

# Third quarter 2014

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# Agenda

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- Operational review
- Financial review
- Outlook

# Operational review

# Operational highlights

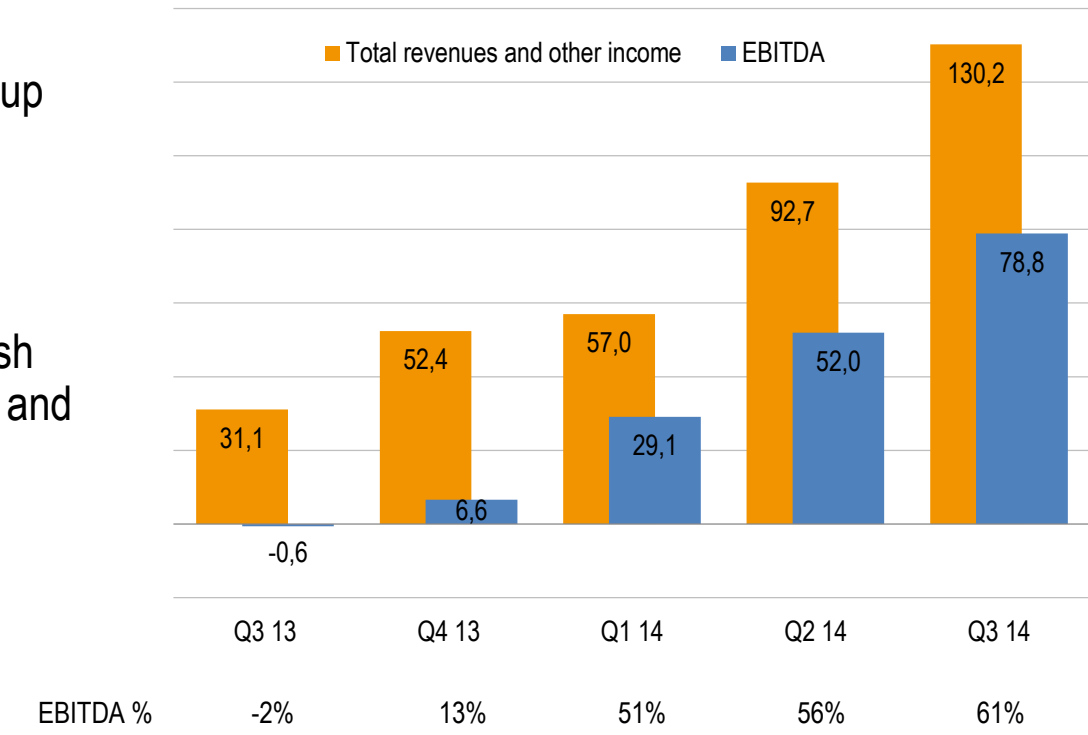
- Strong growth in power production
- Successful completion of the 40 MW Linde, 75 MW Dreunberg and 9 MW ASYV solar power plants
- Project development on track - backlog reached 214 MW
- IPO completed, raised equity of gross NOK 500 million to fund further growth



# Financial highlights

- Consolidated revenues of NOK 130 million up 40% from Q2'14
- Consolidated EBITDA of NOK 79 million up 52% from Q2'14
- Adjusted net profit to Scatec Solar of NOK 8 million
- Scatec Solar's proportionate share of cash flow to equity of NOK 30 million in Q3'14 and NOK 196 million year to date

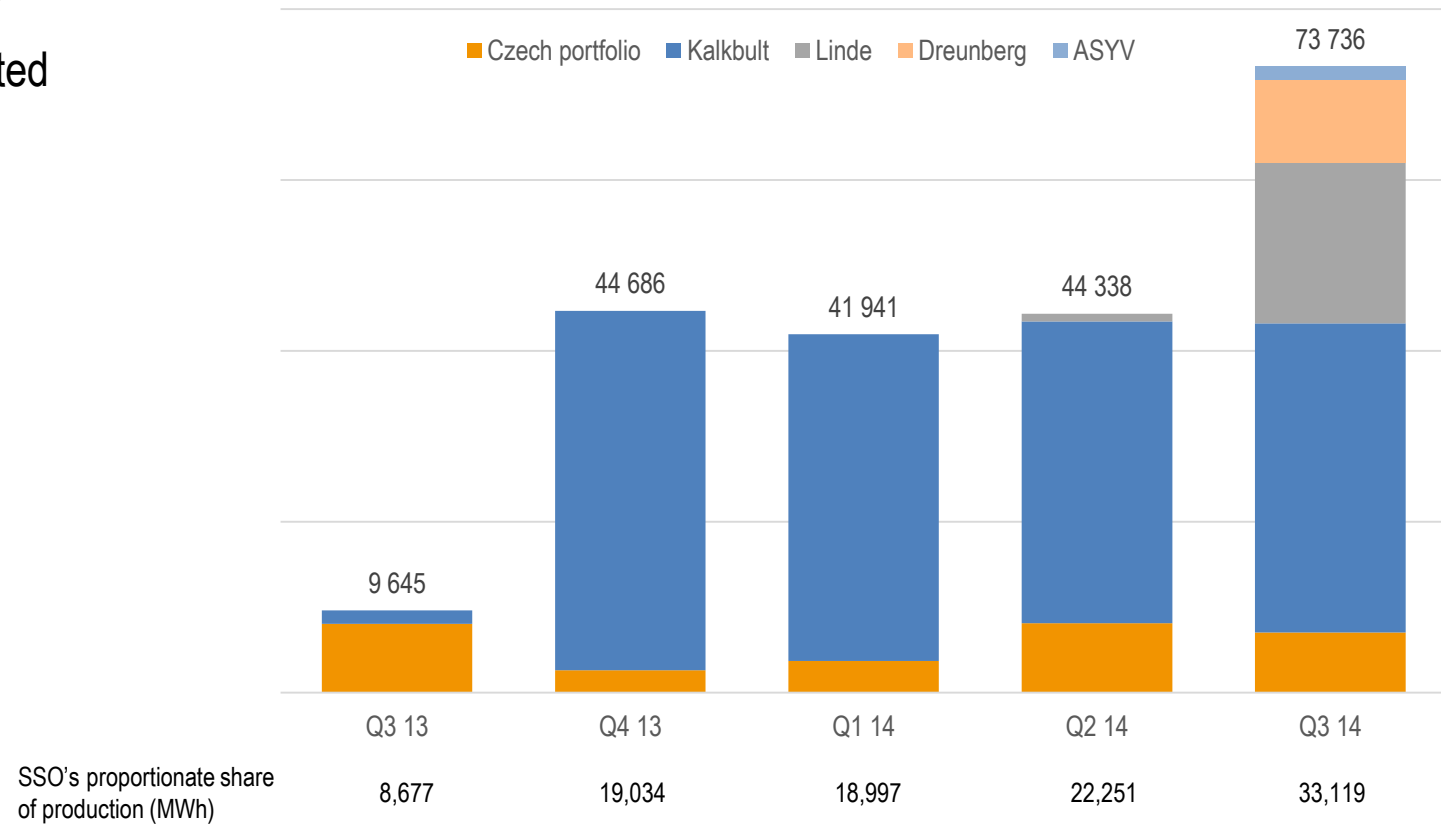
## Consolidated revenues and EBITDA (NOKm)



