



Key figures

NOK million	Third quarter			Year to date			Year
	2018	2017	Change	2018	2017	Change	2017
From income statement							
Gross operating revenues and other income	14 858	13 488	1 370	38 615	38 633	-19	52 883
Net operating revenues and other income	5 656	4 650	1 006	18 817	16 651	2 167	23 350
EBITDA, underlying	3 559	2 358	1 201	12 735	10 189	2 546	14 486
Operating profit/loss (EBIT) underlying	2 679	1 437	1 243	10 069	7 476	2 593	10 824
Operating profit/loss (EBIT) booked	2 040	-192	2 232	9 562	7 070	2 492	11 928
Share of profit/loss in equity accounted investments	352	-944	1 296	893	-539	1 432	-79
Net financial items	402	3 126	-2 724	6 297	2 363	3 934	3 818
Profit before tax	2 793	1 990	804	16 752	8 894	7 858	15 668
Net profit/loss	1 265	1 783	-518	11 818	6 417	5 401	11 710
Key financial metrics							
EBIT margin, underlying (%)	18.0	10.7	7.4	26.1	19.4	6.7	20.5
ROACE, underlying (%)				13.2	10.6	2.6	10.5
ROAE (%)				10.2	-1.0	11.1	-0.5
Balance sheet and investments							
Total assets				172 938	161 024	11 914	169 108
Equity				93 046	85 117	7 929	91 627
Net interest bearing debt				15 457	28 231	-12 773	24 845
Capital employed				99 180	98 298	883	103 922
Equity accounted investments				13 182	12 719	463	13 335
Total investments	1 573	1 178	395	3 808	2 635	1 173	3 895
Cash Flow							
Cash flow from operating activities	6 182	7 377	-1 195	11 608	9 257	2 352	8 865
Cash and cash equivalents				19 046	9 991	9 055	14 217
Currency rates							
NOK/EUR average rate	9.58	9.35	0.23	9.59	9.23	0.36	9.33
NOK/EUR closing rate				9.47	9.41	0.05	9.84

Changes in the financial statements and comparable figures

See note 5.

Definitions

See section Alternative Performance Measures at the end of this report for definitions.

The quarterly report shows the development in the quarter compared with the same quarter last year, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period last year.

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STRONG QUARTER AND STRENGTHENED POSITION



High Nordic power prices were the main driver behind solid earnings.

Two acquisitions strengthened Statkraft's position as a leading developer of renewable energy.

Statkraft recorded an underlying EBIT amounting to NOK 2679 million in the third quarter of 2018. This was an increase of NOK 1243 million from the corresponding period last year. The increase was driven by significantly higher Nordic power prices, partly offset by negative effects in energy contracts in market operations.

The average Nordic system price in the quarter was 50.5 EUR/MWh, an increase of 77 per cent from the third quarter in 2017. Total generation was 13.1 TWh in the quarter, a reduction of 0.4 TWh.

A shareholding of 49% in Istad and a minor shareholding in BKK were divested. This led to a gain of NOK 271 million recognised in the third quarter.

The quarterly net profit ended at NOK 1265 million.

Cash flow from operating activities reached a solid NOK 6.2 billion in the quarter.

The performance improvement programme is on track with approximately NOK 540 million in realised cost reductions so far. The target is to strengthen performance and reduce annual costs by NOK 800 million.

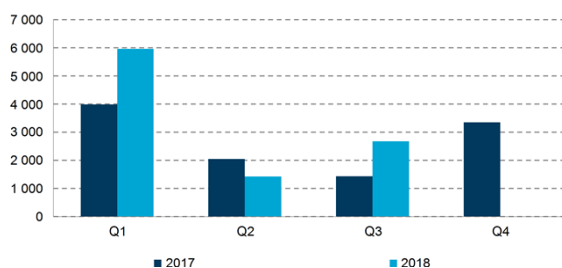
Statkraft entered into a 10 year power contract with Ferroglobe Mangan starting in 2021. Total volume is 4.4 TWh and reaffirms Statkraft's position as a competitive supplier to the industry in Norway.

In September, Statkraft acquired the 100 MW Tidong hydropower project in Himachal Pradesh, India. Around 60 per cent of the works were completed before the project was halted. Construction works have been restarted and are expected to be completed in 2021. The project positions Statkraft well for further growth in India.

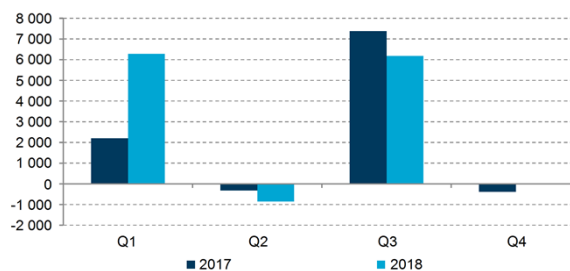
Statkraft acquired the Irish and UK wind development business of the Element Power Group, including a 1550 MW onshore wind development portfolio in Ireland and UK in October. The transaction positions Statkraft as a large onshore wind developer in Ireland. Construction of the Kilathmoy wind farm (23 MW) in south-west Ireland has been decided.

Both transactions fit well into the growth strategy. Statkraft is planning annual investments of around NOK 10 billion in renewable energy in the period 2019-2025.

Operating profit/loss (EBIT) underlying
NOK million



Cash flow from operating activities
NOK million



Corporate responsibility and HSE

	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Corporate responsibility and HSE					
Fatalities ¹⁾	0	0	1	0	0
Serious environmental incidents	0	0	0	0	0
Absence due to illness, Group (%)	3.1	3.3	3.4	3.4	3.5
TRF rate ^{1) 2)}	5.5	5.4	5.5	4.9	5.2
Full-time equivalents, Group			3 141	3 254	3 310

¹⁾ Includes employees and suppliers in plants where Statkraft owns 20% or more. Third parties (not employees or contractors) are not included.

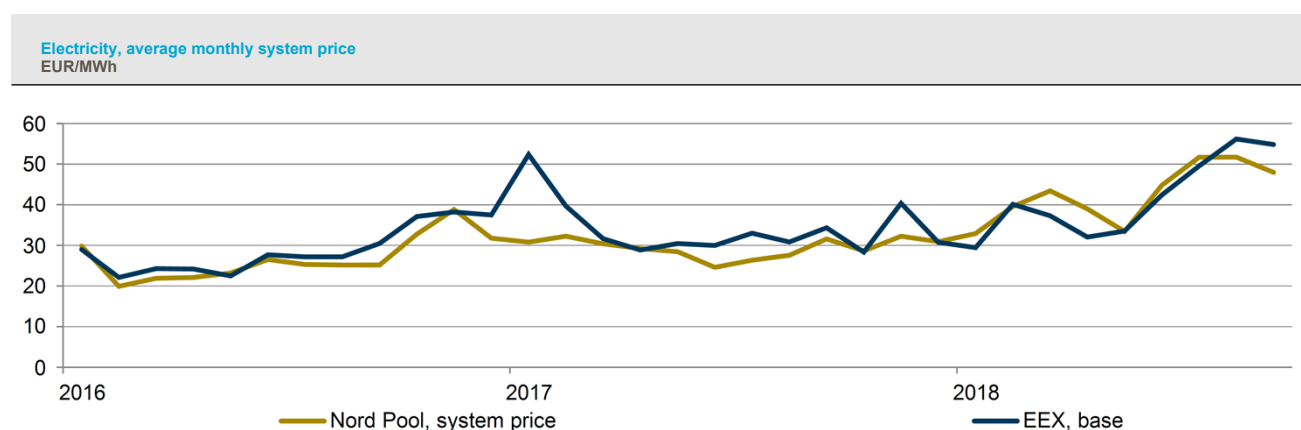
²⁾ TRF rate rolling 12 months: Number of injuries per million hours worked.

Two serious injuries occurred in the quarter, one in Brazil and one in an associated company in Norway. Both incidents have been investigated according to Statkraft's procedures and all safety measures are followed up.

Market and production

Power prices and optimisation of power production constitute the fundamental basis for Statkraft's revenues. The majority of Statkraft's output is generated in the Nordic region. Power prices are influenced by hydrological factors, commodity prices for thermal power generation, grid restrictions and nuclear availability.

POWER PRICES



Sources: Nord Pool and the European Energy Exchange (EEX).

	Third quarter			Year to date			Year
	2018	2017	Change	2018	2017	Change	2017
Market prices (average)							
System price, Nord Pool (EUR/MWh)	50.5	28.5	22.0	42.7	29.0	13.7	29.4
Spot price (base), EEX (EUR/MWh)	53.5	32.7	20.8	41.7	34.6	7.1	34.2
Spot price (peak), EEX (EUR/MWh)	59.1	37.7	21.4	47.4	41.5	5.9	42.8
Spot price (base), N2EX UK (GBP/MWh)	61.3	43.1	18.2	55.6	43.7	11.9	45.3

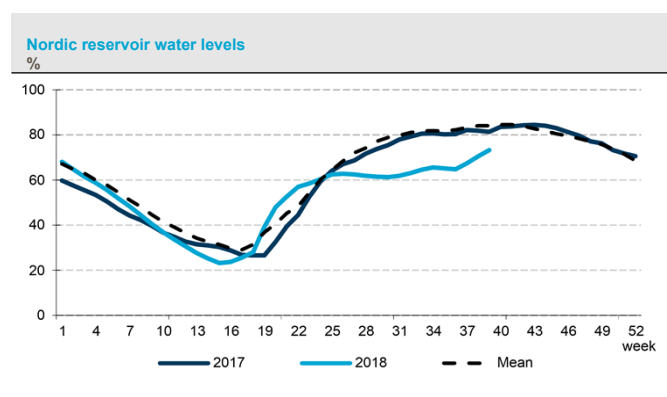
Sources: Nord Pool and European Energy Exchange (EEX).

The average system price in the Nordic region was 50.5 EUR/MWh in the quarter, an increase of 77% compared with the same period in 2017. The price increase was mainly driven by a weak hydrological balance and higher Continental prices.

The average base price in the German market (EEX) was 53.5 EUR/MWh in the quarter, an increase of 63% compared with the same period in 2017. The price increase was mainly driven by higher coal, gas and CO₂ prices.

The average base price in the UK was 61.3 GBP/MWh in the quarter, an increase of 42% compared with the same period in 2017. The price increase was mainly driven by higher gas and CO₂ prices.

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



The total reservoir level for all producers in the Nordic region was 87% of median level at the end of the quarter, corresponding to 73.3% of total capacity.

STATKRAFT'S POWER GENERATION

Statkraft's generation optimisation is determined by water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power prices and gas plus CO₂ prices (spark spread) and grid restrictions.

TWh	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Generation, technology					
Hydropower	12.0	12.2	42.8	41.6	57.4
Wind power	0.6	0.5	1.8	1.9	2.7
Gas power	0.5	0.8	0.9	1.6	2.2
Other power ¹⁾	0.1	0.1	0.2	0.2	0.3
Total generation	13.1	13.5	45.6	45.3	62.6

¹⁾ Bio and solar power.

TWh	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Consumption and output					
Nordic					
Nordic consumption	77.2	81.5	285.7	281.8	388.2
Nordic output	78.9	83.7	288.1	288.6	397.3
Net Nordic import(+)/export(-)	1.7	-2.3	-2.4	-6.8	-9.1
Norway					
Norwegian consumption	25.9	26.6	98.1	96.2	133.6
Norwegian output	30.0	32.8	105.2	108.1	148.7
Net Norwegian import(+)/export(-)	-4.1	-6.1	-7.1	-11.9	-15.1

The Group generated a total of 13.1 TWh in the quarter, a decrease of 3% compared with the same period in 2017. Hydropower generation was slightly lower. Wind power generation increased, driven by higher wind speeds. Gas-fired power generation was lower due to reduced availability. The Group's district heating deliveries amounted to 0.1 TWh driven by low seasonal demand.

