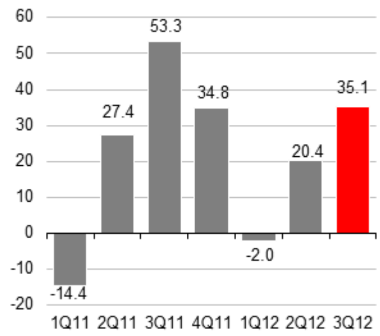
# INFRATEK ASA – third quarter 2012

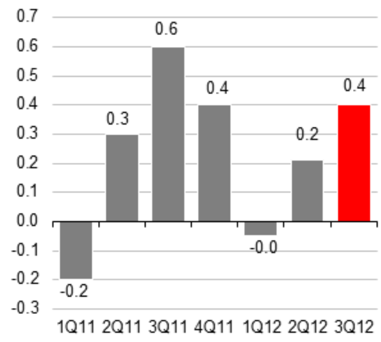
## HIGHLIGHTS THIRD QUARTER 2012

- 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

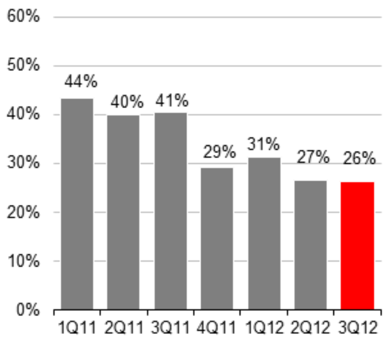
**OPERATING PROFIT**
NOK million




**EARNINGS PER SHARE**
NOK




**EQUITY RATIO**




Infratek

# KEY FIGURES

| Third quarter | | | Year to date | | Year |
|---|---|---|---|---|---|
| **2011** | **2012** | **PROFIT AND LOSS** (NOK million) | **2012** | **2011** | **2011** |
| 714.1 | **694.4** | Operating revenue | **1 973.0** | 1 983.6 | **2 889.7** |
| 64.3 | **45.9** | Operating profit before depreciation | **84.2** | 97.9 | **144.0** |
| 53.3 | **35.1** | Operating profit | **53.5** | 66.3 | **101.1** |
| 52.2 | **32.8** | Profit before tax | **47.7** | 62.8 | **100.6** |
| - | **-** | Profit from discontinued operation | **-** | - | **(3.5)** |
| 38.0 | **23.7** | Profit for the period | **34.2** | 45.7 | **71.1** |
| | | **CAPITAL MATTERS** | | | |
| 1 454.8 | **1 517.2** | Total assets | **1 517.2** | 1 454.8 | **1 648.2** |
| 41 % | **26 %** | Equity ratio | **26 %** | 41 % | **29 %** |
| (77.5) | **(77.1)** | Net interest-bearing debt (cash) | **(77.1)** | (77.5) | **(285.6)** |
| | | **PER SHARE FIGURES*** (NOK) | | | |
| 0.6 | **0.4** | Profit (EPS) | **0.5** | 0.7 | **1.1** |
| (0.3) | **(0.3)** | Cash flow from operations | **(1.1)** | (0.5) | **2.8** |
| | | **KEY FIGURES** | | | |
| 7.5% | **5.1%** | Profit margin | **2.7%** | 3.3% | **3.5%** |

Note: * Earnings and cash flow per share are determined according to the weighted average number of shares outstanding for the reporting period: 63,863,224 for 3rd quarter 2012 and 3rd quarter 2011. Figures are unaudited and in NOK unless otherwise stated. Third-quarter 2011 figures appear in parentheses.

# THIRD QUARTER 2012

The Infratek Group posted a post-tax profit for the third quarter of NOK 23.7 million, compared with a post-tax profit of NOK 38.0 million for the corresponding period in 2011. This resulted in both diluted and undiluted earnings per share for the third quarter of NOK 0.4 (NOK 0.6).

Consolidated sales were down NOK 19.7 million from the same period last year. In Norway, the sales were down 7.4 per cent (NOK 24.4 million) mainly due to lower activities within District Heating and the termination of revenues from the oil regeneration business. Activities in the Swedish business were satisfactory, and revenues increased by 2.5 per cent (NOK 8.7 million). Compared to last year, revenues in Finland were lower, as expected, and fell by 13.1 per cent (NOK 6.2 million).

The Group's order book decreased by NOK 202 million compared to 30 June 2012. As of 30 September, the total order book was NOK 3,261 million, of which NOK 684 million related to the fourth quarter of 2012, NOK 1,419 million to 2013 and NOK 1,159 million to 2014 and later.

The Group posted a third-quarter operating profit of NOK 35.1 million, compared with NOK 53.3 million in the corresponding period in 2011. The operating margin fell by 2.4 percentage points to 5.1 per cent.

