



# First Quarter 2018

Oslo, April 20, 2018



# Disclaimer

---

The following presentation is being made only to, and is only directed at, persons to whom such presentation may lawfully be communicated ('relevant persons'). Any person who is not a relevant person should not rely, act or make assessment on the basis of this presentation or anything included therein.

The following presentation may include information related to investments made and key commercial terms thereof, including future returns. Such information cannot be relied upon as a guide to the future performance of such investments. The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about, and observe, such restrictions. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Scatec Solar ASA or any company within the Scatec Solar Group. This presentation contains statements regarding the future in connection with the Scatec Solar Group's growth initiatives, profit figures, outlook, strategies and objectives as well as forward looking statements and any such information or forward-looking statements regarding the future and/or the Scatec Solar Group's expectations are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

# Agenda

---

- **Highlights and project update**

Raymond Carlsen, CEO

- **Financial review**

Mikkel Tørud, CFO

- **Summary and Outlook**

Raymond Carlsen, CEO



# Delivering on our 1.5 GW target by end 2018

- Q1'18 proportionate revenues of NOK 573 million and EBITDA of NOK 109 million
- Financial close reached 258 MW in South Africa and 40 MW in Mozambique – 2018 growth target confirmed
- D&C revenues set to increase significantly over the coming quarters after total contract award of NOK 8.5 billion
- 150 MW in Ukraine and 25 MW in Cameroon added to pipeline - a solid basis for growth beyond 2018



Module installation at the 162 MW Apodi site in Brazil

# Closed financing for 258 MW in South Africa and 40 MW in Mozambique

## South Africa, 258 MW

- 20 year PPA with Eskom
- SSO 42%, Norfund 18%, Black Industrialist 35%, BEEE Trust 5%
- Capex: ZAR 4.76 billion



## Status

- Financial close in April 2018
- Tariff of ZAR 1.1 per kWh
- Black Industrialist investor to hold 35% of equity
- Grid connection aligned with Eskom grid upgrades & RSA power needs

## Mozambique, 40 MW

- 25 year PPA with EDM
- SSO 52.5%, Norfund 22.5%, EDM 25%
- Capex: USD 76 million



## Status

- Financial close in March 2018
- Final construction preparations started - grid connection planned for first quarter 2019

# Construction under way

Malaysia, 197 MW



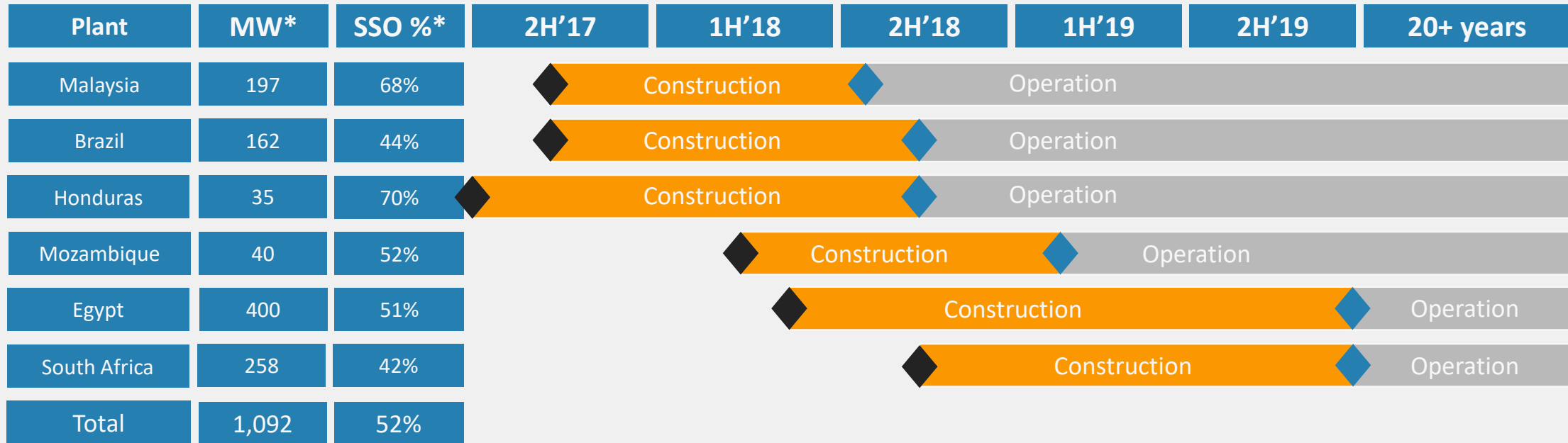
Brazil, 162 MW



Honduras, 35 MW



# 1.1 GW under construction – a NOK 8.5 billion programme



About 50% of the NOK 8.5 billion contract value to be realised in 2018 - the balance in 2019

- ◆ Construction start / Expected construction start
- ◆ Expected grid connection

# Financial review

Mikkel Tørud, CFO



**Scatec Solar**  
Improving our future™



# Update on Scatec Solar's financial and non-financial reporting

## Financial reporting

- Segment financials on proportionate basis
- Proportionate financials adjusted for SSO's economic interest in power companies
- Included revenues on asset management services provided by Scatec Solar to power companies

