

# FINANCIAL RESULTS

## Q3 2019

CEO Christian Rynning-Tønnesen

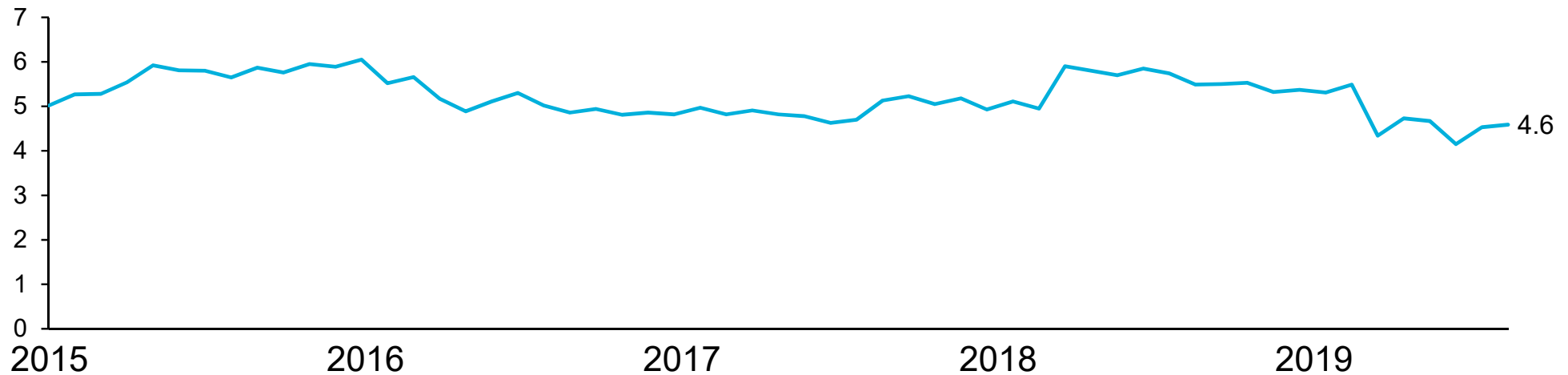
CFO Anne Harris

24 October 2019



# Health, safety and environment

TRI-rate<sup>1</sup>



- ▶ Health and safety
  - No serious injuries reported in the quarter
- ▶ Environment
  - No serious environmental incidents in the quarter

<sup>1</sup>TRI rate (12 months rolling): Total recordable injuries per million hours worked

