Scatec Solar
Improving our future™

Third quarter 2016

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Oslo, October 25, 2016

Our values
Predictable
Driving results
Changemakers
Working together

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Operational review

Solid operational results

- Revenues reached NOK 280 million, up 39% from Q3’15
- SSO cash flow to equity from Power Production and O&M of NOK 56 million, up from NOK 41 million in Q3’15
- 33 MW in Jordan reached COD – total operating capacity now stands at 426 MW
- Entered into agreement to sell the Utah Red Hills project with expected gross proceeds of NOK 230 million
- High activity on development of the project backlog and pipeline

The 10 MW Oryx plant in Jordan

Steady growth in cash flow to equity from Power Production and O&M

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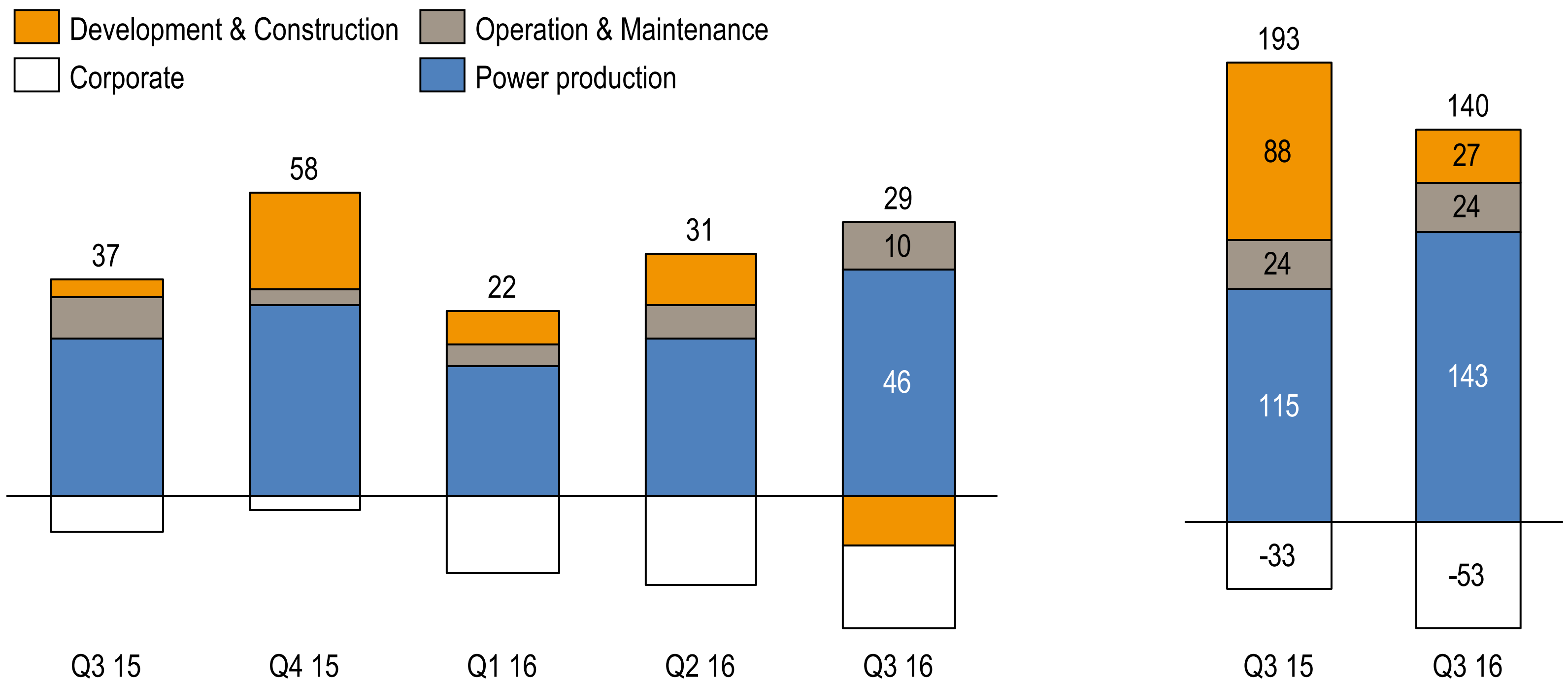
SSO proportionate share of cash flow to equity*

Last twelve months rolling (NOKm)



