

FINANCIAL RESULTS

Q4 2014

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CFO HALLVARD GRANHEIM

5 February 2015



Highlights from Q4

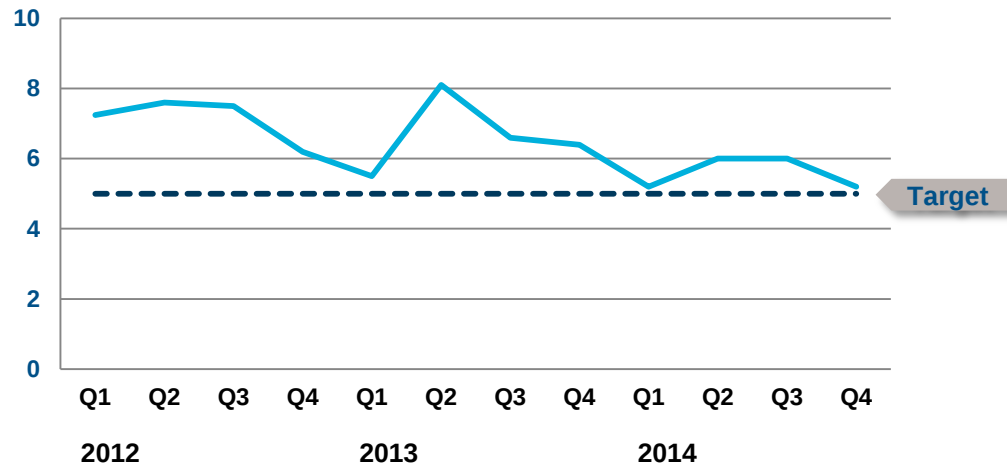
- ▶ Solid operational result and large currency effects
 - Underlying EBITDA of NOK 3486 million
 - Lower Nordic prices and production partly offset by contribution from market activities
 - Negative currency effects under financial items, but these are fully offset by positive translation effects in equity
 - Net profit at NOK -3097 million
- ▶ Increased investment capacity through new equity
 - Total equity strengthened with NOK 11,5 billion
- ▶ New capacity and transactions
 - 243 MW wind and 23 MW district heating
 - Ownership share in Scira Offshore Energy Ltd. reduced from 50% to 40% in order to facilitate future investments



Health, safety and environment

Total Recordable Injuries rate¹

TRI-rate

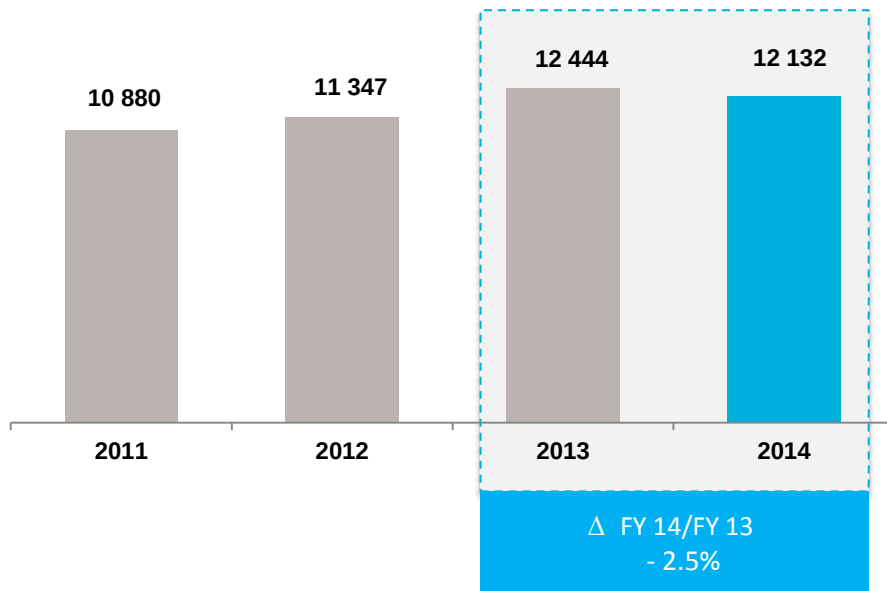


- ▶ Health and safety
 - Fatal accident in Panama
 - Top management priority to improve health and safety culture
 - Sick leave ytd 2.8% well within target
- ▶ Environment
 - No serious environmental incidents

¹TRI rate: Number of injuries per million hours worked

Solid underlying EBITDA development

NOK million



- ▶ 2014 at the level as 2013
- ▶ Strong result from market operations partly offsetting price reduction
- ▶ Increase in long-term contracts
- ▶ Underlying operating expenses relatively stable

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

Projects and investments in 2014



EUROPEAN FLEXIBLE GENERATION

- Completed two hydropower plants in Norway
- Asset swap Leirdøla/Svelgen
- Divested shares in Finnish power plants



MARKET OPERATIONS

- Successful market activities in Brazil
- Commercial operation of 10 000 MW renewable energy in Germany + UK
- Developing new business models



HYDROPOWER IN EMERGING MARKETS

- Successful restructuring of International Hydropower operations
- New project and construction unit established

