

Eidsiva Energi AS

Green Bond Investor Presentation

January 2022



Eidsiva.



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Today's presenters



Petter Myrvold
CFO



Jørn Gunnar Kleven
Head of Finance & Control



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Eidsiva Energi at a glance

#1

Norway's largest grid company with significant holdings in hydro power

Power distribution

83% of YTD Q3 2021 revenues¹⁾

Fiber

11% of YTD Q3 2021 revenues¹⁾

District heating

6% of YTD Q3 2021 revenues¹⁾

66,000

Kilometers of power grid lines

74

Hydro power plants co-owned with Hafslund Eco Vannkraft

85,000

Fiber and broadband customers

BBB+

credit rating from Scope Ratings AG

1) Share of revenue subsidiaries not including from associated companies



General

- Reposition of Eidsiva as a pure infrastructure group
- Sustainability plan established at group level – decarbonization and electrification
- Increased focus in innovation at group level and on business segment level

Grid

- Successful integration of Hafslund Nett and Eidsiva Nett with significant synergies achieved
- Customer focus that will accelerate electrification and the green shift
- Successful integration and customer focus will provide efficiency and profitability well above the industry average
- HSE – zero target

Fiber

- Profitable growth towards 110,000 satisfied fiber customers
- Industry-leading efficiency and quality of fiber deliveries
- EBITDA - margin of over 50%
- A leading position within digitized value chains
- HSE – zero target

District heating

- Target of 500 GWh annual delivery in 2025 (growth of 10%)
- New products and services (decentralized energy centres and service agreements as examples)
- Ensuring solid and uniform management of values and resources
- HSE – zero target

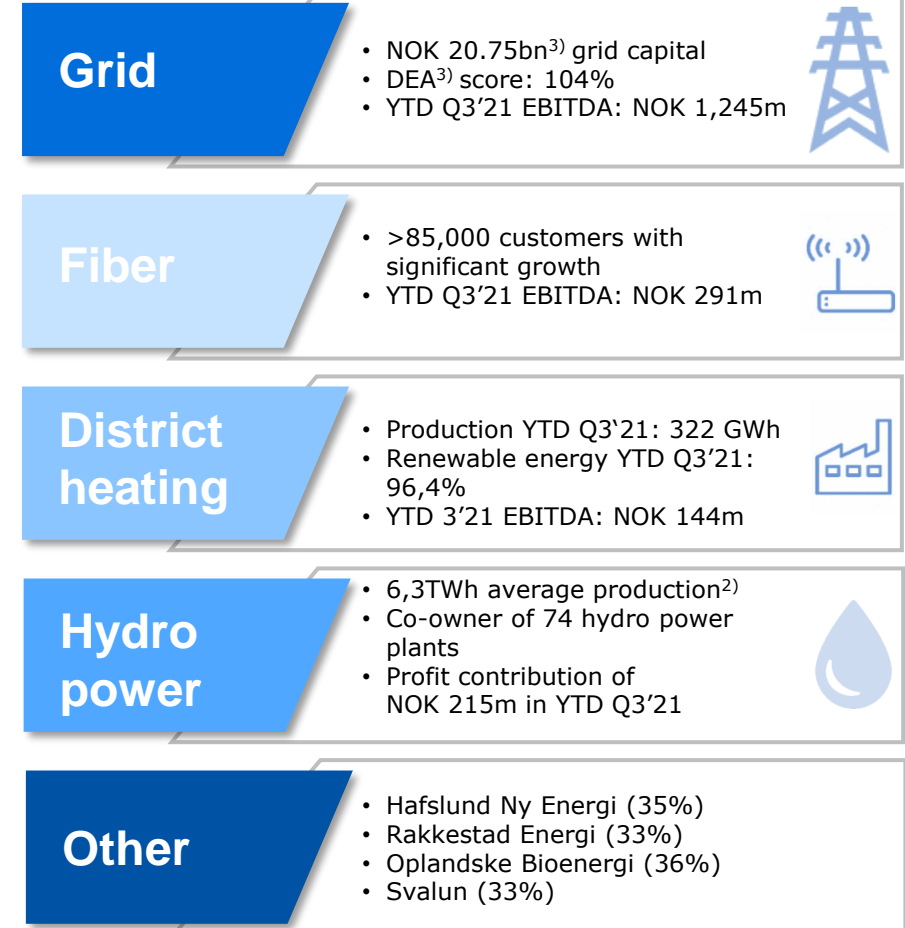
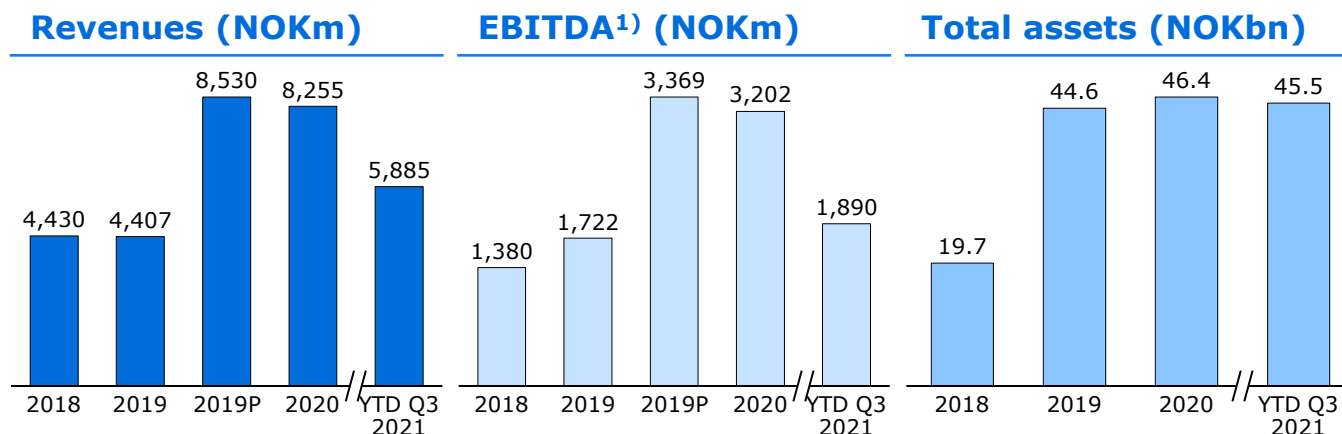
Finance

- Maintain investment grade rating
- Diversified debt sources with an evenly distributed maturity profile
- Will cover maturity for the next 12 months with bank deposit and debt facility



Eidsiva Energi – key figures

- Head office located in Hamar, Norway
- BBB+ (stable) rating from Scope Ratings AG
- Dark Green CICERO green finance framework
- 42.8% ownership interest in Hafslund Eco Vannkraft which is Norway's second largest power producer
- Norway's third largest district heating producer
- Approximately 1,200 employees



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Recent events (I/II)

COVID-19 impact

- The group has managed to maintain stable operations in all three business areas, and there has so far been limited economic effects related to the pandemic. During the third quarter, most restrictions were cancelled and our employees could return to their workplace at Eidsiva

Grid operations

- Elvia has continued the integration activities for realizing synergies following the merger of Hafslund Nett and Eidsiva Nett
- Compared to last year, Elvia has experienced a slightly lower activity level related to investment projects and somewhat higher activity level within operations and maintenance
- The value of grid losses has increased substantially due to higher energy prices, but will in the long run be included in the grid tariffs
- Implementation of announced tariff structure and tariff level postponed due to government recommendations
- Eidsiva is in exclusive negotiations Stange municipality to acquire their grid- and hydro power business

Fiber operations

- Ahead of plan on fiber construction
- Work related to converting customers to the Altibox platform is behind schedule

District heating

- Construction of the new heating central at Kongsvinger is finalized and opened
- Acquired Mistberget district heating power plant located in Råholt

Financing

- New long term RCF with a volume of NOK 2,500m established with a group of 5 banks



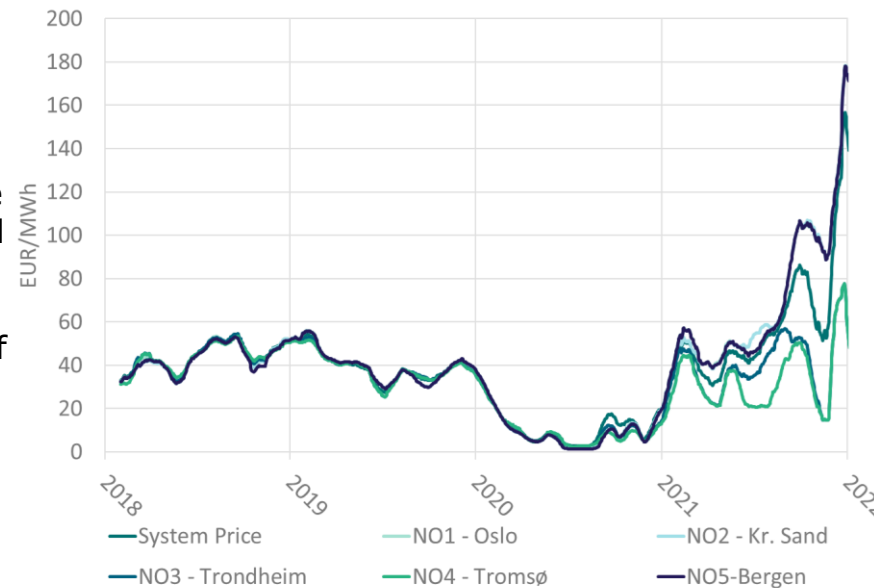
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Recent events (II/II)

