

Infratek



Third quarter 2012 results

Bjørn Frogner, Group CEO
Infratek ASA
1 November 2012

Key events – 3rd quarter 2012



- Operating revenues of NOK 694 million (NOK 714 million)
- Third-quarter operating profit of NOK 35.1 million (NOK 53.3 million)
- Satisfactory development within Local Infrastructure
- Central Infrastructure turnaround well underway
- Somewhat lower project volume in Security
- Solid cash position with no long-term debt
- Satisfactory order book until year end

New possibilities within critical infrastructure

- Continuous business development within critical infrastructure is essential to developing internal expertise, differentiating the customer portfolio and achieving our growth objectives
- We're expanding existing business with investments in new areas of infrastructure

Railway systems

Positive feedback received from customers in connection with start-up of "Trafikverket" contract, relating to the operation and maintenance of the rail network north of Stockholm.

Successful integration of WKTS AB following acquisition earlier this year.



Electrical mobility

Infratek has built the world's first full-service fast charger station for electrical vehicles between Oslo and Svinesund.

Taken up the position of a full-range supplier in an exciting growth market.

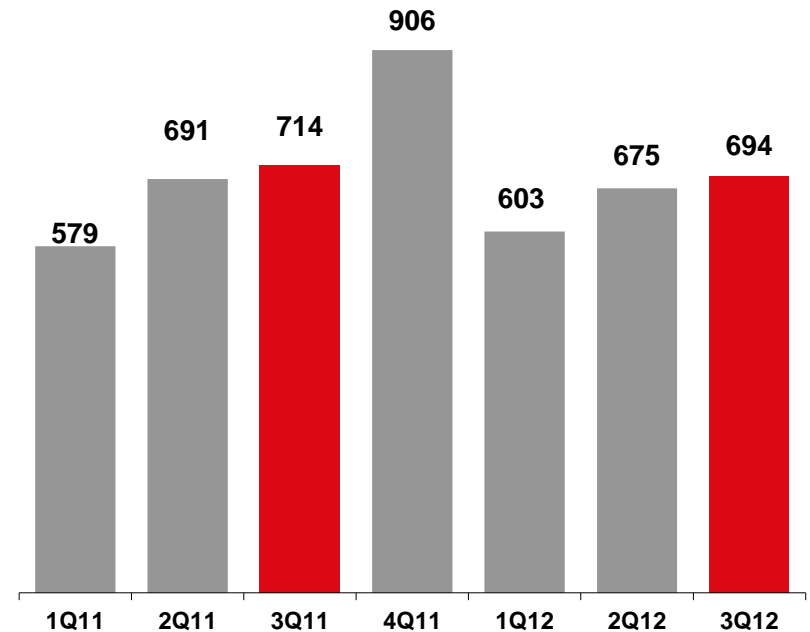


Development operating revenues

- Lower activity within district heating in Norway has resulted in decreased revenues compared with same period last year
- Activities in the Swedish business have increased compared to last year, especially in the Stockholm area
- In Finland, activities were, as expected, down on the previous year

Operating revenue by quarter

NOK million

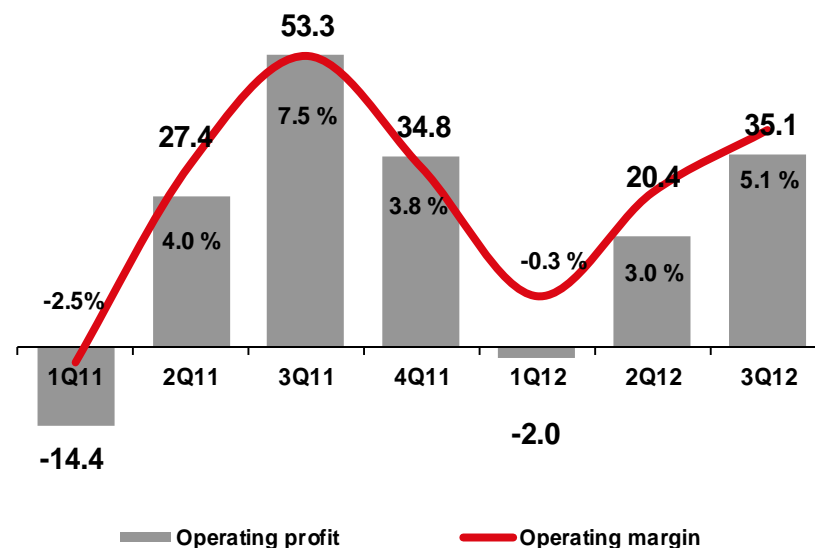


Development operating profit

- Lower operating profit in Norway as a result of reduced investment activity within the district heating and oil regeneration segments
- In Sweden, losses within individual projects has resulted in a lower operating profit and pushed down margins
- As expected, lower activities within Central Infrastructure in Finland have resulted in a reduced operating profit, however the margin has been maintained

