

FINANCIAL RESULTS

Q3 2018

CEO Christian Rynning-Tønnesen

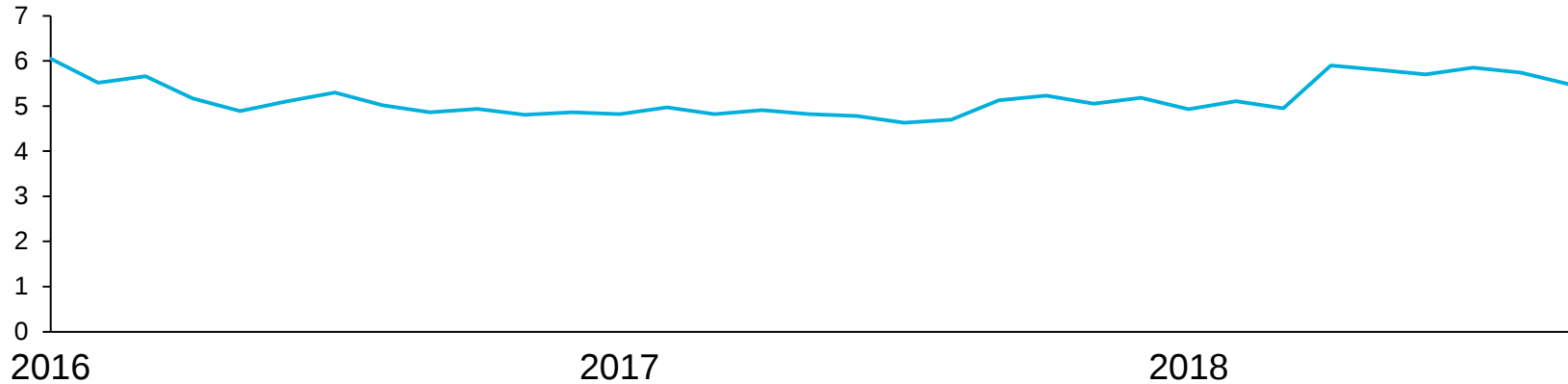
CFO Irene Egset

25 October 2018



Health, safety and environment

TRI-rate¹



- ▶ Health and safety
 - Two serious injuries in the quarter
- ▶ Environment
 - No serious environmental incidents in the quarter

