

FINANCIAL RESULTS

Q3 2017

CEO Christian Rynning-Tønnesen

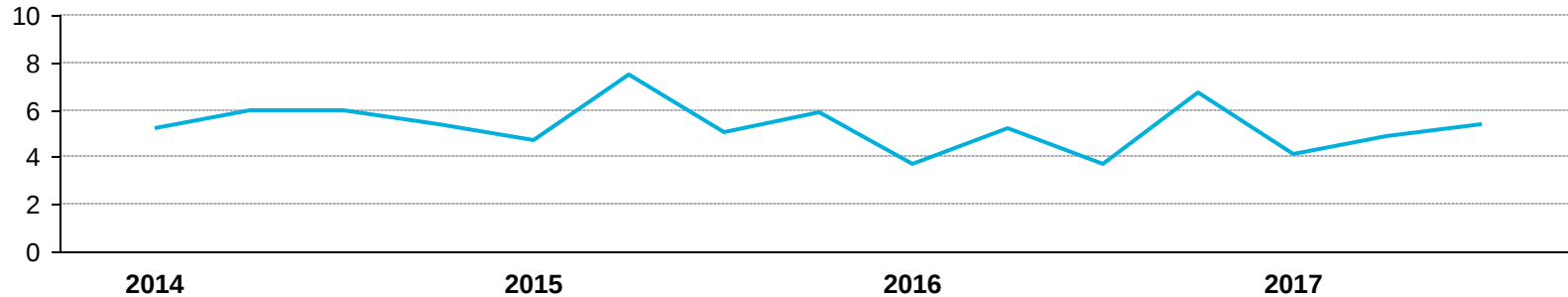
CFO Irene Egset

26 October 2017



Health, safety and environment

TRI-rate¹



- ▶ Health and safety
 - One serious incident
 - Several ongoing initiatives to improve safety performance
- ▶ Environment
 - No serious environmental incidents

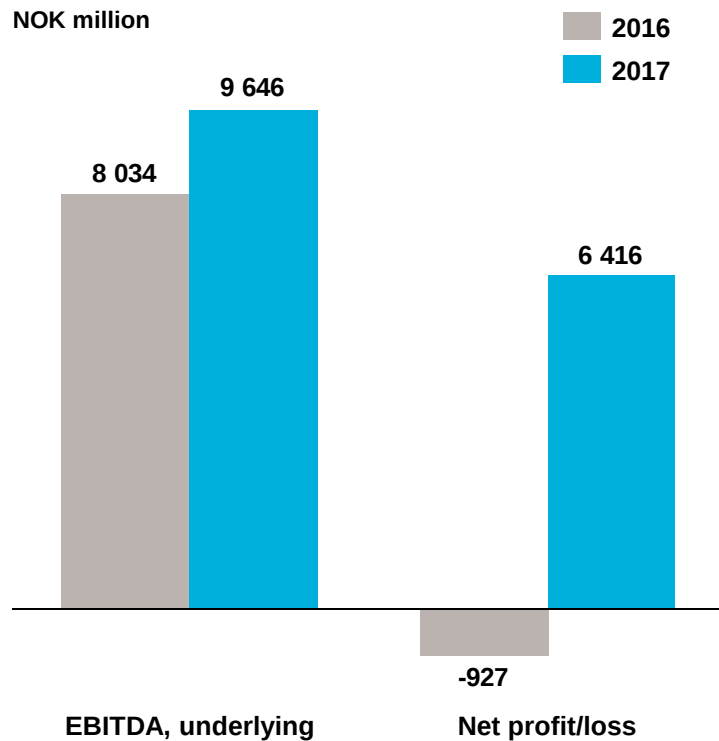
¹TRI rate: Total recordable injuries per million hours worked (per quarter)

Highlights Q3



- ▶ Underlying EBITDA of NOK 1413 million after impairments in JVs
 - Average Nordic prices: 28.5 EUR/MWh - up 13% Q-on-Q
 - Total production: 13.5 TWh - up 1% Q-on-Q
- ▶ Solid result with net profit amounting to NOK 1783 million
- ▶ Substantial impairments and gains from sale of assets
- ▶ Performance improvement programme realised NOK 220 million so far
- ▶ Inaugurated Ringedalen hydropower plant in Norway

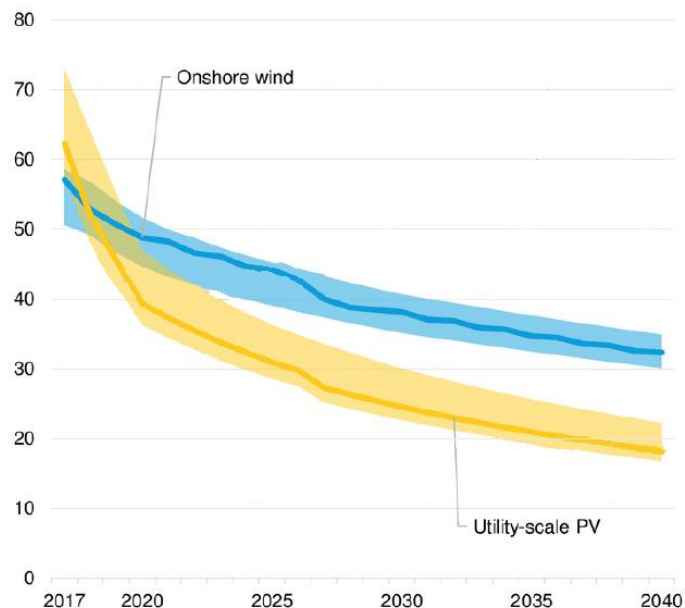
Year to date performance



Declining technology costs leads to impairments

New-build levelized costs of electricity

\$/MWh - 2016 real



Source: Bloomberg New Energy Finance

Impairments (Mainly Chile)	NOK million
Consolidated assets*	1 367
Equity accounted investments	1 187
Total	2 554

