



Q2

Key figures

NOK million	Second quarter			Year to date			Year
	2018	2017	Change	2018	2017	Change	2017
From income statement							
Gross operating revenues and other income	8 658	11 136	-2 478	23 757	25 146	-1 389	52 883
Net operating revenues and other income	4 277	5 029	-752	13 161	12 000	1 161	23 350
EBITDA, underlying	2 301	2 968	-667	9 176	7 831	1 345	14 486
Operating profit/loss (EBIT) underlying	1 428	2 050	-621	7 390	6 039	1 351	10 824
Operating profit/loss (EBIT) booked	478	2 702	-2 224	7 522	7 263	260	11 928
Share of profit/loss in equity accounted investments	41	81	-40	541	405	136	-79
Net financial items	468	-389	857	5 896	-763	6 658	3 818
Profit before tax	987	2 394	-1 407	13 958	6 904	7 054	15 668
Net profit/loss	271	1 886	-1 615	10 553	4 634	5 919	11 710
Key financial metrics							
EBIT margin, underlying (%)	16.5	18.4	-1.9	31.1	24.0	7.1	20.5
ROACE, underlying (%)				11.9	10.1	1.8	10.5
ROAE (%)				0.4	3.3	-2.9	-0.5
Balance sheet and investments							
Total assets				168 915	172 971	-4 056	169 108
Equity				92 466	83 659	8 808	91 627
Net interest bearing debt				14 066	34 601	-20 535	24 845
Capital employed				103 184	106 572	-3 388	103 922
Equity accounted investments				13 142	16 841	-3 699	13 335
Total investments	1 380	779	601	2 235	1 457	778	3 895
Cash Flow							
Cash flow from operating activities	-852	3 617	-4 469	5 425	2 204	3 221	8 865
Cash and cash equivalents				19 899	10 830	9 068	14 217
Currency rates							
NOK/EUR average rate	9.55	9.37	0.18	9.59	9.18	0.41	9.33
NOK/EUR closing rate				9.51	9.57	-0.06	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.

Table of Contents

Corporate responsibility and HSE	2
Market and production	2
Financial performance	4
Segments	10
Outlook	15
Statkraft AS Group Interim Financial Statements	17
Alternative Performance Measures	31



HIGHER POWER PRICES AND LOWER GENERATION

“ Nordic power prices have increased on the back of a weakened hydrological balance. The power generation is optimised to the expected market development.

Statkraft is entering a new growth phase expanding further in renewable energy.

The Statkraft organisation is affected by a tragic fatal accident in the Moglicë project in Albania. The accident has been investigated and all safety measures are followed up.

Statkraft recorded in the second quarter of 2018 an underlying EBIT amounting to NOK 1428 million. This was a decrease of NOK 621 million from the corresponding period last year. The reduction was driven by unrealised effects in Market operations, stemming partly from changed valuation methodology. Significantly lower Norwegian hydropower generation was offset by substantially higher Nordic power prices.

The average Nordic system price in the quarter was 39.1 EUR/MWh, an increase of 42 per cent compared with the price level experienced in the same quarter in 2017. Statkraft optimises power generation to the expected market development. Total generation was 11.5 TWh in the quarter, a decrease of 22 per cent.

The quarterly net profit ended at NOK 271 million.

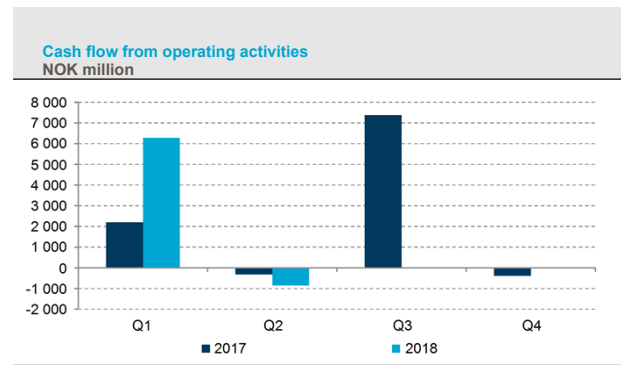
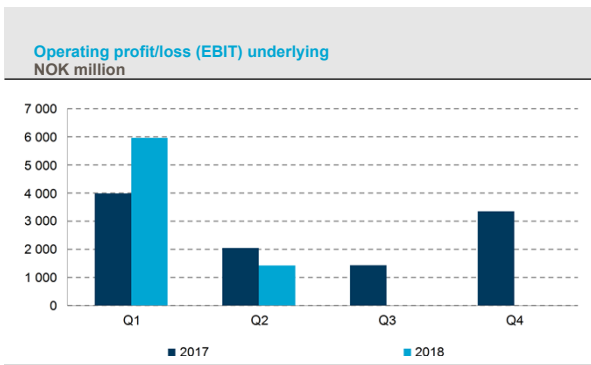
For the first half year of 2018 Statkraft achieved an underlying EBIT of NOK 7390 million, an increase of NOK 1351 million compared with the same period in 2017. The main drivers for this improvement were significantly higher Nordic power prices. Net profit year to date reached NOK 10 553 million.

Statkraft wants to contribute to a good industrial development of its partly owned regional Norwegian companies. Statkraft has therefore sold 1.7% of the shares in BKK in order to facilitate BKK to use its own shares in acquisitions. Statkraft has also agreed to sell its shareholding of 49% in Istad to Tussa Kraft, subject to receiving the necessary concessions.

Statkraft has updated the strategy in response to technological development in each market. Flexible hydropower and intermittent onshore wind and solar power will be combined to deliver reliable, renewable and cost competitive energy to the customers. The updated strategy has four pillars:

- Optimise the hydropower portfolio
- Ramp up as wind and solar developer
- Grow the customer business
- Develop new business within decarbonisation and renewable energy

The strategy will ensure that Statkraft remains at the core of the renewable energy transition. The company's commitment to act in an ethical and socially responsible manner will continue to be a foundation for all activities.



Corporate responsibility and HSE

	Second quarter		Year to date		Year 2017
	2018	2017	2018	2017	
Corporate responsibility and HSE					
Fatalities ¹⁾	1	0	1	0	0
Serious environmental incidents	0	0	0	0	0
Absence due to illness, Group (%)	3.4	3.2	3.9	3.4	3.5
TRF rate ¹⁾²⁾	5.7	4.9	5.7	4.5	5.2
Full-time equivalents, Group			3 116	3 313	3 310

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

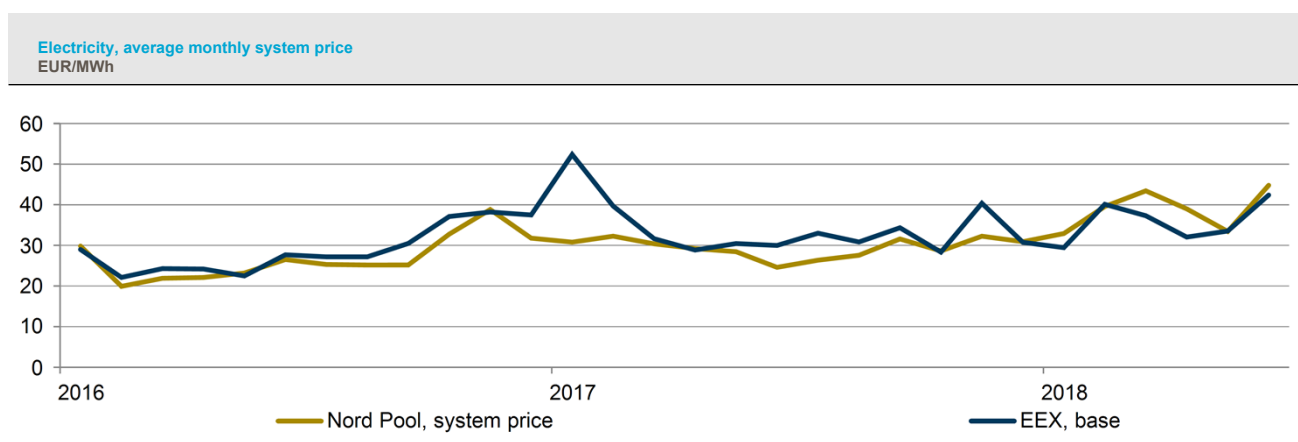
²⁾ TRF rate rolling 12 months: Number of injuries per million hours worked.

In April a Statkraft employee died in a tragic accident after being critically injured falling down a steep hill during road works in the Moglicë project in Albania. The fatal accident has been investigated according to Statkraft's procedures and all safety measures are followed up.

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).

	Second quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Market prices (average)							
System price, Nord Pool (EUR/MWh)	39.1	27.4	11.7	38.9	29.3	9.6	29.4
Spot price (base), EEX (EUR/MWh)	36.0	29.8	6.2	35.8	35.5	0.3	34.2
Spot price (peak), EEX (EUR/MWh)	38.9	33.6	5.3	41.6	43.5	-1.9	42.8
Spot price (base), N2EX UK (GBP/MWh)	52.6	40.0	12.6	52.7	44.0	8.7	45.3

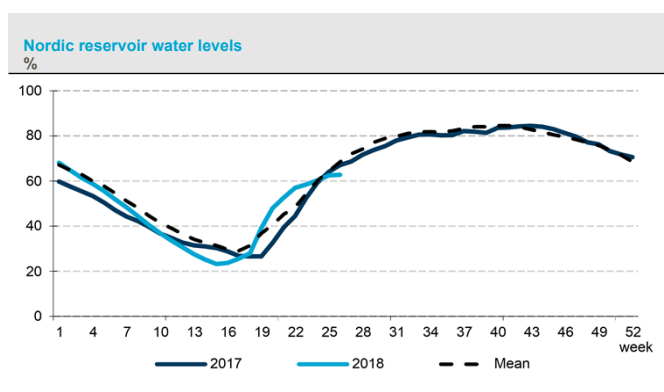
Sources: Nord Pool and European Energy Exchange (EEX).

