

# Fourth quarter 2016

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Oslo, January 27, 2017

## Our values

Predictable

Driving results

Changemakers

Working together



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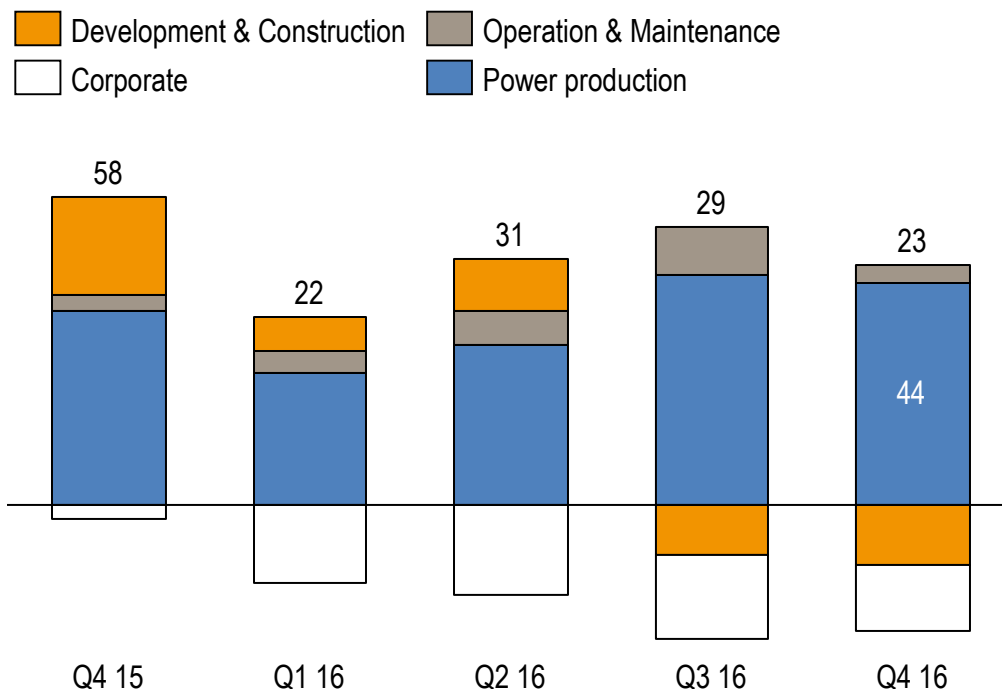
## 309 MW added to the project backlog

- Power production reached 205 GWh, up 35% from Q4'15
- SSO cash flow to equity from Power Production and Operation & Maintenance of NOK 48 million
- Closed the sale of the Utah Red Hills plant with a net gain of NOK 67 million, cash proceeds of NOK 230 million
- Added 309 MW to project backlog with new projects in Malaysia, Brazil and Mozambique
- Full year 2016 revenues of NOK 1,085 million, EBITDA of NOK 833 million and net profit of NOK 70 million

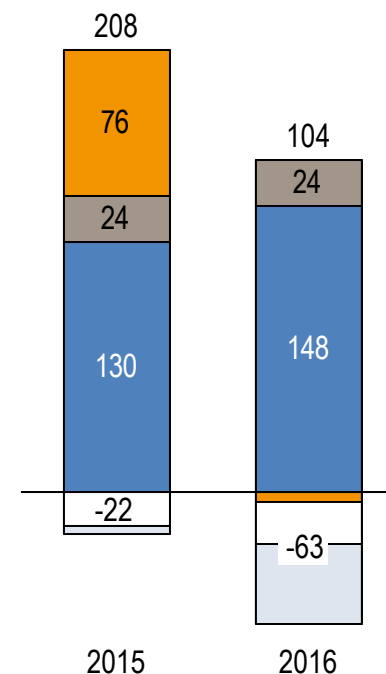


# Cash flow to equity from Power Production and O&M

## SSO proportionate share of cash flow to equity\*



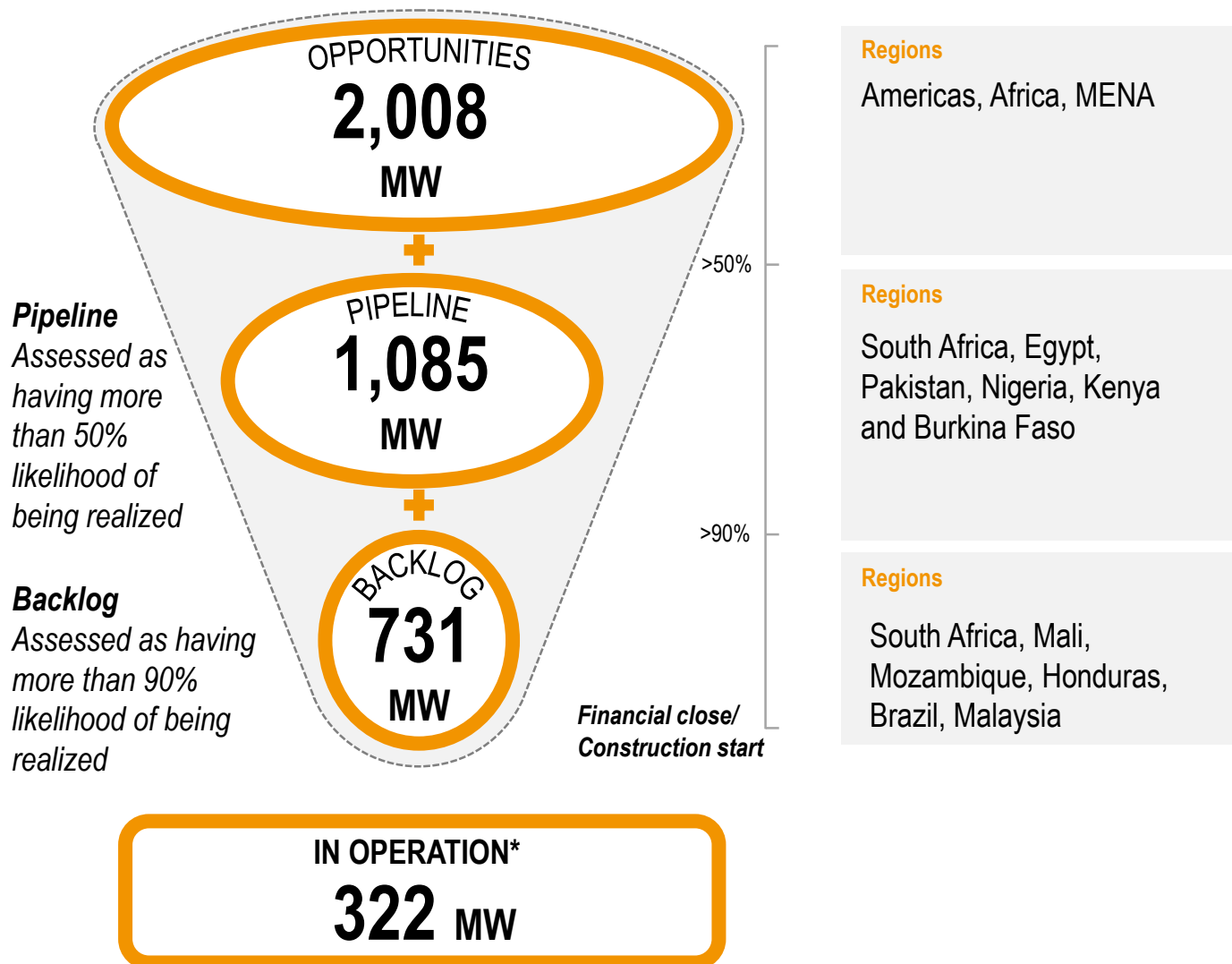
## Full year (NOKm)