- Increased cash generation across Power Production and Operation & Maintenance

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

A solid project funnel – supporting growth targets

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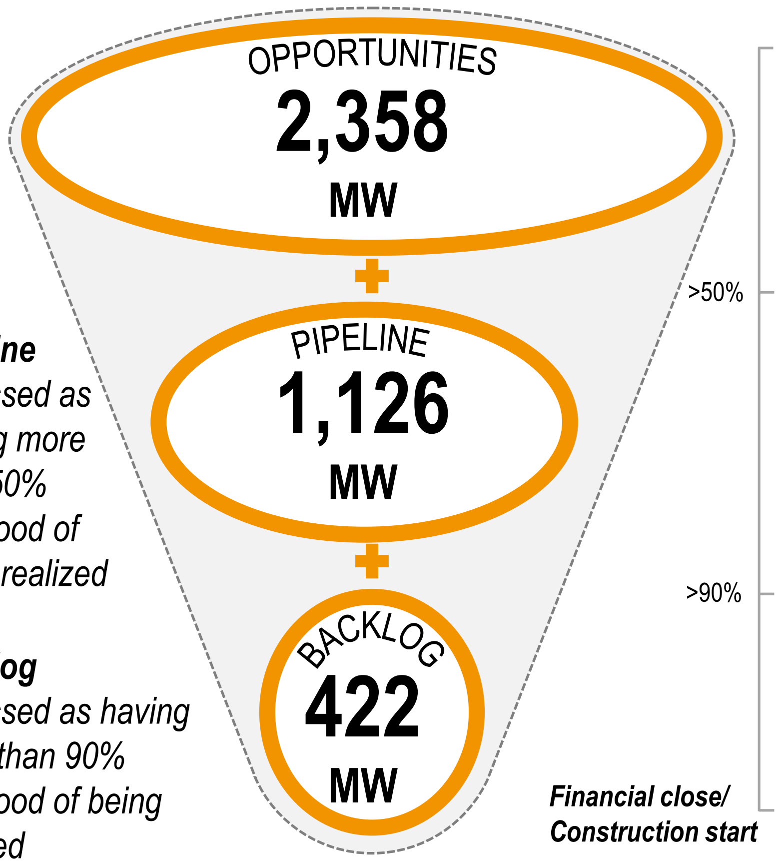

Pipeline
Assessed as having more than 50% likelihood of being realized

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

Regions
Americas, Africa, MENA

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

Regions
South Africa, Mali, Honduras, Brazil

IN OPERATION*
426 MW

(*) Scatec Solar has entered into an agreement for sale of 100% of the sponsor equity in the 104 MW Utah Red Hills project

Status on project backlog

Project	Capacity	Target construction start	SSO ownership	Status
Los Prados, Honduras	53 MW	1H 2017	70%	Project finance secured – sponsors and utility awaiting interregional grid permit
Segou, Mali	33 MW	1H 2017	50%	Pre-Credit approval from IFC and AfDB - Political Risk Guarantee from World Bank pending
Piaui, Brazil	78 MW	Q1 2017	70%	Project preparations continue but timeline is tight – reviewing alternative execution strategies
Upington, South Africa	258 MW	1H 2017	42%*	Process ongoing to align gov't bodies – may impact timing of financial close
Total	**422 MW**			

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

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Project pipeline progressing

Project	Capacity	Target construction start	Status
Egypt	341 MW	End 2017	Round 1 (original PPA): Expect to sign PPA for one project. Subsequently several details still need to be resolved Round 2 (new PPA): Expect to move forward, but key aspects of the projects need to be settled before final investment decision
East & West Africa	205 MW	2017	Moving forward with 100 MW in Nigeria. 40 MW in Mozambique in final stage of financing. 48 MW in Kenya with government for approval.
Pakistan	150 MW	2017	All required development steps completed. Awaiting hearing and award of new 'Feed in Tariff' valid for 2H 2016.
South Africa	430 MW	2018	SSO bid the projects in November 2015. Award of preferred bidders expected after closing of the Upington projects
Total	**1,126 MW**		

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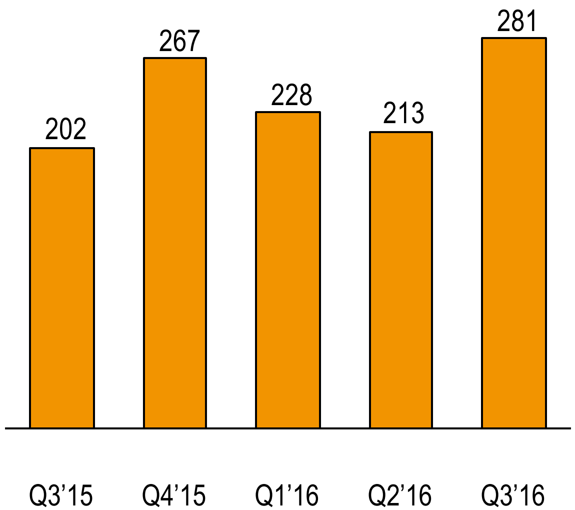
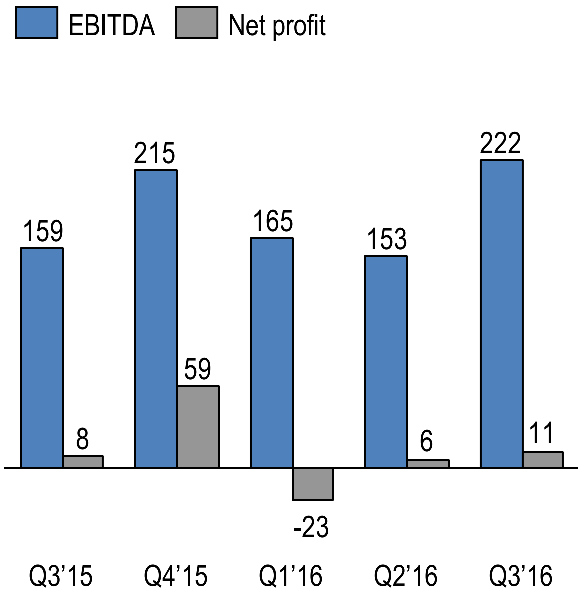
Financial review

