

# Company presentation

SEB Nordic Conference

January 11, 2017

## Our values

- Predictable
- Driving results
- Changemakers
- Working together



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# Generating and capturing value in emerging markets

- 1 Fully integrated business model tailored for emerging markets
- 2 Strong global demand for PV accelerates growth in opportunities
- 3 Excellent track record in capturing value from complex PV projects
- 4 Solid asset base and a significant self funding capacity
- 5 Strong project pipeline supporting further growth in attractive markets



# An integrated business model

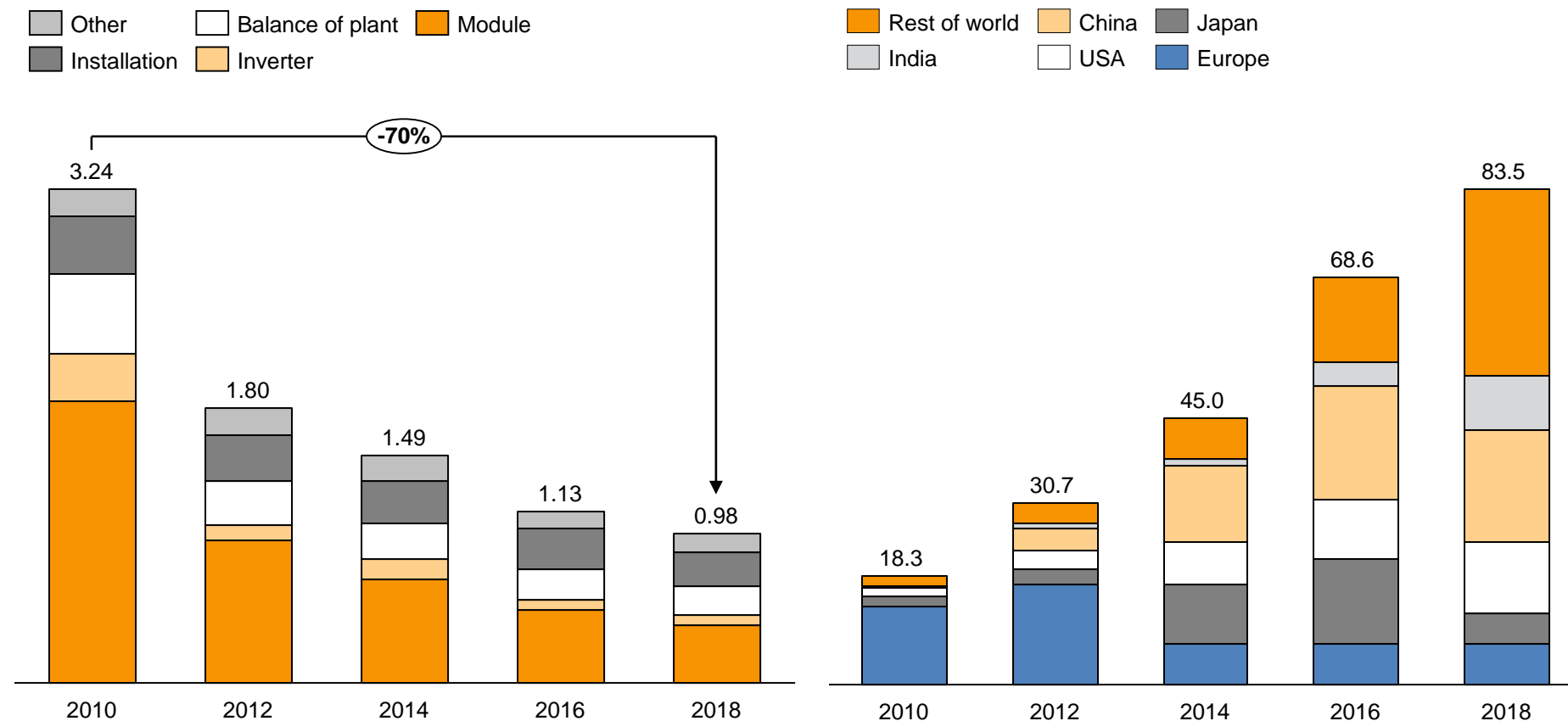
Scatec Solar develops, builds, owns & operates solar plants for 20 years

