

FINANCIAL RESULTS

Q4 2018

CEO Christian Rynning-Tønnesen

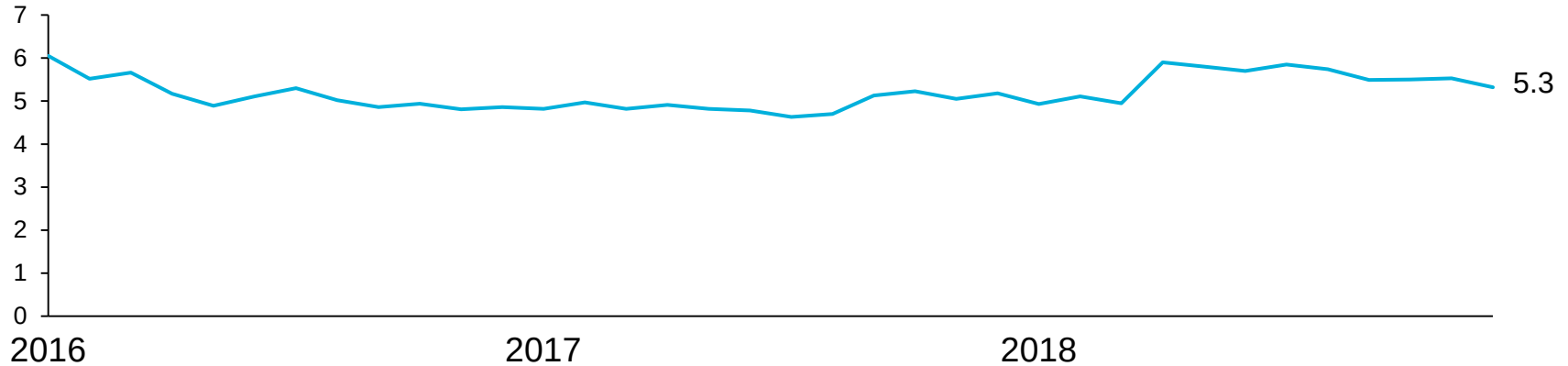
Acting CFO Thomas Geiran

14 February 2019



Health, safety and environment

TRI-rate¹



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

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

Highlights in Q4



Fossvatn, Norway

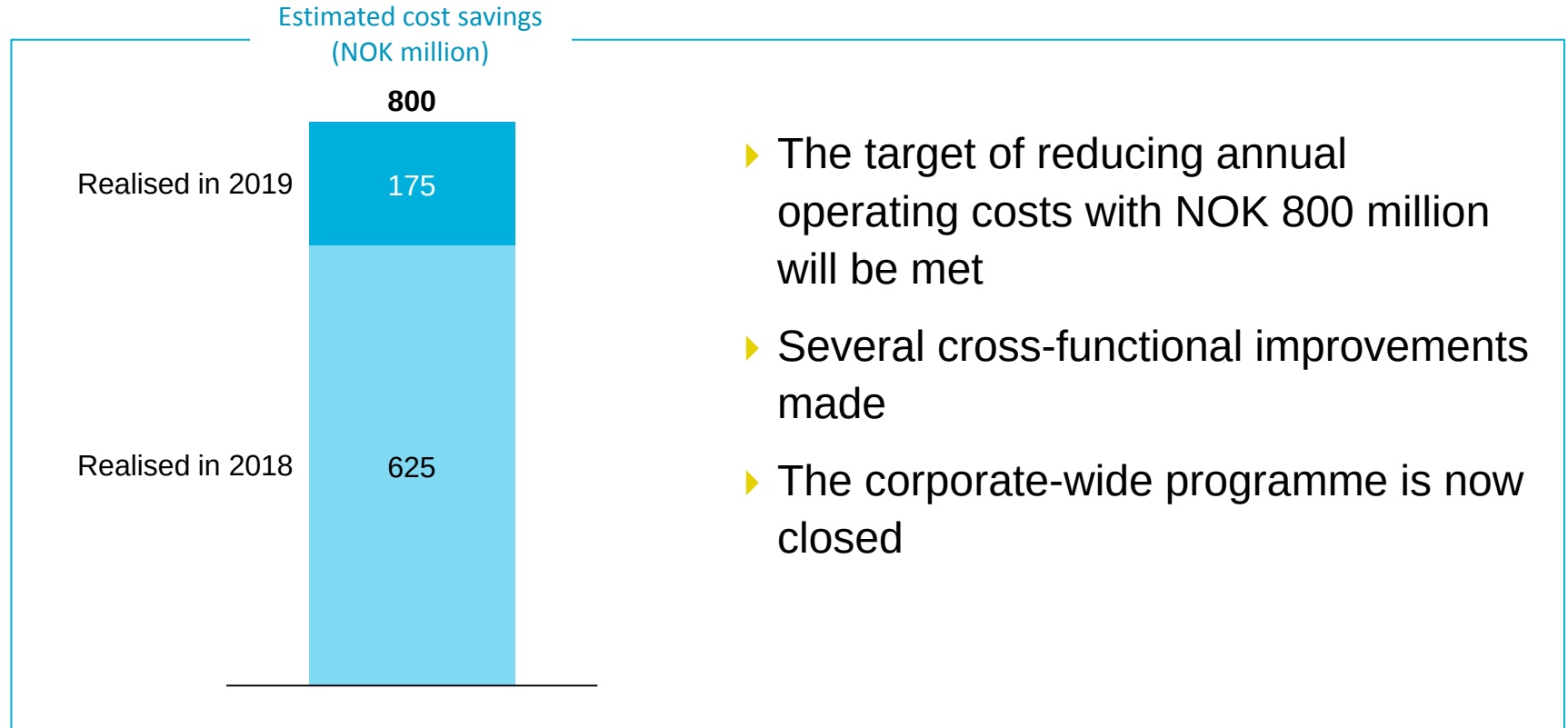
- ▶ Underlying EBIT of NOK 4884 million
- ▶ Net profit amounting to NOK 1572 million
- ▶ Performance Improvement Programme will realise around NOK 800 million in annual savings
- ▶ Acquisition of eight operational hydropower plants in Brazil and closing of acquisition in Ireland
- ▶ New long-term industry contracts

