



Interim Report
Q3/2016
Statkraft AS



Key figures

NOK million	Third quarter			Year to date			Year 2015
	2016	2015	Change	2016	2015	Change	
From income statement							
Share of profit/loss in equity accounted investments	-146	158	-304	106	300	-194	683
Gross operating revenues, underlying	11 060	10 978	82	36 479	35 777	702	51 262
Net operating revenues, underlying	4 261	3 563	698	15 461	14 058	1 402	19 938
EBITDA, underlying	2 001	1 300	702	8 917	7 623	1 294	10 853
Operating profit, underlying	1 088	475	613	6 199	5 259	941	7 499
Operating profit, booked	-2 198	1 705	-3 903	-768	3 998	-4 766	4 497
Net financial items	1 846	-6 352	8 198	3 435	-5 303	8 738	-5 318
Profit before tax	-352	-4 647	4 295	2 667	-1 305	3 972	-821
Net profit	-1 417	-3 940	2 523	-927	-2 299	1 372	-2 370
EBITDA margin, underlying (%) ¹⁾	18.1	11.8	6.3	24.4	21.3	3.1	21.2
ROACE, underlying (%) ²⁾				8.8	9.1	-0.3	7.8
Items excluded from the underlying operating profit							
Unrealised changes in value on energy contracts	-901	1 161	-2 061	-2 354	490	-2 843	609
Adjusted significant items	-2 384	70	-2 454	-4 613	-1 750	-2 863	-3 610
Balance sheet and investments							
Total assets 30.09/31.12.				163 811	171 879	-8 069	176 905
Equity 30.09/31.12.				79 001	85 426	-6 425	88 340
Net interest bearing debt 30.09/31.12.				35 149	37 379	-2 231	35 036
Capital employed 30.09/31.12.				82 712	94 295	-11 582	91 104
Total investments	1 128	3 686	-2 558	4 522	10 131	-5 609	13 556
Cash Flow							
Cash flow from operating activities	3 020	986	2 034	4 754	4 042	712	8 639
Cash and cash equivalents 30.09./31.12.				8 677	7 552	1 126	9 056
Currency rates							
NOK/EUR average rate	9.29	9.14	0.15	9.38	8.81	0.57	8.94
NOK/EUR closing rate 30.09./31.12.				8.99	9.52	-0.54	9.60

Definitions

¹⁾ EBITDA margin, underlying (%): (Operating result before depreciation and amortisation x 100)/Gross operating revenues.

²⁾ ROACE, underlying (%): (Operating profit adjusted for share of profit/loss in equity accounted investments, unrealised changes in the value of energy contracts and significant items x 100)/Average capital employed (rolling 12 months).

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STRONG OPERATIONS, BUT IMPAIRMENTS LED TO NEGATIVE RESULT



The core operations are fundamentally strong with a solid cash flow.

Impairments reflect the decline in our long term price forecast. To increase competitiveness, performance improvement work is ongoing in all parts of the organization.

Statkraft AS recorded an underlying operating profit (EBITDA) of NOK 2001 million in the third quarter of 2016. This is an increase of NOK 702 million compared with the corresponding period in 2015. The quarter showed a net loss of NOK 1417 million, due to impairment of assets.

The increase in EBITDA was primarily driven by higher Nordic power prices and higher production due to successful energy management. The average Nordic power price in the third quarter was 25.2 EUR/ MWh. This is a small increase from the second quarter, and an increase of 89% compared with the low prices experienced in the same period in 2015. Statkraft's total production increased with 2.2 TWh from the third quarter last year to a total of 13.3 TWh in this quarter.

Statkraft's long term price expectations has been negatively influenced by lower fuel price expectations. This is the main reason for impairments of hydro and wind assets across several countries, including Norway. It was recognised NOK 2384 million of impairments in consolidated operations and NOK 172 million in associated companies.

Over just a few years, power prices in core markets have decreased, competition has increased and new technologies and business models are changing the

industry. In order to stay strong and competitive Statkraft is running a performance improvement programme. The aim of the programme is to strengthen performance and reduce controllable costs with 15 percent equalling NOK 800 million by the end of 2018, measured against the actual costs for 2015.

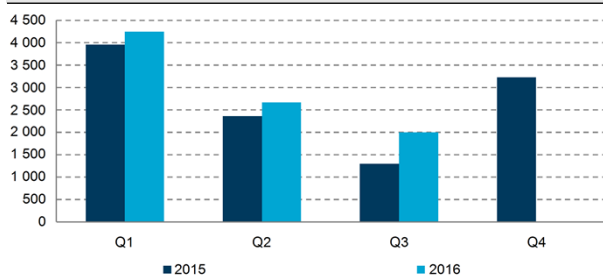
Statkraft decided last year not to invest in offshore wind projects and subsequently to optimize the existing offshore wind portfolio. Statkraft has now started preparations for the divestment of offshore wind assets in the UK.

The 73 MW Banja hydropower plant in Albania was officially opened in the third quarter and completed in October. Production will be around 255 GWh annually.

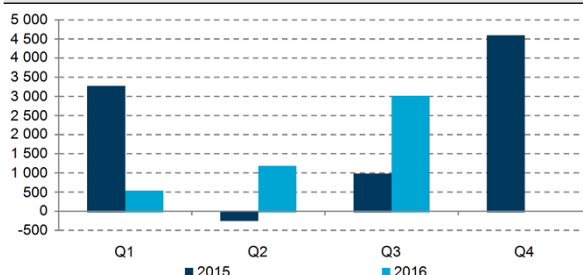
Furthermore, Statkraft also completed the refurbishment and expansion of Nedre Røssåga power plant in October. The installed capacity has been increased from 250 MW to 350 MW. The power station is now ready for another 50 years of operations and total production increases by approximately 200 GWh to 2150 GWh annually, due to significantly increase in efficiency.

The new capacity will reinforce Statkraft's position as Europe's largest generator of renewable energy.

EBITDA – underlying
NOK million



Cash flow from operating activities
NOK million



Corporate responsibility and HSE

	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Corporate responsibility and HSE					
Fatalities ¹⁾	1	0	1	0	0
TRI rate Statkraft ^{1) 2)}	3.7	5.0	4.4	6.0	5.9
Serious environmental incidents	0	0	0	0	0
Full-time equivalents; Group			3 538	3 927	3 795
Absence due to illness, Group (%)	2.5	2.5	2.9	2.9	3.0

¹⁾ Includes employees and suppliers in plants where Statkraft owns 20% or more. Third parties (not employees or contractors) are not included.

²⁾ TRI rate: Number of injuries per million hours worked.

In July a contractor employee died in an accident during maintenance work at Oroya hydropower plant in Peru. The fatal accident has been investigated according to Statkraft's standard procedures and all safety measures are followed up.

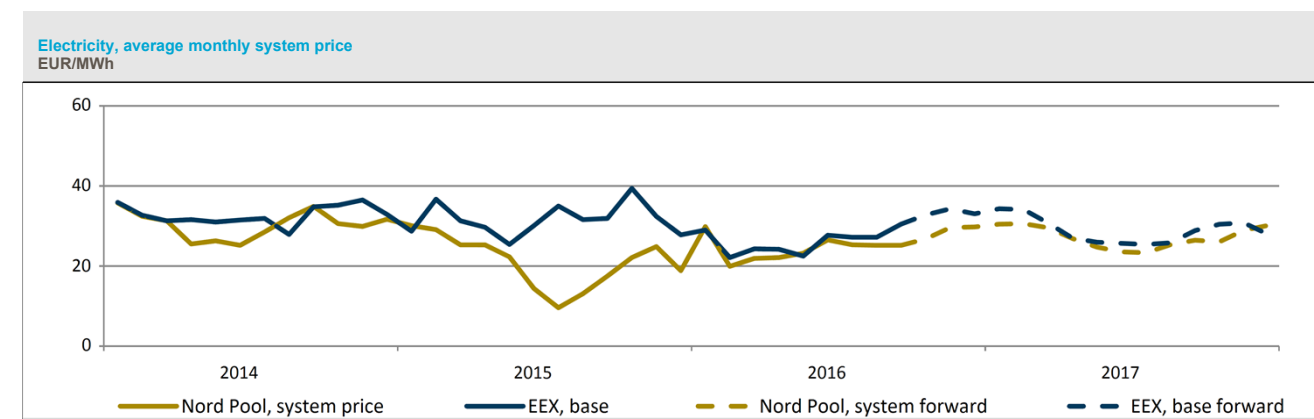
- The Group's TRI rate was 3.7 in the third quarter.
- There were no serious environmental incidents during the third quarter.
- Absence due to illness continues to stay on a low level.

Statkraft continuously keep focus on investigating incidents with potential for injuries, in order to facilitate learning across the organisation.

Market and production

Power prices and optimisation of power production constitute the fundamental basis for Statkraft's revenues. The majority of Statkraft's output is generated in the Nordic region. Power prices are influenced by hydrological factors and commodity prices for thermal power generation.

POWER PRICES



Sources: Nord Pool and the European Energy Exchange (EEX)

The average system price in the Nordic region was 25.2 EUR/MWh in the quarter, an increase of 89% compared with the same period in 2015. The low prices last year was mainly due to low temperatures during the summer 2015 that delayed snow melting in addition to high inflow levels while more normal levels has been seen in the same quarter this year. Forward prices in the Nordic region increased across the forward curve.