Interest paid on corporate bond

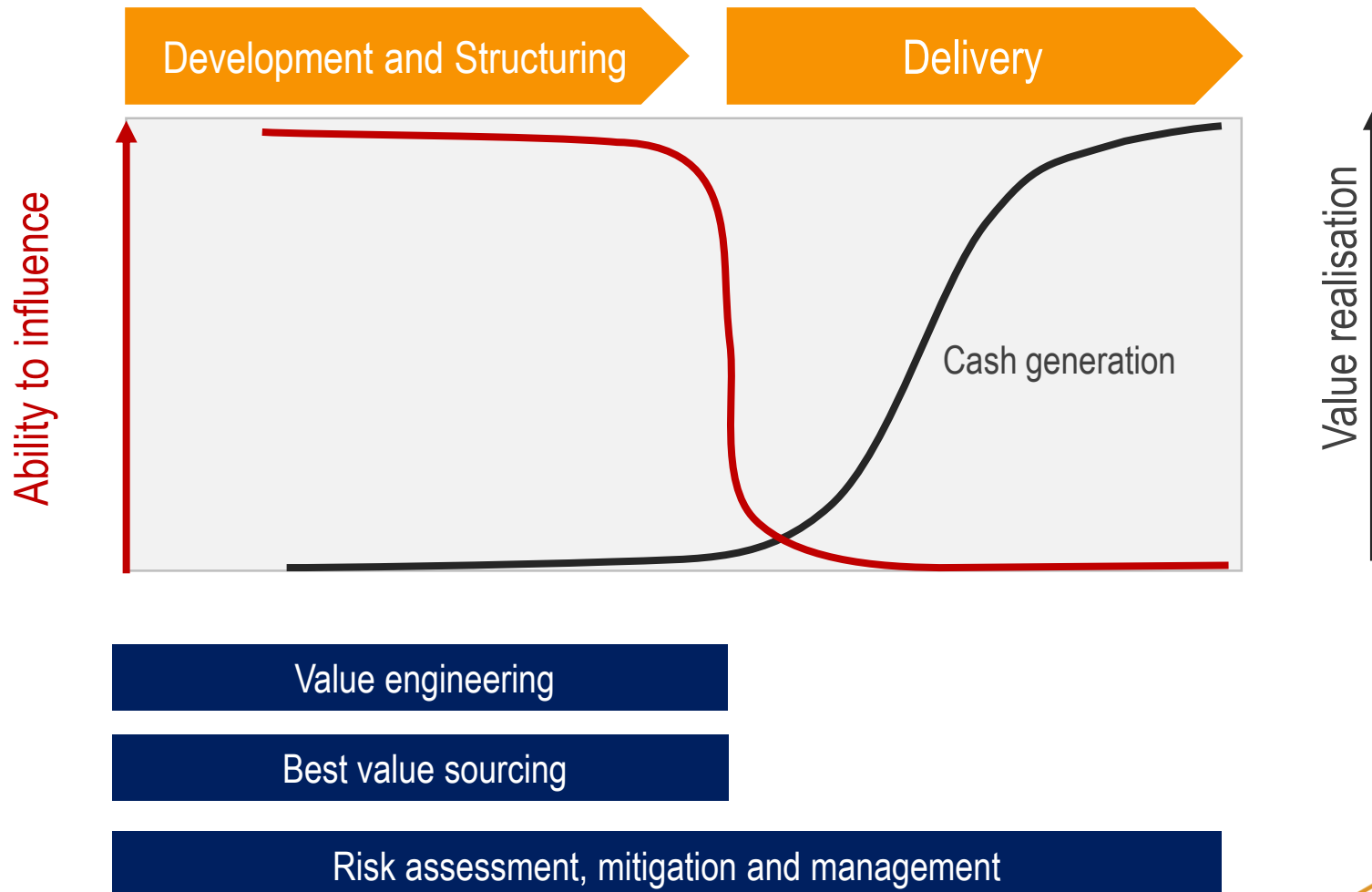
- Growing cash flow from Power Production and O&M
- Lower D&C activity in 2016 compared to 2015
- 2016 corporate cash flow includes interests on corporate bond issued in Q4'15

# 309 MW added to the project backlog



# 731 MW ready for construction

Our integrated approach enables key decisions to be made at an early stage of the project





# An execution model tailored to each market

Sourcing based on frame agreements focusing on cost, quality and delivery assurance



- Leverage high volume in project backlog and pipeline
- Regular verification of competitiveness and technology development to ensure we are at forefront of a fast changing industry
- Technology roadmaps including O&M needs

In country risk “boxed” into one construction contract (sub-EPC)



- Scope: From receipt of “bulk” material to mechanical completion
- Close cooperation to meet our CSR standard
- Effective execution utilising synergies between local knowledge and Scatec Solar’s EPC experience
- Extensive contractor engagement program

