



Acquisition of SN Power
Building a global leader in renewable energy
16 October 2020



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Today's presenters



Raymond Carlsen
Chief Executive Officer



Terje Pilskog
*EVP Project Development &
Project Finance*



Mikkel Tørud
Chief Financial Officer

Scatec Solar acquires SN Power - a leading hydropower developer and IPP



The acquisition of SN Power AS

- Scatec Solar has signed an agreement to **acquire 100%** of the shares in SN Power from Norfund for a total **consideration of USD 1,166 million (NOK 10,948 million)**
- Includes SN Power's hydropower assets in the Philippines, Laos and Uganda¹ with a gross capacity of 1.4 GW (production of 6.1 TWh) and a pipeline of gross 2.5 GW
- Hydro asset and pipeline in **Sub-Saharan Africa** to be structured as a **joint venture** with Norfund (51% Scatec Solar / 49% Norfund) – Scatec Solar being the operator



Financing & transaction timing

- The acquisition is **fully funded** through cash on hand, vendor finance, term loan and acquisition finance from DNB, Nordea, Swedbank and BNP Paribas
- The transaction is expected **to close** in the **first half of 2021**
- The transaction is conditional upon customary regulatory approvals and local competition approval



Strategic rationale



- 1 Building a global leader in renewable energy**
- 2 Adding significant cash flow from operating plants**
- 3 Solid hydro assets in attractive power markets**
- 4 Accelerating growth with new pipeline & market access**
- 5 Cultural fit and strong focus on ESG**

1 The energy transition is accelerating and Scatec Solar broadens its growth strategy



Massive demand growth in renewables



More complex power markets



Further technology integration

Scatec Solar's broadened growth strategy:

- **Build an IPP** across solar, hydro, wind and storage
- **New, high growth markets and broader offering**
- **Maintain the integrated business model**
- **Increase focus on early phase project development**

