

**Second-quarter 2013
presentation to analysts**

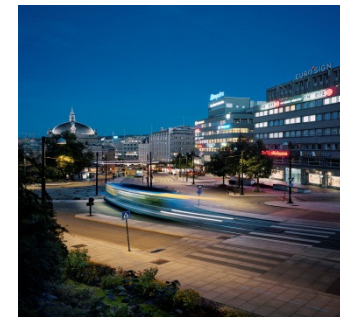
Hafslund ASA

10 July 2013

Finn Bjørn Ruyter, CEO

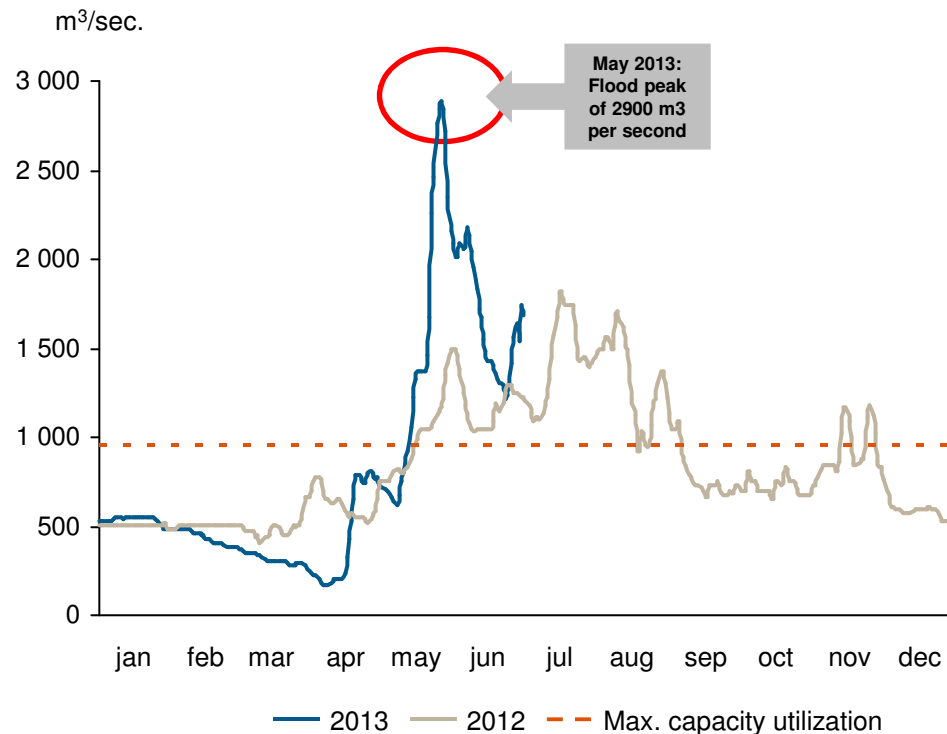
Highlights second-quarter 2013

- EBITDA of NOK 569 million, up from NOK 510 million last year.
- Hydropower sales price: NOK 0.28 per kWh, up NOK 0.07 per kWh from last year.
- Hydropower generation of 825 GWh is 13 percent below normal.
- Network with stable operations in the quarter.
- Power Sales with continued customer growth - up 15,000 customers in the quarter.
- Agreement regarding sale of shares in Infratek ASA and assets in BioWood entered – provides NOK 450 million in capital release in third quarter 2013.



Flooding gave water flow considerably over intake capacity

Hydropower production – water flow



- Warm weather and rapid snow melting gave largest flood since 1995.
- Water flows up to 2900 m³/sec – max intake capacity 1000 m³/sec.
- Flooding requires good preparation:
 - Secure against water intrusion in power station.
 - Ensure flood gates work sufficiently.
- Flooding results in:
 - Somewhat reduced production volume.
 - Increased risk of damages on production facilities.

Sarpsfossen and Vamma May 2013

Sarpsfossen 26 May



- 945 m³ water per sec went through the turbines.
- Flooding hatches let an additional 1700 m³ water a sec through.

Vamma 24 May



- 950 m³ water per sec went through the turbines.
- Flooding hatches let an additional 2000 m³ water a sec through.

Increased water use through operational measures and possible development

Operational measures



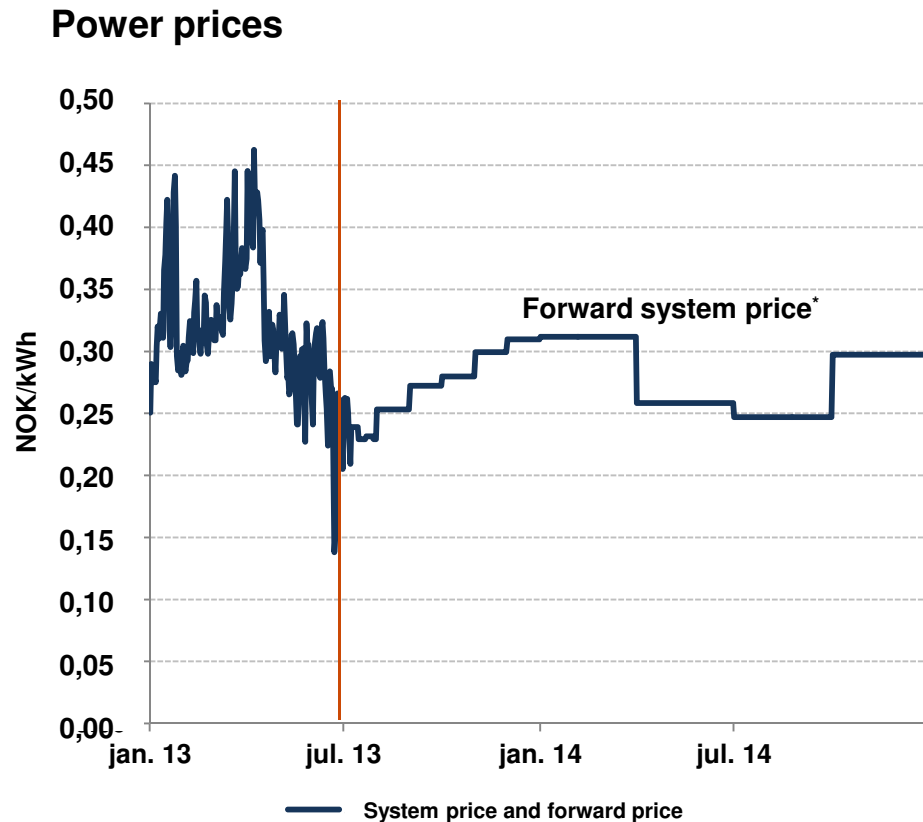
- Focus on improvement in projects and operations:
 - 5S – easily accessible physical conditions and documentation.
 - More efficient operations.
 - A positive HSE effect.

Development



- Aggregate FKF 4 completed in 2011 – with 100 GWh, 40 MW and total investments of NOK 325 million.
- Application for license for further development of Vamma planned.
- Decision contingent on profitability, power prices and electricity certificate scheme.