Operating profit by quarter

NOK million



Losses on medium-sized projects

10 projects



NOK 30 million
in losses per
year to date

NOK 9 million
in third quarter

Action plan

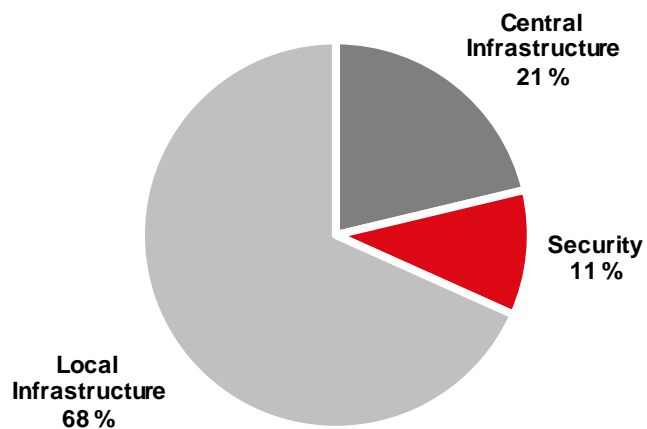
- Established a shared control system
- Recruitment of people with a high level of competence
- Internal training in all stages of the project process
- Risk analysis of projects at the tender stage
- Two pairs of eyes on all calculations
- Systematic and close monitoring from start to finish

Accumulated losses as at the third quarter:

