Second quarter

2018

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 1,000 MW.

The company is producing electricity from 322 MW of solar power plants and holds another 1,092 MW under construction. With an established global presence, the company is growing briskly with a significant project backlog and pipeline under development in the Americas, Africa, Asia and the Middle East. Scatec Solar is headquartered in Oslo, Norway.

Asset portfolio [1)]

	CAPACITY MW	ECONOMIC INTEREST [2)]
In operation		
Czech Republic	20	100%
South Africa	190	39%
Rwanda	9	54%
Honduras	60	40%
Jordan	43	59%
Total	**322**	**46%**
Under construction		
Malaysia	197	68%
Honduras (phase I)	35	70%
Mozambique	40	52%
Egypt	400	51%
South Africa	258	46%
Brazil	162	44%
Total	**1,092**	**52%**
Projects in backlog		
Malaysia	40	100%
Honduras (phase II)	18	70%
Ukraine	130	70%
Argentina	117	50%
Mali	33	51%
Total	**338**	**65%**
Grand total	**1,752**	**54%**
Projects in pipeline	**4,188**	

Solar power plants in operation: 322 MW   Plants under construction: 1,092 MW   Projects in backlog: 388 MW

Segment overview

Power Production
The plants produce electricity for sale under 20-25 year fixed priced, normally with inflation adjustments, power purchase agreements or feed-in tariff schemes. The segment also comprise asset management services provided to solar power plants controlled by Scatec Solar.

Operation & Maintenance
The Operation & Maintenance segment comprises services provided to solar power plants controlled by Scatec Solar. Revenues are generated on the basis of fixed service fees with additional profit-sharing arrangements.

Development & Construction
The Development & Construction segment derives its revenues from the sale of development rights and construction services delivered to power plant companies controlled by Scatec Solar.

Corporate
Corporate consists of activities of corporate services, management and group finance.

1) Per reporting date.

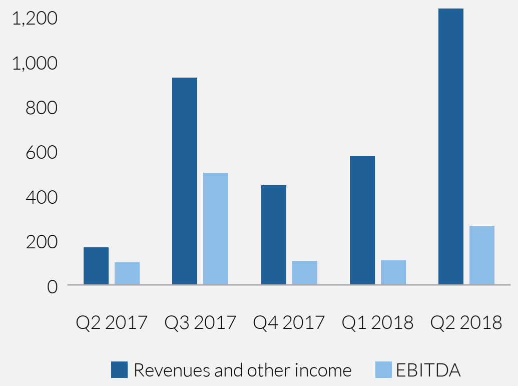
2) Scatec Solars share of the total estimated economic return from its subsidiaries. For projects in development and construction the economic interest may be subject to change from the development of the financial model.

Q2'18 Highlights

- Q2'18 proportionate revenues of NOK 1,229 million and EBITDA of NOK 266 million
- D&C revenues at NOK 1,045 million and EBITDA of NOK 140 million – reflecting a significant increase in construction activities
- Secured 117 MW in Argentina and 130 MW in Ukraine – total backlog and pipeline reached 4.5 GW
- Targeting 3.5 GW in operation or under construction by end of 2021
- Gross NOK 600 million of equity raised through a private placement

Proportionate revenues and EBITDA

NOK MILLION



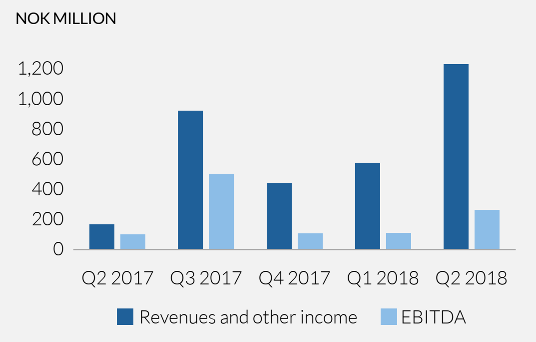
Key figures

NOK MILLION	Q2 2018	Q1 2018	Q2 2017	YTD 2018	YTD 2017
PROPORTIONATE FINANCIALS [1]					
Revenues and other income	**1,229**	572	167	**1,801**	311
Power Production	*150*	*137*	*145*	*287*	*272*
Operation & Maintenance	*30*	*14*	*20*	*44*	*34*
Development & Construction	*1,045*	*417*	*-*	*1,462*	*-*
Corporate	*4*	*4*	*3*	*8*	*6*
EBITDA	**266**	109	100	**375**	187
Power Production	*121*	*106*	*121*	*227*	*229*
Operation & Maintenance	*19*	*2*	*10*	*21*	*15*
Development & Construction	*140*	*15*	*-18*	*156*	*-33*
Corporate	*-14*	*-14*	*-14*	*-28*	*-24*
Operating profit (EBIT)	**226**	71	58	**297**	105
Profit/(loss)	**81**	-	-26	**81**	-34
Net interest bearing debt	**2,512**	2,237	1,781	**2,512**	1,827
Power Production (GWh)	**68**	68	70	**136**	139
SSO proportionate share of cash flow to equity [2]:	**136**	21	20	**157**	27
CONSOLIDATED FINANCIALS [3]					
Revenues and other income	**286**	289	279	**575**	555
EBITDA	**212**	212	217	**425**	439
Earnings per Share	**0.93**	-0.17	-0.12	**0.77**	-0.09
Power Production (GWh)	**144**	157	147	**301**	303

1) See Other definitions appendix for definition.
2) See Alternative Performance Measures appendix for definition.
3) See Note 2 Operating Segments in Condensed interim financial information for reconciliation between proportionate and consolidated financials.

Group – Proportionate financials

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 2018	YTD 2017
Revenues and other income	**1,229**	572	167	1,801	311
Gross profit	**351**	196	167	547	311
Operating expenses	**-85**	-87	-67	-172	-125
EBITDA	**266**	109	100	375	187
EBITDA margin 1)	**22%**	19%	60%	21%	60%
D&A and impairment	**-40**	-38	-42	-78	-82
EBIT	**226**	72	58	297	105
Cash flow to equity 1)	**136**	21	20	157	27



The proportionate revenues and gross profit increase compared to previous quarter and the same quarter last year is explained by a significant increase in Development & Construction activities. Revenues and profitability in the other business segments remain fairly stable.

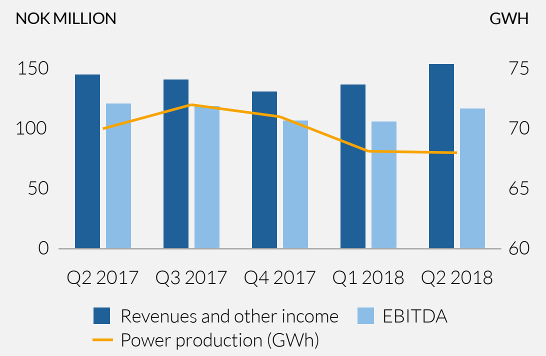
Operating expenses increased in the second quarter and first half year following more focus on early phase project development activities (non-capitalised) as well as somewhat higher overhead cost in the Power Production segment.

Construction progress on the projects in Honduras, Malaysia, Brazil, Mozambique, Egypt and South Africa contribute with NOK 140 million to a total EBITDA of NOK 266 million for the quarter. The EBITDA margin is stable compared to last quarter, but reduced from second quarter 2017 due to significantly higher share of Development and Construction revenues.

1) See Alternative Performance Measures appendix for definition.

Power Production

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 2018	YTD 2017
Revenues and other income	**150**	137	145	286	272
Operating expenses	**-29**	-31	-24	-60	-43
EBITDA	**121**	106	121	227	228
EBITDA margin 1)	**81%**	77%	83%	79%	84%
D&A and impairment	**-39**	-36	-41	-75	-79
EBIT	**82**	70	80	152	149
Cash flow to equity 1)	**36**	26	41	62	70



1) See Alternative Performance Measures appendix for definition.

Power production reached 68 GWh in the quarter compared to 70 GWh in the same period last year, in line with expected seasonal variability.

The revenue increase from earlier quarters is primarily explained by revenues from management services rendered to new plants under construction, where Scatec Solar provides a full range of services including statutory compliance, accounting, financial and operational reporting and contract management.

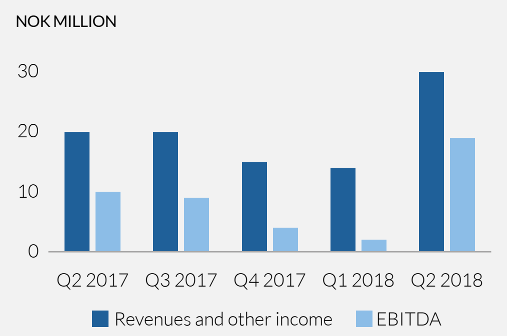
The EBITDA for the quarter is affected by a catch-up of NOK 4 million related to previously unrecorded O&M fees for two of the plants in Jordan.

The EBITDA margins for the quarter and half year are reduced compared previous periods as the portfolio of power plants that Scatec Solar is providing asset management services to is increasing.

As asset management services yields relatively lower margin than power production, the EBITDA margins for the quarter and half year are reduced compared to previous periods as the portfolio of power plants that Scatec Solar is providing asset management services to is increasing.

