

FINANCIAL RESULTS

Q4 2013

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13 February 2013



Highlights Q4 2013

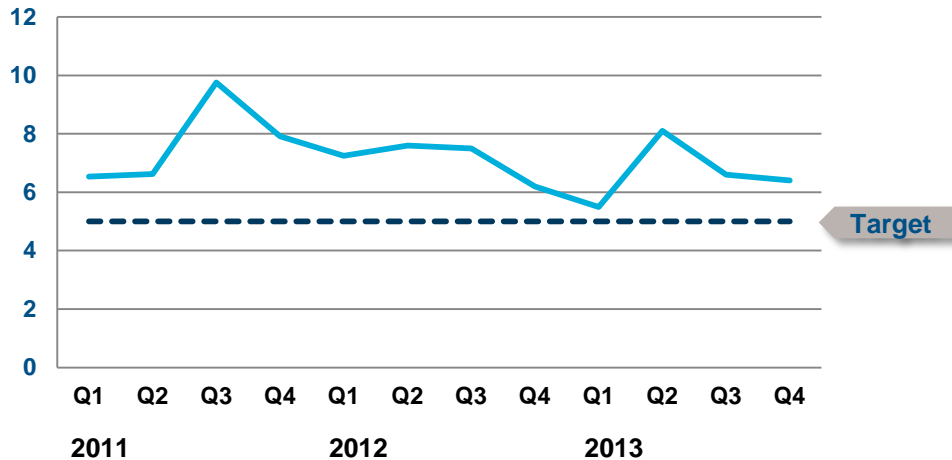
- ▶ Solid result from operations
 - Production in line with Q4 2012, Nordic power prices slightly lower
 - Underlying EBITDA of NOK 3 843 million
- ▶ Unrealised negative currency effects
 - Mainly offset by currency translation effects in equity
 - Net profit of NOK 2 354 million
- ▶ Updated strategy adopted
- ▶ High project activity in Norway and internationally
 - Gross investment of NOK 2 670 million
 - 14 major on-going construction and rehabilitation projects
- ▶ Statkraft and Norfund continue long-term international cooperation



Health, safety and environment

Total Recordable Injuries rate¹

TRI-rate



- ▶ Health and safety Q4
 - No serious injuries
 - Injury rate not fully reaching target
 - Sick leave FY 3.0% well within target
- ▶ Environment Q4
 - No serious environmental incidents

¹TRI rate: Number of injuries per million hours worked

A changing energy landscape

Market challenges

- ▶ **Flat energy demand** in Europe and **more production** from new renewables
- ▶ Growing **concerns** in Europe about **security of supply and affordability**
- ▶ **Traditional “utility business model”** **challenged** by a transformed value chain

Market opportunities

- ▶ Attractive **support schemes** driven by European transformation to renewable energy
- ▶ **New business opportunities** closer to end users and through integration of intermittent renewable capacity
- ▶ Strong growth in **emerging markets**



Strategic focus areas and ambitions



European Flexible Generation

- First priority to maintain & develop Nordic hydropower assets
- Maximize long term value of Statkraft's asset base



Market operations

- Develop Trading and Origination business in selected global markets and exploit customer oriented activities



Hydropower in Emerging Markets

- Build integrated operations in South East Europe, South America and South Asia



Wind Power



- Onshore wind in Norway, Sweden and UK
- Become lead operator in offshore wind power



District Heating

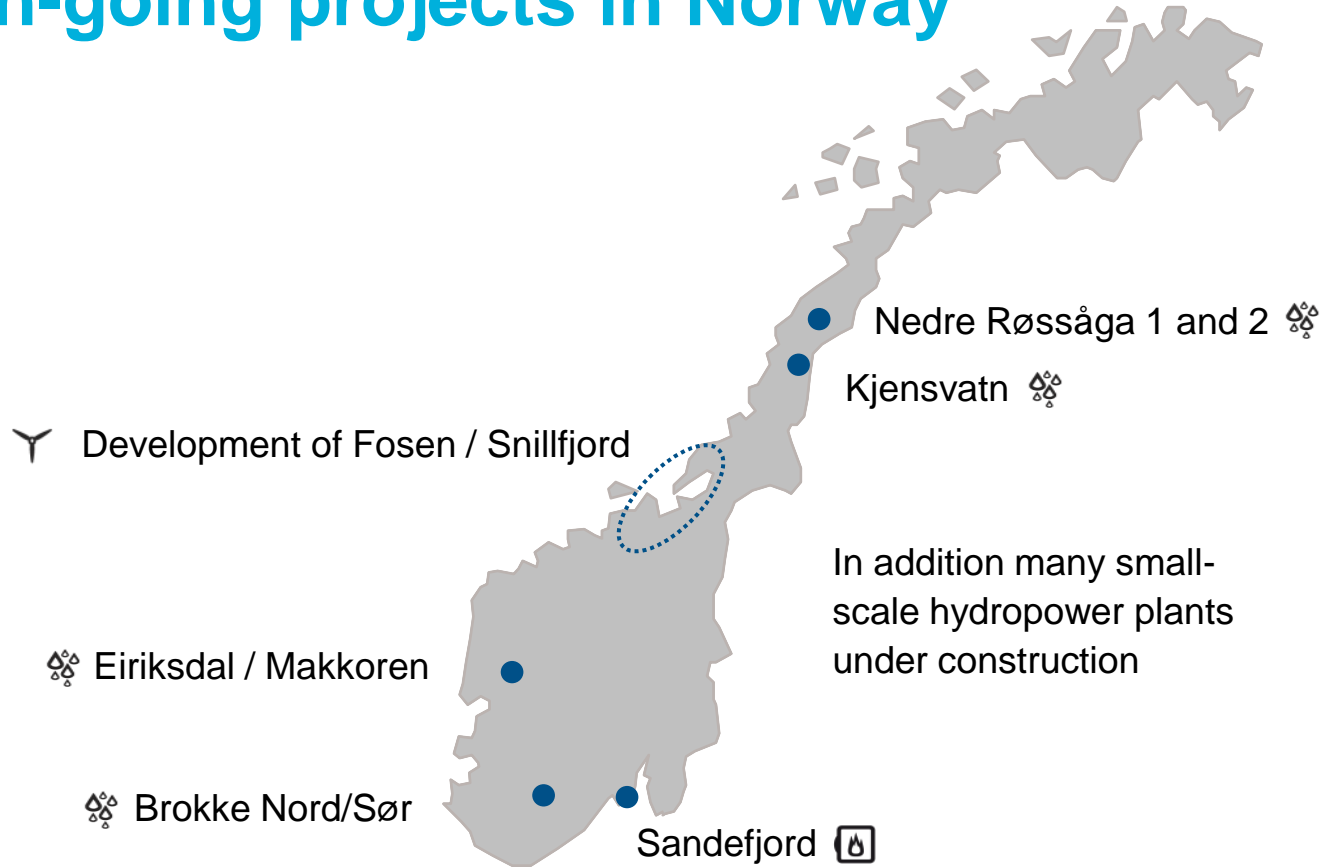
- Become amongst the most profitable district heating companies in Norway and Sweden