The average system price in the Nordic region was 39.1 EUR/MWh in the quarter, an increase of 42% compared with the same period in 2017. The price increase was mainly driven by a weakened hydrological balance.

The average base price in the German market (EEX) was 36.0 EUR/MWh in the quarter, an increase of 21% compared with the same period in 2017. The price increase was mainly driven by higher coal, gas and CO₂ prices.

The average base price in the UK was 52.6 GBP/MWh in the quarter, an increase of 32% compared with the same period in 2017. The price increase was mainly driven by higher gas and CO₂ prices.

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



The total reservoir level for all producers in the Nordic region was 92% of median level at the end of the quarter, corresponding to 62.8% 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 CO₂ prices (spark spread) and grid restrictions.

TWh	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Generation, technology					
Hydropower	10.9	13.6	30.8	29.4	57.4
Wind power	0.6	0.6	1.2	1.4	2.7
Gas power	0.0	0.3	0.4	0.8	2.2
Other power ¹⁾	0.1	0.1	0.1	0.1	0.3
Total generation	11.5	14.6	32.5	31.8	62.6

¹⁾ Bio and solar power.

TWh	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Consumption and output					
Nordic					
Nordic consumption	87.0	85.2	208.5	198.2	388.2
Nordic output	87.0	88.8	209.2	203.6	397.3
Net Nordic import(+)/export(-)	0.0	-3.6	-0.7	-5.4	-9.1
Norway					
Norwegian consumption	29.7	29.1	72.2	68.8	133.6
Norwegian output	30.4	33.0	75.2	74.6	148.7
Net Norwegian import(+)/export(-)	-0.7	-3.9	-3.0	-5.8	-15.1

The Group generated a total of 11.5 TWh in the second quarter, a decrease of 22% compared with the corresponding period in 2017. Hydropower generation was lower than normal in the second quarter. Wind power generation was at the same level compared with the corresponding period in 2017. There was limited gas-fired power generation in the quarter due to mostly negative spark spreads. The Group's district heating deliveries amounted to 0.2 TWh due to low seasonal demand.

Financial performance

NOK million	Second quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Net operating revenues and other income	4 277	5 029	-752	13 161	12 000	1 161	23 350
Operating profit/loss (EBIT) underlying	1 428	2 050	-621	7 390	6 039	1 351	10 824
Operating profit/loss (EBIT) booked	478	2 702	-2 224	7 522	7 263	260	11 928
Net financial items	468	-389	857	5 896	-763	6 658	3 818
Profit before tax	987	2 394	-1 407	13 958	6 904	7 054	15 668
Tax expense	-716	-509	-208	-3 406	-2 270	-1 135	-3 957
Net profit/loss	271	1 886	-1 615	10 553	4 634	5 919	11 710

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.

FINANCIAL PERFORMANCE SECOND QUARTER

The underlying EBIT was NOK 1428 million, NOK 621 million lower compared with the same quarter in 2017. The decrease was mainly driven by unrealised effects in Nordic origination, stemming partly from changed valuation methodology, and long-term contracts in Brazil. Lower Norwegian hydropower generation was offset by considerably higher Nordic power prices.

Net financial items were affected by positive currency effects.

FINANCIAL PERFORMANCE YEAR TO DATE

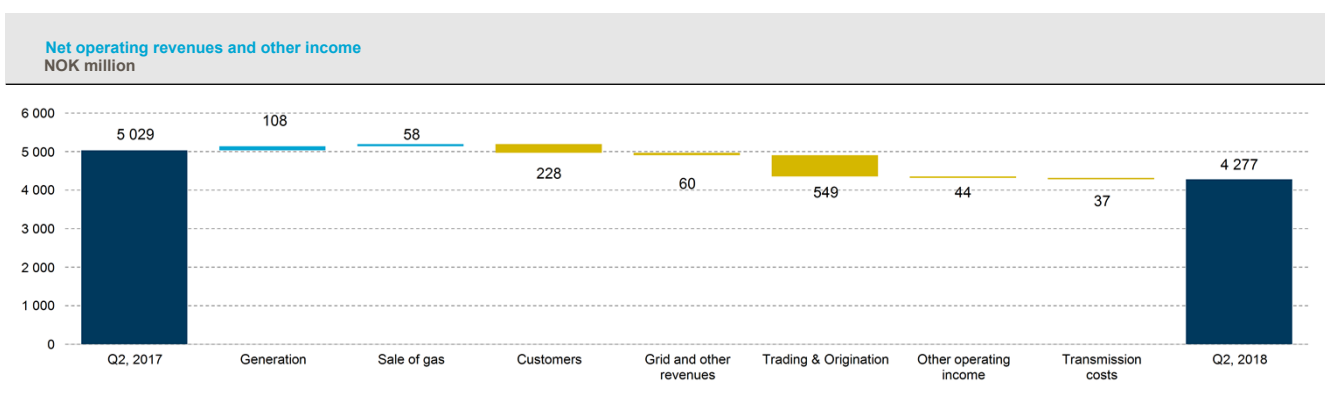
The underlying EBIT was 22% higher than in 2017. The increase in net operating revenues and other income was mainly driven by significantly higher Nordic power prices compared with the same period in 2017. Operating expenses were somewhat lower, with the deconsolidation of Fjordkraft from March 2018 and lower salaries and payroll costs due to reduced number of employees as the main drivers for the decrease.

Profit before tax was positively affected by substantial gains from transactions. The listing of Fjordkraft in March led to a gain of NOK 1659 million, whereof NOK 227 million was reported as share of profit in equity accounted investment in BKK. The divestment of the 30% shareholding in the Dudgeon offshore wind farm led to a gain of NOK 5106 million, which was reported as other financial items. In addition, there were positive currency effects under financial items amounting to NOK 1075 million, mainly due to a strengthening of NOK against EUR and GBP.

Net profit ended at NOK 10 553 million compared with NOK 4634 million for the same period in 2017.

NET OPERATING REVENUES AND OTHER INCOME

NOK million	Second quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Net operating revenues and other income							
Generation	4 637	4 535	102	13 149	10 114	3 035	20 864
Sale of gas	-	947	-947	-	2 008	-2 008	2 763
Customers	3 841	4 781	-940	9 262	10 364	-1 102	24 744
Grid and other revenues	416	517	-101	1 072	1 235	-163	2 291
Sales revenues	8 894	10 780	-1 886	23 483	23 721	-238	50 662
Trading & Origination	-462	86	-549	-219	922	-1 141	1 242
Other operating income	227	270	-44	494	504	-10	979
Gross operating revenues and other income	8 658	11 136	-2 478	23 757	25 146	-1 389	52 883
Generation	-113	-119	6	-465	-241	-223	-1 408
Purchase of gas	-	-1 005	1 005	-	-2 090	2 090	-2 895
Customers	-3 791	-4 504	712	-8 924	-9 767	843	-23 138
Other	-164	-204	41	-346	-432	86	-766
Energy purchase	-4 068	-5 831	1 764	-9 734	-12 531	2 796	-28 207
Transmission costs	-314	-276	-37	-862	-615	-247	-1 326
Net operating revenues and other income	4 277	5 029	-752	13 161	12 000	1 161	23 350



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 revenues from the segment Wind power driven by higher Nordic power and el-cert prices.
- Net revenues from Customers decreased, mainly due to the deconsolidation of Fjordkraft in March 2018.
- Income from Trading & Origination decreased, mainly driven by lower contribution from Nordic origination and long-term contracts in Brazil. This was partly offset by higher contribution from trading and dynamic asset management portfolios.

OPERATING EXPENSES

NOK million	Second quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Operating expenses, underlying							
Salaries and payroll costs	-747	-841	94	-1 659	-1 773	114	-3 707
Depreciation and amortisation	-873	-919	46	-1 786	-1 792	6	-3 662
Property tax and licence fees	-323	-294	-29	-649	-642	-7	-1 341
Other operating expenses	-906	-926	20	-1 677	-1 754	77	-3 816
Operating expenses	-2 849	-2 979	130	-5 771	-5 961	190	-12 526

- Decrease in salaries and payroll costs was mainly driven by reduced number of employees.
- Decrease in depreciation was mainly due to increased useful life for wind farms in Norway and Sweden.
- Property tax and licence fees were higher, mainly due to a positive one-off effect in the second quarter 2017. This was partly offset by reduced property tax in Sweden related to a lower tax rate.
- Other operating expenses were lower mainly due to the deconsolidation of Fjordkraft in March.

