Third 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		
Vietnam	188	65%
Ukraine	65	65%
Bangladesh	62	65%
Mali	33	51%
Honduras	18	70%
Total	**366**	**64%**
Grand total	**2,270**	**63%**
Projects in pipeline	**5,245**	

Solar power plants in operation: 1,193 MW   Plants under construction: 711 MW   Projects in backlog: 366 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.

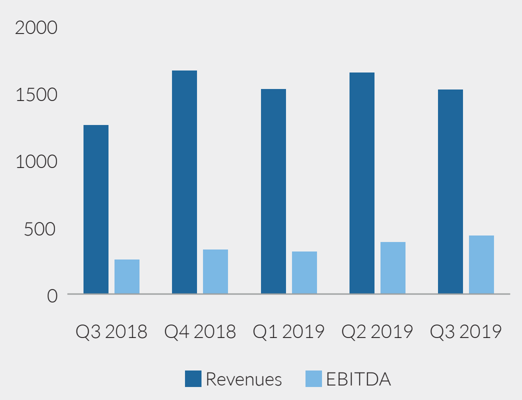
2) Scatec Solar's share of the total estimated economic return from its subsidiaries. For projects under development the economic interest may be subject to change.

Q3'19 – Solid financial results and increased growth target to 4.5 GW

- Power production of 295 GWh and EBITDA of NOK 296 million, up 133% year on year
- D&C revenues of NOK 1,121 million and EBITDA of NOK 133 million
- 217 MW reached commercial operation in Egypt, Ukraine and Mozambique
- The growth target for end 2021 raised from 3.5 GW to 4.5 GW
- Successfully raised equity of gross NOK 1,320 million to fund further growth

Proportionate revenues and EBITDA

NOK MILLION



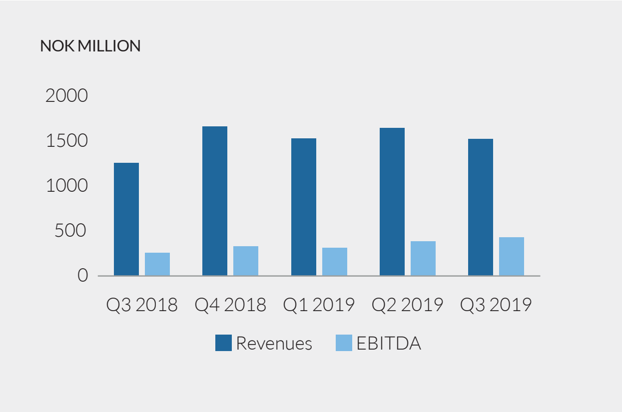
Key figures

NOK MILLION	Q3 2019	Q2 2019	Q3 2018	YTD 2019	YTD 2018
PROPORTIONATE FINANCIALS [1]					
Revenues and other income	**1,522**	1,648	1,259	4,699	3,060
Power Production	*357*	*272*	*155*	*837*	*442*
Operation & Maintenance	*35*	*29*	*22*	*81*	*66*
Development & Construction	*1,121*	*1,339*	*1,077*	*3,757*	*2,539*
Corporate	*9*	*9*	*4*	*24*	*12*
EBITDA	**433**	388	257	1,136	632
Power Production	*296*	*221*	*127*	*685*	*353*
Operation & Maintenance	*18*	*14*	*11*	*35*	*32*
Development & Construction	*133*	*165*	*130*	*457*	*286*
Corporate	*-14*	*-11*	*-11*	*-40*	*-39*
Operating profit (EBIT)	**317**	298	200	848	497
Profit/(loss)	**320**	142	110	585	195
Net interest- bearing debt	**6,091**	6,005	3,093	6,091	3,093
Power production (GWh)	**295**	198	73	626	209
SSO proportionate share of cash flow to equity [1]:	**218**	205	141	594	298
CONSOLIDATED FINANCIALS [2]					
Revenues and other income	**512**	376	294	1,214	869
EBITDA	**418**	290	221	949	645
Operating profit (EBIT)	**270**	188	143	603	442
Profit/(loss)	**66**	21	36	99	150
Net interest- bearing debt	**9,678**	9,367	5,095	9,678	5,095
Earnings per Share	**0.27**	-0.22	0.13	-0,24	0.88
Power Production (GWh)	**517**	346	155	1,117	457

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

Group – Proportionate financials

NOK MILLION	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Revenues and other income	**1,522**	1,648	1,259	4,699	3,060
Gross profit	**565**	500	342	1,481	889
Operating expenses	**-132**	-111	-85	-345	-257
EBITDA	**433**	388	257	1,136	632
EBITDA margin	**28%**	24%	20%	24%	21%
D&A and impairment	**-116**	-90	-57	-289	-135
EBIT	**317**	298	200	848	497
Cash flow to equity [1]	**218**	205	141	594	298



1) See Alternative Performance Measures appendix for definition.

Third quarter proportionate revenues increased by 23% from last year, while EBITDA increased by 68%. The increase is primarily driven by new solar power plants starting commercial operation.

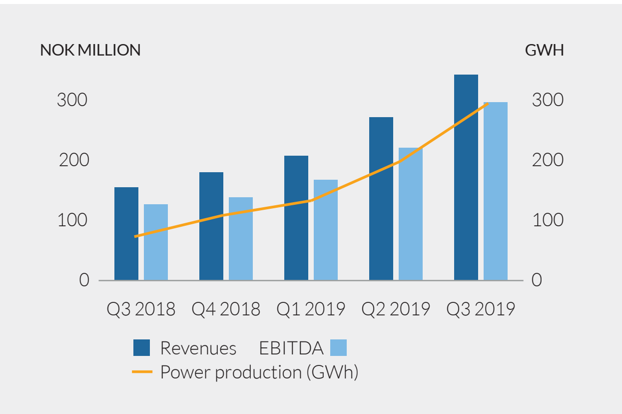
Compared with the previous quarter, revenues decreased by 8% while EBITDA increased by 12%. Revenues and EBITDA increased in the Power Production segment while slightly decreased in the Development & Construction segment. This change in mix lead to a higher EBITDA margin overall than in previous periods.

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

The growth in revenues and profitability during the first nine months reflects both higher power production and development & construction activities compared to the same period in 2018.