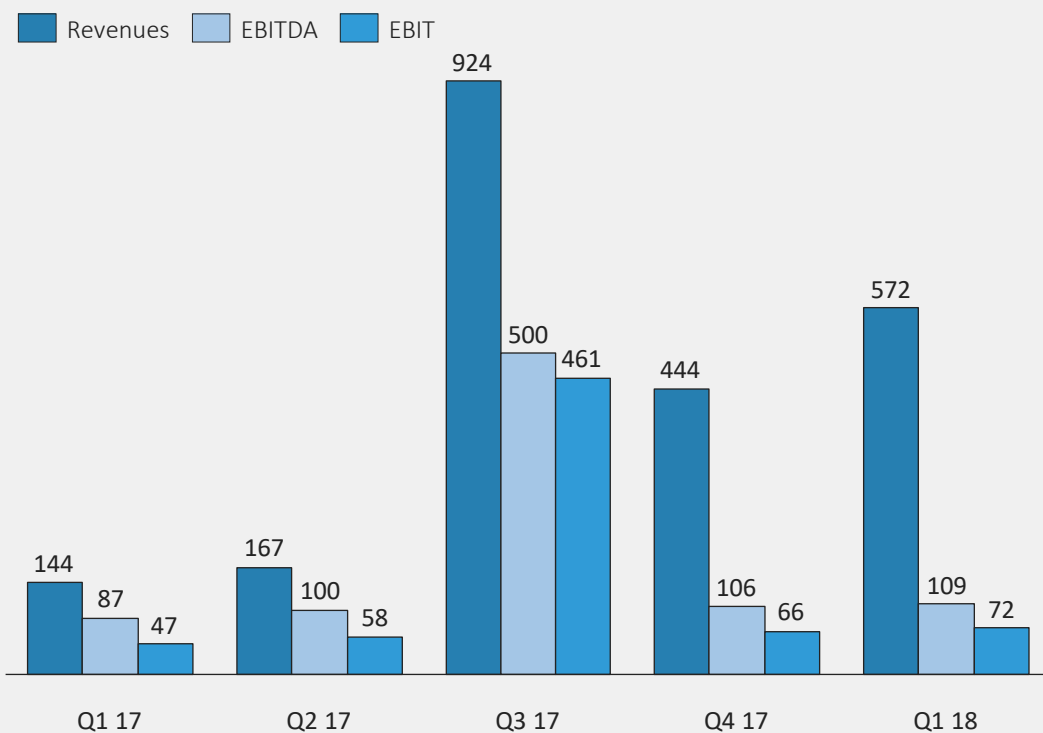
## Non-financial reporting

- Scatec Solar 2017 Sustainability report now based on the GRI framework
- GRI includes reporting on a range of economic, environmental and social indicators
- Increasingly important report for all our stakeholders including project finance lenders

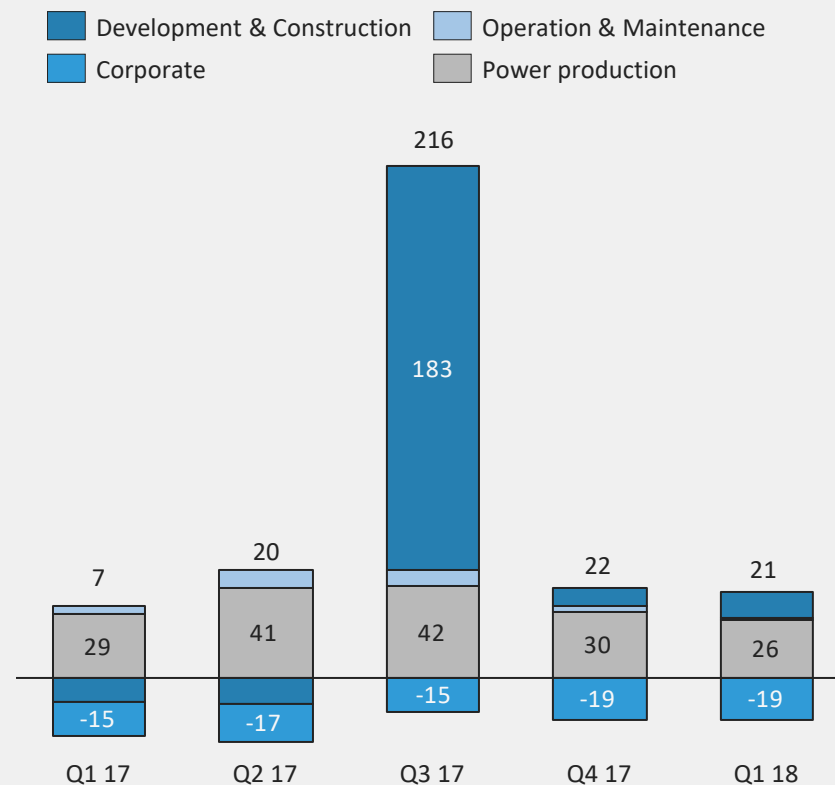


# Proportionate EBITDA up 25% year on year

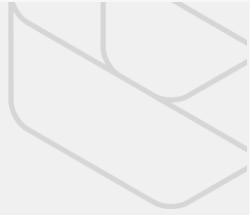
SSO proportionate financials (NOKm)



