



# Q1

## Key figures

NOK million	First quarter			Year
	2018	2017	Change	2017
<b>From income statement</b>				
Gross operating revenues and other income	15 099	14 009	1 089	52 883
Net operating revenues and other income	8 884	6 972	1 913	23 350
EBITDA, underlying	6 875	4 863	2 012	14 486
Operating profit/loss (EBIT) underlying	5 962	3 990	1 972	10 824
Operating profit/loss (EBIT) booked	7 044	4 560	2 483	11 928
Share of profit/loss in equity accounted investments	500	324	176	-82
Net financial items	5 428	-374	5 802	3 818
Profit before tax	12 971	4 510	8 462	15 665
Net profit/loss	10 282	2 748	7 534	11 707
<b>Key financial metrics</b>				
EBIT margin, underlying (%)	39.5	28.5	11.0	20.5
ROACE, underlying (%)	12.5	9.7	2.8	10.5
ROAE (%)	0.6	2.2	-1.6	-0.5
<b>Balance sheet and investments</b>				
Total assets	172 481	175 388	-2 907	169 056
Equity	99 434	86 483	12 951	91 575
Net interest bearing debt	13 277	32 354	-19 077	24 845
Capital employed	100 565	103 509	-2 944	103 922
Equity accounted investments	13 894	19 423	-5 530	13 282
Total investments	855	678	177	3 895
<b>Cash Flow</b>				
Cash flow from operating activities	6 277	2 204	4 073	8 865
Cash and cash equivalents	21 352	12 414	8 938	14 217
<b>Currency rates</b>				
NOK/EUR average rate	9.63	8.98	0.65	9.33
NOK/EUR closing rate	9.68	9.17	0.51	9.84

### Changes in the financial statements and comparable figures

See note 5.

### Definitions

See section Alternative Performance Measures at the end of this report for definitions.

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## A VERY STRONG RESULT



Statkraft delivered a strong operating profit driven by higher Nordic power prices and successful energy management.

Large gains from divestments further contributed to a very strong quarterly result.

Statkraft's first quarter result was characterised by solid performance and gains from the divestment of Statkraft's share in the offshore wind farm Dudgeon and the listing of the electricity retail company Fjordkraft.

Statkraft recorded an underlying EBIT amounting to NOK 5962 million in the first quarter of 2018. This was an increase of NOK 1972 million compared with the corresponding period in 2017.

The average Nordic system price in the quarter was 38.6 EUR/MWh, an increase of 24 per cent compared with the price level experienced in the same quarter in 2017. Statkraft's total generation was record high in the first quarter, reflecting successful energy management, and ended at 21.0 TWh, an increase of 23 per cent.

Statkraft divested its 30 per cent shareholding in the Dudgeon offshore wind farm with a gain of NOK 5106 million. Statkraft has now completed the exit from offshore wind in line with the strategy. Overall, the divestments from offshore wind have demonstrated high value creation and strengthened the financial solidity.

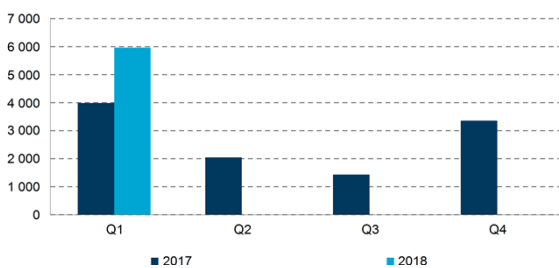
The listing of Fjordkraft on Oslo Stock Exchange 21 March led to a gain amounting to NOK 1670 million.

The quarterly net profit ended at NOK 10 282 million, an increase of NOK 7534 million from the same quarter in 2017.

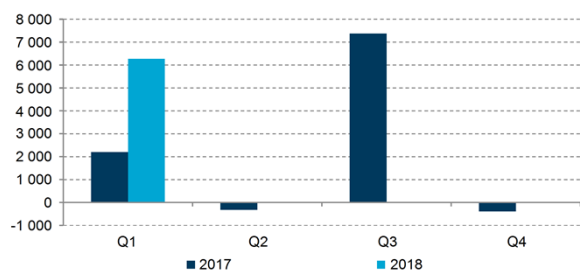
Statkraft has so far achieved approximately NOK 480 million in cost reduction under the performance improvement programme. The target is to strengthen performance and reduce annual costs by NOK 800 million.

Statkraft has entered into an 18 year power contract with Norsk Hydro in Norway. The contract runs from 2021 to 2038. In addition, Statkraft has entered into a 13 year power contract with Finnjord in Norway. The contract runs from 2018 to 2031. These contracts reaffirm Statkraft's position as a competitive supplier to Norwegian industry.

Operating profit/loss (EBIT) underlying  
NOK million



Cash flow from operating activities  
NOK million



## Corporate responsibility and HSE

	First quarter		Year 2017
	2018	2017	
<b>Corporate responsibility and HSE</b>			
Fatalities <sup>1)</sup>	0	0	0
Serious environmental incidents	0	0	0
Absence due to illness, Group (%)	4.0	3.6	3.5
TRR rate <sup>1)2)</sup>	5.0	4.9	5.2
Full-time equivalents, Group	3 078	3 367	3 310

<sup>1)</sup> Includes employees and suppliers in plants where Statkraft owns 20% or more. Third parties (not employees or contractors) are not included.

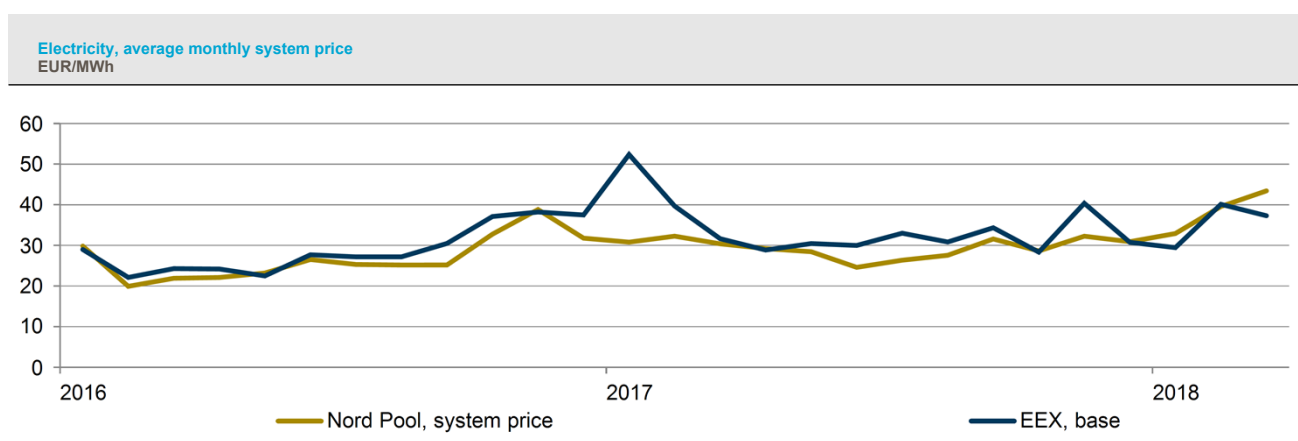
<sup>2)</sup> TRI rate rolling 12 months: Number of injuries per million hours worked.

No serious injuries occurred in the first quarter. Strengthening the safety culture and performance across the organization and also among subcontractors continues to be a top priority in Statkraft and has high management attention.

## Market and production

Power prices and optimisation of power production constitute the fundamental basis for Statkraft's revenues. The majority of Statkraft's output is generated in the Nordic region. Power prices are influenced by hydrological factors, commodity prices for thermal power generation, grid restrictions and nuclear availability.

### POWER PRICES



Sources: Nord Pool and the European Energy Exchange (EEX).

	First quarter			Year 2017
	2018	2017	Change	
<b>Market prices (average)</b>				
System price, Nord Pool (EUR/MWh)	38.6	31.2	7.5	29.4
Spot price (base), EEX (EUR/MWh)	35.6	41.3	-5.6	34.2
Spot price (peak), EEX (EUR/MWh)	44.2	53.3	-9.0	42.8
Spot price (base), N2EX UK (GBP/MWh)	52.7	48.0	4.7	45.3

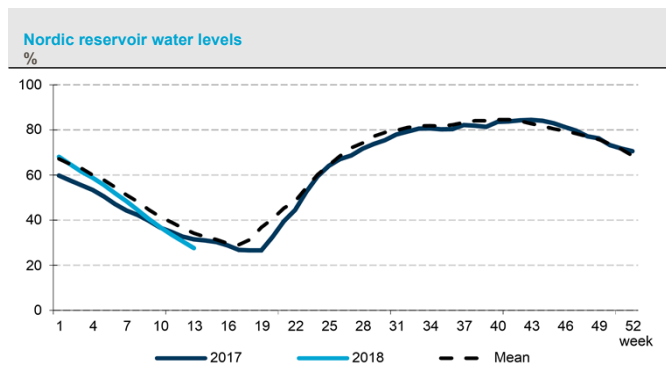
Sources: Nord Pool and European Energy Exchange (EEX).

The average system price in the Nordic region was 38.6 EUR/MWh in the quarter, an increase of 24% compared with the same period in 2017. The price increase was mainly driven by cold and dry weather.

The average base price in the German market (EEX) was 35.6 EUR/MWh in the quarter, a decrease of 14% compared with the same period in 2017. Power prices decreased despite higher gas and CO<sub>2</sub> prices, mainly driven by higher nuclear and wind power generation.

The average base price in the UK was 52.7 GBP/MWh in the quarter, an increase of 10% compared with the same period in 2017. The price increase was mainly driven by higher gas and CO<sub>2</sub> prices.

## CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



Source: Nord Pool.

The total reservoir level for all producers in the Nordic region was 81% of median level at the end of the quarter, corresponding to 27.6% of total capacity.

## STATKRAFT'S POWER GENERATION

Statkraft's generation optimisation is determined by water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power prices and gas plus CO<sub>2</sub> prices (spark spread) and grid restrictions.

TWh	First quarter		Year
	2018	2017	2017
<b>Generation, technology</b>			
Hydropower	19.9	15.8	57.4
Wind power	0.6	0.8	2.7
Gas power	0.4	0.5	2.2
Other power <sup>1)</sup>	0.1	0.1	0.3
<b>Total generation</b>	<b>21.0</b>	<b>17.1</b>	<b>62.6</b>

<sup>1)</sup> Bio and solar power.

TWh	First quarter		Year
	2018	2017	2017
<b>Consumption and output</b>			
<b>Nordic</b>			
Nordic consumption	121.6	113.0	388.2
Nordic output	122.2	114.8	397.3
Net Nordic import(+)/export(-)	-0.6	-1.8	-9.1
<b>Norway</b>			
Norwegian consumption	42.5	39.7	133.6
Norwegian output	44.8	41.6	148.7
Net Norwegian import(+)/export(-)	-2.3	-1.9	-15.1

The Group generated a total of 21.0 TWh in the first quarter, an increase of 23% compared with the corresponding period in 2017. Hydropower generation in Norway was record high in the first quarter. Wind power generation decreased 24% compared with the corresponding period due to lower wind speeds in Sweden. The Group's district heating deliveries amounted to 0.5 TWh.

