FINANCIAL RESULTS Q4 2017

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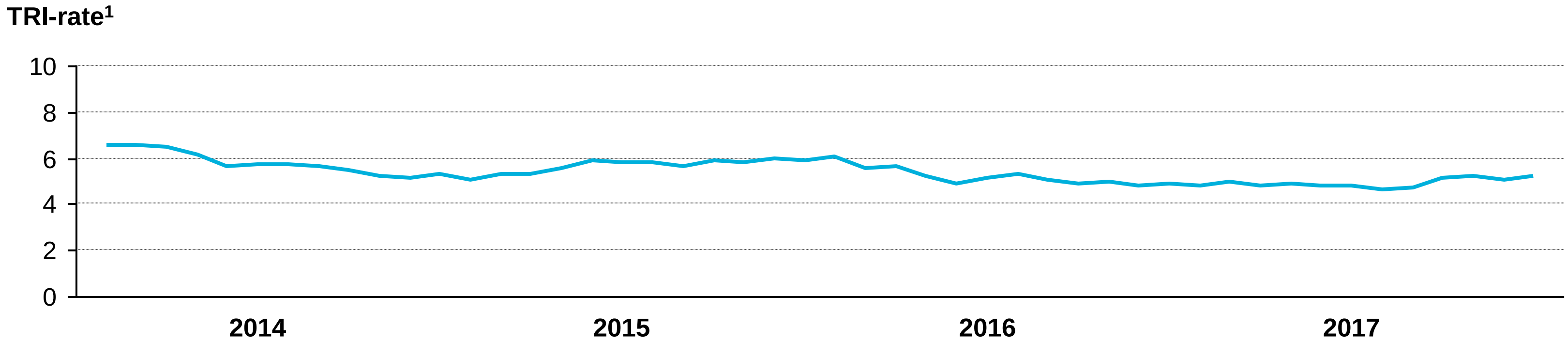
CFO Irene Egset

15 February 2018

Statkraft

Health, safety and environment



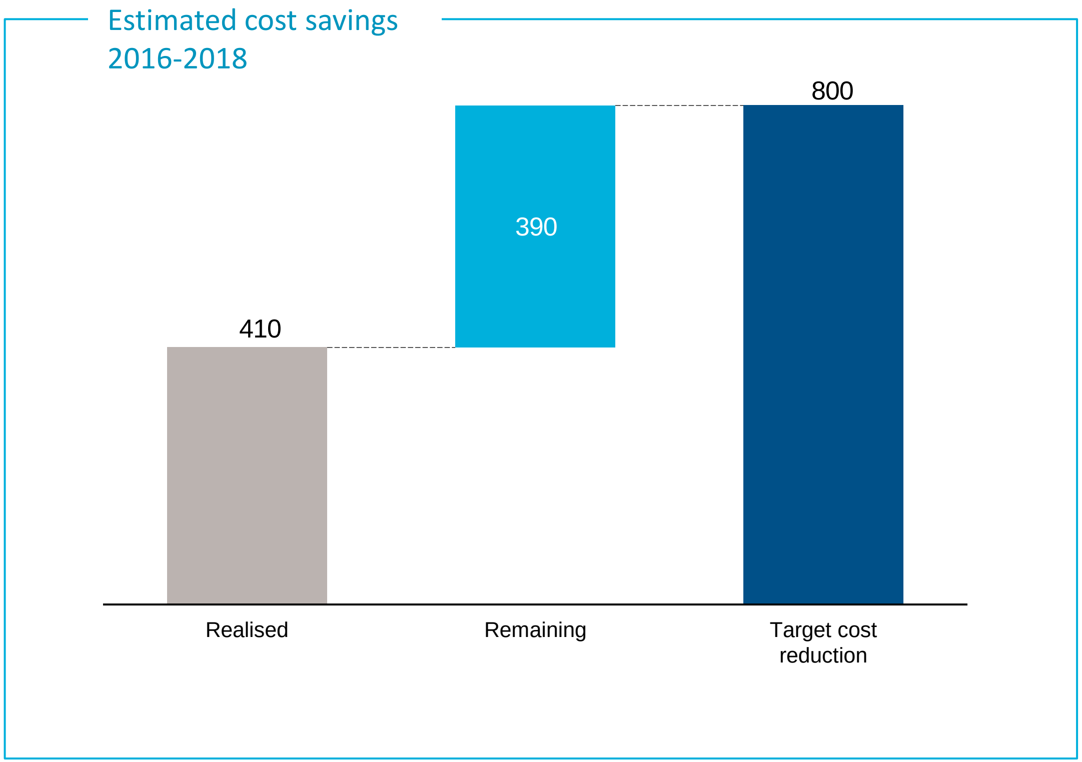
- Health and safety
  - One serious incident in Q4
  - Strengthening of safety performance is top priority in Statkraft
- Environment
  - No serious environmental incidents

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

Highlights in Q4

- Underlying EBITDA of NOK 4786 million, up NOK 115 million
- Strong result: Net profit amounting to NOK 5317 million, up NOK 4569 million
- Performance improvement programme realised NOK 410 million so far
- Partial reversal of impairments for gas-fired generation due to improved market outlook
- Substantial gains from divestments of offshore wind assets
- Investment decision on biofuel demo plant

