Third 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 426 MW of solar power plants in the Czech Republic, South Africa, Rwanda, Honduras, Jordan and the United States.

With an established global presence, the company is growing briskly 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

Project development

- Site development
- System design
- Permitting
- Grid connection
- PPA negotiation / tender / FiT

Financing

- Detailed design & engineering
- Component tendering
- Debt / Equity structuring
- Due Diligence

Construction

- Project management
- Supplier and construction monitoring
- Quality assurance
- Funding and cash flow management

Operations

- Maximize performance and availability
- Maintenance and repair

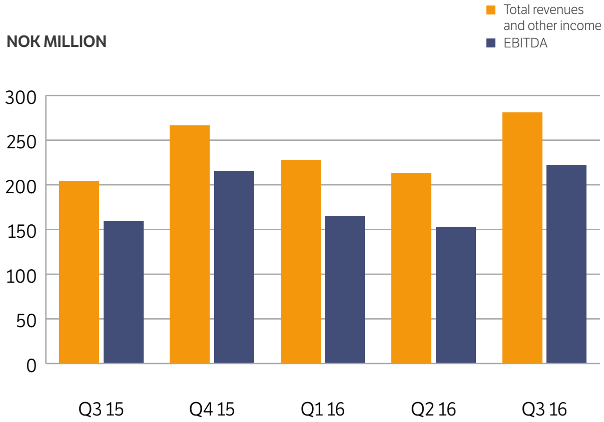
Ownership

- Asset management
- Financial and operational optimization

Q3'16 Highlights

- Power production reached 222 GWh, more than doubling the volume from Q3'15
- Scatec Solar's cash flow to equity from Power Production and Operation & Maintenance reached NOK 56 million up 38% from Q3'15
- 33 MW in Jordan reached commercial operation date – total operating capacity now stands at 426 MW
- Investments of NOK 76 million in plants under construction and further development of the backlog and project pipeline
- In October, entered into an agreement to sell the Utah Red Hills plant with expected gross proceeds of NOK 230 million

CONSOLIDATED REVENUES AND EBITDA



KEY FIGURES

NOK MILLION	Q3 2016	Q2 2016	Q3 2015	YTD 2016	YTD 2015
Total revenues and other income	**281**	213	202	722	614
EBITDA [2]	**222**	153	159	539	483
Operating profit (EBIT)	**154**	93	113	353	360
Profit before income tax	**12**	6	26	-17	129
Profit/(loss) for the period	**11**	6	8	-6	77
Profit/(loss) to Scatec Solar	**-1**	5	3	-43	41
Profit/(loss) to non-controlling interests	**12**	1	5	36	35
Total Assets	**7,537**	7,633	7,205	7,537	7,205
Equity (%) [3]	**15%**	15%	20%	15 %	20%
Net interest bearing debt [2]	**4,509**	4,490	4,091	4,509	4,091
Power Production (GWh)	**222**	183	107	586	315
SSO proportionate share of cash flow to equity [2]:					
Power Production	**46**	32	32	104	92
Operation & Maintenance	**10**	7	9	21	20
Development & Construction	**-10**	10	4	7	56
Corporate	**-17**	-18	-7	-50	-19
Total	**29**	31	37	82	149

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) Numbers in brackets refer to comparable information for the corresponding period last year.
2) See appendix for definition of this measure.
3) 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 third quarter 2016 the PP segment comprised the 426 MW of solar power plants in operation as specified below. The plants produce electricity for sale under 20-25 year fixed priced, normally with inflation adjustments, power purchase agreements (PPA) or feed-in tariff (FiT) schemes with the exception of the Red Hills plant which is selling into the merchant power market until the PPA commences in January 2017.

Operation & Maintenance (O&M)

The O&M segment comprises of 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 of 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 has completed construction of 33 MW in Jordan during the third 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 1,126 MW.

Scatec Solar reporting structure per Q3 2016:

Scatec Solar ASA

	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations
Main activities	• Ownership and management of power producing assets	• Technical and operational services	• Project development • Engineering and Procurement • Construction management • Quality assurance	• Corporate services • Management • Group finance	• Elimination of revenue and profits from internal transactions
Assets / projects with revenues recognized	South Africa (39%): • Kalkbult, 75 MW • Linde, 40 MW • Dreunberg, 75 MW Rwanda (43%): • ASYV, 9 MW Czech Republic (100%): • Portfolio, 20 MW Honduras (40%): • Agua Fria, 60 MW USA (100%): • Utah Red Hills, 104 MW Jordan: • Oryx, 10 MW (90%) • EJRE/GLAE, 33 MW (50.1%)	South Africa: • Kalkbult, 75 MW • Linde, 40 MW • Dreunberg, 75 MW Rwanda: • ASYV, 9 MW Czech Republic: • Portfolio, 20 MW Honduras: • Agua Fria, 60 MW Third-party owned: • 6 MW	Backlog 422 MW Pipeline 1,126 MW		

Segment financials

SEGMENT FINANCIALS Q3 2016

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	279.8	0.9	-	-	-	**280.7**
Internal revenues	-	18.9	36.7	2.3	-57.9	**-**
Net gain/(loss) from sale of project assets	-	-	-	-	-	**-**
Net income/(loss) from associates	-	-	-0.1	-	-	**-0.1**
Total revenues and other income	279.8	19.8	36.6	2.3	-57.9	**280.6**
Cost of sales	-	-	-36.8	-	36.8	**-**
Gross profit	279.8	19.8	-0.1	2.3	-21.2	**280.6**
Operating expenses	-44.1	-7.4	-13.8	-14.8	21.2	**-58.9**
EBITDA	235.7	12.4	-13.9	-12.5	0.0	**221.7**
Depreciation, amortisation and impairment	-81.4	-0.5	-1.6	-0.2	15.5	**-68.1**
Operating profit (EBIT)	154.3	11.9	-15.5	-12.7	15.5	**153.6**

SEGMENT FINANCIALS Q3 2015

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	201.5	0.8	0.1	-	-	**202.3**
Internal revenues	-0.7	16.6	139.8	1.7	-157.4	**-**
Net gain/(loss) from sale of project assets	-	-	-	-	-	**-**
Net income/(loss) from associates	-	-	-0.1	-	-	**-0.1**
Total revenues and other income	200.7	17.4	139.8	1.7	-157.4	**202.3**
Cost of sales	-	-	-122.0	-	122.0	**-**
Gross profit	200.7	17.4	17.8	1.7	-35.4	**202.3**
Operating expenses	-29.5	-6.0	-13.6	-11.6	17.6	**-43.1**
EBITDA	171.2	11.4	4.2	-9.9	-17.8	**159.2**
Depreciation, amortisation and impairment	-59.8	-0.7	-1.7	-0.1	16.3	**-46.1**
Operating profit (EBIT)	111.4	10.6	2.5	-10.0	-1.5	**113.1**

SEGMENT FINANCIALS YTD 2016

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	721.1	2.3	-	-	-	**723.4**
Internal revenues	-	46.4	599.0	6.7	-652.1	**-**
Net gain/(loss) from sale of project assets	-	-	1.6	-	-	**1.6**
Net income/(loss) from associates	-	-	-3.2	-	-	**-3.2**
Total revenues and other income	721.1	48.7	597.5	6.7	-652.1	**721.8**
Cost of sales	-	0.0	-539.5	-	539.5	**-**
Gross profit	721.1	48.7	58.0	6.7	-112.6	**721.8**
Operating expenses	-115.4	-21.8	-52.7	-45.7	53.1	**-182.4**
EBITDA	605.7	26.9	5.3	-39.0	-59.5	**539.4**
Depreciation, amortisation and impairment	-222.2	-1.6	-8.5	-0.5	46.5	**-186.3**
Operating profit (EBIT)	383.5	25.3	-3.2	-39.5	-13.0	**353.0**

SEGMENT FINANCIALS YTD 2015

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	609.4	2.6	0.7	-	-	**612.6**
Internal revenues	-	41.6	958.0	4.7	-1,004.4	**-**
Net gain/(loss) from sale of project assets	-	-	2.6	-	-	**2.6**
Net income/(loss) from associates	-	-	-0.9	-	-	**-0.9**
Total revenues and other income	609.4	44.2	960.4	4.7	-1,004.4	**614.3**
Cost of sales	-	-	-833.6	-	833.6	**-0.0**
Gross profit	609.4	44.2	126.8	4.7	-170.8	**614.3**
Operating expenses	-78.2	-16.8	-51.4	-31.1	46.3	**-131.2**
EBITDA	531.2	27.4	75.4	-26.4	-124.5	**483.1**
Depreciation, amortisation and impairment	-165.2	-1.7	-3.6	-0.3	47.6	**-123.1**
Operating profit (EBIT)	366.0	25.7	71.9	-26.7	-76.8	**360.0**

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 280 million (201) in the third quarter up from NOK 214 million in the previous quarter. The increase from the previous quarter reflects the start of production in Jordan, higher revenues from the South African plants and a positive currency impact of NOK 10 million as ZAR appreciated against NOK.

