FINANCIAL RESULTS
Q3 2017

CEO Christian Rynning-Tønnesen
CFO Irene Egset
26 October 2017
Health, safety and environment

- Health and safety
  - One serious incident
  - Several ongoing initiatives to improve safety performance

- Environment
  - No serious environmental incidents

TRI-rate¹

¹TRI rate: Total recordable injuries per million hours worked (per quarter)
Highlights Q3

- Underlying EBITDA of NOK 1413 million after impairments in JVs
  - Average Nordic prices: 28.5 EUR/MWh - up 13% Q-on-Q
  - Total production: 13.5 TWh - up 1% Q-on-Q

- Solid result with net profit amounting to NOK 1783 million

- Substantial impairments and gains from sale of assets

- Performance improvement programme realised NOK 220 million so far

- Inaugurated Ringedalen hydropower plant in Norway
Year to date performance

EBITDA, underlying: Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Declining technology costs leads to impairments

**New-build levelized costs of electricity**

$/MWh - 2016 real

- **Onshore wind**
- **Utility-scale PV**

<table>
<thead>
<tr>
<th>Impairments (Mainly Chile)</th>
<th>NOK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated assets*</td>
<td>1 367</td>
</tr>
<tr>
<td>Equity accounted investments</td>
<td>1 187</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2 554</strong></td>
</tr>
</tbody>
</table>

*Includes a reversal of a previous impairment

Source: Bloomberg New Energy Finance
Triton Knoll offshore wind project sold in October

Exit from offshore wind:

- 25% share in Doggerbank projects – sold
- 50% share in Triton Knoll project – sold
- 40% share in Scira – ongoing sales process
- 30% share in Dudgeon – ongoing sales process
Asset swap and focused strategy in international growth markets

- Statkraft required the remaining 18.1% shareholding in Statkraft IH Invest from Norfund
- Statkraft sold its 50% shareholding in SN Power to Norfund
- Cash payment from Norfund to Statkraft
New hydropower plant in Norway

- The Ringedalen hydropower plant in Norway was inaugurated in September
- Installed capacity 23 MW
- Annual generation approx. 60 GWh
**Estimated cost reductions**

- **Estimated cost savings 2016-2018**
  - Realised
  - Planned

- **Comments**
  - A company-wide performance improvement program is ongoing
  - The target is to reduce overall costs by 800 MNOK
  - Estimated reduction of the cost base per Q3 2017 compared to 2015 baseline is approximately 220 MNOK

- **Realised so far**
- **Planned**
- **Estimated cost savings 2016-2018**
  - 220
  - 580
Outlook

- Robust earnings:
  - Europe’s largest reservoir capacity and flexible power plants enables production optimisation
  - Long-term contracts contribute to stabilising revenues and net profit

- Solid financial position:
  - Transactions have strengthened financial solidity and enables scale in selected markets
  - Performance improvement programme will strengthen competitiveness

- Targeted growth in renewable technologies
  - Investment program continues to be adapted to financial capacity
### Key figures

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q3 2017</th>
<th>Q3 2016</th>
<th>YTD 2017</th>
<th>YTD 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues¹</td>
<td>3 705</td>
<td>3 854</td>
<td>16 108</td>
<td>14 578</td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>1 413</td>
<td>1 594</td>
<td>9 646</td>
<td>8 034</td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>1 783</td>
<td>-1 417</td>
<td>6 416</td>
<td>-927</td>
</tr>
</tbody>
</table>

- Third quarter 2017:
  - Nordic prices measured in EUR up 13% Q-on-Q
  - Overall production up 1% Q-on-Q

Results impacted by impairments and gains from transactions

¹ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Price drivers and the German power market

Q3 2017 vs Q3 2016

- Coal and gas prices higher
- German power prices up by 16%
Nordic reservoir level

- Total Nordic hydrological resources at normal level end of Q3
  - Water reservoirs 97% of median
  - Inflow slightly above normal level
Nordic power prices

Nordic power prices 28.5 EUR/MWh, up 13% Q3 2017 vs. Q3 2016
Q3 production up 1% Q-on-Q

<table>
<thead>
<tr>
<th>Technology</th>
<th>TWh</th>
<th>Change in TWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydropower</td>
<td>12.2</td>
<td>+0.2</td>
</tr>
<tr>
<td>Wind power</td>
<td>0.5</td>
<td>-</td>
</tr>
<tr>
<td>Gas power</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td>Bio power</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13.5</td>
<td>+0.2</td>
</tr>
</tbody>
</table>
Net operating revenues

- Net operating revenues\(^1\) down by NOK 149 million (-4%)

- Major effects:
  - Net generation up mainly due to higher Nordic power prices
  - Customers increased mainly due to origination portfolios and end-user activities
  - Equity accounted investments down due to impairments mainly in Chile

\(^1\) Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
NOK 1.4 billion in underlying EBITDA

- Underlying EBITDA\(^1\) was down by NOK 181 million Q-on-Q
- Primarily a result of impairments in joint ventures in Chile
- Improved Nordic prices and contributions from market operations had a positive effect