# Strong growth in power production

- Linde and ASYV in operation from July
- Dreunberg completed late August

Power production (MWh)





# Power plants in operation – Czech Republic





# Power plants in operation – SA and Rwanda

## Kalkbult, RSA

Capacity 75 MW

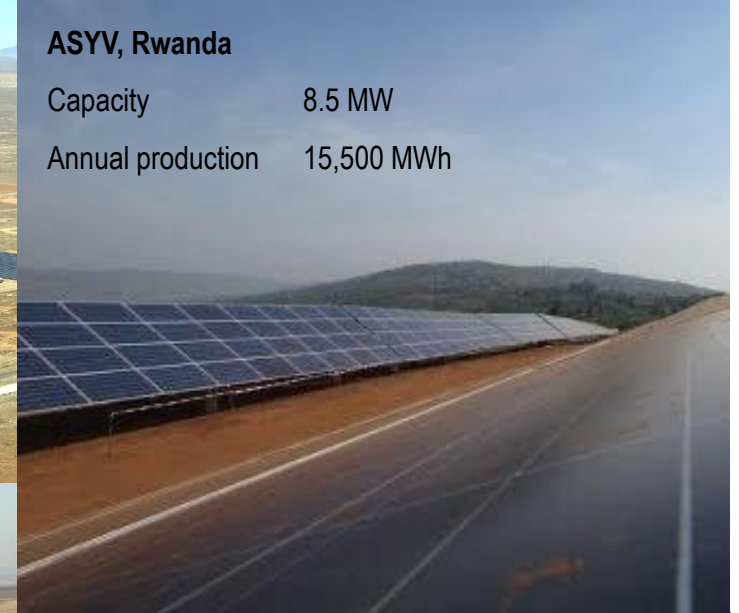
Annual production 150,000 MWh



## ASYV, Rwanda

Capacity 8.5 MW

Annual production 15,500 MWh



## Linde, RSA

Capacity 40 MW

Annual production 93,700 MWh

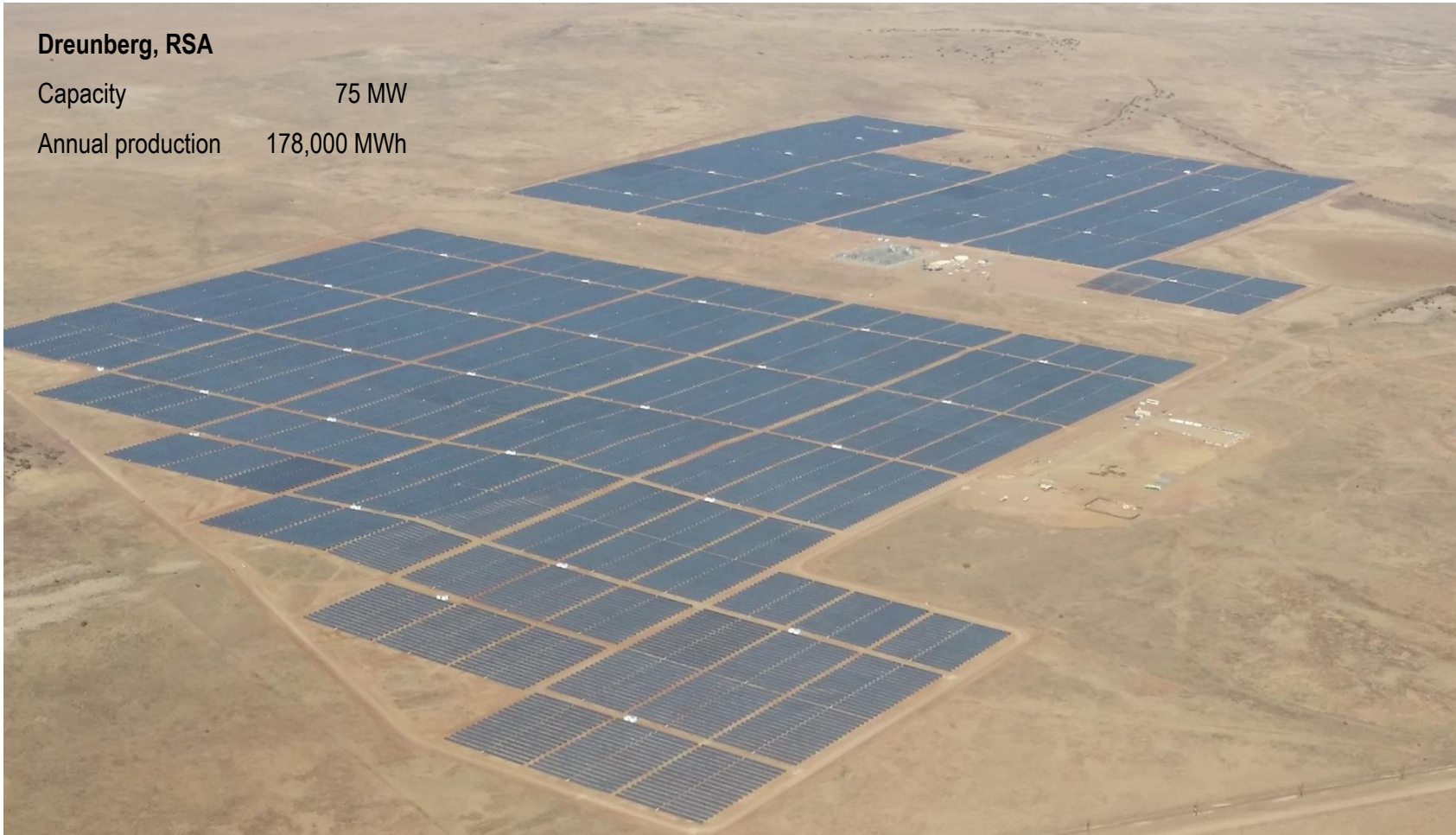