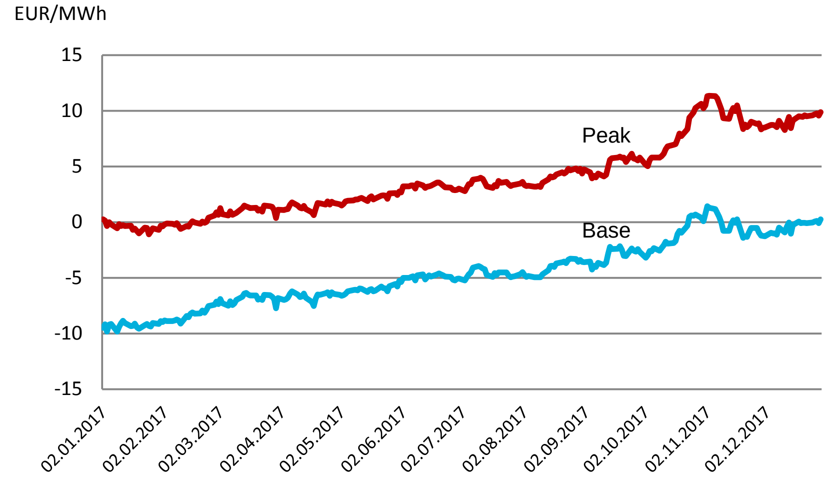
Cost reductions from the Performance Improvement Programme



Improved outlook for gas-fired generation

- Partly reversal of impairments of NOK 914 million for German gas-fired power plants
- Key drivers:
  - Higher coal prices (30% increase in 2017)
  - Higher CO_2-prices
  - Continued plant decommissioning
- Increased Clean spark spread (gas to power margin) in 2017

CLEAN SPARK SPREAD GERMANY 2020*



**50% efficiency assumed.*

Sources: CO_2 – ECX, TTF Gas – ICE Endex, Power – EEX

Large gains from offshore wind divestments

- 50% share in Triton Knoll project
  - Divested with a gain of NOK 426 million.
- 40% share in Sheringham Shoal
  - Divested with a gain of NOK 2 634 million.
- 30% share in Dudgeon
  - Signed sales agreement in December, closing expected in Q1 2018.

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Investment decision on biofuel pilot plant

- Purpose: Develop technology for advanced biofuel production in partnership with Södra
- Transform forest feedstock to renewable energy for the transport sector
- Investment cost NOK 500 million:
  - Enova will finance around 25%
  - Statkraft's share NOK 190 million
- Completion is scheduled for 2019

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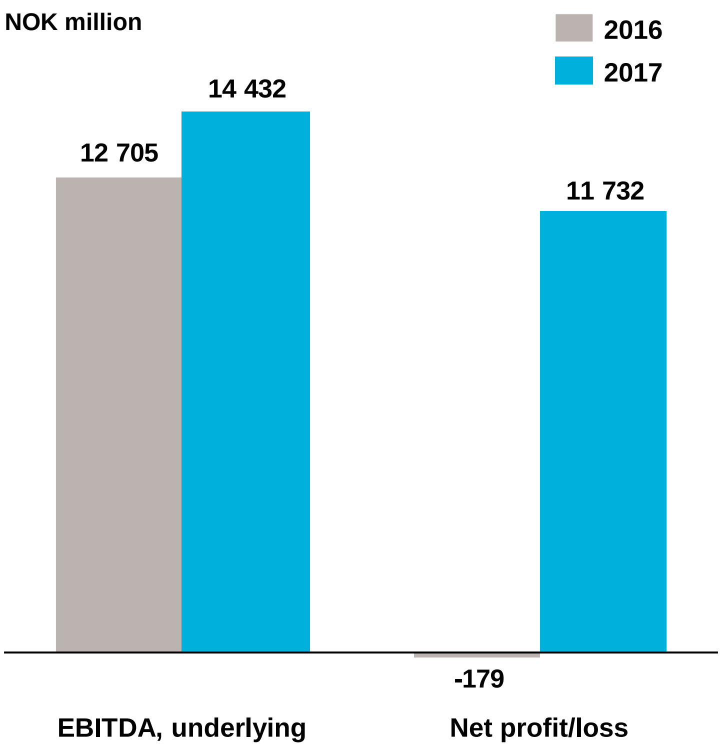
Annual result, 2017



EBITDA, underlying: Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs

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Outlook

- Robust earnings:
  - Europe’s largest reservoir capacity and flexible power plants
  - Long-term contracts contribute to stabilising revenues and net profit
- Solid financial position:
  - Ongoing performance improvement programme strengthens competitiveness
  - Divestments strengthens financial solidity
  - New long-term dividend model improves predictability and investment capacity
- Targeted growth in renewable technologies
  - Investment program continues to be adapted to financial capacity

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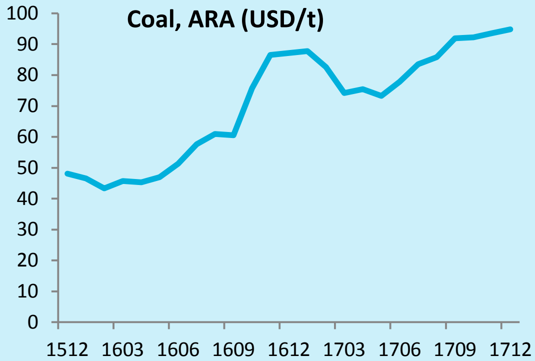
Key figures

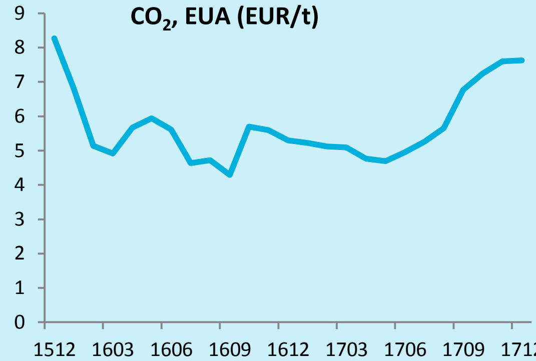
NOK million	Q4 2017	Q4 2016	The year 2017	The year 2016
Net revenues[1]	7 188	7 297	23 296	21 875
EBITDA[1]	4 786	4 671	14 432	12 705
Net profit/loss	5 317	748	11 732	-179

