

Infratek



Results for the fourth quarter 2012
and preliminary year-end results for 2012

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Infratek ASA
13 February 2013

Key events – 4rth quarter 2012



- Operating revenues of NOK 837 million (NOK 906 million)
- Fourth-quarter operating profit of NOK 54.0 million (NOK 34.8 million)
- Satisfactory operating margin in Local Infrastructure and Security
- Central Infrastructure shows signs of improvement
- Satisfactory order book going into 2013
- Establishment in Denmark secured through acquisition of a Security company
- The equity ratio rose from 29.4 % to 47.1 % as a result of changes in actuarial assumptions for calculating pensions

Highlights for 2012 as a whole



- Operating revenues totalled NOK 2.811 million (NOK 2.890 million)
- Operating profit totalled NOK 107.5 million (NOK 101.1 million)
- Assignment of important framework agreements provides good predictability in Sweden
- Successful start to new strategic railway contract
- Satisfactory cash balance at NOK 244 million (NOK 300 million) at year end
- Board proposes a dividend of NOK 1.5 per share

Pension – change in financial assumptions

Financial assumption	2011	2012
Discount rate	2.6 %	4.0 %
Expected yield on pension funds	4.1 %	4.0 %
Salary Growth	3.25 %	4.0 %
Social security base amount	3.25 %	4.0 %

Pension in the balance sheet per 31.12 (figures in NOK million)	2011	2012	Change
Net pension liabilities	582	226	356
Deferred tax assets	-163	-63	-100
Pension liabilities effects on equity	419	163	256

Pension liabilities – sensitivity calculation

Effects on the balance sheet when changing actuarial assumption

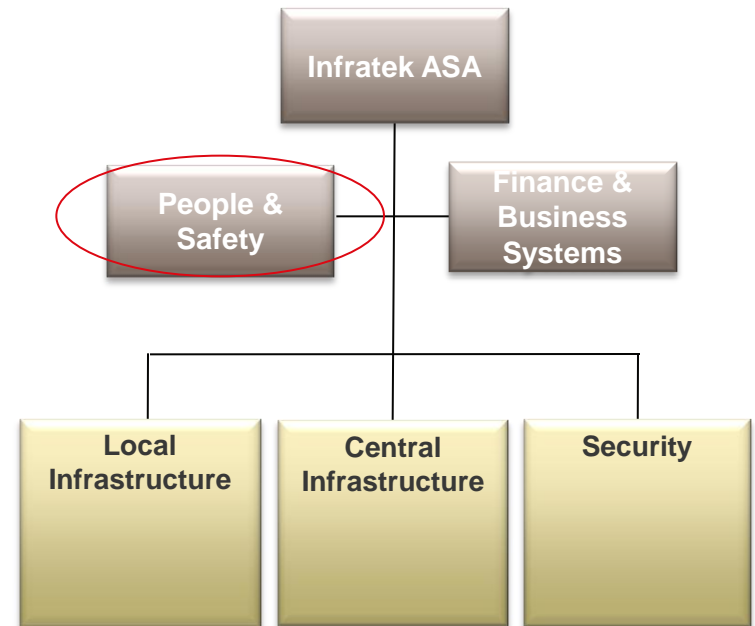
Change	Discount rate		Salary growth		Social security base amount	
	+1 %	-1%	+1 %	-1%	+1 %	-1%
Net pension liabilities	-173	234	52	-53	107	-93
Deferred tax	-48	66	15	-15	30	-26
Equity effect	124	-169	-38	38	-77	67

Reduction in balance sheet item (-)/ Increase in balance sheet item (+)

People & Safety – new Group-level function

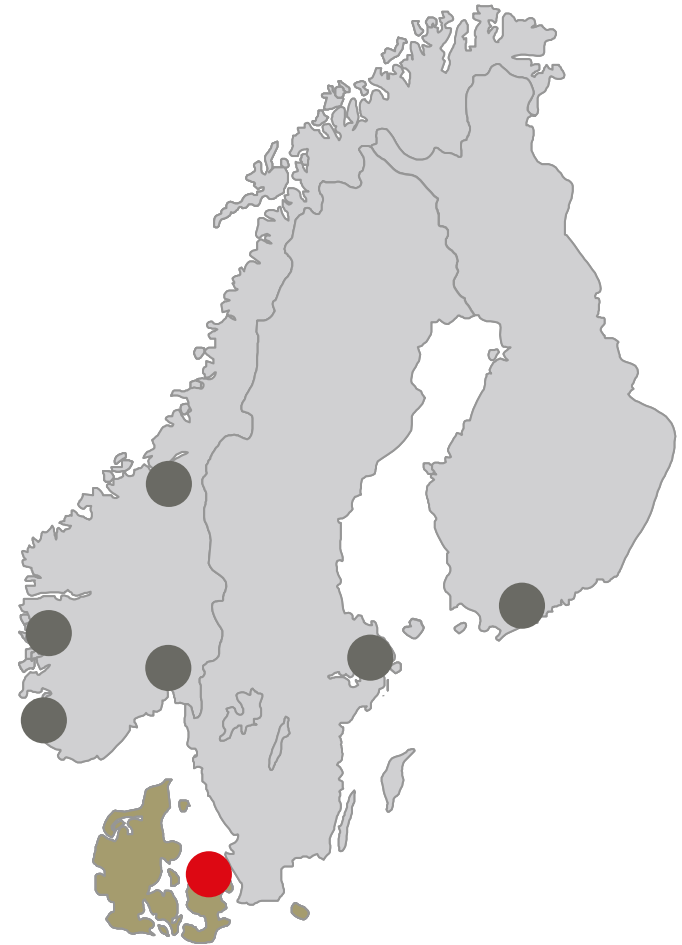
Reinforce and co-ordinate the groups human capital:

- A professional and holistic recruitment strategy
- Joint management development and training for employees
- Improved tools for employee follow-up
- Increased capacity within health, safety and the environment (HMS)



Security established in Denmark in January 2013

- Plahn System has 15 employees and estimated revenues for 2012 is approximately DKK 30 million, with a profit over 3 million
- Infratek has several Nordic customers with operations in Denmark
- The Danish market is fragmented – provides an opportunity to take a leading position
- Security further capitalizes on a Nordic shared service centre and investments
- The establishment in Denmark could in turn provide opportunities for Infrastructure

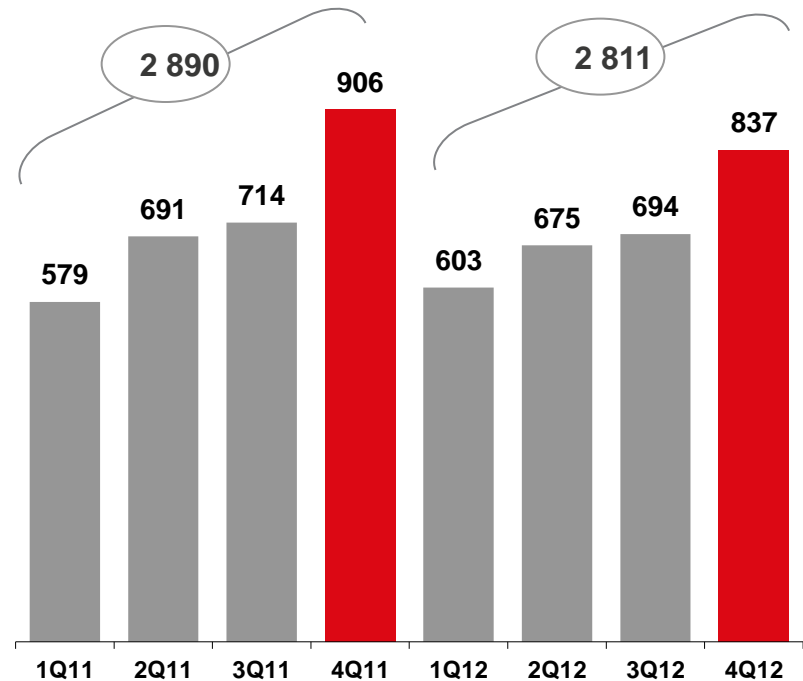


Development operating revenues

- Satisfactory workload in Norway throughout the quarter, revenues at the same level as the previous year
- In the Swedish part of the business revenue is lower due to reduced activity, especially within construction
- In Finland, the activity has, as expected, been lower than last year, while revenue is maintained as a result of increased intercompany sales

Operating revenue by quarter

NOK million

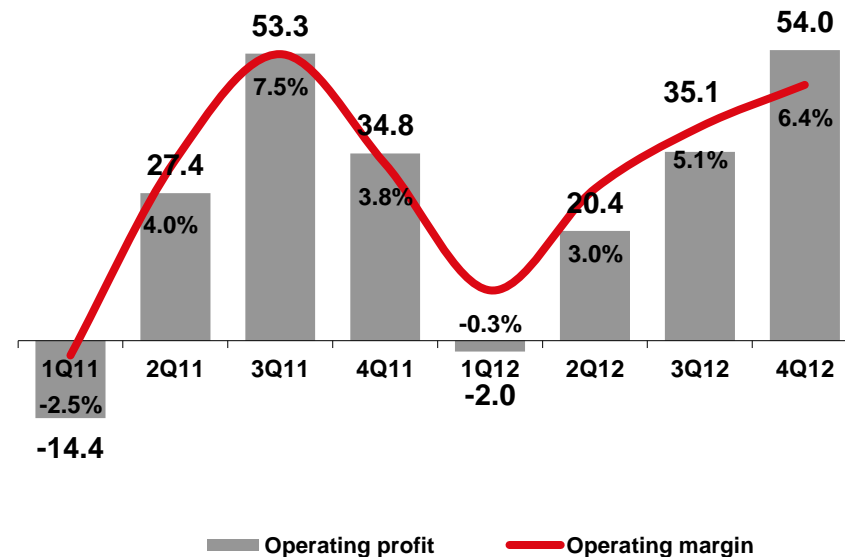


Development operating profit

- Contribution from Norway ended at 34.5 million (14.9 million) with an operating margin of 8.8 percent (3.8 percent) as a result of increased efficiency
- In Sweden, operating profit was 12.2 million (14.9 million). The decrease is explained by start-up costs of the railway contract and losses on some projects
- Finland delivered a solid operating profit of 7.3 million (5.0 million)

