

PRESS RELEASE

HAFSLUND GROUP'S (HNA) RESULT 1999

(Comparable figures for 1998 in brackets)

Income before taxes for the Hafslund group was NOK 633 million (NOK -226 million). The result has been affected by a good return on the financial investments. Earnings per share were NOK 4.12 (NOK -1.61). Operating revenues in 1999 were NOK 1,531 million (NOK 1,966 million), and the operating profit was NOK 211 million (NOK 313 million). An ordinary dividend of NOK 1.20 per share for 1999 will be proposed to the Annual General Meeting (NOK 1.10).

The core operations have in 1999 been affected by low electricity prices, launching of Hafslund Energy as a national retail supplier, a negative trading result in the American power trading entity and the one-off effects of settling power contracts and pension liabilities

CONSOLIDATED INCOME STATEMENT - 3rd INT. 1999* (fig are revised due to new accounting laws)

NOK mill.	3 int. 99	3 int. 98	1999	1998*
Operating revenues	407	627	1 531	1.966
Operating expenses	298	550	1 320	1.653
Operating profit	109	77	211	313
Financial items incl. associated companies	2	-149	422	-539
Income before taxes	111	-72	633	-226
Taxes	-14	20	-147	57
Income after taxes	97	-52	486	-169
Earnings per share	0,81	-0,51	4,12	-1,61
Current assets			6 282	4 679
Fixed and tangible assets			1 652	2 271
Total assets			7 934	6 950
Shareholders equity			2 556	2 282
Provisions for liabilities and charges			103	97
Long-term liabilities			3 495	2 971
Short-term liabilities			1 780	1 600
Total shareholder equity and liabilities			7 934	6 950

Hafslund Generation

Generation in 1999 was 3,116 GWh (3,195 GWh), and was thus 7% above average statistical generation. For Hafslund's Norwegian power plants, the operating profit was NOK 220 million (NOK 228 million). The result was affected by low attained sales prices of NOK 11.9 øre/kWh. (NOK 12.3 øre/kWh).

Hafslund Distribution

Operating profit for 1999 was NOK 80 million (NOK 45 million). During 1999, Hafslund has considerably strengthened its role as distribution network owner. With Viken Energinett, Hafslund purchased the distribution activities in the municipalities of Asker and Bærum. Hafslund has acquired a 25% ownership interest in Viken Energinett (effective from 31.12.99) by contributing the ownership interest of 50% of EAB Nett, Skedsmo og Sørums Nett (100%) along with a cash amount of NOK 737 million. The agreement and cooperation with Viken form a good basis for Hafslund's possibilities for participating in the further restructuring of the distribution network activities in South Eastern parts of Norway.

Hafslund Markets

Operating profit for Hafslund Markets was NOK -53 million in 1999 (NOK 5 million). The result is greatly affected by a negative operating profit in USA of NOK -57 million due to an unsuccessful positioning linked to the coldest summer in California for 60 years. The power trading company Hafslund Delta had a trading profit of NOK 31 million (NOK 23 million) before operating expenses.

Hafslund Energy

Hafslund Energy had an operating profit of NOK -43 million (NOK -18 million), including depreciation of customer portfolios of a total of NOK 7 million (NOK 5 million) and costs of NOK 13 million in connection with the take-over of power contracts. The result is affected by the establishment of a central marketing unit and systems for handling further growth. Hafslund Energy has increased its ownership interest in Din Energi AS (ownership interest 47%) in 1999, purchased 3,600 customers in Rakkestad, and has acquired customers through campaigns. Directly and indirectly, Hafslund Energy has access to a customer base of 180,000 customers at year end. The company's ambition is to

participate in the establishment of a leading Norwegian end-user company through consolidation, acquisitions and organic growth.

Hafslund Invest

The division had an accounting result from investments of NOK 701 million (NOK -344 million) in 1999. Hafslund's marketable securities portfolio had a return of 69.2% in 1999 compared with the Oslo Stock Exchange total index of 45.5%. Book value amounts to NOK 873 million as of 31.12.99, and unrealised earnings were NOK 229 million. The accounting result in 1999 was NOK 646 million (NOK -334 million). Book value of long term investments amounts to NOK 1,152 million as of 31.12.99 and includes NOK 555 million in associated companies. A profit of NOK 69 million from associated companies was taken to income in 1999.

Other activities

Other activities, which consist of investment activities, Hafslund Alfa, Corporate staff, Orion System, Tensil (until 01.07.99) and Agriculture and Hafslund Manor, had an operating result of NOK -71 million (-6 million). The result is affected by the one-off effects associated with earnings from the sale of Skedsmo & Sørumsø (NOK 19 million), early retirements packages (NOK -20 million) and the termination of the power contract with Østfold Energi (NOK -24 million). Hafslund Alfa (established as building contractors as of 01.01.99), had an operating income of NOK -9 million.

