

# FINANCIAL RESULTS Q1 2010

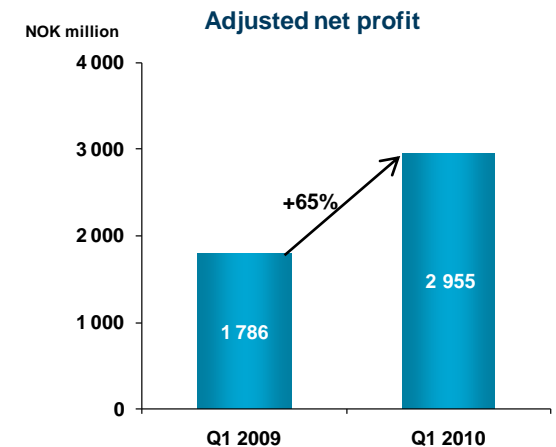
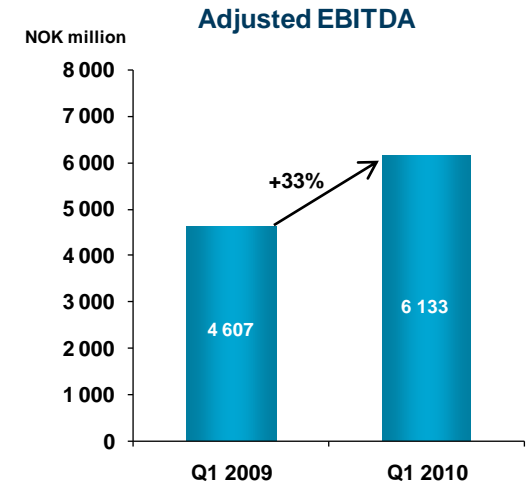
20 MAY 2010



**Statkraft**  
PURE ENERGY

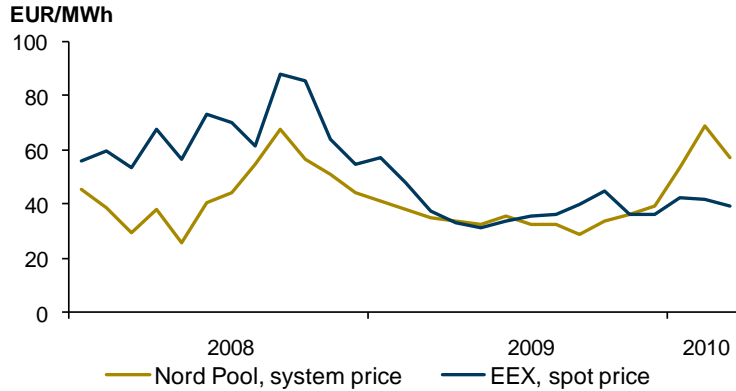
# Q1 2010 IN BRIEF

- > All time high financial results due to higher prices and power demand in the Nordic region
  - Average Nord Pool system price up by 56% YoY
  - Average EEX spot price down by 13% YoY
- > Highest January and February Nordic hydro generation since year 2000
  - Low temperatures gave increased demand
  - Statkraft's generation up 8% YoY
- > Lower hydro generation expected for the rest of the year due to low Nordic reservoir levels
- > Project development within several business areas
  - Wind power licences awarded, hydro power refurbishments decided and new energy service agreements with industry signed



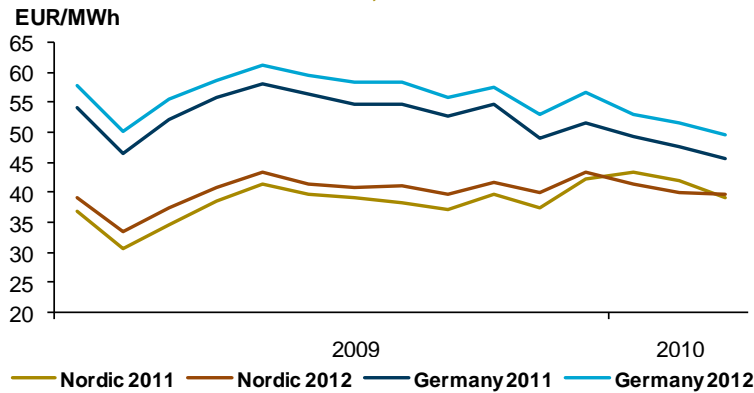
# ELECTRICITY MARKET

**ELECTRICITY, AVERAGE MONTHLY PRICE**

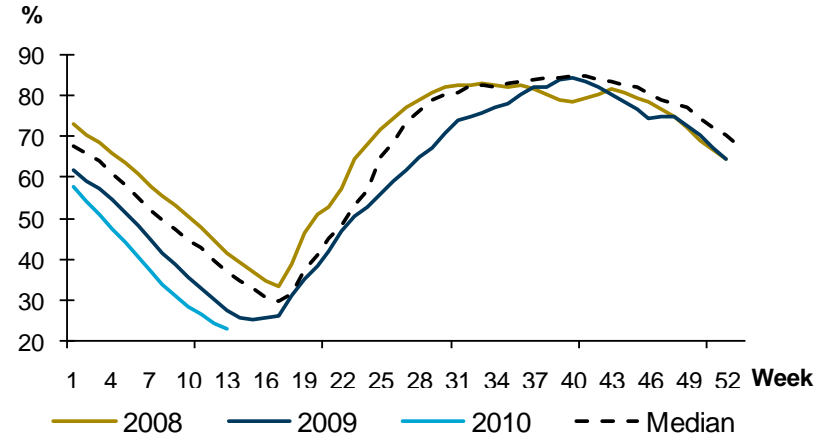


- > Average NordPool system price of 59.8 EUR/MWh (38.2)
- > Average EEX spot price of 41.1 EUR/MWh (47.4)
- > Reduced forward prices during the quarter
- > Nordic reservoir levels 37.3% below normal levels at the end of the period