Power Production – Proportionate financials

NOK MILLION	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Revenues and other income	**357**	272	155	837	442
Operating expenses	**-61**	-51	-29	-152	-89
EBITDA	**296**	221	127	685	353
EBITDA margin	**83%**	81%	82%	82%	80%
D&A and impairment	**-107**	-83	-38	-257	-112
EBIT	**190**	138	89	428	241
Cash flow to equity [1]	**125**	82	47	266	109



1) See Alternative Performance Measures appendix for definition.

The Power Production segment operated installed capacity of 1,128 MW at the end of third quarter, an increase of 217 MW from the end of second quarter.

Production reached 295 GWh in third quarter compared to 73 GWh in third quarter 2018 and 198 GWh in the previous quarter. The increase from second quarter is mainly explained by power plants in Egypt, Ukraine and Mozambique commencing production.

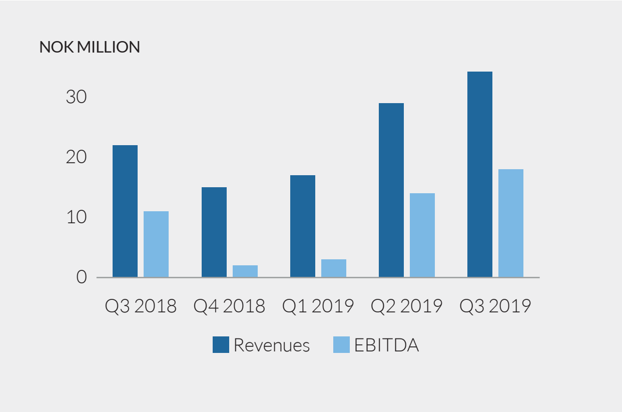
Operating expenses and depreciations increased due to the added capacity. Profitability remained fairly stable compared with previous quarters.

Installed capacity at the end of third quarter 2018 was 357 MW and the improved financial results in the first nine months compared to 2018 is mainly reflecting grid connection of new power plants in the period.

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	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Revenues and other income	**35**	29	22	81	66
Operating expenses	**-17**	-15	-11	-46	-34
EBITDA	**18**	14	11	35	32
EBITDA margin [1]	**52%**	48%	49%	43%	48%
D&A and impairment	**-1**	-1	-	-2	-1
EBIT	**17**	13	11	33	31
Cash flow to equity [1]	**14**	11	9	28	25



1) See Alternative Performance Measures appendix for definition.

O&M revenues in the third quarter were positively affected by revenues from new plants in Egypt, Mozambique and Ukraine, compared to the same period last year. Revenues are also normally seasonal high in third quarter due to the structure of the performance bonus in South Africa.

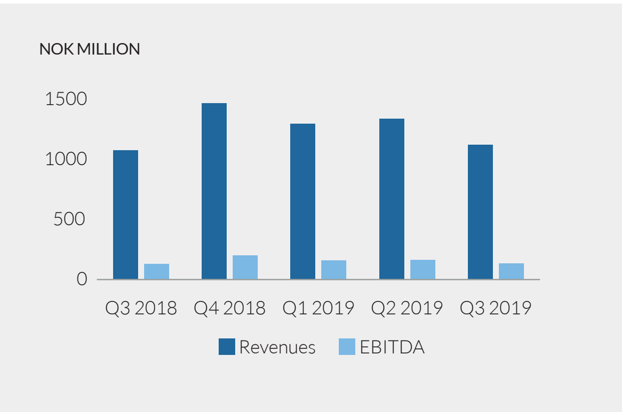
Operating expenses mainly constitute fixed expenses and recurring maintenance activities according to a fixed maintenance schedule.

The profitability of the segment reflects positive seasonal variations partly offset by somewhat lower margins on new O&M contracts, as well as increased overhead cost in preparation for O&M for plants under construction.

Revenues and profitability in first nine months of 2019 are explained by the developments referred to above.

Development & Construction (D&C) – Proportionate financials

NOK MILLION	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Revenues and other income	**1,121**	1,339	1,077	3,756	2,539
Gross profit	**163**	190	160	539	369
Gross margin [1]	**15%**	14%	15%	14%	15%
Operating expenses	**-31**	-25	-30	-83	-83
EBITDA	**133**	165	130	457	286
D&A and impairment	**-7**	-5	-18	-26	-20
EBIT	**125**	160	113	431	266
Cash flow to equity [1]	**106**	130	105	364	226



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

D&C revenues in third quarter were generated by projects under construction in Malaysia, Egypt, South Africa, Ukraine and Argentina. Accumulated construction progress across these projects was 51% at the end of third quarter.

The Company continued to mature a wide range of projects with an additional 80 MW added to the project backlog and 395 MW added to project pipeline during the quarter.

Construction was completed for an additional 130 MW in Egypt, 40 MW in Mozambique and 47 MW in Ukraine.

The 15% 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 22 million (18) [2] for early stage development of new projects and NOK 9 million (12) related to the construction business.

For the first nine months, financial performance improved significantly compared to 2018 due to the developments described above.

Corporate – Proportionate financials

NOK MILLION	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Revenues and other income	**9**	9	4	24	12
Operating expenses	**-23**	-20	-16	-63	-51
EBITDA	**-14**	-11	-11	-40	-39
D&A and impairment	**-1**	-2	-1	-4	-2
EBIT	**-16**	-13	-12	-44	-41
Cash flow to equity [1]	**-28**	-18	-20	-66	-61

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 are fairly stable, and the increase compared to 2018 reflects strengthening of corporate functions over the recent quarters. These functions include management and corporate services such as Finance, Legal, HR, IT, Corporate Communication and Sustainability.

Short term guidance

Power production

The estimated production for fourth quarter and full year 2019 is based on production from the 1,128 MW in operation at the end of third quarter 2019.

GWH	Q3'19	Q4'19E	2019E
Proportionate	**295**	295 - 310	920 - 935
100% basis	**517**	530 - 560	1,650-1,680

Operation & Maintenance

2019 Operation & Maintenance revenues are expected to reach NOK 110-115 million with an EBITDA margin of around 35%.

Development & Construction

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

The 776 MW currently under construction represent awarded Development & Construction contracts with a value of about NOK 3.9 billion. The remaining, not booked, contract value at the end of third quarter 2019 was about NOK 1.9 billion.

