWt / Grid expenses pr. kWh sold	0,35	0,34	0,39	0,37	0,35	0,34	0,35	0,39	0,46	0,48	0,48
Harav netkostnaður / grid expenses pr. kWh sold	0,16	0,14	0,18	0,15	0,12	0,13	0,11	0,12	0,15	0,14	0,14
Harav fyrisingar / administration expenses pr. kWh sold	0,10	0,09	0,10	0,10	0,10	0,08	0,10	0,11	0,13	0,11	0,11
Harav avskringingar / depreciation pr. kWh sold	0,10	0,10	0,11	0,12	0,10	0,10	0,11	0,11	0,14	0,16	0,17
Harav rentur / Interest expenses pr. kWh sold	0,00	0,00	0,02	0,01	0,03	0,03	0,03	0,04	0,04	0,06	0,06

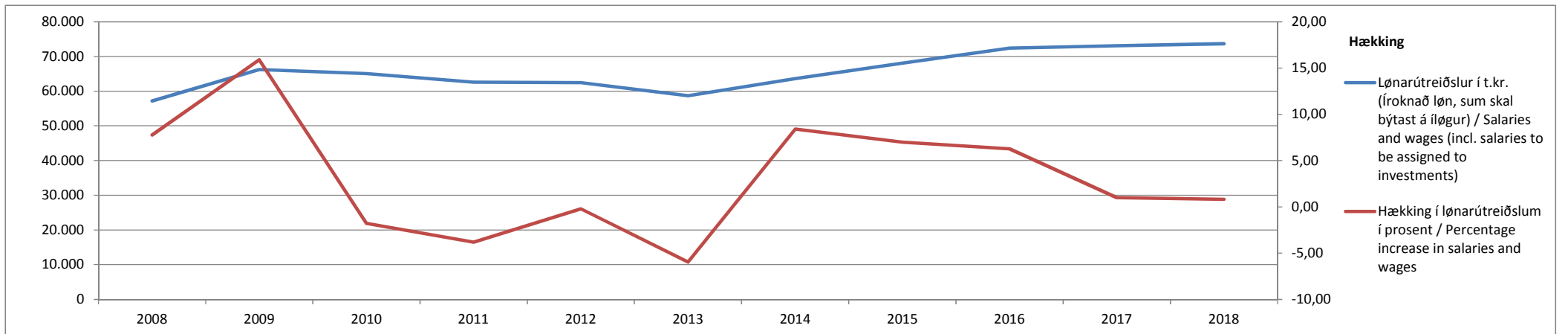
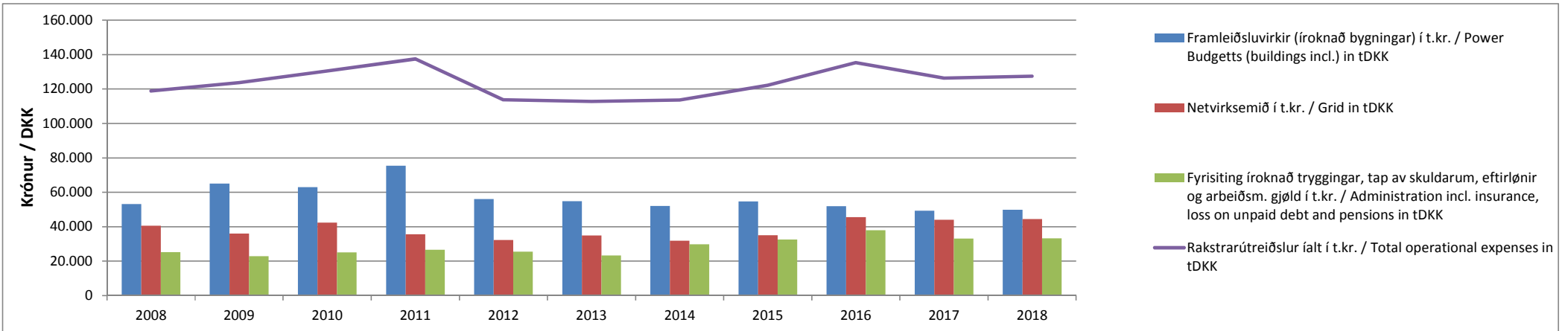
1) Hædd ekki tikið fyrri fordeiling av kostnaði fyrri nettab og eginnýtslu hjá SEV millum framleiðslu og net, men tikið í mun til seldan kWt

Sundurgreinaður oljukostnaður / Oil expenses broken down	Staðfest roknskapartöl / Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimation and projection	Framskrifað / projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kostnaður íalt í t.kr. / Total cost tDKK	292.834	264.516	327.239	358.454	370.581	375.381	355.326	329.305	355.497	366.637	373.415
Oljukostnaður netto, íalt í t.kr. / Net oil cost in total in tDKK	119.924	75.853	125.258	142.640	166.018	167.934	141.500	93.228	77.716	79.607	80.057
Kostnaður íalt í t.kr. uttan olju / Total costs excl. cost of oil in tDKK	172.910	188.663	201.981	215.814	204.563	207.447	213.826	236.077	277.782	287.030	293.357
Olja í prosent av kostnaðinum / Oil portion of total cost (%)	40,95	28,68	38,28	39,79	44,80	44,74	39,82	28,31	21,86	21,71	21,44
Oljukostnaður pr. framleiddan kWt við olju / Oil cost pr. kWh produced using oil	0,72	0,45	0,63	0,86	0,92	0,93	0,94	0,70	0,56	0,56	0,56
Oljukostnaður pr. seldan kWt framleiddur við olju (íroknað eginnytla og nettap) / Oil cost pr. sold kWh produced using oil (net loss and private consumption incl.)	0,77	0,49	0,69	0,92	1,02	0,99	1,01	0,76	0,60	0,60	0,59