# Dreunberg

## Dreunberg, RSA

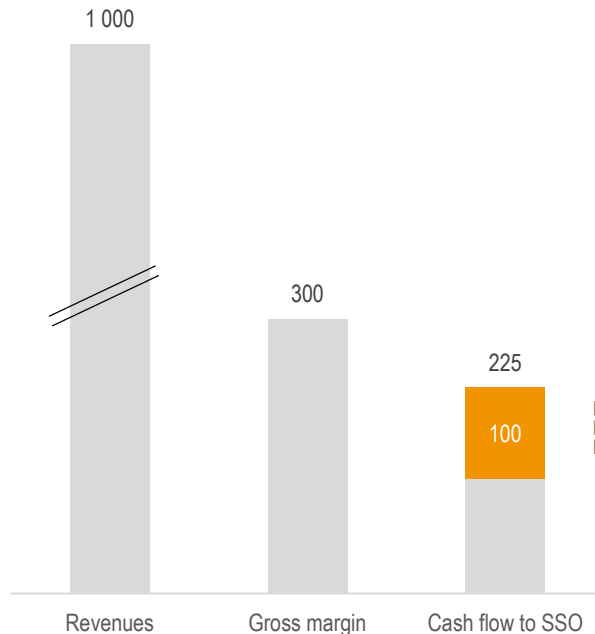
Capacity 75 MW

Annual production 178,000 MWh



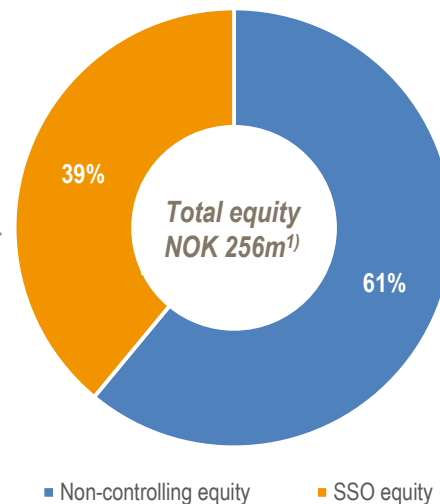
# Project cash generation – Dreunberg example

Project Development & Construction contribution (NOKm)

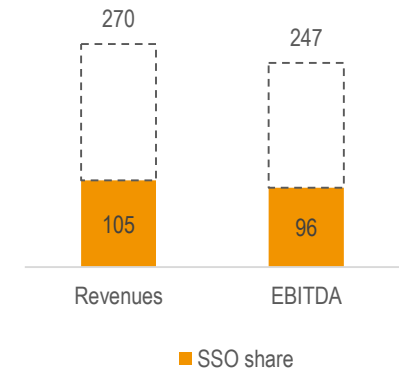


- Investing NOK 100m of project D&C cash flow
- Generating annual EBITDA of some NOK 104m to SSO

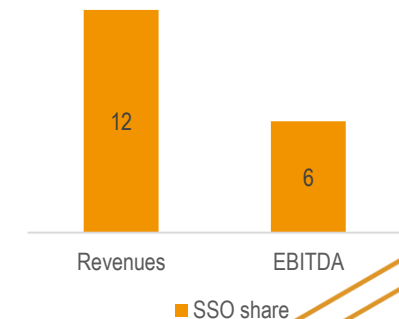
Project equity composition



Annual Power Production contribution (NOKm)

