Fourth quarter

2019

Scatec Solar
Improving our future™

About Scatec Solar

Scatec Solar is a leading integrated independent solar power producer, delivering affordable, rapidly deployable and sustainable clean energy worldwide. A long- term player, Scatec Solar develops, builds, owns and operates solar power plants and has an installation track record of more than 1.3 GW. The company has a total of 1.9 GW in operation and under construction on four continents.

With an established global presence and a significant project pipeline, the company is targeting a capacity of 4.5 GW in operation and under construction by end of 2021. Scatec Solar is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SSO'.

Asset portfolio [1)]

	CAPACITY MW	ECONOMIC INTEREST [2)]
In operation		
Egypt	390	51%
South Africa	190	45%
Brazil	162	44%
Malaysia	197	100%
Honduras	95	51%
Ukraine	47	51%
Jordan	43	62%
Mozambique	40	52%
Czech Republic	20	100%
Rwanda	9	54%
Total	**1,193**	**59%**
Under construction		
Ukraine	289	96%
South Africa	258	46%
Argentina	117	50%
Malaysia	47	100%
Total	**711**	**70%**
Projects in backlog		
Tunisia	360	65%
Vietnam	48	65%
Ukraine	65	65%
Bangladesh	62	65%
Mali	33	51%
Total	**568**	**64%**
Grand total	**2,472**	**63%**
Projects in pipeline	**5,206**	

Solar power plants in operation: 1,193 MW   Plants under construction: 711 MW   Projects in backlog: 568 MW

Segment overview

Power Production
The plants produce electricity for sale under long term power purchase agreements (PPAs), with state owned utilities or corporate off-takers, or under government-based feed-in tariff schemes. The average remaining PPA duration for power plants in operation is 20 years. The segment also comprise asset management services provided to solar power plants where Scatec Solar has economic interests.

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

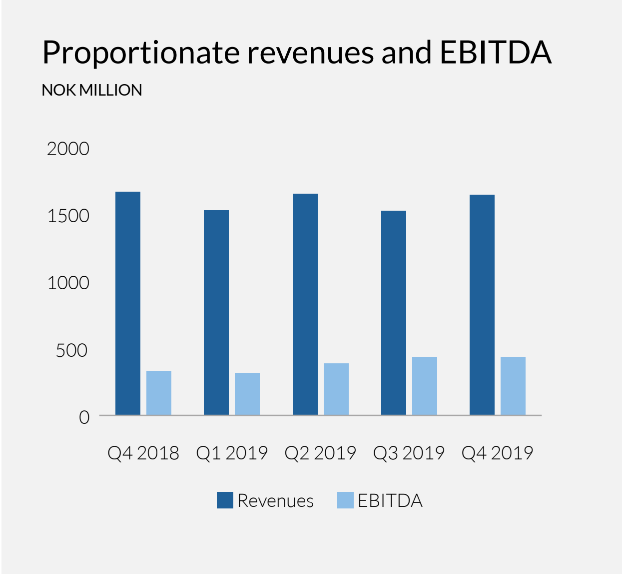
Development & Construction
The Development & Construction segment derives its revenues from the sale of development rights and construction services delivered to power plant companies where Scatec Solar has economic interests.

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

1) Per reporting date.
2) Scatec Solar's share of the total estimated economic return from its subsidiaries. For projects under development the economic interest may be subject to change.

Q4 2019 – Continued strong growth and new contract awards

- Power production reached 298 GWh in the quarter and 926 GWh for FY2019, up almost threefold from same period last year
- EBITDA [1] reached NOK 434 million in the quarter and NOK 1,571 million (961) for FY2019
- Completed the 390 MW solar plant in Egypt
- Awarded 360 MW of new solar projects in Tunisia
- The Board of Directors proposes dividends of NOK 1.05 per share



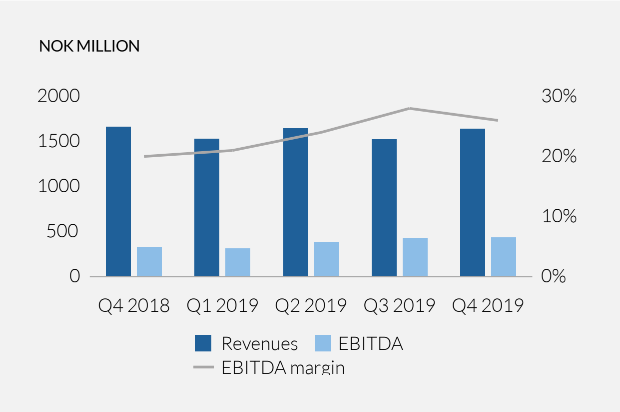
Key figures

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
PROPORTIONATE FINANCIALS [1]					
Revenues and other income	**1,642**	1,522	1,666	6,341	4,725
Power Production	*379*	*357*	*180*	*1,216*	*622*
Operation & Maintenance	*34*	*35*	*15*	*115*	*81*
Development & Construction	*1,222*	*1,121*	*1,466*	*4,980*	*4,005*
Corporate	*7*	*9*	*5*	*31*	*17*
EBITDA [1]	**434**	433	329	1,571	961
Power Production	*309*	*296*	*139*	*994*	*492*
Operation & Maintenance	*11*	*18*	*2*	*45*	*34*
Development & Construction	*132*	*133*	*202*	*589*	*488*
Corporate	*-18*	*-14*	*-14*	*-58*	*-53*
Operating profit (EBIT)	**263**	317	276	1,111	773
Profit/(loss)	**91**	174	204	530	398
Net interest- bearing debt [1]	**7,312**	6,091	4,214	7,312	4,214
Power production (GWh)	**298**	295	108	926	318
SSO proportionate share of cash flow to equity [1]	**200**	218	183	794	481
CONSOLIDATED FINANCIALS					
Revenues and other income	**568**	512	344	1,783	1,213
EBITDA [1]	**436**	418	257	1,386	902
Operating profit (EBIT)	**271**	270	187	874	629
Profit/(loss)	**56**	66	76	155	226
Net interest- bearing debt	**10,986**	9,678	6,447	10,986	6,447
Earnings per Share	**-0.10**	0.27	0.40	-0.31	1.29
Power Production (GWh)	**536**	517	224	1,655	681

1) See Alternative Performance Measures appendix for definition.

Group – Proportionate financials

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Revenues and other income	**1,642**	1,522	1,666	6,341	4,725
Gross profit	**586**	565	432	2,067	1,321
Operating expenses	**-152**	-132	-103	-497	-360
EBITDA	**434**	433	329	1,571	961
EBITDA margin	**26%**	28%	20%	25%	20%
D&A and impairment	**-171**	-116	-53	-460	-188
EBIT	**263**	317	276	1,111	773
Cash flow to equity [1]	**200**	218	183	794	481



1) See Alternative Performance Measures appendix for definition.

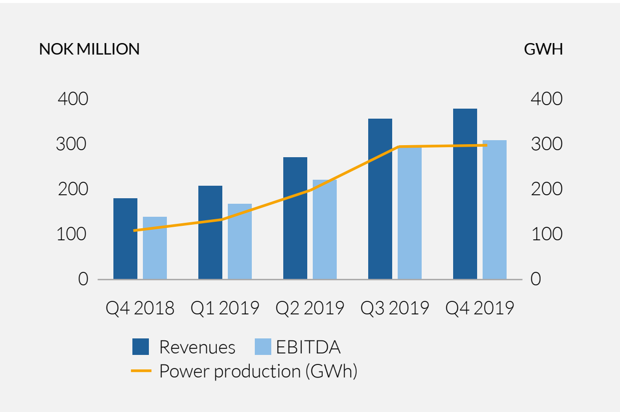
Fourth quarter proportionate revenues were in line with the same quarter last year, while EBITDA increased by 32% in the same period. The EBITDA-increase is primarily driven by new solar power plants starting commercial operation. Revenues and EBITDA increased in the Power Production segment while decreased slightly in the Development & Construction segment. This change in segment mix resulted in a higher overall EBITDA margin than in previous periods.

Operating expenses, depreciation and impairment charges increased, mainly due to new solar power plants starting operation.

The growth in revenues and profitability during 2019 reflects both higher power production and increase in Development & Construction activities compared to 2018.

Power Production – Proportionate financials

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Revenues and other income	**379**	357	180	1,216	622
Operating expenses	**-70**	-61	-41	-222	-130
EBITDA [1]	**309**	296	139	994	492
EBITDA margin [1]	**82%**	83%	77%	82%	79%
D&A and impairment	**-155**	-107	-52	-412	-164
EBIT	**154**	190	88	582	328
Cash flow to equity [1]	**108**	125	48	376	157



1) See Alternative Performance Measures appendix for definition.

