

FINANCIAL RESULTS

Q2 2015

CEO CHRISTIAN RYNNING-TØNNESEN

CFO HALLVARD GRANHEIM

23 July 2015



Highlights

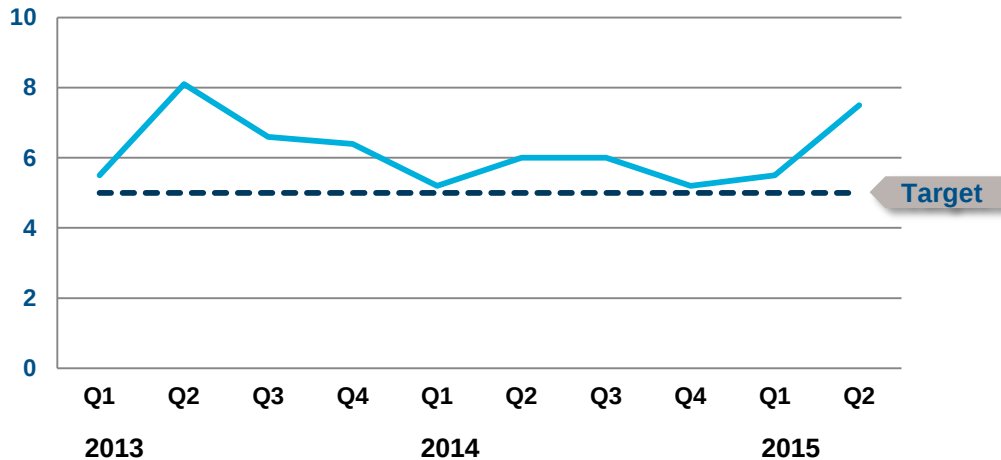
- ▶ Solid underlying results (EBITDA)
 - Lower Nordic prices offset by increased production and contribution from market activities and international hydropower
 - Underlying EBITDA of NOK 2633 million
- ▶ Impairments and currency effects
 - Reduced long term price expectations resulted in impairments of NOK 1820 million in Sweden and NOK 384 million in India (JV)
 - Negative currency effects under financial items, but a major part of this is offset by translation effects in equity
 - Net profit at NOK -2042 million
- ▶ Norwegian projects
 - Full modernization of Røssåga power plants
 - Wind power in Mid-Norway not decided, but alternative project initiated
- ▶ New capacity in Turkey and Brazil
 - Turkey: 102 MW hydropower completed
 - Brazil: Completion of Desenvix transaction (81.3 % of 316 MW)



Health, safety and environment

Total Recordable Injuries rate¹

TRI-rate



¹TRI rate: Number of injuries per million hours worked

- ▶ Health and safety
 - Injuries rate up compared to previous quarters
 - Top priority to improve safety performance in operations and projects
 - Sick leave 2.8 % - within target
- ▶ Environment
 - No serious environmental incidents

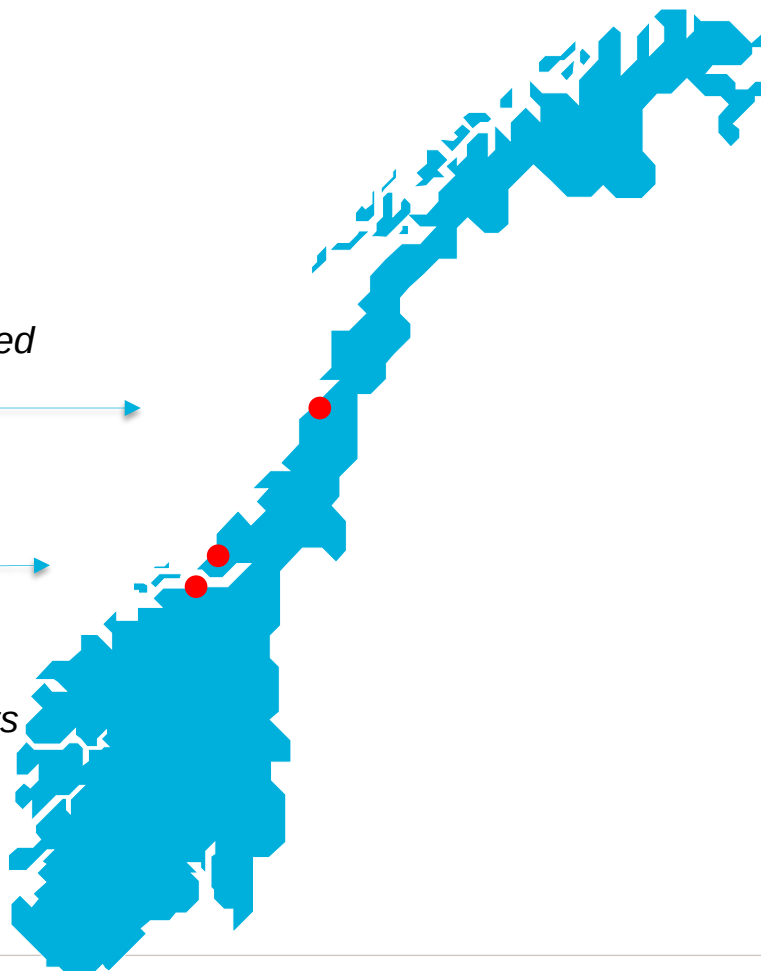
Projects in Norway



*Røssåga power
plants modernized*



*New study of
Fosen and
Snillfjord projects*



New capacity in Turkey and Brazil

102 MW in Turkey



New hydropower plant completed

316 MW in Brazil



Completion of transaction – 81.3 %

Statkraft's ambition: Leading international company in pure energy

European
flexible
generation



Market
operations



International
hydropower



Wind power



District heating



Outlook



- ▶ Nordic forward prices are at a moderate level
- ▶ Long-term contract portfolio stabilizes earnings
- ▶ Large hydro reservoir capacity gives high production flexibility
- ▶ Positive impact from consolidation in Brazil and new production capacity

