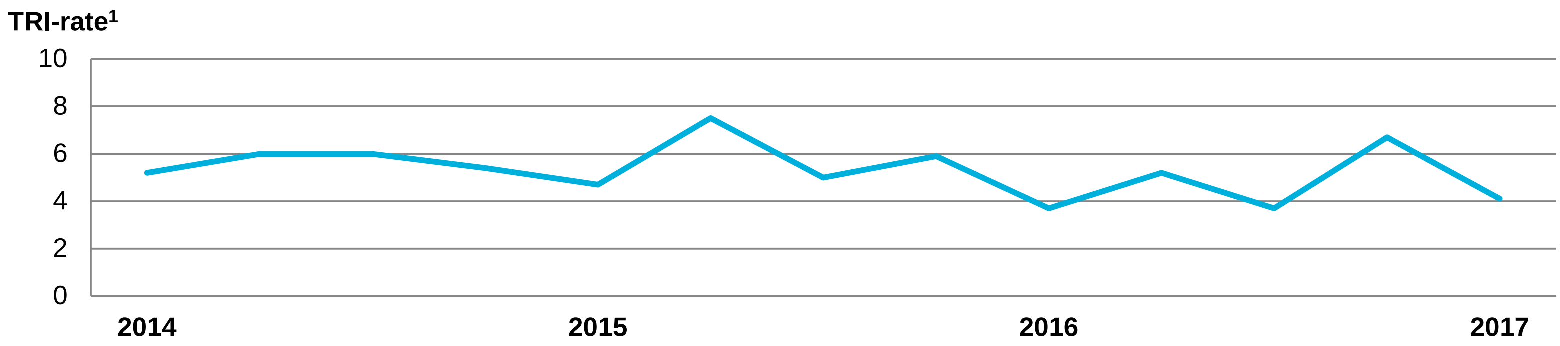
FINANCIAL RESULTS Q1 2017

CFO Irene Egset

4th May 2017

Statkraft

Health, safety and environment



- Health and safety
  - Quarterly injuries rate is down in Q1
  - Continuously top priority to improve safety performance
- Environment
  - No serious environmental incidents

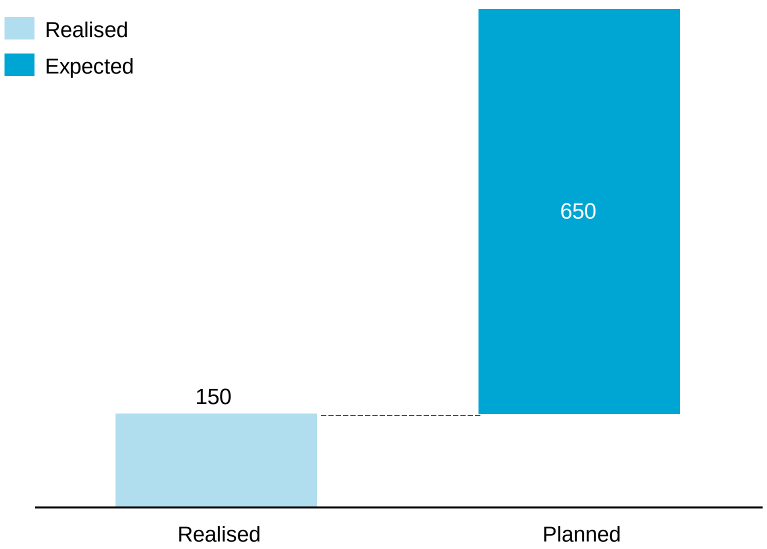
[1]TRI rate: Total recordable injuries per million hours worked (per quarter)

Highlights Q1

- Solid underlying results (EBITDA)
  - Increased contribution from market operations
  - Average Nordic prices were 31.2 EUR/MWh - up 30% Q-on-Q
  - Total production was 17.1 TWh - down 12% Q-on-Q
  - Underlying EBITDA NOK 5186 million - up NOK 1185 million
- Performance improvement programme progressing according to plan
- Divestment of Dogger bank offshore wind projects

Estimated cost reductions

Estimated cost savings 2016-2018



Comments

- 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

Divestments

- In line with Statkraft's strategy for divesting offshore wind assets
  - Divested the 25% stake in the Dogger bank offshore wind projects in Q1
  - Ongoing processes for divesting Sheringham Shoal and Dudgeon

