



Fourth-quarter and preliminary 2005 results

Rune Bjerke, President and CEO

Hafslund ASA

7 February 2006



2005 highlights



- After-tax profit: NOK 1,175 million — up NOK 718 million from 2004.
- Operating profit: NOK 1,985 million — up NOK 513 million from 2004.
- Operations show positive development in all units.
- Investment in REC (Renewable Energy Corporation) shows significant value growth potential.
- Return on equity: 18.4 percent p.a. (up from 6.7 percent for 2004).
- Board of Directors proposes NOK 2.25 per-share dividend for 2005 (2004: NOK 1.25).

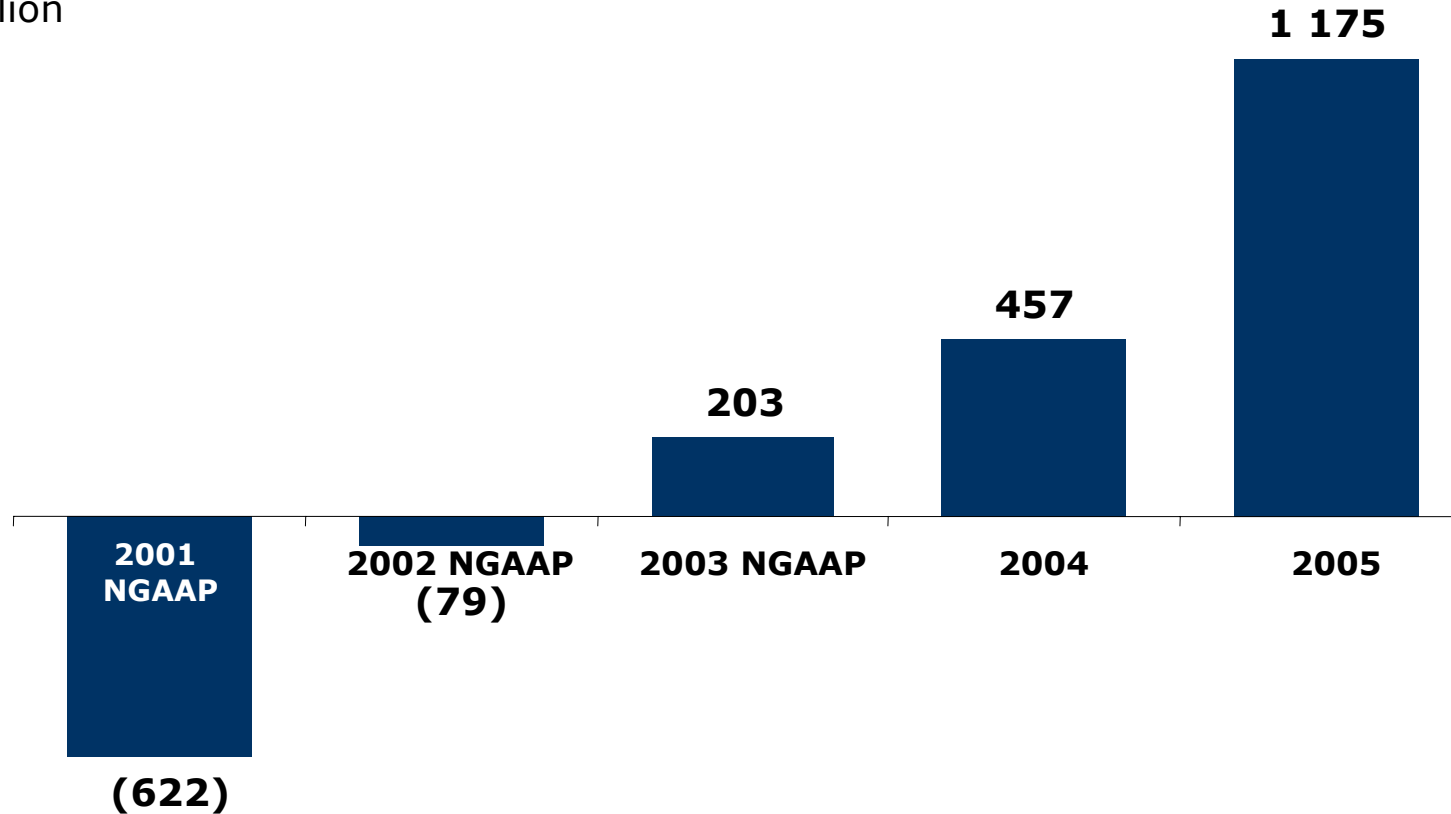


Restructuring improved profitability



Profit after tax

NOK million



Share price mirrors development



**Share prices as of
31 Dec. 2005:**

- HNA: 73.00
- HNB: 73.50

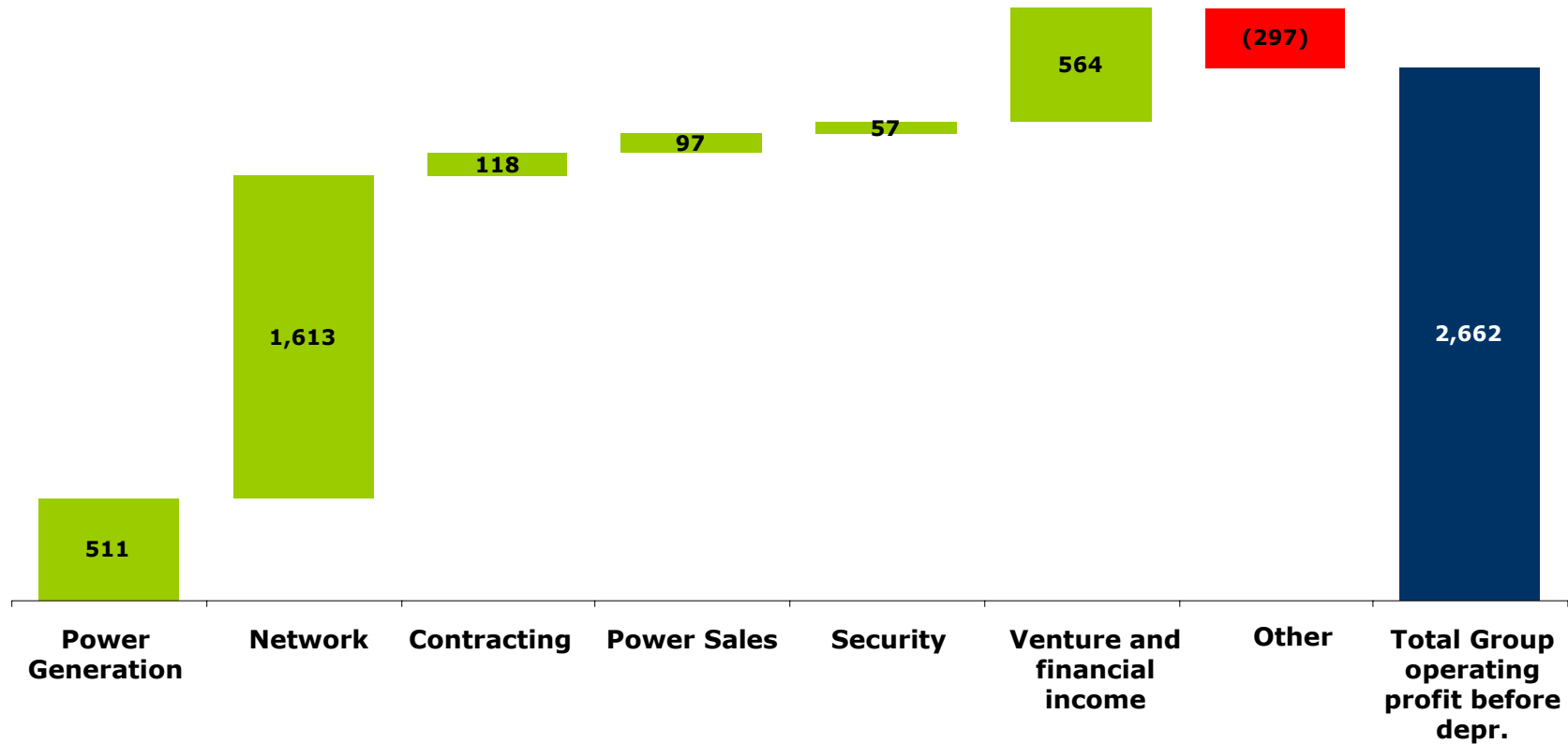
**Share prices as of 3
Feb. 2006:**

- HNA: 91.00
- HNB: 92.00

Operating profit before depreciation 2005



NOK million

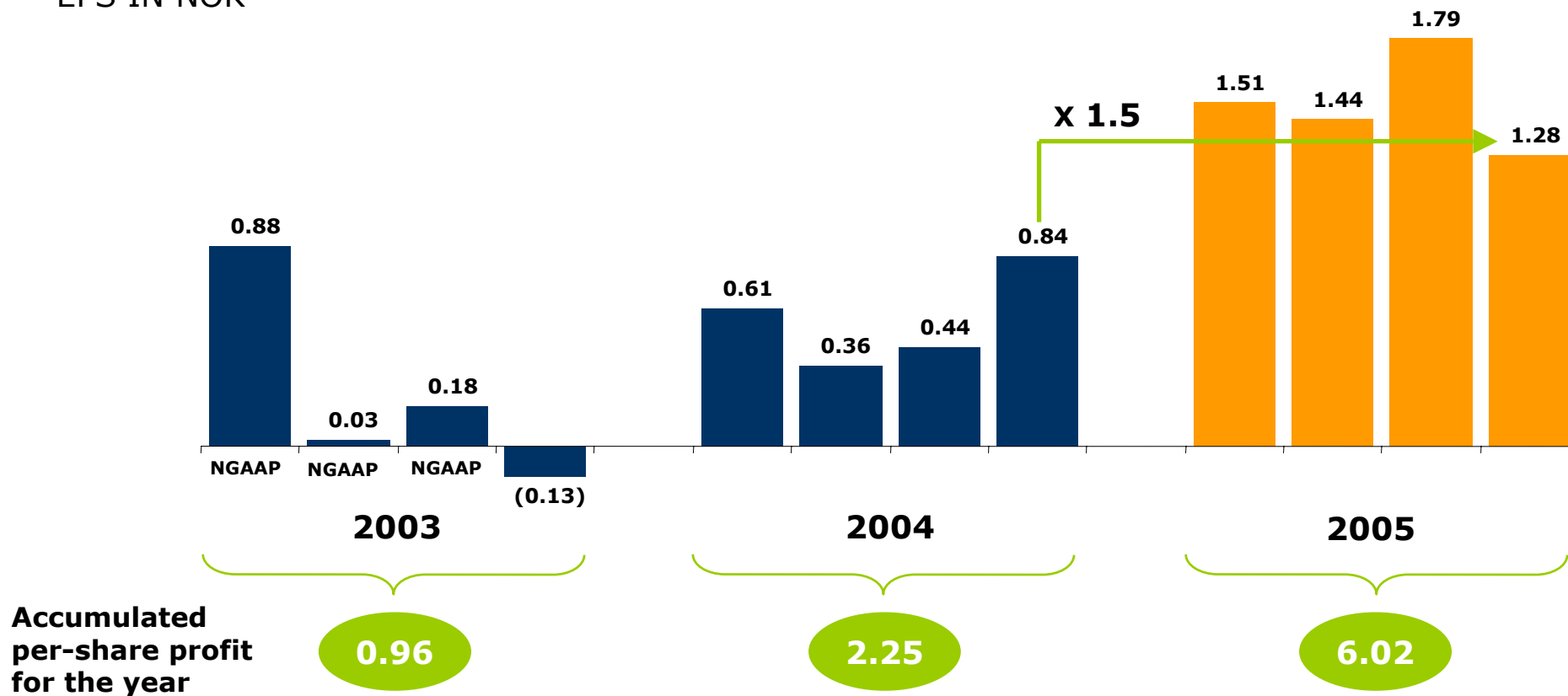


Earnings per share (EPS)



By quarter

EPS IN NOK

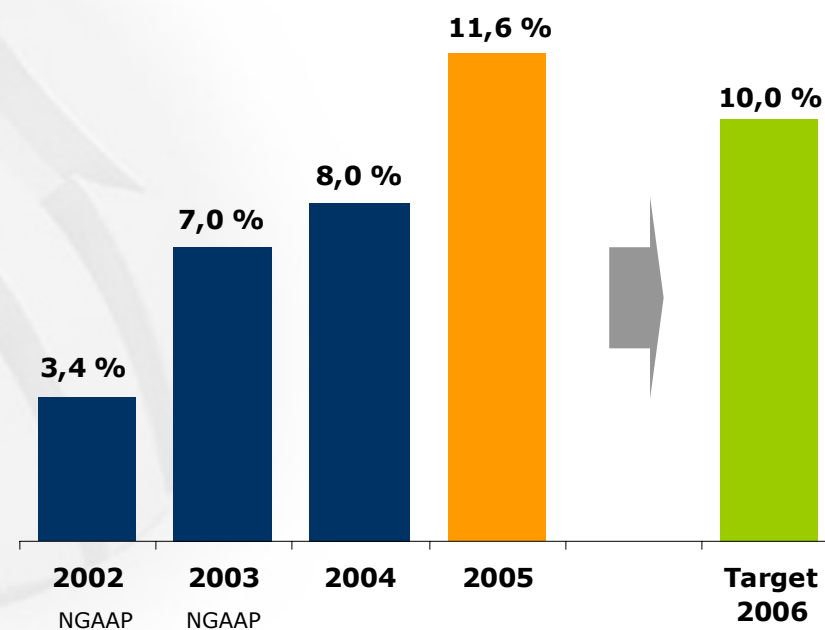
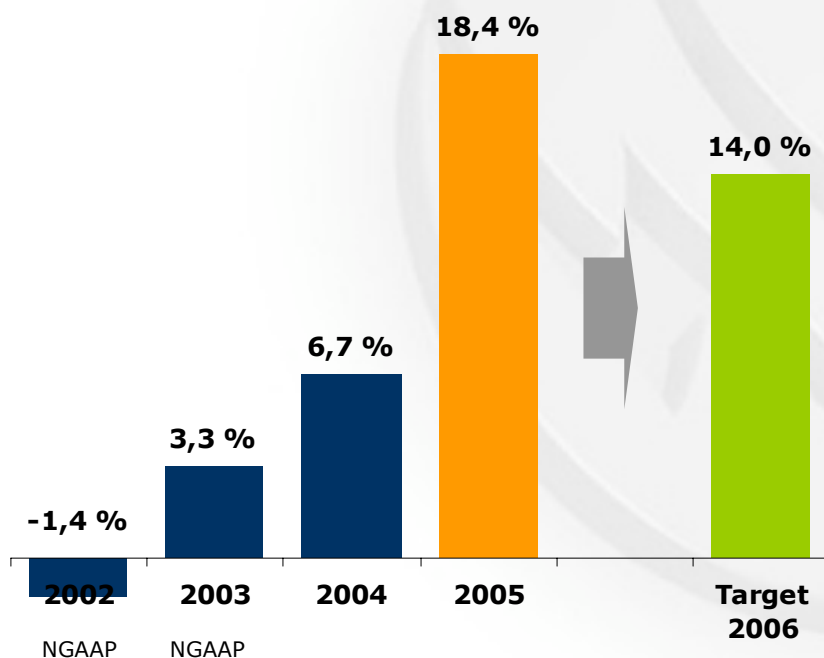


Rates of return



Equity (ROE)

