

FINANCIAL RESULTS Q4 2010

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CFO STEIN DALE

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Statkraft
PURE ENERGY



HIGHLIGHTS Q4 2010

- > Strong financial results driven by unusual cold and dry Nordic weather
 - Underlying¹ pre-tax profit Q4 2010 **NOKm 5 371**
 - Underlying¹ pre-tax profit FY 2010 **NOKm 13 861**
 - Accounted net profit FY 2010 **NOKm 7 451**

- > NOK 14 bn equity injection proves solid support to growth strategy by owner

- > Signing of new long-term contracts with industrial counterparts in Norway
 - With Norske Skog and Finnfjord in the period 2011-2023 (1.5 TWh/year)
 - Full replacement of expired statutory-priced industry contracts in place

- > Investment decision made for Kargi hydropower plant in Turkey (102 MW)

- > Acquiring of remaining 33.3% stake in Baltic Cable AB

HEALTH, SAFETY AND ENVIRONMENT

Lost-time injuries per million hours



HEALTH AND SAFETY

Consolidated activities

- > No serious injuries
- > 23 lost-time injuries during 2010
- > H1-value FY 2010: 3.4 (3.8)
- > Illness absence FY 2010: 3.4% (3.3%)

Associated activities

- > **Q4:** One person died in motorcycle accident at THPC in Laos
 - > Investigation conducted and local measures under implementation
- > **2010:** 5 fatalities

ENVIRONMENT

- > No environmental non-compliances during 2010

2010 MILESTONES



Inaugurated:

Allain Duhangan, (43%¹, 192 MW) in India

La Higuera (50%¹, 155 MW) and **La Confluencia** (50%¹, 156 MW) in Chile

Investment decision:

Cheves (Peru, 168MW)



NO



New industry contracts signed with Elkem, Norske Skog and Finnjord

Hydropower refurbishment projects - investment decisions

Trondheim Energi Nett grid operations sold

District heating plants - investment decisions

UK



Round 3 - bidder licence received for Dogger Bank through the Forewind consortium (25%)

SE



Baltic Cable – acquiring of remaining 33.3% stake
Several wind licenses awarded, but pending for appeal decisions

GER



Knapsack II (430 MW) - investment decision for extension of existing plant

IT

Divestment of solar power projects

TUR



Cakit (20 MW) - inaugurated
Kargi (102 MW) - investment decision

DELIVER GROWTH IN PURE ENERGY



Flexible European generation and market operations



International hydropower



Wind power



District heating



Small scale hydro power

MAIN PROJECTS UNDER CONSTRUCTION

European Flexible Power Generation

International Hydropower

Wind power

Projects (Figures in million)			Remaining capex ¹ (million)	Total capex ¹ (million)	New capacity ²	Statkraft's ownership share	Planned completion
Svartisen	⚡	NORWAY	NOK 10	NOK 375	250 MW	70%	2011
Eiriksdal and Makkoren	⚡	NORWAY	NOK 600	NOK 750	84 MW	100%	2013
Nedre Røssåga	⚡	NORWAY	NOK 400	NOK 425	-	100%	2017
Knapsack II	🔥	GERMANY	NOK 2800	NOK 2900	430 MW	100%	2013
Ambuklao & Binga	⚡	PHIL.	USD 70	USD 300	105 MW	50% ³	2011 & 2014
Kargi	⚡	TURKEY	EUR 250	EUR 250	102 MW	100%	2013/2014
La Higuera	⚡	CHILE	0	USD 400	155 MW	45% ³	2011
Allain Duhangan	⚡	INDIA	USD 15	USD 500	192 MW	43% ³	2011
La Confluencia	⚡	CHILE	USD 80	USD 475	158 MW	50% ³	2010/11
Cheves	⚡	PERU	USD 380	USD 400	168 MW	100% ³	2013/2014
Sheringham Shoal	⚡	UK	GBP 300	GBP 500	315 MW	50%	2012
Total			NOK 13 000	NOK 25 000	1350 MW ¹		

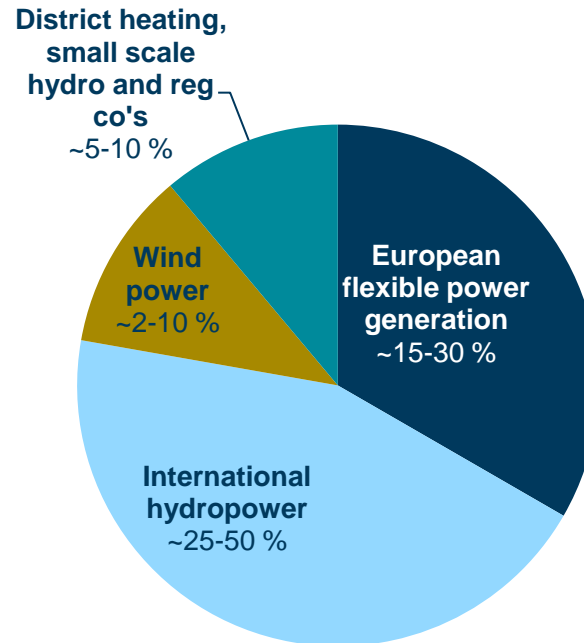
¹ Statkraft's equity share

² Total for project, incl. partners' share

³ SN Power's share (60 % owned by Statkraft)