Projects and investments in 2014



WIND POWER

- Four new wind farms in operation (+243 MW)
- JV Fosen Vind established in Norway
- Divested shares in UK onshore and offshore wind
- Investment decision in Dudgeon offshore wind park
- Operatorship for Sheringham Shoal offshore wind farm



DISTRICT HEATING

- Completed Sandefjord district heating plant in Norway (+23MW)

Outlook

- ▶ Steady operating earnings
 - Nordic forward prices are at a moderate level
 - Long-term contract portfolio stabilizes earnings
 - Large hydro reservoir capacity gives high production flexibility
 - Positive impact from new production capacity
- ▶ Investments
 - Norwegian hydropower
 - International hydropower
 - Wind power - Nordics, UK
 - Market activities



FINANCIAL RESULTS

CFO HALLVARD GRANHEIM



Solid underlying results

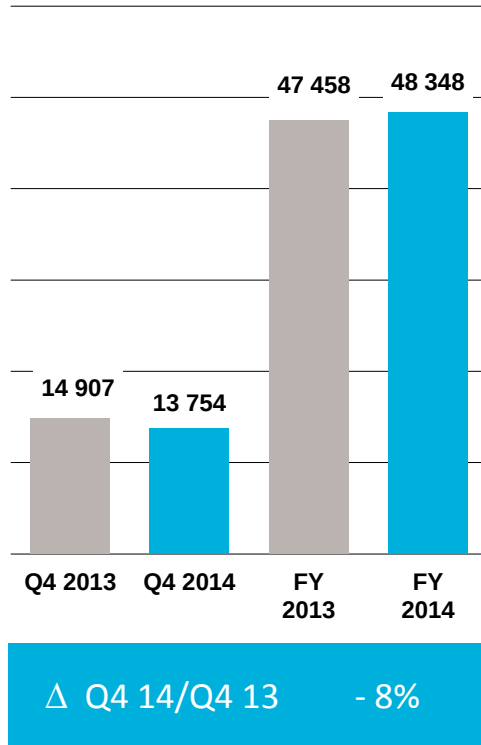
NOK million	Q4 2014	Q4 2013	FY 2014	FY 2013
Gross revenues ¹	13 754	14 907	48 348	47 458
EBITDA ¹	3 486	3 843	12 132	12 444
Net profit/loss	-3 097	2 354	3 892	208

- ▶ Nordic prices down 14% measured in EUR/MWh and production down 0.9 TWh Q-Q
- ▶ Positive effect from gain on sale of shares in Scira Offshore Energy Ltd.
- ▶ Financial items affected negatively by currency effects due to weakened NOK against EUR
 - The currency effects were mostly unrealized and had no cash flow effect. They are also counterbalanced by positive translation effects in equity

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

Gross operating revenues reduced

NOK million

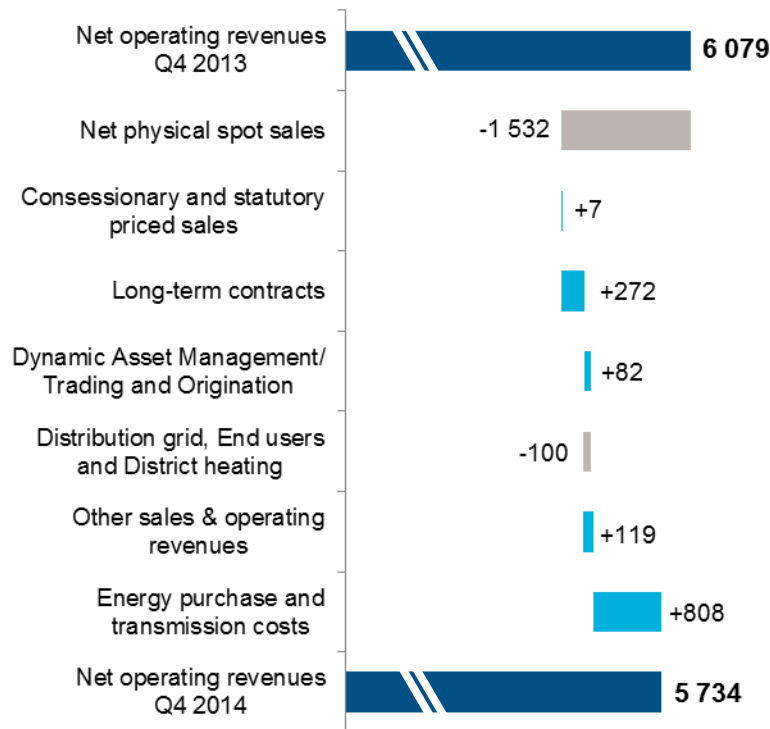


- ▶ Underlying gross operating revenues¹ in Q4 influenced by
 - Lower power prices and production
 - ▶ Average Nordic system price 30.7 EUR/MWh (- 14%)
 - ▶ Total power generation 15.4 TWh (- 6%)
 - Strong contribution from market activities

