



## **Powel ASA 3<sup>rd</sup> quarter revenue increases 55%.**

Powel ASA increased its operating revenues by 55.2 % to 45.0 MNOK for the third quarter of 2005, compared to 29.0 MNOK for the same period in 2004 (38.4% proforma). The year to date growth was 31.5%, from 109.4 MNOK to 143.9 MNOK (11.8% proforma).

The EBITDA margin for the 3rd quarter was 6.4% (2.88 MNOK) compared to -12.2% (-3.54 MNOK) for the same period last year. The EBITDA margin year-to-date is 4.4% (6.28 MNOK) compared to 4.7% (5.16 MNOK) for the same period last year.

The increase in revenue was due to increased deliveries of products to new and existing customers, especially in the Swedish market. The company continues to invest heavily in both internationalization and R&D. The Nordic market is still very strong, and providing good net margins which gives a solid base for continued growth.

The order backlog at the end of third quarter 2005 was 121 MNOK compared to 89.1 MNOK at the end of the third quarter 2004. The total new contract volume in the third quarter was 21.1 MNOK in addition to ongoing service business.

Business development is progressing as planned. The company completed its IPO, finalized the Tuben Teknik acquisition and is exhibiting strong revenue growth.

### ***Power Business Area***

Powel's acquisition of Tuben Teknik AB, a Swedish company, was completed on the 1st of September. The company, with 15 employees, has unique software products – ELIN and STINA – and a wide competence related to telecom for collecting metered data both from end customers and from the disturbance situations in the transmission and distribution network. The SAMS Group, representing 35 Swedish utilities, has accepted the Factory Acceptance Test for the first deliveries of ELIN, Powel's system for collecting meter reading data.

Powel has signed contracts with four Swedish utilities for Meter Data Management & Accounting. These contracts strengthen our position within the field of meter data management in the Swedish market, which is experiencing strong growth. New contracts have also been signed with Vattenfall Elnät AB in Sweden and Hafslund in Norway.

There has been significant activity in other Power areas as well. Powel has signed a contract with Nuon in Holland for development and consultancy within the load forecasting area. Energy E2 in Denmark has expanded the energy balance planning contract. The Transmission System Operator Fingrid, in Finland, has signed a new contract for creating a communications link between their real-time system (SCADA) and back-office systems, including Powel's Multi-Area Market Simulator. A new "Partner Agreement" with Tafjord Kraft was signed covering all relevant business areas.

### ***Utility Business Area***

Powel's North American utility market continues to develop with ongoing deliveries to existing and new customers – including Alameda Power & Telecom, Iowa Lakes Electric Cooperative, and Riverland Energy Cooperative. These deliveries will become reference accounts for the more than 3,000 utilities that comprise the U.S. market. New contracts were signed in the third quarter with Intercounty Electric, Pierce-Pepin Cooperative, Grayson-Colin Electric and expanded software and services to New Brunswick Power and the City of Richland. Powel has approximately 100 customers in the U.S. and Canada.

The Nordic region also showed strong order growth with an extension of the contract with Agder Energi Nett, new contracts with Lofotkraft and Sogn og Fjordane Energi, extension of consulting services within the partner agreement contracts with Eidsiva Energinett, Istad Kraftnett, and Troms Kraft, a new partner agreement with Tafjord Kraft, and a significant extension for ongoing design and engineering analysis projects with Vattenfall. Additionally, a new contract was signed with Veidekke Entreprenør AS.



Powel released the new Gemini Water & Sewage Version 5.0. An increase in service revenue in the upcoming quarters is expected as a result of this release.

## **Market Outlook**

The message “*one common system – from field to finance*” has resulted in a steady increase in leads and prospects, which we expect will materialize in new orders in the quarters ahead.

### **Power**

Powel is competing in North America at a large client within the area of Generation and Water Management. The AMR market in Sweden continues to grow. As a result there are increasing business possibilities. Powel is well positioned in this market with existing products and customers. Several Swedish Utilities are preparing Request for Proposal (RFP) within Meter Data Management.

