

FINANCIAL RESULTS

Q2 2019

CEO Christian Rynning-Tønnesen

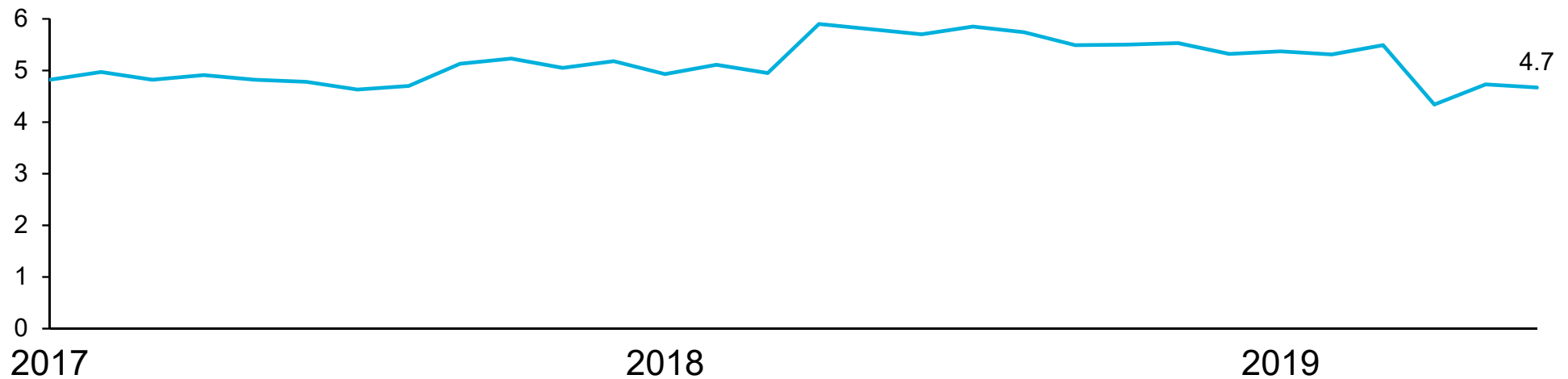
CFO Anne Harris

18 July 2019



Health, safety and environment

TRI-rate¹



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

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

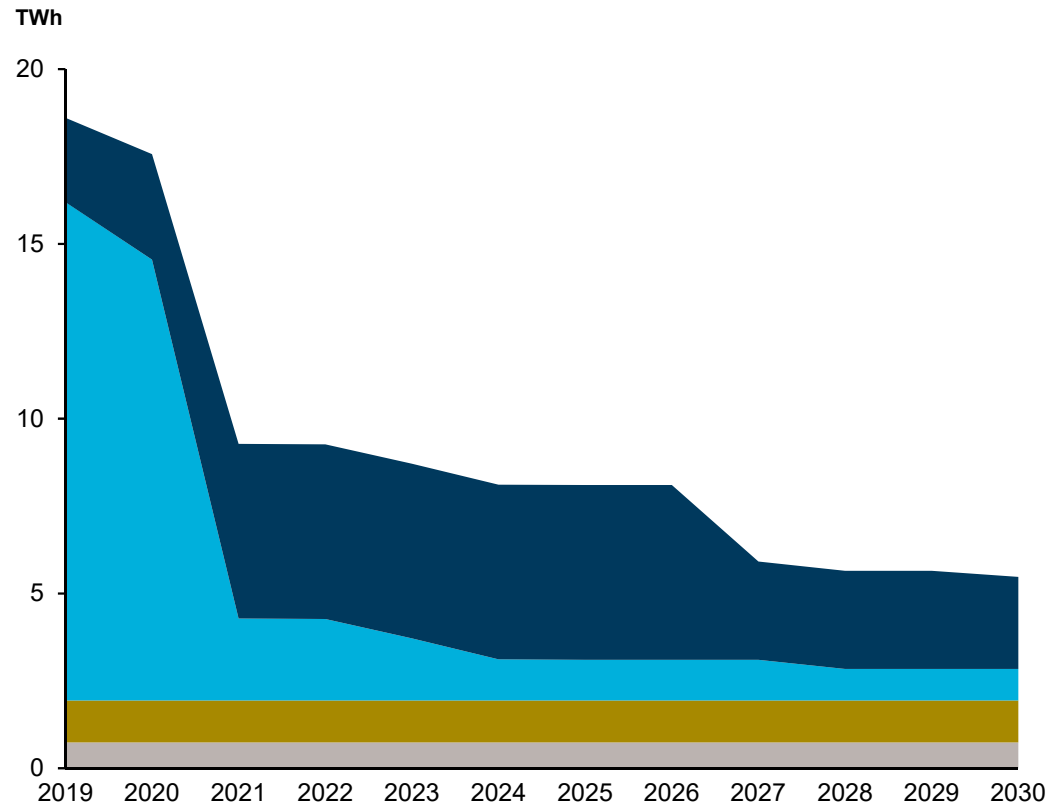
Highlights in Q2



Roan wind farm, Norway

- ▶ Underlying EBIT of NOK 2619 million
- ▶ Net profit amounting to NOK 2123 million
- ▶ New long-term industry contracts in Norway and PPA in Spain
- ▶ Investment decision for hydropower plant in Chile

