

FINANCIAL RESULTS Q4 2011

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CFO JENS BJØRN STAFF

16 FEBRUARY 2012



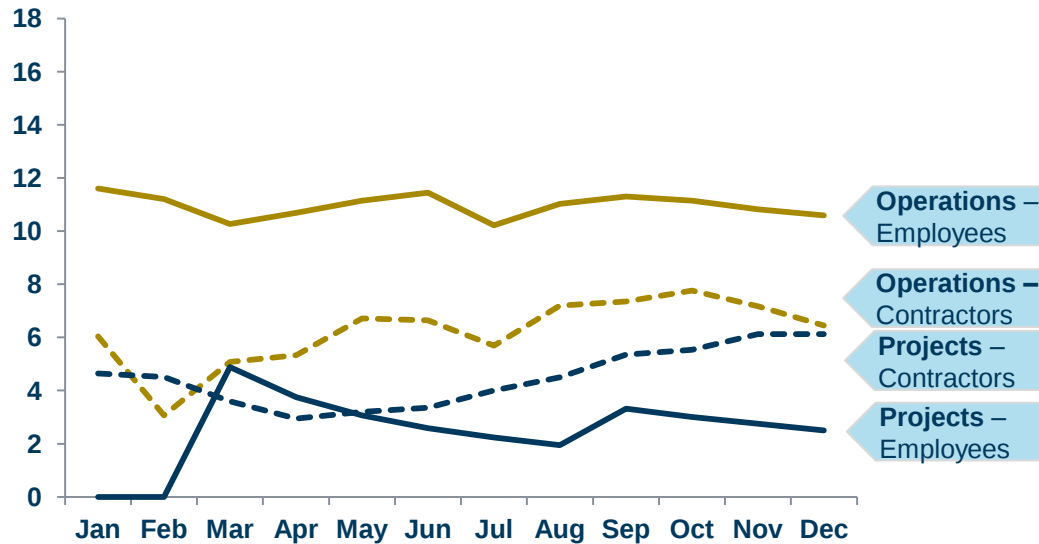
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PURE ENERGY

HIGHLIGHTS Q4

- > Satisfactory underlying EBITDA (NOK 3 028 million)
 - Reduced compared to all-time high Q4 2010 (-47%) due to lower power prices and generation
- > Negative impact of energy contracts and impairments
 - NOK 2039 million unrealised value change in energy contracts
 - NOK 1087 million related to gas-fired power and biomass plants in Germany
 - NOK 338 million related to offshore wind
 - Net loss of NOK -673 million
- > Emden gas-fired power plant in Germany will be put in cold reserve with reduced workforce
- > Agreement with Troms Kraft on repurchase of Bardufoss power plant (225 GWh, NOK 450 million)

HEALTH, SAFETY AND ENVIRONMENT

Total Recordable Injuries Rate 2011



HEALTH AND SAFETY Q4

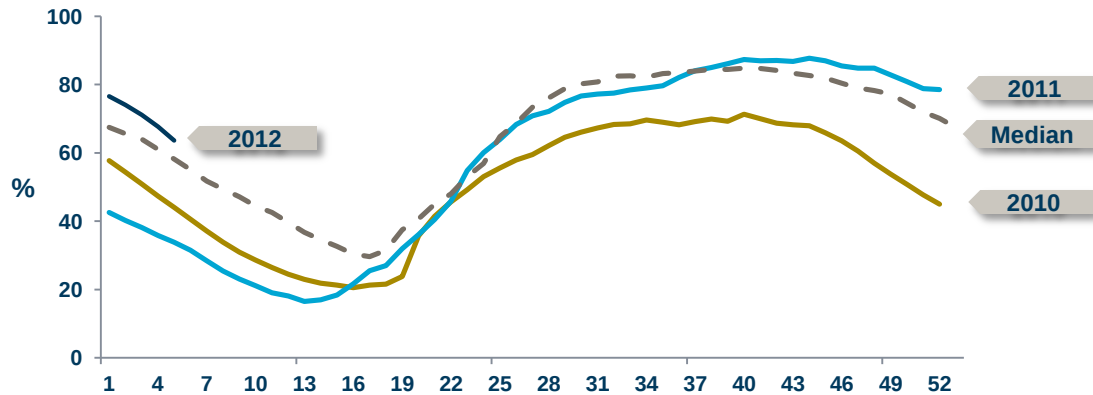
- A fatal accident in Turkey (Kargi)
- A fatal accident in Laos (THPX)
- A serious accident in Skagerak
- Total Recordable Injuries (TRI) rate for operations is still too high
- TRI for contractors in projects has increased and is also too high

ENVIRONMENT Q4

- No serious environmental incidents reported

NORDIC HYDRO RESERVOIRS

Nordic reservoir water levels



109% of normal level in week 5 (77.2 TWh)