From record-low to record-high power prices in one year

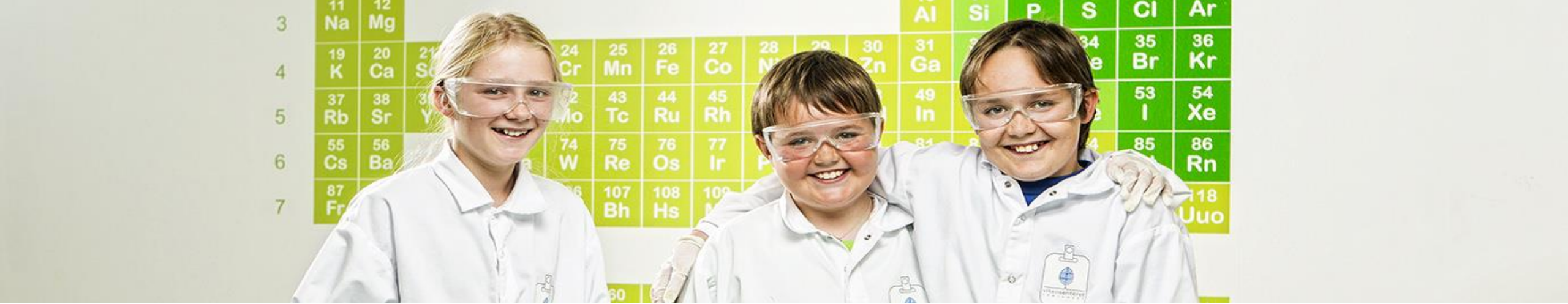
- For the first ten months of 2021, the average system price has been 51 EUR/MWh nearly five times the average price in 2020 of 11.3 EUR/MWh – the lowest average price in 20 years
- In Southern Norway (NO2/NO1), the average power prices have been 62 EUR/MWh year-to-date, while the price in Mid Norway (NO3) has been 39 EUR/MWh and in Northern Norway 31 EUR/MWh
- The price divergence is mainly due to large capacity of new wind production in Northern Scandinavia, limited ability to transport power to the South, while export capacity has increased in Southern Norway - to both the UK and Germany
- The higher spot price in NO1 has increased the value of the grid losses in Elvia – the increased cost will be carried forward and included in future tariffs
- Not full effect on the ownership in Hafslund Eco Vannkraft due IFRS recorded loss on price hedges in third quarter

Spot prices in Norwegian price areas



Source: DNB Markets





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Sustainability plan and report for 2020

- During 2020, Eidsiva established a best practice, systematic sustainability plan with the aim to secure that:
 - Eidsiva's relevant ESG aspects are identified
 - Sustainability targets are defined and incorporated into the group strategy
 - Action plans for implementation of sustainability targets and review of KPIs are implemented
- Eidsiva's implemented sustainability plan is based on the UN's sustainability definition
- The sustainability report for 2020 is based on the World Economic Forum's framework
- Please [click here](#) to access the report



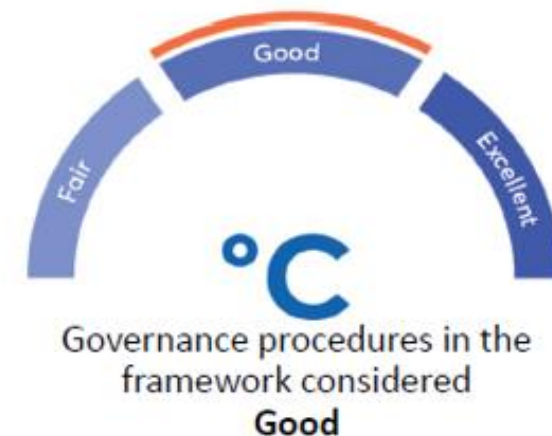
Sustainability is now formalised as an integral part of the group strategy



Eidsiva Energi's Green Finance Framework

November 2021

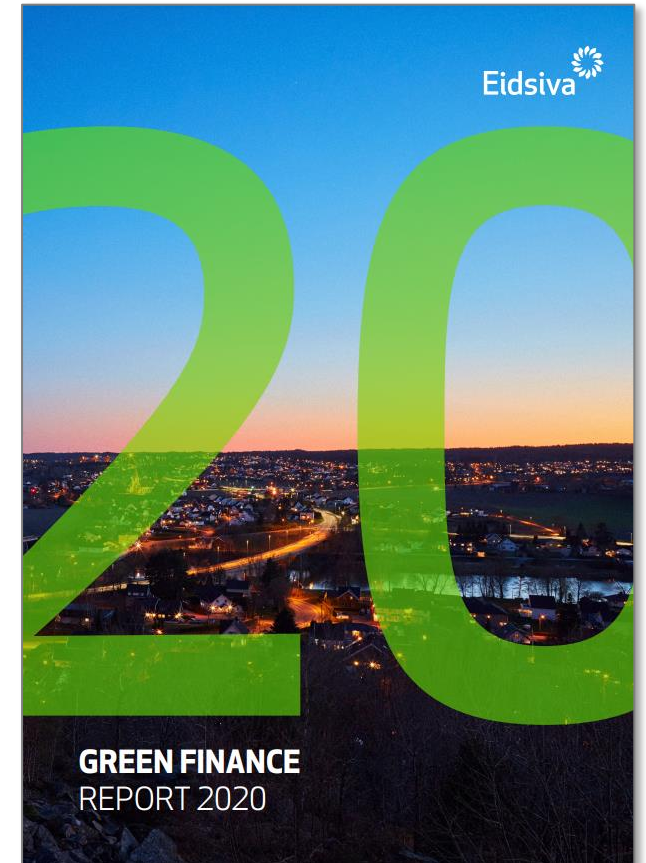
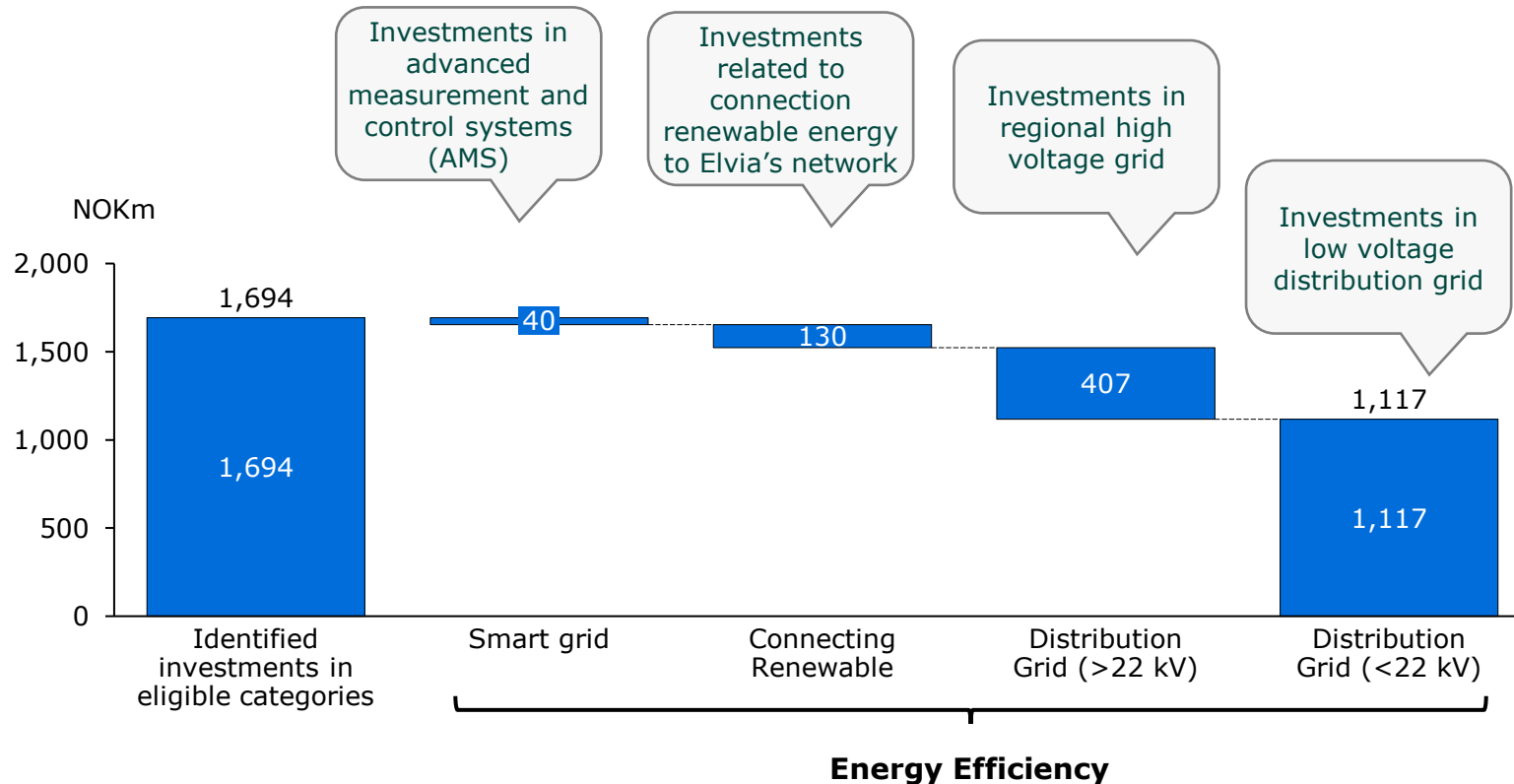
Green project category	Eligible projects
<i>Distribution of electricity</i>	<ul style="list-style-type: none"> Construction, installation, improvement, operation, repair, and maintenance of power grids for distribution of electricity Smart grid solutions, and monitoring systems aimed at enabling reduction of energy consumption
<i>Telecommunication networks</i>	<ul style="list-style-type: none"> Construction, installation, improvement, operation, repair, and maintenance of fiber optic telecommunication networks and related technology/equipment
<i>District heating and cooling</i>	<ul style="list-style-type: none"> Production facilities and associated infrastructure for district heating and cooling where at least 95% of the fuel comes from renewable sources
<i>Renewable energy</i>	<ul style="list-style-type: none"> Development, construction, installation, improvement, operation, repair, and maintenance of hydro power and wind power projects
<i>Clean transportation</i>	<ul style="list-style-type: none"> Infrastructure for zero-emission transport, such as charging infrastructure for electric vehicles and vessels





