Second quarter
2017

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 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 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

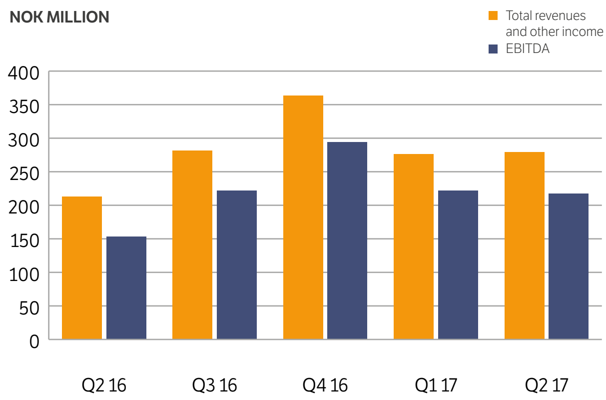
Ownership

- Asset management
- Financial and operational optimization

Q2'17 Highlights

- Power production reached 147 GWh, up 24% from Q2'16 excluding divestments
- SSO proportionate share of cash flow to equity from Power Production and Operation & Maintenance of NOK 49 million, up 26% from Q2'16 excluding divestments
- Significant progress towards financial close for several projects in backlog
- Secured guarantee facility to support execution of project backlog with Nordea and GIEK as well as ABN Amro and Swedbank as new members of the consortium
- New project opportunities identified as a result of dedicated market efforts in new geographies

CONSOLIDATED REVENUES AND EBITDA



KEY FIGURES

NOK MILLION	Q2 2017	Q1 2017	Q2 2016	YTD 2017	YTD 2016
CONSOLIDATED FINANCIALS					
Total revenues and other income	**279**	**276**	**213**	**555**	**441**
EBITDA [1]	**217**	222	153	439	318
Operating profit (EBIT [1])	**151**	160	93	311	199
Profit/(loss)	**1**	**31**	**6**	**33**	**-17**
Profit/(loss) to Scatec Solar	**-13**	4	5	-9	-42
Net debt	**3,713**	3,633	4,490	3,713	4,490
Power Production (GWh)	**147**	156	183	303	365
SSO PROPORTIONATE FINANCIALS [1]					
Total revenues and other income	**165**	**143**	**437**	**308**	**812**
EBITDA	**100**	87	100	187	183
Operating profit (EBIT)	**58**	47	55	105	95
Profit/(loss)	**-26**	**-8**	**20**	**-34**	**-9**
Net debt	**1,781**	1,615	2,571	1,827	2,571
Power Production (GWh)	**70**	69	119	139	218
SSO proportionate share of cash flow to equity [1]:					
Power Production	**41**	29	32	70	58
Operation & Maintenance	**8**	4	7	12	11
Development & Construction	**-12**	-11	10	-24	17
Corporate	**-17**	-15	-18	-32	-33
Total	**20**	**7**	**31**	**27**	**53**

1) See appendix for definition of this alternative performance measure (APM).

Break down of proportionate financials

PROPORTIONATE FINANCIALS Q2 2017

NOK MILLION	POWER PRODUCTION 100% BASIS	POWER PRODUCTION SSO SHARE	OPERATION & MAINTENANCE SSO SHARE	DEVELOPMENT & CONSTRUCTION SSO SHARE	CORPORATE SSO SHARE	TOTAL
Total revenues and other income	279.0	142.8	19.7	-0.1	2.7	**165.1**
Cost of sales	-	-	-	-	-	**-**
Gross profit	279.0	142.8	19.7	-0.1	2.7	**165.1**
Operating expenses	-40.9	-22.1	-9.5	-17.5	-16.4	**-65.4**
EBITDA	238.1	120.7	10.2	-17.5	-13.8	**99.7**
Depreciation, amortisation and impairment	-82.7	-40.9	-0.3	-0.6	-0.3	**-42.1**
Operating profit (EBIT)	155.4	79.8	9.9	-18.1	-14.1	**57.5**

PROPORTIONATE FINANCIALS Q2 2016

NOK MILLION	POWER PRODUCTION 100% BASIS	POWER PRODUCTION SSO SHARE	OPERATION & MAINTENANCE SSO SHARE	DEVELOPMENT & CONSTRUCTION SSO SHARE	CORPORATE SSO SHARE	TOTAL
Total revenues and other income	213.9	115.9	15.8	303.5	2.0	**437.3**
Cost of sales	-	-	-	-275.1	-	**-275.1**
Gross profit	213.9	115.9	15.8	28.4	2.0	**162.2**
Operating expenses	-37.6	-21.7	-7.0	-16.6	-16.9	**-62.3**
EBITDA	176.3	94.2	8.8	11.8	-14.9	**99.9**
Depreciation, amortisation and impairment	-69.7	-39.2	-0.6	-4.5	-0.2	**-44.4**
Operating profit (EBIT)	106.6	55.1	8.2	7.3	-15.0	**55.5**

PROPORTIONATE FINANCIALS YTD 2017

NOK MILLION	POWER PRODUCTION 100% BASIS	POWER PRODUCTION SSO SHARE	OPERATION & MAINTENANCE SSO SHARE	DEVELOPMENT & CONSTRUCTION SSO SHARE	CORPORATE SSO SHARE	TOTAL
Total revenues and other income	555.5	268.1	34.3	-0.3	5.6	**307.8**
Cost of sales	-	-	-	-	-	**-**
Gross profit	555.5	268.1	34.3	-0.3	5.6	**307.8**
Operating expenses	-74.2	-39.5	-19.2	-32.6	-29.9	**-121.2**
EBITDA	481.3	228.5	15.1	-32.9	-24.2	**186.5**
Depreciation, amortisation and impairment	-160.1	-79.4	-0.6	-1.1	-0.6	**-81.8**
Operating profit (EBIT)	321.2	149.1	14.5	-34.0	-24.9	**104.8**

PROPORTIONATE FINANCIALS YTD 2016

NOK MILLION	POWER PRODUCTION 100% BASIS	POWER PRODUCTION SSO SHARE	OPERATION & MAINTENANCE SSO SHARE	DEVELOPMENT & CONSTRUCTION SSO SHARE	CORPORATE SSO SHARE	TOTAL
Total revenues and other income	441.2	218.3	28.9	560.9	4.4	**812.5**
Cost of sales	-	-	-	-502.7	-	**-502.7**
Gross profit	441.2	218.3	28.9	58.1	4.4	**309.7**
Operating expenses	-71.3	-42.5	-14.4	-38.9	-30.9	**-126.7**
EBITDA	370.0	175.8	14.5	19.2	-26.5	**183.1**
Depreciation, amortisation and impairment	-140.8	-79.7	-1.1	-6.9	-0.3	**-88.0**
Operating profit (EBIT)	229.2	96.1	13.4	12.3	-26.8	**95.0**

PROPORTIONATE FINANCIALS FULL YEAR 2016

NOK MILLION	POWER PRODUCTION 100% BASIS	POWER PRODUCTION SSO SHARE	OPERATION & MAINTENANCE SSO SHARE	DEVELOPMENT & CONSTRUCTION SSO SHARE	CORPORATE SSO SHARE	TOTAL
Total revenues and other income	1,010.6	498.0	62.2	603.9	9.8	**1,173.9**
Cost of sales	-	-	-	-539.6	-	**-539.6**
Gross profit	1,010.6	498.0	62.2	64.4	9.8	**634.3**
Operating expenses	-157.3	-93.5	-30.6	-76.6	-57.2	**-257.9**
EBITDA	853.4	404.4	31.6	-12.2	-47.4	**376.4**
Depreciation, amortisation and impairment	-352.0	-216.1	-2.3	-10.4	-0.8	**-229.6**
Operating profit (EBIT)	501.4	188.3	29.3	-22.7	-48.1	**146.8**

Segment overview

Scatec Solar is an integrated independent solar power producer that 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 second quarter 2017 the PP segment comprised the 322 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.

Operation & Maintenance (O&M)
The O&M segment comprises primarily of 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 1,143 MW, while the project pipeline consists of several projects with a combined capacity of 745 MW.

Refer to note 2 in the condensed interim consolidated financial statements for an overview of the segment financials.

Scatec Solar reporting structure per Q2 2017:

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 (54%): • ASYV, 9 MW Czech Republic (100%): • Portfolio, 20 MW Honduras (40%): • Agua Fria, 60 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 1,143 MW Pipeline 745 MW		

Financial review

Power Production

Revenues in Power Production reached NOK 279 million (214) [2], up from NOK 277 million in the previous quarter.

The year on year increase in revenues is mainly explained by additional production from the new plants in Jordan and a strengthening of ZAR/NOK of 17%.

Power production reached 147 GWh, down 6% from the previous quarter. The Utah plant was sold end of last year, and on a comparable basis production was up 24% year on year mainly explained by the new plants in Jordan, as well as higher irradiation in South-Africa.

Operating expenses in the segment amounted to NOK 41 million (38) in the second quarter up from 34 million in the previous quarter. The increase from last year is driven by new plants in production, while the increase from first quarter reflects variable Operations & Maintenance (O&M) charges related to the performance of the plants. The O&M services are delivered by Scatec Solar with revenues and earnings reported in the Operation & Maintenance segment.

EBITDA reached NOK 238 million (176) in the second quarter, down from NOK 243 million in the previous quarter. The EBITDA margin was 85% up from 82% last year.