Sølukostnaður pr. kWt í ídnaðarbólkinum > 20.000 kWt / Cost pr. kWh sold to industry >20.000 kWh	0,74	0,74	0,74	0,89	0,99	1,10	1,15	1,15	1,15	1,15	1,15
Úrslit í mun til oljuútreiðslunar / Result in comparison to oil expenses	-0,03	0,25	0,05	-0,03	-0,03	0,11	0,14	0,39	0,55	0,55	0,56
Sølukostnaður pr. kWt í bólkinum < 10.000 kWt / Cost pr. kWh sold to customers < 10.000 kWh	1,21	1,21	1,21	1,36	1,46	1,51	1,51	1,51	1,51	1,51	1,51
Úrslit í mun til oljuútreiðslunar / Result in comparison to oil expenses	0,44	0,72	0,52	0,44	0,44	0,52	0,50	0,75	0,91	0,91	0,92

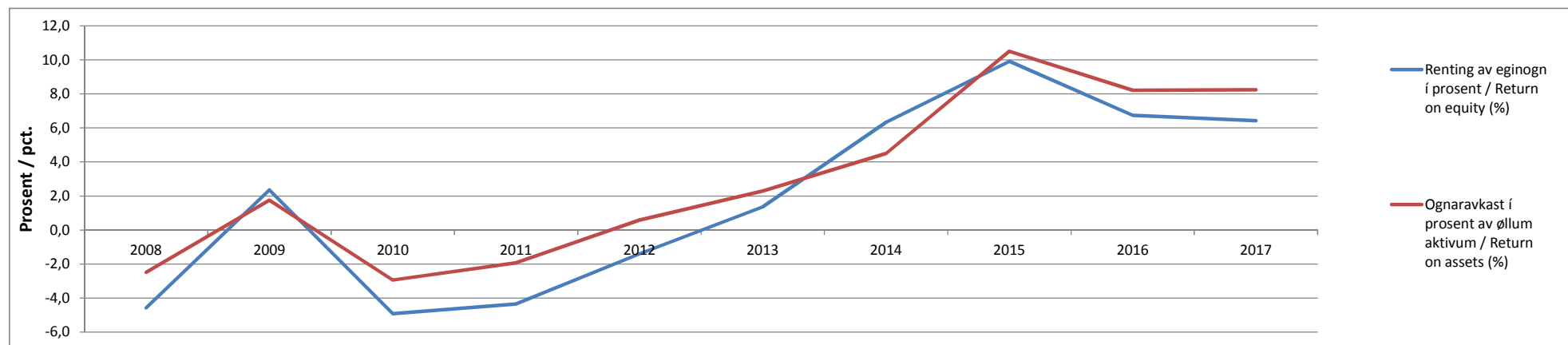
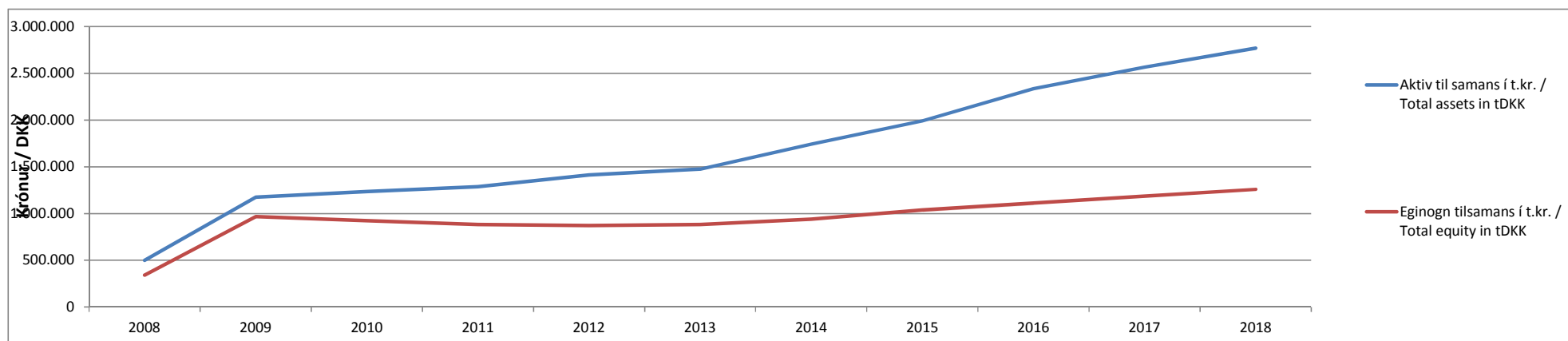
Sundurgreinaður fyrisingarkostnaður / Administration costs broken down	Staðfest roknskapartöl / Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budget	Meting og framskriving / Estimated and projection	Framskrifað / Projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fyrisingarkostnaður sundurgreinaður í hövuðsbólkar í mio.kr. / Administration costs broken down into main groups in DKK million	25,2	22,8	25,1	26,5	25,5	23,2	29,7	32,5	37,9	33,0	33,3
Lønir leiðsla og umsiting íroknað avlesing / Management salary and administration incl. meter readings.)	8,2	9,5	9,5	9,3	9,9	11,2	12,4	12,8	12,9	13,1	13,2
Lønir umboðsnevnd, stýri, aðalfundur og nevnd / Salaries for the general meeting and board	1,3	0,6	0,5	0,8	0,8	1,0	1,0	1,0	0,8	0,8	0,8
Tænaustumannaeftirlønir og arbeiðsmarknaðargjöld / Pensions and other fees	2,6	2,2	1,8	1,5	1,5	1,5	1,5	2,8	1,3	1,3	1,4
Fordeiling til framleiðslu og net (varislig meting við stöði í 2009 og 2010) / Distribution between production and grid (estimation based on 2009 and 2010)				-2,0	-2,0	-2,0	-2,0	-3,5	-3,2	-3,2	-3,3
Lønir (inkl. eftirlønir og arbeiðsmarknaðargjöld sum áður partvíst var undir tilfar) / Wages and salaries (incl. pensions and other costs previously booked as material expenses)	12,0	12,3	11,8	10,0	10,2	11,7	12,9	13,1	11,9	12,0	12,1
Elveitingareftirlit - Supervision	1,0	1,7	2,0	1,6	2,0	1,7	1,7	1,8	2,0	2,0	2,0
