

FINANCIAL RESULTS

Q1 2020

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CFO Anne Harris

7 May 2020

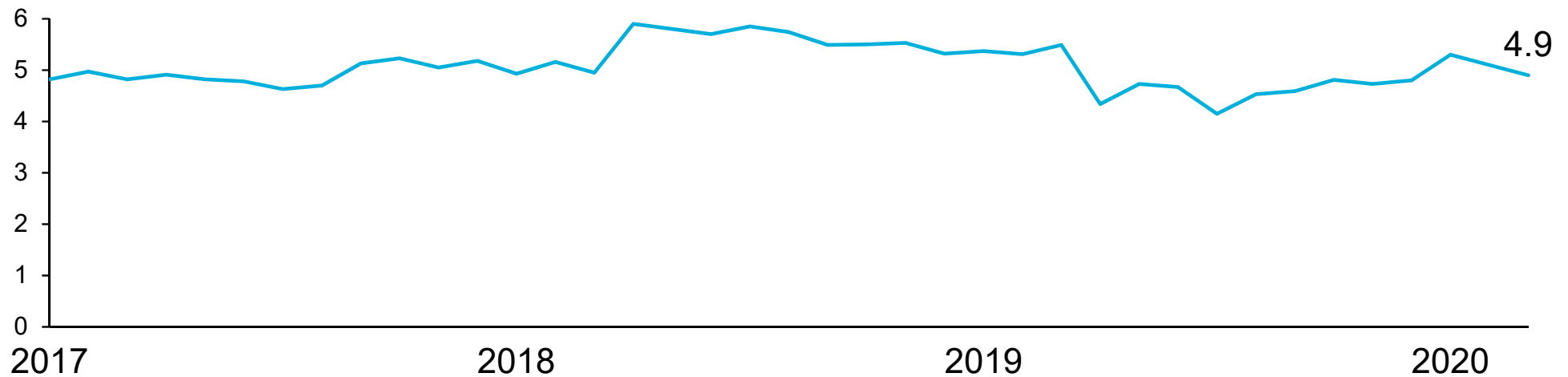


Covid-19 pandemic

- ▶ The main priority is to take care of people and safeguard operations:
 - Implemented actions to reduce spread of the virus while delivering a reliable supply of power and heat
 - Most projects are continuing, but three construction projects temporarily halted:
 - Tidong hydropower project in India
 - Los Lagos hydropower project in Chile
 - Windy Rig wind power project in Scotland
- ▶ Reduced electricity demand has put pressure on power prices

Health, safety and environment

TRI-rate¹



- ▶ Health and safety
 - One fatal work-related accident in the quarter
 - No other serious work-related injuries in the quarter
- ▶ Environment
 - No serious environmental incidents in the quarter

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

Highlights in Q1

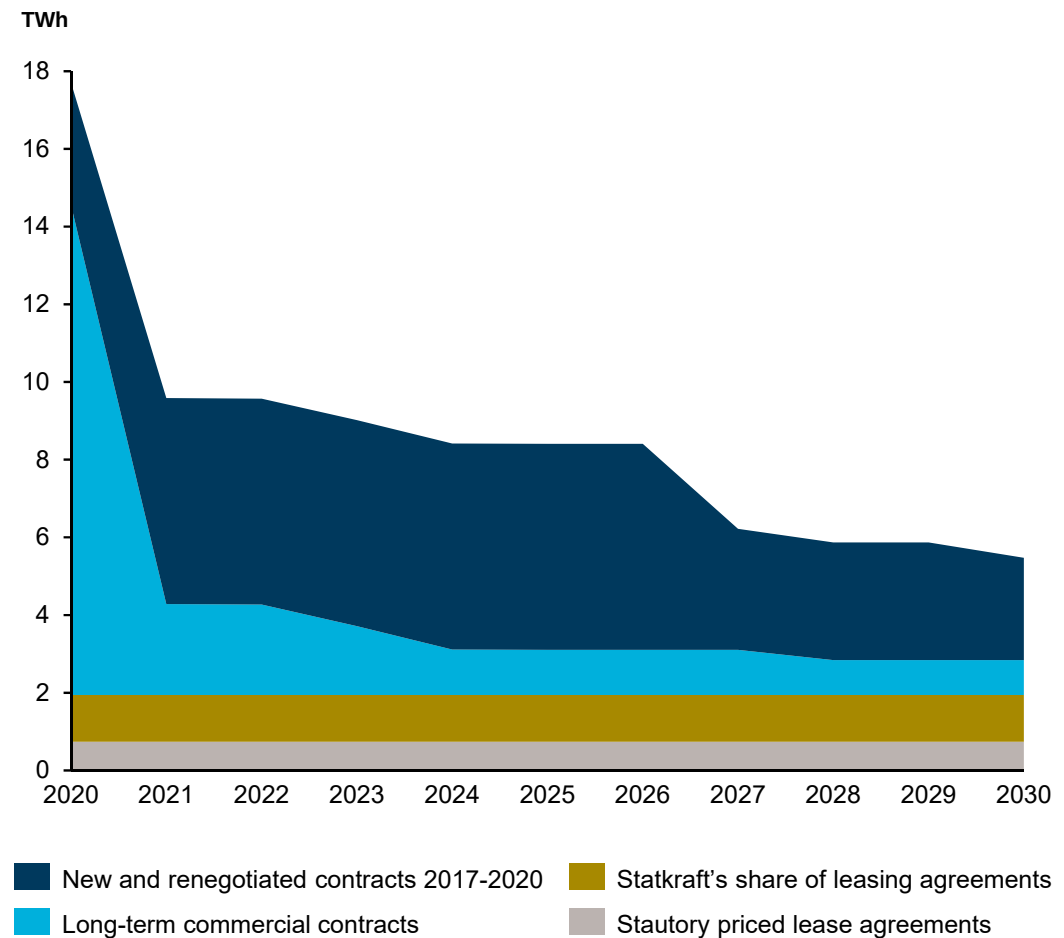


Dörverden hydropower plant, Germany

- ▶ Low power prices
- ▶ Extraordinary strong results from Market Operations
- ▶ Underlying EBIT of NOK 4.1 billion
- ▶ Net result of NOK -1.9 billion after impairments and negative currency effects