FINANCIAL RESULTS

CFO HALLVARD GRANHEIM



Solid underlying results

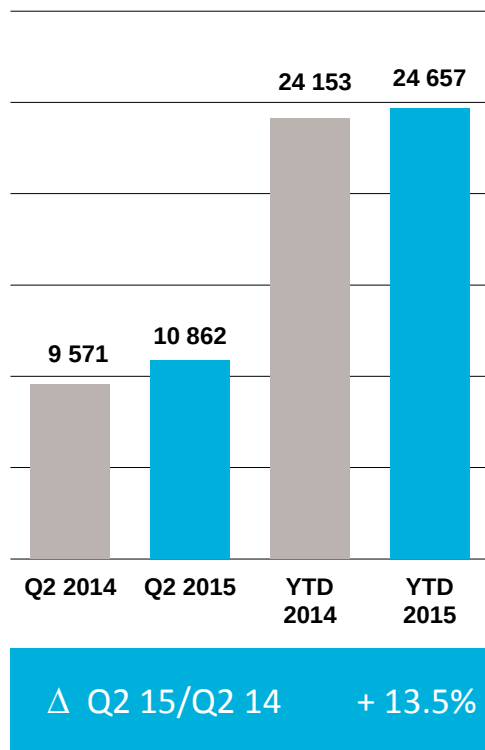
NOK million	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Gross revenues ¹	10 862	9 571	24 657	24 153
EBITDA ¹	2 633	2 528	6 181	6 364
Net profit/loss	-2 042	38	1 641	2 838

- ▶ Nordic prices down 19% measured in EUR/MWh Q-on-Q
- ▶ Production up 1.3 TWh
- ▶ Negative effect from non-recurring impairments reduces net profit
- ▶ Financial items affected negatively by currency effects, mostly unrealized
 - Partly counterbalanced by translation effects in equity

¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Gross operating revenues

NOK million

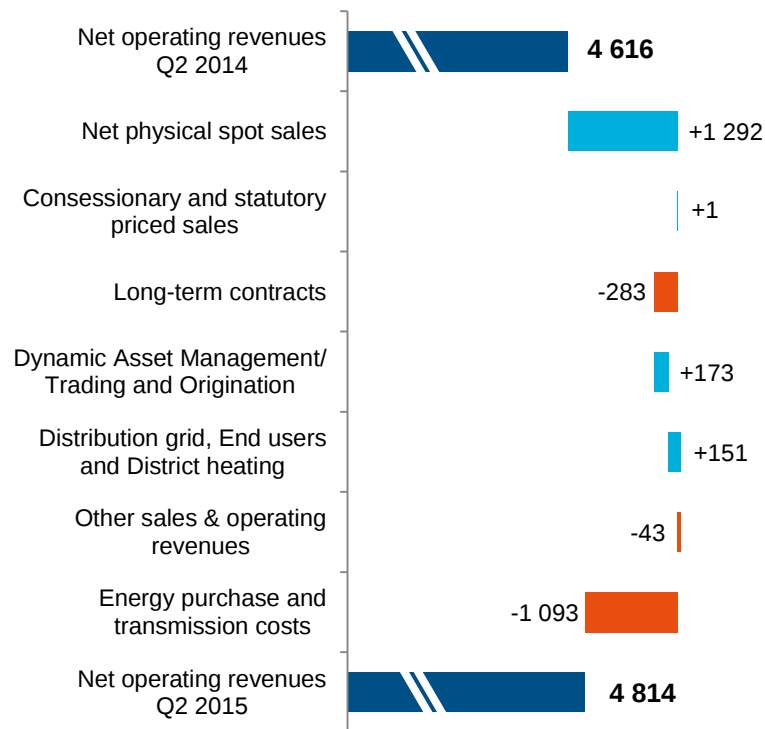


- ▶ Underlying gross operating revenues¹ in Q2 influenced by
 - Higher contribution from market activities and International Hydro
 - Lower power prices offset by increased production
 - ▶ Average Nordic system price 20.7 EUR/MWh (- 19%)
 - ▶ Total power generation 14.2 TWh (+ 10%)

¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Net operating revenues

NOK million

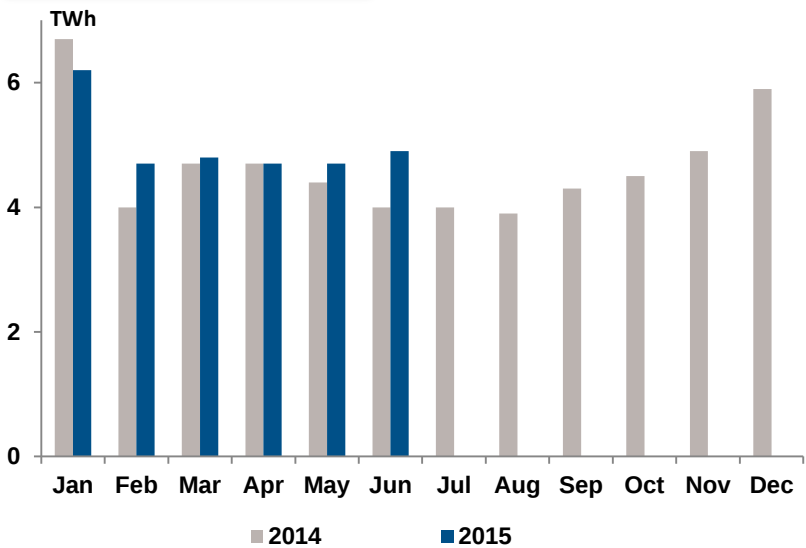


- ▶ Net operating revenues¹ increased by NOK 198 million (+ 4.3%)
 - Physical spot sales up due to increased market access activities but this also leads to an increase in energy purchase
 - Long-term contracts reduced due to lower volume on contracts in Brazil
 - Dynamic asset management and trading and origination are up from a high level in Q2 2014

¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Statkraft production

Monthly power generation

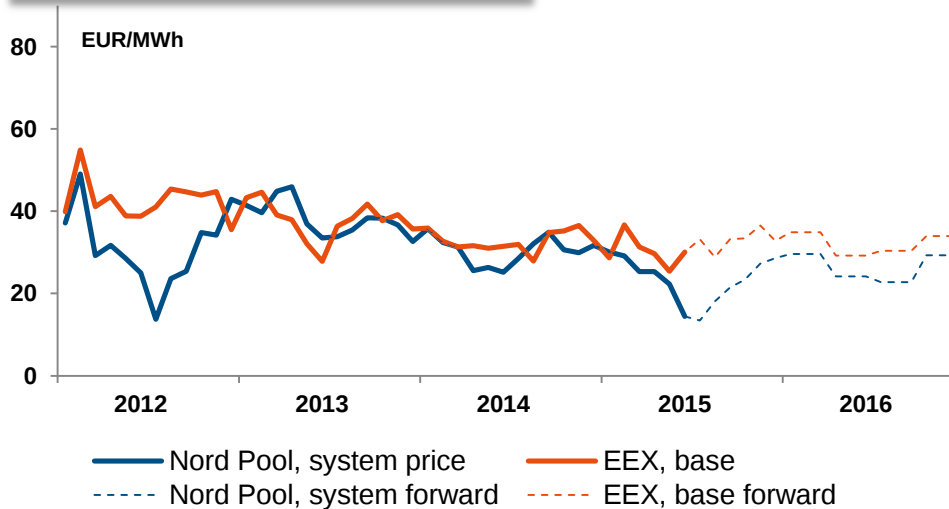


Q2 production is up +10% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	13.6	+1.2
Wind power	0.5	+0.1
Gas power	-	-0.1
Bio power	0.1	-
Total	14.2	1.3

Price development in Q2

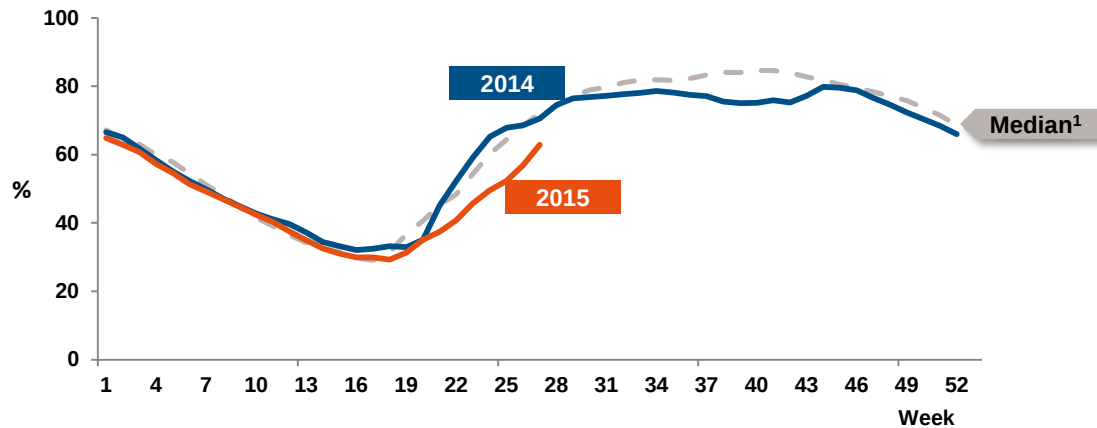
Electricity, average monthly price



- ▶ Q2 Nordic power prices lower than in 2014 due to large accumulated snow reservoirs
 - System price: 20.7 EUR/MWh - 19%
- ▶ Significantly lower coal prices drive German power prices down
 - Spot price (base): 28.4 EUR/MWh - 9%
- ▶ Forward prices somewhat down in the Nordic region and in Germany