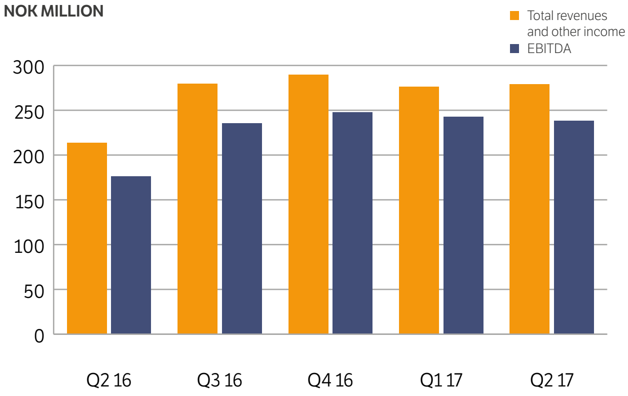
Depreciation and amortisation amounted to NOK 83 million (70), up from NOK 77 million in the previous quarter.

For the first half year, revenues amounted to NOK 556 million (441), while operating expenses increased to NOK 74 million (71). EBITDA amounted to NOK 484 (370), and EBIT to NOK 321 million (229).

Scatec Solar's proportionate share of cash flow to equity from Power Production was NOK 41 million (32) in the second quarter, up from NOK 29 million in the previous quarter.

See separate tables for financials for each individual project company.

POWER PRODUCTION
– REVENUES AND EBITDA BY QUARTER



POWER PRODUCTION – KEY FIGURES

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Revenues	**213.9**	**279.8**	**289.6**	**276.5**	**279.0**
Operating expenses	-37.6	-44.1	-41.9	-33.3	**-40.9**
EBITDA	**176.3**	**235.7**	**247.7**	**243.3**	**238.1**
D&A and impairment	-69.7	-81.4	-129.8	-77.4	**-82.7**
EBIT	**106.6**	**154.3**	**118.0**	**165.8**	**155.3**

POWER PRODUCTION – KEY RATIOS (%)

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
EBITDA margin	82%	84%	86%	88%	**85%**
EBIT margin	50%	55%	41%	60%	**56%**

PRODUCTION (MWH)

	MW	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Czech portfolio	20	7,965	8,128	2,157	3,735	**8,451**
Kalkbult	75	31,963	36,392	40,030	35,531	**33,024**
Dreunberg	75	28,849	35,050	52,158	41,928	**29,908**
Linde	40	15,749	19,201	28,170	23,916	**16,419**
ASYV	9	3,522	3,964	3,345	3,440	**3,599**
Agua Fria	60	24,591	25,847	24,072	25,791	**23,808**
Utah Red Hills	104	64,240	65,451	35,685	N/A	**N/A**
Jordan	43	5,852	27,487	18,752	21,793	**32,201**
MWh produced	426	182,731	221,521	204,370	156,133	**147,410**
- net to SSO	252	118,681	137,569	107,089	68,650	**70,120**

2) Numbers in brackets refer to comparable information for the corresponding period last year.

PROJECT COMPANIES - KEY FINANCIALS Q2 2017

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	JORDAN	SEGMENT OVERHEAD	TOTAL SEGMENT	SSO PROP. SHARE
Revenues	38.8	76.8	29.6	53.5	8.3	28.1	44.0	-	279.0	142.8
OPEX	-2.4	-9.7	-5.1	-8.4	-1.3	-5.2	-2.7	-6.3	-40.9	-22.1
EBITDA	36.5	67.1	24.4	45.2	7.0	22.8	41.4	-6.3	238.1	120.7
EBITDA margin	95 %	87 %	83 %	84 %	84 %	81 %	94 %		85 %	85 %
Net Interest expenses 3)	-5.1	-28.7	-12.6	-29.1	-2.9	-9.9	-12.1	0.3	-100.0	-44.8
Normalised loan repayments 3)	-5.6	-8.8	-7.9	-14.8	-3.3	-12.3	-7.1	-	-59.8	-28.9
Normalised income tax payments 3)	-4.3	-5.5	-0.7	0.3	-0.3	-	-1.0	1.5	-9.9	-5.8
Cash flow to equity	21.6	24.1	3.3	1.6	0.4	0.7	21.3	-4.5	68.4	41.1
SSO shareholding	100 %	39 %	39 %	39 %	54 %	40 %	90/50.1%	-	-	-

PROJECT COMPANIES - KEY FINANCIALS YTD 2017

NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	JORDAN	SEGMENT OVERHEAD	TOTAL SEGMENT	SSO PROP. SHARE
Revenues	54.4	154.7	70.8	126.9	16.1	58.2	74.2	0.3	555.5	268.1
OPEX	-3.4	-18.6	-8.8	-14.8	-2.3	-9.7	-5.5	-11.2	-74.2	-39.7
EBITDA	51.0	136.1	62.0	112.1	13.8	48.5	68.7	-10.8	481.3	228.4
EBITDA margin	94 %	88 %	88 %	88 %	86 %	83 %	93 %		87 %	85 %
Net Interest expenses 3)	-9.9	-57.1	-26.6	-56.7	-5.9	-19.7	-24.2	1.9	-198.2	-88.1
Normalised loan repayments 3)	-11.2	-17.5	-15.8	-29.5	-6.6	-24.5	-14.1	-	-119.2	-57.8
Normalised income tax payments 3)	-4.5	-12.2	-4.8	-5.9	-0.6	-	-1.1	2.2	-26.9	-12.2
Cash flow to equity	25.4	49.4	14.9	20.0	0.6	4.3	29.3	-6.8	137.1	70.3
SSO shareholding	100 %	39 %	39 %	39 %	54 %	40 %	90/50.1%	-	-	-

PROJECT COMPANIES – FINANCIAL POSITION AND WORKING CAPITAL BREAK-DOWN

AS OF 30 JUNE 2017

	IN OPERATION									
NOK MILLION	CZECH REPUBLIC	KALKBULT	LINDE	DREUNBERG	ASYV	AGUA FRIA	JORDAN	PROJECT COMPANY TOTAL	D&C, O&M, CORPORATE & ELIMINATIONS	CONSOLI-DATED
Project equity 3)	173.1	201.0	147.1	282.3	40.7	342.4	593.9	1,780.5	-232.9	1,547.6
Total assets	624.6	1,325.1	733.5	1,440.4	183.4	1,019.5	1,263.5	6,590.0	656.4	7,246.4
PP&E 4)	521.5	1,108.7	606.1	1,201.3	161.1	867.8	1,020.8	5,487.4	-361.8	5,125.6
Cash 3)	36.9	156.8	79.7	140.8	14.8	132.9	203.8	765.8	543.0	1,308.8
Gross interest bearing debt 3)	389.9	1,002.3	535.4	1,086.5	136.9	567.5	806.4	4,524.9	496.9	5,021.7
Net interest bearing debt 5)	353.0	845.5	455.7	945.7	122.1	434.6	602.6	3,759.1	-46.2	3,712.9
Net working capital 3)	-8.8	5.8	-19.9	-45.3	-14.0	-39.0	-75.2	-196.3	-10.1	-206.4

3) Refer to appendix for definition of this measure.

4) The amount of NOK 361,8 million is net after reduction for capitalised development spending on projects that have not yet reached construction phase of NOK 797 million.

Operation & Maintenance

Revenues in the Operation & Maintenance (O&M) segment reached NOK 20 million (16) in the second quarter.

The second quarter revenues were recognised based on O&M contracts totalling 289 MW.

Operating expenses reached NOK 10 million (7), broadly in line with the previous quarter.

The EBITDA amounted to NOK 10 million (9) in the second quarter, corresponding to an EBITDA-margin of 52% (55%).

The increase in revenues and EBITDA from the previous quarter is mainly due to seasonally higher performance bonus. The majority 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).

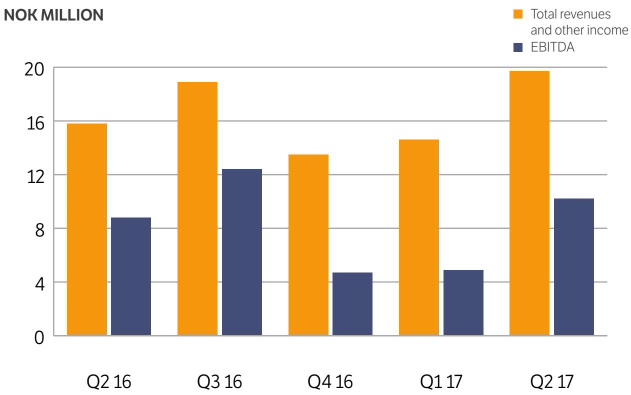
The increase in revenues year on year is mainly due to higher performance bonus, additional revenues from Jordan as well as positive currency translation effects.

Depreciation and amortisation in the quarter amounted to NOK 0.3 million (0.6), and EBIT was NOK 10 million (8).

Scatec Solar's proportionate share of cash flow to equity from Operation & Maintenance was NOK 8 million (7).

For the first half year revenues increased to NOK 34 million (29), while operating expenses increased to NOK 19 million (14). EBITDA amounted to NOK 15 million (15) for the first half year and EBIT was NOK 15 million (13).

OPERATION & MAINTENANCE – REVENUES AND EBITDA BY QUARTER



OPERATION & MAINTENANCE – KEY FIGURES

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
External revenues	0.5	0.9	-	-	-
Internal revenues	15.4	18.9	13.5	14.6	19.7
Total revenues and other income	**15.8**	**19.8**	**13.5**	**14.6**	**19.7**
Operating expenses	-7.0	-7.4	-8.8	-9.7	-9.5
EBITDA	**8.8**	**12.4**	**4.7**	**4.9**	**10.2**
D&A and impairment	-0.6	-0.5	-0.7	-0.2	-0.3
EBIT	**8.2**	**11.9**	**3.9**	**4.6**	**9.9**

OPERATION & MAINTENANCE – KEY RATIOS (%)

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
EBITDA margin	55 %	63 %	35 %	33 %	52 %
EBIT margin	52 %	60 %	29 %	32 %	50 %

O&M-contracts are included at Taking Over Date (TOD).
Refer to appendix for definition of project milestones.

