

Second quarter 2017

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Oslo, July 21, 2017

Our values

Predictable

Driving results

Changemakers

Working together



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Ready to harvest project backlog

- Power production reached 147 GWh, up 24% from Q2'16 excluding divestments
- SSO proportionate share of cash flow to equity from PP and O&M of NOK 49 million, up 26% from Q2'16
- Several projects approaching financial close
- Secured guarantee facilities with Nordea and GIEK as well as ABN Amro and Swedbank
- New project opportunities identified as a result of dedicated market efforts in new geographies



Proportionate financials improve earnings visibility

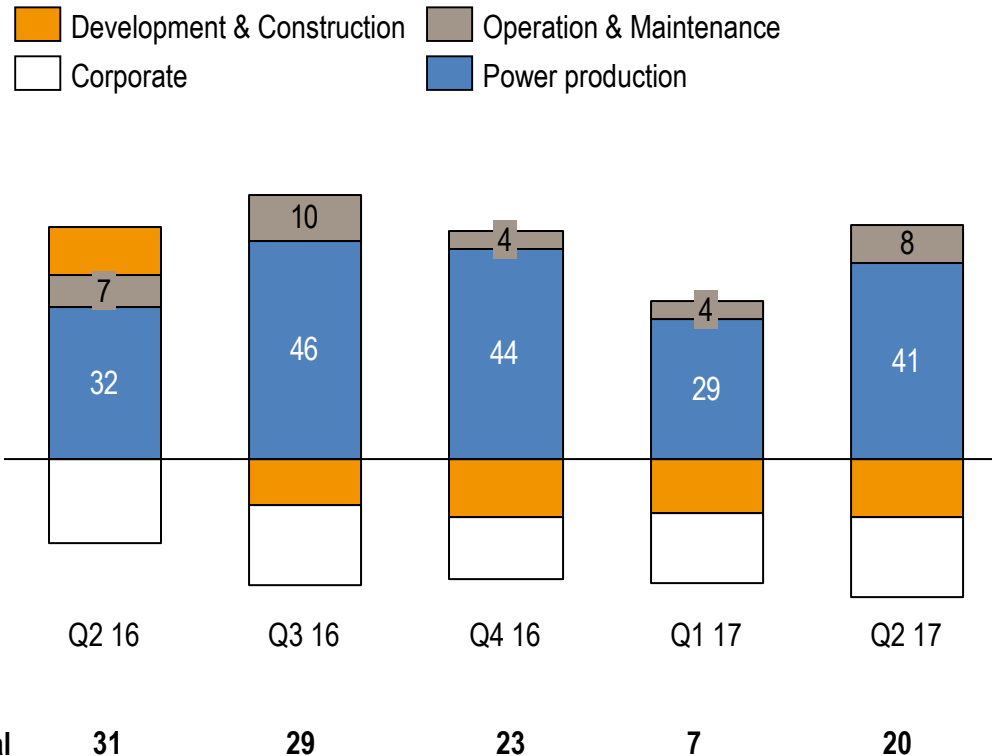
- Financial results presented based on proportionate method without eliminations
- In line with segment reporting while adjusting for Scatec Solar's ownership in Power Production

Second quarter 2017 (NOK million)	Power Production 100% basis	Power Production SSO share*	Operation & Maintenance SSO share*	Development & Construction SSO share*	Corporate SSO share*	Total
Revenues and other income	279.0	142.8	19.7	-0.1	2.7	165.1
EBITDA	238.1	120.7	10.2	-17.5	-13.8	99.7
Operating profit (EBIT)	155.4	79.8	9.9	-18.1	-14.1	57.5

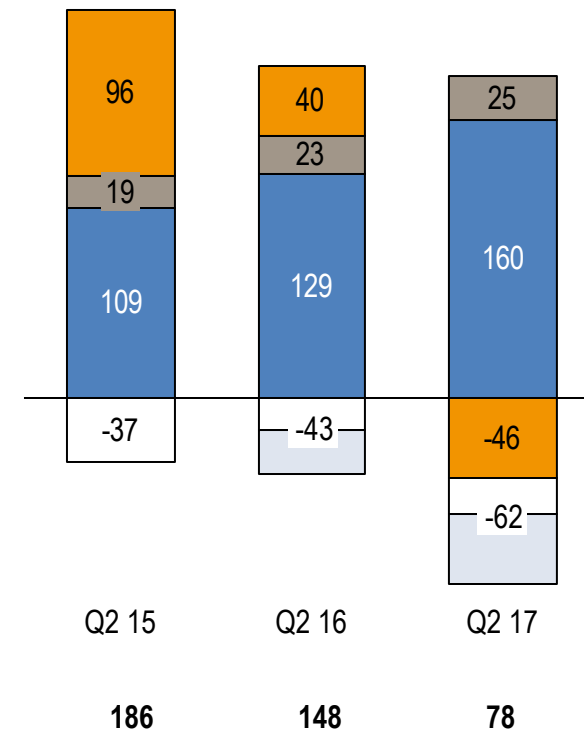
Second quarter 2016 (NOK million)	Power Production 100% basis	Power Production SSO share*	Operation & Maintenance SSO share*	Development & Construction SSO share*	Corporate SSO share*	Total
Revenues and other income	213.9	115.9	15.8	303.5	2.0	437.3
EBITDA	176.3	94.2	8.8	11.8	-14.9	99.9
Operating profit (EBIT)	106.6	55.1	8.2	7.3	-15.0	55.5

