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Preliminary financial results 2004

17 February 2005



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2004 – In Brief

- **Satisfactory profit performance**
 - Net income NOK 4,600 million (NOK 2,867 million)
 - Significant positive effects from non-recurring items
 - Good cost control
- **Sales imposed by the Norwegian Competition Authority handled profitably**
- **Agreement in principle entered into to acquire production capacity in Sweden and Finland**
- **New organisation implemented from 2005**



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Preliminary Results for 2004**

Amounts in NOK million	Fourth quarter		Year	
	2004	2003	2004	2003
Gross operating revenues	3 506	3 534	11 286	12 120
Operating income before depreciation (EBITDA)	2 248	1 941	7 437	7 611
Operating income (EBIT)	1 845	1 619	5 972	6 264
Net income	2 242	854	4 600	2 867
EBITDA margin	64 %	55 %	66 %	63 %
ROACE before tax			15.6 %	15.0 %
ROACE after tax			12.3 %	8.7 %
Return on total assets*			7.5 %	5.6 %

*Historic rate of return figures have been calculated with a new formula for comparison.



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Release of Capital Enables Growth

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Minority interests sold

Release of NOK 6.5 billion

Total gains of NOK 1.6 billion

Capacity reduced by
0.6 TWh/year

Rana highlights values

Time-limited co-ownership
agreement

Buyer will cover NOK 65 million of
annual operating expenses

Payment of NOK 2.2 billion

Acquisition of hydropower plants in Sweden and Finland

Investments in environmentally friendly power (wind, water and gas)



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Acquisition of Hydropower Plants in Sweden and Finland

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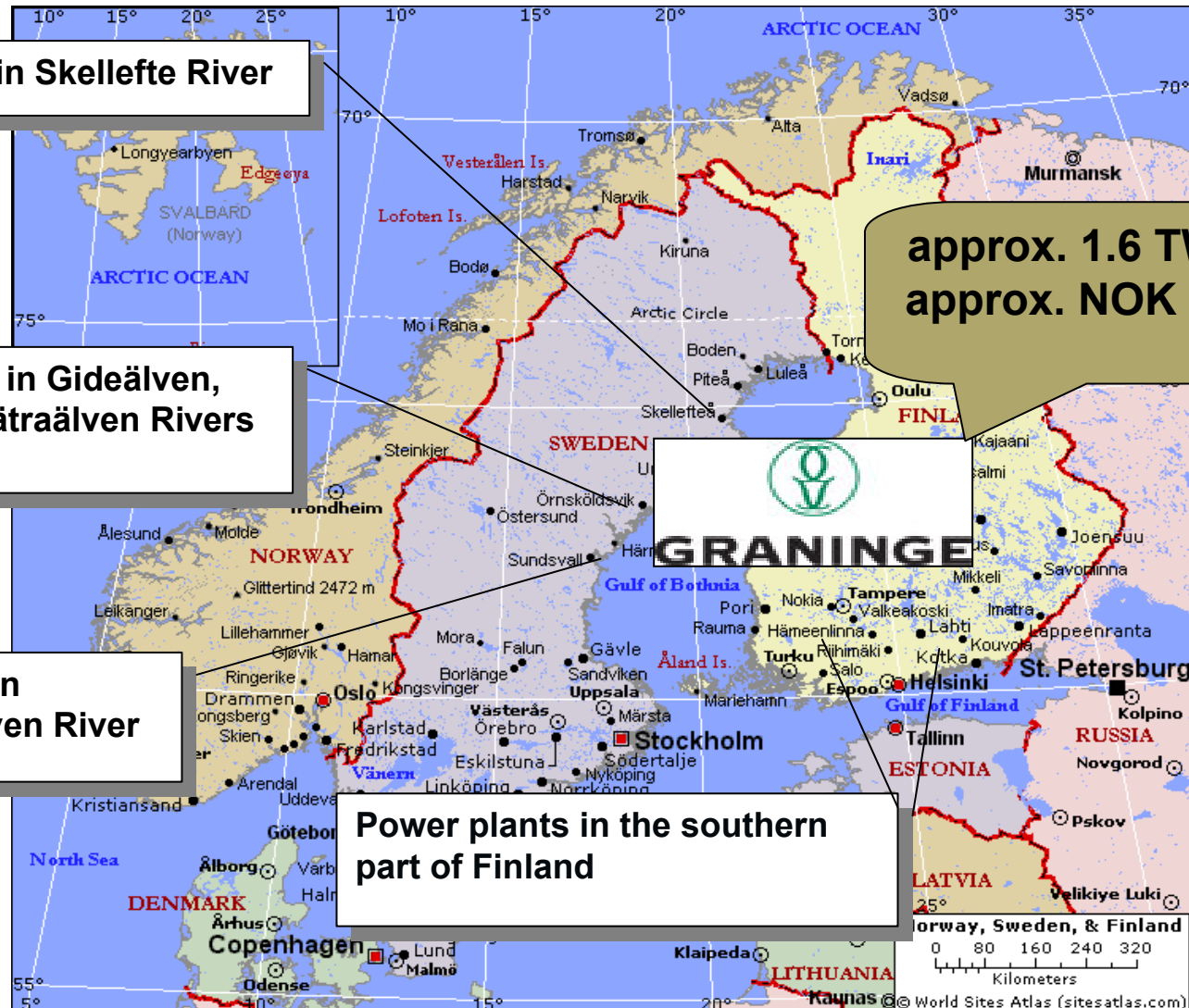
Power plant in Skellefte River

Power plants in Gideälven, Moälven & Nätraälven Rivers

Power plant in Ängermanälven River

Power plants in the southern part of Finland

approx. 1.6 TWh/year
approx. NOK 4 billion



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Agreement in principle – final agreement and takeover expected in first half of 2005