## Financial performance

NOK million	First quarter			Year 2017
	2018	2017	Change	
Net operating revenues and other income	8 884	6 972	1 913	23 350
Operating profit/loss (EBIT) underlying	5 962	3 990	1 972	10 824
Operating profit/loss (EBIT) booked	7 044	4 560	2 483	11 928
Net financial items	5 428	-374	5 802	3 818
Profit before tax	12 971	4 510	8 462	15 665
Tax expense	-2 689	-1 762	-928	-3 957
Net profit/loss	10 282	2 748	7 534	11 707

### FIRST QUARTER

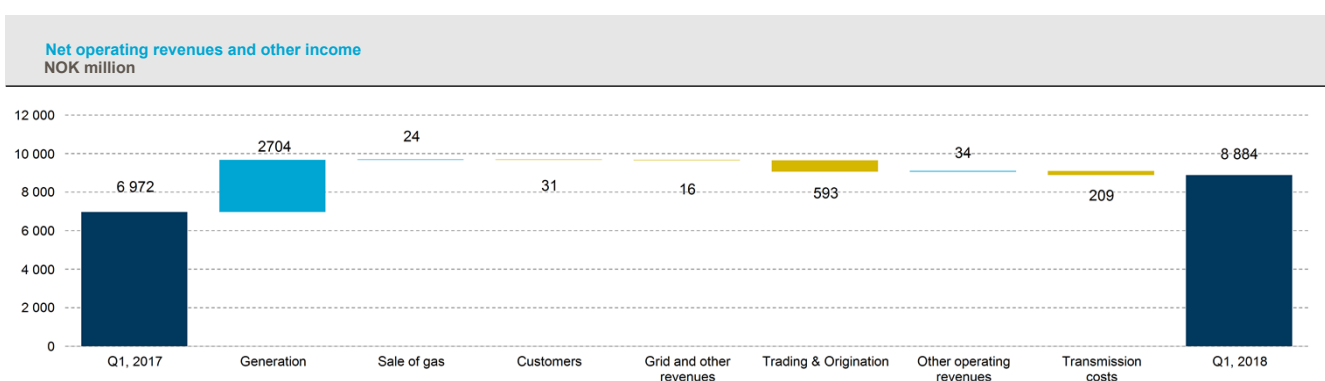
The quarterly report shows the development in the quarter compared with the same quarter in 2017, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2017.

The underlying EBIT was NOK 5962 million, NOK 1972 million higher than in the same quarter in 2017. The increase was mainly driven by a record high Norwegian hydropower generation and higher Nordic power prices.

Net financial items were affected by gain from divestments and positive currency effects.

### OPERATING REVENUES AND OTHER INCOME - UNDERLYING

NOK million	First quarter			Year 2017
	2018	2017	Change	
<b>Net operating revenues and other income</b>				
Generation	8 512	5 579	2 933	20 864
Sale of gas	-	1 061	-1 061	2 763
Customers	5 421	5 583	-162	24 744
Grid and other revenues	656	718	-62	2 291
<b>Sales revenues</b>	<b>14 589</b>	<b>12 941</b>	<b>1 648</b>	<b>50 662</b>
Trading & Origination	243	835	-593	1 242
Other operating income	267	233	34	979
<b>Gross operating revenues and other income</b>	<b>15 099</b>	<b>14 009</b>	<b>1 089</b>	<b>52 883</b>
Generation	-352	-123	-229	-1 408
Purchase of gas	-	-1 085	1 085	-2 895
Customers	-5 132	-5 263	131	-23 138
Other	-182	-228	46	-766
<b>Energy purchase</b>	<b>-5 667</b>	<b>-6 699</b>	<b>1 033</b>	<b>-28 207</b>
Transmission costs	-548	-339	-209	-1 326
<b>Net operating revenues and other income</b>	<b>8 884</b>	<b>6 972</b>	<b>1 913</b>	<b>23 350</b>



In the graph above Generation, Sale of gas, Customers and Grid and other revenues are shown as sales revenues less energy purchase.

- Net revenues from Generation increased, mainly due to higher generation and higher Nordic power prices.
- Net revenues from Trading & Origination decreased, mainly due to very high contribution from long-term contracts in Q1 2017.
- Transmission costs were higher, mainly due to higher generation.

## OPERATING EXPENSES - UNDERLYING

NOK million	First quarter			Year 2017
	2018	2017	Change	
<b>Operating expenses, underlying</b>				
Salaries and payroll costs	-913	-932	20	-3 707
Depreciation and amortisation	-913	-873	-40	-3 662
Property tax and licence fees	-326	-348	23	-1 341
Other operating expenses	-771	-828	57	-3 816
<b>Operating expenses</b>	<b>-2 922</b>	<b>-2 982</b>	<b>59</b>	<b>-12 526</b>

- Decrease in salaries and payroll costs were mainly due to reduced number of employees.
- Increase in depreciation was mainly related to assets in Nepal.
- Property tax and licence fees were lower, mainly due to reduced property tax in Sweden related to a lower tax rate.
- Other operating expenses lower mainly because Statkraft ceased to consolidate Fjordkraft due to the listing in March and also driven by lower costs for external consultants.

## ITEMS EXCLUDED FROM THE UNDERLYING OPERATING PROFIT

Unrealised value changes from energy derivatives, gains/losses from acquisitions/divestments of business activities and impairments are excluded from the underlying operating profit. The unrealised value changes are related to embedded derivatives and derivatives acquired for risk reduction purposes where the related item is carried at cost.

NOK million	First quarter			Year 2017
	2018	2017	Change	
<b>Items excluded from the underlying operating profit</b>				
Unrealised value changes from energy derivatives	-368	353	-721	1 289
<i>Embedded derivatives</i>	-276	109	-385	1 173
<i>Derivatives acquired for risk reduction purposes</i>	-92	244	-336	116
Gains/losses from acquisitions/divestments of business activities	1 460	226	1 234	315
Impairments	-10	-9	-2	-500

- Embedded derivatives: There was a negative effect on long-term power sales agreements denominated in EUR due to a strengthening of NOK against EUR.
- Derivatives acquired for risk reduction purposes: Decrease mainly driven by higher forward UK power prices.
- Gains/losses from acquisitions/divestments of business activities: Gain from the listing of Fjordkraft in March. See note 12 in the financial statements for further information.

## FINANCIAL ITEMS

NOK million	First quarter			Year 2017
	2018	2017	Change	
<b>Financial items</b>				
Interest income	88	85	3	374
Interest expenses	-272	-295	23	-1 234
Net currency effects	548	-285	833	-2 069
Other financial items	5 064	121	4 943	6 748
<b>Net financial items</b>	<b>5 428</b>	<b>-374</b>	<b>5 802</b>	<b>3 818</b>

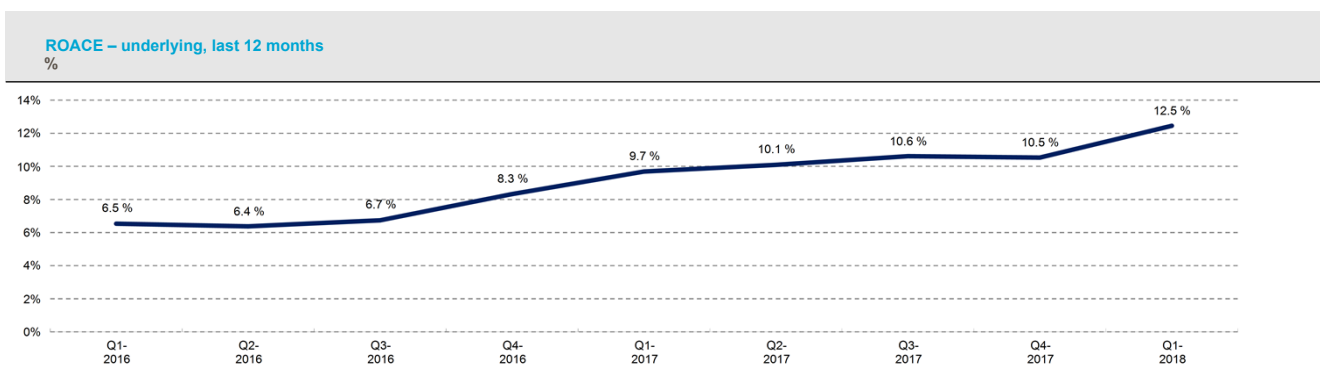
- Interest expenses decreased by NOK 23 million compared to first quarter 2017, mainly due to decreased debt.
- Net currency gain in the first quarter amounted to NOK 548 million, primarily related to a strengthening of NOK against EUR, USD and SEK.
- Other financial items increased by NOK 4943 million, mainly due to a gain from divestment of the shareholding in the Dudgeon offshore wind farm of NOK 5106 million in the first quarter. See note 12 in the interim financial statements for further information

## TAX EXPENSE

NOK million	First quarter			Year 2017
	2018	2017	Change	
<b>Tax expense</b>				
Profit before tax	12 971	4 510	8 462	15 665
Nominal tax rate in Norway	23%	24%	-1%	24%
Tax calculated at nominal Norwegian tax rate	2 983	1 082	1 901	3 759
Tax on share of profit/loss in equity accounted investments	-115	-78	-37	20
Resource rent tax payable	1 256	693	563	2 451
Resource rent tax deferred	90	344	-254	483
Other differences from the nominal Norwegian tax rate	-1 525	-280	-1 245	-2 756
<b>Tax expense</b>	<b>2 689</b>	<b>1 762</b>	<b>928</b>	<b>3 957</b>
<b>Effective tax rate</b>	<b>21%</b>	<b>39%</b>	<b>-18%</b>	<b>25%</b>

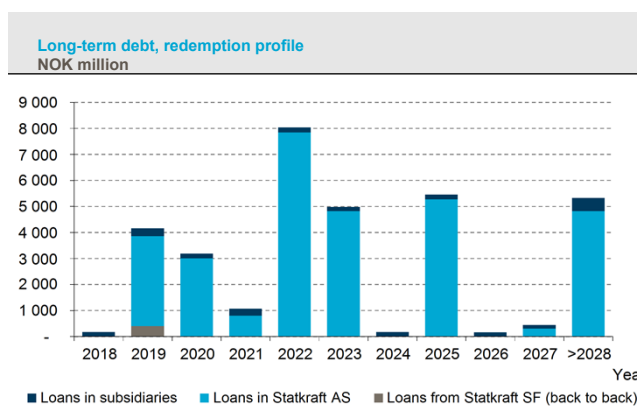
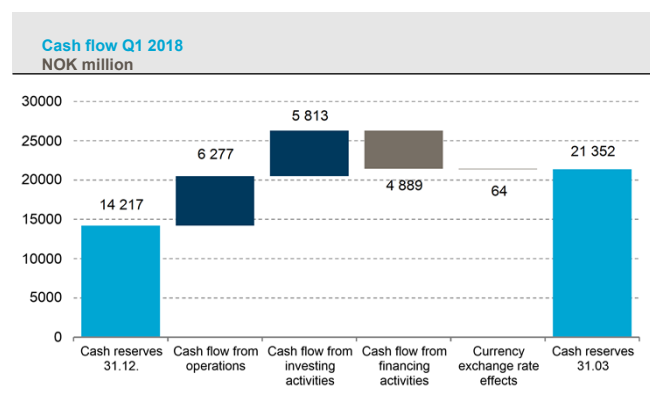
- Resource rent tax payable increased with NOK 563 million mainly due to higher Nordic power prices, higher generation and 1.4% higher tax rate.
- Resource rent tax deferred decreased with NOK 254 million mainly due to change in unrecognised deferred tax assets in the same quarter last year.
- Other differences from the nominal Norwegian tax rate of NOK 1525 million were mainly due to:
  - A tax exempt gain related to divestment of the shareholding in the Dudgeon offshore wind farm (tax effect of NOK 1174 million).
  - A tax exempt gain related to the initial public offering of Fjordkraft (tax effect of NOK 336 million).