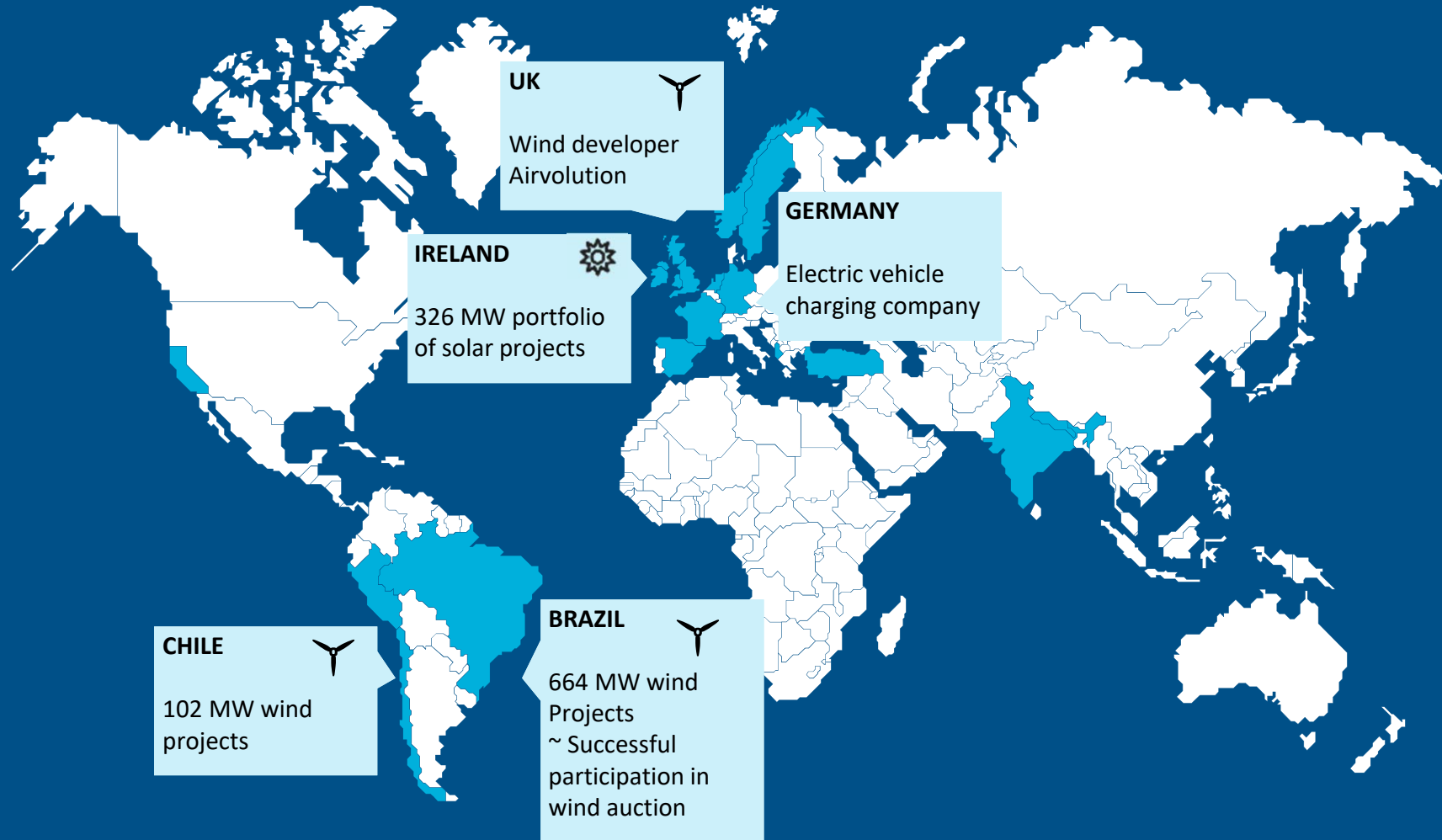
# Highlights in Q3



*Førevassdammen, Norway*

- ▶ Underlying EBIT: NOK 2899 million, up NOK 219 million
  - ▶ Nordic system price down 31%
  - ▶ Increased contribution from market operations and gas assets
  - ▶ Negative unrealised currency effects
- ▶ Net profit amounting to NOK 656 million
- ▶ New long term power contract with a total volume of 0.6 TWh
- ▶ Acquisitions in Germany, Ireland, Brazil and Chile strengthens Statkraft's position as a leading developer of renewable energy

# New acquisitions strengthens the position as a leading developer of renewable energy

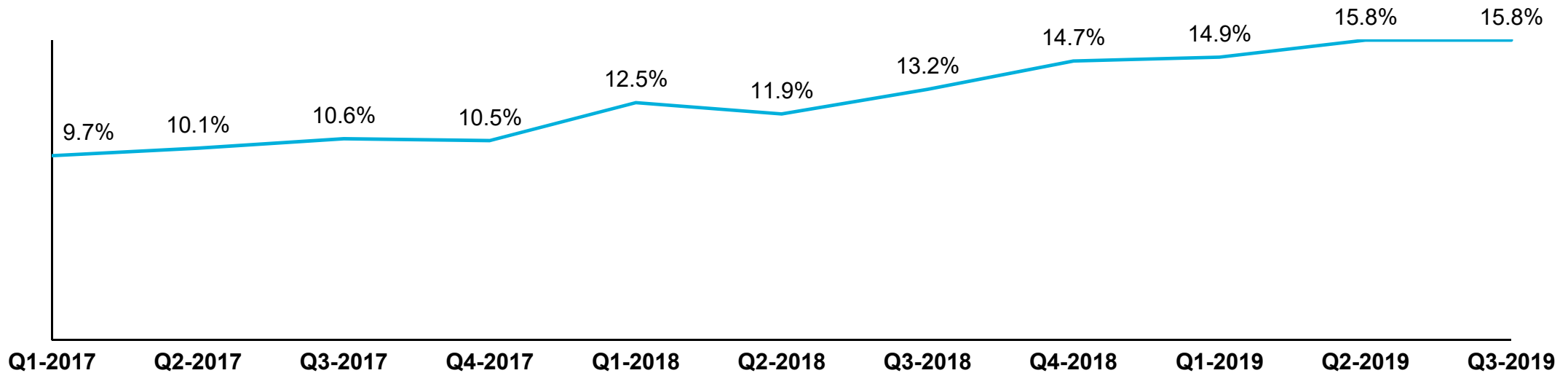


# Year to date performance

NOK million	YTD 2019	YTD 2018	The year 2018
Operating profit/loss (EBIT) underlying	<b>11 948</b>	10 069	14 953
Profit before tax	<b>12 418</b>	16 752	20 649
Net profit	<b>7 531</b>	11 818	13 390

- ▶ Underlying EBIT improvement mainly driven by significantly higher contribution from the segment Market operations
- ▶ 2018 included substantial gains from transactions and positive currency effects

# Financial performance



- ▶ 12 months rolling ROACE of 15.8%
  - Average capital employed up 5% compared with year-end 2018.

# Outlook



*Bitdalsdammen, Norway*

- ▶ Good underlying performance has led to robust earnings over time
  - Europe's largest reservoir capacity and flexible power plants
  - Long term revenue optimisation and replacing long-term bilateral contracts
- ▶ Well positioned for growth in renewable energy
  - Solid financial position
  - Building scale in core markets with new acquisitions and development projects
- ▶ Strong organisational culture
  - Strong competence base and highly motivated employees
  - Commitment to act in an ethical and socially responsible manner a foundation for all activities

