FINANCIAL RESULTS
Q4 2019

CEO Christian Rynning-Tønnesen
CFO Anne Harris
13 February 2020
Health, safety and environment

- Health and safety
  - One fatal accident in January 2020
  - No serious injuries reported in the quarter

- Environment
  - No serious environmental incidents in the quarter

\[^1\) TRI rate (12 months rolling): Total recordable injuries per million hours worked\]
### Key figures

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q4 2019</th>
<th>Q4 2018</th>
<th>The year 2019</th>
<th>The year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit/loss (EBIT)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>underlying</td>
<td>5 640</td>
<td>4 884</td>
<td>17 587</td>
<td>14 953</td>
</tr>
<tr>
<td>Net profit</td>
<td>3 796</td>
<td>1 572</td>
<td>11 327</td>
<td>13 390</td>
</tr>
</tbody>
</table>

- All-time high underlying EBIT in 2019
- Net profit of NOK 3.8 billion
- NOK ~ 6.5 billion in proposed dividend
Financial performance

- 12 months rolling ROACE of 16.3%
  - Average capital employed up 6% compared with year-end 2018.
Growth in PPA portfolio
Revenues secured through long term industry contracts and auction

Bilateral industry contracts in Norway
Several new PPAs in UK, Poland, France, Germany and Spain
Successful participation in wind auction in Brazil
Delivering on our strategy

**OPTIMISE AND EXPAND HYDROPOWER PORTFOLIO**
- NOK 2 billion of annual reinvestments in Nordic hydropower and grid
- Decided to construct Los Lagos hydropower plant in Chile
- Completed the Moglice dam in Albania

**RAMP UP AS WIND AND SOLAR DEVELOPER**
- Two new wind farms in the Fosen project in full production
- Completing Kilathmoy wind farm and battery project
- Acquisition of 326 MW solar power portfolio in Ireland
- Acquisition of wind power projects in Chile
- Acquisition of 664 MW wind power portfolio in Brazil and successful participation in wind auction

**GROW THE CUSTOMER BUSINESS**
- Virtual power plant in the UK opened
- New long term power agreement with Alcoa, Borregård and Wacker Chemicals in Norway
- New PPAs in several European countries
- Acquisition of EV charging companies in Germany and Norway

**DEVELOP NEW BUSINESS INITIATIVES**
- Development of pilot plant for advanced biofuels in Norway
- Several venture investments
- Business development within hydrogen solutions
- Facilitating for Google data centre in Norway
Outlook

**Unique assets**
- Europe’s largest reservoir capacity and flexible power plants
- Long term revenue optimisation and replacing long-term bilateral contracts

**Solid competitive position**
- Solid financial position
- Strong cost position in European hydropower
- Building scale in core markets

**Strong organisational culture**
- Solid competence base and highly motivated employees
- Commitment to act in an ethical and socially responsible manner a foundation for all activities

Songavatn, Norway
## Key figures

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q4 2019</th>
<th>Q4 2018</th>
<th>The year 2019</th>
<th>The year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating income underlying</td>
<td>9 484</td>
<td>8 108</td>
<td>30 161</td>
<td>26 925</td>
</tr>
<tr>
<td>Operating profit/loss (EBIT)</td>
<td>5 640</td>
<td>4 884</td>
<td>17 587</td>
<td>14 953</td>
</tr>
<tr>
<td>Net profit</td>
<td>3 796</td>
<td>1 572</td>
<td>11 327</td>
<td>13 390</td>
</tr>
</tbody>
</table>

- Nordic prices measured in EUR down 19% Q-on-Q
- Overall generation up 11% Q-on-Q
- Underlying EBIT in Q4 2019 increase to NOK 5640 million
Price drivers and the German power market

Q4 2019 vs. Q4 2018

- Coal price significantly down
- Gas price significantly down
- CO₂ price significantly up
- German power price (base) down 30%
Nordic reservoir level

- Reservoir levels below normal throughout Q4
- Nordic reservoir level (total market) at 91% of median at the end of 2019
Nordic system price, monthly average

EUR/MWh

- Nordic power prices 38.7 EUR/MWh, down 19% Q4 2019 vs. Q4 2018
Energy management

