



Key figures

NOK million	First quarter			Year
	2019	2018	Change	2018
Income statement				
Gross operating income underlying	14 668	15 099	-431	55 573
Net operating income underlying	9 347	8 884	463	26 925
EBITDA underlying	7 371	6 875	496	18 520
Operating profit/loss (EBIT) underlying	6 430	5 962	469	14 953
Operating profit/loss (EBIT) IFRS	6 243	7 044	-801	15 446
Share of profit/loss in equity accounted investments	508	500	8	790
Net financial items	550	5 428	-4 877	4 412
Profit/loss before tax	7 301	12 971	-5 670	20 649
Net profit/loss	4 752	10 282	-5 530	13 390
Key financial metrics				
EBIT margin underlying (%)	43.8	39.5	4.4	26.9
ROACE (%)	14.9	12.5	2.5	14.7
ROAE (%)	6.0	0.7	5.3	5.9
Balance sheet and investments				
Assets	180 543	172 481	8 063	182 388
Equity	101 288	99 434	1 855	98 004
Net interest-bearing debt	11 472	13 277	-1 805	12 921
Capital employed	107 199	100 565	6 634	106 380
Equity accounted investments	13 777	13 894	-117	13 105
Total investments	884	855	29	6 981
Cash Flow				
From operating activities	3 891	6 277	-2 386	15 286
Cash and cash equivalents (incl. restricted cash)	24 445	21 352	3 093	23 175
Currency rates				
NOK/EUR average rate	9.74	9.63	0.11	9.60
NOK/EUR closing rate	9.66	9.68	-0.02	9.95

Definitions

See section Alternative Performance Measures at the end of this report for definitions.

The quarterly report shows the development in the quarter compared with the same quarter last year, unless otherwise stated.

Table of Contents

Corporate responsibility and HSE	2
Market and production	2
Financial performance	4
Segments	10
Outlook	15
Statkraft AS Group Interim Financial Statements	16
Alternative Performance Measures	34



SOLID EARNINGS



Strong performance from Market operations and higher power prices have led to a solid operating result.

Statkraft recorded an underlying EBIT amounting to NOK 6430 million in the first quarter of 2019. This was an increase of NOK 463 million from the same period last year. The increase was mainly driven by higher contribution from trading, origination and market access activities in the segment Market operations as well as increased contribution from the segment European wind and solar.

The average Nordic system price in the quarter was 46.8 EUR/MWh, an increase of 21 per cent compared with the price level experienced in the same quarter in 2018. Total generation was 16.1 TWh in the quarter, a reduction of 4.9 TWh compared with the record high production in the corresponding quarter last year.

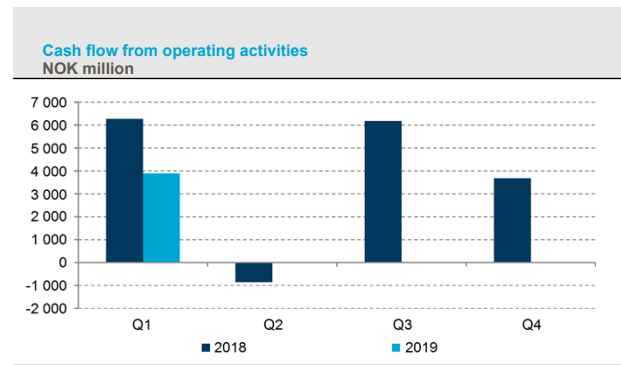
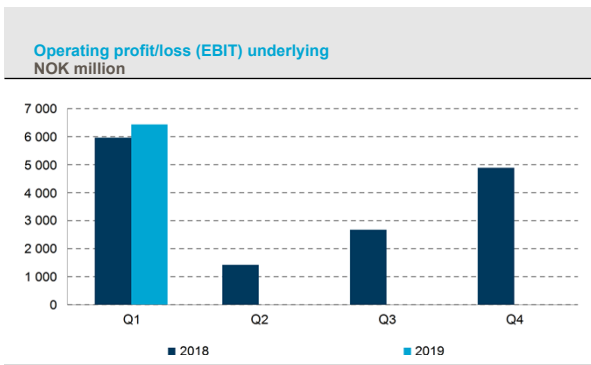
The quarterly net profit ended at a solid NOK 4752 million. This was a decrease of NOK 5530 million compared with the first quarter of 2018 as the corresponding period included gains from divestments of close to NOK 6.8 billion.

Cash flow from operating activities reached NOK 3891 million in the quarter.

Statkraft has acquired 61 per cent of the electrical vehicles charging company eeMobility in Germany.

Statkraft decided in April to build the Vesle Kjela hydropower plant in Norway. The installed capacity will be 8.5 MW and the investment will increase the annual generation with approximately 40 GWh.

Maintenance and refurbishment of existing hydropower plants in the Nordics remain a key priority for Statkraft.



Corporate responsibility and HSE

	First quarter 2019	2018	Year 2018
Corporate responsibility and HSE			
Fatalities ¹⁾	0	0	1
Serious environmental incidents	0	0	0
Absence due to illness, Group (%)	3.0	4.0	3.3
TRR rate ¹⁾²⁾	5.5	5.0	5.3
Full-time equivalents, Group	3 300	3 078	3 229

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

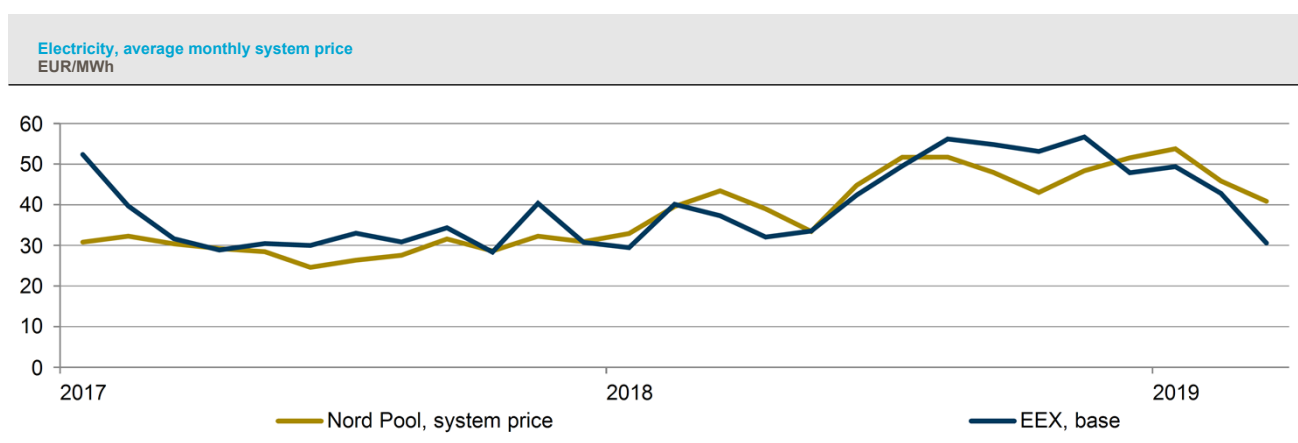
²⁾ TRI rate (rolling 12 months): Number of injuries per million hours worked.

Three serious injuries were reported in the quarter, two in Germany and one in an associated company in Norway. The incidents have been investigated according to Statkraft's procedures and all safety measures are followed up.

Market and production

Power prices and optimisation of power production constitute the fundamental basis for Statkraft's revenues. The majority of Statkraft's output is generated in the Nordic region. Power prices are influenced by hydrological factors, commodity prices for thermal power generation, grid restrictions and nuclear availability.

POWER PRICES



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

	First quarter 2019	2018	Change	Year 2018
Market prices (average)				
System price, Nord Pool (EUR/MWh)	46.8	38.6	8.2	44.0
Spot price (base), EEX (EUR/MWh)	40.9	35.6	5.3	44.4
Spot price (peak), EEX (EUR/MWh)	49.2	44.2	5.0	51.4
Spot price (base), N2EX UK (GBP/MWh)	51.8	52.7	-0.9	57.4

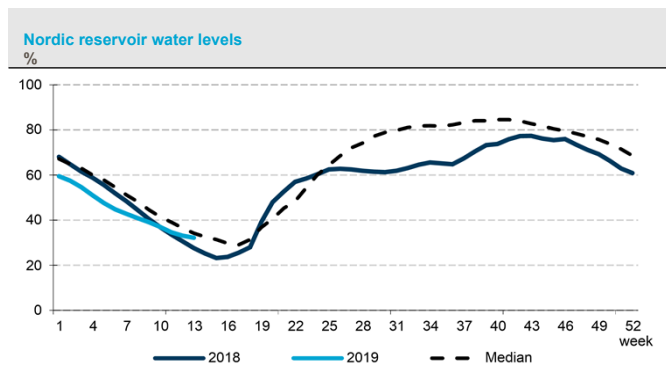
Sources: Nord Pool and European Energy Exchange (EEX).

The average system price in the Nordic region was 46.8 EUR/MWh in the quarter, an increase of 21%. The price increase was mainly due to higher Continental prices as well as a weaker hydrological balance in the Nordics.

The average base price in the German market (EEX) was 40.9 EUR/MWh in the quarter, an increase of 15%. The price increase was mainly driven by higher CO₂ prices.

The average base price in the UK was 51.8 GBP/MWh in the quarter, a decrease of 2%. The price decrease was mainly driven by lower gas prices.

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



Source: Nord Pool.

The total reservoir level for all producers in the Nordic region was 94% of median level at the end of the quarter, corresponding to 32.2% of total capacity.

TWh	First quarter		Year
	2019	2018	2018
Consumption and output			
Nordic			
Nordic consumption	115.6	121.6	394.6
Nordic output	113.7	122.2	396.8
Net Nordic import(+)/export(-)	1.9	-0.6	-2.1
Norway			
Norwegian consumption	40.3	42.5	136.2
Norwegian output	38.1	44.8	146.4
Net Norwegian import(+)/export(-)	2.2	-2.3	-10.2

STATKRAFT'S POWER GENERATION

Statkraft's generation optimisation is determined by price expectations, water reservoir capacity and reservoir water levels, access to resources (inflow and wind), the margin between power prices and gas plus CO₂ prices (spark spread) and grid restrictions.

TWh	First quarter		Year
	2019	2018	2018
Generation, technology			
Hydropower	14.6	19.9	57.2
Wind power	0.9	0.6	2.7
Gas power	0.5	0.4	1.5
Other power ¹⁾	0.1	0.1	0.3
Total generation	16.1	21.0	61.7

¹⁾ Biomass and solar power.

