FINANCIAL RESULTS Q3 2016

CFO Hallvard Granheim

28th October 2016





Health, safety and environment



- Fatal accident in Peru:
 - In July a contractor employee died while performing maintenance work at Oroya hydropower plant
 - The fatal accident has been investigated according to Statkraft's standard procedures and all safety measures are followed up

Health and safety

- Quarterly injuries rate relatively stable
- Continuously top priority to improve safety performance
- Environment
 - No serious environmental incidents



Highlights Q3



- Solid underlying results (EBITDA)
 - Nordic prices are up 89% Q-on-Q
 - Total production was 13.3 TWh, up 20% Q-on-Q
 - Underlying EBITDA up NOK 702 million to NOK 2001 million
- Impairments gave negative result of NOK 1417 million
- Performance improvement programme progressing
- Hydropower plant in Albania inaugurated
- Refurbishment and 100 MW expansion of Nedre Røssåga hydropower plant in Norway completed



Impairments

Asset	Amount
Norway: Hydropower District heating	441 million 18 million
Sweden: Hydropower Wind power	132 million 585 million
Albania: Hydropower	1 071 million
Brazil: Wind power and O&M	138 million
Chile: Hydropower (JV)	48 million

Performance Improvement Programme



- Strengthen performance
- NOK 800 million in cost savings measured against 2015



Completion of HHP in Albania

- Banja hydropower plant completed 255 GWh
- First of two hydropower plants in the Devoll project
- Devoll project will increase Albania's power production with 17 percent











Refurbishment and expansion: Nedre Røssåga hydropower plant in Norway in operation



- Capacity increased from 250 to 350 MW
- Annual production increased from 1950 to 2150 GWh due to increased efficiency
- Ready for another 50 years of operations



Key figures

NOK million	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Gross revenues ¹	11 060	10 978	36 479	35 777
EBITDA ¹	2 001	1 300	8 917	7 623
Net profit/loss	-1 417	-3 940	-927	-2 299

- Nordic prices up 89% measured in EUR Q-on-Q
- Overall production up 20% Q-on-Q
- Impairments led to a negative result



Price drivers and the German power market







- Coal prices are up, while gas and CO₂ prices are down
- Close to normal wind and solar production
- German power prices down by 14% Q-on-Q

German power prices





Nordic reservoir level



- Total Nordic hydrological resources close to normal end of Q3
 - Inflow at normal level in Norway, below normal in Sweden
 - Water reservoirs 96% of median



Nordic power prices



Nordic power prices up 89% Q-on-Q, but relatively stable first three quarters



Energy management

Monthly power generation

TWh 6 4 2 -Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec =2015 = 2016

Q3 production up 20% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	12.0	+1.4
Wind power	0.5	-
Gas power	0.8	+0.8
Bio power	0.1	-
Total	~13.3	+2.2



Net operating revenues

NOK million



- Net operating revenues¹ up by NOK 698 million (+ 20%)
- Major effects:
 - Net generation up due to higher Nordic power prices and hydropower production
 - Net sales and trading up due to higher profitability in Dynamic Asset
 Management Portfolio and Long term contracts.
 - The share of profit/loss in equity accounted investments are down due to changed accounting estimates for deferred tax and impairments



¹Adjusted for unrealised changes in value on energy contracts and adjusted significant items

NOK 2 billion in underlying EBITDA



- Underlying EBITDA¹ was up by NOK 702 million Q-on-Q
- Positive effects from higher Nordic power prices and production
- Improved contribution from operations in International hydropower, but offset by impairments in equity accounted investments and changed accounting estimates for deferred tax
- Higher contribution from Market operations



Q3 currency effects of NOK +1 291 million





Net profit influenced by impairments

NOK million	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Net profit/loss	-1 417	-3 940	-927	-2 299

- Solid contributions from operating activities
 - Mainly through higher Nordic power prices and hydropower production
- Impairments gave net loss



Q3 net profit breakdown



¹Adjusted for unrealised changes in value on energy contracts and adjusted significant items



Q3 segment financials

EBITDA including share of profit/loss from equity accounted investments





18

Q3 2016 capital expenditure¹



- Distribution of CAPEX in the quarter:
 - 53% expansion investments
 - 1% investments in shareholdings
 - 46% maintenance investments
- New hydropower capacity under construction in Norway and Albania
- Wind power developments in Norway and UK
- Maintenance primarily within hydropower in the Nordic region



Strong cash flow in Q3

NOK million





Long-term debt repayment profile



- NOK 4.1 billion debt matures in rest of 2016
- NOK 35.1 billion in net interest-bearing debt (NOK 35.0 billion at year end 2015)
 - NOK 42%, EUR 41%, GBP 12%, USD 2%, BRL 3%, CLP/CLF 1%
 - 66% floating interest
 - Net interest-bearing debt-equity ratio 30.8%





- Maintaining current ratings with S&P and Moody's
- Strong support from owner
- CAPEX adapted to financial capacity







- Higher Nordic power prices and increased production Q-on-Q
- Long term market view led to impairments and a net loss
- Strong underlying operations and cash flow





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