



Interim Report
Q4/2013
Statkraft AS

Q4

Key figures

NOK million	Fourth quarter			The year		
	2013	2012	Change	2013	2012	Change
From income statement ¹⁾						
Gross operating revenues, underlying	14 907	11 818	26 %	47 458	38 910	22 %
Net operating revenues, underlying	6 079	5 754	6 %	20 545	19 207	7 %
EBITDA, underlying	3 843	3 517	9 %	12 444	11 347	10 %
Operating profit, underlying	3 063	2 859	7 %	9 589	8 813	9 %
Operating profit, booked	4 448	835	433 %	13 002	5 559	134 %
Share of profit from associated companies and joint ventures	701	-199	453 %	1 101	871	26 %
Net financial items	-2 765	-1 728	-60 %	-11 592	2 341	-595 %
Profit before tax	2 384	-1 091	318 %	2 511	8 771	-71 %
Net profit	2 354	-1 960	220 %	2 208	4 551	-95 %
EBITDA margin, underlying (%) ²⁾	25.8	29.8		26.2	29.2	
ROACE, underlying (%) ³⁾				12.5	13.0	
Items excluded from the underlying operating profit						
Unrealised changes in value on energy contracts	1 385	260	432 %	3 288	-1 030	419 %
Significant non-recurring items	-	-2 284	100 %	125	-2 224	106 %
Balance sheet and investments						
Total assets 31.12.				154 348	145 907	6 %
Maintenance investments	518	650	-20 %	1 980	1 811	9 %
Investments in new capacity	2 114	1 701	24 %	11 303	7 327	54 %
Investments in shareholdings	38	161	-76 %	62	2 583	-98 %
Capital employed 31.12. ⁴⁾				82 985	71 282	16 %
Cash Flow						
Net cash flow from operating activities	1 244	791	57 %	8 106	10 290	-21 %
Cash and cash equivalents 31.12.				7 685	5 440	41 %
Currency rates						
NOK/EUR average rate	8.24	7.36	12 %	7.81	7.48	4 %
NOK/EUR closing rate 31.12.				8.36	7.35	14 %

The figures for 2013 include the transfer of power plants worth about NOK 4 billion from Statkraft SF to Statkraft AS in the second quarter. The transfer had no cash effect.

Classification of maintenance investments and investments in increased capacity has been changed for the first, second and third quarters of 2013. The quarterly year to date effect was NOK 127 million, NOK 290 million and NOK 665 million, respectively. Correspondingly, the classification of maintenance investments and investments in increased capacity has been changed for the year 2012 and the third quarter of 2012. The effect year to date in 2012 was NOK 746 million and NOK 493 million, respectively. The effect for the fourth quarter of 2012 was thus NOK 253 million.

Effective 1 January 2013, Statkraft has implemented IFRS 11 Joint arrangements. This has had the effect that some companies previously recognised in accordance with the equity method are now recognised in accordance with the gross method. The comparative figures have been converted to show the company's financial situation and results in accordance with the new accounting principle.

Definitions

¹⁾ Underlying items have been adjusted for unrealised changes in value of energy contracts and significant non-recurring items up to and including the operating result.

²⁾ EBITDA margin, underlying (%): (Operating result before depreciation x 100)/Gross operating revenues.

³⁾ ROACE, underlying (%): (Underlying operating result x 100)/Average capital employed (revolving 12 months)

⁴⁾ Capital employed: Tangible fixed assets + intangible assets + non-interest-bearing receivables + inventories - payable tax - other short-term and long-term interest-free debt + group contribution allocated, not paid.

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SOLID QUARTERLY RESULT

“ Higher revenues from hydropower and wind power resulted in a good quarterly result.

Updated strategy with continued high project activity levels in Norway and Sweden.

Internationally, our position has been strengthened through the integration of the businesses in South America and South Asia in Statkraft, and further focus of SN Power.

The fourth quarter of 2013 had somewhat higher Nordic energy prices than the corresponding quarter in 2012. This, combined with new capacity within wind power production resulted in an increase in the Group's power production revenues. The result from underlying operations (EBITDA) was good and amounted to NOK 3.8 billion, 9 per cent higher than the fourth quarter of 2012.

Changes in foreign exchange rates resulted in negative currency effects in relation to financial items. These were mainly unrealised and are offset by translation effects in equity. The profit after tax ended at NOK 2.4 billion. This was an improvement of NOK 4.3 billion compared with the fourth quarter of 2012, which was a quarter with high write-downs.

The average Nordic power price was somewhat lower, measured in EUR/MWh, than in the same quarter in 2012. A weakening of the NOK, however, resulted in the price being about 8 per cent higher measured in NOK/MWh. The Group's power production was 16.3 TWh in the quarter, unchanged from the fourth quarter of 2012.

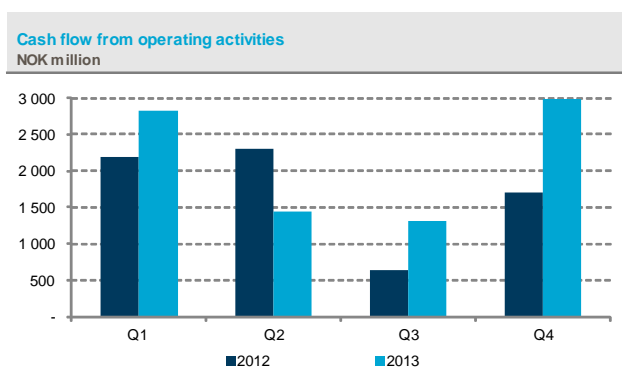
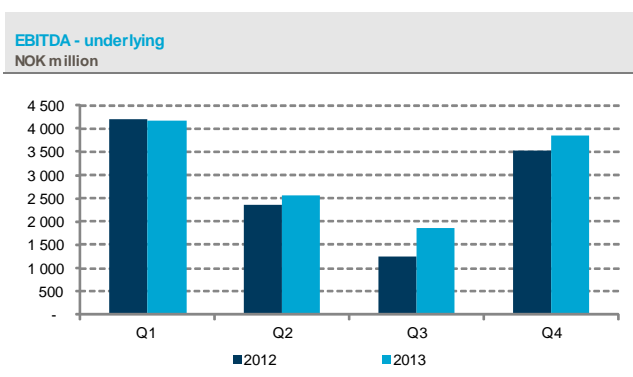
A new strategic platform was approved. Statkraft's ambition is to strengthen its position as a leading inter-

national provider of pure energy. This will be achieved by utilising the Group's competitive advantages and core expertise. The strategy is based on an evaluation of the markets' attractiveness and Statkraft's ability to create value, and has five focus areas:

- European flexible generation
- Market operations
- Hydropower in emerging markets
- Wind power
- District heating

Within Nordic hydropower, Statkraft is carrying out many major rehabilitation projects, and is planning the investments of NOK 12 billion to upgrade Norwegian and Swedish hydropower plants from 2014 to 2018. In addition, major investments are planned in wind farms in Central Norway.

Statkraft and Norfund have been working together for more than 10 years to develop renewable energy globally through the company SN Power. Statkraft and Norfund have entered into an agreement to restructure and extend their partnership. The purpose is to strengthen the position in international hydropower.



Corporate responsibility and HSE

	Fourth quarter		The year	
	2013	2012	2013	2012
Corporate social responsibility and HSE				
Fatalities ¹⁾	0	1	1	2
TRI rate Statkraft ^{1) 2)}	6.4	6.2	6.5	7.1
Serious environmental incidents	0	0	0	0
Full-time equivalents, group			3 493	3 475
Absence due to illness, group (%)	2.9	3.0	3.0	3.1

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

²⁾ TRI rate: Number of injuries per million hours worked

- The TRI rate was 6.4 in the fourth quarter. The TRI rate for 2013 was 6.5, which is somewhat better than 2012.
- There were no serious environmental incidents in the fourth quarter.
- Absence due to illness is at a low, stable level.

In 2013, there was a particular focus on investigation and learning from all incidents with a serious injury potential. Furthermore, a new tool for self-assessment of health and safety work has been implemented in all business activities. In the international business, there has been a special emphasis on improved traffic safety and good driving behaviour.