SSO's share of cash flow to equity

SSO proportionate share of cash flow to equity*



Last twelve months (NOKm)



Interest paid on corporate bond

Solid progress on projects across backlog (i)

Malaysia, 197 MW

- 21 year PPA with TNB
- Capex: MYR 1,240 million



Status

- Project finance – MYR 1000 million green Islamic Bond – well received in the Malaysian debt market
- Certain construction activities initiated

Honduras, 53 MW

- 20 year PPA with ENEE
- Capex: USD 100 million



Status

- Finalising remaining conditions to close financing for first phase (35 MW)
- Certain construction activities initiated

Mozambique, 40 MW

- 25 year PPA with EDM
- Capex: USD 80 million



Status

- Finalising remaining conditions to close financing
- Construction preparations ongoing

Solid progress on projects across backlog (ii)

Egypt, 400 MW

- 25 year PPAs with Gov of Egypt
- Capex: USD 450 million



Status

- Credit committee and board approval obtained for project finance by bank consortium
- Financial close by end of October

South Africa, 258 MW

- 20 year PPA with Eskom
- Capex: ZAR 4,600 million



Status

- Timing of financial close relies on alignment between Eskom and the various government bodies

Brazil, 162 MW

- 20 year PPA with ANEEL
- Capex: BRL 680 million



Status

- All permits secured for the project
- Good progress on debt and equity structuring

Mali, 33 MW

- 25 year PPA with Energie du Mali
- Capex: EUR 52 million



Status

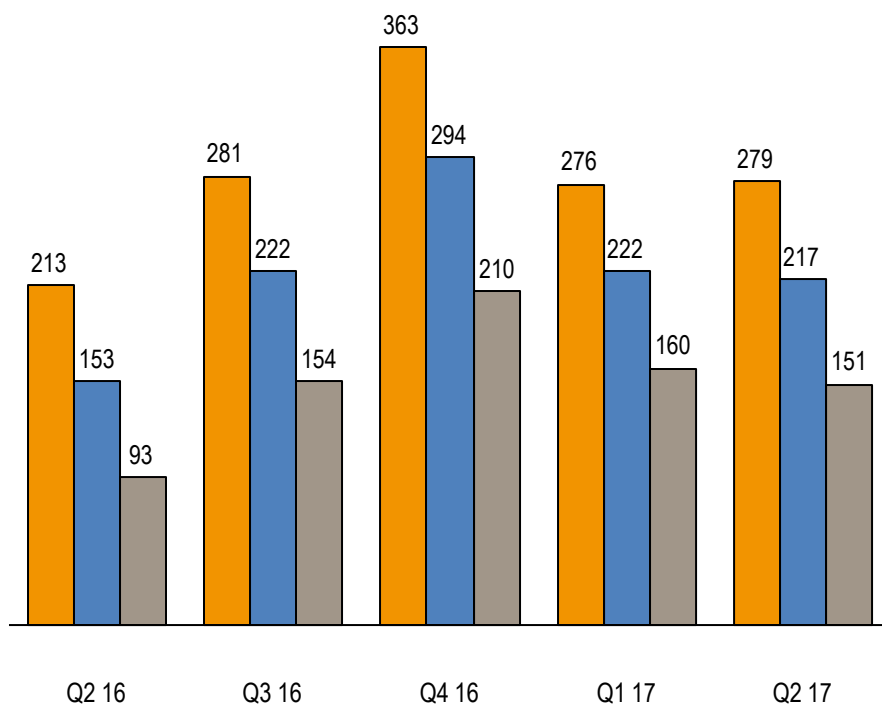
- Board approval obtained for IFC project finance and for Partial Risk Guarantee from the World Bank
- Awaiting final board approval by AfDB

