

FINANCIAL RESULTS

Q4 2015

CEO Christian Rynning-Tønnesen

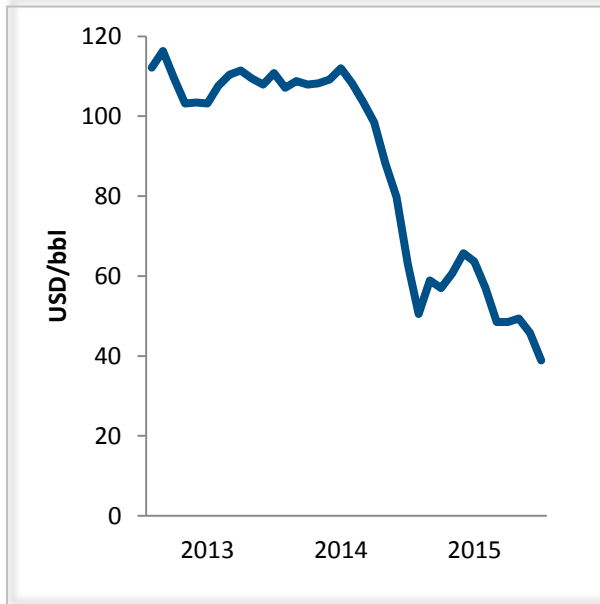
CFO Hallvard Granheim

4th February 2016

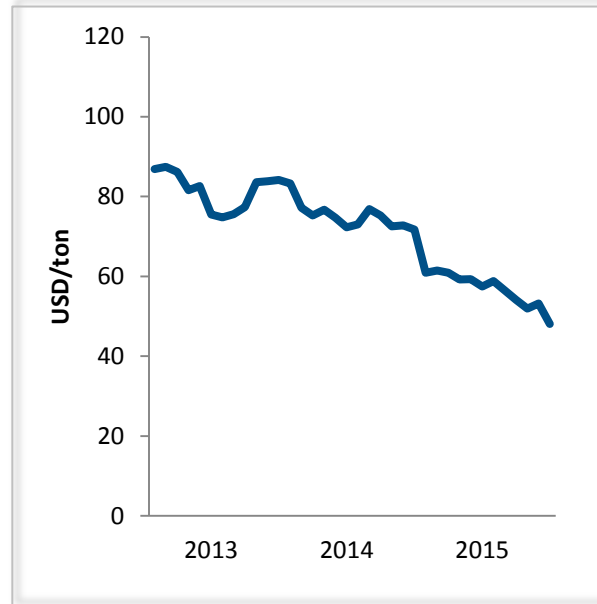


The prices on energy has come down

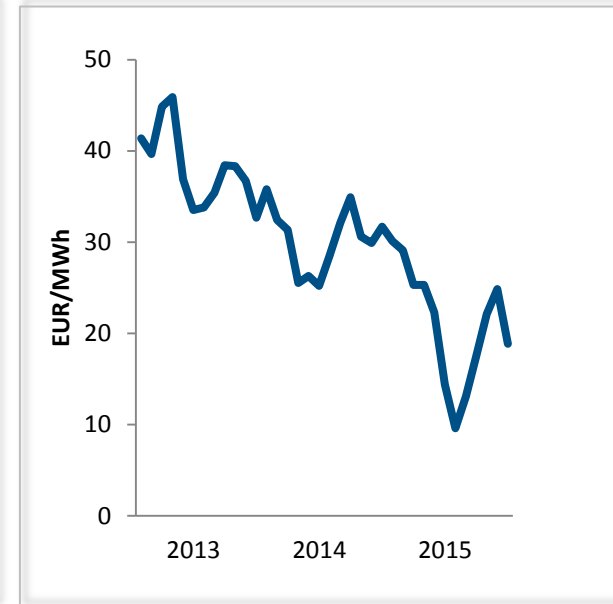
Oil



Coal



Nord Pool, system price



Financial highlights Q4



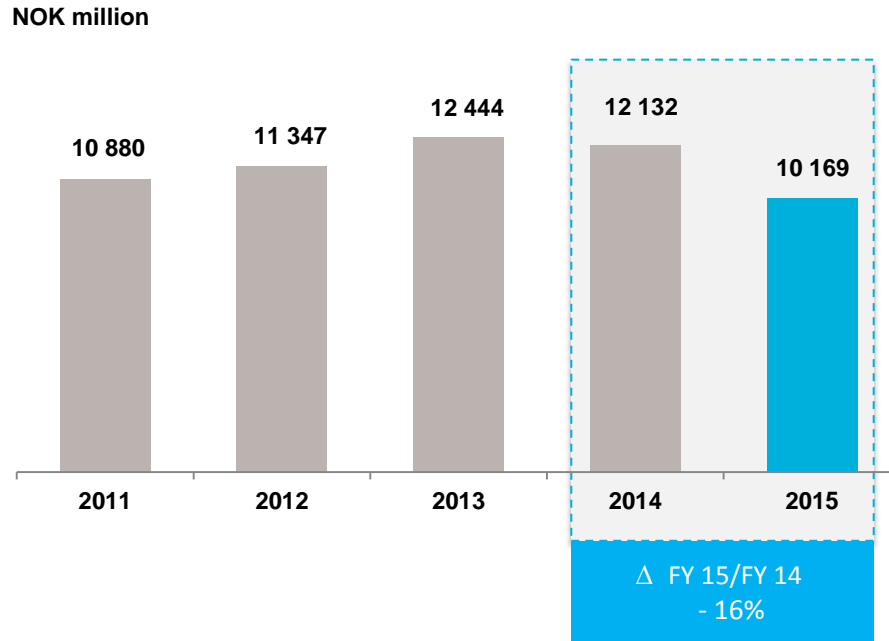
- ▶ Decline in underlying results (EBITDA)
 - Nordic prices are down 29% Q-on-Q
 - Production from flexible Nordic hydropower assets held back
 - Improved contribution from International Hydropower
 - Underlying EBITDA of NOK 2846 million
- ▶ Suspension of work at Cetin project in Turkey leading to impairment loss of NOK 2086 million including estimated related cost.
- ▶ Net result at NOK -70 million

