

Investment Team 4

Scatec ASA

27 October 2025



First Glance

Scatec ASA

SCATC

Ticker

EQT

Asset Class

Oslo Bø

Stock Exchange



ENERGY

Sector

15.75^{bn}

Market Cap

N/A

Div. Yield

kr105.5

Price

kr68.00 –

kr107.9

52 Week Range

NOK

Currency

Recommendation:

BUY

AGENDA



Elevator Pitch

Company Overview

Industry Overview

Financial Analysis

Valuation

Thesis & Fit

Recommendation

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Elevator Pitch

27 October 2025



Elevator Pitch

Scatec is a Norway-based global leader in renewable energy solutions, an industry expanding rapidly

We are pitching a company that...



High Efficiency

Scatec's ROIC is among the highest of the peers



Sales expansion

Revenues grew at 24% CAGR between 2020 and 2024



Growing Industry

The solar tracking industry is estimated to grow at a 15% CAGR until 2032



Market Leader

#1 market leader in the renewable energy industry in emerging markets

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Company Overview

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Business Overview

Integrated business with global presence and future-oriented strategy

Info



One of the only companies that covers the whole project value chain



741 Employees



15 countries



NOK 6,573 mil in Revenues (FY 2024)



3,182 MW in project backlog

Corporate Overview

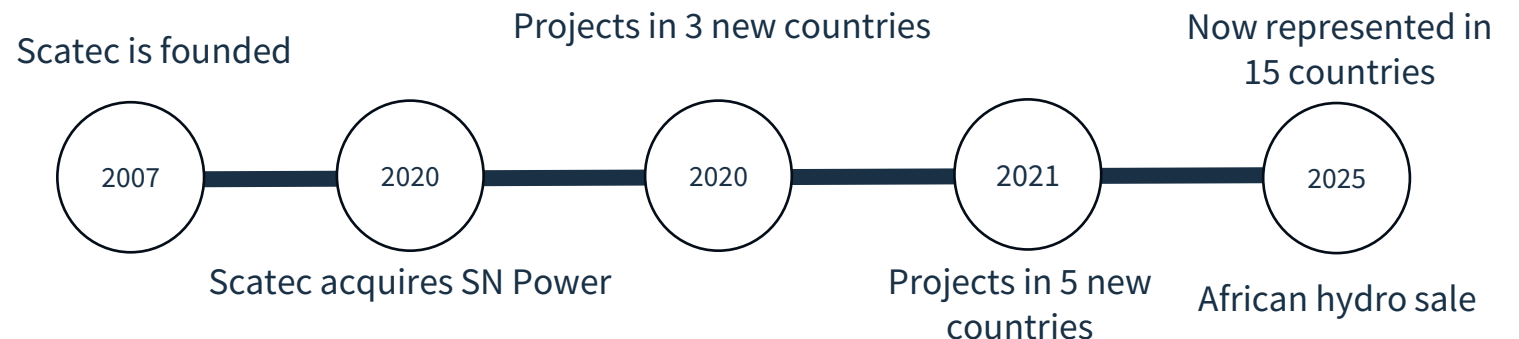
- Founded in 2007 by **Dr. Alf Bjorseth**, a Norwegian chemist and businessman who was decorated with the Norwegian chemical society Medal in 2003.
- Scatec **develops, builds, owns and operates** renewable energy plants, with **6.2 GW** in operation.
- Scatec is an integrated renewable energy company with **headquarter in Oslo**, operating across emerging markets with a strong development pipeline. Scatec generates **stable long-term cash flows** while maintaining **strong operational reliability**.

CEO



Terje Pilskog, CEO since 2022, has long experience in the renewable energy sector. He focuses on efficiency, positioning the company for **long-term growth**.

Timeline



Mission, Values and Competencies

Scatec's innovation, financial discipline, and strong global partnerships power its growth in energy markets

Mission

- Deliver **clean, affordable, and reliable energy where it's needed most**-accelerating the global transition to renewable power in emerging and developed markets.
- **Create lasting value for communities, partners, and shareholders**

Core Competencies



Integrated Project Development

With a full Develop-Build-Own-Operate model, Scatec controls every stage of renewable projects.



Engineering and sustainable Innovation

Combining in-house EPC and technical know-how, Scatec delivers advanced systems – adapting to all environments



Strong Global Partnerships

Partnering with, governments, local investors and development finance institutions, Scatec secures reliable financing.

Corporate Values

- Predictable
- Working together
- Changemakers
- Driving results

Scatec's Leadership in the future



Green financing



Global energy access



ESG-Driven growth

Key Technologies and Services

Scatec's innovative systems, reliable storage, and accessible clean power drive sustainable growth worldwide

Integrated Renewable Platforms

- Scatec combines **solar, wind, hydro** and **storage** into scalable platforms that deliver reliable power under **long-term** contracts
- Tailored local engineering and financing
- One platform multiple technologies – designed for **flexibility** and **resilience**.



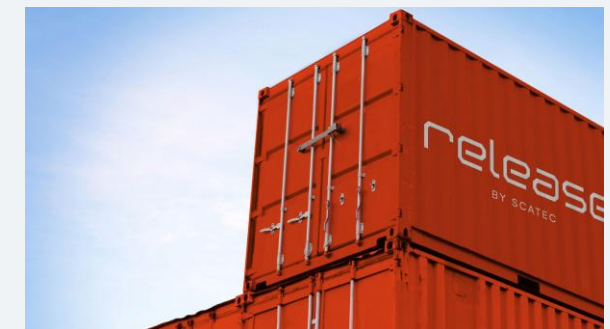
Hybrid & Battery Energy Systems

- Advanced hybrid systems (solar + BESS + hydro) ensure energy is available day and night
- These systems provide **reliable, dispatchable** renewable power that enhances **grid stability** and energy security



Release by Scatec

- A modular **solar + battery leasing solution** for utilities, mines, and industries
- Fast development, **short-term** contracts, and scalable 5-50 MW units
- Expands energy access and enables low-carbon growth without heavy upfront investment



PPA (Power Purchase Agreement)

The most crucial concept for understanding Scatec's business model and its investment case

What is a PPA?