Development & Construction

Despite no revenue recognition in this segment in the quarter, the activity level continues to be high in the Project Development and Construction organisation. The Project Development team is focused on preparing for financial close of backlog projects and development of pipeline and new opportunities. The Solutions team, responsible for construction, is similarly finalizing sourcing of components, preparing execution plans and getting ready for mobilizing for the projects in backlog.

Refer to separate section for more details and status on project backlog and pipeline.

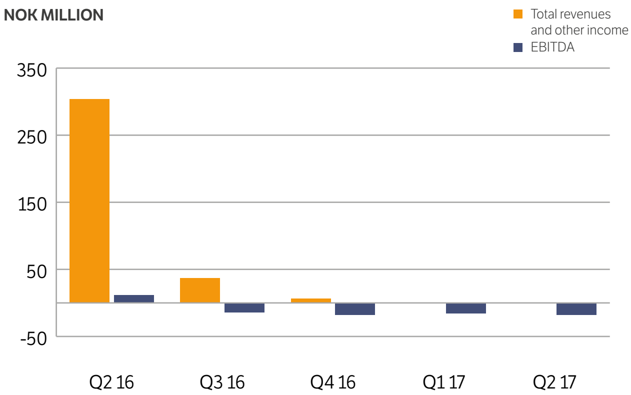
Operating expenses were NOK 18 million (17) in the second quarter. This comprised of approximately NOK 8 million for early stage development of new projects and NOK 10 million related to construction preparations.

EBITDA was NOK -18 million (12) in the second quarter. Depreciation, amortisation and impairment amounted to NOK 1 million (5). EBIT was thus NOK -18 million (7).

Scatec Solar's proportionate share of cash flow to equity from Development & Construction was NOK -12 million (10).

For the first half year, operating expenses decreased to NOK 33 million (39). EBITDA was NOK -33 million (19) and EBIT NOK -34 million (12).

DEVELOPMENT & CONSTRUCTION
– REVENUES AND EBITDA BY QUARTER



DEVELOPMENT & CONSTRUCTION – KEY FIGURES

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Internal revenues	304.5	36.7	-	0.1	**0.1**
Net gain project sale	1.4	-	6.7	-	**-**
Net income/(loss) associated	-2.4	-0.1	-0.2	-0.3	**-0.1**
Total revenue and other income	**303.5**	**36.6**	**6.4**	**-0.2**	**-0.1**
Cost of sales	-275.1	-36.8	-0.1	-	**-**
Gross profit	**28.4**	**-0.1**	**6.3**	**-0.2**	**-0.1**
Operating expenses	-16.6	-13.8	-23.9	-15.2	**-17.5**
EBITDA	**11.8**	**-13.9**	**-17.6**	**-15.4**	**-17.5**
D&A and impairment	-4.5	-1.6	-1.9	-0.6	**-0.6**
EBIT	**7.3**	**-15.5**	**-19.5**	**-15.9**	**-18.1**

DEVELOPMENT & CONSTRUCTION – KEY RATIOS (%)

	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Gross margin	9%	0%	99%	N/A	**N/A**
EBITDA margin	4%	-38%	-273%	N/A	**N/A**
EBIT margin	2%	-42%	-303%	N/A	**N/A**

Refer to appendix for definition of project milestone.

Corporate & Eliminations

Corporate activities include corporate services, management, group finance, legal, HR, IT and similar functions. The net operating cost (EBIT) at corporate level amounted to NOK 14 million (15) in the second quarter and NOK 25 million (27) for the first half year 2017.

CORPORATE – KEY FIGURES

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Total revenues	2.0	2.3	3.1	3.0	**2.7**
Operating expenses	-16.9	-14.8	-11.5	-13.5	**-16.4**
D&A and impairment	-0.2	-0.2	-0.2	-0.3	**-0.3**
EBIT	-15.0	-12.7	-8.6	-10.8	**-14.1**
Net external interest expenses	-8.8	-9.9	-9.2	-9.1	**-8.3**

Revenues in the corporate segment refers to management fees charged to the other operating segments for corporate services rendered and remains stable from quarter to quarter. Net interest expenses of NOK -8 million (-9) is primarily influenced by corporate funding and the NOK 500 million senior unsecured green bond in particular. See note 6 for further information.

ELIMINATIONS – KEY FIGURES

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Revenues	-321.9	-57.9	50.5	-17.6	**-22.5**
Cost of sales	275.1	36.8	0,1	-	**-**
Operating expenses	17.4	21.2	16.6	-17.6	**-22.5**
EBITDA	-29.4	-	67.2	-	**-**
D&A	15.3	15.5	48.9	16.5	**17.9**
EBIT	-14.1	15.5	116.1	16.5	**17.9**

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 second quarter this effect amounted to NOK 18 million (15) and for the first half year it was NOK 34 million (31).

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 22 million (17) in the second quarter and NOK 40 million (32) for the first half year.

CONSOLIDATED INCOME STATEMENT

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Revenues	213	281	363	276	**279**
EBITDA	153	222	294	222	**217**
Operating profit (EBIT)	93	154	210	160	**151**
Profit before income tax	6	12	115	38	**-1**
Profit/(loss) for the period	6	11	77	31	**1**
Profit/(loss) to Scatec Solar	5	-1	46	4	**-13**
Profit/(loss) to non-controlling interests	1	12	31	27	**14**
Total assets	7,633	7,537	7,075	7,492	**7,246**
Equity (%) [6]	15%	15%	19%	20%	**21%**
Net interest bearing debt	4,490	4,509	3,942	3,633	**3,713**

6) 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.

Revenues

Scatec Solar reported consolidated revenues of NOK 279 million in the second quarter 2017, up from NOK 213 million in the same period last year, with the growth reflecting incremental sales of electricity from new power plants in Jordan of NOK 40 million and increased revenues from existing power plants of NOK 40 million offset by a NOK 14 million revenue decrease due to the sale of the Utah Red Hills power plant in the fourth quarter 2016.

For the first half year, revenues amounted to NOK 555 million (441). Net revenues included NOK 0 million (1.6) of gain from sale of project assets and NOK -0.4 million (-3.0) of loss from associated companies in the second quarter.

Operating expenses

Consolidated operating expenses amounted to NOK 62 million (61) in the second quarter. This comprised of approximately NOK 31 million for operation of existing power plants, NOK 8 million for early stage development of new projects, NOK 9 million related to construction of power plants and NOK 14 million of corporate expenses (excluding eliminated intersegment charges).

Personnel expenses amounted to NOK 24 million (24) and other operating expenses to NOK 38 million (37).

For the first half year, consolidated operating expenses amounted to NOK 116 million (123).

Operating profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to NOK 217 million (153) in the second quarter and NOK 439 million (318) for the first half year. The increased profitability year on year primarily reflects the growth in sales from the Jordan plants and positive translation effects particularly related to the ZAR.

Depreciation, amortisation and impairment amounted to NOK 66 million (60) in the second quarter and NOK 128 million (118) for the first half year. The increase is mainly explained by commencement of asset depreciation of new solar power offset by the sale of the Utah Red Hills plant.

Thus, operating profit (EBIT) was NOK 151 million (93) in the second quarter and NOK 311 million (199) for the first half year.

Net financial items

NET FINANCIAL ITEMS – KEY FIGURES

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Interest income	15.5	8.8	14.1	13.2	**16.4**
Other financial income	0.4	-	-	-	**0.2**
Financial income	15.8	8.8	14.1	13.2	**16.6**
Interest expenses	-117.2	-129.2	-133.7	-123.9	**-127.1**
Other financial expenses	-2.1	-1.8	-2.0	-3.5	**-3.4**
Financial expenses	-119.3	-131.1	-135.7	-127.4	**-130.4**
Foreign exchange gains/(losses)	16.5	-19.2	27.2	-8.3	**-37.9**
Net financial expenses	-87.0	-141.5	-94.4	-122.5	**-151.8**

Financial income amounted to NOK 17 million (16) in the second quarter and NOK 30 million (28) for the first half year.

Financial expenses amounted to NOK 130 million (119) in the second quarter. The increase in interest expenses reflect increased debt financing of the growing asset base, partly offset by the sale of the Utah Red Hills plant. Interest expenses on the solar power plants amounted to NOK 117 million (107) whereas interest expenses on corporate funding amounted to NOK 10 million (10) in the second quarter.

For the first half year, financial expenses amounted to NOK 258 million (238).

Foreign exchange losses amounted to NOK -38 million (16) in the second quarter and NOK -46 (-18) for the first half year. These effects are largely reflecting the strengthening of the EUR and weakening of the USD in the first half year and are mainly non-cash and related to intercompany balances.

Profit before tax and net profit

Profit before income tax was NOK -1 million (6) in the second quarter and NOK 37 million (-28) for the first half year.

Income tax expense was NOK 2 million (0) in the second quarter and NOK -5 million (11) for the first half year. 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 in the first half year is primarily influenced by eliminated intercompany transactions subject to different statutory tax rates as well as a release of a valuation allowance related to tax losses carried forward, partly offset by withholding tax paid on dividends from the South-African plants.

Net profit was NOK 1 million (6) in the second quarter and NOK 33 million (-17) for the first half year.

A profit of NOK -13 million (5) was attributable to the equity holders of Scatec Solar in the second quarter and NOK -9 million (-42) in the first half year. A profit of NOK 14 million (1) was attributable to non-controlling interests in the second quarter and NOK 42 million (24) in the first half 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 second quarter 2017 the NOK depreciated against three of the Group's main currencies (ZAR, USD and CZK) compared to the average rates for the first quarter. This positively affected consolidated revenues by approximately NOK 3 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 1 million.

