

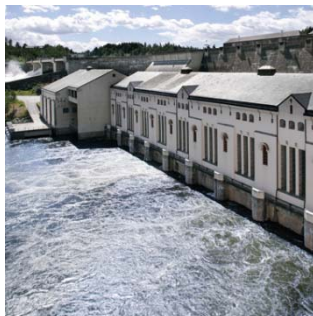
# Fourth-quarter 2011 presentation to analysts

Hafslund ASA  
2 February 2012  
**Finn Bjørn Ruyter**  
Interim CEO

# Highlights - fourth quarter 2011

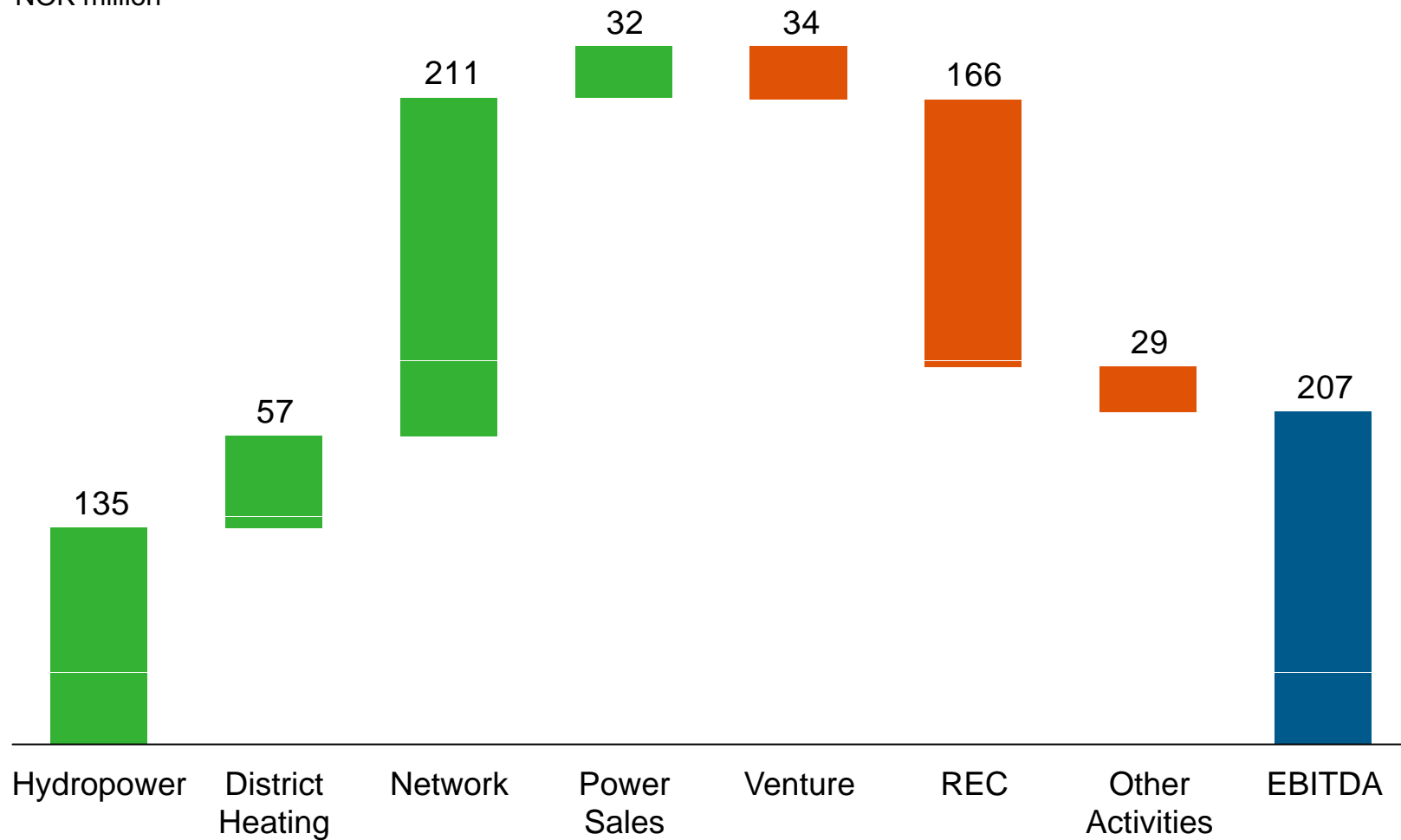
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- EBITDA: NOK 207 million, including NOK 166 million loss on sale of REC shareholding.
- Basic operations within core business performed well.
- Reduced demand for energy due to mild temperatures in the quarter - down 18 percent
- Hydropower generation: 10 percent above normal for the quarter.
- Hydropower sales price: NOK 0.25 per kWh, down 43 percent from 4Q 2010.
- Network: Major storm “Dagmar” results in additional costs of NOK 56 million.
- Board will propose a NOK 2.50 per-share dividend for the 2011 accounting year.



