Hafslund

SHAREHOLDERS' REPORT

2017 SECOND QUARTER

Hafslund

Contents

Hafslund

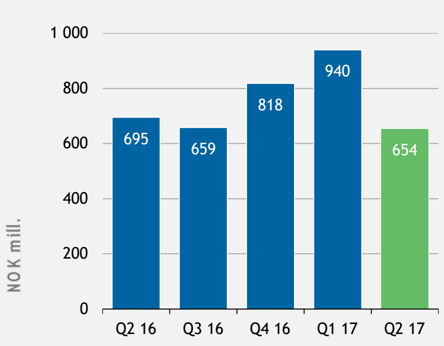
Earnings per share
1.3
NOK

Profit after tax
244
million NOK

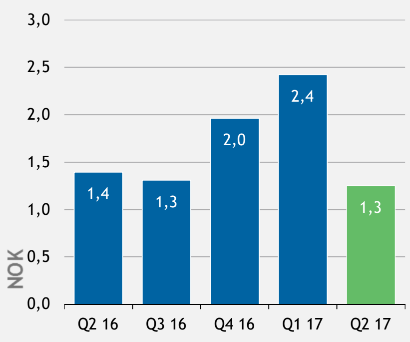
Highlights in the second quarter 2017

- Profit after tax of NOK 244 million (NOK 273 million) resulted in earnings per share of NOK 1.3 (NOK 1.4).
- Increased demand for energy due to slightly colder weather than last year. Delayed start of the spring flooding gave hydropower production 11 percent under normal levels.
- Solid progress in the AMS project - investment forecast adjusted downwards from NOK 2.4 billion to NOK 2.1 billion.
- Construction of a new generator in Vamma according to plan - completion before the spring flood 2019 and within the announced capital expenditure of NOK 920 mill.
- The Board recommends that shareholders in Hafslund do not accept the offer from the City of Oslo of NOK 96.75 per share.

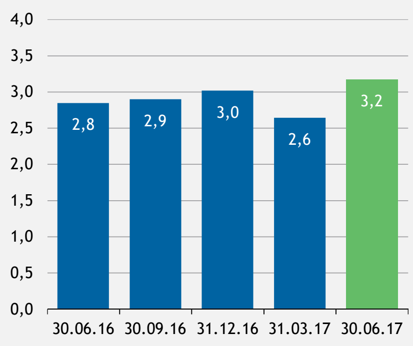
▶ EBITDA



▶ Earnings per share



▶ Net debt / EBITDA last 12 months



Hafslund

Key figures

Q2 16	Q2 17	Income statement (NOK million)	YTD 2017	YTD 2016
2 779	**3 015**	Sales revenues	**7 373**	7 001
695	**654**	EBITDA	**1 595**	1 666
470	**427**	Operating profit	**1 143**	1 212
414	**375**	Profit before tax and divested operations	**1 033**	1 096
273	**244**	Profit after tax	**717**	763
		Capital and equity		
36%	**37%**	Equity ratio	**37%**	36%
2.8	**3.2**	Net debt / EBITDA	**3.2**	2.8
8 896	**9 742**	Net interest-bearing debt	**9 742**	8 896
		Per share (NOK)		
1.4	**1.3**	Earnings	**3.7**	3.9
1.4	**(2.1)**	Cash flow from operating activities	**6.2**	9.6
		Other key figures		
0.21	**0.24**	Income hydropower production (NOK/kWh)	**0.25**	0.23
3 856	**4 065**	Energy deliveries Networks (GWh)	**10 486**	10 458
262	**283**	District heating production (GWh)	**959**	984
930	**837**	Hydropower production (GWh)	**1 368**	1 548
3 986	**3 946**	Power sales (GWh)	**10 107**	10 618

Figures in NOK unless otherwise stated. The figures for 2016 are stated in parentheses.

Summary of Q2 2017

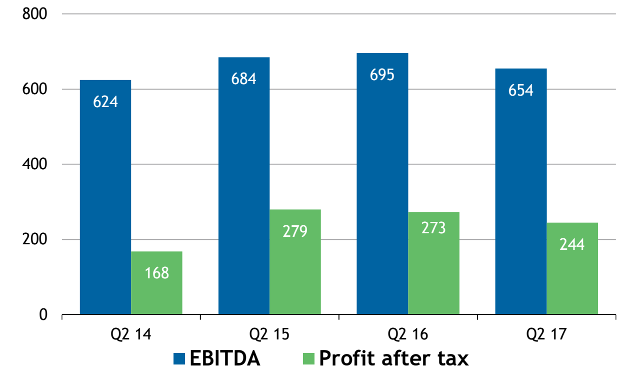
Second-quarter performance

Hafslund achieved an EBITDA of NOK 654 million in the quarter (NOK 695 million). Seasonally, the result in the second quarter is affected by low demand for energy and high hydropower production. The weather in the quarter this year was slightly colder than last year, and Nord Pool's unweighted spot price for price area NO1 was NOK 0.04/kWh higher than last year. Increased costs to the overhead network for the Network business area, as well as slightly lower profits from other activities in the Markets business area negatively affected the result. The delayed start of the spring flooding led to a lower rate of water flow and hydropower production.

Financial expenses of NOK 52 million (NOK 56 million) include a loss on foreign exchange of NOK 1 million, compared with a gain on foreign exchange of NOK 10 million in the second quarter 2016. Higher forward interest rates have changed the value of that portion of the loan portfolio that is recognised at fair value, which reduced financial expenses by NOK 22 million (NOK 17 million). Hafslund had net interest-bearing debt of NOK 9.7 billion, and an average coupon rate of 2.6 percent on the loan portfolio at the close of the first half-year.

The tax expense of NOK 131 million (NOK 141 million) includes NOK 40 million (NOK 44 million) in economic rent tax for the hydropower business. Profit after tax totalled NOK 244 million (NOK 273 million), which corresponds to earnings per share of NOK 1.3 (NOK 1.4).

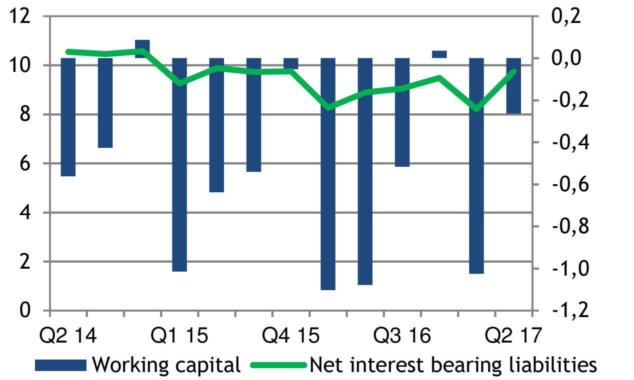
Second-quarter performance 2014–2017
(NOK million)



Cash flow in the second quarter

Cash flow from operating activities came to NOK -419 million in the quarter (NOK 265 million). The cash flow includes NOK 736 million (NOK 52 million) in higher working capital through the quarter, an increase compared with last year resulting from greater demand for energy, higher power prices and the introduction of pass through billing. At the close of the quarter, the company had a positive working capital of NOK 264 million (NOK 1,079 million). EBITDA of NOK 654 million in the second quarter is NOK 337 million higher than the corresponding cash flow from operating activities before the change in working capital. This is due primarily to payment of interest and tax totalling NOK 327 million. Driven by increased activity within the AMS project and the construction of a new generator in Glomma, net investments of NOK 466 million were made in the quarter (NOK 307 million). Net interest-bearing debt stood at NOK 9.7 billion at the close of the quarter. This represents a NOK 1.5 billion increase during the quarter, which is partly attributable to the rise in working capital. The graph to the right shows developments in net interest-bearing debt and working capital over the past 13 quarters.