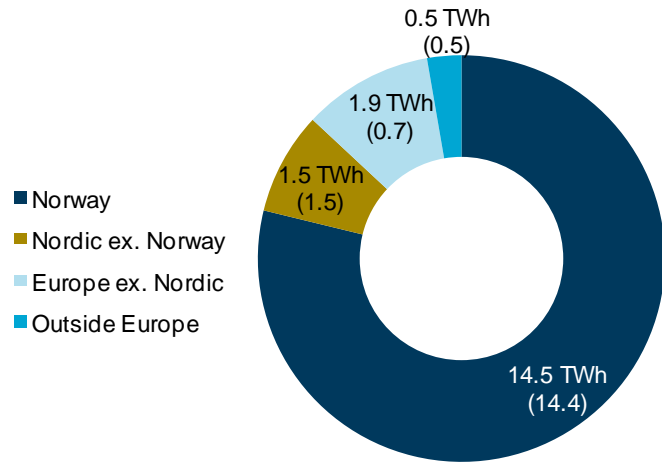
**ELECTRICITY, FORWARD PRICE**



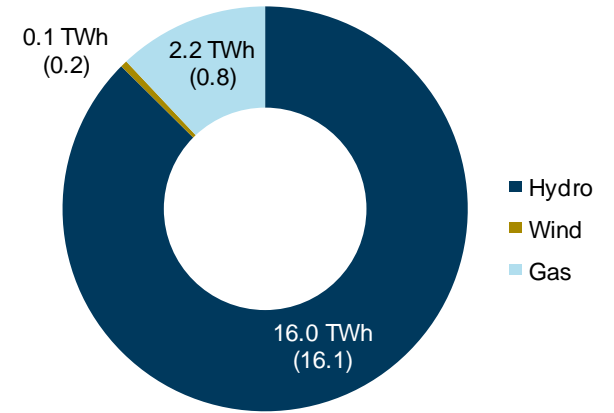
**NORDIC WATER RESERVOIR LEVELS**



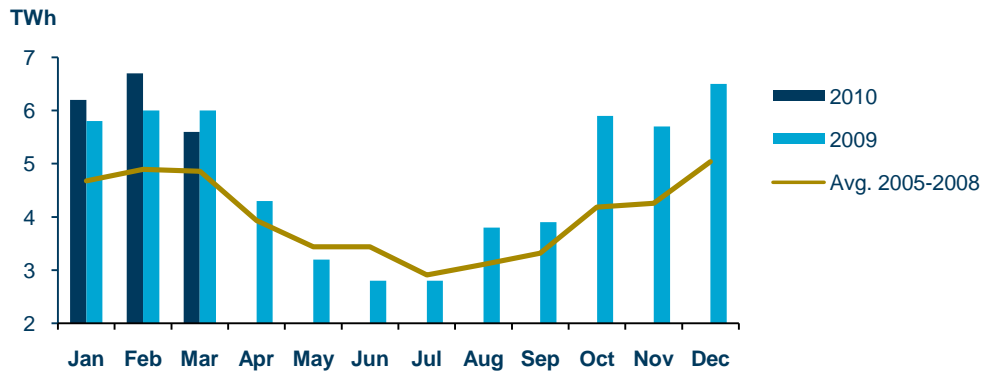
# STATKRAFT'S POWER GENERATION



**Total generation**  
18.4 TWh (17.1)



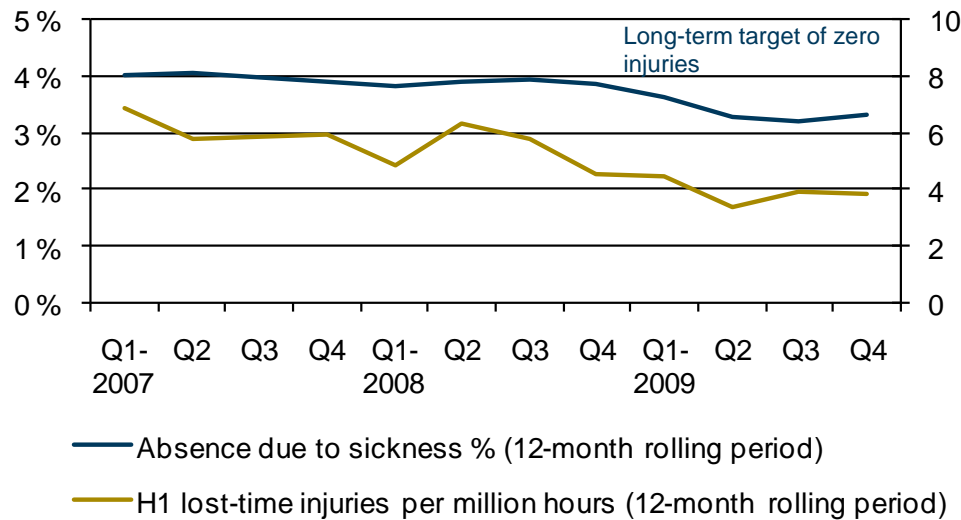
## Monthly power generation



- High generation from December 2009 to February 2010
- Decreased generation from March 2010 due to hydrological situation, higher temperatures, reduced demand and lower price levels