Green Finance Report 2020

Eidsiva invested significant funds in sustainable projects during 2020





Selected completed and/or planned projects by Eidsiva and Elvia (I/II)



Upgrading of distribution grid in Innlandet, Oslo and Viken

1



Hovinmoen – facilitating electrification in the Gardermoen area



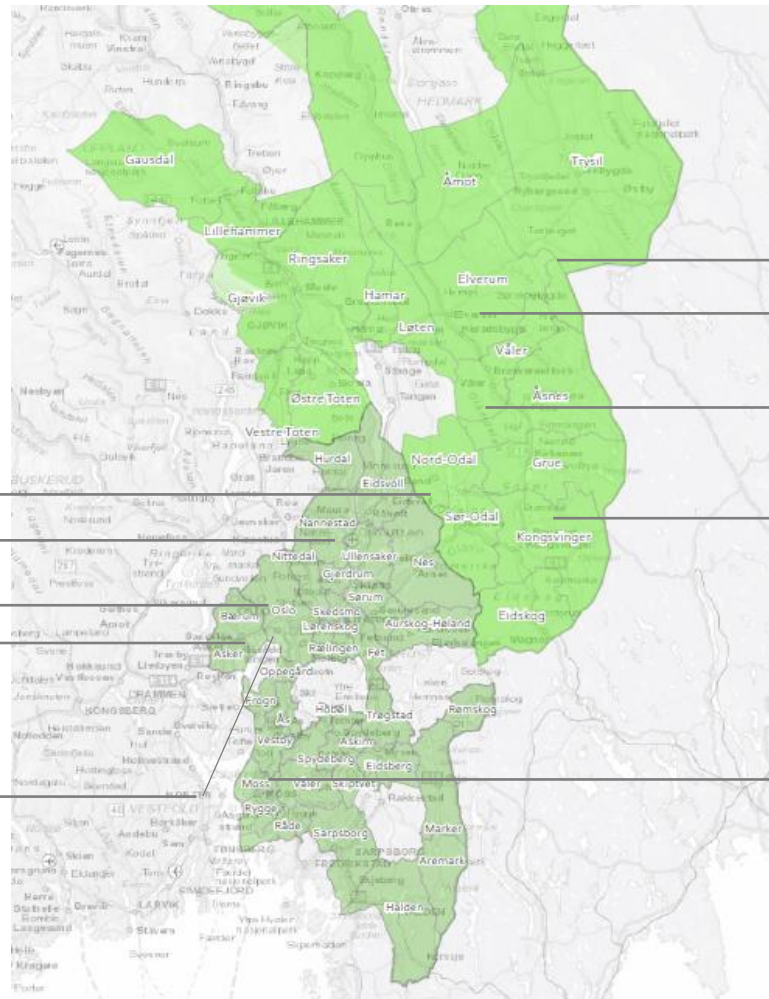
Facilitating electrification of e.g. ferries – Oslo



Extensions at Fornebu – new consumption and future electrification



Heggedal substation: the first “zero emission” substation under construction



Fulfil Elverum-Trysil – connection of Kjølberget wind power station and supply security in the area



Fulfil Elverum area – connection of new production and supply security



2 Fiber infrastructure in Innlandet



3 New district heating power plant in Kongsvinger



Hasle-Råde – Supply security and future electrification





Selected completed and/or planned projects by Eidsiva and Elvia (II/II)

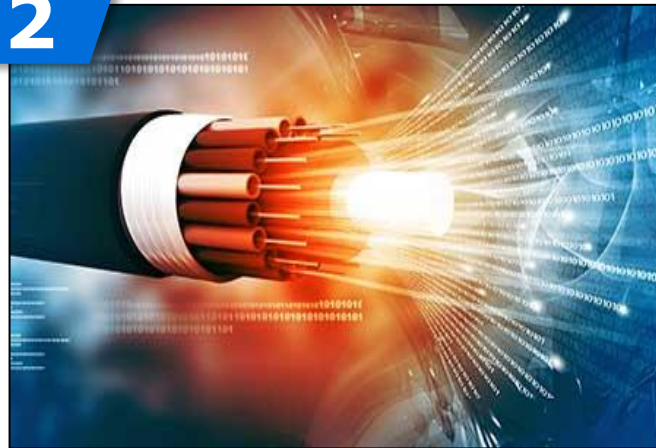


1



- Increase capacity to handle new consumption and stable power supply in Innlandet, Oslo and Viken (security of supply)
- Distribution grid reinforcements and new connections – low voltage.
- Connection new renewable production
- Investment – < NOK 1.500m
- Innlandet, Viken and Oslo
- Approximately > 80% of CAPEX plan next 3 years

2



- Increase fiber telecommunication in Innlandet
- Investment NOK 1.500m >
- Increase number of customers from 75.000 in Innlandet
- Approximately 10–15% of CAPEX plan of CAPEX plan next 3 years

3



- New district heating plant in Kongsvinger
- First in the world in massive wood
- 30 GWh / yr and 8 MW capacity
- Energy based on renewable sources (wood chips and wood pellets)
- > 5% of CAPEX plan for this business area in Eidsiva next 3 years

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Facilitate for an “electric Oslo” with grid reinforcement and upgrades

Oslo is not only the world's largest electric car capital but is also becoming one of the world's most important cities for testing electrical solutions in a number of different sectors.

- Electric cars
- Electric public transport
- Electricity in ports and at sea
- Electricity at construction sites



Oslo was awarded the European Environmental Capital in 2019

Further information: <https://www.oslo.kommune.no/miljo-og-klima-1/slik-jobber-vi-med-miljo-og-klima/elektriske-oslo/>



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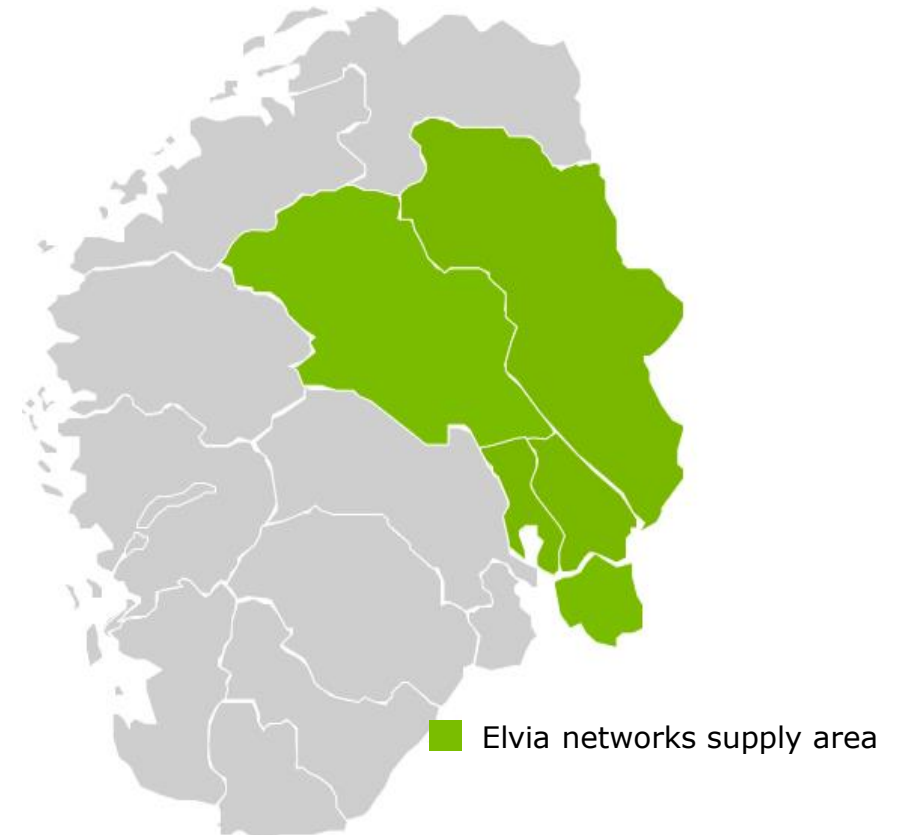


