# FINANCIAL RESULTS Q3 2016

CFO Hallvard Granheim 28th October 2016





## Health, safety and environment

#### TRI-rate<sup>1</sup>



#### Fatal accident in Peru:

- In July a contractor employee died while performing maintenance work at Oroya hydropower plant
- The fatal accident has been investigated according to Statkraft's standard procedures and all safety measures are followed up

#### Health and safety

- Quarterly injuries rate relatively stable
- Continuously top priority to improve safety performance

#### Environment

No serious environmental incidents



## **Highlights Q3**



- Solid underlying results (EBITDA)
  - Nordic prices are up 89% Q-on-Q
  - Total production was 13.3 TWh, up 20% Q-on-Q
  - Underlying EBITDA up NOK 702 million to NOK 2001 million
- Impairments gave negative result of NOK 1417 million
- Performance improvement programme progressing
- Hydropower plant in Albania inaugurated
- Refurbishment and 100 MW expansion of Nedre Røssåga hydropower plant in Norway completed

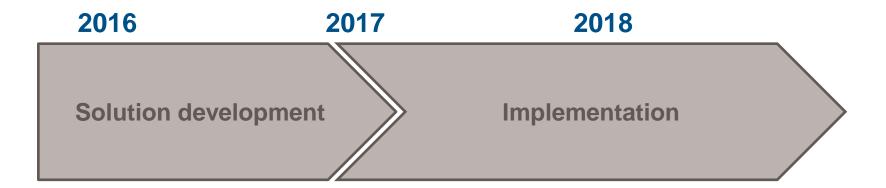


# **Impairments**

Asset	Amount
Norway: Hydropower District heating	441 million 18 million
Sweden: Hydropower Wind power	132 million 585 million
Albania: Hydropower	1 071 million
Brazil: Wind power and O&M	138 million
Chile: Hydropower (JV)	48 million



#### **Performance Improvement Programme**



- Strengthen performance
- NOK 800 million in cost savings measured against 2015



# **Completion of HHP in Albania**

- ▶ Banja hydropower plant completed 255 GWh
- First of two hydropower plants in the Devoll project
- Devoll project will increase Albania's power production with 17 percent











# Refurbishment and expansion: Nedre Røssåga hydropower plant in Norway in operation



- Capacity increased from 250 to 350 MW
- Annual production increased from 1950 to 2150 GWh due to increased efficiency
- Ready for another 50 years of operations



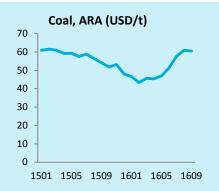
#### **Key figures**

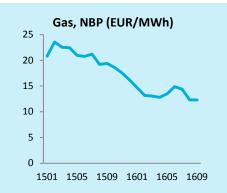
NOK million	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Gross revenues <sup>1</sup>	11 060	10 978	36 479	35 777
EBITDA <sup>1</sup>	2 001	1 300	8 917	7 623
Net profit/loss	-1 417	-3 940	-927	-2 299

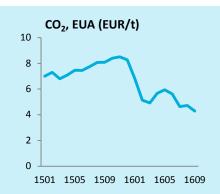
- Nordic prices up 89% measured in EUR Q-on-Q
- Overall production up 20% Q-on-Q
- Impairments led to a negative result



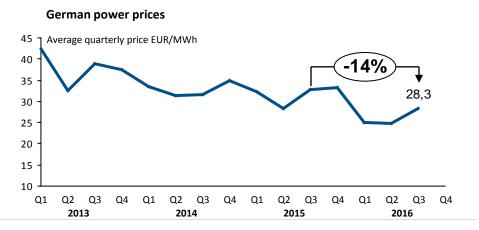
#### Price drivers and the German power market