In Sweden, the operating profit totalled NOK 5.8 million (NOK 16.8 million). The operating margin fell from 4.9 per cent to 1.6 per cent. This is mainly because of losses in projects and start-up costs relating to the railway contract.

The operating margin for the period in Norway was NOK 25.9 million (NOK 32.1 million). The decrease in profit compared to last year is primarily due to a lower level of activity. The operating margin closed at 8.4 per cent (9.7 per cent).

Finland posted a profit of NOK 3.4 million, which was down NOK 1.0 million due to lower sales. The operating margin in the period was 8.3 per cent (9.3 per cent).

Net financial expenses in the quarter amounted to NOK 2.3 million, compared with NOK 1.2 million in the corresponding period in 2011. The increase is attributable to higher finance costs relating to the Group's defined benefit pension schemes and lower interest income due to reduced average cash holdings in the period.

The tax expense for the quarter was NOK 9.1 million.

### BALANCE SHEET

At NOK 1,517.1 million, at the reporting date the Group’s total assets were up NOK 62.3 million on the end of the third quarter of 2011.

The increase is primarily attributable to the change in accounting policy for the presentation of defined benefit pension schemes in Norway, which boosted the value of intangible assets and pension liabilities, and reduced equity. Comparable figures for 2011 have been restated, but the effect of lower discount rates for 2011 were not realised until the fourth quarter of 2011.

As of 30 September 2012, equity totalled NOK 401.1 million (591.0 million). The lower consolidated equity is primarily attributable to the change in the accounting policy for the presentation of pensions. At 26.4 per cent, the equity ratio was down 2.9 percentage points compared to year-end and 14.2 per cent as of 30 September 2011.

At the end of the third quarter, year-to-date equity was down NOK 3.2 million as a result of exchange differences from SEK and EUR to NOK. At the end of the reporting period, the equity per share figure was NOK 6.28, compared with NOK 9.25 at the end of the third quarter of 2011.

As of 30 September 2011, the Group’s cash and cash equivalents totalled NOK 87.6 million, compared with NOK 299.6 million at the end of 2011 and NOK 98.8 as of 30 September 2011. The estimated value of the Group's purchase options on the remaining shares in Infratek Säkerhet AB and Eiendomssikring AS is recognised under interest-bearing liabilities in the amount of NOK 11.9 million (NOK 21.6 million).

### CASH FLOW AND FINANCING

The net cash flow from operations in the third quarter of 2012 amounted to NOK –15.6 million (NOK -19.8 million). The increase in net working capital, which was attributable to higher activity levels, depressed the cash flow from operations by NOK -67.0 million (-84.9 million), while the positive results contribution boosted the cash flow by NOK 32.8 million (52.2 million). The change in non-liquid items made a positive contribution of NOK 18.6 million (12.9 million).

The net cash flow from investments in operations and expansion during the third quarter amounted to NOK -15.8 million (NOK -13.4 million) as a result of investments in operating assets during the period.

The net cash flow from financing activities in the third quarter of NOK -1.1 million (NOK 0.3 million) was mainly attributable to net paid interest.

The Group has a NOK 100 million overdraft facility with DNB. The revolving overdraft facility has a mutual termination period of one month and can be used for ongoing operations. The facility has not been used.

## SEGMENT INFORMATION

Infratek reports its business activities in three segments – Local Infrastructure, Central Infrastructure and Security – based on the products and services offered. The Group has operations in Norway, Sweden and Finland.

### LOCAL INFRASTRUCTURE

The Local Infrastructure business area includes the Group’s infrastructure business in Norway and Sweden aimed at the product areas distribution/local grid, street lighting, fibre/telecom, district heating and railways.

| | Third quarter | | Year to date | |
|---|---|---|---|---|
| NOK million | **2012** | 2011 | **2012** | 2011 |
| Operating revenue | **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% |

Local Infrastructure posted total operating revenues of NOK 473.0 million (NOK 501.1 million). Around 61 per cent (56 per cent) of the sales were made in Sweden and 39 per cent (44 per cent) in Norway. The operating profit totalled NOK 28.7 million (NOK 40.1 million).

Sales in the Swedish business were up NOK 5.9 million (2 per cent) compared with the corresponding period in 2011. Reduced activity in Småland due to the loss of a contingency contract has been more than offset with increased activity in other areas, especially the Stockholm region. The operating profit totalled NOK 6.8 million (NOK 16.3 million) and the operating margin fell from 5.8 per cent to 2.4 per cent, primarily as a result of loss on some medium-sized projects and start-up costs relating to the railway contract in Stockholm.

Sales in Norway fell by NOK 34.9 million (16.0 per cent) compared with the third quarter of 2011. However, the operating margin improved and was up by 1.1 percentage points to 11.9 per cent, due to improved efficiency and selective pricing. The operating profit for the period ended at NOK 21.9 million (23.8 million).