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

Net operating revenues

NOK million

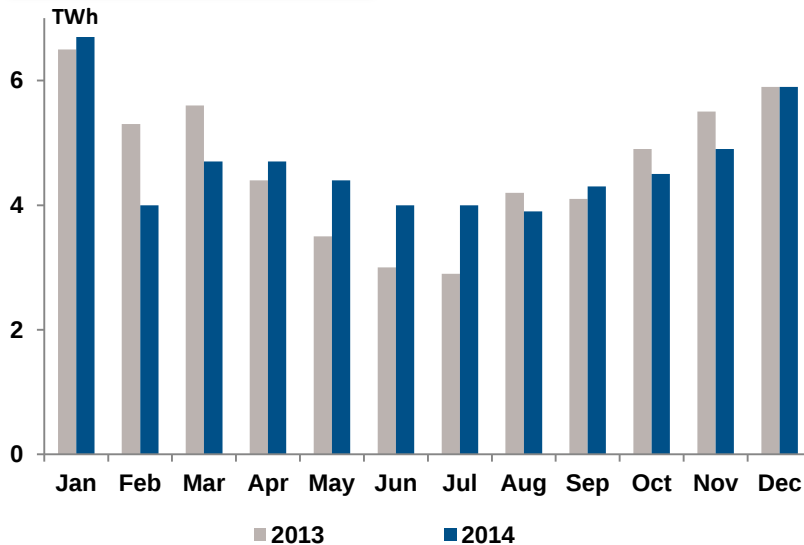


- ▶ Net operating revenues¹ reduced by NOK 345 million (- 6.0%)
 - Physical spot sales down due to lower price and production
 - Long-term contracts increased due to activities in Brazil
 - Dynamic asset management and trading and origination increased following positive market activities
 - End-user sales down due to reduced prices, but more than compensated by reduced energy purchase

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

Statkraft production

Monthly power generation



Change from 2013:

Q4 production 15.4 TWh - 6%

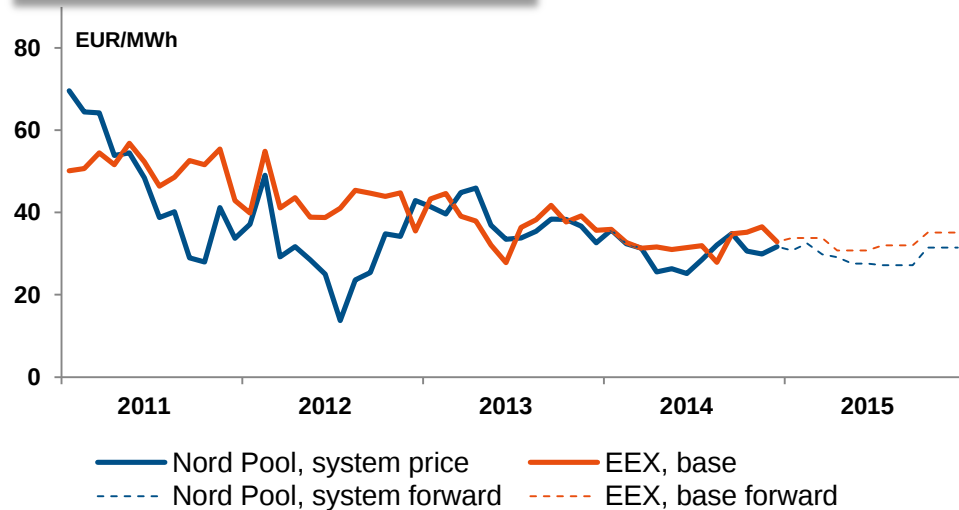
- ▶ Hydropower production - 5%
- ▶ Wind power production + 9%
- ▶ Gas-fired power production - 49%

FY production 56.0 TWh ~ 0%

- ▶ Hydropower production ~ 0%
- ▶ Wind power production + 22%
- ▶ Gas-fired power production - 50%