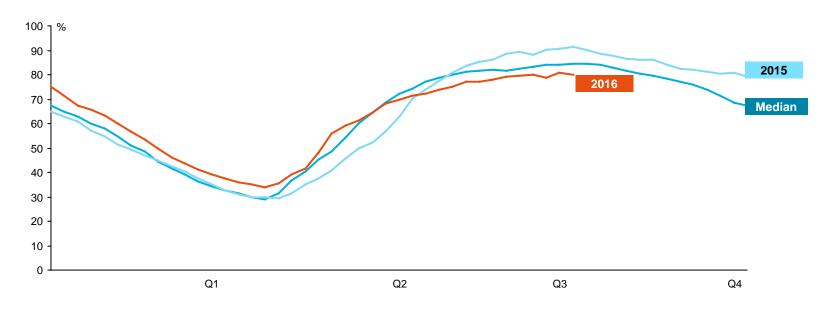


- Coal prices are up, while gas and CO<sub>2</sub> prices are down
- Close to normal wind and solar production
- German power prices down by 14% Q-on-Q





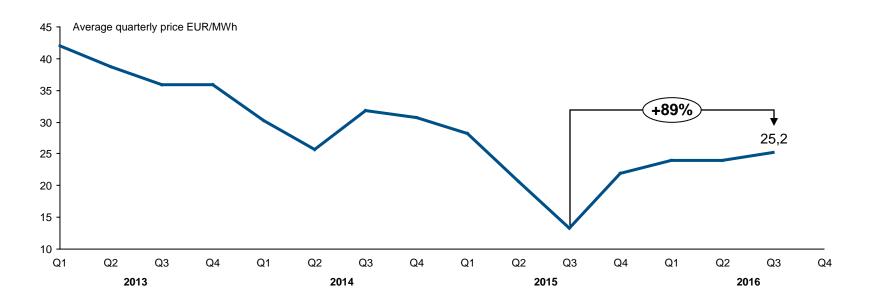
#### Nordic reservoir level



- ▶ Total Nordic hydrological resources close to normal end of Q3
  - Inflow at normal level in Norway, below normal in Sweden
  - Water reservoirs 96% of median



## **Nordic power prices**

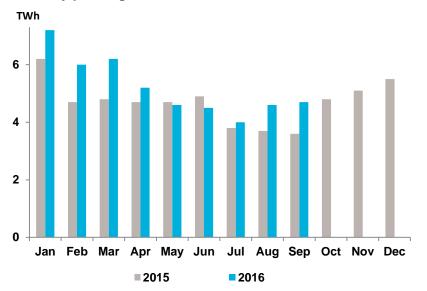


Nordic power prices up 89% Q-on-Q, but relatively stable first three quarters



# **Energy management**

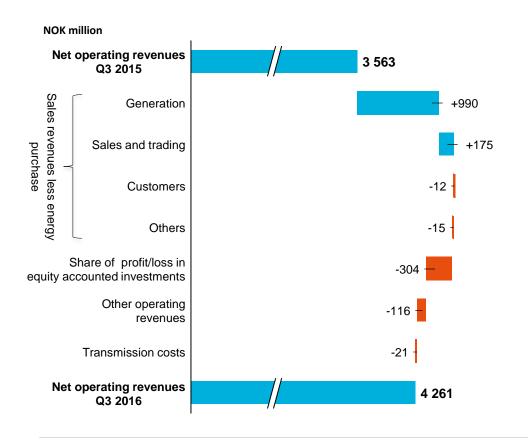
#### Monthly power generation



Q3 production up 20% Q-on-Q						
Technology	TWh	Change in TWh				
Hydropower	12.0	+1.4				
Wind power	0.5	-				
Gas power	0.8	+0.8				
Bio power	0.1	-				
Total	~13.3	+2.2				



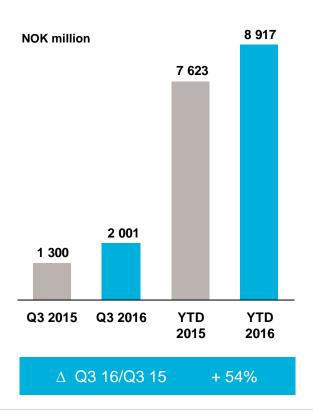
#### **Net operating revenues**



- Net operating revenues<sup>1</sup> up by NOK 698 million (+ 20%)
- Major effects:
  - Net generation up due to higher Nordic power prices and hydropower production
  - Net sales and trading up due to higher profitability in Dynamic Asset Management Portfolio and Long term contracts.
  - The share of profit/loss in equity accounted investments are down due to changed accounting estimates for deferred tax and impairments