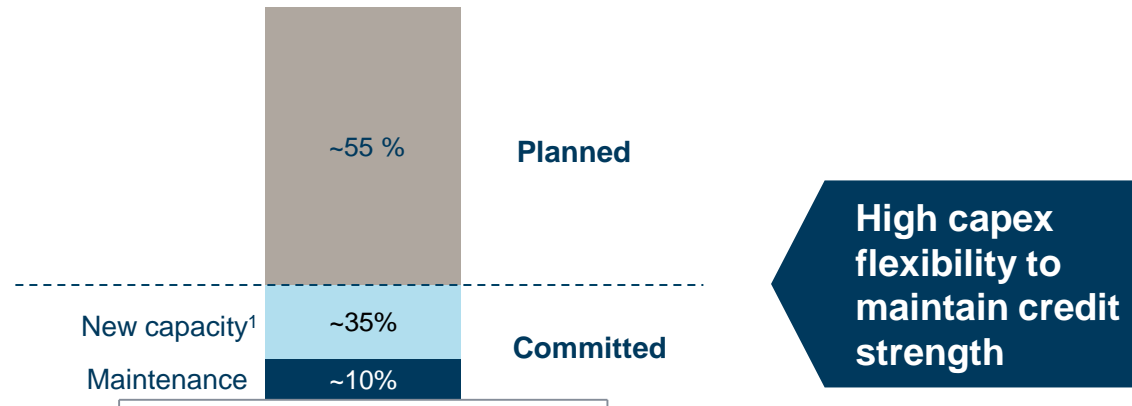
CAPEX DISTRIBUTION

Capex ambition 2011-2015: NOK 70-80 bn



CAPEX FLEXIBILITY

Capex ambition 2011-2015: NOK 70-80 bn



EXPECTED DELIVERIES

- > Increased value creation
- > Contribution towards combating climate change
- > Development in emerging markets
- > Development of competence in Norway and other countries

FINANCIAL REVIEW

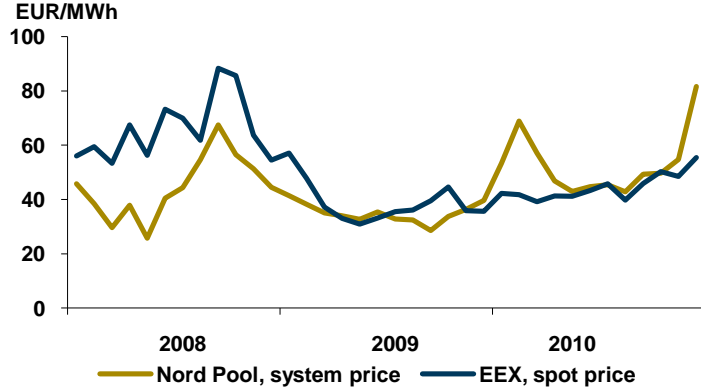
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ELECTRICITY MARKET

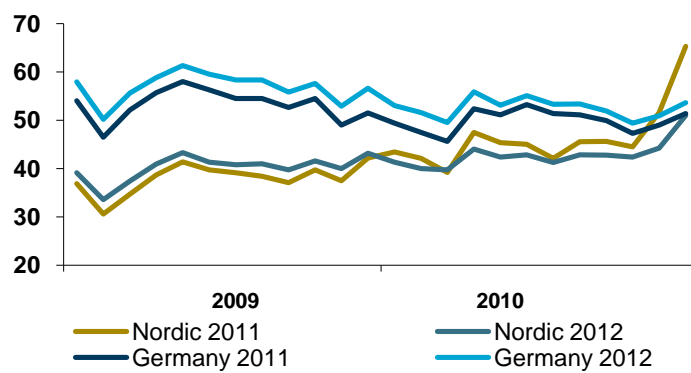
ELECTRICITY, AVERAGE MONTHLY PRICE



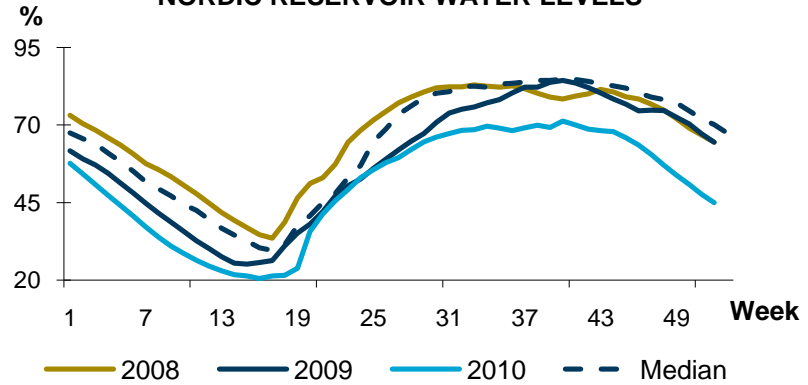
Q4 2010

- > Average Nord Pool system price of 62.0 EUR/MWh (36.6)
- > Average EEX spot price of 51.4 EUR/MWh (38.7)
- > Nordic reservoir levels 36% below of median level at year end