Power prices (system price) in the first half 2013

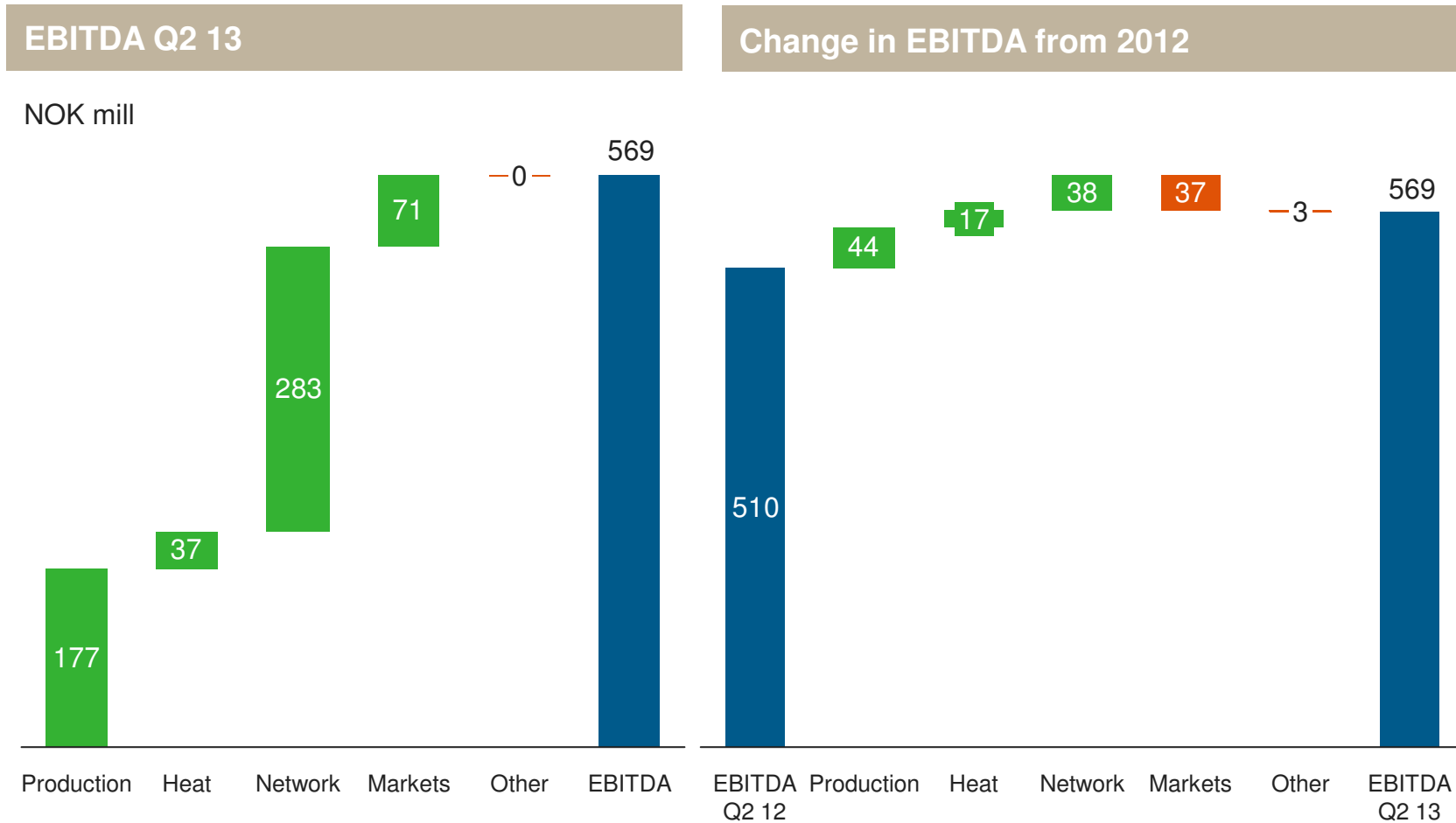


- Apr. 20 to 30 percent less snow than normal.
- Cold weather through April gave delayed snow melting.
- May and June characterized by more rainfall and higher than normal inflow.

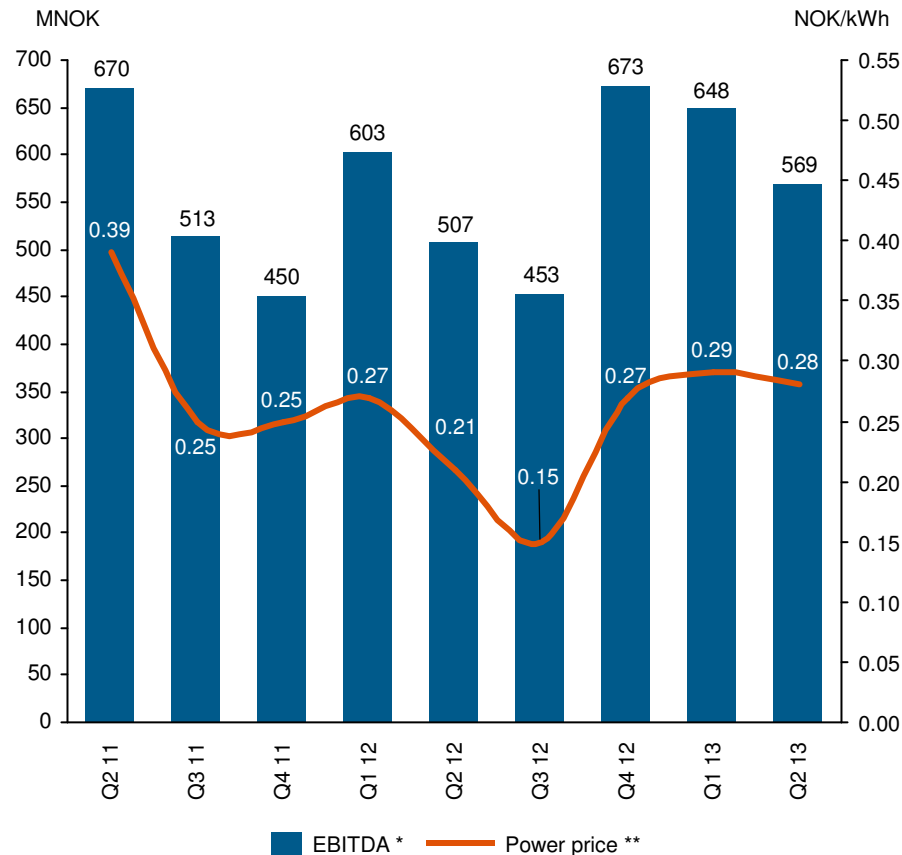


- More rain than normal and fall in German power prices lowered the spot prices and forward price of power.

EBITDA second quarter 2013 and change from 2012



Quarterly development in EBITDA for core business



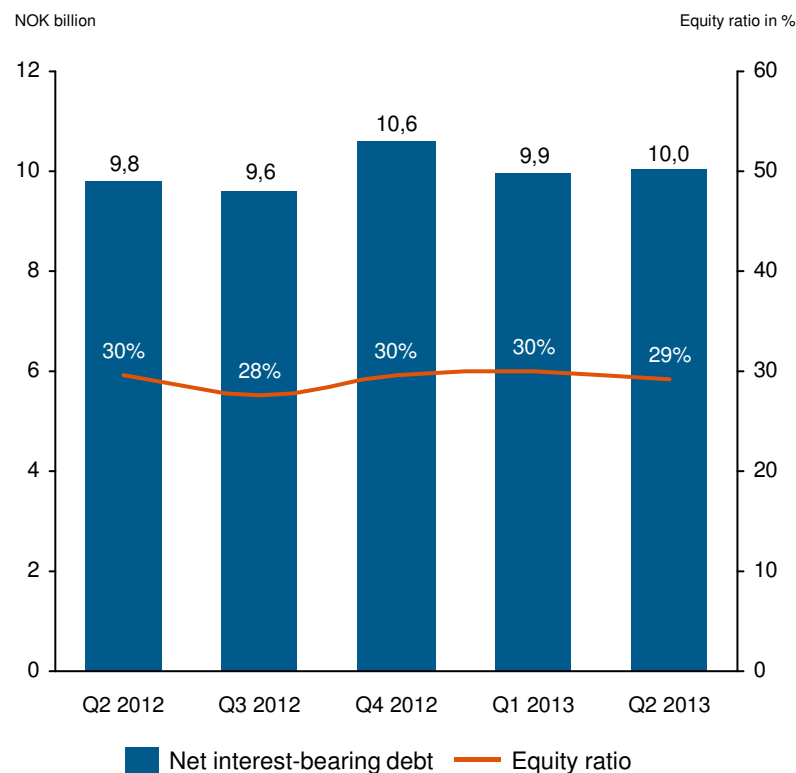
- Results vary throughout the year mainly due to power prices, production profile and energy demand.
- Network with stable quarterly results.
- Power prices of NOK 0.28 per kWh in second quarter 2013 is in line with the two previous quarters.
- Annual rate of EBITDA will change approx:
 - NOK 380 million with a NOK 0.10 per kWh change in power prices.
 - NOK 60 million with a 1%-point change in the NVE interest-rate for Network.

* EBITDA for core business Production, Heat, Network and Markets (excluding Other).