Financial results

NOK million	Q4 2018	Q4 2017	The year 2018	The year 2017
Operating profit/loss (EBIT) underlying	4 884	3 348	14 953	10 824
Profit before tax	3 897	6 774	20 649	15 668
Net profit	1 572	5 293	13 390	11 710

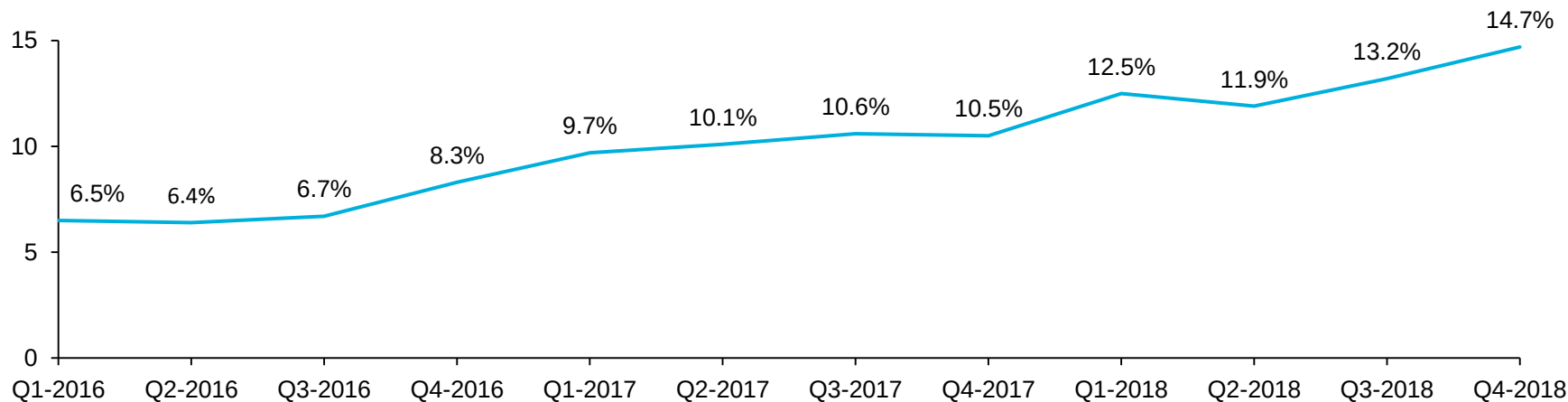
► Dividend of NOK 8.4 billion

Performance Improvement Programme



Financial performance

(ROACE)

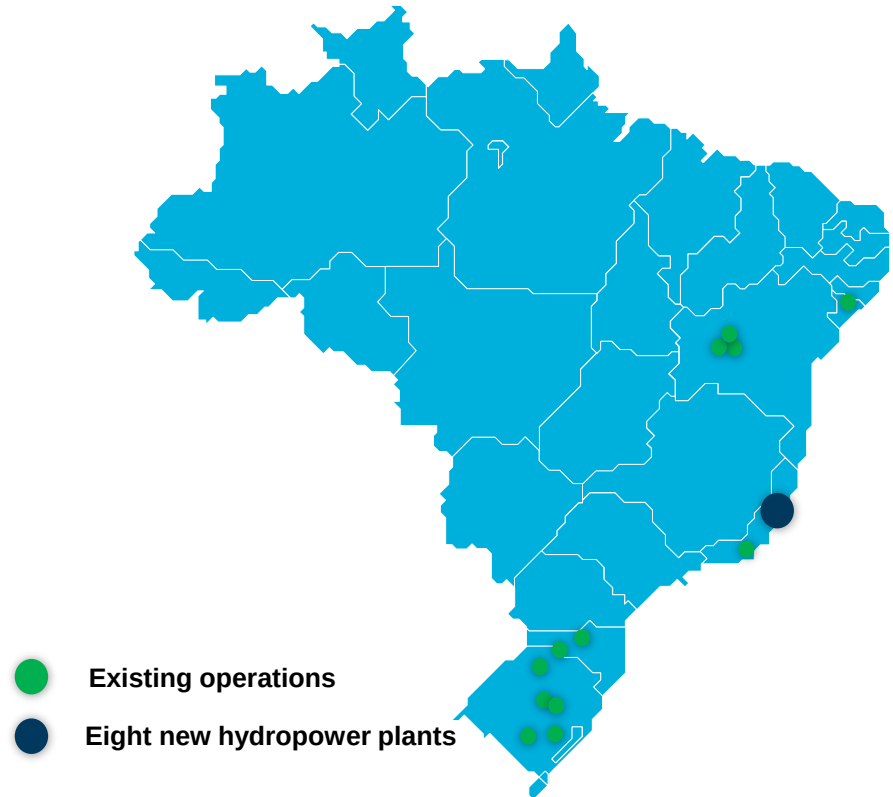


► ROACE of 14.7%

- Improvement compared with the year 2017 due to higher underlying operating profit (rolling 12 months), primarily driven by higher Nordic power prices
- Average capital employed stable through 2018

Acquisition in Brazil

- ▶ Acquired eight operational hydropower plants in Espírito Santo in Brazil
- ▶ Total installed capacity of 132 MW
- ▶ Increases installed capacity in Brazil to around 450 MW
- ▶ Positions Statkraft for further growth in this key market



Long-term industry contracts

- ▶ Two new industry power contracts with Norske Skog.
- ▶ Total volume of 14 TWh.
- ▶ Successfully renewed a volume of 42 TWh of industry contracts over the last two years.
- ▶ Additional opportunities are assessed.



