Fourth 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 has an installation track record of close to 600 MW.

The company is producing electricity from 322 MW of solar power plants in the Czech Republic, South Africa, Rwanda, Honduras and Jordan.

With an established global presence, the company is growing briskly with a project backlog and pipeline of close to 1.8 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

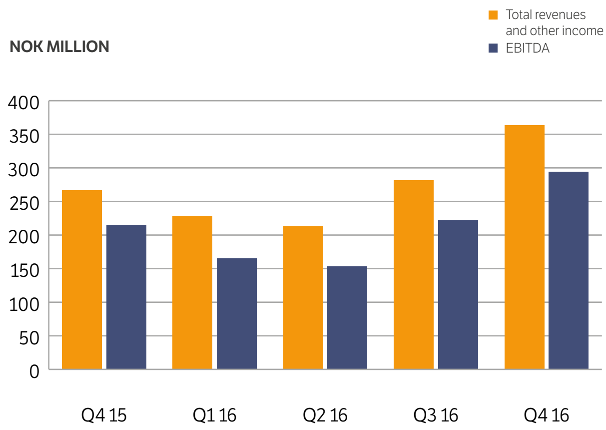
Ownership

- Asset management
- Financial and operational optimization

Q4'16 Highlights

- Power production reached 204 GWh, up 35% from Q4'15
- Scatec Solar's cash flow to equity from Power Production and Operation & Maintenance reached NOK 48 million, up 14% from Q4'15
- Closed the sale of the Utah Red Hills plant with a net gain on consolidated basis of NOK 67 million, and cash proceeds of NOK 230 million
- Added 309 MW to project backlog with new projects in Malaysia, Brazil and Mozambique
- For the full year 2016 power production reached 791 GWh up from 466 GWh in 2015, while revenues reached NOK 1,085 million up 23 % from the previous year

CONSOLIDATED REVENUES AND EBITDA



KEY FIGURES

NOK MILLION	Q4 2016	Q3 2016	Q4 2015	FY 2016	FY 2015
Total revenues and other income	**363**	281	267	1,085	881
EBITDA [2]	**294**	222	215	833	698
Operating profit (EBIT)	**210**	154	163	563	523
Profit before income tax	**115**	12	91	99	220
Profit/(loss) for the period	**77**	**11**	**59**	**70**	**136**
Profit/(loss) to Scatec Solar	**46**	-1	26	4	68
Profit/(loss) to non-controlling interests	**31**	12	33	67	68
Total Assets	**7,075**	7,537	7,984	7,075	7,984
Equity (%) [3]	**19%**	15%	18%	19 %	18%
Net interest bearing debt [2]	**3,942**	4,509	4,085	3,942	4,085
Power Production (GWh)	**204**	**222**	**152**	**791**	**466**
SSO proportionate share of cash flow to equity [2]:					
Power Production	**44**	46	39	148	131
Operation & Maintenance	**4**	10	3	24	24
Development & Construction	**-12**	-10	20	-5	76
Corporate	**-13**	-17	-3	-63	-22
Total	**23**	**29**	**58**	**104**	**208**

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 fourth 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 backlog of projects with secured offtake of future power production is currently at 731 MW, while the project pipeline consists of several projects with a combined capacity of 1,085 MW.

Scatec Solar reporting structure per Q4 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 Jordan: • Oryx, 10 MW	Backlog 731 MW Pipeline 1,085 MW		

Segment financials

SEGMENT FINANCIALS Q4 2016

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	289.6	-	-	-	-	**289.6**
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**
Total revenues and other income	289.6	13.5	6.4	3.1	50.5	**363.1**
Cost of sales	-	-	-0.1	-	0.1	**-**
Gross profit	289.6	13.5	6.3	3.1	50.6	**363.1**
Operating expenses	-41.9	-8.8	-23.9	-11.5	16.6	**-69.5**
EBITDA	247.7	4.7	-17.6	-8.4	67.2	**293.6**
Depreciation, amortisation and impairment	-129.8	-0.7	-1.9	-0.2	48.9	**-83.7**
Operating profit (EBIT)	118.0	3.9	-19.5	-8.6	116.1	**209.9**

SEGMENT FINANCIALS Q4 2015

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	253.6	1.5	-	-	-	**255.1**
Internal revenues	-	9.7	188.6	2.7	-201.1	**-**
Net gain/(loss) from sale of project assets	-	-	11.5	-	-	**11.5**
Net income/(loss) from associates	-	-	-	-	-	**-**
Total revenues and other income	253.6	11.3	200.1	2.7	-201.1	**266.6**
Cost of sales	-	-	-156.1	-	156.1	**-**
Gross profit	253.6	11.3	44.0	2.7	-44.9	**266.6**
Operating expenses	-24.7	-7.2	-18.3	-13.7	12.5	**-51.4**
EBITDA	228.9	4.0	25.7	-10.9	-32.5	**215.3**
Depreciation, amortisation and impairment	-62.4	-0.9	-3.0	-0.2	13.9	**-52.5**
Operating profit (EBIT)	166.5	3.2	22.8	-11.1	-18.5	**162.8**

SEGMENT FINANCIALS FULL YEAR 2016

NOK MILLION	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**
Total revenues and other income	1,010.6	62.2	603.9	9.8	-601.7	**1,084.9**
Cost of sales	-	-	-539.6	-	539.6	**-**
Gross profit	1,010.6	62.2	64.4	9.8	-62.1	**1,084.9**
Operating expenses	-157.3	-30.6	-76.6	-57.2	69.7	**-251.9**
EBITDA	853.4	31.6	-12.2	-47.4	7.7	**833.0**
Depreciation, amortisation and impairment	-352.0	-2.3	-10.4	-0.8	95.4	**-270.1**
Operating profit (EBIT)	501.4	29.3	-22.7	-48.1	103.1	**563.0**

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 290 million (254) in the fourth quarter up from NOK 280 million in the previous quarter. Power production reached 204 GWh (152), down 8% quarter on quarter and up 35% year on year. The increased revenues quarter on quarter reflects seasonally higher production in South Africa with higher than average tariff partly offset by lower production in the other markets.

The Utah Red Hills plant sold power into the merchant market throughout 2016. The average merchant price in the fourth quarter was 21.6 USD/MWh – down from 32.8 USD/MWh in the previous quarter. The sale of the Utah Red Hills plant was closed 28 December 2016, resulting in a net gain on consolidated basis of NOK 67 million.

Revenues increased year on year by NOK 36 million (14%). The increase is mainly explained by additional revenues from new plants in operation.

Operating expenses in the segment amounted to NOK 42 million (25) in the fourth quarter, down from NOK 44 million in the previous quarter, reflecting seasonally reduced accruals for O&M performance bonus. The O&M services are delivered by Scatec Solar with revenues and earnings reported in the Operation & Maintenance segment.

EBITDA reached NOK 248 million (229) in the fourth quarter, with an EBITDA margin of 86% (90%), up from NOK 236 million in the previous quarter.

Depreciation and amortisation amounted to NOK 130 million (62), up from NOK 81 million in the previous quarter. With the sale of the Utah plant and the exit from the US market, the Power Production segment recorded an impairment charge of NOK 43 million, of which NOK 29 million is eliminated on consolidated basis.

Scatec Solar's proportionate share of cash flow to equity [4] from Power Production was NOK 44 million (39) in the fourth quarter.

