

FINANCIAL RESULTS

Q3 2014

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Highlights

▶ Solid result from operations

- Underlying EBITDA of NOK 2282 million
- Lower Nordic prices offset by increased production and contribution from market activities

▶ Net profit amounted to NOK 4151 million

- Influenced positively with NOK 1507 million in non-recurring items linked to completed transactions (gain on sale of assets in Finland and UK) and an impairment (Cetin project in Turkey)
- Positive currency effects under financial items, but these are offset by translation effects in equity

▶ Investments

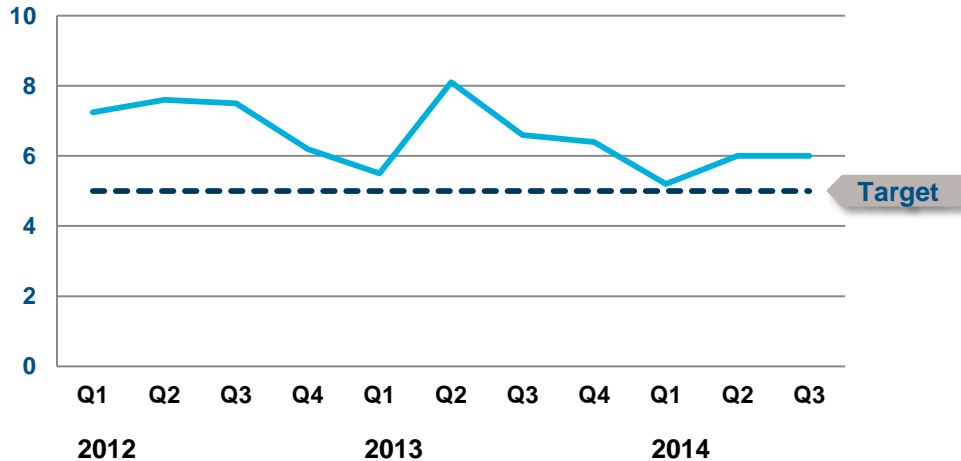
- New hydropower plant in Norway (Kjensvatn) completed
- Increased ownership from 50% to 100% in UK onshore wind farm project



Health, safety and environment

Total Recordable Injuries rate¹

TRI-rate



- ▶ Health and safety
 - Injuries rate not fully reaching target
 - High management focus to improve health and safety culture at all levels
 - Sick leave ytd 3.0% well within target
- ▶ Environment
 - No serious environmental incidents

¹TRI rate: Number of injuries per million hours worked

Solid underlying results

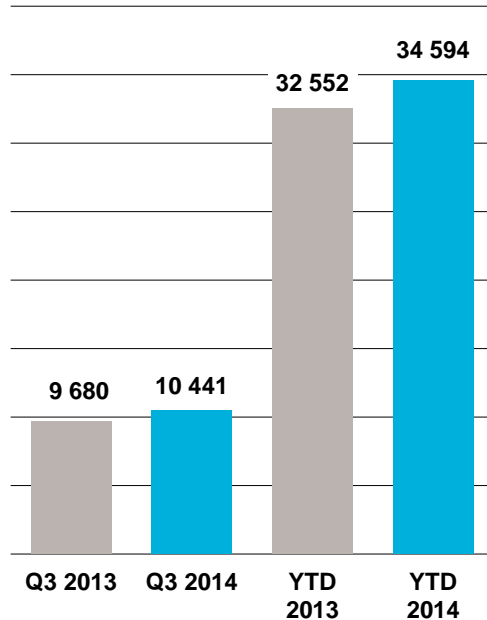
NOK million	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Gross revenues ¹	10 441	9 680	34 594	32 552
EBITDA ¹	2 282	1 867	8 646	8 602
Net profit/loss	4 151	-1 681	6 989	-2 147

- ▶ Production up 1.0 TWh compared with Q3 2013
- ▶ Nordic prices down 11% measured in EUR/MWh
- ▶ Net positive effect from non-recurring items improves net profit
- ▶ Financial items affected positively by currency effects, mostly unrealized due to strengthening of NOK against EUR
 - No cash flow effect and counterbalanced by translation effects in equity