Kanningar og ráðgeving / Studies and consultancy	3,3	0,0	-0,5	8,0	2,5	1,9	5,0	2,0	12,2	11,2	8,3
Lýsingar og telefon, konsulent, prent, porto (og kunningartækni fram til 2002) / Advertising and telephone expenses, consultancy, print and postage (and IT until 2002)	1,7	1,0	1,3	i/a	1,2	0,9	1,3	1,0	1,2	1,2	1,2
Kunningartækni / IT	2,2	2,0	2,7	1,8	1,3	0,9	1,8	1,6	2,5	2,5	2,5
Bankakostnaður, ómaksgjöld / Bank charges and other charges	1,3	1,1	0,9	1,7	1,5	0,7	0,7	1,9	1,8	1,8	3,0
Tryggingar / Insurance	0,6	1,0	1,3	i/a	0,4	1,1	2,3	2,0	1,5	1,5	1,5
Tap uppá skuldarar / Loss on unpaid debt	0,5	0,6	1,8	1,6	0,0	1,2	0,9	1,1	1,0	1,0	1,0
Tap av skuldarum uppá dótturfelög/tilknýtt felög / Loss on unpaid debt from subsidiaries and associates	0,0	0,0	2,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Viðlíkahald av bygningum / Maintenance of buildings	0,0	0,0	0,0	0,0	2,1	0,9	1,0	1,0	1,1	1,1	1,1
Skrivstovuvald, aðrar fyrisingarútreiðslur, ferðaútr. og starvsfólkakostnaður v.m. / Other administration and employee costs etc.	2,2	5,3	2,8	1,8	2,6	5,3	2,1	7,0	2,9	-1,2	0,6
Tilfar og tænaustur íalt / Total materials and services	12,8	12,7	15,0	16,5	13,6	14,6	16,8	19,4	26,1	21,0	21,2

Lønarárútreiðslur í t.kr. (íroknað lön, sum skal bítast á ílögur) / Salaries and wages (incl. salaries to be assigned to investments)	57.168	66.252	65.061	62.576	62.438	58.706	63.644	68.097	72.372	73.095	73.682
Hækking í lönarárútreiðslum í prosent / Percentage increase in salaries and wages	7,76	15,89	-1,80	-3,82	-0,22	-5,98	8,41	7,00	6,28	1,00	0,80
Ársverk/Average number og employees					157	159	160	163	172	172	172
Miðaltal av starvsfólki *) / Employees with SEV as main source of income	148	153	146	138	133	127	128	133	138	138	138

*) Talan er um tal av starvsfólki, sum hava sína hövuðsinntøku frá SEV fram til 2010. Hereftir ársverk í miðal. Felagið hevur nógv fleiri starvsfólk knýtt at sær, so ikki ber til at rokna eina miðalløn burtúr talinum / Berfore 2010: employees with SEV as main source of income,. After 2010: average full-time employees.