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	Second quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Items excluded from the underlying operating profit							
Unrealised value changes from energy derivatives	-911	682	-1 593	-1 279	1 036	-2 315	1 289
<i>Embedded derivatives</i>	-495	703	-1 198	-771	812	-1 583	1 173
<i>Derivatives acquired for risk reduction purposes</i>	-416	-20	-396	-508	224	-732	116
Gains/losses from acquisitions/divestments of business activities	-28	-	-28	1 432	226	1 207	315
Impairments	-11	-30	19	-21	-38	17	-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: There was a minor negative effect in the second quarter 2018 due to final gain calculation related to the listing of Fjordkraft in March.

FINANCIAL ITEMS

NOK million	Second quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Financial items							
Interest income	99	97	2	187	182	5	374
Interest expenses	-194	-311	117	-466	-606	140	-1 234
Net currency effects	527	-806	1 333	1 075	-1 091	2 166	-2 069
Other financial items	36	632	-596	5 100	753	4 347	6 748
Net financial items	468	-389	857	5 896	-763	6 658	3 818

- Interest expenses decreased by NOK 117 million compared to the second quarter 2017, mainly due to decreased debt and lower average interest rates.
- Net currency gain in the second quarter amounted to NOK 527 million, primarily related to a strengthening of NOK against EUR and GBP.
- Other financial items decreased by NOK 596 million, mainly due to effects from transfer of business activities and loan portfolio from Statkraft Treasury Centre to Statkraft AS in the second quarter 2017.

TAX EXPENSE

NOK million	Second quarter			Year to date			Year 2017
	2018	2017	Change	2018	2017	Change	
Tax expense							
Profit before tax	987	2 394	-1 407	13 958	6 904	7 054	15 668
Nominal tax rate in Norway	23%	24%	-1%	23%	24%	-1%	24%
Tax calculated at nominal Norwegian tax rate	227	575	-348	3 210	1 657	1 553	3 760
Tax on share of profit/loss in equity accounted investments	-9	-19	10	-124	-97	-27	19
Resource rent tax payable	558	565	-7	1 814	1 258	556	2 451
Resource rent tax deferred	-71	164	-235	18	508	-490	483
Other differences from the nominal Norwegian tax rate	12	-776	788	-1 513	-1 055	-457	-2 756
Tax expense	716	509	208	3 406	2 270	1 135	3 957
Effective tax rate	73%	21%	51%	24%	33%	-8%	25%

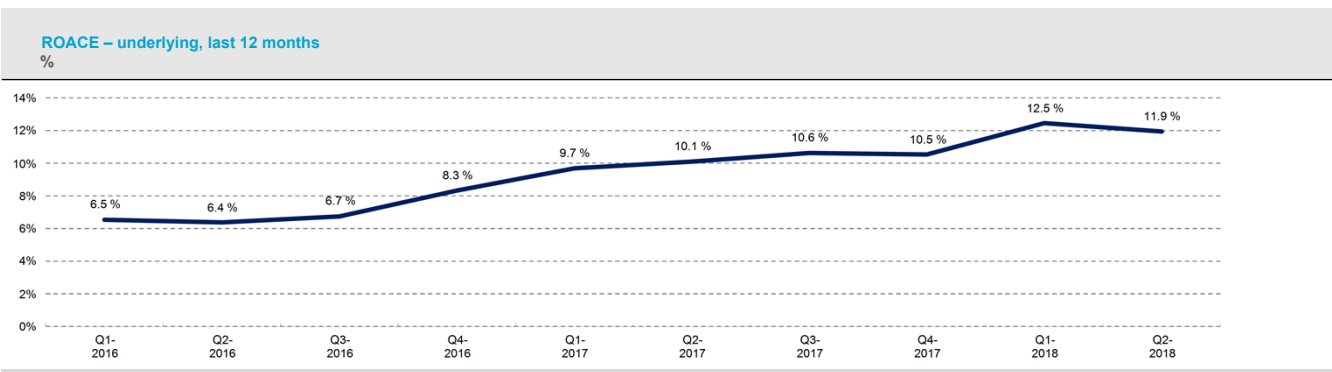
Tax expense second quarter

- Resource rent tax payable decreased with NOK 7 million mainly due to lower generation being partly offset by higher Nordic power prices and a higher tax rate.
- Resource rent tax deferred decreased with NOK 235 million mainly due to changes in the value of embedded derivatives.
- Negative other differences from the nominal Norwegian tax rate in the same quarter last year of NOK 776 million were mainly due to:
 - Changes in unrecognised deferred tax assets in Sweden.
 - Recycling of currency from other comprehensive income without tax effect.

Tax expense year to date

- Resource rent tax payable increased with NOK 556 million mainly due to higher Nordic power prices and a higher tax rate.
- Resource rent tax deferred decreased with NOK 490 million mainly due to changes in the value of embedded derivatives.
- Negative other differences from the nominal Norwegian tax rate of NOK 1513 million were mainly due to:
 - A tax exempt gain related to the divestment of the shareholding in the Dudgeon offshore wind farm.
 - A tax exempt gain related to the listing and subsequent deconsolidation of Fjordkraft.
- Negative other differences from the nominal Norwegian tax rate last year of NOK 1055 million were mainly due to:
 - Changes in unrecognised deferred tax assets in Sweden and Germany.
 - Recycling of currency from other comprehensive income without tax effect.

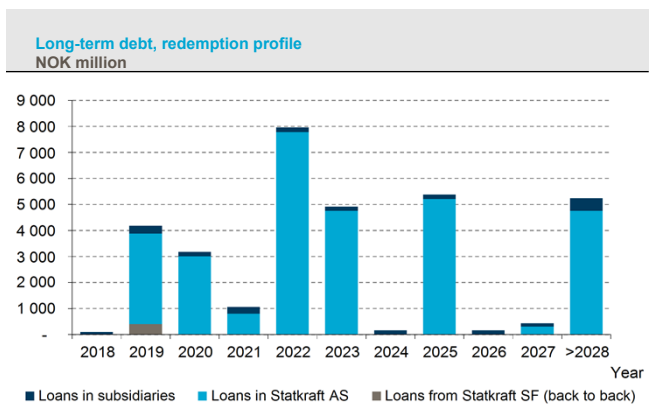
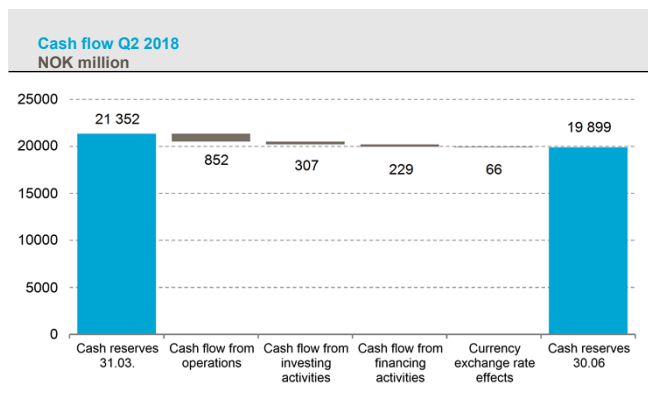
RETURN



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

The decrease from the first quarter in 2018 was mainly driven by decreased underlying operating profit from the segment Market operations.

CASH FLOW AND NET INTEREST-BEARING DEBT REPAYMENT PLAN



Cash flow second quarter

- Cash flow from operating activities amounted to NOK -852 million. A positive underlying EBIT was more than offset by an increase in working capital and paid taxes. Net cash income was NOK 431 million.
- Cash flow from investing activities was mainly related to investments in property, plant and equipment, partly offset by sale of shares.
- Cash flow from financing activities was mainly related to interest payments.

Cash flow year to date

- Cash flow from operating activities amounted to NOK 5425 million. A positive underlying EBIT was partly offset by an increase in working capital and paid taxes. Net cash income was NOK 8389 million.
- Cash flow from investing activities was mainly related to positive effects from divestments of NOK 6741 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 14 066 million (NOK 34 601 million).
- Net interest-bearing debt-equity ratio was 13.2% (29.3%).

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 1380 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	Second quarter 2018	Year to date 2018	The year 2017
Maintenance investments and other investments			
European flexible generation	252	482	1 053
Market operations	4	5	5
International power	36	58	173
Wind power	1	1	12
District heating	2	5	7
Industrial ownership	187	315	566
Other activities	5	7	4
Total	487	874	1 820
Investment in new capacity			
European flexible generation	8	13	117
Market operations	-4	10	103
International power	240	360	794
Wind power	467	703	500
District heating	25	42	130
Industrial ownership	78	148	320
Total	813	1 276	1 964
Investment in shareholdings			
Market operations	4	8	91
Other activities	77	77	19
Total	80	85	111
Total investments	1 380	2 235	3 895

Projects in consolidated operations

Second quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion
Main construction projects					
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

¹⁾ 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 Includes development, ownership and operations of renewable assets in emerging markets. The segment currently operates in Brazil, Peru, Chile, India, Nepal, Turkey and Albania.

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 equity accounted investments.

In addition:

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

Group items include eliminations.