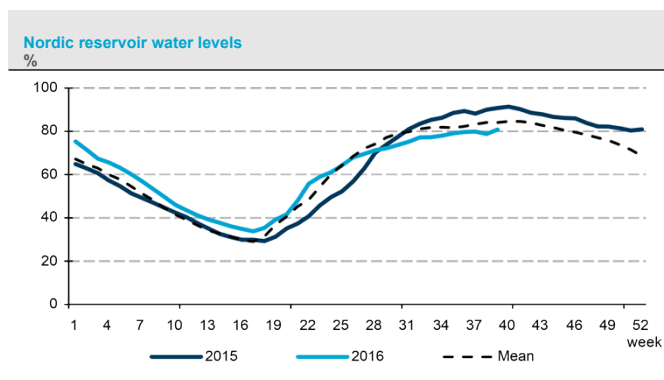
The average spot price in the German market (EEX) was 28.3 EUR/MWh in the quarter, a decrease of 14% compared with the same period in 2015. It is the lowest base price since 2003. Main driver for low prices was decreasing price of gas and CO₂. Forward prices in Germany increased during the quarter.

The average system price in the UK was 39.6 GBP/MWh in the quarter, a decrease of 4% compared with the same period in 2015. The main reason behind lower prices were lower gas prices in 2016.

	Third quarter			Year to date			Year
EUR/MWh	2016	2015	Change	2016	2015	Change	2015
Prices							
Average system price, Nord Pool	25.2	13.4	11.9	24.4	20.7	3.6	21.0
Average spot price (base), EEX	28.3	32.8	-4.5	26.1	31.2	-5.1	31.7
Average spot price (peak), EEX	32.3	39.1	-6.8	31.2	37.8	-6.6	39.1
Average gas price, EGT	13.0	19.9	-6.9	13.1	20.8	-7.7	19.9

Sources: Nord Pool, European Energy Exchange (EEX) and Eon Gas Trading (EGT).

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



	Third quarter		Year to date		Year
TWh	2016	2015	2016	2015	2015
Consumption and output					
Nordic					
Nordic consumption	79.2	80.5	280.5	278.8	379.4
Nordic output	80.4	85.1	285.2	290.0	393.8
Net Nordic import(+)/export(-)	-1.1	-4.6	-4.7	-11.1	-14.4
Norway					
Norwegian consumption	25.8	26.9	95.6	95.3	130.1
Norwegian output	31.0	31.7	109.6	106.2	144.7
Net Norwegian import(+)/export(-)	-5.2	-4.8	-14.0	-10.9	-14.6

The inflow was on a normal level in the period, and total reservoir level in the Nordic region was 96% of normal level. The reservoirs were filled to 81% of capacity (91% in 2015), with a maximum reservoir capacity of 121.4 TWh at the end of the quarter.

In the third quarter, a net volume of 1.1 TWh was exported from the Nordic region, compared with a net volume of 4.6 TWh in the same period in 2015.

STATKRAFT'S POWER PRODUCTION

Statkraft's production is determined by water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power prices and gas plus CO₂ prices (spark spread) and power optimisation.

	Third quarter		Year to date		Year
TWh	2016	2015	2016	2015	2015
Production, technology					
Hydropower	12.0	10.5	44.2	39.0	53.1
Wind power	0.5	0.5	1.6	1.6	2.5
Gas power	0.8	0.0	1.0	0.2	0.5
Bio power	0.1	0.1	0.2	0.2	0.3
Total production	13.3	11.1	47.0	41.0	56.3

TWh	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Production, geography					
Norway	10.4	8.3	37.7	32.6	44.4
Sweden	1.0	1.6	4.6	5.4	7.2
Europe ex. Nordic	1.0	0.3	1.7	0.8	1.3
Rest of the world	0.9	1.0	3.0	2.2	3.4
Total production	13.3	11.1	47.0	41.0	56.3

The Group produced a total of 13.3 TWh in the third quarter, an increase of 20% compared with the corresponding period in 2015. German gas power plants saw increase in running hours from mid August to end September due to improved market conditions with some positive spark spreads. In addition, the Group's district heating production amounted to 0.1 TWh.

Financial performance

NOK million	Third quarter			Year to date			Year
	2016	2015	Change	2016	2015	Change	2015
Key figures							
Net operating revenues, underlying	4 261	3 563	698	15 461	14 058	1 402	19 938
EBITDA, underlying	2 001	1 300	702	8 917	7 623	1 294	10 853
Profit before tax	-352	-4 647	4 295	2 667	-1 305	3 972	-821
Net profit	-1 417	-3 940	2 523	-927	-2 299	1 372	-2 370

YEAR TO DATE

The underlying EBITDA was 18% higher than in the first nine months of 2015. The increase in net operating revenues so far this year was primarily related to the higher Norwegian hydropower production, higher Nordic power prices in NOK/MWh and increased contribution from the Group's international operations. The increase was somewhat offset by lower contribution from origination and market access activities and lower contribution from equity accounted investments (impairments in SN Power and impairment and change in accounting estimates for deferred tax assets in Chile). Operating expenses were on par with last year. Underlying EBITDA is adjusted for unrealised changes in value on energy contracts, which amounted to NOK -2354 million compared with NOK 490 million in the same period in 2015.

In the second quarter German gas fired power plants and other assets were impaired by NOK 2229 million in total due to Statkraft's lower market expectations. In the third quarter hydropower, wind power and district heating assets were impaired with NOK 2384 million, also due to lower market expectations.

There were positive currency effects as a result of a strengthening of NOK compared with GBP and EUR, while there were negative currency effects in the same period last year.

Overall, this decreased the Group's net loss by NOK 1372 million during the first nine months of the year, compared with the same period in 2015.

THIRD QUARTER

The quarterly report shows the development in the third quarter of 2016 compared with the third quarter of 2015, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2015.

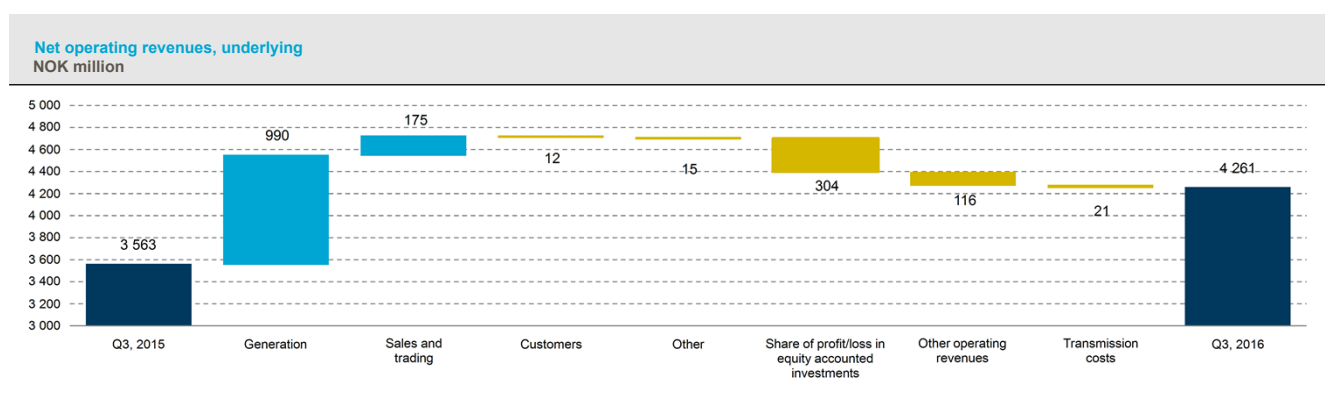
GROSS OPERATING PROFIT (EBITDA) – UNDERLYING

The underlying EBITDA was NOK 2001 million, NOK 702 million higher than in the same quarter in 2015. The increase was primarily a result of higher Nordic power prices and hydropower production.

OPERATING REVENUES - UNDERLYING

	Third quarter			Year to date			Year
NOK million	2016	2015	Change	2016	2015	Change	2015
Net operating revenues, underlying							
Generation	3 761	2 843	918	13 318	11 122	2 196	15 391
Sales and trading	1 169	1 142	26	3 262	3 586	-324	4 267
Customers ¹⁾	5 670	6 141	-471	17 688	18 649	-961	27 969
Other ¹⁾	387	359	28	1 376	1 266	109	1 670
Sales revenues	10 987	10 485	502	35 643	34 623	1 020	49 297
Share of profit/loss in equity accounted investments	-146	158	-304	106	300	-194	683
Other operating revenues	219	335	-116	730	855	-125	1 281
Gross operating revenues	11 060	10 978	82	36 479	35 777	702	51 262
Generation	-88	-160	72	-273	-550	277	-750
Sales and trading	-810	-959	149	-2 266	-2 853	587	-3 683
Customers	-5 509	-5 967	459	-17 147	-17 207	60	-25 335
Other	-114	-71	-43	-382	-306	-76	-443
Energy purchase	-6 521	-7 158	637	-20 068	-20 916	848	-30 212
Transmission costs	-278	-257	-21	-951	-803	-148	-1 112
Net operating revenues	4 261	3 563	698	15 461	14 058	1 402	19 938

1) The figures for the year 2015 are adjusted from the Q2 2016 reporting due to internal eliminations between Customer and Other sales revenues.



In the graph above Generation, Sales and trading, Customers and Other are shown as sales revenues less energy purchase.

- Net generation revenues have increased mainly due to higher Nordic power prices and higher Nordic hydropower production.
- Net revenues from sales and trading have increased mainly due to higher profitability from Nordic trading, Dynamic Asset Management Portfolio and Long term contracts.
- Share of profit/loss in equity accounted investments have decreased mainly due to changed accounting estimates for deferred tax assets and impairment in Chile. There was also an impairment in SN Power.