Outlook



Roan wind farm, Norway

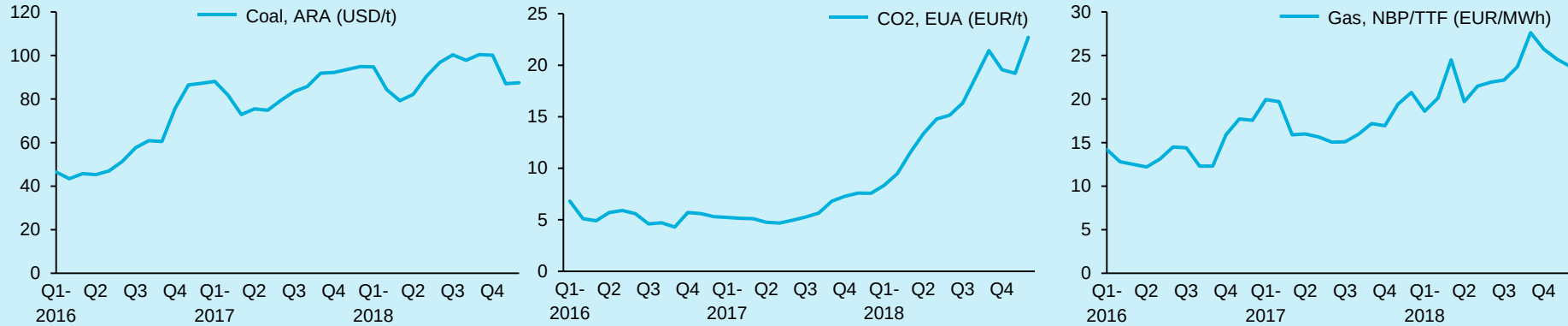
- ▶ **Robust earnings**
 - Europe's largest reservoir capacity and flexible power plants
 - Long-term revenue optimisation and entering into new long-term bilateral contracts
- ▶ **Solid financial position to meet the new growth phase set out in the strategy**
 - Corporate-wide performance improvement programme has strengthened competitiveness
 - Investments will be adapted to financial capacity and rating target
- ▶ **Strong organisational culture**
 - Strong competence base and highly motivated employees
 - Commitment to act in a sustainable, ethical and socially responsible manner as a foundation for all activities

Key figures

NOK million	Q4 2018	Q4 2017	The year 2018	The year 2017
Net operating revenues and other income underlying	8 108	6 699	26 925	23 350
Operating profit/loss (EBIT) underlying	4 884	3 348	14 953	10 824
Net profit	1 572	5 293	13 390	11 710

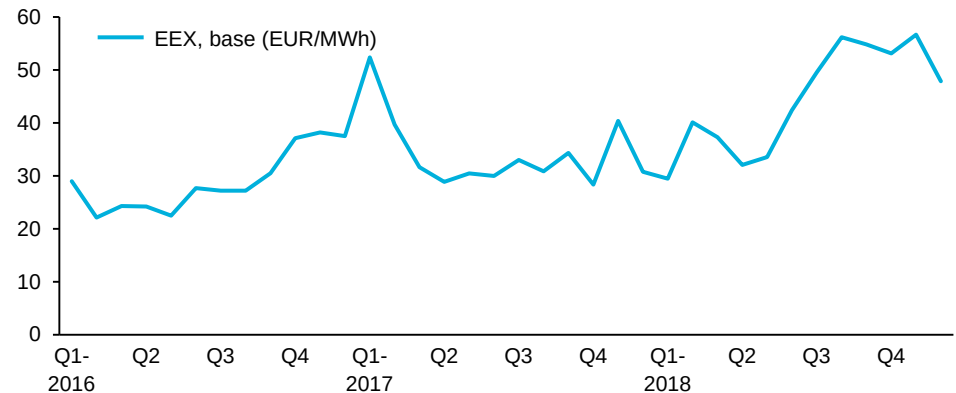
- ▶ Nordic prices measured in EUR up 56% Q-on-Q
- ▶ Overall generation down 7% Q-on-Q
- ▶ Operating expenses down 4% Q-on-Q
- ▶ Net financial items down NOK 3.3 billion Q-on-Q

Price drivers and the German power market

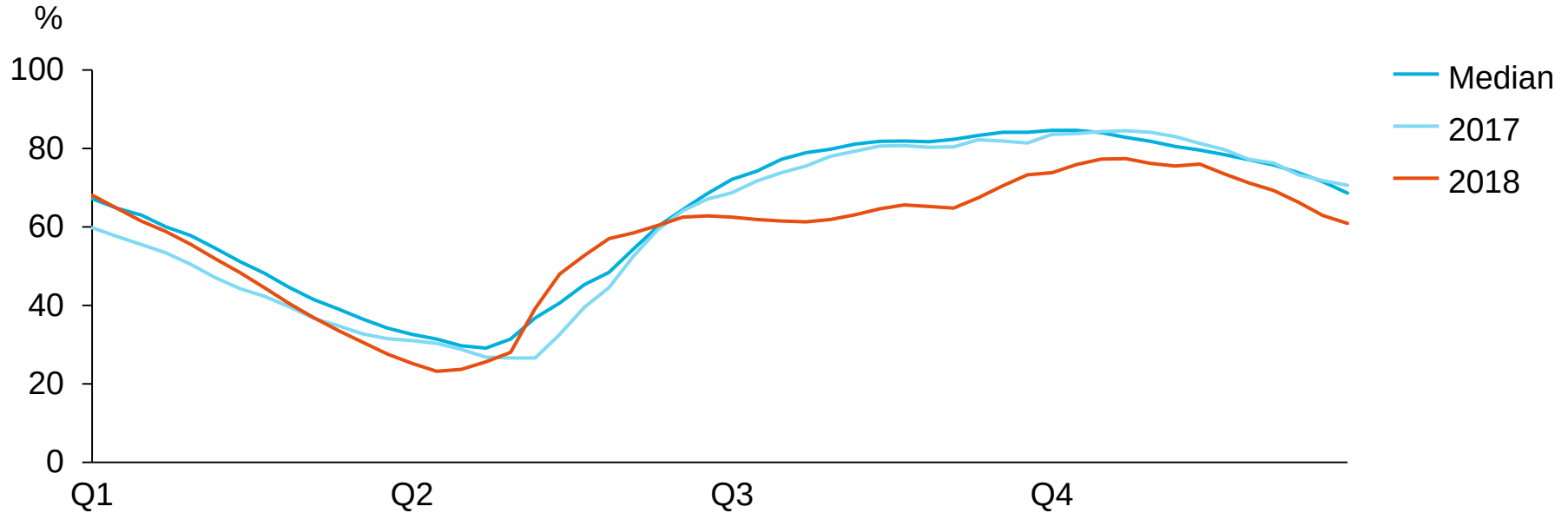


Q4 2018 vs. Q4 2017

- ▶ CO₂ prices continued to surge
- ▶ Gas prices increased significantly
- ▶ German power prices at 52.6 EUR/MWh
 - Up by 58% Q-on-Q
 - Mainly due to higher gas and CO₂ prices