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

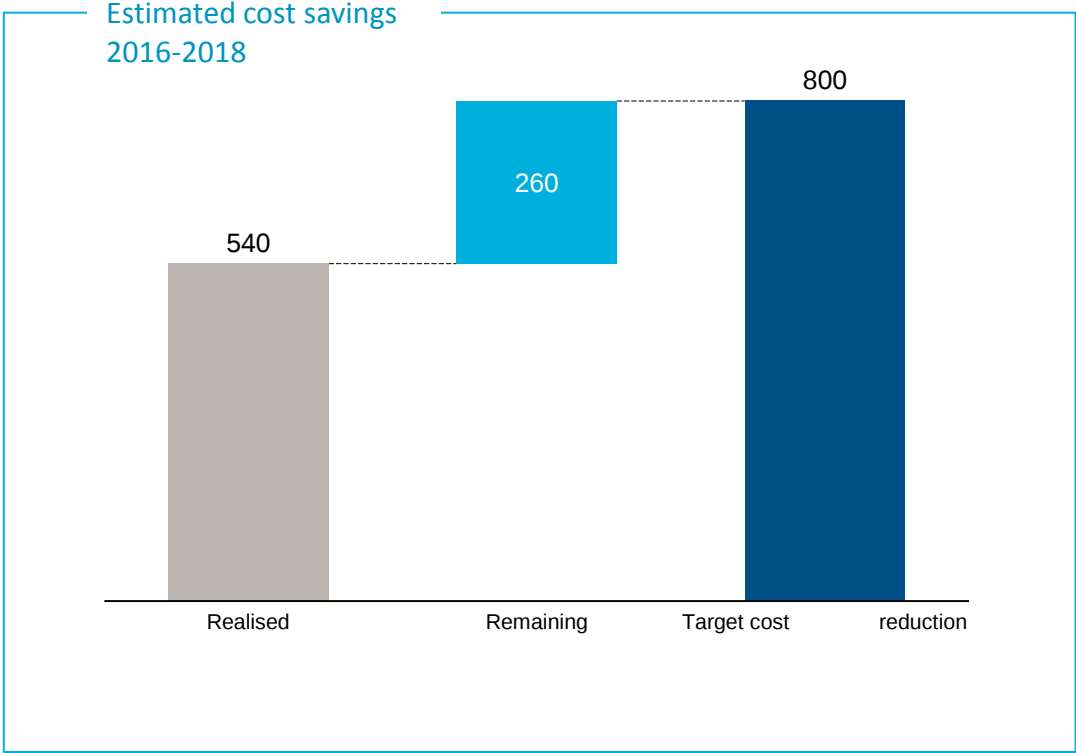
Highlights in Q3



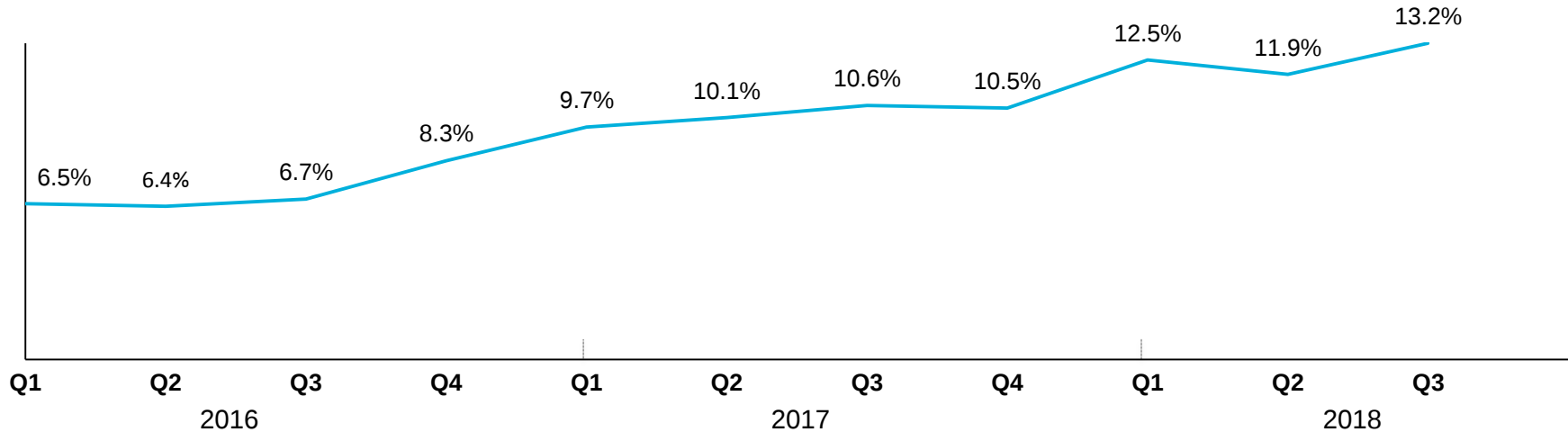
Devoll dam, Albania

- ▶ Underlying EBIT of NOK 2679 million, up NOK 1243 million
- ▶ Net profit amounting to NOK 1265 million
- ▶ Performance improvement programme on track
- ▶ Acquisitions in India and Ireland/UK
- ▶ Planned investments: NOK 10 billion per year – subject to financial capacity

Cost reductions from the Performance Improvement Programme



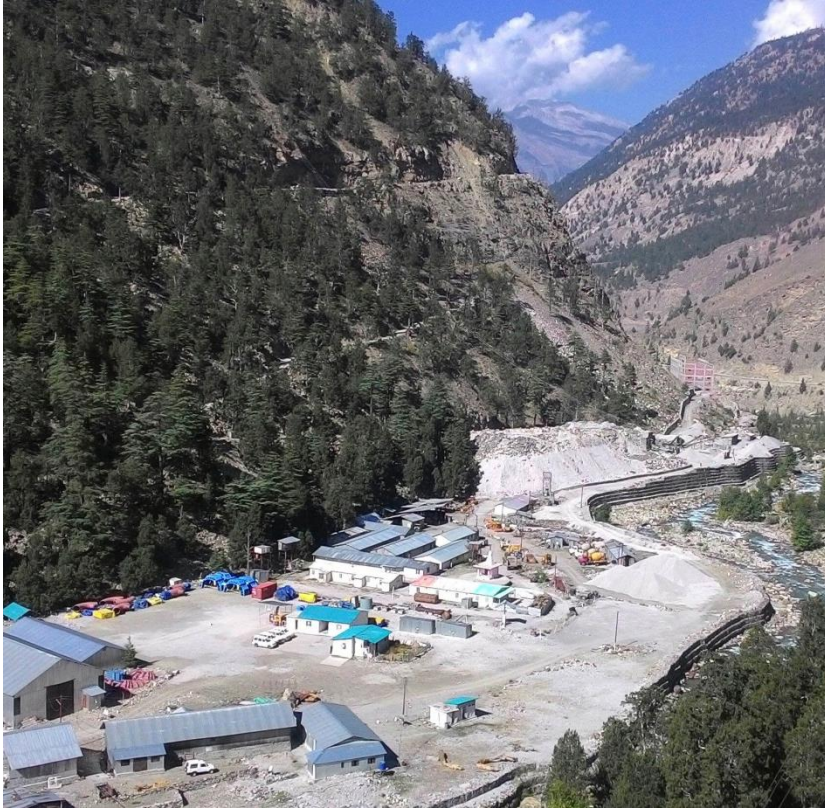
Financial performance



► 12 months rolling ROACE of 13.2%

- Improvement compared with the year 2017 due to higher underlying operating profit (rolling 12 months), primarily driven by higher Nordic power prices
- Average capital employed stable

Acquisition of Tidong hydropower project



- ▶ Acquired 100 per cent of the halted Tidong hydropower project in India (~60 per cent completed)
- ▶ Construction works restarted with planned completion in 2021
- ▶ Special attention has been given to health and safety measures.
- ▶ Planned installed capacity of 100 MW

Acquisition of wind development business in Ireland and UK



- ▶ Acquired the Irish and UK wind development business of the Element Power Group
- ▶ Approx. 1300 MW onshore wind under development in Ireland and approx. 250 MW in UK
- ▶ Construction of the 23 MW Kilathmoy wind farm in south-west Ireland has been decided

Growth ambitions towards 2025

Maintain position as largest hydropower company in Europe and grow significantly in South America and India

Reach 6000 MW onshore wind and 2000 MW solar

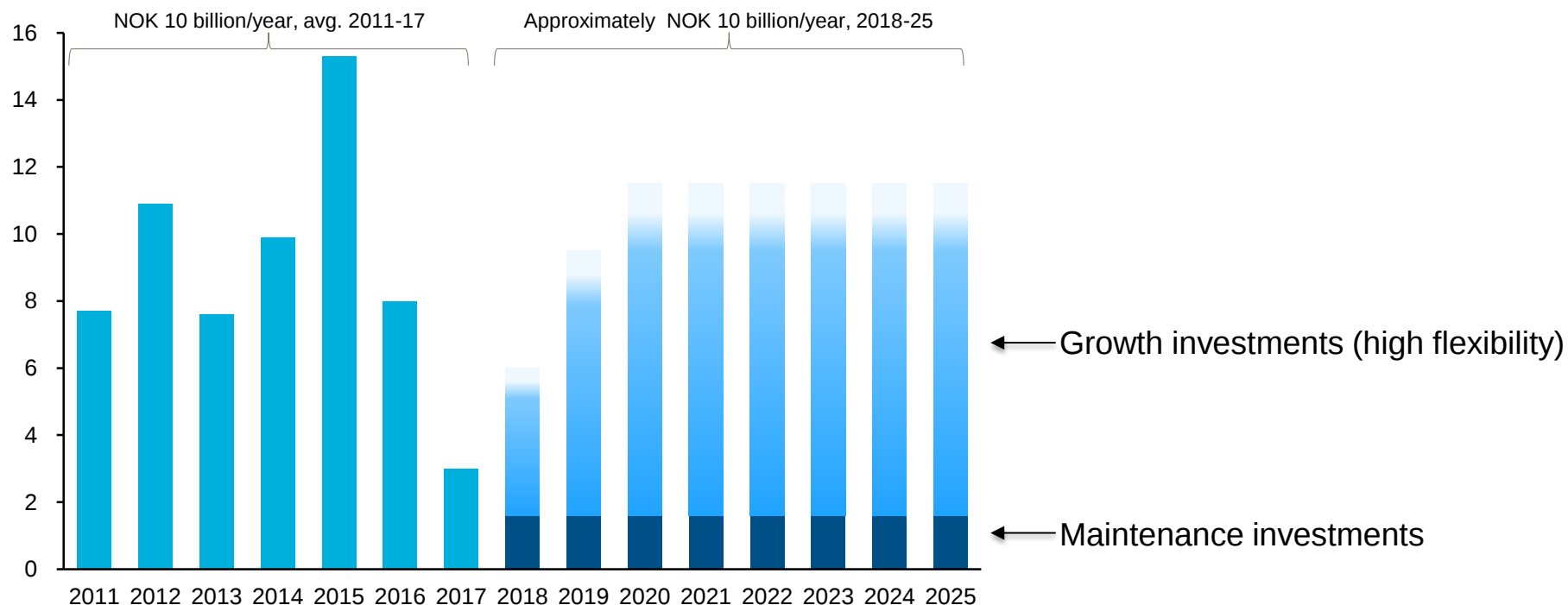
Triple volume from market access activities