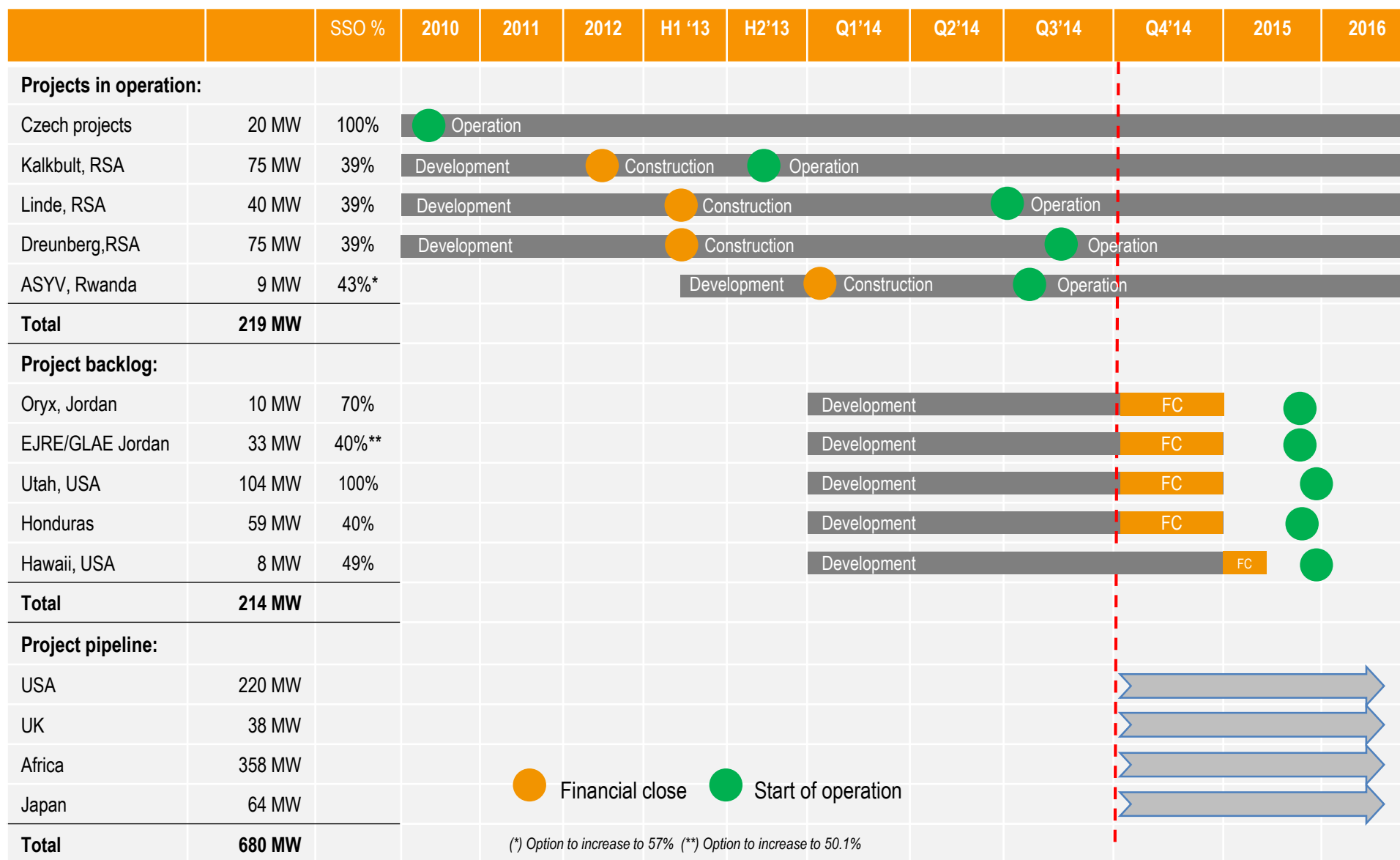


Annual O&M contribution (NOKm)





# Backlog & Pipeline - overview



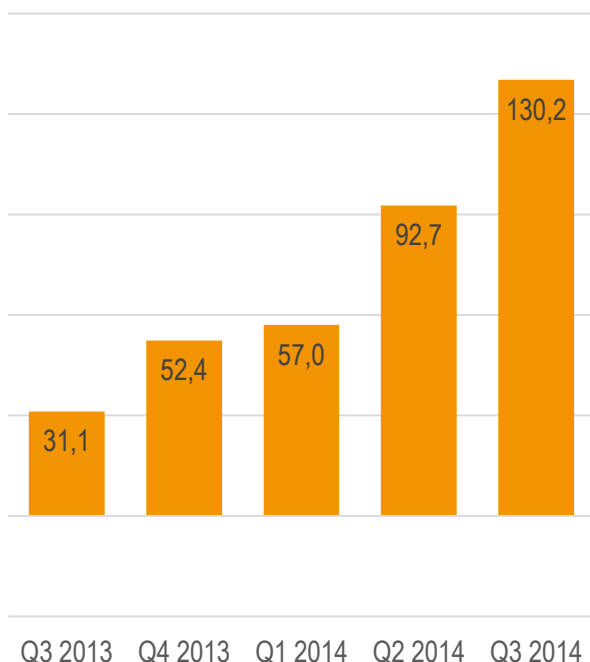


# Financial review

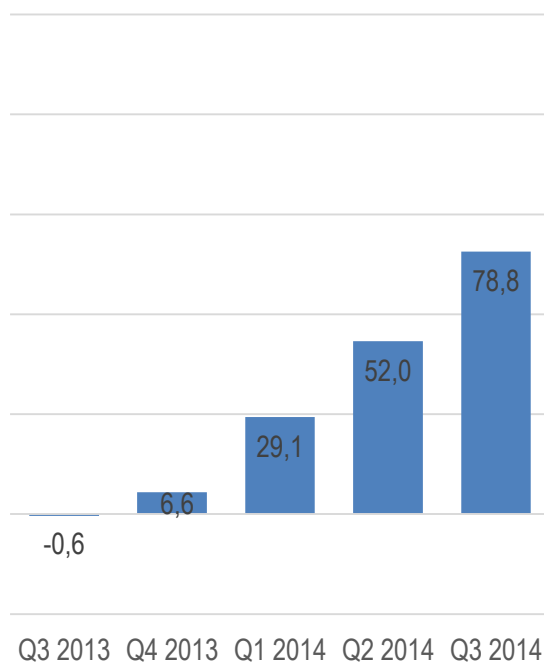
## Mikkel Tørud CFO

# Consolidated financials – continued growth

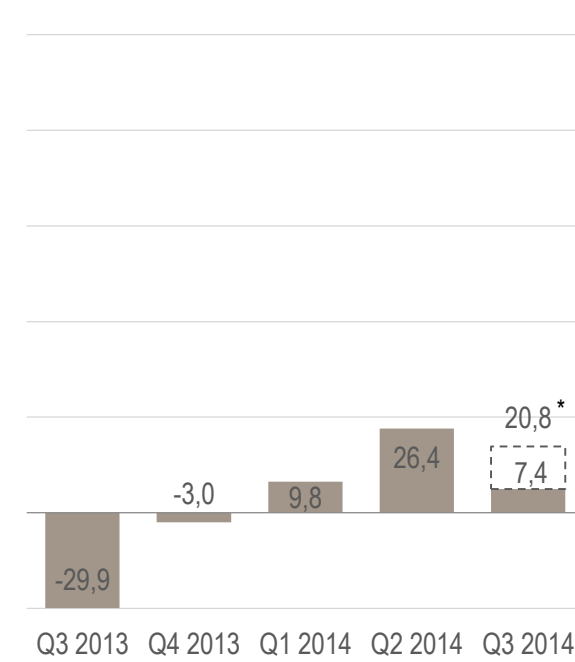
Revenues (NOKm)



EBITDA (NOKm)



Net profit/loss (NOKm)



\* Adjusted for IPO costs and share based payments

- Strong growth in revenues and EBITDA
- Net profit affected by non-recurring IPO costs and non-cash share based payment
- Gains on currency and currency hedges down from previous quarter