The SN Power acquisition is an important step in this direction

1 Building a global leader in renewable energy

Where we come from

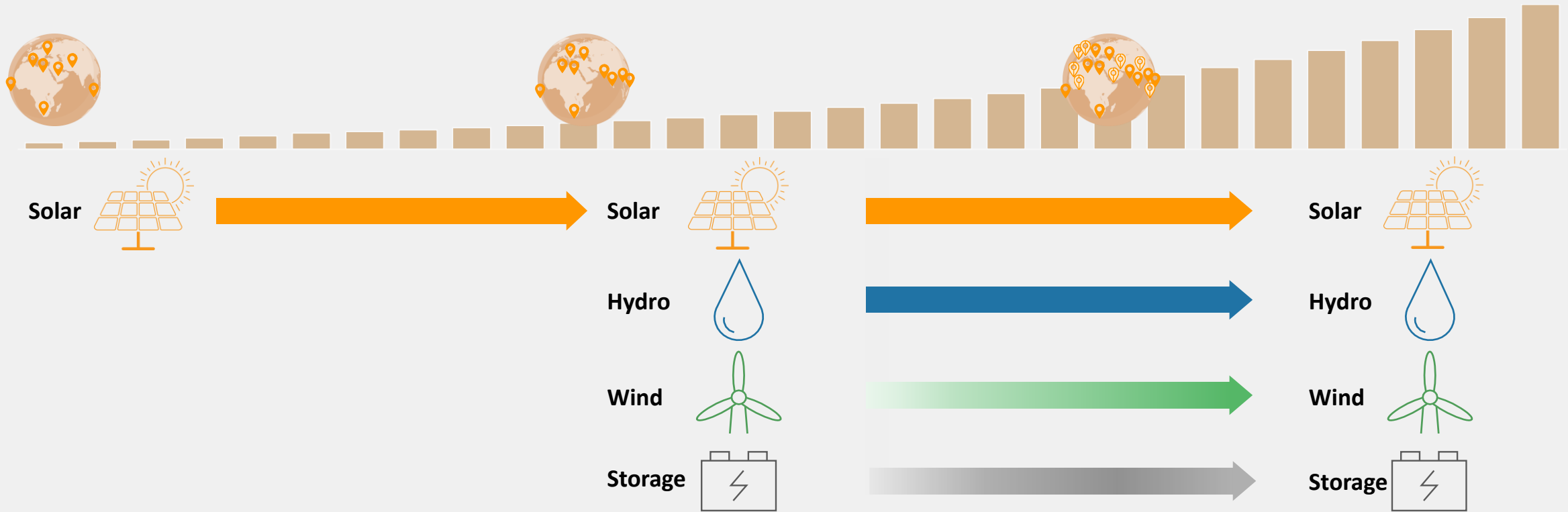
Regional solar developer/IPP

Where we are now

Global top-tier developer/IPP

Where we are going

A global multi-technology renewables developer/IPP



1 Strengthening Scatec Solar's position as a leading renewable developer



Scatec Solar + SN Power - in brief

SSO SNP



In operation & under construction



Backlog & pipeline