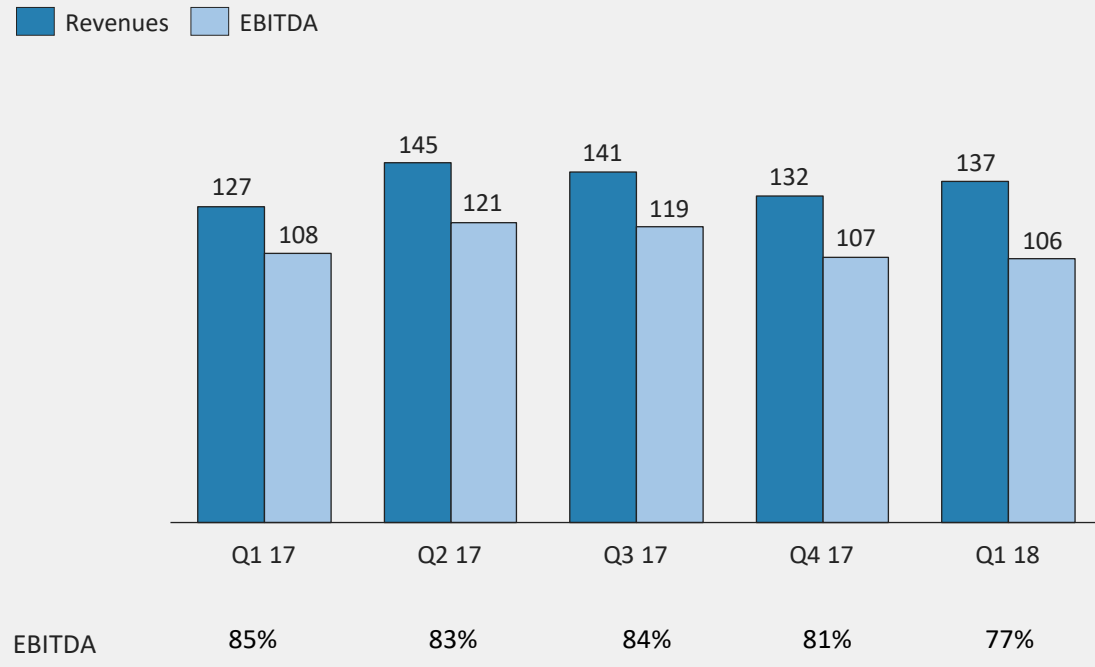
SSO's share of cash flow to equity (NOKm)



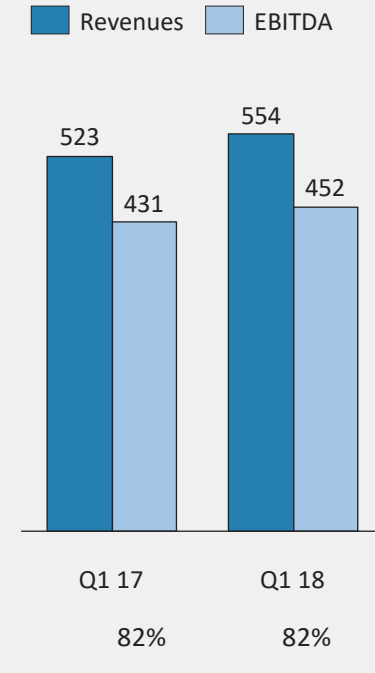
# Stable revenues and EBITDA



Quarterly (NOKm)

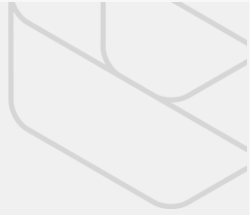


Last twelve months (NOKm)

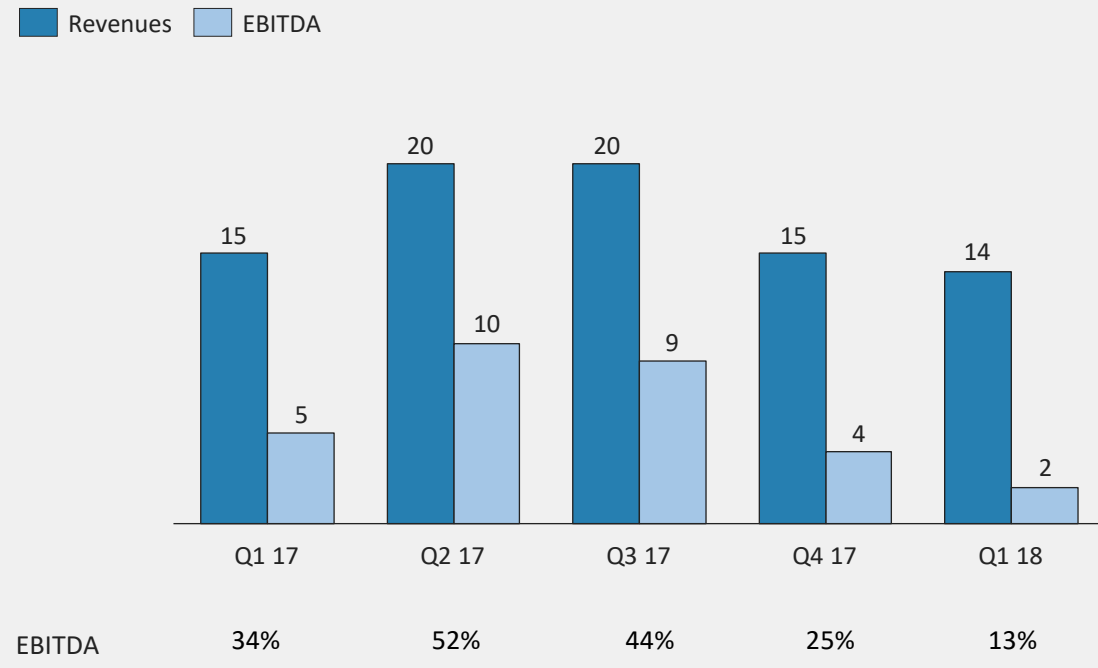


- Year on year revenue growth is mainly explained by stronger ZAR and increased sale of asset management services to power companies under construction