Central Infrastructure NOK 17 million and Local Infrastructure NOK 12 million

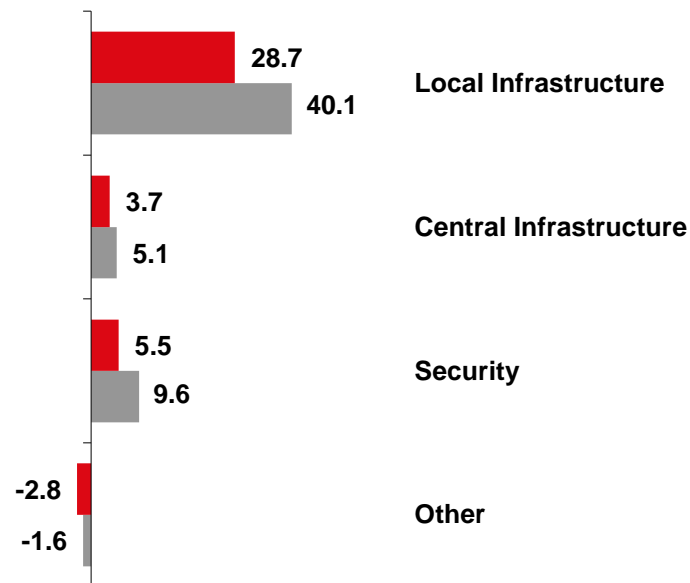
Revenues and profit by business area

Operating revenues



Operating profit

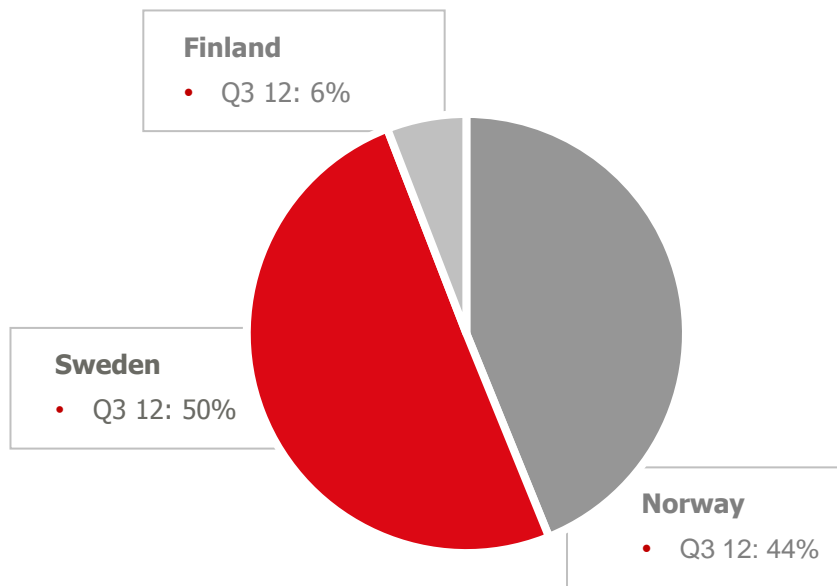
NOK million



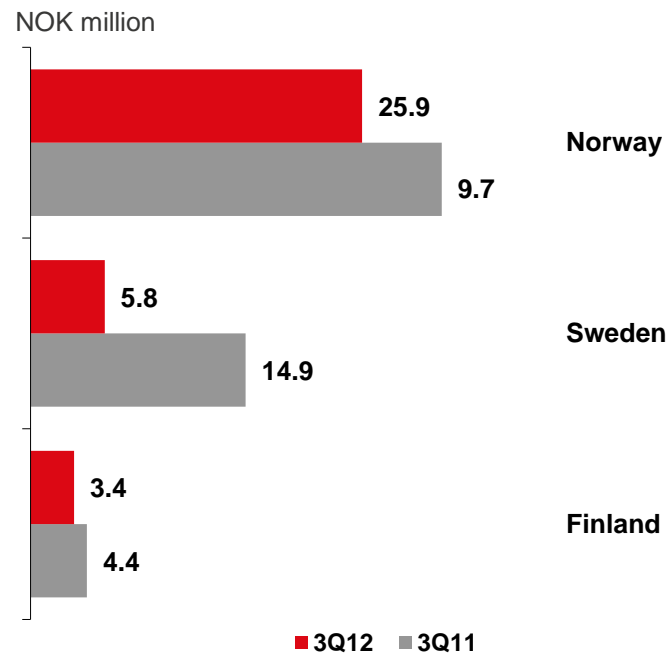
■ 3Q12 ■ 3Q11

Revenues and profit by geography

Operating revenues



Operating profit



Balance sheet

- Implementation 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 26 per cent

NOK million	30.09.2012	30.09.2011	31.12.2011
Intangible assets	428.9	358.5	422.6
Fixed assets	155.6	172.9	159.6
Accounts receivables and other receivables	845.0	824.6	766.4
Cash and cash equivalents	87.6	98.8	299.6
Assets	1 517.1	1 454.8	1 648.2
Equity	401.1	591.0	484.0
Other liabilities	617.8	399.8	582.3
Long-term debt	11.9	21.6	14.6
Current liabilities	486.3	442.4	567.2
Equity and liabilities	1 517.1	1 454.8	1 648.2

Cash flow

- Net cash flow from operations is NOK 4.3 million higher compared to same period last year
- Investments in fixed assets of NOK 16 million due to purchase of specialised vehicles
- Full year 2012 investments in fixed assets expected to be at the same level as depreciation
- Net working capital at the same level as last year

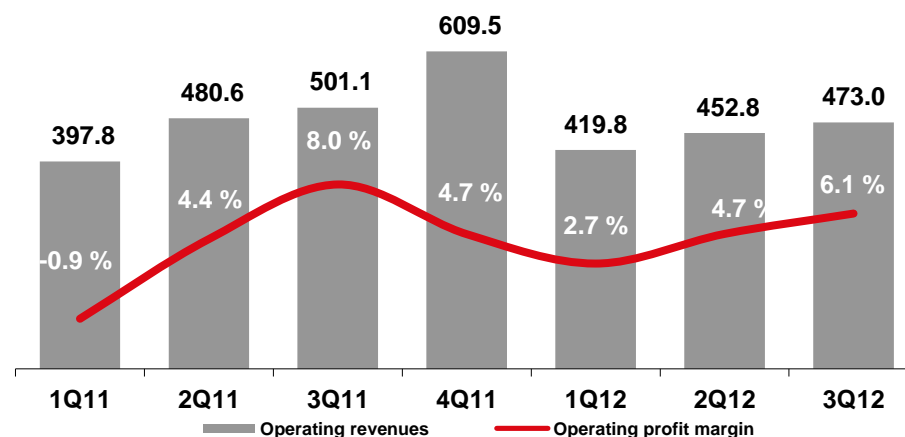
NOK million	Third quarter		Year to date		Year
	2012	2011	2012	2011	2011
Profit before tax	32.8	52.2	47.7	62.8	100.6
Items without cash flow effect	18.6	12.9	43.9	33.6	40.7
Change in net working capital	(67.0)	(84.9)	(163.8)	(125.8)	34.8
Net cash flow from operations	(15.6)	(19.9)	(72.2)	(29.3)	176.1
Investments - fixed assets	(16.0)	(7.0)	(26.0)	(38.6)	(44.9)
Investmentes - operations	-	(6.4)	(17.2)	(6.4)	(6.4)
Sales - fixed assets	0.2	-	2.1	-	4.2
Sales - operations	-	-	-	-	(2.3)
Cash flow to investments activities	(15.8)	(13.5)	(41.1)	(45.0)	(49.4)
Change interest-bearing liabilities	(0.1)	(0.4)	(0.7)	(2.2)	(3.7)
Net received/ paid interest	(0.7)	0.7	(0.6)	1.7	2.1
Dividend, equity issues and other equity changes	(0.3)	-	(96.1)	(63.9)	(63.9)
Cash flow used for financial activities	(1.1)	0.4	(97.4)	(64.4)	(65.5)
Change in cash and cash equivalents	(32.5)	(32.9)	(210.7)	(138.7)	61.2
Cash and cash equivalents at the start of period	119.4	131.1	299.6	238.5	238.5
Effect on exchange rate changes on the balance of cash held in foreign operations	0.7	0.4	(1.5)	(1.2)	(0.2)
Cash and cash equivalents end of period	87.6	98.7	87.6	98.7	299.6