High construction activity

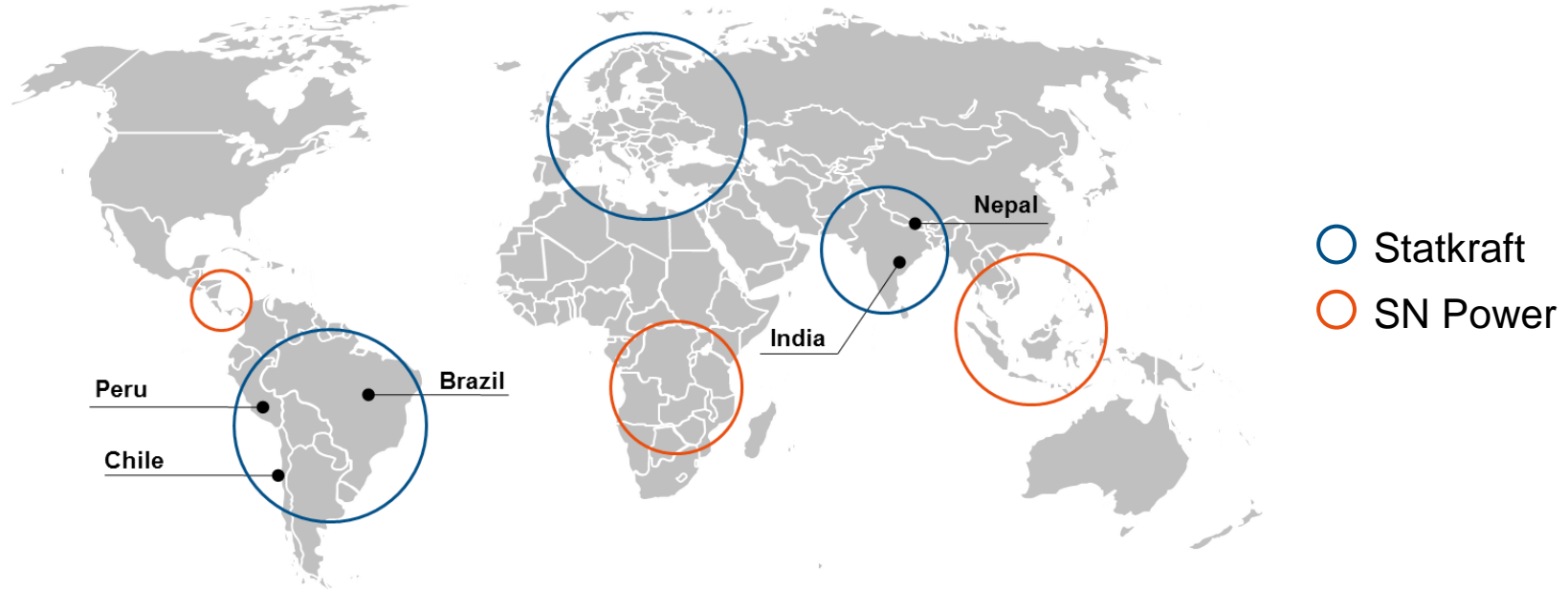
		Completed in 2013 (~750 MW)	On-going projects (~1900 MW)
 	European Flexible Generation	<ul style="list-style-type: none"> ▶ 4 small-scale hydro, Norway (48 MW) ▶ Knapsack II, Germany (430 MW) 	<ul style="list-style-type: none"> ▶ Nedre Røssåga 1 and 2, Norway (+100 MW) ▶ Kjensvatn, Norway (11 MW) ▶ Brokke Nord/Sør, Norway (24 MW) ▶ Eiriksdal/Makkoren, Norway (56 MW) ▶ 10 small-scale hydro, Norway (25 MW)
	Wind Power	<ul style="list-style-type: none"> ▶ Baillie, UK (53 MW) ▶ Stamåsen, Sweden (60 MW) ▶ Tollarpabjär, Sweden (3 MW) 	<ul style="list-style-type: none"> ▶ Mörttjärnberget, Sweden (85 MW) ▶ Ögonfågeln, Sweden (99 MW) ▶ Björkhöjden, Sweden (270 MW) ▶ Berry Burn, UK (67 MW)
	International Hydropower	<ul style="list-style-type: none"> ▶ Binga, Philippines (126 MW) 	<ul style="list-style-type: none"> ▶ Kargi, Turkey (102 MW) ▶ Cetin, Turkey (517 MW) ▶ Devoll, Albania (243 MW) ▶ Cheves, Peru (171 MW) ▶ Bajo Frio, Panama (58 MW)
	District Heating	<ul style="list-style-type: none"> ▶ Ås, Norway (24 MW) ▶ Kungsbacka, Sweden (12 MW) 	<ul style="list-style-type: none"> ▶ Sandefjord, Norway (23 MW)

Capacity for total project, incl. partners' share

On-going projects in Norway



Strengthening International Hydropower



- ▶ Agreement between Norfund and Statkraft to restructure and prolong partnership
- ▶ Statkraft to integrate South America and South Asia
- ▶ New SN Power to focus on South East Asia, Africa and Central America
- ▶ One common project execution unit in Statkraft