At the reporting date, the business area had a total order book of NOK 2,555 million, of which NOK 494 million relates to 2012, NOK 1,089 million to 2013 and NOK 973 million to 2014 and later. Both the Swedish and Norwegian business have healthy order books overall.

## CENTRAL INFRASTRUCTURE

The Central Infrastructure business area includes the Group's infrastructure business in Norway, Sweden and Finland aimed at the central transmission grid for power transmission in the Nordic region; products and services within transformer stations, power cables and higher-voltage power lines.

| | Third quarter | | Year to date | |
|---|---|---|---|---|
| NOK million | **2012** | 2011 | **2012** | 2011 |
| Operating revenue | **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% |

Central Infrastructure posted total third-quarter operating revenues of NOK 147.3 (NOK 141.1 million), 26 per cent (33 per cent) of which were generated in the Finnish market, 32 per cent (34 per cent) in the Swedish market and 42 per cent (33 per cent) in the Norwegian market. The operating profit totalled NOK 3.7 million, down NOK 1.4 million compared to the same period last year.

Activity in the Swedish business has been satisfactory in the quarter as a whole. Nevertheless, revenues were slightly down (1.0 million) compared to the corresponding period in 2011. Some loss-making projects in the period have resulted in a negative net profit and the operating profit ended at NOK -2.9 million (-1.6 million). The operating margin was -6.1 per cent (-3.3 per cent).

High activity levels in Norway boosted sales by NOK 16.4 million (36 per cent). However, the operating margin fell from 4.6 per cent to 4.3. The reduction is mainly due to loss of income and margin from the oil regeneration business because of faulty equipment. The operating profit totalled NOK 3.9 million (NOK 2.1 million).

Sales in the Finnish market were down by 15 per cent due to lower activity levels. The operating margin was 9.8 per cent in line with the corresponding quarter last year. Finland posted profit of NOK 3.9 million (4.7 million).

Development of the business area has been more challenging than anticipated. In particular, the need to increase expertise in project management has been greater than expected. In addition to recruiting experienced project managers, designers and calculation expertise, efforts are being made to increase internal expertise both within project management and within general management. Furthermore, work is continuing on organizational adaptation and measures to ensure the quality in the project process from calculation to completion.

At the reporting date, the business area had a total order book of NOK 625 million, of which NOK 148 million related to 2012, NOK 292 million to 2013 and NOK 186 million to 2014 and later. No major contracts are signed in the quarter and the total backlog was reduced by NOK 31 million during the third quarter.

# SECURITY

The Security business area comprises the Group's activities within high security and electrical safety services.

| NOK million | Third quarter 2012 | Third quarter 2011 | Year to date 2012 | Year to date 2011 |
|---|---|---|---|---|
| Operating revenue | **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 % |

Security posted total operating revenues of NOK 72.4 million in the quarter, compared with NOK 75.0 million in the previous year. Sales in the electrical security segment were up NOK 0.5 million. Lower prices for renegotiated contracts are more than offset by increased volume. For the technical security solutions segment, sales were down NOK 3.1 million compared to the same period the previous year due to lower activity within new projects.

The business area posted sales of NOK 56.4 million (NOK 63.0 million) in Norway, NOK 15.2 million (NOK 11.8 million) in Sweden and NOK 1.8 million (NOK 1.1 million) in Finland. Internal sales between the geographical areas in the quarter totalled NOK 0.9 million (NOK 0.9 million).

The operating profit totalled NOK 5.5 million (NOK 9.6 million), of which NOK 4.5 million (NOK 7.7 million) related to the Norwegian market, NOK 1.4 million (NOK 2.1 million) to the Swedish market and a loss of NOK 0.5 million (loss of NOK 0.2 million) to the Finnish business.

At the reporting date, the business area had a total order book of NOK 81 million. The electrical security segment has a full order book until the end of 2012. Hafslund Nett submitted a tender for DLE services in the Oslo region and on 25 October Infratek was awarded contracts covering the same area as the existing agreement. The contract duration is two years starting in January 2013, with an annual value of approx. NOK 40 million. The order book for technical security solutions has improved since the end of the second quarter of 2012, but visibility in the next few months is still expected to be relatively low.

# OTHER

The Other business area comprises Group administration expenses and expenses relating to Group level functions.

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

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 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.

# EVENTS

New Group Executive Vice President People & Safety

Infratek ASA has appointed Amund Kristiansen (38) as Group Executive Vice President People & Safety. The position is newly established. The Group Executive Vice President People & Safety will have overall responsibility for human resource development, recruitment, safety (HSE), environment and social responsibility. The Group Executive Vice President will also be responsible for the operationalization of common processes and guidelines. Kristiansen will take up the post on 2 January 2013.