## Background and status

- Project secured in December 2016
- A 20 year PPA with Tenaga Nasional Berhad (TNB)
- A market with a solid long term potential
- A platform for expansion into other parts of Asia
- Three sites located in Merchang, Jasin and Gurun



## Partners

- Scatec Solar ASA\*
- ItraMas
- CIMB (Project Finance)

## Key facts

- Capacity: 197 MW
- Capex: MYR 1,240 million
- Production: 285 GWh/year



## Background and status

- Project secured by SSO in December 2016
- 20 year PPA signed with ANEEL
- Despite short term challenges, a market with a solid long term potential



## Partners

- Scatec Solar ASA
- Kroma Energia Ltda
- Local / International development banks

## Key facts

- Capacity: 150 MW
- Capex: BRL 720 million
- Production: 305 GWh/year

# Mozambique – 40 MW

## Background and status

- Partnership developed project since late 2015
- 25 year PPA signed with Electricidade de Mozambique
- At final stage of project finance process - construction preparations ongoing



## Partners

- Scatec Solar ASA
- KLP Norfund Investments
- Electricidade de Mozambique
- IFC / Emerging Africa Infrastructure (Project Finance)

## Key facts

- Capacity: 40 MW
- Capex: USD 80 million
- Production: 77 GWh/year

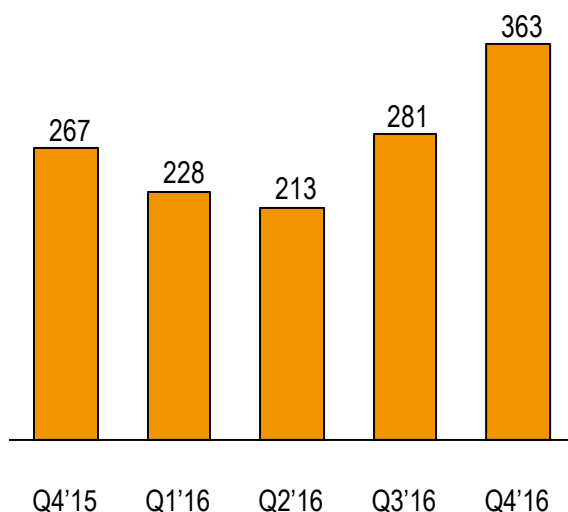
# Projects ready for construction – pending financial close

Project	Equity partners	Lenders	Status
Los Prados, Honduras 53 MW	<ul style="list-style-type: none"> <li>• Scatec Solar</li> <li>• Norfund</li> </ul>	<ul style="list-style-type: none"> <li>• EksportKreditt / GIEK</li> <li>• CABEL</li> </ul>	<ul style="list-style-type: none"> <li>• Project secured in October 2015</li> <li>• Project finance secured - awaiting interregional grid permit</li> </ul>
Segou, Mali 33 MW	<ul style="list-style-type: none"> <li>• Scatec Solar</li> <li>• IFC Infraventures</li> <li>• Power Africa 1</li> </ul>	<ul style="list-style-type: none"> <li>• IFC</li> <li>• African Development Bank</li> </ul>	<ul style="list-style-type: none"> <li>• Project secured in July 2015</li> <li>• Pre-Credit approval from IFC and AfDB</li> <li>• Political Risk Guarantee from World Bank pending</li> </ul>
Uppington, South Africa 258 MW	<ul style="list-style-type: none"> <li>• Scatec Solar</li> <li>• Norfund</li> <li>• Local Trust*</li> </ul>	<ul style="list-style-type: none"> <li>• Standard Bank</li> <li>• Syndicate of South African commercial banks</li> </ul>	<ul style="list-style-type: none"> <li>• Awarded preferred bidder status in April 2015</li> <li>• DoE in process of aligning governmental bodies – may impact timing of financial close</li> </ul>

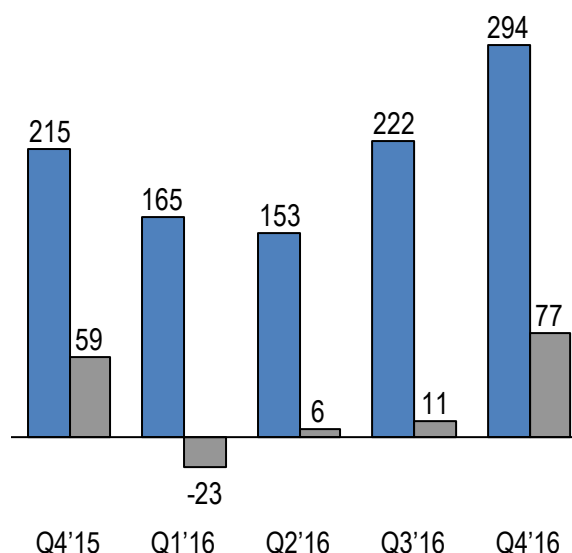
# Financial review

# Consolidated financials

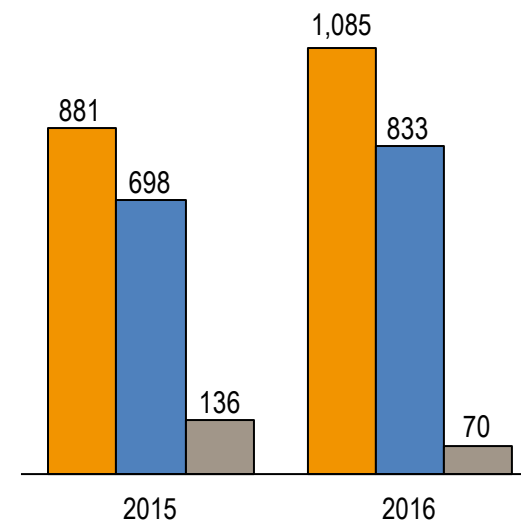
Revenues (NOK million)



EBITDA and net profit (NOK million)



Full year (NOK million)



