



Interim Report
Q1/2016
Statkraft AS



Key figures

NOK million	First quarter			Year
	2016	2015	Change	2015
From income statement ¹⁾				
Share of profit/loss in equity accounted investments	376	413	-38	683
Gross operating revenues, underlying	14 326	14 209	117	51 262
Net operating revenues, underlying	6 487	5 952	535	19 938
EBITDA, underlying	4 250	3 961	289	10 853
Operating profit, underlying	3 356	3 207	149	7 499
Operating profit, booked	2 763	2 689	74	4 497
Net financial items	1 176	2 987	-1 811	-5 318
Profit before tax	3 939	5 676	-1 737	-821
Net profit	2 389	3 683	-1 294	-2 370
EBITDA margin, underlying (%) ²⁾	29.7	27.9	1.8	21.2
ROACE, underlying (%) ³⁾	7.8	10.7	-2.8	7.9
Items excluded from the underlying operating profit				
Unrealised changes in value on energy contracts	-593	-518	-75	609
Significant non-recurring items	-	-	-	-3 610
Balance sheet and investments				
Total assets 31.03/31.12.	176 543	176 397	146	176 905
Equity	87 760	89 494	-1 734	88 340
Net interest bearing debt 31.03/31.12.	36 136	22 279	13 857	35 036
Capital employed 31.03/31.12. ⁴⁾	92 131	80 695	11 436	91 089
Total investments	1 689	2 490	-801	13 556
Cash Flow				
Cash flow from operating activities	535	3 276	-2 740	8 639
Cash and cash equivalents 31.03./31.12.	10 743	19 696	-8 953	9 056
Currency rates				
NOK/EUR average rate	9.53	8.73	0.80	8.94
NOK/EUR closing rate 31.03./31.12.	9.41	8.70	0.71	9.60

Definitions

¹⁾ Underlying items are adjusted for unrealised changes in value for energy contracts and significant non-recurring items, up to and including the operating profit.

²⁾ EBITDA margin, underlying (%): (Operating result before depreciation and amortisation x 100)/Gross operating revenues.

³⁾ ROACE, underlying (%): (Operating profit adjusted for share of profit/loss in equity accounted investments, unrealised changes in the value of energy contracts and significant non-recurring items x 100)/Average capital employed (rolling 12 months).

⁴⁾ Capital employed: Tangible fixed assets + Intangible assets + Non-interest-bearing receivables + Inventories - Payable tax - Other short-term and long-term interest-free debt + Group contribution allocated, not paid.

Table of Contents

Corporate social responsibility and HSE	2
Market and production	2
Financial performance	4
Segments	8
Outlook	13
Statkraft AS Group Interim Financial Statements	14



RECORD HIGH PRODUCTION



Statkraft's total power production was record high and gave a solid result.

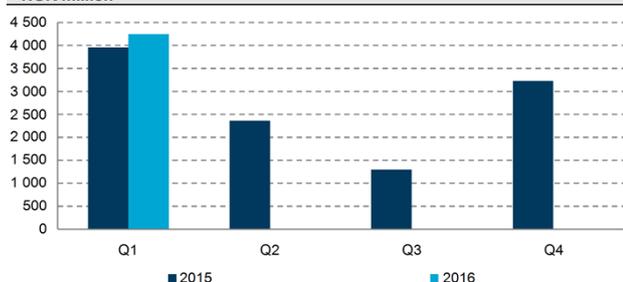
In the first quarter of 2016, Statkraft achieved an underlying operating profit before depreciation (EBITDA) of NOK 4250 million, an increase of NOK 289 million compared with the corresponding period in 2015. The net profit ended at NOK 2389 million. This was a decrease from the same quarter in 2015 which was dominated by large positive unrealised currency effects.

Statkraft's total production was record high and amounted to 19.4 TWh. Production in the Nordics was 17.9 TWh, which was an increase of 3.1 TWh compared with the same period last year. Statkraft has been able to utilise the flexibility in the production system to generate in periods with higher prices.

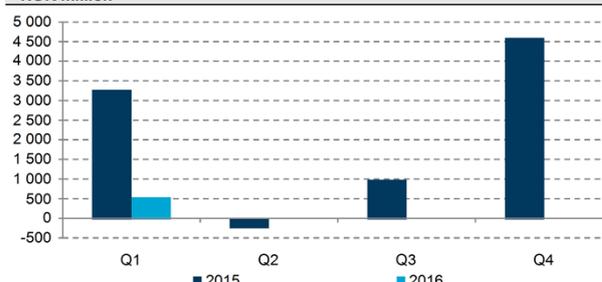
The average Nordic power price was 23.9 EUR/MWh in the first quarter. This was a decrease of 15% compared with 28.2 EUR/MWh in the corresponding quarter in 2015, but higher than the previous quarter. The increased hydropower production in Norway and Sweden more than counterbalanced the effect of lower prices in the corresponding period last year. New capacity from International hydropower contributed to further increase the EBITDA.

In the first quarter, Statkraft and its partners decided to invest in the 1000 MW wind power project comprising six onshore wind farms in Central Norway. Statkraft's share in the project is 52.1%. The construction work has started. The project is eligible for el certificates and commissioning will be completed in 2020.

EBITDA – underlying
NOK million



Cash flow from operating activities
NOK million



Corporate social responsibility and HSE

	First quarter		Year
	2016	2015	2015
Corporate social responsibility and HSE			
Fatalities ¹⁾	0	0	0
TRF rate Statkraft ¹⁾²⁾	3.7	4.7	5.9
Serious environmental incidents	0	0	0
Full-time equivalents; Group	3 761	3 390	3 795
Absence due to illness, Group (%)	3.3	3.6	3.0

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: Number of injuries per million hours worked.

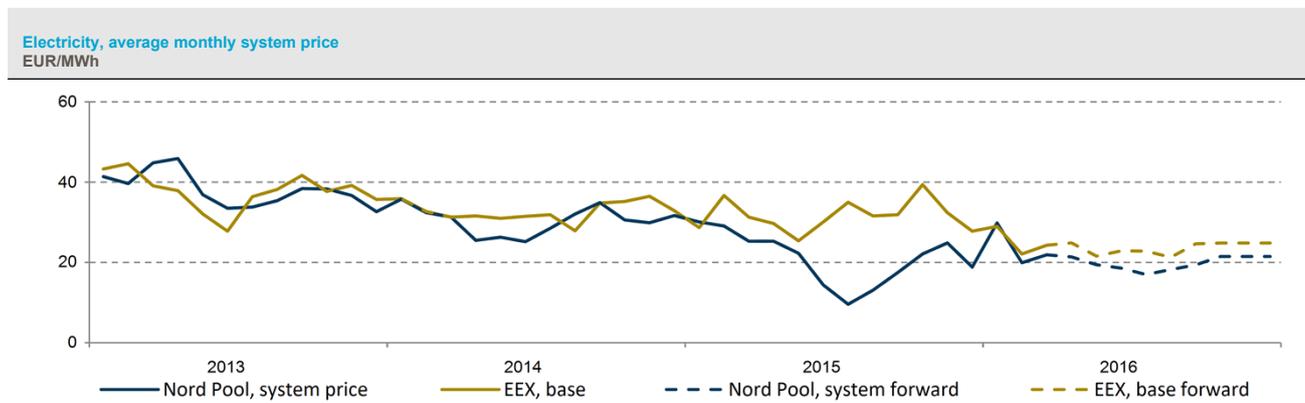
- The Group's TRF rate was 3.7 in the first quarter.
- There were no serious environmental incidents during this quarter.
- Absence due to illness was somewhat lower than in the first quarter of 2015.