# EMPLOYEES

As of 30 September 2012, the Group had 1,683 employees.

| Business areas | Number of employees | Number of man-years | Sick-leave rate 3Q12 |
|---|---|---|---|
| Local Infrastructure | 1 038 | 1 032 | 4.2 % |
| Central Infrastructure | 398 | 393 | 5.1 % |
| Security | 212 | 211 | 2.8 % |
| Other | 35 | 33 | 5.6 % |
| **Total** | **1 683** | **1 668** | **4.3 %** |

At the reporting date, the number of employees was down by 100 compared with twelve months previously. The reduction is a result of the phasing out of the contingency contract in Småland and ongoing staffing adjustments. Increased use of subcontractors to perform assignments with a view to securing flexibility and restricting risk in periods of low seasonal activity is also reducing the need for company employees.

Sickness absence has decreased from 5.6 per cent in the 3rd quarter last year to 4.3 per cent this year, and is due to a fall in long-term absence. Various measures aimed at reducing sickness absence have been implemented.

## SHAREHOLDER INFORMATION

At the end of the third quarter of 2012, Infratek ASA's share price was NOK 17.0 compared with NOK 20.7 as of 30 September 2011.

Infratek ASA had the following shareholder structure as of 31 September 2012:

| # | Shareholder | Number of shares | Holding |
|---|---|---|---|
| 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 | VJ INVEST AS | 260 100 | 0.4 % |
| 12 | VPF NORDEA KAPITAL C/O JPMORGAN EUROPE | 249 850 | 0.4 % |
| 13 | TERRA TOTAL VPF | 208 835 | 0.3 % |
| 14 | BJØRN FROGNER | 206 000 | 0.3 % |
| 15 | IVAR S LØGE AS | 200 000 | 0.3 % |
| | **Total 15 largest** | **61 667 526** | **96.6 %** |
| | **Other shareholders** | **2 195 698** | **3.5 %** |
| | **Total** | **63 863 224** | **100 %** |
| | | | |
| | Board and management | 405 000 | 0.6 % |

## OUTLOOK

An increase in the efficiency of operations has boosted Infratek's competitiveness, while the awarding of several strategically important and long-term contracts has reinforced the Group's market position.

The market prospects for Infratek's business area are deemed to be good. There are clear signs among our customers of increased needs for investments. However, the global financial uncertainty may result in planned investments being postponed and our growth expectations are somewhat reduced in the short term.

The order book until year end is satisfactory. The total order book for 2013 is also satisfactory, but normal seasonal fluctuations during the year give significant variations in workload from quarter to quarter.

Effective management of project risks is crucial for Infratek's results. This year has been characterised by relatively large losses in projects. Measures implemented to ensure better analysis of project risks from tender stage to implementation are expected to give financial results in the future.

Further profitable development of the company requires increased use of subcontractors in order to improve flexibility, increase predictability and reduce risk. This contributes to a lower margin on total revenues, but provides a basis for better growth opportunities.

The overarching aim is now to consolidate Infratek's position in the market through profitability and growth in order to develop, operate and secure critical infrastructure. The board believes that Infratek is well equipped to develop the Group further in this direction.

The board of directors plays an active role in the development of the group's business strategy.

Oslo, 31 October 2012

Infratek ASA

Board of Directors

# CONSOLIDATED INCOME STATEMENT

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

### Other comprehensive income

| Third quarter | | | Year to date | | Year |
|---|---|---|---|---|---|
| 2011 | **2012** | NOK million | **2012** | 2011 | **2011** |
| 1.4 | 3.0 | Conversion difference when converting foreign units | (3.2) | (5.0) | (0.9) |
| (4.2) | **(8.4)** | Change in estimate, pensions | **(25.2)** | (10.0) | **(197.0)** |
| (2.8) | **(5.4)** | Total comprehensive profit before tax | **(28.4)** | (15.0) | **(197.9)** |
| 1.2 | **2.4** | Tax on income | **7.0** | 2.8 | **55.2** |
| (1.6) | **(3.0)** | Total comprehensive profit after tax | **(21.3)** | (12.2) | **(142.8)** |
| 36.4 | **20.7** | **Comprehensive income after tax** | **(21.3)** | 33.5 | **(71.6)** |
| 36.4 | **20.7** | Majority's share of total comprehensive income | **12.9** | 33.5 | **(71.4)** |
| - | **-** | Minority's share of total comprehensive income | **-** | - | **(0.2)** |

# CONSOLIDATED BALANCE SHEET

| 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** |
| Pension and 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** |