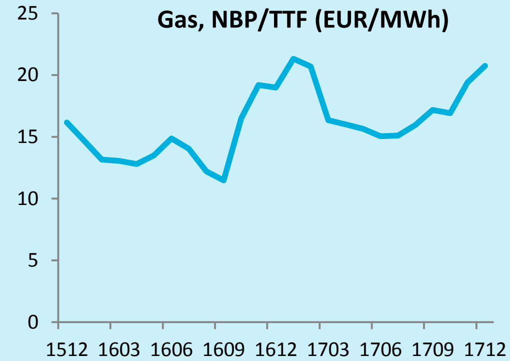
- Fourth quarter 2017:
  - Nordic prices measured in EUR down 11% Q-on-Q
  - Overall generation down 9% Q-on-Q
- Net profit impacted by gains from divestments of offshore wind assets and reversal of impairments

[1] *Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs*

Price drivers and the German power market

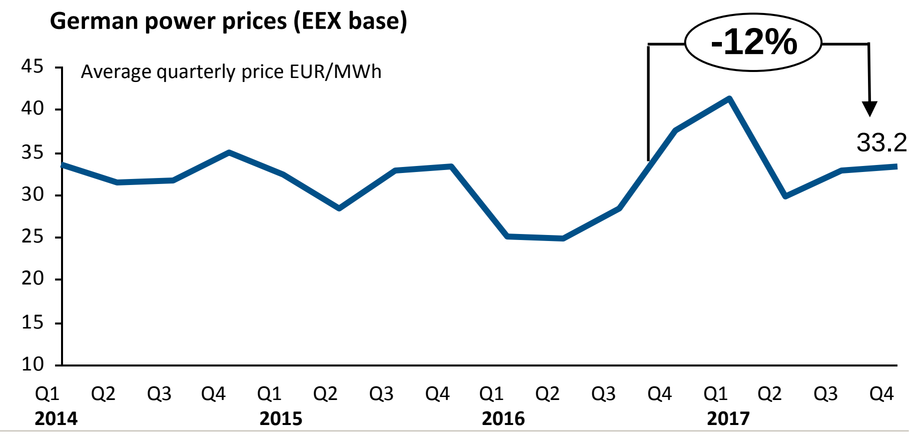






Q4 2017 vs. Q4 2016

- Coal, CO_2 and gas prices higher
- High wind power production
- German power prices down by 12%



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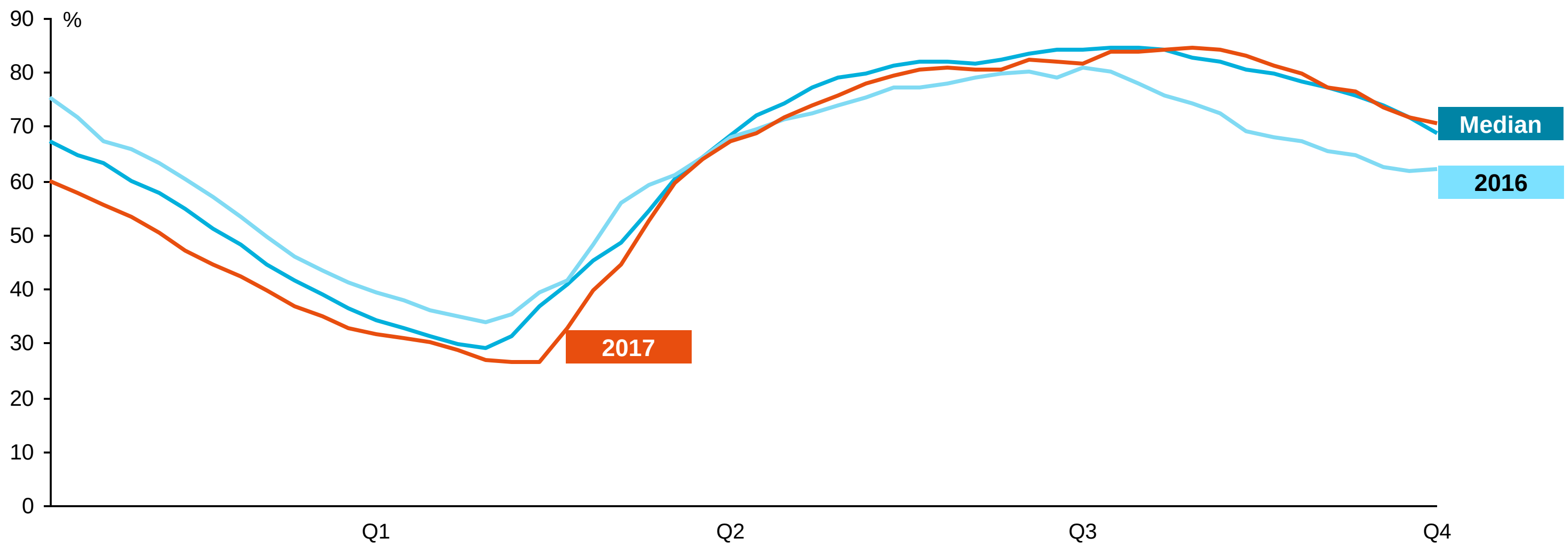
Nordic reservoir level



- Total Nordic hydrological resources slightly above normal level end of Q4
  - Water reservoirs 103% of median
  - Inflow slightly above normal level