ELECTRICITY, FORWARD PRICE

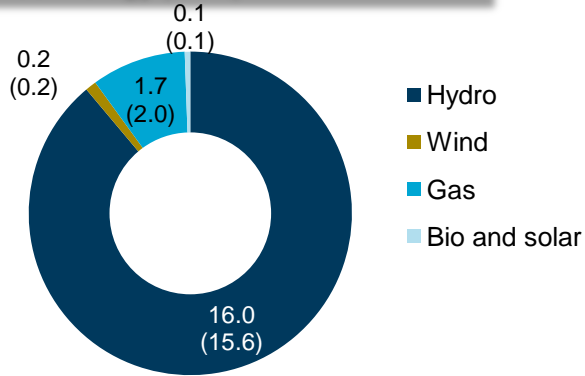


NORDIC RESERVOIR WATER LEVELS

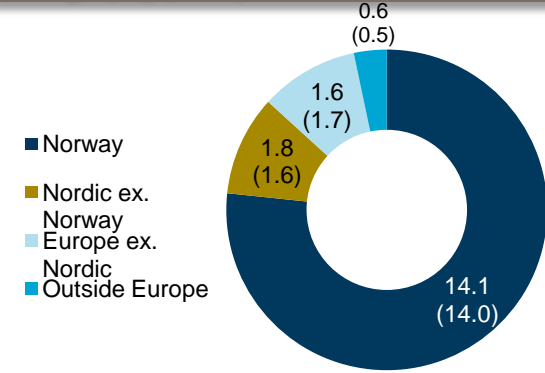


STATKRAFT'S POWER GENERATION

Technology (TWh)



Geography (TWh)



Monthly power generation



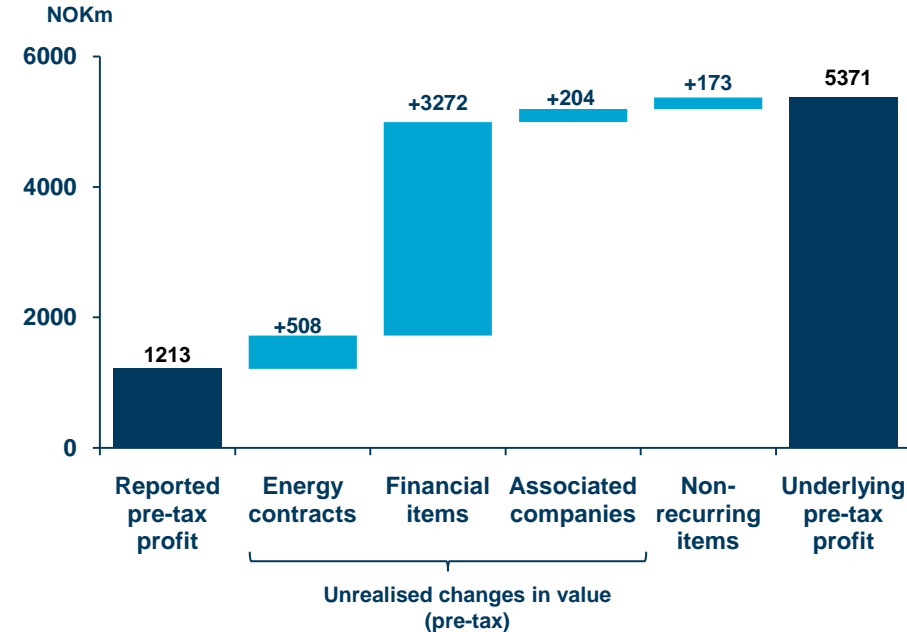
-> FY'10 generation of 57.4 TWh (57.0)
 -> Significant variations during 2010 due to extraordinary cold winter periods, and relatively low hydro reservoirs through the year

INCOME STATEMENT - ACTUAL

4th quarter		NOK million	Full year	
2010	2009		2010	2009
8 939	8 157	Gross operating revenues	29 252	25 675
-1 387	-1 464	Energy purchase and transmission costs	-6 270	-5 879
-508	-644	Unrealised changes in value energy contracts	193	-2 813
7 044	6 049	Net operating revenues	23 176	16 983
-1 812	-2 209	Operating expenses before depreciation	-7 221	-7 214
5 232	3 840	EBITDA	15 955	5 929
-1 070	-822	Depreciations and write-downs	-3 205	-2 743
4 162	3 018	Operating profit (EBIT)	12 750	7 026
261	-22	Share of profit from associates and joint ventures	766	1 179
62	9	Net financial income/expenses	452	-1 696
-3 272	434	Unrealised changes in financial items	-1 369	5 977
-3 211	442	Net financial items	-917	4 282
1 213	3 438	Profit before tax	12 599	12 487
-522	-1 660	Taxes	-5 148	-4 772
692	1 777	Net profit	7 451	7 716

ADJUSTMENTS TO INCOME STATEMENT

Q4 2010



--> Energy contracts

- Changes mainly related to stronger gas prices and USD appreciations

--> Financial items

- Write-down on E.ON AG shares due to share price decline (NOKm -3 625)
- Unrealised agio on internal and external debt in SEK and EUR (NOKm +1 279)
- FX and currency contracts (NOKm +45)

--> Non-recurring items

- Decreased pension liabilities following Norwegian pension reform (NOKm +339)
- Write-downs (NOKm -633)

--> Non-recurring tax effect

- Deferred tax asset related to negative resource rent income (NOKm +1 430)