Nordic reservoir levels

Nordic reservoir water levels

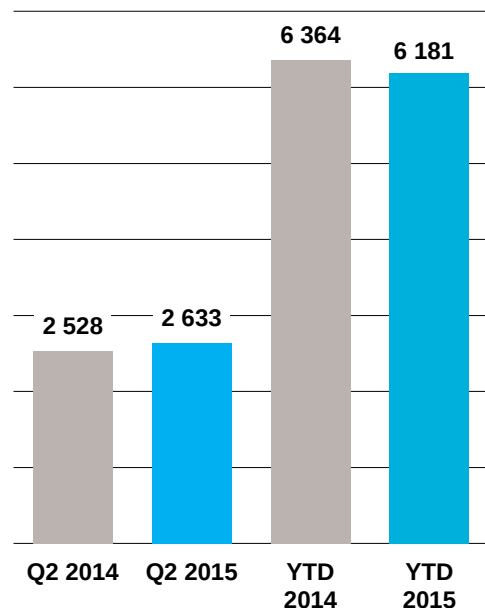


- ▶ Inflow below normal through the quarter due to delayed snow melting
- ▶ At the end of June Nordic reservoirs were 69.1 TWh corresponding to 83% of median
- ▶ Reservoirs filled to 57% of maximum capacity of 121.4 TWh

¹ Median 1990-2012

NOK 2.6 billion in underlying EBITDA

NOK million



Δ Q2 15/Q2 14 + 4%

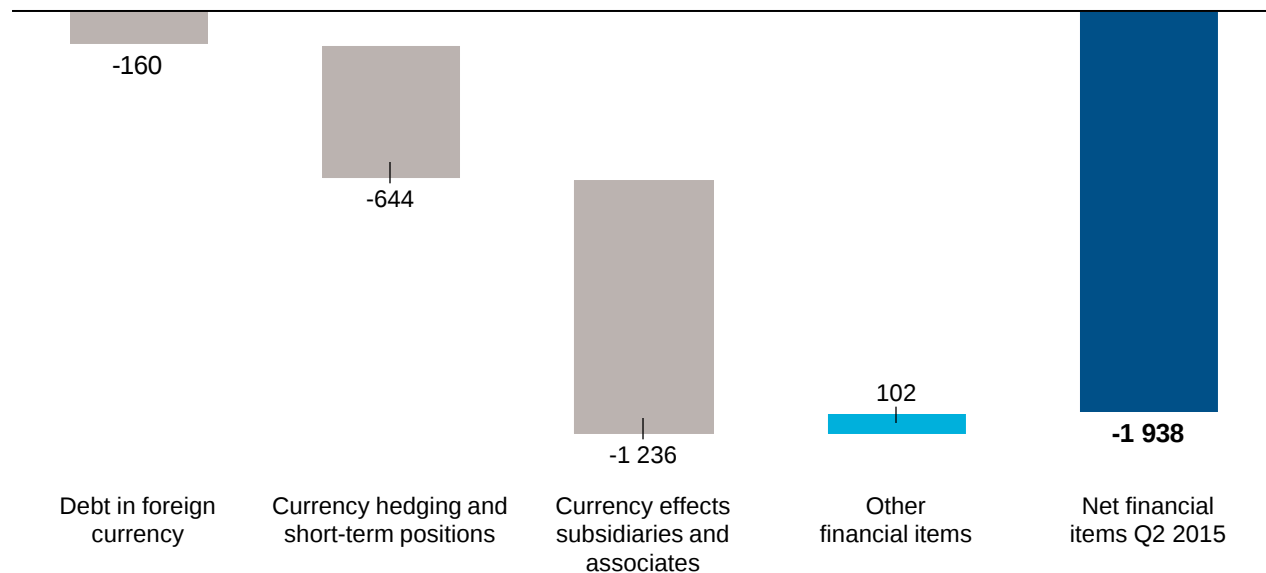
- ▶ Underlying EBITDA¹ increased by NOK 105 million in Q2 reaching a satisfactory level
- ▶ Lower price partly compensated by higher production
- ▶ Improved contributions from Market operations and International Hydropower

¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Q2 currency effects of NOK -2 040 million