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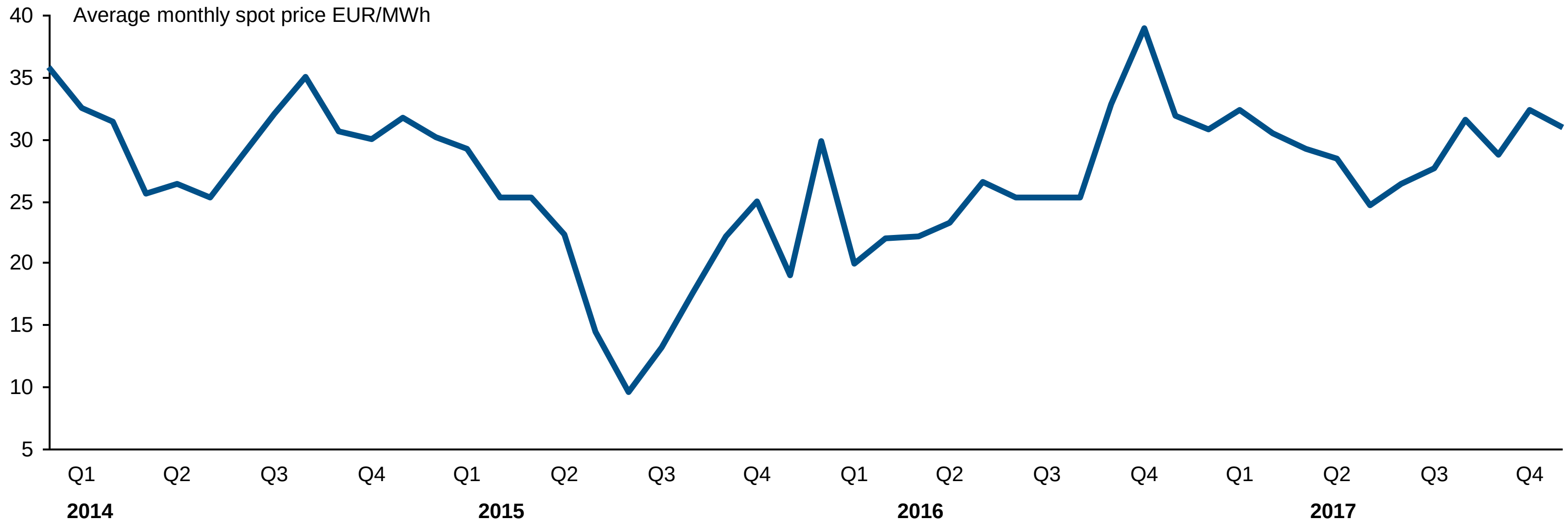
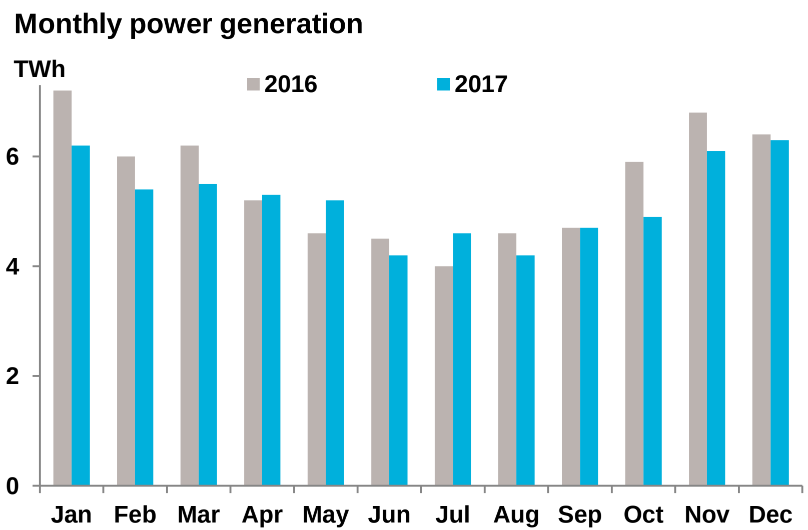
Nordic power prices



- Nordic power prices 30.6 EUR/MWh, down 11% Q4 2017 vs. Q4 2016

Energy management



Q4 production down 9% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	15.8	-1.2
Wind power	0.8	-
Gas power	0.7	-0.6
Bio power	0.1	-
Total	**17.3**	**-1.8**