Financial performance

NOK million	Third quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Net operating revenues and other income	5 656	4 650	1 006	18 817	16 651	2 167	23 350
Operating profit/loss (EBIT) underlying	2 679	1 437	1 243	10 069	7 476	2 593	10 824
Operating profit/loss (EBIT) booked	2 040	-192	2 232	9 562	7 070	2 492	11 928
Net financial items	402	3 126	-2 724	6 297	2 363	3 934	3 818
Profit before tax	2 793	1 990	804	16 752	8 894	7 858	15 668
Tax expense	-1 528	-207	-1 321	-4 934	-2 477	-2 457	-3 957
Net profit/loss	1 265	1 783	-518	11 818	6 417	5 401	11 710

FINANCIAL PERFORMANCE THIRD QUARTER

The underlying EBIT was NOK 2679 million, NOK 1243 million higher than in the same period in 2017. The increase was mainly driven by higher Nordic power prices. Lower contribution from Market operations partly offsets the increase.

Net financial items were affected by positive currency effects and gains from divestment of shares in equity accounted investments.

FINANCIAL PERFORMANCE YEAR TO DATE

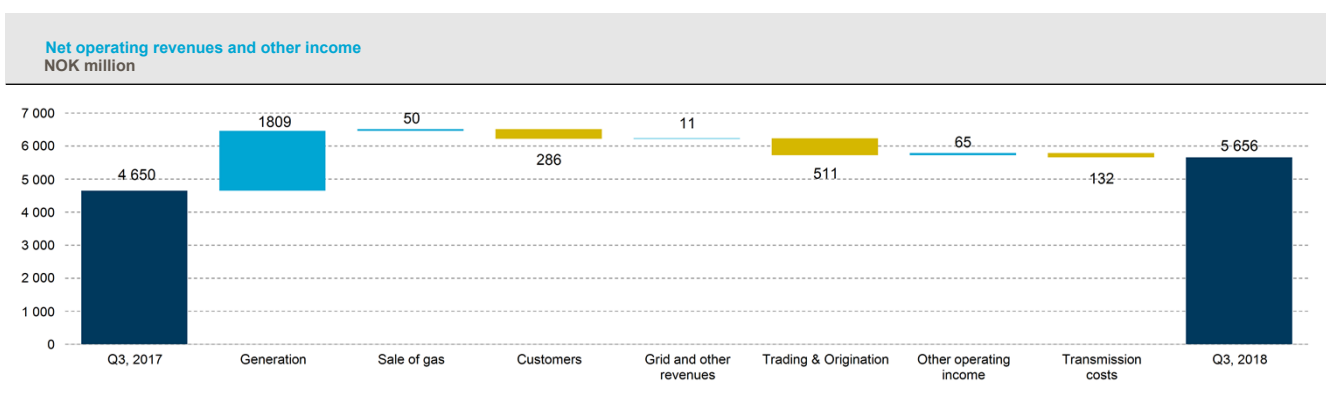
The underlying EBIT was 35% higher than in same period 2017. The increase in net operating revenues and other income was mainly driven by significantly higher Nordic power prices compared with the same period in 2017. Operating expenses were lower, with the listing and subsequent deconsolidation of Fjordkraft from March 2018 and lower salaries and payroll costs due to reduced number of employees as the main drivers for the decrease.

Profit before tax was positively affected by substantial gains from transactions. The listing and subsequent divestment of Fjordkraft in March led to a gain of NOK 1659 million, whereof NOK 227 million was reported as share of profit in equity accounted investment in BKK. The divestment of the 30% shareholding in the Dudgeon offshore wind farm led to a gain of NOK 5106 million, which was reported as other financial items. In addition, there were positive currency effects under financial items amounting to NOK 1075 million, mainly due to a strengthening of NOK against EUR and GBP.

Net profit ended at NOK 11 818 million compared with NOK 6417 million for the same period in 2017.

NET OPERATING REVENUES AND OTHER INCOME

	Third quarter			Year to date			Year
NOK million	2018	2017	Change	2018	2017	Change	2017
Net operating revenues and other income							
Generation	6 222	4 756	1 466	19 371	14 870	4 501	20 864
Sale of gas	-	755	-755	-	2 763	-2 763	2 763
Customers	8 135	7 188	947	17 397	17 552	-155	24 744
Grid and other revenues	563	405	158	1 635	1 640	-6	2 291
Sales revenues	14 920	13 104	1 816	38 403	36 825	1 578	50 662
Trading & Origination	-339	172	-511	-559	1 093	-1 652	1 242
Other operating income	277	212	65	770	715	55	979
Gross operating revenues and other income	14 858	13 488	1 370	38 615	38 633	-19	52 883
Generation	-307	-650	343	-772	-891	120	-1 408
Purchase of gas	-	-805	805	-	-2 896	2 896	-2 895
Customers	-8 174	-6 941	-1 233	-17 098	-16 708	-390	-23 138
Other	-279	-132	-147	-625	-565	-61	-766
Energy purchase	-8 761	-8 529	-232	-18 495	-21 060	2 565	-28 207
Transmission costs	-441	-308	-132	-1 302	-923	-379	-1 326
Net operating revenues and other income	5 656	4 650	1 006	18 817	16 651	2 167	23 350



In the graph above Generation, Sale of gas, Customers and Grid and other revenues are shown as sales revenues less energy purchase.

- Net revenues from Generation increased, mainly driven by higher Nordic power prices.
- Net revenues from Customers decreased, mainly due to the deconsolidation of Fjordkraft in March 2018 and negative effects from market access activities.
- Income from Trading & Origination decreased, mainly driven by lower contribution from Nordic origination and value reduction of long term contracts in Brazil.
- Transmission costs increased, mainly driven by higher Nordic power prices.

OPERATING EXPENSES

NOK million	Third quarter			Year to date			Year
	2018	2017	Change	2018	2017	Change	2017
Operating expenses, underlying							
Salaries and payroll costs	-905	-923	18	-2 564	-2 696	131	-3 707
Depreciation and amortisation	-880	-921	41	-2 666	-2 713	47	-3 662
Property tax and licence fees	-308	-345	38	-957	-988	31	-1 341
Other operating expenses	-884	-1 024	140	-2 561	-2 778	217	-3 816
Operating expenses	-2 977	-3 214	237	-8 748	-9 175	427	-12 526

- The decrease in salaries and payroll costs was mainly driven by reduced number of employees.
- The decrease in depreciation was mainly due to increased useful life for wind farms in Norway and Sweden.
- Property tax and licence fees were lower, mainly due to reduced property tax in Sweden related to a lower tax rate.
- Other operating expenses were lower mainly due to the deconsolidation of Fjordkraft in March and a negative one-off effect in the same period in 2017. This was partly offset by an extra contribution of NOK 48 million to the Nasdaq default fund after it was used to cover the loss caused by the close-out of the positions of a clearing member.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING PROFIT/LOSS

Unrealised value changes from energy derivatives, gains/losses from acquisitions/divestments of business activities and impairments are excluded from the underlying operating profit/loss. The unrealised value changes are related to embedded derivatives and certain derivatives acquired for risk reduction purposes where the related item is carried at cost or not recognised in the balance sheet.

	Third quarter			Year to date			Year
NOK million	2018	2017	Change	2018	2017	Change	2017
Items excluded from the underlying operating profit/loss							
Unrealised value changes from energy derivatives	-518	-349	-169	-1 797	687	-2 484	1 289
Embedded derivatives	-77	-304	227	-848	508	-1 357	1 173
Derivatives acquired for risk reduction purposes	-440	-45	-395	-948	179	-1 127	116
Gains/losses from acquisitions/divestments of business activities	17	87	-70	1 449	313	1 136	315
Impairments	-139	-1 367	1 228	-160	-1 406	1 246	-500

- Embedded derivatives: There was a negative effect on long-term power sales agreements denominated in EUR due to a strengthening of NOK against EUR.
- Derivatives acquired for risk reduction purposes: Decrease mainly driven by higher forward UK power prices.
- Impairments were mainly related to two hydropower plants in Peru.

FINANCIAL ITEMS

NOK million	Third quarter			Year to date			Year
	2018	2017	Change	2018	2017	Change	2017
Financial items							
Interest income	105	96	9	291	277	14	374
Interest expenses	-199	-313	114	-665	-919	254	-1 234
Net currency effects	214	494	-280	1 289	-597	1 886	-2 069
Other financial items	282	2 850	-2 567	5 382	3 602	1 780	6 748
Net financial items	402	3 126	-2 724	6 297	2 363	3 934	3 818

- Interest expenses decreased by NOK 114 million compared to the same period in 2017, mainly due to decreased debt and lower average interest rates.
- Net currency gain in the quarter amounted to NOK 214 million, primarily related to a strengthening of NOK against EUR and GBP.
- Other financial items decreased by NOK 2567 million, mainly due to gain from divestment of the shareholding in SN Power and a gain on an obligation linked to an equity instrument in the same period in 2017. The amount in the current quarter mainly relates to gains from divestments of shares in equity accounted investments. See note 12.

TAX EXPENSE

NOK million	Third quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Tax expense							
Profit before tax	2 793	1 990	804	16 752	8 894	7 858	15 668
Nominal tax rate in Norway	23%	24%	-1%	23%	24%	-1%	24%
Tax calculated at nominal Norwegian tax rate	642	478	165	3 853	2 135	1 718	3 760
Tax on share of profit/loss in equity accounted investments	-81	227	-307	-205	129	-335	19
Resource rent tax payable	835	531	304	2 649	1 789	859	2 451
Resource rent tax deferred	-23	-280	257	-4	229	-233	483
Other differences from the nominal Norwegian tax rate	155	-748	903	-1 358	-1 805	447	-2 756
Tax expense	1 528	207	1 321	4 934	2 477	2 457	3 957
Effective tax rate	55%	10%	44%	29%	28%	2%	25%

Tax expense third quarter

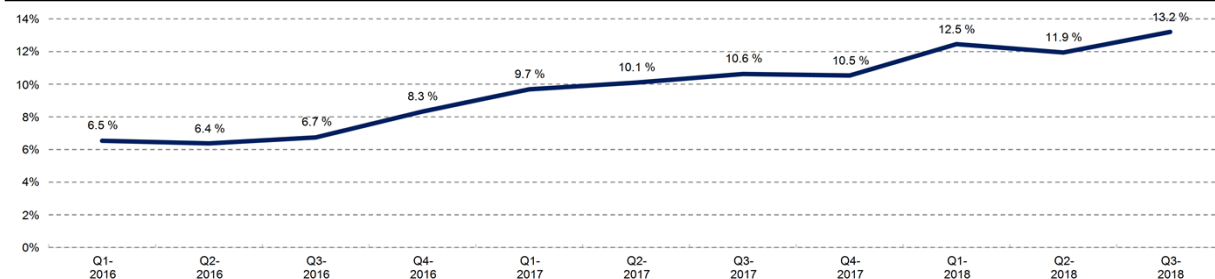
- Resource rent tax payable increased with NOK 304 million mainly due to higher Nordic power prices, higher generation and a higher tax rate.
- Resource rent tax deferred increased with NOK 257 million mainly due to higher utilisation of negative resource rent tax carryforwards.
- Other differences from the nominal Norwegian tax rate of NOK 155 million were mainly due to changes in unrecognised deferred tax assets in Germany.
- Negative other differences from the nominal Norwegian tax rate in the same quarter last year of NOK 748 million were mainly due to a tax exempt gain from the divestment of SN Power.

Tax expense year to date

- Resource rent tax payable increased with NOK 859 million mainly due to higher Nordic power prices, higher production and a higher tax rate.
- Resource rent tax deferred decreased with NOK 233 million mainly due to changes in the value of embedded derivatives.
- Negative other differences from the nominal Norwegian tax rate of NOK 1358 million were mainly due to:
 - A tax exempt gain related to the divestment of the shareholding in the Dudgeon offshore wind farm.
 - A tax exempt gain related to the listing and subsequent deconsolidation of Fjordkraft.
- Negative other differences from the nominal Norwegian tax rate last year of NOK 1805 million were mainly due to:
 - Changes in unrecognised deferred tax assets in Sweden and Germany.
 - Recycling of currency from other comprehensive income without tax effect.
 - A tax exempt gain from the divestment of SN Power.