UNDERLYING OPERATIONS

NOK million	Q4 2010	Q4 2009		FY2010	FY 2009	
<u>Gross operating revenues¹</u>	<u>8 939</u>	<u>8 157</u>	+10%	<u>28 859</u>	<u>25 675</u>	+12%
<u>Adjusted EBITDA¹</u>	<u>5 401</u>	<u>4 484</u>	+20%	<u>15 030</u>	<u>12 582</u>	+19%
<u>Adjusted EBIT¹</u>	<u>4767</u>	<u>3 770</u>	+26%	<u>12 487</u>	<u>9 947</u>	+26%
<u>Adjusted pre-tax profit¹</u>	<u>5 371</u>	<u>3 986</u>	+35%	<u>13 861</u>	<u>10 654</u>	+30%
<u>Net cash flow from operating activities</u>	<u>2 700</u>	<u>2 443</u>	+11%	<u>13 171</u>	<u>12 714</u>	+4%
<u>Gross investments</u>	<u>1 188</u>	<u>1 563</u>	-24%	<u>3 740</u>	<u>4490</u>	-17%
<u>Interest-bearing debt</u>				<u>40 486</u>	<u>45 660</u>	-11%
<u>Adjusted ROACE before tax¹</u>				<u>19.5%</u>	<u>15.2%</u>	+4.3

¹ Adjusted for material non-recurring items and unrealised changes in value

REVENUE BREAKDOWN

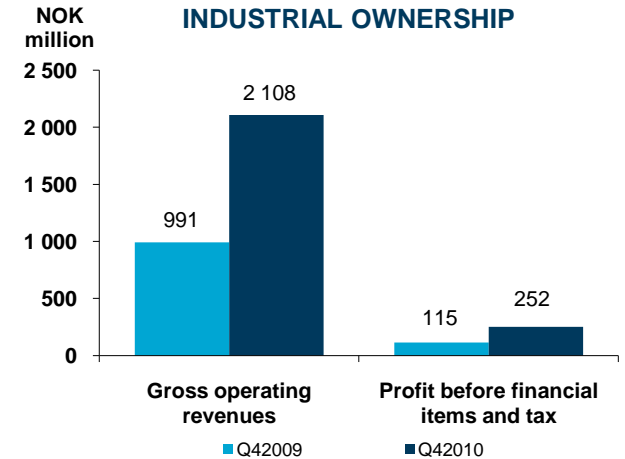
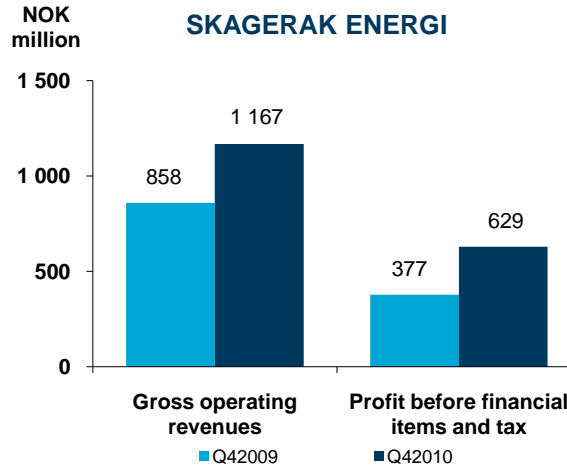
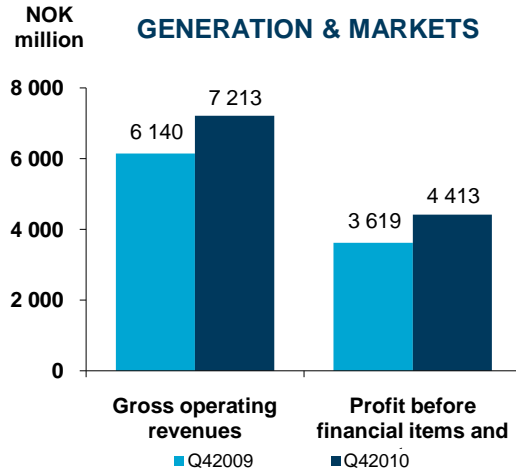
NOK million	Q42010	Q42009	Year 2010
Net physical spot sales, incl. green certificates	6 821	3 301	18 286
Concessionary sales at statutory prices	83	130	308
Sales to industry at statutory prices	387	479	1 535
Long-term commercial contracts	725	742	3 054
Nordic and Continental DAMP*	77	275	308
Trading and origination	73	1 036	601
Distribution grid	375	415	1 421
Retail sales	2 108	1 279	5 986
District heating	242	159	634
Other / eliminations	-2 278	-135	-4 354
Sales revenues	8 612	7 682	27 780
Other operating revenues	327	475	1 079
Gross operating revenues	8 939	8 157	28 859
Energy purchases	-878	-1 350	-4 674
Transmission costs	-509	-114	-1 595
Net operating revenues	7 552	6 693	22 590

*DAMP = Dynamic Asset Management Portfolio

OPERATING EXPENSES

NOK million	Q4 2010	Q4 2009
Salaries and payroll costs	849	727
Property tax and licence fees	307	301
Other operating expenses	988	1230
Operating expenses before depreciation	2151	2208
Depreciations	634	714

SEGMENTS – BREAKDOWN (I)