Power production reached 222 GWh (107), up 21% quarter on quarter and up 107% year on year. In Jordan, the plants reached commercial operation date in June, July and late August respectively. The higher production quarter on quarter is explained mainly by seasonally higher production in South Africa and production from new plants in Jordan.

The Utah Red Hills plant is selling power into the merchant market in 2016 before entering into a 20-year fixed priced PPA contract from 2017. The average merchant price in the third quarter was 32.8 USD/MWh, while the average price under the PPA that starts in 2017 is 58.5 USD/MWh.

Year on year revenues increased by NOK 79 million (39%). The increase is explained by NOK 59 million of additional revenues from new plants, increased production on existing plants by NOK 27 million partly offset by a negative currency effect of NOK 8 million from depreciation of ZAR against NOK.

Operating expenses in the segment amounted to NOK 44 million (30) in the third quarter, up from NOK 38 million in the previous quarter, mainly reflecting increased accruals for O&M performance bonus fees and operating expenses for new plants in Jordan. The O&M services are delivered by Scatec Solar with revenues and earnings reported in the Operation & Maintenance segment.

EBITDA reached NOK 236 million (171) in the third quarter, with an EBITDA margin of 84% (85%), up from NOK 176 million in the previous quarter.

Depreciation and amortisation amounted to NOK 81 million (60), up from NOK 70 million in the previous quarter, reflecting the start of production at the Jordan plants, and by the currency impact of appreciated ZAR against NOK.

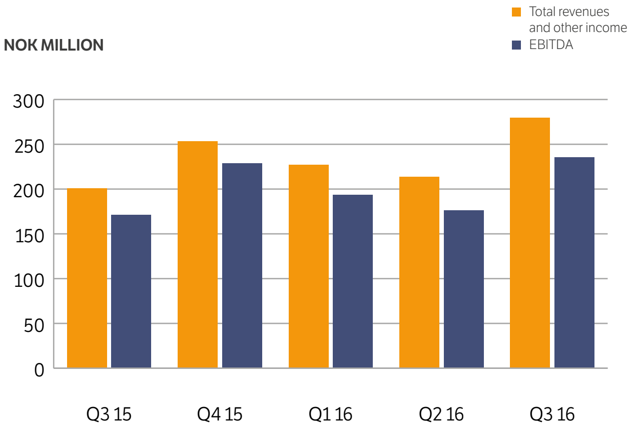
Scatec Solar's proportionate share of cash flow to equity [4] from Power Production was NOK 46 million (32) in the third quarter

For the first nine months of the year, revenues amounted to NOK 721 million (609), while operating expenses increased to NOK 115 million (78). EBITDA amounted to NOK 606 million (531), and EBIT to NOK 383 million (366). Scatec Solar's proportionate share of cash flow to equity from Power Production for the first nine months was NOK 104 million (92).

See separate tables for financials for each individual project company.

4) Refer to appendix for definition of project milestones.

POWER PRODUCTION
– REVENUES AND EBITDA BY QUARTER



POWER PRODUCTION – KEY FIGURES

NOK MILLION	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
External revenues	201.5	253.6	227.3	213.9	**279.8**
Internal revenues	-0.7	-	-	-	**-**
Total revenues and other income	200.7	253.6	227.3	213.9	**279.8**
Operating expenses	-29.5	-24.7	-33.6	-37.6	**-44.1**
EBITDA	**171.2**	**228.9**	**193.7**	**176.3**	**235.7**
D&A and impairment	-59.8	-62.4	-71.2	-69.7	**-81.4**
EBIT	**111.4**	**166.5**	**122.6**	**106.6**	**154.3**

POWER PRODUCTION – KEY RATIOS (%)

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
EBITDA margin	85%	90%	85%	82%	**84%**
EBIT margin	56%	66%	54%	50%	**55%**

PRODUCTION (MWH)

	MW	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Czech portfolio	20	7,962	2,517	3,077	7,965	**8,128**
Kalkbult	75	32,436	39,472	37,143	31,963	**36,392**
Dreunberg	75	31,028	51,909	44,209	28,849	**35,050**
Linde	40	16,424	28,846	25,327	15,749	**19,201**
ASYV	9	3,878	3,208	3,338	3,522	**3,964**
Agua Fria	60	15,424	25,623	26,438	24,591	**25,847**
Utah Red Hills	104	-	-	42,668	64,240	**65,451**
Jordan	43	-	-	-	5,852	**27,487**
MWh produced	426	107,152	151,575	182,200	182,731	**221,521**
- net to SSO	252	46,954	61,034	99,360	118,681	**137,569**

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, 90% of Oryx and 50.1% of GLAE and EJRE in Jordan and 100% of Utah Red Hills in the US.

PROJECT COMPANIES - KEY FINANCIALS Q3 2016

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	UTAH RED HILLS	JORDAN	SEGMENT OVERHEAD	TOTAL SEGMENT	SSO PROP. SHARE 5)
Revenues	35.0	71.7	30.3	56.8	8.7	29.9	19.8	27.2	0.9	279.8	150.6
OPEX	-2.5	-9.3	-5.5	-8.4	-1.5	-4.5	-5.4	-3.1	-3.9	-44.1	-25.3
EBITDA	32.5	62.4	24.8	48.4	7.1	25.4	14.4	24.0	-3.0	235.7	125.3
EBITDA margin	93%	87%	82%	85%	82%	85%	73%	88%	-328%	84%	83%
Net Interest expenses 5)	-5.1	-27.0	-15.8	-27.1	-3.3	-9.9	-8.5	-9.3	1.3	-104.7	-50.9
Normalised loan repayments 5)	-5.4	-4.9	-6.7	-11.1	-3.0	-3.7	-	-	-	-34.8	-17.0
Cash flow to equity 5)	18.4	25.0	2.1	8.3	0.5	11.8	-	14.5	-1.2	79.5	45.8
SSO shareholding	100%	39%	39%	39%	43%	40%	100%	90/50.1%	-	-	-

PROJECT COMPANIES - KEY FINANCIALS YTD 2016

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	UTAH RED HILLS	JORDAN	SEGMENT OVERHEAD	TOTAL SEGMENT	SSO PROP. SHARE 5)
Revenues	83.0	194.4	90.0	165.8	23.8	89.8	42.2	31.3	1.3	721.1	369.1
OPEX	-6.7	-24.0	-13.2	-21.8	-4.1	-12.9	-17.5	-3.3	-11.9	-115.4	-68.2
EBITDA	76.3	170.4	76.8	144.0	19.7	76.9	24.7	28.0	-10.6	605.7	300.9
EBITDA margin	92%	88%	85%	87%	83%	86%	58%	89%	-804%	84%	82%
Net Interest expenses 5)	-15.8	-76.7	-38.0	-75.8	-10.0	-30.4	-27.6	-10.3	2.8	-281.8	-138.2
Normalised loan repayments 5)	-16.0	-14.2	-19.5	-30.5	-9.1	-11.0	-	-	-	-100.2	-49.3
Cash flow to equity 5)	38.0	65.7	15.0	30.8	-	35.5	-	17.4	-5.4	197.0	104.2
SSO shareholding	100%	39%	39%	39%	43%	40%	100%	90/50.1%	-	-	-

PROJECT COMPANIES – FINANCIAL POSITION AND WORKING CAPITAL BREAK-DOWN

AS OF 30 SEPTEMBER 2016

	IN OPERATION										
NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	UTAH RED HILLS	JORDAN	PROJECT COMPANY TOTAL	D&C, O&M, CORPORATE & ELIMINATIONS 6)	CONSOLI-DATED
Project equity 5)	177.9	206.9	138.5	263.0	29.4	325.9	472.5	283.3	1,897.3	-738.6	1,158.7
Total assets	607.9	1,246.7	701.7	1,369.9	196.1	993.1	1,147.9	1,140.4	7,403.6	133.7	7,537.3
PP&E 6)	491.5	1,046.5	571.0	1,132.2	159.8	877.8	1,087.3	1,017.8	6,383.9	-589.6	5,794.3
Cash 7)	59.8	144.5	75.9	133.3	29.7	68.2	27.2	85.1	623.7	245.1	868.8
Gross debt 8)	378.9	957.3	525.5	1,057.5	157.0	570.2	552.2	683.8	4,882.4	495.0	5,377.5
Net interest bearing debt 5)	319.1	812.8	449.6	924.2	127.3	502.0	525.0	598.7	4,258.8	249.9	4,508.7
Net working capital 9)	-18.2	-16.1	-39.1	-51.7	-18.7	1.4	7.8	-51.8	-186.4	20.6	-165.8

5) Refer to appendix for definition of this measure.

