

Infratek



Results for the third quarter 2013

Lars Bangen, acting CEO
Infratek ASA
30 October 2013

Key events – 3rd quarter 2013



- Operating revenues of NOK 736 million (NOK 687 million)
- Third-quarter operating profit of NOK 36 million (NOK 33 million)
- Operating margin:
 - Local Infrastructure 7.1 per cent (6.1 per cent)
 - Central Infrastructure 3.7 per cent (2.5 per cent)
 - Security 1.5 per cent (5.7 per cent)
- Eiendomssikring sold with a profit of 5 million
- Compensation for the first operating year of the railway contract in Stockholm boosted profits NOK 4.7 million
- New board elected at the Extraordinary General Meeting 26 September
- Reduction in forecast for 2013

Reduction in forecast for 2013

Reduced
forecast

The forecast for 2013 announced June 26 (EBIT 116 million, margin 4 per cent) has been reduced as a result of operational issues and an expected reduction in the book value of assets

Operations



- Lower operating margin in Sweden due to pressure in the Swedish market
- Losses on projects
- Discontinuation of unprofitable operations

Valuation of
assets



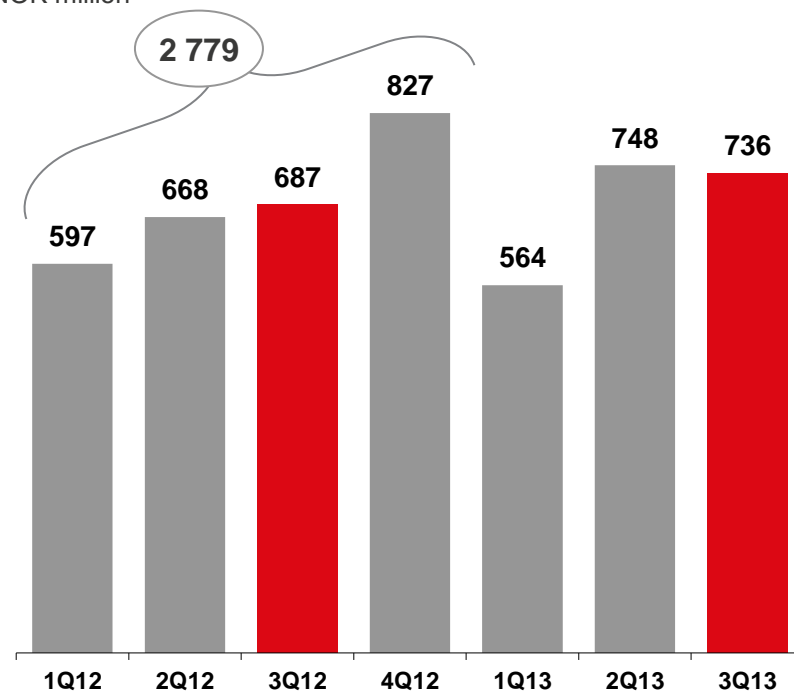
In addition, Q4 figures may be negatively impacted by write downs of balance values including intangible and fixed assets.

Development operating revenues

- In Norway sales increased by NOK 34 million compared with the previous year as a result of higher market activities
- Sales in Sweden were marginally down on the prior year (NOK 7 million). Increased activity levels in railways is more than offset by lower sales in other parts of the business
- Finland experienced significantly higher activity levels, with sales growth of NOK 16 million
- Establishment of Security in Denmark produced sales for the quarter of NOK 11 million.

Operating revenue by quarter

NOK million

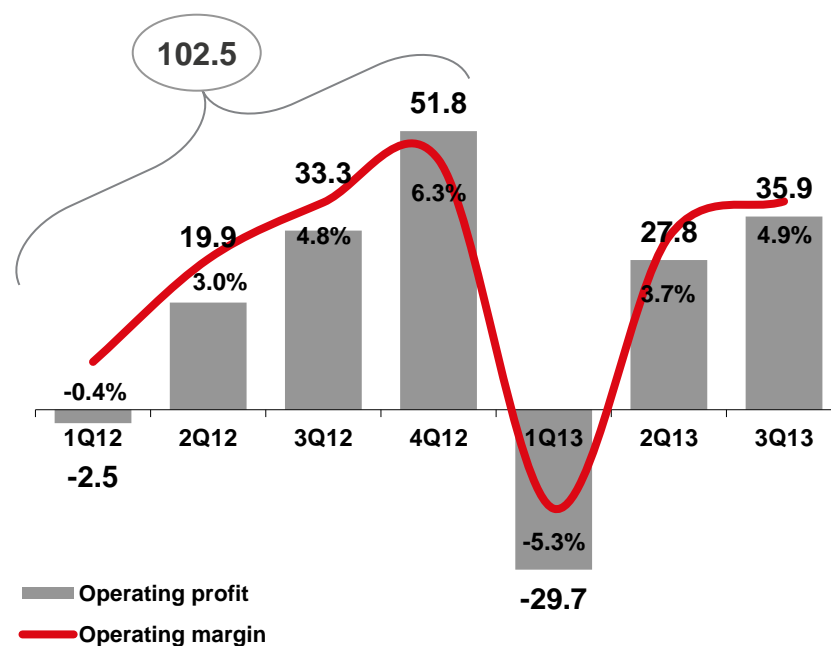


Development operating profit

- The contribution from Norway closed on NOK 19.8 million (NOK 24.2 million). The decline in profitability is due to losses on Central infrastructure projects, a lower margin within Security and increased group-wide costs.
- The operating profit in Sweden came in at NOK 13.1 million (NOK 5.8 million). The result last year was negatively impacted by losses in groundwork operations, which have now been discontinued.
- Finland posted an operating profit of NOK 2.6 million (NOK 3.4 million). The decrease is a result of write-downs in the project portfolio of NOK 1 million.
- Denmark contributed NOK 0.5 million.

