

FINANCIAL RESULTS

Q4 2012

CEO CHRISTIAN RYNNING-TØNNESEN
CFO JENS BJØRN STAFF

14 February 2013



Highlights Q4 2012

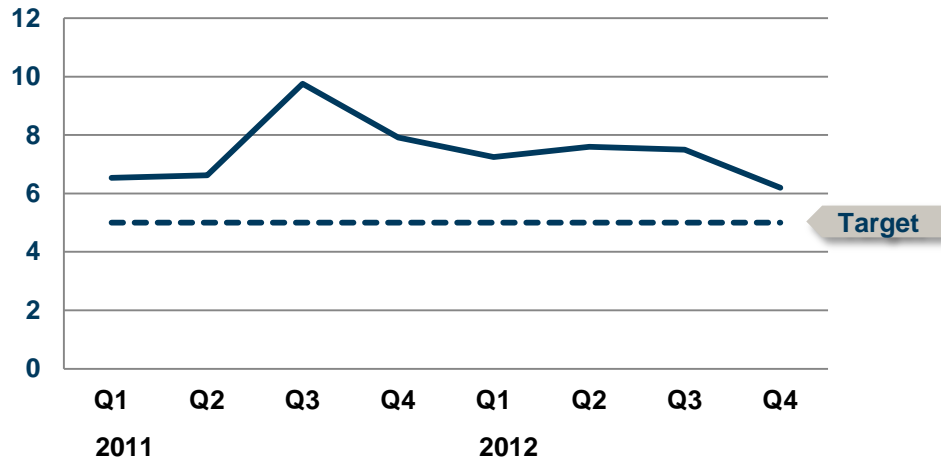
- ▶ Satisfactory quarterly results from operations
 - Higher Nordic power prices and production
 - Underlying EBITDA of NOK 3 416 million (+13%)
- ▶ High investments, particularly in hydropower and wind power
 - Gross investments of NOK 12.3 billion full year 2012
 - Two onshore wind farms decided in Q4 (UK and Sweden)
 - Expansion decision regarding Nedre Røssåga hydropower plant
- ▶ Impairments and non-recurring items strain Q4 profit
 - Impairments in consolidated assets and associates NOK 2 784 million
 - Unrealised negative change in value of E.ON shares NOK 2 046 million
 - Net profit of NOK -1 840 million (NOK -673 million)



Health, safety and environment

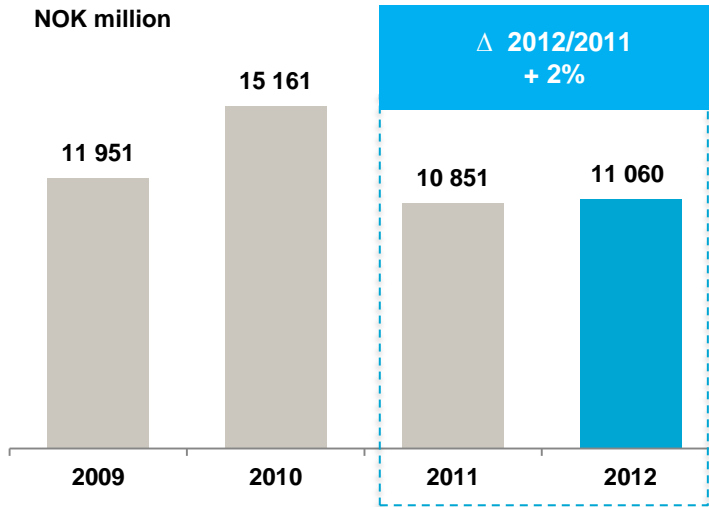
Total Recordable Injuries rate

TRI-rate



- ▶ Health and safety Q4
 - One fatal accident in SN Power's Cheves project in Peru
 - Total Recordable Injuries (TRI) rate improved but not meeting target
 - Satisfactory sick leave ytd 3.1%
- ▶ Environment Q4
 - No serious environmental incidents

Underlying annual EBITDA¹ development

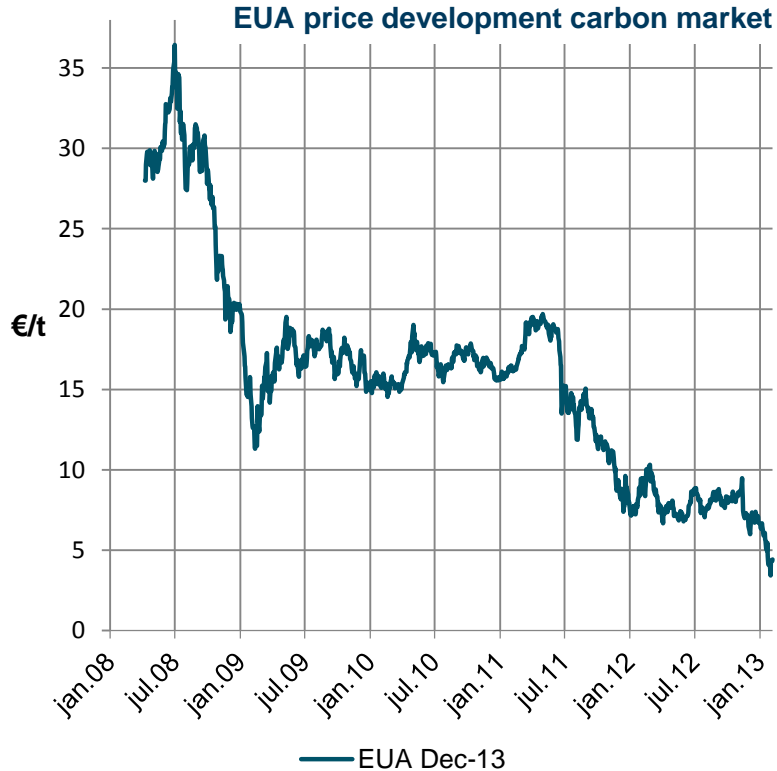


- ▶ EBITDA in line with 2011
- ▶ 60 TWh all time high production in 2012, of which 57.6 TWh hydropower
- ▶ In 2012 higher power generation and significant contractual volumes offset fall in power prices
- ▶ Efficient operations and energy trading
- ▶ High flexibility within hydropower production to adjust to market conditions

Nordic system price EUR/MWh	35.0	53.1	47.2	31.3
Production TWh	57.0	57.4	51.5	60.0




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

Gas-fired generation across Europe under pressure



- ▶ Need for thermal generation is decreasing in Germany
 - Massive growth of «new» renewables
 - Declining power demand
- ▶ Market conditions favour coal power
 - Low coal prices
 - Very low CO₂ prices
 - High gas prices
- ▶ 2012 – weakest year for gas-fired generation in a decade