6) The amount of NOK 589.6 million is net after reduction for capitalised development spending on projects that have not yet reached construction phase of NOK 596 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 136 million of restricted cash related to deposits for withholding tax, guarantees, VAT and rent as well as collateralised shareholders financing.

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

9) 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

Operation & Maintenance

Revenues in the Operation & Maintenance segment reached NOK 20 million (17) in the third quarter.

The third quarter revenues were recognised based on O&M contracts totalling 285 MW. Revenues from the 43 MW portfolio in Jordan will be recorded when the final documentation of Technical Taking Over have been completed which is expected to take place in the fourth quarter.

Operating expenses reached NOK 7 million (6), broadly in line with the previous quarter.

The EBITDA amounted to NOK 12 million (11) in the third quarter, corresponding to an EBITDA-margin of 63% (65%).

The increase in revenues and EBITDA from the previous quarter is mainly due to higher O&M performance bonus. Several 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).

The increase in revenues year on year is mainly due to the additional revenues from serving the 60 MW Agua Fria plant in Honduras.

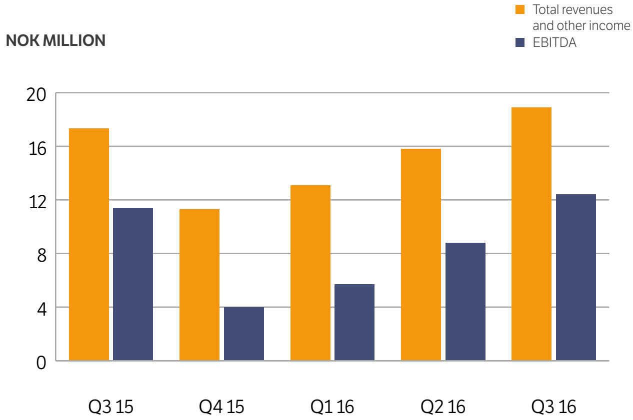
Depreciation and amortisation in the quarter amounted to NOK 0.5 million (0.7), and EBIT was NOK 12 million (11).

Scatec Solar's cash flow to equity from Operation & Maintenance was NOK 10 million (9).

For the first nine months revenues increased to NOK 49 million (44), while operating expenses increased to NOK 22 million (17). EBITDA amounted to NOK 27 million (27) for the first nine months and EBIT was NOK 25 million (26). Scatec Solar's cash flow to equity from Operation & Maintenance for the first nine months was NOK 21 million (20).

The O&M contracts for third party controlled plants are considered non-core and the last contract in the portfolio was terminated during third quarter 2016.

OPERATION & MAINTENANCE – REVENUES AND EBITDA BY QUARTER



OPERATION & MAINTENANCE – KEY FIGURES

NOK MILLION	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
External revenues	0.8	1.5	0.9	0.5	**0.9**
Internal revenues	16.6	9.7	12.2	15.4	**18.9**
Total revenues and other income	**17.4**	**11.3**	**13.1**	**15.8**	**19.8**
Operating expenses	-6.0	-7.2	-7.3	-7.0	**-7.4**
EBITDA	**11.4**	**4.0**	**5.7**	**8.8**	**12.4**
D&A and impairment	-0.7	-0.9	-0.5	-0.6	**-0.5**
EBIT	**10.6**	**3.2**	**5.2**	**8.2**	**11.9**

OPERATION & MAINTENANCE – KEY RATIOS (%)

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
EBITDA margin	65 %	36 %	44 %	55 %	**63 %**
EBIT margin	61 %	28 %	40 %	52 %	**60 %**

PORTFOLIO OVERVIEW – MW AT END OF PERIOD

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Portfolio (MW)	236	236	296	285	**285**
Of which third-party	17	17	17	6	**6**

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 37 million (140) in the third quarter.

The construction projects in Jordan generated revenues of NOK 37 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 third quarter PoC was 100% for the three construction projects in Jordan.

The 11 MW GLAE plant reached COD in July, while the 22 MW EJRE plant reached COD in September.

Cost of sales related to Development and Construction amounted to NOK 37 million (122) in the third quarter. The gross margin for the segment will normally fluctuate from quarter to quarter depending on the mix of projects under development and construction.

There is high activity in the D&C organisation, developing projects across the portfolio and preparing start of construction of projects in backlog. Refer to separate section for status on project backlog and pipeline.

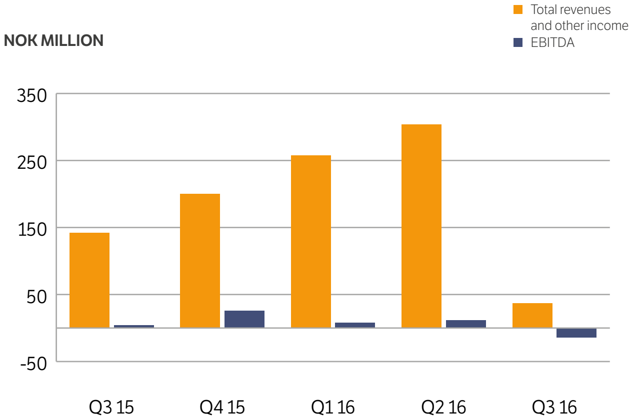
Operating expenses were NOK 14 million (14) in the third quarter. This comprised of approximately NOK 9 million for early stage development of new projects and NOK 5 million related to construction.

EBITDA was NOK -14 million (4) in the third quarter. Depreciation, amortisation and impairment amounted to NOK 2 million (2), and EBIT was thus NOK -16 million (3).

Scatec Solar's cash flow to equity from Development & Construction was NOK -10 million (4).

For the first nine months, revenues amounted to NOK 598 (980), with a gross margin of 10% (13%). Operating expenses increased slightly to NOK 53 million (51). EBITDA was NOK 5 million (75) and EBIT NOK -3 million (72). Scatec Solar's cash flow to equity from Development & Construction for the first nine months was NOK 7 million (56).

DEVELOPMENT & CONSTRUCTION – REVENUES AND EBITDA BY QUARTER



DEVELOPMENT & CONSTRUCTION – KEY FIGURES

NOK MILLION	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
External revenues	0.1	-	-	-	-
Internal revenues	139.8	188.6	257.8	304.5	36.7
Net gain project sale	-	11.5	0.2	1.4	-
Net income associated	-0.1	-	-0.6	-2.4	-0.1
Total revenue and other income	**139.8**	**200.1**	**257.4**	**303.5**	**36.6**
Cost of sales	-122.0	-156.1	-227.6	-275.1	-36.8
Gross profit	**17.8**	**44.0**	**29.8**	**28.4**	**-0.1**
Operating expenses	-13.6	-18.3	-22.3	-16.6	-13.8
EBITDA	**4.2**	**25.7**	**7.5**	**11.8**	**-13.9**
D&A and impairment	-1.7	-3.0	-2.4	-4.5	-1.6
EBIT	**2.5**	**22.8**	**5.1**	**7.3**	**-15.5**

KEY RATIOS (%)

	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Gross margin	13%	22%	12%	9%	0%
EBITDA margin	3%	13%	3%	4%	-38%
EBIT margin	2%	11%	2%	2%	-42%

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 13 million (10) in the third quarter 2016.