Changes in net interest-bearing debt and working capital
(NOK billion)



Hafslund continues to post solid financial key figures, and had a net debt/EBITDA ratio of 3.2x at the close of the second quarter. This is an increase of 0.4x from last year, and 0.6x from the previous quarter. Hafslund has a robust financing structure with long-term committed drawdown facilities. Unused drawing rights totalled NOK 4.4 billion at the close of the quarter. Please refer to note 3 in the appendix for further discussion of financing in relation to the upcoming reorganization of the Hafslund Group.

Summary of first-half 2017

Hafslund achieved an EBIDTA of NOK 1,595 million in the first half of 2017 (NOK 1,666 million). The underlying operations of all business areas are sound, but were affected by reduced demand for energy as a result of a mild first quarter, and low rate of water flow in the second quarter. The price of electricity in price area NO1 was NOK 0.05/kWh higher than last year.

Financial expenses of NOK 110 million, is on a par with last year (NOK 115 million). Financial expenses were positively affected in the amount of NOK 41 million (NOK 26 million) as a result of higher forward interest rates in the first half, which affect the market value of that portion of the loan portfolio that is recognised at fair value. Hafslund had net interest-bearing debt of NOK 9.7 billion and an average coupon rate of 2.6 percent at the close of the first half-year.

Profit before tax in the first half-year of 2017 totalled NOK 1,033 million (NOK 1.096 million). The tax expense came to NOK 316 million (NOK 333 million), which gives an effective tax rate of 31 percent (30 percent) of profit before tax. The tax expense includes NOK 67 million (NOK 66 million) in economic rent tax for the power generation business. Profit after tax totalled NOK 717 million (NOK 767 million), which corresponds to earnings per share of NOK 3.7 (NOK 3.9).

Cash flow from operating activities totalled NOK 1,209 million in the first half of 2017. This includes a NOK 295 million (NOK 864 million) release of capital resulting from reduced working capital. EBITDA totalled NOK 1,595 million in the first half of 2017, which is NOK 680 higher than the corresponding cash flow from operating activities before the change in working capital. This mainly comprises payments of tax and interest totalling NOK 684 million. Net investments of NOK 829 million and a dividend payment of NOK 634 million contributed to a NOK 0.3 billion increase in net interest-bearing debt during the first half of 2017.

Risks and uncertainties in the next six months

The market price for electricity, along with energy demand and energy production, are the most important factors capable of materially affecting the business areas' financial performance in the second-half. Temperatures affect demand for district heating and electricity, as well as the transmitted volume for the Networks business. Electricity prices have a strong impact on the power generation and the district heating businesses. A NOK 0.05/kWh change in the price of electricity achieved affects these businesses' overall operating profit by around NOK 210 million per year and their profit after tax by around NOK 105 million. Hafslund hedges some of its hydropower and district heating production on an ongoing basis to reduce power price risk. The results of the Networks business are affected not only by the volume distributed (temperature), but also by electricity prices, through the cost of purchasing power to replace energy lost over the transmission grid.

The business areas in Q2

▶ Networks

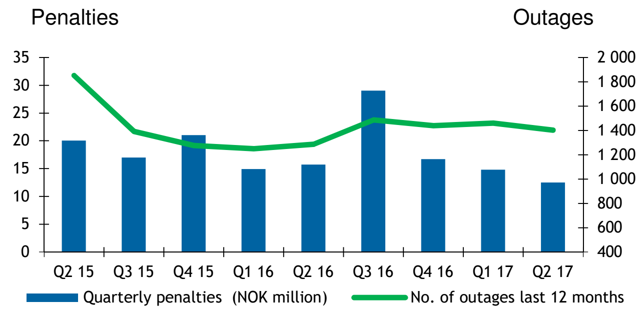
NOK million	Q2 17	Q2 16	YTD 17	YTD 16
Sales revenues	**1 160**	1 115	**2 493**	2 296
Gross contribution	**713**	734	**1 440**	1 424
EBITDA	**381**	400	**774**	784
Operating profit	**223**	256	**462**	493
Energy delivery (GWh)	**4 065**	3 856	**10 486**	10 458
Number of customers ('000)	**700**	691	**700**	691
Investments	**364**	209	**675**	351

The Networks business area generated sales revenues of NOK 1,160 million in the quarter, up NOK 45 million on last year. The increase derives from higher energy deliveries and an increase in network tariffs from 1 January 2017. At 4,065 GWh, the amount of energy delivered was 5 percent higher than last year, which is largely attributable to colder weather in the quarter. Costs to the overhead network (Statnett) and energy purchases/grid losses totalled NOK 433 million in the quarter (NOK 368 million). The increase relates largely to a NOK 73 million increase in costs to the overhead network (Statnett). This resulted in a gross contribution of NOK 713 million in the second quarter (NOK 734 million).

At NOK 333 million in the quarter, operating costs were on a par with the last year. Emergency response costs and other operating and maintenance costs have been reduced, while the installation contribution rose by NOK 11 million compared with last year. Installation contribution has no impact on profit and loss, see the corresponding increase in revenues. EBITDA totalled NOK 381 million in the second quarter, NOK 19 million less than last year.

Hafslund Nett's security of supply is among the best of any network operator in Norway. The table below shows the change in operating downtime (X-axis) and the KILE cost (Y-axis). KILE is the quality-adjustment of the income ceiling for non-delivered energy.

KILE cost and operating downtime



Network operating conditions were satisfactory in the second quarter, although rolling 12-month operating disruptions were slightly higher in the second quarter 2017 than in the corresponding quarter last year. The KILE cost came to NOK 13 million in the quarter, NOK 3 million less than in the corresponding period last year.

Investments in the quarter totalled NOK 364 million (NOK 209 million). NOK 99 million of the NOK 155 million increase relates to AMS, while self-initiated investments in the distribution grid accounted for NOK 25 million. At the close of the second quarter, Networks had a capital employed of NOK 11.3 billion (NOK 10.3 billion).

Solid progress in the AMS project. Investment forecast is adjusted downwards from 2.4 billion to 2.1 billion. Approximately 240 000 meters are installed, and infrastructure and utilization are based on plan. Cumulative investment for the AMS project was NOK 862 million as of 30 June 2017.

With normal energy demand, planned network tariffs and forward electricity prices, as well as planned maintenance and cost developments, Networks expects its operating profit for 2017 to be around 15 percent lower than in 2016, due to significant positive non-recurring effects in 2016.