## CONSOLIDATED CASH FLOW STATEMENT

| | Third quarter | | Year to date | | Year |
|---|---|---|---|---|---|
| NOK million | **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)** | (19.8) | **(72.2)** | (29.4) | **176.1** |
| Investments - fixed assets | **(16.0)** | (7.0) | **(26.0)** | (38.6) | **(44.9)** |
| Investments - operations | **-** | (6.4) | **(17.2)** | (6.4) | **(6.4)** |
| Sales amount - fixed assets | **0.2** | - | **2.1** | - | **4.2** |
| Sales amount - operations | **-** | - | **-** | - | **(2.3)** |
| **Cash flow to investment activities** | **(15.8)** | (13.4) | **(41.1)** | (45.0) | **(49.4)** |
| Change in interest-bearing liabilities | **(0.1)** | (0.4) | **(0.7)** | (2.2) | **(3.7)** |
| Net received/paid interest rates | **(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)** | 0.3 | **(97.4)** | (64.4) | **(65.5)** |
| **Change in cash and cash equivalents** | **(32.5)** | (32.9) | **(210.7)** | (138.7) | **61.2** |
| Cash at beginning of period | **119.4** | 131.1 | **299.6** | 238.5 | **238.5** |
| *Effects on exchange rates changes on the balance of cash held in foreign operations | **0.7** | 0.4 | **(1.5)** | (1.2) | **(0.2)** |
| **Cash at end of period** | **87.6** | 98.8 | **87.6** | 98.8 | **299.6** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Third quarter | | Year to date | | Year |
|---|---|---|---|---|---|
| NOK million | **2012** | 2011 | **2012** | 2011 | **2011** |
| **Equity at beginning of period** | **380.5** | **554.6** | **484.0** | **621.5** | **621.5** |
| Profit for the period | 23.7 | 38.0 | 34.2 | 45.7 | 71.1 |
| Other comprehensive income after tax | 3.0 | 1.4 | (3.2) | (5.0) | (0.9) |
| Change in estimate, pensions | (6.0) | (3.0) | (18.1) | (7.2) | (141.8) |
| **Total profit in period** | **20.7** | **36.4** | **12.9** | **33.5** | **(71.6)** |
| ***Transactions with owners*** | | | | | |
| Change in minority interests | - | - | - | - | (1.9) |
| Dividend | - | - | (95.8) | (63.9) | (63.9) |
| Other equity effects | - | - | 0.1 | (0.1) | - |
| **Total transactions with owners** | **-** | **-** | **(95.7)** | **(64.0)** | **(65.8)** |
| **Equity at end of period** | **401.1** | **591.0** | **401.1** | **591.0** | **484.0** |

# NOTES TO THE ACCOUNTS

## 1) FRAMEWORK AND KEY ACCOUNTING PRINCIPLES

The consolidated Group accounts for the third quarter of 2012, ending 30 September 2012, have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The consolidated accounts comprise of Infratek ASA and its subsidiaries. The interim figures are unaudited.

Infratek prepares and presents its interim consolidated accounts according to IAS 34, Interim Financial Reporting. The information provided by interim accounts is not as comprehensive as that provided in the annual accounts. Thus, the interim accounts should be viewed in conjunction with the 2011 annual accounts. Accounting principles applied in the quarterly accounts are the same as those described in Note 2 to the 2011 annual accounts of the Infratek Group.

In 2011, Infratek changed the accounting policy for pensions; see the description of the change in the consolidated Group accounts for 2011. According to IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the change has been made retrospectively and the comparative figures for the third quarter of 2011 and year to date 2011 have been restated accordingly. The tables below show the impact of the changed accounting policy:

## CONSOLIDATED INCOME STATEMENT

| Third quarter | | | Year to date | |
|---|---|---|---|---|
| 2011 Before restatement | **2011 restated** | NOK million | **2011 restated** | 2011 Before restatement |
| 714.1 | **714.1** | Operating revenue | **1 983.6** | 1 983.6 |
| 714.1 | **714.1** | **Total revenues** | **1 983.6** | 1 983.6 |
| (348.3) | **(348.3)** | Purchased materials | **(884.3)** | (884.3) |
| (233.2) | **(228.6)** | Salaries and other expenses | **(767.3)** | (780.8) |
| (11.0) | **(11.0)** | Depreciation | **(31.6)** | (31.6) |
| (72.9) | **(72.9)** | Other operating expenses | **(234.1)** | (234.6) |
| 48.8 | **53.3** | **Operating profit** | **66.3** | 52.7 |
| 0.4 | **(1.2)** | Financial revenues/expenses | **(3.5)** | 1.1 |
| 49.2 | **52.2** | **Profit before tax** | **62.8** | 53.9 |
| (13.3) | **(14.2)** | Tax expense | **(17.1)** | (14.6) |
| 35.9 | **38.0** | **Profit for the period** | **45.7** | 39.3 |
| 35.9 | **38.0** | Majority's share of profit | **45.9** | 39.5 |
| 0.0 | **0.0** | Minority's share of profit | **(0.2)** | (0.2) |