# HSE – A KEY PRIORITY

## H1 AND ABSENCE DUE TO SICKNESS

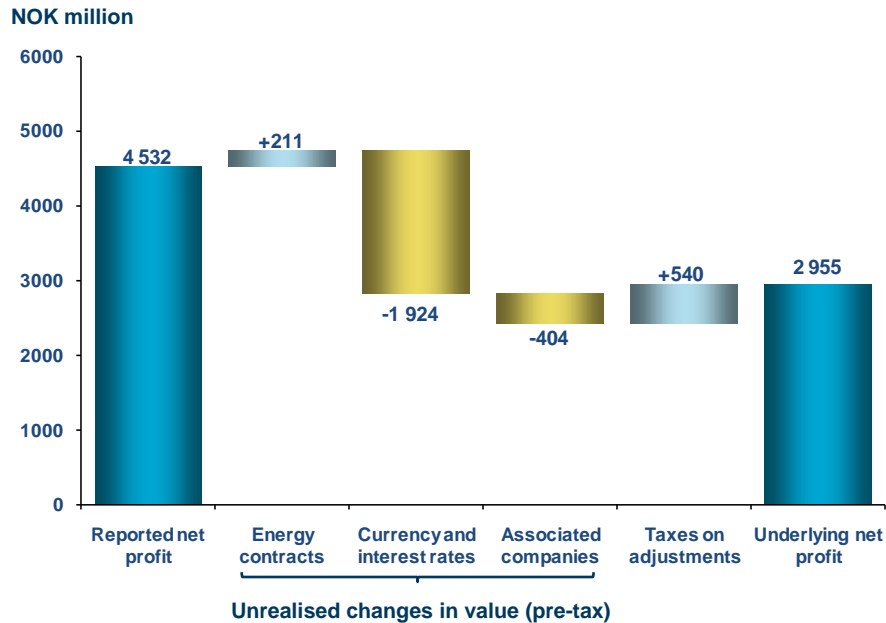


- > One fatality at the Allain Duhangan construction site in India
  - > Safety measures initiated
- > H1-value Q1 2010 3.2 (3.5)
  - > Total of 6 lost-time injuries
- > Sickness absence in Q1: 4.0% (3.2%)
- > No environmental non-compliances during the period

# INCOME STATEMENT - ACTUAL

NOK million	3m2010	3m2009	Year 2009
<b>Gross operating revenues</b>	<b>10 507</b>	8 031	25 675
Energy purchase and transmission costs	-2 473	-1 798	-5 879
Unrealised changes in value energy contracts	-211	-513	-2 813
<b>Net operating revenues</b>	<b>7 822</b>	5 720	16 983
Operating expenses before depreciation	-1 900	-1 626	-7 214
<b>EBITDA</b>	<b>5 922</b>	4 094	9 769
Depreciations and write-downs	-640	-664	-2 743
<b>Operating profit (EBIT)</b>	<b>5 282</b>	3 430	7 027
<b>Share of profit from associates and joint ventures</b>	<b>643</b>	269	1 179
Net financial expenses	-357	-528	-1 782
Unrealised changes in financial items	1 924	1 176	5 977
<b>Net financial items</b>	<b>1 567</b>	649	4 281
<b>Profit before tax</b>	<b>7 492</b>	4 348	12 487
Taxes	-2 960	-1 625	-4 771
<b>Net profit</b>	<b>4 532</b>	2 723	7 716

# ADJUSTMENTS TO INCOME STATEMENT



## --> Unrealised net currency gains

- Agio on internal debt (NOKm +1 722)
- Disagio on E.ON shareholding (NOKm -681)
- Agio on EUR and SEK debt (NOKm +499)
- Agio on currency derivatives (NOKm +425)
- Disagio on interest and inflation derivatives (NOK m -33)

--> Energy contracts mainly related to disagio on derivatives linked to dynamic hedging contracts

--> No non-recurring items

# UNDERLYING OPERATIONS

NOK million	3m2010	3m 2009	+/-
Gross operating revenues	10 507	8 031	+31 %
Adjusted EBITDA <sup>1</sup>	6 133	4 607	+33 %
Adjusted EBIT <sup>1</sup>	5 493	3 943	+39 %
Adjusted net profit <sup>1</sup>	2 955	1 786	+65 %
Cash flow from operating activities	4 182	2 729	+53 %
Net investments	461	557	-17 %
Interest-bearing debt	45 283	42 897	+6 %
Adjusted ROACE before tax <sup>1,2</sup>	17.7%	24.8	-7.1 %



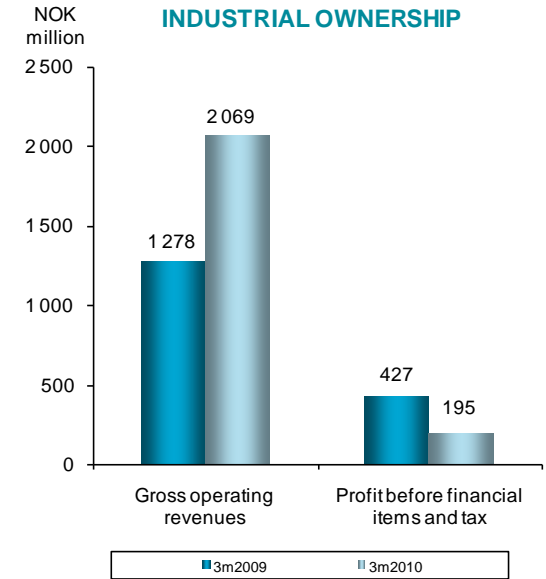
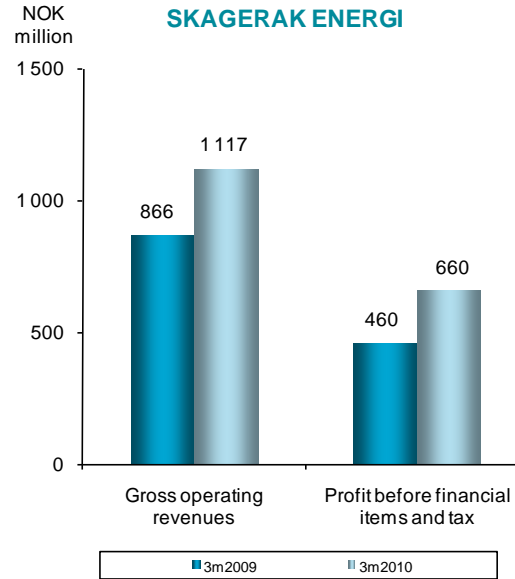
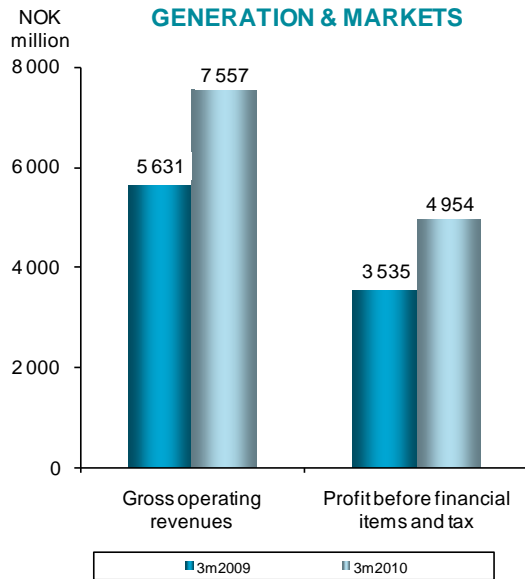
# REVENUE BREAKDOWN