## RETURN



The improvement in ROACE compared with the year 2017 was due to higher underlying operating profit (rolling 12 months), primarily driven by higher Nordic hydropower generation and higher Nordic power prices. This was partly offset by lower contribution from market activities. Average capital employed was on the same level as year-end 2017.

## CASH FLOW AND NET INTEREST-BEARING DEBT REPAYMENT PLAN



### Cash flow first quarter

- Cash flow from operating activities amounted to NOK 6277 million. Net cash income was NOK 7958 million. A positive underlying EBIT and positive effects from cash collateral<sup>1)</sup> were offset by paid taxes.



- Cash flow from investing activities was mainly related to positive effects from divestments of NOK 6349 million, partly offset by investments in property, plant and equipment.
- Cash flow from financing activities was mainly related to repurchase and repayment of debt and interest payments.

### Net interest-bearing debt

At the end of the quarter, Statkraft had the following financial structure:

- Net interest-bearing debt totalled NOK 13 277 million (NOK 32 354 million).
- Net interest-bearing debt-equity ratio was 11.8% (27.2%).
- In first quarter, Statkraft repurchased Euro bonds of NOK 2259 million with original repayment date in 2019. The repurchase is presented as repayment of debt in the statement of cash flow.

<sup>1)</sup> Cash collateral: Security related to market operations and financial derivatives (included in "Other changes" in the Statement of cash flow).

## INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 855 million. Maintenance investments and other investments were primarily related to Nordic hydropower and advanced metering system (AMS) in Skagerak Nett. Investments in new capacity were mainly related to construction of hydropower plants in Albania and wind power projects in Norway.

NOK million	First quarter 2018	The year 2017
<b>Maintenance investments and other investments</b>		
European flexible generation	230	1 053
Market operations	2	5
International power	22	173
Wind power	-	12
District heating	3	7
Industrial ownership	127	566
Other activities	2	4
<b>Total</b>	<b>386</b>	<b>1 820</b>
<b>Investment in new capacity</b>		
European flexible generation	5	117
Market operations	14	103
International power	120	794
Wind power	237	500
District heating	17	130
Industrial ownership	71	320
<b>Total</b>	<b>463</b>	<b>1 964</b>
<b>Investment in shareholdings</b>		
Market operations	5	91
Other activities	-	19
<b>Total</b>	<b>5</b>	<b>111</b>
<b>Total investments</b>	<b>855</b>	<b>3 895</b>

## Projects in consolidated operations

First quarter	Project	Country	New capacity (MW) <sup>1)</sup>	Statkraft's ownership share	Planned completion	
<b>Completed projects in the period</b>						
Solar power	Rundedal	Netherlands	14	100%	2018	Q1
<b>Main construction projects</b>						
Hydropower	Øvre Røssåga	Norway	-	100%	2018	Q4
	Devoll - Moglice	Albania	184	100%	2019	Q2
	Songa and Trollaldalen Dams	Norway	-	100%	2020	Q4
Wind power	Fosen - Roan	Norway	256	52%	2018	Q4
	Fosen - Hitra II	Norway	94	52%	2019	Q3
	Fosen - Storheia	Norway	288	52%	2019	Q4
	Fosen - Geitfjellet	Norway	155	52%	2020	Q3
	Fosen - Harbaksfjellet	Norway	108	52%	2020	Q3
	Fosen - Kvenndalsfjellet	Norway	101	52%	2020	Q3

<sup>1)</sup> Total for project, incl. partners' share.

## Segments

The Group's operating segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

The segments are defined as:

**European flexible generation** includes the majority of the Group's hydropower business in Norway, Sweden, Germany and the United Kingdom, as well as the gas fired power plants, the subsea cable Baltic Cable and the bio-power plants in Germany.

**Market operations** includes trading, origination, market access for smaller producers of renewable energy, as well as revenue optimisation and risk mitigation activities related to both the Continental and Nordic production.

**International power** One of Statkraft's strategic goals is to be a leading international provider of pure energy in growth markets. The business area International power is set up to accomplish this. The business idea for International power is to deliver a competitive return by developing, acquiring, owning and operating renewable assets in selected growth markets with strong focus on safety and profitability across the value chain.

**Wind power** includes Statkraft's development and operation in onshore wind power. The segment operates in Norway, Sweden and the United Kingdom.

**District heating** includes Statkraft's development and operation of district heating plants in Norway and Sweden.

**Industrial ownership** includes management and development of Norwegian shareholdings within the Group's core business and includes the shareholdings in Skagerak Energi, BKK, Agder Energi and Istad. Skagerak Energi is included in the consolidated financial statements, while the other companies are reported as associated companies.

In addition:

**Other activities** includes other small-scale business, group functions and unallocated assets.

**Group items** include eliminations.

	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
<b>First quarter</b>									
<b>From income statement</b>									
Gross operating revenues and other income	15 099	6 957	4 857	680	295	348	2 284	243	-565
Net operating revenues and other income	8 884	6 244	417	581	283	241	1 168	243	-293
EBITDA, underlying	6 875	5 300	174	381	172	172	757	-63	-18
Operating profit/loss (EBIT), underlying	5 962	4 872	170	191	80	131	614	-77	-19
Operating profit/loss (EBIT), booked	7 044	4 596	78	181	80	130	2 074	-77	-18
<b>Key financial metrics</b>									
EBIT-margin (%), underlying	39.5	70.0	3.5	28.0	27.2	37.5	26.9	n/a	n/a
ROACE (%)	12.5	19.1	14.6	1.9	-0.5	5.6	9.3	n/a	n/a
ROAE (%)	0.6	n/a	n/a	-22.3	12.2	n/a	6.4	n/a	n/a
<b>Investments</b>									
Total investments	855	236	20	142	237	20	198	2	-
<b>Production</b>									
Production, volume sold (TWh)	21.0	17.2	0.0	1.3	0.5	-	2.0	-	-
- hydropower (TWh)	19.9	16.6	-	1.2	-	-	2.0	-	-
- wind power (TWh)	0.6	-	-	0.1	0.5	-	-	-	-
- gas power (TWh)	0.4	0.4	-	-	-	-	-	-	-
- other power (TWh) <sup>1)</sup>	0.1	0.1	0.0	-	-	-	-	-	-
Production, district heating (TWh)	0.5	-	-	-	-	0.4	0.1	-	-

<sup>1)</sup> Bio and solar power.

## EUROPEAN FLEXIBLE GENERATION

NOK million	First quarter		Year
	2018	2017	2017
Gross operating revenues and other income	6 957	4 566	17 084
Net operating revenues and other income	6 244	4 056	14 508
EBITDA, underlying	5 300	3 059	10 151
Operating profit/loss (EBIT) underlying	4 872	2 648	8 447
Unrealised value changes from energy derivatives	-276	109	1 173
Gains/losses from acquisitions/divestments of business activities	-	-	-
Impairments	-	-	1 084
Operating profit/loss (EBIT) booked	4 596	2 757	10 704
Share of profit/loss in equity accounted investments	-	-	-
Gains/losses from sales of equity accounted investments <sup>*)</sup>	-	-	-
ROACE (rolling 12 months)	19.1	15.2	15.2
ROAE (rolling 12 months)	n/a	n/a	n/a
Maintenance investments and other investments	230	224	1 053
Investments in new capacity	5	16	117
Investments in shareholdings	-	-	-
Generation, volume sold (TWh)	17.2	13.9	50.4

<sup>\*)</sup> Included in Other financial items.

## Key events

- Nordic power prices at the highest level since second quarter 2013 combined with record high Norwegian hydropower generation.
- Statkraft entered into a new long-term power contract with Norsk Hydro for the period 2021-2038 with a total volume of 15.5 TWh.
- Statkraft entered into a new long-term power contract with Finn fjord AS for the period 2018-2031 with a total volume of 8.5 TWh.
- Investment decision on refurbishment of four turbines in Kviiddal (1260 MW) increasing the generation with approximately 80 GWh/year due to increased turbine efficiency.
- Final investment decision made in April on Storlia hydropower plant in Norway with installed capacity of 8.5 MW and an expected annual production of 34 GWh.

## Quarterly financial performance

- The increase in underlying EBIT was mainly driven by higher generation and higher Nordic power prices.
- Operating expenses decreased, mainly due to lower salaries and payroll costs driven by reduced number of employees and also lower property tax in Sweden.

## Financial metrics

- A strong underlying EBIT has led to a high ROACE for the segment. Positive trend in first quarter 2018 driven by higher generation and higher Nordic power prices compared with the same quarter last year.

## Quarterly investments

- Investments in maintenance and other projects were mainly related to Rana power plant and Baltic Cable (the interconnector between Sweden and Germany).

## MARKET OPERATIONS

NOK million	First quarter		Year
	2018	2017	2017
Gross operating revenues and other income	4 857	6 270	25 378
Net operating revenues and other income	417	867	1 983
EBITDA, underlying	174	656	1 068
Operating profit/loss (EBIT) underlying	170	653	1 057
Unrealised value changes from energy derivatives	-92	244	116
Gains/losses from acquisitions/divestments of business activities	-	-	-
Impairments	-	-	-
Operating profit/loss (EBIT) booked	78	898	1 173
Share of profit/loss in equity accounted investments	-	-	2
Gains/losses from sales of equity accounted investments <sup>*)</sup>	-	-	-
ROACE (rolling 12 months)	14.6	66.9	27.2
ROAE (rolling 12 months)	n/a	n/a	n/a
Maintenance investments and other investments	2	2	5
Investments in new capacity	14	-	103
Investments in shareholdings	5	-	91
Generation, volume sold (TWh)	-	-	-

<sup>\*)</sup> Included in Other financial items.

## Key events

- Statkraft started market access activities in Spain by signing a 15-year Power Purchase Agreement (PPA) with BayWa r. e. for a 170 MWp solar plant.

## Quarterly financial performance

- The decrease in underlying EBIT was mainly due to lower contribution from long-term contracts.

## Financial metrics

- A ROACE of 14.6% in the first quarter was mainly driven by a solid underlying EBIT the last 12 months combined with a low amount of capital employed.

## Quarterly investments

- Investments in new capacity were related to the 13.9 MWp solar PV project Rundedal in the Netherlands.