*Includes a reversal of a previous impairment

Triton Knoll offshore wind project sold in October



Exit from offshore wind:

- ▶ 25% share in Doggerbank projects – sold
- ▶ 50% share in Triton Knoll project – sold
- ▶ 40% share in Scira – ongoing sales process
- ▶ 30% share in Dudgeon – ongoing sales process

Asset swap and focused strategy in international growth markets



- ▶ Statkraft required the remaining 18.1% shareholding in Statkraft IH Invest from Norfund
- ▶ Statkraft sold its 50% shareholding in SN Power to Norfund
- ▶ Cash payment from Norfund to Statkraft

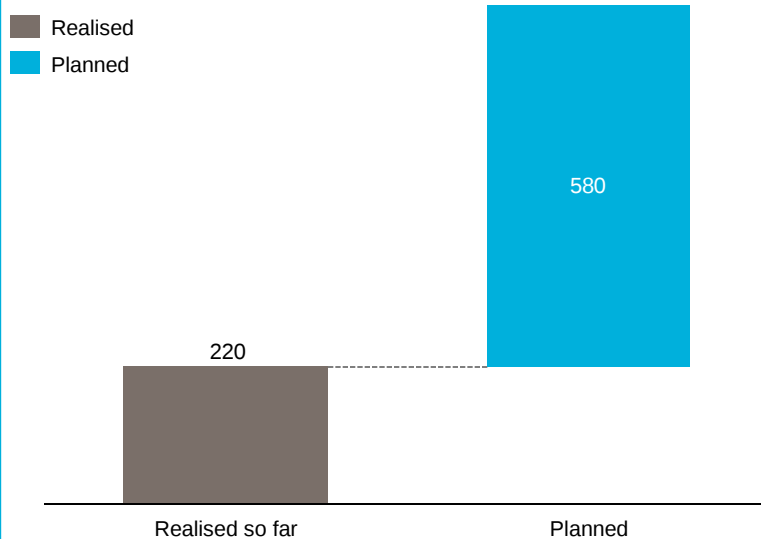
New hydropower plant in Norway



- ▶ The Ringedal hydropower plant in Norway was inaugurated in September
- ▶ Installed capacity 23 MW
- ▶ Annual generation approx. 60 GWh

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
- ▶ Estimated reduction of the cost base per Q3 2017 compared to 2015 baseline is approximately 220 MNOK

Outlook



- ▶ Robust earnings:
 - Europe's largest reservoir capacity and flexible power plants enables production optimisation
 - Long-term contracts contribute to stabilising revenues and net profit
- ▶ Solid financial position:
 - Transactions have strengthened financial solidity and enables scale in selected markets
 - Performance improvement programme will strengthen competitiveness
- ▶ Targeted growth in renewable technologies
 - Investment program continues to be adapted to financial capacity

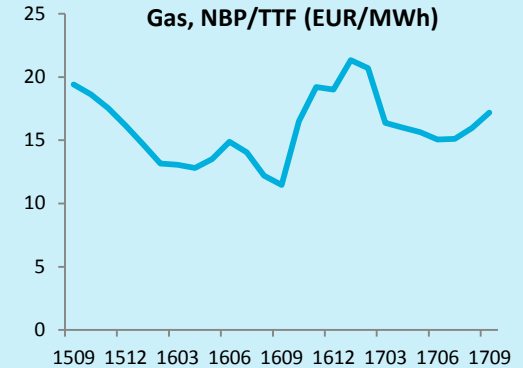
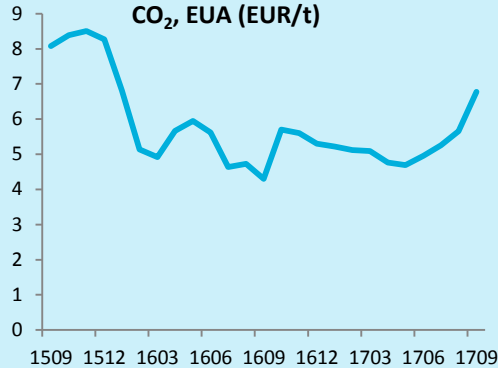
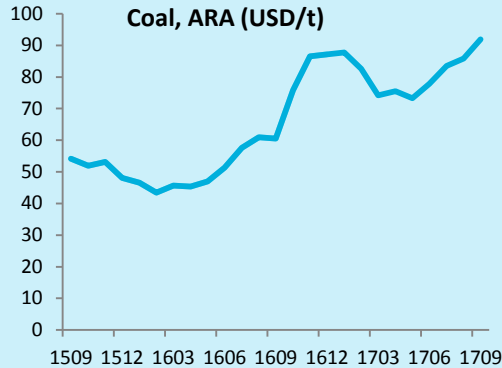
Key figures

NOK million	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Net revenues ¹	3 705	3 854	16 108	14 578
EBITDA ¹	1 413	1 594	9 646	8 034
Net profit/loss	1 783	-1 417	6 416	-927