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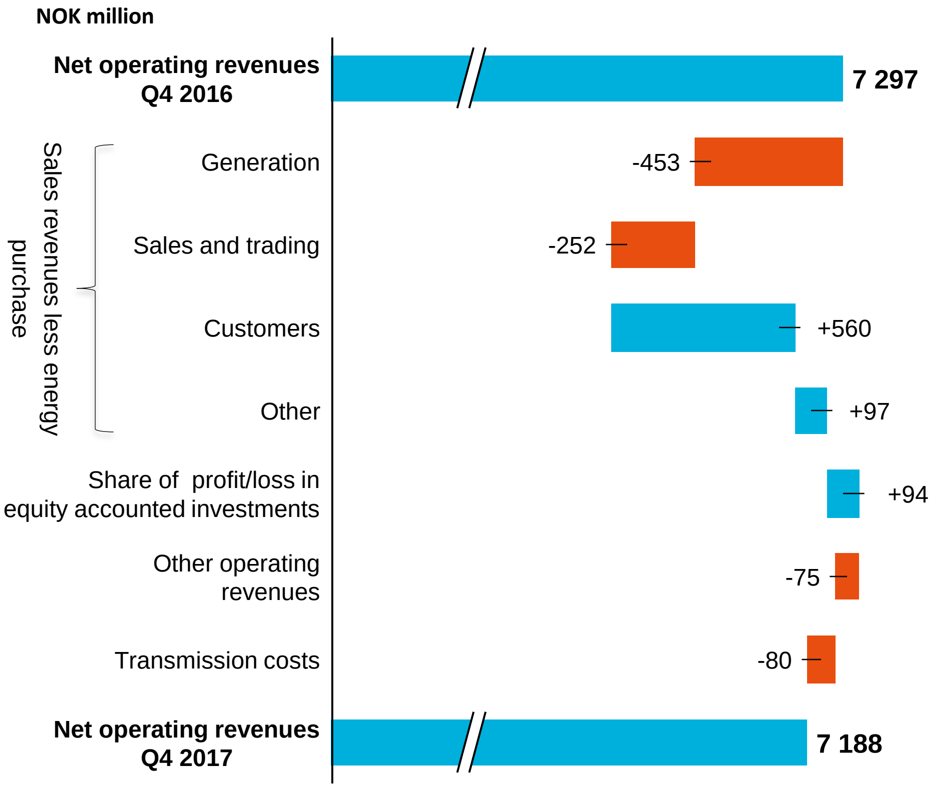
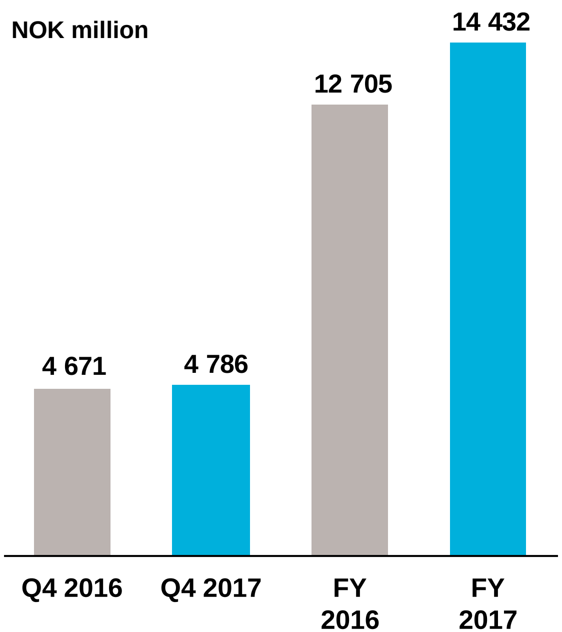
Net operating revenues



- Net operating revenues[1] down by NOK 109 million (- 1%)
- Major effects:
  - Net generation decreased mainly due to reduced Nordic power prices and lower generation
  - Sales and trading decreased mainly due to negative contribution from Continental trading
  - Customers increased mainly due to improved contribution from market access in UK and Germany