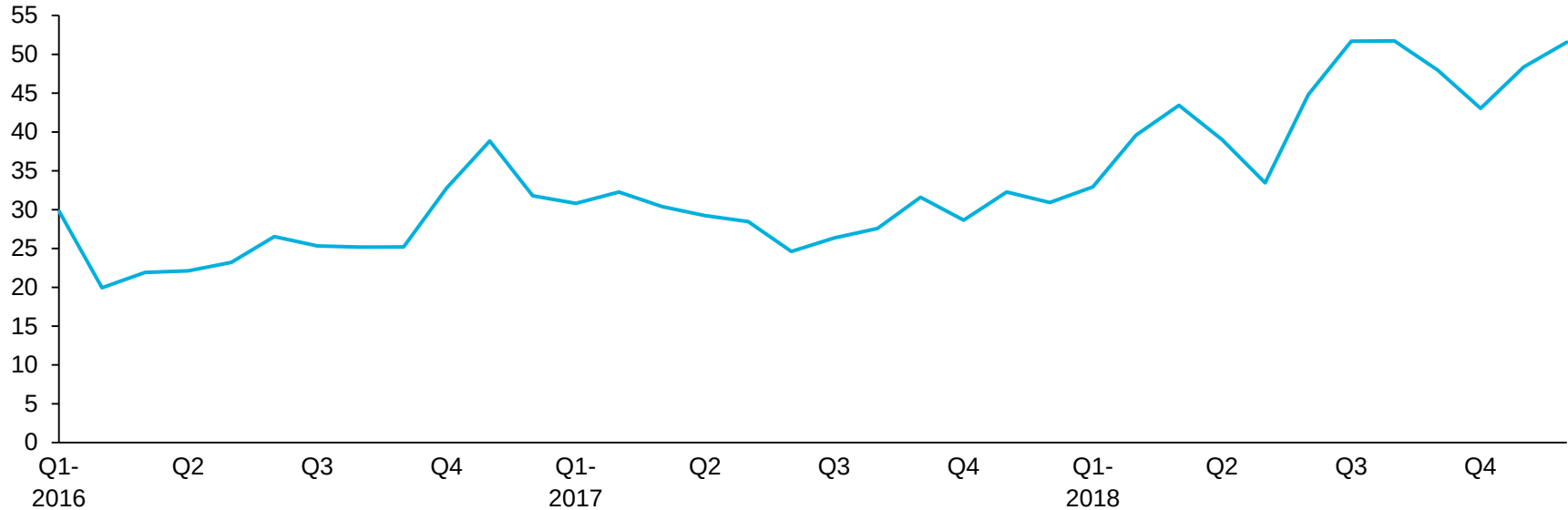
Nordic reservoir water level



- ▶ Nordic reservoir water level below normal throughout Q4
- ▶ Weather drier than normal in Q4
- ▶ Nordic reservoir water level (total market) at 89% of median at the end of the year