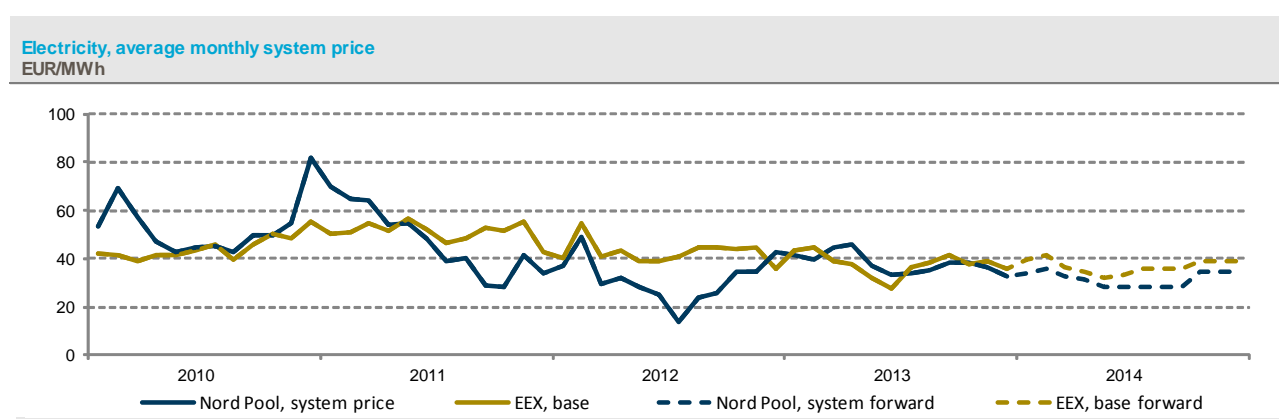
The Sheringham Shoal offshore wind farm has been nominated for Renewable UK's 2014 health and safety award for the inclusion of a medic in the operation of the wind farm.

An external rating agency is used to measure Statkraft's environmental performance. The rating is based on publicly available information and is continuously updated. In the fourth quarter, the Group's additional environmental information was made available, raising Statkraft's rating to B+, which is at the international best practice level.

Market and production

Power prices, power optimisation and production form 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 and commodity prices for thermal power production. Gas is an input factor in a limited percentage of Statkraft's own power production.

POWER PRICES



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

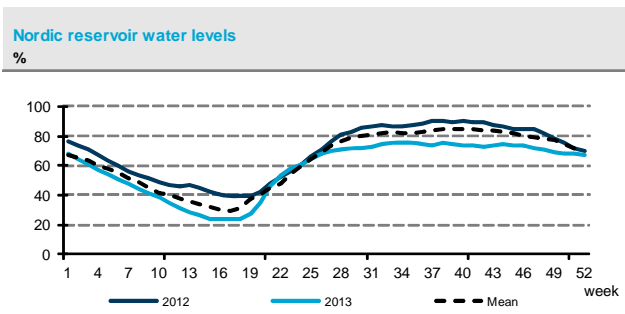
The average system price in the Nordic region was 35.9 EUR/MWh in the quarter, a decline of 4% compared with the same period in 2012. The decrease was primarily driven by higher temperatures and lower consumption than in the fourth quarter of 2012. Forward prices in the Nordic region fell through the quarter, partly due to higher reservoir inflow than normal. Measured in NOK, the average system price was 8% higher than in the fourth quarter of 2012.

The average spot price in the German market was 37.5 EUR/MWh in the quarter, a decline of 9% compared with the same period in 2012. The decline was characterised by higher temperatures. Forward prices in Germany fell through the quarter, partly as a result of spot prices in the fourth quarter being lower than expected.

EUR/MWh	Fourth quarter			The year		
	2013	2012	Change	2013	2012	Change
Prices						
Average system price, Nord Pool	35.9	37.3	-4 %	38.1	31.3	22 %
Average spot price (base), EEX	37.5	41.4	-9 %	37.8	42.8	-12 %
Average spot price (peak), EEX	50.8	55.3	-8 %	48.8	53.6	-9 %
Average gas price, EGT	27.1	27.1	0 %	27.3	25.4	7 %

Sources: Nord Pool, European Energy Exchange (EEX) and Eon Gas Trading (EGT).

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



Source: Nord Pool.

TWh	Fourth quarter		The year	
	2013	2012	2013	2012
Consumption and output				
Nordic				
Nordic consumption	100.5	106.3	381.8	384.5
Nordic output	100.2	108.5	379.8	399.0
Net Nordic import(+)/export (-)	0.3	-2.2	2.0	-14.5
Norway				
Norwegian consumption	34.5	36.6	128.8	127.9
Norwegian output	35.8	38.6	133.7	146.0
Net norwegian import(+)/export (-)	-1.3	-2.0	-4.9	-18.1

The inflow was higher than normal in the period. The total reservoir water level in the Nordic region was 82.1 TWh at the end of December, corresponding to 97.1% of normal. The reservoirs were filled to 67.6% of capacity (69.6% in 2012), with a maximum reservoir capacity of 121.4 TWh at the end of the year.

In the fourth quarter, 0.3 TWh was imported to the Nordic region from the Continent, compared with net export of 2.2 TWh in the corresponding period in 2012.

STATKRAFT'S POWER PRODUCTION

Statkraft's production is determined by water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power and gas prices (spark spread) and power optimisation.

TWh	Fourth quarter		The year	
	2013	2012	2013	2012
Production, technology				
Hydropower	15.3	15.6	53.2	57.6
Wind power	0.5	0.2	1.4	0.8
Gas power	0.4	0.5	1.1	1.5
Bio power	0.1	0.0	0.2	0.1
Total production	16.3	16.3	55.9	60.0
Production, geography				
Norway	13.0	13.1	45.1	48.3
Nordic ex. Norway	1.8	1.9	5.4	7.1
Europe ex. Nordic	0.8	0.7	2.3	2.1
Rest of the world	0.8	0.7	3.0	2.5
Total production	16.3	16.3	55.9	60.0

The Group produced 16.3 TWh in total. In the fourth quarter, the Group produced 0.5 TWh of wind power, compared with 0.2 TWh in the same period in 2012. The increase was due to good wind conditions as well as new production capacity.

In addition, the Group's district heating production amounted to 0.3 TWh (0.4 TWh).

Financial performance

The quarterly report shows the development in the fourth quarter of 2013 compared with the fourth quarter of 2012, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2012.

Effective 1 January 2013, Statkraft implemented IFRS 11 Joint arrangements. This has had the effect that some companies previously recognised in accordance with the equity method are now recognised in accordance with the gross method as described in IFRS 11. The comparative figures have been converted for 2012, and show the company's financial situation and results in accordance with the new accounting policy.

NOK million	Fourth quarter			The year		
	2013	2012	Change	2013	2012	Change
Key figures						
Net operating revenues, underlying	6 079	5 754	6 %	20 545	19 207	7 %
EBITDA, underlying	3 843	3 517	9 %	12 444	11 347	10 %
Profit before tax	2 384	-1 091	318 %	2 511	8 771	-71 %
Net profit	2 354	-1 960	220 %	208	4 551	-95 %

In spite of major negative currency effects in the fourth quarter, the Group's net profit was NOK 4.3 billion higher. The improvement is primarily related to major impairment in the fourth quarter of 2012, as well the Group recorded income in relation to previously paid tax in Germany in the fourth quarter of 2013.

GROSS OPERATING RESULT (EBITDA) – UNDERLYING

The underlying EBITDA was NOK 326 million higher than in the same quarter in 2012, primarily as a result of higher revenues from hydropower and wind power. The increase in revenues was mainly driven by higher prices measured in NOK, new production capacity within wind power and good wind conditions. In addition, plants transferred from Statkraft SF made a positive contribution.