- ▶ Third quarter 2017:
 - Nordic prices measured in EUR up 13% Q-on-Q
 - Overall production up 1% Q-on-Q
- ▶ Results impacted by impairments and gains from transactions

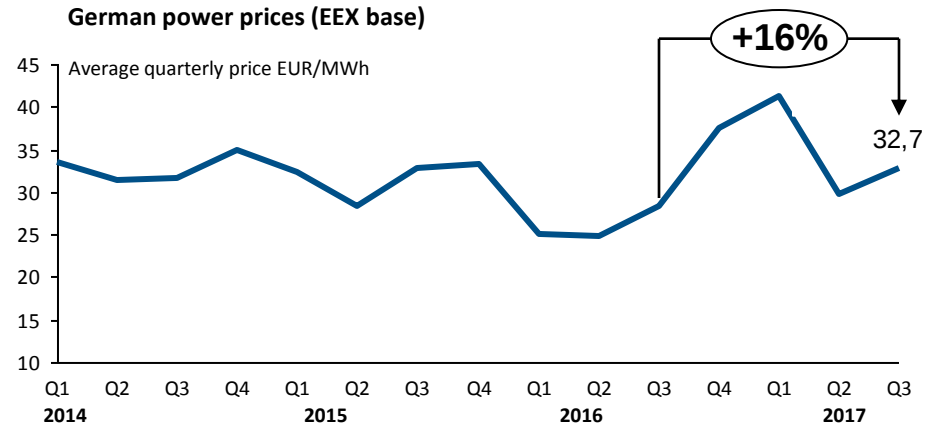
¹ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs

Price drivers and the German power market

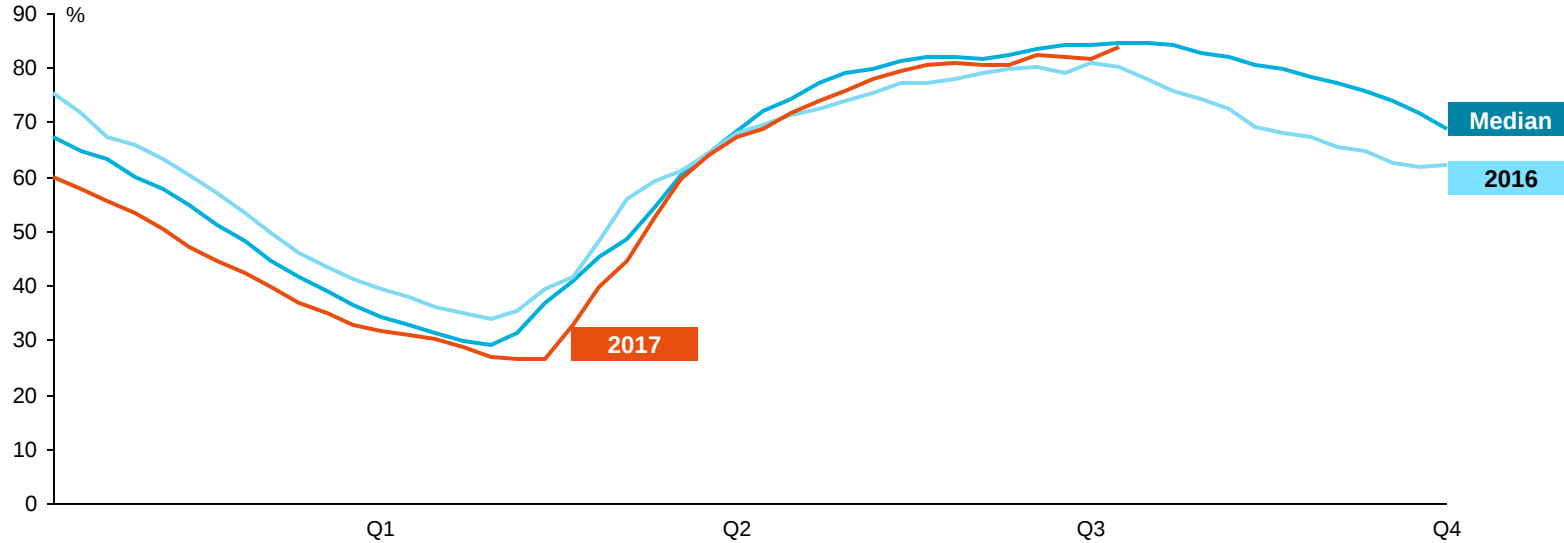


Q3 2017 vs Q3 2016

- ▶ Coal and gas prices higher
- ▶ German power prices up by 16%



Nordic reservoir level



- ▶ Total Nordic hydrological resources at normal level end of Q3
 - Water reservoirs 97% of median
 - Inflow slightly above normal level