Project milestones 2012

	Completed projects ¹	Investment decisions ¹
 <p>Hydropower</p>	<ul style="list-style-type: none"> ▶ Svartisen, Norway (250 MW) ▶ Six small-scale plants, Norway (23 MW) ▶ La Confluencia, Chile (158 MW) ▶ Allain Duhangan, India (192 MW) ▶ Theun Hinboun, Laos (280 MW) ▶ Desenvix (acquisition 40.65%), Brazil 	<ul style="list-style-type: none"> ▶ Nedre Røssåga 2, Norway (100 MW) ▶ Kjensvatn, Norway (11 MW) ▶ Brokke Nord/Sør, Norway (24 MW)
 <p>Wind power</p>	<ul style="list-style-type: none"> ▶ Sheringham Shoal, UK (317 MW) ▶ Four Brazilian wind farms (120 MW) 	<ul style="list-style-type: none"> ▶ Ögonfågeln, Sweden (99 MW) ▶ Björkhöjden, Sweden (270 MW) ▶ Tollarpabjär, Sweden (2 MW) ▶ Berry Burn, UK (67 MW)
 <p>District Heating</p>	<ul style="list-style-type: none"> ▶ Harstad, Norway (24 MW) ▶ Stjørdal, Norway (25 MW) 	<ul style="list-style-type: none"> ▶ Sandefjord, Norway (23 MW) ▶ Kungsbacka, Sweden (12 MW)