Two serious injuries were reported in the first quarter 2016. A Statkraft employee in District heating suffered an eye injury after coming in contact with chemicals. In Agder Energi an employee was injured from a fall while undertaking construction work in a tunnel. Both accidents have been investigated and corrective actions have been initiated.

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 and commodity prices for thermal power generation.

POWER PRICES



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

The average system price in the Nordic region was 23.9 EUR/MWh in the quarter, a decrease of 15% compared with the same period in 2015. The price decrease in the first quarter was driven by a strengthened hydrological balance. Forward prices in the Nordic region increased in the short end of curve and decreased further out on the curve.

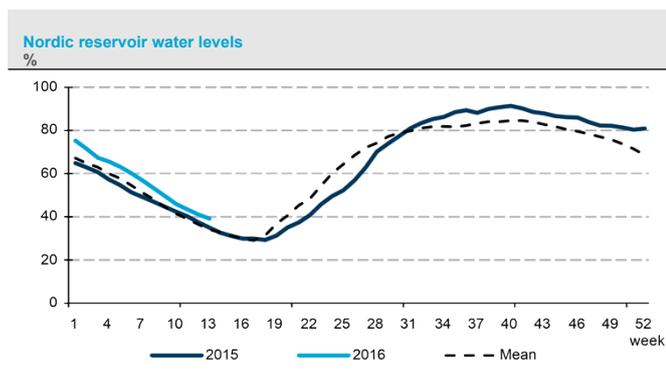
The average spot price in the German market (EEX) was 25.1 EUR/MWh in the quarter, a decrease of 22% compared with the same period in 2015. Power price development was influenced by falling fuel prices and an oversupplied ETS market. Forward prices in Germany fell somewhat during the quarter.

The average system price in the UK was 34.6 GBP/MWh in the quarter, a decrease of 18% compared with the same period in 2015. The decrease was driven by higher temperatures than normal and falling fuel prices.

EUR/MWh	First quarter			Year 2015
	2016	2015	Change	
Prices				
Average system price, Nord Pool	23.9	28.2	-4.3	21.0
Average spot price (base), EEX	25.1	32.2	-7.1	31.7
Average spot price (peak), EEX	32.1	41.1	-9.0	39.1
Average gas price, EGT	13.2	21.2	-8.0	19.9

Sources: Nord Pool, European Energy Exchange (EEX) and Eon Gas Trading (EGT).

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



TWh	First quarter		Year 2015
	2016	2015	
Consumption and output			
Nordic			
Nordic consumption	116.2	110.5	379.4
Nordic output	118.6	112.7	393.8
Net Nordic import(+)/export(-)	-2.3	-2.3	-14.4
Norway			
Norwegian consumption	40.8	38.6	130.1
Norwegian output	44.9	41.5	144.7
Net Norwegian import(+)/export(-)	-4.1	-2.9	-14.6

The inflow was higher than normal in the period. Total reservoir level in the Nordic region was 115% of normal level. The reservoirs were filled to 39.2% of capacity (34.9% in 2015), with a maximum reservoir capacity of 121.4 TWh at the end of the quarter.

In the first quarter, a net volume of 2.3 TWh was exported from the Nordic region, on par with the corresponding period in 2015.

STATKRAFT'S POWER PRODUCTION

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

TWh	First quarter		Year 2015
	2016	2015	
Production, technology			
Hydropower	18.6	14.9	53.1
Wind power	0.6	0.6	2.5
Gas power	0.2	0.1	0.5
Bio power	0.1	0.1	0.3
Total production	19.4	15.7	56.3

TWh	First quarter		Year 2015
	2016	2015	
Production, geography			
Norway	15.8	12.9	44.4
Nordic ex. Norway	2.1	1.9	7.2
Europe ex. Nordic	0.4	0.3	1.3
Rest of the world	1.2	0.6	3.4
Total production	19.4	15.7	56.3

The Group had a record high production of 19.4 TWh in the first quarter, an increase of 24% compared with the corresponding period in 2015. In addition, the Group's district heating production amounted to 0.4 TWh.

Financial performance

NOK million	First quarter			Year 2015
	2016	2015	Change	
Key figures				
Net operating revenues, underlying	6 487	5 952	535	19 938
EBITDA, underlying	4 250	3 961	289	10 853
Profit before tax	3 939	5 676	-1 737	-821
Net profit	2 389	3 683	-1 294	-2 370

FIRST QUARTER

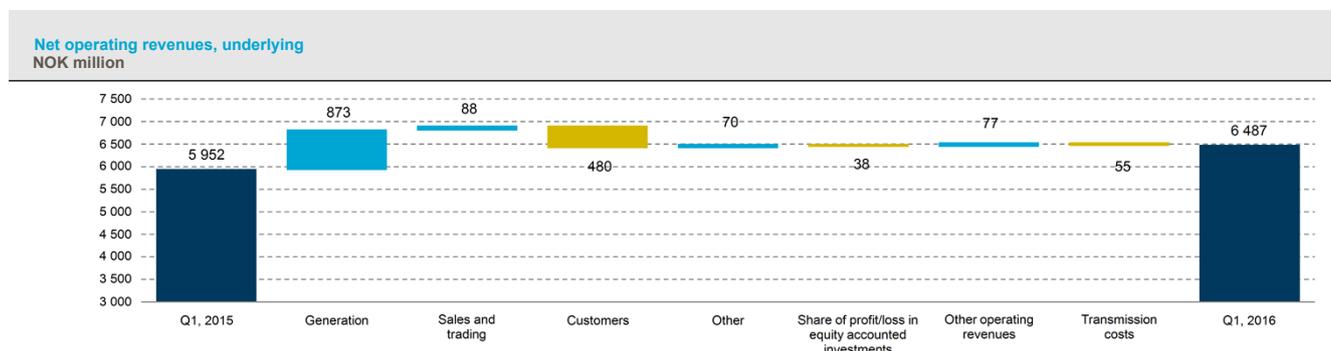
The quarterly report shows the development in the first quarter of 2016 compared with the first quarter of 2015, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2015.