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Strategic Direction

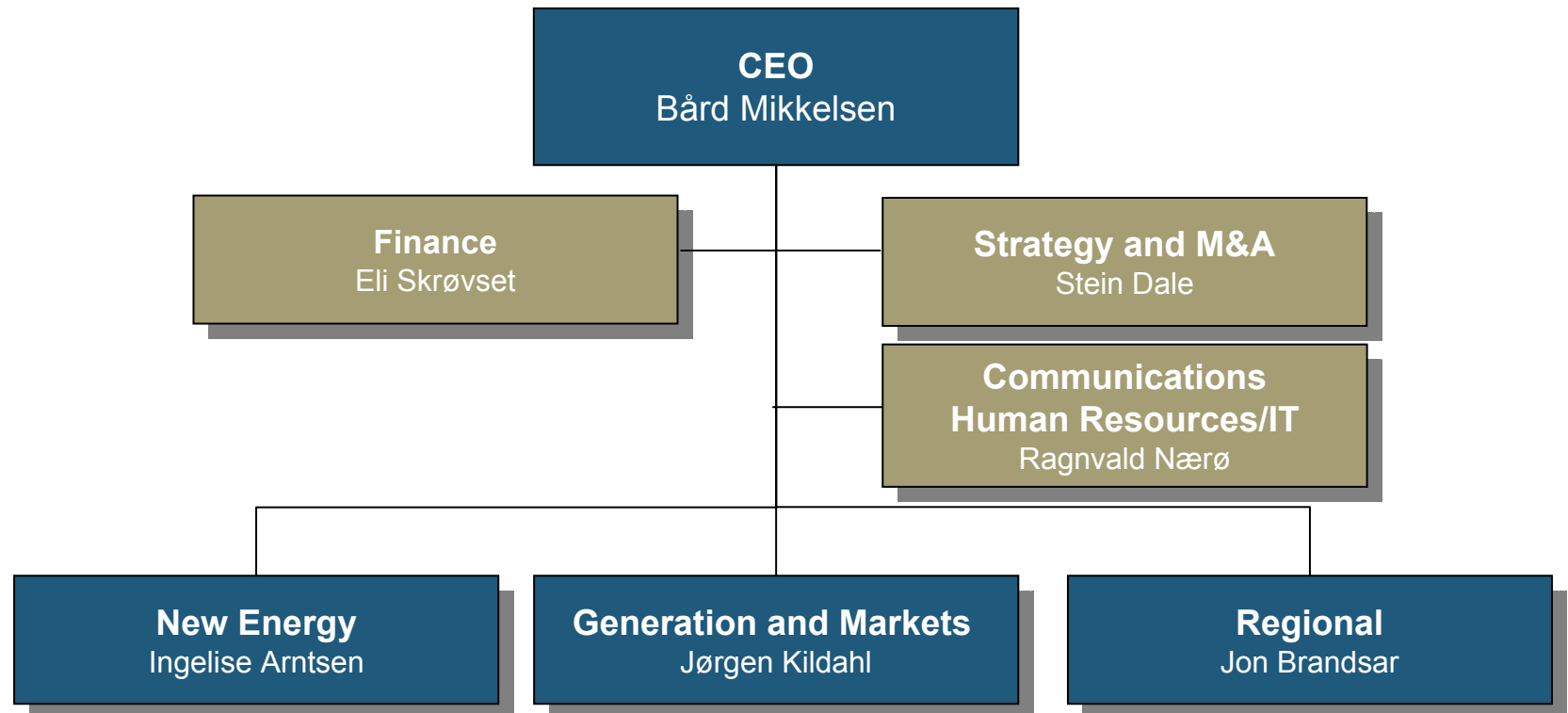
- **Increase the value creation in power generation and trading by developing our existing expertise and competitive advantages**
- **Develop new profitable power generation in Norway and the rest of Europe**
- **Realise synergies between Statkraft and the regional companies, and increase profitability of the regional companies**



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Organisation Adapted to the Challenges



- Innovation and R&D
- Development of new environmentally friendly power generation
- Non-flexible power generation

- Operations and maintenance
- Energy management and hedging
- Trading and origination

- Further development of Statkraft's ownership of the regional companies
- Contribute to enhanced earnings in the companies

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2004 Highlights

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- **Improved balance between supply and demand and lower prices in the Nordic region**
 - Normalised water reservoir levels
- **Statkraft produced 34.3 TWh (39.2 TWh)**
- **Good financial power trading results**
- **Associated companies show improvement**
- **Significant non-recurring items recorded in 2004**
 - Capital gains NOK 1,342 million
 - Stamp duty NOK 155 million



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Income Statement for the Group

Amounts in NOK million	Fourth quarter		Year	
	2004	2003	2004	2003
Power revenues	1 726	2 789	7 287	9 324
Other operating revenues	1 780	744	3 999	2 796
Gross operating revenues	3 506	3 534	11 286	12 120
Net operating revenues	3 293	3 328	10 636	11 193
Operating expenses excl. depreciation	1 046	1 387	3 199	3 583
EBITDA	2 248	1 941	7 437	7 611
Ordinary depreciation	402	322	1 464	1 347
EBIT	1 845	1 619	5 972	6 264
Income from associated companies	509	471	1 529	1 114
Net financial items	-470	-725	-2 274	-2 625
Pre-tax income	1 884	1 364	5 226	4 754
Taxes	358	-510	-626	-1 887
Net income	2 242	854	4 600	2 867

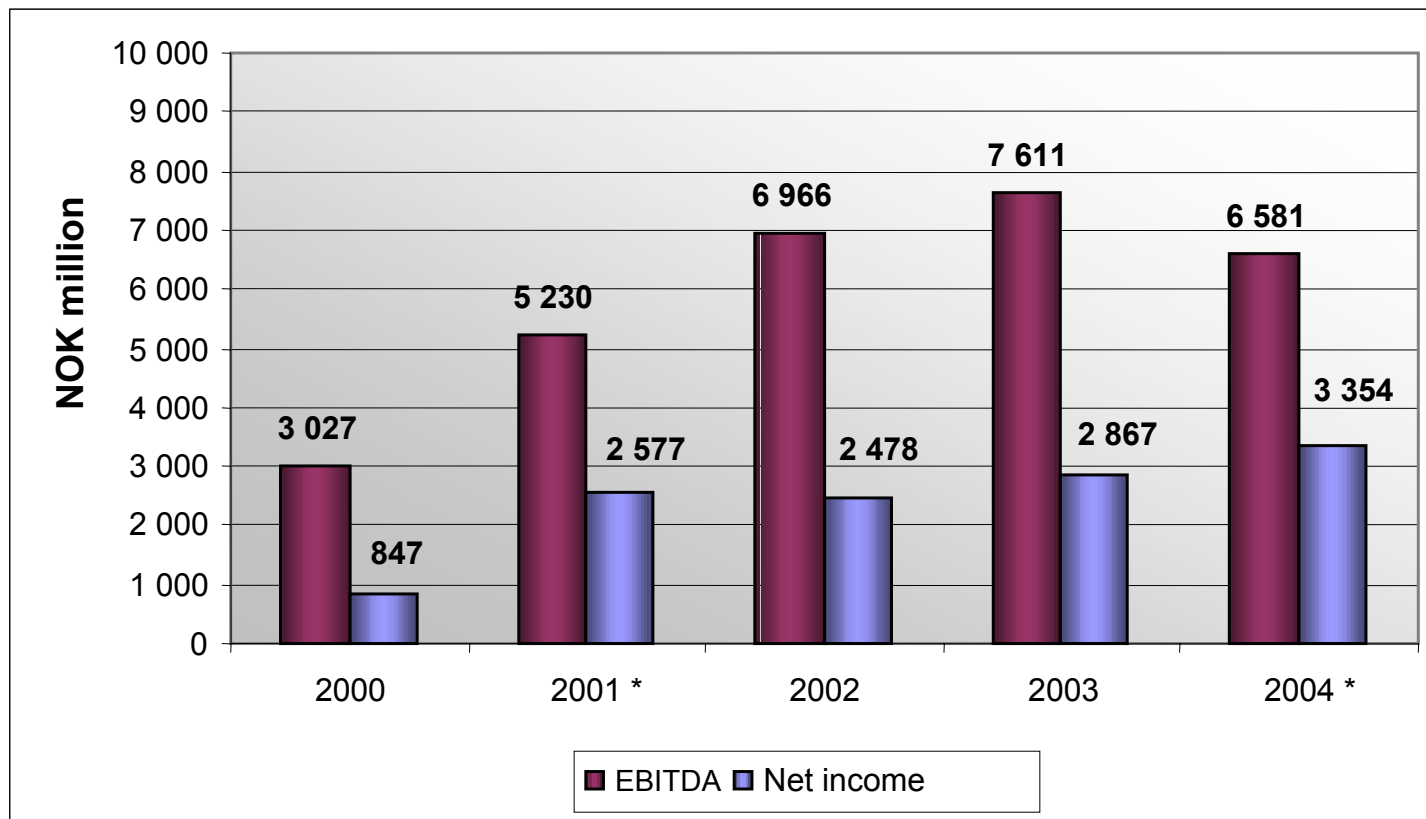


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Development of Underlying Operations