FINANCIAL RESULTS

Q4



Solid underlying results

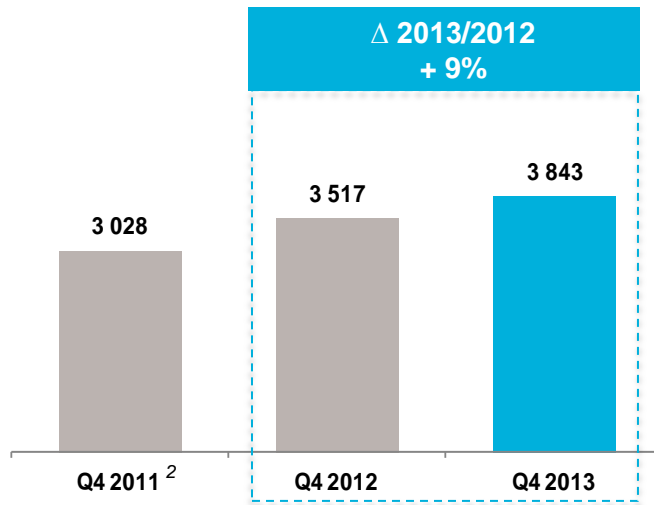
NOK million	Q4 2013	Q4 2012	FY 2013	FY 2012
Gross revenues ¹	14 907	11 818	47 458	38 910
EBITDA ¹	3 843	3 517	12 444	11 347
Net profit/loss	2 354	-1 960	208	4 551

- ▶ Production on a par with Q4 2012
- ▶ Slightly lower Nordic prices measured in EUR/MWh
- ▶ Financial items affected by unrealized currency effects due to weakening of NOK against EUR but no cash flow effect and limited equity effects

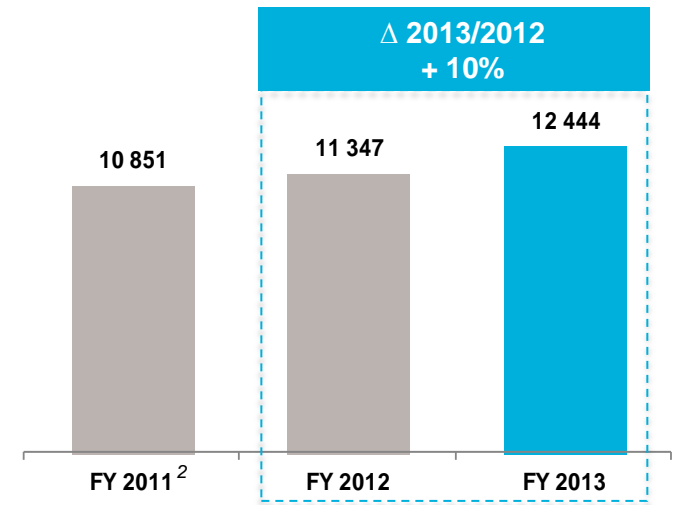
¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Steady increase in underlying EBITDA¹

Fourth quarter



Full year



Nordic system price EUR/MWh	34.3	37.3	35.9
Total production TWh	15.7	16.3	16.3

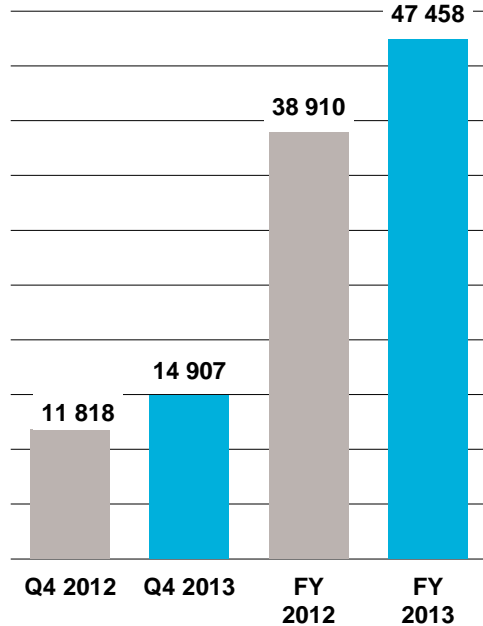
47.2	31.3	38.1
51.5	60.0	55.9

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

²Not recalculated after implementation of IFRS 11 in 2013

Gross operating revenues

NOK million



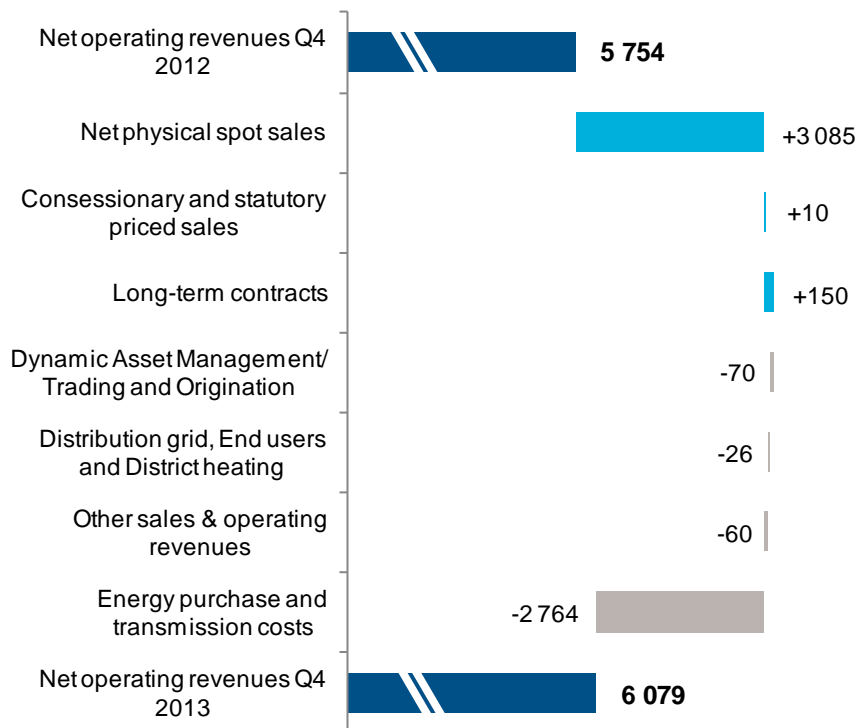
Δ Q4 13/Q4 12	+ 26%
Δ FY 13/FY 12	+ 22%

- ▶ Slightly lower prices in Q4, unaltered production
 - Nordic system price 35.9 EUR/MWh (- 4%)
 - Total power generation 16.3 TWh on a par with Q4 2012
- ▶ Increase in underlying gross operating revenues¹ in Q4 influenced by
 - Strengthened EUR vs. NOK
 - New wind power capacity (116 MW)
 - Transfer of leased power plants from Statkraft SF
 - Increase in long term contracts

