

FINANCIAL RESULTS

Q2 2018

CEO Christian Rynning-Tønnesen

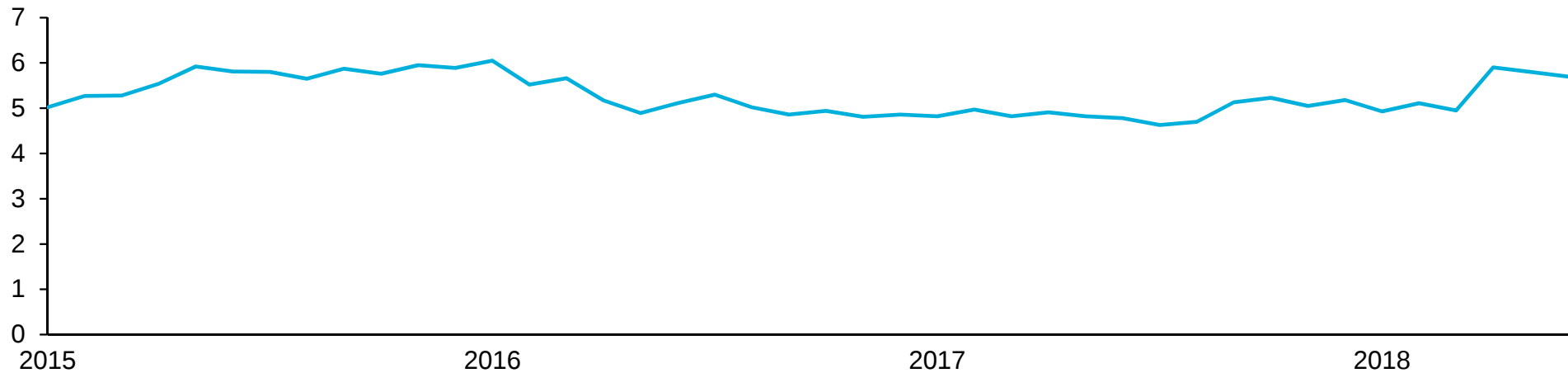
CFO Irene Egset

19 July 2018



Health, safety and environment

TRI-rate¹



- ▶ Health and safety – tragic fatal accident at the Moglicë project in Albania
 - A Statkraft employee died after being critically injured in an accident during road works
 - The accident has been investigated according to Statkraft's procedures and all safety measures are followed up
- ▶ Environment
 - No serious environmental incidents in Q2

¹TRI rate (12 months rolling): Total recordable injuries per million hours worked

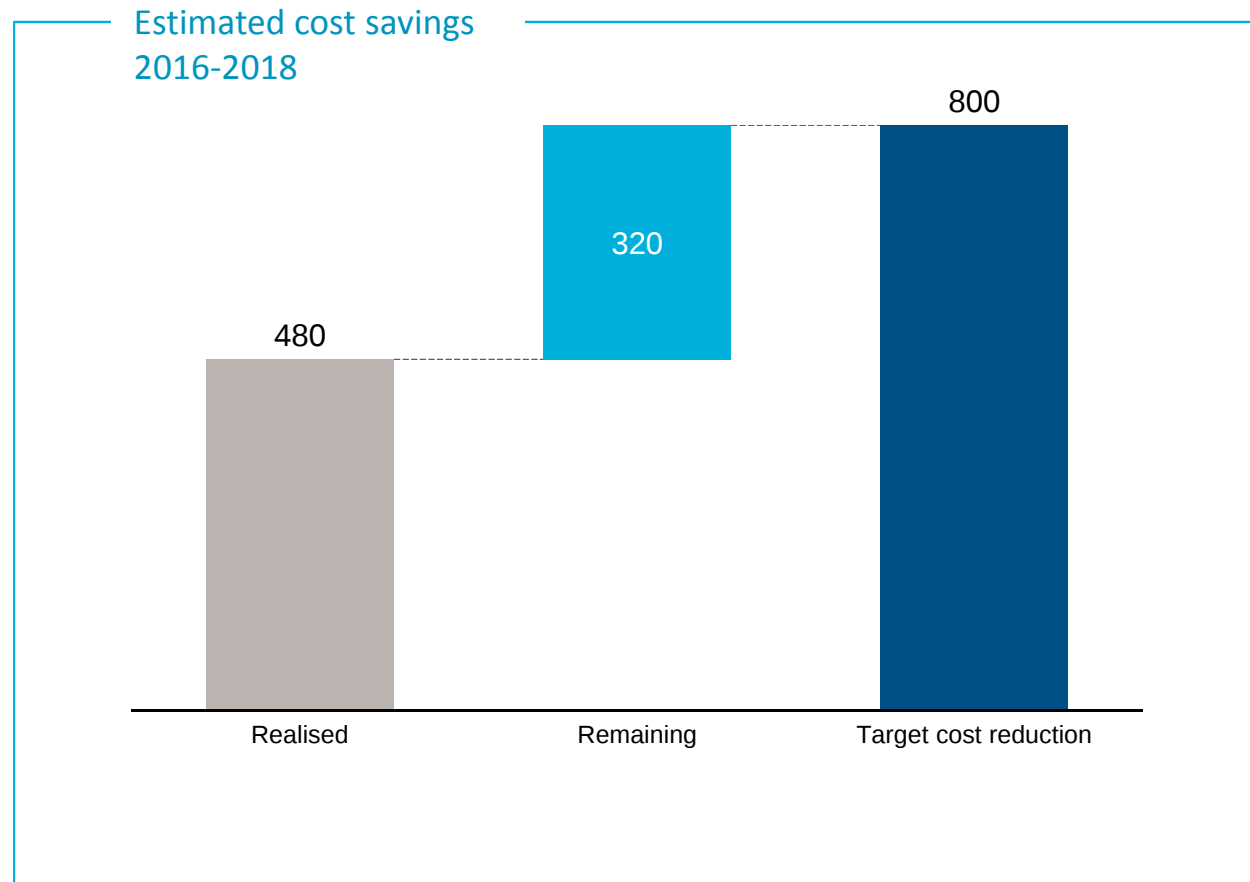
Highlights in Q2



Stormyrbassenget

- ▶ Underlying EBIT of NOK 1428 million, down NOK 621 million
- ▶ Net profit amounting to NOK 271 million, down NOK 1615 million
- ▶ Performance improvement programme realised NOK 480 million so far
- ▶ Divestment of shareholding in Istad and sale of shares in BKK
- ▶ Strategy updated