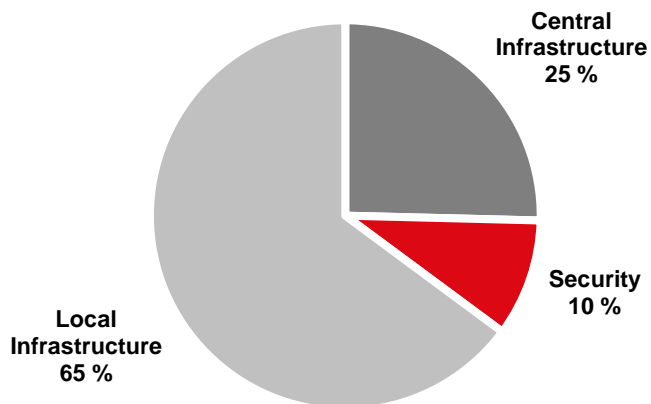
Operating profit by quarter

NOK million



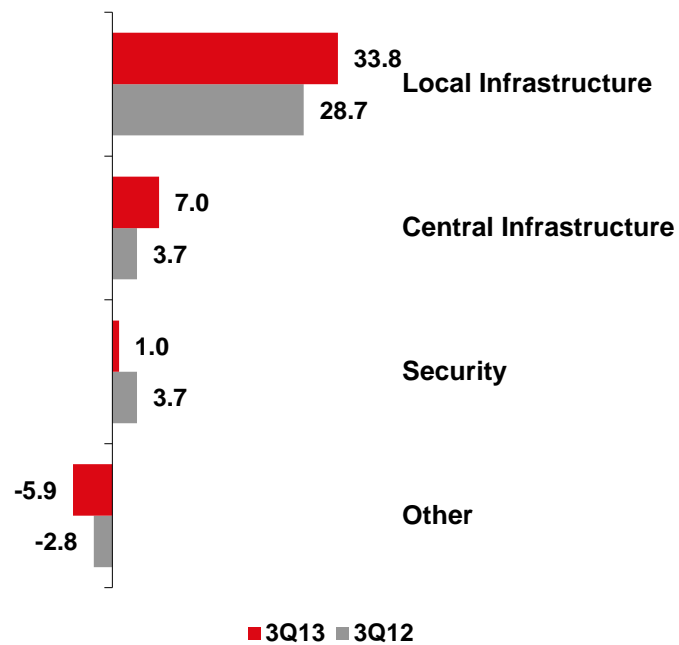
Revenues and profit by business area

Operating revenues



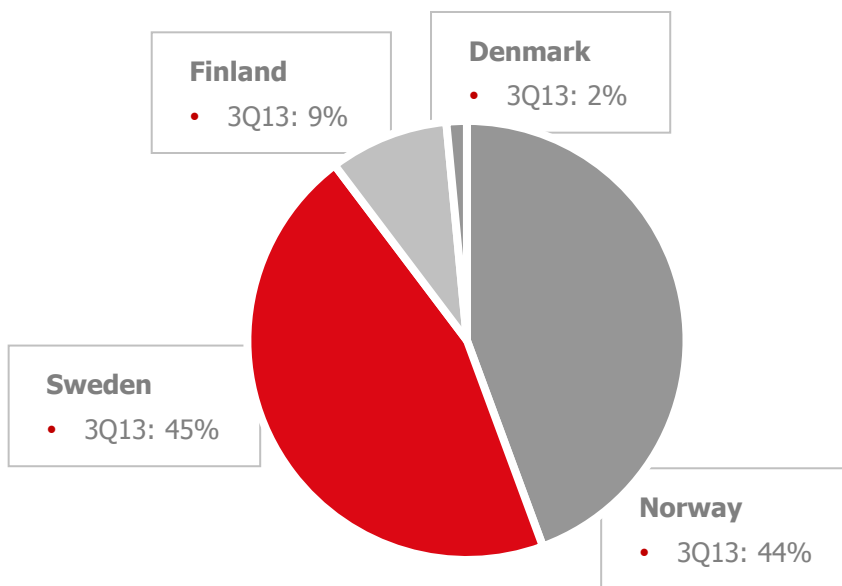
Operating profit

NOK million



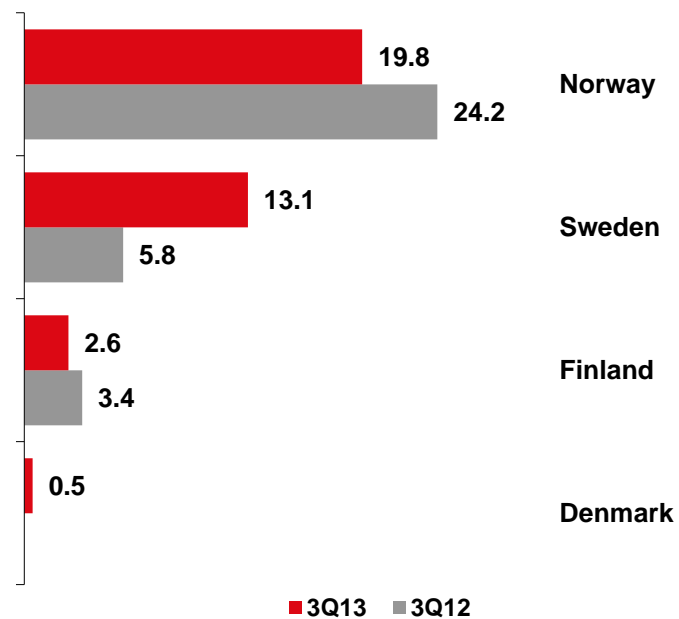
Revenues and profit by geography

Operating revenues



Operating profit

NOK million



Balance sheet

- Net working capital increased by NOK 18 million as a result of normal fluctuations and increased capital tied up in major projects
- Cash and cash equivalents closed on NOK 29 million, which is NOK 58 million lower than the previous year, primarily on the back of reduced earnings from operations, operating investments, and higher dividends
- Actuarial assumptions impacted the size of intangible assets, pension liabilities and equity
- The equity ratio rose from 26 percent to 48 per cent

NOK million	30.09.2013	30.09.2012	31.12.2012
Intangible assets	319.6	428.9	321.7
Fixed assets	150.9	155.6	158.4
Accounts receivables and other receivables	880.2	845.0	755.8
Cash and cash equivalents	29.4	87.6	243.8
Assets	1 380.0	1 517.2	1 479.6
Equity	656.8	401.1	696.9
Other liabilities	221.0	617.8	226.4
Long-term debt	9.4	11.9	9.8
Current liabilities	492.8	486.3	546.5
Equity and liabilities	1 380.0	1 517.2	1 479.6
Net working capital	351.6	334.0	192.5

Cash flow

- Net cash flow from operations decreased by NOK 24.2 million compared with the same period last year, due to an increase in net working capital
- Acquisition of the remaining 49 per cent in Infratek Säkerhet Sverige, NOK 6.4 million