BUSINESS SEGMENTS

NOK mill.	3 int. 98	3 int. 99	1998	1999
Hafslund Produksjon (Generation)	148	184	510	536
Hafslund Nett (Distribution)	99	108	292	323
Hafslund Markets	28	24	38	52
Hafslund Energi (End user)	30	56	81	140
Other/elimination	322	35	1 045	480
Operating revenues	627	407	1 966	1 531
Hafslund Produksjon (Generation)	81	104	287	298
Hafslund Nett (Distribution)	4	32	45	80
Hafslund Markets	2	15	5	-53
Hafslund Energi (End user)	-10	-17	-18	-43
Other/elimination	-	-25	-6	-71
Operating profit	77	109	313	211

Development so far in 2000

Hafslund ASA entered into an agreement of integration with Elkem ASA on 23 December 1999 on merging the energy activities in Elkem against a settlement in shares corresponding to 45% of Hafslund ASA. This transaction will be brought to a vote in the corporate assembly of Hafslund end of February. The Annual Meeting is expected to be held 28 March 2000. The merged company will double the production capacity, and will strengthen the company's position as a leading listed power company. Hafslund's strategy will be continued in the new company.

The group's preliminary results report for 1999 is available at the company's head office in Karenslyst Alle 11, at the Oslo Stock Exchange and on the Internet address: <http://www.huginonline.com/Norway/HNA/>

For more detailed information, contact CFO Knut Øversjøen, on tel. + 47 2301 4200.

Oslo, 16 February 2000

HAFSLUND ASA

RESULTS 1999

To the shareholders of Hafslund ASA

1999 results

(Comparable figures for 1998 in brackets)

Income before taxes for the Hafslund group was NOK 633 million (NOK -226 million). The result has been affected by a good return on the financial investments. Earnings per share after taxes was NOK 4.12 (NOK -1.61). Operating revenues in 1999 were NOK 1,531 million (NOK 1,966), and the operating profit was NOK 211 million (NOK 313 million).

The core operations have in 1999 been affected by low electricity prices, launching of Hafslund Energy as a national retail supplier, a negative trading result in the American power trading entity, and the one-off effects of settling power contracts and pension liabilities

Hafslund Generation

Generation in 1999 was 3,116 GWh (3,195 GWh), and was thus 7% above average statistical generation. The generation was divided between 2,953 GWh (3,080 GWh) in Norway and 163 GWh (115 GWh) in USA.

For Hafslund's Norwegian power plants, the operating profit was NOK 220 million (NOK 228 million). The result was affected by low attained sales prices of NOK 11.9 øre/kWh (NOK 12.3 øre/kWh). A higher volume generated and lower operating expenses compensated for parts of this.

Operating profit in USA was NOK 78 million (NOK 59 million). Higher generation in the summer months at the chip-fired plant in Greenville along with lower maintenance costs are the main reasons for this positive development.

It is Hafslund's ambition to make the operation of its hydro-electric power plants more effective by continuous improvement in operation and maintenance, increased efficiency, and by actively seeking an operative cooperation in the Glomma river system.

Hafslund Distribution

Operating profit before goodwill for 1999 was NOK 85 million (NOK 50 million), giving a return of 14.1% (8.3%) on the official regulators asset value capital. (NVE)

The result from associated companies was NOK -9 million, and the book value of the investments was NOK 1,489 million.

During 1999, Hafslund has considerably strengthened its role as distribution network owner. With Viken Energinett, Hafslund purchased the distribution activities in the municipalities of Asker and Bærum. The purchase provided the possibility for further industrial development in the Oslo area. Hafslund has acquired a 25% ownership interest in Viken Energinett (effective from 31.12.99) by contributing the ownership interest of 50% of EAB Nett, Skedsmo og Sørums Nett (100%) along with a cash amount of NOK 737 million. In addition, Viken Energinett has the option to acquire Hafslund's regional distribution network in Østfold county. The agreement and cooperation with Viken forms a solid basis for Hafslund's possibilities of participating in the further restructuring of the distribution network activities in South Eastern parts of Norway.

Hafslund Markets

Operating profit for Hafslund Markets was NOK -53 million in 1999 (NOK 5 million). The result is greatly affected by a negative operating profit in USA of NOK -57 million due to an unsuccessful positioning linked to the coldest summer in California for 60 years.

The power trading company Hafslund Delta had a trading profit of NOK 31 million (NOK 23 million) before operating expenses. The income from associated companies was NOK 2 million, and the book value of the investments was NOK 24 million.

Hafslund Markets had a positive development in the last part of 1999, with an operating result of NOK 15 million in the 3rd quarter, mainly due to good positioning in the regulated energy market and expected good results for the Nordic operations.

Hafslund Markets operates as a trader in the wholesale power market, managing power for Hafslund Generation and Hafslund Energy, and offers services to power utilities and the power-intensive industry.