Cost reductions from the Performance Improvement Programme



Sale of shares in Istad and BKK

- ▶ **Statkraft contributes to a good industrial development of regional companies in Norway. Two transactions have been entered into:**

Istad

- ▶ Statkraft has agreed to sell its 49% shareholding in Istad AS to Tussa Kraft for approx. NOK 368 million
- ▶ The transaction is subject to approval from the concession authorities and is expected to be completed in Q3
- ▶ The gain is expected to be recognised in Q3

BKK

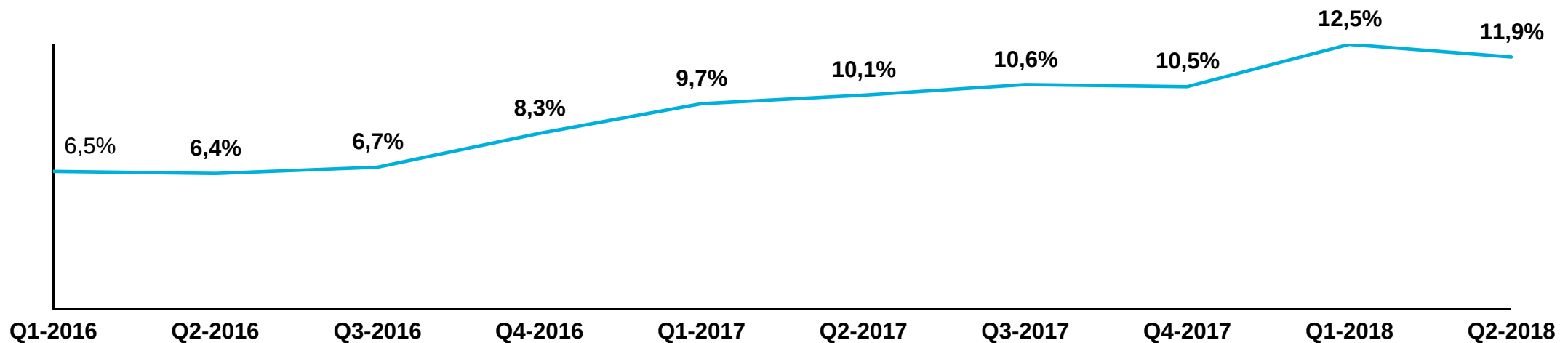
- ▶ Statkraft has sold 1.7% of the total shares in BKK to BKK for NOK 350 million
- ▶ BKK plan to use the shares as consideration for an acquisition
- ▶ The transaction will lead to a gain of NOK 141 million, of which NOK 72 million was recognised in Q2. The remaining gain is expected to be recognised in Q3

First half year performance

NOK million	YTD 2018	YTD 2017	The year 2017
Operating profit/loss (EBIT) underlying	7 390	6 039	10 824
Profit before tax	13 958	6 904	15 668
Net profit	10 553	4 634	11 710

- ▶ Underlying EBIT improvement mainly driven by significantly higher Nordic power prices and lower operating expenses
- ▶ Net profit also positively affected by substantial gains from transactions and positive currency effects under financial items

Financial performance



► 12 months rolling ROACE of 11.9%

- Improvement compared with the year 2017 due to higher underlying operating profit (rolling 12 months), primarily driven by higher Nordic power prices
- Decrease from Q1 2018 mainly driven by decreased underlying operating profit from the segment Market Operations

Updated strategy: Powering a green future

Combining flexible hydropower with intermittent onshore wind and solar power
- delivering reliable, renewable and cost competitive energy to the customers

**OPTIMISE HYDRO- POWER
PORTFOLIO**



**RAMP UP AS WIND AND
SOLAR DEVELOPER**



**GROW THE CUSTOMER
BUSINESS**



**DEVELOP NEW BUSINESS
WITHIN DECARBONISATION
AND RENEWABLE ENERGY**



Powering a green future

THE NORDICS

- ▶ Optimise value of **hydropower**
- ▶ Construct 1000 MW **wind** at Fosen
- ▶ Grow **district heating**
- ▶ Grow **customer** business
- ▶ Lead the **Norwegian energy transition**: data centres, biofuels, EV charging, hydrogen, etc.

EUROPE

- ▶ **Ramp up wind and solar** development
- ▶ Seek **hydropower** opportunities
- ▶ Grow **customer** business

SOUTH AMERICA

- ▶ Develop **wind and solar**
- ▶ Acquire and improve **hydro** assets + selected greenfield projects
- ▶ Grow **customer** business

INDIA/NEPAL

- ▶ Develop **wind and solar**
- ▶ Acquire and improve **hydro** assets
- ▶ Grow **customer** business

Outlook



Rundedal solar energy park

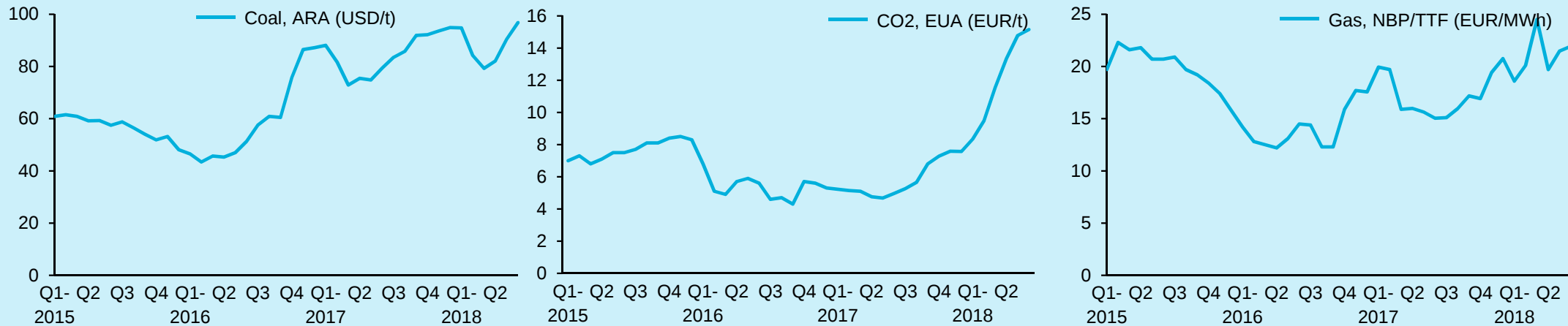
- ▶ **Robust earnings**
 - Europe's largest reservoir capacity and flexible power plants
 - Long term revenue optimisation and bilateral contracts
- ▶ **Strong financial position**
 - Ongoing performance improvement programme strengthens competitiveness
 - Strengthened financial solidity
- ▶ **Updated strategy: Entering a growth phase**
 - Combining flexible hydropower with intermittent onshore wind and solar power - Delivering reliable, renewable and cost competitive energy to the customers
 - Continued commitment to act in an ethical and socially responsible manner