- Investments in fixed assets of NOK 6.9 million linked to purchase of specialised vehicles and equipment
- Part-settlement for the sale of Eiendomssikring affect investments activities positively with NOK 12.1 million in the quarter, while the remaining amount NOK 9.5 will be received in 2014

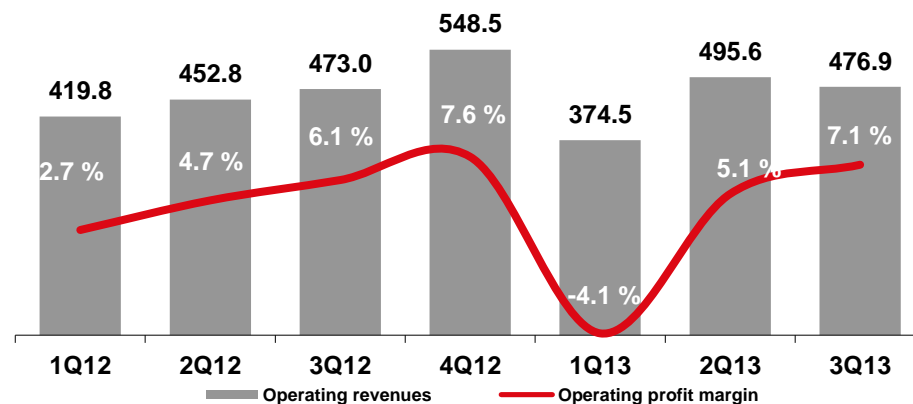
NOK million	Third quarter		Year to date		Year
	2013	2012	2013	2012	2012
Profit before tax	33.0	31.1	27.1	45.2	96.2
Items without cash flow effect	19.5	18.6	32.2	43.8	30.5
Change in net working capital and more	(91.5)	(64.5)	(162.4)	(149.3)	(31.1)
Net cash flow from operations	(39.0)	(14.8)	(103.1)	(60.4)	95.6
Investments - fixed assets	(6.9)	(16.0)	(22.9)	(26.0)	(38.8)
Investmentes - operations	(6.4)	-	(13.6)	(17.2)	(17.2)
Sales - fixed assets	0.4	0.2	2.5	2.1	5.2
Sales - operations	12.1	-	12.1	-	-
Cash flow to investments activities	(0.9)	(15.8)	(21.8)	(41.1)	(50.8)
Change interest-bearing liabilities	(0.2)	-	0.3	(12.8)	(1.8)
Net received/ paid interest	(3.0)	(0.7)	(1.8)	(0.3)	0.4
Dividend, equity issues and other equity changes	0.3	(0.3)	(95.5)	(96.1)	(95.8)
Cash flow used for financial activities	(2.9)	(1.0)	(97.1)	(109.2)	(97.2)
Cash flow from discontinued operations	(1.4)	(1.1)	0.6	-	-
Change in cash and cash equivalents	(44.1)	(32.7)	(221.4)	(210.6)	(52.4)
Cash and cash equivalents at the start of period	71.2	119.4	243.8	299.6	299.6
Effect on exchange rate changes on the balance of cash held in foreign operations	2.3	0.7	6.5	(1.5)	(3.5)
Cash and cash equivalents end of period	29.4	87.6	29.4	87.6	243.8

