



Hafslund E-CO

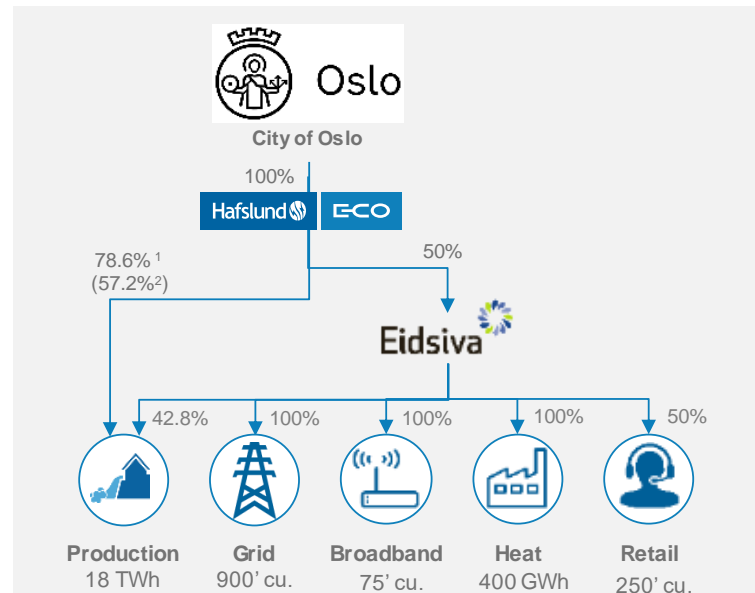
Investor presentation
May 2020

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New Hafslund E-CO at a glance

- The City of Oslo (capital of Norway, Aaa/AAA rated) will continue its long term 100% ownership of Hafslund E-CO.
- Second largest hydro power producer in Norway with 18 TWh¹ – operating 21 TWh, approx. 17% of Norway’s annual production.
- Regulated business through ownership in Norway’s largest power grid company, Eidsiva Energi:
 - Regulated asset base of approx. NOK 17 billion (USD 1.67 billion²).
 - 900,000 grid customers.
 - Diversified operations in broadband, heat and retail power sales.
- About 1,550 employees in Hafslund E-CO and Eidsiva.



1) Including current projects.
2) Exchange rate per 12 May 2020.

Content

- 1) Highlights 2019
- 2) New Hafslund E-CO
- 3) Outlook
- 4) Appendix

Highlights 2019

Solid results

- EBITDA: NOK 6,072 million (5,504 in 2018).
- Profit after tax (adjusted for gain on sale of Hafslund Nett AS): NOK 2,160 million (1,605 in 2018).
- Production of 13.6 TWh clean electric energy, sold at average price of 0.392 NOK per kWh.
- Reduction of Net Debt and improved debt metrics (Net Debt/EBITDA 1.7 (2.6) and FFO/Net Debt 34% (27%).

Hafslund E-CO and Eidsiva integrated their operations

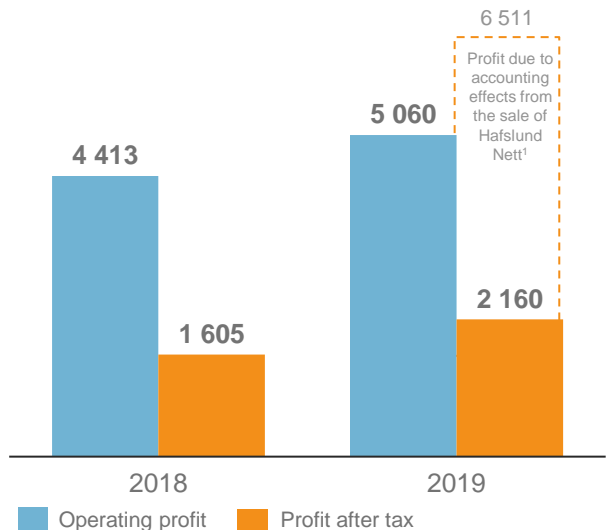
- On 30 September 2019, Eidsiva Energi and Hafslund E-CO combined their operations in a joint production and a joint grid company, and is now a larger, more diversified and more robust business.

