



SN|POWER

POWERING DEVELOPMENT

Renewable Energy Investments in Emerging Markets

Vinterkonferansen 2010, London
President and CEO Øistein Andresen

IEA Chief Economist Dr. Fatih Birol – 24.03.10

- **“one day we will run out of oil;** it is not today or tomorrow, but one day we will run out of oil and **we will have to leave oil before oil leaves us,** and we have to prepare ourselves for that day.”
- **“the earlier we start the better,** because all of our economic and social system is based on oil, so to change from that will take a lot of time and a lot of money, and **we should take this issue very seriously.**”



Mission

Mission: To become a leading hydropower company in emerging markets, contributing to economic growth and sustainable development



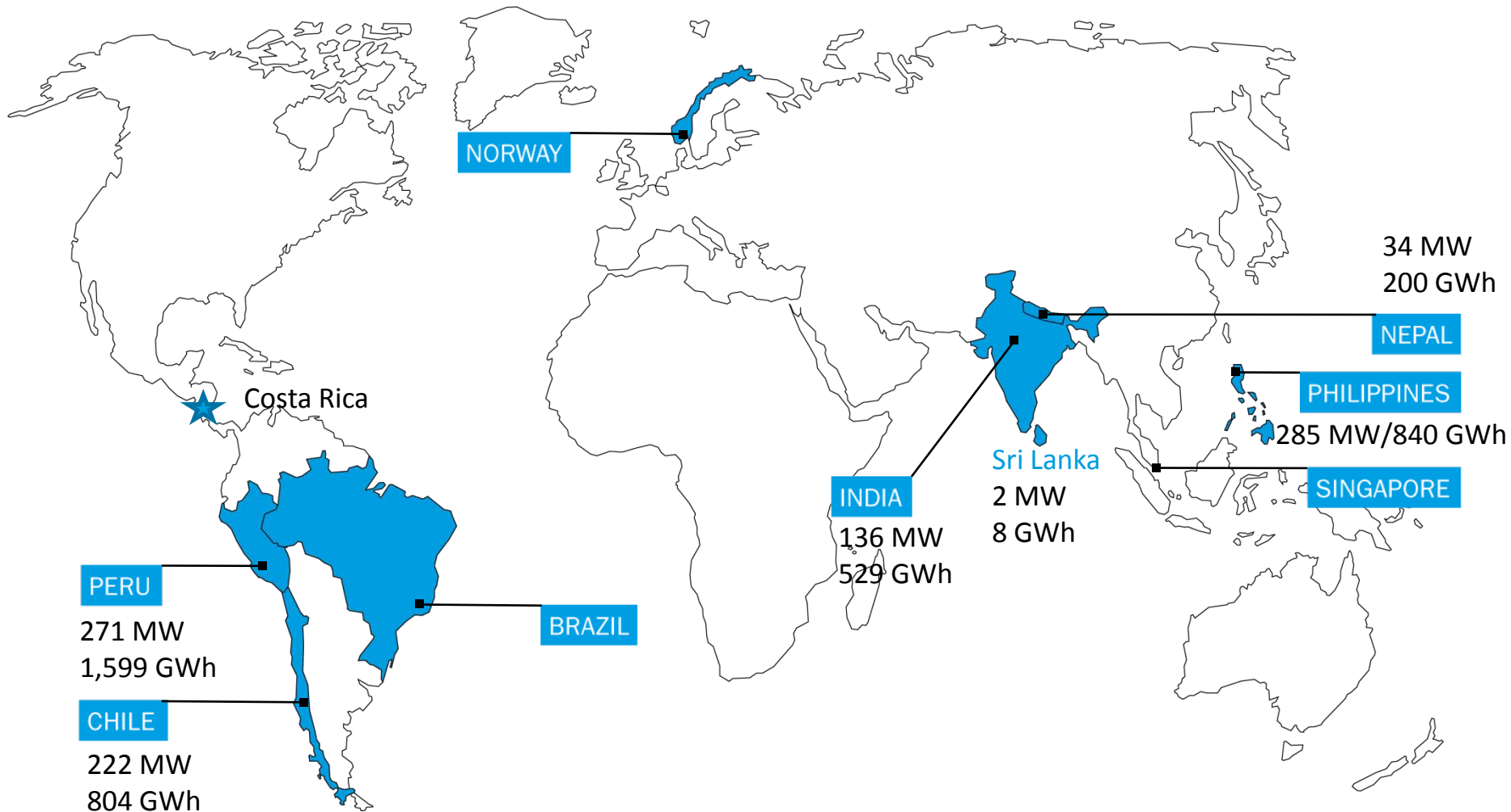
SN Power Key Facts

- Established June 2002
- Owned by Statkraft (60%) and Norfund (40%)