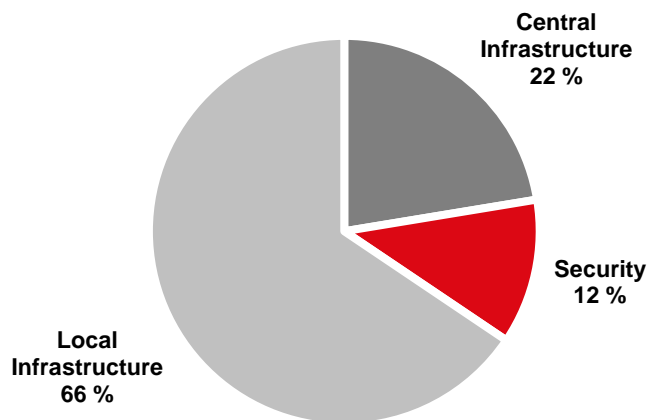
Operating profit by quarter

NOK million



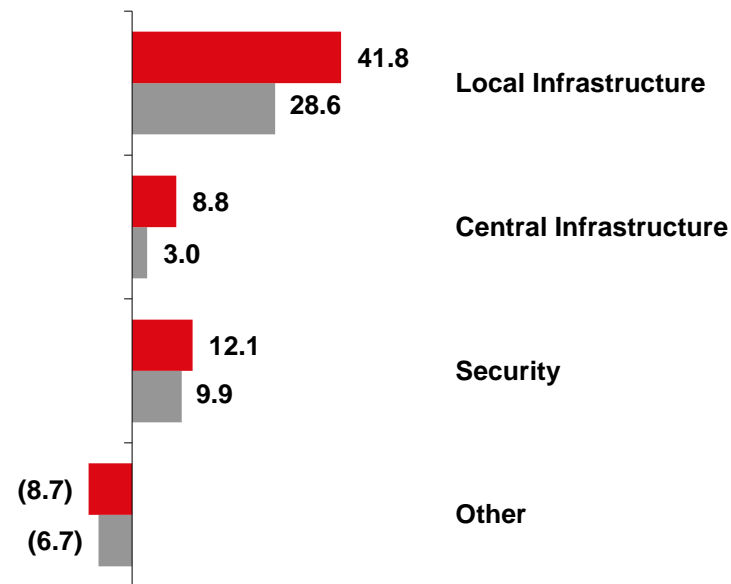
Revenues and profit by business area

Operating revenues



Operating profit

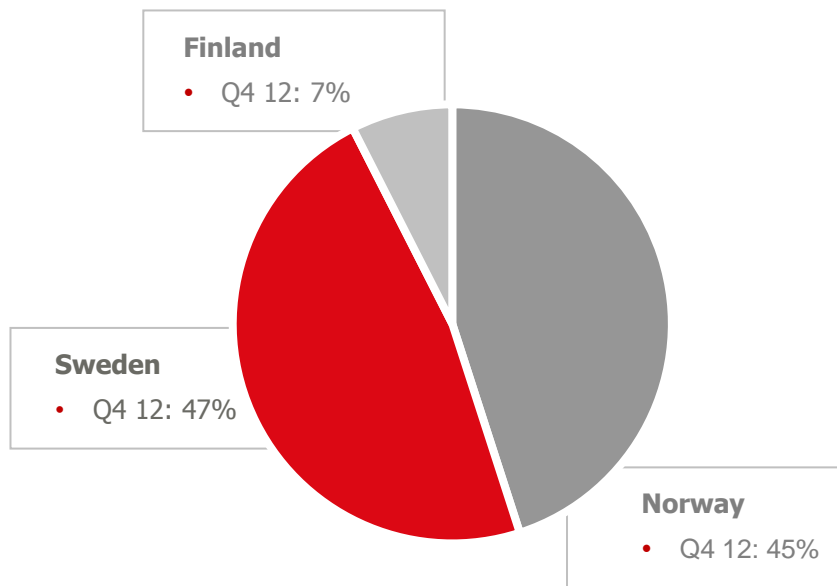
NOK million



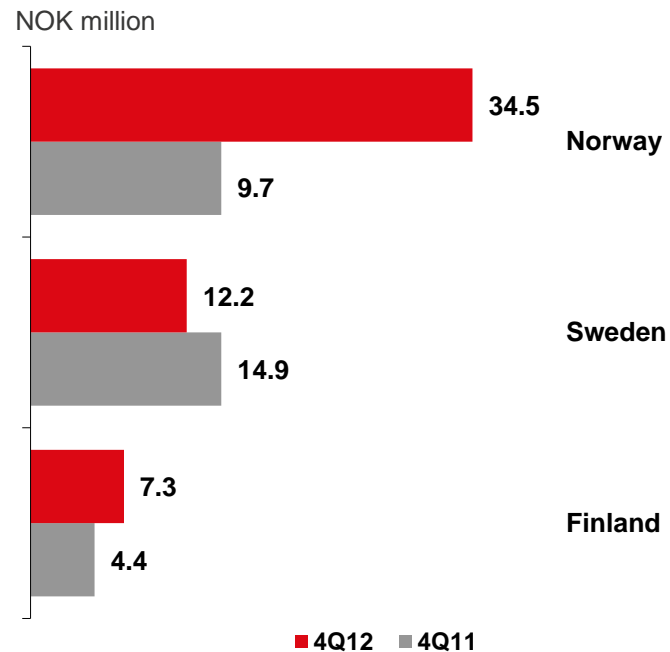
■ 4Q12 ■ 4Q11

Revenues and profit by geography

Operating revenues



Operating profit



Balance sheet

- Change of actuarial assumptions for the calculation of pension liabilities has affected intangible assets, pension liabilities and equity
- Normal fluctuations in working capital
- Cash and cash equivalents ended at 244 million. This represents a decrease of 56 million against the same period last year, due to increased dividend payments and two smaller acquisitions
- Equity ratio increased from 29.4% to 47.1% due to changes in actuarial assumptions for calculating pensions