The quarter-on-quarter net foreign currency losses was up NOK 30 million, from a loss of NOK 8 million in the first quarter compared to a loss of NOK 38 million in the second quarter. These currency effects are to a large extent related to non-cash gains/losses on intercompany balances.

Following the changes in the relevant currencies in the second quarter, the Group has recognised a foreign currency translation gain of NOK 15 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 (312) in the second quarter 2017, compared to the EBITDA of NOK 217 million. The cash flow is primarily affected by changes in the working capital.

Net cash flow from consolidated investing activities was NOK -102 million (-317), mainly driven by further investment in the project development pipeline and backlog.

Net cash flow from financing activities was NOK -360 million (-310), affected by interest and down payments on non-recourse financing of NOK -287 (-69) as well as dividends paid to corporate shareholders of NOK 73 million. There was no draw down of non-recourse financing in the second quarter (50).

For the first half year, net cash flow from consolidated operating activities was NOK 477 million (321), while the net negative cash flow from consolidated investing activities was NOK -146 million (-727). Net cash flow from consolidated financing activities amounted to NOK -163 million (-283), there was no draw down of non-recourse financing in the first half year (114).

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", 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 [7)]

NOK MILLION	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17
Power Production	31.9	45.9	44.1	29.3	**41.1**
Operation & Maintenance	6.7	9.5	3.7	3.8	**7.8**
Development & Construction	10.2	-9.8	-12.0	-11.4	**-12.3**
Corporate	-17.7	-16.8	-13.2	-14.8	**-16.7**
Total	**31.0**	**28.7**	**22.6**	**6.8**	**19.9**
SSO project equity investments	-0.3	-	-4.7	-	**-15.3**
Distributions to SSO from project companies	58.3	52.1	20.6	80.9	**8.9**
Dividends to corporate shareholders	-61.9	-	-	-	**-73.3**

7) Refer to appendix for definition of this measure

"Scatec Solar's proportionate share of cash flow to equity" was NOK 20 million (31) in the second quarter. The decrease compared to second quarter 2016 is mainly explained by high development activity in the D&C segment, partly offset by increased cash flow in PP segment from the new plants in Jordan.

During the second quarter Scatec Solar made project equity investments of NOK 15 million in project companies in Brazil. Further, the dividends and distributions of NOK 8.9 million were received from the power producing project entities in Czech.

In the second quarter NOK 73 million was paid as dividends to the corporate shareholders.

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 1,548 million (1,312)1) as of 30 June 2017, representing an increase of NOK 26 million during second quarter and NOK 235 during first half year. The increase is mainly due to the first quarter private placement raising NOK 380 million (9,380 thousand new shares at a price of NOK 40.50 per share) partly offset by dividends paid to equity holders of the parent company of NOK 73 million as well as dividends from project companies to non-controlling interests of NOK 106 million.

As a result of the above the book equity ratio increased to 21.4% from 18.6% at the end of the first 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 77% at the end of the first quarter. See note 6 for more information.

Total assets amounted to NOK 7,246 million (7,075) as of 30 June 2017, a decrease of NOK 246 million during second quarter and an increase NOK 171 during first half year.

Non-current assets amounted to NOK 5,671 million (5,591) as of 30 June 2017, an increase of NOK 42 million during second quarter and NOK 80 million during first half year. The continued investment in the backlog and pipeline projects is the main reason for the increase.

Current assets amounted to NOK 1,575 million (1,484), which was a decrease of NOK 288 million during second quarter and an increase of NOK 91 million during first half year – mainly explained by increased cash balance following the private placement partly offset by other working capital reductions.

Of the total cash and cash equivalents of NOK 1,309 million, NOK 766 million was cash in project companies in operation, and NOK 29 million was cash in project companies under development. Other restricted cash amounted to NOK 88 million and NOK 427 million was free cash at the Group level.

Scatec Solar has entered into a new guarantee facility, a new overdraft facility and an intercreditor agreement to support execution of the project backlog. The guarantee facility is entered into with Nordea and GIEK, as well as ABN Amro and Swedbank as new members of the consortium. Refer to Note 6 for definition of cash terms and more information on the corporate overdraft and guarantee facility.

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

Total liabilities decreased to NOK 5,699 million from NOK 5,762 at the end of fourth quarter.

Total non-current liabilities amounted to NOK 5,226 million at the end of second quarter, compared to NOK 5,299 at the end of first quarter and NOK 5,253 million at the end of fourth quarter. NOK 4,220 million of this was non-recourse project financing pledged only to the assets and performance of each individual project, compared to NOK 4,340 at the end of first quarter and 4,304 million at the end of fourth quarter. During the first half year, a total of NOK 350 million was paid to service interest and principal of the non-recourse financing.

Total current liabilities decreased to NOK 473 million, from NOK 671 million at the end of first quarter and NOK 509 million at the end of fourth quarter. The decrease during first half year mainly reflects mark-to-market revaluation of interest rate swaps and decreased accrual for interest on current non-recourse project financing liabilities.

PROJECT BACKLOG, PIPELINE AND OPPORTUNITIES

PROJECT STAGE (IN MW)	Q1 2017 [8]	Q2 2017 [8]
In operation	322	322
Project backlog	1,131	1,143
Project pipeline	745	745
Project opportunities	1,965	2,155

8) 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 [9]	CAPEX ESTIMATE (MILLION)	ANNUAL PRODUCTION (GWH)
Malaysia	197	MYR	1,240	285
Honduras	53	USD	100	110
Egypt	400	USD	450	870
South Africa	258	ZAR	4,600	645
Brazil	162	BRL	680	305
Mozambique	40	USD	80	77
Mali	33	EUR	52	60
Total	**1,143**	**NOK**	**13,000**	**2,352**

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

Total annual revenues from the 1,143 MW in backlog is expected to reach NOK 1,750 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. Project backlog EPC contract value is expecting to represent NOK ~11,000 million.

Scatec Solar share of equity investments in the project backlog is expected in the range of NOK 1,700 – 2,000 million.

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 will invest about MYR 250 million through both ordinary preference shares and preference shares convertible to 49% equity ownership in the projects. Scatec Solar will build and operate the solar power plants.

CIMB and Maybank has been appointed to arrange the non-recourse project debt financing, in the form of an Islamic Bond, totaling MYR 1,000 million for the three projects. The project bond has been rated AA- by the Malaysian Rating Corporation Berhad (MARC) and given a 'dark green' rating from CICERO - The Center for International Climate and Environmental Research in Oslo. CIMB and Maybank are currently marketing the Islamic bond to institutional investors in Malaysia and it is expected that the project bond can be closed and issued shortly.

Scatec Solar and partners have initiated certain construction activities to ensure that the obligations under the agreements with TNB are being met.

Los Prados, Honduras, 53 MW
In October 2015 Scatec Solar and Norfund acquired the Los Prados solar project in Honduras. The project has a 20-year PPA with Empresa Nacional de Energía Eléctrica (ENEE), the state-owned utility. Scatec Solar and ENEE has obtain the required interregional interconnection permit for the first phase of the project representing a capacity of 35 MW, while the remaining 18 MW will be built later in phase two.

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 (ECN) with guarantee from the Norwegian Export Credit Guarantee Institute (GIEK). All financing institutions have obtained required approvals to provide the required project finance debt to the project.

Scatec Solar and Norfund are working to secure remaining conditions precedents to achieve financial close and first disbursement of the project finance debt. In any event, the project sponsors are also initiating early construction activities on the project site to ensure that the relevant timelines in the agreement with ENEE is met.

Egypt, 400 MW
In April 2017, Scatec Solar and partners signed six 25-year PPAs for projects in "Round 2" of the FiT program in Egypt totalling 400 MW (DC).

All located in Ben Ban area near Aswan in Upper Egypt, the solar plants are expected to generate about 870 GWh of solar electricity per year.

Total investments for the 400 MW of solar plants is estimated at USD 450 million and the plants are expected to generate annual revenues of about USD 60 million over the 25-year contract period. Scatec Solar will build, own and operate all six projects and Scatec Solar's share of equity investments will be in the range of USD 50-70 million. Scatec Solar is partnering with local developers and with KLP Norfund Investments for equity investments in the projects and may add additional partners to an equity consortium before financial close.

European Bank for Reconstruction and Development (EBRD) is leading a consortium of banks that will support the six projects with a total debt of USD 350 million. Credit committee approval and Board approval have been obtained by all banks participating in the consortium of banks.

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. KLP Norfund Investments will hold 18% and a Trust (fully funded by Scatec Solar and KLP Norfund) will hold the remaining 40% the equity.

The timing of financial close of the projects is currently unclear and relies on alignment between Eskom, the government owned utility, and various governmental bodies involved in the REIPP Programme in South Africa.

Brazil, 162 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 162 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 and its local partner have secured the final permits for the project and is progressing well on also securing the project debt for this project portfolio.

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.

On June 2, IFC, the International Finance Corporation, a member of the World Bank Group, and the Emerging Africa Infrastructure Fund, managed by Investec Asset Management and a part of the Private Infrastructure Development Group (PIDG) signed the loan agreement to provide project finance debt for the project.

Scatec Solar and partners are working to close out remaining conditions precedents of the loan to reach financial close and first disbursement.

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 Energie du Mali (EDM).

IFC and African Development Bank (AfDB) will provide the non-recourse project finance for the project. The project has also been awarded a USD 25 million concessional loan from the Climate Investment Funds under the Scaling Up Renewable Energy Program.

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.

Board approval has been obtained from IFC for project finance and from World Bank for the required Partial Risk Guarantee. Board approval by African Development Bank is expected soon.

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
Pakistan	150
Nigeria	100
Kenya	48
Burkina Faso	17
Total pipeline	**745**

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 and it is not expected to be announced before financial close of the current Round 4 projects in South Africa.