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**2001: Adjusted for one-time compensations for termination of power exchange agreement and imposed ban on hydropower development. Items increased EBITDA by NOK 2,452 million and net income by NOK 1,765 million.*

2004: Adjusted for capital gains and stamp duty. Items increased EBITDA by NOK 856 million and net income by NOK 1,246 million. Tax-related accrual effects have had a positive effect of approximately NOK 700 million on net income.

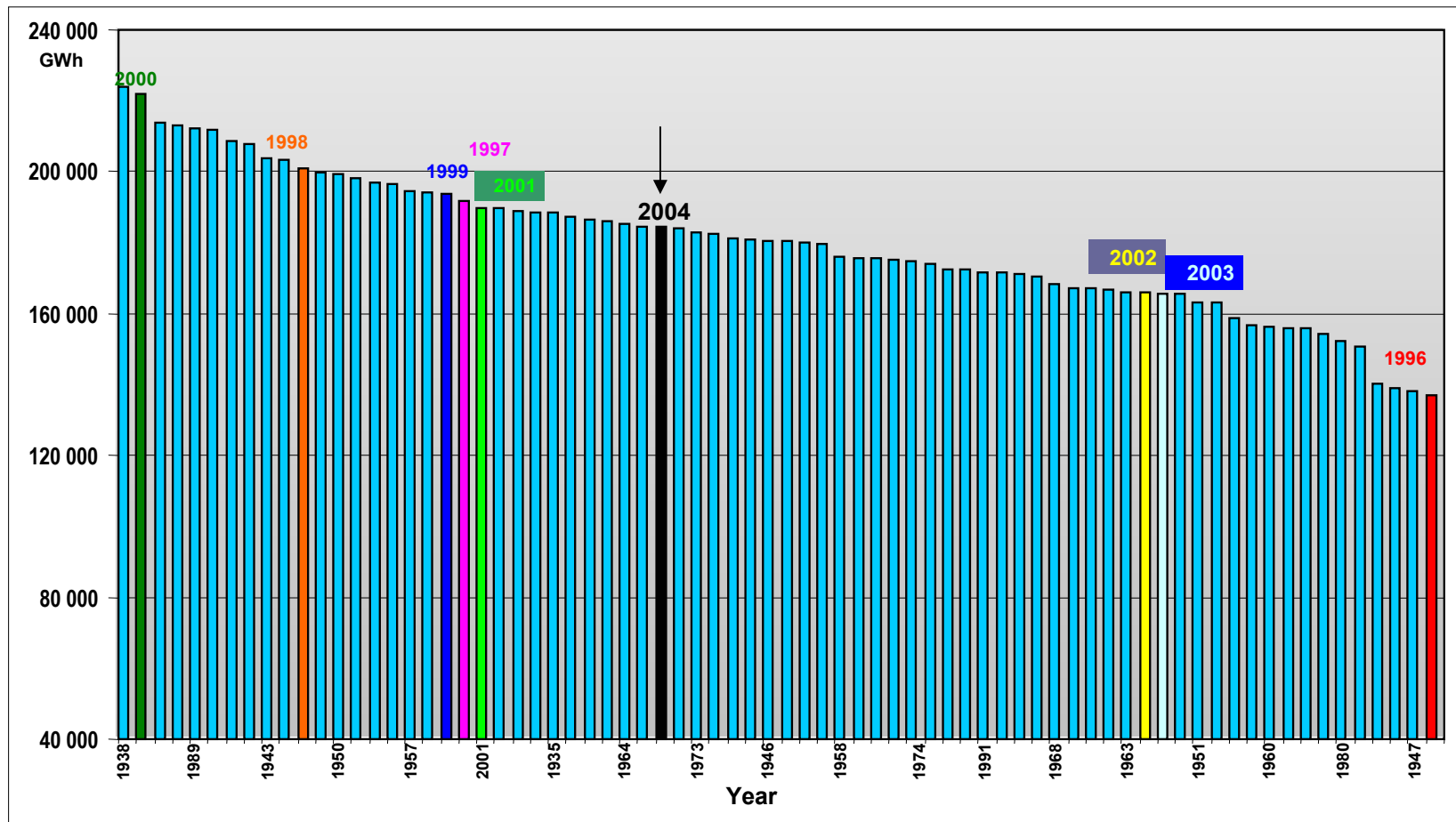


