

Infratek



Second quarter 2012 results

Bjørn Frogner, CEO
Infratek ASA
22 August 2012

Key events – 2nd quarter 2012



- Operating revenues of NOK 675 million (NOK 691 million)
- Second-quarter operating profit of NOK 20.4 million (NOK 27.4 million)
- Increased operating margin in Local Infrastructure
- High Security continues the positive trend from 1 quarter
- Weak performance within Central Infrastructure
- Important long-term contracts entered into in the quarter
- Satisfactory order book for second half-year

Infratek has a strong position in Sweden

Fortum

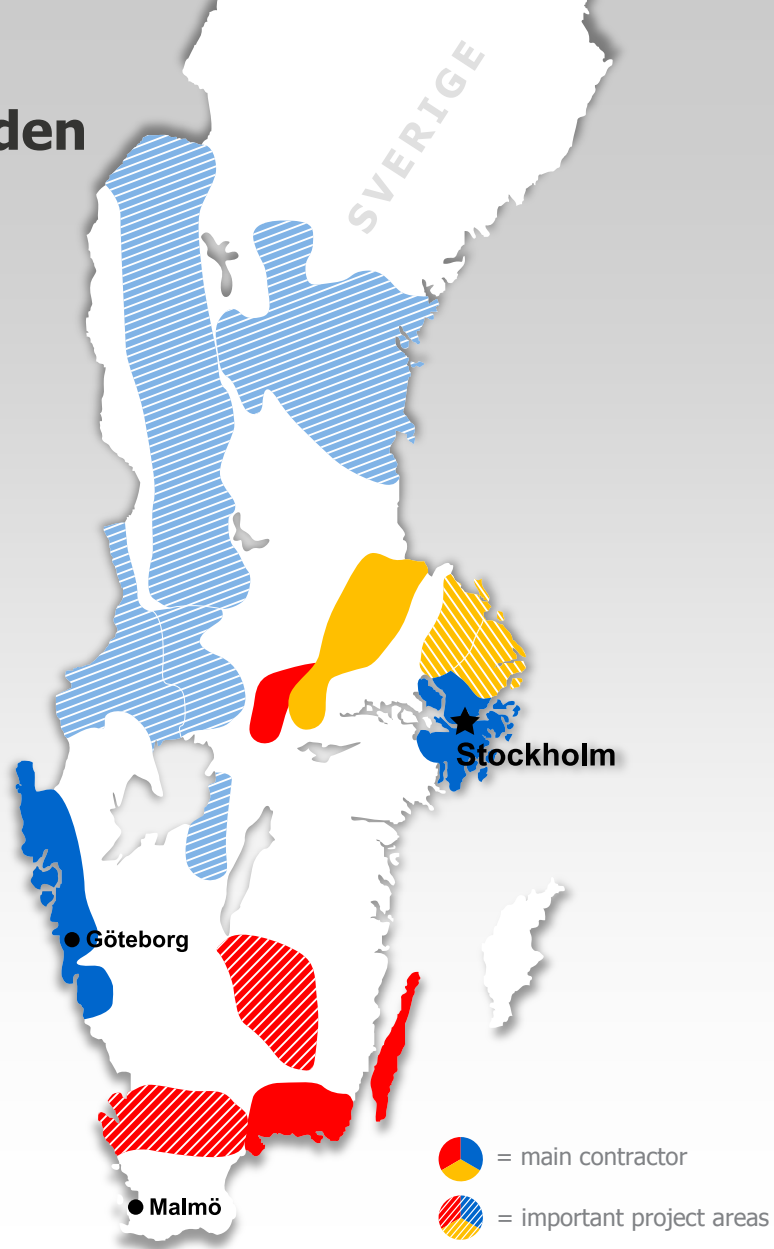
- Total volume SEK 500 million per annum
- Main contractor in three areas

E.ON

- Main contractor in two areas
- Value of around SEK 140 million per annum

Vattenfall

- Infratek awarded first deregulated area (Bergslagen), SEK 60 million per annum
- Further nine areas made available for competitive tendering in the next few years