The Power Production segment produced power from power plants with a total capacity of 1,193 MW at the end of fourth quarter. The total capacity increased with 65 MW from the end of third quarter, reflecting completion of the projects in Egypt.

Production reached 298 GWh in fourth quarter compared to 108 GWh in fourth quarter 2018 and 295 GWh in the previous quarter.

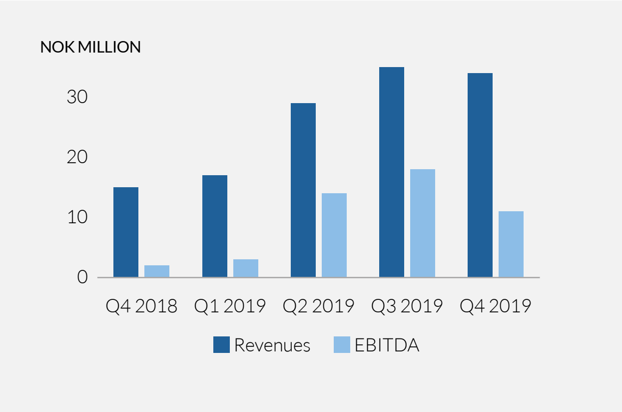
Operating expenses and depreciations increased compared with previous quarter and fourth quarter 2018 due to the added capacity. Profitability increased from 2018 and remained fairly stable throughout 2019.

The growth in revenues and profitability during 2019 reflects higher power production as installed capacity have increased from 584 MW at end of 2018.

See additional information on page 16 for a specification of financial performance for each individual power plant company.

Operation & Maintenance (O&M) – Proportionate financials

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Revenues and other income	**34**	35	15	115	81
Operating expenses	**-23**	-17	-13	-70	-48
EBITDA	**11**	18	2	45	34
EBITDA margin [1]	**32%**	52%	12%	39%	41%
D&A and impairment	**-1**	-1	-	-3	-1
EBIT	**10**	17	2	42	33
Cash flow to equity [1]	**10**	14	2	37	26



1) See Alternative Performance Measures appendix for definition.

O&M revenues increased year on year with new plants in operations in Egypt, Mozambique and Ukraine.

Revenues are lower in South Africa in the fourth quarter due to normal seasonal variations in the performance bonus.

Operating expenses increased compared to the previous quarter and the fourth quarter last year, primarily due to the new plants in operations.

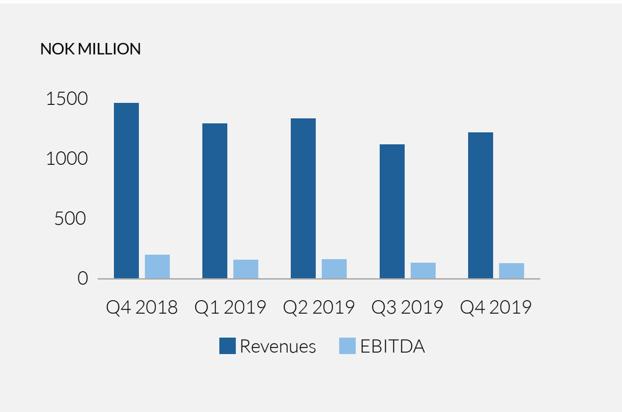
The operating expenses mainly constitute fixed expenses and recurring maintenance cost reflecting fixed maintenance schedules.

The profitability of the segment reflects seasonal variations. In addition, somewhat lower margins on new O&M contracts, as well as increased overhead cost in preparation for O&M for plants under construction, impacted the margin.

Revenues and profitability for the full year are explained by the developments referred to above.

Development & Construction (D&C) – Proportionate financials

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Revenues and other income	**1,222**	1,121	1,466	4,980	4,005
Gross profit	**166**	163	232	706	601
Gross margin [1]	**14%**	15%	16%	14%	15%
Operating expenses	**-34**	-31	-30	-117	-113
EBITDA	**132**	133	202	589	488
D&A and impairment	**-13**	-7	-1	-39	-21
EBIT	**119**	125	201	550	467
Cash flow to equity [1]	**107**	106	157	471	383



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

D&C revenues in fourth quarter were generated by projects under construction in Malaysia, Egypt, South Africa, Ukraine and Argentina. Accumulated construction progress across these projects was 78% at the end of fourth quarter.

The Company continued to mature a wide range of projects and 360 MW was added to the project backlog, while 158 MW in Honduras and Vietnam was reclassified to pipeline in the quarter.

The 14% gross margin for the quarter reflects the current mix of projects under construction and development. Quarterly fluctuations in gross margin must be expected.

Operating expenses comprised of approximately NOK 20 million (17) [1] for early stage development of new projects and NOK 14 million (13) related to the construction business.

For the full year, financial performance improved compared to 2018 due to higher construction activity.

Corporate – Proportionate financials

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Revenues and other income	**7**	9	5	31	17
Operating expenses	**-25**	-23	-19	-89	-70
EBITDA	**-18**	-14	-14	-58	-53
D&A and impairment	**-2**	-1	-1	-6	-2
EBIT	**-20**	-16	-15	-64	-55
Cash flow to equity [1]	**-25**	-28	-24	-91	-85

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 across the Group, the increase reflects the growth of the Company.

Operating expenses increased during 2019, reflecting strengthening of corporate functions to support the Company's growth.

Short term guidance

Power production

The estimated production for first quarter and full year 2020 is based on production from the 1,193 MW in operation at the end of fourth quarter 2019.

GWH	Q4 2019	Q1 2020E	2020E
Proportionate	**298**	305 - 325	1,250 - 1,350
100% basis	**536**	540 - 580	2,300 - 2,400

Operation & Maintenance

From 2020, Scatec Solar plans to report revenues and margins from Asset Management Services and O&M Services together in a new Services segment. Asset Management Services have historically been reported as part of the Power Production segment. Restated segment financials and 2020 guidance for Services will be published prior to Q1 2020 reporting.

Development & Construction

D&C revenues and margins are dependent on progress on development and construction projects.

The 711 MW currently under construction represent awarded Development & Construction contracts with a value of about NOK 3.4 billion. The remaining, not booked, contract value at the end of fourth quarter 2019 was about NOK 700 million.

Corporate

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

Outlook

The renewable energy market is expected to see continued strong growth with solar and wind providing 50% of all power globally by 2050 and investments in renewables are expected to reach about USD 300 million in 2020 according to BNEF. Solar continues to be the lowest cost source of energy across sun-rich regions and Bloomberg New Energy Finance (BNEF) estimates new installed capacity of solar new-build to grow about 14% in 2020 to about 135 GW. The growth is forecasted to come from new investments in China, South East Asia, Latin America and the Middle East.

In September 2019, Scatec Solar raised its growth ambitions and updated its financial and operational targets:

- Installed capacity of 4.5 GW in operation or under construction by end of 2021
- Annual growth of 1.5 GW per year from 2022 onwards
- Development & Construction segment gross margin of 12-14%
- Average equity IRR on investments of 12-14%

The Company is utilising its solid track record and market position to further grow its business in new segments. Release by Scatec Solar was launched in 2019, a service that offers industrial players in emerging markets access to flexible, reliable and low-cost power through solar plant leasing.

Scatec Solar's strategic direction remains firm as the Company aims to continue delivering strong growth and shareholder value through securing growth in priority regions, effective project execution, and broadening commercial and technological scope. Scatec Solar is continuously developing a large project pipeline across several markets. For further details, see Project overview on page 11.

Consolidated statement of profit and loss

Profit and loss

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Revenues	**568**	512	344	1,783	1,213
EBITDA	**436**	418	257	1,386	902
Operating profit (EBIT)	**271**	270	187	874	629
Net financial items	**-226**	-183	-92	-690	-306
Profit before income tax	**45**	87	95	184	323
Profit/(loss) for the period	**56**	66	76	155	226
Profit/(loss) to Scatec Solar	**-12**	-11	45	-39	140
Profit/(loss) to non-controlling interests	**68**	78	31	194	86

Revenues

Revenues from power sales were up 82% compared to the same quarter last year. The increase in revenues is mainly explained by the grid connection of new plants in Malaysia, Egypt, Ukraine and Mozambique. For the remaining power plants, the change in production volume from last year is driven by regular operational and seasonal variations.

Net income from the joint venture investments in Brazil and Argentina is reduced to NOK 3 million (33) following a partial impairment of NOK 30 million of the assets under construction in Argentina driven by cost overrun and delayed grid connection.

For the full year power production revenues increased to NOK 1,810 million (1,151) while net profit from the equity consolidated investments in Brazil and Argentina decreased from NOK 63 million to NOK -28 million.

Operating profit

Following the increased portfolio of power producing assets, the profitability (EBITDA) has increased in both relative and absolute terms compared to the fourth quarter last year. The growth in operating expenses compared to fourth quarter last year is mainly explained by the increased asset base under operation.