Statkraft's production

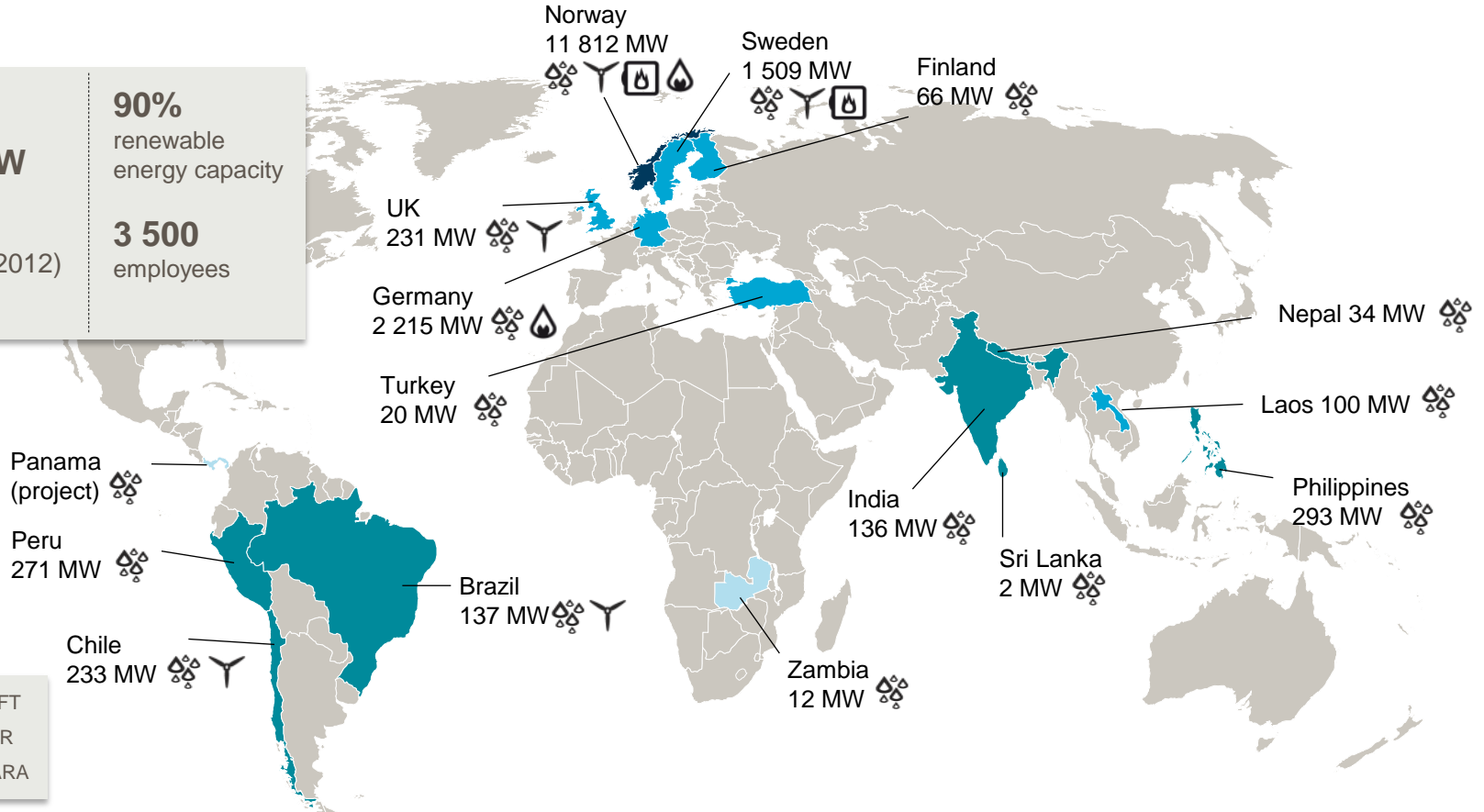
Installed capacity
17 000 MW

90%
renewable energy capacity

Power production (2012)
60 TWh

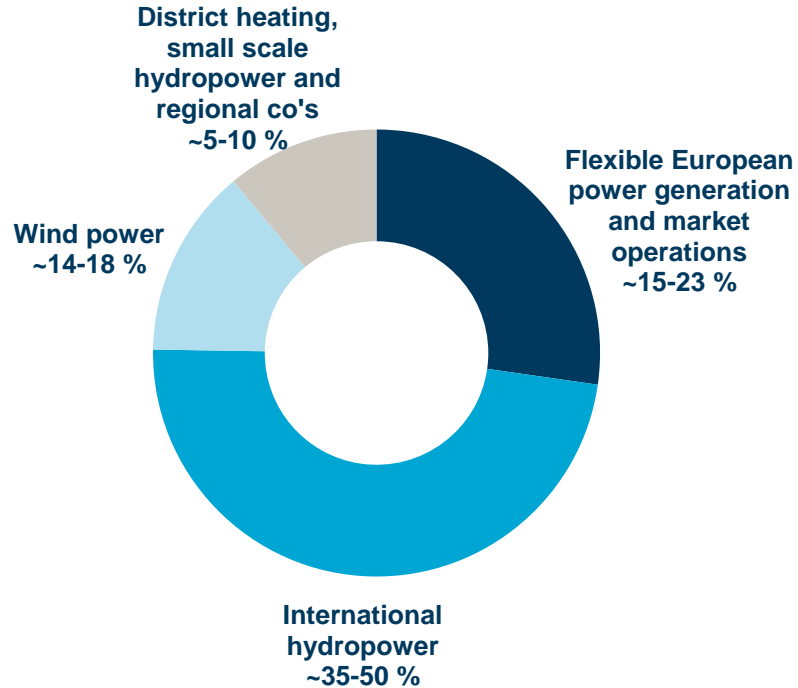
3 500
employees

 STATKRAFT
 SN POWER
 AGUA IMARA

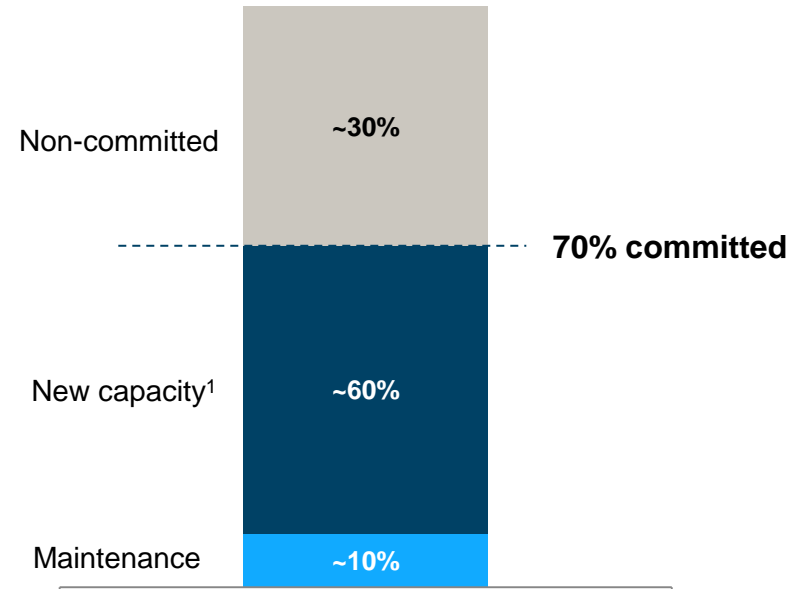


Capex plan 2011-2015: NOK 70-80 bn

Distribution (2011-2015)



High flexibility to maintain credit strength



¹ Investments approved by the board.
Capex calculated pro-rata. Investments through minority shareholdings are included.

Outlook

- ▶ Nordic hydro reservoirs at normal level
 - Moderate short-term spot price outlook
 - Flexibility regarding high/low power generation
 - Solid long-term contract portfolio stabilize earnings
- ▶ Project activities according to strategy
 - Growth in European renewable energy production
 - Growth in hydropower outside Europe
- ▶ Cautious financial strategy to protect credit rating

FINANCIAL RESULTS

CFO JENS BJØRN STAFF



Key figures

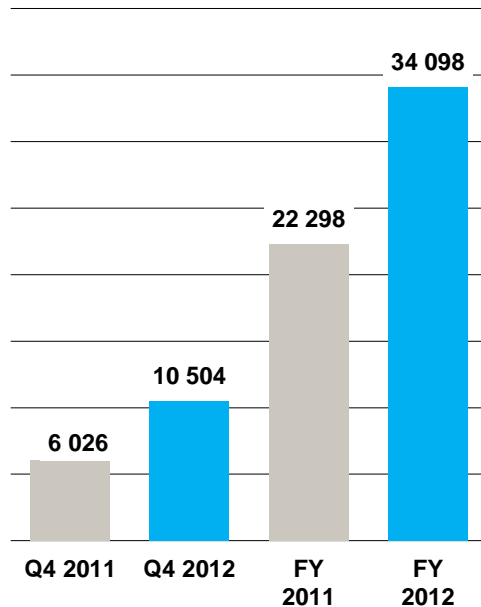
NOK million	Q4 2012	Q4 2011	2012	2011
Revenues ¹	10 504	6 026	34 098	22 298
EBITDA ¹	3 416	3 028	11 060	10 851
Net profit/loss	-1 840	-673	4 671	40

- ▶ Improved underlying operations in Q4 and full year 2012
- ▶ High production throughout the year
- ▶ Prices in 2012 below 2011 in all quarters except Q4

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

Gross operating revenues

NOK million



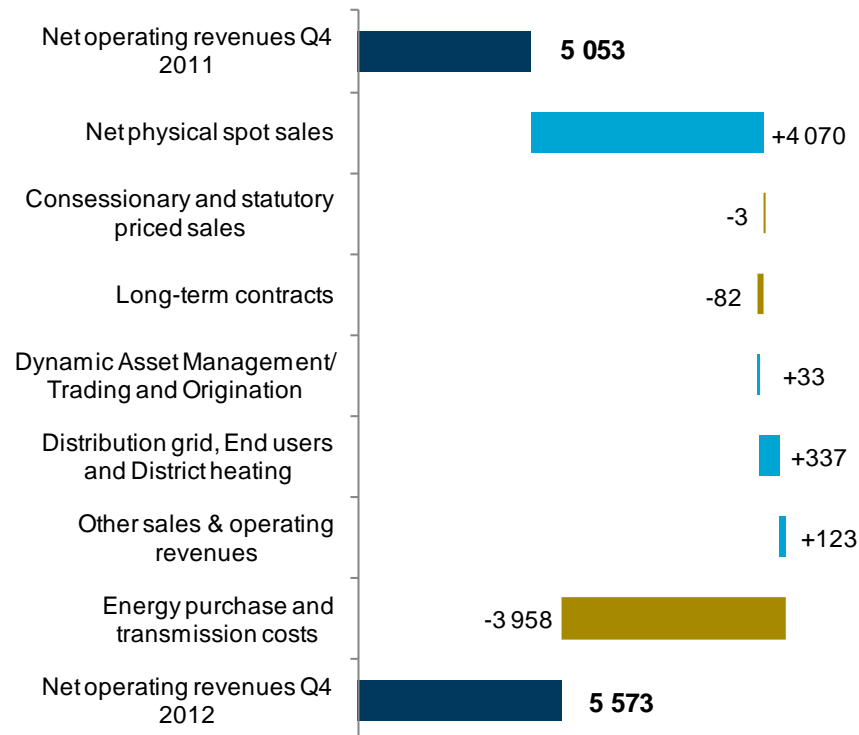
Δ Q4 12/Q4 11	+ 74%
Δ FY 12/FY 11	+ 53%

- ▶ Significant increase in underlying gross operating revenues¹ due to new energy services containing ~9000 MW
- ▶ Increase in both price and production
 - Nordic system price 37.3 EUR/MWh
↑ 9%
 - Power generation 16.3 TWh
↑ 4%