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

Net operating revenues up 6%

NOK million

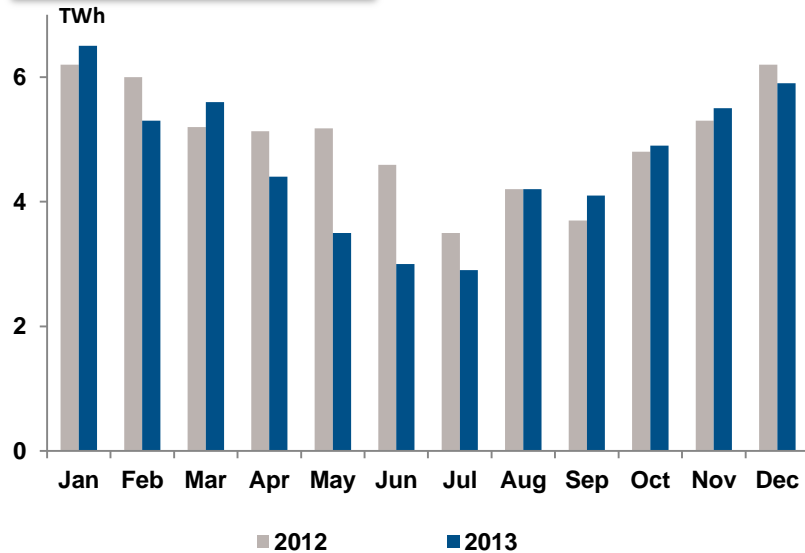


- ▶ Net operating revenues¹ increased by NOK 325 million compared with Q4 2012
- ▶ Increase in physical sales and energy purchases due to market activities
- ▶ Further increase in physical sales due to
 - Higher wind power production
 - Weakened NOK against EUR giving positive price effect measured in NOK
- ▶ Long-term contracts increased by higher volume and price indexation

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

Statkraft production

Monthly power generation



Change from 2012:

Q4 production 16.3 TWh ~ 0%

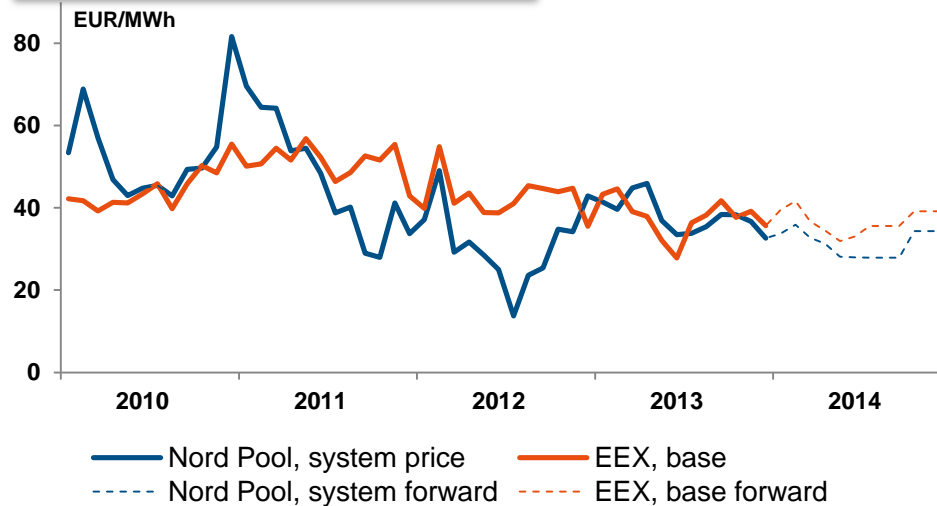
- ▶ Hydropower production - 2%
- ▶ Wind power production + 168%
- ▶ Gas-fired power production - 28%

FY production 55.9 TWh - 7%

- ▶ Hydropower production - 8%
- ▶ Wind power production + 77%
- ▶ Gas-fired power production - 28%

Price development in Q4

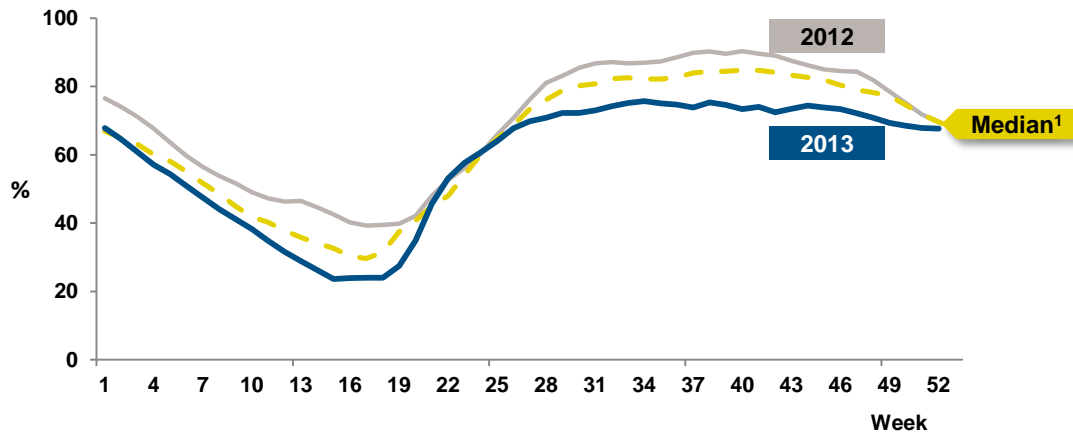
Electricity, average monthly price



- ▶ Q4 Nordic power prices slightly lower than in 2012 due to higher temperatures and lower consumption
 - System price: 35.9 EUR/MWh - 4%
- ▶ Increasing share of renewables and higher temperatures drive prices down in Germany
 - Spot price (base): 37.5 EUR/MWh - 9%
- ▶ The FY average price
 - System price: 38.1 EUR/MWh + 22%
 - Spot price (base): 37.8 EUR/MWh - 12%

Nordic reservoirs levels back to normal

Nordic reservoir water levels



- ▶ Above normal inflow and recovering reservoir levels during Q4
- ▶ At year-end Nordic reservoirs were 82.1 TWh corresponding to 97.1% of median