2019 net power production



2019 proportionate Revenues

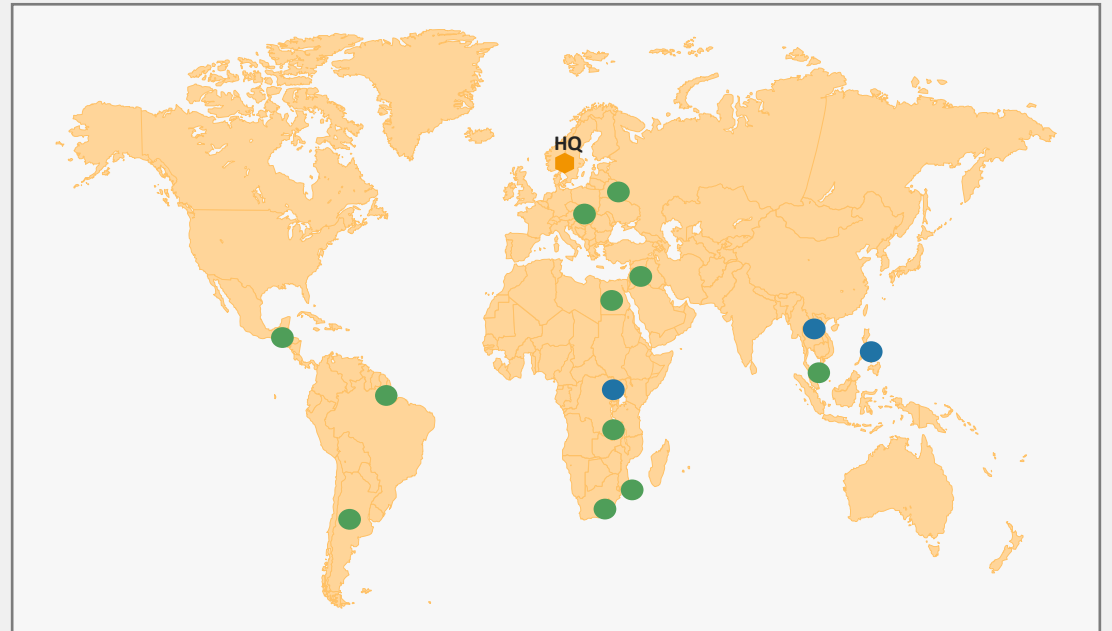


2019 proportionate EBITDA



2019 proportionate cash flow to equity

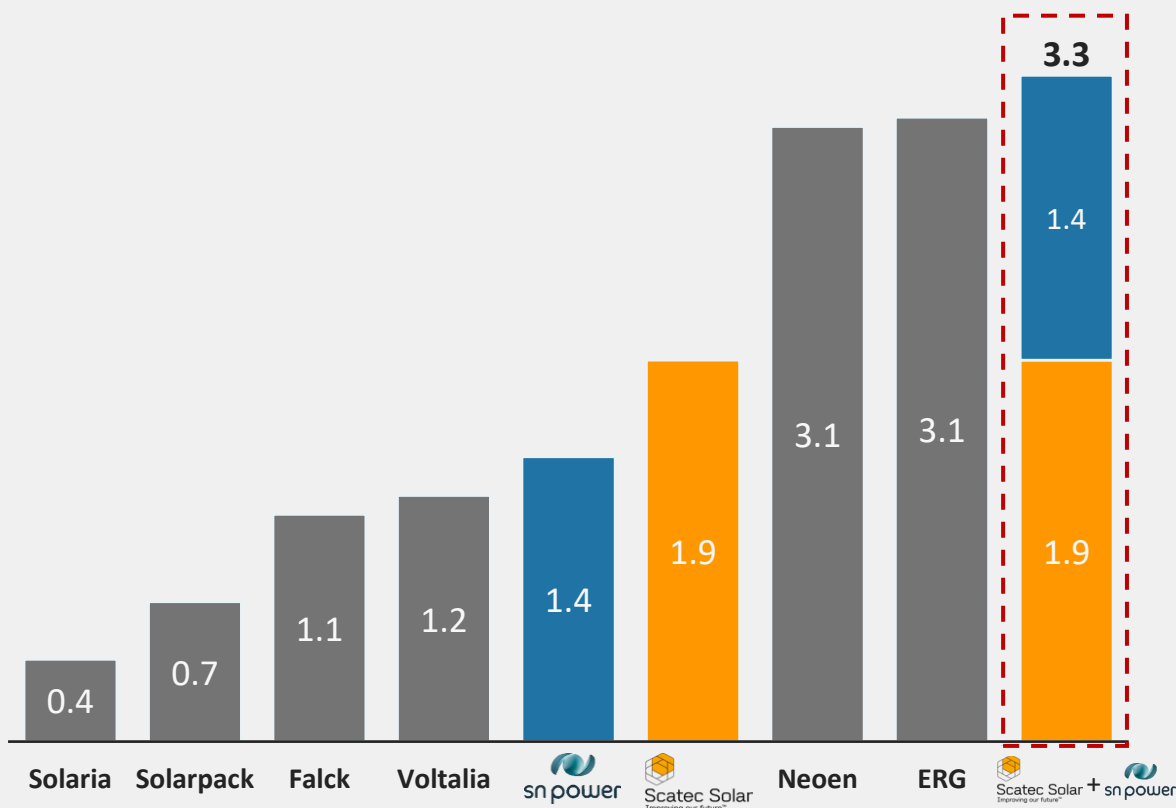
450 employees globally



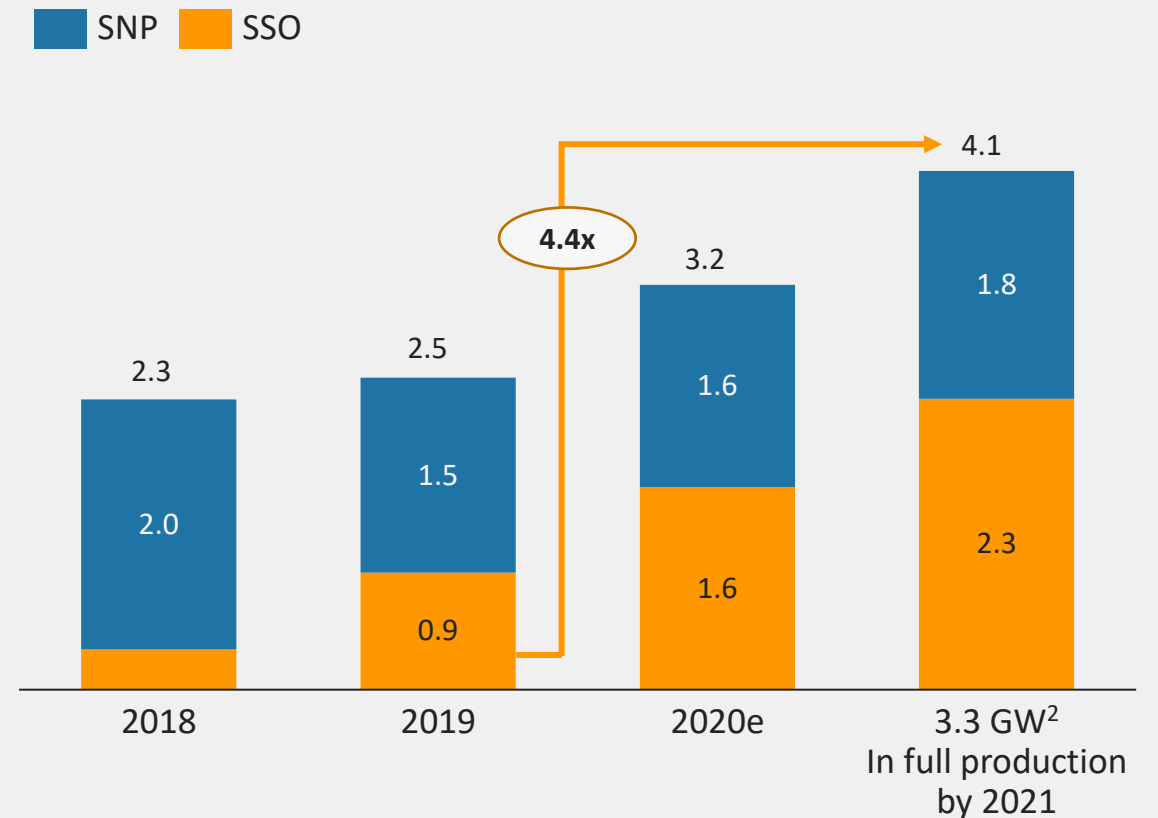
Scatec Solar: Plants in operation & under construction in 11 countries
 SN Power: Plants in operation in 3 countries

1 Scatec Solar will increase net power production 4.4x to 4.1 TWh by 2021

Gross capacity in operation or under construction³ (GW)



