Agenda

- Company overview
- Strategy and investments
- Financial info
- Funding and liquidity
Our vision

A leading Norwegian renewable energy group
Facts about Agder Energi

- Vertically integrated energy group, 1200 employees, sales ca. 8 bn. kr.

- Fourth largest energy producer, mean production 7.9 TWh, 48 power stations.

- Fourth largest network company, 190,000 customers.

- Ca. 9 TWh enduser sales, largest in corporate segment.

- 45.5 % owned by Statkraft and 54.5 % Agder municipalities.
High production flexibility

63 % of annual mean inflow may be stored in reservoirs.
Network consolidated in Agder

- Agder Energi Nett owns and operates the local and regional distribution networks in Aust- and Vest-Agder.
- Stable and considerable cash flow.
- Network capital 3 691 mill. kr.
Key credit factors

- Strong market position
  - Competitive low cost and flexible producer of hydro power.
  - Monopoly on regional and local distribution network in the Agder counties.

- Strong cash flow
  - High level of el-price hedge next 3-5 years.
  - Stable and considerable cash flow contribution from monopoly business.

- Investment flexibility
  - Optionality in existing project portfolio.

- Strong and stable ownership structure
  - 30 coordinated municipalities and Statkraft, which is 100% state owned (AAA).
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Core business activities

Hydro Power
Build and operate hydro power stations

Energy Management
Energy management and trading
Value creation of the portfolio

Network
Build and operate distribution network

Market
LOS – enduser sales
Otera – infrastructure contractor
Varme – district heating and cooling
Investments 2015-2019

- More than 95% hydro power and network.
- Network investments include AMS and transformer Honna, which will be transferred to Statnett in 2018.
- Options on wind and hydro power.
- Committed and gvt. imposed 650 million kr on annual average in the 5 year period.

**Largest projects**

<table>
<thead>
<tr>
<th>Largest projects</th>
<th>AM</th>
<th>AMS</th>
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</thead>
<tbody>
<tr>
<td>Network</td>
<td></td>
<td>Skjerka dam and generator</td>
</tr>
<tr>
<td>Hydro power</td>
<td></td>
<td>Iveland II</td>
</tr>
<tr>
<td>Hydro power</td>
<td></td>
<td>Tunnel Langevann-Nåvann</td>
</tr>
</tbody>
</table>

- Hydro power
- Network
- Other
Expansion phase 600 GWh toward 2020

Main projects:
Brokke North and South, Skarg power station 175 GWh. Completed Q2 2014.


Iveland II 150 GWh. Initiated, completion Q2 2016.
Focus on profit improvement

- Organization – a more transparent group structure.
- Focus on core business, several companies sold.
- Efficiency, reduction of staff.
- Ever improving work processes.
- Focus on realization of benefits and gains.
- Ensure increased pace and ability to continuing restructuring.
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Highlights 2014

- Robust profit from operations.
  - 2 467 mill. kr (2 289 mill. kr) underlying EBITDA.
- New hydro power contracts – 1.5 TWh pr. year 2021-2030.
- Otera Elektro sold to Bravida.
- High investment activity 1 200 mill.kr (1 364 mill. kr).
- Low sickness absence and historic low number on accidents.
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>8 267</td>
<td>9 391</td>
<td>8 946</td>
<td>10 684</td>
<td>9 345</td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>2 467</td>
<td>2 304</td>
<td>1 957</td>
<td>1 924</td>
<td>2 260</td>
</tr>
<tr>
<td>Net income after taxes</td>
<td>492</td>
<td>846</td>
<td>1 045</td>
<td>1 161</td>
<td>751</td>
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</thead>
<tbody>
<tr>
<td>Equity ratio</td>
<td>22.9 %</td>
<td>26.1 %</td>
<td>25.6 %</td>
<td>21.9 %</td>
<td>20.9 %</td>
</tr>
<tr>
<td>Interest bearing debt</td>
<td>8 299</td>
<td>7 668</td>
<td>7 223</td>
<td>7 028</td>
<td>7 621</td>
</tr>
</tbody>
</table>

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<tbody>
<tr>
<td>FFO/Net debt*</td>
<td>25.1 %</td>
<td>21.8 %</td>
<td>20.0 %</td>
<td>19.8 %</td>
<td>23.4 %</td>
</tr>
</tbody>
</table>

* FFO unadjusted, adjustments are made in rating process. Interest bearing debt on 4 quarter rolling basis.
Development in production

- 2010: 6,586 GWh
- 2011: 6,550 GWh
- 2012: 8,134 GWh
- 2013: 7,738 GWh
- 2014: 9,060 GWh

GWh
Agder Energis reservoir levels were considerably higher than average at the end of 2014.
Average spot price (NO2) 22.8 øre/KWh in 2014, down 22% from 2013.
Forward prices point to lower prices in 2015 than average spot price in 2014.
- Strong cash flow and underlying EBITDA.
- Gross investments 1 200 mill. kr.
- 90% of investments in durable assets in hydro power and network.
Development underlying EBITDA

Adjusted for unrealized value changes in power derivatives and significant non-recurring items.
Adjusted for unrealized value changes in power derivatives and significant non-recurring items.
EBITDA pr. profit center²

Distribution 2014 (mill. kr)

Hydro power | Network | Market
---|---|---
359 | 203 | 1 920

Development

Hydro power | Network | Market
---|---|---
0 | 500 | 1 000 | 1 500 | 2 000 | 2 500

²Profit centers are reported according to NGAAP.
Investment pr. profit center

Distribution 2014 (mill. kr)

- Hydro power
- Network
- Market

Profits centers are reported according to NGAAP.
Current dividend policy

- Revised down to 400 mill. kr plus 60 % of excess profit.
- Based on group income to majority according to NGAAP.
- Policy is rule of thumb, qualitative assessment annually.
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Robust funding structure

Funding sources

Backstop 2 x 500 mill. kr unutilized.

Maturity structure
Financial strength and rating

Net interest bearing debt 7 935 mill. kr (7 390 mill. kr in 2013)
FFO 1 992 mill. kr (1 611 mill. kr in 2013)

3 Unadjusted, adjustments are made in shadow rating. Interest bearing debt on 4 quarter rolling basis.
Funding overview

- Funding is done at parent company level.

- Flexibility by diversified funding sources and sufficient back stop facilities.

- Funding need is decided by cash flow from operations and investment activities and dividend.

- Maturity 500 mill. kr rest 2015.

- Possible funding sources: Domestic bond and CP market, banks, private placement markets, etc.