Breakdown Net financial items Q2 2015

NOK million



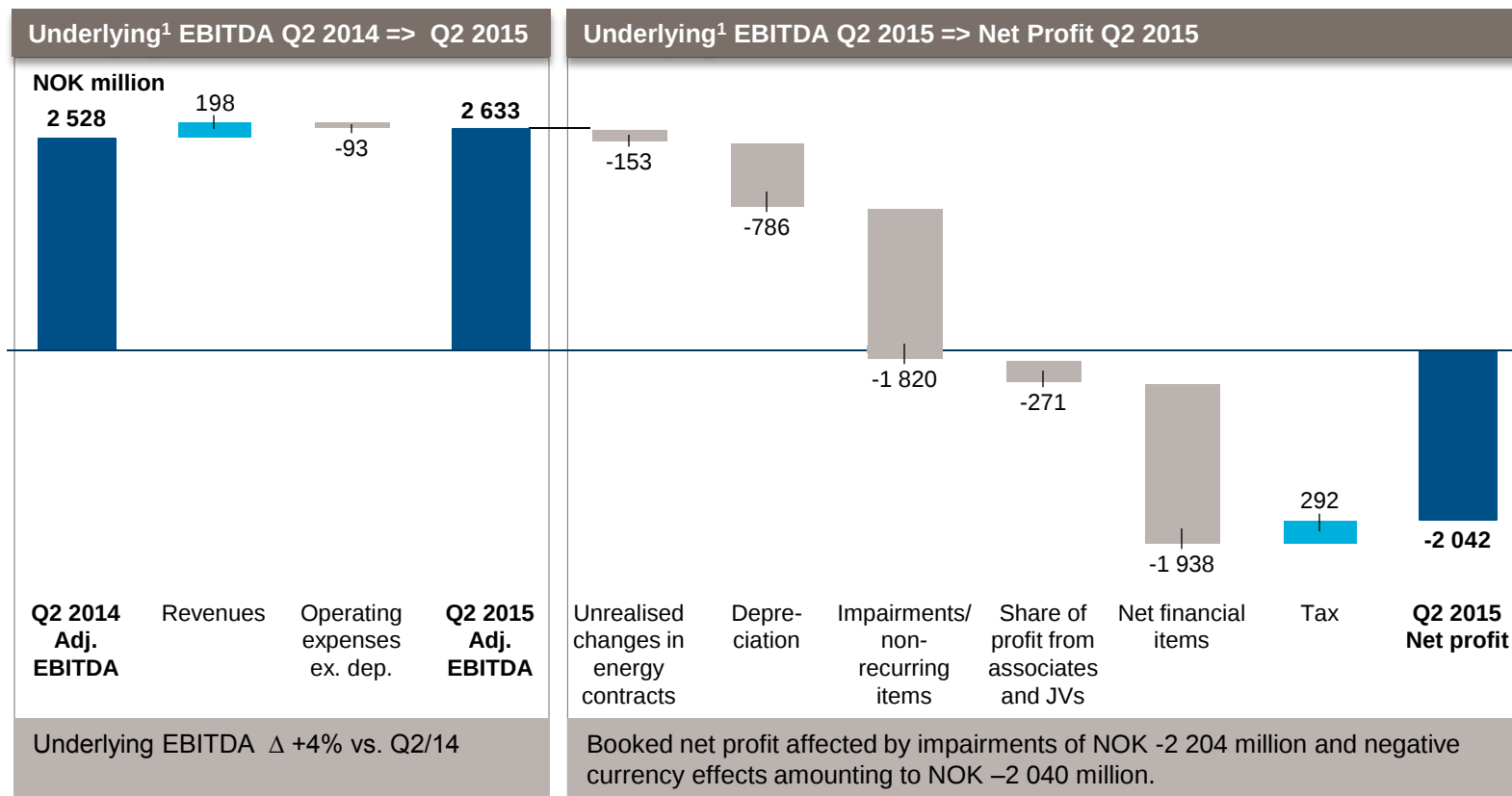
Of currency effects NOK -1 387 million is unrealised and NOK -653 million realised.

Net profit influenced by currency and non-recurring items

NOK million	Q2 2015	Q2 2014	FY 2015	FY 2014
Net profit/loss	-2 042	38	1 641	2 838

- ▶ Weakening of NOK against EUR and NOK/SEK fluctuations gave large negative currency effects under financial items
- ▶ Impairments: NOK -1820 million in Sweden and NOK -384 million in India (JV)