### Other comprehensive income

| Third quarter | | | Year to date | |
|---|---|---|---|---|
| 2011 Before restatement | **2011 restated** | NOK million | **2011 restated** | 2011 Before restatement |
| 1.4 | 1.4 | Conversion difference when converting foreign units | (5.0) | (5.0) |
| - | (4.2) | Change in estimate, pensions | (10.0) | - |
| **1.4** | **(2.8)** | **Total comprehensive profit before tax** | **(15.0)** | **(5.0)** |
| - | 1.2 | Tax on comprehensive income | 2.8 | - |
| 1.4 | (1.6) | Total comprehensive profit after tax | (12.2) | (5.0) |
| **37.3** | **36.4** | **Comprehensive income after tax** | **33.5** | **34.3** |
| 37.3 | 36.4 | Majority's share of profit | 33.7 | 34.5 |
| - | - | Minority's share of profit | (0.2) | (0.2) |

## CONSOLIDATED BALANCE SHEET

| NOK million | **30.09.2011 restated** | 30.09.2011 Before restatement |
|---|---|---|
| Intangible assets | **358.5** | 288.2 |
| Fixed assets | **172.9** | 172.9 |
| Accounts receivables and other receivables | **824.6** | 824.6 |
| Cash and cash equivalents | **98.8** | 98.8 |
| **Assets** | **1454.8** | **1384.5** |
| Equity | **591.0** | 771.7 |
| Pension and other liabilities | **399.8** | 148.7 |
| Long-term debt | **21.6** | 21.6 |
| Current liabilities | **442.4** | 442.4 |
| **Equity and liabilities** | **1454.8** | **1384.5** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Third quarter | | Year to date | |
|---|---|---|---|---|
| NOK million | **2011 restated** | 2011 before restatement | **2011 restated** | 2011 before restatement |
| **Equity at beginning of period** | **554.6** | **734.5** | **621.5** | **801.6** |
| Profit for the period | 38.0 | 35.9 | 45.7 | 39.3 |
| Other comprehensive income for the period | 1.4 | 1.4 | (5.0) | (5.0) |
| Change in estimate, pensions | (3.0) | - | (7.2) | - |
| **Total profit in period** | **36.4** | **37.3** | **33.5** | **34.3** |
| ***Transactions with owners*** | | | | |
| Change in minority interests | - | - | - | - |
| Dividends | - | - | (63.9) | (63.9) |
| Other equity effects | - | - | (0.1) | (0.2) |
| **Total transactions with owners** | **-** | **-** | **(64.0)** | **(64.1)** |
| **Equity at end of period** | **591.0** | **771.7** | **591.0** | **771.7** |

## 2) OPERATIONAL SEGMENT REPORTING – Income Statement

| Third quarter | | | Year to date | | Year |
|---|---|---|---|---|---|
| 2011 | **2012** | NOK million | **2012** | 2011 | **2011** |
| 501,1 | **473.0** | Local Infrastructure | **1345.6** | 1379,6 | **1 989.0** |
| 141.1 | **147.3** | Central Infrastructure | **404.0** | 403.9 | **610.9** |
| 75,0 | **72.4** | Security | **220.1** | 211,6 | **306.4** |
| (3,1) | **1.7** | Other/eliminations | **3.3** | (11,6) | **(16.6)** |
| 714,1 | **694.4** | **Total operating revenues** | **1973.0** | 1983,6 | **2 889.7** |
| 40,1 | **28.7** | Local Infrastructure | **61.6** | 57,4 | **86.0** |
| 5,1 | **3.7** | Central Infrastructure | **(6.4)** | 8,7 | **11.7** |
| 9,6 | **5.5** | Security | **13.8** | 13,3 | **23.2** |
| (1,6) | **(2.8)** | Other/eliminations | **(15.6)** | (13,2) | **(19.9)** |
| 53,3 | **35.1** | **Total operating profit** | **53.5** | 66,3 | **101.1** |

## 3) GEOGRAPHIC SEGMENT REPORTING – Income statement

| Third quarter | | | Year to date | | Year |
|---|---|---|---|---|---|
| 2011 | **2012** | NOK million | **2012** | 2011 | **2011** |
| 332,1 | **307.7** | Norway | **916.9** | 896,0 | **1 284.6** |
| 344,0 | **352.7** | Sweden | **984.2** | 988,1 | **1 462.2** |
| 47,4 | **41.2** | Finland | **97.4** | 129,9 | **186.2** |
| (9,4) | **(7.2)** | Other/eliminations | **(25.4)** | (30,4) | **(43.2)** |
| 714,1 | **694.4** | **Total operating revenues** | **1973.0** | 1983,6 | **2 889.7** |
| 32,1 | **25.9** | Norway | **45.3** | 36,0 | **50.9** |
| 16,8 | **5.8** | Sweden | **9.6** | 24,3 | **39.2** |
| 4,4 | **3.4** | Finland | **(1.4)** | 6,0 | **11.0** |
| - | **-** | Other/eliminations | **-** | - | **-** |
| 53,3 | **35.1** | **Total operating profit** | **53.5** | 66,3 | **101.1** |