Nordic system prices, monthly average

EUR/MWh

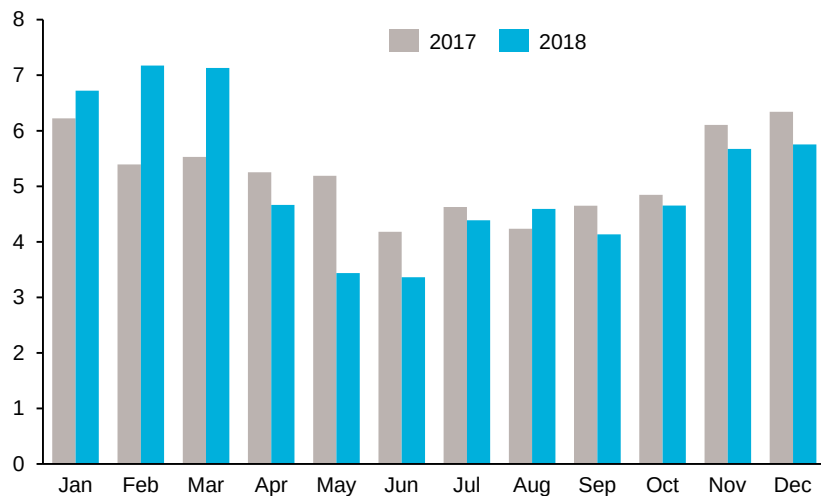


► Nordic power prices 47.7 EUR/MWh, up 56% Q4 2018 vs. Q4 2017

Energy management



Snow measuring at Hardangervidda, Norway

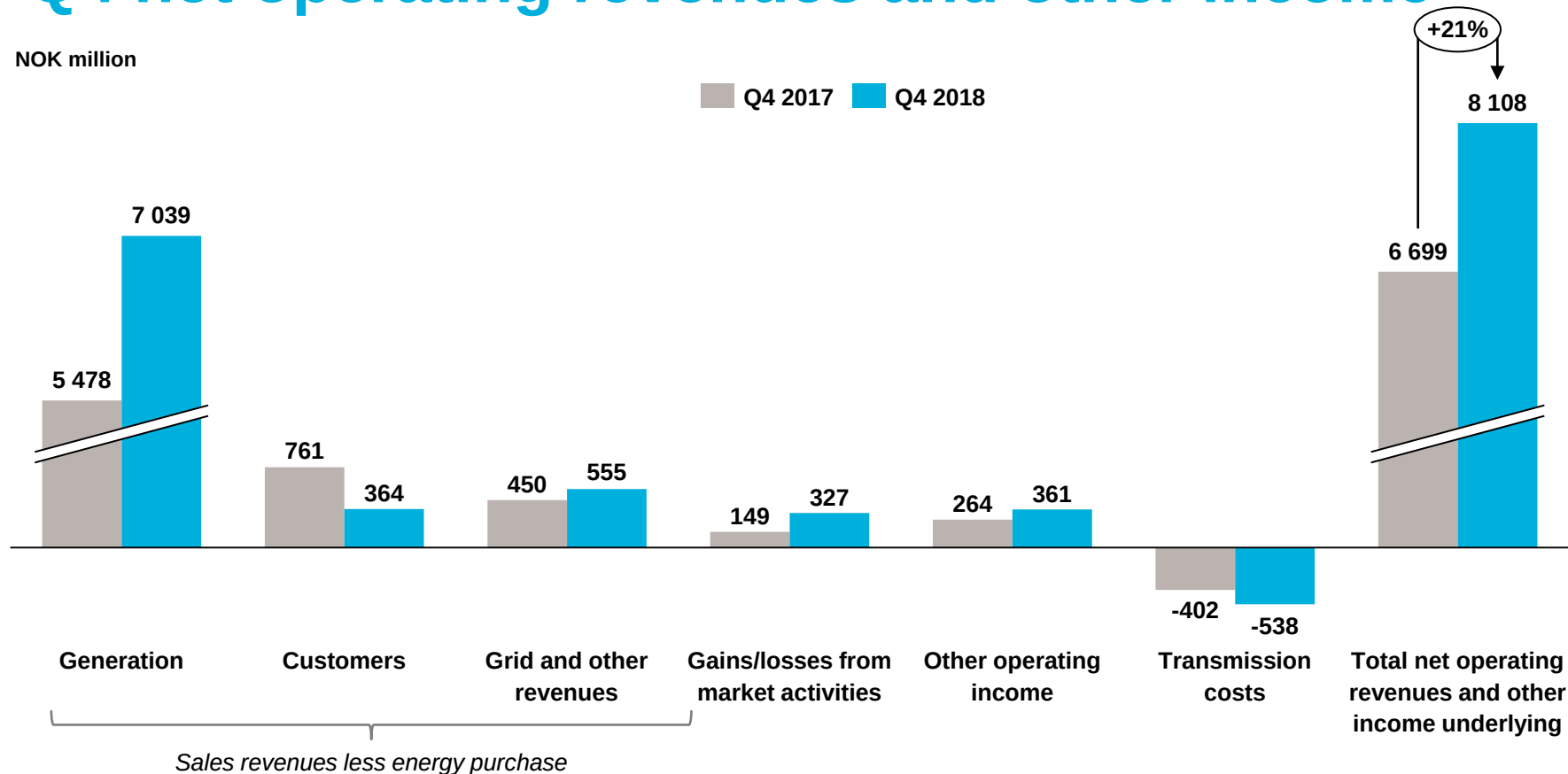


Q4 generation down 7% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	14.5	-1.3
Wind power	0.9	0.1
Gas power	0.7	0.0
Bio and solar power	0.1	0.0
Total	16.1	-1.2

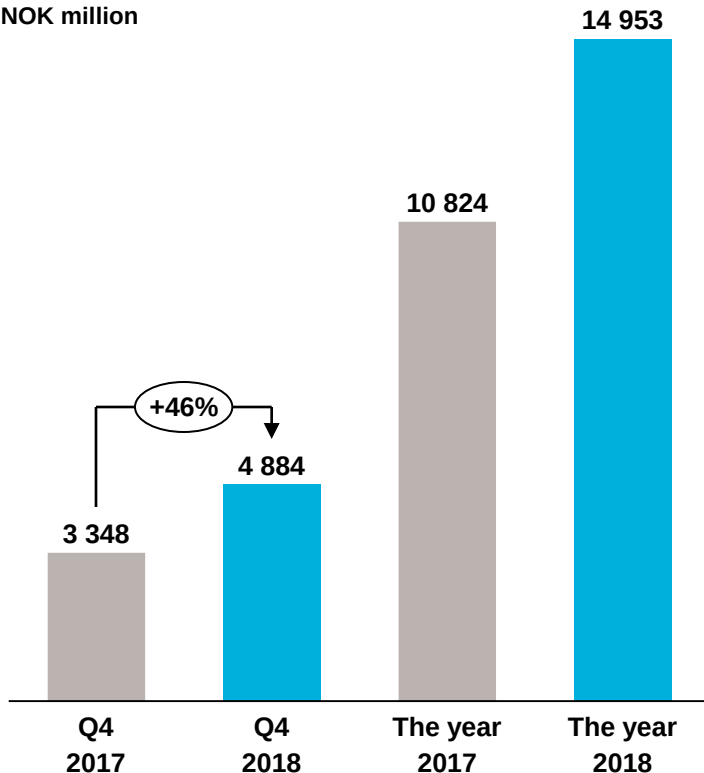
Q4 net operating revenues and other income

