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After several years of uninterrupted growth and progress, the world economy suffered a severe downturn in 2008 as a result of the financial crisis. The first signs became evident towards the end of 2007 in the US. During 2008, it became clear that the economies of the world are closely connected. Every country has, to varying degrees, been hit by the financial crisis and the subsequent economic decline and general downturn.

The Port of Aarhus is obviously affected by these developments. 2008 started with a very satisfactory first six months, although with slightly lower growth than in the preceding years but better than budgeted. This growth which had been achieved was significantly reduced in Q3. But in Q4, cargo turnover suffered the biggest and most dramatic decline in recent times.

Despite this totally unexpected fall in cargo volumes, the financial results achieved are in line with the budget and therefore satisfactory.

In 2008, the Port of Aarhus invested more than DKK 100 million in new facilities to help see the port into the future. Over the past 10 years, more than DKK 1.5 billion has been invested in new harbour installations, cranes, roads, railway track etc.

In 2008, phase one of the sale of port areas in close proximity to the city centre was completed. This involved the last part of Pier 4 – the former container terminal – and the basin for fishing boats and leisure craft as well as the area around Honnørkajen.

In the port areas in close proximity to the city centre, the Port of Aarhus now only owns the area around Pier 3 – the Mols-Linien ferry terminal. The area is being radically changed from an active port to an urban development area and will be the site of large-scale construction projects in the coming years.

We expect 2009 to be a particularly challenging year. World trade is characterised by a decline in volumes, and transport prices are also coming under pressure. It naturally follows that prices represent income for one party and an expense for another. In the course of 2009 it will become apparent where a new balance can be struck, but there is undoubtedly a great deal of uncertainty.

The Port of Aarhus, like Denmark, is in a relatively strong position. Liquidity is high. On the other hand, capital costs are also high as a result of the investments which have either been made or which are planned in new port facilities. The Port of Aarhus expects to maintain the planned pace of development with a budget for new facilities in excess of DKK 200 million in 2009.

The Port of Aarhus is relatively well geared to remaining one of Denmark's international ports.

Århus Havn – Port of Aarhus
March 2009



Main tasks

The main activities of the Port of Aarhus are the establishment and operation of port infrastructure for goods handling, the leasing of areas and buildings to companies engaged in harbour-related business as well as the supply and execution of ship-related services.

Cargo turnover

The volume of cargo handled fell by 475,000 tonnes (4%) to 12,098,000 tonnes and was distributed as follows:

1,000 tonnes	2008	2007
Container routes	3,453	3,757
Cargo ferries ro-ro	3,135	3,403
General cargo.	342	251
Bulk traffic	3,400	3,270
Tankers	1,768	1,892
Total.	12,098	12,573

The Port of Aarhus maintained its position as Denmark's biggest container port and public bulk port as well as the largest ferry port in western Denmark. The infrastructure charges from cargo handling (ship and harbour dues) totalled DKK 99 million. On average, rates increased by 3% over the year.

Unit turnover

The volume of unit loads shipped with containers and trailers has been growing steadily for many years. This trend changed abruptly at the end of the year. In 2008, 458,000 TEUs were lifted across the quays by the port's cranes while 383,000 TEUs were driven across the quays, resulting in a total shipping volume of 841,000 TEUs compared to 920,000 TEUs in 2007.

Cargo and passenger ferries

Mols-Linien A/S sails up to six daily trips with cargo ferries to Kalundborg and nine daily trips with passengers and vehicles to Odden, both on Zealand. In addition, there is ro-ro traffic to Finland and Lithuania.

In 2008, Mols-Linien A/S carried 0.6 million cars and 1.5 million passengers to and from Odden/Kalundborg. Aarhus is also a destination for cruise ships. In 2008, 21 cruise ships called at the port carrying 25,536 guests.

General cargo

General cargo, which comprises wood, paper and project cargo, such as wind turbines, increased by 91,000 tonnes (36%). Aarhus is one of the main shipping ports for Danish exports of wind turbines, and several dedicated areas with special loading equipment have been established.