Capital invested (ROCE)

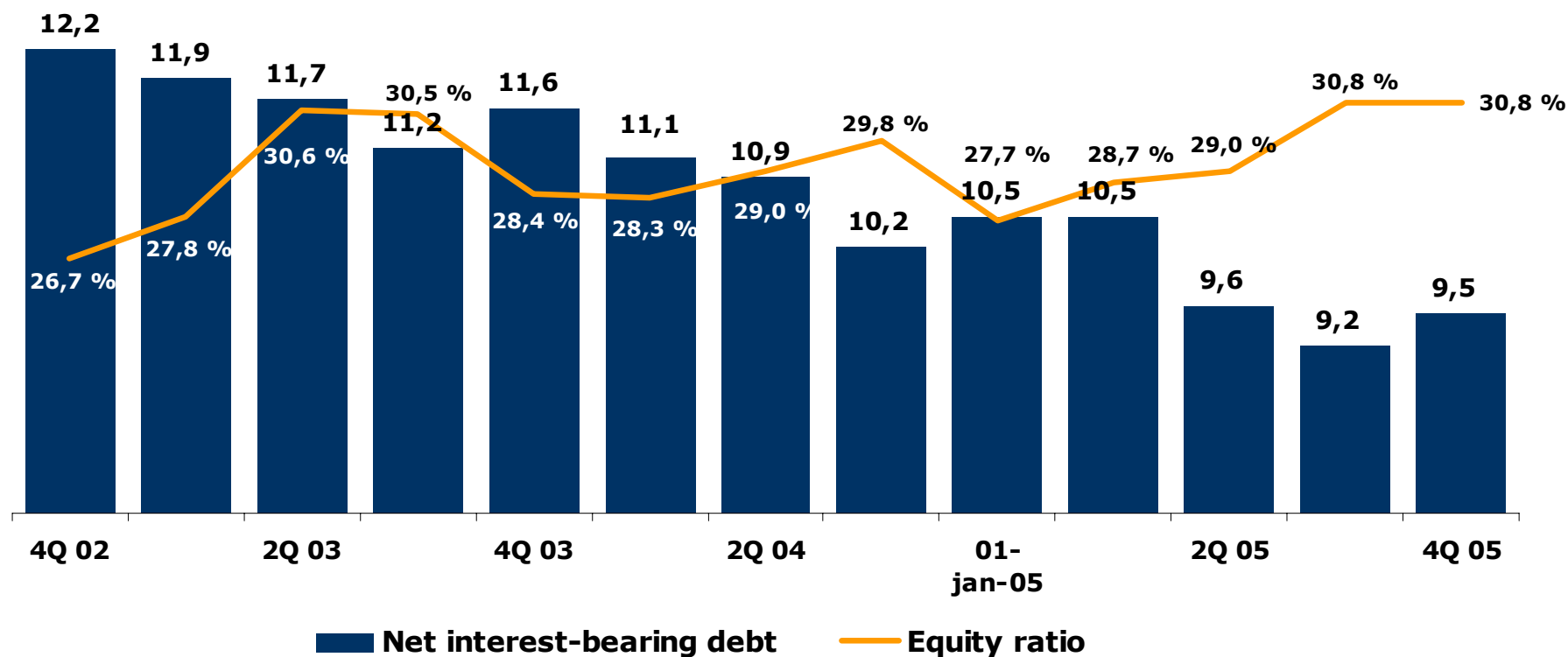


Strengthened capital structure



Net interest-bearing debt and equity ratio development

NOK billion



Fourth-quarter 2005 highlights



- After-tax profit of NOK 251 million — up NOK 83 million from 4Q 2004.
- Operating profit of NOK 439 million — up NOK 24 million from 4Q 2004's NOK 415 million.
- Solid profit contributions from Network, Power Generating, Contracting, and Venture activities.
- Investment in REC (Renewable Energy Corporation): NOK 133 million recorded to income in 4Q 2005.
- Negative one-off items in 4Q amounts to NOK 136 million.

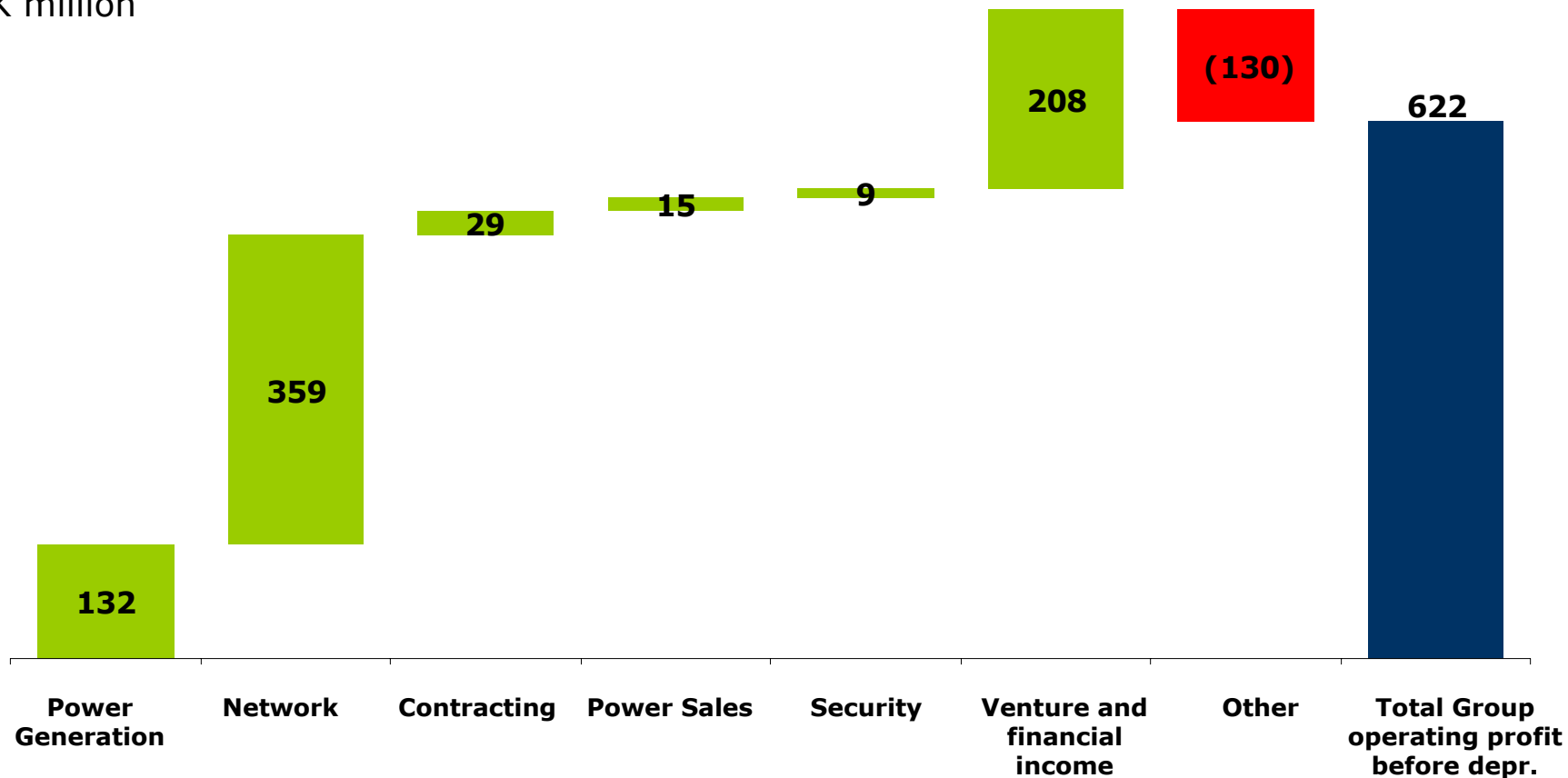


Operating profit before depreciation



Fourth quarter 2005

NOK million



Power Generation



- Solid profit due to high volumes and power prices.
- Power generation volumes in 4Q 2005 sold at approximately the Nordic spot price for the quarter.
- Well positioned regarding rising prices for electric power for delivery in 2006 and 2007.



