FINANCIAL RESULTS
Q2 2019

CEO Christian Rynning-Tønnesen
CFO Anne Harris
18 July 2019
Health, safety and environment

- **Health and safety**
  - Four serious injuries reported in the quarter

- **Environment**
  - No serious environmental incidents in the quarter

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

- Underlying EBIT of NOK 2619 million
- Net profit amounting to NOK 2123 million
- New long-term industry contracts in Norway and PPA in Spain
- Investment decision for hydropower plant in Chile
Long-term contracts portfolio in the Nordics

- Competitive supplier to the industry
- Two new power contracts in Q2
  - 3.1 TWh to Alcoa Norway from 2020-2026
  - 1.75 TWh to Borregaard from 2020-2029
Market entry in Spain

- Office in Madrid established
  - Team currently consist of four originators

- PPA business
  - Largest long-term PPA with immediate delivery in Spain signed with Audax Renovables
  - Statkraft supplies a total volume of 5.5 TWh over a period of ten and a half years

Countries with Statkraft locations
Investment decision on Los Lagos hydropower project in Chile

- 52 MW installed capacity
- 260 GWh annual generation
- Completion scheduled for second quarter in 2022
### Financial performance first half year 2019

<table>
<thead>
<tr>
<th>NOK million</th>
<th>YTD 2019</th>
<th>YTD 2018</th>
<th>Full year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit/loss (EBIT) underlying</td>
<td>9 049</td>
<td>7 390</td>
<td>14 953</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>10 715</td>
<td>13 958</td>
<td>20 649</td>
</tr>
<tr>
<td>Net profit</td>
<td>6 874</td>
<td>10 553</td>
<td>13 390</td>
</tr>
</tbody>
</table>

- Underlying EBIT improvement mainly driven by significantly higher contribution from the segment Market operation
- Net profit also positively affected by currency effects and an increase in the value of the shares in Fjordkraft
**Financial return**

<table>
<thead>
<tr>
<th>Period</th>
<th>Return (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1-2017</td>
<td>9.7%</td>
</tr>
<tr>
<td>Q2-2017</td>
<td>10.1%</td>
</tr>
<tr>
<td>Q3-2017</td>
<td>10.6%</td>
</tr>
<tr>
<td>Q4-2017</td>
<td>10.5%</td>
</tr>
<tr>
<td>Q1-2018</td>
<td>12.5%</td>
</tr>
<tr>
<td>Q2-2018</td>
<td>11.9%</td>
</tr>
<tr>
<td>Q3-2018</td>
<td>13.2%</td>
</tr>
<tr>
<td>Q4-2018</td>
<td>14.7%</td>
</tr>
<tr>
<td>Q1-2019</td>
<td>14.9%</td>
</tr>
<tr>
<td>Q2-2019</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

- **12 months rolling ROACE of 15.8%**
  - Improvement compared with the year 2018 due to higher underlying operating profit
    - primarily driven by higher contribution from the segment Market operations
  - Average capital employed of 105 billion, up 3% compared with year-end 2018
Outlook

- Good underlying performance leads to robust earnings over time
  - Europe’s largest reservoir capacity and flexible power plants
  - Long term revenue optimisation and replacing long-term bilateral contracts

- Well positioned for growth in renewable energy
  - Solid financial position
  - Building scale in core markets

- Strong organisational culture
  - Highly skilled and motivated employees
  - Commitment to act in an ethical and socially responsible manner a foundation for all activities
### Key financial figures

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q2 2019</th>
<th>Q2 2018</th>
<th>YTD 2019</th>
<th>YTD 2018</th>
<th>Full year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating income underlying</td>
<td>5 388</td>
<td>4 277</td>
<td>14 735</td>
<td>13 161</td>
<td>26 925</td>
</tr>
<tr>
<td>Operating profit/loss (EBIT) underlying</td>
<td>2 619</td>
<td>1 428</td>
<td>9 049</td>
<td>7 390</td>
<td>14 953</td>
</tr>
<tr>
<td>Net profit</td>
<td>2 123</td>
<td>271</td>
<td>6 874</td>
<td>10 553</td>
<td>13 390</td>
</tr>
</tbody>
</table>