Bulk traffic

Bulk traffic, which comprises agricultural goods, coal, cement etc., increased by 130,000 tonnes (4%). There was growth in the volumes of construction materials and coal handled.

Tankers

Tankers carrying mineral and vegetables oils etc. fell by 124,000 tonnes (7%).

Leasing

Areas, warehouses and office premises are leased to harbour-related businesses. In 2008, lease income totalled DKK 66 million.

Services

Services comprise pilotage, mooring, towage and crane operations. Income from these services totalled DKK 73 million with an average price increase of 3%.

Sale of property

The sale of non-current assets resulted in a financial gain of DKK 213 million and a similar effect on the profit. The sale comprises parts of the port areas in close proximity to the city centre, which are being handed over in stages to the Municipality of Aarhus, the lessees or the highest bidders. The Municipality of Aarhus is responsible for transforming the port area to one characterised by urban functions according to the municipal plan. In 2008, the southernmost part of Pier 4, the area around Honnørkajen as well as the last parts of the harbour for fishing boats and leisure craft were transferred to the municipality.

New facilities

An amount of DKK 142 million was invested in new port facilities. In 2009, DKK 266 million has been allocated to new facilities.

Net profit

The net profit for the year was DKK 257 million, of which DKK 213 million is attributable to the sale of non-current assets. The profit of DKK 44 million before the sale of non-current assets is in line with the budget. For 2009, considerable uncertainty surrounds developments in cargo volumes. The outlook is for a profit of about DKK 35 million. The profit will be used for investments in new port installations and loan repayments.

Balance sheet

The port's net debt was reduced by DKK 162 million to DKK 59 million. The net debt consists of fixed loans of almost DKK 517 million and other outstanding amounts totalling DKK 95 million less bond portfolio, cash and cash equivalents and other current assets of DKK 553 million. Equity increased by DKK 243 million to DKK 1,497 million. Together with the balance sheet total of DKK 2,239 million, this equals an equity ratio of 67%. The port's holding of cash and cash equivalents increased by DKK 161 million to DKK 531 million.

Risk assessment

There are no special risks which differ from similar businesses apart from the financial risk. The risk attached to the loan debt is hedged by fixed-rate, long-term loans. The holding of cash and cash equivalents is held in Danish bonds and as short-term special-term deposits.

In 2004, the risk of terrorism at the port was assessed according to the international ISPS standards which were implemented by Act no. 1221 of 27 December 2003.

Ten-year development

In 1997, work on developing the port according to the master plan commenced. This has resulted in a growth in total cargoes volumes handled of 58% over 10 years 1999-2008 corresponding to an average annual growth rate of approx. 5%. In the period, DKK 1,255 million has been invested in the Container Port out of total investments made in new facilities of DKK 1,512 million. The number of containers handled in the same period has almost doubled, corresponding to an average annual increase of approx. 7%.

Environmental concerns

In connection with the adoption of the master plan in 1997, the Port of Aarhus was the first port in Denmark to conduct a full environmental impact assessment (EIA). The assessment covered all the environmental impacts on land, at sea and in the air of an annual cargo volume of 20 million tonnes and corresponding to a fully extended port as outlined in the master plan. The environmental factors are not expected to have any material significance for future earnings.

Employment

The harbour college 'Havnehøjskolen' has implemented a number of activities for all employees.