CORPORATE – KEY FIGURES

NOK MILLION	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Total revenues	1.7	2.7	2.4	2.0	**2.3**
Operating expenses	-11.6	-13.7	-14.0	-16.9	**-14.8**
D&A and impairment	-0.1	-0.2	-0.2	-0.2	**-0.2**
EBIT	-10.0	-11.1	-11.8	-15.0	**-12.7**
Net external interest expenses	4.0	-0.5	-9.1	-8.8	**-9.9**

In the third quarter the corporate segment was charged NOK 2 million relating to management's share incentive plan, which was introduced in the third quarter 2014 and was fully vested in the third quarter 2016. 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 -9.9 million (4.0) is primarily influenced by corporate funding and the NOK 500 million senior unsecured green bond in particular. See note 6 for further information.

For the first nine months, the net corporate costs amounted to NOK 39 million (27). The increased corporate cost base reflects the overall higher activity in the group as part of executing on the growth strategy.

ELIMINATIONS – KEY FIGURES

NOK MILLION	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Revenues	-157.4	-201.1	-272.3	-321.9	**-57.9**
Cost of sales	122.0	156.1	227.6	275.1	**36.8**
Operating expenses	17.6	12.5	14.5	17.4	**21.2**
EBITDA	-17.8	-32.5	-30.2	-29.4	**0.0**
D&A	16.3	13.9	15.7	15.3	**15.5**
EBIT	-1.5	-18.5	-14.5	-14.1	**15.5**

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 third 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 21 million (18) in the third quarter.

CONSOLIDATED INCOME STATEMENT

Revenues

Scatec Solar reported consolidated revenues of NOK 281 million in the third quarter 2016, up from NOK 202 million in the same period last year, with the growth reflecting sales of electricity from new power plants of NOK 47 million, partly offset by currency translation effects as the ZAR has weakened by 6% compared to the third quarter 2015.

Net revenues included NOK -0.1 million (-0.1) of loss from associated companies.

For the first nine months, revenues amounted to NOK 722 million (614). Net revenues included NOK 2 million (3) of gain from sales of project assets as well as NOK -3 million (-1) of loss from associated companies.

Operating expenses

Consolidated operating expenses amounted to NOK 59 million (43) in the third quarter. This comprised of approximately NOK 33 million for operation of existing power plants, NOK 9 million for early stage development of new projects, NOK 5 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 21 million (18) and other operating expenses to NOK 38 million (25).

For the first nine months, consolidated operating expenses amounted to NOK 182 million (131). The increase in operating expenses is primarily reflecting commencement of operations at the Utah Red Hills and Jordan solar power plants as well as increased corporate cost base.

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 222 million (159) in the third quarter, and NOK 539 million (483) for the first nine months. The increased profitability in the quarter primarily reflects the growth in sales from the Utah Red Hills and Jordan plants, but is offset by the weakening of the ZAR, and is also influenced by the Red Hills plant operating in the merchant market with low tariffs.

Depreciation, amortisation and impairment amounted to NOK 68 million (46) in the third quarter, and NOK 186 million (123) for the first nine months. The increase is mainly explained by commencement of asset depreciation of new solar power plants.

Thus, operating profit (EBIT) was NOK 154 million (113) in the third quarter and NOK 353 million (360) for the first nine months.

Net financial items

NET FINANCIAL ITEMS – KEY FIGURES

NOK MILLION	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
Interest income	18.2	17.2	12.1	15.5	**8.8**
Other financial income	0.3	-	-	0.4	**-**
Financial income	18.5	17.2	12.1	15.8	**8.8**
Interest expenses	-98.4	-107.0	-116.2	-117.2	**-129.2**
Other financial expenses	-2.1	-4.1	-2.5	-2.1	**-1.8**
Financial expenses	100.5	-111.1	-118.7	-119.3	**-131.1**
Foreign exchange gains/(losses)	-4.9	22.2	-34.5	16.5	**-19.2**
Net financial expenses	-86.9	-71.7	-141.1	-87.0	**-141.5**

Net financial items amounted to NOK -142 million (-87) in the third quarter and NOK -370 million (-231) for the first nine months.

Financial income amounted to NOK 9 million (18) in the third quarter and NOK 36 million (47) for the first nine months.

Financial expenses amounted to NOK 131 million (101) in the third quarter. The increase in interest expenses reflects increased debt financing of the growing asset base and the NOK 500 million corporate bond which was issued in the fourth quarter of 2015. Interest expenses on the operating solar power plants amounted to NOK 121 million (101) whereas interest expenses on corporate funding amounted to NOK 10 million (0) in the third quarter.

For the first nine months financial expenses amounted to NOK 369 million (297).

Foreign exchange losses amounted to NOK 19 million (5) in the third quarter and NOK 37 million (18) for the first nine months. These effects are largely reflecting the weakening of the USD in the third quarter and the weakening of the ZAR on year to date basis. These are mainly non-cash and related to intercompany balances.

Profit before tax and net profit

Profit before income tax was NOK 12 million (26) in the third quarter and NOK -17 million (129) for the first nine months.

Income tax expense was NOK -1 million (-18) in the third quarter, corresponding to an effective tax rate of 7.2% (68.0%). For the first nine months the income tax expense amounted to NOK 10 million (-52), corresponding to effective tax rate of 62.1% (40.3%). 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 11 million (8) in the third quarter and NOK -6 million (77) for the first nine months.

A profit of NOK -1 million (3) was attributable to the equity holders of Scatec Solar in the third quarter and NOK -43 million (41) for the first nine months. A profit of NOK 12 million (5) was attributable to non-controlling interests in the third quarter and NOK 36 million (35) for the first nine months.

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 the third quarter 2016 the NOK appreciated against one of the Group's main currencies (CZK) and depreciated against the USD and ZAR compared to the average rates for the second quarter. This positively affected consolidated revenues by approximately NOK 10 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 2 million.

The quarter-on-quarter net foreign currency gains/losses was down NOK 35 million, from a gain of NOK 16 million in the second quarter 2016 compared to a loss of NOK 19 million in the third quarter 2016. These currency effects are to a large extent related to non-cash gains/losses on intercompany balances and includes a reclassification effect of NOK 19 million from foreign currency translation differences in other comprehensive income to the statement of profit or loss.

Following the changes in the relevant currencies in the third quarter, the Group has recognised a foreign currency translation loss of NOK 18 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 196 million in the third quarter 2016 (-30). Compared to the EBITDA of NOK 222 million, the cash flow is primarily affected by changes in the working capital.

Net cash flow from consolidated investing activities was NOK -67 million (-194), mainly driven by progress on construction projects in Jordan and on developing the project backlog and pipeline.

Net cash flow from financing activities was NOK -177 million (177), including gross proceeds from new non-recourse financing of NOK 4 million (252) as well as a down payment of NOK 17 million (1). During the third quarter dividends of NOK 76 million (68) were paid to non-controlling interests in the project companies.

For the first nine months, net cash flow from consolidated operating activities was NOK 517 million (584), while the net negative cash flow from consolidated investing activities was NOK -794 million (-2,022). Net cash flow from consolidated financing activities amounted to NOK -460 million (1,275), including gross proceeds of NOK 117 million (1,508) from non-recourse project financing.

Refer to note 6 for a detailed cash overview.

SCATEC SOLAR'S PROPORTIONATE SHARE OF CASH FLOW TO EQUITY

"Scatec Solar's 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.

PROPORTIONATE SHARE OF CASH FLOW TO EQUITY

NOK MILLION	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Power Production	31.7	38.6	26.4	31.9	**45.9**
Operation & Maintenance	8.5	3.2	4.4	6.7	**9.5**
Development & Construction	3.6	19.6	6.5	10.2	**-9.8**
Corporate	-7.2	-2.9	-15.5	-17.7	**-16.8**
Total	**36.6**	**58.4**	**21.9**	**31.0**	**28.7**
SSO project equity investments	-13.5	-102.1	-28.0	-0.3	**-**
Distributions to SSO from project companies	34.2	32.0	3.0	58.3	**52.1**
Dividends to corporate shareholders	-	-	-	-61.9	**-**

"Scatec Solar's proportionate share of cash flow to equity" was NOK 29 million (37) in the third quarter. The decrease compared to second quarter is mainly explained by reduced construction activity in the Development & Construction segment as the Jordan projects were completed during the quarter, partly offset by increased power production in South Africa and Jordan.