New production capacity

- Vamma 12, the new power production unit in Nedre Glomma river, was officially opened on 18 September 2019.
- The Vamma hydropower plant is the largest run-of-river production unit in Norway with an installed capacity of 128 MW and a mean annual production of 1 TWh.

P&L for the Group in 2019

Profit Hafslund E-CO Group (NOK mill.)



- Energy production 13.6 TWh vs. 14.3 TWh in 2018.
- Average sales price of 0.392 NOK/KWh vs. 0.411 NOK/KWh in 2018.
- Profit increased with NOK 636 mill. as a result of changes in MtM-values of electricity futures and FX forwards. The impact of MtM-values in 2018 was minus NOK 376 mill.
- Transaction with Eidsiva - impact on figures:
 - Figures from Hafslund Nett¹ included from Q1 through Q3 2019.
 - Figures from Eidsiva Vannkraft² and 50% stake in Eidsiva Energi AS included in Q4 2019.
 - Extraordinary profit due to accounting effects from the sale of Hafslund Nett of NOK 4,351 mill.

2019 was a solid year for the Hafslund E-CO Group

1) Hafslund Nett AS changed name to Elvia AS from 2020.
2) Eidsiva Vannkraft changed name to Hafslund E-CO Vannkraft Innlandet AS in 2020

Key figures – P&L for the Hafslund E-CO Group

	<i>(NOK mill.)</i>	2019	2018
Revenues		10,437	10,786
EBITDA		6,072	5,504
Operating profit (EBIT)		5,060	4,413
Underlying operating profit		4,422	4,790
Profit before tax		8,773	3,908
Profit after tax		6,511	1,605
Gain on sale of Hafslund Nett		-4,351	-
Profit after tax adjusted for gain on sale of Hafslund Nett		2,160	1,605

Key figures include continued and discontinued operations.
Source: Hafslund E-CO 2019 annual report.

Key figures – Balance sheet and key ratios

	<i>(NOK mill.)</i>	2019	2018
Net interest-bearing debt		10,340	14,293
Subordinated debt (not included in net interest-bearing debt)		5,764	3,847
Equity		33,107	16,501
Total assets		65,274	49,180
Capital employed		51,275	37,048
Net Debt / EBITDA		1.7x	2.6x
FFO / Net Debt		34%	27%

Hafslund E-CO – Dividend 2019 and the covid-19 impact

Dividend 2019

- Due to a significant fall in future power prices and considerable uncertainty regarding the long-term effects of the corona virus, the Board of Directors has decided not to propose a dividend for the 2019 financial year at the Annual General Meeting.
- The Board of Directors will continuously evaluate the Group's equity and liquidity position, and at a later date return with a proposal for an additional dividend for the financial year 2019 at an extraordinary general meeting.

Covid-19 and power prices

- An unexpected change in the weather and mild temperatures at the beginning of 2020 have put power prices under significant pressure. Expected results for 2020 therefore indicate a significant decrease compared to 2019 based on the power market's forward prices.
- The outbreak of the corona virus was detected in Norway towards the end of February 2020. The outbreak has resulted in the introduction of strict measures from the authorities in an effort to slow down further spreading of the virus. The corona virus in combination with sharp falls in the price of oil have contributed to significant reduction in the stock index and reduced the demand for power. Reduced activity in power-intensive industry will result in further drop in the demand for power. The long-term effects of the corona virus are yet to be seen.
- Hafslund E-CO operates critical infrastructure and has as a consequence of the corona virus set up an emergency organization that follows up the advice given by the authorities.