Phases	Origination	Development	Structuring	Delivery	Power Production O&M
Key activities	<ul style="list-style-type: none"> <li>• Opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• Pipeline</li> </ul>	<ul style="list-style-type: none"> <li>• Backlog</li> </ul>	<ul style="list-style-type: none"> <li>• Construction</li> </ul>	<ul style="list-style-type: none"> <li>• Operation</li> </ul>
	 <ul style="list-style-type: none"> <li>• Analysis &amp; Intelligence</li> <li>• Business opportunity</li> <li>• Partnerships</li> <li>• Commercial viability</li> </ul>	 <ul style="list-style-type: none"> <li>• Site control</li> <li>• PPA and support agreements</li> <li>• Business case</li> <li>• Regulatory approvals/permits</li> </ul>	 <ul style="list-style-type: none"> <li>• Equity, debt structuring</li> <li>• Engineering</li> </ul>	 <ul style="list-style-type: none"> <li>• Procurement</li> <li>• Construction Management</li> </ul>	 <ul style="list-style-type: none"> <li>• Operation &amp; Maintenance</li> <li>• Asset management</li> </ul>

# Impressive cost reductions and growth in demand

Total system cost (USD / Watt) \*

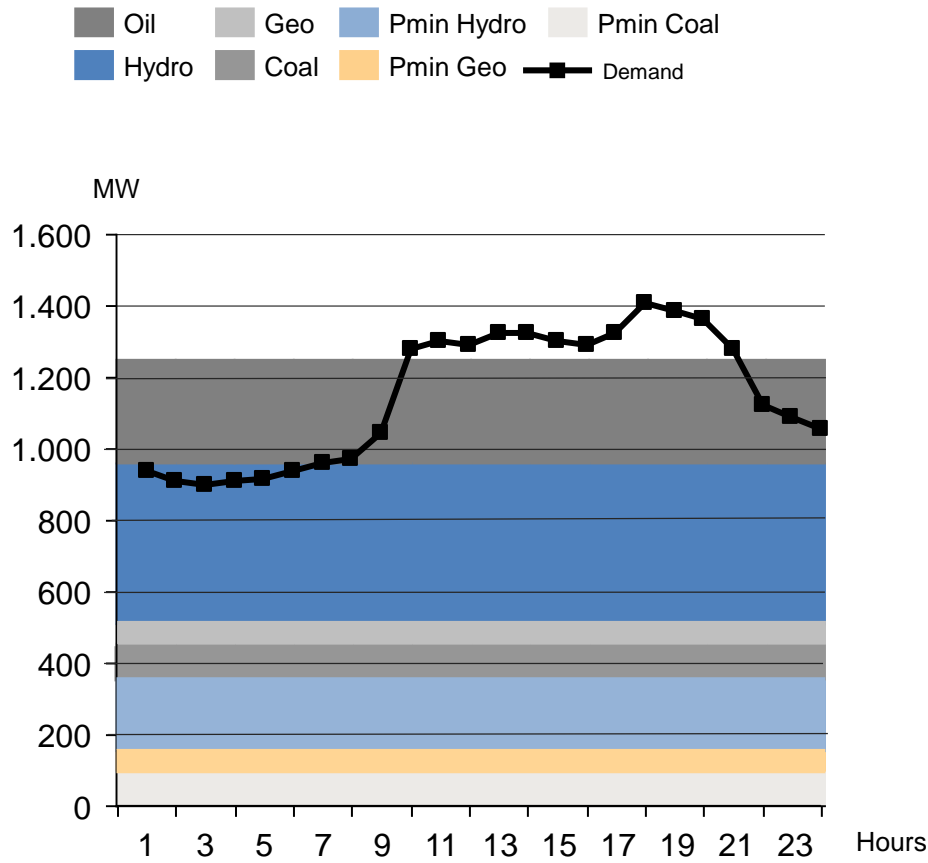
Annual installed volume - GW



\* Utility Scale. System cost will vary from market to market depending on system size, market maturity, bankability etc.

