



Interim Report
Q3/2014
Statkraft AS

Q3

Key figures

NOK million	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
From income statement ¹⁾							
Gross operating revenues, underlying	10 441	9 680	761	34 594	32 552	2 042	47 458
Net operating revenues, underlying	4 299	3 979	320	14 868	14 467	402	20 545
EBITDA, underlying	2 282	1 867	415	8 646	8 602	45	12 444
Operating profit, underlying	1 531	1 138	393	6 388	6 526	-138	9 589
Operating profit, booked	2 875	1 243	1 632	7 842	8 554	-712	13 002
Share of profit from associated companies and joint ventures	134	-59	193	213	400	-187	1 101
Net financial items	3 049	-2 504	5 553	2 879	-8 827	11 706	-11 592
Profit before tax	6 058	-1 320	7 378	10 934	127	10 807	2 511
Net profit	4 151	-1 681	5 832	6 989	-2 147	9 136	208
EBITDA margin, underlying (%) ²⁾	21.9	19.3		25.0	26.4		26.2
ROACE, underlying (%) ³⁾				11.4	12.7		12.5
Items excluded from the underlying operating profit							
Unrealised changes in value on energy contracts	-163	306	-469	-317	1 903	-2 220	3 288
Significant non-recurring items	1 507	-201	1 708	1 770	125	1 646	125
Balance sheet and investments							
Total assets 30.09./31.12.				153 345	149 787	3 558	153 687
Maintenance investments and other investments	411	615	-204	1 838	1 462	376	1 980
Investments in new capacity	2 111	1 587	525	5 311	9 188	-3 877	11 303
Investments in shareholdings	663	-3	666	1 109	24	1 085	62
Capital employed 30.09./31.12. ⁴⁾				80 994	79 217	1 777	82 985
Cash Flow							
Net cash flow from operating activities	2 289	2 649	-360	7 743	6 862	881	8 106
Cash and cash equivalents 30.09./31.12.				12 317	9 316	3 001	7 685
Currency rates							
NOK/EUR average rate	8.27	7.93	0.34	8.28	7.66	0.62	7.81
NOK/EUR closing rate 30.09./31.12.				8.12	8.11	0.00	8.36

The investment 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 between maintenance investments and investments in increased capacity has changed for the third quarter of 2013. The effect at this time last year was NOK 665 million, and NOK 376 million in the third quarter of 2013.

Definitions

¹⁾ Underlying items have been adjusted for unrealised changes in value for energy contracts and significant non-recurring items. This adjustment includes the operating result.

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

³⁾ ROACE, underlying (%): (Underlying operating profit x 100)/Average capital employed (rolling 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 power production and improved result from market activities yielded a solid operating profit.

Significant non recurring items contributed to an even stronger result.

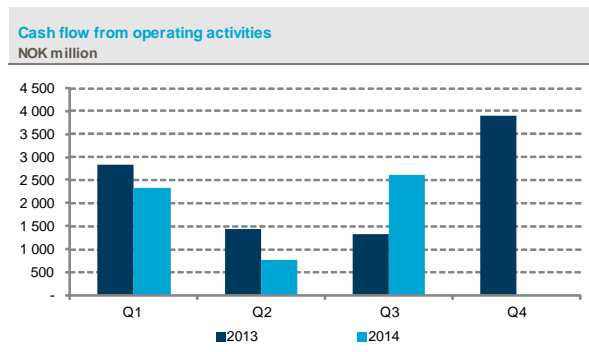
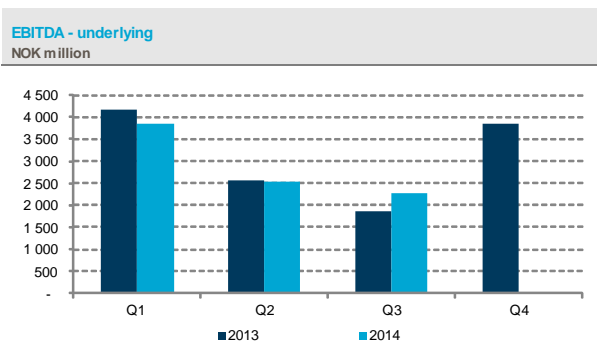
Statkraft achieved a good quarterly result in spite of lower Nordic power prices than in the third quarter of last year. Long-term contracts and higher hydropower production in the Nordic countries offset the impact of the low power prices. The results from market activities were also better than in the third quarter of last year. The result from underlying operations (EBITDA) ended at NOK 2.3 billion, 22 per cent higher than in the same quarter in 2013.

Positive currency effects due to a stronger NOK against EUR, as well as gains in connection with sale of hydropower plants in Finland and shareholdings in wind power plants in the UK had a positive impact on the quarterly result. An impairment in Turkey had a negative impact. Net profit ended at NOK 4.2 billion, an improvement of NOK 5.8 billion compared to the third quarter of 2013, which was a quarter with significant negative currency effects. The currency effects are offset by translation effects in equity.

The third quarter of 2014 saw an average Nordic power price of 31.8 EUR/MWh, which was 11 per cent lower than in the same quarter of last year. The Group's power production totalled 12.2 TWh, an increase of 9 per cent compared with the third quarter of 2013.

Within Nordic hydropower, the Kjensvatn power plant in Nordland County was officially opened. The power production in Finland was sold in August, but Statkraft will continue to be active in the Finnish power market.

Statkraft has reduced the shareholding to 51 per cent in a company with three onshore wind power plants in the UK. Statkraft will still be the operator of the wind farms. Statkraft has made an investment decision for the Dudgeon offshore wind farm with about 400 MW and has also increased its shareholding in the Andershaw onshore wind power project in Scotland from 50 to 100 per cent.



Corporate social responsibility and HSE

	Third quarter		Year to date		Year 2013
	2014	2013	2014	2013	
Corporate social responsibility and HSE					
Fatalities ¹⁾	0	1	3	1	1
TRI rate Statkraft ^{1) 2)}	6.0	6.6	5.7	6.7	6.5
Serious environmental incidents	0	0	0	0	0
Full-time equivalents, group			3 369	3 495	3 493
Absence due to illness, group (%)	2.8	2.4	3.0	3.0	3.0

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

Skagerak Energi had a serious incident in the third quarter which caused burns. The incident was investigated and measures are being followed up by the company. In addition, Skagerak Energi had a serious incident where a technician was in contact with energised parts that caused severe burns on 16 October. The incident is investigated according to internal procedures.

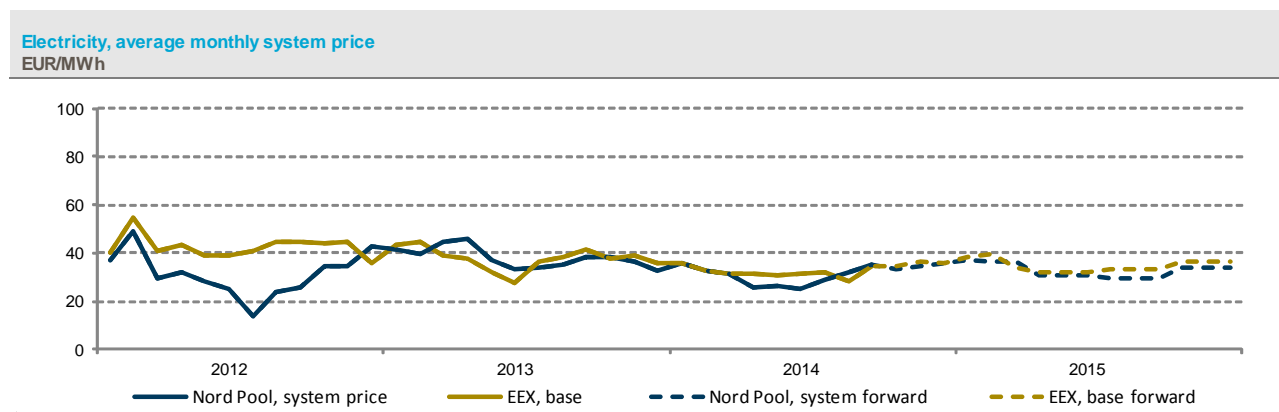
- The Group's TRI injury frequency was 6.0 in the third quarter, which represents a decline compared with the same period in 2013.
- There were no serious environmental incidents in the third quarter.
- Absence due to illness is at a low, stable level.