Local Infrastructure

- In the Norwegian business, operating revenues have decreased by NOK 34.9 million. However, the margin is up by 1.1 percentage points as a result of improved efficiency and selective pricing.
- Sales in the Swedish business are up by NOK 5.9 million while the operating margin is down by 3.4 percentage points due to losses on medium-sized projects and the start-up of the railway contract
- 61 per cent of third-quarter sales were generated in Sweden, and 39 per cent in Norway

NOK million	Third quarter		Year to date	
	2012	2011	2012	2011
Operating revenues	473.0	501.1	1 345.6	1 379.6
Operating profit before depreciation	35.3	46.8	79.8	76.5
Operating profit	28.7	40.1	61.6	57.4
Operating margin	6.1%	8.0%	4.6%	4.2%

Operating revenues and operating margin

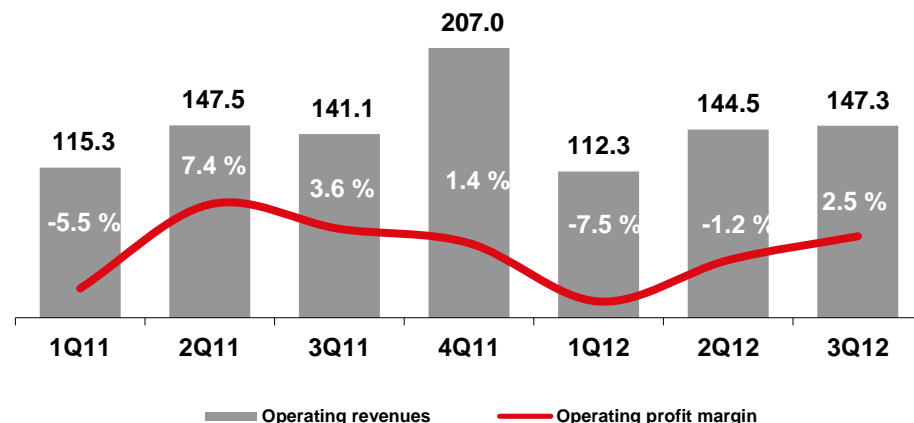


Central Infrastructure

- Revenues in Norway increased by NOK 16.4 million while margin is down by 0.3 percentage points to 4.3 per cent due to lower contribution from the oil regenerating product
- In Sweden, sales decreased by NOK 3.5 million and loss making projects resulted in a negative operating margin of 6 per cent
- Operating margin of 10 per cent maintained in Finland, however lower activity reduces revenues by NOK 7 million

NOK million	Third quarter		Year to date	
	2012	2011	2012	2011
Operating revenues	147.3	141.1	404.0	403.9
Operating profit before depreciation	5.1	7.0	(2.3)	13.9
Operating profit	3.7	5.1	(6.4)	8.7
Operating margin	2.5%	3.6%	-1.6%	2.2%