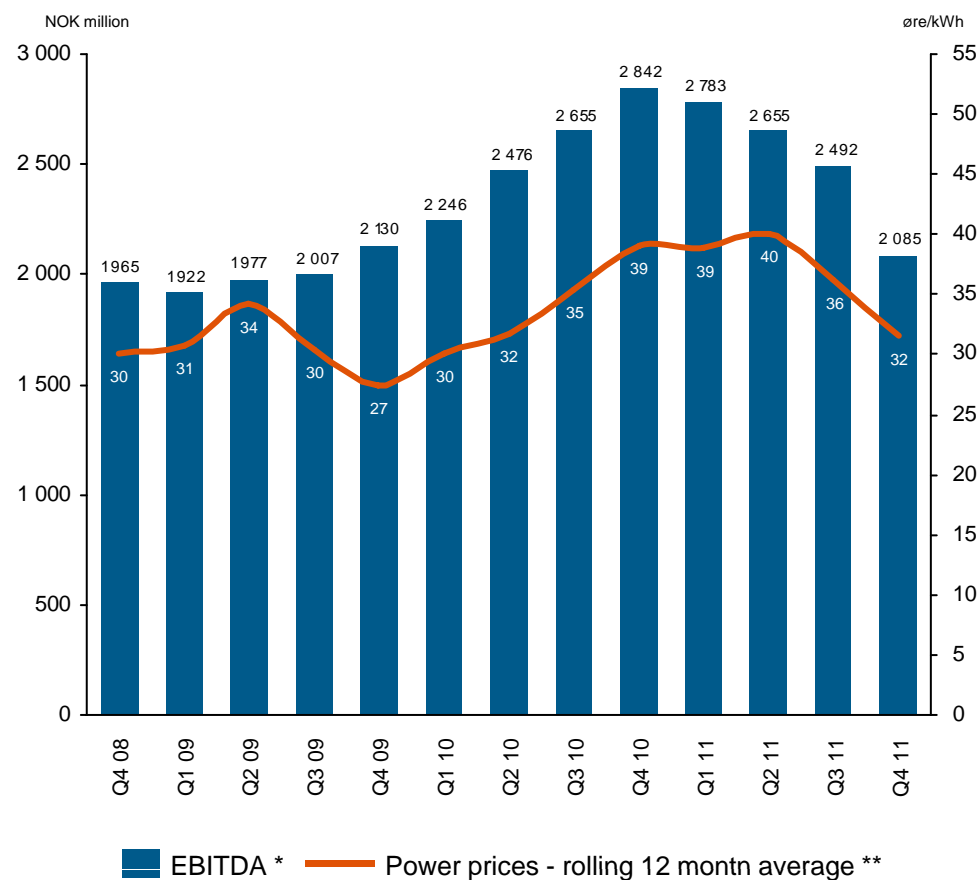
# EBITDA — fourth quarter 2011

NOK million



# EBITDA development — most recent three years

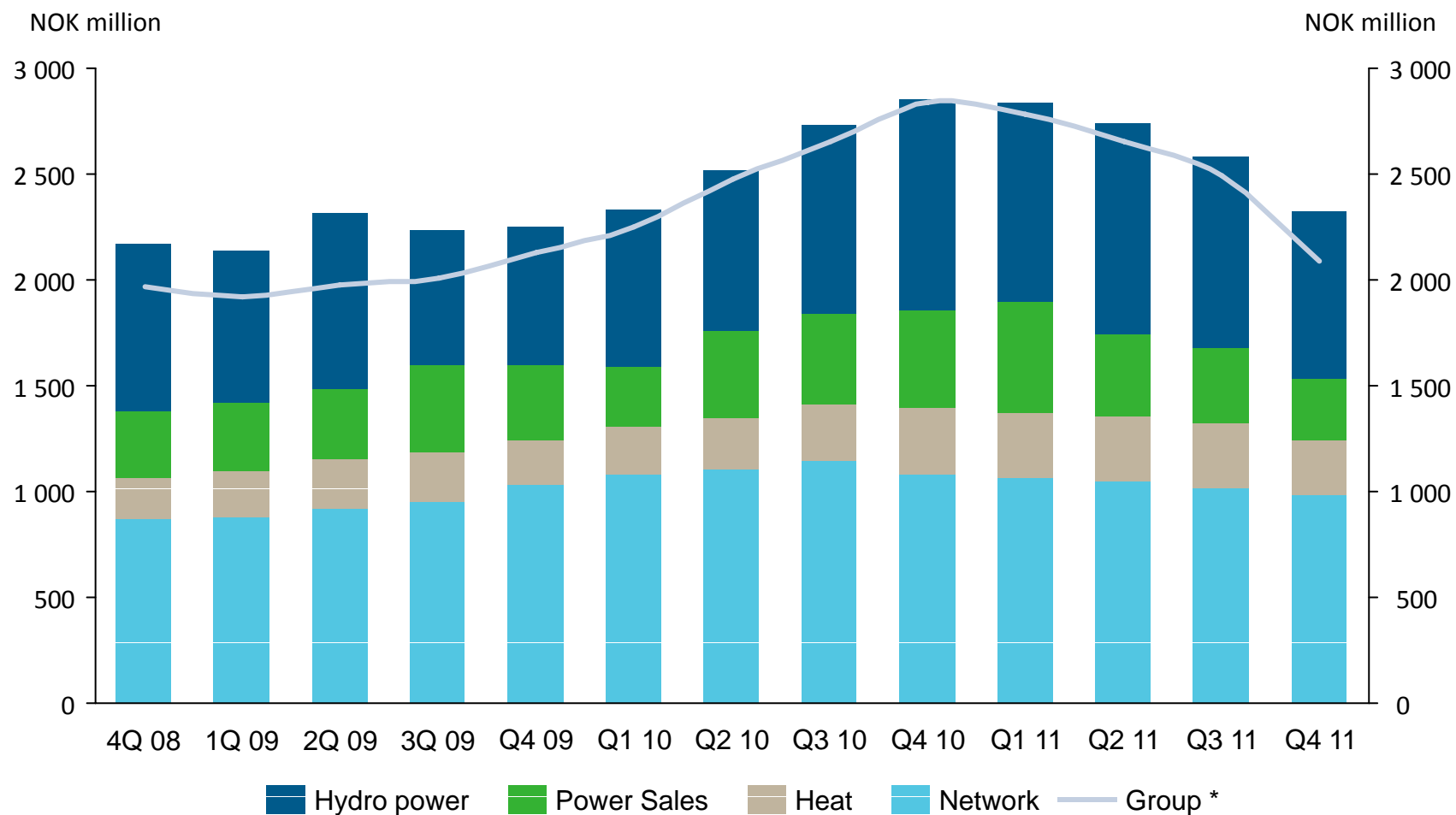
\* 12-month rolling EBITDA vs. wholesale power prices



- Power prices and Network business' regulated income ceiling are key value drivers.
  - Power price: NOK 0.32 per kWh, up NOK 0.02 from 2008.
  - NVE interest: 5.3%, down 2.1 percentage points from 2008.
- EBITDA sensitivity:
  - NOK 360 million upon a NOK 0.01 per kWh change in wholesale power prices.
  - NOK 130 million upon a 2 percentage point change in interest rate applied by NVE to determine annual income ceiling.
- Sale of fiber optic network business in Q4 2010 reduced rolling 12 month EBITDA by approximately NOK 120 million.

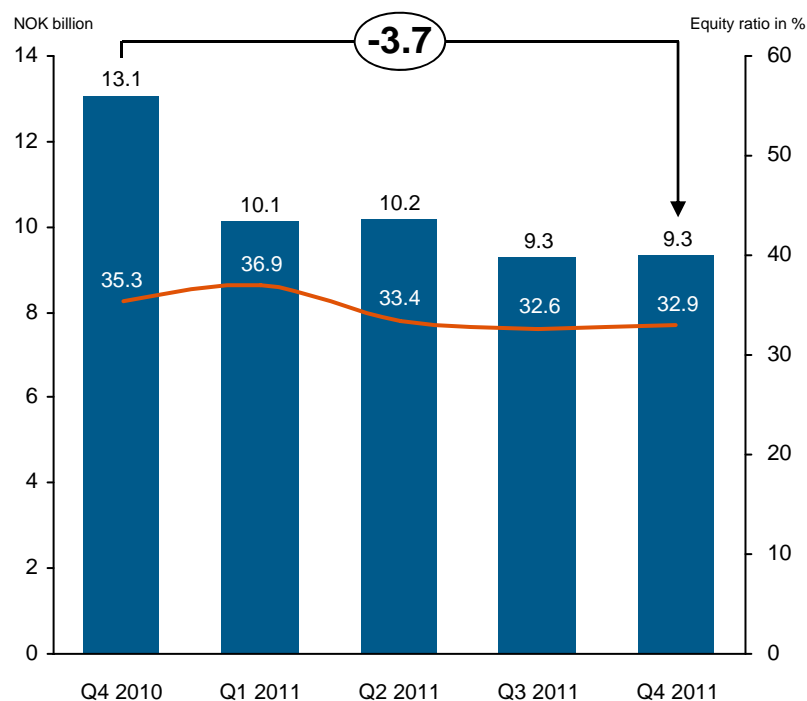
# EBITDA — by core business activity

\* 12-month rolling EBITDA



# Interest-bearing debt: down NOK 3.7 billion in 2011

Net interest-bearing debt and equity ratio

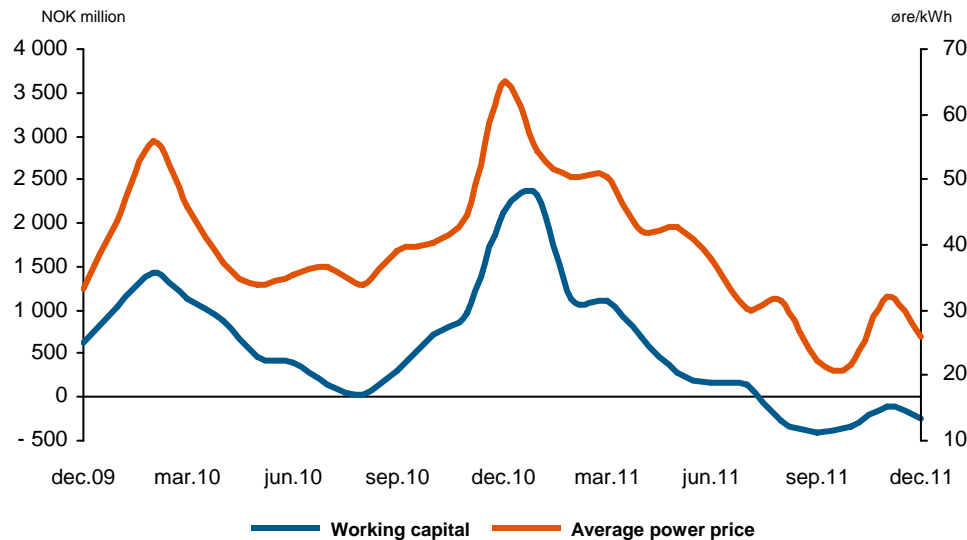


Change in interest-bearing debt in 2011  
Amounts in NOK million

<b>Net interest-bearing debt 31.12.2010</b>	<b>-13 067</b>
EBITDA	1 145
Interest paid	-540
Tax paid	-490
Change in market value of financial instruments	1 138
Change working capital	2 261
Investments	-1 172
Net capital freed up, shares, loan portfolio adj., et	2 865
Payment of dividend	-1 461
<b>Net interest-bearing debt 31.12.2011</b>	<b>-9 321</b>