Consolidated financials

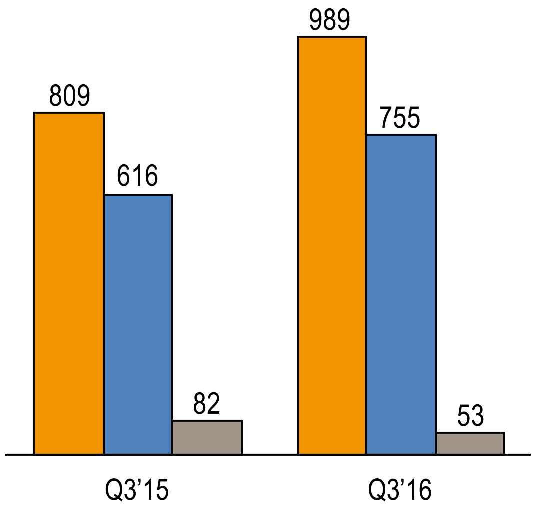
Revenues (NOK million)



EBITDA and net profit (NOK million)



Last twelve months rolling (NOK million)



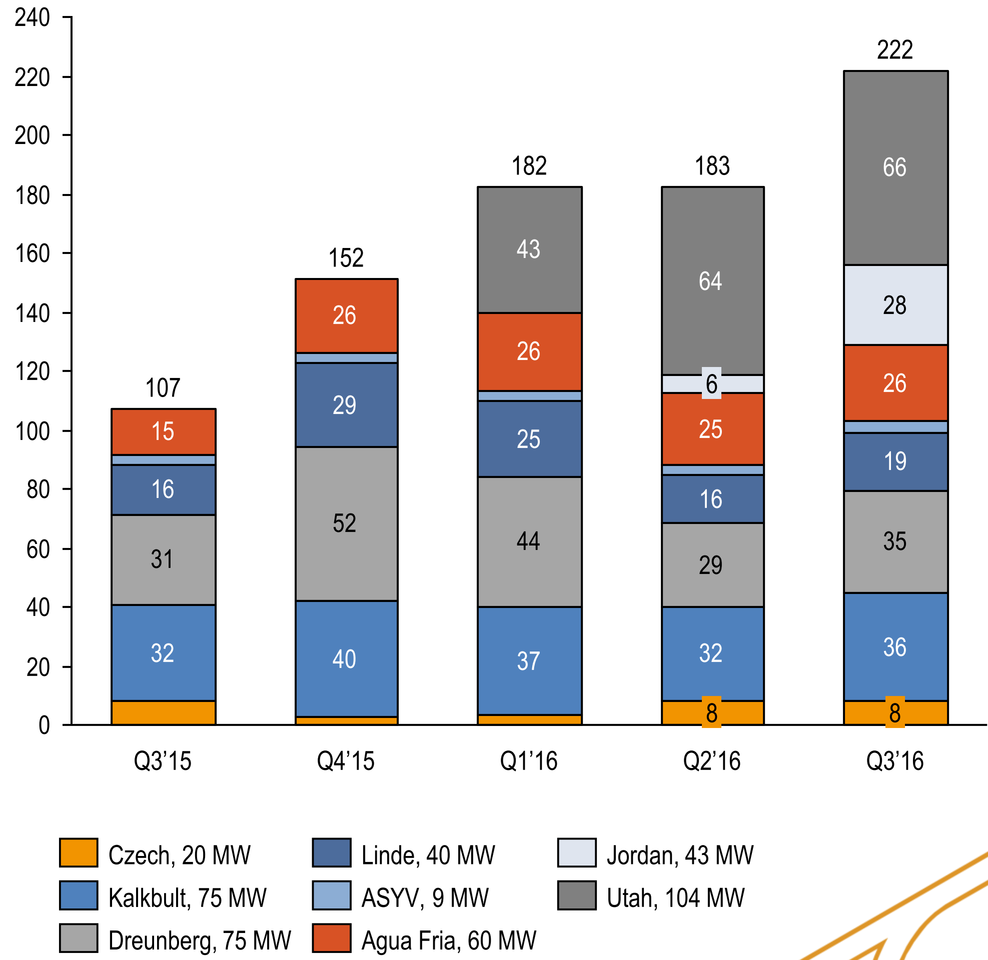
Quarter on quarter:

- Revenue and EBITDA increase mainly driven by higher power production
- Net profit affected by non-cash currency loss of NOK 19 million on intercompany balances