NOK million	31.12.2012	31.12.2011
Intangible assets	321.4	422.6
Fixed assets	158.4	159.6
Accounts receivables and other receivables	755.8	766.4
Cash and cash equivalents	243.8	299.6
Assets	1 479.3	1 648.2
Equity	696.9	484.0
Other liabilities	226.4	582.3
Long-term debt	9.8	14.6
Current liabilities	546.2	567.2
Equity and liabilities	1 479.3	1 648.2
Net working capital	192.5	200.0

Cash flow

- Net cash flow from operations is down by 36 million compared to 4. quarter of 2011
 - Increased profit before tax + 15 million
 - Change in pension provision - 20 million
 - Net reduction in working capital + 4 million
 - Currency diff, tax and reclassification of financial assets in Q4 2011 - 35 million
- Investments in fixed assets of 12.8 million (6.3 million) as a result of investments in special vehicle and equipment

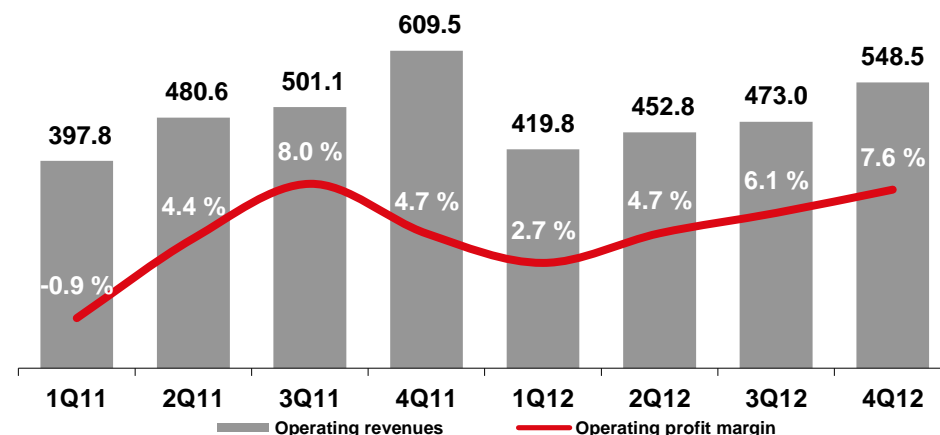
NOK million	Fourth quarter		Year to date	
	2012	2011	2012	2011
Profit before tax	53.1	37.8	100.8	100.6
Items without cash flow effect	(12.9)	7.0	31.0	40.7
Change in net working capital and more	129.3	160.5	(34.5)	34.8
Net cash flow from operations	169.4	205.4	97.2	176.1
Investments - fixed assets	(12.8)	(6.3)	(38.8)	(44.9)
Investmentes - operations	-	-	(17.2)	(6.4)
Sales - fixed assets	3.1	4.2	5.2	4.2
Sales - operations	-	(2.3)	-	(2.3)
Cash flow to investments activities	(9.7)	(4.4)	(50.8)	(49.4)
Change interest-bearing liabilities	(2.3)	(1.5)	(3.0)	(3.7)
Net received/ paid interest	0.6	0.3	(0.0)	2.1
Dividend, equity issues and other equity changes	0.3	-	(95.8)	(63.9)
Cash flow used for financial activities	(1.4)	(1.3)	(98.8)	(65.5)
Change in cash and cash equivalents	158.2	199.7	(52.4)	61.2
Cash and cash equivalents at the start of period	87.6	98.8	299.6	238.5
Effect on exchange rate changes on the balance of cash held in foreign operations	(2.0)	1.1	(3.3)	(0.2)
Cash and cash equivalents end of period	243.8	299.6	243.8	299.6

Local Infrastructure

- Good results in Norway despite reduction of revenues. Operating margin has increased from 5.6 percent to 14.0 percent as a result of more efficient operations and selective contracting
- Revenues in the Swedish business are also down and operating margin came in at 3.6 percentage as a result of losses on construction projects and start-up of the railway contract
- 61 (60) per cent of the turnover in the fourth quarter is generated in Sweden and 39 (40) percent in Norway

NOK million	Fourth quarter		Year to date	
	2012	2011	2012	2011
Operating revenues	548.5	609.5	1 894.1	1 989.0
Operating profit before depreciation	48.2	35.6	128.0	112.1
Operating profit	41.8	28.6	103.3	86.0
Operating margin	7.6%	4.7%	5.5%	4.3%

