

FINANCIAL RESULTS

Q1 2017

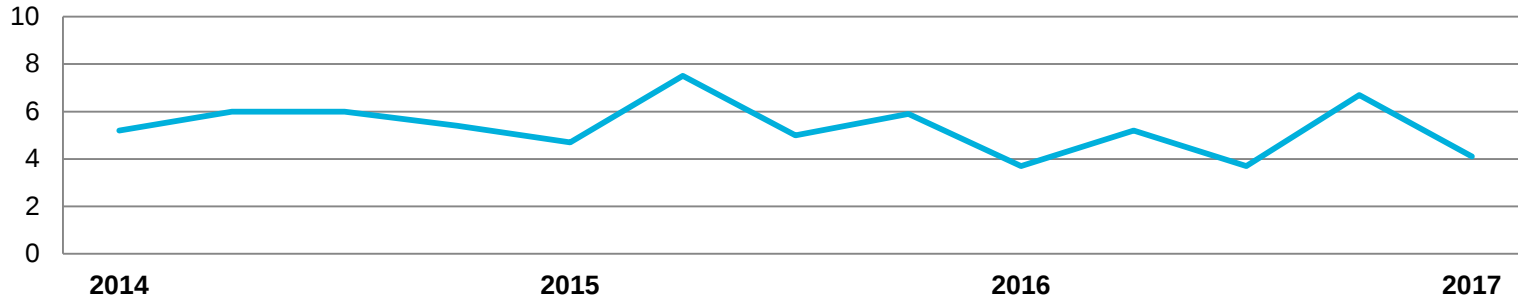
CFO Irene Egset

4th May 2017



Health, safety and environment

TRI-rate¹



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

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

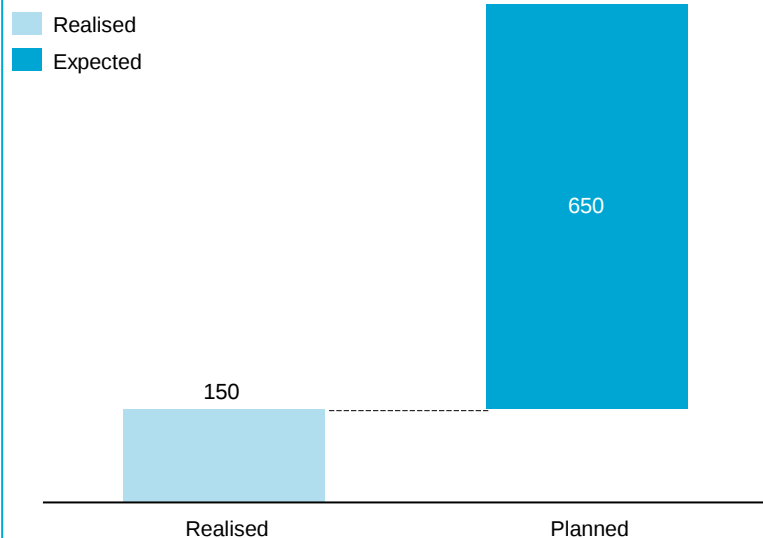
Highlights Q1



- ▶ 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

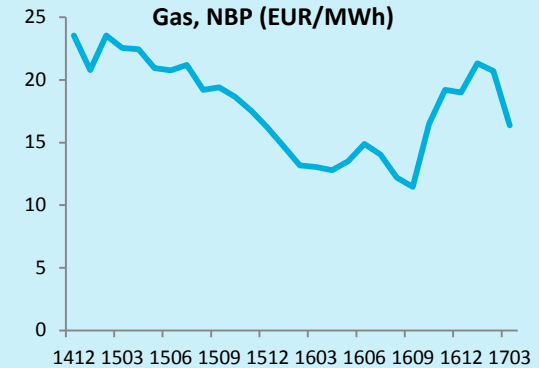
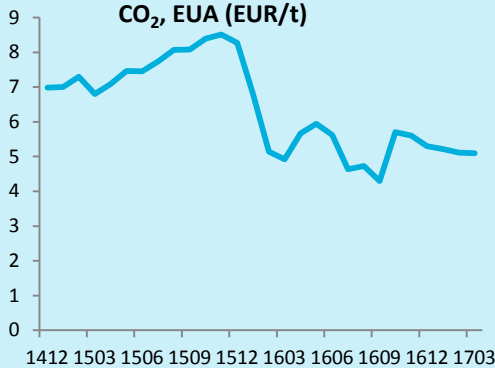
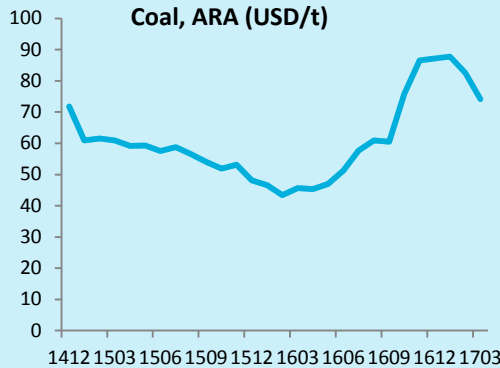
Key figures