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 has received the grid study approval from the National Transmission and Despatch Company (NTDC) in April. Scatec Solar and Nizam Energy are in the final stages of preparing the application for the “costs plus 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.

The project sponsors are working with the lenders and the World Bank to secure remaining required project documents like the sovereign guarantee (Put Call Option Agreement) and the Partial Risk Guarantee with the Government of Nigeria.

Kenya, 48 MW

Norfund and Scatec Solar are together with the local development partner, Kenergy, developing a 48 MW project. In July 2017, the project was approved by the Board of Kenya Power and Lighting Company (KPLC), the state-owned utility and the Power Purchase Agreement (PPA) was re-initialized. The PPA has been submitted to the Energy Regulatory Commission (ERC) for final approval.

The partners continue the work to complete the development of the project, secure the sovereign support letter and establish the project finance solution.

Burkina Faso, 17 MW

In 2014, the Zagtouli project was, as one of four projects, selected as winner in the national tender process. The project was thus formally awarded by the government of Burkina Faso. The project has experienced political changes, but is now awaiting final sign-off by the Ministry of Finance before the concession agreement can be signed with the Ministry of Energy and the Ministry of Finance and 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.
About 200 MW of new project opportunities has been identified as a result of dedicated market efforts in new geographies.

Scatec Solar now holds project opportunities with a combined capacity of 2,155 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 165-185 million from Power Production and Operation & Maintenance based on currency exchange rates as of mid-July 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 Q3 2017 GUIDANCE

Power Production (PP)

In 2017 power production is expected to reach 630 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 Q3 2017 power production is expected to reach 155 GWh compared to 147 GWh in Q2. The increase is explained by seasonally higher 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.

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 2016, the Annual General Meeting resolved a dividend of NOK 0.71 per share, totalling NOK 73 million. The dividend was paid 15 June 2017.

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 2016 Annual Report.

RELATED PARTIES

Note 27 in the annual report for 2016 provides details of transactions with related parties and the nature of these transactions. For details on second quarter 2017 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	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Revenues	2	278,981	214,377	555,530	442,615	1,012,938
Net gain/(loss) from sale of project assets	2,3	-	1,411	-	1,618	75,405
Net income/(loss) from associated companies	2	-128	-2,418	-399	-3,036	-3,394
Total revenues and other income		278,853	213,370	555,131	441,197	1,084,942
Personnel expenses	2	-23,940	-23,673	-44,445	-46,969	-86,199
Other operating expenses	2	-37,885	-37,138	-71,371	-76,521	-165,713
Depreciation, amortisation and impairment	2,3	-65,978	-59,600	-127,963	-118,211	-270,083
Operating profit		151,050	92,959	311,352	199,496	562,954
Interest and other financial income	4,5	16,597	15,840	29,777	27,910	50,796
Interest and other financial expenses	4,5	-130,432	-119,278	-257,805	-238,012	-504,801
Net foreign exchange gain/(losses)	4,5	-37,913	16,466	-46,250	-18,014	-10,052
Net financial expenses		-151,748	-86,972	-274,278	-228,116	-464,057
Profit/(loss) before income tax		-698	5,987	37,074	-28,620	98,897
Income tax (expense)/benefit	7	2,179	-462	-4,553	11,161	-28,410
Profit/(loss) for the period		1,481	5,525	32,521	-17,459	70,487
Profit/(loss) attributable to:						
Equity holders of the parent		-12,660	4,595	-9,030	-41,594	3,502
Non-controlling interests		14,141	930	41,551	24,135	66,985
Basic and diluted earnings per share (NOK)	11	-0.12	0.05	-0.09	-0.44	0.04
Basic weighted average no of shares (in thousand)	11	103,196	93,816	99,096	93,816	93,816

The interim financial information has not been subject to audit.

Interim consolidated statement of comprehensive income

NOK THOUSAND	NOTES	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Profit/(loss) for the period		1,481	5,525	32,521	-17,459	70,487
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges	5	108,075	-322	-38,485	-92,638	-114,582
Income tax effect	7	-30,327	90	10,710	25,939	32,084
Foreign currency translation differences		15,424	-3,635	30,100	-40,136	5,341
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		93,172	-3,867	2,325	-106,835	-77,157
Total comprehensive income for the period net of tax		94,653	1,658	34,846	-124,294	-6,670
Attributable to:						
Equity holders of the parent		39,445	-4,127	14,558	-99,040	-69,115
Non-controlling interests		55,208	5,784	20,288	-25,253	62,446

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 30 JUNE 2017	AS OF 31 DECEMBER 2016
ASSETS			
Non-current assets			
Deferred tax assets	7	363,234	327,456
Property, plant and equipment – in solar projects	3	5,125,562	5,059,802
Property, plant and equipment – other	3	22,348	21,465
Goodwill		23,478	22,289
Financial assets	4,5	380	18,237
Other non-current assets	9	136,371	141,789
Total non-current assets		5,671,373	5,591,038
Current assets			
Trade and other receivables		182,268	231,484
Other current assets	9	83,626	114,104
Financial assets	4,5	352	1,289
Cash and cash equivalents	6	1,308,786	1,137,224
Total current assets		1,575,032	1,484,101
TOTAL ASSETS		7,246,405	7,075,139

The interim financial information has not been subject to audit.

Interim consolidated statement of financial position

NOK THOUSAND	NOTES	AS OF 30 JUNE 2017	AS OF 31 DECEMBER 2016
EQUITY AND LIABILITIES			
Equity			
Share capital	11	2,580	2,345
Share premium	11	1,193,245	819,053
Total paid in capital		1,195,825	821,398
Retained earnings		-304,078	-221,977
Other reserves		108,685	85,309
Total other equity		-195,393	-136,668
Non-controlling interests		547,156	628,009
Total equity	8	1,547,588	1,312,739
Non-current liabilities			
Deferred tax liabilities	7	142,819	127,508
Non-recourse project financing	4	4,219,957	4,304,098
Bonds	6	496,667	495,417
Financial liabilities	4,5	26,200	7,330
Other non-current liabilities	9	340,657	318,798
Total non-current liabilities		5,226,300	5,253,151
Current liabilities			
Trade and other payables	10	28,708	29,346
Income tax payable	7	7,204	10,680
Non-recourse project financing	4	305,098	279,473
Financial liabilities	4,5,6	5,796	6,584
Other current liabilities	9	125,711	183,166
Total current liabilities		472,517	509,249
Total liabilities		5,698,817	5,762,400
TOTAL EQUITY AND LIABILITIES		7,246,405	7,075,139

The interim financial information has not been subject to audit.

Oslo, 20 July 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 31 December 2015	2,345	807,903	-164,909	127,460	34,343	**807,142**	618,255	**1,425,397**
Profit for the period	-	-	-41,594	-	-	**-41,594**	24,136	**-17,458**
Other comprehensive income	-	-	-20	-30,715	-26,711	**-57,446**	-49,389	**-106,835**
Total comprehensive income	-	-	-41,614	-30,715	-26,711	**-99,040**	-25,253	**-124,293**
Share-based payment	-	6,870	-	-	-	**6,870**	-	**6,870**
Dividend distribution	-	-	-61,918	-	-	**-61,918**	-86,529	**-148,447**
Capital increase from NCI [1]	-	-	-	-	-	**-**	2,716	**2,716**
Distribution to NCI loan	-	-	-	-	-	**-**	-3,265	**-3,265**
At 30 June 2016	2,345	814,773	-268,440	96,744	7,632	**653,054**	505,924	**1,158,978**
At July 2016	2,345	814,773	-268,440	96,744	7,632	**653,054**	505,924	**1,158,978**
Profit for the period	-	-	45,095	-	-	**45,095**	42,850	**87,945**
Other comprehensive income	-	175	3,723	-13,033	-6,034	**-15,169**	44,847	**29,677**
Total comprehensive income	-	175	48,818	-13,033	-6,034	**29,926**	87,697	**117,622**
Share-based payment	-	4,105	-	-	-	**4,105**	-	**4,105**
Dividend distribution	-	-	722	-	-	**722**	-87,167	**-86,445**
Capital increase from NCI [1] [2]	-	-	-13,381	-	-	**-13,381**	118,291	**104,910**
Distribution to NCI loan	-	-	10,304	-	-	**10,304**	3,265	**13,569**
At 31 December 2016	2,345	819,053	-221,977	83,711	1,598	**684,730**	628,009	**1,312,739**
At 1 January 2017	2,345	819,053	-221,977	83,711	1,598	**684,730**	628,009	**1,312,739**
Profit for the period	-	-	-9,030	-	-	**-9,030**	41,551	**32,521**
Other comprehensive income	-	-	212	33,755	-10,379	**23,588**	-21,263	**2,325**
Total comprehensive income	-	-	-8,818	33,755	-10,379	**14,558**	20,288	**34,846**
Share-based payment	-	1,464	-	-	-	**1,464**	-	**1,464**
Share capital increase	235	379,655	-	-	-	**379,890**	-	**379,890**
Transaction cost, net after tax	-	-6,927	-	-	-	**-6,927**	-	**-6,927**
Dividend distribution	-	-	-73,269	-	-	**-73,269**	-105,595	**-178,864**
Capital increase from NCI [1]	-	-	-	-	-	**-**	4,454	**4,454**
At 30 June 2017	2,580	1,193,245	-304,078	117,466	-8,781	**1,000,432**	547,156	**1,547,588**

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.

During first quarter 2017 the Group increased the share capital. See note 11 for further information.

