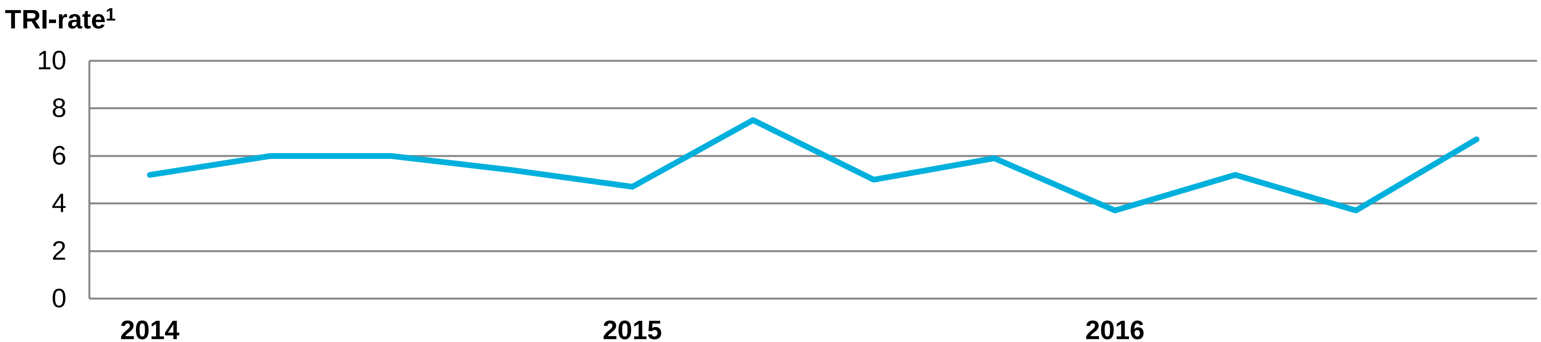
FINANCIAL RESULTS Q4 2016

CEO Christian Rynning-Tønnesen

CFO Irene Egset

16th February 2017

Health, safety and environment



- Health and safety
  - Quarterly injuries rate is up in Q4
  - Continuously top priority to improve safety performance
- Environment
  - No serious environmental incidents

[1]TRI rate: Total recordable injuries per million hours worked (per quarter)

Highlights Q4

- Solid underlying results (EBITDA)
  - Average Nordic prices were 34.5 EUR/MWh - up 57% Q-on-Q
  - Total production was 19 TWh - up 24% Q-on-Q
  - Underlying EBITDA NOK 4947 million - up NOK 1717 million
- Performance improvement programme progressing according to plan
- Revised strategy

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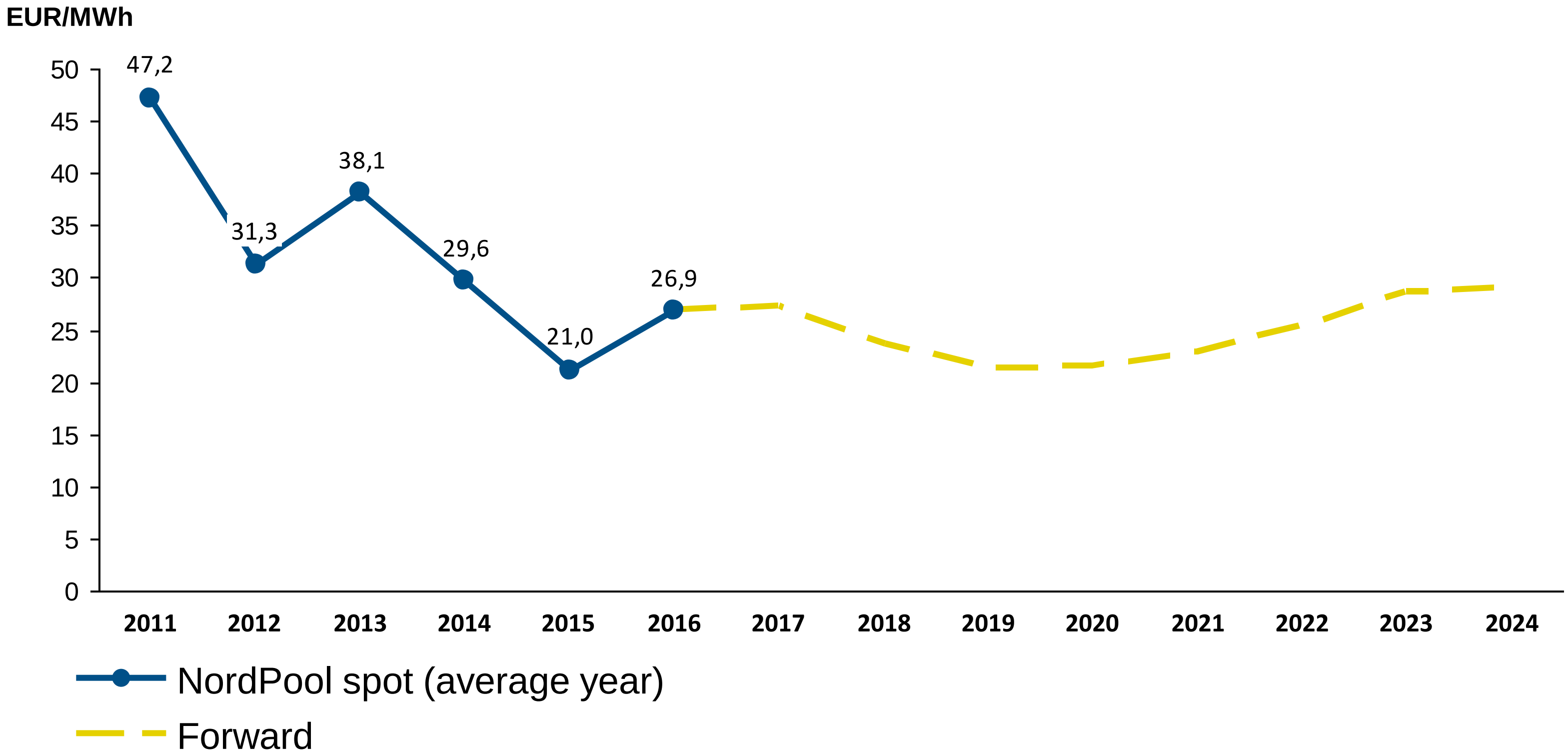
The price decline has levelled out