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

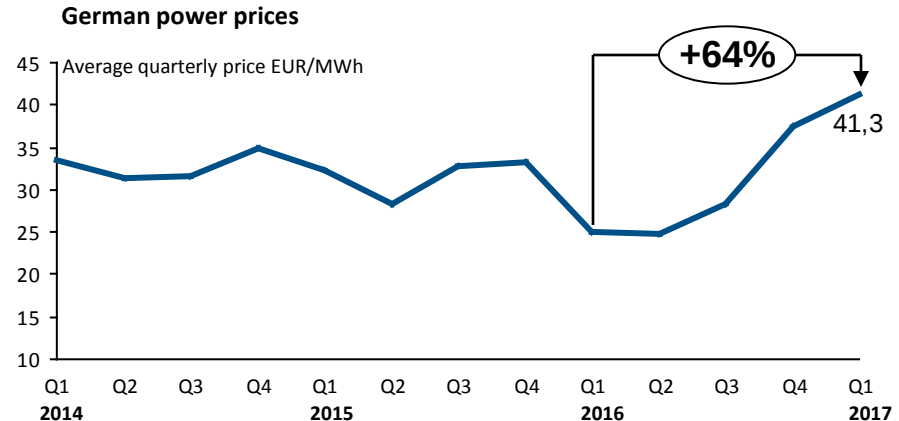
¹ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs

Price drivers and the German power market

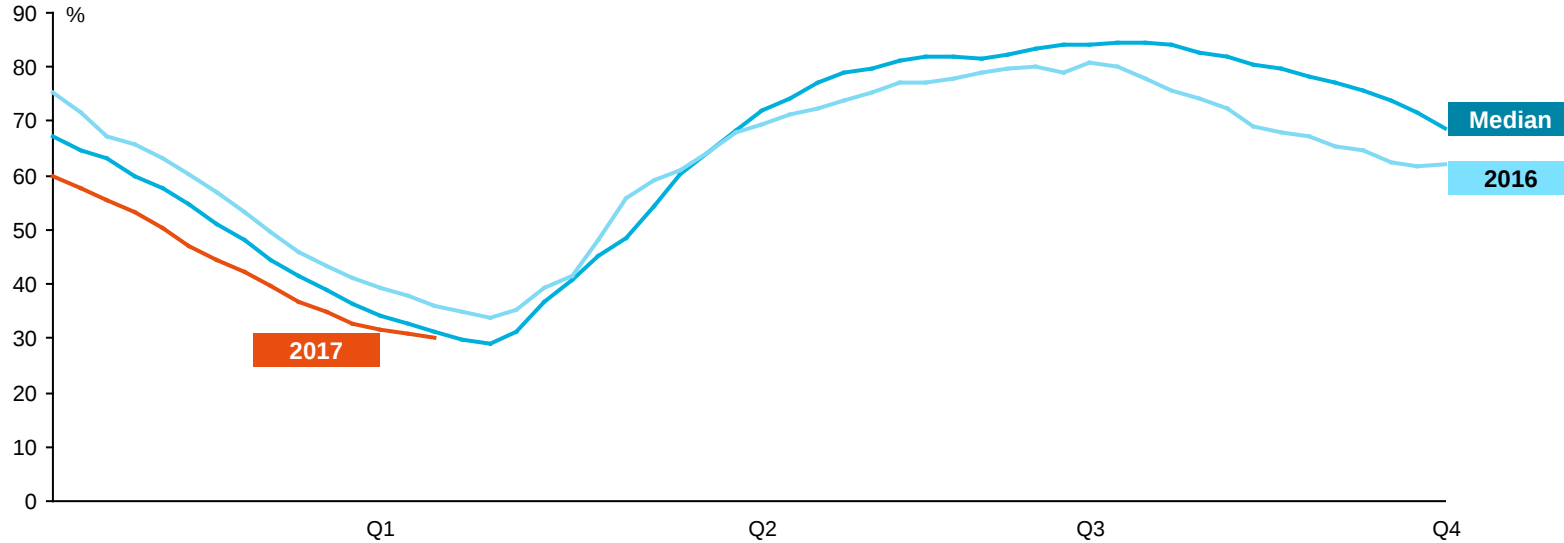


Q1 2017 vs Q1 2016

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

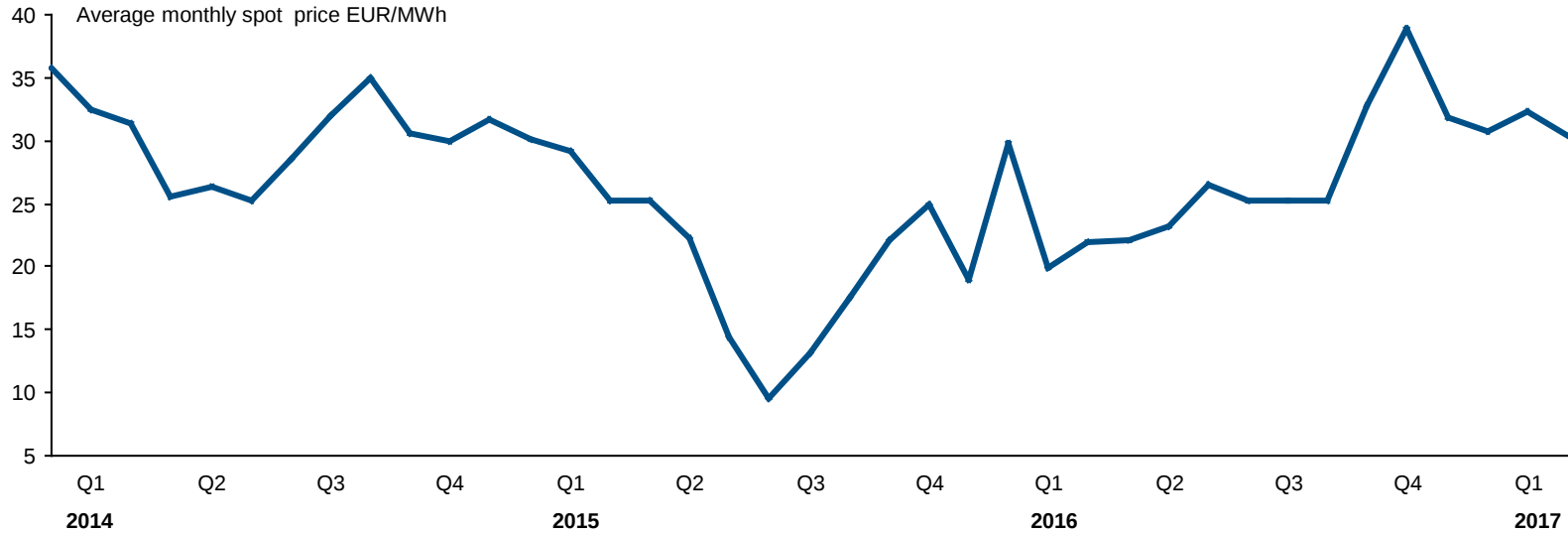


Nordic reservoir level



- ▶ 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

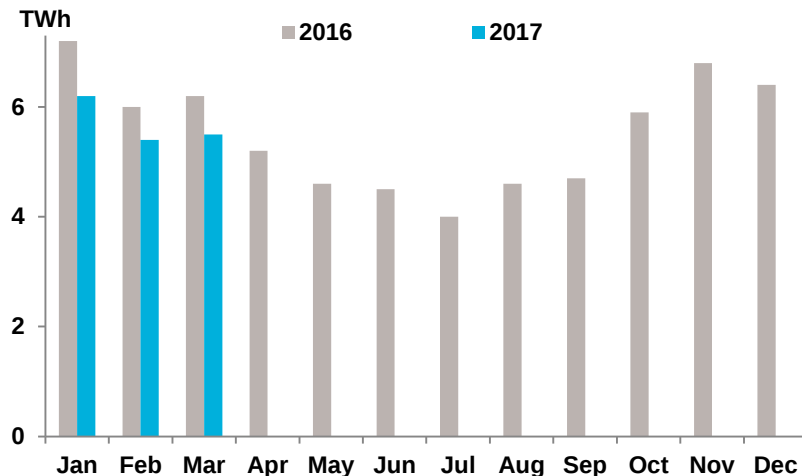


