

First quarter **2016**



Scatec Solar
Improving our future™

About Scatec Solar

Scatec Solar is an integrated independent solar power producer, delivering affordable, rapidly deployable and sustainable source of clean energy worldwide. A long term player, Scatec Solar develops, builds, owns, operates and maintains solar power plants, and already has an installation track record of close to 600 MW.

The company is producing electricity from 383 MW of solar power plants in the Czech Republic, South Africa, Rwanda, Honduras and the United States. Construction of an additional 43 MW solar power plants in Jordan is under way.

With an established global presence, the company is growing strongly with a project backlog and pipeline of close to 1.5 GW under development in the Americas, Africa, Asia and the Middle East. Scatec Solar is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SSO'.

To learn more, visit www.scatecsolar.com

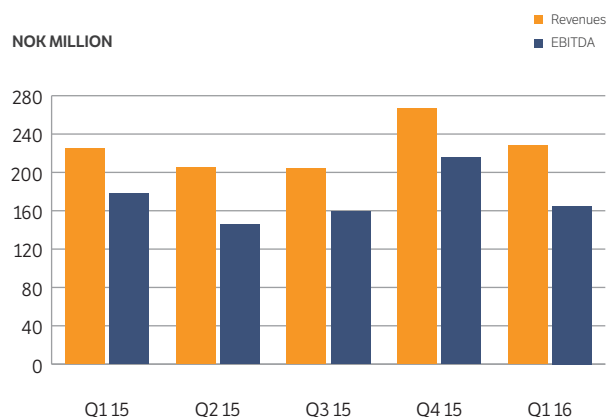
SCATEC SOLAR'S VALUE CHAIN



Q1'16 Highlights

- Power production up 20% quarter on quarter and 55% year on year
- Utah plant in full production, but merchant pricing resulted in a net loss. The higher 20-year PPA price effective from January 2017
- ZAR/NOK depreciation reduced revenues but had limited impact on net profit and cash flow
- The 10 MW Oryx plant in Jordan reached mechanical completion with expected COD in May 2016
- Investments of NOK 422 million in plants under construction and further development of the 422 MW project backlog and the 1 GW project pipeline
- Norwegian Government to buy UN Certified carbon credits from three solar power plants in West Africa

CONSOLIDATED REVENUES AND EBITDA



KEY FIGURES

NOK MILLION	Q1 2016	Q4 2015	Q1 2015	2015
Total revenues and other income	228	267	225	881
EBITDA ¹⁾	165	215	178	698
Operating profit (EBIT)	107	163	139	523
Profit before income tax	-35	91	73	220
Profit/(loss) for the period	-23	59	47	136
Profit/(loss) to Scatec Solar	-46	26	20	68
Profit/(loss) to non-controlling interests	23	33	28	68
Total Assets	7,726	7,984	6,142	7,984
Equity (%) ²⁾	17%	18%	21%	18%
Net interest bearing debt ¹⁾	4,210	3,821	2,725	3,821
SSO proportionate share of cash flow to equity ¹⁾:				
Power Production	26	39	31	131
Operation & Maintenance	4	3	5	24
Development & Construction	7	20	13	76
Corporate	-15	-3	-7	-22
Total	22	58	42	208

Consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Operation & Maintenance and Development & Construction mainly reflect deliveries to other companies controlled by Scatec Solar (with from 39% to 100% ownership), for which revenues and profits are eliminated in the Consolidated Financial Statements.

1) See appendix for definition of this measure.

2) The book value of consolidated assets reflects eliminations of internal margins generated through project development and construction, operation and maintenance, whereas the consolidated debt includes non-recourse debt in project companies at full amount. This reduces the consolidated equity and equity ratio.

Segment overview

Scatec Solar is an integrated independent solar power producer; develops, builds, owns and operates large scale solar power plants.

Scatec Solar reports on three operating business segments; Power Production (PP), Operation & Maintenance (O&M), and Development & Construction (D&C), as well as on Corporate and Eliminations.

Revenues and gross margins related to deliveries of development and construction, and operation and maintenance services to project companies deemed to be controlled by Scatec Solar are eliminated in the Consolidated Group Financial Statements. The underlying value creation in each segment is hence reflected only in the segment reporting.

Power Production (PP)

As per the end of first quarter 2016 the PP segment comprised the 383 MW of solar power plants in operation as specified below. The plants produce electricity for sale under 20-25 year fixed priced power purchase agreements (PPA) or feed-in tariff (FiT) schemes

with the exception of the Red Hills plant which is selling in the merchant power market until the PPA commences January 2017.

Operation & Maintenance (O&M)

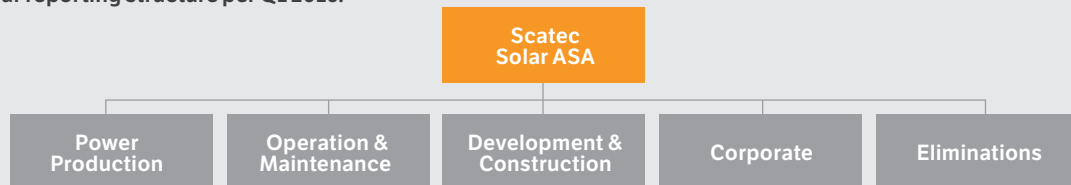
The O&M segment comprises primarily services provided to solar power plants controlled by Scatec Solar. Revenues and profits are typically generated on the basis of fixed service fees with additional profit-sharing arrangements based on plant performance.

Development & Construction (D&C)

The D&C segment comprises development activities in a number of projects globally as well as construction of solar power plants developed by the company. Revenues and profits are recognised based on percentage-of-completion of the construction contracts.

The company continued construction of 43 MW in Jordan during the first quarter. The backlog of projects with secured offtake of future power production is currently at 422 MW, while the project pipeline consists of several projects with a combined capacity of 1,056 MW.

Scatec Solar reporting structure per Q1 2016:



Main activities

- | | | | | |
|--|--|--|---|---|
| <ul style="list-style-type: none"> • Ownership and management of power producing assets | <ul style="list-style-type: none"> • Technical and operational services | <ul style="list-style-type: none"> • Project development • Engineering and Procurement • Construction management • Quality assurance | <ul style="list-style-type: none"> • Corporate services • Management • Group finance | <ul style="list-style-type: none"> • Elimination of revenue and profits from internal transactions |
|--|--|--|---|---|

Assets / projects with revenues recognized

South Africa (39%): <ul style="list-style-type: none"> • Kalkbult, 75 MW • Linde, 40 MW • Dreunberg, 75 MW 	South Africa: <ul style="list-style-type: none"> • Kalkbult, 75 MW • Linde, 40 MW • Dreunberg, 75 MW 	Jordan: <ul style="list-style-type: none"> • Oryx, 10 MW • EJRE / GLAE, 33 MW
Rwanda (43%): <ul style="list-style-type: none"> • ASYV, 9 MW 	Rwanda: <ul style="list-style-type: none"> • ASYV, 9 MW 	Backlog 422 MW
Czech Republic (100%): <ul style="list-style-type: none"> • Portfolio, 20 MW 	Czech Republic: <ul style="list-style-type: none"> • 20 MW 	Pipeline ~ 1,056 MW
Honduras (40%): <ul style="list-style-type: none"> • Agua Fria, 60 MW 	Honduras: <ul style="list-style-type: none"> • Agua Fria, 60 MW 	
USA (100%): <ul style="list-style-type: none"> • Utah Red Hills, 104 MW 	Third-party owned: <ul style="list-style-type: none"> • 17 MW 	

Segment financials

SEGMENT FINANCIALS Q12016

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	227.3	0.9	-	-	-	228.2
Internal revenues	-	12.2	257.8	2.4	-272.3	-
Net gain/(loss) from sale of project assets	-	-	0.2	-	-	0.2
Net income/(loss) from associates	-	-	-0.6	-	-	-0.6
Total revenues and other income	227.3	13.1	257.4	2.4	-272.3	227.9
Cost of sales	-	-	-227.6	-	227.6	-
Gross profit	227.3	13.1	29.8	2.4	-44.7	227.9
Operating expenses	-33.6	-7.3	-22.3	-14.0	14.5	-62.7
EBITDA	193.7	5.7	7.5	-11.6	-30.2	165.2
Depreciation, amortisation and impairment	-71.2	-0.5	-2.4	-0.2	15.7	-58.6
Operating profit (EBIT)	122.6	5.2	5.1	-11.8	-14.5	106.6

SEGMENT FINANCIALS Q12015

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	224.4	0.9	0.1	-	-	225.4
Internal revenues	-	10.1	242.2	1.5	-253.8	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-
Net income/(loss) from associates	-	-	-0.6	-	-	-0.6
Total revenues and other income	224.4	11.0	241.7	1.5	-253.8	224.8
Cost of sales	-	-	-203.6	-	203.6	-
Gross profit	224.4	11.0	38.1	1.5	-50.3	224.8
Operating expenses	-22.5	-5.0	-20.3	-10.9	11.6	-47.0
EBITDA	201.9	6.0	17.8	-9.4	-38.6	177.7
Depreciation, amortisation and impairment	-53.1	-0.4	-1.0	-0.1	15.7	-38.9
Operating profit (EBIT)	148.7	5.6	16.8	-9.5	-22.9	138.8

SEGMENT FINANCIALS FULL YEAR 2015

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	863.0	4.1	0.7	-	-	867.7
Internal revenues	-	51.4	1,146.6	7.5	-1,205.5	-
Net gain/(loss) from sale of project assets	-	-	14.1	-	-	14.1
Net income/(loss) from associates	-	-	-0.9	-	-	-0.9
Total revenues and other income	863.0	55.4	1,160.5	7.5	-1,205.5	881.0
Cost of sales	-	-	-989.7	-	989.7	-
Gross profit	863.0	55.4	170.8	7.5	-215.8	881.0
Operating expenses	-102.9	-24.0	-69.7	-44.8	58.8	-182.6
EBITDA	760.1	31.4	101.2	-37.3	-156.9	698.4
Depreciation, amortisation and impairment	-227.6	-2.6	-6.5	-0.5	61.6	-175.6
Operating profit (EBIT)	532.5	28.8	94.6	-37.8	-95.4	522.8

Financial review

Power Production

Revenues in Power Production reached NOK 227 million (224)³⁾ in the first quarter.