- Business objective: Invest in clean, renewable energy on commercial basis in selected emerging markets
- Net installed capacity 2009: 950 MW
- Mean annual generation: 4,000 GWh/yr
- Operating revenue 2009: 119 MUSD
- Net profit 2009: 32 MUSD
- Equity 2009: 1,215 MUSD
- 466 employees in eight countries



SN Power Globally

Total Equity MW 950
 Total Equity GWh 3,980



More than just technology – a multi-disciplinary approach

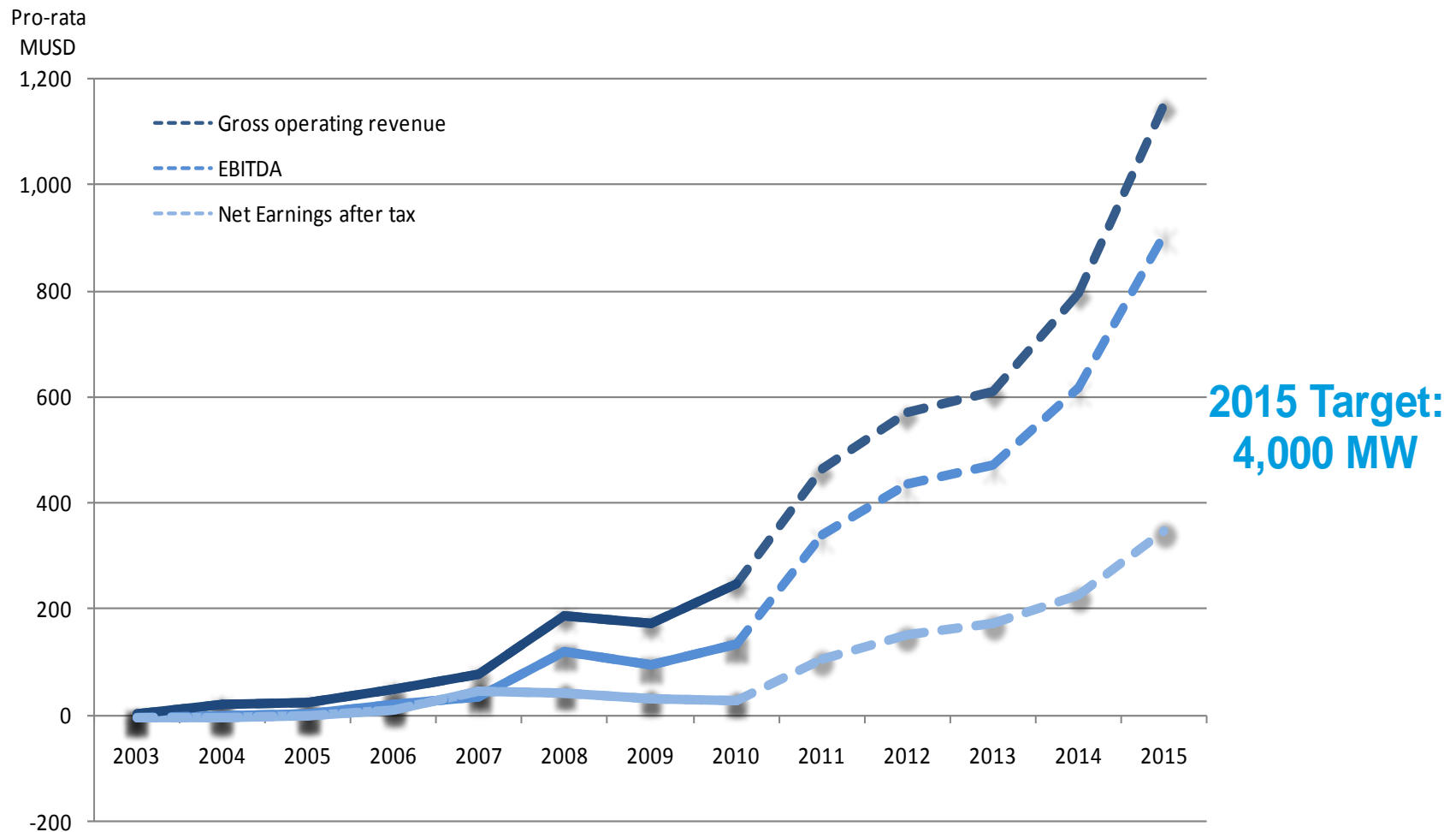
- **Multi-disciplinary project teams with expertise in: hydropower, power markets, finance, regulations, environment and social issues**
- Active ownership
- Partnership approach
- Core competencies:
 - Hydropower expertise
 - Market analysis & trading
 - Project finance
 - Systemized approach to project development & operation
 - Integrating social and environmental aspects
 - Delivering value to host communities
- **Key is the demonstrated ability to execute projects in difficult markets**



