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Agenda

- Statkraft overview
  - Strategy and investment ambition
  - Funding and liquidity
  - Financial update
  - Summary
Industry-leading Northern-European hydropower producer with international growth opportunities

100% owned by the Norwegian state
A- / Baa1 from S&P and Moody’s
97% renewable energy

Installed capacity 19,269 MW
Power production 66 TWh

1 Statkraft’s direct and indirect ownership in power plants. Excl. 774 MW of district heating capacity.
2 Actual production 2016.
Key credit strengths

**Strong market position**
- A low-cost and flexible generator of renewable electricity

**Stable cash flow**
- Long-term industrial contracts stabilize cash flow

**Owned by the Norwegian state (AAA/Aaa)**
- Historically strong support from owner

**Balance sheet flexibility**
- Investment program adapted to financial capacity
Statkraft has upheld EBITDA despite a decline in European power prices

**Quarterly average electricity prices**

**Underlying EBITDA incl. share of profit from equity accounted investments**

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**Source:** Prices from Nord Pool Spot, Nasdaq OMX and EEX as of 13 March 2017.

**Items in underlying EBITDA changed in 2017**
Statkraft’s response to demanding markets

- Strengthen cost efficiency and competitiveness
  - Performance Improvement Programme (NOK 800 mill per year)
- Improve financial solidity and investment capacity
- Create a solid platform for growth

- Improved competitiveness
- Increase investments in renewable energy
- Growth within market operations
- New business development
Performance Improvement Programme (PIP) - Key improvement initiatives

Strengthen quality in decision making and delivery of large construction projects

- Enabled an integrated approach to **strategy, analysis and surveillance**, combining previously separate units on market and technology analysis in Corporate Strategy.

- Established a **Portfolio Review process** for Corporate Management to prioritise strategic options and update the company’s strategic agenda.

- Replaced the current investment committee with an **Investment Review function** to be involved earlier and customised to each project.

- Established a **centralised Project Delivery Unit** to be placed in today's WTS, as a corporate service provider, mandatory for large projects.
A company-wide performance improvement program is ongoing. The target is to reduce overall costs by 800 MNOK. The program is on track. Estimated reduction of the cost base per Q1 2017 compared to 2015 baseline is approximately 150 MNOK. Cost reductions so far have mainly been achieved through reductions in personnel, consultancy and the ongoing exit of Offshore Wind Power.
Significant efforts to secure financial solidity

1. Reduced investments
2. Divestments
3. Restructured and postponed investments
4. Performance improvement program launched
5. Ownership support
Offshore wind divestment

- Statkraft sold its 25% interest in the Doggerbank offshore wind project in March 2017
  - A 256MNOK gain was recorded for 2017Q1
- Ongoing process to divest other assets:
  - Sheringham Shoal
  - Dudgeon
  - Triton Knoll
Agenda

- Statkraft overview
- **Strategy and investment ambition**
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## Strategic platform: Fit for the future

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>European Flexible Generation</strong></td>
<td>Maintain and maximise the long-term value of Statkraft’s main asset base</td>
</tr>
<tr>
<td><strong>Market Operations</strong></td>
<td>Develop less capital-intensive business opportunities in European and selected international markets. Explore customer oriented business models.</td>
</tr>
<tr>
<td><strong>International Power</strong></td>
<td>Grow profitable market positions and broaden technology scope to include hydro, onshore wind and solar.</td>
</tr>
<tr>
<td><strong>Wind Power</strong></td>
<td>Complete the Fosen project and optimise onshore Wind Power in the Nordics. Explore business development opportunities in the UK. Divest offshore wind power assets.</td>
</tr>
<tr>
<td><strong>District Heating</strong></td>
<td>Become among the most profitable District Heating players in the Nordic market</td>
</tr>
<tr>
<td><strong>New Business Development in Norway</strong></td>
<td>Explore new business models in Norway addressing commercial and profitable opportunities in light of the Norwegian energy transition</td>
</tr>
</tbody>
</table>
European Flexible Generation: Unique hydro power asset base and optimization skills

- Production assets with low marginal cost, high flexibility, great longevity and almost zero carbon emissions
- Unique optimizations skills leading to a premium price capture through an integrated business model
- Stable cash flow from bilateral contracts

Priority #1:
Operate, maintain and develop the long term economic value of the existing asset base

European Flexible Generation’s share of Group EBITDA in 2016

- EF: 27%
- Rest: 73%
Long-term contracts stabilize earnings

- ~ 18.5 - 20 TWh sold on long-term contracts with power-intensive Nordic industry
- Corresponding to ~ 40% of Statkraft’s annual mean power production for Nordic hydropower
Statkraft has a unique cost position