Power Generation – financial status

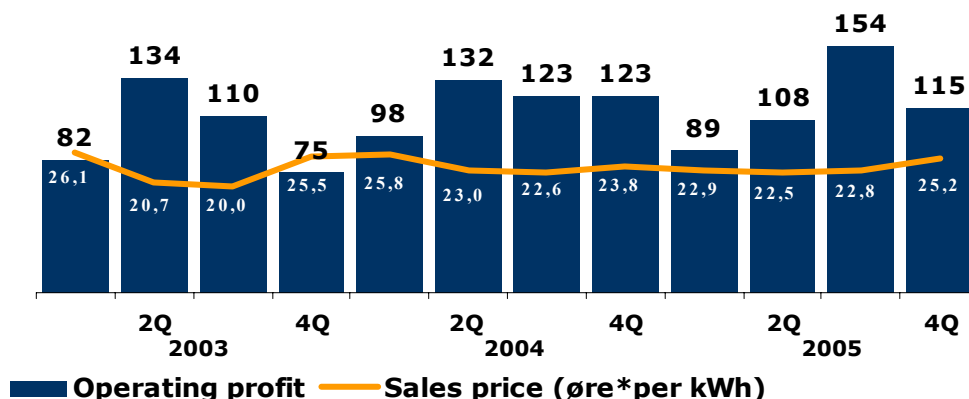


Financial figures

NOK million	4Q 2005	4Q 2004	2005	2004
Operating revenue	178	180	688	692
Operating profit before depreciation	132	131	511	518
Margin	74,2%	72,8%	74,3%	74,9%
Operating profit	115	123	467	476
Margin	64,6%	68,3%	67,9%	68,8%
Sales price (øre* per kWh)	25,2	23,8	23,3	23,6

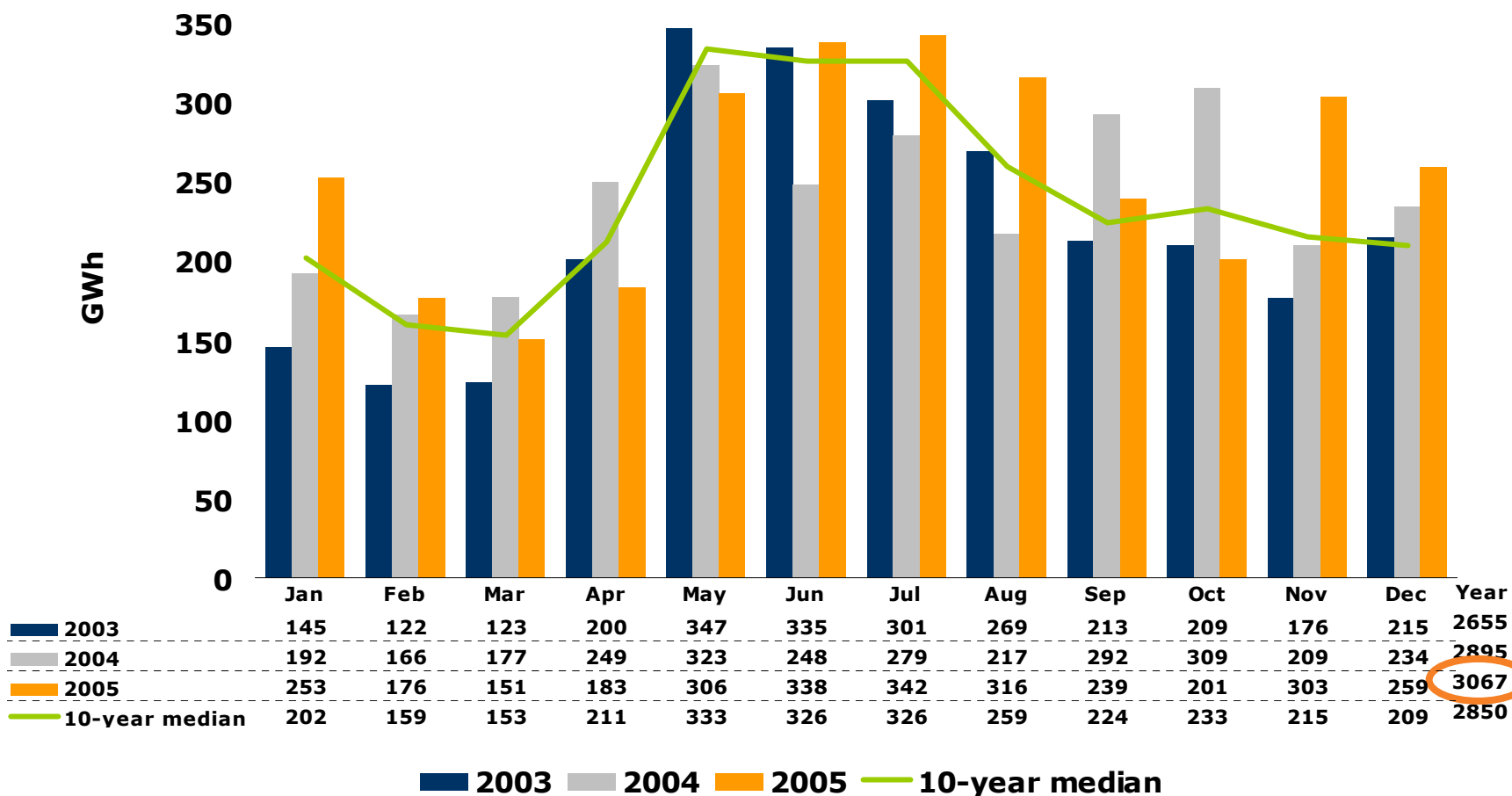
Operating profit and sales price

NOK million



- Operating profit of NOK 115 million is slightly below 4Q 2004.
- 763 GWh generated: 98 GWh above normal for the period.
- Power sold at NOK 0.252 per kWh, while the 4Q 2005 spot price = NOK 0.252. (Power sold in 4Q 2004 at NOK 0.238 per kWh).
- NOK 10 million in option premiums related to hedging production in 2006 and 2007 expensed in 4Q 2005 (IFRS).

Power Generation profile



Network



- Operating profit on a par with 4Q 2004.
- Both profitability and distribution grid performance have been improved by Network's continual focus on optimizing operations.
- Investment, maintenance, and upgrading plans for the next three years: about NOK 2 billion to NOK 2.5 billion.