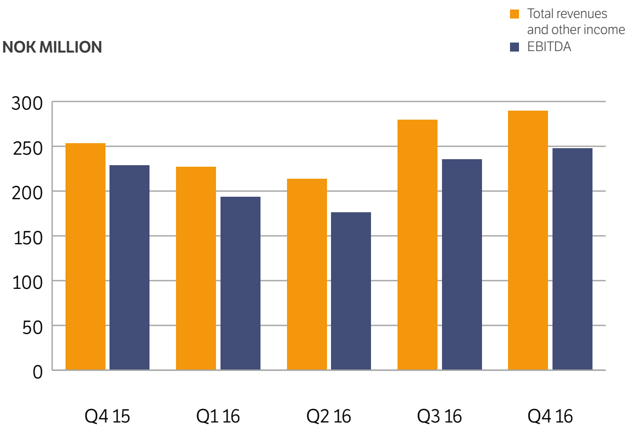
For the full year, revenues amounted to NOK 1,011 million (863), while operating expenses increased to NOK 157 million (103). EBITDA amounted to NOK 853 million (760), and EBIT to NOK 501 million (533).

Scatec Solar's proportionate share of cash flow to equity from Power Production for the full year was NOK 148 million (131).

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	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
External revenues	253.6	227.3	213.9	279.8	289.6
Internal revenues	-	-	-	-	-
Total revenues and other income	**253.6**	**227.3**	**213.9**	**279.8**	**289.6**
Operating expenses	-24.7	-33.6	-37.6	-44.1	-41.9
EBITDA	**228.9**	**193.7**	**176.3**	**235.7**	**247.7**
D&A and impairment	-62.4	-71.2	-69.7	-81.4	-129.8
EBIT	**166.5**	**122.6**	**106.6**	**154.3**	**118.0**

POWER PRODUCTION – KEY RATIOS (%)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
EBITDA margin	90%	85%	82%	84%	86%
EBIT margin	66%	54%	50%	55%	41%

PRODUCTION (MWH)

	MW	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Czech portfolio	20	2,517	3,077	7,965	8,128	2,157
Kalkbult	75	39,472	37,143	31,963	36,392	40,030
Dreunberg	75	51,909	44,209	28,849	35,050	52,158
Linde	40	28,846	25,327	15,749	19,201	28,170
ASYV	9	3,208	3,338	3,522	3,964	3,345
Agua Fria	60	25,623	26,438	24,591	25,847	24,072
Utah Red Hills	104	-	42,668	64,240	65,451	35,685
Jordan	43	-	-	5,852	27,487	18,752
MWh produced	426	151,575	182,200	182,731	221,521	204,370
- net to SSO	252	61,034	99,360	118,681	137,569	107,089

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, 59% of Jordan and 100% of Utah Red Hills in the US. The Utah Red Hills plant was sold ultimo December 2016.

PROJECT COMPANIES - KEY FINANCIALS Q4 2016

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	UTAH RED HILLS	JORDAN	SEGMENT OVERHEAD	TOTAL SEGMENT	SSO PROP. SHARE 5)
Revenues	10.0	80.2	45.3	86.2	7.4	27.8	7.7	24.8	0.4	289.6	129.6
OPEX	-2.7	-8.5	-3.6	-5.7	-1.9	-4.3	-5.9	-4.7	-4.8	-41.9	-25.8
EBITDA	7.3	71.8	41.8	80.5	5.5	23.5	1.8	20.1	-4.4	247.7	103.8
EBITDA margin	73%	89%	92%	93%	74%	85%	23%	81%	-1248%	86%	80%
Net Interest expenses 5)	-4.9	-27.3	-13.0	-26.9	-3.2	-10.1	-8.9	-11.5	1.2	-104.7	-51.2
Normalised loan repayments 5)	-5.3	-5.0	-6.8	-11.3	-3.1	-3.7	-	-	-	-35.1	-17.0
Cash flow to equity 5)	-1.7	31.4	16.4	32.4	-0.9	9.6	-	8.9	8.4	104.5	44.1
SSO shareholding	100%	39%	39%	39%	43%	40%	100%	59%	-	-	-

PROJECT COMPANIES - KEY 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 5)
Revenues	93.0	274.6	135.4	252.0	31.1	117.5	49.9	56.2	1.7	1,010.6	498.7
OPEX	-9.3	-32.5	-16.7	-27.5	-6.0	-17.2	-23.5	-8.0	-16.7	-157.3	-94.0
EBITDA	83.7	242.2	118.6	224.5	25.2	100.4	26.4	48.1	-15.0	853.4	404.8
EBITDA margin	90%	88%	88%	89%	81%	85%	53%	86%	-897%	84%	81%
Net Interest expenses 5)	-20.8	-104.0	-50.9	-102.6	-13.2	-40.6	-36.5	-21.8	4.0	-386.5	-189.5
Normalised loan repayments 5)	-21.2	-19.1	-26.3	-41.7	-12.2	-14.7	-	-	-	-135.2	-66.3
Cash flow to equity 5)	36.3	97.1	31.4	63.2	-0.9	45.1	-	26.3	3.0	301.5	148.3
SSO shareholding	100%	39%	39%	39%	43%	40%	100%	59%	-	-	-

PROJECT COMPANIES – FINANCIAL POSITION AND WORKING CAPITAL BREAK-DOWN

AS OF 31 DECEMBER 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)	154.0	250.7	168.1	318.3	38.2	348.0	-	298.6	1,575.8	-263.1	1,312.7
Total assets	581.1	1,344.7	754.7	1,473.9	193.3	1,043.2	-	1,319.4	6,710.3	364.8	7,075.1
PP&E 6)	496.5	1,119.9	611.0	1,210.5	169.2	916.0	-	1,076.1	5,599.2	-539.4	5,059.8
Cash 7)	34.6	163.3	71.7	123.5	17.2	88.6	-	209.7	708.6	428.7	1,137.2
Gross debt 8)	370.1	997.5	540.4	1,092.1	145.4	604.3	-	833.4	4,583.3	495.7	5,079.0
Net interest bearing debt 5)	335.5	834.2	468.7	968.6	128.2	515.7	-	623.7	3,874.8	67.0	3,941.8
Net working capital 9)	-19.9	9.9	-18.7	-10.5	-18.4	-25.4	-	-74.5	-157.6	52.6	-105.0

5) Refer to appendix for definition of this measure.

6) The amount of NOK 539.4 million is net after reduction for capitalised development spending on projects that have not yet reached construction phase of NOK 637 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 118 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 14 million (11) in the fourth quarter.

The fourth quarter revenues were recognised based on O&M contracts totalling 289 MW. Revenues from the 10 MW Oryx plant in Jordan were recognised in the quarter. The revenues from the remaining 33 MW in Jordan will be recorded from the Taking Over Date.

Operating expenses reached NOK 9 million (7), up from NOK 7 million in the previous quarter. The increase is mainly reflecting increased maintenance activity in the quarter and ramp up costs for the plants in Jordan.

The EBITDA amounted to NOK 5 million (4) in the fourth quarter, corresponding to an EBITDA-margin of 35% (36%).

The decrease in revenues and EBITDA quarter on quarter is mainly due to lower O&M performance bonus reflecting seasonally lower performance ratio. 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 and the 10 MW Oryx plant in Jordan.