- A **long-term contract** between a power producer and a buyer
- PPA's **lock in revenue for 15-20 years**
- Means that earnings are **less exposed to electricity price volatility**
- Investors see this as security for financing which means it contributes to a **lower risk**
- PPA's **provide clarity** for both sides (example: the government gets reliable clean energy and Scatec gets guaranteed income).
- **PPA's turn projects into predictable cash-yielding assets**

How it works for Scatec

Scatec **develops** renewable projects



It signs a **PPA** with an off-taker



The off-taker **commits to buy the electricity** for the entire contract duration at a predetermined price

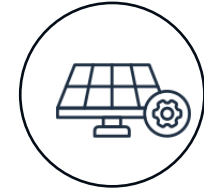


This secures **project financing**, enabling Scatec to begin construction with a **clear budget** and predictable revenue outlook

More than **80% of capacity** under long-term PPA's

Business Model

From A to Z: how Scatec develops, owns, and operates renewable energy projects



Project Development

- Scatec **identifies** and develops renewable energy projects in emerging markets
- Site identification, permitting, environmental studies, and **PPA** negotiations

Structuring & Financing

- Scatec arranges project financing through a mix of **equity, non-recourse debt, and development funds**
- **Partners** include development banks, private investors, and local stakeholders

Construction (EPC)

- Scatec manages engineering, procurement, and construction (**EPC**), often through its own teams to ensure **quality** and **schedule**

Operation & Maintenance

- Once operational, Scatec operates and maintains the plants to ensure **maximum** uptime and **efficiency**
- Provides performance reporting and **asset management services** to partners

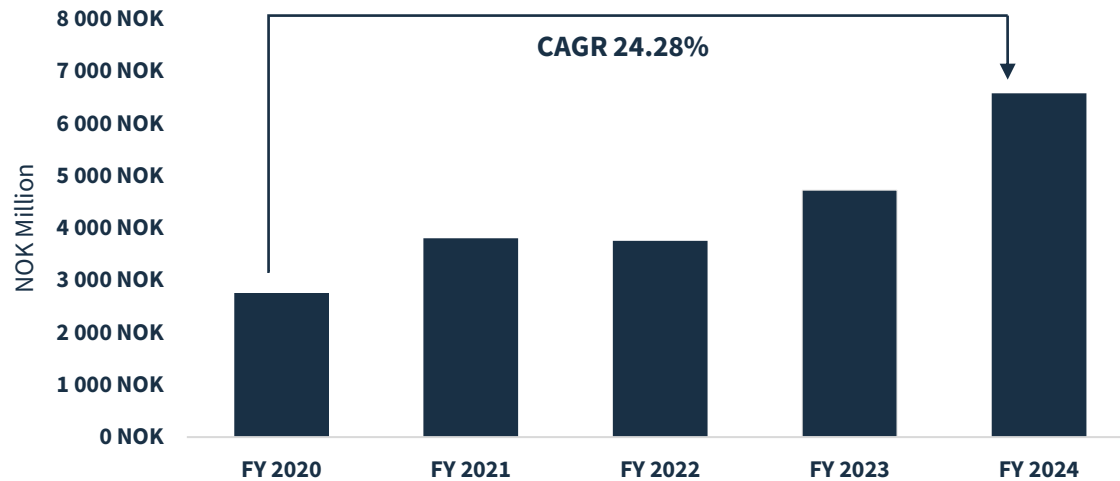
Ownership and Sale

- Scatec sells electricity under long-term **Power Purchase Agreements** (PPAs) to utilities or governments, generating **predictable cash flows**
- Income derived from electricity sales, dividends, and **carbon credits**

Revenue Breakdown

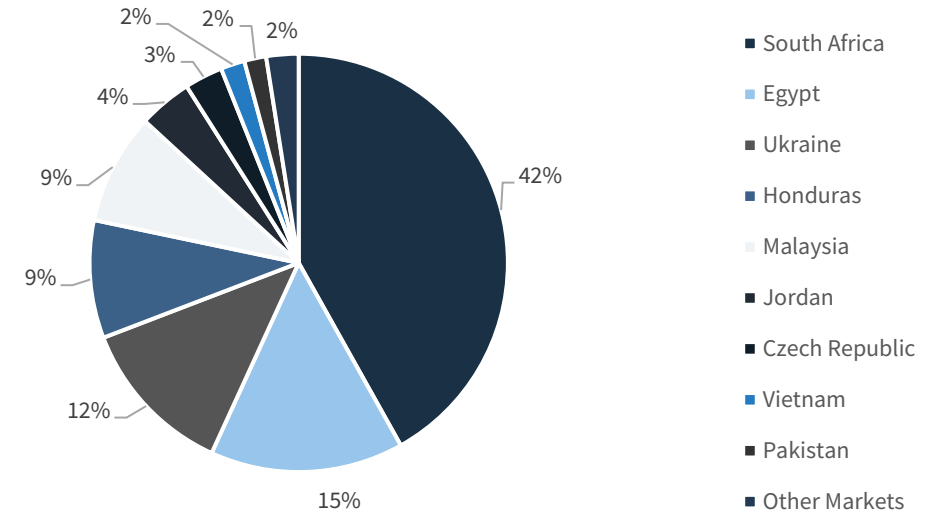
Scatec's rapid revenue growth reflects strong performance and expanding global market presence

Revenue Evolution



- Revenue growth reflects **capacity expansion** and **diversified** operations
- Backed by **long-term PPAs** and rising contributions from new regions

Revenue Breakdown per Geography



- South Africa** and **Egypt** are key markets for Scatec, while its presence across multiple emerging economies provides strong geographical **diversification**
- It also operates large projects in **Brazil** and in the **Philippines** through **joint ventures**, maintaining majority ownership

M&A and Portfolio activity

Strategic acquisitions and portfolio optimisation strengthen Scatec's renewable energy leadership

Scatec's Aquisitions and Portfolio



SN Power

- Acquired **100%** of **SN Power** in October 2020
- The business was **valued** at approximately **\$1.17 billion**.
- Strengthened Scatec's portfolio, expanding **from solar into hydro**, hybrid and storage.