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

Gross operating revenues increasing

NOK million



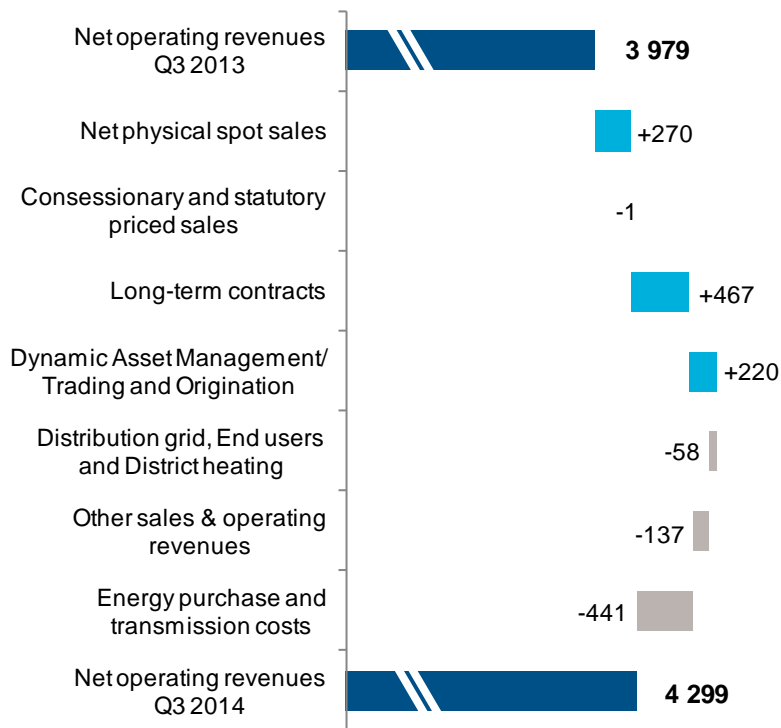
Δ Q3 14/Q3 13 + 7.9%

- ▶ Underlying gross operating revenues¹ in Q3 influenced by
 - Lower power prices offset by higher production
 - ▶ Average Nordic system price 31.8 EUR/MWh (- 11%)
 - ▶ Total power generation 12.2 TWh (+ 9%)
 - Strong contribution from market activities

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

Net operating revenues improved

NOK million

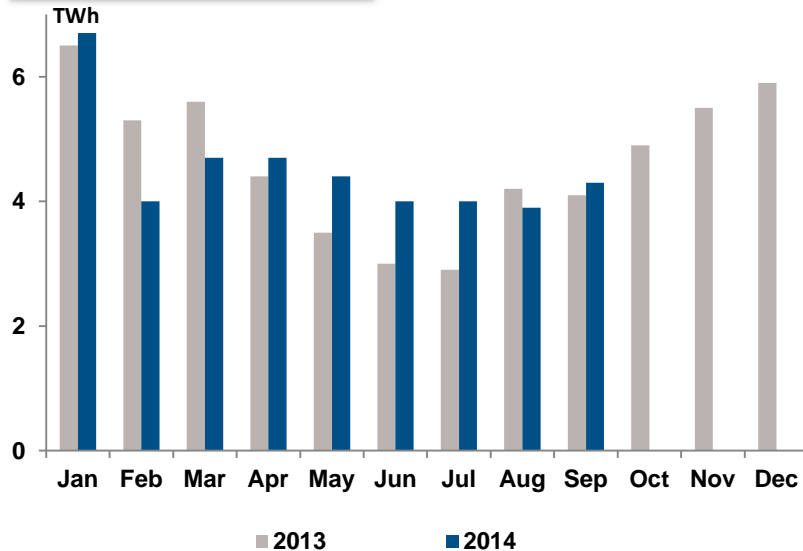


- ▶ Net operating revenues¹ increased by NOK 320 million (+ 8.0%)
 - Physical spot sales up due to higher production offsetting lower price
 - Long-term contracts increased due to activities in Brazil and Nordics but also corresponding increase in energy purchases
 - Dynamic asset management and trading and origination increased following positive market activities
 - Lower prices and reduced volumes affected contribution from distribution grid

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

Statkraft production

Monthly power generation



Change from 2013:

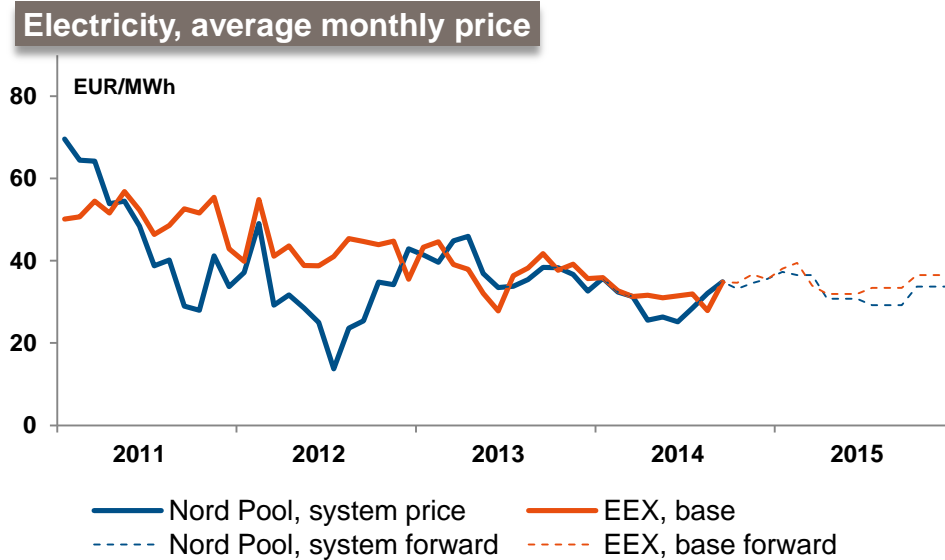
Q3 production 12.2 TWh + 9%

- ▶ Hydropower production + 8%
- ▶ Wind power production + 2%
- ▶ Gas-fired power production -