Long-term contracts portfolio in the Nordics

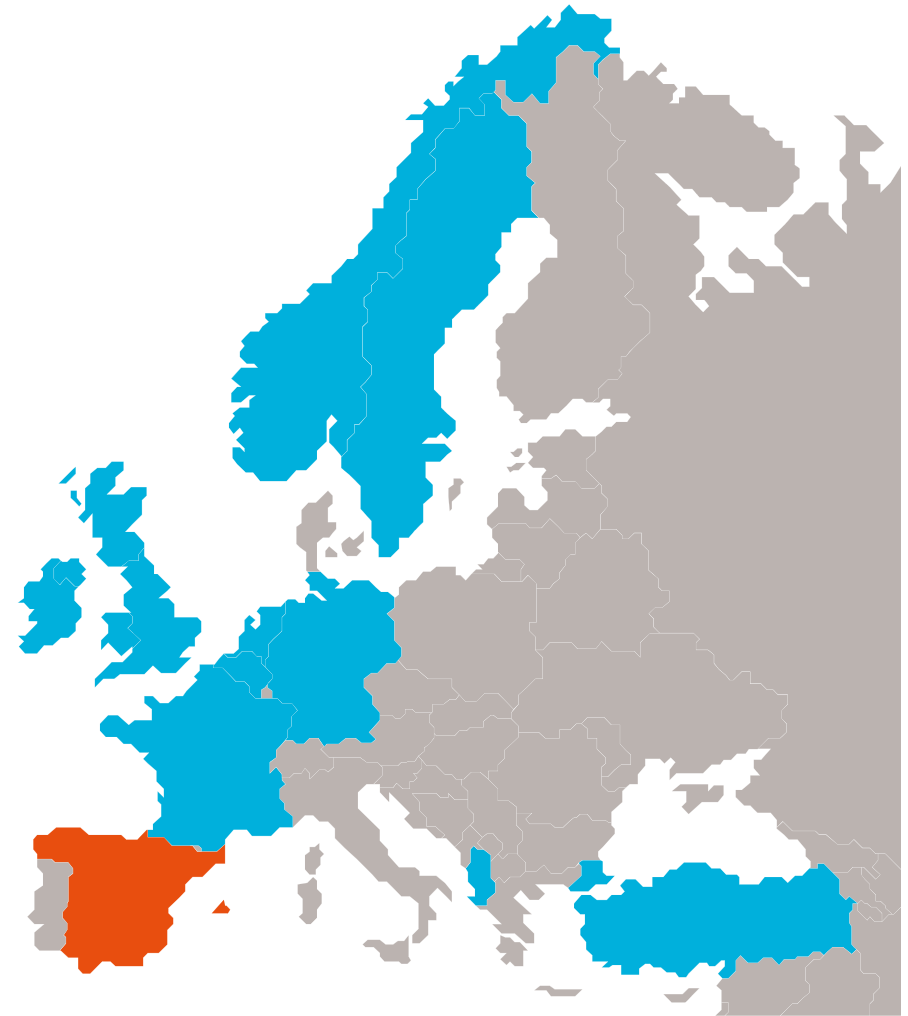


- ▶ Competitive supplier to the industry
- ▶ Two new power contracts in Q2
 - 3.1 TWh to Alcoa Norway from 2020-2026
 - 1.75 TWh to Borregaard from 2020-2029

■ New and renegotiated contracts 2017-2019 ■ Statkraft's share of leasing agreements
■ Long-term commercial contracts ■ Statutory priced lease agreements

Market entry in Spain

- ▶ Office in Madrid established
 - Team currently consist of four originators
- ▶ PPA business
 - Largest long-term PPA with immediate delivery in Spain signed with Audax Renovables
 - Statkraft supplies a total volume of 5.5 TWh over a period of ten and a half years



Countries with Statkraft locations

Investment decision on Los Lagos hydropower project in Chile



Pilmaiquen river, Chile

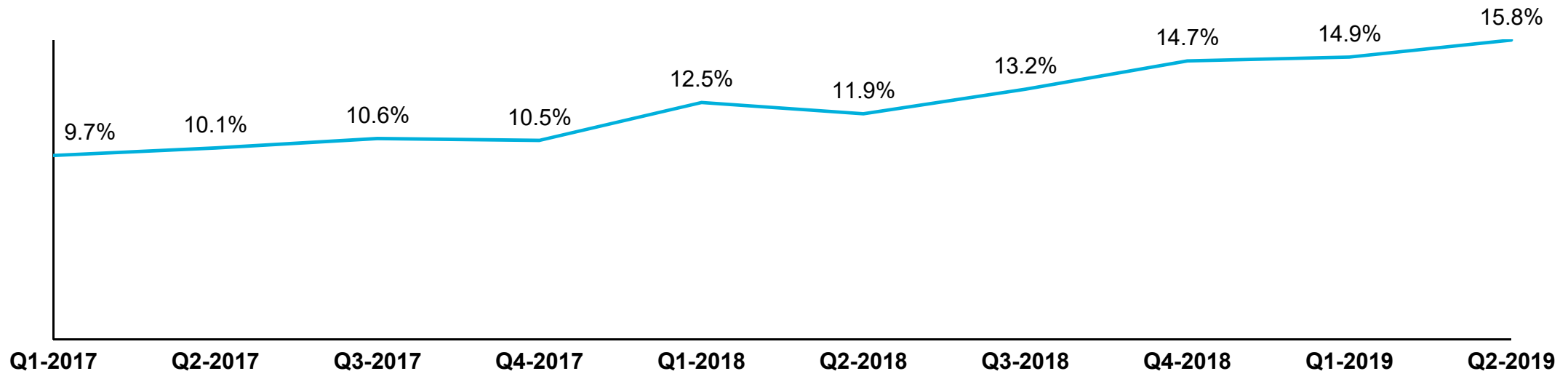
- ▶ 52 MW installed capacity
- ▶ 260 GWh annual generation
- ▶ Completion scheduled for second quarter in 2022

Financial performance first half year 2019

NOK million	YTD 2019	YTD 2018	Full year 2018
Operating profit/loss (EBIT) underlying	9 049	7 390	14 953
Profit before tax	10 715	13 958	20 649
Net profit	6 874	10 553	13 390

- ▶ Underlying EBIT improvement mainly driven by significantly higher contribution from the segment Market operation
- ▶ Net profit also positively affected by currency effects and an increase in the value of the shares in Fjordkraft