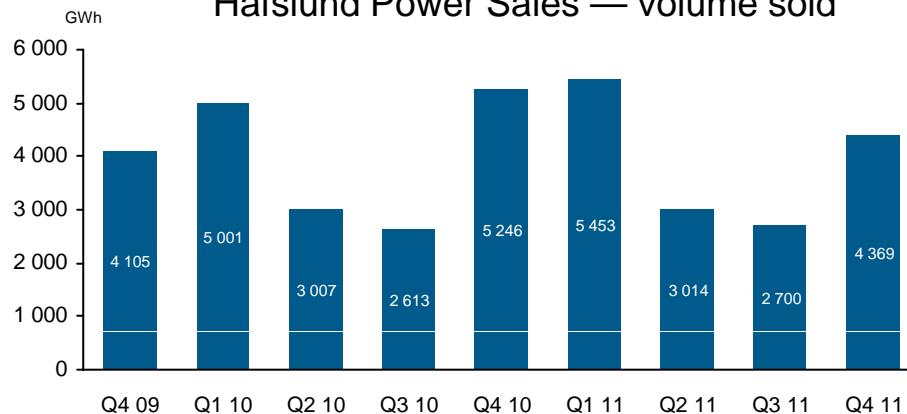
# Working capital — seasonal variation

Working capital and power prices



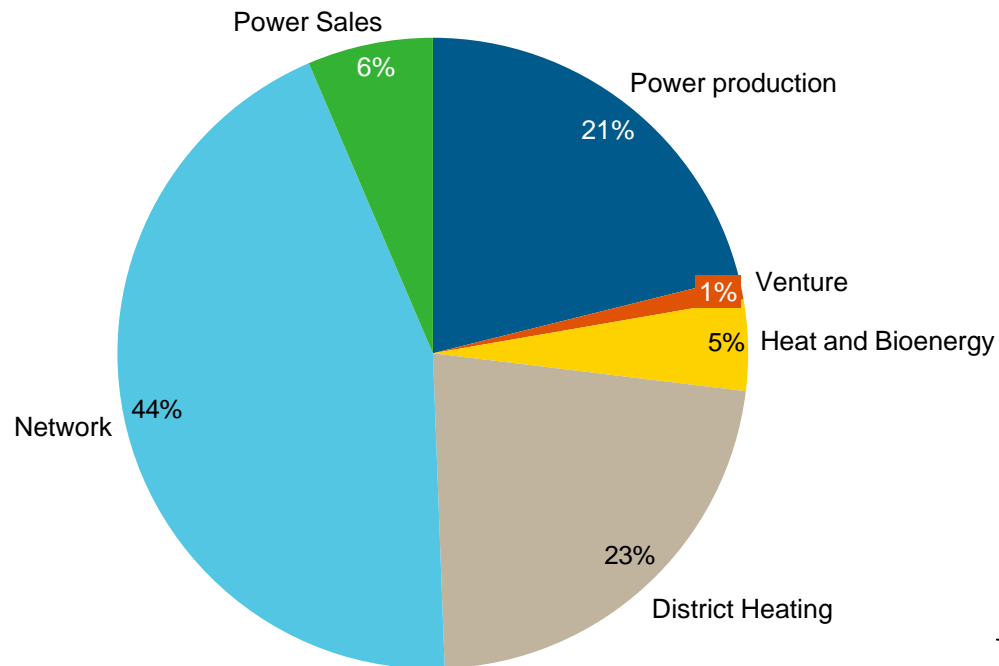
- Seasonal variation in working capital driven by prevailing power prices and volume sold.
- Working capital down NOK 2.4 billion from 31 December 2010.
  - Q4 power price down 43% from 2010.
  - Q4 Power Sales down 17% from 2010.
  - Significantly milder temperatures in Q4 2011 than in Q4 2010.
- Positive effect on working capital from introduction in October 2011 of monthly billing of customers who are both Network and Power Sales customers.

Hafslund Power Sales — volume sold

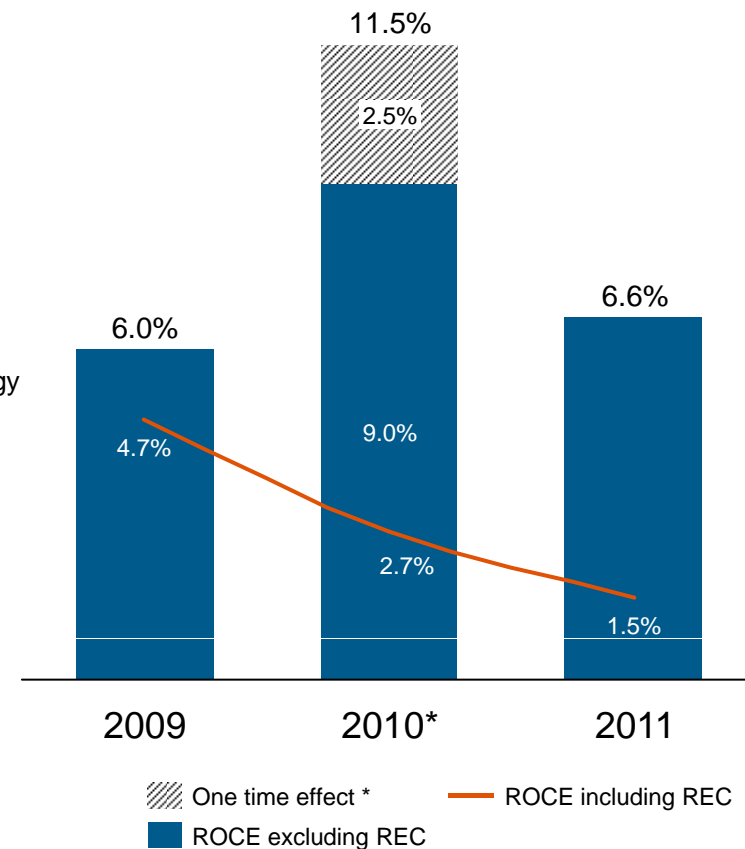


# Capital employed and return on capital employed

**Distribution of capital employed**



**Return on capital employed**

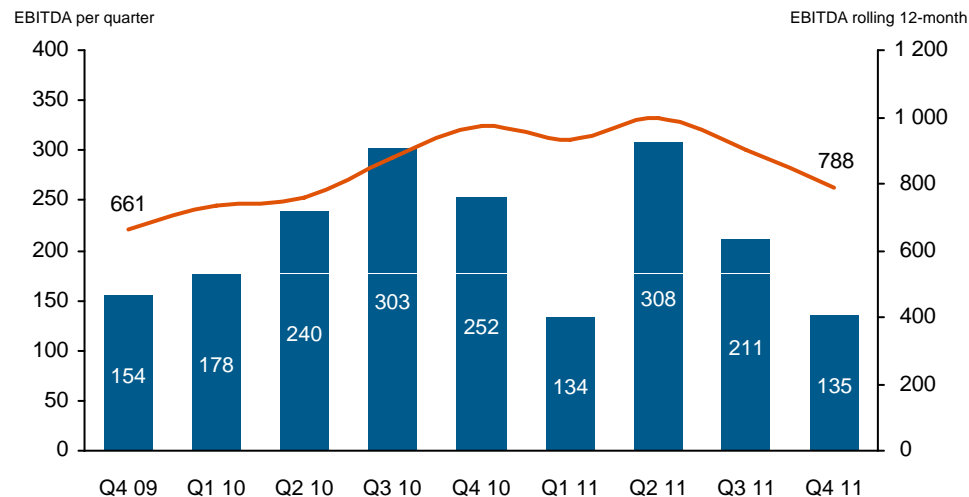




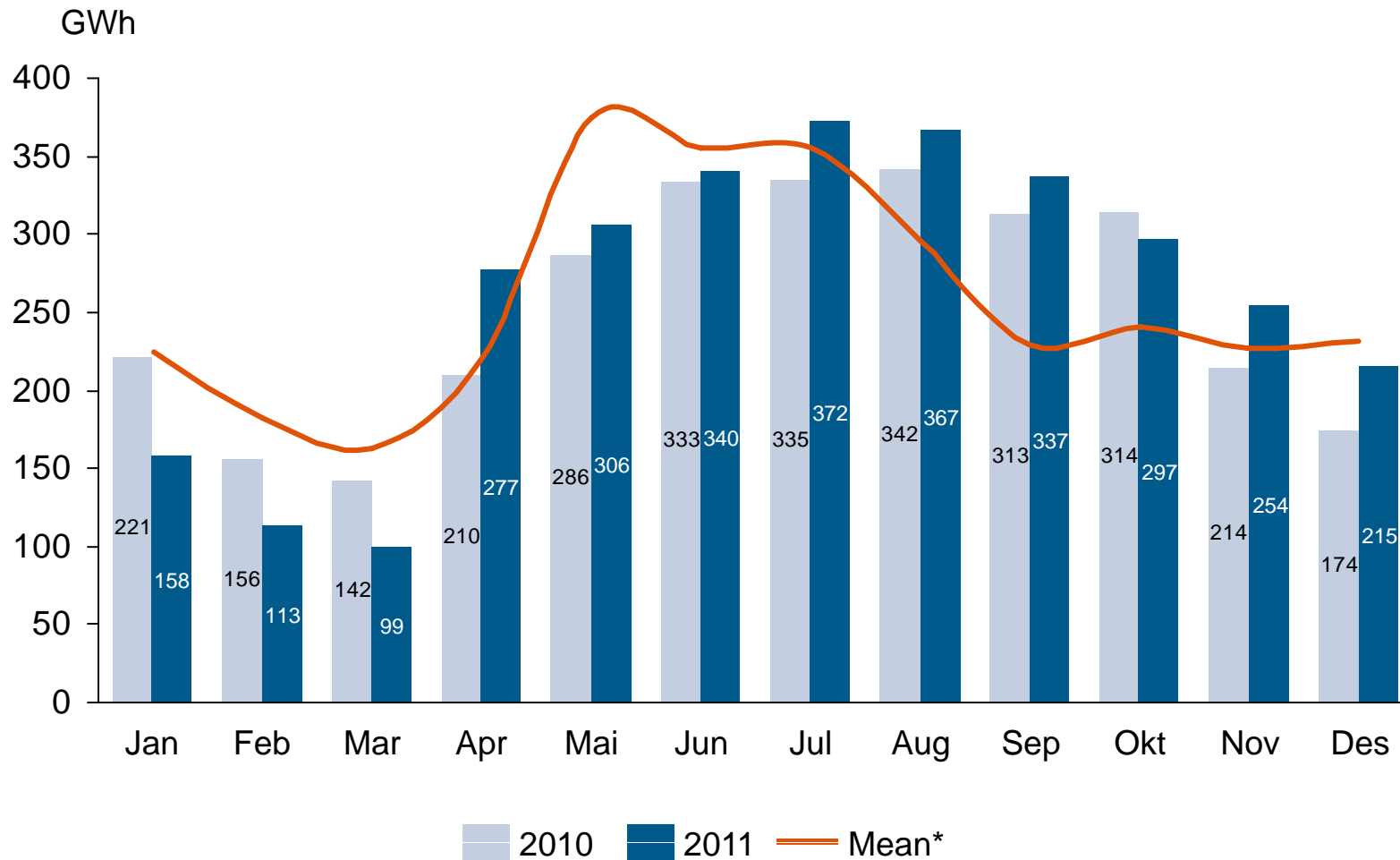
# Hydropower

NOK million	Q4 11	Q4 10	2011	2010
Operating revenue	195	315	999	1 196
EBITDA	135	252	788	972
Operating profit	125	241	743	929
Sales price (NOK/kWh)	25	44	32	39
Production volume (GWh)	765	702	3 135	3 041
Investments	21	36	57	161