\(^1\) Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
## Financial items

### Breakdown Net financial items Q3 2017

<table>
<thead>
<tr>
<th></th>
<th>NOK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt in foreign currency</td>
<td>375</td>
</tr>
<tr>
<td>Currency hedging and short-term positions</td>
<td>355</td>
</tr>
<tr>
<td>Currency effects subsidiaries and associates</td>
<td>-240</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>-313</td>
</tr>
<tr>
<td>Other financial items</td>
<td>858</td>
</tr>
<tr>
<td>Net financial items Q3 2017</td>
<td>1035</td>
</tr>
</tbody>
</table>

There are positive translation effects in equity.
Net profit

<table>
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<tr>
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<td>-927</td>
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- Solid contributions from operating activities
  - Mainly through higher Nordic power prices
- Net profit 2016 held back by impairments
## Q3 net profit breakdown

### Underlying¹ EBITDA Q3 2016 ➔ Q3 2017

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q3 2016 Adj. EBITDA</th>
<th>Q3 2017 Adj. EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 594</td>
<td>1 413</td>
</tr>
<tr>
<td>Net operating revenues</td>
<td>149</td>
<td>33</td>
</tr>
<tr>
<td>Operating expenses excl. depreciations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Underlying¹ EBITDA Q3 2017 ➔ Net Profit Q3 2017

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q3 2017 Adj. EBITDA</th>
<th>Net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 178</td>
<td>1 783</td>
</tr>
<tr>
<td>Unrealised value changes from energy derivatives</td>
<td>1 367</td>
<td></td>
</tr>
<tr>
<td>Gain/loss from acquisitions/divestments of business</td>
<td></td>
<td>1 035</td>
</tr>
<tr>
<td>Impairments and related costs</td>
<td></td>
<td>921</td>
</tr>
<tr>
<td>Depreciations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net financial items</td>
<td></td>
<td>206</td>
</tr>
<tr>
<td>Tax</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Underlying EBITDA Δ -11% vs. Q3/16

- Booked net profit affected by items excluded from underlying operating profit and positive net financial items

¹ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Q3 segment financials
EBITDA including share of profit/loss from equity accounted investments

NOK million

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying EBITDA</td>
<td>-79</td>
<td>-57</td>
</tr>
<tr>
<td>European flexible generation</td>
<td></td>
<td>-782</td>
</tr>
<tr>
<td>Market operations</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>International power</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>Wind power</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>District heating</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td>Industrial ownership</td>
<td>191</td>
<td>372</td>
</tr>
</tbody>
</table>

1 Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Q3 2017 capital expenditure

Distribution of CAPEX in the quarter:
- 53% expansion investments
- 43% maintenance/other investments
- 4% shareholdings

- New hydropower capacity under construction in Norway and Albania

- Wind power developments in Norway

- Maintenance primarily within Nordic hydropower and Norwegian grid

1 Exclusive loans to associates
2 Including District heating, Market operations and Other activities
## Cash flow in Q3

<table>
<thead>
<tr>
<th>Category</th>
<th>NOK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash reserves 01.07</td>
<td>10,830</td>
</tr>
<tr>
<td>From operations</td>
<td>7,085</td>
</tr>
<tr>
<td>Investment activities</td>
<td>78</td>
</tr>
<tr>
<td>Changes in debt</td>
<td>-5,943</td>
</tr>
<tr>
<td>Dividend and group contributions, currency effects</td>
<td>-2,060</td>
</tr>
<tr>
<td>Cash reserves 30.09</td>
<td>9,991</td>
</tr>
</tbody>
</table>
Long-term debt repayment profile

- NOK 0.5 billion debt matures in rest of 2017
- NOK 28.2 billion in net interest-bearing debt (NOK 32.5 billion at year end 2016)
  - NOK 32%, EUR 49%, GBP 14%, USD 2%, BRL 3%, CLP/CLF 1%
  - Duration: 4.41 years
  - Net interest-bearing debt-equity 24.7%
**Strong credit ratings**

- **A- / Stable**
- **Baa1 / Stable**

- Maintaining current ratings with S&P and Moody’s
- Strong support from owner
- CAPEX adapted to financial capacity
- Rating impact assessment completed prior to new investment decisions
Summary

- Strong underlying operations and contributions from European flexible generation
- Solid quarterly net profit added to a strong year to date result
Investor contacts:

**Debt Capital Markets**
Funding manager Stephan Skaane
Phone: +47 905 13 652
E-mail: Stephan.Skaane@statkraft.com

Vice President Tron Ringstad
Phone: +47 905 13 652
E-mail: Tron.Ringstad@statkraft.com

**Financial information**
Senior Financial Advisor Arild Ratikainen
Phone: +47 971 74 132
E-mail: Arild.Ratikainen@statkraft.com

Vice President Bjørn Inge Nordang
Phone: +47 913 59 865
E-mail: Bjorn.Nordang@statkraft.com