NOK million



NOK 4.9 billion in underlying EBIT

NOK million

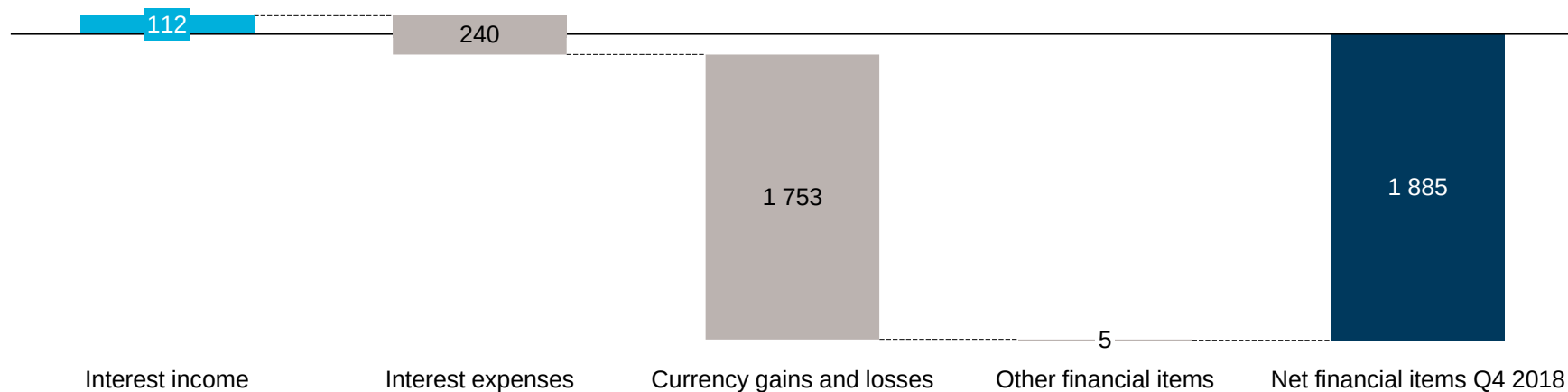


- ▶ Underlying EBIT up 1488 million Q-on-Q
- ▶ Primarily driven by higher Nordic power prices. There was also higher contribution from market activities, mainly from Nordic trading and Dynamic asset management portfolios.