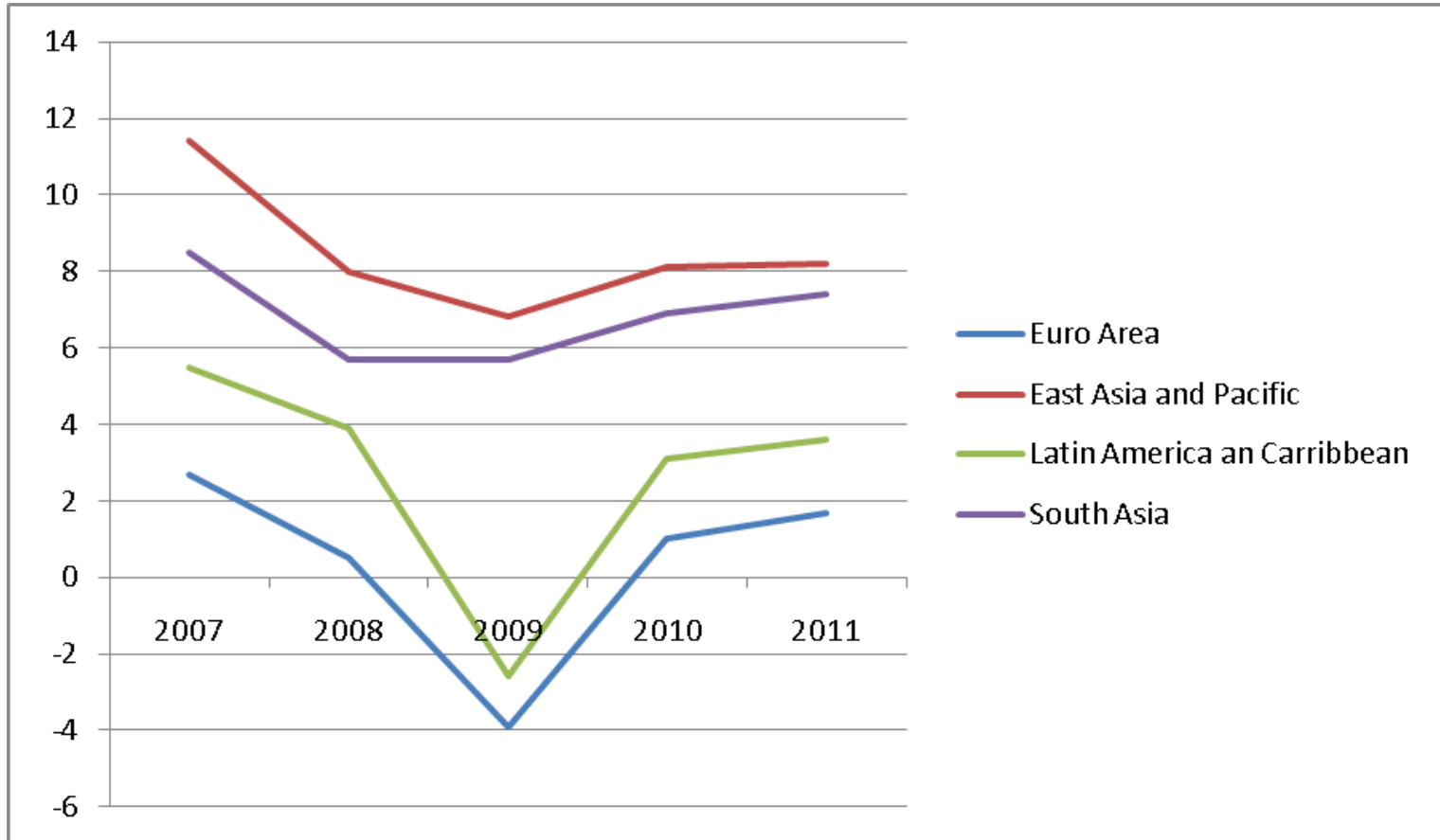
Norwegian expertise