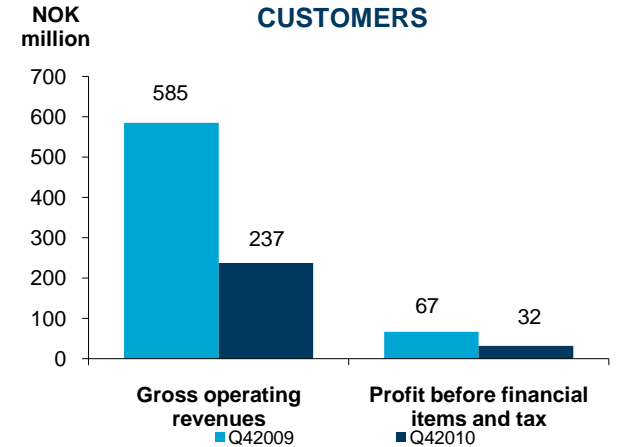
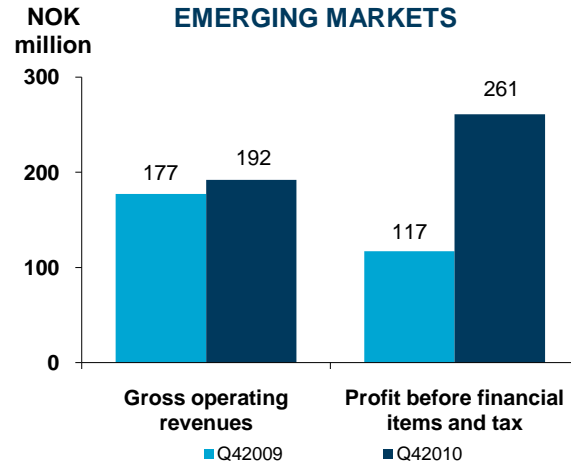
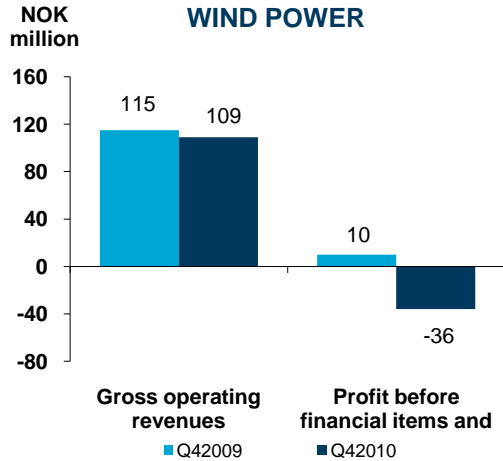


- > Earnings driven by higher Nordic power prices
- > Negative gas power contributions due to low spark-spreads
- > Generation of 14.0 TWh (13.3)

- > Profit positively affected by higher power prices
- > Generation of 1.6 TWh (1.7)

- > Increased profits due to higher power prices and acquisition of retail sales operations from Trondheim Energi at YE 2009
- > Higher contributions from associated companies

SEGMENTS – BREAKDOWN (II)



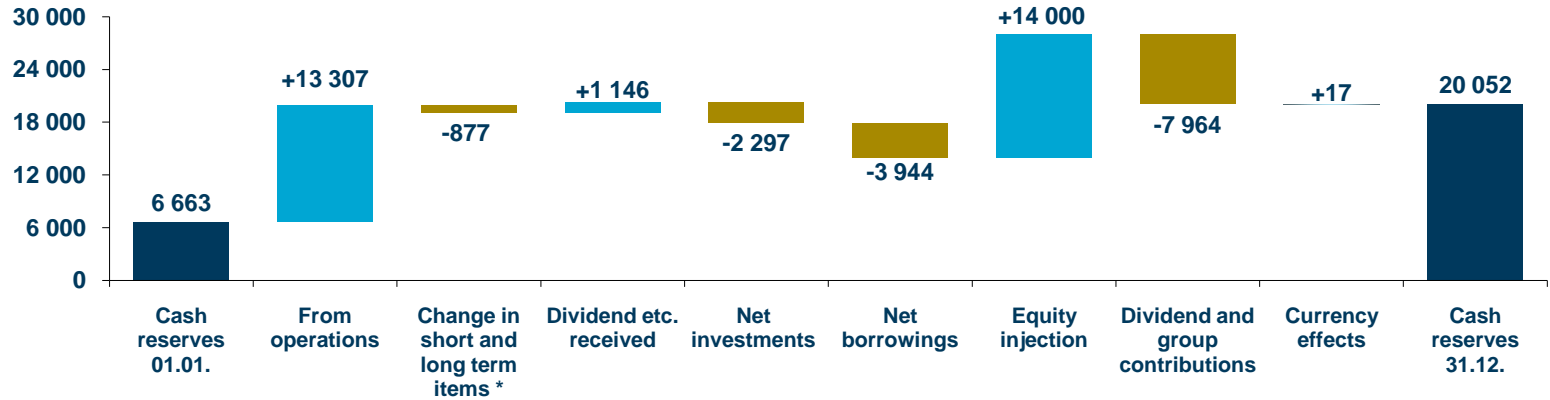
- > Increased revenues due to higher power prices
- > Project and development activities impact profits
- > Generation of 190 GWh (131)

- > Increased profit due to increased generation at higher prices in associates
- > Inauguration of La Higuera and La Confluencia hydropower plants in Chile in October (313 MW)