Network — financial status

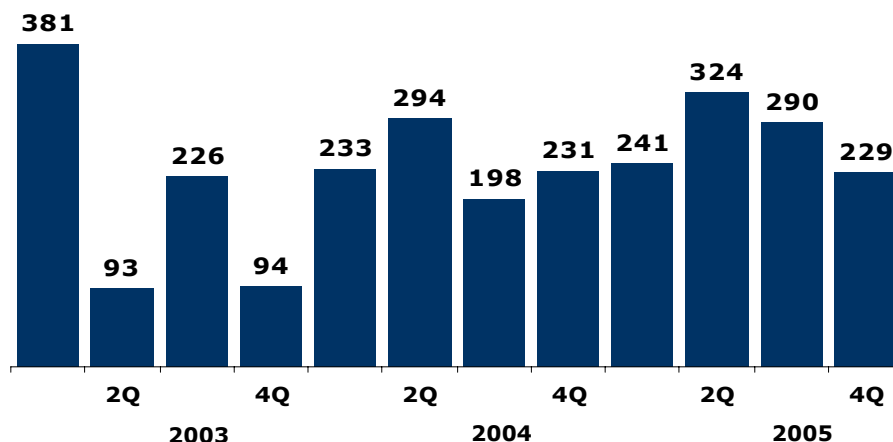


Financial figures

NOK million	4Q 2005	4Q 2004	2005	2004
Operating revenue	930	1.020	3.598	3.572
Operating profit before depreciation	359	386	1.613	1.542
Margin	38,6%	37,8%	44,8%	43,2%
Operating profit	229	231	1.082	956
Margin	24,6%	22,6%	30,1%	26,8%

Operating profit

NOK million



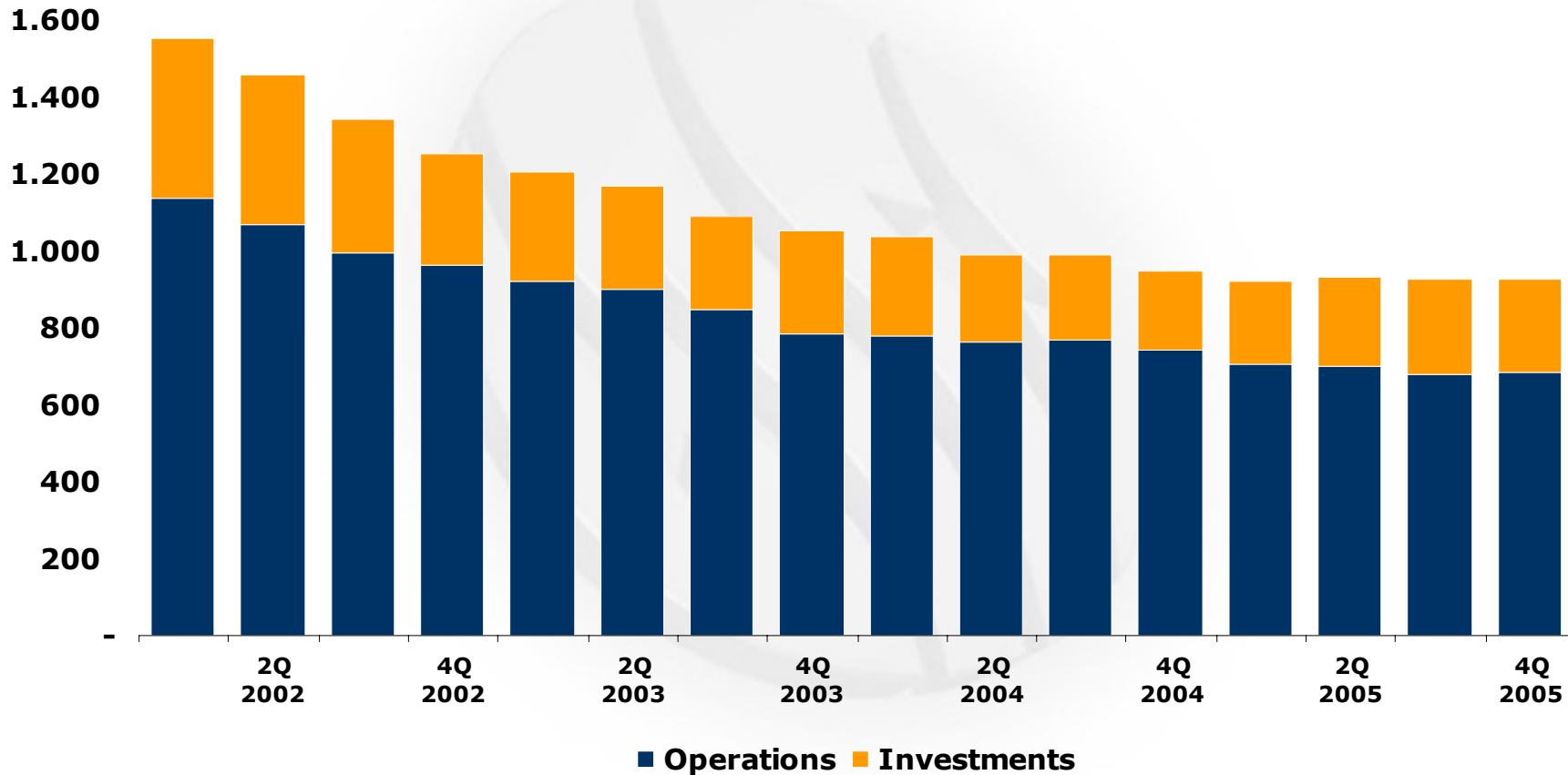
- NOK 229 million operating profit is on a par with 4Q 2004.
- Higher maintenance activity than in 4Q 2004 offset by efficiency improvements.
- Core aspects of new Norwegian regulatory regime for power distributors expected to be announced in 3Q 2006.

Ongoing focus on optimizing operations



Rolling annualized operating expenses and investments

NOK million



Contracting



- High activity levels and solid margins resulted in a NOK 21 million operating profit.
- Proportion of revenues from outside the Hafslund Group continue to grow, despite tougher competition.
- Growth investments made in December 2005: purchases of Bredbåndsfabrikken AS (fiber optic) and Veka Entreprenad AB (power grid infrastructure contracting).



Contracting — financial status

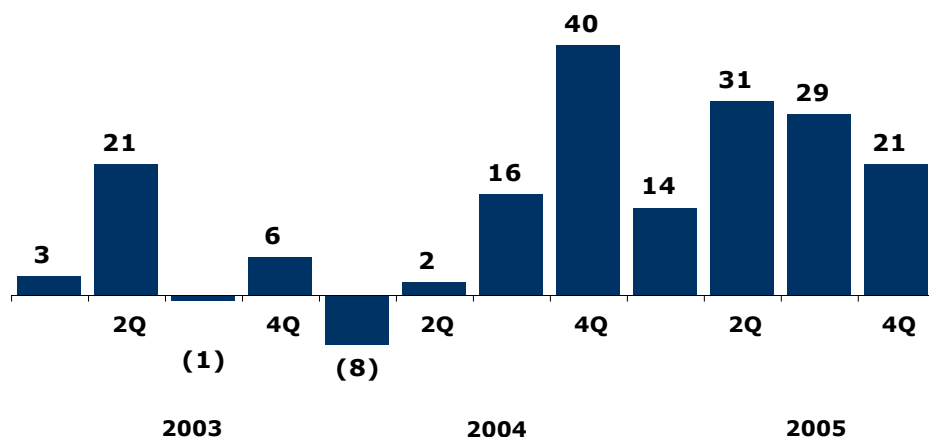


Financial figures

NOK million	4Q 2005	4Q 2004	2005	2004
Operating revenue	247	210	791	728
Operating profit before depreciation	29	47	118	71
Margin	11,7%	22,4%	14,9%	9,8%
Operating profit	21	40	95	49
Margin	8,5%	19,0%	12,0%	6,7%

Operating profit

NOK million



- Operating revenues: NOK 247 million; up 18 percent from 4Q 2004.
- Operating profit: NOK 21 million. A NOK 17 million non-recurring item in 4Q 2004 accounts for the profit decline.
- Operating margin: 8.5%. Sharper competition trims margins slightly.

Contracting — operating profit by company



NOK million	4Q 2005	4Q 2004	2005	2004
Hafslund Entreprenør	17	16	62	10
Hafslund Installasjon	6	5	25	17
Hafslund Elsikkerhet	3	18	8	25
Hafslund Tokom	4	8	24	19

- Hafslund Entreprenør AS: operating revenues of NOK 161 million; 60 percent higher than in 4Q 2004. Strong margins sustained in the face of tougher competition.
- ToKom growing fast in its targeted fiber optic infrastructure business: fiber-optic cable network of nearly 800 km.
- Hafslund Installasjon (electrical installation): high activity levels and satisfactory operating margins.
- Hafslund Elsikkerhet (electrical safety services): a NOK 17 million non-recurring item boosted 4Q 2004's operating profit.

