

FINANCIAL RESULTS

Q2 2017

CEO Christian Rynning-Tønnesen

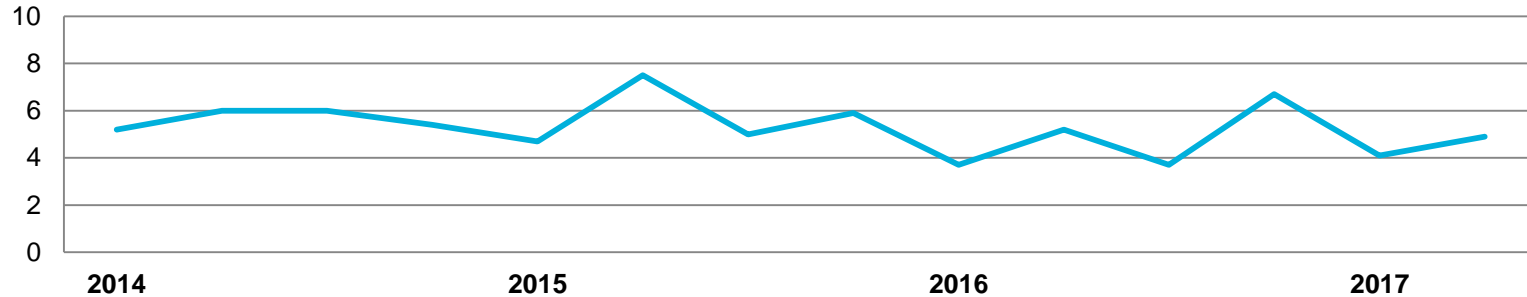
CFO Irene Egset

20 July 2017



Health, safety and environment

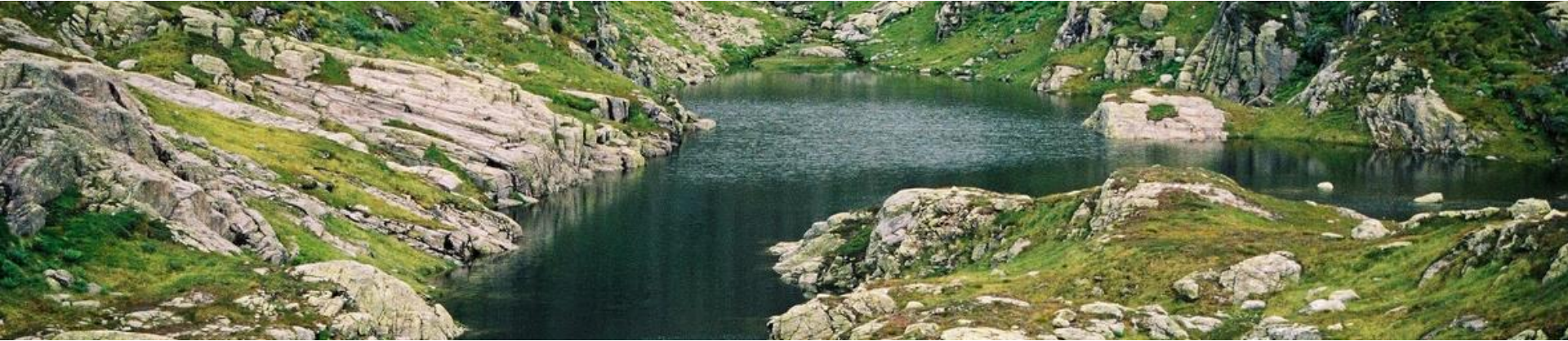
TRI-rate¹



- ▶ Health and safety
 - No serious incidents
 - Several ongoing initiatives to improve safety performance
- ▶ Environment
 - No serious environmental incidents

¹TRI rate: Total recordable injuries per million hours worked (per quarter)

Highlights Q2



- ▶ Solid underlying EBITDA: NOK 3047 million - up NOK 609 million
 - Average Nordic prices: 27.4 EUR/MWh - up 15% Q-on-Q
 - Total production: 14.6 TWh - up 3% Q-on-Q
- ▶ Net profit: NOK 1884 million
- ▶ Performance improvement programme progressing according to plan
- ▶ New dividend policy expected to improve predictability and investment capacity
- ▶ Construction of second solar park

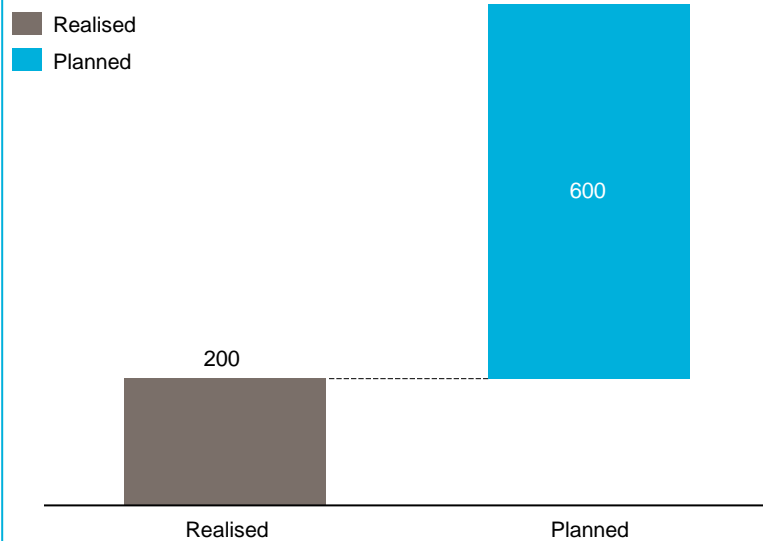
First half year performance

NOK million	YTD 2017	YTD 2016	FY 2016
EBITDA, underlying ¹	8 233	6 440	12 705
Profit before tax	6 902	3 019	5 223
Net profit	4 633	490	-179