# Scatec Solar' proportionate share of P&L

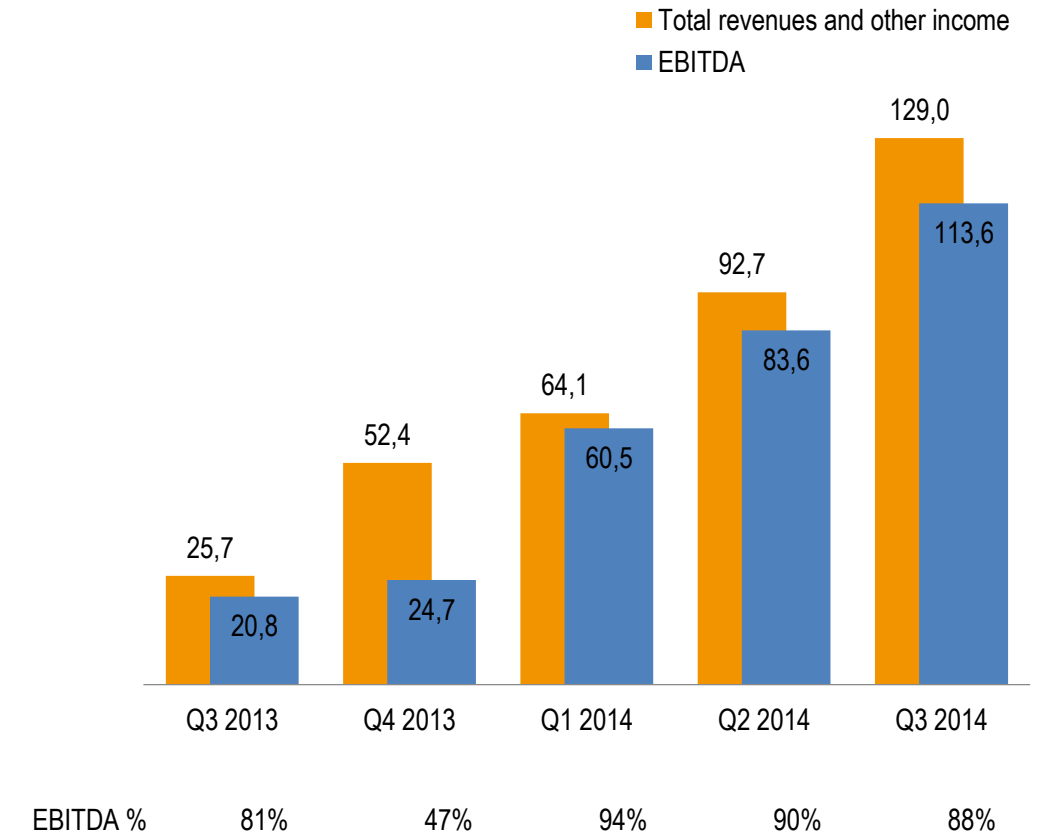
- Scatec Solar controls its solar power plants and these are therefore consolidated
- Cost of operating power plants is shared with our partners, while Scatec Solar alone invests in early phase project development
- Net profit to Scatec Solar is hence disproportionate to its share of revenues

Third quarter (NOKm)	Consolidated	SSO prop. share	%
<b>Total revenues</b>	<b>130.2</b>	<b>68.0</b>	<b>52%</b>
Cost of sales & opex	51.4	44.9	87%
<b>EBITDA</b>	<b>78.8</b>	<b>23.1</b>	<b>29%</b>
D&A & Impairments	-27.4	-13.4	49%
<b>EBIT</b>	<b>51.4</b>	<b>9.7</b>	<b>19%</b>
Net financials & tax	-44.0	-15.1	34%
<b>Net profit</b>	<b>7.4</b>	<b>-5.4</b>	<b>-</b>
<b>Adjusted net profit*</b>	<b>20.8</b>	<b>8.0</b>	<b>38%</b>

# Power production

- Sale of electricity from solar power plants controlled by Scatec Solar
- Growth in revenues and profit after grid connection of the Linde, ASYV and Dreunberg power plants
- Dreunberg earning 'early revenues' - 60 % of PPA tariff until year end 2014
- Lower irradiation than normal in August and September
- Opex increasing with commencement of the O&M contracts for Kalkbult and Linde

Consolidated revenues & EBITDA (NOKm)

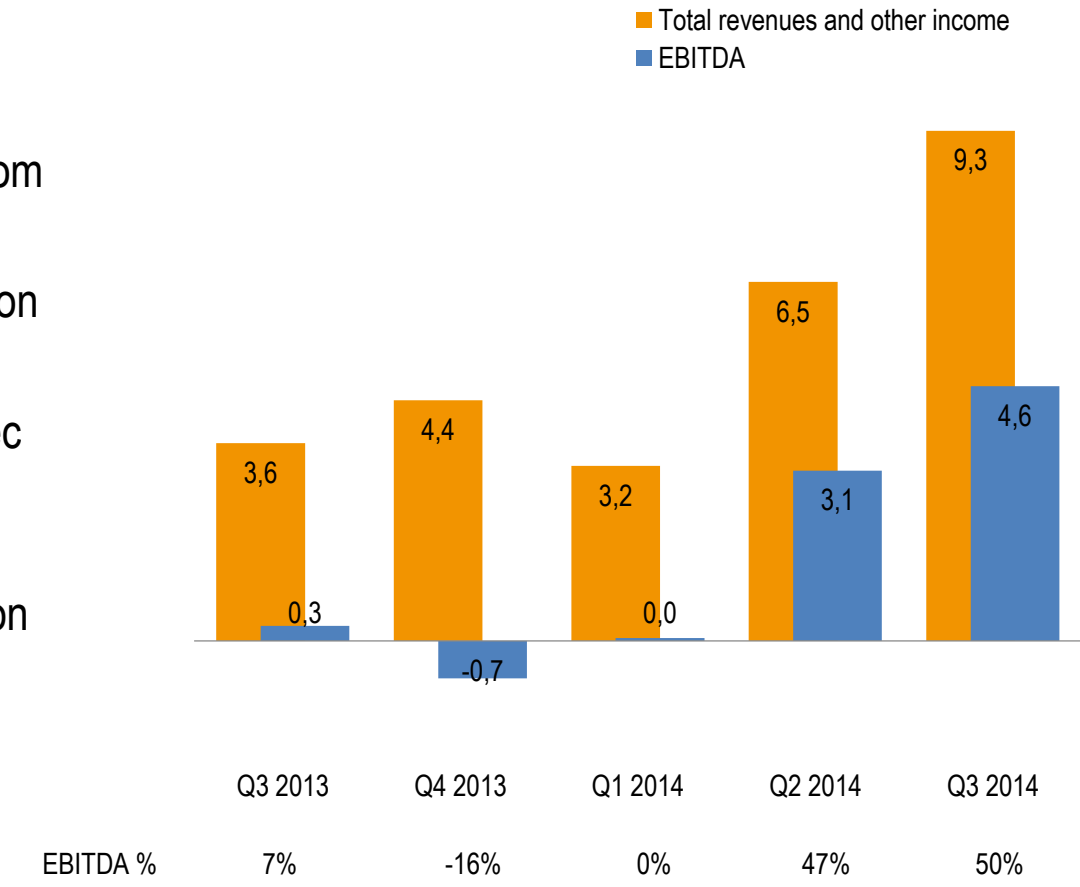




# Operation & Maintenance

- O&M service to Scatec Solar's power plants in a start up phase
- O&M contracts and revenues mainly from 95 MW of 220 MW in Q3'14
- Overperformance bonus of NOK 4 million recognised in the quarter
- Organisation in place to serve all Scatec Solar controlled solar plants
- From early 2015, expected annual revenues of NOK 50-55 million based on current plant performance