GROSS OPERATING PROFIT (EBITDA) – UNDERLYING

The underlying EBITDA was NOK 4250 million, NOK 289 million higher than in the same quarter in 2015. The increase was primarily a result of higher Nordic hydropower production and increased contribution from the Group's international operations.

OPERATING REVENUES - UNDERLYING

NOK million	First quarter			Year 2015
	2016	2015	Change	
Net operating revenues, underlying				
Generation	5 409	4 656	754	15 391
Sales and trading	1 038	1 202	-164	4 267
Customers	6 666	7 237	-571	25 629
Other	559	500	59	4 010
Sales revenues	13 673	13 595	78	49 297
Share of profit/loss in equity accounted investments	376	413	-38	683
Other operating revenues	277	200	77	1 281
Gross operating revenues	14 326	14 209	117	51 262
Generation	-112	-231	119	-750
Sales and trading	-735	-986	251	-3 683
Customers	-6 492	-6 583	92	-25 335
Other	-136	-146	10	-443
Energy purchase	-7 474	-7 947	473	-30 212
Transmission costs	-364	-309	-55	-1 112
Net operating revenues	6 487	5 952	535	19 938



In the graph above Generation, Sales and trading, Customers and Other are shown as sales revenues less energy purchase

- Net generation revenues have increased compared to corresponding quarter in 2015 mainly due to higher production in Nordic hydro assets and new capacity in International hydropower.
- Net customer revenues have decreased compared to corresponding quarter in 2015 mainly due to low profitability from origination portfolios.
- Net other revenues have increased compared to corresponding quarter in 2015 mainly due to higher distribution grid revenue sales in Norway and Peru.

- Share of profit/loss in equity accounted investments have decreased compared to corresponding quarter in 2015, mainly due to lower spot prices in the Nordic market.
- Other operating revenues have increased compared to corresponding quarter in 2015 due to various minor items.
- Transmission costs have increased compared to corresponding quarter in 2015 due to higher production.

OPERATING EXPENSES - UNDERLYING

NOK million	First quarter			Year
	2016	2015	Change	2015
Operating expenses, underlying				
Salaries and payroll costs	-975	-853	-122	-3 545
Depreciation	-894	-754	-140	-3 354
Property tax and licence fees	-416	-416	0	-1 679
Other operating expenses	-846	-723	-123	-3 861
Operating expenses	-3 131	-2 745	-385	-12 440

- Operating expenses were higher due to increased activity within International hydropower, mainly related to acquisitions in Brazil and Chile.
- Operating expenses also increased in Wind power due to the onshore wind projects in Central-Norway and restructuring costs within offshore wind.
- A weaker NOK contributed to a further increase in operating expenses.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING RESULT

Unrealised changes in value on energy contracts and significant non-recurring items have been excluded from the underlying operating profit. The unrealised changes in value are partly due to the Group's energy contracts being indexed against various commodities, currencies and other indexes.

NOK million	First quarter			Year
	2016	2015	Change	2015
Items excluded from the underlying operating profit				
Unrealised changes in value of energy contracts	-593	-518	-75	609
Significant non-recurring items	-	-	-	-3 610
Gain from sale of assets	-	-	-	226
Impairments	-	-	-	-3 836

- There was a negative development on long-term power sales agreements denominated in EUR due to a stronger NOK against EUR. There was also a negative development on long term contracts in Brazil. In addition there was realisation of profits on some of the other energy contracts included in this table.

FINANCIAL ITEMS

NOK million	First quarter			Year
	2016	2015	Change	2015
Financial items				
Interest income	76	95	-19	378
Other financial income	5	7	-2	43
Gross financial income	81	102	-21	421
Interest expenses	-316	-246	-70	-1 322
Other financial expenses	-50	-179	129	-736
Gross financial expenses	-366	-425	59	-2 058
Currency gains and losses	1 316	3 480	-2 164	-3 445
Other financial items	144	-170	315	-237
Net financial items	1 176	2 987	-1 811	-5 318

- Interest income decreased by NOK 19 million, mainly due to lower average liquidity.
- Interest expenses increased by NOK 70 million, mainly due to lower capitalisation of borrowing costs in projects and increased debt.
- Other financial expenses fell by NOK 129 million, mainly as a result of costs related to refinancing in Peru in first quarter 2015.
- Net currency effects in the first quarter amounted to NOK 1316 million, primarily related to a strengthening of NOK against EUR and GBP. Strengthening of EUR against GBP, and strengthening of NOK against USD reduced the positive effect.
- Other financial items included gains on interest rate derivatives and obligations linked to equity instruments.

TAXES

A tax expense of NOK 1550 million was recorded in the first quarter (NOK 1993 million). The decrease in tax expense is mainly due to lower profit before tax, partly offset by higher resource rent tax payable.

RETURN

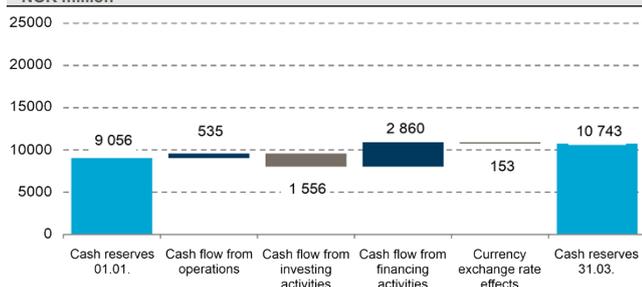
ROACE – underlying, last 12 months



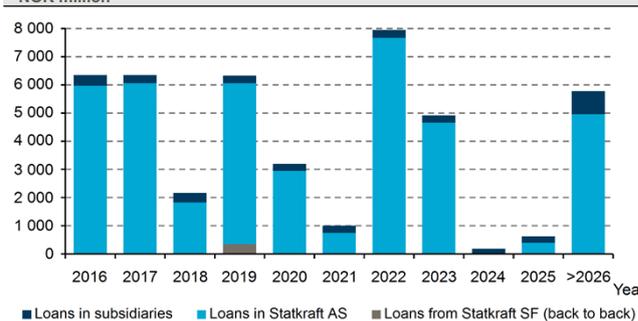
ROACE¹⁾ was on par with the year 2015. Higher underlying operating profit for the previous twelve months was offset by an increase in average capital employed.