Corporate

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

Outlook

Solar is the lowest cost source of energy across sun-rich regions and the renewable energy market is expected to see continued strong growth with solar and wind providing 50% of all power globally by 2050. Solar's market share in power is expected to rise from 2% today to 22% in 2050. Investments to meet increased demand are estimated to about USD 13.3 trillion in new power generation according to Bloomberg New Energy Finance (BNEF). Of this, some 77%, or USD 330 billion per year is forecasted to be invested in renewables. The highest growth is forecasted to come from new Investments in Asia-Pacific.

Driven by a by a strong solar market and a steadily increasing pipeline of high-quality projects, Scatec Solar raised its growth ambitions and updated its financial and operational targets at the Capital Markets Update 18 September 2019. New financial 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's strategic direction remains unchanged as Scatec Solar 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 utilising its solid track record and market position to further grow its business in new segments. The company has launched Release, a service that offers industrial players in emerging markets access to flexible, reliable and low-cost power through solar plant leasing. The ambition is to grow Release to 300 - 500 MW per year from 2022 and onwards.

Scatec Solar is continuously developing a large project pipeline across a number of markets. Refer also to project overview on page 10 for details.

Consolidated statement of profit and loss

Profit and loss

NOK MILLION	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Revenues	**512**	376	294	1,214	869
EBITDA	**418**	290	221	949	645
Operating profit (EBIT)	**270**	188	143	603	443
Profit before income tax	**87**	27	60	138	229
Profit/(loss) for the period	**66**	21	36	99	150
Profit/(loss) to Scatec Solar	**-11**	-25	14	-69	94
Profit/(loss) to non-controlling interests	**78**	45	22	169	56

Revenues

Revenues from power sales were up 88% compared to the same quarter last year. The increase in revenues is mainly explained by the grid connection of new plants in Honduras, 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.

Revenues also include earnings of NOK -20 million (11), from joint ventures mainly related to the equity consolidated investments in Brazil and Argentina.

Operating profit

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

Consolidated operating expenses amounted to NOK 94 million (74) in the third quarter. This comprised approximately NOK 53 million (34) for operation of existing power plants, NOK 22 million (18) for early stage development of new projects, NOK 9 million (11) related to construction and NOK 11 million (11) of corporate expenses (excluding eliminated intersegment charges).

Net financial items

NOK MILLION	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Financial income	**20**	19	61	46	207
Financial expenses	**-196**	-177	-121	-503	-376
Foreign exchange gains/(loss)	**-8**	-4	-22	-7	-44
Net financial items	**-183**	-162	-83	-464	-214

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 third quarter 2019 gain following the mark-to-market revaluation of open USD and EUR FECs amounts to NOK 7 million (44). For the full year 2018, the Group recorded a gain of NOK 147 million. The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

Financial expenses mainly consist of interest expenses on non-recourse financing of NOK 158 million (97), and corporate funding of NOK 22 million (17). See note 4 and 5 for further information on financing.

Profit before tax and net profit

The effective tax rate was 23% in the third 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 third quarter the NOK depreciated against the EUR, USD, ZAR and MYR but appreciated against ZAR and BRL compared to the average rates for the second quarter. On a net basis this positively affected consolidated revenues by approximately NOK 7 million quarter on quarter while the net impact on net profit in the quarter was positive with approximately NOK 0.6 million.

The quarter-on-quarter net foreign currency losses were up NOK 4 million, from a loss of NOK 4 million in the second quarter to a loss of NOK 8 million in the third quarter. These currency effects are to a large extent non-cash effects on intercompany balances.

Following the movements in currencies in the third quarter, the Group has recognised a foreign currency translation gain of NOK 220 million (-17) 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.

For the first nine months power production revenues increased to NOK 1,245 million (839) while net profit from the equity consolidated investments in Brazil and Argentina decreased from NOK 30 million to NOK -31 million. Operating expenses increased to NOK 265 million (224) while net profit decreased to NOK 99 million (150) mainly driven by the grid connection of new plants and offset by change in mark-to-market revaluation of forward exchange contracts between 2018 and 2019 as explained above.

Consolidated statement of financial position

Assets

NOK MILLION	Q3'19	Q2'19
Property, plant and equipment	12,791	11,293
Other non-current assets	1,736	1,517
Total non-current assets	14,527	12,811
Other current assets	2,453	2,306
Cash and cash equivalents	3,455	2,375
Total current assets	5,908	4,681
Total assets	20,435	17,492

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 13% net increase of non-current assets is mainly driven by the construction activities in Mozambique, Egypt, South Africa, Ukraine and Argentina. This is partly offset by depreciation of the operating power plants.

Current assets are up 41% compared to second quarter mainly driven by working capital changes related to construction projects and increased cash balance mainly due to the private placement raising gross proceeds of NOK 1,320 million. See note 6 for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level and note 9 for further details on the private placement.

Equity and liabilities

NOK MILLION	Q3'19	Q2'19
Equity	3,581	2,123
Non-current non-recourse project financing	11,861	10,609
Other non-current liabilities	2,601	2,350
Total non-current liabilities	14,462	12,959
Current non-recourse project financing	527	389
Other current liabilities	1,864	2,021
Total Current liabilities	2,392	2,410
Total liabilities	16,854	15,369
Total equity and liabilities	20,435	17,492
Book equity ratio	17.0%	12.1%

Total equity increased by NOK 1,458 million during third quarter mainly driven by the private placement. The increased book equity ratio [1] 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 1,389 million during third quarter.

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 third quarter. See note 6 for more information on the corporate bond agreement.

1) See Alternative Performance Measures appendix for definition.

Consolidated cash flow

Net cash flow from consolidated operating activities amounted to NOK 343 million (61) in the third quarter 2019, compared to the EBITDA of NOK 418 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 -1,381 million (-656), 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 2,114 million (244), impacted by proceeds from share capital increase of NOK 1,297, and also effected by net proceeds and repayment of non-recourse debt of NOK 974 million (217) as well as dividends paid of NOK -52 million (-63).

The cash flow for the first nine months is mainly impacted by the factors discussed above.

Refer to note 6 for a detailed cash overview.

Proportionate cash flow to equity

Scatec Solar's "proportionate share of cash flow to equity" 1), is an alternative performance measure that seeks to estimate the Group's ability to generate funds for equity investments in new solar power plant projects and/or for shareholder dividends over time.