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

Net revenues breakdown¹

NOK million

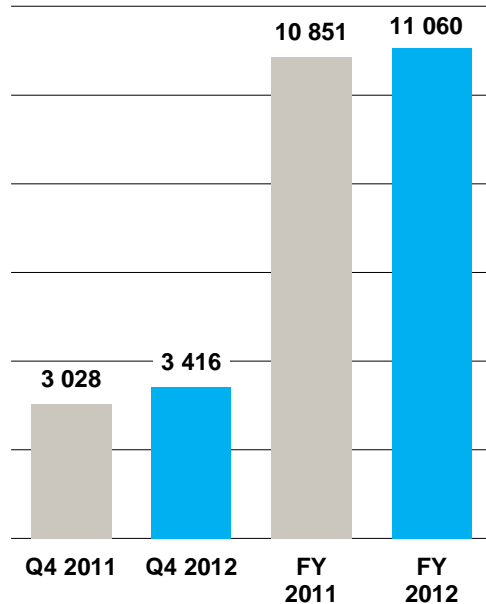


- ▶ Net operating revenues increased compared with Q4 2011
- ▶ Significant increase in physical sales and energy purchases due to gross accounting of new energy services
- ▶ Stable revenues from long-term contracts
- ▶ Increased revenues within retail due to higher volume partly offset by power purchases

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

Underlying EBITDA

NOK million



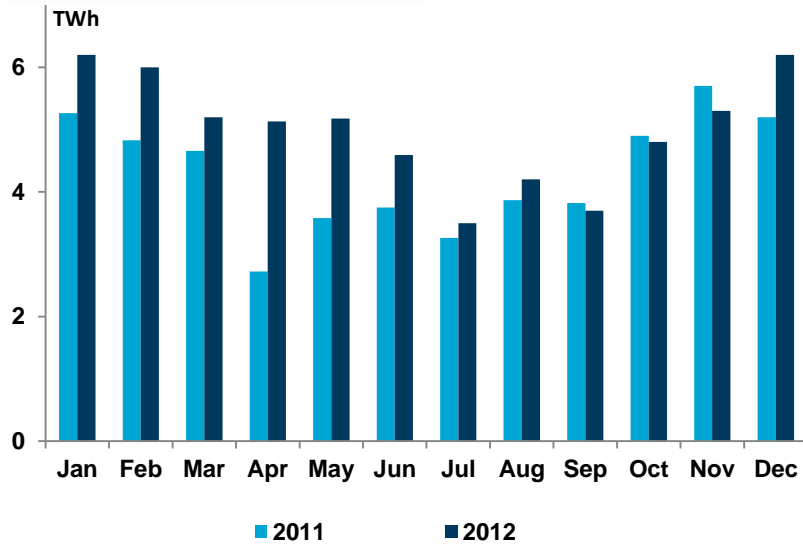
Δ Q4 12/Q4 11	+ 13%
Δ FY 12/FY 11	+ 2%

- ▶ Underlying EBITDA¹ increased by 13% in Q4 and 2% for the full year
- ▶ Higher quarterly power production and system price
- ▶ Significant contractual volumes
- ▶ Moderate increase in operating costs

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

Statkraft production

Monthly power generation

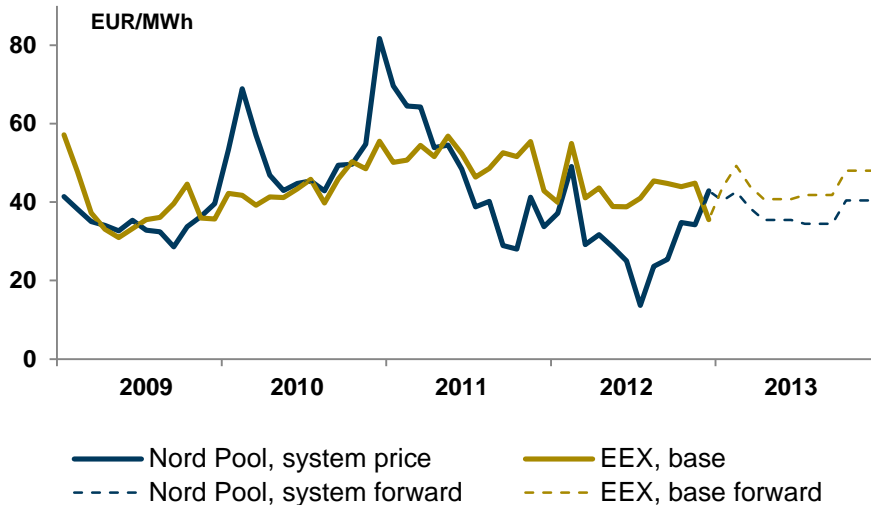




Change from 2011:

- ▶ Q4 production 4%
 - ▶ Hydropower production 7%
 - ▶ Wind power production 16%
 - ▶ Gas-fired power production 43%
- ▶ 2012 production 17%
 - ▶ Hydropower production 25%
 - ▶ Wind power production 0%
 - ▶ Gas-fired power production 68%

Prices up in the Nordic, down in Germany

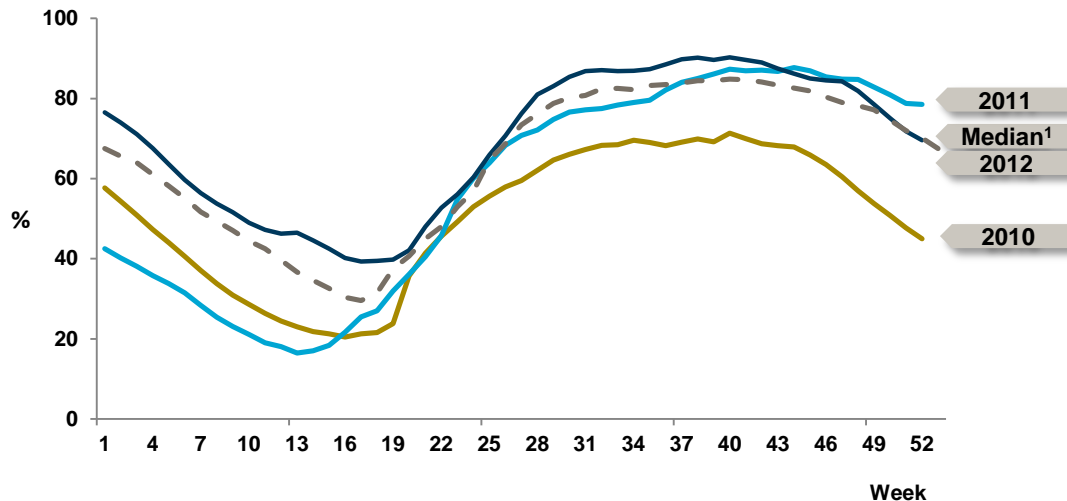
Electricity, average monthly price



- ▶ Increased Q4 demand drives prices up in the Nordic
 - System price: 37.3 EUR/MWh  9%
- ▶ Lower demand and increasing share of renewables drive prices down in Germany
 - Spot price: 41.4 EUR/MWh  17%
- ▶ In December the average price in Germany was lower than the Nordic system price
- ▶ Average price in the Nordic in full year 2012 down 34%