Net power production (TWh)¹



2 Adding scale and significant cash flow from operating plants

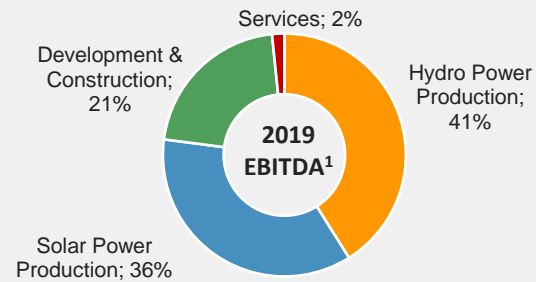
Combined financials

Financial year 2019 – Proportionate, MNOK

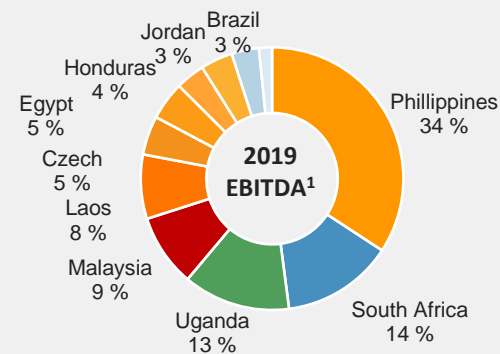


Revenues	8,107	6,341	1,766
EBITDA	2,720	1,571	1,149
EBITDA margin	34%	25%	65%
Cash flow to equity	1,336	795	541

EBITDA per segment



Power Production EBITDA per geography

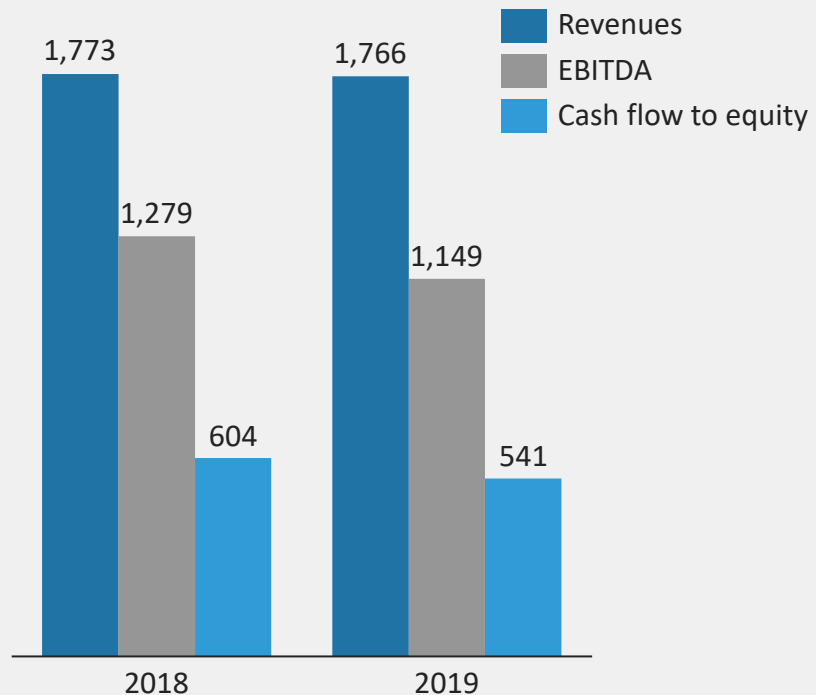


Value creation

- The **equity returns** from SN Power's asset base is expected to be **significantly higher** than Scatec Solar's cost of equity
- **Equity returns** on hydro pipeline projects are expected to be above returns on solar pipeline
- **Increased portfolio diversification** - assets with long term cash flows in new markets and new technologies