Financial items

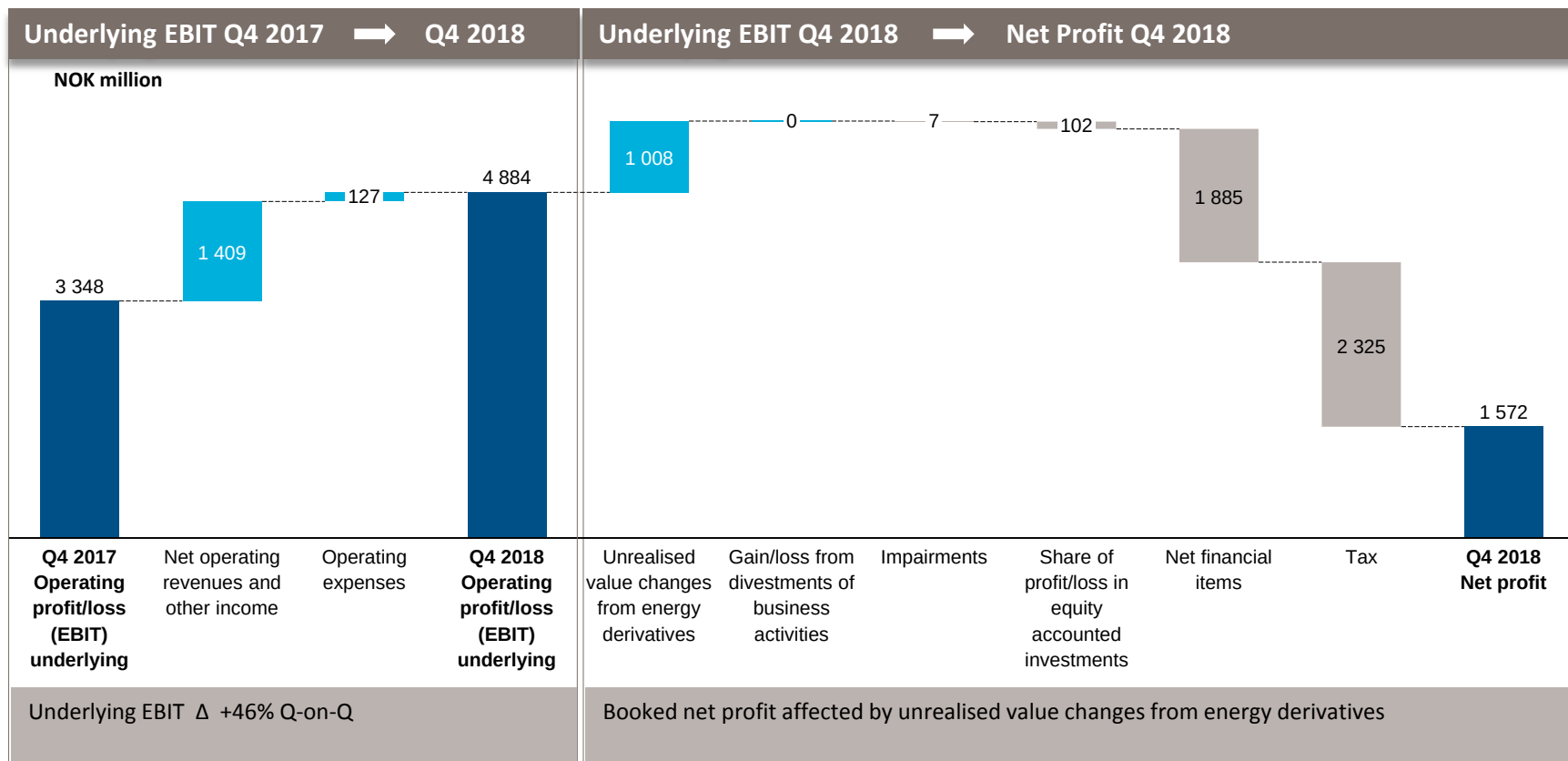
Breakdown Net financial items Q4 2018

NOK million

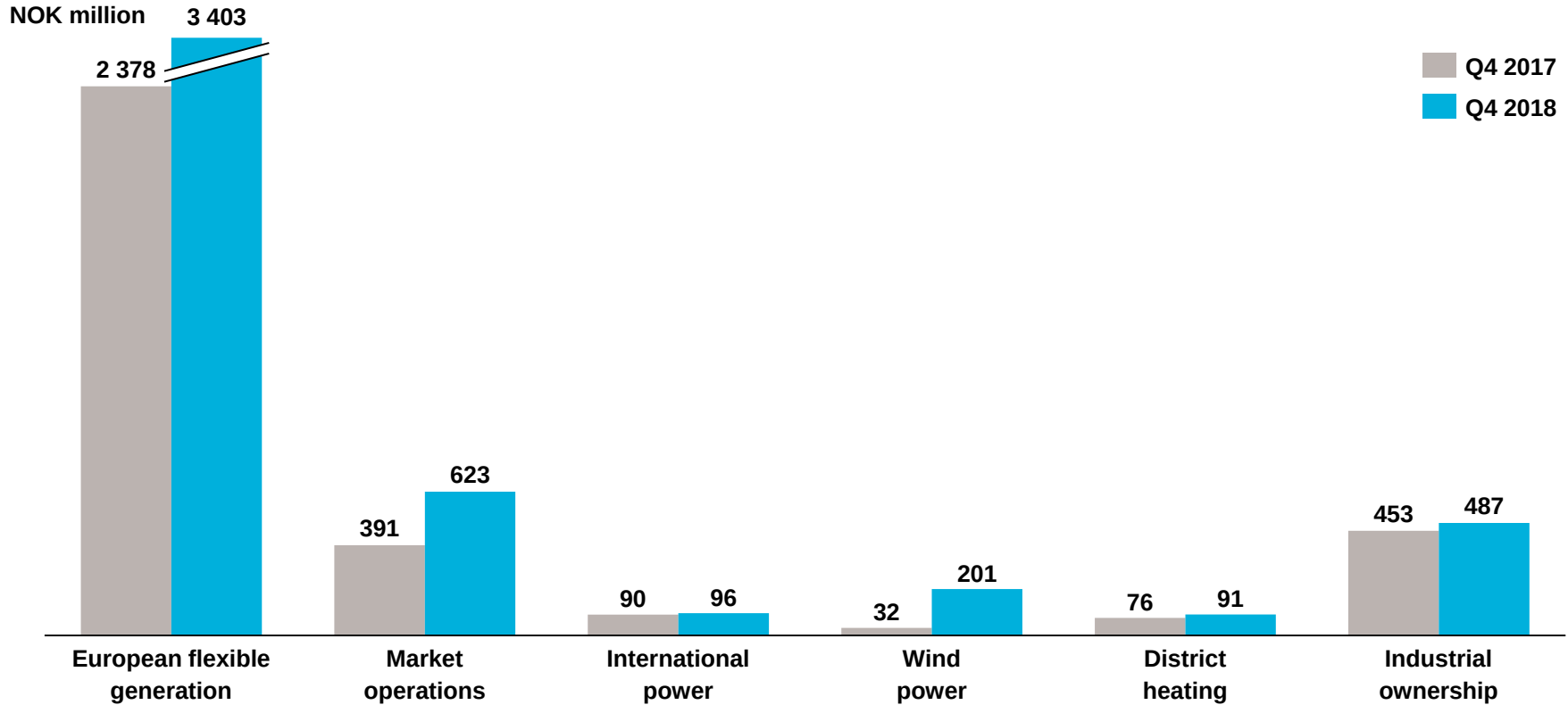


- ▶ Currency losses were mainly related to external debt denominated in EUR due to a weaker NOK