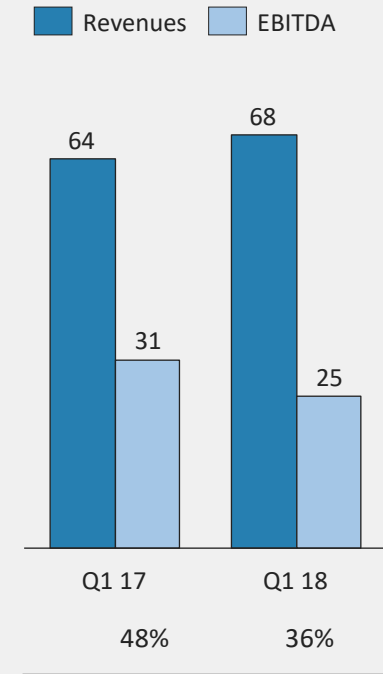
# Fairly stable revenues – EBITDA down on one-offs



Quarterly (NOKm)



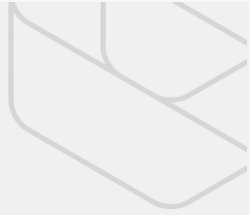
Last twelve months (NOKm)



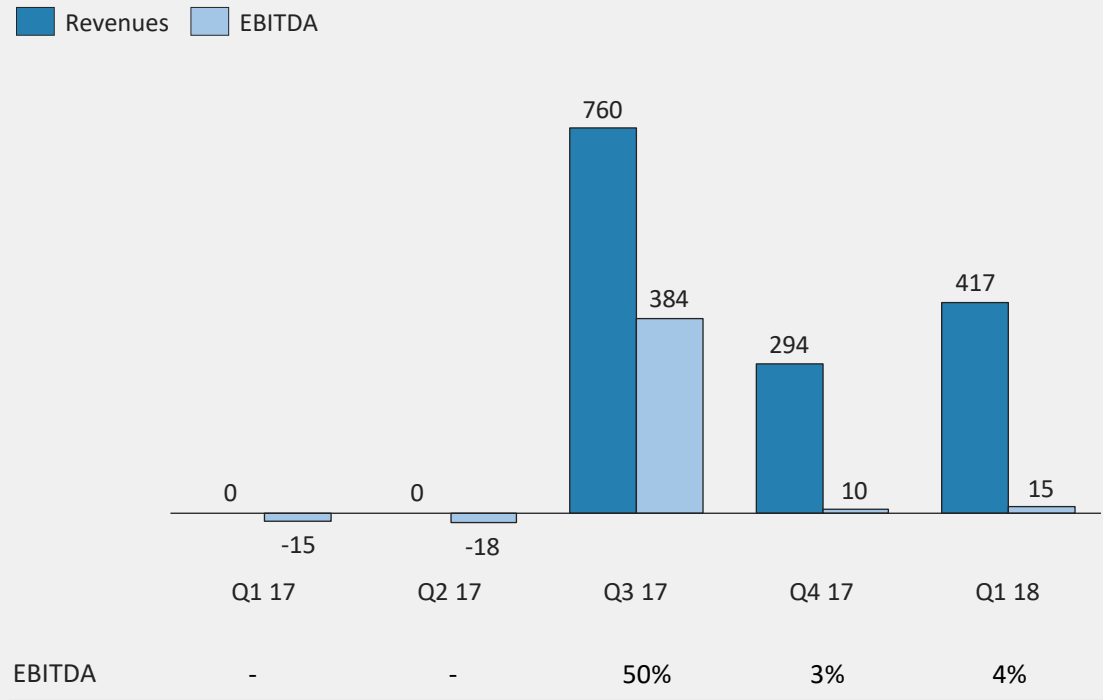
- EBITDA impacted by seasonal variations and one-off cost related to establishment of central plant control centre in Cape Town

## Development & Construction

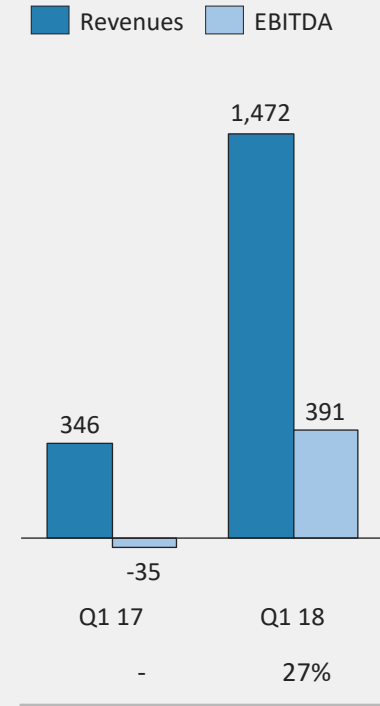
# Revenues increased with construction Malaysia, Brazil, Honduras & Moz.



Quarterly (NOKm)



Last twelve months (NOKm)



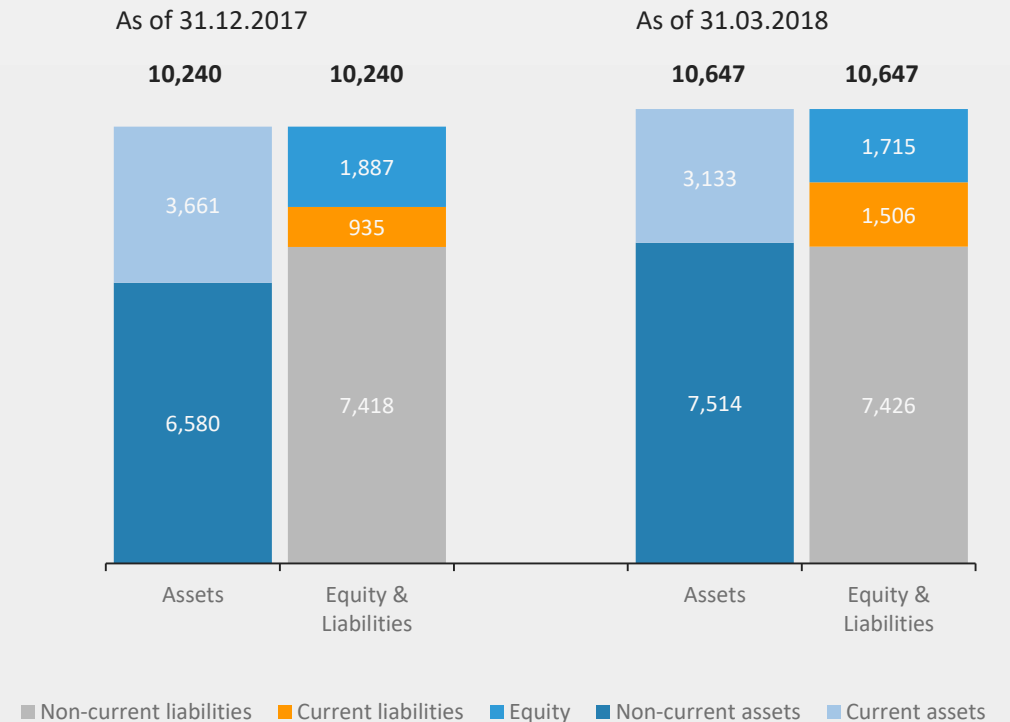
- Overall progress across at 33% at the end of Q1'18