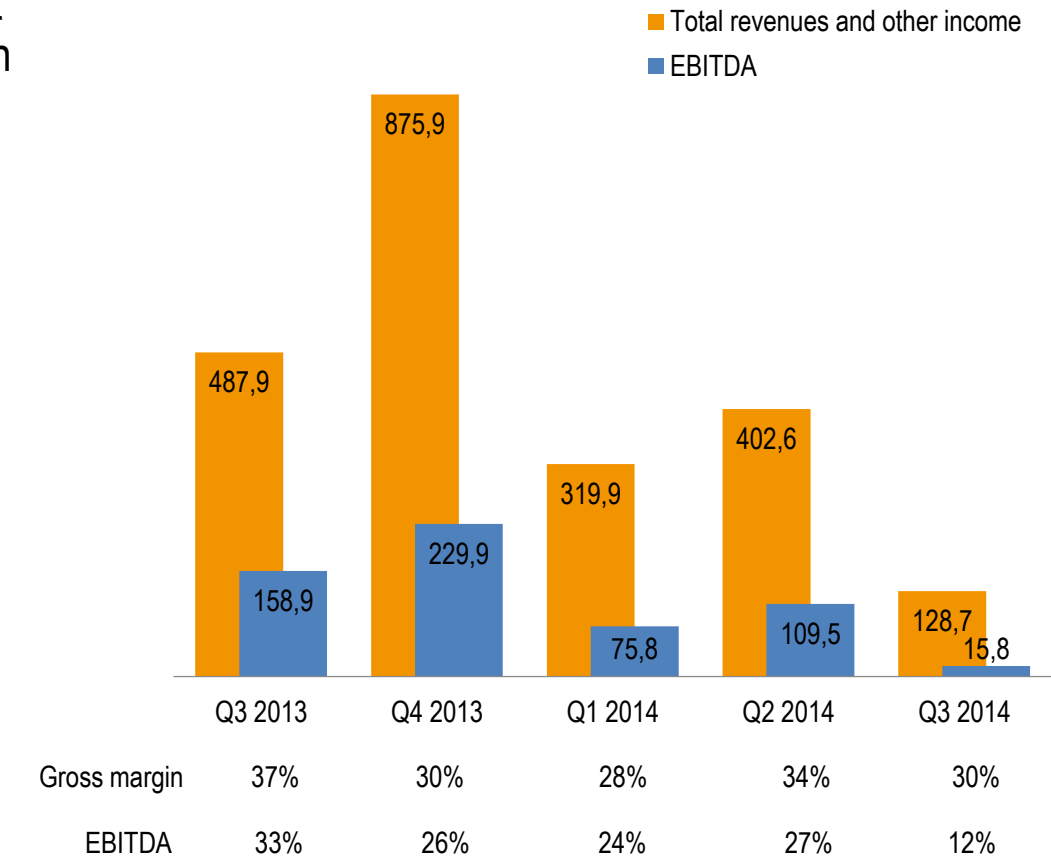
Consolidated revenues & EBITDA (NOKm)



# Development & Construction

- D&C revenues and margins reflect project development and power plant construction activities
- Lower revenues and margins in Q3'14 as the Linde and Dreunberg projects are being completed
- Expensed NOK 12 million for early phase development of new projects
- Revenues and margins set to grow with start of construction of backlog projects

Consolidated revenues & EBITDA (NOKm)



# Segment financials and cash flow

Q3 - NOK million	Power Prod.	O&M	D&C	Corporate	Elim.	Consolidated
<b>Total revenues</b>	<b>129.0</b>	<b>9.3</b>	<b>128.7</b>	<b>2.5</b>	<b>-139.2</b>	<b>130.2</b>
Cost of sales	0.0	0.0	-90.7	0.0	89.3	-1.4
<b>Gross profit</b>	<b>129.0</b>	<b>9.3</b>	<b>38.0</b>	<b>2.5</b>	<b>-49.9</b>	<b>128.8</b>
Operating expenses	-15.4	-4.7	-22.2	-18.0	10.2	-50.0
<b>EBITDA</b>	<b>113.5</b>	<b>4.6</b>	<b>15.8</b>	<b>-15.5</b>	<b>-39.7</b>	<b>78.8</b>
D&A and impairment	-33.8	-0.3	-3.4	-0.1	10.1	-27.4
<b>EBIT</b>	<b>79.8</b>	<b>4.3</b>	<b>12.4</b>	<b>-15.5</b>	<b>-29.6</b>	<b>51.4</b>

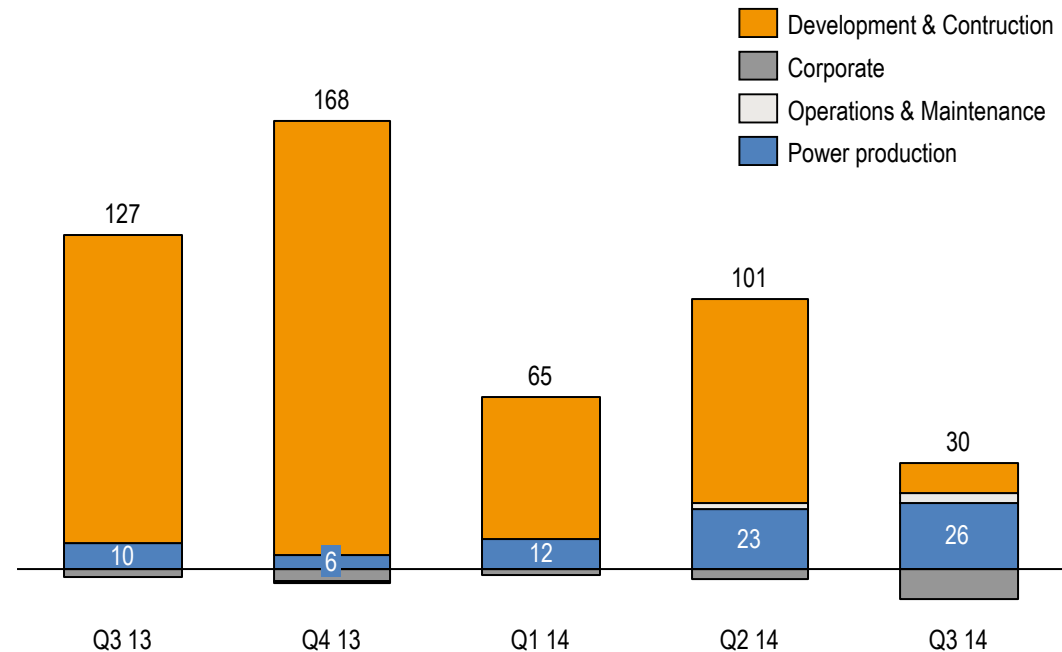
					Total
<b>Total cash flow to equity*:</b>	<b>50.2</b>	<b>3.4</b>	<b>11.6</b>	<b>-11.3</b>	<b>53.9</b>
<b>Scatec Solar share of CF to equity</b>	<b>25.9</b>	<b>3.4</b>	<b>11.6</b>	<b>-11.3</b>	<b>29.6</b>