Consolidated operating expenses amounted to NOK 131 million (87) in the fourth quarter. This comprised of approximately NOK 73 million (42) for operation of existing power plants, NOK 20 million (17) for early stage development of new projects, NOK 14 million (13) related to construction and NOK 24 million (15) of corporate expenses (excluding eliminated intersegment charges).

For the full year the operating expenses increased to NOK 397 million (311) mainly driven by the added capacity during the period.

Net financial items

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Financial income	**31**	20	13	66	197
Financial expenses	**-251**	-196	-164	-744	-518
Foreign exchange gains/(loss)	**-6**	-8	59	-13	15
Net financial items	**-226**	-183	-92	-690	-306

During the second quarter 2018, forward exchange contracts (FEC) were set up in order to eliminate currency exchange risk in the construction period for the Upington projects in South Africa. The fourth quarter 2019 loss following the mark-to-market revaluation of open USD and EUR FECs amounts to NOK 8 million (22). For the full year 2019, the Group recorded a loss of NOK 25 million. The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

Financial expenses in the fourth quarter mainly consist of interest expenses on non-recourse financing of NOK 184 million (113), and corporate funding of NOK 17 million (22). See note 4 and 6 for further information on financing.

Profit before tax and net profit

The effective tax rate was negative 21% in the fourth quarter, which primarily is driven by tax incentives received during the quarter. The underlying tax rates in the companies in operation are in the range of 0% to 33%. In some markets, Scatec Solar receives special tax incentives intended to promote investments in renewable energy. Further, the average effective tax rate fluctuates from quarter to quarter based on construction progress as well as level of profit in JVs and associates which are reported net after tax. 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.

Impact of foreign currency changes in the quarter

During the fourth quarter, the NOK depreciated against all relevant currencies compared to the average rates for the fourth quarter. On a net basis this positively affected consolidated revenues by approximately NOK 19 million quarter in the quarter, while the net impact on net profit in the quarter was positive with approximately NOK 7 million.

The quarter-on-quarter net foreign currency losses decreased from a loss of NOK 8 million in the third quarter to a loss of NOK 6 million in the fourth quarter. These currency effects are to a large extent non-cash effects on intercompany balances.

Following the movements in currencies in the fourth quarter, the Group has recognised a foreign currency translation loss of NOK 72 million (124) in other comprehensive income related to the conversion of the subsidiaries' statements of financial position from the respective functional currencies to the Group's reporting currency.

Scatec Solar has not hedged the currency exposure on the expected cash distributions from the power plant companies.

Consolidated statement of financial position

Assets

NOK MILLION	Q4 2019	Q4 2018
Property, plant and equipment	15,401	9,008
Other non-current assets	1,785	1,407
Total non-current assets	17,186	10,415
Other current assets	1,671	1,139
Cash and cash equivalents	2,824	3,303
Total current assets	4,495	4,442
Total assets	21,681	14,857

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 power plant assets is consolidated at full value. These accounting principles reduce the consolidated book equity ratio.

The 65% net increase of non-current assets is mainly driven by the construction activities in Egypt, South Africa, Mozambique, Ukraine, Malaysia and Argentina. This is partly offset by depreciation of the operating power plants.

Other current assets are increased by 47% compared to fourth quarter 2018 mainly driven by working capital changes related to construction projects. The cash balance has decreased with NOK 479 million mainly due to construction projects. See note 6 for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Equity and liabilities

NOK MILLION	Q4 2019	Q4 2018
Equity	3,742	2,475
Non-current non-recourse project financing	12,536	8,643
Other non-current liabilities	2,963	1,940
Total non-current liabilities	15,499	10,583
Current non-recourse project financing	529	364
Other current liabilities	1,912	1,413
Total Current liabilities	2,440	1,800
Total liabilities	17,939	12,383
Total equity and liabilities	21,681	14,857
Book equity ratio	17.3%	16.7%

Total equity increased by NOK 1,267 million during 2019, mainly driven by the private placement. The increased book equity ratio is mainly explained by the effect of the above, partly offset by increased total balance sheet value. The latter is associated with the progress of the construction activities and related supplier credits. Also related to the increased construction activities, current and non-current non-recourse project finance debt increased by NOK 4,058 million during the year.

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 87% at the end of the fourth quarter. See note 6 for more information on the corporate bond agreement.

1) See Other definitions appendix for definition.

Consolidated cash flow

Net cash flow from consolidated operating activities amounted to NOK 1,635 million (184) in the fourth quarter 2019, compared to the EBITDA of NOK 436 million. The difference is primarily explained by changes in working capital, mainly related to power plants under construction.

Net cash flow from consolidated investing activities was NOK -2,795 million (-1,268), driven by further investment in new power plants as well as development of project pipeline and backlog.

Net cash flow from financing activities was NOK 549 million (2,230), impacted primarily by proceeds from non-recourse debt.

For the full year, net cash flow from consolidated operating activities was NOK 1,859 million (1,248), while the net negative cash flow from consolidated investing activities was NOK –6,542 million (-3,809) Net cash flow from consolidated financing activities amounted to NOK 4,232 million (2,934).

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 Group's ability to generate funds for equity investments in new solar power plant projects and/or for shareholder dividends over time.

NOK MILLION	Q4 2019	Q3 2019	Q4 2018	FY 2019	FY 2018
Power Production	**108**	125	48	376	157
Operation & Maintenance	**10**	14	2	37	26
Development & Construction	**107**	106	157	471	383
Corporate	**-25**	-28	-24	-91	-85
Total	**200**	218	183	794	481

The reduced cash flow to equity in the Power Production segment is influenced by seasonal variances and increased interest expenses. Reduced cash flow to equity in the O&M segment compared to previous quarter is mainly explained by seasonal variances. The cash flow to equity in the D&C segment is driven by the portfolio of construction projects currently being executed. The cash flow to equity for the Corporate segment primarily relates to operating expenses and payments of interest.

In 2019, the power plant companies has distributed a total of NOK 241 million to Scatec Solar ASA.

Risk and forward-looking statements

Scatec Solar has extensive policies and procedures in place as part of its operating system to actively manage risks related to the various parts of the Company's operations. Key policies are reviewed and approved by the Board of Directors annually. The regular follow up of these policies is carried out by Scatec Solar's Management Team, Finance, Legal and other relevant functions. For further information refer to the 2018 Annual Report (the Board of Directors' report and note 4).

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 Group cannot assure that the future results, level of activity or performances will meet these expectations.

Dividend

Scatec Solar received and declared distributions from operating power plant companies of NOK 262 million in 2019. In line with the dividend policy, the Board of Directors have resolved to propose to the Annual General Meeting that a dividend of NOK 1.05 per share, totalling NOK 131 million, should be paid for 2019.

1) See Alternative Performance Measures appendix for definition.

Project overview

PROJECT STAGE	Q4 2019 CAPACITY [1] (MW)	Q3 2019 CAPACITY (MW)
In operation	1,193	1,193
Under construction	711	711
Project backlog [2]	568	336
Project pipeline [2]	5,206	5,245

Projects under construction and backlog [1]

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	CAPEX (100%, MILLION)	ANNUAL PRODUCTION (100%, GWH)	DEBT LEVERAGE	SSO ECONOMIC INTEREST
In operation	**1,193**	**NOK [3]**	**16,622**	**2,278**	**70%**	**59%**
Under construction						
Ukraine portfolio	289	EUR	266	313	70%	96%
Upington, South Africa	258	ZAR	4,760	650	77%	46%
Guanizuil, Argentina	117	USD	103	310	60%	50%
Redsol, Malaysia	47	MYR	200	67	75%	100%
Total under construction	**711**	**NOK [3]**	**6,935**	**1,379**		**70%**
Backlog						
Tunisia	360	USD	240	830	70%	65%
Vietnam	48	USD	54	97	70%	65%
Ukraine	65	EUR	74	65	70%	65%
Bangladesh	62	USD	68	86	70%	65%
Segou, Mali	33	EUR	50	60	75%	51%
Total backlog	**568**	**NOK [3]**	**4,682**	**1,138**		**64%**
Total	**2,472**	**NOK [3]**	**27,984**	**4,795**		**63%**

Total annual revenues from the 2,472 MW in operation, under construction and in backlog is expected to reach about NOK 4,230 million (on 100% basis) 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.

1) Status per reporting date
2) See Other Definitions for definition
3) All exchange rates to NOK are as of 31 December 2019

Under construction

Ukraine portfolio, 289 MW

Scatec Solar currently has a portfolio of four projects under construction in Ukraine with expected commercial operations in first half of 2020. The first project in Ukraine, Rengy started commercial operation late August 2019.

All projects under construction will be realised under Ukraine's 10-year feed-in-tariff scheme. Public land will be leased for an extended time-period and the solar power plant is expected to deliver power also beyond the feed-in-tariff period.

