

FINANCIAL RESULTS Q3 2010

CFO STEIN DALE

11 NOVEMBER 2010



Statkraft
PURE ENERGY

HIGHLIGHTS

- > Satisfactory third quarter compared to Q3 2009
 - Increased spot power prices, but lower generation
 - Lower contributions from dynamic hedging, trading & origination, and associated companies

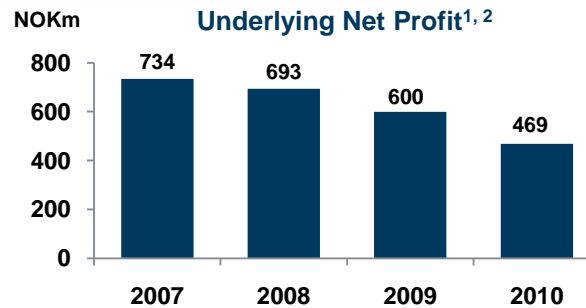
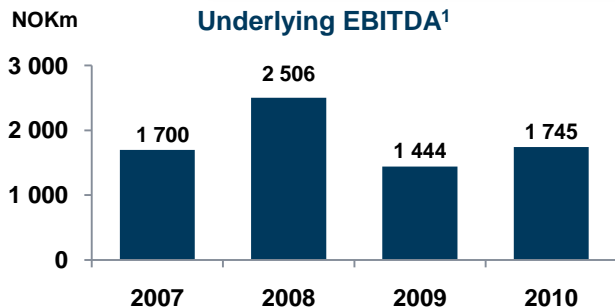
- > Strong financial performance year to date, reflecting higher spot power prices and successful energy management

- > New investments decided within strategic focus areas International hydro and European flexible power generation
 - Chevez hydropower plant in Peru (168 MW)
 - Kargi hydropower plant in Turkey (102 MW)
 - Knapsack II gas power extension in Germany (430 MW)

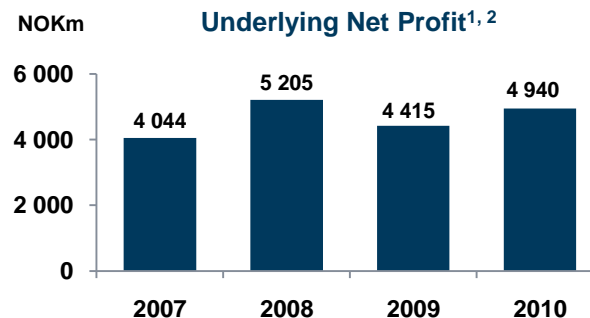
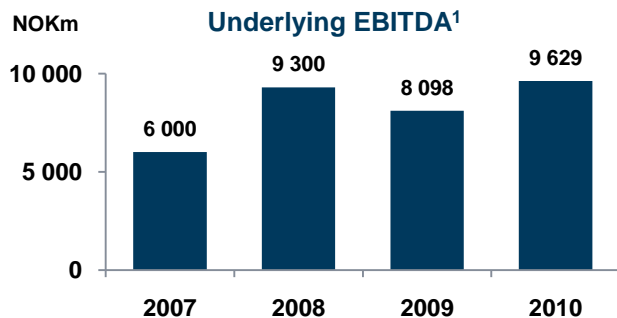
- > Two hydropower plants inaugurated through SN Power
 - La Higuera in Chile (155 MW) and Allain Duhangan in India (192 MW) ¹