¹ Median 1990-2012

Stronger EUR vs. NOK in 2013

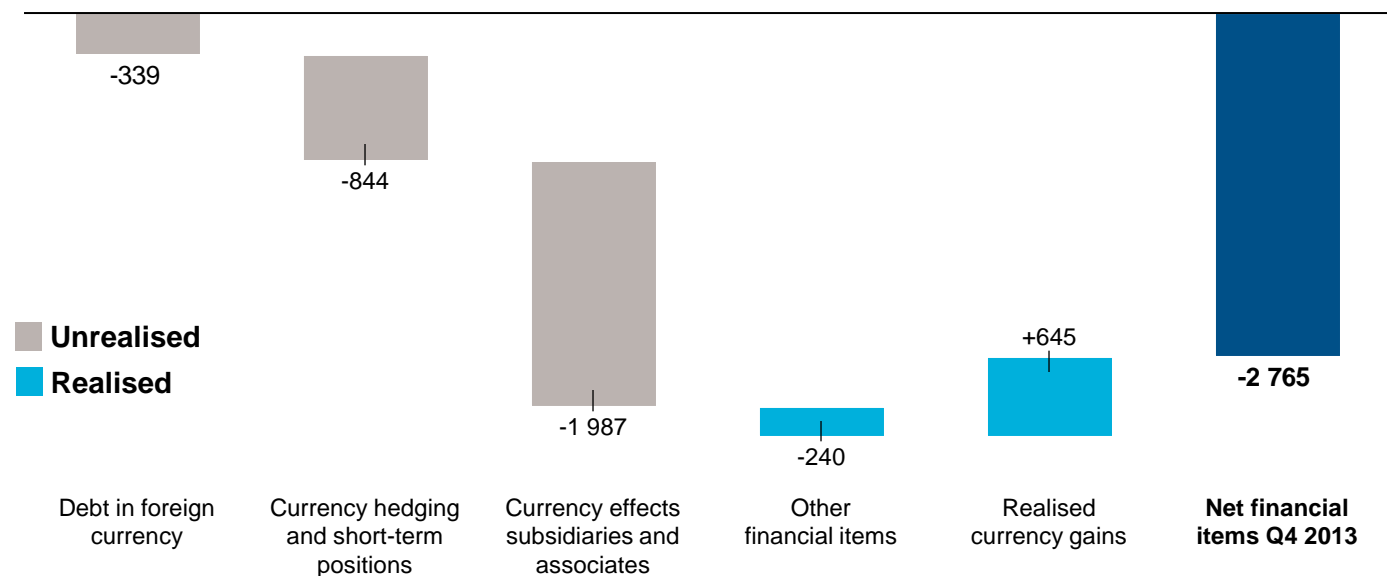
Exchange rate EUR/NOK



Q4 currency effects

Breakdown Net financial items Q4 2013

NOK million



In Q4 2013 NOK 3 169 million is unrealised.

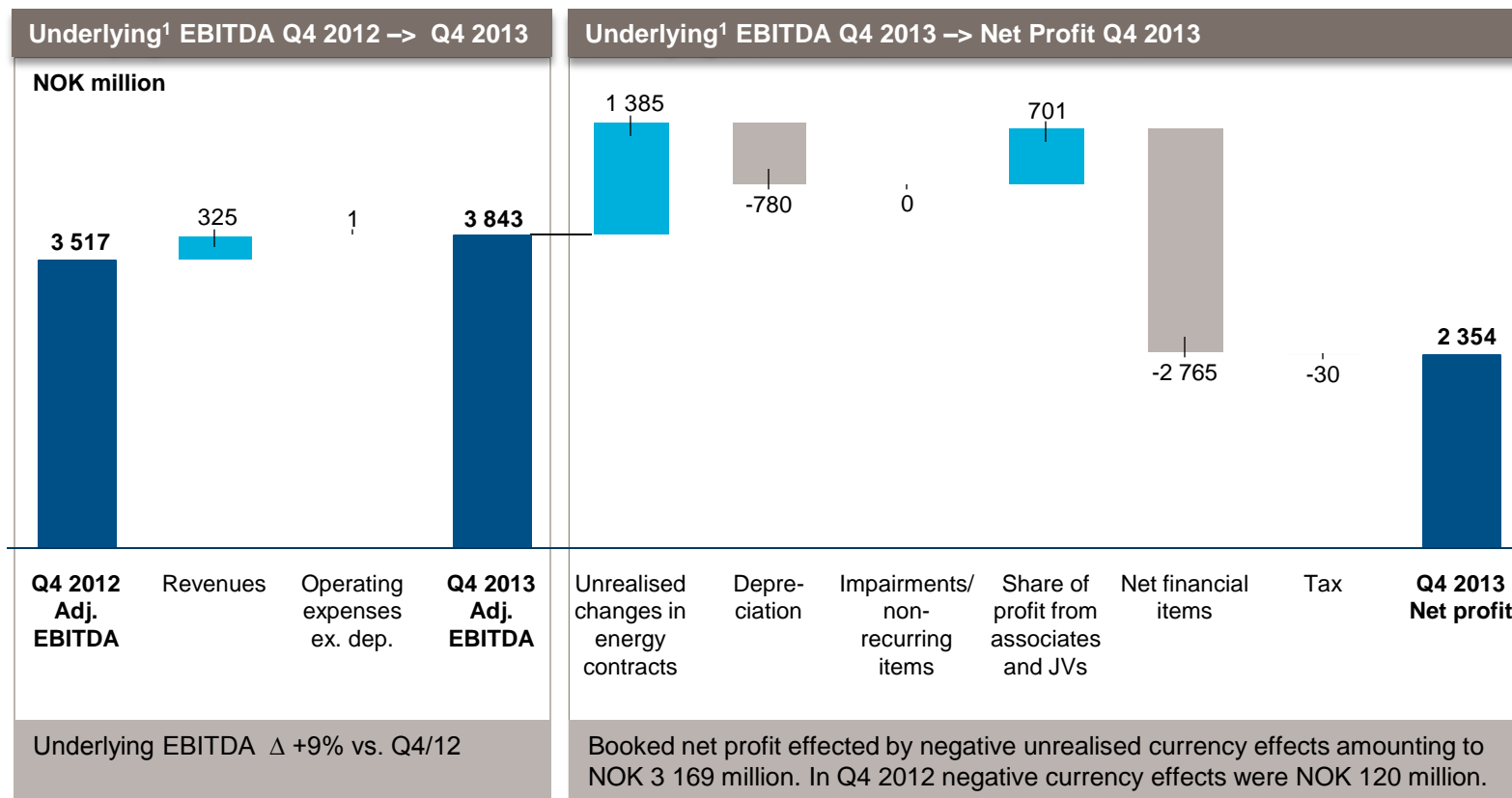
Corresponding currency translations in equity by NOK 2 022 million