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Inflow in Norway and Sweden

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Inflow from 1931 to 2004

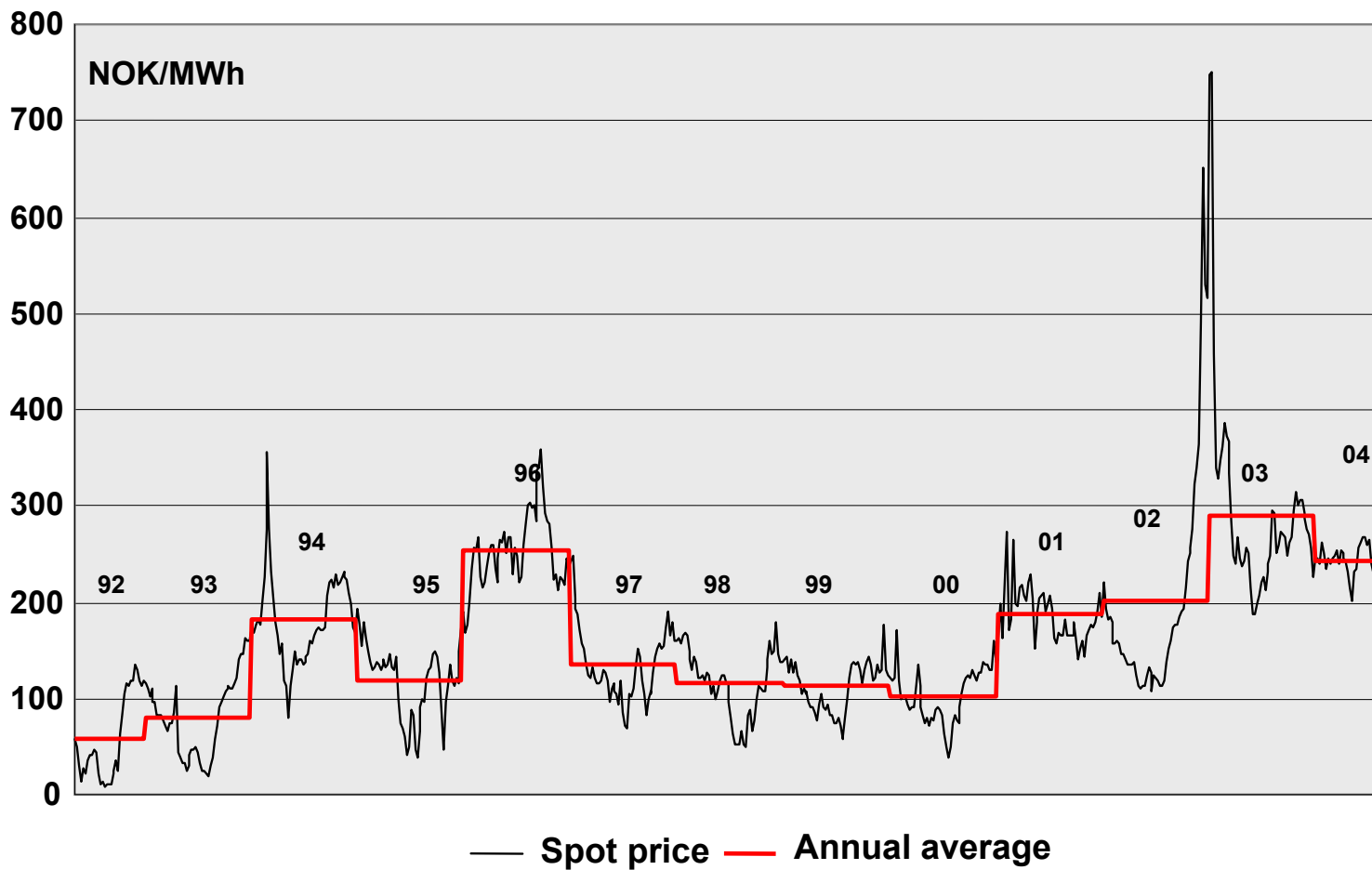


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Nord Pool's Spot Price

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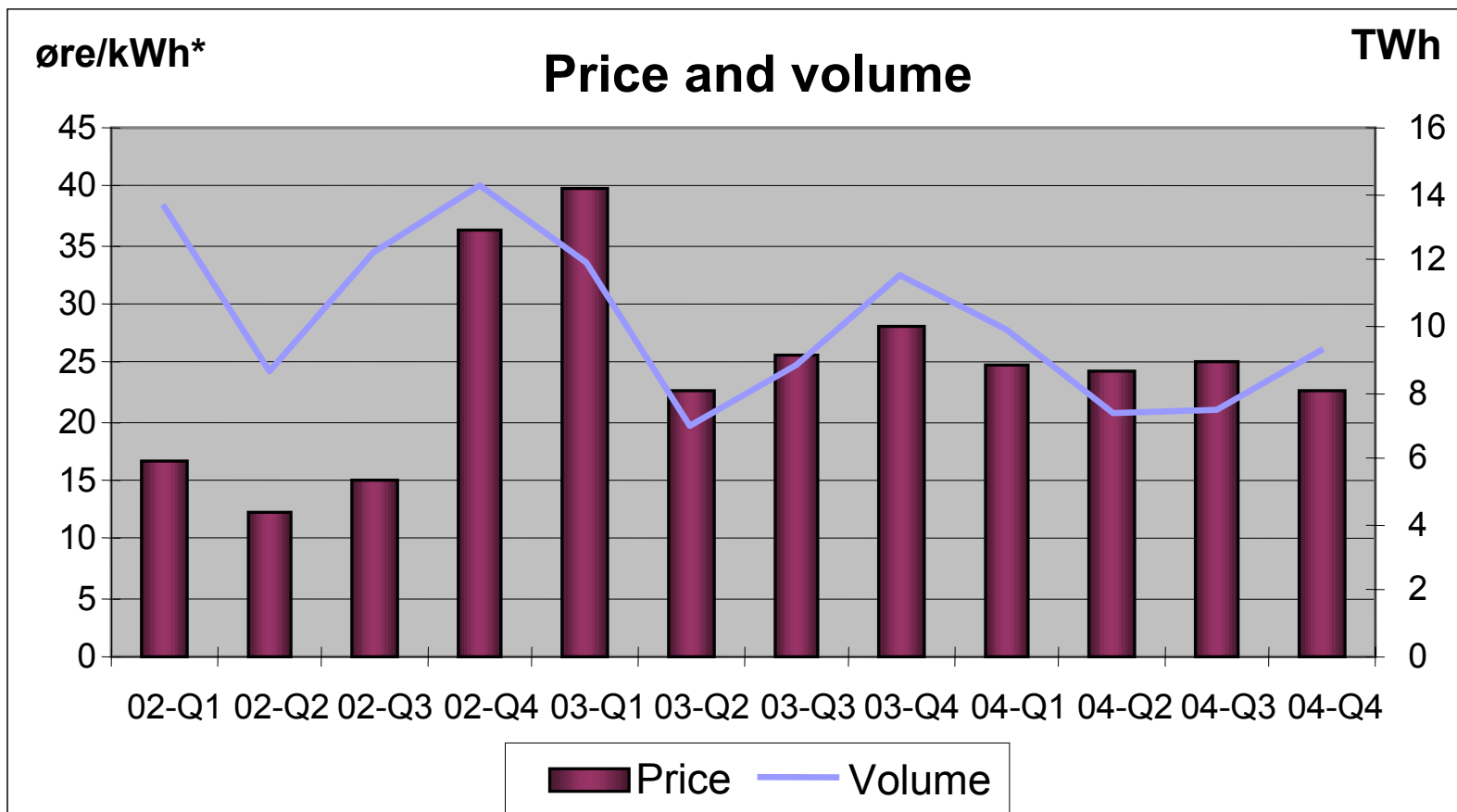


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Spot Price and Group's Production Volume

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Group's production in 2004: 34.3 TWh (- 4.9 TWh)