OPERATING EXPENSES - UNDERLYING

NOK million	Third quarter			Year to date			Year
	2016	2015	Change	2016	2015	Change	2015
Operating expenses, underlying							
Salaries and payroll costs	-928	-936	8	-2 655	-2 540	-115	-3 545
Depreciation	-914	-825	-89	-2 718	-2 364	-353	-3 354
Property tax and licence fees	-464	-422	-43	-1 295	-1 248	-47	-1 679
Other operating expenses	-867	-906	39	-2 593	-2 647	54	-3 861
Operating expenses	-3 173	-3 089	-85	-9 261	-8 800	-462	-12 440

- Depreciation was higher due to start of depreciation of excess values related to previous year acquisition in Brazil.
- Property tax and license fees increased mainly due to Sønnå Høy tax dispute, see note 10 for further details.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING RESULT

Unrealised changes in value on energy contracts and adjusted significant items have been excluded from the underlying operating profit. The unrealised changes in value are partly due to the Group's energy contracts being indexed against various commodities, currencies and other indexes.

NOK million	Third quarter			Year to date			Year
	2016	2015	Change	2016	2015	Change	2015
Items excluded from the underlying operating profit							
Unrealised changes in value of energy contracts	-901	1 161	-2 062	-2 354	490	-2 844	609
Adjusted significant items	-2 384	70	-2 454	-4 613	-1 750	-2 863	-3 610
Gain from sale of assets	-	-	-	-	-	-	226
Impairments	-2 384	70	-2 454	-4 613	-1 750	-2 863	-3 836

- There was a negative development on long-term power sales agreements denominated in EUR due to a stronger NOK against EUR. In addition there was realisation of profits resulting in negative unrealised effects. There were offsetting effects due to a stronger BRL against USD, influencing the value of the long term contracts in Brazil.
- There were impairments of NOK 2384 million booked in the quarter.
 - Segment European flexible generation booked impairments of NOK 573 million. NOK 441 million was impaired for Norwegian hydro power plants and NOK 132 million was impaired for Swedish hydro power plants. The main indicators were lower expected long term prices and a verdict in Gulatings Court of Appeal implying that Statkraft is taxable owner of Sønnå Høy which increases property tax.
 - Segment International hydropower booked impairments of NOK 1209 million. NOK 1071 million was impaired for the Devoll project in Albania; main indicators were lower expected long term prices and updated market assessment. NOK 138 million was impaired in Brazil, mainly due to restructuring of the business in certain operations in 2016 and also due to a wind farm where it is expected lower production.
 - Segment Wind power booked impairments of NOK 585 million for Swedish wind farms due to lower expected long term prices.

FINANCIAL ITEMS

NOK million	Third quarter			Year to date			Year 2015
	2016	2015	Change	2016	2015	Change	
Financial items							
Interest income	80	87	-7	231	273	-42	378
Other financial income	20	-0	20	38	23	16	43
Gross financial income	100	87	14	270	296	-26	421
Interest expenses	-347	-369	22	-992	-888	-104	-1 322
Other financial expenses	-60	-503	443	-161	-717	555	-736
Gross financial expenses	-407	-871	464	-1 153	-1 605	451	-2 058
Net currency effects	1 291	-5 195	6 486	3 525	-3 756	7 281	-3 445
Other financial items	861	-372	1 234	793	-239	1 032	-237
Net financial items	1 846	-6 352	8 198	3 435	-5 303	8 738	-5 318

- Interest expenses decreased by NOK 22 million, mainly due to lower interest rates.
- Other financial expenses fell by NOK 443 million, mainly due to a loss in relation to step up acquisition in Brazil in July 2015.
- Net currency gains in the third quarter amounted to NOK 1291 million, primarily related to a strengthening of NOK against GBP and EUR.
- Other financial items included gains on interest rate derivatives and obligations linked to equity instruments.

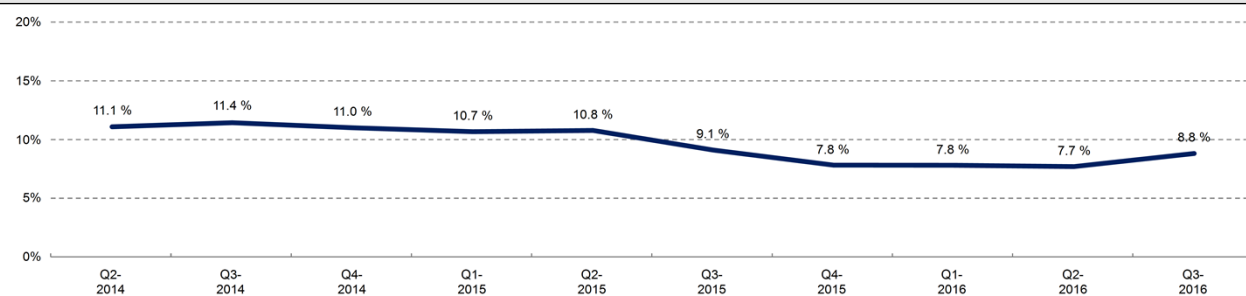
TAXES

A tax expense of NOK 1065 million was recorded in the third quarter (tax income of NOK 707 million). The increase in tax expenses was mainly due to higher net financial items and higher resource rent tax.

RETURN

ROACE – underlying, last 12 months

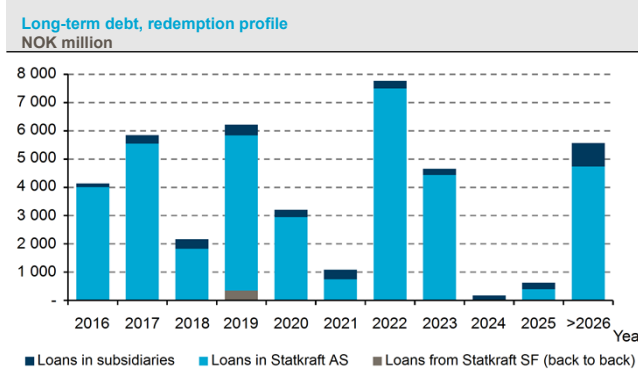
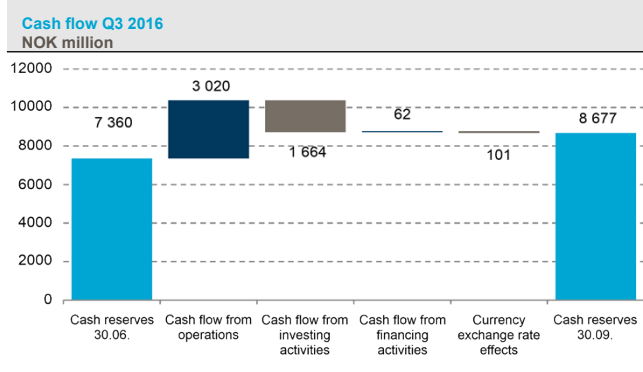
%



ROACE (%): (Operating profit adjusted for share of profit/loss in equity accounted investments, unrealised changes in the value of energy contracts and significant non-recurring items x 100) / average capital employed.

→ ROACE was higher than for the year 2015. The improvement was driven by higher underlying operating profit.

CASH FLOW AND CAPITAL STRUCTURE



Cash flow third quarter

- Cash flow from operating activities amounted to NOK 3020 million (NOK 986 million). Net income¹⁾, adjusted for non-cash effects, were NOK 3116 million (NOK 1108 million) including changes in short and long term items. The changes in short and long term items had an effect of NOK 208 million (NOK 880 million), of which short-term items was NOK 393 million (NOK 1093 million). The change in short-term items in third quarter 2016 was mainly related to working capital, cash collateral and changes in clearing deposit accounts in Germany. Cash effect from taxes were NOK -96 million (NOK -147 million) and there was no payment of dividend from equity accounted investments (NOK 25 million).
- Net investments²⁾ of NOK -1664 million (NOK -2734 million); primarily maintenance and new capacity investments of NOK -1091 million (NOK -2217 million) and net cash outflow related to loans to third parties of NOK -532 million (NOK 74 million).
- Net financial items of NOK 62 million (NOK -668 million); related to new debt of NOK 93 million (NOK 5825 million) and repayment of debt of NOK -31 million (NOK -1654 million). There were no dividend or group contribution paid in third quarter 2016 (NOK -4839 million).

Cash flow YTD

- Cash flow from operating activities amounted to NOK 4754 million (NOK 4042 million). Net income¹⁾, adjusted for non-cash effects, were NOK 6700 million (NOK 6621 million) including changes in short and long term items. The changes in short and long term items had an effect of NOK -958 million (NOK 772 million), of which short-term items were NOK -734 million (NOK 910 million). The change in short term items was mainly related to working capital, cash collateral and changes in clearing deposit accounts in Germany. Taxes paid were NOK -2491million (NOK -3131 million) and cash effect from dividend from equity accounted investments were NOK 544 million (NOK 552 million).
- Net investments amounted to NOK -5716 million (NOK -8132 million). This was primarily investments in property, plant and equipment totaling NOK -4288 million (NOK -5841 million), net cash outflow related to loans to third parties of NOK -899 million (NOK 304 million) and deconsolidation of the cash and cash equivalents in Dudgeon Offshore Ltd of NOK -404 million.
- The net liquidity change from financing amounted to NOK 747 million (NOK -1157 million). New debt totalled NOK 3019 million (NOK 13 420 million), while repayment of debt was NOK -2166 million (NOK -9519 million). Dividend and group contribution paid amounted to NOK -106 million (NOK -5073 million).