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

Performance Improvement Programme

Estimated cost savings 2016-2018



Comments

- ▶ A company-wide performance improvement program is ongoing
- ▶ The target is to reduce overall costs by NOK 800 million
- ▶ The program is on track. Estimated reduction of the cost base as of Q2 2017 compared to 2015 baseline is approximately NOK 200 million

New dividend policy

85% of realised profit from Norwegian hydropower business



25% of realised profit from other business activities



Technology scope: Investments in hydro, wind and solar power



- ▶ The construction of Statkraft's second solar power plant started in Q2
- ▶ Completion expected in Q4

Outlook



- ▶ Robust earnings:
 - Europe's largest reservoir capacity enables revenue optimisation
 - Long-term contracts contribute to stabilize revenues and net profit
- ▶ Solid financial position:
 - Performance improvement programme will strengthen competitiveness
 - Investment program continues to be adapted to financial capacity
- ▶ Developing new business

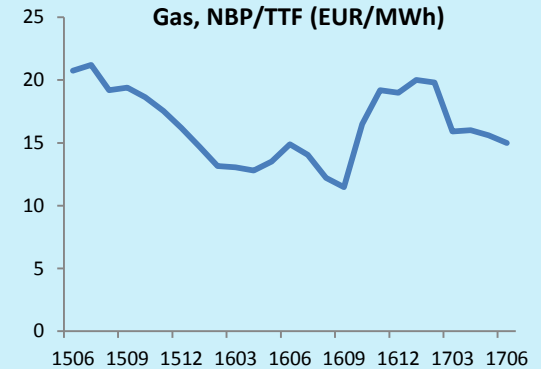
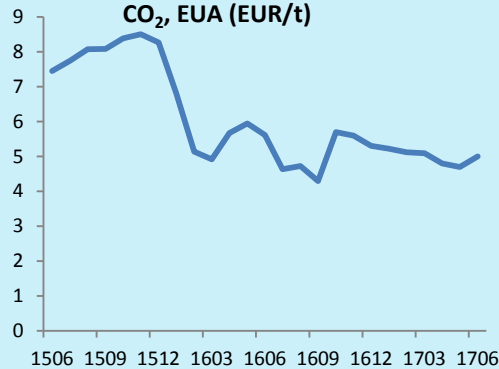
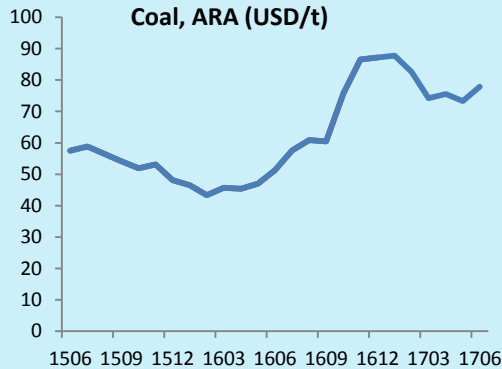
Key figures

NOK million	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Gross revenues ¹	13 487	10 563	29 585	25 065
EBITDA ¹	3 047	2 438	8 233	6 440
Net profit/loss	1 884	-1 899	4 633	490

- ▶ Second quarter 2017:
 - Nordic prices measured in EUR up 15% Q-on-Q
 - Overall production up 3% Q-on-Q
- ▶ 2016 results impacted by impairments

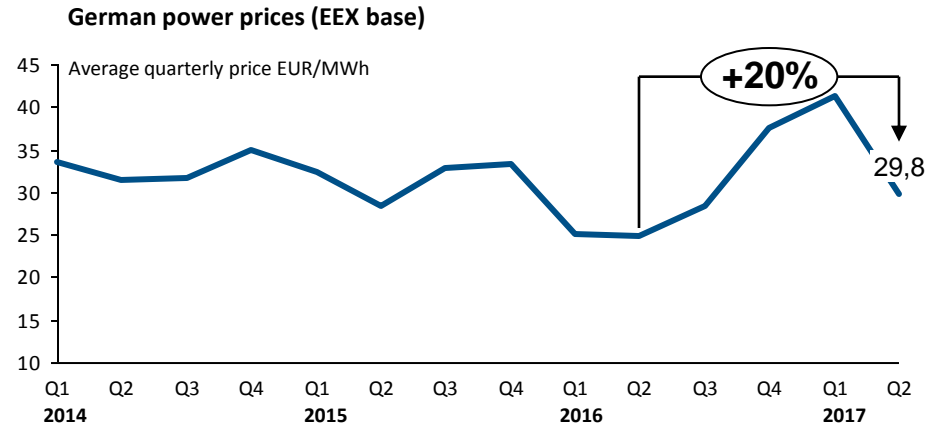
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Price drivers and the German power market