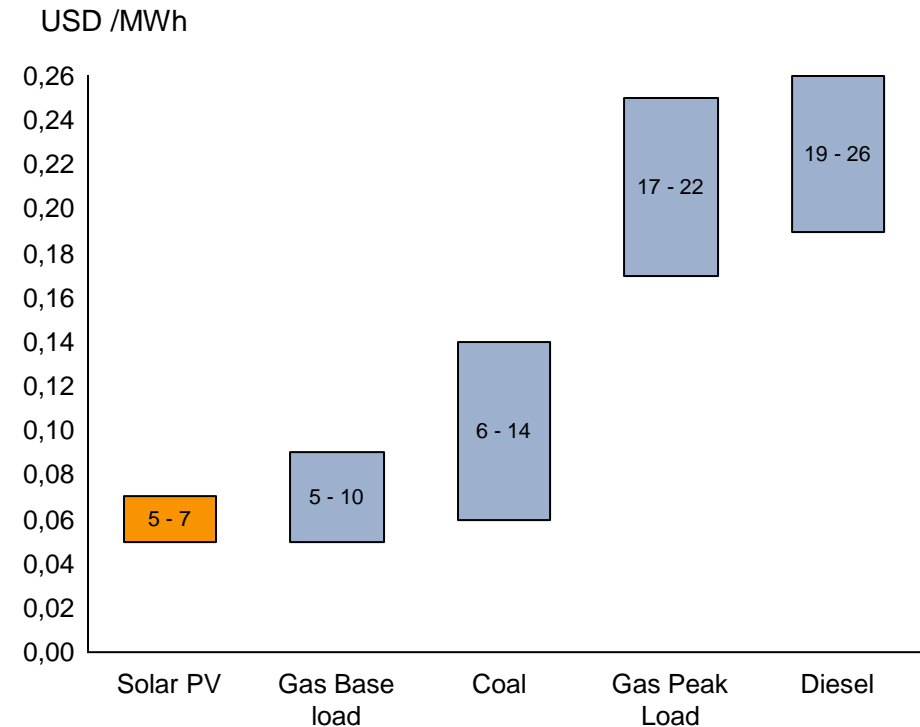
# Solar PV is very competitive – driving demand growth