There has been a major focus on investigation of serious incidents in 2014. The results from the investigations are made available to all employees and facilitate transfer of experience across the organisation.

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 only an input factor in a limited percentage of Statkraft's own power production.

POWER PRICES



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

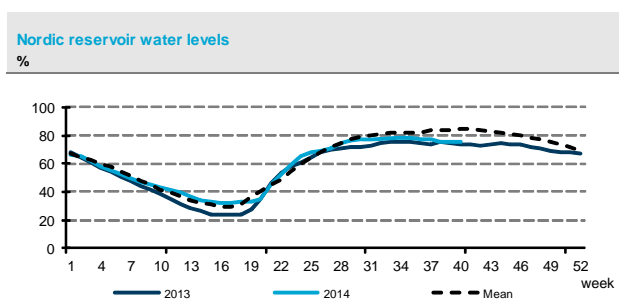
The average system price in the Nordic region was 31.8 EUR/MWh in the quarter, a decline of 11% compared with the same period in 2013. The decline was primarily driven by higher-than-normal temperatures, falling commodity prices, as well as higher water inflow than in the third quarter of 2013. Forward prices in the Nordic countries increased somewhat during the quarter.

The average spot price in the German market was 31.5 EUR/MWh in the quarter, a decline of 19% compared to the same period in 2013. The decline was characterised by falling commodity prices as well as somewhat increased capacity within renewable energy. Forward prices in Germany fell somewhat during the quarter.

EUR/MWh	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
Prices							
Average system price, Nord Pool	31.8	35.9	-4.0	29.2	38.9	-9.6	38.1
Average spot price (base), EEX	31.5	38.8	-7.2	32.1	37.9	-5.8	37.8
Average spot price (peak), EEX	37.7	48.9	-11.2	39.4	48.1	-8.8	48.8
Average gas price, EGT	18.2	26.2	-8.0	20.7	27.3	-6.6	27.3

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

CONSUMPTION AND RESOURCE ACCESS IN THE NORDIC REGION



Source: Nord Pool.

TWh	Third quarter		Year to date		Year 2013
	2014	2013	2014	2013	
Consumption and output					
Nordic					
Nordic consumption	76.7	77.9	273.6	281.3	381.9
Nordic output	78.1	77.7	281.7	279.6	379.8
Net Nordic import(+)/export (-)	-1.3	0.3	-8.1	1.7	2.0
Norway					
Norwegian consumption	24.6	25.0	91.2	94.3	128.8
Norwegian output	30.2	29.4	102.9	97.9	133.8
Net Norwegian import(+)/export (-)	-5.6	-4.4	-11.7	-3.6	-5.0

The inflow was lower than normal in the period. The total reservoir water level in the Nordic region was 91.2 TWh at the end of September, corresponding to 89% of the normal level. The reservoirs were filled to 75.1% of capacity (74.6% in 2013), compared with a maximum reservoir capacity of 121.4 TWh at the end of the quarter.

In the third quarter, 1.3 TWh was exported from the Nordic region, compared with net imports of 0.3 TWh in the corresponding period in 2013.

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	Third quarter		Year to date		Year 2013
	2014	2013	2014	2013	
Production, technology					
Hydropower	11.8	10.9	38.9	37.9	53.2
Wind power	0.3	0.3	1.2	0.9	1.4
Gas power	0.1	0.0	0.3	0.7	1.1
Bio power	0.1	0.0	0.2	0.1	0.2
Total production	12.2	11.2	40.6	39.6	55.9
Production, geography					
Norway	10.4	9.3	33.5	32.2	45.1
Nordic ex. Norway	1.0	0.9	4.1	3.7	5.4
Europe ex. Nordic	0.3	0.3	1.4	1.5	2.3
Rest of the world	0.5	0.7	1.6	2.2	3.0
Total production	12.2	11.2	40.6	39.6	55.9

The Group produced a total of 12.2 TWh in the third quarter, of which hydropower production increased by 8% compared with the same period last year.

The Group also produced 0.1 TWh of district heating in the quarter, which was at the same level as in 2013.

Financial performance

NOK million	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
Key figures							
Net operating revenues, underlying	4 299	3 979	320	14 868	14 467	402	20 545
EBITDA, underlying	2 282	1 867	415	8 646	8 602	45	12 444
Profit before tax	6 058	-1 320	7 378	10 934	127	10 807	2 511
Net profit	4 151	-1 681	5 832	6 989	-2 147	9 136	208

YEAR TO DATE

The increased revenues year to date were primarily related to realising substantial positions in the Nordic dynamic asset management portfolio in the first quarter of this year, increased contributions from market activities in Brazil, new production capacity within wind power as well as increased Nordic hydropower production. The increased revenues were somewhat offset by lower Nordic power prices.

Operating expenses were somewhat higher in the first nine months of the year, compared with the same period last year. The increase was among other things related to new wind power plants, the transfer of hydropower plants from Statkraft SF to Statkraft AS in the second quarter of last year and increased project activity.

The share of profit from associated companies and joint ventures was NOK 213 million in the three first quarters of the year (NOK 400 million). The decline was mainly caused by an impairment in Brazil. The decline was somewhat offset by gains from the sale of two subsidiaries in Istad.

Year to date, unrealised value changes on energy contracts have been relatively modest, while there were significant positive effects in the same period last year. Considerable positive currency effects and non-recurring items this year have contributed to an improvement in the Group's net profit of NOK 9136 million compared with the first nine months of last year.

THIRD QUARTER

The quarterly report shows the development in the third quarter of 2014 compared with the third quarter of 2013, unless otherwise stated. Figures in parentheses show the comparable figures for the corresponding period in 2013.

GROSS OPERATING PROFIT (EBITDA) – UNDERLYING

Underlying EBITDA was NOK 415 million higher than in the same quarter in 2013, primarily due to higher Nordic hydropower production and increased contributions from market activities.

OPERATING REVENUES - UNDERLYING

NOK million	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
Net operating revenues, underlying							
Net physical spot sales, incl. green certificates	6 764	6 494	270	21 998	21 083	915	31 750
Concessionary sales at statutory prices	64	65	-1	241	240	1	341
Long-term contracts	2 123	1 656	467	6 279	5 042	1 237	6 785
Nordic and Continental Dynamic Asset Management Portfolio	80	101	-21	894	210	684	247
Trading and origination (excl. market access Germany and UK -	238	-3	241	556	459	97	681
Distribution grid	194	232	-38	678	878	-199	1 184
End user	684	709	-25	2 733	3 283	-551	4 631
District heating, energy sales	87	82	5	439	490	-51	684
Other sales revenues	-11	12	-23	-31	8	-38	10
Currency hedging energy contracts	-13	2	-15	-38	-11	-27	-23
Sales revenues	10 211	9 351	860	33 749	31 682	2 067	46 291
Other operating revenues	230	329	-99	845	869	-25	1 168
Gross operating revenues	10 441	9 680	761	34 594	32 552	2 042	47 458
Energy purchase	-5 859	-5 474	-385	-18 852	-17 368	-1 484	-25 922
Transmission costs	-283	-227	-56	-874	-717	-157	-991
Net operating revenues	4 299	3 979	320	14 868	14 467	402	20 545

→ Higher production contributed to increased net physical spot sales. This was partly offset by lower Nordic power prices.

- Revenues from long-term contracts were higher than in the corresponding quarter in 2013 as a result of higher volumes on contracts in Brazil. This increase in volume also contributes to an increase in energy purchases.
- Increased transmission costs were due to a 50% increase in the fixed tariff component of Norwegian transmission tariffs.

OPERATING EXPENSES - UNDERLYING

NOK million	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
Operating expenses, underlying							
Salaries and payroll costs	-875	-814	-62	-2 479	-2 288	-191	-3 136
Depreciation	-751	-729	-22	-2 258	-2 075	-182	-2 855
Property tax and licence fees	-409	-420	11	-1 241	-1 246	5	-1 640
Other operating expenses	-732	-879	147	-2 502	-2 331	-171	-3 325
Operating expenses	-2 767	-2 841	74	-8 480	-7 940	-539	-10 956

- The increase in salaries and payroll costs is related to market activities on the Continent and a higher activity level.
- The reduction in other operating expenses is related to lower activity within gas power activities, as well as repair costs for the Baltic subsea cable in the third quarter of last year.