[1] *Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs*

NOK 4.8 billion in underlying EBITDA

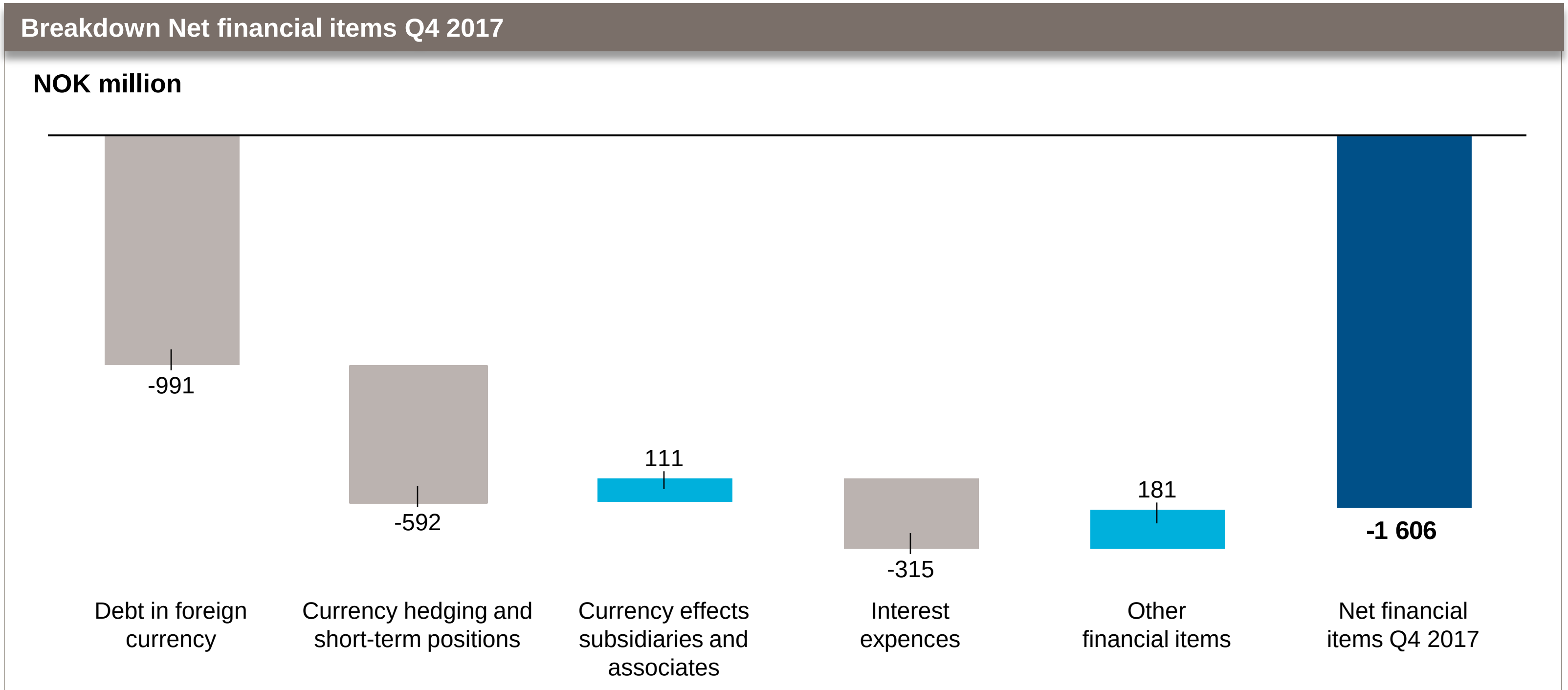


∆ Q4 17/Q4 16 + 2%

- Underlying EBITDA[1] was up by NOK 115 million Q-on-Q
- Primarily a result of higher contribution from Industrial ownership due to higher power generation and grid revenues
- Positive effects from market access activities in the UK, lower costs, one-off effects in International power and new wind capacity

[1] *Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs*

Financial items



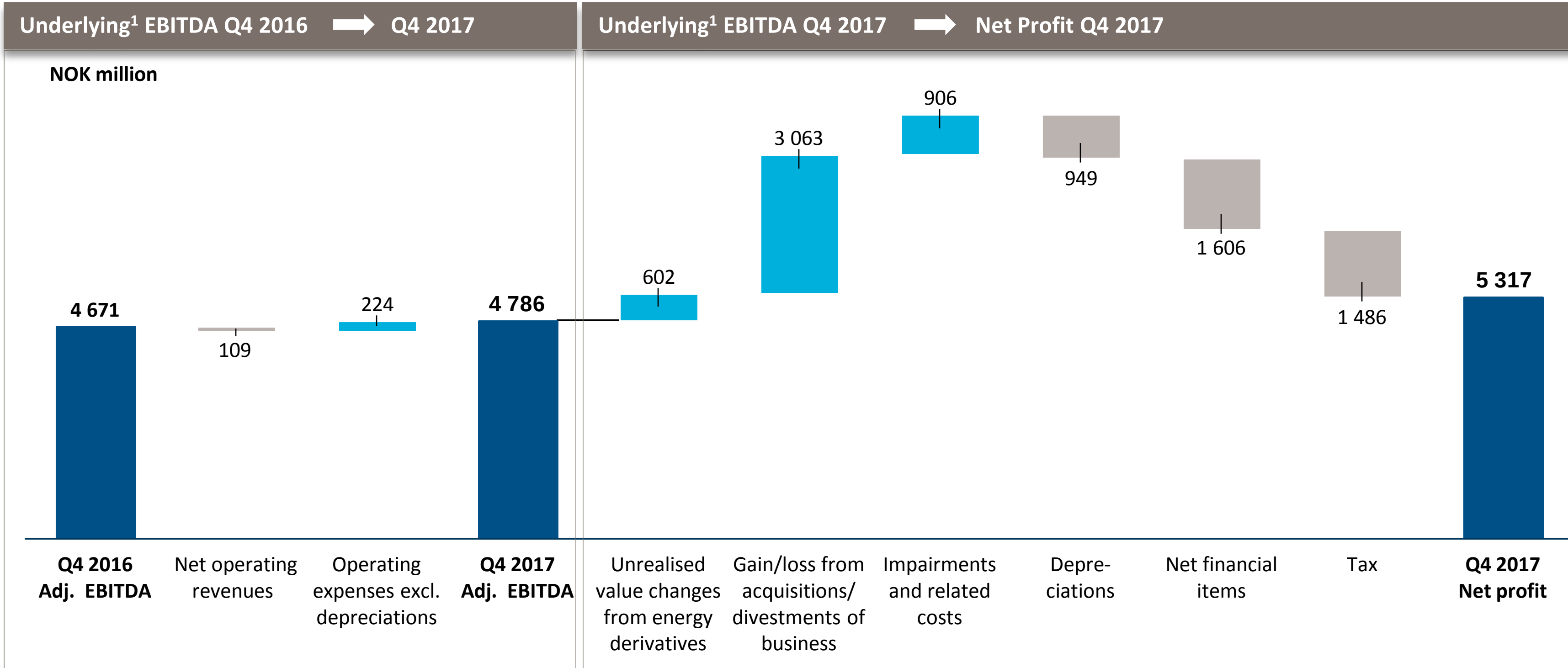
There are positive translation effects in equity

Net profit

NOK million	Q4 2017	Q4 2016	FY 2017	FY 2016
Net profit/loss	5 317	748	11 732	-179

- Solid contributions from operating activities
- Gains from divestment of offshore wind assets
- Net profit 2016 held back by impairments