▶ Heat

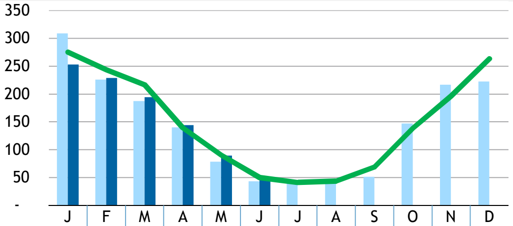
NOK million	Q2 17	Q2 16	YTD 17	YTD 16
Sales revenues	**149**	126	**662**	671
Gross contribution	**93**	79	**411**	424
EBITDA	**23**	5	**275**	290
Operating profit/loss	**(12)**	(30)	**204**	220
Gross contribution (NOK/kWh)	**0.40**	0.36	**0.48**	0.46
District heating production (GWh)	**283**	262	**959**	984
Investments	**17**	27	**36**	41

The Heat business area generated sales revenues of NOK 149 million in the quarter (NOK 126 million). Higher prices and volumes contributed to higher sales revenues than in the corresponding quarter in 2016. Somewhat higher fuel costs resulted in a gross contribution of NOK 93 million (NOK 79 million). Total operating expenses and depreciation came to NOK 105 million in the quarter (NOK 109 million). This gives an operating loss of NOK 12 million in the second quarter, an improvement of NOK 18 million compared with last year, as a result of higher electricity prices and volumes.

Energy mix and energy prices	Q2 17	Q2 16	YTD 17	YTD 16
Waste (GWh)	**223**	211	**561**	518
Heat pumps (GWh)	**24**	20	**82**	73
Pellets (GWh)	**0**	4	**19**	36
Electricity (GWh)	**35**	25	**279**	317
Bio oil, natural gas, oil (GWh)	**1**	2	**19**	40
Total district heating production (GWh)	**283**	262	**959**	984
Fuel cost (NOK/kWh)	**0.20**	0.18	**0.26**	0.25
Average district heating revenue (NOK/kWh)	**0.61**	0.55	**0.74**	0.73
Gross contribution (NOK/kWh)	**0.40**	0.36	**0.48**	0.46

Output of district heating totalled 283 GWh, up 21 GWh from the corresponding quarter last year. Availability and operations at the heat production centres were good throughout the quarter. At NOK 0.20/kWh, the fuel cost was NOK 0.02/kWh higher than last year. At NOK 0.61/kWh, the district heating price is NOK 0.06 higher than in the same period last year, due to higher electricity prices and increased network tariffs. Gross contribution came to NOK 0.40/kWh, NOK 0.04/kWh higher than last year.

District heating – monthly production profile
(GWh)



	J	F	M	A	M	J	J	A	S	O	N	D
2016	309	226	187	140	78	43	39	46	51	147	216	222
2017	253	229	194	144	89	50						
Normal*	275	244	216	139	90	50	41	43	69	139	196	263

*Normal = expected production in 2017 given normal temperature conditions (average last 10 years), as well as existing and planned customer connections.

Hafslund hedges the price of some of its district heating production. Please refer to Note 4 later in the shareholders' report for further information on the company's hedging policy. In the second quarter, 82 percent (207 GWh) was hedged. As a result of rising electricity prices, hedging activities contributed NOK -6 million to the result in the quarter (NOK -4 million). As at 30 June 2017, the hedging ratio for the next six months was 49 percent. At the close of the first half 2017, the Heat business area had an unrealised loss of NOK 9 million relating to price hedging on its power and electricity certificate exposure, including forward currency hedges.

Investments amounting to NOK 17 million relate to reinvestments in the district heating network and heat production centres, and the connection of new district heating customers. At the close of the second quarter, Heat had capital employed of NOK 4.5 billion (NOK 4.5 billion) at the end of the quarter.

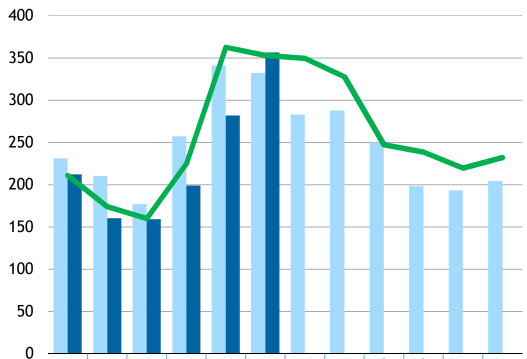
▶ Production

NOK million	Q2 17	Q2 16	YTD 17	YTD 16
Sales revenues	**199**	199	**341**	352
EBITDA	**150**	147	**236**	242
Operating profit	**138**	136	**213**	221
Revenues (NOK/kWh)	**0.24**	0.21	**0.25**	0.23
Gains/losses from hedging transactions	**(3)**	2	**(3)**	15
Production (GWh)	**837**	930	**1 368**	1 548
Investments	**89**	62	**114**	127

The Production business area generated sales revenues of NOK 199 million in the quarter, on a par with last year. Higher electricity prices (revenues) compensate for lower output than last year. Somewhat lower operating costs resulted in an operating profit of NOK 138 million, up NOK 2 million on last year.

Hydropower production of 837 GWh is 11 percent lower than normal and 93 GWh lower than last year. This must be seen in light of the later than normal start of the spring flooding (exceeding maximum operating flow from 15 May). The Nord Pool Spot price for electricity in the price area NO1 was NOK 0.25/kWh in the quarter, up 19 percent on last year. The revenue achieved was NOK 0.24/kWh in the quarter (NOK 0.21/kWh), and includes the result of hedging activities amounting to NOK -3 million (NOK 2 million). The hedging ratio averaged 51 percent in the second quarter. 57 GWh of concessionary and replacement power was sold at an average price of NOK 0.16/kWh in the quarter (NOK 0.15/kWh).

Hydropower – monthly production profile
(GWh)



	J	F	M	A	M	J	J	A	S	O	N	D
2016	231	210	177	257	341	332	283	288	250	198	193	204
2017	212	160	159	199	282	357						
Normal	211	174	160	225	363	353	350	328	247	238	220	232

Normal = 10 years' hydropower history adjusted for efficiency improvements.

Hafslund hedges some of its hydropower production. As at 30 June 2017, the hedging rate for the next six months is 35 percent. Please see Note 5 to the financial statements for the first quarter 2017 for further details of hedging transactions recognised as cash flow hedging in accordance with IFRS 9. At the close of the first half of 2017, the Production business area had an unrealised gain of NOK 32 million relating to price hedging of power and electricity certificate exposure, including forward currency hedges.

At the close of the first-half, the overall hydrological reservoir in Hafslund's catchment area was 96 percent of normal for the time of year, with respect to both water and snow reserves. Based on the current hydrological reserves and a normal weather situation, output in the third quarter 2017 is expected to total 898 GWh, which is around 3 percent lower than normal.

Investments of NOK 89 million were made in the quarter (NOK 62 million). These relate to the new generator at Vamma. The generator is expected to produce more than 1 TWh, of which approximately 800 GWh will replace production from old generators and around 230 GWh will be new renewable energy. At the close of the first half-year, installation work is underway with respect to screens and inlet gates, concrete work in the upper parts of the construction is being completed, and preparations are being made to pour the three meter thick turbine casing. The project is on schedule for completion in time for the spring thaw in 2019. At the close of the first half of 2017, a total of NOK 505 million had been invested in the new generator at Vamma.