ITEMS EXCLUDED FROM THE UNDERLYING OPERATING RESULT

Unrealised changes in value on 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 indexes.

NOK million	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013		
Items excluded from the underlying operating profit							
Unrealised changes in value of energy contracts	-163	306	-469	-317	1 903	-2 220	3 288
Significant non-recurring items	1 507	-201	1 708	1 770	125	1 646	125
<i>Lawsuit Saurdal concessionary power</i>	-	-	-	56	-	56	-
<i>Revenue recognition related to termination of energy contract</i>	-	-	-	-	164	-164	164
<i>Bargain purchase in step acquisition of Devoll</i>	-	-	-	-	162	-162	162
<i>Pension - scheme change</i>	280	-	280	280	-	280	-
<i>Gain from sale of assets</i>	2 276	86	2 190	2 484	86	2 398	86
<i>Costs related to purchase in step acquisition of biomass companies</i>	-	-97	97	-	-97	97	-97
<i>Impairment of property, plant and equipment and intangible assets</i>	-1 050	-190	-860	-1 050	-190	-860	-190

- Negative development in long-term power sales agreements denominated in Euro. This is somewhat offset by positive development in gas contracts as a result of realised losses in the third quarter, as well as positive development in long-term sales and purchase contracts for power in Brazil as a result of higher market prices.
- There were four non-recurring items in the third quarter of 2014. Gains from selling the power production in Finland amounted to NOK 1213 million. Gains from selling 49% of the shareholdings in the wind farms in the UK amounted to NOK 1063 million. Pension costs have been reduced by NOK 280 million in connection with changes to schemes in Norway. These changes include life expectancy adjustments and disability pension. The impairment of a hydropower project in Turkey was NOK 1050 million.

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	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
Share of profit from associated companies and joint ventures							
BKK	20	-8	28	164	144	20	319
Agder Energi	51	-117	168	202	186	15	339
Others	62	66	-4	-153	70	-223	442
Associated companies	134	-59	193	213	400	-187	1 101

- The lower profit in BKK and Agder Energi was mainly due to unrealised changes in value on energy contracts.
- The lower profit from other associated companies was caused by lower revenues from the Philippines as a consequence of the deconsolidation of SN Power in the second quarter. The decline was offset by lower costs in Brazil than in the same period in 2013 as well as recording of income for an insurance settlement in Chile.

FINANCIAL ITEMS

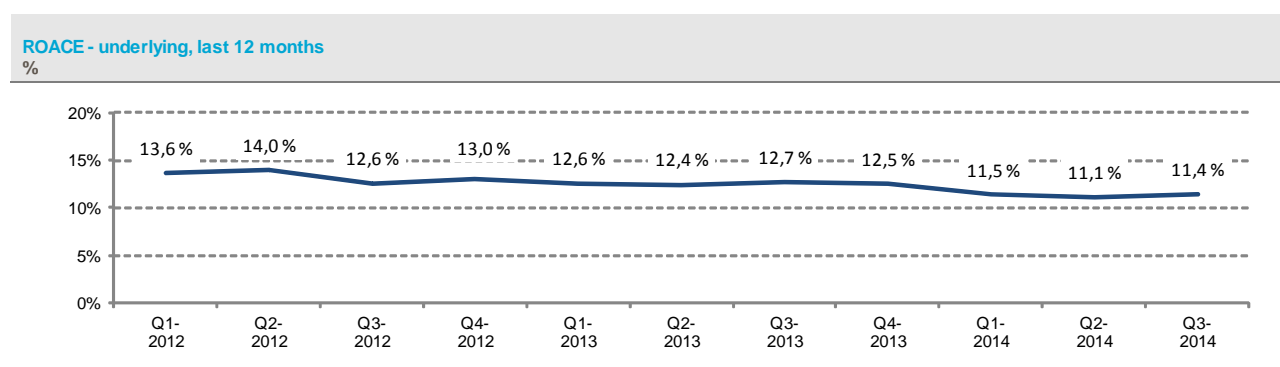
NOK million	Third quarter			Year to date			Year 2013
	2014	2013	Change	2014	2013	Change	
Financial items							
Interest income	79	70	9	182	163	19	218
Other financial income	62	5	58	540	16	524	20
Gross financial income	141	75	67	722	179	543	237
Interest expenses	-324	-339	14	-934	-915	-19	-1 272
Other financial expenses	-16	-19	3	-54	-57	3	-78
Gross financial expenses	-340	-357	17	-987	-972	-15	-1 351
Currency gains and losses	3 185	-1924	5 109	3 061	-6 878	9 939	-9 403
Other financial items	63	-297	361	83	-1 156	1 239	-1 076
Net financial items	3 049	-2 504	5 553	2 879	-8 827	11 706	-11 592

- Financial income increased with NOK 67 million as the result of gains associated with a step acquisition in the Andershaw wind farm in Scotland in the third quarter of 2014.
- Net currency effects in the third quarter amounted to NOK 3185 million, mainly as a result of a stronger NOK against EUR. These were mainly unrealised and offset by translation effects in equity.
- Other financial items increased by NOK 361 million, which includes gains on interest rate derivatives and obligations linked to equity instruments.

TAXES

The recorded tax expense was NOK 1907 million in the third quarter (NOK 361 million). The increase in tax expense was mainly due to higher profit.

RETURN



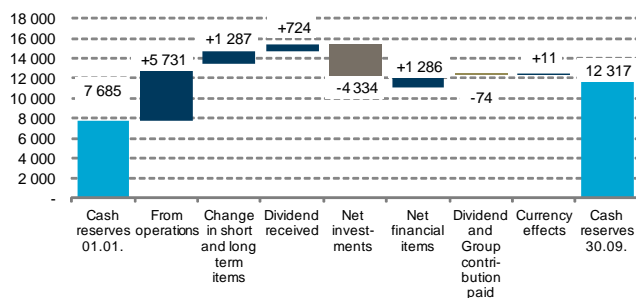
Measured as ROACE¹, return amounted to 1.1 percentage points lower than the year 2013. The decline was due to a higher average capital employed, primarily as a consequence of an increase in average non-current assets.

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

CASH FLOW AND CAPITAL STRUCTURE

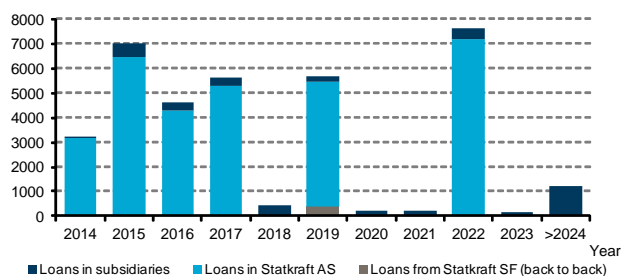
Cash flow year to date 2014

NOK million



Long-term debt. redemption profile

NOK million



Cash flow year to date 2014

- The Group's operations generated a cash flow of NOK 5731 million (NOK 5585 million).
- The changes in short and long-term items had a positive effect of NOK 1287 million (NOK 460 million). The difference was mainly related to working capital.
- NOK 724 million (NOK 817 million) was received in dividend – primarily from BKK and Agder Energi.
- Net investments² amounted to NOK -4334 million (NOK +3057 million). These were mainly investments in tangible fixed assets totalling NOK -6736 million, as well as net liquidity outflow from the Group totalling NOK 770 million linked to the restructuring of SN Power. Investments in companies of NOK -589 million were mainly related to capital contributions in SN Power. Sale of activities gave the Group NOK 3491 million.
- The net liquidity change from financing amounted to NOK 1212 million (NOK -6358 million). New debt amounted to NOK 1773 million (NOK 389 million), primarily associated with short-term loans from Statkraft SF as well as project financing in Peru. Repayment of debt amounted to NOK 693 million (NOK 3840 million).

Financial structure

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

- Net interest-bearing debt³ totalled NOK 25 719 million, compared with NOK 32 240 million at the beginning of the year. The decline was related both to repayment of debt and increased bank deposits.
- The net interest-bearing debt-equity ratio was 25.1%, compared with 31.2% at year-end 2013.
- Current assets, except cash and cash equivalents, amounted to NOK 15 495 million.
- Short-term interest-free debt was NOK 16 520 million.
- Statkraft's equity totalled NOK 76 564 million, compared with NOK 71 107 million at the start of the year. This corresponds to 49.9% of total assets. The increase in equity was associated with a positive total profit of NOK 3813 million and capital contribution from Statkraft SF of NOK 2350 million.