Financial structure

At the end of the quarter, Statkraft had the following financial structure:

- Net interest-bearing debt³⁾ totalled NOK 35 149 million, compared with NOK 35 036 million at the beginning of the year. The increase was primarily related to reduction in cash and cash equivalents.
- The net interest-bearing debt-equity ratio was 30.8%, compared with 28.4% at year-end 2015.
- Current assets, except cash and cash equivalents, amounted to NOK 18 059 million.
- Short-term interest-free debt was NOK 18 862 million.
- Statkraft's equity totalled NOK 79 001 million, compared with NOK 88 340 million at the start of the year. This corresponds to 48.2% of total assets. See Statement of changes in equity for further details.

¹⁾ Net income: cash flow from operations excluding taxes paid and cash effects from equity accounted investments.

²⁾ Net investments include investments paid at the end of the quarter, payments received from sale of non-current assets, net liquidity out from the Group upon acquisition of activities and repayment and disbursement of loans.

³⁾ Net interest-bearing debt: Gross interest-bearing liabilities – bank deposits, cash in hand and similar excluding restricted funds – short-term financial investments.

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 1128 million. Maintenance investments and other investments were primarily related to Nordic hydropower. Investments in new capacity were mainly related to construction of hydropower plants in Albania, as well as wind power projects in Norway and the UK.

NOK mill.	Third quarter 2016	Year to date 2016	The year 2015
Maintenance investments and other investments			
European flexible generation	348	973	1 413
Market operations	1	3	-
International hydropower	44	124	104
Wind power	-	7	-30
District heating	5	11	10
Industrial ownership	102	266	404
Other activities	15	41	68
Total	515	1 424	1 969
Investment in new capacity			
European flexible generation	68	442	741
International hydropower	248	917	3 048
Wind power	174	1 332	3 335
District heating	38	95	272
Industrial ownership	76	207	281
Other activities	1	1	120
Total	604	2 993	7 797
Investment in shareholdings			
European flexible generation	-1	-	-
Market operations	-	4	25
International hydropower	-	30	3 399
Wind power	-	32	101
District heating	-	-	18
Other activities	10	38	247
Total	10	105	3 790

Projects in consolidated operations

Third quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion	
Completed projects in the period						
Main projects under construction						
Hydropower	Nedre Røssåga, phase 1	Norway	-	100%	2017	Q4
	Nedre Røssåga, phase 2	Norway	100	100%	2016	Q4
	Øvre Røssåga	Norway	-	100%	2019	Q2
	Ringedalen	Norway	23	100%	2018	Q1
	Cetin ²⁾	Turkey	517	100%	2019	Q1
	Devoll - Banja	Albania	72	100%	2016	Q4
	Devoll - Moglice	Albania	184	100%	2019	Q2
Wind power	Fosen ³⁾	Norway	1 000	52.1 %	2020	Q4
	Dudgeon	UK	402	30%	2017	Q4
	Andershaw	UK	36	100%	2016	Q4
District heating	Moss	Norway	21	100%	2016	Q4

¹⁾ Total for project, incl. partners' share.

²⁾ Currently suspended, sales process initiated.

³⁾ The project consists of six wind farms with planned completion between Q4 2018 and Q4 2020.

Segments

The Group's operating segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

In 2016 Statkraft has changed the segment structure. The two former segments Nordic hydropower and Continental energy and trading are replaced by European flexible generation and Market operations. The reason for changing the segments is to make sure that the reporting structure is aligned with the strategic focus areas and the key priorities within the Group. The developed strategy has led to a clearer distinction between power generating assets and market operations.

The new European flexible generation segment mainly consists of the hydropower business in the Nordic region, Germany and the United Kingdom, as well as the gas power plants, the subsea cable Baltic Cable and the bio-power plants in Germany. The main focus for the segment is to maximise the long-term value of the asset base.

The new Market operations segment mainly consists of market access, trading and origination activities. The activities will gradually increase to create new business opportunities in a changing European market. In addition, Statkraft aims to develop market operations in selected international markets where the Group owns assets.

The other segments are not changed compared to previous years.

The comparable figures are restated.

Third quarter	Statkraft AS Group	European flexible generation	Market operations	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
From income statement									
Gross operating revenues, underlying	11 060	3 231	6 161	418	71	100	1 303	194	-418
Net operating revenues, underlying	4 261	2 912	285	316	60	72	673	194	-251
EBITDA, underlying	2 001	1 712	49	62	-57	3	310	-86	8
Depreciation, amortisation and impairments, underlying	-914	-425	-4	-196	-94	-42	-135	-18	-
Operating profit, underlying	1 088	1 287	46	-134	-151	-40	175	-104	9
Operating profit, booked	-2 198	170	-230	-1 342	-735	-58	56	-81	22
EBITDA-margin (%), underlying	18.1	53.0	0.8	14.9	-80.4	2.9	23.8	n/a	n/a
Maintenance investments and other investments	515	348	1	44	-	5	102	15	-
Investments in new capacity	604	68	-	248	174	38	76	1	-
Investments in shareholdings	10	-1	-	-	-	-	-	10	-
Production									
Production, volume sold (TWh)	13.3	11.2	-	1.0	0.3	-	0.8	-	-
- whereof hydropower (TWh)	12.0	10.3	-	0.8	-	-	0.8	-	-
- whereof wind power (TWh)	0.5	-	-	0.1	0.3	-	-	-	-
- whereof gas power (TWh)	0.8	0.8	-	-	-	-	-	-	-
- whereof bio power (TWh)	0.1	0.1	-	-	-	-	-	-	-
Production, district heating (TWh)	0.1	-	-	-	-	0.1	0.0	-	-

EUROPEAN FLEXIBLE GENERATION

NOK million	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Sales revenues, underlying	3 062	2 302	10 719	9 102	12 679
Share of profit/loss in equity accounted investments	-	-	-	-	-
Other operating revenues, underlying	170	139	505	460	685
Gross operating revenues, underlying	3 231	2 442	11 224	9 562	13 364
Net operating revenues, underlying	2 912	2 107	10 096	8 277	11 636
EBITDA, underlying	1 712	1 082	6 731	5 297	7 427
Operating profit, underlying	1 287	649	5 422	4 006	5 664
Unrealised value changes energy contracts	-544	1 157	-1 235	527	557
Adjusted significant items	-573	-	-2 802	-	-
Operating profit, booked	170	1 805	1 385	4 532	6 221
Maintenance investments and other investments	348	343	973	1 015	1 413
Investments in new capacity	68	197	442	528	741
Investments in shareholdings	-1	-	-	2	-
Production, volume sold (TWh)	11.2	8.5	38.4	32.8	44.6

Highlights in the quarter

- Norwegian hydropower assets and Swedish hydropower assets were impaired by NOK 441 million and NOK 132 million respectively.
- Official opening of Nedre Røssåga new power station on 18 October. The capacity has increased with 100 MW and the mean production with 200 GWh to 2150 GWh.

Quarterly financial performance

- Underlying EBITDA was higher than in the same quarter of 2015, mainly driven by higher Nordic power prices and production. Operating expenses were higher, partly due to higher level of expensed maintenance project costs.

Year-to-date financial performance

- In addition to the factors influencing third quarter, operating expenses were negatively affected by currency effects from a weaker NOK.

Quarterly investments

- Investments were mainly related to Nedre and Øvre Røssåga, Lio and Ringedalen power stations in Norway.

MARKET OPERATIONS

NOK million	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Sales revenues, underlying	6 135	6 815	17 882	19 836	28 399
Share of profit/loss in equity accounted investments	-	1	-1	1	-
Other operating revenues, underlying	26	37	74	96	124
Gross operating revenues, underlying	6 161	6 852	17 956	19 933	28 524
Net operating revenues, underlying	285	151	690	1 629	2 052
EBITDA, underlying	49	-60	22	911	1 062
Operating profit, underlying	46	-66	11	879	1 024
Unrealised value changes energy contracts	-275	-160	-986	-470	-471
Adjusted significant items	-	-	-	-	-
Operating profit, booked	-230	-226	-976	410	553
Maintenance investments and other investments	1	-	3	-	-
Investments in new capacity	-	-	-	-	-
Investments in shareholdings	-	-	4	-	25
Production, volume sold (TWh)	-	-	-	-	-

Highlights in the quarter

- Statkraft and Rentel entered into a 20 years power purchase agreement for a 309 MW offshore wind farm in the Belgian North Sea planned to start operations in 2018. The agreement is subject to the approval of the Belgian authorities.

Quarterly financial performance

- Underlying EBITDA was higher compared with the same quarter of 2015 mainly due to better results from the Nordic trading portfolio, Dynamic Asset Management Portfolio and from the long term contracts portfolio.

Year-to-date financial performance

- The decrease in EBITDA was mainly due to lower results from origination and market access activities. Operating expenses were lower, mainly due to provision for an onerous power purchase contract in the second quarter in 2015.