PROJECT	CAPACITY (MW)	CAPEX (EUR MILL)	ANNUAL PROD. (GWH)	PROJECT FINANCING PARTNERS
Kamianka	32	35	39	EBRD, FMO
Progressovka	148	124	187	POWER CHINA GUIZHOU ENGINEERING (construction financing)
Chigirin	55	53	65	EBRD, NEFCO, Swedfund
Boguslav	54	54	61	FMO, Green for Growth Fund (GGF), GIEK
Total	**289**	**266**	**313**	

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 holds 18%, the surrounding Community of Upington 5% and H1 Holdings, a South African Black investor hold the remaining 35% of the equity.

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

Grid connection of the first plant is expected towards the end of first quarter 2020 with subsequent grid connection for the other two plants shortly thereafter.

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 Guanizuil IIA project in 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 partners signed the 20-year PPA in November 2018.

Total capital expenditure to realise the plant is estimated at USD 103 million and the plant will be owned 50% by Scatec Solar and 50% by Equinor

Scatec Solar is project lead in a jointly owned construction company while Equinor is providing a construction bridge loan covering 60% of the capex required for the project. The power plant company is sourcing all major components to the project directly so the scope of work for the construction company is smaller than normal. The partners have started a process to secure suitable long-term project financing to the project.

Construction started late 2018 with expected grid connection in the second quarter 2020.

Redsol, Malaysia, 47 MW

In December 2017, Scatec Solar were awarded the Redsol project under Malaysia's second large scale solar tender round. The power plant is expected to deliver 67 GWh of electricity per year with annual revenues of approximately USD 6 million.

Scatec Solar closed financing for the project in December 2018 with a total investment of approximately USD 47 million. BNP Paribas will provide the non-recourse project finance facility for the project, covering 73% of the project cost.

Construction started late 2018 with grid connection expected in the second quarter 2020.

Projects in South Sudan, 3 MW

Scatec Solar has started delivery of equipment and construction of three solar hybrid installations in South Sudan.

The installation works has started at the International Organisation for Migration (IOM) humanitarian hub in Malakal. When commissioned the installation will provide around 90% of the power demand to the hub, significantly reducing costs, diesel consumption and CO_2 emissions.

Installation works are almost complete in Juba, while work on the plant in Wau started in December. For these projects Scatec Solar will complete the engineering, procurement and installation of the systems for an international agency.

Scatec Solar sees good potential for continued collaboration with these international agencies, helping them to meet their carbon footprint reduction target.

Completion of the projects are expected in first quarter 2020.

Backlog

During the fourth quarter, projects representing 360 MW entered the backlog. The 18 MW Los Prados II project has been moved out of backlog due to increased uncertainty related to the required grid upgrades needed to be done by Empresa Nacional de Energía Eléctrica (ENEE), the state-owned utility. The 140 MW project portfolio in the Binh Phouc province of Vietnam, has based on the current uncertainty in the market reclassified from backlog to pipeline. The realisation of this portfolio will depend on the future structure of the Vietnamese market. With these changes, the project backlog is 568 MW.

Tunisia, 360 MW

On 17 December 2019, Scatec Solar was awarded three solar power plant projects in Tunisia totaling 360 MW, following an international tender launched by the Tunisian Ministry of Industry and SMEs earlier this year.

The three projects of approximately 60 MW, 60 MW and 240 MW will be located in Tozeur, Sidi Bouzid and Tataouine respectively. The solar power plants will hold 20 years of PPAs with Société Tunisienne de l'Electricité et du Gaz (STEG). The solar plants are expected to generate about 830 GWh per year, enough electricity to power more than 300,000 Tunisian households annually and contributing to avoid 480,000 tonnes of CO_2 emissions each year.

Scatec Solar will be the lead equity investor in the projects. The company will also be the Engineering, Procurement and Construction (EPC) provider and provide Operation & Maintenance as well as Asset Management services to the power plants.

Ukraine, 65 MW

In Ukraine, the government is evaluating the current feed-in tariff scheme and working on the transition to a tender scheme for renewable energy.

The 65 MW Kherson project is situated at a very good site, is fully developed and ready to be built from a permitting perspective. If the project cannot be realised under the existing feed-in tariff scheme, the project is well positioned to participate in future tenders.

Bangladesh, 62 MW

The 62 MW Nilphamari project was moved into backlog in 2019. The power plant will hold a 20 years PPA with the Bangladesh Power Development Board (BPDB). The agreed tariff is around 11 USD cents/kWh, paid in BTD and indexed to USD. Total project costs are estimated to USD 68 million, expected to be funded with 75% debt and 25% equity. Lenders have been selected and are mandated.

Scatec Solar will finance, construct, own and operate the project. The project is being developed with a local development partner. FMO, the Dutch development bank, has also joined as development partner, covering 50% of development costs. Norad, the Norwegian Agency for Development Cooperation is providing a development grant for the project.

Vietnam, 48 MW

The Vietnamese renewable energy market is experiencing significant growth and has already reached more than 4 GW of installed solar PV capacity in 2019. The power plants hold 20 years PPA with Vietnam Electricity (EVN) paid in VND and indexed annually to USD. The Government of Vietnam has not concluded on a new feed-in tariff structure for solar PV. It is expected that the new tariff level will be decided shortly for a limited capacity of solar projects and that after this Vietnam and EVN will transition into procuring solar power through tenders.

The 48 MW Hong Phong project, located in the Binh Thuan Province of Vietnam, has been included in the energy master plan and it is therefore still likely that this project can be realised under the new feed-in tariff scheme. Total project cost is expected to be around USD 54 million. Scatec Solar has received term sheets for the financing of the project and the project is expected to start construction in 2020.

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) for the 33 MW Segou project.

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. The project has also been awarded economic support from Norad both related to development costs and for grid infrastructure investments that will be transferred to and operated by EDM after the project is completed.

During the second quarter, the project signed an amendment to the Concession Agreement with the Ministry of Finance and the Ministry of Energy, and the final step is now to sign an amendment to the Power Purchase Agreement with EDM. Scatec Solar will build, own and operate the solar power plant with a 51% shareholding. IFC Infraventures and Africa Power will hold the remaining part of the equity.

Pipeline

LOCATION	Q4 2019 CAPACITY (MW)	Q3 2019 CAPACITY (MW)
Latin America	960	952
Africa	2,198	2,345
Europe & Central Asia	463	463
South East Asia	1,585	1,485
Total pipeline	5,206	5,245

In addition to projects in backlog Scatec Solar holds a solid pipeline of projects totalling 5,206 MW. The pipeline has developed favourably over the last year through systematic project development efforts in a number of markets across four key regions where both governments and corporate off-takers are seeking to source solar energy.

Historically, about 50% of projects in pipeline have been realised. The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial banks or multilateral development banks). The project sites have typically been secured and Scatec Solar is in a position to participate in bilateral negotiations for a long-term power sales agreement with an off-taker, feed-in- tariff schemes, or tender processes.

Latin America (960 MW)

Scatec Solar's development efforts in Latin America is now mainly focused on Brazil, where Scatec Solar is partnering with Equinor. Selected opportunities are also being pursued in other markets.

Brazil is a well-established market for renewable energy with about 1 GW of solar capacity installed and another 1 GW under construction. Scatec Solar has secured rights to a number of projects in Brazil and is seeking to secure power purchase agreements through upcoming tenders and negotiations with corporate off-takers.

Africa (2,198 MW)

Scatec Solar holds sites representing about 950 MW ready to be bid in the upcoming tender rounds in South Africa. The new integrated Resource Plan has been launched and based on this a new tender ("round 5") under the REIPPP Programme is expected to be launched in 2020. Further, the Department of Mineral Resource and Energy has launched a Request for Information for a Risk Mitigation Power Procurement Programme in response to the current critical energy supply situation in the country. The Department has indicated that they might procure 2-3 GW of power under this risk mitigation process.

In addition, Scatec Solar is developing a broad pipeline of projects across a number of markets, including Egypt, Nigeria, Cameroon, Kenya, Angola and several other countries on the continent. Some of the projects are based on bi-lateral negotiations with governments and state-owned utilities, while Scatec Solar is also selectively participating in tenders.

Through its new concept, Release, that was presented at the Capital Markets Update in September, Scatec Solar has also increased its efforts in securing agreements with private companies and Non-Governmental Organisations, like the UN. These are typically smaller projects in the range of 5 to 20 MW and Scatec Solar is currently actively working on a portfolio of about 300 MW of this type of projects on the African continent.

The Tunisia project portfolio has been moved from pipeline to backlog following the official preferred bidder award for these projects during fourth quarter 2019.

Europe and Central Asia (463 MW)

Ukraine, Poland and Pakistan are key markets currently being pursued by Scatec Solar in Europe and Central Asia.

