

FINANCIAL RESULTS

Q2 2014

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CFO HALLVARD GRANHEIM

21 August 2014



Highlights

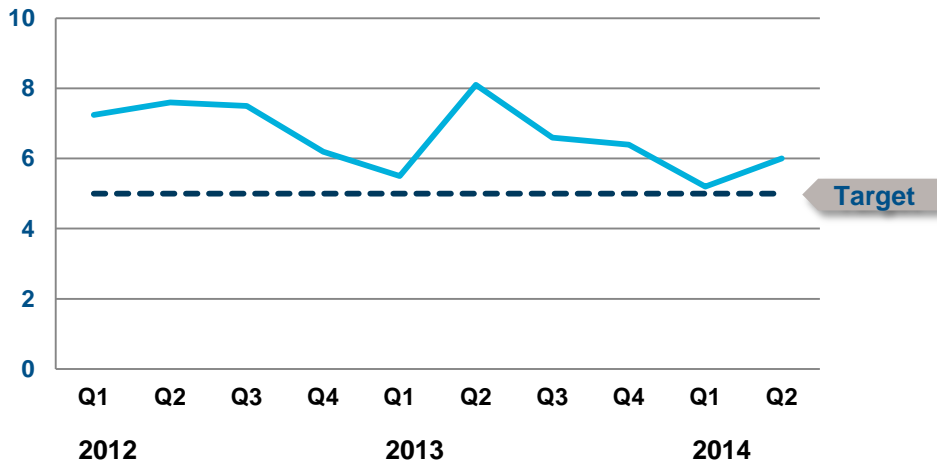
- ▶ Solid result from operations
 - Underlying EBITDA of NOK 2528 million
 - Lower Nordic prices offset by increased production and contribution from market activities
- ▶ Net profit
 - ▶ NOK 38 million in Q2. Net profit year to date of NOK 2838 million
 - Unrealized currency effects impacted financial costs in Q2
 - Currency effects fully offset by translation effects in equity
- ▶ Transactions
 - Ownership in Svelgen hydropower plant swapped for ownership in Leirdøla hydropower plant in Norway
 - Divestment of 66 MW power production in Finland
 - Reduced ownership to 51 % in onshore wind power assets in UK
- ▶ Investments
 - Two wind power plants completed (UK and Sweden)
 - Investment decision in Dudgeon Offshore Wind Farm in UK
- ▶ Restructuring of International Hydro completed



Health, safety and environment

Total Recordable Injuries rate¹

TRI-rate



- ▶ Health and safety
 - Safety measures from fatal accident in Albania in April are being implemented
 - Injuries rate not fully reaching target
 - Sick leave ytd 3.0% well within target
- ▶ Environment
 - No serious environmental incidents

¹TRI rate: Number of injuries per million hours worked

Asset swap gives 100% ownership in Leirdøla

- ▶ Svelgen I and II* have been swapped for a 35 % stake in Leirdøla power plant in Q2
- ▶ The transaction results in 100% ownership for Statkraft in the Leirdøla power plant



Tunsbergdalsvatn (reservoir)

Installed capacity: 125 MW

Annual mean production: ~0,5 TWh

Sale of production assets in Finland

- ▶ Statkraft has sold 4 power plants to a Finnish consortium in Q3:
 - Harjavalta (13.2%)
 - Koivukoski (100%)
 - Kolsi (100%)
 - Korkeakoski (100%)
- ▶ Share of installed capacity and annual mean production: 66 MW / ~0,3 TWh
- ▶ Cash consideration: ~NOK 2 billion
- ▶ Statkraft will continue to be an active participant in the Finnish electricity market

Statkraft reduce ownership to 51 % in UK onshore wind

- ▶ Statkraft has sold 49 per cent of its interest in the three operational wind farms Alltwalis (Wales), Baillie and Berry Burn (Scotland) to Gingko Tree Investment Ltd in Q3
- ▶ Statkraft will continue to manage the wind farms and provide O&M and market access services



Berry Burn wind farm

New investment decision in UK offshore wind

- ▶ Statoil and Statkraft have decided to start building the Dudgeon Offshore Wind Farm off the coast of Norfolk, UK
- ▶ The project aims for full production end of 2017
- ▶ Statkraft's 30 % share of investment is GBP 450 million

Installed capacity: 402 MW (6 MW turbines)

Annual production: ~1,7 TWh



Outlook

- ▶ **Steady operating earnings**
 - Nordic short-term forward prices lower than 2013
 - Long-term contract portfolio stabilizes earnings
 - Large hydro reservoir capacity gives high production flexibility
 - Positive impact from new capacity
- ▶ **Growth opportunities**
 - International hydropower
 - Wind power
 - Market activities