INTERNATIONAL HYDROPOWER

NOK million	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Sales revenues, underlying	639	529	1 857	1 161	1 715
Share of profit/loss in equity accounted investments	-228	84	-175	-278	-196
Other operating revenues, underlying	7	30	49	37	81
Gross operating revenues, underlying	418	643	1 730	920	1 600
Net operating revenues, underlying	316	566	1 494	782	1 378
EBITDA, underlying	62	330	763	256	572
Operating profit, underlying	-134	230	255	59	181
Unrealised value changes energy contracts	-	-	-	-	-
Adjusted significant items	-1 209	-	-1 209	-	-2 086
Operating profit, booked	-1 342	230	-954	59	-1 905
Maintenance investments and other investments	44	13	124	49	104
Investments in new capacity	248	654	917	1 806	3 048
Investments in shareholdings	-	1 350	30	3 384	3 399
Production, volume sold (TWh)	1.0	1.1	3.3	2.4	3.6

Highlights in the quarter

- Commercial operation of Banja hydropower plant in Albania started on 6 September when the first eco-flow unit was put into production. The formal opening was on 23 September.
- Impairment of NOK 1071 million in Albania related to lower expected long term prices and updated market assessment. In addition, NOK 138 million was impaired in Brazil, mainly due to restructuring of the business in certain operations in 2016 and also due to a wind farm where it is expected lower production.
- Share of profit from equity accounted investments was affected by impairment of NOK 80 million in SN Power and NOK 48 million in Chile due to lower expected long term prices.

Quarterly financial performance

- The decrease in share of profit/loss in equity accounted investments was primarily related to impairments and lower estimated value of deferred tax asset in Chile.
- Adjusted for one-off effects from equity accounted investments, EBITDA was up NOK 43 million. The increase compared with the third quarter of 2015 was primarily related to improved contribution from Brazil and full effects from new capacity related to Cheves in Peru.

Year-to-date financial performance

- The increase in EBITDA was mainly due to full consolidation of Statkraft Energias Renováveis (SKER) in Brazil and full effects from new capacity.

Quarterly investments

- Investments in new capacity were mainly related to construction of hydropower plants in Albania.

WIND POWER

NOK million	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Sales revenues, underlying	118	84	398	379	587
Share of profit/loss in equity accounted investments	-60	-2	-57	42	55
Other operating revenues, underlying	14	24	76	81	114
Gross operating revenues, underlying	71	106	418	502	755
Net operating revenues, underlying	60	96	388	476	712
EBITDA, underlying	-57	-47	-47	39	76
Operating profit, underlying	-151	-122	-352	-207	-257
Unrealised value changes energy contracts	-	-	-	-	-
Adjusted significant items	-585	70	-585	-1 750	-1 750
Operating profit, booked	-735	-52	-937	-1 957	-2 008
Maintenance investments and other investments	-	-	7	-	-30
Investments in new capacity	174	854	1 332	2 200	3 335
Investments in shareholdings	-	2	32	99	101
Production, volume sold (TWh)	0.3	0.4	1.2	1.5	2.2

Highlights in the quarter

- Swedish wind farms were impaired by NOK 585 million due to lower expected long term prices.
- Statkraft is evaluating divestment of shares in the operational Sheringham Shoal offshore wind farm and the offshore wind projects Dudgeon and Dogger Bank.

Quarterly financial performance

- The underlying EBITDA was influenced negatively by low wind speeds compared with the third quarter of 2015. Higher Nordic power prices and lower operating expenses partly offset this effect and onshore wind farms in operation had a positive contribution to EBITDA. Projects under development contributed negatively to EBITDA of which loss from currency and interest hedges in Dudgeon was a major part.

Year-to-date financial performance

- Lower underlying EBITDA was primarily due to currency and interest hedges in Dudgeon.

Quarterly investments

- The investments were mainly related to onshore wind farms in Norway and the UK.

DISTRICT HEATING

NOK million	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Sales revenues, underlying	99	82	509	432	629
Share of profit/loss in equity accounted investments	-	1	-	2	1
Other operating revenues, underlying	1	1	4	2	5
Gross operating revenues, underlying	100	84	513	437	636
Net operating revenues, underlying	72	59	362	319	465
EBITDA, underlying	3	-6	161	134	213
Operating profit, underlying	-40	-52	32	11	50
Unrealised value changes energy contracts	-	-	-	-	-
Adjusted significant items	-18	-	-18	-	-
Operating profit, booked	-58	-52	14	11	50
Maintenance investments and other investments	5	3	11	7	10
Investments in new capacity	38	77	95	207	272
Investments in shareholdings	-	-	-	-	18
Production, volume sold (TWh)	0.1	0.1	0.6	0.6	0.8

Highlights in the quarter

- Statkraft has entered into an agreement with Rockwool for the delivery of 7.5 GWh. Excess heat from Rockwool's factories in Trondheim and Moss will be used as district heating in the two cities.
- A Norwegian heating plant was impaired by NOK 18 million.

Quarterly financial performance

- EBITDA was higher compared with the third quarter of 2015, primarily due to better prices on heating and waste handling as well as high availability and good fuel mix.

Year-to-date financial performance

- In addition to the factors influencing the third quarter result, the increase in EBITDA was due to higher volume delivered to customers and the acquisition of Gardermoen Energi.

Quarterly investments

- The investments were primarily related to the new plant in Moss/Rygge and pipelines in existing activities.

INDUSTRIAL OWNERSHIP¹⁾

NOK million	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Sales revenues, underlying	1 121	840	4 723	4 136	5 796
Share of profit/loss in equity accounted investments	144	76	347	538	835
Other operating revenues, underlying	38	77	130	238	344
Gross operating revenues, underlying	1 303	993	5 201	4 912	6 975
Net operating revenues, underlying	673	623	2 565	2 711	3 820
EBITDA, underlying	310	224	1 470	1 515	2 171
Operating profit, underlying	175	91	1 069	1 131	1 627
Unrealised value changes energy contracts	-119	102	-145	284	359
Adjusted significant items	-	-	-	-	-
Operating profit, booked	56	193	923	1 415	1 986
Maintenance investments and other investments	102	105	266	289	404
Investments in new capacity	76	51	207	167	281
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.8	1.1	4.1	4.0	5.5

¹⁾ Industrial ownership includes the shareholdings in Skagerak Energi, Fjordkraft, BKK, Agder Energi and Istad. The two first companies are included in the consolidated financial statements, while the other three companies are reported as associated companies.

Highlights in the quarter

- BKK has completed the refurbishment of the Matre Haugsdal power plant. The capacity has been doubled to 180 MW and the mean production has been increased by 72 GWh to 612 GWh.
- Agder Energi has decided to invest in a second generator in the Skjerka power plant. The power plant has an average production of 650 GWh at 7000 hours per year. The new generator will increase the production value in the waterway.

Quarterly financial performance

- The increase in underlying EBITDA compared with the third quarter in 2015 was mainly related to a gain from a merger in equity accounted investments.

Year-to-date financial performance

- The decrease in underlying EBITDA year to date is primarily due to negative unrealised changes in energy contracts in equity accounted investments, partly offset by higher income from generation and grid operations.

Quarterly investments

- Investments in new capacity and maintenance were mainly related to transmission grid.

OTHER ACTIVITIES¹⁾

NOK million	Third quarter		Year to date		Year
	2016	2015	2016	2015	2015
Sales revenues, underlying	-30	-59	-15	-58	-27
Share of profit/loss in equity accounted investments	-2	-2	-8	-5	-12
Other operating revenues, underlying	225	207	693	515	756
Gross operating revenues, underlying	194	145	670	451	716
Net operating revenues, underlying	194	142	670	444	707
EBITDA, underlying	-86	-204	-181	-520	-679
Operating profit, underlying	-104	-235	-233	-610	-801
Unrealised value changes energy contracts	23	41	40	116	138
Adjusted significant items	-	-	-	-	226
Operating profit, booked	-81	-194	-193	-494	-437
Maintenance investments and other investments	15	25	41	52	68
Investments in new capacity	1	12	1	80	120
Investments in shareholdings	10	-	38	246	247
Production, volume sold (TWh)	-	0.1	-	0.3	0.4

¹⁾ Other activities includes innovation and Group functions. Small-scale hydropower was included in 2015.

Quarterly financial performance

- The increase in EBITDA in the third quarter was mainly due to increased internal invoicing of corporate services.

Year-to-date financial performance

- The increase in EBITDA was primarily due to the same factors as for the third quarter.

Quarterly investments

- Investments in the quarter were mainly related to acquisition of shares in Grønn Kontakt AS and office facilities and IT.

Outlook

The power sector is undergoing fundamental changes as a result of reduced technology costs and increased supply of solar and wind power. This, combined with generally low fuel prices have led to low power prices in Europe and in the Nordics. Statkraft has on this background launched a performance improvement programme. The objective of the programme is to improve performance and strengthen the company's competitive position by reducing controllable costs by 15% equalling NOK 800 million by the end of 2018, measured against actual costs for 2015. The programme will involve all employees and run until 2018.

Electrification of the transport sector, particularly in Norway, and a rising demand for energy in several markets outside Europe, where Statkraft has a well established strategic position, creates new opportunities within renewable energy.

A substantial share of the Group's Nordic and international power generation is sold through long-term power contracts. This will contribute to stabilise Statkraft's net earnings in the coming years. New power production in Norway and abroad have strengthened Statkraft's position as a leading provider of pure energy.