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Port of Aarhus DKK 1,000 kr.	2008	2007	2006	2005	2004
Income statement					
Ship and harbour dues	98,817	95,610	88,218	81,683	73,973
Leasing	66,433	68,274	62,797	63,400	56,419
Services	72,726	75,651	60,719	50,162	44,839
Other income	35,450	31,970	34,343	28,848	31,054
Total income	273,426	271,505	246,077	224,093	206,285
Costs	232,934	215,202	183,560	163,223	154,911
Profit from harbour operations	40,492	56,303	62,517	60,870	51,374
Gains from the sale of port facilities	212,988	421,939	14,941	95,495	0
Net financial expenses	3,756	23,829	32,538	29,746	28,248
Profit	257,236	454,413	44,920	126,619	23,126
Balance sheet					
Equity	1,496,679	1,254,097	793,948	741,608	625,917
Assets	2,238,326	1,999,700	1,671,455	1,575,399	1,466,402
Payables – receivables					
Net debt beginning of year	221,663	595,550	496,526	469,139	478,297
Change in net debt	-162,246	-393,887	99,024	27,387	-9,158
Net debt end of year	59,417	221,663	595,550	496,526	469,139
Investments					
East Harbour	51,635	3,480	3,684	18,083	10,311
Container harbour	69,557	181,978	184,007	188,816	1,352
Other investments	20,795	1,945	1,672	4,425	17,753
Total investments	141,987	187,403	189,363	211,324	29,416



Financial ratios in %	2008	2007	2006	2005	2004
Equity ratio: Equity end of year end as a percentage of assets end of year	66.9	62.7	47.5	47.1	42.7
Return on capital employed: Profit from harbour operations as a percentage of assets end of year	1.8	2.8	3.7	3.9	3.5
Return on equity: Profit for the year as a percentage of average equity	18.7	44.4	5.9	18.5	3.7
Profit margin: Profit from harbour operations as a percentage of revenue	17.0	23.2	28.9	31.2	29.3
Gross margin ratio: Profit before depreciation as a percentage of revenue	45.6	44.4	52.0	54.8	55.4
Depreciation rate: Depreciation as a percentage of property, plant and equipment beginning of year	2.7	2.3	1.4	2.8	2.8
Cash flow					
Cash and cash equivalents beginning of year	369,687	147,409	190,174	226,519	197,277
Cash flow for investments	-141,987	-187,403	-189,363	-211,324	-23,416
Cash flow from operating activities	97,269	72,906	66,076	64,680	57,710
Cash flow from financing activities	205,725	336,775	80,522	110,299	948
Cash and cash equivalents end of year	530,694	369,687	147,409	190,174	226,519

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General

The Port of Aarhus is situated near Denmark's second-largest city with 300,000 inhabitants. There are connections to the E45 motorway and to the railway network, and several airports can be found nearby.

- Location: 56° 10' N – 10° 14' E
- 9 km of quays
- 2,600,000 sq m of land areas
- Open 24/7 - 365 days a year
- Several ferry services
- Maritime services
- Warehouses
- Tank terminals
- Silos
- Heavy-lift terminal
- Bonded warehouses
- EU border control
- ISPS-approved

Container Port

The Container Port is capable of handling 1,000,000 TEUs a year.

In 2008, the remaining area of 60,000 sq m, which is shared by the APM Terminal and the Cargo Service Terminal, was paved. In addition, a number of buildings and areas will be constructed and laid out for use by the authorities (customs and veterinary control), as a truck stop for drivers and lorries as well as for leasing out to harbour-related businesses. In March 2009, a further two Post Panamax container cranes will be erected.

- Approach channel: 250 m wide and 14 m deep
- 750,000 sq m of land areas with space for 20,000 TEUs
- 1,300 m of quays with a water depth of up to 14 m (prepared for 15.5 m) and ro-ro ramps
- Five Post Panamax container cranes with a lifting capacity of up to 90 tonnes (seven cranes from March 2009)
- One Panamax container crane with a lifting capacity of 40 tonnes
- Railway tracks
- 24,000 sq m of private warehousing
- 1,500 power points for refrigerated/chiller containers
- Facilities for cleaning, repairing and conducting PTI checks on containers
- Operators: APM Terminals and Cargo Service Container Terminal
- ISPS approval no. 4682 and DKAAR-008