ADJUSTED GERMAN GAS POWER PORTFOLIO

- > Challenging market conditions in Germany accompanied by weaker spark-spread expectations (gas-power margins)
 - Strong supply increase from renewable energy capacity and low demand growth

- > Emden 4 gas-fired power plant in Germany will be put in cold reserve with reduced workforce
 - 430 MW low efficiency plant with upgrading needs

2011 MILESTONES

Brazil



Acquisition of **Enerpar**, energy commercialization company

Panama



Investment decision on hydropower **Bajo Frio** (58 MW, 2014)



NO

New industry contracts signed with power intensive industrial companies



District heating plants – concession awarded to build plant in **Ås** and **Narvik**, acquisition of **Bio Varne AS**



Small scale hydropower under continuous development

SE



Mörttjärnberget (85 MW, 2013)
Stamåsen (60 MW, 2012)

construction started on both wind farms

GER



Knapsack II (430 MW, 2013) – construction started

UK



Baillie (52.5 MW, 2012) - wind farm investment decision
Sheringham Shoal (317 MW, 2012) - first power to grid in July

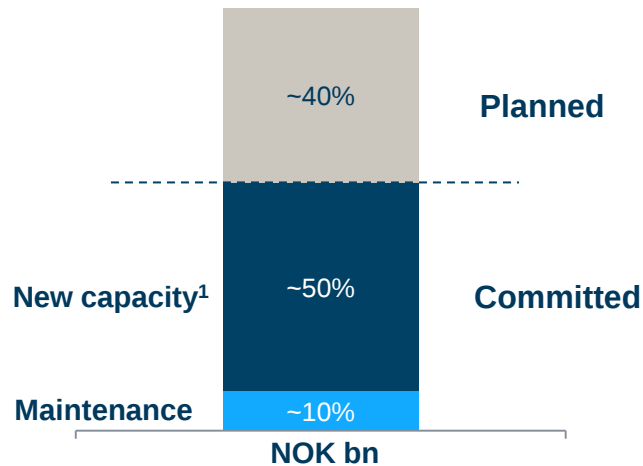
TUR



Kargi (102 MW, 2013) – construction started
Cetin (517 MW, 2015) – investment decision made

INVESTMENT OVERVIEW

Capex flexibility



Capex flexibility to maintain credit strength

Capex ambition 2011-2015: NOK 70-80bn

High project and investment activity

- > Focus on hydropower, wind power and district heating
- Gross investments of NOK 9.0 bn in 2011
- Capex program on track
- 2000 MW is under construction to be completed over the next few years

OUTLOOK

- > Higher Nordic water reservoir levels provide increased flexibility
 - Increased hydropower generation expected compared to 2011
 - Uncertainty linked to hydrology and industry demand
- > Adjusted German gas power portfolio
 - Remaining portfolio consists of modern assets with high efficiency and flexibility
 - Still challenging market balance for thermal power generation
- > Focusing on efficient operations and development of new power projects
 - High project activity within hydropower, wind power and district heating
 - Committed capex increased by ~ NOK 9 bn in 2011
 - Several projects to be finalised during 2012

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FINANCIAL HIGHLIGHTS

NOK million	Q4 2011	YoY (%)	FY 2011	YoY (%)
Underlying gross operating revenues	6 026	-35%	22 298	-23%
Underlying EBITDA	3 028	-47%	10 851	-28%
Net Profit	-673	-	40	-
Net cash flow from operations			7 833	-43%
Return On Average Capital Employed (ROACE)			13.9%	-5.8% points
Gross investments			9 038	+140%
Net interest-bearing debt			28 605	+40%
Interest-bearing debt ratio			36.0%	+1.0% points