- Nordic prices measured in EUR down 9% Q-on-Q
- Overall generation up 8% Q-on-Q
- Underlying EBIT in Q2 2019 increase to NOK 2619 million
- Underlying EBIT YTD 2019 increase to NOK 9049 million
Price drivers and the German power market

Q2 2019 vs. Q2 2018

- Coal price significantly down
- Gas price significantly down
- CO₂ price significantly up
- German power price (base) down 1%
Nordic reservoir level

- Reservoir levels above normal throughout most of Q2
- Nordic reservoir level (total market) at 104% of median at the end of Q2
Nordic system price, monthly average

- Nordic power prices 35.6 EUR/MWh in Q2 2019, down 9% from Q2 2018
Energy management

Q2 generation up 8% 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>11.1</td>
<td>0.2</td>
</tr>
<tr>
<td>Wind power</td>
<td>0.6</td>
<td>0.0</td>
</tr>
<tr>
<td>Gas power</td>
<td>0.6</td>
<td>0.6</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>12.3</td>
<td>0.9</td>
</tr>
</tbody>
</table>
NOK 2.6 billion in underlying EBIT

- Net operating revenues increase by NOK 1,111 million mainly due to improved contribution from origination activities and higher power generation.
- Operating expenses stable at NOK 2,8 billion.
- Underlying EBIT up NOK 1,190 million Q-on-Q.
Financial items

Breakdown Net financial items Q2 2019

NOK million

Interest income 116
Interest expenses 156
Currency gains and losses 201
Other financial items 170
Net financial items Q2 2019 332
Q2 net profit breakdown

NOK million

Q2 2019 Operating profit/loss (EBIT) underlying | Unrealised value changes from energy derivatives | Gain/loss from divestments of business activities | Impairments | Share of profit/loss in equity accounted investments | Net financial items | Tax | Q2 2019 Net profit

2,619 | 208 | 0 | 7 | 263 | 332 | | 1,291 | 2,123
Q2 segment EBIT underlying

NOK million

-443
148
155
208
49
14
6
65
316

European flexible generation
Market operations
International power
European wind and solar
District heating
Industrial ownership

Q2 2018
Q2 2019
Q2 2019 capital expenditure

- Distribution of CAPEX in the quarter:
  - 47% new capacity investments
  - 47% maintenance/other investments
  - 6% shareholdings

- Maintenance primarily related to Nordic hydropower
- New hydropower capacity under construction in Albania and India
- Wind power at Fosen in Norway

1 Excluding loans to equity accounted investments
Other includes District heating, Market operations and Other activities
Cash flow and financial position

- NOK 19.4 billion in net interest-bearing debt (NOK 12.9 billion end of 2018)
- Net interest-bearing debt-equity 17.1%
- Existing ratings confirmed
- Current ratings provide a framework for our investments going forward

<table>
<thead>
<tr>
<th></th>
<th>NOK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash reserves 31.03.</td>
<td>24 445</td>
</tr>
<tr>
<td>From operations</td>
<td>611</td>
</tr>
<tr>
<td>Investing activities</td>
<td>732</td>
</tr>
<tr>
<td>Financing activities</td>
<td>11 278</td>
</tr>
<tr>
<td>Currency exchange rate effects</td>
<td>0</td>
</tr>
<tr>
<td>Cash reserves 30.06.</td>
<td>13 046</td>
</tr>
</tbody>
</table>

Note: The diagram shows a breakdown of cash flows and financial position, with categories including cash reserves, operations, investments, financing, and currency exchange rate effects.
Summary

- Solid underlying performance in the quarter
- Robust financial position
- Solid foundation for growth phase
- Investment plan with large degree of flexibility
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