Content

1) Highlights 2019

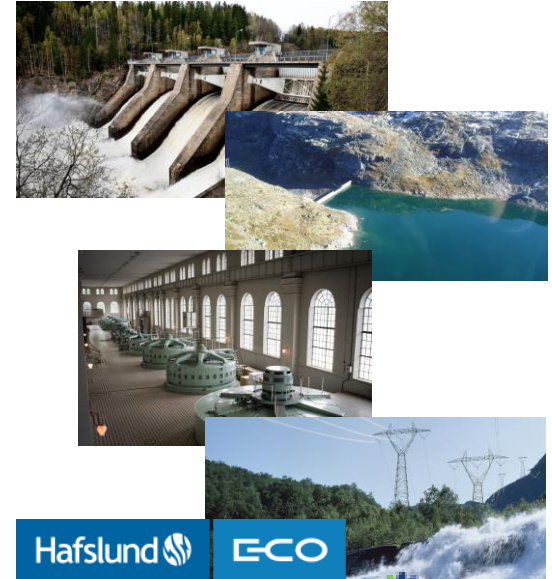
2) New Hafslund E-CO

3) Outlook

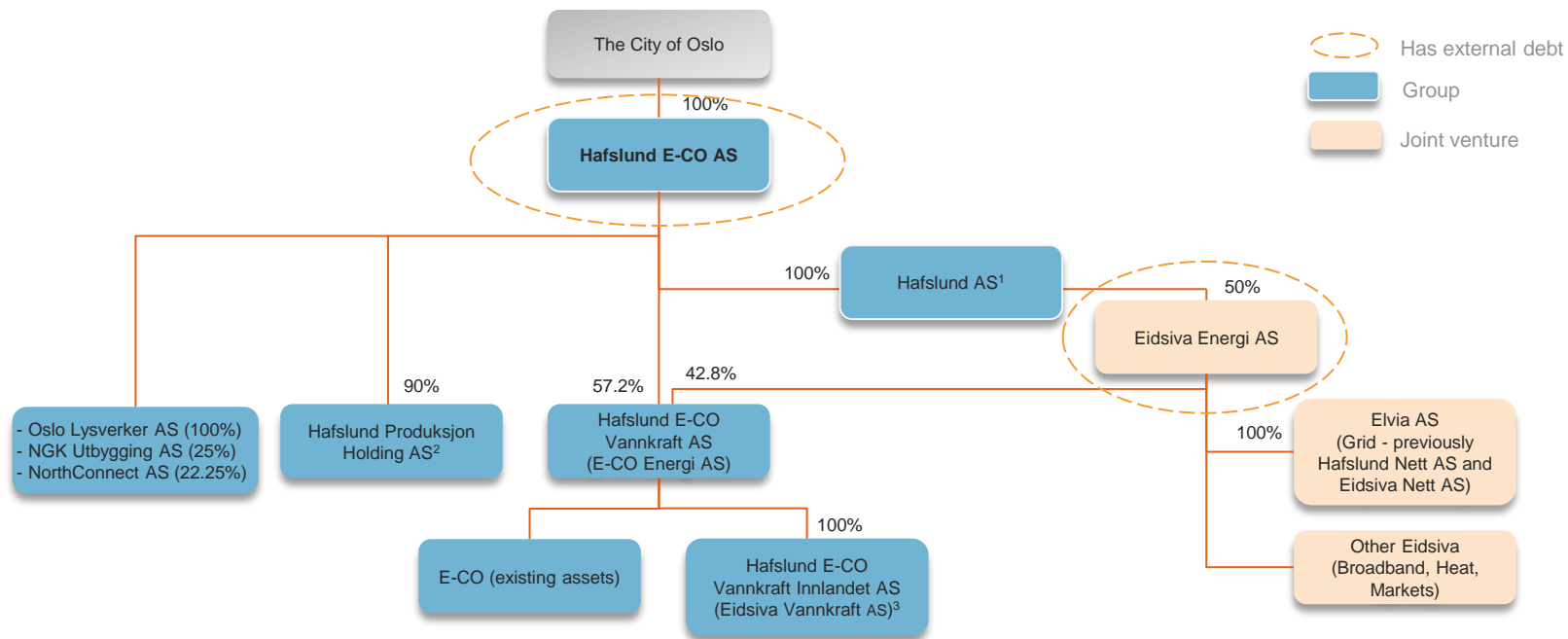
4) Appendix

The transaction with Eidsiva Energi 30 September 2019

- The transaction with Eidsiva was a swap of assets transaction with cross ownership between the parties.
- As part of the transaction, the Group transferred its grid business, Hafslund Nett AS (the "grid business"), to Eidsiva Energi AS as of 30 September 2019.
- The grid business was transferred to Eidsiva Energi against Hafslund E-CO receiving 50% of the shares in Eidsiva Energi + cash consideration.
- The main assets acquired in the transaction are power stations, dams and waterfall rights. The Group has taken over 38 power plants.