Financial return



- ▶ 12 months rolling ROACE of 15.8%
 - Improvement compared with the year 2018 due to higher underlying operating profit
 - primarily driven by higher contribution from the segment Market operations
 - Average capital employed of 105 billion, up 3% compared with year-end 2018

Outlook



*Nant y Moch dam,
Rheidol hydropower plant, Wales*

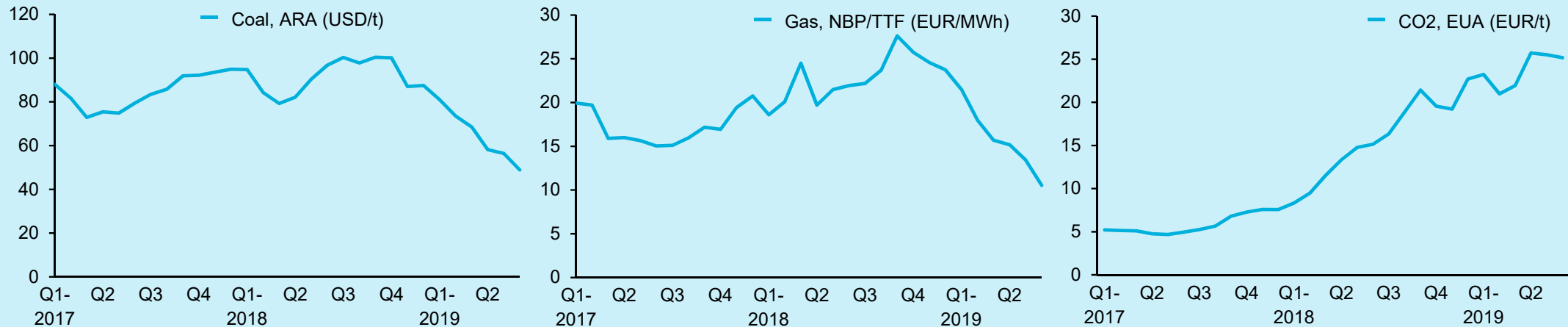
- ▶ Good underlying performance leads to robust earnings over time
 - Europe's largest reservoir capacity and flexible power plants
 - Long term revenue optimisation and replacing long-term bilateral contracts
- ▶ Well positioned for growth in renewable energy
 - Solid financial position
 - Building scale in core markets
- ▶ Strong organisational culture
 - Highly skilled and motivated employees
 - Commitment to act in an ethical and socially responsible manner a foundation for all activities

Key financial figures

NOK million	Q2 2019	Q2 2018	YTD 2019	YTD 2018	Full year 2018
Net operating income underlying	5 388	4 277	14 735	13 161	26 925
Operating profit/loss (EBIT) underlying	2 619	1 428	9 049	7 390	14 953
Net profit	2 123	271	6 874	10 553	13 390

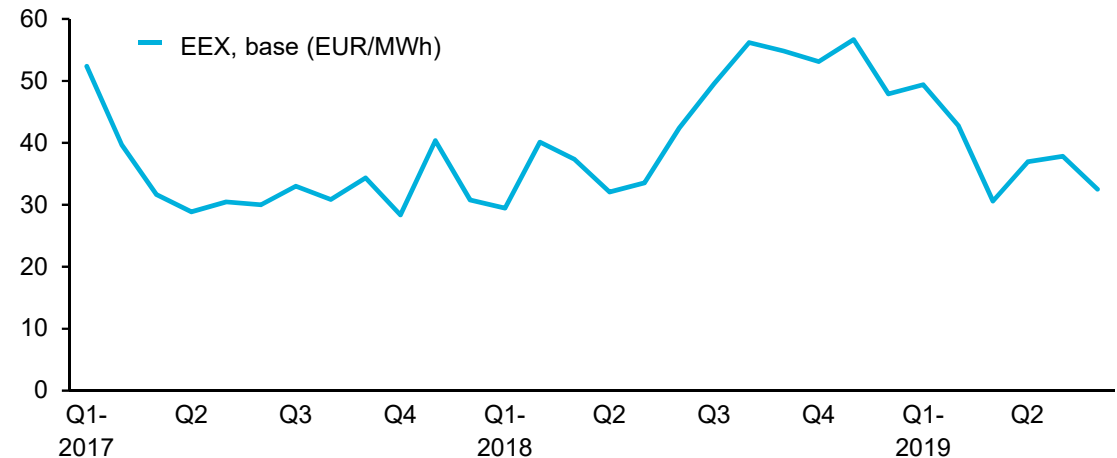
- ▶ Nordic prices measured in EUR down 9% Q-on-Q
- ▶ Overall generation up 8% Q-on-Q
- ▶ Underlying EBIT in Q2 2019 increase to NOK 2619 million
- ▶ Underlying EBIT YTD 2019 increase to NOK 9049 million