** Achieved power prices for Hydropower in NOK/kWh.

Unchanged interest-bearing debt despite NOK 487 million in dividend payment

Net interest-bearing debt and equity ratio *

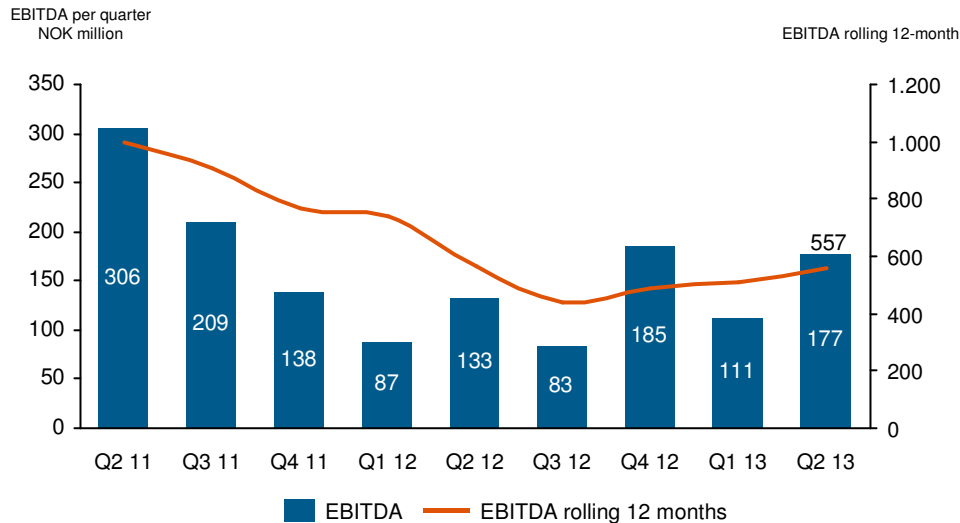


Change in interest-bearing debt (NOK million)

Net interest-bearing debt 31.03.2013		(9 942)
EBITDA		569
Interest paid		(107)
Tax paid		(125)
Change in market value of financial instruments		55
Change working capital		214
Investments		(197)
Payment of dividend		(487)
Net interest-bearing debt 30.06.2013		(10 020)

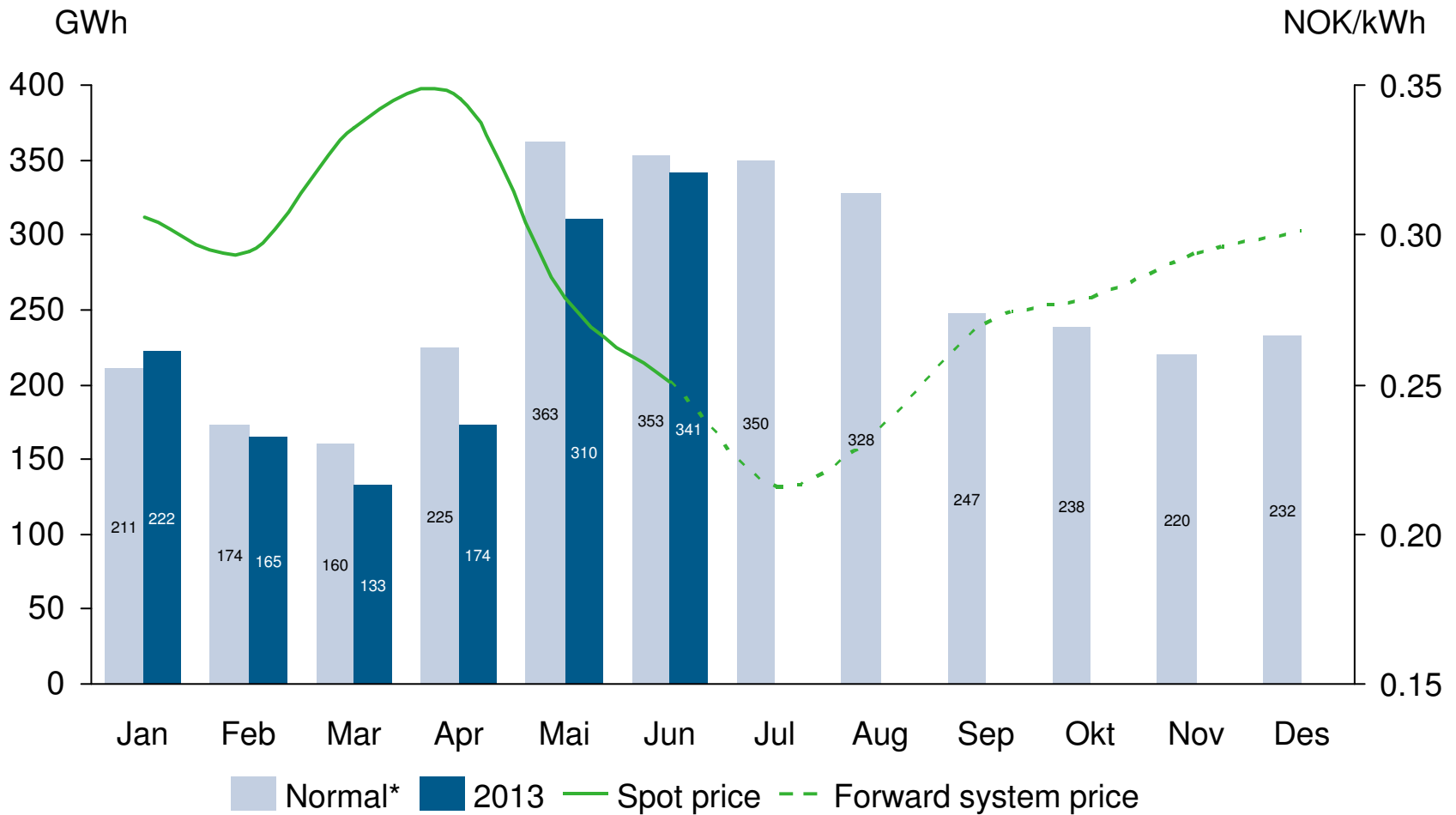
Production

NOK million	Q2 13	Q2 12	YTD 2013	YTD 2012
Operating revenue	234	197	425	362
EBITDA	177	133	288	219
Operating profit	165	121	264	196
Sales price (NOK/kWh)	0.28	0.21	0.30	0.23
Production volume (GWh)	825	888	1 345	1 489
Investments	7	5	12	6



- 33 percent higher power prices compared with last year, but 7 percent lower production draws down somewhat.
- Stop in aggregate resulted in production loss of 40 GWh.
- Reduced maintenance costs due to completed rehabilitation program.
- Expected production in third quarter is 900 GWh, in line with normal levels.
- 34 percent hedge ratio next 6 months – hedge price NOK 0.027 per kWh higher than forward price listed 28 June 2013.

Hydro power – production and power prices

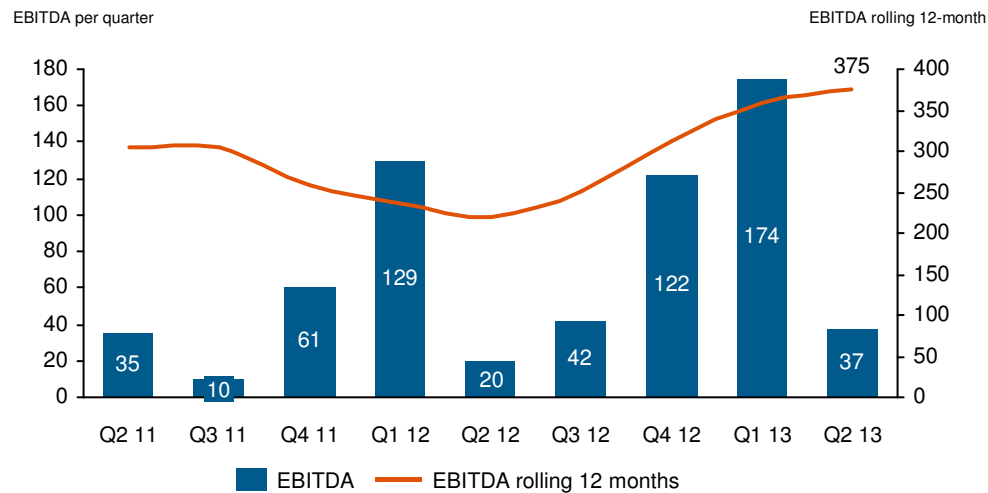


Source for price data: www.nordpoolspot.com and www.nasdaqomxcommodities.com
 *Normal = 3,100 GWh based on 10-year average production adjusted for efficiency improvements.

Heat

NOK million	Q2 13	Q2 12	YTD 2013	YTD 2012
Operating revenue	194	156	698	550
Gross margin	110	87	348	274
EBITDA	37	20	211	149
Operating profit	(5)	(22)	128	68
Production volume (GWh)	355	335	1 224	1 064
Gross margin (NOK/kWh)	0.33	0.28	0.31	0.31
Investments	30	41	37	92

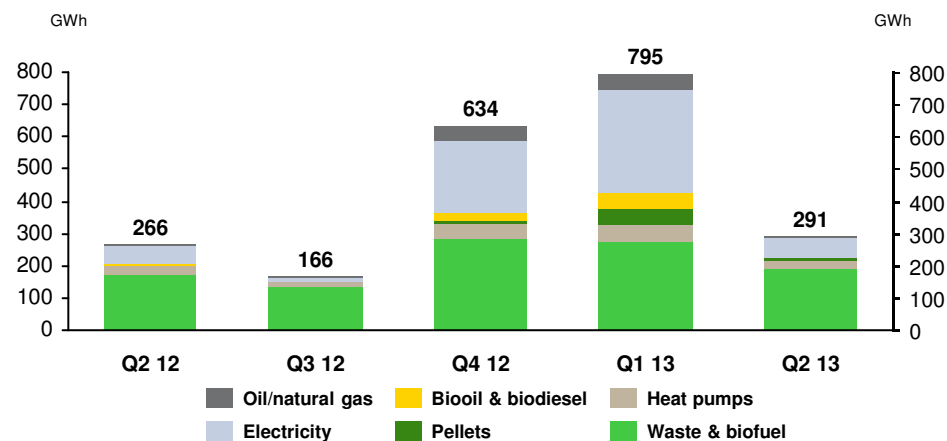
- Seasonally weak quarter due to lower energy demand.
- Higher wholesale power prices on NordPool gave increased gross margin.
- 355 GWh energy production is an increase of 6 percent.
- New customer tie-ins with an annual outtake of 13 GWh completed in the first six months.
- 27 percent hedge ratio of net power price exposure for the coming six months – hedge price NOK 0.04 per kWh higher than forward price listed 28 June 2013.