Power Sales



- Operations were good and margins satisfactory in 4Q 2005.
- Revenue growth attributable to higher Nord Pool power prices.
- 622 000 customers at year-end 2005.
- 19,000 new Power Sales customers, following purchase of Hydro Texaco's customer portfolio (effective 2 January 2006).



Power Sales — financial status

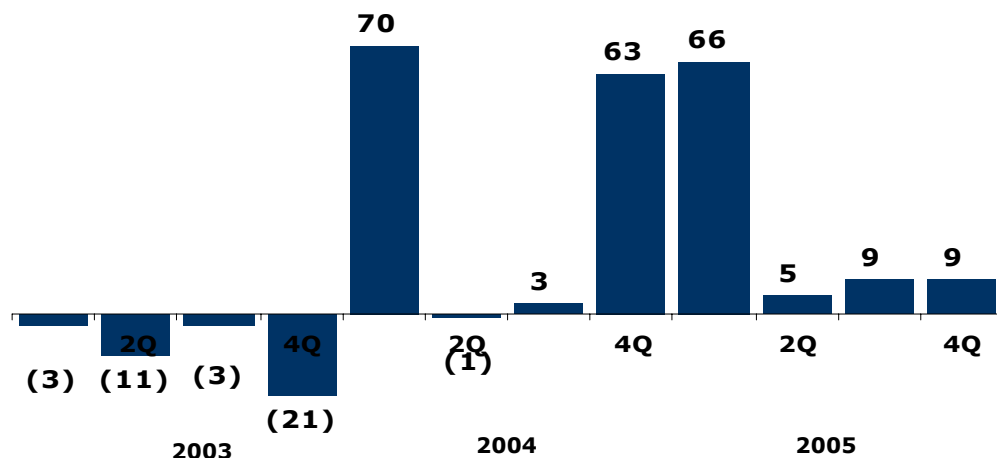


Financial figures

NOK million	4Q 2005	4Q 2004	2005	2004
Operating revenue	957	877	2.951	3.137
Operating profit before depreciation	15	64	97	139
Margin	1,6%	7,3%	3,3%	4,4%
Operating profit	9	63	89	136
Margin	0,9%	7,2%	3,0%	4,3%

Operating profit

NOK million



- NOK 45 million charged against 4Q 2005 profit to correct for excess income accruals recorded prior to 2003 by Tindra and Oslo Energi.
- Volume sold: 3,173 GWh (vs. 3,332 GWh in 4Q 2004).
- NOK 6 million profit charge for fair value market valuation of hedging portfolio, per 2005 implementation of IFRS.

Security



- NOK 9 million operating profit before depreciation in 4Q 2005.
- 79 400 residential alarm customers at year-end 2005.
- Efficiency enhancing measures implemented at Hafslund Security expected to yield bottom-line improvements in 2006.



Security — financial status

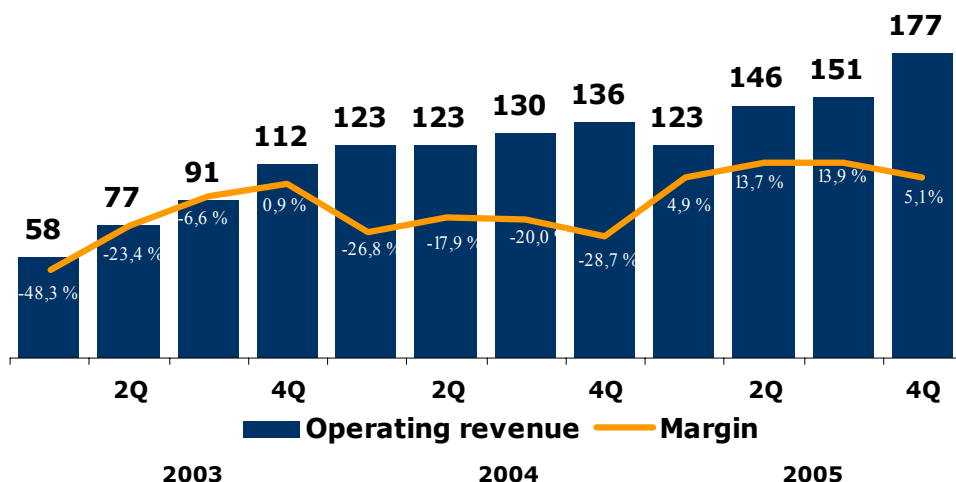


Financial figures

NOK million	4Q 2005	4Q 2004	2005	2004
Operating revenue	177	136	598	511
Operating profit before depreciation	9	(39)	57	(119)
Margin	5,1%	-28,7%	9,5%	-23,3%
Operating profit	0	(44)	14	(142)
Margin	0,0%	-32,4%	2,3%	-27,8%

Operating profit before depreciation

NOK million



- Operating profit before depreciation: NOK 9 million in 4Q 2005.
- Negative one-off items in 4Q amounts to NOK 8 million.
- Number of Hafslund residential alarm customers increased by 2,000 in 4Q 2005.

Other Activities — financial status

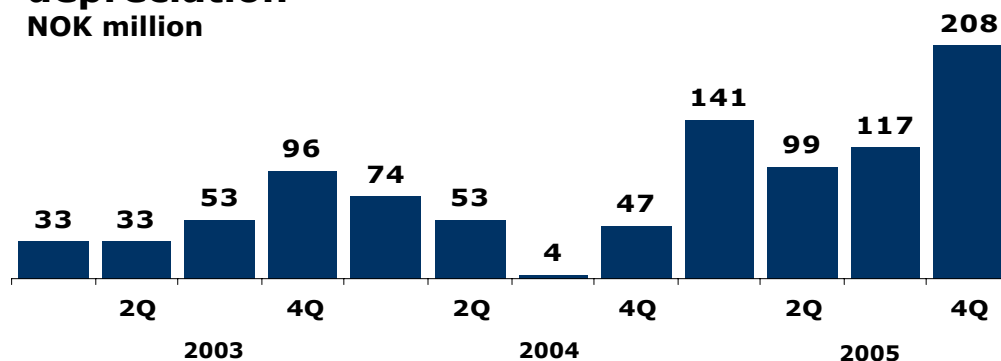


Financial figures

NOK million	4Q 2005	4Q 2004	2005	2004
Venture, associated companies, and other financial income	208	47	564	178
Staff support functions	(34)	(30)	(109)	(171)
Other	(96)	(8)	(188)	8
Operating profit before depreciation	78	9	267	15
Operating profit	65	1	234	(3)

Venture, etc. — operating profit before depreciation

NOK million



- Excellent venture portfolio value growth spurs NOK 208 million profit in 4Q 2005.
- REC shareholding recorded at NOK 260 share.
- Share bonus award to all employees under 2005 wage settlement: NOK 42 million expensed in 4Q 2005.
- Restructuring and reorganization measures: NOK 33 million expensed in 4Q 2005.