Among top three district heating players in Norway and Sweden

Develop 1-2 new businesses with international potential

Powering a green future: Investment plan 2018-25

NOK billion



Outlook



*Kvenndalsfjellet wind farm
from Eidsfjorden (visualization)*

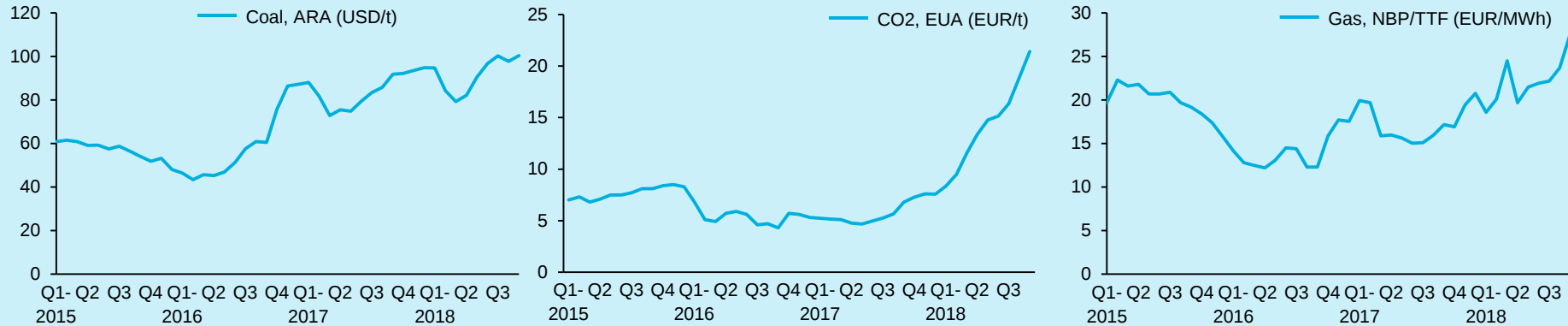
- ▶ Robust earnings
 - Europe's largest reservoir capacity and flexible power plants
 - Long term revenue optimisation and bilateral contracts
- ▶ Strong financial position
 - Divestment programme completed
 - Ongoing performance improvement programme strengthens competitiveness

Key figures

NOK million	Q3 2018	Q3 2017	YTD 2018	YTD 2017	The year 2017
Net operating revenues and other income	5 656	4 650	18 817	16 651	23 350
Operating profit/loss (EBIT) underlying	2 679	1 437	10 069	7 476	10 824
Net profit	1 265	1 783	11 818	6 417	11 710

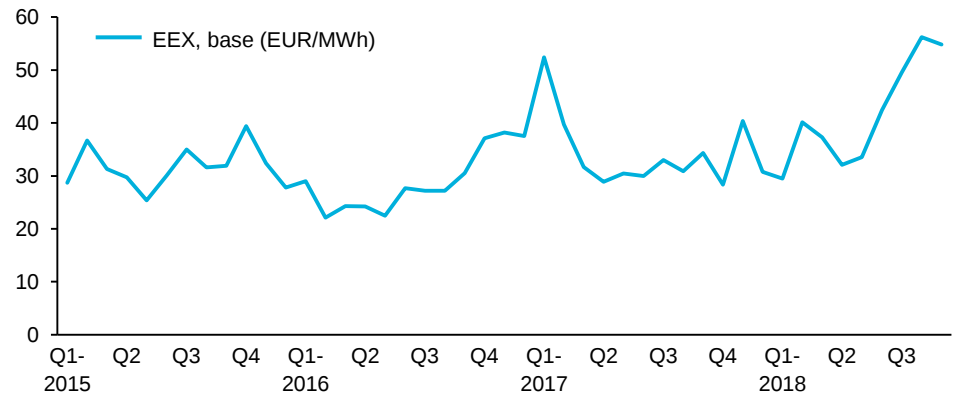
- ▶ Nordic prices measured in EUR up 77% Q-on-Q
- ▶ Overall generation down 3% Q-on-Q
- ▶ Operating expenses down 7% Q-on-Q