--> Negative result due to one off items

--> Impairment on Continental gas assets

--> Impairment on Sheringham Shoal in UK

--> Unrealised changes in energy contracts

--> Non-cash effect

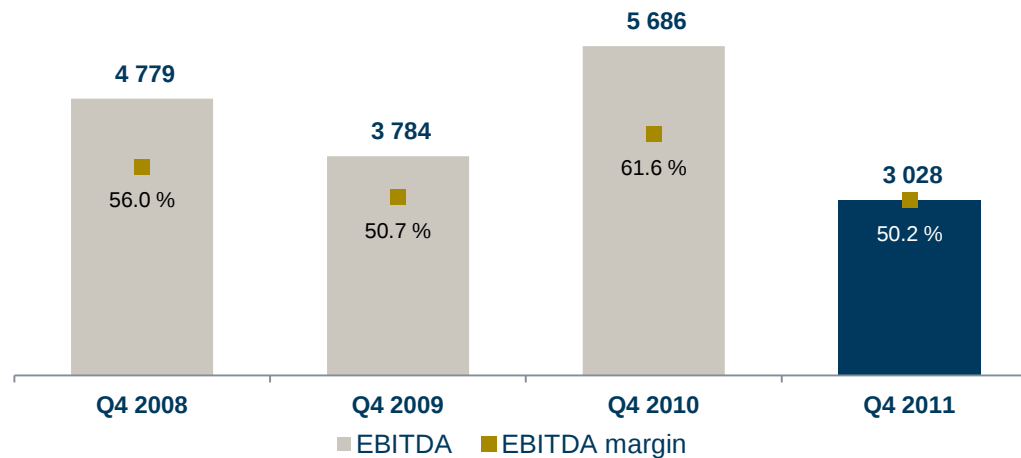
--> Sound underlying business

--> Solid financial position

FINANCIAL DEVELOPMENT

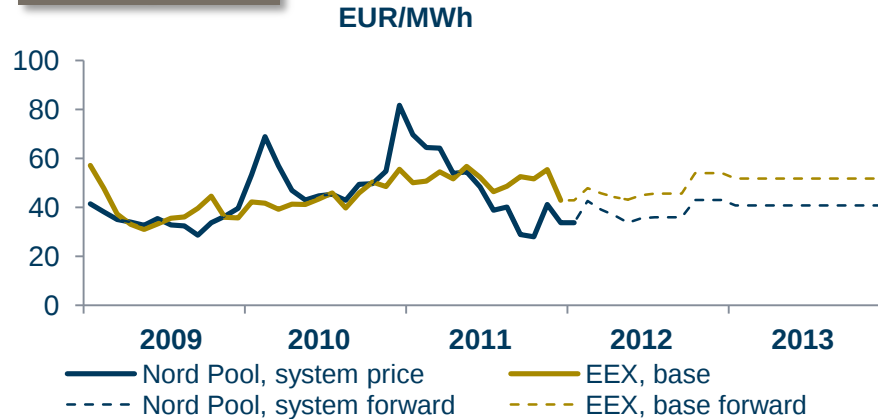
Q4 – UNDERLYING¹ EBITDA

NOK million



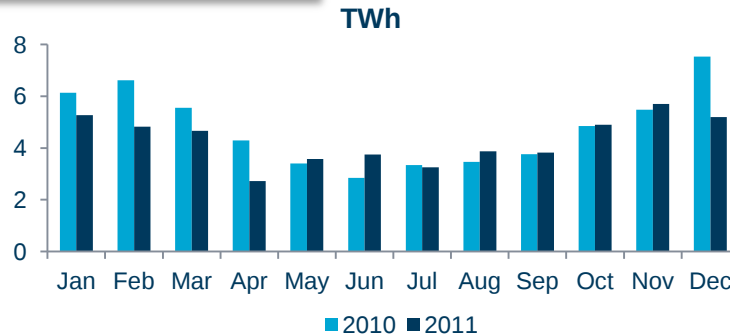
MAJOR REVENUE DRIVERS

Power prices



- > Falling spot price throughout 2011
- > Spot sales share of 57% in 2011
- > Nordic system price 45% down from Q410

Power generation



- > Generation of 15.7 TWh in Q4 2011
 - > Down 12.1% from Q4 2010

IMPAIRMENTS OF NOK 1 425 MILLION

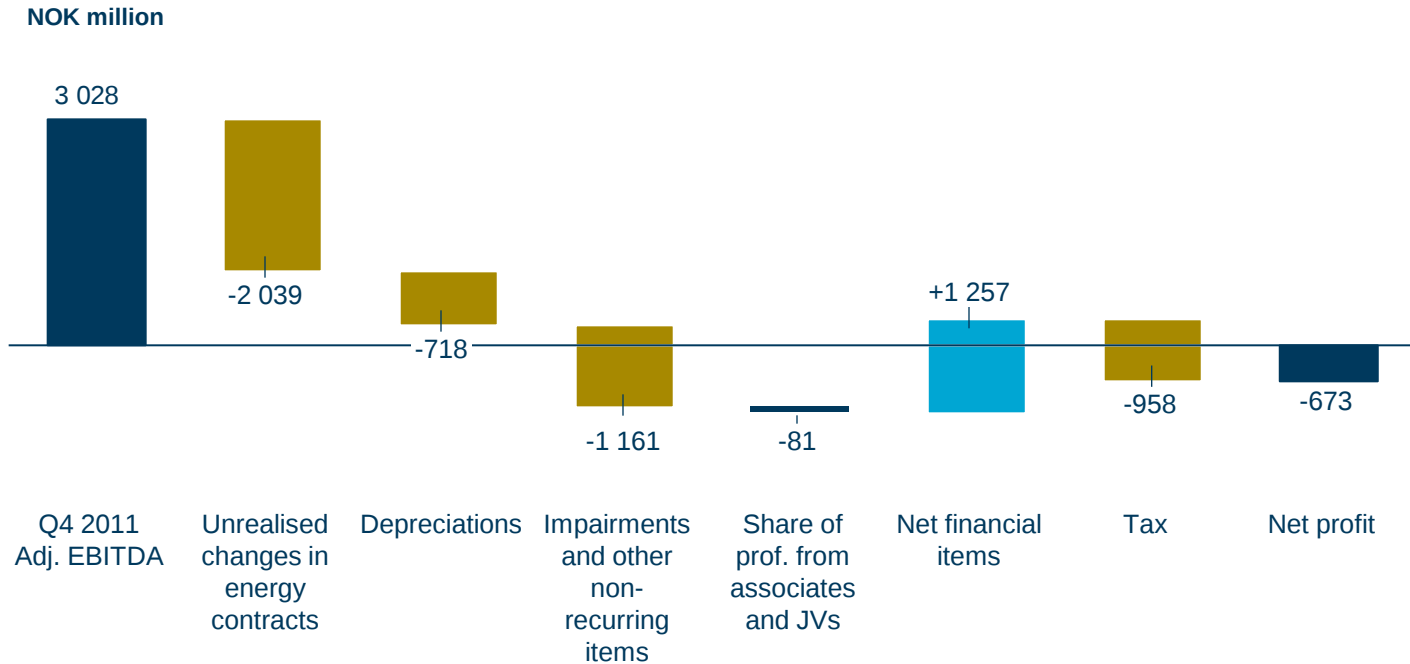
Impairment of gas-to-power and biomass assets