Price drivers and the German power market

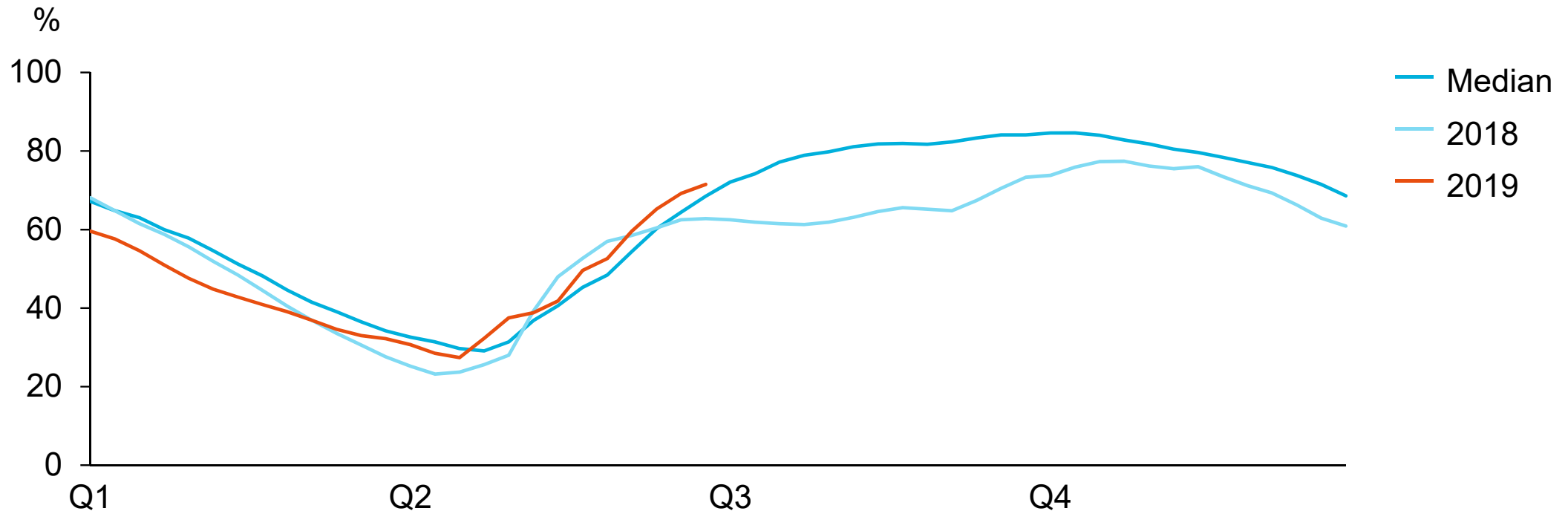


Q2 2019 vs. Q2 2018

- ▶ Coal price significantly down
- ▶ Gas price significantly down
- ▶ CO₂ price significantly up
- ▶ German power price (base) down 1%



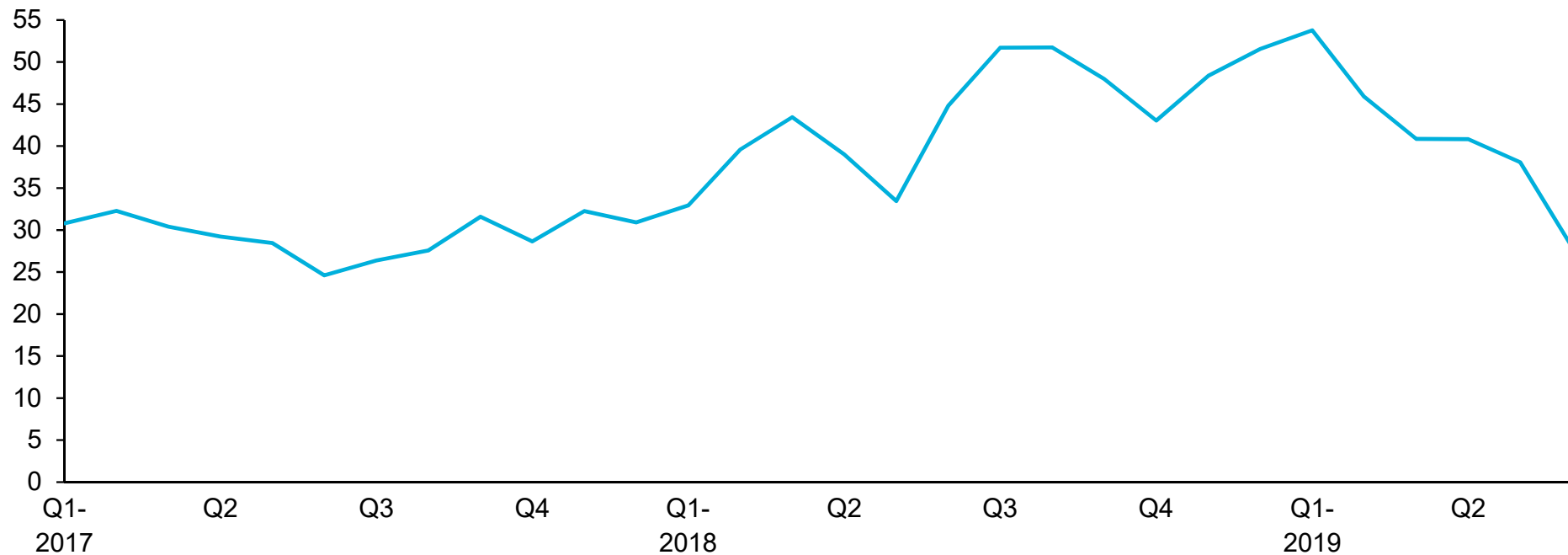
Nordic reservoir level



- ▶ Reservoir levels above normal throughout most of Q2
- ▶ Nordic reservoir level (total market) at 104% of median at the end of Q2