Operating revenues and operating margin

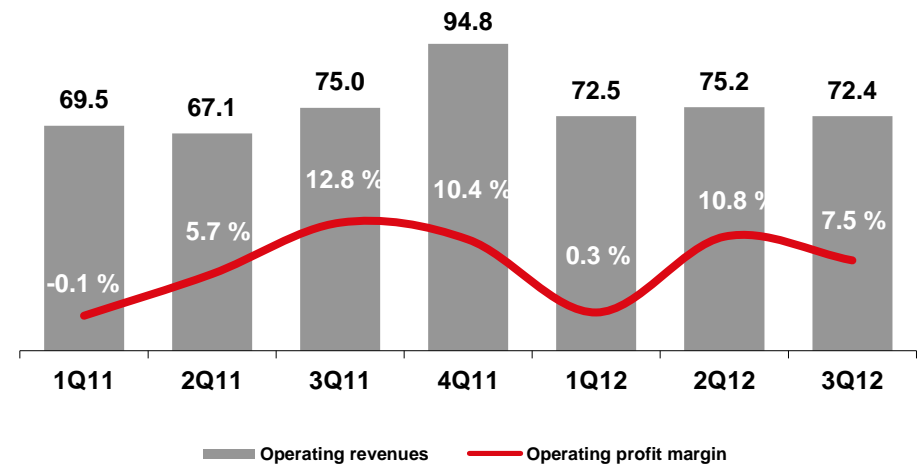


Security

- Sales were down by NOK 2.6 million and operating profit reduced by NOK 4.1 million compared to the same period last year
- Within high-security solutions, both activity and profit remains good, but low activity in new projects depresses both sales and profit for the period
- Sales for delivery of DLE services are up by NOK 0.5 million, but renegotiated contracts at lower prices are making a smaller contribution to profits

NOK million	Third quarter		Year to date	
	2012	2011	2012	2011
Operating revenues	72.4	75.0	220.1	211.6
Operating profit before depreciation	6.2	10.5	16.1	15.9
Operating profit	5.5	9.6	13.8	13.3
Operating margin	7.5%	12.9%	6.3%	6.3%

Operating revenues and operating margin

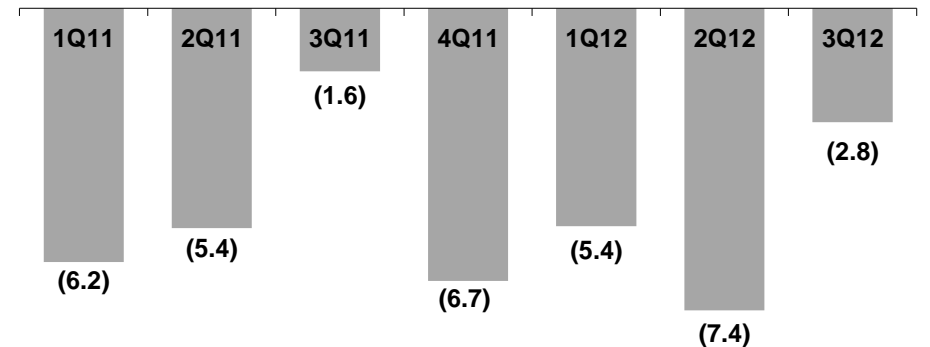


Other

- Other comprises the Group's administration and Group-wide expenses
- Group expenses of NOK 2.8 million were incurred in the quarter, compared with NOK 1.6 million in the previous year
- The change in the 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.

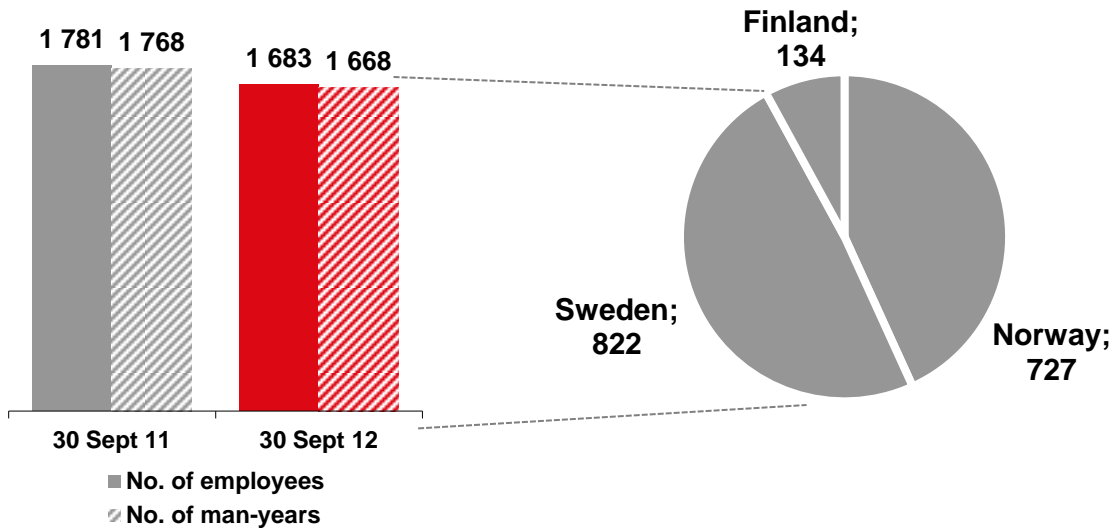
NOK million	Third quarter		Year to date	
	2012	2011	2012	2011
Operating profit	(2.8)	(1.6)	(15.6)	(13.2)

