

Delivering clean and competitive energy

Our policy

We have established a track record for delivering, rapidly deployable and affordable supply of solar electricity. A long-term player, we seek operational excellence for our solar plants, which is essential to earn the trust of host countries and local communities, our customers and our business partners.

Our business model is based on the following fundamentals:

- Build solar power plants based on the highest industry standards and according to the “Scatec Solar Quality Policy”
- Operate and maintain the plants to ensure maximum performance throughout the lifetime of the plants

Electricity is vital for the economic growth of nations. We strive to increase access to clean, affordable and renewable electricity generation in emerging markets. Technological advances have considerably reduced the cost of all components, making solar energy competitive and the cheapest source of new electricity in many countries. The growth of our business, in itself, positively contributes to tackling several major global challenges such as increasing energy access, bridging energy deficits, tackling climate change, fighting pollution and contributing to help nations meet their carbon

emission reduction commitments. We seek to demonstrate that the key to growth is to drive change through new and holistic solutions. Our policy is also to:

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- Actively pursue new project opportunities within prioritised regions to secure a robust project pipeline
- Develop projects in collaboration with local partners that bridge energy gaps and provide clean energy achievements and results in 2017

Our achievements and results in 2017

Scatec Solar made significant progress this year reaching financial close for nearly 800 MW in Malaysia, Brazil, Honduras and Egypt. In October 2017, we announced the establishment of a 50/50 joint venture with Statoil to build, own and operate large scale solar plants in Brazil. The potential for solar energy in Brazil is substantial and together with Statoil we are increasing our ambitions further in this market. The joint venture has an ambition to become a significant player in the Brazilian solar market and reaching financial close for the 162 MW projects located near Recife was a significant first step.