TWh	First quarter		Year
	2019	2018	2018
Generation, geography			
Norway	12.2	17.1	48.6
Sweden	1.8	2.0	6.0
Europe ex. Nordic	0.9	0.9	2.8
Rest of the world	1.2	1.1	4.3
Total generation	16.1	21.0	61.7

The Group generated a total of 16.1 TWh in the quarter, a decrease of 24%. Wind power generation increased, driven by higher wind speeds and new capacity at Fosen in Norway. The Group's district heating deliveries amounted to 0.5 TWh.

Financial performance

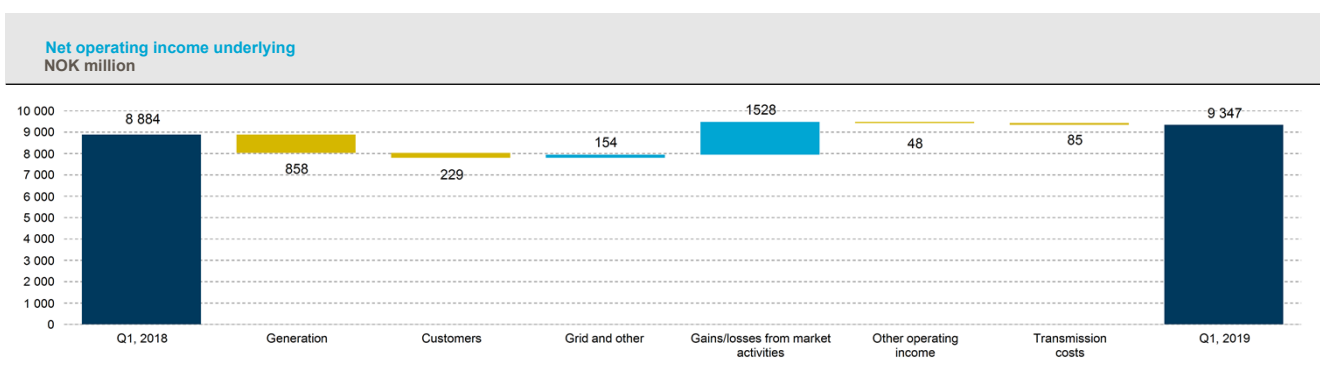
NOK million	First quarter			Year
	2019	2018	Change	2018
Net operating income underlying	9 347	8 884	463	26 925
Operating profit/loss (EBIT) underlying	6 430	5 962	469	14 953
Operating profit/loss (EBIT) IFRS	6 243	7 044	-801	15 446
Net financial items	550	5 428	-4 877	4 412
Profit/loss before tax	7 301	12 971	-5 670	20 649
Tax expense	-2 549	-2 689	140	-7 258
Net profit/loss	4 752	10 282	-5 530	13 390

FINANCIAL PERFORMANCE FIRST QUARTER

The underlying EBIT was NOK 6430 million, an increase of 8%. Higher contribution from the segments Market operations and European wind and solar was somewhat offset by lower results from European flexible generation. Net financial items were positive due to currency effects. The decrease in net financial items was mainly due to a gain from a transaction in the comparable period.

NET OPERATING INCOME UNDERLYING

NOK million	First quarter			Year 2018
	2019	2018	Change	
Net operating income				
Generation	7 780	8 512	-733	26 973
Customers	4 041	5 421	-1 380	25 220
Grid and other	858	656	202	2 482
Sales revenues	12 678	14 589	-1 911	54 674
Gains/losses from market activities	1 770	243	1 528	-232
Other operating income	219	267	-48	1 131
Gross operating income	14 668	15 099	-431	55 573
Generation	-477	-352	-125	-1 334
Customers	-3 981	-5 132	1 151	-24 556
Other	-230	-182	-48	-917
Energy purchase	-4 688	-5 667	978	-26 808
Transmission costs	-633	-548	-85	-1 840
Net operating income	9 347	8 884	463	26 925



In the graph above Generation, Customers and Grid and other are shown as sales revenues less energy purchase.

- Net operating income from Generation decreased, mainly driven by lower Nordic hydropower generation. This was partly offset by higher Nordic power prices.
- Net operating income from Customers decreased, mainly due to the deconsolidation of Fjordkraft in March 2018. In addition, certain contracts from market access activities have been reclassified from “Customers” to “Gains/losses from market activities”. See note 6.
- Gains/losses from market activities increased, mainly driven by higher contribution from both Continental and Nordic trading and also from Dynamic asset management portfolios.

OPERATING EXPENSES UNDERLYING

NOK million	First quarter			Year 2018
	2019	2018	Change	
Operating expenses				
Salaries and payroll costs	-962	-913	-50	-3 615
Depreciation and amortisation	-941	-913	-28	-3 567
Property tax and licence fees	-306	-326	20	-1 352
Other operating expenses	-707	-771	64	-3 439
Operating expenses	-2 917	-2 922	6	-11 972

- The increase in salaries and payroll costs was mainly due to increased number of FTEs from the acquisition of new entities as well as business development.
- The increase in depreciation was mainly due to the implementation of IFRS 16, see note 5.
- Property tax and licence fees were lower, mainly due to reduced property tax in Sweden driven by a lower tax rate.
- Other operating expenses were lower mainly due to the deconsolidation of Fjordkraft in March 2018 and the implementation of IFRS 16. This was partly offset by increased costs from new companies acquired.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING PROFIT/LOSS

The segment reporting is based on underlying figures, which is in accordance with how the corporate management makes, follows up and evaluates its decisions. Unrealised value changes from embedded derivatives, gains/losses from divestments of business activities and impairments are excluded from the underlying profit/loss in the first quarter 2019. See page 20.

NOK million	First quarter			Year
	2019	2018	Change	2018
Items excluded from the underlying operating profit/loss				
Unrealised value changes from energy derivatives	-180	-368	187	-789
<i>Embedded derivatives</i>	-181	-276	95	-333
<i>Derivatives entered into for risk reduction purposes</i>	0	-92	92	-456
Gains/losses from divestments of business activities	-	1 460	-1 460	1 449
Impairments	-7	-10	3	-167
Items excluded from the underlying operating profit/loss	-188	1 082	-1 270	493

- Embedded derivatives: There was a negative effect on long-term power sales agreements denominated in EUR due to a strengthening of NOK against EUR.

FINANCIAL ITEMS

NOK million	First quarter			Year
	2019	2018	Change	2018
Financial items				
Interest income	126	88	38	404
Interest expenses	-222	-272	50	-905
Net currency effects	688	548	140	-464
Other financial items	-42	5 064	-5 105	5 377
Net financial items	550	5 428	-4 877	4 412

- Interest income increased, mainly due to increased liquidity.
- Interest expenses decreased, mainly due lower average interest rates and repayment of interest-bearing debt.
- Net currency gains in the quarter were primarily related to a strengthening of NOK against EUR.
- Other financial items decreased, mainly due to a gain from the divestment of Dudgeon offshore wind farm in the comparable period.

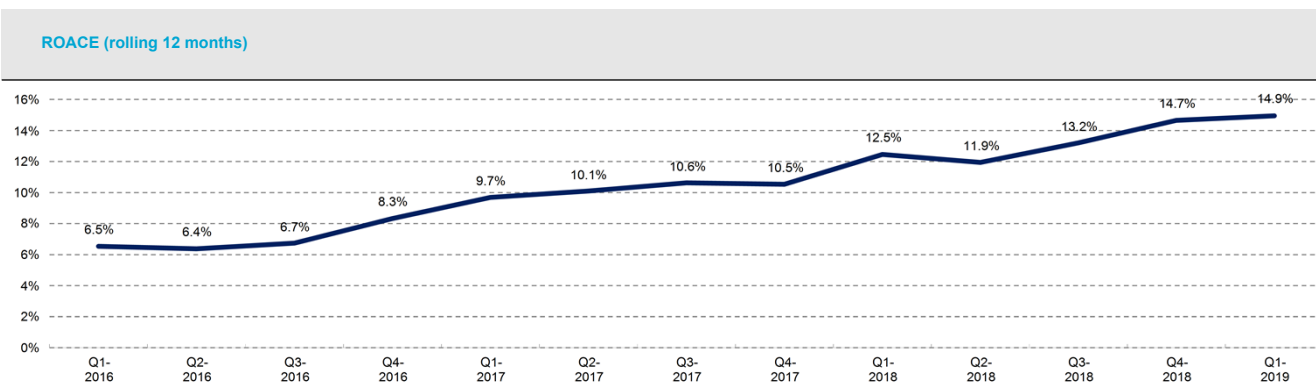
TAX EXPENSE

NOK million	First quarter		Change	Year 2018
	2019	2018		
Tax expense				
Profit/loss before tax	7 301	12 971	-5 670	20 649
Nominal tax rate in Norway	22%	23%	-1%	23%
Tax calculated at nominal Norwegian tax rate	1 606	2 983	-1 377	4 749
Tax on share of profit/loss in equity accounted investments	-112	-115	3	-182
Resource rent tax payable	1 069	1 256	-187	3 678
Resource rent tax deferred	108	90	18	444
Other differences from the nominal Norwegian tax rate	-122	-1 525	1 403	-1 431
Tax expense	2 549	2 689	-140	7 258
Effective tax rate	35%	21%	14%	35%

Tax expense first quarter

- Resource rent tax payable decreased, mainly due to lower generation. This was partly offset by higher Nordic power prices and a higher tax rate.
- Resource rent tax deferred increased, mainly due to unrealised value changes from embedded derivatives.
- Negative other differences from the nominal Norwegian tax rate of NOK 122 million were mainly due to changes in unrecognised deferred tax assets in Germany.
- Negative other differences from the nominal Norwegian tax rate in the comparable period of NOK 1525 million were mainly due to:
 - A tax exempt gain related to the divestment of the shareholding in the Dudgeon offshore wind farm.
 - A tax exempt gain related to the listing and subsequent deconsolidation of Fjordkraft.

RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)



The improvement in ROACE compared with year-end 2018 was mainly due to higher underlying operating profit (rolling 12 months), primarily driven by higher contribution from the segments Market operations and European wind and solar. This was partly offset by lower Norwegian hydropower generation. Average capital employed was slightly up compared with year-end 2018.