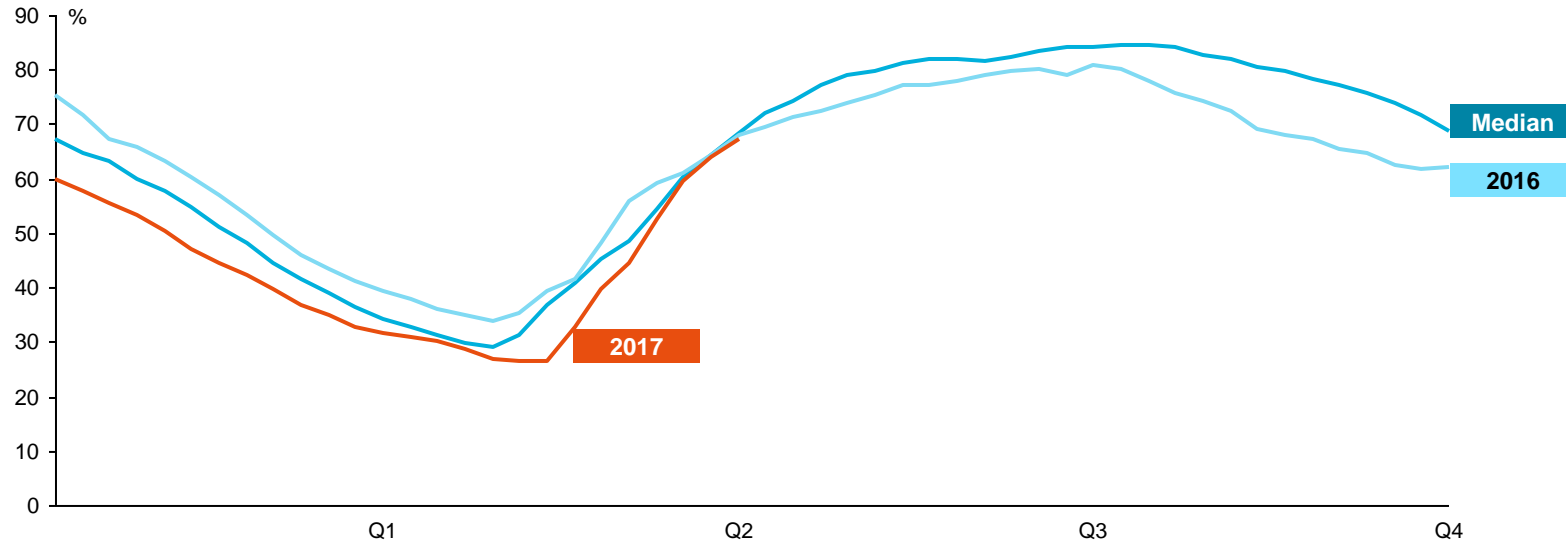


Q2 2017 vs Q2 2016

- ▶ Coal and gas prices high
- ▶ Higher German wind power production
- ▶ German power prices up by 20%