At the close of the first half of 2017, the Production business area had capital employed of NOK 4.8 billion (NOK 4.6 billion).

Markets

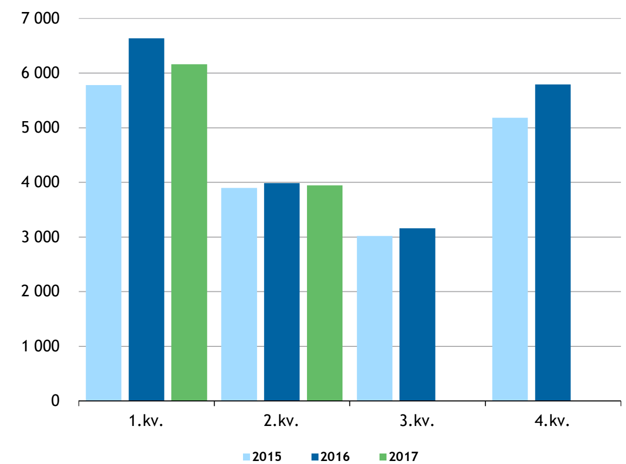
NOK million	Q2 17	Q2 16	YTD 17	YTD 16
Sales revenues	**1 540**	1 368	**3 934**	3 721
Gross contribution	**394**	401	**886**	866
EBITDA	**99**	124	**301**	332
Operating profit	**80**	99	**262**	285
- operating profit power sales	**80**	83	**259**	266
- operating profit support functions, etc.	**(0)**	17	**4**	19
Number of customers ('000)	**1 087**	1 080	**1 087**	1 080
Power sales (GWh)	**3 946**	3 986	**10 107**	10 618

The Markets business area generated sales revenues of NOK 1,540 million in the second quarter 2017, up 13 percent on last year. A moderate increase in the number of customers, as well as slightly higher electricity prices contributed to growth in revenues, despite the fact that the delivered volume was practically unchanged from the same period last year.

A total of 3,946 GWh was sold in the quarter, which is a decrease of 1 percent on last year. At the close of the second quarter, Hafslund had 1,087,000 customers, 389,000 of whom are located outside of Norway. An agreement has been reached on purchasing a customer portfolio in Finland as of 1 July. Markets will have in excess of 1 100 000 customers after completed purchase.

Operating profit of NOK 80 million (NOK 99 million) is a good result in a quarter with a normally low demand for energy. Operating profit of NOK 80 million for power sales business isolated is on a par with last year, slightly lower profits from other activities in the Markets business area negatively affected the result. The result for power sales, which corresponds to an operating profit of around NOK 73 per customer (NOK 76), reflects good electricity margins and slightly higher operating costs than last year. The result includes a NOK 1 million reduction in the value of power derivatives which, in accordance with IFRS rules, must be recognised at fair value. This compares with a NOK 16 million increase in the value of such derivatives last year. Please refer to Note 4 for further details of how the hedging of end-user contracts is accounted for.

Power sales – volume
(GWh)



The Markets business area had capital employed of NOK 2.1 billion at the close of the quarter (NOK 1.5 billion). Capital employed will to a large extent vary in line with changes in working capital during the year, due to fluctuating energy demand and wholesale power prices on Nord Pool Spot.

Other business

NOK million	Q2 17	Q2 16	YTD 17	YTD 16
Shared services	**(18)**	(11)	**(27)**	(24)
Other business	**16**	18	**27**	17
Operating profit/loss for other business	**(2)**	8	**1**	(7)

Other business posted a total operating loss of NOK 2 million, compared with an operating profit of NOK 8 million last year. Other business comprises Bio-El Fredrikstad AS, associates and changes in the value of interest-rate derivatives.

Other matters

Shareholders as at 30 June 2017

('000)	A shares	B shares	Total	Share-holding
City of Oslo	67 525	37 343	104 868	53.73%
Fortum Forvaltning AS	37 853	28 706	66 559	34.10%
Kommunal Landspensjonskasse (KLP)	5 327	4 042	9 370	4.80%
MP Pensjon PK	13	1 979	1 992	1.02%
Bnp Paribas Securities Services	128	821	949	0.49%
Folketrygdfondet	85	784	869	0.45%
Greenwich Land Securities AS	101	335	436	0.22%
JP Morgan Chase Bank	107	310	417	0.21%
New Alternatives Fund, Inc	328	-	328	0.17%
Nordnet Bank AB	68	258	325	0.17%
Total 10 largest	111 535	74 578	186 113	95.35%
Other shareholders	3 893	5 180	9 073	4.65%
Total	115 428	79 758	195 186	100%

Hafslund ASA's market capitalisation on the Oslo Stock Exchange as at 30 June 2017 totalled NOK 21.1 billion, based on a price of NOK 108.00 for A shares and NOK 108.00 for B shares. See also the section entitled "Announced transaction" below. At the end of the second quarter 2017, Hafslund ASA had 5,952 shareholders and owned 263,289 treasury B shares and 1 treasury A share.

Announced transaction

On April 26 it was announced that the City of Oslo and Fortum, which together own shares representing 87.8 percent of Hafslund ASA's capital and 91.3 percent of its votes, notified the company's board of directors that they had reached the following agreement:

- Via a new wholly owned subsidiary, the City of Oslo have made a voluntary offer to purchase all the shares in Hafslund ASA. The offer price for each A and B share is NOK 96.75.
- The City of Oslo and Fortum will accept the offer, and the City of Oslo's wholly owned subsidiary will thereby, regardless of the rate of acceptance among the other shareholders, become the owner of more than 90 percent of the voting rights in Hafslund ASA. There will be a compulsory acquisition of shares held by minority shareholders who do not accept the offer pursuant to § 6-22 of the Securities Trading Act and/or § 4-25 of the Public Limited Liability Companies Act. Shareholders who, within a period of not less than two months, object to the compulsory acquisition offer, which is expected to correspond to the offer price, will have the acquisition offer determined by judicial assessment.
- Hafslund's shares will be removed from listing on the Oslo Børs once the compulsory buyout has been completed.
- Subsequent to the compulsory acquisition, transactions are planned that will result in the following new structure.
    - The Markets business area will be 100 percent owned by Fortum;

- The Heat business area will first purchase Klemetsrudanlegget AS from the City of Oslo and the combined company will be owned by the City of Oslo and Fortum with 50 percent each;
- The Production business area will be owned 90 percent by E-CO Energi (wholly owned by the City of Oslo) and 10 percent by Fortum; and
- The remaining parts of Hafslund ("New Hafslund") with subsidiaries will be continued as a pure grid company, consisting of the current business area Network (Hafslund Nett AS) and associated staff functions. This company will be 100 percent owned by the City of Oslo. Existing debt will be handled by New Hafslund.