Nominal Nordic System Price (EUR/MWh) – 02 Feb17

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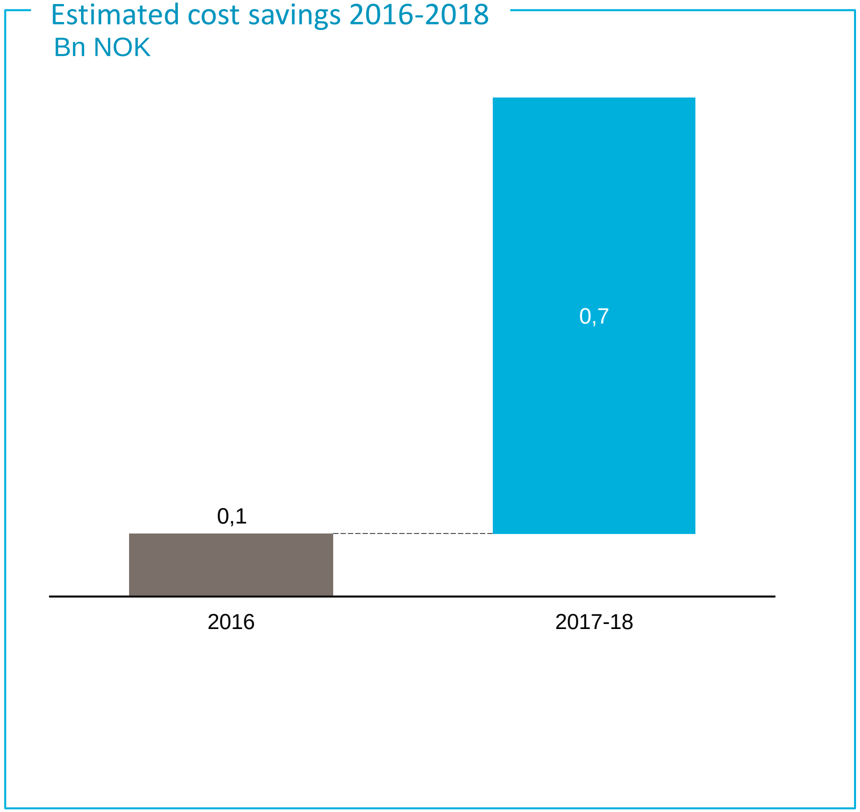
2016

NOK million	FY 2016	FY 2015
EBITDA, underlying	13 863	10 853
Profit before tax	5 223	-821
Net profit	-179	-2 370

Underlying EBITDA is adjusted for unrealised changes in value on energy contracts and adjusted significant items

Performance Improvement Programme
Estimated cost savings 2016



- The target is to reduce annual costs by 800 million
- The main effect will be in 2017 and 2018
- Cost reductions have been achieved mainly through reductions in personnel, consultancy and IT costs and reduced activity in offshore wind power

Strategic platform: Fit for the future

	**European Flexible Generation**	Maintain and maximise the long-term value of Statkraft's main asset base
	**Market Operations**	Develop less capital-intensive business opportunities in European and selected international markets. Explore customer oriented business models.
	**International Power**	Grow profitable market positions and broaden technology scope to include hydro, onshore wind and solar.
	**Wind Power**	Complete the Fosen project and optimise onshore Wind Power in the Nordics. Explore business development opportunities in the UK. Divest offshore wind power assets.
	**District Heating**	Become among the most profitable District Heating players in the Nordic market
	**New Business Development in Norway**	Explore new business models in Norway addressing commercial and profitable opportunities in light of the Norwegian energy transition

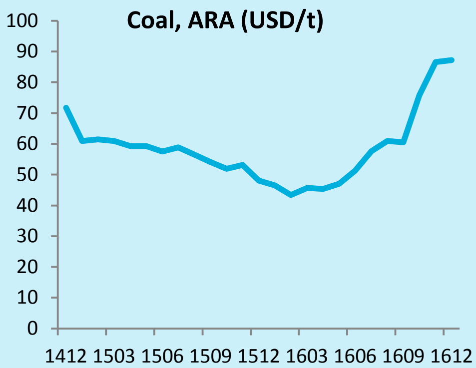
Key figures

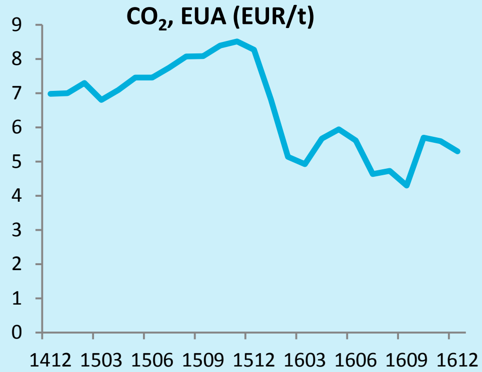
NOK million	Q4 2016	Q4 2015	FY 2016	FY 2015
Gross revenues[1]	17 325	15 484	53 804	51 262
EBITDA[1]	4 947	3 230	13 863	10 853
Net profit/loss	748	-70	-179	-2 370