Price drivers and the German power market

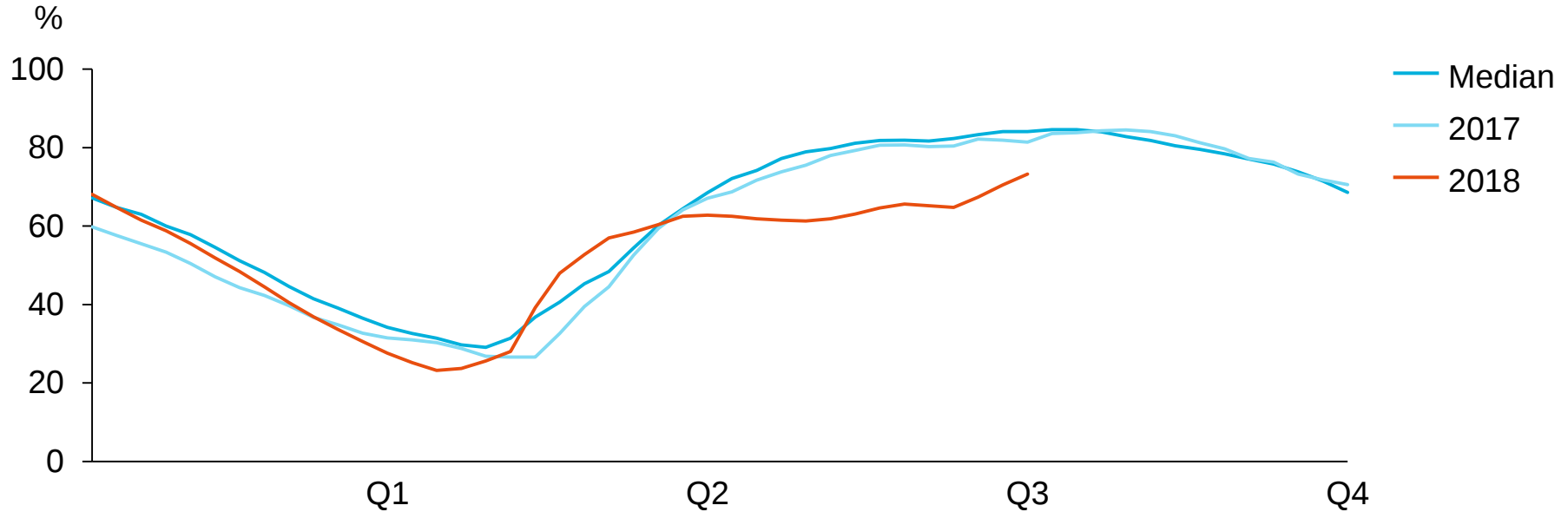


Q3 2018 vs. Q3 2017

- ▶ Coal, CO₂ and gas prices increased
- ▶ German power prices up by 63%
 - Mainly related to higher gas and CO₂ prices



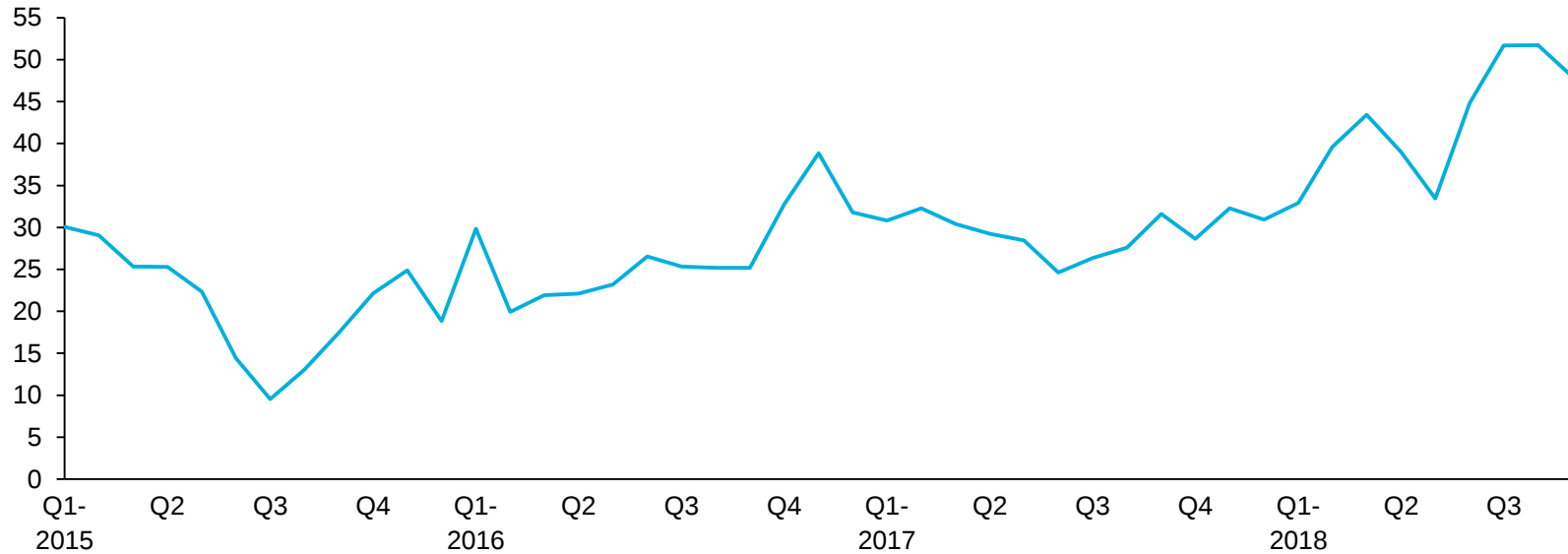
Nordic reservoir level



- ▶ Rapid increase mid-quarter due to high precipitation
- ▶ Weather drier than normal in Q2
- ▶ Nordic reservoir level (total market) at 87% of median at the end of September