Interim consolidated statement of cash flow

NOK THOUSAND	NOTES	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Cash flow from operating activities						
Profit before taxes		-698	5,987	37,074	-28,620	98,899
Taxes paid	7	-3,865	-3,851	-11,874	-22,920	-29,143
Depreciation and impairment	3	65,978	59,600	127,963	118,211	270,083
Net income associated companies/sale of project assets	11	264	1,041	535	1,418	-72,011
Interest and other financial income	4	-16,597	-15,840	-29,777	-27,910	-50,796
Interest and other financial expenses	4	130,432	119,278	257,805	238,012	504,801
Unrealised foreign exchange (gain)/loss	4	33,204	1,774	59,437	18,170	29,036
(Increase)/decrease in trade and other receivables		20,170	9,257	49,216	38,949	-10,102
(Increase)/decrease in other current/non-current assets		7,519	118,456	34,996	94,305	148,448
Increase/(decrease) in trade and other payables	10	3,258	17,653	-638	-114,256	-87,951
Increase/(decrease) in current liabilities		-24,461	9,840	-35,596	18,578	-176,228
Increase/(decrease) in financial assets and other changes	5,9	68	-11,458	-11,852	-12,799	106,935
Net cash flow from operating activities		215,270	311,737	477,289	321,138	731,971
Cash flow from investing activities						
Interest received	4	16,597	15,848	29,777	27,918	50,797
Investments in property, plant and equipment	3	-118,263	-333,340	-175,485	-754,859	-883,634
Proceeds from sale of project assets, net of cash disposed	11	-	-	-	-	250,840
Net cash flow from investing activities		-101,666	-317,492	-145,708	-726,941	-581,997
Cash flow from financing activities						
Proceeds from NCI shareholder financing [1]		-	22,251	-	22,251	-
Interest paid	4	-194,330	-195,999	-237,217	-215,813	-509,047
Proceeds from non-recourse project financing	4	-	49,637	-	113,580	241,337
Repayment of non-recourse project financing	4	-92,861	-54,691	-119,411	-54,691	-156,706
Share capital increase	11	-	-	372,963	-	-
Dividends paid to equity holders of the parent company	8	-73,269	-61,918	-73,269	-61,918	-61,918
Dividends and other distributions paid to non-controlling interest		-	-69,117	-105,595	-86,529	-173,699
Net cash flow from financing activities		-360,460	-309,837	-162,529	-283,120	-660,033
Net increase/(decrease in cash and cash equivalents		-246,856	-315,592	169,052	-688,923	-510,059
Effect of exchange rate changes on cash and cash equivalents		-6,816	6,617	2,510	-41,930	8,679
Cash and cash equivalents at beginning of the period	6	1,562,458	1,217,151	1,137,224	1,639,029	1,638,604
Cash and cash equivalents at end of the period	6	1,308,786	908,176	1,308,786	908,176	1,137,224
Cash in project companies in operation	6	765,797	529,612	765,797	529,612	708,466
Cash in project companies under development/construction	6	28,710	114,413	28,710	114,413	7,000
Other restricted cash	6	87,635	137,663	87,635	137,663	117,840
Free cash	6	426,644	126,488	426,644	126,488	303,918
Total cash and cash equivalents	6	1,308,786	908,176	1,308,786	908,176	1,137,224
Hereof presented as:						
Cash and cash equivalents		1,308,786	908,176	1,308,786	908,176	1,137,224
Financial liabilities		-	-	-	-	-

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 producer. The Company is pursuing an integrated business model across the complete life cycle of utility-scale solar photovoltaic (PV) power plants including project development, financing, construction, ownership and operation and maintenance.

The condensed interim consolidated financial statements were authorised for issue by the Board of Directors on 20 July 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 2016. Standards and interpretations mentioned in note 31 of the Group's annual report 2016 with effective date from financial year 2017, 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 first quarter 2017 three project companies in Malaysia were consolidated for the first time. Construction has not yet commenced and the activity is currently limited to project development. Scatec Solar's investment is held through redeemable convertible preference shares which will constitute a shareholding of 49%

upon conversion. The Company 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 2016 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 2016 as described in Note 32 Summary of significant accounting policies.

Q2 2017

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	278,981	-	-	-	-	**278,981**
Internal revenues	-	19,734	66	2,661	-22,461	**-**
Net gain/(loss) from sale of project assets	-	-	-	-	-	**-**
Net income/(loss) from associates	-	-	-128	-	-	**-128**
Total revenues and other income	278,981	19,734	-62	2,661	-22,461	**278,853**
Cost of sales	-	-	-	-	-	**-**
Gross profit	278,981	19,734	-62	2,661	-22,461	**278,853**
Personnel expenses	-3,787	-3,410	-8,469	-8,274	-	**-23,940**
Other operating expenses	-37,118	-6,090	-8,990	-8,142	22,455	**-37,885**
Depreciation and impairment	-82,694	-337	-553	-330	17,936	**-65,978**
Operating profit	155,382	9,897	-18,074	-14,085	17,930	**151,050**

Q2 2016

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	213,910	467	-	-	-	**214,377**
Internal revenues	-	15,356	304,499	2,024	-321,879	**-**
Net gain/(loss) from sale of project assets	-	-	1,411	-	-	**1,411**
Net income/(loss) from associates	-	-	-2,418	-	-	**-2,418**
Total revenues and other income	213,910	15,823	303,492	2,024	-321,879	**213,370**
Cost of sales	-	-	-275,098	-	275,098	**-**
Gross profit	213,910	15,823	28,394	2,024	-46,781	**213,370**
Personnel expenses	-2,755	-2,898	-10,107	-7,913	-	**-23,673**
Other operating expenses	-34,887	-4,151	-6,509	-8,971	17,380	**-37,138**
Depreciation and impairment	-69,668	-584	-4,500	-180	15,332	**-59,600**
Operating profit	106,600	8,190	7,278	-15,040	-14,069	**92,959**

YTD 2017

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	555,530	-	-	-	-	**555,530**
Internal revenues	-	34,316	138	5,630	-40,084	**-**
Net gain/(loss) from sale of project assets	-	-	-	-	-	**-**
Net income/(loss) from associates	-	-	-399	-	-	**-399**
Total revenues and other income	555,530	34,316	-261	5,630	-40,084	**555,131**
Cost of sales	-	-	-	-	-	**-**
Gross profit	555,530	34,316	-261	5,630	-40,084	**555,131**
Personnel expenses	-7,283	-6,701	-14,731	-15,730	-	**-44,445**
Other operating expenses	-66,910	-12,520	-17,882	-14,143	40,084	**-71,371**
Depreciation and impairment	-160,114	-574	-1,126	-628	34,479	**-127,963**
Operating profit	321,223	14,521	-34,000	-24,871	34,479	**311,352**

YTD 2016

NOK THOUSAND	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	ELIMINATIONS	TOTAL
External revenues	441,243	1,372	-	-	-	**442,615**
Internal revenues	-	27,540	562,305	4,382	-594,227	**-**
Net gain/(loss) from sale of project assets	-	-	1,618	-	-	**1,618**
Net income/(loss) from associates	-	-	-3,036	-	-	**-3,036**
Total revenues and other income	441,243	28,912	560,887	4,382	-594,227	**441,197**
Cost of sales	-	2	-502,746	-	502,744	**-**
Gross profit	441,243	28,914	58,141	4,382	-91,483	**441,197**
Personnel expenses	-5,921	-5,531	-20,561	-14,956	-	**-46,969**
Other operating expenses	-65,333	-8,860	-18,339	-15,913	31,924	**-76,521**
Depreciation and impairment	-140,829	-1,128	-6,905	-335	30,986	**-118,211**
Operating profit	229,160	13,395	12,336	-26,822	-28,573	**199,496**

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**

Note 3 Property, plant and equipment

The Group operates solar power plants in Europe, Middle East, Africa and South America. There were no power plants under construction during first half year 2017.

The carrying value of development projects that have not yet reached the construction phase was NOK 797,119 thousand at 30 June 2017 (31 December 2016: NOK 640,205 thousand).

During second quarter the Group impaired equipment amounting to NOK 2,333 thousand related to a lightning strike at two of the plants in South Africa. The damages are covered by the insurance contract on the plant, and the compensation is recognized as part of revenues. During first half year 2016, the Group incurred impairment losses of NOK 5,788 related to development projects.

NOK THOUSAND	SOLAR POWER PLANTS	SOLAR POWER PLANTS UNDER DEVELOPMENT AND CONSTRUCTION	MACHINERY AND EQUIPMENT	TOTAL
Carrying value at 31 December 2016	4,419,597	640,205	21,465	**5,081,267**
Additions	10,284	161,290	3,911	**175,485**
Disposals	-	-	-136	**-136**
Depreciation	-122,976	-	-2,654	**-125,630**
Impairment losses	-2,333	-	-	**-2,333**
Effect of foreign exchange currency translation adjustments	23,871	-4,376	-238	**19,257**
Carrying value at 30 June 2017	4,328,443	797,119	22,348	**5,147,910**
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 2016 Annual Report for more information. The maturity date for the loans ranges from 2028 to 2036. NOK 305,098 thousand of the Group's total non-recourse debt is due within 12 months and is presented as current in the statement of financial position.

During the first six months of 2017, the Group did not draw down any additional non-recourse debt.

NOK THOUSAND	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Interest income	**16,422**	15,483	**29,602**	**27,553**	50,439
Other financial income	**175**	357	**175**	**357**	357
Financial income	**16,597**	15,840	**29,777**	**27,910**	50,796
Interest expenses	**-123,077**	-117,174	**-250,958**	**-233,404**	-496,317
Other financial expenses	**-3,355**	-2,104	**-6,847**	**-4,608**	-8,484
Financial expenses	**-130,432**	-119,278	**-257,805**	**-238,012**	-504,801
Foreign exchange gains/(losses)	**-37,913**	16,466	**-46,250**	**-18,014**	-10,052
Net financial expenses	**-151,748**	-86,972	**-274,278**	**-228,116**	-464,057

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 2016 provides details for each class of financial assets and financial liabilities, and how these assets and liabilities are grouped.