Statkraft’s cash cost: 7.29 EUR/MWh
Full cost incl. depreciation: 9.81 EUR/MWh

Average price Nordics 2017: ~ 29.2 EUR/MWh
(Spot and forward, 16 March 2017)

1 Annual Report 2016: Production cost 91 NOK/MWh. Incl. property tax and depreciations, excl. sales costs, overhead, net financial items and tax. Based on normal production from power plants under own management in Norway, Sweden, Germany and the UK.
2 Cash costs for coal and gas: Estimates for modern plants.
3 Estimates for nuclear plants in Sweden / Finland is around 17-21 EUR/MWh. In Sweden nuclear tax adds to this, but Parliament has decided to phase-out nuclear tax.
Market Operations: Value creation through a market oriented and adaptable organization

Strategic position and strategic priorities

Strengthen activities in Europe and in selected emerging markets

Service-focused business model to exploit new opportunities in a transforming European energy market
- Market access
- Solar PV
- Venture capital

Solid contributions from DAMP and Trading & Origination

Market Operations’ share of Group EBITDA in 2016

Net profit adjusted for tax. Opex related to DAMP not included

MEUR


0 50 100 150 200

3 %
97 %
Power in Emerging Markets: To build a sustainable and profitable position

Established positions in several promising emerging markets
- Long-term economic growth
- Rising energy demand
- Increased demand for renewables

Broadening technology scope and leveraging competences in hydro, onshore wind and solar

<table>
<thead>
<tr>
<th>Country</th>
<th>2017</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peru</td>
<td>76%</td>
<td>45%</td>
<td>25%</td>
</tr>
<tr>
<td>Brazil</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>Chile</td>
<td>55%</td>
<td>47%</td>
<td>27%</td>
</tr>
<tr>
<td>India</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Nepal</td>
<td>100%</td>
<td>100%</td>
<td>-</td>
</tr>
<tr>
<td>Turkey</td>
<td>100%</td>
<td>*</td>
<td>*</td>
</tr>
</tbody>
</table>

* Feed-in tariffs are available in Turkey 1 year at the time in the first 10 operational years for an asset
Wind power: Utility scale business model in Europe

**Offshore**
- Divestment of assets in UK:
  - 30% Dudgeon
  - 40% Sheringham Shoal
  - 50% Triton Knoll project

**Onshore**
- Ensure strong North European onshore presence and major player in the Nordic wind power market with 770 MW in operation
- Solid track record in delivering projects on cost and time
- Successfully complete 1000 MW Fosen project in Norway

Wind Power’s share of Group EBITDA in 2016

MW figures are gross numbers (100 percent)
District Heating: Continue to strengthen profitability through efficient operations

- 23 plants in Norway and Sweden with an annual production of ~1.0 TWh
- Limited capex going forward
- Increased profitability through optimization of existing portfolio

District Heating’s share of Group EBITDA in 2016
Business development in Norway

- **Second generation biofuel**
  - Aim to produce 2nd generation biofuel from wood feedstock

- **Hydrogen for industrial use**
  - Investigate business opportunities in production of renewable hydrogen

- **Data centre development**
  - Develop, market and sell ready-to-build data centre site prospects

- **EV fast charging**
  - Develop and operate fast charging stations for electric vehicles through Grønn Kontakt
Investment ambition 2017 - 2021

- Investment ambition 2017 – 2021 subject to financial capacity:
  - Average NOK 8 bn per year
- Committed to maintain current ratings

Decided investments
- 1.6
- 1.8

Reserved
- 1.4
- 3.2

Maintenance and reinvestments

Full flexibility

8.0 billion / year
Allocation of investments 2017-2021

Ambition

Geographical allocation

Norway 55 %
Emerging markets 35 %
Europe ex Norway 10 %

Technology allocation

Hydropower 76 %
Onshore WP 4 %
Offshore WP 18 %
District Heating 2 %
Predominantly Nordic hydropower but increased diversification

1 Committed capex includes Decided investments (1), Maintenance and reinvestment (2) and Reserved (3) shown on slide 22
2 Statkraft’s pro-rata share of direct and indirect ownership
Strong ownership support

**Statkraft 100% owned by the Norwegian State**
- Norwegian State rated Aaa / AAA / AAA

**Support through equity injections**
- NOK 14 billion in 2010 and NOK 5 billion in 2014, after parliamentary approval

**Ownership support Statkraft’s corporate credit ratings**
- Two notch uplift from both S&P and Moody’s

**Revised dividend policy**
- Based on recommendation from Board of Statkraft
- Reduced dividend payout ratio for non Norwegian hydropower earnings
Paving the way for Statkraft’s ambition

Statkraft’s ambition:

Strengthen the position as a leading, international provider of renewable energy

- Maintenance of existing assets and complete ongoing projects
- Implement Performance Improvement Programme and adjust organization for future growth
- Complete divestment of offshore wind assets
- New business development and broadened technology scope
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Strong credit ratings