- Profit and operating revenue figures reflect 43-percent drop in power prices compared with Q4 2010.
- Production: 10 percent above normal for the quarter.
- Nord Pool Spot (NO1) spot price: NOK 0.26 per kWh vs. NOK 0.50 per kWh in Q4 2010
- Projected Q1 2012 generation: approximately 610 GWh, which is 12 percent above normal for the quarter.

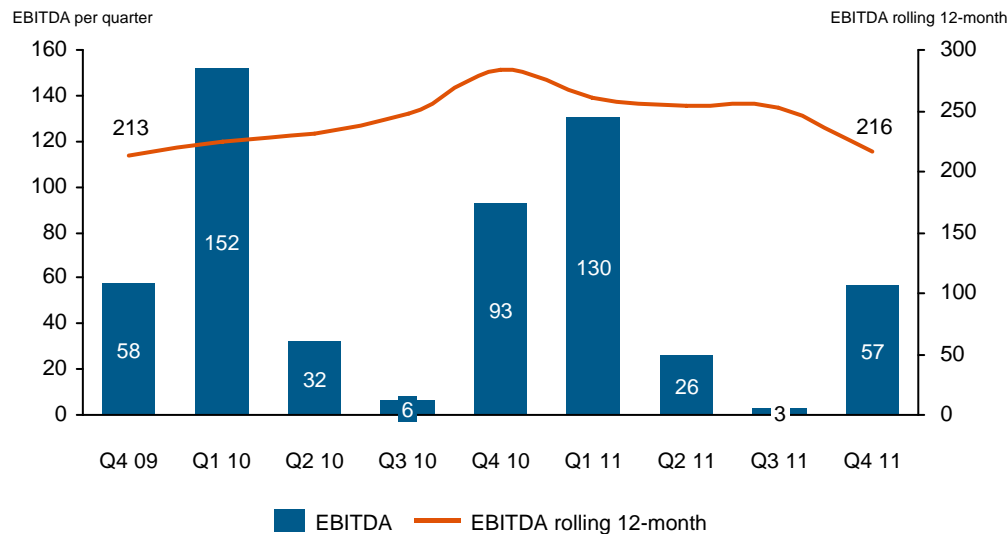


# Hydropower production profile



# District Heating

NOK million	Q4 11	Q4 10	2011	2010
Operating revenue	256	462	978	1 144
EBITDA	57	93	216	283
Operating profit	24	62	94	165
Gross margin (NOK/kWh)	33	27	35	33
Production volume (GWh)	479	694	1 548	1 782
Investments	137	210	428	432

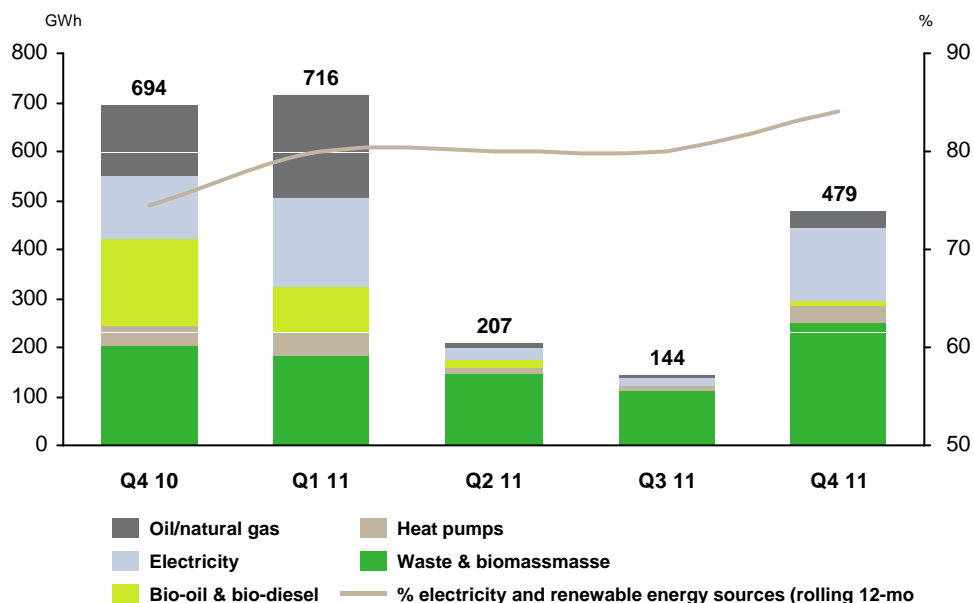


- Q4 is a seasonally strong quarter, deliveries are typically 33 percent of normal annual production.
- Profit decline: lower District Heating prices and less demand due to significantly milder temperatures than in Q4 2010.
- Contribution margin per kWh: up NOK 0.06 per kWh — production costs lower than in Q4 2010.
- Investments in Q4 2011 are for increased renewable energy production capacity: 23 percent, and customer tie-ins: 74 percent .
- New customer tie-ins in 2011: total energy outtake of 71 GWh.

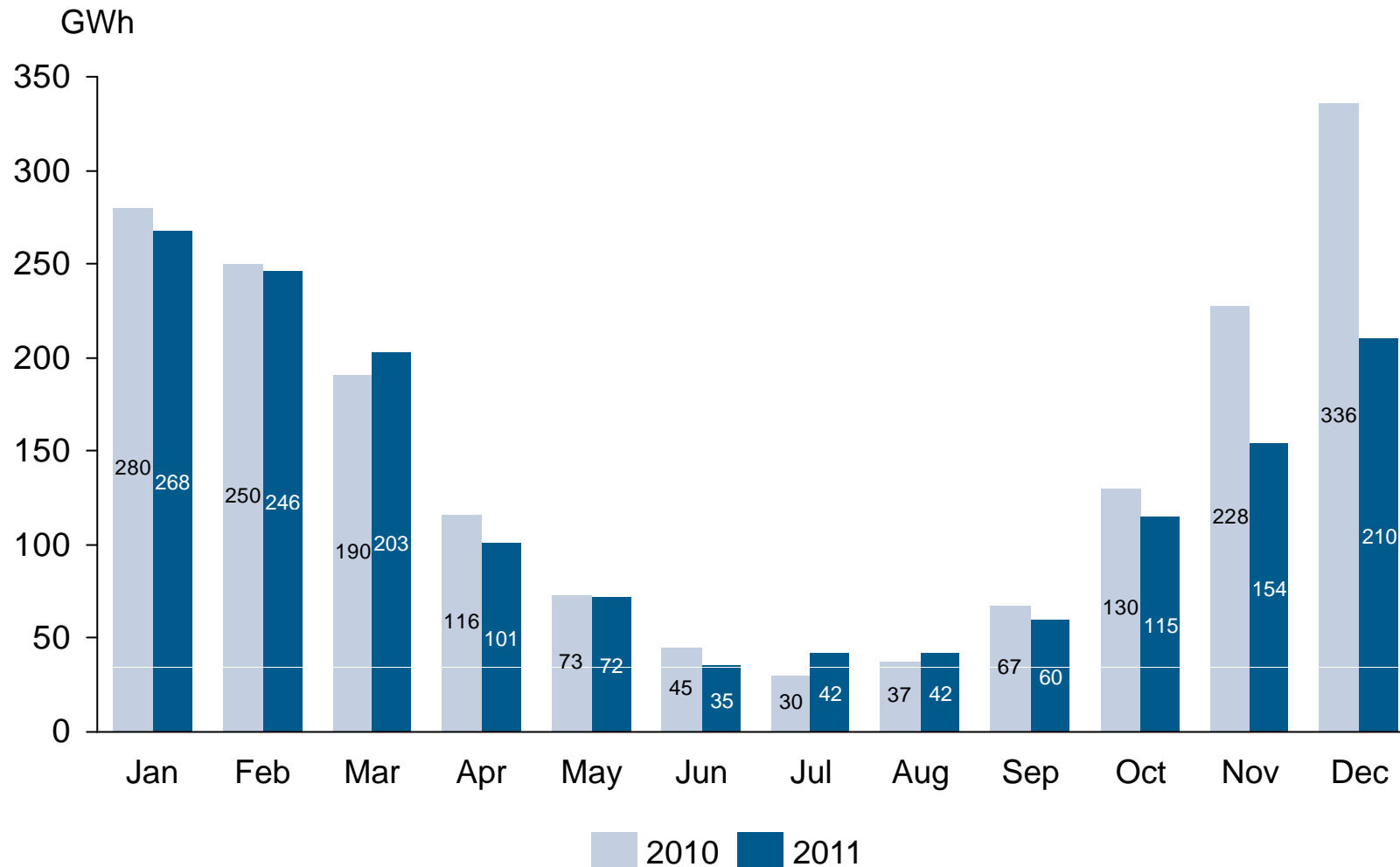
# District Heating — energy sources and unit cost