Other highlights



- ▶ Björkhöjden onshore wind farm in Sweden completed
- ▶ Småkraft AS divested
- ▶ Revised strategy and reduced investment plan
 - Statkraft will no longer invest in new offshore wind projects
 - Some international hydropower projects will be postponed

Underlying EBITDA development



- ▶ Nordic prices low and production held back. Solid resource situation going forward
- ▶ Long-term contracts stabilize cash flow
- ▶ Positive results from market operations and international hydropower partly counterbalancing the price reduction in the Nordics

EBITDA adjusted for unrealised changes in value on energy contracts and significant non-recurring items
ROACE, underlying : (Underlying operating result x 100)/Average capital employed (rolling 12 months).

Key figures 2015

NOK million	FY 2015	FY 2014
Gross revenues ¹	50 578	48 348
EBITDA ¹	10 169	12 132
Net profit/loss	- 2386	3 892

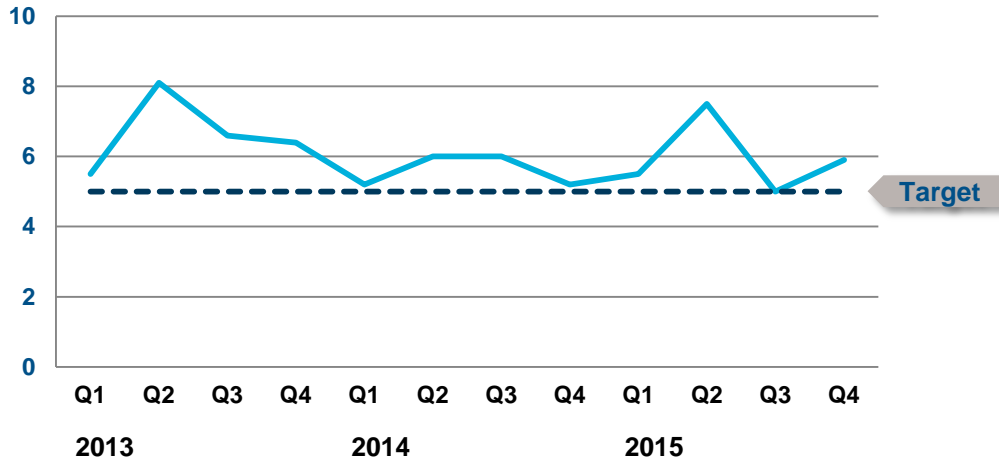
- ▶ Robust underlying operations
- ▶ Negative currency effects offset by positive translation effects in equity
- ▶ Impairments

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

Health, safety and environment

Total Recordable Injuries rate¹

TRI-rate



- ▶ Health and safety
 - Quarterly injuries rate not reaching target - still top priority to improve safety performance
 - Sick leave ytd 3.0% - within target
- ▶ Environment
 - No serious environmental incidents

¹TRI rate: Number of injuries per million hours worked

Strategic focus: Consolidation and targeted growth

EUROPEAN FLEXIBLE GENERATION

Refurbishments and upgrades. Long-term contracts



MARKET OPERATIONS

Low capital intensive business model to exploit new opportunities in a transforming energy market



INTERNATIONAL HYDROPOWER

Consolidation focus in the short term to build platform for further value creation



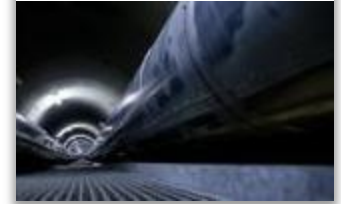
WIND POWER

Consolidation and ambition to develop wind power in Central Norway



DISTRICT HEATING

Limited expansions related to existing assets



Key figures

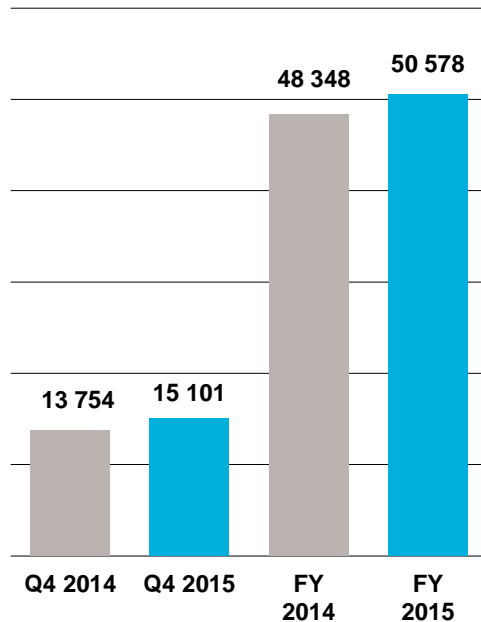
NOK million	Q4 2015	Q4 2014	FY 2015	FY 2014
Gross revenues ¹	15 101	13 754	50 578	48 348
EBITDA ¹	2 846	3 486	10 169	12 132
Net profit/loss	-70	-3 097	-2 369	3 892