FINANCIAL HIGHLIGHTS

THIRD QUARTER



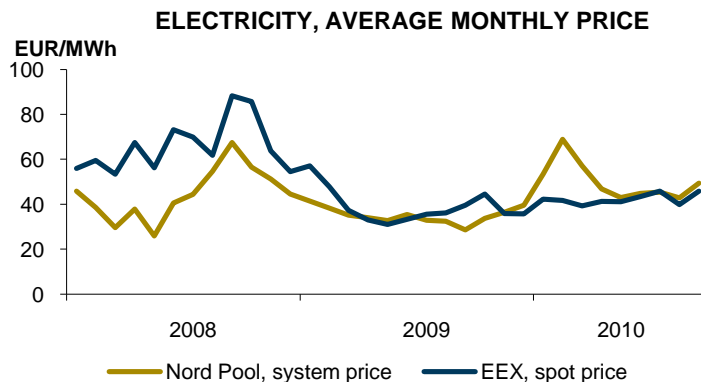
YEAR TO DATE



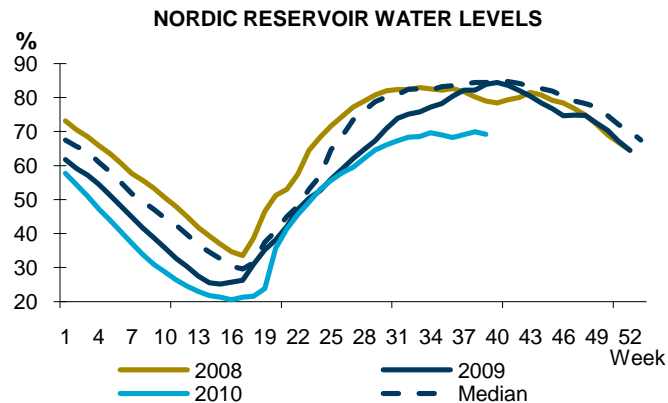
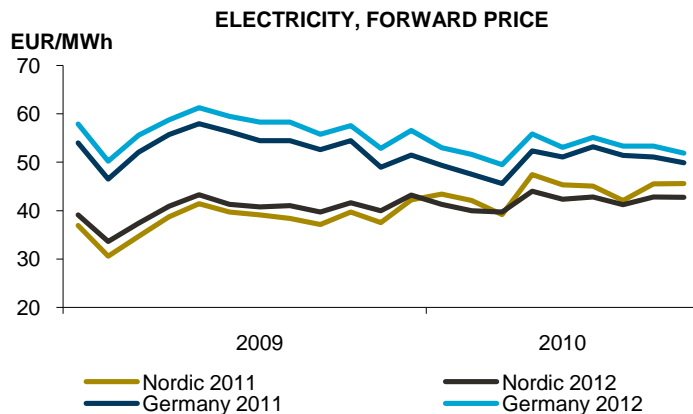
1: Underlying figures adjusted for material non-recurring items and unrealised changes in value

2: The underlying net profit for 2009 to Q2 2010 has been corrected for calculations of underlying tax expenses, related to changes in value on securities subject to the tax exemption method

ELECTRICITY MARKET 9M 2010

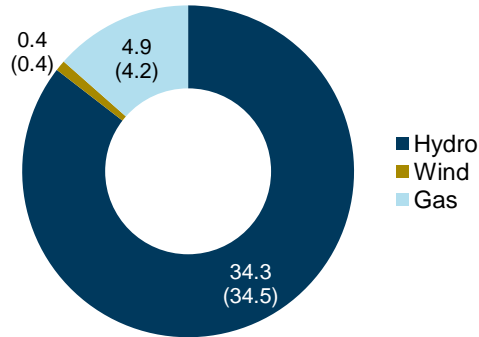


- > Average YTD Nord Pool system price of 50.2 EUR/MWh (34.5)
- > Average YTD EEX spot price of 42.3 EUR/MWh (38.9)
- > Average YTD gas power price of 16.3 EUR/MWh (12.7) at TTF
- > Stable forward prices
- > Nordic reservoir levels 18.0% below of normal levels at the end of the period



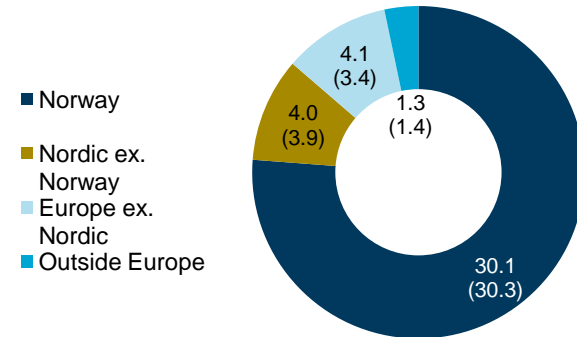
STATKRAFT'S POWER GENERATION 9M 2010

Technology (TWh)

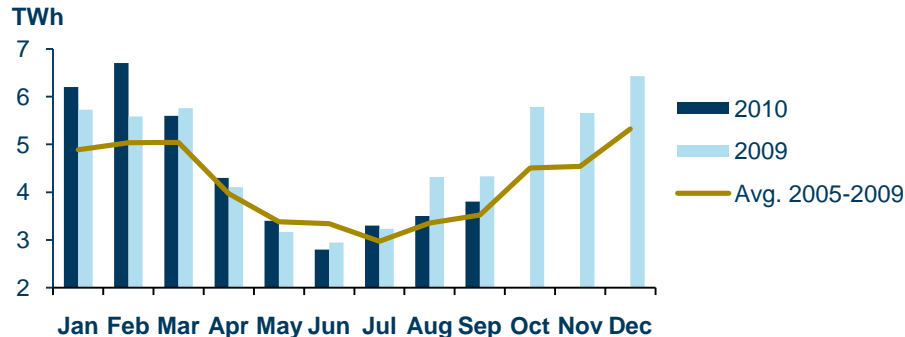


Total generation YTD
39.6 TWh (39.1)

Geography (TWh)