Operation & Maintenance

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 2018	YTD 2017
Revenues and other income	**30**	14	19	44	34
Operating expenses	**-11**	-13	-10	-23	-19
EBITDA	**19**	2	10	21	15
EBITDA margin [1]	**63%**	13%	52%	47%	44%
D&A and impairment	-	-	-	-1	-1
EBIT	**19**	2	10	20	15
Cash flow to equity [1]	**15**	1	8	16	12



Revenues in the second quarter are significantly higher than the previous quarters due to a catch-up of NOK 8 million related to previously unrecorded revenues in the period from October 2016 to March 2018 for two of the plants in Jordan. Furthermore, favourable weather conditions resulted in high performance bonuses for the portfolio of plants in South Africa. Lastly, preparations for O&M operations in Malaysia commenced in the quarter and added to the revenue growth.

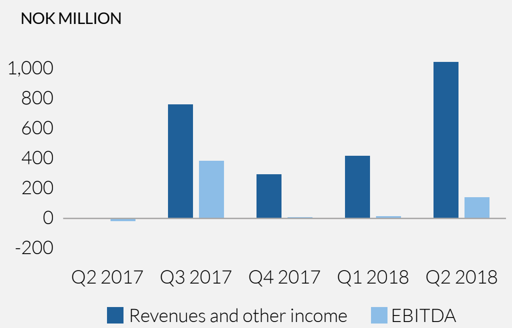
Operating expenses mainly constitute fixed expenses and recurring maintenance activities according to a maintenance schedule.

The revenue and profitability growth in the first half year is explained by the second quarter developments referred to above, partly offset by non-recurring costs incurred in the first quarter.

1) See Alternative Performance Measures appendix for definition.

Development & Construction

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 2018	YTD 2017
Revenues and other income	**1,045**	417	-	1,462	-
Gross profit	**167**	42	-	208	-
Operating expenses	**-27**	-26	-18	-53	-33
EBITDA	**140**	15	-18	156	-33
EBITDA margin [1]	**13%**	4%	N/A	11%	N/A
D&A and impairment	**-1**	-1	-1	-2	-1
EBIT	**139**	15	-18	154	- 34
Cash flow to equity [1]	**108**	12	-12	120	-24



1) See Alternative Performance Measures appendix for definition.
2) Figures in brackets refer to same quarter previous years.

The D&C revenues in the quarter were generated by the projects in Honduras, Malaysia, Brazil, Mozambique, Egypt and South Africa. Accumulated progress across the six construction projects was 21% at the end of second quarter.

The construction projects are progressing as scheduled with expected start of production in second half of the year for the Quantum projects in Malaysia, Apodi in Brazil and Los Prados in Honduras.

In April 2018, Scatec Solar and partners achieved financial close for three solar power plants in Upington, South Africa (258 MW). At financial close all project rights were transferred to the power plant companies which will own the plants and the corresponding Development revenues were recorded in the second quarter.

The 15.9% gross margin for the quarter is explained by the current mix of projects under construction and development and will vary from quarter to quarter.

Operating expenses comprised of approximately NOK 18 million (8) [2] for early stage development of new projects and NOK 8 million (9) related to construction.

The first half year financial performance improved significantly compared to 2017 due to the activities described above.

Corporate

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 2018	YTD 2017
Revenues and other income	**4**	4	3	8	6
Operating expenses	**-18**	-18	-16	-36	-30
EBITDA	**-14**	-14	-14	-28	-24
D&A and impairment	**-**	-	-	-1	-1
EBIT	**-14**	-14	-14	-29	-25
Cash flow to equity [1)]	**-23**	-19	-17	-42	-32

1) See Alternative Performance Measures appendix for definition.

Revenues in the corporate segment refers to management fees charged to the other operating segments for corporate services rendered and remains fairly stable from quarter to quarter. Operating expenses were stable for the first half year and the increase compared to 2017 reflects the strengthened corporate functions over the recent quarters. These functions include management and corporate services such as finance, legal, HR, IT, communications and sustainability.

Outlook

Scatec Solar's announced targets for capacity growth and financial performance at the Capital Markets Update held 30 May 2018. The targets are summarized in the table below:

	1.5 GW IN OPERATION OR UNDER CONSTRUCTION BY END 2018	3.5 GW IN OPERATION OR UNDER CONSTRUCTION BY END 2021
Added capacity from current 322 MW	1.2 GW	2.2 GW
Post tax equity IRR	15%	15%
Development & Construction gross margin	15%	12-15%
Annual cash flow to equity from Power Production / O&M	NOK 430-480 million	NOK 750-850 million
Scatec Solar share of equity investments	NOK 1,850 million	NOK 2,000 – 2,500 million
Scatec Solar D&C net contribution	NOK 950 – 1,050 million	NOK 1,000 – 1,500 million

Guidance

Power production

In Q3 2018 proportionate power production is expected to reach 72 GWh (155 GWh on 100% basis) compared to 68 GWh (144 GWh on 100% basis) in Q2 2018 and 72 GWh (157 GWh on 100% basis) in Q3 2017.

Operation & Maintenance

2018 Operation & Maintenance revenues from plants in operation are expected to reach NOK 70-80 million with an EBITDA margin of 40 – 45%.

Development & Construction

Development & Construction revenues and margins are dependent on timing of commencement and progress on development and construction of projects.

Projects with a total capacity of 1,092 MW under construction represent awarded D&C contract with a value of about NOK 8.5 billion. Based on current plans, about 50% of the D&C contract value is expected to be recognised as revenues in 2018.

Corporate

Corporate costs are expected to remain at current levels as the corporate functions have been strengthened over the recent quarters.

Consolidated statement of profit and loss

Profit and loss

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 18	YTD 17
Revenues	**286**	289	279	575	555
EBITDA	**212**	212	217	425	439
Operating profit (EBIT)	**150**	150	151	300	311
Profit before income tax	**152**	16	-1	169	37
Profit/(loss) for the period	**102**	12	1	114	32
Profit/(loss) to Scatec Solar	**117**	-18	-13	99	-9
Profit/(loss) to non-controlling interests	**-15**	30	14	15	41

Revenues

Revenues from power sales are down 2.1% compared to same quarter last year, producing power from the same asset base. This is the net impact following higher production in South Africa and Czech offset by lower production in Jordan and Rwanda as well as the weakening of the USD to NOK.

Revenues also include increased earnings, NOK 13 million (0), from joint ventures mainly related to the equity consolidated investments in Brazil.

Operating profit

Profitability remains stable compared to first quarter 2018. The company has in recent quarters invested significantly in both early stage development activities and also strengthening of the organisation to facilitate the increased activity following the portfolio of construction projects commencing. This explains the growth in operating expenses compared to last year.

Consolidated operating expenses amounted to NOK 74 million (62) in the second quarter. This comprised approximately NOK 32 million (31) for operation of existing power plants, NOK 18 million (8) for early stage development of new projects, NOK 8 million (9) related to construction and NOK 15 million (14) of corporate expenses (excluding eliminated intersegment charges).

Net financial items

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 18	YTD 17
Financial income	**130**	16	17	146	30
Financial expenses	**-130**	-125	-130	-255	-258
Foreign exchange gains/(loss)	**1**	-24	-38	-22	-46
Net financial items	2	-133	-152	-131	-274

During the second quarter 2018, forward exchange contracts (FEC) were set up in order to eliminate currency exchange risk in the Upington projects in South Africa. The gain following the mark-to-market revaluation of open USD and EUR FECs amounts to NOK 124 million (0). The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

Financial expenses mainly consist of interest expenses on non-recourse financing, NOK 107 million (113), and corporate funding, NOK 17 million (10). The interest expenses are in line with the trend from 2017. In the fourth quarter 2017 the company recorded a one-off expense of NOK 27 million related to the refinancing of the senior unsecured bond. See note 6 for further information on the bond.

Profit before tax and net profit

The effective tax rate was 33% in the second quarter. The underlying tax rates in the companies in operation are in the range of 0%-33%. In some markets, Scatec Solar receives special tax incentives intended to promote investments in renewable energy. The average effective tax rate fluctuates from quarter to quarter mainly based on construction progress. For further details, refer to note 7.

Non-controlling interests (NCI) represent financial investors in solar power plants. The allocation of profits between NCI and Scatec Solar is impacted by the fact that NCI only have shareholdings in solar power plants, while Scatec Solar also carries the cost of project development, construction, operation & maintenance and corporate functions.

For the first half year power production revenues remained stable at NOK 556 million (556) while revenues from the equity consolidated investments in Brazil explained the increase from second quarter 2017. Operating expenses increased to NOK 151 million (116) while net profit increased to NOK 102 million (32) mainly driven by financial items as explained above.

Consolidated statement of financial position

Assets

NOK MILLION	Q2'18	Q1'18
Property, plant and equipment	6,954	5,618
Other non-current assets	1,161	961
Total non-current assets	8,115	6,580
Other current assets	745	797
Cash and cash equivalents	2,429	2,863
Total current assets	3,175	3,661
Total assets	11,289	10,240

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.

The 23% net increase of non-current assets is mainly driven by the construction activities in Mozambique, Honduras, Malaysia, Brazil and Egypt. This is partly offset by depreciation of the operating power plants.

Current assets are reduced 13% compared to fourth quarter 2017 mainly driven by reduced net cash balance following cash outflows to cover capital expenditures in the power plant companies under construction partly offset by the NOK 600 million private placement that took place in June. See note 6 for a detailed breakdown of cash balances and as well as the cash bridge.