Elvia – Norway's No.1 power grid company

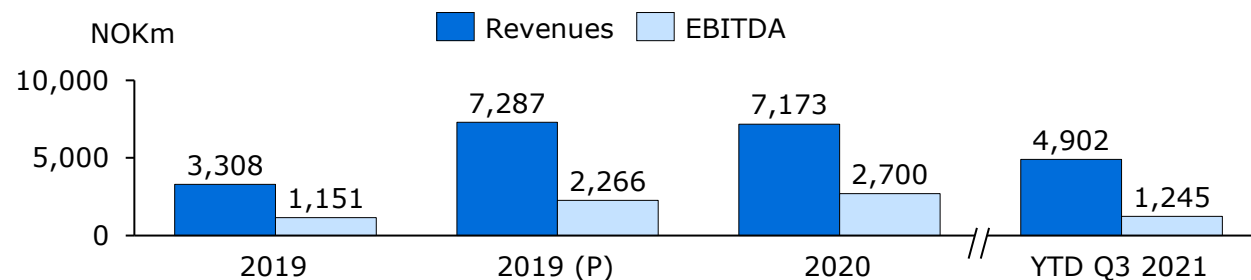
The business

- The grid business involves planning, construction, operation and maintenance of the power grid in the Innlandet, Viken and Oslo counties. Grid capital of NOK 20,750m
- 939,000 customers in the concession area with a total population of approx. 2 million, and significant growth
- In 2020, 22 TWh of energy was transmitted through Elvia's grid with an average availability of 99.97%. So far in 2021 15,9 TWh of energy was transmitted with an average availability of 99,98 %
- Total investments exceeded NOK 8,000m during 2017-2020
- The power grid is a so-called natural monopoly where the calculated return on capital (WACC) is regulated by NVE¹ (Estimated to 5,13% in 2021 and 5,53% in 2022 by NVE). Volume and price risk is insignificant.
- No counterparty risk - potential losses will be distributed to all customers

Grid concession area

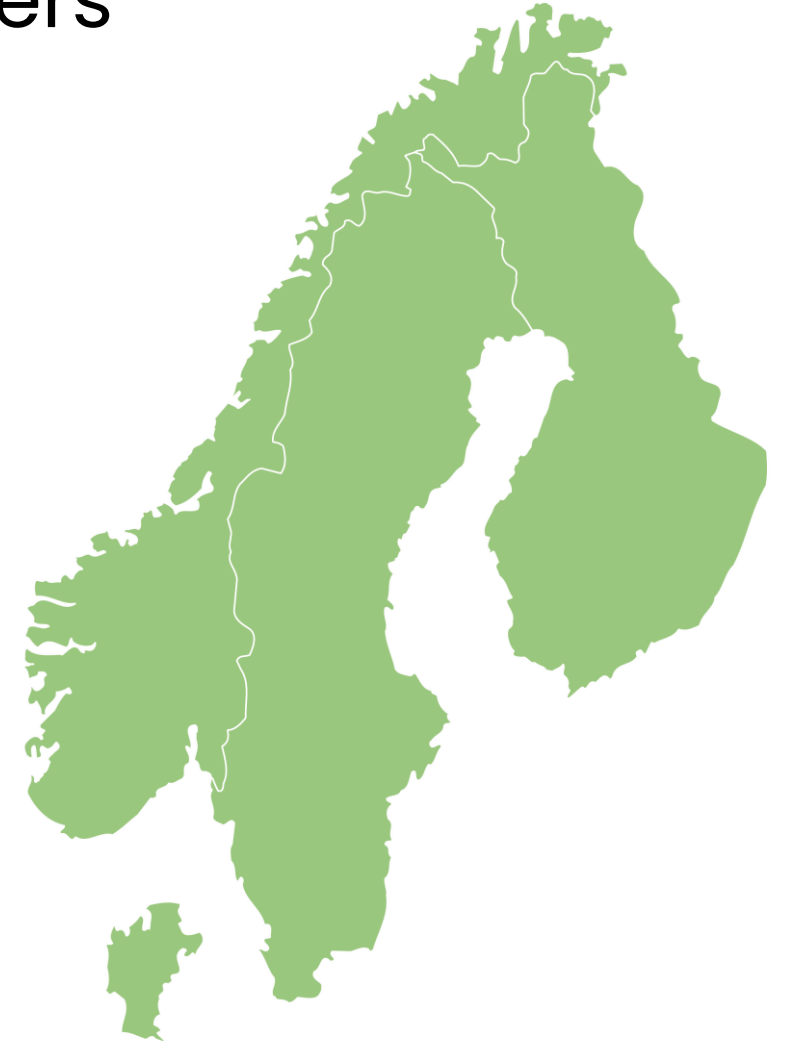
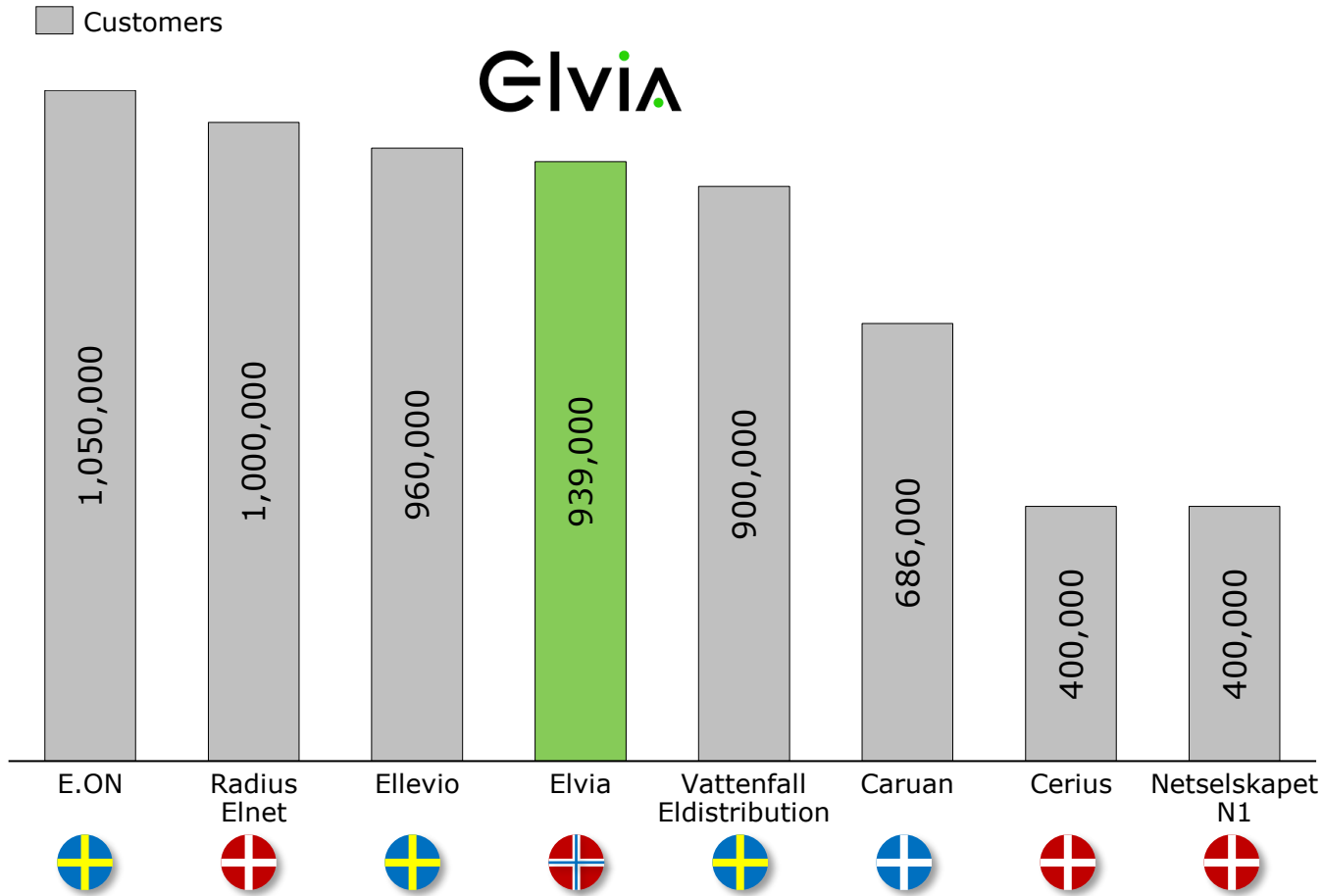


Financial figures





Nordic grid companies by customers



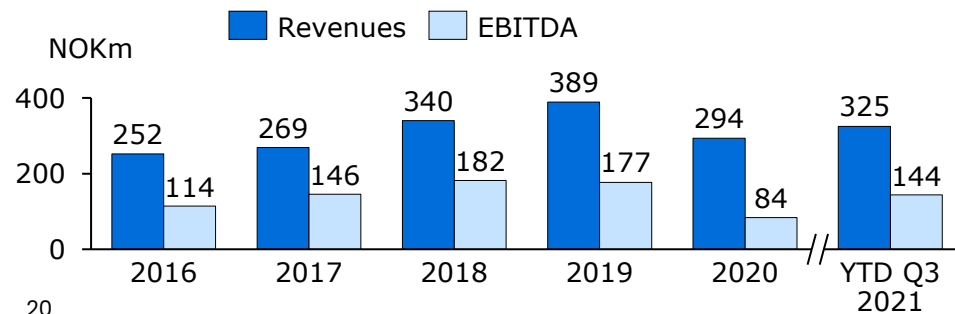
Eidsiva.