NOK MILLION	Q3'19	Q2'19	Q3'18	YTD 2019	YTD 2018
Power Production	**125**	82	47	268	109
Operation & Maintenance	**14**	11	9	28	25
Development & Construction	**106**	130	105	364	226
Corporate	**-28**	-18	-20	-66	-61
Total	**218**	205	141	594	298

The increased cash flow to equity in the Power Production segment compared to previous quarter and last year is primarily explained by new power plants reached commercial operation, partly offset by higher debt repayments in line with the agreed repayment schedule on the non-recourse financing loans. The cash flow to equity in the O&M segment is influenced by commencement of new contracts as well as seasonal variations. 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 was temporarily affected by drawdowns on corporate facilities.

For the first nine months of 2019, the power plant companies has distributed a total of NOK 175 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.

1) See Alternative Performance Measures appendix for definition.

Project overview

PROJECT STAGE	Q3'19 CAPACITY [1] (MW)	Q2'19 CAPACITY (MW)
In operation	1,193	911
Under construction	711	993
Project backlog [2]	336	286
Project pipeline [2]	5,245	4,850

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]	16,749	2,278	71%	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]	7,539	1,379		70%
Backlog						
Vietnam	188	USD	194	320	70%	65%
Ukraine	65	EUR	74	65	70%	65%
Bangladesh	62	USD	68	86	70%	65%
Segou, Mali	33	EUR	50	60	75%	51%
Los Prados II, Honduras	18	USD	20	35	70%	70%
Total backlog	336	NOK [3]	3,794	593		64%
Total	2,270	NOK [3]	27,401	4,250		63%

Total annual revenues from the 2,270 MW in operation, under construction and in backlog is expected to reach about NOK 4,200 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 30 September 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 fourth quarter 2019 and first half of 2020. The first project in Ukraine, Rengy started commercial operation late August 2019.

All projects 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 plants are expected in first quarter 2020.

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 first 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 first 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 first PV modules and support structures have been delivered to the International Organisation for Migration (IOM) humanitarian hub in Malakal, with remaining equipment being delivered for installation start in November. 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 work has started for in Juba, while work on the plant in Wau will start in November. 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 third quarter, projects representing 80 MW have entered the backlog, bringing the total backlog to 366 MW.

Vietnam, 188 MW

The Vietnamese renewable energy market is experiencing significant growth and has already reached more than 4 GW of installed solar PV capacity. The new feed-in tariff for solar PV is expected to be announced later this year. The power plants will hold 20 years PPA with Vietnam Electricity (EVN) paid in VND and indexed annually to USD.

The 48 MW Hong Phong project is located in the Binh Thuan Province of Vietnam. 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 be realised in 2020.

In the Binh Phouc province of Vietnam, Scatec Solar has increased its backlog to 140 MW. Total project cost is expected to be around USD 140 million and is also expected to be realised in 2020.

All projects will be realised according to Scatec Solar's traditional model, financing, constructing, owning and operating the plants. Further, Scatec Solar is also in dialogue with potential equity co-investors for the projects and expected project finance leverage is 70%.

Ukraine, 65 MW

The 65 MW Kherson project will be realised under the country's Feed- in-Tariff scheme providing a secured tariff until end of 2029. The plant is also expected to deliver power beyond the 10-year feed-in-tariff period.

The capex for the 65 MW project is estimated to EUR 74 million and grid connection is expected in 2020. The economics of the projects will reach Scatec Solar's return targets also based on the expected 2020 feed-in tariff. Scatec Solar will be the lead equity investor and is targeting to secure additional equity partners for the project.

Bangladesh, 62 MW

Bangladesh has a goal to reach 10% of power generation capacity from renewable energy by 2020. The government has so far signed agreements for more than 1 GW of solar PV projects.

The 62 MW Nilphamari project was moved into backlog earlier this year. The power plant will hold a 20 years PPA with the Bangladesh Power Development Board (BPDB) and lenders have been mandated. 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.

Scatec Solar will finance, construct, own and operate the project. The project is being developed with a local development partner and 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.

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.

Honduras, 18 MW

In October 2015, Scatec Solar and Norfund acquired the Los Prados project holding a 20-year PPA with Empresa Nacional de Energía Eléctrica (ENEE), the state-owned utility. The project is owned 70% by Scatec Solar and 30% by KLP Norfund Invest.

The 35 MW Phase I of the project was grid connected and reached commercial operation at the end of third quarter 2018. The 18 MW Phase II will be realised after required grid upgrades have been completed by ENEE.

Pipeline

LOCATION	Q3'19 CAPACITY (MW)	Q2'19 CAPACITY (MW)
Latin America	952	880
Africa	2,345	2,280
Europe & Central Asia	463	350
South East Asia	1,485	1,340
Total pipeline	5,245	4,850

In addition to projects in backlog Scatec Solar holds a solid pipeline of projects totalling 5,245 MW, an increase of 395 MW from previous quarter. 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 (952 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 (2,345 MW)

Scatec Solar holds sites representing about 700 MW ready to be bid in the upcoming tender rounds in South Africa. A new tender ("round 5") under the REIPPP programme is expected to be launched in 2020, after the new Integrated Resource Plan has been established.

In August this year, Scatec Solar participated in a tender in Tunisia. The authorities published the results of the tender shortly after, with Scatec Solar having the most competitive bid on four out of five projects. It is expected that the authorities will announce final award of the tender later this year.

In addition, Scatec Solar is developing a broad pipeline of projects across a number of markets, including Egypt, Nigeria, Cameroon, Kenya 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.

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. Projects securing construction permit by the end of 2019 still qualify for the feed-in tariff. Otherwise projects will have to participate in the planned auction system to secure offtake agreements.

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. Despite the delay, it was announced by the Cabinet Committee on Energy (CCOE) earlier this year that the project is qualified for the tariff award.

South East Asia (1,485 MW)

Malaysia, Bangladesh, Indonesia and Vietnam are prioritised 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 350 MW. These projects are partly based on bi-lateral negotiations and partly related to tender processes issued by the authorities.

In Vietnam, a draft of the new feed-in tariff legislation has been released and it is expected to be finally approved htis year. Scatec Solar has signed up several new projects in Vietnam over the last quarter and the pipeline currently stands at more than 1,100 MW.