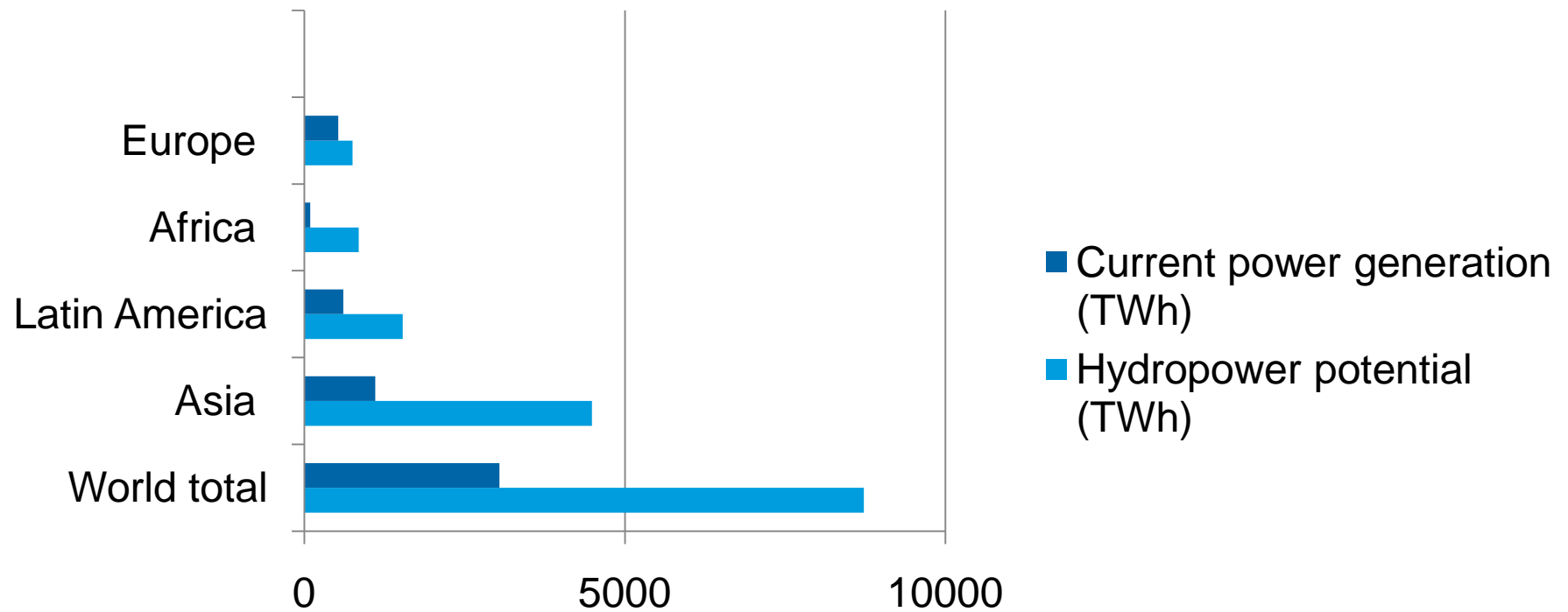
Profitable growth



Annual Real Growth in GDP (%)



