Scatec Solar
Improving our future™

Second quarter 2016

Raymond Carlsen, CEO

Mikkel Tørud, CFO

Oslo, July 22, 2016

Our values
Predictable
Driving results
Changemakers
Working together

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Operational review

Power production doubled from last year

- 21 MW in Jordan reached COD in June & July, another 22 MW to reach COD in August
- Investments of NOK 333 million in plants under construction and further development of project backlog and pipeline
- Egyptian authorities and International Finance Institutions have not yet agreed on the terms of the PV programme – construction start moved to 2017
- Targets 500-550 MW in operation and under construction by year end 2016
- The target for end of 2018 is 1,400-1,600 MW in operation and under construction

Key figures (NOKm)	Q2 16	Q1 16	Q2 15
Revenues	**213**	**228**	**205**
EBITDA	153	165	146
Net profit	**6**	**-23**	**21**
Cash flow to SSO equity	31	22	71
Power production (GWh)	183	182	90

Cash flow to Scatec Solar's equity

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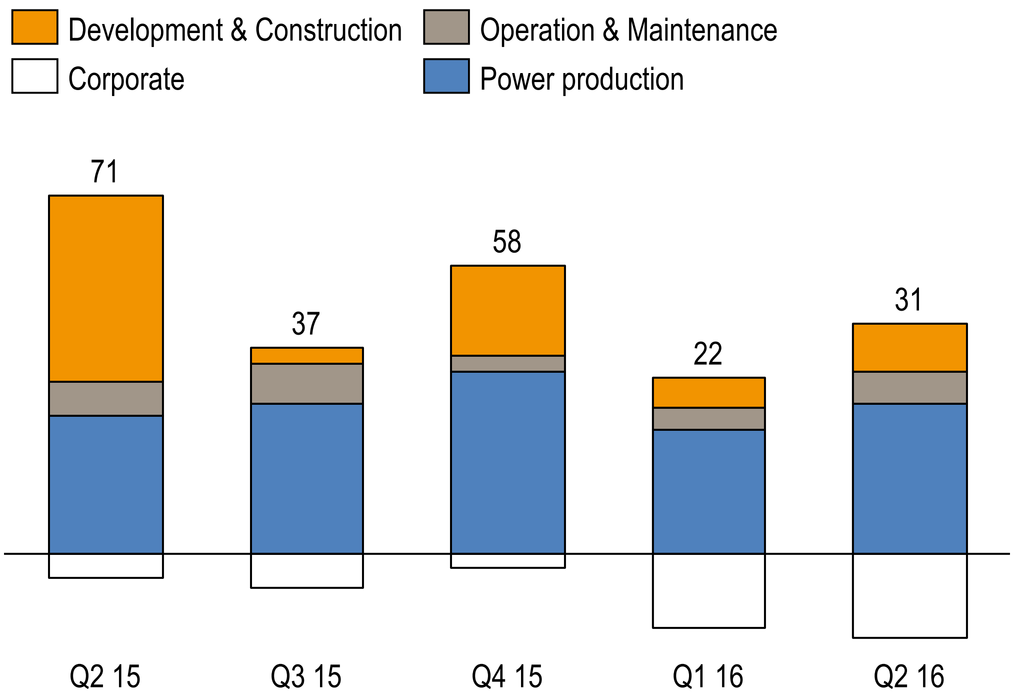
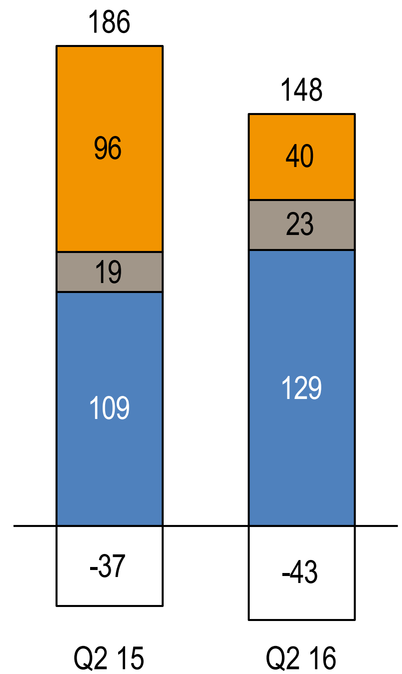
SSO proportionate share of cash flow to equity*



Last twelve months rolling (NOKm)



- Increased cash generation across Power Production, O&M and Development & Construction