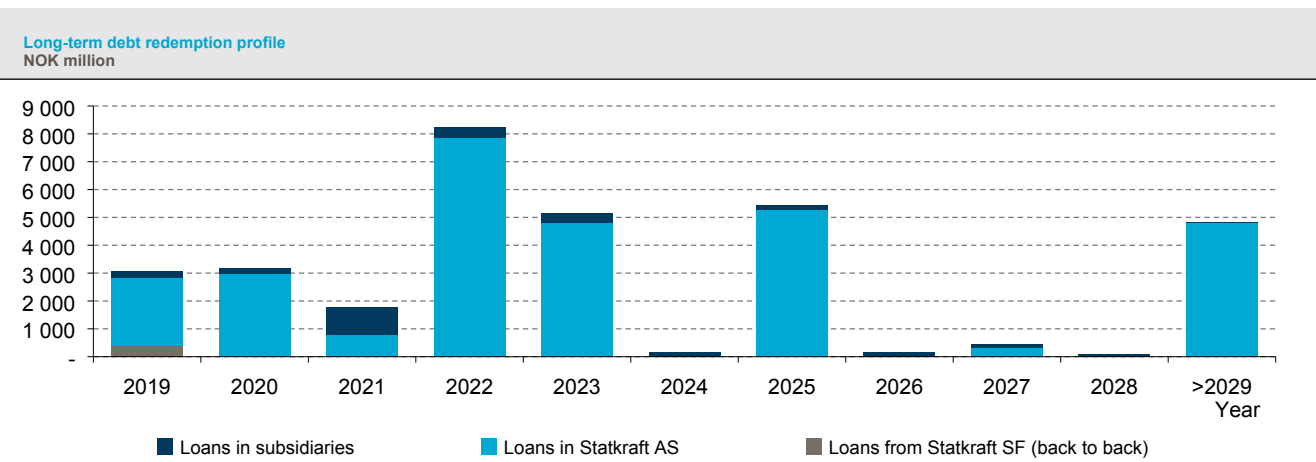
CASH FLOW

NOK million	First quarter		Change	Year 2018
	2019	2018		
Cash flow				
Operating activities	3 891	6 277	-2 386	15 286
Investing activities	-925	5 813	-6 738	5 301
Financing activities	-1 607	-4 889	3 282	-11 689
Net change in cash and cash equivalents	1 359	7 201	-5 842	8 898
Cash and cash equivalents (incl. restricted cash) at period end	24 445	21 352	3 093	23 175

Cash flow first quarter

- The operating activities in the first quarter were mainly impacted by a positive operating profit partly offset by taxes paid.
- The investing activities were mainly related to investments in property, plant and equipment.
- The financing activities were mainly related to the repayment of interest-bearing debt and interest.

INTEREST-BEARING DEBT REPAYMENT PLAN



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

- Net interest-bearing debt totalled NOK 11 472 million.
- Net interest-bearing debt-equity ratio was 10.2%.

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 884 million. Maintenance investments and other investments were primarily related to Nordic hydropower. Investments in new capacity were mainly related to construction of hydropower plants in Albania and India and onshore wind farms in Norway.

NOK million	First quarter 2019	The year 2018
Maintenance investments and other investments		
European flexible generation	217	1 185
Market operations	19	10
International power	47	155
European wind and solar	15	4
District heating	1	9
Industrial ownership	123	663
Other activities	7	40
Total	429	2 067
Investments in new capacity		
European flexible generation	32	67
Market operations	-	24
International power	131	894
European wind and solar	129	1 623
District heating	35	134
Industrial ownership	74	309
Total	401	3 053
Investments in shareholdings		
Market operations	-	39
International power	-	1 345
European wind and solar	-	381
Other activities	55	97
Total	55	1 862
Total investments	884	6 981

Projects in consolidated operations

First quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion
Main construction projects					
Hydropower	Devoll - Moglice	Albania	184	100%	2020 Q1
	Songa and Trollaldalen Dams	Norway	-	100%	2020 Q4
	Tidong	India	150	100%	2021 Q2
Wind power	Fosen - Hitra II	Norway	94	52%	2019 Q3
	Fosen - Storheia	Norway	288	52%	2019 Q4
	Fosen - Geitfjellet	Norway	155	52%	2020 Q3
	Fosen - Harbaksfjellet	Norway	108	52%	2020 Q3
	Fosen - Kvenndalsfjellet	Norway	101	52%	2020 Q3

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

Segments

The Group's operating segments are in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the corporate management and used as a basis for resource allocation and key performance review.

In 2019 the segment Wind power has changed name to European wind and solar.

The reportable segments are defined as:

European flexible generation includes ownership and operations of the majority of the Group's hydropower business in Norway, Sweden, Germany and the United Kingdom, as well as the gas-fired power plants in Germany, the subsea cable Baltic Cable and the biomass power plants in Germany.

Market operations includes trading, origination, market access for smaller producers of renewable energy, as well as revenue optimisation and risk mitigation activities related to Continental and Nordic power generation.

International power includes development, ownership and operations of renewable assets in emerging markets. The segment currently operates in Brazil, Peru, Chile, India, Nepal, Turkey and Albania.

European wind and solar includes development, ownership and operations of onshore wind power and solar power. The segment operates in Norway, Sweden, Ireland and the United Kingdom.

District heating includes development, ownership and operations of district heating plants in Norway and Sweden.

Industrial ownership includes management and development of Norwegian shareholdings within the Group's core business and includes the shareholdings in Skagerak Energi, BKK, Agder Energi and Fjordkraft. Skagerak Energi is included in the consolidated financial statements, while the other companies are reported as equity accounted investments.

In addition:

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

Group items include eliminations.

First quarter	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
Income statement									
Gross operating income underlying	14 668	6 306	6 056	783	535	352	1 160	266	-790
Net operating income underlying	9 347	5 471	1 476	631	519	243	1 037	266	-296
EBITDA underlying	7 371	4 514	1 211	412	374	180	752	-106	34
Operating profit/loss (EBIT) underlying	6 430	4 096	1 205	198	291	137	613	-145	35
Operating profit/loss (EBIT) IFRS	6 243	3 916	1 205	191	291	136	613	-145	36
Key financial metrics									
EBIT-margin (%) underlying	43.8	65.0	19.9	25.3	54.4	38.9	52.9	n/a	n/a
ROACE (%)	14.9	21.9	14.2	2.8	8.8	6.1	10.0	n/a	n/a
ROAE (%) ¹⁾	6.0	n/a	n/a	5.0	3.1	n/a	6.7	n/a	n/a
Investments									
Total investments	884	249	19	178	144	36	197	61	-
Generation									
Generation, volume sold (TWh)	16.1	12.4	-	1.4	0.9	-	1.5	-	-
- hydropower (TWh)	14.6	11.8	-	1.3	-	-	1.5	-	-
- wind power (TWh)	0.9	-	-	0.1	0.9	-	-	-	-
- gas power (TWh)	0.5	0.5	-	-	-	-	-	-	-
- other power (TWh) ²⁾	0.1	0.1	-	-	-	-	-	-	-
Production, district heating (TWh)	0.5	-	-	-	-	0.4	0.1	-	-

¹⁾ Return on average equity accounted investments.

²⁾ Biomass and solar power.

EUROPEAN FLEXIBLE GENERATION

NOK million	First quarter		Year
	2019	2018	2018
Gross operating income	6 306	6 957	21 602
Net operating income	5 471	6 244	18 765
EBITDA, underlying	4 514	5 300	14 635
Operating profit/loss (EBIT) underlying	4 096	4 872	12 943
Unrealised value changes from energy derivatives	-181	-276	-333
Gains/losses from divestments of business activities	-	-	-
Impairments	-	-	-
Operating profit/loss (EBIT) IFRS	3 916	4 596	12 610
Share of profit/loss in equity accounted investments	-	-	-
Gains/losses from divestments of equity accounted investments*)	-	-	-
ROACE (rolling 12 months)	21.9	19.1	23.3
ROAE (rolling 12 months) ^{*)}	n/a	n/a	n/a
Maintenance investments and other investments	217	230	1 185
Investments in new capacity	32	5	67
Investments in shareholdings	-	-	-
Generation (TWh)	12.4	17.2	48.9

^{*)} Included in Other financial items.

^{**)} Return on average equity accounted investments.

Key events

- In April, an investment decision was made to build the Vesle Kjela hydropower plant in Norway. The installed capacity will be 8.5 MW and the investment will increase the annual generation with approximately 40 GWh.

Quarterly financial performance

- The decrease in underlying EBIT was mainly driven by lower Nordic hydropower generation. This was partly offset by higher Nordic power prices. Norwegian hydropower generation was record-high in the comparable period.

Financial metrics

- ROACE is at a high level, but down from last quarter due to a lower underlying EBIT.

Quarterly investments

- The investments were mainly related to maintenance within Nordic hydropower.

MARKET OPERATIONS

NOK million	First quarter		Year
	2019	2018	2018
Gross operating income	6 056	4 857	25 957
Net operating income	1 476	417	834
EBITDA, underlying	1 211	174	-303
Operating profit/loss (EBIT) underlying	1 205	170	-321
Unrealised value changes from energy derivatives	-	-92	-456
Gains/losses from divestments of business activities	-	-	15
Impairments	-	-	-
Operating profit/loss (EBIT) IFRS	1 205	78	-761
Share of profit/loss in equity accounted investments	-	-	2
Gains/losses from divestments of equity accounted investments*)	-	-	-
ROACE (rolling 12 months)	14.2	14.6	-6.9
ROAE (rolling 12 months) ^{*)}	n/a	n/a	n/a
Maintenance investments and other investments	19	2	10
Investments in new capacity	-	14	24
Investments in shareholdings	-	5	39
Generation (TWh)	-	-	-

^{*)} Included in Other financial items.

^{**)} Return on average equity accounted investments.

Key events

- Statkraft has signed three new power purchase agreements with Valeco in France. Each PPA has a duration of five years and the total installed capacity is 40.5 MW.

Quarterly financial performance

- The increase in underlying EBIT was mainly driven by positive contribution from Origination, Continental and Nordic trading, Nordic and Continental Dynamic asset management portfolios and market access activities.

Financial metrics

- ROACE is 14.2% mainly due to high underlying EBIT in the first quarter.

INTERNATIONAL POWER

NOK million	First quarter		Year
	2019	2018	2018
Gross operating income	783	680	2 641
Net operating income	631	581	2 244
EBITDA, underlying	412	381	1 382
Operating profit/loss (EBIT) underlying	198	191	631
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from divestments of business activities	-	-	-
Impairments	-7	-9	-160
Operating profit/loss (EBIT) IFRS	191	181	471
Share of profit/loss in equity accounted investments	16	60	143
Gains/losses from divestments of equity accounted investments*)	-	-	-
ROACE (rolling 12 months)	2.8	1.9	2.9
ROAE (rolling 12 months) ^{*)}	5.0	-22.3	7.8
Maintenance investments and other investments	47	22	155
Investments in new capacity	131	120	894
Investments in shareholdings	-	-	1 345
Generation (TWh)	1.4	1.3	4.9

^{*)} Included in Other financial items.

^{**)} Return on average equity accounted investments.