FINANCIAL RESULTS

CFO HALLVARD GRANHEIM



Solid underlying results

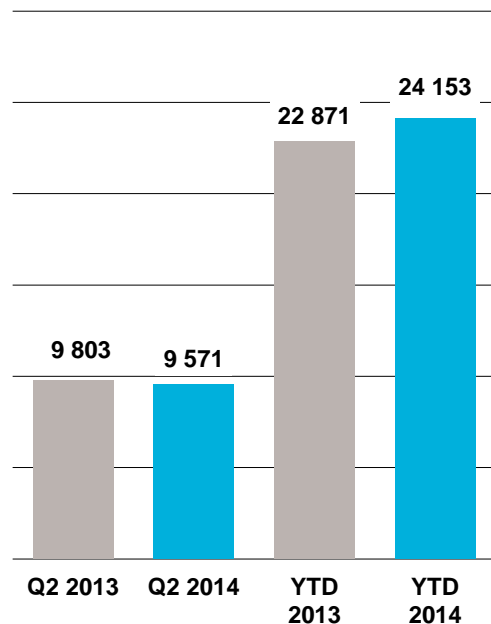
NOK million	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Gross revenues ¹	9 571	9 803	24 153	22 871
EBITDA ¹	2 528	2 555	6 364	6 735
Net profit/loss	38	-908	2 838	-466

- ▶ Production up 2.2 TWh compared with Q2 2013
- ▶ Nordic prices down 34% measured in EUR/MWh
- ▶ Financial items affected by unrealized currency effects due to weakening of NOK against EUR
 - No cash flow effect and counterbalanced by translation effects in equity

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

Gross operating revenues slightly down

NOK million



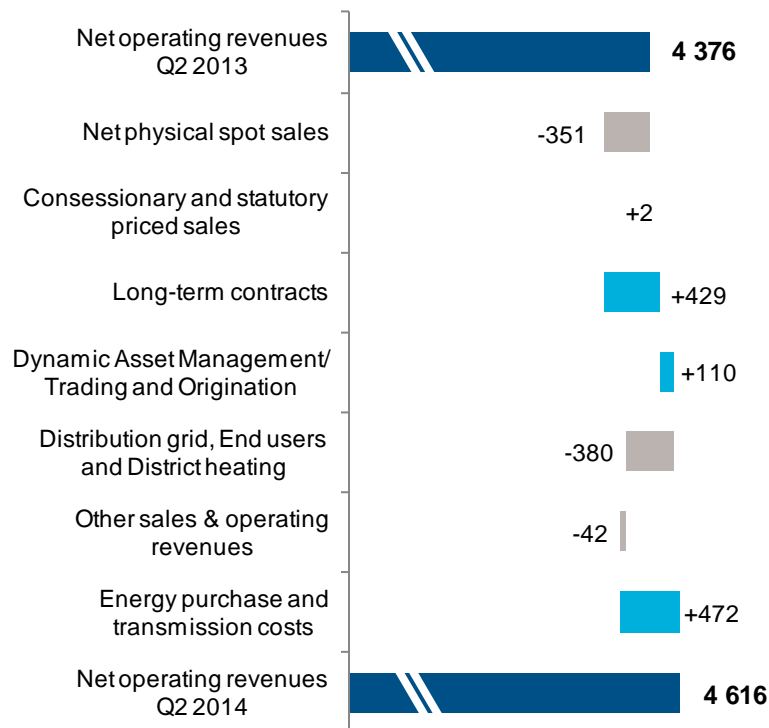
Δ Q2 14/Q2 13 - 2.4%

- ▶ Underlying gross operating revenues¹ in Q2 influenced by
 - Lower power prices partly offset by higher production
 - ▶ Average Nordic system price 25.7 EUR/MWh (- 34%)
 - ▶ Total power generation 13.1 TWh (+ 20%)
 - Strong contribution from market activities
 - New wind power capacity

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

Net operating revenues improved

NOK million

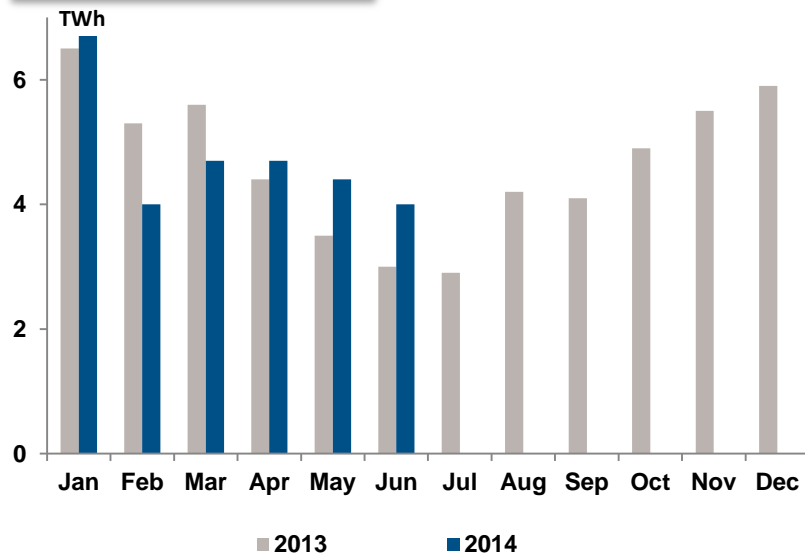


- ▶ Net operating revenues¹ increased by NOK 240 million (+5.5%)
 - Physical spot sales down and lower energy purchase
 - Long-term contracts increased due to higher volumes in Brazil
 - Asset management and trading and origination increased following price exposures and positive market activities
 - Lower prices reduce end-user activities and energy purchases