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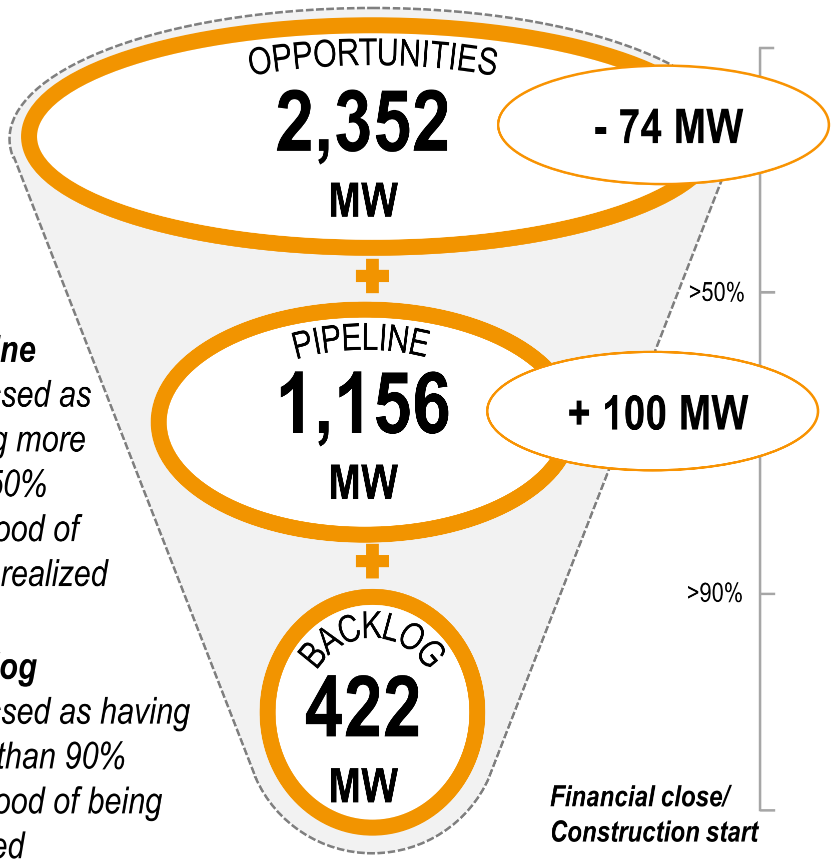
(*) Cash flow to equity is defined as EBITDA less normalised (i.e. average over each calendar year) loan and net interest repayments, less normalised income tax payments. The definition implies changes in net working capital and investing activities are excluded from the figure.

A solid project funnel – supporting growth targets

Pipeline
Assessed as having more than 50% likelihood of being realized

Backlog
Assessed as having more than 90% likelihood of being realized



Regions
Americas, Africa, MENA

Regions
Americas, East and West Africa, South Africa, Egypt, Pakistan

Regions
South Africa, Mali, Honduras, Brazil

IN OPERATION / UNDER CONSTRUCTION
426 MW

Status on project backlog

Project	Capacity	Target construction start	SSO ownership	Status
Los Prados, Honduras	53 MW	Q4 2016	70%	Project finance progressing – final grid permit delayed - expected construction start moved out.
Segou, Mali	33 MW	Q4 2016	50%	Project finance process with IFC and AfDB extended – timeline adjusted.
Piaui, Brazil	78 MW	End 2016	70%	Project finance process and preparations for construction start moves forward as planned.
Upington, South Africa	258 MW	Q1 2017	42%*	Project finance and EPC preparations ongoing – financial close expected in 2H 2016.
Total	**422 MW**			

(*) Local Trust to own 40% - Trust to be funded by SSO and Norfund

Added 100 MW to project pipeline since Q1'16 reporting

Project	Capacity	Target construction start	Status
Egypt	341 MW	2017	Egyptian authorities and International Finance Institutions have not yet agreed on the terms of the PV programme – moved to 2017.
East & West Africa	205 MW	2016/2017	Secured 100 MW project in Nigeria. PPA for 40 MW in Mozambique approved and 48 MW in Kenya with government for approval.
Pakistan	150 MW	2017	All required development steps completed. Awaiting hearing and award of new 'Feed in Tariff' valid for 2H 2016.
Americas	30 MW	2017	30 MW in Mexico awaiting grid capacity feedback.
South Africa	430 MW	2018	SSO bid the projects in November 2015. Award of preferred bidders expected in 2H 2016.
Total	**1,156 MW**		