Nordic hydro reservoirs

Nordic reservoir water levels

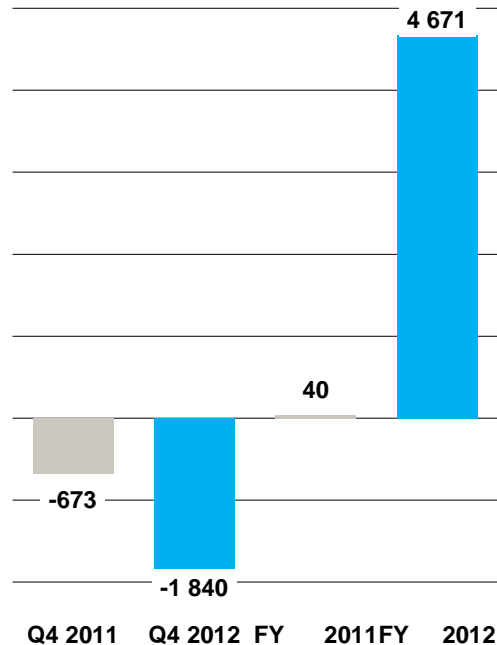


- ▶ Reduction in reservoir level throughout Q4
 - Below normal inflow
 - Increase in consumption (+7%)
- ▶ High Nordic power generation aligned reservoirs with median level
- ▶ Nordic reservoir levels at 70% of total capacity of 121.4 TWh

¹ Median 1990-2012

Net profit

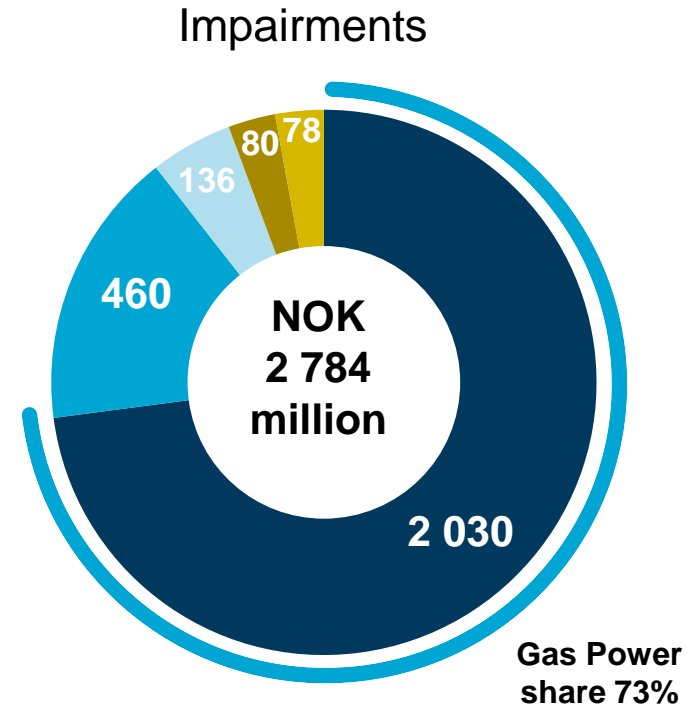
NOK million



- ▶ Negative net profit in Q4
- ▶ Asset impairments
- ▶ Net financials affected by negative change in value of E.ON shares
- ▶ Shareholding in E.ON was part of a larger transaction which has proved to be positive for Statkraft

Structural changes reduce asset values

- ▶ Weaker gas market in Europe
 - Lower power demand
 - Increase in new renewable production
 - Lower CO₂ price
- ▶ Structural shift hits gas power margins and reduces asset values (NOK 2 030 million)
- ▶ Reduced access to power grid in India forces SN Power to sell to lower price in local markets (NOK 460 million)