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

Statkraft production

Monthly power generation



Change from 2013:

Q2 production 13.1 TWh + 20%

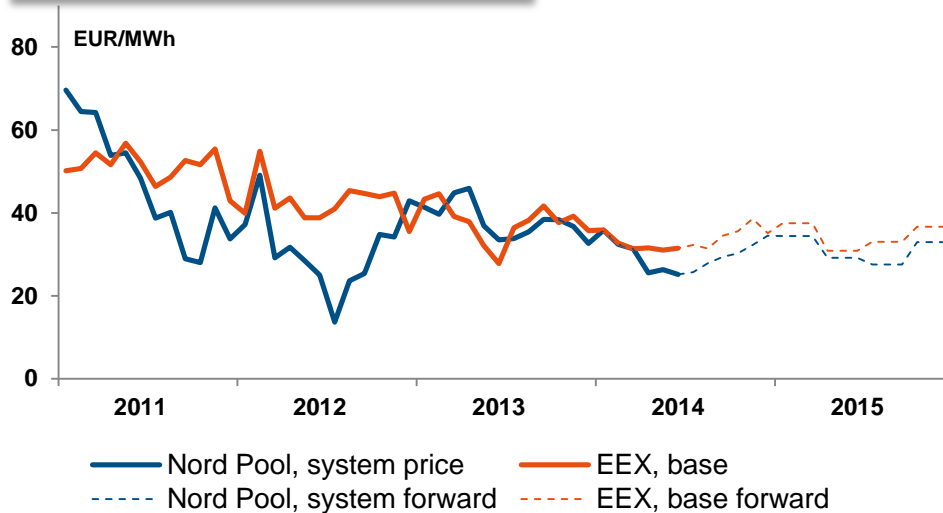
- ▶ Hydropower production + 19%
- ▶ Wind power production + 17%
- ▶ Gas-fired power production -

YTD production 28.5 TWh + 1%

- ▶ Hydropower production + 1%
- ▶ Wind power production + 40%
- ▶ Gas-fired power production - 65%

Price development in Q2

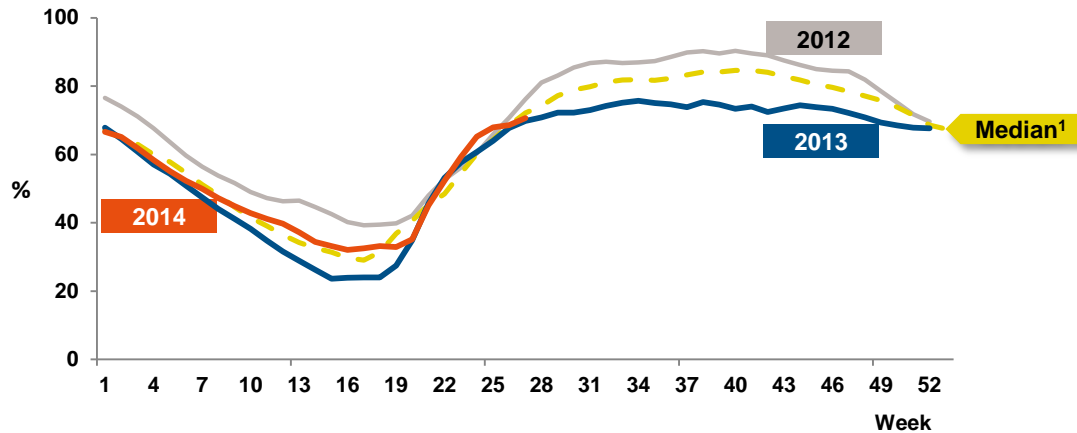
Electricity, average monthly price



- ▶ Q2 Nordic power prices lower than in 2013 due to higher temperatures and higher inflow
 - System price: 25.7 EUR/MWh - 34%
- ▶ Falling fuel prices and increased renewables capacity drive prices down in Germany
 - Spot price (base): 31.4 EUR/MWh - 4%
- ▶ Nordic forward prices slightly up due to lower inflow at the end of the quarter