Key figures

NOK million	Q2 2018	Q2 2017	YTD 2018	YTD 2017	The year 2017
Net operating revenues and other income	4 277	5 029	13 161	12 000	23 350
Operating profit/loss (EBIT) underlying	1 428	2 050	7 390	6 039	10 824
Net profit	271	1 886	10 553	4 634	11 710

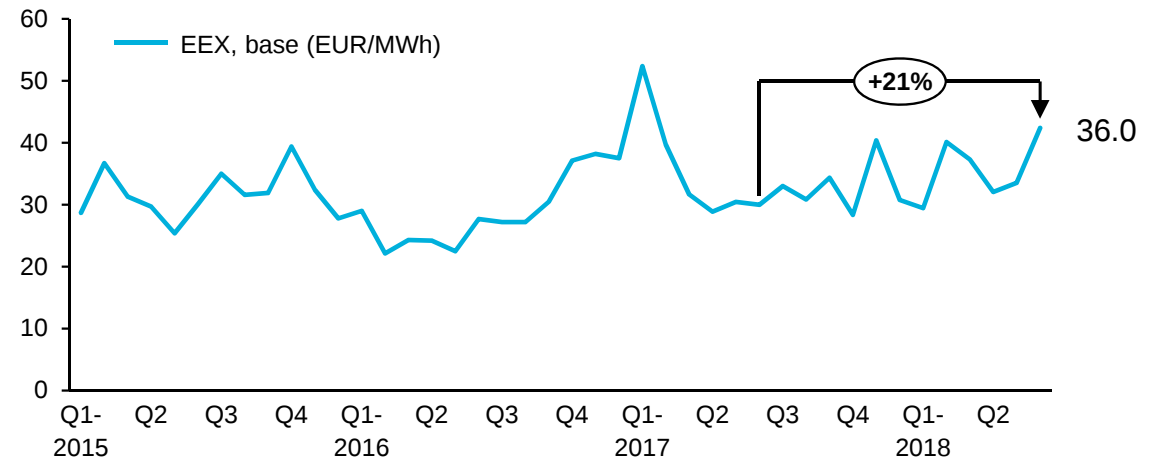
- ▶ Second quarter 2018:
 - Nordic prices measured in EUR up 42% Q-on-Q
 - Overall generation down 22% Q-on-Q
- ▶ Lower Norwegian hydropower generation offset by higher Nordic power prices
- ▶ EBIT affected by negative contribution from market operations
- ▶ Net profit impacted by unrealised value changes from energy derivatives

Price drivers and the German power market

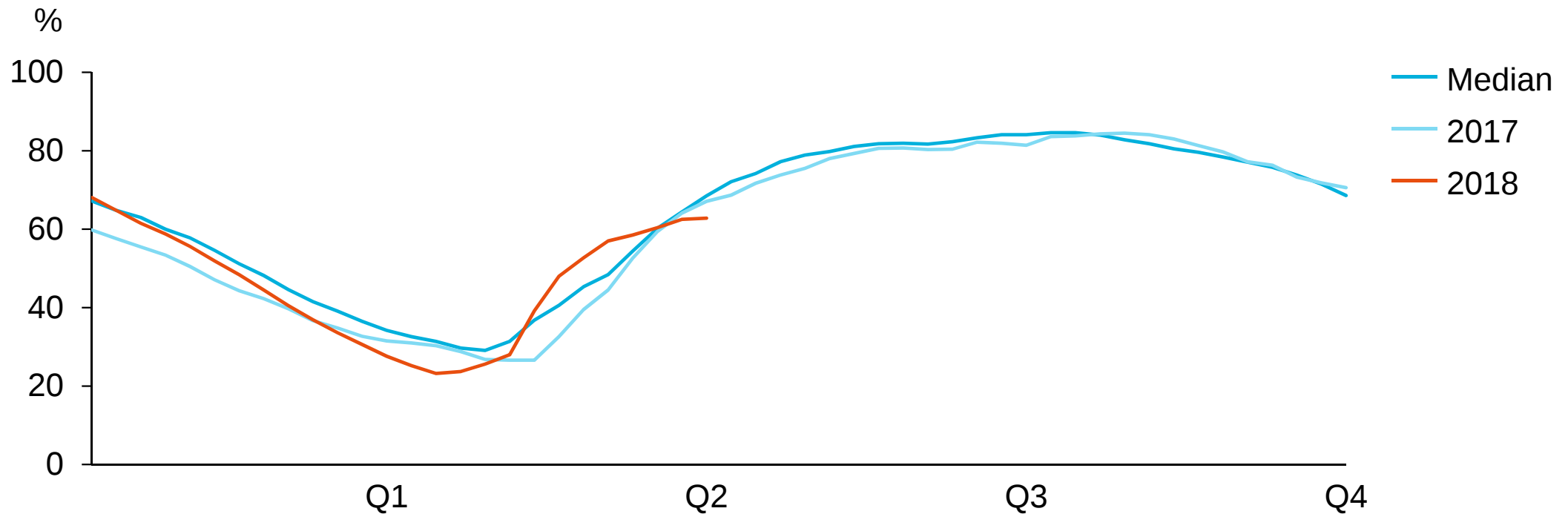


Q2 2018 vs. Q2 2017

- ▶ Coal, CO₂ and gas prices increased
- ▶ German power prices up by 21%
 - Mainly related to higher coal, gas and CO₂ prices



