

Changes in prerequisites regarding Consolidated Forecast 2017 and a long-term plan 2018-2022.

A stated request from the City of Reykjavik to Orkuveita Reykjavíkur to update the Consolidated Forecast due to new issue of statistical series by Statistics Iceland presented November 2016. Furthermore the assumptions for aluminium and interest rate were updated from 17th of November 2016.

Changes were made in the Forecast which is not related to Prerequisites below are:

- Dividend payment to the owners whereas the owner does not request dividend in their budgeting.
- Higher guarantee fee to the owners in the regulated part from 0.375% to 0.95%.

Changes in the prerequisites are in the table below:

Prerequisites	2016	2017	2018	2019	2020	2021	2022
Consumer Price Index (%), current	1,8%	2,4%	3,4%	2,9%	2,6%	2,6%	2,5%
Consumer Price Index (%), previous	2,2%	3,9%	3,5%	2,8%	2,6%	2,5%	2,5%
Variation	-0,4%	-1,5%	-0,1%	0,1%	0,0%	0,1%	0,0%
Building Cost Index (%), current	1,6%	3,0%	2,2%	3,5%	3,2%	2,7%	2,6%
Building Cost Index (%), previous	2,8%	3,5%	3,9%	3,2%	2,7%	2,4%	2,3%
Variation	-1,2%	-0,5%	-1,7%	0,3%	0,5%	0,3%	0,3%
Wage Index (%), current	11,2%	6,6%	5,8%	5,7%	4,6%	4,3%	4,6%
Wage Index (%), previous	11,1%	6,3%	5,8%	5,3%	4,5%	4,3%	3,5%
Variation	0,1%	0,3%	0,0%	0,4%	0,1%	0,0%	1,1%
Currency, Narrow Trade Index, current	-9,5%	-5,2%	0,0%	0,0%	0,0%	0,0%	0,0%
Currency, Narrow Trade Index, previous	-6,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Variation	-3,5%	-5,2%	0,0%	0,0%	0,0%	0,0%	0,0%
Aluminium price, current	1.689	1.704	1.737	1.777	1.827	1.889	1.944
Aluminium price, previous	1.598	1.675	1.714	1.760	1.808	1.859	1.908
Variation	91	29	23	17	19	30	36

Effect on changes in Income Statement:

Operating revenues	2016	2017	2018	2019	2020	2021	2022
Current	41.260	41.028	44.232	47.178	49.599	51.809	54.123
Previous	41.228	41.422	44.861	47.768	50.123	52.241	54.511
Variation	32	-393	-629	-591	-524	-431	-388

Operating expenses

Current	16.098	16.030	17.072	18.049	18.895	19.682	20.332
Previous	16.101	16.228	17.255	18.200	19.040	19.821	20.386
Variation	-4	-198	-183	-152	-146	-139	-54

EBITDA

Current	25.162	24.999	27.160	29.129	30.704	32.128	33.792
Previous	25.127	25.194	27.606	29.568	31.083	32.420	34.126
Variation	35	-195	-445	-439	-379	-292	-334

Profit

Current	13.341	8.442	8.525	11.396	13.816	14.840	16.824
Previous	10.216	8.983	8.460	11.317	13.389	14.351	16.767
Variation	3.125	-541	66	79	427	489	57

Effect on changes in the Statement of Financial Position:

Total assets	2016	2017	2018	2019	2020	2021	2022
Current	307.349	301.867	307.892	311.838	316.528	318.128	321.901
Previous	308.938	308.274	314.317	317.428	320.406	321.279	326.006
Variation	-1.589	-6.407	-6.425	-5.590	-3.878	-3.151	-4.105

Equity

Current	124.200	129.975	138.500	149.896	163.712	178.552	195.376
Previous	121.199	130.182	138.142	148.859	160.698	172.799	186.816
Variation	3.001	-207	358	1.037	3.014	5.753	8.560

Loans and borrowings

Current	152.371	143.303	139.819	132.552	124.833	112.466	100.534
Previous	155.938	151.986	148.627	140.333	131.264	119.544	109.934
Variation	-3.567	-8.683	-8.808	-7.782	-6.431	-7.078	-9.400

Effect on changes in the Statement of Cash Flows:

Net cash from operating activities	2016	2017	2018	2019	2020	2021	2022
Current	21.586	20.215	21.699	23.467	24.936	26.447	28.071
Previous	21.876	20.972	22.737	24.414	25.394	26.730	28.724
Variation	-289	-756	-1.039	-947	-458	-283	-653