Second quarter	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
From income statement									
Gross operating revenues and other income	8 658	3 479	3 869	657	235	149	552	262	-545
Net operating revenues and other income	4 277	3 147	-199	557	226	117	482	262	-315
EBITDA, underlying	2 301	2 152	-437	338	117	55	204	-111	-17
Operating profit/loss (EBIT), underlying	1 428	1 729	-443	155	49	14	65	-126	-15
Operating profit/loss (EBIT), booked	478	1 234	-859	148	49	10	38	-126	-16
Key financial metrics									
EBIT-margin (%), underlying	16.5	49.7	-11.4	23.6	21.0	9.2	11.9	n/a	n/a
ROACE (%)	11.9	18.6	4.3	2.3	0.9	5.5	8.7	n/a	n/a
ROAE (%)	0.4	n/a	n/a	-34.7	12.7	n/a	6.8	n/a	n/a
Investments									
Total investments	1 380	260	3	276	468	27	265	81	-
Generation									
Generation, volume sold (TWh)	11.5	8.5	0.0	1.3	0.5	-	1.2	-	-
- hydropower (TWh)	10.9	8.5	-	1.1	-	-	1.2	-	-
- wind power (TWh)	0.6	-	-	0.1	0.5	-	-	-	-
- gas power (TWh)	0.0	0.0	-	-	-	-	-	-	-
- other power (TWh) ¹⁾	0.1	0.1	0.0	-	-	-	-	-	-
Production, district heating (TWh)	0.2	-	-	-	-	0.1	0.0	-	-

¹⁾ Bio and solar power.

EUROPEAN FLEXIBLE GENERATION

NOK million	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	3 479	3 791	10 435	8 357	17 084
Net operating revenues and other income	3 147	3 389	9 391	7 444	14 508
EBITDA, underlying	2 152	2 399	7 452	5 459	10 151
Operating profit/loss (EBIT) underlying	1 729	1 980	6 601	4 627	8 447
Unrealised value changes from energy derivatives	-495	703	-771	812	1 173
Gains/losses from acquisitions/divestments of business activities	-	-	-	-	-
Impairments	-	-20	-	-20	1 084
Operating profit/loss (EBIT) booked	1 234	2 663	5 830	5 420	10 704
Share of profit/loss in equity accounted investments	-	-	-	-	-
Gains/losses from sales of equity accounted investments*)	-	-	-	-	-
ROACE (rolling 12 months)			18.6	15.8	15.2
ROAE (rolling 12 months)			n/a	n/a	n/a
Maintenance investments and other investments	252	221	482	445	1 053
Investments in new capacity	8	42	13	58	117
Investments in shareholdings	-	-	-	-	-
Generation, volume sold (TWh)	8.5	11.7	25.7	25.6	50.4

*) Included in Other financial items.

Quarterly financial performance

- The decrease in underlying EBIT was mainly driven by lower generation, partly offset by higher Nordic power prices.

Year-to-date financial performance

- The increase in underlying EBIT was mainly driven by higher Nordic power prices.
- Operating expenses decreased, driven by the performance improvement programme.

Financial metrics

- A strong underlying EBIT has led to a high ROACE, slightly down from last quarter due to lower generation.

Quarterly investments

- Mainly reinvestments in Nordic hydropower.

MARKET OPERATIONS

NOK million	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	3 869	5 253	8 725	11 523	25 378
Net operating revenues and other income	-199	202	218	1 069	1 983
EBITDA, underlying	-437	-23	-264	633	1 068
Operating profit/loss (EBIT) underlying	-443	-26	-273	627	1 057
Unrealised value changes from energy derivatives	-416	-20	-508	224	116
Gains/losses from acquisitions/divestments of business activities	-	-	-	-	-
Impairments	-	-	-	-	-
Operating profit/loss (EBIT) booked	-859	-46	-781	851	1 173
Share of profit/loss in equity accounted investments	1	-1	-	-1	2
Gains/losses from sales of equity accounted investments*)	-	-	-	-	-
ROACE (rolling 12 months)			4.3	31.6	27.2
ROAE (rolling 12 months)			n/a	n/a	n/a
Maintenance investments and other investments	4	3	5	5	5
Investments in new capacity	-4	9	10	9	103
Investments in shareholdings	4	-	8	-	91
Generation, volume sold (TWh)	-	-	-	-	-

*) Included in Other financial items.

Key events

- Statkraft entered into three power purchase agreements with Eurowatt in France for a period of three years.

Quarterly financial performance

- The decrease in underlying EBIT was mainly driven by lower contribution from Nordic origination, stemming partly from changed valuation methodology, and long-term contracts in Brazil. The negative effects were partly offset by higher contribution from trading and dynamic asset management portfolios.

Year-to-date financial performance

- The decrease in underlying EBIT was primarily due to the same factors as for the second quarter.

Financial metrics

- A negative underlying EBIT in the second quarter in 2018 led to a decrease in ROACE.

INTERNATIONAL POWER

NOK million	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	657	650	1 337	1 276	2 630
Net operating revenues and other income	557	537	1 138	1 083	2 143
EBITDA, underlying	338	288	719	614	1 162
Operating profit/loss (EBIT) underlying	155	85	345	241	394
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-	-	76
Impairments	-7	-8	-16	-16	-1 392
Operating profit/loss (EBIT) booked	148	77	329	225	-922
Share of profit/loss in equity accounted investments	8	57	68	97	-744
Gains/losses from sales of equity accounted investments ^{*)}	-	-	-	-	2 091
ROACE (rolling 12 months)			2.3	1.9	1.7
ROAE (rolling 12 months)			-34.7	1.1	-17.5
Maintenance investments and other investments	36	14	58	23	173
Investments in new capacity	240	175	360	236	794
Investments in shareholdings	-	-	-	-	-
Generation, volume sold (TWh)	1.3	1.2	2.6	2.3	4.5

^{*)} Included in Other financial items.

Key events

- In April a Statkraft employee died in an accident after being critically injured falling down a steep hill during road works in the Moglice project in Albania. The fatal accident has been investigated according to Statkraft's standard procedures and all safety measures are followed up.

Quarterly financial performance

- The underlying EBIT increased mainly because the Kargi hydropower plant in Turkey was back in operation. The 2017 result had negative impact from Kargi repair costs.
- Share of profit/loss in equity accounted investments decreased mainly because SN Power contributed with a positive result in 2017. SN Power was divested in the third quarter of 2017.

Year-to-date financial performance

- The increase in underlying EBIT was due to the same factors as for the second quarter.

Financial metrics

- The ROACE was highly influenced by the share of newly built and acquired assets. Peru is the largest contributor to the ROACE.
- The negative level of the ROAE was mainly caused by the impairments of the Chilean assets in the third quarter of 2017.

Quarterly investments

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

WIND POWER

NOK million	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	235	162	530	371	761
Net operating revenues and other income	226	151	509	348	716
EBITDA, underlying	117	44	290	115	234
Operating profit/loss (EBIT) underlying	49	-49	129	-64	-132
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-	256	258
Impairments	-	-1	-	-1	-187
Operating profit/loss (EBIT) booked	49	-51	130	191	-61
Share of profit/loss in equity accounted investments	-9	36	6	48	213
Gains/losses from sale of equity accounted investments ^{*)}	-	-	5 106	-	3 061
ROACE (rolling 12 months)			0.9	-1.5	-1.9
ROAE (rolling 12 months)			12.7	2.6	9.2
Maintenance investments and other investments	1	-	1	3	12
Investments in new capacity	467	125	703	269	500
Investments in shareholdings	-	-	-	-	-
Generation, volume sold (TWh)	0.5	0.5	1.0	1.2	2.2

^{*)} Included in Other financial items.

Quarterly financial performance

- The increase in underlying EBIT was mainly driven by higher power and el-cert prices and reduced operating expenses.
- Operating expenses decreased due to reduced number of employees and lower depreciation, resulting from increased useful life of Nordic wind farms.

Year-to-date financial performance

- The increase in underlying EBIT was primarily due to the same factors as for the second quarter.

Financial metrics

- The ROACE has a positive development driven by improved results from Nordic wind farms, due to higher power prices and reduced operating expenses.
- The ROAE is mainly driven by positive contributions from divested offshore wind assets, which will not be part of the financial metric from 2019.

Quarterly investments

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

DISTRICT HEATING

NOK million	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	149	145	498	421	789
Net operating revenues and other income	117	118	358	313	580
EBITDA, underlying	55	60	227	189	326
Operating profit/loss (EBIT) underlying	14	18	144	105	155
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-	-	-
Impairments	-4	-1	-5	-2	-4
Operating profit/loss (EBIT) booked	10	17	139	103	151
Share of profit/loss in equity accounted investments	-	-	-	-	-
Gains/losses from sales of equity accounted investments ^{*)}	-	-	-	-	-
ROACE (rolling 12 months)			5.5	4.0	4.4
ROAE (rolling 12 months)			n/a	n/a	n/a
Maintenance investments and other investments	2	2	5	3	7
Investments in new capacity	25	15	42	53	130
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.1	0.2	0.6	0.5	0.9

^{*)} Included in Other financial items.

Quarterly financial performance

- The underlying EBIT was stable. Lower volume delivered to customers and higher energy purchase prices and operating expenses was offset by better prices on heating and waste handling.
- The delivered volume was lower compared with the same period in 2017 due to warm weather.
- The segment had high availability and good fuel mix.

Year-to-date financial performance

- The increase in underlying EBIT was driven by higher volume delivered to customers and better prices on heating and waste handling.

Financial metrics

- The ROACE was mainly driven by good return from district heating activities in Trondheim, which accounts for more than 50% of capital employed.
- The positive trend is expected to continue through increased profitability and customer growth.

Quarterly investments

- The investments were primarily related to pipelines.