Energy prices (NOK/kWh)	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11
Waste & biofuel	0.18	0.20	0.20	0.20	<b>0.18</b>
Heat pumps	0.22	0.21	0.18	0.06	<b>0.13</b>
Biooil and biodiesel	0.77	0.68	0.62		<b>0.61</b>
Electricity	0.61	0.57	0.60	0.46	<b>0.35</b>
Oil/natural gas	0.53	0.55	0.71	0.45	<b>0.59</b>
<b>Total production cost</b>	<b>0.48</b>	<b>0.46</b>	<b>0.30</b>	<b>0.24</b>	<b>0.27</b>
<b>District Heating incl. Distribution</b>	<b>0.75</b>	<b>0.80</b>	<b>0.72</b>	<b>0.60</b>	<b>0.60</b>
<b>Gross contribution margin</b>	<b>0.27</b>	<b>0.34</b>	<b>0.42</b>	<b>0.36</b>	<b>0.33</b>

- Proportion of electricity and renewable energy sources: up 10 percentage points in 2011.
- Greater proportion of renewables: New incineration line at EGE.
- Production costs depend on energy sources used and price differentials.
- Proportion of renewables will continue to increase:
  - Full-year effect of new EGE incineration line at full capacity
  - 88 MW bio-oil-fueled boilers online as of March 2012
  - 56 MW wood-fueled boiler capacity as of Q4 2012.



## District Heating — production profile



# Heat and Bioenergy

NOK million	Q4 11	Q4 10	2011	2010
Operating revenue	35	33	145	115
EBITDA	-34	-7	-36	-51
Operating profit	-44	-310	-73	-386
Energy production (GWh)	80	77	280	246
Sales price (NOK/kWh)	0.25	0.25	0.26	0.25
Used waste (thousand tonnes)	34	32	129	114
Investments	11	1	47	189



## Heat (energy recovery facilities):

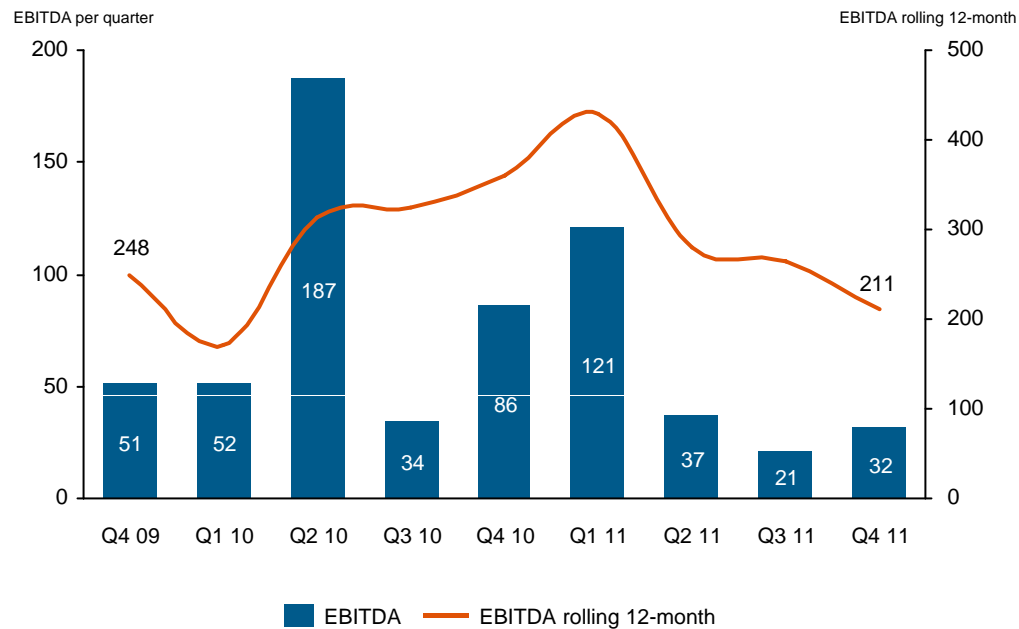
- EBITDA: NOK 4 million; down NOK 9 million from Q4 2010. Fourth-quarter 2011 profit charged NOK 8 million in non-recurring items.
- Energy production: up 4 percent.
- Lower waste revenues. Challenging market for access to waste persists.

## Bioenergy (wood pellets production):

- Production suspended in November after storm Berit lightning damages two power transformers.
- Trial production scheduled for February 2012.
- Operating profit: NOK -38 million, includes write-down of raw materials inventory and renegotiation of contracts totaling NOK 28 million.

# Power Sales

NOK million	Q4 11	Q4 10	2011	2010
Operating revenues	1 502	2 888	6 984	8 021
EBITDA	32	86	211	360
Operating profit	29	83	201	348
Sold volume (GWh)	4 369	5 246	15 474	15 867



- Revenue decline due to lower prices for wholesale power contracts traded via Nord Pool Spot and less demand due to milder temperatures in Q4 2011.
- Operating profit below projections in an otherwise seasonally strong quarter.
- Reduced contribution margin due to lower margins and volumes.
- Power Sales Q4 2011 after-tax profit: NOK 24 per customer.
- 29 000 new customer in 2011 - 878 000 Power Sales customers via wholly or partly owned companies.

# Venture

NOK million	Q4 11	Q4 10	2011	2010
Operating revenue	107	169	414	549
EBITDA	-34	930	35	1 077
Operating profit	-44	832	-2	887
REC effect on EBITDA	-166	0	-1 090	-1 991

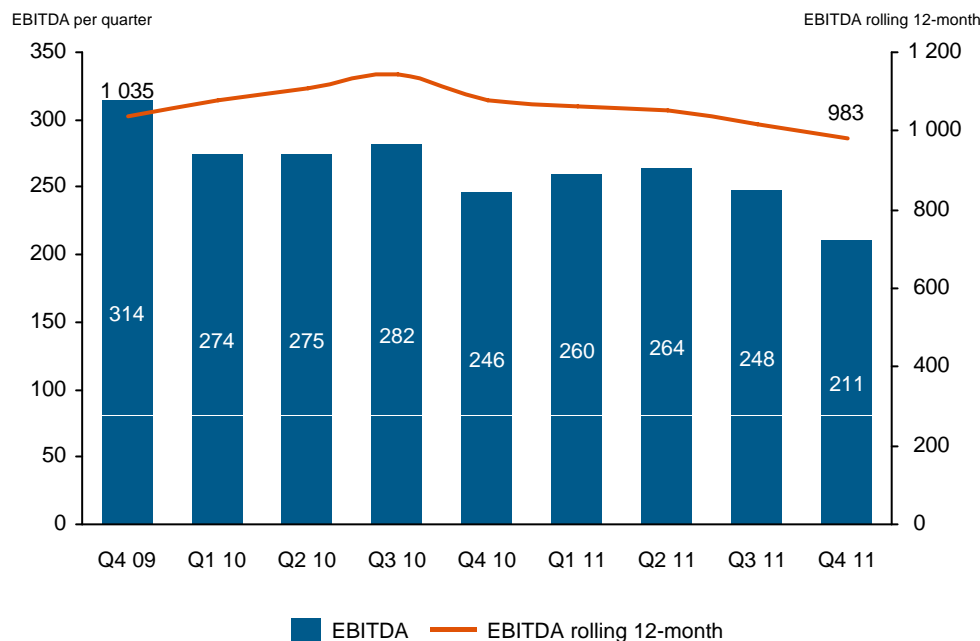


- NOK 740 million in capital freed up via sale of shareholdings in REC and Network Norway.
- Energy Future Invest (EFI): Agreement signed between Hafslund and Eidsiva Vekst to launch the EFI joint venture to further develop venture assets of the two founding companies, each of which owns 49.5 percent of EFI shares.
- Hafslund's venture activities subsequent to EFI start-up will comprise Hafslund's ownership interests in Embriq (84 percent shareholding) and EFI (49.5 percent shareholding) with about NOK 300 million in capital employed.