Price development in Q4

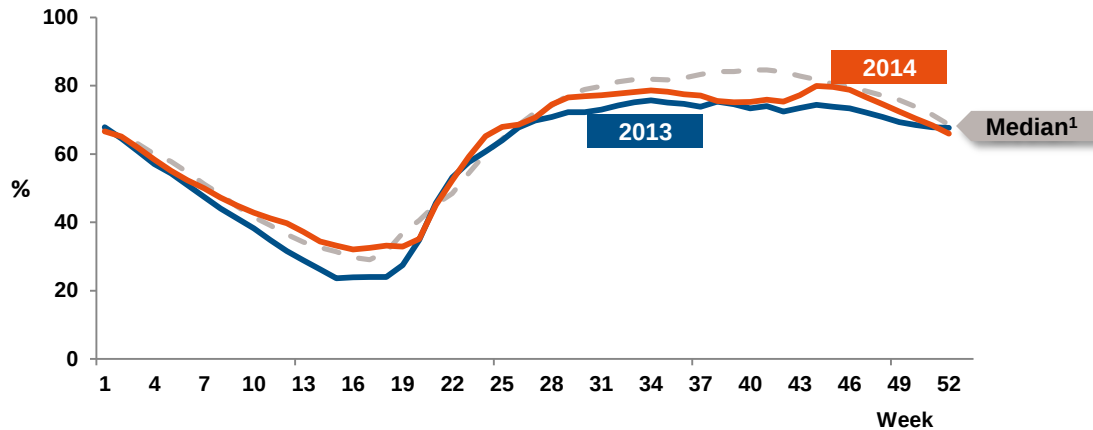
Electricity, average monthly price



- ▶ Q4 Nordic power prices lower than in 2013 due to higher temperatures and higher reservoirs
 - System price: 30.7 EUR/MWh - 14%
- ▶ Falling fuel prices and increased renewables capacity drive prices down in Germany
 - Spot price (base): 34.9 EUR/MWh - 7%
- ▶ Forward prices somewhat down in the Nordic region and in Germany

Nordic reservoir levels

Nordic reservoir water levels

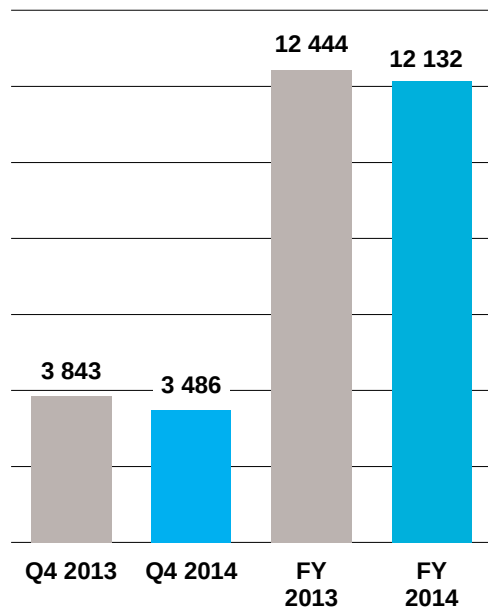


- ▶ Inflow above normal through the quarter
- ▶ At the end of December Nordic reservoirs were 80.2 TWh corresponding to 96% of median
- ▶ Reservoirs filled to 66% of maximum capacity of 121.4 TWh

¹ Median 1990-2012

NOK 3.5 billion in underlying EBITDA

NOK million



Δ Q4 14/Q4 13 - 9%

- ▶ Underlying EBITDA¹ decreased by NOK 357 million in Q4 but is still at a satisfactory level
- ▶ Reduction due to lower price and production
- ▶ Strong result from market operations
- ▶ Increase in long-term contracts
- ▶ Quarterly operating costs unchanged