African Hydro Power Assets

- In **February 2025**, Scatec completed the sale of its **52%** stake in an 822MW African hydropower JV to **TotalEnergies**
- The transaction generated **\$167 million**
- Part of Scatec's portfolio optimisation to focus on **solar** and **battery growth** segments



Future

- Scatec may pursue **acquisition in battery storage, hydro or solar** to support their core-business expansion
- Possible partnerships with **grid-integration** or **energy storage firms** to strengthen **end-to-end capabilities**

Ownership Summary & Management Team

Strong institutional backing and experienced leadership

Ownership Structure

Shareholder	Stake
Equinox ASA	16.2%
Folketrygdfondent	9.3%
Scatec Innovation AS	4.4%
Citibank, N.A	3.8%
Citibank Europe PLC	1.9%
J.P. Morgan SE	1.6%
Verdipapirfondet klp aksjenorge	1.6%
The Bank of New York Mellon	1.3%
Float Held by Institutions	66%

Sources: [Scatec](#)

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Management & Executives Team



Terje Pilskog

- Served as EVP project development since 2013, CEO since 2022
- Previously as SVO of REC Systems



Hans Jakob Hegge

- Serving as CFO since March 2023
- Previously CFO of Moreld, an industrial group



Roar Haugland

- EVP people, sustainability & Digitalisation since 2010
- Holds 80,718 shares



Ann-Mari Lillejordv

- EVP Latin America & Europe since 2022
- Previously worked at SN Power in Singapore

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Industry Overview

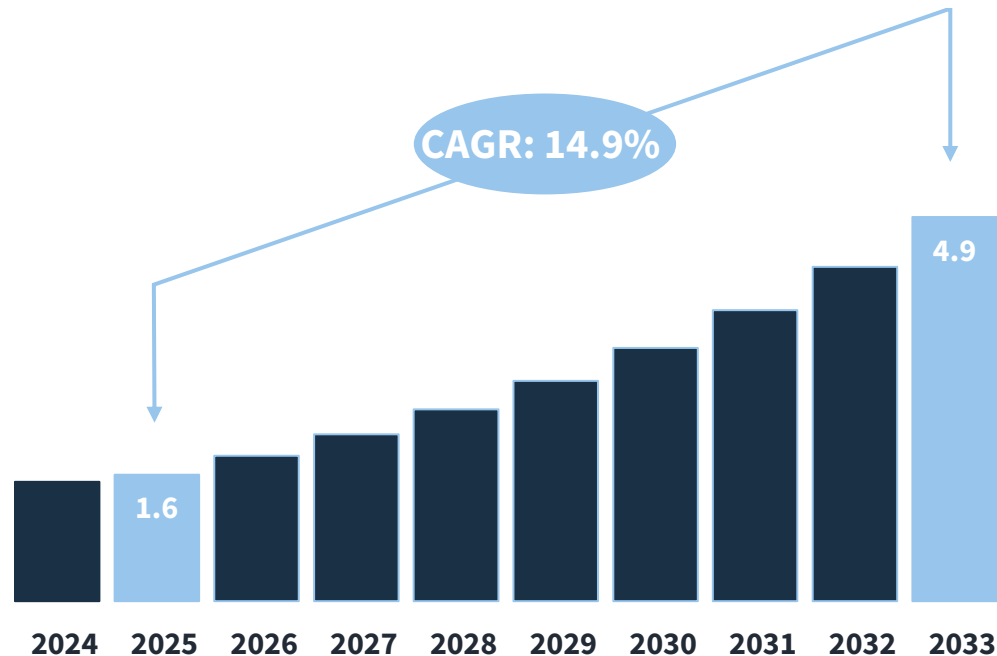
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Industry Outlook

Accelerating the global shift toward clean energy

Global Renewable Energy Market Size (in Trillion USD)



- The trajectory from **2025 to 2033 anticipates sustained growth**, moved primarily by the **rising demand** for renewable energy and more **energy-efficient production**.

Source: [Grand View Research](#)

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Main Drivers



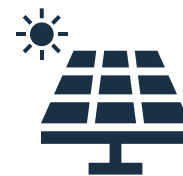
ESG and Policy Momentum

Global sustainability commitments, including the **EU Green Deal**, the **Paris Agreement**, and outcomes from **COP28** continue to accelerate renewable energy adoption, reinforcing investor confidence and regulatory support.



Corporate Power Purchase Agreements (PPAs)

Rising corporate demand for clean energy to meet **net-zero and ESG goals** is driving record renewable contracts and investment stability.



Technological Advancements

Ongoing innovations in **energy storage, grid integration, and efficiency** are enhancing the scalability and competitiveness of renewables worldwide.

Investment Model in Renewables

Robust financial structures unlock renewable growth

Project Structure



Developer/IPP: Leads project development, construction, and long-term operations.



SPV/Project Vehicle: A standalone legal entity created for each project. Isolates risk and simplifies financing.



Renewable Power Plant: Generates clean electricity from Solar, wind, or hybrid assets.



Off-taker via PPA: Corporate or utility buyer under long-term contract ensuring stable revenue.