Nordic power prices

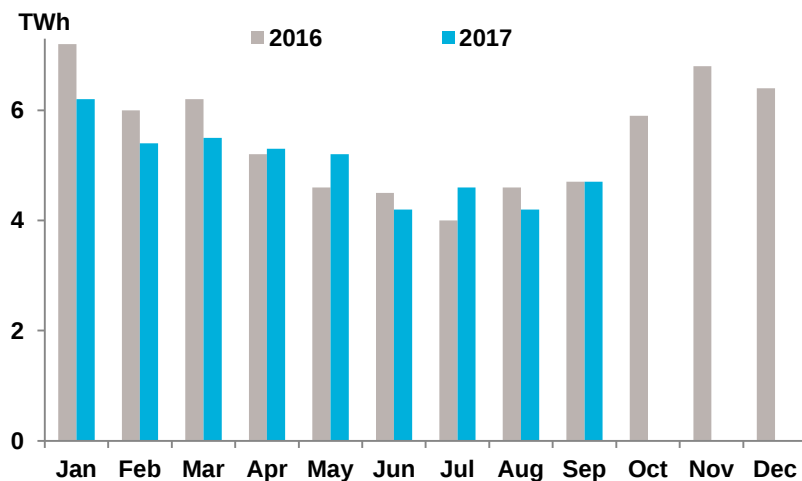


- ▶ Nordic power prices 28.5 EUR/MWh, up 13% Q3 2017 vs. Q3 2016

Energy management



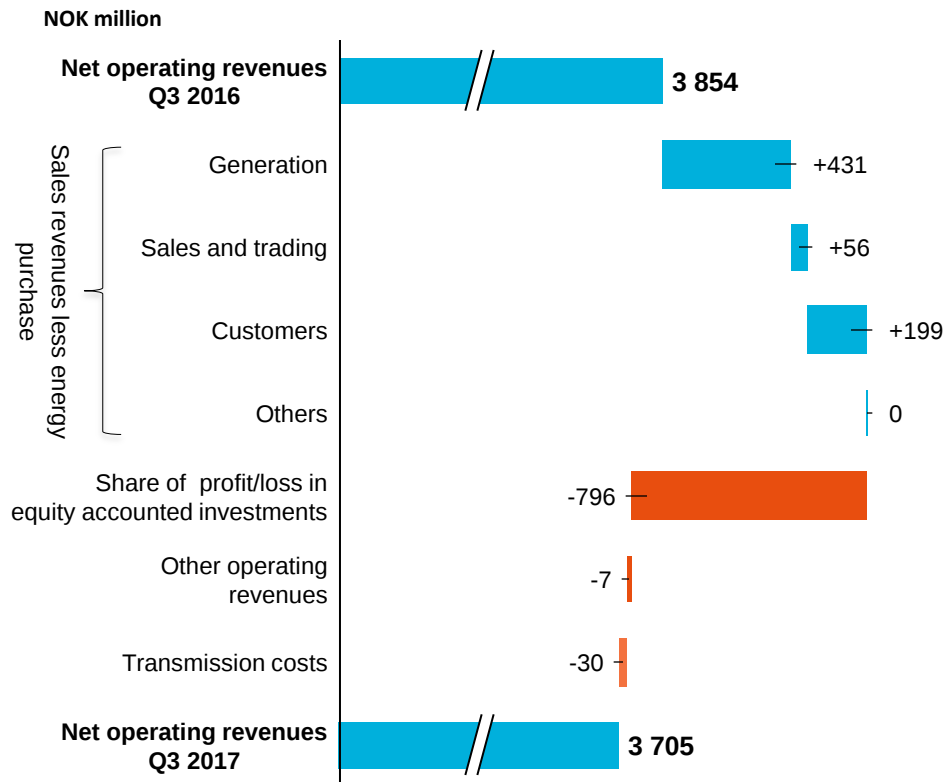
Monthly power generation



Q3 production up 1% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	12.2	+0.2
Wind power	0.5	-
Gas power	0.8	-
Bio power	0.1	-
Total	13.5	+0.2

Net operating revenues



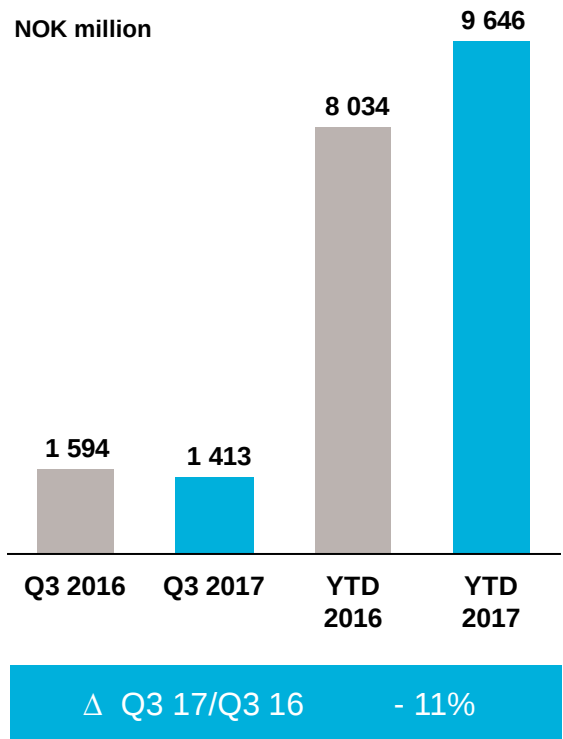
► Net operating revenues¹ down by NOK 149 million (- 4%)

► Major effects:

- Net generation up mainly due to higher Nordic power prices
- Customers increased mainly due to origination portfolios and end-user activities
- Equity accounted investments down due to impairments mainly in Chile