Stronger EUR influences net profit

NOK million	Q4 2013	Q4 2012	FY 2013	FY 2012
Net profit/loss	2 354	-1 960	208	4 551

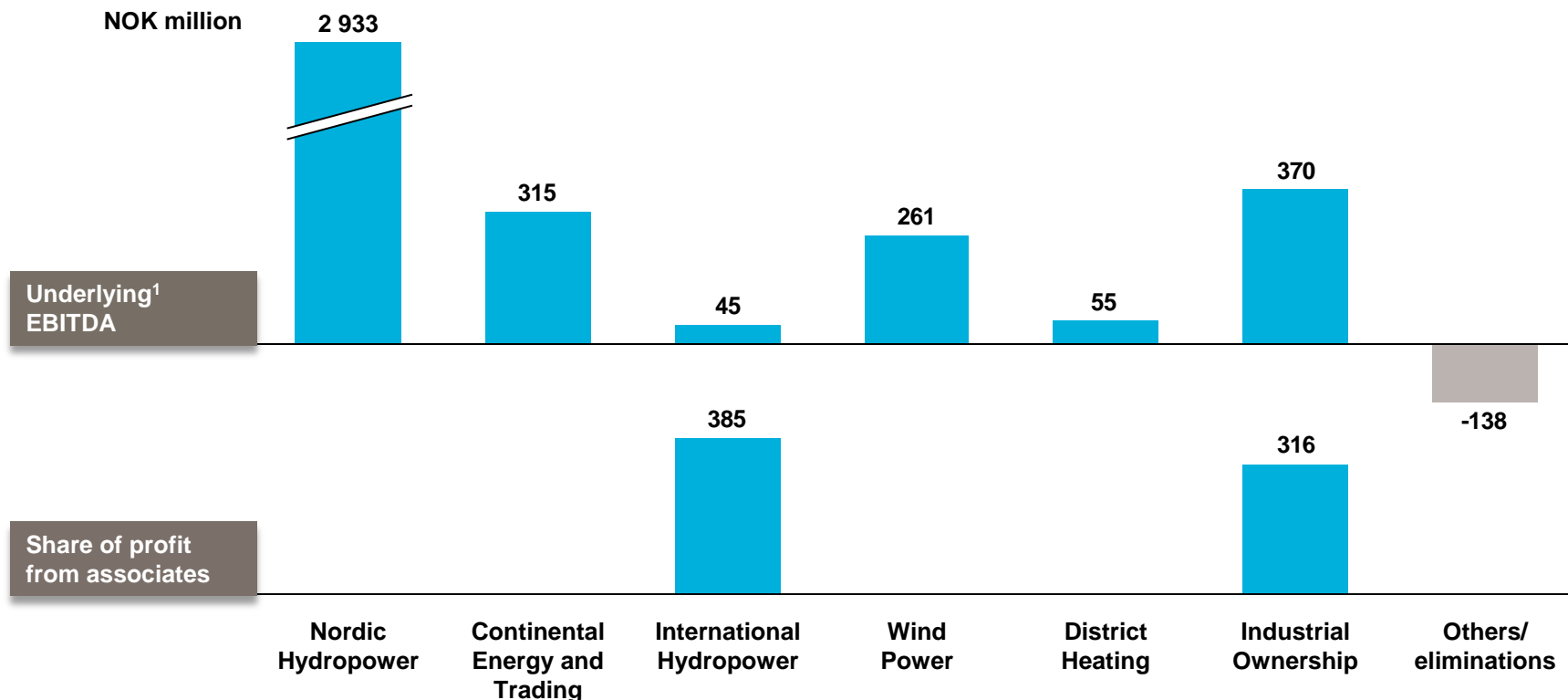
- ▶ Positive net profit in Q4 and FY
- ▶ Q4 2012 profits were characterized by impairments
- ▶ Weakening NOK against EUR giving negative effects under net financial items in 2013
- ▶ Currency effects are mainly unrealised
- ▶ These effects are mainly offset by currency translation effects in equity

Q4 net profit breakdown



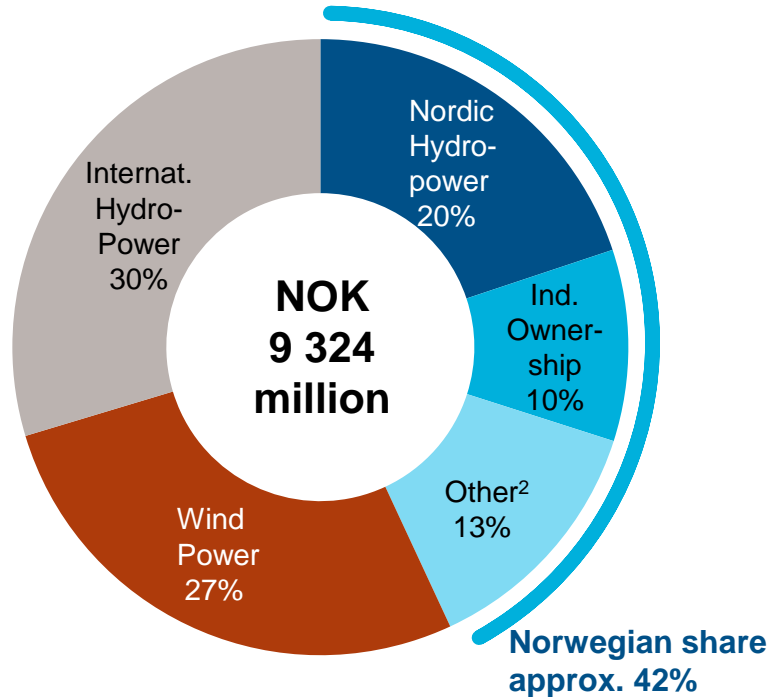
¹Adjusted for unrealised changes in value on energy contracts and significant non-recurring items

Q4 segment financials



- ▶ Due to implementation of IFRS 11 in 2013, some partly owned companies are consolidated with Statkraft's share (proportionate method), while they previously were presented as share of profit from associates and JV's (equity method).