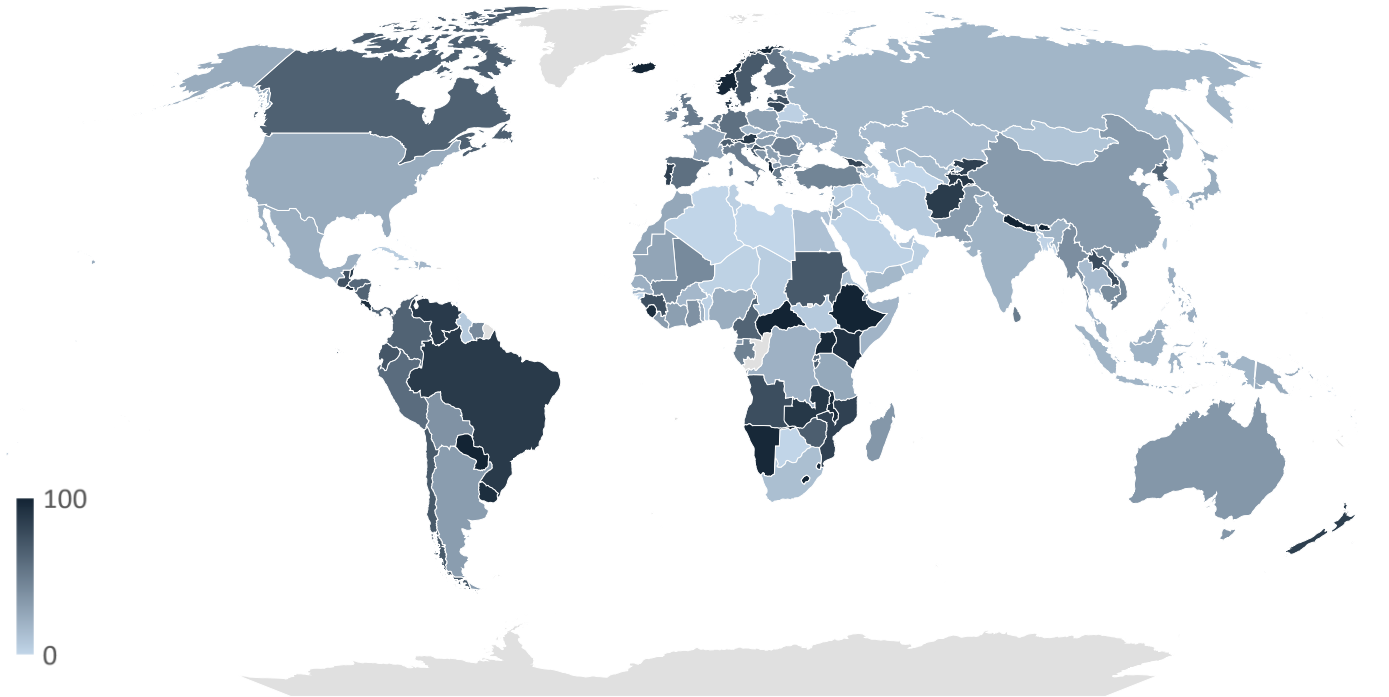


Revenue & Returns: Predictable cash flows, supporting further project expansion.

Geographies and Main Opportunities

Emerging markets are the next growth frontier for renewables

Share of Energy Production from Renewables 2024



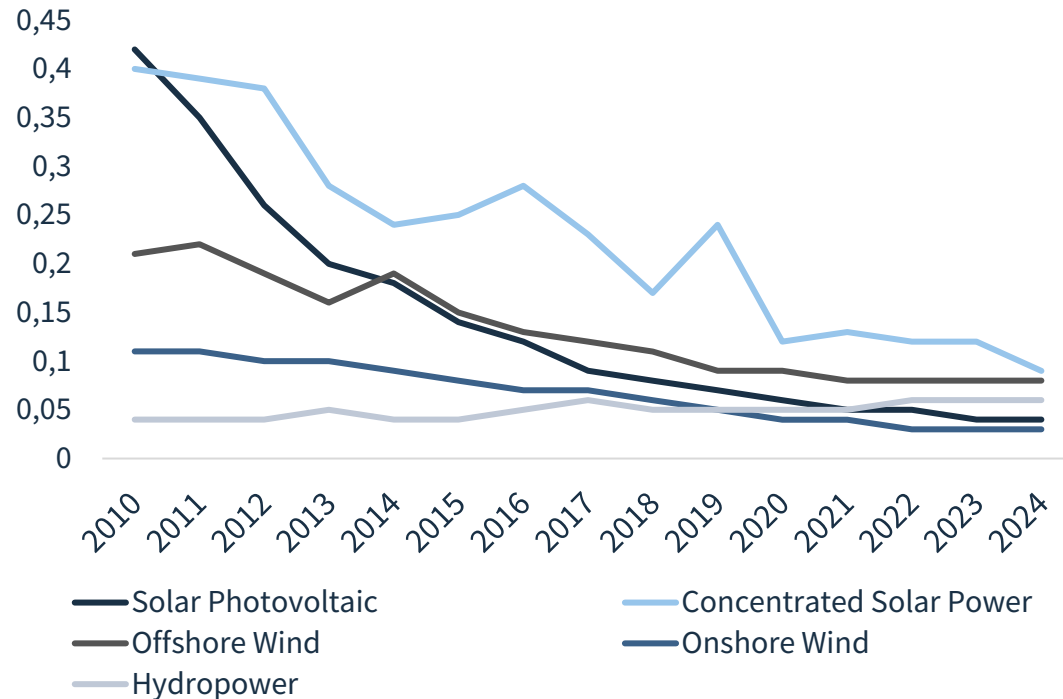
- **Latin America is rapidly expanding** renewables, with **wind and solar** strong growth, driven by **government incentives** and corporate **PPA demand**.
- **Africa** offers huge untapped solar **potential for large-scale solar projects** and **storage** solutions.
- Overall, emerging markets are seeing fast-rising electricity demand supported by **policy and financing**.
- These regions provide major **opportunities for Scatec** to scale operations and secure long-term contracts.