Legal structure of Hafslund E-CO – May 2020 (simplified)



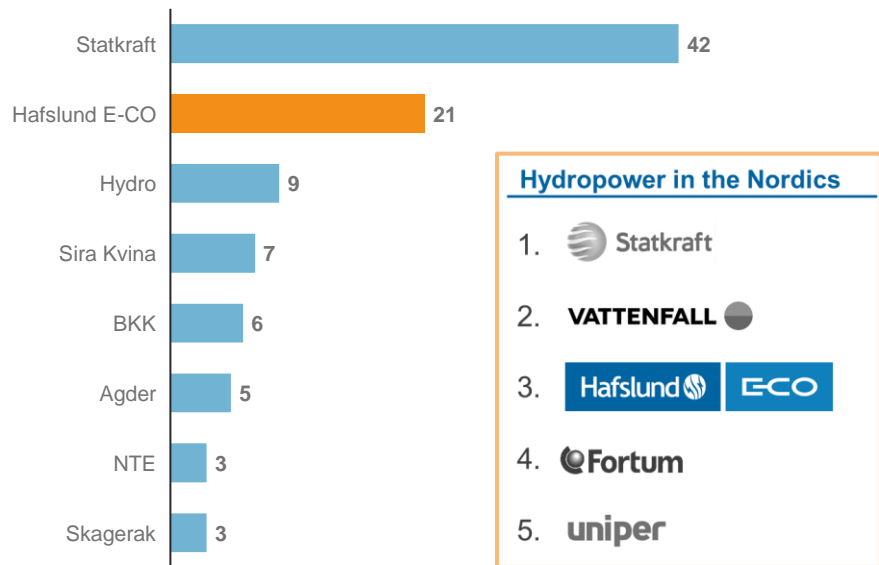
Hafslund E-CO is 100% owned by the City of Oslo (Aaa/AAA rated)

1) Hafslund Handel AS (owned by Hafslund AS) owns 49% of Fredrikstad Energi AS.
 2) Svartisen Holding owns 10% of Hafslund Produksjon Holding AS.
 3) Subordinated shareholder loan from Eidsiva Energi AS to Hafslund E-CO Vannkraft Innlandet AS (Former name: Eidsiva Vannkraft AS).