- > Market conditions weakened due to increase in renewable production capacity and low demand
- > Lower gas power margins giving reduced asset values
- > NOK 1 087 million write-down

Impairment of Sheringham Shoal

- > Offshore wind farm under construction. Joint Venture with Statoil
- > Delays and cost overruns
- > NOK 338 million write down of shareholding in Scira UK Ltd

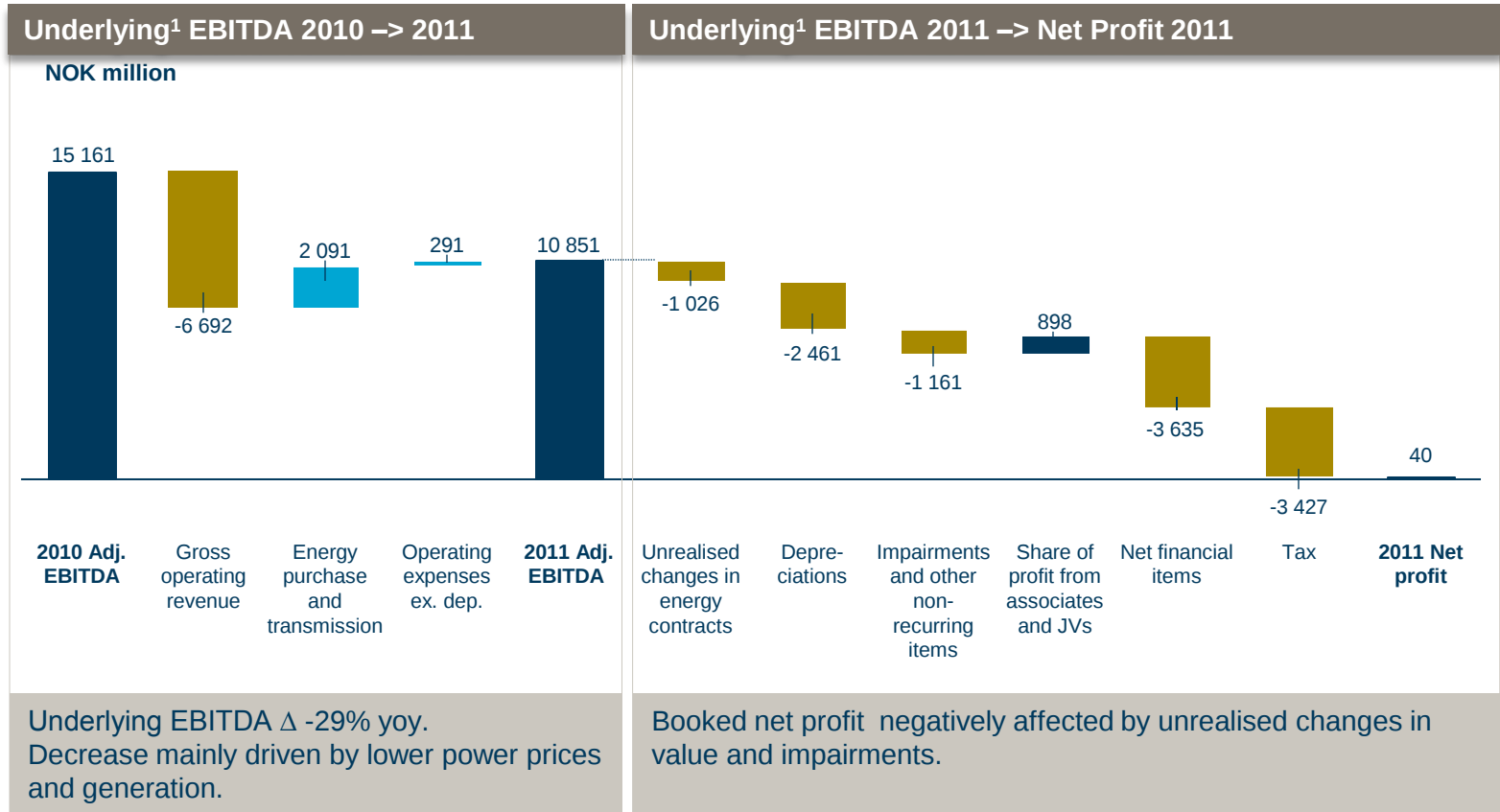
NET RESULT BREAK-DOWN



SEGMENT FINANCIALS Q4 2011

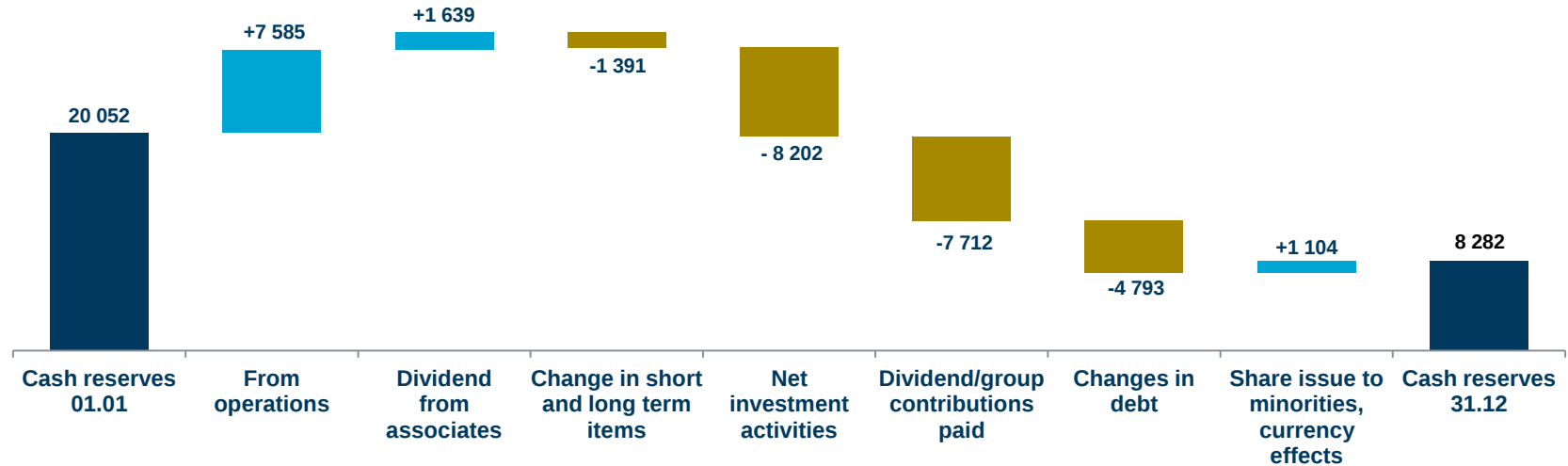