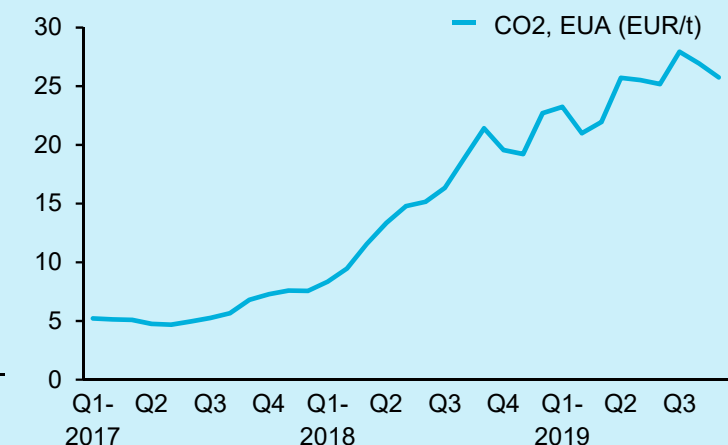
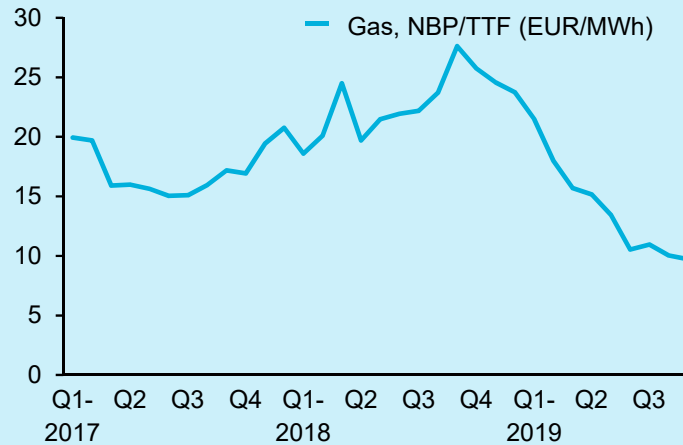
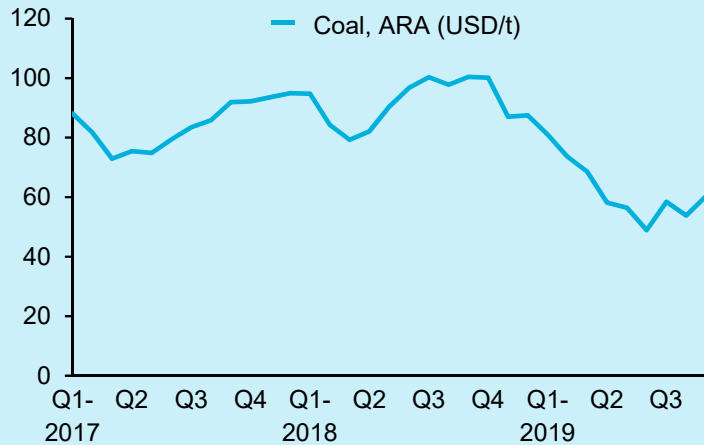
# Key figures

NOK million	Q3 2019	Q3 2018	YTD 2019	YTD 2018	The year 2018
Net operating income underlying	<b>5 942</b>	5 656	<b>20 677</b>	18 817	26 925
Operating profit/loss (EBIT) underlying	<b>2 899</b>	2 679	<b>11 948</b>	10 069	14 953
Net profit	<b>656</b>	1 265	<b>7 531</b>	11 818	13 390

- ▶ Nordic prices measured in EUR down 31% Q-on-Q
- ▶ Overall generation up 14% Q-on-Q
- ▶ Underlying EBIT in Q3 2019 increased to NOK 2899 million