Nordic system price, monthly average

EUR/MWh

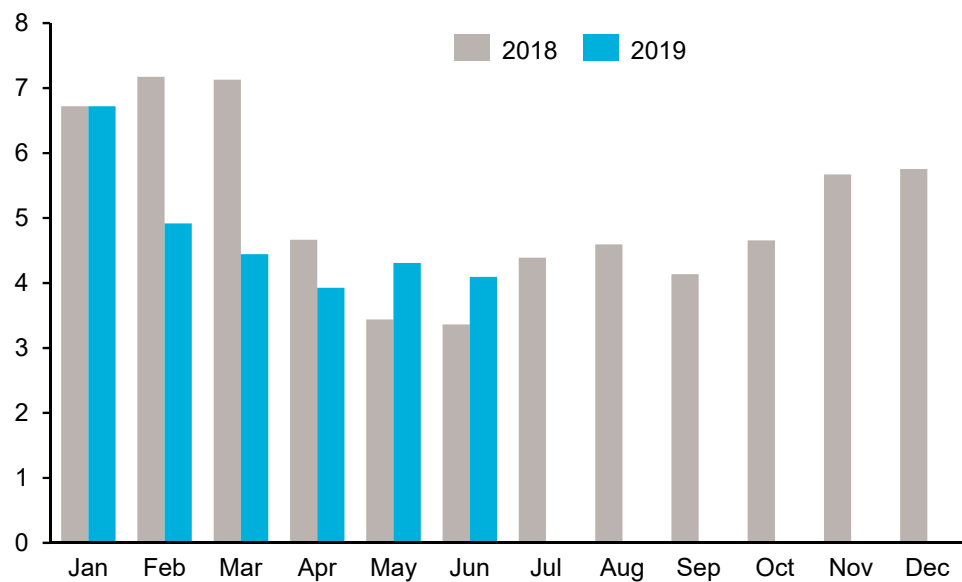


- ▶ Nordic power prices 35.6 EUR/MWh in Q2 2019, down 9% from Q2 2018

Energy management



Björkhöjden wind farm, Sweden

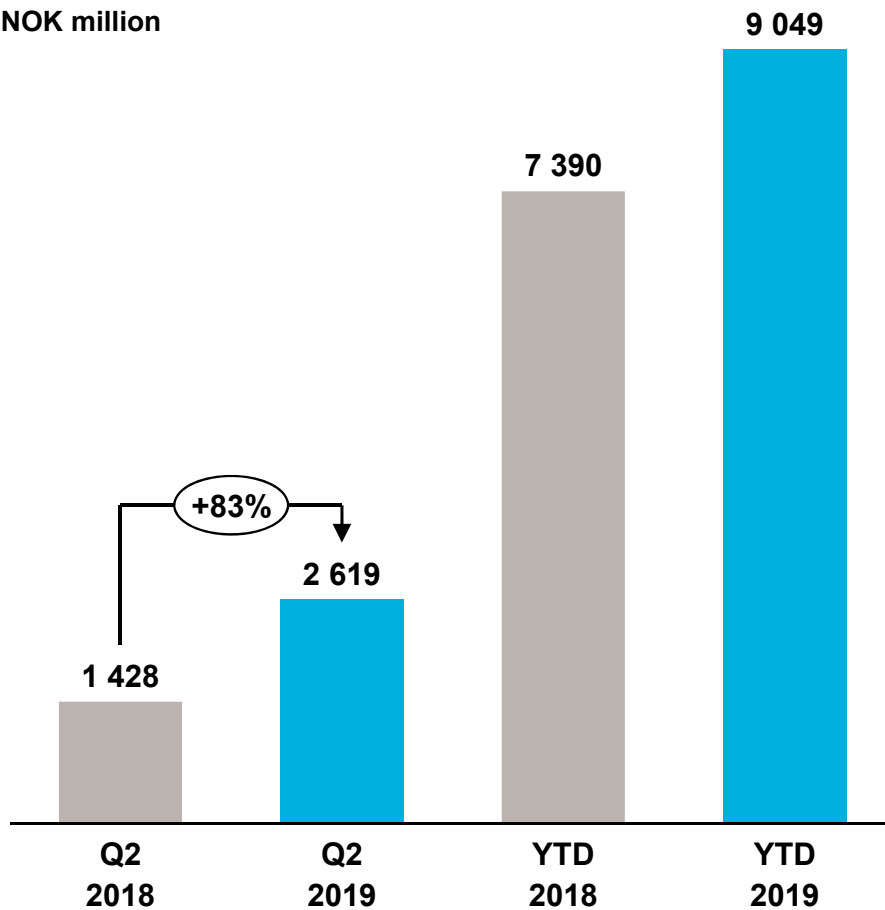


Q2 generation up 8% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	11.1	0.2
Wind power	0.6	0.0
Gas power	0.6	0.6
Bio and solar power	0.1	0.0
Total	12.3	0.9