Financial review

Consolidated & proportionate financials

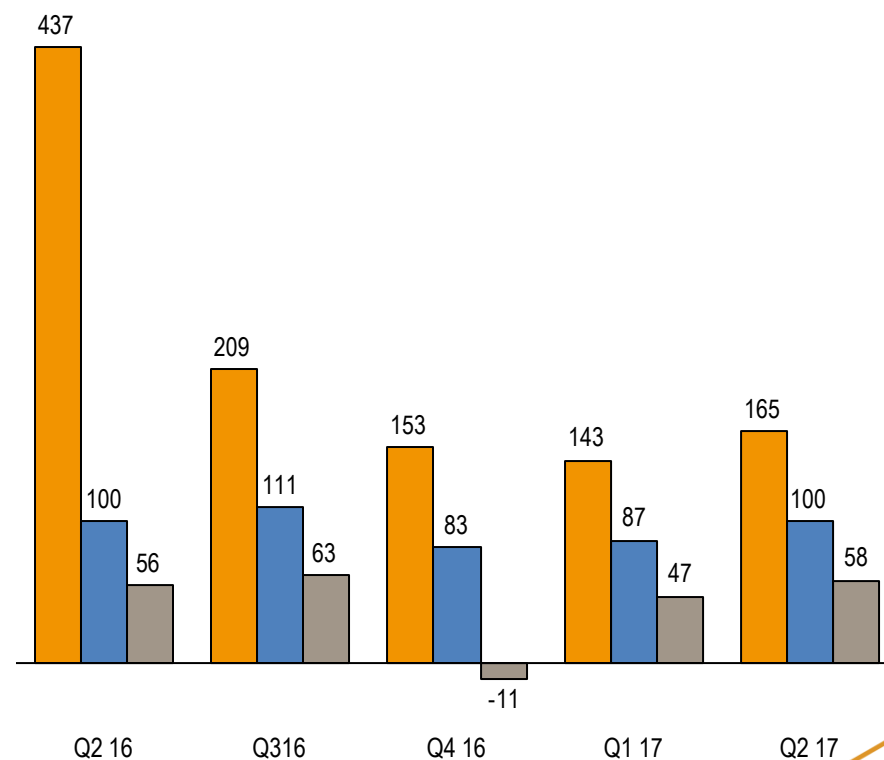
Consolidated financials (NOK million)

Revenues EBITDA EBIT



SSO proportionate financials (NOK million)

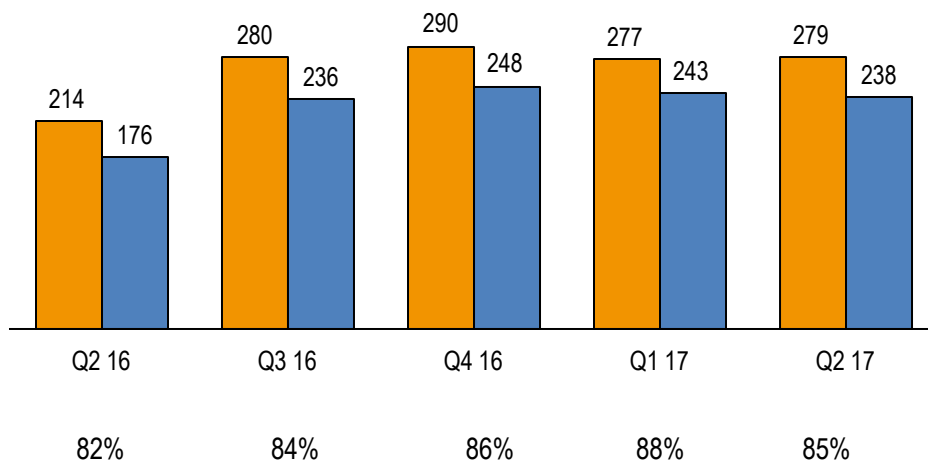
Revenues EBITDA EBIT



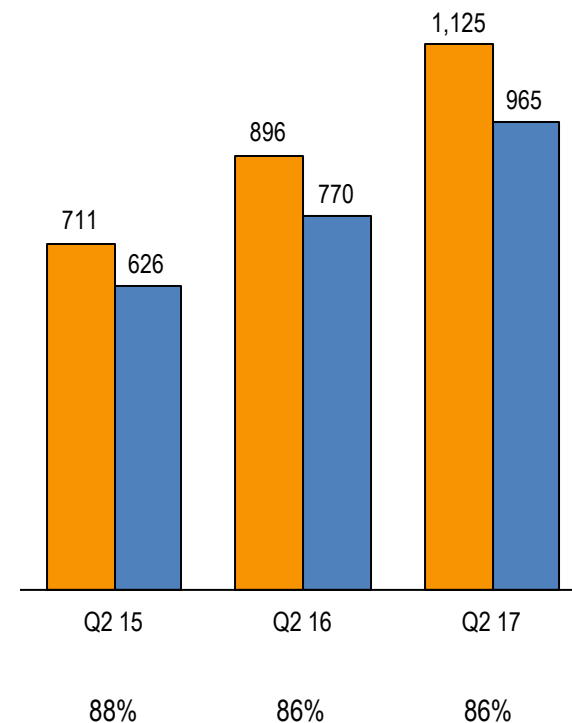
Stable revenues and EBITDA

Quarterly (NOKm)

Revenues EBITDA



Last twelve months (NOKm)