*NOK 1=100 øre

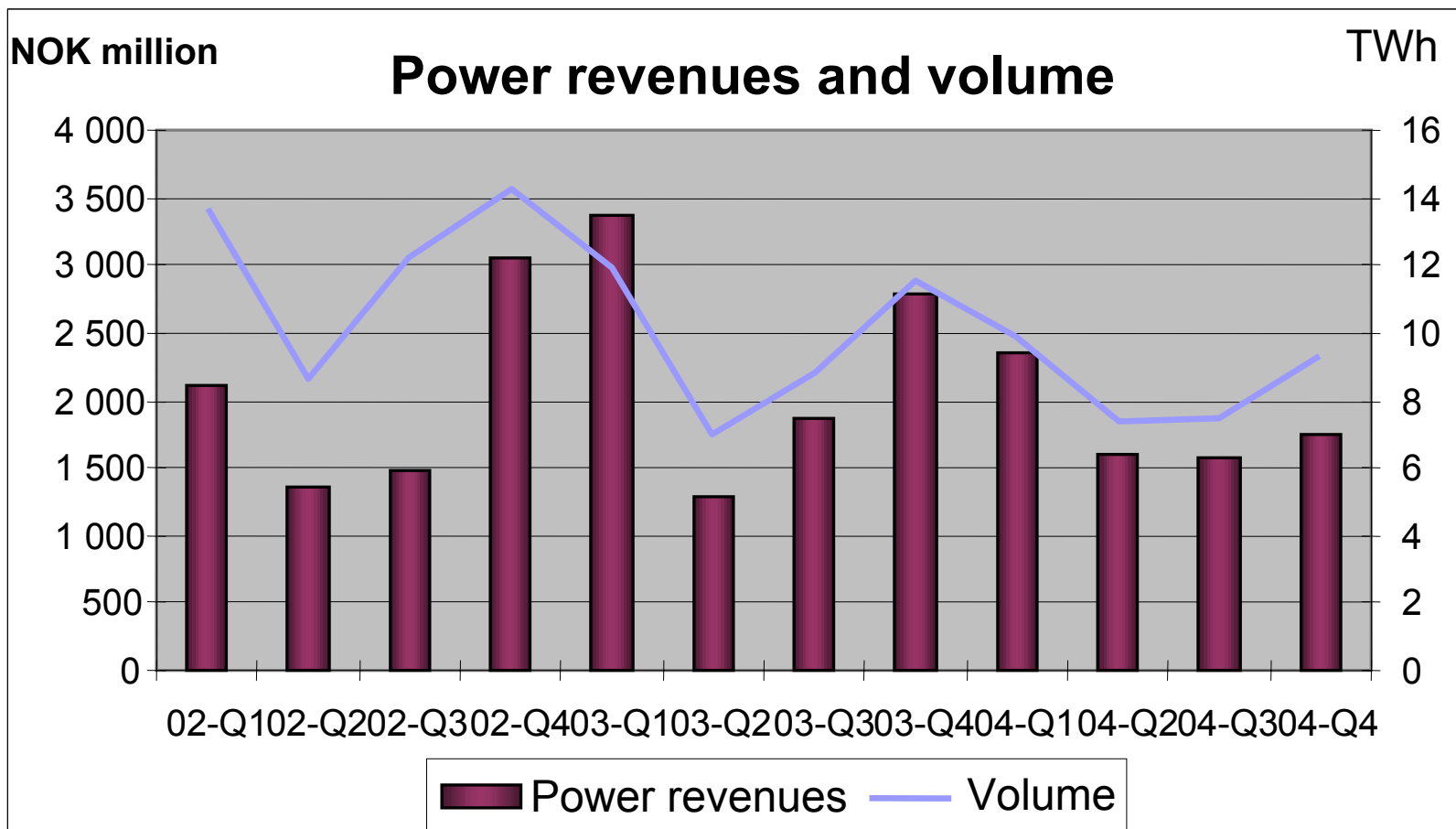


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Power Revenues – Quarterly Breakdown

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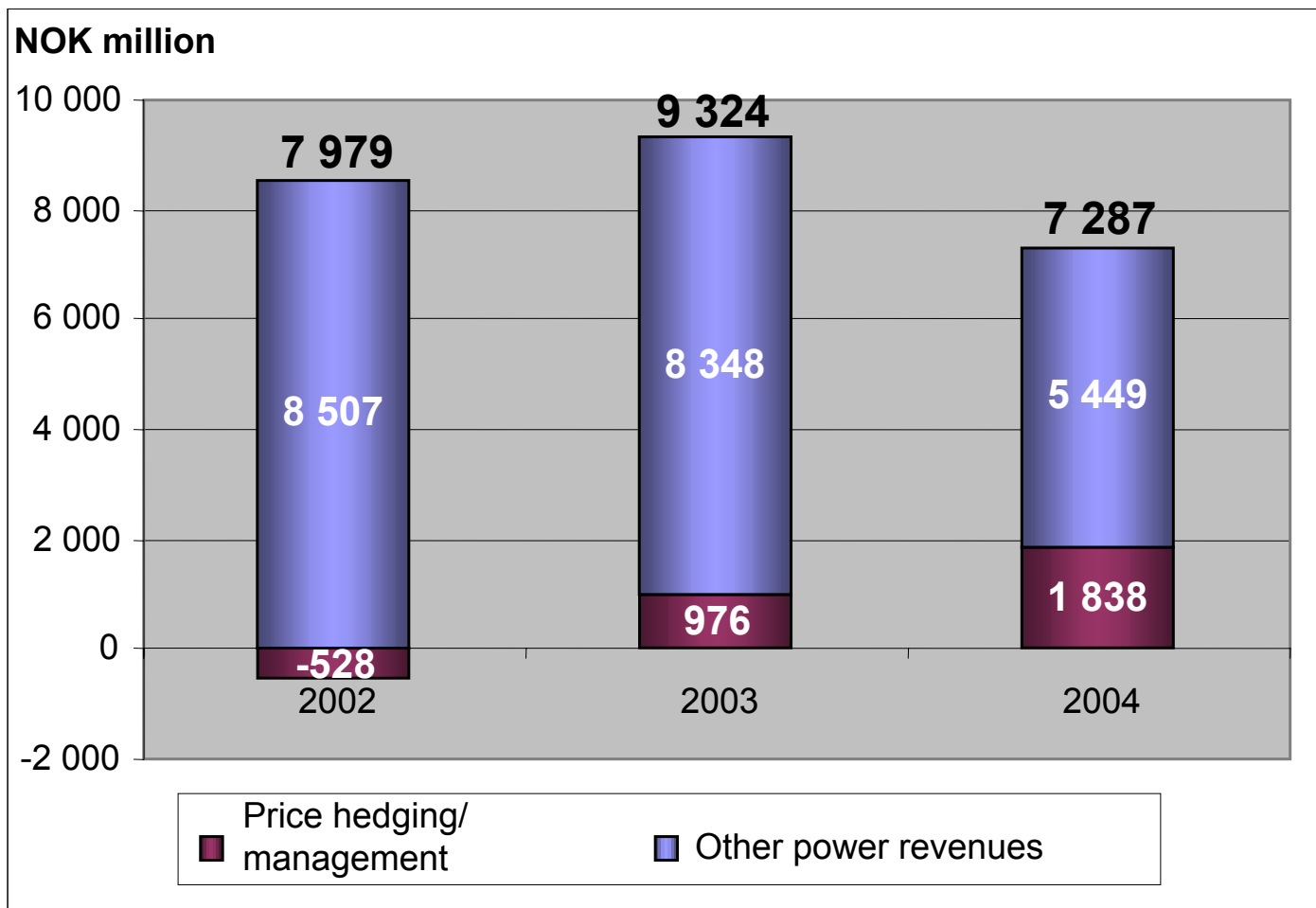


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Composition of Power Revenues

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Estimated Value Contribution