The transactions have been approved by Oslo City Council, the Norwegian Competition Authority and other relevant authorities. On 3 July 2017, the City of Oslo submitted a voluntary offer for the acquisition of all the shares in Hafslund ASA at an offer price of NOK 96.75 per share for both A and B shares. The acceptance period for the voluntary offer expires at the close of 28 July 2017 (with the bidder having the option to extend). The transactions are expected to take place in the third quarter 2017.

Hafslund ASA will not hold any further quarterly disclosures following the announcement of the shareholders' report for the second quarter of 2017 as a result of the forthcoming transactions with subsequent delisting of Hafslund ASA from listing at Oslo Børs.

Outlook

Over the past five years, the Hafslund Group's profit after tax has grown steadily from NOK 0.5 billion adjusted for extraordinary write-downs in 2012 to NOK 1.4 billion in 2016. The growth in profits has been driven by substantial improvement efforts and organic and structural growth in all parts of the Group. The number of customers and the volume of energy produced in the Networks, Markets and Heat business areas has grown by 20–26 percent in the period. Moreover, the construction of the new generator at Vamma, whose completion is scheduled to coincide with the spring flooding in 2019, will add a further 230 GWh of hydropower production per year.

240,000 of a total of 700,000 new automatic meters have been installed at customers' premises. Together with a large number of new sensors and an entirely new IT infrastructure, this will give the Oslo, Akershus and Østfold region one of the world's smartest and most advanced power networks. A number of digitalisation initiatives are underway throughout the Group. Customers desire a combination of environment-friendly solutions, they want reliability of supply and effective communication with the energy provider. Digitalisation of the value chain and the customer interface is the key to efficient operation and satisfied customers.

With the City of Oslo's first announced and now submitted voluntary offer to purchase all the shares in Hafslund ASA, the delisting of Hafslund ASA from the Oslo Stock Exchange and subsequent transactions, growth and improvement initiatives will be pursued by the individual companies in new shareholder constellations. Furthermore, the Group's debt will be transferred to New Hafslund and tailored to the grid operation's activities and strategy, with the aim of maintaining a credit profile that will be comparable with today's Hafslund.

The board has placed great emphasis on maintaining supplies to customers, safeguarding the Group's competence and promoting the company's successful development. It has also worked to ensure that all company shareholders are treated equally in the ongoing restructuring of Hafslund. The board of directors has therefore elected not to enter into any partnership agreement with the City of Oslo and Fortum that could raise doubts about the board's independence. It has, however, facilitated for the City of Oslo to submit an offer to shareholders and complete the subsequent transactions.

The board issued a preliminary statement on 20 June, at which time it recommended shareholders not to accept the announced offer of NOK 96.75 per share from the City of Oslo, but to allow the price per share to be determined by judicial assessment. This is because the board's independent assessment indicates a value substantially higher than the offer price of NOK 96.75 per share.

The board has today issued a final statement on the offer presented on 3 July. The board recommends that shareholders not accept the offer of NOK 96.75, but let the price per share be judged by a legal discretion.

Oslo, 10 July 2017

Hafslund ASA

Board of Directors

Hafslund

Consolidated income statement

Q2 16	Q2 17	NOK million	YTD 17	YTD 16
2 779	**3 015**	Sales revenues	**7 373**	7 001
(1 451)	**(1 636)**	Purchases of goods and energy	**(4 332)**	(4 041)
1 328	**1 378**	**Gross contribution**	**3 041**	2 959
82	**2**	Net financial items	**(3)**	79
(211)	**(215)**	Personnel expenses	**(452)**	(453)
(504)	**(512)**	Other operating expenses	**(992)**	(920)
695	**654**	**EBITDA**	**1 595**	1 666
(225)	**(227)**	Amortisation and depreciation	**(452)**	(454)
-	**-**	Write-downs	**-**	-
470	**427**	**Operating profit**	**1 143**	1 212
(73)	**(74)**	Interest expenses etc.	**(151)**	(142)
17	**22**	Change in value of loan portfolio	**41**	26
(56)	**(52)**	**Financial expenses**	**(110)**	(115)
414	**375**	**Profit before tax**	**1 033**	1 096
(141)	**(131)**	Tax expense	**(316)**	(333)
273	**244**	**Profit after tax**	**717**	763
1.4	**1.3**	Earnings per share after tax (NOK) = diluted earnings	**3.7**	3.9

Hafslund

Consolidated statement of other comprehensive income

273	**244**	**Profit after tax**	**717**	763
(37)	**(21)**	Changes in value of hedging contracts, cash flow hedging	**25**	109
-	**(1)**	Credit risk, loans valued at fair value	**(5)**	-
(21)	**10**	Translation differences	**17**	48
9	**4**	Tax	**(6)**	(27)
(49)	**(8)**	**Total items to be reclassified to income statement**	**31**	130
	(63)	Change in pension estimates	**(63)**	304
	15	Tax	**15**	(76)
-	**(48)**	**Total items not to be reclassified to income statement**	**(48)**	228
224	**188**	**Other comprehensive income for the period, allocated to:**	**700**	1 121
223	**188**	Profit attributable to shareholders of Hafslund ASA	**699**	1 121
0	**0**	Profit attributable to non-controlling interests	**1**	1
224	**188**	Other comprehensive income after tax	**700**	1 121

Consolidated balance sheet

NOK million	30.06.17	30.06.16	31.03.17	31.12.16
Intangible assets	**2 873**	2 909	2 907	2 880
Property, plant and equipment	**20 047**	19 404	19 762	19 610
Financial assets	**457**	593	470	542
Receivables and inventories	**2 481**	1 615	2 584	3 135
Cash and cash equivalents	**257**	527	1 281	572
Assets	**26 113**	25 048	27 003	26 740
Equity (controlling interests)	**9 619**	9 093	10 061	9 567
Equity (non-controlling interests)	**4**	3	4	4
Provisions	**3 733**	3 663	3 675	3 553
Non-current interest-bearing debt	**6 999**	7 409	7 353	7 870
Current interest-bearing debt	**3 013**	2 059	2 157	2 193
Current non-interest-bearing debt	**2 746**	2 821	3 753	3 553
Debt **and equity**	**26 113**	25 048	27 003	26 740

Equity reconciliation

NOK million	YTD 17	Year 2016
Equity at start of period	**9 571**	9 013
Effect of implementation of IFRS 9	**(15)**	-
Adjusted equity at start of period	**9 556**	-
Other comprehensive income for the period	**700**	1 143
Change in treasury shares	**-**	-
Dividends	**(634)**	(587)
Change in non-controlling interests	**-**	-
Other equity effects	**1**	2
Equity at close of period	**9 623**	9 571

Hafslund

Consolidated statement of cash flow

NOK million	Q2 17	Q2 16	YTD 17	YTD 16
EBITDA	654	695	1 595	1 666
Interest paid	(83)	(84)	(213)	(228)
Tax paid	(244)	(226)	(471)	(362)
Changes in market value and other liquidity adjustments	(11)	(68)	4	(61)
Change in trade receivables etc.	104	768	664	1 040
Change in working capital credits etc.	(841)	(820)	(370)	(176)
Cash flow from operating activities	(419)	265	1 209	1 879
Investments in operations and expansion	(467)	(314)	(830)	(550)
Net purchase/sale of shares etc.	1	7	1	128
Cash flow from investing activities	(466)	(307)	(829)	(422)
Change in interest-bearing debt and receivables	495	(521)	(62)	(1 068)
Dividends and equity transactions	(634)	(586)	(634)	(586)
Cash flow from financing activities	(139)	(1 107)	(696)	(1 654)
Change in cash and cash equivalents during the period	(1 024)	(1 149)	(315)	(197)
Cash and cash equivalents at start of period	1 281	1 675	572	724
Cash and cash equivalents at close of period	256	527	256	527