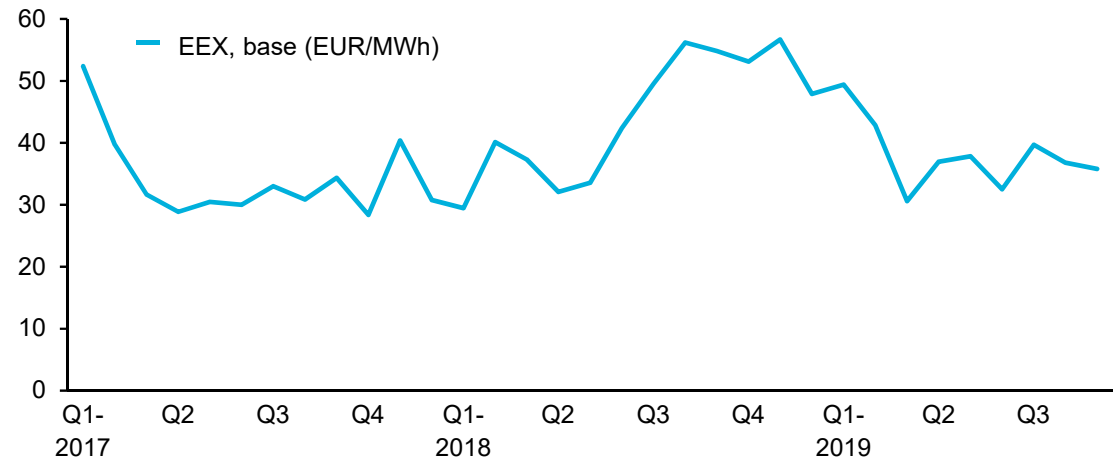


# Price drivers and the German power market

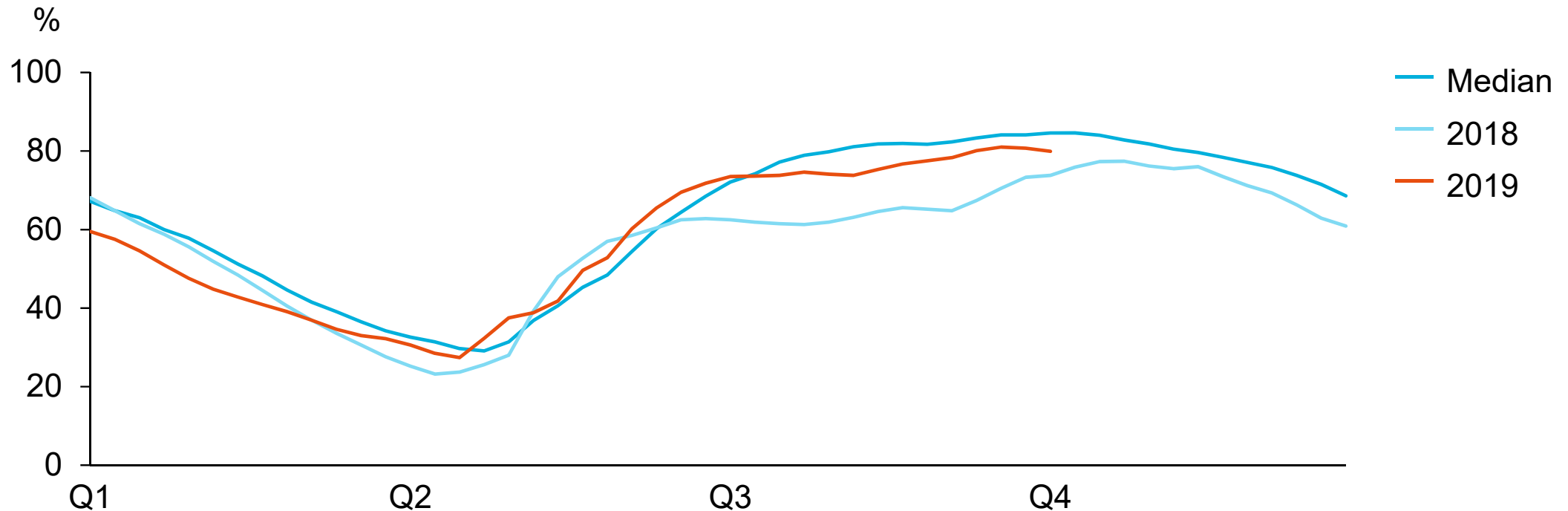


## Q3 2019 vs. Q3 2018

- ▶ Coal price significantly down
- ▶ Gas price significantly down
- ▶ CO<sub>2</sub> price significantly up
- ▶ German power price (base) down 30% to 37.4 EUR/MWh



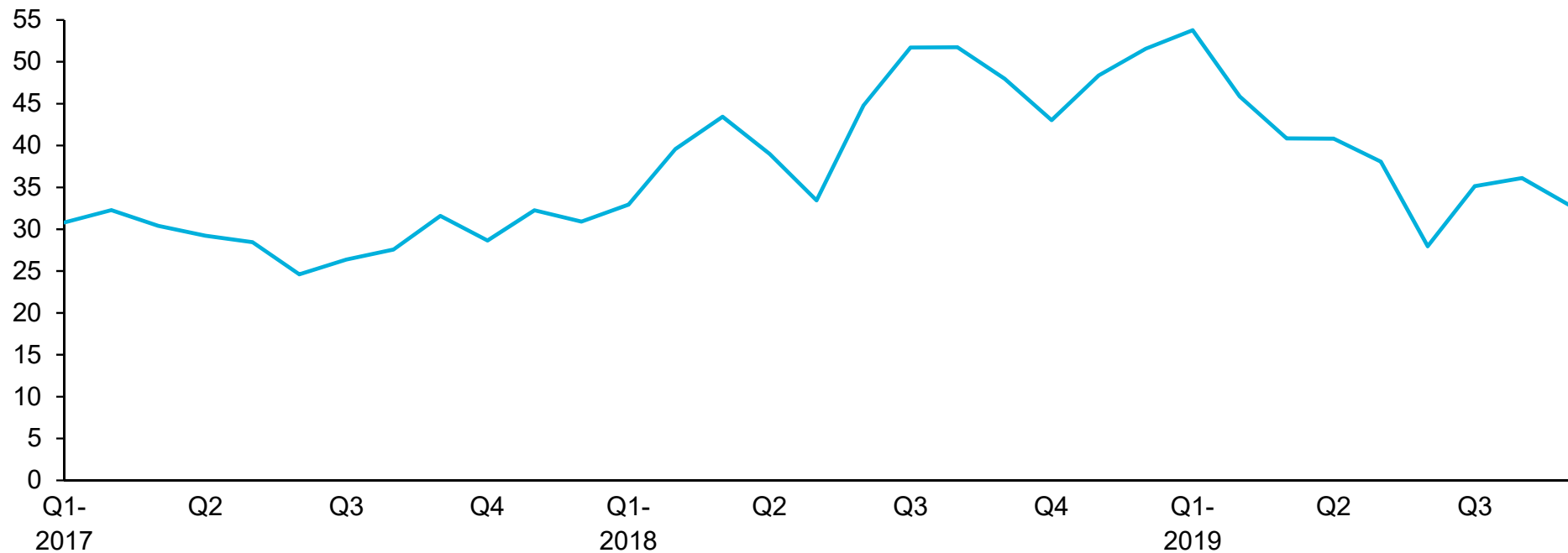
# Nordic reservoir level



- ▶ Reservoir levels below normal throughout Q3
- ▶ Nordic reservoir level (total market) at 94% of median at the end of Q3