Key figures

NOK million	Q1 2017	Q1 2016
Gross revenues[1]	16 099	14 502
EBITDA[1]	5 186	4 001
Net profit/loss	2 749	2 389

- 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*

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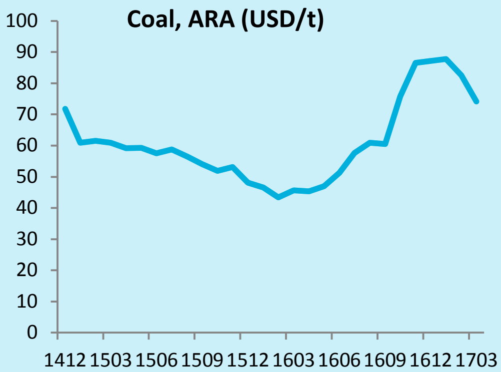
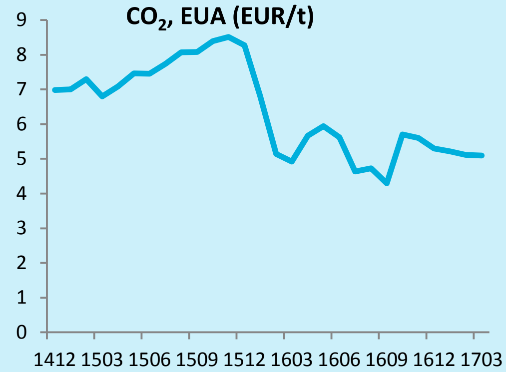
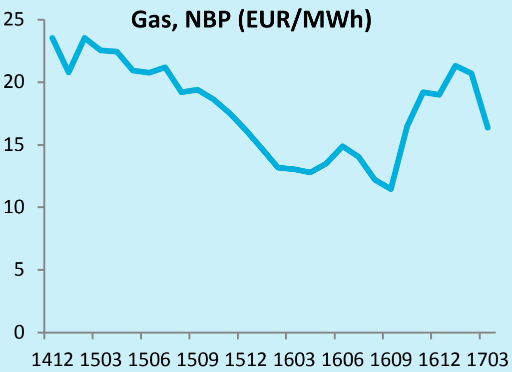
Price drivers and the German power market