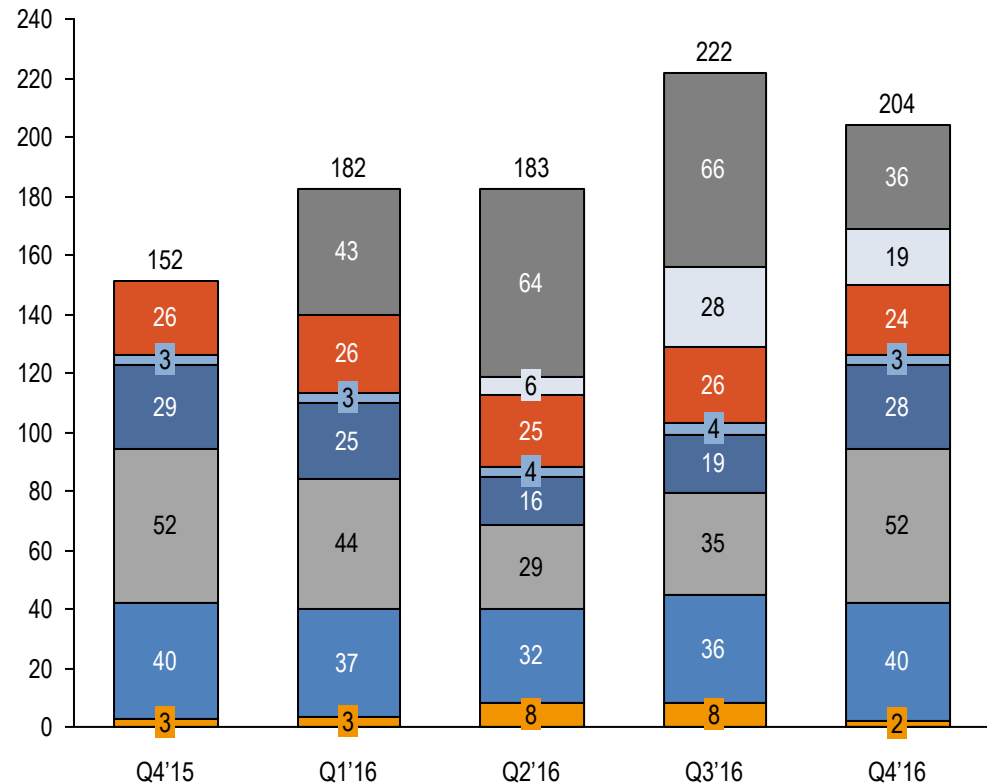
## Quarter on quarter:

- Net gain on sale of the Utah Red Hills plant of NOK 67 million
- Underlying revenues and EBITDA increase despite seasonally lower production, driven by mix effects
- Net profit affected by non-cash currency gains of NOK 27 million on intercompany balances

# Steadily growing power production

- Power production volume up 35% from same quarter last year, with grid connection of new plants in Jordan and USA
- Quarter on quarter: Seasonally lower production in USA and Jordan, partly offset by seasonally higher production in South Africa

Power production (GWh)

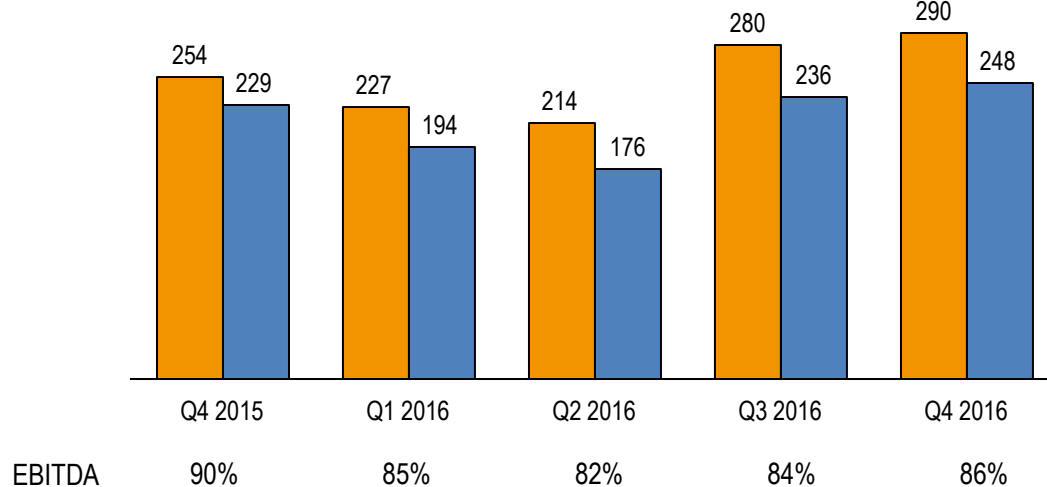




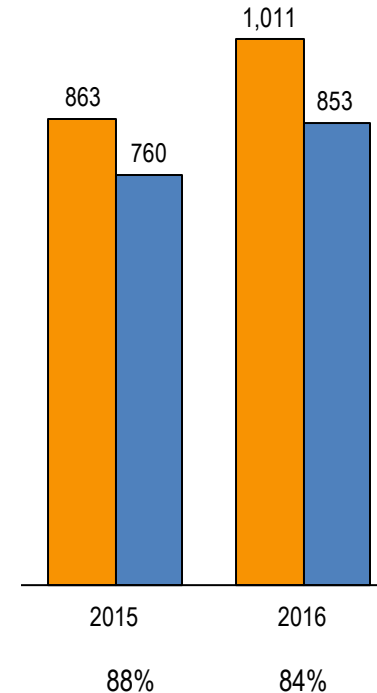
# Seasonally higher production in South Africa

Quarterly (NOKm)

Revenues EBITDA



Full year (NOKm)

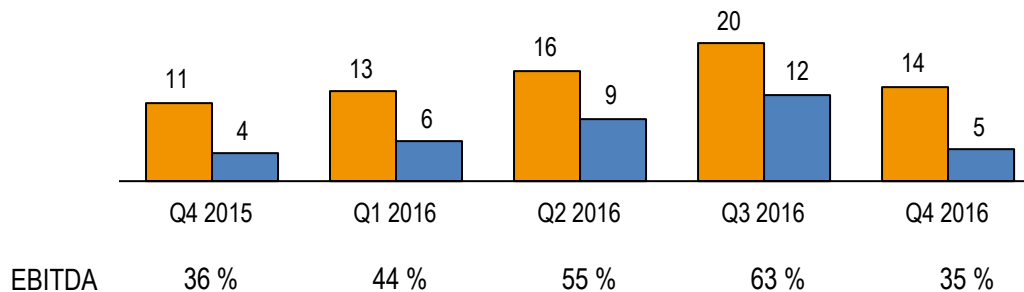


- Quarter on quarter revenues increase reflect seasonally higher production in South Africa, partly offset by lower production in the other markets
- Year on year growth with grid connection of new plants