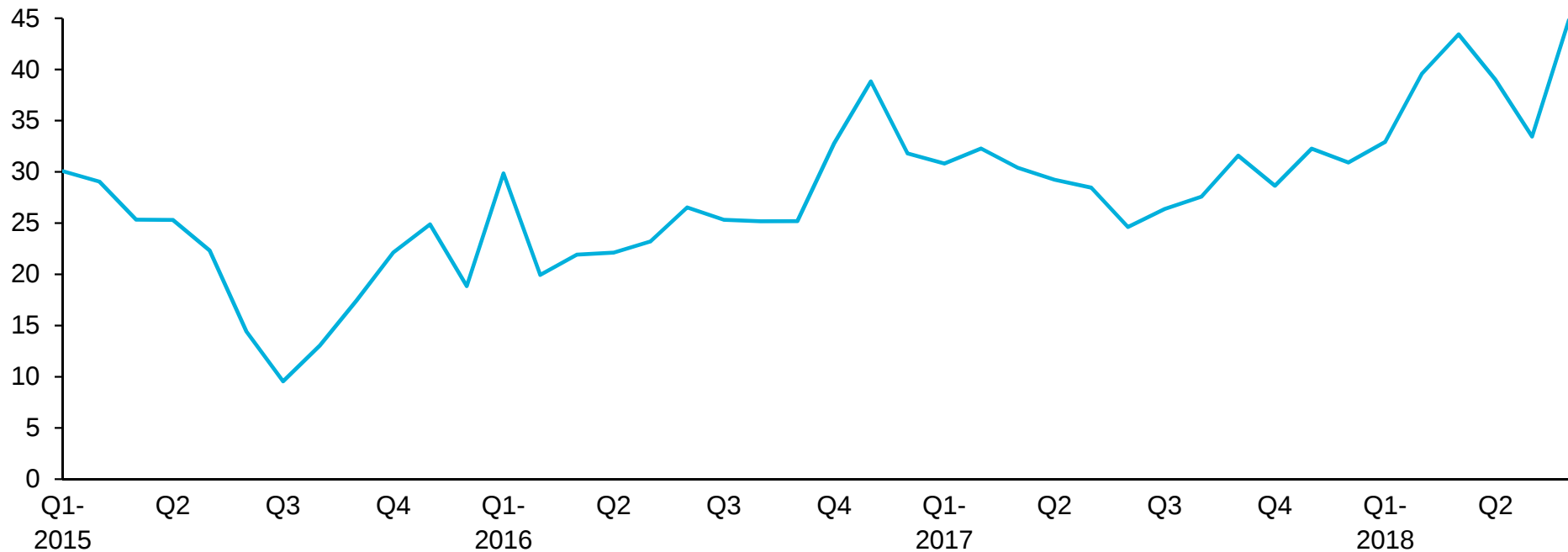
Nordic reservoir level



- ▶ Rapid increase mid-quarter due to early snow melting
- ▶ Weather drier than normal in Q2
- ▶ Nordic reservoir level (total market) at 92% of median at the end of June