Second largest power producer and largest grid operator

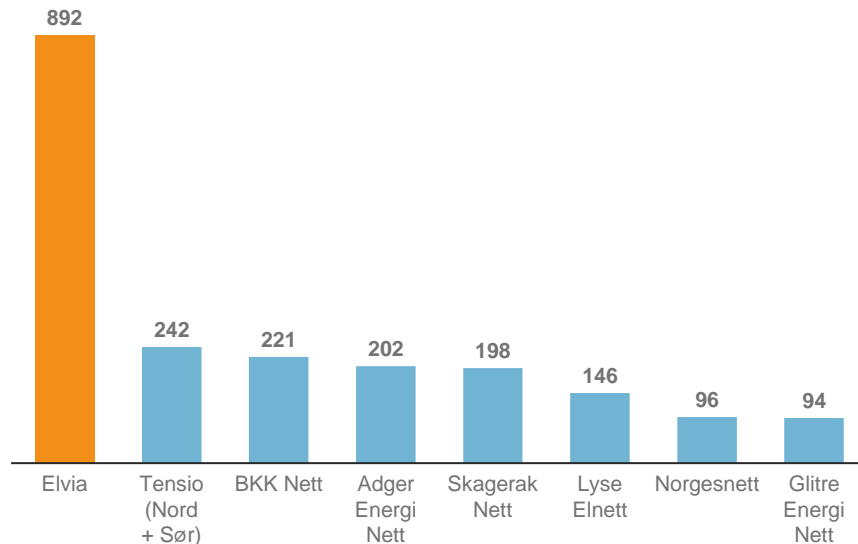
Largest power producers in Norway

Annually operated TWh in the same operating company



Largest grid operators in Norway

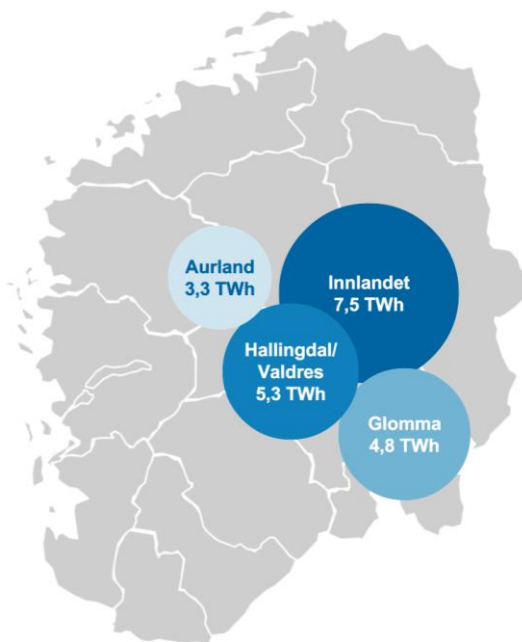
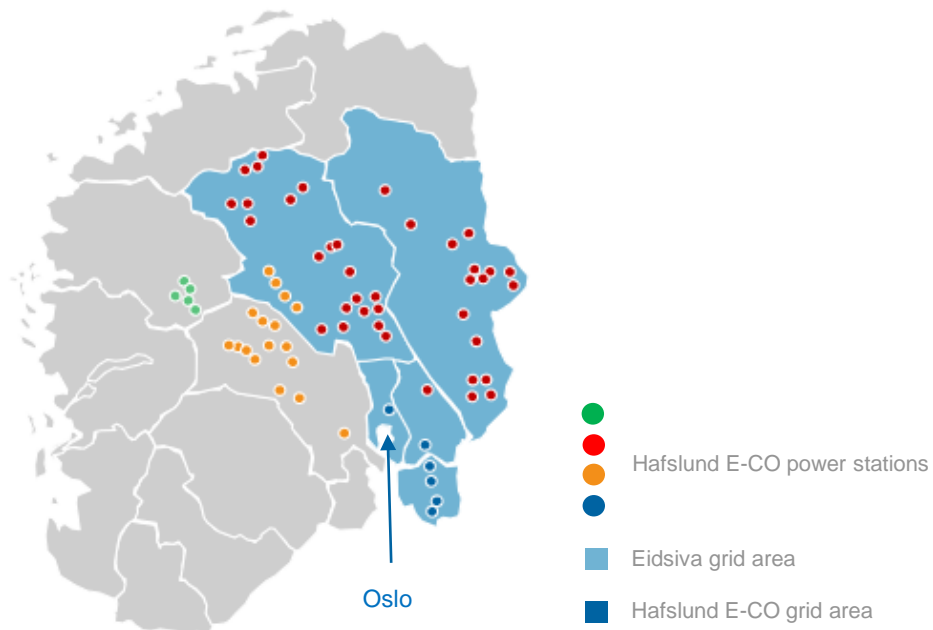
Number of grid customers



Current production and co-owned grid assets

80 power stations and 900,000 grid customers

Generation capacity:
21 TWh operated and 17.5 TWh owned



Large newbuilt renewable energy power plants

Rosten



- Opened 2nd quarter 2018.
- Capacity: 200 GWh renewable energy per year.
- Investment: NOK 871 millions, of which the Group's share comprised 72%.

Nedre Otta



- Planned opening in spring 2020 but postponed due to covid-19.
- Capacity: Around 315 GWh renewable energy per year.
- Planned investment: NOK 1.2 billion, of which the Group's share comprises 50%.

Vamma 12



- Opened May 2019.
- Capacity: Around 1 TWh, including additional production of around 230 GWh renewable energy, per year.
- Investment: NOK 980 million.
- Will replace a significant share of production currently generated by Vamma's other units, while the old units will continue to be used in flood periods.