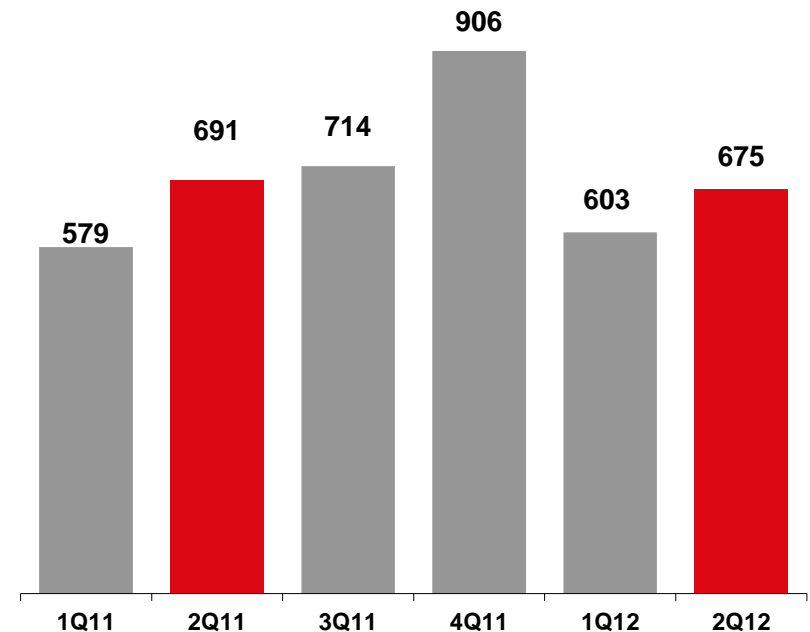


Development operating revenues

- Business remains buoyant in the Norwegian market in most product areas
- Activities in the Swedish business continue at high levels but still trail the corresponding very strong prior-year period
- In Finland activities were down on the previous year throughout the year

Operating revenue by quarter

NOK million

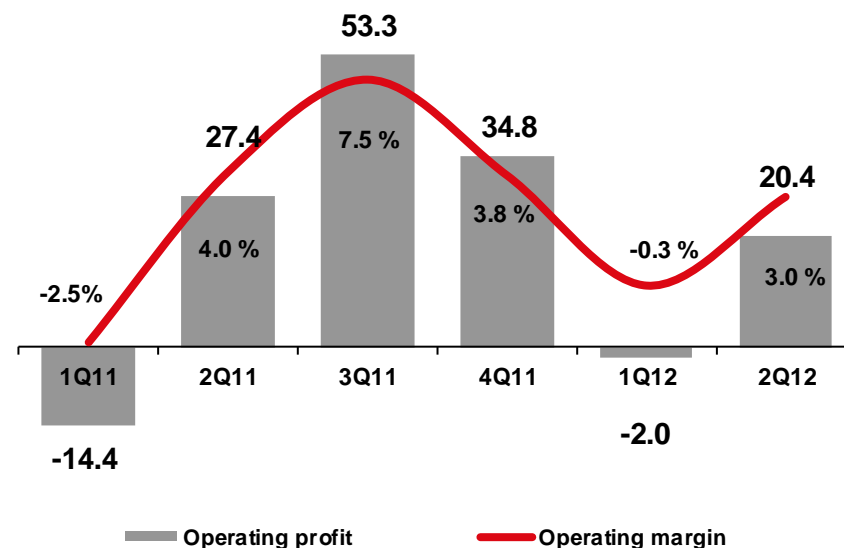


Development operating profit

- Improvement in the operating result in Norway due to high activity levels and strong margins within Local Infrastructure and Security
- Reduced sales and slightly lower margins within Central and Local Infrastructure in Sweden pushed down results contributions
- Lower activities within Central Infrastructure in Finland depressed operating result
- Improving performance from Security in all countries