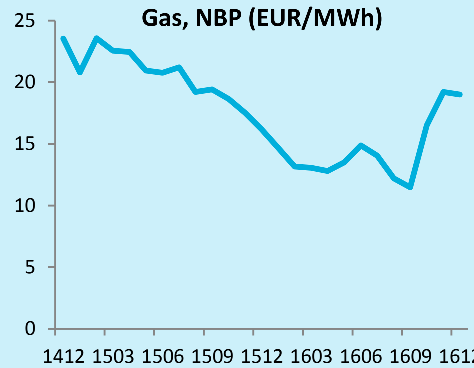
- Fourth quarter:
  - Nordic prices up 57% measured in EUR Q-on-Q
  - Overall production up 24% Q-on-Q
  - Negative currency effects in Q4 held back net profit
- Full year results impacted by impairments

[1]Adjusted for unrealised changes in value on energy contracts and adjusted significant items

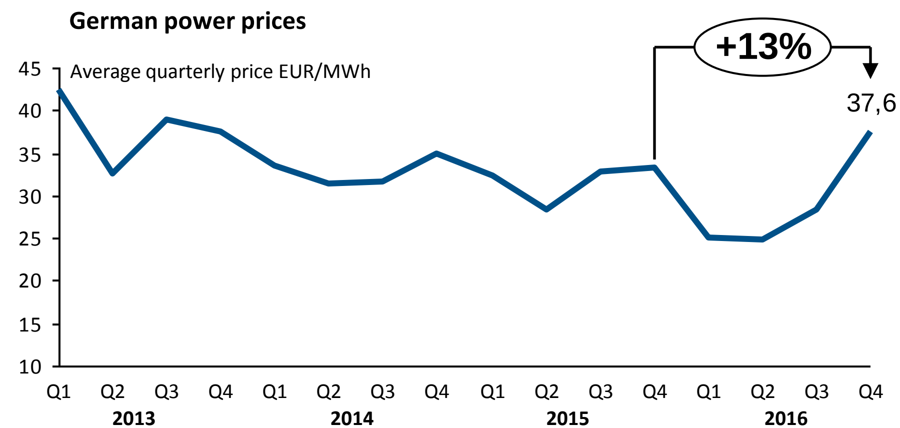
Price drivers and the German power market







- Coal price substantially up
- Lower nuclear production in France
- German power prices up by 13% Q-on-Q