- > Year-on-year revenues down due to sale of Trondheim Energi Nett and retail sale activities
- > Increased contribution from district heating following higher prices and generation
- > District heating generation of 348 GWh (278)

CASH FLOW FY 2010

NOK million



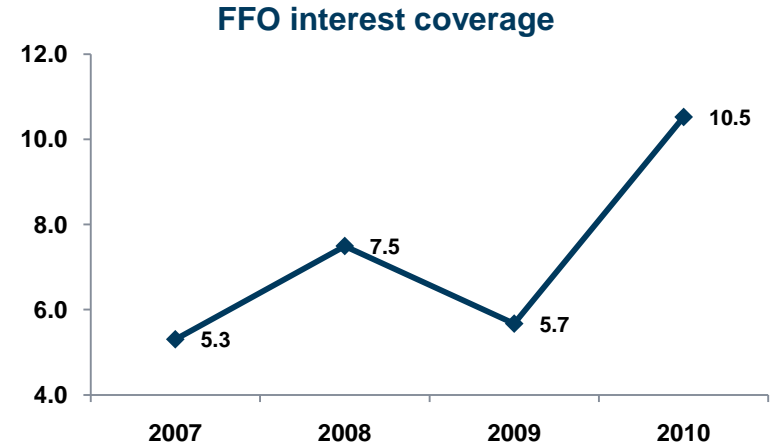
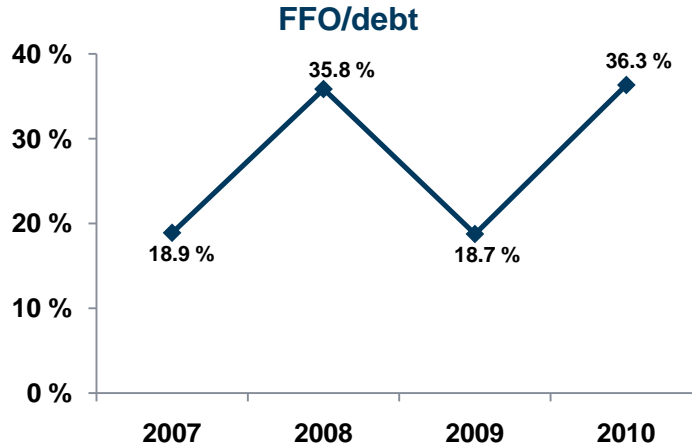
-> Cash flow from operations up 7% to NOKm 13 577 (12 714)

-> Gross investments of NOKm 3 740 (4 490)

*** Included in short-term item changes:**

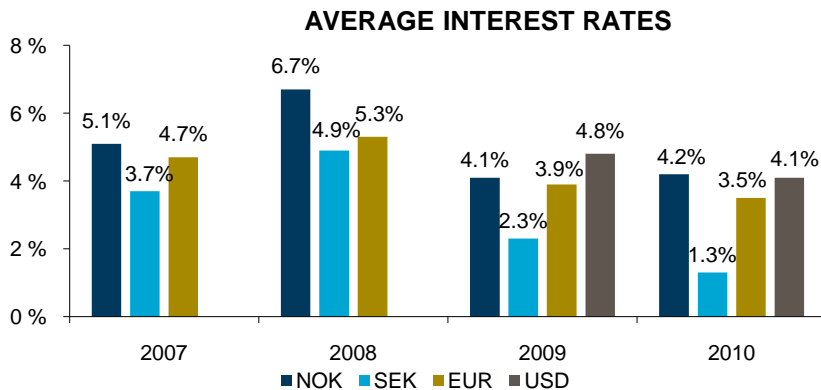
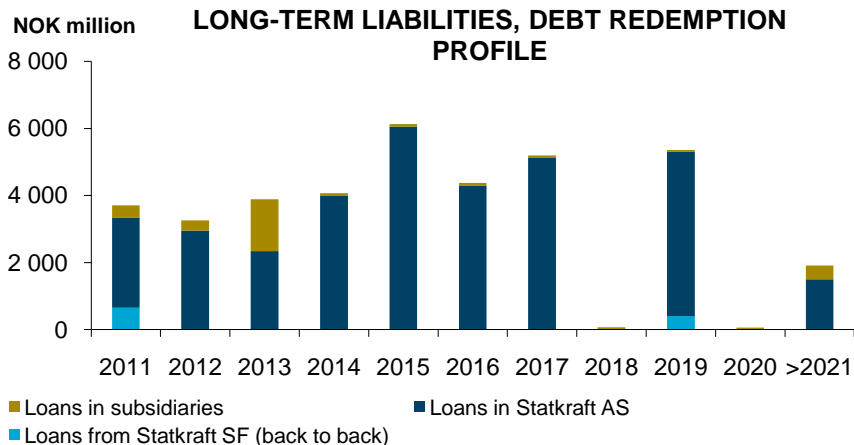
- Cash collateral: NOKm -448
- Working capital: NOKm -49
- Currency effects: NOKm --881

FINANCIAL STRENGTH AND RATING



- > FFO of NOKm 14 705 (8 559)
- > Increased cash flow from operations
- > Reduced interest bearing debt and interest costs
- > Rating target of minimum current ratings