NOK million	3m2010	3m2009	Year 2009
Net physical spot sales, incl. green certificates	6 267	3 802	10 464
Concessionary sales at statutory prices	89	98	384
Sales to industry at statutory prices	405	424	1 671
Long-term commercial contracts	803	646	2 820
Dynamic hedging	-76	644	1 654
Trading and origination	474	333	1 618
Distribution grid	534	497	1 485
Retail sales	2 060	1 532	4 285
District heating	156	174	505
Other / eliminations	-459	-237	-169
<b>Sales revenues</b>	<b>10 253</b>	<b>7 913</b>	<b>24 715</b>
Other operating revenues	254	118	960
<b>Gross operating revenues</b>	<b>10 507</b>	<b>8 031</b>	<b>25 675</b>

# OPERATING EXPENSES<sup>1</sup>

NOK million	3m 2010	3m 2009	Year 2009
Salaries and payroll costs	678	636	2 517
Property tax and licence fees	322	263	1 166
Other operating expenses	900	727	3 530
<b>Operating expenses before depreciation</b>	<b>1900</b>	1626	7 213
Depreciation, amortisation and impairment	640	664	2 634

# SEGMENTS – BREAKDOWN (I)

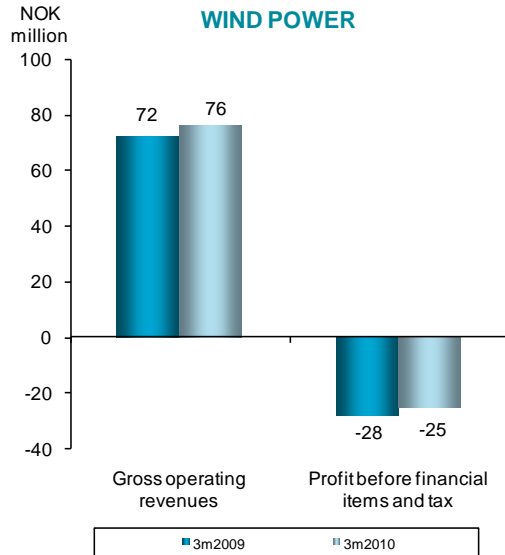


- > Refurbishment investments of over NOK 1 bn. approved for three hydro power stations in Norway
- > Generation of 15.9 TWh (14.8)

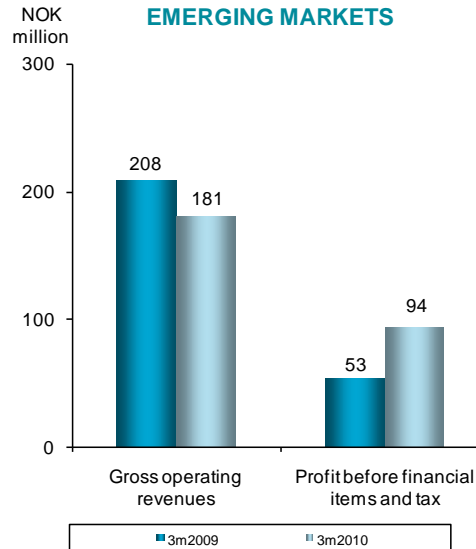
- > Indicative offer to acquire Kragerø Energi
- > Profit positively affected by higher power prices
- > Generation of 1.9 TWh (1.7)

- > Initiative to restructure the ownership in BKK
- > Fjordkraft with high customer growth following cold winter
- > Lower generation in BKK due to low precipitation

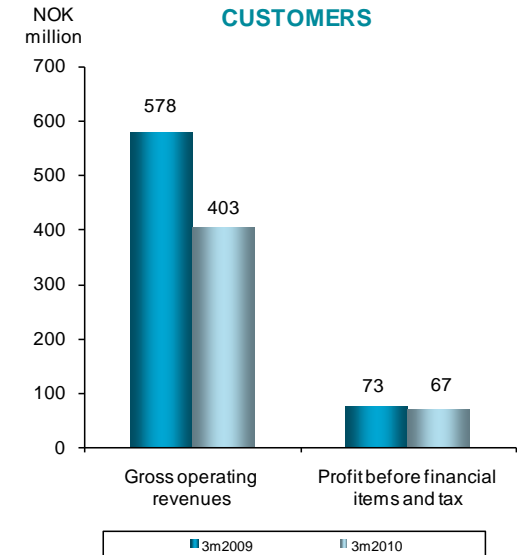
# SEGMENTS – BREAKDOWN (II)



- > Lower generation from Norwegian wind farms at higher prices
- > Several new licenses awarded
- > Generation of 149 GWh (182)