Eidsiva Bioenergi – Norway's 3rd largest district heating company

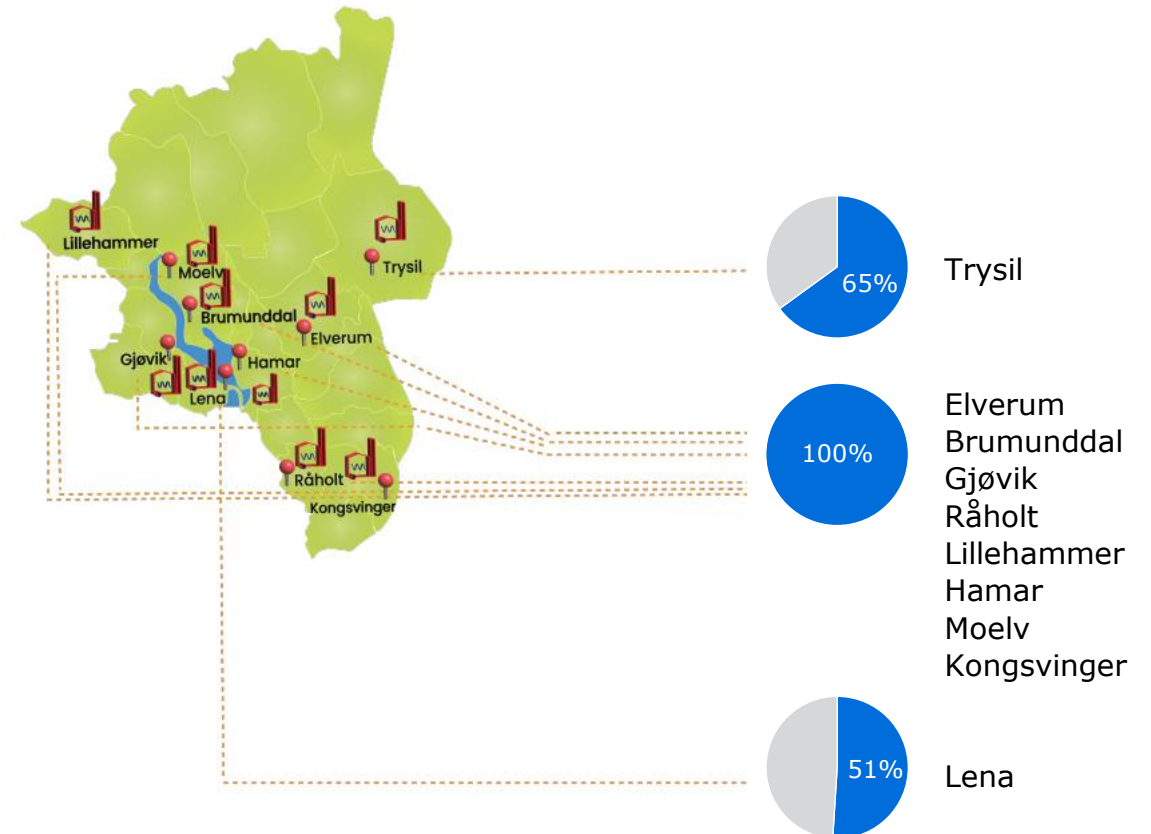
10 wholly and partly owned plants

- Eidsiva Bioenergi was established as a separate business area within Eidsiva on 01.01.2008, as a result of the BioTerra project, with the objective of 1 TWh bio energy generation in Innlandet
- Has since 2007 invested over NOK 2 billion in development and construction of infrastructure and generation plants
- Delivering heat, industrial steam and electricity, all together 322 GWh YTD Q3 2021
- Covers the entire value chain within district heating
- High renewable share through the use of forest residue/wood (99% in 2020 and 96,4% so far in 2021)

Financial figures



Overview of plants



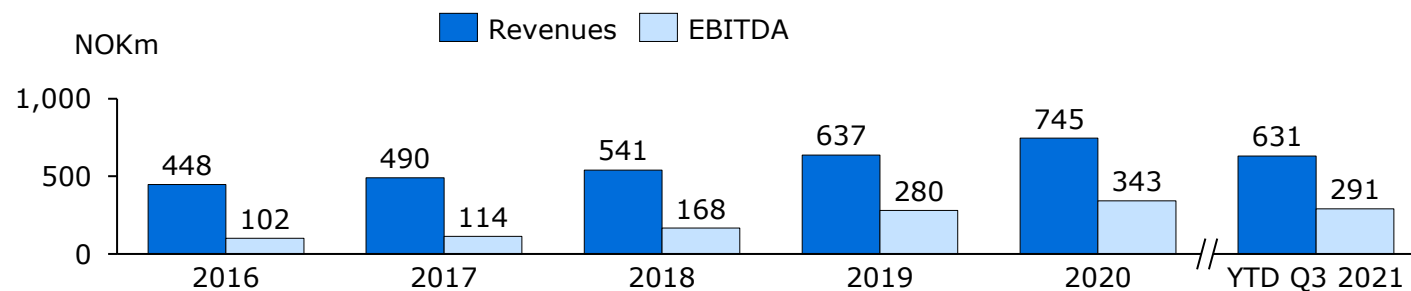


Eidsiva Bredbånd – Significant fiber network in Norway

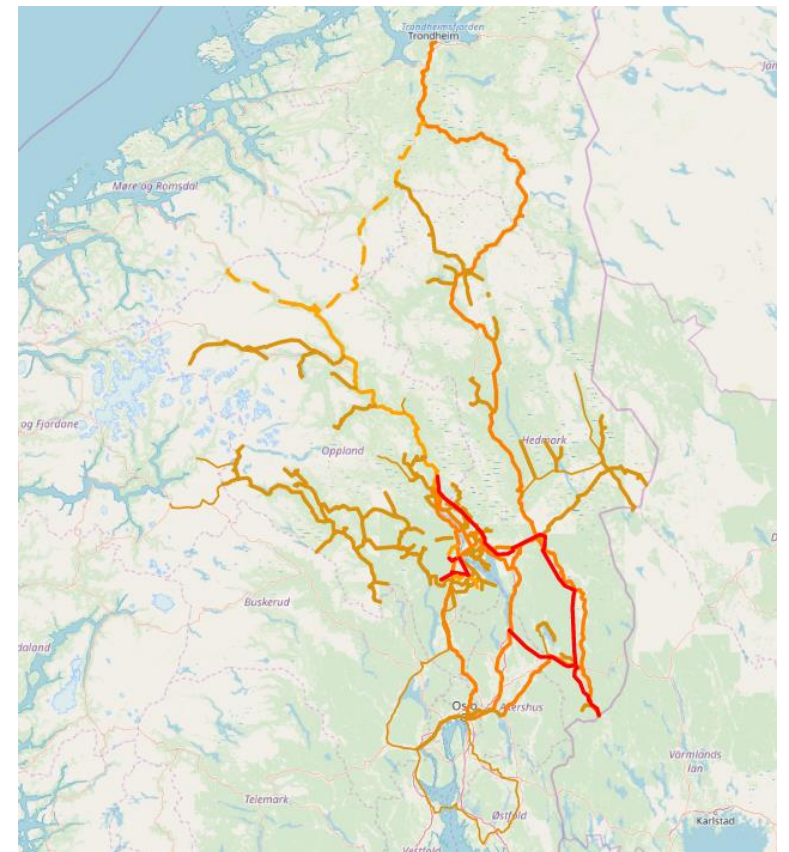
Description

- The business area includes two companies, Eidsiva Bredbånd AS (90.1%) and Eidsiva Fiberinvest AS (100%)
- Eidsiva Fiberinvest is the network owner
- Eidsiva Bredbånd provides broadband services to over 85,000 residential and business customers
- 160 employees headquartered in Lillehammer
- Has at its disposal the third largest fiber network in Norway (after Telenor and GlobalConnect), a total of 9,000 km
- Partner agreement with Altibox in December 2018 that strengthens Eidsiva's role as a provider of fiber-based broadband services in Innlandet

