

FINANCIAL RESULTS

Q1 2016

CFO Hallvard Granheim

28th April 2016



Highlights Q1

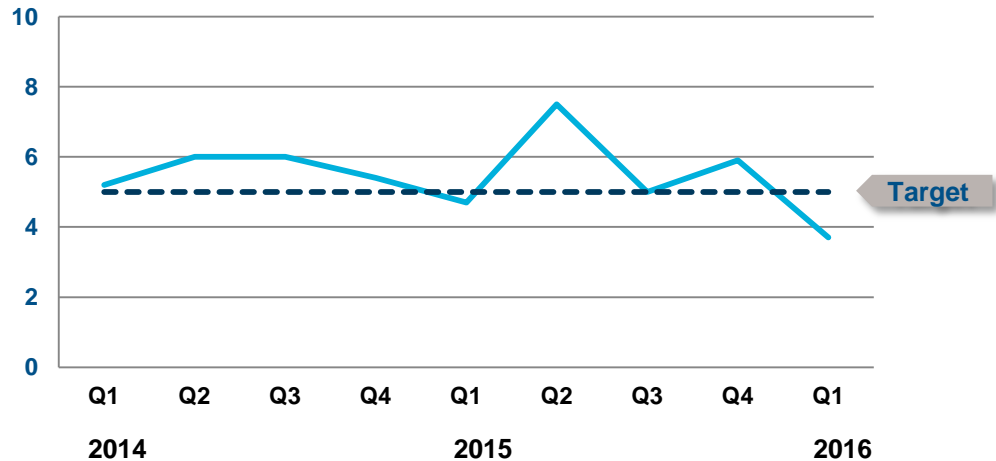


- ▶ Increase in underlying results (EBITDA)
 - Nordic prices are down 15% Q-on-Q
 - High production from Nordic hydropower assets and improved contribution from international assets
 - Underlying EBITDA of NOK 4250 million
- ▶ Net profit at NOK 2389 million
- ▶ Investment decision on 1000 MW onshore wind in Central Norway

Health, safety and environment

Total Recordable Injuries rate¹

TRI-rate



- ▶ Health and safety
 - Quarterly injuries rate reaching target.
 - Continuously top priority to improve safety performance
 - Sick leave 3.3%
- ▶ Environment
 - No serious environmental incidents

¹TRI rate: Number of injuries per million hours worked (per quarter)

New segment structure from 2016

European flexible generation



Market operations



International hydropower

No adjustments



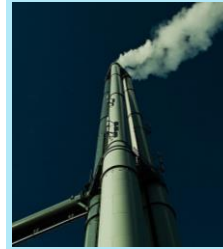
Wind power

No adjustments



District heating

No adjustments



Industrial ownership

No adjustments



Other activities

No adjustments

- ▶ New revenue specification
- ▶ Share of profit/loss in equity accounted investments included in operating profit and EBITDA

Key figures

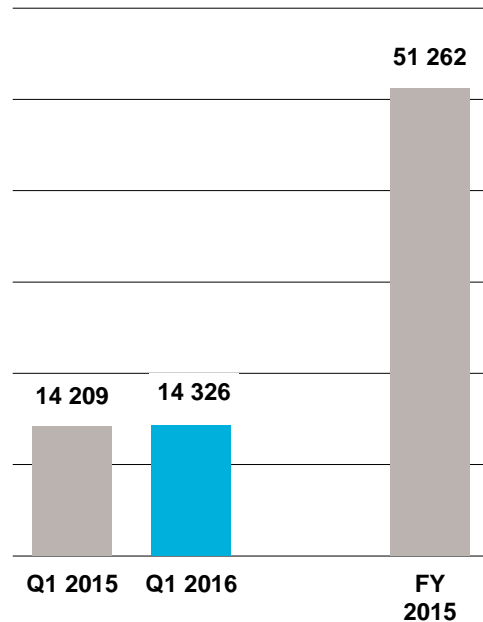
NOK million	Q1 2016	Q1 2015	FY 2015
Gross revenues ¹	14 326	14 209	51 262
EBITDA ¹	4 250	3 961	10 853
Net profit/loss	2 389	3 683	-2 370