Multi Terminal

- Approach channel: 200 m wide and 14 m deep
- 472,000 sq m of land area
- 1,740 m of quays plus 215 m of export piers with a water depth of up to 13.5 m and ro-ro ramps
- One heavy-lift crane with a lifting capacity of up to 50 tonnes
- Six multi cranes with a lifting capacity of up to 35 tonnes with hook and 20 tonnes with grab
- Two 20-tonne gantry grab cranes with accompanying conveyor belt system for transport to ship, road and rail
- Railway tracks
- Eleven warehouses totalling 45,000 sq m plus private warehouses
- Power points for refrigerated/chiller containers
- Weighing, tally etc.
- ISPS approval no. 4685

Ferry Terminal (Pier 3)

Mols-Linien operates cargo ferries and high-speed passenger ferries between Aarhus and Zealand. The terminal has capacity to add further destinations.

'Mellemarmen' and 'Kornpier'

At the end of Mellemarmen is a commercial port area in the former shipyard buildings. Here, ship repairs, boat construction and other harbour-related functions take place. Crane capacity is available for lifts of up to 180 tonnes, which is particularly suitable for wind turbines. Feedstuff warehouses and factories can be found at the near end of Mellemarmen.

Tank and Bulk Terminals

Various oil products, molasses, cement etc. are handled in the Oil harbour.

East Harbour

In the deep-water harbour, five Panamax ships can be loaded/unloaded simultaneously. The Multi Terminal is particularly suitable for project cargo, rolling goods and all kinds of bulk goods. Moreover, it is possible to transfer goods efficiently between large and smaller ships. The Bulk Terminal boasts Denmark's only conveyor belt system for transshipment to/from ship, road and rail. Areas are leased for production and storage purposes.

Statistics 2000 – 2008

		2000	2005	2007	2008	2007-08
Calling ships (number)	Liners	1,735	1,182	1,253	1,148	-105
	Ferries	3,932	4,557	4,530	4,939	409
	Tankers	626	443	465	548	83
	Others	1,504	1,954	2,212	1,677	-535
	Total	7,797	8,136	8,460	8,312	-148
Tonnage (1,000 GT)	Liners	13,659	17,303	17,515	14,170	-3,345
	Ferries	39,520	39,437	37,219	43,519	6,300
	Tankers	1,357	1,352	1,470	1,853	383
	Others	3,228	3,574	4,226	7,809	3,583
	Total	57,764	61,666	60,430	67,351	6,921
Cargo turnover (1,000 tonnes)	Incoming	6,586	7,306	8,179	7,921	-258
	Outgoing	3,351	3,981	4,394	4,177	-217
	Total	9,937	11,287	12,573	12,098	-475
Type of service (1,000 tonnes)	Liners	2,908	3,570	4,241	3,938	-303
	Ferry cargo	2,307	2,894	2,919	2,650	-269
	Oil and petrol	1,493	1,295	1,418	1,333	-85
	Other tankage	336	434	474	435	-39
	Total	9,937	11,287	12,573	12,098	-475
Containers (1,000 TEUs)	Full in	72	138	179	161	-18
	Full out	137	163	180	170	-10
	Empty in	66	59	80	72	-8
	Empty out	18	36	64	55	-9
	Total lo-lo by sea	293	396	503	458	-45
	Ro-ro	329	407	417	383	-34
	Total	622	803	920	841	-79
Services (number)	Pilotage	1,443	1,394	1,766	1,921	155
	Moorings	4,382	3,617	4,327	4,135	-192
	Tug services	806	833	1,178	1,329	151
	Crane hours	15,330	17,568	22,880	20,514	-2,366