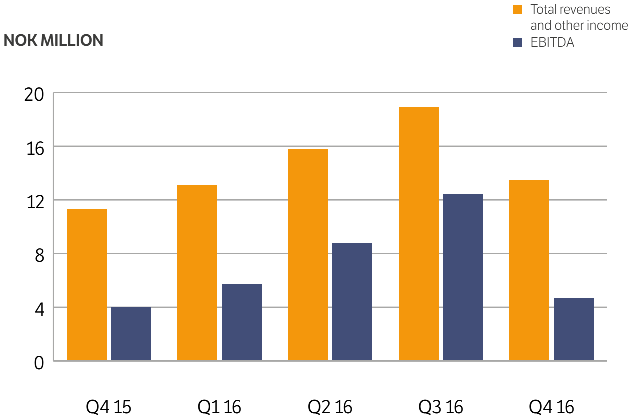
Depreciation and amortisation in the quarter amounted to NOK 0.7 million (0.9), and EBIT was NOK 4 million (3).

Scatec Solar's cash flow to equity from Operation & Maintenance was NOK 4 million (3).

For the full year, revenues increased to NOK 62 million (55), while operating expenses increased to NOK 31 million (24). EBITDA amounted to NOK 32 million (31) for the full year and EBIT was NOK 29 million (29). Scatec Solar's cash flow to equity from Operation & Maintenance for the full year was NOK 24 million (24).

The O&M contracts for third party controlled plants are considered non-core and the complete portfolio is terminated as of fourth quarter 2016.

OPERATION & MAINTENANCE – REVENUES AND EBITDA BY QUARTER



OPERATION & MAINTENANCE – KEY FIGURES

NOK MILLION	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
External revenues	1.5	0.9	0.5	0.9	-
Internal revenues	9.7	12.2	15.4	18.9	**13.5**
Total revenues and other income	**11.3**	**13.1**	**15.8**	**19.8**	**13.5**
Operating expenses	-7.2	-7.3	-7.0	-7.4	**-8.8**
EBITDA	**4.0**	**5.7**	**8.8**	**12.4**	**4.7**
D&A and impairment	-0.9	-0.5	-0.6	-0.5	**-0.7**
EBIT	**3.2**	**5.2**	**8.2**	**11.9**	**3.9**

OPERATION & MAINTENANCE – KEY RATIOS (%)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
EBITDA margin	36 %	44 %	55 %	63 %	**35 %**
EBIT margin	28 %	40 %	52 %	60 %	**29 %**

PORTFOLIO OVERVIEW – MW AT END OF PERIOD

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Portfolio (MW)	236	296	285	285	**289**
Of which third-party	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 6 million (200) in the fourth quarter.

Revenues and gross margin in the D&C segment depends on progress on projects under construction, and will normally fluctuate from quarter to quarter.

In third quarter, the construction projects in Jordan were completed and no new construction projects commenced in the fourth quarter.

There continues to be 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.

In October 2015 Scatec Solar concluded the sale of the 8 MW Waihonu development project in the US. As part of a successful project execution a contingent consideration of NOK 7 million was released in fourth quarter 2016.

There was no cost of sales related to Development and Construction (156) in the fourth quarter.

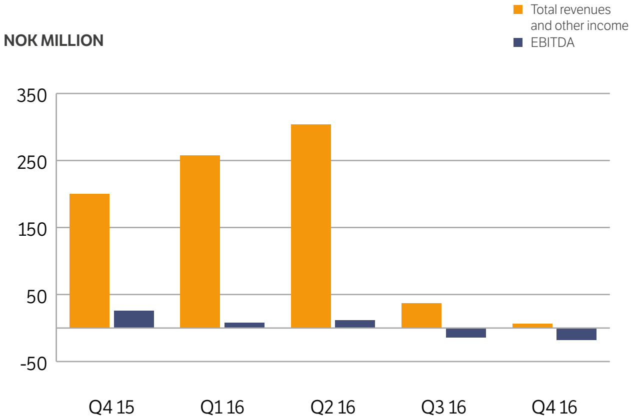
Operating expenses were NOK 24 million (18) in the fourth quarter. This comprised of approximately NOK 15 million for early stage development of new projects and 9 million related to construction and includes a NOK 6 million write-down of receivables related to former sales of development projects in the US and UK.

EBITDA was NOK -18 million (26) in the fourth quarter. Depreciation, amortisation and impairment amounted to NOK 2 million (3), and EBIT was thus NOK -20 million (23).

Scatec Solar's cash flow to equity from Development & Construction was NOK -12 million (20).

For the full year, revenues amounted to NOK 604 (1,161), with a gross margin of 11% (15%). Operating expenses increased slightly to NOK 77 million (70). EBITDA was NOK -12 million (101) and EBIT NOK -23 million (95). Scatec Solar's cash flow to equity from Development & Construction for the full year was NOK -5 million (76).

DEVELOPMENT & CONSTRUCTION – REVENUES AND EBITDA BY QUARTER



DEVELOPMENT & CONSTRUCTION – KEY FIGURES

NOK MILLION	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
External revenues	-	-	-	-	-
Internal revenues	188.6	257.8	304.5	36.7	-
Net gain project sale	11.5	0.2	1.4	-	6.7
Net income associated	-	-0.6	-2.4	-0.1	-0.2
Total revenue and other income	**200.1**	**257.4**	**303.5**	**36.6**	**6.4**
Cost of sales	-156.1	-227.6	-275.1	-36.8	-0.1
Gross profit	**44.0**	**29.8**	**28.4**	**-0.1**	**6.3**
Operating expenses	-18.3	-22.3	-16.6	-13.8	-23.9
EBITDA	**25.7**	**7.5**	**11.8**	**-13.9**	**-17.6**
D&A and impairment	-3.0	-2.4	-4.5	-1.6	-1.9
EBIT	**22.8**	**5.1**	**7.3**	**-15.5**	**-19.5**

KEY RATIOS (%)

	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Gross margin	22%	12%	9%	-	99%
EBITDA margin	13%	3%	4%	-38%	-273%
EBIT margin	11%	2%	2%	-42%	-303%

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 9 million (11) in the fourth quarter 2016.

CORPORATE – KEY FIGURES

NOK MILLION	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Total revenues	2.7	2.4	2.0	2.3	**3.1**
Operating expenses	-13.7	-14.0	-16.9	-14.8	**-11.5**
D&A and impairment	-0.2	-0.2	-0.2	-0.2	**-0.2**
EBIT	-11.1	-11.8	-15.0	-12.7	**-8.6**
Net external interest expenses	-0.5	-9.1	-8.8	-9.9	**-9.4**

Management's share incentive plan, which was introduced in the third quarter 2014 and was fully vested in the third quarter 2016 was replaced by a LTI program (see note 12 for information about the program) which reduced operating expenses from third to fourth quarter by NOK 1.5 million. Net interest expenses of NOK -9.4 million (-0.5) 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 full year, the net corporate costs amounted to NOK 48 million (38). 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	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Revenues	-201.1	-272.3	-321.9	-57.9	**50.5**
Cost of sales	156.1	227.6	275.1	36.8	**-**
Operating expenses	12.5	14.5	17.4	21.2	**16.6**
EBITDA	-32.5	-30.2	-29.4	-	**67.2**
D&A	13.9	15.7	15.3	15.5	**48.9**
EBIT	-18.5	-14.5	-14.1	15.5	**116.1**

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 fourth quarter there were no ongoing construction projects (fourth quarter 2015; NOK 45 million).

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 17 million (13) in the fourth quarter. The increased elimination of depreciation and impairments reflects the segment write-down of the Utah Red Hills plant which was reversed in the consolidation profit or loss to reflect the gain which was made on the sale.

