

FINANCIAL RESULTS

Q4 2017

CEO Christian Rynning-Tønnesen

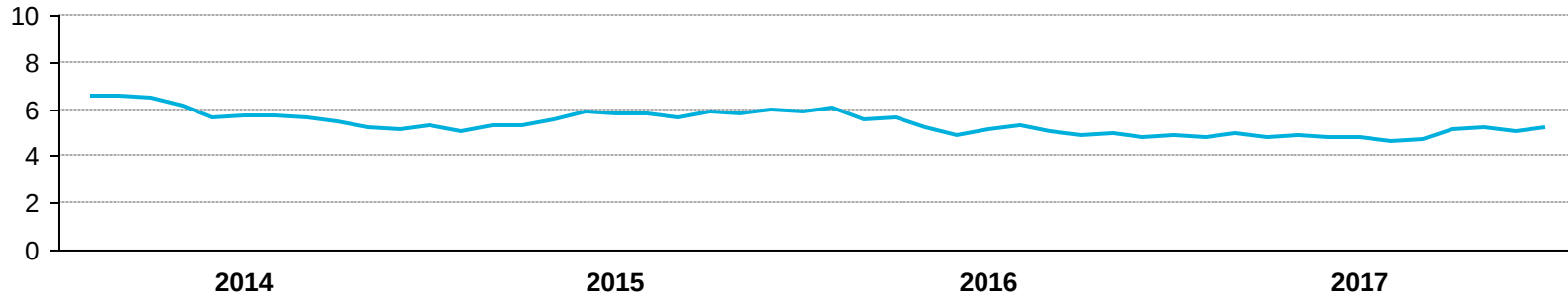
CFO Irene Egset

15 February 2018



Health, safety and environment

TRI-rate¹



- ▶ Health and safety
 - One serious incident in Q4
 - Strengthening of safety performance is top priority in Statkraft
- ▶ Environment
 - No serious environmental incidents

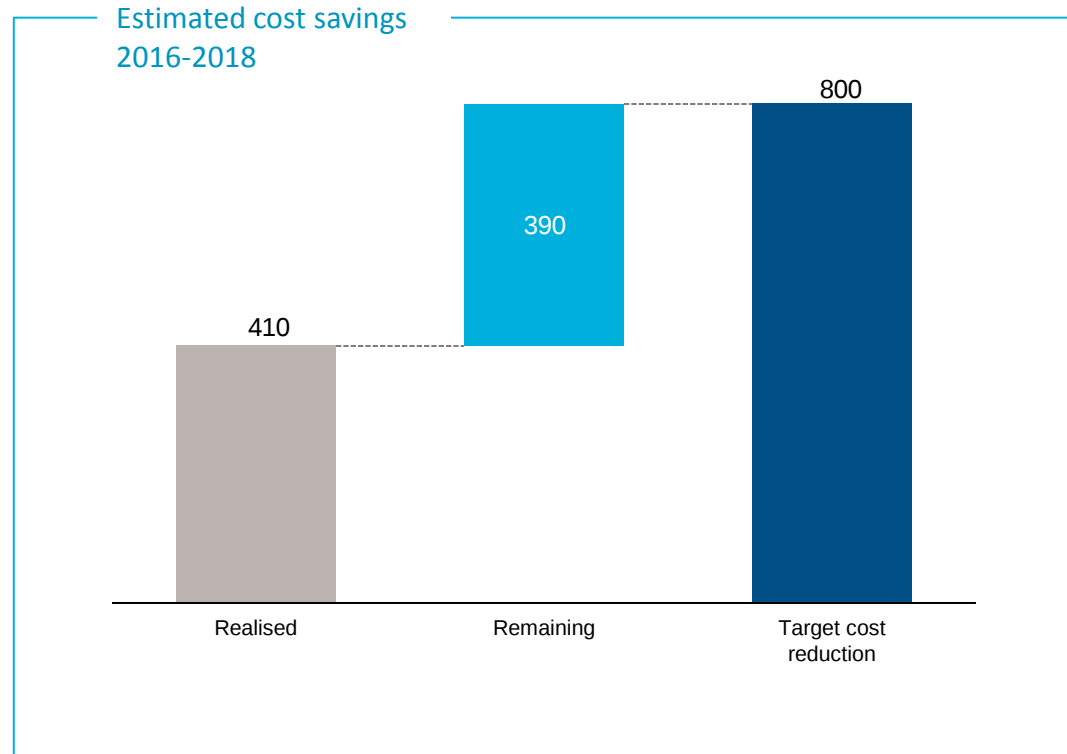
¹TRI rate (12 months rolling): Total recordable injuries per million hours worked

Highlights in Q4



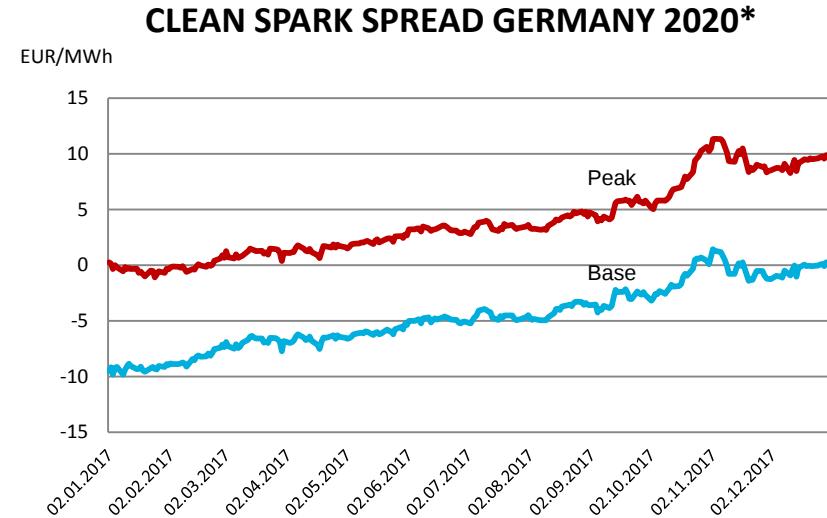
- ▶ Underlying EBITDA of NOK 4786 million, up NOK 115 million
- ▶ Strong result: Net profit amounting to NOK 5317 million, up NOK 4569 million
- ▶ Performance improvement programme realised NOK 410 million so far
- ▶ Partial reversal of impairments for gas-fired generation due to improved market outlook
- ▶ Substantial gains from divestments of offshore wind assets
- ▶ Investment decision on biofuel demo plant