Investing activities

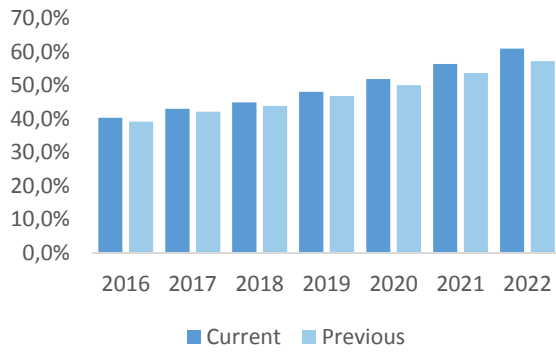
Current	13.231	14.077	16.060	13.628	14.526	11.380	14.281
Previous	13.231	14.318	16.504	13.928	14.776	11.636	14.541
Variation	0	-241	-443	-300	-250	-256	-260

Repayment of borrowings

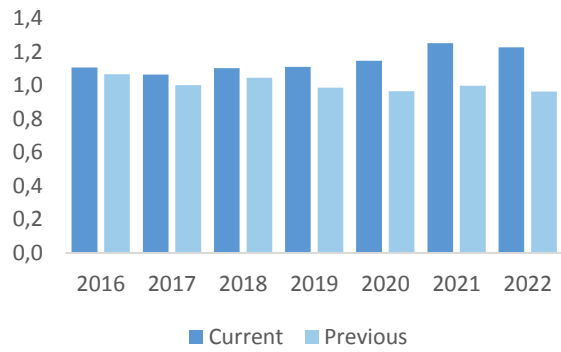
Current	13.780	14.903	16.046	13.802	14.165	13.835	13.266
Previous	14.147	15.675	17.003	14.831	15.568	15.220	14.707
Variation	-367	-773	-957	-1.029	-1.403	-1.385	-1.441

Key figures:

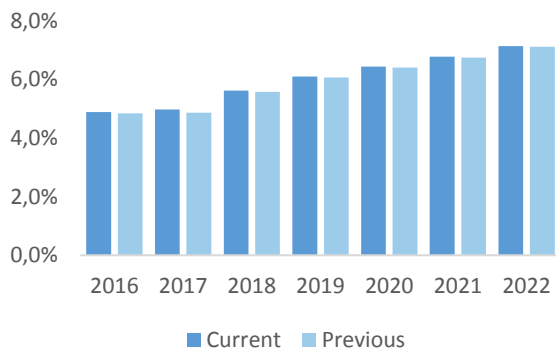
Equity ratio



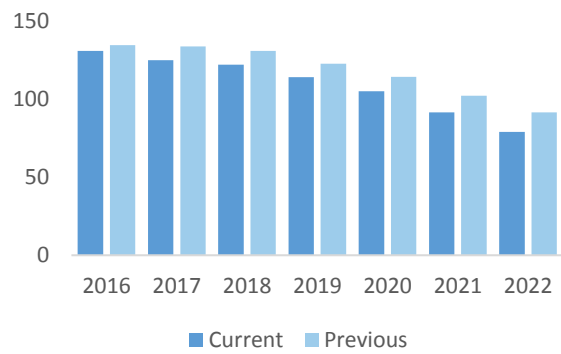
Current ratio



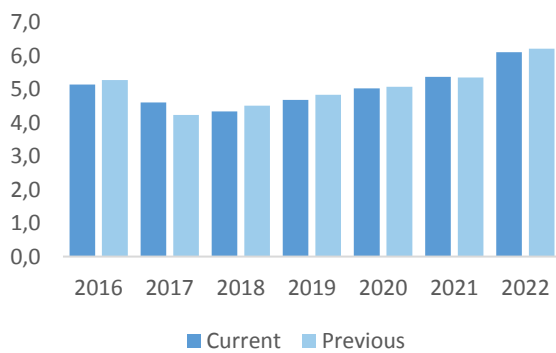
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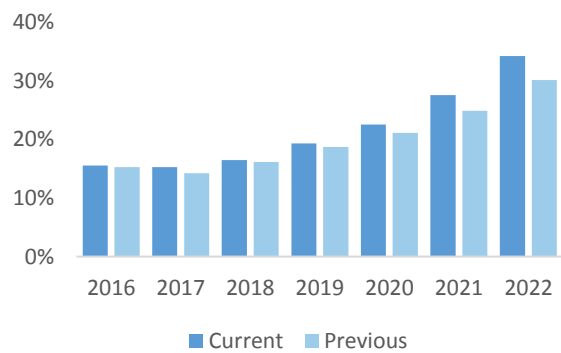
Net debt



FFO interest coverage



FFO/Net debt



28.11.2016

Income statement (mkr)