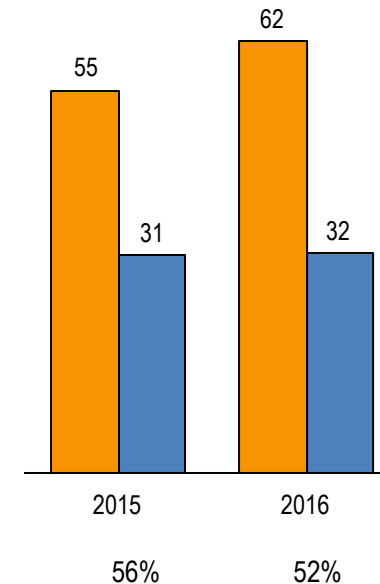
## Seasonally lower revenues and EBITDA

Quarterly (NOKm)

Revenues EBITDA



Full year (NOKm)

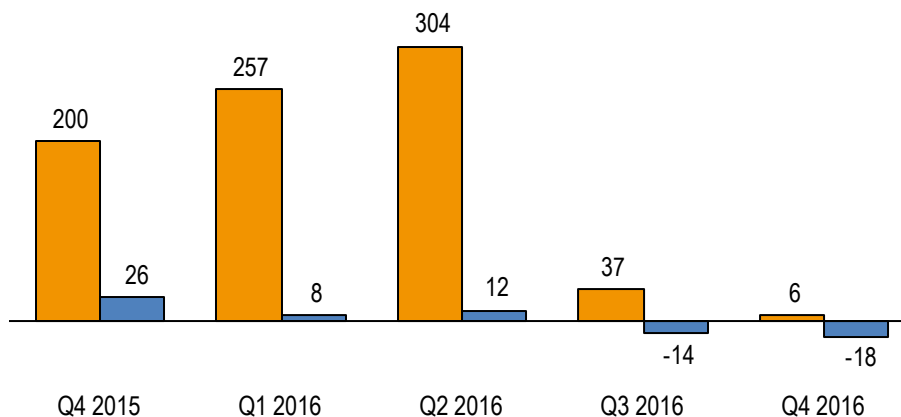


- Quarter on quarter decrease in revenues and EBITDA mainly due to seasonally lower performance bonus for the South African plants

# Developing projects and preparing construction start

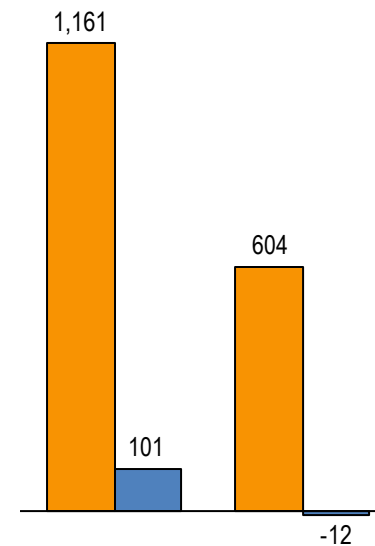
## Quarterly (NOKm)

Revenues EBITDA



Gross Margin	22%	12%	9%	0%	99%
EBITDA	13%	3%	4%	-38%	-273%

## Full year (NOKm)



Gross Margin	15%	11%
EBITDA	9%	-2%

- Continued high activity in D&C organisation on developing the project portfolio and preparing construction start for new power plants
- Revenues and gross margins to return with financial close and construction of new power plants

# Free cash position of NOK 304 million

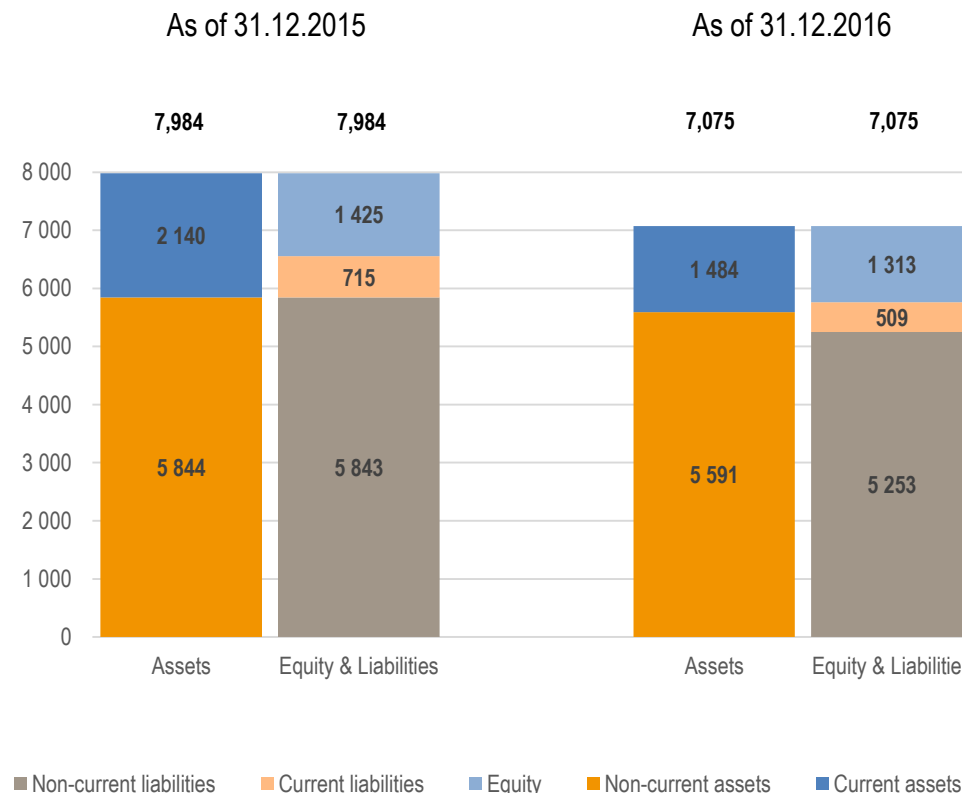
## Consolidated financial position

- Cash position of NOK 1,137 million of which NOK 709 million in project companies
- Total interest bearing liabilities\* of NOK 5.1 billion of which NOK 4.6 billion non-recourse project financing