Oslo, 27 October 2016
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

	Third quarter		Year to date		The year
NOK million	2016	2015	2016	2015	2015
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	9 596	12 435	32 920	36 403	51 586
Share of profit/loss in equity accounted investments	-146	158	106	300	683
Other operating revenues	219	335	730	855	1 507
Gross operating revenues	9 669	12 928	33 756	37 558	53 777
Energy purchase	-6 031	-7 947	-19 698	-22 207	-31 892
Transmission costs	-278	-257	-951	-803	-1 112
Net operating revenues	3 360	4 724	13 107	14 548	20 773
Salaries and payroll costs	-928	-936	-2 655	-2 540	-3 545
Depreciation, amortisation and impairments	-3 298	-755	-7 331	-4 114	-6 401
Property tax and licence fees	-464	-422	-1 295	-1 248	-1 679
Other operating expenses	-867	-906	-2 593	-2 647	-4 650
Operating expenses	-5 557	-3 019	-13 874	-10 549	-16 276
Operating profit/loss	-2 198	1 705	-768	3 998	4 497
Financial income	100	87	270	296	421
Financial expenses	-407	-871	-1 153	-1 605	-2 058
Net currency effects	1 291	-5 195	3 525	-3 756	-3 445
Other financial items	861	-372	793	-239	-237
Net financial items	1 846	-6 352	3 435	-5 303	-5 318
Profit/loss before tax	-352	-4 647	2 667	-1 305	-821
Tax expense	-1 065	707	-3 594	-994	-1 548
Net profit/loss	-1 417	-3 940	-927	-2 299	-2 370
Of which non-controlling interest	-323	-193	-153	-720	-598
Of which majority interest	-1 094	-3 747	-774	-1 579	-1 772
OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that recycle over profit/loss:					
Changes in fair value of financial instruments	565	-929	1 345	-822	-937
Income tax related to changes in fair value of financial instruments	-140	242	-331	161	142
Items recorded in other comprehensive income in equity accounted investments	47	-186	225	-20	204
Currency translation effects	-3 313	5 101	-6 937	4 216	6 138
Reclassification currency translation effects related to foreign operations disposed of in the year	-	772	6	772	772
Items in other comprehensive income that will not recycle over profit/loss:					
Estimate deviation pensions	15	-274	-305	491	758
Income tax related to estimate deviation pensions	-4	88	100	-177	-314
Other comprehensive income	-2 830	4 813	-5 898	4 620	6 761
Comprehensive income	-4 247	873	-6 825	2 321	4 392
Of which non-controlling interest	-436	-231	-140	-576	-133
Of which majority interest	-3 811	1 105	-6 684	2 897	4 525

NOK million	30.09.2016	30.09.2015	31.12.2015
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	4 721	6 227	5 822
Property, plant and equipment	101 694	109 422	111 207
Equity accounted investments	18 442	18 350	19 388
Other non-current financial assets	8 544	7 472	7 874
Derivatives	3 672	5 077	4 675
Non-current assets	137 074	146 549	148 966
Inventories	1 787	2 387	1 044
Receivables	8 945	9 424	10 675
Short-term financial investments	566	618	513
Derivatives	6 761	5 350	6 651
Cash and cash equivalents (included restricted cash)	8 677	7 552	9 056
Current assets	26 736	25 331	27 940
Assets	163 811	171 879	176 905
EQUITY AND LIABILITIES			
Paid-in capital	57 111	56 361	57 111
Retained earnings	14 518	21 167	22 787
Non-controlling interest	7 372	7 897	8 443
Equity	79 001	85 426	88 340
Provisions	18 886	19 691	21 228
Long-term interest-bearing liabilities	32 043	41 736	37 410
Derivatives	2 669	3 534	3 736
Long-term liabilities	53 599	64 961	62 374
Short-term interest-bearing liabilities	12 349	3 813	7 196
Taxes payable	3 421	1 858	2 825
Other interest-free liabilities	11 105	9 968	10 781
Derivatives	4 336	5 855	5 388
Current liabilities	31 211	21 493	26 190
Equity and liabilities	163 811	171 879	176 905

NOK million	Paid-in capital	Other reserves	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
STATEMENT OF CHANGES IN EQUITY								
Balance as of 01.01.2015	56 361	-2 421	21 641	4 654	23 876	80 235	7 823	88 059
Net profit/loss	-	-	-1 579	-	-1 579	-1 579	-720	-2 299
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-798	-	-	-798	-798	-24	-822
Income tax related to changes in fair value of financial instruments	-	175	-	-	175	175	-14	161
Items recorded in other comprehensive income in equity accounted investments	-	-20	-	-	-20	-20	-	-19
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	772	772	772	-	772
Currency translation effects	-	-	-	4 038	4 038	4 038	178	4 216
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	486	-	486	486	6	491
Income tax related to estimate deviation pensions	-	-	-175	-	-175	-175	-2	-177
Total comprehensive income for the period	-	-643	-1 269	4 809	2 897	2 897	-576	2 321
Dividend and Group contribution paid	-	-	-5 600	-	-5 600	-5 600	-234	-5 834
Business combinations/divestments	-	-	-	-	-	-	739	739
Transactions with non-controlling interests	-	-	-5	-	-5	-5	-9	-14
Capital increase	-	-	-	-	-	-	156	156
Balance as of 30.09.2015	56 361	-3 064	14 768	9 463	21 167	77 528	7 897	85 426
Balance as of 01.01.2015	56 361	-2 421	21 641	4 654	23 876	80 235	7 823	88 059
Net profit/loss	-	-	-1 772	-	-1 772	-1 772	-598	-2 369
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-925	-	-	-925	-925	-12	-937
Income tax related to changes in fair value of financial instruments	-	149	-	-	149	149	-7	142
Items recorded in other comprehensive income in equity accounted investments	-	204	-	-	204	204	-	204
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	772	772	772	-	772
Currency translation effects	-	-	-	5 732	5 732	5 732	406	6 138
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	637	-	637	637	120	758
Income tax related to estimate deviation pensions	-	-	-273	-	-273	-273	-42	-314
Total comprehensive income for the period	-	-572	-1 407	6 504	4 525	4 525	-133	4 391
Dividend and Group contribution paid	-	-	-5 600	-	-5 600	-5 600	-307	-5 907
Business combinations/divestments	-	-	-	-	-	-	318	318
Transactions with non-controlling interests	-	-	-12	-	-12	-12	-14	-26
Capital increase	750	-	-	-	-	750	756	1 506
Balance as of 31.12.2015	57 111	-2 993	14 622	11 158	22 787	79 898	8 443	88 340
Net profit/loss	-	-	-774	-	-774	-774	-153	-927
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	1 318	-	-	1 318	1 318	27	1 345
Income tax related to changes in fair value of financial instruments	-	-323	-	-	-323	-323	-8	-331
Items recorded in other comprehensive income in equity accounted investments	-	225	-	-	225	225	-	225
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	6	6	6	-	6
Currency translation effects	-	-	-	-6 931	-6 931	-6 931	-6	-6 937
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	-305	-	-305	-305	-	-305
Income tax related to estimate deviation pensions	-	-	100	-	100	100	-	100
Total comprehensive income for the period	-	1 220	-979	-6 926	-6 684	-6 684	-140	-6 825
Dividend and Group contribution	-	-	-1 604	-	-1 604	-1 604	-106	-1 710
Reclassification of loan to non-controlling interests ¹⁾	-	-	-	-	-	-	-825	-825
Capital increase in joint ventures from other shareholders	-	-	20	-	20	20	-	20
Balance as of 30.09.2016	57 111	-1 772	12 059	4 232	14 518	71 630	7 372	79 001

¹⁾ Statkraft has reassessed its arrangements with one non-controlling shareholder and has reclassified a receivable towards such shareholder of NOK 825 million from 'non-current assets to a reduction of non-controlling interests in equity.

NOK million	Third quarter 2016	2015	Year to date 2016	2015	The year 2015
STATEMENT OF CASH FLOW					
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax	-352	-4 647	2 667	-1 305	-821
Profit/loss on disposal of non-current assets	1	-5	-17	1	43
Depreciation, amortisation and impairments	3 298	755	7 331	4 114	6 401
Profit/loss from the sale of business	-	-	-	-	-221
Profit/loss from the sale of shares and equity accounted investments	-3	471	-4	471	471
Share of profit/loss in equity accounted investments	146	-158	-106	-300	-683
Realised currency effect from internal loans ¹⁾	-85	1 218	-1 316	2 049	2 635
Unrealised changes in value	-98	2 594	-896	819	-1 308
Changes in long term items	-185	-213	-224	-138	410
Changes in short term items ¹⁾	393	1 093	-734	910	4 241
Dividend from equity accounted investments	-	25	544	552	534
Taxes	-96	-147	-2 491	-3 131	-3 062
Cash flow from operating activities	A	3 020	986	4 042	8 639
CASH FLOW FROM INVESTING ACTIVITIES					
Investments in property, plant and equipment ²⁾	-1 091	-2 217	-4 288	-5 841	-8 720
Proceeds from sale of non-current assets	-	6	7	136	152
Reclassification of joint arrangement ³⁾	-	-	-404	-	-
Business divestments net liquidity inflow to the Group	-	380	25	380	1 691
Business combinations and asset purchase, net liquidity outflow from the Group ⁴⁾	-	-911	-59	-2 848	-2 889
Loans to third parties	-613	-2	-1 354	-3	-407
Repayment of loans from third parties	81	76	455	307	628
Considerations regarding investments in other companies ⁴⁾	-42	-66	-100	-264	-289
Cash flow from investing activities	B	-1 664	-2 734	-5 716	-9 834
CASH FLOW FROM FINANCING ACTIVITIES					
New debt	93	5825	3 019	13 420	14 409
Repayment of debt	-31	-1654	-2 166	-9 519	-11 864
Dividend and group contribution paid	-	-4839	-106	-5 073	-5 157
Share issue in subsidiary to non-controlling interests	-	-	-	15	9
Cash flow from financing activities	C	62	-668	-1 157	-2 603
Net change in cash and cash equivalents	A+B+C	1 417	-2 416	-215	-3 798
Currency exchange rate effects on cash and cash equivalents	-101	120	-164	135	190
Cash and cash equivalents 01.07/01.01	7 360	9 847	9 056	12 663	12 663
Cash and cash equivalents 30.09/31.12 ⁵⁾	8 677	7 552	8 677	7 552	9 056
Unused committed credit lines	-	-	11 000	14 000	13 000
Unused overdraft facilities	-	-	2 215	2 200	2 200
Restricted cash	-	-	-	-	-

¹⁾ Realised currency effects from internal loans are shown on a separate line. In third quarter 2015, the effects were shown as part of changes in short term items and the comparable figures are restated. In the second quarter report for 2016, there was an error in the split between the two lines for the comparable 2015 figures. This error had no impact on cash flow from operating activities.