Long-term contracts portfolio

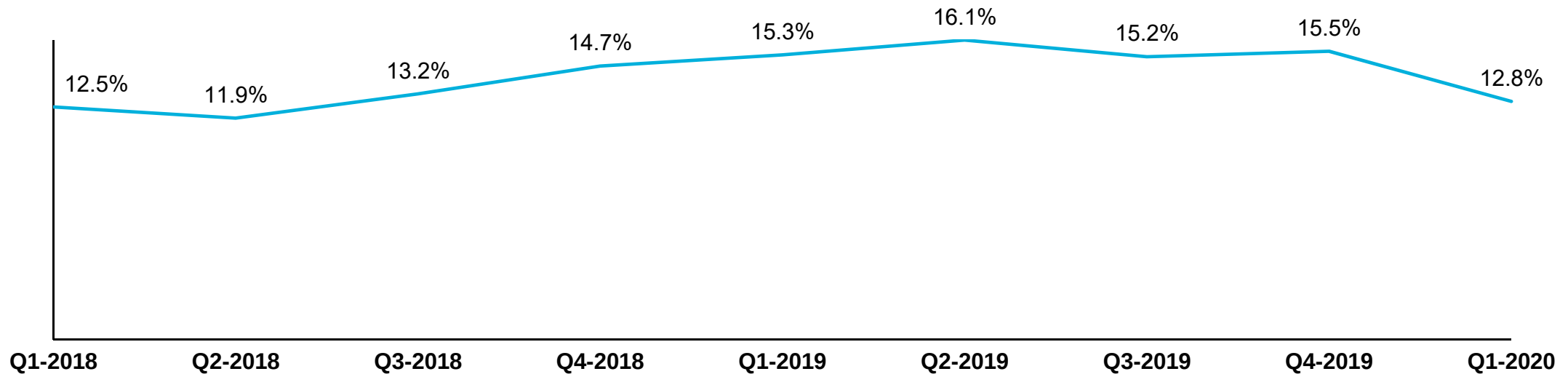
- ▶ New industry power contract with Glencore Nikkelverk
 - Runs from 2021-2029
 - Annual volume of 90 GWh
- ▶ Annual average generation in the Nordics is 57 TWh
 - Nordic hedging portfolio of 18 TWh through 2020
- ▶ Hedging portfolio of 4 TWh through 2020 in International power
- ▶ Hedging strategy supplemented with financial instruments



Impairments

- ▶ Low fuel prices, a large power surplus and reduced demand due to the pandemic in the Nordic region are driving lower power prices
- ▶ Changes in the energy market outlook has led to impairments
 - Wind assets in Fosen, Norway impaired by NOK 1263 million
 - Wind assets in Norrland, Sweden impaired by NOK 1288 million

Financial performance



- ▶ 12 months rolling ROACE of 12.8%
 - Lower underlying EBIT driven by lower Nordic power prices.
 - Average capital employed up 2% compared with year-end 2019.

Outlook



Styggevatn, Norway

Changes in energy market

- ▶ Significant drop in energy demand and power prices
- ▶ Medium to long-term effects of Covid-19 pandemic uncertain

Unique assets

- ▶ Europe's largest reservoir capacity and flexible power plants
- ▶ Long term revenue optimisation and replacing long-term bilateral contracts

Solid competitive position

- ▶ Solid financial position
- ▶ Strong cost position in European hydropower
- ▶ Flexible investment programme

Strong organisational culture

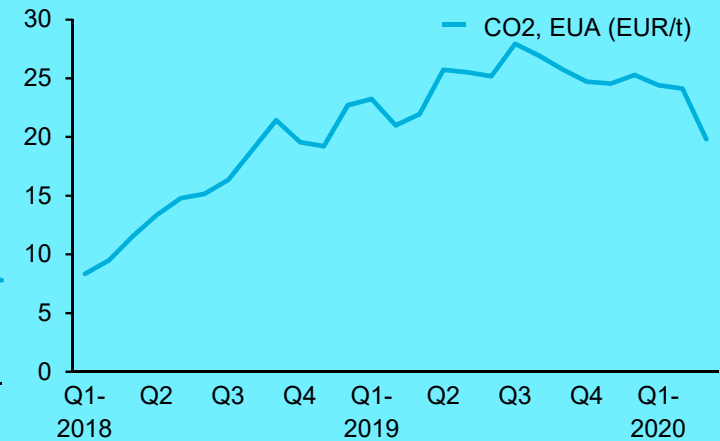
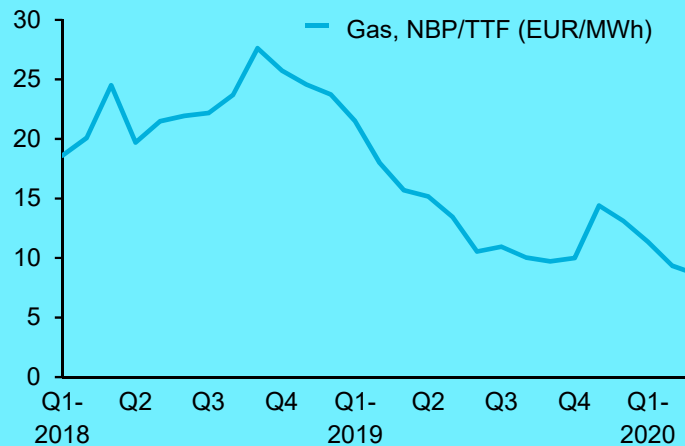
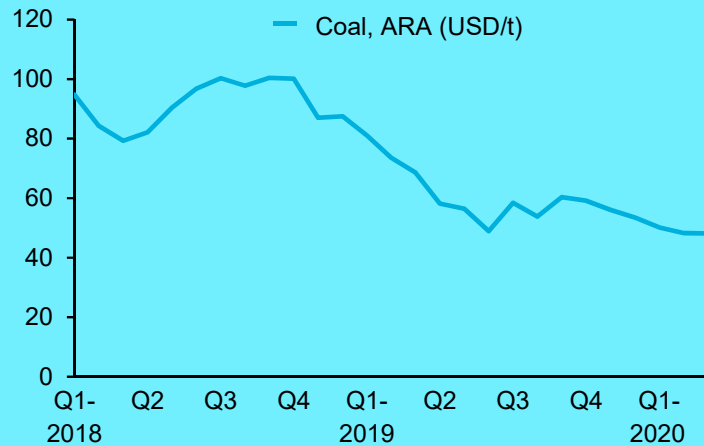
- ▶ Solid competence base and highly motivated employees
- ▶ Commitment to act in an ethical and socially responsible manner a foundation for all activities