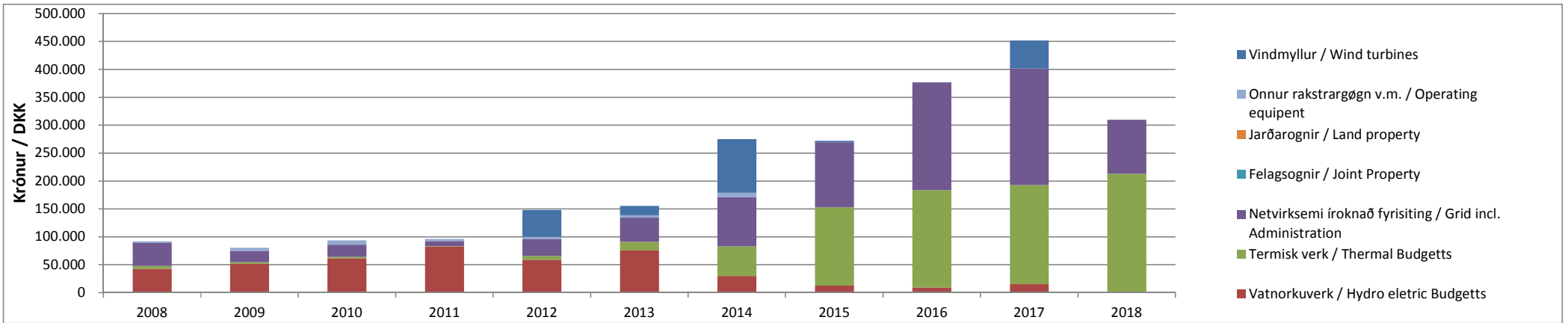
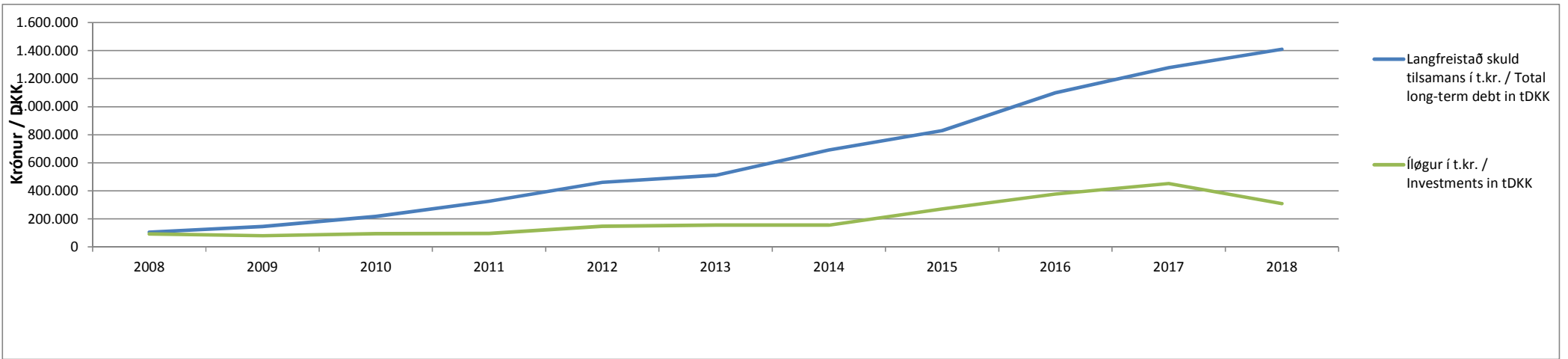


Figgjarstöða / Balance Sheet	Staðfest roknskapartöl / Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Actual	Meting og framskriving / Estimation and projection	Framskrivað / Projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Aktiv til samans í t.kr. / Total assets in tDKK	499.291	1.172.285	1.233.175	1.286.519	1.411.000	1.475.208	1.742.038	1.991.618	2.334.117	2.564.626	2.768.259
Eginogn tilsamans í t.kr. / Total equity in tDKK	341.152	966.824	921.752	882.495	870.225	882.091	939.854	1.037.905	1.110.371	1.184.120	1.257.753
Soliditetur í prosent / Equity/Asset ratio (%)	68,3	82,5	74,7	68,6	61,7	59,8	54,0	52,1	47,6	46,2	45,4
Renting av eginogn í prosent / Return on equity (%)	-4,6	2,3	-4,9	-4,4	-1,4	1,4	6,3	9,9	6,7	6,4	6,0
Ognaravkast í prosent av øllum aktivum / Return on assets (%)	-2,49	1,75	-2,94	-1,93	0,59	2,30	4,50	10,5	8,2	8,2	7,8



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	Framskrifað / Projections
	2008	2009	2010	2011	2012	2013	2014				
Úrslit frá vanligum rakstri/EBITDA	35.917	77.688	14.638	36.310	76.041	103.914	155.573	209.325	191.790	211.320	216.335
Langfreistað skuld tilsamans í t.kr. / Total long-term debt in tDKK	105.797	145.955	217.980	326.594	461.583	510.254	691.411	830.000	1.100.000	1.280.000	1.410.000
Gjaldfðri/Closing cash on hand	24.307	36.772	42.143	56.887	87.384	66.593	131.459	162.337	192.789	93.349	127.006
Netto langfreistað skuld tilsamans í t.kr./net total long-term debt in tDKK	81.490	109.183	175.837	269.707	374.199	443.661	559.952	667.663	907.211	1.186.651	1.282.994
Netto langfreistað skuld í mun til EBITDA, ferðir/net total long-term debt in tDKK in comparison to EBITDA, times	2,3	1,4	12,0	7,4	4,9	4,3	3,6	3,2	4,7	5,6	5,9
Stuttfreistað skuld tilsamans	52.342	40.775	74.713	83.450	57.260	64.588	91.408	103.147	103.180	79.940	79.940