RETURN

ROACE – underlying, last 12 months
%

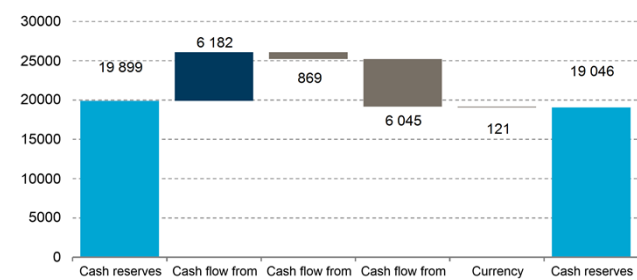


The improvement in ROACE compared with the year 2017 was due to higher underlying operating profit (rolling 12 months), primarily driven by higher Nordic power prices. This was partly offset by lower contribution from the segment Market operations. Average capital employed was on the same level as year-end 2017.

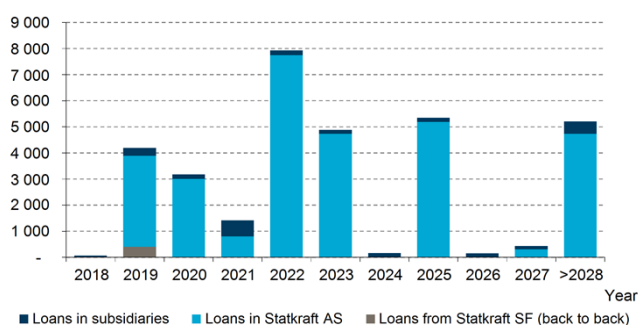
The increase from the second quarter in 2018 was mainly driven by higher Nordic power prices in the third quarter 2018 compared with the same period in 2017.

CASH FLOW AND NET INTEREST-BEARING DEBT REPAYMENT PLAN

Cash flow Q3 2018
NOK million



Long-term debt, redemption profile
NOK million



Cash flow third quarter

- The operating activities amounted to NOK 6 182 million, mainly impacted by a positive underlying EBIT and decrease in working capital. Net cash income was NOK 6 213 million.
- The investing activities were mainly related to investments in property, plant and equipment, partly offset by sale of shares.
- The financing activities were mainly related to dividend paid to Statkraft SF.

Cash flow year to date

- The operating activities amounted to NOK 11 608 million, mainly impacted by a positive underlying EBIT partly offset by paid taxes. Net cash income was NOK 14 603 million.
- The investing activities were mainly related to positive effects from divestments of NOK 7 315 million, partly offset by investments in property, plant and equipment.
- The financing activities were mainly related dividend paid and repurchase and repayment of debt.

Net interest-bearing debt

At the end of the quarter, Statkraft had the following financial structure:

- Net interest-bearing debt totalled NOK 15 457 million (NOK 28 231 million).
- Net interest-bearing debt-equity ratio was 14.2% (24.9%).

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 1573 million. Maintenance investments and other investments were primarily related to Nordic hydropower and advanced metering system (AMS) in Skagerak Nett. Investments in new capacity were mainly related to construction of hydropower plants in Albania and wind power projects in Norway.

NOK million	Third quarter 2018	Year to date 2018	The year 2017
Maintenance investments and other investments			
European flexible generation	344	827	1 053
Market operations	3	9	5
International power	62	119	173
Wind power	1	1	12
District heating	3	8	7
Industrial ownership	182	497	566
Other activities	22	29	4
Total	617	1 490	1 820
Investment in new capacity			
European flexible generation	32	46	117
Market operations	4	13	103
International power	252	612	794
Wind power	596	1 300	500
District heating	37	79	130
Industrial ownership	18	166	320
Total	939	2 215	1 964
Investment in shareholdings			
Market operations	6	15	91
International power	1	1	-
Wind power	9	9	-
Other activities	1	77	19
Total	17	102	111
Total investments	1 573	3 808	3 895

Projects in consolidated operations

Third quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion	
Main construction projects						
Hydropower	Øvre Røssåga	Norway	-	100%	2018	Q4
	Devoll - Moglice	Albania	184	100%	2019	Q2
	Songa and Trollfalden Dams	Norway	-	100%	2020	Q4
	Tidong	India	100	100%	2021	Q1
Wind power	Fosen - Roan	Norway	256	52%	2018	Q4
	Fosen - Hitra II	Norway	94	52%	2019	Q3
	Fosen - Storheia	Norway	288	52%	2019	Q4
	Fosen - Geitfjellet	Norway	155	52%	2020	Q3
	Fosen - Harbaksfjellet	Norway	108	52%	2020	Q3
	Fosen - Kvenndalsfjellet	Norway	101	52%	2020	Q3

¹⁾ Total for project, incl. partners' share.

Segments

The Group's operating segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

The segments are defined as:

European flexible generation includes the majority of the Group's hydropower business in Norway, Sweden, Germany and the United Kingdom, as well as the gas fired power plants, the subsea cable Baltic Cable and the bio-power plants in Germany.

Market operations includes trading, origination, market access for smaller producers of renewable energy, as well as revenue optimisation and risk mitigation activities related to both the Continental and Nordic production.

International power Includes development, ownership and operations of renewable assets in emerging markets. The segment currently operates in Brazil, Peru, Chile, India, Nepal, Turkey and Albania.

Wind power includes Statkraft's development and operation in onshore wind power. The segment operates in Norway, Sweden and the United Kingdom.

District heating includes Statkraft's development and operation of district heating plants in Norway and Sweden.

Industrial ownership includes management and development of Norwegian shareholdings within the Group's core business and includes the shareholdings in Skagerak Energi, BKK, Agder Energi, Fjordkraft and Istad. Skagerak Energi is included in the consolidated financial statements, while the other companies are reported as equity accounted investments. Statkraft has divested shares in Fjordkraft and Istad in 2018, see note 12.

In addition:

Other activities includes other small-scale business, group functions and unallocated assets.

Group items include eliminations.

	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
Third quarter									
From income statement									
Gross operating revenues and other income	14 858	5 192	8 221	674	322	114	740	235	-640
Net operating revenues and other income	5 656	4 428	-354	549	310	82	683	235	-277
EBITDA, underlying	3 559	3 363	-666	373	166	12	447	-130	-6
Operating profit/loss (EBIT), underlying	2 679	2 939	-671	190	99	-29	301	-144	-6
Operating profit/loss (EBIT), booked	2 040	2 861	-1 094	52	99	-30	301	-144	-5
Key financial metrics									
EBIT-margin (%), underlying	18.0	56.6	-8.2	28.2	30.9	-25.3	40.6	n/a	n/a
ROACE (%)	13.2	21.4	-13.9	2.9	3.9	5.5	9.8	n/a	n/a
ROAE (%)	10.2	n/a	n/a	18.9	13.5	n/a	8.5	n/a	n/a
Investments									
Total investments	1 573	377	13	315	606	40	200	22	-
Generation									
Generation, volume sold (TWh)	13.1	10.6	-0.0	1.1	0.5	-	1.0	-	-
- hydropower (TWh)	12.0	10.0	-	1.0	-	-	1.0	-	-
- wind power (TWh)	0.6	-	-	0.1	0.5	-	-	-	-
- gas power (TWh)	0.5	0.5	-	-	-	-	-	-	-
- other power (TWh) ¹⁾	0.1	0.1	-	-	-	-	-	-	0
Production, district heating (TWh)	0.1	-	-	-	-	0.1	-	-	-

¹⁾ Bio and solar power.

EUROPEAN FLEXIBLE GENERATION

NOK million	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	5 192	3 922	15 628	12 279	17 084
Net operating revenues and other income	4 428	3 045	13 819	10 490	14 508
EBITDA, underlying	3 363	1 877	10 815	7 336	10 151
Operating profit/loss (EBIT) underlying	2 939	1 442	9 540	6 069	8 447
Unrealised value changes from energy derivatives	-77	-304	-848	508	1 173
Gains/losses from acquisitions/divestments of business activities	-	-	-	-	-
Impairments	-	189	-	169	1 084
Operating profit/loss (EBIT) booked	2 861	1 327	8 691	6 747	10 704
Share of profit/loss in equity accounted investments	-	-	-	-	-
Gains/losses from sales of equity accounted investments*)	-	-	-	-	-
ROACE (rolling 12 months)			21.4	16.2	15.2
ROAE (rolling 12 months)			n/a	n/a	n/a
Maintenance investments and other investments	344	284	827	728	1 053
Investments in new capacity	32	51	46	109	117
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	10.6	11.1	36.3	36.7	50.4

*) Included in Other financial items.

Key events

- Statkraft entered into a new long-term contract with Ferroglobe Mangan Norge for the period 2021-2030 with a total volume of 4.4 TWh.

Quarterly financial performance

- The increase in underlying EBIT was mainly driven by significantly higher Nordic power prices.
- Operating expenses were lower, mainly due to a negative one-off effect in comparable quarter.

Year-to-date financial performance

- The increase in underlying EBIT was primarily due to the same factors as for the quarter.

Financial metrics

- A strong underlying EBIT has led to a high ROACE, up due to higher Nordic power prices.

Quarterly investments

- Mainly maintenance investments in Nordic hydropower.

MARKET OPERATIONS

NOK million	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	8 221	7 606	16 946	19 129	25 378
Net operating revenues and other income	-354	263	-136	1 332	1 983
EBITDA, underlying	-666	42	-929	675	1 068
Operating profit/loss (EBIT) underlying	-671	39	-943	666	1 057
Unrealised value changes from energy derivatives	-440	-45	-948	179	116
Gains/losses from acquisitions/divestments of business activities	17	-	17	-	-
Impairments	-	-	-	-	-
Operating profit/loss (EBIT) booked	-1 094	-6	-1 875	845	1 173
Share of profit/loss in equity accounted investments	1	1	1	-	2
Gains/losses from sales of equity accounted investments*)	-	-	-	-	-
ROACE (rolling 12 months)			-13.9	27.6	27.2
ROAE (rolling 12 months)			n/a	n/a	n/a
Maintenance investments and other investments	3	-	9	5	5
Investments in new capacity	4	10	13	19	103
Investments in shareholdings	6	25	15	25	91
Production, volume sold (TWh)	-	-	-	-	-

*) Included in Other financial items.

Key events

- Statkraft sold 90% of the shares in solar park Lange Runde in the Netherlands with a gain of NOK 17 million recognised. See note 12.
- Statkraft entered into a power purchase agreement with Castledockrell in Ireland for a period of seven years.

Quarterly financial performance

- The decrease in underlying EBIT was mainly driven by negative contribution from Nordic origination and market access activities. Value reduction of long-term contracts in Brazil was mainly related to currency effects. Long-term portfolios have opposite effects not recognised in the segment's underlying EBIT.
- Operating expenses increased mainly due to a contribution amounting to NOK 46 million to Nasdaq default fund.

Year-to-date financial performance

- The decrease in underlying EBIT was primarily due to the same factors as for the quarter.

Financial metrics

- A negative underlying EBIT in 2018 led to a negative ROACE.