Key figures

NOK million	Q1 2020	Q1 2019	The year 2019
Net operating revenues and other income underlying	7 593	9 678	29 318
Operating profit (EBIT) underlying	4 090	6 762	16 744
Net profit/loss	-1 888	4 752	11 327

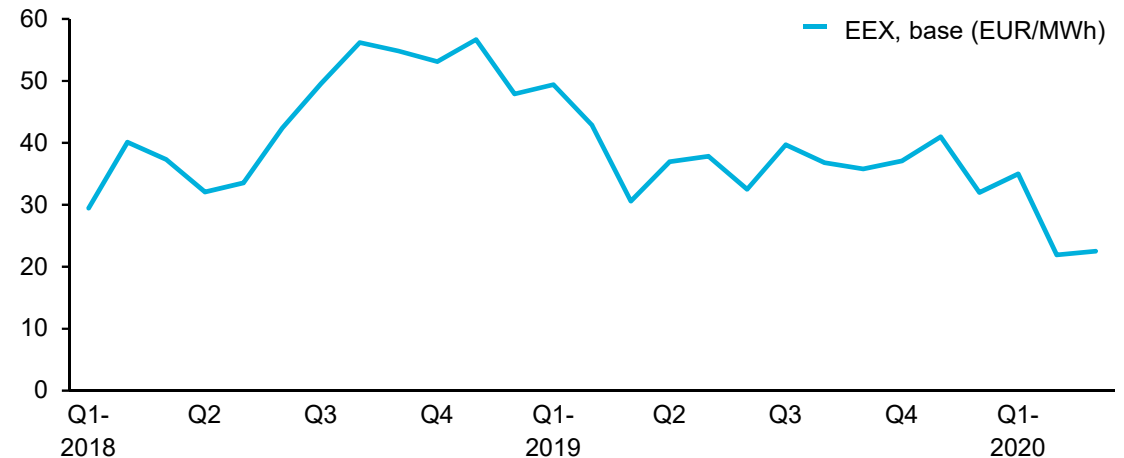
- ▶ Nordic prices measured in EUR down 67% Q-on-Q
- ▶ Overall generation up 10% Q-on-Q
- ▶ Negative currency effects and impairments affecting net profit