Power production reached 182 GWh, up 20% quarter on quarter and 55% year on year. Production increased compared to the previous quarter after the grid connection of the Utah Red Hills plant, partly offset by lower production normal for the season in South Africa.

Revenues from existing plants were reduced with NOK 35 million (9% depreciation of ZAR and 8% lower production as expected for the season), while the new Utah Red Hills plant generated revenues of NOK 8 million.

The Utah Red Hills plant is selling power into the merchant market in 2016 before entering into the 20-year fixed PPA price from 2017. The average merchant price through the first quarter was 16.4 USD/MWh, while a weighted average of expected production and prices agreed in the PPA for 2017, amounts to 58.5 USD/MWh. The production from the Red Hills plant is also eligible for Renewable Energy Credits (REC's) that can be sold under a separate contract, both based on historical production and on a forward basis.

Year on year revenues broadly unchanged as the increased revenues from the new Agua Fria and Utah plants were offset by reduced revenues from the South African plants after a 17% depreciation of ZAR.

Non-recourse project finance debt is raised in ZAR for the South African portfolio significantly reducing the impact of currency movements on cash flow and net profit. The power tariffs are furthermore fully or partly indexed towards ZAR inflation. This structure reduced the impact of currency movements on net profit to NOK 4 million in the quarter.

The Agua Fria plant is still awaiting final confirmation from the Honduran state owned utility on the eligibility for the additional incentive tariff, and reported revenues on the plant for the first quarter only include the base tariff.

Operating expenses in the segment amounted to NOK 34 million (23) in the first quarter, up from NOK 25 million in the previous quarter, mainly reflecting the start of production at the Utah Red Hills plant.

EBITDA reached NOK 194 million (202) in the first quarter, with an EBITDA margin of 85%.

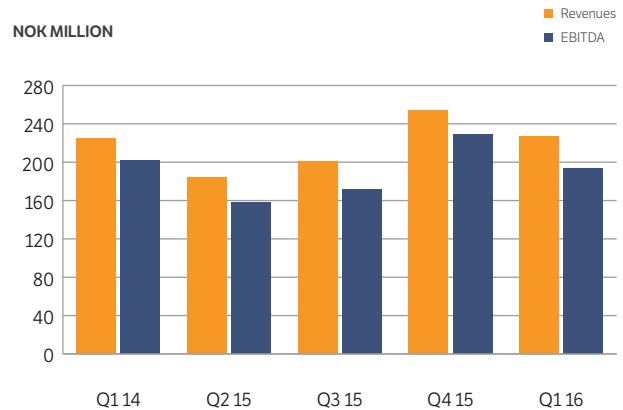
Depreciation and amortisation amounted to NOK 71 million (53), up from NOK 62 million in the previous quarter, reflecting the start of production at the Utah Red Hills plant.

Scatec Solar's proportionate share of cash flow to equity⁴⁾ from Power Production was NOK 26 million (31) in the first quarter.

See separate tables for financials for each individual project company.

POWER PRODUCTION

– REVENUES AND EBITDA BY QUARTER



POWER PRODUCTION – KEY FIGURES

NOK MILLION	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
External revenues	224.4	183.6	201.5	253.6	227.3
Internal revenues	-	0.7	-0.7	-	-
Total revenues and other income	224.4	184.3	200.7	253.6	227.3
Operating expenses	-22.5	-26.2	-29.5	-24.7	-33.6
EBITDA	201.9	158.1	171.2	228.9	193.7
D&A and impairment	-53.1	-52.2	-59.8	-62.4	-71.2
EBIT	148.7	105.9	111.4	166.5	122.6

POWER PRODUCTION – KEY RATIOS (%)

	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
EBITDA margin	90%	86%	85%	90%	85%
EBIT margin	66%	57%	56%	66%	54%

PRODUCTION (MWH)

	MW	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Czech portfolio	20	3,628	8,257	7,962	2,517	3,077
Kalkbult	75	38,708	33,172	32,436	39,472	37,143
Dreunberg	75	46,052	28,719	31,028	51,909	44,209
Linde	40	25,943	16,341	16,424	28,846	25,327
ASYV	8.5	3,534	3,197	3,878	3,208	3,338
Agua Fria	60	-	-	15,424	25,623	26,438
Utah Red Hills	104	-	-	-	-	42,668
MWh produced	383	117,865	89,686	107,152	151,575	182,200
- net to SSO		48,322	40,110	46,954	61,034	99,360

Scatec Solar directly and/or indirectly owns 100% of the Czech portfolio of solar power plants, 43% of ASYV in Rwanda, 39% of Kalkbult, Linde and Dreunberg in South Africa, 40% of Agua Fria in Honduras and 100% of Utah Red Hills in the US.

3) Numbers in brackets refer to comparable information for the corresponding period last year.

4) Refer to appendix for definition of project milestones.

PROJECT COMPANIES - KEY FINANCIALS Q1 2016

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	UTAH RED HILLS	SEGMENT OVERHEAD	TOTAL SEGMENT	SSO PROP. SHARE ⁹⁾
Revenues	13.5	64.1	36.5	65.4	7.6	32.1	8.0	0.1	227.3	102.5
OPEX	-1.8	-7.4	-3.2	-4.9	-1.1	-4.3	-7.2	-3.8	-33.6	-21.0
EBITDA	11.7	56.7	33.3	60.5	6.5	27.8	0.9	-3.7	193.7	81.5
EBITDA margin	87%	88%	91%	93%	85%	87%	11%	-	85%	80%
Net Interest expenses ⁵⁾	-5.4	-24.8	-11.8	-24.1	-3.5	-10.6	-10.5	0.7	-90.0	-44.7
Normalised loan repayments ⁵⁾	-5.3	-4.6	-6.4	-8.8	-3.0	-3.6	-	-	-31.7	-15.6
Cash flow to equity ⁵⁾	1.6	22.4	11.2	21.4	-0.2	13.7	-	-2.0	68.1	26.4
SSO shareholding	100%	39%	39%	39%	43%	40%	100%	-	-	-

PROJECT COMPANIES – FINANCIAL POSITION AND WORKING CAPITAL BREAK-DOWN

AS OF 31 MARCH 2016

NOK MILLION	IN OPERATION							UNDER CONSTRUCTION		D&C, O&M, CORPORATE & ELIMINATIONS ⁹⁾	CONSOLI- DATED
	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	UTAH RED HILLS	ORYX	EJRE/ GLAE		
Project equity ⁵⁾	169.4	292.7	161.0	382.4	27.6	328.8	484.1	57.9	160.2	-776.9	1,287.3
Total assets	622.5	1,300.7	725.3	1,480.9	202.1	1,023.4	1,176.8	305.2	813.8	74.9	7,725.6
PP&E ⁶⁾	525.8	1,040.2	568.4	1,125.7	166.2	904.2	1,137.8	228.9	498.8	-727.9	5,468.2
Cash ⁷⁾	35.3	201.6	91.4	202.1	32.0	49.8	35.5	64.1	52.2	453.1	1,217.2
Gross debt ⁹⁾	407.6	933.4	521.6	1,040.6	166.1	621.7	564.9	187.8	489.6	493.9	5,427.1
Net interest bearing debt ⁵⁾	359.9	682.1	402.3	783.3	119.7	518.0	529.4	120.6	427.4	267.3	4,209.9
Net working capital ⁸⁾	-19.5	-30.2	-24.7	-62.9	-21.0	27.8	-7.0	-5.4	-50.7	255.7	62.1

5) Refer to appendix for definition of this measure.

6) The amount of NOK 727.9 million includes capitalised development spending on projects that have not yet reached construction phase of NOK 388 million.

7) Cash in project companies includes cash in proceeds accounts, debt service reserve accounts and cash available for redistribution to project company shareholders. Cash in D&C, O&M and Corporate include NOK 162 million of restricted cash related to deposits for withholding tax, guarantees, VAT and rent as well as collateralised shareholders financing.

8) Net working capital includes trade and other receivables, other current assets, trade and other payables, income tax payable, other current liabilities and intercompany receivables and payables.

9) Gross debt consist of non-current and current external non-recourse financing and external corporate financing.

Operation & Maintenance

Revenues in the Operation & Maintenance segment reached NOK 13 million (11) in the first quarter.

The first quarter revenues were recognised based on O&M contracts totalling 296 MW. The O&M agreement on the 60 MW Agua Fria plant in Honduras commenced 1 January 2016.

Operating expenses reached NOK 7 million (5), broadly in line with the previous quarter.

The EBITDA amounted to NOK 6 million (6) in the first quarter, corresponding to an EBITDA-margin of 44% (55%).

The increase in revenues and EBITDA from the previous quarter is mainly due to the commencement of the O&M agreement of the Agua Fria.

The reduced EBITDA margin year on year reflects lower over performance bonus accrual for the South African plants and a lower EBITDA margin on O&M services delivered to the Agua Fria plant.