Tolga



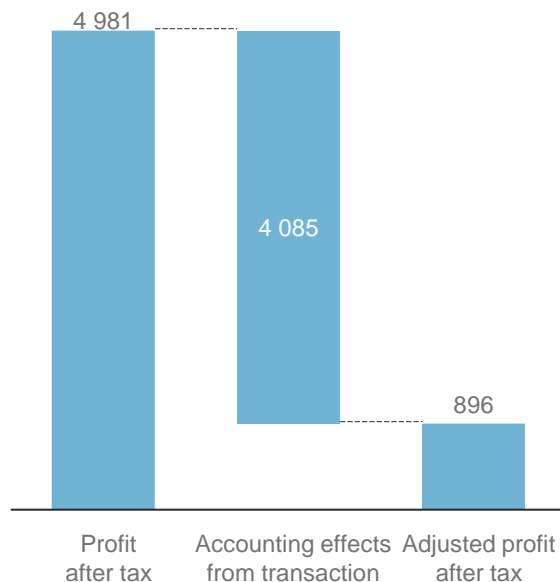
- Planned opening in H2 2021.
- Capacity: Around 205 GWh renewable energy per year.
- Planned investment: NOK 900 million, of which the Group's share comprises 75%.

Close to 1 TWh new renewable energy production through five projects

A stabilizing contribution from the 50% stake in Eidsiva



Eidsiva: Profit after tax 2019 (NOK mill.)



- Dividend 2019 to Hafslund E-CO
 - NOK 325 mill.
- Total dividend 2019
 - NOK 650 mill.
 - ~73% of adjusted profit after tax
- Eidsiva provides stability as a regulated business and natural monopoly with one of the most cost-efficient grid structures in Norway.
- The owners have agreed on a dividend policy: NOK 700 mill. from Eidsiva and 60-90% of underlying result in Hafslund E-CO Vannkraft AS.

Profit from sale Eidsiva Vannkraft AS: NOK 4 060 mill. and from sale of Laje Entreprenør AS: NOK 25 mill.

«Look through method»: (Stake in Eidsiva 50% * Eidsiva's stake in Hafslund E-CO 4.8%) = 21.4% of operating profit in Eidsiva is included in operating profit of Hafslund E-CO.

Source: Eidsiva Energi's annual report 2019

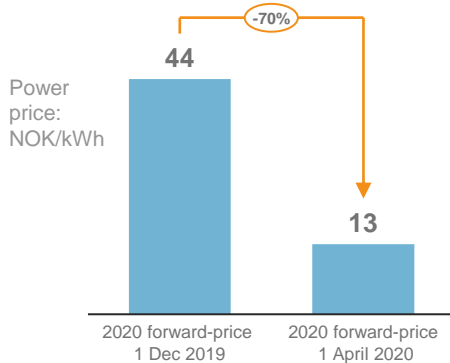
Content

- 1) Highlights 2019
- 2) New Hafslund E-CO
- 3) Outlook**
- 4) Appendix

Electric power market: Warm winter, high precipitation and some negative effects from covid-19

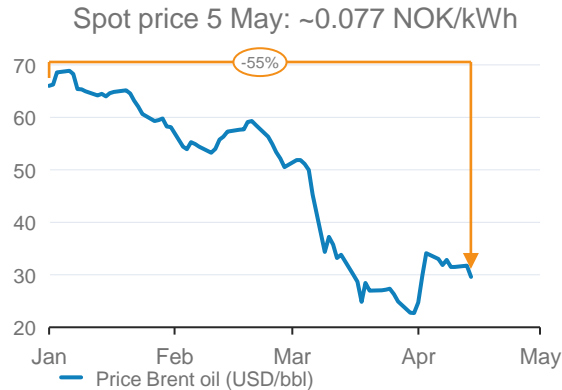
① Warm and wet winter

Unusually wet weather and high temperatures resulted in substantial fall in power prices in the Nordics from end of December 2019



② Covid-19 and drop in oil-price

Decline in oil-price and reduced economic activity have had an additional impact on power prices