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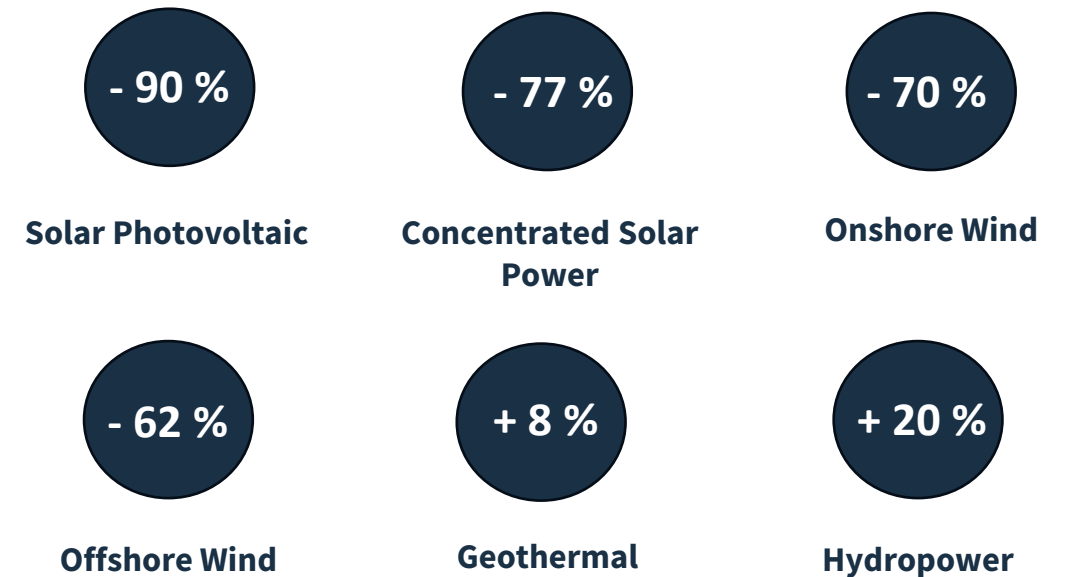
Energy Trends

The energy sector indicates a potential growth driven by declining costs, technological advancements, and strong policy support

Levelized Cost of Energy for Renewables (US \$ per kWh)



Change in Production Costs since 2010 per Segment



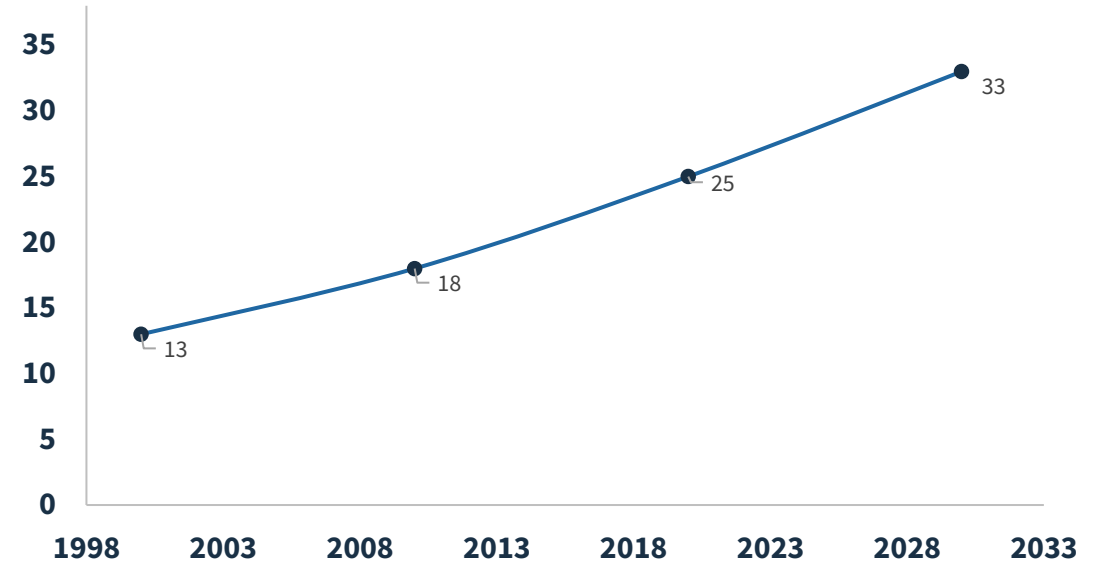
Renewable energy **production costs have declined sharply** while **global capacity continues to expand**, reinforcing the sector's position as a cornerstone of **sustainable, long-term growth** in the global energy market.

Energy Trends

Empowering the global energy transition

Electricity Consumption Worldwide (trillion kWh)

- Global **energy consumption is rising**, but the energy mix is undergoing a fundamental **transition**.
- Renewables have become the most **cost-effective source** of new power generation across most regions.
- Ambitious **net-zero commitments** from governments and corporations are fueling unprecedented demand for clean, reliable energy.
- **Scatec is strategically positioned** at the center of this global shift, with operations focused on **high-growth emerging markets** in Asia, Africa, and Latin America, regions driving the fastest expansion.