OPERATING REVENUES - UNDERLYING

NOK million	Fourth quarter			The year		
	2013	2012	Change	2013	2012	Change
Net operating revenues, underlying						
Net physical spot sales, incl. green certificates	10 667	7 583	41 %	31 750	24 485	30 %
Concessionary sales at statutory prices	101	91	11 %	341	307	11 %
Long-term contracts	1 743	1 593	9 %	6 785	6 179	10 %
Nordic and Continental Dynamic Asset Management Portfolio	37	64	-42 %	247	525	-53 %
Trading and origination (excl. market access Germany and UK - renewable)	222	265	-16 %	681	726	-6 %
Distribution grid	307	301	2 %	1 184	1 071	11 %
End user	1 348	1 341	0 %	4 631	4 024	15 %
District heating, energy sales	194	231	-16 %	684	655	4 %
Other sales revenues	3	4	-40 %	10	17	-41 %
Currency hedging energy contracts	-12	-6	-111 %	-23	-6	-312 %
Sales revenues	14 608	11 467	27 %	46 291	37 982	22 %
Other operating revenues	298	351	-15 %	1 168	928	26 %
Gross operating revenues	14 907	11 818	26 %	47 458	38 910	22 %
Energy purchase	-8 554	-5 802	-47 %	-25 922	-18 678	-39 %
Transmission costs	-274	-262	-5 %	-991	-1 026	3 %
Net operating revenues	6 079	5 754	6 %	20 545	19 207	7 %

- Increased volumes within activities where Statkraft offers minor renewable energy producers market access in Germany and the UK contributed to an increase in net physical spot sales and energy purchases.
- Good wind conditions, as well as new production capacity within wind power, contributed to increased net physical spot sales.
- Higher Nordic power prices measured in NOK also contributed to increased net physical spot sales.
- Revenues from long-term contracts were somewhat higher than in the same quarter in 2012 as a result of higher volumes and price indexing in the contracts.
- The changes in the Nordic management portfolio and trading and origination relate to exposure to and changes in market prices.
- Increased margin from the end-user business.

OPERATING EXPENSES - UNDERLYING

NOK million	Fourth quarter			The year		
	2013	2012	Change	2013	2012	Change
Operating expenses, underlying						
Salaries and payroll costs	-848	-820	3 %	-3 136	-3 046	3 %
Depreciation and impairments	-780	-658	18 %	-2 855	-2 534	13 %
Property tax and licence fees	-394	-301	31 %	-1 640	-1 345	22 %
Other operating expenses	-994	-1 116	-11 %	-3 325	-3 469	-4 %
Operating expenses	-3 016	-2 895	4 %	-10 956	-10 393	5 %

- Increased depreciation is partly due to the final completion of the onshore wind farms Baillie in the UK and Stamåsen in Sweden, as well as the transfer of the leased power plants from Statkraft SF to Statkraft AS in the second quarter of 2013.
- Increased property tax is primarily due to regulatory changes in Norway and Sweden as well as the transfer of leased power plants from Statkraft SF.
- The reduction in other operating expenses relates e.g. to repair costs for Baltic Cable as well as write-downs of the inventories in Emden in the fourth quarter of 2012. In addition, activity levels have been lower in the Doggerbank offshore wind power project in the fourth quarter of 2013.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING RESULT

Unrealised changes in value of energy contracts and significant non-recurring items have been excluded from the underlying operating result. The unrealised changes in value are partly due to the Group's energy contracts being indexed against various commodities, currencies and other indices.

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Items excluded from the underlying operating profit				
Unrealised changes in value of energy contracts	1 385	260	3 288	-1 030
Significant non-recurring items	-	-2 284	125	-2 224
<i>Revenue recognition related to termination of energy contract</i>	-	-	164	-
<i>Bargain purchase in step acquisition of Devoll</i>	-	-	162	-
<i>Gain from sale of heating plant in Allingsås</i>	-	-	86	-
<i>Costs related to purchase in step acquisition of biomass companies</i>	-	-	-97	-
<i>Final settlement of sale of Trondheim Energi Nett</i>	-	115	-	175
<i>Impairment of property, plant and equipment and intangible assets</i>	-	-2 399	-190	-2 399

- The positive development for energy contracts in the fourth quarter of 2013 was mainly due to currency effects from long-term power sales agreements entered into in EUR. In addition, there was a positive development in the Nordic management portfolio as well as financial energy derivatives as a result of lower anticipated Nordic power prices.

SHARE OF PROFIT FROM ASSOCIATED COMPANIES AND JOINT VENTURES

The Group has major shareholdings in the regional Norwegian power companies BKK and Agder Energi, as well as shareholdings in companies outside Norway, where much of the activity takes place through participation in partly-owned companies.

NOK million	Fourth quarter			The year		
	2013	2012	Change	2013	2012	Change
Share of profit from associated companies						
BKK	176	96	84 %	319	382	-16 %
Agder Energi	153	133	15 %	339	408	-17 %
Others	373	-427	187 %	442	80	451 %
Associated companies	701	-199	453 %	1 101	871	26 %

- The higher profit in BKK and Agder Energi was mainly due to unrealised changes in value of energy contracts.
- The higher profit from other associated companies is mainly due to higher revenues from the Philippines and an insurance settlement in Chile, as well as write-downs in India in the fourth quarter of 2012.

FINANCIAL ITEMS

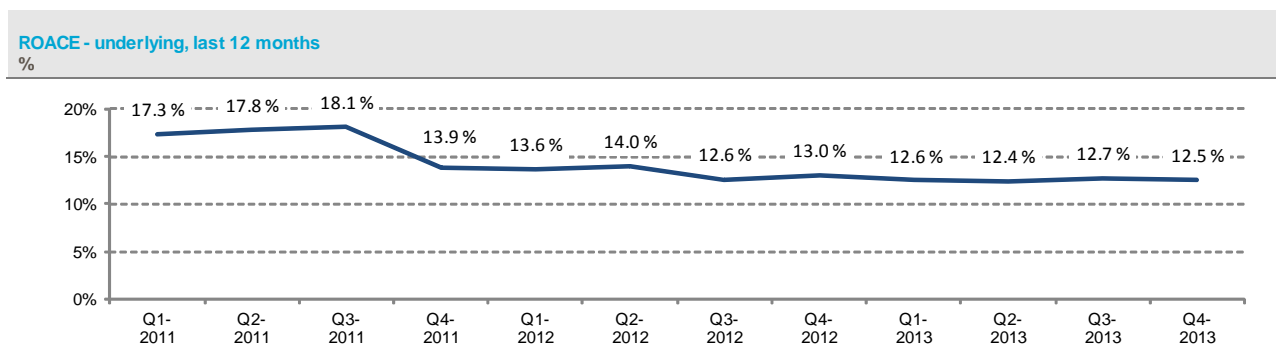
NOK million	Fourth quarter			The year		
	2013	2012	Change	2013	2012	Change
Financial items						
Interest income	55	33	68 %	218	231	-6 %
Other financial income	4	121	-97 %	20	765	-97 %
Gross financial income	58	153	-62 %	237	996	-76 %
Interest expenses	-357	-307	-16 %	-1 272	-1 250	-2 %
Other financial expenses	-22	-10	-122 %	-78	-50	-56 %
Gross financial expenses	-379	-317	-20 %	-1 351	-1 301	-4 %
Currency gains and losses	-2 524	8	>1000 %	-9 403	4 468	-310 %
Other financial items	79	-1 572	105 %	-1 076	-1 822	41 %
Net financial items	-2 765	-1 728	-60 %	-11 592	2 341	-595 %

- Financial income fell by NOK 95 million, mainly due to the inclusion of a gain in relation to step up acquisition of the Berry Burn wind farm in the UK in the fourth quarter of 2012.
- Financial expenses increased by NOK 62 million as a result of changes in the debt structure.
- Net currency effects in the fourth quarter amounted to NOK -2524 million, mainly as a result of weaker NOK against EUR. These were mainly unrealised and are offset by translation effects in the equity.
- Other financial items increased by NOK 1651 million, mainly due to unrealised losses on the shareholding in E.ON SE in the fourth quarter of 2012.