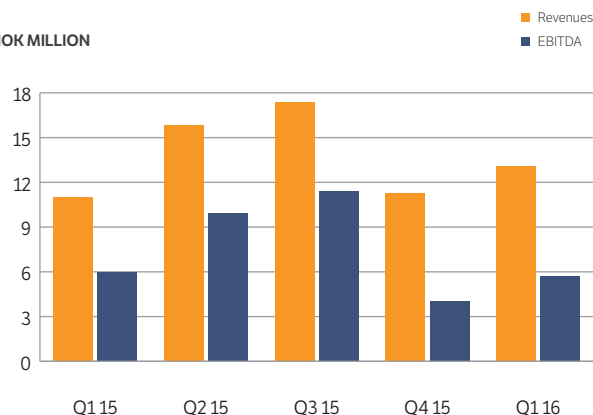
As in the previous quarter, lower performance bonus reflecting seasonally lower performance ratio affected the revenues and EBITDA. The majority of the O&M contracts include performance bonus provisions, securing the company up to 50% of revenues generated above pre-defined performance levels (irrespective of irradiation levels).

Depreciation and amortisation in the quarter amounted to NOK 0.5 million (0.4), and EBIT was NOK 5 million (6).

Scatec Solar's proportionate share of cash flow to equity from Operation & Maintenance was NOK 4 million (5).

OPERATION & MAINTENANCE – REVENUES AND EBITDA BY QUARTER

NOK MILLION



OPERATION & MAINTENANCE – KEY FIGURES

NOK MILLION	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
External revenues	0.9	0.9	0.8	1.5	0.9
Internal revenues	10.1	14.9	16.6	9.7	12.2
Total revenues and other income	11.0	15.8	17.4	11.3	13.1
Operating expenses	-5.0	-5.8	-6.0	-7.2	-7.3
EBITDA	6.0	9.9	11.4	4.0	5.7
D&A and impairment	-0.4	-0.5	-0.7	-0.9	-0.5
EBIT	5.6	9.4	10.6	3.2	5.2

OPERATION & MAINTENANCE – KEY RATIOS (%)

	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
EBITDA margin	55%	63%	65%	36%	44%
EBIT margin	51%	60%	61%	28%	40%

PORTFOLIO OVERVIEW – MW AT END OF PERIOD

MW	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Portfolio (MW)	236	236	236	236	296
Of which third-party	17	17	17	17	17

O&M-contracts are included at Taking Over Date (TOD).
Refer to appendix for definition of project milestones.

Development & Construction

Revenues in the Development & Construction (D&C) segment amounted to NOK 258 million (242) in the first quarter.

The Oryx, EJRE and GLAE projects generated revenues of NOK 254 million in the quarter. Construction revenues are recognised on a percentage-of-completion (PoC) basis, and defined as cost incurred over total expected cost. At the end of the first quarter PoC was 96% for Oryx, 47% for EJRE and 63% for GLAE.

The Oryx plant is now mechanically complete and COD is expected in May.

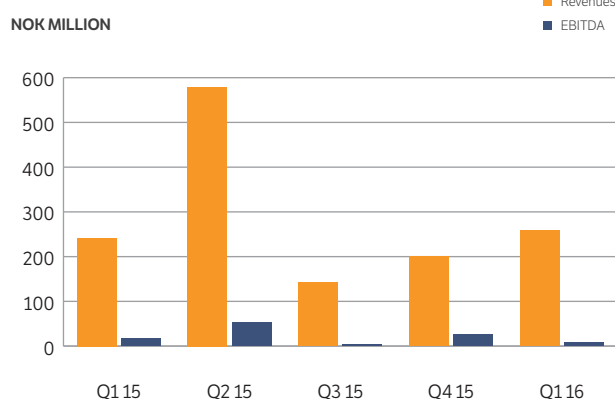
Cost of sales related to Development and Construction amounted to NOK 228 million (204) in the first quarter, generating a gross margin of 12% (16%). The underlying gross margin is in line with earlier guidance but will normally vary somewhat from quarter to quarter.

Operating expenses were NOK 22 million (20) in the first quarter. This comprised of approximately NOK 12 million for early stage development of new projects and NOK 6 million related to construction projects. Approximately NOK 4 million relates to non-recurring cost of discontinuing project development activities in the US.

EBITDA was NOK 8 million (18) in the first quarter. Depreciation, amortisation and impairment amounted to NOK 2 million (1), including impairment of two projects in West Africa which are no longer part of the project pipeline. EBIT was thus NOK 10 million (17).

Scatec Solar's proportionate share of cash flow to equity from Development & Construction was NOK 7 million (13) in the first quarter.

DEVELOPMENT & CONSTRUCTION – REVENUES AND EBITDA BY QUARTER



DEVELOPMENT & CONSTRUCTION – KEY FIGURES

NOK MILLION	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
External revenues	0.1	0.6	0.1	-	-
Internal revenues	242.2	576.0	139.8	188.6	257.8
Net gain project sale	-	2.6	-	11.5	0.2
Net income associated	-0.6	-0.2	-0.1	-	-0.6
Total revenue and other income	241.7	579.0	139.8	200.1	257.4
Cost of sales	-203.6	-508.1	-122.0	-156.1	-227.6
Gross profit	38.1	70.9	17.8	44.0	29.8
Operating expenses	-20.3	-17.5	-13.6	-18.3	-22.3
EBITDA	17.8	53.4	4.2	25.7	7.5
D&A and impairment	-1.0	-0.9	-1.7	-3.0	-2.4
EBIT	16.8	52.5	2.5	22.8	5.1

KEY RATIOS (%)

	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Gross margin	16%	12%	13%	22%	12%
EBITDA margin	7%	9%	3%	13%	3%
EBIT margin	7%	9%	2%	11%	2%

Refer to appendix for definition of project milestone.

Corporate & Eliminations

Corporate activities include corporate services, management and group finance. The net operating cost at corporate level amounted to NOK 12 million (10) in the first quarter 2016.

CORPORATE – KEY FIGURES

NOK MILLION	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Total revenues	1.5	1.5	1.7	2.7	2.4
Operating expenses	-10.9	-8.6	-11.6	-13.7	-14.0
D&A and impairment	-0.1	-0.1	-0.1	-0.2	-0.2
EBIT	-9.5	-7.2	-10.0	-11.1	-11.8
Net interest expenses	0.5	2.9	4.0	-0.5	-9.3

In the first quarter the corporate segment was charged NOK 2 million relating to management's share incentive plan, which was introduced in the third quarter 2014. In addition another NOK 2 million of the share incentive plan was charged to the Power Production and Development & Construction segments. Net interest expenses of NOK -9.3 million (+0.5) is primarily influenced by corporate funding and the NOK 500 million senior unsecured green bond in particular. See note 6 for further information.

ELIMINATIONS – KEY FIGURES

NOK MILLION	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Revenues	-253.8	-593.1	-157.4	-201.1	-272.3
Cost of sales	203.6	508.0	122.0	156.1	227.6
Operating expenses	11.6	17.1	17.6	12.5	14.5
EBITDA	-38.6	-68.0	-17.8	-32.5	-30.2
D&A	15.7	15.6	16.3	13.9	15.7
EBIT	-22.9	-52.4	-1.5	-18.5	-14.5

Gross profits (i.e. revenues and expenses) generated in the D&C segment are eliminated in the consolidated income statement and reduces the consolidated book value of the solar power plants. The profits generated through project development and plant construction is hence improving the consolidated operating profit through lower depreciation charges over the economic life of the solar power plants. In the first quarter this effect amounted to NOK 16 million (16).

The internal revenues generated in the Corporate and O&M segments are eliminated in the consolidated income statement with corresponding elimination of operating expenses, amounting to NOK 15 million (12) in the first quarter.

CONSOLIDATED INCOME STATEMENT

Revenues

Scatec Solar reported consolidated revenues of NOK 228 million in the first quarter 2016, up from NOK 225 million in the same period last year, with the growth reflecting sales of electricity from the solar power plants Agua Fria (start of production end of July 2015) and Red Hills (start of production January 2016) of NOK 40 million, partly offset by translation effects as the ZAR has weakened by 17% compared to first quarter 2015.

Net revenues included NOK 0.2 million (0) of gain from sales of project assets as well as NOK -0.6 million (-0.6) of loss from associated companies.

Operating expenses

Consolidated operating expenses amounted to NOK 63 million (47) in the first quarter. This comprised of approximately NOK 29 million for operation of existing power plants, NOK 16 million for early stage development of new projects, NOK 6 million related to construction of power plants and NOK 12 million of corporate expenses (excluding eliminated intersegment charges).

Included in operating expenses is NOK 4 million related to share-based payment. See note 26 in the annual report for information on the plans.

Personnel expenses amounted to NOK 23 million (18) and other operating expenses to NOK 39 million (29).

The increase in operating expenses is primarily reflecting commencement of operations of new solar power plants in the US and Honduras.

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 165 million (178) in the first quarter. The decreased profitability primarily reflects the weakening of the ZAR but is also influenced by the Red Hills plant operating in the merchant market.

Depreciation, amortisation and impairment amounted to NOK 59 million (39) in the first quarter. The increase is mainly explained by commencement of asset depreciation of new solar power plants.

Thus, operating profit (EBIT) was NOK 107 million (139) in the first quarter.

Net financial items

NET FINANCIAL ITEMS – KEY FIGURES

NOK MILLION	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16
Interest income	12.7	15.8	18.2	17.2	12.1
Other financial income	0.2	-	0.3	-	-
Financial income	13.0	15.8	18.5	17.2	12.1
Interest expenses	-95.8	-94.3	-98.4	-107.0	-116.2
Forward exchange contracts	-3.0	-	-	-	-
Other financial expenses	-2.4	-1.0	-2.1	-4.1	-2.5
Financial expenses	-101.1	-95.3	100.5	-111.1	-118.7
Foreign exchange gains/(losses)	22.2	1.0	-4.9	22.2	-34.5
Net financial expenses	-66.0	-78.5	-86.9	-71.7	-141.1

Net financial items amounted to NOK -141 million (-66) in the first quarter.