Local Infrastructure

- In Norway sales were up 2.3 per cent (NOK 4 million), while the operating margin fell from 11.9 per cent to 10.6 per cent due to reduced earnings on contingency agreements in Norway's eastern region
- Sales in Sweden were on par with last year. Increased activity levels in railways is offset by lower sales in other parts of the business. The operating margin ended at 4.7 per cent (2.4 per cent). The improvement is due to reduced losses from groundwork activities.

NOK million	Third quarter		Year to date		Year
	2013	2012	2013	2012	2012
Operating revenues	476.9	473.0	1 347.0	1 345.6	1 894.1
Operating profit before depreciation	40.2	35.3	62.9	79.8	128.0
Operating profit	33.8	28.7	43.8	61.6	103.3
Operating margin	7.1%	6.1%	3.3%	4.6%	5.5%

Operating revenues and operating margin

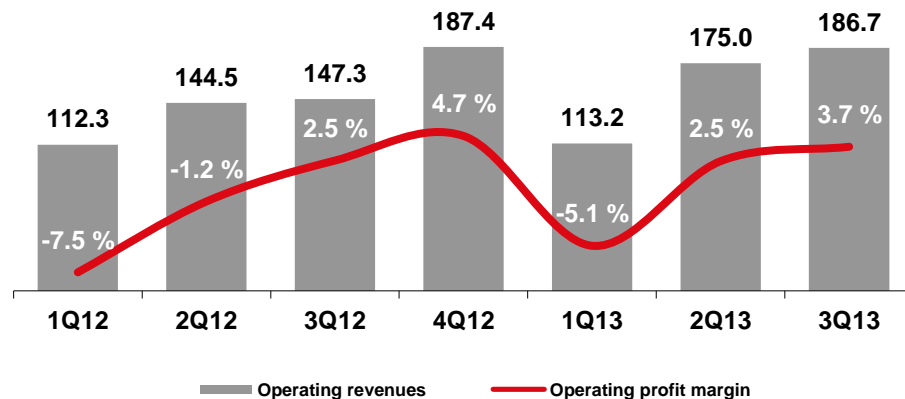


Central Infrastructure

- Sales in Norway up by 47 per cent, higher activity levels and better resource utilisation have lifted the operating margin to 5.7 per cent (4.3 per cent)
- In Sweden sales are down by NOK 8.3 million compared to last year. Operating margin closed at -2.4 per cent (-6.1 per cent) as a result of costs relating to the establishment of a design office in Västerås and losses on some projects.
- Sales in Finland are up by NOK 16 million, and the operating margin for the period closed on 4.5 per cent (9.9 per cent). The reduction in operating margin is due to write-downs in projects

NOK million	Third quarter		Year to date		Year
	2013	2012	2013	2012	2012
Operating revenues	186.7	147.3	474.9	404.0	591.4
Operating profit before depreciation	8.4	5.1	9.7	(2.3)	8.0
Operating profit	7.0	3.7	5.5	(6.4)	2.5
Operating margin	3.7%	2.5%	1.2%	-1.6%	0.4%

Operating revenues and operating margin

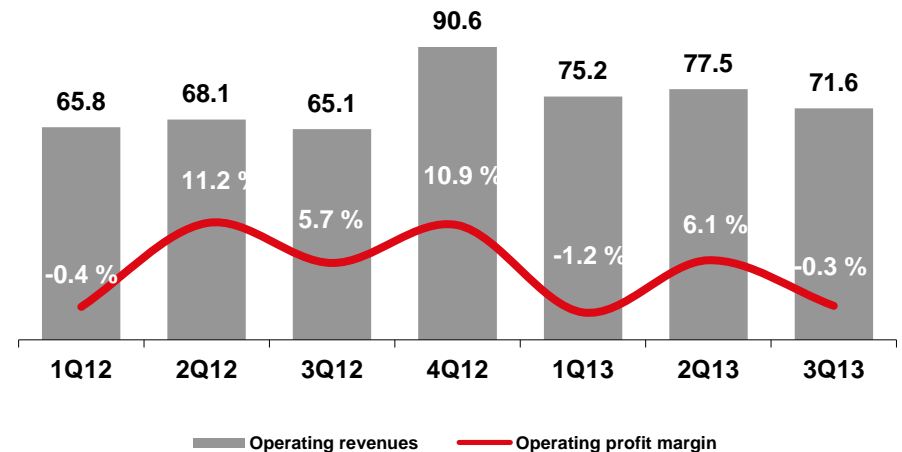


Security

- Sales were up NOK 7 million
 - NOK 9 million rise in revenue within high security, due to business acquisition in Denmark
 - NOK 2 million fall in sales within DLE services
- The operating profit for high security is on par with the same period last year
- Operating profit for the delivery of DLE services down by NOK 2.6 million due to squeezed prices for new contracts