Solid performance across plant portfolio

- Production volume more than doubled from same quarter last year
- Quarter on quarter: Seasonally higher production in South Africa and higher production in Jordan
- Production in South Africa 13% higher than same period last year – normalized irradiation levels

Power production (GWh)



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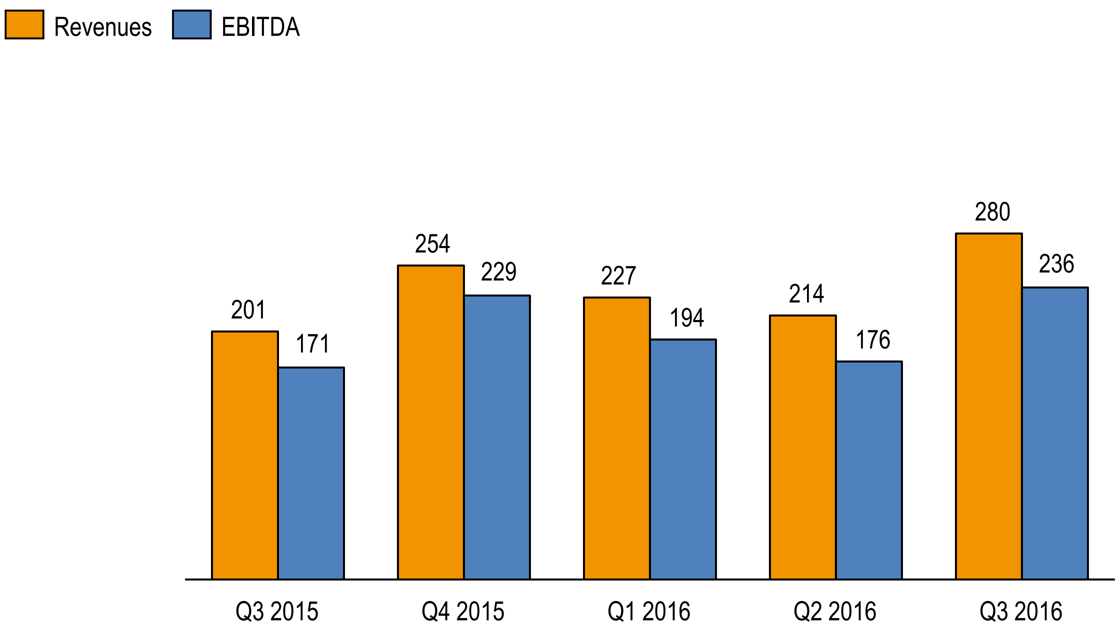
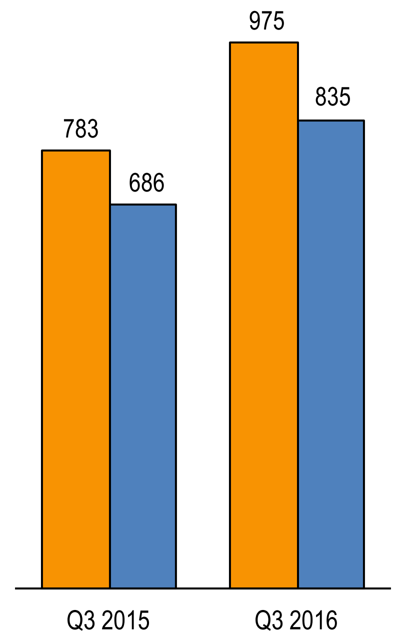
Start of production in Jordan

Revenues & EBITDA (NOKm)



EBITDA	85%	90%	85%	82%	84%

Last twelve months rolling (NOKm)