## INTERNATIONAL POWER

NOK million	First quarter		Year
	2018	2017	2017
Gross operating revenues and other income	680	626	2 630
Net operating revenues and other income	581	546	2 143
EBITDA, underlying	381	325	1 162
Operating profit/loss (EBIT) underlying	191	156	394
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	76
Impairments	-9	-8	-1 392
Operating profit/loss (EBIT) booked	181	148	-922
Share of profit/loss in equity accounted investments	60	39	-744
Gains/losses from sales of equity accounted investments*)	-	-	2 091
ROACE (rolling 12 months)	1.9	2.0	1.7
ROAE (rolling 12 months)	-22.3	0.1	-17.5
Maintenance investments and other investments	22	9	173
Investments in new capacity	120	61	794
Investments in shareholdings	-	-	-
Generation, volume sold (TWh)	1.3	1.1	4.5

\*) Included in Other financial items.

### Quarterly financial performance

- The increase in underlying EBIT was mainly due to that the Kargi hydropower plant in Turkey was back in operation and improved hydrology for the Devoll hydropower plant in Albania.
- The decrease in salaries and payroll costs was primarily due to structural changes and downsizing.
- Share of profit/loss in equity accounted investments increased as a result of stable operations and insurance settlement after the Chile flooding in 2017, partly offset by lack of contribution from SN Power that was divested in the third quarter of 2017.

### Financial metrics

- The ROACE is highly influenced by the share of newly built and acquired assets. Nepal and Peru are the largest contributors to the segment's ROACE. There were low return from Chile, Brazil and Albania. Turkey had negative return due to the Kargi repairs in 2017.
- Equity accounted investments covers around 7% of the segment's total asset value. The unsatisfactory level is mainly caused by the impairments of the Chilean assets in the third quarter of 2017, as well as negative effects from the flooding same year.

### Quarterly investments

- The investments were mainly related to the construction of the Devoll hydropower project in Albania.

## WIND POWER

NOK million	First quarter		Year
	2018	2017	2017
Gross operating revenues and other income	295	209	761
Net operating revenues and other income	283	197	716
EBITDA, underlying	172	71	234
Operating profit/loss (EBIT) underlying	80	-15	-132
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	256	258
Impairments	-	-	-187
Operating profit/loss (EBIT) booked	80	241	-61
Share of profit/loss in equity accounted investments	15	12	213
Gains/losses from sale of equity accounted investments*)	5 106	-	3 061
ROACE (rolling 12 months)	-0.5	-2.1	-1.9
ROAE (rolling 12 months)	12.2	0.1	9.2
Maintenance investments and other investments	-	3	12
Investments in new capacity	237	144	500
Investments in shareholdings	-	-	-
Generation, volume sold (TWh)	0.5	0.7	2.2

\*) Included in Other financial items.

### Key events

- Statkraft divested its 30% share in Dudgeon offshore wind farm and recognised a gain of approx. NOK 5.1 billion. Divestment of offshore wind is now completed with total gains from sale of assets of approx. NOK 8.7 billion.

### Quarterly financial performance

- The increase in underlying EBIT was mainly driven by a positive court decision for Statkraft regarding corrosion issues at a divested offshore wind farm.
- In addition there was higher contribution from the UK driven by increased power prices and new capacity.
- The contribution from Nordic wind farms decreased mainly due to lower generation in Sweden driven by lower wind speeds.
- Operating expenses decreased due to reduced number of employees in the segment.

### Financial metrics

- ROACE was impacted by lower than expected sales revenues from the Swedish assets.
- Positive trend in the first quarter 2018 due to higher contribution from UK.
- ROAE for the first quarter 2018 includes offshore and onshore assets in the UK. Satisfactory results from operational assets in the UK, mainly due to new capacity from Dudgeon offshore wind farm, which came into full operation in fourth quarter 2017 and stable support scheme in the UK. Gains from offshore wind divestment are not included in ROAE.

### Quarterly investments

- The investments in new capacity were mainly related to the Fosen project portfolio in Norway.

## DISTRICT HEATING

NOK million	First quarter		Year 2017
	2018	2017	
Gross operating revenues and other income	348	275	789
Net operating revenues and other income	241	195	580
EBITDA, underlying	172	129	326
Operating profit/loss (EBIT) underlying	131	87	155
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-
Impairments	-1	-1	-4
Operating profit/loss (EBIT) booked	130	86	151
Share of profit/loss in equity accounted investments	-	-	-
Gains/losses from sales of equity accounted investments <sup>*)</sup>	-	-	-
ROACE (rolling 12 months)	5.6	3.5	4.4
ROAE (rolling 12 months)	n/a	n/a	n/a
Maintenance investments and other investments	3	1	7
Investments in new capacity	17	38	130
Investments in shareholdings	-	-	-
Production, volume sold (TWh)	0.4	0.4	0.9

<sup>\*)</sup> Included in Other financial items.

### Quarterly financial performance

- The increase in underlying EBIT was driven by higher volume delivered to customers, better district heating price and better price on waste handling.
- The delivered volume in the quarter was at a normal level, while it was below normal level in the same period in 2017 due to higher temperatures.
- The segment had high availability and good fuel mix.

### Financial metrics

- The ROACE was mainly driven by good return from district heating activities in Trondheim, which accounts for more than 50% of the segment's capital employed.

### Quarterly investments

- The investments were primarily related to pipelines.

## INDUSTRIAL OWNERSHIP

NOK million	First quarter		Year 2017
	2018	2017	
Gross operating revenues and other income	2 284	2 354	7 262
Net operating revenues and other income			
EBITDA, underlying	757	748	1 944
Operating profit/loss (EBIT) underlying	614	605	1 369
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from acquisitions/divestments of business activities	1 460	-	11
Impairments	-	-	-
Operating profit/loss (EBIT) booked	2 074	605	1 380
Share of profit/loss in equity accounted investments	432	279	470
Gains/losses from sale of equity accounted investments <sup>*)</sup>	-	-	-
ROACE (rolling 12 months)	9.3	6.4	9.2
ROAE (rolling 12 months)	6.4	4.4	4.8
Maintenance investments and other investments	127	87	566
Investments in new capacity	71	90	320
Investments in shareholdings	-	-	-
Generation, volume sold (TWh)	2.0	1.4	5.4

<sup>\*)</sup> Included in Other financial items.

### Key events

- Fjordkraft was listed on Oslo Stock Exchange on 21 March through an Initial Public Offering (IPO), valuing the company at NOK 3.2 billion. The IPO resulted in a gain recognised for Statkraft Group of NOK 1.7 billion, of which NOK 210 million was recognised as share of profit from BKK.

### Quarterly financial performance

- The increase in underlying EBIT was mainly due to higher revenues from generation and increased prices, offset by realised losses and negative unrealised value changes from energy contracts in Skagerak Energi.
- In addition, the booked EBIT was positively influenced by the IPO of Fjordkraft.

### Financial metrics

- A ROACE of 9.3% in the first quarter was driven by high underlying EBIT the last 12 months mainly due to higher generation and increased power prices.
- The improvement of ROAE was mainly due to increased results for BKK in the first quarter.

### Quarterly investments

- Investments were mainly related to transmission grid and advanced metering system (AMS) for grid customers in Skagerak.

## OTHER ACTIVITIES

NOK million	First quarter		Year
	2018	2017	2017
<b>Gross operating revenues and other income</b>	<b>243</b>	<b>237</b>	<b>987</b>
<b>Net operating revenues and other income</b>			
<b>EBITDA, underlying</b>	-	-	-
<b>Operating profit/loss (EBIT) underlying</b>	<b>-77</b>	<b>-118</b>	<b>-441</b>
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-30	-30
Impairments	-	-	-
<b>Operating profit/loss (EBIT) booked</b>	<b>-77</b>	<b>-148</b>	<b>-471</b>
Share of profit/loss in equity accounted investments	-7	-7	-23
Gains/losses from sales of equity accounted investments <sup>*)</sup>	-	-	14
Maintenance investments and other investments	2	3	4
Investments in new capacity	-	-	-
Investments in shareholdings	-	-	19
Generation, volume sold (TWh)	-	-	-

<sup>\*)</sup> Included in Other financial items.

### Quarterly financial performance

- The increase in underlying EBIT was mainly related to lower insurance expenses. The insurance expenses in first quarter 2017 was impacted by a damaged generation asset.

## Outlook

Statkraft has Europe's largest reservoir capacity and a portfolio of flexible hydropower plants. This enables Statkraft to optimise the power generation based on the hydrological situation and power prices.

Statkraft also has a high share of long-term power contracts within the segments European flexible generation and International power. These contracts have a stabilising effect on revenues and net profit. The majority of the long-term contracts in Norway will expire in 2021. The industry's interest in these type of contracts is increasing. We are pleased to see that we are competitive and able to enter into new long-term contracts with Norwegian-based industrial consumers.

Solid underlying operations and the exit from offshore wind power have substantially contributed to strengthen the financial capacity and provide a solid foundation for new investments in renewable energy.

Statkraft's strategy and investment plans are currently being updated and will be concluded by mid year. Efficient operations and development of Norwegian and Swedish hydropower assets will continue to be a key priority and Statkraft will also continue to develop new business in Norway. New opportunities in Europe, South-America and India are being explored and developed within hydro, wind and solar power. The company's commitment to act in an ethical and socially responsible manner will continue to be a foundation for all activities.

Oslo, 25 April 2018  
The Board of Directors of Statkraft AS

## Statkraft AS Group Interim Financial Statements

NOK million	First quarter		The year
	2018	2017	2017
<b>COMPREHENSIVE INCOME</b>			
<b>PROFIT AND LOSS</b>			
Sales revenues	14 589	12 941	50 662
Trading & Origination	243	835	1 242
Other operating income	267	233	979
<b>Gross operating revenues and other income</b>	<b>15 099</b>	<b>14 009</b>	<b>52 883</b>
Energy purchase	-5 667	-6 699	-28 207
Transmission costs	-548	-339	-1 326
<b>Net operating revenues and other income</b>	<b>8 884</b>	<b>6 972</b>	<b>23 350</b>
Salaries and payroll costs	-913	-932	-3 707
Depreciation and amortisation	-913	-873	-3 662
Property tax and licence fees	-326	-348	-1 341
Other operating expenses	-771	-828	-3 816
<b>Operating expenses</b>	<b>-2 923</b>	<b>-2 981</b>	<b>-12 526</b>
<b>Operating profit/loss (EBIT) underlying</b>	<b>5 962</b>	<b>3 990</b>	<b>10 824</b>
Unrealised value changes from energy derivatives	-368	353	1 289
Gains/losses from acquisitions/divestments of business activities	1 460	226	315
Impairments	-10	-9	-500
<b>Operating profit/loss (EBIT) booked</b>	<b>7 044</b>	<b>4 560</b>	<b>11 928</b>
Share of profit/loss in equity accounted investments	500	324	-82
Interest income	88	85	374
Interest expenses	-272	-295	-1 234
Net currency effects	548	-285	-2 069
Other financial items	5 064	121	6 748
<b>Net financial items</b>	<b>5 428</b>	<b>-374</b>	<b>3 818</b>
<b>Profit/loss before tax</b>	<b>12 971</b>	<b>4 510</b>	<b>15 665</b>
Tax expense	-2 689	-1 762	-3 957
<b>Net profit/loss</b>	<b>10 282</b>	<b>2 749</b>	<b>11 707</b>
Of which non-controlling interest	575	212	-94
Of which owners of the parent	9 707	2 537	11 801
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items in other comprehensive income that recycle over profit/loss:</b>			
Changes in fair value of financial instruments	90	-97	-200
Income tax related to changes in fair value of financial instruments	-23	20	42
Items recorded in other comprehensive income in equity accounted investments	36	-208	-170
Recycling of financial instruments related to cash flow hedges and net investment hedges	5	-4	1 470
Income tax from recycling of financial instruments related to cash flow hedges and net investment hedges	-1	1	-355
Reclassification currency translation effects related to foreign operations disposed of in the year	-54	-	-2 491
Currency translation effects	-2 400	397	667
<b>Items in other comprehensive income that will not recycle over profit/loss:</b>			
Reclassification currency translation effects related to foreign operations disposed of in the year	240	572	-96
Currency translation effects	-81	-198	49
<b>Other comprehensive income</b>	<b>-2 186</b>	<b>482</b>	<b>-1 084</b>
<b>Comprehensive income</b>	<b>8 096</b>	<b>3 231</b>	<b>10 622</b>
Of which non-controlling interest	573	322	-465
Of which owners of the parent	7 523	2 909	11 087