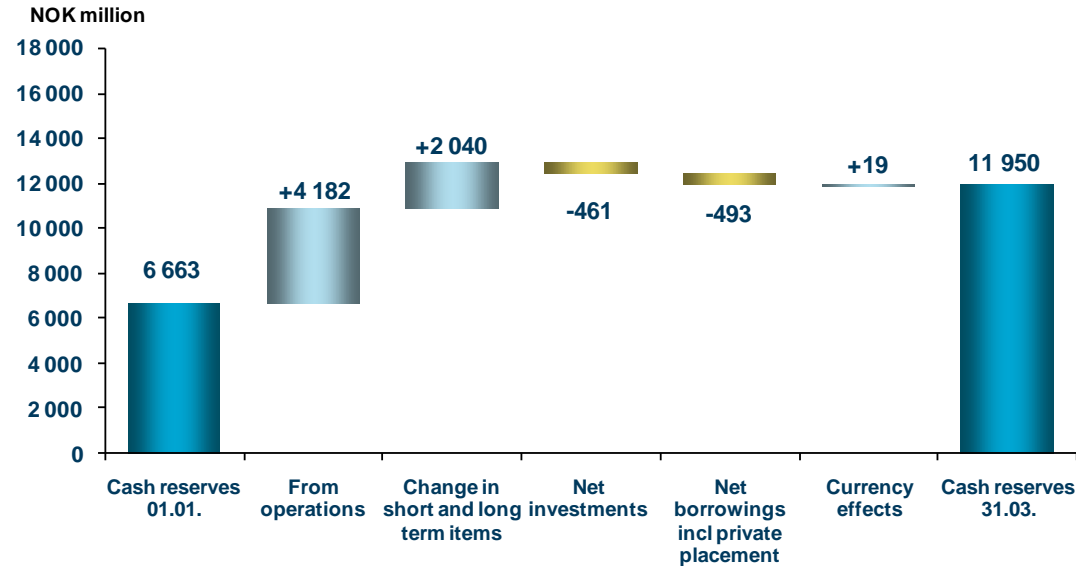


- > Revenues affected by currency effects
- > Four projects expected to start operation during 2010
- > Generation of 0.5 TWh (0.5)



- > Decreased revenues due to sale of retail power activities to Fjordkraft (Industrial Ownership)
- > Investments in two district heating plants approved, estimated at NOKm 160
- > Sale of Trondheim Energi's grid activity to TrønderEnergi agreed
- > Generation of 388 GWh

# CASH FLOW

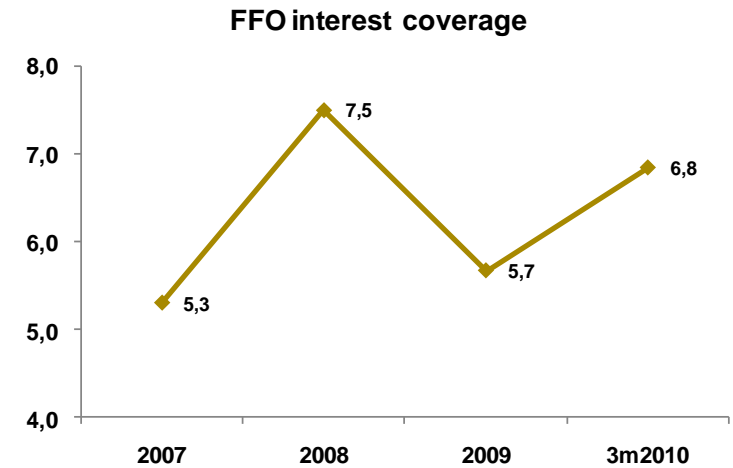
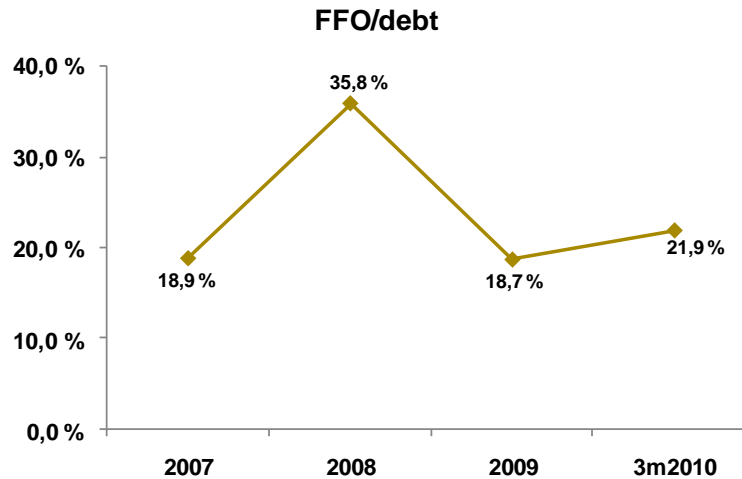


- > Cash flow from operations of NOKm 4 182 (2 729)
- > Net investments of NOKm 461 (557)
  - New capacity (48%), shareholdings/loans (2%) and maintenance (50%)

## Included in changes in short and long term items:

- Change in working capital: NOKm 1 479
- Changes in cash collateral receivables and liabilities: NOKm 790
- Derivatives: NOKm -294
- Currency effects on E.ON shares: NOKm 681
- Other currency effects: NOKm -665

# FINANCIAL STRENGTH AND RATING



- > FFO\* of NOKm 9 922
- > Increased cash flow from operations
- > Debt unchanged
- > Short-term rating target of minimum BBB+/Baa1 maintained
  - > Long-term target to achieve single A ratings with both Moody's and S&P

*\*12 month rolling period*

*FFO = cash flow from operations + changes in short term items*

*FFO interest coverage = (FFO + interest expenses) / interest expenses*

*FFO/debt = FFO / interest bearing debt*

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# OUTLOOK

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- > Lower hydro generation expected compared to 2009 following low hydro reservoir levels
- > Forward prices indicate increased price level compared to 2009
- > Uncertainty linked to the hydrological situation and industry demand
- > The Board will review the Group's strategy due to an unresolved equity situation