Nordic system price, monthly average

EUR/MWh

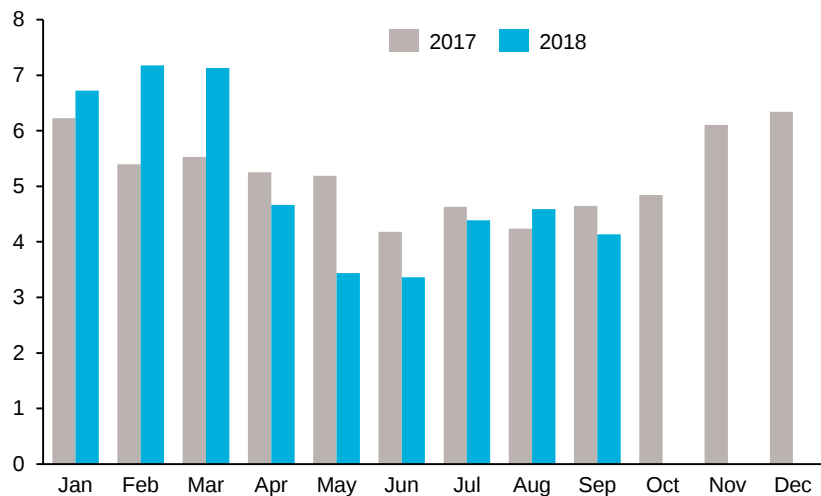


► Nordic power prices 50.5 EUR/MWh, up 77% Q3 2018 vs. Q3 2017

Energy management



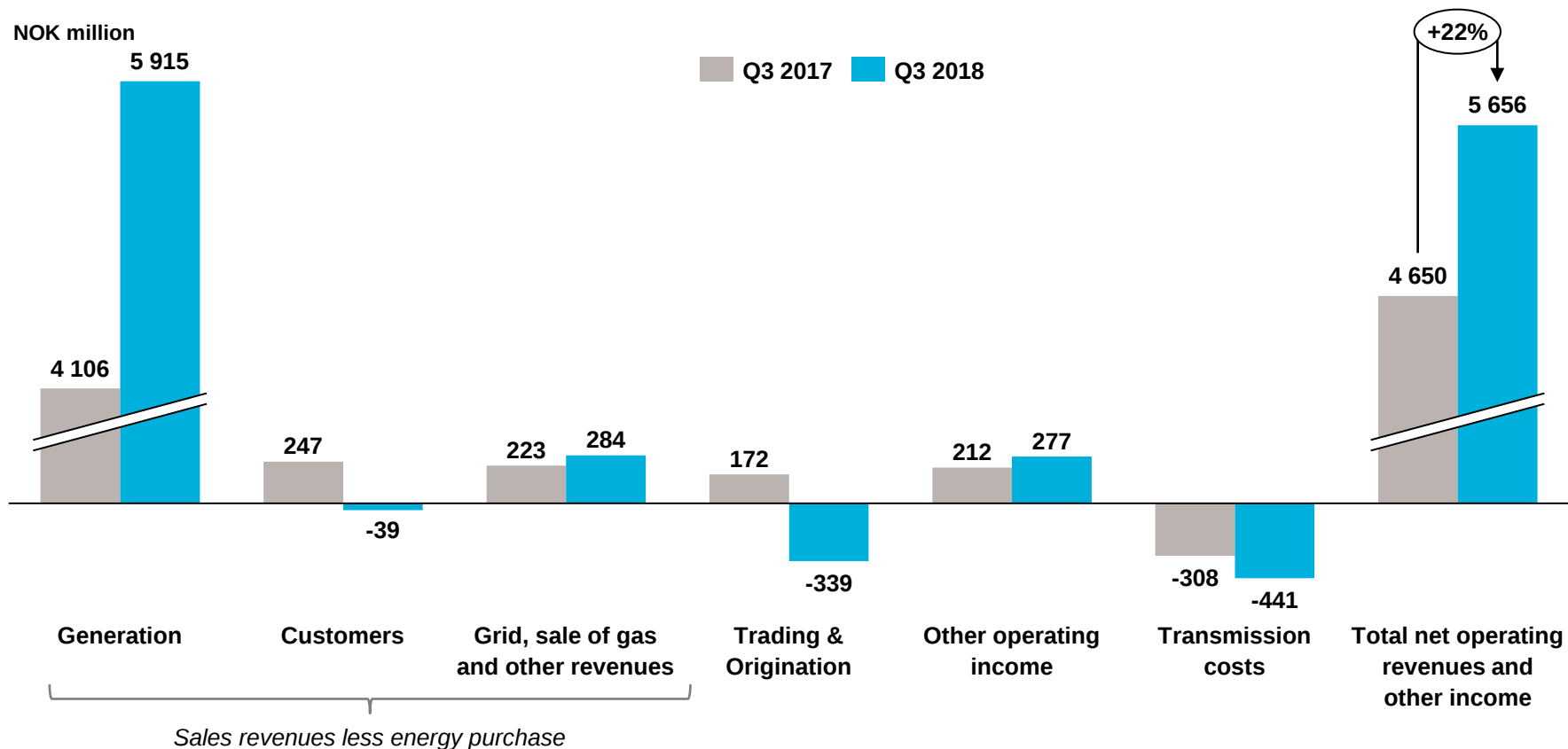
Stormyr dam, Nedre Røssåga hydropower plant



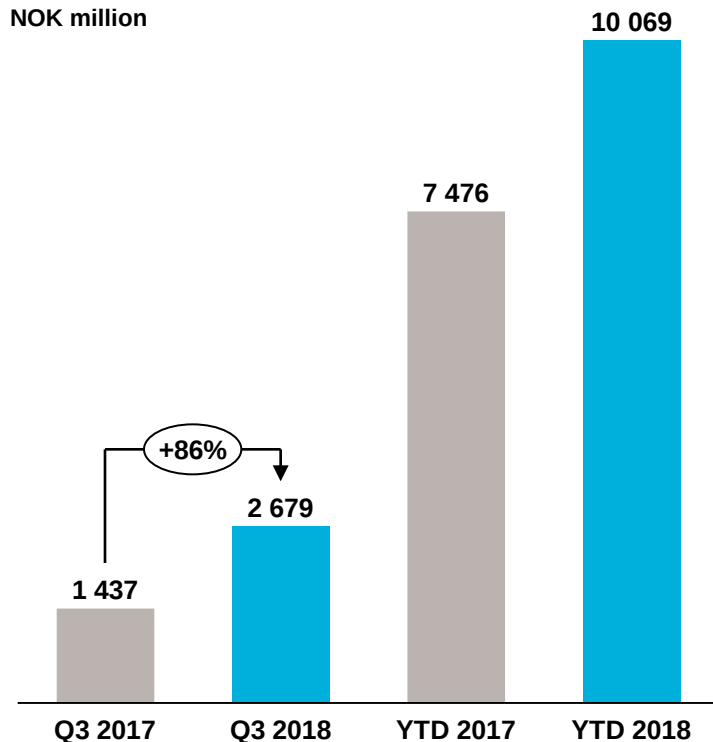
Q3 generation down 3% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	12.0	-0.2
Wind power	0.6	0.1
Gas power	0.5	-0.3
Bio and solar power	0.1	0.0
Total	13.1	-0.4