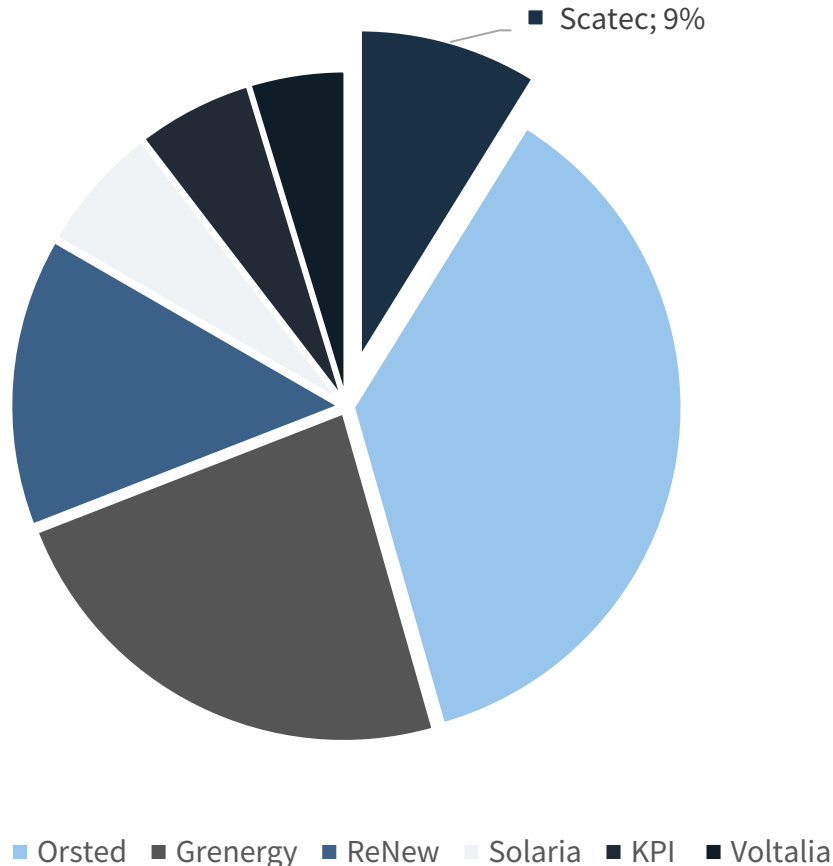


Global energy consumption, in general, has seen significant **growth** over recent decades, driven by **population increases**, **industrialization**, and **rising standards of living**.

Competitive Landscape

Positioning for growth in a competitive renewable energy market

Market Share by Operating and Under Construction MW



Sources: Bloomberg | Yahoo Finance

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Main Peers



A global leader in **offshore wind energy**, operating primarily in **Europe, North America, and the Asia-Pacific region**.



Specializes in **solar PV and battery energy storage**, with projects in **Spain and Latin America**.



Operates **wind, solar, hydro, and emerging renewable technologies**, primarily in **India**.



Focused on **solar PV and energy storage**, mainly active in **Spain**.



Develops **solar and hybrid projects** across **India**.



Works on **solar, wind, hydro, and hybrid projects**, with a presence in **France, Brazil, and other international markets**.

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Financial Analysis

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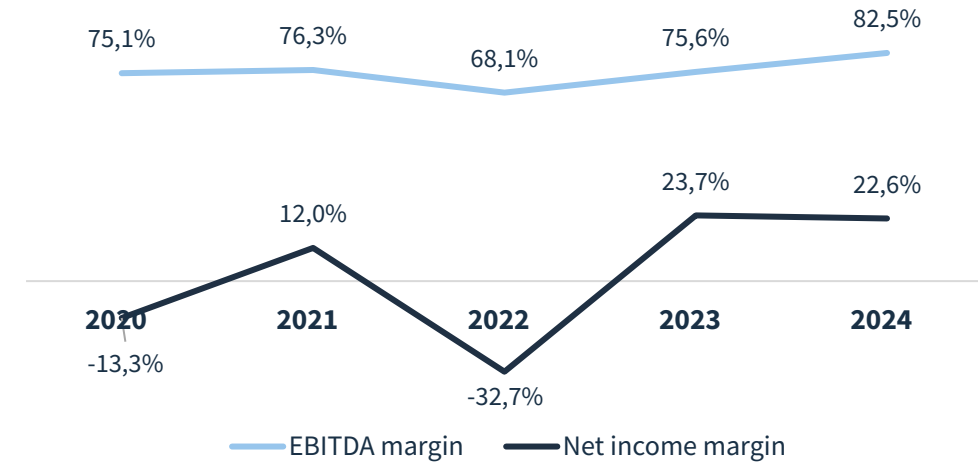


Financial Analysis

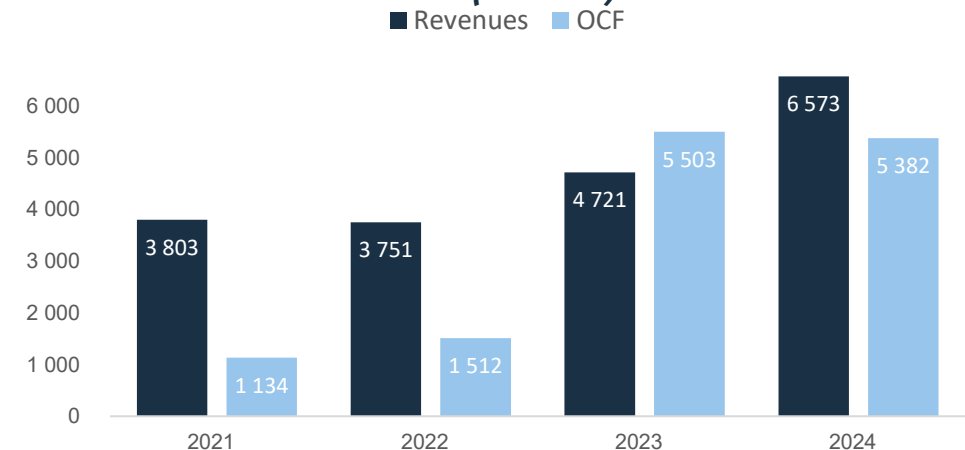
Strong rebound in revenues and operating cash flow since 2020 highlights Scatec's operational resilience.

millions NOK	2020	2021	2022	2023	2024
Revenues	2 755	3 803	3 751	4 721	6 573
YoY Growth	(56.5%)	38%	(1.4%)	25.9%	39.2%
Gross Profit	2755	3803	3751	4721	6573
Margin	100%	100%	100%	100%	100%
EBITDA	2 070	2 903	2 555	3 567	5 420
Margin	75.1%	76.3%	68.1%	75.6%	82.5%
Net Income	(367)	456	(1 228)	1 121	1 485
YoY Growth	(169.3%)	224.3%	(369.3%)	191.3%	32.5%
Margin	(13.3%)	12%	(32.7%)	23.7%	22.6%
OCF	-	1 134	1 512	5 503	5 382
Capex	-	(967)	(1 986)	(7 344)	(3 268)
FCF	-	167	(474)	(1 841)	2 114