- ▶ Nordic prices down 29% measured in EUR/MWh Q-on-Q
- ▶ Overall production in line Q-on-Q
- ▶ Impairment pulling quarterly profit down

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

Gross operating revenues

NOK million



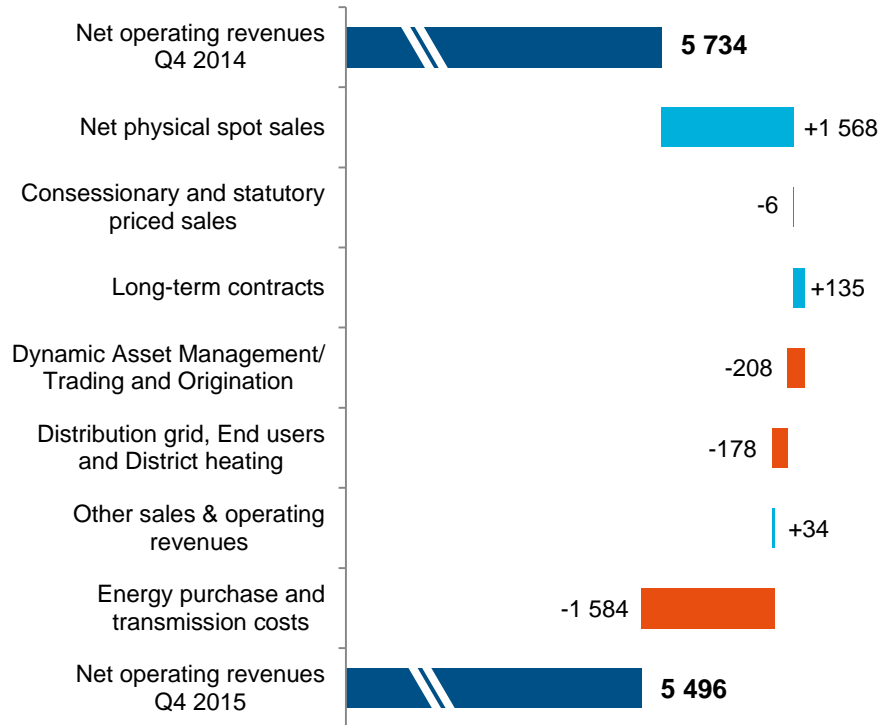
Δ Q4 15/Q4 14 + 10%

- ▶ Underlying gross operating revenues¹ in Q4 influenced by:
 - Higher contribution from International Hydro
 - Increased volumes in supplying market access to minor renewable energy producers
 - Increase partly offset by lower power prices

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

Net operating revenues

NOK million

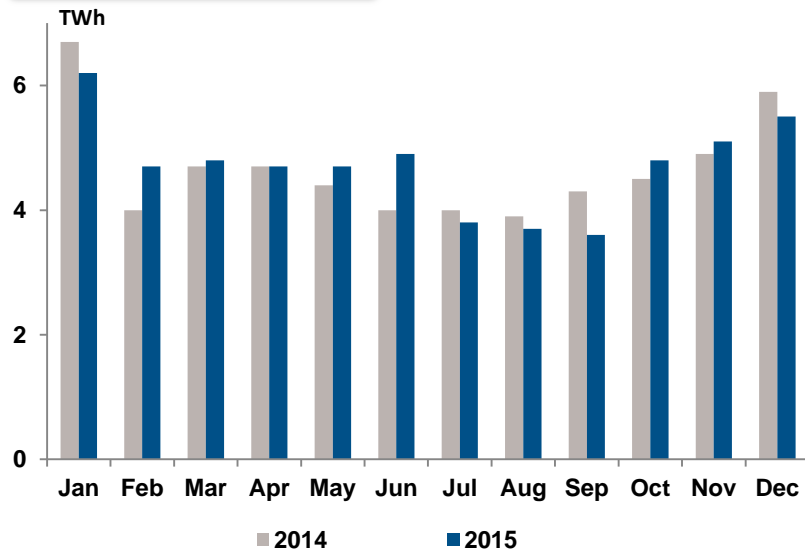


- ▶ Net operating revenues¹ down by NOK 238 million (- 4%)
 - Physical spot sales up due to increased market access activities but this also leads to an increase in energy purchase
 - Dynamic asset management and trading and origination down
 - End users down due to reduced prices but counterbalanced by reduced purchase price