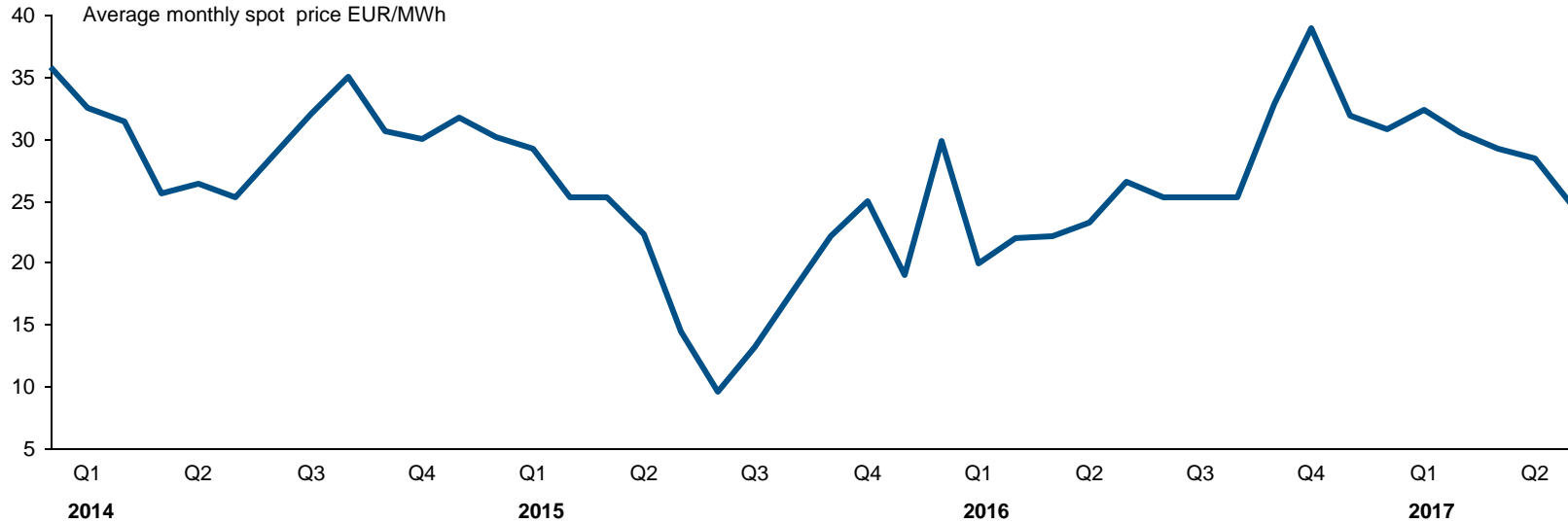


Nordic reservoir level



- ▶ Total Nordic hydrological resources at normal level end of Q2
 - Water reservoirs 98% of median
 - Inflow above normal level in Norway

Nordic power prices

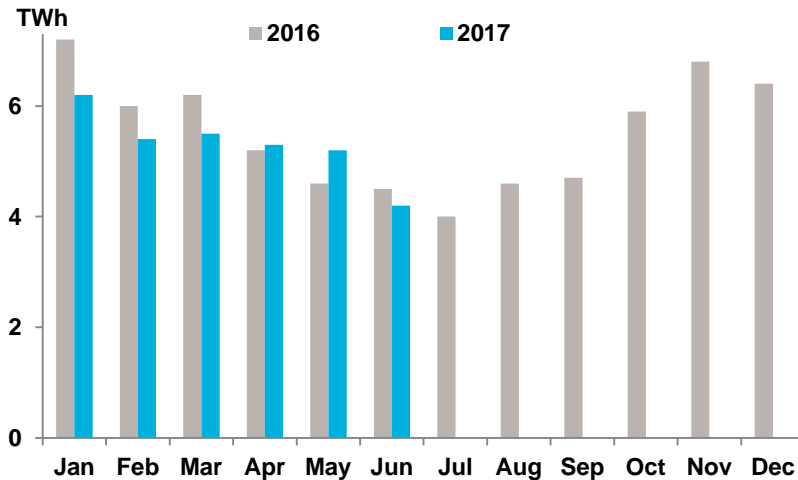


- ▶ Nordic power prices 27.4 EUR/MWh, up 15% Q2 2017 vs. Q2 2016

Energy management



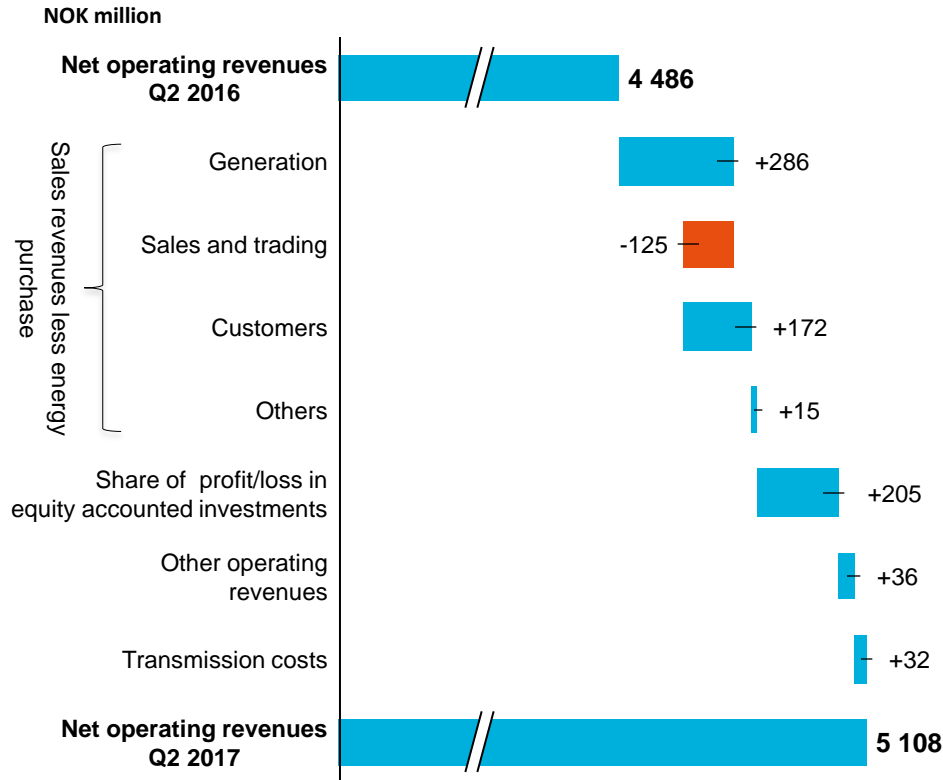
Monthly power generation



Q2 production up 3% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	13.6	-0.1
Wind power	0.6	+0.1
Gas power	0.3	+0.3
Bio power	0.1	-
Total	14.6	+0.3