INTERNATIONAL POWER

NOK million	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	674	641	2 011	1 917	2 630
Net operating revenues and other income	549	507	1 688	1 589	2 143
EBITDA, underlying	373	257	1 092	871	1 162
Operating profit/loss (EBIT) underlying	190	63	535	304	394
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	76	-	76	76
Impairments	-138	-1 369	-154	-1 385	-1 392
Operating profit/loss (EBIT) booked	52	-1 230	381	-1 005	-922
Share of profit/loss in equity accounted investments	70	-1 039	137	-942	-744
Gains/losses from sales of equity accounted investments*)	-	2 091	-	2 091	2 091
ROACE (rolling 12 months)			2.9	1.6	1.7
ROAE (rolling 12 months)			18.9	-14.3	-17.5
Maintenance investments and other investments	62	42	119	65	173
Investments in new capacity	252	351	612	587	794
Investments in shareholdings	1	-	1	-	-
Production, volume sold (TWh)	1.1	1.0	3.7	3.3	4.5

*) Included in Other financial items.

Key events

- The acquisition of the hydropower project Tidong in India was closed on 4 September. See note 12.

Quarterly financial performance

- The underlying EBIT increased mainly because the Kargi hydropower plant in Turkey was back in operation and the 2017 result had negative impact from Kargi repair costs.
- The change in share of profit/loss in equity accounted investments was mainly due to impairments in Chile in the same period last year.

Year-to-date financial performance

- The increase in underlying EBIT was due to the same factors as for the quarter.

Financial metrics

- The ROACE increased due to higher underlying EBIT. The capital employed is impacted by newly built and acquired assets leading to high carrying values.
- The ROAE increased mainly due to the impairments of the Chilean assets in the same period last year which are no longer included in the rolling 12 months profit/loss.

Quarterly investments

- The investments were mainly related to the construction of the Moglice hydropower project in Albania.

WIND POWER

NOK million	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	322	131	852	502	761
Net operating revenues and other income	310	121	819	469	716
EBITDA, underlying	166	-7	455	108	234
Operating profit/loss (EBIT) underlying	99	-101	229	-165	-132
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-	256	258
Impairments	-	-186	-	-187	-187
Operating profit/loss (EBIT) booked	99	-287	229	-96	-61
Share of profit/loss in equity accounted investments	-4	10	2	58	213
Gains/losses from sales of equity accounted investments*)	-	-	5 106	-	3 061
ROACE (rolling 12 months)			3.9	-1.6	-1.9
ROAE (rolling 12 months)			13.5	5.6	9.2
Maintenance investments and other investments	1	9	1	12	12
Investments in new capacity	596	96	1 300	364	500
Investments in shareholdings	9	-	9	-	-
Production, volume sold (TWh)	0.5	0.4	1.4	1.5	2.2

*) Included in Other financial items.

Key events

- On 2 October, Statkraft acquired the Irish and UK wind development business of the Element Power Group. See note 13.
- In the Fosen project, all 71 turbines are now erected and connected to the grid at Roan wind farm.

Quarterly financial performance

- The increase in underlying EBIT was mainly driven by significantly higher power and el-cert prices, as well as increased generation.

Year-to-date financial performance

- The increase in underlying EBIT was mainly driven by significantly higher power and el-cert prices.

Financial metrics

- The ROACE has a positive development driven by improved results from Nordic wind farms.
- The ROAE is mainly driven by positive contributions from divested offshore wind assets, which will not be part of this financial metric from 2019.

Quarterly investments

- The investments in new capacity were mainly related to the Fosen project in Norway.

DISTRICT HEATING

NOK million	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	114	108	612	529	789
Net operating revenues and other income	82	81	440	393	580
EBITDA, underlying	12	17	239	206	326
Operating profit/loss (EBIT) underlying	-29	-26	115	79	155
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-	-	-
Impairments	-1	-1	-6	-3	-4
Operating profit/loss (EBIT) booked	-30	-27	109	76	151
Share of profit/loss in equity accounted investments	-	-	-	-	-
Gains/losses from sales of equity accounted investments*)	-	-	-	-	-
ROACE (rolling 12 months)			5.5	4.4	4.4
ROAE (rolling 12 months)			n/a	n/a	n/a
Maintenance investments and other investments	3	1	8	4	7
Investments in new capacity	37	41	79	94	130
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.1	0.1	0.7	0.6	0.9

*) Included in Other financial items.

Quarterly financial performance

- The underlying EBIT was slightly lower than in 2017. Higher volume delivered to customers was offset by lower volume of waste handled, higher energy purchase prices and other operating expenses.

Year-to-date financial performance

- The increase in underlying EBIT was driven by higher volume delivered to customers and better prices on heating and waste handling.

Financial metrics

- The ROACE was mainly driven by good return from district heating activities in Trondheim, which accounts for more than 50% of the capital employed.
- The positive trend is expected to continue through increased profitability and customer growth.

Quarterly investments

- The investments were primarily related to pipelines.

INDUSTRIAL OWNERSHIP

NOK million	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	740	1 267	3 576	5 011	7 262
Net operating revenues and other income	683	665	2 333	2 527	3 602
EBITDA, underlying	447	283	1 407	1 336	1 944
Operating profit/loss (EBIT) underlying	301	147	980	916	1 369
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	11	1 432	11	11
Impairments	-	-	-	-	-
Operating profit/loss (EBIT) booked	301	158	2 412	927	1 380
Share of profit/loss in equity accounted investments	280	91	763	361	473
Gains/losses from sales of equity accounted investments*)	271	-	343	-	-
ROACE (rolling 12 months)			9.8	7.9	9.3
ROAE (rolling 12 months)			8.5	4.6	4.9
Maintenance investments and other investments	182	164	497	354	566
Investments in new capacity	18	79	166	237	320
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	1.0	1.1	4.2	3.7	5.4

Key events

- The divestment of Statkraft's 49% shareholding in Istad AS was completed in the quarter, with a gain of NOK 168 million recognised. See note 12.
- BKK AS has acquired 0.35% of its own shares from Statkraft. A gain of NOK 103 million was recognised in the quarter, of which NOK 69 million was related to BKK acquiring 1.7% of its own shares from Statkraft in the second quarter. See note 12.

Quarterly financial performance

- The increase in underlying EBIT was mainly due to higher power prices. This was partly offset by the listing and subsequent deconsolidation of Fjordkraft and increased transmission costs.
- The increase in share of profit/loss in equity accounted investments was mainly due to positive contribution from BKK and Agder Energi, following higher power prices and positive contribution from hedging contracts.

Year-to-date financial performance

- The increase in underlying EBIT and share of profit/loss in equity accounted investments was primarily due to higher power prices.

Financial metrics

- The ROACE has a positive development, mainly due to increased EBIT in Skagerak Energi in the quarter.
- The ROAE figure shows a positive development, mainly due to positive contributions from BKK and Agder Energi.

Quarterly investments

- Investments were mainly related to transmission grid and advanced metering system (AMS) for grid customers in Skagerak.

OTHER ACTIVITIES

NOK million	Third quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	235	236	739	714	987
Net operating revenues and other income	235	236	739	714	987
EBITDA, underlying	-130	-101	-304	-288	-375
Operating profit/loss (EBIT) underlying	-144	-117	-347	-339	-441
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-	-30	-30
Impairments	-	-	-	-	-
Operating profit/loss (EBIT) booked	-144	-117	-347	-369	-471
Share of profit/loss in equity accounted investments	5	-6	-11	-15	-23
Gains/losses from sales of equity accounted investments*)	-	-	-	14	14
Maintenance investments and other investments	22	8	29	14	4
Investments in new capacity	-	-	-	-	-
Investments in shareholdings	1	19	77	19	19
Production, volume sold (TWh)	-	-	-	-	-

*) Included in Other financial items.

Quarterly financial performance

- The decrease in underlying EBIT was mainly related to higher consultant expenses and restructuring costs.

Year-to-date financial performance

- The underlying EBIT was on par with the previous year.

Quarterly investments

- The investments were mainly related to biomass facilities in Norway.

Outlook

Statkraft has Europe's largest reservoir capacity and a portfolio of flexible hydropower plants being optimised according to the hydrological situation and expected power prices. Statkraft has also a high share of long-term power contracts within the segments European flexible generation and International power. These contracts have a stabilising effect on revenues and net profit.

Statkraft has a solid financial foundation and is now entering into a new growth phase with an updated strategy. The ambition is to maintain the position as the largest hydropower company in Europe and grow significantly in core markets. The target is to reach a portfolio of 8000 MW onshore wind and solar power, triple the market access activities and develop district heating plus new businesses with international potential. Statkraft is planning annual investments of around NOK 10 billion in renewable energy in the period 2019-2025. The investments will be financed through earnings from existing operations, external financing and partial divestments of shares in completed solar- and wind projects to financial investors. The investment programme has a large degree of flexibility and will be adapted to the company's financial capacity and rating target.

Oslo, 24 October 2018
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

NOK million	Third quarter		Year to date		The year
	2018	2017	2018	2017	2017
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	14 920	13 104	38 403	36 825	50 662
Trading & Origination	-339	172	-559	1 093	1 242
Other operating income	277	212	770	715	979
Gross operating revenues and other income	14 858	13 488	38 615	38 633	52 883
Energy purchase	-8 761	-8 529	-18 495	-21 060	-28 207
Transmission costs	-441	-308	-1 302	-923	-1 326
Net operating revenues and other income	5 656	4 650	18 817	16 651	23 350
Salaries and payroll costs	-905	-923	-2 564	-2 696	-3 707
Depreciation and amortisation	-880	-921	-2 666	-2 713	-3 662
Property tax and licence fees	-308	-345	-957	-988	-1 341
Other operating expenses	-884	-1 024	-2 561	-2 778	-3 816
Operating expenses	-2 977	-3 213	-8 748	-9 175	-12 526
Operating profit/loss (EBIT) underlying	2 679	1 437	10 069	7 476	10 824
Unrealised value changes from energy derivatives	-518	-349	-1 797	687	1 289
Gains/losses from acquisitions/divestments of business activities	17	87	1 449	313	315
Impairments	-139	-1 367	-160	-1 406	-500
Operating profit/loss (EBIT) booked	2 040	-192	9 562	7 070	11 928
Share of profit/loss in equity accounted investments	352	-944	893	-539	-79
Interest income	105	96	291	277	374
Interest expenses	-199	-313	-665	-919	-1 234
Net currency effects	214	494	1 289	-597	-2 069
Other financial items	282	2 850	5 382	3 602	6 748
Net financial items	402	3 126	6 297	2 363	3 818
Profit/loss before tax	2 793	1 990	16 752	8 894	15 668
Tax expense	-1 528	-207	-4 934	-2 477	-3 957
Net profit/loss	1 265	1 783	11 818	6 417	11 710
Of which non-controlling interest	55	-430	624	-195	-94
Of which owners of the parent	1 210	2 213	11 194	6 612	11 805
OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that recycle over profit/loss:					
Changes in fair value of financial instruments	-17	73	43	-134	-200
Income tax related to changes in fair value of financial instruments	5	-21	-8	26	42
Items recorded in other comprehensive income in equity accounted investments	-16	34	18	-180	-170
Recycling of financial instruments related to cash flow hedges and net investment hedges	-	-	-	1 470	1 470
Income tax from recycling of financial instruments related to cash flow hedges/net investment hedges	-	-	-	-355	-355
Reclassification currency translation effects related to foreign operations disposed	-	-505	-54	-2 508	-2 491
Currency translation effects	-515	-1 945	-3 942	-805	667
Items in other comprehensive income that will not recycle over profit/loss:					
Estimate deviation pensions	-216	-229	-96	115	-96
Income tax related to estimate deviation pensions	73	80	43	-40	49
Other comprehensive income	-686	-2 513	-3 996	-2 411	-1 085
Comprehensive income	579	-730	7 822	4 006	10 625
Of which non-controlling interest	37	-664	552	-588	-465
Of which owners of the parent	542	-66	7 270	4 594	11 090