# Network

NOK million	Q4 11	Q4 10	2011	2010
Operating revenue	1 033	1 344	4 202	4 804
EBITDA	211	246	983	1 077
Operating profit	88	109	469	532
Investments	161	164	433	485




- Profit impact of Dagmar storm: NOK 56 million profit charge due to intense storm late in fourth quarter.
- Outage penalty (KILE): NOK 41 million, up from NOK 13 million in Q4 2010 mainly as a result of Dagmar.
- EBITDA level: nearly NOK 1 billion in 2011 — based on 5-year Norwegian government bond interest rate ( $R_f$ ) of 2.6 percent.
- NVE to reexamine how it determines the so-called NVE interest rate, which the authority uses in determining Network's income ceiling.
- Formula for calculating NVE interest rate:  $R_{NVE} = 1.14 R_f + 2.39$

# Group profit and loss account

NOK million	Q4 11	Q4 10	Δ	2011
<b>Operating revenue</b>	<b>3 112</b>	5 189	-2 077	13 704
Cost og energy	<b>-1 973</b>	-3 879	1 906	-9 125
<b>Gross margin</b>	<b>1 139</b>	1 310	-171	4 579
Gain/loss financial items	-139	1 013	-1 152	-1 050
Operating expenses	<b>-793</b>	-598	-195	-2 384
<b>EBITDA</b>	<b>207</b>	1 725	-1 518	1 145
Depreciation	<b>-199</b>	-590	391	-803
<b>Operating profit</b>	<b>8</b>	1 135	-1 127	343
Interest expences	<b>-114</b>	-153	39	-495
Market value change loan portfolio	<b>25</b>	94	-69	-89
<b>Financial expenses</b>	<b>-89</b>	-59	-30	-584
<b>Pre-tax profit</b>	<b>-81</b>	1 076	-1 157	-241
Tax	<b>-115</b>	-98	-17	-457
<b>Profit after tax</b>	<b>-196</b>	978	-1 174	-698
Earnings per share (EPS) in NOK	<b>-1.01</b>	5.01	-6.02	-3.58

# Group balance sheet

NOK million	31.12.2011	30.09.2011	Δ	31.12.2010
Intangible assets	2 394	2 381	13	2 389
Fixed assets	18 632	18 431	202	18 557
Financial assets	578	1 380	-802	2 831
Accounts receivables and inventory	2 250	2 011	239	5 625
Cash and cash equivalents	870	1 287	-417	211
<b>Assets</b>	<b>24 726</b>	<b>25 489</b>	<b>-764</b>	<b>29 613</b>
Equity (incl. Min. int.)	8 131	8 311	-180	10 464
Allocation for liabilities	3 167	3 231	-64	3 046
Long-term debt	9 047	10 181	-1 134	11 321
Other currently liabilities	1 802	1 163	639	2 338
Short-term debt	2 579	2 603	-24	2 444
<b>Equity and liabilities</b>	<b>24 726</b>	<b>25 489</b>	<b>-764</b>	<b>29 613</b>
Net interest-bearing debt	9 321	9 291	30	13 067
Equity ratio	33 %	33 %	0 %	35 %

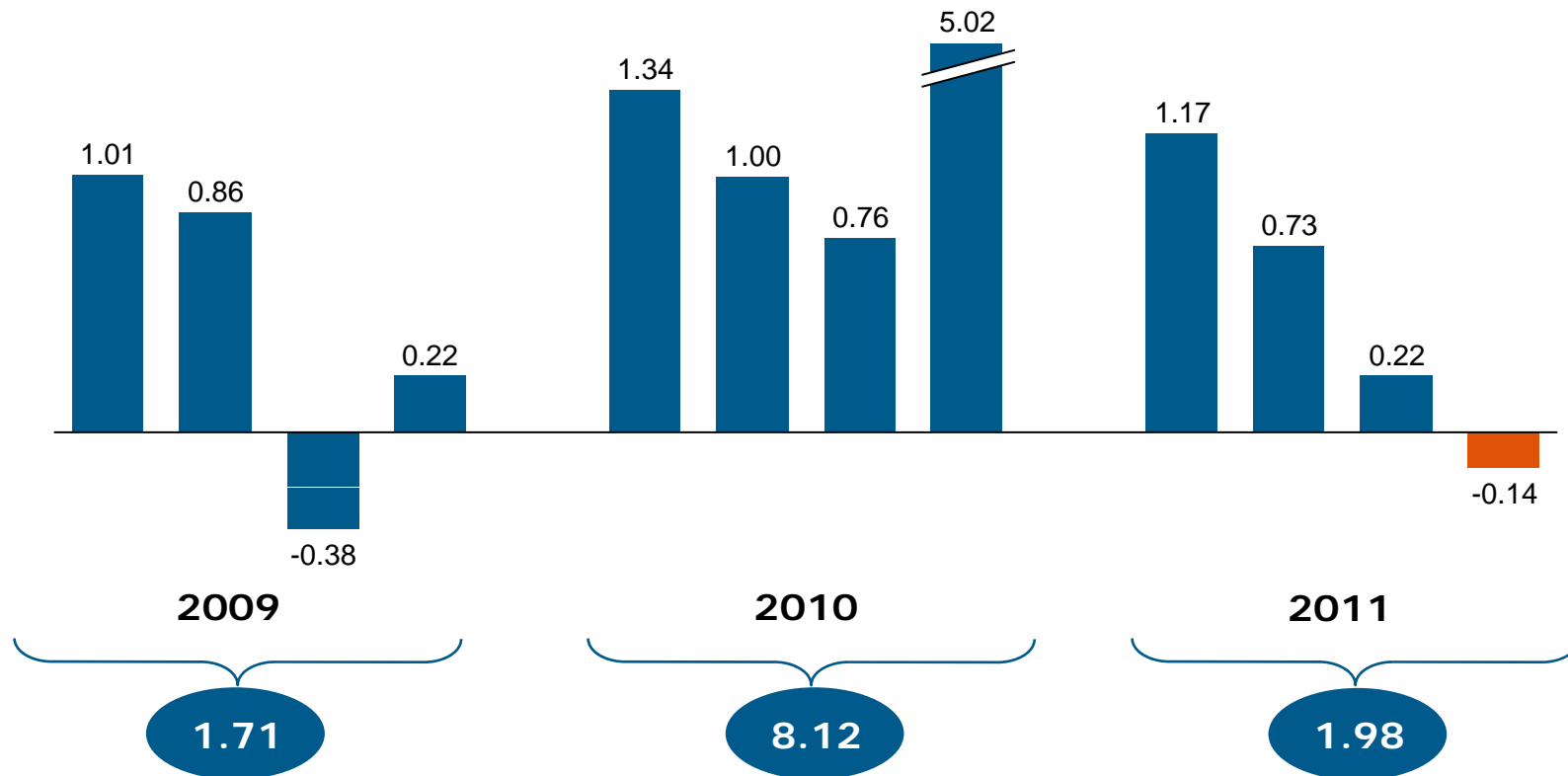
An aerial photograph of a powerful waterfall, likely Victoria Falls, showing a massive volume of white water cascading over a dark rock face. The surrounding area is lush with green vegetation. The text is centered over the white water.