Q3 net operating revenues and other income



NOK 2.7 billion in underlying EBIT

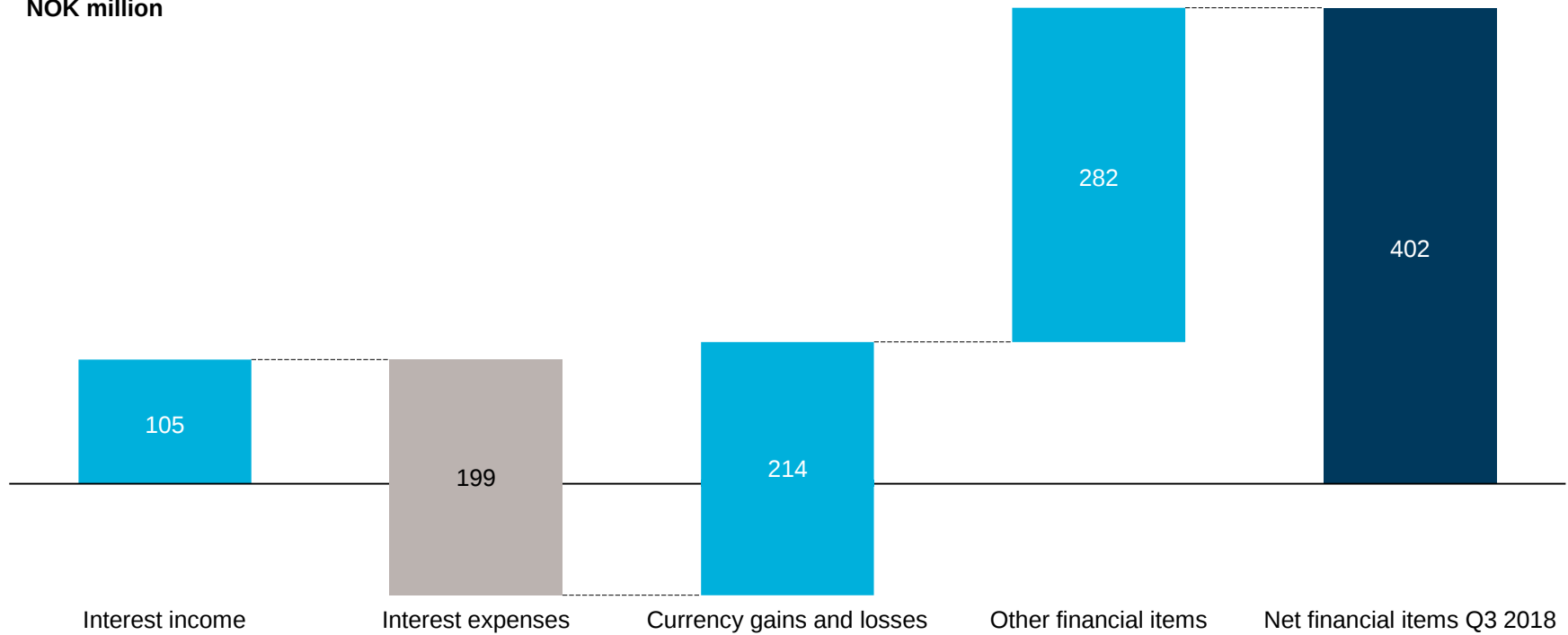


- ▶ Underlying EBIT up NOK 1243 million Q-on-Q
- ▶ Primarily driven by higher Nordic power prices. This was partly offset by lower contribution from Nordic origination, value reduction of long-term contracts in Brazil and negative effects from market access activities.
- ▶ NOK 237 million in reduced opex Q-on-Q