2 The hydropower assets are generating stable long-term cash flows

SN Power proportionate financials - MNOK



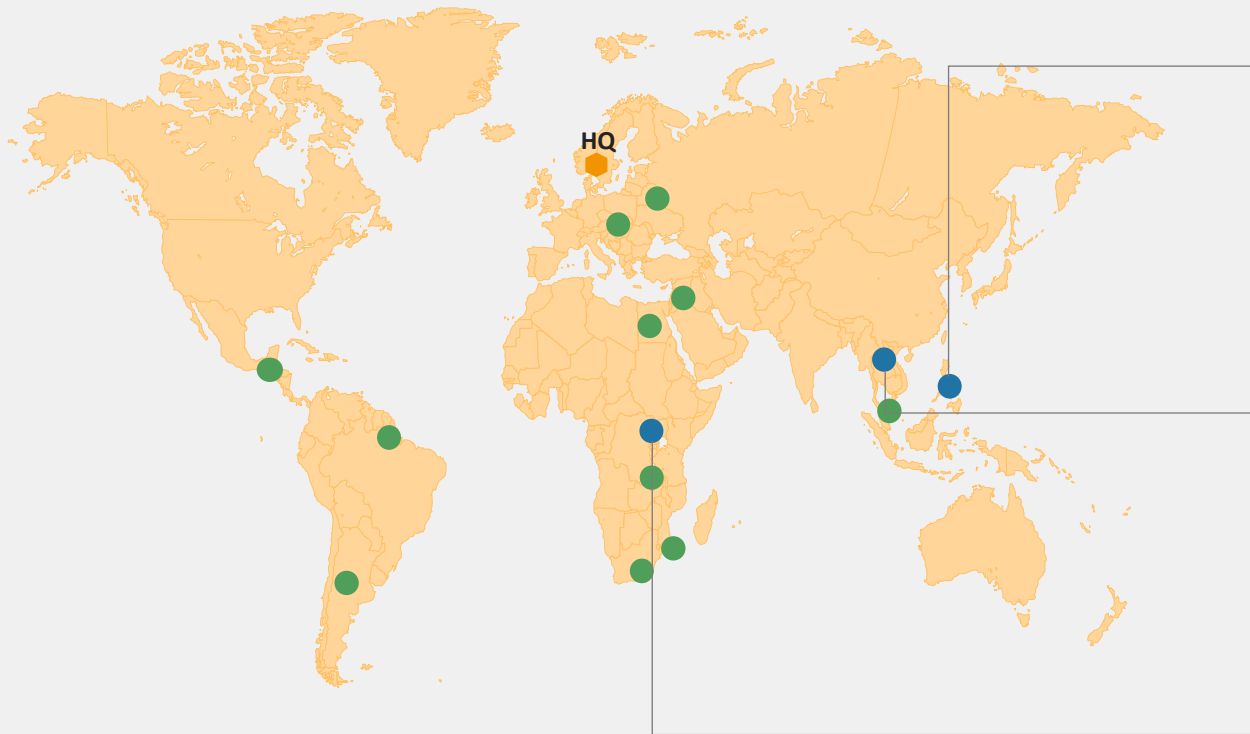
Comments

- Low operational gearing and high cash conversion
- A mix of contract types are stabilizing cash generation
- Well maintained assets with limited capex expected in the medium term
- SN Power annual corporate / asset ownership expenses (pre synergies) of about NOK 90 million + project development expenses of about NOK 50 million

1H 2020 performance

- Some reduced water in-flow compared to 2019
- Covid-19 impacting power demand and prices in the Philippines
- EBITDA down about 10% from 1H 2019 to 1H 2020
- Seasonal variations; 55-60% of full year EBITDA generated in 2H

3 Securing solid hydro assets in attractive power markets



Scatec Solar: Plants in operation & under construction in 11 countries
SN Power: Plants in operation in 3 countries



Philippines

- About 2 GW new PV & Wind expected by 2025
- Established **wholesale market** with large volumes
- Market dominated by local/regional players



Laos

- Targeting 30% non-hydro renewables by 2025
- **Single-buyer structure** with Electricité du Laos (EDL)
- Increasing 2x transmission capacity to neighbours (e.g. Thailand and Vietnam) over the next few years



Uganda

- Generates >90% of its power from renewable sources, including large hydro and biomass
- Feed in Tariff - first auction program for renewables in East Africa

3 The Philippines – a sophisticated power market in a robust economy

SN Power assets

Benguet & Magat

Key facts



Gross capacity



Median net production¹



Economic interest (%)



2019 EBITDA (NOK million)¹

Stakeholders and agreements

Power sales

- 30 % spot sales in the wholesale market
- 40 % sales of ancillary services
- 30% bilateral contracts with 2-3 years tenor

Financing

- Project finance: 57% leverage provided by a consortium of local banks

Equity partner

- Aboitiz Power²

Horizon

- Assets owned to perpetuity



Binga 140 MW hydro power plant

3 Laos – delivering hydropower to Thailand

SN Power assets

Theun Hinboun Power Company

Key facts

525
MW

Gross capacity

600
GWh

Median net production¹

20%

Economic interest (%)

178

2019 EBITDA (NOK million)¹

Stakeholders and agreements

Power sales

- Off-taker EGAT (Thailand) and EDL (Laos)
- 20 year take-or-pay fixed price contract for ca 90% of generation with EGAT

Financing

- Project finance: 50% leverage provided by a consortium of Development Banks

Equity Partners

- Electricité du Laos EDL (Utility in Laos) and GMS Power Public Company (Thailand)²

Horizon

- PPA renegotiated or transfer assets to state in 2039



THPC 525 MW hydro power plant



Scatec Solar
Improving our future™

(1) On 20% basis. NOK/USD 8.80. (2) See appendix for more information

3 Uganda - largest independent hydro investment in Africa

SN Power assets

Bujagali

Key facts

255
MW

Gross capacity

420
GWh

Median
production¹

28.3%

Economic
interest (%)