Margins Evolution



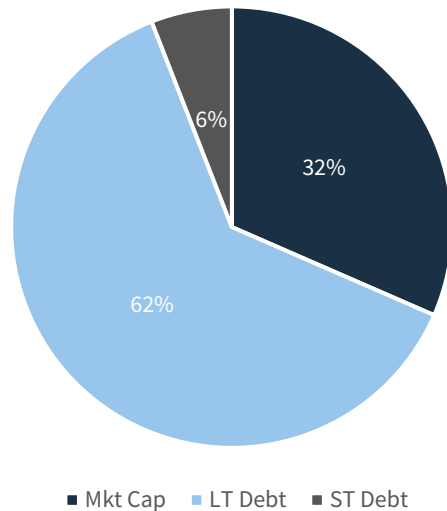
Revenue and OCF evolution (m NOK)



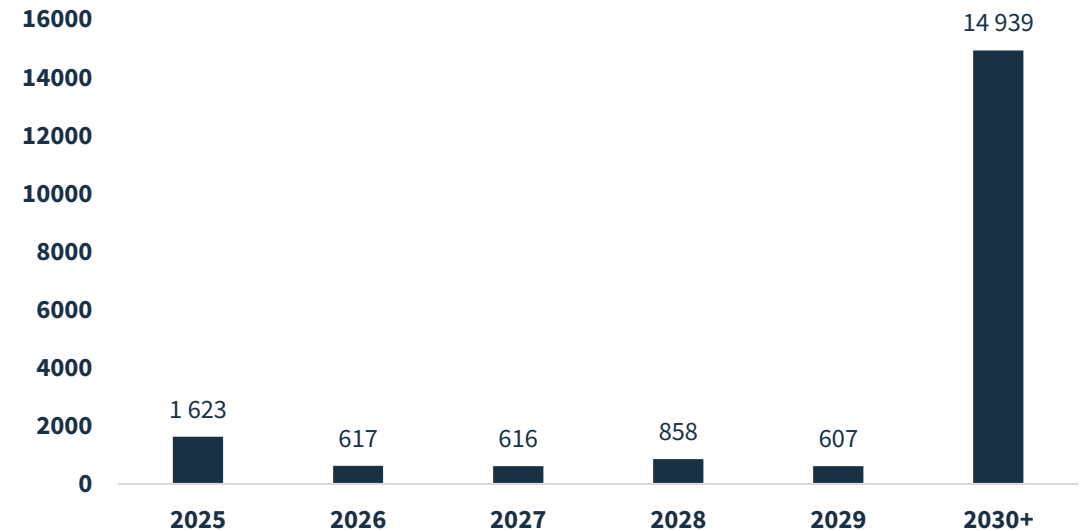
Capital Structure

Scatec's capital structure reflects its capital-intensive model, with debt as the main source of project financing.

Capital Structure



SPV Debt Maturities (as of December 31, 2024)



Metric (million NOK)	2021	2022	2023	2024
Cash & Equivalents	4 171	4 132	3 101	3 890
Short-term Debt	1 186	2 237	3 088	4 576
Long-term Debt	10 914	21 785	23 535	23 978

Metric	2021	2022	2023	2024
D/E	2.3x	3.2x	3.0x	2.6x
Net Debt/EBITDA	2.7x	7.8x	6.6x	4.6x
Interest Coverage	1.5x	0.4x	1.3x	1.5x