Cost reductions from the Performance Improvement Programme



Improved outlook for gas-fired generation

- ▶ Partly reversal of impairments of NOK 914 million for German gas-fired power plants
- ▶ Key drivers:
 - Higher coal prices (30% increase in 2017)
 - Higher CO₂-prices
 - Continued plant decommissioning
- ▶ Increased Clean spark spread (gas to power margin) in 2017



**50% efficiency assumed.*

Sources: CO₂ – ECX, TTF Gas – ICE Endex, Power – EEX

Large gains from offshore wind divestments



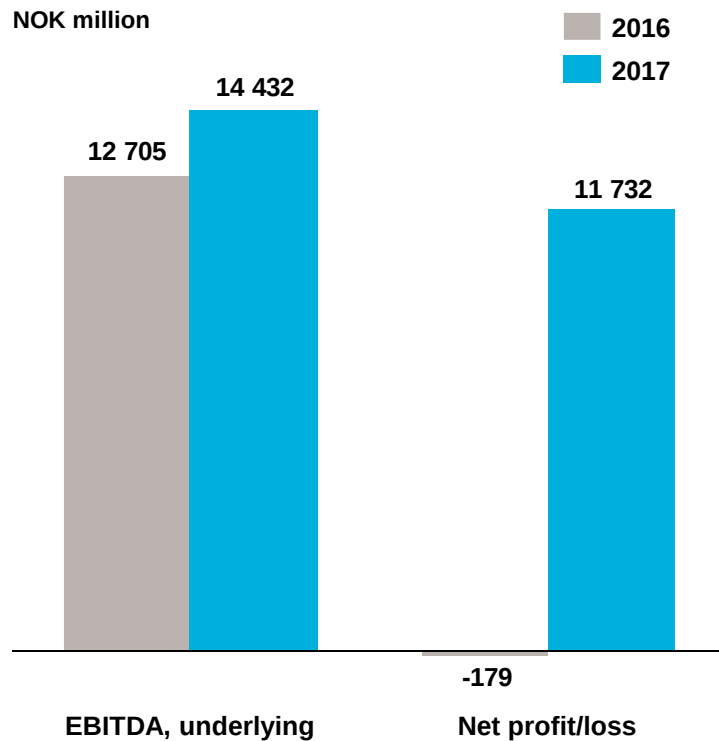
- ▶ 50% share in Triton Knoll project
 - Divested with a gain of NOK 426 million.
- ▶ 40% share in Sheringham Shoal
 - Divested with a gain of NOK 2 634 million.
- ▶ 30% share in Dudgeon
 - Signed sales agreement in December, closing expected in Q1 2018.

Investment decision on biofuel pilot plant



- ▶ Purpose: Develop technology for advanced biofuel production in partnership with Södra
- ▶ Transform forest feedstock to renewable energy for the transport sector
- ▶ Investment cost NOK 500 million:
 - Enova will finance around 25%
 - Statkraft's share NOK 190 million
- ▶ Completion is scheduled for 2019

Annual result, 2017



Outlook



- ▶ Robust earnings:
 - Europe's largest reservoir capacity and flexible power plants
 - Long-term contracts contribute to stabilising revenues and net profit
- ▶ Solid financial position:
 - Ongoing performance improvement programme strengthens competitiveness
 - Divestments strengthens financial solidity
 - New long-term dividend model improves predictability and investment capacity
- ▶ Targeted growth in renewable technologies
 - Investment program continues to be adapted to financial capacity

Key figures

NOK million	Q4 2017	Q4 2016	The year 2017	The year 2016
Net revenues ¹	7 188	7 297	23 296	21 875
EBITDA ¹	4 786	4 671	14 432	12 705
Net profit/loss	5 317	748	11 732	-179

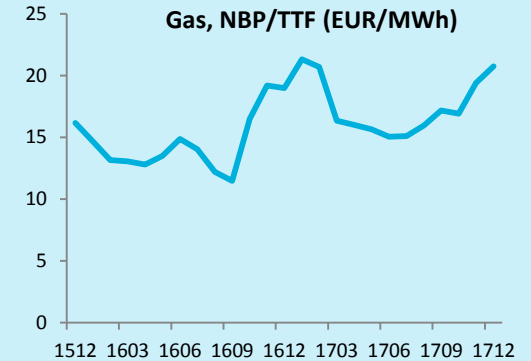
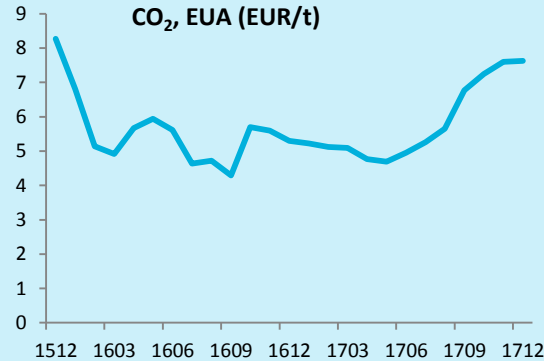
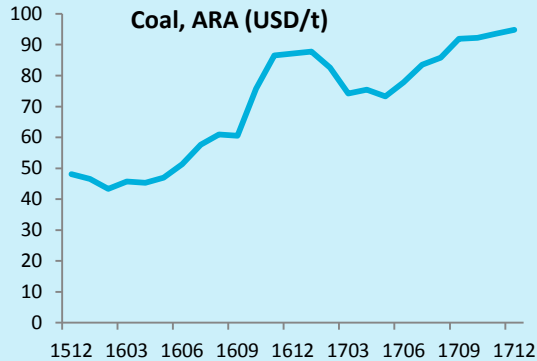
► Fourth quarter 2017:

- Nordic prices measured in EUR down 11% Q-on-Q
- Overall generation down 9% Q-on-Q

► Net profit impacted by gains from divestments of offshore wind assets and reversal of impairments

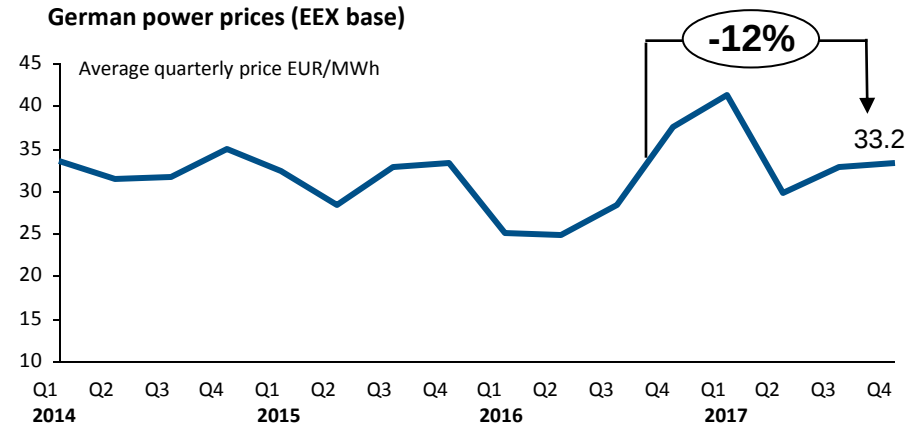
¹ Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs

Price drivers and the German power market

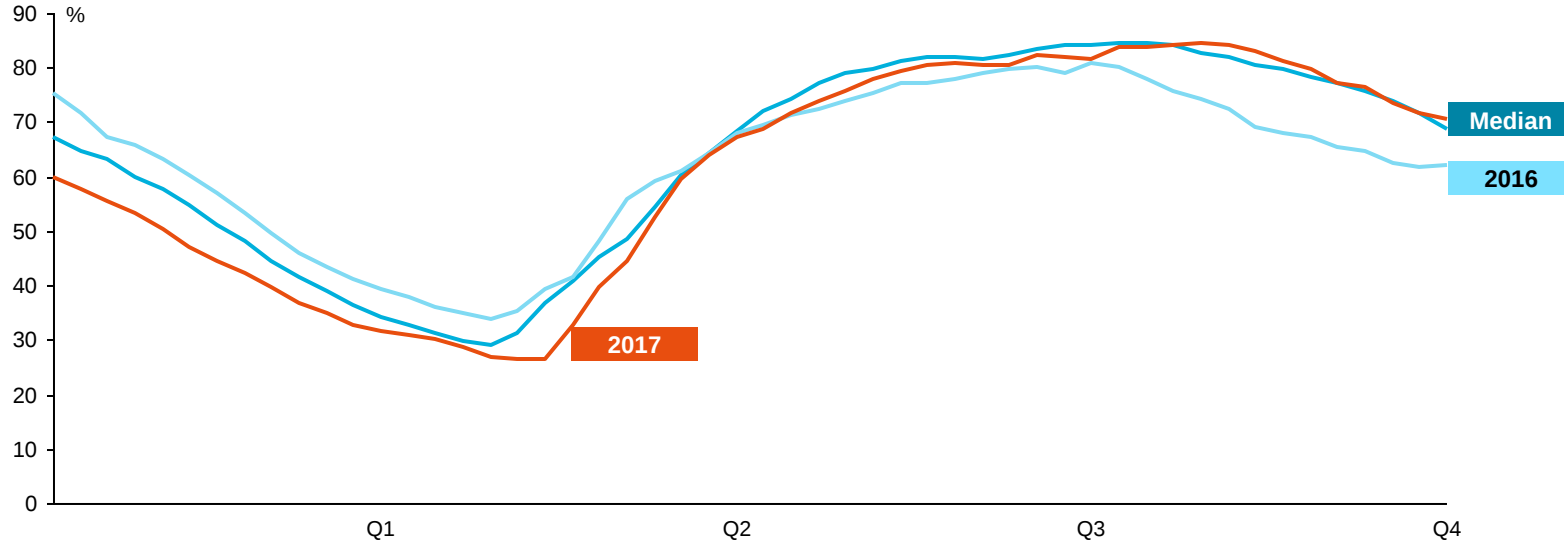


Q4 2017 vs. Q4 2016

- ▶ Coal, CO₂ and gas prices higher
- ▶ High wind power production
- ▶ German power prices down by 12%