NOK million	31.03.2018	31.03.2017	31.12.2017
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
Deferred tax assets	714	715	962
Intangible assets	3 070	3 874	3 313
Property, plant and equipment	100 901	103 196	103 193
Equity accounted investments	13 894	19 423	13 282
Other non-current financial assets	4 205	9 237	4 368
Derivatives	3 864	3 240	4 023
<b>Non-current assets</b>	<b>126 648</b>	<b>139 684</b>	<b>129 141</b>
Inventories	3 478	4 460	2 871
Receivables	14 754	11 685	15 372
Short-term financial investments	904	534	918
Derivatives	5 345	6 611	6 537
Cash and cash equivalents (included restricted cash)	21 352	12 414	14 217
<b>Current assets</b>	<b>45 833</b>	<b>35 703</b>	<b>39 914</b>
<b>Assets</b>	<b>172 481</b>	<b>175 388</b>	<b>169 056</b>
<b>EQUITY AND LIABILITIES</b>			
Paid-in capital	59 219	58 411	59 219
Retained earnings	36 287	20 928	28 765
Non-controlling interest	3 927	7 145	3 591
<b>Equity</b>	<b>99 434</b>	<b>86 483</b>	<b>91 575</b>
Deferred tax	9 641	10 154	9 792
Pension liability	2 227	1 711	2 539
Provisions allocated to capital employed	2 376	3 690	2 894
Other provisions	589	3 111	598
Long-term interest-bearing liabilities	32 967	34 811	36 285
Derivatives	981	1 607	1 101
<b>Long-term liabilities</b>	<b>48 780</b>	<b>55 083</b>	<b>53 210</b>
Short-term interest-bearing liabilities	2 566	10 491	3 694
Taxes payable	4 861	4 750	4 010
Interest-free liabilities allocated to capital employed	10 371	11 337	9 086
Other interest-free liabilities	395	2 087	593
Derivatives	6 073	5 156	6 888
<b>Current liabilities</b>	<b>24 267</b>	<b>33 821</b>	<b>24 271</b>
<b>Equity and liabilities</b>	<b>172 481</b>	<b>175 388</b>	<b>169 056</b>

NOK million	Paid-in capital	Other reserves	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
<b>STATEMENT OF CHANGES IN EQUITY</b>								
<b>Balance as of 01.01.2017</b>	<b>58 411</b>	<b>-1 659</b>	<b>12 782</b>	<b>6 063</b>	<b>17 185</b>	<b>75 596</b>	<b>7 747</b>	<b>83 345</b>
Net profit/loss	-	-	2 537	-	2 537	2 537	212	2 748
<b>Items in other comprehensive income that recycles over profit/loss:</b>								
Changes in fair value of financial instruments	-	-99	-	-	-99	-99	2	-97
Income tax related to changes in fair value of financial instruments	-	21	-	-	21	21	-1	20
Items recorded in other comprehensive income in equity accounted investments	-	-208	-	-	-208	-208	-	-208
Recycling of financial instruments related to cash flow hedges and net investment hedges	-	-4	-	-	-4	-4	-	-4
Income tax from recycling of financial instruments related to cash flow hedges	-	1	-	-	1	1	-	1
Currency translation effects	-	-	-	288	288	288	109	397
<b>Items in OCI that will not recycle over profit/loss:</b>								
Estimate deviation pensions	-	-	572	-	572	572	-	572
Income tax related to estimate deviation pensions	-	-	-198	-	-198	-198	-	-198
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-290</b>	<b>2 911</b>	<b>288</b>	<b>2 909</b>	<b>2 909</b>	<b>322</b>	<b>3 230</b>
Dividend and Group contribution	-	-	-	-	-	-	-835	-835
Liability of the option to increase shareholding in subsidiary	-	-	833	-	833	833	-	833
Capital decrease	-	-	-	-	-	-	-57	-57
Business combinations/divestments	-	-	-	-	-	-	-32	-32
<b>Balance as of 31.03.2017</b>	<b>58 411</b>	<b>-1 949</b>	<b>16 525</b>	<b>6 351</b>	<b>20 928</b>	<b>79 338</b>	<b>7 145</b>	<b>86 483</b>
<b>Balance as of 01.01.2017</b>	<b>58 411</b>	<b>-1 659</b>	<b>12 782</b>	<b>6 063</b>	<b>17 185</b>	<b>75 596</b>	<b>7 747</b>	<b>83 345</b>
Net profit/loss	-	-	11 801	-	11 801	11 801	-94	11 707
<b>Items in other comprehensive income that recycles over profit/loss:</b>								
Changes in fair value of financial instruments	-	-201	-	-	-201	-201	-	-201
Income tax related to changes in fair value of financial instruments	-	42	-	-	42	42	-	42
Items recorded in other comprehensive income in equity accounted investments	-	-170	-	-	-170	-170	-	-170
Recycling of financial instruments related to cash flow hedges and net investment hedges	-	1 470	-	-	1 470	1 470	-	1 470
Income tax from recycling of financial instruments related to cash flow hedges	-	-355	-	-	-355	-355	-	-355
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	-2 491	-2 491	-2 491	-	-2 491
Currency translation effects	-	-	-	1 063	1 063	1 063	-396	667
<b>Items in OCI that will not recycle over profit/loss:</b>								
Estimate deviation pensions	-	-	-133	-	-133	-133	37	-96
Income tax related to estimate deviation pensions	-	-	61	-	61	61	-12	49
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>786</b>	<b>11 730</b>	<b>-1 428</b>	<b>11 087</b>	<b>11 087</b>	<b>-465</b>	<b>10 622</b>
Dividend and Group contribution	-1 332	-	-3 018	-	-3 018	-4 350	-1 036	-5 386
Change in option recognised in equity	-	-	890	-	890	890	-	890
Business combinations/divestments	-	-	-	-	-	-	-36	-36
Transactions with non-controlling interests	-	-	2 620	-	2 620	2 620	-2 620	-
Capital increase	2 140	-	-	-	-	2 140	-	2 140
<b>Balance as of 31.12.2017</b>	<b>59 219</b>	<b>-874</b>	<b>25 003</b>	<b>4 635</b>	<b>28 765</b>	<b>87 984</b>	<b>3 591</b>	<b>91 575</b>
Net profit/loss	-	-	9 707	-	9 707	9 707	575	10 282
<b>Items in other comprehensive income that recycles over profit/loss:</b>								
Changes in fair value of financial instruments	-	89	-	-	89	89	1	90
Income tax related to changes in fair value of financial instruments	-	-23	-	-	-23	-23	-	-23
Items recorded in other comprehensive income in equity accounted investments	-	36	-	-	36	36	-	36
Recycling of financial instruments related to cash flow hedges and net investment hedges	-	5	-	-	5	5	-	5
Income tax from recycling of financial instruments related to cash flow hedges and net investment hedges	-	-1	-	-	-1	-1	-	-1
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-	-	-54	-54	-54	-	-54
Currency translation effects	-	-	-	-2 397	-2 397	-2 397	-3	-2 400
<b>Items in OCI that will not recycle over profit/loss:</b>								
Estimate deviation pensions	-	-	240	-	240	240	-	240
Income tax related to estimate deviation pensions	-	-	-81	-	-81	-81	-	-81
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>108</b>	<b>9 866</b>	<b>-2 451</b>	<b>7 523</b>	<b>7 523</b>	<b>573</b>	<b>8 096</b>
Dividend and Group contribution	-	-	-	-	-	-	-25	-25
Business combinations/divestments	-	-	-	-	-	-	-212	-212
<b>Balance as of 31.03.2018</b>	<b>59 219</b>	<b>-766</b>	<b>34 869</b>	<b>2 184</b>	<b>36 287</b>	<b>95 506</b>	<b>3 927</b>	<b>99 434</b>

NOK million		First quarter 2018	2017	The year 2017
<b>STATEMENT OF CASH FLOW</b>				
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Operating profit/loss (EBIT), underlying		5 962	3 990	10 824
Depreciations and amortisations		913	873	3 662
Gain/loss from disposal of property, plant and equipment and intangible assets		3	-13	186
Unrealised effects included in underlying EBIT		417	24	1 666
Dividend from equity accounted investments		18	29	558
Changes in working capital		-60	-2 045	-1 551
Cash effects from foreign exchange derivatives related to operations		57	-123	-260
Taxes paid		-1 699	-1 311	-4 843
Other changes		666	780	-1 377
<b>Cash flow from operating activities</b>	<b>A</b>	<b>6 277</b>	<b>2 204</b>	<b>8 865</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investments in property, plant and equipment and intangible assets <sup>1)</sup>		-862	-667	-3 610
Business divestments, net liquidity inflow		6 349	302	7 309
Loans to equity accounted investments		-	-256	-1 258
Repayment of loans from equity accounted investments		317	82	2 291
Interests received from loans to equity accounted investments		3	31	200
Other investments		6	76	-298
<b>Cash flow from investing activities</b>	<b>B</b>	<b>5 813</b>	<b>-432</b>	<b>4 634</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
New debt		-	4 547	5 250
Repayment of debt		-4 430	-204	-7 647
Interests paid		-464	-173	-1 231
Interests received from cash and other assets		53	36	161
Dividend paid to Statkraft SF		-	-	-2 052
Dividend and capital decrease paid to non-controlling interests		-48	-894	-1 037
<b>Cash flow from financing activities</b>	<b>C</b>	<b>-4 889</b>	<b>3 312</b>	<b>-6 556</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>7 201</b>	<b>5 084</b>	<b>6 943</b>
Currency exchange rate effects on cash and cash equivalents		-64	-22	-36
Cash and cash equivalents 01.01		14 217	7 308	7 308
Cash and cash equivalents 31.03/31.12 <sup>2)</sup>		21 352	12 414	14 217
Unused committed credit lines		10 083	11 000	10 083
Unused overdraft facilities		1 012	2 025	2 041
Restricted cash		75	61	70

<sup>1)</sup> Investments in property, plant and equipment and intangible assets in the cash flow year to date are NOK 12 million higher than investments (excluding shareholdings) shown in the segment reporting. This is due to capitalised borrowing costs of NOK -22 million and timing differences between capitalisation and payment date of NOK 34 million.