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

NOK 1.4 billion in underlying EBITDA



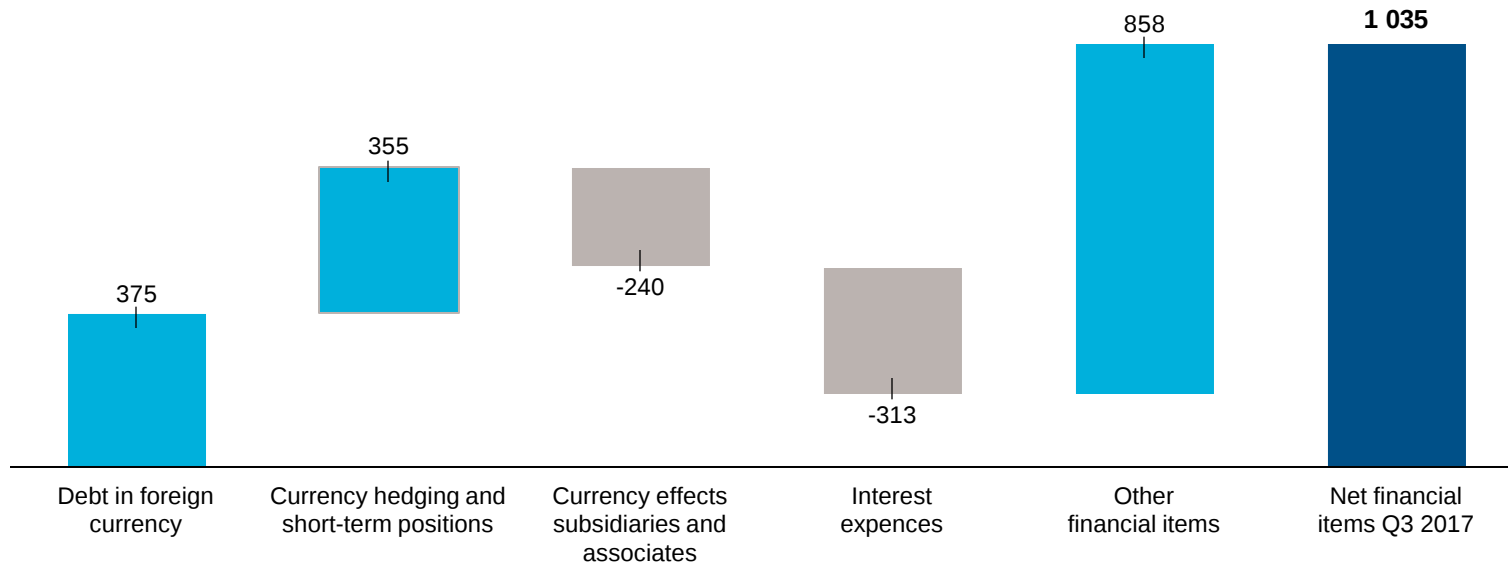
- ▶ Underlying EBITDA¹ was down by NOK 181 million Q-on-Q
- ▶ Primarily a result of impairments in joint ventures in Chile
- ▶ Improved Nordic prices and contributions from market operations had a positive effect

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

Financial items

Breakdown Net financial items Q3 2017

NOK million



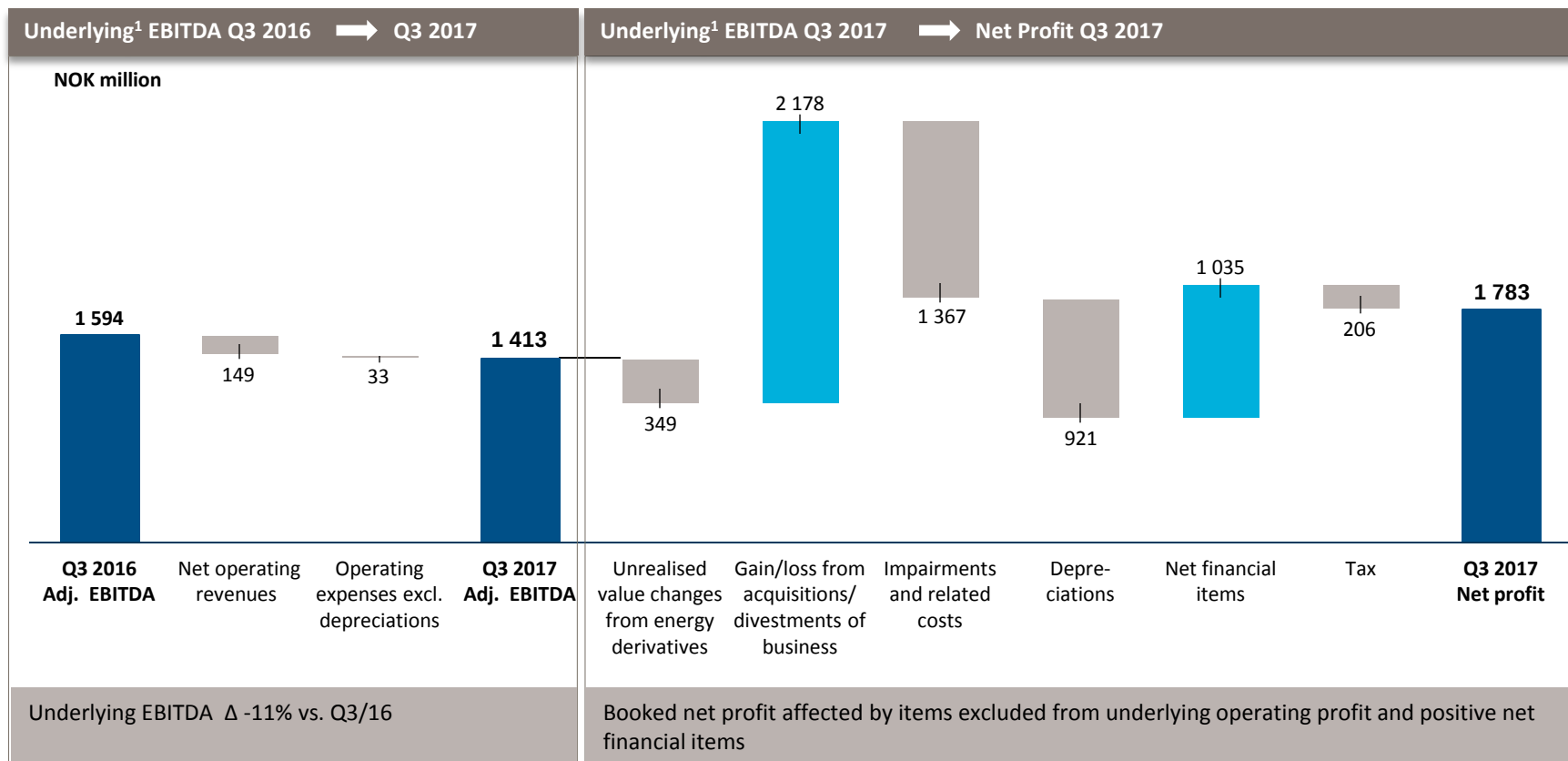
There are positive translation effects in equity