Nordic reservoir levels at normal

Nordic reservoir water levels

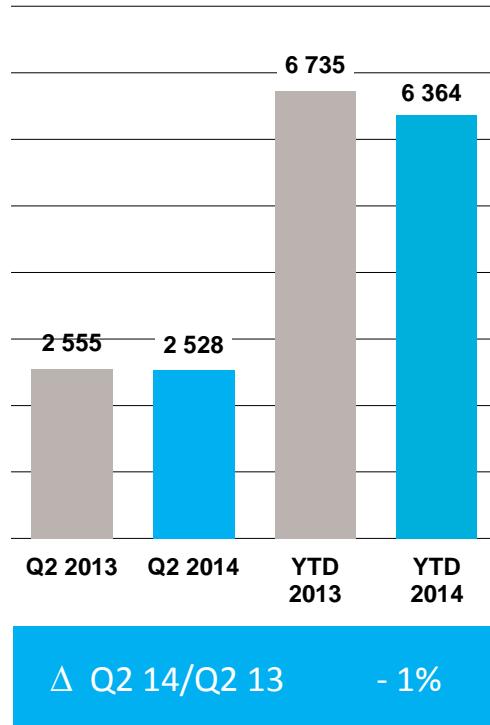


- ▶ Inflow above normal through the quarter
- ▶ At the end of June Nordic reservoirs were 83.3 TWh corresponding to 100% of median
- ▶ Reservoirs filled to 68.6% of maximum capacity of 121.4 TWh

¹ Median 1990-2012

NOK 2.5 billion in underlying EBITDA

NOK million



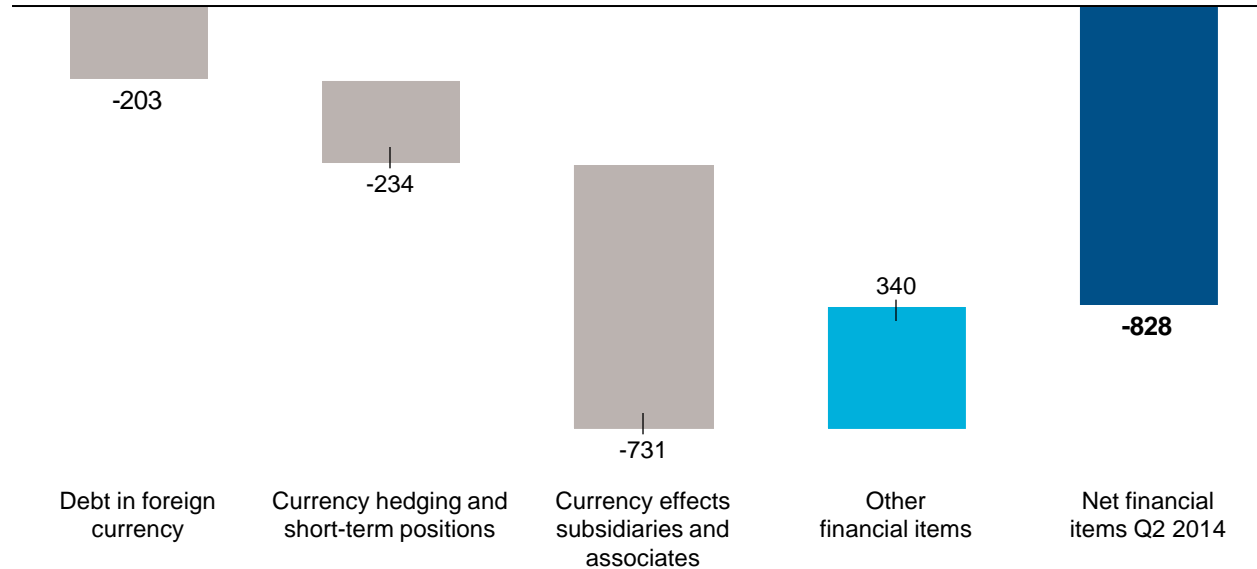
- ▶ Underlying EBITDA¹ in line with Q2 2013
- ▶ Primarily due to higher production offsetting price reductions
- ▶ Strong result from market operations
- ▶ Increase in long-term contracts
- ▶ Moderate increase in operating costs when taking new wind power capacity and high activity level into account