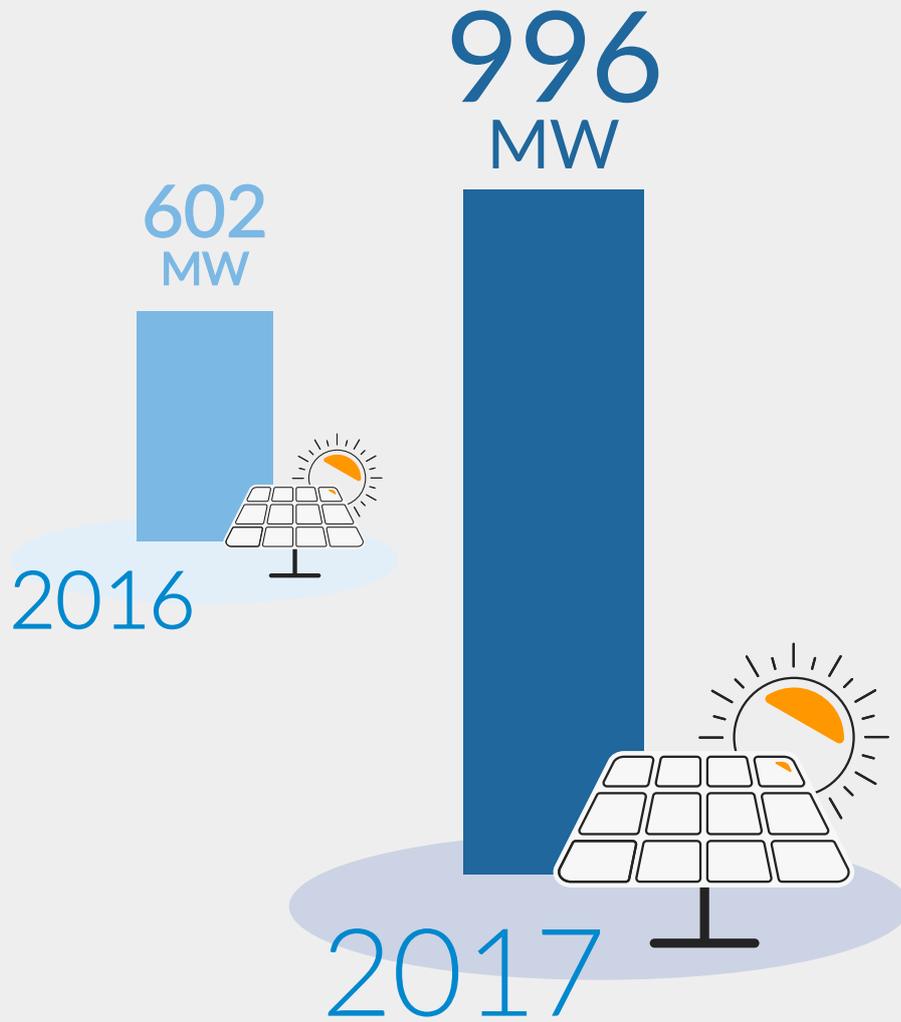


Financial close:

The date when all conditions of debt funding have been achieved and equity funding has been subscribed for, including execution of all project agreements

«We are bringing into the partnership a strong track record as an integrated independent solar power producer, while Statoil has a strong engagement and experience from Brazil through its other energy activities»

Raymond Carlsen, CEO



Accumulated installed capacity

At year-end, Scatec Solar was producing electricity from twelve solar power plants totalling 322 MW and had an additional 434 MW under construction. The total production from the plants in operation in 2017 reached 627 GWh, down from 791 GWh in 2016. The lower production in 2017 is explained by the sale of the 104 MW Utah Red Hills solar plant in the US in 2016. The production performance (plant uptime) of our power-producing assets across the portfolio has been above 99%.

Financial close for the three solar plants in Malaysia, totalling 197 MW was also reached towards the end of 2017. The solar projects are expected to generate 282,000 MWh of electricity and avoid about 210,000 tons of carbon emissions per year.

By end of October 2017, Scatec Solar and partners also reached financial close for the six solar projects in Egypt. The projects involving a total investment of USD 450 million are located in the Benban solar park near Aswan, Upper Egypt. Upon completion, Benban will be the largest solar installation in the world with a planned total capacity of 1,800 MW. The annual 870 GWh of electricity that will be produced from our 400 MW solar plants are expected to avoid about 350,000 tons of CO₂ emissions per year, supporting Egypt's emission reduction targets under the Paris Climate Agreement.

Project backlog

Our project backlog currently stands at 789 MW. See table below for an overview of each project.

BACKLOG PROJECTS	CAPACITY
Aswan, Egypt	400 MW
Uppington, South Africa	258 MW
Segou, Mali	33 MW
Los Prados (phase III), Honduras	18 MW
RedSol, Malaysia	40 MW
Total	749 MW

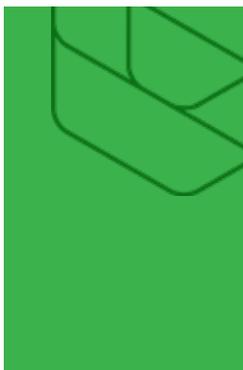
Projects with a secure off-take agreement and assessed to have more than 90% likelihood of reaching financial close and subsequent realisation

Scatec Solar is continuously exploring partnerships and new and innovative business models for additional growth. This year the company established a new business area focused on opportunities and projects outside the core scope of the company. The fast pace of cost reductions and technology innovations in renewable energies is opening up a broad set of new business opportunities. New ventures will also introduce potential new risks, challenges and impacts, and as we mature this area we will make appropriate risk assessments and plans.

Our ambitions and goals

In 2018, we will work with dedication to manage the execution of our solar projects under construction in Malaysia, Brazil and Honduras. In parallel, we will continue to develop the rest of the backlog projects in Egypt, South Africa, Mozambique and Mali, totalling more than 700 MW. We will work to develop and complete these projects and continue to use our expanding base of experience from existing operations to provide inputs to enhance design and operating procedures for new solar power plants.

Scatec Solar has an ambition to reach 1,300-1,500 MW of solar power plants in operation and under construction by the end of 2018. At the time of publishing this report, we have 322 MW in operation, 394 under construction and a project backlog and pipeline of projects with a combined capacity of more than 1,500 MW. The pipeline includes new projects in South Africa, Pakistan, Nigeria, Kenya and Burkina Faso.



«With technology innovation and cost reductions in the industry, we are exploring exciting new business models that will expand our growth opportunities»

Terje Pilskog, EVP Project Development & Project Finance