297

2019 EBITDA
(NOK million)¹

Stakeholders and agreements

Power sales

- Off taker: Ugandan Electricity Transmission Co
- Tariff entirely based on capacity payments

Financing

- Project finance: 75% leverage provided by a consortium of Development Banks (incl IFC)

Equity Partners

- Equity partners: Aga Kahn Fund for Economic Development and others²
- MIGA insurance from the World Bank
- Producing asset in new SSO & Norfund JV

Horizon

- 25-year concession expiring in 2042



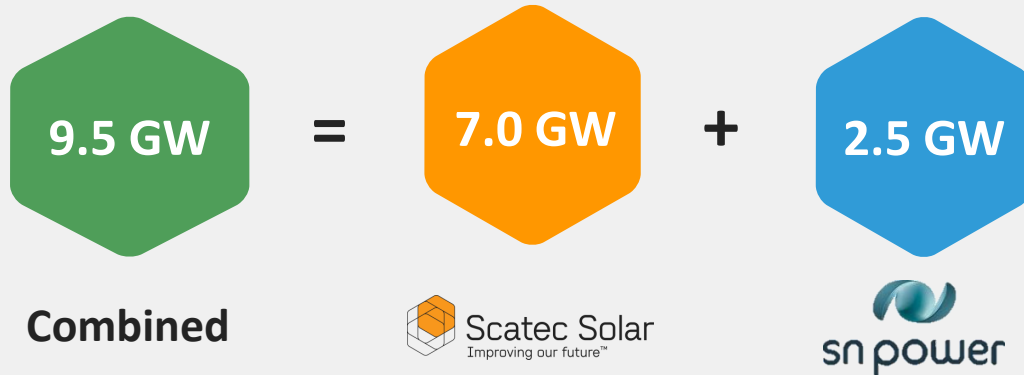
Bujagali 255 MW hydro power plant

4 Increasing pipeline to further accelerate growth

Selected mature pipeline projects

Country	Philippines	Philippines	Rwanda, DRC, Burundi	Madagascar
Capacity ¹	140 MW	40 MW	147 MW	120 MW
Technology	Hydro	Battery	Hydro	Hydro

Pipeline & backlog:¹



Accelerating growth

- **Leveraging both companies track record in project development, financing and construction**
- **Access to 2.5 GW of pipeline** across hydro, floating solar, wind and storage - brings significant growth optionality
- **Four mature pipeline projects** totaling 447 MW
- Presence in new markets for Scatec Solar

4 Establishing a new partnership for hydro-power in Sub-Saharan Africa

A new joint venture for Sub-Saharan Africa;

- Joint venture for Hydro power production and project development in the region
- Includes the Bujagali hydro asset and the hydro project pipeline from SN Power
- Scatec Solar will be the JV operator



Scatec Solar
Improving our future™

51%



Norfund

49%

Hydro power production and project development in **Sub-Saharan Africa**

Bujagali

255
MW

Operating
assets

Rwanda, DRC,
Burundi

147
MW

Pipeline
project

Madagascar

120
MW

Pipeline
project

4 Complementary technologies and strong competence synergies

Complementary technologies

- Optimal use of intermittent PV and regulated hydro generation to create base load & hybrid solutions
- Hydro reservoirs potential for **floating PV plants**
- SN Power's pipeline in addition includes **battery storage and wind projects**



Competence synergies



- The same development process, legal framework project financing and off-takers across technologies
- **Combining** Scatec Solar's project development competence with SN Power's hydro experience
- **Transferring** leading power trading competence from hydro to other renewable technologies

5 Strong ESG focus: Solid track record and shared mindset

Scatec Solar and SN Power with same ESG approach

Strict ESG standards: Operating in line with the IFC Performance Standards and signatories to the UN Global Compact

Trusted partnerships: Partners with strong ethical standards including IFC, Norfund, UN, KLP and several larger development banks

Strong ESG track record and performance: ESG as an integrated part of both businesses with solid hands on experience across emerging markets



Financing and capital structure

Financing of the transaction

200 MUSD subordinated 7-year **vendor finance** provided by Norfund

150 MUSD 4- year **term loan** provided by Nordea, DNB and Swedbank

700 MUSD **acquisition finance** is available until 12 months after transaction close and is expected to be refinanced through debt and equity

Scatec Solar is committed to the policy of moderate group level debt in relation to long-term cash flow generated by operating power plants

A new Revolving Credit Facility of **180 MUSD** to be established – replacing the existing 90 MUSD facility – not required/drawn for the acquisition

Financing - MUSD:

Vendor finance	200
Term loan	150
Acquisition finance	700
Cash on hand	116
Purchase price	1,166