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

Q2 currency effects

Breakdown Net financial items Q2 2014

NOK million



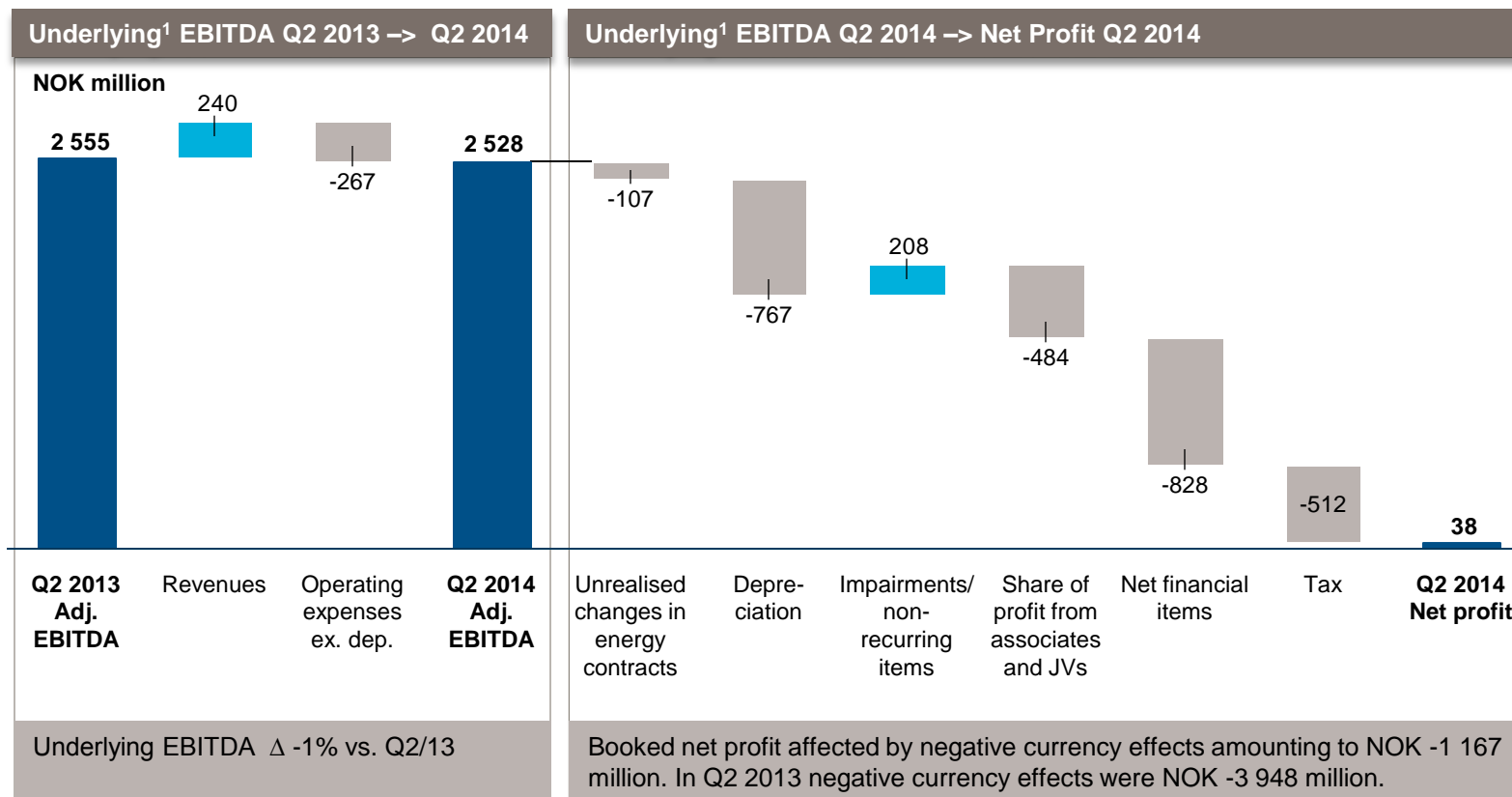
Of currency effects NOK -1192 million is unrealised and NOK +24 million realised.

Weakened NOK in Q2 influences net profit

NOK million	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Net profit/loss	38	-908	2 838	-466