Financial income amounted to NOK 12 million (13) in the first quarter.

Financial expenses amounted to NOK 119 million (101) in the first quarter. The increase in interest expenses reflect increased debt financing of the growing asset base and the new NOK 500 million corporate bond. Interest expenses on the operating solar power plants amounted to NOK 106 million (96) whereas interest expenses on corporate funding amounted to NOK 10 Million (0) in the first quarter.

Foreign exchange losses amounted to NOK -34 million (+22) in the first quarter, largely reflecting the weakening of the USD. These are mainly non-cash and related to intercompany balances.

Profit before tax and net profit

Loss before income tax was NOK -35 million (73) in the first quarter.

Income tax expense was NOK -12 million (26) in the first quarter, corresponding to an effective tax rate of 33.6% (35.4%). The underlying tax rates in the companies in operation are in the range of 0%-35%. In some markets Scatec Solar receives special tax incentives intended to promote investments in renewable energy. In addition to the relative weighting of the underlying tax rates, the consolidated effective tax rate is primarily influenced by eliminated intercompany transactions subject to different statutory tax rates as well as valuation allowance related to tax losses carried forward. Net profit was NOK -23 million (47) in the first quarter.

A loss of NOK -46 million (19) was attributable to the equity holders of Scatec Solar and a profit of NOK 23 million (28) was attributable to non-controlling interests in the first quarter.

Non-controlling interests (NCI) represent financial investors in the individual solar power plants, and partners in some development projects. The allocation of profits between NCI and Scatec Solar is generally affected by the fact that NCI only have shareholdings in solar power plants, while Scatec Solar also carries the cost of project development and corporate functions.

Impact of foreign currency changes in the quarter

During first quarter 2016 the NOK appreciated against the Group's main currencies (USD, ZAR and CZK). This negatively affected consolidated revenues by approximately NOK 16 million quarter on quarter. At the same time the currency movements decreased operating expenses, depreciations, interest expense and tax, reducing the net impact of the currency movements on net profit in the quarter to approximately NOK 4 million.

The quarter-on-quarter net foreign currency gains/losses was down NOK 57 million, from a gain of NOK 22 million in the fourth quarter 2015 compared to a loss of NOK 34 million in the first quarter 2016. These currency effects are to a large extent related to non-cash gains/losses on intercompany balances.

Following the appreciation of the NOK in the first quarter, the Group has recognised a foreign currency translation loss of NOK 36 million in other comprehensive income related to the

conversion of the subsidiaries' statements of financial position from the respective functional currencies to the Group's reporting currency.

Scatec Solar has not hedged the currency exposure on the expected cash distributions from the project companies.

CONSOLIDATED CASH FLOW

Net cash flow from consolidated operating activities amounted to NOK 9 million in the first quarter 2016 (457). Compared to the EBITDA of NOK 165 million, the cash flow is primarily affected by payment of trade payables related to construction projects.

Net cash flow from consolidated investing activities was NOK -409 million (-685), mainly driven by progress on construction projects in Jordan, EPC preparations on Los Prados, Honduras, shared infrastructure in Egypt as well on maturing the project backlog and pipeline.

Net cash flow from financing activities was NOK 27 million (453), including net proceeds of NOK 64 million (363) from non-recourse financing. During first quarter distributions of NOK 17 million were made to non-controlling interests in relation to project divestment in the US.

Refer to note 6 for a detailed cash overview.

SCATEC SOLAR PROPORTIONATE SHARE OF CASH FLOW TO EQUITY

"Scatec Solar proportionate share of cash flow to equity", defined as EBITDA minus interest expenses, normalised debt instalments and tax (i.e. before changes in Net Working Capital), is a non-GAAP measure that seeks to estimate the company's ability to generate funds for equity investments in new solar power plant projects and/or for shareholder dividends over time.

NOK MILLION	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Power Production	30.8	29.2	31.7	38.6	26.4
Operation & Maintenance	4.5	7.4	8.5	3.2	4.4
Development & Construction	13.3	39.2	3.6	19.6	6.5
Corporate	-6.9	-5.1	-7.2	-2.9	-15.5
Total	41.7	70.6	36.6	58.4	21.9
SSO project equity investments	-262.0	-202.8	-13.5	-102.1	-28.0
Distributions to SSO from project companies	8.7	48.9	34.2	32.0	3.0
Dividends to corporate shareholders	-	-25.3	-	-	-

"Scatec Solar proportionate share of cash flow to equity" was NOK 22 million (42) in the first quarter. The decrease compared to the fourth quarter is explained by seasonality in production, increased loan repayments and currency translation effects in Power Production. Corporate is impacted by increased net interest expenses from the NOK 500 million senior bond while variation in construction progress impacts cash flow in the Development & Construction segment.

Scatec Solar invested NOK 28 million of equity in Jordan and Egypt in the first quarter. During the quarter contributions of NOK 3 million was paid from the project entities in the Czech Republic.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In the consolidated statement of financial position, the solar power plant assets are valued at the Group's cost, reflecting elimination of gross margins generated through the project development and construction phase. At the same time, the ring-fenced non-recourse debt held in the entities owning the power producing assets is consolidated at full value. These accounting principles reduce the consolidated equity ratio.

Total equity was NOK 1,287 million (1,425) as of 31 March 2016, representing a decrease of NOK 138 million during first quarter. The decrease year to date is mainly due to mark-to-market revaluation of interest rate swaps recognised in other comprehensive income, foreign currency translation differences and loss for the period.

As a result of the above the book equity ratio decreased to 16.7% from 17.9% at the end of the first quarter.

Total assets amounted to NOK 7,726 million (7,984) as of 31 March 2016, a decrease of NOK 258 million during the first quarter.

Non-current assets amounted to NOK 6,043 million (5,844) as of 31 March 2016, an increase of NOK 199 million during first quarter. The continued construction of the three solar power plants in Jordan is the main reason for the quarter on quarter net increase.

Current assets amounted to NOK 1,682 million (2,140), which was a decrease of NOK 457 million during first quarter – mainly explained by reduced cash balance.

Of the total cash and cash equivalents of NOK 1,217 million, NOK 662 million was cash in project companies in operation, and NOK 116 million was cash in project companies under construction. Other restricted cash amounted to NOK 162 million and NOK 277 million was free cash at the group level. The reduced free cash position mainly reflects net working capital movements related to projects under construction, EPC preparations on Los Prados, Honduras, shared infrastructure investments in Egypt as well as on maturing the project backlog and pipeline.

Per 31 March 2016, the Group had not drawn on the corporate overdraft facility. Refer to Note 6 for definition of cash terms and more information on the overdraft facility.

Financial assets in the balance sheet primarily comprise interest rate derivatives in the South African project companies.

Total liabilities decreased to NOK 6,438 million from NOK 6,558 million at the end of the fourth quarter.

Total non-current liabilities amounted to NOK 5,772 million at the end of first quarter 2016, compared to NOK 5,843 million at the end of fourth quarter. NOK 4,677 million of this was non-recourse project financing pledged only to the assets and performance of

each individual project, compared to NOK 4,800 million at the end of fourth quarter.

Total current liabilities decreased to NOK 666 million, from NOK 715 million at the end of the fourth quarter. The decrease mainly reflects reduced trade payables related to construction projects, partly offset by increased non-recourse debt due to upcoming repayments.

PROJECT BACKLOG, PIPELINE AND OPPORTUNITIES

PROJECT STAGE (IN MW)	Q4 2015 ¹⁰⁾	Q1 2016 ¹⁰⁾
In operation	383	383
Under construction	43	43
Project backlog	344	422
Project pipeline	1,174	1,056
Project opportunities	2,500	2,426

10) Status per reporting date.

Since Q4 2015 reporting the project backlog has increased to 422 MW through securing two projects totalling 78 MW in Brazil. The project pipeline is reduced to 1,056 MW with the projects in Brazil moved to backlog and two projects in West Africa taken out of the project pipeline.

Project backlog

Project backlog is defined as projects with a secure off-take agreement assessed to have more than 90% likelihood of reaching financial close and subsequent realisation.

Los Prados, Honduras, 53 MW

In October 2015, Scatec Solar and Norfund signed a share purchase agreement to acquire the 53 MW Los Prados solar project in Honduras. The project have secured 20-year Power Purchase Agreement (PPA) with Empresa nacional de Energía Eléctrica (ENEE), the government-owned utility. Refer to previous quarterly reports for further project details.

Scatec Solar will build, own and operate the solar power plants with a 70% percent shareholding. Norfund will hold the remaining 30% of the equity.

Project financing will be provided by the Central American Bank of Economic Integration (CABEI) and Export Credit Norway with guarantee from the Norwegian Export Credit Guarantee Institute (GIEK). Financial close and construction start is somewhat delayed while awaiting final grid permit. Construction start is expected later in 2016.

Segou, Mali, 33 MW

In July 2015, Scatec Solar ASA together with its partners International Finance Corporation (IFC) and Power Africa 1, signed a Power Purchase Agreement (PPA) with Electricité du Mali (EDM), the utility of Mali for delivery of solar power over the next 25 years from a 33 MW solar power plant. Refer to previous quarterly reports for further project details.

The project finance process with IFC and preparations for construction are well under way and financial close and construction start is expected around mid-2016.