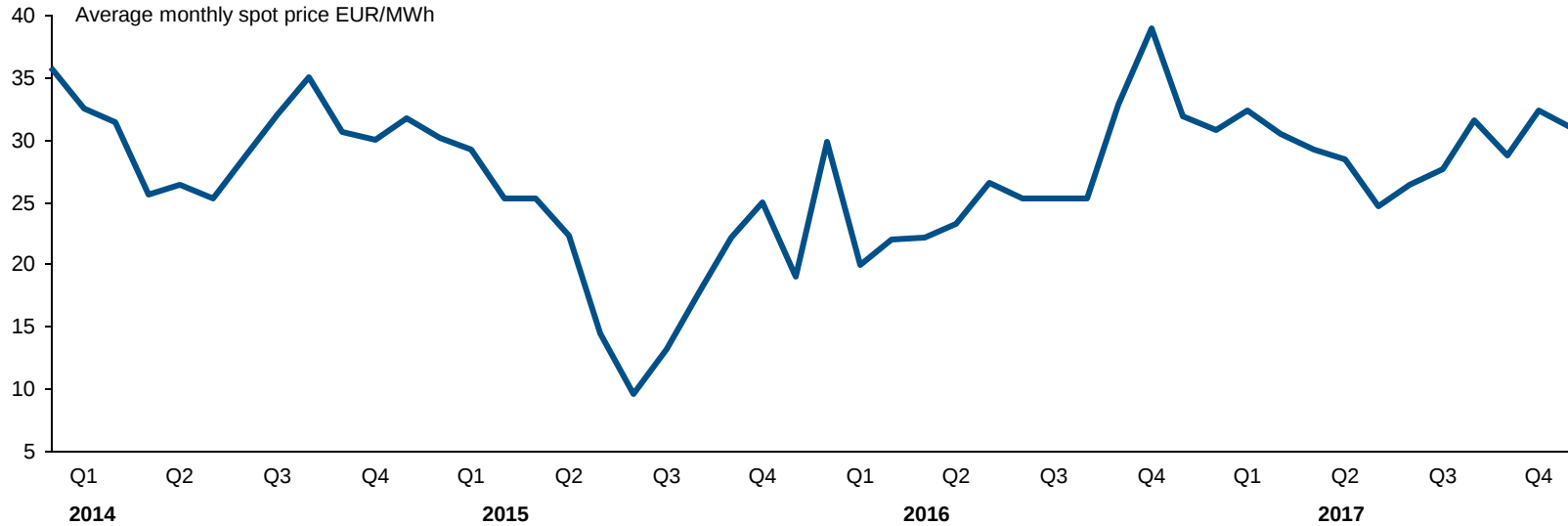


Nordic reservoir level



- ▶ Total Nordic hydrological resources slightly above normal level end of Q4
 - Water reservoirs 103% of median
 - Inflow slightly above normal level

Nordic power prices

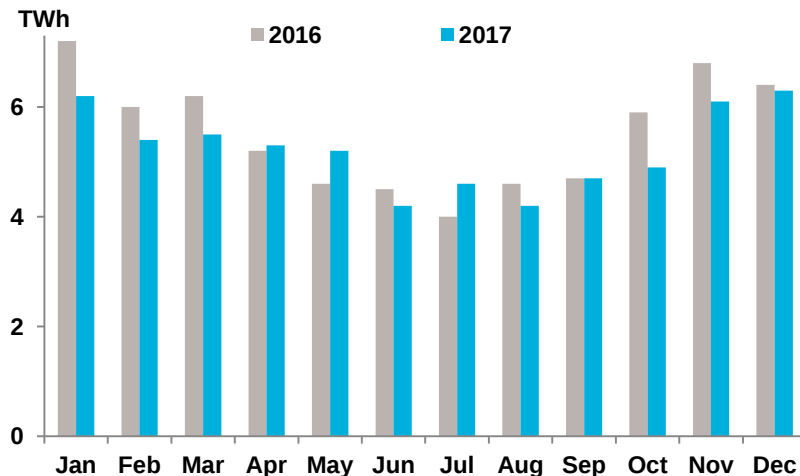


- ▶ Nordic power prices 30.6 EUR/MWh, down 11% Q4 2017 vs. Q4 2016

Energy management



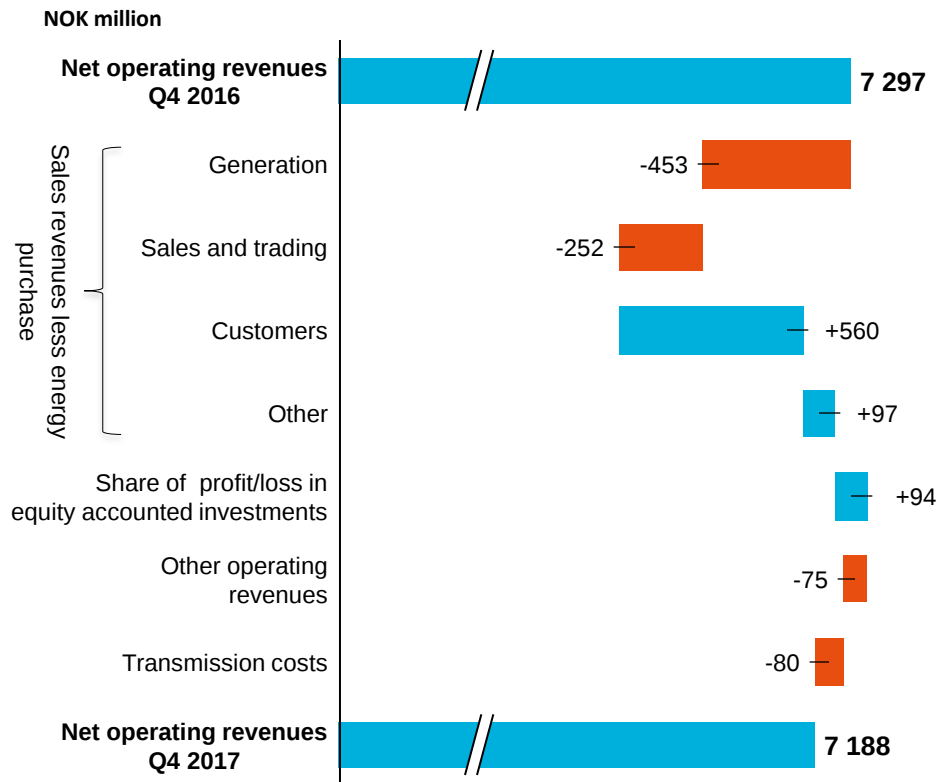
Monthly power generation



Q4 production down 9% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	15.8	-1.2
Wind power	0.8	-
Gas power	0.7	-0.6
Bio power	0.1	-
Total	17.3	-1.8