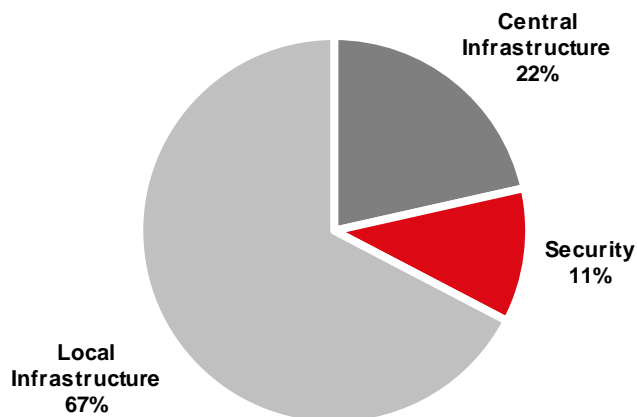
Operating profit by quarter

NOK million



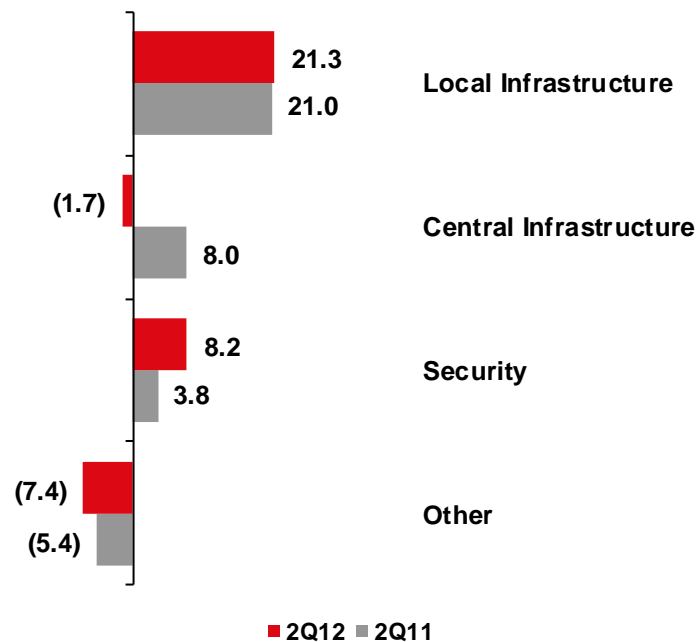
Revenues by business area

Operating revenues



Operating profit

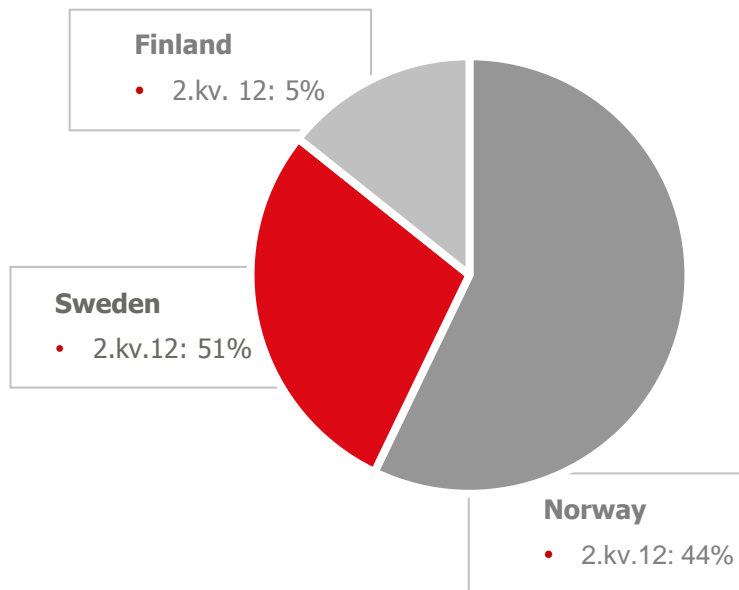
NOK million



Security and Local Infrastructure are delivering solid results

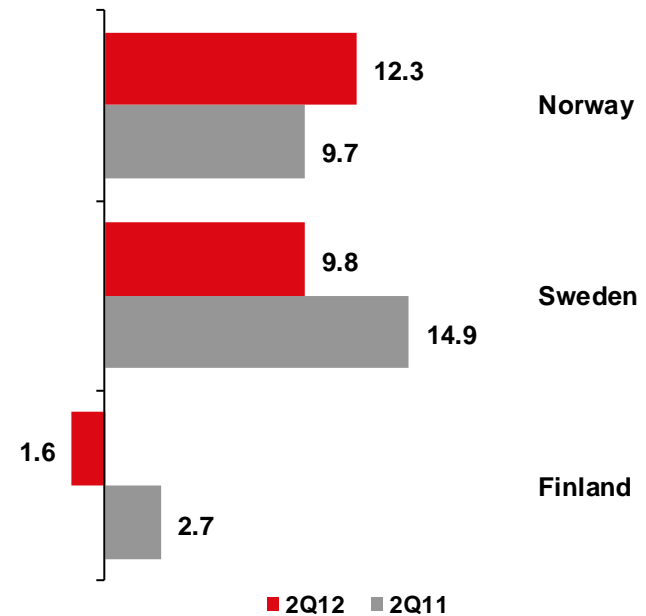
Revenues by geography

Operating revenues



Operating profit

NOK millioner



Satisfactory contribution in Norway

Balance sheet

- Incorporation of pension corridor as of 31 December 2011 has boosted the value of intangible assets and pension liabilities, and reduced equity
- Normal fluctuations in net working capital
- Equity ratio of 27 per cent

NOK million	30.06.2012	30.06.2011	31.12.2011
Intangible assets	432.6	359.1	422.6
Fixed assets	154.7	174.3	159.6
Accounts receivables and other receivables	721.6	716.5	766.4
Cash and cash equivalents	119.4	131.1	299.6
Assets	1 428.3	1 381.1	1 648.2
Equity	380.5	554.6	484.0
Other liabilities	602.4	393.5	582.3
Long-term debt	11.7	15.6	14.6
Current liabilities	433.7	417.5	567.2
Equity and liabilities	1 428.3	1 381.1	1 648.2

Cash flow

- Higher working capital on the back of higher activity levels
- Net working capital on par with the previous year
- Dividend of NOK 96 million (NOK 64 million) paid in second quarter