### **Utility**

The North American market demand for Powel’s products seems to be increasing based on the need to streamline operations in light of increasing energy prices. Several large investor-owned utility pilot projects have been proposed. We see continued growth in the Swedish market. New regulations in Norway, from NVE, regarding quality of electricity delivery will increase the need for extended network information systems such as Powel’s NetBAS product.

## **International Financial Reporting Standards (IFRS)**

From 1<sup>st</sup> of January 2005, Powel ASA’s group financials are prepared according to IFRS. IFRS-standards are not final, and the quarterly numbers can be changed according to changes in these standards. Comparable numbers for 2004 are prepared according to the same standards. The interim report is prepared according to IFRS accounting standards. The presentation is in accordance with the interim reporting IAS 34.

Oslo, 23 November 2005

The Board of Directors

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## **About Powel ASA**

Powel is a world wide supplier of business critical systems for Generators, Transmission & Distribution utilities as well as solutions for Municipalities within Sewage & Water and services to citizens. Years of experience as a software developer for Generators and Utilities in a deregulated and highly competitive market have positioned Powel ASA as a market leader.

Powel software products are in use by more than one thousand customers, among them Vattenfall AB (SWE), Statkraft SF (NOR), Sydkraft Vattenkraft AB (SWE), Fortum (FIN), Oslo, Bergen and Trondheim municipalities (NOR), Florida Light & Power (USA), Énergie NB Power (CAN) and Wright-Hennepin Cooperative Electric Association (USA).

Powel ASA is divided into two business areas: **Power** and **Utility**.

**Power** develops and supplies IT-solutions mainly to Generators and Traders. The great variations in hydropower production capacity, depending on precipitation and seasonal variations, call for comprehensive data models for optimisation of the power system operations. As a software provider, Powel is well positioned in the large emerging market of automatic meter reading (AMR) systems within electricity, gas and heating.

**Utility** provides software and services to Transmission & Distribution utilities as well as solutions for Municipalities within Water & Sewage. Powel's solutions help utilities *access, analyse and act* on critical information quickly and effectively. This is especially relevant today as utilities rebuild after suffering devastating effects from the recent storms and hurricanes throughout the western hemisphere.



## Q3 2005 - Powel ASA

PROFIT AND LOSS STATEMENT	QUARTER				YEAR TO DATE				2004
	IFRS Q3 2005	IFRS Q3 2004	Proforma Q3 2004	IFRS 30.09.2005	IFRS 30.09.2004	Proforma 30.09.2004	IFRS 2004		
(all figures in NOK 1.000)									
<b>Operating revenues</b>	<b>44.985</b>	<b>28.993</b>	<b>55,2 %</b>	<b>32.506</b>	<b>143.881</b>	<b>109.410</b>	<b>31,5 %</b>	<b>128.738</b>	<b>152.014</b>
Cost of goods sold	3.762	1.985		2.367	8.902	5.516		7.943	8.014
Personell costs	30.485	22.113		26.042	83.992	65.001		75.765	90.498
Other operating expenses	7.855	8.432		10.353	44.706	33.736		39.098	43.369
<b>Total operating expenses</b>	<b>42.102</b>	<b>32.530</b>		<b>38.762</b>	<b>137.600</b>	<b>104.253</b>		<b>122.806</b>	<b>141.881</b>
<b>EBITDA</b>	<b>2.883</b>	<b>-3.537</b>		<b>-6.256</b>	<b>6.281</b>	<b>5.157</b>		<b>5.932</b>	<b>10.133</b>
Depreciation of tangible assets	863	572		634	2.105	1.666		1.852	2.008
Depreciation of intangible assets	1.166	567		894	3.689	1.702		2.683	2.269
<b>EBIT</b>	<b>854</b>	<b>-4.676</b>		<b>-7.784</b>	<b>487</b>	<b>1.789</b>		<b>1.397</b>	<b>5.856</b>
Net financial items	-2.030	478		440	518	-739		-865	378
<b>Profit before tax</b>	<b>-1.176</b>	<b>-4.198</b>		<b>-7.344</b>	<b>1.005</b>	<b>1.050</b>		<b>532</b>	<b>6.234</b>
Tax	-1.362	731		862	-4.440	-2.107		-1.714	-4.291
<b>Net profit</b>	<b>-2.538</b>	<b>-3.467</b>		<b>-6.482</b>	<b>-3.435</b>	<b>-1.057</b>		<b>-1.182</b>	<b>1.943</b>
EBITDA - margin	6,4 %	-12,2 %		-19,2 %	4,4 %	4,7 %		4,6 %	6,7 %
EBIT - margin	1,9 %	-16,1 %		-23,9 %	0,3 %	1,6 %		1,1 %	3,9 %
EPS (NOK)	-0,16	-0,25			-0,21	-0,08			0,14
Outstanding shares	16.172.933	13.784.533			16.172.933	13.784.533			15.707.933
<b>No. of employees (end of periode)</b>	<b>236</b>	<b>172</b>			<b>236</b>	<b>172</b>			<b>201</b>