CONSOLIDATED INCOME STATEMENT

Revenues

Scatec Solar reported consolidated revenues of NOK 363 million in the fourth quarter 2016, up from NOK 267 million in the same period last year, with the growth reflecting sales of electricity from new power plants of NOK 33 million as well as the gain on sale of the Utah Red Hills power plant at the end of the year.

For the full year, revenues amounted to NOK 1,085 million (881). Net revenues included NOK 75 million (14) 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 69 million (51) in the fourth quarter. This comprised of approximately NOK 37 million for operation of existing power plants, NOK 15 million for early stage development of new projects, NOK 9 million related to construction of power plants and NOK 8 million of corporate expenses (excluding eliminated intersegment charges).

Included in operating expenses is NOK 6 million associated with the write-down of receivables related to former sales of development projects in the US and UK.

Personnel expenses amounted to NOK 19 million (19) and other operating expenses to NOK 51 million (32).

For the full year, consolidated operating expenses amounted to NOK 252 million (183). 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 294 million (215) in the fourth quarter, and NOK 833 million (698) for the full year. The increased profitability year on year primarily reflects the growth in sales from the Utah Red Hills and Jordan plants. Further, the sale of the Utah Red Hills plant generated a net gain of NOK 67 million.

Depreciation, amortisation and impairment amounted to NOK 84 million (52) in the fourth quarter, and NOK 270 million (176) for the full year. The increase compared to fourth quarter and full year 2015 is mainly explained by commencement of asset depreciation of new solar power plants but is also affected by impairments which increased to NOK 22 million (5) for the full year.

Thus, operating profit (EBIT) was NOK 210 million (163) in the fourth quarter and NOK 563 million (523) for the full years.

Net financial items

NET FINANCIAL ITEMS – KEY FIGURES

NOK MILLION	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
Interest income	17.2	12.1	15.5	8.8	**14.1**
Other financial income	-	-	0.4	-	**-**
Financial income	17.2	12.1	15.8	8.8	**14.1**
Interest expenses	-107.0	-116.2	-117.2	-129.2	**-133.7**
Other financial expenses	-4.1	-2.5	-2.1	-1.8	**-2.0**
Financial expenses	-111.1	-118.7	-119.3	-131.1	**-135.7**
Foreign exchange gains/(losses)	22.2	-34.5	16.5	-19.2	**27.2**
Net financial expenses	-71.7	-141.1	-87.0	-141.5	**-94.4**

Financial income amounted to NOK 14 million (17) in the fourth quarter and NOK 51 million (64) for the full year.

Financial expenses amounted to NOK 136 million (111) in the fourth quarter. The increase in interest expenses reflect increased debt financing of the growing asset base and the NOK 500 million corporate bond which was issued mid fourth quarter of 2015. Interest expenses on the operating solar power plants amounted to NOK 126 million (102) whereas interest expenses on corporate funding amounted to NOK 11 million (5) in the fourth quarter.

For the full year, financial expenses amounted to NOK 505 million (408).

Foreign exchange gains amounted to NOK 27 million (22) in the fourth quarter and NOK -10 million (41) for the full year. These effects are largely reflecting the strengthening of the USD in the fourth quarter and are mainly non-cash and related to intercompany balances. Also included in the net foreign exchange gain is an accumulated foreign currency translation reserve of NOK 6 million which was recycled from other comprehensive income to profit or loss as part of the sale of the Utah Red Hills plant.

Profit before tax and net profit

Profit before income tax was NOK 115 million (91) in the fourth quarter and NOK 99 million (220) for the full year.

Income tax expense was NOK 39 million (-32) in the fourth quarter, corresponding to an effective tax rate of 33.5% (35.3%). For the full year the income tax expense amounted to NOK 28 million (84), corresponding to effective tax rate of 28.7% (38.2%). 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 77 million (59) in the fourth quarter and NOK 70 million (136) for the full year.

A profit of NOK 46 million (26) was attributable to the equity holders of Scatec Solar in the fourth quarter and NOK 4 million (68) for the full year. A profit of NOK 31 million (33) was attributable to non-controlling interests in the fourth quarter and NOK 67 million (68) for the full year.

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 fourth 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 third quarter. This positively affected consolidated revenues by approximately NOK 2 million quarter on quarter. At the same time the currency movements increased operating expenses, deprecations, interest expense and tax, reducing the net impact of the currency movements on net profit in the quarter to less than NOK 0.5 million.

The quarter-on-quarter net foreign currency gains/losses was up NOK 46 million, from a loss of NOK 19 million in the third quarter 2016 compared to a gain of NOK 27 million in the fourth quarter 2016. These currency effects are to a large extent related to non-cash gains/losses on intercompany balances and includes a recycling effect of NOK 6 million from foreign currency translation differences in other comprehensive income to the statement of profit or loss as part of the sale of the Utah Red Hills plant.

Following the changes in the relevant currencies in the fourth quarter, the Group has recognised a foreign currency translation gain of NOK 71 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 215 million (-79) in the fourth quarter 2016, compared to the EBITDA of NOK 294 million. The cash flow is primarily affected by negative changes in the working capital while EBITDA is positively influenced by the gain on the sale of the Utah Red Hills plant.

Net cash flow from consolidated investing activities was NOK 212 million (-387), mainly driven by the sale of the Utah Red Hills plant, partly offset by capitalised development expenses related to projects in backlog and pipeline.

Net cash flow from financing activities was NOK -200 million (1,184), including gross proceeds from new non-recourse financing of NOK 124 million (1,366) as well as interest and down payments of NOK -290 million (-687).

For the full year, net cash flow from consolidated operating activities was NOK 732 million (505), while the net negative cash flow from consolidated investing activities was NOK -582 million (2,409). Net cash flow from consolidated financing activities amounted to NOK -660 million (2,535), including gross proceeds of NOK 241 million (2,874) 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	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Power Production	38.6	26.4	31.9	45.9	**44.1**
Operation & Maintenance	3.2	4.4	6.7	9.5	**3.7**
Development & Construction	19.6	6.5	10.2	-9.8	**-12.0**
Corporate	-2.9	-15.5	-17.7	-16.8	**-13.2**
Total	58.4	21.9	31.0	28.7	22.6
SSO project equity investments	-102.1	-28.0	-0.3	-	**-4.7**
Distributions to SSO from project companies	32.0	3.0	58.3	52.1	**20.6**
Dividends to corporate shareholders	-	-	-61.9	-	**-**

"Scatec Solar's proportionate share of cash flow to equity" was NOK 23 million (58) in the fourth quarter. The decrease compared to third quarter is mainly explained by seasonal variations in the O&M performance bonuses, partly offset by decreased spending in the corporate segment.

During the fourth quarter Scatec Solar received dividends and distributions of NOK 21 million from the power producing project entities in the Czech Republic.

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 1,312 million (1,425) as of 31 December 2016, representing an increase of NOK 154 million during fourth quarter and a decrease of NOK 113 million for the full year. The decrease year to date is mainly due to mark-to-market revaluation of interest rate swaps recognised in other comprehensive income and dividends – partly offset by profit for the period and a 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 increased to 18.6% from 15.4% 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 73% at the end of the fourth quarter. See note 6 for more information.

Total assets amounted to NOK 7,075 million (7,984) as of 31 December 2016, a decrease of NOK 462 million during fourth quarter and NOK 908 million for the full year.