Equity and liabilities

NOK MILLION	Q2'18	Q1'18
Equity	2,303	1,887
Non-current non-recourse project financing	5,930	6,164
Other non-current liabilities	1,559	1,254
Total non-current liabilities	7,489	7,418
Current non-recourse project financing	341	317
Other current liabilities	1,155	619
Total Current liabilities	1,496	935
Total liabilities	8,986	8,353
Total equity and liabilities	11,289	10,240
Book equity ratio	20.4%	18.4%

Total equity increased by NOK 416 million during the first half year. The main drivers being the share capital increase offset by dividend distributions. The increased book equity ratio is mainly driven by the net effect of the above as well as increased current liabilities. The latter is associated with the progress of the construction activities and related supplier credits, mainly for the Quantum projects in Malaysia as well as shareholder loans provided by non-controlling interests in the Egypt project portfolio.

The more relevant equity to capitalisation ratio for the Recourse Group [1)] (excluding the non-recourse financed project entities) as defined in the corporate bond agreement was 79% at the end of the second quarter. See note 6 for more information on the corporate bond agreement.

1) See Alternative Performance Measures appendix for definition.

Consolidated cash flow

Net cash flow from consolidated operating activities amounted to NOK 304 million (215) in the second quarter 2018, compared to the EBITDA of NOK 212 million. The difference is primarily explained by positive changes in working capital, mainly related to power plants under construction.

Net cash flow from consolidated investing activities was NOK -789 million (-102), driven by further investment in plants in Egypt, Honduras, Malaysia, Mozambique, Brazil, South Africa as well as development of project pipeline and backlog.

Net cash flow from financing activities was NOK 412 million (-361), impacted by the share capital increase of NOK 590 million (net), proceeds from non-recourse financing of NOK 179 million (0) partly offset by interest and down payments on non-recourse financing of NOK -338 million (-287) as well as dividends paid to non-controlling interests of NOK 42 million.

The cash flow for the first half year is mainly impacted by the factors discussed above.

Refer to note 6 for a detailed cash overview.

Proportionate cash flow to equity

"Scatec Solar's proportionate share of cash flow to equity" 1), is an alternative performance 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.

NOK MILLION	Q2'18	Q1'18	Q2'17	YTD 18	YTD 17
Power Production	**36**	26	41	62	70
Operation & Maintenance	**15**	1	8	16	12
Development & Construction	**108**	12	-12	121	-24
Corporate	**-23**	-19	-17	-42	-32
Total	**136**	21	20	157	27

The reduced cash flow to equity in the power production segment is primarily explained by increased debt repayments for 2018 in line with the agreed repayment schedule on the non-recourse financing loans. The increase in the O&M and D&C segments reflects the increased EBTIDA compared to previous quarters.

1) See Alternative Performance Measures appendix for definition.

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 operates in several regions of the world with complex risk environments. This primarily relates to polit¬ical, compliance, integrity and security risk. The Company mitigates these risks through comprehensive due diligence processes whereby country risk, permits, project agree¬ments, partners, execution plans, security and all other relevant aspects of the project are carefully assessed. These assessments are done in close cooperation with a number of advisors including global risk and security consultancies.

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 2017 Annual Report.

Related parties

Note 27 in the annual report for 2017 provides details of transactions with related parties and the nature of these transactions. For details on second quarter 2018 related party transactions see note 9 of this interim report.

Forward looking statements

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.

Project overview

PROJECT STAGE (MW)	Q2'18 CAPACITY (MW) [1]	Q1'18 CAPACITY (MW) [1]
In operation	322	322
Under construction	1,092	434
Project backlog	338	749
Project pipeline	4,188	3,620

1) Status per reporting date.

Projects under construction and 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.

LOCATION	CAPACITY (MW)	CURRENCY [1]	CAPEX (100%, MILLION)	ANNUAL PRODUCTION (100%, GWH)	DEBT LEVERAGE	SSO ECONOMIC INTEREST
In Operation	322			635		46%
Under construction						
Quantum, Malaysia	197	MYR	1,235	280	80%	68%
Apodi, Brazil	162	BRL	680	300	65%	44%
Los Prados, Honduras	35	USD	80	70	70%	70%
Mocuba, Mozambique	40	USD	80	75	72%	52%
Aswan, Egypt	400	USD	450	870	75%	51%
Upington, South Africa	258	ZAR	4,760	650	77%	42%
Total Under Construction	1,092	NOK	11,800	2,245		52%
Backlog						
Segou, Mali	33	EUR	52	60	75%	51%
Los Prados II, Honduras	18	USD	20	35	70%	70%
RedSol, Malaysia	40	MYR	200	65	75%	100%
Ukraine	130	EUR	137	165	70%	70%
Guanizuil, Argentina	117	USD	95	310	60%	50%
Total Backlog	338	NOK	3,100	635		65%
Total	1,752		14,900	3,515		54%

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

Total annual revenues from the 1,752 MW in operation, under construction and in backlog is expected to reach NOK 3,100 million based on 20-25-year Power Purchase Agreements (PPAs).

Scatec Solar will build, own and operate all power plants in the project backlog and pipeline. Scatec Solar's share of equity in the projects under construction and in backlog represents NOK 2,250 million of which NOK 950 million remains to be invested at the end of second quarter 2018. D&C after tax cash flow from projects under construction and in backlog is estimated to NOK 1,100 – 1,300 million. Scatec Solar's cash position at the end of second quarter 2018 was NOK 1,005 million.

Under construction

Quantum Malaysia, 197 MW
In December 2016 Scatec Solar partnered with a local ITRAMAS-led consortium that had signed three 21-year PPAs with the country's largest electricity utility, Tenaga Nasional Berhad (TNB).

Financial close and construction start was in October 2017. Project debt financing was raised through an Islamic Green Bond of MYR 1,000 million.

Commercial operation is expected during the second half of 2018.

Apodi, Brazil, 162 MW
In December 2016 Scatec Solar secured a 162 MW solar in the state of Ceará in Brazil.

The project was bid and won by Kroma Ltda in the auction process held by ANEEL and signed a 20-year PPAs with CCEE, the Brazilian Power Commercialization Chamber.

In September 2017 Scatec Solar entered into a partnership Equinor establishing a 50/50 joint venture to build, own and operate large scale solar plants in Brazil.

Financing of the Apodi project has been secured through project financing from Banco Nordeste (BNB) with 65% debt leverage.

Commercial operation is expected in the fourth quarter 2018.

Los Prados, Honduras, 35 MW
In October 2015 Scatec Solar and Norfund acquired the Los Prados project holding a 20-year PPA with Empresa Nacional de Energía Eléctrica (ENEE), the state-owned utility.

In July 2017 construction activities was initiated but the project experienced civil unrest in conjunction with construction start up. Project financing is expected to be established after grid connection for the project.

In the first quarter 2018, Scatec Solar continued construction work in close cooperation with Honduran authorities and grid connection is expected in the fourth quarter 2018.

At the end of second quarter the expected cash cost to complete the project is estimated to USD 22 million (of a total capex of USD 80 million).

Mocuba, 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.

Scatec Solar and partners reached financial close in March 2018 with debt financing from 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).

Construction activities have started, and the plant is planned to be grid connected in the first quarter 2019.

Aswan, 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 the Ben Ban area near Aswan in Upper Egypt. 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 is partnering with local developers, KLP Norfund Investments and Africa50 for equity investments in the projects.

European Bank for Reconstruction and Development (EBRD) is leading a consortium of banks providing total debt of USD 335 million.

Construction started in the second quarter 2018 and grid connection is expected during second half of 2019.

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 REIPPP (Renewable Energy Independent Power Producer Programme) in South Africa.

Scatec Solar will build, own and operate the solar power plants with a 42% shareholding. Norfund will hold 18%, the surrounding Community of Upington 5% and a South African Black investor will hold the remaining 35% of the equity.

Financial close for the projects was reached in April 2018. A consortium of commercial banks and DFIs with Standard Bank in the lead are providing non-recourse project finance to the project.

Some minor construction activities have started while the majority of the construction activities will start in the third quarter 2018 with grid connection expected towards the end of 2019.

Backlog

Segou, 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 plant with a 51% shareholding. IFC Infraventures and Power Africa will hold the remaining part of the equity.

The lenders, IFC and the African development Bank, have approved the project finance for the project. Scatec Solar and partners are working to obtain final approvals from the Government of Mali on the project agreements.

Los Prados, Honduras, 18 MW
Refer to above information on the Los Prados project. The 18 MW Phase 2 will be realised after required grid upgrades have been completed.

RedSol, Malaysia, 40 MW
In December 2017, Scatec Solar ASA and partners were awarded a 40 MW PV project in the PSS2 tender held by the Energy Commission in Malaysia.

The power plant, located in the state of Perak in Northwest Malaysia, is expected to deliver 65 GWh of electricity per year with annual revenues of approximately USD 6 million.

Scatec Solar will be the equity investor, turn-key EPC provider and provide operation & maintenance as well as asset management services to the power plant.

Ukraine, 130 MW
In June and July 2018, Scatec Solar signed agreements securing three projects with total capacity of 130 MW in the Cherkassy and Mykolaiv regions of Ukraine.