CASH FLOW AND CAPITAL STRUCTURE

Cash flow year to date 2016
NOK million



Long-term debt, redemption profile
NOK million



Cash flow

- Cash flow from operating activities amounted to NOK 535 million (NOK 3276 million). Net income²⁾, adjusted for non-cash effects, were NOK 1738 million (NOK 5010 million) including changes in short and long term items. The changes in short and long term items had an effect of NOK -850 million (NOK 2665 million), of which short-term items were NOK -726 million (NOK 2695 million). The change in short term items was mainly related to working capital and cash collateral. Taxes paid were NOK -1223 million (NOK -1741 million) and cash effect from dividend from equity accounted investments were NOK 20 million (NOK 7 million)
- Net investments³⁾ amounted to NOK -1556 million (NOK -1736 million). This was primarily investments in property, plant and equipment totaling NOK -1622 million (NOK -1715 million) and repayment of loans from third parties of NOK 128 million (NOK 100 million)
- The net liquidity change from financing amounted to NOK 2860 million (NOK 5474 million). New debt totalled NOK 2903 million (NOK 7604 million), while repayment of debt was NOK -43 million (NOK -1976 million).

Financial structure

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

- Net interest-bearing debt⁴⁾ totalled NOK 36 136 million, compared with NOK 35 036 million at the beginning of the year. The increase was primarily related to new debt in Statkraft AS
- The net interest-bearing debt-equity ratio was 29.2%, compared with 28.4% at year-end 2015.
- Current assets, except cash and cash equivalents, amounted to NOK 19 677 million.

¹⁾ ROACE (%): (Operating profit adjusted for share of profit/loss in equity accounted investments, unrealised changes in the value of energy contracts and significant non-recurring items x 100) / average capital employed.

²⁾ Net income: cash flow from operations excluding taxes paid and cash effects from equity accounted investments.

³⁾ Net investments include investments paid at the end of the quarter, payments received from sale of non-current assets, net liquidity out from the Group upon acquisition of activities and repayment and disbursement of loans.

⁴⁾ Net interest-bearing debt: Gross interest-bearing liabilities – bank deposits, cash in hand and similar excluding restricted funds – short-term financial investments.

- Short-term interest-free debt was NOK 16 998 million.
- Statkraft's equity totalled NOK 87 760 million, compared with NOK 88 340 million at the start of the year. This corresponds to 49.7% of total assets.

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 1689 million. Maintenance investments and other investments were primarily related to Nordic hydropower. Investments in new capacity were mainly within hydropower developments in Albania, as well as wind power developments in Sweden and the UK.

NOK mill.	First quarter 2016	The year 2015
Maintenance investments and other investments		
European flexible generation	245	1 413
International hydropower	43	104
Wind power	2	-30
District heating	1	10
Industrial ownership	81	404
Other activities	8	68
Total	379	1 969
Investment in new capacity		
European flexible generation	134	741
International hydropower	290	3 048
Wind power	778	3 335
District heating	14	272
Industrial ownership	57	281
Other activities	-	120
Total	1 273	7 797
Investment in shareholdings		
Market operations	-	25
International hydropower	3	3 399
Wind power	32	101
District heating	-	18
Other activities	2	247
Total	37	3 790

Projects in consolidated operations

First quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion
Completed projects in the period					
Main projects under construction					
Hydropower	Nedre Røssåga, phase 1	Norway	-	100%	2017 Q4
	Nedre Røssåga, phase 2	Norway	100	100%	2016 Q4
	Øvre Røssåga	Norway	-	100%	2019 Q2
	Cetin ²⁾	Turkey	517	100%	2019 Q1
	Devoll - Banja	Albania	72	100%	2016 Q4
	Devoll - Moglice	Albania	184	100%	2019 Q2
Wind power	Fosen ³⁾	Norway	1 000	52.1 %	2020 Q4
	Dudgeon	UK	402	30%	2017 Q4
	Andershaw	UK	36	100%	2016 Q4
District heating	Moss	Norway	21	100%	2016 Q4

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

²⁾ Currently suspended, sales process initiated.

³⁾ The project consists of six windfarms with planned completion between Q4 2018 and Q4 2020.

Segments

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.

In 2016 Statkraft has changed the segment structure. The two former segments Nordic Hydropower and Continental Energy and Trading are replaced by European Flexible Generation and Market Operations. The reason for changing the segments is to make sure that the reporting structure is aligned with the strategic focus areas and the key priorities within the Group. The developed strategy has led to a clearer distinction between power generating assets and market operations.

The new European Flexible Generation segment mainly consists of the hydropower business in the Nordic region, Germany and the United Kingdom, as well as the gas power plants, the subsea cable Baltic Cable and the bio-power plants in Germany. The main focus for the segment is to maximise the long-term value of the asset base.

The new Market Operations segment mainly consists of market access, trading and origination activities. The activities will gradually increase to create new business opportunities in a changing European market. In addition, Statkraft aims to develop market operations in selected international markets where the Group owns assets.

The other segments are not changed compared to previous years.

The comparable figures are restated.

First quarter	Statkraft AS Group	European flexible generation	Market operations	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
From income statement									
Gross operating revenues, underlying	14 326	4 483	6 310	704	253	275	2 549	212	-460
Net operating revenues, underlying	6 487	4 051	185	643	244	185	1 289	212	-322
EBITDA, underlying	4 250	2 920	-27	411	58	115	914	-85	-56
Operating profit, underlying	3 356	2 475	-31	255	-38	72	780	-101	-56
Operating profit, booked	2 763	1 962	-232	255	-38	72	792	-69	21
EBITDA-margin (%), underlying	29.7	65.1	-0.4	58.4	22.8	41.9	35.9	N/A	N/A
Maintenance investments and other investments	379	245	-	43	2	1	81	8	-
Investments in new capacity	1 273	134	-	290	778	14	57	-	-
Investments in shareholdings	37	-	-	3	32	-	-	2	-
Production									
Production, volume sold (TWh)	19.4	15.7	-	1.2	0.5	-	1.9	-	-
- whereof hydropower (TWh)	18.6	15.5	-	1.2	-	-	1.9	-	-
- whereof wind power (TWh)	0.6	-	-	0.1	0.5	-	-	-	-
- whereof gas power (TWh)	0.2	0.2	-	-	-	-	-	-	-
- whereof bio power (TWh)	0.1	0.1	-	-	-	-	-	-	-
Production, district heating (TWh)	0.4	-	-	-	-	0.4	0.0	-	-

EUROPEAN FLEXIBLE GENERATION

NOK million	First quarter		Year
	2016	2015	2015
Sales revenues, underlying	4 294	3 798	12 679
Share of profit/loss in equity accounted investments	-	-	-
Other operating revenues, underlying	189	137	685
Gross operating revenues, underlying	4 483	3 935	13 364
Net operating revenues, underlying	4 051	3 381	11 636
EBITDA, underlying	2 920	2 446	7 427
Operating profit, underlying	2 475	2 029	5 664
Unrealised value changes energy contracts	-513	-636	557
Significant non-recurring items	-	-	-
Operating profit, booked	1 962	1 392	6 221
Maintenance investments and other investments	245	417	1 413
Investments in new capacity	134	140	741
Investments in shareholdings	-	2	-
Production, volume sold (TWh)	15.7	12.7	44.6

Highlights in the quarter

- The Norwegian Water Resources and Energy Directorate (NVE) granted Naturkraft permission to shut down the Kårstø gas power plant.