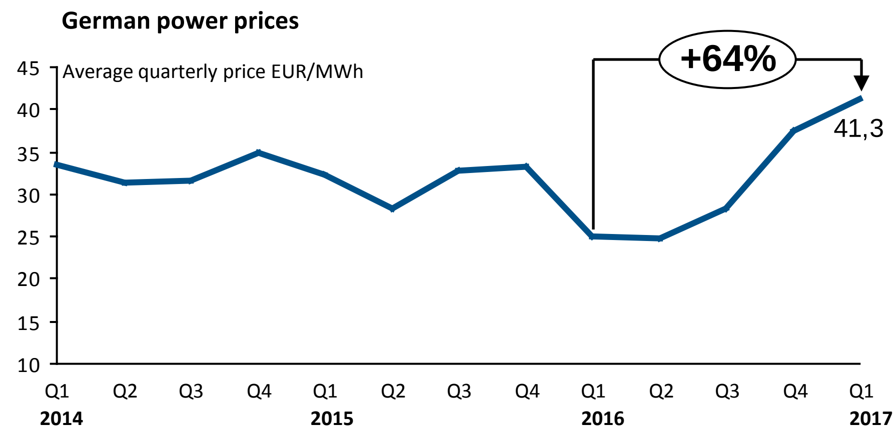




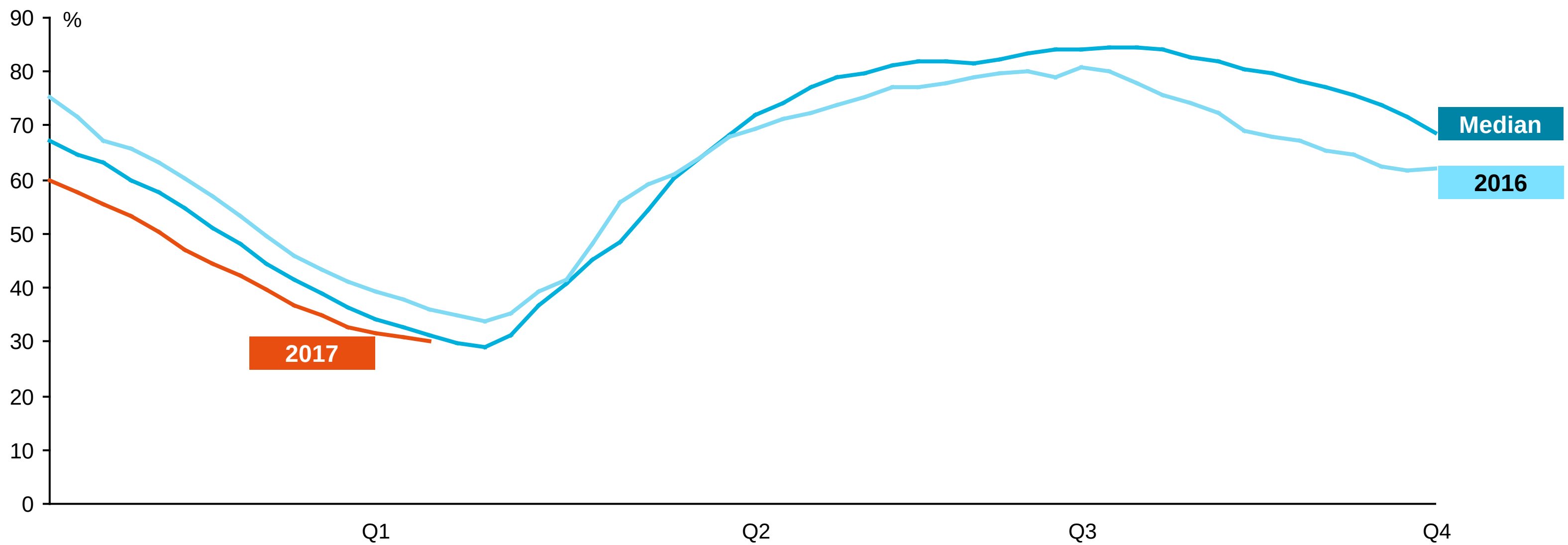


Q1 2017 vs Q1 2016

- Coal and gas prices still high
- Lower than normal nuclear production in France
- German power prices up by 64%



Nordic reservoir level



- 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

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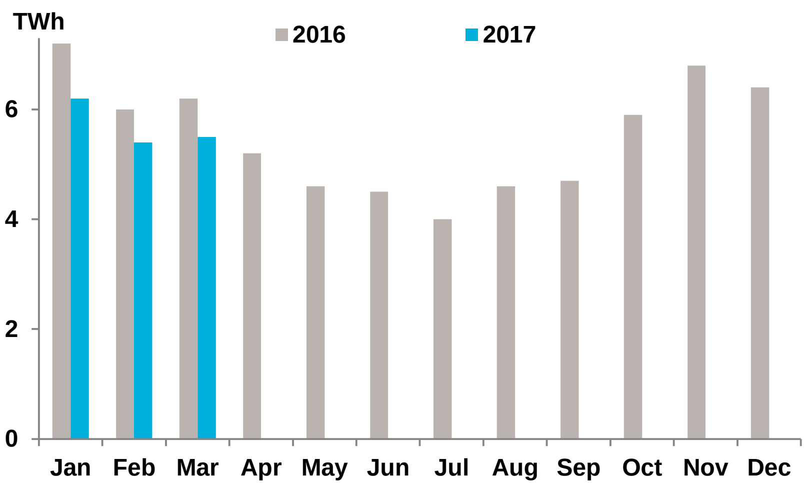
Energy management



Q1 production down 12% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	15,8	-2.8
Wind power	0.8	+0.2
Gas power	0.5	+0.3
Bio power	0.1	-
Total	**17.1**	**-2.3**