NOK million	30.09.2018	30.09.2017	31.12.2017
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Deferred tax assets	572	854	962
Intangible assets	2 799	3 282	3 313
Property, plant and equipment	101 299	101 060	103 193
Equity accounted investments	13 182	12 719	13 335
Other non-current financial assets	3 884	8 818	4 368
Derivatives	2 466	3 540	4 023
Non-current assets	124 201	130 272	129 194
Inventories	3 597	1 510	2 871
Receivables	14 246	9 905	15 372
Short-term financial investments	937	898	918
Derivatives	10 912	6 385	6 537
Cash and cash equivalents (included restricted cash)	19 046	9 991	14 217
Assets held for sale	-	2 064	-
Current assets	48 737	30 752	39 914
Assets	172 938	161 024	169 108
EQUITY AND LIABILITIES			
Paid-in capital	59 219	59 219	59 219
Retained earnings	30 012	22 346	28 842
Non-controlling interest	3 815	3 552	3 567
Equity	93 046	85 117	91 627
Deferred tax	8 865	9 502	9 792
Pension liability	2 594	2 232	2 539
Provisions allocated to capital employed	2 466	2 542	2 894
Other provisions	567	621	598
Long-term interest-bearing liabilities	29 549	35 228	36 285
Derivatives	1 029	1 370	1 101
Long-term liabilities	45 070	51 495	53 210
Short-term interest-bearing liabilities	5 891	3 891	3 694
Taxes payable	5 691	4 695	4 010
Interest-free liabilities allocated to capital employed	8 155	9 547	9 086
Other interest-free liabilities	756	720	593
Derivatives	14 329	5 560	6 888
Current liabilities	34 823	24 412	24 271
Equity and liabilities	172 938	161 024	169 108

NOK million	Paid-in capital	Other reserves	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
STATEMENT OF CHANGES IN EQUITY								
Balance as of 01.01.2017 - as previously reported	58 411	-1 659	12 957	6 063	17 361	75 772	7 747	83 519
Changes in accounting principle - Note 6	-	-	-101	-	-101	-101	-25	-126
Balance as of 01.01.2017	58 411	-1 659	12 856	6 063	17 260	75 671	7 722	83 393
Net profit/loss	-	-	6 612	-	6 612	6 612	-195	6 417
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-138	-	-	-138	-138	4	-134
Income tax related to changes in fair value of financial instruments	-	27	-	-	27	27	-1	26
Items recorded in other comprehensive income in equity accounted investments	-	-180	-	-	-180	-180	-	-180
Recycling of financial instruments related to cash flow hedges/net investment hedges	-	1 470	-	-	1 470	1 470	-	1 470
Income tax from recycling of financial instruments related to cash flow hedges/net investment hedges	-	-355	-	-	-355	-355	-	-355
Reclassification currency translation effects related to foreign operations disposed	-	-	-	-2 508	-2 508	-2 508	-	-2 508
Currency translation effects	-	-	-	-409	-409	-409	-396	-805
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	115	-	115	115	-	115
Income tax related to estimate deviation pensions	-	-	-40	-	-40	-40	-	-40
Total comprehensive income for the period	-	825	6 687	-2 917	4 594	4 594	-588	4 006
Dividend and Group contribution	-1 332	-	-3 018	-	-3 018	-4 350	-930	-5 280
Change in option recognised in equity	-	-	890	-	890	890	-	890
Business combinations/divestments	-	-	-	-	-	-	-32	-32
Transactions with non-controlling interests	-	-	2 620	-	2 620	2 620	-2 620	-
Capital decrease	2 140	-	-	-	-	2 140	-	2 140
Balance as of 30.09.2017	59 219	-835	20 036	3 145	22 346	81 565	3 552	85 117
Balance as of 01.01.2017	58 411	-1 659	12 856	6 063	17 260	75 671	7 722	83 393
Net profit/loss	-	-	11 805	-	11 805	11 805	-94	11 710
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-201	-	-	-201	-201	1	-200
Income tax related to changes in fair value of financial instruments	-	42	-	-	42	42	-	42
Items recorded in other comprehensive income in equity accounted investments	-	-170	-	-	-170	-170	-	-170
Recycling of financial instruments related to cash flow hedges/net investment hedges	-	1 470	-	-	1 470	1 470	-	1 470
Income tax from recycling of financial instruments related to cash flow hedges and net investment hedges	-	-355	-	-	-355	-355	-	-355
Reclassification currency translation effects related to foreign operations disposed	-	-	-	-2 491	-2 491	-2 491	-	-2 491
Currency translation effects	-	-	-	1 063	1 063	1 063	-396	667
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	-133	-	-133	-133	37	-96
Income tax related to estimate deviation pensions	-	-	61	-	61	61	-12	49
Total comprehensive income for the period	-	786	11 733	-1 428	11 090	11 090	-465	10 625
Dividend and Group contribution	-1 332	-	-3 018	-	-3 018	-4 350	-1 036	-5 386
Change in option recognised in equity	-	-	890	-	890	890	-	890
Business combinations/divestments	-	-	-	-	-	-	-36	-36
Transactions with non-controlling interests	-	-	2 620	-	2 620	2 620	-2 620	-
Capital increase	2 140	-	-	-	-	2 140	-	2 140
Balance as of 31.12.2017	59 219	-874	25 080	4 635	28 842	88 061	3 567	91 627
Net profit/loss	-	-	11 194	-	11 194	11 194	624	11 818
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	46	-	-	46	46	-4	43
Income tax related to changes in fair value of financial instruments	-	-10	-	-	-10	-10	1	-8
Items recorded in other comprehensive income in equity accounted investments	-	18	-	-	18	18	-	18
Reclassification currency translation effects related to foreign operations disposed	-	-	-	-54	-54	-54	-	-54
Currency translation effects	-	-	-	-3 872	-3 872	-3 872	-70	-3 942
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	-96	-	-96	-96	-	-96
Income tax related to estimate deviation pensions	-	-	43	-	43	43	-	43
Total comprehensive income for the period	-	55	11 141	-3 926	7 270	7 270	552	7 822
Dividend and Group contribution	-	-	-6 100	-	-6 100	-6 100	-92	-6 192
Business combinations/divestments	-	-	-	-	-	-	-212	-212
Balance as of 30.09.2018	59 219	-818	30 121	709	30 012	89 231	3 815	93 046

NOK million	Third quarter		Year to date		The year
	2018	2017	2018	2017	2017
STATEMENT OF CASH FLOW					
CASH FLOW FROM OPERATING ACTIVITIES					
Operating profit/loss (EBIT), underlying	2 679	1 437	10 069	7 476	10 824
Depreciations and amortisations	880	921	2 666	2 713	3 662
Gain/loss from disposal of property, plant and equipment and intangible assets	-3	187	11	155	186
Unrealised effects included in underlying EBIT	506	425	1 730	1 198	2 228
Dividend from equity accounted investments	13	-	567	558	558
Changes in working capital	3 480	4 051	394	620	-1 551
Cash effects from foreign exchange derivatives related to operations	-140	182	-116	-102	-260
Taxes paid	-44	-181	-3 562	-2 906	-4 843
Other changes	-1 189	355	-151	-456	-1 939
Cash flow from operating activities	A	6 182	7 377	11 608	9 257
CASH FLOW FROM INVESTING ACTIVITIES					
Investments in property, plant and equipment and intangible assets ¹⁾	-1 388	-1 159	-3 116	-2 567	-3 610
Business divestments, net liquidity inflow	575	1 781	7 315	2 083	7 309
Business combinations and asset purchase, net liquidity outflow	-9	-	12	-	-
Loans to equity accounted investments	-	-249	-3	-760	-1 258
Repayment of loans from equity accounted investments ²⁾	-	104	439	320	2 291
Interests received from loans to equity accounted investments ²⁾	-	53	54	128	200
Other investments	-47	-398	-66	-310	-298
Cash flow from investing activities	B	-869	132	-1 106	4 634
CASH FLOW FROM FINANCING ACTIVITIES					
New debt	48	2	178	4 549	5 250
Repayment of debt	-36	-5 753	-4 523	-6 057	-7 647
Interests paid	-116	-583	-867	-1 024	-1 231
Interests received from cash and other assets	99	46	205	125	161
Dividend paid to Statkraft SF	-6 040	-2 052	-6 040	-2 052	-2 052
Dividend and capital decrease paid to non-controlling interests	-	61	-115	-930	-1 037
Cash flow from financing activities	C	-6 045	-8 279	-5 389	-6 556
Net change in cash and cash equivalents	A+B+C	-732	-770	5 081	6 943
Currency exchange rate effects on cash and cash equivalents	-121	-69	-252	-79	-36
Cash and cash equivalents 01.07/01.01	19 899	10 830	14 217	7 308	7 308
Cash and cash equivalents 30.09/31.12 ³⁾	19 046	9 991	19 046	9 991	14 217
Unused committed credit lines			9 167	11 000	10 083
Unused overdraft facilities			1 006	2 019	2 041
Restricted cash			440	87	70

¹⁾ Investments in property, plant and equipment and intangible assets in the cash flow year to date are NOK 589 million lower than investments (excluding investments in other companies) shown in the segment reporting. This is due to capitalised borrowing costs of NOK -78 million and timing differences between capitalisation and payment date of NOK -511 million.

²⁾ Effects from loan to Dudgeon Offshore Wind Ltd is included. Dudgeon was divested in the first quarter Q1 2018. See note 12 for more information.