²⁾ Investments in property, plant and equipment in the cash flow year to date are NOK 129 million lower than investments shown in the segment reporting due to acquisition of assets not paid as of third quarter 2016.

³⁾ Net cash deconsolidated from the Group due to reclassification of Dudgeon. See note 12 for further information.

⁴⁾ Investments in shareholdings in the cash flow year to date are NOK 54 million lower than investments shown in the segment reporting. This is mainly due to investments by Statkraft Forsikring not presented as investments in the segment reporting.

⁵⁾ Included in cash and cash equivalents are NOK 80 million related to joint operations as of third quarter 2016.

NOK million	Statkraft AS Group ¹⁾	European flexible generation	Market operations	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
3rd quarter 2016									
Operating revenue external, underlying	9 815	3 162	6 171	594	14	100	1 151	-1	-1 376
Operating revenue internal, underlying	-	69	-10	52	117	-	8	197	-433
Share of profit/loss from associates and joint ventures	-146	-	-	-228	-60	-	144	-2	-
Gross operating revenues, underlying	9 669	3 231	6 161	418	71	100	1 303	194	-1 809
Net operating revenues, underlying	3 360	2 912	285	316	60	72	673	194	-1 152
Operating profit/loss, underlying	-2 198	1 287	46	-134	-151	-40	175	-104	-3 277
Unrealised value change energy derivatives	-	-544	-275	-	-	-	-119	23	915
Adjusted significant items	-	-573	-	-1 209	-585	-18	-	-	2 385
Operating profit/loss	-2 198	170	-230	-1 342	-735	-58	56	-81	22
Year to date 2016									
Operating revenue external, underlying	33 650	11 043	18 046	1 821	59	512	4 814	72	-2 717
Operating revenue internal, underlying	-	181	-89	84	416	1	40	606	-1 239
Share of profit/loss in equity accounted investments	106	-	-1	-175	-57	-	347	-8	-
Gross operating revenues, underlying	33 756	11 224	17 956	1 730	418	513	5 201	670	-3 956
Net operating revenues, underlying	13 107	10 096	690	1 494	388	362	2 565	670	-3 158
Operating profit/loss, underlying	-768	5 422	11	255	-352	32	1 069	-233	-6 972
Unrealised value change energy derivatives	-	-1 235	-986	-	-	-	-145	40	2 326
Adjusted significant items	-	-2 802	-	-1 209	-585	-18	-	-	4 614
Operating profit/loss	-768	1 385	-976	-954	-937	14	923	-193	-30
Balance sheet 30.09.2016									
Equity accounted investments	18 442	-	10	5 282	3 363	-	9 751	32	4
Other assets	145 369	57 419	151	26 407	8 742	3 503	15 269	23 292	10 586
Total assets	163 811	57 419	161	31 689	12 105	3 503	25 020	23 324	10 590
Depreciations, amortisation and impairments	-7 331	-4 111	-11	-1 717	-890	-147	-402	-52	-2
Maintenance investments and other investments	1 424	973	3	124	7	11	266	41	-2
Investments in new generating capacity	2 993	442	-	917	1 332	95	207	1	-1
Investments in other companies	105	-	4	30	32	-	-	38	1
3rd quarter 2015									
Operating revenue external, underlying	12 770	2 439	6 577	521	28	83	912	20	2 190
Operating revenue internal, underlying	-	3	274	38	80	-	5	127	-527
Share of profit/loss from associates and joint ventures	158	-	1	84	-2	1	76	-2	-
Gross operating revenues, underlying	12 928	2 442	6 852	643	106	84	993	145	1 663
Net operating revenues, underlying	4 724	2 107	151	566	96	59	623	142	980
Operating profit/loss, underlying	1 705	649	-66	230	-122	-52	91	-235	1 210
Unrealised value change energy derivatives	-	1 157	-160	-	-	-	102	41	-1 140
Adjusted significant items	-	-	-	-	70	-	-	-	-70
Operating profit/loss	1 705	1 805	-226	230	-52	-52	193	-194	1
Year to date 2015									
Operating revenue external, underlying	37 258	9 533	18 361	1 142	-62	431	4 339	60	3 454
Operating revenue internal, underlying	-	29	1 571	56	522	4	35	396	-2 613
Share of profit/loss in equity accounted investments	300	-	1	-278	42	2	538	-5	-
Gross operating revenues, underlying	37 558	9 562	19 933	920	502	437	4 912	451	841
Net operating revenues, underlying	14 548	8 277	1 629	782	476	319	2 711	444	-90
Operating profit/loss, underlying	3 998	4 006	879	59	-207	11	1 131	-610	-1 271
Unrealised value change energy derivatives	-	527	-470	-	-	-	284	116	-457
Adjusted significant items	-	-	-	-	-1 750	-	-	-	1 750
Operating profit/loss	3 998	4 532	410	59	-1 957	11	1 415	-494	22
Balance sheet 30.09.2015									
Equity accounted investments	18 350	-	7	5 699	3 574	9	9 035	22	4
Other assets	153 529	61 865	40	27 186	8 202	3 498	14 996	26 689	11 052
Total assets	171 879	61 865	47	32 885	11 776	3 507	24 031	26 711	11 056
Depreciations, amortisation and impairments	-4 114	-1 292	-32	-198	-1 997	-123	-385	-89	2
Maintenance investments and other investments	1 412	1 015	-	49	-	7	289	52	-
Investments in new generating capacity	4 988	528	-	1 806	2 200	207	167	80	-
Investments in other companies	3 731	2	-	3 384	99	-	-	246	-

¹⁾ The Statkraft AS Group figures are booked amounts.

NOK million	Statkraft AS Group ¹⁾	European flexible generation	Market operations	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
The year 2015									
Operating revenue external, underlying	53 094	13 002	26 589	1 738	-8	626	6 093	167	4 886
Operating revenue internal, underlying	-	362	1 935	57	708	9	47	561	-3 679
Share of profit/loss in equity accounted investments	683	-	-	-196	55	1	835	-12	-
Gross operating revenues, underlying	53 777	13 364	28 524	1 600	755	636	6 975	716	1 207
Net operating revenues, underlying	20 773	11 636	2 052	1 378	712	465	3 820	707	4
Operating profit/loss, underlying	4 497	5 664	1 024	181	-257	50	1 627	-801	-2 991
Unrealised value change energy derivatives	-	557	-471	-	-	-	359	138	-583
Adjusted significant items	-	-	-	-2 086	-1 750	-	-	226	3 610
Operating profit/loss	4 497	6 221	553	-1 905	-2 008	50	1 986	-437	36
Balance sheet 31.12.2015									
Equity accounted investments	19 388	-	13	6 094	3 649	8	9 604	16	4
Other assets	157 517	62 390	246	28 215	10 087	3 620	15 197	28 088	9 674
Total assets	176 905	62 390	259	34 309	13 736	3 628	24 801	28 104	9 678
Depreciations, amortisation and impairments	-6 401	-1 763	-38	-1 688	-2 083	-163	-544	-122	-
Maintenance investments and other investments*	1 969	1 413	-	104	-30	10	404	68	-
Investments in new generating capacity	7 797	741	-	3 048	3 335	272	281	120	-
Investments in other companies	3 790	-	25	3 399	101	18	-	247	-

¹⁾ The Statkraft AS Group figures are booked amounts.

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the third quarter of 2016, closed on 30 September 2016, have been prepared in accordance with the accounting principles in International Financial Reporting Standards (IFRS) and consist of Statkraft AS and its subsidiaries and associates. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual financial statements for 2015. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

Presentation of share of profit or loss from equity accounted investments with operations closely related to Statkraft's operations is from first quarter 2016 presented as a separate line item under gross operating revenues and part of operating profit/loss. Earlier, profit or loss from equity accounted investments was presented on a separate line between operating profit/loss and net financial items.

Presentation of the disclosures of sales revenue and energy purchase is changed from first quarter 2016 with the purpose to better present the Group's main revenue streams.

The comparable figures are restated.

2. PRESENTATION OF FINANCIAL STATEMENTS

The presentation in the interim report has been prepared in accordance with the requirements in IAS 34. The schedules comply with the requirements in IAS 1.

3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting principles to the preparation of the interim financial statements, the management has exercised its judgment and employed estimates and assumptions that affect the figures included in the income statement and balance sheet.

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual financial statements for 2015.

In preparing the consolidated financial statements for the third quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's income statement and balance sheet, as discussed in the annual financial statements for 2015.

