FINANCIAL RESULTS
Q4 2017

CEO Christian Rynning-Tønnesen
CFO Irene Egset
15 February 2018
Health, safety and environment

- Health and safety
  - One serious incident in Q4
  - Strengthening of safety performance is top priority in Statkraft

- Environment
  - No serious environmental incidents

TRI-rate¹

¹TRI rate (12 months rolling): Total recordable injuries per million hours worked
Highlights in Q4

- Underlying EBITDA of NOK 4786 million, up NOK 115 million
- Strong result: Net profit amounting to NOK 5317 million, up NOK 4569 million
- Performance improvement programme realised NOK 410 million so far
- Partial reversal of impairments for gas-fired generation due to improved market outlook
- Substantial gains from divestments of offshore wind assets
- Investment decision on biofuel demo plant
Cost reductions from the Performance Improvement Programme

Estimated cost savings 2016-2018

- Realised: 410
- Remaining: 390
- Target cost reduction: 800

Statkraft
Improved outlook for gas-fired generation

- Partly reversal of impairments of NOK 914 million for German gas-fired power plants
- Key drivers:
  - Higher coal prices (30% increase in 2017)
  - Higher CO₂-prices
  - Continued plant decommissioning
- Increased Clean spark spread (gas to power margin) in 2017

*50% efficiency assumed.

Sources: CO₂ – ECX, TTF Gas – ICE Endex, Power – EEX
Large gains from offshore wind divestments

- 50% share in Triton Knoll project
  - Divested with a gain of NOK 426 million.
- 40% share in Sheringham Shoal
  - Divested with a gain of NOK 2 634 million.
- 30% share in Dudgeon
  - Signed sales agreement in December, closing expected in Q1 2018.
Purpose: Develop technology for advanced biofuel production in partnership with Södra

Transform forest feedstock to renewable energy for the transport sector

Investment cost NOK 500 million:
- Enova will finance around 25%
- Statkraft’s share NOK 190 million

Completion is scheduled for 2019
Annual result, 2017

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

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

- Solid financial position:
  - Ongoing performance improvement programme strengthens competitiveness
  - Divestments strengthens financial solidity
  - New long-term dividend model improves predictability and investment capacity

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

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q4 2017</th>
<th>Q4 2016</th>
<th>The year 2017</th>
<th>The year 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues&lt;sup&gt;1&lt;/sup&gt;</td>
<td>7 188</td>
<td>7 297</td>
<td>23 296</td>
<td>21 875</td>
</tr>
<tr>
<td>EBITDA&lt;sup&gt;1&lt;/sup&gt;</td>
<td>4 786</td>
<td>4 671</td>
<td>14 432</td>
<td>12 705</td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>5 317</td>
<td>748</td>
<td>11 732</td>
<td>-179</td>
</tr>
</tbody>
</table>

- Fourth quarter 2017:
  - Nordic prices measured in EUR down 11% Q-on-Q
  - Overall generation down 9% Q-on-Q
- Net profit impacted by gains from divestments of offshore wind assets and reversal of impairments

<sup>1 Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs</sup>
Q4 2017 vs. Q4 2016

- Coal, CO₂ and gas prices higher
- High wind power production
- German power prices down by 12%
Total Nordic hydrological resources slightly above normal level end of Q4
- Water reservoirs 103% of median
- Inflow slightly above normal level
Nordic power prices

- Nordic power prices 30.6 EUR/MWh, down 11% Q4 2017 vs. Q4 2016
Energy management

Q4 production down 9% 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>15.8</td>
<td>-1.2</td>
</tr>
<tr>
<td>Wind power</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td>Gas power</td>
<td>0.7</td>
<td>-0.6</td>
</tr>
<tr>
<td>Bio power</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17.3</strong></td>
<td><strong>-1.8</strong></td>
</tr>
</tbody>
</table>

Monthly power generation

TWh
Net operating revenues

Net operating revenues$^1$ down by NOK 109 million (-1%)

Major effects:

- Net generation decreased mainly due to reduced Nordic power prices and lower generation
- Sales and trading decreased mainly due to negative contribution from Continental trading
- Customers increased mainly due to improved contribution from market access in UK and Germany