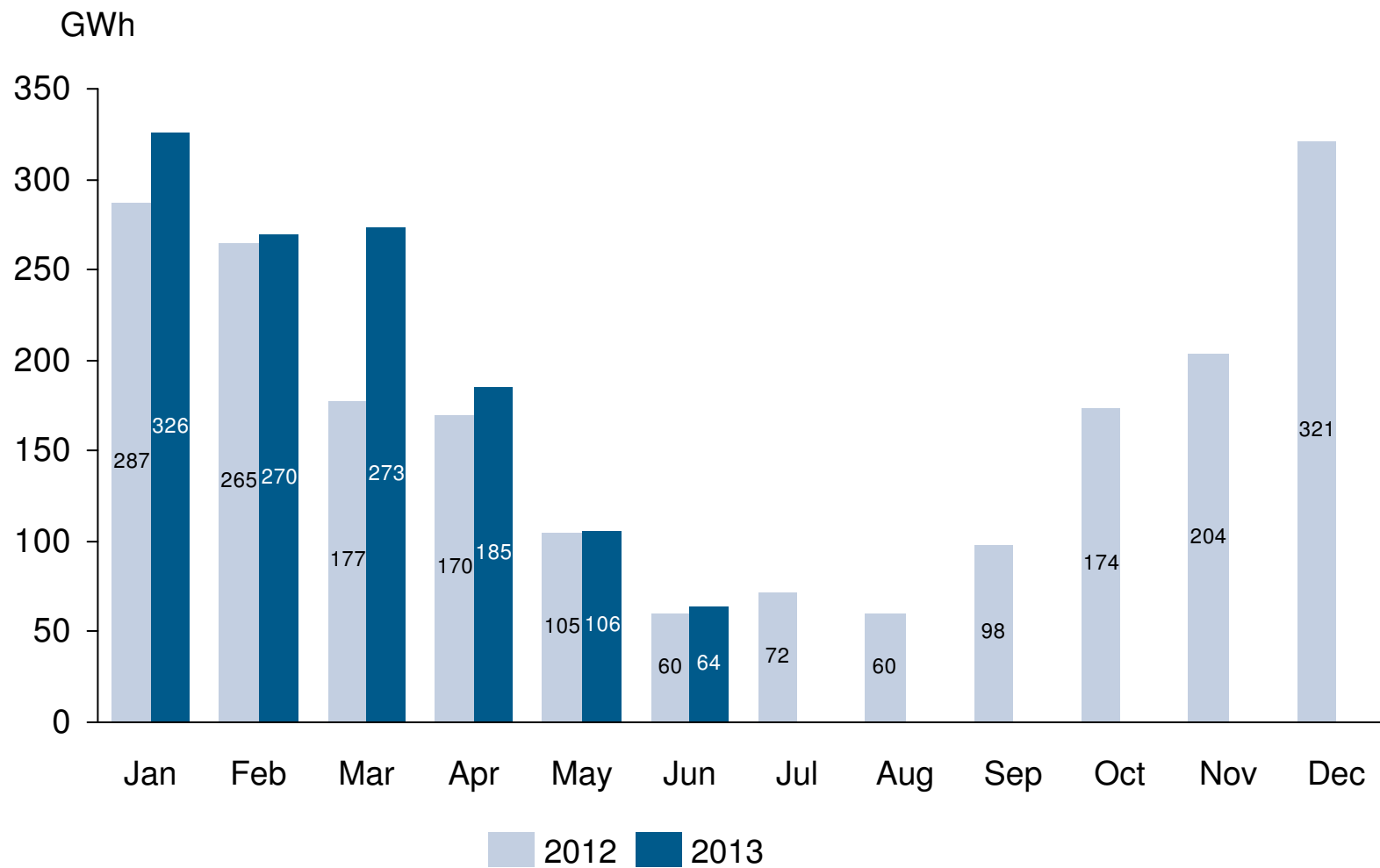
District heating – energy sources and gross margin

Energy prices (NOK/kWh)	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13
Waste & biofuel	0.20	0.22	0.19	0.20	0.20
Heat pumps	0.09	0.05	0.13	0.10	0.19
Biooil & biodiesel	0.64		0.40	0.51	0.66
Pellets			0.24	0.25	0.29
Electricity	0.32	0.22	0.34	0.41	0.44
Oil/natural gas	0.62	0.83	0.58	0.58	0.61
Total fuel cost	0.22	0.25	0.27	0.32	0.26
District heating incl. Distribution	0.52	0.48	0.62	0.67	0.63
Gross contribution margin	0.28	0.27	0.32	0.30	0.34

- Increased power prices gives higher fuel costs for the energy sources electricity and heat pumps.
- District heating price of NOK 0.63 per kWh results in a gross contribution margin of NOK 0.34 per kWh – up NOK 0.06 per kWh from last year.
- High share of waste and biofuel in a quarter with low energy demand.
- Renewable share of 95 percent last 12 months – 99 percent in the quarter.

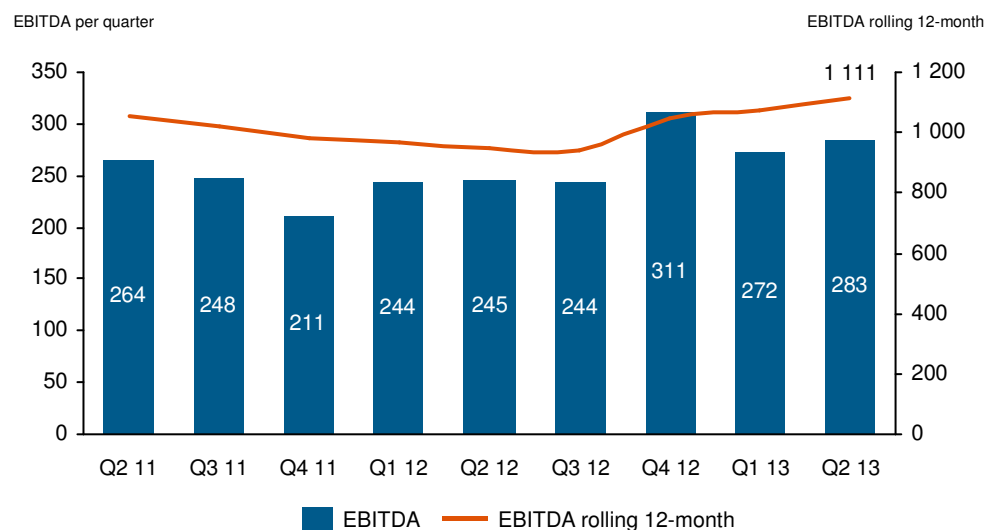


Heat – production profile



Network

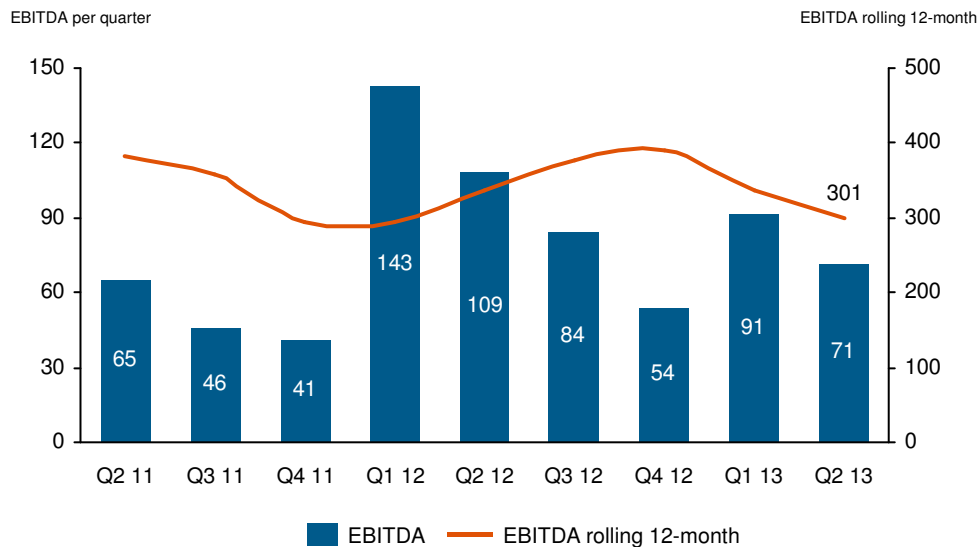
NOK million	Q2 13	Q2 12	YTD 2013	YTD 2012
Operating revenue	966	920	2 036	1 960
Gross margin	605	584	1 168	1 151
EBITDA	283	245	555	490
Operating profits	162	122	312	241
Investments	129	102	193	173



- Improved results due to higher income ceiling and somewhat lower maintenance activity.
- The gross margin includes an under income of NOK 52 millions (Q2 12: excess income of NOK 56 million).
- Stable operations and KILE-costs of NOK 16 million (Q2 12: NOK 10 million).
- Energy delivery 3.5 TWh – in line with last year.
- Operating profit for 2013 expected to increase by 15 percent from 2012*, given the current grid tariffs, normal energy demand the last six months and planned maintenance.