Nordic system price, monthly average

EUR/MWh

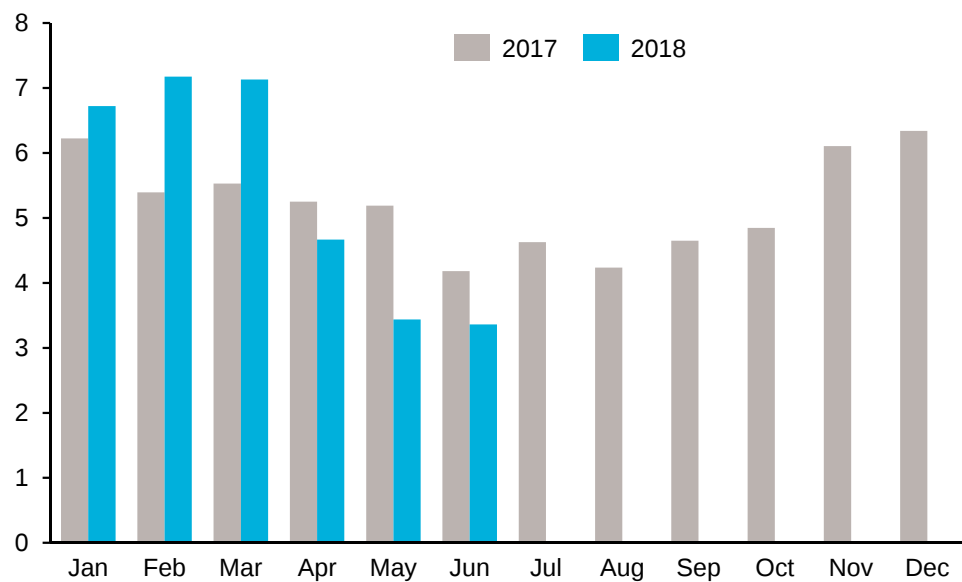


- ▶ Nordic power prices 39.1 EUR/MWh, up 42% Q2 2018 vs. Q2 2017

Energy management



Pålssbu hydropower plant

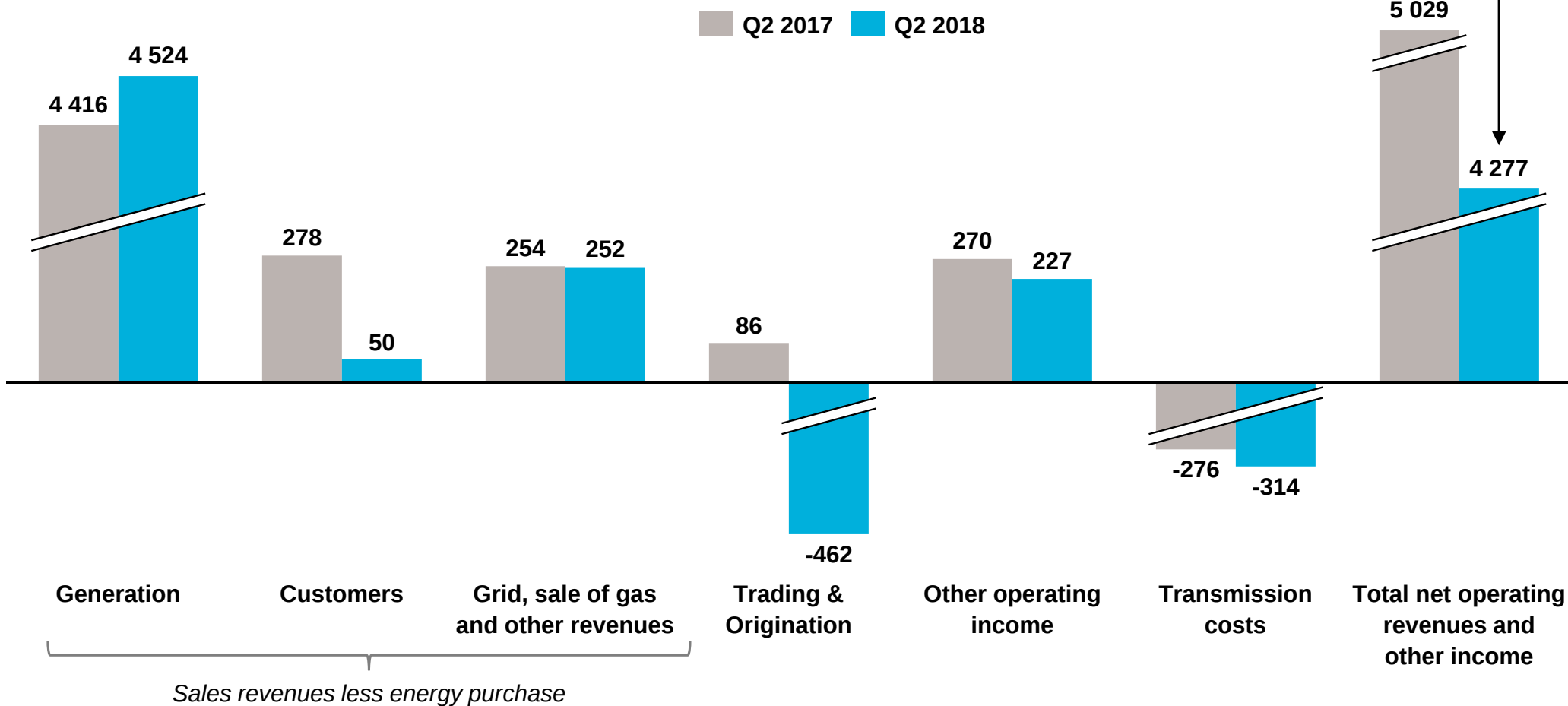


Q2 generation down 22% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	10.9	-2.8
Wind power	0.6	0.0
Gas power	0.0	-0.3
Bio and solar power	0.1	0.0
Total	11.5	-3.1

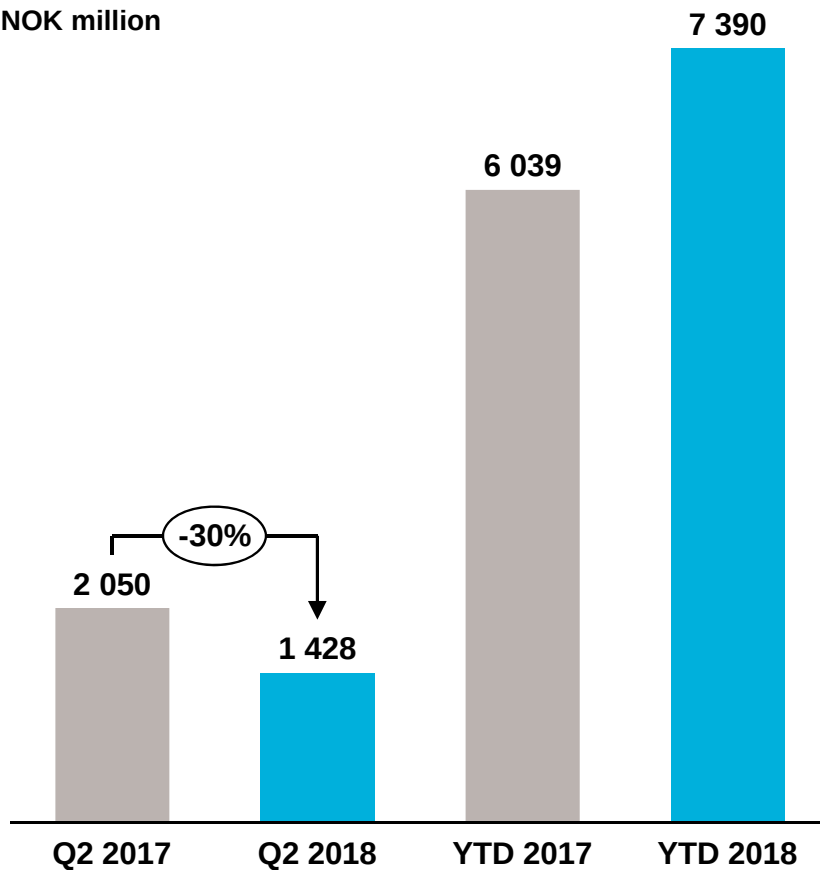
Q2 net operating revenues and other income