Quarterly financial performance

- Underlying EBITDA was higher than in the same quarter of 2015, mainly due to higher production. Nordic power prices were lower in EUR/MWh, but this was partly offset by a weaker NOK compared to EUR. Operating expenses were higher, partly due to currency effects from a weaker NOK.

Quarterly investments

- Investments were mainly related to Nedre Røssåga, Lio and Ringedalen power stations.

MARKET OPERATIONS

NOK million	First quarter		Year
	2016	2015	2015
Sales revenues, underlying	6 287	7 264	28 399
Share of profit/loss in equity accounted investments	-	-	-
Other operating revenues, underlying	24	35	124
Gross operating revenues, underlying	6 310	7 300	28 524
Net operating revenues, underlying	185	702	2 052
EBITDA, underlying	-27	509	1 062
Operating profit, underlying	-31	492	1 024
Unrealised value changes energy contracts	-201	-63	-471
Significant non-recurring items	-	-	-
Operating profit, booked	-232	429	553
Maintenance investments and other investments	-	-	-
Investments in new capacity	-	-	-
Investments in shareholdings	-	-	25
Production, volume sold (TWh)	-	-	-

Highlights in the quarter

- The first solar leasing deal in India was closed in February. The power purchase agreement is covering a period of 25 years.

Quarterly financial performance

- Underlying EBITDA was lower compared with the same quarter of 2015 mainly due to lower results from trading and origination.

INTERNATIONAL HYDROPOWER

NOK million	First quarter		Year
	2016	2015	2015
Sales revenues, underlying	623	293	1 715
Share of profit/loss in equity accounted investments	49	6	-196
Other operating revenues, underlying	32	3	81
Gross operating revenues, underlying	704	302	1 600
Net operating revenues, underlying	643	275	1 378
EBITDA, underlying	411	130	572
Operating profit, underlying	255	85	181
Unrealised value changes energy contracts	-	-	-
Significant non-recurring items	-	-	-2 086
Operating profit, booked	255	85	-1 905
Maintenance investments and other investments	43	13	104
Investments in new capacity	290	456	3 048
Investments in shareholdings	3	-	3 399
Production, volume sold (TWh)	1.2	0.6	3.6

Quarterly financial performance

- The increase in underlying EBITDA compared with the first quarter of 2015 was related to the consolidation of the activities from the additional acquisitions of 40.65% of Statkraft Energias Renováveis (SKER) in Brazil and contribution from the Cheves project in Peru and the Kargi project in Turkey in combination with positive currency effects.
- The increase in share of profit/loss in equity accounted investments was primarily related to reduced transmission costs in India.

Quarterly investments

- Investments in new capacity were mainly related to the hydropower developments in Albania.

WIND POWER

NOK million	First quarter		Year
	2016	2015	2015
Sales revenues, underlying	161	162	587
Share of profit/loss in equity accounted investments	49	65	55
Other operating revenues, underlying	43	23	114
Gross operating revenues, underlying	253	250	755
Net operating revenues, underlying	244	243	712
EBITDA, underlying	58	116	76
Operating profit, underlying	-38	32	-257
Unrealised value changes energy contracts	-	-	-
Significant non-recurring items	-	-	-1 750
Operating profit, booked	-38	32	-2 008
Maintenance investments and other investments	2	1	-30
Investments in new capacity	778	849	3 335
Investments in shareholdings	32	98	101
Production, volume sold (TWh)	0.5	0.6	2.2

Highlights in the quarter

- Statkraft, TrønderEnergi and the European investor consortium Nordic Wind Power decided to build 1000 MW onshore wind power in Central-Norway. The construction has started. Once completed and commissioned in 2020, the Fosen project is expected to generate 3.4 TWh annually.

Quarterly financial performance

- The underlying EBITDA was negatively affected by both lower power prices and lower onshore power production due to low wind speeds compared to Q1 2015. In addition, one-off restructuring costs due to change in the offshore wind strategy had a negative effect. However, a new wind farm in operation had a positive contribution to the segment's EBITDA.

Quarterly investments

- The investments were mainly related to Dudgeon offshore wind farm outside the coast of the UK. In addition, there were investments related to onshore wind farms in Sweden and the UK.

DISTRICT HEATING

NOK million	First quarter		Year
	2016	2015	2015
Sales revenues, underlying	274	224	629
Share of profit/loss in equity accounted investments	-	-	1
Other operating revenues, underlying	1	1	5
Gross operating revenues, underlying	275	224	636
Net operating revenues, underlying	185	158	465
EBITDA, underlying	115	94	213
Operating profit, underlying	72	55	50
Unrealised value changes energy contracts	-	-	-
Significant non-recurring items	-	-	-
Operating profit, booked	72	55	50
Maintenance investments and other investments	1	2	10
Investments in new capacity	14	70	272
Investments in shareholdings	-	-	18
Production, volume sold (TWh)	0.4	0.3	0.8

Highlights in the quarter

- Completed reconstruction of peak load in Åmål in Sweden. After this, Statkraft's heating production in Sweden is fossil free in normal years.

Quarterly financial performance

- EBITDA was higher than the same quarter in 2015 primarily due to higher volume delivered to customers, the acquisition of Gardermoen, better price on waste handling, high availability and good fuel mix.

Quarterly investments

- The investments were primarily related to pipelines in existing activities.

INDUSTRIAL OWNERSHIP¹⁾

NOK million	First quarter		Year
	2016	2015	2015
Sales revenues, underlying	2 229	2 028	5 796
Share of profit/loss in equity accounted investments	282	342	835
Other operating revenues, underlying	38	55	344
Gross operating revenues, underlying	2 549	2 425	6 975
Net operating revenues, underlying	1 289	1 278	3 820
EBITDA, underlying	914	870	2 171
Operating profit, underlying	780	746	1 627
Unrealised value changes energy contracts	13	112	359
Significant non-recurring items	-	-	-
Operating profit, booked	792	858	1 986
Maintenance investments and other investments	81	86	404
Investments in new capacity	57	60	281
Investments in shareholdings	-	-	-
Production, volume sold (TWh)	1.9	1.7	5.5

¹⁾ Industrial ownership includes the shareholdings in Skagerak Energi, Fjordkraft, BKK, Agder Energi and Istad. The two former companies are included in the consolidated financial statements, while the other three companies are reported as associated companies.

Highlights in the quarter

- BKK has entered into a contract with Statnett to sell its existing central grid assets.