Proportionate financials
Break down of power production segment
Key financials

Q3 2019

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	BRAZIL	MALAY-SIA [2]	EGYPT	UKRAINE	MOZAM-BIQUE	OTHER	TOTAL
Revenues	41	83	3	29	28	18	77	50	7	7	15	357
OPEX	-2	-12	-	-4	-3	-7	-6	-6	-1	-2	-16	-61
EBITDA	39	71	2	25	25	11	71	44	6	5	-2	296
EBITDA margin	94%	86%	84%	86%	89%	60%	92%	87%	83%	73%	-11%	83%
Net interest expenses [1]	-5	-28	-1	-2	-7	-3	-28	-16	-1	-	2	-89
Normalised loan repayments [1]	-7	-16	-1	-5	-6	-5	-22	-1	-	-	-	-64
Normalised income tax payments [1]	-5	-7	-	-	-1	-	-3	-4	-1	-	-	-19
Cash flow to equity	22	20	-	17	11	3	18	23	5	5	-	125
SSO economic interest	100%	45%	54%	51%	62%	44%	100%	51%	91%	53%		
Net production (GWh)	8	42	2	22	19	31	69	89	5	8		295

1) See Alternative Performance Measures appendix for definition.
2) Average economic interest over the lifetime of QSP projects Malaysia; 88%

Q3 2018

NOK MILLION	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	BRAZIL	MALAY-SIA [2]	EGYPT	UKRAINE	EGYPT	OTHER	TOTAL
Revenues	42	64	2	12	26	-	-	-	-	-	11	155
OPEX	-3	-10	-1	-2	-3	-	-	-	-	-	-10	-29
EBITDA	39	54	1	9	23	-	-	-	-	-	1	127
EBITDA margin	93%	85%	60%	79%	88%	-	-	-	-	-	-	82%
Net interest expenses [1]	-5	-22	-1	-4	-6	-	-	-	-	-	3	-35
Normalised loan repayments [1]	-6	-14	-1	-5	-6	-	-	-	-	-	-	-32
Normalised income tax payments [1]	-4	-5	-	-	-1	-	-	-	-	-	-3	-13
Cash flow to equity	22	14	-1	-	11	-	-	-	-	-	1	47
SSO economic interest	100%	39%	54%	40%	60%	-	-	-	-	-		
Net production (GWh)	9	35	2	10	18	-	-	-	-	-	-	73

1) See Alternative Performance Measures appendix for definition.
2) Average economic interest over the lifetime of QSP projects Malaysia; 88%

Financial position and working capital breakdown
Proportionate financials

30 SEPTEMBER 2019

NOK MILLION	IN OPERATION										UNDER CONSTRUCTION					
	CZECH REPUB.	SOUTH AFRICA	RWANDA	HONDURAS	JORDAN	MALAYSIA [2]	EGYPT	UKRAINE	MOZAMBIQUE	BRAZIL	SOUTH AFRICA ROUND IV	EGYPT	MALAYSIA [2]	UKRAINE	ARGENTINA	TOTAL
Project equity [1]	162	85	21	699	228	487	271	102	72	274	-21	53	90	818	158	3,498
Total assets	603	1,297	97	976	786	2,934	1,745	293	370	747	1,193	340	297	1,639	434	13,752
PP&E [1]	449	1,055	85	812	594	2,661	1,543	240	270	646	358	308	153	1,003	364	10,541
Cash	69	166	6	56	145	439	76	28	33	31	50	18	2	174	12	1,305
Gross interest bearing debt [1]	364	1,006	68	197	465	2,136	1,122	165	252	402	987	230	76	522	245	8,238
Net interest bearing debt [1]	295	840	63	141	320	1,697	1,046	137	219	371	937	212	74	348	233	6,933
Net working capital [1]	-29	-74	-4	15	-85	-498	-164	4	47	-30	576	-38	10	117	-205	-357
SSO economic interest	100%	45%	54%	51%	62%	100%	51%	51%	53%	44%	46%	51%	100%	96%	50%	

1) See Alternative Performance Measures appendix for definition.

2) Average economic interest over the lifetime of QSP projects Malaysia; 88%

Bridge from proportionate to consolidated financials

30 SEPTEMBER 2019

NOK MILLION	TOTAL PROPORTIONATE	RESIDUAL OWNERSHIP INTERESTS	LESS EQUITY-CONSOLIDATED ENTITIES	D&C, O&M, CORPORATE, ELIMINATIONS	CONSOLIDATED
Project equity [1]	3,498	1,788	942	-763	3,581
Total assets	13,752	8,584	2,576	675	20,435
PP&E-in solar projects	10,541	6,378	2,203	-2,163	12,553
Cash	1,305	657	95	1,588	3,455
Gross interest bearing debt [1]	8,238	5,558	1,409	745	13,132
Net interest bearing debt [1]	6,933	4,901	1,314	-843	9,678
Net working capital [1]	-357	139	-479	-202	58

1) See Alternative Performance Measures appendix for definition.

Condensed interim financial information

Interim consolidated statement of profit or loss

NOK MILLION	NOTES	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Revenues	2	**532**	283	1,245	839	1,151
Net gain/(loss) from sale of project assets	2,3	-	-	-	-	-
Net income/(loss) from JVs and associated companies	2	**-20**	11	-31	30	63
Total revenues and other income		**512**	294	1,214	869	1,213
Personnel expenses	2	**-42**	-32	-113	-99	-137
Other operating expenses	2	**-52**	-42	-152	-125	-174
Depreciation, amortisation and impairment	2,3	**-148**	-78	-346	-203	-273
Operating profit		**270**	143	603	442	629
Interest and other financial income	4,5	**20**	61	46	207	197
Interest and other financial expenses	4,5	**-196**	-121	-503	-376	-518
Net foreign exchange gain/(losses)	4,5	**-8**	-22	-7	-44	15
Net financial expenses		**-183**	-83	-464	-214	-306
Profit/(loss) before income tax		**87**	60	138	229	323
Income tax (expense)/benefit	7	**-20**	-24	-39	-79	-97
Profit/(loss) for the period		**66**	36	99	150	226
Profit/(loss) attributable to:						
Equity holders of the parent		**31**	14	-27	94	140
Non-controlling interests		**36**	22	126	55	86
Basic earnings per share (NOK) [1]		**0.27**	0.13	-0.24	0.88	1.29
Diluted earnings per share (NOK) [1]		**0.27**	0.13	-0.24	0.88	1.28

1) Based on 125.1 million shares outstanding for the purpose of earnings per share and 124.7 million shares outstanding for the purpose of diluted earnings per share.