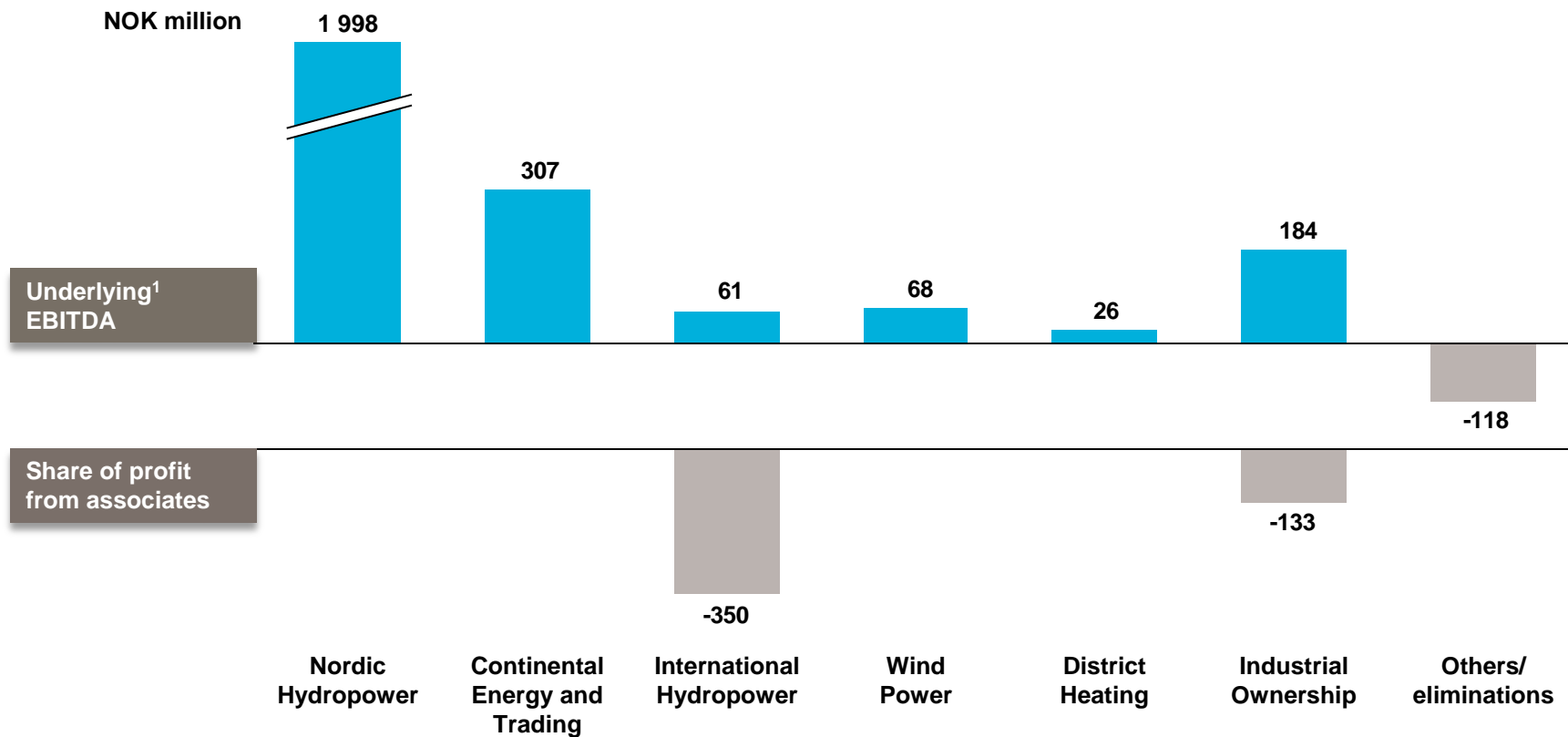
- ▶ Negative currency effects under financial items gave net profit of NOK 38 million
- ▶ Increase of close to NOK 1 billion from Q2 2013 when negative currency effects were higher
- ▶ Net profit year-to-date 2014 reached NOK 2.8 billion
 - Negative currency effects in Q2 were countered by positive effects in Q1
- ▶ Most of the effects are offset by currency translation effects included in other comprehensive income

Q2 net profit breakdown

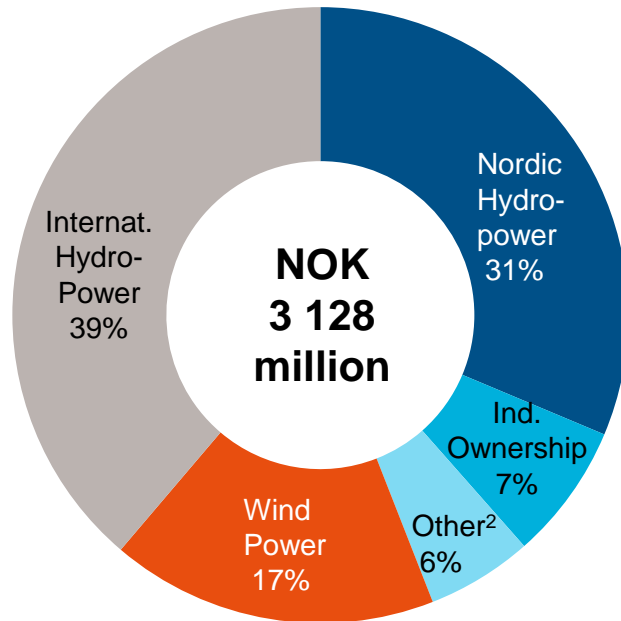


¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Q2 segment financials



Q2 2014 capital expenditure¹



- ▶ A large number of projects under construction in current investment program
- ▶ Distribution of CAPEX in the quarter:
 - 52% expansion
 - 15% maintenance
 - 33% related to restructuring of IH and asset swap