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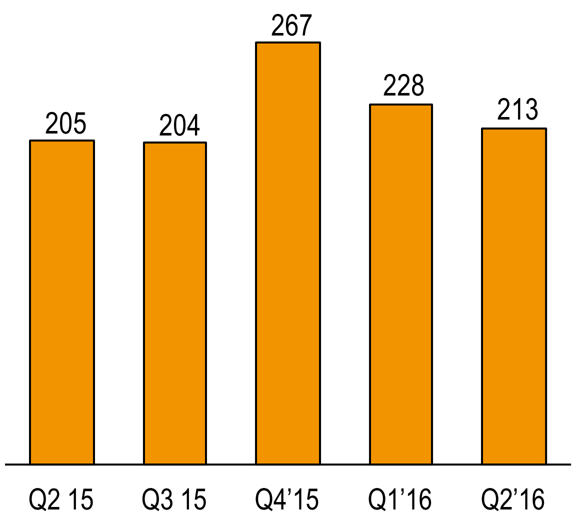
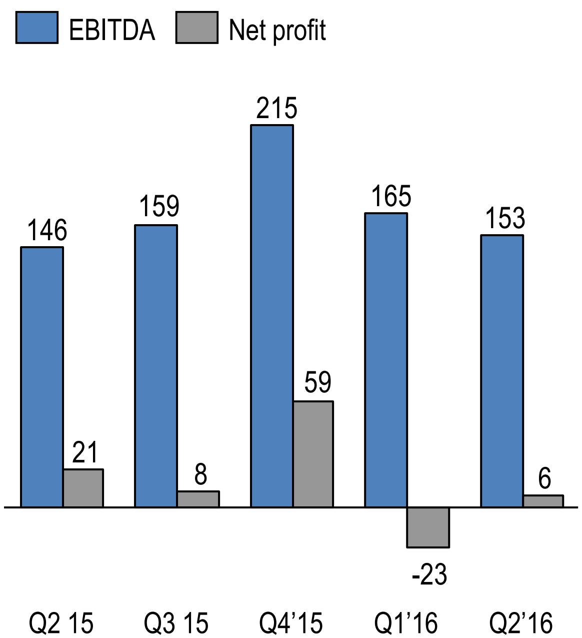
Financial review

Consolidated financials

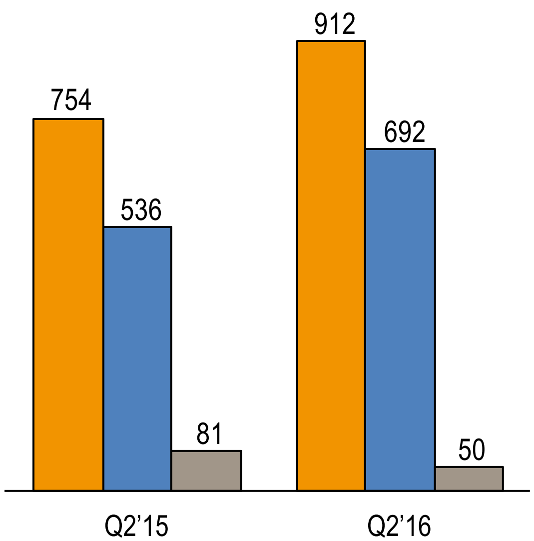
Revenues (NOK million)



EBITDA and net profit (NOK million)



Last twelve months rolling (NOK million)



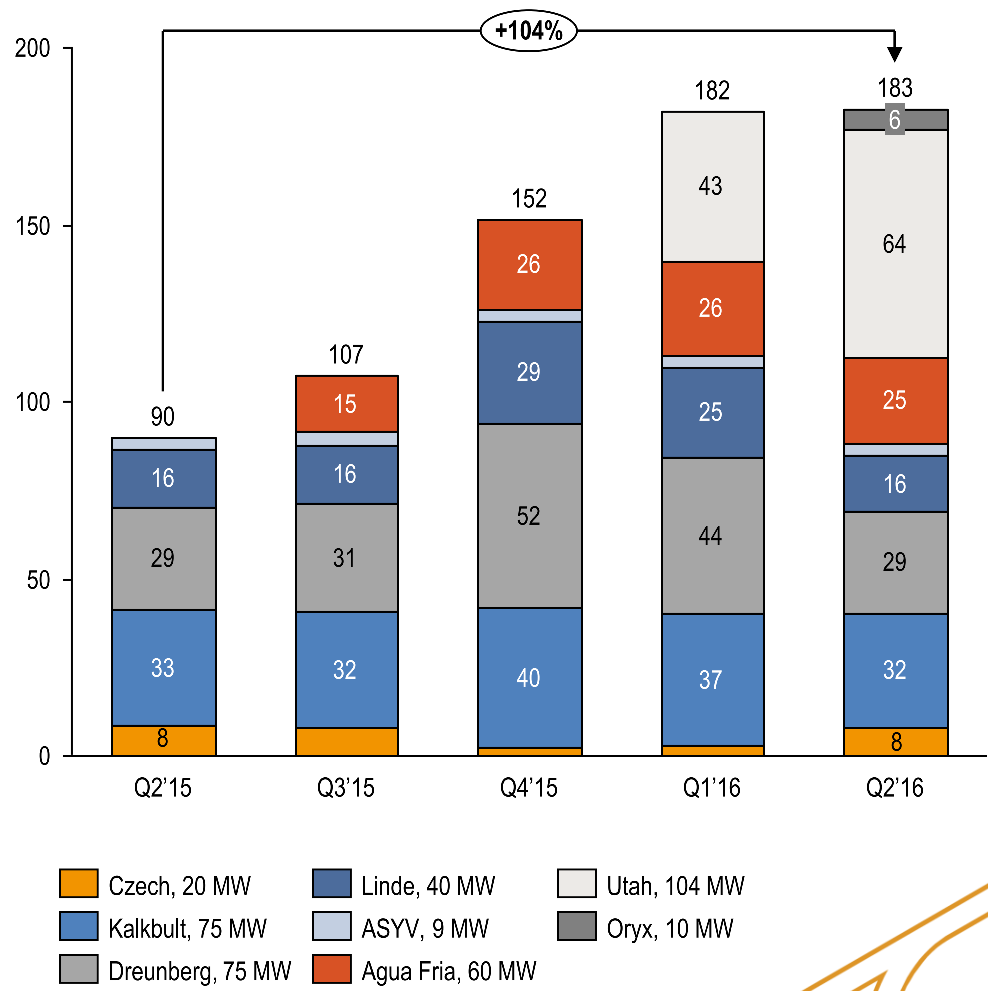
Quarter on quarter:

- Revenue decline reflecting seasonally lower production in South Africa partially offset by higher production in the US, Czech Republic and Jordan
- Net profit is affected by non-cash currency gain on intercompany loans and reduced loss on Utah plant

An increasingly diversified asset portfolio

- The production volume is doubled from same quarter last year
- Quarter on quarter: Seasonally lower production in South Africa offset by higher production in the US
- The 10 MW Oryx plant in Jordan reached COD in June

Power production (GWh)



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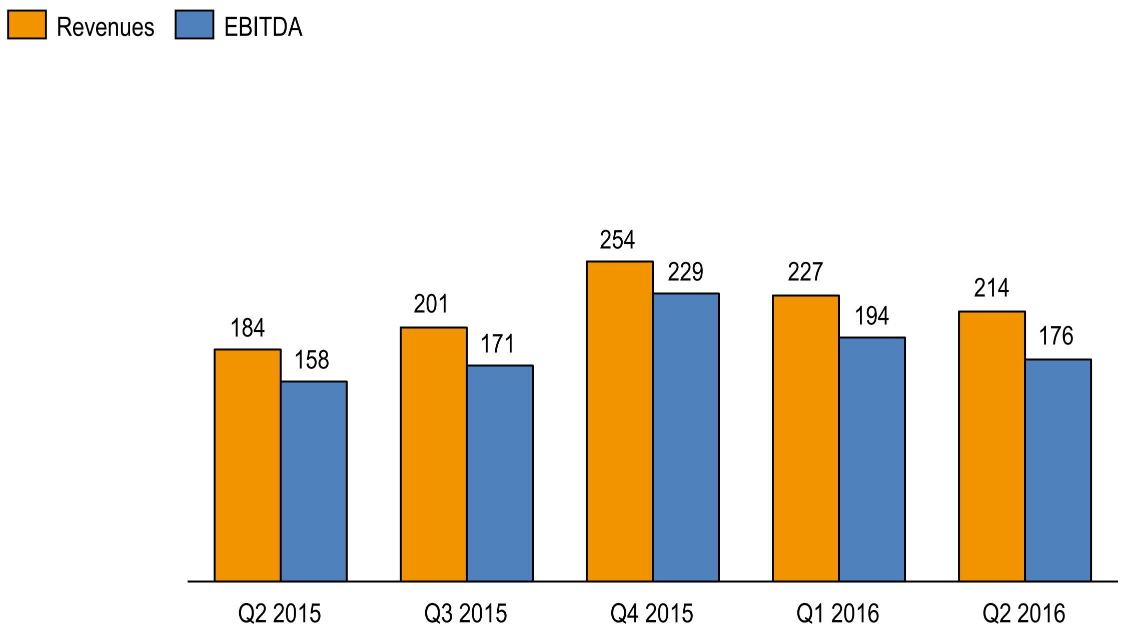
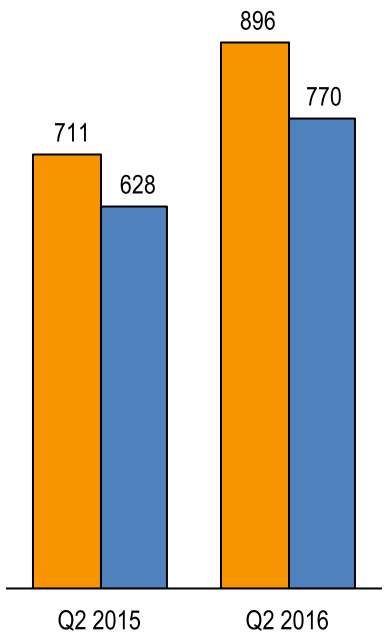
Shift in production mix impacts financials

Revenues & EBITDA (NOKm)



EBITDA	86%	85%	90%	85%	82%

Last twelve months rolling (NOKm)