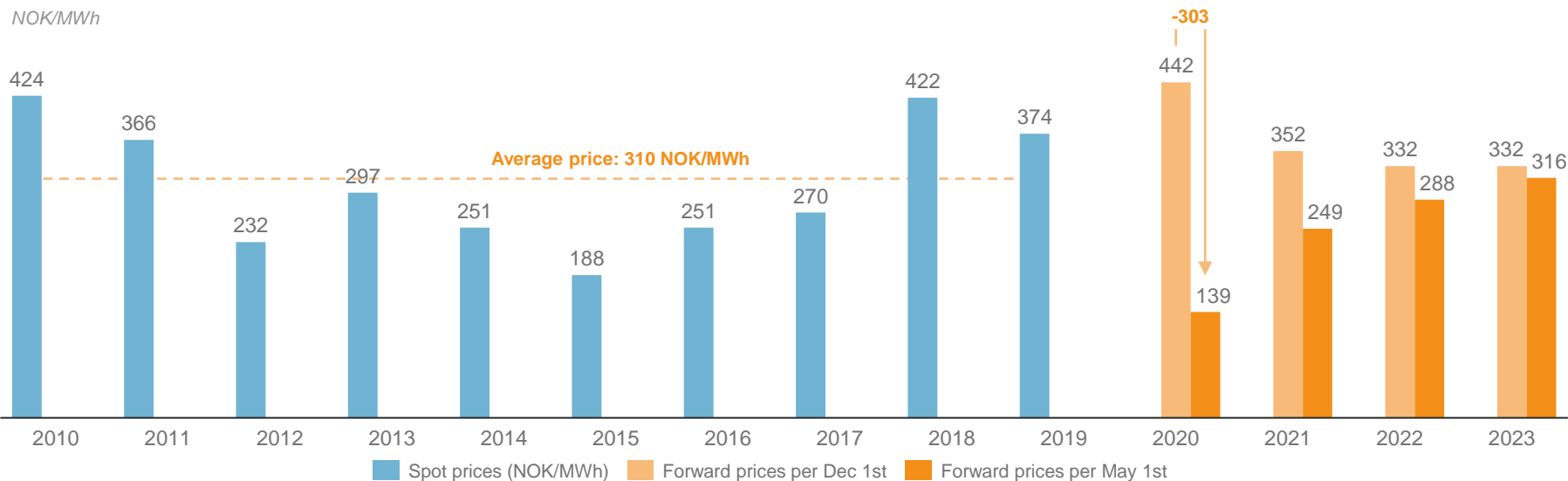
③ Demand for electricity?

Reduced demand for electricity following Covid-19?

- Big industrial electricity-users could reduce their output following Covid-19 (counts for 30% of annual electricity consumption in Norway).
- Demand for electricity a significant driver for power prices.