Quarterly financial performance

- The underlying EBIT increased mainly due to new capacity in Brazil and higher contribution from Turkey, partly offset by lower contribution from Albania due to dry hydrology.
- The decrease in share of profit/loss in equity accounted investments was mainly due to negative one-off effects in Chile.

Financial metrics

- The ROACE was on par with the last quarter. The capital employed was high mainly due to newly built and acquired assets leading to high carrying values.
- The ROAE decreased mainly due to reclassification of shareholder loans to equity accounted investments (see note 7) and one-off effects in Chile.

Quarterly investments

- The investments were mainly related to the construction of the Moglice hydropower plant in Albania and the Tidong hydropower plant in India.

EUROPEAN WIND AND SOLAR

NOK million	First quarter		Year
	2019	2018	2018
Gross operating income	535	295	1 367
Net operating income	519	283	1 320
EBITDA, underlying	374	172	738
Operating profit/loss (EBIT) underlying	291	80	429
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from divestments of business activities	-	-	1
Impairments	-	-	-
Operating profit/loss (EBIT) IFRS	291	80	431
Share of profit/loss in equity accounted investments	11	15	30
Gains/losses from divestments of equity accounted investments*)	-	5 106	5 106
ROACE (rolling 12 months)	8.8	-0.5	6.3
ROAE (rolling 12 months) ^{*)}	3.1	12.2	3.2
Maintenance investments and other investments	15	-	4
Investments in new capacity	129	237	1 623
Investments in shareholdings	-	-	381
Generation (TWh)	0.9	0.5	2.2

^{*)} Included in Other financial items.

^{**)} Return on average equity accounted investments.

Quarterly financial performance

- The increase in underlying EBIT was mainly driven by higher power and el-cert prices. In addition, generation was higher driven by both higher wind speeds and new capacity from Roan wind farm in the Fosen project.

Financial metrics

- The ROACE has a positive development, driven by improved results from Nordic wind farms.
- The ROAE is reduced due to divested offshore assets which are no longer included in the rolling 12 months profit/loss.

Quarterly investments

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

DISTRICT HEATING

NOK million	First quarter		Year
	2019	2018	2018
Gross operating income	352	348	908
Net operating income	243	241	650
EBITDA, underlying	180	172	371
Operating profit/loss (EBIT) underlying	137	131	206
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from divestments of business activities	-	-	-
Impairments	-1	-1	-7
Operating profit/loss (EBIT) IFRS	136	130	199
Share of profit/loss in equity accounted investments	-	-	-
Gains/losses from divestments of equity accounted investments ^{*)}	-	-	-
ROACE (rolling 12 months)	6.1	5.6	5.9
ROAE (rolling 12 months) ^{*)}	n/a	n/a	n/a
Maintenance investments and other investments	1	3	9
Investments in new capacity	35	17	134
Investments in shareholdings	-	-	-
Delivered volume (TWh)	0.4	0.4	1.0

^{*)} Included in Other financial items.

^{**)} Return on average equity accounted investments.

Quarterly financial performance

- The underlying EBIT increased due to higher heating prices and lower operating expenses.

Financial metrics

- The increase in ROACE was mainly driven by higher results from district heating activities in Trondheim, which accounts for more than 50% of the capital employed.

Quarterly investments

- The investments were primarily related to connecting new customers in Norway.

INDUSTRIAL OWNERSHIP

NOK million	First quarter		Year
	2019	2018	2018
Gross operating income	1 160	2 284	4 631
Net operating income	1 037	1 168	3 284
EBITDA, underlying	752	757	2 041
Operating profit/loss (EBIT) underlying	613	614	1 467
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from divestments of business activities	-	1 460	1 432
Impairments	-	-	-
Operating profit/loss (EBIT) IFRS	613	2 074	2 899
Share of profit/loss in equity accounted investments	490	432	635
Gains/losses from divestments of equity accounted investments ^{*)}	43	-	343
ROACE (rolling 12 months)	10.0	9.3	10.1
ROAE (rolling 12 months) ^{*)}	6.7	6.4	6.1
Maintenance investments and other investments	123	127	663
Investments in new capacity	74	71	309
Investments in shareholdings	-	-	-
Generation (TWh)	1.5	2.0	5.7

^{*)} Included in Other financial items.

^{**)} Return on average equity accounted investments.

Key events

- On 28 March, Skagerak Energi divested 14.86% of the shares in Fjordkraft. See note 14.

Quarterly financial performance

- The underlying EBIT was on par. The decrease due to the deconsolidation of Fjordkraft in Q1 2018 was offset by gains from hedging contracts.
- The increase in share of profit/loss from equity accounted investments was mainly due to higher revenues from generation, partly offset by a gain from a transaction in the comparable period.

Financial metrics

- The ROACE was on par with the last quarter.
- The ROAE has increased, primarily driven by higher contribution from Agder Energi.

OTHER ACTIVITIES

NOK million	First quarter		Year
	2019	2018	2018
Gross operating income	266	243	1 011
Net operating income	266	243	1 011
EBITDA, underlying	-106	-63	-485
Operating profit/loss (EBIT) underlying	-145	-77	-545
Unrealised value changes from energy derivatives	-	-	-
Gains/losses from divestments of business activities	-	-	-
Impairments	-	-	-
Operating profit/loss (EBIT) IFRS	-145	-77	-545
Share of profit/loss in equity accounted investments	-9	-7	-20
Gains/losses from divestments of equity accounted investments*)	-	-	-
Maintenance investments and other investments	7	2	40
Investments in new capacity	-	-	-
Investments in shareholdings	55	-	97
Generation (TWh)	-	-	-

*) Included in Other financial items.

Key events

- Statkraft acquired 61% of the EV charging company eeMobility GmbH. See note 14.

Quarterly financial performance

- The decrease in underlying EBIT was primarily due to increased insurance costs and higher activity due to business development.

Outlook

Statkraft has Europe's largest portfolio of flexible hydropower plants and reservoir capacity. The operations of the assets are optimised according to the hydrological situation and expected power prices. Statkraft also has a large share of long-term power contracts within the segments European flexible generation and International power. The contracts have a stabilising effect on revenues and net profit. Statkraft continues to work on new contracts to replace the long-term industry contracts that will expire in the next couple of years and maintain the position as a large supplier to the industry in Norway.

Statkraft's ambition is to maintain the position as the largest renewable company in Europe and grow significantly in South America and India. The target is to optimise and further grow the hydropower portfolio and to develop 8000 MW of onshore wind and solar power by 2025. Furthermore, Statkraft aims to increase the market activities, grow the district heating business and develop new businesses with international potential. To achieve these growth targets, Statkraft plans annual investments of around NOK 10 billion in renewable energy towards 2025. The investments will be financed through retained earnings from existing operations, external financing and partial divestments to financial investors. The investment programme has a large degree of flexibility and will be adapted to the company's financial capacity and rating target.

Strong underlying operations and successful divestments over the last couple of years, together with the completion of a corporate-wide performance improvement programme, have provided Statkraft with a solid financial foundation to meet the growth phase.

Statkraft's commitment to act in a safe, ethical and socially responsible manner will continue to be a foundation for all activities.

Oslo, 8 May 2019
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

NOK million	First quarter		The year
	2019	2018	2018
COMPREHENSIVE INCOME			
PROFIT AND LOSS			
Sales revenues	12 676	14 678	55 350
Gains/losses from market activities	1 592	-214	-1 696
Other operating income	219	1 727	2 580
Gross operating income	14 488	16 191	56 233
Energy purchase	-4 688	-5 667	-26 808
Transmission costs	-633	-548	-1 840
Net operating income	9 167	9 976	27 585
Salaries and payroll costs	-962	-913	-3 615
Depreciations and amortisations	-941	-913	-3 567
Impairments	-7	-10	-167
Property tax and licence fees	-306	-326	-1 352
Other operating expenses	-707	-771	-3 439
Operating expenses	-2 924	-2 933	-12 139
Operating profit/loss (EBIT)	6 243	7 044	15 446
Share of profit/loss in equity accounted investments	508	500	790
Interest income	126	88	404
Interest expenses	-222	-272	-905
Net currency effects	688	548	-464
Other financial items	-42	5 064	5 377
Net financial items	550	5 428	4 412
Profit/loss before tax	7 301	12 971	20 649
Tax expense	-2 549	-2 689	-7 258
Net profit/loss	4 752	10 282	13 390
Of which non-controlling interest	130	575	680
Of which owners of the parent	4 621	9 707	12 710
OTHER COMPREHENSIVE INCOME			
Items in other comprehensive income that recycle over profit/loss:			
Changes in fair value of financial instruments, net of tax	9	71	8
Items recorded in other comprehensive income in equity accounted investments	-71	36	-131
Recycling of currency translation effects related to foreign operations disposed	-	-54	-54
Currency translation effects	-1 570	-2 453	-316
Items in OCI that will not recycle over profit/loss:			
Changes in fair value of equity instruments, net of tax	1	1	-27
Estimate deviation pensions, net of tax	-336	159	-153
Other comprehensive income	-1 968	-2 240	-673
Comprehensive income	2 784	8 042	12 717
Of which non-controlling interest	108	598	642
Of which owners of the parent	2 676	7 445	12 075

NOK million	31.03.2019	31.03.2018	31.12.2018
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Deferred tax assets	566	714	676
Intangible assets	3 758	3 070	3 909
Property, plant and equipment	105 853	100 901	105 744
Equity accounted investments	13 777	13 894	13 105
Other financial assets	3 111	4 205	3 986
Derivatives	5 086	3 864	2 926
Non-current assets	132 151	126 648	130 345
Inventories	6 726	3 478	6 316
Receivables	11 701	14 754	12 831
Financial investments	615	904	604
Derivatives	4 905	5 345	9 118
Cash and cash equivalents (incl. restricted cash)	24 445	21 352	23 175
Current assets	48 392	45 833	52 044
Assets	180 543	172 481	182 388
EQUITY AND LIABILITIES			
Paid-in capital	59 219	59 219	59 219
Retained earnings	37 979	36 287	34 815
Non-controlling interest	4 090	3 927	3 970
Equity	101 288	99 434	98 004
Deferred tax	9 982	9 641	9 826
Pension liability	3 163	2 227	2 655
Provisions allocated to capital employed	2 257	2 376	2 552
Other provisions	627	589	637
Interest-bearing liabilities	28 856	32 967	30 354
Derivatives	3 348	981	1 253
Non-current liabilities	48 234	48 780	47 277
Interest-bearing liabilities	7 675	2 566	6 346
Taxes payable	7 459	4 861	7 391
Interest-free liabilities allocated to capital employed	9 156	10 371	9 742
Other interest-free liabilities	387	395	503
Derivatives	6 343	6 073	13 124
Current liabilities	31 021	24 267	37 107
Equity and liabilities	180 543	172 481	182 388