- ▶ Overall production up 24% Q-on-Q
- ▶ Nordic prices down 15% measured in EUR Q-on-Q
- ▶ Currency effects influence net profit positively in both quarters
 - The effects were higher in 2015 than in 2016

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

Gross operating revenues

NOK million

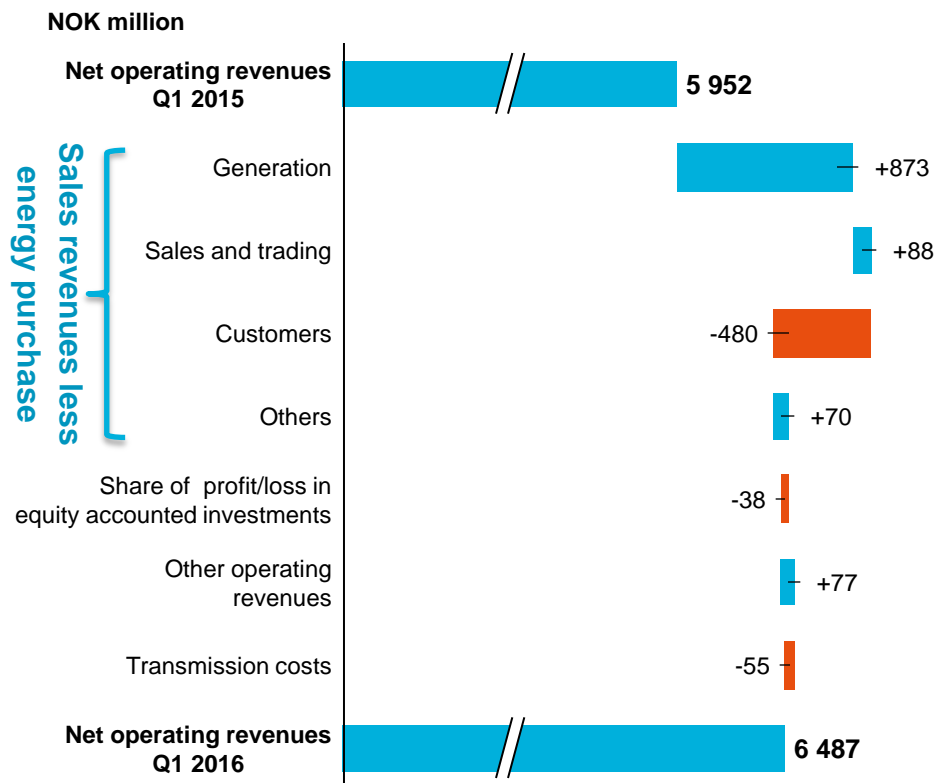


Δ Q1 16/Q1 15 + 1%

- ▶ Underlying gross operating revenues¹ in Q1 influenced by:
 - High Nordic power production offsetting lower power prices
 - Higher contribution from International hydropower