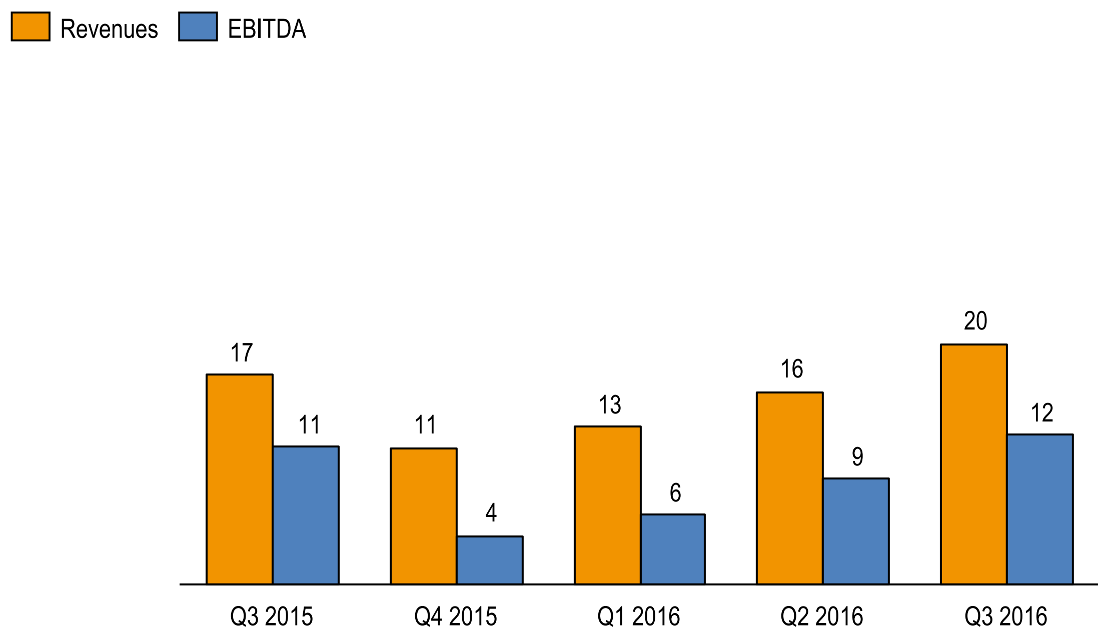
88%	86%

- Quarter on quarter revenues and EBITDA increase due to start of production in Jordan, higher production in South Africa and higher tariff for the Utah plant.

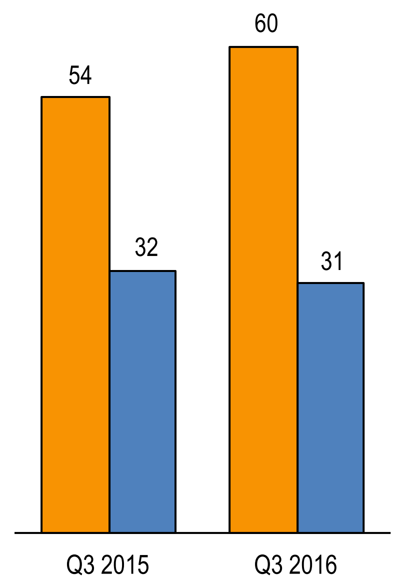
Operation & Maintenance

Steady growth in revenues and EBITDA

Revenues & EBITDA (NOKm)



Last twelve months rolling (NOKm)



	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	LTM Q3 2015	LTM Q3 2016
EBITDA	65 %	36 %	44 %	55 %	63 %	60%	52%

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

Maturing pipeline and preparing new construction

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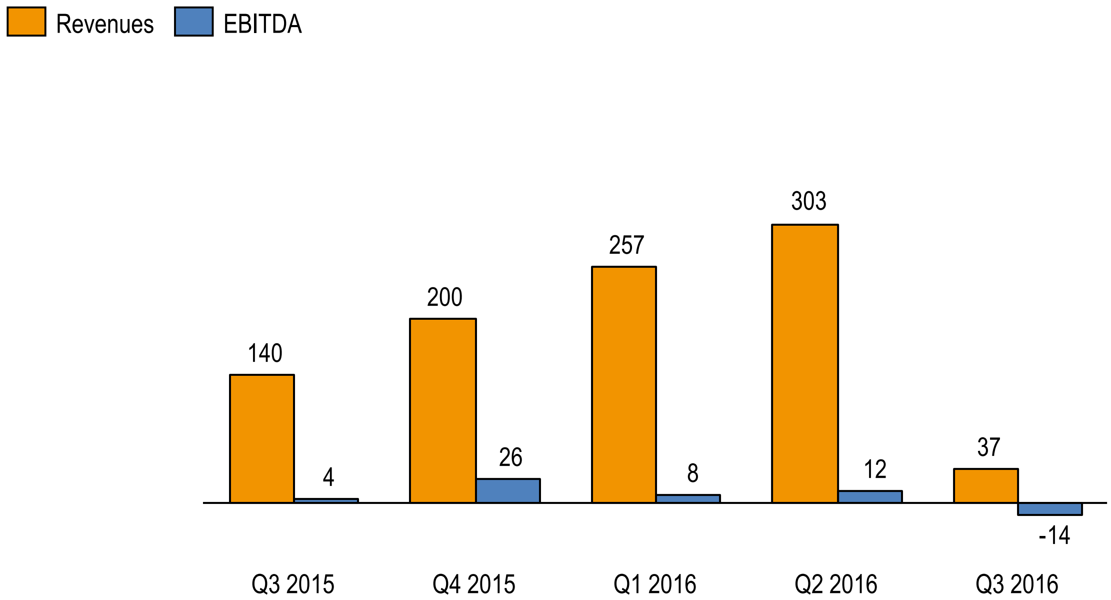
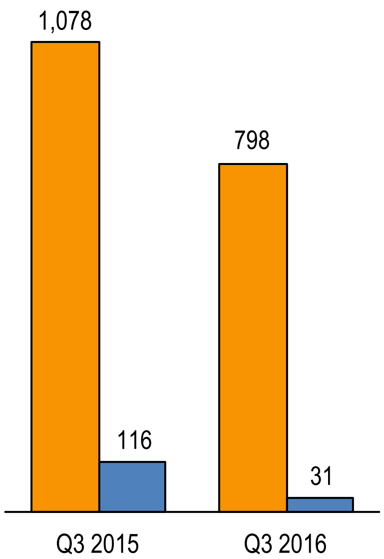
Revenues & EBITDA (NOKm)