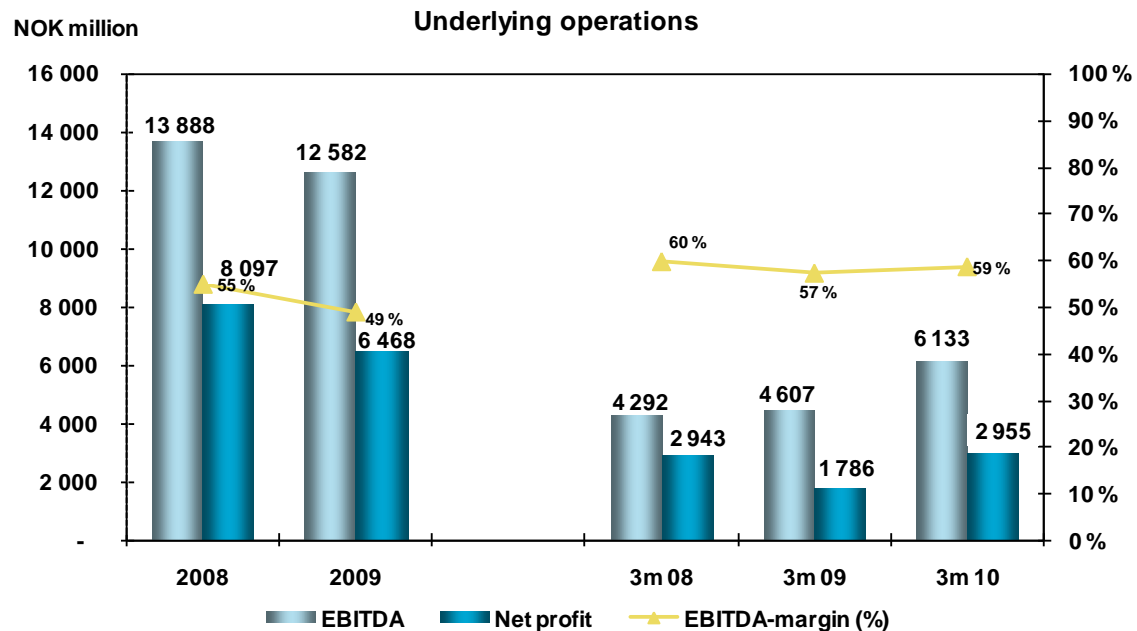
# APPENDIX



**Statkraft**  
PURE ENERGY



# FINANCIAL DEVELOPMENT



*Underlying operations: Adjusted for material non-recurring items and unrealised changes in value*

# FULL FINANCIAL STATEMENT

Figures in NOK million	1th Quarter 2010	2009	The year 2009
Sales revenues	10 253	7 913	24 715
Other operating revenues	254	118	960
<b>Gross operating revenues</b>	<b>10 507</b>	8 031	25 675
Energy purchase	-1 954	-1 425	-4 825
Transmission costs	-520	-373	-1 054
Unrealised changes in the value of energy contracts	-211	-513	-2 813
<b>Net operating revenues</b>	<b>7 822</b>	5 720	16 983
Salaries and payroll costs	-678	-636	-2 517
Depreciation, amortisation and impairments	-640	-664	-2 743
Property tax and licence fees	-322	-263	-1 166
Other operating expenses	-900	-727	-3 530
<b>Operating expenses</b>	<b>-2 540</b>	-2 290	-9 956
<b>Operating profit</b>	<b>5 282</b>	3 430	7 027
<b>Share of profit from associates and joint ventures</b>	<b>643</b>	269	1 179
Financial income	77	451	2 060
Financial expenses	-434	-978	-3 756
Unrealised changes in the value of currency and interest contracts	1 924	1 176	5 977
<b>Net financial items</b>	<b>1 567</b>	649	4 281
<b>Profit before tax</b>	<b>7 492</b>	4 348	12 487
Tax expense	-2 960	-1 625	-4 771
<b>Net profit</b>	<b>4 532</b>	2 723	7 716
Of which minority interest	206	118	184
Of which majority interest	4 326	2 605	7 532

# BALANCE SHEET

Figures in NOK million	31.03.10	31.03.09	31.12.09
<b>ASSETS</b>			
Intangible assets	2 175	3 331	2 277
Property, plant and equipment	78 184	78 948	78 239
Investments in associates and joint ventures	17 352	14 218	16 509
Other non-current financial assets	20 018	17 512	21 939
Derivatives	3 650	3 558	3 358
<b>Non-current assets</b>	<b>121 379</b>	<b>117 567</b>	<b>122 322</b>
Inventories	544	336	1 247
Receivables	9 502	8 538	8 707
Short-term financial investments	433	357	421
Derivatives	4 388	9 527	4 645
Cash and cash equivalents	11 950	9 657	6 663
<b>Current assets</b>	<b>26 817</b>	<b>28 415</b>	<b>21 683</b>
<b>Assets</b>	<b>148 197</b>	<b>145 982</b>	<b>144 005</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	31 569	31 569	31 569
Retained earnings	27 730	27 752	26 065
Minority interests	7 595	7 423	7 267
<b>Equity</b>	<b>66 894</b>	<b>66 744</b>	<b>64 901</b>
Provisions	13 925	17 107	13 653
Long-term interest-bearing liabilities	35 659	34 689	36 342
Derivatives	3 971	2 997	4 016
<b>Long-term liabilities</b>	<b>53 555</b>	<b>54 793</b>	<b>54 011</b>
Short-term interest-bearing liabilities	9 624	8 208	9 318
Taxes payable	3 344	3 204	2 372
Other interest-free liabilities	10 927	5 840	9 336
Derivatives	3 853	7 193	4 067
<b>Current liabilities</b>	<b>27 748</b>	<b>24 445</b>	<b>25 093</b>
<b>Equity and liabilities</b>	<b>148 197</b>	<b>145 982</b>	<b>144 005</b>