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

Net operating revenues

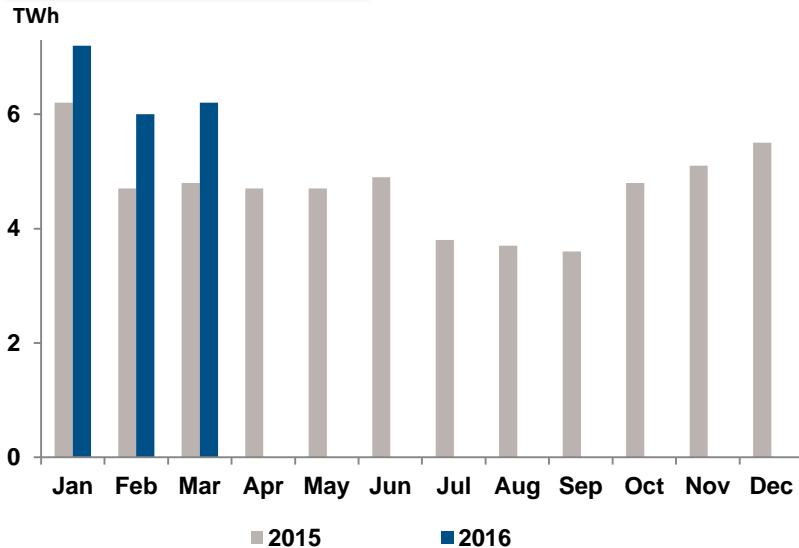


- ▶ Net operating revenues¹ up by NOK 535 million (+ 9%)
- ▶ Major effects:
 - Net generation up NOK 873 million due to higher production from Nordic hydro assets and new capacity in International hydropower
 - Net Sales and trading up due to higher profitability in trading portfolios
 - Net Customers down following negative development in the origination portfolios

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

Record high production

Monthly power generation

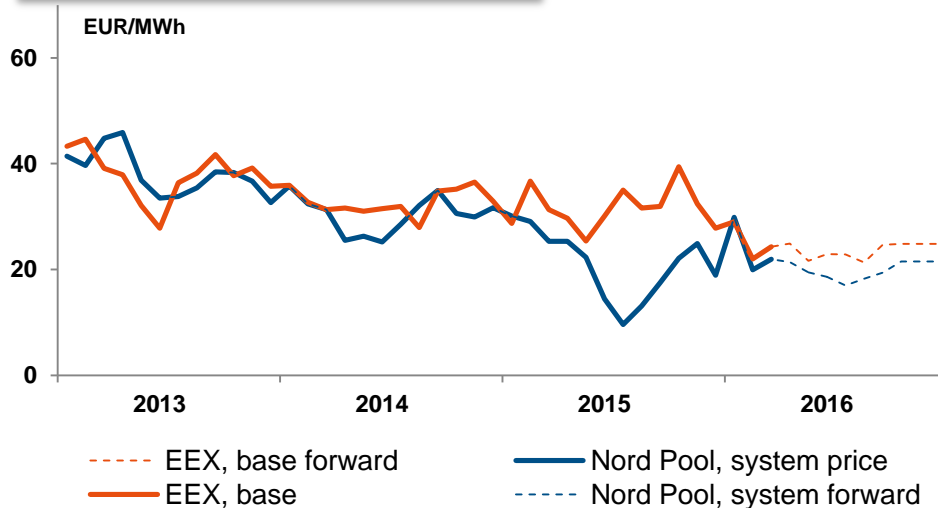


Q1 production up 24% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	18.6	+3.7
Wind power	0.6	-
Gas power	0.2	-
Bio power	0.1	-
Total	19.4	+3.7