Amounts in NOK million	2 004	2 003	2 002
Production at weighted system price	8 283	12 067	10 594
Industrial contracts and licence power	-2 813	-4 232	-2 357
Net free hedging transactions	1 838	976	-528
Miscellaneous other	2	394	164
Total net power revenues*	7 310	9 205	7 873

* Before elimination in TEV and SE Group



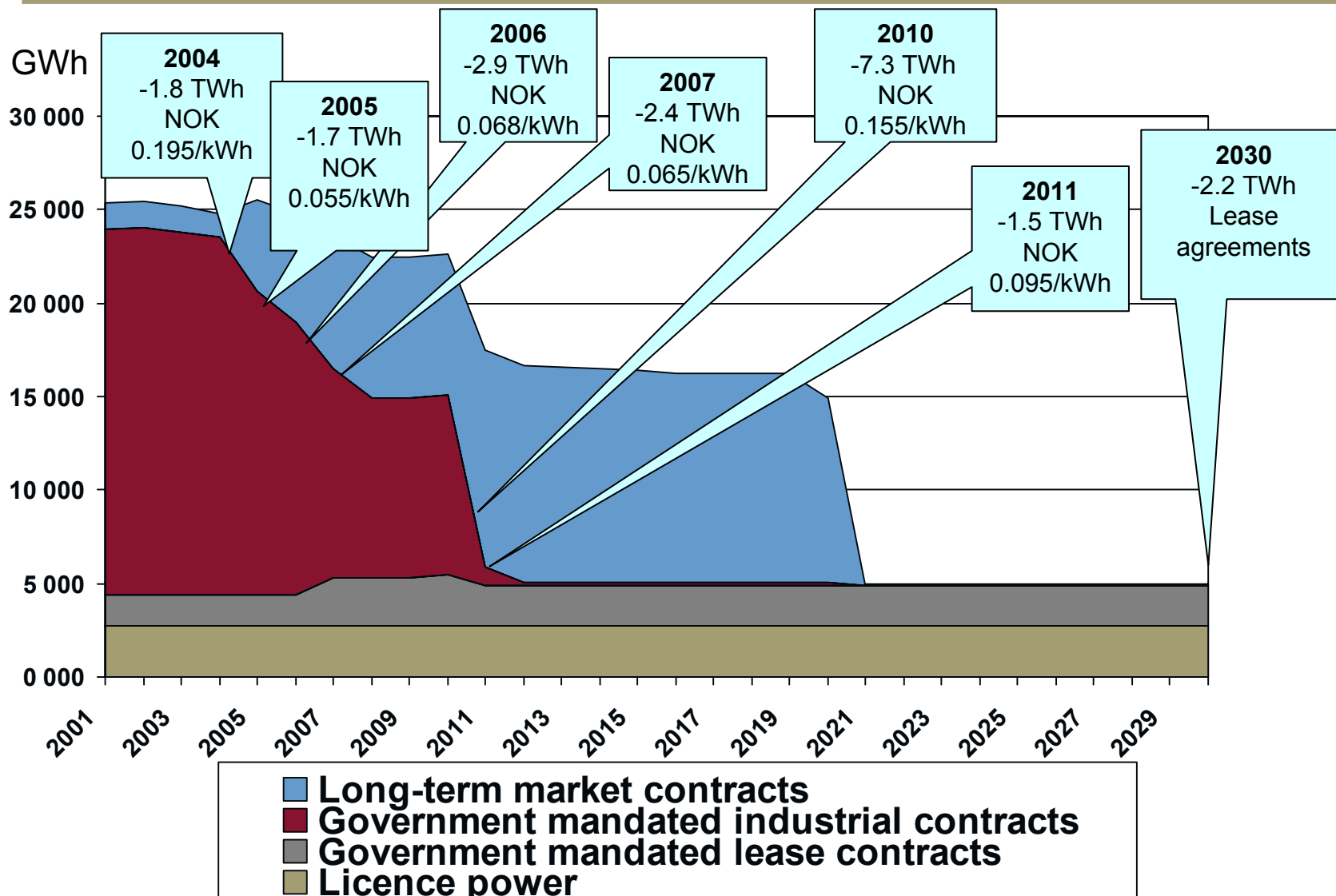
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The figures refer to the Statkraft Group's operations in Norway



Physical Power Contracts

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Operating Expenses

Amounts in NOK million	2004	2003
Salaries and other payroll expenses	1 246	1 536
Compensation and licence fees	359	334
Other operating expenses	1 594	1 713
Operating exp. before depreciation	3 199	3 582
Ordinary depreciation	1 464	1 347

- **The reduction in expenses is attributed primarily to lower provisions in 2004**
- **The underlying operations indicate that the operating expenses before depreciation remained more or less unchanged from 2003 to 2004**





Financial Expenses

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Amounts in NOK million	2004	2003
Interest-bearing debt	38 722	41 226
Financial expenses	3 007	3 098

- **Reduction in interest-bearing debt**
- **Interest rates on debt of NOK 15 billion to be adjusted in 2005**