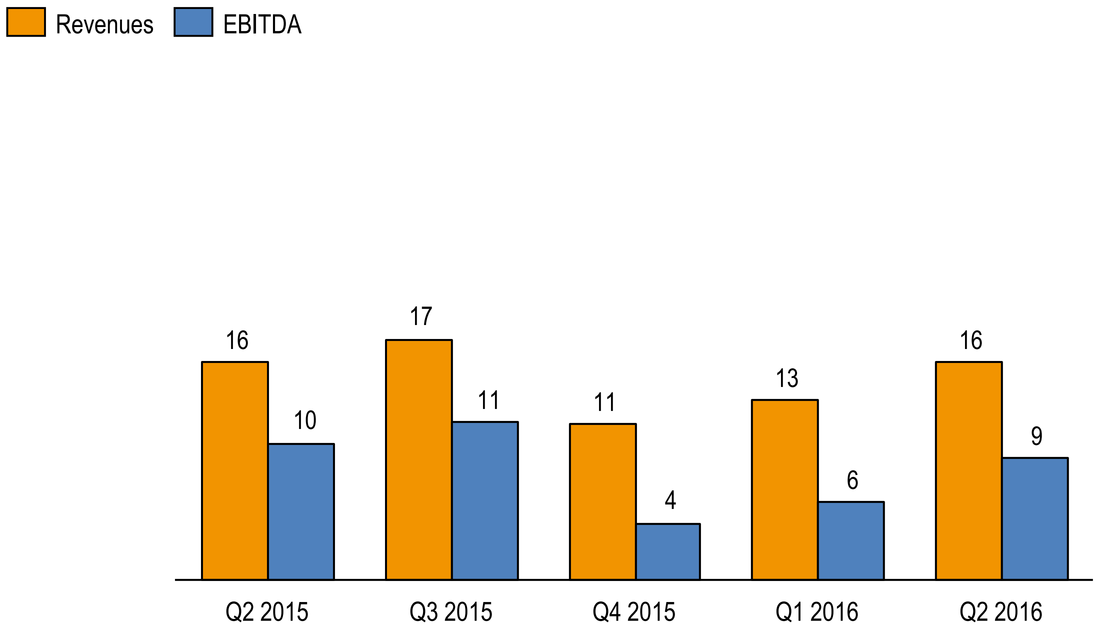
88%	86%

- Quarter on quarter revenues and EBITDA decline as the share of production from South Africa declines and production sold from Utah increases

Operation & Maintenance

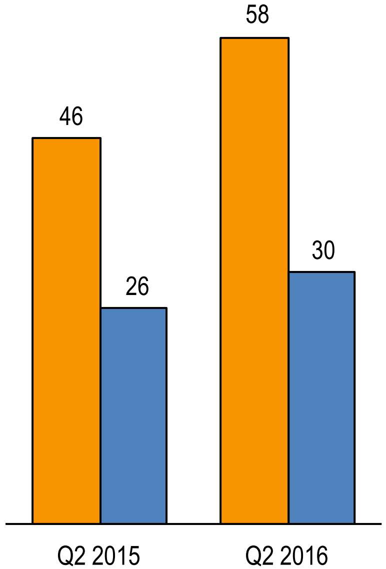
Growth in revenues and EBITDA

Revenues & EBITDA (NOKm)



EBITDA	63%	65%	36%	44%	55%

Last twelve months rolling (NOKm)



56%	52%

- The quarter on quarter increase in revenues and EBITDA is due to higher performance bonus for the South African plants reflecting higher performance ratio

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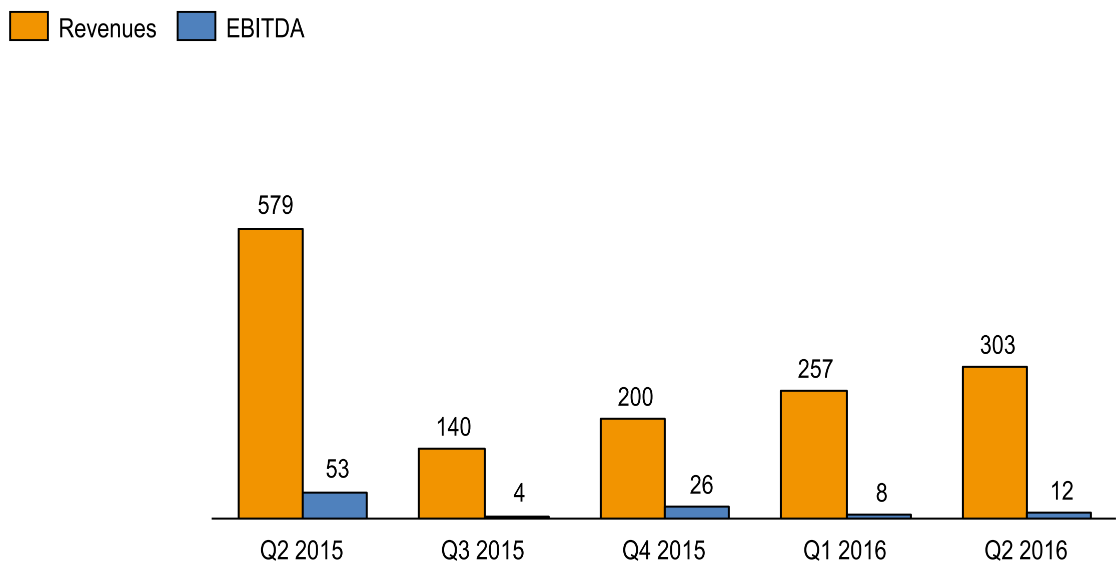
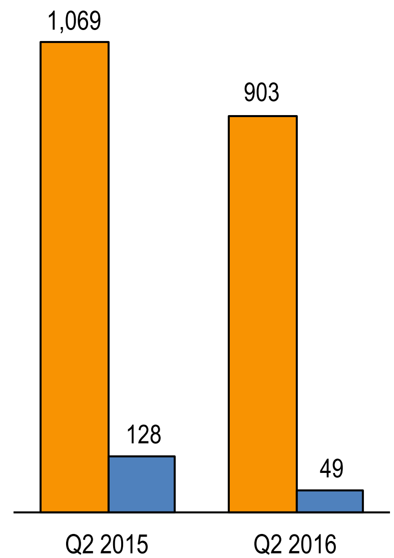
Completing construction of the Jordan projects