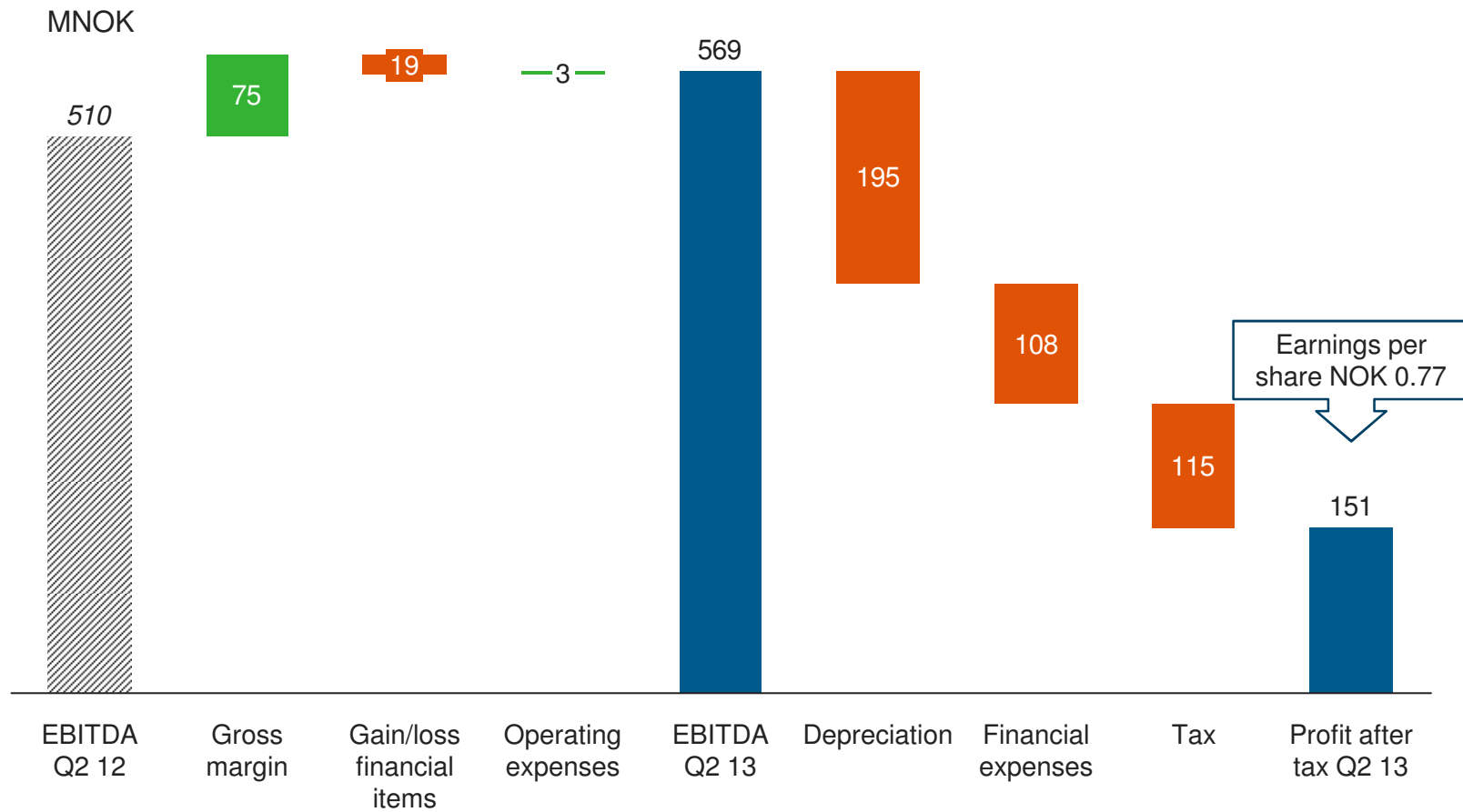
Markets

NOK million	Q2 13	Q2 12	YTD 2013	YTD 2012
Operating revenues	1 443	1 080	3 699	3 091
Gross margin	261	258	548	572
EBITDA	71	109	163	252
Operating profit	62	104	144	243
Sold volume (GWh)	3 528	3 334	9 292	8 507



- A quarter with seasonally low energy demand.
- Increased operating revenues due to higher whole-sale power prices and somewhat higher sales volume.
- Increased market activities and transition to new customer service and invoicing system results in higher operating expenses.
- After-tax profit of NOK 41 per customer (Q2 2012: NOK 68) in the quarter.
- 927,000 customers via wholly and partly owned companies, an increase of 15,000 in the quarter.

