



QUARTERLY REPORT
Q1 - 2013

Q1 2013 HIGHLIGHTS

- The Group's operating revenues in the first quarter of 2013 amounted to NOK 3 111 million, compared with NOK 2 950 million in the year-earlier period¹.
- Operating profit in the first quarter was NOK 682 million (Q1 2012: NOK 686 million), while pre-tax profit amounted to NOK 568 (660) million. Adjusted for unrealised gains and losses, the Group's operating profit was NOK 682 (518) million, and it made a pre-tax profit of NOK 604 (463) million.
- Agder Energi's operations expose it to risk from changes in electricity prices, electricity generation levels, exchange rates and interest rates. In order to hedge and manage cash flows in these areas, the Group uses hedging instruments. Unrealised gains and losses are measured through profit and loss. Unrealised gains and losses on electricity, currency and interest rate contracts can have a big impact on reported profits. In the first quarter, gains and losses reduced pre-tax profit by NOK 36 million, compared with a net gain of NOK 197 million in the year-earlier period.
- 2 712 GWh (2 528 GWh) of hydro-electric power was generated in the quarter, an increase of 7%.
- The average spot price (in the NO2 region) was 31.1 øre/kWh (27.4 øre/kWh), up 14% from the same period last year.
- The Group's tax expense was NOK 290 (278) million, which meant that its effective tax rate was 51.1% (42.0%). Profit after tax amounted to NOK 278 million (NOK 389 million). Adjusted for unrealised gains and losses and discontinued operations, profit after tax for the first quarter was NOK 304 (241) million.
- In April, Agder Energi transferred all of its shares in Dalane Vind AS to Dalane Energi. In return, it received shares in Bjerkreim Vind AS. This increased Agder Energi's ownership interest in Bjerkreim Vind from 50% to 59.25%.
- During the first quarter, LOS signed an agreement to supply electricity to OBOS. The agreement gives LOS total responsibility for consultancy, portfolio management and the physical supply of around 340 GWh per year.
- In the first quarter, Agder Energi had a net income in accordance with Norwegian generally accepted accounting principles (NGAAP), of NOK 358 million. The corresponding figure for the first quarter 2012 was NOK 246 million.

Key figures

		Q1 2013	Q1 2012	Q1 2011	Full-year 2012
Operating revenues	NOK millions	3 111	2 950	3 195	8 946
EBITDA	NOK millions	797	800	584	2 283
Adjusted EBITDA ¹⁾	NOK millions	797	630	614	1 957
Operating profit/loss	NOK millions	682	686	476	1 818
Profit/loss before tax	NOK millions	568	660	450	1 581
Profit/loss after tax	NOK millions	278	389	187	1 045
Cash flow from operating activities	NOK millions	381	213	812	970
Purchase of property, plant, equipment and intangible assets	NOK millions	200	151	120	956
Capital employed ²⁾	NOK millions	11 385	10 608	10 347	11 312
Operating margin	%	21,9	23,3	14,9	20,3
Return on capital employed ³⁾	%	16,4	26,1	12,6	17,5
Equity ratio	%	27,7	24,6	23,2	26,1
Net interest-bearing liabilities/Trailing 12-month adjusted EBITDA ⁴⁾		3,3	3,5	3,1	3,7

1) Adjusted EBITDA is corrected for unrealised gains and losses on energy contracts.

2) At the end of the reporting period.