World hydropower potential by region

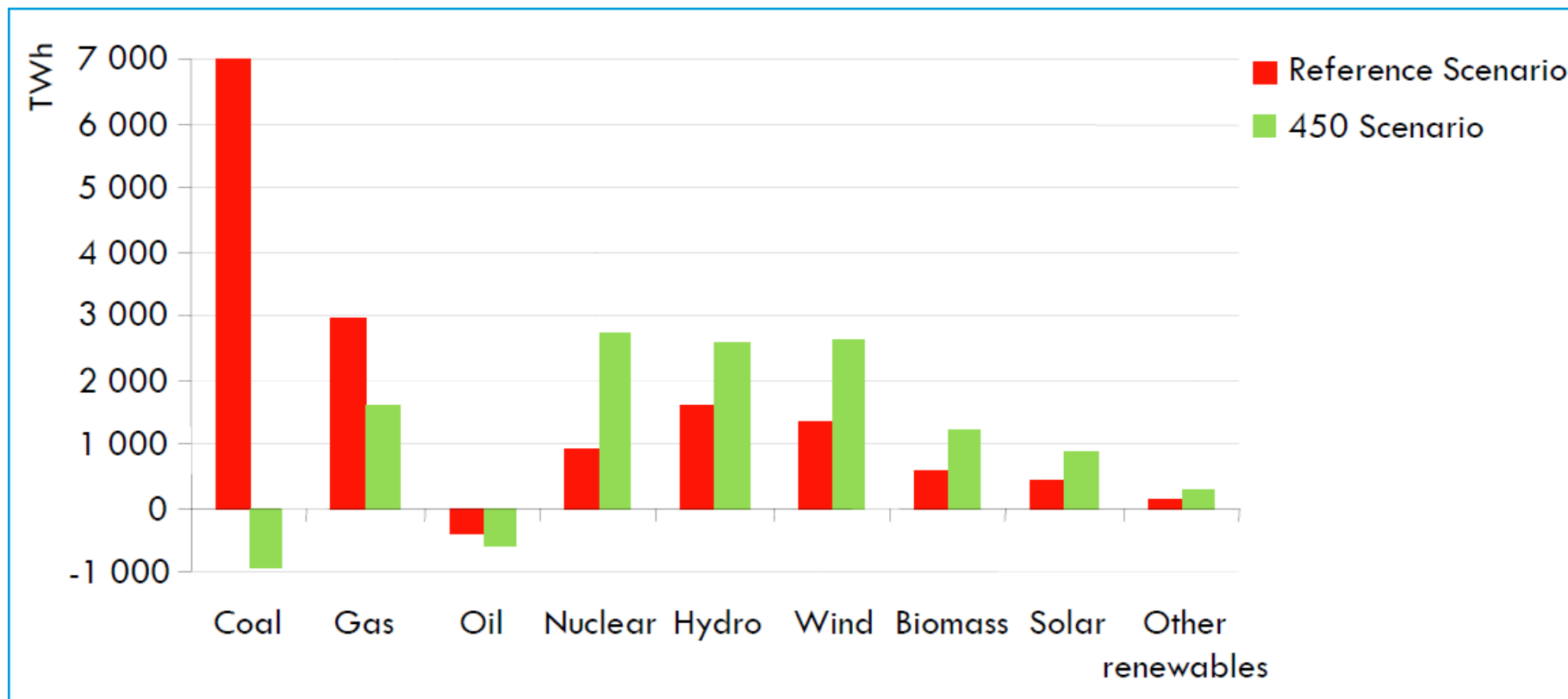


Source: International Journal