The projects will be realized under the country's Feed-in-Tariff scheme and the three plants are expected to produce about 136,000 MWh per year. The plants are expected to deliver power also beyond the 10-year Feed-in-tariff period.

Total capex for the projects is estimated to EUR 137 million. The project finance process has been initiated with the European Bank of Reconstruction and Development (EBRD) in lead. Financial close and construction start is expected later in 2018 with commercial operation during 2019.

Scatec Solar will be the lead equity investor in the projects and is targeting to secure additional equity partners for the projects. In the project in the Mykolaiv region, Scatec Solar has partnered with a local developer and IPP, Rengy Development. Scatec Solar will be the Engineering, Procurement and Construction (EPC) provider and provide Operation & Maintenance as well as Asset Management services to all of the power plants.

Guanizuil, Argentina, 117 MW
In June 2018 Scatec Solar together with Equinor signed an agreement with the Portuguese company Martifer Renewables for the acquisition of the 117 MW PV project Guanizuil IIA located in the Province of San Juan in the northwest of Argentina.

The project was awarded a PPA in the RenovAR auction process held by CAMMESA, the Argentinian Wholesale Power Market Administrator, in November 2017.

The project company has a 20-year Power Purchase Agreement (PPAs) with CAMMESA with an average price of approximately 50 USD/MWh and is expected to produce about 308,000 MWh annually. Construction start is expected later in 2018 with the plant to be placed in commercial operation by the end of 2019.

Scatec Solar will on a 50/50 joint venture basis together with Equinor build, own and operate the power plant in San Juan. Total capital expenditure to realise the plant is estimated at USD 95 million and will be funded with 40% equity from Equinor and Scatec Solar (50% each), and 60% from a construction bridge loan provided by Equinor. When the plant is in operation the sponsors plan to secure suitable long-term project financing from a third party.

Pipeline

In addition to projects in backlog Scatec Solar holds a solid pipeline of projects totalling 4,188 MW across four key regions. Projects previously reported as pipeline and opportunities are here defined as pipeline.

LOCATION	CAPACITY (MW)
Latin America	551
Africa	2,070
Europe & Central Asia	795
South East Asia	772
Total pipeline	4,188

Latin America (551 MW)

Scatec Solar's development efforts in Latin America is mainly focused on Brazil (397 MW) and Argentina (50 MW). Scatec Solar is partnering with Equinor in these markets.

Argentina is targeting to further expand its RenovAR program. PPAs have already been awarded to renewable energy projects of more than 4 GW. Over the past 18 months, approximately 1.5 GW of solar projects have been awarded in two consecutive utility scale solar auctions.

Brazil is a well-established market for renewable energy with about 1 GW of solar capacity installed and another 1 GW under construction.

In both markets Scatec Solar is seeking to acquire project rights from previous tender rounds, secure sites for participation in upcoming tenders as well negotiating corporate PPAs.

Africa (2,070 MW)

Scatec Solar holds sites representing 602 MW ready to be bid in the upcoming tender rounds in South Africa. In June 2018 the Department of Energy announced that a new tender ("round 5") under the REIPP program would carried out towards the end 2018, while the previous tender ("round 4c") was terminated.

In addition to South Africa, Scatec Solar is developing a broad pipeline of projects across a number of markets including Egypt (200 MW), Nigeria (100 MW), Kenya (48 MW), Cameroon (25 MW) and in a number of other countries on the continent, in addition to investigating a number of opportunities for corporate PPAs.

Europe and Central Asia (795 MW)

Ukraine, Kazakhstan and Pakistan are key markets for Scatec Solar in Europe and Central Asia.

In Ukraine Scatec Solar is pursuing a number of projects totalling about 300 MW in addition to the 130 MW secured in project backlog. Ukraine is committed to integrate with the EU energy system with ongoing electricity market reforms and aiming to replace nuclear reactors and reduce supply of Russian gas with a target of 11% renewables by 2020.

In Kazakhstan, Scatec Solar is negotiating participation in a project under the current Feed-in tariff and also preparing to participate in upcoming tender rounds later this year.

In Pakistan, the 150 MW project portfolio in Sindh were awarded a "costs plus tariff" of 52.6 USD/MWh in January 2018. Scatec Solar and Nizam Energy has applied for the issuance of the power purchase agreement and the implementation agreement.

South East Asia (772 MW)

Malaysia, Bangladesh and Vietnam are key markets for Scatec Solar in South East Asia. In Malaysia, a new government is now in place after the election and it is expected the new government will maintain the same level of ambition for the renewable energy sector. Scatec Solar continues to prepare for the next tender round as well as pursuing a number of bi-lateral opportunities.

In Bangladesh, the first project developed by Scatec Solar of 60 MW is awaiting final approval by the Prime Minister before moving into final negotiations of tariff. In parallel, Scatec Solar is developing other projects and is in total working on a portfolio of about 310 MW.

In Vietnam, the government is currently discussing a potential extension of the Feed-in tariff on a country-wide or regional basis. Scatec Solar is currently working on a portfolio of 260 MW, with the view to increase this upon the formal confirmation of the Feed-in tariff extension.

Proportionate financials
Break down of power production segment
Key financials

Q2 2018

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	OTHER	TOTAL
Revenues	43	63	3	10	24	6	149
OPEX	-3	-9	-	-2	-6	-7	-29
EBITDA	40	53	2	9	17	-1	121
EBITDA margin	93%	85%	93%	85%	73%	N/A	81%
Net interest expenses [1)]	-5	-29	-2	-3	-7	4	-41
Normalised loan repayments [1)]	-7	-14	-2	-4	-7	-	-34
Normalised income tax payments [1)]	-5	-2	-	-	-	-1	-8
Cash flow to equity	24	7	-1	1	3	2	36
SSO economic interest	100%	39%	54%	40%	60%		
Net production (GWh)	8.9	30.7	1.8	9.6	17.2		68.3

1) See Alternative Performance Measures appendix for definition.

Q2 2017

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	OTHER	TOTAL
Revenues	39	62	4	11	26	1	145
OPEX	-2	-9	-1	-2	-2	-8	-24
EBITDA	37	53	4	9	25	-7	121
EBITDA margin	94%	85%	84%	81%	94%	N/A	83%
Net interest expenses [1)]	-5	-27	-2	-4	-7	-	-45
Normalised loan repayments [1)]	-6	-12	-2	-5	-4	-	-29
Normalised income tax payments [1)]	-4	-2	-	-	-1	1	-6
Cash flow to equity	22	11	-	-	13	-5	41
SSO economic interest	100%	39%	54%	40%	60%		
Net production (GWh)	8.5	30.9	1.9	9.5	19.3		70.1

1) See Alternative Performance Measures appendix for definition.

Financial position and working capital breakdown Proportionate financials

30 JUNE 2018

NOK MILLION	POWER PLANT COMPANIES IN OPERATION					POWER PLANT COMPANIES UNDER CONSTRUCTION						TOTAL PROPOR-TIONATE
	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	MALAYSIA	HONDURAS	BRAZIL	SOUTH AFRICA	MOZAM-BIQUE	EGYPT	
Project equity 1)	157	151	22	138	352	236	333	130	5	29	192	1,745
Total assets 1)	576	1,165	87	384	721	1,609	342	482	203	127	335	6,032
PP&E 2)	475	987	81	312	554	979	292	410	111	80	231	4,513
Cash	39	113	3	40	136	365	-	29	8	30	37	801
Gross interest bearing debt 1)	369	897	62	202	444	1,358	-	203	79	35	-	3,649
Net interest bearing debt 1)	330	784	59	162	308	993	-	175	71	5	-37	2,849
Net working capital 1)	-16	-39	-6	-16	-94	231	-257	-112	-96	-48	-78	-530
SSO economic interest	100%	39%	54%	40%	60%	68%	70%	44%	46%	53%	51%	

1) See Alternative Performance Measures appendix for definition.

Bridge from proportionate to consolidated financials

30 JUNE 2018

NOK MILLION	TOTAL PROPORTIONATE	RESIDUAL OWNERSHIP INTERESTS	EQUITY-CONSOLIDATED ENTITIES	D&C, O&M, CORPORATE, ELIMINATIONS	CONSOLIDATED
Project equity 1)	1,745	1,334	298	-489	2,303
Total assets	6,032	5,171	1,102	1,189	11,289
PP&E 2)	4,513	4,009	937	-681	6,903
Cash 1)	801	616	65	1,078	2,429
Gross interest bearing debt 1)	3,649	3,087	465	742	7,013
Net interest bearing debt 1)	2,849	2,471	399	-336	4,584
Net working capital 1)	-530	-537	-257	-62	-873

1) See Alternative Performance Measures appendix for definition.
2) The amount of NOK 681 million is net after reduction of capitalised spending on projects under development of NOK 163 million (on a consolidated basis).