FY 2013 capital expenditure¹



- ▶ A large number of projects under construction in current investment program
- ▶ 78% of FY capex was expansion
- ▶ NOK 2 670 million invested in Q4
 - 81% expansion
- ▶ In addition leased power plants at a value of NOK 4 billion were transferred from Statkraft SF as contribution in kind (no cash effect)

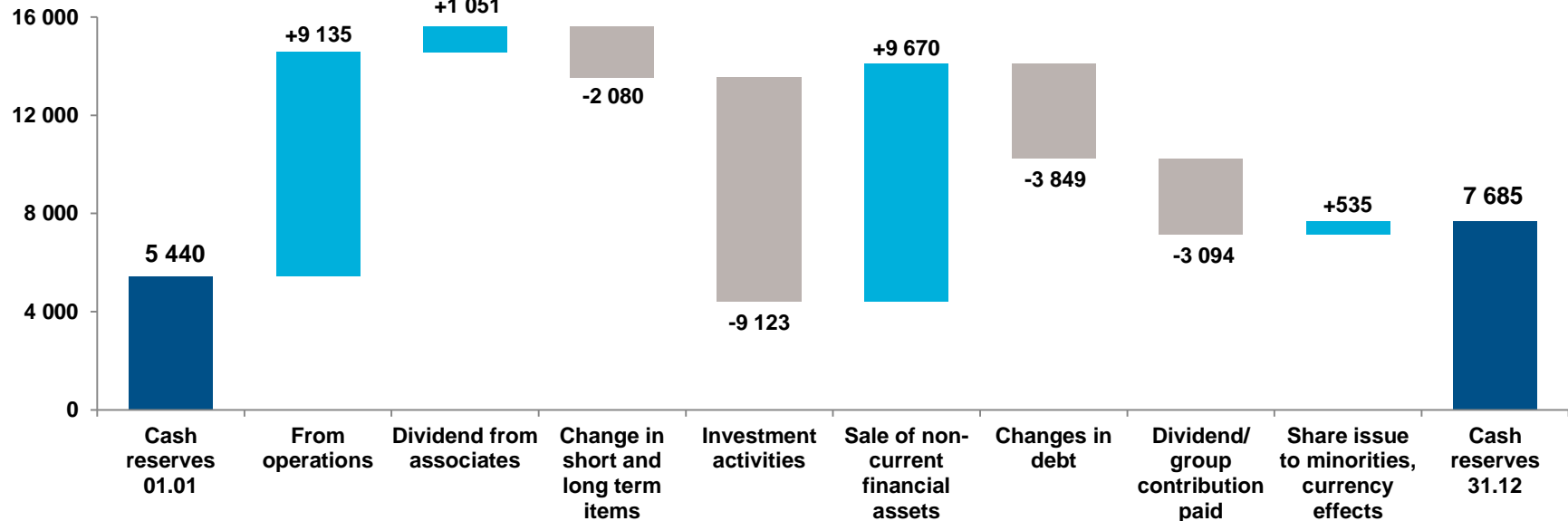
¹ Exclusive loans to associates

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

Solid cash flow

Cash flow year-to-date

NOK million

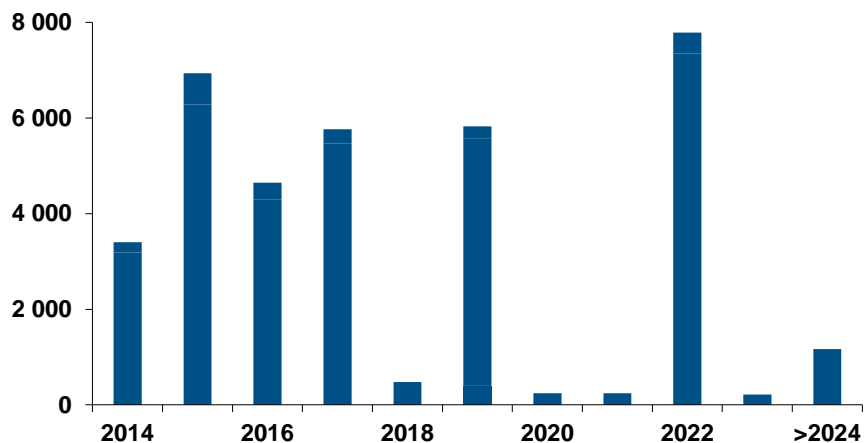


- ▶ Sale of non-current assets mainly regards E.ON SE shares (NOK 8.515 million) and Sheringham Shoal transmission grid (NOK 957 million)

Long-term debt

Debt repayment profile

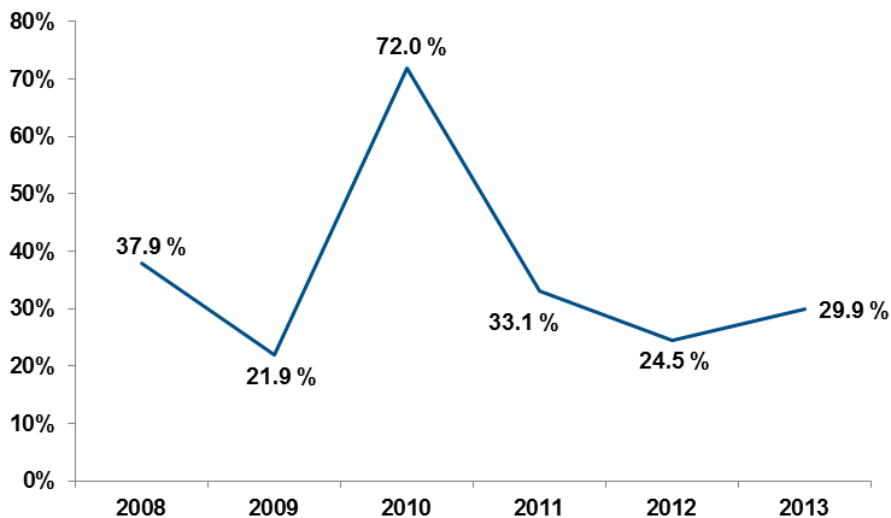
NOK million



- ▶ Net interest-bearing liabilities
NOK 32.2 billion (35.0 at end of 2012)
 - NOK 47%, EUR 26%, SEK 5%,
GBP 15%, USD 7%
 - 58% floating interest
 - Interest-bearing net debt ratio 31.5%
(35.9% at end of 2012)
- ▶ NOK 3.4 billion debt maturities in 2014

Financial strength and rating

FFO/net debt¹ (unadjusted²)