Net operating revenues



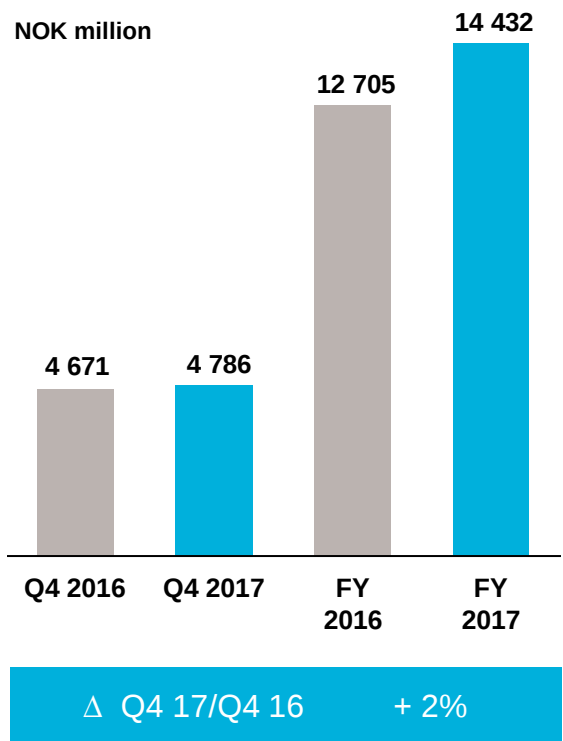
► Net operating revenues¹ down by NOK 109 million (- 1%)

► Major effects:

- Net generation decreased mainly due to reduced Nordic power prices and lower generation
- Sales and trading decreased mainly due to negative contribution from Continental trading
- Customers increased mainly due to improved contribution from market access in UK and Germany

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

NOK 4.8 billion in underlying EBITDA



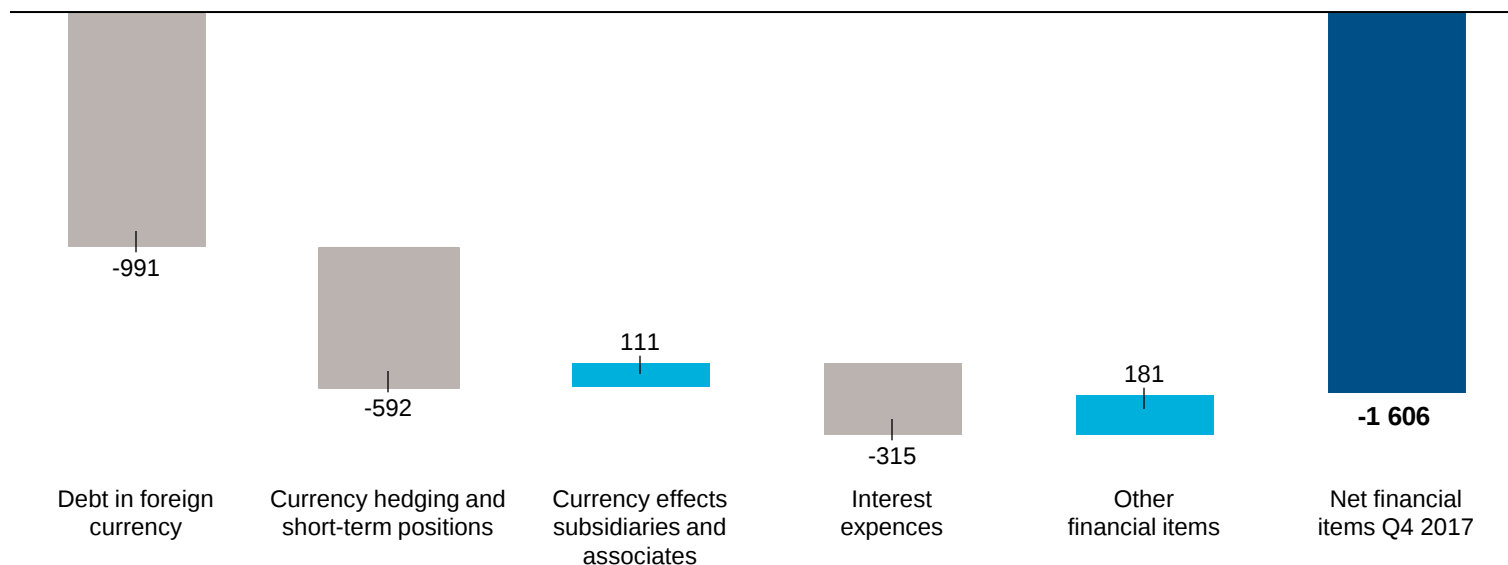
- ▶ Underlying EBITDA¹ was up by NOK 115 million Q-on-Q
- ▶ Primarily a result of higher contribution from Industrial ownership due to higher power generation and grid revenues
- ▶ Positive effects from market access activities in the UK, lower costs, one-off effects in International power and new wind capacity