Operating profit

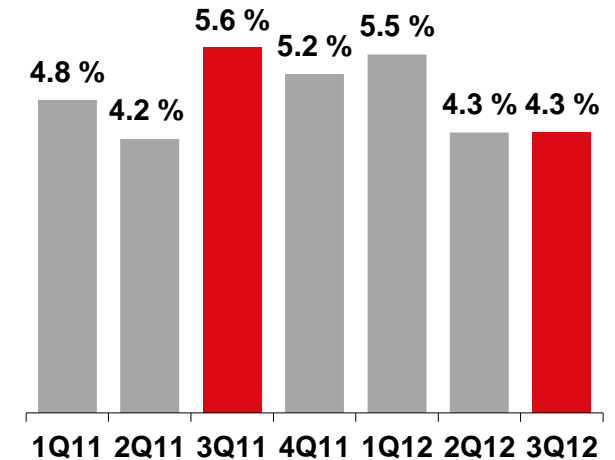


Employees

Number of employees



Sick leave

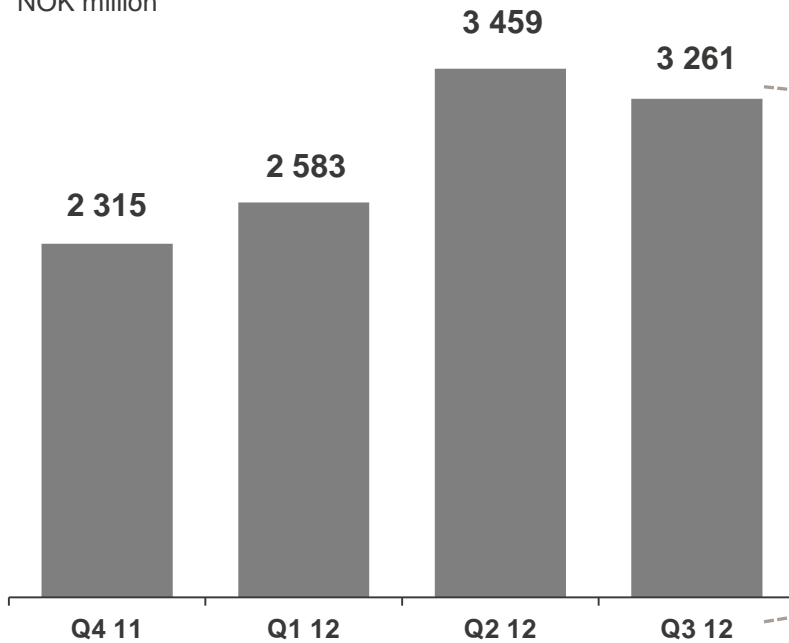


- Reduction in the number of employees and man-years due to staff adjustments and loss of contingency contract in Småland
- Sick leave is down by 1.2 percentage points from 1Q12 which is considered satisfactory