# Nordic system price, monthly average

EUR/MWh

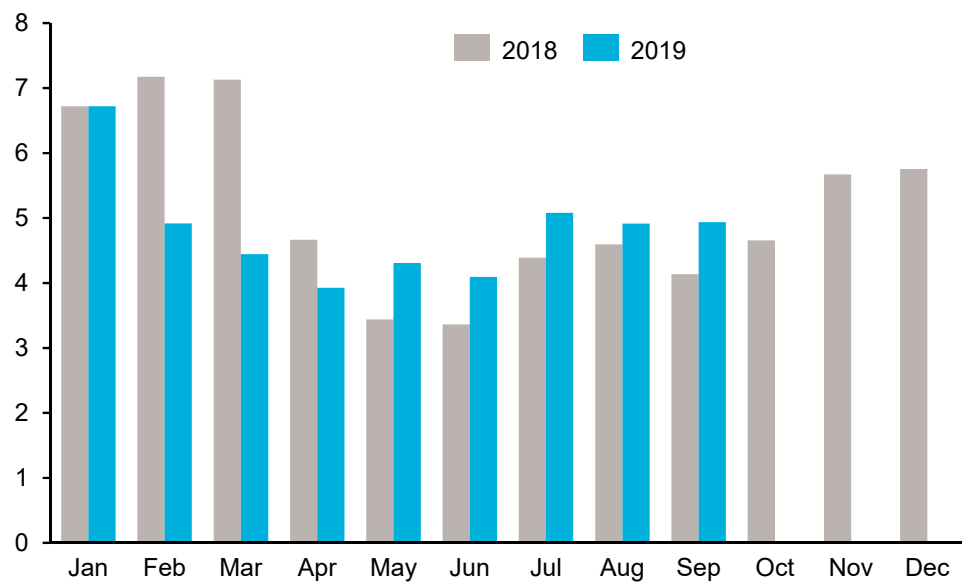


- ▶ Nordic power prices 34.7 EUR/MWh, down 31 Q3 2019 vs. Q3 2018

# Energy management



*Björkhöjden wind farm, Sweden*

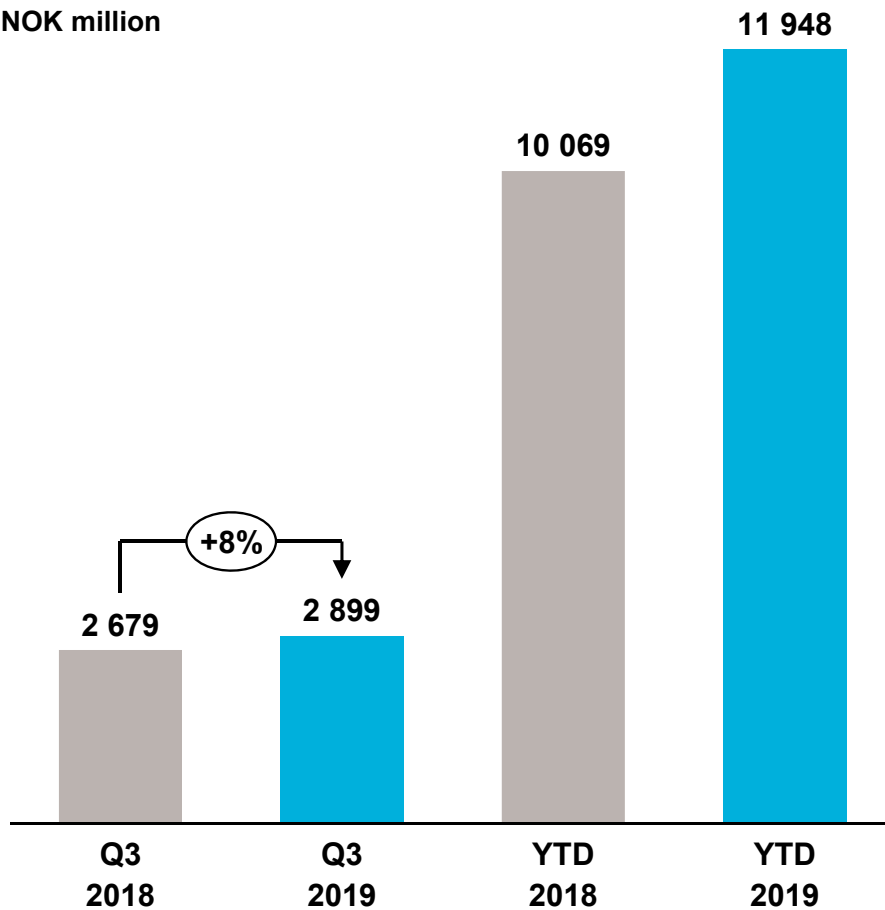


## Q3 generation up 14% Q-on-Q

Technology	TWh	Change in TWh
Hydropower	12.3	0.3
Wind power	0.6	0.0
Gas power	2.0	1.5
Bio and solar power	0.1	0.0
<b>Total</b>	<b>14.9</b>	<b>1.8</b>