Condensed interim financial information

Interim consolidated statement of profit or loss

NOK MILLION	NOTES	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Revenues	2	**273.1**	279.0	555.8	555.5	1,121.1
Net gain/(loss) from sale of project assets	2,3	**-**	-	-	-	377.8
Net income/(loss) from JVs and associated companies	2	**13.2**	-0.1	19.3	-0.4	-7.4
Total revenues and other income		**286.3**	278.9	575.1	555.1	1,491.5
Personnel expenses	2	**-30.2**	-23.9	-58.7	-44.4	-94.7
Other operating expenses	2	**-44.0**	-37.9	-91.9	-71.4	-155.5
Depreciation, amortisation and impairment	2,3	**-62.0**	-66.0	-124.7	-128.0	-248.1
Operating profit		**150.2**	151.1	299.9	311.4	993.2
Interest and other financial income	4,5	**130.4**	16.6	146.0	29.8	51.2
Interest and other financial expenses	4,5	**-129.6**	-130.4	-254.8	-257.8	-523.8
Net foreign exchange gain/(losses)	4,5	**1.2**	-37.9	-22.4	-46.3	-59.8
Net financial expenses		**2.0**	-151.7	-131.2	-274.3	-532.3
Profit/(loss) before income tax		**152.2**	-0.7	168.7	37.1	460.9
Income tax (expense)/benefit	7	**-50.2**	2.2	-54.6	-4.6	-23.0
Profit/(loss) for the period		**102.0**	1.5	114.0	32.5	437.9
Profit/(loss) attributable to:						
Equity holders of the parent		**97.8**	-12.7	80.1	-9.0	339.1
Non-controlling interests		**4.2**	14.1	33.9	41.6	98.8
Basic earnings per share (NOK)	11	**0.93**	-0.12	0.77	-0.09	3.36
Diluted earnings per share (NOK)	11	**0.93**	-0.12	0.77	-0.09	3.35

Interim consolidated statement of comprehensive income

NOK MILLION	NOTES	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Profit/(loss) for the period		**102.0**	1.5	114.0	32.5	437.9
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges	5	**55.0**	108.1	20.7	-38.9	-61.8
Income tax effect	7	**-15.1**	-30.3	-5.8	10.7	16.9
Foreign currency translation differences		**-14.9**	15.4	-89.3	30.1	30.8
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**25.0**	93.2	-74.3	2.3	-14.2
Total comprehensive income for the period net of tax		**127.0**	94.7	39.7	34.8	423.7
Attributable to:						
Equity holders of the parent		**118.4**	39.4	28.4	14.6	336.1
Non-controlling interests		**8.6**	55.2	11.3	20.3	87.7

Interim consolidated statement of financial position

NOK MILLION	NOTES	AS OF 30 JUNE 2018	AS OF 31 DECEMBER 2017
ASSETS			
Non-current assets			
Deferred tax assets	7	451.0	401.9
Property, plant and equipment – in solar projects	3	6,903.4	5,580.4
Property, plant and equipment – other	3	50.3	37.9
Goodwill		23.3	24.1
Financial assets	4,5	1.4	0.2
Investments in JVs and associated companies		511.9	415.1
Other non-current assets	9	173.4	120.1
Total non-current assets		8,114.8	6,579.8
Current assets			
Trade and other receivables		218.4	238.8
Other current assets	9	405.6	558.5
Financial assets	4,5	121.2	0.2
Cash and cash equivalents	6	2,429.4	2,863.1
Total current assets		3,174.5	3,660.6
TOTAL ASSETS		11,289.2	10,240.4

Interim consolidated statement of financial position

NOK MILLION	NOTES	AS OF 30 JUNE 2018	AS OF 31 DECEMBER 2017
EQUITY AND LIABILITIES			
Equity			
Share capital		2.8	2.6
Share premium		1,792.7	1,194.7
Total paid in capital		1,795.5	1,197.2
Retained earnings		29.0	31.0
Other reserves		30.3	81.7
Total other equity		59.9	112.7
Non-controlling interests		448.0	577.3
Total equity	8	2,303.4	1,887.2
Non-current liabilities			
Deferred tax liabilities	7	231.2	184.9
Non-recourse project financing	4	5,930.3	6,163.9
Bonds	6	741.7	740.8
Financial liabilities	4,5	7.7	28.7
Other non-current liabilities	9	578.3	299.4
Total non-current liabilities		7,489.2	7,417.7
Current liabilities			
Trade and other payables	10	425.1	216.3
Income tax payable	7	68.9	19.4
Non-recourse project financing	4	341.3	316.6
Financial liabilities	4,5,6	10.3	26.6
Other current liabilities	9	651.1	356.5
Total current liabilities		1,496.6	935.4
Total liabilities		8,985.8	8,353.1
TOTAL EQUITY AND LIABILITIES		11,289.2	10,240.4

Oslo, 19 July 2018

The Board of Directors of Scatec Solar ASA

Interim consolidated statement of changes in equity

NOK MILLION	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	OTHER RESERVES: FOREIGN CURRENCY TRANSLATION	OTHER RESERVES: HEDGING RESERVES	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
At 1 January 2017	2.3	819.1	-222.0	83.7	1.6	**684.7**	628.0	**1,312.7**
Profit for the period	-	-	-9.0	-	-	**-9.0**	41.6	**32.5**
Other comprehensive income	-	-	0.2	33.8	-10.4	**23.6**	-21.3	**2.3**
Total comprehensive income	-	-	-8.8	33.8	-10.4	**14.6**	-20.3	**34.8**
Share-based payment	-	1.5	-	-	-	**1.5**	-	**1.5**
Share capital increase [1)]	0.2	379.7	-	-	-	**379.9**	-	**379.9**
Transaction cost, net after tax	-	-6.9	-	-	-	**-6.9**	-	**-6.9**
Dividend distribution	-	-	-73.3	-	-	**-73.3**	-105.6	**-178.9**
Capital increase from NCI [2)]	-	-	-	-	-	**-**	4.5	**4.5**
At 30 June 2017	2.6	1,193.2	-304.1	117.5	-8.8	**1,000.4**	547.2	**1,547.6**
At 1 July 2017	2.6	1,193.2	-304.1	117.5	-8.8	**1,000.4**	547.2	**1,547.6**
Profit for the period	-	-	348.1	-	-	**348.1**	57.3	**405.4**
Other comprehensive income	-	-	0.4	-13.0	-14.1	**-26.6**	10.1	**-16.5**
Total comprehensive income	-	-	348.5	-13.0	-14.1	**321.5**	67.4	**388.9**
Share-based payment	-	1.4	-	-	-	**1.4**	-	**1.4**
Dividend distribution	-	-	-	-	-	**-**	-79.7	**-79.7**
Capital increase from NCI [2)]	-	-	-	-	-	**-**	29.0	**29.0**
Step-by-step acquisition	-	-	-13.4	-	-	**-13.4**	13.4	**-**
At 31 December 2017	2.6	1,194.7	31.0	104.5	-22.8	**1,309.9**	577.3	**1,887.2**
At 1 January 2018	2.6	1,194.7	31.0	104.5	-22.8	**1,309.9**	577.3	**1,887.2**
Profit for the period	-	-	80.1	-	-	**80.1**	33.9	**114.0**
Other comprehensive income	-	-	-1.5	-57.3	6.5	**-52.2**	-22.1	**-74.3**
Total comprehensive income	-	-	78.7	-57.3	6.5	**27.9**	11.9	**39.7**
Share-based payment	-	2.5	-	-	-	**2.5**	-	**2.5**
Share capital increase [3)]	0.3	606.0	-	-	-	**606.2**	-	**606.2**
Transaction cost, net after tax	-	-10.4	-	-	-	**-10.4**	-	**-10.4**
Dividend distribution	-	-	-80.7	-	-	**-80.7**	-148.1	**-228.8**
Capital increase from NCI [2)]	-	-	-	-	-	**-**	7.0	**7.0**
At 30 June 2018	2.8	1,792.7	29.0	47.2	-16.3	**1,855.4**	448.0	**2,303.4**

1) During first quarter 2017 the Group increased the share capital with NOK 379.7
2) Non-controlling interests.
3) During first half year 2018 the Group increased the share capital with NOK 6.2 in first quarter and with NOK 600.0 in second quarter.