Revenues & EBITDA (NOKm)



Last twelve months rolling (NOKm)



	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016
Gross Margin	12%	13%	22%	12%	9%
EBITDA	9%	3%	13%	3%	4%

	Q2 2015	Q2 2016
Gross Margin	12%	13%
EBITDA	10%	5%

- Construction of the Oryx and GLAE plant in Jordan was completed and COD achieved in June and July
- The EJRE plant in Jordan is currently being commissioned

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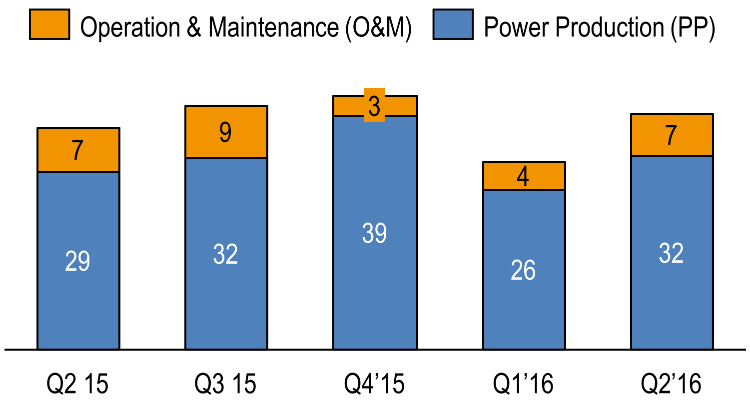
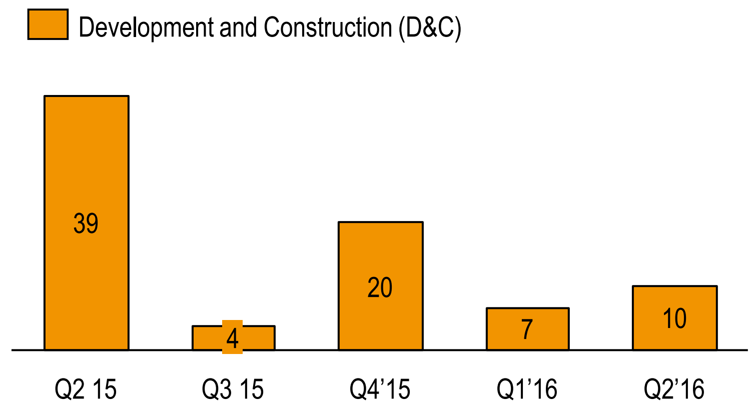
Cash generation to Scatec Solar's equity

Cash flow to equity from PP and O&M* (NOKm)



Cash flow to equity from D&C* (NOKm)



Q2'16 - NOK million	Power Production	O&M	D&C	Corporate	Total	Elim.	Consolidated
Revenues	213.9	15.8	303.5	2.0	535.2	-321.9	213.4
EBITDA	176.3	8.8	11.8	-14.9	182.0	-29.4	152.6
Net interest & loan repayments	-120.8	-	0.3	-8.8	-129.3		
Total cash flow to equity*:	49.4	6.7	10.2	-17.7	48.6		
SSO share of CF to equity*:	**31.9**	**6.7**	**10.2**	**-17.7**	**31.0**		

(*) Cash flow to equity is defined as EBITDA less normalised (i.e. average over each calendar year) loan and net interest repayments, less normalised income tax payments. The definition implies changes in net working capital and investing activities are excluded from the figure.