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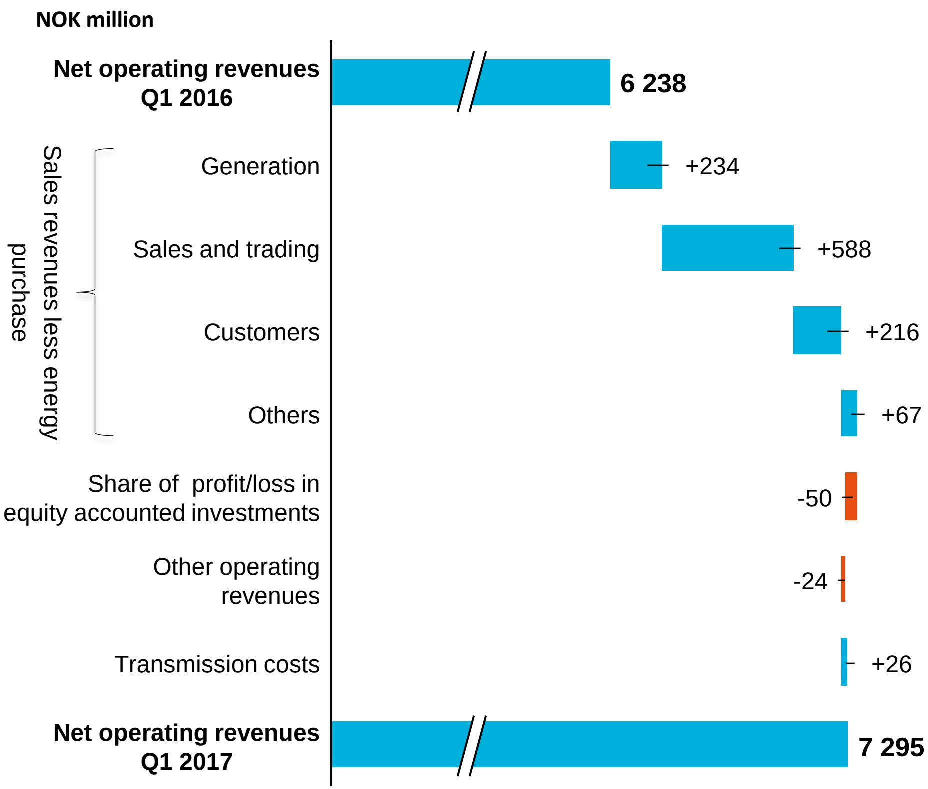
Net operating revenues



- 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

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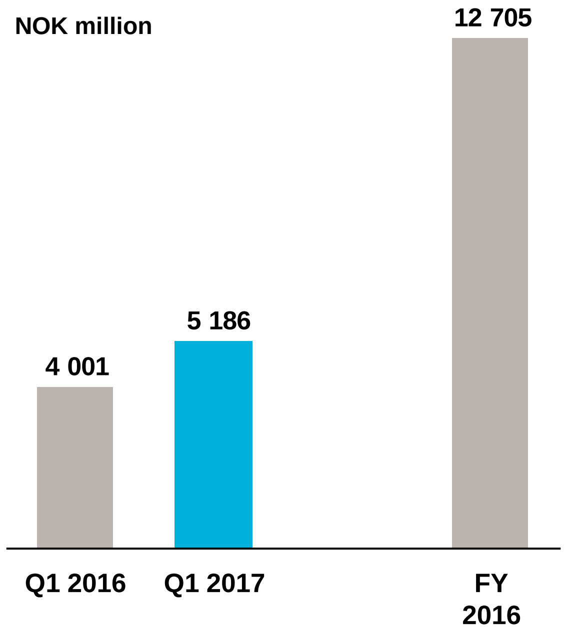
NOK 5.2 billion in underlying EBITDA



Δ Q1 17/Q1 16 + 30%

- Underlying EBITDA[1] was up by NOK 1 185 million Q-on-Q
- Primarily a result of improved contributions from Market operations