Operating revenues and operating margin

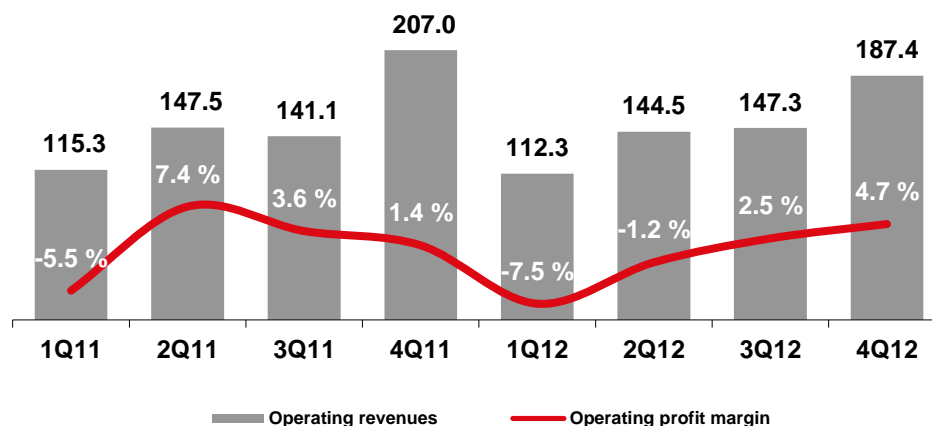


Central Infrastructure

- Revenues in Norway increased by NOK 40 million while operating margin came in at 2 per cent in the quarter
- In Sweden sales decreased by NOK 36 million while the operating margin equalled 0.2 per cent
- In Finland revenues are up by NOK 7 million and operating margin ended at 11.8 per cent
- Internal sales, from Finland, to Norway and Sweden, was NOK 37.6 million in the period

NOK million	Fourth quarter		Year to date	
	2012	2011	2012	2011
Operating revenues	187.4	207.0	591.4	610.9
Operating profit before depreciation	10.3	4.6	8.0	18.5
Operating profit	8.8	3.0	2.5	11.7
Operating margin	4.7%	1.4%	0.4%	1.9%

Operating revenues and operating margin

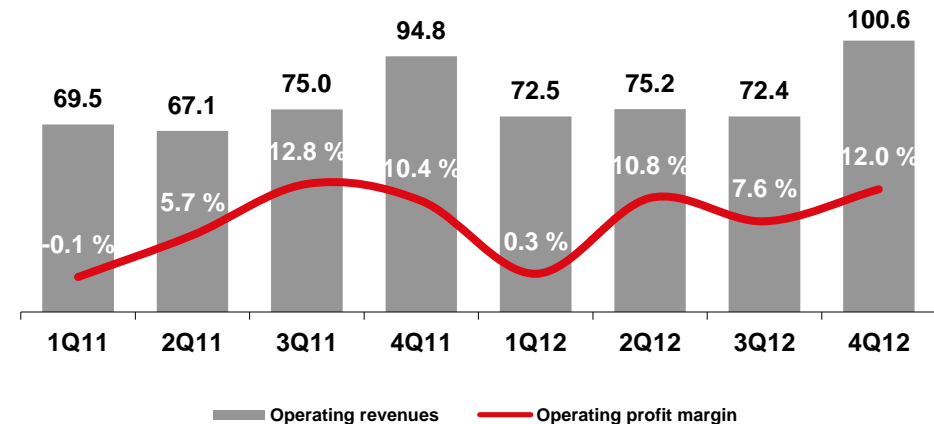


Security

- Revenues increased with 5.8 million and operating profit is up by 2.0 million compared with the same period last year
- Within High security revenues are up 4.7 million and contribution is equally increasing
- Revenues from delivery of DLE services are on par with last year, but re-negotiated contracts at lower prices reduced overall contribution with 2.6 million

NOK million	Fourth quarter		Year to date	
	2012	2011	2012	2011
Operating revenues	100.6	94.8	320.6	306.4
Operating profit before depreciation	12.7	10.7	28.8	26.6
Operating profit	12.1	9.9	26.0	23.2
Operating margin	12.0%	10.4%	8.1%	7.6%