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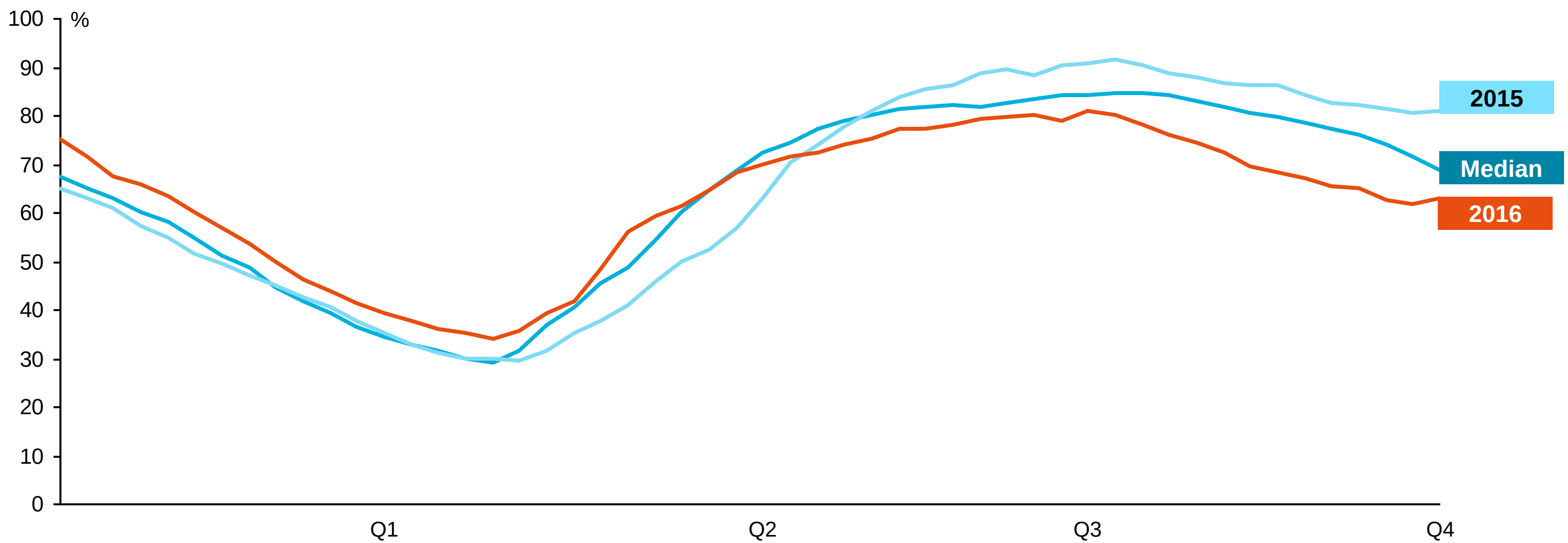
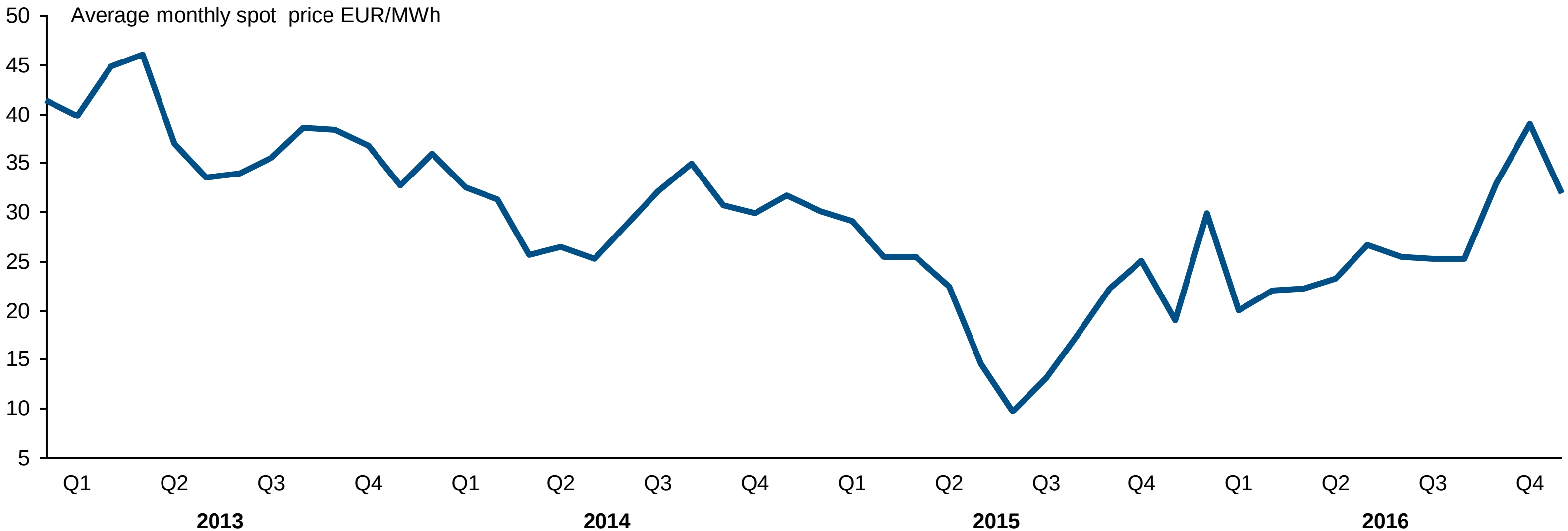
Nordic reservoir level



- Total Nordic hydrological resources slightly below normal end of Q4
  - Inflow at normal level in Norway
  - Water reservoirs 91% of median

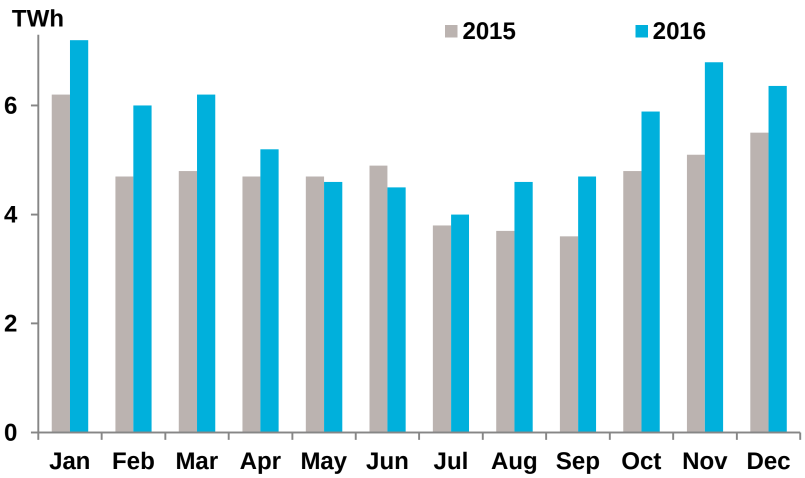
Nordic power prices



- Nordic power prices up 57% Q4 2016 vs. Q4 2015

Energy management

Monthly power generation



Q4 production up 24% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	16.9	+2.8
Wind power	0.8	-0.1
Gas power	1.3	+0.9
Bio power	0.1	-
Total	**19.0**	**+3.7**