## SSO financial position – outside project companies\*\*:

- Free cash of NOK 304 million – cash proceeds from Utah of NOK 230 million
- Equity of NOK 1,313 million
- Interest bearing liabilities of NOK 495 million (bond)
- Equity to capitalisation ratio of 73%

### Financial position (NOKm)



# Outlook

# Realizing projects in 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	5,599**	~9,200	~14,799
Total Equity	MNOK	1,576**	~1,850	~3,426

- Scatec Solar's share of equity investments NOK 1,200 – 1,400 million in project backlog
  - SSO targets average equity IRR of 15% nominal after tax on these investments
- Project backlog EPC contract value expecting to represents NOK ~7,400 million
  - Scatec Solar targets 15% gross margin from Development & Construction

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

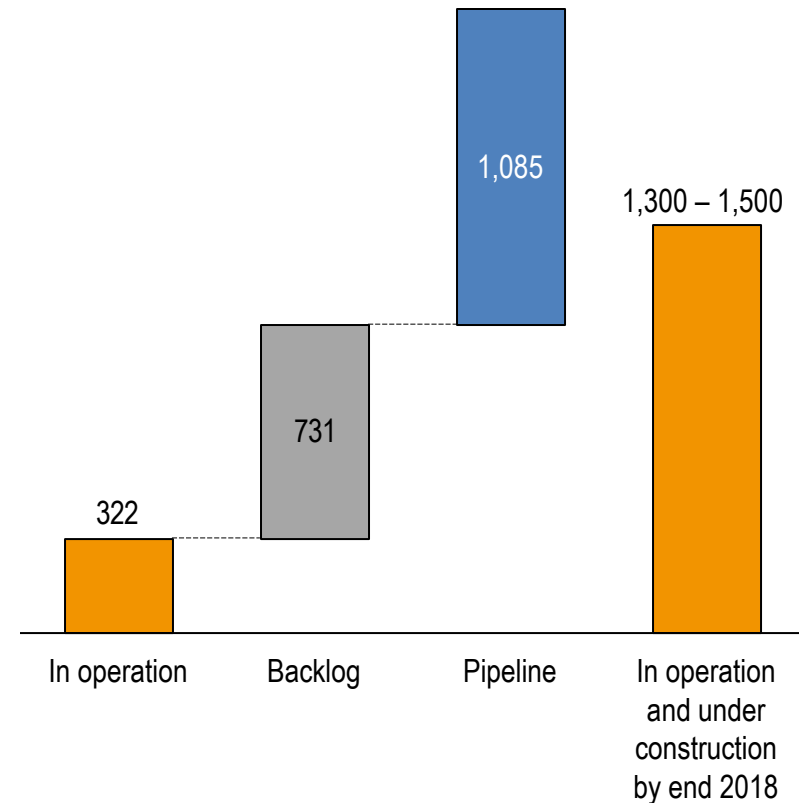
(\*\*) Based on PP&E and Project Equity in project companies as of year-end 2016



# Outlook

- Growth target by year end 2018:
  - 1,300-1,500 MW in operation & under construction
- 2017 SSO cash flow equity from PP and O&M:
  - NOK 170 - 190 million
- Power production:
  - 2017: ~ 640 GWh
  - Q1'17: ~155 GWh
- Strong market development with attractive opportunities

Growth target (MWs)



# Thank you

## **Our values**

Predictable

Driving results

Changemakers

Working together



# Consolidated profit & loss

<i>(NOK million)</i>	Q4 16	Q3 16	Q4 15	FY 16	FY 15
<b>Total revenues</b>	<b>363.1</b>	<b>280.6</b>	<b>266.6</b>	<b>1,084.9</b>	<b>881.0</b>
OPEX	-69.5	-58.9	-51.4	-251.9	-182.6
<b>EBITDA</b>	<b>293.6</b>	<b>221.7</b>	<b>215.2</b>	<b>833.0</b>	<b>698.3</b>
Depreciation, amortization and impairment	-83.7	-68.1	-52.5	-270.1	-175.6
<b>Operating profit</b>	<b>209.9</b>	<b>153.6</b>	<b>162.8</b>	<b>563.0</b>	<b>522.8</b>
Interest, other financial income	14.1	8.8	17.2	50.8	64.4
Interest, other financial expenses	-135.7	-131.1	-111.1	-504.8	-408.1
Foreign exchange gain/(loss)	27.2	-19.2	22.2	-10.1	40.5
<b>Net financial expenses</b>	<b>-94.4</b>	<b>-141.5</b>	<b>-71.7</b>	<b>-464.1</b>	<b>-303.1</b>
<b>Profit before income tax</b>	<b>115.5</b>	<b>12.1</b>	<b>91.1</b>	<b>98.9</b>	<b>219.6</b>
Income tax (expense)/benefit	-38.7	-0.1	-32.1	-28.4	-84.0
<b>Profit/(loss) for the period</b>	<b>76.8</b>	<b>11.2</b>	<b>59.0</b>	<b>70.5</b>	<b>135.7</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the parent	46.2	-1.1	26.3	3.5	67.7
Non-controlling interests	30.5	12.3	32.7	67.0	68.0
<b>Basic and diluted EPS (NOK)</b>	<b>0.49</b>	<b>-0.01</b>	<b>0.28</b>	<b>0.04</b>	<b>0.72</b>

# Consolidated cash flow statement

<i>(NOK million)</i>	Q4 16	Q3 16	Q4 15	FY 2016	FY 2015
Net cash flow from operations	214.8	196.0	-79.5	732.0	504.8
Net cash flow from investments	211.8	-66.9	-387.0	-582.0	-2,408.8
Net cash flow from financing	-199.8	-177.1	1,182.9	-660.0	-2,534.7
Net increase/(decrease) in cash and cash equivalents	226.8	-48	716.5	-510.1	630.8
Effect of exchange rate changes on cash and cash equivalents	56.5	-5.9	-40.9	8.7	-41.3
Cash and cash equivalents at beginning of the period	853.9	907.8	963.0	1,638.6	1,049.1
<b>Cash and cash equivalents at end of the period</b>	<b>1,137.2</b>	<b>853.9</b>	<b>1,638.6</b>	<b>1,137.2</b>	<b>1,638.6</b>