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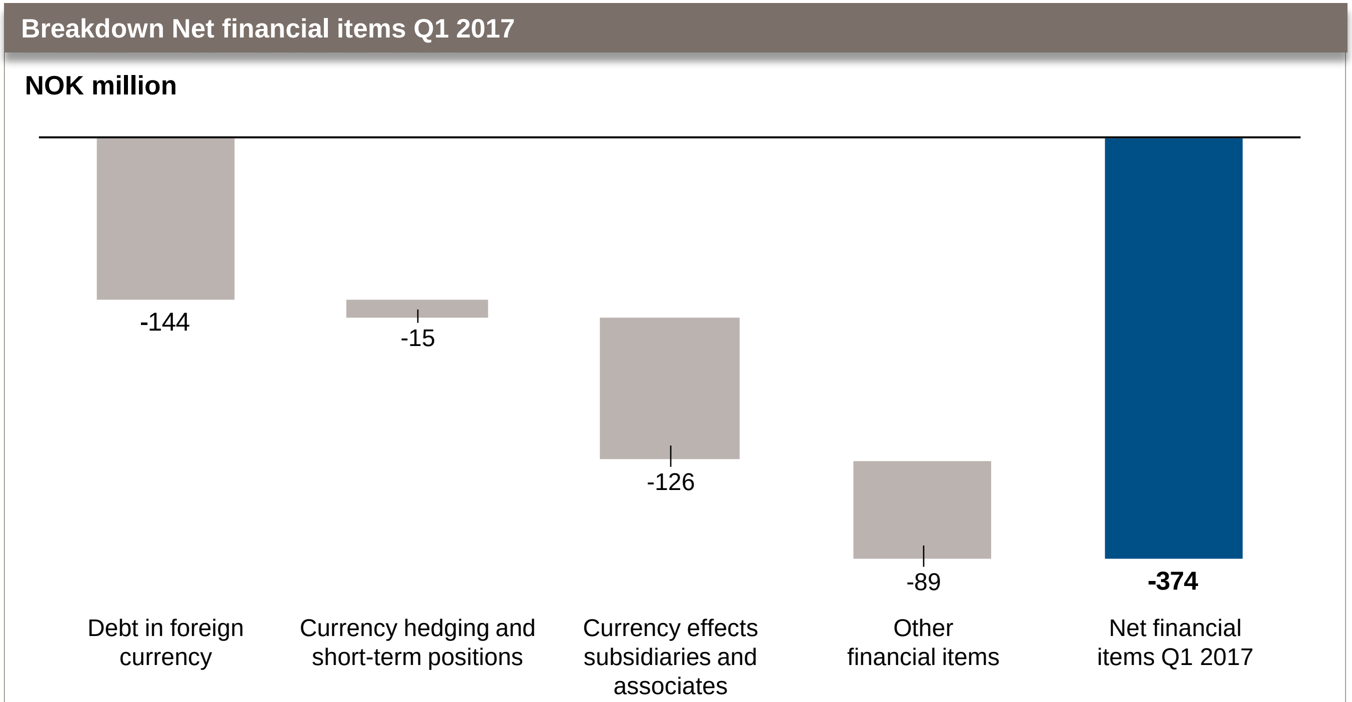
Financial items



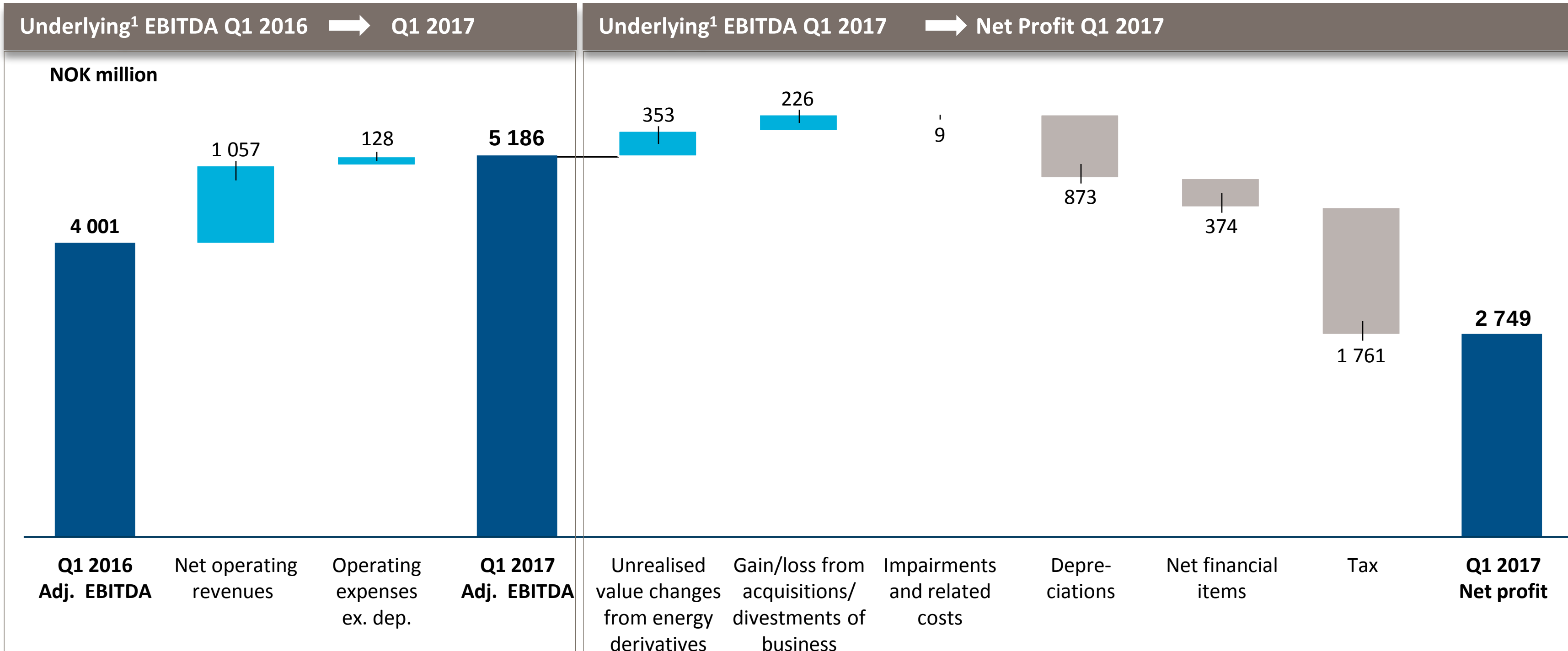
There are positive translation effects in equity