Hafslund

Segment reporting

Q2 16	Q2 17	NOK million	YTD 17	YTD 16
1 115	**1 160**	Networks	**2 493**	2 296
126	**149**	Heat	**662**	671
199	**199**	Production	**341**	352
1 368	**1 540**	Markets	**3 934**	3 721
(29)	**(33)**	Other business/eliminations	**(57)**	(39)
2 779	**3 015**	**Total sales revenues**	**7 373**	7 001
11	**23**	Networks	**44**	17
(0)	**-**	Heat	**-**	-
-	**0**	Production	**0**	-
53	**24**	Markets	**48**	102
60	**36**	Other business	**70**	121
123	**83**	**Intersegmental sales**	**162**	240
256	**223**	Networks	**462**	493
(30)	**(12)**	Heat	**204**	220
136	**138**	Production	**213**	221
99	**80**	Markets	**262**	285
8	**(2)**	Other business/eliminations	**1**	(7)
470	**427**	**Total operating profit**	**1 143**	1 212

Notes to the financial statements

1) Framework conditions and key accounting policies

The consolidated financial statements for the second quarter and first half of 2017, closed as at 30 June 2017, have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and encompass Hafslund ASA and its subsidiaries and associates. This interim report, which has not been audited, has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not provide the same scope of information as the annual financial statements and should therefore be viewed in the context of the consolidated financial statements for 2016. The accounting policies and calculation methods applied in interim reporting are the same as those described in Note 2 to the consolidated annual financial statements for 2016, with the exception of IFRS 9 Financial Instruments.

The Group has decided to early-adopt IFRS 9, which replaces IAS 39, and will apply IFRS 9 from 1 January 2017. In accordance with IFRS 9, financial assets are divided into three categories: fair value through profit and loss; fair value through other comprehensive income; and amortised cost. The standard deals with the classification, measurement, recognition and derecognition of financial assets and debt, introduces new rules for hedge accounting and a new impairment model for financial assets. The following areas have been affected by IFRS 9:

- ✓ The standard essentially continues the requirements of IAS 39 for financial liabilities, where the most significant change relates to use of the fair value option for financial liabilities. In accordance with IFRS 9, changes in fair value attributable to changes in inherent credit risk are recognised in other comprehensive income. At the close of the second quarter 2017, this change came to NOK -5 million.
- ✓ On implementation of IFRS 9, Hafslund has opted to classify end-user contracts in Markets at fair value through profit and loss. As of 1 January 2017, the implementation effect of the transition to IFRS 9 of NOK -15 million was recognised as a change in accounting policy in other equity. The fair value of end-user contracts affects the category at fair value through profit and loss as shown in Note 4 below. See also Note 4 for a description of the effect of classifying end-user contracts at fair value at the close of the second quarter 2017.
- ✓ Impairments attributable to credit risk are now recognised based on expected losses rather than under previous models where losses must already have been incurred. The new impairment model has not had any material effect on the Group's figures at the close of the second quarter.
- ✓ Under the new rules for hedge accounting in IFRS 9, recognition will in practice be more closely aligned with the Group's risk management. This will generally make it easier to apply hedge accounting in future, since the standard introduces a more principle-based approach including expanded notes disclosures. The new rules for hedge accounting have not affected the consolidated figures as at 1 January 2017. However, the Group will adopt the new rules in the future.

The Group is also working to implement IFRS 15 Revenues from Contracts with Customers and IFRS 16 Leases. See Note 2 in the Group's 2016 annual report.

2) Networks – income ceiling and income surpluses/shortfalls

Permitted income for the year

Electrical power is distributed via networks, which represent a natural monopoly within the individual network business's geographic area. The Norwegian Water Resources and Energy Directorate (NVE) therefore establishes an income ceiling that represents the maximum income level networks businesses are allowed to charge in network rental, and which is intended to provide a reasonable return on invested capital, and to cover normal operating and maintenance expenses. The regulated income ceiling, plus re-invoicing of expenses from the overhead network (Statnett) are referred to as permitted income and established for the year as a whole.

Actual income for the year

Actual income (tariff income) for a network company comprises the tariffs in effect at any given time, power consumption and actually transmitted energy volumes in the network company's supply area. In accordance with IFRS rules, income is recognised in the Networks business based on actual income for the year, and not permitted income as described above. However, the tariffs, or network rental, are established based on the premise that over time actual income will correspond to the permitted income for the Networks business.

Annual income surpluses and shortfalls

Permitted income will normally deviate from actual income for the year due to the effect of the weather and temperatures on the transmitted volume in the network. If actual income is higher than permitted income, this results in an income surplus; and if it is lower, in an income shortfall. Under IFRSs, income surpluses and income shortfalls are defined as regulated liabilities or assets that do not qualify for balance-sheet recognition. This is justified on the grounds that a contract has not been entered into with a particular customer and therefore the resulting receivable/liability is theoretically contingent on a future delivery.

At the end of 2016, Networks had an accumulated income surplus of NOK 187 million. Given the available forecasts, an accumulated income surplus of around NOK 275 million is expected at the close of 2017. The increase in surplus income is partly due to Hafslund Nett's desire to maintain the network rental charge as stable as possible.

3) Interest-bearing loans and interest and currency derivatives

At the close of the second quarter 2017, the book value of the loan portfolio stood at NOK 10,102 million, NOK 7,091 million of which comprises long-term debt and NOK 3,011 million short-term debt. Changes in the fair value of the loans boosted profits by NOK 22 million in the second quarter. Together, changes in the fair value of interest and currency derivatives boosted profits by NOK 7 million in the second quarter 2017. In the second quarter 2017, Hafslund's credit margins were practically unchanged for short terms and decreased by up to 10 basis points for terms between two and ten years. NIBOR and swap rates fell by up to 10 basis points for all terms. The net effect of the above was that the market interest rate (including Hafslund's credit margins) fell by around 10 basis points for terms of up to two years and by just over 10 basis points for longer terms.

Changes in the fair value of loans are recognised in profit and loss as financial expenses, while any change in the value of interest and currency derivatives is recognised in income as a net financial item in operating profit and loss.

Hafslund has a drawdown facility of NOK 3,600 million with a syndicate of six Nordic banks that matures in 2018. The company has negotiated favourable terms and no financial covenants attach to the loan agreement. The drawdown facility is intended to function as a general liquidity reserve, and was unused as at 30 June 2017. As a result of the impending bid from Oslo minucipality and subsequent reorganisation, Hafslund will terminate its NOK 3,600 million drawdown facility before the reorganization is carried out. Once the reorganization has been completed, New Hafslund will evaluate the requirement for drawdown facilities. In connection with the reorganisation of the Hafslund Group, two drawdown facilities worth a combined NOK 1,800 million and running until December 2017 have been established. NOK 600 million of this amount was unused as at 30 June 2017. In addition, Hafslund has a NOK 200 million overdraft facility with Nordea. This was unused as at 30 June 2017.