Price drivers and the German power market

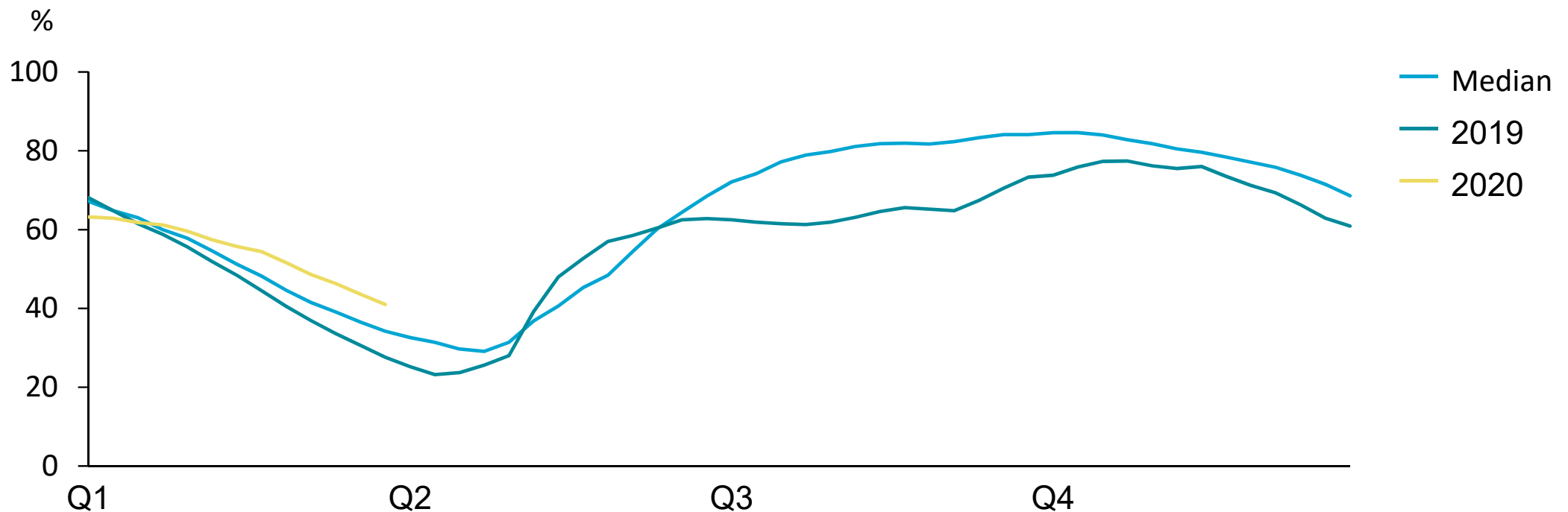


Q1 2020 vs. Q1 2019

- ▶ Coal price significantly down
- ▶ Gas price significantly down
- ▶ CO₂ price fairly stable
- ▶ German power price (base) down 35%



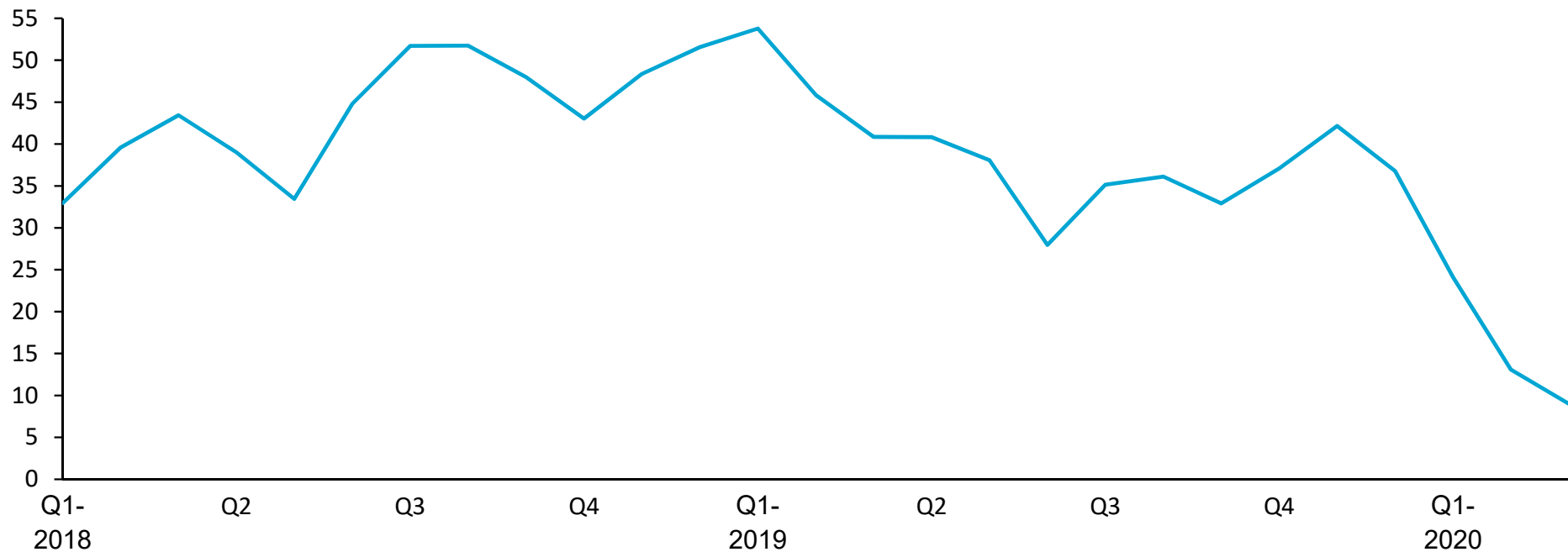
Nordic reservoir level



- ▶ Reservoir levels above normal throughout Q1
- ▶ Nordic reservoir level (total market) at 120% of median at the end of March