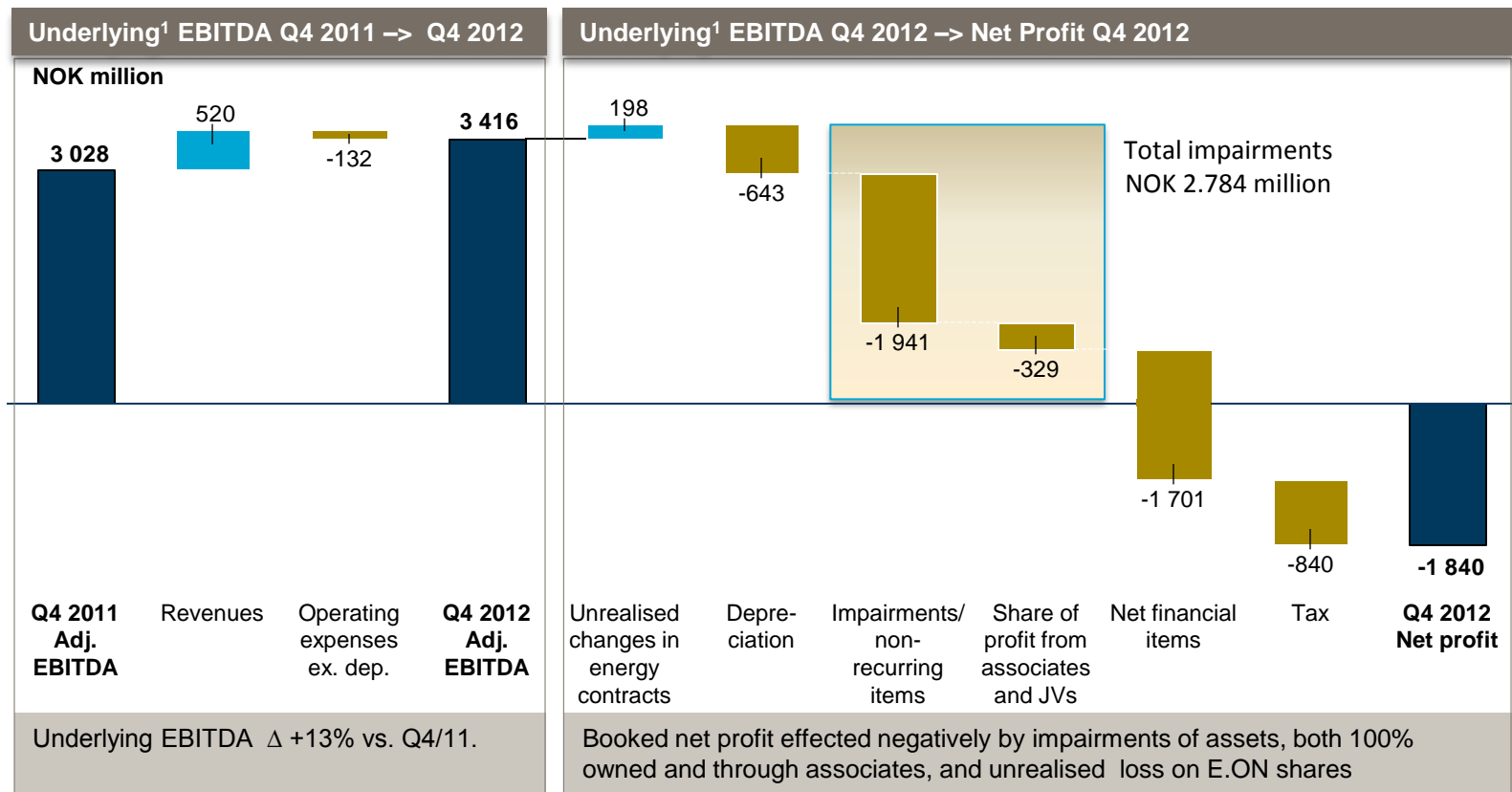


Excess value on SN Power assets



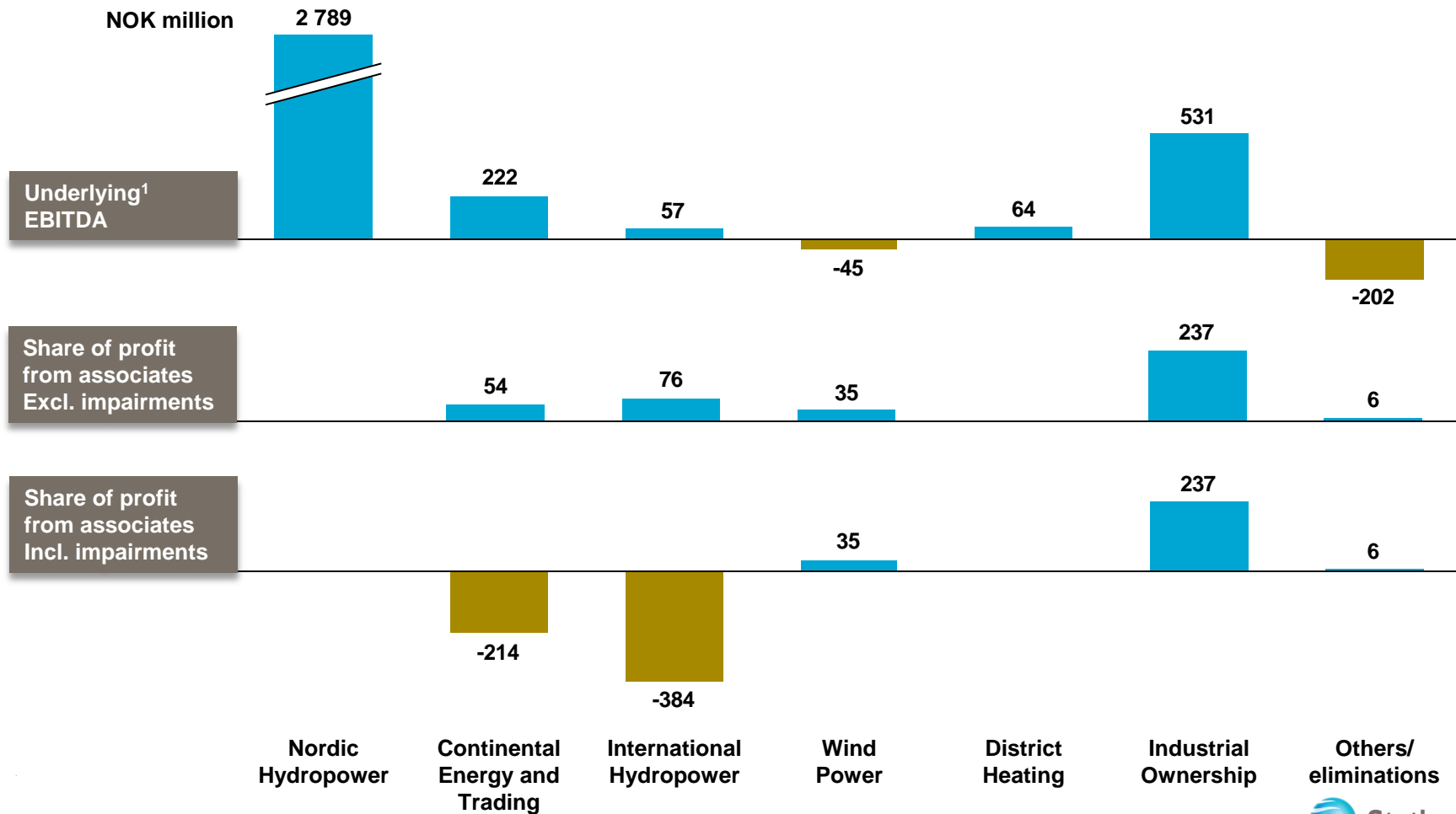
- ▶ Statkraft acquired 10% of the shares in SN Power in 2009 increasing ownership share from 50% to 60%
- ▶ As of 2009 the assets of the subsidiary SN Power is consolidated in the group accounts
- ▶ Significant increase in value of consolidated assets 2009-2012
- ▶ Under IFRS asset write up in the accounts is not permitted
- ▶ However, decline in fair market value of individual power plants must be recorded as impairments