Q4 2011 (NOK million)	Nordic Hydropower	Continental Energy and Trading	International Hydropower	Wind Power	District Heating	Industrial ownership	Other/ eliminations	Group
Underlying ¹ EBITDA	2 587	22	65	12	37	445	141	3 028
Share of profit from ass. comp. and JVs	-	-260	177	-326	4	325	-2	-81

2011 UNDERLYING OPERATIONS AND NET PROFIT



CASH FLOW FULL YEAR 2011

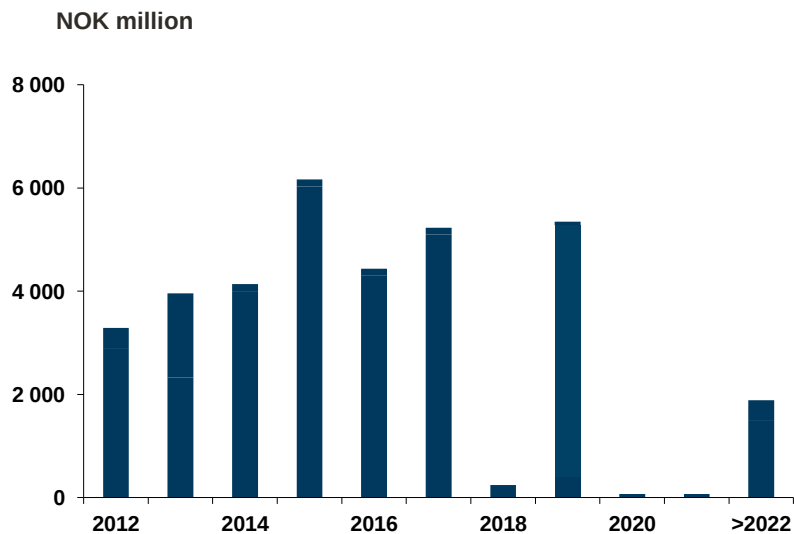
NOK million



- > Changes in short-term items of NOK -1 635 million
- > Changes in long-term items of NOK 244 million
- > Gross investments of NOK 9 038 million (3 768)
 - > Maintenance 13%, new capacity 68%, shareholdings 19%