INDUSTRIAL OWNERSHIP

NOK million	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	552	1 390	2 835	3 744	7 262
Net operating revenues and other income	482	685	1 650	1 862	3 602
EBITDA, underlying	204	305	960	1 053	1 944
Operating profit/loss (EBIT) underlying	65	164	679	769	1 369
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-28	-	1 432	-	11
Impairments	-	-	-	-	-
Operating profit/loss (EBIT) booked	38	164	2 111	769	1 380
Share of profit/loss in equity accounted investments	51	-8	483	270	473
Gains/losses from sale of equity accounted investments ^{*)}	72	-	72	-	-
ROACE (rolling 12 months)			8.7	6.3	9.3
ROAE (rolling 12 months)			6.8	5.1	4.9
Maintenance investments and other investments	187	103	315	190	566
Investments in new capacity	78	69	148	158	320
Investments in shareholdings	-	-	-	-	-
Generation, volume sold (TWh)	1.2	1.2	3.2	2.7	5.4

^{*)} Included in Other financial items.

Key events

- Statkraft signed an agreement to divest its 49% share in Istad AS to Tussa Kraft AS. The transaction is expected to be closed later in 2018, see note 12.
- BKK AS has acquired 1.7% of its own shares from Statkraft for NOK 350 million, resulting in a gain recognised in the second quarter of NOK 72 million, see note 12.

Quarterly financial performance

- The decrease in underlying EBIT was mainly due to the listing and subsequent deconsolidation of Fjordkraft, as well as increased transmission costs.
- The increase in share of profit/loss in equity accounted investments was mainly due to Fjordkraft now being reported as an associated company.

Year-to-date financial performance

- The decrease in underlying EBIT was primarily due to the same factors as for the second quarter.

Financial metrics

- The ROACE figure shows a negative development, which is mainly due to the financial performance in second quarter 2018.
- The ROAE figure shows a positive development mainly due to increased contribution from BKK and Fjordkraft being reported as an associated company from March 2018.

Quarterly investments

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

OTHER ACTIVITIES

NOK million	Second quarter		Year to date		Year
	2018	2017	2018	2017	2017
Gross operating revenues and other income	262	242	505	478	987
Net operating revenues and other income	262	242	505	478	987
EBITDA, underlying	-111	-87	-174	-187	-375
Operating profit/loss (EBIT) underlying	-126	-104	-203	-221	-441
Unrealised value changes from energy derivatives	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-	-	-	-30	-30
Impairments	-	-	-	-	-
Operating profit/loss (EBIT) booked	-126	-104	-203	-252	-471
Share of profit/loss in equity accounted investments	-9	-3	-16	-9	-23
Gains/losses from sales of equity accounted investments*)	-	14	-	14	14
Maintenance investments and other investments	5	3	7	6	4
Investments in new capacity	-	-	-	-	-
Investments in shareholdings	77	-	77	-	19
Generation, volume sold (TWh)	-	-	-	-	-

*) Included in Other financial items.

Quarterly financial performance

- The decrease in underlying EBIT was mainly related to higher IT expenses.

Year-to-date financial performance

- The increase in underlying EBIT was mainly related to increased income from services provided to other segments.

Quarterly investments

- The investments were related to a capital injection in the equity accounted investment Silva Green Fuel.

Outlook

Statkraft has Europe's largest reservoir capacity and a portfolio of flexible hydropower plants. The power generation is optimised according to the hydrological situation and expected power prices. Statkraft has also 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.

Statkraft has a solid financial foundation and is now entering into a new growth phase with an updated strategy. The ambition is to maintain the leading position within hydropower, be a major developer of profitable wind and solar projects in Europe, South America and India, grow the customer business within district heating and market operations and develop new business within decarbonisation and renewable energy.

Oslo, 18 July 2018
The Board of Directors of Statkraft AS

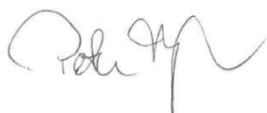
Declaration from the Board of Directors and President and CEO

We hereby declare to the best of our knowledge that the six-month interim financial statements for the period 1 January to 30 June 2018 have been prepared in accordance with IAS 34, Interim Reporting, and the accounting information provides a true and fair view of the Group's assets, liabilities, financial position and performance as a whole, and that the six-month interim report provides a true and fair view of important events in the accounting period and their influence on the six-month interim financial statements, associated material transactions and the key risk and uncertainty factors facing the business in the next accounting period.

Oslo, 18 July 2018
The Board of Directors of Statkraft AS



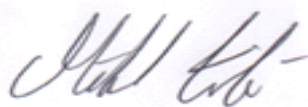
Thorhild Widvey
Chair of the Board



Peter Mellbye
Deputy chair



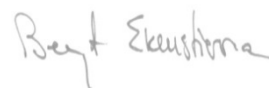
Hilde Drønen
Director



Mikael Lundin
Director



Ingelise Arntsen
Director



Bengt Ekenstierna
Director



Vilde Eriksen Bjerknæs
Director



Thorbjørn Holøs
Director



Asbjørn Sevejordet
Director



Christian Rynning-Tønnesen
President and CEO

Statkraft AS Group Interim Financial Statements

NOK million	Second quarter		Year to date		The year
	2018	2017	2018	2017	2017
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	8 894	10 780	23 483	23 721	50 662
Trading & Origination	-462	86	-219	922	1 242
Other operating income	227	270	494	504	979
Gross operating revenues and other income	8 658	11 136	23 757	25 146	52 883
Energy purchase	-4 068	-5 831	-9 734	-12 531	-28 207
Transmission costs	-314	-276	-862	-615	-1 326
Net operating revenues and other income	4 277	5 029	13 161	12 000	23 350
Salaries and payroll costs	-747	-841	-1 659	-1 773	-3 707
Depreciation and amortisation	-873	-919	-1 786	-1 792	-3 662
Property tax and licence fees	-323	-294	-649	-642	-1 341
Other operating expenses	-906	-926	-1 677	-1 754	-3 816
Operating expenses	-2 849	-2 980	-5 771	-5 961	-12 526
Operating profit/loss (EBIT) underlying	1 428	2 050	7 390	6 039	10 824
Unrealised value changes from energy derivatives	-911	682	-1 279	1 036	1 289
Gains/losses from acquisitions/divestments of business activities	-28	0	1 432	226	315
Impairments	-11	-30	-21	-38	-500
Operating profit/loss (EBIT) booked	478	2 702	7 522	7 263	11 928
Share of profit/loss in equity accounted investments	41	81	541	405	-79
Interest income	99	97	187	182	374
Interest expenses	-194	-311	-466	-606	-1 234
Net currency effects	527	-806	1 075	-1 091	-2 069
Other financial items	36	632	5 100	753	6 748
Net financial items	468	-389	5 896	-763	3 818
Profit/loss before tax	987	2 394	13 958	6 904	15 668
Tax expense	-716	-509	-3 406	-2 270	-3 957
Net profit/loss	271	1 886	10 553	4 634	11 710
Of which non-controlling interest	-6	24	569	235	-94
Of which owners of the parent	277	1 862	9 984	4 399	11 805
OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that recycle over profit/loss:					
Changes in fair value of financial instruments	-36	-109	60	-206	-200
Income tax related to changes in fair value of financial instruments	11	26	-13	46	42
Items recorded in other comprehensive income in equity accounted investments	-2	-5	34	-213	-170
Recycling of financial instruments related to cash flow hedges and net investment hedges	-	1 474	-	1 470	1 470
Income tax from recycling of financial instruments related to cash flow hedges/net investment hedges	-	-356	-	-355	-355
Reclassification currency translation effects related to foreign operations disposed	-	-2 003	-54	-2 003	-2 491
Currency translation effects	-1 027	751	-3 427	1 148	667
Items in other comprehensive income that will not recycle over profit/loss:					
Estimate deviation pensions	-120	-229	120	343	-96
Income tax related to estimate deviation pensions	51	80	-30	-119	49
Other comprehensive income	-1 122	-371	-3 310	111	-1 085
Comprehensive income	-851	1 515	7 243	4 745	10 625
Of which non-controlling interest	-58	-236	515	86	-465
Of which owners of the parent	-795	1 751	6 728	4 660	11 090

NOK million	30.06.2018	30.06.2017	31.12.2017
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Deferred tax assets	620	942	962
Intangible assets	2 896	3 697	3 313
Property, plant and equipment	100 662	103 636	103 193
Equity accounted investments	13 142	16 841	13 335
Other non-current financial assets	3 935	9 168	4 368
Derivatives	2 882	3 885	4 023
Non-current assets	124 136	138 168	129 194
Inventories	5 280	5 210	2 871
Receivables	11 823	9 179	15 372
Short-term financial investments	894	536	918
Derivatives	6 885	6 944	6 537
Cash and cash equivalents (included restricted cash)	19 899	10 830	14 217
Assets held for sale	-	2 104	-
Current assets	44 780	34 803	39 914
Assets	168 915	172 971	169 108
EQUITY AND LIABILITIES			
Paid-in capital	59 219	57 079	59 219
Retained earnings	29 468	18 865	28 842
Non-controlling interest	3 779	7 715	3 567
Equity	92 466	83 659	91 627
Deferred tax	8 929	10 374	9 792
Pension liability	2 379	1 970	2 539
Provisions allocated to capital employed	2 584	2 937	2 894
Other provisions	569	3 029	598
Long-term interest-bearing liabilities	29 370	35 764	36 285
Derivatives	957	1 448	1 101
Long-term liabilities	44 788	55 522	53 210
Short-term interest-bearing liabilities	5 489	10 203	3 694
Taxes payable	4 250	4 066	4 010
Interest-free liabilities allocated to capital employed	6 181	8 114	9 086
Other interest-free liabilities	6 543	6 229	593
Derivatives	9 198	5 178	6 888
Current liabilities	31 661	33 790	24 271
Equity and liabilities	168 915	172 971	169 108