Net profit

NOK million	Q3 2017	Q3 2016	YTD 2017	YTD 2016
Net profit/loss	1 783	-1 417	6 416	-927

- ▶ Solid contributions from operating activities
 - Mainly through higher Nordic power prices
- ▶ Net profit 2016 held back by impairments

Q3 net profit breakdown

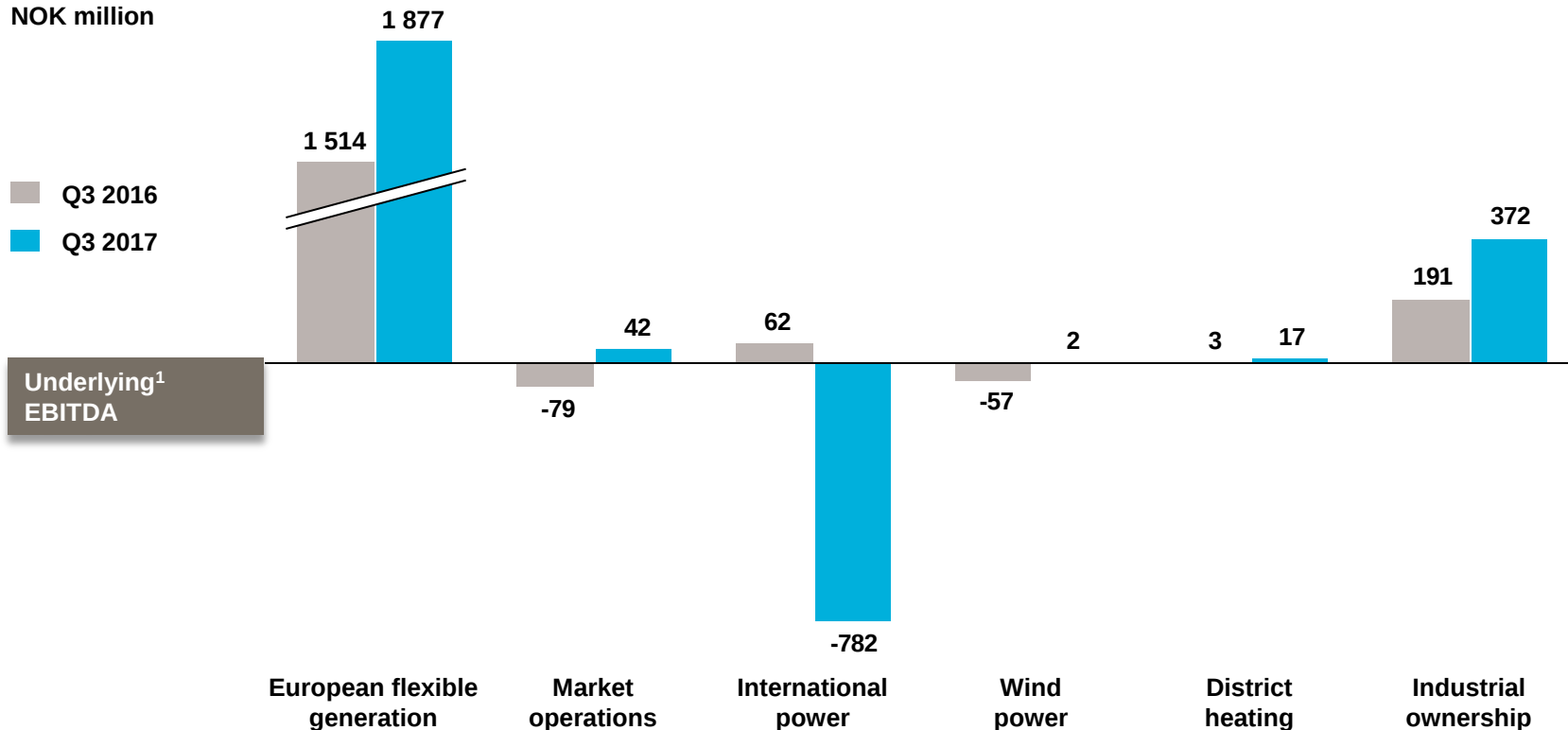


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Q3 segment financials

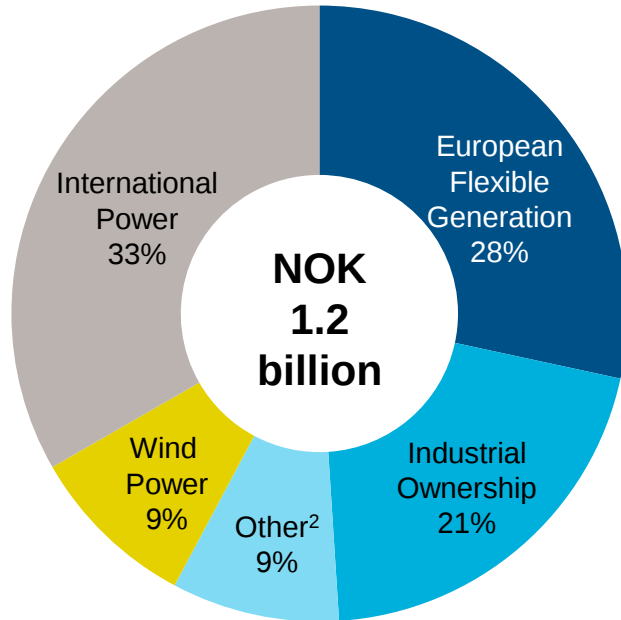
EBITDA including share of profit/loss from equity accounted investments