No further project equity investments were made in the third quarter. During the third quarter Scatec Solar received distributions of NOK 52 million from the power producing project entities in the Czech Republic and South Africa.

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 1,159 million (1,425) as of 30 September 2016, which is unchanged during third quarter and representing a decrease of NOK 266 million for the first nine months. 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 as well as dividends – partly offset by reclassification of shareholder loans granted to the project companies in Jordan from non-current liabilities to the non-controlling interests' share of equity.

As a result of the above the book equity ratio is fairly stable and increased to 15.4% from 15.2% at the end of the third quarter.

The more relevant equity to capitalisation ratio for the recourse group (excluding the non-recourse financed project entities) as defined in the corporate bond agreement was 72% at the end of the second quarter. See note 6 for more information.

Total assets amounted to NOK 7,537 million (7,984) as of 30 September 2016, a decrease of NOK 96 million during the third quarter and NOK 446 million for the first half year.

Non-current assets amounted to NOK 6,345 million (5,844) as of 30 September 2016, a decrease of NOK 37 million during third quarter and NOK 501 million for the first nine months. Mark-to-market revaluation of interest rate swaps is the main reason for the quarter on quarter net decrease.

Current assets amounted to NOK 1,192 million (2,140), which was a decrease of NOK 59 million during third quarter and NOK 947 million for the first nine months – mainly explained by reduced cash balance.

Of the total cash and cash equivalents of NOK 869 million, NOK 624 million was cash in project companies in operation, and NOK 13 million was cash in project companies under development/construction. Other restricted cash amounted to NOK 136 million and NOK 81 million was free cash at the group level (net of corporate overdraft facility). Refer to Note 6 for definition of cash terms and more information on the corporate overdraft facility.

The reduced free cash position mainly reflects spending on maturing the project backlog and pipeline partly offset by distributions from project companies (including dividends and service fees for operation & maintenance and asset management).

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

Total liabilities decreased to NOK 6,379 million from NOK 6,474 at the end of the second quarter, and down from NOK 6,558 million at the end of the fourth quarter.

Total non-current liabilities amounted to NOK 5,683 million at the end of third quarter 2016, compared to NOK 5,820 million at the end of second quarter and NOK 5,843 end of fourth quarter. NOK 4,580 million of this was non-recourse project financing pledged only to the assets and performance of each individual project, compared to NOK 4,682 million at the end of second quarter and NOK 4,800 million at the end of fourth quarter.

Total current liabilities increased to NOK 696 million, from NOK 654 million at the end of second quarter and NOK 715 million at the end of the fourth quarter. The increase mainly reflects reclassification from non-current to current portion of long term debt due to upcoming repayments.

PROJECT BACKLOG, PIPELINE AND OPPORTUNITIES

PROJECT STAGE (IN MW)	Q2 2016 [10]	Q3 2016 [10]
In operation	404	426
Under construction	22	-
Project backlog	422	422
Project pipeline	1,156	1,126
Project opportunities	2,352	2,358

10) Status per reporting date.

Project backlog

Project backlog is defined as projects with a secure off-take agreement and 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 acquired 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% 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). Scatec Solar and the ENEE are still awaiting feedback on the required interregional interconnection permit and construction start is expected in the first half of 2017.

Segou, Mali, 33 MW

In July 2015, Scatec Solar ASA together with its development 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.

IFC and African Development Bank (AfDB) will provide the non-recourse project finance for the project. Preliminary Credit Committee clearance has been obtained for project finance debt and preparations for construction are well advanced. A Project Risk Guarantee form the World Bank is pending before Scatec Solar and sponsors will move forward with the project. Financial close and construction start is expected in the first half of 2017.

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 signed the 20-year Power Purchase Agreements (PPAs) with ANEEL in May 2016. The project finance process continues while the requirement to reach COD by August 2017 is currently creating some challenges. Scatec Solar is therefore evaluating alternative ways to take the project forward.

Upington, South Africa, 258 MW

In April 2015, Scatec Solar was awarded preferred bidder status for three projects in Upington 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. Based on recent information it appears that more time is required to align various governmental bodies involved in the REIPP Programme, and hence financial close of the Upington projects may move closer to the expected start of construction in first half 2017.

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 pipeline of projects with a gross capacity of 1,126 MW.

PIPELINE – TARGETED START OF CONSTRUCTION

	CAPACITY (MW)	2017	2018
South Africa	430		430
East Africa	88	40	48
West Africa	117	117	
Egypt	341	341	
Pakistan	150	150	
Total pipeline	**1,126**	**648**	**478**

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, but it is expected to be announced after financial close of the current Round 4 projects in South Africa.

In East and West Africa the pipeline consists of projects across Burkina Faso, Kenya, Mozambique and Nigeria. In Mozambique, the power purchase agreement with the utility and the concession agreement with the authorities is expected to be signed shortly and the financing process is well advanced with IFC as mandated lead bank. Construction start is expected in first half 2017.

In July 2016, Scatec Solar signed an agreement to take over a 100 MW project (the “Nova Scotia” project), located in Dutse L.G.A., the capital of Jigawa State in Nigeria. The Nova Scotia project was developed by CDIL, a Canada-based renewable energy development company, and Business Process Solutions Consult Limited (BPS), a Nigerian strategic consulting firm. The two companies have worked closely with the Jigawa State Government to develop this project over the last two years. The Nova Scotia project signed a power purchase agreement (PPA) with Nigerian Bulk Electricity Trader Plc (NBET) in July, 2016. Scatec Solar continues to develop the project and the financing process and technical preparations have been initiated.

Scatec Solar has secured participation in five projects in the FiT program in Egypt, each 50 MW (AC). 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.

Agreements have been signed and down payments made by Scatec Solar and a total of 40-45 other 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.

Scatec Solar is expecting to sign the Power Purchase Agreement (PPA) for a 50 MW project under the original terms of PPA ("Round 1"). Subsequent to signing there are several details to be resolved before the project can move forward to final investment decision and construction.

In August 2016, the Government of Egypt announced revised terms for the common Power Purchase Agreement under the 2 GW PV Programme. The 20 year fixed tariff was lowered to 8.4 USD cent/kWh while the authorities have accepted key terms required for participation by the International Financing Institutions (IFIs) ("Round 2"). The deadline for reaching financial close for the Round 2 projects is set to October 2017. Scatec Solar will over the next months be in dialogue with all project stakeholders to review key parameters, including cost of sourced components for the financial model before an investment decision can be made.

In Pakistan, Scatec Solar signed a joint development agreement with Nizam Energy for the development of 300 MW solar power plants in Q2 2015. The first 150 MW under this agreement is in the state of Sindh and is included in pipeline. All required development steps are completed, but the project is still awaiting the award of the feed-in tariff. The Pakistani authorities initiated this summer a process to review the feed-in tariff level for awards to be done in the second 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 previously was included in the project pipeline. Scatec Solar has decided to sell the rights to this project and now therefore removed the project from the pipeline.

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 2,358 MW across Americas, Africa and Asia.

OUTLOOK

Revised growth target mainly reflecting the sale of the 104 MW Utah Red Hills plant:

- By year end 2018: 1,300 - 1,500 MW in operation and/or under construction
- Investments in new solar power plants are expected to yield average equity IRR of 15% nominal after tax.
- Project development & construction (D&C) gross margins averaging 15%.
- 2016 cash flow to Scatec Solar equity is expected to reach NOK 160-180 million from Power Production and Operation & Maintenance based on currency exchange rates as of mid-October 2016.

Scatec Solar is in discussions with the project finance lenders with the objective to release cash reserves in certain project companies in the portfolio. SSO proportionate share of the cash reserves expected to be released is estimated to NOK 50-70 million.

2016 AND Q4 2016 GUIDANCE

Power Production (PP)

Q4 2016 power production is expected to reach 195,000 MWh, based on the assumption that the Utah Red Hills transaction will be closed by end November.

The deconsolidation of Utah is a key explanation for the reduction in production levels from Q3 in addition to the lower production during fall and winter months in the Northern hemisphere affecting the plants in the US, Europe and the Middle East. This is partially offset by the South African plants entering the summer season.