Interim consolidated statement of cash flow

NOK MILLION	NOTES	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Cash flow from operating activities						
Profit before taxes		**152.2**	-0.7	168.7	37.1	460.9
Taxes paid	7	**-15.7**	-3.9	-19.3	-11.9	-17.4
Carry-back tax payment received	7	**-**	-	-	-	8.8
Depreciation and impairment	3	**62.0**	66.0	124.7	128.0	248.1
Net income associated companies/sale of project assets		**-13.2**	0.3	-19.3	0.6	-370.6
Interest and other financial income	4	**-130.4**	-16.6	-146.0	-29.8	-51.2
Interest and other financial expenses	4	**129.6**	130.4	254.8	257.8	523.8
Unrealised foreign exchange (gain)/loss	4	**-1.2**	33.2	22.4	59.4	-55.7
(Increase)/decrease in trade and other receivables		**-3.0**	20.2	20.4	49.2	-7.3
(Increase)/decrease in other current/non-current assets		**-84.7**	7.5	-35.1	35.0	-420.9
Increase/(decrease) in trade and other payables	10	**-86.6**	3.3	208.8	-0.7	187.0
Increase/(decrease) in other current liabilities		**267.5**	-24.5	380.4	-35.6	153.9
Increase/(decrease) in financial assets and other changes	5,9	**27.3**	0.1	43.4	-11.9	185.2
Net cash flow from operating activities		**303.7**	215.3	1,003.9	477.3	844.1
Cash flow from investing activities						
Interest received	4	**14.9**	16.6	40.2	29.8	51.2
Investments in property, plant and equipment	3	**-805.0**	-118.3	-1,729.9	-175.5	-673.1
Net investment in associated companies		**1.4**	-	-118.7	-	-252.3
Net cash flow from investing activities		**-788.7**	-101.7	-1,808.4	145.7	-874.1
Cash flow from financing activities						
Proceeds from NCI shareholder financing [1)]		**103.6**	-	200.0	-	31.4
Interest paid	4	**-243.6**	-194.3	-297.7	-237.2	-475.9
Proceeds from non-recourse project financing	4	**178.5**	-	241.1	-	1,973.8
Repayment of non-recourse project financing	4	**-94.1**	-92.9	-128.6	-119.4	-230.6
Share capital increase		**589.6**	-	595.8	373.0	373.0
Proceeds from corporate bond issue	6	**-**	-	-	-	750.0
Repayment of corporate bond	6	**-**	-	-	-	-523.3
Dividends paid to equity holders of the parent company	8	**-80.7**	-73.3	-80.7	-73.3	-73.3
Dividends and other distributions paid to non-controlling interest		**-41.5**	-	-147.6	-105.6	-185.3
Net cash flow from financing activities		**411.9**	-360.5	382.4	-162.5	1,639.8
Net increase/(decrease in cash and cash equivalents		**-73.0**	-246.9	-422.1	169.1	1,609.8
Effect of exchange rate changes on cash and cash equivalents		**-27.0**	-6.8	-11.6	2.5	116.1
Cash and cash equivalents at beginning of the period	6	**2,529.4**	1,562.5	2,863.1	1,137.2	1,137.2
Cash and cash equivalents at end of the period	6	**2,429.4**	1,308.8	2,429.4	1,308.8	2,863.1
Cash in power plant companies in operation	6	**666.2**	765.8	666.2	765.8	793.3
Cash in power plant companies under construction	6	**684.5**	28.7	684.5	28.7	1,323.9
Other restricted cash	6	**73.2**	87.6	73.2	87.6	57.8
Free cash	6	**1,005.4**	426.6	1,005.4	426.6	688.1
Total cash and cash equivalents	6	**2,429.4**	1,308.8	2,429.4	1,308.8	2,863.1
Hereof presented as:						
Cash and cash equivalents		**2,429.4**	1,308.8	2,429.4	1,308.8	2,863.1

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 19 July 2018.

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 2017, with exception for the reporting on operating segments as described below. Standards and interpretations mentioned in note 32 of the Group's annual report 2017 with effective date from financial year 2018 (IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers), do not have a significant impact on the Group's condensed interim consolidated financial statements.

From first quarter 2018 the segment financials are reported on a proportionate basis in line with how the management team assesses the segment performance. With proportionate financials Scatec Solar reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations, based on Scatec Solar's economic interest in the subsidiaries. The group uses proportionate financials to improve transparency on underlying value creation across Scatec Solar's business activities.

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 million 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 make judgements of which the following have the most significant effect on the amounts recognised in the condensed interim financial statements:

Consolidation of power plant 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 power plant companies owning the power plants. To be able to utilise the business model fully, Scatec Solar seeks to obtain operational control of the power plant 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 power plant 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 power plant company as defined by IFRS 10 Consolidated Financial Statements, all of the above roles and activities are analysed. During first half year 2018 three power plant companies (holding the Upington projects) were consolidated for the first time. The activity so far is limited, and construction is expected to commence in the second half year. Scatec Solar's economic interest in the companies is 45.5%. The Company has concluded that it through its investment 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 2017 annual report for further information on judgements, including control assessments made in previous years.

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 impacted by external factors, such as weather conditions. The power production at the PV solar parks is directly impacted 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 power plant companies with a non-recourse project finance structure - where Scatec Solar contributes with the required equity, either alone or together with co-investors.

From first quarter 2018 the segment financials are reported on a proportionate basis as described in note 1. A reconciliation between proportionate financials and consolidated financials are provided in the tables below. Comparative information in this note for prior year has been restated.

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 power plant 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 power plant 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 power plant 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 power plant company.

Q2 2018

	PROPORTIONATE FINANCIALS							
NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS 1)	ELIMINATIONS 2)	CONSOLIDATED FINANCIALS
External revenues	142.4	-	-	-	142.4	130.7	-	273.1
Internal revenues	7.3	30.1	1,044.8	4.1	1,086.3	55.6	-1,141.8	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	13.2	13.2
Total revenues and other income	149.7	30.1	1,044.8	4.1	1,228.7	186.2	-1,128.6	286.3
Cost of sales	-	-	-877.9	-	-877.9	3.8	874.2	-
Gross profit	149.7	30.1	166.9	4.1	350.8	190.0	-254.5	286.3
Personnel expenses	-4.0	-5.4	-12.1	-8.6	-30.2	-	-	-30.2
Other operating expenses	-24.9	-5.8	-14.7	-9.2	-54.6	-23.0	33.6	-44.0
EBITDA	120.8	18.9	140.1	-13.8	266.0	167.0	-220.8	212.2
Depreciation and impairment	-38.7	-0.2	-1.1	-0.4	-40.4	-38.2	16.7	-62.0
Operating profit (EBIT)	82.2	18.7	139.0	-14.3	225.6	128.7	-204.2	150.2

1) Residual ownerships interests share of the proportionate financials in subsidiaries where SSO do not have 100% economic interest.
2) Eliminations made in the preparation of the groups IFRS consolidated financials.

Q2 2017

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	PROPORTIONATE FINANCIALS							
External revenues	142.8	-	-	-	142.8	136.2	-	279.0
Internal revenues	1.9	19.7	0.1	2.7	24.4	-	-22.4	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
Net income/(loss) from JV and associates	-	-	-0.1	-	-0.1	-	-	-0.1
Total revenues and other income	144.7	19.7	-0.1	2.7	167.0	136.2	-22.4	278.9
Cost of sales	-	-	-	-	-	-	-	-
Gross profit	144.7	19.7	-0.1	2.7	167.0	136.2	-22.4	278.9
Personnel expenses	-3.8	-3.4	-8.5	-8.3	-24.0	-	0.1	-23.9
Other operating expenses	-20.2	-6.1	-9.0	-8.1	-43.2	-18.9	24.3	-37.9
EBITDA	120.7	10.2	-17.5	-13.8	99.7	117.4	-	217.0
Depreciation and impairment	-40.9	-0.3	-0.6	-0.3	-42.1	-41.8	17.9	-66.0
Operating profit (EBIT)	79.8	9.9	-18.1	-14.1	57.5	75.6	17.9	151.1

1) Residual ownerships interests share of the proportionate financials in subsidiaries where SSO do not have 100% economic interest
2) Eliminations made in the preparation of the groups IFRS consolidated financials.

YTD 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	PROPORTIONATE FINANCIALS							
External revenues	268.6	-	-	-	268.6	287.3	-	555.8
Internal revenues	17.9	44.0	1,462.3	8.0	1,532.1	92.7	-1,624.9	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	19.3	19.3
Total revenues and other income	286.5	44.0	1,462.3	8.0	1,800.7	380 .0	-1,605.6	575.1
Cost of sales	-	-	-1,253.8	-	-1,253.8	7.1	1,246.7	-
Gross profit	286.5	44.0	208.5	8.0	546.9	387.1	-358.9	575.1
Personnel expenses	-8.0	-10.4	-22.9	-17.5	-58.8	-0.1	0.3	-58.7
Other operating expenses	-51.9	-12.9	-30.0	-18.2	-113.0	-30.9	52.1	-91.9
EBITDA	226.5	20.7	155.5	-27.7	375.0	356.1	-306.5	424.6
Depreciation and impairment	-74.7	-0.4	-2.0	-0.8	-77.9	-77.0	30.2	-124.7
Operating profit (EBIT)	151.8	20.2	153.5	-28.5	297.1	279.1	-276.4	299.9

1) Residual ownerships interests share of the proportionate financials in subsidiaries where SSO do not have 100% economic interest.
2) Eliminations made in the preparation of the groups IFRS consolidated financials.

YTD 2017

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	PROPORTIONATE FINANCIALS							
External revenues	268.1	-	-	-	268.1	287.4	-	555.5
Internal revenues	3.6	34.3	0.2	5.6	43.8	-	-43.8	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
Net income/(loss) from JV and associates	-	-	-0.4	-	-0.4	-	-	-0.4
Total revenues and other income	271.7	34.3	-0.3	5.6	311.4	287.4	-43.8	555.1
Cost of sales	-	-	-	-	-	-	-	-
Gross profit	271.7	34.3	-0.3	5.6	311.4	287.4	-43.8	555.1
Personnel expenses	-7.3	-6.7	-14.6	-15.7	-44.6	-	0.1	-44.4
Other operating expenses	-36.0	-12.5	-18.1	-14.1	-80.4	-34.7	43.8	-71.4
EBITDA	228.5	15.1	-32.9	-24.2	186.5	252.8	-	439.3
Depreciation and impairment	-79.4	-0.6	-1.1	-0.6	-81.8	-80.7	34.5	-128.0
Operating profit (EBIT)	149.1	14.5	-34.0	-24.9	104.8	172.1	34.5	311.4

1) Residual ownerships interests share of the proportionate financials in subsidiaries where SSO do not have 100% economic interest.
2) Eliminations made in the preparation of the groups IFRS consolidated financials.