Q4 net profit breakdown



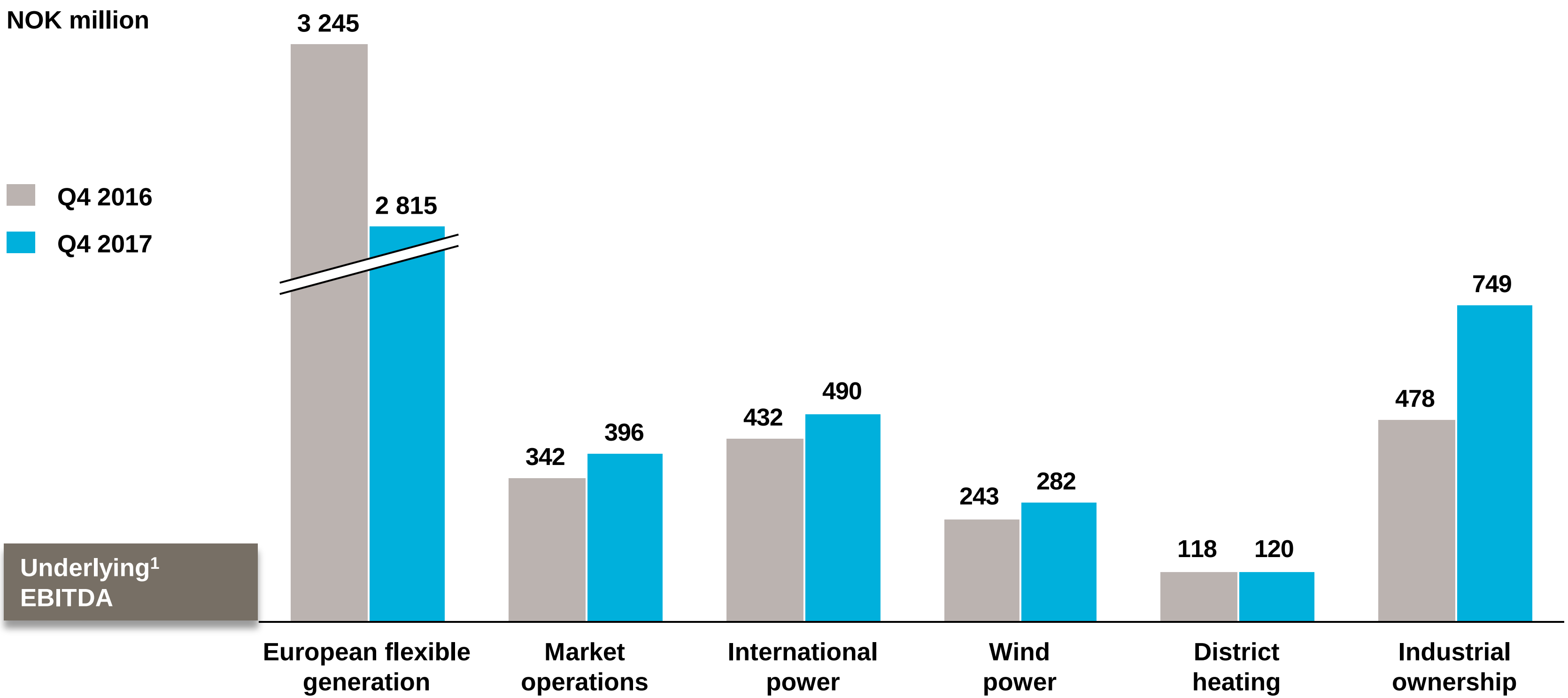
Underlying EBITDA Δ +2% vs. Q4/16

Booked net profit affected by items excluded from underlying operating profit and negative net financial items

[1] Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs

Q4 segment financials

EBITDA including share of profit/loss from equity accounted investments



[1] *Adjusted for unrealised value changes from energy derivatives, gain/loss from acquisitions/divestments of business activities and impairments and related costs*

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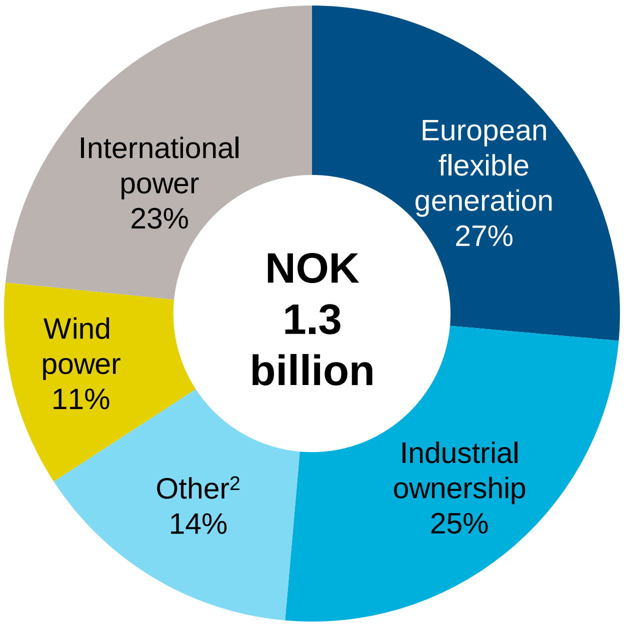
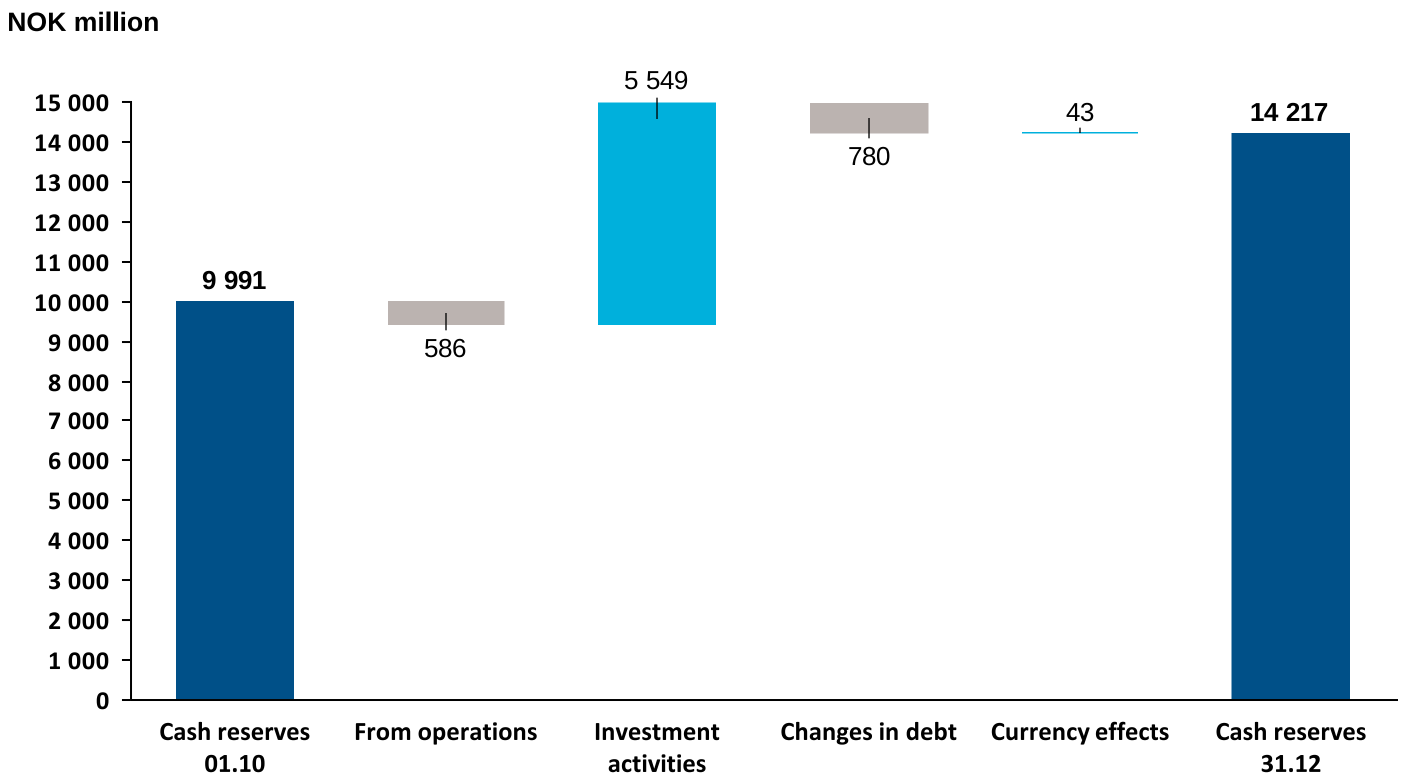
Q4 2017 capital expenditure[1]