Price development in Q1

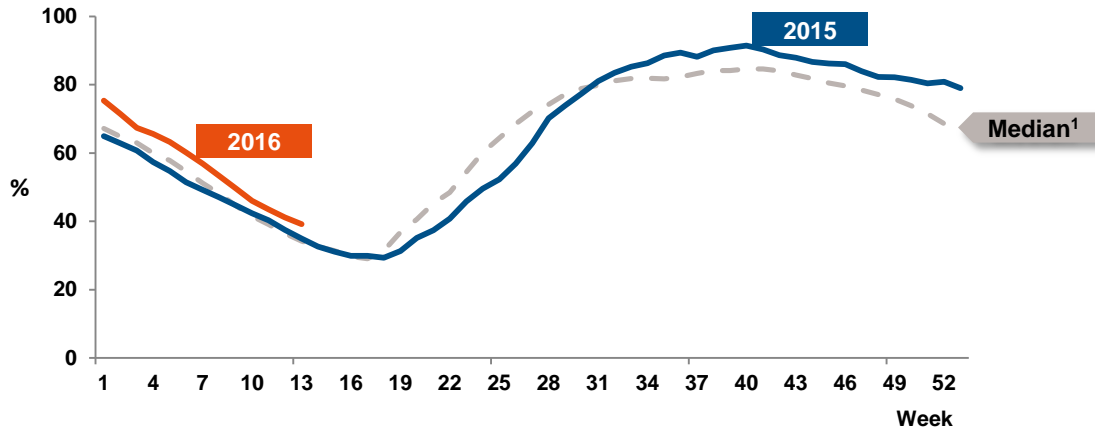
Electricity, average monthly price



- ▶ Q1 Nordic power prices lower than in 2015 due to strengthened hydrological balance
 - System price: 23.9 EUR/MWh - 15%
- ▶ German power prices down compared with Q1 2015 following lower fuel prices
 - Spot price (base): 25.1 EUR/MWh - 22%
- ▶ Nordic forward prices increased in the short end and decreased further out
- ▶ Forwards down in Germany

Nordic reservoir levels

Nordic reservoir water levels

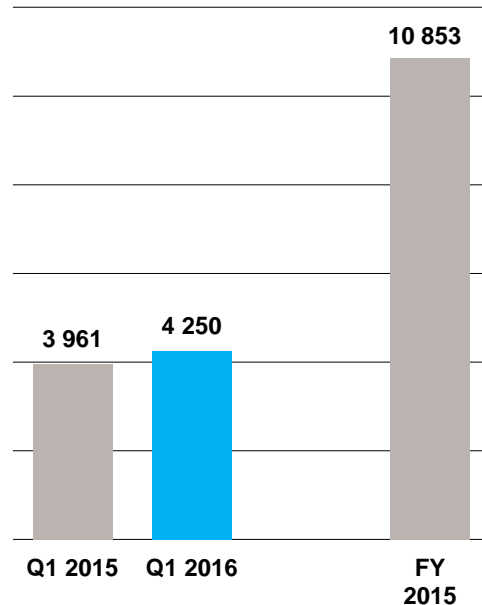


- ▶ At start of year Nordic reservoirs were 118% of median