	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016
Gross Margin	13%	22%	12%	9%	0%
EBITDA	3%	13%	3%	4%	-38%

Last twelve months rolling (NOKm)



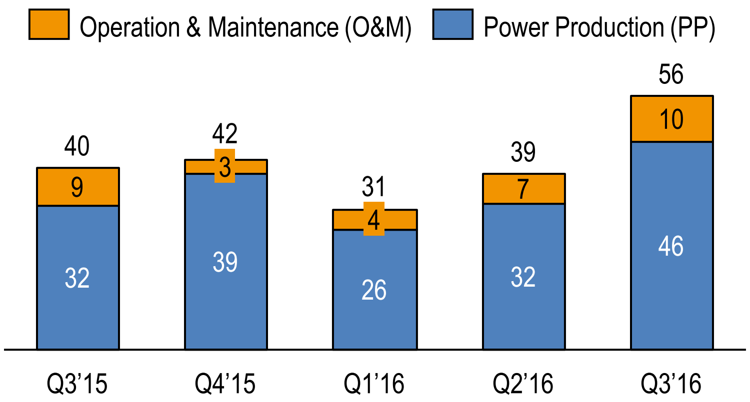
	Q3 2015	Q3 2016
Gross Margin	18%	13%
EBITDA	11%	4%

- Completed construction in Jordan
- High activity in D&C organisation on developing the project portfolio and preparing construction of new power plants

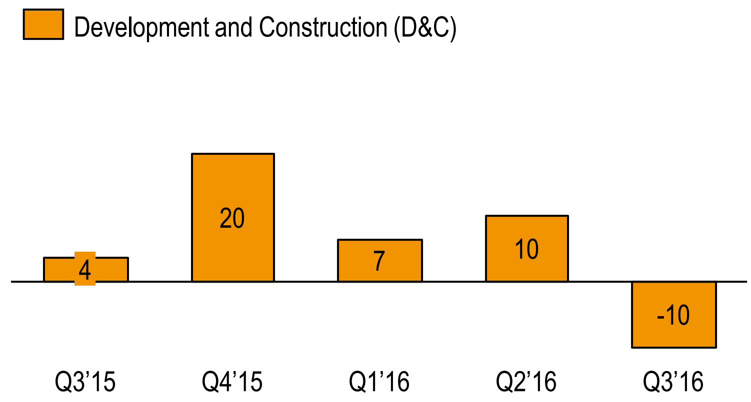
Segment financials and cash flow

Cash generation to Scatec Solar's equity

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



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



Q3'16 - NOK million	Power Production	O&M	D&C	Corporate	Total	Elim.	Consolidated
Revenues	279.8	19.8	36.6	2.3	338.5	-57.9	280.6
EBITDA	235.7	12.4	-13.9	-12.5	221.7	-	221.7
Net interest & loan repayments	-139.5	-	0.3	-9.9	-149.1		
Total cash flow to equity*:	79.5	9.5	-9.8	-16.8	62.4		
SSO share of CF to equity*:	**45.9**	**9.5**	**-9.8**	**-16.8**	**28.7**		