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

Weakened NOK against EUR

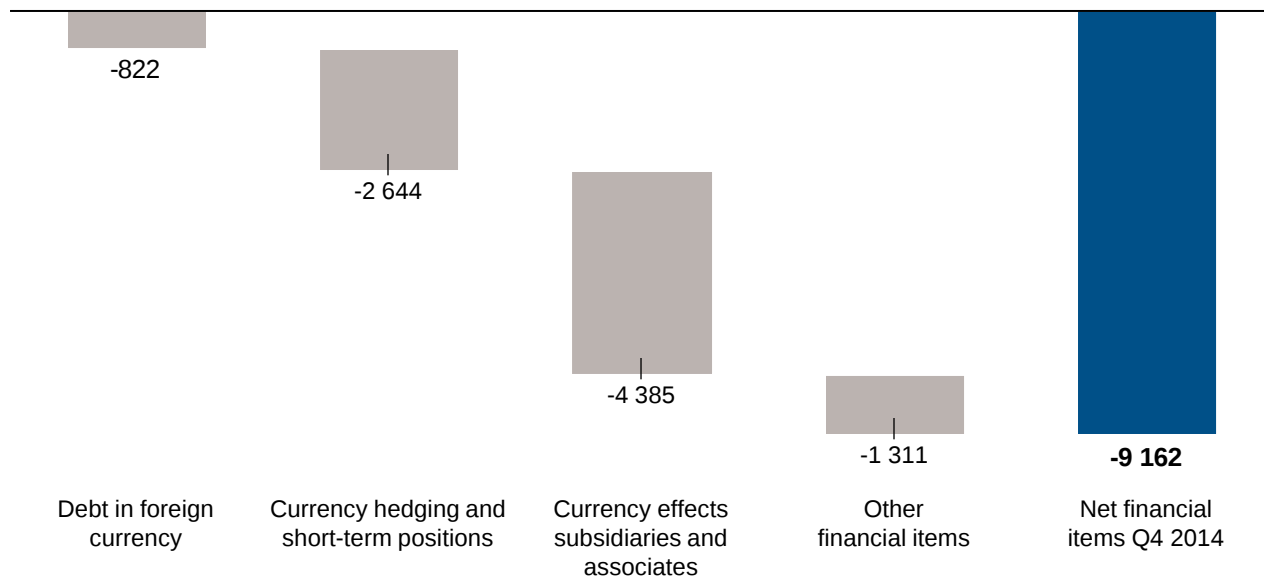
Exchange rate EUR/NOK



Q4 currency effects of NOK -7 852 million

Breakdown Net financial items Q4 2014

NOK million



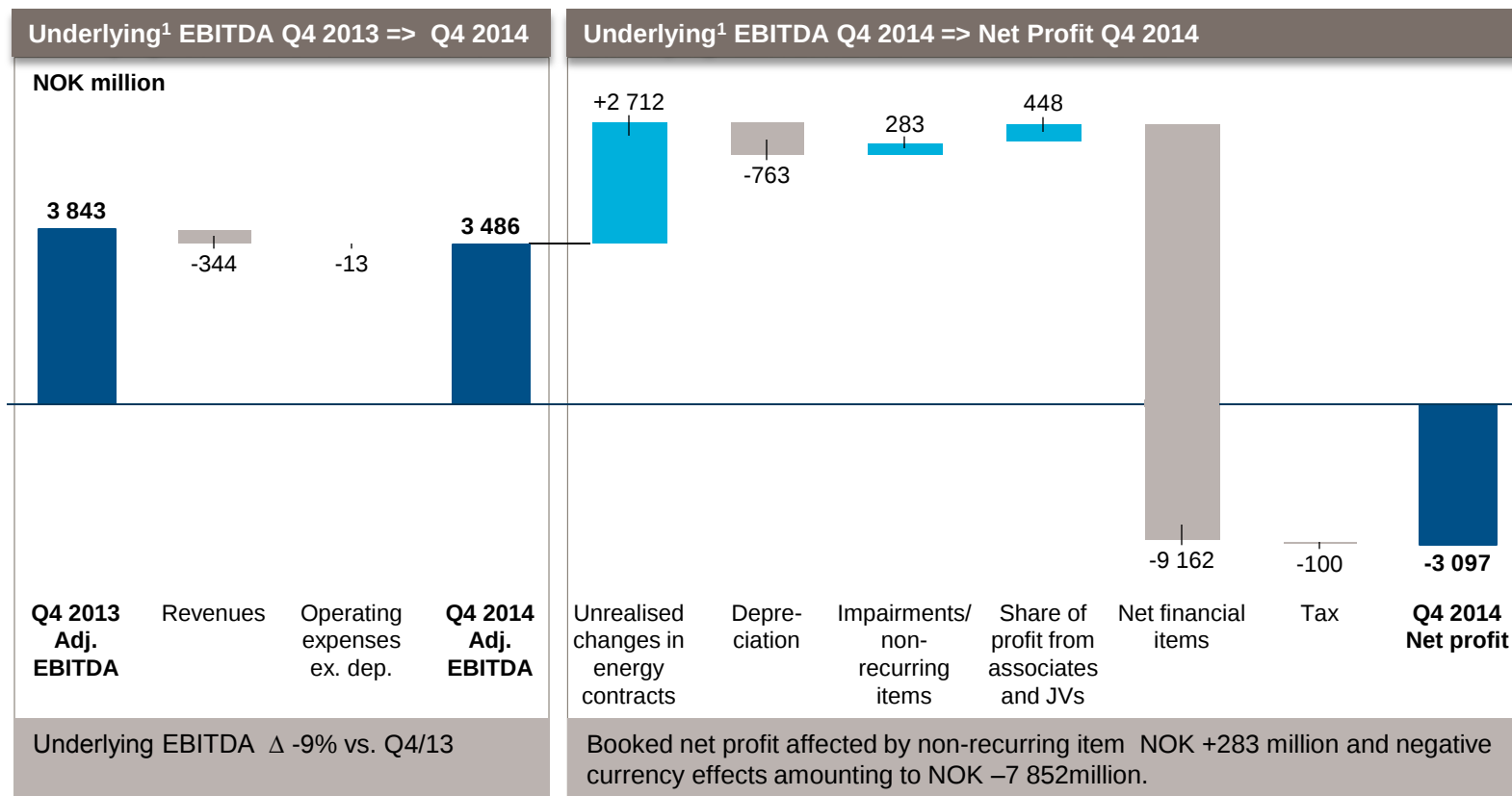
Of currency effects NOK -8 024 million is unrealised and NOK +172 million realised.

Net profit influenced by currency and non-recurring items

NOK million	Q4 2014	Q4 2013	FY 2014	FY 2013
Net profit/loss	-3 097	2 354	3 892	208

- ▶ Weakening of NOK against EUR gave large negative currency effects under financial items
- ▶ Non-recurring item of NOK +283 million due to gain on sale of stake in a offshore windfarm in UK

