

Changes in prerequisites regarding Consolidated Budget 2016 and a five year plan 2017-2021.

A stated request from the City of Reykjavik to Reykjavik Energy to update the Consolidated Budgeting for the year 2016 and plan for the years 2017-2021, due to new issue of statistical series by Statistics Iceland presented November 13th 2015. Changes in the prerequisites are in the table below.

PREREQUISITES	2015	2016	2017	2018	2019	2020	2021
Consumer Price Index (%), current	1,7	3,2	3,7	3,0	2,6	2,6	2,5
Consumer Price Index (%), previous	2,4	4,9	4,6	3,4	2,8	2,6	2,5
Variation	-0,7	-1,7	-0,9	-0,4	-0,2	0,0	0,0
Building Cost Index Dec-Dec (%), current	6,0	3,6	2,9	3,6	2,9	2,7	2,7
Building Cost Index Dec-Dec (%), previous	6,2	5,1	4,9	4,6	3,4	2,8	2,6
Variation	-0,2	-1,5	-2,0	-1,0	-0,5	-0,1	-0,1
Wage index (%), current	7,1	8,7	7,0	5,4	5,4	5,4	3,5
Wage index (%), previous	7,6	7,8	6,0	5,2	4,6	4,3	3,5
Variation	-0,5	0,9	1,0	0,2	0,8	1,1	1,1
Currency, Narrow Trade Index, current	-2,6	-3,4	0,0	0,0	0,0	0,0	0,0
Currency, Narrow Trade Index, previous	-0,1	3,0	2,0	0,0	0,0	0,0	0,0
Variation	-2,5	-6,4	-2,0	0,0	0,0	0,0	0,0

Effect on changes in Income Statement:

Operating revenues	2015	2016	2017	2018	2019	2020	2021
Current	39.313	40.946	43.713	46.765	49.339	51.615	53.856
Previous	39.313	41.543	44.922	48.312	51.041	53.385	55.651
Variation	0	-597	-1.209	-1.547	-1.702	-1.770	-1.796
Operating expenses							
Current	15.991	16.369	17.293	18.209	18.802	19.734	20.706
Previous	15.991	16.546	17.468	18.317	18.815	19.593	20.491
Variation	0	-177	-174	-108	-13	141	215
EBITDA							
Current	23.322	24.578	26.419	28.555	30.538	31.881	33.150
Previous	23.322	24.997	27.454	29.995	32.226	33.792	35.161
Variation	0	-420	-1.035	-1.439	-1.688	-1.911	-2.011
Profit							
Current	7.297	7.943	8.178	10.198	12.275	13.934	15.499
Previous	7.297	4.951	7.580	10.797	13.022	15.014	16.669
Variation	0	2.992	598	-598	-746	-1.080	-1.170