Non-current assets amounted to NOK 5,591 million (5,844) as of 31 December 2016, a decrease of NOK 754 million during fourth quarter and NOK 253 million for the full year. The sale of the Utah Red Hills plant is the main reason for the quarter on quarter net decrease.

Current assets amounted to NOK 1,484 million (2,140), which was an increase of NOK 292 million during fourth quarter and a decrease of NOK 656 million for the full year – mainly explained by the year-on year reduced cash balance. For the quarter the cash balance increased as the sales consideration for the Utah Red Hills plant was received.

Of the total cash and cash equivalents of NOK 1,137 million, NOK 708 million was cash in project companies in operation, and NOK 7 million was cash in project companies under development. Other restricted cash amounted to NOK 118 million and NOK 304 million was free cash at the group level. Refer to Note 6 for definition of cash terms and more information on the corporate overdraft facility.

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

Total liabilities decreased to NOK 5,762 million from NOK 6,379 at the end of third quarter, and down from NOK 6,558 million at the end of the fourth quarter 2015.

Total non-current liabilities amounted to NOK 5,253 million at the end of fourth quarter, compared to NOK 5,683 million at the end of third quarter and NOK 5,843 end of fourth quarter 2015. NOK 4,304 million of this was non-recourse project financing pledged only to the assets and performance of each individual project, compared to NOK 4,580 million at the end of third quarter and NOK 4,800 million at the end of fourth quarter 2015. The decrease during fourth quarter is mainly due to the sale of the Utah Red Hills plant, partly offset by translation effects as the USD and ZAR strengthened compared to the NOK.

Total current liabilities decreased to NOK 509 million, from NOK 696 million at the end of third quarter and NOK 715 million at the end of the fourth quarter 2015. The decrease mainly reflects reduced liabilities as part of the sales of the Utah Red Hills plant.

PROJECT BACKLOG, PIPELINE AND OPPORTUNITIES

PROJECT STAGE (IN MW)	Q3 2016 [10]	Q4 2016 [10]
In operation	426	322
Project backlog	422	731
Project pipeline	1,126	1,085
Project opportunities	2,358	2,008

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.

BACKLOG OVERVIEW

LOCATION	CAPACITY (MW)	CURRENCY [11]	CAPEX ESTIMATE (MILLION)	ANNUAL PRODUCTION (GWH)
South Africa	258	ZAR	4,600	645
Malaysia	197	MYR	1,240	285
Brazil	150	BRL	720	305
Honduras	53	USD	100	110
Mozambique	40	USD	80	77
Mali	33	EUR	52	60
Total	731	NOK	9,200	1,482

11) Currency' specifics currency of PPA tariff, capex and project finance debt.

Total annual revenues from the 731 MW in backlog is expected to reach NOK 1,200 million based on 20-25-year Power Purchase Agreements (PPAs). Scatec Solar will build, own and operate all power plants in the project backlog and pipeline.

Scatec Solar share of equity investments in the project backlog is expected in the range of NOK 1,200 – 1,400 million.

Upington, South Africa, 258 MW

In April 2015 Scatec Solar was awarded preferred bidder status for three projects in Upington in the fourth bidding round under the REIPPP programme (Renewable Independent Power Producer Programme) in South Africa.

Project financing will be provided by Standard Bank and a syndicate of South African banks.

Scatec Solar will build, own and operate the solar power plants with a 42% shareholding. Norfund and a trust (funded by Scatec Solar and Norfund) will hold the remaining part of the equity.

Financial close of the projects relies on alignment between Eskom, the government owned utility, and various governmental bodies involved in the REIPP Programme in South Africa.

Malaysia, 197 MW

In December 2016 Scatec Solar joined forces with a local ItraMAS-led consortium that has signed three 21-year PPAs with the country's largest electricity utility, Tenaga Nasional Berhad (TNB).

Scatec Solar expects to invest about USD 60 million through preference shares partly convertible to a 49% equity ownership in the projects. Scatec Solar will build and operate the solar power plants.

CIMB, Malaysia's second largest commercial bank, has been appointed to arrange the non-recourse project debt financing for the three projects.

Scatec Solar and partners are actively working on the final development steps of the project and securing the required project finance debt.

Brazil, 150 MW

In December 2016 Scatec Solar signed an agreement with the Brazilian company Kroma Energia Ltda. and its partners ("Kroma"), securing four PV plants totalling 150 MW (DC) co-located in the state of Ceará in Brazil.

The projects were bid and won by Kroma in the auction process held by ANEEL, the Brazilian Electricity Regulatory Agency, in November 2015. The project companies have since then signed 20-year PPAs with ANEEL. The PPAs stipulate that the plants shall be in commercial operation within the fourth quarter 2018.

Scatec Solar has decided not to move forward with two backlog projects totalling 78 MW in Brazil. This is due to more attractive return expectations and a more flexible timeline for executing the new projects.

Los Prados, Honduras, 53 MW

In October 2015 Scatec Solar and Norfund acquired the Los Prados solar project in Honduras. The project has a secured 20-year PPA with Empresa Nacional de Energía Eléctrica (ENEE), the government-owned utility.

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 ENEE are working to obtain the required interregional interconnection permit for the project to move forward.

Mozambique, 40 MW

In October 2016 Scatec Solar and Norfund signed a PPA securing the sale of solar power over a 25-year period to the state owned utility Electricidade de Mozambique (EDM).

Scatec Solar will build, own and operate the solar power plants with a 52.25% shareholding. Norfund and EDM will hold the remaining part of the equity.

IFC, the International Finance Corporation, a member of the World Bank Group, and the Emerging Africa Infrastructure Fund will provide project finance debt to the project.

Scatec Solar and partners are actively working on the final development steps of the project and closing of the project finance debt.

Mali, 33 MW
In July 2015 Scatec Solar ASA together with its development partners International Finance Corporation (IFC) and Power Africa 1, signed a 25-year PPA with Electricité du Mali (EDM).

IFC and African Development Bank (AfDB) will provide the non-recourse project finance for the project.

Scatec Solar will build, own and operate the solar power plants with a 52% shareholding. IFC Infraventures and Power Africa will hold the remaining part of the equity.

The process for obtaining the project finance debt and the required Partial Risk Guarantee form the World Bank to cover political risk is well advanced.

Pipeline

Project pipeline is defined as projects assessed to have more than 50% likelihood of reaching financial close and subsequent realisation.

PIPELINE OVERVIEW

	CAPACITY (MW)
South Africa	430
Egypt	340
Pakistan	150
Nigeria	100
Kenya	48
Burkina Faso	17
Total pipeline	**1,085**

South Africa, 430 MW
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.

Egypt, 340 MW
Scatec Solar has secured participation in five projects in the FiT program in Egypt. Based on current planning, these projects would be built out with a total installed capacity of 340 MW (DC).

Scatec Solar signed the Power Purchase Agreement (PPA) for a 50 MW project under the original terms of PPA (“Round 1”). The relevant government agencies are currently evaluating the financing documents submitted by Scatec Solar and will based on this decide whether to include Scatec Solar in the Round 1. If not, the project will be transferred to Round 2.

In August 2016, the Government of Egypt announced revised terms for the Power Purchase Agreement under the 2 GW PV Programme (“Round 2”). The PPA tariff was set to 8.4 USD cent/kWh and the authorities have accepted key terms required for participation by the International Financing Institutions (IFIs).