- A- / Negative
- Baa1 / Stable

- 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
Liquidity position

Liquidity capacity defined as cash and cash equivalents, plus committed revolving credit facilities, plus projected receipts for the next six months

Available liquidity and target

NOK million  EUR million

- Liquidity capacity target\(^1\): >1.5x projected payments over next six months

Liquidity and market access

- NOK 11bn [1.3] Revolving Credit Facility (5+1+1 year) signed 22 June 2016 with 12 core banks
  - Matures 2021
  - Extension options in 2017 and 2018
- NOK 1bn [0.11] in committed credit line renewed on a yearly basis
- EMTN Programme EUR 6bn
  - EUR 1.7 bn available under current Programme
- No commercial papers outstanding

\(^1\) Liquidity capacity defined as cash and cash equivalents, plus committed revolving credit facilities, plus projected receipts for the next six months
Balanced debt maturity and mixed funding sources

Debt maturity profile 31.03.2017

Distribution of funding sources

NOK million

<table>
<thead>
<tr>
<th>Year</th>
<th>NOK million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6000</td>
</tr>
<tr>
<td>2019</td>
<td>4000</td>
</tr>
<tr>
<td>2021</td>
<td>2000</td>
</tr>
<tr>
<td>2023</td>
<td>4000</td>
</tr>
<tr>
<td>2025</td>
<td>6000</td>
</tr>
<tr>
<td>&gt;2027</td>
<td>8000</td>
</tr>
</tbody>
</table>

EUR million

- Other funding sources
- EUR bonds

EUR Bond Issues 75%
NOK Bond Issues 17%
External loans subsidiaries 7%
NIB loan 1%
Funding overview

Funding strategy

- Funding centralized on group level
- Flexibility through diversification of funding sources and maintaining sufficient back-stop facilities

Funding need

- Funding need going forward determined by cash flow from operations, capex and divestments
- NOK 5.5 bn [0.6] debt maturities in Q3 2017
- NOK 1.8 bn [0.2] debt maturities in Q1 2018
- NOK 2.4 bn dividend in 2017

Funding sources

- Norwegian bond and Commercial Paper market
- Euro bond market
- Swedish bond market
- Sterling and Swiss Franc bond markets considered
Agenda

- Statkraft overview
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### Key figures FY 2016

<table>
<thead>
<tr>
<th>NOK million</th>
<th>FY 2016</th>
<th>FY 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross revenues (^1)</td>
<td>53 804</td>
<td>51 262</td>
</tr>
<tr>
<td>EBITDA (^1)</td>
<td>13 863</td>
<td>10 853</td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>-179</td>
<td>-2 370</td>
</tr>
</tbody>
</table>

- Record-high generation of 66 TWh, up 9.7 TWh year-on-year
- Nordic system price up 28%
- Successful energy management and higher contribution from International power
- Bottom line influenced by impairments, partly offset by positive currency effects

\(^1\)Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Items in underlying EBITDA changed in 2017. For adjusted EBITDA 2016 see reconciliation in appendix.
## 2016 net profit breakdown

### Underlying\(^1\) EBITDA 2015 → 2016

<table>
<thead>
<tr>
<th>NOK million</th>
<th>2015 Adj. EBITDA</th>
<th>2016 Adj. EBITDA</th>
<th>∆</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,853</td>
<td>3,095</td>
<td>13,863</td>
<td>-85</td>
</tr>
</tbody>
</table>

**Underlying EBITDA ∆ +28% vs. 2015**

### Underlying\(^1\) EBITDA 2016 → Net loss 2016

<table>
<thead>
<tr>
<th></th>
<th>Unrealised changes in energy contracts</th>
<th>Depreciation</th>
<th>Impairments/ non-recurring items</th>
<th>Net financial items</th>
<th>Tax</th>
<th>2016 Net loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-2,413</td>
<td>-3,624</td>
<td>-4,741</td>
<td>2,137</td>
<td>-5,402</td>
<td>-179</td>
</tr>
</tbody>
</table>

**Impairments and other non-recurring items in Germany, Albania and the Nordics partly offset by positive currency effects**

\(^1\)Adjusted for unrealised changes in value on energy contracts and significant non-recurring items
FY 2016 capital expenditure

- Distribution of CAPEX\(^1\) in 2016:
  - 66% expansion investments
  - 3% investments in shareholdings
  - 31% maintenance investments
- New hydropower capacity under construction in Norway and Albania
- Wind power developments in Norway, Sweden and UK
- Maintenance primarily within Nordic hydropower and Norwegian grid

\(^1\) Exclusive loans to associates
\(^2\) Including District heating, Market operations and Other activities
Strong cash flow in FY 2016