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

Investing for further growth

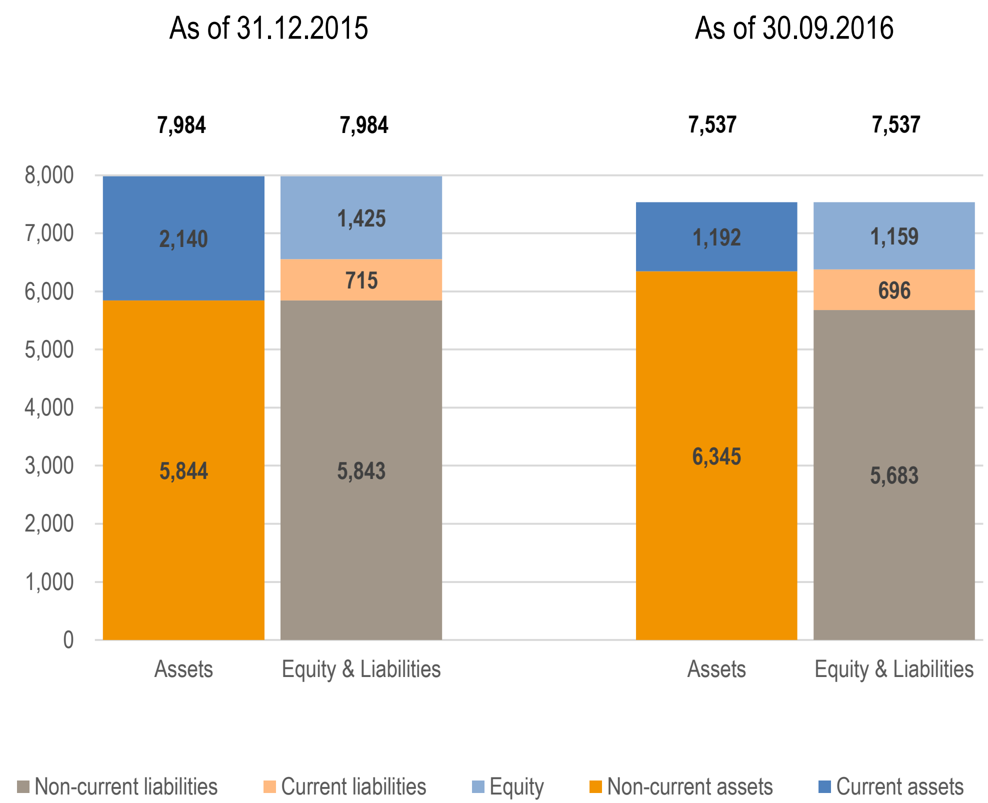
Consolidated financial position

- Cash position of NOK 869 million of which NOK 81 million free cash available outside project companies
- Invested NOK 76 million in new plants and in maturing backlog and pipeline
- Total interest bearing liabilities* of NOK 5.4 billion of which NOK 4.9 billion non-recourse project financing

SSO financial position – outside project companies**:

- Equity of NOK 1,325 million
- Interest bearing liabilities of NOK 495 million (bond)
- Equity to capitalisation ratio of 72%

Financial position (NOKm)



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

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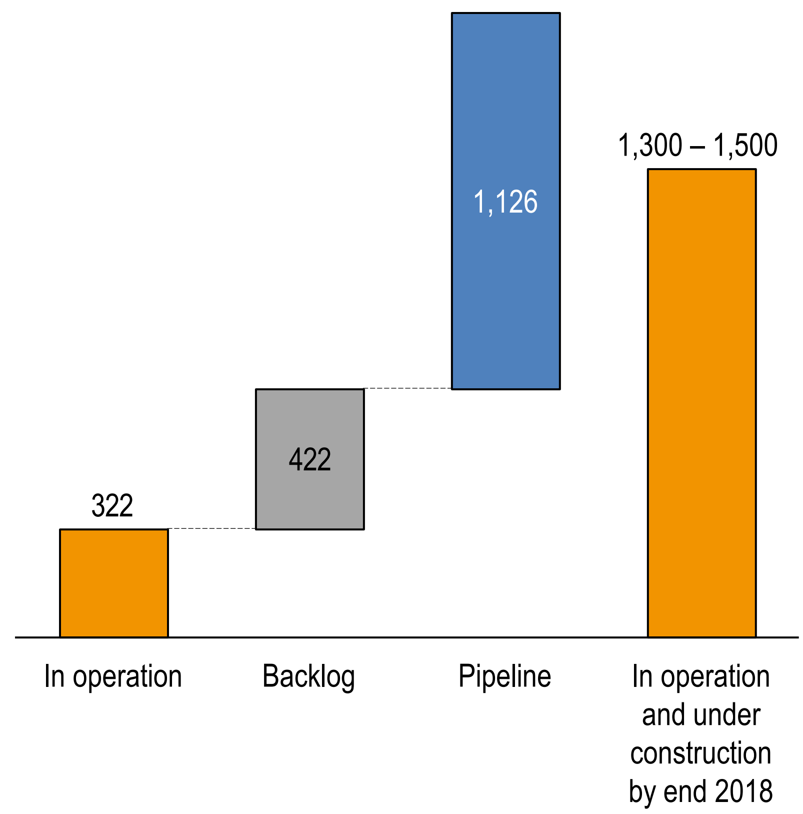
Outlook

Outlook

- Recent fall in component prices makes solar power even more competitive
- Target 1,300-1,500 MW in operation and under construction by end 2018
- Development and Construction gross margin averaging 15%
- Average equity IRR of 15% nominal after tax on power plant investments
- Expected 2016 cash flow to SSO equity of NOK 160-180 million (PP and O&M)
- Q4'16 production forecast of 195,000 MWh

Growth target (MWs)



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Thank you

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Consolidated profit & loss

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(NOK million)	Q3 16	Q2 16	Q3 15	YTD 16	YTD 15
Total revenues	**280.6**	**213.4**	**202.3**	**721.8**	**614.3**
Gross profit	280.6	213.4	202.3	721.8	614.3
EBITDA	**221.7**	**152.6**	**159.2**	**539.4**	**483.1**
Depreciation, amortization and impairment	-68.1	-59.6	-46.1	-186.3	-123.1
Operating profit	**153.6**	**93.0**	**113.1**	**353.0**	**360.0**
Interest, other financial income	8.8	15.8	18.5	36.7	47.2
Interest, other financial expenses	-131.1	-119.3	-100.5	-369.1	-297.0
Foreign exchange gain/(loss)	-19.2	16.5	-4.9	-37.2	18.3
Net financial expenses	**-141.5**	**-87.0**	**-86.9**	**-369.6**	**-231.4**
Profit before income tax	**12.1**	**6.0**	**26.2**	**-16.6**	**128.5**
Income tax (expense)/benefit	-0.1	-0.5	-17.8	10.3	-51.8
Profit/(loss) for the period	**11.2**	**5.5**	**8.4**	**-6.3**	**76.7**
Profit/(loss) attributable to:					
Equity holders of the parent	-1.1	4.6	3.3	-42.7	41.3
Non-controlling interests	12.3	0.9	5.1	36.5	35.4
Basic and diluted EPS (NOK)	**-0.01**	**0.05**	**0.03**	**-0.46**	**0.44**