Average margin on transaction financing facilities: **250 bps¹**

Building a global leader in renewable energy

Where we come from

**Regional solar
developer/IPP**

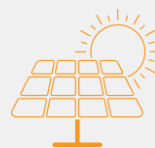


Solar



Where we are now

**Global top-tier
developer/IPP**



Solar



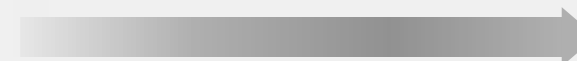
Hydro



Wind

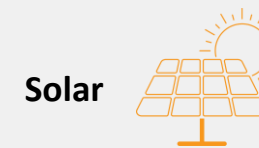


Storage



Where we are going

**A global multi-technology
renewables developer/IPP**



Solar

Hydro



Wind



Storage





Scatec Solar

Improving our future™

Appendix

2019 Pro forma proportionate P&L

NOK MILLION	FY 2019					
	Scatec Solar Power Production	SN Power	Scatec Solar Services	Scatec Solar D&C	Scatec Solar Corporate	Total
Revenues and other income	1,163	1,766	168	4,980	31	8,108
Cost of sales	0	-272	0	-4,274	0	-4,546
Gross profit	1,163	1,494	168	706	31	3,562
Personnel	-21	-110	-45	-59	-48	-283
Other operating expenses	-167	-235	-59	-57	-40	-558
EBITDA	975	1,149	64	590	-57	2,720
SSO share of CF to equity	362	541	53	471	-91	1,336

2019 Proportionate P&L SN Power

NOK MILLION	FY 2019 SN Power				
	Philippines	Laos	Uganda	Corporate	Total
Power Production - GWh	671	454	414	-	1,539
Revenues and other income	1,191	217	315	42	1,766
Cost of sales	-258	-14	-	-	-272
Gross profit	933	203	315	42	1,493
Personnel	-28	-7	-2	-73	-110
Other operating expenses	-90	-18	-16	-111	-235
EBITDA	815	178	297	-144	1,149
D&A	-101	-45	-46	0	-191
EBIT	714	134	252	-144	958
SSO share of CF to equity	422	58	166	-105	541

Pro forma capital structure

Pro- forma capital structure – Per 30 June 2020

Scatec Solar

NOK million	Consolidated	SSO prop. share	Group level
Cash	4,069	3,351	1,933
Interest bearing liabilities ¹	(13,937)	(9,606)	(747)
Net debt	(9,868)	(6,255)	1,186

SN Power





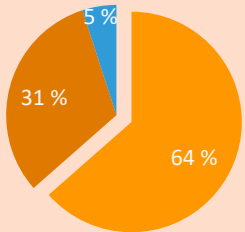
NOK million	Consolidated	SN Power prop. share	Group level
Cash	613	978	241
Interest bearing liabilities	(1,133)	(4,534)	-
Net debt	(519)	(3,557)	241

Combined

NOK million	Consolidated	Combined prop. share	Group level
Cash	4,682	4,329	2,174
Interest bearing liabilities	(15,070)	(14,140)	(747)
Acquisition financing	(8,230) ²	(8,230) ²	(8,230) ²
Net debt	(18,617)	(18,042)	(6,803)

Equity partner Philippines







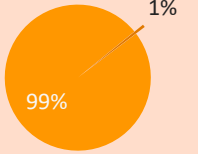




 Business overview	 Presence in renewables	 Ownership	 History and recent developments in hydro								
<ul style="list-style-type: none"> With investments in power generation, electricity supply and power distribution, AboitizPower is considered one of the leading companies in the power industry in the Philippines The company is the second largest power generation firm in the Philippines Net capacity of 3,455 MW as of 31 March 2020, corresponding to approx. 15% of the country's total capacity, with the ambition to reach 4,000 MW by end of 2020 Investments in both renewable energy through hydro, solar and geothermal production, but also through conventional sources (e.g. coal and oil) Second largest electricity distributor in the Philippines with interest in nine power distribution companies Pioneer in building and operating run-of-river hydropower plants in the country 2019 revenue of \$2,426mm and EBITDA of \$748mm 	<ul style="list-style-type: none"> Out of a total net capacity of 3,455 MW as of 31 March 2020, renewable energies constitutes c.921 MW:  <table border="1"> <caption>Renewable Energy Composition</caption> <thead> <tr> <th>Source</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Hydro</td> <td>64%</td> </tr> <tr> <td>Geothermal</td> <td>31%</td> </tr> <tr> <td>Solar</td> <td>5%</td> </tr> </tbody> </table>	Source	Percentage	Hydro	64%	Geothermal	31%	Solar	5%	<ul style="list-style-type: none"> Publicly listed, but ~80% owned by Aboitiz Equity Ventures Inc., which is also publicly listed and majority owned by the Aboitiz family Market capitalisation of \$4bn as of 12 October 2020 	<ul style="list-style-type: none"> 1978-90: Invested in 14 mini-hydroelectric projects at combined installed capacity of 36 MW 1996: Build-Operate-Transfer (BOT) agreement with NPC to develop and operate the 70 MW Bakun hydroelectric plant 2008: In partnership with SN Power, won the Ambuklao-Binga Hydroelectric Power Complex 2020: Currently seeking approval to build 140 MW Alimit hydro plant together with SN Power
Source	Percentage										
Hydro	64%										
Geothermal	31%										
Solar	5%										