- Distribution of CAPEX in the quarter:
  - 44% expansion investments
  - 51% maintenance/other investments
  - 5% shareholdings
- New hydropower capacity under construction in Albania
- Wind power developments in Norway
- Maintenance primarily within Nordic hydropower and Norwegian grid

[1] Excluding loans to equity accounted investments
[2] Including District heating, Market operations and Other activities

Cash flow in Q4



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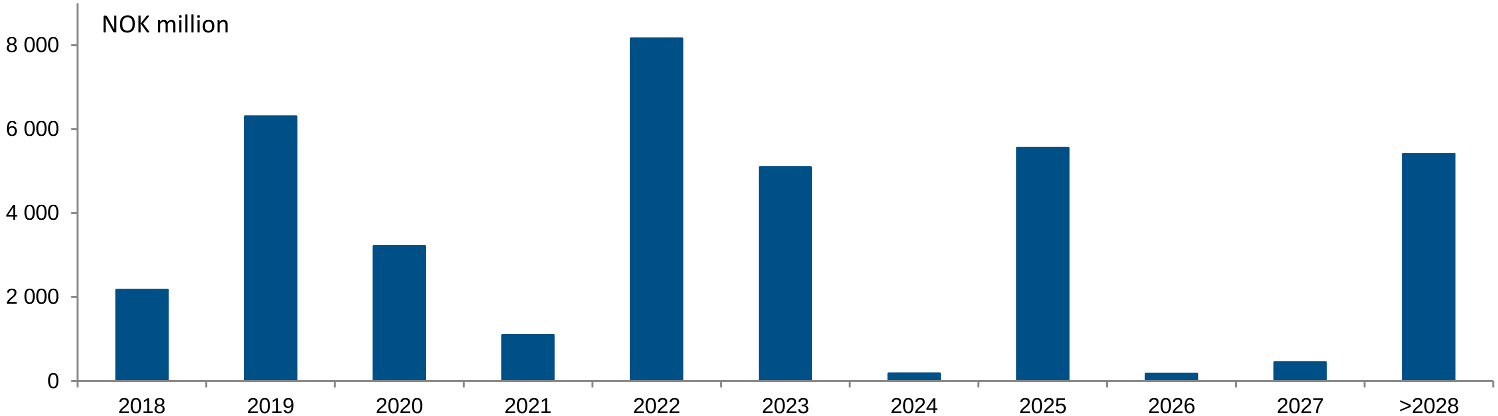
Long-term debt repayment profile



- NOK 2.2 billion debt matures in 2018
- NOK 24.8 billion in net interest-bearing debt (NOK 32.5 billion at year end 2016)
  - NOK 34%, EUR 53%, GBP 7%, USD 2%, BRL 2%, CLP/CLF 1%
  - Duration: 4.38 years
  - Net interest-bearing debt-equity 21.3%

Strong credit ratings

Standard & Poor's Ratings Services (McGraw Hill Financial)	Moody's Investors Service
A- / Stable	Baa1 / Stable

- Maintaining current ratings with S&P and Moody's
- Strong support from owner
- CAPEX adapted to financial capacity
- Rating impact assessment completed prior to new investment decisions

Summary

- Strong underlying operations
- Delivering on strategy
- Robust financial position
- Solid foundation for further growth in renewable energy

THANK YOU

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