NOK 2.6 billion in underlying EBIT

NOK million

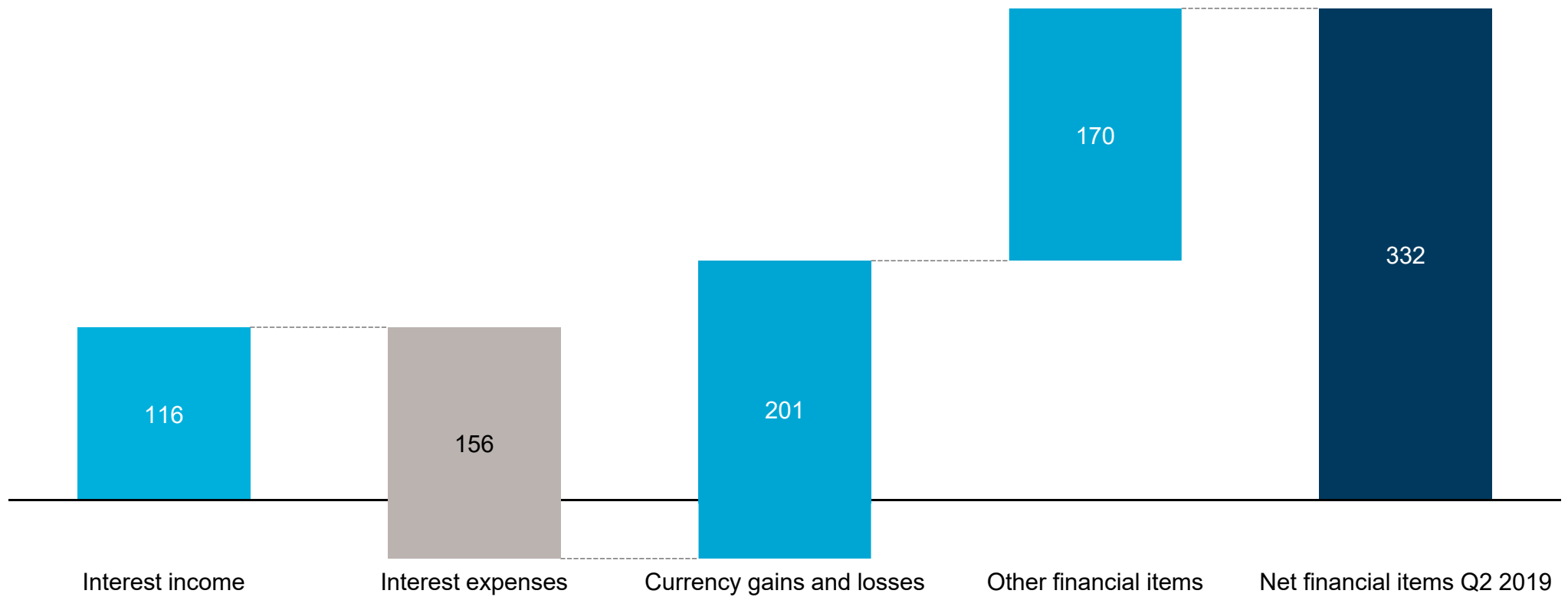


- ▶ Net operating revenues increase by NOK 1111 million mainly due to improved contribution from origination activities and higher power generation
- ▶ Operating expenses stable at NOK 2,8 billion
- ▶ Underlying EBIT up NOK 1190 million Q-on-Q