$^1$ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
NOK 4.8 billion in underlying EBITDA

- Underlying EBITDA\(^1\) was up by NOK 115 million Q-on-Q
- Primarily a result of higher contribution from Industrial ownership due to higher power generation and grid revenues
- Positive effects from market access activities in the UK, lower costs, one-off effects in International power and new wind capacity

\[\begin{array}{c|c|c|c}
\text{NOK million} & \text{FY 2016} & \text{FY 2017} \\
\hline
\text{Q4 2016} & 4,671 & 4,786 \\
\text{Q4 2017} & 12,705 & 14,432 \\
\end{array}\]

\[\Delta \text{ Q4 17/Q4 16} = +2\%\]

\(^1\) 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 Q4 2017

NOK million

- Debt in foreign currency: -991
- Currency hedging and short-term positions: -592
- Currency effects subsidiaries and associates: 111
- Interest expenses: -315
- Other financial items: 181
- Net financial items Q4 2017: -1,606

There are positive translation effects in equity.
# Net profit

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<tr>
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- Solid contributions from operating activities
- Gains from divestment of offshore wind assets
- Net profit 2016 held back by impairments
# Q4 net profit breakdown

<table>
<thead>
<tr>
<th>Underlying^1 EBITDA Q4 2016</th>
<th>Q4 2017</th>
<th>Underlying^1 EBITDA Q4 2017</th>
<th>Net Profit Q4 2017</th>
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<td><strong>NOK million</strong></td>
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<td>Q4 2016 Adj. EBITDA</td>
<td>4,671</td>
<td>Q4 2017 Adj. EBITDA</td>
<td>4,786</td>
</tr>
<tr>
<td>Net operating revenues</td>
<td>109</td>
<td>Unrealised value changes</td>
<td>3,063</td>
</tr>
<tr>
<td>Operating expenses excl.</td>
<td>224</td>
<td>from energy derivatives</td>
<td></td>
</tr>
<tr>
<td>depreciations</td>
<td></td>
<td>Gain/loss from acquisitions/</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>divestments of business</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impairments and related</td>
<td>906</td>
</tr>
<tr>
<td></td>
<td></td>
<td>costs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Depreciations</td>
<td>949</td>
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<td>Net financial items</td>
<td>1,606</td>
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<tr>
<td></td>
<td></td>
<td>Tax</td>
<td>1,486</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Q4 2017 Net profit</td>
<td>5,317</td>
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**Underlying EBITDA ∆ +2% vs. Q4/16**

**Booked net profit affected by items excluded from underlying operating profit and negative net financial items**

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^1 Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Q4 segment financials
EBITDA including share of profit/loss from equity accounted investments

NOK million

Q4 2016 | Q4 2017
---|---
European flexible generation | 3 245 | 2 815
Market operations | 342 | 396
International power | 432 | 490
Wind power | 243 | 282
District heating | 118 | 120
Industrial ownership | 478 | 749

Underlying¹ EBITDA

¹ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Q4 2017 capital expenditure¹

- Distribution of CAPEX in the quarter:
  - 44% expansion investments
  - 51% maintenance/other investments
  - 5% shareholdings

- New hydropower capacity under construction in Albania
- Wind power developments in Norway
- Maintenance primarily within Nordic hydropower and Norwegian grid

¹ Excluding loans to equity accounted investments
² Including District heating, Market operations and Other activities
Cash flow in Q4

NOK million

- Cash reserves 01.10: 9,991
- From operations: 586
- Investment activities: 5,549
- Changes in debt: 780
- Currency effects: 43
- Cash reserves 31.12: 14,217
Long-term debt repayment profile

- NOK 2.2 billion debt matures in 2018
- NOK 24.8 billion in net interest-bearing debt (NOK 32.5 billion at year end 2016)
  - NOK 34%, EUR 53%, GBP 7%, USD 2%, BRL 2%, CLP/CLF 1%
  - Duration: 4.38 years
  - Net interest-bearing debt-equity 21.3%
Strong credit ratings

- 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
- Delivering on strategy
- Robust financial position
- Solid foundation for further growth in renewable energy
THANK YOU

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

www.statkraft.com