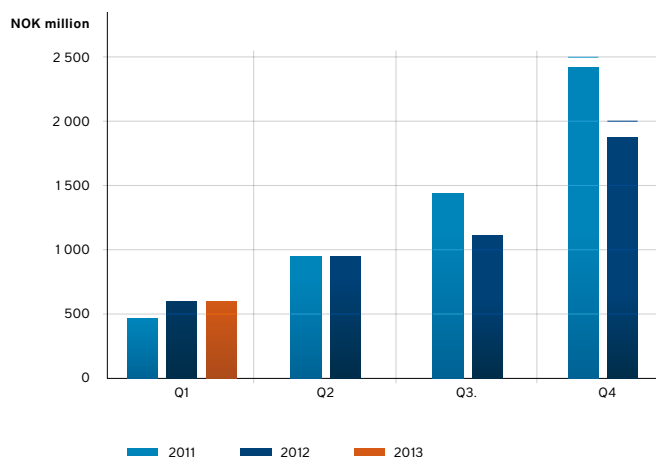
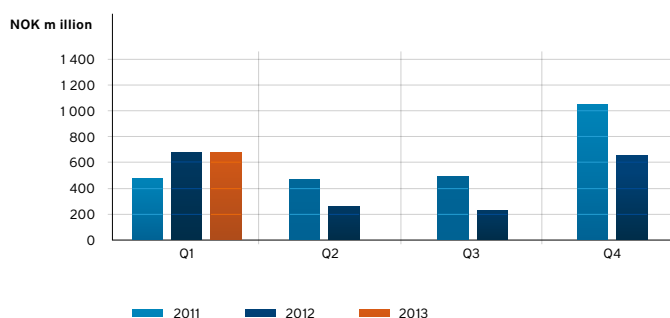
3) Before tax, based on profit/loss and capital employed for the past four quarters.

4) The rolling 12-month adjusted EBITDA is the adjusted EBITDA for the past four quarters.

1) Agder Energi's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The same accounting principles and calculation methods have been applied as for the annual financial statements for 2012, except when calculating the expected return on pension plan assets. The change is described in greater detail under the section on cash flows and capital adequacy. The accounts have not been audited. The financial statements of the parent company and subsidiaries adhere to Norwegian generally accepted accounting principles (NGAAP), and the business areas are presented in accordance with NGAAP in the interim report.

Operating profits for the quarter

Accumulated operating profit



The Hydroelectric Power and Energy Management business areas

The combined turnover of these business areas was NOK 1 145 (1 055) million, while their operating profit was NOK 609 (529) million. Pre-tax profit amounted to NOK 624 (546) million.

2 712 GWh (2 528 GWh) of hydroelectric power was generated, an increase of 7%. During the quarter, the average price in the NO2 region was 31.1 øre/kWh (27.4 øre/kWh), up 14% from the same period last year.

The NOK 80 million increase in operating profit was due to higher hydroelectric generation, higher spot prices and good scheduling. The contributions from the Group's hedging activities were lower than in the year-earlier period.

The tax expense was NOK 305 (245) million, which meant that the effective tax rate was 48.8% (44.8%). The main explanation for the increase was a rise in resource rent tax payable, while estimated

deferred resource rent tax was also higher. Resource rent tax payable rose due to higher spot prices for electricity and the increase in power generation. Profit after tax amounted to NOK 319 (302) million.

There was little precipitation in the first quarter, and at the end of the quarter hydrological resources (water and snow) were lower than normal.

NOK 110 (43) million was invested in property, plant and equipment in the first quarter, of which NOK 77 (11) million related to investments in new projects. The new Skarg power station (Brokke Nord/Sør) in Setesdal is the main reason for the increase in investment.

The Network business area

This business area, which consists of the company Agder Energi Nett, had NOK 394 (289) million of operating revenues in the first quarter. Operating profit was NOK 140 (30) million. Operating profit

rose thanks to a higher income cap. The income cap rose as a result of both permanent changes and one-off changes that only apply to 2013. The Norwegian Water Resources and Energy Directorate (NVE) has introduced a new model for calculating return on capital, which is a permanent change. Compensation for expenses caused by bad weather and actuarial losses in 2011, on the other hand, represent a one-off gain in 2013. The same applies to extraordinary compensation provided through the income cap for the high expenses experienced by all grid operators in 2011.

NOK 75 (82) million was invested in the first quarter, of which NOK 28 (31) million related to investments in new projects.