- ▶ Inflow above normal in the Nordic region
- ▶ At the end of March reservoirs were 47.6 TWh corresponding to 115% of median
- ▶ Reservoirs filled to 39.2% of maximum capacity of 121.4 TWh

¹ Median 1990-2012

NOK 4.3 billion in underlying EBITDA

NOK million



Δ Q1 16/Q1 15 + 7%

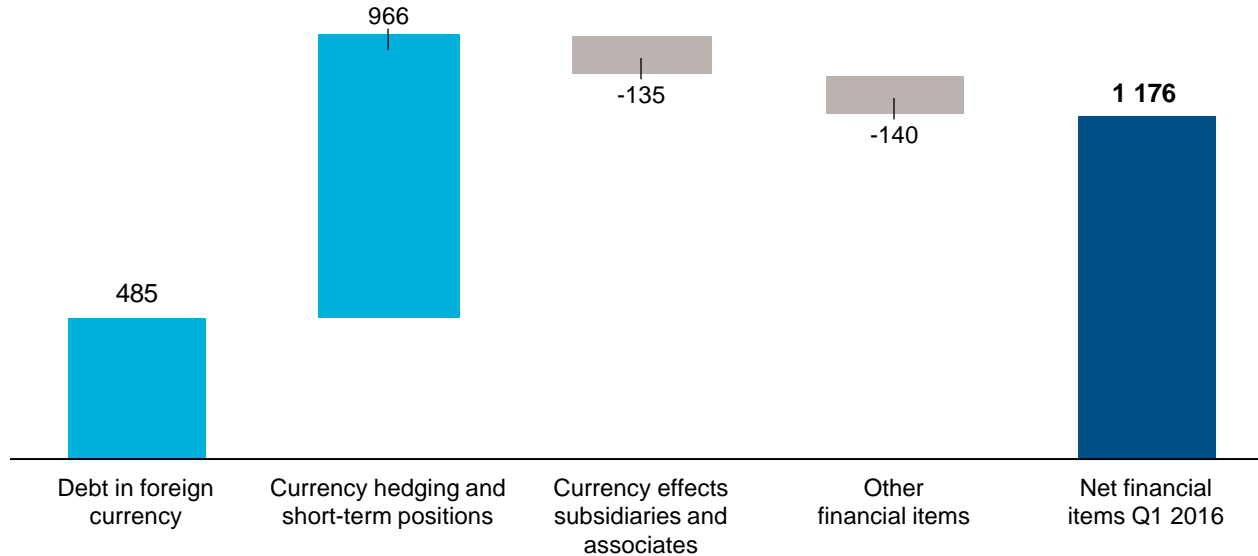
- ▶ Underlying EBITDA¹ was up by NOK 289 million Q-on-Q
- ▶ Major effect from high Nordic power production counterbalancing lower prices
- ▶ Improved contributions from International Hydropower
 - Particularly due to new consolidated capacity