YTD production 40.6 TWh + 3%

- ▶ Hydropower production + 3%
- ▶ Wind power production + 29%
- ▶ Gas-fired power production - 50%

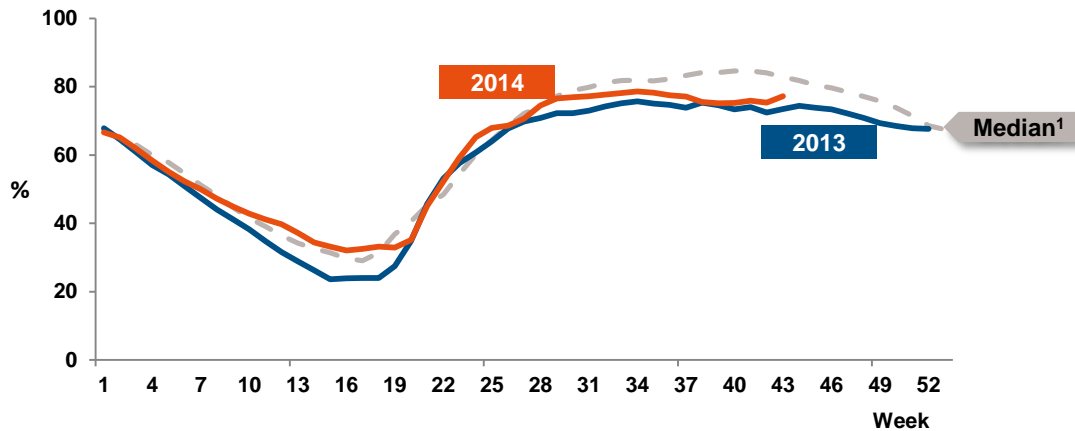
Price development in Q3



- ▶ Q3 Nordic power prices lower than in 2013 due to higher temperatures and higher reservoirs
 - System price: 31.8 EUR/MWh - 11%
- ▶ Falling fuel prices and increased renewables capacity drive prices down in Germany
 - Spot price (base): 31.5 EUR/MWh - 19%
- ▶ Forward prices slightly up in the Nordic region and somewhat down in Germany

Nordic reservoir levels

Nordic reservoir water levels

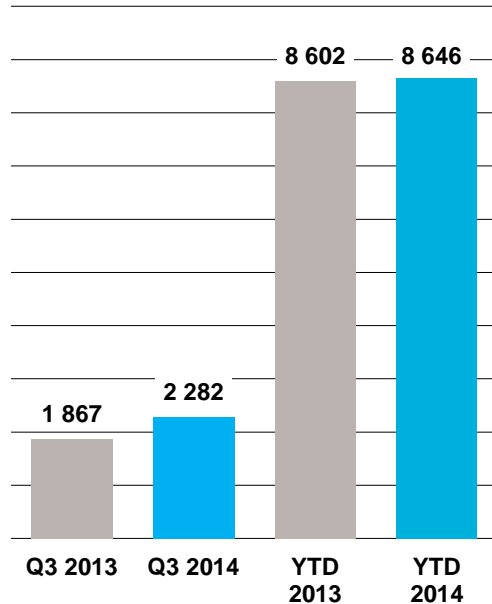


- ▶ Inflow below normal through the quarter
- ▶ At the end of September Nordic reservoirs were 91.2 TWh corresponding to 89% of median
- ▶ Reservoirs filled to 75.1% of maximum capacity of 121.4 TWh