NOK million	Paid-in capital	Other reserves	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
STATEMENT OF CHANGES IN EQUITY								
Balance as of 01.01.2017 - as previously reported	58 411	-1 659	12 957	6 063	17 361	75 772	7 747	83 519
Changes in accounting principle - Note 6	-	-	-101	-	-101	-101	-25	-126
Balance as of 01.01.2017	58 411	-1 659	12 856	6 063	17 260	75 671	7 722	83 393
Net profit/loss	-	-	4 399	-	4 399	4 399	235	4 634
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-209	-	-	-209	-209	3	-206
Income tax related to changes in fair value of financial instruments	-	47	-	-	47	47	-1	46
Items recorded in other comprehensive income in equity accounted investments	-	-213	-	-	-213	-213	-	-213
Recycling of financial instruments related to cash flow hedges/net investment hedges	-	1 470	-	-	1 470	1 470	-	1 470
Income tax from recycling of financial instruments related to cash flow hedges/net investment hedges	-	-355	-	-	-355	-355	-	-355
Reclassification currency translation effects related to foreign operations disposed	-	-	-	-2 003	-2 003	-2 003	-	-2 003
Currency translation effects	-	-	-	1 299	1 299	1 299	-152	1 148
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	343	-	343	343	-	343
Income tax related to estimate deviation pensions	-	-	-119	-	-119	-119	-	-119
Total comprehensive income for the period	-	740	4 624	-704	4 660	4 660	86	4 745
Dividend and Group contribution	-1 332	-	-3 018	-	-3 018	-4 350	-930	-5 280
Change in option recognised in equity	-	-	890	-	890	890	-	890
Business combinations/divestments	-	-	-	-	-	-	-32	-32
Transactions with non-controlling interests	-	-	-927	-	-927	-927	927	-
Capital decrease	-	-	-	-	-	-	-57	-57
Balance as of 30.06.2017	57 079	-920	14 426	5 359	18 865	75 944	7 715	83 659
Balance as of 01.01.2017	58 411	-1 659	12 856	6 063	17 260	75 671	7 722	83 393
Net profit/loss	-	-	11 805	-	11 805	11 805	-94	11 710
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	-201	-	-	-201	-201	1	-200
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/net investment hedges	-	1 470	-	-	1 470	1 470	-	1 470
Income tax from recycling of financial instruments related to cash flow hedges and net investment hedges	-	-355	-	-	-355	-355	-	-355
Reclassification currency translation effects related to foreign operations disposed	-	-	-	-2 491	-2 491	-2 491	-	-2 491
Currency translation effects	-	-	-	1 063	1 063	1 063	-396	667
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	-133	-	-133	-133	37	-96
Income tax related to estimate deviation pensions	-	-	61	-	61	61	-12	49
Total comprehensive income for the period	-	786	11 733	-1 428	11 090	11 090	-465	10 625
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
Balance as of 31.12.2017	59 219	-874	25 080	4 635	28 842	88 061	3 567	91 627
Net profit/loss	-	-	9 984	-	9 984	9 984	569	10 553
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments	-	63	-	-	63	63	-4	60
Income tax related to changes in fair value of financial instruments	-	-14	-	-	-14	-14	1	-13
Items recorded in other comprehensive income in equity accounted investments	-	34	-	-	34	34	-	34
Reclassification currency translation effects related to foreign operations disposed	-	-	-	-54	-54	-54	-	-54
Currency translation effects	-	-	-	-3 375	-3 375	-3 375	-52	-3 427
Items in OCI that will not recycle over profit/loss:								
Estimate deviation pensions	-	-	120	-	120	120	-	120
Income tax related to estimate deviation pensions	-	-	-30	-	-30	-30	-	-30
Total comprehensive income for the period	-	83	10 074	-3 429	6 728	6 728	515	7 243
Dividend and Group contribution	-	-	-6 100	-	-6 100	-6 100	-92	-6 192
Business combinations/divestments	-	-	-	-	-	-	-212	-212
Balance as of 30.06.2018	59 219	-791	29 054	1 206	29 468	88 688	3 779	92 466

NOK million	Second quarter		Year to date		The year	
	2018	2017	2018	2017	2017	
STATEMENT OF CASH FLOW						
CASH FLOW FROM OPERATING ACTIVITIES						
Operating profit/loss (EBIT), underlying	1 428	2 050	7 390	6 039	10 824	
Depreciations and amortisations	873	919	1 786	1 792	3 662	
Gain/loss from disposal of property, plant and equipment and intangible assets	11	-19	14	-32	186	
Unrealised effects included in underlying EBIT	1 572	111	1 989	135	1 666	
Dividend from equity accounted investments	536	529	554	558	558	
Changes in working capital	-3 026	-1 386	-3 085	-3 431	-1 551	
Cash effects from foreign exchange derivatives related to operations	-33	-161	24	-284	-260	
Taxes paid	-1 819	-1 414	-3 518	-2 725	-4 843	
Other changes	-394	-951	271	-173	-1 377	
Cash flow from operating activities	A	-852	-323	5 425	1 879	8 865
CASH FLOW FROM INVESTING ACTIVITIES						
Investments in property, plant and equipment and intangible assets ¹⁾	-866	-741	-1 728	-1 408	-3 610	
Business divestments, net liquidity inflow	392	-	6 741	302	7 309	
Business combinations and asset purchase, net liquidity outflow	21	-	21	-	-	
Loans to equity accounted investments	-3	-255	-3	-511	-1 258	
Repayment of loans from equity accounted investments ²⁾	122	134	439	216	2 291	
Interests received from loans to equity accounted investments ²⁾	51	44	54	75	200	
Other investments	-24	12	-19	89	-298	
Cash flow from investing activities	B	-307	-806	5 505	-1 237	4 634
CASH FLOW FROM FINANCING ACTIVITIES						
New debt	130	-	130	4 547	5 250	
Repayment of debt	-58	-100	-4 487	-304	-7 647	
Interests paid	-287	-268	-751	-441	-1 231	
Interests received from cash and other assets	53	43	106	79	161	
Dividend paid to Statkraft SF	-	-	-	-	-2 052	
Dividend and capital decrease paid to non-controlling interests	-67	-97	-115	-991	-1 037	
Cash flow from financing activities	C	-229	-422	5 117	2 890	-6 556
Net change in cash and cash equivalents	A+B+C	-1 388	-1 551	5 813	3 532	6 943
Currency exchange rate effects on cash and cash equivalents	-66	-33	-131	-10	-36	
Cash and cash equivalents 01.01/31.03	21 352	12 414	14 217	7 308	7 308	
Cash and cash equivalents 30.06/31.12 ³⁾	19 899	10 830	19 899	10 830	14 217	
Unused committed credit lines			9 167	11 000	10 083	
Unused overdraft facilities			1 009	2 035	2 041	
Restricted cash			43	101	70	

¹⁾ Investments in property, plant and equipment and intangible assets in the cash flow year to date are NOK 424 million lower than investments (excluding shareholdings) shown in the segment reporting. This is due to capitalised borrowing costs of NOK -45 million and timing differences between capitalisation and payment date of NOK -379 million.

²⁾ Effects from loan to Dudgeon Offshore Wind Ltd is included. Dudgeon was divested in the first quarter Q1 2018. See note 12 for more information.