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

Q1 currency effects of NOK +1 316 million

Breakdown Net financial items Q1 2016

NOK million



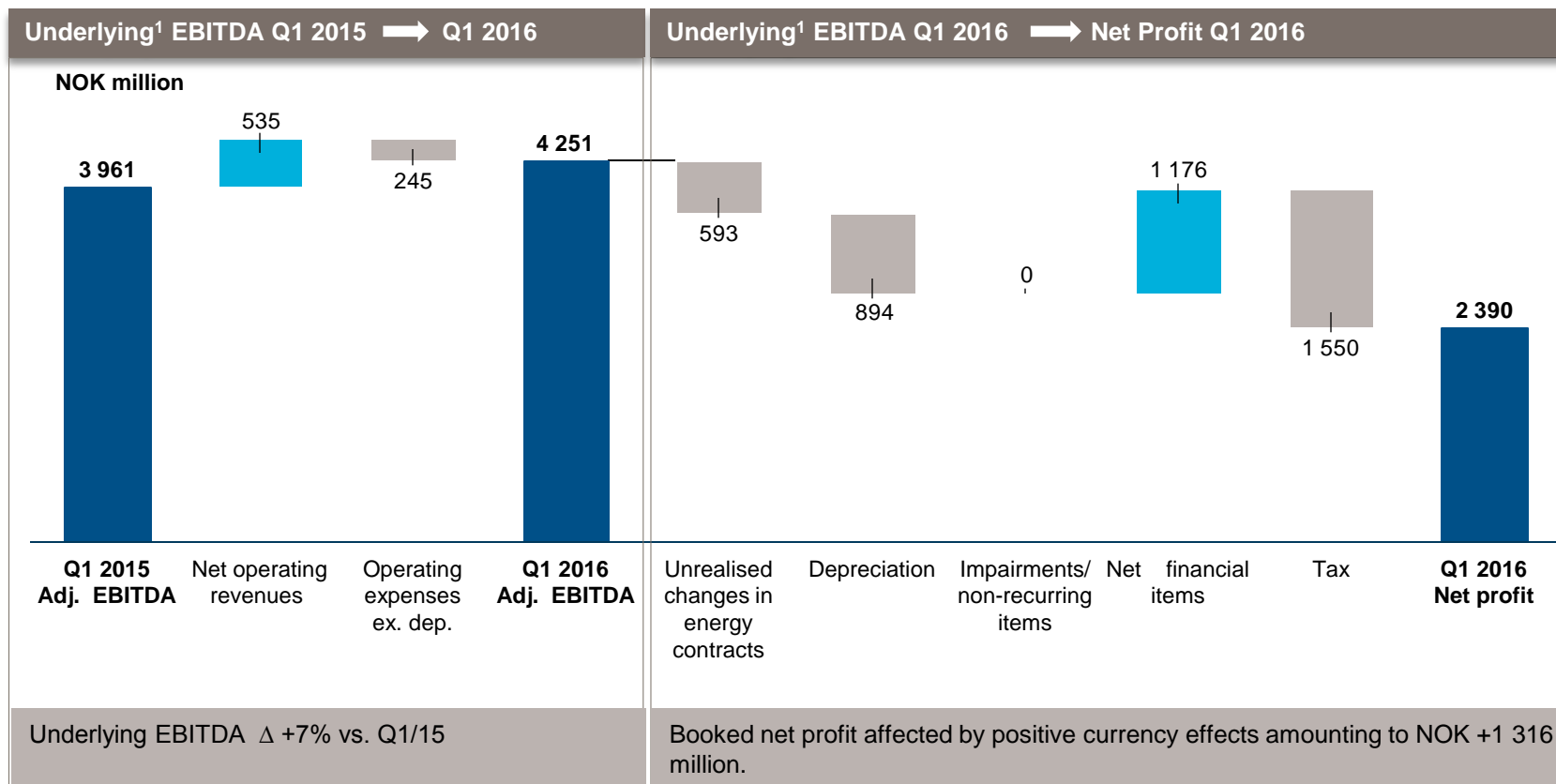
There are negative translation effects in equity