Dörverden hydropower plant, Germany

Generation volumes per technology

<table>
<thead>
<tr>
<th>Technology</th>
<th>Q4</th>
<th>2019</th>
<th>2018</th>
<th>Δ</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydropower</td>
<td>15.5</td>
<td>14.5</td>
<td>1.0</td>
<td>53.4</td>
<td>57.2</td>
<td></td>
</tr>
<tr>
<td>Wind power</td>
<td>0.9</td>
<td>0.9</td>
<td>0.0</td>
<td>3.0</td>
<td>2.7</td>
<td></td>
</tr>
<tr>
<td>Gas power</td>
<td>1.4</td>
<td>0.7</td>
<td>0.7</td>
<td>4.5</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.3</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17.8</strong></td>
<td><strong>16.1</strong></td>
<td><strong>1.7</strong></td>
<td><strong>61.1</strong></td>
<td><strong>61.7</strong></td>
<td></td>
</tr>
</tbody>
</table>
NOK 5.6 billion in underlying EBIT

- Underlying EBIT up NOK 756 million Q-on-Q
  - Net operating income up NOK 1376 million
  - Operating expenses up NOK 620 million

- Underlying EBIT up NOK 2 635 million Y-on-Y
  - Net operating income up NOK 3236 million
  - Operating expenses up NOK 601 million
## Financial items

<table>
<thead>
<tr>
<th>Financial items</th>
<th>Quarter</th>
<th>2019</th>
<th>2018</th>
<th>Δ</th>
<th>Full year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td></td>
<td>92</td>
<td>112</td>
<td>-20</td>
<td></td>
<td>440</td>
<td>404</td>
</tr>
<tr>
<td>Interest expenses</td>
<td></td>
<td>-145</td>
<td>-240</td>
<td>94</td>
<td></td>
<td>-669</td>
<td>-905</td>
</tr>
<tr>
<td>Net currency effects</td>
<td></td>
<td>156</td>
<td>-1753</td>
<td>1909</td>
<td></td>
<td>132</td>
<td>-464</td>
</tr>
<tr>
<td>Other financial items</td>
<td></td>
<td>650</td>
<td>-5</td>
<td>655</td>
<td></td>
<td>829</td>
<td>5377</td>
</tr>
<tr>
<td><strong>Net financial items</strong></td>
<td></td>
<td><strong>752</strong></td>
<td><strong>-1885</strong></td>
<td><strong>2637</strong></td>
<td></td>
<td><strong>733</strong></td>
<td><strong>4412</strong></td>
</tr>
</tbody>
</table>
Q4 net profit breakdown

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q4 2019 Operating profit/loss (EBIT) underlying</th>
<th>Unrealised value changes from energy derivatives</th>
<th>Gain/loss from 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>Q4 2019 Net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,640</td>
<td>474</td>
<td>55</td>
<td>17</td>
<td>551</td>
<td>752</td>
<td>2,745</td>
<td>3,796</td>
</tr>
</tbody>
</table>

Net profit breakdown for Q4 2019.
Q4 segment EBIT underlying

NOK million

European flexible generation | Q4 2018: 3,403 | Q4 2019: 3,548
Market operations | Q4 2018: 623 | Q4 2019: 1,621
International power | Q4 2018: 96 | Q4 2019: 35
European wind and solar | Q4 2018: 201 | Q4 2019: -6
District heating | Q4 2018: 91 | Q4 2019: 107
Industrial ownership | Q4 2018: 487 | Q4 2019: 524
2019 capital expenditure\(^1\)

- Distribution of CAPEX in the quarter:
  - 50% new capacity investments
  - 37% maintenance/other investments
  - 13% shareholdings
- New hydropower capacity under construction in Albania and India
- Wind power at Fosen in Norway
- Maintenance primarily related to Nordic hydropower
- Shareholdings primarily related to a wind project portfolio in Brazil, EV-charging companies and companies within wind and solar

\(^1\) Excluding loans to equity accounted investments
Other includes District heating, Market operations and Other activities
2019 Cash flow and financial position

- NOK 16 billion in net interest-bearing debt (NOK 13 billion end of 2018)
- Net interest-bearing debt-equity 13.7%
- Current ratings provide a framework for our investments going forward
Summary

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