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

Statkraft production

Monthly power generation



Q4 production in line Q-on-Q

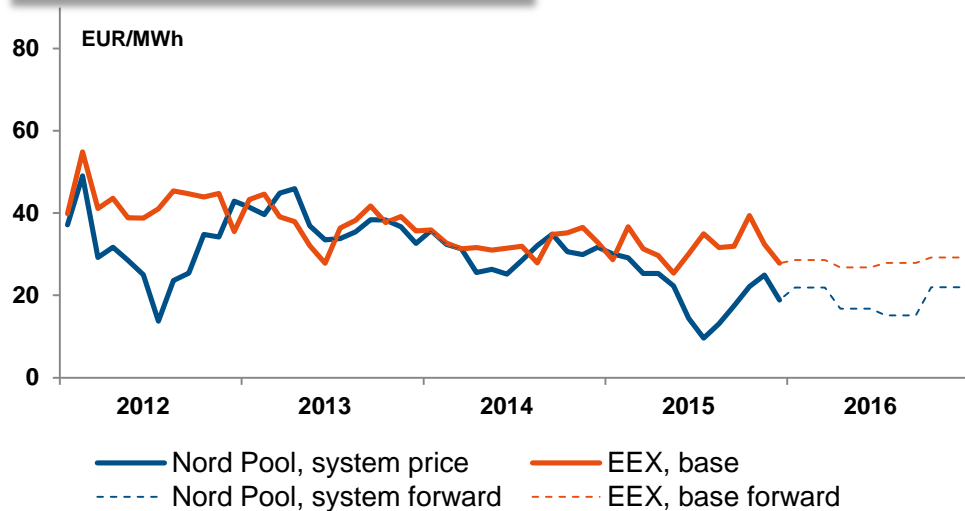
Technology	TWh	Change in TWh
Hydropower	14.1	-0.5
Wind power	0.9	+0.3
Gas power	0.3	+0.2
Bio power	0.1	-
Total	15.4	0

FY production slightly up year-on-year

Technology	TWh	Change in TWh
Hydropower	53.1	-0.3
Wind power	2.5	+0.7
Gas power	0.5	-
Bio power	0.3	-
Total	56.3	0.4

Price development in Q4

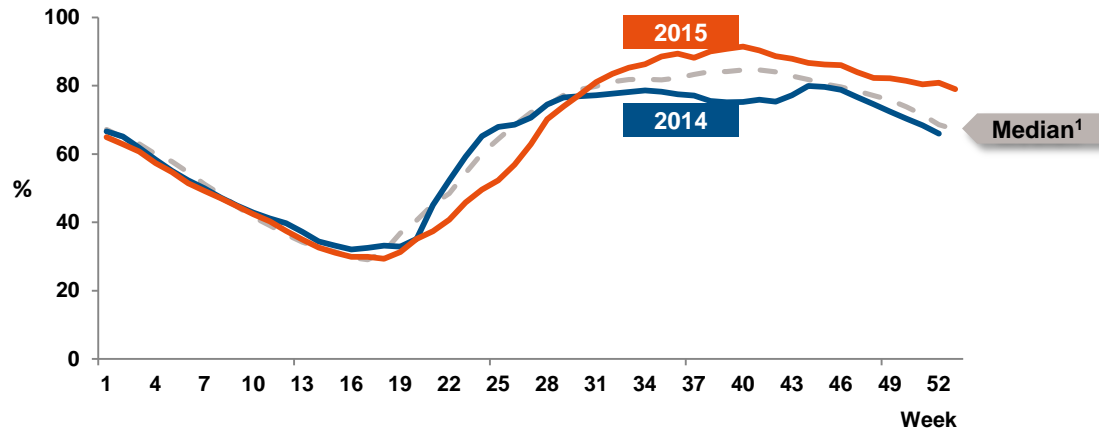
Electricity, average monthly price



- ▶ Q4 Nordic power prices lower than in 2014 due to strengthened hydrological balance
 - System price: 22.0 EUR/MWh - 29%
- ▶ German power prices somewhat down compared with Q4 2014
 - Spot price (base): 33.2 EUR/MWh - 5%
- ▶ Forward prices down in the Nordic region and somewhat down in Germany

Nordic reservoir levels

Nordic reservoir water levels

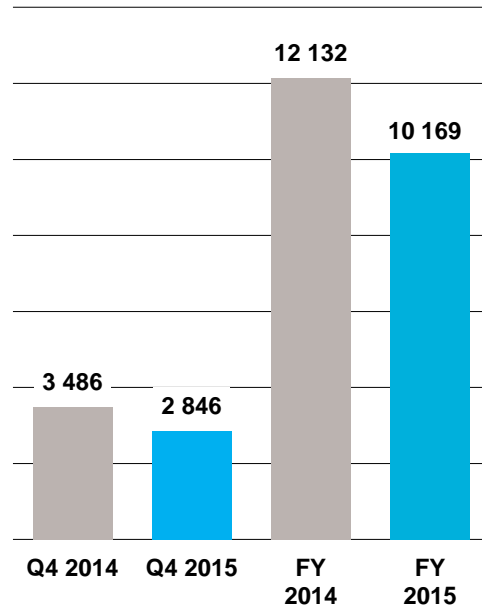


- ▶ Inflow above normal through the quarter
- ▶ At the end of December Nordic reservoirs were 95.9 TWh corresponding to 118% of median
- ▶ Reservoirs filled to 81% of maximum capacity of 121.4 TWh