<sup>2)</sup> Included in cash and cash equivalents are NOK 214 million related to joint operations.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
<b>SEGMENTS</b>									
<b>1st quarter 2018</b>									
Operating revenue external	15 099	6 876	4 843	625	118	345	2 257	36	-
Operating revenue internal	-	81	14	55	177	3	27	207	-564
<b>Gross operating revenues and other income</b>	<b>15 099</b>	<b>6 957</b>	<b>4 857</b>	<b>680</b>	<b>295</b>	<b>348</b>	<b>2 284</b>	<b>243</b>	<b>-564</b>
<b>Net operating revenues and other income</b>	<b>8 884</b>	<b>6 244</b>	<b>417</b>	<b>581</b>	<b>283</b>	<b>241</b>	<b>1 168</b>	<b>243</b>	<b>-292</b>
<b>Operating profit/loss (EBIT), underlying</b>	<b>5 962</b>	<b>4 872</b>	<b>170</b>	<b>191</b>	<b>80</b>	<b>131</b>	<b>614</b>	<b>-77</b>	<b>-17</b>
Unrealised value changes from energy derivatives	-368	-276	-92	-	-	-	-	-	-
Gains/losses from acquisition/divestments of business activities	1 460	-	-	-	-	-	1 460	-	-
Impairments	-10	-	-	-9	-	-1	-	-	-
<b>Operating profit/loss (EBIT)</b>	<b>7 044</b>	<b>4 596</b>	<b>78</b>	<b>181</b>	<b>80</b>	<b>130</b>	<b>2 074</b>	<b>-77</b>	<b>-17</b>
Share of profit/loss in equity accounted investments	500	-	-0	60	15	-	432	-7	-
<b>Balance sheet 31.03.2018</b>									
Property, plant and equipment and intangible assets	103 971	57 036	158	21 610	6 186	3 451	15 159	371	-
Equity accounted investments	13 894	-	94	1 773	869	-	11 149	8	-
Loans to equity accounted investments	5 780	-	-1	1 570	564	-	16	3 631	-
Other assets	48 836	2 128	9 615	1 742	456	291	1 042	33 562	-
<b>Total assets</b>	<b>172 481</b>	<b>59 164</b>	<b>9 866</b>	<b>26 695</b>	<b>8 075</b>	<b>3 741</b>	<b>27 366</b>	<b>37 572</b>	<b>-</b>
Assets not included in capital employed	-54 308	-30	-218	-3 846	-1 445	-	-11 622	-37 147	-
Liabilities included in capital employed	-17 608	-7 447	-5 868	-1 135	-354	-260	-2 040	-502	-
<b>Capital employed</b>	<b>100 565</b>	<b>51 687</b>	<b>3 780</b>	<b>21 713</b>	<b>6 276</b>	<b>3 481</b>	<b>13 704</b>	<b>-77</b>	<b>-</b>
Return on average capital employed (ROACE)	12.5 %	19.1 %	14.6 %	1.9 %	-0.5 %	5.6 %	9.3 %	n/a	n/a
Return on average equity accounted investment (ROAE)	0.6 %	n/a	1.8 %	-22.3 %	12.2 %	n/a	6.4 %	n/a	n/a
Depreciations, amortisation and impairments	-924	-428	-4	-200	-92	-42	-143	-14	-
Maintenance investments and other investments	386	230	2	22	-	3	127	2	-
Investments in new generating capacity	463	5	14	120	237	17	71	-	-
Investments in other companies	5	-	5	-	-	-	-	-	-



NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
<b>SEGMENTS</b>									
<b>The year 2017</b>									
Operating revenue external	52 883	17 104	25 373	2 522	55	788	7 209	134	-303
Operating revenue internal	-	-20	5	108	706	1	53	853	-1 706
<b>Gross operating revenues and other income</b>	<b>52 883</b>	<b>17 084</b>	<b>25 378</b>	<b>2 630</b>	<b>761</b>	<b>789</b>	<b>7 262</b>	<b>987</b>	<b>-2 009</b>
<b>Net operating revenues and other income</b>	<b>23 350</b>	<b>14 508</b>	<b>1 983</b>	<b>2 143</b>	<b>716</b>	<b>580</b>	<b>3 602</b>	<b>987</b>	<b>-1 170</b>
<b>Operating profit/loss (EBIT), underlying</b>	<b>10 824</b>	<b>8 447</b>	<b>1 057</b>	<b>394</b>	<b>-132</b>	<b>155</b>	<b>1 369</b>	<b>-441</b>	<b>-25</b>
Unrealised value changes from energy derivatives	1 289	1 173	116	-	-	-	-	-	-
Gains/losses from acquisition/divestments of business activities	315	-	-	76	258	-	11	-30	1
Impairments	-500	1 084	-	-1 392	-187	-4	-	-	-1
<b>Operating profit/loss (EBIT)</b>	<b>11 928</b>	<b>10 704</b>	<b>1 173</b>	<b>-922</b>	<b>-61</b>	<b>151</b>	<b>1 380</b>	<b>-471</b>	<b>-25</b>
Share of profit/loss in equity accounted investments	-82	-	2	-744	213	-	470	-23	-
<b>Balance sheet 31.12.2017</b>									
Property, plant and equipment and intangible assets	106 506	58 329	161	22 634	6 317	3 510	15 188	368	-
Equity accounted investments	13 282	-	86	1 821	1 771	-	9 598	6	-
Loans to equity accounted investments	6 182	-	-	1 640	667	-	16	3 860	-
Other assets	43 085	1 895	7 908	1 837	538	258	2 340	28 309	-
<b>Total assets</b>	<b>169 056</b>	<b>60 224</b>	<b>8 155</b>	<b>27 931</b>	<b>9 293</b>	<b>3 767</b>	<b>27 142</b>	<b>32 543</b>	<b>-</b>
Assets not included in capital employed	-49 144	-29	-206	-3 702	-2 449	-	-10 083	-32 676	-
Liabilities included in capital employed	-15 990	-7 174	-4 967	-1 743	-406	-232	-2 660	1 191	-
<b>Capital employed</b>	<b>103 922</b>	<b>53 021</b>	<b>2 983</b>	<b>22 487</b>	<b>6 438</b>	<b>3 536</b>	<b>14 400</b>	<b>1 058</b>	<b>-</b>
Return on average capital employed (ROACE)	10.5 %	15.2 %	27.2 %	1.7 %	-1.9 %	4.4 %	9.2 %	n/a	n/a
Return on average equity accounted investment (ROAE)	-0.5 %	n/a	3.0 %	-17.5 %	9.2 %	n/a	4.8 %	n/a	n/a
Depreciations, amortisation and impairments	-4 162	-620	-12	-2 160	-553	-175	-575	-66	-1
Maintenance investments and other investments	1 820	1 053	5	173	12	7	566	4	-
Investments in new generating capacity	1 964	117	103	794	500	130	320	-	-
Investments in other companies	111	-	91	-	-	-	-	19	-

## Selected notes to the accounts

### 1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the first quarter of 2018, closed on 31 March 2018, have been prepared in accordance with the accounting principles in International Financial Reporting Standards (IFRS) and consist of Statkraft AS and its subsidiaries and associates. The interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. As the information provided in the interim financial statements is less comprehensive than that contained in the annual financial statements, these statements should therefore be read in conjunction with the consolidated annual financial statements for 2017.

Since the financial statement for the period ended 31 December 2017 Statkraft has adopted IFRS 15 *Revenues from contracts with customers* and IFRS 9 *Financial instruments*. The impact on the financial statements from the new standards and the changes in accounting principles are described in note 5.

The interim accounts have not been audited.

### 2. PRESENTATION OF FINANCIAL STATEMENTS

The presentation in the interim report has been prepared in accordance with the requirements in IAS 34. The schedules comply with the requirements in IAS 1.

### 3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting principles to the preparation of the interim financial statements, the management has exercised its judgment and employed estimates and assumptions that affect the figures included in the income statement and balance sheet.

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual financial statements for 2017.

In preparing the consolidated financial statements for the first quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's income statement and balance sheet, as discussed in the annual financial statements for 2017.

### 4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

### 5. CHANGES IN THE FINANCIAL STATEMENTS AND COMPARABLE FIGURES

From 2018, Statkraft has integrated underlying EBIT into the Group's statement of comprehensive income. Furthermore, Statkraft's share of profit and loss in equity accounted investments will from 2018 be recognised below the operating profit/loss on a separate financial statement line item in the statement of comprehensive income. Comparable figures are restated.

The specification of Net financial items in the statement of comprehensive income have changed, however without effect on total net financial items. Comparable figures are restated.

The statement of cash flow has changed. Interest payments and cash effects from derivatives related to debt will from 2018 no longer be presented as a part of cash flows from operating activities. This has led to an increase in cash flow from operating activities of NOK 445 million for the year 2017. In addition, cash flows from operating activities will be reconciled from underlying profit/loss (EBIT) instead of profit before tax. Comparable figures are restated.

The implementation of IFRS 15 Revenues from contracts with customers has impacted the accounting principles and the comparable figures. See note 6 for more information.

The implementation of IFRS 9 Financial instruments had no significant impact.

## 6. REVENUE SPECIFICATION PER SEGMENT

### Accounting principles IFRS 15 revenues from contracts with customers

The main principle under IFRS 15 is to recognise revenue at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. To achieve this, IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers.

The main accounting principles for the defined revenue streams are:

#### Generation

The revenues originate from generation of hydropower, gas power, wind power and district heating.

The revenues from Generation bares the characteristic of delivering power at a certain price. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration Statkraft expects to receive, at either spot price, regulated price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognized for each unit delivered at the transaction price. Statkraft applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer.

In arrangements where Statkraft sells power on an exchange (e.g. Nord Pool), the exchange is determined to be the customer. This is based on the fact that Statkraft has enforceable contracts with the exchanges.

In certain jurisdictions, Statkraft is required by law to cede a share of the power production to counties and municipalities where the power is produced. Statkraft has concluded that income from delivery of concessionary power does not arise from a contract with a customer under IFRS 15. However, Statkraft applies the principles and policies in IFRS 15 by analogy and presents income from sale of concessionary power as revenue.

With respect to district heating, the Group receives monetary contributions from customers related to infrastructure assets. Refer to Grid and Other for further description.

For some of the Statkraft generation, the company is entitled to green certificates. Income from sale of such green certificates is presented as part of revenues.

#### Sale of gas

Statkraft has entered into gas purchase agreements related to certain gas power plants. Excess volume under these purchase contracts were sold in the market. These arrangements were terminated in the autumn of 2017.

#### Customers

This includes revenues related to market access activities, sale to end users and sale of power which has been purchased by Statkraft.