# NOK 2.9 billion in underlying EBIT

NOK million

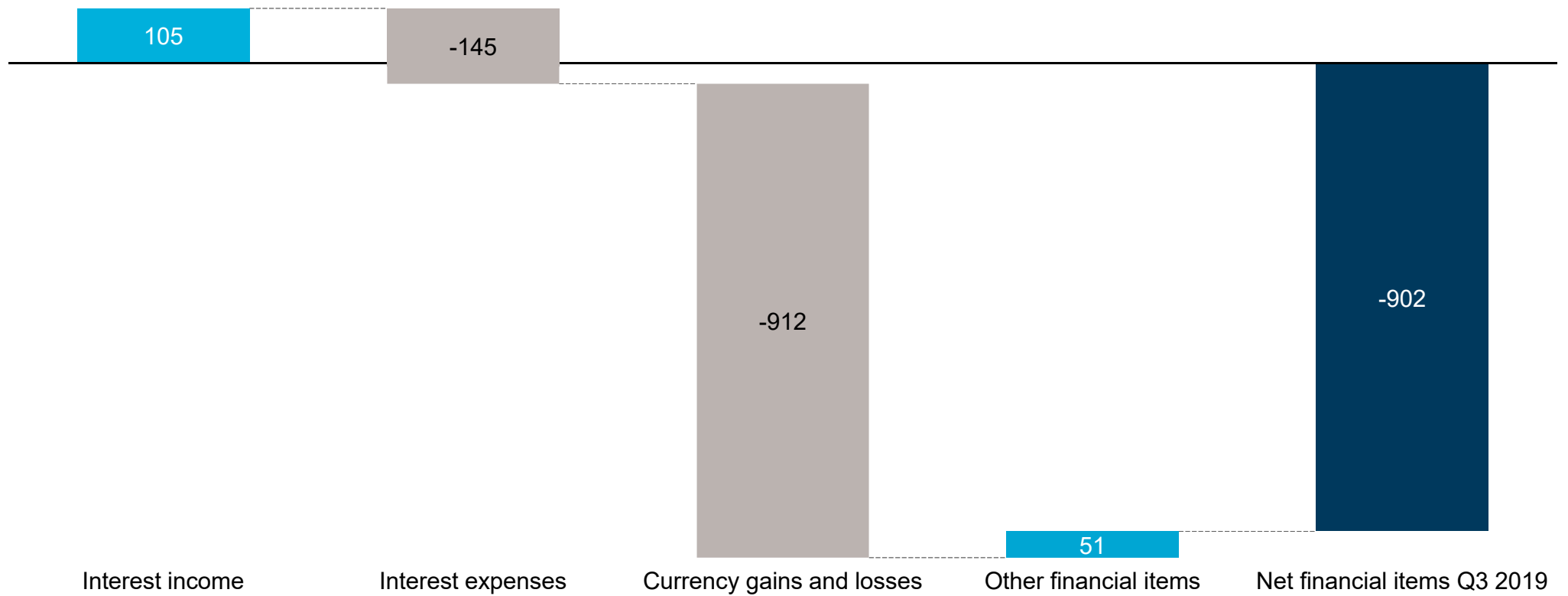


- ▶ Net operating income increased by NOK 286 million, mainly driven by improved contribution from market activities. This was partly offset by lower Nordic power prices.
- ▶ Operating expenses stable at NOK 3.0 billion.
- ▶ Underlying EBIT up NOK 219 million Q-on-Q.

# Financial items

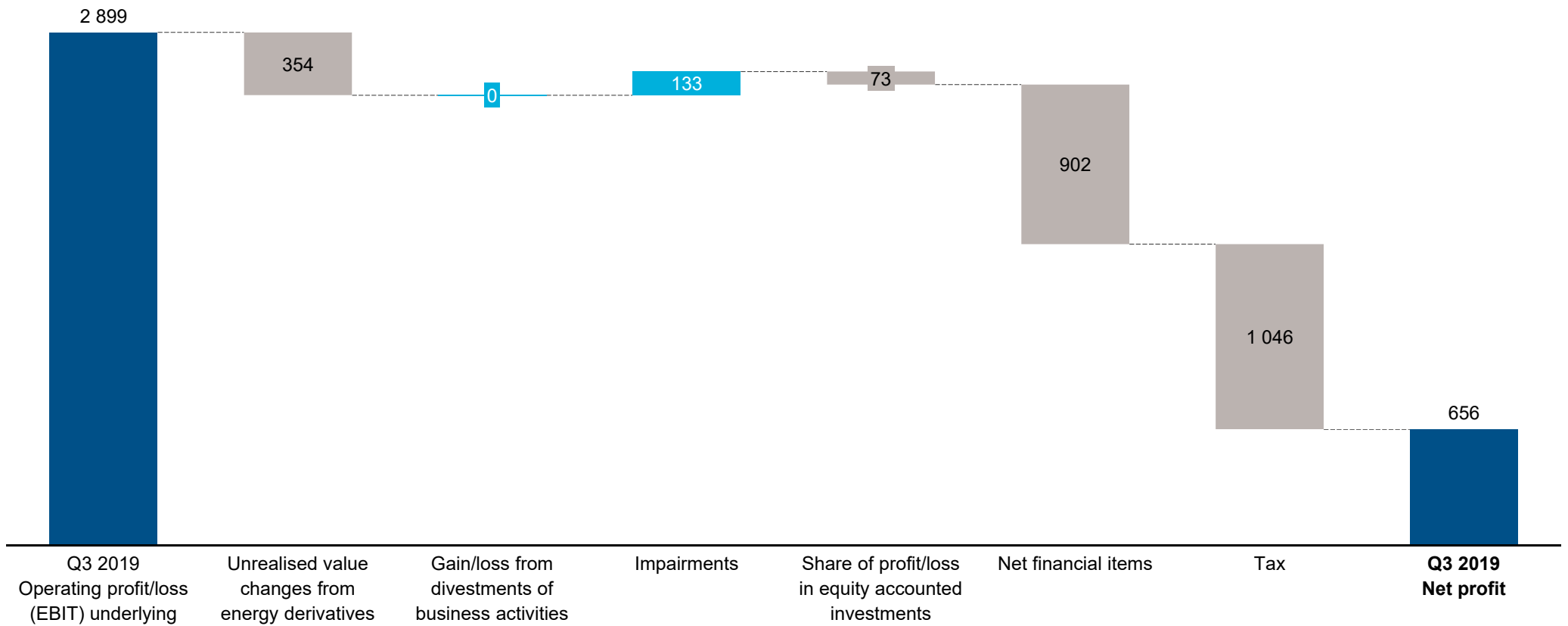
## Breakdown Net financial items Q3 2019