TAXES

The recorded tax expense was NOK 30 million in the fourth quarter (NOK 868 million). The decline in tax expense was mainly due to the reimbursement to Statkraft of previous years' withholding tax associated with dividend from the E.ON shareholding of NOK 566 million in the fourth quarter of 2013, while the tax expense in the fourth quarter of 2012 was negatively influenced by a lower assessment of the deferred tax asset.

RETURN



Measured as ROACE¹, the return was on par with the most recent quarters. The high level of return in the first quarters of 2011 were due to a particularly high operating profit at the end of 2010 as a result of high power prices.

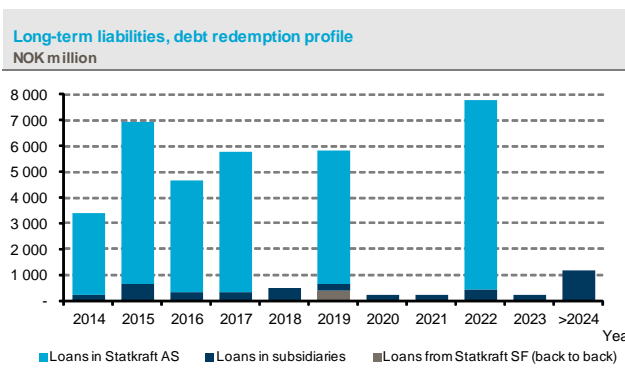
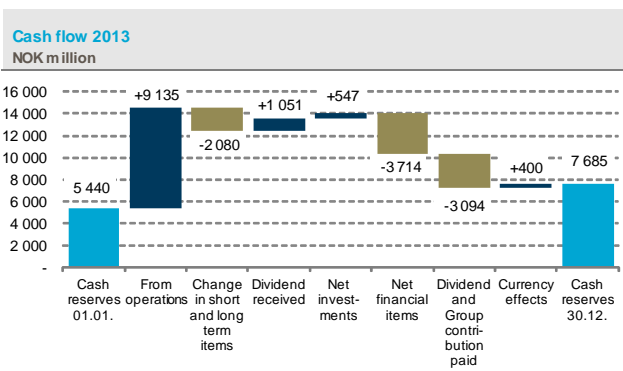
Based on the net profit, the rolling net return on equity² was 0.3%, in 2013, compared with 7% for the year 2012, while net return on total capital equity³ was 0.8%, compared with 3.8% for the year 2012. The decline is due to a substantially lower profit in 2013 compared to 2012, mainly due to unrealised currency effects. The negative currency effects are fully offset by positive translation effects, resulting in an increase of NOK 8757 million in the Group's equity in 2013.

¹ ROACE (%): (Operating result adjusted for unrealised changes in the value of energy contracts and significant non-recurring items x 100)/average capital employed.

² Net return on equity (%): (Net profit last 12 months x 100)/ average equity.

³ Net return on total assets (%): (Net profit adjusted for financial expenses last 12 months x 100)/average total assets.

CASH FLOW AND CAPITAL STRUCTURE



Cash flow 2013

- The Group's operating activities generated a cash flow of NOK 9135 million (NOK 6846 million).
- The changes in short and long-term items had negative effect of NOK 2080 million (positive effect of NOK 1485 million). The change was mainly related to cash collateral, which was partly offset by a positive change in working capital.
- NOK 1051 million was received in dividend – primarily from BKK, Agder Energi and associated companies in SN Power.
- Net investments⁴ amounted to NOK 547 million (NOK -12 484 million). This is mainly settlement for sold E.ON shares of NOK 8515 million, payment for sale of the transmission grid for the Sheringham Shoal offshore wind farm of NOK 957 million, as well as investments in property, plant and equipment of NOK 9248 million.
- The net liquidity change from financing amounted to NOK -3714 million (NOK -3513 million). New debt was NOK 865 million (NOK 7919 million), primarily associated with SN Power's project financing in Panama. Repayment of debt amounted to NOK 4714 million (NOK 4573 million).
- Dividend and group contributions totalling NOK 3094 million were disbursed (NOK 4293 million), mainly to Statkraft SF.
- Translation effects on bank deposits, cash in hand and similar amounted to NOK 400 million.

Financial structure

At the end of the quarter, Statkraft had the following financial structure:

- Net interest-bearing debt⁵ totalled NOK 32 240 million, compared with NOK 34 960 million at the start of the year. The decline relates primarily to the sale of the E.ON shares, which resulted in higher bank deposits and repayment of debt.
- The net interest-bearing debt-equity ratio was 31.5%, compared with 35.9% at year-end 2012.
- Loans from Statkraft SF to Statkraft AS amounted to NOK 400 million.
- Current assets, except cash and cash equivalents, amounted to NOK 18 048 million.
- Short-term interest-free debt was NOK 17 734 million.
- Statkraft's equity totalled NOK 71 107 million, compared with NOK 62 350 million at the start of the year. This corresponds to 46.1% of total assets. The increase in equity relates to a positive comprehensive income of NOK 9361 million, as well as the transfer of power plants from Statkraft SF of NOK 3442 less deducted dividend and group contribution for 2012 of NOK 4198 million, including minority interest.

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 2670 million.

Investments in the quarter

Maintenance investments (NOK 518 million)

- Hydropower in the Nordic region

Investments in increased capacity (NOK 2114 million)

- Hydropower in the Nordic region
- Hydropower in Turkey and Albania
- Hydropower outside Europe
- Wind power in the UK and Sweden
- District heating plants and grids in Norway and Sweden
- Transmission grids in Norway
- Small-scale hydropower in Norway

Investments in shareholdings (NOK 38 million)

- Small-scale hydropower in Norway
- Hydropower outside Norway

⁴ Net investments include investments paid at the end of the quarter, payments received from sale of non-current assets, net liquidity out from the Group upon acquisition of activities and repayment and disbursement of loans.

⁵ Net interest-bearing debt: Gross interest-bearing liabilities – bank deposits, cash in hand and similar excluding restricted funds – short-term financial investments

Projects

Fourth quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion	
Completed projects in the period						
Wind power	Tollarpbjär	Sweden	3	90 %		
District heating	Hammargård/Kungsbacka	Sweden	12	100 %		
Main projects under construction						
Hydropower	Eiriksdal og Makkoren	Norway	56	100 %	2014	Q3
	Nedre Røssåga, phase 1	Norway	-	100 %	2017	Q4
	Nedre Røssåga, phase 2	Norway	100	100 %	2016	Q4
	Kjensvatn	Norway	10	100 %	2014	Q4
	Brokke Nord/Sør	Norway	24	- ²⁾	2014	Q3
	Kargi	Turkey	102	100 %	2015	Q2
	Cetin	Turkey	517	100 %	2017	Q4
	Devoll	Albania	243	100 %	2018	
	Cheves	Peru	171	100 % ³⁾	2015	Q1
	Bajo Frio	Panama	58	26 % ³⁾	2014	Q4
Wind power	Mörtjärnberget ⁴⁾	Sweden	85	60 %	2014	Q1
	Berry Burn ⁴⁾	UK	67	100 %	2014	Q1
	Ögonfågeln	Sweden	99	60 %	2014	Q4
	Björkhöjden	Sweden	270	60 %	2015	Q4
District heating	Sandefjord	Norway	23	100 %	2015	Q2

¹⁾ Total for project, incl. partners' share.

²⁾ Owned by Agder Energi (69%) and Skagerak Energi (31%).

³⁾ SN Power's share.

⁴⁾ Part of the wind farm in production.

Segments

The segment structure follows the internal management information that is systematically reviewed by the corporate management and used for resource allocation and goal attainment. The segments are Nordic hydropower, Continental energy and trading, International hydropower, Wind power, District heating and Industrial ownership. Areas not shown as separate segments are presented under the heading Other activities.