Net profit influenced by currency effects

NOK million	Q1 2016	Q1 2015	FY 2015
Net profit/loss	2 389	3 683	-2 370

- ▶ Solid contributions from operating activities
 - Mainly through high power production
- ▶ Currency effects influence net profit positively
 - The effects were higher in 2015 than in 2016

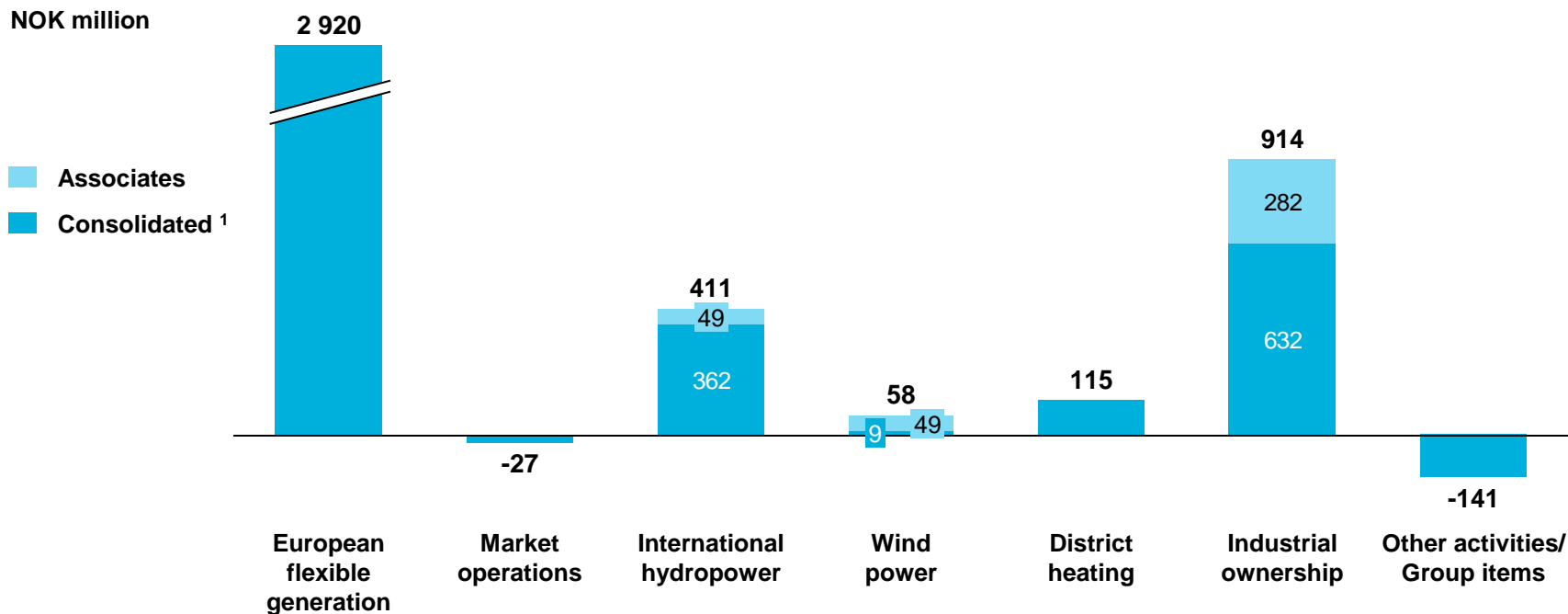
Q1 net profit breakdown



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

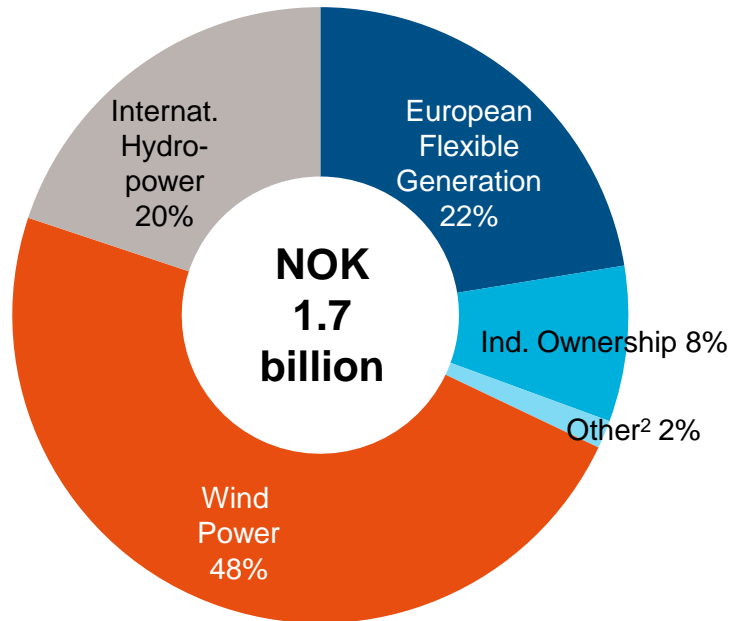
Q1 EBITDA segment breakdown

NOK million



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

Q1 2016 capital expenditure¹



- ▶ Distribution of CAPEX in the quarter:
 - 75% expansion investments
 - 2% investments in shareholdings
 - 23% maintenance investments
- ▶ New hydropower capacity under construction in Norway and Albania
- ▶ Wind power developments in UK and completion of projects in Sweden
- ▶ Maintenance primarily within hydropower in the Nordic region