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 Q4 2017

NOK million



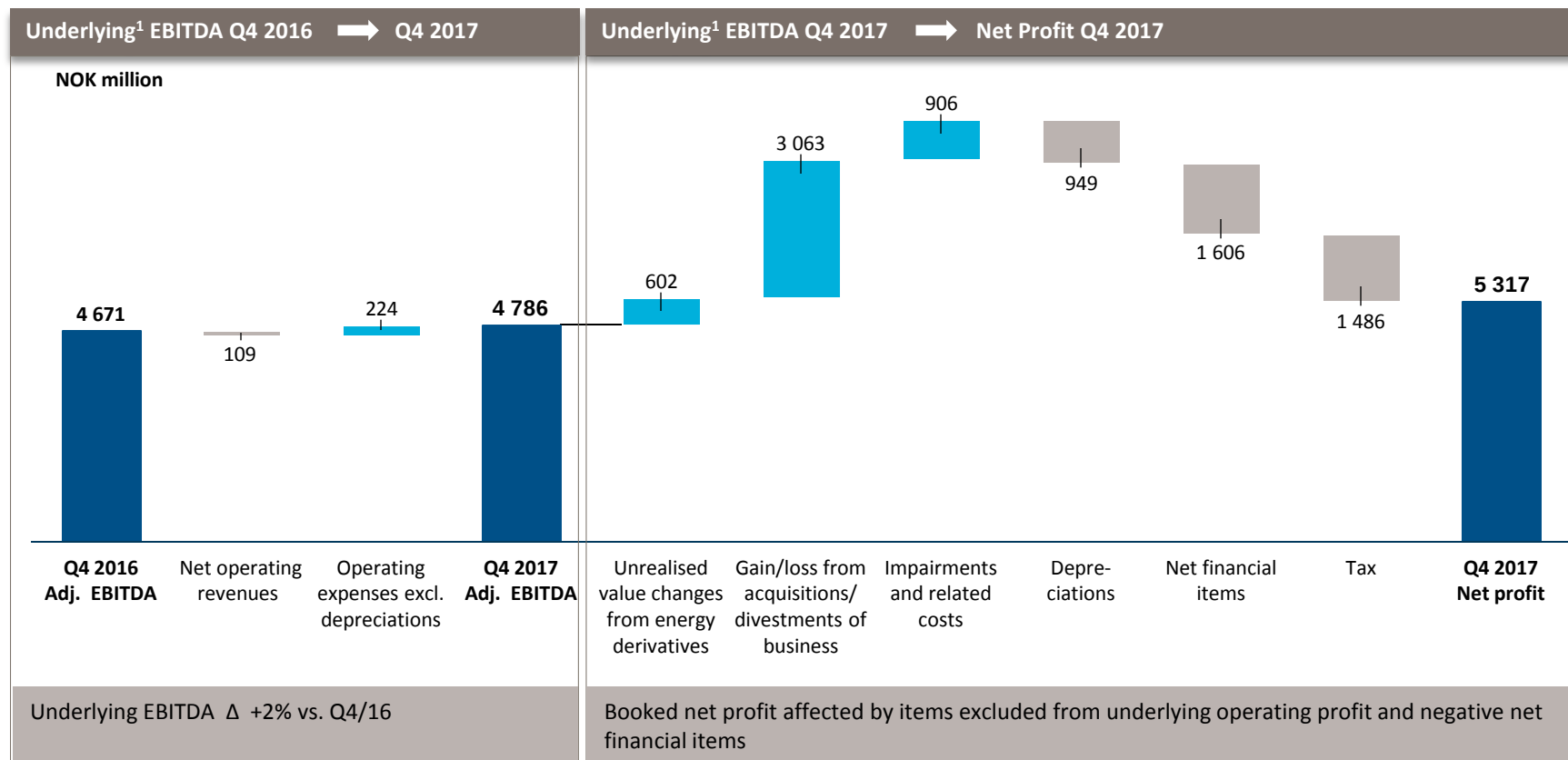
There are positive translation effects in equity

Net profit

NOK million	Q4 2017	Q4 2016	FY 2017	FY 2016
Net profit/loss	5 317	748	11 732	-179

- ▶ Solid contributions from operating activities
- ▶ Gains from divestment of offshore wind assets
- ▶ Net profit 2016 held back by impairments

Q4 net profit breakdown



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

Q4 segment financials

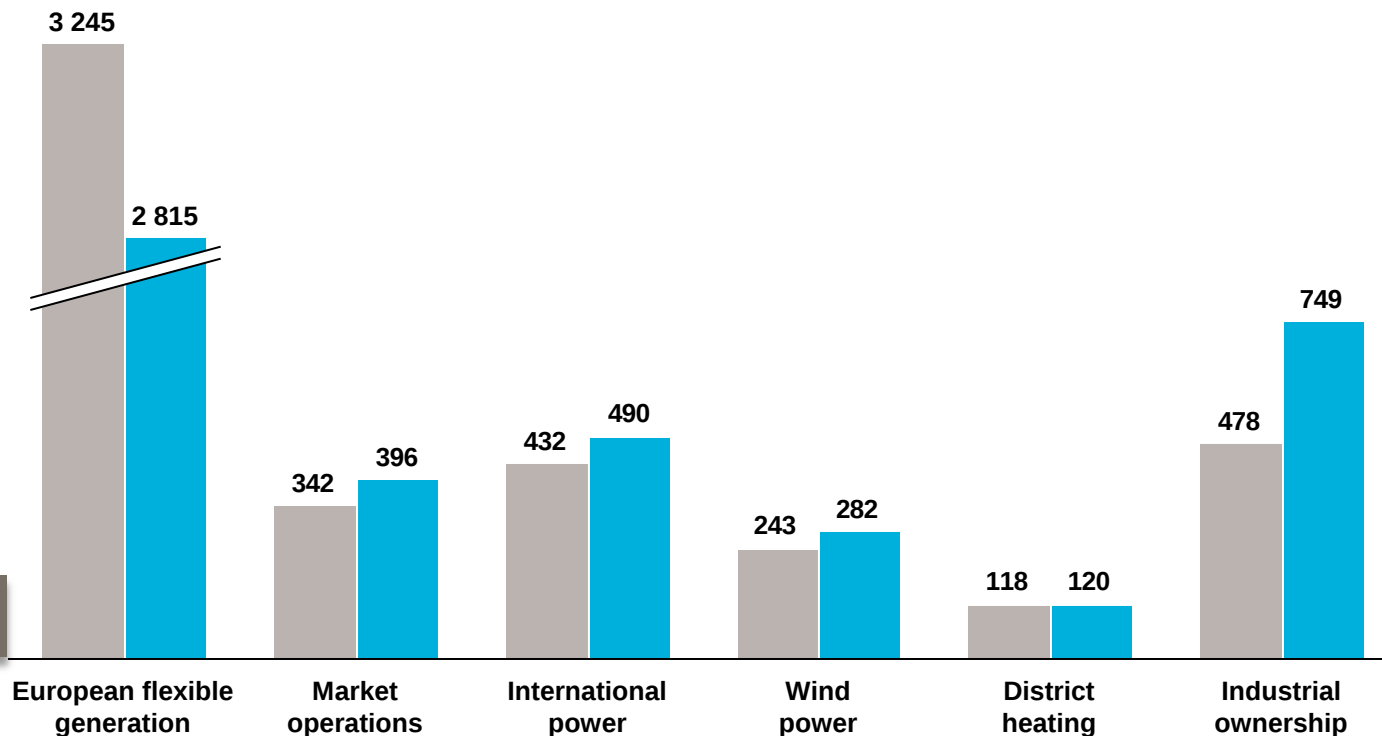
EBITDA including share of profit/loss from equity accounted investments