Ukraine is committed to integrate with the EU energy system with ongoing electricity market reforms. The country is aiming to replace nuclear reactors and reduce supply of Russian gas with a target of 11% renewables by 2020. Scatec Solar is working on a portfolio of projects in Ukraine to participate in the expected auction system that likely will be implemented during 2020.

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. A new tariff hearing was held in late 2019 and Scatec Solar is now waiting for the issuance of a new tariff for the project.

South East Asia (1,585 MW)

Malaysia, Bangladesh, Indonesia and Vietnam are prioritized markets for Scatec Solar in South East Asia. In Malaysia it is expected that the new government will maintain the same level of ambition for the renewable energy sector as before.

In Bangladesh, Scatec Solar is working on a project development portfolio of about 150 MW. These projects are partly based on bi-lateral negotiations and partly related to tender processes issued by the authorities.

Scatec Solar has signed up several new projects in Vietnam during 2020 and the pipeline stands at more than 1,000 MW. These are projects that are relevant in the context of alternative future renewable energy procurement schemes in Vietnam.

Proportionate financials
Break down of Power Production segment
Key financials

Q4 2019

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	BRAZIL	MALAY-SIA	EGYPT	UKRAINE	MOZAM-BIQUE	OTHER	TOTAL
Revenues	14	106	3	23	18	42	83	58	5	15	11	379
OPEX	-3	-9	-	-5	-3	-7	-13	-12	-2	-4	-12	-70
EBITDA	11	97	2	19	15	35	70	46	3	12	-1	309
EBITDA margin	79%	92%	81%	80%	84%	82%	84%	79%	64%	76%	-10%	82%
Net interest expenses [1]	-5	-30	-1	-5	-7	-3	-28	-21	-6	-8	-2	-118
Normalised loan repayments [1]	-7	-16	-1	-5	-6	-5	-22	-3	-3	-	-	-68
Normalised income tax payments [1]	1	-13	-	-	-	-2	-2	-1	1	-	2	-15
Cash flow to equity	-	37	-	8	1	25	18	20	-4	3	-	108
SSO economic interest	100%	45%	54%	51%	62%	44%	100%	51%	91%	53%		
Net production (GWh)	3	52	2	18	12	35	70	94	3	9		298

1) See Alternative Performance Measures appendix for definition.

Q4 2018

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	BRAZIL	MALAY-SIA	EGYPT	UKRAINE	MOZAM-BIQUE	OTHER	TOTAL
Revenues	14	102	2	22	15	10	4	-	-	-	11	180
OPEX	-4	-9	-1	-5	-3	-3	-1	-	-	-	-16	-41
EBITDA	10	93	2	16	12	7	3	-	-	-	-4	139
EBITDA margin	74 %	91 %	68 %	72 %	83 %	68 %	74 %	-	-	-	-37 %	77 %
Net interest expenses [1]	-5	-29	-2	-4	-7	-1	-	-	-	-	4	-44
Normalised loan repayments [1]	-7	-15	-1	-5	-6	-1	-1	-	-	-	-	-36
Normalised income tax payments [1]	1	-13	-	-	-	-1	-	-	-	-	2	-11
Cash flow to equity	-1	37	-1	8	-1	4	2	-	-	-	1	48
SSO economic interest	100%	45%	54%	51%	60%	44 %	100 %	-	-	-		
Net production (GWh)	3	52	2	18	10	16	7	-	-	-	-	108

1) See Alternative Performance Measures appendix for definition.

FY 2019

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	BRAZIL	MALAY-SIA	EGYPT	UKRAINE	MOZAM-BIQUE	OTHER	TOTAL
Revenues	118	350	11	105	92	101	228	127	12	23	50	1,216
OPEX	-10	-40	-2	-17	-11	-25	-27	-21	-2	-6	-61	-222
EBITDA	108	309	9	89	81	76	201	106	10	17	-11	994
EBITDA margin	92%	88%	82%	84%	88%	75%	88%	83%	82%	75%	-23%	82%
Net interest expenses [1]	-19	-112	-5	-14	-29	-20	-80	-43	-7	-8	3	-333
Normalised loan repayments [1]	-28	-65	-2	-21	-26	-14	-67	-4	-3	-	-	-229
Normalised income tax payments [1]	-10	-35	-	-	-1	-2	-6	-6	1	-	4	-55
Cash flow to equity	51	97	1	54	26	40	48	53	1	9	-5	376
SSO economic interest	100%	45%	54%	51%	62%	44%	100%	51%	91%	53%		
Net production (GWh)	23	177	7	83	62	118	205	225	8	18		926

1) See Alternative Performance Measures appendix for definition.

FY 2018

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	BRAZIL	MALAY-SIA	EGYPT	UKRAINE	MOZAM-BIQUE	OTHER	TOTAL
Revenues	115	310	10	56	79	10	4	-	-	-	39	622
OPEX	-13	-36	-3	-12	-14	-3	-1	-	-	-	-49	-130
EBITDA	102	274	7	44	66	7	3	-	-	-	-10	492
EBITDA margin	89%	88%	72%	79%	83%	68%	74%	-	-	-	-27%	79%
Net interest expenses [1]	-20	-106	-6	-15	-26	-1	-	-	-	-	11	-162
Normalised loan repayments [1]	-27	-57	-6	-19	-24	-1	-1	-	-	-	-	-136
Normalised income tax payments [1]	-8	-28	-	-	-1	-1	-	-	-	-	-	-38
Cash flow to equity	46	83	-4	10	15	4	2	-	-	-	1	157
SSO economic interest	100%	45%	54%	51%	60%	44 %	100 %	-	-	-		
Net production (GWh)	24	158	7	47	58	16	8					318

1) See Alternative Performance Measures appendix for definition.

Financial position and working capital breakdown Proportionate financials

31 DECEMBER 2019

NOK MILLION	IN OPERATION										UNDER CONSTRUCTION				TOTAL
	CZECH REPUB.	SOUTH AFRICA	RWA-NDA	HON-DURAS	JOR-DAN	MALAY-SIA	EGYPT	UKRA-INE	MOZAM-BIQUE	BRAZIL	SOUTH AFRICA ROUND IV	MALAY-SIA	UKRA-INE	ARGEN-TINA	
Project equity [1]	136	98	20	701	227	473	337	78	85	292	74	90	817	198	3,625
Total assets	561	1,295	90	927	768	2,718	2,222	262	399	756	1,419	384	2,224	528	14,553
PP&E	443	1,083	81	780	566	2,606	1,866	211	298	640	1,052	248	1,856	458	12,188
Cash	41	125	3	50	163	382	232	26	63	43	45	23	122	1	1,319
Gross interest bearing debt [2]	352	987	63	186	458	2,036	1,505	162	250	399	1,085	242	711	284	8,722
Net interest bearing debt	311	862	60	135	295	1,654	1,273	136	188	356	1,041	220	589	284	7,403
Net working capital	-32	-19	-2	42	-100	-464	-156	8	-9	-21	97	72	-410	-261	-1,256
SSO economic interest	100%	45%	54%	51%	62%	100%	51%	51%	53%	44%	46%	100%	96%	50%	

1) See Other definitions appendix for definition.

2) See Alternative Performance Measures appendix for definition.

Bridge from proportionate to consolidated financials

31 DECEMBER 2019

NOK MILLION	TOTAL PROPORTIONATE	RESIDUAL OWNERSHIP INTERESTS	LESS EQUITY-CONSOLIDATED ENTITIES	D&C, O&M, CORPORATE, ELIMINATIONS	CONSOLIDATED
Project equity [1]	3,625	1,974	1,063	-794	3,742
Total assets	14,553	9,024	2,784	888	21,681
PP&E-in solar projects	12,188	7,301	2,379	-2,045	15,065
Cash	1,319	768	99	836	2,824
Gross interest bearing debt [2]	8,722	5,823	1,480	745	13,810
Net interest bearing debt [2]	7,403	5,055	1,381	-91	10,986
Net working capital [2]	-1,256	-402	-571	349	-738

1) See Other definitions appendix for definition.

2) See Alternative Performance Measures appendix for definition.