NOK million



NOK 1.4 billion in underlying EBIT

NOK million

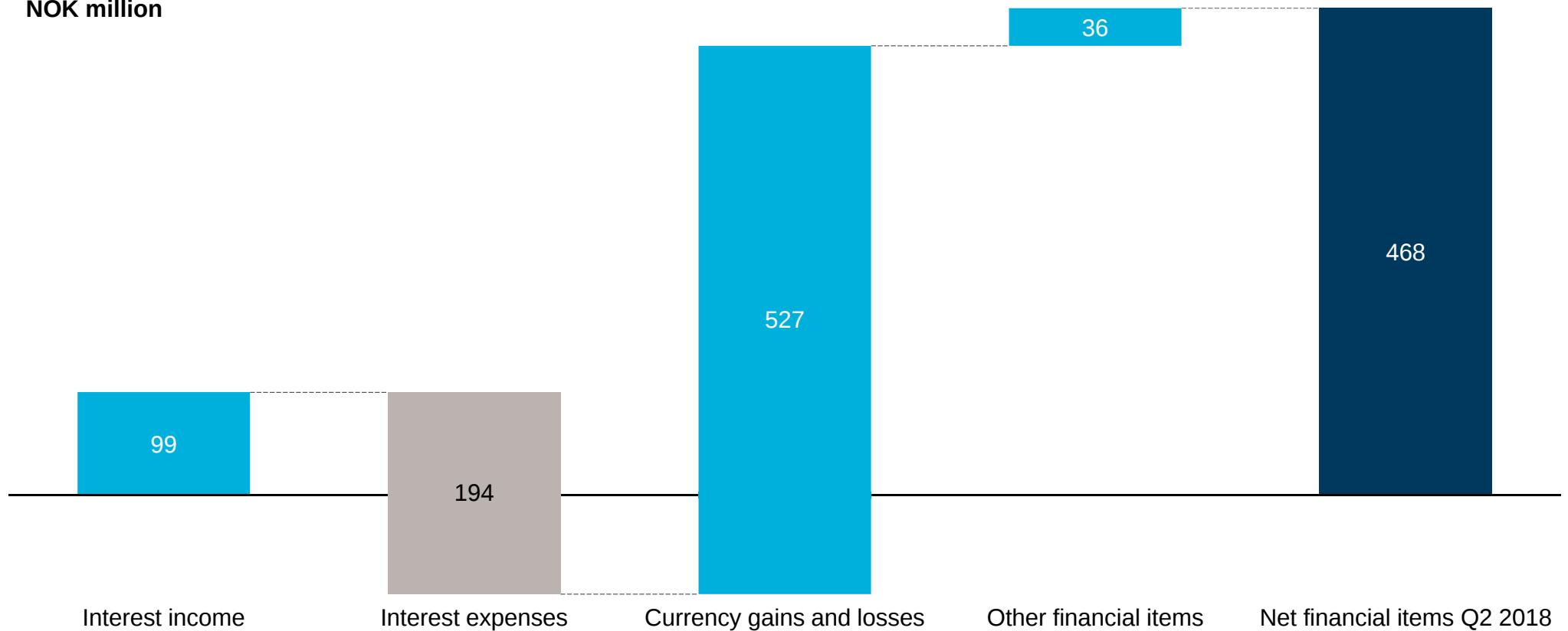


- ▶ Underlying EBIT down NOK 621 million Q-on-Q
- ▶ Primarily a result of lower contribution from Nordic origination and long-term contracts in Brazil