¹ Median 1990-2012

NOK 2.8 billion in underlying EBITDA

NOK million



Δ Q4 15/Q4 14 - 18%

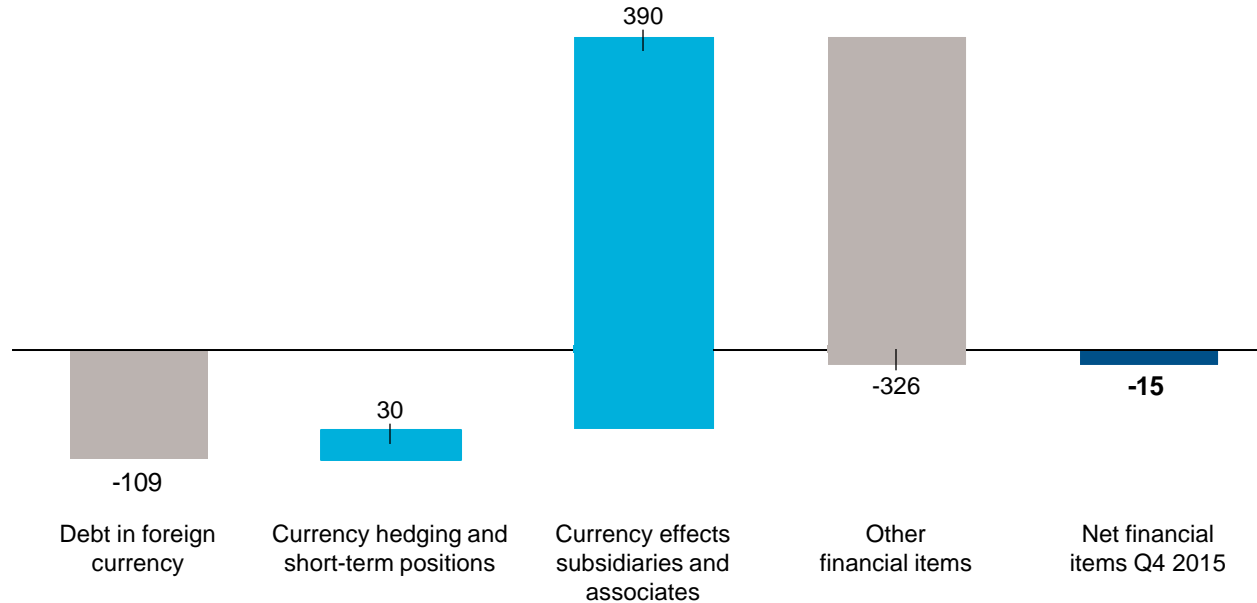
- ▶ Underlying EBITDA¹ was down by NOK 640 million in Q4
- ▶ Major effect from lower Nordic price
- ▶ Improved contributions from International Hydropower
 - Particularly due to new consolidated capacity