# Cash position strengthened with positive working capital movements

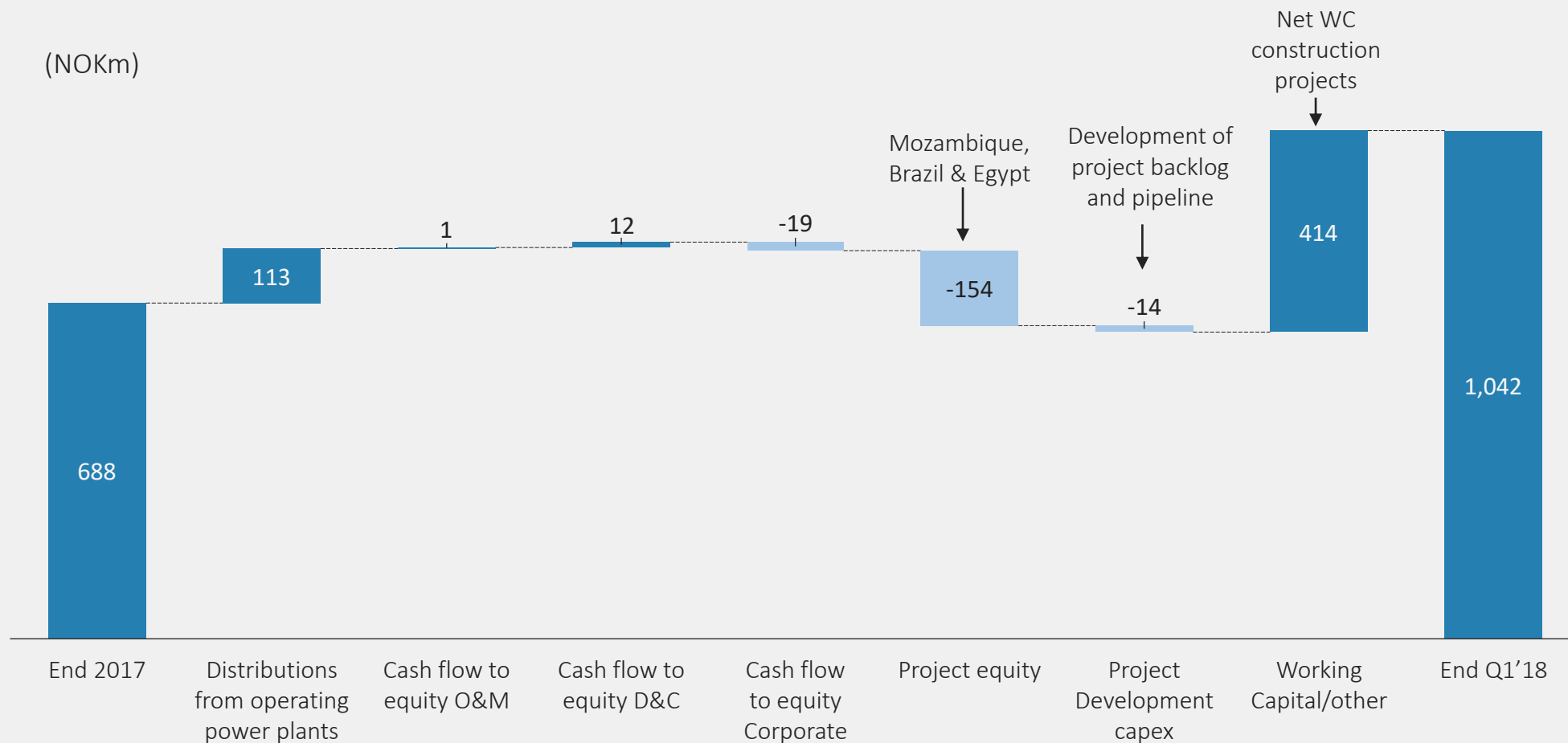
- Cash position of NOK 2,529 million of which NOK 1,042 million at the group level - positive working capital movement
- Group\* book equity strengthened to NOK 2,269 million – equity ratio of 75%
- A 3 year Revolving Credit Facility of USD 60 million established with Nordea and ABN Amro

NOKm	Consolidated	SSO prop. Share	Group level*
Cash	2,529	2,013	1,042
Interest bearing liabilities*	-7,261	-4,286	-741
Net debt	-4,732	-2,273	301