Order reserve

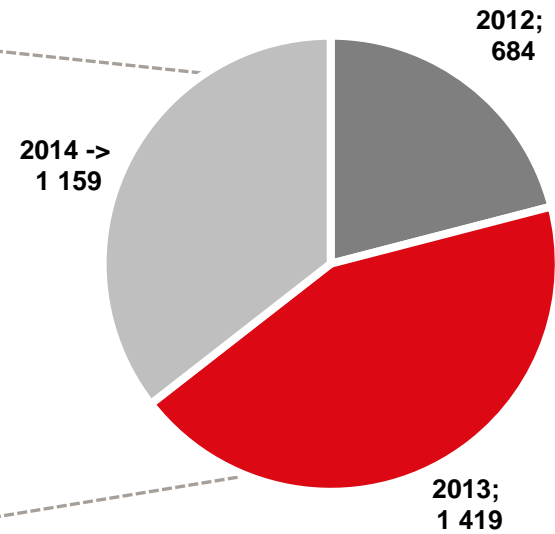
Development of order reserve

NOK million



Order reserve per September by year

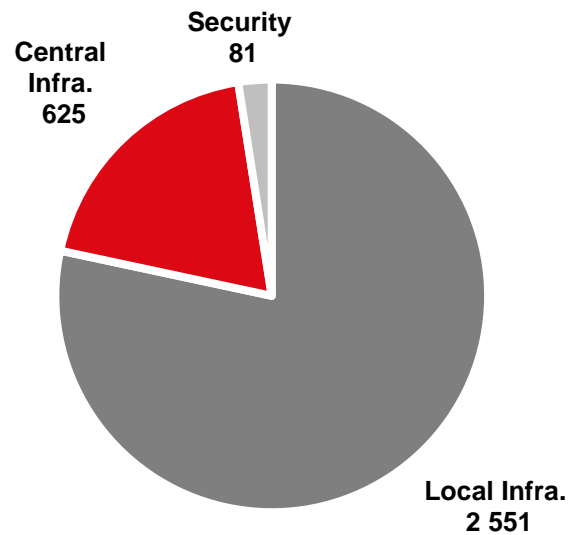
NOK million



Order reserve per September

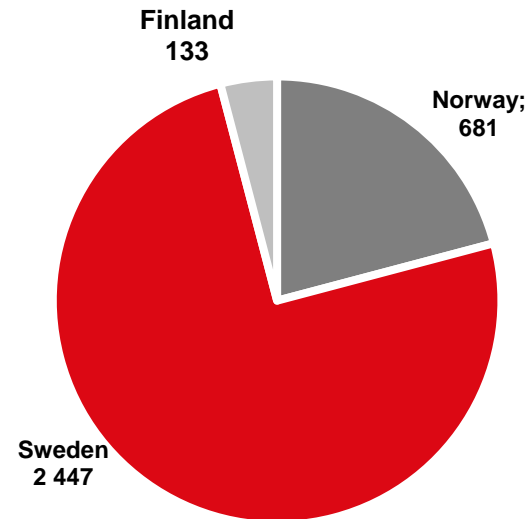
Order reserve by business area

NOK million



Order reserve by geography

NOK million



Outlook

- Satisfactory order book until year end
- Historically, Q4 has been our best quarter and we expect this to be better than last year
- Actions initiated to minimise losses on projects are expected to reduce the number of loss-making projects and the size of losses
- A good start on the new railway contract in Sweden provides exciting opportunities in a new target area
- Strong financial position providing good opportunities for structural growth



Appendix

Income statement

NOK million	Third quarter		Year to date		Year
	2012	2011	2012	2011	2011
Operating revenues	694.4	714.1	1 973.0	1 983.6	2 889.7
Purchased materials	(334.0)	(348.3)	(877.5)	(884.3)	(1 342.4)
Salaries and other personnel expenses	(233.3)	(228.6)	(751.1)	(767.3)	(1 059.8)
Depreciation	(10.7)	(11.0)	(30.7)	(31.6)	(42.9)
Other operating expenses	(81.3)	(72.9)	(260.3)	(234.1)	(343.6)
Operating profit	35.1	53.3	53.5	66.3	101.1
Financial revenues/ expenses	(2.3)	(1.2)	(5.8)	(3.5)	(0.5)
Profit before tax	32.8	52.2	47.7	62.8	100.6
Tax expense	(9.1)	(14.2)	(13.5)	(17.1)	(26.0)
Profit for the year from discontinued operations	-	-	-	-	(3.5)
Profit after tax	23.7	38.0	34.2	45.7	71.1
Majority's share of profit	23.7	38.0	34.2	45.9	71.3
Minority's share of profit	-	-	-	(0.2)	(0.2)

Other comprehensive income

Conversion difference when converting foreign units	3.0	1.4	(3.2)	(6.4)	(0.9)
Change in estimate pensions	(8.4)	(4.2)	(25.2)	(5.9)	(197.0)
Total comprehensive profit before tax	(5.4)	(2.8)	(28.4)	(12.3)	(197.9)
Tax on comprehensive income	2.4	1.2	7.0	1.6	55.2
Total comprehensive profit after tax	(3.0)	(1.6)	(21.3)	(10.6)	(142.8)
Comprehensive income after tax	20.7	36.4	12.9	35.1	(71.6)
Majority's share of profit	20.7	36.4	12.9	(2.9)	(71.5)
Minority's share of profit	-	-	-	-	(0.2)