NOK million	Paid-in capital	Other reserves	Other equity	Accumulated translation differences	Retained earnings	Total majority	Non-controlling interests	Total equity
STATEMENT OF CHANGES IN EQUITY								
Balance as of 01.01.2018	59 219	-874	25 080	4 635	28 842	88 061	3 567	91 627
Net profit/loss	-	-	9 707	-	9 707	9 707	575	10 282
Items in other comprehensive income that recycles over profit/loss:								
Changes in fair value of financial instruments, net of tax	-	70	-	-	70	70	1	71
Items recorded in other comprehensive income in equity accounted investments	-	36	-	-	36	36	-	36
Recycling of currency translation effects related to foreign operations disposed	-	-	-	-54	-54	-54	-	-54
Currency translation effects	-	-	-	-2 475	-2 475	-2 475	22	-2 453
Items in OCI that will not recycle over profit/loss:								
Changes in fair value of financial instruments, net of tax	-	1	-	-	1	1	-	1
Estimate deviation pension, net of tax	-	-	159	-	159	159	-	159
Total comprehensive income for the period	-	108	9 866	-2 529	7 445	7 445	598	8 042
Dividend	-	-	-	-	-	-	-25	-25
Business combinations/divestments	-	-	-	-	-	-	-212	-212
Balance as of 31.03.2018	59 219	-766	34 946	2 106	36 286	95 506	3 927	99 434
Balance as of 01.01.2018	59 219	-874	25 080	4 635	28 842	88 061	3 567	91 627
Net profit/loss	-	-	12 710	-	12 710	12 710	680	13 390
Items in OCI that recycle over profit/loss:								
Changes in fair value of financial instruments, net of tax	-	8	-	-	8	8	-	8
Items recorded in other comprehensive income in equity accounted investments	-	-131	-	-	-131	-131	-	-131
Recycling of currency translation effects related to foreign operations disposed	-	-	-	-54	-54	-54	-	-54
Currency translation effects	-	-	-	-306	-306	-306	-10	-316
Items in OCI that will not recycle over profit/loss:								
Changes in fair value of equity instruments, net of tax	-	-23	-	-	-23	-23	-4	-27
Estimate deviation pensions, net of tax	-	-	-129	-	-129	-129	-24	-153
Total comprehensive income for the period	-	-146	12 581	-360	12 075	12 075	642	12 717
Dividend	-	-	-6 100	-	-6 100	-6 100	-204	-6 304
Capital injection from non-controlling interest	-	-	-	-	-	-	176	176
Business combinations/divestments	-	-	-	-	-	-	-212	-212
Balance as of 31.12.2018	59 219	-1 020	31 561	4 275	34 815	94 035	3 970	98 004
Implementation of IFRS 16 - see note 6	-	-	487	-	487	487	-	487
Balance as of 01.01.2019	59 219	-1 020	32 048	4 275	35 303	94 522	3 970	98 491
Net profit/loss	-	-	4 621	-	4 621	4 621	130	4 752
Items in OCI that recycle over profit/loss:								
Changes in fair value of financial instruments, net of tax	-	9	-	-	9	9	-	9
Items recorded in other comprehensive income in equity accounted investments	-	-71	-	-	-71	-71	-	-71
Currency translation effects	-	-	-	-1 548	-1 548	-1 548	-23	-1 570
Items in OCI that will not recycle over profit/loss:								
Changes in fair value of equity instruments, net of tax	-	1	-	-	1	1	-	1
Estimate deviation pensions, net of tax	-	-	-336	-	-336	-336	-	-336
Total comprehensive income for the period	-	-62	4 285	-1 548	2 676	2 676	108	2 784
Dividend	-	-	-	-	-	-	-5	-5
Business combinations/divestments	-	-	-	-	-	-	18	18
Balance as of 31.03.2019	59 219	-1 082	36 334	2 727	37 979	97 198	4 090	101 288

NOK million	First quarter 2019	2018	The year 2018
STATEMENT OF CASH FLOW			
CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit/loss (EBIT)	6 243	7 044	15 446
Depreciations, amortisations and impairments	948	924	3 734
Gains/losses from divestments and disposals of assets	4	-1 457	-1 399
Unrealised effects included in operating profit/loss (EBIT)	-848	1 075	4 557
Dividend from equity accounted investments	35	18	606
Changes in working capital	-825	-60	-2 201
Cash collateral and margin calls	596	434	-1 226
Cash effects from foreign exchange derivatives related to operations	-6	57	-451
Taxes paid	-1 975	-1 699	-3 605
Other changes	-281	-58	-175
Cash flow from operating activities	A 3 891	6 277	15 286
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment and intangible assets ¹⁾	-855	-862	-4 713
Business divestments, net liquidity inflow	-	6 349	7 316
Acquisitions of shares in subsidiaries, net liquidity outflow	-177	-	-1 587
Loans to equity accounted investments	-	-	-3
Repayment of loans from equity accounted investments	17	317	3 894
Interests received from loans to equity accounted investments	5	3	102
Other investments	85	6	292
Cash flow from investing activities	B -925	5 813	5 301
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	45	-	759
Repayment of debt	-1 167	-4 430	-5 535
Interests paid	-359	-464	-1 104
Interest rate derivatives realised before maturity	-132	-	-
Interests received from cash and other assets	106	53	284
Dividend paid to Statkraft SF	-95	-	-6 040
Transactions with non-controlling interests	-5	-48	-53
Cash flow from financing activities	C -1 607	-4 889	-11 689
Net change in cash and cash equivalents	A+B+C 1 359	7 201	8 898
Currency exchange rate effects on cash and cash equivalents	-89	-64	59
Cash and cash equivalents 01.01	23 175	14 217	14 217
Cash and cash equivalents 31.03/31.12 ²⁾	24 445	21 352	23 175
Unused committed credit lines	9 167	10 083	9 189
Unused overdraft facilities	1 004	1 012	1 002
Restricted cash	48	75	61

¹⁾ Investments in property, plant and equipment and intangible assets in the cash flow year to date are NOK 29 million higher than investments (excluding investments in other companies) shown in the segment reporting. This is due to capitalised borrowing costs of NOK -33 million, non-cash additions from right-of-use assets of NOK -40 million and timing differences between capitalisation and payment date of NOK 102 million.

²⁾ Included in cash and cash equivalents are NOK 264 million related to joint operations.

Segments

The segment reporting is based on underlying figures, which is in accordance with how the corporate management makes, follows up and evaluates its decisions. The tables on the next page show the reconciliation of IFRS versus the underlying figures.

From 2019, certain energy contracts and the related derivatives are recognised at fair value. Thus, the unrealised value changes of these derivatives are from first quarter 2019 presented as part of the underlying figures. See notes 5 and 6.

Reconciliation of IFRS versus underlying figures 2019:

The below items are excluded from the underlying figures¹⁾:

- Sales revenues: Offsetting effect in gains/losses from market activities. (NOK 2 million)
- Gains/losses from market activities (NOK 178 million):
 - Unrealised value changes from embedded derivatives in energy contracts. (NOK 181 million)
 - Offsetting effect from Sales revenues. (NOK -2 million)
- Other operating income: Gains from divestments of subsidiaries and joint operations.
- Impairments: Related to intangible assets, property, plant and equipment. (NOK 7 million)
- Other operating expenses: Losses from divestments of subsidiaries and joint operations.

Reconciliation of IFRS versus underlying figures 2018:

Gains or losses from realised hedges (IFRS 9) within market access activities (Customers) were reclassified from “Sales revenues” to “Gains/losses from market activities”.

The below items were excluded from the underlying figures¹⁾:

- Gains/losses from market activities:
 - Unrealised value changes from embedded derivatives in energy contracts.
 - Unrealised gains/losses from certain derivatives entered into for risk reduction purposes.
- Other operating income: Gains from divestments of subsidiaries and joint operations.
- Impairments: Related to intangible assets, property, plant and equipment.
- Other operating expenses: Losses from divestments of subsidiaries and joint operations.

¹⁾ See section *Alternative Performance Measures*

RECONCILIATION OF IFRS VERSUS UNDERLYING FIGURES

NOK million	First quarter 2019			First quarter 2018		
	IFRS	Adjustments	Underlying	IFRS	Adjustments	Underlying
Sales revenues	12 676	2	12 678	14 678	-89	14 589
Gains/losses from market activities	1 592	178	1 770	-214	457	243
Other operating income	219	-	219	1 727	-1 460	267
Gross operating income	14 488	180	14 668	16 191	-1 092	15 099
Energy purchase	-4 688	-	-4 688	-5 667	-	-5 667
Transmission costs	-633	-	-633	-548	-	-548
Net operating income	9 167	180	9 347	9 976	-1 092	8 884
Salaries and payroll costs	-962	-	-962	-913	-	-913
Depreciations and amortisations	-941	-	-941	-913	-	-913
Impairments	-7	7	-	-10	10	-
Property tax and license fees	-306	-	-306	-326	-	-326
Other operating expenses	-707	-	-707	-771	-	-771
Operating expenses	-2 924	7	-2 917	-2 933	10	-2 922
Operating profit/loss (EBIT)	6 243	188	6 430	7 044	-1 082	5 962

RECONCILIATION OF IFRS VERSUS UNDERLYING FIGURES

NOK million	The year 2018		
	IFRS	Adjustments	Underlying
Sales revenues	55 350	-675	54 674
Gains/losses from market activities	-1 696	1 464	-232
Other operating income	2 580	-1 449	1 131
Gross operating income	56 233	-660	55 573
Energy purchase	-26 808	-	-26 808
Transmission costs	-1 840	-	-1 840
Net operating income	27 585	-660	26 925
Salaries and payroll costs	-3 615	-	-3 615
Depreciations and amortisations	-3 567	-	-3 567
Impairments	-167	167	-
Property tax and license fees	-1 352	-	-1 352
Other operating expenses	-3 439	-	-3 439
Operating expenses	-12 139	167	-11 972
Operating profit/loss (EBIT)	15 446	-493	14 953