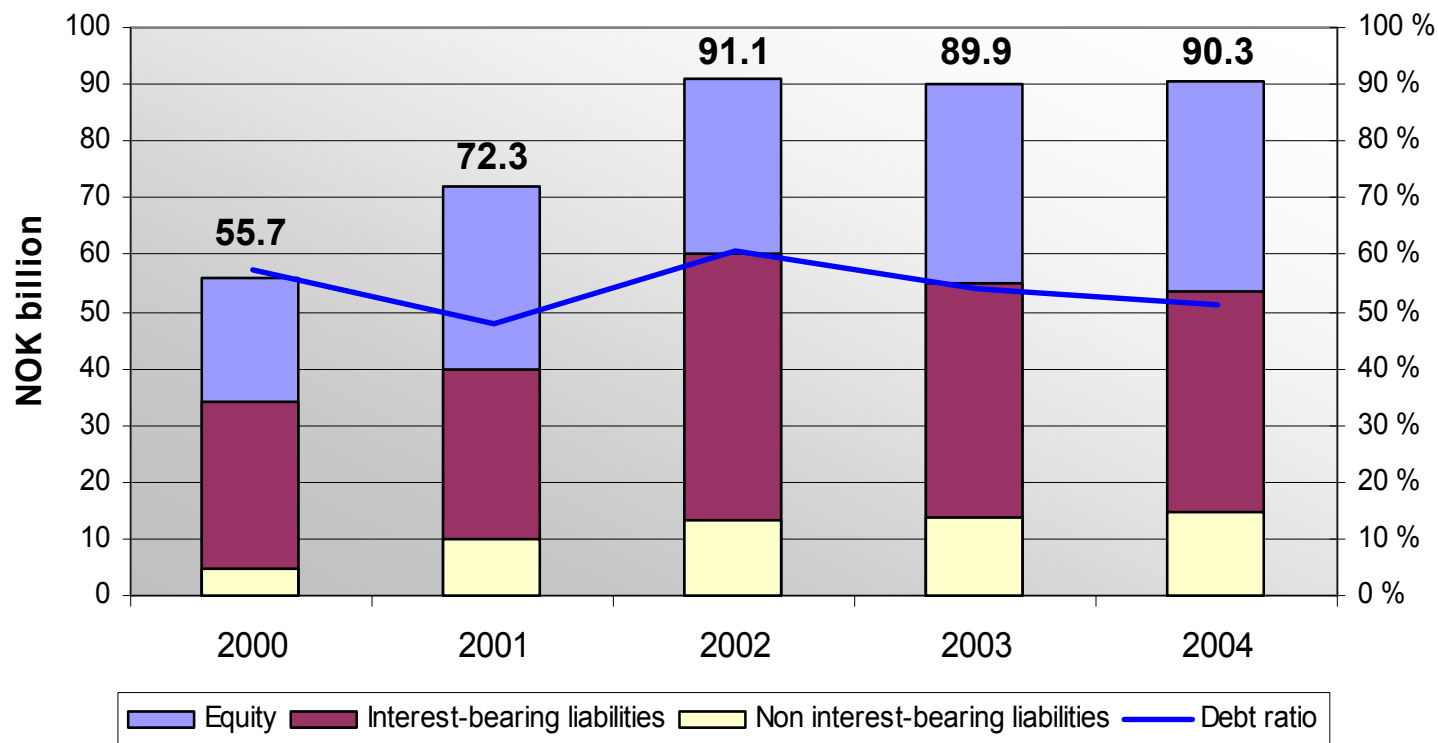


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Balance Sheet – Improved Financial Strength

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Release of capital from the sale of businesses and rights totalling NOK 4.4 billion is not included in the balance sheet as of 31 December 2004.



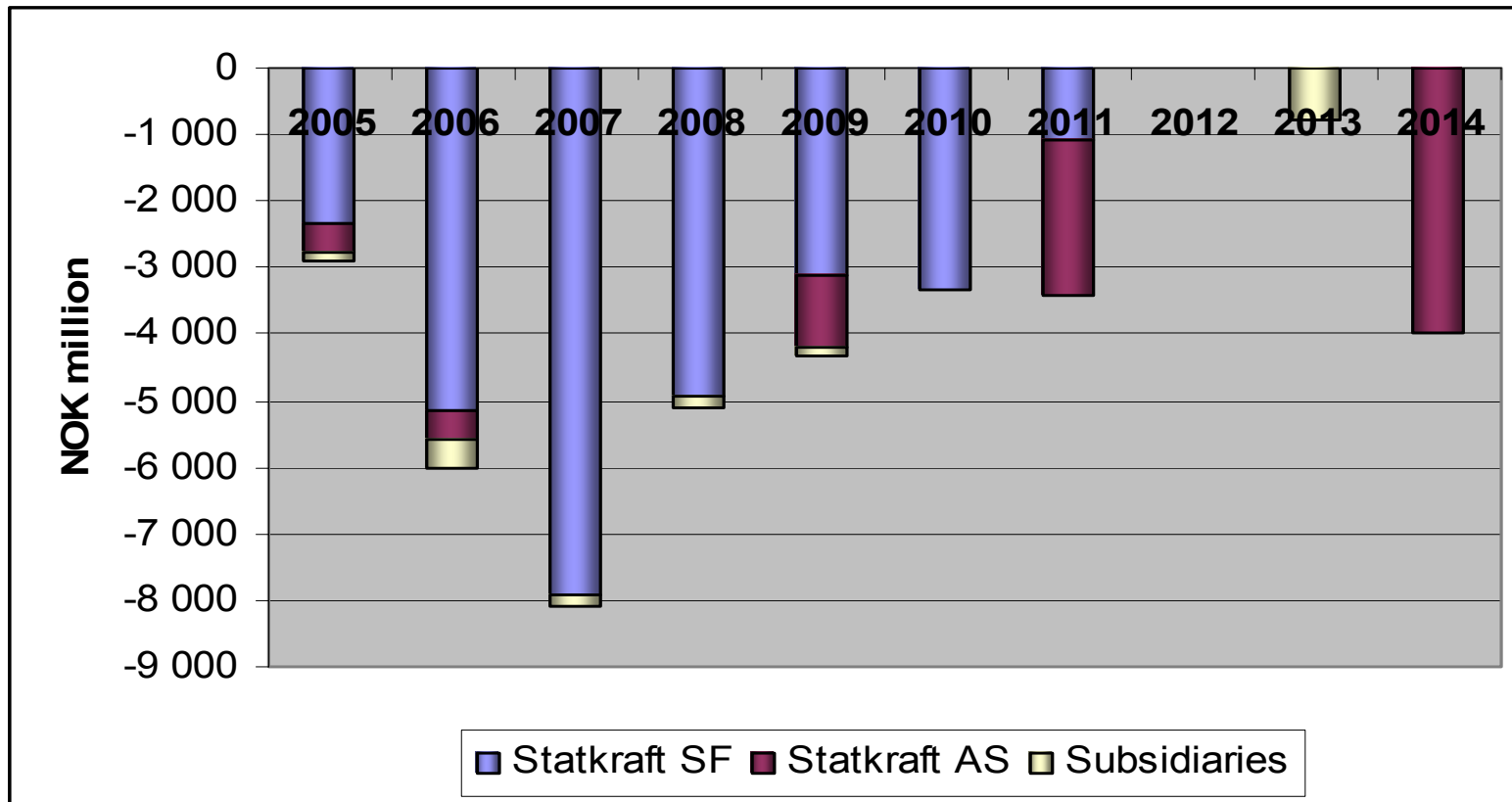
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Debt Redemption Profile

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Loan maturity in NOK million



Book value of interest-bearing debt is NOK 38.7 billion, incl. maturity of NOK 0.7 billion during the period 2015–2019