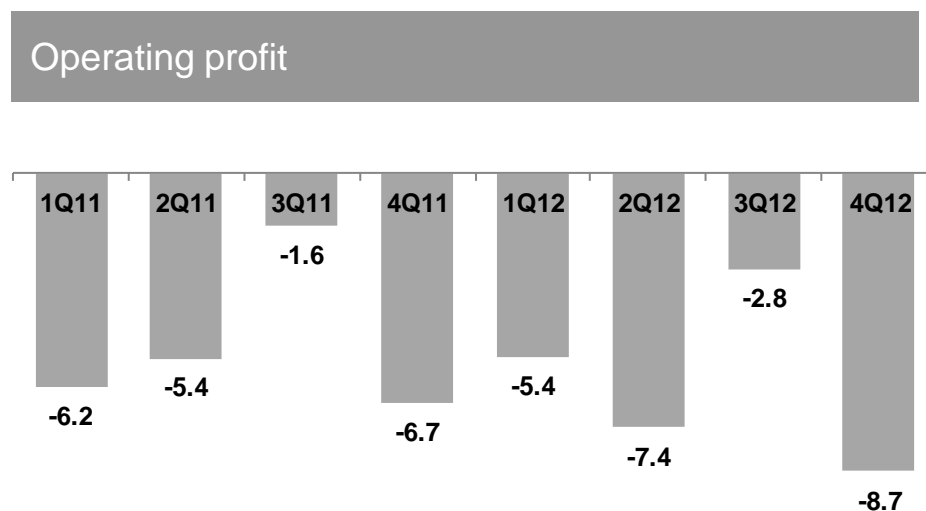
Operating revenues and operating margin



Other

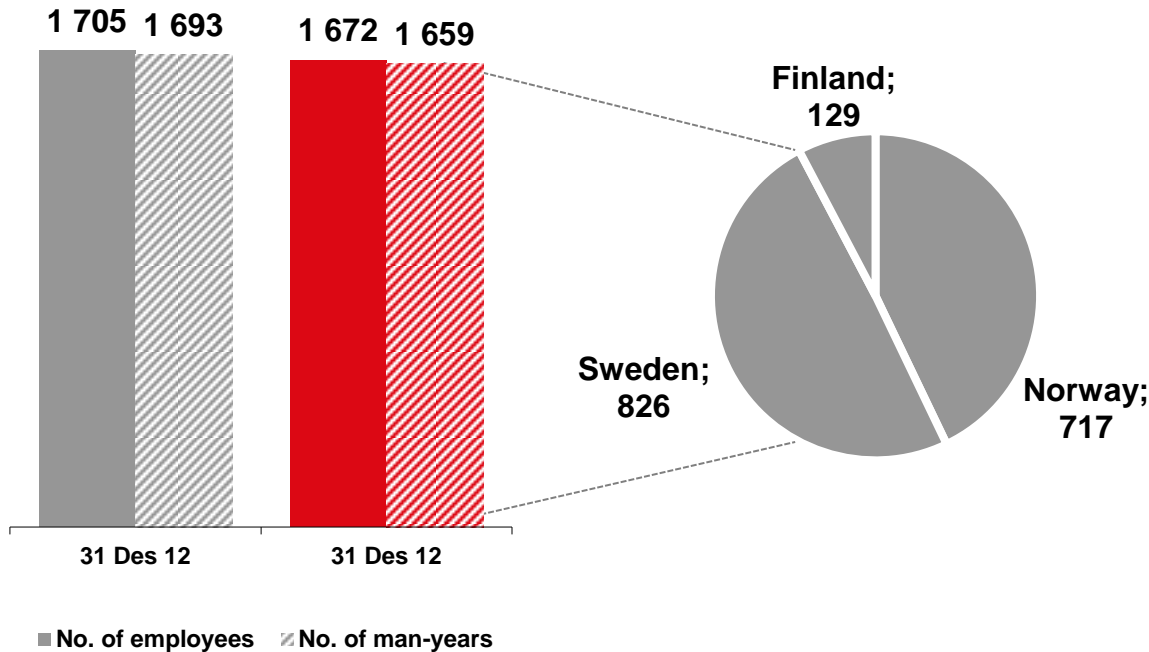
- Other comprises the Group's administration and Group-wide expenses
- Group expenses of NOK 8.7 million were incurred in the quarter, compared with NOK 6.7 million the previous year. The increase is due to the purchase of consultancy services related to pension scheme evaluation and the establishment of a Nordic shared service centre.

	Fourth quarter		Year to date	
NOK million	2012	2011	2012	2011
Operating profit	(8.7)	(6.7)	(24.3)	(19.9)

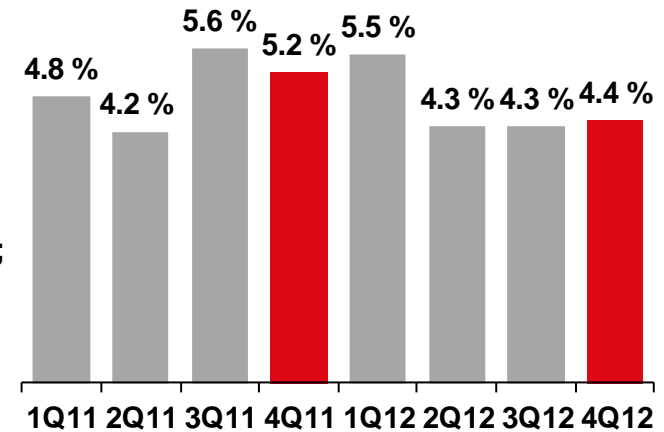


Employees

Number of employees



Sick leave



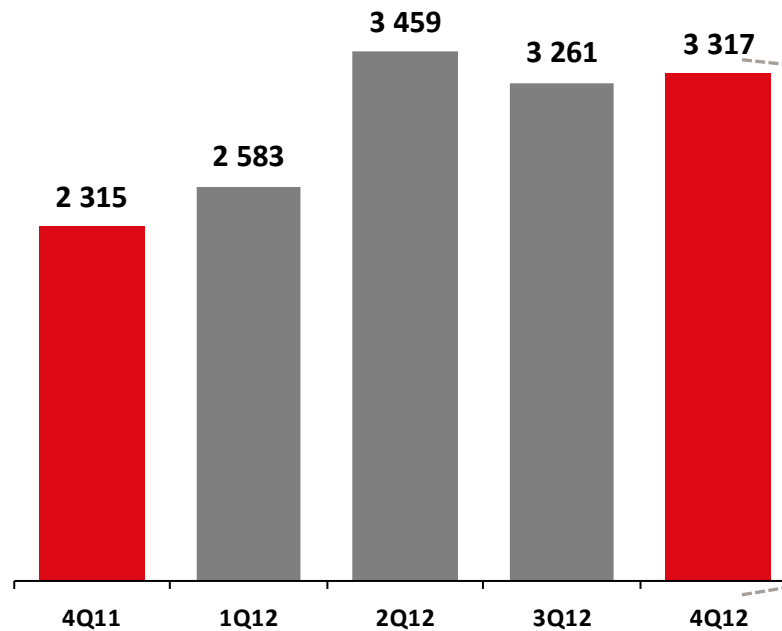
- Reduction in the number of employees and man-years due to natural turnover and staff adjustments