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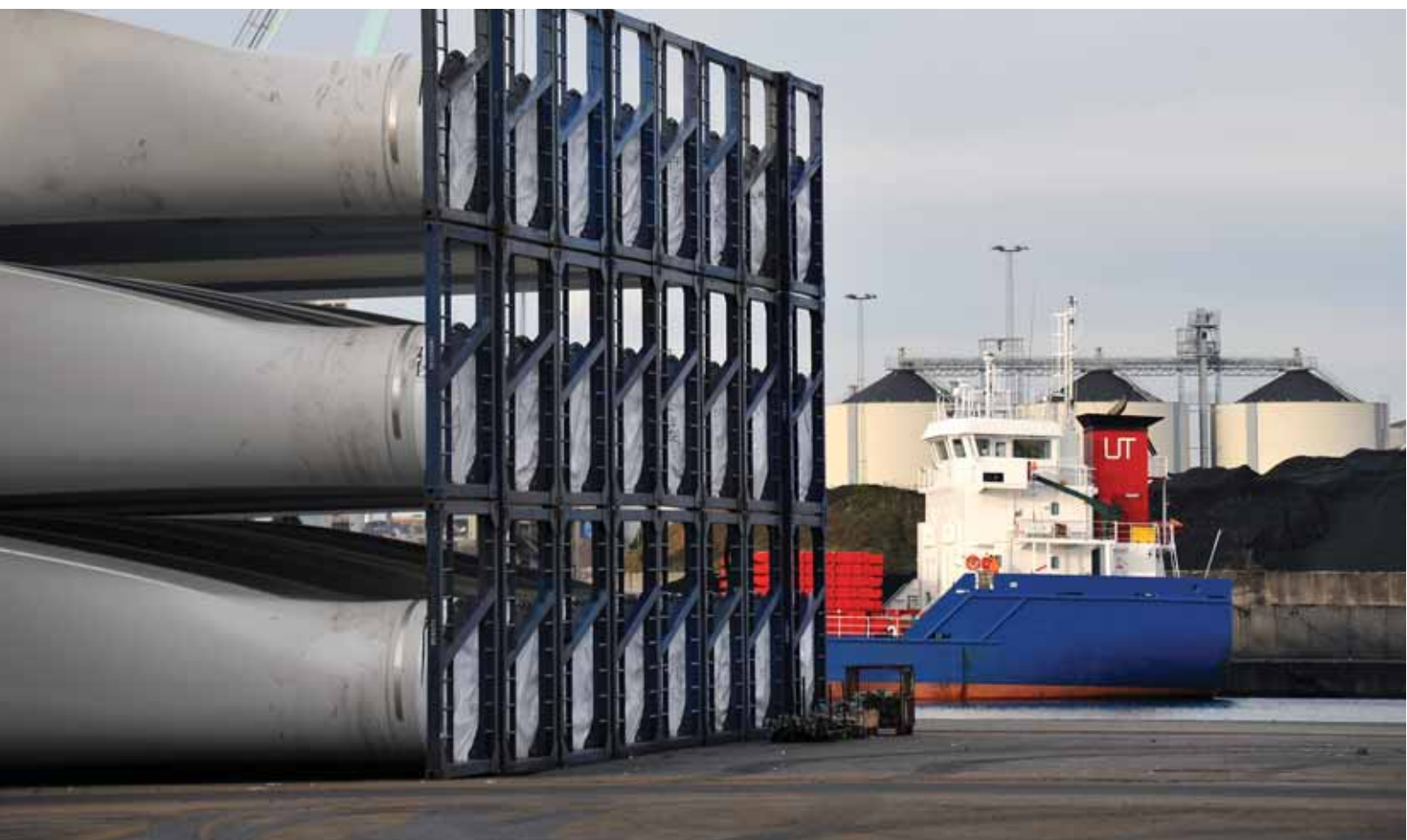
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Goods handling 2007 – 2008