Fourth quarter	Statkraft AS Group	Nordic hydropower	Continental energy and trading	International hydropower	Wind power	District heating	Industrial ownership	Other activities	Group items
From income statement									
Gross operating revenues, underlying	14 907	4 093	8 128	441	433	182	2 065	156	-591
Net operating revenues, underlying	6 079	3 780	704	257	417	127	824	154	-185
EBITDA, underlying	3 843	2 933	315	45	261	55	370	-140	2
Operating profit, underlying	3 063	2 598	229	-3	137	22	239	-161	2
Operating profit, booked	4 448	3 277	889	33	137	22	253	-176	12
Share of profit from associated companies	701	-	-	385	-	-	316	-	-
EBITDA-margin (%), underlying	25.8	71.7	3.9	10.2	60.3	30.4	17.9	-90.0	-0.4
Maintenance investments	518	349	31	17	-2	2	120	-	-
Investments in new capacity	2 114	164	31	818	668	126	182	125	-
Investments in shareholdings	38	-	-	28	-	-	-	11	-
Production									
Production, volume sold (TWh)	16.3	13.1	0.5	0.8	0.5	-	1.3	0.1	-
- hydropower (TWh)	15.3	13.1	0.1	0.8	-	-	1.3	0.1	-
- wind power (TWh)	0.5	-	-	-	0.5	-	-	-	-
- gas power (TWh)	0.4	-	0.4	-	-	-	-	-	-
- bio power (TWh)	0.1	-	0.1	-	-	-	-	-	-
Production, district heating (TWh)	0.3	-	-	-	-	0.3	0.0	-	-

NORDIC HYDROPOWER

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Net operating revenues, underlying	3 780	3 565	13 238	12 479
EBITDA, underlying	2 933	2 789	10 043	9 409
Operating profit, underlying	2 598	2 497	8 796	8 274
Unrealised value changes energy contracts	679	-19	2 279	-1 663
Significant non-recurring items	-	-	164	-
Operating profit, booked	3 277	2 478	11 239	6 610
Share of profit from associated companies and joint ventures	-	-	-	-
Maintenance investments	349	427	1 399	1 206
Investments in new capacity	164	108	4 476	302
Investments in shareholdings	-	-	-	-
Production, volume sold (TWh)	13.1	13.0	44.1	48.4

Classification of maintenance investments and investments in new capacity has been changed for the first, second and third quarters of 2013. The quarterly effect so far this year was NOK 127 million, NOK 290 million and NOK 665 million, respectively. Correspondingly, the classification of maintenance investments and investments in increased capacity has been changed for the year 2012 and the third quarter of 2012. The effect to this date in 2012 was NOK 746 million and NOK 493 million, respectively. The effect for the fourth quarter of 2012 was thus NOK 253 million.

Highlights

- NVE (the Norwegian Water Resources and Energy Directorate) has recommended that the Ministry of Petroleum and Energy issue a licence to Statkraft for the construction of Vigdøla power plant in Luster Municipality in Sogn og Fjordane. The power plant will have an installed capacity of 15 MW and a planned average annual production of 48 GWh.
- In September, Statkraft signed an agreement to sell the power plants Svelgen 1 and 2 to Svelgen Kraft in return for Sogn og Fjordane Energiverk's 35% shareholding in Leirdøla power plant. The implementation of the agreement was contingent upon a declaration from the tax authorities. A negative reply from the tax authorities in December resulted in the transaction not being carried out in 2013, and the parties are working to find a different solution to carry out the transaction.

Financial performance

- Underlying EBITDA was higher than in the fourth quarter of 2012, mainly due to higher net operating revenues as a result of higher market prices, in NOK, for Nordic power. The operating expenses were somewhat higher, mainly as a result of higher property tax in Norway and Sweden.

Investments

- Investments in new capacity are mainly related to the power plants Eiriksdal, Makkoren, Nedre Røssåga and Kjensvatn.

CONTINENTAL ENERGY AND TRADING

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Net operating revenues, underlying	704	667	1 764	2 016
EBITDA, underlying	315	247	402	809
Operating profit, underlying	229	146	72	397
Unrealised value changes energy contracts	660	193	810	738
Significant non-recurring items	-	-2 105	-97	-2 105
Operating profit, booked	889	-1 766	785	-969
Share of profit from associated companies and joint ventures	-	-43	3	-31
Maintenance investments	31	61	86	127
Investments in new capacity	31	315	316	1 014
Investments in shareholdings	-	-	-	-
Production, volume sold (TWh)	0.5	0.6	1.5	1.9

Highlights

- Statkraft has strengthened its activities within market access for minor renewable energy producers by entering into new contracts in Norway and the UK.

Financial performance

- Underlying EBITDA was higher than in the fourth quarter of 2012, partly as a result of some improvement in the negative results from the gas power business. The revenues from trading and origination were strong, but somewhat lower than in the fourth quarter of 2012. The operating expenses were lower than in the same quarter of 2012, partly as a result of repair costs for Baltic Cable in the fourth quarter of 2012.

INTERNATIONAL HYDROPOWER

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Net operating revenues, underlying	257	290	1 017	1 054
EBITDA, underlying	45	57	278	320
Operating profit, underlying	-3	8	93	98
Unrealised value changes energy contracts	36	76	211	-113
Significant non-recurring items	-	-78	162	-78
Operating profit, booked	33	6	466	-93
Share of profit from associated companies and joint ventures	385	-384	458	146
Maintenance investments	17	60	42	90
Investments in new capacity	818	380	2 672	1 687
Investments in shareholdings	28	27	50	2 433
Production, volume sold (TWh)	0.8	0.7	3.1	2.6

Highlights

- Statkraft and Norfund entered into an agreement to restructure and extend their renewable energy cooperation. The purpose is to strengthen the position as a leading international hydropower player. The agreement is scheduled for implementation in the second quarter of 2014.
- The part-owned company Hidroelectrica La Higuera in Chile received in December USD 50 million from insurance settlement after a tunnel collapse in August 2011. Final insurance settlement is expected within 2014. SN Power's share was USD 25 million.

Financial performance

- The decline in EBITDA compared with the fourth quarter of 2012 relates to the divestment of the Totoral wind farm in Chile, which is not included in the figures this quarter, as well as lower other operating revenues in Peru.
- Unrealised changes in the value of energy contracts relate to a long-term power purchase contract in Brazil.
- The increase in share of profit from associated companies and joint ventures primarily relates to higher contributions from the business in the Philippines and an insurance settlement in Chile, as well as write-downs made in India in the fourth quarter of 2012.

Investments

- Maintenance investments related mainly to the hydropower plants in Peru.
- Investments in new capacity related to the hydropower developments in Turkey, Albania, Peru and Panama.

WIND POWER

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Net operating revenues, underlying	417	210	1 026	511
EBITDA, underlying	261	31	507	-25
Operating profit, underlying	137	4	103	-141
Unrealised value changes energy contracts	-	-	-	-
Significant non-recurring items	-	-	-190	-
Operating profit, booked	137	4	-87	-141
Share of profit from associated companies and joint ventures	-	-6	-1	-25
Maintenance investments	-2	5	11	7
Investments in new capacity	668	470	2 531	3 188
Investments in shareholdings	-	132	1	144
Production, volume sold (TWh)	0.5	0.2	1.4	0.7

Highlights

- All the turbines have been installed for the wind farms Berry Burn (67 MW) in the UK and Mörttjärnberget (85 MW) in Sweden, and parts of the wind farms have started production.
- The development of the wind farms Ögonfågeln (99 MW) and Björkhöjden (270 MW) is proceeding as scheduled.
- Statkraft took over the responsibility for operations and maintenance for the Sheringham Shoal offshore wind farm in the UK from 1 January 2014.
- In December, the Dudgeon offshore wind farm, where Statkraft owns 30% and Statoil 70%, was one of four offshore wind farms qualified by UK authorities to apply for participation in the subsidy regime for renewable energy. A final investment decision is expected in the second half of 2014.

Financial performance

- EBITDA increased compared with the fourth quarter of 2012 as a result of higher production from the Sheringham Shoal offshore wind farm and the Norwegian onshore wind farms, primarily as a result of higher average wind speed. In addition, new wind farms and higher achieved prices contributed to the improvement.
- In total, the segment produced 519 GWh in the fourth quarter, with 173 GWh from Sheringham Shoal (Statkraft's share).