Group profit and loss account



NOK million	4Q 2005	4Q 2004	2005	2004
Operating revenues	2.590	2.376	8.865	8.530
Operating expenses	(1.968)	(1.778)	(6.203)	(6.364)
Operating profit before depreciation	622	598	2.662	2.166
<i>Margin</i>	24,0%	25,2%	30,0%	25,4%
Depreciation	(183)	(183)	(677)	(694)
Operating profit	439	416	1.985	1.472
<i>Margin</i>	16,9%	17,5%	22,4%	17,3%
Net financial items	(104)	(179)	(411)	(677)
Pre-tax profit	335	236	1.575	795
Tax	(84)	(68)	(400)	(338)
Profit after tax	251	168	1.175	457
Majority's share of profit	250	163	1.174	439
Earnings per share (in NOK)	1,28	0,84	6,02	2,25

Group balance sheet



NOK million	2005-12-31	2005-09-30	2005-01-01
Intangible assets	1.953	1.948	2.100
Fixed operating assets	14.283	14.272	15.010
Financial fixed assets	984	1.502	1.134
Accounts receivable and inventory	2.088	1.413	1.962
Investments	1.146	736	495
Cash and cash equivalents	266	109	108
Assets	20.721	19.979	20.807
Equity (incl. Minority interests)	6.390	6.151	5.756
Allocations for liabilities	2.056	1.943	1.867
Other long-term liabilities	7.594	7.652	6.999
Short-term liabilities	4.682	4.233	6.185
Equity and liabilities	20.721	19.979	20.807
Net interest-bearing liabilities	9.528	9.209	10.537
Equity ratio (in %)	30,8 %	30,8 %	27,7 %

Group cash flow analysis



NOK million	4Q 2005	4Q 2004	2005	2004
Operating profit before depreciation	622	597	2.662	2.166
Profit and loss items not affecting liquidity	(171)	(27)	(576)	(70)
Change in working capital and taxes paid	(385)	(774)	6	(109)
Cash flow from operations	66	(204)	2.092	1.987
Operating and expansion investments	(220)	(156)	(689)	(570)
Sale of operating assets and shares	(128)	96	510	456
Distributable cash flow from operations	(282)	(264)	1.913	1.873
Payment of financial items	(37)	(48)	(671)	(645)
Cash flow for dividend and reducing net debt	(319)	(312)	1.242	1.228
Dividends and capital transactions	-	-	(233)	(184)
Net interest-bearing debt at beginning of period	(9.209)	(10.225)	(10.537)	(11.581)
Net interest-bearing debt at close of period	(9.528)	(10.537)	(9.528)	(10.537)

2006 outlook



- Well positioned for power price increases.
- Due to changes in the regulatory constraints the Network unit is expected to deliver somewhat lower profitability in 2006 relative to 2005.
- Significant value growth potential in REC.
- The other business units are well positioned for further positive development.





Hafslund

- We make everyday life safer and better

Hafslund 

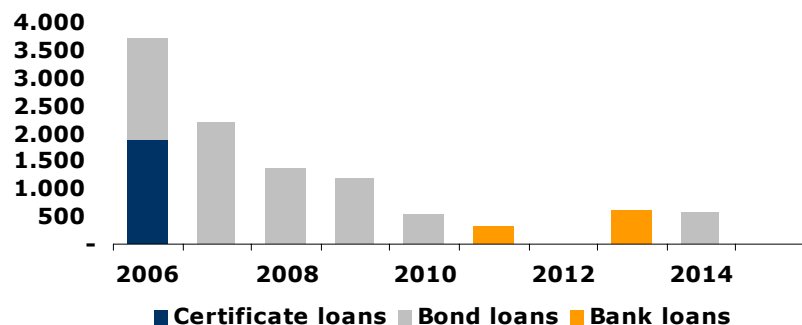


Additional information

Loans

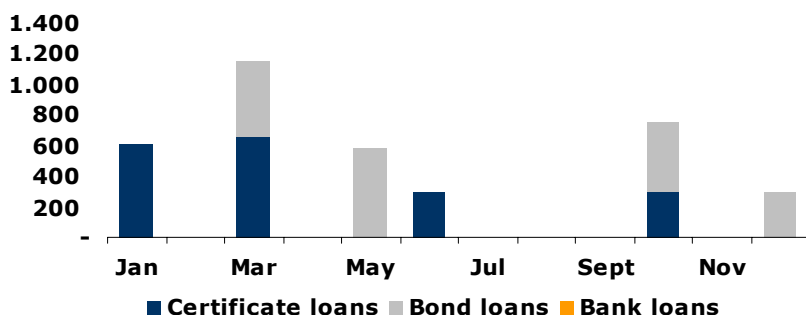
Debt maturity profile 2006-2014

NOK million



Debt maturity next 12 months

NOK million



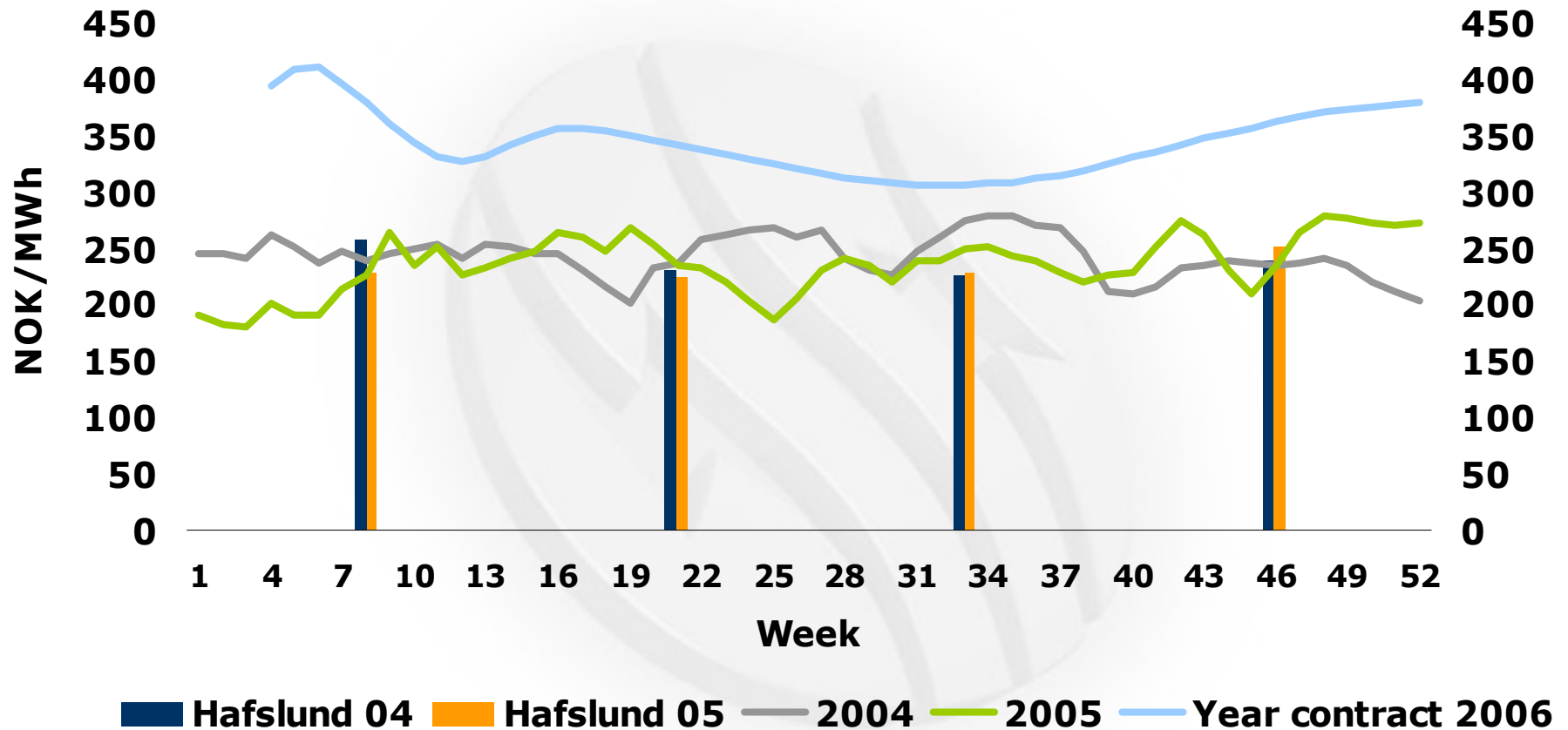
Portfolio

	4Q 2005	3Q 2005	Change
Syndicate and bank loans	9 %	9 %	0 %
Bondloans	73 %	72 %	1 %
Certificate loans	18 %	19 %	-1 %