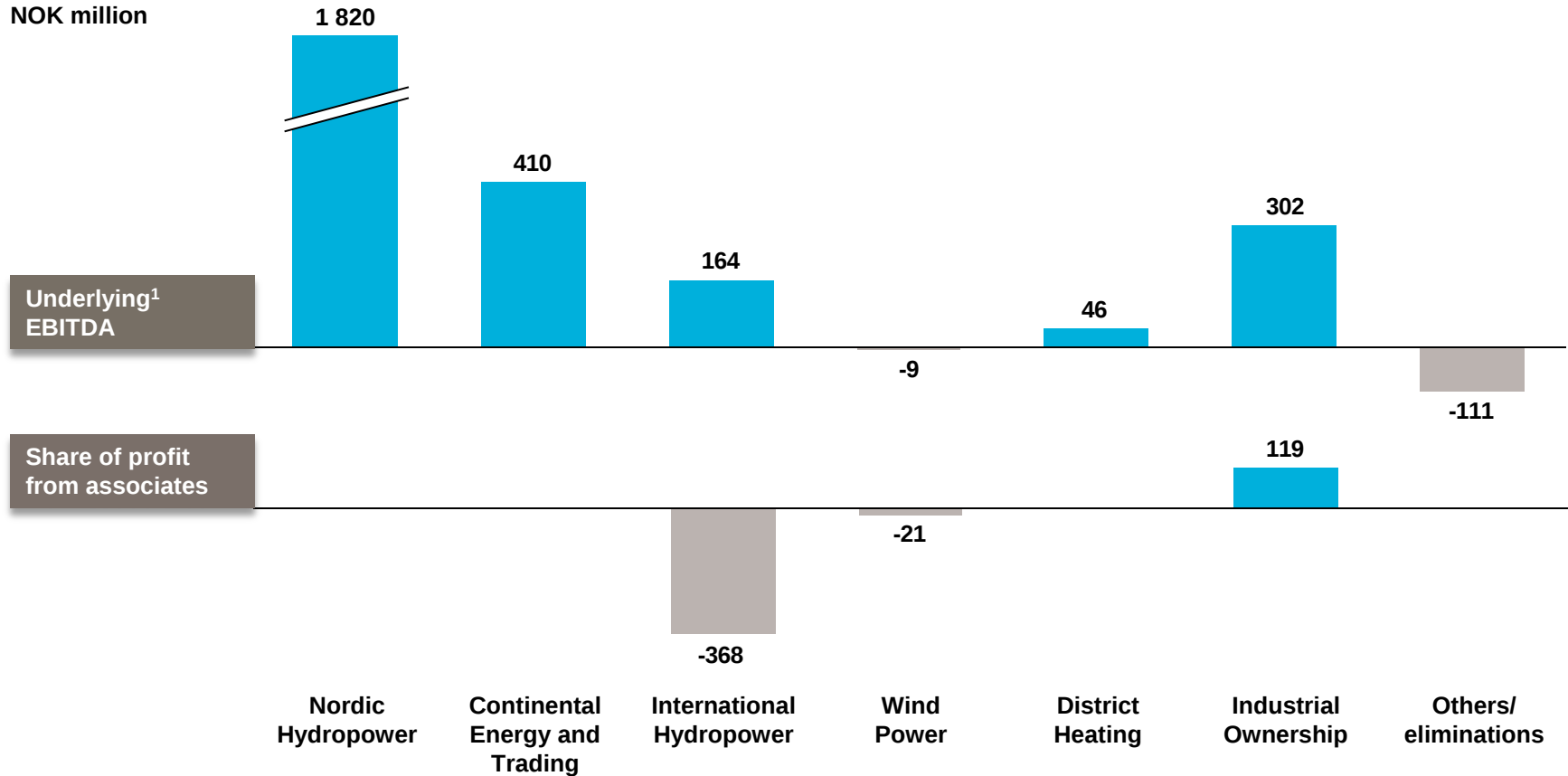
Q2 net profit breakdown



¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

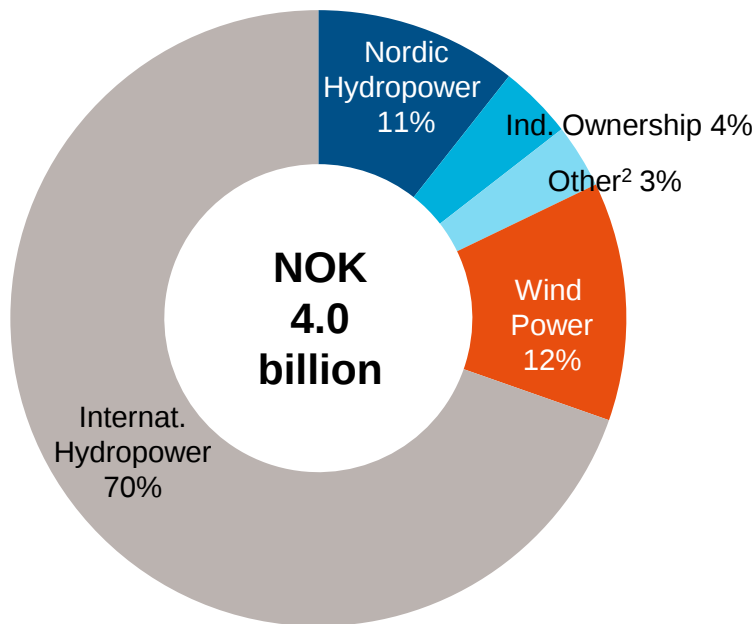
Q2 segment financials

NOK million



¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Q2 2015 capital expenditure¹



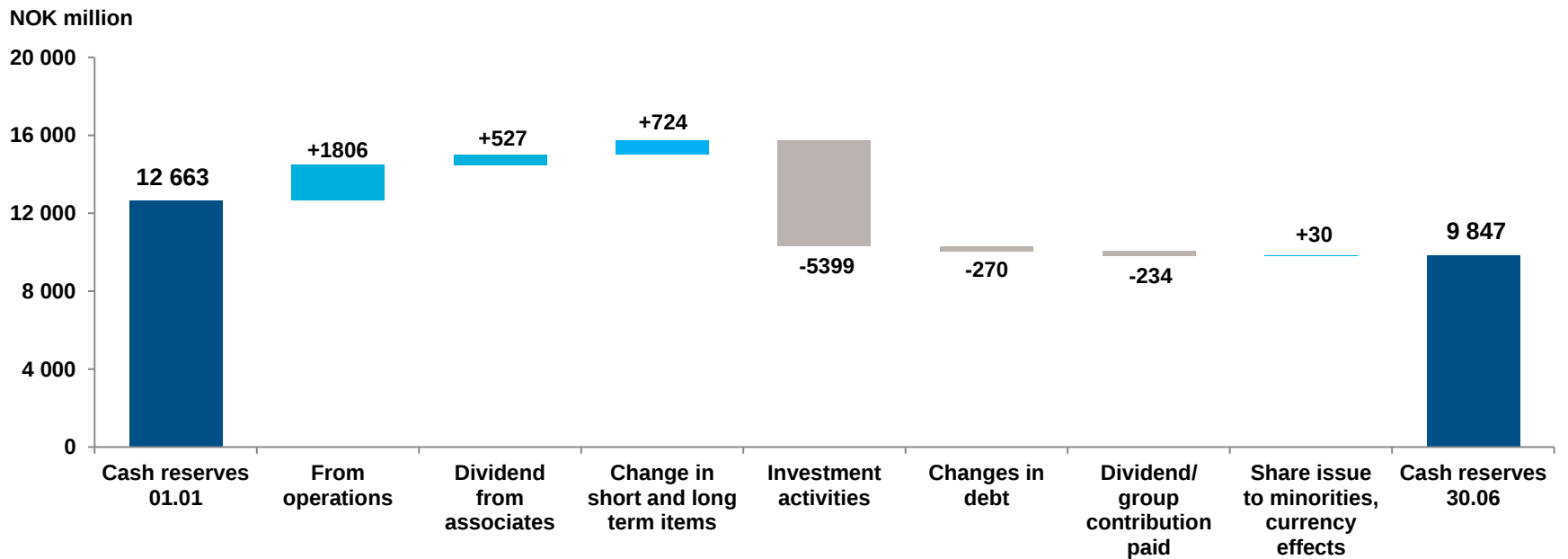
- ▶ Distribution of CAPEX in the quarter:
 - 39% expansion investments
 - 51% investments in shareholdings
 - 10% maintenance investments
- ▶ New hydropower capacity under construction mainly in Norway, Turkey, Albania and Chile
- ▶ Wind power developments in UK and finalise ongoing projects in Sweden
- ▶ Ownership interests primarily related to the acquisition of Pilmaiquén in Chile