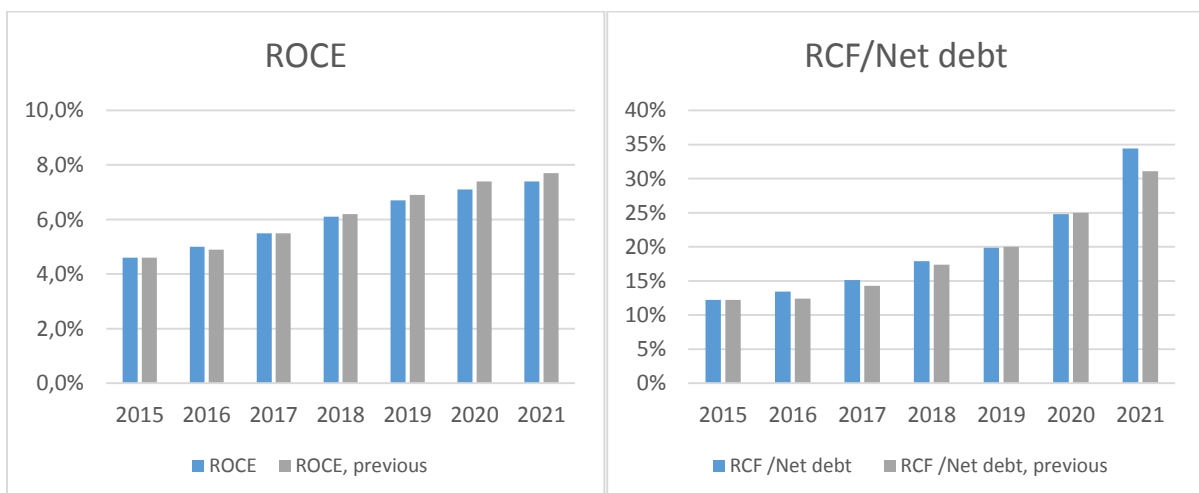
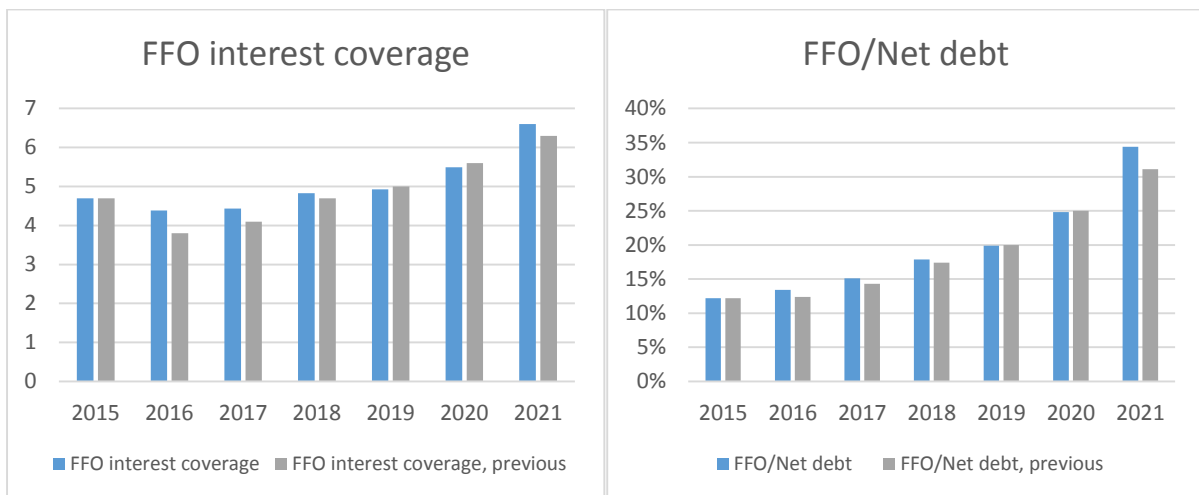
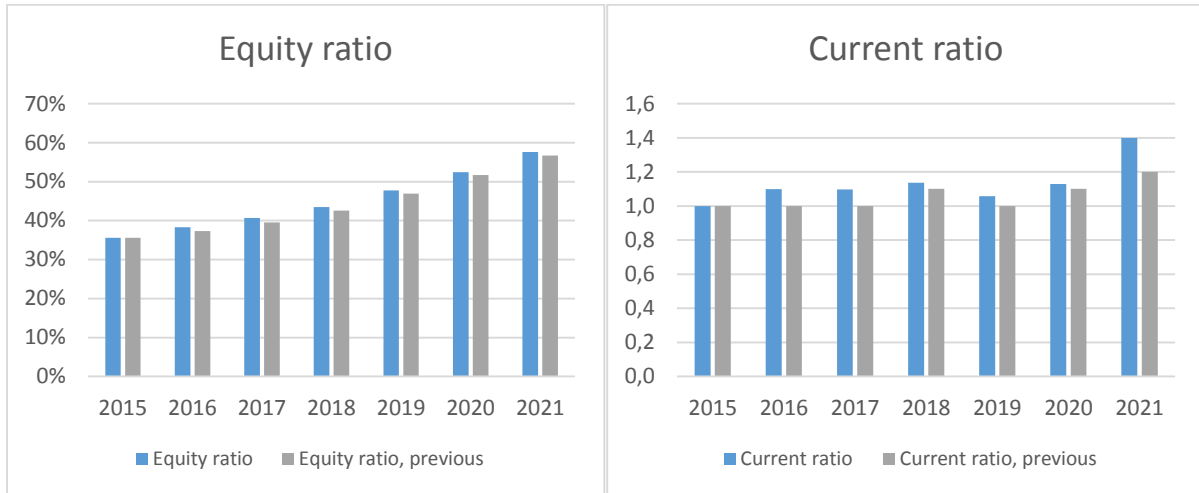
Effect on changes in the Statement of Financial Position:

Total assets	2015	2016	2017	2018	2019	2020	2021
Current	304.466	299.410	302.196	306.154	304.112	303.732	306.919
Previous	304.466	308.540	313.066	316.055	314.371	314.431	316.034
Variation	0	-9.131	-10.870	-9.901	-10.259	-10.699	-9.116
Equity							
Current	108.449	114.674	122.852	133.050	145.326	159.259	176.841
Previous	108.449	115.037	123.763	134.559	147.581	162.595	179.264
Variation	0	-363	-911	-1.509	-2.256	-3.336	-2.423
Loans and borrowings							
Current	176.866	164.032	156.228	149.209	135.247	121.095	107.511
Previous	176.866	172.210	166.051	158.151	143.239	128.026	113.482
Variation	0	-8.178	-9.824	-8.942	-7.992	-6.931	-5.970