Quarterly financial performance

- The increase in underlying EBITDA compared with the first quarter in 2015 was related to higher income from generation and grid operations.
- The share of profit in equity accounted investments decreased as a result of lower power prices.

Quarterly investments

- Investments in new capacity and maintenance were mainly related to transmission grid.

OTHER ACTIVITIES¹⁾

NOK million	First quarter		Year
	2016	2015	2015
Sales revenues, underlying	-12	-27	-27
Share of profit/loss in equity accounted investments	-4	-	-12
Other operating revenues, underlying	227	143	756
Gross operating revenues, underlying	212	115	716
Net operating revenues, underlying	212	113	707
EBITDA, underlying	-85	-203	-679
Operating profit, underlying	-101	-231	-801
Unrealised value changes energy contracts	32	54	138
Significant non-recurring items	-	-	226
Operating profit, booked	-69	-177	-437
Maintenance investments and other investments	8	12	68
Investments in new capacity	-	38	120
Investments in shareholdings	2	246	247
Production, volume sold (TWh)	-	0.1	0.4

¹⁾ Other activities includes innovation and Group functions. Small-scale hydropower was included in 2015.

Highlights in the quarter

- On 11 March, Statkraft issued a EUR 200 million bond with a maturity of 2 years.

Quarterly financial performance

- The increase in EBITDA in the first quarter was mainly due to increased internal invoicing.

Quarterly investments

- Other investments in the quarter were mainly related to office facilities and IT.

Outlook

Low European power prices and a power surplus in the Nordic region have resulted in a low Nordic power price level. However, a significant share of the Group's power generation is sold through long-term power contracts which help to stabilise the Group's revenues in the coming years.

In several emerging markets there is a rising demand for energy. Based on Statkraft's core expertise, this provides opportunities for value creation within renewable energy. The acquisitions in Chile and Brazil and completion of new hydropower plants in 2015 have strengthened Statkraft's position and will result in increased income from the Group's international operations.

Statkraft will continue to adapt the investment level to the financial capacity.

Oslo, 27 April 2016
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

NOK million	First quarter		The year
	2016	2015	2015
COMPREHENSIVE INCOME			
PROFIT AND LOSS			
Sales revenues	13 505	13 032	51 586
Share of profit/loss in equity accounted investments	376	413	683
Other operating revenues	277	200	1 507
Gross operating revenues	14 158	13 645	53 777
Energy purchase	-7 899	-7 902	-31 892
Transmission costs	-364	-309	-1 112
Net operating revenues	5 894	5 434	20 773
Salaries and payroll costs	-975	-853	-3 545
Depreciation, amortisation and impairments	-894	-754	-6 401
Property tax and licence fees	-416	-416	-1 679
Other operating expenses	-846	-723	-4 650
Operating expenses	-3 131	-2 746	-16 276
Operating profit/loss	2 763	2 689	4 497
Financial income	81	102	421
Financial expenses	-366	-425	-2 058
Net currency effects	1 316	3 480	-3 445
Other financial items	144	-170	-237
Net financial items	1 176	2 987	-5 318
Profit/loss before tax	3 939	5 676	-821
Tax expense	-1 550	-1 993	-1 548
Net profit/loss	2 389	3 683	-2 370
Of which non-controlling interest	133	206	-598
Of which majority interest	2 256	3 477	-1 772
OTHER COMPREHENSIVE INCOME			
Items in other comprehensive income that recycle over profit/loss:			
Changes in fair value of financial instruments	526	260	-937
Income tax related to changes in fair value of financial instruments	-134	-130	142
Items recorded in other comprehensive income in equity accounted investments	137	-133	204
Currency translation effects	-2 673	-2 228	6 138
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	772
Items in other comprehensive income that will not recycle over profit/loss:			
Estimate deviation pensions	-	-	758
Income tax related to estimate deviation pensions	-	-	-314
Other comprehensive income	-2 145	-2 230	6 761
Comprehensive income	244	1 453	4 392
Of which non-controlling interest	39	474	-133
Of which majority interest	205	979	4 525

NOK million	31.03.2016	31.03.2015	31.12.2015
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	5 513	3 086	5 822
Property, plant and equipment	110 320	99 931	111 207
Equity accounted investments	19 124	19 779	19 388
Other non-current financial assets	6 493	6 867	7 874
Derivatives	4 673	5 168	4 675
Non-current assets	146 123	134 831	148 966
Inventories	2 018	2 663	1 044
Receivables	9 582	12 396	10 675
Short-term financial investments	495	467	513
Derivatives	7 583	6 344	6 651
Cash and cash equivalents (included restricted cash)	10 743	19 696	9 056
Current assets	30 420	41 567	27 940
Assets	176 543	176 397	176 905
EQUITY AND LIABILITIES			
Paid-in capital	57 111	56 361	57 111
Retained earnings	22 992	24 854	22 787
Non-controlling interest	7 657	8 279	8 443
Equity	87 760	89 494	88 340
Provisions	20 667	18 817	21 228
Long-term interest-bearing liabilities	38 760	32 752	37 410
Derivatives	3 745	3 191	3 736
Long-term liabilities	63 172	54 761	62 374
Short-term interest-bearing liabilities	8 613	9 690	7 196
Taxes payable	2 682	3 364	2 825
Other interest-free liabilities	9 991	13 390	10 781
Derivatives	4 325	5 698	5 388
Current liabilities	25 611	32 143	26 190
Equity and liabilities	176 543	176 397	176 905