Piaui, Brazil, 78 MW

In January 2016, Scatec Solar signed an agreement with the Spanish Company, Grupo Gran Solar S.L.C., to acquire a majority stake in two solar projects totalling 78 MW (DC) in the state of Piaui in Brazil. The projects were bid and won by Gran Solar in the auction process held by the ANEEL, the Brazilian Electricity Regulatory Agency, in August 2015.

The projects are expected to sign the 20-year Power Purchase Agreements (PPAs) with ANEEL in second quarter 2016 and the target is to secure financing and start construction around year-end 2016.

Upington, South Africa, 258 MW

In April 2015, Scatec Solar was awarded preferred bidder status for three projects with a combined capacity of 258 MW in the fourth bidding round under the REIPPP programme (Renewable Independent Power Producer Programme) in South Africa. Please refer to previous quarterly reports for further project details.

Scatec Solar is awaiting further information from the government on the timing for financial close, but it is expected to occur later in 2016. Construction start of the Upington projects is expected in 2017, in line with original plan, to align with the timeline of required grid construction activities in the area.

Pipeline

Project pipeline is defined as projects assessed to have more than 50% likelihood of reaching financial close and subsequent realisation.

Scatec Solar currently has a project pipeline of a number of projects with a gross capacity of 1,056 MW.

PIPELINE – TARGETED START OF CONSTRUCTION

	CAPACITY (MW)	2016	2017	2018
South Africa	430			430
East Africa	88	40	48	
West Africa	17		17	
Egypt	341	341		
Pakistan	150		150	
Americas	30		30	
Total pipeline	1,056	381	245	430

In South Africa, Scatec Solar bid the projects in the pipeline in the expedited bidding round under the REIPPP programme on November 11, 2015. Award of preferred bidder status for this tender round is delayed and expected to come after financial close of Round 4 projects.

In East and West Africa the pipeline consists of projects across Burkina Faso, Kenya and Mozambique. Development is progressing well, especially for the 48 MW project in Kenya and the 40 MW project in Mozambique. In Mozambique, the negotiation of the power purchase agreement with the utility is nearing completion and the financing process is on track with IFC as mandated lead bank. Two projects in West Africa have been removed from the pipeline due to regulatory changes in the market.

Scatec Solar has secured participation in five projects in Egypt, each 50 MW (AC) in the FiT program that are all included in the pipeline. Based on current planning, these projects would be built out with a total installed capacity of 341 MW (DC). One project has been secured with Scatec Solar as lead developer, while Scatec Solar has secured agreements with other developers to participate as equity investor, EPC and O&M contractor and asset manager in the four other projects. Three of the projects are located in the Ben Ban area, while the two other projects are located in the Zafarana area.

Agreements have been signed and down payments made by the involved developers for the establishment of shared grid connection and other infrastructure both for the Ben Ban and Zafarana area. The construction of the shared infrastructure is well under way.

The Egyptian government and the project finance lenders are also in final discussions on the terms of the common Power Purchase Agreement for the whole PV programme.

Scatec Solar is advanced discussions and in due diligence to secure debt and equity financing for the USD 650 million investment. EPC preparations continues with technical evaluations, sourcing of components and installation services. Scatec Solar is also taking the lead on certain coordination activities across the sites under the PV programme.

In Pakistan, Scatec Solar has signed a joint development agreement with Nizam Energy for the development of 300 MW solar power plants. The first 150 MW under this agreement is in the state of Sindh and is included in pipeline. A new feed-in tariff has been announced for 2016 and the project is well positioned to secure this new tariff in the first half of 2016.

In Mexico (Americas), Scatec Solar has a development agreement with a local project developer. This development agreement includes a 30 MW project in Baja California which is included in the project pipeline. The project is waiting for clarification of local grid capacity from the national grid authority.

Project opportunities

Project opportunities are defined as projects where a feasibility study and a business case evaluation have been made.

Scatec Solar currently holds project opportunities with a combined capacity of 2,426 MW across Americas, Africa and MENA.

OUTLOOK

The following targets have been set for Scatec Solar:

- By year end 2016: 750 – 900 MW in operation and under construction, of which 550-600 MW in operation
- By year end 2018: 1,400 - 1,600 MW in operation and under construction
- Investments in new solar power plants are expected to yield average equity IRR of 15% nominal after tax. 10% is set as a minimum threshold for new investments.
- Project development & construction (D&C) gross margins of about 15%.
- 2016 cash flow to Scatec Solar equity is expected to reach NOK 180-200 million from Power Production and Operation & Maintenance based on currency exchange rates as of mid-April 2016.

2016 AND Q2 2016 GUIDANCE

Power Production (PP)

Q2 2016 power production is expected to reach 185,000 MWh, broadly in line with Q1 2016.

Production at the 104 MW Utah Red Hills plant in the US is expected to increase significantly quarter on quarter while production in the South African portfolio will decline entering the winter months in the Southern hemisphere.

Power from the Utah Red Hills plant will be sold into the merchant market throughout 2016 yielding substantially lower revenues than in the PPA period. The plant is not expected to generate a positive cash flow in 2016. The higher PPA tariff will be effective from January 1, 2017.

Operation and Maintenance (O&M)

O&M revenues are expected to increase from 2015 to 2016 as O&M contracts for new power plants comes into effect.

O&M revenues in 2016 are estimated to NOK 60-65 million with an EBITDA margin of 40-50%.

Development & Construction (D&C)

D&C revenues and margins are dependent on timing of commencement and pace of execution of the company's project backlog and pipeline.

D&C revenues are expected to increase from 2015 to 2016 as construction of new power plants commences.

Total remaining contract value for the projects currently under construction in Jordan is approximately USD 40 million.

Corporate & Eliminations

Corporate costs are expected to increase from 2015 to 2016 as corporate functions are strengthened to support the company's growth plans.

Interest expenses related to the NOK 500 million bond will continue to affect the Corporate segment.

Elimination will continue to reflect D&C and O&M revenues and costs related to internal deliveries to project companies managed and consolidated by Scatec Solar.

DIVIDEND POLICY

The Company's objective is to pay shareholders consistent and growing cash dividends. Scatec Solar's dividend policy is to pay its shareholders dividends representing 50% of free cash distributed from the power producing project companies. The Board of Directors has proposed a dividend for 2015 of NOK 62 million, amounting to NOK 0.66 per share.

RISK

Scatec Solar has entered into long-term fixed price contracts for the sale of electricity from all its current solar power plants and the entry into such contracts is a prerequisite for financing and construction of the projects in the backlog and pipeline. All existing electricity sales contracts are entered into with state-owned utilities typically under regulation of various state programs to promote renewable energy. As a consequence, Scatec Solar is to a certain degree subject to political risk in the countries it operates.

The main economic risk going forward relate to operational performance of existing power plants, timely completion of solar plants under construction and progress in the transitioning of projects in backlog through financial close and into construction.

Scatec Solar has established a solid project pipeline, but further growth of the company will depend on a number of factors such as project availability, access to financing, component availability and pricing, price development for alternative sources of energy and the regulatory framework in the relevant markets.

In terms of specific financial risks, Scatec Solar is mainly exposed to currency risk, credit risk, liquidity risk and to some extent interest rate risk. Financial risks management in Scatec Solar is based on the objective of reducing cash flow effects and to a less extent accounting effects of these risks.

For further information refer to the 2015 Annual Report.

RELATED PARTIES

Note 27 in the annual report for 2015 provides details of transactions with related parties and the nature of these transactions. For details on first quarter related party transactions see note 9 of this interim report.

FORWARD LOOKING STATEMENTS

This condensed interim report contains forward-looking statements based upon various assumptions. These forward-looking statements reflect current views about future events and are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although Scatec Solar believes that these assumptions were reasonable when made, the Company cannot assure that the future results, level of activity or performances will meet these expectations.

Condensed interim financial information

Interim consolidated statement of profit or loss

NOK THOUSAND	NOTES	Q1 2016	Q1 2015	FULL YEAR 2015
Revenues	2	228,238	225,358	867,714
Net gain/(loss) from sale of project assets	2,3	207	-	14,112
Net income/(loss) from associated companies	2	-584	-587	-865
Total revenues and other income		227,861	224,771	880,961
Personnel expenses	2	-23,296	-18,457	-70,543
Other operating expenses	2	-39,383	-28,583	-112,027
Depreciation, amortisation and impairment	2,3	-58,611	-38,946	-175,609
Operating profit		106,571	138,785	522,782
Interest and other financial income	4,5	12,070	12,921	64,402
Interest and other financial expenses	4,5	-118,734	-101,108	-408,054
Net foreign exchange gain/(losses)	4,5	-34,480	22,171	40,514
Net financial expenses		-141,144	-66,016	-303,138
Profit/(loss) before income tax		-34,573	72,769	219,644
Income tax (expense)/benefit	7	11,623	-25,751	-83,970
Profit/(loss) for the period		-22,950	47,018	135,674
Profit/(loss) attributable to:				
Equity holders of the parent		-46,155	19,496	67,651
Non-controlling interests		23,205	27,522	68,023
Basic and diluted earnings per share (NOK)		-0.49	0.21	0.72
Weighted average no of shares (in thousand)		93,816	93,816	93,816

The interim financial information has not been subject to audit.