¹ Median 1990-2012

NOK 2.3 billion in underlying EBITDA

NOK million



Δ Q3 14/Q3 13 + 22%

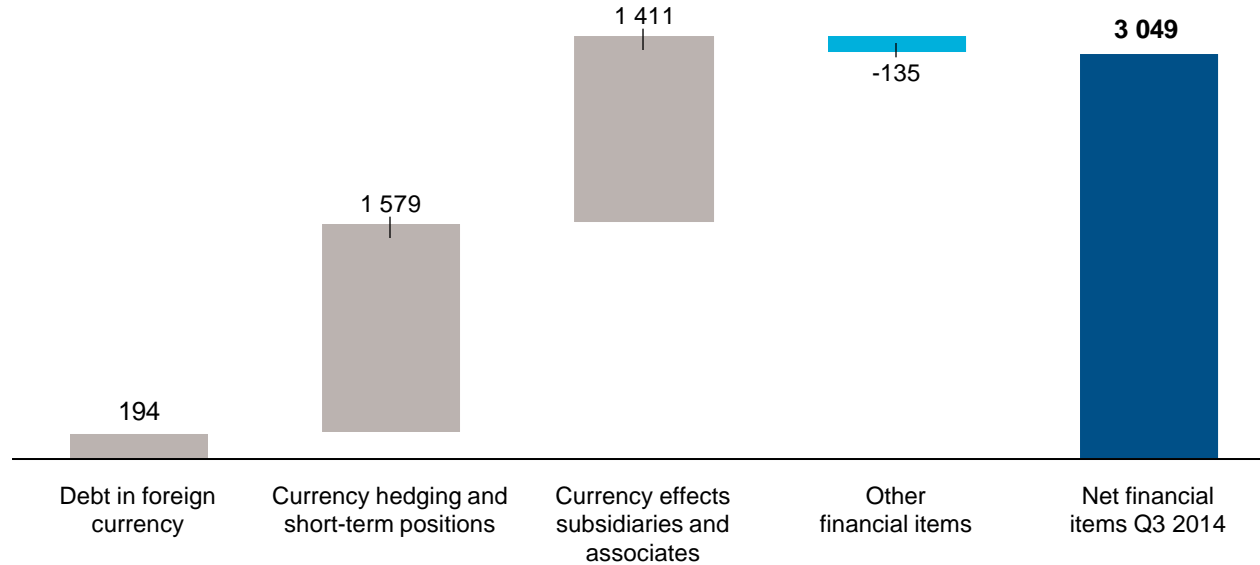
- ▶ Underlying EBITDA¹ increased by NOK 415 million in Q3
- ▶ Primarily due to higher production offsetting price reductions
- ▶ Strong result from market operations
- ▶ Increase in long-term contracts
- ▶ Operating costs down close to 5% in the quarter

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

Q3 currency effects

Breakdown Net financial items Q3 2014

NOK million



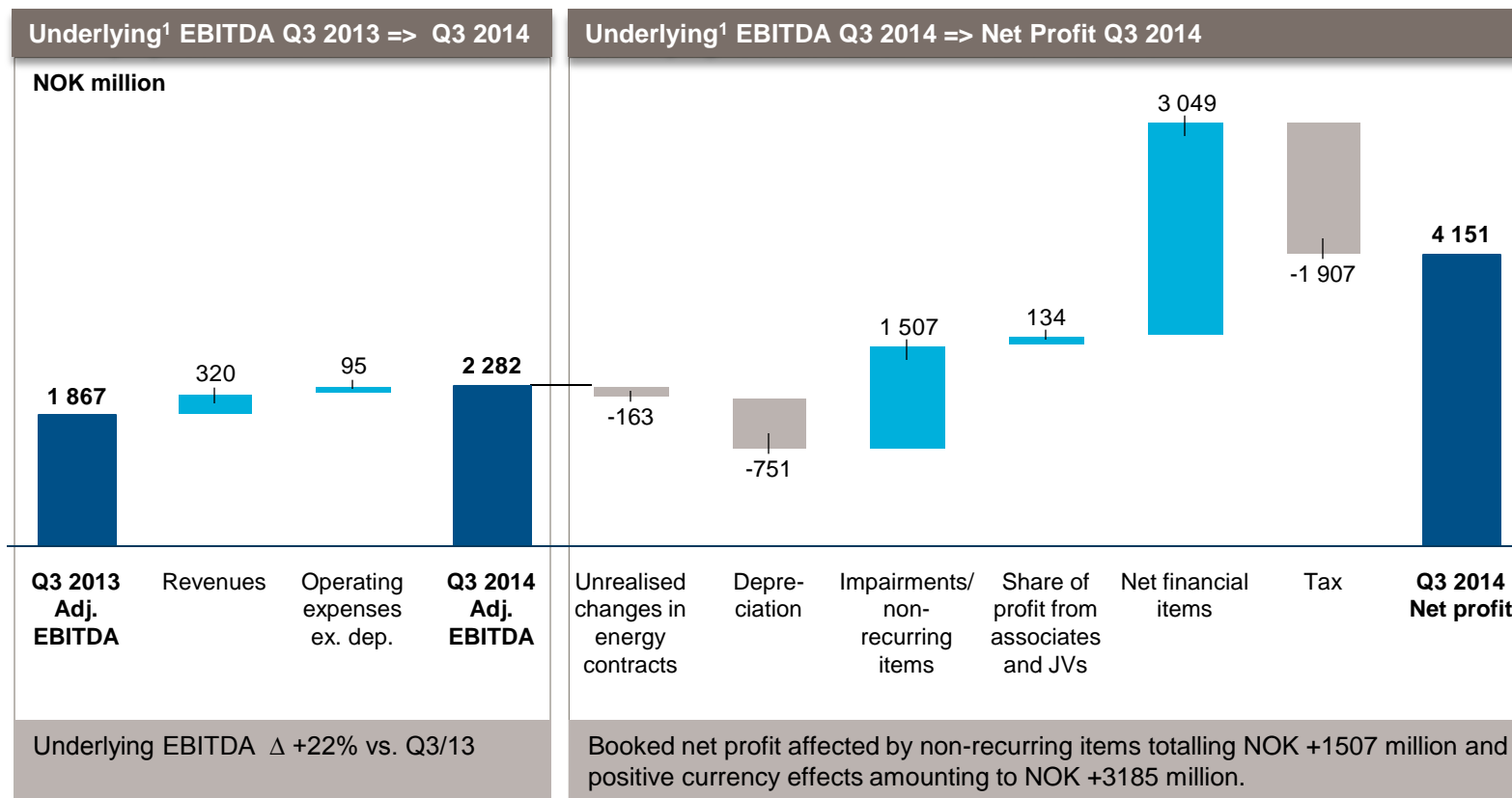
Of currency effects NOK +2600 million is unrealised and NOK +585 million realised.