## Consolidated financial position (NOKm)



# Q1'18 movement of free cash at group level



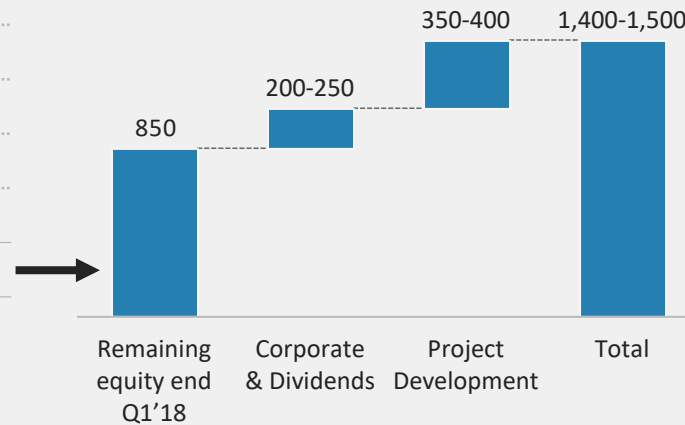
# Funding of projects under construction and in backlog

Scatec Solar is fully funded for investments in projects under construction and in backlog (1,183 MW) and further project development over the next 1-2 years

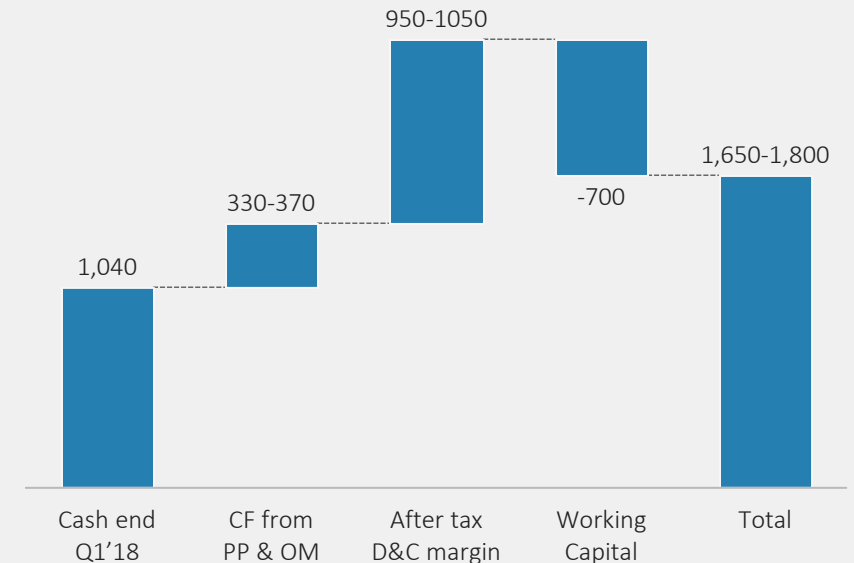
## Uses – NOKm

Investments in projects under construction and in backlog (1,183 MW):

	NOKm
Capex	12,900
- Project debt	9,650
- Project equity	3,250
- Partners equity (43%)	1,400
- SSO equity (57%)	1,850
SSO remaining equity	850



## Sources – NOKm



Annual cash flow to equity from Power Production and O&M is expected to increase to NOK 430 - 480 million with backlog grid connected



# Summary and Outlook

Raymond Carlsen, CEO



**Scatec Solar**  
Improving our future™

# 150 MW in Ukraine added to project pipeline

## The Ukraine opportunity

- 2 GW of renewables, 800 MW solar installed in Ukraine - mostly financed by EBRD, OPIC, IFC and other development banks
- Scatec Solar is pursuing a broad portfolio of projects with several local developers – size 30-50 MW
- Meets Scatec Solar's return and margin targets based on 10 year PPA tenor
- Scatec Solar is in advanced discussions with EBRD and other banks on project finance

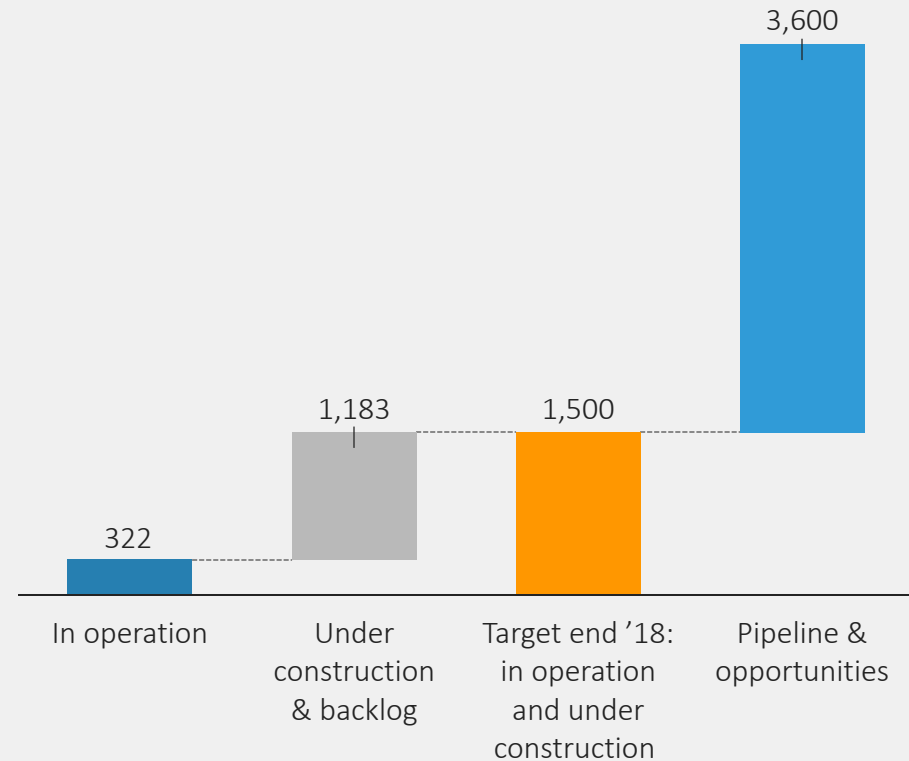
## Key facts

- Feed-in Tariff 15 €cents/kWh
- Tariff valid until 2029
- Yield: 1,200 – 1,400 hours per year