When other parties are involved in providing goods or services to Statkraft's customers, Statkraft has to determine whether its performance obligation is to provide the good or service itself (i.e. Statkraft is a principal) or to arrange for those goods or services to be provided by another party (i.e. Statkraft is an agent). In assessing whether Statkraft is agent or principal, Statkraft consider its contractual rights to direct the use of the electricity, balancing risk, discretion prices of the deliveries and whether Statkraft acts as the primary obligor of the deliveries. Based on such assessment, we have determined that Statkraft is a principal in some contracts for which the price received from the customer is presented as revenues, and an agent in other contracts for which the compensation for the Statkraft service is presented as revenues.

#### Grid and other revenues

This mainly include revenues from grid activities and revenues from a subsea cable.

Revenues from Grid activities have the same characteristics as those described under Generation. Statkraft applies a practical expedient under IFRS 15 whereby the revenue from transportation of power is recognised at the amount of which the entity has a right to invoice.

The Group receives monetary contributions from customers in different jurisdictions in aid of construction of infrastructure connecting the customer to the grid for electricity or to district heating. Statkraft owns the infrastructure and the total cost should therefore be recognized as assets in line with IAS 16. Contributions to infrastructure assets represent payments which are to be evaluated together with pricing of future deliveries by Statkraft to the customer, and are therefore recognized as revenue over time. We do however notice that several issues regarding the accounting for contributions from customers is subject to discussions within the industry, including the assessment of performance obligations and the pattern of revenue recognition. Statkraft's recognition criteria might therefore change in the future depending on the outcome from the ongoing discussions in the industry.

Effective 1 January 2017 Statkraft has adopted the requirements of IFRS 15 using the full retrospective method.



The impact on the equity as of 01.01.2017 is as follows:

- Contribution from customers recognized over time had a negative impact on equity of NOK 174 million.

The impacts to statement of comprehensive income in the first quarter 2017 are as follows:

- Contribution from customers recognized over time had a positive impact on Generation revenues of NOK 2,5 million and a negative impact on share of profit/loss from equity accounted investments of NOK 2,5 million.
- Revenues from market access and end-user activities, presented net after adopting IFRS 15, had a negative impact on the revenue stream Customer of NOK 1739 million and NOK 305 million, respectively.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
<b>1st quarter 2018</b>									
Generation	8 512	6 548	81	626	223	340	784	-	-90
Customers	5 421	-	4 414	-	-	-	1 183	-	-176
Grid and other sales revenues	656	174	24	42	-	-	419	-	-3
<b>Sales revenues</b>	<b>14 589</b>	<b>6 722</b>	<b>4 518</b>	<b>669</b>	<b>223</b>	<b>340</b>	<b>2 385</b>	-	<b>-267</b>
<b>1st quarter 2017</b>									
Generation	5 579	4 071	244	561	206	274	441	-	-218
Sale of gas	1 061	-	1 061	-	-	-	-	-	-
Customers	5 583	-	4 206	-	-	-	1 408	-	-31
Grid and other sales revenues	718	321	7	46	-	-	362	-	-18
<b>Sales revenues</b>	<b>12 941</b>	<b>4 392</b>	<b>5 518</b>	<b>608</b>	<b>206</b>	<b>274</b>	<b>2 211</b>	-	<b>-268</b>
<b>The year 2017</b>									
Generation	20 864	15 429	666	2 376	733	783	1 555	-	-678
Sale of gas	2 763	-	2 763	-	-	-	-	-	-
Customers	24 744	-	20 537	-	-	-	4 322	-	-115
Grid and other sales revenues	2 291	885	36	181	-	2	1 225	-	-38
<b>Sales revenues</b>	<b>50 662</b>	<b>16 314</b>	<b>24 001</b>	<b>2 557</b>	<b>733</b>	<b>785</b>	<b>7 102</b>	-	<b>-830</b>

## 7. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

The table below shows the lines in the financial statements where the unrealised effects appear.

NOK million	First quarter 2018		
	Unrealised	Realised	Total
<b>UNREALISED EFFECTS REPORTED IN P&amp;L</b>			
Generation	294	8 218	8 512
Customers	45	5 375	5 421
Grid and other revenues	-	656	656
<b>Total sales revenues</b>	<b>340</b>	<b>14 249</b>	<b>14 589</b>
Trading & Origination	-756	999	243
Generation	-	-352	-352
Customers	-	-5 132	-5 132
Other purchase	-	-182	-182
<b>Total energy purchase</b>	<b>-</b>	<b>-5 667</b>	<b>-5 667</b>
<b>Unrealised effects included in underlying EBIT <sup>1)</sup></b>	<b>-417</b>		
<b>Unrealised effects excluded from underlying EBIT</b>	<b>-368</b>		
Net currency effects	883	-335	548
Other financial items	102	4 962	5 064
<b>Total financial items</b>	<b>985</b>		
<b>Total unrealised effects</b>	<b>201</b>		

NOK million	First quarter 2017			The year 2017		
	Unrealised	Realised	Total	Unrealised	Realised	Total
<b>UNREALISED EFFECTS REPORTED IN P&amp;L</b>						
Generation	57	5 523	5 579	-150	21 014	20 864
Sale of gas	-	1 061	1 061	-	2 763	2 763
Customers	6	5 576	5 583	44	24 700	24 744
Grid and other revenues	-	718	718	-	2 291	2 291
<b>Total sales revenues</b>	<b>63</b>	<b>12 878</b>	<b>12 941</b>	<b>-106</b>	<b>50 768</b>	<b>50 662</b>
Trading & Origination	-36	871	835	-1 559	2 801	1 242
Generation	-	-123	-123	-	-1 408	-1 408
Purchase of gas	-	-1 085	-1 085	-	-2 895	-2 895
Customers	-51	-5 212	-5 263	-1	-23 137	-23 138
Other purchase	-	-228	-228	-	-766	-766
<b>Total energy purchase</b>	<b>-51</b>	<b>-6 648</b>	<b>-6 699</b>	<b>-1</b>	<b>-28 206</b>	<b>-28 207</b>
<b>Unrealised effects included in underlying EBIT <sup>1)</sup></b>	<b>-24</b>			<b>-1 666</b>		
<b>Unrealised effects excluded from underlying EBIT</b>	<b>353</b>			<b>1 289</b>		
Net currency effects	-185	-100	-285	-109	-1 960	-2 069
Other financial items	122	-2	121	-681	7 429	6 748
<b>Total financial items</b>	<b>-63</b>			<b>-791</b>		
<b>Total unrealised effects</b>	<b>267</b>			<b>-1 168</b>		

<sup>1)</sup> Total sales revenues + Trading and origination + Total energy purchase.

## 8. NORWEGIAN HYDROPOWER AND RELATED BUSINESS

This note discloses selected financial figures from Norwegian hydropower and related business. Please see note 4 in the annual report of 2017 for further information.

NOK million	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
<b>2018 (year to date)</b>						
Gross operating revenues and other income	15 099	6 367	653	7 015		7 015
Net operating revenues and other income	8 884	5 298	621	5 919		5 919
Operating profit/loss (EBIT)	7 044	4 098	463	4 560		4 560
Share of profit/loss in equity accounted investments	500	-	-	-	435 <sup>1)</sup>	435
Net financial items	5 428	-93	-17	-111		-111
Tax expense	-2 689	-2 140	-272	-2 412		-2 412
Profit/loss after tax	10 282	1 865	173	2 038	435	2 472
Profit/loss after tax (majority share)	9 707	1 865	115	1 980	435	2 415
Paid dividend and group contribution to Statkraft		- <sup>2)</sup>	- <sup>3)</sup>	-	- <sup>3)</sup>	-
<b>Balance sheet 31.03.18</b>						
Equity accounted investments	13 894	-	2	2	10 036 <sup>1)</sup>	10 037
Other assets	158 587	37 804	5 354	43 157		43 157
Total assets	172 481	37 804	5 355	43 159	10 036	53 195
EBITDA	6 885	4 377	510	4 887		4 887
Depreciation, amortisation and impairment	-923	-279	-48	-327		-327
Maintenance investments and other investments	386	155	18	173		173
Investments in new production capacity	463	3	23	27		27
Investments in shares	5	-	-	-		-

<sup>1)</sup> Statkraft's share.  
<sup>2)</sup> Dividend and group contribution after tax paid from Statkraft Energi AS.  
<sup>3)</sup> Dividend paid to Statkraft.

NOK million	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
<b>2017 (the year)</b>						
Gross operating revenues and other income	52 883	15 666	1 651	17 303		17 303
Net operating revenues and other income	23 350	12 943	1 571	14 514		14 514
Operating profit/loss (EBIT)	11 928	9 303	955	10 258		10 258
Share of profit/loss in equity accounted investments	-82	-	-	-	477 <sup>1)</sup>	477
Net financial items	3 818	-136	-83	-218		-218
Tax expense	-3 957	-4 687	-522	-5 210		-5 210
Profit/loss after tax	11 707	4 480	350	4 830	477	5 307
Profit/loss after tax (majority share)	11 801	4 480	232	4 711	477	5 188
Paid dividend and group contribution to Statkraft		3 758 <sup>2)</sup>	76 <sup>3)</sup>	3 834	528 <sup>3)</sup>	4 362
<b>Balance sheet 31.12.17</b>						
Equity accounted investments	13 282	-	1	1	9 559 <sup>1)</sup>	9 561
Other assets	155 774	37 930	5 356	43 287		43 287
Total assets	169 056	37 930	5 357	43 288	9 559	52 847
EBITDA	14 486	10 066	1 146	11 212	-	11 212
Depreciation, amortisation and impairment	-4 162	-763	-191	-954		-954
Maintenance investments and other investments	1 820	950	95	1 046		1 046
Investments in new production capacity	1 964	22	4	26		26
Investments in shares	111	-	-	-		-

<sup>1)</sup> Statkraft's share.  
<sup>2)</sup> Dividend and group contribution after tax paid from Statkraft Energi AS.  
<sup>3)</sup> Dividend paid to Statkraft.

## 9. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	31.03.2018	31.03.2017	31.12.2017
<b>INTANGIBLE ASSETS</b>			
<b>Balance as of 01.01.</b>	<b>3 313</b>	3 858	3 858
Additions	2	8	65
Reclassifications	-12	11	25
Disposals	-81	-4	-4
Currency translation effects	-107	47	-168
Amortisation	-34	-37	-157
Impairment	-11	-9	-307
<b>Balance as of end of period</b>	<b>3 070</b>	3 874	3 313
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Balance as of 01.01.</b>	<b>103 193</b>	103 304	103 304
Additions	810	654	3 643
Reclassifications	12	-11	-25
Disposals	-32	-148	-577
Capitalised borrowing costs	22	18	76
Currency translation effects	-2 226	216	470
Depreciation	-879	-836	-3 505
Impairment	-	-	-193
<b>Balance as of end of period</b>	<b>100 901</b>	103 196	103 193

## 10. BRAZIL

On 13 July 2015, Statkraft acquired controlling interest in the Brazilian company Desenvix Energias Renováveis S.A. which subsequently changed name to Statkraft Energias Renováveis (SKER). Over the past years, Brazil has experienced several severe corruption cases. On this background, Statkraft initiated an internal investigation related to the subsidiary acquired in 2015. Based on the investigation, the company has contacted Brazilian authorities. It is at this stage not possible to predict if the outcome could have potential negative financial effects.