- Consolidated revenues and gross profit mainly represents value creation in Power Production segment
- O&M, D&C and Corporate revenues are internal to the group and hence eliminated
- Cash are still generated to Scatec Solar in all segments

# Solid cash flow generation

- Strong cash flow generation from D&C in South Africa over the past couple of years
- Continued growth in cash flow from Power Production
- D&C cash flow set to increase with the start of construction of the new power plants

SSO proportionate share of cash flow to equity\*

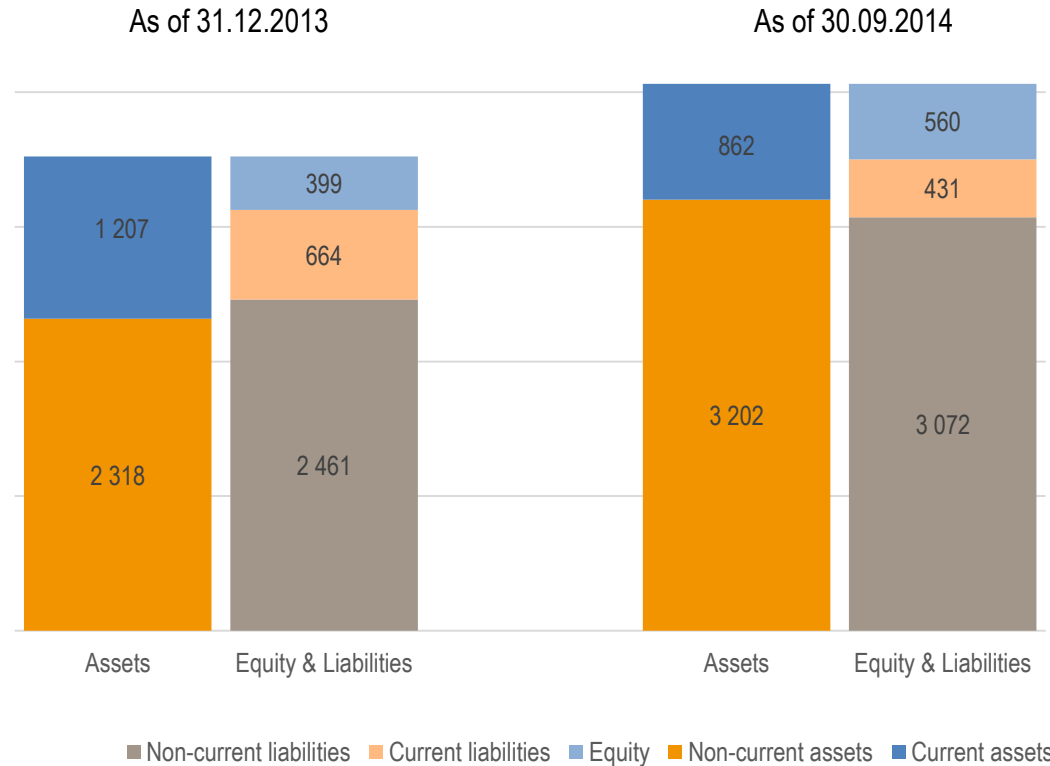




# Financial position

- Cash position of NOK 666 million of which NOK 111 million free cash, before IPO proceeds
- All non-current interest bearing liabilities is non-recourse project financing
- Eliminated D&C margin reduces asset values in the balance sheet - leads to;
  - Lower book equity value
  - Reduced depreciation over time

## Financial position (NOKm)



# Summary

- Continued strong growth in revenues and margins
- Steady increase in cash flow from Power Production and Operation & Maintenance
- D&C cash flow set to increase again with execution of the backlog
- Solid financial position – NOK 500 million of IPO proceeds available to fund further growth



# Outlook

# Outlook

## Key priorities

- Maintain solid performance at existing 220 MW of solar power plants
- Target Q4 production of 120,000 MWh, up from 74,000 MWh in Q3'14
- Secure financial close and execution of the 214 MW backlog projects – all to be in operation by end of 2015
- Continue to grow the backlog

	Capacity	Total investment (USDm)	Gross annual revenues (USDm)	SSO ownership
Oryx, Jordan	10 MW	34	4	70%
EJRE/GLAE, Jordan	33 MW	100	13	40%*
Red Hills, USA	104 MW	180	14	100%
Hawaii, USA	8 MW	34	3	49%
Honduras	59 MW	120	20	40%
<b>Total</b>	<b>214 MW</b>	<b>468</b>	<b>54</b>	