on Hydropower and Dams 2008

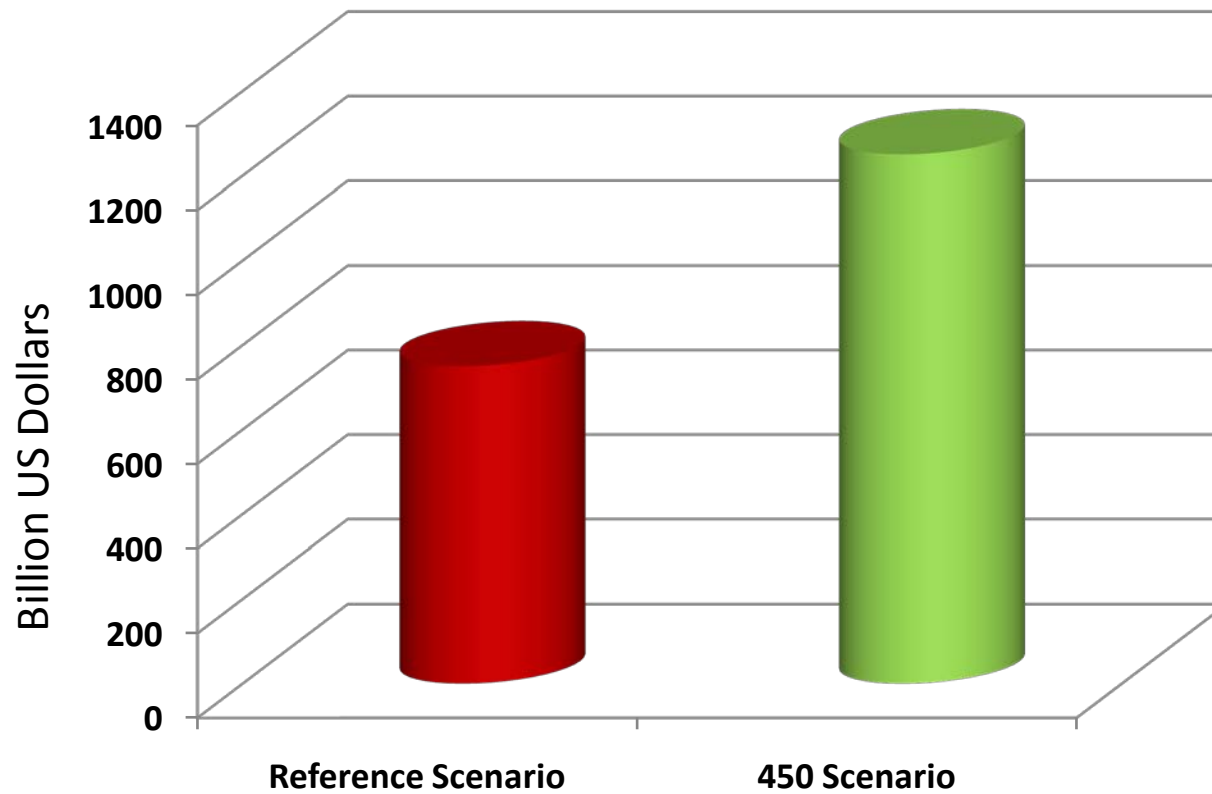
Incremental world electricity production