The Brazilian Federal Prosecutor has been investigating potential crimes committed by representatives of the four main pension funds in Brazil and representatives of companies in which the pension funds invested, as well as any other individual who may have been involved in the alleged scheme, related to historical investments made by the pension funds, including FUNCEF, which invested in Desenvix (now SKER) in 2009 and 2010, and now owns 18.7% of SKER. The Prosecutor has concluded the investigation in relation to FUNCEF and filed the criminal lawsuit against the individuals, including the shareholders of Jackson and former officers of FUNCEF. In August, the Federal Judge in charge of the criminal investigation issued a resolution stating that no information had been found relating SKER with the alleged illicit activities and therefore decided to release guarantees and other precautionary measures imposed on SKER. Additionally, a civil lawsuit has been filed against the pension funds and companies and individuals related to the pension fund's investments, including SKER. SKER has recently also responded to a request for information from the Securities and Exchange Commission of Brazil (CVM) related to these historical investments. It is at this stage not possible to predict if the outcome of the case could have potential negative effects on SKER.

## 11. DRAFT DECISION RELATED TO PREVIOUS YEARS TAX

On 9 October 2016, Statkraft AS received a draft decision of a tax reassessment from the Norwegian tax authorities. The reassessment regards the income tax returns for the fiscal years 2008-2014 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium. The main issue relates to STC's capital structure and its compliance with the arm's length principle.

Statkraft strongly disagrees that there is a legal basis for any reassessment, and has made no provisions related to this case.

If all arguments from the Norwegian tax authorities would prevail, the financial exposure for the period 2008-2017 is estimated to NOK 4 billion as additional payable tax and interest expenses.

On 24 April 2017, the major business activities in STC were transferred to Statkraft AS. All business activities in STC have been closed down.

There has been no development in 2018 that has an impact on Statkraft's assessment.

## 12. TRANSACTIONS

On 7 March, an agreement to divest Statkraft's 30% share in the joint venture Dudgeon Offshore Wind Ltd was closed. The counterparty was a consortium led by China Resources Company Limited. Net cash inflow from the transaction was NOK 5 947 million and resulted in a gain of NOK 5 106 million recognised as Other financial items. A shareholder loan of NOK 317 million from Statkraft UK Ltd provided to Dudgeon was repaid by the joint venture in the first quarter. Statkraft UK Ltd has provided a sponsor loan to Dudgeon of NOK 3 534 million. The sponsor loan is not part of the transaction and is at quarter-end recognised

as a short term receivable in the Group. The investment in Dudgeon has been classified as Held for sale in 2018 and thus no share of profit/loss from the company has been recognised.

On 21 March, Fjordkraft concluded a successful Initial Public Offering and was listed on Oslo Stock Exchange at a share price of 31 NOK/share. The cash flow from the transaction was NOK 654 million. In the statement of comprehensive income for the first quarter, Statkraft has present a total gain from the sale of NOK 1 670 million.

The gain consists of realised gain from sale of shares owned by Statkraft Industrial Holding and Skagerak of NOK 528 million and a true-up to fair value of NOK 931 million on the remaining shares held by Skagerak in Fjordkraft.

In addition BKK sold parts of its shareholding in Fjordkraft. Statkraft share of gain recognised by BKK is NOK 210 million and this is presented as share of profit/loss in equity accounted investments.

Both Statkraft's and BKK's remaining shares are classified as investment in an associate and presented according to the equity method.

Shares kept by the "Stabilisation manager" in the stabilisation period that expire 19 April will be recognised in the Q2 financial statement.

### 13. SUBSEQUENT EVENTS

No significant subsequent events in the first quarter.

### 14. IFRS STANDARDS ISSUED BUT NOT YET EFFECTIVE

**IFRS 16 Leases** The IASB issued IFRS 16 in 2016. IFRS 16 replaces IAS 17 and its interpretations, including IFRIC 4. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. Statkraft will continue analysing the effects on the Group's financial statements from IFRS 16 in 2018.

## Alternative Performance Measures

As defined in ESMA's guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

From 2018, ROACE and ROAE will be disclosed on segment level. Previously, Statkraft has only disclosed ROACE on Group level. For other changes in the financial statements, see note 5 in the interim financial statement.

Statkraft uses the following APMs:

**EBITDA** is defined as operating profit/loss before depreciation and amortisation. The APM is used to measure performance from operational activities. EBITDA should not be considered as an alternative to operating profit/loss and profit/loss before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

**EBIT** is defined as operating profit/loss. The APM is used to measure performance from operational activities.

### Items excluded from underlying operating profit/loss:

Statkraft adjusts for the following three items when reporting underlying operating profit/loss:

#### 1. Unrealised value changes from energy derivatives

→ **Embedded derivatives** are excluded from underlying operating profit/loss since they only represent part of an energy contract and the other parts of these energy contracts are not reported based on fair market values.

→ **Derivatives acquired for risk reduction purposes** are excluded. This is done to ensure that these hedges are reported consistently with the positions that are being hedged.

2. **Impairments** are excluded from underlying operating profit/loss since they affect the economics of an asset for the lifetime of that asset; not only the period in which it is impaired or the impairment is reversed.

3. **Gains/losses from acquisitions/divestments of business activities** is eliminated from the measure since the gains or losses does not give an indication of future performance or periodic performance from operating activities. Such gains or losses is related to the cumulative value creation from the time the asset is acquired until it is sold.

**ROACE** is defined as underlying EBIT divided by capital employed. ROACE is calculated on a rolling 12 month average and is used to measure return from the operational activities as well as benchmarking performance.

**ROAE** is defined as share of profit/loss in equity accounted investments, divided by the average book value the Group's equity accounted investments. ROAE is calculated on a rolling 12 month average. The financial metric is used to measure return from the Group's equity accounted investments as well as benchmarking performance.

**Capital employed** is the capital allocated to perform operational activities and is presented in a table on the next page.

**Net interest bearing debt** is used to measure indebtedness. The components are presented in a table on the next page.

**Net cash income** is defined as cash flow from operating activities excluding taxes paid and cash effects from equity accounted investments. This is used to measure cash flow from operations from consolidated business in the Group.

**Net interest bearing debt-equity ratio** is calculated as net interest bearing debt relative to equity.

**EBIT margin, underlying (%)** is calculated as underlying EBIT relative to underlying gross operating revenues.

NOK million	31.03.2018	31.03.2017	31.12.2017
<b>ALTERNATIVE PERFORMANCE MEASURES</b>			
<b>RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) TO EBITDA</b>			
Operating profit/loss (EBIT), underlying	5 962	3 990	10 824
Depreciation and amortisation	913	873	3 662
<b>EBITDA, underlying</b>	<b>6 875</b>	<b>4 863</b>	<b>14 486</b>
<b>EBIT-margin (%)</b>	<b>39.5</b>	<b>28.5</b>	<b>20.5</b>
<b>RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO NET CASH INCOME</b>			
Cash flow from operating activities	6 277	2 204	8 865
Taxes paid	1 699	1 311	4 843
Dividend from equity accounted investments	-18	-29	-558
<b>Net cash income</b>	<b>7 958</b>	<b>3 486</b>	<b>13 150</b>
<b>FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED</b>			
Intangible assets	3 070	3 874	3 313
Property, plant and equipment	100 901	103 196	103 193
Other non-current financial assets	4 205	9 237	4 368
- Loans to equity accounted investments <sup>1)</sup>	-2 150	-6 961	-2 223
- Bonds and other long-term investments <sup>1)</sup>	-565	-60	-299
- Pension assets <sup>1)</sup>	-468	-332	-480
- Other shares and shareholdings <sup>1)</sup>	-297	-283	-299
Inventories	3 478	4 460	2 871
Receivables	14 754	11 685	15 372
- Receivables related to cash collateral <sup>2)</sup>	-1 079	-1 103	-1 931
- Short-term loans to equity accounted investments <sup>2)</sup>	-3 630	-415	-3 959
- Other receivables not part of capital employed <sup>2)</sup>	-47	-12	-15
Provisions allocated to capital employed	-2 376	-3 690	-2 894
Taxes payable	-4 861	-4 750	-4 010
Interest-free liabilities allocated to capital employed	-10 371	-11 337	-9 086
<b>Capital employed</b>	<b>100 565</b>	<b>103 509</b>	<b>103 922</b>
<b>Average capital employed <sup>3)</sup></b>	<b>102 742</b>	<b>102 422</b>	<b>102 761</b>
<b>RECONCILIATION OF TOTAL ASSETS TO CAPITAL EMPLOYED</b>			
<b>Capital employed</b>	<b>100 565</b>	<b>103 509</b>	<b>103 922</b>
Deferred tax assets	714	715	962
Equity accounted investments	13 894	19 423	13 282
Other non-current financial assets <sup>1)</sup>	3 480	7 635	3 301
Derivatives, long term	3 864	3 240	4 023
Receivables <sup>2)</sup>	4 755	1 531	5 905
Short term financial investments	904	534	918
Derivatives, short term	5 345	6 611	6 537
Cash and cash equivalents (including restricted cash)	21 352	12 414	14 217
Liabilities allocated to capital employed, see table above	17 608	19 776	15 990
<b>Total assets as of the statement of financial position</b>	<b>172 481</b>	<b>175 388</b>	<b>169 056</b>
<b>RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)</b>			
Underlying EBIT, rolling 12 months	12 796	9 925	10 824
Average capital employed	102 742	102 422	102 761
<b>ROACE</b>	<b>12.5 %</b>	<b>9.7 %</b>	<b>10.5 %</b>
<b>RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)</b>			
Share of profit/loss in equity accounted investments, rolling 12 months	94	422	-82
Average equity accounted investments	14 906	19 060	16 365
<b>ROAE</b>	<b>0.6 %</b>	<b>2.2 %</b>	<b>-0.5 %</b>
<b>NET INTEREST BEARING DEBT</b>			
Long-term interest bearing liabilities	32 967	34 811	36 285
Short-term interest bearing liabilities	2 566	10 491	3 694
Cash and cash equivalents (including restricted cash)	-21 352	-12 414	-14 217
Short-term financial investments	-904	-534	-918
<b>Net interest bearing debt</b>	<b>13 277</b>	<b>32 354</b>	<b>24 845</b>
<b>NET INTEREST BEARING DEBT-EQUITY RATIO</b>			
Net interest bearing debt	13 277	32 354	24 845
Total equity	99 434	86 483	91 575
<b>Net interest bearing debt - equity ratio</b>	<b>11.8 %</b>	<b>27.2 %</b>	<b>21.3 %</b>

<sup>1)</sup> The item is a part of other non-current financial assets in the statement of financial position, but not a part of capital employed.

<sup>2)</sup> The item is a part of receivables in the statement of financial position, but not a part of capital employed.

<sup>3)</sup> Average capital employed is based on the average for the last four quarters.



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Q1/2018  
Statkraft AS

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