Net profit influenced by negative currency effects

NOK million	Q1 2017	Q1 2016	FY 2016
Net profit/loss	2 749	2 389	-179

- Solid contributions from operating activities
  - Increase mainly through improvements in market operations
- Net profit held somewhat back by currency effects

Q1 net profit breakdown



Underlying EBITDA Δ +30% vs. Q1/16

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

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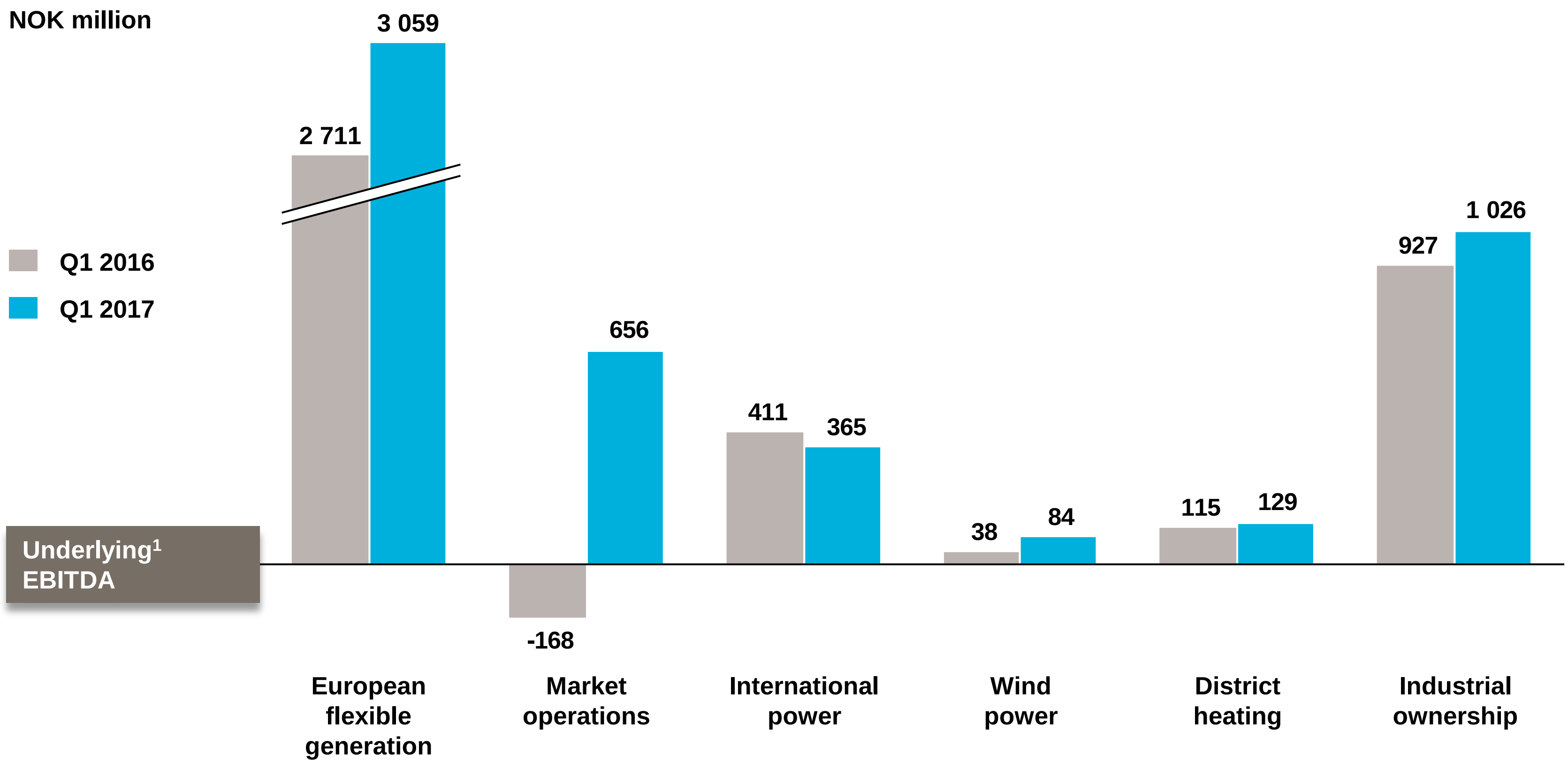
Q1 segment financials