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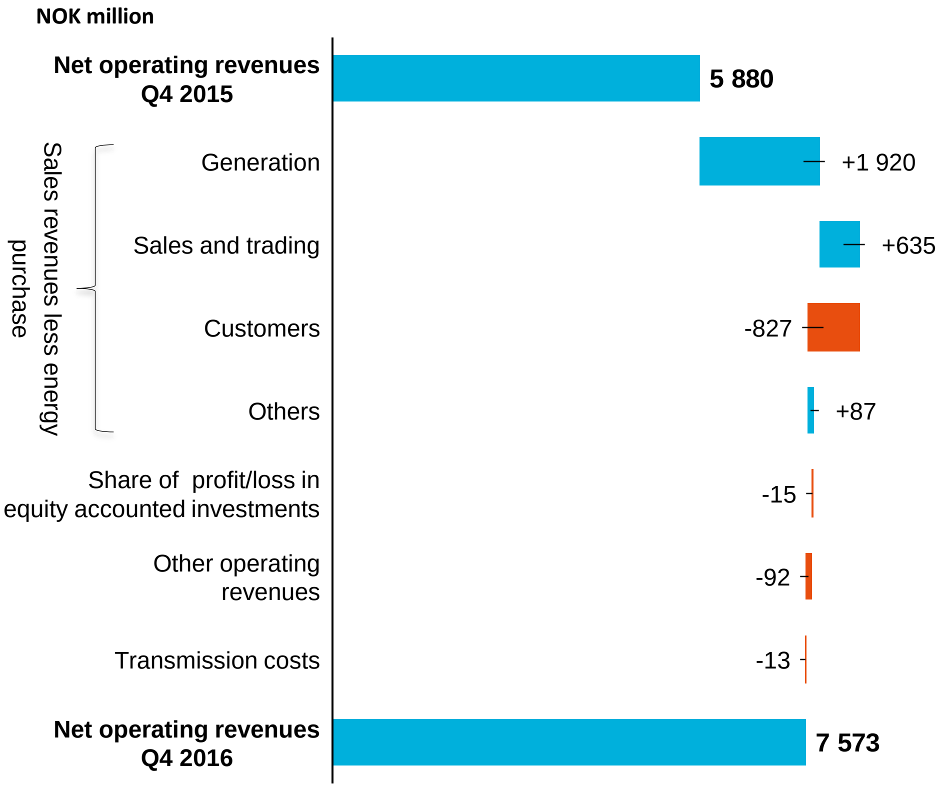
Net operating revenues



- Net operating revenues[1] up by NOK 1 693 million (+ 29%)
- Major effects:
  - Net generation up due to higher Nordic power prices and hydropower production
  - Net sales and trading up mainly due to higher profitability from Continental trading, Dynamic Asset Management Portfolio and Long term contracts
  - Customers decreased partly due to reduced net revenues from market access activities in UK and Germany

[1]*Adjusted for unrealised changes in value on energy contracts and adjusted significant items*

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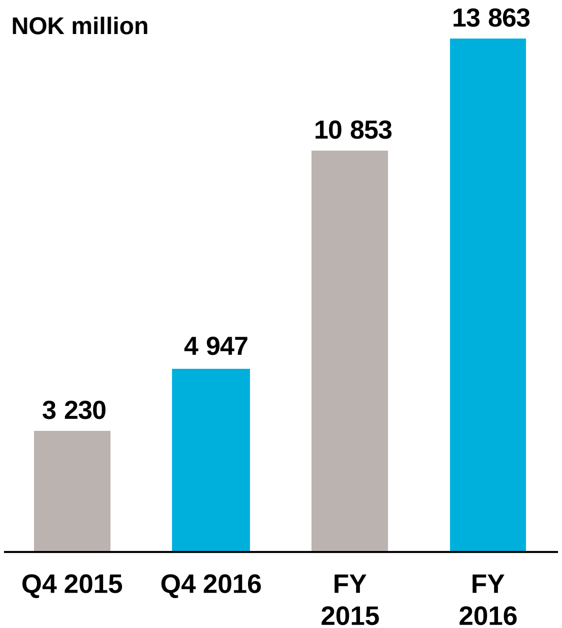
NOK 4.9 billion in underlying EBITDA



∆ Q4 16/Q4 15 + 53%

- Underlying EBITDA[1] was up by NOK 1 717 million Q-on-Q
- Primarily a result of higher Nordic power prices and production combined with successful energy management
- Improved contributions from Market operations, International hydropower, Wind power and District heating
- Slight decrease in Industrial ownership due to negative unrealised value changes

[1]Adjusted for unrealised changes in value on energy contracts and adjusted significant items

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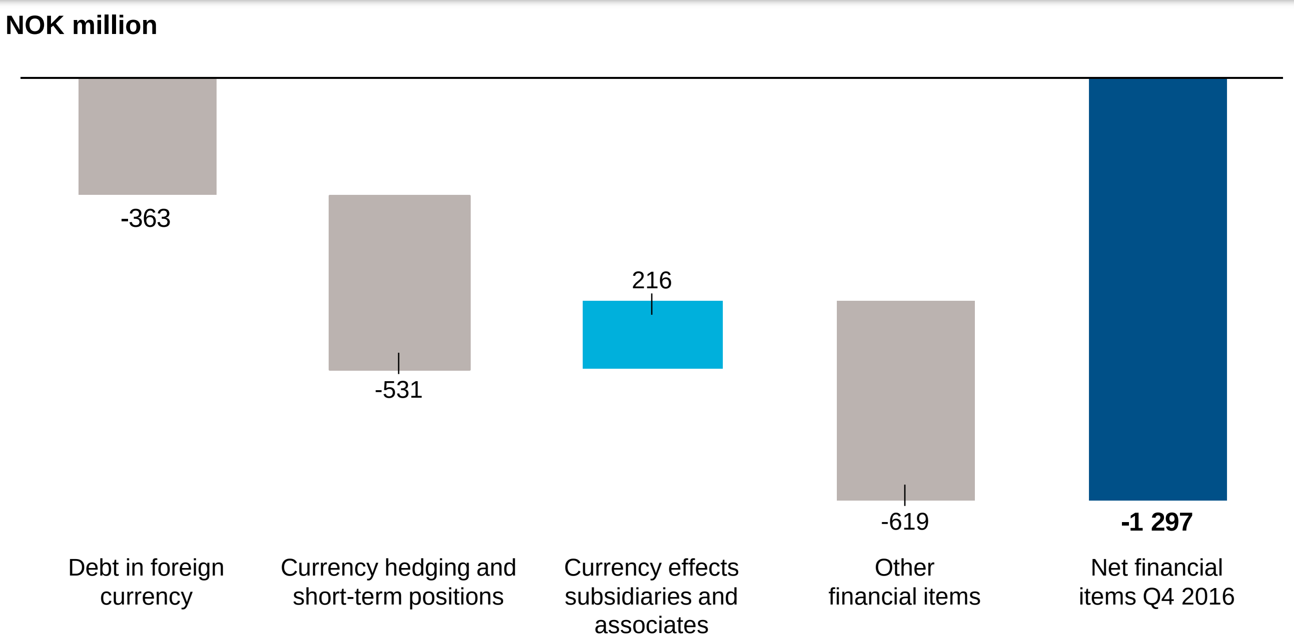
Q4 currency effects of NOK -678 million