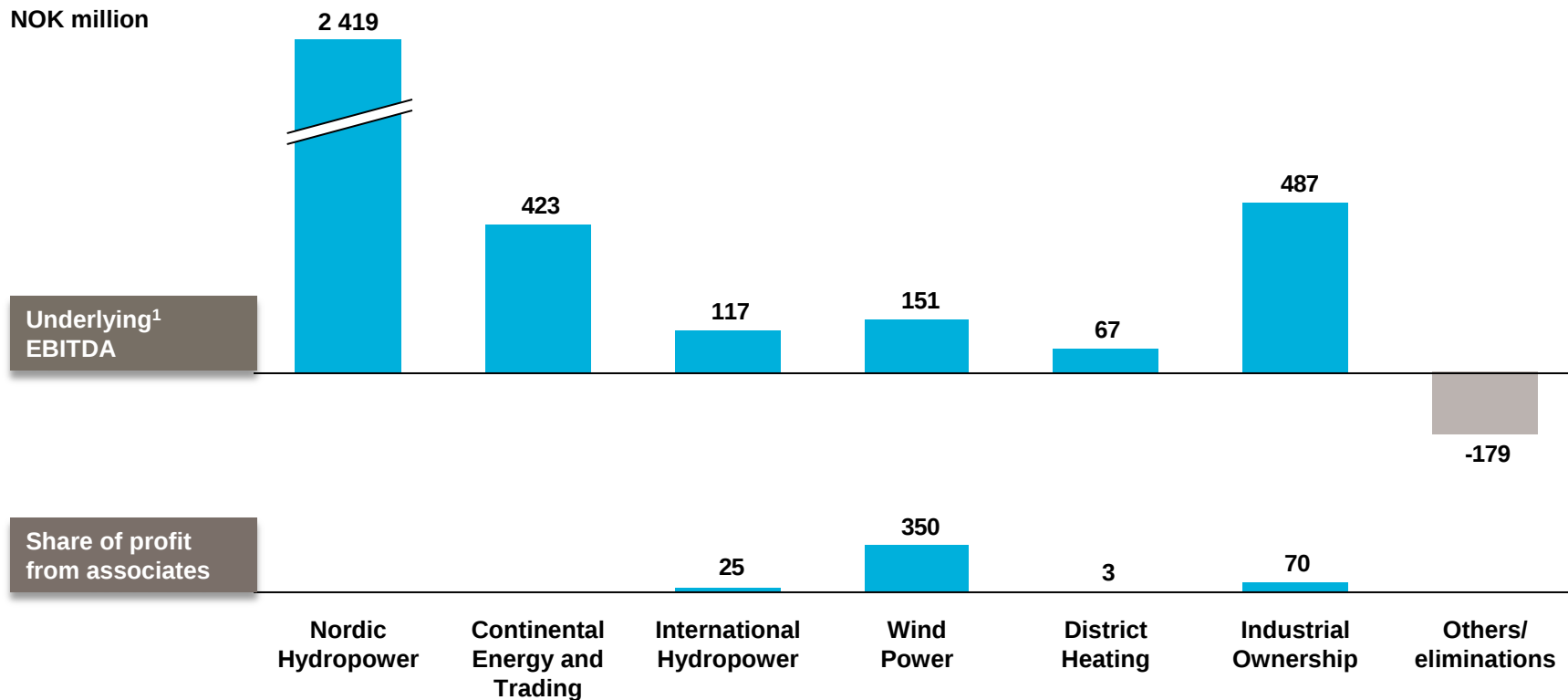
Q4 net profit breakdown



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

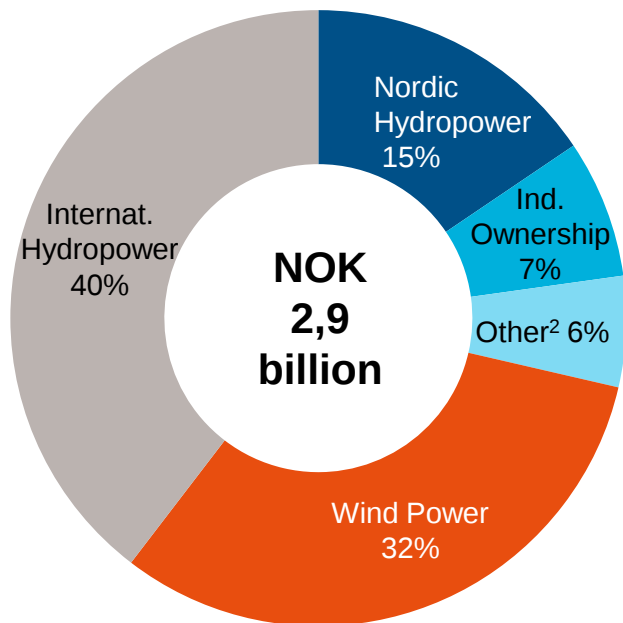
Q4 segment financials

NOK million



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

Q4 2014 capital expenditure¹



- ▶ A large number of projects under construction in current investment program
- ▶ Distribution of CAPEX in the quarter:
 - 82% expansion
 - 18% maintenance