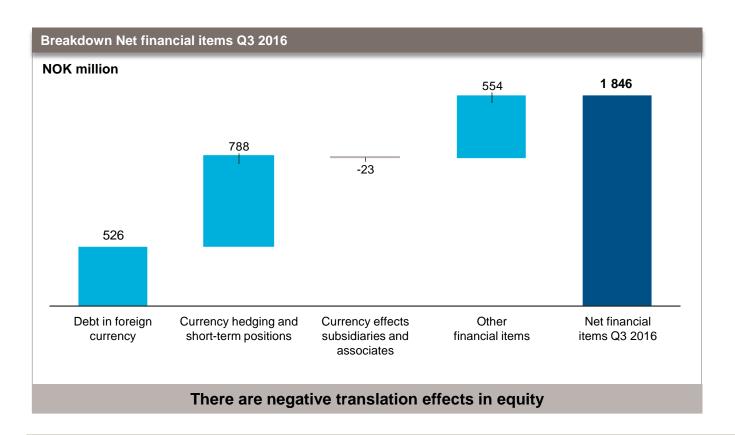
## **NOK 2 billion in underlying EBITDA**



- Underlying EBITDA<sup>1</sup> was up by NOK 702 million Q-on-Q
- Positive effects from higher Nordic power prices and production
- Improved contribution from operations in International hydropower, but offset by impairments in equity accounted investments and changed accounting estimates for deferred tax
- Higher contribution from Market operations



#### Q3 currency effects of NOK +1 291 million





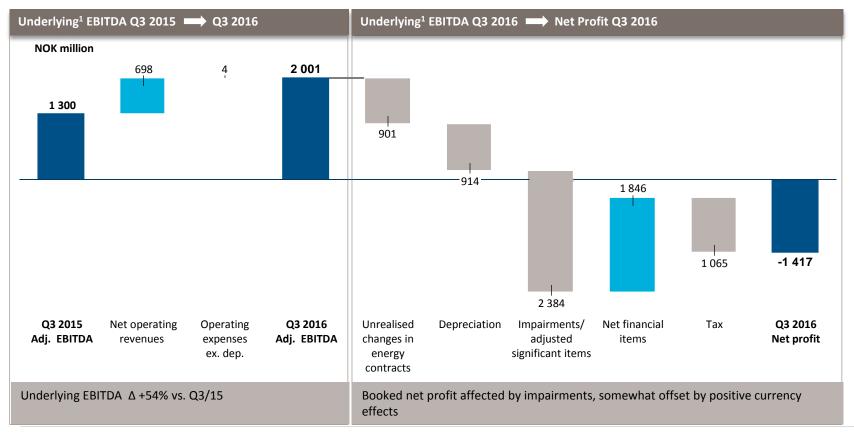
#### **Net profit influenced by impairments**

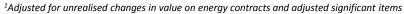
NOK million	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Net profit/loss	-1 417	-3 940	-927	-2 299

- Solid contributions from operating activities
  - Mainly through higher Nordic power prices and hydropower production
- Impairments gave net loss