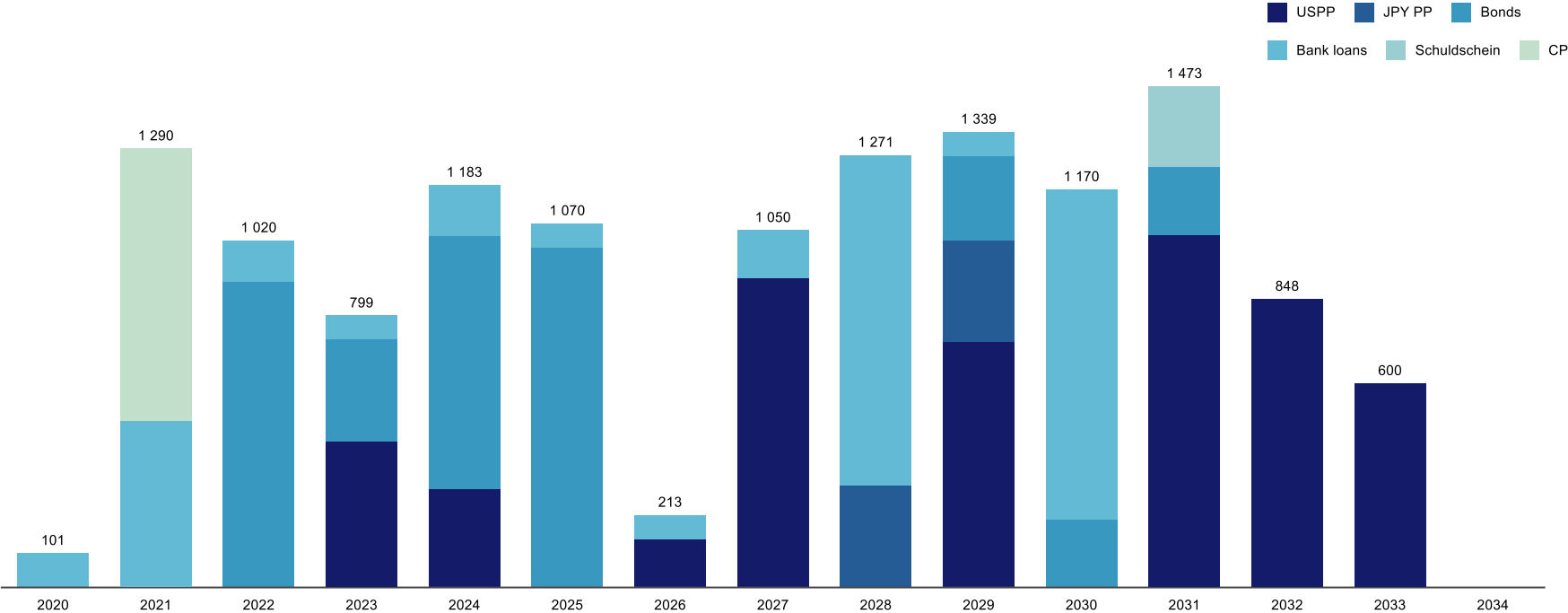
2020: Substantial decline in power prices

Power price development



Forward prices imply expectations of a gradual return to normality.

Hafslund E-CO debt and maturity profile as of 1Q 2020



20 1) Includes new loans issued early March 2020.

Content

- 1) Highlights 2019
- 2) New Hafslund E-CO
- 3) Outlook
- 4) Appendix**

Power production (E-CO Energi and Eidsiva Vannkraft¹)

Norway's second largest power producer

- Norway's second largest hydro power producer with about 18 TWh² production.
- About 0.4 TWh in growth projects going forward.
- More than 3 TWh power plants without concession.
- Good quality – high availability of the power plants.



Flexible production

- Over 7 TWh of reservoir capacity and significant pumped-storage capacity.
- A large player in the market for regulating power and load balancing.
- Aurland and Hallingdal have significant flexibility due to large reservoirs.
- Increasing importance / value of flexible power in the Nordic system – Hafslund E-CO Energi in good position to take advantage.



Solid organization

- Strong and competent organization.
- Long experience in the development and operation of hydropower.
- 100% owned by the City of Oslo, rated Aaa/AAA. The City of Oslo has over time showed commitment and an active ownership in the energy sector.



Grid and more (Eidsiva Energi)

Norway's largest grid company

- Norway's largest grid company with 900,000 customers and NOK 17 billion (USD 1.67 billion) regulated asset base.
- Diversification of urban and district-based grid increases regulatory robustness.
- Natural monopoly with one of the most cost efficient structures in Norway.

Norway's third largest heating company

- Owns and operates district heating plants with strong position in Innlandet.
- 400 GWh annual heat delivery from close to 100% renewable energy sources.
- Price regulated income.

Broadband, power sales and more

- Strong market position with c. 75,000 broadband and fiber customers in Innlandet, well positioned for significant growth.
- 250,000 customers via 50% ownership in power sales company Innlandskraft with strong brands both regionally and nationally.

Innovative organization with supportive owners

- Leading expertise environment with employee development as important cornerstone.
- Strong customer focus and technology development.
- Long-term and committed municipality centered ownership through Hafslund E-CO (50%), Innlandet Energi Holding AS (49.4%) and Åmot municipality (0.6%).



Hafslund 

ECO