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
First quarter 2018									
Gross operating income, external	15 099	6 955	4 782	625	118	345	2 257	36	-18
Gross operating income, internal	-	2	75	55	177	3	27	207	-546
Gross operating income underlying	15 099	6 957	4 857	680	295	348	2 284	243	-564
Net operating income underlying	8 884	6 244	417	581	283	241	1 168	243	-292
Operating profit/loss (EBIT) underlying	5 962	4 872	170	191	80	131	614	-77	-17
Unrealised value changes from energy derivatives	-368	-276	-92	-	-	-	-	-	-
Gains/losses from divestments of business activities	1 460	-	-	-	-	-	1 460	-	-
Impairments	-10	-	-	-9	-	-1	-	-	-
Operating profit/loss (EBIT) IFRS	7 044	4 596	78	181	80	130	2 074	-77	-17
Share of profit/loss in equity accounted investments	500	-	-	60	15	-	432	-7	-
Assets and capital employed 31.03.2018									
Property, plant and equipment and intangible assets	103 971	57 036	158	21 610	6 186	3 451	15 159	371	-
Equity accounted investments	13 894	-	94	1 773	869	-	11 149	8	-
Loans to equity accounted investments	5 780	-	-1	1 570	564	-	16	3 631	-
Other assets	48 836	2 115	9 603	1 684	456	291	1 042	33 932	-286
Total assets	172 481	59 151	9 854	26 637	8 075	3 741	27 366	37 942	-286
Assets not included in capital employed	-54 308	-30	-218	-3 846	-1 445	-	-11 622	-37 147	-
Liabilities included in capital employed	-17 608	-3 735	-5 562	-1 101	-325	-228	-1 426	-5 517	286
Capital employed	100 565	55 386	4 074	21 690	6 306	3 514	14 319	-4 721	-
Return on average capital employed (ROACE)	12.5%	19.1%	14.6%	1.9%	-0.5%	5.6%	9.3%	n/a	n/a
Return on average equity accounted investments (ROAE)	0.7%	n/a	n/a	-22.3%	12.2%	n/a	6.4%	n/a	n/a
Depreciations, amortisations and impairments	-924	-428	-4	-200	-92	-42	-143	-14	-
Maintenance investments and other investments	386	230	2	22	-	3	127	2	-
Investments in new capacity	463	5	14	120	237	17	71	-	-
Investments in shareholdings	5	-	5	-	-	-	-	-	-

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
SEGMENTS									
The year 2018									
Gross operating income, external	55 573	21 158	26 007	2 502	399	907	4 537	134	-71
Gross operating income, internal	-	444	-50	139	968	1	94	877	-2 473
Gross operating income underlying	55 573	21 602	25 957	2 641	1 367	908	4 631	1 011	-2 544
Net operating income underlying	26 925	18 765	834	2 244	1 320	650	3 284	1 011	-1 183
Operating profit/loss (EBIT) underlying	14 953	12 943	-321	631	429	206	1 467	-545	142
Unrealised value changes from energy derivatives	-789	-333	-456	-	-	-	-	-	-
Gains/losses from divestments of business activities	1 449	-	15	-	1	-	1 432	-	-
Impairments	-167	-	-	-160	-	-7	-	-	0
Operating profit/loss (EBIT) IFRS	15 446	12 610	-761	471	431	199	2 899	-545	142
Share of profit/loss in equity accounted investments	790	-	2	143	30	-	635	-20	-
Assets and capital employed 31.12.2018									
Property, plant and equipment and intangible assets	109 653	57 250	86	24 976	8 018	3 461	15 494	369	-
Equity accounted investments	13 105	0	25	1 977	879	-	10 116	108	-
Loans to equity accounted investments	2 319	-	-	1 737	568	-	15	-	-
Other assets	57 311	2 221	11 655	1 447	533	281	988	40 318	-132
Total assets	182 388	59 472	11 766	30 137	9 998	3 741	26 613	40 795	-132
Assets not included in capital employed	-56 323	-36	-203	-4 011	-1 462	-	-10 609	-40 003	-
Liabilities included in capital employed	-19 685	-2 848	-5 856	-1 481	-293	-212	-1 275	-7 853	132
Capital employed	106 380	56 589	5 706	24 645	8 243	3 529	14 729	-7 062	-
Return on average capital employed (ROACE)	14.7%	23.3%	-6.9%	2.9%	6.3%	5.9%	10.1%	n/a	n/a
Return on average equity accounted investments (ROAE)	5.9%	n/a	n/a	7.8%	3.2%	n/a	6.1%	n/a	n/a
Depreciations, amortisations and impairments	-3 734	-1 692	-17	-910	-309	-172	-574	-59	0
Maintenance investments and other investments	2 067	1 185	10	155	4	9	663	40	-
Investments in new capacity	3 053	67	24	894	1 623	134	309	-	-
Investments in shareholdings	1 862	-	39	1 345	381	-	-	97	-

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated financial statements for the first quarter of 2019, closed on 31 March 2019, have been prepared in accordance with the accounting principles in International Financial Reporting Standards (IFRS) and consist of Statkraft AS and its subsidiaries and equity accounted investments. 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 report for 2018.

Since the annual report for the period ended 31 December 2018, Statkraft has adopted IFRS 16 Leases. The impact on the financial statements from the new standard is described in note 5. In addition, Statkraft has adopted the amendment to IAS 28 Long-term interest in Associates and Joint Ventures, see note 7.

The interim accounts have not been audited.

2. PRESENTATION OF FINANCIAL STATEMENTS

The presentation in the interim report has been prepared in accordance with the requirements in IAS 34. The schedules comply with the requirements in IAS 1.

3. ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting principles to the preparation of the interim financial statements, the management has exercised its judgment and employed estimates and assumptions that affect the figures included in the statement of profit and loss and the statement of financial position.

The most important assumptions regarding future events and other significant sources of uncertainty in relation to the estimates, and which may involve a significant risk of material changes to the amounts recognised in future financial periods, are discussed in the annual report for 2018.

In preparing the consolidated financial statements for the current quarter, the Group's management has exercised its judgment in relation to the same areas where such judgment has had material significance in relation to the figures included in the Group's statement of profit and loss and statement of financial position, as discussed in the annual report for 2018.

4. SEGMENT REPORTING

The Group reports operating segments in accordance with how the corporate management makes, follows up and evaluates its decisions. The operating segments have been identified on the basis of internal management information that is periodically reviewed by the management and used as a basis for resource allocation and key performance review.

5. IFRS 16 LEASES

IFRS 16 Leases was effective from 1 January 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

At the commencement date of a lease, a lessee will recognise a liability at the present value of lease payments with a corresponding asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). The standard includes a number of optional practical expedients related to initial application and recognition. Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from previous accounting under IAS 17. Lessors will continue to classify all leases using the similar classification principle as in IAS 17.

The Group has, with effect from 1 January 2019, adopted IFRS 16 using the modified retrospective approach. Accordingly, comparable information has not been restated.

Determining whether a contract is or contains a lease under IFRS 16

At the date of initial application of IFRS 16, the Group recognised a lease liability for leases previously classified as operating leases under IAS 17 in accordance with the transition requirements. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019. Statkraft has not been applying the practical expedient to rely on previous assessments of whether a contract is or contains a lease and has therefore performed a reassessment of the contract portfolio. Further, the right-of-use assets on a lease-by-lease basis are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Statkraft has completed its analysis of the effects of the new standard and concluded on the impact on the financial statements for contracts previously recognised as operating leases. The effects are described below:

Statkraft's leases mainly involve the following type of assets:

The contracts that have largely affected the recognition of the lease liability and right-of-use asset under the new standard are contracts for renting of office premises. In addition, contracts for lease of land, cars and equipment are identified.

Power purchase agreements:

Statkraft is providing market access to renewable energy producers by entering into long term power purchase agreements. Some of these agreements were defined as operating leases in accordance with IFRIC 4. After transition to IFRS 16, these agreements are considered not to contain a lease. It is concluded that the agreements are in scope of IFRS 9 Financial instruments when such contracts are net settled and not held for own use. Under IAS 17 the rent paid to the power producers is presented as energy purchase. When preparing the financial statements for 2019, power purchase agreements assessed to be derivatives are recognised at fair value with value changes through profit and loss. See note 6.

The following practical expedients and recognition exemptions to leases previously classified as operating leases at the date of initial application are applied:

- Recognition exemption for short-term leases (defined as 12 months or less)
- Recognition exemption for low value assets (defined as low value equipment)
- Excluded any initial direct costs from the measurement of the right-of-use asset
- Relied on previous assessment of whether a lease is onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and not performed an impairment review. For such leases, the right-of-use assets have been adjusted by the amount of such provisions recognised in the statement of financial position.
- Intangible assets have also been chosen to be excluded from IFRS 16, hence leased concessions or payments for power production licenses, for instance, are not treated within IFRS 16.

Measurement

Statkraft has evaluated whether the Group is reasonably certain to exercise an option to renew a lease, not terminate a lease or to purchase the underlying asset. All relevant factors that can create an economic incentive for Statkraft to exercise options e.g. contract-, asset-, entity- and market-based factors are evaluated. Contracts to rent office premises are not considered to be customised to Statkraft's use and options to renew leases are not included in the estimated lease liability. Contracts to rent production facilities are in most cases customised to meet Statkraft's requirements, and material expenses will incur if moving from the existing premises. Hence, such contracts are included in the estimated lease liability.

A lease liability will be remeasured upon the occurrence of certain events e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments. Generally, the amount of the remeasurement of the lease liability will be recognised as an adjustment to the right-of-use asset.

Right-of-use assets and lease liabilities will be presented separately in the statement of financial position, but will be disclosed separately in the notes.

The incremental borrowing rates are calculated as a sum of currency dependant market rates and entity specific credit spreads for each relevant year on an asset-by-asset basis. The incremental borrowing rate applied as discount rate is an average of these yearly borrowing rates for each individual leased asset, depending on the length of each contract. The weighted average yearly discount rate applied is 3.22% and the effect of discounting the nominal values is approximately NOK 427 million.

The main effects on the financial statements are summarised below:

NOK million	1 January 2019
Reconciliation of lease commitments to lease liabilities	
IAS 17 off balance sheet operating lease commitments at 31 December 2018	1 890
Extension options and purchase options reasonably certain to be exercised	42
Practical expedient related to short-term leases	-5
Practical expedient related to low-value leases	-2
Other differences	41
Nominal lease liabilities at 1 January 2019	1 966
Discounting using the incremental borrowing rate	-427
Lease liabilities at 1 January 2019 under IFRS 16	1 539
Right-of-use assets at 1 January 2019 under IFRS 16¹⁾	1 584

¹⁾ The difference between right-of-use assets and liabilities is related to prepaid leases

NOK million 31 March 2019

Effects on the Statement of Financial Position

Non-current assets: Property, plant and equipment:

Right-of-use assets office buildings	1 258
Right-of-use assets land and other property	303
Right-of-use assets vehicles, equipment and other	22
Total right-of-use assets	1 584

Non-current interest-bearing liabilities:

Lease liabilities	1 345
-------------------	-------

Current interest-bearing liabilities:

Lease liabilities	191
-------------------	-----

Total lease liabilities¹⁾	1 535
---	--------------

¹⁾ The difference between right-of-use assets and liabilities is related to prepaid leases

NOK million Q1 2019

Other main effects on the Financial Statements

Income statement:

Depreciation from right-of-use assets presented as Depreciations and amortisations	44
Interest expense on leases presented as Interest expenses	12

Cash flow:

Principal portion of lease payments on lease liabilities - presented as financing activities	43
Interest portion of lease payments on lease liabilities - presented as financing activities	11

Total payments on lease liabilities	54
--	-----------

6. ENERGY CONTRACTS RECOGNISED AS FINANCIAL INSTRUMENTS UNDER IFRS 9 FROM Q1 2019

As described in note 5 transition to IFRS 16, certain contracts are no longer considered as lease contracts, but are now within scope of IFRS 9.