Condensed interim financial information

Interim consolidated statement of profit or loss

NOK MILLION	NOTES	Q4 2019	Q4 2018	FY 2019	FY 2018
Revenues	2	565	311	1,810	1,151
Net income/(loss) from JVs and associated companies	2	3	33	-28	63
Total revenues and other income		568	344	1,783	1,213
Personnel expenses	2	-49	-38	-163	-137
Other operating expenses	2	-82	-49	-234	-174
Depreciation, amortisation and impairment	2,3	-165	-71	-512	-273
Operating profit (EBIT)		271	187	874	629
Interest and other financial income	4,5	31	13	66	197
Interest and other financial expenses	4,5	-251	-164	-744	-518
Net foreign exchange gain/(losses)	4,5	-6	59	-13	15
Net financial expenses		-226	-92	-690	-306
Profit/(loss) before income tax		45	95	184	323
Income tax (expense)/benefit	7	10	-19	-29	-97
Profit/(loss) for the period		56	76	155	226
Profit/(loss) attributable to:					
Equity holders of the parent		-12	45	-39	140
Non-controlling interests		68	31	194	86
Basic earnings per share (NOK) [1]		-0,10	0.40	-0.31	1.29
Diluted earnings per share (NOK) [1]		-0.10	0.40	-0.31	1.28

1) Based on 125.1 million shares outstanding for the purpose of earnings per share and 124.8 million shares outstanding for the purpose of diluted earnings per share.

Interim consolidated statement of comprehensive income

NOK MILLION	NOTES	Q4 2019	Q4 2018	FY 2019	FY 2018
Profit/(loss) for the period		56	76	155	226
Other comprehensive income:					
Items that may subsequently be reclassified to profit or loss					
Net movement of cash flow hedges		72	-108	-233	-74
Income tax effect	7	-17	29	58	20
Foreign currency translation differences		-72	124	115	18
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-17	45	-59	-36
Total comprehensive income for the period net of tax		38	121	96	190
Attributable to:					
Equity holders of the parent		-49	99	-14	136
Non-controlling interests		87	22	109	53

Interim consolidated statement of financial position

NOK MILLION	NOTES	AS OF 31 DECEMBER 2019	AS OF 31 DECEMBER 2018
ASSETS			
Non-current assets			
Deferred tax assets	7	781	526
Property, plant and equipment – in solar projects	3	15,065	8,956
Property, plant and equipment – other	3	336	53
Goodwill		24	24
Investments in JVs and associated companies		831	745
Other non-current assets		149	112
Total non-current assets		17,186	10,415
Current assets			
Trade and other receivables		461	279
Other current assets		1,211	711
Financial assets	4,5	-	149
Cash and cash equivalents	6	2,824	3,303
Total current assets		4,495	4,442
TOTAL ASSETS		21,681	14,857

Interim consolidated statement of financial position

NOK MILLION	NOTES	AS OF 31 DECEMBER 2019	AS OF 31 DECEMBER 2018
EQUITY AND LIABILITIES			
Equity			
Share capital		3	3
Share premium	9	3,108	1,795
Total paid in capital		3,111	1,797
Retained earnings		-134	8
Other reserves		101	79
Total other equity		-33	87
Non-controlling interests		663	591
Total equity		3,742	2,475
Non-current liabilities			
Deferred tax liabilities	7	437	345
Non-recourse project financing	4	12,536	8,643
Bonds	6	745	743
Financial liabilities	4,5	320	115
Other non-current liabilities		1,460	738
Total non-current liabilities		15,499	10,583
Current liabilities			
Trade and other payables		888	162
Income tax payable	7	92	34
Non-recourse project financing	4	529	364
Financial liabilities	4,5,6	31	9
Other current liabilities		902	1,230
Total current liabilities		2,440	1,800
Total liabilities		17,939	12,383
TOTAL EQUITY AND LIABILITIES		21,681	14,857

Oslo, 23 January 2020

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 2018	3	1,195	31	105	-23	**1,310**	577	**1,887**
Profit for the period	-	-	140	-	-	**140**	86	**226**
Other comprehensive income	-	-	-1	18	-21	**-3**	-32	**-36**
Total comprehensive income	-	-	139	18	-21	**136**	54	**190**
Share-based payment	-	5	-	-	-	**5**	-	**5**
Share capital increase	-	606	-	-	-	**606**	-	**606**
Transaction cost, net after tax	-	-10	-	-	-	**-10**	-	**-10**
Dividend distribution	-	-	-81	-	-	**-81**	-206	**-286**
Purchase of NCIs shares in group companies	-	-	-82	-	-	**-82**	-22	**-104**
Capital increase from NCI [1]	-	-	-	-	-	**-**	188	**188**
At 31 December 2018	3	1,795	8	123	-44	**1,884**	591	**2,475**
At 1 January 2019	3	1,795	8	123	-44	**1,884**	591	**2,475**
Profit for the period	-	-	-39	-	-	**-39**	193	**155**
Other comprehensive income	-	-	3	108	-86	**25**	-85	**-59**
Total comprehensive income	-	-	-36	108	-86	**-14**	108	**96**
Share-based payment	-	7	-	-	-	**7**	-	**7**
Share capital increase [2]	-	1,330	-	-	-	**1,330**	-	**1,330**
Transaction cost, net after tax	-	-23	-	-	-	**-23**	-	**-23**
Share purchase program	-	-1	-	-	-	**-1**	-	**-1**
Dividend distribution [3]	-	-	-108	-	-	**-108**	-180	**-288**
Purchase of NCIs shares in group companies	-	-	2	-	-	**2**	-3	**-1**
Capital increase from NCI	-	-	-	-	-	**-**	147	**147**
At 31 December 2019	3	3,108	-134	231	-130	**3,078**	663	**3,742**

1) Non-controlling interests.

2) During first quarter 2019 the Group increased the share capital with NOK 11 million, and during the third quarter the Group increased the share capital with NOK 1,297 net of transaction cost of NOK 23 after tax

3) During second quarter 2019 the Group paid dividend of 0.95 per share, totalling NOK 108 million to the owners in accordance with the resolution from the General Meeting held at 30 April 2019.

Interim consolidated statement of cash flow

NOK MILLION	NOTES	Q4 2019	Q4 2018	FY 2019	FY 2018
Cash flow from operating activities					
Profit before taxes		**45**	95	184	323
Taxes paid	7	**-19**	-25	-61	-65
Depreciation and impairment	3	**166**	71	512	273
Proceeds from disposal of fixed assets	3	**-**	5	6	5
Net income associated companies/sale of project assets		**-3**	-33	28	-63
Interest and other financial income	4	**-31**	-13	-66	-197
Interest and other financial expenses	4	**251**	164	744	518
Unrealised foreign exchange (gain)/loss	4	**6**	-59	13	-15
Increase/(decrease) in current assets and current liabilities	5	**1,220**	-20	500	469
Net cash flow from operating activities		**1,635**	184	1,859	1,248
Cash flow from investing activities					
Interest received		**19**	16	76	77
Net investments in property, plant and equipment	3	**-2,774**	-1,118	-6,502	-3,565
Net investment in associated companies		**-40**	-166	-117	-321
Net cash flow from investing activities		**-2,795**	-1,268	-6,542	-3,809
Cash flow from financing activities					
Net proceeds from NCI shareholder financing [1)]		**204**	163	307	624
Interest paid		**-217**	-232	-740	-588
Net proceeds and repayment of non-recourse project financing		**593**	2,299	3,646	2,589
Share capital increase	9	**-**	-	1,307	596
Dividends paid to equity holders of the parent company and non-controlling interests		**-31**	-	-288	-287
Net cash flow from financing activities		**549**	2,230	4,232	2,934
Net increase/(decrease) in cash and cash equivalents		**-610**	1,146	-450	373
Effect of exchange rate changes on cash and cash equivalents		**-20**	116	-28	67
Cash and cash equivalents at beginning of the period	6	**3,455**	2,041	3,303	2,863
Cash and cash equivalents at end of the period	6	**2,824**	3,303	2,824	3,303

1) Proceeds from non-controlling interest's 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 Askekroken 11, NO-0277 Oslo, Norway. Scatec Solar ASA 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 by the Board of Directors for issue on 23 January 2020.

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 2018, with exception for implementation of IFRS 16 from 1 January 2019 as further described below.

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.

Implementation of new accounting standards

The Group has implemented IFRS 16 in 2019 with the modified retrospective approach. Hence, the comparative figures for 2018 have not been adjusted. With the transition to IFRS 16 the Group has recognized right-of-use assets of NOK 182 million, and lease liabilities of NOK 170 million as of 1 January 2019. A further description of the impact of the initial application is disclosed in the quarterly report for first quarter 2019.

IFRS 16 requires a lessee to account for lease contracts by recognizing a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The implementation of IFRS 16 has mainly affected the accounting for office and land leases in Scatec Solar. Scatec Solar has several land lease contracts where the lease payment fully or partly depends on the production volume of the related solar power plant. In the measurement of lease liabilities only fixed and minimum lease payments are included. Variable lease payments are still recognized as operating expenses as they occur.

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 fourth quarter 2019 no new power plant companies have been included in the consolidated financial statements.

Refer to note 2 of the 2018 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 & Maintenance (O&M) and Development & 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.

The segment financials are reported on a proportionate basis as described in the Group's annual consolidated financial statements for 2018. A reconciliation between proportionate financials and consolidated financials are provided in the tables below.