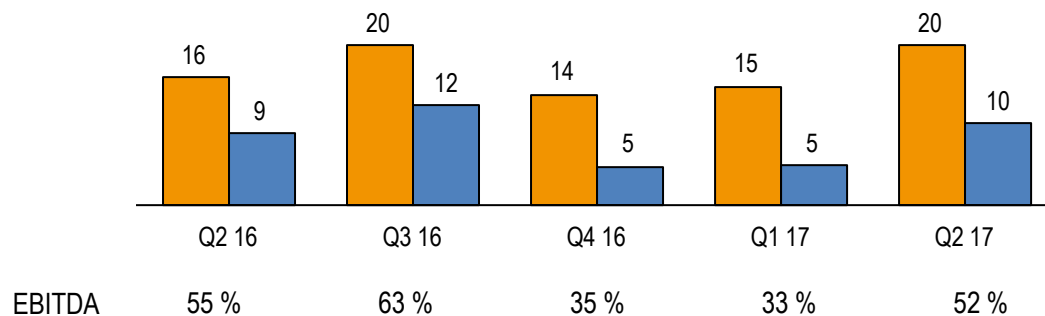


- The year on year increase in revenues is explained by higher solar irradiation, additional revenues from the new plants in Jordan and a strengthening of ZAR/NOK of 17%

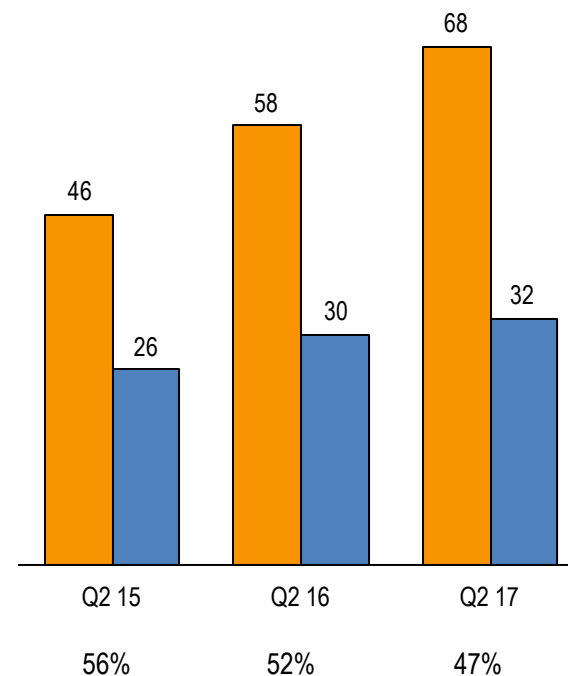
Growth in revenues and EBITDA

Quarterly (NOKm)

Revenues EBITDA



Last twelve months (NOKm)

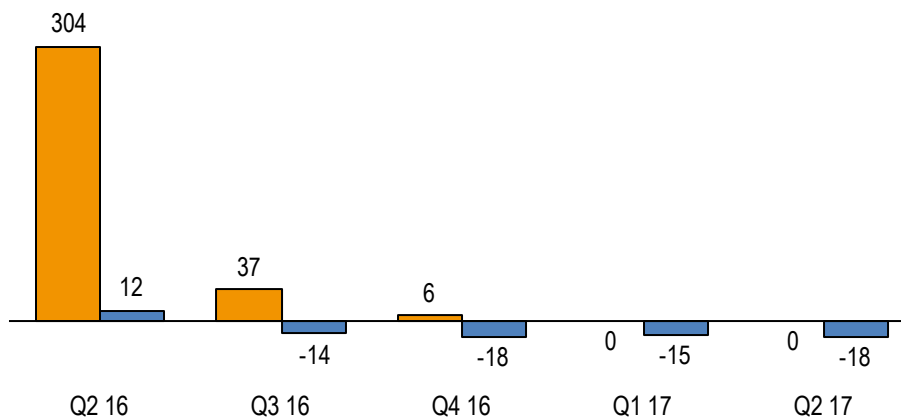


- The year on year increase in revenues and EBITDA is due to additional O&M revenues from Jordan and higher O&M bonus in South Africa

Preparing execution of projects in backlog

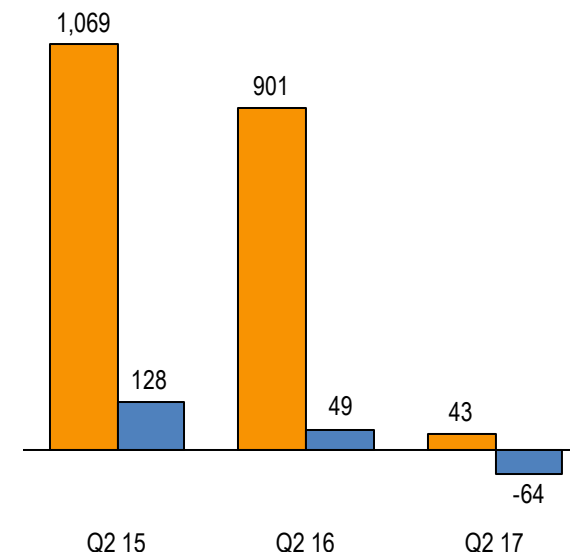
Quarterly (NOKm)

Revenues EBITDA



Gross Margin	9%	-	99%	-	-
EBITDA	4%	-38%	-273%	-	-

Last twelve months (NOKm)