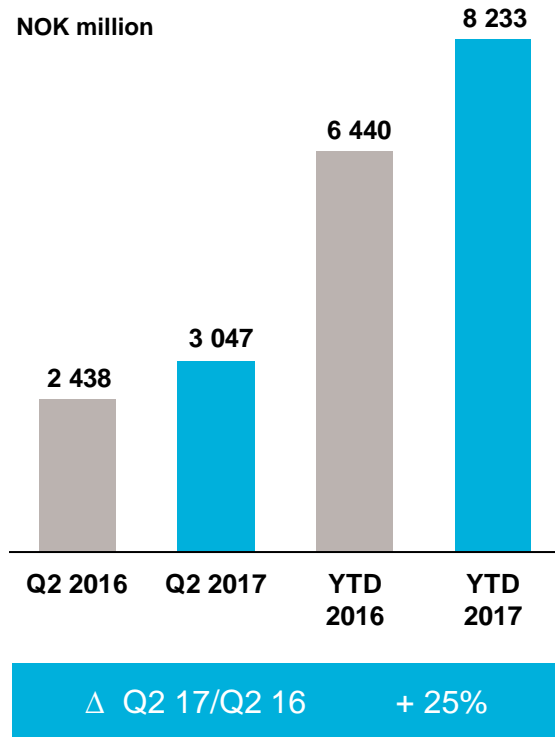
Net operating revenues



- ▶ Net operating revenues¹ up by NOK 622 million (+ 14%)
- ▶ Major effects:
 - Net generation up mainly due to higher Nordic power prices
 - Net sales and trading is down mainly driven by change in value of long terms contracts in Brazil
 - Customers increased mainly due to higher net revenues from market access activities in the UK

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

NOK 3 billion in underlying EBITDA



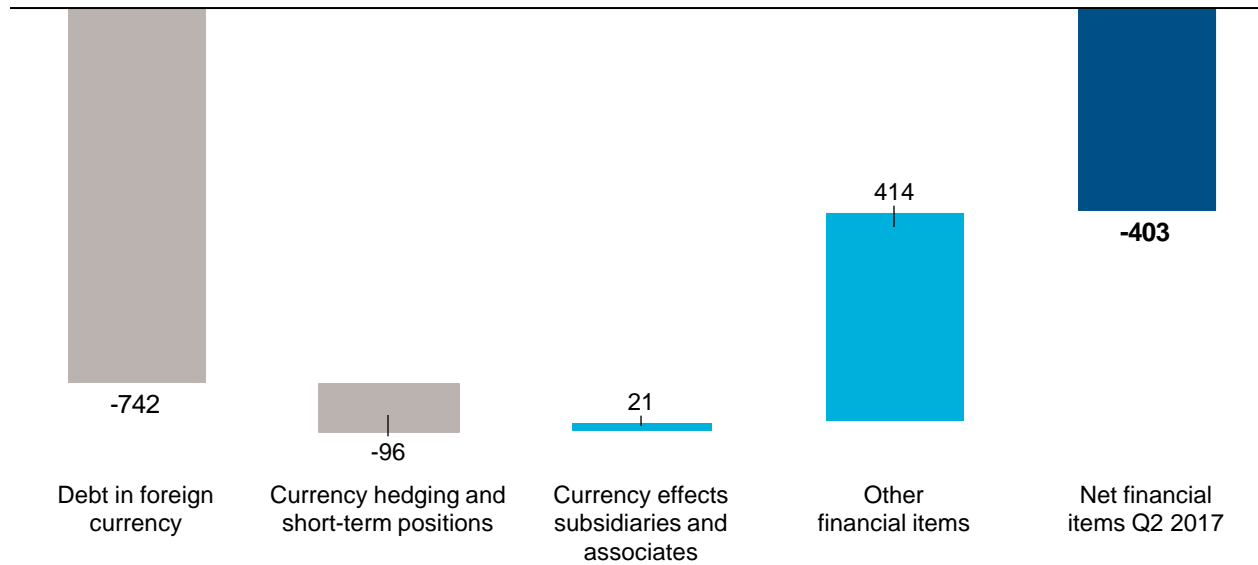
- ▶ Underlying EBITDA¹ was up by NOK 609 million Q-on-Q
- ▶ Primarily a result of improved Nordic prices and contributions from European flexible generation