NOK million

- Cash reserves 01.01: 9,056
- From operations: 8,371
- Investment activities: -6,817
- Changes in debt: -2,990
- Dividend and group contributions, currency effects: -312
- Cash reserves 31.12: 7,308
Key figures Q1 2017

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Q1 2017</th>
<th>Q1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross revenues¹</td>
<td>16 099</td>
<td>14 502</td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>5 186</td>
<td>4 001</td>
</tr>
<tr>
<td>Net profit/loss</td>
<td>2 749</td>
<td>2 389</td>
</tr>
</tbody>
</table>

First quarter 2017:
- Increased contribution from market operations
- Nordic prices up 30% measured in EUR Q-on-Q
- Overall production down 12% Q-on-Q

¹ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Price drivers and the German power market

Q1 2017 vs Q1 2016
- Coal and gas prices still high
- Lower than normal nuclear production in France
- German power prices up by 64%
Total Nordic hydrological resources slightly below normal end of Q1
- Water reservoirs 92% of median
- Inflow above normal level in Norway and Sweden
Nordic power prices

- Nordic power prices 31.2 EUR/MWh, up 30% Q1 2017 vs. Q1 2016
Net operating revenues

<table>
<thead>
<tr>
<th>NOK million</th>
<th>Net operating revenues Q1 2016</th>
<th>6,238</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Generation</td>
<td>+234</td>
</tr>
<tr>
<td></td>
<td>Sales and trading</td>
<td>+588</td>
</tr>
<tr>
<td></td>
<td>Customers</td>
<td>+216</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>+67</td>
</tr>
<tr>
<td></td>
<td>Share of profit/loss in equity accounted investments</td>
<td>-50</td>
</tr>
<tr>
<td></td>
<td>Other operating revenues</td>
<td>-24</td>
</tr>
<tr>
<td></td>
<td>Transmission costs</td>
<td>+26</td>
</tr>
<tr>
<td></td>
<td>Net operating revenues Q1 2017</td>
<td>7,295</td>
</tr>
</tbody>
</table>

- Net operating revenues\(^1\) up by NOK 1,057 million (+17%)

- Major effects:
  - Net generation up due to higher gas-fired power production. Higher Nordic power prices offset by lower hydro production
  - Net sales and trading up mainly due to higher profitability from long terms contracts in Brazil and Continental trading
  - Customers increased mainly due to increased net revenues from Nordic origination, market access activities in UK and end-user activities

\(^1\) Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Q1 net profit breakdown

Underlying EBITDA 2016 vs. 2017

- Underlying EBITDA 2017: NOK 5,186 million
- Underlying EBITDA 2016: NOK 4,001 million

Net profit breakdown:

- Underlying EBITDA 2017: NOK 2,749 million
- Adjusted EBITDA 2017: NOK 5,186 million

Booked net profit somewhat affected by items excluded from underlying operating profit and modest negative currency effects under financial items.

1 Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs.
Q1 segment financials
EBITDA including share of profit/loss from equity accounted investments

Q1 2016 Q1 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>Underlying EBITDA</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>European flexible generation</td>
<td></td>
<td>3 059</td>
<td>2 711</td>
</tr>
<tr>
<td>Market operations</td>
<td>-168</td>
<td>656</td>
<td></td>
</tr>
<tr>
<td>International power</td>
<td></td>
<td>411</td>
<td>365</td>
</tr>
<tr>
<td>Wind power</td>
<td></td>
<td>38</td>
<td>84</td>
</tr>
<tr>
<td>District heating</td>
<td></td>
<td>115</td>
<td>129</td>
</tr>
<tr>
<td>Industrial ownership</td>
<td></td>
<td>927</td>
<td>1 026</td>
</tr>
</tbody>
</table>

1 Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs
Q1 2017 capital expenditure

- Distribution of CAPEX in the quarter:
  - 51% expansion investments
  - 49% maintenance investments
- New hydropower capacity under construction in Norway and Albania
- Wind power developments in Norway and UK
- Maintenance primarily within Nordic hydropower and Norwegian grid

1 Exclusive loans to associates
2 Including District heating, Market operations and Other activities
Strong cash flow in Q1

NOK million

- Cash reserves 01.01: 7,308
- From operations: 2,445
- Investment activities: -462
- Changes in debt: 3,996
- Dividend and group contributions, currency effects: -873
- Cash reserves 31.03: 12,414
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Summary
Summary

- A competitive generator of low-cost electricity
  - Dominated by flexible hydro power with large reservoir capacity

- Strong position in the Nordics

- Consolidation and targeted growth for the next two years
  - European renewable energy production
  - Hydropower outside Europe

- Balanced investment plan to maintain credit strength

- Proven support from Norwegian government through its 100% ownership

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1 Statkraft’s direct and indirect ownership in power plants. Excl. 774 MW of district heating capacity.
2 Actual production 2016.
THANK YOU

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