Until 31 December 2009, Hafslund's entire loan portfolio was valued at fair value through profit and loss. With effect from 2010, new loans have been valued at amortised cost. At the close of the second quarter 2017, this amounted to NOK 8,303 million.

4) Financial instruments by category, including hedging

The following principles have been applied in the subsequent measurement of financial instruments recognised in the balance sheet:

NOK million	Derivatives used for hedging purposes	Assets at fair value through profit and loss	Receivables at amortised cost	Total
Non-current receivables			156	156
Derivatives	29	74		103
Trade and other receivables			2 200	2 200
Cash and cash equivalents			257	257
Total financial assets as at 30 June 2017	**29**	**74**	**2 613**	**2 716**

NOK million	Derivatives used for hedging purposes	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
Loans		1 799	8 303	10 102
Derivatives		96		96
Trade and other current payables			2 577	2 577
Total financial liabilities as at 30 June 2017		**1 895**	**10 880**	**12 775**

Hafslund classifies its financial instruments in the following categories: financial assets, loans and receivables and financial liabilities. Derivative financial instruments are valued either at fair value through profit and loss or for hedging purposes. Hafslund has four main groups of derivatives: power derivatives, interest and currency derivatives, and forward contracts relating to electricity certificates. Spot contracts used in the purchase of electricity certificates are recognised under cash and cash equivalents in the table above.

Several of the Group's business units are exposed to risk associated with the power market. The inherent exposure to the market primarily derives from the Group's ownership of power and heat production facilities, networks business and power sales to customers. In recent years the power market has been relatively volatile, which has increased the desire for greater predictability in the results posted by the Production and Heat business areas. To reduce the risk associated with future cash flows from the sale of power and heat, a portion of what is considered to represent highly likely sales volumes is price-hedged. Power price fluctuations, together with factors (mainly weather conditions) that affect production volumes, thus materially impact Production and Heat's revenues and earnings. Similarly, some of the Group's activities are exposed to changes in prices of electricity certificates, which impact the Group's income and results. Hafslund hedges some of its hydropower production volume and enters into hedging contracts on an ongoing basis in the Heat business area for the coming 36 months in order to reduce the power price and electricity certificate risk. For accounting purposes, the hedging arrangements are recognised as cash flow hedging under IFRS 9, with changes in the hedging instrument's value being recognised in other comprehensive income and included in the table above as Derivatives used for hedging purposes.

The power sales business hedges the margins on all electricity products offering customers various types of fixed-price schemes or price offers for a fixed period of time. Hedging is carried out by entering into financial power contracts to purchase physical volumes corresponding to the supply obligation to the customers. The Group enters into contract trading to hedge the margins on its customer portfolios. Financial power contracts are recognised at fair value through profit and loss. In the second quarter 2017, a gain of NOK 31 million from changes in the unrealised value of financial power contracts was recognised. The equivalent gain in the same quarter last year was NOK 16 million. Changes in the value of financial power contracts will, to a certain extent, be offset by reciprocal changes in the unrealised value of end-user contracts. In connection with the implementation of IFRS 9, Hafslund has availed itself of the opportunity to assess end-user contracts at fair value to avoid or materially reduce accounting volatility. In the second quarter 2017, changes in the unrealised value of end-user contracts led to recognition of a NOK 32 million loss.

The table below shows financial instruments at fair value by valuation method. The levels are:

1. Listed price in an active market for an identical asset or liability (level 1).
2. Valuation based on observable factors other than listed prices (level 1) either directly (prices) or indirectly (derived from prices) for the asset or liability (level 2).
3. Where it is not practicable to use only a listed price or transaction value, discounted future cash flows and the Group's own estimates are used.

NOK million	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss:				
Power derivatives	24	8		32
Interest rate derivatives		24		24
Foreign exchange derivatives		18		18
Total assets	**24**	**50**		**74**
Financial liabilities at fair value through profit and loss:				
Loans		1 799		1 799
Electricity certificate derivatives	72			72
Power derivatives		24		24
Foreign exchange derivatives				
Total liabilities	**72**	**1 823**		**1 895**

5) Pension costs, liabilities and assets

Hafslund has obtained updated actuarial calculations as at 30 June 2017. According to updated actuarial calculations, the covered bond rate, as well as the expected return on investment, have been reduced by 0.1 percentage points compared with the calculation as at 31 December 2016. Overall, this results in a NOK 42 million increase in net pension liabilities. The change has had an impact on other comprehensive income corresponding to NOK 48 million after tax for the first half of 2017.

6) Operating assets

A total of NOK 466 million was invested in operating assets during the second quarter and NOK 834 million in the first half of 2017. All the investments relate to investments in day-to-day operations or expansion.

7) Related party transactions

Hafslund enters into purchase and sales transactions with related parties as part of normal business operations. In 2017 Hafslund has bought from and sold goods and services to the City of Oslo, which owns 53.7 percent of the shares in Hafslund ASA. Examples of sales to the City of Oslo include power sales. Examples of purchases from the City of Oslo include waste heat from the Norwegian Waste-to-Energy Agency (EGE). All transactions between the parties are conducted in accordance with the arm's length principle.

The table below shows transactions with related parties:

NOK million	Sales of goods and services	Purchases of goods and services	Purchases recognised as investments	Trade receivables	Trade payables
Q2 2017					
City of Oslo	36	28			
YTD					
City of Oslo	90	30			6

Declaration from the board and CEO

The board of directors and the CEO have today reviewed and approved the interim report and associated condensed consolidated financial statements for Hafslund ASA for the first six months of 2017 and as at 30 June 2017.

These interim financial statements have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting, as approved by the EU, and additional disclosures pursuant to the Norwegian Securities Trading Act.

To the best knowledge of the board and CEO, the financial statements for the first half of 2017 have been prepared in accordance with applicable accounting standards and the information contained therein provides a true and fair view of the Group's assets, liabilities, financial position and results as a whole as at 30 June 2017. To the best knowledge of the board and CEO, these interim financial statements provide a true and fair view of important events in the accounting period and their importance for these interim financial statements. To the best knowledge of the board and CEO, the description of the key risk and uncertainty factors facing the business in the next accounting period, and the description of imminent material transactions, also provide a true and fair view.