NOK million	Third quarter		Year to date		Year
	2013	2012	2013	2012	2012
Operating revenues	71.6	65.1	224.2	199.0	289.5
Operating profit before depreciation	1.5	4.4	6.4	13.2	23.8
Operating profit	1.0	3.7	4.8	11.0	21.0
Operating margin	1.5%	5.7%	2.1%	5.6%	7.3%

Operating revenues and operating margin

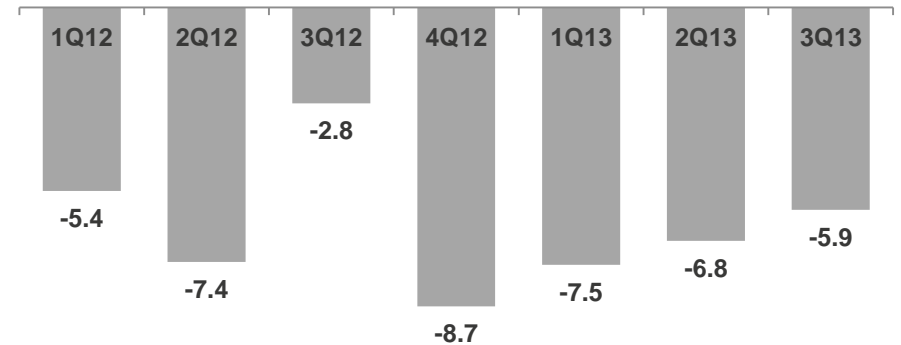


Other

- Other comprises the Group's administration and Group-wide expenses
- Group expenses of NOK 5.9 million were incurred in the quarter, compared with NOK 2.8 million the previous year. The increase is primarily attributable to;
 - Different project activity throughout the year
 - Investments within People & Safety

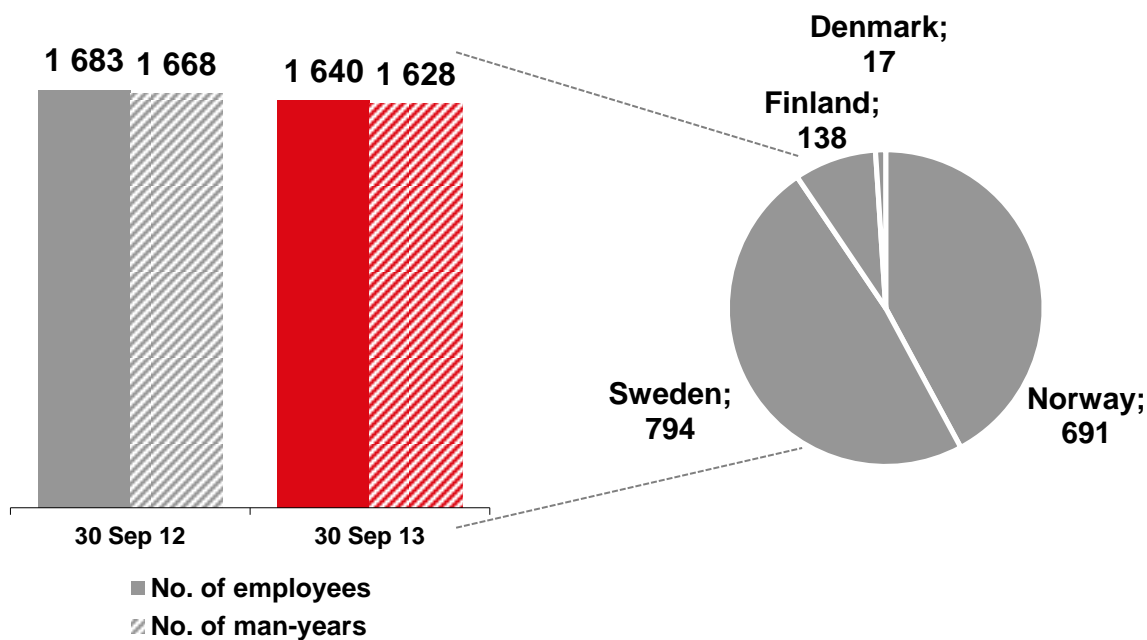
NOK million	Third quarter		Year to date		Year
	2013	2012	2013	2012	2012
Operating profit	(5.9)	(2.8)	(20.2)	(15.6)	(24.3)