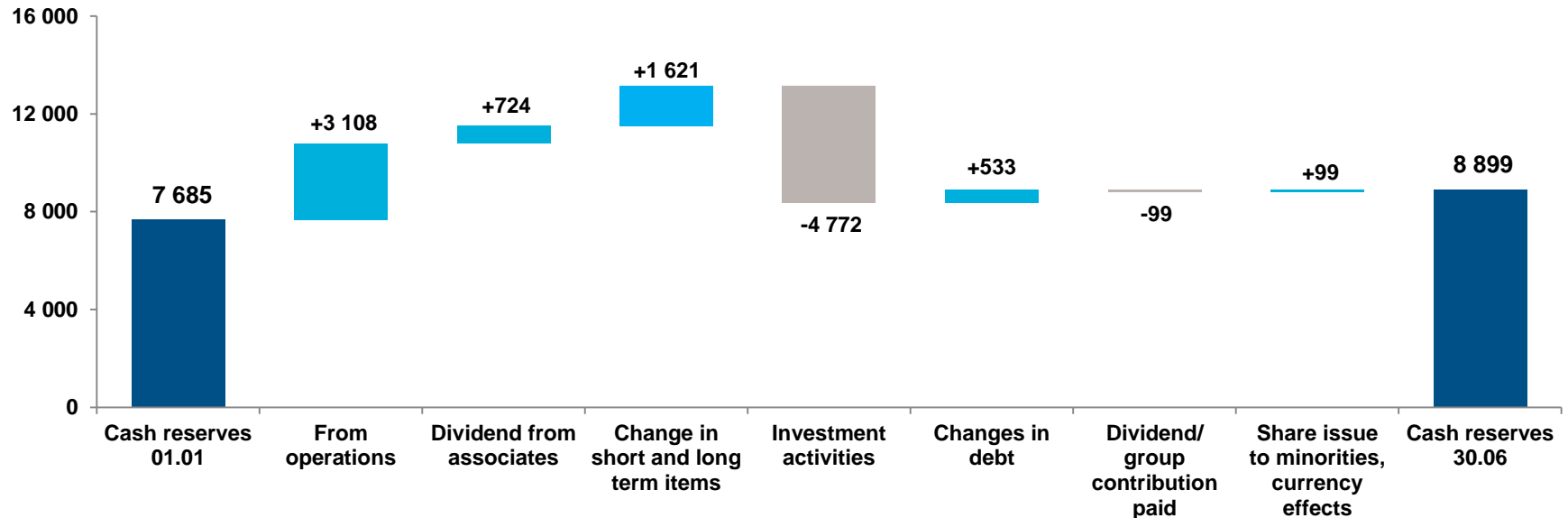
¹ Exclusive loans to associates

² Including District heating, Small-scale hydropower and Continental energy and trading

Solid cash flow

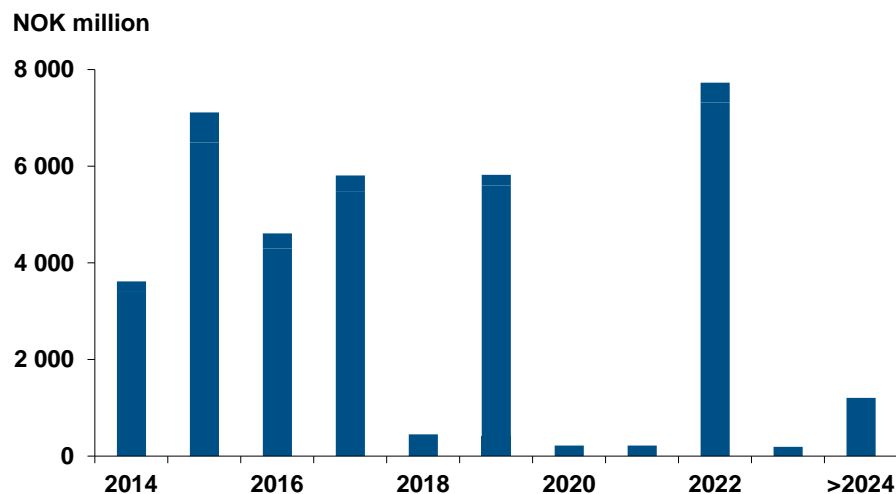
Cash flow year-to-date

NOK million



Long-term debt

Debt repayment profile



- ▶ Net interest-bearing liabilities
NOK 28.8 billion (32.2 at end of 2013)
 - NOK 40%, EUR 34%, SEK 4%,
GBP 16%, USD 6%
 - 56% floating interest
 - Interest-bearing net debt ratio 27.7%
(31.2% at end of 2013)
- ▶ NOK 3.4 billion debt maturities in remaining 2014

Strong credit ratings



A- / Stable



Baa1 / Stable

- ▶ Maintaining current ratings with S&P and Moody's
- ▶ CAPEX adapted to financial capacity

Summary

- ▶ Sound underlying operations
- ▶ Flexible capacity
- ▶ Higher Nordic production offset lower prices