The Market business area

This business area, which consists of LOS, Otera and Agder Energi Varme, achieved turnover of NOK 1 661 (1 498) million in the first quarter. Operating profit was NOK 22 (21) million,

LOS's turnover in the first quarter was NOK 1 324, compared with NOK 1 118 million in the year-earlier period. The company made an operating profit of NOK 20 (21) million. In total, LOS supplied 3.3 TWh (3.0 TWh) in the first three months of the year. The company maintained its high share of the domestic market in the Agder region.

Otera's turnover in the first quarter was NOK 301 (349) million, and it made an operating loss of NOK 9 (10) million. The company's business is seasonal, with the first quarter normally being weakest. Otera's order book at the end of the quarter was satisfactory.

Agder Energi Varme's turnover was NOK 36 (32) million, while its operating profit was NOK 10 (9) million. The amount of energy supplied during the quarter rose by 15 GWh to 60 GWh (45 GWh). The main reason for the increase was the cold weather in the first quarter, but growth in the company's customer base also helped. Lower contributions from hedging activities meant that achieved prices were slightly lower than in the same period last year.

NOK 16 (15) million was invested during the quarter.

Cash flows and capital adequacy.

Cash flow from operating activities came to NOK 381 (213) million in the first quarter, representing a 79% increase over the equivalent period last year. This can in part be explained by higher EBITDA adjusted for unrealised gains and losses, combined with a reduction in trade receivables. Other accruals made a negative contribution. Investment in the first quarter amounted to NOK 218

(177) million. Net cash used in investing activities totalled NOK 214 (14) million. The investments in property, plant and equipment were in the Hydroelectric Power and Network business areas, as well as at Agder Energi Varme.

Net finance costs came to NOK 114 (26) million in the first quarter of 2013. The interest expense on the Group's debt portfolio amounted to NOK 74 (77) million. The Group realised a NOK 3 (42) million gain on currency contracts, whereas it made an unrealised loss of NOK 36 million on interest rate swaps and currency contracts (gain of NOK 28 million). The Group's share of losses of associates amounted to NOK 9 (5) million.

Average interest-bearing liabilities were NOK 6 960 (6 800) million, and the average interest rate on the debt portfolio was 4.2% (4.6%). The Group had a liquidity buffer of NOK 1 440 (1 660) million at the close of the year, consisting of unused credit facilities and unrestricted liquid assets.

In the first quarter of 2013, Agder Energi implemented the revisions to the rules on pensions contained in IAS 19 Employee benefits. The most important change from Agder Energi's point of view is that the return on pension plan assets for accounting purposes is now based on the discount rate used to calculate the present value of pension liabilities. Previously the expected return on the pension plan assets was used. The amendment must be applied retrospectively, so comparative figures have been adjusted accordingly. For the first quarter of 2012, this increased wage costs by NOK 9 million, and reduced the tax expense by NOK 2 million. The equiva-

lent full-year figures for 2012 are NOK 34 million and NOK 10 million respectively.

Operations and working environment

At the end of the first quarter the Group had 1 501 (1 601) full-time and temporary employees, representing 1 472 (1 558) full-time equivalents.

The sickness absence rate for the quarter was 4.0% (4.7%), and 9 (10) occupational accidents resulting in injury were recorded. The incidents occurred at Otera (8) and Agder Energi Vannkraft (1). Of the accidents, 6 (6) resulted in total lost time of 62 (114) days. The accident figures are equivalent to a lost time injury frequency (number of LTIs per million work hours) of 9.4 (8.7), a total injury frequency (number of injuries, whether or not they resulted in lost time, per million work hours) of 14.1 (14.5) and an injury severity rate (number of days lost per million work hours) of 97.4 (154.9).

Outlook

We expect our grid operating company to achieve significantly higher profit in 2013 than in 2012. The reason for this is NVE's new model for return on capital invested. In addition, in 2013 grid operators will receive a one-off compensation for expenses incurred in 2011.

Precipitation levels were low in the first quarter, and at the end of the quarter the Group's hydrological resources (water and snow) were below normal. Assuming normal precipitation levels for the rest of the year, we expect to generate a somewhat reduced amount of hydroelectric power in 2013 compared to last year.