Operating profit

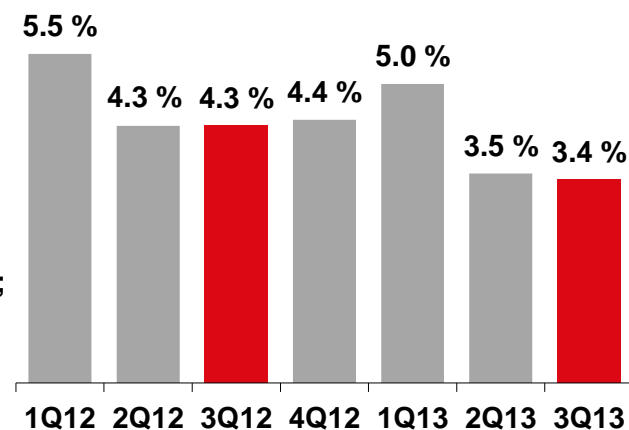


Employees

Number of employees



Sick leave



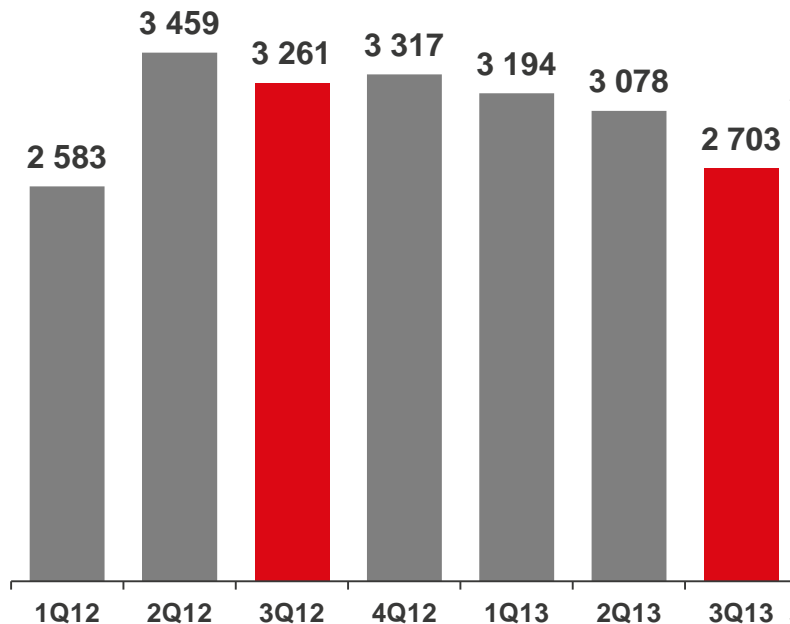
- Number of employees reduced by 40 full-time equivalents as a result of staffing adjustments and sale of Eiendomssikring (17 people)

- Sick leave for the quarter is 3.4 per cent, down by 0.9 percentage points compared to last year

Order reserve

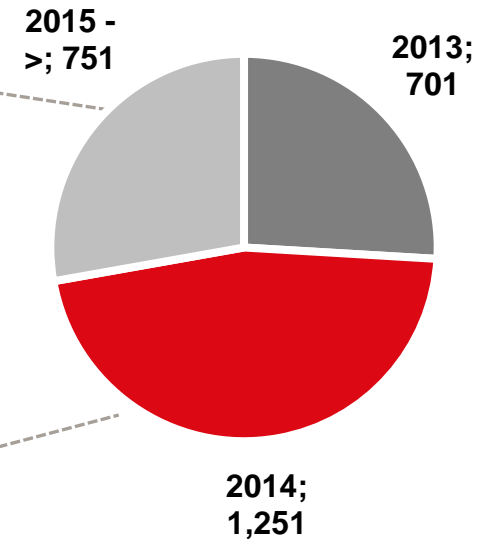
Development of order reserve

NOK million



Order reserve per September by year

NOK million

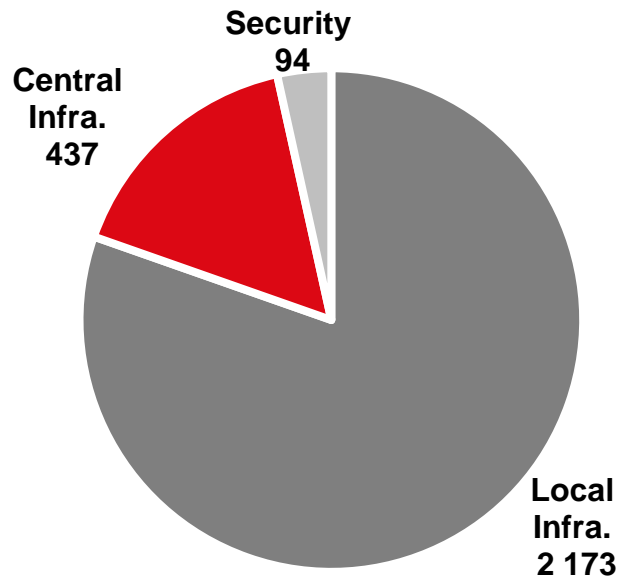


- Reduction in order reserves due to a lower hit-rate on tenders within Central Infrastructure
- Normal production on long-term framework contracts within Local Infrastructure contribute to an overall decline in order reserves