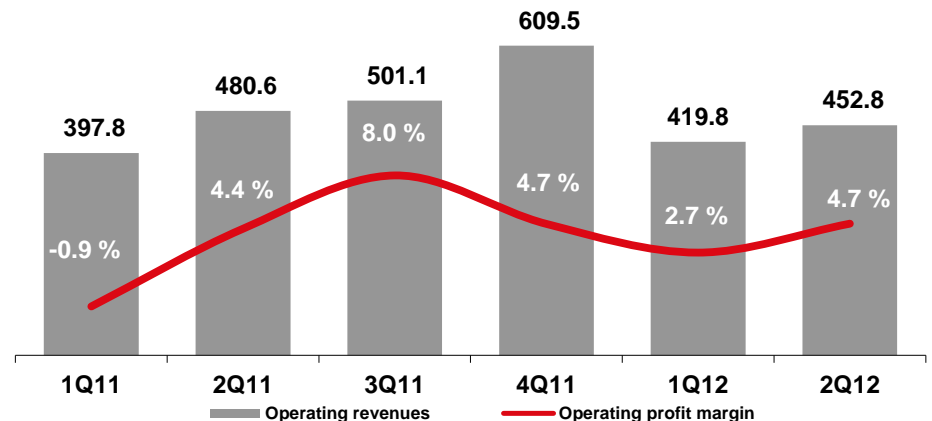
NOK million	Second quarter		First half-year		Year
	2012	2011	2012	2011	2011
Profit before tax	18.6	26.0	14.9	10.6	100.6
Items without cash flow effect	17.4	15.9	25.3	20.8	40.7
Change in net working capital	(79.7)	(70.1)	(96.6)	(40.9)	34.8
Net cash flow from operations	(43.7)	(28.1)	(56.4)	(9.5)	176.1
Investments - fixed assets	(5.8)	(14.9)	(10.0)	(31.6)	(44.9)
Investmentes - operations	-	-	(17.2)	-	(6.4)
Sales - fixed assets	1.9	-	1.9	-	4.2
Sales - operations	-	-	-	-	(2.3)
Cash flow to investments activities	(3.9)	(14.9)	(25.3)	(31.6)	(49.4)
Change interest-bearing liabilities	(0.8)	(2.1)	(0.6)	(1.8)	(3.7)
Net received/ paid interest	(0.1)	0.5	0.1	0.9	2.1
Dividend, equity issues and other equity changes	(95.8)	(63.9)	(95.8)	(63.9)	(63.9)
Cash flow used for financial activities	(96.7)	(65.4)	(96.3)	(64.7)	(65.5)
Change in cash and cash equivalents	(144.3)	(108.4)	(177.9)	(105.8)	61.2
Cash and cash equivalents at the start of period	264.1	241.6	299.6	238.5	238.5
Effect on exchange rate changes on the balance of cash held in foreign operations	(0.4)	(2.2)	(2.3)	(1.7)	(0.2)
Cash and cash equivalents end of period	119.4	131.1	119.4	131.1	299.6

Local Infrastructure

- In the Norwegian business operating margin is up by 2.4 percentage points against the second quarter of 2011
- Sales in the Swedish business down by NOK 14 million and operating margin down by 0.9 percentage points against the comparable prior-year period
- 61 percent of second-quarter sales were generated in Sweden, and 39 per cent in Norway

NOK million	Second quarter		First half-year	
	2012	2011	2012	2011
Operating revenues	452.8	480.6	872.6	878.5
Operating profit before depreciation	27.0	27.1	44.5	29.7
Operating profit	21.3	21.0	32.9	17.3
Operating margin	4.7%	4.4%	3.8%	2.0%

Operating revenues and operating margin



Central Infrastructure

Operating result NOK 9.7 million down due to:

- Restructuring costs
- Delays in project implementation
- Losses in some projects

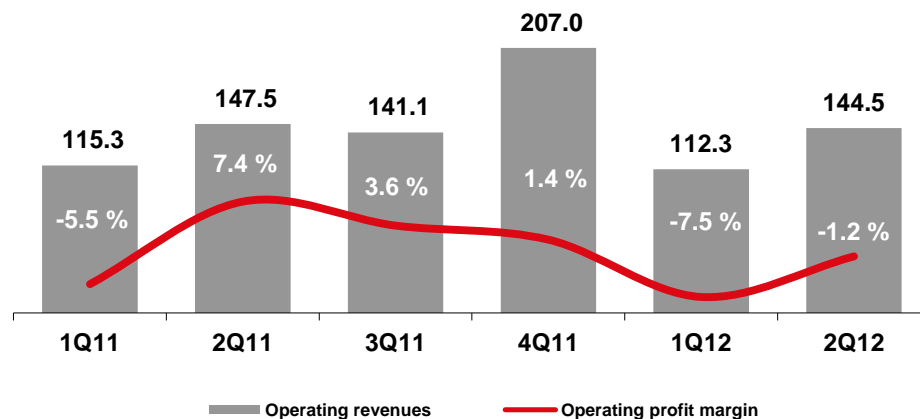
Measures

- Strengthen competence centers
- Recruit new competence
- Review the organizational structure

➔ The strategy remains unchanged

NOK million	Second quarter		First half-year	
	2012	2011	2012	2011
Operating revenues	144.5	147.5	256.7	262.8
Operating profit before depreciation	(0.3)	9.6	(7.4)	6.9
Operating profit	(1.7)	8.0	(10.1)	3.6
Operating margin	-1.2%	5.4%	-3.9%	1.4%