Scatec Solar is currently working with all project stakeholders to review key parameters to optimize the business case under Round 2 terms before a decision to move forward with the projects is made.

Pakistan, 150 MW
In Pakistan Scatec Solar signed a joint development agreement with Nizam Energy for the development of 300 MW solar power plants. The first 150 MW under this agreement is in the state of Sindh and is included in pipeline. The project is in the final stage to secure the required evacuation certificate for the grid and waiting for the announcement of the new feed in tariff level. With these two steps completed, the project will be in a position to request the award of the feed in tariff.

Nigeria, 100 MW
In July 2016 Scatec Solar signed an agreement to take over the 100 MW Nova Scotia project, located in Dutse L.G.A., the capital of Jigawa State in Nigeria.

The Nova Scotia project signed a power purchase agreement (PPA) with Nigerian Bulk Electricity Trader Plc (NBET) in July, 2016.

In November 2016 Scatec Solar signed a Joint Development Agreement (JDA) with Norfund and Africa50, an African Infrastructure Fund sponsored by the African Development Bank and more than 20 African States.

Apart from the three equity investors, the American Overseas Private Investment Corporation (OPIC), Islamic Development Bank and the African Development Bank are expected to be senior debt providers for the project.

Kenya, 48 MW
Norfund and Scatec Solar are together with the local development partner, Kenergy, developing a 48 MW project. In December 2016, the project initialled a Power Purchase Agreement with Kenya Power and Lighting Company (KPLC), the local utility.

Subsequent to this important milestone, the partners will continue the local development of the project, secure the sovereign support letter and identify the project finance structure.

Burkina Faso, 17 MW
In 2014, the Zagtouli project was, as one of four projects, selected as winner in the tender process. The project was thus formally awarded by the government of Burkina Faso and since then a concession agreement has been signed with Ministry of Energy. The project has been experiencing delays due to turbulent times in the country, but is now awaiting final sign-off by the Ministry of Finance before the power purchase agreement can be signed with the state owned utility Société Nationale d’électricité du Burkina Faso (SONABEL).

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 2,008 MW across Americas, Africa and Asia.

OUTLOOK
Growth targets and investment guidance:

- 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%.
- 2017 cash flow to Scatec Solar equity is expected to reach NOK 170-190 million from Power Production and Operation & Maintenance based on currency exchange rates as of mid-January 2017.

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.

2017 AND Q1 2017 GUIDANCE
Power Production (PP)
In 2017 power production is expected to reach 640 GWh compared to 791 GWh in 2016. The reduction is explained by the sale of the Utah plant at the end of 2016, partly offset by full year production at the Jordan plants.

In Q1 2017 power production is expected to reach 155 GWh compared to 205 GWh in Q4 2016. The decrease is explained by the sale of the Utah plant at the end of 2016 a seasonally lower production at existing plants.

Operation and Maintenance (O&M)
2017 O&M revenues are expected to reach NOK 75-80 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.

Scatec Solar is not expecting to recognize D&C revenues in Q1 2017.

Corporate & Eliminations
Corporate costs are expected 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. For the full year 2016, NOK 134 million has been distributed from the 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 fourth 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	Q4 2016	Q4 2015	FULL YEAR 2016	FULL YEAR 2015
Revenues	2	289,588	255,100	1,012,938	867,714
Net gain/(loss) from sale of project assets	2,3,11	73,787	11,543	75,405	14,112
Net income/(loss) from associated companies	2	-242	-	-3,394	-865
Total revenues and other income		363,126	266,643	1,084,942	880,961
Personnel expenses	2	-18,724	-18,970	-86,199	-70,543
Other operating expenses	2	-50,767	-32,411	-165,713	-112,027
Depreciation, amortisation and impairment	2,3	-83,734	-52,463	-270,083	-175,609
Operating profit		209,908	162,799	562,954	522,782
Interest and other financial income	4,5	14,110	17,216	50,796	64,402
Interest and other financial expenses	4,5	-135,717	-111,093	-504,801	-408,054
Net foreign exchange gain/(losses)	4,5,11	27,164	22,185	-10,052	40,514
Net financial expenses		-94,443	-71,692	-464,057	-303,138
Profit/(loss) before income tax		115,465	91,107	98,897	219,644
Income tax (expense)/benefit	7	-38,705	-32,138	-28,410	-83,970
Profit/(loss) for the period		76,760	58,969	70,487	135,674
Profit/(loss) attributable to:					
Equity holders of the parent		46,234	26,313	3,502	67,651
Non-controlling interests		30,526	32,656	66,985	68,023
Basic and diluted earnings per share (NOK)		0.49	0.28	0.04	0.72
Weighted average no of shares (in thousand)		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	NOTES	Q4 2016	Q4 2015	FULL YEAR 2016	FULL YEAR 2015
Profit/(loss) for the period		76,760	58,969	70,487	135,674
Other comprehensive income:					
Items that may subsequently be reclassified to profit or loss					
Net movement of cash flow hedges		16,420	107,576	-114,582	142,713
Income tax effect		-4,597	-30,123	32,084	-39,959
Foreign currency translation differences	11	70,773	-14,618	5,341	44,576
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		82,596	62,835	-77,157	147,330
Total comprehensive income for the period net of tax		159,356	121,804	-6,670	283,004
Attributable to:					
Equity holders of the parent		72,290	73,607	-69,115	188,941
Non-controlling interests		87,069	48,197	62,446	94,063

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 31 DECEMBER 2016	AS OF 31 DECEMBER 2015
ASSETS			
Non-current assets			
Deferred tax assets	7	327,456	340,670
Property, plant and equipment – in solar projects	3	5,059,802	5,196,298
Property, plant and equipment – other	3	21,465	19,891
Goodwill		22,289	23,595
Financial assets	4,5	18,237	126,810
Other non-current assets	9	141,789	136,543
Total non-current assets		5,591,038	5,843,807
Current assets			
Trade and other receivables		231,484	221,382
Other current assets	9	114,104	251,892
Financial assets	4,5	1,289	1,086
Cash and cash equivalents	6	1,137,224	1,639,029
Non-current assets held for sale	3	-	26,427
Total current assets		1,484,101	2,139,816
TOTAL ASSETS		7,075,139	7,983,623

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 31 DECEMBER 2016	AS OF 31 DECEMBER 2015
EQUITY AND LIABILITIES			
Equity			
Share capital		2,345	2,345
Share premium		819,053	807,903
Total paid in capital		821,398	810,248
Retained earnings		-221,977	-164,909
Other reserves		85,309	161,803
Total other equity		-136,668	-3,106
Non-controlling interests		628,009	618,255
Total equity	8	1,312,739	1,425,397
Non-current liabilities			
Deferred tax liabilities	7	127,508	203,436
Non-recourse project financing	4	4,304,098	4,799,828
Bonds	6	495,417	492,917
Financial liabilities	4,5	7,330	-
Other non-current liabilities	9	318,798	346,616
Total non-current liabilities		5,253,151	5,842,797
Current liabilities			
Trade and other payables	10	29,346	154,154
Income tax payable	7	10,680	23,508
Non-recourse project financing	4	279,473	166,789
Financial liabilities	4,5,6	6,584	6,184
Other current liabilities	9	183,166	364,794
Total current liabilities		509,249	715,429
Total liabilities		5,762,400	6,558,226
TOTAL EQUITY AND LIABILITIES		7,075,139	7,983,623

The interim financial information has not been subject to audit.