³⁾ Included in cash and cash equivalents are NOK 432 million related to joint operations.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
Third quarter 2018									
Operating revenues and other income, external	14 858	5 105	8 212	647	51	106	719	25	-8
Operating revenues and other income, internal	-	87	9	27	271	8	21	210	-633
Gross operating revenues and other income	14 858	5 192	8 221	674	322	114	740	235	-641
Net operating revenues and other income	5 656	4 428	-354	549	310	82	683	235	-277
Operating profit/loss (EBIT), underlying	2 679	2 939	-671	190	99	-29	301	-144	-6
Unrealised value changes from energy derivatives	-518	-77	-440	-	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	17	-	17	-	-0	-	-	-	-
Impairments	-139	-	-	-138	-	-1	-	-	-
Operating profit/loss (EBIT), booked	2 040	2 861	-1 094	52	99	-30	301	-144	-6
Share of profit/loss in equity accounted investments	352	-	1	70	-4	-	280	5	-
Year to date 2018									
Operating revenues and other income, external	38 615	15 263	17 061	1 888	234	600	3 511	91	-33
Operating revenues and other income, internal	-	365	-115	123	618	12	65	648	-1 716
Gross operating revenues and other income	38 615	15 628	16 946	2 011	852	612	3 576	739	-1 749
Net operating revenues and other income	18 817	13 819	-136	1 688	819	440	2 333	739	-884
Operating profit/loss (EBIT), underlying	10 069	9 540	-943	535	229	115	980	-347	-39
Unrealised value changes from energy derivatives	-1 797	-848	-948	-	-	-	-	-	-
Gains/losses from acquisition/divestments of business activities	1 449	-	17	-	-	-	1 432	-	-
Impairments	-160	-	-	-154	-	-6	-	-	-
Operating profit/loss (EBIT), booked	9 562	8 691	-1 875	381	229	109	2 412	-347	-39
Share of profit/loss in equity accounted investments	893	-	1	137	2	-	763	-11	-
Balance sheet 30.09.2018									
Property, plant and equipment and intangible assets	104 097	56 351	74	21 551	7 006	3 416	15 333	368	-
Equity accounted investments	13 182	-	23	1 857	818	-	10 384	99	-
Loans to equity accounted investments	2 241	-	-	1 635	592	-	15	-	-
Other assets	53 418	1 772	7 424	1 389	517	157	907	41 451	-200
Total assets	172 938	58 123	7 521	26 432	8 933	3 572	26 639	41 918	-200
Assets not included in capital employed	-57 445	-31	-158	-3 812	-1 419	-	-10 884	-41 142	-
Liabilities included in capital employed	-16 312	-3 325	-3 584	-1 473	-499	-155	-1 128	-6 349	200
Capital employed	99 180	54 767	3 779	21 148	7 014	3 418	14 627	-5 573	-
Return on average capital employed (ROACE)	13.2 %	21.4 %	-13.9 %	2.9 %	3.9 %	5.5 %	9.8 %	n/a	n/a
Return on average equity accounted investment (ROAE)	10.2 %	n/a	n/a	18.9 %	13.5 %	n/a	8.5 %	n/a	n/a
Depreciations, amortisation and impairments	-2 826	-1 275	-14	-711	-227	-129	-427	-43	-
Maintenance investments and other investments	1 490	827	9	119	1	8	497	29	-
Investments in new generating capacity	2 215	46	13	612	1 300	79	166	-	-
Investments in other companies	102	-	15	1	9	-	-	77	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
Third quarter 2017									
Operating revenues and other income, external	13 488	3 867	7 596	630	-1	108	1 257	32	-1
Operating revenues and other income, internal	-	55	10	11	132	-	10	204	-422
Gross operating revenues and other income	13 488	3 922	7 606	641	131	108	1 267	236	-423
Net operating revenues and other income	4 650	3 045	263	507	121	81	665	236	-267
Operating profit/loss (EBIT), underlying	1 437	1 442	39	63	-101	-26	147	-117	-10
Unrealised value changes from energy derivatives	-349	-304	-45	-	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	87	-	-	76	-	-	11	-	-
Impairments	-1 367	189	-	-1 369	-186	-1	-	-	-
Operating profit/loss (EBIT), booked	-192	1 327	-6	-1 230	-287	-27	158	-117	-10
Share of profit/loss in equity accounted investments	-944	-	1	-1 039	10	-	91	-6	-
Year to date 2017									
Operating revenues and other income, external	38 633	12 106	19 142	1 837	-2	529	4 975	103	-57
Operating revenues and other income, internal	-	173	-13	80	504	-	36	611	-1 391
Gross operating revenues and other income	38 633	12 279	19 129	1 917	502	529	5 011	714	-1 448
Net operating revenues and other income	16 651	10 490	1 332	1 589	469	393	2 527	714	-864
Operating profit/loss (EBIT), underlying	7 476	6 069	666	304	-165	79	916	-339	-54
Unrealised value changes from energy derivatives	687	508	179	-	-	-	-	-	-
Gains/losses from acquisition/divestments of business activities	313	-	-	76	256	-	11	-30	-
Impairments	-1 406	169	-	-1 385	-187	-3	-	-	-
Operating profit/loss (EBIT), booked	7 070	6 747	845	-1 005	-96	76	927	-369	-54
Share of profit/loss in equity accounted investments	-539	-	-	-942	58	-	361	-15	-
Balance sheet 30.09.2017									
Property, plant and equipment and intangible assets	104 341	57 028	76	22 114	6 189	3 500	15 057	378	-
Equity accounted investments	12 719	-	68	1 529	1 568	-	9 533	22	-
Loans to equity accounted investments	7 375	-	-	1 420	2 381	-	30	3 544	-
Other assets	36 589	1 655	5 866	1 830	2 601	132	1 429	26 202	-3 126
Total assets	161 024	58 683	6 009	26 893	12 739	3 632	26 049	30 145	-3 126
Assets not included in capital employed	-45 943	-18	-130	-3 195	-3 962	-	-9 870	-28 769	-
Liabilities included in capital employed	-16 784	-3 287	-4 981	-4 411	-400	-145	-1 510	-5 176	3 126
Capital employed	98 298	55 378	898	19 288	8 377	3 487	14 669	-3 800	-
Return on average capital employed (ROACE)	10.6 %	16.2 %	27.6 %	1.6 %	-1.6 %	4.4 %	7.9 %	n/a	n/a
Return on average equity accounted investment (ROAE)	-1.0 %	n/a	n/a	-14.3 %	5.6 %	n/a	4.6 %	n/a	n/a
Depreciations, amortisation and impairments	-4 119	-1 098	-9	-1 952	-460	-130	-421	-51	-
Maintenance investments and other investments	1 181	728	5	65	12	4	354	14	-
Investments in new generating capacity	1 410	109	19	587	364	94	237	-	-
Investments in other companies	44	-	25	-	-	-	-	19	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
The year 2017									
Operating revenues and other income, external	52 883	16 908	25 294	2 522	55	788	7 209	134	-28
Operating revenues and other income, internal	-	176	84	108	706	1	53	853	-1 981
Gross operating revenues and other income	52 883	17 084	25 378	2 630	761	789	7 262	987	-2 009
Net operating revenues and other income	23 350	14 508	1 983	2 143	716	580	3 602	987	-1 170
Operating profit/loss (EBIT), underlying	10 824	8 447	1 057	394	-132	155	1 369	-441	-25
Unrealised value changes from energy derivatives	1 289	1 173	116	-	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	315	-	-	76	258	-	11	-30	1
Impairments	-500	1 084	-	-1 392	-187	-4	-	-	-1
Operating profit/loss (EBIT), booked	11 928	10 704	1 173	-922	-61	151	1 380	-471	-25
Share of profit/loss in equity accounted investments	-79	-	2	-744	213	-	473	-23	-
Balance sheet 31.12.2017									
Property, plant and equipment and intangible assets	106 506	58 329	161	22 634	6 317	3 510	15 188	368	-
Equity accounted investments	13 335	-	86	1 821	1 771	-	9 640	16	-
Loans to equity accounted investments	6 182	-	-	1 640	667	-	16	3 860	-
Other assets	43 085	1 895	7 905	1 788	538	258	2 340	29 110	-748
Total assets	169 108	60 224	8 152	27 882	9 293	3 767	27 184	33 354	-748
Assets not included in capital employed	-49 197	-29	-206	-3 702	-2 449	-	-10 125	-32 686	-
Liabilities included in capital employed	-15 990	-3 010	-4 655	-1 633	-358	-197	-2 106	-4 778	748
Capital employed	103 922	57 185	3 292	22 546	6 486	3 571	14 953	-4 111	-
Return on average capital employed (ROACE)	10.5 %	15.2 %	27.2 %	1.7 %	-1.9 %	4.4 %	9.3 %	n/a	n/a
Return on average equity accounted investment (ROAE)	-0.5 %	n/a	n/a	-17.5 %	9.2 %	n/a	4.9 %	n/a	n/a
Depreciations, amortisation and impairments	-4 162	-620	-12	-2 160	-553	-175	-575	-66	-1
Maintenance investments and other investments	1 820	1 053	5	173	12	7	566	4	-
Investments in new generating capacity	1 964	117	103	794	500	130	320	-	-
Investments in other companies	111	-	91	-	-	-	-	19	-

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the third quarter of 2018, closed on 30 September 2018, have been prepared in accordance with the accounting principles in International Financial Reporting Standards (IFRS) and consist of Statkraft AS and its subsidiaries and associates. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual financial statements for 2017.

Since the financial statement for the period ended 31 December 2017 Statkraft has adopted IFRS 15 *Revenues from contracts with customers* and IFRS 9 *Financial instruments*. The impact on the financial statements from the new standards and the changes in accounting principles are described in note 5.

The interim accounts have not been audited.

2. PRESENTATION OF FINANCIAL STATEMENTS

The presentation in the interim report has been prepared in accordance with the requirements in IAS 34. The schedules comply with the requirements in IAS 1.

3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting principles to the preparation of the interim financial statements, the management has exercised its judgment and employed estimates and assumptions that affect the figures included in the income statement and balance sheet.

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual financial statements for 2017.

In preparing the consolidated financial statements for the third quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's income statement and balance sheet, as discussed in the annual financial statements for 2017.

4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

5. CHANGES IN THE FINANCIAL STATEMENTS AND COMPARABLE FIGURES

From 2018, Statkraft has integrated underlying EBIT into the Group's statement of comprehensive income. Furthermore, Statkraft's share of profit and loss in equity accounted investments will from 2018 be recognised below the operating profit/loss on a separate financial statement line item in the statement of comprehensive income. Comparable figures are restated.

The specification of Net financial items in the statement of comprehensive income have changed, however without effect on total net financial items. Comparable figures are restated.

The statement of cash flow has changed. Interest payments and cash effects from derivatives related to debt will from 2018 no longer be presented as a part of cash flows from operating activities. This has led to an increase in cash flow from operating activities of NOK 445 million for the year 2017. In addition, cash flows from operating activities will be reconciled from underlying profit/loss (EBIT) instead of profit before tax. Comparable figures are restated.

The implementation of IFRS 15 *Revenues from contracts with customers* has impacted the accounting principles and the comparable figures. See note 6 for more information.

The implementation of IFRS 9 *Financial instruments* had no significant impact.

6. REVENUE SPECIFICATION PER SEGMENT

Accounting principles IFRS 15 revenues from contracts with customers

The main principle under IFRS 15 is to recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. To achieve this, IFRS 15 establishes a five-step model to account for revenues arising from contracts with customers.

The main accounting principles for the defined revenue streams are:

Generation

The revenues originate from generation of hydropower, gas-fired power, wind power and district heating.

The revenues from Generation bears the characteristic of delivering power at a certain price. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration Statkraft expects to receive, at either spot price, regulated price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. Statkraft applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer.

In arrangements where Statkraft sells power on an exchange (e.g. Nord Pool), the exchange is determined to be the customer. This is based on the fact that Statkraft has enforceable contracts with the exchanges.

In certain jurisdictions, Statkraft is required by law to cede a share of the power production to counties and municipalities where the power is produced. Statkraft has concluded that income from delivery of concessionary power does not arise from a contract with a customer under IFRS 15. However, Statkraft applies the principles and policies in IFRS 15 by analogy and presents income from sale of concessionary power as revenues.

With respect to district heating, the Group receives monetary contributions from customers related to infrastructure assets. Refer to Grid and Other revenues for further description.

For some of the Statkraft generation, the company is entitled to green certificates. Income from sale of such green certificates is presented as part of revenues.

Sale of gas

Statkraft has entered into gas-fired purchase agreements related to certain gas power plants. Excess volume under these purchase contracts were sold in the market. These arrangements were terminated in the autumn of 2017.

Customers

This includes revenues related to market access activities, sale to end users and sale of power which has been purchased by Statkraft.

When other parties are involved in providing goods or services to Statkraft's customers, Statkraft has to determine whether its performance obligation is to provide the good or service itself (i.e. Statkraft is a principal) or to arrange for those goods or services to be provided by another party (i.e. Statkraft is an agent). In assessing whether Statkraft is agent or principal, Statkraft considers its contractual rights to direct the use of the electricity, balancing risk, discretion prices of the deliveries and whether Statkraft acts as the primary obligor of the deliveries. Based on such assessment, we have determined that Statkraft is a principal in some contracts for which the price received from the customer is presented as revenues, and an agent in other contracts for which the compensation for the Statkraft service is presented as revenues.

Grid and other revenues

This mainly include revenues from grid activities and revenues from a subsea cable.

Revenues from grid activities have the same characteristics as those described under Generation. Statkraft applies a practical expedient under IFRS 15 whereby the revenues from transportation of power is recognised at the amount of which the entity has a right to invoice.

The Group receives monetary contributions from customers in different jurisdictions in aid of construction of infrastructure connecting the customer to the grid for electricity or to district heating. Statkraft owns the infrastructure and the total cost should therefore be recognised as assets in line with IAS 16. Contributions to infrastructure assets represent payments which are to be evaluated together with pricing of future deliveries by Statkraft to the customer, and are therefore recognised as revenues over time. We do however notice that several issues regarding the accounting for contributions from customers are subject to discussions within the industry, including the assessment of performance obligations and the pattern of revenue recognition. Statkraft's recognition criteria might therefore change in the future depending on the outcome from the ongoing discussions in the industry.

Effective 1 January 2017 Statkraft has adopted the requirements of IFRS 15 using the full retrospective method.

The impact on the equity as of 01.01.2017 was as follows:

- Contribution from customers recognised over time had a negative impact on equity of NOK 126 million. The amount was adjusted compared to the reported impact in the first quarter 2018 due to updated figures.