Investing for further growth

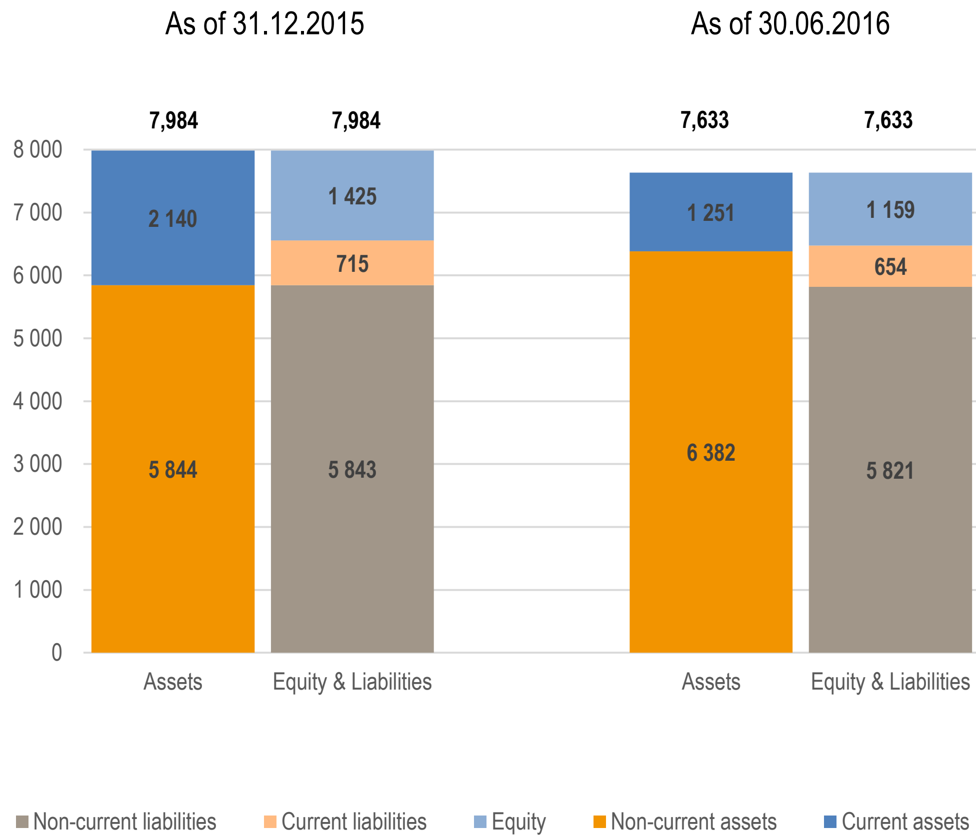
Consolidated financial position

- Cash position of NOK 908 million of which NOK 126 million free cash available outside project companies
- Invested NOK 333 million in new plants and in maturing backlog and pipeline
- Total interest bearing liabilities* of NOK 5.4 billion of which NOK 4.9 billion non-recourse project financing

SSO financial position – outside project companies**:

- Equity of NOK 1,371 million
- Interest bearing liabilities of NOK 494 million (bond)
- Equity to capitalisation ratio of 73%

Financial position (NOKm)



*) Total interest bearing liabilities does not include shareholder loans to project companies
(**) As per definitions in senior unsecured bond agreement

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Outlook

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Outlook

- Targets 500-550 MW in operation and under construction by year end 2016
- The target for end of 2018 is 1,400-1,600 MW in operation and under construction
- Development and Construction gross margin averaging 15%
- Hurdle rate for power plant investments: Average equity IRR of 15% nominal after tax
- Expected 2016 cash flow to SSO equity of NOK 160-180 million (PP and O&M)
- Q3'16 production forecast of 205,000 MWh

The 10 MW Oryx solar power plant in Jordan

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Thank you

Our values
Predictable
Driving results
Changemakers
Working together

Consolidated profit & loss

(NOK million)	Q2 16	Q1 16	Q2 15	YTD 16	YTD 15
Total revenues	**213.4**	**227.9**	**204.8**	**441.2**	**412.1**
Gross profit	213.4	227.9	187.3	441.2	412.1
EBITDA	**152.6**	**165.2**	**146.2**	**317.7**	**324.0**
Depreciation, amortization and impairment	-59.6	-58.6	-38.1	-118.2	-77.0
Operating profit	**93.0**	**106.6**	**108.1**	**199.5**	**246.9**
Interest, other financial income	15.8	12.1	15.8	27.9	28.7
Interest, other financial expenses	-119.3	-118.7	-95.3	-238.0	-196.4
Foreign exchange gain/(loss)	16.5	-34.5	1.0	-18.0	23.2
Net financial expenses	**-87.0**	**-141.1**	**-78.5**	**-228.1**	**-144.6**
Profit before income tax	**6.0**	**-34.6**	**29.6**	**-28.6**	**102.4**
Income tax (expense)/benefit	-0.5	11.6	-8.3	11.2	-34.0
Profit/(loss) for the period	**5.5**	**-22.9**	**21.3**	**-17.5**	**68.3**
Profit/(loss) attributable to:					
Equity holders of the parent	4.6	-46.2	18.6	-41.6	38.1
Non-controlling interests	0.9	23.2	2.7	24.1	30.3
Basic and diluted EPS (NOK)	**0.05**	**-0.49**	**0.20**	**-0.44**	**0.41**