4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

In 2016 Statkraft has changed the segment structure. The two former segments Nordic hydropower and Continental energy and trading are replaced by European flexible generation and Market operations. The reason for changing the segments is to make sure that the reporting structure is aligned with the strategic focus areas and the key priorities within the Group. The developed strategy has led to a clearer distinguishment between power generating assets and market operations.

See page 10 for more information.

5. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

The table below shows the lines in the financial statements where the unrealised effects appear.

NOK million	Third quarter 2016			Year to date 2016		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Generation	-348	3 761	3 414	-737	13 318	12 580
Sales and trading	-1 244	1 521	277	-408	2 522	2 114
Customers	-148	5 666	5 518	-597	17 448	16 850
Other	-	387	387	-	1 376	1 376
Total sales revenues	-1 739	11 335	9 596	-1 742	34 662	32 920
Generation	-	-88	-88	-	-273	-273
Sales and trading	487	-810	-324	341	-2 266	-1 925
Customers	4	-5 509	-5 505	29	-17 147	-17 118
Other	-	-114	-114	-	-382	-382
Total energy purchase	490	-6 521	-6 031	370	-20 068	-19 698
Net currency effects	508	783	1 291	1 491	2 034	3 525
Other financial items	840	21	861	777	15	793
Total unrealised effects	99			896		

NOK million	Third quarter 2015			Year to date 2015			The year 2015		
	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L									
Generation	886	2 843	3 729	339	11 122	11 461	790	15 391	16 181
Sales and trading	68	1 994	2 062	427	4 360	4 787	922	4 488	5 410
Customers	90	6 244	6 333	-23	18 948	18 925	316	28 009	28 326
Other	0	311	311	0	1 231	1 231	0	1 670	1 670
Total sales revenues	1 043	11 392	12 435	743	35 660	36 403	2 028	49 558	51 586
Generation	7	-160	-152	22	-550	-529	86	-750	-665
Sales and trading	-780	-959	-1 739	-1 298	-2 853	-4 151	-1 754	-3 683	-5 437
Customers	-17	-5 967	-5 984	-15	-17 207	-17 221	-12	-25 335	-25 347
Other	0	-71	-71	0	-306	-306	0	-443	-443
Total energy purchase	-789	-7 158	-7 947	-1 291	-20 916	-22 207	-1 681	-30 212	-31 892
Net currency effects	-2 478	-2 725	-5 203	-54	-3 697	-3 751	1 171	-4 616	-3 445
Other financial items	-370	-3	-372	-218	-21	-239	-210	-22	-232
Total unrealised effects	-2 594			-819			1 308		

6. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the third quarter amounted to NOK -23 million, of which NOK - 108 million was unrealised and NOK 85 million was realised. The negative effects are mainly due to EUR strengthening against GBP and NOK strengthening against USD. Strengthening of NOK against EUR reduced the negative effects.

7. HEDGE ACCOUNTING

Statkraft has used hedge accounting in 2016 that has reduced the volatility in the income statement. A major share of the debt in EUR has been hedged against market rate changes.

Statkraft has set up hedge accounting of parts of the net investments in Statkraft Treasury Centre SA in EUR, as well as parts of the net investments in Statkraft UK Ltd in GBP. The effect of this is that a year to date gain of NOK 1196 million in 2016 is recognised in other comprehensive income instead of in the income statement.

8. BRAZIL

On 13 July 2015, Statkraft acquired a controlling interest in the Brazilian company Desenvix Energias Renováveis S.A. which subsequently changed name to Statkraft Energias Renováveis (SKER). Over the past years, Brazil has experienced several severe corruption cases. On this background, Statkraft initiated an internal investigation related to the subsidiary acquired in 2015. Based on the investigation the company has contacted Brazilian authorities. It is at this stage not possible to predict if the outcome could have potential negative financial effects.

The Brazilian Federal Prosecutor is currently investigating potential crimes committed by representatives of the four main pension funds in Brazil and representatives of companies in which the pension funds invested, as well as any other individual who may have been involved in the alleged scheme, related to historical investments made by the pension funds. FUNCEF,

which invested in Desenvix (now SKER) in 2009 and 2010, and now owns 18.7% of SKER, is one of these pension funds. Additionally, a civil lawsuit has been filed against the pension funds and companies and individuals related to the pension fund's investments, including SKER. It is at this stage not possible to predict if the outcome of the cases could have potential negative effects on SKER.

9. NOTICE OF REASSESSMENT RELATED TO PREVIOUS YEARS TAX

On 16 December 2015 Statkraft AS received a notice of reassessment from Norwegian tax authorities regarding its income tax returns for fiscal years 2008 - 2014 relating to its investment in the subsidiary Statkraft Treasury Centre SA in Belgium.

The notice is of a preliminary nature with a number of reservations and it is therefore not possible to quantify any potential exposure. Statkraft disagrees that there is a legal basis for any reassessments and has made no provision for potential tax liabilities.

10. TAXABLE OWNERSHIP OF SØNNÅ HØY HYDROPOWER PLANT

On 25 August 2016 AS Saudefaldene, an external company for Statkraft, won against the Norwegian Tax authorities in the Gulating Court of Appeal. AS Saudefaldene was found not to have the taxable ownership of the Sønnå Høy hydropower plant. This conclusion would imply that Statkraft is the owner of the power plant for tax purposes. The verdict is not final.

Statkraft disagrees with the conclusion which can lead to additional property tax, income tax and resource rent tax for the Group. Statkraft has estimated and expensed NOK 107 million in the third quarter 2016 related to historic property tax, income tax and resource rent tax.

11. TRANSACTIONS

On 21 June 2016 Statkraft sold its 30% holding in the associate Nividhu Pvt. Ltd. in Sri Lanka. There were no material effects on the financial statements related to the transaction.

12. RECLASSIFICATION OF JOINT ARRANGEMENTS

Dudgeon Offshore Wind Ltd. (Dudgeon) was until May 2016 classified as a joint operation and accounted for in accordance with the proportionate consolidation method. A restructuring of the company's debt was finalised in May 2016. Subsequent to the restructuring, external project financing provide 52.5% of the funding for the entity and the shareholders provide the remaining 47.5%. Statkraft has provided a sponsor loan with a share similar to its ownership of 30%. The criteria for accounting the investment as a joint operation according to IFRS 11 are not met and as per second quarter Statkraft's investment in Dudgeon is presented according to the equity method in the Group's financial statements.

Fixed and intangible assets amounting to NOK 2734 million, liabilities of NOK 820 million as well as cash and cash equivalents of NOK 404 million are deconsolidated in the Groups financial statement in the second quarter. As per 30 June 2016 the net investment in Dudgeon and the sponsor loan were recognised in the balance sheet and the carrying amount was NOK 695 million and NOK 2144 million respectively.

The change in classification of Dudgeon does not represent a change of control and no gain or loss has been recognised in the income statement.

Alternative Performance Measures

As defined in ESMA's guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Statkraft uses the following APMs:

EBITDA is defined as operating profit before depreciation, amortisation and impairment.

Underlying line items are performance measures that are adjusted for significant items and unrealised value of energy contracts. Unrealised energy contracts within trading and origination activities are not adjusted, as the market portfolios are followed up on market values.

Adjusted significant items are items that are material and can be described as revenues/gains and/or expenses/losses that are not expected to occur on a regular basis. The effects are adjusted in order to have comparable figures in the financial analysis for periodic performance.

Relevant significant items in the period:

- **Impairment** is excluded from underlying operating profit since they affect the economics of an asset for the lifetime of that asset; not only the period in which it is impaired or the impairment is reversed.
- **Gain from sales of assets** is eliminated from the measure since the gain does not give an indication of future performance or periodic performance; such a gain is related to the cumulative value creation from the time the asset is acquired until it is sold.

Equity accounted investments are not adjusted for unrealised value of energy contracts and significant items.

Capital employed and **Net interest bearing debt** are defined in the table below:

NOK million	30.09.2016	30.09.2015	31.12.2015
ALTERNATIVE PERFORMANCE MEASURES			
CAPITAL EMPLOYED			
Intangible assets	4 721	6 227	5 822
Property, plant and equipment	101 694	109 422	111 207
Inventories	1 787	2 387	1 044
Receivables	8 945	9 424	10 675
- Receivables related to cash collateral	-2 309	-2 324	-2 477
- Short-term loans to equity accounted investments	-342	-112	-335
Provisions	-18 886	-19 691	-21 228
Taxes payable	-3 421	-1 858	-2 825
Other interest-free liabilities	-11 105	-9 968	-10 781
- Group contribution allocated, not paid	1 628	786	2
Capital employed	82 712	94 295	91 104
Average capital employed ¹⁾	90 189	84 348	87 112
NET INTEREST BEARING DEBT			
Long-term interest bearing liabilities	32 043	41 736	37 410
Short-term interest bearing liabilities	12 349	3 813	7 196
Cash and cash equivalents (including restricted cash)	-8 677	-7 552	-9 056
Short-term financial investments	-566	-618	-513
Net interest bearing debt	35 149	37 379	35 036

¹⁾ Average capital employed is based on the average for the last four quarters.



Interim Report
Q3/2016
Statkraft AS

Statkraft AS
PO Box 200 Lilleaker
NO-0216 Oslo
Tel: +47 24 06 70 00
Fax: +47 24 06 70 01
Visiting address:
Lilleakerveien 6

Organisation no:
Statkraft AS: 987 059 699

www.statkraft.com