Equity partners Laos












 Business overview	 Presence in renewables	 Ownership	 History and recent developments in hydro
 <p>Électricité du Laos - Gen</p>  <ul style="list-style-type: none"> ▪ Électricité du Laos – Gen is the listed production arm of Électricité du Laos, the state power utility in Laos, which owns 75% of the company ▪ The company operates Laos’ electricity generation, transmission and distribution assets ▪ Operates within the following business areas: Hydro power, Solar power, Operation and Maintenance services ▪ Operates around 1.2 GW, constituting approximately 18% of the Laos’ total capacity¹ ▪ 2019 revenue of \$154mm and operating profit of (\$15mm) ▪ Owns 60% of THPC (SN Power hydro asset in Laos) 	<ul style="list-style-type: none"> ▪ 10 fully-owned hydropower plants with combined net power generation of 2,149 GWh in 2019 ▪ 7 IPP hydropower plants with combined net power generation of 1,863 GWh in 2019 ▪ Total generation of 4,037 GWh in 2019, including net solar generation of 25 GWh:  <p>■ Hydro ■ Solar</p>	<ul style="list-style-type: none"> ▪ Publicly listed, but 75% owned by the state owned Électricité du Laos ▪ Market capitalisation of \$454mm as of 12 October 2020 	<ul style="list-style-type: none"> ▪ 2010: Founded and subsequently listed in 2011 as part of the restructuring of the power sector in Laos ▪ 2020: Électricité du Laos signed agreement with China Southern Power Grid to install 230kV high-voltage transmission lines, with the objective of increasing hydropower generation
  <ul style="list-style-type: none"> ▪ Private Thailand-based company focused on developing independent power projects ▪ Owns approximately 12% of MDX, a Thai-listed company engaged in property development, infrastructure and energy projects ▪ Owns 20% of THPC (SN Power hydro asset in Laos) 		<ul style="list-style-type: none"> ▪ Privately owned 	<ul style="list-style-type: none"> ▪ Led the development of several pioneering energy projects in the Greater Mekong region, including the initial development in 1998, and subsequent expansion in 2013, of THPC in Laos



Equity partners Uganda



 Business overview	 Presence in renewables	 Ownership	 History and recent developments in hydro
 <ul style="list-style-type: none"> International development agency that invests in economically sound enterprises in the developing world Operates as a network of affiliates with more than 90 separate project companies across 18 countries 	<ul style="list-style-type: none"> In addition to the investment in Bujagali, Aga Khan Fund for Economic Development has also invested in another hydro energy project through PamirEnergy 	<ul style="list-style-type: none"> Owned by the Aga Khan Development Network 	<ul style="list-style-type: none"> 2019: Signed agreement with SN Power and the governments of Rwanda, Burundi and DRC to develop the 147 MW Ruzizi hydropower plant
 <ul style="list-style-type: none"> The infrastructure and development arm of the Aga Khan Fund for Economic Development, an affiliate of the privately-owned Aga Khan Development Network 	<ul style="list-style-type: none"> Part of a PPP for the creation of Bujagali and owner of the West Nile Rural Electrification Company. Bujagali is the flagship of IPS' infrastructure investments in East Africa 	<ul style="list-style-type: none"> Majority owned by the Aga Khan Development Network 	
 <ul style="list-style-type: none"> CDC is the UK's development finance institution 28% of the current portfolio is invested in infrastructure, of which the majority is in Africa and South Asia 	<ul style="list-style-type: none"> Investments produced a total of 57,000 GWh of electricity in 2019 	<ul style="list-style-type: none"> Owned by the UK government 	<ul style="list-style-type: none"> Experience in investing with Norfund through the c.\$700mm acquisition of Globeleq, the largest independent power producer in Africa, in 2015
 <ul style="list-style-type: none"> Listed Kenyan financial services holding company, with subsidiaries across East Africa (Kenya, Uganda, Tanzania, Burundi, Mauritius) and Pakistan, mainly active within the insurance services sector 		<ul style="list-style-type: none"> The Aga Khan Fund for Economic Development holds a 38% interest 	
 <ul style="list-style-type: none"> The government of Uganda holds a passive stake in the Uganda assets 			