Operation and Maintenance (O&M)

O&M revenues are expected to increase from the first half to the second half of 2016, as the O&M contracts from the 43 MW projects in Jordan is expected to become effective.

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.

In Q4 2016, no significant construction activity is expected and hence with no gross margin contribution.

Corporate & Eliminations

Corporate costs are expected to remain at current levels as the corporate functions have been strengthened over the recent quarters.

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.

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 second 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	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FULL YEAR 2015
Revenues	2	**280,735**	202,345	**723,350**	612,598	867,714
Net gain/(loss) from sale of project assets	2,3	**-**	-	**1,618**	2,585	14,112
Net income/(loss) from associated companies	2	**-116**	-90	**-3,152**	-865	-865
Total revenues and other income		**280,619**	202,255	**721,816**	614,318	880,961
Personnel expenses	2	**-20,506**	-18,000	**-67,475**	-51,573	-70,543
Other operating expenses	2	**-38,425**	-25,098	**-114,946**	-79,616	-112,027
Depreciation, amortisation and impairment	2,3	**-68,138**	-46,100	**-186,349**	-123,146	-175,609
Operating profit		**153,550**	113,057	**353,046**	359,983	522,782
Interest and other financial income	4,5	**8,776**	18,510	**36,686**	47,186	64,402
Interest and other financial expenses	4,5	**-131,072**	-100,536	**-369,084**	-296,961	-408,054
Net foreign exchange gain/(losses)	4,5	**-19,202**	-4,858	**-37,216**	18,329	40,514
Net financial expenses		**-141,498**	-86,884	**-369,614**	-231,446	-303,138
Profit/(loss) before income tax		**12,052**	26,173	**-16,568**	128,537	219,644
Income tax (expense)/benefit	7	**-866**	-17,803	**10,295**	-51,832	-83,970
Profit/(loss) for the period		**11,186**	8,370	**-6,273**	76,705	135,674
Profit/(loss) attributable to:						
Equity holders of the parent		**-1,138**	3,253	**-42,732**	41,338	67,651
Non-controlling interests		**12,324**	5,117	**36,459**	35,367	68,023
Basic and diluted earnings per share (NOK)		**-0.01**	0.03	**-0.46**	0.44	0.72
Weighted average no of shares (in thousand)		**93,816**	93,816	**93,816**	93,816	93,816

The interim financial information has not been subject to audit.

Interim consolidated statement of comprehensive income

NOK THOUSAND	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FULL YEAR 2015
Profit/(loss) for the period	**11,186**	8,370	**-6,273**	76,705	135,674
Other comprehensive income:					
Items that may subsequently be reclassified to profit or loss					
Net movement of cash flow hedges	**-38,365**	-6,013	**-131,002**	35,138	142,713
Income tax effect	**10,743**	1,680	**36,681**	-9,837	-39,959
Foreign currency translation differences	**-25,296**	56,914	**-65,433**	59,194	44,576
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**-52,918**	52,581	**-159,754**	84,495	147,330
Total comprehensive income for the period net of tax	**-41,732**	60,951	**-166,027**	161,200	283,004
Attributable to:					
Equity holders of the parent	**-42,364**	68,488	**-141,404**	115,334	188,941
Non-controlling interests	**630**	-7,536	**-24,623**	45,866	94,063

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 30 SEPTEMBER 2016	AS OF 31 DECEMBER 2015
ASSETS			
Non-current assets			
Deferred tax assets	7	375,430	340,670
Property, plant and equipment – in solar projects	3	5,794,317	5,196,298
Property, plant and equipment – other	3	19,187	19,891
Goodwill		22,044	23,595
Financial assets	4,5	7,513	126,810
Other non-current assets	9	126,352	136,543
Total non-current assets		6,344,843	5,843,807
Current assets			
Trade and other receivables		222,934	221,382
Other current assets	9	99,435	251,892
Financial assets	4,5	1,322	1,086
Cash and cash equivalents	6	868,803	1,639,029
Non-current assets held for sale	3	-	26,427
Total current assets		1,192,494	2,139,816
TOTAL ASSETS		7,537,337	7,983,623

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 30 SEPTEMBER 2016	AS OF 31 DECEMBER 2015
EQUITY AND LIABILITIES			
Equity			
Share capital		2,345	2,345
Share premium		818,207	807,903
Total paid in capital		820,552	810,248
Retained earnings		-275,084	-164,909
Other reserves		68,657	161,803
Total other equity		-206,427	-3,106
Non-controlling interests		544,577	618,255
Total equity	8	1,158,702	1,425,397
Non-current liabilities			
Deferred tax liabilities	7	176,299	203,436
Non-recourse project financing	4	4,579,937	4,799,828
Bonds	6	494,792	492,917
Financial liabilities	4,5	12,773	-
Other non-current liabilities	9	418,902	346,616
Total non-current liabilities		5,682,703	5,842,797
Current liabilities			
Trade and other payables	10	20,002	154,154
Income tax payable	7	6,951	23,508
Non-recourse project financing	4	302,769	166,789
Financial liabilities	4,5,6	21,195	6,184
Other current liabilities	9	345,015	364,794
Total current liabilities		695,932	715,429
Total liabilities		6,378,635	6,558,226
TOTAL EQUITY AND LIABILITIES		7,537,337	7,983,623

The interim financial information has not been subject to audit.

Oslo, 24 October 2016

The Board of Directors of Scatec Solar ASA

Interim consolidated statement of changes in equity

NOK THOUSAND	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	OTHER RESERVES: FOREIGN CURRENCY TRANSLATION	OTHER RESERVES: HEDGING RESERVES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
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	-	-	41,338	-	-	**41,338**	35,367	**76,705**
Other comprehensive income	-	-	-	63,972	10,024	**73,996**	10,499	**84,495**
Total comprehensive income	-	-	41,338	63,972	10,024	**115,334**	45,866	**161,200**
Share-based payment	-	10,326	-	-	-	**10,326**	-	**10,326**
Dividend distribution	-	-	-25,331	-	-	**-25,331**	-116,168	**-141,499**
Capital increase from NCI [1]	-	-	-	-	-	**-**	223,551	**223,551**
At 30 September 2015	2,345	804,468	-191,220	109,170	5,336	**730,099**	700,060	**1,430,159**
At 1 October 2015	2,345	804,468	-191,220	109,170	5,336	**730,099**	700,060	**1,430,159**
Profit for the period	-	-	26,313	-	-	**26,313**	32,656	**58,969**
Other comprehensive income	-	-	-	18,289	29,007	**47,294**	15,541	**62,835**
Total comprehensive income	-	-	26,313	18,289	29,007	**73,609**	48,197	**121,806**
Share-based payment	-	3,435	-	-	-	**3,435**	-	**3,435**
Dividend distribution	-	-	-	-	-	**-**	-41,572	**-41,572**
Capital increase from NCI [1]	-	-	-	-	-	**-**	-88,431	**-88,431**
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	-	-	-42,732	-	-	**-42,732**	36,458	**-6,274**
Other comprehensive income	-	-	-5,525	-55,944	-37,203	**-98,672**	-61,081	**-159,753**
Total comprehensive income	-	-	-48,257	-55,944	-37,203	**-141,404**	-24,623	**-166,027**
Share-based payment	-	10,305	-	-	-	**10,305**	-	**10,305**
Dividend distribution	-	-	-61,918	-	-	**-61,918**	-162,263	**-224,181**
Capital increase from NCI [1][2]	-	-	-	-	-	**-**	113,208	**113,208**
At 30 September 2016	2,345	818,207	-275,084	71,517	-2,860	**614,125**	544,577	**1,158,702**

The interim financial information has not been subject to audit.

1) Non-controlling interests.

2) Included in this line item is a reclassification from non-current liabilities to the non-controlling interests' share of equity of NOK 105,461 related to shareholder loans granted to the project companies in Jordan.