FULL YEAR 2017

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	PROPORTIONATE FINANCIALS							
External revenues	532.2	-	-	-	532.2	561.6	27.2	1,121.1
Internal revenues	11.9	68.6	681.9	13.1	775.5	-	-775.5	-
Net gain/(loss) from sale of project assets	-	-	377.8	-	377.8	-	-	377.8
Net income/(loss) from JV and associates	-	-	-5.4	-	-5.4	2.1	-4.1	-7.4
Total revenues and other income	544.1	68.6	1,054.3	13.1	1,680.2	563.2	-751.8	1,491.5
Cost of sales	-	-	-612.0	-	-612.0	21.8	590.2	-
Gross profit	544.1	68.6	442.3	13.1	1,068.2	585.0	-161.6	1,491.5
Personnel expenses	-14.5	-14.4	-33.2	-33.2	-95.4	-	1.2	-94.7
Other operating expenses	-75.4	-26.8	-48.7	-29.6	-180.6	-67.5	92.5	-155.5
EBITDA	454.1	27.5	360.5	-49.8	792.3	517.3	-68.3	1,241.3
Depreciation and impairment	-155.8	-0.7	-2.6	-1.4	-160.4	-154.5	66.9	-248.1
Operating profit (EBIT)	298.3	26.7	357.9	-51.1	631.8	363.0	-1.6	993.2

1) Residual ownerships interests share of the proportionate financials in subsidiaries where SSO do not have 100% economic interest.
2) Eliminations made in the preparation of the groups IFRS consolidated financials.

Note 3 Property, plant and equipment

The Group operates solar power plants in Europe, Middle East, Africa and South America. During third quarter 2017 construction commenced on the Los Prados power plant (35 MW) in Honduras as well as the Quantum plants (197 MW) in Malaysia while construction of the four Apodi plants (162 MW) in Brazil commenced in the fourth quarter.

The power plant companies in Brazil are equity consolidated and hence not included in the below table. Construction of the Mocuba power plant (40 MW) in Mozambique begun in the first quarter 2018 while construction of the Aswan plants (400 MW) in Egypt and the Upington plants (258 MW) in South Africa commenced in the second quarter.

NOK MILLION	SOLAR POWER PLANTS	SOLAR POWER PLANTS UNDER CONSTRUCTION	SOLAR POWER PLANTS UNDER DEVELOPMENT	EQUIPMENT AND INTANGIBLE ASSETS	TOTAL
Carrying value at 31 December 2017	4,236.2	703.9	640.3	37.9	5,618.3
Additions	52.1	1,575.1	85.4	17.4	1,729.9
Disposals	-3.4	-	-	-	-3.4
Transfer between asset classes	-	551.9	-551.9	-	-
Depreciation	-120.9	-	-	-3.8	-124.7
Impairment losses	-	-	-	-	-
Effect of foreign exchange currency translation adjustments	-248.1	-6.3	-10.7	-1.2	-266.4
Carrying value at 30 June 2018	3,915.9	2,824.5	163.1	50.3	6,953.8
Estimated useful life (years)	20-25	N/A	N/A	3-10	

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 power plants 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 solar power companies operating in the Czech Republic and the three solar power companies in Malaysia, the non-recourse financing agreements include a cross default clause within the Czech and Malaysian group respectively.

The power plant 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. The maturity date for the loans ranges from 2028 to 2037. NOK 341,3 million of the Group's total non-recourse debt is due within 12 months and is presented as current in the statement of financial position. Refer to note 6 in the 2017 Annual Report for more information.

During the second quarter 2018 the Group has drawn NOK 172 million on the non-recourse financing related to the construction projects in South Africa.

During the second quarter 2018, forward exchange contracts (FEC) were set up in order to eliminate currency exchange risk in the Upington projects in South Africa. The gain following the mark-to-market revaluation of open USD and EUR FECs amounts to NOK 124 million (0). The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

NOK MILLION	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Interest income	8.9	16.4	21.8	29.6	50.9
Forward exchange contracts	124.1	-	124.1	-	-
Other financial income	-2.6	0.2	0.1	0.2	0.4
Financial income	130.4	16.6	146.0	29.8	51.2
Interest expenses	-126.0	-127.1	-247.0	-251.0	-482.1
Other financial expenses	-3.6	-3.3	-7.8	-6.8	-41.7
Financial expenses	-129.6	-130.4	-254.8	-257.8	-523.8
Foreign exchange gains/(losses)	1.2	-37.9	-22.4	-46.3	-59.8
Net financial expenses	2.0	-151.7	-131.2	-274.3	-532.3

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 2017 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.

NOK MILLION	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)	-	122.5	-18.0	104.5
Fair value based on unobservable inputs (Level 3)	-	-	-	-
Total fair value at 30 June 2018	-	122.5	-18.0	104.5

NOK MILLION	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)	-	0.3	-55.2	-54.9
Fair value based on unobservable inputs (Level 3)	0.1	-	-	0.1
Total fair value at 31 December 2017	0.1	0.3	-55.2	-54.8

Note 6 Cash, cash equivalents and corporate funding

NOK MILLION	30 JUNE 2018	31 DECEMBER 2017
Cash in power plant companies in operation [1)]	666.2	793.3
Cash in power plant companies under development/construction [1)]	684.5	1,323.9
Other restricted cash	73.2	57.8
Free cash	1,005.4	688.1
Total cash and cash equivalents	2,429.4	2,863.1

1) See Alternative Performance Measures appendix for definition.

Other restricted cash comprises restricted deposits for withholding tax, guarantees, VAT and rent as well as collateralised shareholder financing of power plant companies not yet distributed to the power plant companies.

RECONCILIATION OF MOVEMENT IN FREE CASH

NOK MILLION	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Free cash at beginning of period	1,042.4	665.4	688.1	303.9	303.9
Proportionate share of cash flow to equity O&M	14.6	7.8	16.0	11.6	21.5
Proportionate share of cash flow to equity D&C	108.3	-12.3	120.7	-23.7	166.6
Proportionate share of cash flow to equity CORP	-23.0	-16.7	-41.7	-31.5	-65.3
Project development capex	-33.4	-111.4	-85.4	-47.0	-229.3
Equity contributions/collateralised for equity in power plant companies	-302.0	-15.3	-456.0	-15.3	-477.5
Distributions from power plant companies	20.8	8.9	133.5	89.8	150.5
Share capital increase, net after transaction cost and tax	589.6	-	589.6	373.0	373.0
Dividend distribution	-80.7	-73.3	-80.7	-73.3	-73.3
Net proceeds from bond issuance	-	-	-	-	226.7
Working capital / Other	-331.2	-26.6	121.7	83.2	291.2
Free cash at end of the period	1,005.4	426.6	1,005.4	426.6	688.1

On 7 July 2017 Scatec Solar entered into a guarantee facility, a USD 30 million overdraft facility and an intercreditor agreement. The facilities replaced all other corporate guarantees and overdraft facilities existing at the date of these new agreements. On 23 March 2018 Scatec Solar entered into a USD 60 million revolving credit facility and on 29 May 2018 Scatec Solar entered into a new USD 5 million overdraft facility and the USD 30 million overdraft facility was cancelled. Financial covenants are equal to the financial covenants in the NOK 750 million bond agreement in all these facilities.

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 revolving credit facility has Nordea Bank as agent and Nordea Bank and ABN Amro as equal Lenders and can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. Revolving credit facility interest is the interbank offer rate for the drawn period and in the relevant currency plus a margin of 3.25%. Scatec Solar has not drawn on the revolving credit facility per 30 June 2018.

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 overdraft facility per 30 June 2018.

During the fourth quarter 2017 Scatec Solar successfully completed a NOK 750 million senior unsecured green bond issue with maturity in November 2021. The bonds carry an interest of 3-month NIBOR + 4.75%, to be settled on a quarterly basis. The bond was listed on the Oslo Stock Exchange 6 April 2018 with ticker SSO02 G.

The proceeds from the bond issue was used for a full redemption of the NOK 500 million senior unsecured green bond with maturity in November 2018.

During the second quarter, interest amounting to NOK 16.5 million (10.2) was expensed for the bond, overdraft- and revolving credit facility.

Per 30 June 2018, Scatec Solar was in compliance with all covenants under the NOK 750 million bond, the guarantee facility, revolving credit facility and overdraft facility. The book equity of the recourse group [1], as defined in the facility agreements, was NOK 2,804 million per quarter end.

Refer to bond agreement available on www.scatecsolar.com/investor/debt for further information and definitions.

1) See Alternative Performance Measures appendix for definition.

Note 7 Income tax expense

For the second quarter ended 30 June 2018 the group had an income tax expense of 50.2 million, equivalent to an effective tax rate of 33%. The effective income tax rate for the group is influenced by profits in higher-tax countries and losses in lower-tax countries. The tax effect of these results offset each other and cause variations in the effective tax rate of the group from quarter to quarter. The underlying tax rates in the companies in operation are in the range of 0%-33%. 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 power plant 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 power plant company.