NOK million

■ Q4 2016

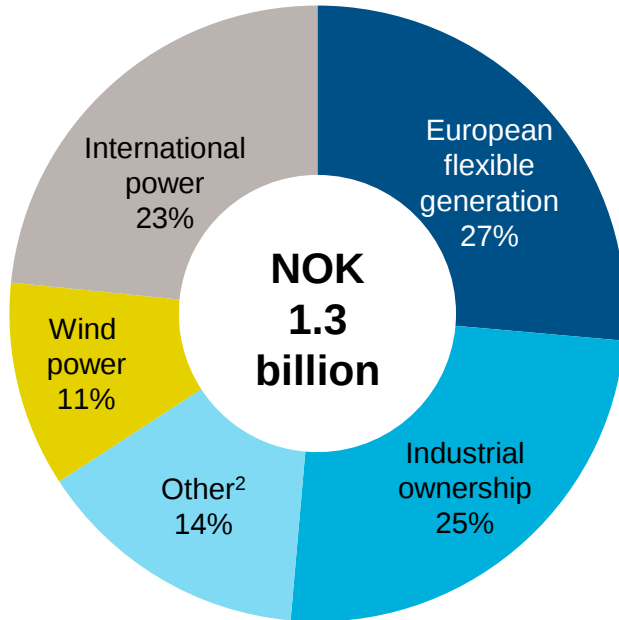
■ Q4 2017

Underlying¹
EBITDA



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

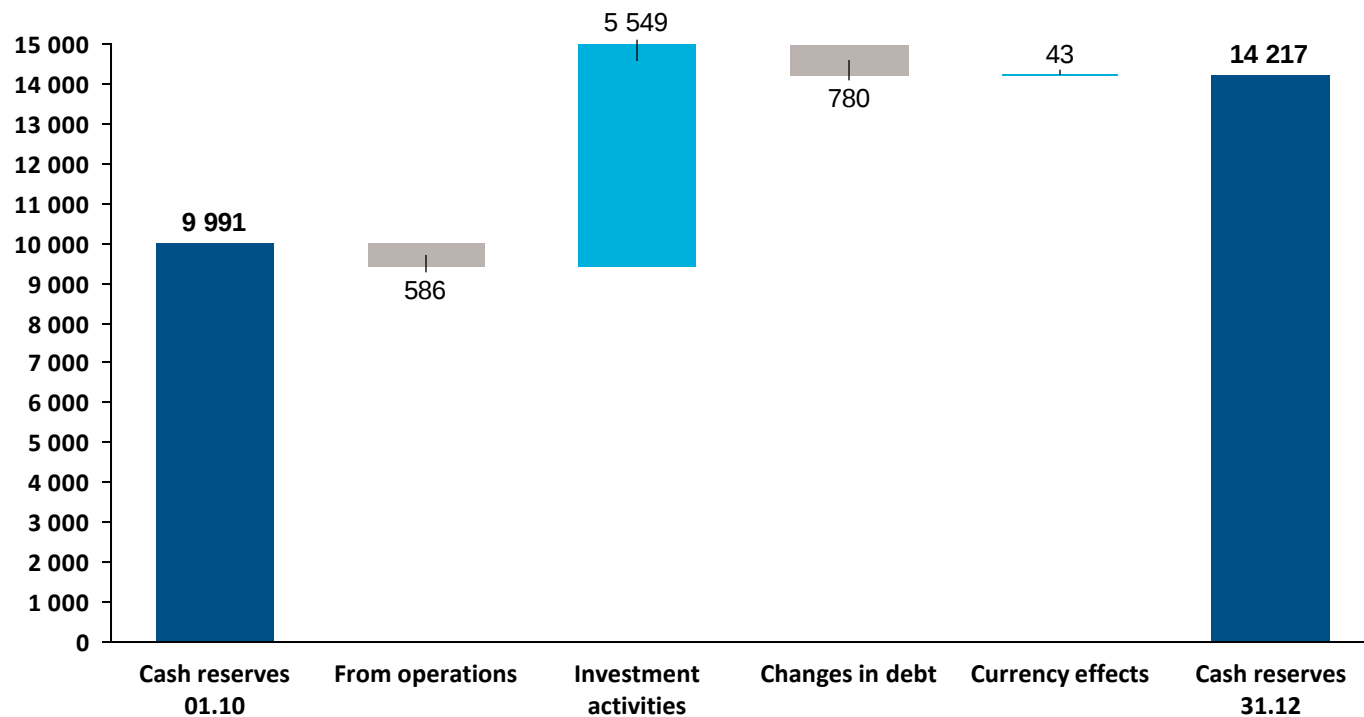
Q4 2017 capital expenditure¹



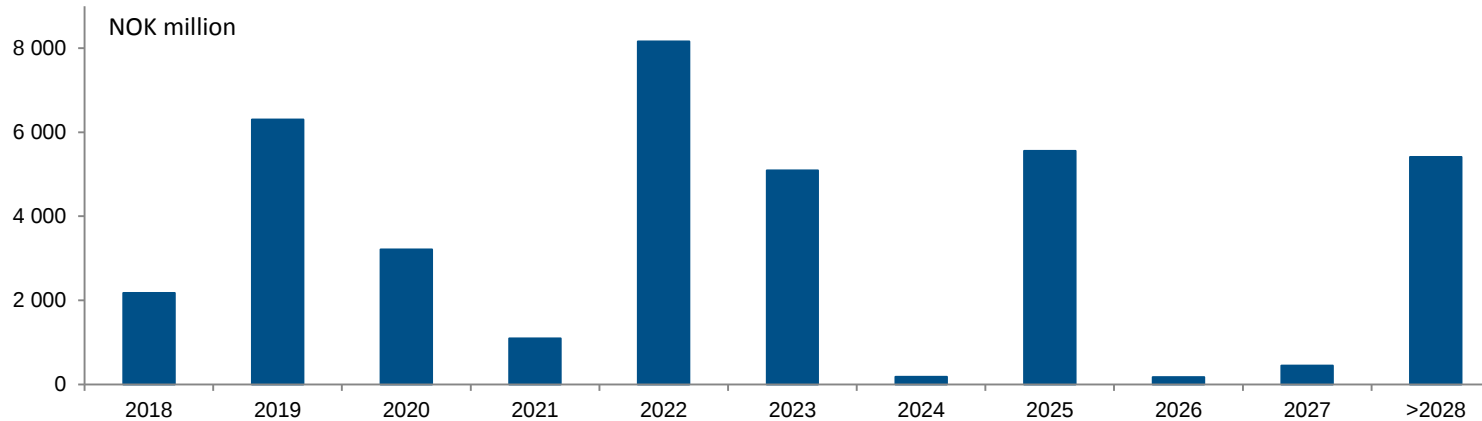
- ▶ Distribution of CAPEX in the quarter:
 - 44% expansion investments
 - 51% maintenance/other investments
 - 5% shareholdings
- ▶ New hydropower capacity under construction in Albania
- ▶ Wind power developments in Norway
- ▶ Maintenance primarily within Nordic hydropower and Norwegian grid

Cash flow in Q4

NOK million