DEBT

DEBT REPAYMENT PROFILE



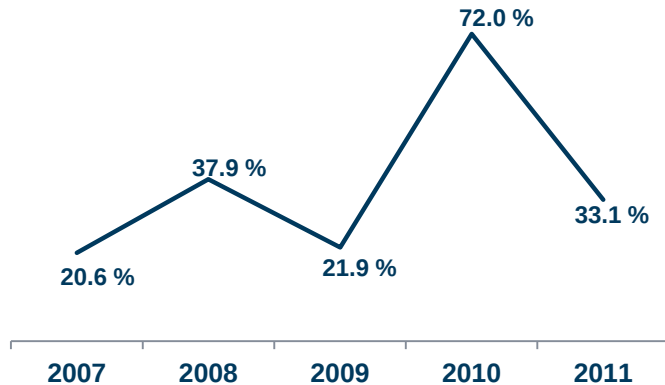
--> Net interest-bearing debt NOK 28.6 billion

--> Interest bearing debt ratio of 36.0%

--> 63% of gross interest bearing debt exposed to floating interest rates

FINANCIAL STRENGTH AND RATING

FFO/NET DEBT (UNADJUSTED¹)



FFO of NOKm 9 468 (12 781 in Q3 2011)

Net interest bearing debt of NOKm 28 605 (25.2 in Q3 2011)

RATING TARGETS

- > Maintaining current ratings with S&P and Moody's, and a minimum of BBB+/Baa1
 - > Current ratings A-/Baa1
- > Indicated FFO/Net Debt thresholds²
 - > S&P: 18-20%
 - > Moody's: "High mid-teens"

SUMMARY

- > Solid underlying EBITDA level
- > Sound business with a high activity level going forward
- > Premium position and high reservoir levels

PURE ENERGY



APPENDIX



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COMPREHENSIVE INCOME

Figures in NOK million	4th Quarter		The year	
	2011	2010	2011	2010
PROFIT AND LOSS				
Sales revenues	5 510	8 612	21 377	27 780
Other operating revenues	254	327	994	1 473
Gross operating revenues	5 764	8 938	22 371	29 252
Energy purchase	-632	-878	-2 964	-4 674
Transmission costs	-341	-509	-1 215	-1 595
Unrealised changes in the value of energy contracts	-1 777	-508	-1 098	193
Net operating revenues	3 014	7 044	17 094	23 176
Salaries and payroll costs	-793	-510	-2 759	-2 387
Depreciation, amortisation and impairments	-1 821	-1 070	-3 564	-3 205
Property tax and licence fees	-349	-307	-1 254	-1 236
Other operating expenses	-941	-995	-3 314	-3 598
Operating expenses	-3 904	-2 882	-10 891	-10 426
Operating profit/loss	-890	4 162	6 203	12 750
Share of profit/loss from associates and joint ventures	-81	261	898	766
Financial income	281	457	2 015	2 060
Financial expenses	-174	-395	-1 625	-1 607
Unrealised changes in the value of financial items	1 150	-3 272	-4 024	-1 369
Net financial items	1 257	-3 211	-3 635	-917
Profit/loss before tax	285	1 213	3 466	12 599
Tax expense	-958	-522	-3 427	-5 148
Net profit/loss	-673	692	40	7 451
Of which non-controlling interest	78	194	264	357
Of which majority interest	-750	498	-225	7 094
OTHER COMPREHENSIVE INCOME				
Changes in fair value of financial instruments	273	866	-103	-4 107
Reversed changes in fair value of financial instruments, recognised as loss under financial items	-	3 625	-	3 625
Estimate deviation pensions	-913	-265	-936	-274
Equity holdings in associates and joint ventures	-643	-91	-517	-79
Translation differences	-582	-1 333	-171	-2 583
Other comprehensive income	-1 865	2 802	-1 727	-3 418
Comprehensive income	-2 538	3 494	-1 687	4 033
Of which non-controlling interest	63	100	186	243
Of which majority interest	-2 600	3 394	-1 873	3 790