INVESTMENTS AND PROJECTS

Total investments in the quarter amounted to NOK 3186 million.

Quarterly investments

Maintenance investments and other investments totalled NOK 411 million, and were primarily related to

- Hydropower in the Nordic region

Investments in increased capacity totalled NOK 2111 million, and were primarily related to

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

Investments in shareholdings amounted to NOK 663 million and were related to

- Capital contributions in SN Power
- Wind power in Norway, Fosen
- Wind power in the UK, Andershaw

² 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.

³ Net interest-bearing debt: Gross interest-bearing liabilities – bank deposits, cash in hand and similar excluding restricted funds – short-term financial investments

Projects in consolidated operations

Third quarter	Project	Country	New capacity (MW) ¹⁾	Statkraft's ownership share	Planned completion	
Committed investments in the period						
Wind Power	Dudgeon	UK	402	30 %	2017	Q4
Completed projects in the period						
Hydropower	Eiriksdal og Makkoren	Norway	56	100 %	2014	Q3
	Kjensvatn	Norway	12	100 %	2014	Q3
Main projects under construction						
Hydro Power	Nedre Røssåga, phase 1	Norway	-	100 %	2017	Q4
	Nedre Røssåga, phase 2	Norway	100	100 %	2016	Q4
	Kargi	Turkey	102	100 %	2015	Q2
	Cetin	Turkey	517	100 %	2019	Q1
	Devoll	Albania	243	100 %	2018	Q4
	Cheves	Peru	168	67 %	2015	Q2
Wind Power	Ögonfågeln	Sweden	99	60 %	2014	Q4
	Björkhöjden	Sweden	270	60 %	2015	Q4
District Heating	Sandefjord	Norway	23	100 %	2015	Q2
	Moss	Norway	21	100 %	2016	Q4

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

Segments

The segment structure follows the internal management information that is systematically reviewed by the corporate management and used for resource allocation and assessment of 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.

Third 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	10 441	3 106	5 698	256	179	80	1 196	191	-264
Net operating revenues, underlying	4 299	2 835	409	228	169	56	597	189	-183
EBITDA, underlying	2 282	2 028	59	42	7	-7	235	-109	26
Operating profit, underlying	1 531	1 711	-34	4	-112	-44	116	-136	26
Operating profit, booked	2 875	2 449	366	-1 042	963	-31	218	-73	25
Share of profit from associated companies and JV	134	-	-	58	14	-	62	-	-
EBITDA-margin (%), underlying	21.9	65.3	1.0	16.5	3.9	-8.2	19.6	N/A	N/A
Maintenance investments	411	243	15	21	16	2	104	10	-
Investments in new capacity	2 111	138	4	554	1 223	81	99	14	-
Investments in shareholdings	663	-	-	535	128	-	-	-	-
Production									
Production, volume sold (TWh)	12.2	10.1	0.3	0.5	0.3	-	1.1	0.1	-
- whereof hydropower (TWh)	11.8	10.1	0.1	0.5	-	-	1.1	0.1	-
- whereof wind power (TWh)	0.3	-	-	-	0.3	-	-	-	-
- whereof gas power (TWh)	0.1	-	0.1	-	-	-	-	-	-
- whereof bio power (TWh)	0.1	-	0.1	-	-	-	-	-	-
Production, district heating (TWh)	0.1	-	-	-	-	0.1	-	-	-

NORDIC HYDROPOWER

NOK million	Third quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	2 835	2 717	8 933	9 458	13 238
EBITDA, underlying	2 028	1 934	6 383	7 110	10 043
Operating profit, underlying	1 711	1 624	5 432	6 199	8 796
Unrealised value changes energy contracts	-585	337	-454	1 599	2 279
Significant non-recurring items	1 323	-	1 478	164	164
Operating profit, booked	2 449	1 962	6 455	7 962	11 239
Share of profit from associated companies and joint ventures	-	-	-	-	-
Maintenance investments and other investments	243	475	1 357	1 050	1 399
Investments in new capacity	138	3	301	4 312	4 476
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	10.1	8.9	32.7	31.1	44.1

Quarterly highlights

- Following two years of construction work, Kjensvatn power plant in Nordland County is in operation. The power plant has an installed capacity of 12 MW and will produce approximately 65 GWh a year. In addition, production from the Rana power plant will increase with 18 GWh. The official opening was 30 September.
- The new Eiriksdal and Makkoren power plants in Høyanger are now both in commercial operation.
- Power production in Finland, totalling 0.3 TWh per year, was sold for about NOK 2 billion on 15 August. Accounting gains amounted to NOK 1213 million.

Quarterly financial performance

- Underlying EBITDA was higher than in the third quarter of 2013, mainly due to the fact that higher production more than offset the effect of lower Nordic power prices.

Year-to-date financial performance

- Decline in underlying EBITDA as the result of lower Nordic power prices year to date.

Quarterly investments

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

CONTINENTAL ENERGY AND TRADING

NOK million	Third quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	409	153	2 160	1 086	1 807
EBITDA, underlying	59	-237	1 130	88	410
Operating profit, underlying	-34	-328	846	-156	80
Unrealised value changes energy contracts	384	-29	100	322	1 022
Significant non-recurring items	16	-97	16	-97	-97
Operating profit, booked	366	-454	962	69	1 004
Share of profit from associated companies and joint ventures	-	1	-	3	3
Maintenance investments and other investments	15	14	41	55	86
Investments in new capacity	4	221	13	285	316
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.3	0.1	0.8	1.0	1.5

The comparative figures for 2013 have been reworked with reclassification of trading and origination activities from the International hydropower segment following the restructuring of SN Power.

Quarterly highlights

- Based on continued low operational utilisation of the gas-fired power plant at Kårstø, on 3 October, the board of Naturkraft decided to change the future operational mode to preservation.
- Since the beginning of October 2014 the gas-fired power plant in Herdecke is managed as a reserve power plant by the local distribution grid company. The costs of the operation of the power plant will be covered by the distribution grid operator

Quarterly financial performance

- Underlying EBITDA was higher than in the third quarter of 2013, primarily due to better results from activities in Brazil, which include both long-term sales and purchase contracts as well as trading and origination.
- Operating costs were lower due to repair costs for the Baltic subsea cable in the third quarter of last year, as well as lower costs within the gas power sector where the activity level is low.

Year-to-date financial performance

- Increase in underlying EBITDA was partly caused by good results from Nordic dynamic management portfolio as well as improved results from the activities in Brazil.

Quarterly investments

- Maintenance investments and other investments were mainly related to hydropower plants.

INTERNATIONAL HYDROPOWER

NOK million	Third quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	228	218	671	733	974
EBITDA, underlying	42	25	172	231	270
Operating profit, underlying	4	-14	71	95	85
Unrealised value changes energy contracts	-	3	-	3	-
Significant non-recurring items	-1 046	-	-937	162	162
Operating profit, booked	-1 042	-12	-866	260	247
Share of profit from associated companies and joint ventures	58	56	-265	73	458
Maintenance investments and other investments	21	4	36	25	42
Investments in new capacity	554	567	2 093	1 854	2 672
Investments in shareholdings	535	-	979	23	50
Production, volume sold (TWh)	0.5	0.7	1.6	2.3	3.1

The comparative figures for 2013 have been reworked with reclassification of trading and origination activities from the Continental energy and trading segment following the restructuring of SN Power.

Quarterly highlights

- The Cetin hydropower project in Turkey was impaired with NOK 1050 million due to delays and replacement of the contractor.
- Statkraft is currently developing a designated project organisation which will be responsible for following up new development projects and major rehabilitation projects.

Quarterly financial performance

- The increase in underlying EBITDA compared to the third quarter of 2013 was related to a final incomesettlement related to sale of a transformer station in Peru, as well as lower holding costs as a result of deconsolidation of SN Power.
- Share of profit from associated companies and joint ventures were in line with the same period in 2013. Positive price development in India, but with lower contributions from the Philippines and Chile due to hydrology.