- ▶ Nordic power prices 31.2 EUR/MWh, up 30% Q1 2017 vs. Q1 2016

Energy management



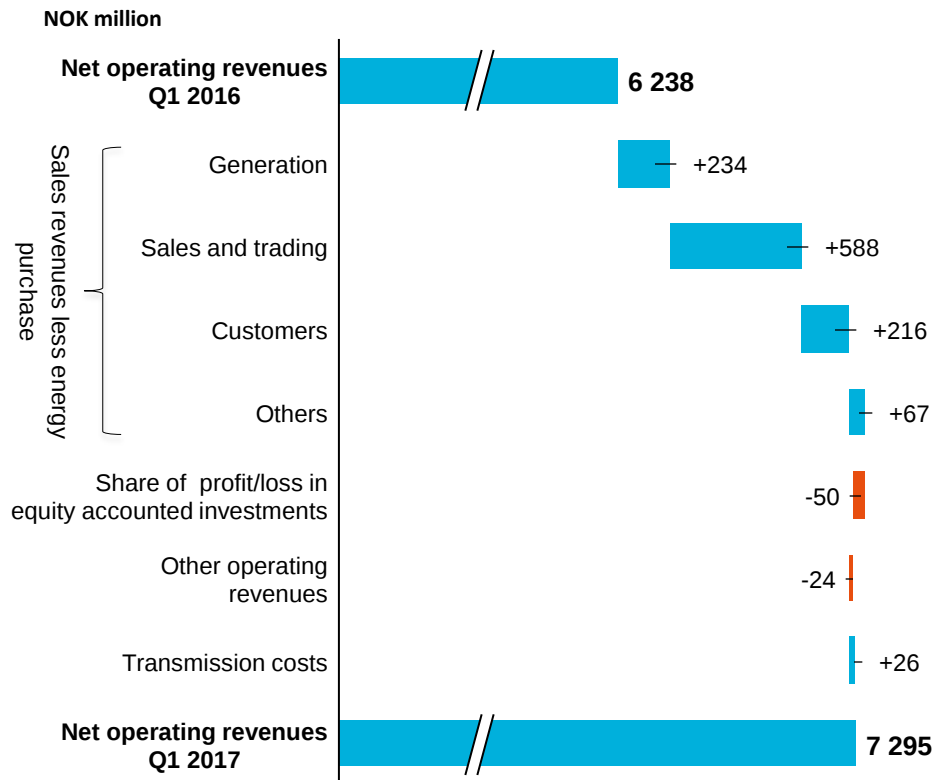
Monthly power generation



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

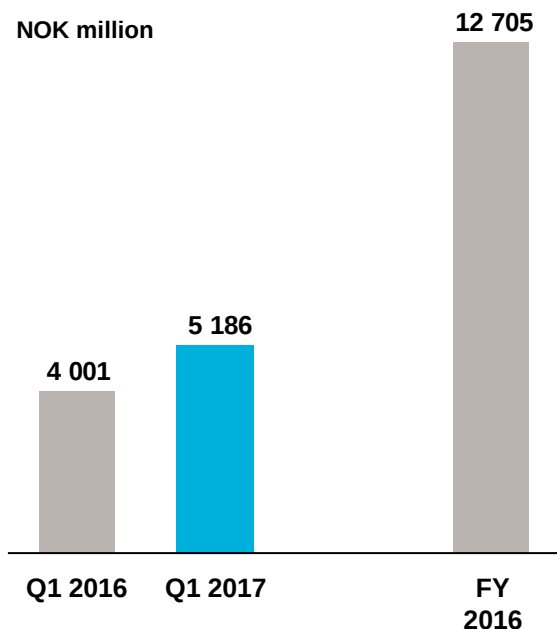
Net operating revenues



- ▶ Net operating revenues¹ 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