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Financial items

Breakdown Net financial items Q2 2017

NOK million



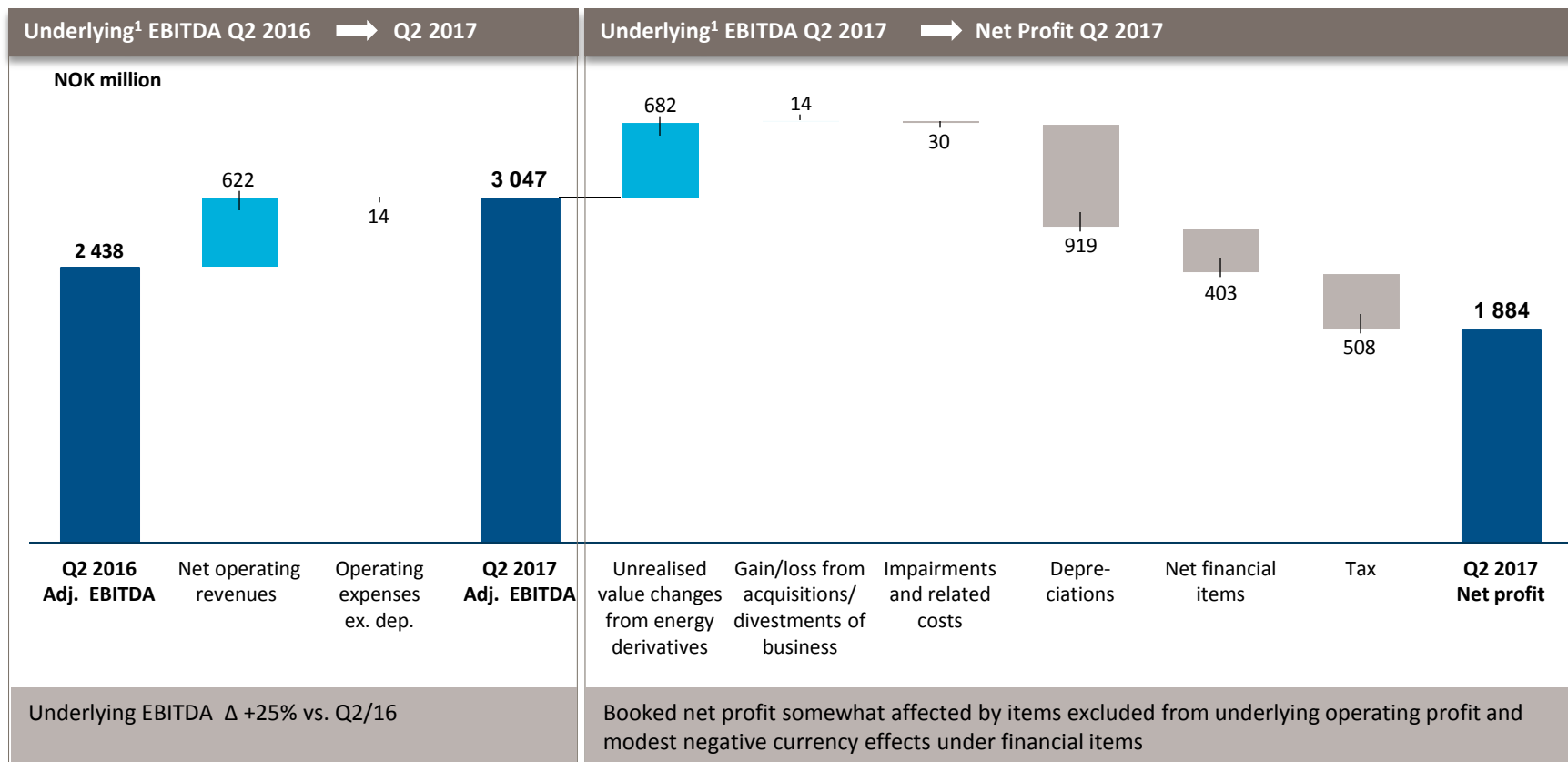
There are positive translation effects in equity

Net profit

NOK million	Q2 2017	Q2 2016	YTD 2017	YTD 2016
Net profit/loss	1 884	-1 899	4 633	490

- ▶ Solid contributions from operating activities
 - Mainly through higher Nordic power prices
- ▶ Net profit 2016 held back by impairments