Effect on changes in the Statement of Cash Flows:

Net cash from operating activities	2015	2016	2017	2018	2019	2020	2021
Current	20.837	21.086	22.713	24.479	24.490	26.247	29.218
Previous	20.837	21.437	23.636	25.768	26.413	28.152	29.007
Variation	0	-351	-922	-1.289	-1.923	-1.905	210
Investing activities							
Current	11.663	13.119	11.634	11.991	10.440	8.878	9.524
Previous	11.663	13.169	11.937	12.353	10.764	9.150	9.815
Variation	0	-50	-303	-362	-324	-272	-291
Repayment of borrowings							
Current	14.552	20.298	15.853	17.134	15.822	15.698	14.956
Previous	14.552	21.259	16.931	18.200	16.966	16.806	15.958
Variation	0	-961	-1.078	-1.066	-1.144	-1.108	-1.002

Key figures:



Income statement	2015	2016	2017	2018	2019	2020	2021
Operating income total	39.313	40.946	43.713	46.765	49.339	51.615	53.856
Retail	29.693	30.862	32.732	34.528	36.233	37.982	39.782
Wholesales	6.653	6.865	7.067	7.744	8.214	8.469	8.694
Other income	2.967	3.220	3.913	4.493	4.892	5.165	5.379
Operating cost total	15.991	16.369	17.293	18.209	18.802	19.734	20.706
Power purchases	2.980	2.692	2.633	2.908	2.802	2.965	3.132
Transmission	3.436	3.450	3.586	3.721	3.852	3.946	4.079
Employee salaries	5.213	6.003	6.427	6.771	7.146	7.535	7.804
Other operational expenses	4.362	4.223	4.647	4.809	5.002	5.288	5.691
Operating income before depreciation and amortization (EBITDA)	23.322	24.578	26.419	28.555	30.538	31.881	33.150
Depreciation	9.788	9.931	10.295	10.582	10.842	11.034	11.208
Results from operating activities (EBIT)	13.534	14.647	16.125	17.974	19.696	20.847	21.942
Interest income	1.008	973	940	942	943	945	946
Interest expenses	-5.114	-5.788	-6.045	-5.959	-5.839	-5.500	-5.033
Other (expenses) income on financial items	-423	265	-922	-687	-210	224	367
Profit before income tax	9.004	10.097	10.098	12.270	14.590	16.516	18.223
Income tax	-1.707	-2.154	-1.919	-2.072	-2.315	-2.582	-2.723
Profit for the year	7.297	7.943	8.178	10.198	12.275	13.934	15.499

Balance sheet	2015	2016	2017	2018	2019	2020	2021
Assets	304.466	299.410	302.196	306.154	304.112	303.732	306.919
Non-current Assets	277.763	275.298	276.179	277.588	277.187	275.031	273.347
Current Assets	26.704	24.112	26.017	28.566	26.925	28.701	33.572
Equity and liabilities	304.466	299.410	302.196	306.154	304.112	303.732	306.919
Equity	108.449	114.674	122.852	133.050	145.326	159.259	176.841
Liabilities	196.017	184.736	179.344	173.104	158.786	144.472	130.078
Non-Current liabilities	169.109	162.801	155.646	147.986	133.317	119.069	105.681
Current liabilities	26.908	21.935	23.698	25.118	25.469	25.403	24.397

Statement of Cash Flow	2015	2016	2017	2018	2019	2020	2021
Working capital from operation before interest and taxes	23.384	24.645	26.491	28.631	30.617	31.965	35.319
Cash generated from operations before interest and taxes	1.113	3	8	-21	-24	14	-157
Paid due to financial income and expenses	-3.660	-3.562	-3.785	-4.130	-6.104	-5.732	-5.945
Net cash from operating activities	20.837	21.086	22.713	24.479	24.490	26.247	29.218
Cash flows from investing activities	-9.868	-4.127	-11.634	-11.991	-10.440	-8.878	-9.524
Net cash from financing activities	-8.552	-10.648	-9.353	-10.105	-15.822	-15.698	-14.956
Increase (decrease) in cash and cash equivalents	2.417	6.311	1.726	2.383	-1.773	1.670	4.738
Cash and cash equivalents at year beginning	9.147	11.566	17.901	19.627	22.010	20.237	21.907
Exchange difference on cash and cash equivalents	2	25	0	0	0	0	0
Cash and cash equivalents at year end	11.566	17.901	19.627	22.010	20.237	21.907	26.645