There are no significant changes for the presentation of these categories in the period, and there are no significant differences between total carrying value and fair value at reporting date. The presented table below summarises each class of financial instruments recognised in the condensed consolidated statement of financial position, split by the Group's basis for fair value measurement.

30 June 2017 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)	-	732	-31,769	**-31,037**
Fair value based on unobservable inputs (Level 3)	72	-	-	**72**
Total fair value at 30 June 2017	72	732	-31,769	**-30,965**

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**

Note 6 Cash, cash equivalents and corporate funding

NOK THOUSAND	30 JUNE 2017	31 DECEMBER 2016
Cash in project companies in operation [1]	**765,797**	708,466
Cash in project companies under development/construction [1]	**28,710**	7,000
Other restricted cash	**87,635**	117,840
Free cash	**426,644**	303,918
Total cash and cash equivalents	**1,308,786**	1,137,224
Hereof presented as:		
Cash and cash equivalents	**1,308,786**	1,137,224
Financial liabilities	**-**	-

1) Refer to appendix for definition of this APM.

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	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Free cash at beginning of period	**665,422**	276,760	303,918	651,359	651,359
Proportionate share of cash flow to equity OM	**7,841**	6,719	11,597	11,156	24,250
Proportionate share of cash flow to equity D&C	**-12,262**	10,310	-23,694	16,705	-5,138
Proportionate share of cash flow to equity CORP	**-16,690**	-17,733	-31,532	-33,228	-63,132
Net project development capex	**-111,412**	-71,369	-161,290	-311,900	-495,916
New equity, net after transaction cost and tax	**-**	-	372,963	-	-
Dividend distribution	**-73,269**	-	-73,269	-	-
Working capital / Other	**-26,602**	-136,189	-46,520	-240,593	91,486
Equity contributions/collateralised for equity commitments in project companies	**-15,337**	-280	-15,337	-28,273	-33,007
Distributions from project companies	**8,949**	58,270	89,808	61,262	134,016
Free cash at end of the period	**426,644**	126,488	426,644	126,488	303,918

On July 7, 2017, Scatec Solar entered into a new guarantee facility, a new overdraft facility and an intercreditor agreement. Financial covenants are unchanged from previous facilities and equal to the financial covenants in the bond agreement. The facilities replaced all other corporate guarantees and overdraft facilities existing at the date of the new agreements.

The guarantee facility has Nordea Bank as agent, Nordea Bank and ABN Amro as issuing banks and Nordea Bank, ABN Amro and Swedbank as guarantee instrument lenders. The guarantee facility is established to support a growing portfolio under construction. The guarantee facility will mainly be used to provide advanced payment, performance and warranty bonds under the construction agreements, as well as for trade letter of credits. The intercreditor agreement is entered into by Scatec Solar, the issuing banks under the guarantee facility and GIEK. GIEK can issue counter indemnity in favour of the issuing banks on behalf of the relevant instrument lenders.

The overdraft facility has Nordea Bank as overdraft lender and 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%. Scatec Solar has not drawn on the old facility per 30 June 2017 or the new facility per 7 July 2017. The agreements signed July 7, 2017, are adapted for a later replacement of the new overdraft facility with a new revolving credit facility with the instrument lenders under the guarantee 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 first quarter, an interest amounting to NOK 10,152 thousand (10,302) was expensed.

Per 30 June 2017, 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 1,702,066 thousand per quarter end.

Refer to bond agreement available on www.scatecsolar.com/investor/debt and note 5 to the 2016 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 second quarter and first half year ended 30 June 2017, the effective income tax rate was primarily influenced by a reversal of valuation allowance on tax losses carried forward, partly offset by withholding tax paid on dividends from the South-African plants. 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. 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	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Profit before income tax	-698	5,987	37,074	-28,620	98,897
Income tax (expense)/benefit	2,179	-462	-4,553	11,161	-28,410
Equivalent to a tax rate of (%)	312.2	7.7	12.3	39.0	28.7

Movement in deferred tax

NOK THOUSAND	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Net deferred tax asset at beginning of period	244,522	178,101	199,948	137,234	137,234
Recognised in the consolidated statement of profit or loss	6,722	3,368	4,918	15,380	-15,917
Deferred tax on financial instruments recognised in OCI	-30,327	90	10,710	25,939	32,084
Recognised in the consolidated statement of changes in equity	1,025	1,201	3,997	2,716	4,374
Disposals of subsidiaries	-	-	-	-	29,118
Witholding taxes carried forward	-	-1,557	-	-1,557	-1,715
Translation differences	-1,527	403	842	1,894	14,770
Net deferred tax asset at end of period	220,415	181,606	220,415	181,606	199,948

Note 8 Dividend

For 2016, the Board of Directors proposed a dividend of NOK 0.71 per share, totalling NOK 73,269 thousand (including the 9,380 thousand new shares issued as part of the private placement in March 2017). 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 24 April 2017. The dividend was paid 15 June 2017.

Note 9 Current and non-current assets/liabilities – related parties and co-investors

As of 30 June 2017, Scatec Solar has receivables on non-controlling interests of NOK 106,632 thousand (126,385). NOK 83,437 thousand (89,485) 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 10,763 thousand (11,475). In addition, the Group has receivables of NOK 4,469 thousand (3,557) on co-investors related to equity financing of project companies in Jordan. Scatec Solar also has loan receivables on key management personnel of NOK 5,798 thousand (7,211).

In relation to the structuring and financing of the project companies in the Group, financial instruments are issued by both the controlling and non-controlling interests. Such financing is granted both as formal equity and shareholder loans. The shareholder loans granted to Kalkbult, Linde, Dreunberg, ASYV, Oryx, EJRE and GLAE are recognised as equity as the instruments include no contractual obligations. The shareholder loans provided to the Agua Fria project company is recorded as a liability. Shareholder loans from non-controlling interests amounts to NOK 176,002 thousand (175,547) as of 30 June 2017. Other non-current liabilities include NOK 51,419 thousand (31,098) related to 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 2016 annual financial statements.

Note 10 Trade and other payables

The consolidated trade and other payables of NOK 28,708 thousand mainly consist of construction related supplier credits. Consequently, the balance is affected by the activity level in the Development & Construction segment. The decreased payables at 30 June 2017 compared to 31 December 2016 of NOK 29,346 thousand, reflects down payments of outstanding supplier credits related to the construction of Agua Fria and the Jordan portfolio, as well as the settlement of Utah Red Hills. The decrease in balance was somewhat offset by an increase related to preparations of construction activities in Mozambique.

Note 11 Earnings per share and capital increase

During first quarter 2017 Scatec Solar successfully raised NOK 379,890 thousand through a private placement consisting of 9,380 thousand new shares at a price of NOK 40.50 per share. Total transaction cost for the capital increase is recognized in equity and amounted to NOK 6,927 thousand after tax.

Earnings per share is calculated as profit/(loss) attributable to the equity holders of the parent company divided by the average number of shares outstanding.

Diluted earnings per share is affected by the option program for equity-settled share based payment transaction established in October 2016, see note 26 Employee benefits in Annual report 2016.

NOK THOUSAND	Q2 2017	Q2 2016	YTD 2017	YTD 2016	FULL YEAR 2016
Profit/(loss) attributable to the equity holders of the company and for the purpose of diluted shares	**-12,660**	4,595	-9,030	-41,594	3,502
Weighted average number of shares outstanding for the purpose of basic earnings per share	**103,196**	93,816	98,895	93,816	93,816
Earnings per share for income attributable to the equity holders of the company - basic (NOK)	**-0.12**	0.05	-0.09	-0.44	0.04
Effect of potential dilutive shares:					
Weighted average number of shares outstanding for the purpose of diluted earnings per share	**103,414**	93,816	99,096	93,816	93,965
Earnings per share for income attributable to the equity holders of the company - diluted (NOK)	**-0.12**	0.05	-0.09	-0.44	0.04

Note 12 Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statements for the second quarter 2017.

Responsibility statement

We confirm to the best of our knowledge, that the condensed interim financial statements for the period 1 January 2017 to 30 June 2017 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, 20 July 2017

The Board of Directors of Scatec Solar ASA

John Andersen jr. Chairman	Alf Bjørseth Board member	Mari Thjømøe Board member
Jan Skogseth Board member	Karin Bing Orgland Board member	Raymond Carlsen CEO

Alternative Performance Measures

Scatec Solar discloses alternative performance measures (APM's) in addition to those normally required by IFRS. This is based on the Group's experience that APM's are frequently used by analysts, investors and other parties for supplemental information.

APM's are meant to provide an enhanced insight into the operations, financing and future prospect of the Group. Management also uses these measures internally to drive performance in terms of long-term target setting. APM's are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the Group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. Disclosures of APMs are subject to established internal control procedures.

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES USED BY THE GROUP FOR ENHANCED FINANCIAL INFORMATION

Net interest bearing debt (NIBD): is defined as total interest bearing debt, less cash and cash equivalents. NIBD does not include shareholder loans.

EBIT: is defined as earnings before interest and tax and corresponds to operating profit in the consolidated statement of profit or loss.

EBIT margin: is defined as EBIT divided by total revenues and other income.

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments.

EBITDA margin: is defined as EBITDA divided by total revenues and other income.

Scatec Solar's proportionate share: is defined as the equity holders of the parent company's proportionate share of consolidated revenues, expenses, profits and cash flows.

Project equity: is defined as equity and shareholder loans.

Cash in project companies in operation: is defined as restricted cash in proceed 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 distribution 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.