Oslo, 10 July 2017

Birger Magnus (Chair)	Odd Håkon Hoelsæter	Katrine Morud Klaveness
Petra Maria Lundström	Ellen Christine Christiansen	Per Orfjell
Per Luneborg	Jane Koppang	Finn Bjørn Ruyter (CEO)

Historical quarterly information for the Group

▶ Consolidated income statement

NOK million	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
Sales revenues	3 015	4 359	4 207	2 580	2 779	4 222	3 360	2 158	2 610
Purchases of goods and energy	(1 636)	(2 696)	(2 644)	(1 268)	(1 451)	(2 590)	(1 823)	(836)	(1 295)
Gross contribution	1 378	1 663	1 563	1 312	1 328	1 632	1 538	1 322	1 315
Net financial items	2	(5)	62	28	82	(2)	34	19	49
Personnel expenses	(215)	(238)	(289)	(180)	(211)	(242)	(259)	(221)	(249)
Other operating expenses	(512)	(480)	(517)	(501)	(504)	(416)	(516)	(457)	(430)
EBITDA	654	940	818	659	695	971	796	663	684
Depreciation, amortisation and impairment losses	(227)	(224)	(262)	(234)	(225)	(229)	(275)	(236)	(232)
Operating profit	427	716	557	425	470	742	522	427	452
Interest expenses etc.	(74)	(77)	(90)	(72)	(73)	(69)	(125)	(123)	(81)
Change in value of loan portfolio	22	19	30	30	17	10	33	44	33
Financial expenses	(52)	(58)	(60)	(42)	(56)	(59)	(92)	(79)	(49)
Profit before tax and divested operations	375	658	497	383	414	683	429	348	403
Tax expense	(131)	(185)	(113)	(127)	(141)	(192)	(18)	(111)	(124)
Net profit for the period	244	473	383	255	273	491	411	237	279
Profit/loss attributable to controlling interests	244	473	383	255	272	491	410	236	279
Profit/loss attributable to non-controlling interests	0	0	0	0	0	0	1	0	(0)
Earnings per share (NOK)	1.25	2.42	1.96	1.31	1.40	2.52	2.11	1.21	1.43

Consolidated balance sheet

NOK million	30.06.17	31.03.17	31.12.16	30.09.16	30.06.16	31.03.16	31.12.15	30.09.15	30.06.15
Intangible assets	2 873	2 907	2 880	2 890	2 909	2 923	2 933	2 966	2 956
Property, plant and equipment	20 047	19 762	19 610	19 297	19 404	19 310	19 302	19 133	19 074
Financial assets	457	470	542	459	593	761	841	1 164	1 046
Receivables and inventories	2 481	2 584	3 135	1 875	1 615	2 420	2 752	1 727	1 866
Cash and cash equivalents	257	1 281	572	421	527	1 676	724	337	265
Assets	26 113	27 003	26 740	24 941	25 048	27 090	26 552	25 328	25 207
Equity (controlling interests)	9 619	10 061	9 567	9 288	9 093	9 448	9 009	8 372	8 139
Equity (non-controlling interests)	4	4	4	4	3	4	4	16	15
Provisions	3 733	3 675	3 553	3 679	3 663	3 613	3 528	4 043	4 018
Non-current interest-bearing liabilities	6 999	7 353	7 870	7 719	7 409	8 332	8 330	8 136	8 485
Current interest-bearing liabilities	3 013	2 157	2 193	1 794	2 059	1 653	2 156	1 989	1 723
Current non-interest-bearing liabilities	2 746	3 753	3 553	2 458	2 821	4 040	3 526	2 772	2 827
Liabilities and equity	26 113	27 003	26 740	24 941	25 048	27 090	26 552	25 328	25 207

Hafslund

Consolidated statement of cash flow

NOK million	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
EBITDA	654	940	818	659	695	971	796	663	684
Interest paid	(83)	(130)	(73)	(49)	(84)	(144)	(88)	(53)	(105)
Tax paid	(244)	(227)	(18)	0	(226)	(136)	(87)	(29)	(123)
Changes in value and other liquidity adjustments	(11)	14	(33)	(38)	(68)	7	20	(40)	(18)
Change in trade receivables etc.	104	560	(1 296)	(269)	768	272	(1 017)	65	519
Change in working capital credits etc.	(841)	471	741	(281)	(820)	644	500	(204)	(808)
Cash flow from operating activities	(419)	1 629	140	22	265	1 614	124	402	148
Investments in operations and expansion	(467)	(363)	(571)	(392)	(314)	(236)	(510)	(296)	(271)
Net purchase/sale of shares etc.	1		(7)	266	7	121	350	12	0
Cash flow from investing activities	(466)	(363)	(578)	(126)	(307)	(115)	(159)	(284)	(271)
Change in interest-bearing liabilities and receivables	495	(557)	588	(2)	(521)	(547)	423	(46)	(185)
Dividends and equity transactions	(634)	0	0	0	(586)	0	0	0	(487)
Cash flow from financing activities	(139)	(557)	588	(2)	(1 107)	(547)	423	(46)	(672)
Change in cash and cash equivalents during the period	(1 024)	709	150	(106)	(1 149)	952	387	72	(795)
Cash and cash equivalents at start of period	1 281	572	421	527	1 675	724	337	265	1 060
Cash and cash equivalents at close of period	256	1 281	572	421	527	1 675	724	337	265

Hafslund

Segment information

NOK million	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15
Networks	1 160	1 334	1 357	1 103	1 115	1 182	1 218	1 019	1 053
Heat	149	513	414	67	126	545	331	76	131
Production	199	143	153	167	199	152	151	176	176
Markets	1 540	2 394	2 308	1 273	1 368	2 353	1 704	887	1 247
Other business/eliminations	(33)	(25)	(26)	(30)	(29)	(11)	(43)	(0)	3
Total sales revenues	3 015	4 359	4 207	2 580	2 779	4 222	3 360	2 158	2 610
Networks	381	394	459	411	400	384	403	350	332
Heat	23	252	159	(12)	5	285	157	6	19
Production	150	86	107	113	147	95	91	119	117
Markets	99	202	122	131	124	208	92	145	137
Other business/eliminations	2	7	(29)	16	20	(2)	53	43	80
Total EBITDA	654	940	818	659	695	971	796	663	684
Networks	223	239	308	255	256	236	222	201	212
Heat	(12)	217	121	(50)	(30)	250	112	(30)	(17)
Production	138	75	95	101	136	84	81	107	105
Markets	80	183	102	111	99	186	69	125	116
Other business/eliminations	(2)	3	(70)	8	8	(14)	37	23	35
Total operating profit	427	716	557	425	470	742	522	427	452

Definitions

Return on equity	Profit/loss for the last 12 months / Average 12-month equity incl. non-controlling interests
Return on capital employed	Operating profit/loss for the last 12 months / (Average capital employed)
Capital employed	Equity + Net interest-bearing debt + Net tax positions
Equity ratio	Equity / Total capital
Net interest-bearing debt	Interest-bearing debt – Interest-bearing receivables and cash equivalents
Earnings per share	Profit after tax / Average number of outstanding shares
Debt / EBITDA	Net interest-bearing debt / EBITDA for the last 12 months
Cash flow per share	Cash flow from operations / Average number of outstanding shares
Hedging ratio – Production	Hedged portion of estimated production portfolio
Hedging ratio – Heat	Hedged portion of estimated net power price exposure on sales reduced by use of electricity and 1/3 of heat pumps

Financial calendar

1. Fourth Quarter 2016 Report and provisional annual result – 9 February 2017
2. First Quarter 2017 Report – 3 May 2017
3. Annual General Meeting – 3 May 2017
4. Second Quarter 2017 Report – 11 July 2017

Investor information

1. Information is displayed on Hafslund's website:
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