Breakdown Net financial items Q4 2016



There are positive translation effects in equity

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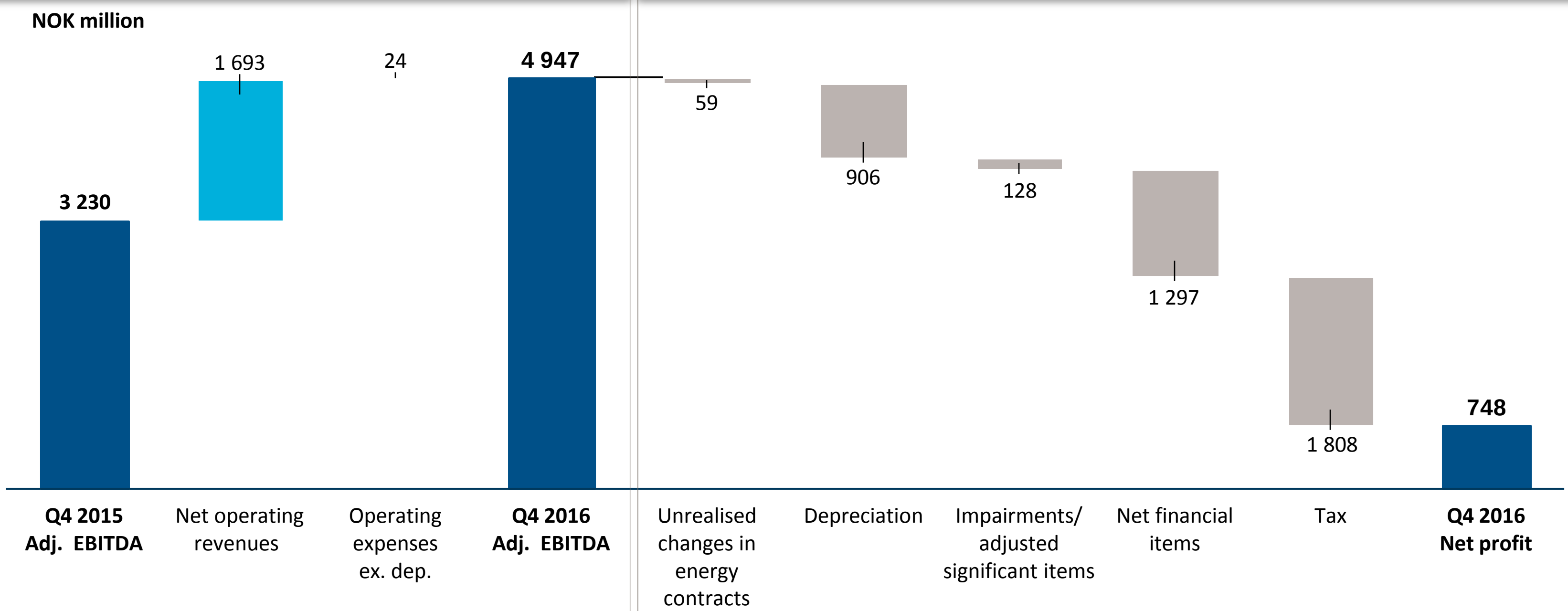
Net profit influenced by negative currency effects

NOK million	Q4 2016	Q4 2015	FY 2016	FY 2015
Net profit/loss	748	-70	-179	-2 370

- Solid contributions from operating activities
  - Mainly through higher Nordic power prices and hydropower production
- Net profit held back by mainly unrealised currency effects

Q4 net profit breakdown

Underlying[1] EBITDA Q4 2015 ➡ Q4 2016 | **Underlying[1] EBITDA Q4 2016 ➡ Net Profit Q4 2016**



Underlying EBITDA Δ +53% vs. Q4/15

Booked net profit affected by negative , mostly unrealised, currency effects and minor adjusted significant items

[1]*Adjusted for unrealised changes in value on energy contracts and adjusted significant items*