## 4) GEOGRAPHIC SEGMENT REPORTING – Balance sheet

| NOK million | **Norway** | **Sweden** | **Finland** | **Group/ elimination** | **Group total** |
|---|---|---|---|---|---|
| Intangible assets | 291.6 | 86.4 | 6.7 | 44.3 | 428.9 |
| Fixed assets | 80.9 | 77.1 | 16.3 | (18.7) | 155.6 |
| Accounts receivables and other receivables | 675.1 | 398.8 | 48.9 | (277.8) | 845.0 |
| Cash and cash equivalents | 235.6 | (12.9) | 34.8 | (170.0) | 87.6 |
| **Assets** | **1 283.2** | **549.4** | **106.7** | **(422.2)** | **1 517.1** |
| Equity | 398.8 | 315.7 | 79.8 | (393.2) | 401.1 |
| Pension and other liabilities | 619.1 | 6.0 | - | (7.2) | 617.8 |
| Long-term debt | 1.3 | 9.8 | 6.5 | (5.7) | 11.9 |
| Current liabilities | 264.0 | 218.0 | 20.4 | (16.1) | 486.3 |
| **Equity and liabilities** | **1 283.2** | **549.4** | **106.7** | **(422.2)** | **1 517.1** |
| Equity share | 31 % | 57 % | 75 % | 93 % | 26 % |

## 5) EMPLOYEES PER COUNTRY

| As of 30 September 2012 | Number of employees | Number of man-years | Sick leave rate 3Q12 |
|---|---|---|---|
| Norway | 727 | 719 | 4.2 % |
| Sweden | 822 | 820 | 4.2 % |
| Finland | 134 | 129 | 5.3 % |
| **Total** | **1 683** | **1 668** | **4.3 %** |

## 6) COMMENTS ON THE SEASONALITY AND CYCLICALITY OF INTERIM OPERATIONS

Infratek's operations are seasonal in nature. However, all segments have historically tended to post improved revenues and profitability throughout the year, with these figures being strongest in the second half of the year. This seasonality is driven by a number of factors including lower activity levels and higher operating costs at the start of the year as a result of colder weather and high voltage levels. The company's customers have historically used the start of the year to plan their investment activities for the year.

## 7) RELATED PARTY TRANSACTIONS

As of 30 September 2012, Hafslund ASA owned 43.3 per cent and Fortum owned 33.0 per cent of Infratek ASA's shares, and as such are regarded as related parties. The Infratek Group and the Hafslund and the Fortum groups purchase and sell goods and services between each other.

Examples of sales to companies in the Hafslund and the Fortum groups include sales of services associated with engineering, project management, construction, maintenance, and contingency repairs to electric power grids, fibre optic networks, district heating networks, and highway and street lighting networks. Services are also rendered in connection with legally mandated safety surveillance performed by grid companies in their licence areas (so-called DLE services), and sales, service and operations monitoring of technical and mechanical security solutions.

As of 30 September 2012, accounts receivables from Hafslund Group companies amounted to NOK 85.8 million, and largely comprised sales of goods and services. Accounts payable to Hafslund Group companies amounted to NOK 0.6 million as of 30 September 2012, and primarily related to purchases of goods and services. Year to date sales of goods and services to the Hafslund Group totals NOK 366.5 million. Year to date purchases of goods and services from the Hafslund Group totals NOK 18.8 million.

As of 30 September 2012, accounts receivables from Fortum Group companies amounted to NOK 63.2 million, and largely comprised sales of goods and services. Accounts payable to Fortum Group companies totalled NOK 0.3 million as of 30 September 2012, and mainly related to purchases of goods and services. Year to date sales of goods and services to the Fortum Group totalled NOK 361.4 million. Year to date purchases of goods and services from the Fortum Group amounted to NOK 6.0 million.

## 8) LOCAL INFRASTRUCTURE EXPANDS IN SWEDEN

On 2 February 2012, Infratek Sverige AB entered into an agreement to acquire 100 per cent of the shares in the Swedish railways company WKTS AB, which posted sales of SEK 56 million in 2010. Railways are a strategic growth area for Infratek, and the company wishes to leverage this acquisition to further its aim of becoming an important company in the Swedish railways segment.