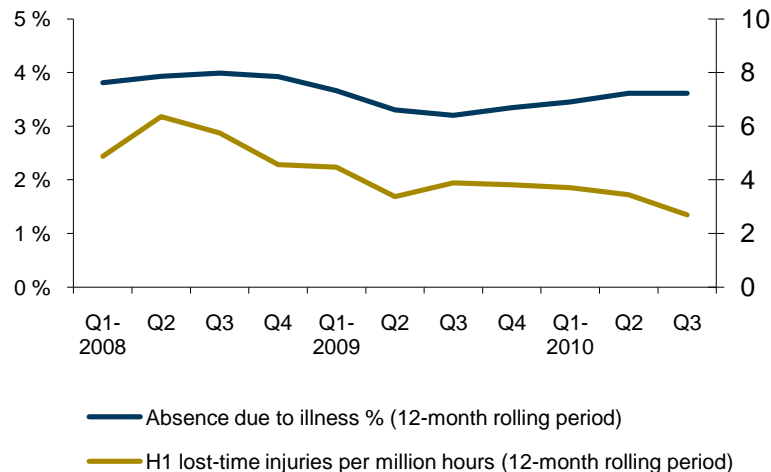
Monthly power generation



- > 11 % decreased power generation Q3'10 on Q3'09, due to lower gas power spark-spreads
- > Full year power generation expected to be lower than in 2009 due to weak hydro resource situation

HEALTH, SAFETY AND ENVIRONMENT Q3 2010

H1 AND ABSENCE DUE TO ILLNESS



HEALTH AND SAFETY

- > Two fatalities in associated activities during the quarter
 - > Employee at subcontractor drowned during off-duty fishing at Theun Hinboun¹ in Laos. Enhanced information measures initiated in local community.
 - > Fatality at shut-down site owned by Agder Energi². Investigation conducted.
- > H1-value 9m 2010: 3.0 (4.2)
- > Illness absence: 3.4% (3.1%)

ENVIRONMENT

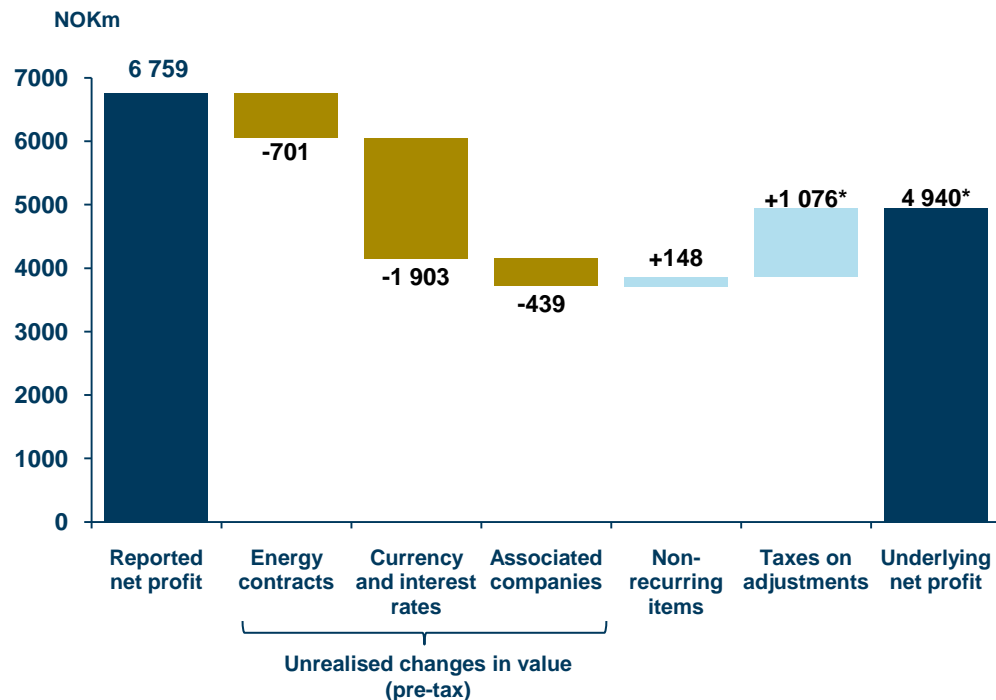
- > No environmental non-compliances year to date

INCOME STATEMENT - ACTUAL

3rd quarter		NOK million	9m2010	9m2009	Year 2009
2010	2009				
4 364	4 588	Gross operating revenues	20 314	17 518	25 675
-838	-1 400	Energy purchase and transmission costs	-4 883	-4 414	-5 879
657	658	Unrealised changes in value energy contracts	701	-2 169	-2 813
3 781	2 165	Net operating revenues	16 131	10 934	16 983
-1 781	-1 745	Operating expenses before depreciation	-5 409	-5 005	-7 214
2 000	421	EBITDA	10 723	5 929	9 769
-637	-629	Depreciations and write-downs	-2 135	-1 921	-2 743
1 363	-209	Operating profit (EBIT)	8 587	4 008	7 026
297	549	Share of profit from associates and joint ventures	504	1 202	1 179
-448	-341	Net financial expenses	391	-1 704	-1 696
415	3 756	Unrealised changes in financial items	1 903	5 544	5 977
-33	3 415	Net financial items	2 294	3 840	4 282
1 627	3 756	Profit before tax	11 385	9 050	12 487
-464	-1 111	Taxes	-4 626	-3 112	-4 771
1 163	2 645	Net profit	6 759	5 938	7 716