# Thank you

## Our values

- Predictable
- Driving results
- Change makers
- Working together

# Consolidated profit & loss

(NOK million)	Q3 14	Q2 14	Q3 13	9M 14	9M 13
<b>Total revenues</b>	<b>130.2</b>	<b>92.7</b>	<b>31.1</b>	<b>279.9</b>	<b>76.6</b>
Gross profit	128.8	91.5	31.0	276.9	64.3
<b>EBITDA</b>	<b>78.8</b>	<b>52.0</b>	<b>-0.6</b>	<b>159.9</b>	<b>-23.4</b>
Depreciation, amortization and impairment	-27.4	-16.7	-23.0	-63.2	-35.7
<b>Operating profit</b>	<b>51.4</b>	<b>35.3</b>	<b>-23.6</b>	<b>96.7</b>	<b>-59.1</b>
Interest, other financial income	8.3	8.3	11.3	40.2	121.7
Interest, other financial expenses	-65.3	-36.1	-19.5	-158.6	-42.5
Foreign exchange gain/(loss)	18.4	23.8	-1.2	75.2	0.6
<b>Net financial expenses</b>	<b>-38.5</b>	<b>-3.9</b>	<b>-9.4</b>	<b>-43.2</b>	<b>79.8</b>
<b>Profit before income tax</b>	<b>12.9</b>	<b>31.3</b>	<b>-33.0</b>	<b>53.5</b>	<b>20.7</b>
Income tax (expense)/benefit	-5.4	-4.9	3.1	-9.8	-25.3
<b>Profit/(loss) for the period</b>	<b>7.4</b>	<b>26.4</b>	<b>-29.9</b>	<b>43.7</b>	<b>-4.6</b>
<b>Profit/(loss) attributable to:</b>					
Equity holders of the parent	-5.4	8.2	-19.3	-6.9	-37.9
Non-controlling interests	12.8	18.3	-10.5	50.6	33.3
<b>Basic and diluted EPS (NOK)</b>	<b>-0.08</b>	<b>0.13</b>	<b>-0.30</b>	<b>-0.11</b>	<b>-0.58</b>

# Consolidated cash flow statement

(NOK million)	Q3 14	Q3 13	9M 14	9M 13	FY 2013
Net cash flow from operations	-258.4	-90.3	-137.6	106.3	301.1
Net cash flow from investments	-122.6	-354.0	-777.6	-877.2	-1,306.4
Net cash flow from financing	146.7	501.5	574.2	1,334.0	1,868.3
Net increase/(decrease) in cash and cash equivalents	-234.2	57.2	-340.9	563.1	862.9
Effect of exchange rate changes on cash and cash equivalents	-19.0	17.8	-18.3	-8.7	-10.8
Cash and cash equivalents at beginning of the period	919.3	652.6	1,025.4	173.2	173.2
<b>Cash and cash equivalents at end of the period</b>	<b>666.1</b>	<b>727.6</b>	<b>666.1</b>	<b>727.6</b>	<b>1,025.4</b>

# Project companies – financials – year to date 2014

(NOK million)	Czech Republic	Kalkbult	Linde	Dreunberg	ASYV	Other	Total segment	SSO prop. share
<b>SSO shareholding</b>	100%	39%	39%	39%	43%			
<b>Revenues</b>	68.8	175.5	29.6	8.9	1.7	1.2	285.7	<b>154.0</b>
<b>EBITDA</b>	61.3	158.7	28.0	8.6	1.4	-0.4	257.7	<b>137.5</b>
<b>Interest expenses</b>	-14.8	-68.0	-13.3	-6.0	-2.1	-	-104.2	<b>-49.7</b>
<b>Cash flow to equity *</b>	29.0	75.1	12.9	2.5	-0.5	-0.0	119.0	<b>63.8</b>

(NOK million)	Power production					D&C, O&M, Corporate & Eliminations**	Consolidated
	Czech Republic	Kalkbult	Linde	Dreunberg	ASYV		
<b>Net debt</b>	320.9	768.0	471.6	976.5	134.2	-241.7	<b>2,429.4</b>
<b>Project equity</b>	177.9	303.9	168.3	181.6	16.3	-287.6	<b>560.4</b>
<b>Total assets</b>	582.0	1,381.5	765.9	1,299.4	175.7	-141.6	<b>4,063.1</b>
<b>PP&amp;E</b>	484.0	1,136.2	613.0	1,180.9	136.9	-940.1	<b>2,611.1</b>

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

\*\* The amount of NOK 952.7 million includes development projects that have not yet reached construction phase of NOK 60.2 million.

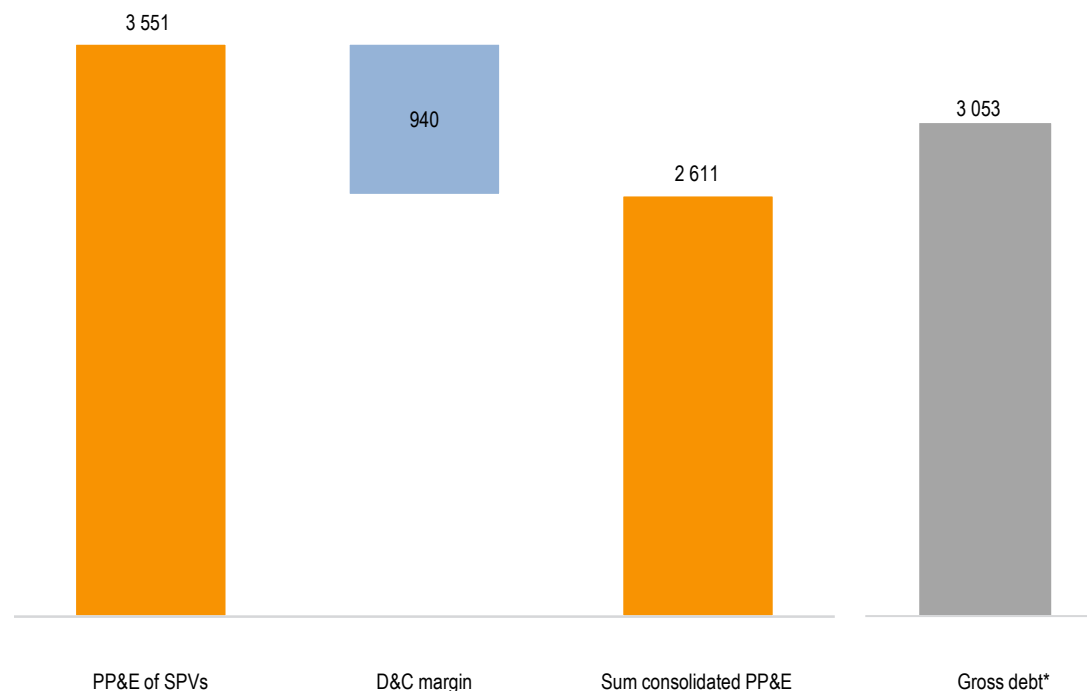
# D&C margins reduces consolidated PP&E

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

Leads to:

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

Build up of PP&E as per 30.09.2014 – NOKm



\* Does not include corporate overdraft facility of NOK 43 million