EFFECTIVE TAX RATE

NOK MILLION	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Profit before income tax	152.2	-0.7	168.7	37.1	460.9
Income tax (expense)/benefit	-50.2	2.2	-54.2	-4.6	-23.0
Equivalent to a tax rate of (%)	33.0	312.2	32.4	12.3	5.0

MOVEMENT IN DEFERRED TAX

NOK MILLION	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Net deferred tax asset at beginning of period	231.0	244.5	217.0	199.9	200.0
Recognised in the consolidated statement of profit or loss	2.1	6.7	7.9	4.9	1.3
Deferred tax on financial instruments recognised in OCI	-15.1	-30.3	-5.8	10.7	16.9
Recognised in the consolidated statement of changes in equity	3.8	1.0	3.8	4.0	4.7
Offset against tax carry-back payment received	-	-	-	-	-8.5
Translation differences	-2.1	-1.5	-3.1	0.8	2.6
Net deferred tax asset at end of period	219.7	220.4	219.7	220.4	217.0

Note 8 Dividend

For 2017, the Board of Directors proposed a dividend of NOK 0.78 per share, totalling NOK 80.7 million. The general meeting resolved the board's proposal of a dividend of NOK 0.78 per share. The share traded excluding dividend rights (ex-date) on the first business day following the Annual General Meeting held 23 April 2018. The dividend was paid on 14 May 2018.

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

NOK MILLION	30 JUNE 2018	31 DECEMBER 2017
Other non-current assets		
Loans to non-controlling interests	120.1	79.3
Loans to key management personnel	4.5	5.8
Other non-current receivables	48.8	34.9
Total other non-current assets	173.4	120.0
Other current assets		
Receivables from public authorities/prepaid taxes, VAT etc	181.4	137.5
Receivables related to assets under development/construction	129.6	321.6
Other receivables and prepaid expenses	94.6	99.4
Total other current assets	405.6	558.5

NOK MILLION	30 JUNE 2018	31 DECEMBER 2017
Other non-current liabilities		
Shareholder loan from non-controlling interests	321.3	128.2
Other liabilities to non-controlling interests and partners	113.4	65.6
Asset retirement obligations	74.1	75.6
Other non-current liabilities	69.5	30.0
Total other non-current liabilities	578.3	299.4
Other current liabilities		
Accrued payroll to key management personnel	2.8	5.9
Accrued expenses related to assets under development/construction	315.3	66.4
Current liabilities to non-controlling interest	83.5	108.6
Public dues other than income taxes	26.8	79.1
Accrued payroll	23.4	27.4
Other accrued expenses	199,2	69.2
Total other current liabilities	651.1	356.5

Scatec Solar has related party transactions and balances with Scatec Solar Brazil, mainly a loan of NOK 158 million that is included in the Investments in JVs according to the equity method.

In addition, Scatec Solar has transactions and balances with key management as specified in the tables above.

All related party transactions have been carried out as part of the normal course of business and at arm`s length.

For further information on project financing provided by co-investors, refer note 25 to the 2017 annual financial statements.

Note 10 Trade and other payables

The consolidated trade and other payables of NOK 425.1 million mainly consist of construction related supplier credits. Consequently, the balance is affected by the activity level in the Development & Construction segment. The increased payables at 30 June 2018 compared to 31 December 2017 of NOK 208.8 million, reflects purchases of construction material to mainly Quantum projects in Malaysia and projects in Egypt, offset by some down-payments in Q2.

Note 11 Earnings per share and capital increase

During second quarter 2018 Scatec Solar successfully raised NOK 600 million through a private placement consisting of 10 million new shares at a price of NOK 60 per share. Total transaction cost for the capital increase is recognized in equity and amounted to NOK 10.4 million 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 2017.

NOK MILLION	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FULL YEAR 2017
Basic earnings per share					
Profit/(loss) attributable to the equity holders of the parent company and for the purpose of diluted shares	97.8	-12.7	80.1	-9.0	339.1
Weighted average number of shares (million) outstanding for the purpose of basic earnings per share	104.7	103.2	104.2	98.9	101.1
Earnings per share for income attributable to the equity holders of the parent company - basic (NOK)	0.93	-0.12	0.77	-0.09	3.36
Diluted earnings per share					
Weighted average number of shares(million) outstanding for the purpose of diluted earnings per share	104.9	103.4	104.5	99.1	101.3
Earnings per share for income attributable to the equity holders of the parent company - diluted (NOK)	0.93	-0.12	0.77	-0.09	3.35

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 2018.

In July 2018 Scatec Solar entered into agreements with Rengy Development securing projects with capacity of 47 MW in the Mykolaiv region in the south of Ukraine.

The projects will be realized under the country's Feed-in-Tariff scheme and the three plants are expected to produce about 58 GWh per year. Public land will be leased for an extended time-period and the plants are expected to deliver power also beyond the 10-year Feed-in-tariff period. Total capex for the projects is estimated to Euro 52 million. Financial close and construction start is expected later in 2018 with commercial operation during 2019.

Scatec Solar will own 51% of the projects and Rengy Development will own the balance. Scatec Solar will be the Engineering, Procurement and Construction (EPC) provider and provide Operation & Maintenance as well as Asset Management services to the power plants.

Responsibility statement

We confirm to the best of our knowledge, that the condensed interim financial statements for the period 1 January 2018 to 30 June 2018 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, 19 July 2018

The Board of Directors of Scatec Solar ASA

John Andersen jr. (Chairman)	John Giverholt	Mari Thjømøe
Jan Skogseth	Gisele Marchand	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.

The purpose of APM's is 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 revenues, expenses, profits and cash flows from fully and equity consolidated investments.

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.

Recourse Group means all entities in the group, excluding solar park companies (each a recourse group company).

Book equity: is the total book equity of the recourse group less investments in subsidiaries within the recourse group at the end of any relevant period and in accordance with IFRS. In case a subsidiary is not wholly owned, the book equity of that subsidiary is adjusted to reflect the issuer's pro rate ownership of the book equity in that subsidiary.

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

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, investing activities and fair value adjustment of first time recognition of joint venture investments.

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.

Break-down of proportionate cash flow to equity

Q2 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	120.8	18.9	140.1	-13.8	266.0
Net interest expenses	-40.6	-	0.3	-16.2	-56.5
Normalised loan repayments	-33.9	-	-	-	-33.9
Normalised income tax payment	-9.9	-4.3	-32.0	7.0	-39.2
Cash flow to equity	36.5	14.6	108.3	-23.0	136.4

Q1 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	105.7	1.8	15.4	-13.9	109.0
Net interest expenses	-42.0	-	0.3	-10.6	-52.3
Normalised loan repayments	-32.7	-	-	-	-32.7
Normalised income tax payment	-5.0	-0.4	-3.4	5.7	-3.1
Cash flow to equity	26.0	1.4	12.3	-18.8	20.9

YTD 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	226.5	20.7	155.5	-27.7	375.0
Net interest expenses	-82.6	-	0.6	-26.8	-108.8
Normalised loan repayments	-66.6	-	-	-	-66.6
Normalised income tax payment	-14.9	-4.7	-35.4	12.7	-42.3
Cash flow to equity	62.5	16.0	120.6	-41.8	157.3

YTD 2017

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	228.4	15.1	-32.9	-24.3	186.3
Net interest expenses	-88.1	-	1.3	-17.4	-104.2
Normalised loan repayments	-57.8	-	-	-	-57.8
Normalised income tax payment	-12.2	-3.5	7.8	10.1	2.1
Cash flow to equity	70.3	11.6	-23.7	-31.6	26.5

FULL YEAR 2017

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	454.1	27.5	360.5	-49.8	792.3
Adjustments [1)]	-	-	-200.8	-	-200.8
Adjusted EBITDA	454.1	27.5	159.7	-49.5	591.5
Net interest expenses	-170.6	0.6	3.4	-36.5	-203.1
Normalised loan repayments	-113.3	-	-	-	-113.3
Normalised income tax payment	-27.9	-6.6	3.7	21	-9.8
Cash flow to equity	142.3	21.5	166.8	-65.3	265.3

1) Adjustments include changes in net working capital, investing activities and fair value adjustment of first time recognition of joint venture investments.

Other definitions

Backlog
Project backlog is defined as projects with a secure off-take agreement assessed to have more than 90% probability of reaching financial close and subsequent realisation.

Pipeline
Project pipeline is defined as projects that do not yet have a 90% probability 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 power plant 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.

Project equity
Equity and shareholder loans.

Cash in power plant companies in operation
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 power plant companies under development/construction
Comprise shareholder financing and draw down on term loan facilities by power plant companies to settle outstanding external EPC invoices.

SSO Proportionate Financials
Calculates proportionate revenues and profits for Scatec Solar based on its economic interest in the subsidiaries. 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.

Scatec Solar's economic interest
Scatec Solar's share of the total estimated economic return from its subsidiaries. For projects in development and construction the economic interest is subject to change from the development of the financial model.

Scatec Solar's Value Chain

Project development

- Site development
- System design
- Business case
- Permitting
- Grid connection
- PPA negotiation /tender / FiT

Financing

- Detailed design & engineering
- Component tendering
- Debt / Equity structuring
- Due Diligence

Construction

- Engineering and Procurement
- Construction management
- Quality assurance

Operations

- Maximize performance and availability
- Maintenance and repair

Ownership (IPP)

- Asset management
- Financial and operational optimization

Design and layout: Artbox AS, Print : Printbox AS

Scatec Solar

www.scatecsolar.com