ADJUSTMENTS TO INCOME STATEMENT

9m 2010



- > **Energy contracts**
 - Changes mainly related to stronger gas prices and USD appreciations
- > **FX and interest rate contracts**
 - Mainly related to EUR depreciation
- > **Non-recurring items**
 - Gain on sale of Trondheim Energi Nett (NOKm +393)
 - Write-downs (NOKm -541)

UNDERLYING OPERATIONS

NOK million	9m2010	9m 2009	+/-
Gross operating revenues ¹	19 920	17 518	+14%
Adjusted EBITDA ¹	9 629	8 098	+19%
Adjusted EBIT ¹	7 720	6 177	+25%
Adjusted net profit ^{1,5}	4 940	4 415	+12%
Net cash flow from operating activities	10 875	10 271	+6%
Gross investments	2 596	3 421	-24%
Interest-bearing debt	42 627	45 660 ²	-7%
Adjusted ROACE before tax ¹	18.0% ³	15.2% ⁴	+2.8

REVENUE BREAKDOWN

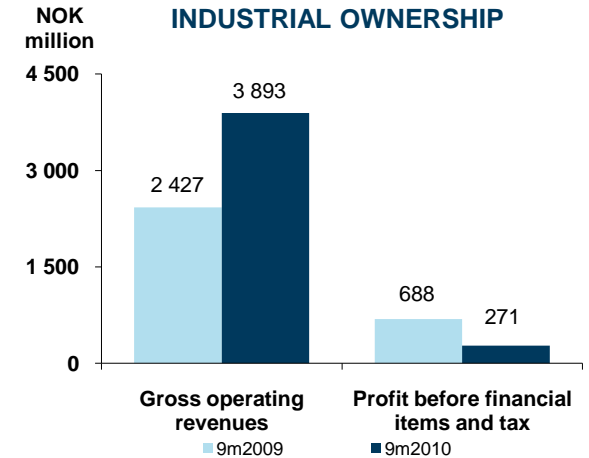
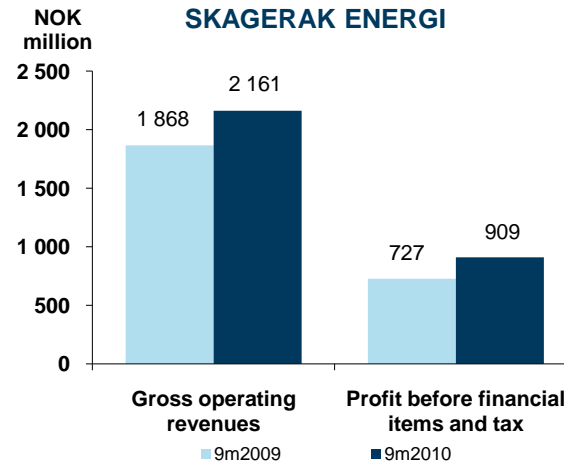
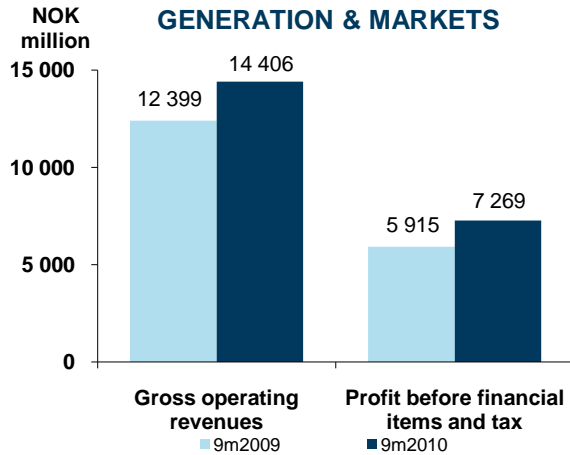
NOK million	9m2010	9m2009	Year 2009
Net physical spot sales, incl. green certificates	11 073	7 730	10 464
Concessionary sales at statutory prices	224	254	384
Sales to industry at statutory prices	1 147	1 192	1 671
Long-term commercial contracts	2 332	2 044	2 820
Nordic and Continental DAMP*	230	1 379	1 654
Trading and origination	528	586	1 616
Distribution grid	1 046	1 069	1 485
Retail sales	3 879	3 006	4 285
District heating	392	255	505
Other / eliminations	-1 683	-483	-169
Sales revenues	19 168	17 032	24 715
Other operating revenues	753	485	960
Gross operating revenues	19 920	17 518	25 675
Energy purchases	-3 797	-3 475	-4 825
Transmission costs	-1 086	-939	-1 054
Net operating revenues	15 037	13 103	19 796