## Example load-curve and energy-mix



Illustrative dispatch graph showing dispatch of coal and oil-fired power plants

## Cost of alternative energy sources – (LCOE)



Source: Lazard Capital, LCOE v 10.0, Scatec Solar



# Our focus: Large scale solar and 20+ year cash flows

Kalkbult, RSA, 75 MW



Dreunberg, RSA, 75 MW



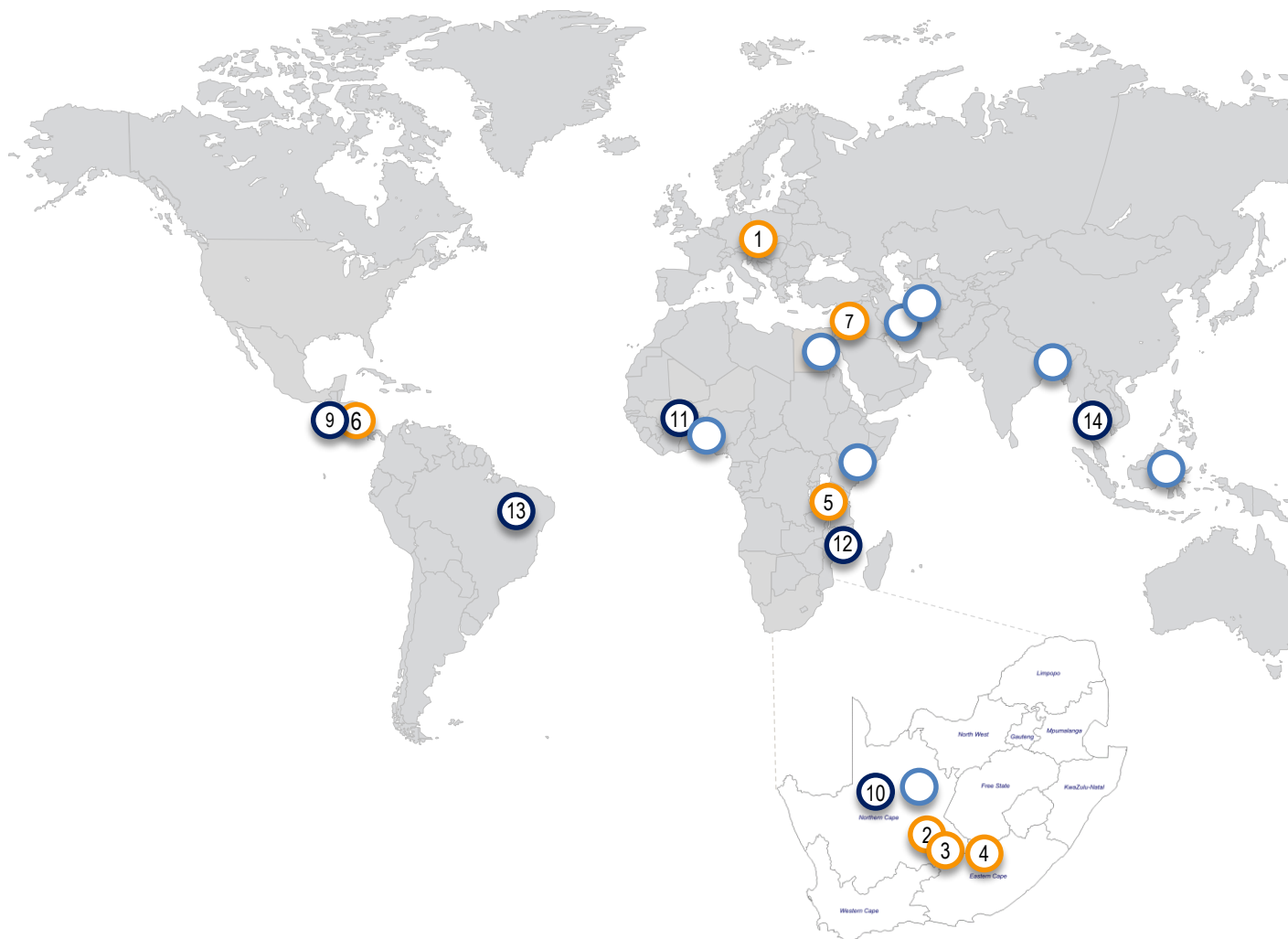
Linde, RSA, 40 MW



Utah, USA, 104 MW



# A growing and diversified asset portfolio



## In operation

Czech Republic	1	20 MW
Kalkbult, RSA	2	75 MW
Linde, RSA	3	40 MW
Dreunberg, RSA	4	75 MW
ASYV, Rwanda	5	9 MW
Agua Fria, Honduras	6	60 MW
Jordan	7	43 MW
<b>Total</b>		<b>322 MW</b>

## Projects in backlog\*

Honduras	9	53 MW
South Africa	10	258 MW
Mali	11	33 MW
Mozambique	12	40 MW
Brazil	13	150 MW
Malaysia	14	197 MW
<b>Total</b>		<b>731 MW</b>