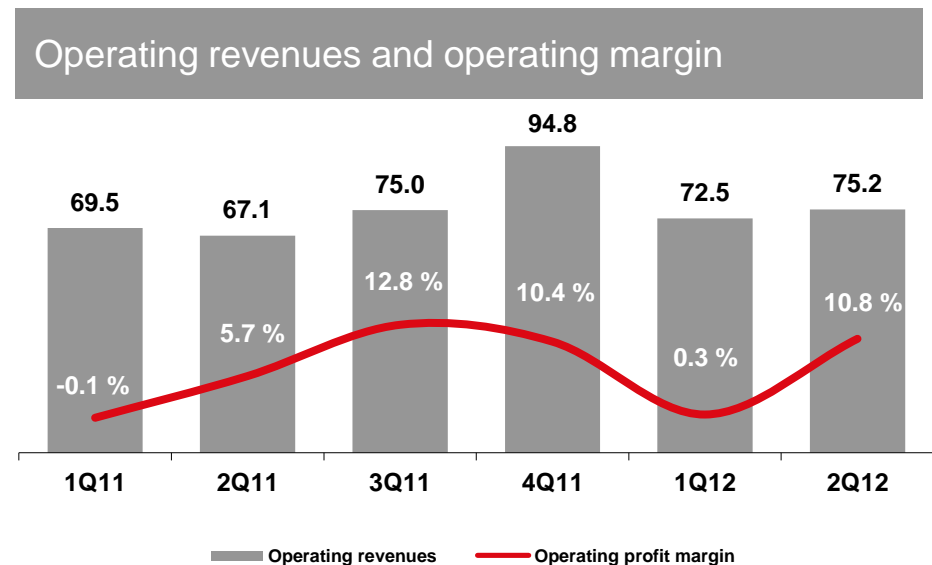
Operating revenues and operating margin



Security

- Sales were up by 19 per cent and the operating profit more than doubled against the second quarter of last year
- Higher activities and improved margins for both high security and anti-theft systems
- Sales for delivery of DLE services are on a par with last year, but renegotiated contracts at lower prices are making a smaller results contribution
- Security now has distribution rights to key products in Denmark

NOK million	Second quarter		First half-year	
	2012	2011	2012	2011
Operating revenues	75.2	67.1	147.7	136.6
Operating profit before depreciation	8.8	4.6	9.9	5.4
Operating profit	8.2	3.8	8.4	3.7
Operating margin	10.8%	5.7%	5.7%	2.7%

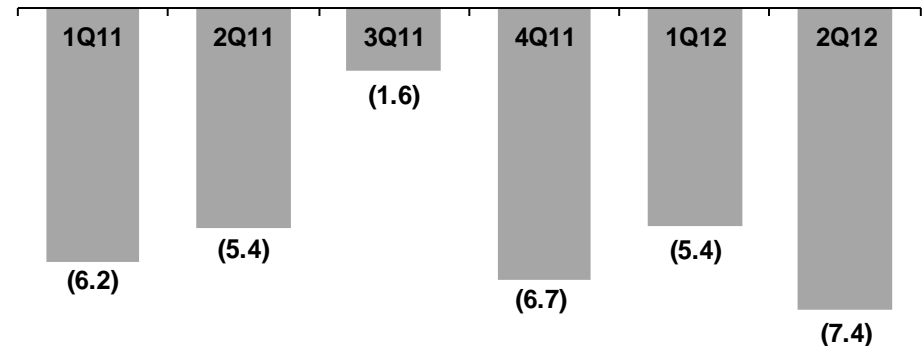


Other

- Other comprises the Group's administration and Group-wide expenses
- Group expenses of NOK 7.4 million were incurred in the quarter, compared with NOK 5.4 million in the previous year
- The change in organisation of shared functions has resulted in higher costs for the Other business area, while expenses have been reduced correspondingly for the Group's other business areas.

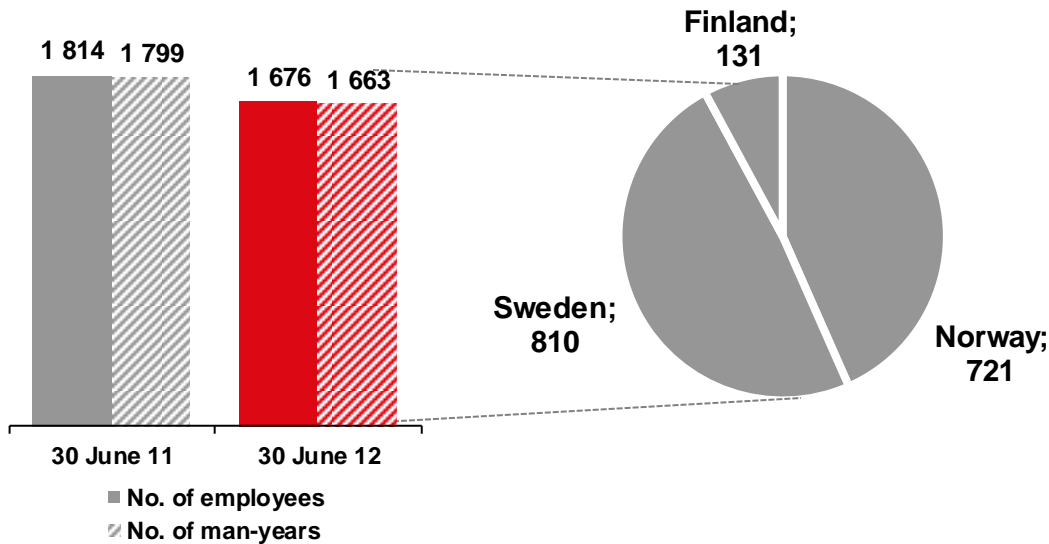
NOK million	Second quarter		First half-year	
	2012	2011	2012	2011
Operating profit	(7.4)	(5.4)	(12.8)	(11.6)