¹ Exclusive loans to associates

² Including District heating, Small-scale hydropower and Continental energy and trading

Solid cash flow

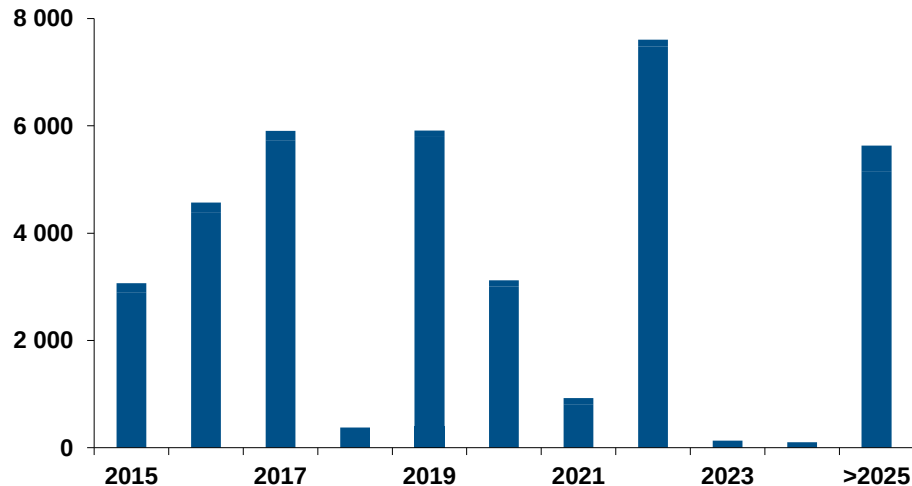
Cash flow year-to-date



Long-term debt

Debt repayment profile

NOK million



- ▶ Net interest-bearing debt NOK 27.0 billion (23.6 at end of 2014)
 - NOK 43%, EUR 36%, SEK 1%, GBP 17%, USD 3%
 - 55% floating interest
 - Interest-bearing net debt ratio 24.3% (21.2% at end of 2014)
- ▶ NOK 3.1 billion debt matures in rest of 2015

Strong credit ratings



A- / Stable



Baa1 / Stable

- ▶ Maintaining current ratings with S&P and Moody's
- ▶ Strong support from owner:
 - New equity in 2014
 - Reduced dividends for 2015-2017
- ▶ CAPEX adapted to financial capacity

Summary



- ▶ Delivering on strategy through solid underlying results from Nordic hydropower, Market Operations and International Hydropower
- ▶ Net result pulled down by currency effects and impairments
- ▶ Solid low-cost position



THANK YOU

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APPENDIX



Statement of Comprehensive Income

NOK million	Second quarter		Year to date		The year
	2015	2014	2015	2014	2014
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	10 937	9 988	23 968	21 537	48 246
Other operating revenues	319	539	519	822	4 008
Gross operating revenues	11 255	10 528	24 488	22 359	52 254
Energy purchase	-6 358	-5 528	-14 260	-11 104	-25 264
Transmission costs	-236	-283	-546	-591	-1 185
Net operating revenues	4 661	4 717	9 682	10 665	25 805
Salaries and payroll costs	-751	-735	-1 604	-1 604	-3 051
Depreciation, amortisation and impairments	-2 606	-767	-3 359	-1 507	-4 071
Property tax and licence fees	-410	-412	-826	-817	-1 630
Other operating expenses	-1 019	-941	-1 742	-1 770	-3 493
Operating expenses	-4 786	-2 855	-7 532	-5 697	-12 246
Operating profit/loss	-125	1 862	2 150	4 967	13 560
Share of profit/loss from associates and joint ventures	-271	-484	142	79	661
Financial income	104	521	209	581	859
Financial expenses	-306	-314	-733	-647	-1 309
Net currency effects	-2 040	-1 167	1 440	-124	-4 791
Other financial items	304	132	133	20	-1 043
Net financial items	-1 938	-828	1 049	-171	-6 283
Profit/loss before tax	-2 334	550	3 342	4 876	7 937
Tax expense	292	-512	-1 701	-2 038	-4 045
Net profit/loss	-2 042	38	1 641	2 838	3 892
Of which non-controlling interest	-733	186	-527	357	684
Of which majority interest	-1 309	-148	2 167	2 481	3 209
OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that recycle over profit/loss:					
Changes in fair value of financial instruments	-153	-245	107	-150	-907
Income tax related to changes in fair value of financial instruments	49	62	-81	36	276
Items recorded in other comprehensive income in associates and joint arrangements	300	-122	167	-128	-123
Currency translation effects	1 343	1 839	-885	444	7 734
Reclassification currency translation effects related to foreign operations disposed of in the year	-	55	-	55	-69
Items in other comprehensive income that will not recycle over profit/loss:					
Estimate deviation pensions	765	-505	765	-505	-704
Income tax related to estimate deviation pensions	-265	199	-265	199	184
Other comprehensive income	2 038	1 283	-192	-49	6 392
Comprehensive income	-5	1 321	1 448	2 789	10 284
Of which non-controlling interest	-818	668	-345	771	1 322
Of which majority interest	813	652	1 792	2 018	8 962