**We deliver the energy solutions and  
infrastructure of the future**

Additional analytic information

# Earnings per share (excluding REC)

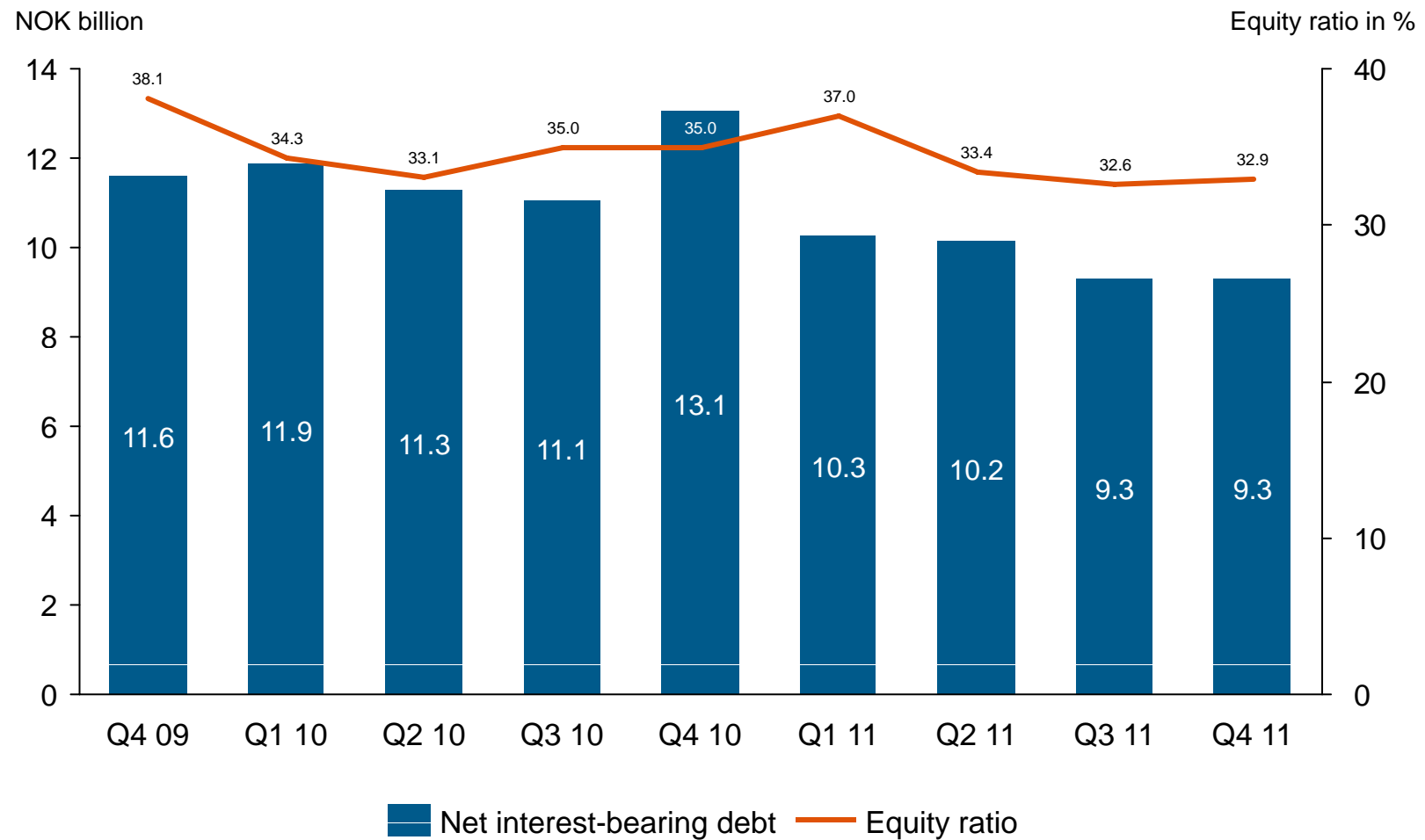
By quarter  
NOK



# Group cash flow statement

NOK million	Q4 11	Q4 10	Δ	2011
EBITDA excluding REC	207	1 725	-1 518	1 145
Interest paid	-127	-125	-2	-540
Tax paid	-298	-142	-156	-490
Market value changes and other liquidity adjustments	149	-1 000	1 149	1 138
Change in working capital	-202	-2 054	1 852	2 260
<b>Cash flow from operations</b>	<b>-271</b>	<b>-1 596</b>	<b>1 325</b>	<b>3 513</b>
Investments in operations and expansion	-396	-468	72	-1 172
Sale of operating assets and business activities	0	0	-0	325
Portfolio changes Venture, etc	704	12	692	2 322
<b>Cash flow, investment activities</b>	<b>308</b>	<b>-455</b>	<b>763</b>	<b>1 475</b>
<b>Cash flow for debt repayment and dividends</b>	<b>37</b>	<b>-2 051</b>	<b>2 088</b>	<b>4 988</b>