NOK 5.2 billion in underlying EBITDA



Δ Q1 17/Q1 16 + 30%

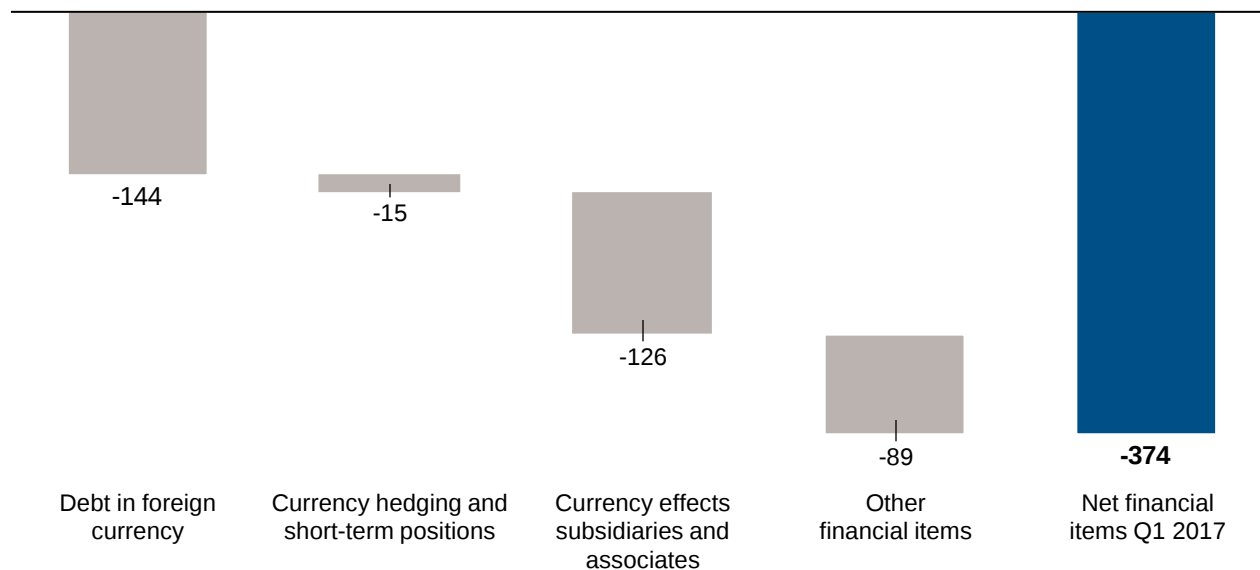
- ▶ Underlying EBITDA¹ was up by NOK 1 185 million Q-on-Q
- ▶ Primarily a result of improved contributions from Market operations