Financial items

Breakdown Net financial items Q2 2018

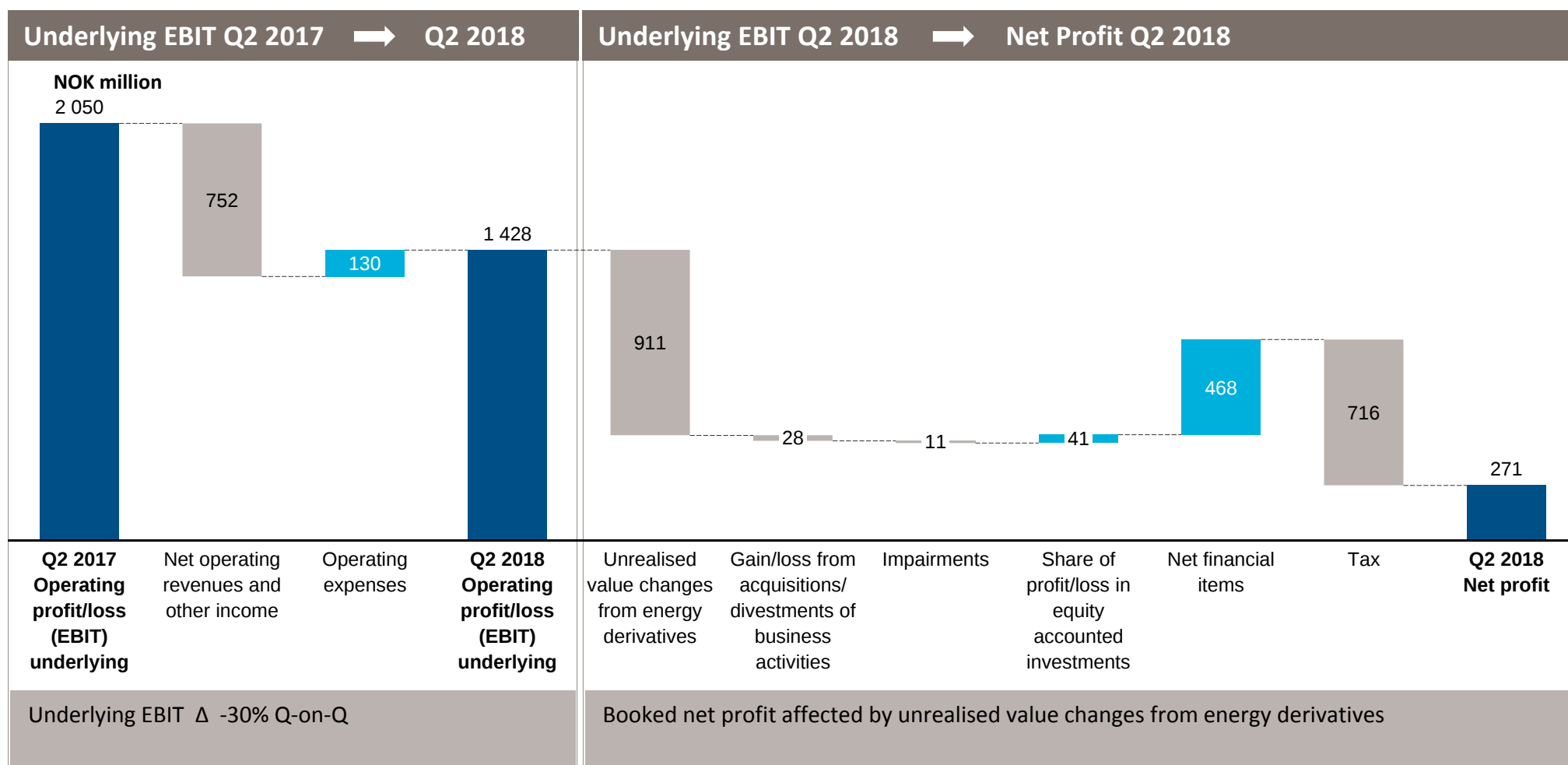
NOK million



Net profit

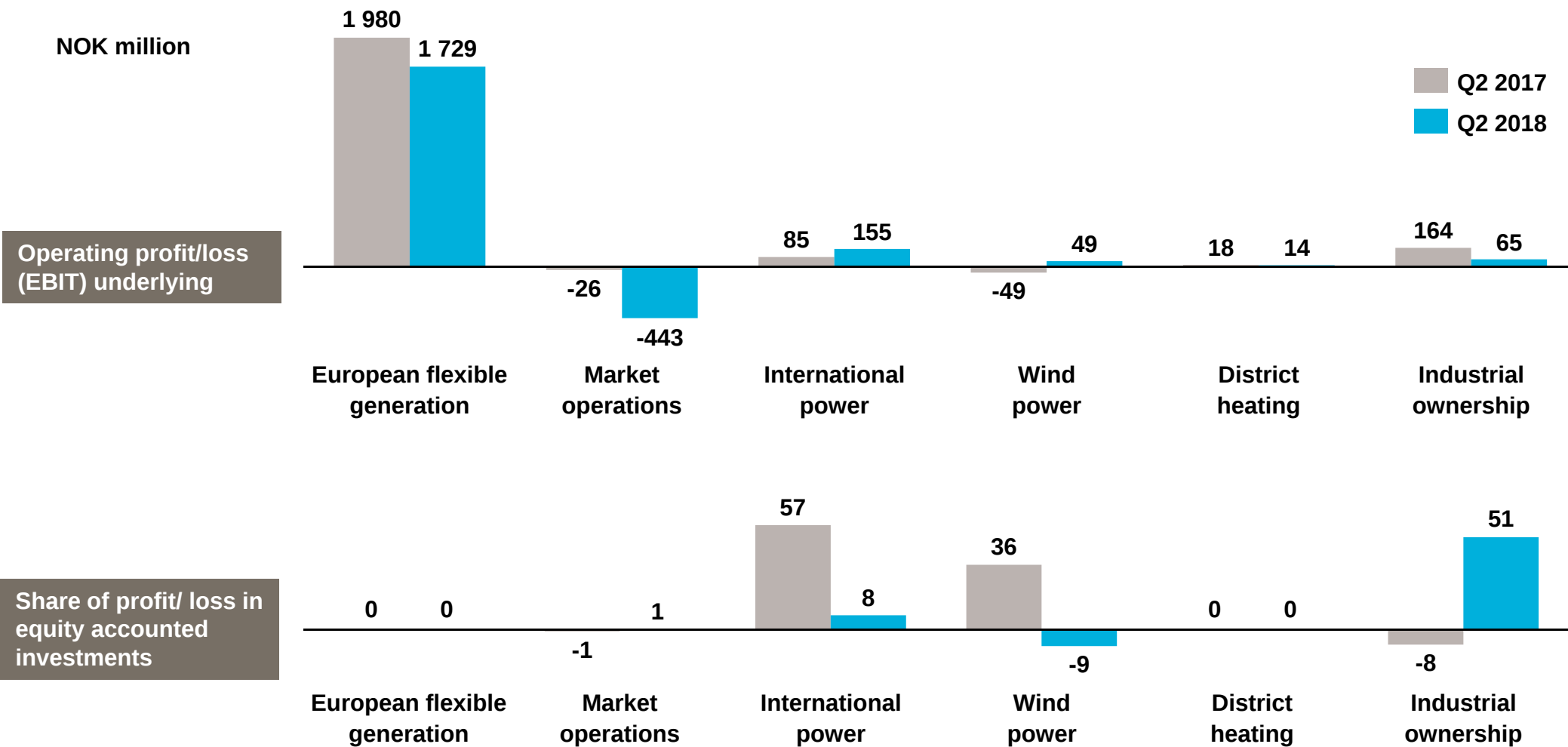
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Q2 net profit breakdown