	2016	2017	2018	2019	2020	2021	2022
Operating income total	41.260	41.028	44.232	47.178	49.599	51.809	54.123
Operating cost total	16.098	16.030	17.072	18.049	18.895	19.682	20.332
Power purchases	2.756	2.697	3.010	3.377	3.786	3.945	4.117
Transmission	3.436	3.329	3.478	3.612	3.746	3.843	3.981
Employee salaries	6.047	6.496	6.889	7.342	7.676	8.016	8.394
Other operational expenses	3.858	3.508	3.695	3.719	3.687	3.878	3.840
Operating income before depreciation and amortization (EBITDA)	25.162	24.999	27.160	29.129	30.704	32.128	33.792
Depreciation	10.721	10.443	10.428	10.751	11.051	11.303	11.553
Results from operating activities (EBIT)	14.441	14.555	16.732	18.377	19.653	20.824	22.239
Financial income and expenses	3.469	-4.297	-6.992	-5.031	-3.556	-3.532	-2.927
Interest income	506	692	695	700	782	784	786
Interest expenses	-4.915	-5.289	-6.007	-5.973	-5.888	-5.768	-5.303
Other (expenses) income on financial items	7.878	301	-1.679	242	1.550	1.452	1.590
Profit before income tax	17.909	10.259	9.741	13.346	16.097	17.293	19.312
Income tax	-4.569	-1.816	-1.215	-1.929	-2.231	-2.343	-2.378
Profit for the year	13.341	8.442	8.525	11.417	13.866	14.950	16.934

Amounts are in ISK millions

28.11.2016

Balance sheet (mkr)

	2016	2017	2018	2019	2020	2021	2022
Assets	307.349	301.867	307.892	311.858	315.124	316.831	320.713
Non-current Assets	279.270	276.877	283.311	286.248	289.560	289.706	292.698
Current Assets	28.080	24.990	24.581	25.610	25.564	27.125	28.015
Equity and liabilities	307.349	301.867	307.892	311.858	315.124	316.831	320.713
Equity	124.200	129.975	138.500	149.917	163.783	178.733	195.667
Liabilities	183.150	171.892	169.392	161.941	151.340	138.098	125.046
Non-Current liabilities	157.796	148.451	147.117	138.883	129.057	116.459	102.215
Current liabilities	25.353	23.441	22.275	23.059	22.283	21.639	22.830

Amounts are in ISK millions

Statement of Cash Flow (mkr)

	2016	2017	2018	2019	2020	2021	2022
Working capital from operation before interest and taxes	25.224	25.037	27.201	29.172	30.749	32.175	33.841
CHANGES IN OPERATING ASSETS AND LIABILITIES	700	85	-36	-39	-155	-153	-226
Received interest income	506	692	695	700	782	784	786
Paid interest expenses	-4.386	-4.215	-4.328	-4.444	-4.470	-4.332	-4.017
Paid income tax	0	-290	-754	-1.687	-1.931	-1.988	-2.273
Payments due to other financial income and expenses	-458	-1.094	-1.078	-235	-23	2	0
Net cash from operating activities	21.586	20.215	21.699	23.467	24.952	26.488	28.111
Cash flows from investing activities							
Power plants	-3.211	-4.273	-6.913	-5.398	-6.346	-3.683	-6.007
Utilities system	-9.099	-8.597	-8.351	-7.591	-7.484	-7.099	-7.653
Other investments	-920	-1.207	-796	-639	-696	-599	-620
Investing activities total	-13.231	-14.077	-16.060	-13.628	-14.526	-11.380	-14.281
Other investing activities	6.188	0	4.280	0	0	0	0
Net cash used in investing activities	-7.042	-14.077	-11.780	-13.628	-14.526	-11.380	-14.281
Cash flows from financing activities							
Proceeds from new borrowings	9.888	9.875	10.875	5.000	3.500	0	0
Repayment of borrowings	-14.793	-16.035	-17.135	-14.037	-14.188	-13.833	-13.266
Current liabilities, change	2.990	-2.990	0	0	0	0	0
Net cash to financing activities	-1.915	-9.150	-6.260	-9.037	-10.688	-13.833	-13.266
Increase in cash and cash equivalents	12.629	-3.011	3.659	802	-262	1.275	565
Cash and cash equivalents at year beginning	5.264	17.880	14.859	18.518	19.319	19.057	20.332
Effect of currency fluctuations on cash and cash equivalents	-13	-10	0	0	0	0	0
Cash and cash equivalents at end of period	17.880	14.859	18.518	19.319	19.057	20.332	20.897