Hafslund Markets also has activities in USA and Spain.

Hafslund Energy

Hafslund Energy comprises the company's commitment of electric power sales directly to users in both the consumer and corporate markets. 1999 was the first year for Hafslund Energy as a separate business area, and the result is affected by the establishment of a central market unit and systems for handling further growth. In addition, it is charged NOK 12 million to brand building and NOK 5 million to customer acquisition campaigns. The operating profit of NOK -43 million. (NOK -18 million) includes depreciation of customer portfolios of a total of NOK 7 million (NOK 5 million) along with costs of NOK 13 million in connection with the take-over of power contracts.

The income from associated companies was NOK 4 million, and the book value of the investments was NOK 251 million.

Hafslund Energy has in 1999 increased its ownership interest in Din Energi AS (ownership interest 47%), bought 3,600 customers in Rakkestad, and acquired customers through campaigns. Directly and indirectly, Hafslund Energy has access to a customer base of 180,000 customers at year end, amounting to a market share of 11%.

The end-user market is still characterised by small units and pressure on margins. Hafslund's objective is to contribute to gathering the different customer bases in a large and effective unit, which can also be in the forefront with regard to employing new technology and offering the customers new products. The company's ambitions is to participate in the establishment of a leading Norwegian end-user company through consolidation, acquisitions and organic growth.

Hafslund Invest

The division Hafslund Invest had at year end an accounting result from investments of NOK 701 million in 1999 (NOK -344 million).

Hafslund's marketable securities portfolio had a return of 69.2% in 1999 compared with the Oslo Stock Exchange total index of 45.5%. Book value amounted to NOK 873 million

as of 31.12.99, and unrealised earnings were NOK 229 million. The accounting result in 1999 was NOK 646 million (NOK –344 million).

Book value of long term investments amounts to NOK 1,152 million as of 31.12.99, and includes NOK 555 million in associated companies which allocated an income of NOK 69 million in 1999.

Other activities

Other activities, which consist of investment activities, Hafslund Alfa, Corporate staff, Orion System, Tensil (until 01.07.99) and agriculture at Hafslund Manor had an operating result of NOK –71 million in 1999 (NOK –6 million).

The result is further affected by the one-off effects associated with earnings from the sale of Skedsmo & Sørum Nett NOK 19 million, early retirement packages NOK –20 million and the termination of the electric power contracts with Østfold Energi NOK –24 million.

Hafslund Alfa (established as building contractors as of 01.01.99) had an operating income of NOK – 9 million.

Important transactions in 1999

- Hafslund ASA and Viken Energinett AS each purchased, with effect from 1 July 1999, 50% of the shares in Energiselskapet Asker og Bærum Nett AS (EAB Nett) for a total of NOK 1,262 million.

- By a private placement 31.12.99, Hafslund has gained 25% ownership interest in Viken Energinett. As settlement, Hafslund has included its ownership interest of 50% of EAB Nett, Skedsmo og Sørum Nett (100%) and a cash amount of NOK 737 million.

- Viken Nett sold Skedsmo og Sørum 03.01.00 to Akershus Nett for an ownership interest of 12.1% in Akershus Nett.

- The ownership interest in Din Energi has been increased to 47% after the purchase of 33% more of the shares 01.07.99 for a total purchasing price of NOK 163 million. Din Energi has 113,000 customers, primarily in the counties of Akershus and Buskerud. Din Energi is thus now owned by Hafslund (47%), Energiselskapet Buskerud (51%) and Nedre Eiker Energi (2%)

- With effect from 01.07.99, Hafslund coordinated its commitment in Tennant Midgley (60%) and 16% of the listed company Fesil ASA, with Gurta AG/Samid SA's ownership in Fesil ASA and the Tennant Midgley Group Ltd respectively. Hafslund UK Holding was changed to Tensil Ltd, which after the co-ordination owns 39.9% of the shares in Fesil ASA and 95% in Tennant Midgley Group Ltd. From the same date, the investment was accounted as an associated company.

Balance sheet as of 31 December 1999

NOK 49 million has been invested in fixed assets in 1999. In addition, NOK 1,368 million has been invested in the acquisition of 25% of the shares in Viken Energinett, and NOK 163 million in the purchase of 33% in Din Energi. In addition, there has also been a net reduction of NOK 965 million in financial investments.

Hafslund had an equity ratio of 32% at the end of the year, a reduction from 33% at the end of 1998.

Hafslund ASA's share capital is NOK 115,463,420 divided into 68,290,861 class A shares and 47,172,559 class B shares of NOK 1 nominal value. As of 31 December 1999, the market price on the Oslo Stock Exchange was NOK 48.4 (NOK 48.0) for A shares and NOK 30.9 (NOK 30.0) for B shares. The largest share transaction in 1999 was Oslo Energi Holding's acquisition of 13,368,679 A shares from Statoil. After this, Oslo Energi Holding has 39% of the A shares in Hafslund ASA and 31.8% of the total share capital in the company.