# Summary

- Strong focus on delivery of current 1.1 GW construction programme
- 3.6 GW of pipeline & opportunities - a solid basis for growth beyond 2018
- Capital Markets Update on May 30, 2018





# Thank You!



# Consolidated profit & loss

(NOKm)	Q1 18	Q1 17	Q4 17	FY 17	FY 16
<b>Total revenues and other income</b>	<b>288.8</b>	<b>276.3</b>	<b>281.5</b>	<b>1,491.5</b>	<b>1,084.9</b>
OPEX	-76.4	54.0	-74.0	-250.2	-251.9
<b>EBITDA</b>	<b>212.4</b>	<b>222.3</b>	<b>207.5</b>	<b>1,241.3</b>	<b>833.0</b>
Depreciation, amortization and impairment	-62.8	62.0	-59.9	-248.1	-270.1
<b>Operating profit</b>	<b>149.7</b>	<b>160.3</b>	<b>147.6</b>	<b>993.2</b>	<b>563.0</b>
Interest, other financial income	15.5	13.2	10.4	51.2	50.8
Interest, other financial expenses	-125.2	127.4	-146.7	-523.8	-504.8
Foreign exchange gain/(loss)	-23.6	-8.3	0.7	-59.8	-10.1
<b>Net financial expenses</b>	<b>133.2</b>	<b>122.5</b>	<b>-135.6</b>	<b>-532.3</b>	<b>-464.1</b>
<b>Profit before income tax</b>	<b>16.5</b>	<b>37.8</b>	<b>12.0</b>	<b>460.9</b>	<b>98.9</b>
Income tax (expense)/benefit	-4.4	-6.7	-13.4	-23.0	-28.4
<b>Profit/(loss) for the period</b>	<b>12.1</b>	<b>31.0</b>	<b>-1.4</b>	<b>437.9</b>	<b>70.4</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the parent	-17.7	3.6	-34.9	339.1	3.5
Non-controlling interests	29.7	27.4	33.5	98.8	67.0
<b>Basic and diluted EPS (NOK)</b>	<b>-0.17</b>	<b>0.04</b>	<b>-0.34</b>	<b>3.36</b>	<b>0.04</b>

# Consolidated cash flow statement

(NOKm)	Q1 18	Q1 17	Q4 17	FY 17	FY 16
Net cash flow from operations	700.1	262.0	175.9	844.1	732.0
Net cash flow from investments	-1,019.7	-44.0	-536.0	-874.1	-582.0
Net cash flow from financing	-29.5	197.9	1,931.8	1,639.8	-660.0
Net increase/(decrease) in cash and cash equivalents	-349.1	415.9	1,571.7	1,609.8	-510.1
Effect of exchange rate changes on cash and cash equivalents	15.4	9.3	172.5	116.1	8.7
Cash and cash equivalents at beginning of the period	2,863.1	1,137.2	1,118.9	1,137.2	1,638.6
<b>Cash and cash equivalents at end of the period</b>	<b>2,529.4</b>	<b>1,562.5</b>	<b>2,863.1</b>	<b>2,863.1</b>	<b>1,137.2</b>

# A significant increase in D&C activities

Q1 2018					
(NOKm)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Total
Revenues	137	14	417	4	572
Gross margin	137	14	42	4	196
<b>EBITDA</b>	<b>106</b>	<b>2</b>	<b>15</b>	<b>-14</b>	<b>109</b>
EBIT	70	2	15	-14	72
EBIT (%)	51%	14%	4%	-	13%

Q1 2017					
(NOKm)	Power Production	Operation & Maintenance	Development & Construction	Corporate	Total
Revenues	127	15	-	3	144
Gross margin	127	15	-	3	144
<b>EBITDA</b>	<b>108</b>	<b>5</b>	<b>-15</b>	<b>-11</b>	<b>87</b>
EBIT	69	5	-16	-11	47
EBIT (%)	54%	33%	-	-	33%

## Segment results – Q1'18

(NOKm)	PROPORTIONATE				TOTAL	RESIDUAL OWNERSHIP INTERESTS		ELIMINATIONS	CONSOLIDATED
	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE					
External revenues	126.2	-	-	-	<b>126.2</b>	156.6	-	-	<b>282.8</b>
Internal revenues	10.6	13.9	417.4	4.0	<b>445.9</b>	34.1	-480.0	-	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-	-
Net income from JV and associated companies	-	-	-	-	-	9.3	-3.2	-	<b>6.0</b>
<b>Total revenues and other income</b>	<b>136.8</b>	<b>13.9</b>	<b>417.4</b>	<b>4.0</b>	<b>572.0</b>	<b>200.0</b>	<b>-483.2</b>	-	<b>288.8</b>
Cost of sales	-	-	-375.9	-	<b>-375.9</b>	30.5	345.4	-	-
<b>Gross profit</b>	<b>136.8</b>	<b>13.9</b>	<b>41.5</b>	<b>4.0</b>	<b>196.1</b>	<b>230.5</b>	<b>-137.8</b>	-	<b>288.8</b>
Personnel expenses	-4.1	-5.0	-10.8	-8.8	<b>-28.7</b>	0.2	-	-	<b>-28.5</b>
Other operating expenses	-27.0	-7.1	-15.3	-9.0	<b>-58.4</b>	-7.1	17.6	-	<b>-47.9</b>
EBITDA	105.7	1.8	15.4	-13.9	<b>109.0</b>	223.6	-120.2	-	<b>212.4</b>
Depreciation and impairment	-36.0	-0.2	-0.9	-0.4	<b>-37.5</b>	-38.7	13.5	-	<b>-62.8</b>
<b>Operating profit</b>	<b>69.7</b>	<b>1.5</b>	<b>14.5</b>	<b>-14.2</b>	<b>71.5</b>	<b>184.9</b>	<b>-106.7</b>	-	<b>149.7</b>