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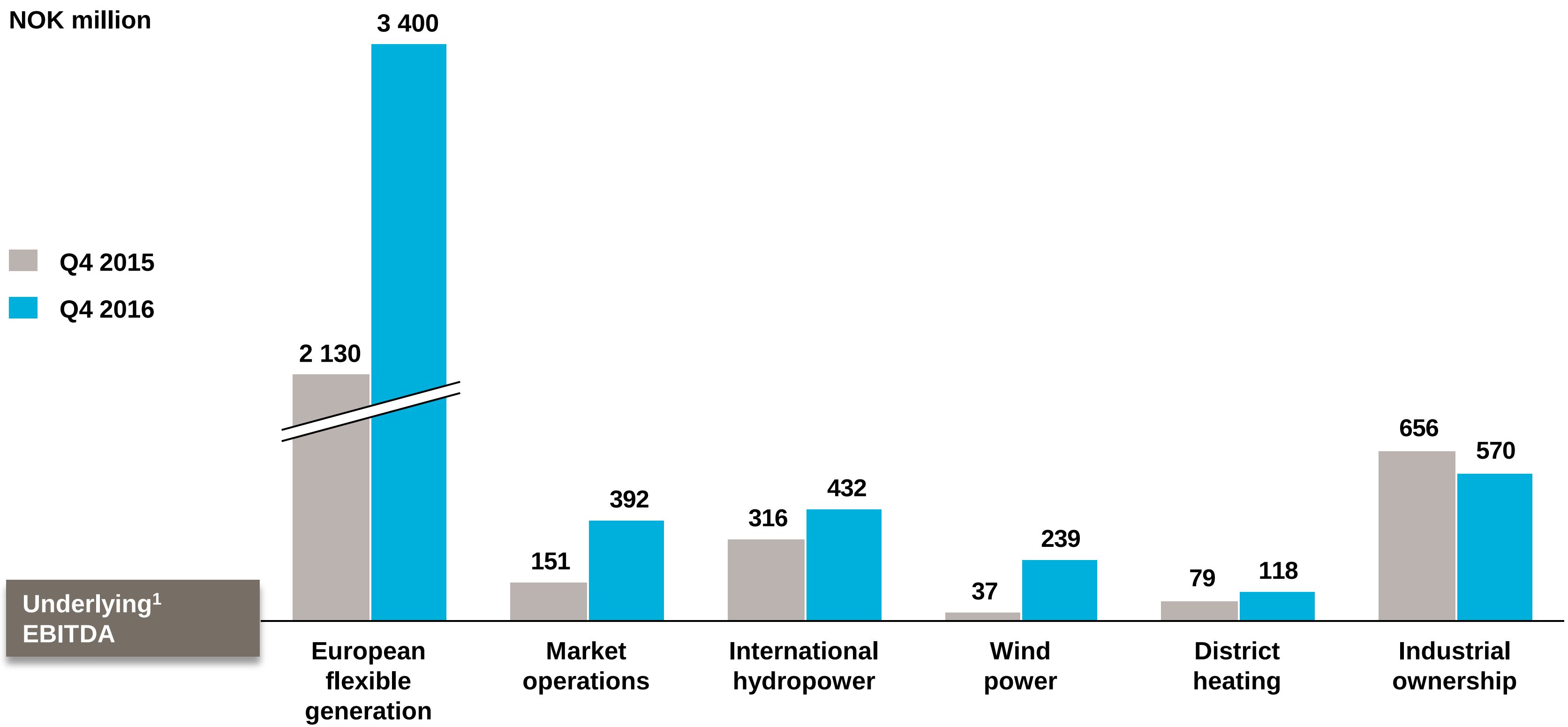
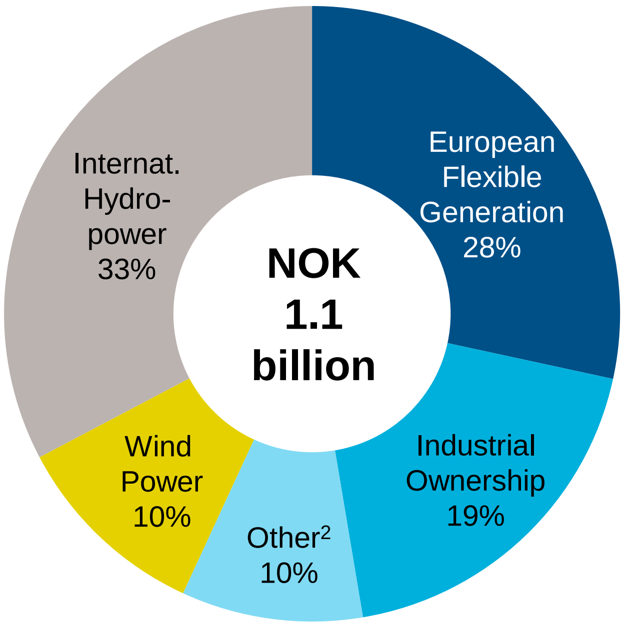
Q4 segment financials

EBITDA including share of profit/loss from equity accounted investments



[1] *Adjusted for unrealised changes in value on energy contracts and adjusted significant items*

Q4 2016 capital expenditure[1]