Interim consolidated statement of cash flow

NOK THOUSAND	NOTES	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FULL YEAR 2015
Cash flow from operating activities						
Profit before taxes		**12,052**	26,173	**-16,568**	128,537	219,644
Taxes paid	7	**249**	-	**-22,671**	-34,003	-47,639
Depreciation and impairment	3	**68,138**	46,100	**186,349**	123,146	175,609
Net income associated companies/sale of project assets		**116**	-90	**1,534**	-865	-13,247
Interest and other financial income	4	**-8,776**	-18,511	**-36,686**	-47,187	-64,403
Interest and other financial expenses	4	**131,072**	104,003	**369,084**	294,014	408,054
Unrealised foreign exchange (gain)/loss	4	**28,852**	-11,770	**47,022**	-62,426	-134,272
(Increase)/decrease in trade and other receivables		**-40,501**	-9,439	**-1,552**	-360	-95,260
(Increase)/decrease in other current/non-current assets		**68,275**	-11,912	**162,580**	-10,463	-96,347
Increase/(decrease) in trade and other payables	10	**-19,896**	-183,385	**-134,152**	162,220	84,207
Increase/(decrease) in current liabilities		**-38,355**	10,231	**-19,777**	6,350	46,374
Increase/(decrease) in financial assets and other changes	5,9	**-5,241**	18,133	**-18,040**	25,317	22,107
Net cash flow from operating activities		**195,985**	-30,467	**517,123**	584,280	504,827
Cash flow from investing activities						
Interest received	4	**8,769**	18,511	**36,687**	47,187	64,403
Investments in property, plant and equipment	3	**-75,620**	-208,858	**-856,893**	-2,036,913	-2,512,284
Proceeds from sale of project assets		**-**	-	**26,414**	-	-
Investments in associated companies		**-**	-3,484	**-**	-32,089	39,106
Net cash flow from investing activities		**-66,851**	-193,831	**-793,792**	-2,021,815	-2,408,775
Cash flow from financing activities						
Proceeds from NCI shareholder financing [1)]		**-**	15,097	**22,251**	216,741	279,840
Interest paid	4	**-88,000**	-10,666	**-303,813**	-191,016	-379,676
Proceeds from non-recourse project financing	4	**3,485**	251,615	**117,065**	1,507,905	2,874,104
Repayment of non-recourse project financing	4	**-16,836**	-1,340	**-71,527**	-51,185	-549,385
Equity financing of co-investors	9	**-**	-10,362	**-**	-65,848	-
Proceeds from bond issue	6	**-**	-	**-**	-	492,917
Dividends paid to equity holders of the parent company	8	**-**	-	**-61,918**	-25,331	-25,331
Dividends and other distributions paid to non-controlling interest		**-75,734**	-67,584	**-162,263**	-116,168	-157,740
Net cash flow from financing activities		**-177,085**	176,760	**-460,205**	1,275,098	2,535,729
Net increase/(decrease in cash and cash equivalents		**-47,951**	-47,538	**-736,874**	-162,437	631,781
Effect of exchange rate changes on cash and cash equivalents		**-5,883**	-18,643	**-47,813**	-336	-41,283
Cash and cash equivalents at beginning of the period	6	**907,751**	952,514	**1,638,604**	1,049,106	1,049,106
Cash and cash equivalents at end of the period	6	**853,917**	886,333	**853,917**	886,333	1,638,604
Cash in project companies in operation	6	**623,713**	499,220	**623,713**	499,220	643,495
Cash in project companies under construction	6	**13,060**	85,145	**13,060**	85,145	169,934
Other restricted cash	6	**136,397**	165,849	**136,397**	165,849	174,241
Free cash	6	**80,747**	136,119	**80,747**	136,119	650,933
Total cash and cash equivalents	6	**853,917**	886,333	**853,917**	886,333	1,638,604
Hereof presented as:						
Cash and cash equivalents		**868,803**	963,022	**868,803**	963,022	1,639,029
Financial liabilities		**-14,886**	-26,662	**-14,886**	-76,689	-425

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 24 October 2016.

Basis of preparation
These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement and presentation principles consistent with International Financing 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 second quarter 2016 five project companies in Egypt and one in Honduras were consolidated for the first time. Construction has not yet commenced and the activity is currently limited to project development. Scatec Solar currently has a shareholding of 49% and 70% respectively and has concluded that that it through its involvement has the power to control these entities. Furthermore, Scatec Solar is exposed to variable returns and has the ability to affect those returns through its power over the companies.

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.

Q3 2016

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	279,812	923	-	-	-	**280,735**
Internal revenues	-	18,870	36,733	2,311	-57,914	**-**
Net gain/(loss) from sale of project assets	-	-	-	-	-	**-**
Net income/(loss) from associates	-	-	-116	-	-	**-116**
Total revenues and other income	279,812	19,793	36,617	2,311	-57,914	**280,619**
Cost of sales	-	-	-36,756	-	36,756	**-**
Gross profit	279,812	19,793	-139	2,311	-21,158	**280,619**
Personnel expenses	-2,797	-3,037	-7,016	-7,656	-	**-20,506**
Other operating expenses	-41,348	-4,357	-6,762	-7,139	21,181	**-38,425**
Depreciation and impairment	-81,365	-457	-1,630	-204	15,518	**-68,138**
Operating profit	154,302	11,942	-15,547	-12,688	15,541	**153,550**

Q3 2015

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	201,458	785	102	-	-	**202,345**
Internal revenues	-723	16,565	139,823	1,745	-157,410	**-**
Net gain/(loss) from sale of project assets	-	-	-	-	-	**-**
Net income/(loss) from associates	-	-	-90	-	-	**-90**
Total revenues and other income	200,735	17,350	139,835	1,745	-157,410	**202,255**
Cost of sales	-	-	-121,998	-	121,998	**-**
Gross profit	200,735	17,350	17,837	1,745	-35,412	**202,255**
Personnel expenses	-2,606	-2,691	-5,850	-6,853	-	**-18,000**
Other operating expenses	-26,880	-3,301	-7,738	-4,766	17,587	**-25,098**
Depreciation and impairment	-59,817	-740	-1,702	-141	16,300	**-46,100**
Operating profit	111,432	10,618	2,547	-10,015	-1,525	**113,057**

YTD 2016

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	721,055	2,295	-	-	-	**723,350**
Internal revenues	-	46,410	599,038	6,693	-652,141	**-**
Net gain/(loss) from sale of project assets	-	-	1,618	-	-	**1,618**
Net income/(loss) from associates	-	-	-3,152	-	-	**-3,152**
Total revenues and other income	721,055	48,705	597,504	6,693	-652,141	**721,816**
Cost of sales	-	2	-539,502	-	539,500	**-**
Gross profit	721,055	48,707	58,002	6,693	-112,641	**721,816**
Personnel expenses	-8,718	-8,568	-27,577	-22,612	-	**-67,475**
Other operating expenses	-106,681	-13,217	-25,101	-23,052	53,105	**-114,946**
Depreciation and impairment	-222,194	-1,585	-8,535	-539	46,504	**-186,349**
Operating profit	383,462	25,337	-3,211	-39,510	-13,032	**353,046**

YTD 2015

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	609,388	2,567	659	-	-	**612,614**
Internal revenues	-	41,610	958,027	4,727	-1,004,364	**-**
Net gain/(loss) from sale of project assets	-	-	2,585	-	-	**2,585**
Net income/(loss) from associates	-	-	-865	-	-	**-865**
Total revenues and other income	609,388	44,177	960,406	4,727	-1,004,364	**614,334**
Cost of sales	-	-	-833,579	-	833,563	**-16**
Gross profit	609,388	44,177	126,827	4,727	-170,801	**614,318**
Personnel expenses	-7,159	-7,053	-20,561	-16,800	-	**-51,573**
Other operating expenses	-71,024	-9,764	-30,834	-14,331	46,337	**-79,616**
Depreciation and impairment	-165,156	-1,700	-3,571	-345	47,626	**-123,146**
Operating profit	366,049	25,660	71,861	-26,749	-76,838	**359,983**

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).

The carrying value of development projects that have not yet reached the construction phase was NOK 595,875 thousand at 30 September 2016 (31 December 2015: NOK 141,302 thousand).

There were no significant impairment losses in the third quarter 2016. During the second quarter the Group incurred an impairment charge of NOK 4,308 thousand on a development project in the pipeline. During the first quarter the Group impaired two projects in West Africa totalling NOK 1,480 thousand. There were no significant impairment losses during the first nine months of 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.

Refer to note 11 for information on the sale of the Utah Red Hills solar power plant.