# Segment results – Q4'16

(NOK million)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	289.5	-	-	-	-	289.5
Internal revenues	-	13.5	-	3.1	-16.6	-
Net gain/(loss) from sale of project assets	-	-	6.7	-	67.1	73.8
Net income / (loss) from associates	-	-	-0.2	-	-	-0.2
<b>Total revenues and other income</b>	<b>289.6</b>	<b>13.5</b>	<b>6.4</b>	<b>3.1</b>	<b>50.5</b>	<b>363.1</b>
Cost of sales	-	-	-0.1	-	0.1	-
<b>Gross profit</b>	<b>289.6</b>	<b>13.5</b>	<b>6.3</b>	<b>3.1</b>	<b>50.5</b>	<b>363.1</b>
Operating expenses	-41.9	-8.8	-23.9	-11.5	-16.6	-69.5
<b>EBITDA</b>	<b>247.7</b>	<b>4.7</b>	<b>-17.6</b>	<b>-8.4</b>	<b>67.2</b>	<b>293.6</b>
Depreciation, amortisation and impairment	-129.8	-0.8	-1.9	-0.2	48.9	-83.7
<b>Operating profit (EBIT)</b>	<b>118.0</b>	<b>3.9</b>	<b>-19.5</b>	<b>-8.6</b>	<b>116.1</b>	<b>209.9</b>

# Segment results – Full year 2016

<i>(NOK million)</i>	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	1,010.6	2.3	-	-	-	1,012.9
Internal revenues	-	59.9	599.0	9.8	-668.8	-
Net gain/(loss) from sale of project assets	-	-	8.3	-	67.1	75.4
Net income / (loss) from associates	-	-	-3.4	-	-	-3.4
<b>Total revenues and other income</b>	<b>1,010.6</b>	<b>62.2</b>	<b>603.9</b>	<b>9.8</b>	<b>-601.7</b>	<b>1,084.9</b>
Cost of sales	-	-	-539.6	-	539.6	-
<b>Gross profit</b>	<b>1,010.6</b>	<b>62.2</b>	<b>64.4</b>	<b>9.8</b>	<b>-62.1</b>	<b>1,084.9</b>
Operating expenses	-157.3	-30.6	-76.6	-57.2	69.7	-251.9
<b>EBITDA</b>	<b>853.4</b>	<b>31.6</b>	<b>-12.2</b>	<b>-47.4</b>	<b>7.7</b>	<b>833.0</b>
Depreciation, amortisation and impairment	-352.0	-2.3	-10.4	-0.8	95.4	-270.1
<b>Operating profit (EBIT)</b>	<b>501.4</b>	<b>29.3</b>	<b>-22.7</b>	<b>-48.1</b>	<b>103.1</b>	<b>563.0</b>



# Project companies' financials – Q4'16

<i>(NOK million)</i>	Czech Republic	Kalkbult	Linde	Dreunberg	ASYV	Agua Fria	Utah Red Hills	Jordan	Segment overhead	Total segment	SSO prop. share
<b>SSO shareholding</b>	100%	39%	39%	39%	43%	40%	100%	59%			
<b>Revenues</b>	10.0	80.2	45.3	86.2	7.4	27.8	7.7	24.8	0.4	289.6	<b>129.6</b>
<b>OPEX</b>	-2.7	-8.5	-3.6	-5.7	-1.9	-4.3	-5.9	-4.7	-4.8	-41.9	<b>-25.8</b>
<b>EBITDA</b>	7.3	71.8	41.8	80.5	5.5	23.5	1.8	20.1	-4.4	247.7	<b>103.8</b>
<b>Net interest expenses</b>	-4.9	-27.3	-13.0	-26.9	-3.2	-10.1	-8.9	-11.5	1.2	-104.7	<b>-51.2</b>
<b>Normalised loan repayments</b>	-5.3	-5.0	-6.8	-11.3	-3.1	-3.7	-	-	-	-35.1	<b>-17.0</b>
<b>Cash flow to equity*</b>	-1.7	31.4	16.4	32.4	-0.9	9.6	-	8.9	8.4	104.5	<b>44.1</b>

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

# Project companies' financials – Full year 2016

(NOK million)	Czech Republic	Kalkbult	Linde	Dreunberg	ASYV	Agua Fria	Utah Red Hills	Jordan	Segment overhead	Total segment	SSO prop. share
<b>SSO shareholding</b>	100%	39%	39%	39%	43%	40%	100%	59%			
<b>Revenues</b>	93.0	274.6	135.4	252.0	31.1	117.5	49.9	56.2	1.7	1,010.6	<b>498.7</b>
<b>OPEX</b>	-9.3	-32.5	-16.7	-27.5	-6.0	-17.2	-23.5	-8.0	-16.7	-157.3	<b>-94.0</b>
<b>EBITDA</b>	83.7	242.2	118.6	224.5	25.2	100.4	26.4	48.1	-15.0	853.4	<b>404.8</b>
<b>Net interest expenses</b>	-20.8	-104.0	-50.9	-102.6	-13.2	-40.6	-36.5	-21.8	4.0	-386.5	<b>-189.5</b>
<b>Normalised loan repayments</b>	-21.2	-19.1	-26.3	-41.7	-12.2	-14.7	-	-	-	-135.2	<b>-66.3</b>
<b>Cash flow to equity*</b>	36.3	97.1	31.4	63.2	-0.9	45.1	-	26.3	3.0	301.5	<b>148.3</b>