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Financial items

Breakdown Net financial items Q1 2017

NOK million



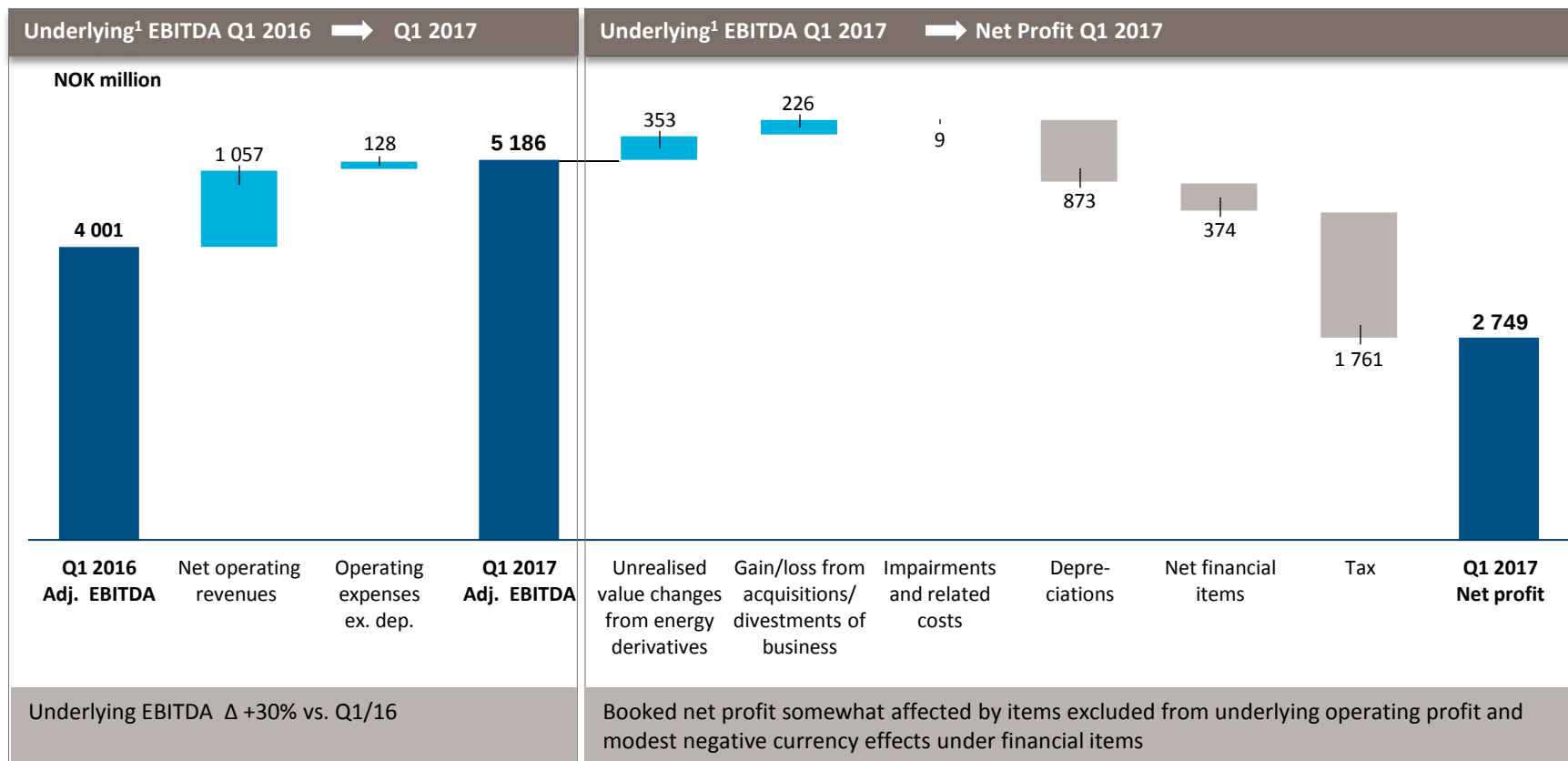
There are positive translation effects in equity