Consolidated cash flow statement

(NOK million)	Q3 16	Q2 16	Q3 15	YTD 2016	YTD 2015
Net cash flow from operations	196.0	311.7	-30.5	517.1	584.3
Net cash flow from investments	-66.9	-317.5	-193.8	-793.8	-2,021.8
Net cash flow from financing	-177.1	-309.8	176.8	-460.2	1,275.1
Net increase/(decrease) in cash and cash equivalents	-48.0	-315.6	-47.5	-736.9	-162.4
Effect of exchange rate changes on cash and cash equivalents	-5.9	6.6	-18.6	-47.8	-
Cash and cash equivalents at beginning of the period	907.8	1,217.2	952.5	1,638.6	1,049.1
Cash and cash equivalents at end of the period	**853.9**	**908.2**	**886.3**	**853.9**	**886.3**

Segment results – Q3'16

(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	0.0	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**	**-**	**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 results – First nine months 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	-	-	-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**

Project companies' financials – Q3'16

(NOK million)	Czech Republic	Kalkbult	Linde	Dreunberg	ASYV	Agua Fria	Utah Red Hills	Jordan	Segment overhead	Total segment	SSO prop. share
SSO shareholding	100%	39%	39%	39%	43%	40%	100%	90/50.1%			
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**
Net interest expenses	-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	-5.4	-4.9	-6.7	-11.1	-3.0	-3.7	-	-	-	-34.8	**-17.0**
Cash flow to equity*	18.4	25.0	2.1	8.3	0.5	11.8	-	14.5	-1.2	79.5	**45.8**

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

SSO's profit normally impacted by growth investments

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

Q3'16 *(NOK million)*	Consolidated	SSO prop. share	%
Total revenues	280.7	162.6	58 %
Cost of sales & opex	-58.9	-51.4	87%
EBITDA	221.7	111.2	50%
D&A & Impairments	-68.1	-33.8	50%
EBIT	153.6	77.4	50 %
Net financials & tax	-142.4	-82.8	59%
Net profit	**11.2**	**-1.0**	**-9%**

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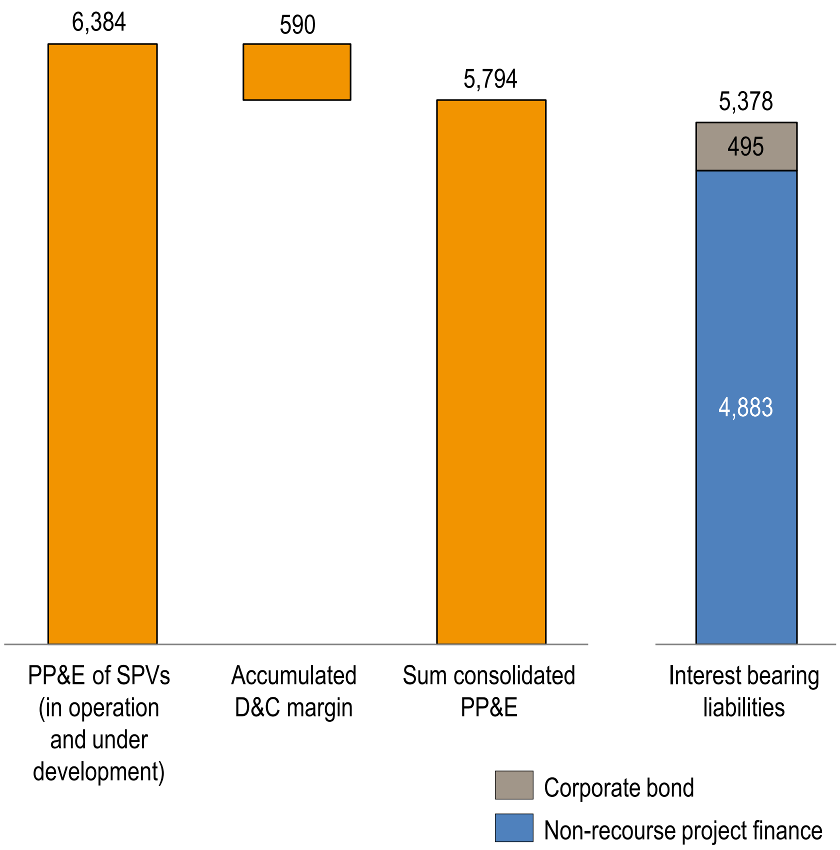
Eliminated D&C margins affect book equity

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

Leads to:

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

Build up of PP&E as per 30.09.2016 (NOKm)



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