## Pipeline & opportunities

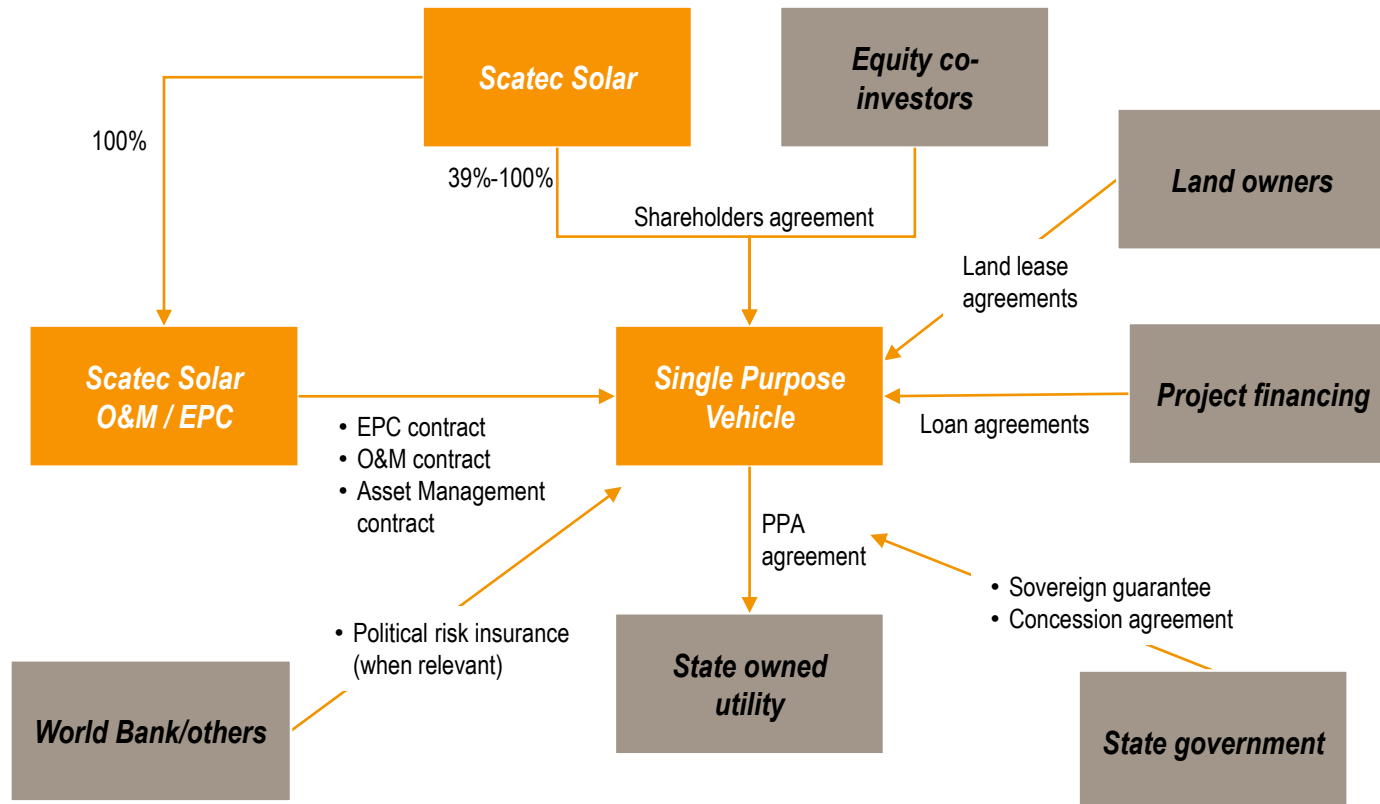
		3.6 GW
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(\*) Projects with secured tariff and/or off take agreements