NOK million



# Q3 net profit breakdown

NOK million



# Reversal and impairments

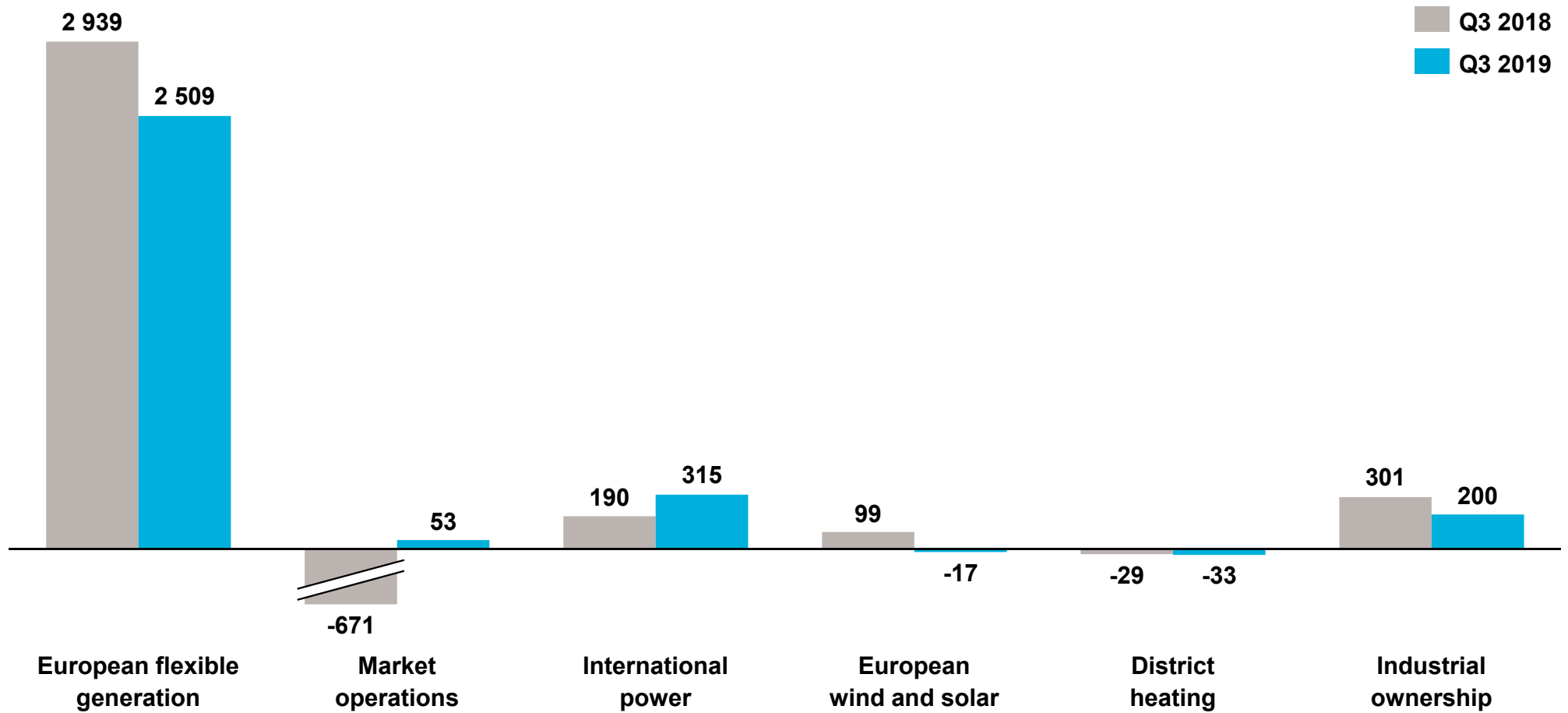
Consolidated operations	Amount
European Flexible Generation: Gas assets in Germany	1035 million (reversal of previous impairment)
European Wind and Solar: Wind assets in Sweden	- 385 million (impairment)
International Power: Hydro assets in Nepal and Chile	- 516 million (impairment)
<b>Sum consolidated operations</b>	<b>133 million</b>

Equity accounted investments	Amount
International Power: Hydro asset in India	- 115 million (impairment)