Net profit influenced by non-recurring items and currency

NOK million	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Net profit/loss	4 151	-1 681	6 989	-2 147

- ▶ Net non-recurring items NOK +1 507 million
 - Gains from divestment of assets in Finland and UK
 - Impairment in Turkish power plant
 - Positive effect from pension cost adjustment
- ▶ Strengthening of NOK against EUR gave positive currency effects under financial items
- ▶ Large increase in net profit from Q3 2013 when currency effects were negative
- ▶ Most of the currency effects are offset by currency translation effects included in other comprehensive income

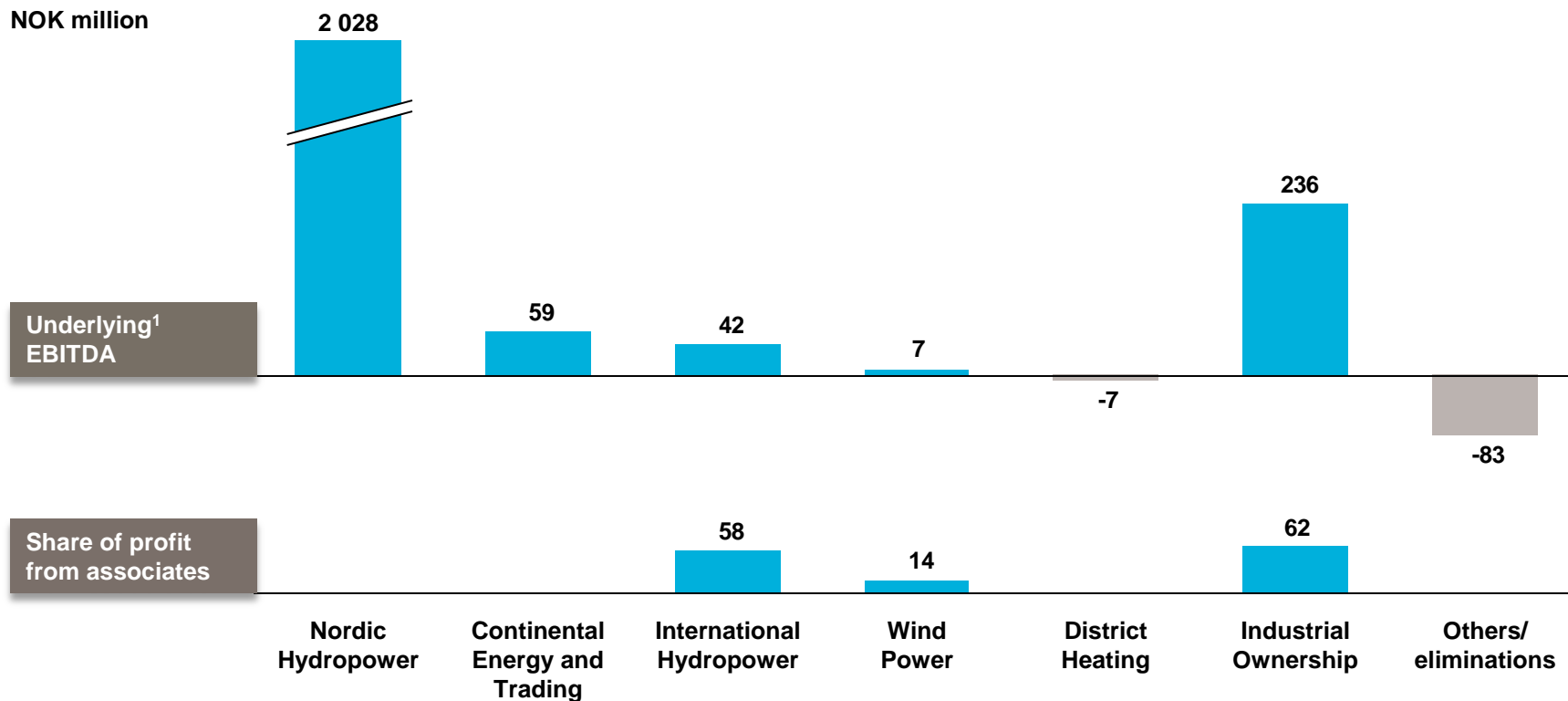
Q3 net profit breakdown



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

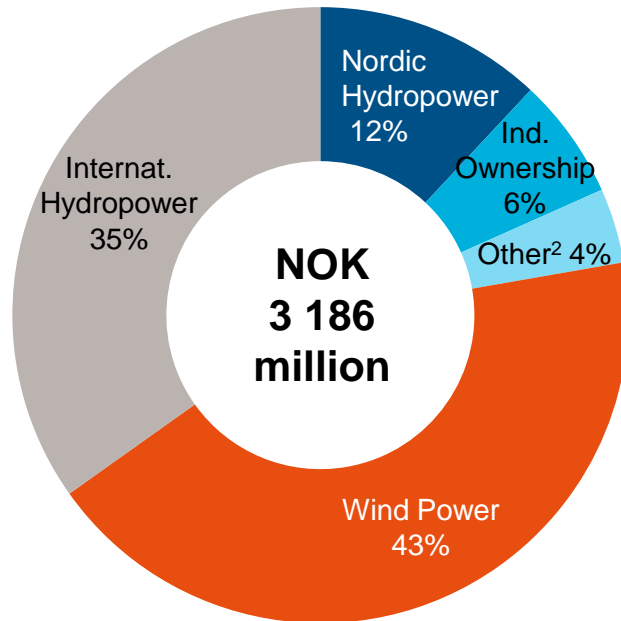
Q3 segment financials

NOK million



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

Q3 2014 capital expenditure¹



- ▶ A large number of projects under construction in current investment program
- ▶ Distribution of CAPEX in the quarter:
 - 87% expansion
 - 13% maintenance