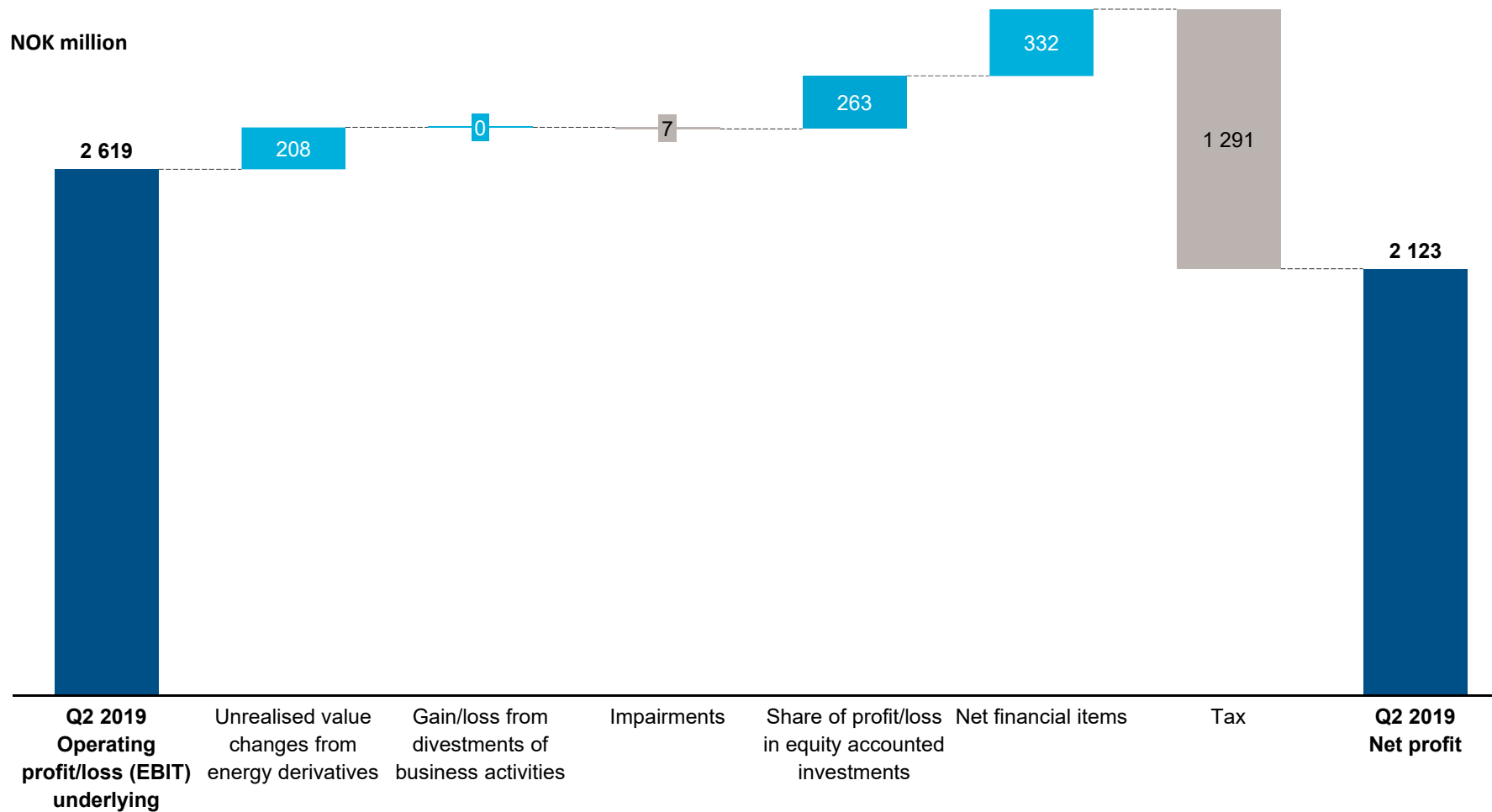
Financial items

Breakdown Net financial items Q2 2019

NOK million

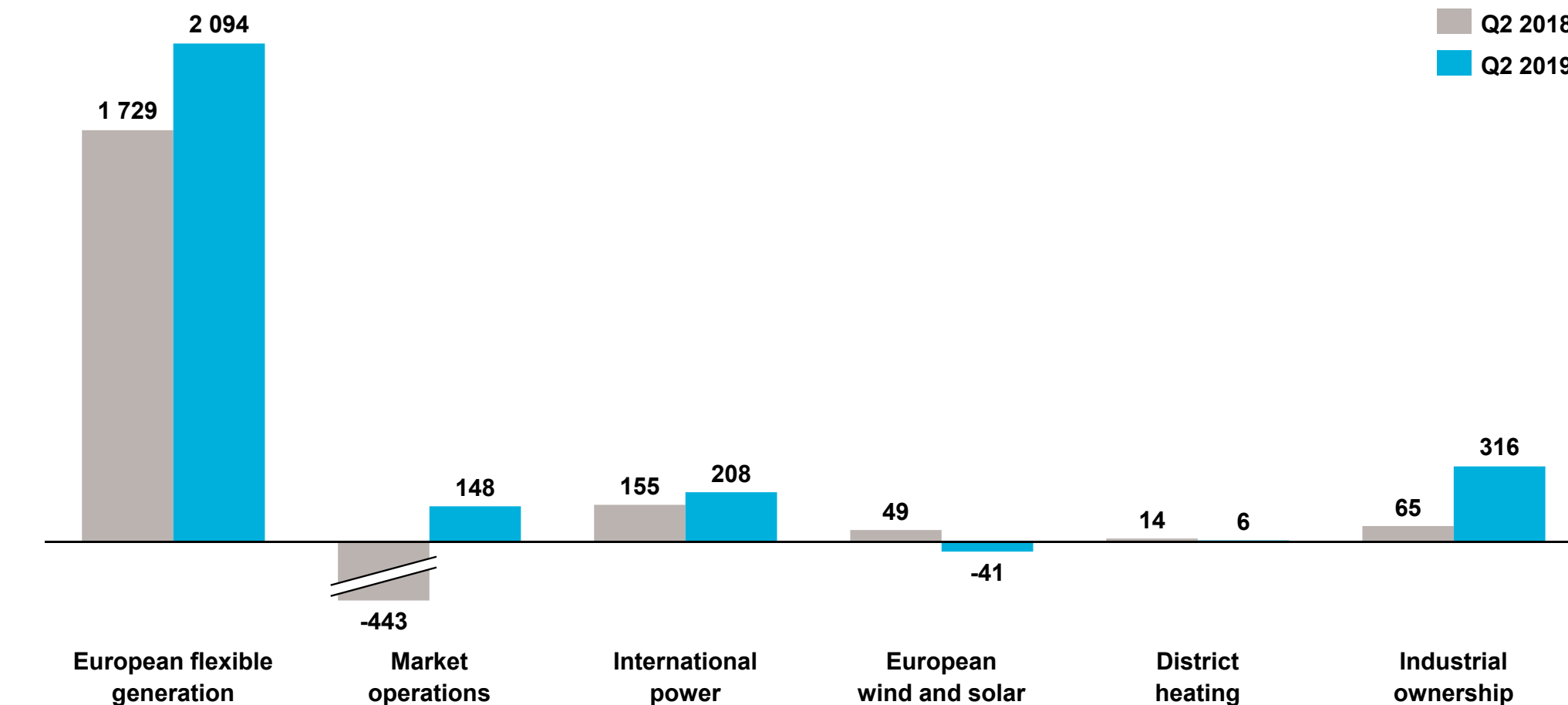


Q2 net profit breakdown

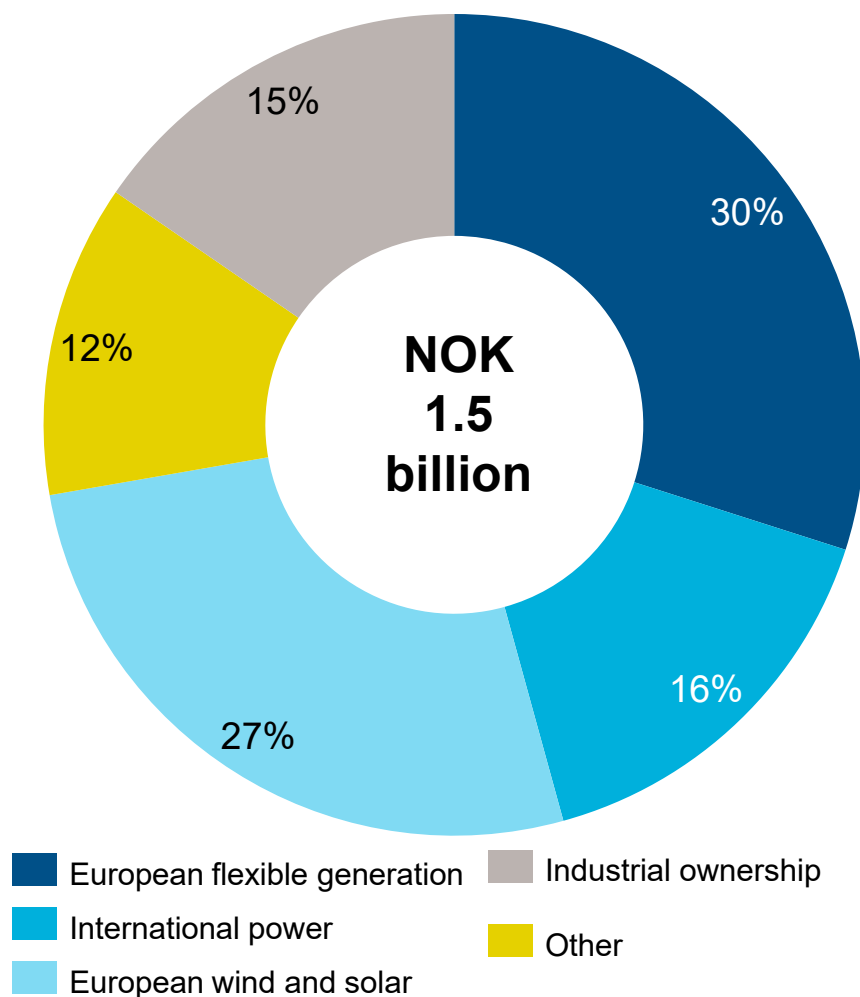


Q2 segment EBIT underlying

NOK million



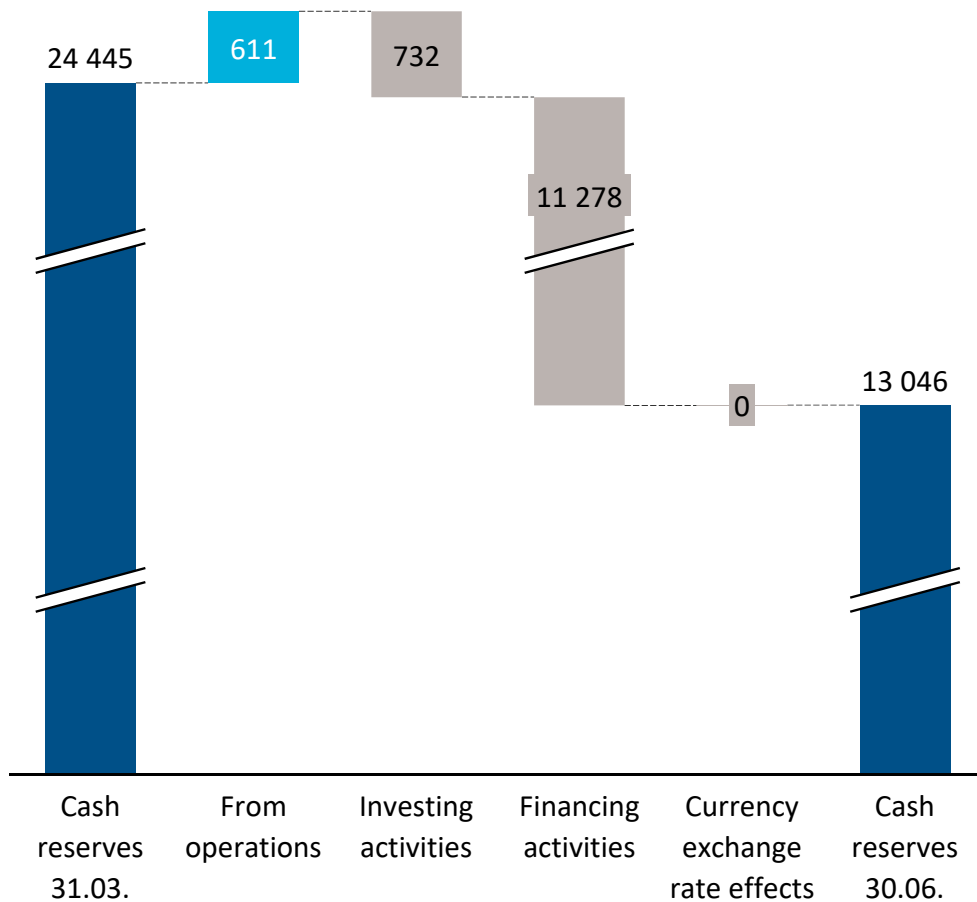
Q2 2019 capital expenditure¹



- ▶ Distribution of CAPEX in the quarter:
 - 47% new capacity investments
 - 47% maintenance/other investments
 - 6% shareholdings
- ▶ Maintenance primarily related to Nordic hydropower