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.

Q4 2019

NOK MILLION	PROPORTIONATE FINANCIALS					RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL			
External revenues	365	1	-	-	365	237	-36	565
Internal revenues	14	33	1,222	7	1,278	271	-1,549	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	3	3
Total revenues and other income	379	34	1,222	7	1,642	508	-1,582	568
Cost of sales	-	-	-1,056	-	-1,056	-138	1,194	-
Gross profit	379	34	166	7	586	369	-388	568
Personnel expenses	-9	-10	-20	-13	-52	9	-6	-49
Other operating expenses	-61	-13	-15	-12	-100	-74	93	-82
EBITDA	309	11	132	-18	434	304	-301	436
Depreciation and impairment	-155	-1	-13	-2	-171	-98	104	-165
Operating profit (EBIT)	154	10	119	-20	263	206	-197	271

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.

Q4 2018

NOK MILLION	PROPORTIONATE FINANCIALS					RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL			
External revenues	169	-	-	-	169	142	-	311
Internal revenues	11	15	1,466	5	1,497	111	-1,608	-
Net income/(loss) from JV and associates	-	-	-1	-	-	-	33	33
Total revenues and other income	180	15	1,466	5	1,666	253	-1,575	344
Cost of sales	-	-	-1,234	-	-1,234	-13	1,246	-
Gross profit	180	15	232	5	432	240	-329	344
Personnel expenses	-6	-7	-13	-13	-39	-	1	-38
Other operating expenses	-35	-6	-17	-6	-64	-4	19	-49
EBITDA	139	2	202	-14	329	236	-309	257
Depreciation and impairment	-52	-	-1	-1	-54	-34	17	-71
Operating profit (EBIT)	88	2	201	-15	276	203	-292	187

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.

FY 2019

NOK MILLION	PROPORTIONATE FINANCIALS POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
External revenues	1,163	1	-	-	1,165	776	-130	1,810
Internal revenues	53	114	4,980	31	5,176	301	-5,477	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	-28	-28
Total revenues and other income	1,216	115	4,980	31	6,341	1,077	-5,635	1,783
Cost of sales	-	-	-4,274	-	-4,274	-228	4,503	-
Gross profit	1,216	115	706	31	2,067	848	-1,133	1,783
Personnel expenses	-33	-33	-59	-48	-173	8	2	-163
Other operating expenses	-189	-36	-57	-40	-323	-126	215	-234
EBITDA	994	45	589	-58	1,571	730	-915	1,386
Depreciation and impairment	-412	-3	-39	-6	-460	-278	226	-512
Operating profit (EBIT)	582	42	550	-64	1,111	452	-689	874

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.

FY 2018

NOK MILLION	PROPORTIONATE FINANCIALS POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
External revenues	584	-	-	-	584	567	-	1,151
Internal revenues	38	81	4,006	17	4,142	282	-4,424	-
Net income/(loss) from JV and associates	-	-	-1	-	-	-	63	63
Total revenues and other income	622	81	4,005	17	4,725	849	-4,361	1,213
Cost of sales	-	-	-3,404	-	-3,404	-4	3,409	-
Gross profit	622	81	601	17	1,321	845	-953	1,213
Personnel expenses	-18	-23	-55	-42	-138	-	1	-137
Other operating expenses	-112	-24	-58	-28	-223	-52	101	-174
EBITDA	492	34	488	-53	961	792	-851	903
Depreciation and impairment	-164	-1	-21	-2	-188	-147	62	-273
Operating profit (EBIT)	328	33	467	-55	773	645	-789	629

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, South East Asia, Middle East, Africa and South America. During third quarter 2017 construction commenced on Quantum plants (197 MW) in Malaysia. Construction of the Mocuba power plant (40 MW) in Mozambique began in the first quarter 2018 while construction of the Benban plants (395 MW) in Egypt and the Upington plants (258 MW) in South Africa commenced in the second quarter 2018. During fourth quarter 2018 construction commenced on the RedSol power plant (40 MW) in Malaysia, the Rengy project (47 MW) in Ukraine and the Guanizuil project (117 MW) in Argentina. The 30 MW Kamianka project in Ukraine commenced construction early first quarter 2019. During second quarter 2019 the Company started constructing the Boguslav (54 MW), Chigrin (55 MW) and Progressovka (148 MW) projects in Ukraine.

The power plant companies in Argentina and Brazil are equity consolidated and hence not included in the below table.

The 65 MW Gurun power plant reached commercial operation 21 December 2018, while the Jasin and Merchang power plants (each 65 MW and part of the Quantum projects in Malaysia) started operation in the second quarter 2019. The 47 MW Rengy power plant and the 40 MW Mocuba power plant commenced operation during the third quarter 2019. Further, 195 MW of the Benban project in Egypt commenced operation in the second quarter 2019, 130 MW in the third quarter, and 65 MW in the fourth quarter as the last solar power plant was completed, reaching 390 MW in total in Egypt.

There has been recorded an impairment charge of NOK 33 million in 2019. Total impairments amounted to NOK 17 million in 2018.

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 2018	5,374	3,437	144	53	**9,008**
Right-of-use assets recognised at initial application	-	-	-	182	**182**
Additions	129	6,232	101	131	**6,593**
Disposals	-	-	-6	-	**-6**
Transfer between asset classes	6,400	-6,365	-35	-	-
Depreciation	-448	-	-	-31	**-479**
Impairment losses	-6	-	-23	-4	**-33**
Effect of foreign exchange currency translation adjustments	20	111	-	5	**136**
Carrying value at 31 December 2019	11,469	3,415	181	336	**15,401**
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 2038. NOK 529 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 2018 Annual Report for more information.

During the fourth quarter 2019 the Group has drawn NOK 122 million on the non-recourse financing related to the construction projects in Ukraine, NOK 147 million related to the construction project in South Africa, NOK 418 million in Egypt and NOK 171 million related to the construction project in Malaysia.

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. In fourth quarter the loss following the mark-to-market revaluation of open USD and EUR FECs amounts to NOK 8 million (22). The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

NOK MILLION	Q4 2019	Q4 2018	FY 2019	FY2018
Interest income	**21**	13	66	50
Forward exchange contracts	**-**	-	-	147
Other financial income	**10**	-	-	-
Financial income	**31**	13	66	197
Interest expenses	**-243**	-135	-704	-500
Forward exchange contracts	**-8**	-22	-33	-
Other financial expenses	**-**	-7	-6	-18
Financial expenses	**-251**	-164	-744	-518
Foreign exchange gains/(losses)	**-6**	59	-13	15
Net financial expenses	**-226**	-92	-690	-306

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 2018 provides details for each class of financial assets and financial liabilities, and how these assets and liabilities are grouped.

There are no significant changes in the presentation of these categories in the period. 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)	-	-	-350	-350
Fair value based on unobservable inputs (Level 3)	-	-	-	-
Total fair value at 31 December 2019	-	-	-350	-350

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)	-	149	-124	25
Fair value based on unobservable inputs (Level 3)	-	-	-	-
Total fair value at 31 December 2018	-	149	-124	25

Note 6 Cash, cash equivalents and corporate funding

NOK MILLION	31 DECEMBER 2019	31 DECEMBER 2018
Cash in power plant companies in operation	**1,567**	730
Cash in power plant companies under development/construction	**420**	1,467
Other restricted cash	**78**	67
Free cash	**758**	1,039
Total cash and cash equivalents	**2,824**	3,303

Cash in power plant companies in operation includes 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 distributions as determined by shareholder and non-recourse financing agreements.

Cash in power plant companies under development and construction comprise shareholder financing and draw down on loan facilities to settle outstanding external EPC invoices.

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

MOVEMENT IN FREE CASH AT GROUP LEVEL (IN RECOURSE GROUP AS DEFINED IN BOND & LOAN FACILITIES)

NOK MILLION	Q4 2019	Q4 2018	FY 2019	FY 2018
Free cash at beginning of period	**1,518**	489	1,039	688
Proportionate share of cash flow to equity O&M	**10**	2	37	26
Proportionate share of cash flow to equity D&C	**107**	157	471	383
Proportionate share of cash flow to equity CORP	**-25**	-24	-91	-85
Project development capex in recourse group	**-88**	-46	-135	-106
Equity contributions to power plant companies	**-187**	-350	-869	-1,655
Distributions from power plant companies	**66**	28	241	216
Share capital increase, net after transaction cost and tax	**-**	-	1,300	590
Dividend distribution	**-**	-	-108	-81
Working capital / Other	**-642**	782	-1,127	1,064
Free cash at end of the period	**758**	1,039	758	1,039

Proportionate share of cash flow to equity is defined in Alternative Performance Measures Appendix.

Equity contributions to power plant companies consist of equity injections and shareholder loans.