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 01.01.2015	56 361	-2 421	21 641	4 654	23 876	80 235	7 823	88 059
Net profit/loss	-	-	3 477	-	3 477	3 477	206	3 683
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-	260	-	260	260	-	260
Income tax related to changes in fair value of financial instruments	-	-	-110	-	-110	-110	-20	-130
Items recorded in other comprehensive income in equity accounted investments	-	-	-133	-	-133	-133	-	-133
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	-	-	-	-	-
Currency translation effects	-	-	-	-2 515	-2 515	-2 515	287	-2 228
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	-	-	-	-	-	-
Income tax related to estimate deviation pensions	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	3 495	-2 515	979	979	474	1 453
Dividend and Group contribution paid	-	-	-	-	-	-	-154	-154
Business combinations/divestments	-	-	-	-	-	-	-	-
Liability of the option to increase shareholding in subsidiary	-	-	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-	136	136
Balance as of 31.03.2015	56 361	-2 421	25 136	2 139	24 854	81 215	8 279	89 494
Balance as of 01.01.2015	56 361	-1 662	21 641	4 654	14 328	63 338	7 823	71 107
Net profit/loss	-	-	-1 772	-	-1 772	-1 772	-598	-2 370
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-925	-	-	-925	-925	-12	-937
Income tax related to changes in fair value of financial instruments	-	149	-	-	149	149	-7	142
Items recorded in other comprehensive income in equity accounted investments	-	204	-	-	204	204	-	204
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	772	772	772	-	772
Currency translation effects	-	-	-	5 732	5 732	5 732	406	6 138
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	637	-	637	637	120	758
Income tax related to estimate deviation pensions	-	-	-273	-	-273	-273	-42	-314
Total comprehensive income for the period	-	-572	-1 407	6 504	4 525	4 525	-133	4 392
Dividend and Group contribution paid	-	-	-5 600	-	-5 600	-5 600	-307	-5 907
Business combinations/divestments	-	-	-	-	-	-	318	318
Capital increase	750	-	-	-	-	750	756	1 506
Balance as of 31.12.2015	57 111	-2 993	14 622	11 158	22 787	79 898	8 443	88 340
Net profit/loss	-	-	2 256	-	2 256	2 256	133	2 389
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	511	-	-	511	511	15	526
Income tax related to changes in fair value of financial instruments	-	-130	-	-	-130	-130	-4	-134
Items recorded in other comprehensive income in equity accounted investments	-	137	-	-	137	137	-	137
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	-2 568	-2 568	-2 568	-105	-2 673
Items in OCI that will not recycle over profit/loss:								
Total comprehensive income for the period	-	517	2 256	-2 568	205	205	39	244
Reclassification of loan to non-controlling interests ¹⁾	-	-	-	-	-	-	-825	-825
Balance as of 31.03.2016	57 111	-2 475	16 878	8 590	22 992	80 104	7 657	87 760

¹⁾ Statkraft has reassessed its arrangements with one non-controlling shareholder and has reclassified a receivable towards such shareholder of NOK 825 million from 'non-current assets to a reduction of non-controlling interests in equity.

NOK million	First quarter 2016	2015	The year 2015
STATEMENT OF CASH FLOW			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	3 939	5 676	-821
Profit/loss on disposal of non-current assets	-18	6	43
Depreciation, amortisation and impairments	894	754	6 401
Profit/loss from the sale of business	-	-	-221
Profit/loss from the sale of shares and equity accounted investments	-1	-	471
Share of profit/loss in equity accounted investments	-376	-413	-683
Realised currency effect from internal loans ¹⁾	-565	-734	2 635
Unrealised changes in value	-1 285	-2 944	-1 308
Changes in long term items	-124	-30	410
Changes in short term items ¹⁾	-726	2 695	4 241
Dividend from equity accounted investments	20	7	534
Taxes	-1 223	-1 741	-3 062
Cash flow from operating activities	A	535	3 276
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment ²⁾	-1 622	-1 715	-8 720
Proceeds from sale of non-current assets	23	11	152
Business divestments net liquidity inflow to the Group	-	-	1 691
Business combinations and asset purchase, net liquidity outflow from the Group	-32	-9	-2 889
Loans to third parties	-46	-1	-407
Repayment of loans from third parties	128	100	628
Considerations regarding investments in other companies	-6	-123	-289
Cash flow from investing activities	B	-1 556	-9 834
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	2 903	7 604	14 409
Repayment of debt	-43	-1 976	-11 864
Dividend and group contribution paid	-	-154	-5 157
Share issue in subsidiary to non-controlling interests	-	-	9
Cash flow from financing activities	C	2 860	5 474
Net change in cash and cash equivalents	A+B+C	1 839	7 013
Currency exchange rate effects on cash and cash equivalents	-153	18	190
Cash and cash equivalents 01.01	9 056	12 663	12 663
Cash and cash equivalents 31.03/31.12 ³⁾	10 743	19 696	9 056
Unused committed credit lines	12 000	12 000	13 000
Unused overdraft facilities	2 215	2 200	2 200
Restricted Cash	-	-	-

¹⁾ Realised currency effects from internal loans are shown on a separate line. Previous periods, these effects have been shown as part of changes in short term items.

²⁾ Investments in the cash flow are NOK 30 million lower than investments in fixed assets in the segment reporting due to acquisition of assets not paid as of first quarter 2016.

³⁾ Included in cash and cash equivalents are NOK 507 million related to joint operations as of first quarter 2016

NOK million	Statkraft AS Group	European flexible generation	Market operations	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
First quarter 2016									
Operating revenue external, underlying	13 782	4 425	6 330	653	22	275	2 247	16	-186
Operating revenue internal, underlying	-	58	-20	2	182	-	20	200	-442
Share of profit/loss in equity accounted investments	376	-	-	49	49	-	282	-4	-
Gross operating revenues, underlying	14 158	4 483	6 310	704	253	275	2 549	212	-628
Net operating revenues, underlying	5 894	4 051	185	643	244	185	1 289	212	-915
Operating profit/loss, underlying	2 763	2 475	-31	255	-38	72	780	-101	-649
Unrealised value change energy derivatives	-	-513	-201	-	-	-	13	32	669
Non-recurring items	-	-	-	-	-	-	-	-	-
Operating profit/loss	2 763	1 962	-232	255	-38	72	792	-69	21
Balance sheet 31.03.2016									
Equity accounted investments	19 124	-	12	5 788	3 243	8	10 056	13	4
Other assets	157 419	61 829	114	27 441	9 683	3 575	15 223	27 699	11 855
Total assets	176 543	61 829	126	33 229	12 926	3 583	25 279	27 712	11 859
Depreciations, amortisation and impairments	-894	-444	-4	-156	-95	-43	-134	-17	-2
Maintenance investments and other investments	379	245	-	43	2	1	81	8	-2
Investments in new generating capacity	1 273	134	-	290	778	14	57	-	-
Investments in other companies	37	-	-	3	32	-	-	2	-
First quarter 2015									
Operating revenue external, underlying	13 232	3 939	6 502	296	-129	220	2 069	-19	354
Operating revenue internal, underlying	-	-4	798	-	314	4	14	134	-1 260
Share of profit/loss in equity accounted investments	413	-	-	6	65	-	342	-	-
Gross operating revenues, underlying	13 645	3 935	7 300	302	250	224	2 425	115	-906
Net operating revenues, underlying	5 434	3 381	702	275	243	158	1 278	113	-716
Operating profit/loss, underlying	2 689	2 029	492	85	32	55	746	-231	-519
Unrealised value change energy derivatives	-	-636	-63	-	-	-	112	54	533
Non-recurring items	-	-	-	-	-	-	-	-	-
Operating profit/loss	2 689	1 392	429	85	32	55	858	-177	15
Balance sheet 31.03.2015									
Equity accounted investments	19 779	-	-	7 148	3 363	8	9 230	26	4
Other assets	156 618	60 029	19	17 021	8 302	3 387	14 871	26 077	26 911
Total assets	176 397	60 029	19	24 169	11 665	3 395	24 101	26 103	26 915
Depreciations, amortisation and impairments	-754	-417	-17	-45	-84	-39	-124	-28	-
Maintenance investments and other investments	531	417	-	13	1	2	86	12	-
Investments in new generating capacity	1 613	140	-	456	849	70	60	38	-
Investments in other companies	346	2	-	-	98	-	-	246	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
The year 2015									
Operating revenue external, underlying	53 094	13 002	26 589	1 738	-8	626	6 093	167	4 886
Operating revenue internal, underlying	-	362	1 935	57	708	9	47	561	-3 679
Share of profit/loss in equity accounted investments	683	-	-	-196	55	1	835	-12	-
Gross operating revenues, underlying	53 777	13 364	28 524	1 600	755	636	6 975	716	1 207
Net operating revenues, underlying	20 773	11 636	2 052	1 378	712	465	3 820	707	4
Operating profit/loss, underlying	4 497	5 664	1 024	181	-257	50	1 627	-801	-2 991
Unrealised value change energy derivatives	-	557	-471	-	-	-	359	138	-583
Non-recurring items	-	-	-	-2 086	-1 750	-	-	226	3 610
Operating profit/loss	4 497	6 221	553	-1 905	-2 008	50	1 986	-437	36
Balance sheet 31.12.2015									
Equity accounted investments	19 388	-	13	6 094	3 649	8	9 604	16	4
Other assets	157 517	62 390	246	28 215	10 087	3 620	15 197	28 088	9 674
Total assets	176 905	62 390	259	34 309	13 736	3 628	24 801	28 104	9 678
Depreciations, amortisation and impairments	-6 401	-1 763	-38	-1 688	-2 083	-163	-544	-122	-
Maintenance investments and other investments*	1 969	1 413	-	104	-30	10	404	68	-
Investments in new generating capacity	7 797	741	-	3 048	3 335	272	281	120	-
Investments in other companies	3 790	-	25	3 399	101	18	-	247	-