# Project companies' financials – Q1'18

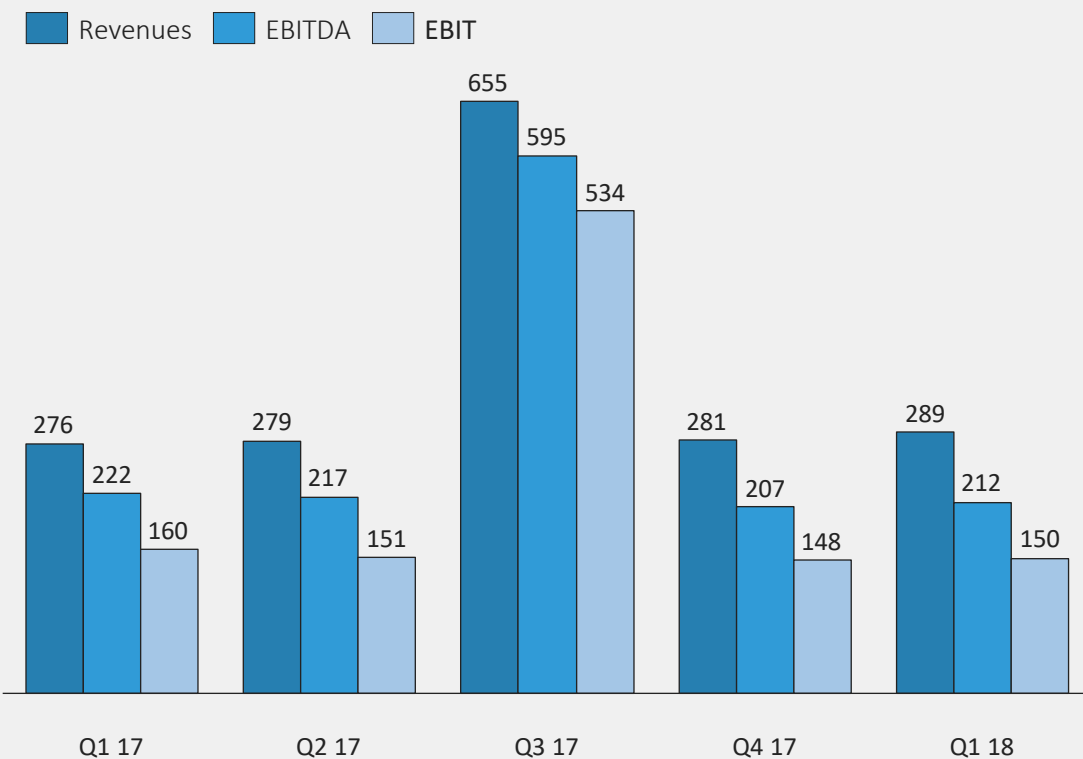
(NOKm)	Czech Republic	South Africa	Rwanda	Honduras	Jordan	Other	Total
<b>SSO economic interest</b>	100%	39%	54%	40%	60%		
<b>Revenues</b>	16	81	2	12	15	11	137
<b>OPEX</b>	-3	-8	-1	-2	-2	-16	-31
<b>EBITDA</b>	13	74	2	10	14	-6	106
<b>Net interest expenses</b>	-5	-26	-1	-4	-6	1	-42
<b>Normalised loan repayments</b>	-7	-15	-1	-5	-5	-	-33
<b>Normalised income tax payments</b>	-	-8	-	-	-	3	-5
<b>Cash flow to equity*</b>	1	20	-1	1	2	-2	26

# Project pipeline status

Project	Capacity	Status
South Africa	430 MW	Award of preferred bidder status not likely to be announced before end 2018 according to the Ministry of Energy.
Pakistan	150 MW	Hearing of tariff application took place in Q4 17, and application for PPA and implementation agreement submitted. In Q'18 the projects were awarded a tariff of 52.6 USD/MWh.
Ukraine	150 MW	SSO working on securing broad portfolio of projects, and is in advanced discussions with EBRD and other banks regarding project finance.
Nigeria	100 MW	Signed Joint Development Agreement with Norfund and Africa50 in Nov 2016. Working with lenders and the World Bank to secure remaining project documents, and to re-negotiate the PPA upon request from the Nigerian authorities.
Kenya	48 MW	The PPA was re-initialized after approval by the Board of Kenya Power and Lighting Company in July 2017, currently awaiting date for signing. Working with Norfund and Kenergy to complete the development of the project.
Cameroon	25 MW	Project awarded to SSO in March 2018. Currently negotiating the PPA with ENEO and working to secure project finance with banks.
Burkina Faso	17 MW	Project formally awarded in 2014. New commercial terms have been agreed with Ministry of Energy, and the next steps are to sign the PPA with SONABEL and the concession agreement with the Ministry of Energy.
<b>Total</b>	<b>920 MW</b>	

# Q1'18 - Consolidated & proportionate financials

Consolidated financials (NOKm)



Proportionate financials (NOKm)

