Health, safety and environment

- Health and safety – tragic fatal accident at the Moglicë project in Albania
  - A Statkraft employee died after being critically injured in an accident during road works
  - The accident has been investigated according to Statkraft’s procedures and all safety measures are followed up

- Environment
  - No serious environmental incidents in Q2

\(^1\text{TRI rate (12 months rolling): Total recordable injuries per million hours worked}\)
Highlights in Q2

- Underlying EBIT of NOK 1428 million, down NOK 621 million
- Net profit amounting to NOK 271 million, down NOK 1615 million
- Performance improvement programme realised NOK 480 million so far
- Divestment of shareholding in Istad and sale of shares in BKK
- Strategy updated
Cost reductions from the Performance Improvement Programme

<table>
<thead>
<tr>
<th></th>
<th>Estimated cost savings 2016-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realised</td>
<td>480</td>
</tr>
<tr>
<td>Remaining</td>
<td>320</td>
</tr>
<tr>
<td>Target cost reduction</td>
<td>800</td>
</tr>
</tbody>
</table>
Statkraft has agreed to sell its 49% shareholding in Istad AS to Tussa Kraft for approx. NOK 368 million. The transaction is subject to approval from the concession authorities and is expected to be completed in Q3. The gain is expected to be recognised in Q3.

Statkraft contributes to a good industrial development of regional companies in Norway. Two transactions have been entered into:

### Istad

- Statkraft has agreed to sell its 49% shareholding in Istad AS to Tussa Kraft for approx. NOK 368 million.
- The transaction is subject to approval from the concession authorities and is expected to be completed in Q3.
- The gain is expected to be recognised in Q3.

### BKK

- Statkraft has sold 1.7% of the total shares in BKK to BKK for NOK 350 million.
- BKK plan to use the shares as consideration for an acquisition.
- The transaction will lead to a gain of NOK 141 million, of which NOK 72 million was recognised in Q2. The remaining gain is expected to be recognised in Q3.
First half year performance

<table>
<thead>
<tr>
<th>NOK million</th>
<th>YTD 2018</th>
<th>YTD 2017</th>
<th>The year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit/loss (EBIT) underlying</td>
<td>7 390</td>
<td>6 039</td>
<td>10 824</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>13 958</td>
<td>6 904</td>
<td>15 668</td>
</tr>
<tr>
<td>Net profit</td>
<td>10 553</td>
<td>4 634</td>
<td>11 710</td>
</tr>
</tbody>
</table>

- Underlying EBIT improvement mainly driven by significantly higher Nordic power prices and lower operating expenses
- Net profit also positively affected by substantial gains from transactions and positive currency effects under financial items
12 months rolling ROACE of 11.9%
- Improvement compared with the year 2017 due to higher underlying operating profit (rolling 12 months), primarily driven by higher Nordic power prices
- Decrease from Q1 2018 mainly driven by decreased underlying operating profit from the segment Market Operations
Updated strategy: Powering a green future

Combining flexible hydropower with intermittent onshore wind and solar power - delivering reliable, renewable and cost competitive energy to the customers

OPTIMISE HYDRO-POWER PORTFOLIO

RAMP UP AS WIND AND SOLAR DEVELOPER

GROW THE CUSTOMER BUSINESS

DEVELOP NEW BUSINESS WITHIN DECARBONISATION AND RENEWABLE ENERGY
Powering a green future

THE NORDICS
- Optimise value of hydropower
- Construct 1000 MW wind at Fosen
- Grow district heating
- Grow customer business
- Lead the Norwegian energy transition: data centres, biofuels, EV charging, hydrogen, etc.

EUROPE
- Ramp up wind and solar development
- Seek hydropower opportunities
- Grow customer business

SOUTH AMERICA
- Develop wind and solar
- Acquire and improve hydro assets + selected greenfield projects
- Grow customer business

INDIA/NEPAL
- Develop wind and solar
- Acquire and improve hydro assets
- Grow customer business
Outlook

- Robust earnings
  - Europe’s largest reservoir capacity and flexible power plants
  - Long term revenue optimisation and bilateral contracts

- Strong financial position
  - Ongoing performance improvement programme strengthens competitiveness
  - Strengthened financial solidity

- Updated strategy: Entering a growth phase
  - Combining flexible hydropower with intermittent onshore wind and solar power - Delivering reliable, renewable and cost competitive energy to the customers
  - Continued commitment to act in an ethical and socially responsible manner
Key figures

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
<th>YTD 2018</th>
<th>YTD 2017</th>
<th>The year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating revenues and other income</td>
<td>4 277</td>
<td>5 029</td>
<td>13 161</td>
<td>12 000</td>
<td>23 350</td>
</tr>
<tr>
<td>Operating profit/loss (EBIT) underlying</td>
<td>1 428</td>
<td>2 050</td>
<td>7 390</td>
<td>6 039</td>
<td>10 824</td>
</tr>
<tr>
<td>Net profit</td>
<td>271</td>
<td>1 886</td>
<td>10 553</td>
<td>4 634</td>
<td>11 710</td>
</tr>
</tbody>
</table>

- Second quarter 2018:
  - Nordic prices measured in EUR up 42% Q-on-Q
  - Overall generation down 22% Q-on-Q

- Lower Norwegian hydropower generation offset by higher Nordic power prices

- EBIT affected by negative contribution from market operations

- Net profit impacted by unrealised value changes from energy derivatives
Price drivers and the German power market

Q2 2018 vs. Q2 2017

- Coal, CO₂ and gas prices increased
- German power prices up by 21%
  - Mainly related to higher coal, gas and CO₂ prices
Nordic reservoir level