Operating profit



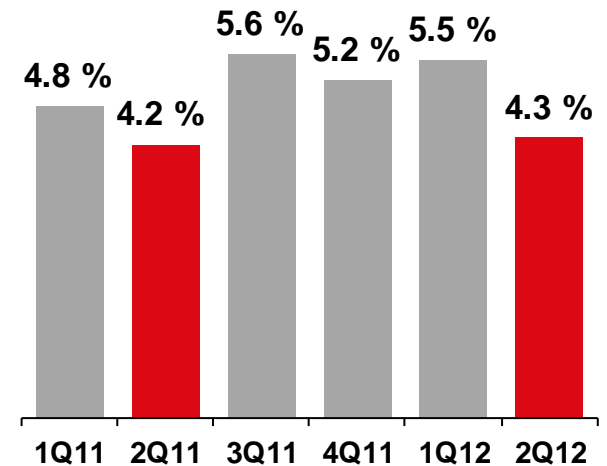
Employees

Number of employees



- Reduction in the number of employees and man-years due to staff adjustments and loss of contingency contract in Småland

Sick leave

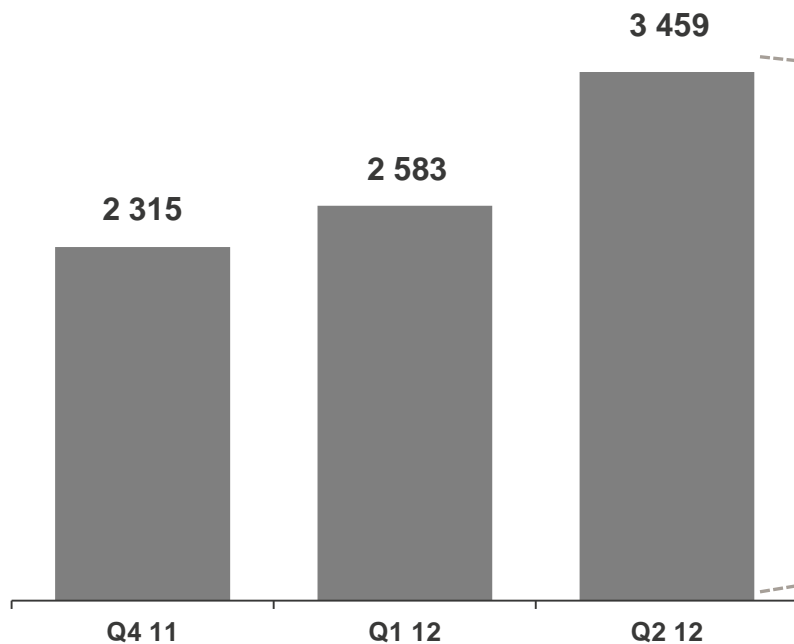


- Sick leave is down by 1.2 percentage point from 1Q12 which is considered satisfactory