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

Q4 currency effects of NOK +311million

Breakdown Net financial items Q4 2015

NOK million



There are positive translation effects in equity

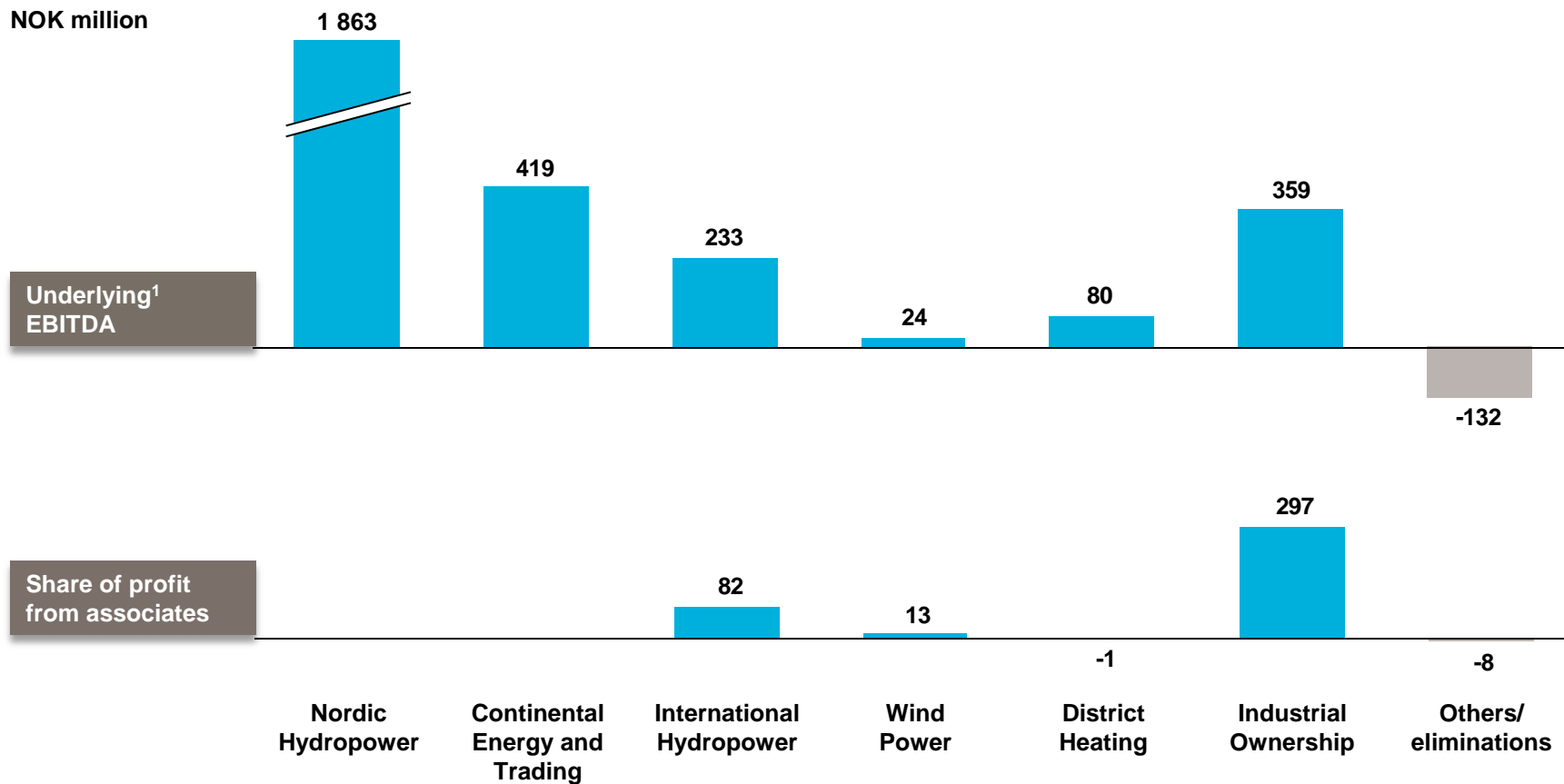
Net profit influenced by impairments

NOK million	Q4 2015	Q4 2014	FY 2015	FY 2014
Net profit/loss	-70	-3 097	-2 369	3 892

- ▶ Quarterly P&L held back by lower prices, reduced Nordic production and impairment in South East Turkey
- ▶ Full P&L affected by lower Nordic prices, impairments and in addition negative currency effects which are counterbalanced in equity

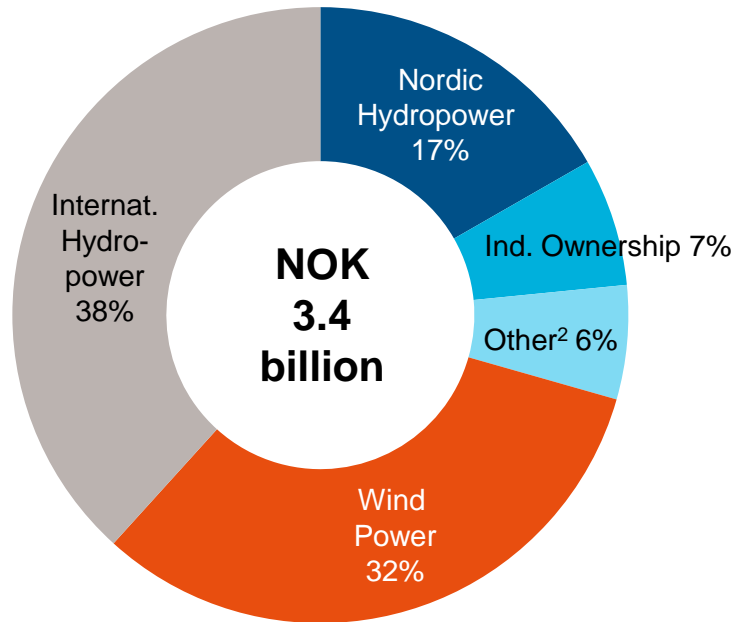
Q4 segment financials

NOK million



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

Q4 2015 capital expenditure¹



- ▶ Distribution of CAPEX in the quarter:
 - 82% expansion investments
 - 2% investments in shareholdings
 - 16% maintenance investments
- ▶ New hydropower capacity under construction
- ▶ Wind power developments in UK and completion of projects in Sweden