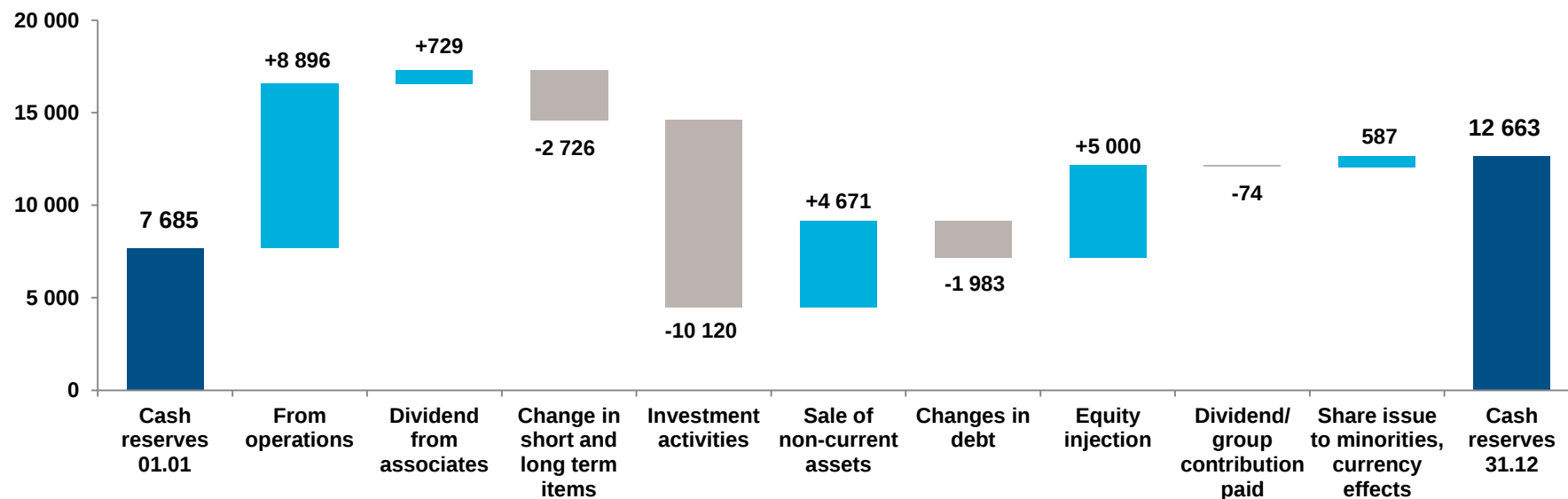
¹ Exclusive loans to associates

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

Solid cash flow

Cash flow year-to-date

NOK million

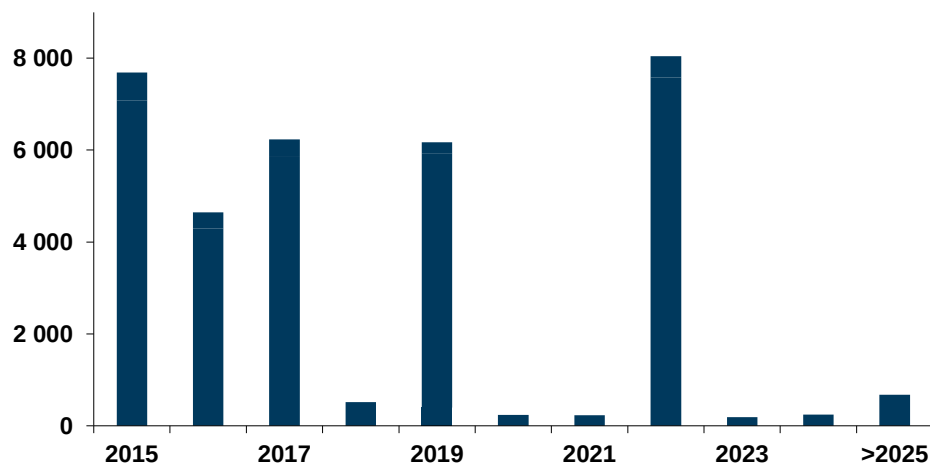


- Sale of non-current assets mainly regards hydro assets in Finland and wind assets in UK

Long-term debt at year-end

Debt repayment profile

NOK million



- ▶ Net interest-bearing liabilities
NOK 23.6 billion (32.2 at end of 2013)
 - NOK 37%, EUR 38%, SEK 1%,
GBP 16%, USD 8%
 - 50% floating interest
 - Interest-bearing net debt ratio 21.2%
(31.2% at end of 2013)
- ▶ NOK 7.7 billion debt matures in 2015
- ▶ NOK 3.3 billion issued in January 2015 in the Norwegian bond market

Strong credit ratings



A- / Stable



Baa1 / Stable

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

Summary

- ▶ Sound underlying operations
- ▶ Flexible capacity
- ▶ Solid cash flow
- ▶ Currency losses with no cash flow effect equalised through comprehensive income
- ▶ Strengthened investment capacity through new equity and reduced future dividends