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the first quarter of 2016, closed on 31 March 2016, 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 2015. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

Presentation of share of profit or loss from joint ventures and associated companies with operations closely related to Statkraft's operations is from Q1 2016 presented as a separate line item under gross operating revenues and part of operating profit/loss. Earlier profit or loss from joint ventures and associated companies was presented on a separate line between operating profit/loss and net financial items.

Presentation of the disclosures of sales revenue and energy purchase is changed from Q1 2016 with the purpose to better present the Group's main revenue streams.

The comparable figures are restated.

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 2015.

In preparing the consolidated financial statements for the first 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 2015.

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.

In 2016 Statkraft has changed the segment structure. The two former segments Nordic hydropower and Continental energy and trading are replaced by European flexible generation and Market operations. The reason for changing the segments is to make sure that the reporting structure is aligned with the strategic focus areas and the key priorities within the Group. The developed strategy has led to a clearer distinguishment between power generating assets and market operations.

See page 8 for more information.

5. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

The table below shows the lines in the financial statements where the unrealised effects appear.

NOK million	First quarter 2016		
	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L			
Generation	-383	5 409	5 027
Sales and trading	738	585	1 323
Customers	286	6 310	6 596
Other	-	559	559
Total sales revenues	641	12 864	13 505
Generation	-	-112	-112
Sales and trading	-431	-735	-1 165
Customers	6	-6 492	-6 486
Other	-	-136	-136
Total energy purchase	-425	-7 474	-7 899
Net currency effects	918	398	1 316
Net gains on derivatives and securities	152	-7	145
Total unrealised effects	1 285		

NOK million	First quarter 2015			The year 2015		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Generation	-536	4 656	4 120	790	15 391	16 181
Sales and trading	-200	1 330	1 130	922	4 488	5 410
Customers	-28	7 310	7 282	316	25 670	25 986
Other	0	500	500	0	4 010	4 010
Total sales revenues	-764	13 796	13 032	2 028	49 558	51 586
Generation	7	-231	-224	86	-750	-665
Sales and trading	42	-986	-943	-1 754	-3 683	-5 437
Customers	-5	-6 583	-6 588	-12	-25 335	-25 347
Other	0	-146	-146	0	-443	-443
Total energy purchase	45	-7 947	-7 902	-1 681	-30 212	-31 892
Net currency effects	3 812	-332	3 480	1 171	-4 616	-3 445
Net gains on derivatives and securities	-150	-21	-170	-210	-22	-232
Total unrealised effects	2 944			1 308		

6. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the first quarter amounted to NOK - 135 million, of which NOK - 701 million was unrealised and NOK 565 million was realised. The negative unrealised effect was mainly a result of a weaker GBP (loan currency) against EUR (functional currency in lender) and weaker USD (loan currency) against NOK (functional currency in lender). The realised positive effect is mainly a result of a stronger NOK against EUR and GBP regarding cash pool.

Statkraft Treasury Centre (STC), Statkraft International Hydropower Invest AS (SKIHI) and Statkraft International Hydropower Holding AS (SKIHH) provide loans to the Group's companies, mainly in the borrowing companies' local currency. STC prepares its accounts in EUR and SKIHI/SKIHH in NOK. All three companies report currency effects of lending in the income statement. STC's financial reporting is converted to NOK in the consolidation, and currency effects for the net investment in STC are reported in other comprehensive income.

The same principle will apply for loans in local currencies provided from foreign subsidiaries to Statkraft AS through the Group cash pool. As the liquidity situation will vary over time, Statkraft AS may also be the lender at the period end. In such situations the effect recognised in the income statement is not offset by a corresponding effect through other comprehensive income.

7. HEDGE ACCOUNTING

Statkraft has used hedge accounting in 2016 that has reduced the volatility in the income statement. A major share of the debt in EUR has been hedged against market rate changes.

Statkraft has set up hedge accounting of parts of the net investments in STC in EUR, as well as parts of the net investments in Statkraft UK Ltd in GBP. The effect of this is that a gain of NOK 449 million in 2016 is recognised in other comprehensive income instead of in the income statement.

8. BRAZIL

On 13 July 2015, Statkraft acquired a controlling interest in the Brazilian company Desenvix Energias Renováveis S.A. which subsequently changed name to Statkraft Energias Renováveis. Over the past years, Brazil has experienced several severe corruption cases. On this background, Statkraft has initiated an internal investigation related to the subsidiary acquired in 2015. The process is still ongoing and it is at this stage not possible to predict if the outcome could have potential negative effects on the fair values of assets and liabilities at the date of acquisition.

9. TRANSACTIONS

Statkraft has entered an agreement to sell its 30% holding in the associate Nividhu Pvt. Ltd. in Sri Lanka. The transaction is expected to take place in the second quarter in 2016.



Interim Report
Q1/2016
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