Investments

- The investments in new capacity relate to the onshore wind farms under construction.

DISTRICT HEATING

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Net operating revenues, underlying	127	134	392	384
EBITDA, underlying	55	64	133	142
Operating profit, underlying	22	14	-4	-2
Unrealised value changes energy contracts	-	-	-	-
Significant non-recurring items	-	-	86	-
Operating profit, booked	22	14	82	-2
Share of profit from associated companies and joint ventures	-	-	-	-1
Maintenance investments	2	-3	2	-
Investments in new capacity	126	91	417	369
Investments in shareholdings	-	2	-	6
Production, volume sold (TWh)	0.3	0.4	1.1	1.1

Highlights

- The new biofacility in Ås was officially opened in October.
- The new bio-boiler in Kungsbacka in Sweden was completed in December.
- High volume in connecting new customers during the quarter, 64 GWh in total for the year.

Financial performance

- The decline in EBITDA compared with the same quarter in 2012 primarily relates to lower production as a result of higher than normal temperatures in the quarter, as well as the sale of the production plant in Alingsås in Sweden.
- In total, the segment produced 285 GWh in the quarter.

Investments

- Investments relate primarily to the development in Ås and Sandefjord in Norway, Hammargård in Sweden and district heating grids in both countries.

INDUSTRIAL OWNERSHIP¹⁾

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Net operating revenues, underlying	824	965	3 174	3 010
EBITDA, underlying	370	531	1 583	1 495
Operating profit, underlying	239	416	1 109	1 061
Unrealised value changes energy contracts	14	12	21	1
Significant non-recurring items	-	-216	-	-216
Operating profit, booked	253	212	1 130	846
Share of profit from associated companies and joint ventures	316	237	640	781
Maintenance investments	120	100	440	381
Investments in new capacity	182	243	497	538
Investments in shareholdings	-	-	-	-
Production, volume sold (TWh)	1.3	1.8	5.4	6.0

¹⁾ Industrial ownership includes the shareholdings in Skagerak Energi, Fjordkraft, BKK, Agder Energi and Istad. The two former companies are included in the consolidated financial statements, while the other three companies are reported as associated companies

Highlights

- In August, a fault occurred on the 132 kV back-up supply to Kollsnes gas terminal in BKK's delivery area, and the line was taken out of operation. The new back-up connection was in place in December.
- BKK completed and started operating the Samnanger transformer station, for the 420-kV line between Sima and Samnanger.
- The letter of intent signed between Statkraft and BKK, Haugaland Kraft, Sunnhordland Kraftlag and Sognekraft to make changes in BKK ownership structure and power plants in Western Norway was terminated in November, as the parties did not reach an agreement.
- Istad Kraft has signed an agreement concerning the sale of the subsidiary Linjebygg Offshore. The transaction is contingent upon approval from the Norwegian Competition Authority.

Financial performance

- The decline in EBITDA compared with the same period in 2012 is mainly due to lower revenues from power sales.
- The increase in the share of profit from associated companies is mainly due to positive unrealised changes in value of energy contracts.

Investments

- Most of the investments are new investments in grid activities.

OTHER ACTIVITIES¹⁾

NOK million	Fourth quarter		The year	
	2013	2012	2013	2012
Net operating revenues, underlying	154	151	665	565
EBITDA, underlying	-140	-210	-486	-787
Operating profit, underlying	-161	-234	-564	-856
Unrealised value changes energy contracts	-15	-1	-43	7
Significant non-recurring items	-	115	0	175
Operating profit, booked	-176	-120	-607	-674
Share of profit from associated companies and joint ventures	-	-2	-	-
Maintenance investments	-	-	-	-
Investments in new capacity	125	94	393	229
Investments in shareholdings	11	-	11	-
Production, volume sold (TWh)	0.1	0.1	0.3	0.3

¹⁾ The segment Other activities includes small-scale hydropower, innovation and group functions.

Highlights

- Småkraft has acquired 100% of the shares in Ornevik Kraftlag AS and Knutfoss Kraft AS.

Financial performance

- Positive changes in EBITDA due to higher power prices for small-scale hydro as well as lower operating expenses in the fourth quarter.

Investments

- Asset investments are mainly in connection with investments in small-scale hydropower.

Outlook

The Nordic power prices are expected to be somewhat lower than in 2013. Statkraft's large reservoir capacity with both seasonal and multiple-year reservoirs provides the Group with large flexibility to manage water resources efficiently. Long-term power contracts also contribute to stabilise the Group's earnings. New production capacity is under construction, and will increase revenues when completed.

In an international perspective, there is a growing demand for renewable energy. Statkraft is well-positioned for fulfilling its ambition to strengthen the position as a leading supplier of pure energy. Norwegian and Nordic hydropower represents the majority of Statkraft's activities. Statkraft is entering a period of major investments to rehabilitate the old hydropower plants in Norway and Sweden, in parallel with investments in new projects within hydropower and wind power internationally.

It is expected that the EU will implement additional initiatives in the direction of an energy system with less carbon emissions and a stronger focus on security of supply and energy efficiency. This will contribute to new business opportunities within renewable power production and sale of services and products to small-scale power producers. As Europe's largest producer of renewable energy, Statkraft has a strong market position and can play a significant role in the energy conversion.

In emerging markets, hydropower will be a profitable and climate-friendly source of energy. Statkraft is well positioned and has ambitions of further growth based on the Group's core expertise within project development, operation and maintenance. The new long-term cooperation agreement with Norfund will result in the integration of the undertakings in South America and South Asia in Statkraft, and further focus on SN Power. The Group's core expertise within operations, maintenance and project management will be further reinforced.

Oslo, 12 February 2014
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

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

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

NOK million	Paid-in capital	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
STATEMENT OF CHANGES IN EQUITY							
Balance as of 01.01.2012	45 569	20 795	-7 955	12 840	58 409	7 241	65 651
Net profit/loss	-	4 321	-	4 321	4 321	230	4 551
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	-	372	-	372	372	-35	337
Estimate deviation pensions	-	1 224	-	1 224	1 224	229	1 453
Income tax related to estimate deviation pensions	-	-343	-	-343	-343	-64	-407
Items recorded in other comprehensive income in associates and joint arrangements	-	320	-	320	320	-	320
Currency translation effects	-	-	-4 020	-4 020	-4 020	-516	-4 536
Total comprehensive income for the period	-	5 894	-4 020	1 874	1 874	-156	1 719
Dividend and Group contribution paid	-	-4 900	-	-4 900	-4 900	-308	-5 208
Changes in accounting principles	-	33	-	33	33	-	33
Business combinations	-	-	-	-	-	126	126
Liability of the option to increase shareholding in subsidiary	-	-	-	-	-	-137	-137
Capital increase	-	-	-	-	-	167	167
Balance as of 31.12.2012	45 569	21 822	-11 975	9 847	55 416	6 934	62 350
Net profit/loss	-	-274	-	-274	-274	482	208
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	-	-915	-	-915	-915	87	-828
Estimate deviation pensions	-	-93	-	-93	-93	-32	-124
Income tax related to estimate deviation pensions	-	-	-	-	-	-	-
Items recorded in other comprehensive income in associates and joint arrangements	-	112	-	112	112	51	163
Currency translation effects	-	-	9 648	9 648	9 648	292	9 940
Total comprehensive income for the period	-	-1 168	9 648	8 480	8 480	881	9 361
Dividend and Group contribution paid	-	-4 000	-	-4 000	-4 000	-198	-4 198
Business combinations/divestments	2 817	-	-	-	2 817	-	2 817
Transactions with non-controlling interests	-	-	-	-	-	111	111
Liability of the option to increase shareholding in subsidiary	-	-	-	-	-	-94	-94
Capital increase	624	-	-	-	624	135	760
Balance as of 31.12.2013	49 011	16 654	-2 327	14 328	63 338	7 769	71 107

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

* Investments in new capacity are MNOK 4035 lower than investments in new capacity in the segment reporting due to acquisition of assets of NOK 3897 million from Statkraft SF and NOK 138 million from investments not yet paid as of year-end 2013.