Nordic system price, monthly average

EUR/MWh

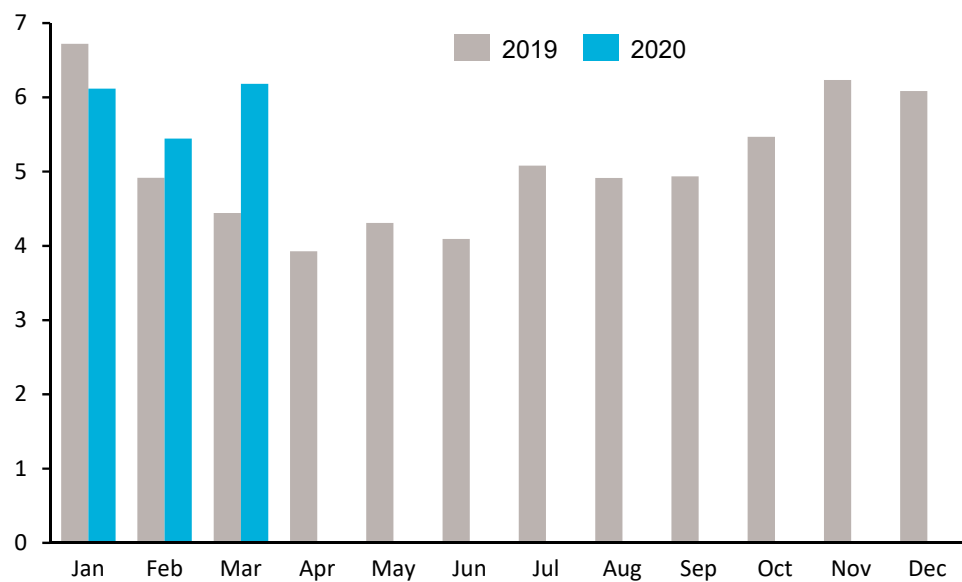


- ▶ Nordic power prices 15.4 EUR/MWh, down 67% Q1 2020 vs. Q1 2019

Energy management



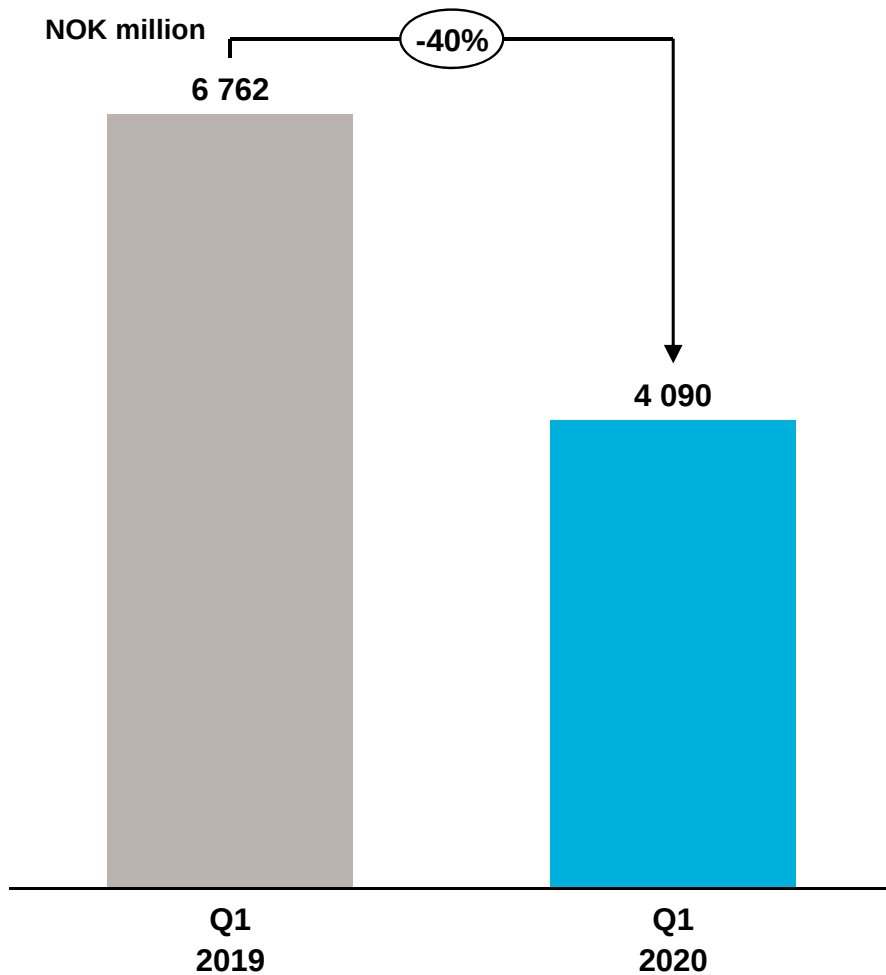
Smøla wind farm, Norway



Q1 generation up 10% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	15.6	1.0
Wind power	1.4	0.5
Gas power	0.7	0.2
Bio and solar power	0.1	0.0
Total	17.7	1.7