Consolidated cash flow statement

(NOK million)	Q2 16	Q1 16	Q2 15	YTD 2016	YTD 2015
Net cash flow from operations	311.7	9.4	102.7	321.1	559.3
Net cash flow from investments	-317.5	-409.5	-1,142.8	-726.9	-1,828.0
Net cash flow from financing	-309.8	26.7	750.7	-283.1	1,203.9
Net increase/(decrease) in cash and cash equivalents	-315.6	-373.3	-289.4	-688.9	-64.9
Effect of exchange rate changes on cash and cash equivalents	6.6	-48.5	-2.2	-41.9	18.3
Cash and cash equivalents at beginning of the period	1,217.2	1,639.0	1,294.1	1,639.0	1,049.1
Cash and cash equivalents at end of the period	**908.2**	**1,217.2**	**1,002.5**	**908.2**	**1,002.5**

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Segment results – Q2'16

(NOK million)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	213.9	0.5	-	-	-	**214.4**
Internal revenues	-	15.4	304.5	2.0	-321.9	**-**
Net gain/(loss) from sale of project assets	-	-	1.4	-	-	**1.4**
Net income / (loss) from associates	-	-	-2.4	-	-	**-2.4**
Total revenues and other income	**213.9**	**15.8**	**303.5**	**2.0**	**-321.9**	**213.4**
Cost of sales	-	-	-275.1	-	275.1	**-**
Gross profit	**213.9**	**15.8**	**28.4**	**2.0**	**-46.8**	**213.4**
Operating expenses	-37.6	-7.0	-16.6	-16.9	17.4	**-60.8**
EBITDA	**176.3**	**8.8**	**11.8**	**-14.9**	**-29.4**	**152.6**
Depreciation, amortisation and impairment	-69.7	-0.6	-4.5	-0.2	15.3	**-59.6**
Operating profit (EBIT)	**106.6**	**8.2**	**7.3**	**-15**	**-14.1**	**93.0**

Segment results – First half 2016

(NOK million)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	441.2	1.4	-	-	-	**442.6**
Internal revenues	-	27.5	562.3	4.4	-594.2	**-**
Net gain/(loss) from sale of project assets	-	-	1.6	-	-	**1.6**
Net income / (loss) from associates	-	-	-3.0	-	-	**-3.0**
Total revenues and other income	**441.2**	**28.9**	**560.9**	**4.4**	**-594.2**	**441.2**
Cost of sales	-	-	-502.7	-	502.7	**-**
Gross profit	**441.2**	**28.9**	**58.1**	**4.4**	**-91.5**	**441.2**
Operating expenses	-71.3	-14.4	-38.9	-30.9	31.9	**-123.5**
EBITDA	**370**	**14.5**	**19.2**	**-26.5**	**-59.6**	**317.7**
Depreciation, amortisation and impairment	-140.8	-1.1	-6.9	-0.3	31	**-118.2**
Operating profit (EBIT)	**229.2**	**13.4**	**12.3**	**-26.8**	**-28.6**	**199.5**

Project companies' financials – Q2'16

(NOK million)	Czech Republic	Kalkbult	Linde	Dreunberg	ASYV	Agua Fria	Utah Red Hills	Oryx	Segment overhead	Total segment	SSO prop. share
SSO shareholding	100%	39%	39%	39%	43%	40%	100%	90%			
Revenues	34.5	58.6	23.2	43.6	7.5	27.7	14.4	4.1	0.3	213.9	**116.1**
OPEX	-2.4	-7.3	-4.5	-8.5	-1.5	-4.1	-4.9	-0.2	-4.2	-37.6	**-21.9**
EBITDA	32.1	51.2	18.7	35.1	6.1	23.6	9.5	4.0	-3.9	176.3	**94.1**
Net interest expenses	-5.3	-24.9	-10.4	-24.7	-3.2	-9.9	-8.6	-1.0	0.8	-87.1	**-42.7**
Normalised loan repayments	-5.4	-4.7	-6.4	-10.6	-3.1	-3.7	-	-	-	-34.7	**-16.6**
Cash flow to equity*	18.0	18.3	1.7	1.0	-0.4	10.0	-	2.9	-2.1	49.4	**31.9**

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

SSO's profit normally impacted by growth investments

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- Scatec Solar is investing early phase project development and construction as well as corporate functions that impacts SSO's share of net profit
- These investments pays off through access to attractive projects and significant cash generation

Q2'16 *(NOK million)*	Consolidated	SSO prop. share	%
Total revenues	213.4	123.0	58 %
Cost of sales & opex	-60.8	-57.3	94 %
EBITDA	152.6	65.6	43 %
D&A & Impairments	-59.6	-25.1	42 %
EBIT	93.0	40.6	44 %
Net financials & tax	-87.4	-35.7	41 %
Net profit	**5.5**	**4.9**	**89 %**

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Eliminated D&C margins affect book equity

- Margins created through Development & Construction of power plants are eliminated in consolidated financial statement
- Elimination booked against PP&E in consolidated financial statements

Leads to:

- A negative effect on consolidated equity short term as corresponding non-recourse finance is included at full value
- Improves consolidated net profit over time through reduced depreciation

Build up of PP&E as per 30.06.2016 NOKm