*DAMP = Dynamic Asset Management Portfolio

OPERATING EXPENSES¹

NOK million	9m 2010	9m 2009	Year 2009
Salaries and payroll costs	1 877	1 790	2 517
Property tax and licence fees	928	865	1 166
Other operating expenses	2 604	2 350	3 530
Operating expenses before depreciation	5 409	5 005	7 213
Depreciation, amortisation and impairment	1 909	1 921	2 634

SEGMENTS – BREAKDOWN (I)

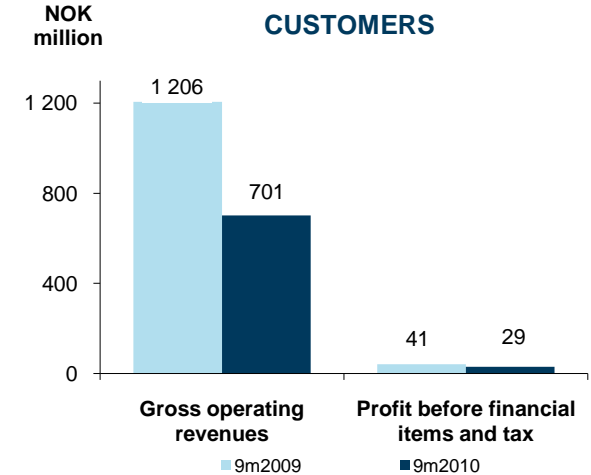
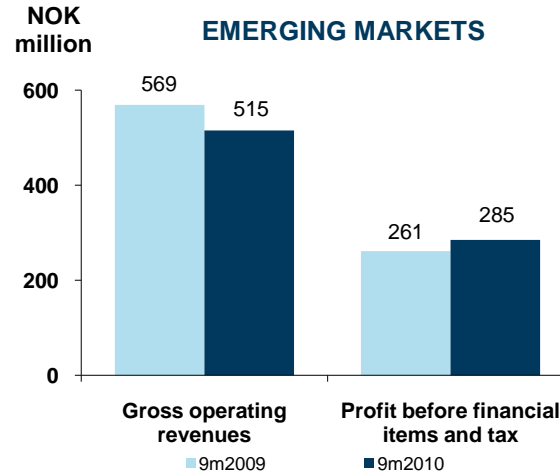
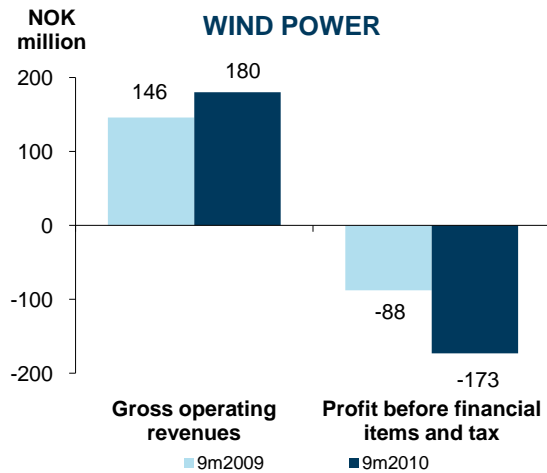


- > Earnings driven by higher Nordic power prices
- > Lower gas power generation due to low spark spreads
- > Generation of 29.3 TWh (29.5)

- > Profit positively affected by higher power prices, and consolidation of former associates
- > Generation of 3.4 TWh (3.6)

- > Increased revenues due to the acquisition of retail sales operations from Trondheim Energi (reported in Customers)
- > Decreased profit due to lower generation following weak resource situation in BKK's and Agder Energi's hydro reservoirs

SEGMENTS – BREAKDOWN (II)