Order reserve per September

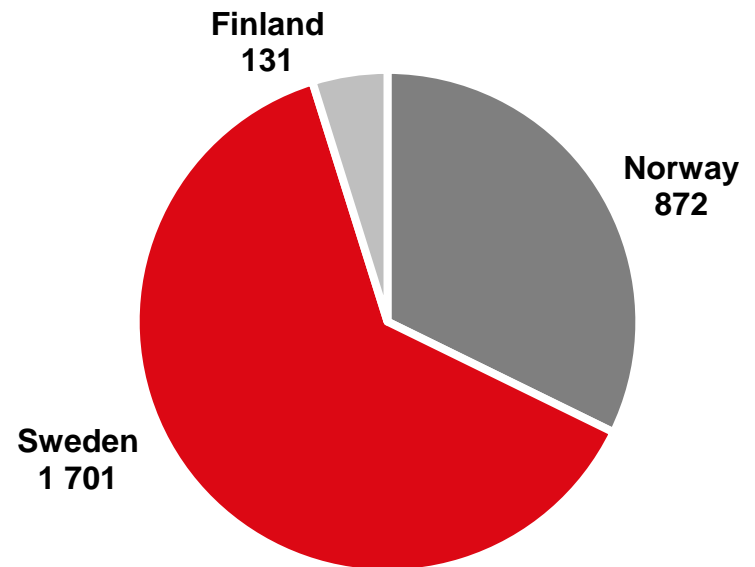
Order reserve by business area

NOK million



Order reserve by geography

NOK million



Summary

- High activity in Norway
- Pressure in the Swedish market
- No major framework contracts entered into in the quarter
- The result in the quarter and for the full year is expected to be weaker compared to last year



Appendix

Income statement

NOK million	Third quarter		Year to date		Year
	2013	2012	2013	2012	2012
Operating revenues	735.8	687.1	2 047.0	1 951.9	2 779.3
Purchased materials	(344.9)	(331.3)	(911.9)	(869.7)	(1 279.3)
Salaries and other personnel expenses	(248.7)	(231.3)	(784.9)	(743.8)	(1 016.6)
Depreciation	(10.6)	(10.7)	(31.5)	(30.7)	(41.3)
Other operating expenses	(95.7)	(80.4)	(284.7)	(257.1)	(339.5)
Operating profit	35.9	33.3	34.0	50.7	102.5
Financial revenues/ expenses	(2.9)	(2.3)	(6.8)	(5.5)	(6.4)
Profit before tax	33.0	31.1	27.1	45.2	96.2
Tax expense	(8.4)	(8.6)	(8.8)	(12.8)	(28.6)
Profit for the year from discontinued operations	5.6	1.2	7.0	1.8	3.2
Profit after tax	30.2	23.7	25.3	34.2	71.1
Majority's share of profit	30.2	23.7	25.3	34.2	71.3
Minority's share of profit	-	-	-	-	(0.2)

Other comprehensive income

Conversion difference when converting foreign units	13.0	3.0	30.4	(3.2)	(0.9)
Change in estimate pensions	-	(8.4)	-	(25.2)	(197.0)
Total comprehensive profit before tax	13.0	(5.4)	30.4	(28.4)	(197.9)
Tax on comprehensive income	-	2.4	-	7.0	55.2
Total comprehensive profit after tax	13.0	(3.0)	30.4	(21.3)	(142.7)
Comprehensive income after tax	43.2	20.7	55.7	12.9	(71.6)
Majority's share of profit	43.2	20.7	55.7	12.9	(71.5)
Minority's share of profit	-	-	-	-	(0.2)

Operating revenue by geography

Third quarter			Year to date		Year
2012	2013	NOK million	2013	2012	2012
184.7	190.1	Local Infrastructure	545.2	550.8	763.7
62.5	91.9	Central Infrastructure	230.7	167.3	258.9
49.1	48.2	Security	154.7	164.8	238.6
4.1	4.0	Other / elimination	11.4	9.7	17.1
300.4	334.2	Total operating revenues Norway	942.0	892.5	1 278.4
288.6	287.6	Local Infrastructure	804.1	796.3	1 132.4
47.7	41.9	Central Infrastructure	132.1	151.8	224.2
15.2	11.1	Security	32.0	33.1	46.8
1.2	0.8	Eliminations	2.3	3.0	3.8
352.7	341.4	Total operating revenues Sweden	970.6	984.2	1 407.1
-	-	Local Infrastructure	-	-	-
39.5	64.1	Central Infrastructure	134.1	93.6	154.5
1.8	2.1	Security	5.2	4.1	8.5
(0.1)	-	Eliminations	(0.4)	(0.3)	(0.7)
41.2	66.2	Total operating revenues Finland	138.9	97.4	162.3
-	-	Local Infrastructure	-	-	-
-	-	Central Infrastructure	-	-	-
-	11.3	Security	35.1	-	-
-	-	Eliminations	-	-	-
-	11.3	Total operating revenues Denmark	35.1	-	-
(7.1)	(17.3)	Eliminations	(39.7)	(22.2)	(68.5)
687.1	735.8	Total operating revenues	2 047.0	1 951.9	2 779.3