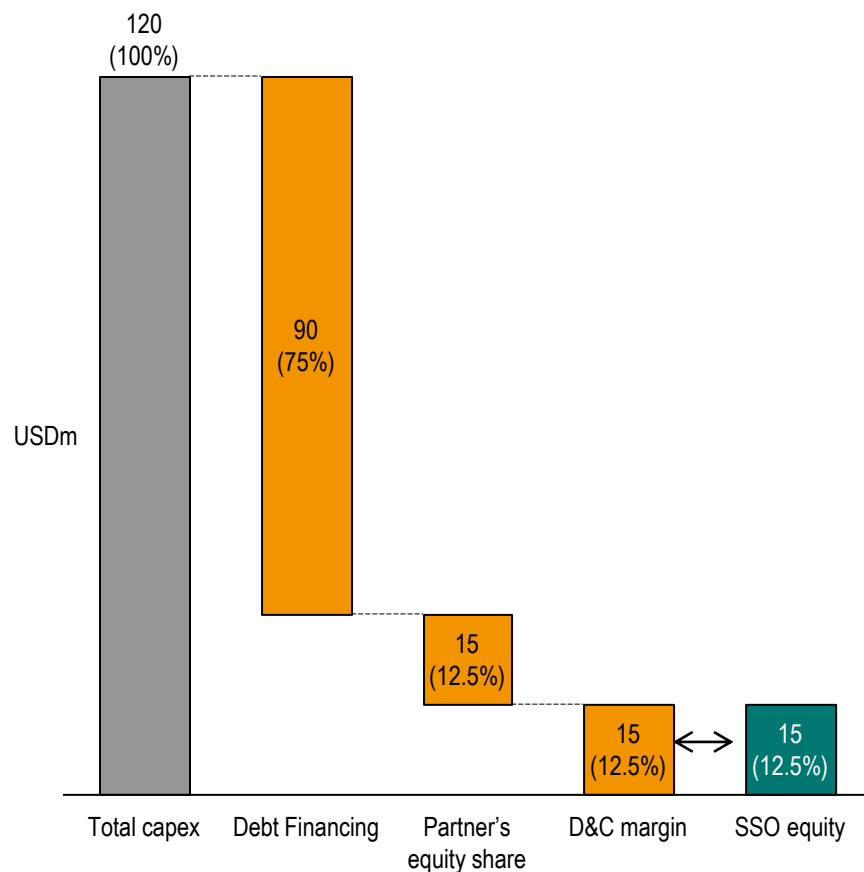


# A typical project and financing structure

Simplified illustration of company structure and main contracts in place



# A business model enabling “self funded” growth



*Example based on a 75 MW project*

- The D&C gross margin provides a large part of the Scatec Solar's equity contribution in the project
- Projects are financed by non-recourse debt, allowing Scatec Solar to operate with high financial leverage at the project level while maintaining limited risk exposure at the parent level
- Annual self funded growth capacity of adding 300-400 MW based on average ownership of 50-60%

# Strong partners – key for success

## Norfund partnership:

- Project development and investment partnership
- Norfund (with KLP) are equity co-investors in South Africa, Rwanda and Honduras