Operating revenue by geography

Third quarter			Year to date		Year
2011	2012	NOK million	2012	2011	2011
219.6	184.7	Local Infrastructure	550.8	580.0	828.8
46.1	62.5	Central Infrastructure	167.3	126.4	178.0
63.0	56.4	Security	185.9	181.1	265.6
3.5	4.2	Other / elimination	12.9	8.9	12.1
332.3	307.7	Total operating revenues Norway	916.9	896.4	1284.6
282.7	288.6	Local Infrastructure	796.3	804.3	1 168.9
48.7	47.7	Central Infrastructure	151.8	150.9	259.2
11.8	15.2	Security	33.1	31.4	40.4
0.2	1.2	Eliminations	3.0	0.7	-6.3
343.4	352.7	Total operating revenues Sweden	984.2	987.3	1 462.2
-	-	Local Infrastructure	0.0	-	180.7
46.4	39.5	Central Infrastructure	93.6	126.9	5.9
1.1	1.8	Security	4.1	3.2	-0.4
(0.1)	(0.1)	Eliminations	-0.3	(0.2)	0.0
47.4	41.2	Total operating revenues Finland	97.4	129.9	186.1
(8.9)	(7.1)	Eliminations	-25.4	(30.0)	-43.2
714.1	694.4	Total operating revenues	1 973.0	1983.6	2 889.7

Operating profit by geography

Third quarter			Year to date		Year
2011	2012	NOK million	2012	2011	2011
23.8	21.9	Local Infrastructure	48.0	32.7	46.7
2.1	2.7	Central Infrastructure	-2.1	2.1	-1.2
7.7	4.5	Security	14.9	14.5	25.3
(1.6)	(3.2)	Other	-15.5	(13.2)	-19.9
32.1	25.9	Total operating profit Norway	45.3	36.0	50.9
16.3	6.8	Local Infrastructure	13.6	24.7	39.3
(1.6)	(2.9)	Central Infrastructure	-4.4	(0.3)	0.8
2.1	1.4	Security	0.5	(0.1)	-0.9
-	0.4	Other	-0.1	-	0.0
16.8	5.8	Total operating profit Sweden	9.6	24.3	39.2
-	-	Local Infrastructure	0.0	-	0.0
4.7	3.9	Central Infrastructure	0.2	7.0	12.1
(0.2)	(0.5)	Security	-1.5	(1.0)	-1.2
4.4	3.4	Total operating profit Finland	-1.4	6.0	11.0
-	-	Eliminations	-	-	-
53.3	35.1	Total operating profit	53.5	66.3	101.1

Key figures

NOK million	Third quarter		Year to date		Year
	2012	2011	2012	2011	2011
Profitability					
Operating profit margin before depreciation	6.6 %	9.0 %	4.3 %	4.9 %	5.0 %
Operating profit margin	5.1 %	7.5 %	2.7 %	3.3 %	3.5 %
Capital matters					
Equity	401.1	591.0	401.1	591.0	484.0
Total assets	1 517.1	1 454.8	1 517.1	1 454.8	1 648.2
Equity ratio	26 %	41 %	26 %	41 %	29 %
Net interest bearing debt (cash)	(75.7)	(77.2)	(75.7)	(77.2)	(284.9)
Capital expenditure - operational	16.0	7.0	26.0	38.6	44.9
Shares and shareholder matters					
Share price (NOK)	17.0	20.7	17.0	20.7	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	1 086	1 322	1 086	1 322	1 316
Enterprise value (EV)	1 010	1 245	1 010	1 245	1 031
Earnings per share (EPS) ³⁾ (NOK)	0.4	0.6	0.5	0.7	1.1
Cash flow from operations per share (NOK)	(0.2)	(0.3)	(1.1)	(0.5)	2.8
Dividend per share ⁴⁾ (NOK)	-	-	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 September 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	3 270 300	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	557 406	0.9 %
10	VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	312 000	0.5 %
11	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	260 100	0.4 %
12	VJ INVEST AS	249 850	0.4 %
13	TERRA TOTAL VPF	208 835	0.3 %
14	IVAR S LØGE AS	206 000	0.3 %
15	FROGNER BJØRN	200 000	0.3 %
	Sum top 15	61 667 526	96.6 %
	Other shareholders	2 195 698	3.4 %
	Total number of shares	63 863 224	100.0 %
	Board and management	405 000	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
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