EBITDA including share of profit/loss from equity accounted investments



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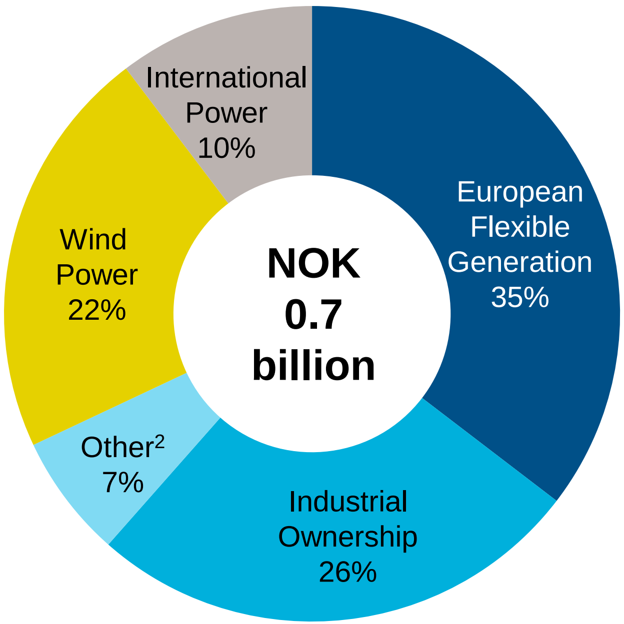
Q1 2017 capital expenditure[1]