Q2 net profit breakdown

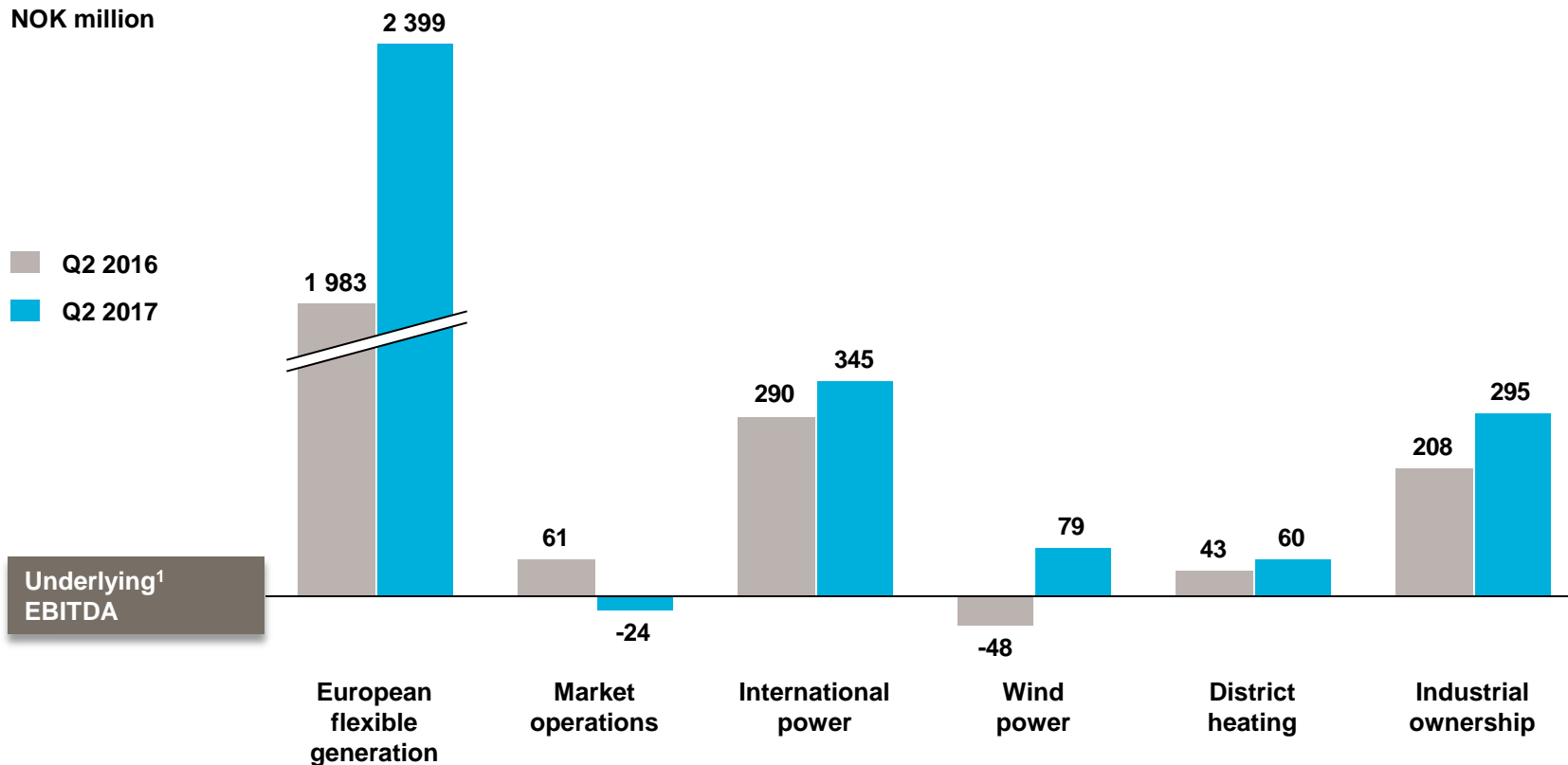


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Q2 segment financials

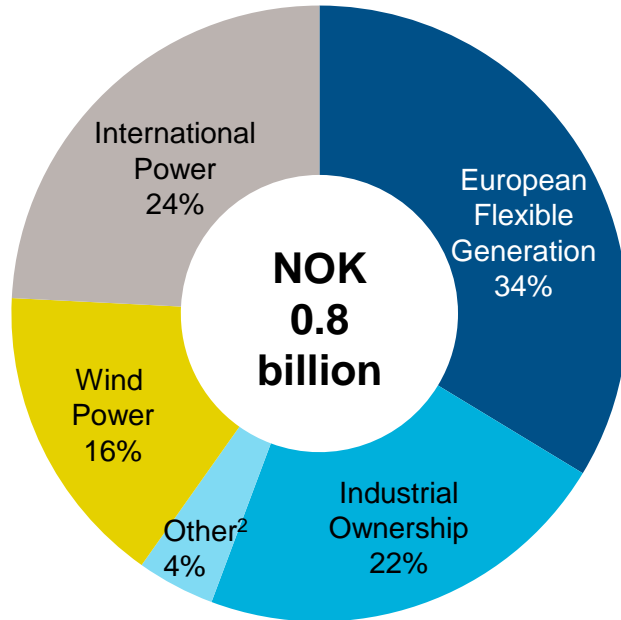
EBITDA including share of profit/loss from equity accounted investments

NOK million



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Q2 2017 capital expenditure¹