The impacts to statement of comprehensive income in the third quarter 2017 (year to date in brackets) were as follows:

- Contribution from customers recognised over time had a positive impact on Generation revenues of NOK 3 million (NOK 8 million) and a negative impact on share of profit/loss from equity accounted investments of NOK 2 million (NOK 5 million).
- Revenues from market access and end-user activities, presented net after adopting IFRS 15, had a negative impact on the revenue stream Customer of NOK 1507 million (NOK 5013 million) and NOK 140 million (NOK 640 million), respectively.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
Third quarter 2018									
Generation	6 222	4 744	33	600	315	108	488	-	-66
Customers	8 135	-	8 418	-	-	-	-	-	-283
Grid and other sales revenues	563	256	53	59	-	6	211	-	-22
Sales revenues	14 920	5 000	8 503	659	315	114	699	-	-370
Year to date 2018									
Generation	19 371	14 525	152	1 826	764	595	1 712	-	-203
Customers	17 397	-	16 852	-	-	-	1 183	-	-638
Grid and other sales revenues	1 635	525	122	152	-	6	859	-	-29
Sales revenues	38 403	15 050	17 126	1 978	764	601	3 753	-	-869
Third quarter 2017									
Generation	4 756	3 638	129	590	130	107	312	-	-150
Sale of gas	755	-	755	-	-	-	-	-	-
Customers	7 188	-	6 443	-	-	-	728	-	17
Grid and other sales revenues	405	124	5	43	-	-	238	-	-5
Sales revenues	13 104	3 763	7 332	633	130	107	1 278	-	-139
Year to date 2017									
Generation	14 870	11 043	564	1 741	487	526	1 070	-	-561
Sale of gas	2 763	-	2 763	-	-	-	-	-	-
Customers	17 552	-	14 595	-	-	-	2 970	-	-13
Grid and other sales revenues	1 640	664	20	135	-	-	858	-	-37
Sales revenues	36 825	11 708	17 941	1 876	487	526	4 899	-	-612
The year 2017									
Generation	20 864	15 429	666	2 376	733	783	1 555	-	-678
Sale of gas	2 763	-	2 763	-	-	-	-	-	-
Customers	24 744	-	20 537	-	-	-	4 322	-	-115
Grid and other sales revenues	2 291	885	36	181	-	2	1 225	-	-38
Sales revenues	50 662	16 314	24 001	2 557	733	785	7 102	-	-830

7. UNREALISED EFFECTS PRESENTED IN THE PROFIT AND LOSS

The tables below disclose the effects on the profit and loss from unrealised value changes from inventories and financial instruments measured at fair value and currency gains and losses on financial instruments measured at amortised cost.

In the third quarter Statkraft has revisited its accounting policies for variation margin payments as a result of increased volumes.

Some exchange traded contracts, typically futures, require that the mark-to-market exposure is covered by a variation margin which is paid between Statkraft and a clearing house. Variation margins are paid on a daily basis.

In previous periods, variation margins payments were classified as realised in the profit and loss. After revisiting the accounting principles, the variation margin payments are classified as unrealised upon delivery on the underlying contract. At the delivery date, the cumulative unrealised gains or losses will be reclassified to realised. Statkraft does not view variation margin payments as partial settlements. The comparable figures are restated.

NOK million	Third quarter 2018			Year to date 2018		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Generation	-	6 222	6 222	290	19 081	19 371
Customers	-271	8 406	8 135	-167	17 565	17 397
Grid and other revenues	-	563	563	-	1 635	1 635
Total sales revenues	-271	15 191	14 920	122	38 281	38 403
Trading & Origination	-235	-104	-339	-1 853	1 294	-559
Generation	-	-307	-307	-	-772	-772
Customers	-	-8 174	-8 174	-	-17 098	-17 098
Other purchase	-	-279	-279	-	-625	-625
Total energy purchase	-	-8 761	-8 761	-	-18 495	-18 495
Unrealised effects included in underlying EBIT ¹⁾	-506			-1 730		
Unrealised effects excluded from underlying EBIT	-518			-1 797		
Net currency effects	324	-110	214	1 695	-406	1 289
Other financial items	15	267	282	84	5 298	5 382
Total financial items	339			1 779		
Total unrealised effects	-684			-1 749		

¹⁾ Total sales revenues + Trading & Origination + Total energy purchase.

NOK million	Third quarter 2017			Year to date 2017			The year 2017		
	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L									
Generation	-31	4 786	4 756	-3	14 872	14 870	-150	21 014	20 864
Sale of gas	-	755	755	-	2 763	2 763	-	2 763	2 763
Customers ²⁾	-83	7 271	7 188	-19	17 571	17 552	43	24 701	24 744
Grid and other revenues	-	405	405	-	1 640	1 640	-	2 291	2 291
Total sales revenues	-114	13 218	13 104	-21	36 846	36 825	-107	50 769	50 662
Trading & Origination ³⁾	-314	486	172	-1 155	2 248	1 093	-2 120	3 362	1 242
Generation	-	-650	-650	-	-891	-891	-	-1 408	-1 408
Purchase of gas	-	-805	-805	-	-2 896	-2 896	-	-2 895	-2 895
Customers	2	-6 944	-6 941	-21	-16 687	-16 708	-1	-23 137	-23 138
Other purchase	-	-132	-132	-	-565	-565	-	-766	-766
Total energy purchase	2	-8 531	-8 529	-21	-21 038	-21 060	-1	-28 206	-28 207
Unrealised effects included in underlying EBIT ¹⁾	-425			-1 198			-2 228		
Unrealised effects excluded from underlying EBIT	-349			687			1 289		
Net currency effects	538	-44	494	1 193	-1 790	-597	-109	-1 960	-2 069
Other financial items	676	2 173	2 850	-713	4 316	3 602	-681	7 429	6 748
Total financial items	1 214			480			-791		
Total unrealised effects	440			-30			-1 730		

¹⁾ Total sales revenues + Trading & Origination + Total energy purchase.

²⁾ Restatement of unrealised gains (+) or losses (-): Third quarter (0), Year to date (0), The year (-1).

³⁾ Restatement of unrealised gains (+) or losses (-): Third quarter (154), Year to date (-483), The year (-561).

8. NORWEGIAN HYDROPOWER AND RELATED BUSINESS

This note discloses selected financial figures from Norwegian hydropower and related business. Please see note 4 in the annual report of 2017 for further information.

	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
NOK million	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
2018 (year to date)						
Gross operating revenues and other income	38 615	12 754	1 439	14 178		14 178
Net operating revenues and other income	18 817	11 780	1 359	13 138		13 138
Operating profit/loss (EBIT)	9 562	8 144	886	9 030		9 030
Share of profit/loss in equity accounted investments	893	-	-	-	735 ¹⁾	735
Net financial items	6 297	-275	-53	-328		-328
Tax expense	-4 934	-4 138	-528	-4 666		-4 666
Profit/loss after tax	11 818	3 731	305	4 036	735	4 771
Profit/loss after tax (majority share)	11 194	3 731	202	3 933	735	4 668
Paid dividend and group contribution to Statkraft		1 241 ²⁾	119 ³⁾	1 360	541 ³⁾	1 901
Balance sheet 30.09.18						
Equity accounted investments	13 182	-	2	2	9 315 ¹⁾	9 317
Other assets	159 756	37 714	5 306	43 020		43 020
Total assets	172 938	37 714	5 308	43 022	9 315	52 336
EBITDA	12 735	8 972	1 029	10 002		10 002
Depreciation, amortisation and impairment	-2 826	-829	-143	-972		-972
Maintenance investments and other investments	1 490	598	62	660		660
Investments in new production capacity	2 215	42	24	67		67
Investments in shares	102	-	-	-		-

¹⁾ Statkraft's share.

²⁾ Dividend and group contribution after tax paid from Statkraft Energi AS.

³⁾ Dividend paid to Statkraft.

	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
NOK million	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
2017 (the year)						
Gross operating revenues and other income	52 883	15 666	1 651	17 303		17 303
Net operating revenues and other income	23 350	12 943	1 571	14 514		14 514
Operating profit/loss (EBIT)	11 928	9 303	955	10 258		10 258
Share of profit/loss in equity accounted investments	-79	-	-	-	471 ¹⁾	471
Net financial items	3 818	-136	-83	-218		-218
Tax expense	-3 957	-4 687	-522	-5 210		-5 210
Profit/loss after tax	11 710	4 480	350	4 830	471	5 301
Profit/loss after tax (majority share)	11 805	4 480	232	4 711	471	5 182
Paid dividend and group contribution to Statkraft		3 758 ²⁾	76 ³⁾	3 834	528 ³⁾	4 362
Balance sheet 31.12.17						
Equity accounted investments	13 335	-	1	1	9 484 ¹⁾	9 485
Other assets	155 773	37 930	5 356	43 287		43 287
Total assets	169 108	37 930	5 357	43 288	9 484	52 772
EBITDA	14 486	10 066	1 146	11 212		11 212
Depreciation, amortisation and impairment	-4 162	-763	-191	-954		-954
Maintenance investments and other investments	1 820	950	95	1 046		1 046
Investments in new production capacity	1 964	22	4	26		26
Investments in shares	111	-	-	-		-

¹⁾ Statkraft's share.

²⁾ Dividend and group contribution after tax paid from Statkraft Energi AS.

³⁾ Dividend paid to Statkraft.

9. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	30.09.2018	30.09.2017	31.12.2017
INTANGIBLE ASSETS			
Balance as of 01.01.	3 313	3 858	3 858
Additions	23	15	65
Reclassifications	-5	25	25
Disposals	-95	-1	-4
Currency translation effects	-324	-170	-168
Amortisation	-86	-119	-157
Impairment	-27	-325	-307
Balance as of end of period	2 799	3 282	3 313
PROPERTY, PLANT AND EQUIPMENT			
Balance as of 01.01.	103 193	103 304	103 304
Additions	4 047	2 524	3 643
Reclassifications	5	-25	-25
Disposals	-181	-495	-577
Capitalised borrowing costs	78	52	76
Currency translation effects	-3 131	-625	470
Depreciation	-2 580	-2 594	-3 505
Impairment	-132	-1 080	-193
Balance as of end of period	101 299	101 060	103 193

Accounting policies, judgement and assumptions for impairment are described in note 14 in the annual report 2017.

An impairment loss of NOK 132 million was recognised on two hydropower plants in Peru.

10. BRAZIL

On 13 July 2015, Statkraft acquired controlling interest in the Brazilian company Desenvix Energias Renováveis S.A. which subsequently changed name to Statkraft Energias Renováveis (SKER). Over the past years, Brazil has experienced several severe corruption cases. On this background, Statkraft initiated an internal investigation related to the subsidiary acquired in 2015. Based on the investigation, the company has contacted Brazilian authorities. It is at this stage not possible to predict if the outcome could have potential negative financial effects.

The Brazilian Federal Prosecutor has been investigating potential crimes committed by representatives of the four main pension funds in Brazil and representatives of companies in which the pension funds invested, as well as any other individual who may have been involved in the alleged scheme, related to historical investments made by the pension funds, including FUNCEF, which invested in Desenvix (now SKER) in 2009 and 2010, and now owns 18.7% of SKER. The Prosecutor has concluded the investigation in relation to FUNCEF and filed the criminal lawsuit against the individuals, including the shareholders of Jackson and former officers of FUNCEF. In August 2017, the Federal Judge in charge of the criminal investigation issued a resolution stating that no information had been found relating SKER with the alleged illicit activities and therefore decided to release guarantees and other precautionary measures imposed on SKER. Additionally, a civil lawsuit has been filed against the pension funds and companies and individuals related to the pension fund's investments, including SKER. It is at this stage not possible to predict if the outcome of the case could have potential negative effects on SKER.