- 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

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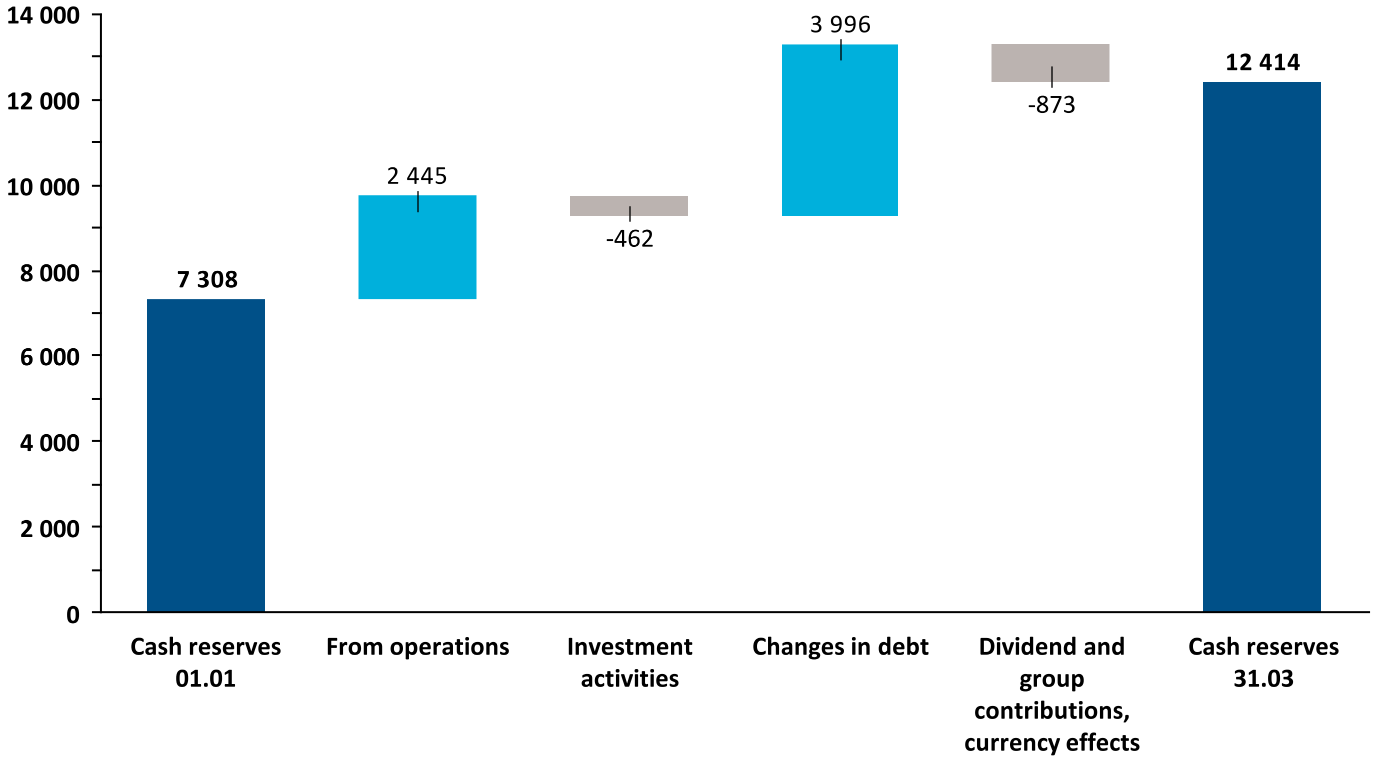
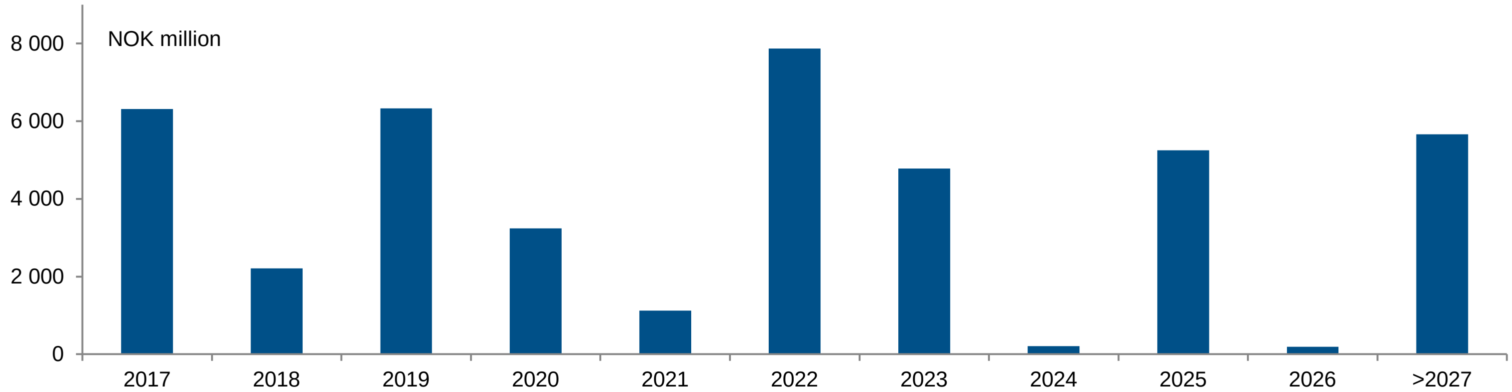
Strong cash flow in Q1

NOK million



Long-term debt repayment profile



- NOK 6.3 billion debt matures in rest of 2017
- NOK 32.4 billion in net interest-bearing debt (NOK 32.5 billion at year end 2016)
  - NOK 42%, EUR 41%, GBP 12%, USD 2%, BRL 3%, CLP/CLF 1%
  - Duration: 3.7 years
  - Net interest-bearing debt-equity ratio 27.3%

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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

Summary

- Strong underlying operations and cash flow
- Strong contributions from market operations
- Higher Nordic power prices partly offset by lower production Q-on-Q

THANK YOU

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