Net profit breakdown

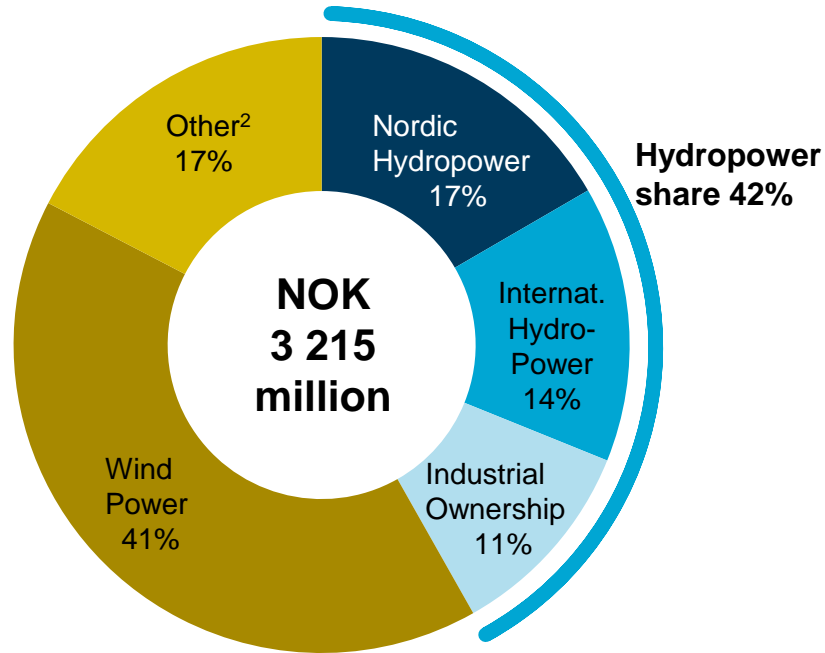


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Segment financials



Q4 capital expenditure¹

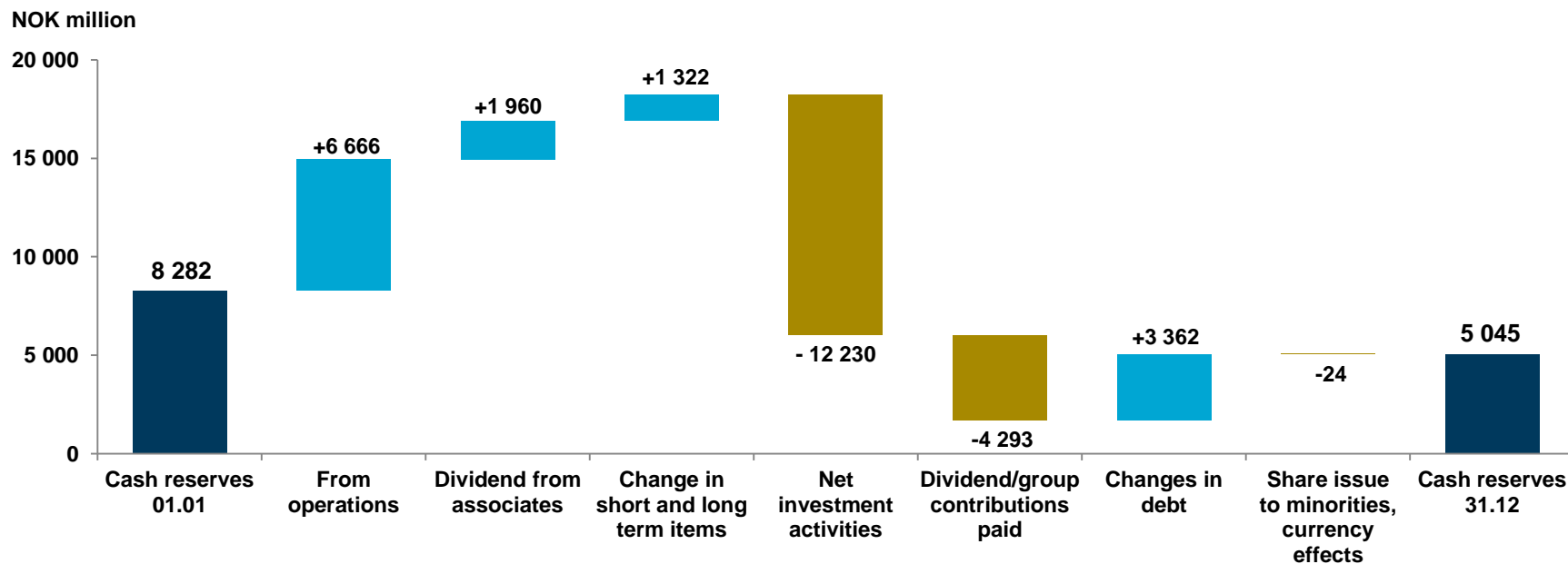


- ▶ A large number of projects under construction as a consequence of the ambitious investment program
- ▶ NOK 3.2 billion invested in Q4
 - 88% expansion
- ▶ 42% of investments in hydropower, 41% in wind power
- ▶ NOK 10.8 billion invested in 2012
- ▶ NOK 12.3 billion including loans to associates

¹ Exclusive loans to associates

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

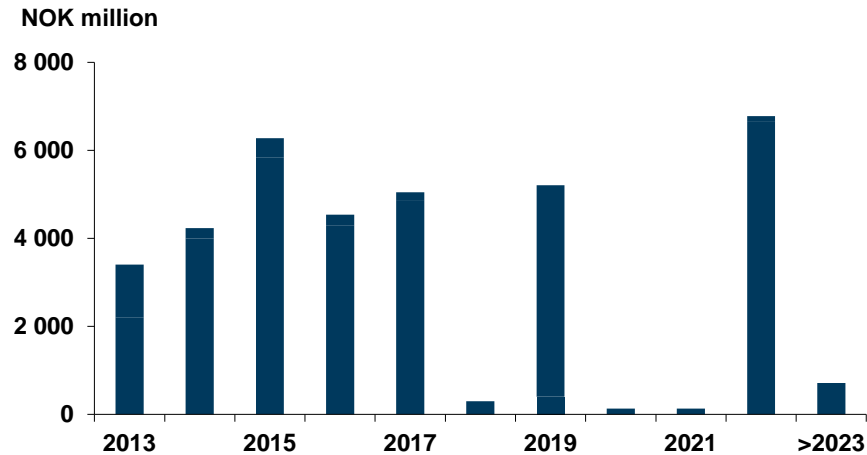
Cash flow year-to-date



- ▶ EUR 700 million bond issue to cover high investments and repayment of debt

Debt

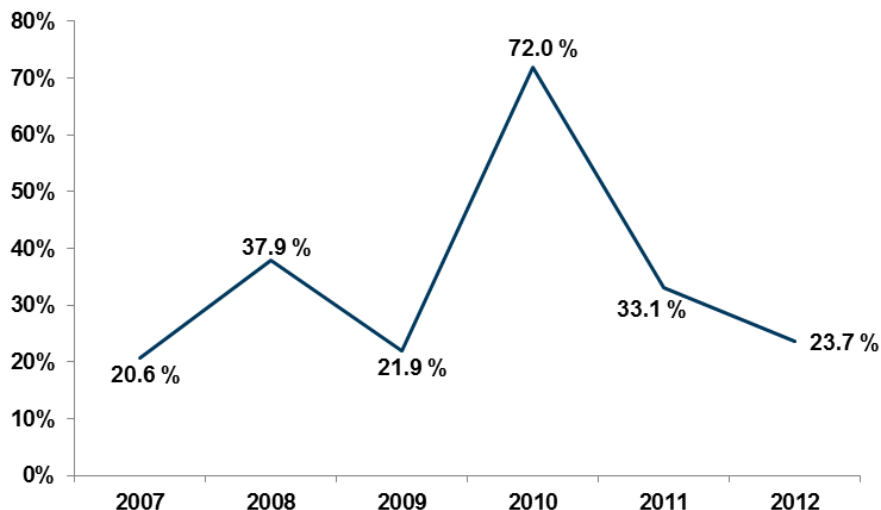
DEBT REPAYMENT PROFILE



- ▶ Net interest-bearing liabilities NOK 35.2 billion (28.6)
 - NOK 42%, EUR 46%, SEK 6%, USD 6%
 - 67% floating interest
 - Interest-bearing net debt ratio 36.1%
- ▶ NOK 3.3bn debt maturities in 2013