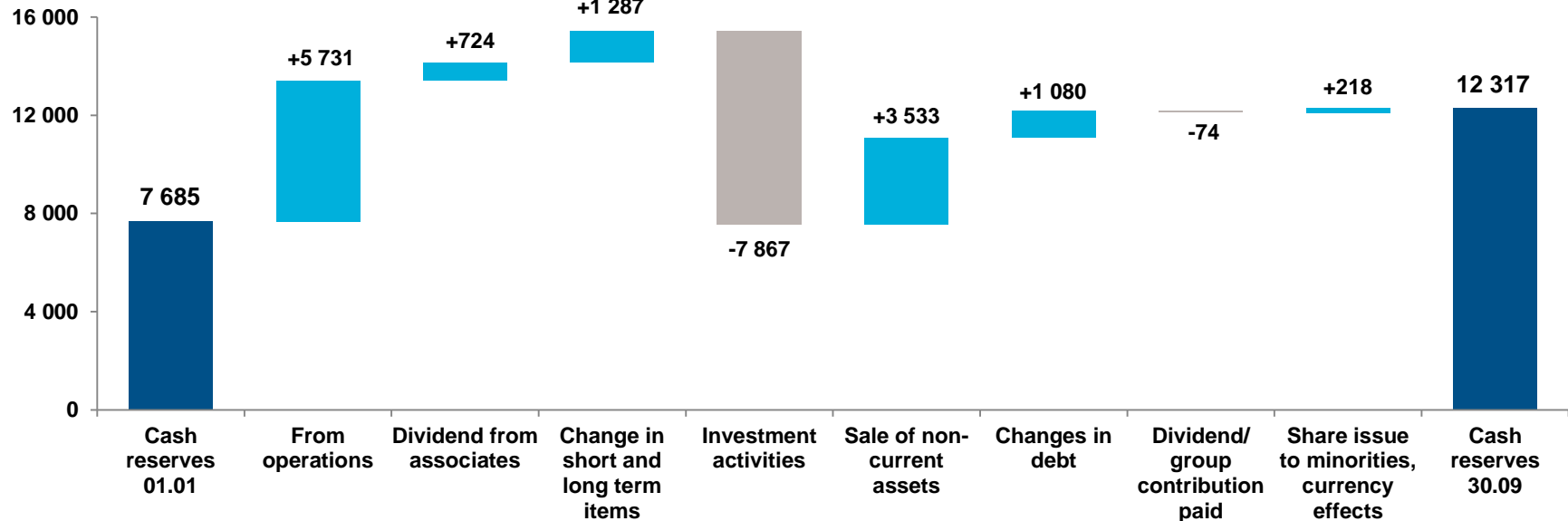
¹ Exclusive loans to associates

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

Solid cash flow

Cash flow year-to-date

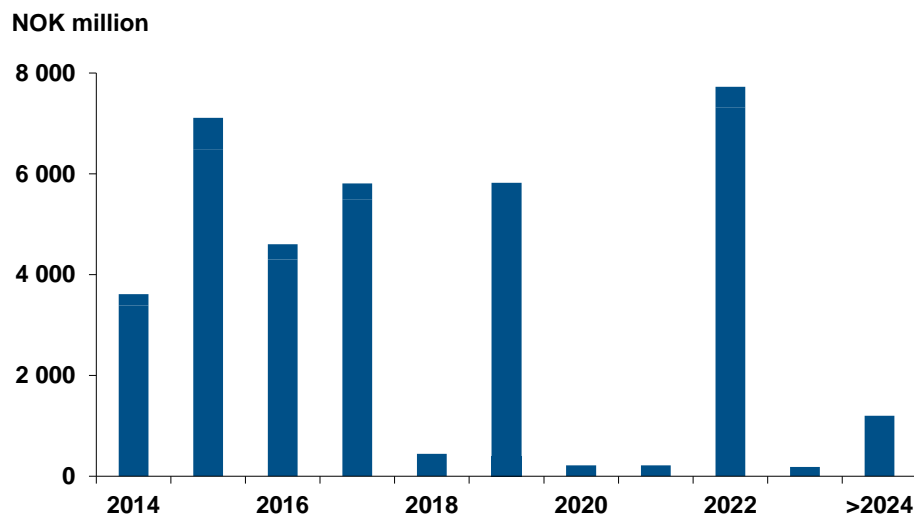
NOK million



- ▶ Sale of non-current assets mainly regards hydro assets in Finland and wind assets in UK

Long-term debt

Debt repayment profile



- ▶ Net interest-bearing liabilities
NOK 25.7 billion (32.2 at end of 2013)
 - NOK 45%, EUR 32%, SEK 1%,
GBP 16%, USD 6%
 - 56% floating interest
 - Interest-bearing net debt ratio 25.1%
(31.2% at end of 2013)