NOK million



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

Q3 2017 capital expenditure¹



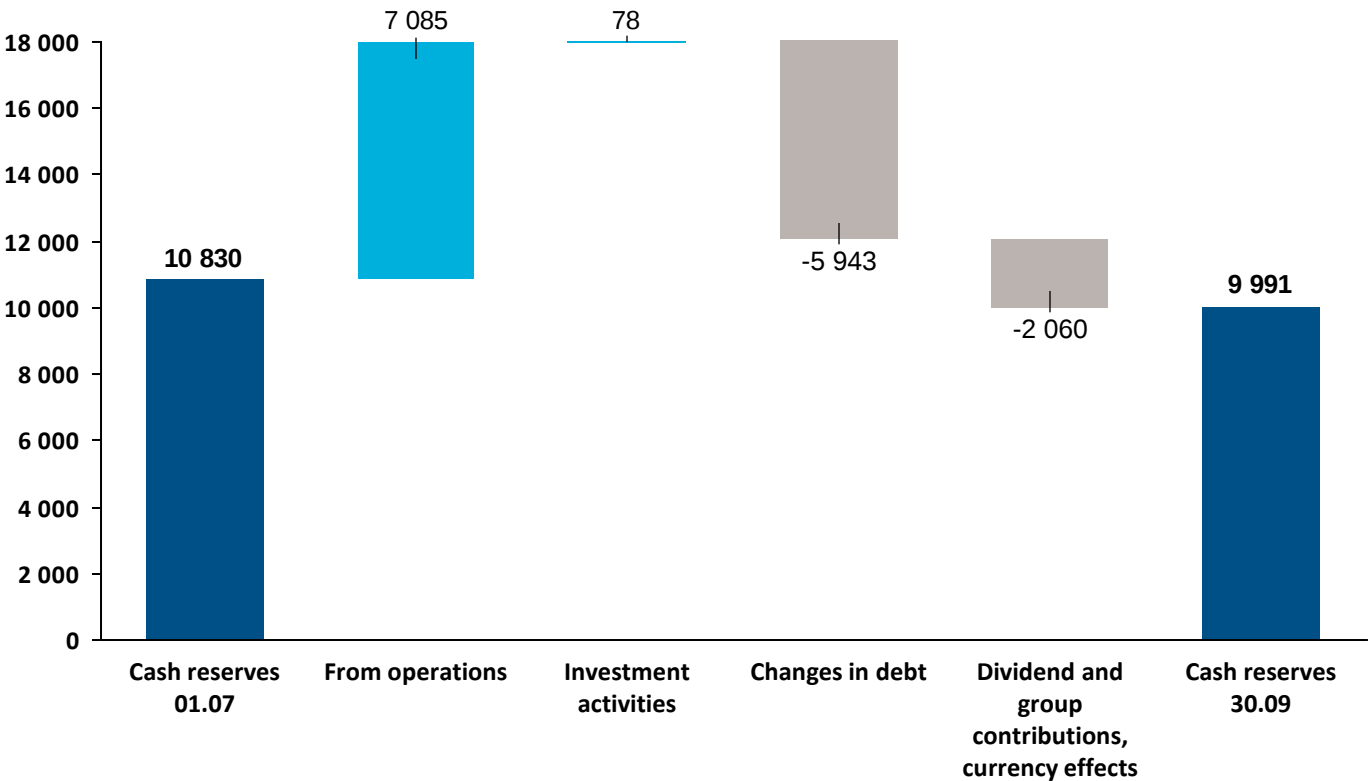
- ▶ Distribution of CAPEX in the quarter:
 - 53% expansion investments
 - 43% maintenance/other investments
 - 4% shareholdings
- ▶ New hydropower capacity under construction in Norway and Albania
- ▶ Wind power developments in Norway
- ▶ Maintenance primarily within Nordic hydropower and Norwegian grid