Order reserve

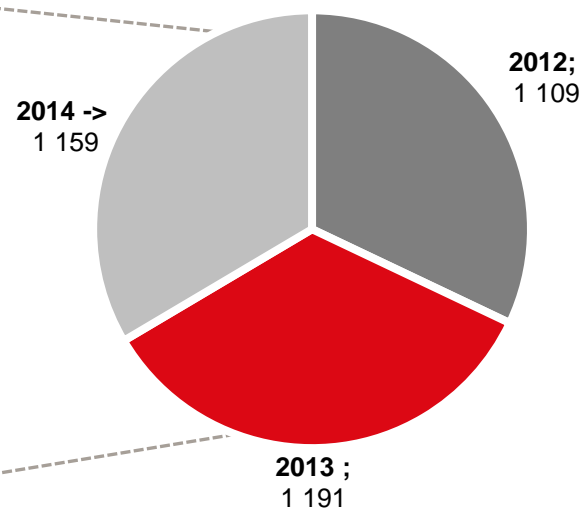
Development of order reserve

NOK million



Order reserve per June by year

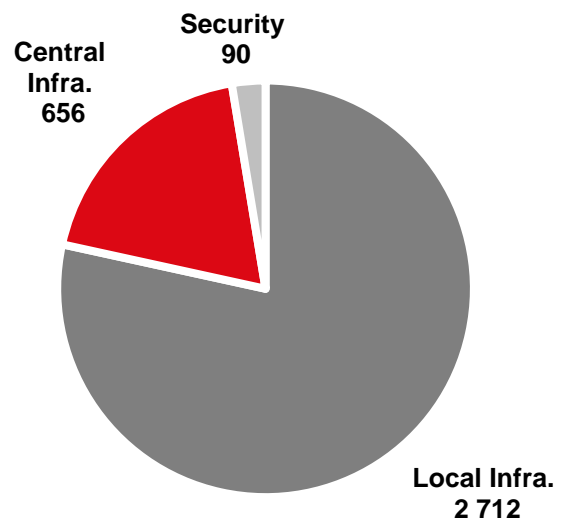
NOK million



Order reserve per June

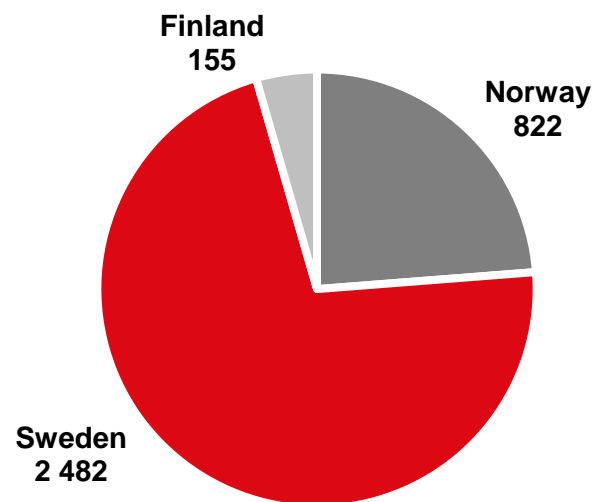
Order reserve by business area

NOK million



Order reserve by geography

NOK million



Increased use of subcontractors impacting long-term ambitions

- Form the basis for volume growth as main contractor
- Builds higher turn-over per employee
- Increases flexibility and lowers risk

- **HOWEVER:**
Contributes to reduced margins on total turn-over



Outlook

- Improvement in overall order book for the Group, and satisfactory orders on hand for the rest of the year
- Well positioned in densely populated areas in Sweden in line with the Group's strategy
- Scalable Nordic Platform established
- Strong financial position providing good opportunities for structural growth



Appendix

Income statement

NOK million	Second quarter		First half-year		Year
	2012	2011	2012	2011	2011
Operating revenues	675.2	690.7	1 278.6	1 269.4	2 889.7
Purchased materials	(300.3)	(312.1)	(543.5)	(536.0)	(1 342.4)
Salaries and other personnel expenses	(255.7)	(260.7)	(517.8)	(538.6)	(1 059.8)
Depreciation	(10.0)	(10.2)	(19.9)	(20.6)	(42.9)
Other operating expenses	(88.8)	(80.5)	(179.0)	(161.2)	(343.6)
Operating profit	20.4	27.4	18.4	13.0	101.1
Financial revenues/ expenses	(1.8)	(1.3)	(3.5)	(2.3)	(0.5)
Profit before tax	18.6	26.0	14.9	10.6	100.6
Tax expense	(5.1)	(7.1)	(4.4)	(2.9)	(26.0)
Profit for the year from discontinued operations	-	-	-	-	(3.5)
Profit after tax	13.5	18.9	10.5	7.7	71.1
Majority's share of profit	13.5	19.2	10.5	7.9	71.3
Minority's share of profit	-	(0.3)	-	(0.2)	(0.2)

Other comprehensive income

Conversion difference when covering foreign units	(1.1)	(8.1)	(6.2)	(6.4)	(0.9)
Change in estimate pensions	(8.4)	(4.2)	(16.8)	(5.9)	(197.0)
Total comprehensive profit before tax	(9.5)	(12.3)	(23.0)	(12.3)	(197.9)
Tax on comprehensive income	2.4	1.2	4.7	1.6	55.2
Total comprehensive profit after tax	(7.1)	(11.1)	(18.3)	(10.6)	(142.8)
Comprehensive income after tax	6.4	7.8	(7.8)	(2.9)	(71.6)
Majority's share of profit	6.4	8.1	(7.8)	(2.9)	(71.5)
Minority's share of profit	-	(0.3)	-	-	(0.2)

Operating revenue by geography

Second quarter			First half- year		Year
2011	2012	NOK million	2012	2011	2011
189.5	175.4	Local Infrastructure	366.1	360.4	828.8
42.6	54.4	Central Infrastructure	104.8	80.3	178.0
57.9	65.3	Security	129.5	118.0	265.6
2.9	5.5	Other / elimination	8.8	5.3	12.1
292.8	300.6	Total operating revenues Norwa	609.1	564.0	1284.6
292.5	277.8	Local Infrastructure	507.7	521.6	1 168.9
60.4	61.6	Central Infrastructure	104.1	102.3	259.2
9.7	9.7	Security	17.9	19.6	40.4
0.2	1.7	Eliminations	1.8	0.7	- 6.3
362.9	350.9	Total operating revenues Swede	631.5	644.2	1 462.2
-	-	Local Infrastructure	-	-	180.7
44.6	31.1	Central Infrastructure	54.1	80.5	5.9
1.2	1.3	Security	2.3	2.1	- 0.4
(0.1)	(0.2)	Eliminations	(0.2)	(0.2)	0.0
45.7	32.2	Total operating revenues Finlan	56.2	82.4	186.1
(10.7)	(8.4)	Eliminations	(18.2)	(21.1)	- 43.2
690.7	675.2	Total operating revenues	1278.6	1269.4	2 889.7

