

Report from the Board of Directors

A summary of key operational and financial highlights of the year 2017



Article continues



Highlights 2017

- Record strong financial results - revenues of NOK 1,492 million (1,085) and EBITDA of NOK 1,241 million (833), up 48% from last year
- Reached financial close for 800 MW in Malaysia, Brazil, Honduras and Egypt through innovative financing structures - the world's first Sukuk green bond and climate finance
- Entered new strategic partnerships - Statoil in Brazil and Africa50 in Egypt
- Annual installations in the solar market grew by 31% to 98 GW in 2017 and is expected to reach 135 GW by 2020
- Developed a range of attractive projects in emerging markets – project pipeline and opportunities now stands at 3.5 GW
- The Board of Directors propose a dividend of NOK 80 million, equivalent to NOK 0.78 per share

Key figures

NOK MILLION	2017	2016
CONSOLIDATED FINANCIALS		
Total revenues and other income	1,492	1,085
EBITDA ¹⁾	1,241	833
Operating profit (EBIT ¹⁾)	993	563
Profit/(loss)	438	70
Profit/(loss) to Scatec Solar	339	4
Net interest bearing debt	4,358	3,942
Power Production (GWh)	627	791
Earnings per Share	3.37	0.04
SSO PROPORTIONATE FINANCIALS¹⁾		
Total revenues and other income	1,668	1,174
EBITDA	792	376
Operating profit (EBIT)	632	147
Profit/(loss)	326	-84
Net interest bearing debt	2,013	1,918
Power Production (GWh)	282	356

Consolidated revenues and profits are mainly generated in the Power Production segment. Activities in the Operation & Maintenance and Development & Construction segments mainly reflect deliveries to other companies controlled by Scatec Solar (ranging from 39% to 100% ownership), the revenues and profits are eliminated in the Consolidated Financial Statements.

1) See appendix for definition of this measure.

2) The book value of consolidated assets reflects eliminations of internal margins generated through project development and construction, whereas the consolidated debt includes non-recourse debt in power plant companies at the full amount. This reduces the consolidated equity and equity ratio.



Financial review

Presentation of Accounts

Pursuant to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the Financial Statements have been prepared under the assumption that the Scatec Solar Group is a going concern and that this assumption was appropriate at the date of approval of the Financial Statements. The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) with Norwegian Kroner (NOK) as reporting currency. The notations Scatec Solar, Scatec Solar Group, and the Group are used interchangeably throughout the document.

Segment and proportionate financials

Scatec Solar reports on three operating business segments: Power Production (PP), Operation & Maintenance (O&M), and Development & Construction (D&C), as well as Corporate and Eliminations.

Revenues and costs related to deliveries of D&C and O&M services to companies deemed to be controlled by Scatec Solar are eliminated in the Consolidated Group Financial Statements.

To improve reporting transparency on underlying value creation across Scatec Solar's business activities the company introduced reporting on proportionate financials in 2017. The proportionate financials are made up of Scatec Solar's proportionate share of revenues, expenses, profits and cash flows from fully and equity consolidated investments.

PROPORTIONATE FINANCIALS 2017

NOK MILLION	POWER PRODUCTION 100% BASIS	POWER PRODUCTION SSO SHARE	OPERATION & MAINTENANCE SSO SHARE	DEVELOPMENT & CONSTRUCTION SSO SHARE	CORPORATE SSO SHARE	TOTAL
Total revenues and other income	1,120.3	532.2	68.6	1,054.3	13.1	1,668.2
Cost of sales	-	-	-	-612.0	-	-612.0
Gross profit	1,120.3	532.2	68.6	442.3	13.1	1,056.2
Operating expenses	-147.1	-78.1	-41.2	-81.8	-62.8	-263.9
EBITDA	973.2	454.1	27.5	360.5	-49.8	792.3
Depreciation, amortisation and impairment	-310.2	-155.8	-0.7	-2.6	-1.4	-160.4
Operating profit (EBIT)	663.1	298.3	26.7	357.9	-51.1	631.8

PROPORTIONATE FINANCIALS 2016

NOK MILLION	POWER PRODUCTION 100% BASIS	POWER PRODUCTION SSO SHARE	OPERATION & MAINTENANCE SSO SHARE	DEVELOPMENT & CONSTRUCTION SSO SHARE	CORPORATE SSO SHARE	TOTAL
Total revenues and other income	1,010.6	498.0	62.2	603.9	9.8	1,173.9
Cost of sales	-	-	-	-539.6	-	-539.6
Gross profit	1,010.6	498.0	62.2	64.4	9.8	634.3
Operating expenses	-157.3	-93.5	-30.6	-76.6	-57.2	-257.9
EBITDA	853.4	404.4	31.6	-12.2	-47.4	376.4
Depreciation, amortisation and impairment	-352.0	-216.1	-2.3	-10.4	-0.8	-229.6
Operating profit (EBIT)	501.4	188.3	29.3	-22.7	-48.1	146.8