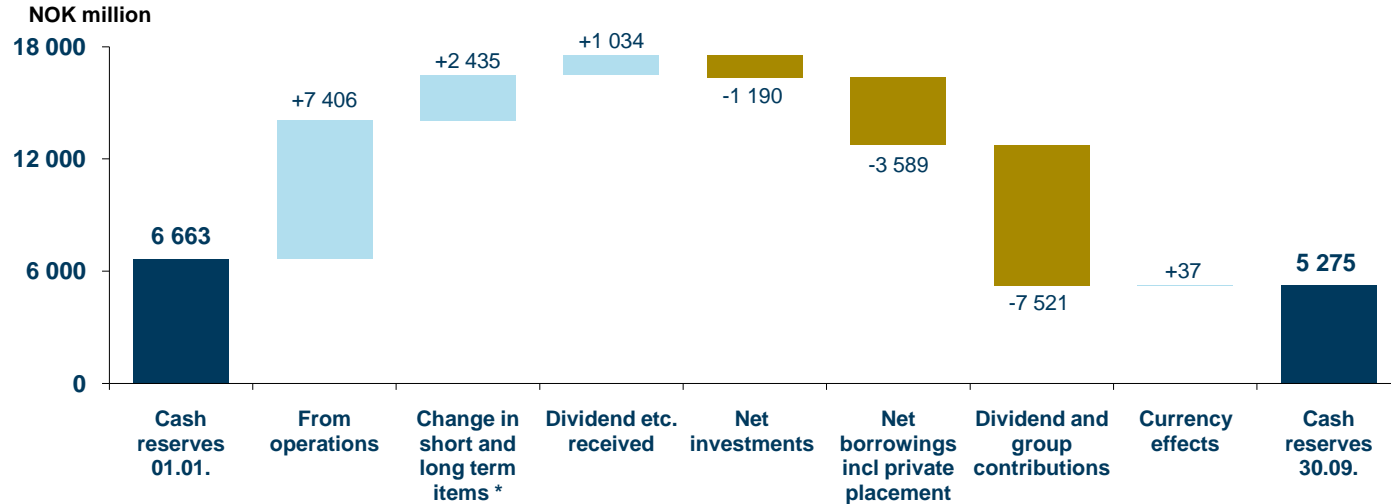


- > Increased revenues due to higher power prices
- > Project and development activities impact profits
- > Generation of 368 GWh (448)

- > Revenues negatively affected by currency effects on USD and lower revenues in Peru.
- > Increased profit due to higher contributions from associated companies
- > Two hydropower plants inaugurated
- > Investment decision made for Chevez hydropower plant in Peru

- > Revenues down due to sale of retail sales activities to Fjordkraft (reported in Industrial Ownership)
- > Sale of Trondheim Energi Nett (grid operations) with effect from closing of Q2
- > District heating generation of 624 GWh

CASH FLOW

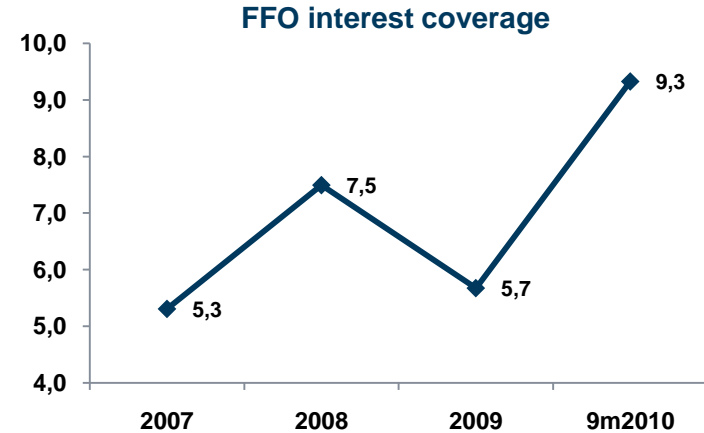
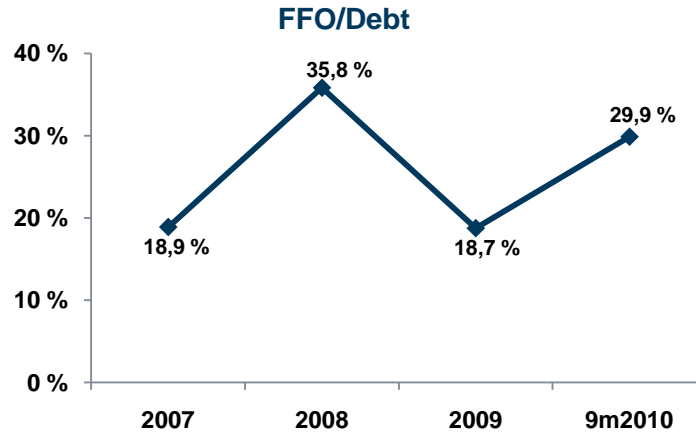


- > Cash flow from operations up 93% to NOKm 7 406 (3 842)
- > Gross investments of NOKm 2 596 (3 421)
 - New capacity (42%), shareholdings/loans (33%) and maintenance (25%)
 - Proceeds from sales of assets of NOKm 1 406 (mainly related to Trondheim Energi Nett)

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

- Cash collateral: NOKm 555
- Working capital: NOKm 1 473
- Currency effects: NOKm -170

FINANCIAL STRENGTH AND RATING



- > FFO¹ of NOKm 12 736 (7 662)
- > Increased cash flow from operations
- > Reduced interest bearing debt and interest costs
- > Short-term rating target of minimum BBB+/Baa1 maintained
 - > Long-term target to achieve single A ratings with both Moody's and S&P