Interim consolidated statement of comprehensive income

NOK MILLION	NOTES	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Profit/(loss) for the period		66	36	99	150	226
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges		-102	13	-304	34	-74
Income tax effect	7	25	-4	76	-10	20
Foreign currency translation differences		220	-17	187	-106	18
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		142	-7	-42	-82	-36
Total comprehensive income for the period net of tax		209	29	57	68	190
Attributable to:						
Equity holders of the parent		194	9	35	37	136
Non-controlling interests		15	20	22	31	53

Interim consolidated statement of financial position

NOK MILLION	NOTES	AS OF 30 SEPTEMBER 2019	AS OF 31 DECEMBER 2018
ASSETS			
Non-current assets			
Deferred tax assets	7	764	526
Property, plant and equipment – in solar projects	3	12,553	8,956
Property, plant and equipment – other	3	238	53
Goodwill		24	24
Investments in JVs and associated companies		785	745
Other non-current assets		164	112
Total non-current assets		14,528	10,415
Current assets			
Trade and other receivables		512	279
Other current assets		1,903	711
Financial assets	4,5	37	149
Cash and cash equivalents	6	3,455	3,303
Total current assets		5,908	4,442
TOTAL ASSETS		20,435	14,857

Interim consolidated statement of financial position

NOK MILLION	NOTES	AS OF 30 SEPTEMBER 2019	AS OF 31 DECEMBER 2018
EQUITY AND LIABILITIES			
Equity			
Share capital		3	3
Share premium	9	3,106	1,795
Total paid in capital		3,109	1,797
Retained earnings		-129	8
Other reserves		141	79
Total other equity		12	87
Non-controlling interests		460	591
Total equity		3,581	2,475
Non-current liabilities			
Deferred tax liabilities	7	402	345
Non-recourse project financing	4	11,861	8,643
Bonds	6	745	743
Financial liabilities	4,5	399	115
Other non-current liabilities		1,057	738
Total non-current liabilities		14,463	10,583
Current liabilities			
Trade and other payables		557	162
Income tax payable	7	51	34
Non-recourse project financing	4	527	364
Financial liabilities	4,5,6	34	9
Other current liabilities		1,223	1,230
Total current liabilities		2,392	1,800
Total liabilities		16,854	12,383
TOTAL EQUITY AND LIABILITIES		20,435	14,857

Oslo, 17 October 2019

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	-	-	94	-	-	**94**	55	**150**
Other comprehensive income	-	-	-1	-67	11	**-57**	-24	**-82**
Total comprehensive income	-	-	93	-67	11	**37**	31	**68**
Share-based payment	-	4	-	-	-	**4**	-	**4**
Share capital increase	-	606	-	-	-	**606**	-	**606**
Transaction cost, net after tax	-	-10	-	-	-	**-10**	-	**-10**
Dividend distribution	-	-	-81	-	-	**-81**	-211	**-291**
Capital increase from NCI [1]	-	-	-	-	-	**-**	8	**8**
At 30 September 2018	3	1,793	44	37	-12	**1,865**	405	**2,271**
At 1 October 2018	3	1,793	44	37	-12	**1,865**	405	**2,271**
Profit for the period	-	-	46	-	-	**45**	31	**76**
Other comprehensive income	-	-	-	85	-32	**54**	-8	**46**
Total comprehensive income	-	-	46	85	-32	**99**	23	**122**
Share-based payment	-	1	-	-	-	**1**	-	**1**
Dividend distribution	-	-	-	-	-	**-**	5	**5**
Purchase of NCIs shares in group companies	-	-	-82	-	-	**-82**	-22	**-104**
Capital increase from NCI [2]	-	-	-	-	-	**-**	180	**180**
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	-	-	-27	-	-	**-27**	126	**99**
Other comprehensive income	-	-	-	176	-113	**62**	-104	**-42**
Total comprehensive income	-	-	-27	176	-113	**35**	22	**57**
Share-based payment	-	5	-	-	-	**5**	-	**5**
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**	-150	**-258**
Purchase of NCIs shares in group companies	-	-	-1P	-	-	**-1**	-3	**-4**
At 30 September 2019	3	3,106	-128	299	-157	**3,122**	460	**3,582**

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	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Cash flow from operating activities						
Profit before taxes		**87**	60	138	229	323
Taxes paid	7	**-2**	-21	-42	-40	-65
Depreciation and impairment	3	**148**	78	346	203	273
Proceeds from disposal of fixed assets	3	**-**	-	6	-	5
Net income associated companies/sale of project assets		**20**	-11	31	-30	-63
Interest and other financial income	4	**-20**	-61	-46	-207	-197
Interest and other financial expenses	4	**196**	121	503	376	518
Unrealised foreign exchange (gain)/loss	4	**8**	22	7	44	-15
Increase/(decrease) in current assets and current liabilities	5	**-92**	-129	-720	489	469
Net cash flow from operating activities		**343**	61	224	1,065	1,248
Cash flow from investing activities						
Interest received		**16**	21	58	61	77
Net investments in property, plant and equipment	3	**-1,275**	-717	-3,728	-2,447	-3,565
Net investment in associated companies		**-122**	41	-77	-78	-321
Net cash flow from investing activities		**-1,381**	-656	-3,747	-2,464	-3,809
Cash flow from financing activities						
Net proceeds from NCI shareholder financing [1)]		**53**	189	103	389	624
Interest paid		**-162**	-58	-522	-356	-588
Net proceeds and repayment of non-recourse project financing		**975**	177	3,053	289	2,589
Share capital increase	9	**1,290**	-	1,300	596	596
Dividends paid to equity holders of the parent company and non-controlling interests		**-42**	-63	-251	-291	-286
Net cash flow from financing activities		**2,114**	244	3,683	627	2,934
Net increase/(decrease) in cash and cash equivalents		**1,076**	-351	160	-773	373
Effect of exchange rate changes on cash and cash equivalents		**-3**	-38	-8	-50	67
Cash and cash equivalents at beginning of the period	6	**2,375**	2,429	3,303	2,863	2,863
Cash and cash equivalents at end of the period	6	**3,455**	2,041	3,455	2,041	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 Karenslyst Allé 49, NO-0279 Oslo, Norway. Scatec Solar was established on 2 February 2007.