Oslo, 26 January 2017

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	-	-	67,651	-	-	**67,651**	68,023	**135,674**
Other comprehensive income	-	-	-	82,261	39,031	**121,290**	26,040	**147,330**
Total comprehensive income	-	-	67,651	82,261	39,031	**188,941**	94,063	**283,004**
Share-based payment	-	13,761	-	-	-	**13,761**		**13,761**
Dividend distribution	-	-	-25,331	-	-	**-25,331**	-157,740	**-183,071**
Capital increase from NCI [1]	-	-		-	-	**-**	135,120	**135,120**
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	-	-	3,502	-	-	**3,502**	66,986	**70,487**
Other comprehensive income	-	175	3,703	-43,749	-32,745	**-72,616**	-4,541	**-77,158**
Total comprehensive income	-	175	7,205	-43,749	-32,745	**-69,114**	62,445	**-6,671**
Share-based payment	-	10,975	-	-	-	**10,975**	-	**10,975**
Dividend distribution	-	-	-61,196	-	-	**-61,196**	-173,698	**-234,892**
Capital increase from NCI [1] [2]	-	-	-13,381	-	-	**-13,381**	121,007	**107,626**
Distribution to NCI loan		-	10,304	-	-	**10,304**	-	**10,304**
At 31 December 2016	2,345	819,053	-221,977	83,711	1,598	**684,730**	628,009	**1,312,739**

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	Q4 2016	Q4 2015	FULL YEAR 2016	FULL YEAR 2015
Cash flow from operating activities					
Profit before taxes		115,467	91,107	98,899	219,644
Taxes paid	7	-6,472	-13,636	-29,143	-47,639
Depreciation and impairment	3	83,734	52,463	270,083	175,609
Net income associated companies/sale of project assets	11	-73,545	-12,382	-72,011	-13,247
Interest and other financial income	4	-14,110	-17,216	-50,796	-64,403
Interest and other financial expenses	4	135,717	114,040	504,801	408,054
Unrealised foreign exchange (gain)/loss	4	-17,986	-71,846	29,036	-134,272
(Increase)/decrease in trade and other receivables		-8,550	-94,900	-10,102	-95,260
(Increase)/decrease in other current/non-current assets		-14,132	-85,884	148,448	-96,347
Increase/(decrease) in trade and other payables	10	46,201	-78,013	-87,951	84,207
Increase/(decrease) in current liabilities		-156,451	40,024	-176,228	46,374
Increase/(decrease) in financial assets and other changes	5,9	124,975	-3,210	106,935	22,107
Net cash flow from operating activities		214,848	-79,453	731,971	504,827
Cash flow from investing activities					
Interest received	4	14,110	17,216	50,797	64,403
Investments in property, plant and equipment	3	-26,741	-475,371	-883,634	-2,512,284
Proceeds from sale of project assets, net of cash disposed	11	224,426	-	250,840	-
Investments in associated companies		-	71,195	-	39,106
Net cash flow from investing activities		211,795	-386,960	-581,997	-2,408,775
Cash flow from financing activities					
Proceeds from NCI shareholder financing [1)]		-22,251	63,099	-	279,840
Interest paid	4	-205,234	-188,660	-509,047	-379,676
Proceeds from non-recourse project financing	4	124,272	1,366,199	241,337	2,874,104
Repayment of non-recourse project financing	4	-85,179	-498,200	-156,706	-549,385
Repayment of corporate overdraft facility	9	-	-76,689	-	-
Net proceeds equity financing of co-investors		-	65,848	-	-
Proceeds from bond issue	6	-	492,917	-	492,917
Dividends paid to equity holders of the parent company	8	-	-	-61,918	-25,331
Dividends and other distributions paid to non-controlling interest		-11,436	-41,572	-173,699	-157,740
Net cash flow from financing activities		-199,828	1,182,942	-660,033	2,534,729
Net increase/(decrease in cash and cash equivalents		226,815	716,529	-510,059	630,781
Effect of exchange rate changes on cash and cash equivalents		56,492	-40,947	8,679	-41,283
Cash and cash equivalents at beginning of the period	6	853,917	963,022	1,638,604	1,049,106
Cash and cash equivalents at end of the period	6	1,137,224	1,638,604	1,137,224	1,638,604
Cash in project companies in operation	6	708,466	643,495	708,466	643,495
Cash in project companies under development/construction	6	7,000	169,934	7,000	169,934
Other restricted cash	6	117,840	174,241	117,840	174,241
Free cash	6	303,918	650,933	303,918	650,933
Total cash and cash equivalents	6	1,137,224	1,638,604	1,137,224	1,638,604
Hereof presented as:					
Cash and cash equivalents		1,137,224	1,639,029	1,137,224	1,639,029
Financial liabilities		-	-425	-	-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 27 January 2017.

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 are 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 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.

Q4 2016

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	289,588	-	-	-	-	**289,588**
Internal revenues	-	13,508	-	3,108	-16,616	**-**
Net gain/(loss) from sale of project assets	-	-	6,678	-	67,109	**73,787**
Net income/(loss) from associates	-	-	-242	-	-	**-242**
Total revenues and other income	289,588	13,508	6,436	3,108	50,493	**363,133**
Cost of sales	-	-	-88	-	88	**-**
Gross profit	289,588	13,508	6,348	3,108	50,581	**363,133**
Personnel expenses	-2,608	-1,946	-8,306	-5,864	-	**-18,724**
Other operating expenses	-39,244	-6,884	-15,613	-5,641	16,615	**-50,767**
Depreciation and impairment	-129,774	-739	-1,911	-214	48,904	**-83,734**
Operating profit	117,962	3,939	-19,482	-8,611	116,100	**209,908**

Q4 2015

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	253,594	1,507	-	-	-	**255,100**
Internal revenues	-	9,749	188,612	2,735	-201,096	**-**
Net gain/(loss) from sale of project assets	-	-	11,543	-	-	**11,543**
Net income/(loss) from associates	-	-	-	-	-	**-**
Total revenues and other income	253,594	11,256	200,138	2,735	-201,096	**266,627**
Cost of sales	-	-	-156,147	-	156,147	**-**
Gross profit	253,594	11,256	44,007	2,735	-44,949	**266,643**
Personnel expenses	-2,745	-2,826	-6,559	-6,840	-	**-18,970**
Other operating expenses	-21,969	-4,405	-11,710	-6,811	12,484	**-32,411**
Depreciation and impairment	-62,414	-855	-2,977	-150	13,933	**-52,463**
Operating profit	166,466	3,170	22,761	-11,066	-18,532	**162,799**

FULL YEAR 2016

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	1,010,643	2,295	-	-	-	**1,012,938**
Internal revenues	-	59,918	599,038	9,801	-668,757	**-**
Net gain/(loss) from sale of project assets	-	-	8,296	-	67,109	**75,405**
Net income/(loss) from associates	-	-	-3,394	-	-	**-3,394**
Total revenues and other income	1,010,643	62,213	603,940	9,801	-601,648	**1,084,949**
Cost of sales	-	-	-539,590	-	539,590	**-**
Gross profit	1,010,643	62,213	64,350	9,801	-62,065	**1,084,949**
Personnel expenses	-11,326	-10,514	-35,883	-28,476	-	**-86,199**
Other operating expenses	-145,925	-20,101	-40,714	-28,693	69,720	**-165,713**
Depreciation and impairment	-351,968	-2,324	-10,446	-753	95,408	**-270,083**
Operating profit	501,424	29,274	-22,693	-48,121	103,070	**562,954**

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 637,218 thousand at 31 December 2016 (31 December 2015: NOK 141,302 thousand).