** Received for business divestments are MNOK 441. Consolidated cash divested was MNOK 114.

*** Considerations for business combinations are MNOK 9. Consolidated cash from these companies are MNOK 68.

**** Included in cash and cash equivalents are NOK 85 million related to joint operations as of year-end 2013.

NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group items
SEGMENTS									
4th quarter 2013									
Operating revenue external, underlying	15 934	3 035	8 092	440	19	181	2 056	67	2 043
Operating revenue internal, underlying	-	1 058	36	-	414	1	8	89	-1 606
Gross operating revenues, underlying	15 934	4 093	8 128	441	433	182	2 065	156	437
Net operating revenues, underlying	7 464	3 780	704	257	417	127	824	154	1 200
Operating profit/loss, underlying	4 448	2 598	229	-3	137	22	239	-161	1 387
Unrealised value change energy derivatives	-	679	660	36	-	-	14	-15	-1 375
Non-recurring items	-	-	-	-	-	-	-	-	-
Operating profit/loss	4 448	3 277	889	33	137	22	253	-176	12
Share of profit/loss from associates and joint ventures	701	-	-	385	-	-	316	-	-
Profit and loss, before financial items and tax	5 149	3 277	889	418	137	22	569	-176	12
The year 2013									
Operating revenue external, underlying	49 564	10 506	23 318	1 697	39	640	7 420	192	5 754
Operating revenue internal, underlying	-	3 813	17	-	1 029	2	53	477	-5 391
Gross operating revenues, underlying	49 564	14 318	23 335	1 697	1 067	642	7 472	669	362
Net operating revenues, underlying	24 246	13 238	1 764	1 017	1 026	392	3 174	665	2 970
Operating profit/loss, underlying	13 002	8 796	72	93	103	-4	1 109	-564	3 397
Unrealised value change energy derivatives	-	2 279	810	211	-	-	21	-43	-3 278
Non-recurring items	-	164	-97	162	-190	86	-	-	-125
Operating profit/loss	13 002	11 239	785	466	-87	82	1 130	-607	-7
Share of profit/loss from associates and joint ventures	1 101	-	3	458	-1	-	640	-	-
Profit/loss, before financial items and tax	14 103	11 239	789	924	-88	82	1 770	-607	-7
Balance sheet 31.12.2013									
Investment in associates and joint ventures	16 002	-	-	6 559	1	-	9 438	-	4
Other assets	138 346	55 134	5 407	13 509	12 321	3 188	14 714	53 899	-19 826
Total assets	154 348	55 134	5 407	20 068	12 322	3 188	24 152	53 899	-19 822
Depreciations, amortisation and impairments	-3 045	-1 247	-330	-185	-595	-137	-474	-78	-
Maintenance investments	1 980	1 399	86	42	11	2	440	-	-
Investments in new generating capacity	11 303	4 476	316	2 672	2 531	417	497	393	-
Investments in other companies	62	-	-	50	1	-	-	11	-
4th quarter 2012									
Operating revenue external, underlying	11 863	2 714	5 162	437	22	220	2 207	18	1 083
Operating revenue internal, underlying	-	1 079	215	-12	186	1	12	134	-1 615
Gross operating revenues, underlying	11 863	3 793	5 377	425	208	221	2 219	152	-531
Net operating revenues, underlying	6 130	3 565	667	290	210	134	965	151	148
Operating profit/loss, underlying	835	2 497	146	8	4	14	416	-234	-2 016
Unrealised value change energy derivatives	-	-19	193	76	-	-	12	-1	-260
Non-recurring items	-	-	-2 105	-78	-	-	-216	115	2 284
Operating profit/loss	835	2 478	-1 766	6	4	14	212	-120	8
Share of profit/loss from associates and joint ventures	-199	-	-43	-384	-6	-	237	-2	-
Profit/loss before financial items and tax	636	2 478	-1 809	-378	-2	14	449	-122	8
The year 2012									
Operating revenue external, underlying	37 550	10 143	16 857	1 566	17	625	6 691	117	1 533
Operating revenue internal, underlying	-	3 221	-32	1	508	1	33	452	-4 184
Gross operating revenues, underlying	37 550	13 365	16 825	1 567	526	626	6 724	568	-2 651
Net operating revenues, underlying	18 352	12 479	2 016	1 054	511	384	3 010	565	-1 667
Operating profit/loss, underlying	5 559	8 274	397	98	-141	-2	1 061	-856	-3 271
Unrealised value change energy derivatives	-	-1 663	738	-113	-	-	1	7	1 030
Non-recurring items	-	-	-2 105	-78	-	-	-216	175	2 224
Operating profit/loss	5 559	6 610	-969	-93	-141	-2	846	-674	-17
Share of profit/loss from associates and joint ventures	871	-	-31	146	-25	-1	781	-	-
Profit before financial items and tax	6 430	6 610	-1 000	53	-166	-3	1 627	-674	-17
Balance sheet 31.12.2012									
Investment in associates and joint ventures	15 924	-	-	6 368	82	-	9 463	-	12
Other assets	129 983	48 837	4 689	10 442	9 433	2 874	14 254	58 947	-19 494
Total assets	145 907	48 837	4 689	16 810	9 515	2 874	23 717	58 947	-19 482
Depreciations, amortisation and impairments	-4 933	-1 136	-2 517	-301	-116	-145	-650	-69	-
Maintenance investments*	1 811	1 206	127	90	7	-	381	-	746
Investments in new generating capacity*	7 327	302	1 014	1 687	3 188	369	538	229	-746
Investments in other companies	2 583	-	-	2 433	144	6	-	-	-

* Classification between maintenance investments and investments in new capacity has been changed in first quarter of 2013, second quarter of 2013 and third quarter of 2013. The effect year to date per quarter was respectively, NOK 127 million, NOK 290 million and NOK 665 million. The classification has been changed accordingly for the year 2012 and year to date third quarter 2012. The year to date effect is NOK 746 million and NOK 493 million. The effect for fourth quarter 2012 is them NOK 253 million.

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The Group's consolidated financial statements for the fourth quarter of 2013, ending 31 December 2013, have been prepared in accordance with International Financial Reporting Standards (IFRS) and include 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 2012. The interim accounts have not been audited. Applied accounting principles in the quarterly report are the same as those applied in the annual accounts, with the exception of the implementation of IFRS 10, 11, 12 and 13.

The Group has chosen to implement the following standards early, with associated changes in other standards as of the 2013 fiscal year.

- **IFRS 10 Consolidated financial statements** The standard relates to definition of subsidiaries and places greater emphasis on actual control than earlier rules did. Investments in subsidiaries and associated companies have been evaluated in accordance with IFRS 10. The implementation of the standard has not resulted in any changes for Statkraft.
- **IFRS 11 Joint arrangements** The standard regulates accounting of activities where Statkraft has joint control with other investors. Joint operations shall, in accordance with the new standard, be incorporated in accordance with a method corresponding to the gross method. The agreement between the participants, describing individual rights and obligations in the joint operations, will determine how to account for an asset in jointly controlled operations. For Statkraft, this entails that several shareholdings previously presented in accordance with the equity method will now be presented in accordance with the gross method in accordance with IFRS 11. All entities that meet the definition of joint arrangements will be accounted for using the equity method. The effect of the implementation of IFRS 11 is shown in Note 9.
- **IFRS 12 Disclosure of interests in other entities** The standard sets requirements related to note information concerning investments in subsidiaries, associated companies and jointly controlled entities. The purpose is to provide information about characteristics and risks in relation to the Group's investments in such companies, and which effects this has on the Group's balance sheet, results and cash flows. The standard introduces several new information requirements, particularly for the annual accounts.
- **IFRS 13 Fair Value Measurement** The standard defines principles and guidelines for measuring the fair value of assets and liabilities which other standards require or permit to be measured at fair value. The effect of the implementation of IFRS 13 is limited.