# Capital structure development

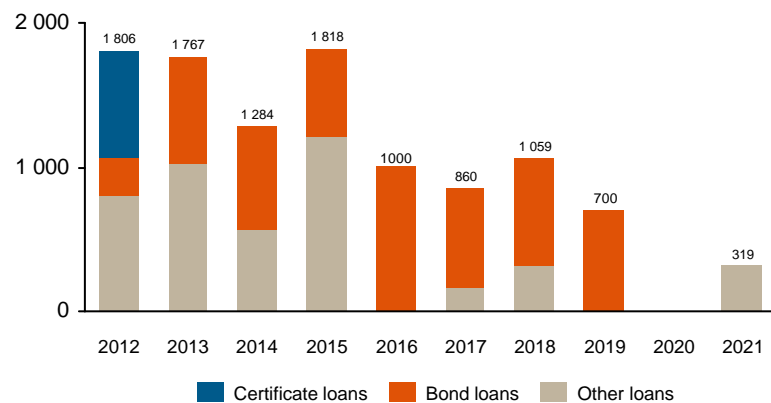




# Loans — portfolio data

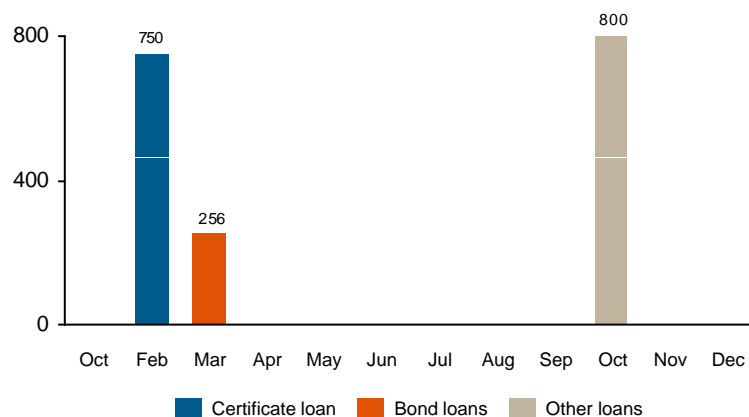
## Debt maturity profile

NOK million



## Loans at maturity, next 12 months

NOK million

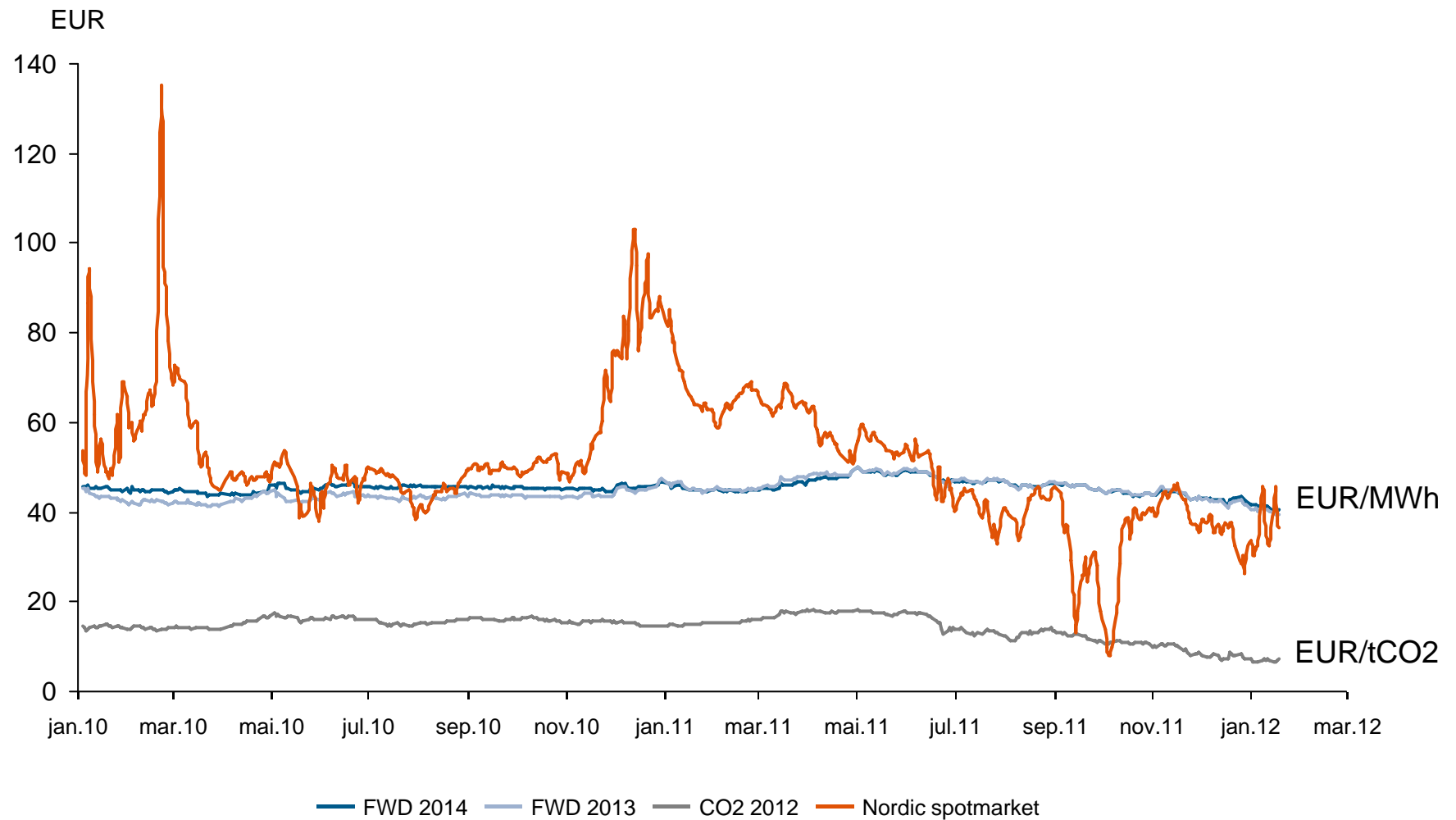


## Portfolio data

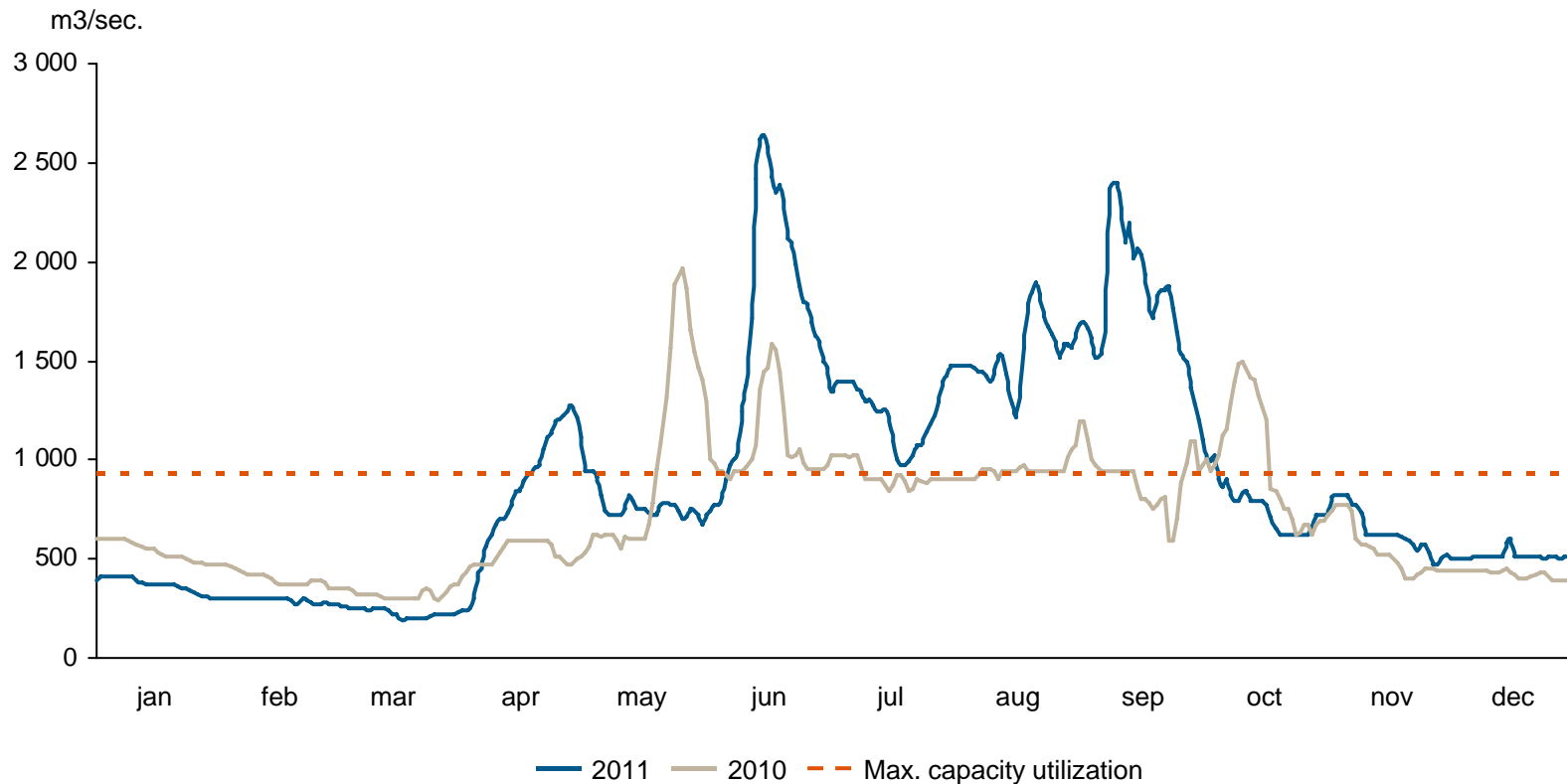
	Q4 11	Q3 11	Δ
Bonds	52 %	49 %	2 %
Certificate loans	7 %	5 %	2 %
Other loans	41 %	46 %	- 4 %

	Q4 11	Q3 11	Δ
Nominal value - market value of loans	-225	-249	25
Market value interest rate swaps	-33	-22	-11
Average interest incl. derivatives	4.5 %	4.5 %	0.0 %
Proportion of loan portfolio with fixed interest	47 %	48 %	- 1 %
Loans at maturity next quarter (NOK million)	1 006	404	602
Unused drawing facilities (NOK million)	4 400	4 400	0

# Power and CO2 price development



# Hydropower – Glomma waterway flow



- Q4 2011 hydropower production: 10 percent above normal for the quarter.
- Water influx above maximum capacity utilization of 1 000 m<sup>3</sup> throughout the quarter.
- Projected Q1 2012 production: about 610 GWh (12 percent above normal for the reporting period) provided normal reservoir levels and precipitation.

## Other Activities

NOK million	Q4 11	Q4 10	2011	2010
Support	(53)	(40)	(153)	(129)
Power trading	0	23	(21)	29
Real estate	3	4	17	24
Billing and customer service	7	18	76	95
Financial derivatives, ass. comp.	40	64	88	102
Other	(3)	49	(6)	49
<b>Operating profit other</b>	<b>(5)</b>	<b>118</b>	<b>0</b>	<b>170</b>

# Key figures

Group	2011	2010
<b>Capital matters</b>		
Total assets	24 726	29 613
Capital employed	20 919	27 028
Equity	8 131	10 464
Market capitalization	11 321	13 603
Equity ratio	33 %	35 %
Net interest-bearing debt	9 321	13 067
<b>Profitability excl. REC</b>		
Profit after tax	- 698	- 392
Earnings per share (EPS)	- 3.58	- 2.01
Cash flow per share	18.00	2.89
<b>District Heating</b>	<b>2011</b>	<b>2010</b>
Capital employed	4 732	4 550
Sales price (NOK/kWh)	0.71	0.72
Gross margin (NOK/kWh)	0.36	0.39
Sales volume (GWh)	1 548	1 782
<b>Power Generation</b>	<b>2011</b>	<b>2010</b>
Capital employed	4 399	4 377
Sales price (NOK/kWh)	32	39
Production volume (GWh)	3 135	3 041
<b>Network</b>	<b>2011</b>	<b>2010</b>
Capital employed	9 257	9 668
Annual Income ceiling	1 916	2 287
NVE-capital (regulatory)	6 063	6 160
<b>Power Sales</b>	<b>2011</b>	<b>2010</b>
Capital employed	1 113	3 427
- of this working capital	- 74	2 148
Total volume (GWh)	15 474	15 867
<b>Venture</b>	<b>2011</b>	<b>2010</b>
Capital employed excl REC	234	2 260
Market value REC	-	1 584

# Definitions

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Navn	Definisjon
<b>Group</b>	
Capital employed	Equity + Net interest-bearing debt + Net tax positions
Equity ratio (in%)	$(\text{Equity incl. Minority interests} / \text{Total assets}) \times 100$
Earnings per share	Profit after tax / Average no. of shares outstanding
Cash flow per share	Net cash from operations / Average no. of shares
Return on equity	Result after tax / Average equity (incl. Minority interests)
Return on capital employed	Operating profit / (Average equity + Net interest-bearing debt + Net tax positions)
<b>Power generation</b>	
Mean production	Average power generation over the past 10 years.

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# Shareholders as of 31 December 2011

#	Shareholder	Class A shares held	Class B shares held	Total	Ownership	Share of voting rights
Shareholding in thousands						
1	City of Oslo	67 525	37 343	104 868	53.7 %	58.5 %
2	Fortum Forvaltning AS	37 853	28 706	66 559	34.1 %	32.8 %
3	Østfold Energi AS	5 201	4	5 205	2.7 %	4.5 %
4	Odin Norden		3 880	3 880	2.0 %	0.0 %
5	MP Pensjon PK	5	1 579	1 584	0.8 %	0.0 %
6	Folketrygdfonet	85	885	970	0.5 %	0.1 %
7	Hafslund ASA		397	397	0.2 %	0.0 %
8	AS Herdebred	107	276	383	0.2 %	0.1 %
9	New Alternatives Fund, Inc	328		328	0.2 %	0.3 %
10	Handelsbanken Helsinki	141	173	314	0.2 %	0.1 %
	Total, 10 largest shareholders	111 245	73 243	184 488	94.5 %	96.4 %
	Other shareholders	4 183	6 515	10 698	5.5 %	3.6 %
<b>Total</b>		<b>115 428</b>	<b>79 758</b>	<b>195 186</b>	<b>100 %</b>	<b>100 %</b>

# Investor information

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- Additional information is available from Hafslund's website:
  - [www.hafslund.no](http://www.hafslund.no)
  - You can subscribe to Hafslund press releases
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