Year-to-date financial performance

- The decline in underlying EBITDA year to date is mainly due to lower revenues from Peru, as well as the sale of the wind farm in Chile in July 2013.
- The decline in share of from associated companies and joint ventures year to date is primarily related to the impairment in Brazil in the second quarter and lower contributions from the Philippines as a result of hydrology and the authorities' price regulation for the fourth quarter of 2013. The decline was somewhat offset by the recognition of an insurance settlement in Chile as income.

Quarterly investments

- Investments in new capacity were related to the hydropower developments in Turkey, Albania and Peru.
- Investments in shareholding were related to capital contributions in SN Power.

WIND POWER

NOK million	Third quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	169	167	805	609	1 026
EBITDA, underlying	7	16	325	246	507
Operating profit, underlying	-112	-102	-57	-34	103
Unrealised value changes energy contracts	-	-	-	-	-
Significant non-recurring items	1 075	-190	1 075	-190	-190
Operating profit, booked	963	-292	1 018	-224	-87
Share of profit from associated companies and joint ventures	14	9	13	-1	-1
Maintenance investments and other investments	16	3	20	13	11
Investments in new capacity	1 223	536	2 279	1 864	2 531
Investments in shareholdings	128	-3	128	1	1
Production, volume sold (TWh)	0.3	0.3	1.2	0.9	1.4

Quarterly highlights

- In July, Statkraft sold 49% of the Group's shareholdings in three onshore wind power plants (totalling 142 MW) in the UK to Gingko Tree Investment Ltd. Statkraft will still be the operator of the wind farms, and is also responsible for market access and power sales agreements. The selldown entails that the wind farms will go from being a subsidiary to being investments in joint venture. Accounting gains amounted to NOK 1063 million. The gains include realised gains from a selldown from 100% to 51% and an adjustment from carrying value to fair value of the 51% share which Statkraft still owns.
- Statkraft increased its shareholding in the Andershaw wind power project (35 MW) in Scotland from 50% to 100%.
- Lyckås wind farm (42 MW) in Sweden received an legally binding licence.

Quarterly financial performance

- The decline in underlying EBITDA was primarily caused by the downsell in the UK, somewhat offset by new production capacity in Sweden.
- The share of profit from associated companies and joint ventures increased as a result of Statkraft's shareholding in the three British wind farms now presented on this accounting line.
- In total, the segment produced 0.3 TWh in the third quarter, with 0.2 TWh from Sheringham Shoal (Statkraft's share).

Year-to-date financial performance

- The increase in underlying EBITDA was mainly due to new wind power plants.

Quarterly investments

- The investments were primarily related to the onshore wind farms under construction.
- Investments in shareholding were related to Fosen and Andershaw.

DISTRICT HEATING

NOK million	Third quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	56	49	265	265	392
EBITDA, underlying	-7	-15	84	78	133
Operating profit, underlying	-44	-49	-24	-26	-4
Unrealised value changes energy contracts	-	-	-	-	-
Significant non-recurring items	13	86	13	86	86
Operating profit, booked	-31	37	-10	60	82
Share of profit from associated companies and joint ventures	-	-	-	-	-
Maintenance investments and other investments	2	-	5	-	2
Investments in new capacity	81	71	250	291	417
Investments in shareholdings	-	-	-	-	-
Production, volume sold (TWh)	0.1	0.1	0.6	0.8	1.1

Quarterly highlights

- Constructions start-up for new district heating plant and grid in Moss/Rygge.
- Decision made to continued development of district heating in Namsos.

Quarterly financial performance

- The improvement in EBITDA compared to the third quarter of 2013 was primarily related to good utilisation of base load, better prices and lower operating costs.

Year-to-date financial performance

- Despite lower production, year to date EBITDA is showing an improvements compared to same period last year. This was due to good utilisation of base load, better prices as well as lower operating costs.

Quarterly investments

- The investments were primarily related to construction of district heating plants in Sandefjord and Moss, as well as the development of the district heating grid in existing activities.

INDUSTRIAL OWNERSHIP

NOK million	Third quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	597	633	2 094	2 350	3 174
EBITDA, underlying	235	266	931	1 213	1 583
Operating profit, underlying	116	150	575	870	1 109
Unrealised value changes energy contracts	23	-22	4	7	21
Significant non-recurring items	80	-	80	-	-
Operating profit, booked	218	128	658	877	1 130
Share of profit from associated companies and joint ventures	62	-125	465	324	640
Maintenance investments and other investments	104	119	333	320	440
Investments in new capacity	99	95	278	315	497
Investments in shareholdings	-	-	2	-	-
Production, volume sold (TWh)	1.1	1.1	4.1	4.1	5.4

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

Quarterly highlights

- Agder Energi decided to build two new dams in connection with Skjerkevatn and Nåvatn in Åseral municipality. The project will increase production with 35 GWh annually.
- Agder Energi completed the Brokke project with 175 GWh in new capacity.

Quarterly financial performance

- The decline in EBITDA compared with the same period in 2013 was mainly due to lower distribution grid revenues as a result of lower volume and tariffs. In addition, a realised loss in energy contracts due to lower power prices caused the decline.
- The decline in share of profit from associated companies was mainly due to unrealised value changes on energy contracts.

Year-to-date financial performance

- The decline in underlying EBITDA year to date was mainly associated with lower revenues from grid activities as well as lower revenues from spot sales as a result of the drop in power prices.
- The decline year to date in share of profit from associated companies was related to unrealised changes in value.

Quarterly investments

- The investments were mainly related to new investments in grid activities.

OTHER ACTIVITIES¹⁾

NOK million	Third quarter		Year to date		Year
	2014	2013	2014	2013	2013
Net operating revenues, underlying	189	220	488	510	665
EBITDA, underlying	-109	-146	-395	-346	-486
Operating profit, underlying	-136	-166	-470	-403	-564
Unrealised value changes energy contracts	17	16	31	-28	-43
Significant non-recurring items	46	-	46	-	-
Operating profit, booked	-73	-150	-393	-431	-607
Share of profit from associated companies and joint ventures	-	-	-	-	-
Maintenance investments and other investments	10	-	47	-	-
Investments in new capacity	14	93	97	267	393
Investments in shareholdings	-	-	-	-	11
Production, volume sold (TWh)	0.1	0.1	0.2	0.2	0.3

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

Quarterly highlights

- Investment decisions were made for two small-scale power plants, and the Muoidejohka small-scale power plant started production.

Quarterly financial performance

- The increase in EBITDA compared to the third quarter of 2013 was primarily related to reduced operating costs in relation to the same quarter last year.

Year-to-date financial performance

- The decline in underlying EBITDA year to date compared with last year is due to somewhat lower sales revenues as a result of realised effects from currency hedging on energy contracts. Wage-related costs somewhat higher due to increased staffing as well as a general wage increase.

Quarterly investments

- Maintenance and other investments were primarily associated with administration buildings and IT, while investments in increased capacity were mainly related to investments in small-scale hydropower.

Outlook

Forward prices in the Nordic market for the next year are in line with the current level. A significant share of the Group's power production is sold through long-term power contracts, which helps stabilise the Group's revenues. Statkraft's large reservoir capacity with both seasonal and multi-year reservoirs provides the Group with large flexibility to manage water resources efficiently. 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's ambition is to strengthen its position as a leading supplier of pure energy. The Group is now in a period of investments in several new projects within hydropower and wind power, both domestically and internationally. This is taking place in parallel with major investments to rehabilitate the older hydropower plants in Norway and Sweden.

The EU has reached an agreement concerning the framework for a new agreement for climate and energy policy with a binding reduction of greenhouse gas emissions of 40 per cent in 2030 compared to 1990 and a 27 per cent increase of the share of renewable energy. The Ministry of Petroleum and Energy has granted Statnett a licence to build interconnectors to Germany and the UK, and this will contribute to increased value creation by more closely connecting Norwegian flexible power production to the European power market.

Hydropower is expected to be a profitable and climate-friendly energy source in many growth markets outside the EU. Statkraft recently restructured the Group's international hydropower activities and is carrying out an operational integration of its entities in South America and South Asia. The group is planning further international growth based on our core expertise within project development, operations, maintenance and market operations.

In the 2015 budget proposal, the Government proposes a dividend from Statkraft SF of NOK 5185 million for the 2014 accounting year.