Scatec Solar ASA ("the Company"), its subsidiaries and investments in associated companies ("the Group" or "Scatec Solar") is a leading independent solar power producer. The Company is pursuing an integrated business model across the complete life cycle of utility-scale solar photovoltaic (PV) power plants including project development, financing, construction, ownership and operation and maintenance.

The condensed interim consolidated financial statements were authorised by the Board of Directors for issue on 17 October 2019.

Basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement and presentation principles consistent with International Financing Reporting Standards as adopted by the European Union ("IFRS") for interim reporting under International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed interim consolidated financial statements are unaudited.

These condensed interim consolidated financial statements are condensed and do not include all of the information and notes required by IFRS for a complete set of consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 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 second quarter 2019 three power plant companies (holding the Chigrin, Boguslav and Progressovka projects in Ukraine) were consolidated for the first time. Scatec Solar's economic interest in the companies is 100%, 100% and 60% respectively. The Group has concluded that it through its investment has the power to control these entities. Furthermore, Scatec Solar is exposed to variable returns and has the ability to affect those returns through its power over the companies.

Refer to note 2 of the 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 the year ended 31 December 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.

Q3 2019

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	PROPORTIONATE FINANCIALS							
External revenues	343	-	-	-	343	222	-34	532
Internal revenues	14	35	1,121	9	1,179	18	-1,197	-
Net gain/(loss) from sale of project assets	-	-	-	-	-			-
Net income/(loss) from JV and associates	-	-	-	-	-		-20	-20
Total revenues and other income	357	35	1,121	9	1,522	240	-1,251	512
Cost of sales	-	-	-958	-	-958	-36	994	-
Gross profit	357	35	163	9	565	204	-257	512
Personnel expenses	-9	-9	-13	-14	-44	-	2	-42
Other operating expenses	-52	-8	-18	-9	-87	-23	57	-52
EBITDA	296	18	133	-14	433	182	-197	418
Depreciation and impairment	-107	-1	-7	-1	-116	-79	47	-148
Operating profit (EBIT)	190	17	125	-16	317	103	-150	270

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.

Q3 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS [1]	ELIMINATIONS [2]	CONSOLIDATED FINANCIALS
	PROPORTIONATE FINANCIALS							
External revenues	146	-	-	-	146	138	-	283
Internal revenues	10	22	1,077	4	1,113	78	-1,191	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	11	11
Total revenues and other income	155	22	1,077	4	1,259	216	-1,181	294
Cost of sales	-	-	-917	-	-917	1	916	-
Gross profit	155	22	160	4	342	217	-265	294
Personnel expenses	-3	-6	-13	-10	-32	-	-	-32
Other operating expenses	-26	-5	-17	-6	-54	-17	29	-42
EBITDA	127	11	130	-12	257	200	-236	221
Depreciation and impairment	-38	-	-18	-1	-57	-37	15	-78
Operating profit (EBIT)	89	11	113	-12	200	163	-220	143

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

YTD 2019

NOK MILLION	PROPORTIONATE FINANCIALS POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS 1)	ELIMINATIONS 2)	CONSOLIDATED FINANCIALS
External revenues	798	-	2	-	800	563	-118	1,245
Internal revenues	39	81	3,755	24	3,899	8	-3,907	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	-31	-31
Total revenues and other income	837	81	3,757	24	4,699	571	-4,055	1,214
Cost of sales	-	-	-3,218	-	-3,218	-94	3,312	-
Gross profit	837	81	539	24	1,481	477	-743	1,214
Personnel expenses	-24	-23	-40	-35	-122	6	2	-113
Other operating expenses	-128	-23	-43	-28	-223	-53	123	-152
EBITDA	685	35	457	-40	1,136	430	-618	949
Depreciation and impairment	-257	-2	-26	-4	-289	-210	152	-346
Operating profit (EBIT)	428	33	431	-44	848	221	-466	603

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

YTD 2018

NOK MILLION	PROPORTIONATE FINANCIALS POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL	RESIDUAL OWNERSHIP INTERESTS 1)	ELIMINATIONS 2)	CONSOLIDATED FINANCIALS
External revenues	415	-	-	-	415	425	-	839
Internal revenues	27	66	2,540	12	2,645	3	-2,648	-
Net gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	30	30
Total revenues and other income	442	66	2,540	12	3,060	428	-2,618	869
Cost of sales	-	-	-2,171	-	-2,171	137	2,034	-
Gross profit	442	66	369	12	889	564	-584	869
Personnel expenses	-11	-16	-42	-30	-99	1	-	-99
Other operating expenses	-77	-18	-41	-22	-158	-46	79	-125
EBITDA	353	32	286	-40	632	519	-505	645
Depreciation and impairment	-112	-1	-20	-2	-135	-114	45	-203
Operating profit (EBIT)	241	31	266	-41	497	405	-460	443

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

FULL YEAR 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 gain/(loss) from sale of project assets	-	-	-	-	-	-	-	-
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 does not have 100% economic interest.
2) Eliminations made in the preparation of the Group's 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. Further, 195 MW of the Benban project in Egypt commenced operation in the second quarter 2019, and 130 MW in the third quarter. The 47 MW Rengy power plant and the 40 MW Mocuba power plant commenced operation during the third quarter 2019.

There has been recorded an impairment charge of NOK 23 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	33	3,623	51	26	**3,733**
Disposals	-	-	-6	-	**-6**
Transfer between asset classes	5,576	-5,541	-35	-	**-**
Depreciation	-302	-	-	-22	**-324**
Impairment losses	-6	-	-14	-3	**-23**
Effect of foreign exchange currency translation adjustments	202	17	-	2	**221**
Carrying value at 30 September 2019	10,877	1,536	140	238	**12,791**
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 527 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 third quarter 2019 the Group has drawn NOK 424 million on the non-recourse financing related to the construction projects in Ukraine, NOK 32 million related to the construction project in Eqypt, NOK 421 related to the construction project in South Africa, NOK 9 related to the construction project in Mozambique and NOK 76 million related to the construction project in Malaysia.