Summary of second quarter 2013 profit

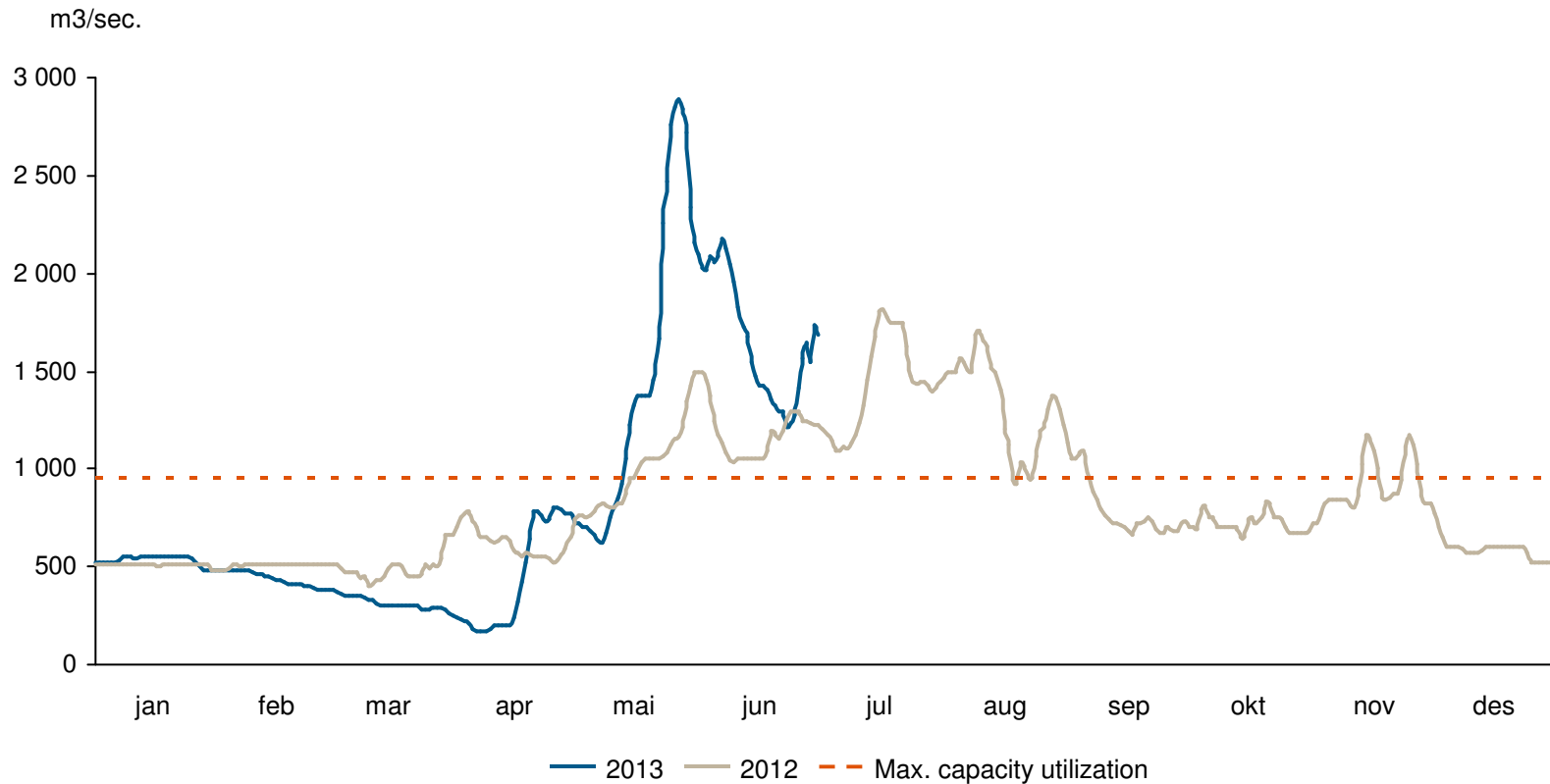


Summary

- EBITDA of NOK 569 million and profit after tax of NOK 151 million – up NOK 59 million and NOK 11 million respectively from last year.
- The quarter is as normal characterized by high hydropower production, low energy demand and stable results from Network business.
- Achieved power price of NOK 0.28 per kWh, an increase of NOK 0.07 per kWh from second quarter 2012.
- The customer growth in Power Sales continues, with an increase of 15,000 customers in the quarter.
- Agreement regarding sale of shares in Infratek ASA and assets in BioWood entered – provides NOK 450 million in capital release in third quarter 2013.
- Forward power prices in the third and fourth quarter 2013 are listed at respectively NOK 0.26 and NOK 0.29 per kWh at the end of June.

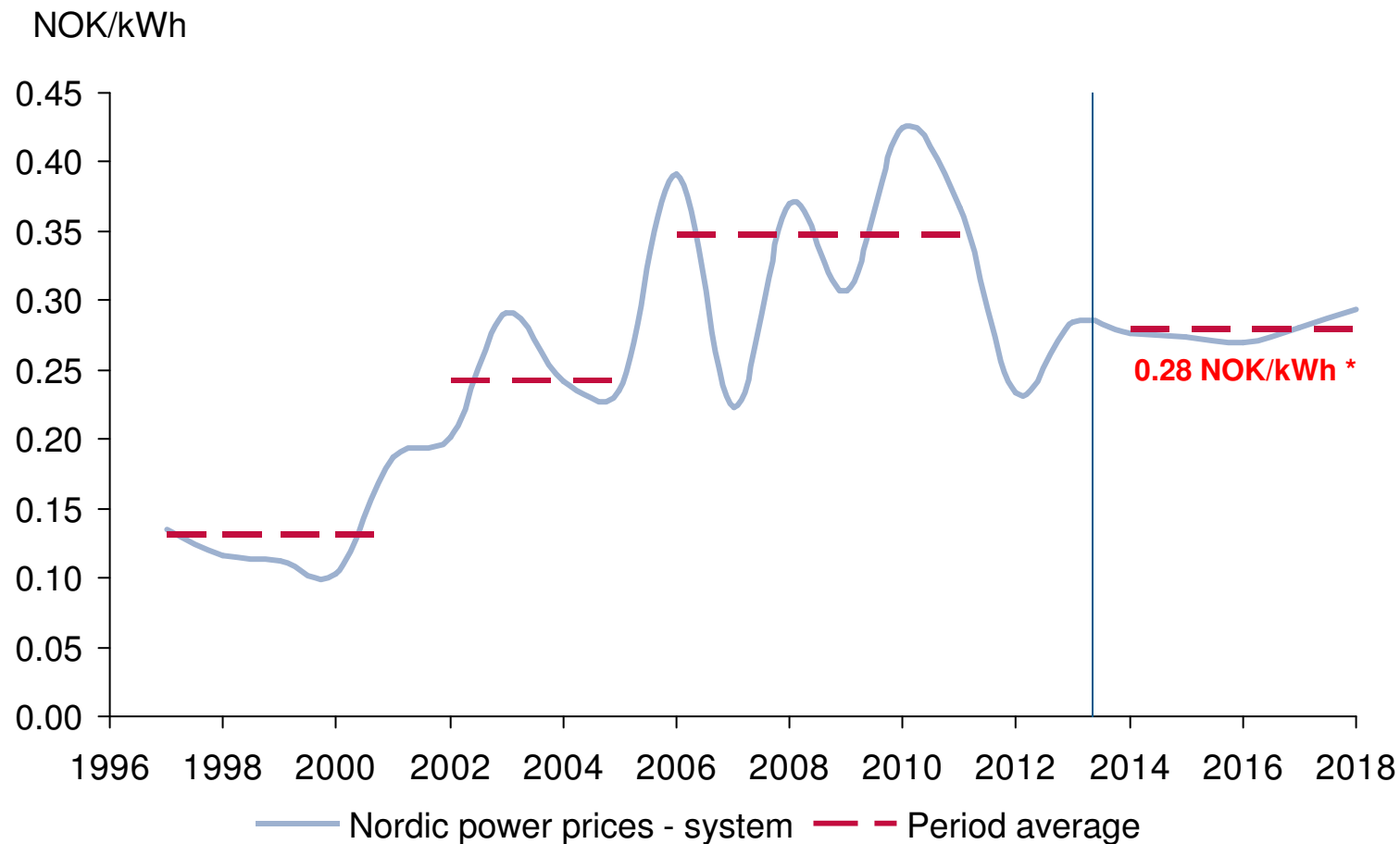
Appendix

Hydropower – Glomma waterway flow



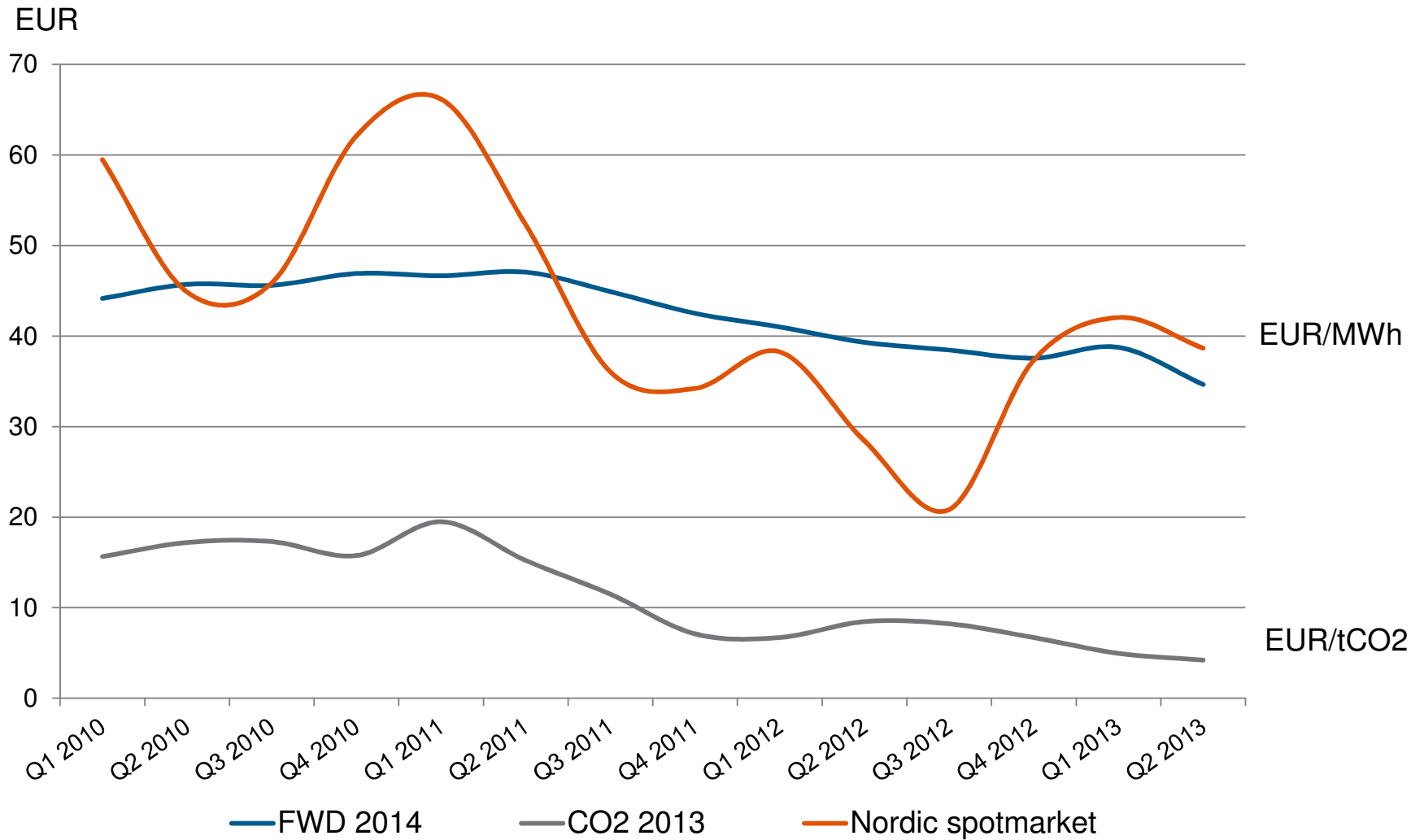
- Q2 2013 hydropower production: 12 percent under normal levels for the quarter.
- Projected Q3 2013 production: about 900 GWh (in line with normal levels), based on production thus far in 2013, scheduled availability of production facilities, current hydropower reservoir levels, and provided normal precipitation

Nordic spot and forward prices



* Period average 2014 – 2018 is based on the average of forward prices for SYS per 28.06.2013.