Financial figures

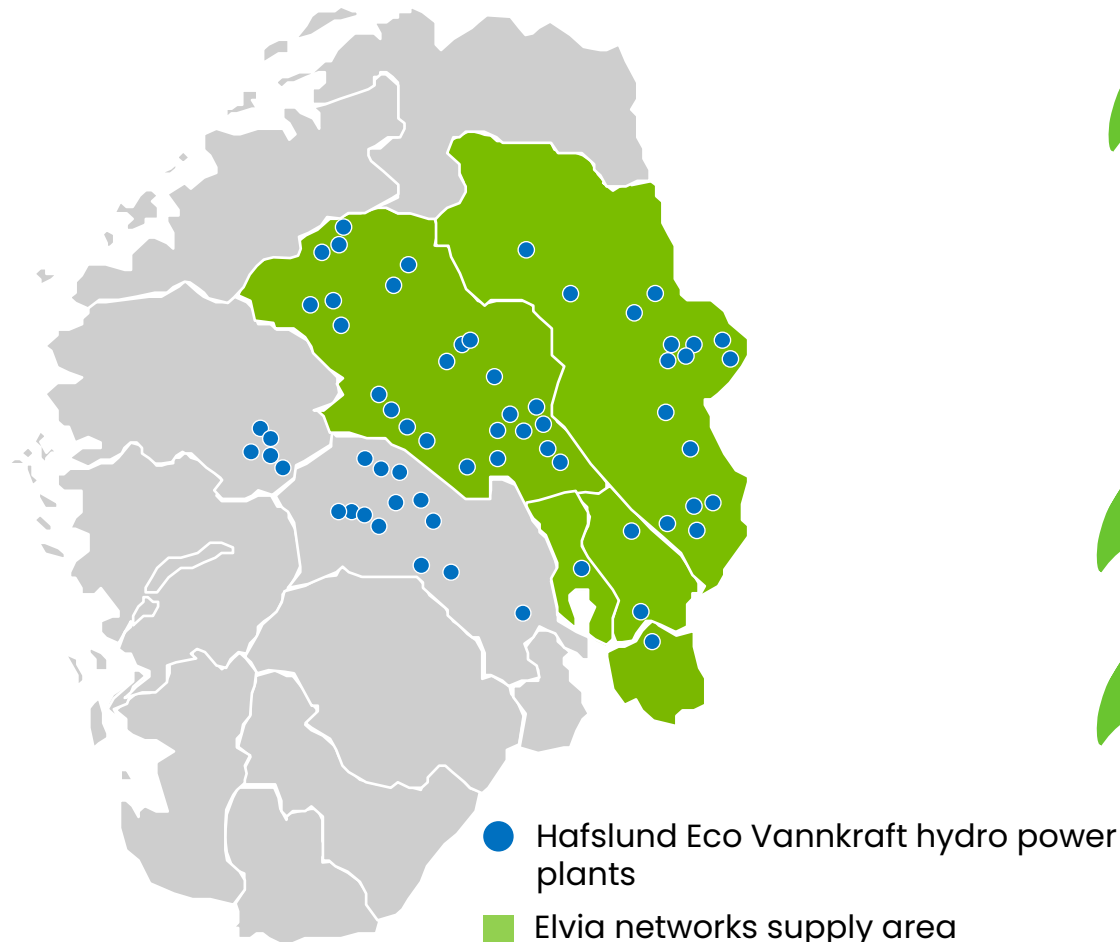


Extent of fiber network





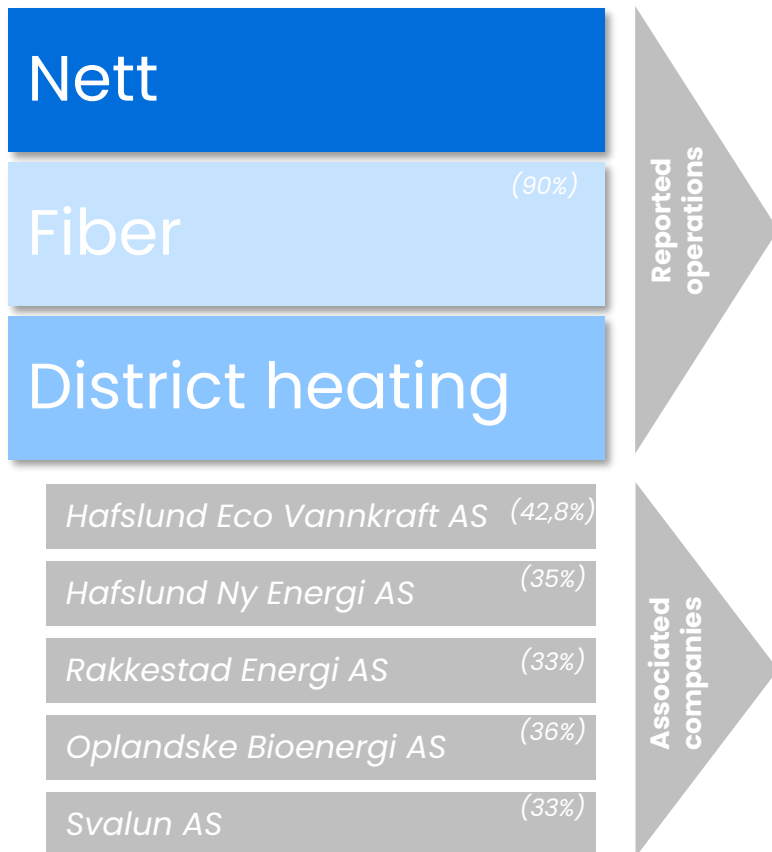
Eidsiva indirectly owns over 6 TWh of hydropower through 42.8% ownership in Hafslund Eco Vannkraft



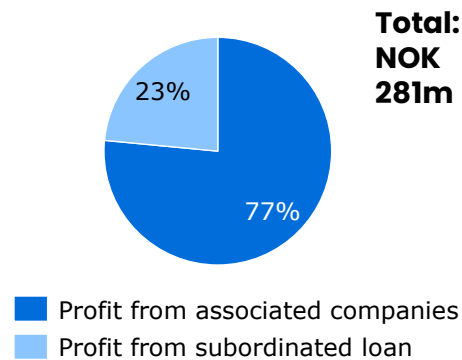
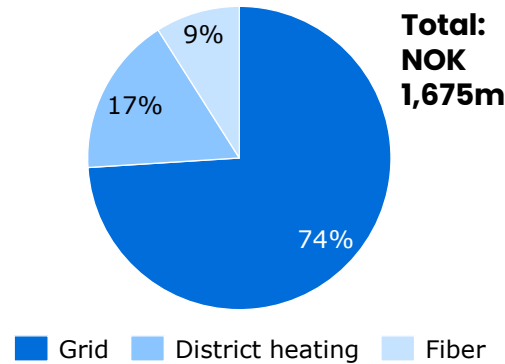
- * 42.8 percent ownership in Hafslund Eco Vannkraft, Norway's 2nd largest power producer after Statkraft
- * Net generation of 14.7 TWh
- * Operating 80 power plants/21 TWh
- * Eidsiva's indirect share is 6.3 TWh
- * Strong hydropower expertise in Innlandet



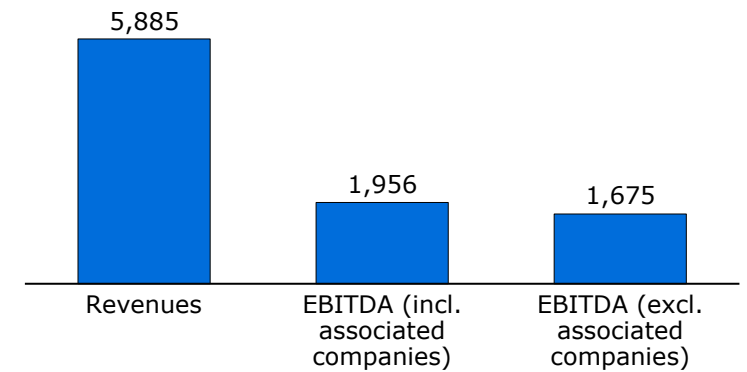
74% of reported EBITDA YTD Q3 2021 from grid operations



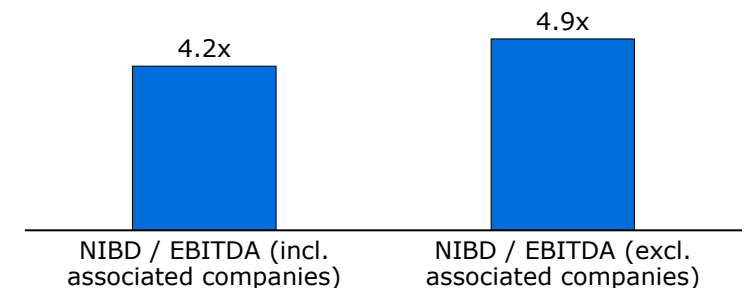
EBITDA distribution YTD Q3'21



Revenues and EBITDA YTD Q3'21 (NOKm)



Leverage¹





BBB+/Stable rating from Scope Ratings AG

Extract from the March 2021 rating report

23 March 2021

Eidsiva Energi AS
Norway, Utilities

Corporates

Summary of business and financial risk profiles

Our assessment of Eidsiva's business risk profile (A rated) has not changed. Eidsiva is still Norway's largest grid company, with a significant EBITDA share from monopolistic power distribution.

Our financial risk profile assessment (BB) is also unchanged from last year, although we expect leverage metrics to weaken. Although, the revised levels do not negatively impact Eidsiva's overall financial risk profile rating, it has put pressure on selected credit ratios, especially leverage, making both financial flexibility and the rating headroom lower going forward.