- Rapid increase mid-quarter due to early snow melting
- Weather drier than normal in Q2
- Nordic reservoir level (total market) at 92% of median at the end of June
Nordic power prices 39.1 EUR/MWh, up 42% Q2 2018 vs. Q2 2017
**Energy management**

**Q2 generation down 22% 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>10.9</td>
<td>-2.8</td>
</tr>
<tr>
<td>Wind power</td>
<td>0.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Gas power</td>
<td>0.0</td>
<td>-0.3</td>
</tr>
<tr>
<td>Bio and solar power</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11.5</strong></td>
<td><strong>-3.1</strong></td>
</tr>
</tbody>
</table>

Pålsbu hydropower plant
Q2 net operating revenues and other income

NOK million

<table>
<thead>
<tr>
<th></th>
<th>Q2 2017</th>
<th>Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation</td>
<td>4416</td>
<td>4524</td>
</tr>
<tr>
<td>Customers</td>
<td>278</td>
<td>50</td>
</tr>
<tr>
<td>Grid, sale of gas and other revenues</td>
<td>254 252</td>
<td>86 227</td>
</tr>
<tr>
<td>Trading &amp; Origination</td>
<td>270</td>
<td>227</td>
</tr>
<tr>
<td>Other operating income</td>
<td>-462</td>
<td>-276</td>
</tr>
<tr>
<td>Transmission costs</td>
<td>-314</td>
<td>-314</td>
</tr>
<tr>
<td>Total net operating revenues and other income</td>
<td>4277</td>
<td>5029</td>
</tr>
</tbody>
</table>

Sales revenues less energy purchase

-15%
NOK 1.4 billion in underlying EBIT

- Underlying EBIT down NOK 621 million Q-on-Q
- Primarily a result of lower contribution from Nordic origination and long-term contracts in Brazil
Financial items

Breakdown Net financial items Q2 2018

NOK million

- Interest income: 99
- Interest expenses: 194
- Currency gains and losses: 527
- Other financial items: 36
- Net financial items Q2 2018: 468

Statkraft
## Net profit

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
<th>YTD 2018</th>
<th>YTD 2017</th>
<th>The year 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>271</td>
<td>1,886</td>
<td>10,553</td>
<td>4,634</td>
<td>11,710</td>
</tr>
</tbody>
</table>
## Q2 net profit breakdown

### Underlying EBIT Q2 2017 vs Q2 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Net operating revenues and other income</th>
<th>Operating expenses</th>
<th>Underlying EBIT (EBIT) underlying</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,050</td>
<td>752</td>
<td>1,302</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td>1,428</td>
</tr>
</tbody>
</table>

### Underlying EBIT Q2 2018 vs Net Profit Q2 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Unrealised value changes from energy derivatives</th>
<th>Gain/loss from acquisitions/divestments of business activities</th>
<th>Impairments</th>
<th>Share of profit/loss in equity accounted investments</th>
<th>Net financial items</th>
<th>Tax</th>
<th>Net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>911</td>
<td>28</td>
<td>11</td>
<td>41</td>
<td>468</td>
<td>716</td>
<td>271</td>
</tr>
</tbody>
</table>

### Underlying EBIT Δ -30% Q-on-Q

- Q2 net profit breakdown
- Booked net profit affected by unrealised value changes from energy derivatives

**Statkraft**
Q2 segment financials

Operating profit/loss (EBIT) underlying

- NOK million

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2 2017</th>
<th>Q2 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>European flexible generation</td>
<td>1,980</td>
<td>1,729</td>
</tr>
<tr>
<td>Market operations</td>
<td></td>
<td>-26</td>
</tr>
<tr>
<td>International power</td>
<td></td>
<td>85</td>
</tr>
<tr>
<td>Wind power</td>
<td></td>
<td>155</td>
</tr>
<tr>
<td>District heating</td>
<td></td>
<td>-49</td>
</tr>
<tr>
<td>Industrial ownership</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Share of profit/loss in equity accounted investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European flexible generation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Market operations</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>International power</td>
<td></td>
<td>57</td>
</tr>
<tr>
<td>Wind power</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>District heating</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Industrial ownership</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-8</td>
</tr>
</tbody>
</table>
Q2 2018 capital expenditure¹

- Distribution of CAPEX in the quarter:
  - 59% new capacity investments
  - 35% maintenance/other investments
  - 6% shareholdings
- New hydropower capacity under construction in Albania
- Wind power developments in Norway
- Maintenance primarily within Nordic hydropower and Norwegian grid
- Shareholding investments mainly related to Silva Green Fuel

¹ Excluding loans to equity accounted investments
² Including District heating, Market operations and Other activities
Cash flow in Q2

NOK million

Cash reserves 31.03: 21,352
From operations: 852
Investing activities: 307
Financing activities: 229
Currency exchange rate effects: 66
Cash reserves 30.06: 19,899

Net change in cash: 19,899

Currency exchange rate effects: 66
Financing activities: 229
Investing activities: 307
From operations: 852
Cash reserves 31.03: 21,352
Long-term debt repayment profile

- NOK 14.1 billion in net interest-bearing debt (NOK 34.6 billion in Q2 2017)
  - NOK 35%, EUR 59%, USD 2%, BRL 3%, CLP/CLF 1%
  - Weighted average maturity: 5.3 years
  - Net interest-bearing debt-equity ratio: 13.2%
Strong credit ratings

- Maintaining current ratings with S&P and Moody’s
- Strong support from owner
- Rating impact assessment completed prior to new investment decisions
- Solid financial foundation for new investments
Summary

- Solid underlying operations
- Updated strategy
- Solid foundation for growth phase
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: +47 992 93 670
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