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

SSOs proportionate share of net profit

## SSO's profit normally impacted by growth investments

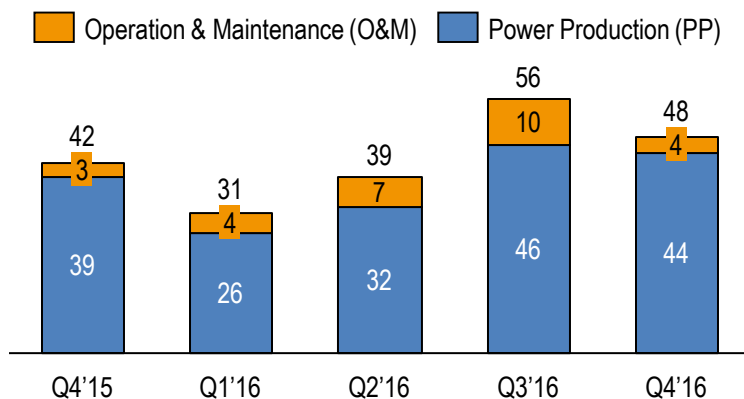


- Scatec Solar is investing in early phase project development and construction, as well as corporate functions that impact SSO's share of net profit
- These investments pay off through access to attractive projects and significant cash generation

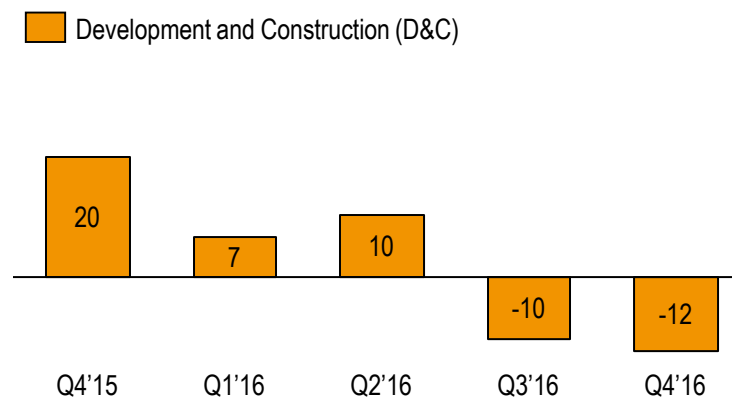
Q4'16 (NOK million)	Consolidated	SSO prop. share	%
Total revenues	363.1	210.3	58 %
Cost of sales & opex	-69.5	-60.6	87%
EBITDA	293.6	149.7	51%
D&A & Impairments	-83.7	-47.7	57%
EBIT	209.9	102.0	49 %
Net financials & tax	-133.1	-55.7	42%
<b>Net profit</b>	<b>76.8</b>	<b>46.2</b>	<b>60%</b>

# Cash flow to Scatec Solar's equity

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



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



Q4'16 - NOK million	Power Production	O&M	D&C	Corporate	Total	Elim.	Consolidated
Revenues	289.6	13.5	6.4	3.1	312.6	50.5	363.1
EBITDA	247.7	4.7	-17.6	-8.4	226.4	67.2	293.6
Net interest & loan repayments	-139.8	-	0.9	-9.2	-148.1		
Total cash flow to equity*:	104.5	3.7	-12.0	-13.2	83.0		
SSO share of CF to equity*:	44.1	3.7	-12.0	-13.2	22.6		

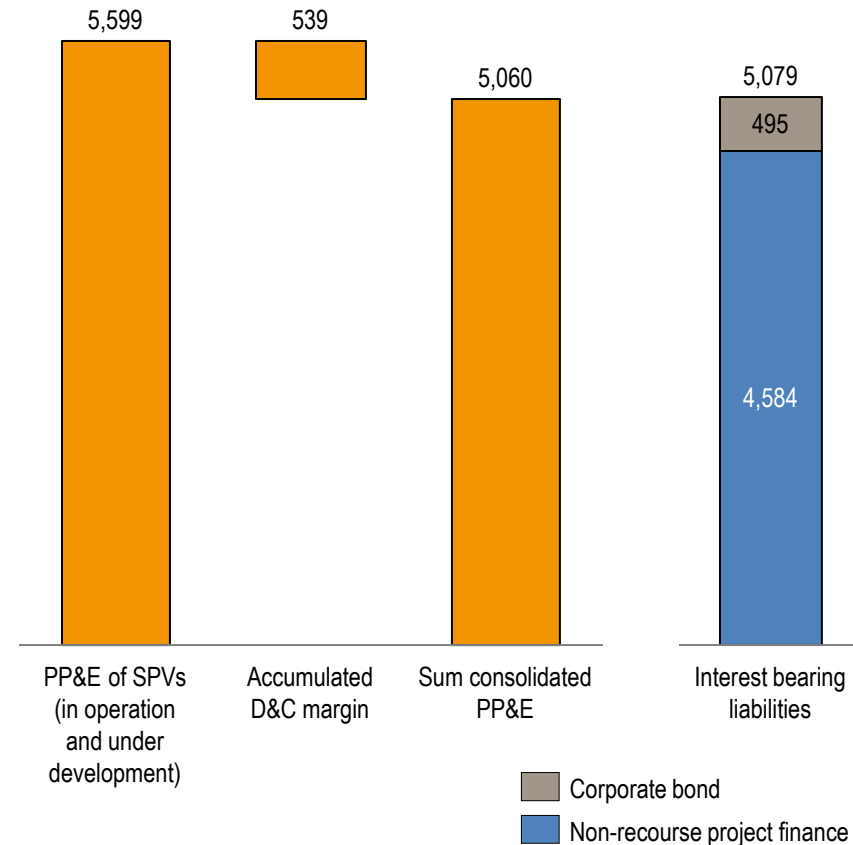
## Eliminated D&C margins affect book equity

- 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 31.12.2016 ( NOKm)



# Project pipeline status

Project	Capacity	Status
South Africa	430 MW	SSO bid the projects in November 2015. Award of preferred bidder status expected after closing of the round 4 Upington projects
Egypt	340 MW	<p>Round 1 (original PPA): Signed PPA for one project. Financing documents under evaluation by Government to determine SSO participation</p> <p>Round 2 (new PPA): SSO expects to move forward, but key aspects of the projects need to be settled before final investment decision</p>
Pakistan	150 MW	All required development steps completed. Awaiting 'evacuation certificate' and announcement of new tariff for project to move forward.
Nigeria	100 MW	Signed Joint Development Agreement with Norfund and Africa50 in November 2016.
Kenya	48 MW	Initialed PPA with local utility Kenya Power and Lighting Company (KPLC) in December 2016.
Burkina Faso	17 MW	Concession agreement signed with Ministry of Energy. Awaiting final sign-off from Ministry of Finance before PPA can be signed.
<b>Total</b>	<b>1,085 MW</b>	