During fourth quarter, the Group sold the 104 MW Utah Red Hills plant and impaired a 0.5 MW rooftop plant in the US (NOK 13,417 thousand). Refer to note 11 for more information on the sale of the Utah Red Hills solar power plant. 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.

In 2016 the Group incurred an impairment charge of NOK 8,191 thousand on development projects in the pipeline. The Group incurred impairment losses of NOK 4,457 thousand related to development projects in South Africa and the US in 2015.

All impairment losses on development projects are recognized in the Development & Construction segment whereas the impairment loss on the US rooftop plant is recognized in the Power Production segment.

NOK THOUSAND	SOLAR POWER PLANTS	SOLAR POWER PLANTS UNDER DEVELOPMENT AND CONSTRUCTION	MACHINERY AND EQUIPMENT	TOTAL
Carrying value at 31 December 2015	4,545,673	650,625	19,891	**5,216,189**
Additions	125,220	923,597	9,665	**1,058,482**
Disposals	-1,053,237	-929	-2,170	**-1,056,336**
Transfer between asset classes	908,780	-908,780	-	**-**
Depreciation	-242,453	-	-5,428	**-247,881**
Impairment losses	-13,417	-8,191	-594	**-22,202**
Effect of foreign exchange currency translation adjustments	152,017	-19,104	101	**133,014**
Carrying value at 31 December 2016	4,422,584	637,218	21,465	**5,081,267**
Estimated useful life (years)	20-25	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 279,473 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 twelve months of 2016, the Group drew down NOK 241,337 thousand of non-recourse debt as part of the construction of the solar power plants in Jordan.

NOK THOUSAND	Q4 2016	Q4 2015	FULL YEAR 2016	FULL YEAR 2015
Interest income	14,110	17,207	50,439	63,868
Other financial income	-	9	357	534
Financial income	14,110	17,216	50,796	64,402
Interest expenses	-133,670	-107,024	-496,317	-395,541
Forward exchange contracts	-	-	-	-2,954
Other financial expenses	-2,047	-4,069	-8,484	-9,559
Financial expenses	-135,717	-111,093	-504,801	-408,054
Foreign exchange gains/(losses)	27,164	22,185	-10,052	40,514
Net financial expenses	-94,443	-71,692	-464,057	-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 on the next page 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.

31 December 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)	-	19,526	-13,914	5,612
Fair value based on unobservable inputs (Level 3)	72	-	-	72
Total fair value at 31 December 2016	72	19,526	-13,914	5,684

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	31 DECEMBER 2016	31 DECEMBER 2015
Cash in project companies in operation	708,466	643,495
Cash in project companies under development/construction	7,000	169,934
Other restricted cash	117,840	174,241
Free cash	303,918	650,933
Total cash and cash equivalents	1,137,224	1,638,604
Hereof presented as:		
Cash and cash equivalents	1,137,224	1,639,029
Financial liabilities	-	-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	Q4 2016	Q4 2015	FULL YEAR 2016	FULL YEAR 2015
Free cash at beginning of period	**80,747**	212,808	650,933	403,653
Net free cash flow from operations outside non-recourse financed companies	**207,279**	508,766	-448,025	704,101
Equity contributions/collateralised for equity commitments in project companies	**-4,734**	-102,132	-33,007	-580,518
Distributions from project companies	**20,626**	31,907	134,016	123,698
Free cash at end of the period	**303,918**	651,359	303.918	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 31 December 2016, the Group has not drawn 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 fourth quarter, an interest amounting to NOK 10,313 thousand (4,575) was expensed. During the twelve months of the year the interest amounted to NOK 41,013 thousand (4,575).

Per 31 December 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 1,313,568 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 fourth quarter and 12 months ended 31 December 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	FULL YEAR 2016	FULL YEAR 2015
Profit before income tax	**115,465**	91,107	98,897	**219,644**
Income tax (expense)/benefit	**-38,705**	-32,138	-28,410	**-83,970**
Equivalent to a tax rate of (%)	**33.5**	35.3	28.7	**38.2**

Movement in deferred tax

NOK THOUSAND	Q4 2016	Q4 2015	FULL YEAR 2016	FULL YEAR 2015
Net deferred tax asset at beginning of period	199,131	281,363	137,234	319,371
Recognised in the consolidated statement of profit or loss	-33,142	-14,060	-15,917	-44,807
Deferred tax on financial instruments recognised in OCI	-4,597	-29,917	32,084	-39,754
Recognised in the consolidated statement of changes in equity	759	1,757	4,374	8,567
Tax effect of ITC treated as government grant 1)	-	-80,293	-	-80,293
Distributed taxes to tax equity partners 1)	-	-8,342	-	-8,342
Disposals of subsidiaries 1)	29,118	-	29,118	-
Witholding taxes carried forward	-	59	-1,715	1,008
Translation differences	8,678	-13,333	14,770	-18,516
Net deferred tax asset at end of period	199,948	137,234	199,948	137,234

1) The Red Hills project was disposed with effect for the 2016 accounts. 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 assets/liabilities – related parties and co-investors.

As of 31 December 2016, Scatec Solar has receivables on non-controlling interests of NOK 126,385 thousand (155,294). NOK 89,485 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 11,475 thousand (21,044). In addition, the Group has receivables of NOK 3,557 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 175,547 thousand (253,128) as of 31 December 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 third quarter. The shareholder loan from non-controlling interests which are not presented in equity is presented as part of other non-current liabilities. Other non-current liabilities include NOK 31,098 thousand related project development cost sharing agreements with equity partners related to projects in Egypt, Honduras, Mozambique and Kenya.

For further information on project financing provided by co-investors, refer note 25 to the 2015 annual financial statements.

Included in other current liabilities is NOK 29,457 thousand (18,093), mainly related to dividends to non-controlling interests.

Note 10 Trade and other payables

The consolidated trade and other payables of NOK 29,346 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 31 December 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 sale agreement was signed 21 September and closing took place 28 December 2016. Total consideration, net after sales cost amounted to NOK 230 million. Net gain on consolidated basis was NOK 67 million. With effect from the closing date, the consolidation of the project company ceased, reducing the total balance sheet value of the Group by NOK 1,156 million. An accumulated foreign currency translation reserve (loss) of NOK 6 million was recycled from other comprehensive income to profit or loss as part of the deconsolidation. The reserve was recorded net with other foreign currency translation differences in other comprehensive income with the opposite entry presented as a foreign exchange loss in the statement of profit or loss.

Note 12 Long-term incentive programme

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 in the fall of 2014 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 (excluding social security tax) is estimated at NOK 7.1 million, of which NOK 0.9 million was expensed in the fourth quarter 2016. The remaining 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.

Note 13 Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statements for the fourth quarter 2016.

Responsibility statement

We confirm to the best of our knowledge, that the condensed interim financial statements for the period 1 January 2016 to 31 December 2016 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period and their impact on the financial statements, key risk and uncertainty factors that Scatec Solar is facing during the next accounting period.

Oslo, 26 January 2017

The Board of Directors of Scatec Solar ASA

John Andersen jr. (Chairman)	Alf Bjørseth	Mari Thjømøe
Jan Skogseth	Cecilie Amdahl	Raymond Carlsen (CEO)

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.

Scatec Solar ASA

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