Gross Margin	20%	13%	14%
EBITDA	12%	5%	-149%

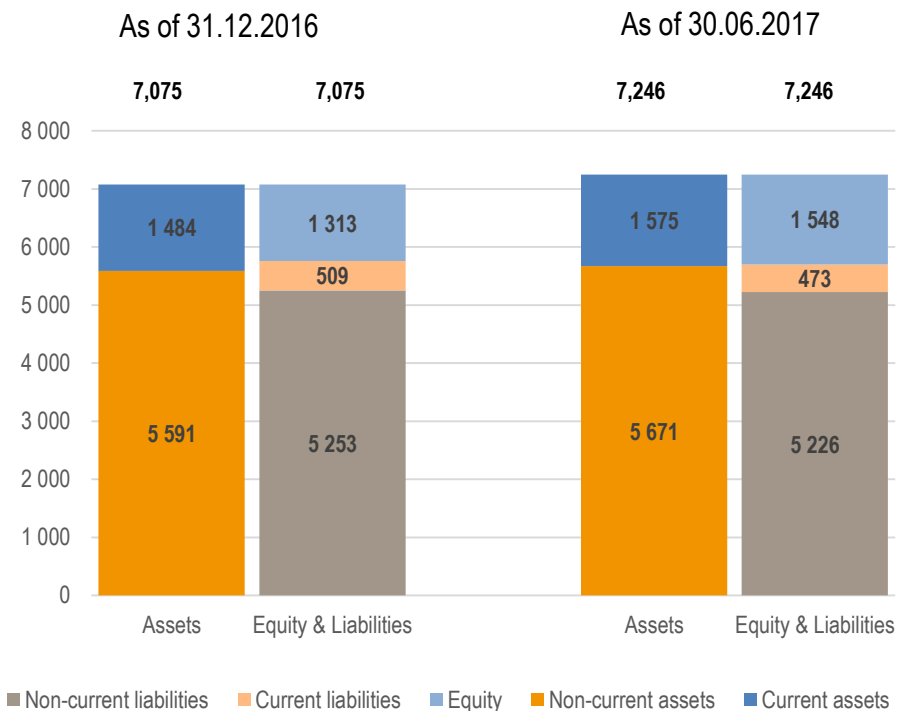
- Project backlog's D&C contract value represents NOK ~11,000 million

Solid financial position – NOK 427 million free cash

- Cash position of NOK 1,309 million of which NOK 766 million in project companies
- New guarantee facilities supporting execution of backlog with Nordea and GIEK as well as ABN Amro and Swedbank as new members in the consortium

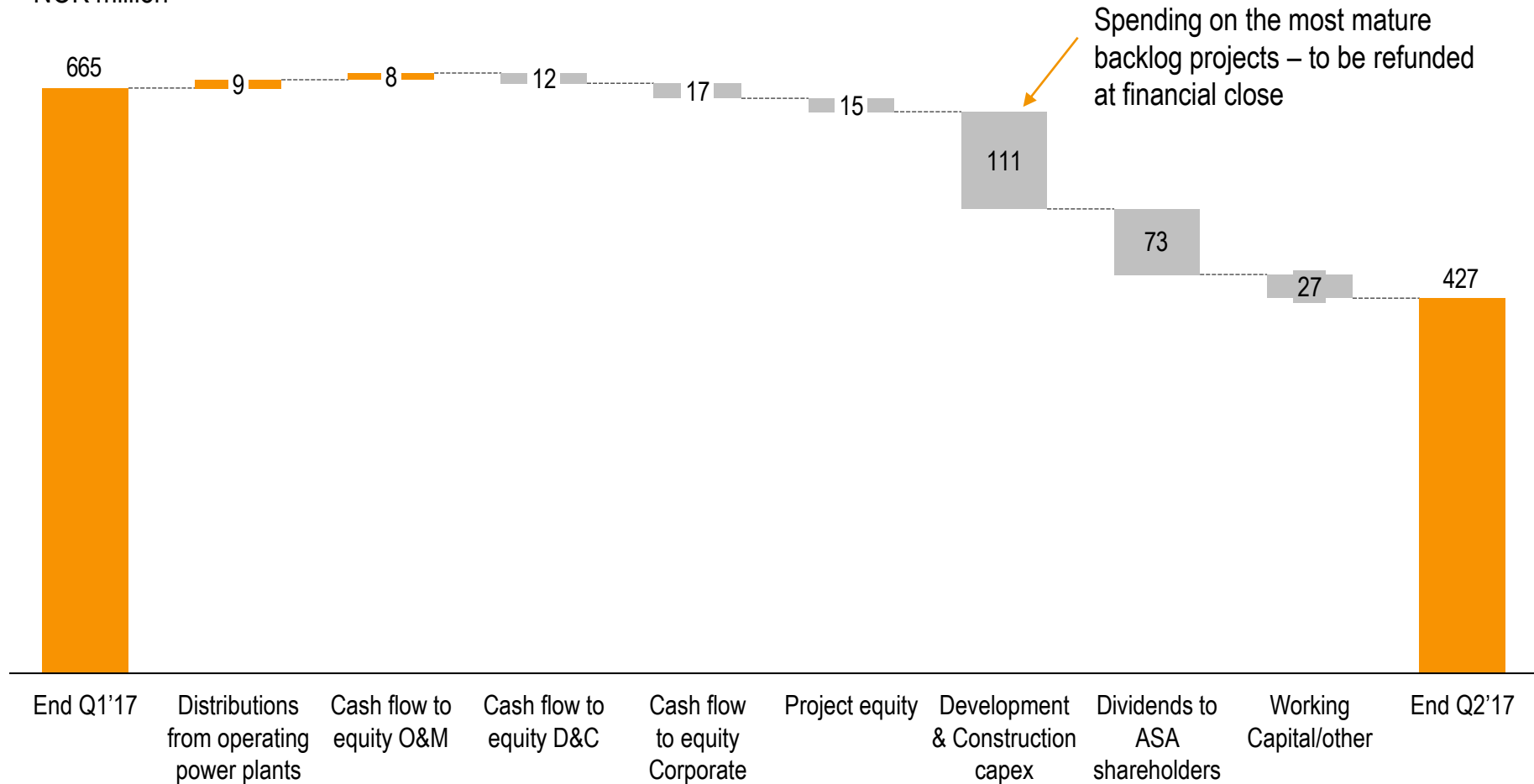
NOKm	Consolidated	SSO prop. share	Group level**
Cash	1,309	910	427
Interest bearing liabilities*	-5,022	-2,691	-497
Net debt	-3,713	-1,781	-70