The purchase analysis for the acquisition of WKTS AS is as follows:

**Fair value acquired assets:**

| NOK million | 2012 |
|---|---|
| Purchase price 100 % | 12.5 |
| **Total consideration paid** | **12.5** |
| Fair value net assets | 6.5 |
| **Goodwill** | **6.0** |

**Specification of assets and liabilities in acquisition of 2 February 2012:**

| NOK million | 2012 |
|---|---|
| Property, plant and equipment | 5.3 |
| Inventory | 0.6 |
| Accounts receivables and other current receivables | 6.8 |
| Cash and cash equivalents | 2.6 |
| Accounts payable and other current liabilities | (7.1) |
| Long-term loans | (1.7) |
| **Acquired net assets** | **6.5** |

With effect from February 2012, Infratek Sverige AB also acquired the remaining shares in the company Mini Entreprenad AB. On the purchase of 70 per cent of the shares on 1 July 2011, a sales and purchase option was established for the remaining 30 per cent of the shares in the company. In accordance with IFRSs, this option is deemed to be a purchase of 100 per cent of the shares but with an obligation to pay for the remaining 30 per cent of the shares when the options mature in 2015. In February 2012, Infratek Sverige AB exercised the purchase option and in this regard paid NOK 3.2 million for the remaining 30 per cent of the shares. No further goodwill arose as a result of the purchase of the remaining shareholding.

On 6 March 2012, Infratek Sverige AB entered into an agreement to acquire up to 100 per cent of the shares in the company Emsab AB, an accredited laboratory that calibrates electrical instruments, meters and metering systems.

The purchase analysis relating to the acquisition of Emsab AB is as follows:

**Fair value acquired assets:**

| NOK million | 2012 |
|---|---|
| Purchase price 100 % | 4.3 |
| **Total consideration paid** | **4.3** |
| Fair value net assets | 0.1 |
| **Goodwill** | **4.2** |

**Specification of assets and liabilities in acquisition of 6 March 2012:**

| NOK million | 2012 |
|---|---|
| Accounts receivables and other receivables | 0.8 |
| Accounts payable and other current liabilities | (0.7) |
| **Acquired net assets** | **0.1** |

# GROUP PRESENTATION

## THE INFRATEK GROUP

Infratek is a leading Nordic full-range supplier in the markets for building, operating, and securing critical infrastructure; energy carriers, telecom and technical security solutions. The company's customers are generally large or medium-sized companies and public sector organizations.

Until the spin off and Oslo Stock Exchange listing on 5 December 2007, Infratek comprised the Hafslund ASA business area Technical Services. The Group changed its name from Hafslund Infratek ASA to Infratek ASA on 22 December 2008. On 15 January 2009, Infratek acquired Fortum's contracting business and all of its 1,100 employees in Norway, Sweden, and Finland. As of 30 June 2009, Infratek sold its guard services operations to Vakt Service AS.

The Infratek Group currently employs around 1,700 staff and runs operations in Norway, Sweden and Finland. Infratek is headquartered in Oslo.

## LOCAL INFRASTRUCTURE

The Local Infrastructure business area includes products and services within distribution/local grid, street lighting, fibre/telecom, district heating and railway. The business area has operations in Norway and Sweden.

## CENTRAL INFRASTRUCTURE

The Central Infrastructure business area focuses on the central grid for power transmission in the Nordic region. This business area includes all products and services for transformer stations, power cables and higher-voltage power lines. The business area has operations in Norway, Sweden and Finland.

## SECURITY

The Group's Security business area is an end-to-end supplier of technical security solutions. The product and service range spans alarm systems, CCTV surveillance, access control, electronic anti-theft systems, locks and lock systems, as well as operation of central alarm and security facilities (ASP) for corporate-market customers. A number of power distribution companies contract facility and equipment safety inspection and monitoring services (so-called DLE services) from Security's electrical safety business unit.

## BOARD OF DIRECTORS

- Mimi K. Berdal, Board Chairman
- Hans Kristian Rød, Deputy Chairman
- Dag Andresen
- Kari Ekelund Thørud
- Roger André Hansen, Employee repr.

## GROUP MANAGEMENT

- Bjørn Frogner, CEO
- Vibecke Skjolde, CFO
- Lars Bangen, Local Infrastructure
- Alf Engqvist, Central Infrastructure
- Lars Erik Finne, Security

## FINANCIAL CALENDAR 2013

| | |
|---|---|
| • Fourth-quarter report 12 | 13 February 2013 |
| • First-quarter report 13 | 7 May 2013 |
| • Annual general meeting | 7 May 2013 |
| • First-quarter presentation | 8 May 2013 |
| • Second-quarter report 13 | 15 August 2013 |
| • Third-quarter report 13 | 30 October 2013 |

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