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	125,220	898,999	6,182	**1,030,401**
Disposals	-	-	-1,678	**-1,678**
Transfer between asset classes	917,601	-917,601	-	**-**
Depreciation	-175,260	-	-3,802	**-179,062**
Impairment losses	-	-6,770	-517	**-7,287**
Effect of foreign exchange currency translation adjustments	-214,867	-29,304	-889	**-245,060**
Carrying value at 30 September 2016	5,198,368	595,949	19,187	**5,813,504**
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 302,769 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 the first nine months of 2016, the Group drew down NOK 117,065 thousand of non-recourse debt as part of the construction of the solar power plants in Jordan.

NOK THOUSAND	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FULL YEAR 2015
Interest income	**8,776**	18,164	36,329	46,661	**63,868**
Other financial income	**-**	346	357	525	**534**
Financial income	**8,776**	18,510	36,686	47,186	**64,402**
Interest expenses	**-129,243**	-98,396	-362,647	-288,517	**-395,541**
Forward exchange contracts	**-**	-	-	-2,954	**-2,954**
Other financial expenses	**-1,829**	-2,140	-6,437	-5,490	**-9,559**
Financial expenses	**-131,072**	-100,536	-369,084	-296,961	**-408,054**
Foreign exchange gains/(losses)	**-19,202**	-4,858	-37,216	18,329	**40,514**
Net financial expenses	**-141,498**	-86,884	-369,614	-231,446	**-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.

30 September 2016 NOK THOUSAND	NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	TOTAL FAIR VALUE
Fair value based on prices quoted in an active market (Level 1)	-	-	-	**-**
Fair value based on price inputs other than quoted prices (Level 2)	-	8,835	-19,082	**-10,247**
Fair value based on unobservable inputs (Level 3)	72	-	-	**72**
Total fair value at 30 September 2016	72	8,835	-19,082	**-10,175**

31 December 2015 NOK THOUSAND	NON-CURRENT FINANCIAL INVESTMENTS	DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS)	DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES)	TOTAL FAIR VALUE
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	30 SEPTEMBER 2016	31 DECEMBER 2015
Cash in project companies in operation	**623,713**	643,495
Cash in project companies under development/construction	**13,060**	169,934
Other restricted cash	**136,397**	174,241
Free cash	**80,747**	650,933
Total cash and cash equivalents	**853,917**	1,638,604
Hereof presented as:		
Cash and cash equivalents	**868,803**	1,639,029
Financial liabilities	**-14,886**	-425

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 development/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	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FULL YEAR 2015
Free cash at beginning of period	126,488	172,859	651,359	403,653	403,653
Net free cash flow from operations outside non-recourse financed companies	-97,869	-59,352	-655,304	117,129	704,101
Equity contributions/collateralised for equity commitments in project companies	-	-13,543	-28,273	-478,387	-580,518
Distributions from project companies	52,128	34,223	113,390	91,792	123,698
Free cash at end of the period	80,747	134,187	80,747	134,187	650,933

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 30 September 2016, the Group has drawn NOK 14,886 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 third quarter, an interest amounting to NOK 10,499 thousand (0) was expensed. During the nine months of the year the interest amounted to NOK 31,104 thousand (0).

Per 30 September 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 1,325,158 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 third quarter and first nine months ended 30 September 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. The effective tax rate has been and will be impacted by the volume of construction activities as the tax rate in the construction companies normally is higher than in the project companies. This means that the full tax expense on the internal profit will not be eliminated and hence increase the effective tax rate during construction. The opposite effect will occur when the eliminated internal profit is reversed through lower depreciation at the tax rate of the project company.

Effective tax rate

NOK THOUSAND	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FULL YEAR 2015
Profit before income tax	12,052	26,173	-16,568	128,537	219,644
Income tax (expense)/benefit	-866	-17,803	10,295	-51,832	-83,970
Equivalent to a tax rate of (%)	7.2	68.0	62.1	40.3	38.2

Movement in deferred tax

NOK THOUSAND	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FULL YEAR 2015
Net deferred tax asset at beginning of period	**181,606**	287,152	137,234	319,371	**319,371**
Recognised in the consolidated statement of profit or loss	**1,845**	-5,986	17,225	-30,747	**-44,807**
Deferred tax on financial instruments recognised in OCI	**10,743**	1,680	36,681	-9,837	**-39,754**
Recognised in the consolidated statement of changes in equity	**899**	2,328	3,615	6,810	**8,567**
Tax effect of ITC treated as government grant [1]	**-**	-	-	-	**-80,293**
Distributed taxes to tax equity partners [1]	**-**	-	-	-	**-8,342**
Witholding taxes carried forward	**-158**	949	-1,715	949	**1,008**
Translation differences	**4,196**	-4,760	6,090	-5,183	**-18,516**
Net deferred tax asset at end of period	**199,131**	281,363	199,131	281,363	**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 was trading excluding dividend rights (ex-date) on the first business day following the Annual General Meeting held 4 May 2016. The dividend was paid 15 June 2016.

Note 9 Current and non-current receivables/liabilities - related parties

As of 30 September 2016, Scatec Solar has receivables on non-controlling interests of NOK 108,286 thousand (155,294). NOK 79,422 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 12,524 thousand (21,044). In addition the Group has receivables of NOK 3,323 thousand (22,909) on co-investors related to equity financing of project companies in Jordan.

As part of the shareholder financing of the Agua Fria project company, the shareholders have issued both equity and shareholder loans. Shareholder loans from non-controlling interests amounts to NOK 163,402 thousand (253,128) as of 30 September 2016 after a reclassification of shareholder loans of NOK 105,461 thousand (115,380) related to the projects in Jordan from liabilities to equity during Q3. The shareholder loan from non-controlling interests, which are not presented in equity is presented as part of 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 246,286 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 38,140 thousand (115,619), mainly consisting of EPC trade payables to one of the equity partners in Jordan (NOK 10,161 thousand) and dividends to non-controlling interest (NOK 18,525 thousand).

Note 10 Trade and other payables

The consolidated trade and other payables of NOK 20,002 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 30 September 2016 compared to 31 December 2015 of NOK 154,154 thousand, reflects down payments of outstanding supplier credits related to the construction of Agua Fria, Utah Red Hills and the Jordan portfolio.

Note 11 Sale of the Utah Red Hills power plant

3 October 2016 Scatec Solar announced that the company has entered into an agreement for the sale of 100% of the sponsor equity in the Utah Red Hills project company with MIC Renewable Energy Holdings LLC, owned by Macquarie Infrastructure Corporation (NYSE; MIC). The sales agreement was signed 21 September and closing is expected to take place by the end of 2016. The transaction is subject to approval by the Federal Energy Regulatory Commission and other customary closing conditions.

The conditions for classification as held for sale was not met at the balance sheet date. The sale is expected to generate gross proceeds to Scatec Solar of USD 28 million. The proceeds are subject to further working capital adjustments at closing. The consolidated book value of Scatec Solar's sponsor equity in the project company is USD 21 million while the total balance sheet value is USD 137 million including project finance debt.

Note 12 Subsequent events

In line with the terms adopted by the annual general meeting of Scatec Solar ASA on May 4, 2016, the Board of Directors has established an option program for leading employees of the company. The option program follows the restricted share incentive program that was established prior to the Scatec Solar IPO two years ago and that expired October 3, 2016. The first award under the program is 757 thousand options, which will be vested 1/3 1 January 2018, 1/3 1 January 2019 and the final 1/3 1 January 2020. A total of 15 employees were awarded options. The current grant is the first of three contemplated annual grants of options in accordance with the Scatec Solar share based incentive program. The award of options meets the definition of an equity-settled share based payment transaction (IFRS 2 app. A). The fair value of the equity instruments is measured at grant date, which was 6 October 2016. The fair value of the first award is estimated at NOK 7.1 million. The fair value of the first award will be expensed as the options vests, i.e. approximately NOK 3.5 million in 2017, NOK 1.9 million in 2018 and NOK 0.8 million in 2019.

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's 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 excludes changes in net working capital and investing activities.

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 interest expenses, tax equity interest expenses for the Utah Red Hills project and accretion expenses on asset retirement obligations. 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.

Book equity ratio: is defined as total equity divided by total assets.

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