³⁾ Included in cash and cash equivalents are NOK 144 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
SEGMENTS									
2nd quarter 2018									
Operating revenues and other income, external	8 658	3 203	4 069	616	65	149	533	31	-6
Operating revenues and other income, internal	-	276	-200	41	170	-	19	231	-537
Gross operating revenues and other income	8 658	3 479	3 869	657	235	149	552	262	-543
Net operating revenues and other income	4 277	3 147	-199	557	226	117	482	262	-315
Operating profit/loss (EBIT), underlying	1 428	1 729	-443	155	49	14	65	-126	-16
Unrealised value changes from energy derivatives	-911	-495	-416	-	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	-28	-	-	-	-	-	-28	-	-
Impairments	-11	-	-	-7	-	-4	-	-	-
Operating profit/loss (EBIT), booked	478	1 234	-859	148	49	10	38	-126	-16
Share of profit/loss in equity accounted investments	41	-	1	8	-9	-	51	-9	-
Year to date 2018									
Operating revenues and other income, external	23 757	10 155	8 849	1 242	183	495	2 790	67	-24
Operating revenues and other income, internal	-	280	-124	95	347	3	45	438	-1 084
Gross operating revenues and other income	23 757	10 435	8 725	1 337	530	498	2 835	505	-1 108
Net operating revenues and other income	13 161	9 391	218	1 138	509	358	1 650	505	-607
Operating profit/loss (EBIT), underlying	7 390	6 601	-273	345	129	144	679	-203	-34
Unrealised value changes from energy derivatives	-1 279	-771	-508	-	-	-	-	-	-
Gains/losses from acquisition/divestments of business activities	1 432	-	-	-	-	-	1 432	-	-
Impairments	-21	-	-	-16	-	-5	-	-	-
Operating profit/loss (EBIT), booked	7 522	5 830	-781	329	130	139	2 111	-203	-34
Share of profit/loss in equity accounted investments	541	-	-	68	6	-	483	-16	-
Balance sheet 30.06.2018									
Property, plant and equipment and intangible assets	103 557	56 234	187	21 644	6 444	3 413	15 280	356	-
Equity accounted investments	13 142	-	24	1 802	834	-	10 388	94	-
Loans to equity accounted investments	2 241	-	-	1 631	595	-	15	-	-
Other assets	49 975	1 699	8 662	1 423	515	152	903	36 839	-217
Total assets	168 915	57 933	8 873	26 500	8 388	3 565	26 585	37 289	-217
Assets not included in capital employed	-52 716	-30	-151	-3 728	-1 440	-	-10 899	-36 468	-
Liabilities included in capital employed	-13 015	-2 578	-2 540	-1 521	-406	-139	-1 120	-4 928	217
Capital employed	103 184	55 324	6 183	21 250	6 543	3 426	14 566	-4 107	-
Return on average capital employed (ROACE)	11.9 %	18.6 %	4.3 %	2.3 %	0.9 %	5.5 %	8.7 %	n/a	n/a
Return on average equity accounted investment (ROAE)	0.4 %	n/a	n/a	-34.7 %	12.7 %	n/a	6.8 %	n/a	n/a
Depreciations, amortisation and impairments	-1 807	-851	-9	-390	-160	-87	-281	-29	-
Maintenance investments and other investments	874	482	5	58	1	5	315	7	-
Investments in new generating capacity	1 276	13	10	360	703	42	148	-	-
Investments in other companies	85	-	8	-	-	-	-	77	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
The year 2017									
Operating revenues and other income, external	52 883	16 908	25 294	2 522	55	788	7 209	134	-28
Operating revenues and other income, internal	-	176	84	108	706	1	53	853	-1 981
Gross operating revenues and other income	52 883	17 084	25 378	2 630	761	789	7 262	987	-2 009
Net operating revenues and other income	23 350	14 508	1 983	2 143	716	580	3 602	987	-1 170
Operating profit/loss (EBIT), underlying	10 824	8 447	1 057	394	-132	155	1 369	-441	-25
Unrealised value changes from energy derivatives	1 289	1 173	116	-	-	-	-	-	-
Gains/losses from acquisitions/divestments of business activities	315	-	-	76	258	-	11	-30	1
Impairments	-500	1 084	-	-1 392	-187	-4	-	-	-1
Operating profit/loss (EBIT), booked	11 928	10 704	1 173	-922	-61	151	1 380	-471	-25
Share of profit/loss in equity accounted investments	-79	-	2	-744	213	-	473	-23	-
Balance sheet 31.12.2017									
Property, plant and equipment and intangible assets	106 506	58 329	161	22 634	6 317	3 510	15 188	368	-
Equity accounted investments	13 335	-	86	1 821	1 771	-	9 640	16	-
Loans to equity accounted investments	6 182	-	-	1 640	667	-	16	3 860	-
Other assets	43 085	1 895	7 905	1 788	538	258	2 340	29 110	-748
Total assets	169 108	60 224	8 152	27 882	9 293	3 767	27 184	33 354	-748
Assets not included in capital employed	-49 197	-29	-206	-3 702	-2 449	-	-10 125	-32 686	-
Liabilities included in capital employed	-15 990	-3 010	-4 655	-1 633	-358	-197	-2 106	-4 778	748
Capital employed	103 922	57 185	3 292	22 546	6 486	3 571	14 953	-4 111	-
Return on average capital employed (ROACE)	10.5 %	15.2 %	27.2 %	1.7 %	-1.9 %	4.4 %	9.3 %	n/a	n/a
Return on average equity accounted investment (ROAE)	-0.5 %	n/a	n/a	-17.5 %	9.2 %	n/a	4.9 %	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 second quarter of 2018, closed on 30 June 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 second 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 recognised 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 recognised 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 recognised 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 was as follows:

- Contribution from customers recognised over time had a negative impact on equity of NOK 126 million. The amount was adjusted compared to the reported impact in the first quarter 2018 due to updated figures.

The impacts to statement of comprehensive income in the second quarter 2017 (year to date in brackets) were as follows:

- Contribution from customers recognised over time had a positive impact on Generation revenues of NOK 3 million (NOK 5 million) and a negative impact on share of profit/loss from equity accounted investments of NOK 1 million (NOK 3 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 1767 million (NOK 3 506 million) and NOK 195 million (NOK 500 million), respectively.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	Wind power	District heating	Industrial ownership	Other activities	Group items
2nd quarter 2018									
Generation	4 637	3 234	39	600	226	147	441	-	-50
Customers	3 841	-	4 020	-	-	-	-	-	-179
Grid and other sales revenues	416	95	46	51	-	-	229	-	-5
Sales revenues	8 894	3 329	4 105	651	226	147	670	-	-233
Year to date 2018									
Generation	13 149	9 781	119	1 226	448	487	1 225	-	-137
Sale of gas	-	-	-	-	-	-	-	-	-
Customers	9 262	-	8 434	-	-	-	1 183	-	-355
Grid and other sales revenues	1 072	269	70	93	-	-	648	-	-8
Sales revenues	23 483	10 051	8 623	1 319	448	487	3 055	-	-500
2nd quarter 2017									
Generation	4 535	3 334	191	590	152	145	318	-	-195
Sale of gas	947	-	947	-	-	-	-	-	-
Customers	4 781	-	3 946	-	-	-	834	-	1
Grid and other sales revenues	517	219	7	45	-	-	259	-	-13
Sales revenues	10 780	3 554	5 091	635	152	145	1 411	-	-208
Year to date 2017									
Generation	10 114	7 405	435	1 151	358	419	758	-	-412
Sale of gas	2 008	-	2 008	-	-	-	-	-	-
Customers	10 364	-	8 152	-	-	-	2 243	-	-31
Grid and other sales revenues	1 235	540	14	92	-	-	620	-	-31
Sales revenues	23 721	7 945	10 609	1 243	358	419	3 621	-	-474
The year 2017									
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
Sales revenues	50 662	16 314	24 001	2 557	733	785	7 102	-	-830

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	Second quarter 2018			Year to date 2018		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Generation	-5	4 641	4 637	290	12 859	13 149
Customers	71	3 771	3 841	116	9 146	9 262
Grid and other revenues	-	416	416	-	1 072	1 072
Total sales revenues	66	8 827	8 894	406	23 077	23 483
Trading & Origination ¹⁾	-1 639	1 177	-462	-2 395	2 176	-219
Generation	-	-113	-113	-	-465	-465
Customers	-	-3 791	-3 791	-	-8 924	-8 924
Other purchase	-	-164	-164	-	-346	-346
Total energy purchase	-	-4 068	-4 068	-	-9 734	-9 734
Unrealised effects included in underlying EBIT ²⁾	-1 573			-1 989		
Unrealised effects excluded from underlying EBIT	-911			-1 279		
Net currency effects	487	40	527	1 371	-295	1 075
Other financial items	-33	69	36	69	5 031	5 100
Total financial items	454			1 439		
Total unrealised effects	-2 030			-1 829		

NOK million	Second quarter 2017			Year to date 2017			The year 2017		
	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L									
Generation	-29	4 563	4 535	28	10 086	10 114	-150	21 014	20 864
Sale of gas	-	947	947	-	2 008	2 008	-	2 763	2 763
Customers	58	4 723	4 781	64	10 300	10 364	44	24 700	24 744
Grid and other revenues	-	517	517	-	1 235	1 235	-	2 291	2 291
Total sales revenues	29	10 750	10 780	92	23 628	23 721	-106	50 768	50 662
Trading & Origination ¹⁾	-168	254	86	-204	1 126	922	-1 559	2 801	1 242
Generation	-	-119	-119	-	-241	-241	-	-1 408	-1 408
Purchase of gas	-	-1 005	-1 005	-	-2 090	-2 090	-	-2 895	-2 895
Customers	27	-4 531	-4 504	-23	-9 743	-9 767	-1	-23 137	-23 138
Other purchase	-	-204	-204	-	-432	-432	-	-766	-766
Total energy purchase	27	-5 859	-5 831	-23	-12 507	-12 531	-1	-28 206	-28 207
Unrealised effects included in underlying EBIT ²⁾	-111			-135			-1 666		
Unrealised effects excluded from underlying EBIT	682			1 036			1 289		
Net currency effects	841	-1 647	-806	655	-1 746	-1 091	-109	-1 960	-2 069
Other financial items	-1 512	2 143	632	-1 389	2 142	753	-681	7 429	6 748
Total financial items	-671			-734			-791		
Total unrealised effects	-100			167			-1 168		

¹⁾ Variation margins on power exchanges related to unrealised T&O contracts are presented as realised based on a daily settlement.