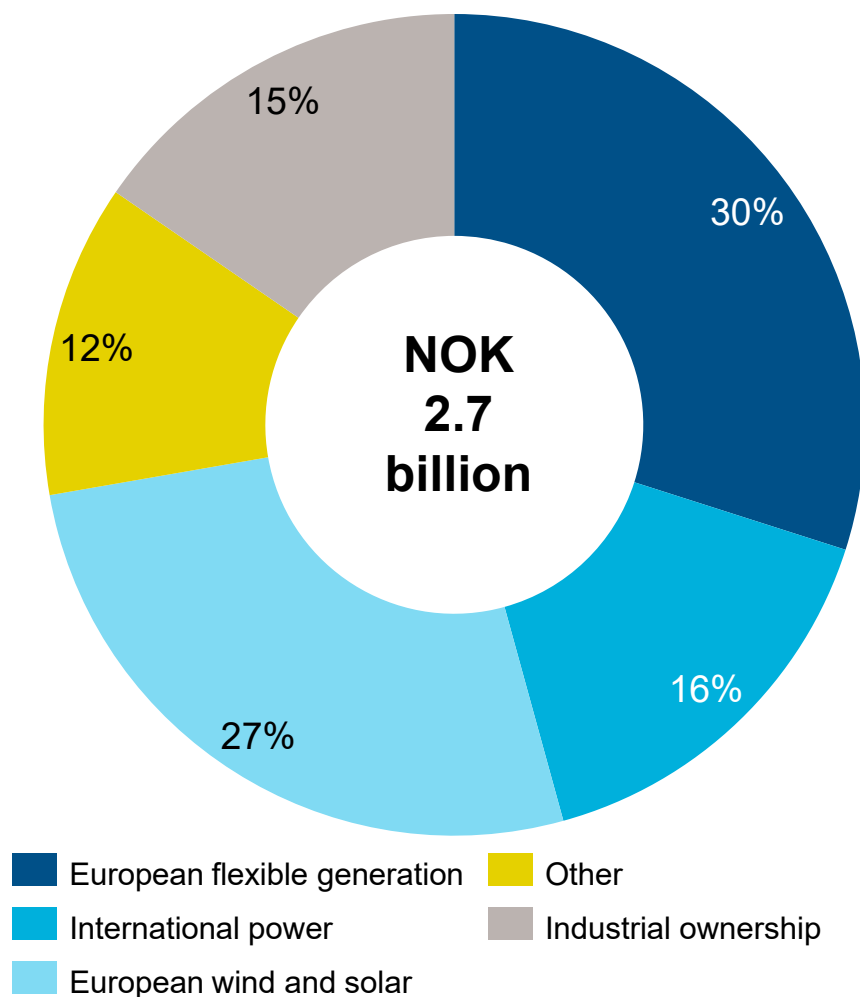


# Q3 segment EBIT underlying

NOK million



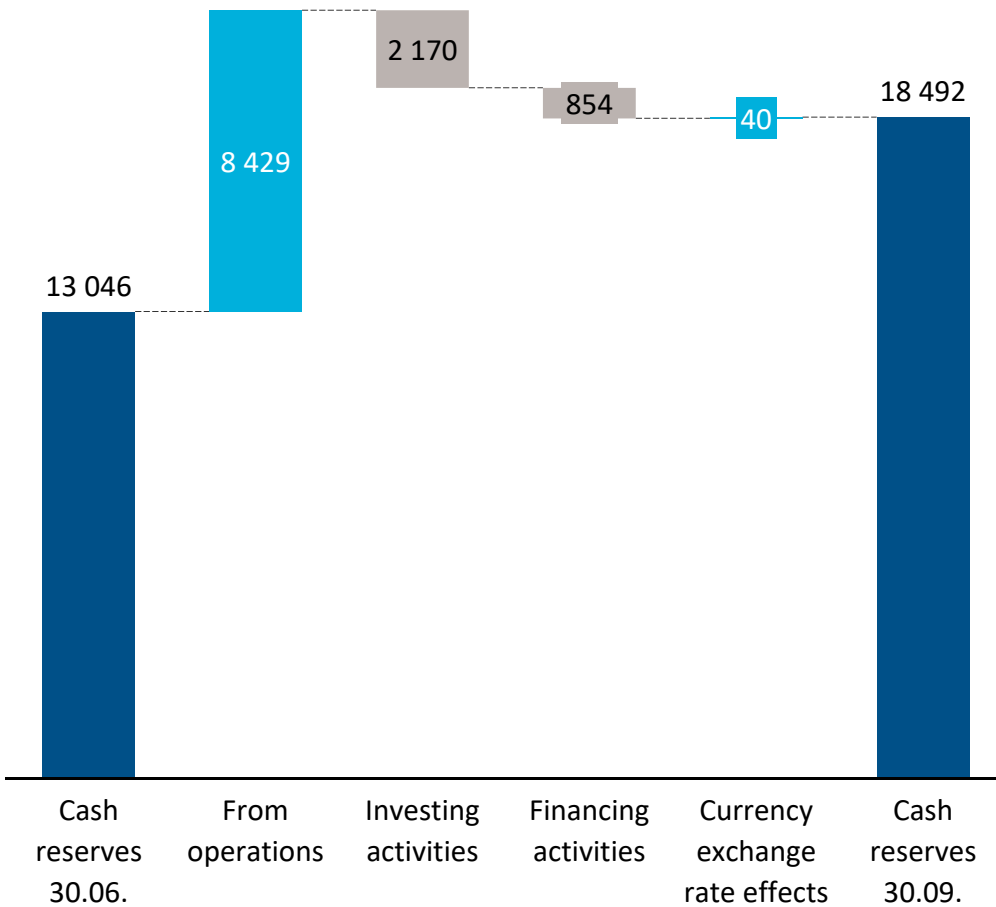
# Q3 2019 capital expenditure<sup>1</sup>



- ▶ Distribution of CAPEX in the quarter:
  - 61% new capacity investments
  - 30% maintenance/other investments
  - 9% shareholdings
- ▶ Maintenance primarily related to Nordic hydropower
- ▶ Hydropower capacity under construction in Albania and India
- ▶ Wind power capacity under construction at Fosen in Norway

# Cash flow and financial position

NOK million



- ▶ NOK 13.8 billion in net interest-bearing debt (NOK 12.9 billion end of 2018)
- ▶ Net interest-bearing debt-equity 12.5%
- ▶ Current ratings provide a framework for our investments going forward

# Summary



*Rheidol hydropower plant, Wales*

- ▶ Solid underlying performance in the quarter
- ▶ Robust financial position
- ▶ Solid foundation for growth phase
- ▶ Investment plan with large degree of flexibility



# THANK YOU

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