STATEMENT OF FINANCIAL POSITION

Figures in NOK million	31.12.2011	31.12.2010
ASSETS		
Intangible assets	3 108	2 981
Property, plant and equipment	81 240	77 791
Investments in associates and joint ventures	16 109	17 090
Other non-current financial assets	12 163	16 382
Derivatives	4 315	3 842
Non-current assets	116 934	118 085
Inventories	973	1 013
Receivables	12 010	10 748
Short-term financial investments	455	424
Derivatives	5 223	5 645
Cash and cash equivalents (included restricted cash)	8 282	20 052
Current assets	26 943	37 882
Assets	143 877	155 967
EQUITY AND LIABILITIES		
Paid-in capital	45 569	45 569
Retained earnings	12 840	22 449
Non-controlling interest	7 241	7 284
Equity	65 651	75 302
Provisions	21 403	15 758
Long-term interest-bearing liabilities	31 443	34 251
Derivatives	4 507	2 494
Long-term liabilities	57 354	52 502
Short-term interest-bearing liabilities	5 444	6 235
Taxes payable	3 396	3 458
Other interest-free liabilities	6 525	11 609
Derivatives	5 509	6 861
Current liabilities	20 874	28 163
Equity and liabilities	143 877	155 967

STATEMENT OF CASH FLOW

Figures in NOK million		The year	
		2011	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		3 466	12 599
Profit/loss on sale of non current assets		-34	26
Depreciation, amortisation and impairments		3 564	3 205
Profit/loss from the sale of business		-240	-371
Profit/loss from the sale of shares, and associates and joint ventures		-111	-
Share of profit/loss from associates and joint ventures		-898	-766
Unrealised changes in value		5 122	1 176
Taxes		-3 284	-2 562
Cash flow from operating activities		7 585	13 307
Changes in long term items		244	252
Changes in short term items		-1 635	-1 128
Dividend from associates		1 639	1 146
Net cash flow operating activities	A	7 833	13 577
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment, maintenance		-1 129	-1 000
Investments in property, plant and equipment, new capacity*		-4 793	-1 852
Proceeds from sale of non-current assets		318	67
Capital reduction in associates and joint ventures		-	46
Business divestments, net liquidity inflow to the Group		452	1 358
Business combinations, net liquidity outflow from the Group**		-766	-
Loans to third parties		-1 708	-222
Repayment of loans		298	194
Proceeds from sale of other companies		66	-
Considerations regarding investments in other companies		-940	-888
Net cash flow from investing activities	B	-8 202	-2 297
CASH FLOW FROM FINANCING ACTIVITIES			
New debt***		376	4 431
Repayment of debt		-5 169	-8 282
Capital increase		-	14 000
Reduction of capital to non-controlling interests		-	-334
Dividend and group contribution paid		-7 712	-7 964
Share issue in subsidiary to non-controlling interests		1 094	241
Net cash flow from financing activities	C	-11 411	2 092
Net change in cash and cash equivalents	A+B+C	-11 780	13 372

Currency exchange rate effects on cash and cash equivalents

10

17

Cash and cash equivalents 01.01

20 052 6 663

Cash and cash equivalents 31.12

8 282 20 052

Unused committed credit lines

12 000 8 000

Unused overdraft facilities

2 200 1 074

Restricted Cash

-786 -774

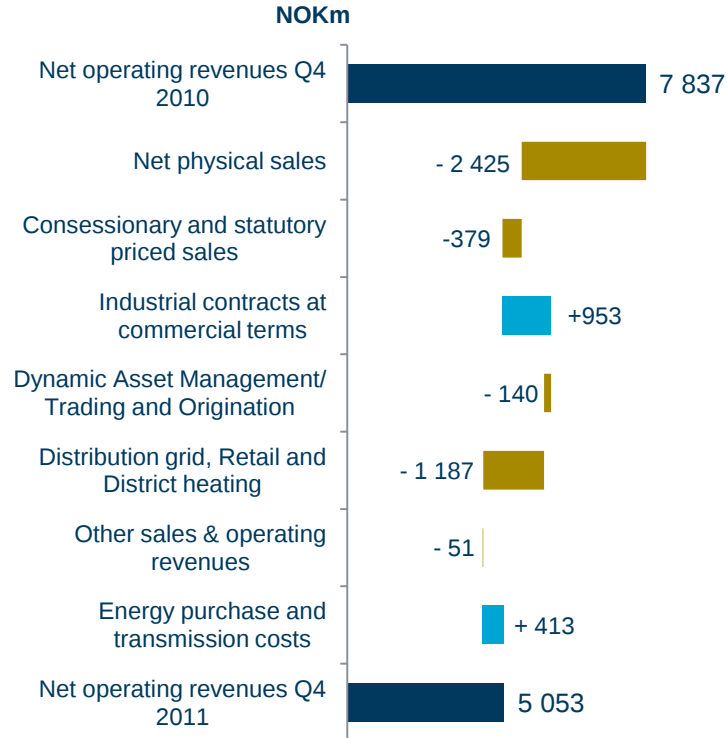
*Investment in new capacity are MNOK 424 lower than investments in new capacity in the segment reporting, due to investments not yet paid.

**Considerations for business combinations are MNOK 856. Consolidated cash from these companies are MNOK 90.

***New debt is lower than reported in Q3 2011, due to reclassification between overdraft facilities and cash and cash equivalent.