LIABILITIES AND INTEREST EXPENSES



- > Funding 2010:
 - New loans NOKm 4 431
 - Repayment NOKm 8 282
- > New credit facilities of NOK 12 bn
- > Equity injection of NOK 14 bn. gives Statkraft a solid cash position (NOKm 20 052)
- > Interest-bearing liabilities NOK 40.5 bn
- > NOK 50%, EUR 39%, SEK 6%, USD 5%
- > 64% exposed to floating interest rates

OUTLOOK

- > NOK 14 bn equity injection provides solid support to growth strategy within clean and flexible energy
 - NOK 70-80 bn investment plan in the period 2011-2015
 - High flexibility in order to maintain credit strength

- > Lower hydro generation expected in 2011 compared to 2010 due to weak resource situation

- > Forward prices indicate higher price level year-on-year

- > Uncertainty linked to the hydrological situation and industry demand

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APPENDIX



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FULL FINANCIAL STATEMENT (UNADJUSTED)

Figures in NOK million	4th Quarter		The year	
	2010	2009	2010	2009
Profit and loss				
Sales revenues	8 612	7 682	27 780	24 715
Other operating revenues	327	475	1 473	960
Gross operating revenues	8 939	8 157	29 252	25 675
Energy purchase	-878	-1 350	-4 674	-4 825
Transmission costs	-509	-114	-1 595	-1 054
Unrealised changes in the value of energy contracts	-508	-644	193	-2 813
Net operating revenues	7 044	6 049	23 176	16 983
Salaries and payroll costs	-510	-727	-2 387	-2 517
Depreciation, amortisation and impairments	-1 070	-822	-3 205	-2 743
Property tax and licence fees	-307	-302	-1 236	-1 166
Other operating expenses	-995	-1 180	-3 598	-3 530
Operating expenses	-2 882	-3 031	-10 426	-9 957
Operating profit	4 162	3 018	12 750	7 026
Share of profit from associates and joint ventures	261	-22	766	1 179
Financial income	457	690	2 060	2 060
Financial expenses	-395	-681	-1 607	-3 756
Unrealised changes in the value of currency and interest contracts	-3 272	434	-1 369	5 977
Net financial items	-3 211	442	-917	4 282
Profit before tax	1 213	3 438	12 599	12 487
Tax expense	-522	-1 660	-5 148	-4 772
Net profit	692	1 777	7 451	7 716
Of which minority interest	194	8	357	184
Of which majority interest	498	1 769	7 094	7 532
Other comprehensive income				
Change in the fair value of financial instruments	866	11	-4 107	463
Reclassification adjustment related to financial instruments recorded as a financial loss	3 625	-	3 625	-
Estimate deviation pensions	-265	89	-274	81
Translation differences	-1 333	-1 323	-2 583	-8 304
Total other comprehensive income	2 893	-1 223	-3 339	-7 760
Total comprehensive income	3 585	554	4 112	-44
Of which minority interest	100	-723	243	-691
Of which majority interest	3 485	1 278	3 869	647

BALANCE SHEET

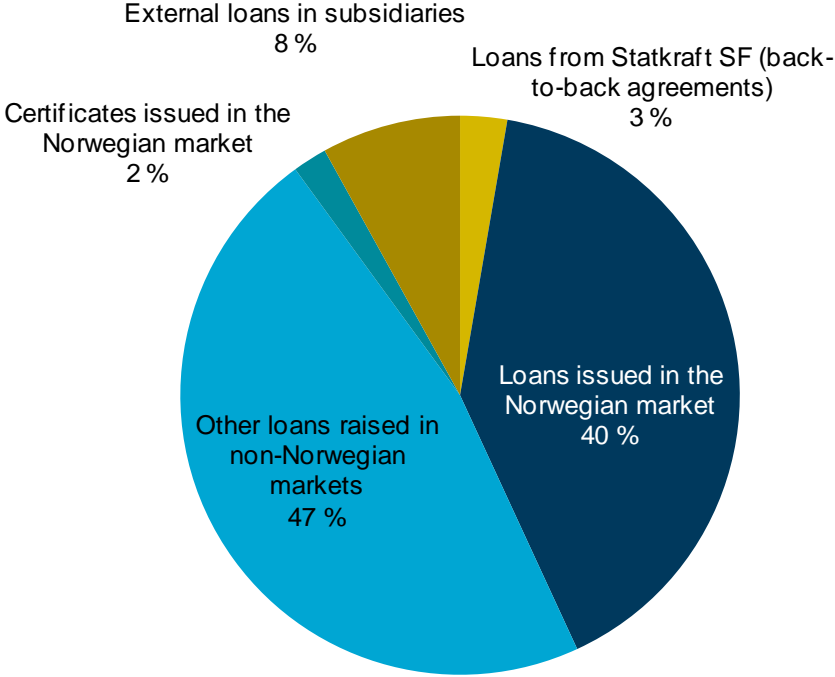
Figures in NOK million	31.12.10	31.12.09
ASSETS		
Intangible assets	2 981	2 277
Property, plant and equipment	77 791	78 239
Investments in associates and joint ventures	17 090	16 509
Other non-current financial assets	16 382	21 939
Derivatives	3 842	3 358
Non-current assets	118 085	122 323
Inventories	1 013	1 247
Receivables	10 748	8 707
Short-term financial investments	424	421
Derivatives	5 645	4 645
Cash and cash equivalents	20 052	6 663
Current assets	37 882	21 683
Assets	155 967	144 005
EQUITY AND LIABILITIES		
Paid-in capital	45 569	31 569
Retained earnings	22 449	26 065
Minority interests	7 284	7 267
Equity	75 302	64 901
Provisions	15 758	13 653
Long-term interest-bearing liabilities	34 251	36 342
Derivatives	2 494	4 016
Long-term liabilities	52 502	54 011
Short-term interest-bearing liabilities	6 235	9 318
Taxes payable	3 458	2 372
Other interest-free liabilities	11 609	9 336
Derivatives	6 861	4 067
Current liabilities	28 163	25 093
Equity and liabilities	155 967	144 005