Stutt- og langfreistað skuld tilsamans/short and long term debt in total	158.140	186.730	292.692	382.457	518.843	574.842	782.819	933.147	1.203.180	1.359.940	1.489.940
Netto samlað skuld í mun til EBITDA, ferðir / Total net debt in comparison to EBITDA, times	3,7	1,9	17,1	9,0	5,7	4,9	4,2	3,7	5,3	6,0	6,3
Eginpeningspartur í %/equity-asset ratio (solvency)	68,3	82,5	74,7	68,6	61,7	59,8	54,0	52,1	47,6	46,2	45,4
Skuld í mun til eiginögn í prosent / Debt as a portion of Equity	31,0	15,1	23,6	37,0	53,0	57,8	73,6	80,0	105,98	115,28	119,08
Kostnaður í % av langfreistað skuld og trekningsrættum/cost of long-term debt and committed lines in pct.	5,9	4,5	4,8	5,5	5,4	4,6	3,5	2,6	2,4	2,5	2,6
Broyting í langfreistaðari skuld í t.kr.	-18.018	40.158	72.025	108.614	134.989	48.671	181.157	138.589	270.000	180.000	130.000
Ílögur í t.kr. / Investments in tDKK	91.778	80.262	93.464	96.093	147.858	155.009	155.009	272.153	377.354	451.763	309.863
Munur millum broyting í langfreistaðari skuld og ílögur í t.kr. / Difference between change in long-term debt and investments in t.DKK	109.796	40.104	21.439	-12.521	12.869	106.338	-26.148	133.564	107.354	271.763	179.863

Ílöguslag í 1.000 kr. / Investments in tDKK	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Vatnorkuverk / Hydro electric Budgets	42.578	51.406	61.236	82.293	58.700	75.400	29.400	12.241	9.050	15.000	0
Termisk verk / Thermal Budgets	5.000	3.100	2.700	800	6.858	15.500	53.400	140.235	174.785	178.000	213.000
Vindmyllur / Wind turbines	0	0	0	0	48.000	16.500	96.100	2.500	450	50.000	0
Netvirksemi íroknað fyrising / Grid incl. Administration	41.100	19.600	21.700	9.100	30.300	43.500	88.100	117.177	193.069	208.763	96.863
Sjóvarfalsorka/Tidal				0	0	0	0	0	0	0	0
Pumped to storage				0	0	0	0	0	0	0	0
Felagsognir / Joint Property	0	0	0	0	0	0	0	0	0	0	0
Jarðarognir / Land property	0	0	0	0	0	0	0	0	0	0	0
Önnur rakstrargögn v.m. / Operating equipent	3.100	6.156	7.828	3.900	4.000	4.109	8.200	0	0	0	0