- ▶ NOK 3.3 billion debt matures in Q4 2014

Strong credit ratings



A- / Stable

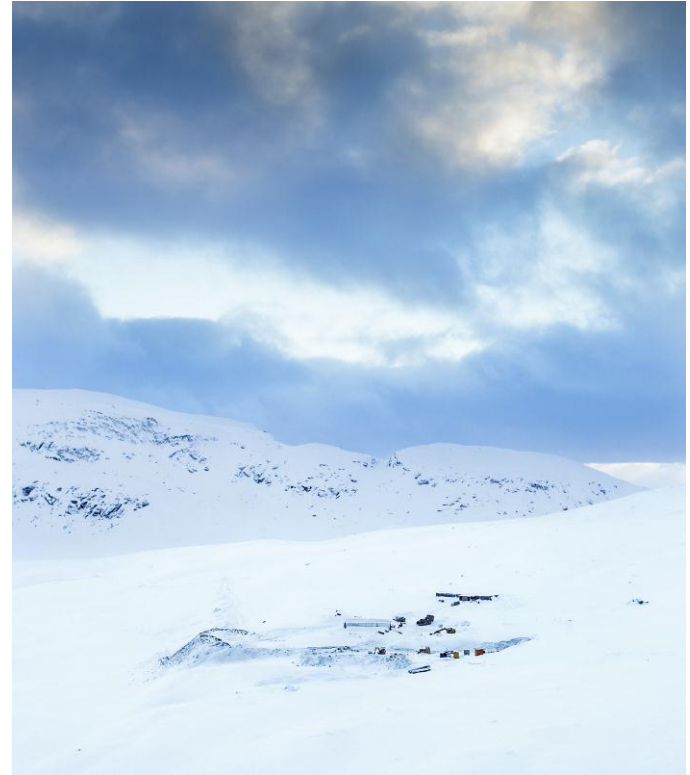


Baa1 / Stable

- ▶ Maintaining current ratings with S&P and Moody's
- ▶ CAPEX adapted to financial capacity

Outlook

- ▶ **Steady operating earnings**
 - Nordic forward prices relatively stable
 - Long-term contract portfolio stabilizes earnings
 - Large hydro reservoir capacity gives high production flexibility
 - Positive impact from new capacity
- ▶ **Growth opportunities**
 - Nordic hydropower
 - International hydropower
 - Wind power
 - Market activities