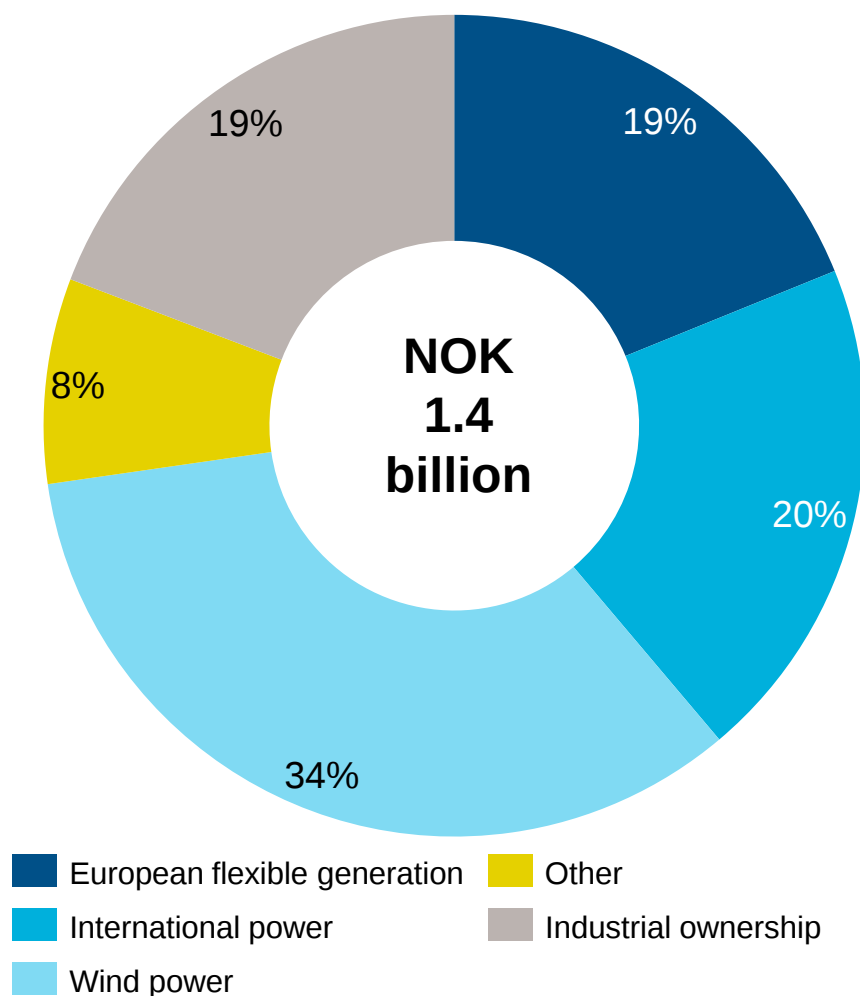


Q2 segment financials

NOK million

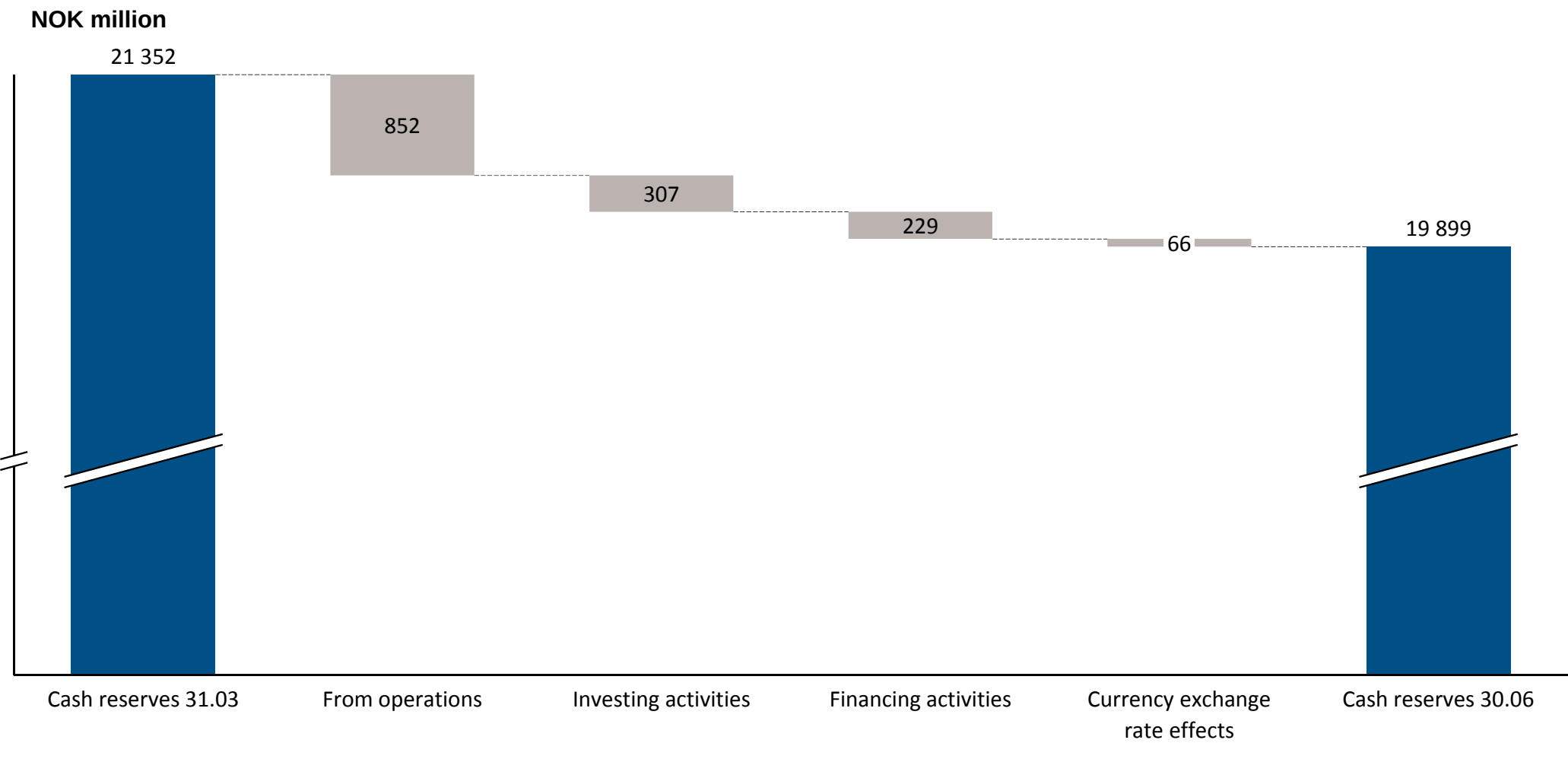


Q2 2018 capital expenditure¹



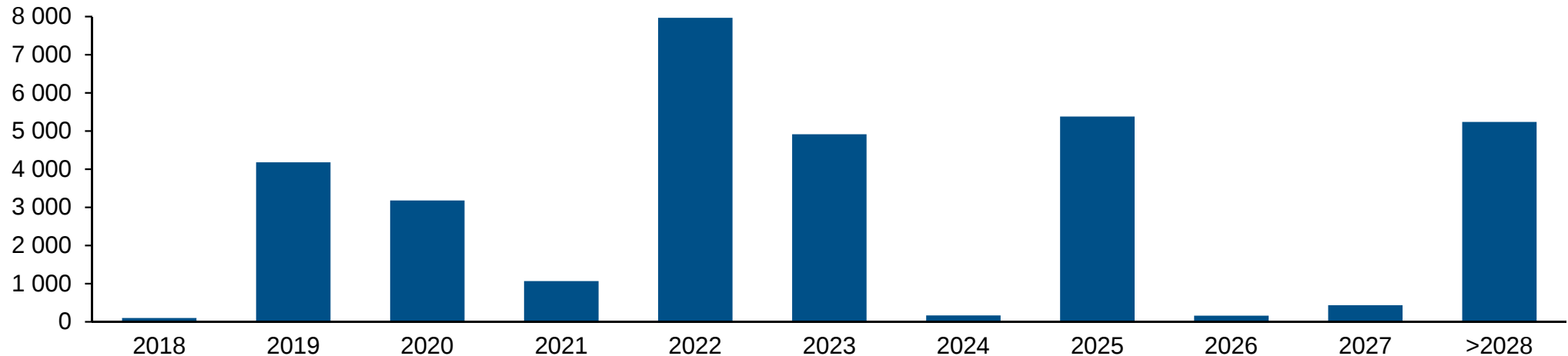
- ▶ Distribution of CAPEX in the quarter:
 - 59% new capacity investments
 - 35% maintenance/other investments
 - 6% shareholdings
- ▶ New hydropower capacity under construction in Albania
- ▶ Wind power developments in Norway
- ▶ Maintenance primarily within Nordic hydropower and Norwegian grid
- ▶ Shareholding investments mainly related to Silva Green Fuel

Cash flow in Q2



Long-term debt repayment profile

NOK million



- ▶ NOK 14.1 billion in net interest-bearing debt (NOK 34.6 billion in Q2 2017)
 - NOK 35%, EUR 59%, USD 2%, BRL 3%, CLP/CLF 1%
 - Weighted average maturity: 5.3 years
 - Net interest-bearing debt-equity ratio: 13.2%

Strong credit ratings



A- / Stable



Baa1 / Stable

- ▶ Maintaining current ratings with S&P and Moody's
- ▶ Strong support from owner
- ▶ Rating impact assessment completed prior to new investment decisions
- ▶ Solid financial foundation for new investments

Summary



- ▶ Solid underlying operations
- ▶ Updated strategy
- ▶ Solid foundation for growth phase



THANK YOU

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