Íalt	91.778	80.262	93.464	96.093	147.858	155.009	275.200	272.153	377.354	451.763	309.863



Gjaldfæri / Liquidity	Staðfest roknskapartöl Actual Accounts							Staðfest og ætlað / Actual and Budgeted	Ætlan / Budgeted	Meting og framskriving / Estimation and projection	Framskrifað / Projections
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Gjaldfærisbreyting frá vanligum rakstri í t.kr. / Changes in liquidity from general operations tDKK	34.497	52.570	26.810	2.221	41.871	85.357	159.016	209.325	191.790	211.320	216.335
Önnur gjaldfærisbreyting í t.kr. / Other changes in liquidity	-10.190	-15.798	15.333	54.666	45.513	-18.764	-27.557	-46.989	999	-117.971	-89.329
Gjaldfæri við ársenda í t.kr. / Liquidity year-end	24.307	36.772	42.143	56.887	87.384	66.593	131.459	162.337	192.789	93.349	127.006
Breyting í gjaldfæri í krónum í mun til undanfarna ár í t.kr. / Changes in liquidity DKK compared to previous years.	-75.299	12.465	5.371	14.744	30.497	-20.791	64.866	30.878	30.452	-99.440	33.657
Avdráttur úttan afturrindan av lán við sölun / Loan Repayment (not incl. termination of loan)	18.018	18.000	17.945	18.972	19.361	25.329	29.563	0	0	0	0
Rentukostnaður/cost of finance	6.777	5.682	8.699	14.959	21.298	22.354	21.180	24.571	33.264	41.540	43.490
Rentuinntøkur/interest income	3.244	472	686	505	763	343	567	217	3.913	3.673	3.428
Kapitalkostnaður/cost of finance	3.533	5.210	10.139	14.454	20.535	22.011	20.613	24.354	28.416	36.614	38.617
Sjálvfinansiering til at fígga broytingar í goymslu, skuldarum og oðrum umframt ílögur eftir rindan av avdráttum / Self financed investments after loan repayment	12.946	29.360	-1.274	-31.205	1.975	38.017	108.840	184.972	163.373	174.706	177.718
Ílögur/investments	91.778	80.262	93.464	96.093	147.858	155.009	275.200	272.153	377.354	451.763	309.863
Eiginfígging av ílögum í pst./selffinancing of investment	14,1	36,6	-1,4	-32,5	1,3	24,5	39,5	68,0	43,3	38,7	57,4