Kristiansand, 2 May 2013
The Board of Directors of Agder Energi AS

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK millions)	Q1		Full-year
	2013	2012	2012
Energy sales	2 395	2 116	5 625
Transmission revenues	330	264	1 079
Other operating revenues	385	401	1 916
Unrealised gains and losses on energy contracts	1	169	326
Total operating revenues	3 111	2 950	8 946
Energy purchases	-1 592	-1 376	-3 367
Transmission expenses	-37	-46	-192
Other raw materials and consumables used	-202	-22	-1 114
Employee benefits	-270	-257	-1 015
Depreciation and impairment losses	-115	-113	-465
Property taxes and licence fees	-52	-50	-194
Other operating expenses	-161	-197	-781
Total operating expenses	-2 429	-2 264	-7 128
Operating profit/loss	682	686	1 818
Share of profit/loss of associates and jointly controlled entities	-9	-5	-31
Financial income	8	29	145
Unrealised gains and losses on currency and interest rate contracts	-36	28	-25
Financial expenses	-77	-78	-326
Net financial expenses	-114	-26	-237
Financial profit/loss before tax	568	660	1 581
Income tax	-160	-186	-451
Resource rent tax	-130	-92	-230
Tax expense	-290	-278	-681
Profit after tax from continuing operations	278	382	900
Profit after tax from discontinued operations	0	7	145
Profit after tax	278	389	1 045
Of which attributable to non-controlling interests	-3	-1	8
Of which attributable to controlling interest	281	390	1 037
Earnings per share/Earnings per share, diluted (NOK)	104	144	384
OTHER COMPREHENSIVE INCOME			
Profit after tax	278	389	1 045
Actuarial gains and losses on pensions	0	9	531
Cash flow hedges	-14	15	-1
Tax impact of actuarial gains/losses and cash flow hedges	4	-6	-149
Comprehensive income	268	407	1 426
Of which attributable to non-controlling interests	-3	-1	8
Of which attributable to controlling interest	271	408	1 418

STATEMENT OF FINANCIAL POSITION

(Amounts in NOK millions)	31.03.13	31.03.12	2012
Deferred tax assets	400	438	411
Intangible assets	229	223	232
Property, plant and equipment	11 708	11 178	11 655
Investments in associates and jointly controlled entities	188	210	197
Other non-current financial assets	470	412	456
Total non-current assets	12 995	12 461	12 951
Inventories	34	34	35
Receivables	1 967	1 413	1 934
Derivatives	664	587	645
Cash and cash equivalents	67	179	89
Total current assets	2 732	2 213	2 703
Assets of discontinued operations	0	331	0
TOTAL ASSETS	15 727	15 005	15 654
Paid-in capital	1 907	1 907	1 907
Retained earnings	2 397	1 755	2 123
Non-controlling interests	52	36	60
Total equity	4 356	3 698	4 090
Deferred tax	665	616	705
Provisions	1 337	1 873	1 366
Interest-bearing non-current liabilities	5 093	5 211	4 796
Total non-current liabilities	7 095	7 700	6 867
Interest-bearing current liabilities	1 936	1 699	2 426
Tax payable	647	572	663
Derivatives	262	243	240
Other non-interest-bearing current liabilities	1 431	1 016	1 368
Total current liabilities	4 276	3 530	4 697
Liabilities of discontinued operations	0	77	0
TOTAL EQUITY AND LIABILITIES	15 727	15 005	15 654