Financial position (NOKm)



Movement of free cash at group level

NOK million



Outlook

Fully funded for investments in project backlog

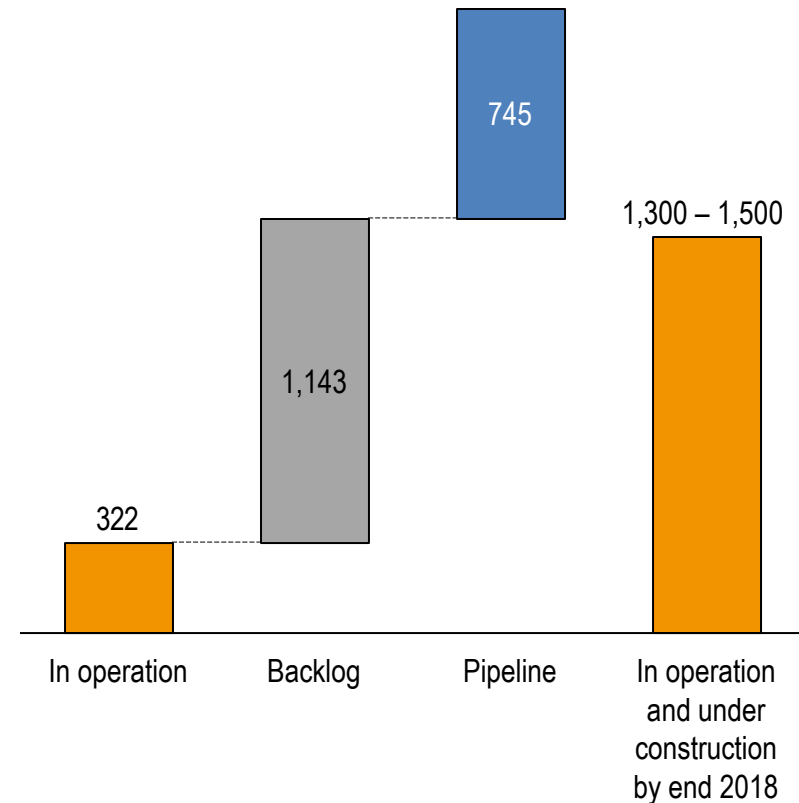
		In operation	Backlog	Total
Capacity	MW	322	1,143	1,465
Annual Production	GWh	~640	~2,352	~2,992
Annual Revenues	MNOK	~1,100	~1,750	~2,850
Total Capex	MNOK	5,487*	~13,000	~18,487
Total Equity	MNOK	1,781*	~2,800	~4,581

- Scatec Solar's share of equity investments NOK 1,700 – 2,000 million in project backlog
 - SSO targets average equity IRR of 15% nominal after tax on these investments
- Free cash position of NOK 427 million
- Project backlog's D&C contract value representing NOK ~11,000 million
 - Scatec Solar targets 15% gross margin from Development & Construction

Summary

- Technology innovation and cost reductions make solar the lowest cost source of electricity
- Emerging economies are taking advantage of renewables – low cost, clean and rapidly deployed
- Scatec Solar is set to grow and strengthen its position as an emerging market focused IPP
- Partnerships and new business models are being explored for additional growth opportunities

Growth target (MWs)