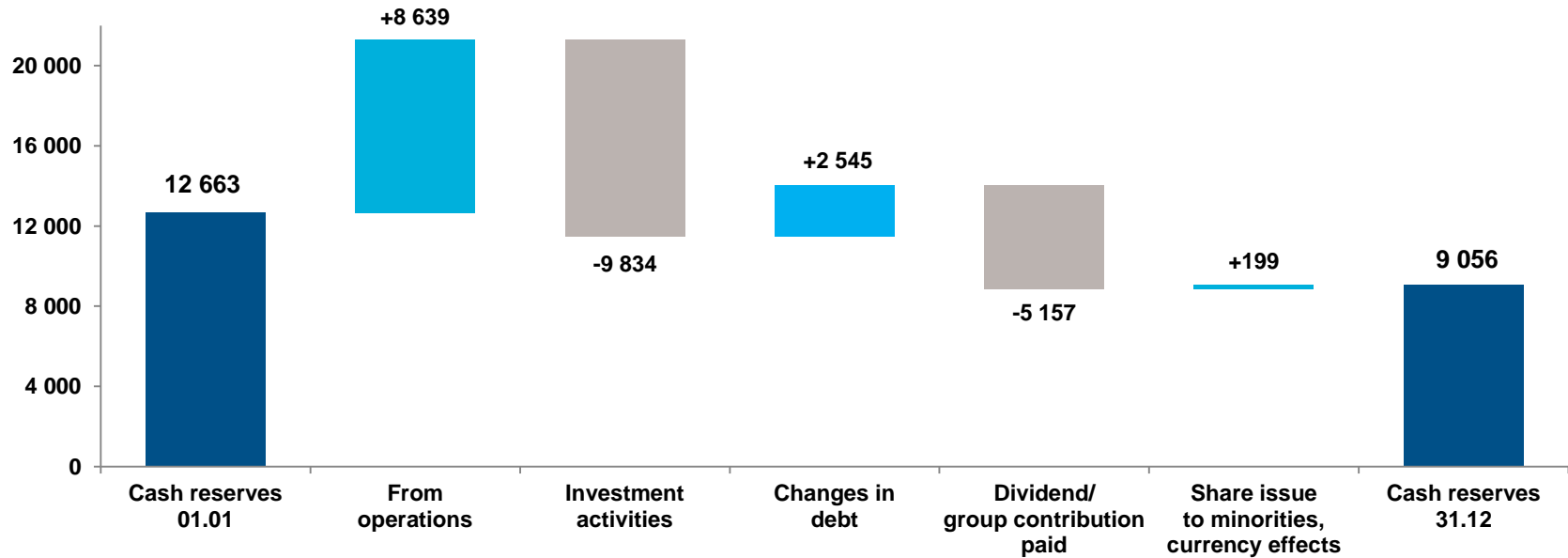
¹ Exclusive loans to associates

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

Solid cash flow

Cash flow 2015

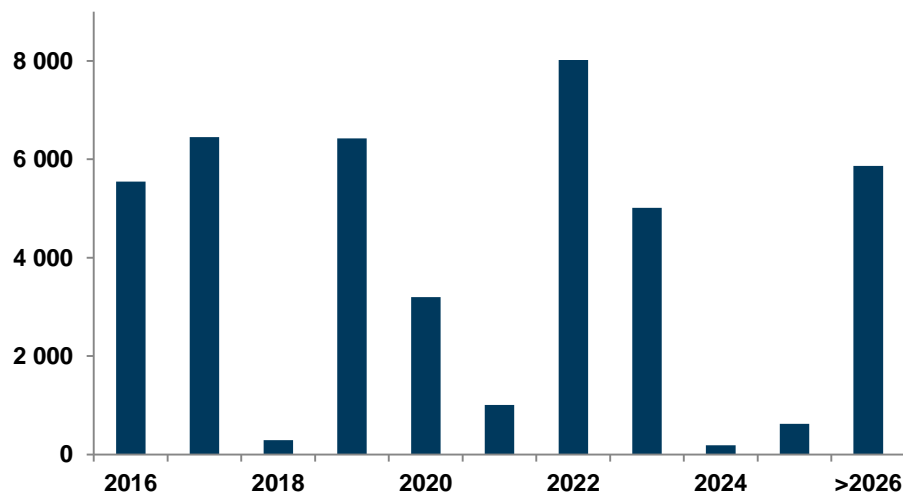
NOK million



Long-term debt

Debt repayment profile

NOK million



- ▶ Net interest-bearing debt NOK 35.0 billion (23.6 at end of 2014)
 - NOK 36%, EUR 44%, GBP 15%, USD 3%, BRL 2%
 - 60% floating interest
 - Interest-bearing net debt ratio 28.4% (21.2% at end of 2014)
- ▶ NOK 5.5 billion debt matures in 2016

Strong credit ratings



A- / Stable



Baa1 / Stable

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

Summary



- ▶ Net result held back by low Nordic prices and impairment
- ▶ Long term contracts and international hydropower counterbalancing decline in Nordic power prices
- ▶ Investment plan adapted to new financial terms
- ▶ Solid low cost position in the Nordics as strategic advantage



THANK YOU

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APPENDIX



Statement of Comprehensive Income

NOK million	Fourth quarter		The year	
	2015	2014	2015	2014
COMPREHENSIVE INCOME				
PROFIT AND LOSS				
Sales revenues	15 183	17 278	51 586	48 246
Other operating revenues	653	679	1 507	4 008
Gross operating revenues	15 836	17 957	53 094	52 254
Energy purchase	-9 685	-8 917	-31 892	-25 264
Transmission costs	-3 09	-311	-1 112	-1 185
Net operating revenues	5 841	8 729	20 090	25 805
Salaries and payroll costs	-1 005	-853	-3 545	-3 051
Depreciation, amortisation and impairments	-2 286	-763	-6 401	-4 071
Property tax and licence fees	-431	-404	-1 679	-1 630
Other operating expenses	-2 003	-991	-4 651	-3 493
Operating expenses	-5 725	-3 011	-16 276	-12 245
Operating profit/loss	116	5 717	3 814	13 560
Share of profit/loss from associates and joint ventures	383	448	683	661
Financial income	125	136	421	859
Financial expenses	-453	-321	-2 058	-1 309
Net currency effects	311	-7 852	-3 445	-4 791
Other financial items	2	-1 125	-237	-1 043
Net financial items	-15	-9 162	-5 318	-6 283
Profit/loss before tax	484	-2 996	-821	7 937
Tax expense	-554	-100	-1 548	-4 045
Net profit/loss	-70	-3 097	-2 369	3 892
Of which non-controlling interest	122	246	-598	683
Of which majority interest	-192	-3 343	-1 772	3 209
OTHER COMPREHENSIVE INCOME				
Items in other comprehensive income that recycle over profit/loss:				
Changes in fair value of financial instruments	-115	-1 044	-937	-907
Income tax related to changes in fair value of financial instruments	-19	317	142	276
Items recorded in other comprehensive income in associates and joint arrangements	224	125	204	-123
Currency translation effects	1 922	10 081	6 138	7 734
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-50	772	-69
Items in other comprehensive income that will not recycle over profit/loss:				
Estimate deviation pensions	267	263	758	-704
Income tax related to estimate deviation pensions	-137	-124	-314	184
Other comprehensive income	2 141	9 568	6 761	6 392
Comprehensive income	2 071	6 471	4 391	10 284
Of which non-controlling interest	443	715	-133	1 322
Of which majority interest	1 628	5 755	4 525	8 962