Power and CO2 price development



Source: www.nasdaqomxcommodities.com 28.06.2013

Nordic spot market prices are quarterly average price, while FWD14 and CO2 prices are from last working day in each quarter.

Group profit and loss account

NOK million	Q2 13	Q2 12	Δ	YTD 2013	YTD 2012
Operating revenue	2 810	2 292	518	6 817	6 020
Cost of energy	(1 640)	(1 197)	(443)	(4 406)	(3 771)
Gross margin	1 170	1 095	75	2 411	2 249
Gain/loss financial items	6	25	(19)	(7)	82
Operating expenses	(607)	(610)	3	(1 197)	(1 201)
EBITDA	569	510	59	1 207	1 131
Depreciation and write-downs	(195)	(186)	(9)	(393)	(380)
Operating profit	374	324	50	814	751
Interest expences	(115)	(137)	22	(245)	(261)
Market value change loan portfolio	7	27	(20)	(21)	43
Financial expenses	(108)	(110)	2	(266)	(218)
Pre-tax profit	266	213	52	549	533
Tax	(115)	(74)	(41)	(220)	(169)
Profit after tax	151	140	11	329	364
Earnings per share (EPS) in NOK	0.77	0.72	0.06	1.69	1.86

Group balance sheet

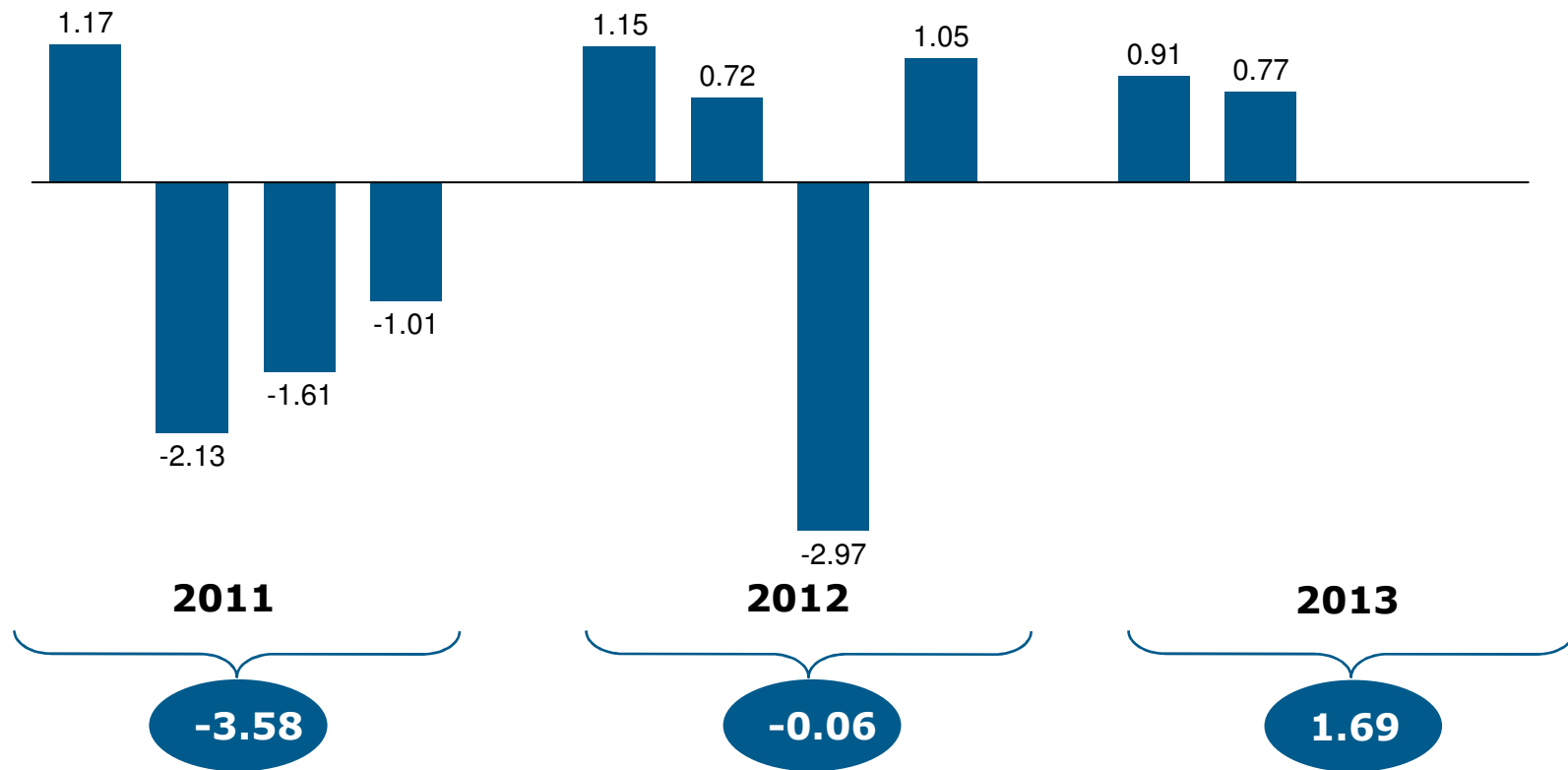
NOK million	30.06.2013	31.03.2013	Δ Q1 13	31.12.2012
Intangible assets	2 478	2 472	6	2 432
Fixed assets	18 281	18 269	11	18 365
Financial assets	589	612	(23)	657
Accounts receivables and inventory	2 179	3 111	(933)	2 871
Cash and cash equivalents	1 067	290	777	223
Assets	24 593	24 755	(162)	24 549
Equity (incl. min. int.)	7 163	7 439	(277)	7 289
Allocation for liabilities	3 440	3 419	21	3 317
Long-term debt	8 603	8 070	533	8 422
Other current liabilities	3 179	2 866	313	3 119
Short-term debt	2 208	2 960	(752)	2 402
Equity and liabilities	24 593	24 755	(162)	24 549
Net interest-bearing debt	10 020	9 942	79	10 648
Equity ratio	29 %	30 %	-1 %	30 %

Group cash flow statement

NOK million	Q2 13	Q2 12	Δ	YTD 13
EBITDA	569	510	59	1 207
Paid interests	(107)	(123)	16	(290)
Paid tax	(125)	(89)	(36)	(253)
Marketvalue changes and other liquidity adjustments	55	27	28	81
Change in working capital, etc.	214	(105)	319	678
Total cash flow from operations	606	220	386	1 423
Net operations and expansion investments	(199)	(198)	(1)	(310)
Sold operations etc.	2	4	(2)	(5)
Cash flow from investments activities	(197)	(194)	(3)	(315)
Cash flow to down payments and interests	409	26	383	1 108