¹ Exclusive loans to associates

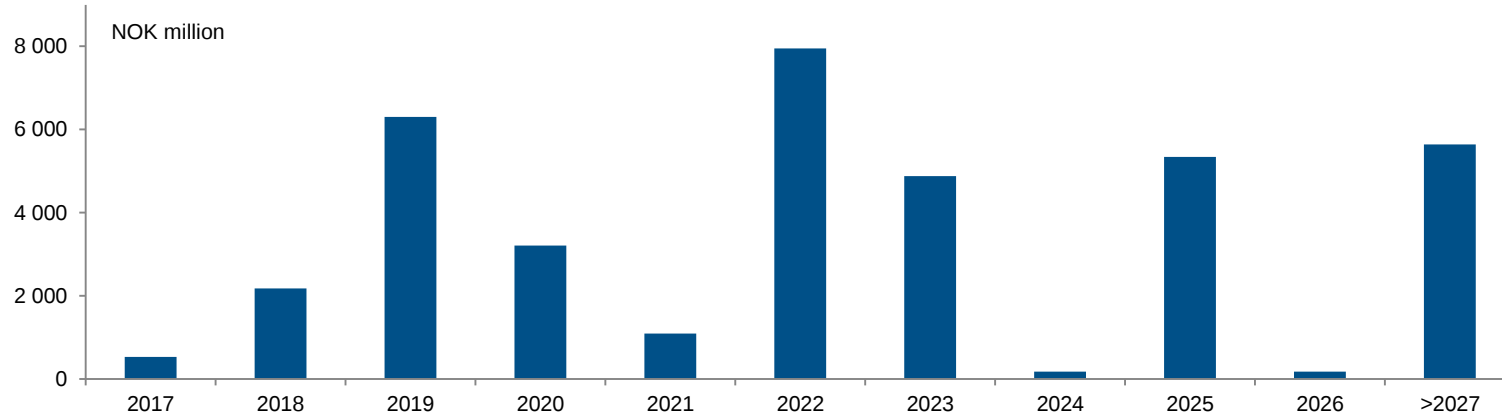
² Including District heating, Market operations and Other activities

Cash flow in Q3

NOK million



Long-term debt repayment profile



- ▶ NOK 0.5 billion debt matures in rest of 2017
- ▶ NOK 28.2 billion in net interest-bearing debt (NOK 32.5 billion at year end 2016)
 - NOK 32%, EUR 49%, GBP 14%, USD 2%, BRL 3%, CLP/CLF 1%
 - Duration: 4.41 years
 - Net interest-bearing debt-equity 24.7%

Strong credit ratings



A- / Stable



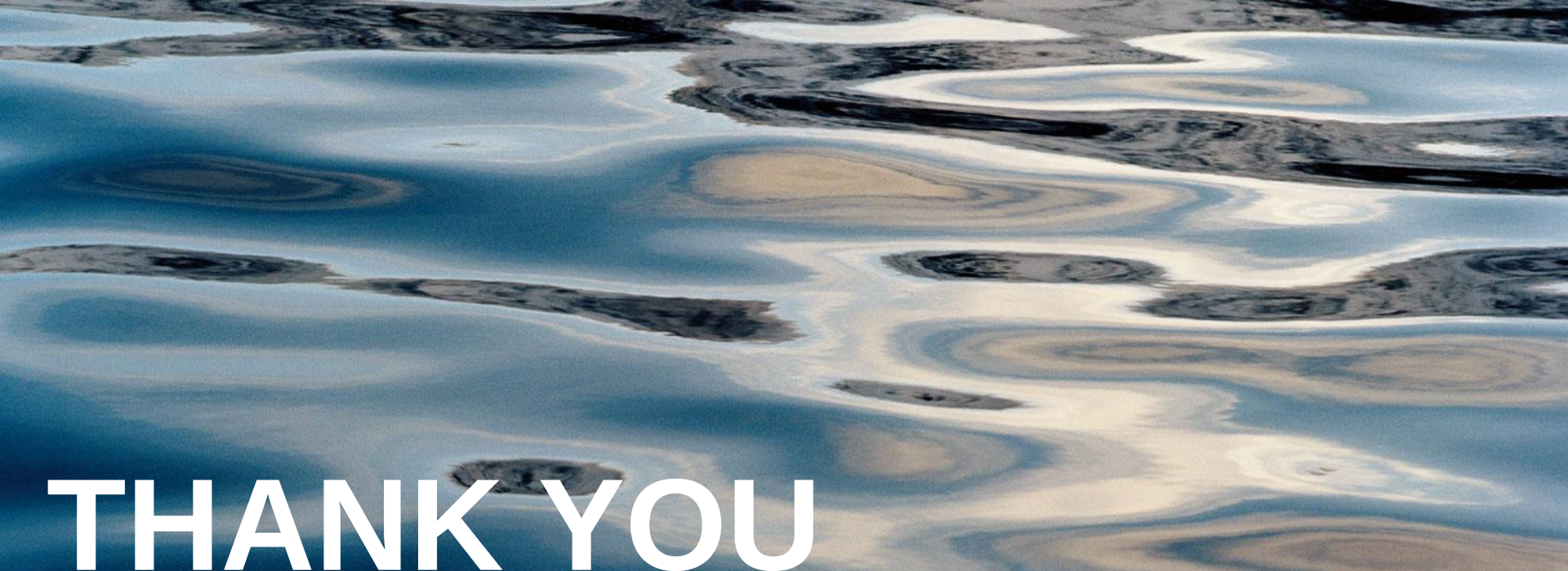
Baa1 / Stable

- ▶ Maintaining current ratings with S&P and Moody's
- ▶ Strong support from owner
- ▶ CAPEX adapted to financial capacity
- ▶ Rating impact assessment completed prior to new investment decisions

Summary



- ▶ Strong underlying operations and contributions from European flexible generation
- ▶ Solid quarterly net profit added to a strong year to date result



THANK YOU

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