NOK 4.1 billion in underlying EBIT

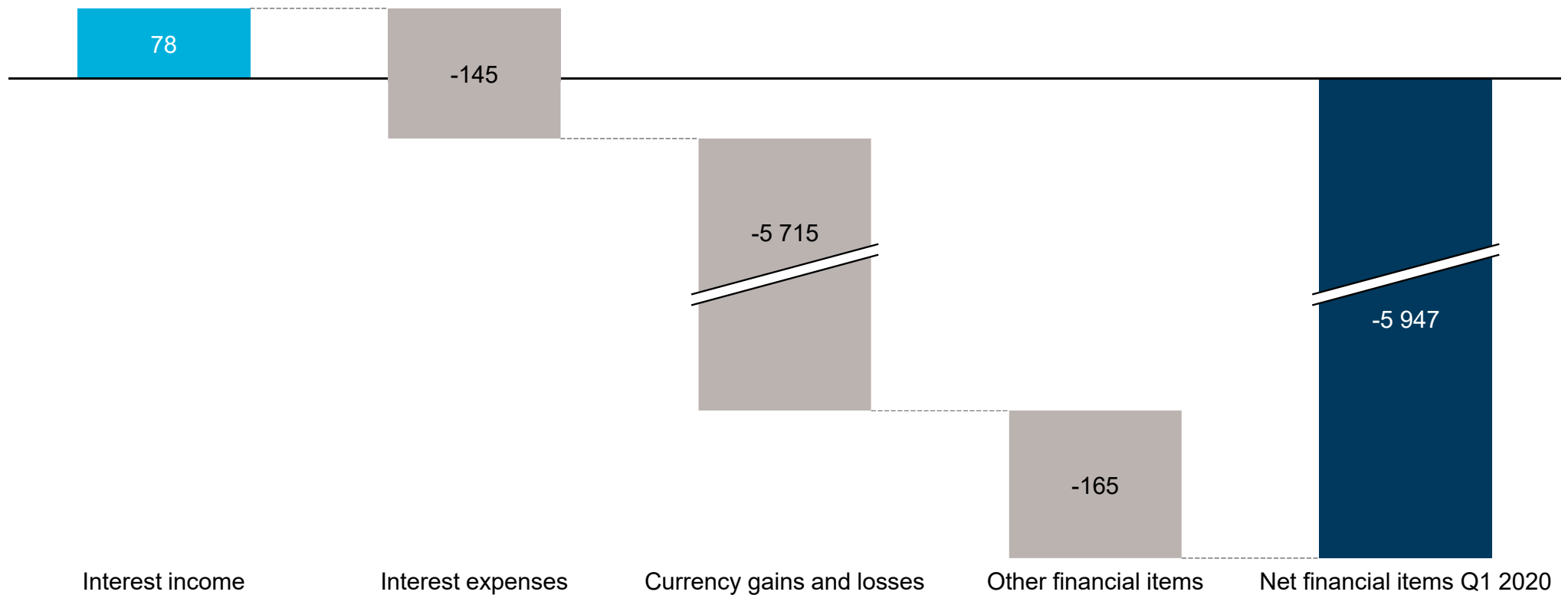


- ▶ Underlying EBIT down NOK 2672 million Q-on-Q
 - Net operating revenues and other income down NOK 2085 million
 - Operating expenses up NOK 586 million