Rating targets

- ▶ Maintaining current ratings with S&P and Moody's, and a minimum of BBB+/Baa1
 - Current ratings A-/Baa1
- ▶ Indicated FFO/Net Debt thresholds⁴
 - S&P: 18-20%
 - Moody's: "High mid-teens"

FFO of NOK 9 653 million (8 580 in 2012)

Net interest bearing debt of NOK 32 240 million (34 960 in 2012)

¹ Calculated 12 months rolling

² Rating agencies apply own adjustments

³ 2012 recalculated after implementation of IFRS 11 in 2013

⁴ Please see rating publications on Statkraft's web page, under Financial information, for full assessments

Outlook

- ▶ Steady operating earnings
 - Nordic short-term forward prices on a moderate level
 - Large hydro reservoir capacity gives high production flexibility
 - Solid long-term contract portfolio stabilizes earnings
- ▶ Large rehabilitations of existing Nordic hydropower plants
 - NOK 12 billion investments in the period 2014-18
- ▶ Statkraft is well positioned for further growth
 - European energy market gives new business opportunities for Statkraft
 - Statkraft has a solid strategic position in emerging markets
 - Established a strong platform for long-term international hydropower activities with Norfund

APPENDIX



Statement of Comprehensive Income

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
COMPREHENSIVE INCOME				
PROFIT AND LOSS				
Sales revenues	15 636	11 397	48 148	36 447
Other operating revenues	298	466	1 415	1 103
Gross operating revenues	15 934	11 863	49 564	37 550
Energy purchase	-8 196	-5 471	-24 327	-18 172
Transmission costs	-274	-262	-991	-1 026
Net operating revenues	7 464	6 130	24 246	18 352
Salaries and payroll costs	-848	-820	-3 136	-3 046
Depreciation, amortisation and impairments	-780	-3 057	-3 045	-4 933
Property tax and licence fees	-394	-301	-1 640	-1 345
Other operating expenses	-994	-1 116	-3 422	-3 469
Operating expenses	-3 016	-5 294	-11 243	-12 793
Operating profit/loss	4 448	835	13 002	5 559
Share of profit/loss from associates and joint ventures	701	-199	1 101	871
Financial income	58	153	237	996
Financial expenses	-379	-317	-1 351	-1 301
Net currency effects	-2 524	8	-9 403	4 468
Other financial items	79	-1 572	-1 076	-1 822
Net financial items	-2 765	-1 728	-11 592	2 341
Profit/loss before tax	2 384	-1 091	2 511	8 771
Tax expense	-30	-868	-2 303	-4 220
Net profit/loss	2 354	-1 960	208	4 551
Of which non-controlling interest	213	-139	482	230
Of which majority interest	2 141	-1 821	-274	4 321
OTHER COMPREHENSIVE INCOME				
Changes in fair value of financial instruments	-229	-625	-828	337
Estimate deviation pensions	-310	1 060	-124	1 045
Items recorded in other comprehensive income in associates and joint arrangements	18	561	163	320
Currency translation effects	2 022	-729	9 940	-4 536
Other comprehensive income	1 504	268	9 154	-2 833
Comprehensive income	3 858	-1 692	9 361	1 718
Of which non-controlling interest	223	-108	881	-156
Of which majority interest	3 635	-1 584	8 480	1 874

Statement of Financial Position

NOK million	31.12.2013	31.12.2012	31.12.2011
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	3 510	3 242	3 136
Property, plant and equipment	101 269	88 546	85 195
Investments in associates and joint ventures	16 002	15 924	15 080
Other non-current financial assets	2 540	10 714	12 163
Derivatives	5 295	5 397	4 687
Non-current assets	128 615	123 823	120 261
Inventories	1 796	1 588	977
Receivables	10 229	9 604	9 272
Short-term financial investments	464	457	455
Derivatives	5 559	4 996	5 356
Cash and cash equivalents (included restricted cash)	7 685	5 440	8 605
Current assets	25 733	22 084	24 664
Assets	154 348	145 907	144 925
EQUITY AND LIABILITIES			
Paid-in capital	49 011	45 569	45 569
Retained earnings	14 328	9 847	12 840
Non-controlling interest	7 769	6 934	7 241
Equity	71 107	62 350	65 651
Provisions	19 416	20 035	21 350
Long-term interest-bearing liabilities	33 364	33 517	31 820
Derivatives	5 713	6 038	4 673
Long-term liabilities	58 494	59 591	57 842
Short-term interest-bearing liabilities	7 013	7 108	5 467
Taxes payable	3 503	3 246	3 411
Other interest-free liabilities	9 842	9 309	6 960
Derivatives	4 389	4 303	5 596
Current liabilities	24 747	23 966	21 433
Equity and liabilities	154 348	145 907	144 925

Statement of Cash Flow

NOK million	The year	
	2013	2012
STATEMENT OF CASH FLOW		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2 511	8 771
Profit/loss on sale of non current assets	-89	-28
Depreciation, amortisation and impairments	3 045	4 933
Profit/loss from the sale of business	121	-
Profit/loss from the sale of shares, and associates and joint ventures	-153	-81
Share of profit/loss from associates and joint ventures	-1 101	-871
Unrealised changes in value	7 795	-1 452
Taxes	-2 993	-4 426
Cash flow from operating activities	9 135	6 846
Changes in long term items	-533	-225
Changes in short term items	-1 547	1 710
Dividend from associates	1 051	1 958
Net cash flow operating activities	A	8 106
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in property, plant and equipment	-9 248	-9 461
Proceeds from sale of non-current assets	9 670	126
Business divestments, net liquidity inflow to the Group	327	-
Business combinations, net liquidity outflow from the Group	59	-54
Loans to third parties	-298	-670
Repayment of loans	94	8
Considerations regarding investments in other companies	-59	-2 433
Net cash flow from investing activities	B	-12 484
CASH FLOW FROM FINANCING ACTIVITIES		
New debt	865	7 919
Repayment of debt	-4 714	-4 573
Dividend and group contribution paid	-3 094	-4 293
Share issue in subsidiary to non-controlling interests	135	167
Net cash flow from financing activities	C	-6 807
Net change in cash and cash equivalents	A+B+C	-2 974
Currency exchange rate effects on cash and cash equivalents	400	-191
Cash and cash equivalents 01.01	5 440	8 605
Cash and cash equivalents 31.12	7 685	5 440
Unused committed credit lines	12 000	12 000
Unused overdraft facilities	2 200	2 205
Restricted Cash	-12	-232