During the second quarter 2019, forward exchange contracts (FEC) were set up in order to eliminate currency exchange risk in the Upington projects in South Africa. In third quarter the gain following the mark-to-market revaluation of open USD and EUR FECs amounts to NOK 7 million (45). The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

NOK MILLION	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY2018
Interest income	13	16	46	38	50
Forward exchange contracts	7	45	-	169	147
Other financial income	-	-	-	-	-
Financial income	20	61	46	207	197
Interest expenses	-188	-118	-461	-365	-500
Forward exchange contracts	-	-	-25	-	-
Other financial expenses	-8	-4	-16	-12	-18
Financial expenses	-196	-122	-503	-376	-518
Foreign exchange gains/(losses)	-8	-22	-7	-44	15
Net financial expenses	-183	-83	-463	-214	-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)	-	38	-432	-394
Fair value based on unobservable inputs (Level 3)	-	-	-	-
Total fair value at 30 September 2019	-	38	-432	394

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	30 SEPTEMBER 2019	31 DECEMBER 2018
Cash in power plant companies in operation	1,150	730
Cash in power plant companies under development/construction	717	1,467
Other restricted cash	69	67
Free cash	1,518	1,039
Total cash and cash equivalents	3,455	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 RECOURCE GROUP AS DEFINED IN BOND & LOAN FACILTIES)

NOK MILLION	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Free cash at beginning of period	**560**	1,005	1,039	688	688
Proportionate share of cash flow to equity O&M	**14**	9	28	25	26
Proportionate share of cash flow to equity D&C	**106**	105	364	226	383
Proportionate share of cash flow to equity CORP	**-28**	-20	-66	-61	-85
Project development capex in recourse group	**-25**	-14	-47	-61	-106
Equity contributions to power plant companies	**-304**	-516	-682	-1,305	-1,655
Distributions from power plant companies	**73**	54	175	188	216
Share capital increase, net after transaction cost and tax	**1,290**	-	1,300	590	590
Dividend distribution	**-**	-	-108	-81	-81
Working capital / Other	**-168**	-134	-485	282	1,064
Free cash at end of the period	**1,518**	489	1,518	489	1,039

Proportionate share of cash flow to equity is defined as EBITDA less normalised loan and interest repayments, less normalised income tax payments, calculated on the basis of Scatec Solar's economic interest in the subsidiaries.

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 30 September 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 30 June 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 30 September 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 4,920 million per quarter end.

During third quarter of 2019, interest amounting to NOK 22 million (NOK 16 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 third quarter ended 30 September 2019 the Group had an income tax expense of NOK 20 million, equivalent to an effective tax rate of 23%. The effective income tax rate for the Group is 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 first nine months effective tax rate is also impacted by withholding tax expenses associated with distributions from power plant companies.

EFFECTIVE TAX RATE

NOK MILLION	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Profit before income tax	87	60	138	229	323
Income tax (expense)/benefit	-20	-24	-39	-79	-97
Equivalent to a tax rate of %	23%	40%	28%	34%	30%

MOVEMENT IN DEFERRED TAX

NOK MILLION	Q3 2019	Q3 2018	YTD 2019	YTD 2018	FY 2018
Net deferred tax asset at beginning of period	288	220	181	217	217
Recognised in the consolidated statement of profit or loss	19	-45	75	-37	-52
Deferred tax on financial instruments recognised in OCI	21	-4	75	-10	20
Recognised in the consolidated statement of changes in equity	6	-	6	4	4
Translation differences	27	-2	25	-5	-8
Net deferred tax asset at end of period	362	170	362	170	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 30 September 2019 was NOK 137 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 Capital increase

During third quarter 2019 Scatec Solar successfully raised NOK 1,319.5 million through a private placement consisting of 11,375,000 new shares at a price of NOK 116 per share.

Total transaction cost for the capital increase is recognized in equity and amounted to NOK 22.9 million after tax.

Note 10 Subsequent events

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

Definition of alternative performance measures used by the Group for enhanced financial information

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. The measure is defined as EBITDA less normalised loan and interest repayments, less normalised income tax payments. The definition excludes changes in net working capital, investing activities and fair value adjustment of first-time recognition of joint venture investments. *Normalised loan repayments* are calculated as the annual repayment divided by four quarters for each calendar year. However, loan repayments are normally made bi-annually. Loan repayments will vary from year to year as the payment plan is based on a sculpted annuity. *Normalised income tax payment* 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.

EBIT: is defined as earnings before interest and tax and corresponds to operating profit in the consolidated statement of profit or loss.

EBIT margin: is defined as EBIT divided by total revenues and other income.

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments.

EBITDA margin: is defined as EBITDA divided by total revenues and other income.

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 interest expense is here defined as interest income less interest expenses, excluding shareholder loan interest expenses and accretion expenses on asset retirement obligations.

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.

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.

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.

Break-down of proportionate cash flow to equity

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

Q2 2019

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	220	13	165	-11	387
Net interest expenses	-73	-	1	-12	-85
Normalised loan repayments	-55	-	-	-	-55
Normalised income tax payment	-11	-3	-36	6	-44
Cash flow to equity	82	11	130	-18	205

YTD 2019

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	685	35	457	-40	1,136
Net interest expenses	-215	-	3	-46	-258
Normalised loan repayments	-161	-	-	-	-161
Normalised income tax payment	-41	-7	-96	20	-124
Cash flow to equity	268	28	364	-66	594

Q3 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	127	11	131	-11	257
Net interest expenses	-36	-	-	-14	-50
Normalised loan repayments	-33	-	-	-	-33
Normalised income tax payment	-11	-2	-26	6	-34
Cash flow to equity	47	9	105	-20	140

YTD 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	353	32	286	-39	632
Net interest expenses	-118	-	1	-41	-158
Normalised loan repayments	-99	-	-	-	-99
Normalised income tax payment	-26	-7	-61	19	-76
Cash flow to equity	109	25	226	-61	298

FY 2018

NOK MILLION	POWER PRODUCTION	OPERATION & MAINTENANCE	DEVELOPMENT & CONSTRUCTION	CORPORATE	TOTAL
EBITDA	492	33	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

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.

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

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