Dividends 1999

An ordinary dividend of NOK 1.20 per share for 1999 will be proposed to the Annual General Meeting. (NOK 1.10)

Results in the third interim period

Income before taxes was NOK 112 million in the third interim of 1999 (NOK -72 million).

Hafslund generated 940 GWh in the period (1,009 GWh) compared with an average statistical generation of 882 GWh. The average spot price in Norway was NOK 13.05 øre/kWh (NOK 12.5 øre/kWh). The average price attained in the third interim was NOK 13.5 øre/kWh (NOK 11.9 øre/kWh).

Development so far in 2000

Hafslund ASA entered into an agreement of integration with Elkem ASA on 23 December 1999 on merging the energy activities in Elkem against a settlement in shares corresponding to 45% of Hafslund ASA. This transaction will be brought to a vote in the corporate assembly of Hafslund end of February. The Annual meeting is expected to be held March/April 2000.

The proposed merger between Hafslund ASA and Elkem's power activities will double existing production capacity. The level of regulation will increase from 16% to 40%, and will provide solid operation synergies.

The merged company will double the generation capacity, and will strengthen the company's position as a leading listed power company. Hafslund's strategy will be continued in the new company.

Hafslund ASA will present the report for the first quarter 3 May, second quarter 23 August, and third quarter 1 November 2000.

Oslo, 16. February 2000
HAFSLUND ASA

The Board of Directors

MAIN FIGURES 1999

CONSOLIDATED INCOME STATEMENT - 3rd INT. 1999

(*fig are revised due to new accounting laws)

NOK mill.	3 int. 98	3 int. 99	1998*	1999
Operating revenues	627	407	1.966	1.531
Operating expenses	512	258	1.543	1.200
Depreciation	38	40	110	120
Operating profit	77	109	313	211
Financial items incl. associated companies	-149	2	-539	422
Income before taxes	-72	111	-226	633
Taxes	20	-14	57	-147
Income after taxes	-52	97	-169	486
Profit/loss attributable to minority interests	7	3	17	10
Profit/loss attributable to majority interests	-59	94	-186	476
Earnings per share	-0,51	0,81	-1,61	4,12
No. of shares (in 1.000) used in compute. of EPS	115.463	115.463	115.463	115.463

INTERIM RESULTS

NOK mill.	1 int. 98	2 int. 98	3 int. 98	1 int. 99	2 int. 99	3 int. 99
Operating revenues	706	633	627	648	475	408
Operating expenses	598	505	550	564	457	299
Operating profit	108	128	77	84	18	109
Financial items incl. associated companies	55	-445	-149	180	240	2
Income before taxes	163	-317	-72	264	258	111

BUSINESS SEGMENTS

NOK mill.	3 int. 98	3 int. 99	1998	1999
Hafslund Produksjon (Generation)	148	184	510	536
Hafslund Nett (Distribution)	99	108	292	323
Hafslund Markets	28	24	38	52
Hafslund Energi (End user)	30	56	81	140
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Other/elimination	-	-25	-6	-71
Operating profit	77	109	313	211

FINANCIAL INVESTMENTS / FINANCING

NOK mill.	3 int. 98	3 int. 99	1998	1999
Operating expenses	4	-1	6	4
Income long-term investments	-47	48	-10	55
Marketable securities:				
Realised dividend/sale	-77	48	34	299
Change unrealised	54	-	-368	347
Income on investment activities	-74	97	-350	697
Net interest	-78	-78	-175	-263
Other financial items	-1	-16	-20	-16
Net interest-bearing debt			3.656	4.210
Average interest costs			6,3 %	7,3 %

MAIN FIGURES 1999

CONSOLIDATED BALANCE SHEET

(*figures are revised due to new accounting laws)

NOK mill.	31.12.98*	31.12.99
Intangible assets	1.798	1.615
Current assets	1.640	1.528
Financial assets	1.241	3.139
Fixed and tangible assets	2.271	1.652
Total assets	6.950	7.934
Shareholders equity	2.282	2.556
Provisions for liabilities and charges	97	103
Long-term liabilities	2.971	3.495
Short-term liabilities	1.600	1.780
Total shareholder equity and liabilities	6.950	7.934

STATEMENT OF CASH FLOW

NOK mill.	1998	1999
Net income	-169	486
Cash flow to/from other operations	-497	729
Net cash to/from operations	-666	1.214
Net cash to/from investment activities	-624	-1.778
Net cash to/from financial activities	1.153	755
Net change in cash and cash equivalents	-137	191
Cash and cash equivalents at beginning of period	294	157
Cash and cash equivalents at end of period	157	348