Portfolio details

	4Q 2005	3Q 2005	Change
Nominal value - market value loans	-303	-330	27
Market value derivatives	-63	-79	16
Average interest incl. Derivatives	5,0 %	5,1 %	-0,1 %
Proportion of loan portfolio with fixed interest	54 %	60 %	-6 %
Modified duration (in year)	1,3	1,4	(0,1)
Loans at maturity next month (in NOK million)	1.771	1.618	153
Unused drawing facilities (in NOK million)	4.543	4.480	63

Power prices: Hafslund Power Generation vs. Nord Pool



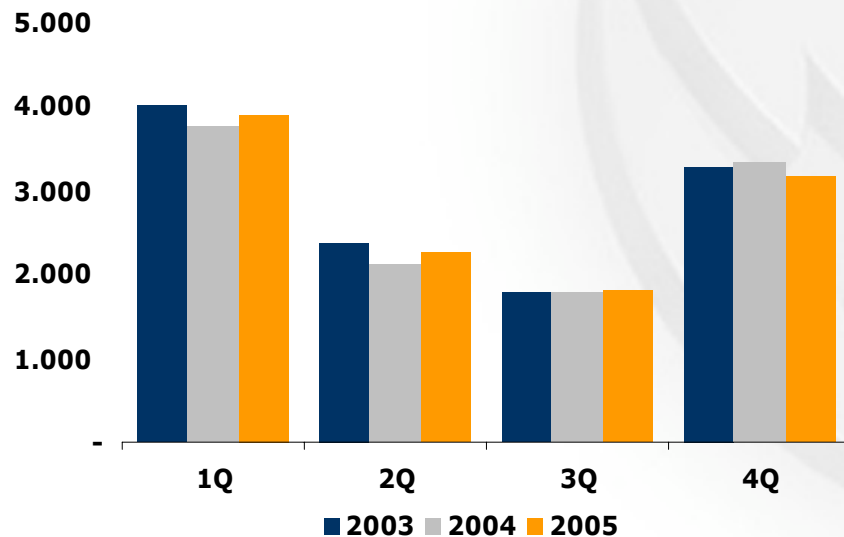
Source: Nord Pool, 31 December 2005
Note: The charted quarterly price of power sold by Hafslund's Power Generation business is volume-weighted.

Hafslund Power Sales: 3,173 GWh in 4Q 2005 = 11.4% of total Norwegian consumption



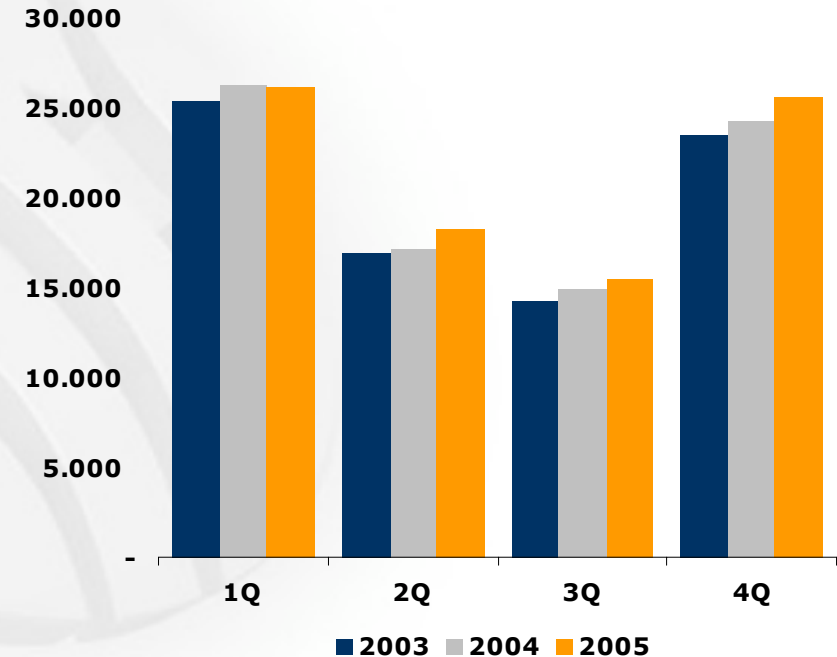
Hafslund Power Sales

GWh



Norway's gross general consumption of electric energy *

GWh



* Definition: Gross general consumption encompasses gross consumption (excl. electro-boilers and pumped storage), which includes households and agriculture, services, wood processing, mining, and other industries (excl. power-intensive), construction, transportation, and grid losses.
Source: NVE

Shareholders (as of 31 December 2005)



#	Shareholder	A shares	B shares	Total	Ownership	Voting rights
(in thousands of shares)						
1	City of Oslo	40.498	27.974	68.472	35,1 %	35,1 %
2	Oslo Kommune Holding AS	27.027	9.369	36.396	18,6 %	23,4 %
3	Fortum Forvaltning AS	37.853	28.706	66.559	34,1 %	32,8 %
4	Østfold Energi AS	5.201	4	5.205	2,7 %	4,5 %
5	Odin Norge	499	1.677	2.176	1,1 %	0,4 %
6	Odin Norden	572	1.523	2.095	1,1 %	0,5 %
7	MP Pensjon	-	1.564	1.564	0,8 %	0,0 %
8	JPMorgan Chase Bank	-	1.333	1.333	0,7 %	0,0 %
9	A/S Herdebred	-	397	397	0,2 %	0,0 %
10	Saga Equity Fund	-	332	332	0,2 %	0,0 %
Total, 10 largest shareholders		111.650	72.879	184.529	94,5 %	96,7 %
Other shareholders		3.814	6.880	10.694	5,5 %	3,3 %
Total		115.464	79.759	195.223	100 %	100 %

Key figures



Group	2005	2004
Capital matters		
Total assets	20.721	20.807
Capital employed	16.954	16.999
Equity	6.390	5.756
Market capitalization	14.300	7.600
Equity ratio (in%)	30,8 %	27,7 %
Net interes-bearing debt	9.528	10.537
Profitability		
Profit after tax	1.175	457
Return on equity (p.a.)	18,4 %	6,7 %
Earnings per share (EPS)	6,02	2,25
Cash flow per share	9,49	5,90
Power Generation	2005	2004
Capital employed	2.249	1.980
Sales price (in øre per kWh)*	23,3	23,6
Production volume (in GWh)	3.067	2.895
Production in % of median	108 %	102 %
Contracting	2005	2004
Capital employed	300	235

Network	2005	2004
Capital employed	10.934	11.866
Cash flow (% of income cap)	59 %	52 %
NVE capital (regulatory)	5.672	6.327
Power Sales	2005	2004
Capital employed	2.058	2.120
Total volume (GWh)	11.125	10.985
Retail market		
Volume (in GWh)	7.099	6.536
Corporate market		
Volume (in GWh)	4.026	4.449
Security	2005	2004
Capital employed	565	629
Residential market		
Net customer growth	10.329	13.030
No. of customers	79.430	69.101

Note: *100 øre = NOK 1

Definitions



Item	Explanation
Hafslund Group	
Capital employed	Equity + Gross interest-bearing debt
Equity ratio (in %)	$(\text{Equity incl. minority interests} / \text{Total assets}) \times 100$
Earnings per share (EPS)	Majority's share of profit after tax / Average no. of shares outstanding
Cash flow per share	$(\text{Profit after tax} + \text{Depreciation}) / \text{Average no. of shares outstanding}$
Return on equity (p.a.)	Annualised result after tax / Average equity (incl. minority interests)
Return on invested capital (p.a.)	Annualised operating profit / (Average equity + Interest-bearing debt)
Power Generation	
Mean production	Average power production over the past 10 years
Network	
Cash flow as a % of income ceiling	$\text{Operating profit before depreciation} \times 100 / \text{Income ceiling set by regulators}$

Investor information



- Additional information is available from Hafslund's website:
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