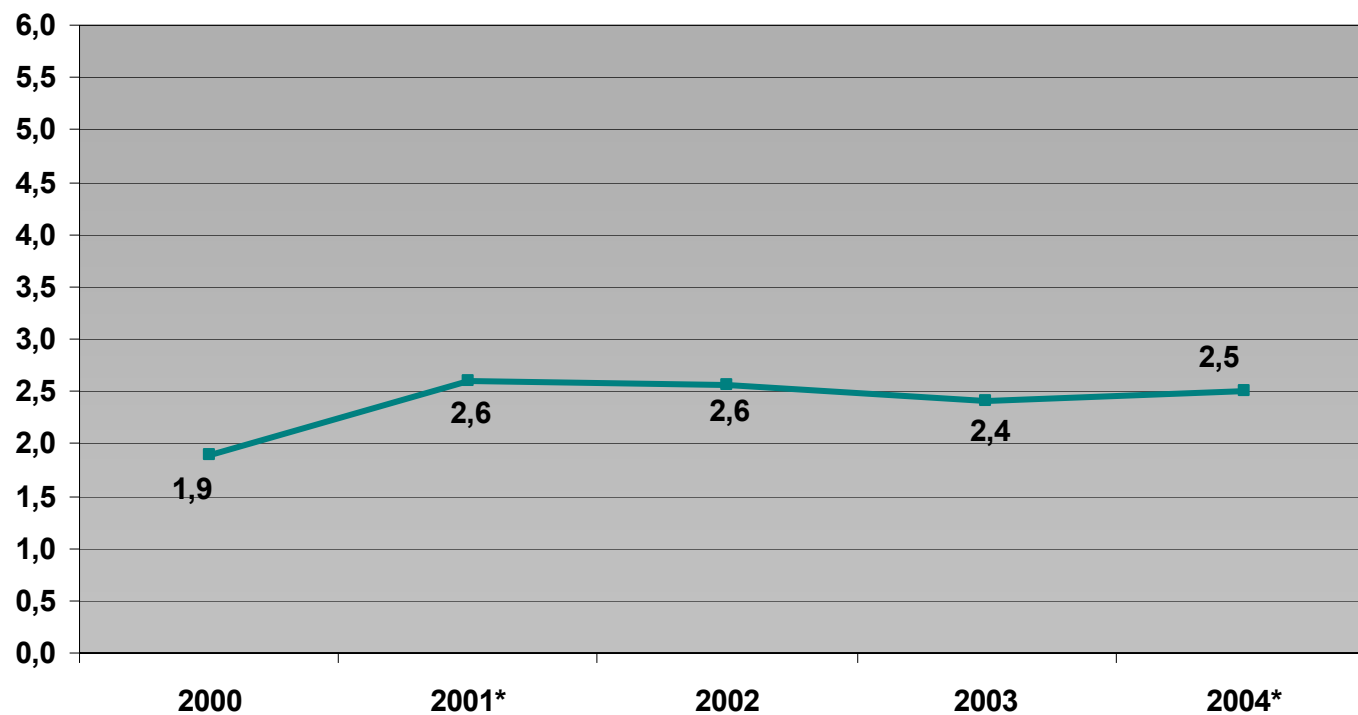


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Financial Strength

Funds From Operations Interest Coverage



* Before non-recurring items



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Cash Flow Statement

Amounts in NOK million	2004	2 003	2002
Provided by the year's operations	2 267	3 090	3 249
Net cash flow from operations	3 858	8 160	22
Net cash flow from investment activities	2 816	-1 266	-16 129
Net cash flow from financing activities	-3 606	-5 198	10 724
Net change in cash and cash equivalents	3 069	1 696	-5 383
Cash and cash equivalents 01.01.	3 214	1 518	6 901
Cash and cash equivalents 31.12.	6 283	3 214	1 518

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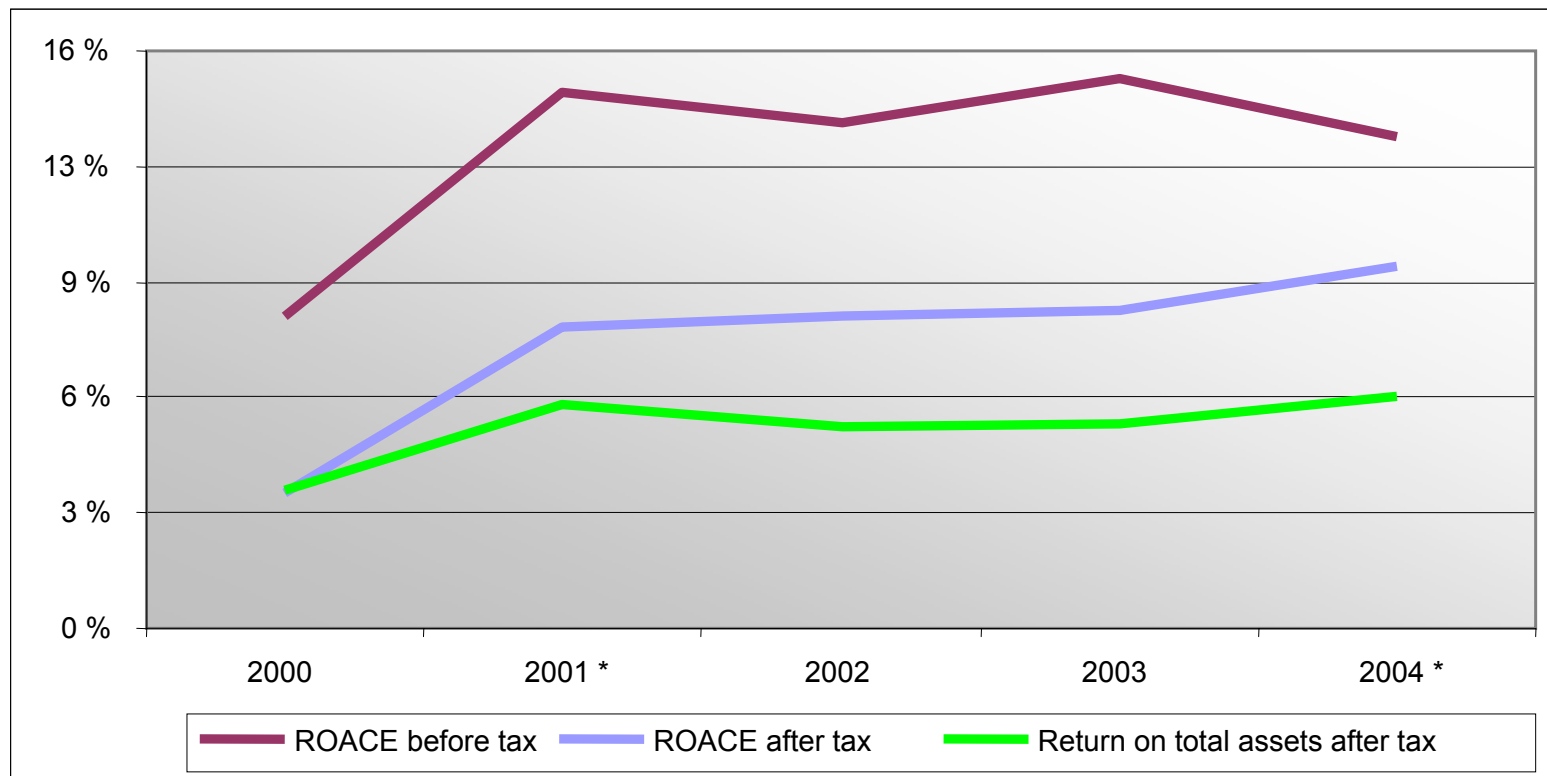


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Satisfactory Profit Performance

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2004

ROACE before tax 13.4 %

ROACE after tax 9.9 %

Return on total assets 6.1 %

**Before non-recurring items. The income for 2004 includes positive tax-related accruals of approximately NOK 700 million.*



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Summary

- **Underlying operations were satisfactory in 2004**
 - Lower production at lower prices reduced revenues
 - Financial trading made a very good contribution
 - Costs were under control
- **Expectations for 2005**
 - Gain from the sale of HEAS NOK 259 million
 - Stamp duty due to reorganisation will result in charges against operating income (up to NOK 1.8 billion)
 - Price, volume and interest rates are important drivers for profit performance



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