Statement of Financial Position

NOK million	30.06.2015	30.06.2014	31.12.2014
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	3 922	3 293	3 439
Property, plant and equipment	102 559	102 041	99 199
Investments in associates and joint ventures	19 322	14 434	19 027
Other non-current financial assets	6 859	2 700	6 093
Derivatives	4 654	4 711	5 616
Non-current assets	137 316	127 179	133 374
Inventories	2 558	1 547	2 088
Receivables	8 955	6 954	12 433
Short-term financial investments	563	415	443
Derivatives	4 204	8 066	6 816
Cash and cash equivalents (included restricted cash)	9 847	8 899	12 663
Current assets	26 127	25 882	34 444
Assets	163 443	153 061	167 817
EQUITY AND LIABILITIES			
Paid-in capital	56 361	51 361	56 361
Retained earnings	20 067	17 217	23 876
Non-controlling interest	7 419	6 738	7 823
Equity	83 848	75 315	88 059
Provisions	18 631	18 057	18 796
Long-term interest-bearing liabilities	33 106	28 574	27 438
Derivatives	2 919	4 632	3 556
Long-term liabilities	54 656	51 263	49 790
Short-term interest-bearing liabilities	4 292	9 549	9 306
Taxes payable	2 461	2 353	3 546
Other interest-free liabilities	13 627	6 877	9 808
Derivatives	4 558	7 704	7 308
Current liabilities	24 939	26 483	29 968
Equity and liabilities	163 443	153 061	167 817

Statement of Cash Flow

NOK million	Year to date		The year
	2015	2014	2014
STATEMENT OF CASH FLOW			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	3 342	4 876	7 937
Profit/loss on sale of non-current assets	6	-97	-80
Depreciation, amortisation and impairments	3 359	1 507	4 071
Profit/loss from the sale of business	-	-	-2 559
Profit/loss from the sale of shares, associates and joint ventures	-	-	-69
Profit from restructuring of SN Power	-	-564	-564
Share of profit/loss from associates and joint ventures	-142	-79	-661
Unrealised changes in value	-1 775	663	4 412
Taxes paid	-2 984	-3 198	-3 593
Cash flow from operating activities	1 806	3 108	8 896
Changes in long term items	75	79	-52
Changes in short term items	649	1 542	-2 674
Dividend from associates	527	724	729
Net cash flow operating activities	A	3 056	5 453
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment*	-3 624	-4 126	-8 801
Proceeds from sale of non-current assets	130	58	-17
Business divestments, net liquidity inflow to the Group	-	-	4 688
Business combinations and asset purchase, net liquidity outflow from the Group**	-1 937	-	-74
Restructuring of SN Power, net liquidity outflow from the Group	-	-770	-770
Loans to third parties	-1	-35	-100
Repayment of loans from third parties	231	103	390
Considerations regarding investments in other companies	-198	-2	-765
Net cash flow from investing activities	B	-5 399	-5 450
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	7 595	675	1 917
Repayment of debt	-7 865	-142	-3 900
Capital increase	-	-	5 000
Dividend and group contribution paid	-234	-99	-74
Share issue in subsidiary to non-controlling interests	15	67	225
Net cash flow from financing activities	C	501	3 168
Net change in cash and cash equivalents	A+B+C	-2 831	4 616
Currency exchange rate effects on cash and cash equivalents	15	33	362
Cash and cash equivalents 01.01	12 663	7 685	7 685
Cash and cash equivalents 30.06***	9 847	8 899	12 663
Unused committed credit lines	12 000	12 000	12 000
Unused overdraft facilities	2 200	2 200	2 200
Restricted cash	-	-	-

* Investments in the cash flow are NOK 442 million lower than investments in fixed assets in the segment reporting due to prepayments in earlier period and also acquisition of assets from investments not yet paid as of second quarter 2015.

** Investments in business combination and asset purchase and investments in other companies are NOK 242 million lower than investments in other companies as shown in the segment reporting. This is mainly due to cash in the acquired companies of NOK 232 million.

*** Included in the cash and cash equivalents are NOK 300 million related to joint operations as of second quarter 2015.