Changed practice for presentation of power sales revenues and energy purchases from 1 January 2013

Gross presentation is the basis for presentation of revenues in the consolidated financial statements. In 2013, Statkraft has reviewed the existing practice as regards classification of certain energy contracts in the income statement. This has resulted in some contracts that were previously recorded net under sales revenues now being classified gross as either sales revenues or energy purchases. In this connection, reference is made to Note 9, which shows the overall effect of changed practice and implementation of IFRS 11.

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. Comparable figures following the implementation of the changed accounting policies have been converted, and the effect presented in Note 9.

3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies 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 the estimates that can have a significant risk of material changes to the amounts recognised in future accounting periods, are discussed in the annual financial statement for 2012.

In preparing the consolidated financial statements for the fourth quarter, the Group's management has exercised its judgment in relation to the same areas, where such judgment has had material significance for the figures included in the Group's income statement and balance sheet, as discussed in the annual financial statements for 2012.

4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the Group 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. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

The table below shows the lines in the financial statements where the unrealised effects appear.

NOK million	Fourth quarter 2013			The year 2013		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Sales revenues						
Long term contracts	438	1 743	2 181	1 285	6 949	8 234
Nordic and Continental Dynamic Asset Management	630	37	667	480	247	727
Trading and origination	68	153	222	-223	904	681
End User	-26	1 348	1 321	-28	4 631	4 603
Other sales revenues	-	11 271	11 271	-	33 969	33 969
Eliminations	-15	-12	-27	-43	-23	-66
Total sales revenues	1 096	14 540	15 636	1 471	46 678	48 148
Energy purchase	358	-8 554	-8 196	1 595	-25 922	-24 327
Net currency effects	-3 169	645	-2 524	-9 934	531	-9 403
Other financial items						
Net gains and losses on derivatives and securities	114	-32	82	-924	-29	-954
Impairment and gain/loss of financial assets	-2	-	-2	-2	-120	-123
Total unrealised effects	-1 604			-7 795		

NOK million	Fourth quarter 2012			The year 2012		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Sales revenues						
Long term contracts	-142	1 593	1 451	-1 613	6 179	4 566
Nordic and Continental Dynamic Asset Management	73	64	136	71	525	596
Trading and origination	208	57	265	460	266	726
End User	-	1 341	1 341	-	4 024	4 024
Other sales revenues	-	8 210	8 210	-	26 534	26 534
Eliminations	-1	-6	-7	7	-6	1
Total sales revenues	137	11 259	11 397	-1 076	37 523	36 447
Energy purchase	331	-5 802	-5 471	506	-18 678	-18 172
Net currency effects	-120	128	8	3 815	653	4 468
Other financial items						
Net gains and losses on derivatives and securities	504	1	506	347	2	349
Impairment and gain/loss of financial assets	-2 051	-27	-2 078	-2 140	-30	-2 171
Total unrealised effects	-1 198			1 452		

6. OTHER FINANCIAL ASSETS

Other financial fixed assets in the balance sheet included the shareholding in E.ON SE. Statkraft divested its entire shareholding of 83.4 million shares during the first six months of 2013. The sale resulted in a loss of NOK 120 million in 2013. The sale has freed up NOK 8515 million.

7. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the third quarter amounted to NOK -5717 million, of which NOK -5942 million was unrealised. The negative effect arose mainly as a result of a weaker NOK against EUR. Statkraft Treasury Centre (STC) provides loans to the Group's companies, mainly in the companies' local currency. STC prepares its accounts in EUR and reports currency effects of lending in the income statement. STC's financial reporting is converted to NOK in the consolidation, and currency effects for the net investment in STC are reported in other comprehensive income. This equalises currency gains and losses added to the equity through the income statement.

8. HEDGE ACCOUNTING

Statkraft used hedge accounting in 2013 to reduce volatility in the income statement. A major share of the debt in EUR has been hedged against market rate changes.

Statkraft has set up hedge accounting of the net investments in STC in EUR, as well as in Statkraft UK Ltd in GBP. The effect of this is that NOK 1374 million in losses so far in 2013 will be recognised in other comprehensive income, and not in the income statement.

9. CHANGED ACCOUNTING PRINCIPLES

Statkraft has changed its accounting policy from the equity method to the gross method in accordance with IFRS 11 Joint Arrangements. The effects of the implementation of IFRS 11, as well as the transition to accounting for assets and liabilities for some contracts, are shown in the tables below:

NOK million	Fourth quarter 2012	The year 2012
COMPREHENSIVE INCOME		
PROFIT AND LOSS		
Increase in gross operating revenues*	1 424	5 219
Increase in net operating revenues	243	693
Increase (-)/ decrease (+) in operating expenses**	-438	-499
Changes in operating profit/loss	-194	195
Decrease in share of profit/loss from associates and joint ventures	130	-153
Changes in net financial items	-26	-76
Changes in profit/loss before tax	-91	-35
Increase in tax expense	-28	-84
Changes in net profit/loss	-120	-120
OTHER COMPREHENSIVE INCOME		
Changes in other comprehensive income	-	-
Changes in comprehensive income	-120	-120

* Increase in gross operating revenues, include increase from changes to gross presentation of different contracts of NOK 5236 million for the year 2012.

The opposite effect is presentet in energy purchase, leaving a net effect of zero of net operating revenue.

** The changes in net profit/loss in 2012, after the transition to the gross method according to IFRS 11, is due to that the investment in Herdecke according to the equity method was valued at zero. When changing to the gross method, fixed assets have been impaired by a further NOK 120 million in 2012.

NOK million	31.12.2012	31.12.2011
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Increase in intangible assets	28	29
Increase in property, plant and equipment*	5 489	3 954
Decrease om investments in associates and joint ventures	-2 050	-1 029
Increase in other non current assets	616	372
Increase in cash and cash equivalents (included restricted cash)	394	322
Increase in other current assets	-3 562	-2 601
Increase in assets	914	1 046
EQUITY AND LIABILITIES		
Changes in equity*	-87	-
Changes in long-term liabilities	490	490
Changes in current liabilities*	511	559
Changes in equity and liabilities	914	1 047

* Changes in equity after transition to the gross method according to IFRS 11, are related to NOK 120 million in write-downs described under net profit/loss, as well as a change of NOK 33 million related to current liabilities. The total change in equity thus becomes NOK 87 million.

NOK million	The year 2012
STATEMENT OF CASH FLOW	
CASH FLOW FROM OPERATING ACTIVITIES	
Changes in Net cash flow operating activities	342
Changes in net cash flow from investing activities	-254
Changes in Net cash flow from financing activities	-16

10. BUSINESS COMBINATIONS AND TAKE-OVER OF ASSETS

On 6 December, Småkraft acquired the companies Ortnevik Kraftlag AS and Knutfoss Kraft AS. The cost price for 100% of the shares in the two companies totalled NOK 9 million. The net assets in the companies amount to NOK 1 million and NOK -6 million. The preliminary acquisition analysis' has identified excess value of NOK 14 million in total.

On 31 August, Statkraft acquired the remaining 50% shareholding in the biomass power plant Biomasseheizkraftwerk Landesbergen GmbH and the 70% shareholding in Biomasseheizkraftwerk Emden GmbH, and now wholly owns both companies. The seller of both shareholdings was E.ON. In 2009, Statkraft entered into an agreement with E.ON on delivering operation and maintenance (O&M) services to these biomass power plants. The O&M agreement was terminated in connection with the stepwise acquisition. The agreement existed prior to the stepwise acquisition and has not met the recognition criteria for the balance sheet in previous periods, hence an amount of NOK 97 million has been expensed in the third quarter. The net assets in the power plants have been valued at zero.

On 7 May, Statkraft acquired the remaining 50% of the shares in Devoll Hydropower Sh.A., and now owns 100%. Cost for 100% of the shares in the step acquisition was NOK 162 million. Devoll's net assets amount to NOK 324 million. The preliminary acquisition analysis shows a bargain purchase with a gain of NOK 162 million immediately recognised in the financial statements.

On 1 April, Statkraft SF transferred net assets worth NOK 3442 million to the Group, of which NOK 624 million was reported as capital contribution and NOK 2817 million as other paid-in equity.



Interim Report
Q4/2013
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