## IFC partnership:

- Project development and investment partner in West Africa, South Asia

## GIEK partnership (Norwegian ECA)

- Project finance
- Guarantees and bonds

## Project finance partners

- Multilateral development banks and commercial institutions

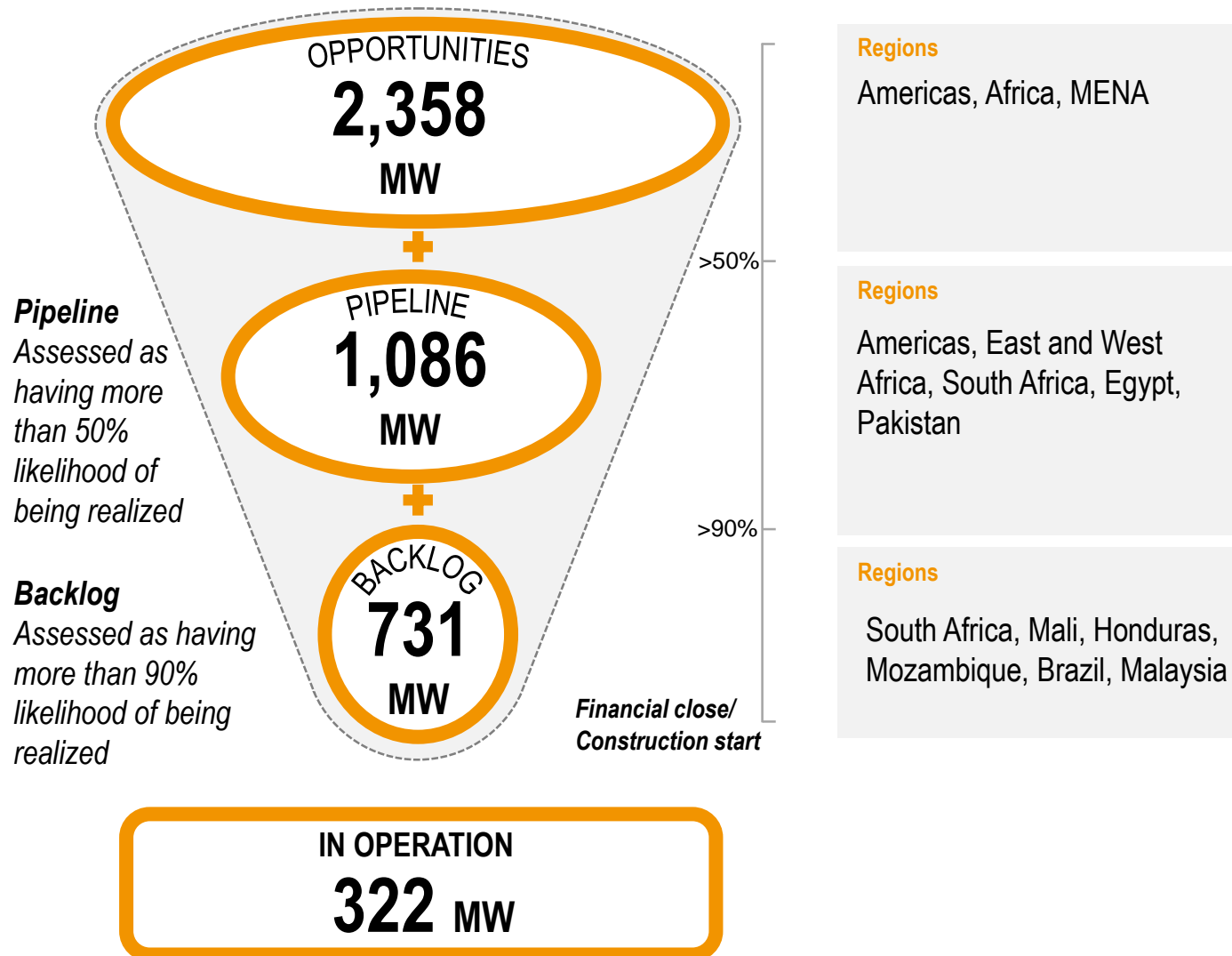
## Climate finance partners

## Key benefits:

- Access to lower cost of capital
- Expanded network for project origination
- Risk mitigation



# A solid project funnel – basis for further growth





# Key figures – plants in operation and backlog

		In operation	Backlog*	Total
Capacity	MW	322	731	1,053
Annual Production	MWh	~640,000	~1,500,000	~2,140,000
Annual Revenues	MNOK	~1,100	~1,200	~2,300
Total capex	MNOK	5,300**	~9,200	~14,500
Total Equity	MNOK	1,425**	~1,850	~3,275

- Scatec Solar equity position in backlog projects; 50-100% / leverage 75-80%
- Average equity IRR of 15% nominal after tax on new power plant investments
- Typical EPC contract value represents 80% of project capex (~7,400 MNOK for backlog)
- Scatec Solar expects 15% gross margin from Development & Construction

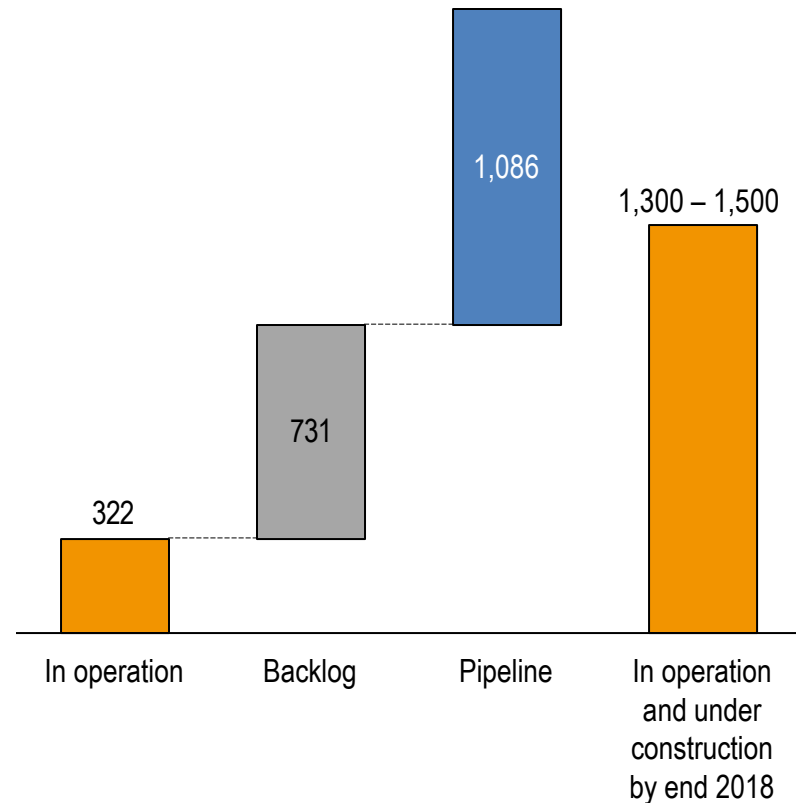
(\*) Backlog: Projects assessed as having more than 90% likelihood of being realized

(\*\*) Based on project company balance sheet values as of end of Q3'16

# SSO - Guidance and investment criteria

- 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

Growth target (MWs)



# Summary

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- The global market for PV is expected to grow significantly in the years to come
- Recent fall in component prices makes solar power even more competitive
- Emerging economies will continue to take advantage of lower cost renewables
- Cost of batteries in rapid decline
- Lower oil and gas prices have limited impact on the appetite for renewables



The 10 MW Oryx solar power plant in Jordan

# Thank you

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