Financial strength and rating

FFO/NET DEBT¹ (UNADJUSTED²)



RATING TARGETS

- ▶ Maintaining current ratings with S&P and Moody's, and a minimum of BBB+/Baa1
 - Current ratings A-/Baa1
- ▶ Indicated FFO/Net Debt thresholds³
 - S&P: 18-20%
 - Moody's: "High mid-teens"

FFO of NOK 8 331 million (9 468 in 2011)

Net interest bearing debt of NOK 35 218 million (28 605 in 2011)

¹ Calculated 12 months rolling

² Rating agencies apply own adjustments

³ Please see rating publications on Statkraft's web page, under Financial information, for full assessments

Summary

- ▶ Sound underlying operations
- ▶ High production
- ▶ Flexible capacity
- ▶ Unprofitable CCGT, but limited exposure



APPENDIX



Statement of Comprehensive Income

NOK million	Fourth quarter		The year	
	2012	2011	2012	2011
COMPREHENSIVE INCOME				
PROFIT AND LOSS				
Sales revenues	9 956	5 220	31 211	21 209
Other operating revenues	482	254	1 119	994
Gross operating revenues	10 439	5 474	32 331	22 203
Energy purchase	-4 291	-2 120	-13 647	-3 894
Transmission costs	-262	-340	-1 025	-1 215
Net operating revenues	5 886	3 014	17 659	17 094
Salaries and payroll costs	-813	-794	-3 024	-2 759
Depreciation, amortisation and impairments	-2 700	-1 821	-4 543	-3 564
Property tax and licence fees	-299	-349	-1 340	-1 254
Other operating expenses	-1 044	-941	-3 387	-3 314
Operating expenses	-4 857	-3 905	-12 294	-10 891
Operating profit/loss	1 029	-890	5 365	6 203
Share of profit/loss from associates and joint ventures	-329	-81	1 024	898
Financial income	176	171	1 051	1 880
Financial expenses	-313	-334	-1 285	-1 548
Net currency effects	6	1 471	4 467	332
Other financial items	-1 571	-52	-1 816	-4 299
Net financial items	-1 701	1 257	2 417	-3 635
Profit/loss before tax	-1 001	285	8 806	3 466
Tax expense	-840	-958	-4 135	-3 427
Net profit/loss	-1 840	-673	4 671	40
Of which non-controlling interest	-139	77	230	264
Of which majority interest	-1 701	-750	4 441	-224
OTHER COMPREHENSIVE INCOME				
Changes in fair value of financial instruments	-625	273	337	-103
Estimate deviation pensions	1 060	-913	1 045	-936
Items recorded in other comprehensive income in associates and joint arrangements	561	-643	320	-517
Currency translation effects	-729	-582	-4 536	-171
Other comprehensive income	268	-1 865	-2 833	-1 727
Comprehensive income	-1 573	-2 537	1 838	-1 687
Of which non-controlling interest	-108	63	-156	186
Of which majority interest	-1 465	-2 600	1 994	-1 873

Statement of Financial Position

NOK million	31.12.2012	31.12.2011
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Intangible assets	3 214	3 108
Property, plant and equipment	83 057	81 240
Investments in associates and joint ventures	17 974	16 109
Other non-current financial assets	10 714	12 163
Derivatives	4 782	4 315
Non-current assets	119 741	116 935
Inventories	1 581	973
Receivables	13 251	12 010
Short-term financial investments	457	455
Derivatives	4 918	5 223
Cash and cash equivalents (included restricted cash)	5 045	8 282
Current assets	25 251	26 943
Assets	144 992	143 878
EQUITY AND LIABILITIES		
Paid-in capital	45 569	45 569
Retained earnings	9 934	12 840
Non-controlling interest	6 934	7 241
Equity	62 437	65 651
Provisions	20 019	21 403
Long-term interest-bearing liabilities	33 177	31 443
Derivatives	5 905	4 507
Long-term liabilities	59 101	57 353
Short-term interest-bearing liabilities	7 086	5 444
Taxes payable	3 239	3 396
Other interest-free liabilities	8 866	6 525
Derivatives	4 265	5 509
Current liabilities	23 455	20 874
Equity and liabilities	144 992	143 878

Statement of Cash Flow

NOK million	The Year	
	2012	2011
STATEMENT OF CASH FLOW		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	8 806	3 466
Profit/loss on sale of non current assets	-28	-34
Depreciation, amortisation and impairments	4 543	3 564
Profit/loss from the sale of business	-	-240
Profit/loss from the sale of shares, and associates and joint ventures	-81	-111
Share of profit/loss from associates and joint ventures	-1 024	-898
Unrealised changes in value	-1 154	5 122
Taxes	-4 396	-3 284
Cash flow from operating activities	6 666	7 585
Changes in long term items	-294	244
Changes in short term items	1 616	55
Dividend from associates	1 960	1 639
Net cash flow operating activities	A	9 948
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment, maintenance	-1 065	-1 129
Investments in property, plant and equipment, new capacity*	-6 408	-4 793
Proceeds from sale of non-current assets	126	318
Business divestments, net liquidity inflow to the Group	-	452
Business combinations, net liquidity outflow from the Group**	-54	-766
Loans to third parties	-2 294	-1 708
Repayment of loans	839	298
Proceeds from sale of other companies	-	66
Considerations regarding investments in other companies***	-3 374	-940
Net cash flow from investing activities	B	-12 230
CASH FLOW FROM FINANCING ACTIVITIES		
New debt	7 913	376
Repayment of debt	-4 551	-5 169
Dividend and group contribution paid	-4 293	-9 400
Share issue in subsidiary to non-controlling interests	167	1 094
Net cash flow from financing activities	C	-13 099
Net change in cash and cash equivalents	A+B+C	-3 046
Currency exchange rate effects on cash and cash equivalents	-191	10
Cash and cash equivalents 01.01	8 282	20 052
Cash and cash equivalents 31.12	5 045	8 282
Unused committed credit lines	12 000	12 000
Unused overdraft facilities	2 205	2 200
Restricted Cash	-232	-786