Research and Development (R&D)	3.435	7.756		16.502	24.465		27.538
R&D capitalised	2.210	2.530		7.270	5.060		7.362
Internationalisation	5.717	3.202		14.563	10.296		14.695

BALANCE SHEET				
(all figures in NOK 1.000)	IFRS 30.09.2005	IFRS 30.09.2004	IFRS 31.12.2004	IFRS 01.01.2004
<b>Assets</b>				
<b>Fixed assets</b>				
Intangible assets	65.758	23.872	53.182	20.052
Goodwill	50.217	21.444	47.823	21.316
Deferred tax	8.076	13.830	12.150	16.108
<b>Total intangible assets</b>	<b>124.051</b>	<b>59.146</b>	<b>113.155</b>	<b>57.476</b>
<b>Total tangible fixed assets</b>	<b>5.162</b>	<b>3.222</b>	<b>4.526</b>	<b>3.547</b>
<b>Total financial fixed assets</b>	<b>955</b>	<b>533</b>	<b>629</b>	<b>1.358</b>
<b>Total fixed assets</b>	<b>130.168</b>	<b>62.901</b>	<b>118.310</b>	<b>62.381</b>
<b>Current assets</b>				
Accounts receivables	24.861	24.472	25.409	29.523
Other short-term receivables	29.366	14.759	11.168	9.784
Bank deposits, cash, etc	39.936	54.948	47.565	27.905
<b>Total current assets</b>	<b>94.163</b>	<b>94.179</b>	<b>84.142</b>	<b>67.212</b>
<b>Total assets</b>	<b>224.331</b>	<b>157.080</b>	<b>202.452</b>	<b>129.593</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	<b>126.100</b>	<b>83.231</b>	<b>121.831</b>	<b>84.561</b>
Long term liabilities	19.471	8.805	20.518	8.525
<b>Current liabilities</b>				
Bank overdraft	17.319	15.499	19.855	0
Accounts payable	6.923	4.866	6.131	2.335
Public duties payable	12.593	8.089	8.587	8.496
Other short-term liabilities	26.700	7.964	25.529	25.676
Dererred revenue	15.225	28.626	0	0
<b>Total current liabilities</b>	<b>78.760</b>	<b>65.044</b>	<b>60.102</b>	<b>36.507</b>
<b>Total liabilities</b>	<b>98.231</b>	<b>73.849</b>	<b>80.620</b>	<b>45.032</b>
<b>Total equity and liabilities</b>	<b>224.331</b>	<b>157.080</b>	<b>202.451</b>	<b>129.593</b>