Net cash effect from Working Capital/Other is mainly related to ongoing construction projects.

Guarantee facility

In third quarter 2017 Scatec Solar entered into a guarantee facility and an intercreditor agreement. 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 mainly used to provide advanced payment-, performance- and warranty bonds under construction agreements, as well as 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.

Revolving credit facility

In April 2019 Scatec Solar increased the revolving credit facility from USD 60 million to USD 90 million, with Nordea Bank as agent and Nordea Bank, ABN Amro and Swedbank as equal Lenders. The facility 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 plus a margin of 3.25%. Scatec Solar has not drawn on the revolving credit facility per 31 December 2019.

Overdraft facility

In second quarter 2018 Scatec Solar entered into a USD 5 million overdraft facility with Nordea Bank. The overdraft interest is the 7-day interbank offer rate plus a margin of 2.5%. Scatec Solar has not drawn on the overdraft facility per 31 December 2019.

Green bond

In fourth quarter 2017 Scatec Solar issued a NOK 750 million senior unsecured green bond with maturity in November 2021. The bond carries 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.

Per 31 December 2019, Scatec Solar was in compliance with all financial covenants for the above facilities. The book equity of the recourse group, as defined in the facility agreements, was NOK 5,004 million per quarter end.

During fourth quarter of 2019, interest amounting to NOK 17 million (NOK 22 million in previous quarter) was expensed for the bond, overdraft- and revolving credit facility.

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

Note 7 Income tax expense

For the fourth quarter the Group had an income tax expense of negative NOK 10 million , equivalent to an effective tax rate of -21%. For the full year 2019 the income tax expense was NOK 30 million, equivalent to an effective tax rate of 16%. The effective income tax rate for the quarter and full year is primarily affected by tax incentives which have been recognized as tax income in the fourth quarter. The effective interest rate is further influenced by profits and losses in tax jurisdictions with different tax rates offsetting each other. The tax effect of these 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% to 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. Further, the profit/loss from JVs and associates, which are reported net after tax, has an impact on the effective tax rate depending on the relative size of the profit/loss relative to the consolidated profit. In addition to the above, the years effective tax rate is also impacted by withholding tax expenses associated with distributions from power plant companies.

EFFECTIVE TAX RATE

NOK MILLION	Q4 2019	Q4 2018	FY 2019	FY 2018
Profit before income tax	**45**	95	184	323
Income tax (expense)/benefit	**10**	-19	-30	-97
Equivalent to a tax rate of (%)	**-21%**	-20%	16%	30%

MOVEMENT IN DEFERRED TAX

NOK MILLION	Q4 2019	Q4 2018	FY 2019	FY 2018
Net deferred tax asset at beginning of period	**362**	170	181	217
Recognised in the consolidated statement of profit or loss	**17**	-15	91	-52
Deferred tax on financial instruments recognised in OCI	**-17**	29	58	20
Recognised in the consolidated statement of changes in equity	**-**	-	6	4
Translation differences	**-18**	-3	7	-8
Net deferred tax asset at end of period	**343**	-181	343	181

Note 8 Related parties

Scatec Solar has related party transactions and balances with equity consolidated JVs in Brazil and Argentina, mainly loans which are included in the carrying value of the investments. The loan balance as per 31 December 2019 was NOK 153 million.

In addition, Scatec Solar has transactions and balances with key management. Note 27 in the annual report for 2018 provides details of transactions with related parties and the nature of these transactions.

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 to note 25 in the 2018 annual report.

In connection with the Company's Share Purchase Programme in which employees bought 50,904 shares in March 2019 and as part of the private placement in September 2019, the Company entered into share lending agreements with Scatec AS, the Company's largest shareholder.

Note 9 Dividend

Scatec Solar received and declared distributions from operating power plant companies of NOK 262 million in 2019. In line with the dividend policy, the Board of Directors have resolved to propose to the Annual General Meeting of Scatec Solar that a dividend of NOK 1.05 per share, totalling NOK 131 million, should be paid for 2019.

Distribution of dividends is resolved by a majority vote of the Annual General Meeting of the shareholders of the Company, and on the basis of a proposal from the Board of Directors. The Annual General Meeting has the power to reduce but cannot increase the dividend proposed by the Board of Directors. The share will be trading excluding dividend rights (ex-date) on the first business day following the Annual General Meeting to be held 28 April 2020.

Please refer to www.scatecsolar.com for the Group's dividend policy.

Note 10 Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statements for the fourth quarter 2019.

Alternative Performance Measures

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

The purpose of APMs 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. APMs 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 IFRS. Disclosures of APMs are subject to established internal control procedures.

Cash flow to equity: is a measure that seeks to estimate value creation in terms of the Group's ability to generate funds for equity investments in new solar power plant projects and/or for shareholder dividends over time. Management believes that the cash flow to equity measure provide increased understanding of the Group's ability to create funds from its investments. The measure is defined as EBITDA less net interest expense, normalised loan repayments and 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. *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. *Net interest expense* is here defined as interest income less interest expenses, excluding shareholder loan interest expenses and accretion expenses on asset retirement obligations. *Normalised income tax payment* is calculated as operating profit (EBIT) less normalized net interest expense multiplied with the nominal tax rate of the jurisdiction where the profit is taxed.

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.

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.

Gross profit: 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).

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

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.

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% economic interest), for which revenues and profits are eliminated in the Consolidated Financial Statements.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES (CONSOLIDATED FIGURES)

NOK MILLION	Q4 2019	Q4 2018	FY 2019	FY 2018
EBITDA				
Operating profit (EBIT)	**271**	187	874	629
Depreciation, amortisation and impairment	**165**	71	512	273
EBITDA	**436**	257	1,386	902
Total revenues and other income	**568**	344	1,783	1,213
EBITDA margin	**77%**	75%	78%	74%
Gross profit				
Total revenues and other income	**568**	344	1,783	1,213
Cost of sales	**-**	-	-	-
Gross profit	**568**	344	1,783	1,213
Gross interest-bearing debt				
Non-recourse project financing	**12,536**	8,643	12,536	8,643
Bonds	**745**	743	745	743
Non-recourse project financing - current	**529**	364	526	364
Gross interest-bearing debt	**13,810**	9,750	13,810	9,750
Net interest-bearing debt				
Gross interest-bearing debt	**13,810**	9,750	13,810	9,750
Cash and cash equivalents	**2,824**	3,303	2,824	3,303
Net interest-bearing debt	**10,986**	6,447	10,986	6,447
Net working capital				
Trade and other receivables	**461**	279	461	279
Other current assets	**1,211**	711	1,211	711
Trade and other payables	**-888**	-162	-888	-162
Income tax payable	**-92**	-34	-92	-34
Other current liabilities	**-902**	-1,230	-902	-1,230
Non-recourse project financing-current	**-529**	-364	-529	-364
Net working capital	**-738**	-799	-738	-799

BREAK-DOWN OF PROPORTIONATE CASH FLOW TO EQUITY

Q4 2019

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	309	11	132	-18	434
Net interest expenses	-118	1	1	-15	-130
Normalised loan repayments	-68	-	-	-	-68
Normalised income tax payment	-15	-2	-27	8	-36
Cash flow to equity	108	10	107	-25	200

Q3 2019

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	296	18	133	-14	433
Net interest expenses	-89	-	2	-22	-109
Normalised loan repayments	-64	-	-	-	-64
Normalised income tax payment	-19	-4	-28	8	-43
Cash flow to equity	125	14	106	-28	218

Q4 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	139	2	202	-14	329
Net interest expenses	-44	-	2	-17	-59
Normalised loan repayments	-36	-	-	-	-36
Normalised income tax payment	-11	-	-47	7	-51
Cash flow to equity	48	2	157	-24	183

FY 2019

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	994	45	589	-58	1,571
Net interest expenses	-333	2	4	-61	-388
Normalised loan repayments	-229	-	-	-	-229
Normalised income tax payment	-55	-10	-122	27	-159
Cash flow to equity	376	37	471	-91	794

FY 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	492	34	488	-53	961
Net interest expenses	-162	-	3	-58	-217
Normalised loan repayments	-136	-	-	-	-136
Normalised income tax payment	-38	-8	-108	26	-127
Cash flow to equity	157	26	383	-85	481

Responsibility statement

We confirm to the best of our knowledge, that the condensed interim financial statement for the period 1 January 2019 to 31 December 2019 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, 23 January 2020

The Board of Directors of Scatec Solar ASA

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

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 Group has verified feasibility and business cases for the projects.

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.

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.

Project equity

Project equity comprise of equity and shareholder loans in solar power plant companies.

Recourse Group

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

Definition of project milestones

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. In the quarterly report grid connection is used as a synonym to COD.

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.

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.

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.no

Scatec Solar
Improving our future™

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