- Sick leave for the year as a whole ended at 4.6 per cent, down by 0.3 percentage points compared to last year

Order reserve

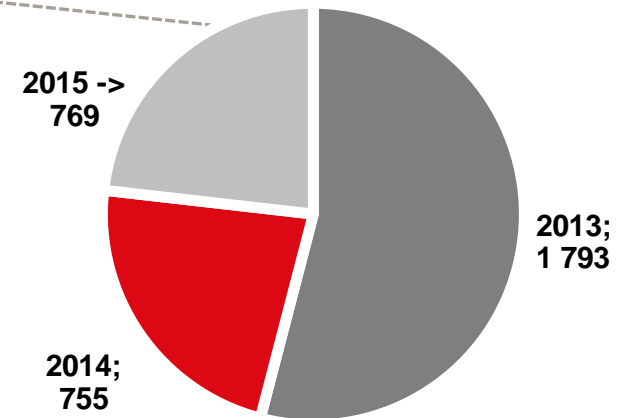
Development of order reserve

NOK million



Order reserve per December by year

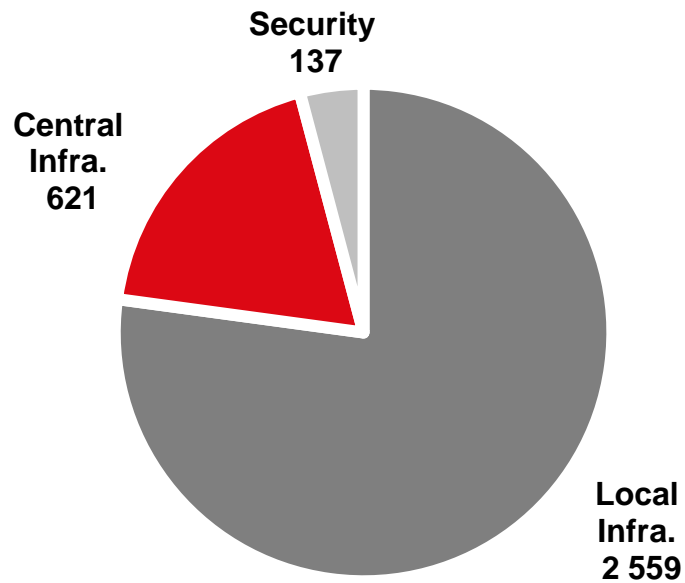
NOK million



Order reserve per December

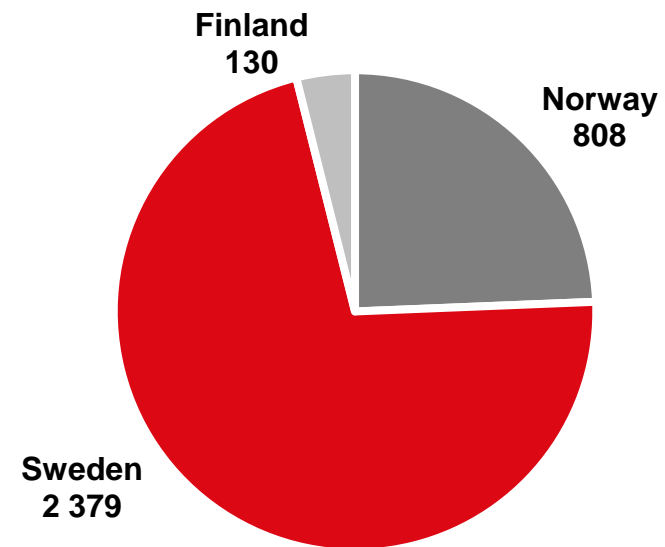
Order reserve by business area

NOK million



Order reserve by geography

NOK million



Outlook

- We note that reported grid and network investments are about to be realized
- Capacity challenges may lead to further opening of own distribution market
- Margin growth is observed in our project portfolio, and implemented measures are reducing project risk
- Negotiation of contingency agreements for Hafslund in the spring 2013 – the outcome is important for the Norwegian part of the business
- Strong financial position providing good opportunities for structural growth



Appendix

Income statement

NOK million	Fourth quarter		Year	
	2012	2011	2012	2011
Operating revenues	837.4	906.2	2 810.5	2 889.7
Purchased materials	(413.1)	(458.1)	(1 290.6)	(1 342.4)
Salaries and other personnel expenses	(275.9)	(292.5)	(1 027.0)	(1 059.8)
Depreciation	(10.6)	(11.3)	(41.3)	(42.9)
Other operating expenses	(83.8)	(109.5)	(344.1)	(343.6)
Operating profit	54.0	34.8	107.5	101.1
Financial revenues/ expenses	(0.9)	3.0	(6.7)	(0.5)
Profit before tax	53.1	37.8	100.8	100.6
Tax expense	(16.4)	(8.9)	(29.9)	(26.0)
Profit for the year from discontinued operations	-	(3.5)	-	(3.5)
Profit after tax	36.6	25.4	70.8	71.1
Majority's share of profit	36.6	25.4	70.8	71.3
Minority's share of profit	0.1	0.0	0.1	(0.2)
Other comprehensive income				
Conversion difference when converting foreign units	(6.4)	4.1	(9.4)	(0.9)
Change in estimate pensions	368.6	(187.0)	343.5	(197.0)
Total comprehensive profit before tax	362.2	(182.9)	334.1	(197.9)
Tax on comprehensive income	(103.2)	52.4	(96.2)	55.2
Total comprehensive profit after tax	259.0	(130.5)	237.9	(142.8)
Comprehensive income after tax	295.7	(105.1)	308.7	(71.6)
Majority's share of profit	295.6	(105.2)	308.7	(71.5)
Minority's share of profit	0.1	0.0	0.1	(0.2)