Operating profit by geography

Third quarter			Year to date		Year
2012	2013	NOK millions	2013	2012	2012
21.9	20.2	Local Infrastructure	51.2	48.0	46.7
2.7	5.2	Central Infrastructure	11.1	(2.1)	(1.2)
2.8	0.8	Security	5.6	12.1	25.3
(3.2)	(6.5)	Other	(20.6)	(15.5)	(19.9)
24.2	19.8	Total operating profit Norway	47.3	40.4	50.9
6.8	13.5	Local Infrastructure	(7.4)	13.6	39.3
(2.9)	(1.0)	Central Infrastructure	(4.9)	(4.4)	0.8
1.4	0.0	Security	(1.7)	0.5	(0.9)
0.4	0.6	Other	0.4	(0.1)	-
5.8	13.1	Total operating profit Sweden	(13.5)	9.6	39.2
-	-	Local Infrastructure	-	-	-
3.9	2.9	Central Infrastructure	(0.7)	0.2	12.1
(0.5)	(0.2)	Security	(1.5)	(1.5)	(1.2)
3.4	2.6	Total operating profit Finland	(2.2)	(1.4)	11.0
-	-	Local Infrastructure	-	-	-
-	-	Central Infrastructure	-	-	-
-	0.5	Security	2.5	-	-
0.0	0.5	Total operating profit Denmark	2.5	0.0	0.0
-	-	Eliminations	-	-	-
33.3	35.9	Total operating profit	34.0	50.7	101.1

Key figures

NOK million	Third quarter		Year		Year
	2013	2012	2013	2012	2012
Profitability					
Operating profit margin before depreciation	6.3 %	6.4 %	3.2 %	4.2 %	5.2 %
Operating profit margin	4.9 %	4.8 %	1.7 %	2.6 %	3.7 %
Capital matters					
Equity	656.8	401.1	656.8	401.1	696.9
Total assets	1 380.0	1 517.2	1 380.0	1 517.2	1 479.6
Equity ratio	48 %	26 %	48 %	26 %	47 %
Net interest bearing debt (cash)	(20.0)	(75.7)	(20.0)	(75.7)	(234.0)
Capital expenditure - operational	6.9	16.0	22.9	26.0	38.8
Shares and shareholder matters					
Share price (NOK)	14.7	17.0	14.7	17.0	18.6
Number of outstanding shares ¹⁾	63 863 224	63 863 224	63 863 224	63 863 224	63 863 224
Average number of outstanding shares ²⁾	63 863 224	63 863 224	63 863 224	63 863 224	63 863 224
Market value	939	1 086	939	1 086	1 188
Enterprise value (EV)	919	1 010	919	1 010	954
Earnings per share (EPS) ³⁾ (NOK)	0.5	0.4	0.4	0.5	1.1
Cash flow from operations per share (NOK)	(0.6)	(0.2)	(1.6)	(0.9)	1.5
Dividend per share (NOK)	-	-	1.50	1.50	1.50

Note: 1) Number of shares outstanding by the end of the period.

2) Weighted average number of shares outstanding during the period.

3) Based on number of shares as defined under item 2.

Shareholder structure per 30 September 2013

#	Owner	No. of shares	%- ownership
1	HERALDIC HOLDING AS	50 744 412	79.5 %
2	ODIN NORDEN	3 275 600	5.1%
3	NORDSTJERNAN AB	1964 567	3.1%
4	OBOS	1851915	2.9 %
5	MP PENSJON PK	830 000	1.3 %
6	DnB NOR Bank ASA	625 098	1.0 %
7	Skandinaviska Enskil A/C CLIENTS ACCOUNT	600 000	0.9 %
8	VJ INVEST AS	584 746	0.9 %
9	TANJA A/S	313 200	0.5 %
10	VPF NORDEA AVKASTNIN C/O JPMORGAN EUROPE	312 000	0.5 %
11	VPF NORDEA KAPITAL C/O JPMORGAN EUROPE	249 850	0.4 %
12	TERRA TOTAL VPF	231605	0.4 %
13	FROGNER BJØRN	206 000	0.3 %
14	VERDIPAPIRFONDET NOR	154 000	0.2 %
15	VPF NORDEA SMB C/O JPMORGAN EUROPE	150 340	0.2 %
	Sum top 15	62 093 333	97.2 %
	Other shareholders	1 769 891	2.8 %
	Total number of shares	63 863 224	100.0 %
	Board and management	404 500	0.6 %

Source: VPS

Definitions

	Definition
Earnings per share (EPS)	Profit after tax / weighted average number of shares outstanding during the period
Cash flow from operations per share	Cash flow from operations / weighted average number of shares outstanding during the period
Operating profit margin before depreciation	Operating profit before depreciation / Operating revenues
Operating margin	Operating profit / Operating revenues
Market value	Share price as of end of period * number of shares outstanding
Net interest bearing debt	Book value of interest bearing debt less cash and cash equivalents
Enterprise value (EV)	Market value of equity + net interest bearing debt
Equity ratio (in %)	(Book value of equity incl. minority / Total assets) * 100
Net working capital	(Accounts receivables and other receivables - non-current receivables) - (Current liabilities - tax payable)

Investor information

- Further information is available on Infratek's web-site: www.infratek.no
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