Q4 REVENUE BREAKDOWN - UNDERLYING

UNDERLYING¹ NET OP. REVENUES Q4 2010 → Q4 2011

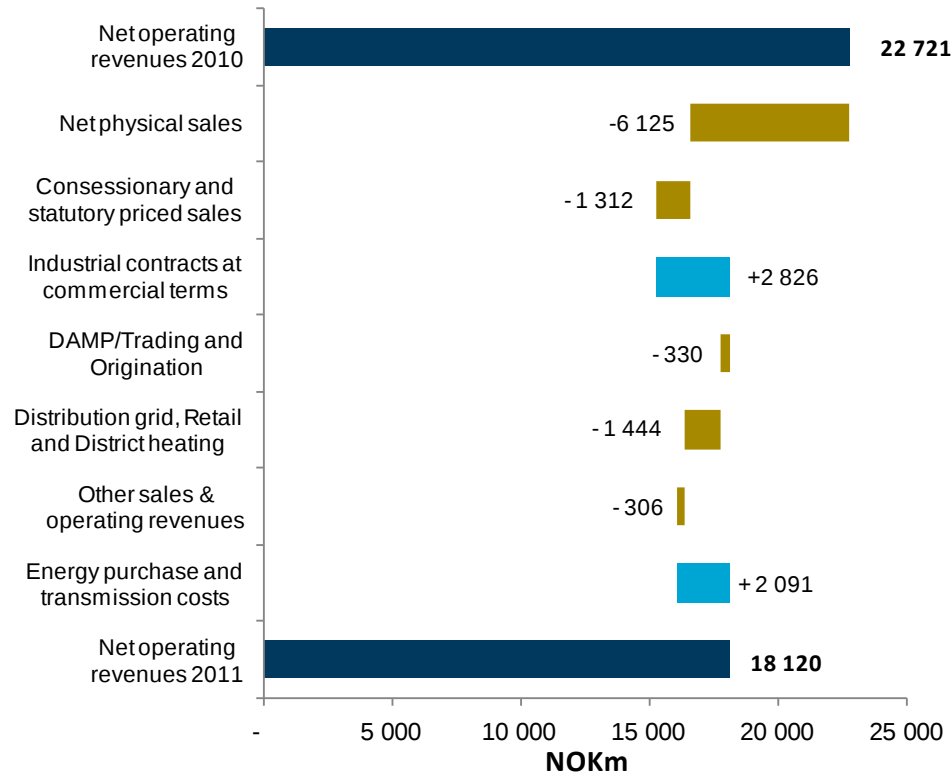


MAJOR REVENUE DRIVERS

- Q4 net operating revenues down NOKm 2 784 (-36%) QoQ
- Net physical sales down 53% due to reduced volume (-12%) and prices (Nord Pool -45%). Volume partly transferred to commercial contract volume
- Contracted sales increased due to shift from statutory priced contracts to contracts at commercial terms
- Retail and District heating is down due to lower power prices, mild weather and reduced volume.
- Energy purchases and transmission costs improved due to lower volume.

2011 REVENUE BREAKDOWN - UNDERLYING

Underlying¹ Net operating revenues 2010 → 2011



Major revenue drivers

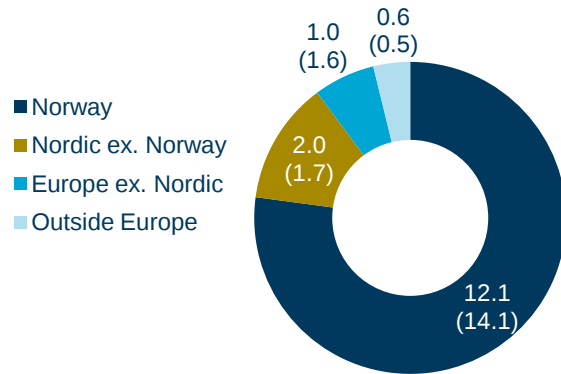
- 2011 net operating revenues down NOKm 4601 (-20%) YoY
- Net physical sales and retail down 36% due to reduced volume and prices. Volume partly transferred to commercial contract volume.
- Contracted sales increased due to shift from statutory priced contracts to contracts at commercial terms.

STATKRAFT'S Q4 POWER GENERATION

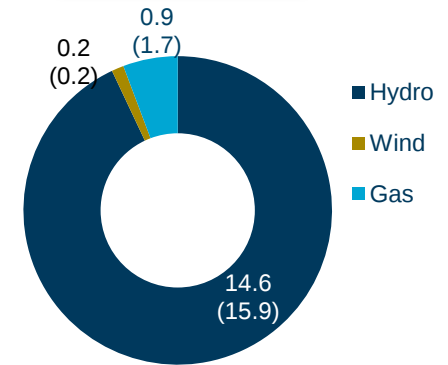
Q4 2011

Total generation
15.7 TWh (-12.1%)

Geography (TWh)



Technology (TWh)



PURE ENERGY