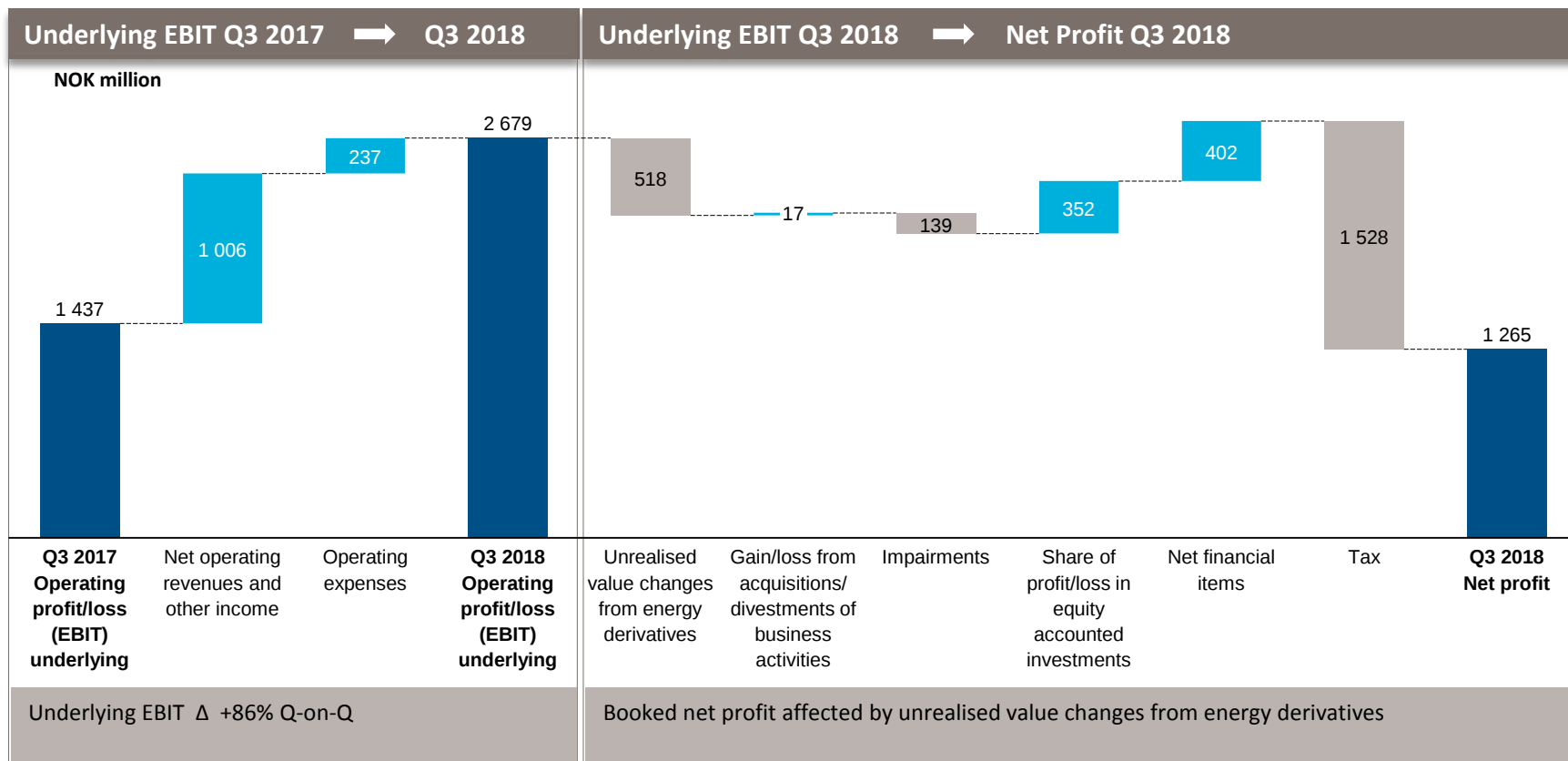
Financial items

Breakdown Net financial items Q3 2018

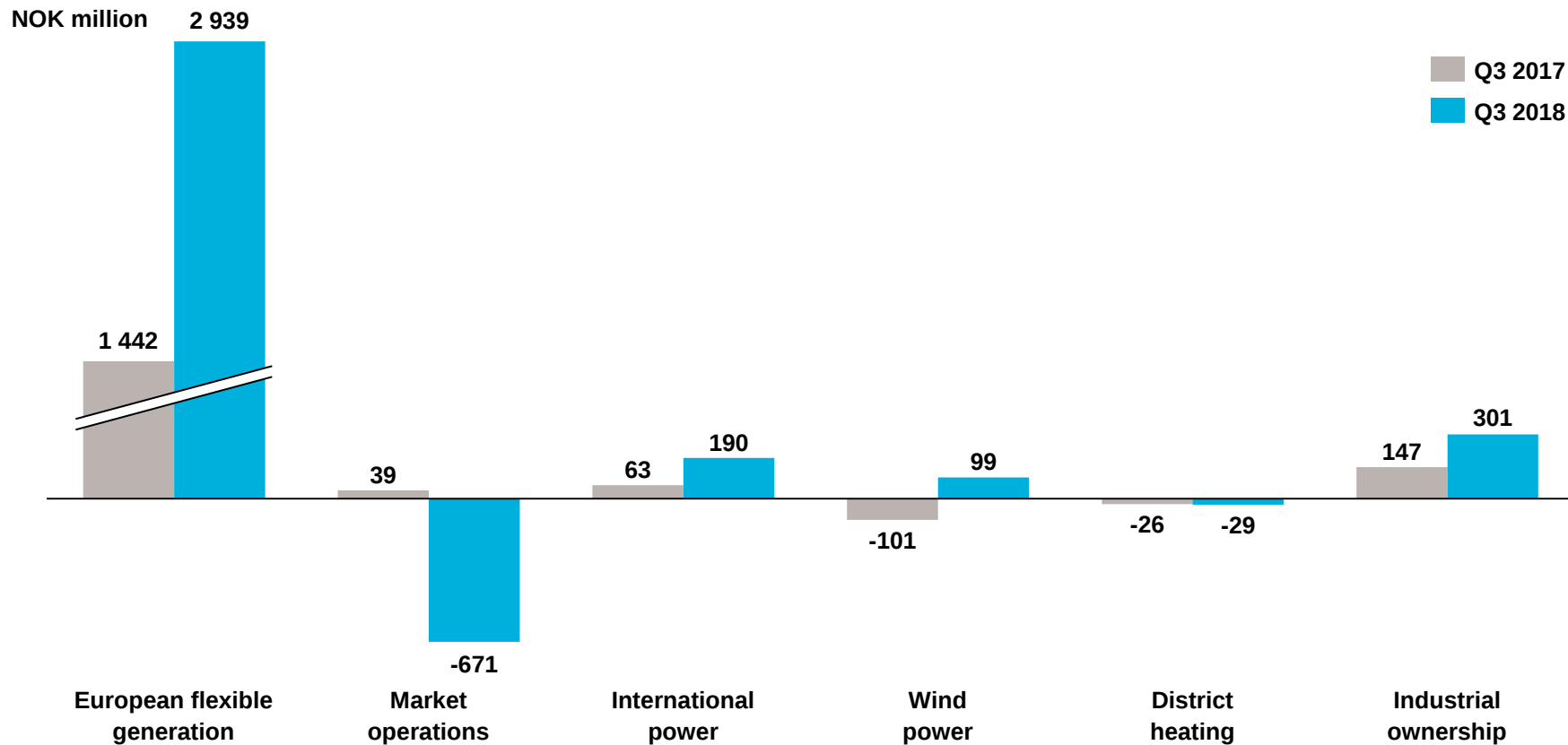
NOK million



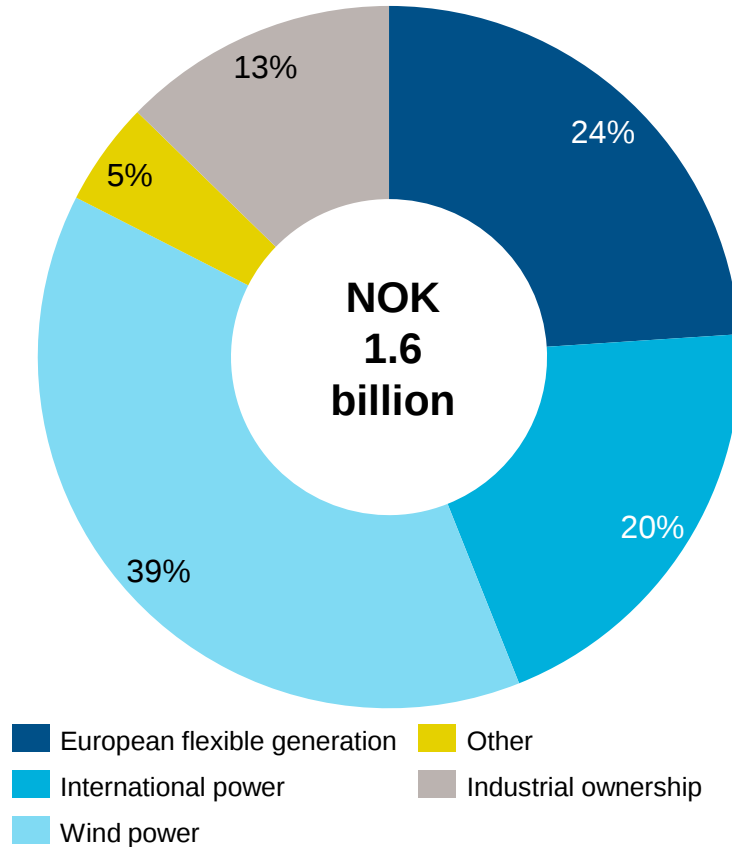
Q3 net profit breakdown



Q3 segment EBIT underlying



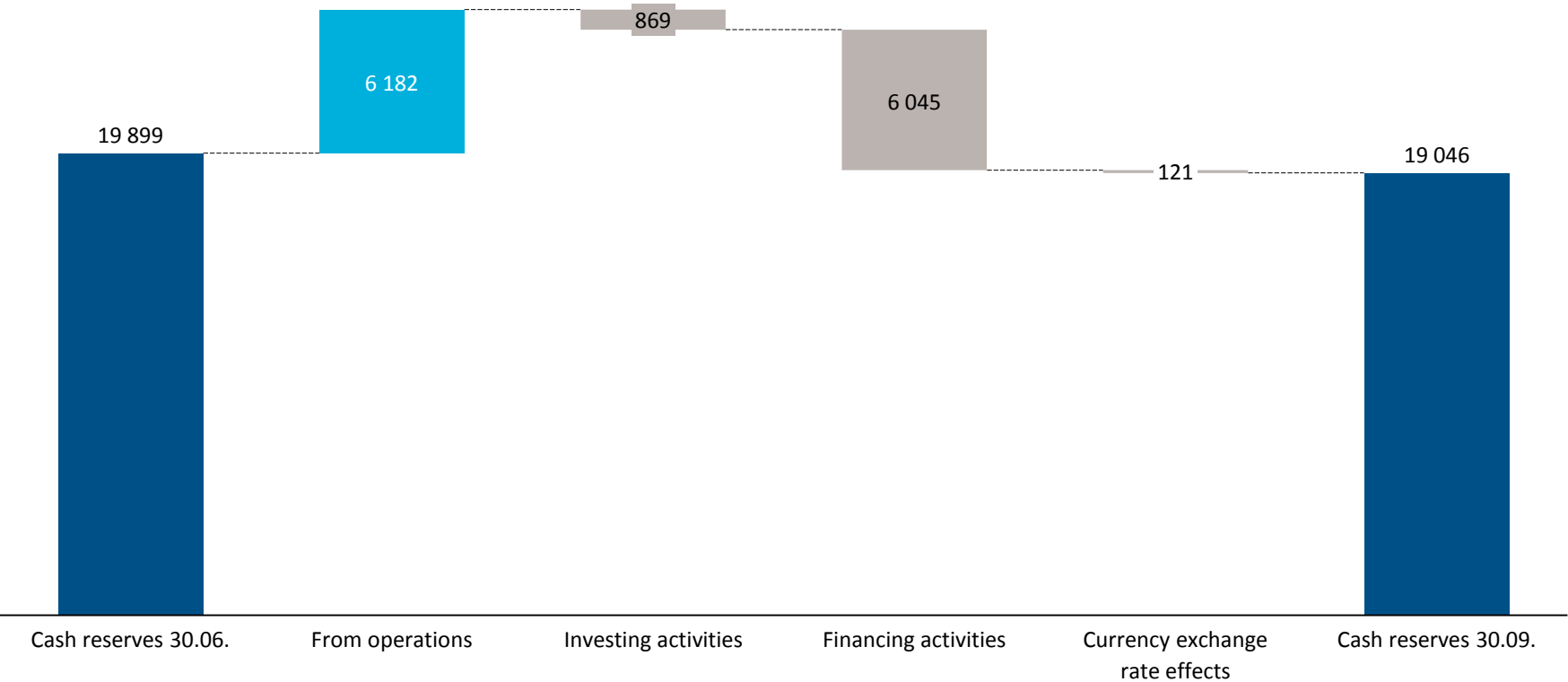
Q3 2018 capital expenditure¹



- ▶ Distribution of CAPEX in the quarter:
 - 60% new capacity investments
 - 39% maintenance/other investments
 - 1% 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

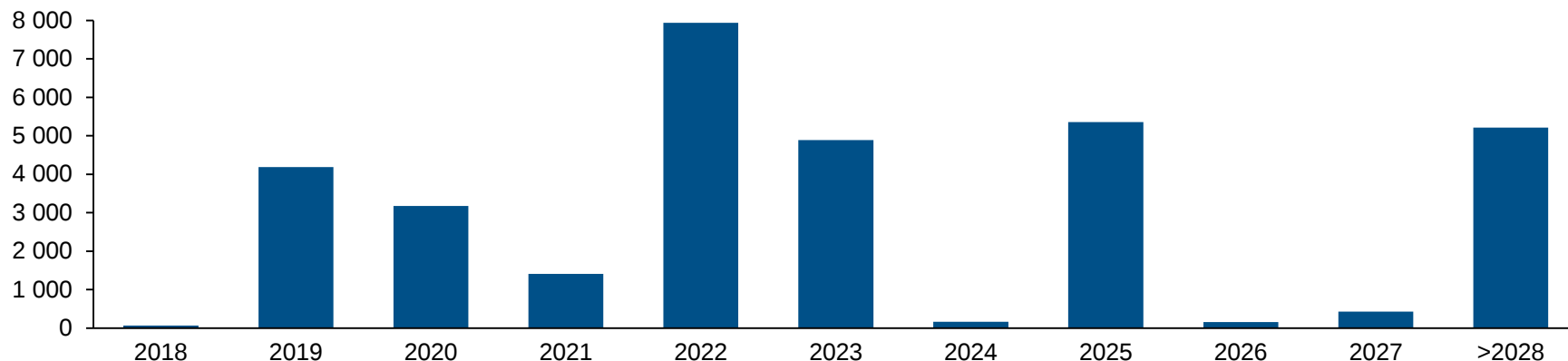
Cash flow in Q3

NOK million



Long-term debt repayment profile

NOK million



- ▶ NOK 15.5 billion in net interest-bearing debt
- ▶ Net interest-bearing debt-equity 14.2%
- ▶ Weighted average maturity: 5.1 years

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



- ▶ Strong underlying performance in the quarter
- ▶ Robust financial position
- ▶ Solid foundation for growth phase
- ▶ Investment plan with large degree of flexibility



THANK YOU

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