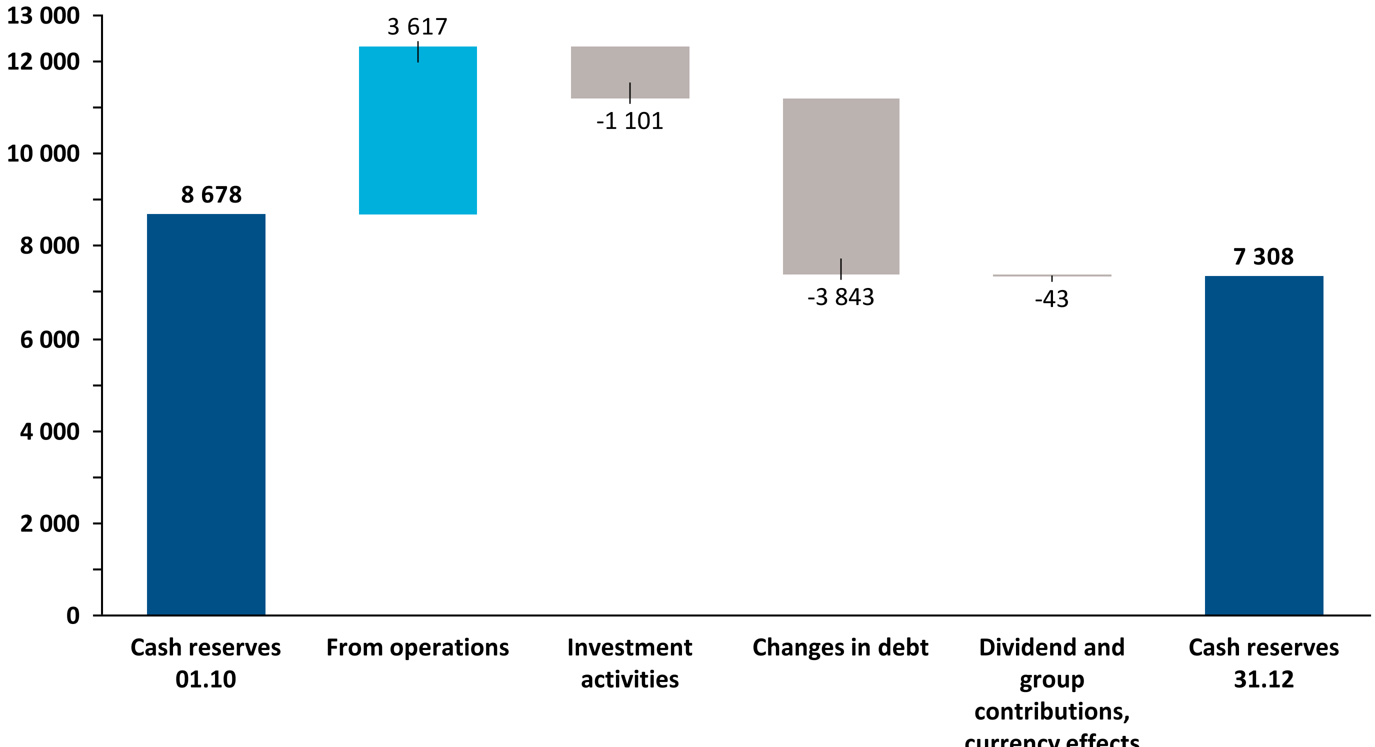


- Distribution of CAPEX in the quarter:
  - 65% expansion investments
  - 5% investments in shareholdings
  - 30% maintenance investments
- New hydropower capacity under construction in Norway and Albania
- Wind power developments in Norway and UK
- Maintenance primarily within Nordic hydropower and Norwegian grid

[1] *Exclusive loans to associates*
[2] *Including District heating, Market operations and Other activities*

Strong cash flow in Q4

NOK million



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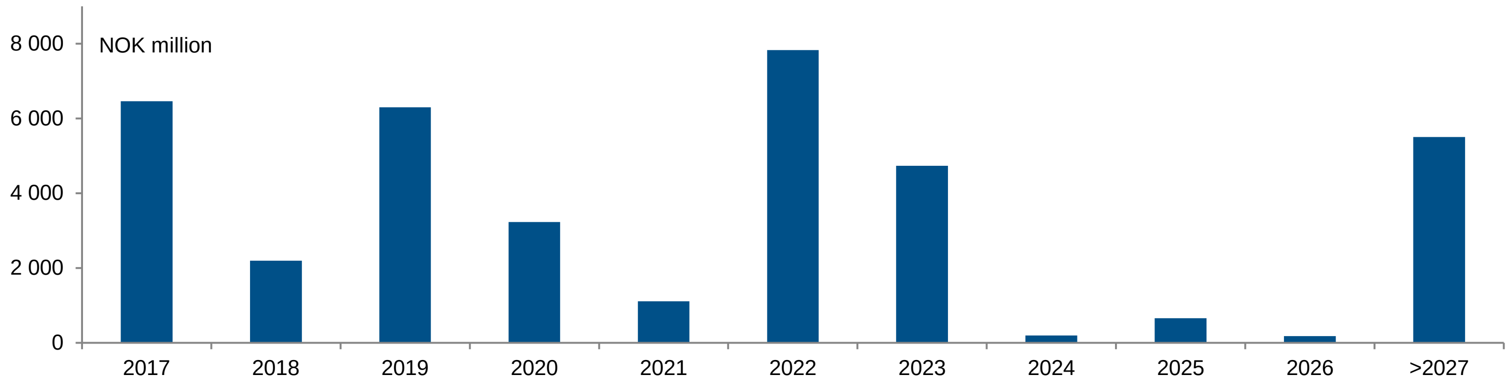
Long-term debt repayment profile



- NOK 6.5 billion debt matures in 2017
  - Of which repayment of CP NOK 0.5 billion was done February 8th
- NOK 32.5 billion in net interest-bearing debt (NOK 35.0 billion at year end 2015)
  - NOK 35%, EUR 46%, GBP 13%, USD 2%, BRL 3%, CLP/CLF 1%
  - 58% floating interest
  - Net interest-bearing debt-equity ratio 28.0%

Strong credit ratings

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

A- / Negative

MOODY'S
INVESTORS SERVICE

Baa1 / Stable

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

Summary

- Higher Nordic power prices and increased production Q-on-Q
- Strong underlying operations and cash flow

THANK YOU

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