CASH FLOW ANALYSIS	Q 3 2004	Q 3 2005	30.09.04	30.09.05	2004
<b>Cash flow from operating activities</b>					
Ordinary profit before taxes and depreciation	-3.059	853	4.418	6.799	10.511
Changes in working capital	-4.625	-25.239	29.693	4.146	6.021
Other operating changes	-4.821	7.852	-16.579	-1.360	1.149
<b>Cash flow from operating activities</b>	<b>-12.505</b>	<b>-16.534</b>	<b>17.532</b>	<b>9.585</b>	<b>17.681</b>
<b>Cash flow from investment activities</b>	<b>-1.478</b>	<b>-1.548</b>	<b>-6.991</b>	<b>-10.655</b>	<b>-17.199</b>
<b>Cash flow from financing activities</b>	<b>1.106</b>	<b>29</b>	<b>3.975</b>	<b>-714</b>	<b>-463</b>
Exchange rate effect on cash	-87	668	-273	83	-906
<b>Total cashflow for the period</b>	<b>-12.964</b>	<b>-17.385</b>	<b>14.243</b>	<b>-1.701</b>	<b>-887</b>
Cash and cash equivalents as at opening balance	52.413	40.003	25.206	24.319	25.206
<b>Cash and cash equivalents as at closing balance</b>	<b>39.449</b>	<b>22.618</b>	<b>39.449</b>	<b>22.618</b>	<b>24.319</b>



RECONCILIATION OF EQUITY		30.09.2005			30.09.2004		
Equity 30.09.05	Share capital	Reserves	Total	Share capital	Reserves	Total	
Year's change in equity							
Equity 01.01.05	15.708	106.123	121.831	13.785	70.776	84.561	
Issue of new shares	465	9.254	9.719	0	0	0	
Conversion differences	0	158	158	0	-273	-273	
Conversion differences on net investments	0	-75	-75	0	0	0	
Revaluation of financial investments	0	20	20	0	0	0	
Costs related to issue of new shares after tax	0	-2.117	-2.117	0	0	0	
Period's result	0	-3.435	-3.435	0	-1.057	-1.057	
Equity 30.06.2005	16.173	109.928	126.100	13.785	69.446	83.231	

#### DIVISIONAL REPORTING:

UTILITY					
NOK 1.000	30.09.2005	30.09.2004	Q3 2005	Q3 2004	2004
Sales revenue	75.606	55.614	22.535	14.410	78.690
EBITDA	-8.097	-2.434	-1.288	-6.519	-1.505
Depreciation	3.171	1.750	1.060	671	2.225
EBIT	-11.268	-4.184	-2.348	-7.190	-3.730

POWER					
NOK 1.000	30.09.2005	30.09.2004	Q3 2005	Q3 2004	2004
Sales revenue	68.275	53.796	22.450	14.583	73.324
EBITDA	14.378	7.591	4.171	2.982	11.638
Depreciation	2.623	1.618	969	468	2.052
EBIT	11.755	5.973	3.202	2.514	9.586

TOTAL					
NOK 1.000	30.09.2005	30.09.2004	Q3 2005	Q3 2004	2004
Sales revenue	143.881	109.410	44.985	28.993	152.014
EBITDA	6.281	5.157	2.883	-3.537	10.133
Depreciation	5.794	3.368	2.029	1.139	4.277
EBIT	487	1.789	854	-4.676	5.856

REVENUE DISTRIBUTION YEAR TO DATE - UTILITY						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Lisences and maintenance	32.995	4.477	197	4.916	16	42.601
Services	11.298	10.152	392	7.970	225	30.037
Other	1.298	0	0	1.669	0	2.967
TOTAL	45.591	14.629	589	14.555	241	75.605
	60,3 %	19,3 %	0,8 %	19,3 %	0,3 %	100,0 %

REVENUE DISTRIBUTION YEAR TO DATE - POWER						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Lisences and maintenance	20.282	8.735	6.367	91	0	35.475
Services	14.080	11.859	4.055	2.450	0	32.444
Other	263	2	0	92	0	357
TOTAL	34.625	20.596	10.422	2.633	0	68.276
	50,7 %	30,2 %	15,3 %	3,9 %	0,0 %	100,0 %

REVENUE DISTRIBUTION YEAR TO DATE - TOTAL						
NOK 1.000	Norway	Sweden	EU	North America	Other	TOTAL
Lisences and maintenance	53.277	13.212	6.564	5.007	16	78.076
Services	25.378	22.011	4.447	10.420	225	62.481
Other	1.561	2	0	1.761	0	3.324
TOTAL	80.216	35.225	11.011	17.188	241	143.881
	55,8 %	24,5 %	7,7 %	11,9 %	0,2 %	100,0 %