Operating profit by geography

Second quarter			First half- year		Year
2011	2012	NOK millioner	2012	2011	2011
7,8	11,4	Local Infrastructure	26,1	8,9	46,7
1,9	(1,2)	Central Infrastructure	(4,8)	(0,0)	(1,2)
5,4	9,0	Security	10,4	6,7	25,3
(5,4)	(6,9)	Other	(12,3)	(11,6)	(19,9)
9,7	12,3	Total operating profit Norway	19,4	3,9	50,9
13,2	9,9	Local Infrastructure	6,8	8,4	39,3
2,9	0,6	Central Infrastructure	(1,6)	1,3	0,8
(1,1)	(0,3)	Security	(1,0)	(2,2)	(0,9)
-	(0,5)	Other	(0,5)	-	-
14,9	9,8	Total operating profit Sweden	3,8	7,5	39,2
-	-	Local Infrastructure	-	-	-
3,2	(1,1)	Central Infrastructure	(3,7)	2,3	12,1
(0,5)	(0,5)	Security	(1,0)	(0,8)	(1,2)
2,7	(1,6)	Total operating profit Finland	(4,8)	1,5	11,0
-	-	Eliminations	-	-	-
27,4	20,4	Total operating profit	18,4	13,0	101,1

Key figures

NOK million	Second quarter		First half-year		Year
	2012	2011	2012	2011	2011
Profitability					
Operating profit margin before depreciation	4.5 %	5.4 %	3.0 %	2.6 %	5.0 %
Operating profit margin	3.0 %	4.0 %	1.4 %	1.0 %	3.5 %
Capital matters					
Equity	380.5	554.6	380.5	554.6	484.0
Total assets	1 428.3	1 381.1	1 428.3	1 381.1	1 648.2
Equity ratio	27 %	40 %	27 %	40 %	29 %
Net interest bearing debt (cash)	(107.7)	(115.5)	(107.7)	(115.5)	(284.9)
Capital expenditure - operational	5.8	14.9	10.0	31.6	44.9
Shares and shareholder matters					
Share price (NOK)	20.0	22.4	20.0	22.4	20.6
Number of outstanding shares ¹⁾	63 863 224	63 863 224	63 863 224	63 863 224	63 863 224
Average number of outstanding shares ²⁾	63 863 224	63 863 224	63 863 224	63 863 224	63 863 224
Market value	1 277	1 431	1 277	1 431	1 316
Enterprise value (EV)	1 170	1 315	1 170	1 315	1 031
Earnings per share (EPS) ³⁾ (NOK)	0.3	0.2	0.2	0.1	1.1
Cash flow from operations per share (NOK)	(0.7)	(1.4)	(0.9)	(0.1)	2.8
Dividend per share ⁴⁾ (NOK)	1.50	1.00	1.50	1.00	1.00

Note: 1) Number of shares outstanding by the end of the period.

2) Weighted average number of shares outstanding during the period.

3) Based on number of shares as defined under item 2.

4) Dividend approved at the general meeting 9 May 2012.

Shareholder structure per 30 June 2012

#	Owner	No. of shares	%- ownership
1	HAFSLUND ASA	27 652 360	43.3 %
2	FORTUM NORDIC AB	21 074 864	33.0 %
3	ODIN NORDEN	3 271 000	5.1 %
4	ORKLA ASA	2 351 044	3.7 %
5	NORDSTJERNAN AB	1 952 067	3.1 %
6	THE NORTHERN TRUST C TREATY ACCOUNT	1 595 600	2.5 %
7	SKANDINAVISKA ENSKIL A/C CLIENTS ACCOUNT	947 100	1.5 %
8	MP PENSJON PK	830 000	1.3 %
9	DNB NOR SMB VPF	559 406	0.9 %
10	VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	312 000	0.5 %
11	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	249 850	0.4 %
12	VJ INVEST AS	240 100	0.4 %
13	TERRA TOTAL VPF	208 835	0.3 %
14	IVAR SLØGE AS	200 000	0.3 %
15	FROGNER BJØRN	189 000	0.3 %
	Sum top 15	61 633 226	96.5 %
	Other shareholders	2 229 998	3.5 %
	Total number of shares	63 863 224	100.0 %
	Board and management	388 000	0.6 %

Definitions

	Definition
Earnings per share (EPS)	Profit after tax / weighted average number of shares outstanding during the period
Cash flow from operations per share	Cash flow from operations / weighted average number of shares outstanding during the period
Operating profit margin before depreciation	Operating profit before depreciation / Operating revenues
Operating margin	Operating profit / Operating revenues
Market value	Share price as of end of period * number of shares outstanding
Net interest bearing debt	Book value of interest bearing debt less cash and cash equivalents
Enterprise value (EV)	Market value of equity + net interest bearing debt
Equity ratio (in %)	(Book value of equity incl. minority / Total assets) * 100

Investor information

- Further information is available on Infratek's web-site: www.infratek.no
- Vibecke Skjolde, CFO
 - vibecke.skjolde@infratek.no
 - Mobile: 91 66 21 10