CASH FLOW STATEMENT

Figures in NOK million	The Year				
	2010	2009			
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax	12 599	12 487			
Profit/loss on sales of non-current assets	26	13			
Depreciation, amortisation and impairments	3 205	2 743			
Profit from sale of business	-371	-			
Share of profit from associates and joint ventures	-766	-1 179			
Unrealised changes in value	1 176	-3 164			
Taxes	-2 562	-3 119			
Cash flow from operating activities	13 307	7 781			
Changes in long-term items	252	-305			
Changes in short-term items *	-1 128	4 155			
Dividend from associates	1 146	1 083			
Net cash flow from operating activities	13 577	12 714			
CASH FLOW FROM INVESTING ACTIVITIES					
Investments in property, plant and equipment - maintenance	-1 000	-1 308			
Investments in property, plant and equipment - new capacity	-1 852	-2 447			
Proceeds from sales of non-current assets	67	158			
Capital reduction in associates and joint ventures	46	1 320			
Sale of business, net liquidity accruing to the group	1 358	-			
Business combinations, net liquidity accruing to the Group	-	-417			
Loans to third parties	-222	-1 410			
Repayment of loans	194	161			
Investments in other companies	-888	-735			
Net cash flow from investing activities	-2 297	-4 678			
CASH FLOW FROM FINANCING ACTIVITIES					
New debt	4 431	15 377			
Repayment of debt	-8 282	-9 378			
Capital increase	14 000	-			
Capital reduction	-334	-			
Dividend and Group contribution paid	-7 964	-10 260			
Share issue to minority	241	928			
Net cash flow from financing activities	2 092	-3 333			
Net change in cash and cash equivalents	13 372	4 703			
			Currency effect on cash flows	17	-249
			Cash and cash equivalents 01.01	6 663	2 209
			Cash and cash equivalents 31.12	20 052	6 663
			Unused committed credit lines	8 000	8 054
			Unused overdraft facilities	1 074	731

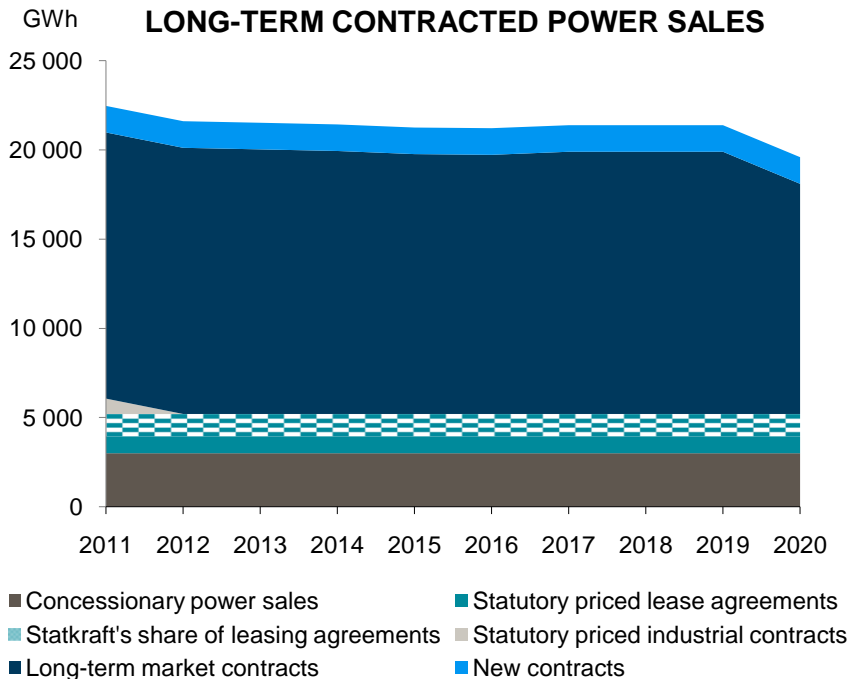
*Changes in short term items are mainly related to change in working capital (NOK -49 million), changes in receivables and liabilities regarding cash collateral (NOK -448 million), changes related to derivatives (NOK 213 million), in addition to currency effects (NOK -881million).

DISTRIBUTION OF LOANS



Per 31 Dec 2010

MAJOR SUPPLIER TO THE INDUSTRY



- > Long-term contracts provides hedging
 - > ~50% of 2010 Nordic normal output
- > Statkraft is the Norwegian industry's most important power supplier
- > Remaining volume sold spot and hedged dynamically
 - > No fixed hedging targets
- > Statutory-priced industrial contracts expire in 2011
 - > Replaced by market-priced contracts
- > New contracts signed with Norske Skog and Finnfjord in December 2010
 - > 0.8 and 0.7 TWh/year in the period of 2011-2022

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