OUTLOOK

- > Lower hydro generation expected in Q4 2010 compared to Q4 2009 due to relatively weak resource situation
- > Forward prices indicate increased price level year-on-year
- > Underlying net profit for the full year expected to be slightly weaker compared to 2009
- > 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	2nd Quarter		Year to date		The year
	2010	2009	2010	2009	2009
Sales revenues	4 114	4 410	19 168	17 032	24 715
Other operating revenues	250	177	1 146	485	960
Gross operating revenues	4 364	4 588	20 314	17 518	25 675
Energy purchase	-572	-1 116	-3 797	-3 475	-4 825
Transmission costs	-266	-284	-1 086	-939	-1 054
Unrealised changes in the value of energy contracts	255	-1 023	701	-2 169	-2 813
Net operating revenues	3 781	2 165	16 131	10 934	16 983
Salaries and payroll costs	-659	-635	-1 877	-1 790	-2 517
Depreciation, amortisation and impairments	-637	-629	-2 135	-1 921	-2 743
Property tax and licence fees	-311	-300	-928	-865	-1 166
Other operating expenses	-812	-809	-2 604	-2 350	-3 530
Operating expenses	-2 418	-2 374	-7 544	-6 925	-9 956
Operating profit	1 363	-209	8 587	4 009	7 027
Share of profit from associates and joint ventures	297	549	504	1 202	1 179
Financial income	-70	-95	1 602	1 370	2 060
Financial expenses	-379	-246	-1 212	-3 074	-3 756
Unrealised changes in the value of currency and interest contracts	415	3 756	1 903	5 544	5 977
Net financial items	-34	3 415	2 294	3 840	4 281
Profit before tax	1 626	3 756	11 385	9 050	12 487
Tax expense	-463	-1 111	-4 626	-3 112	-4 771
Net profit	1 163	2 645	6 759	5 938	7 716
Of which minority interest	69	51	163	175	184
Of which majority interest	1 094	2 594	6 596	5 763	7 532

BALANCE SHEET

Figures in NOK million	30.09.10	30.09.09	31.12.09
ASSETS			
Intangible assets	1 781	3 046	2 277
Property, plant and equipment	77 967	79 314	78 239
Investments in associates and joint ventures	16 875	14 435	16 509
Other non-current financial assets	16 102	22 402	21 939
Derivatives	4 051	3 361	3 358
Non-current assets	116 776	122 558	122 322
Inventories	999	876	1 247
Receivables	7 924	7 079	8 707
Short-term financial investments	418	409	421
Derivatives	4 906	6 483	4 645
Cash and cash equivalents	5 275	11 770	6 663
Current assets	19 522	26 616	21 683
Assets	136 297	149 174	144 005
EQUITY AND LIABILITIES			
Paid-in capital	31 569	31 569	31 569
Retained earnings	19 049	23 883	26 065
Minority interests	7 524	6 844	7 267
Equity	58 142	62 296	64 901
Provisions	14 056	12 315	13 653
Long-term interest-bearing liabilities	35 691	38 935	36 342
Derivatives	2 772	3 732	4 016
Long-term liabilities	52 518	54 982	54 011
Short-term interest-bearing liabilities	6 936	9 561	9 318
Taxes payable	3 496	3 703	2 372
Other interest-free liabilities	10 122	13 404	9 336
Derivatives	5 082	5 228	4 067
Current liabilities	25 637	31 896	25 093
Equity and liabilities	136 297	149 174	144 005

CASH FLOW STATEMENT

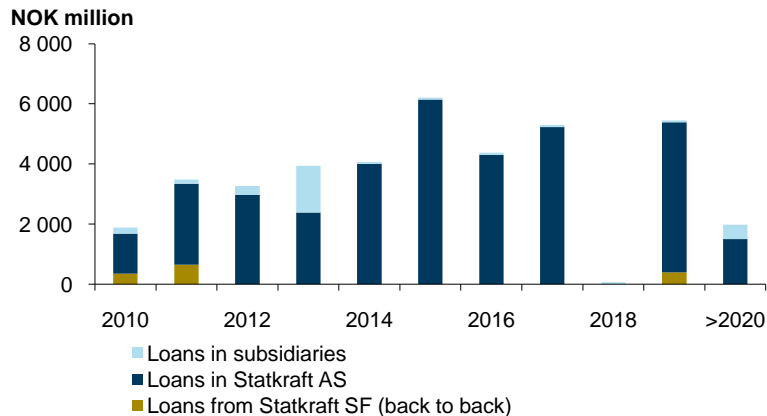
Figures in NOK million	Year to date		The Year
	2010	2009	2009
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	11 385	9 050	12 487
Profit/loss on sales of non-current assets	26	3	13
Depreciation, amortisation and impairments	2 135	1 921	2 743
Profit from sale of business	-393	-	-
Profit from sale of shares	-	-	-
Share of profit from associates and joint ventures	-504	-1 202	-1 179
Unrealised changes in value	-2 604	-3 375	-3 164
Taxes	-2 639	-2 555	-3 119
Cash flow from operating activities	7 406	3 842	7 781
Changes in long-term items	459	-44	-305
Changes in short-term items *	1 976	5 549	4 155
Dividend from associates	1 034	924	1 083
Net cash flow from operating activities	10 875	10 271	12 714
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment - maintenance	-646	-871	-1 308
Investments in property, plant and equipment - new capacity	-1 102	-1 533	-2 447
Proceeds from sales of non-current assets	145	63	158
Capital reduction in associates and joint ventures	-	-	1 320
Sale of business, net liquidity accruing to the group	1 261	-	-
Business combinations, net liquidity accruing to the Group	-	-421	-417
Loans to third parties	-128	-138	-1 410
Repayment of loans	84	65	161
Investments in other companies	-804	-523	-735
Net cash flow from investing activities	-1 190	-3 358	-4 678
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	2 904	15 363	15 377
Repayment of debt	-6 734	-7 027	-9 378
Capital increase	-	-	-
Capital reduction	-	-	-
Dividend and Group contribution paid	-7 521	-6 245	-10 260
Share issue to minority	241	911	928
Net cash flow from financing activities	-11 110	3 002	-3 333
Net change in cash and cash equivalents	-1 425	9 915	4 703