Oslo, 5 November 2014
The Board of Directors of Statkraft AS

Statkraft AS Group Interim Financial Statements

NOK million	Third quarter		Year to date		The year 2013
	2014	2013	2014	2013	
COMPREHENSIVE INCOME					
PROFIT AND LOSS					
Sales revenues	9 431	9 560	30 968	32 513	48 148
Other operating revenues	2 507	415	3 329	1 117	1 415
Gross operating revenues	11 937	9 975	34 297	33 630	49 564
Energy purchase	-5 242	-5 377	-16 347	-16 131	-24 327
Transmission costs	-283	-227	-874	-717	-991
Net operating revenues	6 412	4 371	17 076	16 782	24 246
Salaries and payroll costs	-595	-814	-2 199	-2 288	-3 136
Depreciation, amortisation and impairments	-1 801	-918	-3 308	-2 265	-3 045
Property tax and licence fees	-409	-420	-1 226	-1 246	-1 640
Other operating expenses	-732	-976	-2 502	-2 428	-3 422
Operating expenses	-3 537	-3 128	-9 234	-8 227	-11 243
Operating profit/loss	2 875	1 243	7 842	8 554	13 002
Share of profit/loss from associates and joint ventures	134	-59	213	400	1 101
Financial income	141	75	722	179	237
Financial expenses	-340	-357	-987	-972	-1 351
Net currency effects	3 185	-1 954	3 061	-6 878	-9 403
Other financial items	63	-298	83	-1 156	-1 076
Net financial items	3 049	-2 504	2 879	-8 827	-11 592
Profit/loss before tax	6 058	-1 320	10 934	127	2 511
Tax expense	-1 907	-361	-3 944	-2 273	-2 303
Net profit/loss	4 151	-1 681	6 989	-2 147	208
Of which non-controlling interest	80	58	437	269	482
Of which majority interest	4 071	-1 738	6 552	-2 415	-274
OTHER COMPREHENSIVE INCOME					
Items in other comprehensive income that recycle over profit/loss:					
Changes in fair value of financial instruments	287	-307	137	-856	-1 167
Income tax related to changes in fair value of financial instruments	-77	109	-41	257	339
Items recorded in other comprehensive income in associates and joint arrangements	-120	-	-248	145	163
Currency translation effects	-2 791	2 119	-2 347	7 918	9 940
Reclassification currency translation effects related to foreign operations disposed of in the year	-74	-	-19	-	-
Items in other comprehensive income that will not recycle over profit/loss:					
Estimate deviation pensions	-462	-71	-967	276	-174
Income tax related to changes in fair value of financial instruments	109	8	308	-90	49
Other comprehensive income	-3 127	1 858	-3 176	7 650	9 154
Comprehensive income	1 024	177	3 813	5 503	9 361
Of which non-controlling interest	-164	4	607	658	881
Of which majority interest	1 189	172	3 207	4 845	8 480

NOK million	30.09.2014	30.09.2013	31.12.2013
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Intangible assets	2 853	3 812	3 510
Property, plant and equipment	99 080	98 491	101 269
Investments in associates and joint ventures	16 031	15 545	16 002
Other non-current financial assets	3 288	2 791	2 540
Derivatives	4 281	4 994	5 295
Non-current assets	125 534	125 634	128 615
Inventories	1 040	1 310	1 796
Receivables	6 873	8 617	9 568
Short-term financial investments	432	453	464
Derivatives	7 150	4 457	5 559
Cash and cash equivalents (included restricted cash)	12 317	9 316	7 685
Current assets	27 812	24 153	25 072
Assets	153 345	149 787	153 687
EQUITY AND LIABILITIES			
Paid-in capital	51 361	49 104	49 011
Retained earnings	18 119	10 779	14 328
Non-controlling interest	7 084	7 487	7 769
Equity	76 564	67 370	71 107
Provisions	18 077	20 481	19 416
Long-term interest-bearing liabilities	28 154	35 993	33 364
Derivatives	3 716	4 918	5 713
Long-term liabilities	49 947	61 391	58 494
Short-term interest-bearing liabilities	10 314	2 183	7 013
Taxes payable	3 581	3 494	3 503
Other interest-free liabilities	6 274	11 239	9 181
Derivatives	6 666	4 110	4 389
Current liabilities	26 835	21 026	24 086
Equity and liabilities	153 345	149 787	153 687

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 01.01.2013	45 569	21 822	-11 975	9 847	55 416	6 934	62 350
Net profit/loss	-	-2 415	-	-2 415	-2 415	269	-2 147
Items in other comprehensive income that recycles over profit/loss:							
Changes in fair value of financial instruments	-	-681	-	-681	-681	83	-599
Income tax related to changes in fair value of financial instruments	-	186	-	186	186	-	186
Items recorded in other comprehensive income in associates and joint arrangements	-	145	-	145	145	-	145
Currency translation effects	-	-	7 612	7 612	7 612	306	7 918
Total comprehensive income for the period	-	-2 766	7 612	4 845	4 845	658	5 503
Dividend and Group contribution paid	-	-4 000	-	-4 000	-4 000	-119	-4 119
Business combinations/divestments	2 911	-	-	-	2 911	-	2 911
Liability of the option to increase shareholding in subsidiary	-	-	-	-	-	-94	-94
Capital increase	624	-	-	-	624	108	732
Balance as of 30.09.2013	49 104	15 056	-4 364	10 692	59 796	7 487	67 283
Balance as of 01.01.2013	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	-	-1 270	-	-1 270	-1 270	103	-1 167
Income tax related to changes in fair value of financial instruments	-	355	-	355	355	-16	339
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
Items in other comprehensive income that will not recycles over profit/loss:							
Estimate deviation pensions	-	-129	-	-129	-129	-45	-174
Income tax related to estimate deviation pensions	-	37	-	37	37	12	49
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	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
Net profit/loss	-	6 552	-	6 552	6 552	437	6 989
Items in other comprehensive income that recycles over profit/loss							
Changes in fair value of financial instruments	-	137	-	137	137	-	137
Income tax related to changes in fair value of instruments	-	-41	-	-41	-41	-	-41
Items recorded in other comprehensive income in associates and joint arrangements	-	-253	-	-253	-253	5	-248
Reclassification currency translation effects related to foreign operations disposed of in the year	-	-36	-	-36	-36	18	-19
Currency translation effects	-	-	-2 511	-2 511	-2 511	164	-2 347
Items in other comprehensive income that will not recycles over profit/loss:							
Estimate deviation pensions	-	-950	-	-950	-950	-17	-967
Income tax related to estimate deviation pensions	-	308	-	308	308	-	308
Total comprehensive income for the period	-	5 718	-2 511	3 207	3 207	607	3 813
Dividend and Group contribution paid	-	-	-	-	-	-74	-74
Business combinations/divestments	-	585	-	585	585	-1 424	-839
Capital increase	2 350	-	-	-	2 350	206	2 556
Balance as of 30.09.2014	51 361	22 957	-4 838	18 119	69 480	7 084	76 564

NOK million	Year to date		The year 2013
	2014	2013	
STATEMENT OF CASH FLOW			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	10 934	127	2 511
Profit/loss on sale of non current assets	-155	-92	-89
Depreciation, amortisation and impairments	3 308	2 265	3 045
Profit/loss from the sale of business	-2 276	117	121
Profit/loss from the sale of shares, and associates and joint ventures	-69	-153	-153
Profit from restructuring of SN Power	-564	-	-
Share of profit/loss from associates and joint ventures	-213	-400	-1 101
Unrealised changes in value	-1 889	6 191	7 795
Taxes	-3 345	-2 471	-2 629
Cash flow from operating activities	5 731	5 585	9 499
Changes in long term items	106	-459	-533
Changes in short term items	1 181	919	-1 911
Dividend from associates	724	817	1 051
Net cash flow operating activities	A	7 743	6 862
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment*	-6 736	-6 519	-9 248
Proceeds from sale of non-current assets	42	9 578	9 670
Business divestments, net liquidity inflow to the Group**	3 491	327	327
Business combinations, net liquidity outflow from the Group***	-74	69	59
Restructuring of SN Power, net liquidity outflow from the Group	-770	-	-
Loans to third parties	-90	-439	-298
Repayment of loans	392	62	94
Considerations regarding investments in other companies****	-589	-23	-59
Net cash flow from investing activities	B	-4 334	3 057
CASH FLOW FROM FINANCING ACTIVITIES			
New debt	1 773	389	865
Repayment of debt	-693	-3 840	-4 714
Dividend and group contribution paid	-74	-3 015	-3 094
Share issue in subsidiary to non-controlling interests	206	108	135
Net cash flow from financing activities	C	1 212	-6 807
Net change in cash and cash equivalents	A+B+C	4 621	3 561
Currency exchange rate effects on cash and cash equivalents	11	315	400
Cash and cash equivalents 01.01	7 685	5 440	5 440
Cash and cash equivalents 30.09*****	12 317	9 316	7 685
Unused committed credit lines	12 000	12 000	12 000
Unused overdraft facilities	2 200	2 214	2 200
Restricted Cash	-	-261	-12