Interim consolidated statement of comprehensive income

NOK THOUSAND	Q1 2016	Q1 2015	FULL YEAR 2015
Profit/(loss) for the period	-22,950	47,018	135,674
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss			
Net movement of cash flow hedges	-92,315	-28,751	142,713
Income tax effect	25,848	8,053	-39,959
Foreign currency translation differences	-36,250	7,009	44,576
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-102,717	-13,689	147,330
Total comprehensive income for the period net of tax	-125,667	33,329	283,004
Attributable to:			
Equity holders of the parent	-94,882	-1,085	188,941
Non-controlling interests	-30,785	34,414	94,063

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 31 DECEMBER 2015	AS OF 31 DECEMBER 2014
ASSETS			
Non-current assets			
Deferred tax assets	7	348,752	340,670
Property, plant and equipment – in solar projects	3	5,468,194	5,196,298
Property, plant and equipment – other	3	19,085	19,891
Goodwill		23,094	23,595
Financial assets	4,5	44,529	126,810
Other non-current assets	9	139,558	136,543
Total non-current assets		6,043,212	5,843,807
Current assets			
Trade and other receivables		191,690	221,382
Other current assets	9	273,064	251,892
Financial assets	4,5	472	1,086
Cash and cash equivalents	6	1,217,151	1,639,029
Non-current assets held for sale	3	-	26,427
Total current assets		1,682,377	2,139,816
TOTAL ASSETS		7,725,589	7,983,623

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 31 MARCH 2016	AS OF 31 DECEMBER 2015
EQUITY AND LIABILITIES			
Equity			
Share capital		2,345	2,345
Share premium		811,338	807,903
Total paid in capital		813,683	810,248
Retained earnings		-211,175	-164,909
Other reserves		113,188	161,803
Total other equity		-97,987	-3,106
Non-controlling interests		571,573	618,255
Total equity	8	1,287,269	1,425,397
Non-current liabilities			
Deferred tax liabilities	7	170,651	203,436
Non-recourse project financing	4	4,677,331	4,799,828
Bonds	6	493,542	492,917
Financial liabilities	4,5	12,231	-
Other non-current liabilities	9	418,309	346,616
Total non-current liabilities		5,772,064	5,842,797
Current liabilities			
Trade and other payables	10	22,245	154,154
Income tax payable	7	6,907	23,508
Non-recourse project financing	4	256,218	166,789
Financial liabilities	4,5,6	7,354	6,184
Other current liabilities	9	373,532	364,794
Total current liabilities		666,256	715,429
Total liabilities		6,438,320	6,558,226
TOTAL EQUITY AND LIABILITIES		7,725,589	7,983,623

The interim financial information has not been subject to audit.

Oslo, 21 April 2016
The Board of Directors of Scatec Solar ASA

Interim consolidated statement of changes in equity

NOK THOUSAND	OTHER RESERVES					TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION	HEDGING RESERVES			
At 1 January 2015	2,345	794,142	-207,227	45,199	-4,688	629,771	546,811	1,176,582
Profit for the period	-	-	19,495	-	-	19,495	27,523	47,018
Other comprehensive income	-	-	-	-12,339	-8,242	-20,581	6,891	-13,690
Total comprehensive income	-	-	19,495	-12,339	-8,242	-1,086	34,414	33,328
Share-based payment	-	3,445	-	-	-	3,445	-	3,445
At 31 March 2015	2,345	797,587	-187,732	32,860	-12,930	632,130	581,225	1,213,355
At 1 April 2015	2,345	797,587	-187,732	32,860	-12,930	632,130	581,225	1,213,355
Profit for the period	-	-	48,156	-	-	48,156	40,500	88,656
Other comprehensive income	-	-	-	94,600	47,273	141,869	19,149	161,018
Total comprehensive income	-	-	48,156	94,600	47,273	190,027	59,649	249,676
Share-based payment	-	10,316	-	-	-	10,316	-	10,316
Dividend to equity holders of the company	-	-	-25,331	-	-	-25,331	-157,740	-183,071
Capital increase from NCI*	-	-	-	-	-	-	135,120	135,120
At 31 December 2015	2,345	807,903	-164,909	127,460	34,343	807,142	618,255	1,425,397
At 1 January 2016	2,345	807,903	-164,909	127,460	34,343	807,142	618,255	1,425,397
Profit for the period	-	-	-46,155	-	-	-46,155	23,205	-22,950
Other comprehensive income	-	-	-	-22,038	-26,687	-48,727	-53,990	-102,717
Total comprehensive income	-	-	-46,155	-22,038	-26,687	-94,882	-30,785	-125,667
Share-based payment	-	3,435	-	-	-	3,435	-	3,435
Dividend to equity holders of the company	-	-	-	-	-	-	-17,412	-17,412
Capital increase from NCI ¹⁾	-	-	-	-	-	-	1,515	1,515
At 31 March 2016	2,345	811,338	-211,066	105,422	7,656	715,695	571,573	1,287,269

The interim financial information has not been subject to audit.

1) Non-controlling interests.

Interim consolidated statement of cash flow

NOK THOUSAND	NOTES	Q1 2016	Q1 2015	FULL YEAR 2015
Cash flow from operating activities				
Profit before taxes		-34,573	72,769	219,644
Taxes paid	7	-19,069	-	-47,639
Depreciation and impairment	3	58,611	38,903	175,609
Net income associated companies/sale of project assets		377	-587	-13,247
Interest and other financial income	4	-12,070	-12,921	-64,403
Interest and other financial expenses	4	118,734	95,760	408,054
Unrealised foreign exchange (gain)/loss	4	16,396	-33,330	-134,272
(Increase)/decrease in trade and other receivables		29,692	-30,980	-95,260
(Increase)/decrease in other current/non-current assets		-24,151	-10,749	-96,347
Increase/(decrease) in trade and other payables	10	-131,909	337,565	84,207
Increase/(decrease) in current liabilities		8,738	-6,329	46,374
Increase/(decrease) in financial assets and other changes	5,9	-1,375	6,446	22,107
Net cash flow from operating activities		-79,453	48,110	504,827
Cash flow from investing activities				
Interest received	4	12,070	12,921	64,403
Investments in property, plant and equipment	3	-421,519	-668,865	-2,512,284
Investments in associated companies		-	-29,283	39,106
Net cash flow from investing activities		-409,449	-685,227	-2,408,775
Cash flow from financing activities				
Proceeds from NCI shareholder financing ¹⁾		-	93,868	279,840
Interest paid	4	-19,814	-4,306	-379,676
Proceeds from non-recourse project financing	4	63,943	364,980	2,874,529
Repayment of non-recourse project financing	4	-	-1,381	-549,385
Proceeds from bond issue	6	-	-	492,917
Dividends paid to equity holders of the parent company	8	-	-	-25,331
Dividends and other distributions paid to non-controlling interest		-17,412	-	-157,740
Net cash flow from financing activities		26,717	453,161	2,535,154
Net increase/(decrease) in cash and cash equivalents		-373,331	224,481	631,206
Effect of exchange rate changes on cash and cash equivalents		-48,547	20,487	-41,283
Cash and cash equivalents at beginning of the period	6	1,639,029	1,049,106	1,049,106
Cash and cash equivalents at end of the period	6	1,217,151	1,294,072	1,639,029
Cash in project companies in operation	6	662,076	717,169	643,495
Cash in project companies under construction	6	116,314	326,224	169,934
Other restricted cash	6	162,001	95,965	174,241
Free cash	6	276,760	154,714	651,359
Total cash and cash equivalents	6	1,217,151	1,294,072	1,639,029

The interim financial information has not been subject to audit.

1) Proceeds from non-controlling interest shareholder financing include both equity contributions and shareholder loans.

Notes to the condensed interim consolidated financial statements

Note 1 Organisation and basis for preparation

Corporate information

Scatec Solar ASA is incorporated and domiciled in Norway. The address of its registered office is Karenslyst Allé 49, NO-0279 Oslo, Norway. Scatec Solar was established on 2 February 2007.

Scatec Solar ASA ("the Company"), its subsidiaries and investments in associated companies ("the Group" or "Scatec Solar") is a leading independent solar power producers. The Company is pursuing an integrated business model across the complete life cycle of utility-scale solar photovoltaic (PV) power plants including project development and design, financing, engineering, procurement, construction management, operation and maintenance, and asset management.

The condensed interim consolidated financial statements were authorised for issue by the Board of Directors on 21 April 2016.

Basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement and presentation principles consistent with International Financial Reporting Standards as adopted by the European Union ("IFRS") for interim reporting under International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed interim consolidated financial statements are unaudited.

These condensed interim consolidated financial statements are condensed and do not include all of the information and notes required by IFRS for a complete set of consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015. Standards and interpretations mentioned in note 31 of the Group's annual report 2015 with effective date from financial year 2016, do not have a significant impact on the Group's condensed interim consolidated financial statements.

The functional currency of the companies in the Group is determined based on the nature of the primary economic environment in which each company operates. The functional currency of the parent company Scatec Solar ASA and the presentation currency of the Group is Norwegian kroner (NOK). All amounts are presented in NOK thousands unless otherwise stated.

As a result of rounding adjustments, the figures in some columns may not add up to the total of that column.

Significant estimates and judgements

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the condensed interim financial statements:

Consolidation of new project companies

Scatec Solar's value chain comprises all downstream activities such as project development, financing, construction and operations, as well as having an asset management role through ownership of the solar power plants. Normally Scatec Solar enters into partnerships for the shareholding of the project companies owning the power plants. To be able to utilise the business model fully, Scatec Solar seeks to obtain operational control of the project companies. Operational control is obtained through governing bodies, shareholder agreements and other contractual arrangements. Other contractual arrangements may include Scatec Solar's role as the developer of the project, EPC provider (construction), operation and maintenance service provider and asset management service provider.