REFERENCE AND 450 SCENARIOS 2007 – 2030

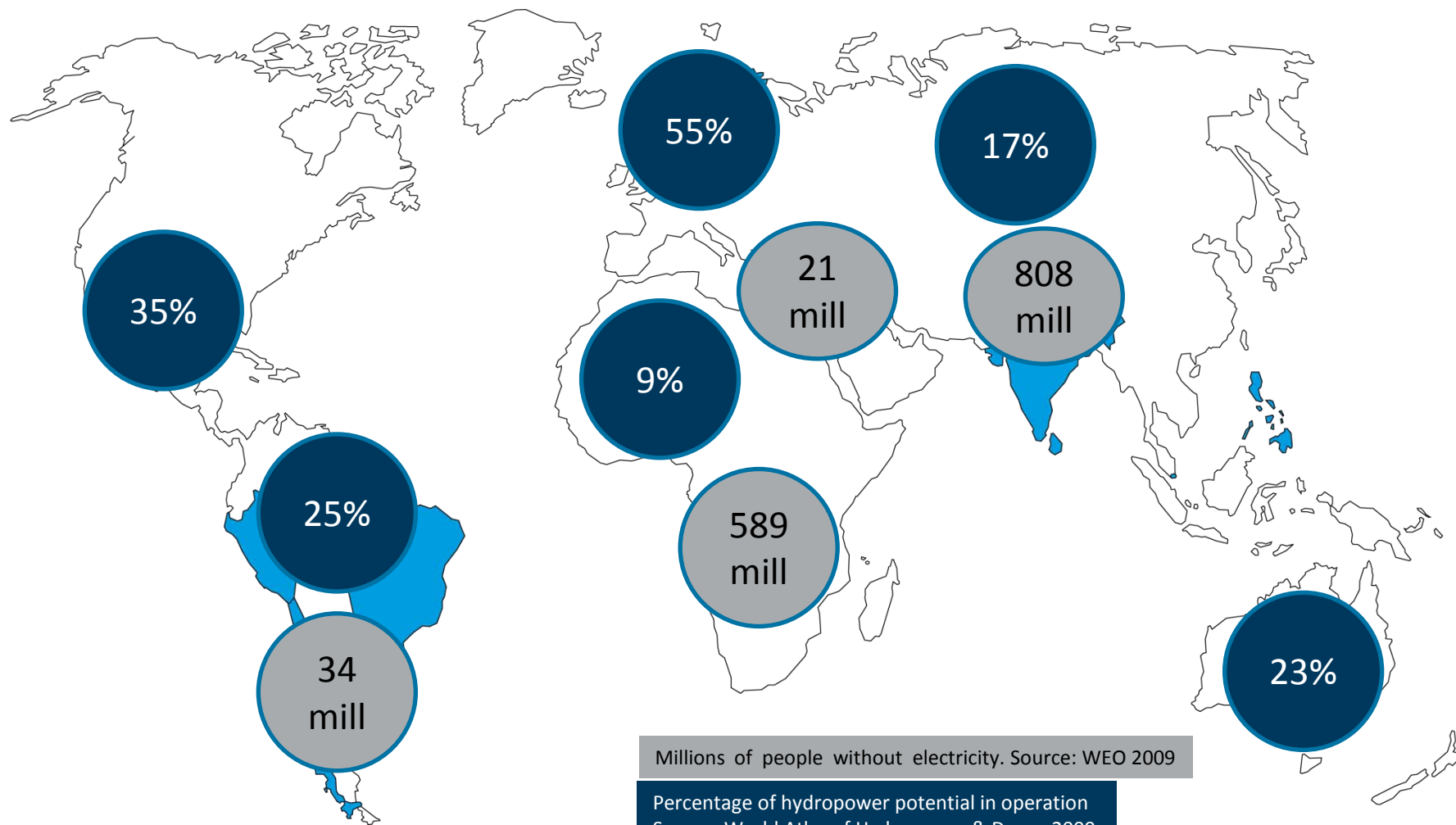
Renewables, nuclear and plants fitted with CCS account for around 60% of electricity generation globally in 2030 in the 450 Scenario, up from less than one-third today



Investment in new hydropower generation in the Reference and 450 Scenarios, 2007 - 2030



Hydropower development and energy poverty



Millions of people without electricity. Source: WEO 2009

Percentage of hydropower potential in operation
Source: World Atlas of Hydropower & Dams, 2009

Major challenges

- Unsatisfactory project execution and contracting resulting in
 - Cost overruns
 - Delays
 - Unsatisfactory H&S performance
- Budgets and risk/contingencies underestimated
- Conservative revenue estimates and positive market development softened impact on return
- M&A performance acceptable

Building in-house capabilities, capacity and governance systems since 2008



Summary

- Vast opportunities in renewable energy in emerging markets
- Norwegian expertise spearheaded by SN Power is well placed to capture these opportunities
 - Strong presence in fast growing markets
 - Quality partners
 - Strong hydro and power market expertise
 - Demonstrated ability to execute projects in difficult markets
- Need for continued innovation and joint efforts within hydro-cluster in Norway



Thank you!