APPENDIX



Statement of Comprehensive Income

NOK million	Third quarter		Year to date		The year 2013
	2014	2013	2014	2013	
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	9 431	9 560	30 968	32 513	48 148
Other operating revenues	2 507	415	3 329	1 117	1 415
Gross operating revenues	11 937	9 975	34 297	33 630	49 564
Energy purchase	-5 242	-5 377	-16 347	-16 131	-24 327
Transmission costs	-283	-227	-874	-717	-991
Net operating revenues	6 412	4 371	17 076	16 782	24 246
Salaries and payroll costs	-595	-814	-2 199	-2 288	-3 136
Depreciation, amortisation and impairments	-1 801	-918	-3 308	-2 265	-3 045
Property tax and licence fees	-409	-420	-1 226	-1 246	-1 640
Other operating expenses	-732	-976	-2 502	-2 428	-3 422
Operating expenses	-3 537	-3 128	-9 234	-8 227	-11 243
Operating profit/loss	2 875	1 243	7 842	8 554	13 002
Share of profit/loss from associates and joint ventures	134	-59	213	400	1 101
Financial income	141	75	722	179	237
Financial expenses	-340	-357	-987	-972	-1 351
Net currency effects	3 185	-1 954	3 061	-6 878	-9 403
Other financial items	63	-298	83	-1 156	-1 076
Net financial items	3 049	-2 504	2 879	-8 827	-11 592
Profit/loss before tax	6 058	-1 320	10 934	127	2 511
Tax expense	-1 907	-361	-3 944	-2 273	-2 303
Net profit/loss	4 151	-1 681	6 989	-2 147	208
Of which non-controlling interest	794	58	437	269	482
Of which majority interest	4 071	-1 738	6 552	-2 415	-274
OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that recycle over profit/loss:					
Changes in fair value of financial instruments	287	-307	137	-856	-1 167
Income tax related to changes in fair value of financial instruments	-77	109	-41	257	339
Items recorded in other comprehensive income in associates and joint arrangements	-120	-	-248	145	163
Currency translation effects	-2 791	2 119	-2 347	7 918	9 940
Reclassification currency translation effects related to foreign operations disposed of in the year	-74	-	-19	-	-
Items in other comprehensive income that will not recycle over profit/loss:					
Estimate deviation pensions	-462	-71	-967	276	-174
Income tax related to changes in fair value of financial instruments	109	8	308	-90	49
Other comprehensive income	-3 127	1 858	-3 176	7 650	9 154
Comprehensive income	1 024	177	3 813	5 503	9 361
Of which non-controlling interest	-164	4	607	658	881
Of which majority interest	1 189	172	3 207	4 845	8 480

Statement of Financial Position

NOK million	30.09.2014	30.09.2013	31.12.2013
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	2 853	3 812	3 510
Property, plant and equipment	99 080	98 491	101 269
Investments in associates and joint ventures	16 031	15 545	16 002
Other non-current financial assets	3 288	2 791	2 540
Derivatives	4 281	4 994	5 295
Non-current assets	125 534	125 634	128 615
Inventories	1 040	1 310	1 796
Receivables	6 873	8 617	9 568
Short-term financial investments	432	453	464
Derivatives	7 150	4 457	5 559
Cash and cash equivalents (included restricted cash)	12 317	9 316	7 685
Current assets	27 812	24 153	25 072
Assets	153 345	149 787	153 687
EQUITY AND LIABILITIES			
Paid-in capital	51 361	49 104	49 011
Retained earnings	18 119	10 779	14 328
Non-controlling interest	7 084	7 487	7 769
Equity	76 564	67 370	71 107
Provisions	18 077	20 481	19 416
Long-term interest-bearing liabilities	28 154	35 993	33 364
Derivatives	3 716	4 918	5 713
Long-term liabilities	49 947	61 391	58 494
Short-term interest-bearing liabilities	10 314	2 183	7 013
Taxes payable	3 581	3 494	3 503
Other interest-free liabilities	6 274	11 239	9 181
Derivatives	6 666	4 110	4 389
Current liabilities	26 835	21 026	24 086
Equity and liabilities	153 345	149 787	153 687

Statement of Cash Flow

NOK million	Year to date		The year
	2014	2013	2013
STATEMENT OF CASH FLOW			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	10 934	127	2 511
Profit/loss on sale of non current assets	-155	-92	-89
Depreciation, amortisation and impairments	3 308	2 265	3 045
Profit/loss from the sale of business	-2 276	117	121
Profit/loss from the sale of shares, and associates and joint ventures	-69	-153	-153
Profit from restructuring of SN Power	-564	-	-
Share of profit/loss from associates and joint ventures	-213	-400	-1 101
Unrealised changes in value	-1 889	6 191	7 795
Taxes	-3 345	-2 471	-2 629
Cash flow from operating activities	5 731	5 585	9 499
Changes in long term items	106	-459	-533
Changes in short term items	1 181	919	-1 911
Dividend from associates	724	817	1 051
Net cash flow operating activities	A	7 743	6 862
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment*	-6 736	-6 519	-9 248
Proceeds from sale of non-current assets	42	9 578	9 670
Business divestments, net liquidity inflow to the Group**	3 491	327	327
Business combinations, net liquidity outflow from the Group***	-74	69	59
Restructuring of SN Power, net liquidity outflow from the Group	-770	-	-
Loans to third parties	-90	-439	-298
Repayment of loans	392	62	94
Considerations regarding investments in other companies****	-589	-23	-59
Net cash flow from investing activities	B	-4 334	3 057
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	1 773	389	865
Repayment of debt	-693	-3 840	-4 714
Dividend and group contribution paid	-74	-3 015	-3 094
Share issue in subsidiary to non-controlling interests	206	108	135
Net cash flow from financing activities	C	1 212	-6 807
Net change in cash and cash equivalents	A+B+C	4 621	3 561
Currency exchange rate effects on cash and cash equivalents	11	315	400
Cash and cash equivalents 01.01	7 685	5 440	5 440
Cash and cash equivalents 30.09*****	12 317	9 316	7 685
Unused committed credit lines	12 000	12 000	12 000
Unused overdraft facilities	2 200	2 214	2 200
Restricted Cash	-	-261	-12