Scatec Solar would normally seek to undertake the following distinct roles in its projects:

- As the largest shareholder providing equity financing to the project
- As (joint) developer, including obtaining project rights, land permits, off-take agreements and other local approvals
- As EPC supplier, responsible for the construction of the project
- As provider of operation and maintenance services to the projects, responsible for the day-to-day operations of the plant
- As provider of management services to the project companies

Even though none of the projects Scatec Solar is involved with are identically structured, the five roles/activities described above constitute the main and relevant activities which affect the variable return. When assessing whether Scatec Solar controls a project company as defined by IFRS 10 Consolidated Financial Statements, all of the above agreements are analysed. During first quarter 2016 no new project companies have been consolidated.

Refer to note 2 of the 2015 annual report for further information on judgements.

Estimates and assumptions

The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Seasonality in operations

Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. The Group's operating results are affected by external factors, such as weather conditions. The power production at the PV solar parks is directly affected by seasonal changes in solar irradiance which is normally at its highest during the summer months. This effect is to a certain degree offset in the consolidated revenues due to the fact that the Group operates PV solar parks on both the northern and southern hemisphere.

Note 2 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision maker, defined as the Group management team. The operating segments are determined based on differences in the nature of their operations, products and services. Scatec Solar manages its operations in three segments; Power Production (PP), Operation and Maintenance (O&M) and Development and Construction (D&C).

Financing and operation of solar power plants is ring-fenced in project companies with a non-recourse project finance structure - where Scatec Solar contributes with the required equity, either alone or together with co-investors. For companies where Scatec Solar is deemed to have a controlling interest in accordance with IFRS 10, revenues, expenses, assets and liabilities are included on a 100% basis in the condensed interim Financial Statements and presented correspondingly in the Power Production segment reporting.

Power Production

The Power Production segment manages the Group's power producing assets, and derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Finance and operation of the plants is ring-fenced in project companies with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these project companies to Scatec Solar, and any other project equity investors in accordance with the shareholding and the terms of the finance documents.

Operation and Maintenance

The Operation and Maintenance segment delivers services to ensure optimised operations of the Group's solar power producing assets through a complete and comprehensive range of services

for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus.

Development and Construction

The Development and Construction segment derives its revenue from the sale of development rights and construction services to project companies set up to operate the Group's solar power plants. These transactions are primarily made with companies that are under the control of the Group and hence are being consolidated. Revenues from transfer of development rights are recognised upon the transfer of title.

Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method.

Corporate

Corporate consists of the activities of corporate services, management and group finance.

No segments have been aggregated to form these reporting segments. Revenues from transactions between the D&C, O&M and PP segments, where Scatec Solar is deemed to hold a controlling interest, are presented as Internal Revenues in the segment reporting and eliminated in the consolidated statement of profit or loss. These transactions are based on international contract standards and terms negotiated at arm's length with lenders and co-investors in each project company.

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit. The measurement basis for the segment data follows the accounting policies used in the consolidated financial statement for 2015 as described in Note 31 Summary of significant accounting policies.

Q1 2016

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	227,333	905	-	-	-	228,238
Internal revenues	-	12,184	257,806	2,358	-272,348	-
Net gain/(loss) from sale of project assets	-	-	207	-	-	207
Net income/(loss) from associates	-	-	-584	-	-	-584
Total revenues and other income	227,333	13,089	257,429	2,358	-272,348	227,861
Cost of sales	-	2	-227,648	-	227,646	-
Gross profit	227,333	13,091	29,781	2,358	-44,702	227,861
Personnel expenses	-3,166	-2,633	-10,454	-7,043	-	-23,296
Other operating expenses	-30,446	-4,709	-11,830	-6,942	14,544	-39,383
Depreciation and impairment	-71,161	-544	-2,405	-155	15,654	-58,611
Operating profit	122,560	5,205	5,092	-11,782	-14,504	106,571

Q1 2015

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	224,352	885	121	-	-	225,358
Internal revenues	-	10,138	242,189	1,509	-253,836	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-
Net income/(loss) from associates	-	-	-587	-	-	-587
Total revenues and other income	224,352	11,023	241,723	1,509	-253,836	224,771
Cost of sales	-	-	-203,581	-	203,581	-
Gross profit	224,352	11,023	38,142	1,509	-50,255	224,771
Personnel expenses	-2,897	-2,208	-7,723	-5,629	-	-18,457
Other operating expenses	-19,570	-2,777	-12,574	-5,309	11,647	-28,583
Depreciation and impairment	-53,141	-431	-1,001	-61	15,688	-38,946
Operating profit	148,744	5,607	16,844	-9,490	-22,920	138,785

FULL YEAR 2015

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	862,982	4,074	658	-	-	867,714
Internal revenues	-	51,359	1,146,639	7,462	-1,205,460	-
Net gain/(loss) from sale of project assets	-	-	14,112	-	-	14,112
Net income/(loss) from associates	-	-	-865	-	-	-865
Total revenues and other income	862,982	55,433	1,160,544	7,462	-1,205,460	880,961
Cost of sales	-	-	-989,710	-	989,710	-
Gross profit	862,982	55,433	170,834	7,462	-215,750	880,961
Personnel expenses	-9,904	-9,879	-27,120	-23,640	-	-70,543
Other operating expenses	-92,993	-14,169	-42,544	-21,142	58,821	-112,027
Depreciation and impairment	-227,570	-2,555	-6,548	-495	61,559	-175,609
Operating profit	532,515	28,830	94,622	-37,815	-95,370	522,782

Note 3 Property, plant and equipment

The Group operates solar power plants in Europe, Africa as well as in North and South America. During 2016, three solar power plants have been under construction (Oryx, EJRE and GLAE in Jordan. Power plants which are constructed within one fiscal year are presented as additions to "solar power plants" in the table below. If construction is carried out in two fiscal years, the carrying value of the completed plant is transferred from 'solar power plants under construction' to "solar power plants".

The carrying value of development projects that have not yet reached the construction phase was NOK 377,521 thousand at 31 March 2016 (31 December 2015: NOK 141,302 thousand).

During first quarter the Group impaired two projects in West Africa (40 MW) totalling NOK 1,480 thousand. There were no significant impairment losses during first quarter 2015.

All impairment losses are recognized in the Development & Construction segment.

During first quarter 2016 the Group sold two US development projects (200 MW) at carrying value. The projects were presented as held for sale at 31 December 2015. The transaction was recorded in the Development & Construction segment.

NOK THOUSAND	SOLAR POWER PLANTS	SOLAR POWER PLANTS UNDER CONSTRUCTION	MACHINERY AND EQUIPMENT	TOTAL
Carrying value at 31 December 2015	4,545,673	650,625	19,891	5,216,189
Additions	87,654	444,602	1,618	533,874
Depreciation	-55,360	-	-1,253	-56,613
Impairment losses	-	-1,480	-518	-1,998
Effect of foreign exchange currency translation adjustments	-164,642	-38,878	-653	-204,173
Carrying value at 31 March 2016	4,413,325	1,054,869	19,085	5,487,279
Estimated useful life (years)	20-30	N/A	3-5	

Note 4 Net financial expenses and liabilities

Scatec Solar uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group.

The project companies' assets are pledged as security for the non-recourse financing. The repayment plan for the debt is a

sculpted annuity; hence the sum of loan and interest repayments are not stable from year to year. Repayments are normally made twice a year. Refer to note 6 in the 2015 Annual Report for more information. The maturity date for the loans ranges from 2028 to 2036. NOK 260,646 thousand of the Group's total non-recourse debt is due within 12 months and is presented as current in the statement of financial position.

During first quarter 2016, the Group drew down NOK 63,943 thousand of non-recourse debt as part of the construction of the solar power plants in Jordan.

NOK THOUSAND	Q1 2016	Q1 2015	FULL YEAR 2015
Interest income	12,070	12,742	63,868
Other financial income	-	179	534
Financial income	12,070	12,921	64,402
Interest expenses	-116,230	-95,779	-395,541
Forward exchange contracts	-	-2,954	-2,954
Other financial expenses	-2,504	-2,375	-9,559
Financial expenses	-118,734	-101,108	-408,054
Foreign exchange gains/(losses)	-34,480	22,171	40,514
Net financial expenses	-141,144	-66,016	-303,138

Note 5 Significant fair value measurements

Derivative financial instruments (including interest rate swaps and forward exchange contracts) are valued at fair value on Level 2 of the fair value hierarchy, in which the fair value is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date. Note 11 in the annual report for 2015 provides details for each class of financial assets and financial liabilities, and how these assets and liabilities are grouped.

There are no significant changes for the presentation of these categories in the period, and there are no significant differences between total carrying value and fair value at reporting date. The presented table below summarises each class of financial instruments recognised in the condensed consolidated statement of financial position, split by the Group's basis for fair value measurement.

31 March 2016		NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	TOTAL FAIR VALUE
NOK THOUSAND					
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	-	45,001	-19,585	25,416
Fair value based on unobservable inputs (Level 3)	72	-	-	-	72
Total fair value at 31 March 2016	72	45,001	-19,585	25,488	

31 December 2015		NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	TOTAL FAIR VALUE
NOK THOUSAND					
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	-	127,896	-5,759	122,137
Fair value based on unobservable inputs (Level 3)	72	-	-	-	72
Total fair value at 31 December 2015	72	127,896	-5,759	122,209	

Note 6 Cash, cash equivalents and corporate funding

NOK THOUSAND	31 MARCH 2016	31 DECEMBER 2015
Cash in project companies in operation	662,076	643,495
Cash in project companies under construction	116,314	169,934
Other restricted cash	162,001	174,241
Free cash	276,760	651,359
Total cash and cash equivalents	1,217,151	1,639,029

Cash in project companies in operation includes restricted cash in proceeds accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements.

Cash in project companies under construction comprise shareholder financing and draw down on term loan facilities by project companies to settle outstanding external EPC invoices.

Other restricted cash comprises restricted deposits for withholding tax, guarantees, VAT and rent as well as collateralised shareholder financing of project companies not yet distributed to the project companies.