Long-term debt repayment profile



- ▶ NOK 2.2 billion debt matures in 2018
- ▶ NOK 24.8 billion in net interest-bearing debt (NOK 32.5 billion at year end 2016)
 - NOK 34%, EUR 53%, GBP 7%, USD 2%, BRL 2%, CLP/CLF 1%
 - Duration: 4.38 years
 - Net interest-bearing debt-equity 21.3%

Strong credit ratings



A- / Stable



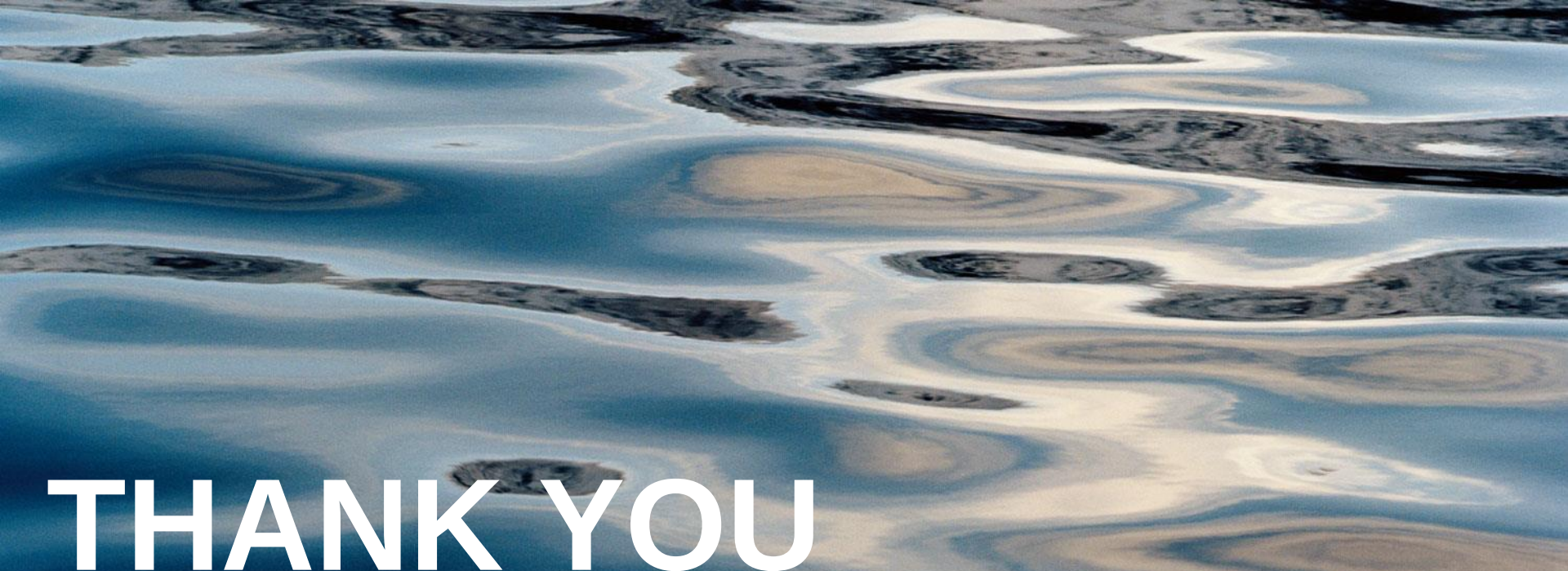
Baa1 / Stable

- ▶ 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
- ▶ Delivering on strategy
- ▶ Robust financial position
- ▶ Solid foundation for further growth in renewable energy



THANK YOU

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