Earnings per share

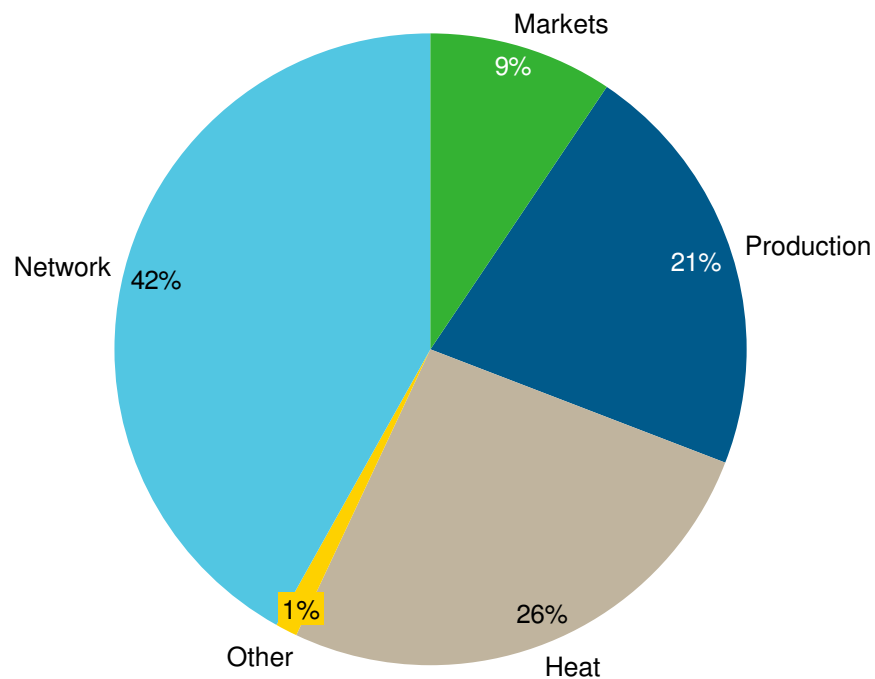
Per quarter
NOK



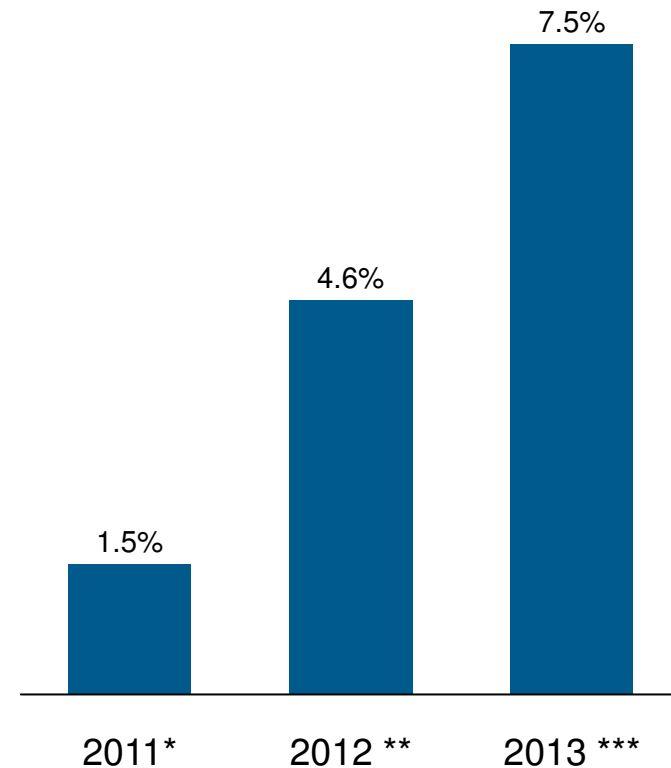
Capital employed and return on capital employed

Distribution of capital employed

As of 30 June 2013 a total of NOK 20.5 billion



Return on capital employed



* 2011 – includes value reduction in REC of NOK -1 090 million.

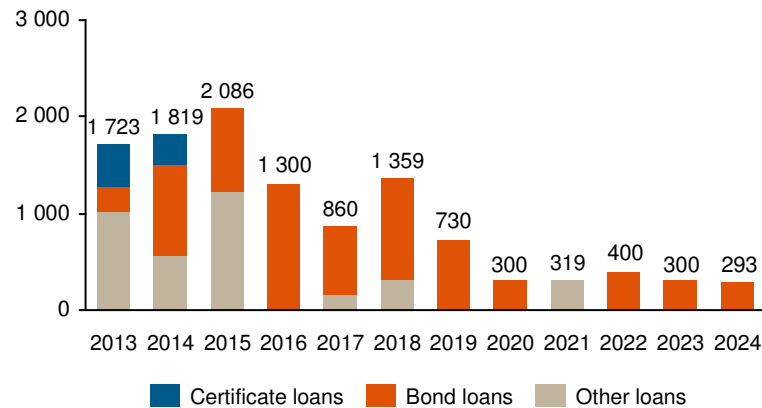
** 2012– includes write-downs and provisions regarding BioWood Norway and Bio-El Fredrikstad of NOK -548 million.

s.27 *** 2013 – return on capital employed, most recent 12 months excluded write-downs and provisions regarding BioWood Norway and Bio-El Fredrikstad.

Loans – portfolio data

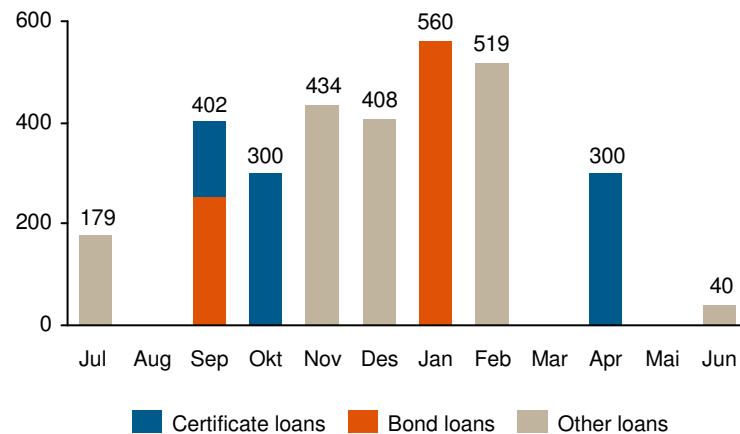
Debt maturity profile

NOK million



Loans at maturity, next 12 months

NOK million



Portfolio data

	Q2 13	Q1 13	Δ
Bonds	62 %	61 %	1 %
Certificate loans	7 %	5 %	2 %
Other loans	31 %	34 %	-3 %

NOK million	Q2 13	Q1 13	Δ
Nominal value - market value of loans	(294)	(300)	6
Market value interest rate swaps	(24)	(30)	6
Average interest incl. Derivatives (%)	4.0 %	4.1 %	-0.1 %
Proportion of loan portfolio with fixed interest (%)	53 %	52 %	1 %
Loans at maturity next quarter	581	197	384
Unused drawing facilities	3 700	3 700	0

Key figures

Group	YTD 13	YTD 12
Capital matters		
Total assets	24 593	24 223
Capital employed	20 483	20 068
Equity	7 163	7 192
Market capitalization	9 174	9 915
Equity ratio	29 %	30 %
Net interest-bearing debt	10 020	9 803
Profitability		
EBITDA	1 207	1 131
Earnings per share (EPS)	1.69	1.86
Cash flow per share	7.30	1.93

Power Generation	YTD 13	YTD 12
Capital employed	4 368	4 526
Sales price (NOK/kWh)	0.30	0.23
Production volume (GWh)	1 345	1 489

Heat	YTD 13	YTD 12
Capital employed	5 359	5 616
Sales price District heating (NOK/kWh)	0.65	0.59
Sales price Industrial energy (NOK/kWh)	0.25	0.27
Gross margin (NOK/kWh)	0.31	0.31
Sales volume (GWh)	1 224	1 064
Network	YTD 13	YTD 12
Capital employed	8 625	8 076
Regulated gross margin for the year	2 395	1 926
Excess/(under) income ytd	(120)	(30)
NVE-capital (regulatory)	6 066	6 014

Market	YTD 13	YTD 12
Capital employed	1 920	1 506
- of this working capital	420	235
Volume power sales (GWh)	9 292	8 507

Shareholders as of 28 June 2013

#	Shareholder	Class A shares held	Class B share held	Total	Ownership	Share of voting rights
1	City of Oslo	67 525	37 343	104 868	53.7 %	58.5 %
2	Fortum Forvaltning AS	37 853	28 707	66 560	34.1 %	32.8 %
3	Østfold Energi AS	5 201	4	5 205	2.7 %	4.5 %
4	Odin Norge		3 735	3 735	1.9 %	0.0 %
5	MP Pensjon PK	5	1 579	1 584	0.8 %	0.0 %
6	Folketrygdfondet	85	885	970	0.5 %	0.1 %
7	AS Herdebred	107	321	428	0.2 %	0.1 %
8	Hafslund ASA		397	397	0.2 %	0.0 %
9	New Alternatives Fund, Inc	328		328	0.2 %	0.3 %
10	Svenska Handelsbanken AB	142	155	297	0.2 %	0.1 %
	Total, 10 largest shareholders	111 246	73 126	184 372	94.5 %	96.4 %
	Other shareholders	4 182	6 632	10 814	5.5 %	3.6 %
	Total	115 428	79 758	195 186	100 %	100 %

Definitions

Name	Definition
Group	
Capital employed	Equity + Net Interest-bearing debt + Net tax positions
Equity ratio (in %)	(Equity incl. Minority interests / Total assets) X 100
Earnings per share	Profit after tax / Average no. of shares outstanding
Cash flow per share	Net cash from operations / Average no. of shares
Return on equity last 12 months	Result after tax last 12 months / Average equity (incl. Minority interests) last 12 months
Return on capital employed last 12 months	Operating profit last 12 months / Average capital employed last 12 months
Hedge ratio Hydro power	Ratio of the estimated production portfolio hedged in the period (excluding fixed-price contracts)
Hedge ratio District heating	Ratio of the estimated net power price exposure hedged by: Sales reduced with electricity use and 1/3 heat pumps

Investor information

- Additional information is available from Hafslund's website:
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