Certain contracts were previously recognised under IAS 17 Leases, and the power purchase from the generators and power sales to the exchange were presented gross in the statement of profit and loss in line items energy purchase and sales revenues respectively.

Statkraft is providing market access to renewable energy producers by entering into long-term power purchase agreements, handling the volume and balancing risk and selling the power to the exchange.

Depending on the price mechanisms in the power purchase agreements with the producers, Statkraft is exposed to a price risk. The price risk is mitigated by entering into financial contracts, mainly futures and forwards, with third parties. In addition, risk reduction measures are taken to secure future margins from the portfolio. The contracts are not considered to meet the requirements to be classified as contracts held for normal purchase or sale (own use). Statkraft accounts for the contracts as derivatives measured at fair value through profit and loss in accordance with IFRS 9.

At the settlement date, Statkraft physically settles the contracts by taking delivery of the power and selling the power to the exchange. The contracts are presented net under the line item gains/losses from market activities in the statement of profit and loss.

The impact of changing accounting principles was a decrease in sales revenues and energy purchase compared with the 2018 presentation. In 2018 Statkraft recognised sales revenues of approximately NOK 9 billion from these power purchase agreements. Comparable figures for 2018 have not been restated.

The impact from measuring these contracts at fair value at 1 January 2019 was an increase in equity of NOK 487 million.

7. LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES

An amendment to IAS 28 Investments in Associates and Joint Ventures, effective from 1 January 2019, clarifies that IFRS 9 Financial Instruments, including its impairment requirements, applies to long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture, for which the equity method is not applied.

The implementation of this amendment at 1 January 2019 had limited impact on the presentation in Statkraft's statement of profit and loss and statement of equity.

8. REVENUE SPECIFICATION PER SEGMENT

The Group's sales revenues and energy purchase are divided into three categories:

Generation includes sales revenues and energy purchase related to Statkraft's physical power generating assets and district heating. The category includes spot sales, bilateral industry contracts, concessionary sales contracts and green certificates.

Customers includes sales revenues and energy purchases related to market access activities, mostly related to the German market.

A significant part of the contracts within Customers were in 2018 in scope of IAS 17 leases. After the adoption of IFRS 16 Leases, these contracts are in scope of IFRS 9 Financial instruments. The comparable figures have not been restated, see note 6.

Grid and other mainly consists of grid activities in Norway and Peru and a subsea interconnector between Sweden and Germany.

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
First quarter 2019									
Generation - sales revenues	7 780	5 561	32	709	514	351	739	-	-126
Generation - energy purchase	-477	-302	-35	-76	-	-109	-20	-	65
Generation - net	7 303	5 259	-3	633	514	242	719	-	-61
Customers - sales revenues	4 038	-	4 456	-	-	-	-	-	-418
Customers - energy purchase	-3 981	-	-4 396	-	-	-	-	-	415
Customers - net	57	-	60	-	-	-	-	-	-3
Grid and other - sales revenues	858	201	213	67	-	-	384	1	-8
Grid and other - energy purchase	-230	-184	-11	-46	-	-	-	-	11
Grid and other - net	628	17	202	21	-	-	384	1	3
Sales revenues - total	12 676	5 762	4 701	776	514	351	1 123	1	-552
Energy purchase - total	-4 688	-486	-4 442	-122	-	-109	-20	-	491
Sales revenues adjusted for energy purchase	7 988	5 276	259	654	514	242	1 103	1	-61

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
First quarter 2018									
Generation - sales revenues	8 512	6 548	81	626	223	340	784	-	-90
Generation - energy purchase	-352	-178	-79	-52	-	-107	-18	-	82
Generation - net	8 160	6 370	2	574	223	233	766	-	-8
Customers - sales revenues	5 510	-	4 414	-	-	-	1 183	-	-87
Customers - energy purchase	-5 132	-	-4 306	-	-	-	-1 002	-	176
Customers - net	377	-	108	-	-	-	181	-	88
Grid and other - sales revenues	656	174	24	42	-	-	419	-	-3
Grid and other - energy purchase	-182	-160	-10	-	-	-	-23	-	11
Grid and other - net	474	14	14	42	-	-	396	-	8
Sales revenues - total	14 678	6 722	4 519	668	223	340	2 386	-	-180
Energy purchase - total	-5 667	-338	-4 395	-52	-	-107	-1 043	-	268
Sales revenues adjusted for energy purchase	9 011	6 384	124	616	223	233	1 343	-	88

NOK million	Statkraft AS Group	European flexible generation	Market operations	International power	European wind and solar	District heating	Industrial ownership	Other activities	Group items
The year 2018									
Generation - sales revenues	26 973	20 092	185	2 387	1 267	881	2 451	-	-290
Generation - energy purchase	-1 334	-925	-167	-166	-	-258	-47	-	228
Generation - net	25 638	19 167	18	2 221	1 267	623	2 404	-	-62
Customers - sales revenues	25 896	-	25 103	-	-	-	1 183	-	-390
Customers - energy purchase	-24 556	-	-24 621	-	-	-	-1 002	-	1 067
Customers - net	1 340	-	482	-	-	-	181	-	677
Grid and other - sales revenues	2 482	798	319	214	-	12	1 189	-	-50
Grid and other - energy purchase	-917	-739	-45	-156	-	-	-23	-	45
Grid and other - net	1 564	59	273	58	-	12	1 166	-	-4
Sales revenues - total	55 350	20 890	25 607	2 601	1 267	893	4 822	-	-730
Energy purchase - total	-26 808	-1 664	-24 834	-322	-	-258	-1 071	-	1 340
Sales revenues adjusted for energy purchase	28 542	19 226	774	2 279	1 267	635	3 752	-	610

9. UNREALISED EFFECTS PRESENTED IN THE PROFIT AND LOSS

This note discloses the effects on the statement of profit and loss from unrealised value changes from inventories and financial instruments measured at fair value and currency gains and losses on financial instruments measured at amortised cost.

NOK million	First quarter 2019		Total
	Unrealised	Realised	
UNREALISED EFFECTS REPORTED IN P&L			
Generation	-	7 780	7 780
Customers	-1	4 040	4 038
Grid and other	-	858	858
Total sales revenues	-1	12 677	12 676
Gains/losses from market activities	850	743	1 592
Generation	-	-477	-477
Customers	-	-3 981	-3 981
Other purchase	-	-230	-230
Total energy purchase	-	-4 688	-4 688
Unrealised effects included in EBIT ¹⁾	848		
Net currency effects ²⁾	753	-65	688
Other financial items	79	-121	-42
Total financial items	832		
Total unrealised effects	1 680		

¹⁾ Total sales revenues + Gains/losses from market activities + Total energy purchase.

²⁾ Gains for the quarter from internal loans were NOK 18 million, of which NOK 35 million was realised.

NOK million	First quarter 2018			The year 2018		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Generation	294	8 218	8 512	290	26 683	26 973
Customers	45	5 465	5 510	-115	26 010	25 896
Grid and other	-	656	656	-	2 482	2 482
Total sales revenues	339	14 339	14 678	175	55 175	55 350
Gains/losses from market activities	-1 414	1 200	-214	-4 897	3 201	-1 696
Generation	-	-352	-352	-	-1 334	-1 334
Customers	-	-5 132	-5 132	165	-24 721	-24 556
Other purchase	-	-182	-182	-	-917	-917
Total energy purchase	-	-5 667	-5 667	165	-26 973	-26 808
Unrealised effects included in EBIT ¹⁾	-1 075			-4 557		
Net currency effects ²⁾	883	-335	548	606	-1 070	-464
Other financial items	102	4 962	5 064	27	5 350	5 377
Unrealised effects included in financial items	985			633		
Total unrealised effects	-90			-3 924		

¹⁾ Total sales revenues + Gains/losses from market activities + Total energy purchase.

²⁾ Losses for the year from internal loans were NOK -103 million, of which NOK -161 million were realised.

10. NORWEGIAN HYDROPOWER AND RELATED BUSINESS

This note discloses selected financial figures from Norwegian hydropower and related business. See note 4 in the annual report 2018.

NOK million	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
2019 (year to date)						
Gross operating income	14 488	4 986	721	5 701		5 701
Net operating income	9 167	4 593	689	5 278		5 278
Operating profit/loss (EBIT)	6 243	3 490	530	4 020		4 020
Share of profit/loss in equity accounted investments	508	-	-	-	472 ¹⁾	472
Net financial items	550	-148	-18	-166		-166
Tax expense	-2 549	-1 780	-273	-2 054		-2 054
Net profit/loss	4 752	1 561	239	1 800	472	2 272
Net profit/loss (of which owners of the parent)	4 621	1 561	160	1 721	472	2 193
Paid dividend and group contribution to Statkraft		- ²⁾	- ³⁾	-	- ³⁾	-
Assets 31.03.19						
Equity accounted investments	13 777	-	2	2	9 433 ¹⁾	9 435
Other assets	166 766	37 587	5 297	42 884		42 884
Total assets	180 543	37 587	5 299	42 886	9 433	52 319
EBITDA	7 191	3 757	571	4 328		4 328
Depreciations, amortisations and impairments	-948	-267	-41	-307		-307
Maintenance investments and other investments	429	-	24	24		24
Investments in new capacity	401	-	4	4		4
Investments in shareholdings	55	-	-	-		-