Statement of Financial Position

NOK million	31.12.2015	31.12.2014
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Intangible assets	5 822	3 439
Property, plant and equipment	111 207	99 199
Investments in associates and joint ventures	19 388	19 027
Other non-current financial assets	7 874	6 093
Derivatives	4 675	5 616
Non-current assets	148 966	133 374
Inventories	1 044	2 088
Receivables	10 675	12 433
Short-term financial investments	513	443
Derivatives	6 651	6 816
Cash and cash equivalents (included restricted cash)	9 056	12 663
Current assets	27 939	34 443
Assets	176 905	167 817
EQUITY AND LIABILITIES		
Paid-in capital	57 111	56 361
Retained earnings	22 787	23 861
Non-controlling interest	8 443	7 837
Equity	88 340	88 059
Provisions	21 228	18 796
Long-term interest-bearing liabilities	37 410	27 438
Derivatives	3 736	3 556
Long-term liabilities	62 374	49 790
Short-term interest-bearing liabilities	7 196	9 306
Taxes payable	2 825	3 546
Other interest-free liabilities	10 781	9 808
Derivatives	5 388	7 308
Current liabilities	26 190	29 968
Equity and liabilities	176 905	167 817

Statement of Cash Flow

NOK million	The year	
	2015	2014
STATEMENT OF CASH FLOW		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	-8 21	7 937
Profit/loss on disposal of non-current assets	43	-80
Depreciation, amortisation and impairments	6 401	4 071
Profit/loss from the sale of business	-2 21	-2 559
Profit/loss from the sale of shares, and associates and joint ventures	471	-69
Profit from restructuring of SN Power	-	-564
Share of profit/loss from associates and joint ventures	-683	-661
Realised currency effect from internal loans ¹⁾	2 635	-980
Unrealised changes in value	-1 308	4 412
Changes in long term items	410	-52
Changes in short term items ¹⁾	4 241	-1694
Dividend from associates	534	729
Taxes	-3 062	-3 593
Cash flow from operating activities	A	8 639
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment ²⁾	-8 720	-8 801
Proceeds from sale of non-current assets	152	-17
Business divestments net liquidity inflow to the Group ³⁾	1 691	4 688
Business combinations and asset purchase, net liquidity outflow from the Group ⁴⁾	-2 889	-74
Restructuring of SN Power, net liquidity outflow from the Group	-	-770
Loans to third parties	-407	-100
Repayment of loans from third parties	628	390
Considerations regarding investments in other companies ⁴⁾	-289	-765
Cash flow from investing activities	B	-9 834
CASH FLOW FROM FINANCING ACTIVITIES		
New debt	14 409	1917
Repayment of debt	-11 864	-3 900
Capital increase	-	5 000
Dividend and group contribution paid	-5 157	-74
Share issue in subsidiary to non-controlling interests	9	225
Cash flow from financing activities	C	-2 603
Net change in cash and cash equivalents	A+B+C	-3 797
Currency exchange rate effects on cash and cash equivalents	190	362
Cash and cash equivalents 01.01	12 663	7 685
Cash and cash equivalents 31.12/31.12 ⁵⁾	9 056	12 663
Unused committed credit lines	13 000	12 000
Unused overdraft facilities	2 200	2 200
Restricted Cash	-	-

¹⁾ Realised 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 1047 million lower than investments in fixed assets in the segment reporting due to acquisition of assets not paid as of fourth quarter 2015.

³⁾ Cash received from business divestments are NOK 1796 million whereof NOK 354 million is repayment of loans provided by Statkraft.

Consolidated cash in the divested companies are NOK 105 million.

⁴⁾ Considerations for business combinations are NOK 3218 million. Consolidated cash from these companies are NOK 329 million.

Investments in business combinations, asset purchase and investment in other companies are NOK 611 million lower than for investments in other companies shown in the segment reporting. This is mainly due to cash in the acquired companies of NOK 329 million, part of the acquisition cost not yet paid as of fourth quarter of NOK 337 as well as investments by Statkraft Forsikring not presented as investment in the segment reporting of - NOK 55 million.

⁵⁾ Included in cash and cash equivalents are NOK 420 million related to joint operations as of fourth quarter 2015.