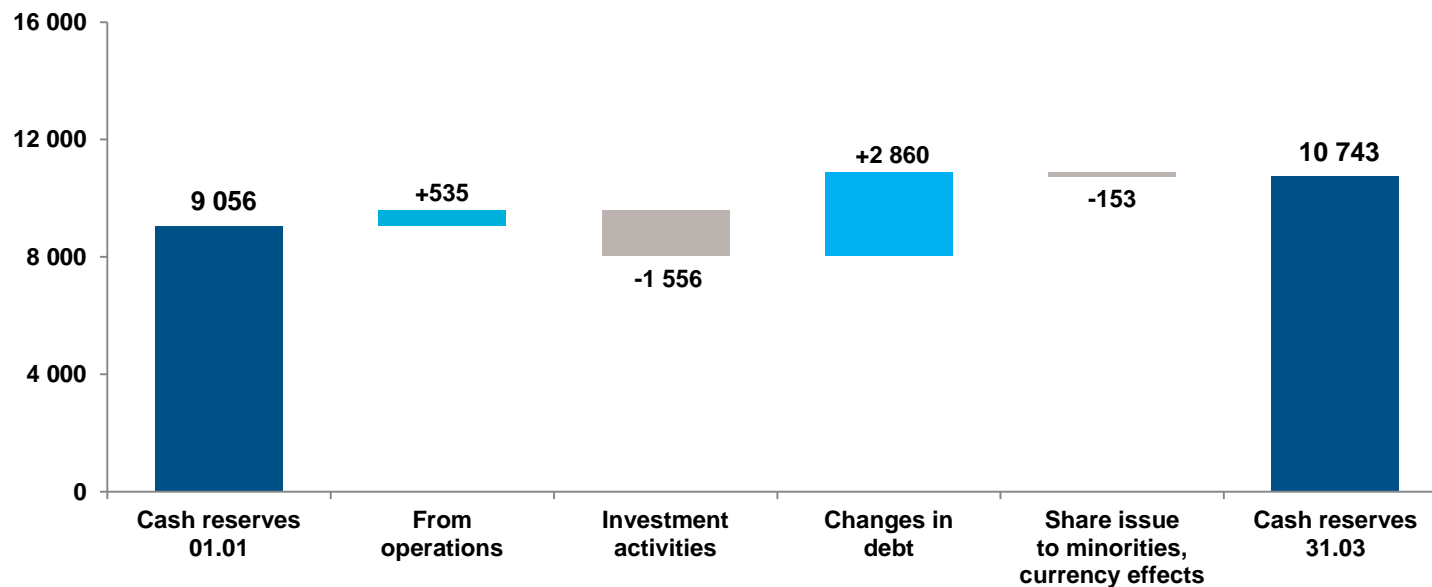
¹ Exclusive loans to associates

² Including District heating and Other activities

Cash flow

Cash flow

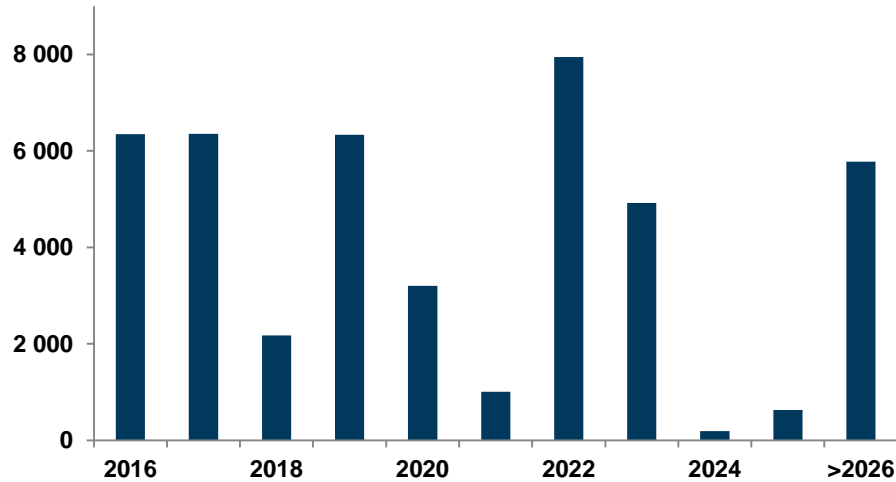
NOK million



Long-term debt

Debt repayment profile

NOK million



- ▶ NOK 36.1 billion in net interest-bearing debt (NOK 35.0 billion at year end 2015)
 - NOK 38%, EUR 44%, GBP 13%, USD 3%, BRL 2%
 - 63% floating interest
 - Interest-bearing net debt ratio 29.2%
 - NOK 6.3 billion debt matures in 2016

Strong credit ratings



A- / Negative



Baa1 / Stable

- ▶ Maintaining current ratings with S&P¹ and Moody's
- ▶ Strong support from owner
- ▶ CAPEX adapted to financial capacity

¹In a report published 26 February 2016 Standard & Poor's affirmed Statkraft's A- rating but changed the outlook from 'stable' to 'negative'

Summary



- ▶ High Nordic production offset low power prices
- ▶ Increased contribution from international assets
- ▶ Investment plan adapted to financial capacity
- ▶ Strategic advantage: Low cost position, high flexibility and large reservoir capacity



THANK YOU

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APPENDIX



Statement of Comprehensive Income

NOK million	First quarter 2016	2015	The year 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

Statement of Financial Position

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

Statement of Cash Flow

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, amortization 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
Realized currency effect from internal loans ¹⁾	-565	-734	2 635
Unrealized 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	-	-	1 631
Business combinations and asset purchase, net liquidity outflow from the Group	-32	-3	-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	-	-	3
Cash flow from financing activities	C	2 860	-2 603
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	13 696	9 056
Unused committed credit lines	12 000	12 000	13 000
Unused overdraft facilities	2 215	2 200	2 200
Restricted Cash	-	-	-

¹⁾ Realized 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.