Financial items

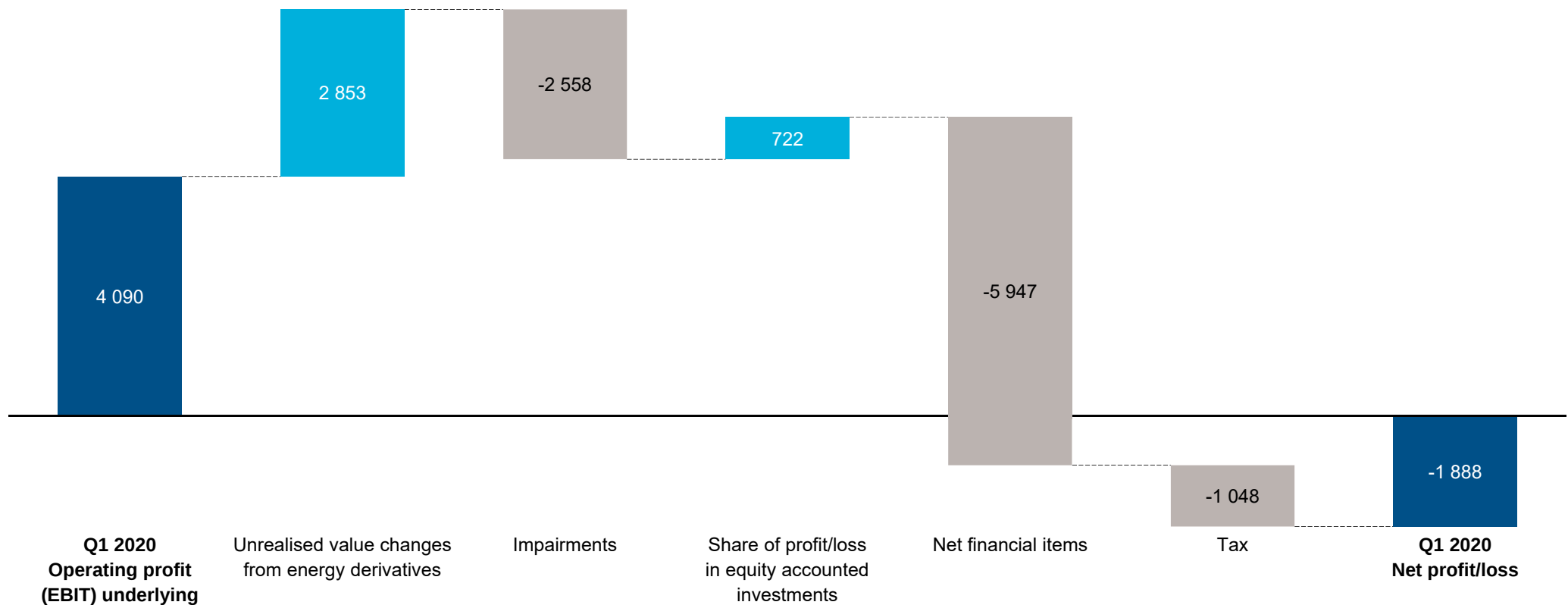
Breakdown Net financial items Q1 2020

NOK million



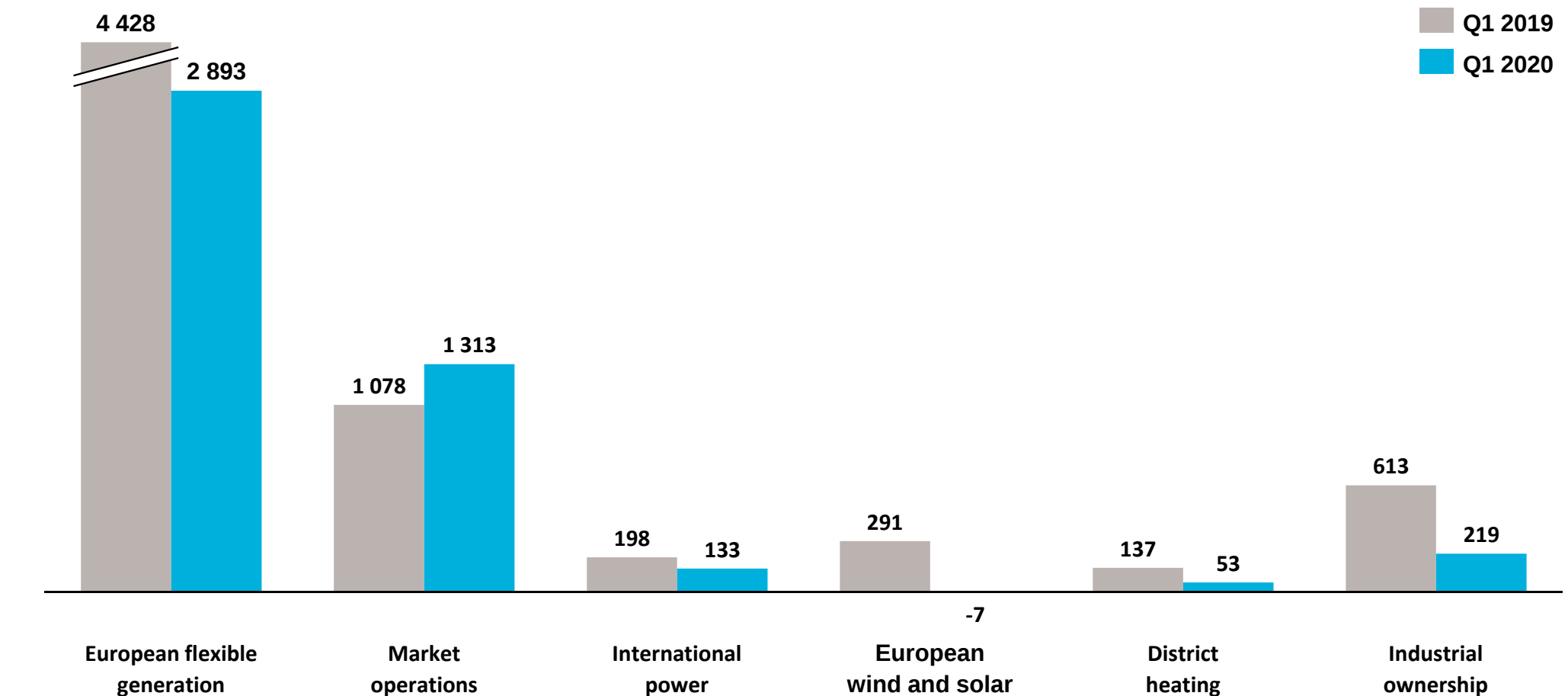
Q1 net profit breakdown

NOK million

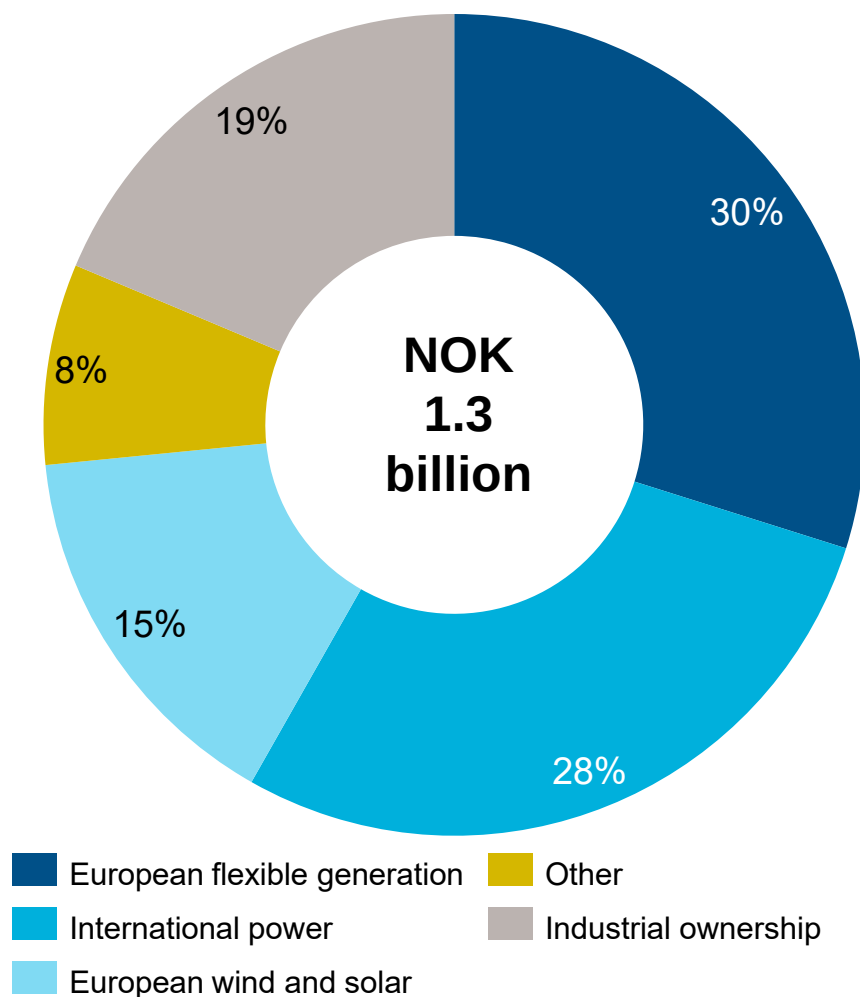


Q1 segment EBIT underlying

NOK million

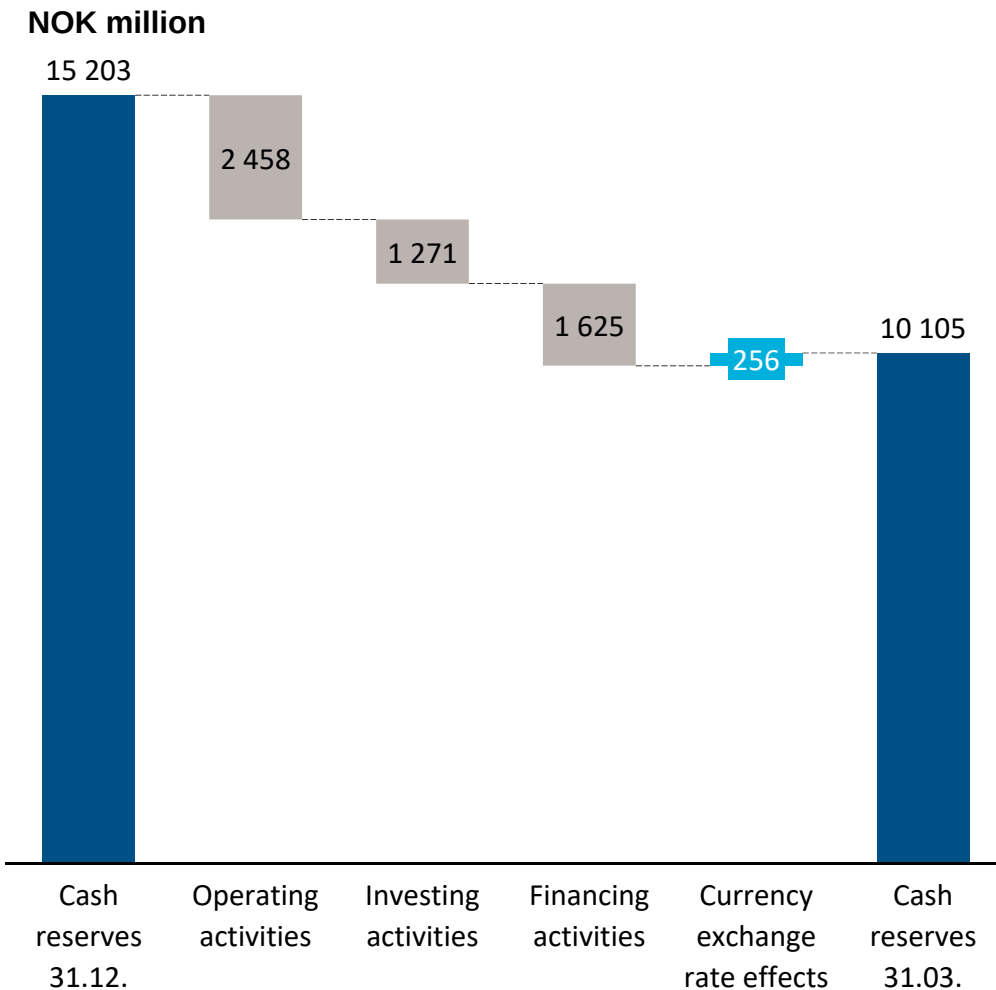


Q1 2020 capital expenditure¹



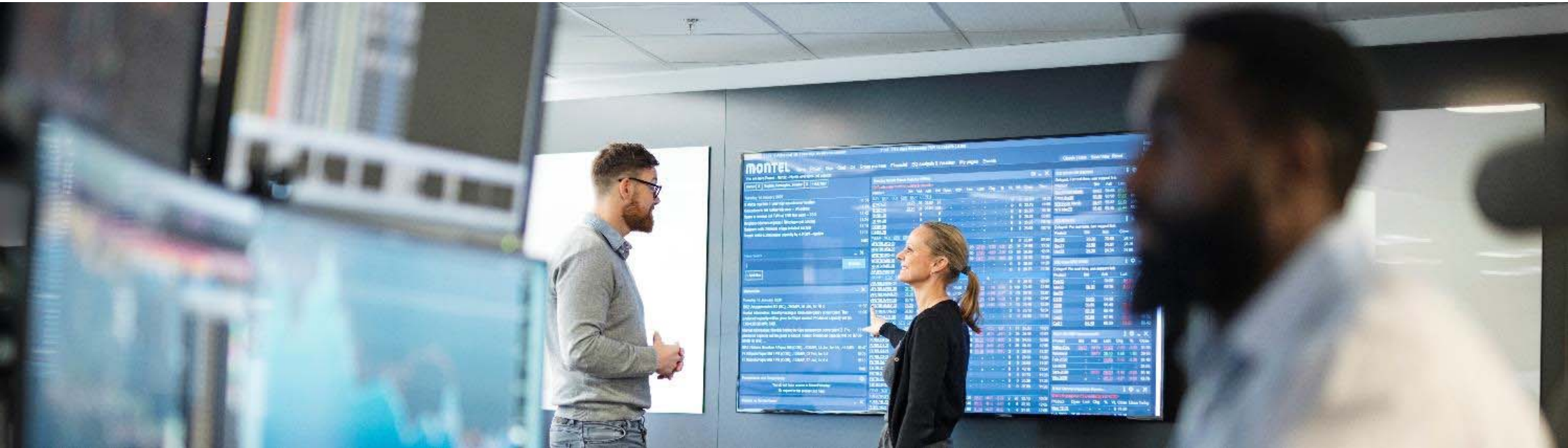
- ▶ Distribution of CAPEX in the quarter:
 - 49% new capacity investments
 - 46% maintenance/other investments
 - 5% shareholdings
- ▶ New hydropower capacity under construction in India, Albania and Chile
- ▶ Wind power in the UK and Norway
- ▶ Maintenance primarily related to Nordic hydropower

Cash flow and financial position



- ▶ NOK 26 billion in net interest-bearing debt (NOK 16 billion end of 2019)
- ▶ Net interest-bearing debt-equity 20%
- ▶ Current ratings provide a framework for our investments going forward

Summary



- ▶ Strong performance from Market operations
- ▶ Satisfactory underlying operating profit in spite of low power prices
- ▶ Robust financial position
- ▶ Investment plan with large degree of flexibility that will be adapted to the market development



THANK YOU

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