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

NOK million	"Norwegian hydropower" from:			Sum "Norwegian hydropower, excluding related business"	Associated regional companies	Sum "Norwegian hydropower and related business"
	Statkraft AS Group	Statkraft Energi AS	Skagerak Kraft Group			
2018 (the year)						
Gross operating income	56 233	17 499	2 118	19 587		19 587
Net operating income	27 585	16 185	2 009	18 184		18 184
Operating profit/loss (EBIT)	15 446	12 045	1 375	13 420		13 420
Share of profit/loss in equity accounted investments	790	-	-	-	596 ¹⁾	596
Net financial items	4 412	-171	-64	-235		-235
Tax expense	-7 258	-6 299	-853	-7 151		-7 151
Net profit/loss	13 390	5 576	458	6 034	596	6 630
Net profit/loss (of which owners of the parent)	12 710	5 576	303	5 879	596	6 475
Paid dividend and group contribution to Statkraft		4 499 ²⁾	119 ³⁾	4 618	541 ³⁾	5 159
Balance sheet 31.12.18						
Equity accounted investments	13 105	-	2	2	9 030 ¹⁾	9 032
Other assets	169 284	37 754	5 306	43 060		43 060
Total assets	182 388	37 754	5 307	43 062	9 030	52 092
EBITDA	19 180	13 145	1 567	14 712		14 712
Depreciations, amortisations and impairments	-3 734	-1 100	-192	-1 292		-1 292
Maintenance investments and other investments	2 067	864	105	969		969
Investments in new capacity	3 053	62	25	87		87
Investments in shareholdings	1 862	-	-	-		-

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

11. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

NOK million	31.03.2019	31.03.2018	31.12.2018
INTANGIBLE ASSETS			
Balance as of 01.01.	3 909	3 313	3 313
Additions	-142	2	1 017
Reclassifications	112	-12	-28
Disposals	-14	-81	-96
Currency translation effects	-67	-107	-120
Amortisations	-33	-34	-143
Impairments	-7	-11	-35
Balance as of end of period	3 758	3 070	3 909
PROPERTY, PLANT AND EQUIPMENT			
Balance as of 01.01.	105 744	103 193	103 193
Additions	914	810	6 564
Additions due to IFRS 16 (implementation)	1 585	-	-
Additions due to IFRS 16 (new contracts)	40	-	-
Reclassifications	-112	12	28
Disposals	-34	-32	-278
Capitalised borrowing costs	33	22	119
Currency translation effects	-1 409	-2 226	-325
Depreciations	-908	-879	-3 424
Impairments	-	-	-132
Balance as of end of period	105 853	100 901	105 744

Accounting policies, judgement and assumptions for impairments are described in note 14 in the annual report 2018.

12. BRAZIL

On 13 July 2015, Statkraft acquired a controlling interest in the Brazilian company Desenvix Energias Renováveis S.A., which subsequently changed name to Statkraft Energias Renováveis (SKER). Over the past years, Brazil has experienced several severe corruption cases. On this background, Statkraft initiated an internal investigation related to the subsidiary acquired in 2015. Based on the investigation, the company has contacted Brazilian authorities. It is at this stage not possible to predict if the outcome could have potential negative financial effects.

SKER is still part of a civil lawsuit related to historical investments made by the four main pension funds in Brazil including Funcef, see note 32 in the annual report 2018.

13. DRAFT DECISION RELATED TO PREVIOUS YEARS' TAX

On 9 October 2017, Statkraft AS received a draft decision of a tax reassessment from the Norwegian tax authorities. The reassessment regards the income tax returns for the fiscal years 2008-2014 related to the investment in the Statkraft Treasury Centre SA (STC) in Belgium. The main issue relates to STC's capital structure and its compliance with the arm's length principle.

Statkraft strongly disagrees that there is a legal basis for any reassessment, and has made no provisions related to this case.

If all arguments from the Norwegian tax authorities would prevail, the financial exposure for the period 2008-2017 is estimated to NOK 4 billion as additional payable tax and interest expenses.

On 24 April 2017, the major business activities in STC were transferred to Statkraft AS. All business activities in STC have been closed down.

There has been no development in 2018 and 2019 that has had an impact on Statkraft's assessment.

14. TRANSACTIONS

Statkraft acquired 61% of the shares in the German electric vehicle charging company eeMobility, which was included in the consolidated figures with effect from 1 January 2019. The shares were acquired from RG Energy GmbH, KH Energy GmbH and Ricon GmbH. The total purchase price, including NOK 14 million in contingent consideration and a capital injection of NOK 30 million, was NOK 55 million.

On 28 March, Statkraft's subsidiary Skagerak Energi AS sold approximately 15.5 million shares, representing 14.86% of the share capital in Fjordkraft Holding ASA. The selling price was NOK 35.70 per share. The net cash inflow from the sale was NOK 550 million and Statkraft recognised a gain of NOK 43 million as Other financial items in the first quarter. Subsequent to the transaction, Skagerak Energi AS owns 14.86% of the shares in Fjordkraft.

15. SUBSEQUENT EVENTS

There are no significant subsequent events.

Alternative Performance Measures

As defined in ESMA's guideline on alternative performance measures (APM), an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Statkraft uses the following APMs:

EBITDA underlying is defined as underlying operating profit/loss before depreciations and amortisations. The APM is used to measure performance from operational activities. EBITDA underlying should not be considered as an alternative to operating profit/loss and profit/loss before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA underlying an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Operating profit/loss (EBIT) underlying is an APM used to measure performance from operational activities.

Items excluded from operating profit/loss (EBIT) underlying:

Statkraft adjusts for the following three items when reporting operating profit/loss (EBIT) underlying:

1. **Unrealised value changes from energy derivatives**
 - **Embedded derivatives**, since they only represent a part of an energy contract and the other parts of these energy contracts are not recognised at fair value.
 - **Derivatives entered into for risk reduction purposes** were excluded from underlying figures in 2018. This was done where the related item was either carried at cost or not recognised in the statement of financial position. From 2019, certain energy contracts and the related derivatives are recognised at fair value. Thus, the unrealised value changes of these derivatives are from first quarter 2019 presented as part of the underlying figures. See notes 5 and 6.
2. **Gains/losses from divestments of business activities**, since the gains or losses do not give an indication of future performance or periodic performance from operating activities. Such gains or losses are related to the cumulative value creation from the time the asset is acquired until it is sold.
3. **Impairments**, since they affect the economics of an asset for the useful life of that asset; not only the period in which it is impaired or the impairment is reversed.

The above items are also excluded from **Gross operating income underlying** and **Net operating income underlying**. See section Segments on page 20.

ROACE is defined as operating profit/loss (EBIT) underlying divided by capital employed. ROACE is calculated on a rolling 12 month average and is used to measure return from the operational activities as well as benchmarking performance.

ROAE is defined as share of profit/loss in equity accounted investments, divided by the average book value of the Group's equity accounted investments. ROAE is calculated on a rolling 12 month average. The financial metric is used to measure return from the Group's equity accounted investments as well as benchmarking performance.

Capital employed is the capital allocated to perform operational activities.

Net interest-bearing debt is used to measure indebtedness.

Net interest-bearing debt - equity ratio is calculated as net interest-bearing debt relative to the sum of net interest-bearing debt and equity.

Operating profit/loss (EBIT) margin underlying (%) is calculated as operating profit/loss (EBIT) underlying relative to gross operating income underlying.

NOK million	31.03.2019	31.03.2018	31.12.2018
ALTERNATIVE PERFORMANCE MEASURES			
RECONCILIATION OF OPERATING PROFIT/LOSS (EBIT) UNDERLYING TO EBITDA UNDERLYING			
Operating profit/loss (EBIT) underlying	6 430	5 962	14 953
Depreciations and amortisations	941	913	3 567
EBITDA underlying	7 371	6 875	18 520
Operating profit/loss (EBIT) margin underlying (%)	43.8	39.5	26.9
FINANCIAL STATEMENT LINE ITEMS INCLUDED IN CAPITAL EMPLOYED			
Intangible assets	3 758	3 070	3 909
Property, plant and equipment	105 853	100 901	105 744
Other non-current financial assets	3 111	4 205	3 986
- Loans to equity accounted investments ¹⁾	-1 452	-2 150	-2 244
- Bonds and other long-term investments ¹⁾	-254	-565	-232
- Pension assets ¹⁾	-479	-468	-494
- Other shares and shareholdings ¹⁾	-295	-297	-316
Inventories	6 726	3 478	6 316
Receivables	11 701	14 754	12 831
- Receivables related to cash collateral ²⁾	-2 428	-1 079	-3 351
- Short-term loans to equity accounted investments ²⁾	-76	-3 630	-75
- Other receivables not part of capital employed ²⁾	-93	-47	-8
Provisions allocated to capital employed	-2 257	-2 376	-2 552
Taxes payable	-7 459	-4 861	-7 391
Interest-free liabilities allocated to capital employed	-9 156	-10 371	-9 742
Capital employed	107 199	100 565	106 380
Average capital employed ³⁾	103 157	102 707	102 020
RECONCILIATION OF CAPITAL EMPLOYED TO TOTAL ASSETS			
Capital employed	107 199	100 565	106 380
Deferred tax assets	566	714	676
Equity accounted investments	13 777	13 894	13 105
Other non-current financial assets ¹⁾	2 481	3 480	3 286
Derivatives, long term	5 086	3 864	2 926
Receivables ²⁾	2 597	4 755	3 434
Short-term financial investments	615	904	604
Derivatives, short term	4 905	5 345	9 118
Cash and cash equivalents (incl. restricted cash)	24 445	21 352	23 175
Liabilities allocated to capital employed, see table above	18 873	17 608	19 685
Total assets as of the statement of financial position	180 543	172 481	182 388
RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)			
Operating profit/loss (EBIT) underlying, rolling 12 months	15 421	12 796	14 953
Average capital employed	103 157	102 707	102 020
ROACE	14.9%	12.5%	14.7%
RETURN ON AVERAGE EQUITY ACCOUNTED INVESTMENTS (ROAE)			
Share of profit/loss in equity accounted investments, rolling 12 months	798	97	790
Average equity accounted investments ³⁾	13 316	14 888	13 359
ROAE	6.0%	0.7%	5.9%
NET INTEREST-BEARING DEBT			
Long-term interest bearing liabilities	28 856	32 967	30 354
Short-term interest bearing liabilities	7 675	2 566	6 346
Cash and cash equivalents (incl. restricted cash)	-24 445	-21 352	-23 175
Short-term financial investments	-615	-904	-604
Net interest-bearing debt	11 472	13 277	12 921
NET INTEREST-BEARING DEBT-EQUITY RATIO			
Net interest-bearing debt	11 472	13 277	12 921
Equity	101 288	99 434	98 004
Sum of net interest-bearing debt and equity	112 760	112 711	110 926
Net interest-bearing debt - equity ratio	10.2%	11.8%	11.6%

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

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

³⁾ Average capital employed and average equity accounted investments are based on the average for the last four quarters.



Interim Report
Q1/2019
Statkraft AS

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

Organisation no:
Statkraft AS: 987 059 699

www.statkraft.com