		Incoming	Outgoing	2008	2007	2007-2008
Goods types (1,000 tonnes)	Containers	1,740	1,713	3,453	3,757	-304
	Cargo ferries	1,592	1,543	3,135	3,403	-268
	General cargo	123	219	342	251	91
	Total general cargo	3,455	3,475	6,930	7,411	-481
	Grain	267	2	269	127	142
	Feedstuffs/oilseed	1,612	122	1,734	1,903	-169
	Coal	241	59	300	217	83
	Stone and cement	863	60	923	844	79
	Other	26	148	174	179	-5
	Bulk goods, total	3,009	391	3,400	3,270	130
	Oil products	1,077	256	1,333	1,418	-85
	Other	380	55	435	474	-39
	Liquid goods, total	1,457	311	1,768	1,892	-124
	Total	7,921	4,177	12,098	12,573	-475

		Foreign	Domestic	2008	2007	2007-2008
Product groups (1,000 tonnes)	Liquid fuels	813	520	1,333	1,418	-85
	Solid fuels	241	59	300	217	83
	Foodstuffs	1,719	108	1,827	2,034	-207
	Stone and gravel	411	351	762	658	104
	Grain	252	17	269	127	142
	Vegetable oil	233	5	238	229	9
	Cement	0	161	161	186	-25
	Other goods	4,299	2,709	7,208	7,704	-496
	Total	7,968	4,130	12,098	12,573	-475



The development strategy continues

In our 2007 annual report, we speculated on how long the then economic boom would last. The answer came in 2008. Like most other companies in Denmark and abroad, the Port of Aarhus had a year which started well but which ran out of steam.

By the end of 2008, only one thing seemed certain – the financial crisis in the autumn had spread like a virus to almost every corner of business.

Early on, the Port of Aarhus decided that the financial crisis and its effects should not go to waste. We intend to use the situation constructively and prepare ourselves for the next upturn in the economy.

In other words, we will use the present situation to prepare for the next phase of the port's development. Even though the market is declining, we are still focused on developing the port and acquiring the necessary commercial strength, which includes sharpening our competitive edge and introducing additional capacity, so we are ready when the economy picks up again.

At the end of 2008, we involved all our employees in 'Project Progress', which is intended to strengthen the company from within to withstand external challenges. This means that we examine our costs and insource work that we previously outsourced, and that we trim the organisation in readiness for the future.

At the same time, we are maintaining our development strategy, which at the moment involves extending the port with a new Omni Terminal, a new ferry terminal, yet another container terminal and a further two new Post Panamax container cranes, the world's biggest, as well as two new high-capacity bulk cranes. Moreover, we are helping to finance the construction of a new harbour tunnel which will create a direct connection between the port and the European motorway network.

At a port where we receive many goods from China, and where we handle many of the wind turbines being shipped from Denmark, it is relevant to quote an old Chinese proverb:

'When the winds of change blow, some build fences, others build windmills.'

New terminal due for completion in 2010

In 2008, we laid the foundations for a new terminal, the Omni Terminal, which will relieve our present Multi Terminal. The shipping of wind turbines from the Port of Aarhus is developing strongly and has led to pressure on the Multi Terminal. And the wind power industry expects this trend to continue despite the current recession.

The Port of Aarhus has decided to meet this demand by creating a new 80,000 sq m terminal which can be used for almost all types of goods. Hence its name, Omni Terminal.

We expect the terminal to be used for a wide range of cargo types which do not need to be stored under cover. These will include, for example, stone, gravel and several types of bulk products. And, as mentioned, wind turbines, as the wind power industry more than anybody else needs a high level of flow in its transport operations. This calls for large, flexible harbour areas which the Port of Aarhus can now offer at the Omni Terminal, where there will be as few restrictions as possible. This means fewer facilities and buildings and more storage space than we have seen so far at the terminals.

The planning of the Omni Terminal has already commenced, and during spring 2009 the contracting work will be put out for tender. The terminal is expected to be completed and ready for use by mid-2010.

The expansion means that the Port of Aarhus is starting the final phase of its so-called 'revised master plan', which covers two areas for enlargement: a new Container Port with accompanying service areas at the East Harbour (this part was completed in 2007), and an area for development to the north-east of the area around the Tank Terminal. It is this area which is now being developed.

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