APPENDIX



Statement of Comprehensive Income

NOK million	Second quarter		Year to date		The year
	2014	2013	2014	2013	2013
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	9 988	10 362	21 537	22 953	48 148
Other operating revenues	539	512	822	702	1 415
Gross operating revenues	10 528	10 874	22 359	23 655	49 564
Energy purchase	-5 528	-4 720	-11 104	-10 754	-24 327
Transmission costs	-283	-186	-591	-490	-991
Net operating revenues	4 717	5 968	10 665	12 411	24 246
Salaries and payroll costs	-735	-648	-1 604	-1 474	-3 136
Depreciation, amortisation and impairments	-767	-699	-1 507	-1 347	-3 045
Property tax and licence fees	-412	-418	-817	-826	-1 640
Other operating expenses	-941	-755	-1 770	-1 452	-3 422
Operating expenses	-2 855	-2 519	-5 697	-5 099	-11 243
Operating profit/loss	1 862	3 449	4 967	7 311	13 002
Share of profit/loss from associates and joint ventures	-484	256	79	459	1 101
Financial income	521	66	581	104	237
Financial expenses	-314	-313	-647	-615	-1 351
Net currency effects	-1 167	-3 948	-124	-4 954	-9 403
Other financial items	132	-291	20	-858	-1 076
Net financial items	-828	-4 486	-171	-6 323	-11 592
Profit/loss before tax	550	-781	4 876	1 447	2 511
Tax expense	-512	-127	-2 038	-1 912	-2 303
Net profit/loss	38	-908	2 838	-466	208
Of which non-controlling interest	186	101	357	211	482
Of which majority interest	-148	-1 010	2 481	-677	-274
OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that recycle over profit/loss:					
Changes in fair value of financial instruments	-245	-250	-150	-549	-1 167
Income tax related to changes in fair value of financial instruments	62	64	36	148	339
Items recorded in other comprehensive income in associates and joint arrangements	-122	145	-128	145	163
Currency translation effects	1 839	3 123	444	5 887	9 940
Reclassification currency translation effects related to foreign operations disposed of in the year	55	-	55	-	-
Items in other comprehensive income that will not recycle over profit/loss:					
Estimate deviation pensions	-505	93	-505	347	-174
Income tax related to changes in fair value of financial instruments	199	-27	199	-98	49
Other comprehensive income	1 283	3 148	-49	5 880	9 154
Comprehensive income	1 321	2 240	2 789	5 413	9 361
Of which non-controlling interest	668	207	771	654	881
Of which majority interest	652	2 034	2 018	4 760	8 480

Statement of Financial Position

NOK million	30.06.2014	30.06.2013	31.12.2013
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	3 293	4 006	3 510
Property, plant and equipment	102 041	96 721	101 269
Investments in associates and joint ventures	14 434	15 867	16 002
Other non-current financial assets	2 700	2 666	2 540
Derivatives	4 711	4 531	5 295
Non-current assets	127 179	123 790	128 615
Inventories	1 547	1 273	1 796
Receivables	6 954	8 226	9 567
Short-term financial investments	415	432	464
Derivatives	8 066	5 318	5 559
Cash and cash equivalents (included restricted cash)	8 899	10 742	7 685
Current assets	25 882	25 991	25 072
Assets	153 061	149 782	153 687
EQUITY AND LIABILITIES			
Paid-in capital	51 361	49 111	49 011
Retained earnings	17 217	10 607	14 328
Non-controlling interest	6 738	7 482	7 769
Equity	75 315	67 200	71 107
Provisions	18 057	20 513	19 416
Long-term interest-bearing liabilities	28 574	35 505	33 364
Derivatives	4 632	4 486	5 713
Long-term liabilities	51 263	60 504	58 494
Short-term interest-bearing liabilities	9 549	3 716	7 013
Taxes payable	2 353	2 916	3 503
Other interest-free liabilities	6 877	10 960	9 181
Derivatives	7 704	4 485	4 389
Current liabilities	26 483	22 077	24 086
Equity and liabilities	153 061	149 782	153 687

Statement of Cash Flow

NOK million	Year to date		The year
	2014	2013	2013
STATEMENT OF CASH FLOW			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	4 876	1 447	2 511
Profit/loss on sale of non current assets	-97	3	-89
Depreciation, amortisation and impairments	1 507	1 347	3 045
Profit/loss from the sale of business	-	-162	121
Profit/loss from the sale of shares, and associates and joint ventures	-	120	-153
Profit from restructuring of SN Power	-564	-	-
Share of profit/loss from associates and joint ventures	-79	-459	-1 101
Unrealised changes in value	663	4 345	7 795
Taxes	-3 198	-2 371	-2 629
Cash flow from operating activities	3 108	4 269	9 499
Changes in long term items	79	-468	-533
Changes in short term items	1 542	-342	-1 911
Dividend from associates	724	754	1 051
Net cash flow operating activities	A	5 453	8 106
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment*	-4 126	-4 330	-9 248
Proceeds from sale of non-current assets	58	8 515	9 670
Business divestments, net liquidity inflow to the Group	-	-	327
Business combinations, net liquidity outflow from the Group	-	27	59
Restructuring of SN Power, net liquidity outflow from the Group	-770	-	-
Loans to third parties	-35	-335	-298
Repayment of loans	103	56	94
Considerations regarding investments in other companies	-2	-27	-59
Net cash flow from investing activities	B	-4 772	547
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	675	591	865
Repayment of debt	-142	-3 505	-4 714
Dividend and group contribution paid	-99	-119	-3 094
Share issue in subsidiary to non-controlling interests	67	14	135
Net cash flow from financing activities	C	501	-6 807
Net change in cash and cash equivalents	A+B+C	1 182	1 846
Currency exchange rate effects on cash and cash equivalents	33	200	400
Cash and cash equivalents 01.01	7 685	5 440	5 440
Cash and cash equivalents 30.06**	8 899	10 742	7 685
Unused committed credit lines	12 000	12 000	12 000
Unused overdraft facilities	2 200	1 973	2 200
Restricted Cash	-	-340	-12