Thank you

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Working together



Consolidated profit & loss

<i>(NOK million)</i>	Q2 17	Q1 17	Q2 16	YTD 17	YTD 16
Total revenues	278.9	276.3	213.4	555.1	441.2
OPEX	-61.8	-54.0	-60.8	-115.8	-123.5
EBITDA	217.0	222.3	152.6	439.3	317.7
Depreciation, amortization and impairment	-66.0	-62.0	-59.6	-127.9	-118.2
Operating profit	151.1	160.3	93.0	311.4	199.5
Interest, other financial income	16.6	13.2	15.8	29.8	27.9
Interest, other financial expenses	-130.4	-127.4	-119.3	-257.8	-238.0
Foreign exchange gain/(loss)	-37.9	-8.3	16.5	46.3	-18.0
Net financial expenses	-151.7	-122.5	-87.0	-274.3	-228.1
Profit before income tax	-0.1	37.8	6.0	37.1	-28.6
Income tax (expense)/benefit	2.2	-6.7	-0.5	-4.6	11.2
Profit/(loss) for the period	1.5	31.0	5.5	32.5	-17.5
Profit/(loss) attributable to:					
Equity holders of the parent	-12.7	3.6	4.6	-9.0	-41.6
Non-controlling interests	14.1	27.4	0.9	41.6	24.1
Basic and diluted EPS (NOK)	-0.12	0.04	0.05	-0.09	-0.44

Consolidated cash flow statement

<i>(NOK million)</i>	Q2 17	Q1 17	Q2 16	YTD 17	YTD 16
Net cash flow from operations	215.3	262.0	311.7	477.3	321.1
Net cash flow from investments	-101.7	-44.0	-317.5	-145.7	-726.9
Net cash flow from financing	-360.5	197.9	-309.8	-162.5	-283.1
Net increase/(decrease) in cash and cash equivalents	-246.9	415.9	-315.6	169.1	-688.9
Effect of exchange rate changes on cash and cash equivalents	-6.8	9.3	6.6	2.5	-41.9
Cash and cash equivalents at beginning of the period	1,562.5	1,137.2	1,217.2	1,137.2	1,639.0
Cash and cash equivalents at end of the period	1,308.8	1,562.5	908.2	1,308.8	908.2

Segment results – Q2'17

<i>(NOK million)</i>	Power Production	Operation & Maintenance	Development & Construction	Corporate	Eliminations	Total
External revenues	279.0	-	-	-	-	279.0
Internal revenues	-	19.7	0.1	2.7	-22.5	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-
Net income / (loss) from associates	-	-	-0.1	-	-	-0.1
Total revenues and other income	279.0	19.7	-0.1	2.7	-22.5	278.9
Cost of sales	-	-	-	-	-	-
Gross profit	279.0	19.7	-0.1	2.7	-22.5	278.9
Operating expenses	-40.9	-9.5	-17.5	-16.4	22.5	-61.8
EBITDA	238.1	10.2	-17.5	-13.7	-	217.0
Depreciation, amortisation and impairment	-82.7	-0.3	-0.6	-0.3	17.9	-66.0
Operating profit (EBIT)	155.3	9.9	-18.1	-14.1	17.9	151.1

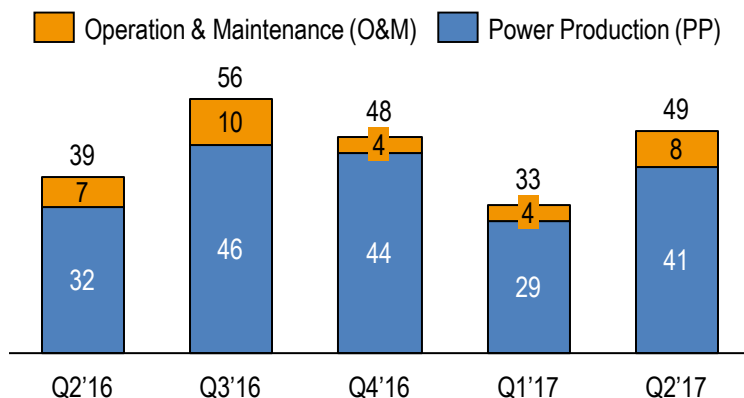
Proportionate financials

Second quarter 2017 (NOK million)	Power Production 100% basis	Power Production SSO share*	Operation & Maintenance	Development & Construction	Corporate	Total
Revenues	279.0	142.8	19.7	-0.1	2.7	165.1
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 , amort. 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

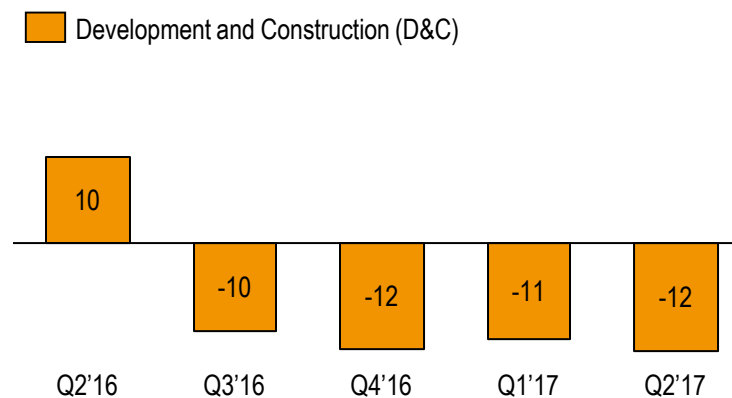
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Revenues	213.9	115.9	15.8	303.5	2.0	437.3
Gross Profit	213.9	115.9	15.8	28.4	2.0	162.2
Operating expenses	-37.6	-21.7	-7.0	-16.6	-16.9	-62.3
EBITDA	176.3	94.2	8.8	11.8	-14.9	99.9
Depreciation , amort. and impairment	-69.7	-39.2	-0.6	-4.5	-0.2	-44.4
Operating profit (EBIT)	106.6	55.1	8.2	7.3	-15.0	55.5