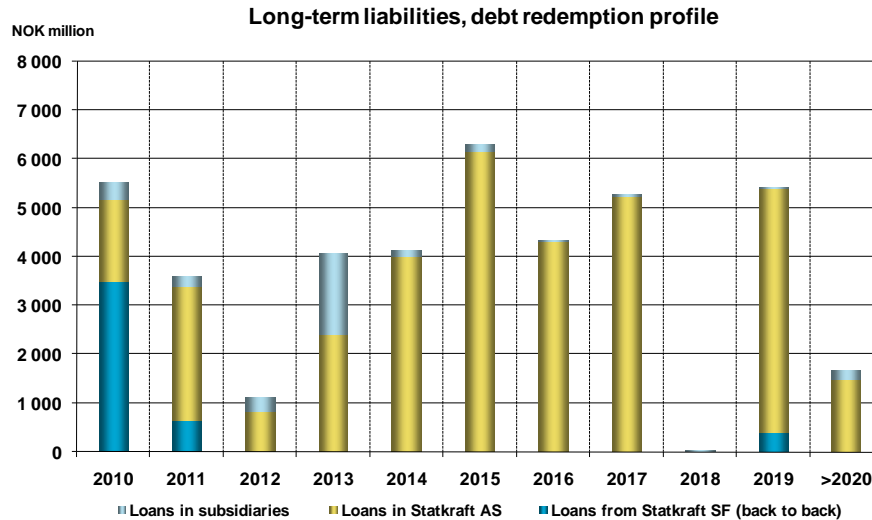
# CASH FLOW STATEMENT

Figures in NOK million	1th Quarter		The Year
	2010	2009	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax	7 492	4 348	12 487
Profit/loss on sales of non-current assets	-4	-3	13
Depreciation, amortisation and impairments	640	664	2 743
Share of profit from associates and joint ventures	-643	-269	-1 179
Unrealised changes in value	-1 713	-663	-3 164
Taxes	-1 590	-1 348	-3 119
<b>Cash flow from operating activities</b>	<b>4 182</b>	<b>2 729</b>	<b>7 781</b>
Changes in long-term items	-38	3 287	-305
Changes in short-term items *	2 078	637	4 155
Dividend from associates	-	-	1 083
<b>Net cash flow from operating activities</b>	<b>6 222</b>	<b>6 653</b>	<b>12 714</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment - maintenance	-231	-162	-1 308
Investments in property, plant and equipment - new capacity	-221	-333	-2 447
Proceeds from sales of non-current assets	38	14	158
Capital reduction in associates and joint ventures	-	-	1 320
Business combinations, net liquidity accruing to the Group	-	211	-417
Loans to third parties	-12	-36	-1 410
Repayment of loans	16	-	161
Investments in other companies	-51	-251	-735
<b>Net cash flow from investing activities</b>	<b>-461</b>	<b>-557</b>	<b>-4 678</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New debt	571	5 758	15 377
Repayment of debt	-1 222	-5 023	-9 378
Dividend and Group contribution paid	-	-	-10 260
Share issue to minority	158	800	928
<b>Net cash flow from financing activities</b>	<b>-493</b>	<b>1 535</b>	<b>-3 333</b>
<b>Net change in cash and cash equivalents</b>	<b>5 268</b>	<b>7 631</b>	<b>4 703</b>

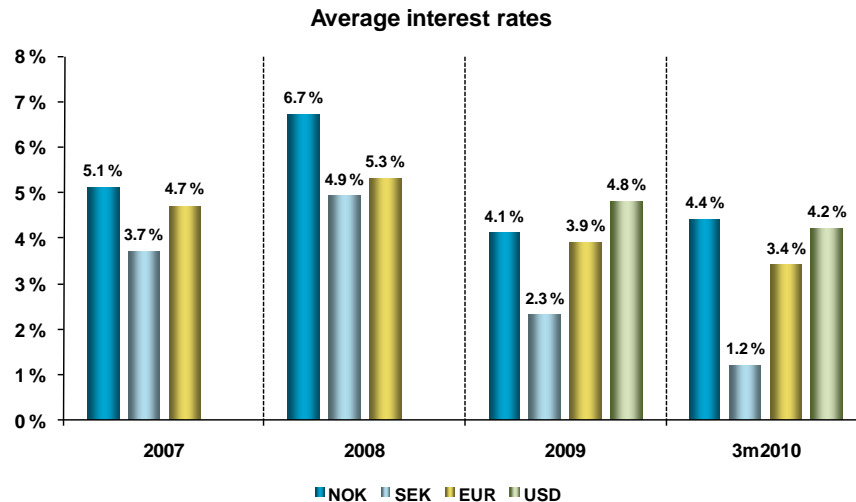
Currency effect on cash flows	19	-183	-249
Cash and cash equivalents 01.	6 663	2 209	2 209
Cash and cash equivalents 31.	11 950	9 657	6 663
Unused committed credit lines	8 052	8 000	8 054
Unused overdraft facilities	550	400	731

\*Changes in short term items are mainly related to change in working capital (NOK 1 479 million), changes in receivables and liabilities regarding cash collateral (NOK 790 million), change regarding the value of E.ON stocks (NOK 1 880 million), in addition to a current effects (NOK -2 372 million).