## Q3 net profit breakdown

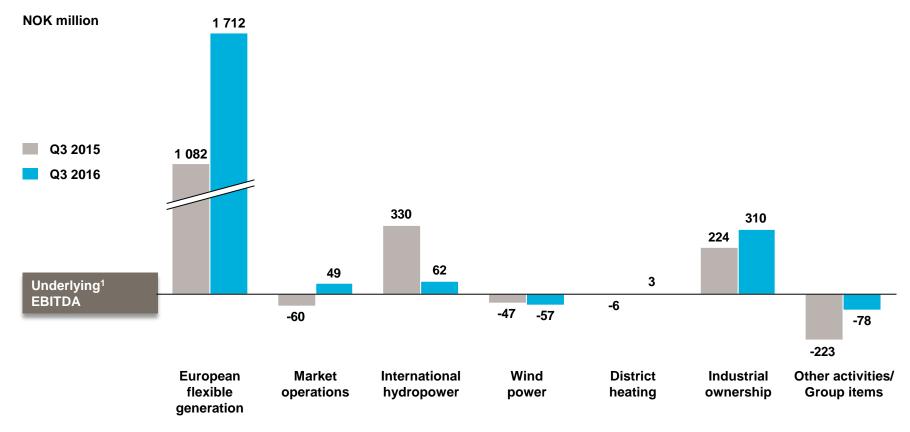






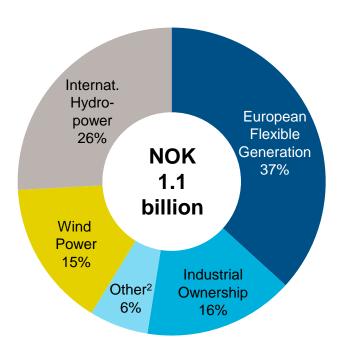
#### **Q3** segment financials

#### EBITDA including share of profit/loss from equity accounted investments





# Q3 2016 capital expenditure<sup>1</sup>



- Distribution of CAPEX in the quarter:
  - 53% expansion investments
  - 1% investments in shareholdings
  - 46% maintenance investments
- New hydropower capacity under construction in Norway and Albania
- Wind power developments in Norway and UK
- Maintenance primarily within hydropower in the Nordic region

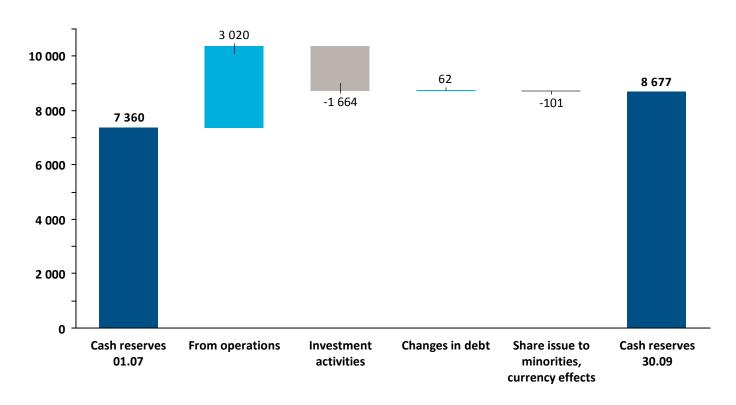


<sup>&</sup>lt;sup>1</sup> Exclusive loans to associates

<sup>&</sup>lt;sup>2</sup> Including District heating, Market operations and Other activities

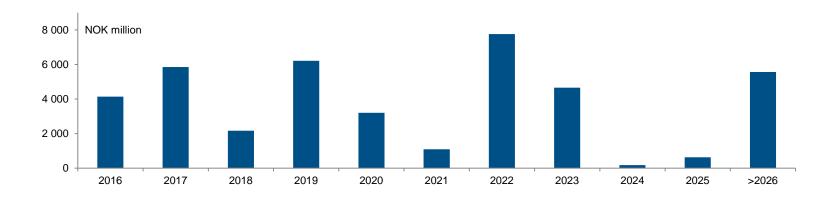
# **Strong cash flow in Q3**

#### **NOK** million





## Long-term debt repayment profile



- NOK 4.1 billion debt matures in rest of 2016
- NOK 35.1 billion in net interest-bearing debt (NOK 35.0 billion at year end 2015)
  - NOK 42%, EUR 41%, GBP 12%, USD 2%, BRL 3%, CLP/CLF 1%
  - 66% floating interest
  - Net interest-bearing debt-equity ratio 30.8%



#### **Strong credit ratings**



A- / Negative

MOODY'S
INVESTORS SERVICE

Baa1 / Stable

- Maintaining current ratings with S&P and Moody's
- Strong support from owner
- CAPEX adapted to financial capacity



#### **Summary**



- Higher Nordic power prices and increased production Q-on-Q
- Long term market view led to impairments and a net loss
- Strong underlying operations and cash flow





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