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

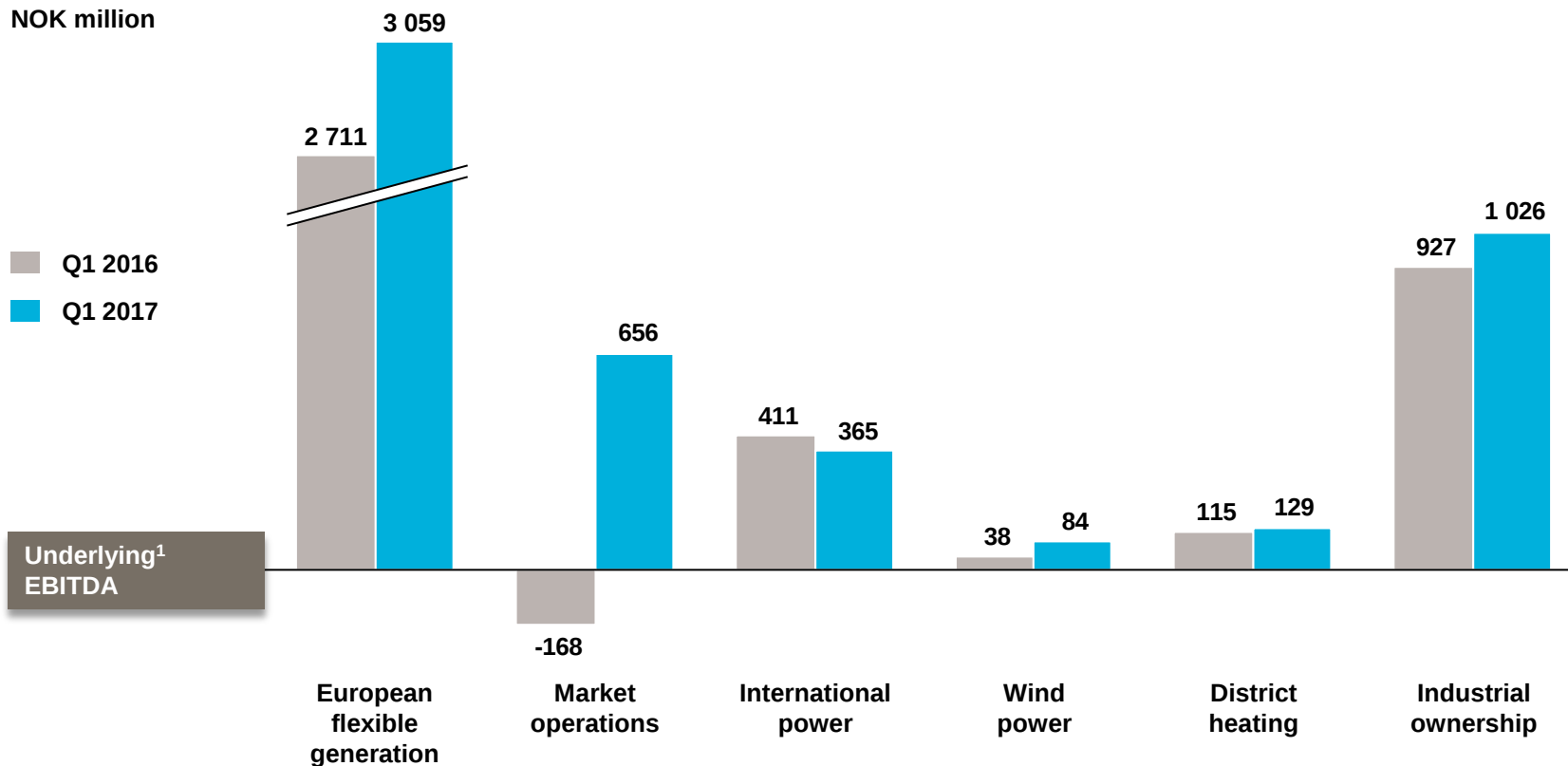


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Q1 segment financials

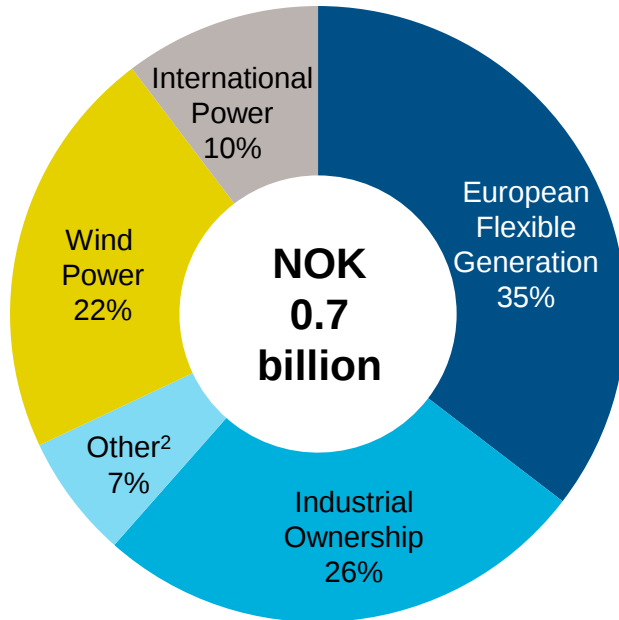
EBITDA including share of profit/loss from equity accounted investments