Reconciliation of movement in free cash

NOK THOUSAND	Q1 2016	Q1 2015	FULL YEAR 2015
Free cash at beginning of period	651,359	403,653	403,653
Net free cash flow from operations outside non-recourse financed companies	-349,598	4,379	704,526
Equity contributions/collateralised for equity commitments in project companies	-27,993	-262,035	-580,518
Distributions from project companies	2,992	8,717	123,698
Free cash at end of the period	276,760	154,714	651,359

In the first quarter of 2016, Scatec Solar entered into an overdraft facility agreement with Nordea Bank, covering an USD 30 million overdraft facility and an uncommitted guarantee facility. Both facilities with a tenor of 1 year and rolled forward one year at the time. The facilities replaced all other corporate guarantee and overdraft facilities existing at the date of the new agreement.

The overdraft facility is made available on a master top account in a group account system and can be drawn in any currency being part of the group account system. Overdraft interest is the 7-day interbank offer rate in the relevant currency plus a margin of 2.5%. Per 31 March 2016, the Group has drawn NOK 0 thousand on the facility.

During fourth quarter 2015 Scatec Solar successfully completed a NOK 500 million senior unsecured green bond issue with maturity

in November 2018. The bonds are listed on the Oslo Stock Exchange. The bonds carry an interest of 3 month NIBOR + 6.5%, to be settled on a quarterly basis. During first quarter, an interest amounting to NOK 9,641 thousand was expensed.

Per 31 March 2016, Scatec Solar was in compliance with all covenants under the bond and overdraft facility agreement. The book equity of the recourse group, as defined in the loan agreement, was NOK 1,422,235 thousand per quarter end. Refer to loan agreement available on www.scatecsolar.com/investor/debt and note 5 to the 2015 annual financial statements for further information and definitions.

The proceeds from the bond issue is included in the table above as net free cash flow from operations outside non-recourse financed companies.

Note 7 Income tax expense

For the first quarter ended 31 March 2016, the effective income tax rate was primarily influenced by losses in high tax countries, as well as intercompany transactions subject to different tax rates.

Depending on the volume of construction activities, the effective income tax rate is on average expected to be approximately 30% going forward.

Effective tax rate

NOK THOUSAND	Q1 2016	Q1 2015	FULL YEAR 2015
Profit before income tax	-34,573	72,769	219,644
Income tax (expense)/benefit	11,623	-25,751	-83,970
Equivalent to a tax rate of (%)	33.6	35.4	38.2

Movement in deferred tax

NOK THOUSAND	Q1 2016	Q1 2015	FULL YEAR 2015
Net deferred tax asset at beginning of period	137,234	319,371	319,371
Recognised in the consolidated statement of profit or loss	12,012	-10,861	-44,807
Deferred tax on financial instruments recognised in OCI	25,848	8,053	-39,754
Recognised in the consolidated statement of changes in equity	1,515	2,434	8,567
Tax effect of ITC treated as government grant ¹⁾	1,014	-	-80,293
Distributed taxes to tax equity partners ¹⁾	-	-	-8,342
Withholding taxes carried forward	-	-	1,008
Translation differences	478	6,565	-18,516
Net deferred tax asset at end of period	178,101	325,562	137,234

1) During fourth quarter 2015 the Red Hills project received an investment tax credit (ITC) which is recognized as a government grant. A part of this grant reduces the tax base for future depreciations, and is therefore treated as a deferred tax liability. Further the Red Hills project is structured as a tax equity partnership, and tax profits are distributed between the partners at a pre-determined ratio. The tax equity partner's contribution is treated as debt, hence all distributions are considered repayment of debt. See note 2 and 25 to the annual 2015 financial statements for further information.

Note 8 Dividend

For 2015, the Board of Directors proposed a dividend of NOK 0.66 per share, totalling NOK 61,919 thousand. Distribution of dividends is resolved by a majority vote of the Annual General Meeting of the shareholders of the Company, and on the basis of a proposal from the Board of Directors. The Annual General Meeting has the power

to reduce, but cannot increase the dividend proposed by the Board of Directors. The share will be trading excluding dividend rights (ex-date) on the first business day following the Annual General Meeting to be held 4 May 2016. The dividend is expected to be paid on or about 15 June 2016.

Note 9 Non-current receivables/liabilities - related parties

As of 31 March 2016, Scatec Solar has receivables on non-controlling interests of NOK 167,068 thousand (155,294). NOK 100,877 thousand (97,705) of the receivables relates to committed but not paid equity in project companies in South Africa. Further included in other non-current receivables are loans provided to the equity consolidated company Scatec Energy (US) of NOK 12,748 thousand (21,044). In addition the Group has receivables of NOK 18,138 thousand (22,909) on co-investors related to equity financing of project companies in Jordan and Honduras.

As part of the shareholder financing of the Agua Fria project company and the Jordanian project companies, the shareholders have issued both equity and shareholder loans.

The total shareholder loans from non-controlling interests amounts to NOK 240,112 thousand (253,128) as of 31 March 2016, of which NOK 131,902 thousand (137,747) relates to the Agua Fria project and NOK 108,310 thousand (115,380) relates to Oryx and

EJRE/GLAE projects. The shareholder loans from non-controlling interests are presented as other non-current liabilities.

Further to the above, the Red Hills project in Utah is partly financed by a third party tax equity investor. Based on the characteristics of this instrument Scatec Solar has assessed that the investment is to be considered a financial liability as defined by IAS 32 Financial Instruments: Presentation. Consequently, the tax equity investor's return on its investment is presented as a financial expense in the consolidated statement of profit or loss. Total tax equity amounted to NOK 247,183 thousand (260,500). For further information on project financing provided by co-investors, refer note 25 to the 2015 annual financial statements.

Scatec Solar has short term liabilities to related parties of NOK 133,909 thousand (115,619), mainly consisting of EPC trade payables to one of the equity partners in Jordan (NOK 65,541) and dividends to non-controlling interest (NOK 17,946 thousand).

Note 10 Trade and other payables

The consolidated trade and other payables of NOK 22,245 thousand mainly consist of construction related supplier credits. Consequently, the balance is affected by the activity level in the Development & Construction segment. The decreased payables

at 31 March 2016 compared to 31 December 2015 of NOK 154,154 thousand, reflects down payments of outstanding supplier credits related to the construction of the Agua Fria, Red Hills, Oryx, and EJRE/GLAE projects.

Note 11 Subsequent events

No events occurred after the balance sheet date with significant impact on the condensed interim consolidated financial statements for first quarter 2016.

Definitions

Backlog

Project backlog is defined as projects with a secure off-take agreement assessed to have more than 90% likelihood of reaching financial close and subsequent realisation.

Pipeline

Project pipeline is defined as projects assessed to have more than 50% likelihood of reaching financial close and subsequent realisation.

Opportunities

Project opportunities are defined as projects that have not yet reached a 50% likelihood of reaching financial close and subsequent realisation. However, the company has verified feasibility and business cases for the projects.

Definition of project milestones

Financial close (FC): The date on which all conditions precedent for drawdown of debt funding has been achieved and equity funding has been subscribed for, including execution of all project agreements. Notice to proceed for commencement of construction of the solar power plant will normally be given directly thereafter. Projects in Scatec Solar defined as “backlog” are classified as “under construction” upon achievement of financial close.

Start of Production (SOP): The first date on which the solar power plant generates revenues through sale of power under the off-take agreement. Production volumes and/or the price of the power may be lower than when commercial operation date (COD) is reached. This milestone is regulated by the off-take agreement with the power off-taker. This milestone may be reached prior to COD if the construction of a power plant is completed earlier than anticipated in the off-take agreement.

Commercial Operation Date (COD): A scheduled date when certain formal key milestones have been reached, typically including grid compliance, approval of metering systems and technical approval of plant by independent engineers. Production volumes have reached normalised levels sold at the agreed off-taker agreement price. This milestone is regulated by the off-taker agreement with the power off-taker.

Take Over Date (TOD): The date on which the EPC contractor hands over the power plant to the project company. COD must have been reached, in addition to delivery of training and all technical documentation before TOD takes place. The responsibility for Operations & Maintenance (O&M) of the plant is handed over from the EPC contractor to the O&M contractor at the TOD. This milestone will normally occur shortly after the COD date.

Definition of Non-IFRS financial measures

Net interest bearing debt (NIBD): is defined as total interest bearing debt, less cash and cash equivalents. NIBD does not include shareholder loans.

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments.

SSO prop. share: is defined as the equity holders of the parent company's proportionate share of consolidated revenues, expenses, profits and cash flows.

Cash flow to equity: is EBITDA less normalised (i.e. average quarterly) loan and interest repayments, less normalised income tax payments.

Scatec Solar proportionate share of cash flow to equity: is defined as the Company's proportionate share of EBITDA less normalised (i.e. normalised over each calendar year) loan repayments and interest payments, less normalised income tax payments for Power Production. For D&C, O&M and Corporate it is defined as EBITDA less normalised income tax. The definition implies changes in net working capital and investing activities are excluded from the figure.

Project equity: is defined as equity, shareholder loans and tax equity financing for the Utah Red Hills project.

Net interest expense: is defined as interest income less interest expenses, excluding shareholder loan and tax equity interest expenses for the Utah Red Hills project. For the Utah Red Hills plant interest payments have been pre-financed for the merchant period and is hence not included in calculation of cash flow to equity for 2016.

Normalised loan repayments: are calculated as the annual repayment divided by four quarters for each calendar year. However, loan repayments are normally made bi-annually. Loan repayments will vary from year to year as the payment plan is based on a sculpted annuity.

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