11. DRAFT DECISION RELATED TO PREVIOUS YEARS TAX

On 9 October 2017, Statkraft AS received a draft decision of a tax reassessment from the Norwegian tax authorities. The reassessment regards the income tax returns for the fiscal years 2008-2014 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium. The main issue relates to STC's capital structure and its compliance with the arm's length principle.

Statkraft strongly disagrees that there is a legal basis for any reassessment, and has made no provisions related to this case.

If all arguments from the Norwegian tax authorities would prevail, the financial exposure for the period 2008-2017 is estimated to NOK 4 billion as additional payable tax and interest expenses.

On 24 April 2017, the major business activities in STC were transferred to Statkraft AS. All business activities in STC have been closed down.

There has been no development in 2018 that has an impact on Statkraft's assessment.

12. TRANSACTIONS

On 7 March, an agreement to divest Statkraft's 30% share in the joint venture Dudgeon Offshore Wind Ltd was closed. The counterparty was a consortium led by China Resources Company Limited. Net cash inflow from the transaction was NOK 5 947 million and resulted in a gain of NOK 5 106 million recognised as Other financial items. A shareholder loan of NOK 317 million

from Statkraft UK Ltd provided to Dudgeon was repaid by the joint venture in the first quarter. Statkraft UK Ltd has provided a sponsor loan to Dudgeon of NOK 3 534 million. The sponsor loan is not part of the transaction and is at quarter-end recognised as a short term receivable in the Group. The investment in Dudgeon has been classified as Held for sale in 2018 and thus no share of profit/loss from the company has been recognised.

On 21 March, Fjordkraft concluded a successful Initial Public Offering and was listed on Oslo Stock Exchange at a share price of 31 NOK/share. The cash flow from the transaction was NOK 673 million. In the statement of comprehensive income for the year to date 2018, Statkraft has a total gain from the sale of NOK 1 659 million. The gain consists of gain from sale of shares owned by Statkraft Industrial Holding and Skagerak of NOK 562 million and a true-up to fair value of NOK 869 million (excess values) on the remaining shares held by Skagerak in Fjordkraft. In addition, BKK sold parts of its shareholding in Fjordkraft. Statkraft's share of the gain recognised by BKK is NOK 227 million and is recognised as share of profit/loss in equity accounted investments. Both Statkraft's and BKK's remaining shares are classified as investment in an associated company and presented according to the equity method.

The excess values of NOK 869 million have been analysed and allocated to identifiable intangible assets. NOK 255 million (before tax) are allocated to customer portfolios and will be depreciated over six years. The depreciations will affect share of profit/loss in equity accounted investments. The remaining excess values are allocated to brand name and goodwill, which both have indefinite useful life. The excess values are presented net as a part of equity accounted investments in the statement of financial position.

On 11 June, an agreement where BKK acquires its own B-shares from Statkraft, corresponding to 1.7% of the company's total share capital, was closed. Net cash inflow from the transaction was NOK 350 million. Of the total gain of NOK 141 million, NOK 72 million was recognised on the line item Other financial items in the second quarter. The remaining gain of NOK 69 million was recognised in the third quarter, as BKK finalised the acquisition of Tysnes Kraftlag, using the acquired shares from Statkraft as consideration.

On 3 September, Statkraft closed the agreement to divest 49% of the shares in Istad AS. Net cash inflow from the transaction was NOK 380 million and a gain of NOK 168 million was recognised as Other financial items in the third quarter.

On 4 September, Statkraft acquired 100% of the shares in NSL Tidong Power Generation Private Ltd. Tidong is a hydropower project in India with a planned capacity of 100 MW. Both the net assets in the company and the cost price of the shares were close to zero. The net assets in the company consisted mainly of assets under construction of NOK 396 million, interest-bearing debt of NOK 344 million and working capital. There were no material excess values from the purchase price allocation.

On 7 September, Statkraft sold 90% of the shares in solar park Lange Runde in the Netherlands. The cash inflow from the transaction was NOK 130 million, including repayment of a loan. The gain from the sale was NOK 17 million in the third quarter.

On 14 September, an agreement where BKK acquires its own B-shares from Statkraft, corresponding to 0.35% of the company's total share capital, was closed. BKK has used the acquired shares as consideration when acquiring Etne Elektrisitetslag. Net cash inflow from the transaction was NOK 72 million and a gain of NOK 34 million was recognised as Other financial items in the third quarter.

13. SUBSEQUENT EVENTS

On 2 October, Statkraft entered into an agreement with Hudson Clean Energy Partners AIV LP to acquire 100% of the shares in the Irish and UK wind development business of the Element Power Group. The purchase price of the shares was EUR 42 million.

14. IFRS STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 16 LEASES The IASB issued IFRS 16 in 2016 and the new standard is effective from 1 January 2019. IFRS 16 replaces IAS 17 and its interpretations, including IFRIC 4. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

After implementing IFRS 16, Statkraft will recognise liabilities to make lease payments and assets representing the right to use underlying asset during the lease term. Statkraft has reviewed the Group's contract portfolio to consider whether the contracts contain a lease. Preliminary analysis has identified contracts related to office buildings and certain production facilities which will be recognised on the balance sheet.

Statkraft continues to assess whether the replacement of IFRIC 4 may result in changes in accounting for certain power purchase agreements which currently are accounted for as operating leases.

All leases with a lease term of 12 months or shorter will not be capitalised. Neither will low-value leases.

Statkraft expect to implement the standard based on the simplified transition method, where comparative figures will not be restated. Right-of-use assets and lease liabilities will be measured at the same amount.

Alternative Performance Measures

As defined in ESMA's guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

From 2018, ROACE and ROAE will be disclosed on segment level. Previously, Statkraft has only disclosed ROACE on Group level. For other changes in the financial statements, see note 5 in the interim financial statement.

Statkraft uses the following APMs:

EBITDA is defined as operating profit/loss before depreciation and amortisation. The APM is used to measure performance from operational activities. EBITDA should not be considered as an alternative to operating profit/loss and profit/loss before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

EBIT is defined as operating profit/loss. The APM is used to measure performance from operational activities.

Items excluded from underlying operating profit/loss:

Statkraft adjusts for the following three items when reporting underlying operating profit/loss:

1. Unrealised value changes from energy derivatives

→ **Embedded derivatives** are excluded from underlying operating profit/loss since they only represent part of an energy contract and the other parts of these energy contracts are not reported based on fair market values.

→ **Derivatives acquired for risk reduction purposes** are excluded. This is done to ensure that these hedges are reported consistently with the positions that are being hedged.

2. **Impairments** are excluded from underlying operating profit/loss since they affect the economics of an asset for the lifetime of that asset; not only the period in which it is impaired or the impairment is reversed.

3. **Gains/losses from acquisitions/divestments of business activities** is eliminated from the measure since the gains or losses does not give an indication of future performance or periodic performance from operating activities. Such gains or losses is related to the cumulative value creation from the time the asset is acquired until it is sold.

ROACE is defined as underlying EBIT divided by capital employed. ROACE is calculated on a rolling 12 month average and is used to measure return from the operational activities as well as benchmarking performance.

ROAE is defined as share of profit/loss in equity accounted investments, divided by the average book value of the Group's equity accounted investments. ROAE is calculated on a rolling 12 month average. The financial metric is used to measure return from the Group's equity accounted investments as well as benchmarking performance.

Capital employed is the capital allocated to perform operational activities and is presented in a table on the next page.

Net interest bearing debt is used to measure indebtedness. The components are presented in a table on the next page.

Net cash income is defined as cash flow from operating activities excluding taxes paid and cash effects from equity accounted investments. This is used to measure cash flow from operations from consolidated business in the Group.

Net interest bearing debt-equity ratio is calculated as net interest bearing debt relative to the sum of net interest bearing debt and equity.

EBIT margin, underlying (%) is calculated as underlying EBIT relative to underlying gross operating revenues.

NOK million	Third quarter		Year to date		The year
	2018	2017	30.09.2018	30.09.2017	31.12.2017
ALTERNATIVE PERFORMANCE MEASURES					
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) TO EBITDA					
Operating profit/loss (EBIT), underlying	2 679	1 437	10 069	7 476	10 824
Depreciation and amortisation	880	921	2 666	2 713	3 662
EBITDA, underlying	3 559	2 358	12 735	10 189	14 486
EBIT-margin (%)	18.0	10.7	26.1	19.4	20.5
RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO NET CASH INCOME					
Cash flow from operating activities	6 182	7 377	11 608	9 257	8 865
Taxes paid	44	181	3 562	2 906	4 843
Dividend from equity accounted investments	-13	-	-567	-558	-558
Net cash income	6 213	7 558	14 603	11 605	13 150
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED					
Intangible assets			2 799	3 282	3 313
Property, plant and equipment			101 299	101 060	103 193
Other non-current financial assets			3 884	8 818	4 368
- Loans to equity accounted investments ¹⁾			-2 148	-6 960	-2 223
- Bonds and other long-term investments ¹⁾			-411	-70	-299
- Pension assets ¹⁾			-496	-307	-480
- Other shares and shareholdings ¹⁾			-261	-301	-299
Inventories			3 597	1 510	2 871
Receivables			14 246	9 905	15 372
- Receivables related to cash collateral ²⁾			-3 514	-1 415	-1 931
- Short-term loans to equity accounted investments ²⁾			-93	-415	-3 959
- Other receivables not part of capital employed ²⁾			-3 407	-24	-15
Provisions allocated to capital employed			-2 466	-2 542	-2 894
Taxes payable			-5 691	-4 695	-4 010
Interest-free liabilities allocated to capital employed			-8 155	-9 547	-9 086
Capital employed			99 180	98 298	103 922
Average capital employed ³⁾			101 603	102 350	102 726
RECONCILIATION OF TOTAL ASSETS TO CAPITAL EMPLOYED					
Capital employed			99 180	98 298	103 922
Deferred tax assets			572	854	962
Equity accounted investments			13 182	12 719	13 335
Other non-current financial assets ¹⁾			3 316	7 639	3 301
Derivatives, long term			2 466	3 540	4 023
Receivables ²⁾			7 015	1 855	5 905
Short term financial investments			937	898	918
Derivatives, short term			10 912	6 385	6 537
Cash and cash equivalents (including restricted cash)			19 046	9 991	14 217
Liabilities allocated to capital employed, see table above			16 312	16 784	15 990
Asset held for sale			-	2 064	-
Total assets as of the statement of financial position			172 938	161 024	169 108
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)					
Underlying EBIT, rolling 12 months			13 417	10 879	10 824
Average capital employed			101 603	102 350	102 726
ROACE			13.2 %	10.6 %	10.5 %
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)					
Share of profit/loss in equity accounted investments, rolling 12 months			1 353	-171	-79
Average equity accounted investments			13 327	17 818	16 339
ROAE			10.2 %	-1.0 %	-0.5 %
NET INTEREST BEARING DEBT					
Long-term interest bearing liabilities			29 549	35 228	36 285
Short-term interest bearing liabilities			5 891	3 891	3 694
Cash and cash equivalents (including restricted cash)			-19 046	-9 991	-14 217
Short-term financial investments			-937	-898	-918
Net interest bearing debt			15 457	28 231	24 845
NET INTEREST BEARING DEBT-EQUITY RATIO					
Net interest bearing debt			15 457	28 231	24 845
Total equity			93 046	85 117	91 627
Net interest bearing debt - equity ratio			14.2 %	24.9 %	21.3 %

¹⁾ The item is a part of other non-current financial assets in the statement of financial position, but not a part of capital employed.

²⁾ The item is a part of receivables in the statement of financial position, but not a part of capital employed.

³⁾ Average capital employed is based on the average for the last four quarters.

Interim Report
Q3/2018
Statkraft AS

Statkraft AS
PO Box 200 Lilleaker
NO-0216 Oslo
Tel: +47 24 06 70 00
Fax: +47 24 06 70 01
Visiting address:
Lilleakerveien 6

Organisation no:
Statkraft AS: 987 059 699

www.statkraft.com