* Investments in the cash flow are NOK 413 million lower than investments in fixed assets in the segment reporting . Of this, NOK 246 million is related to the asset swap with SFE, and NOK 167 million due to aquisition of assets from investments not yet paid as of third quarter 2014

** Received for business divestments are NOK 3705 million. Consolidated cash was NOK 214 million

*** Considerations for business combinations are NOK 76 million. Consolidated cash from these companies are NOK 2 million

**** Investments in the cash flow are NOK 520 million lower than investments in other companies in the segment reporting. This is due to the restructuring of SN Power of NOK 444 million, where the investment in new SN Power is shown as an investment in joint venture, and NOK 76 million related to business combination as show on a separate line

***** Included in cash and cash equivalents are NOK 94 million related to joint operations year to date 2014

NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group items
SEGMENTS									
3rd quarter 2014									
Operating revenue external, underlying	11 937	2 604	5 855	252	-68	80	1 188	70	1 956
Operating revenue internal, underlying	-	502	-157	4	247	-	7	121	-724
Gross operating revenues, underlying	11 937	3 106	5 698	256	179	80	1 196	191	1 231
Net operating revenues, underlying	6 412	2 835	409	228	169	56	597	189	1 930
Operating profit/loss, underlying	2 875	1 711	-34	4	-112	-44	116	-136	1 370
Unrealised value change energy derivatives	-	-585	384	-	-	-	23	17	162
Non-recurring items	-	1 323	16	-1 046	1 075	13	80	46	-1 507
Operating profit/loss	2 875	2 449	366	-1 042	963	-31	218	-73	25
Share of profit/loss from associates and joint ventures	134	-	-	58	14	-	62	-	-
Profit/loss before financial items and tax	3 008	2 449	366	-984	977	-31	280	-73	25
Year to date 2014									
Operating revenue external, underlying	34 297	7 782	18 991	754	185	403	4 496	126	1 560
Operating revenue internal, underlying	-	2 001	-249	4	649	-	12	368	-2 784
Gross operating revenues, underlying	34 297	9 782	18 742	758	833	403	4 507	494	-1 224
Net operating revenues, underlying	17 076	8 933	2 160	671	805	265	2 094	488	1 660
Operating profit/loss, underlying	7 842	5 432	846	71	-57	-24	575	-470	1 469
Unrealised value change energy derivatives	-	-454	100	-	-	-	4	31	320
Non-recurring items	-	1 478	16	-937	1 075	13	80	46	-1 771
Operating profit/loss	7 842	6 455	962	-866	1 018	-10	658	-393	18
Share of profit/loss from associates and joint ventures	213	-	-	-265	13	-	465	-	-
Profit/loss, before financial items and tax	8 055	6 455	962	-1 131	1 031	-10	1 123	-393	18
Balance sheet 30.09.2014									
Investment in associates and joint ventures	16 031	-	-	6 039	984	-	9 006	-	2
Other assets	137 314	53 661	4 982	12 929	11 737	3 295	14 783	24 655	11 272
Total assets	153 345	53 661	4 982	18 968	12 721	3 295	23 789	24 655	11 274
Depreciations, amortisation and impairments	-3 308	-951	-284	-1 151	-382	-108	-356	-75	-
Maintenance investments and other investments*	1 838	1 357	41	36	20	5	333	47	-
Investments in new generating capacity	5 311	301	13	2 093	2 279	250	278	97	-
Investments in other companies	1 109	-	-	979	128	-	2	-	-
3rd quarter 2013									
Operating revenue external, underlying	9 975	2 408	5 069	269	9	77	1 251	70	822
Operating revenue internal, underlying	-	553	-2	-	165	-	5	152	-872
Gross operating revenues, underlying	9 975	2 961	5 067	268	174	77	1 256	222	-50
Net operating revenues, underlying	4 371	2 717	153	218	167	49	633	220	214
Operating profit/loss, underlying	1 243	1 624	-328	-14	-102	-49	150	-166	128
Unrealised value change energy derivatives	-	337	-29	-	-	-	-22	16	-303
Non-recurring items	-	-	-97	2	-190	86	-	-	198
Operating profit/loss	1 243	1 962	-454	-12	-292	37	128	-150	22
Share of profit/loss from associates and joint ventures	-59	-	1	56	9	-	-125	-	-
Profit/loss before financial items and tax	1 184	1 962	-453	45	-283	37	3	-150	22
Year to date 2013									
Operating revenue external, underlying	33 630	7 471	15 580	903	19	459	5 363	125	3 710
Operating revenue internal, underlying	-	2 755	-19	-	615	1	44	389	-3 785
Gross operating revenues, underlying	33 630	10 225	15 562	902	634	460	5 408	513	-75
Net operating revenues, underlying	16 782	9 458	1 086	733	609	265	2 350	510	1 770
Operating profit/loss, underlying	8 554	6 199	-156	95	-34	-26	870	-403	2 009
Unrealised value change energy derivatives	-	1 599	322	3	-	-	7	-28	-1 903
Non-recurring items	-	164	-97	162	-190	86	-	-	-125
Operating profit/loss	8 554	7 962	69	260	-224	60	877	-431	-19
Share of profit/loss from associates and joint ventures	400	-	3	73	-1	-	324	-	-
Profit before financial items and tax	8 954	7 962	72	333	-225	60	1 201	-431	-19
Balance sheet 30.09.2013									
Investment in associates and joint ventures	15 545	-	-	6 354	-8	-	9 195	-1	5
Other assets	134 242	54 818	5 403	12 894	11 549	3 088	14 691	59 731	-27 932
Total assets	149 787	54 818	5 403	19 248	11 541	3 088	23 886	59 730	-27 927
Depreciations, amortisation and impairments	-2 265	-911	-244	-136	-470	-104	-343	-57	-
Maintenance investments and other investments**	797	385	55	25	13	-	320	-	-
Investments in new generating capacity**	9 853	4 977	285	1 854	1 864	291	315	267	-
Investments in other companies	24	-	-	23	1	-	-	-	-

NOK million	Statkraft AS Group	Nordic Hydropower	Continental Energy & Trading	International Hydropower	Wind Power	District Heating	Industrial Ownership	Other activities	Group Items
SEGMENTS									
The Year 2013									
Operating revenue external, underlying	49 564	10 506	23 800	1 215	39	640	7 420	192	5 754
Operating revenue internal, underlying	-	3 813	17	0	1 029	2	53	477	-5 391
Gross operating revenues, underlying	49 564	14 318	23 817	1 215	1 067	642	7 472	669	362
Net operating revenues, underlying	24 246	13 238	1 807	974	1 026	392	3 174	665	2 970
Operating profit/loss, underlying	13 002	8 796	80	85	103	-4	1 109	-564	3 397
Unrealised value change energy derivatives	-	2 279	1 022	-	-	-	21	-43	-3 278
Non-recurring items	-	164	-97	162	-190	86	-	-	-125
Operating profit/loss	13 002	11 239	1 004	247	-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	1 008	705	-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	137 685	55 134	5 407	13 509	12 321	3 188	14 714	53 899	-20 487
Total assets	153 687	55 134	5 407	20 068	12 322	3 188	24 152	53 899	-20 483
Depreciations, amortisation and impairments	-3 045	-1 247	-330	-185	-595	-137	-474	-78	-
Maintenance investments and other 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	-

Comparative figures are restated as a consequence of transferring the trading and origination activities from the segment International hydropower to Continental energy & trading through the SN power restructuring.