Operating revenue by geography

Fourth quarter			Year	
2011	2012	NOK million	2012	2011
248.8	213.0	Local Infrastructure	763.7	828.8
51.6	91.7	Central Infrastructure	258.9	178.0
84.6	83.9	Security	269.8	265.6
3.6	4.2	Other / elimination	17.1	12.1
388.6	392.7	Total operating revenues Norway	1309.6	1 284.6
364.6	336.1	Local Infrastructure	1 132.4	1 168.9
108.2	72.4	Central Infrastructure	224.2	259.2
9.1	13.7	Security	46.8	40.4
(8.9)	0.8	Eliminations	3.8	(6.3)
473.0	422.9	Total operating revenues Sweden	1 407.1	1 462.2
-	0.0	Local Infrastructure	0.0	-
53.8	60.9	Central Infrastructure	154.5	180.7
2.7	4.4	Security	8.5	5.9
(0.1)	-0.4	Eliminations	-0.7	(0.4)
56.3	64.9	Total operating revenues Finland	162.3	186.1
(11.7)	-43.2	Eliminations	-68.5	(43.2)
906.2	837.4	Total operating revenues	2 810.5	2 889.7

Operating profit by geography

Fourth quarter			Year	
2011	2012	NOK millioner	2012	2011
14.0	29.8	Local Infrastructure	77.7	46.7
(3.3)	1.8	Central Infrastructure	(0.3)	(1.2)
10.9	11.5	Security	26.5	25.3
(6.7)	(8.7)	Other	(24.1)	(19.9)
14.9	34.5	Total operating profit Norway	79.8	50.9
14.6	12.0	Local Infrastructure	25.6	39.3
1.1	(0.2)	Central Infrastructure	(4.6)	0.8
(0.9)	0.5	Security	0.9	(0.9)
-	(0.0)	Other	(0.1)	-
14.9	12.2	Total operating profit Sweden	21.8	39.2
-	-	Local Infrastructure	-	-
5.1	7.2	Central Infrastructure	7.3	12.1
(0.1)	0.1	Security	(1.4)	(1.2)
5.0	7.3	Total operating profit Finland	5.9	11.0
0.0	-	Eliminations	-	-
34.8	54.0	Total operating profit	107.5	101.1

Key figures

NOK million	Fourth quarter		Year to date	
	2012	2011	2012	2011
Profitability				
Operating profit margin before depreciation	7.7 %	5.1 %	5.3 %	5.0 %
Operating profit margin	6.4 %	3.8 %	3.8 %	3.5 %
Capital matters				
Equity	696.9	484.0	696.9	484.0
Total assets	1 479.3	1 648.2	1 479.3	1 648.2
Equity ratio	47 %	29 %	47 %	29 %
Net interest bearing debt (cash)	(234.0)	(284.9)	(234.0)	(284.9)
Capital expenditure - operational	12.8	6.3	38.8	44.9
Shares and shareholder matters				
Share price (NOK)	18.6	20.6	18.6	20.6
Number of outstanding shares ¹⁾	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
Market value	1 188	1 316	1 188	1 316
Enterprise value (EV)	954	1 031	954	1 031
Earnings per share (EPS) ³⁾ (NOK)	0.6	0.4	1.1	1.1
Cash flow from operations per share (NOK)	2.7	3.2	1.5	2.8
Dividend per share (NOK)	-	-	1.50	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.

Shareholder structure per 31 December 2012

#	Owner	No. of shares	%- ownership
1	HAFSLUNDA ASA	27 652 360	43.3 %
2	FORTUM NORDIC AB	21 074 864	33.0 %
3	ODIN NORDEN	3 275 600	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	VERDIPAPIRFONDET DNB	555 106	0.9 %
10	VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	312 000	0.5 %
11	VJ INVEST AS	303 456	0.5 %
12	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	249 850	0.4 %
13	TERRA TOTAL VPF	220 895	0.3 %
14	FROGNER BJØRN	206 000	0.3 %
15	IVAR S LØGE AS	200 000	0.3 %
16	VERDIPAPIRFONDET NOR	154 000	0.2 %
17	VPF NORDEA SMB C/O JPMORGAN EUROPE	147 340	0.2 %
18	POLLENINVEST AS NIL	115 900	0.2 %
19	BANGEN LARS	102 000	0.2 %
20	JPMORGAN CHASE BANK NORDEA TREATY ACCOUN	98 500	0.2 %
	Sum top 15	62 343 682	97.6 %
	Other shareholders	1 519 542	2.4 %
	Total number of shares	63 863 224	100.0 %
	Board and management	405 000	0.6 %

Source: VPS

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
Net working capital	(Accounts receivables and other receivables - non-current receivables) - (Current liabilities - tax payable)

Investor information

- Further information is available on Infratek's web-site: www.infratek.no
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