STATEMENT OF CASH FLOWS

(Amounts in NOK millions)	Q1		Full-year
	2013	2012	2012
Cash flow from operating activities			
Profit/loss before tax (continuing operations)	568	660	1 581
Profit/loss before tax (discontinued operations)	0	7	160
Depreciation and impairment losses	115	113	476
Unrealised gains and losses on energy, currency and interest rate contracts	35	-197	-300
Share of profit/loss of associates and jointly controlled entities	9	5	31
Loss/gain on disposal of discontinued operations	2	0	-120
Tax paid	-325	-323	-653
Change in trade receivables	414	277	-191
Change in trade payables	-88	-140	-1
Change in net working capital, etc.	-349	-189	-13
Net cash provided by operating activities	381	213	970
Investing activities			
Purchase of property, plant, equipment and intangible assets	-200	-151	-956
Purchase of businesses/financial assets	-9	0	-60
Net change in loans	-9	-26	-44
Sale of property, plant, equipment and intangible assets	0	1	47
Sale of businesses/financial assets	8	162	504
Net cash used in investing activities	-210	-14	-509
Financing activities			
New long-term borrowings	475	0	1 347
Repayment of long-term borrowings	-107	-55	-1 380
Net change in current liabilities	-561	-64	212
Dividends paid	0	-3	-653
Net cash used in financing activities	-193	-122	-474
Net change in cash and cash equivalents	-22	77	-13
Cash and cash equivalents at start of period	89	102	102
Cash and cash equivalents at end of period	67	179	89

STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK millions)	Paid-in capital	Cash flow hedges	Retained earnings	Total for controlling interest	Non-controlling interests	Total equity
Equity at 01/01/2012	1 907	28	1 319	3 254	42	3 296
Profit/loss for the year	0	0	1 037	1 037	8	1 045
Actuarial gains and losses on pensions	0	0	382	382	0	382
Movements on hedging instruments	0	-1	0	-1	0	-1
Dividends paid	0	0	-650	-650	-3	-653
Changes due to acquisitions, disposals, etc.	0	0	8	8	13	21
Equity at 31/12/2012	1 907	27	2 096	4 030	60	4 090
Equity at 01/01/2013	1 907	27	2 096	4 030	60	4 090
Profit/loss for the year	0	0	281	281	-3	278
Movements on hedging instruments	0	-10	0	-10	0	-10
Changes due to acquisitions, disposals, etc.	0	0	3	3	-5	-2
Equity at 31/03/13	1 907	17	2 380	4 304	52	4 356

BUSINESS AREAS

PROFIT/LOSS AFTER TAX (NGAAP)

(Amounts in NOK millions)	Q1		
	2013	2012	2012
Hydroelectric power and energy management	319	302	781
Network	85	6	32
Market	8	10	-6
Parent company/other/eliminations	-57	-73	-100
Consolidated profit/loss after tax (NGAAP)	356	244	708
Of which attributable to non-controlling interests	-3	-1	8
Of which attributable to controlling interest	358	246	700

OPERATING PROFIT/LOSS (NGAAP)

(Amounts in NOK millions)	Q1		
	2013	2012	2012
Hydroelectric power and energy management	609	529	1 367
Network	140	30	128
Market	22	21	21
Parent company/other/eliminations	-42	-45	8
Consolidated operating profit/loss (NGAAP)	729	534	1 524

RECONCILIATION WITH GROUP'S REPORTED OPERATING PROFIT/LOSS

(Amounts in NOK millions)	Q1		
	2013	2012	2012
Operating profit/loss (NGAAP)	729	534	1 524
Adjustment for differences arising from:			
Energy sales	-16	-10	-16
Surplus/shortfall in transmission revenues	-36	-1	126
Goodwill amortisation	5	6	24
Discontinued operations ¹⁾	0	-4	-162
Other	0	-9	-5
Operating profit/loss (adjusted IFRS)	682	518	1 492
Unrealised gains and losses on energy contracts	1	169	326
Operating profit/loss under IFRS	682	686	1 818

1) Comprises gains on the sale of businesses and the operating profit/loss of businesses in the process of being sold until they are finally disposed of. Under IFRS, discontinued operations are presented on a separate line and are therefore not included in the operating profit/loss.

Agder Energi
P.O.Box 603 Lundsiden, 4606 Kristiansand
Visiting address (head office): Kjøita 18, 4630 Kristiansand
Tel. no.: +47 38 60 70 00
Organisation number: NO 981 952 324