*Maintenance investments and other investments includes the addition of Leirdøla power plant of NOK 506 million. The addition is classified under other investments, as it is part of an asset swap that does not generate new capacity for the group.

**Classification between maintenance investments and investments in new capacity has been changed in first, second and third quarter of 2013, and the effect was NOK 127 million, NOK 290 million and 665 million accordingly

Selected notes to the accounts

1. FRAMEWORK AND MATERIAL ACCOUNTING POLICIES

The consolidated interim financial statements for the third quarter of 2014, ending 30 September 2014, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and include Statkraft AS, 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 2013. The interim accounts have not been audited. The accounting principles applied in the interim financial statements are the same as those used for the annual financial statements.

2. PRESENTATION OF FINANCIAL STATEMENTS

The presentation of 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 policies in connection with 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 the 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 financial statements for 2013.

In preparing the consolidated financial statements for the third 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 2013.

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. UNREALISED EFFECTS PRESENTED IN THE INCOME STATEMENT

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

NOK million	Third quarter 2014			Year to date 2014		
	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L						
Sales revenues						
Long term contracts	-675	2 123	1 448	-2 374	6 279	3 904
Nordic and Continental Dynamic Asset	-118	80	-38	-496	894	398
Trading and origination	52	187	238	69	487	556
End User	-3	684	681	18	2 733	2 751
Other sales revenues	-	7 097	7 097	-	23 366	23 366
Eliminations	17	-13	4	31	-38	-7
Total sales revenues	-727	10 158	9 431	-2 752	33 721	30 968
Energy purchase	617	-5 859	-5 242	2 505	-18 852	-16 347
Net currency effects	2 600	586	3 185	2 050	1 011	3 061
Other financial items						
Net gains and losses on derivatives and securities	75	1	76	98	-1	97
Impairment and gain/loss of financial assets	-13	-	-13	-13	-2	-14
Total unrealised effects	2 552			1 889		

NOK million	Third quarter 2013			Year to date 2013			The Year 2013		
	Unrealised	Realised	Total	Unrealised	Realised	Total	Unrealised	Realised	Total
UNREALISED EFFECTS REPORTED IN P&L									
Sales revenues									
Long term contracts	405	1 656	2 061	847	5 206	6 053	1 285	6 949	8 234
Nordic and Continental Dynamic Asset	-210	101	-109	-150	210	60	480	247	727
Trading and origination	-123	120	-3	-291	751	459	-223	904	681
End User	-2	709	707	-2	3 284	3 282	-28	4 631	4 603
Other sales revenues	-	6 885	6 885	-	22 698	22 698	-	33 969	33 969
Eliminations	16	2	18	-28	-11	-40	-43	-23	-66
Total sales revenues	86	9 474	9 560	375	32 138	32 513	1 471	46 678	48 148
Energy purchase	97	-5 475	-5 377	1 237	-17 368	-16 131	1 595	-25 922	-24 327
Net currency effects	-1 732	-193	-1 924	-6 765	-114	-6 878	-9 934	531	-9 403
Other financial items									
Net gains and losses on derivatives and securities	-297	-	-297	-1 038	3	-1 035	-924	-29	-954
Impairment and gain/loss of financial assets	-	-	-	-	-120	-120	-2	-120	-123
Total unrealised effects	-1 846			-6 191			-7 795		

6. CURRENCY EFFECTS ON INTERNAL LOANS

Net currency effects on internal loans as of the third quarter amounted to NOK 1053 million, of which NOK 1062 million was unrealised. The positive effect arose mainly as a result of a stronger 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.

7. HEDGE ACCOUNTING

Statkraft used hedge accounting in 2014 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 gains of NOK 152 million year to date this year will be recognised in other comprehensive income instead of in the income statement.

8. TRANSFER OF ACTIVITIES AND ASSETS

On 27 June, Statkraft implemented a swap agreement with Sogn og Fjordane Energi/Svelgen Kraft (SFE) concerning the purchase of 35% of Leirdøla power plant, in exchange for Statkraft's shareholding in Svelgen I and II. Statkraft has an indirect shareholding in SFE through its associated company BKK. Gains on transfers between associated companies recorded according to the equity method are partly recorded as income. The transaction entails that Statkraft realises gains of NOK 99 million for the sale of Svelgen I and II. NOK 506 million has been recorded under tangible fixed assets as a result of the takeover of Leirdøla.

The agreement entered into between Statkraft and Norfund on 20 December 2013 concerning the restructuring of SN Power was completed on 6 June. The agreement entails the establishment of a new company, SN Power AS, where Statkraft and Norfund own 50% each. SN Power AS will take over activities in the 50%-owned company in the Philippines, in the subsidiary Agua Imara and activities in Vietnam. For accounting purposes, the investment in SN Power AS has been treated as an investment in a joint venture and has been recorded according to the equity method.

Statkraft has also acquired 7% of the shares in the former SN Power, which changed its name to Statkraft International Hydro Invest AS (SKIHI) in connection with the transaction. SKIHI still owns the investments in Peru, Chile, India, Brazil, Nepal and certain holding companies in Singapore, the Netherlands and Norway.

The transfer of the company in the Philippines to the new 50%-owned SN Power will entail a reduction in Statkraft's shareholding from 50% to 25%. Both before and after the transaction, the investment in the Philippines will be treated as an associated company for accounting purposes, and will be recognised in the accounts according to the equity method. Gains from the transfer of assets between associated companies is partially recorded as revenue and gains of NOK 455 million have been recognised under other financial income in the second quarter.

Prior to the transfer of the 51% owned Agua Imara to the new SN Power, the company was consolidated in its entirety in Statkraft's consolidated financial statements. Following the transfer, the ownership has changed from a subsidiary to an associated company, and is recognised in the accounts according to the equity method. The transfer to SN Power will change Statkraft's ownership from full control to shared control and gains of NOK 108 million have been recognised in their entirety as other operating revenue in the second quarter.

The increased shareholding in SKIHI from 60% to 67% will not change Statkraft's control of the company and the transaction has been recognised in the accounts as an equity transaction where non-controlling interests are reduced. The transaction did not affect the second quarter profit. Norfund retains its right to sell the remaining 33% of shares in SKIHI to Statkraft at market price during specific time periods.

The net cash effect as a result of the transaction is that Statkraft has paid NOK 410 million to Norfund, as well as disbursing NOK 60 million to the new SN Power. The Group's cash reserve has also been reduced by NOK 300 million due to the fact that Agua Imara is no longer part of the Group as a subsidiary. The effect of the transaction on total equity is a decline of NOK 839 million, which is linked to Non-controlling interests in Agua Imara.

Sale of the power plants in Finland with a production of 0.3 TWh per year was implemented at a sale price of about NOK 2 billion on 15 August. Accounting gains are recorded under other operating revenues and amount to NOK 1213 million.

On 30 July, the sale of 49% of the shares in Wind UK Invest Ltd (WUKI) who owns the onshore wind farms Alltwalis, Baillie and Berry Burn in the UK was concluded. Following the transaction, WUKI will go from being a subsidiary to being an investment in joint venture and the gains of NOK 1063 million will be recorded in their entirety as other operating revenues. The gains show the total of realised gains from the downsale from 100% to 51% and an adjustment from carrying value to fair value of the 51% share which Statkraft still owns. The fair value of remaining shares is calculated with NOK 874 million.

On 14 September 2014, Statkraft UK Ltd. acquired the remaining 50% of shares in the company Andershaw Wind Power Ltd. for a purchase price of NOK 59 million. The fair value of the shares which Statkraft owned prior to the acquisition have been assessed at fair value and gains of NOK 69 million have been recorded under financial items. Procured assets and assumed liabilities in the acquisition are assessed at fair value. A preliminary valuation shows that excess value is mainly identified in connection with tangible fixed assets with NOK 137 million. As a result of calculated deferred tax liabilities, a technical goodwill of NOK 27 million has been estimated.

In the third quarter, Fosen Wind AS became established with Statkraft, Agder Energi, Trønderenergi Kraft and NTE Energi as owners. Statkraft's shareholding in the company is 50.1% and the investment amounts to NOK 106.8 million. The investment will be reported according to the equity method as joint operations.



Interim Report
Q3/2014
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