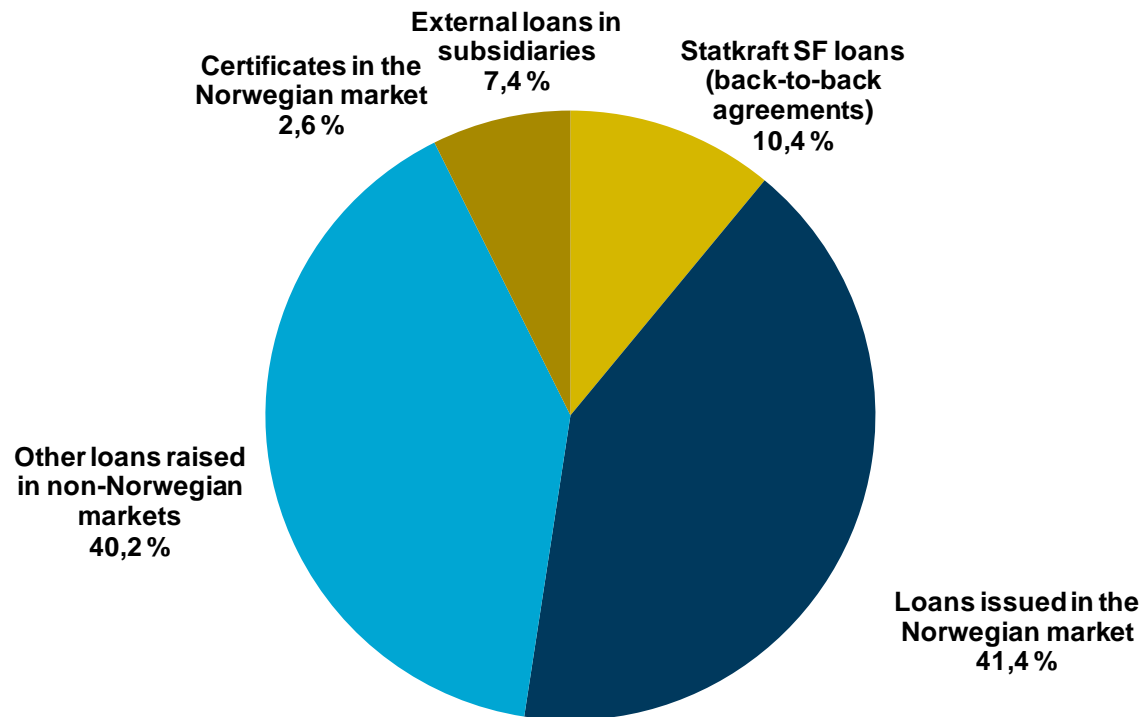
# LIABILITIES AND INTEREST EXPENSES



- > Funding 3m 2010:
  - New loans NOKm 571
  - Repayment NOKm 1 222
- > Interest-bearing liabilities of NOK 45.3 bn
  - NOK 50%, EUR 39%, SEK 7%, USD 4%
- > Undrawn credit facilities of NOK 8 bn
- > 67% exposed to floating interest rates



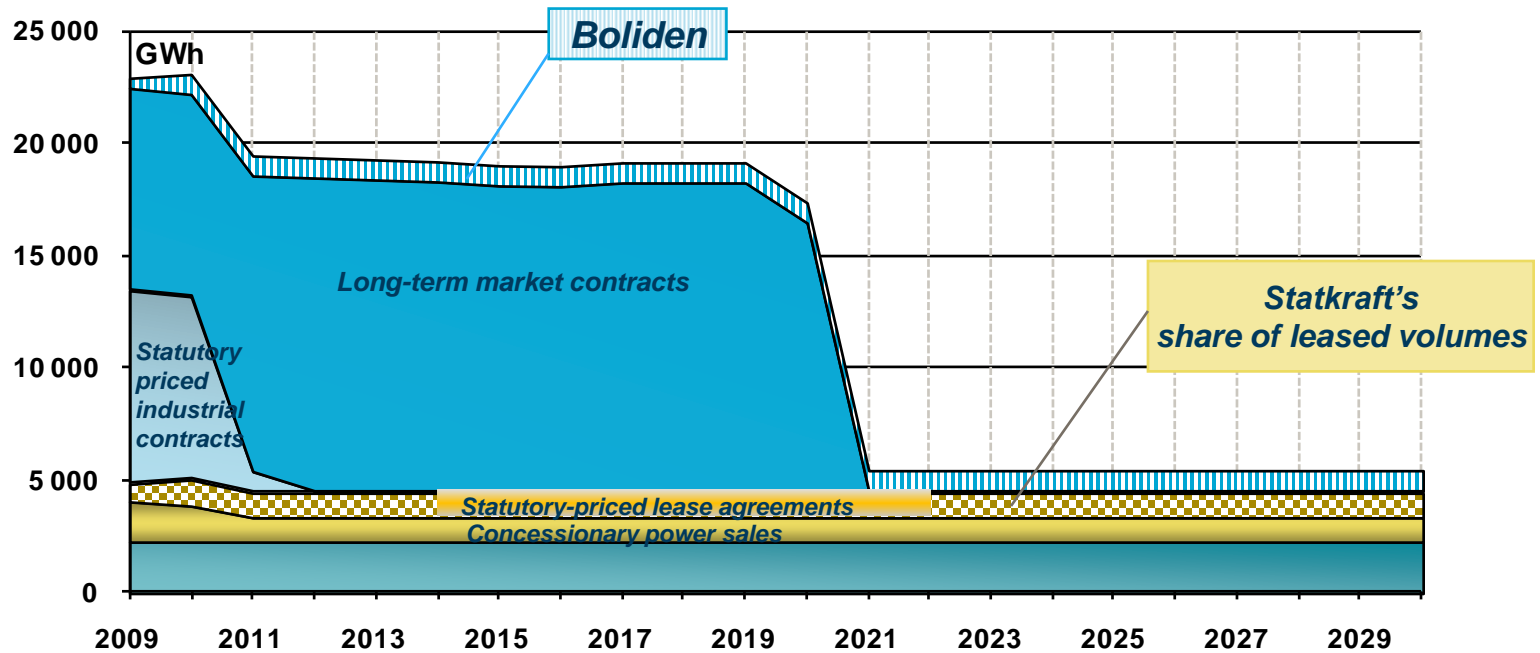
# DISTRIBUTION OF LOANS



Per 31 March 2010

# INDUSTRY AS A CUSTOMER GROUP

## Long-term contracted power sales



**PURE**  
ENERGY