NOK million



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

Q1 2017 capital expenditure¹



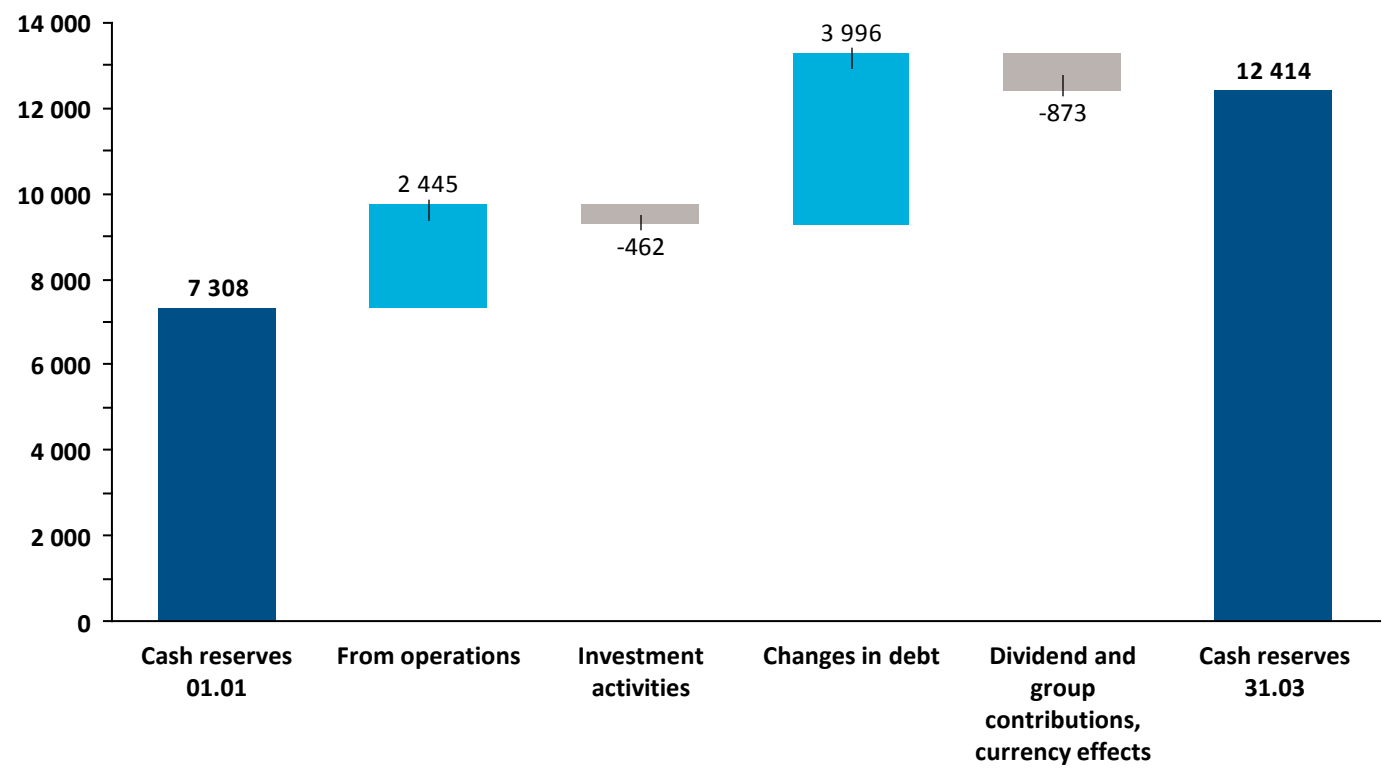
- ▶ Distribution of CAPEX in the quarter:
 - 51% expansion investments
 - 49% maintenance investments
- ▶ New hydropower capacity under construction in Norway and Albania
- ▶ Wind power developments in Norway and UK
- ▶ Maintenance primarily within Nordic hydropower and Norwegian grid

¹ Exclusive loans to associates

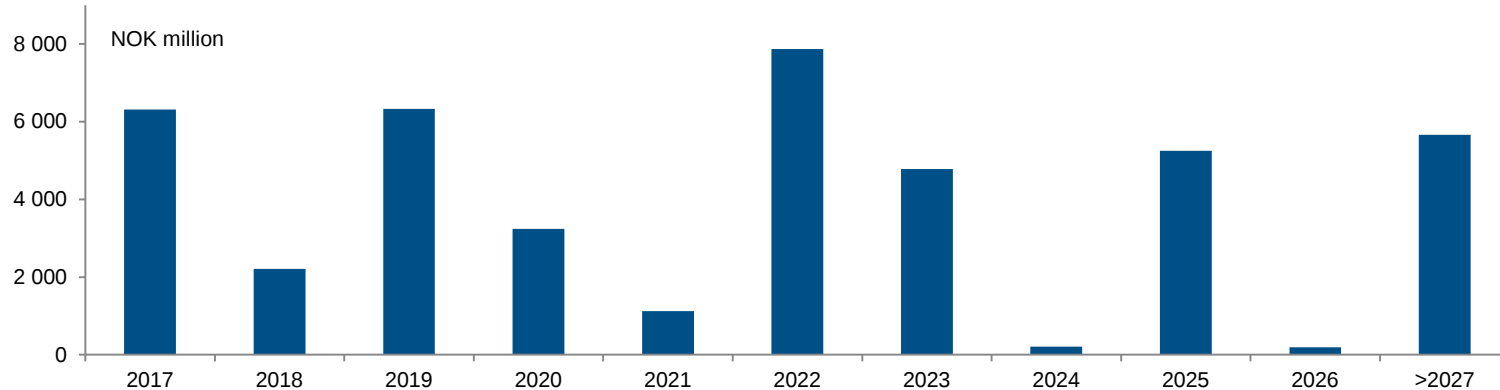
² Including District heating, Market operations and Other activities

Strong cash flow in Q1

NOK million



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%

Strong credit ratings



A- / Negative

MOODY'S
INVESTORS SERVICE

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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