THANK YOU

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APPENDIX



Statement of Comprehensive Income

NOK million	Fourth quarter		The year	
	2014	2013	2014	2013
COMPREHENSIVE INCOME				
PROFIT AND LOSS				
Sales revenues	17 278	15 636	48 246	48 148
Other operating revenues	679	298	4 008	1 415
Gross operating revenues	17 957	15 934	52 254	49 564
Energy purchase	-8 917	-8 196	-25 264	-24 327
Transmission costs	-311	-274	-1 185	-991
Net operating revenues	8 729	7 464	25 805	24 246
Salaries and payroll costs	-853	-848	-3 051	-3 136
Depreciation, amortisation and impairments	-763	-780	-4 071	-3 045
Property tax and licence fees	-404	-394	-1 630	-1 640
Other operating expenses	-991	-994	-3 493	-3 422
Operating expenses	-3 012	-3 016	-12 246	-11 243
Operating profit/loss	5 717	4 448	13 560	13 002
Share of profit/loss from associates and joint ventures	448	701	661	1 101
Financial income	136	58	859	237
Financial expenses	-321	-379	-1 309	-1 351
Net currency effects	-7 852	-2 524	-4 791	-9 403
Other financial items	-1 125	79	-1 043	-1 076
Net financial items	-9 162	-2 765	-6 283	-11 592
Profit/loss before tax	-2 996	2 384	7 937	2 511
Tax expense	-100	-30	-4 045	-2 303
Net profit/loss	-3 097	2 354	3 892	208
Of which non-controlling interest	247	213	684	482
Of which majority interest	-3 343	2 141	3 209	-274
OTHER COMPREHENSIVE INCOME				
Items in other comprehensive income that recycle over profit/loss:				
Changes in fair value of financial instruments	-1 044	-311	-907	-1 167
Income tax related to changes in fair value of financial instruments	317	82	276	339
Items recorded in other comprehensive income in associates and joint arrangements	125	18	-123	163
Currency translation effects	10 081	2 022	7 734	9 940
Reclassification currency translation effects related to foreign operations disposed of in the year	-50	-	-69	-
Items in other comprehensive income that will not recycle over profit/loss:				
Estimate deviation pensions	263	-450	-704	-174
Income tax related to changes in fair value of financial instruments	-124	139	184	49
Other comprehensive income	9 568	1 504	6 392	9 154
Comprehensive income	6 471	3 858	10 284	9 361
Of which non-controlling interest	715	223	1 322	881
Of which majority interest	5 755	3 635	8 962	8 480

Statement of Financial Position

NOK million	31.12.2014	31.12.2013
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Intangible assets	3 439	3 510
Property, plant and equipment	99 199	101 269
Investments in associates and joint ventures	19 027	16 002
Other non-current financial assets	6 093	2 540
Derivatives	5 616	5 295
Non-current assets	133 374	128 615
Inventories	2 088	1 796
Receivables	12 433	9 568
Short-term financial investments	443	464
Derivatives	6 816	5 559
Cash and cash equivalents (included restricted cash)	12 663	7 685
Current assets	34 444	25 072
Assets	167 817	153 687
EQUITY AND LIABILITIES		
Paid-in capital	56 361	49 011
Retained earnings	23 876	14 328
Non-controlling interest	7 823	7 769
Equity	88 059	71 107
Provisions	18 796	19 416
Long-term interest-bearing liabilities	27 438	33 364
Derivatives	3 556	5 713
Long-term liabilities	49 790	58 494
Short-term interest-bearing liabilities	9 306	7 013
Taxes payable	3 546	3 503
Other interest-free liabilities	9 808	9 181
Derivatives	7 308	4 389
Current liabilities	29 968	24 086
Equity and liabilities	167 817	153 687

Statement of Cash Flow

NOK million	The year 2014	2013
STATEMENT OF CASH FLOW		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	7 937	2 511
Profit/loss on sale of non current assets	-80	-89
Depreciation, amortisation and impairments	4 071	3 045
Profit/loss from the sale of business	-2 559	121
Profit/loss from the sale of shares, and associates and joint ventures	-69	-153
Profit from restructuring of SN Power	-564	-
Share of profit/loss from associates and joint ventures	-661	-1 101
Unrealised changes in value	4 412	7 795
Taxes	-3 593	-2 629
Cash flow from operating activities	8 896	9 499
Changes in long term items	-52	-533
Changes in short term items	-2 674	-1 911
Dividend from associates	729	1 051
Net cash flow operating activities	A	6 897
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment*	-8 801	-9 248
Proceeds from sale of non-current assets	-17	9 670
Business divestments, net liquidity inflow to the Group**	4 688	327
Business combinations, net liquidity outflow from the Group***	-74	59
Restructuring of SN Power, net liquidity outflow from the Group	-770	-
Loans to third parties	-100	-298
Repayment of loans from third parties	390	94
Considerations regarding investments in other companies****	-765	-59
Net cash flow from investing activities	B	547
CASH FLOW FROM FINANCING ACTIVITIES		
New debt	1 917	865
Repayment of debt	-3 900	-4 714
Capital increase*****	5 000	-
Dividend and group contribution paid	-74	-3 094
Share issue in subsidiary to non-controlling interests	225	135
Net cash flow from financing activities	C	-6 807
Net change in cash and cash equivalents	A+B+C	1 846
Currency exchange rate effects on cash and cash equivalents	362	400
Cash and cash equivalents 01.01	7 685	5 440
Cash and cash equivalents 31.12*****	12 663	7 685
Unused committed credit lines	12 000	12 000
Unused overdraft facilities	2 200	2 200
Restricted Cash		-12