Cash flow to Scatec Solar's equity

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



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



- Calculation of SSO's share of cash flow to equity based on proportionate method:

Q2'17 - NOKm	Power Production	O&M	D&C	Corporate	Total
Revenues	142.8	19.7	-0.1	2.7	165.1
EBITDA	120.7	10.2	-17.5	-13.8	99.7
Net interest & loan repayments	-73.7	-	1.2	-8.3	-80.8
Tax	-5.8	-2.4	4.0	5.4	1.2
SSO share of CF to equity*:	41.1	7.8	-12.3	-16.7	19.9

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

Project companies' financials – Q2'17

<i>(NOK million)</i>	Czech Republic	Kalkbult	Linde	Dreunberg	ASYV	Agua Fria	Jordan	Segment overhead	Total segment	SSO prop. share
SSO shareholding	100%	39%	39%	39%	54%	40%	90/50.1%			
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
Net interest expenses	-5.1	-28.7	-12.6	-29.1	-2.9	-9.9	-12.1	0.3	-100.0	-44.8
Normalised loan repayments	-5.6	-8.8	-7.9	-14.8	-3.3	-12.3	-7.1	-	-59.8	-28.9
Cash flow to equity*	21.6	24.1	3.3	1.6	0.4	0.7	21.3	-4.5	68.4	41.1

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

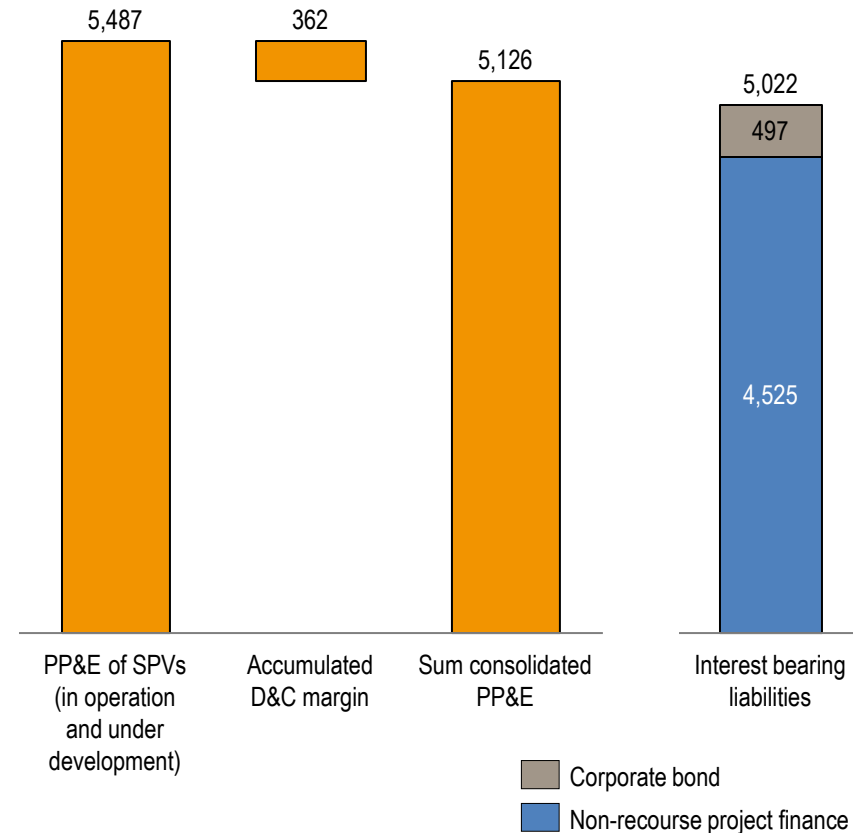
Eliminated D&C margins affect book equity

Build up of PP&E as per 30.06.2017 (NOKm)

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

Leads to:

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



Project pipeline status

Project	Capacity	Status
South Africa	430 MW	SSO bid the projects in November 2015. Award of preferred bidder status expected after closing of the round 4 Uppington projects
Pakistan	150 MW	All required development steps completed. Received grid study approval and is applying for a “costs plus tariff”
Nigeria	100 MW	Signed Joint Development Agreement with Norfund and Africa50 in November 2016.
Kenya	48 MW	Re-initialed PPA with local utility Kenya Power and Lighting Company (KPLC) in June 2017.
Burkina Faso	17 MW	Concession agreement to be signed with Ministry of Energy. Awaiting final sign-off from Ministry of Finance before PPA can be signed.
Total	745 MW	