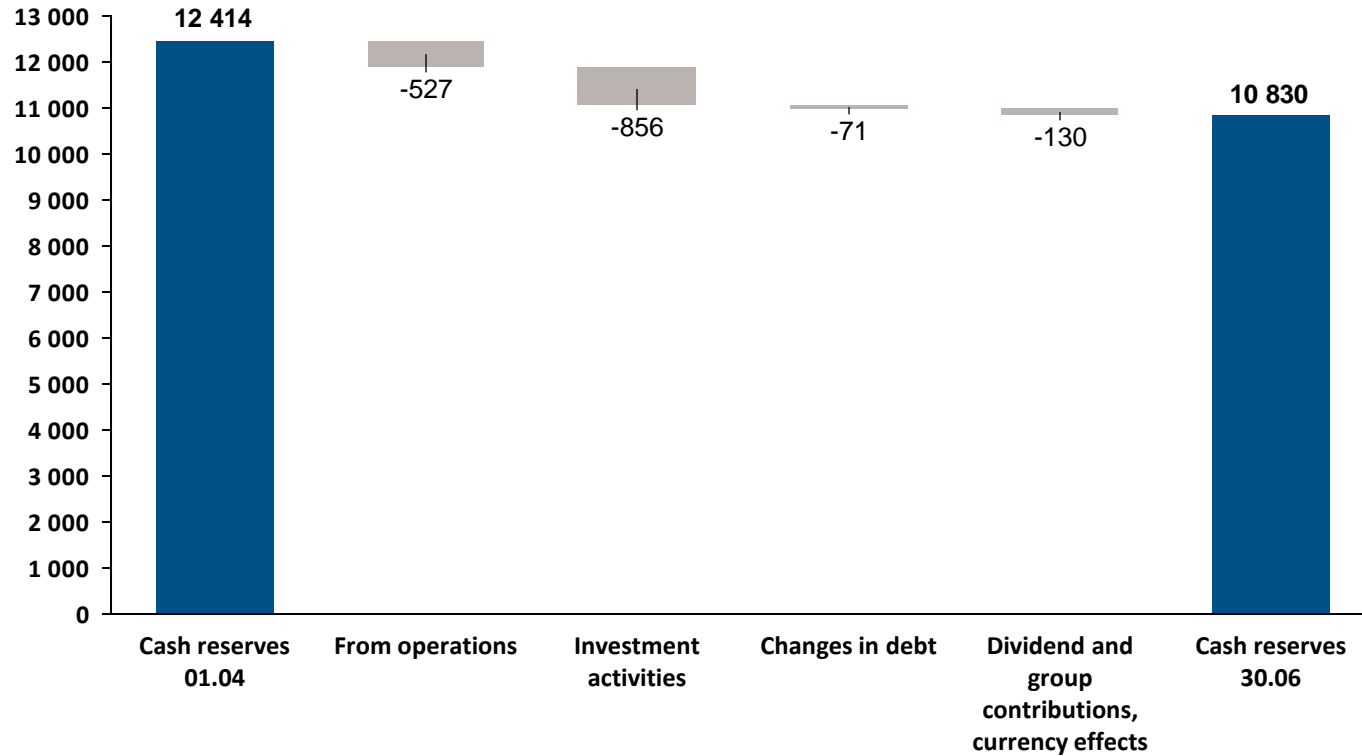
- ▶ Distribution of CAPEX in the quarter:
 - 56% expansion investments
 - 44% maintenance/other investments
- ▶ New hydropower capacity under construction in Norway and Albania
- ▶ Wind power developments in Norway
- ▶ Maintenance primarily within Nordic hydropower and Norwegian grid

¹ Exclusive loans to associates

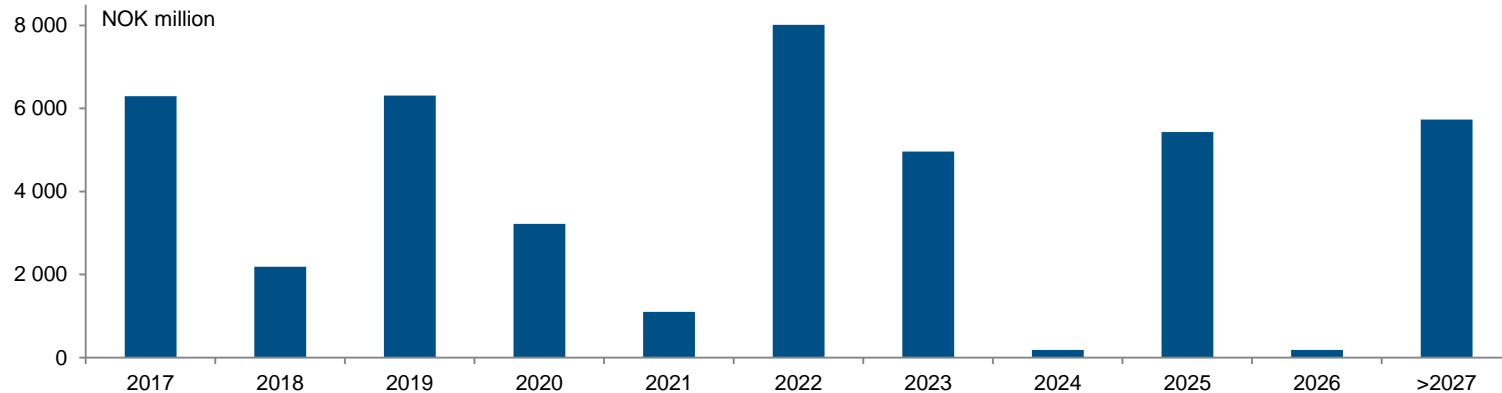
² Including District heating, Market operations and Other activities

Cash flow in Q2

NOK million



Long-term debt repayment profile



- ▶ NOK 6.3 billion debt matures in rest of 2017
- ▶ NOK 34.6 billion in net interest-bearing debt (NOK 32.5 billion at year end 2016)
 - NOK 41%, EUR 42%, GBP 12%, USD 2%, BRL 3%, CLP/CLF 1%
 - Duration: 3.95 years
 - Net interest-bearing debt-equity 29.2%

Strong credit ratings



A- / Stable



Baa1 / Stable

- ▶ Maintaining current ratings with S&P and Moody's
- ▶ S&P has revised the outlook for Statkraft upwards to “stable”
- ▶ Strong support from owner
- ▶ CAPEX adapted to financial capacity

Summary



- ▶ Strong underlying operations and contributions from European flexible generation
- ▶ Solid position going forward



THANK YOU

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