Health, safety and environment – Q2

- Health and safety
  - A fatal work-related accident in a joint venture in India
  - No other serious work-related injuries in the quarter

- Environment
  - No serious environmental incidents in the quarter

\(^{1}\text{TRI rate (12 months rolling): Total recordable injuries per million hours worked}\)
Covid-19 pandemic

- Reliable and safe generation at all operating plants

- Three construction projects, in the UK, Chile and India, that were temporarily halted due to the outbreak of the pandemic will gradually restart in accordance with respective national guidelines

- Reduced electricity demand has put pressure on power prices
Highlights in Q2

• Very low power prices in the Nordics
• Negative underlying EBIT of NOK 100 million
• Net profit of NOK 491 million
• Opening of new hydropower plant in Albania
Opening of Moglicë hydropower plant in Albania

- Important milestone: Completion of Statkraft’s second hydropower plant in Albania
- Annual generation approx. 450 GWh / year
- Bringing Statkraft’s power generation in Albania to 700 GWh / year
## Financial results

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>Year to date 2020</th>
<th>Year to date 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit/loss (EBIT) underlying</td>
<td>-100</td>
<td>2 588</td>
<td>3 990</td>
<td>9 350</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>366</td>
<td>3 414</td>
<td>-474</td>
<td>10 715</td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>491</td>
<td>2 123</td>
<td>-1 397</td>
<td>6 874</td>
</tr>
</tbody>
</table>

- Underlying EBIT year to date down 57%
- Net loss year to date affected by impairments and currency effects
Financial performance

- 12 months rolling ROACE down, but still above target of 7%
- Decrease primarily due to a significantly lower underlying EBIT
- Average capital up 4% compared with year-end 2019
Development of Nordic power prices

System price, average monthly price
Forward (Electricity Nordic ARFuture/Electricity Nordic Future), last traded price as of 15 July 2020
Strategy remains: To become one of the world’s leading renewable energy companies

- **Optimise and Expand Hydropower Portfolio**
- **Ramp Up as Wind and Solar Developer**
- **Grow the Customer Business**
- **Develop New Business Initiatives**
On track in delivering on the four strategic pillars

- **GROW THE CUSTOMER BUSINESS**
  - Nordic hydropower refurbishment
  - Tidong construction
  - Fosen to be finalized in 2020
  - Strengthened wind and solar pipeline in Europe
  - Takeover of Grønn Kontakt, plus acquisition of Vattenfall UK charging
  - Integration of Tamar
  - Route to market for S. America wind projects

- **DEVELOP NEW BUSINESS INITIATIVES**
  - District heating organic growth and improvements
  - Construction start Tofte biofuel demo plant
  - Data centre sites and expanding mandate to more industry
  - Completed Moglice
  - Construction Los Lagos

- **RAMP UP AS WIND AND SOLAR DEVELOPER**
  - Geographical expansion of market operations
  - Higher T&O profit; continuing PPA product innovation
  - Multiple hydrogen initiatives ongoing

- **OPTIMISE AND EXPAND HYDROPOWER PORTFOLIO**
  - Higher T&O profit; continuing PPA product innovation
  - Integration of Tamar
  - Route to market for S. America wind projects
  - Construction Los Lagos
Outlook

Energy market
- Drop in energy demand in many markets following the pandemic
- Short-term Nordic power prices pushed down by hydrology

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
- Flexible investment programme - more projects could be divested at completion

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

Roan Wind farm, Norway
**Key figures**

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q2 2020</th>
<th>Q2 2019</th>
<th>The year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating revenues and other income underlying</td>
<td>3 207</td>
<td>5 358</td>
<td>29 318</td>
</tr>
<tr>
<td>Operating profit/loss (EBIT) underlying</td>
<td>-100</td>
<td>2 588</td>
<td>16 744</td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>491</td>
<td>2 123</td>
<td>11 327</td>
</tr>
</tbody>
</table>

- Nordic prices measured in EUR down 84% Q-on-Q
- Overall generation up 29% Q-on-Q
Price drivers and the German power market

Q2 2020 vs. Q2 2019

- Coal price down
- Gas price down
- CO₂ price down
- German power price (base) down 43%
Nordic reservoir level

- Hydrological surplus in the Nordic market
- Nordic reservoir level (total market) at 107% of median at the end of June
Nordic system price, monthly average

- Nordic power prices 5.6 EUR/MWh, down 84% Q2 2020 vs. Q2 2019
Energy management

Q2 generation up 29% 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>13.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Wind power</td>
<td>0.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Gas power</td>
<td>1.1</td>
<td>0.5</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>15.9</strong></td>
<td><strong>3.6</strong></td>
</tr>
</tbody>
</table>

Stormyr bassin, Norway
Negative underlying EBIT

- Net operating revenues and other income down NOK 2151 million
- Operating expenses up NOK 538 million
Financial items

Breakdown Net financial items Q2 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (NOK million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>39</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>-110</td>
</tr>
<tr>
<td>Currency gains and losses</td>
<td>2,327</td>
</tr>
<tr>
<td>Other financial items</td>
<td>68</td>
</tr>
<tr>
<td>Net financial items Q2 2020</td>
<td>2,324</td>
</tr>
</tbody>
</table>
Q2 net profit breakdown

NOK million

-1,673
137
-322
2,324
126
491

Q2 2020 Operating profit (EBIT) underlying
Unrealised value changes from energy derivatives
Impairments
Share of profit/loss in equity accounted investments
Net financial items
Tax
Q2 2020 Net profit

Unrealised value changes from energy derivatives
Impairments
Share of profit/loss in equity accounted investments
Net financial items
Tax
Q2 2020 Net profit
Q2 segment EBIT underlying

<table>
<thead>
<tr>
<th>Segment</th>
<th>Q2 2019</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>European flexible generation</td>
<td>2,064</td>
<td>70</td>
</tr>
<tr>
<td>Market operations</td>
<td>347</td>
<td>23</td>
</tr>
<tr>
<td>International power</td>
<td>208</td>
<td>151</td>
</tr>
<tr>
<td>European wind and solar</td>
<td>6</td>
<td>19</td>
</tr>
<tr>
<td>District heating</td>
<td>316</td>
<td>19</td>
</tr>
<tr>
<td>Industrial ownership</td>
<td>-220</td>
<td>-19</td>
</tr>
</tbody>
</table>

NOK million

Q2 2019

Q2 2020
• Distribution of CAPEX in the quarter:
  - 56% new capacity investments
  - 28% maintenance/other investments
  - 16% shareholdings
• New hydropower capacity under construction in Albania
• Wind power in Norway
• Maintenance primarily related to Nordic hydropower
• Year to date investments of NOK 3.7 billion
  - 54% new capacity investments
  - 34% maintenance/other investments
  - 12% shareholdings

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

- NOK 25 billion in net interest-bearing debt (NOK 16 billion end of 2019)
- Net interest-bearing debt-equity 21%
- Current ratings provide a framework for our investments going forward
Summary

• 2020 result affected by very low power prices

• Robust financial position and solid foundation to face increased uncertainty

• Investment plan with large degree of flexibility that will be adapted to the market development
THANK YOU

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