Currency effect on cash flows	37	-354	-249
Cash and cash equivalents 01.01	6 663	2 209	2 209
Cash and cash equivalents 30.06 / 31.12	5 275	11 770	6 663
Unused committed credit lines	8 040	8 000	8 054
Unused overdraft facilities	1 569	400	731

*Changes in short term items are mainly related to change in working capital (NOK 312 million), changes in receivables and liabilities regarding cash collateral (NOK 368 million) in addition to currency effects (NOK - 573 million).

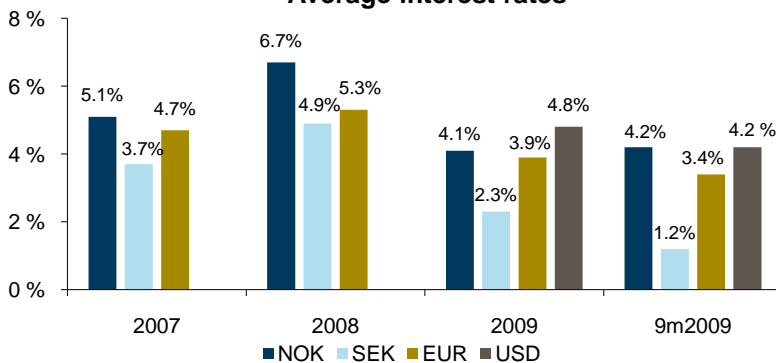
LIABILITIES AND INTEREST EXPENSES

LONG-TERM DEBT REDEMPTION PROFILE

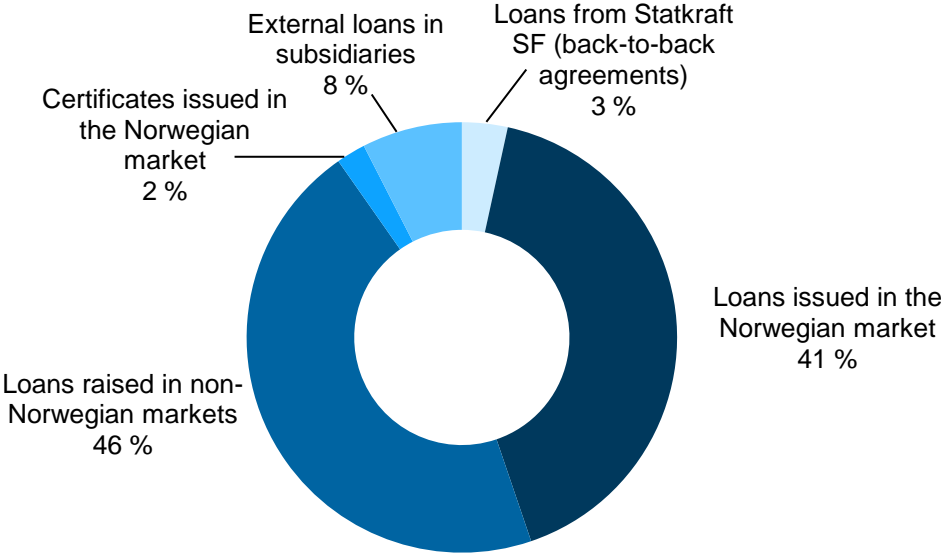


- > Funding 9m 2010:
 - New loans NOKm 2 904
 - Repayment NOKm 6 734
- > Interest-bearing liabilities of NOK 42.6 bn
 - NOK 50%, EUR 40%, SEK 6%, USD 4%
- > Undrawn credit facilities of NOK 8 bn
- > 64% exposed to floating interest rates

Average interest rates



DISTRIBUTION OF LOANS



Per 30 Sept 2010

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