Key financial metrics

Scope credit ratios	2019	2020	Scope Estimates	
			2021F	2022F
EBITDA/Interest	5.0x	9.8x	6.2x	6.7x
Scope adjusted debt (SaD)/EBITDA	9.5x	4.6x	6.2x	5.6x
Scope adjusted funds from operations/SaD	7.4%	20.9%	13.3%	15.7%
Free operating cash flow/SaD	-1.2%	10.6%	-3.9%	-3.1%

Ratings & Outlook

Type	Rating
Corporate and issuer rating	BBB+ / Stable
Short-term rating	S-2
Senior unsecured rating	BBB+

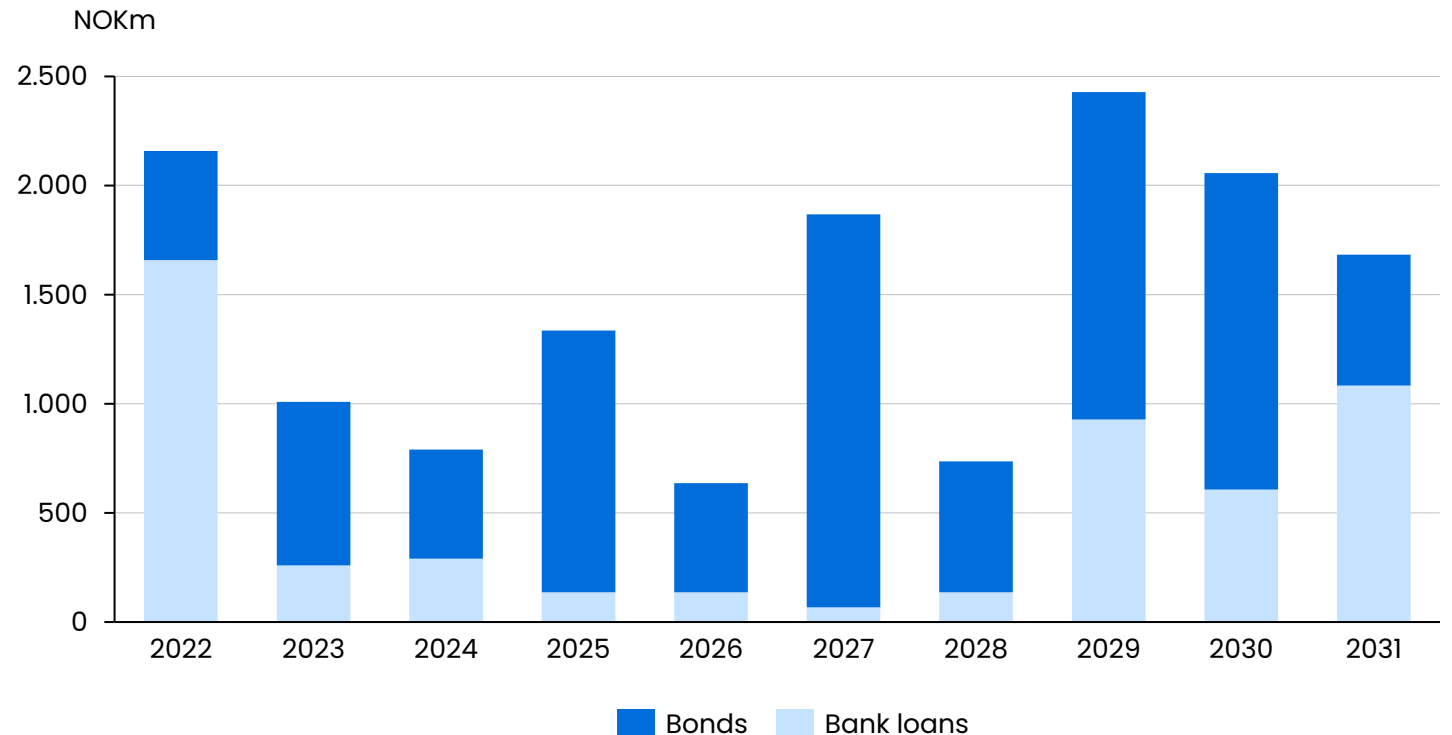


Debt maturity profile for Eidsiva Energi

Comments

- On September 30, Eidsiva Energi AS signed a new revolving credit facility of NOK 2,500m with DNB, Handelsbanken, Nordea, SEB and Sparebank 1 Østlandet. The facility carries two tranches with tenor 3 years (two 1-year extension options) and 5 years
- The facilities are undrawn as of November 2021
- The diagram to the right is updated as of November 2021, following the signing of a 10-year loan agreement with the Nordic Investment Bank of NOK 500m at the beginning of September 2021

Maturity profile



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Thank you for
your attention!



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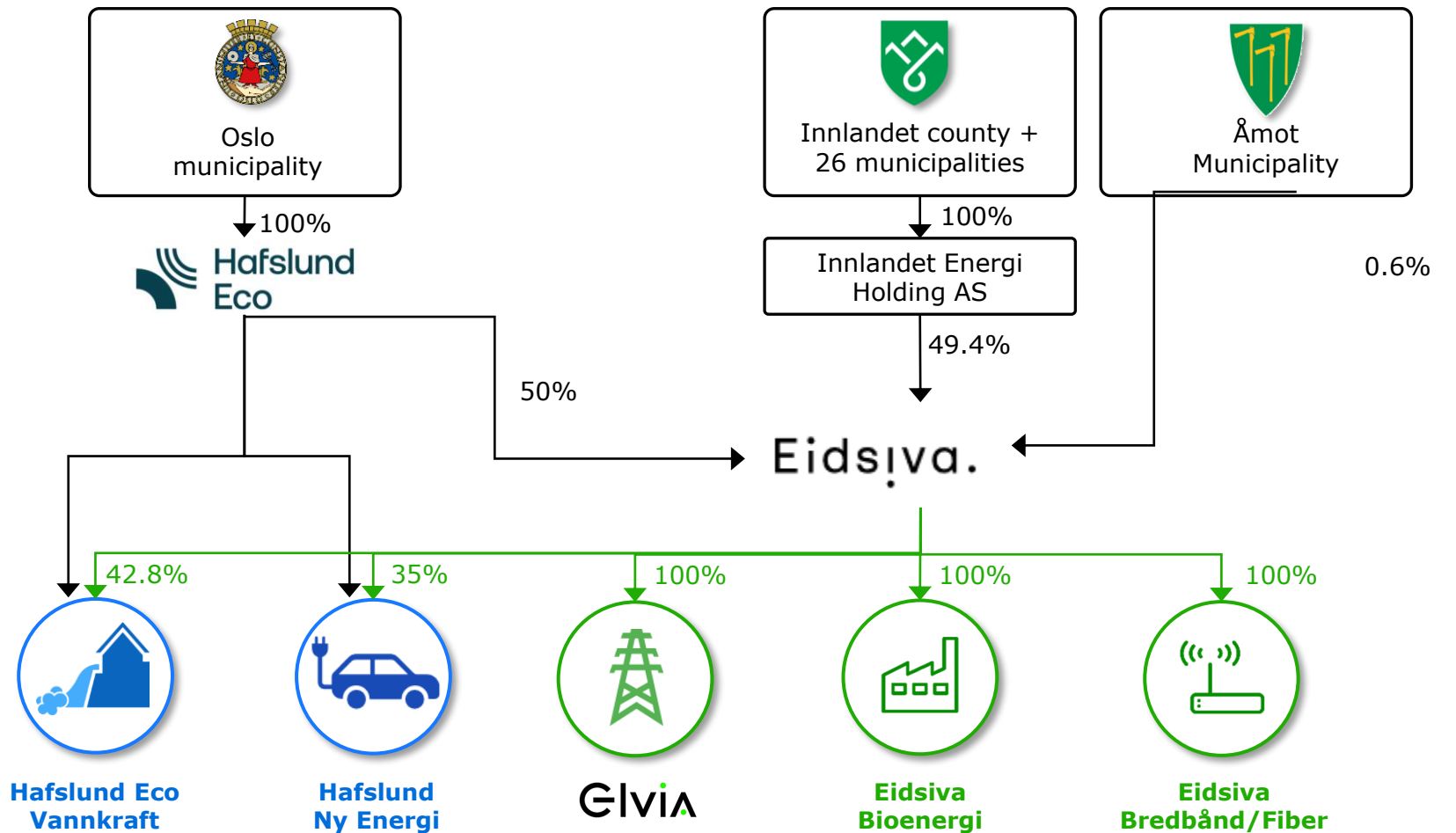