Gross interest bearing debt: is defined as the Group's total debt obligations and consists of non-current and current external non-recourse financing and external corporate financing, irrespective of its maturity as well as bank overdraft and discounted notes.

Net gain project sale: is defined as sales revenue less costs from sale of project assets.

Gross margin: is defined as total sales revenue including net gain/loss from sale of project assets and net gain/loss from associates minus the cost of goods sold (COGS) divided by total sales revenue, expressed as a percentage. The gross margin represents the percentage of total sales revenue that the Group retains after incurring the direct costs associated with producing the goods and services.

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.

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

SSO Proportionate Financials: calculates revenues and profits for Scatec Solar based on the proportionate equity ownership in its subsidiaries without eliminations. The Group introduced SSO Proportionate Financials as the Group is of the opinion that this method improves earnings visibility. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Operation & Maintenance and Development & Construction segment 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.

On the following pages are the reconciliation between SSO Proportionate Financial and consolidated financials for the Group:

Q2 2017

NOK THOUSAND	SSO PROPORTIONATE FINANCIALS	RESIDUAL OWNERSHIP INTERESTS	ELIMINATIONS	CONSOLIDATED FINANCIALS
Revenues	165.2	136.2	-22.5	279.0
Net gain/(loss) from sale of project assets	-	-	-	-
Net income/(loss) from associates	-0.1	-	-	-0.1
Total revenues and other income	165.1	136.2	-22.5	278.9
Cost of sales	-	-	-	-
Gross profit	165.1	136.2	-22.5	278.9
Operating expenses	-65.4	-18.9	22.5	-61.8
EBITDA	99.7	117.3	-0.0	217.0
Depreciation, amortisation and impairment	-42.1	-41.8	17.9	-66.0
Operating profit (EBIT)	58	76	18	151
Profit/(loss)	-26	20	8	1
Net debt	1,781	1,932	-	3,713

Q2 2016

NOK THOUSAND	SSO PROPORTIONATE FINANCIALS	RESIDUAL OWNERSHIP INTERESTS	ELIMINATIONS	CONSOLIDATED FINANCIALS
Revenues	438.3	98.0	-321.9	214.4
Net gain/(loss) from sale of project assets	1.4	-	-	1.4
Net income/(loss) from associates	-2.4	-	-	-2.4
Total revenues and other income	437.3	98.0	-321.9	213.4
Cost of sales	-275.1	-	275.1	-
Gross profit	162.2	98.0	-46.8	213.4
Operating expenses	-62.3	-15.9	17.4	-60.8
EBITDA	99.9	82.0	-29.4	152.6
Depreciation, amortisation and impairment	-44.4	-30.5	15.3	-59.6
Operating profit (EBIT)	55.5	51.5	-14.1	93.0
Profit/(loss)	19.8	6.7	-21.0	5.5
Net debt	2,571.0	1,919.0	-	4,490.0

Q1 2017

NOK THOUSAND	SSO PROPORTIONATE FINANCIALS	RESIDUAL OWNERSHIP INTERESTS	ELIMINATIONS	CONSOLIDATED FINANCIALS
Revenues	142.9	151.2	-17.6	276.5
Net gain/(loss) from sale of project assets	-	-	-	-
Net income/(loss) from associates	-0.3	-	-	-0.3
Total revenues and other income	142.7	151.2	-17.6	276.3
Cost of sales	-	-	-	-
Gross profit	142.7	151.2	-17.6	276.3
Operating expenses	-55.8	-15.8	17.6	-54.0
EBITDA	86.8	135.4	0.0	222.3
Depreciation, amortisation and impairment	-39.6	-38.9	16.5	-62.0
Operating profit (EBIT)	47.2	96.5	16.5	160.3
Profit/(loss)	-8.1	32.8	6.3	31.0
Net debt	1,615.0	2,018.0	-	3,633.0

YTD 2017 NOK THOUSAND	SSO PROPORTIONATE FINANCIALS	RESIDUAL OWNERSHIP INTERESTS	ELIMINATIONS	CONSOLIDATED FINANCIALS
Revenues	308.2	287.4	-40.1	555.5
Net gain/(loss) from sale of project assets	-	-	-	-
Net income/(loss) from associates	-0.4	-	-	-0.4
Total revenues and other income	307.8	287.4	-40.1	555.1
Cost of sales	-	-	-	-
Gross profit	307.8	287.4	-40.1	555.1
Operating expenses	-121.2	-34.7	40.1	-115.8
EBITDA	186.5	252.8	-	439.3
Depreciation, amortisation and impairment	-81.8	-80.7	34.5	-128.0
Operating profit (EBIT)	104.8	172.1	34.5	311.4
Profit/(loss)	-34	52	14	33
Net debt	1,827	1,886	-	3,713

YTD 2016 NOK THOUSAND	SSO PROPORTIONATE FINANCIALS	RESIDUAL OWNERSHIP INTERESTS	ELIMINATIONS	CONSOLIDATED FINANCIALS
Revenues	813.9	222.9	-594.2	442.6
Net gain/(loss) from sale of project assets	1.6	-	-	1.6
Net income/(loss) from associates	-3.0	-	-	-3.0
Total revenues and other income	812.5	222.9	-594.2	441.2
Cost of sales	-502.7	-	502.7	-
Gross profit	309.7	222.9	-91.5	441.2
Operating expenses	-126.7	-28.7	31.9	-123.5
EBITDA	183.1	194.2	-59.6	317.7
Depreciation, amortisation and impairment	-88.0	-61.2	31.0	-118.2
Operating profit (EBIT)	95.0	133.0	-28.6	199.5
Profit/(loss)	-8.6	33.9	-42.7	-17.5
Net debt	2,571.0	1,919.0	-	4,490.0

FULL YEAR 2016 NOK THOUSAND	SSO PROPORTIONATE FINANCIALS	RESIDUAL OWNERSHIP INTERESTS	ELIMINATIONS	CONSOLIDATED FINANCIALS
Revenues	1,169.0	512.7	-668.8	1,012.9
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	1,173.9	512.7	-601.7	1,084.9
Cost of sales	-539.6	-	539.6	0.0
Gross profit	634.3	512.7	-62.1	1,084.9
Operating expenses	-257.9	-63.7	69.7	-251.9
EBITDA	376.4	449.0	7.7	833.0
Depreciation, amortisation and impairment	-229.6	-135.8	95.4	-270.1
Operating profit (EBIT)	146.8	313.1	103.1	563.0
Profit/(loss)	-6.1	-23.9	13.4	-16.7
Net debt	1,918.0	2,024.0	-	3,942.0

Cash flow to equity: is a measure that seeks to estimate value creation in terms of the company's ability to generate funds for equity investments in new solar power plant projects and/or for shareholder dividends over time. The measure is defined as EBITDA less normalised loan and interest repayments, less normalised income tax payments. The definition excludes changes in net working capital and investing activities.

Net interest expense: is defined as interest income less interest expenses, excluding shareholder loan interest expenses and accretion expenses on asset retirement obligations.

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.

Normalised income tax payment: calculated as operating profit (EBIT) less normalized net interest expense multiplied with the nominal tax rate of the jurisdiction where the profit is taxed.

Q2 2017

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	238.1	10.2	-17.5	-13.8	217.0
Net Interest expenses	-100.0	-0.0	1.2	-8.3	-107.1
Normalised loan repayments	-59.8	-	-	-	-59.8
Normalised income tax payment	-9.9	-2.4	4.0	5.3	-2.9
Cash flow to equity	68.38	7.8	-12.3	-16.7	47.2
SSO average share	60 %	100 %	100 %	100 %	
SSOs cash flow to equity	41.1	7.8	-12.3	-16.7	19.9

Q1 2017

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	243.3	4.9	-15.4	-10.5	222.3
Net Interest expenses	-98.2	0.0	0.1	-9.1	-107.2
Normalised loan repayments	-59.4	-	-	-	-59.4
Normalised income tax payment	-16.8	-1.1	3.8	4.8	-9.4
Cash flow to equity	68.8	3.8	-11.4	-14.8	46.3
SSO average share	0 %	100 %	100 %	100 %	
SSOs cash flow to equity	29.3	3.8	-11.4	-14.8	6.8

Q4 2016

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	247.7	4.7	-17.6	-8.4	226.4
Net Interest expenses	104.7	-	0.9	-9,2	-102.4
Normalised loan repayments	-35.1	-	-	-	-35.1
Normalised income tax payment	-3.5	-0.9	4.6	4.4	4.6
Cash flow to equity	104.5	3.8	-12.1	-13.2	93.6
SSO average share	42 %	100 %	100 %	100 %	
SSOs cash flow to equity	44.1	3.8	-12.1	-13.2	22.6

Q3 2016

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	235.7	12.4	-13.9	-12.5	221.7
Net Interest expenses	-104.7	-	0.2	-9.9	-114.4
Normalised loan repayments	-34.8	-	-	-	-34.8
Normalised income tax payment	-16.7	-2.9	3.8	5.6	-10.1
Cash flow to equity	79.5	9.5	-9.8	-16.8	62.4
SSO average share	58 %	100 %	100 %	100 %	
SSOs cash flow to equity	45.9	9.5	-9.8	-16.8	28.8

Q2 2016

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	176.3	8.77	11.78	-14.86	182.0
Net Interest expenses	-87.1	-	0.3	-6.5	-93.3
Normalised loan repayments	-34.7	-	-	-	-34.7
Normalised income tax payment	-5.1	-2.0	-1.8	3.7	-5.2
Cash flow to equity	49.4	6.7	10.2	-17.7	48.7
SSO average share	65 %	100 %	100 %	100 %	
SSOs cash flow to equity	31.9	6.7	10.2	-17.7	31.0

Other 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.

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