- ▶ New hydropower capacity under construction in Albania and India
- ▶ Wind power at Fosen in Norway

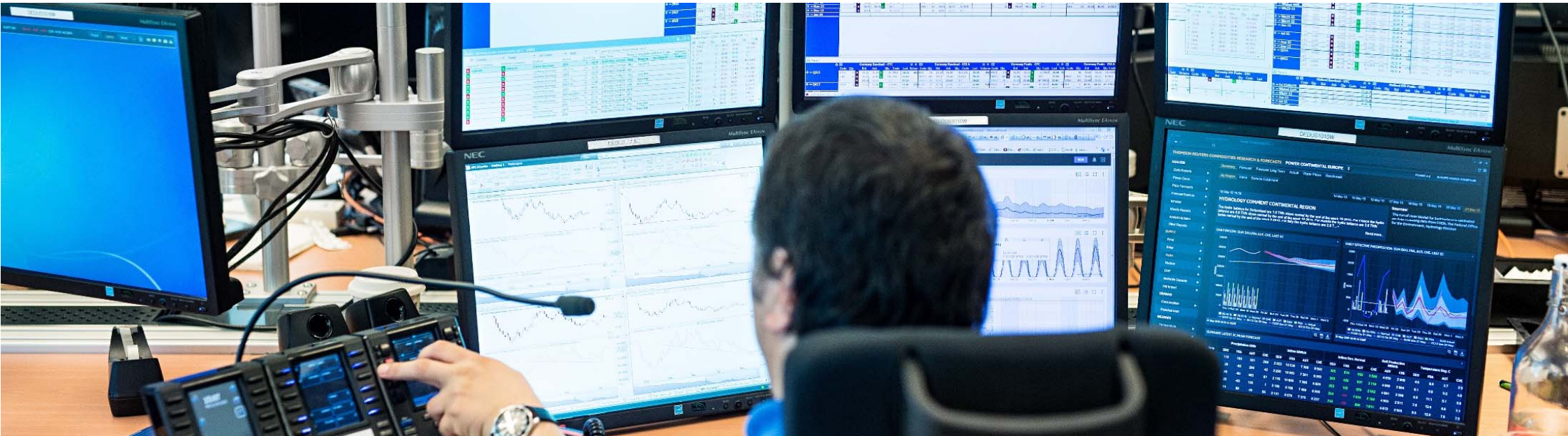
Cash flow and financial position

NOK million



- ▶ NOK 19.4 billion in net interest-bearing debt (NOK 12.9 billion end of 2018)
- ▶ Net interest-bearing debt-equity 17.1%
- ▶ Existing ratings confirmed
- ▶ Current ratings provide a framework for our investments going forward

Summary



- ▶ Solid 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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