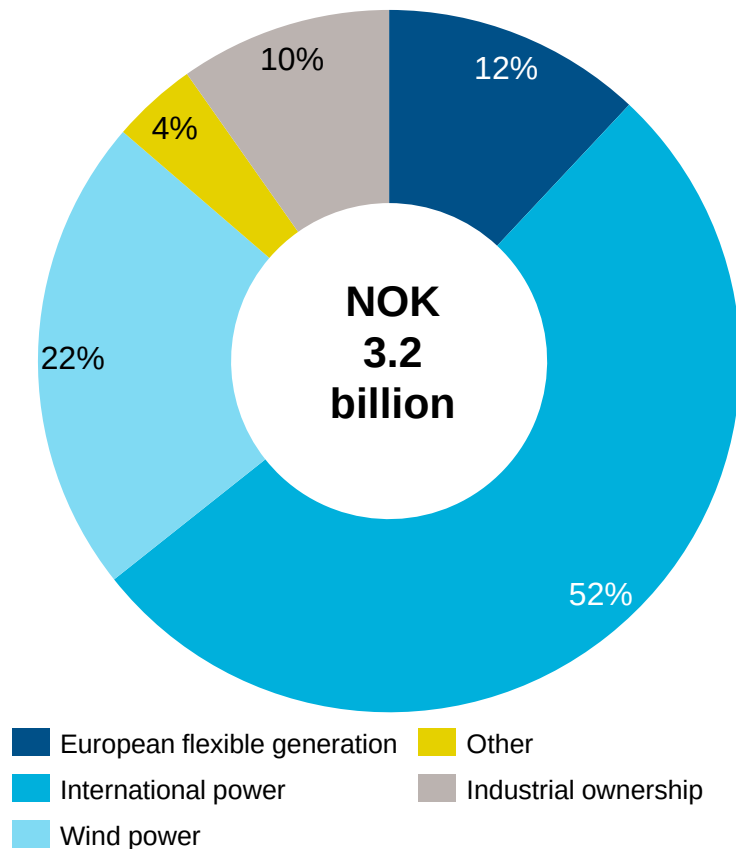
Q4 net profit breakdown



Q4 segment EBIT underlying



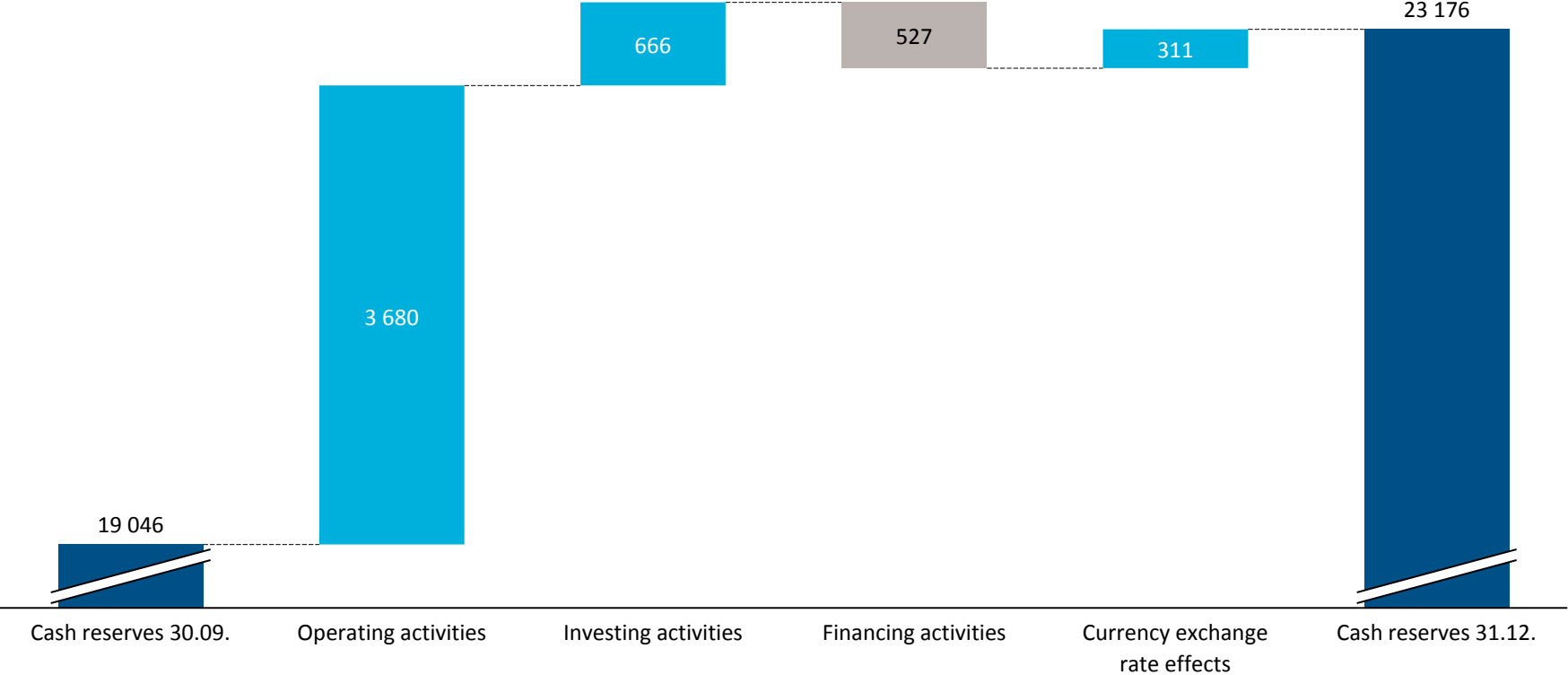
Q4 2018 capital expenditure



- ▶ Distribution of CAPEX in the quarter:
 - 26% new capacity investments
 - 18% maintenance/other investments
 - 55% shareholdings
- ▶ New hydropower capacity under construction in Albania and India
- ▶ Wind power developments in Norway
- ▶ Maintenance primarily related to Nordic hydropower
- ▶ Shareholding investments mainly related to acquisition in Brazil and Ireland/UK

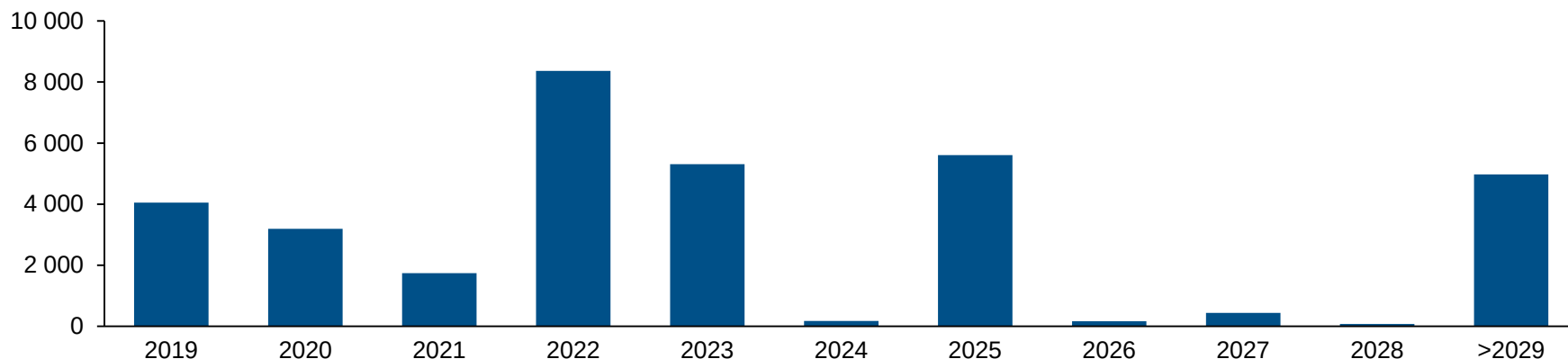
Cash flow in Q4

NOK million



Long-term debt repayment profile

NOK million



- ▶ NOK 12.9 billion in net interest-bearing debt
- ▶ Net interest-bearing debt-equity 11.6%
- ▶ Weighted average maturity: 4.7 years

Strong credit ratings

S&P Global
Ratings

A- / Stable

FitchRatings

BBB+ / Stable

- ▶ Maintaining current ratings with S&P and Fitch
- ▶ Strong support from the owner
- ▶ Rating impact assessment completed prior to new investment decisions
- ▶ Solid financial foundation for new investments

Summary



Andershaw wind farm, Scotland

- ▶ Solid underlying performance in the quarter
- ▶ Robust financial position
- ▶ Solid foundation for growth phase
- ▶ Investment plan with large degree of flexibility



THANK YOU

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