²⁾ Total sales revenues + Trading & 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			
2018 (year to date)						
Gross operating revenues and other income	23 757	9 835	938	10 761		10 761
Net operating revenues and other income	13 161	8 125	881	9 004		9 004
Operating profit/loss (EBIT)	7 522	5 540	562	6 103		6 103
Share of profit/loss in equity accounted investments	541	-	-	-	434 ¹⁾	434
Net financial items	5 896	-168	-36	-204		-204
Tax expense	-3 406	-2 832	-371	-3 203		-3 203
Profit/loss after tax	10 553	2 541	156	2 697	434	3 131
Profit/loss after tax (majority share)	9 984	2 541	104	2 644	434	3 078
Paid dividend and group contribution to Statkraft		1 508 ²⁾	119 ³⁾	1 626	534 ³⁾	2 160
Balance sheet 30.06.18						
Equity accounted investments	13 142	-	2	2	9 313 ¹⁾	9 315
Other assets	155 774	37 711	5 334	43 045		43 045
Total assets	168 915	37 711	5 336	43 047	9 313	52 360
EBITDA	9 176	6 098	658	6 757		6 757
Depreciation, amortisation and impairment	-1 807	-558	-96	-654		-654
Maintenance investments and other investments	874	348	45	394		394
Investments in new production capacity	1 276	12	22	35		35
Investments in shares	85	-	-	-		-

¹⁾ Statkraft's share.
²⁾ Dividend and group contribution after tax paid from Statkraft Energi AS.
³⁾ 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			
2017 (the year)						
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	-79	-	-	-	471 ¹⁾	471
Net financial items	3 818	-136	-83	-218		-218
Tax expense	-3 957	-4 687	-522	-5 210		-5 210
Profit/loss after tax	11 710	4 480	350	4 830	471	5 301
Profit/loss after tax (majority share)	11 805	4 480	232	4 711	471	5 182
Paid dividend and group contribution to Statkraft		3 758 ²⁾	76 ³⁾	3 834	528 ³⁾	4 362
Balance sheet 31.12.17						
Equity accounted investments	13 335	-	1	1	9 484 ¹⁾	9 485
Other assets	155 773	37 930	5 356	43 287		43 287
Total assets	169 108	37 930	5 357	43 288	9 484	52 772
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	-	-	-		-

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

9. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	30.06.2018	30.06.2017	31.12.2017
INTANGIBLE ASSETS			
Balance as of 01.01.	3 313	3 858	3 858
Additions	6	6	65
Reclassifications	3	25	25
Disposals	-81	-3	-4
Currency translation effects	-265	-92	-168
Amortisation	-60	-78	-157
Impairment	-21	-19	-307
Balance as of end of period	2 896	3 697	3 313
PROPERTY, PLANT AND EQUIPMENT			
Balance as of 01.01.	103 193	103 304	103 304
Additions	2 136	1 418	3 643
Reclassifications	-3	-25	-25
Disposals	-84	-133	-577
Capitalised borrowing costs	45	33	76
Currency translation effects	-2 900	773	470
Depreciation	-1 726	-1 713	-3 505
Impairment	-	-20	-193
Balance as of end of period	100 662	103 636	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 2017, 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. 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 2017, 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 673 million. In the statement of comprehensive income for the year to date 2018, Statkraft has a total gain from the sale of NOK 1 659 million. The gain consists of gain from sale of shares owned by Statkraft Industrial Holding and Skagerak of NOK 562 million and a true-up to fair value of NOK 869 million on the remaining shares held by Skagerak in Fjordkraft. In addition, BKK sold parts of its shareholding in Fjordkraft. Statkraft's share of the gain recognised by BKK is NOK 227 million and is recognised as share of profit/loss in equity accounted investments. Both Statkraft's and BKK's remaining shares are classified as investment in an associated company and presented according to the equity method.

On 11 June, an agreement where BKK acquires its own B-shares from Statkraft, corresponding to 1.7% of the company's total share capital, was closed. BKK will use the acquired shares as consideration when acquiring Tysnes Kraftlag. Of the total gain of NOK 141 million, NOK 72 million was recognised on the line item Other financial items in the second quarter. The remaining gain of NOK 69 million will be recognised when BKK finalises the acquisition of Tysnes Kraftlag.

Statkraft has entered into an agreement to divest its 49% share in Istad AS to Tussa Kraft AS. The agreed sales price for the shares is approximately NOK 368 million. Subject to approval from concession authorities, the transaction is expected to be closed in the third quarter of 2018.

13. SUBSEQUENT EVENTS

No significant subsequent events in the second quarter.

14. IFRS STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 16 LEASES The IASB issued IFRS 16 in 2016 and the new standard is effective from 1 January 2019. IFRS 16 replaces IAS 17 and its interpretations, including IFRIC 4. IFRS 16 sets out the principles for 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.

After implementing IFRS 16, Statkraft will recognise liabilities to make lease payments and assets representing the right to use underlying asset during the lease term. Statkraft has reviewed the Group's contract portfolio to consider whether the contracts contain a lease. Preliminary analysis has identified contracts related to office buildings and certain production facilities which will be recognised on the balance sheet.

Statkraft continues to assess whether the replacement of IFRIC 4 may result in changes in accounting for certain power purchase agreements which currently are accounted for as operating leases.

All leases with a lease term of 12 months or shorter will not be capitalised. Neither will low-value leases.

Statkraft expect to implement the standard based on the simplified transition method, where comparative figures will not be restated. Right-of-use assets and lease liabilities will be measured at the same amount.

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 of 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 the sum of net interest bearing debt and equity.

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

NOK million	Second quarter		Year to date		The year
	2018	2017	30.06.2018	30.06.2017	31.12.2017
ALTERNATIVE PERFORMANCE MEASURES					
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) TO EBITDA					
Operating profit/loss (EBIT), underlying	1 428	2 050	7 390	6 039	10 824
Depreciation and amortisation	873	919	1 786	1 792	3 662
EBITDA, underlying	2 301	2 968	9 176	7 831	14 486
EBIT-margin (%)	16.5	18.4	31.1	24.0	20.5
RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES TO NET CASH INCOME					
Cash flow from operating activities	-852	-323	5 425	1 879	8 865
Taxes paid	1 819	1 414	3 518	2 725	4 843
Dividend from equity accounted investments	-536	-529	-554	-558	-558
Net cash income	431	562	8 389	4 046	13 150
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED					
Intangible assets			2 896	3 697	3 313
Property, plant and equipment			100 662	103 636	103 193
Other non-current financial assets			3 935	9 168	4 368
- Loans to equity accounted investments ¹⁾			-2 147	-7 108	-2 223
- Bonds and other long-term investments ¹⁾			-385	-68	-299
- Pension assets ¹⁾			-508	-319	-480
- Other shares and shareholdings ¹⁾			-260	-274	-299
Inventories			5 280	5 210	2 871
Receivables			11 823	9 179	15 372
- Receivables related to cash collateral ²⁾			-1 602	-983	-1 931
- Short-term loans to equity accounted investments ²⁾			-94	-422	-3 959
- Other receivables not part of capital employed ²⁾			-3 399	-26	-15
Provisions allocated to capital employed			-2 584	-2 937	-2 894
Taxes payable			-4 250	-4 066	-4 010
Interest-free liabilities allocated to capital employed			-6 181	-8 114	-9 086
Capital employed			103 184	106 572	103 922
Average capital employed ³⁾			101 916	102 016	102 726
RECONCILIATION OF TOTAL ASSETS TO CAPITAL EMPLOYED					
Capital employed			103 184	106 572	103 922
Deferred tax assets			620	942	962
Equity accounted investments			13 142	16 841	13 335
Other non-current financial assets ¹⁾			3 301	7 769	3 301
Derivatives, long term			2 882	3 885	4 023
Receivables ²⁾			5 094	1 431	5 905
Short term financial investments			894	536	918
Derivatives, short term			6 885	6 944	6 537
Cash and cash equivalents (including restricted cash)			19 899	10 830	14 217
Liabilities allocated to capital employed, see table above			13 015	15 118	15 990
Asset held for sale			-	2 104	-
Total assets as of the statement of financial position			168 915	172 971	169 108
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)					
Underlying EBIT, rolling 12 months			12 175	10 305	10 824
Average capital employed			101 916	102 016	102 726
ROACE			11.9 %	10.1 %	10.5 %
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)					
Share of profit/loss in equity accounted investments, rolling 12 months			57	627	-79
Average equity accounted investments			13 732	18 815	16 339
ROAE			0.4 %	3.3 %	-0.5 %
NET INTEREST BEARING DEBT					
Long-term interest bearing liabilities			29 370	35 764	36 285
Short-term interest bearing liabilities			5 489	10 203	3 694
Cash and cash equivalents (including restricted cash)			-19 899	-10 830	-14 217
Short-term financial investments			-894	-536	-918
Net interest bearing debt			14 066	34 601	24 845
NET INTEREST BEARING DEBT-EQUITY RATIO					
Net interest bearing debt			14 066	34 601	24 845
Total equity			92 466	83 659	91 627
Net interest bearing debt - equity ratio			13.2 %	29.3 %	21.3 %

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

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

³⁾ Average capital employed is based on the average for the last four quarters.



Quarterly and
half year report
Q2/2018
Statkraft AS

Statkraft AS
PO Box 200 Lilleaker
NO-0216 Oslo
Tel: +47 24 06 70 00
Fax: +47 24 06 70 01
Visiting address:
Lilleakerveien 6

Organisation no:
Statkraft AS: 987 059 699

www.statkraft.com