Two groups in cross-ownership

Comments

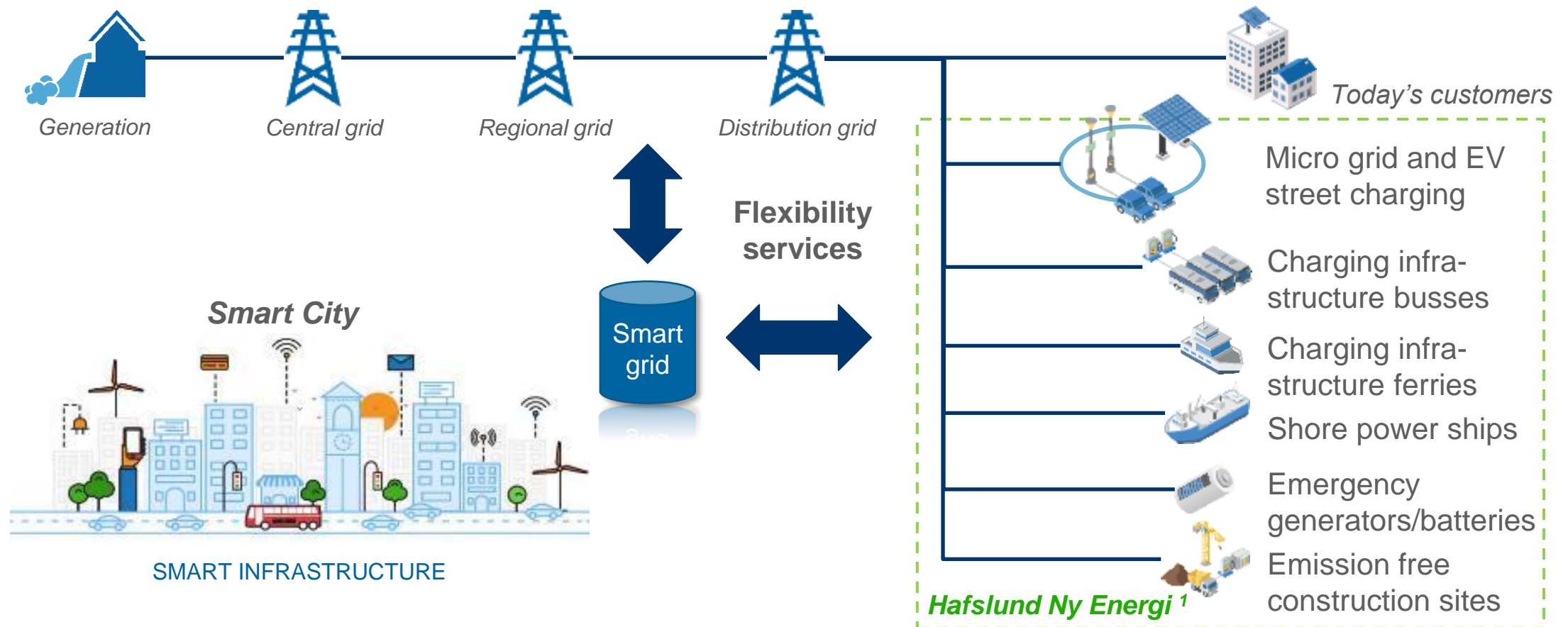
- The cross-ownership structure was completed 30 September 2019, and represents Norway's largest mainland merger
- The transaction rationale was to strengthen and separate the power production and power grid operations by
 - Bringing the production companies together in Hafslund Eco
 - Bringing the grid companies together in the Eidsiva structure
 - Initiate a collaboration between Eidsiva Energi and Hafslund Eco through cross-ownership
- The combination of two strong competence environments within hydropower production and electricity supply have provided a unique platform for creating long-term values

Cross-ownership structure



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Together with Hafslund Eco, Eidsiva Energi accelerates the electrification of Norway





Ownership structure and shareholders

Hafslund Eco 50%



- Hafslund Eco is Oslo Municipality's (rated AAA by S&P) wholly owned energy group
- In addition to the shares in Eidsiva Energi, Hafslund Eco owns the remaining shares in Hafslund Eco Vannkraft directly in addition and other production assets

Innlandet Energi Holding 49,4%



- Holding company established in 2019 to combine Innlandet's ownership in Eidsiva Energi in conjunction with the integration with Hafslund Eco
- Owned by Innlandet County and 26 municipalities in the Innlandet region

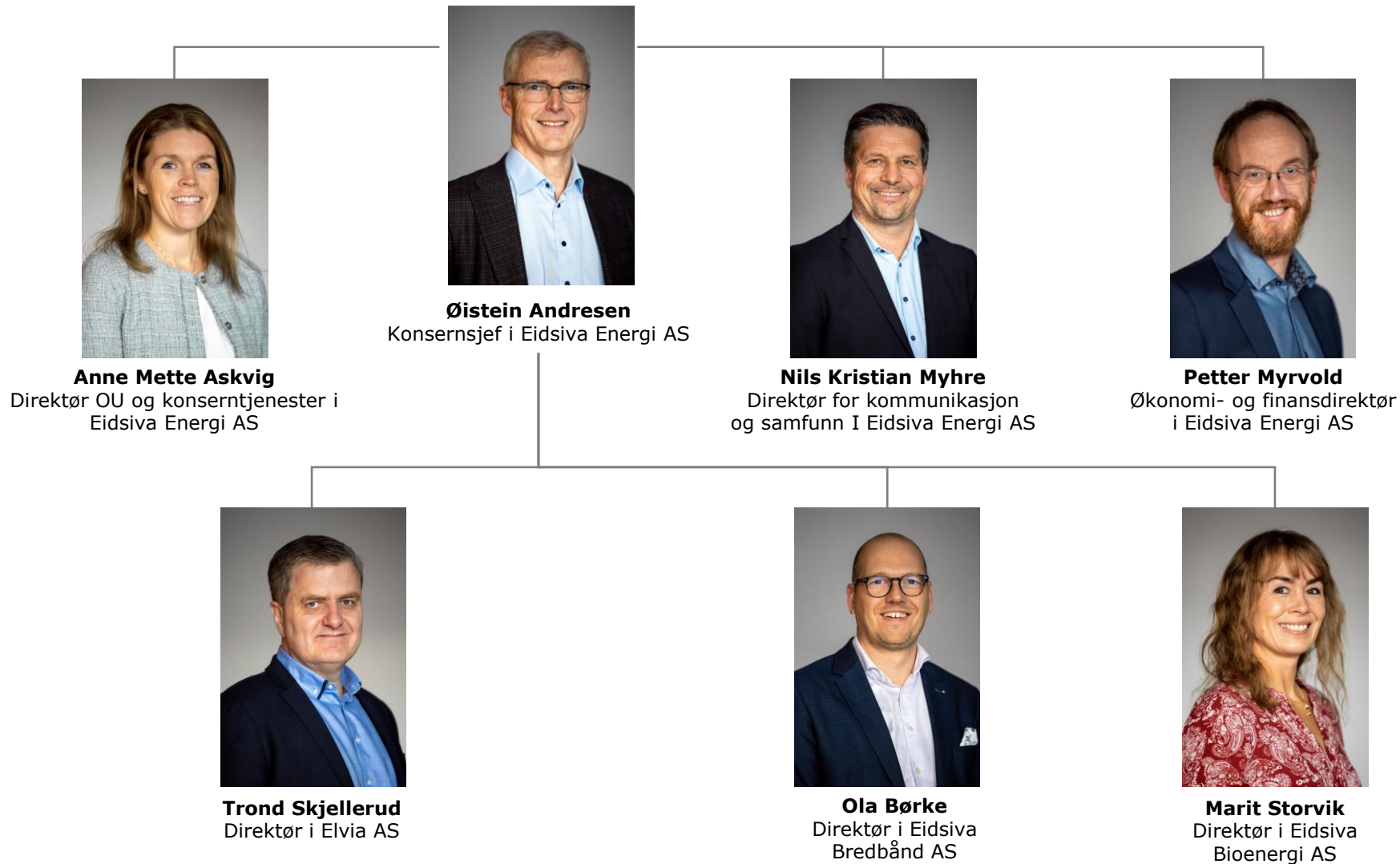
Åmot Kommune 0,6%



- Direct owner of Eidsiva Energi
- Municipality located within Innlandet county with approximately 4,300 inhabitants



Group Management – Eidsiva Energi AS





Historical results

Results (NOKm)	2012	2013	2014	2015	2016	2017	2018	2019 ¹⁾	2019P	2020	YTD Q3 2021
Revenues	3,564	3,932	3,936	4,143	4,005	3,956	4,430	4,407	8,530	8,255	5,885
EBITDA (incl. associated companies)	1,235	1,365	1,200	1,214	1,430	1,492	1,380	1,722	3,369	3,202	1,890
EBIT (incl. associated companies)	785	941	716	653	998	1,034	865	944	1,993	1,752	716
Profit before tax	454	524	438	330	731	720	412	651	N/A	1,887	501
Profit after tax	201	258	232	198	506	506	234	896	N/A	1,598	444

Balance sheet (NOKm)	2012	2013	2014	2015	2016	2017	2018	2019 ¹⁾	2019P	2020	YTD Q3 2021
Total assets	15,885	15,343	15,959	16,504	17,840	18,895	19,518	44,627	44,627	46,430	45,462
Equity	5,114	5,096	4,950	5,292	5,635	5,942	7,554	23,990	23,990	24,209	23,887
Interest-bearing debt	6,574	6,752	7,028	7,760	7,518	8,992	8,240	13,775	13,775	14,399	14,762
Cash	99	209	251	328	122	291	366	1,492	1,492	2,408	1,461

P= Pro forma.

1) EBITDA 2019 of NOK 3,69m has not been audited and is based on the current corporate structure throughout 2019. Profit for 2019 has been adjusted for a material non-recurring item of 4,085m related to the sale of Eidsiva Vannkraft and Laje Nettservice



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○ Visit our homepages:

Parent company and financial information:

<https://www.eidsiva.no/>

← Group information and governance

<https://www.eidsiva.no/om-eidsiva/finansiell-informasjon/>

← Includes Green Finance Report 2020

← Includes Green Finance Framework

<https://www.eidsiva.no/om-eidsiva/barekraft/>

← Includes Sustainability Report 2020

Nettselskapet Elvia AS (100% ownership)

<https://www.elvia.no/>

Eidsiva Bredbånd AS (90,05% ownership)

<https://eidsiva.net/>

Governing documents:

<https://www.eidsiva.no/om-eidsiva/styrende-dokumenter/>