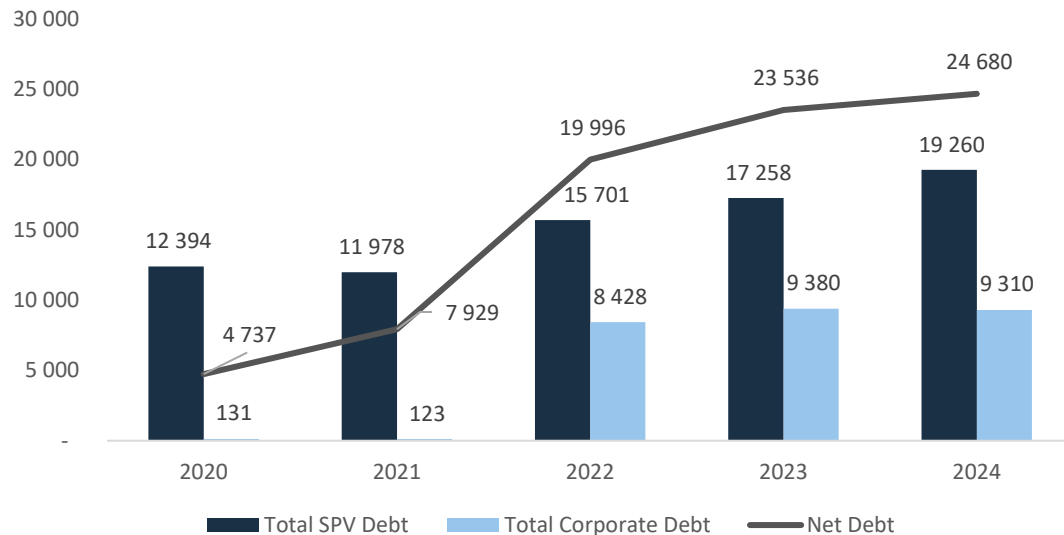
Source: Bloomberg and Company Reports

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Credit Analysis

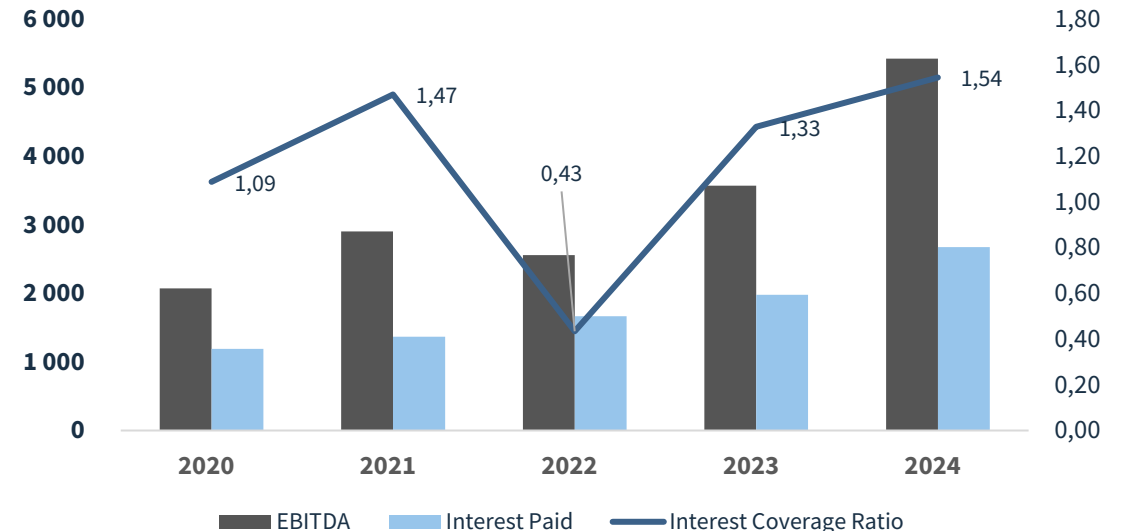
Scatec's leverage is elevated but underpinned by solid operational performance and margin recovery.

Leverage (m NOK)



- Building and operating power plants requires significant CAPEX, typically **financed with about 75% debt**.
- Scatec plans to **divest NOK 4 billion in non-core assets by 2027**, allocating 75% of proceeds to **corporate debt repayment**, significantly reducing net debt in the coming years.

Interest Coverage Ability (m NOK)



- Although the interest coverage ratio remains modest, **recent improvements in EBIT margins and strong revenue growth are expected to strengthen Scatec's creditworthiness**, as demonstrated over the past two years.

Peer Analysis

Scatec overperforms the median of its main competitors across most metrics, with a highlight on profitability

Metric	Scatec	Orsted AS	Greenergy Renewables	ReNew Energy Global	Solaria Energia	KPI Green Energy	Voltaia	MEDIAN
Net Debt / EBITDA	4.55x	1.82x	20.74x	10.92x	3.44x	2.00x	9,03x	4.55x
Interest Coverage Ratio	1.54x	13.02x	3.40x	1.33x	4.25x	10.83x	0,59x	3.40x
Current Ratio	1.11x	1.48x	1.08x	0.74x	0.55x	2.76x	0.97x	1.08x
Cash Ratio	0.57x	0.43x	0.60x	0.19x	0.19x	0.15x	0.42x	0.42x
ROIC	10.90%	4.50%	8.90%	4.50%	9.10%	11.50%	8.00%	8.9%
ROE	13.55%	(1.55%)	14.63%	4.22%	15.59%	19.60%	(1.8%)	13.55%
Operating Margin	82.46%	44.49%	24.39%	74.8%	-	32.9%	38.47%	44.49%
Net Margin	22.59%	(1.30%)	9.26%	5.1%	50.09%	15.81%	(3.82%)	9.26%

Source: Bloomberg

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Valuation

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Relative Valuation

The multiples valuation suggests possible upside potential relative to the peers, supporting our findings

Metric	Scatec	Orsted	Greenergy Renewables	ReNew Energy Global	Solaria Energia	KPI Green Energy	Voltaia	MEDIAN
P/E Actual	8.5x	-	15.9x	48.3x	11.2x	16.4x	-	15.9x
P/E Forward	27.8x	18.0x	9.8x	43.5x	9.8x	28.4x	-	9.8x
P/S	1.9x	1.9x	1.5x	2.5x	5.6x	9.1x	1.7x	2.5x
P/B	1.0x	1.6x	2.0x	1.5x	1.6x	3.1x	0.8x	1.6x
EV/Sales A	7.3x	2.9x	2.5x	9.6x	11.8x	9.9x	5.4x	9.6x
EV/Sales F	7.6x	2.8x	2.3x	6.7x	8.2x	9.9x	5.6x	6.7x
EV/EBITDA A	8.5x	6.6x	10.1x	12.8x	10.4x	5.8x	13.9x	10.4x
EV/EBITDA F	7.6x	8.0x	8.0x	9.5x	8.9x	30.1x	13.7x	9.5x
Market Cap (NOKm)	12 630	215 240	11 040	25 730	11 510	11 920	11 030	11 715

Source: Bloomberg

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DCF Assumptions – Revenues by Country

South Africa and Egypt drive growth; other markets remain steady while Ukraine outlook remains uncertain

Sales	2020	2021	2022	2023	2024	2025P	2026P	2027P	2028P	2029P
South Africa	1 040	1 135	1 106	1 073	1 829	2 348	2 730	4 103	4 818	5 059
<i>Growth</i>		9%	-3%	-3%	70%	28%	16%	50%	16%	5%
Egypt	629	596	644	657	653	726	1 797	3 538	4 200	4 410
<i>Growth</i>		-5%	8%	2%	-1%	11%	148%	97%	19%	5%
Ukraine	150	303	175	440	539	539	539	539	539	539
<i>Growth</i>		102%	-42%	151%	23%	0%	0%	0%	0%	0%
Honduras	214	197	200	232	398	402	406	410	414	418
<i>Growth</i>		-8%	2%	16%	72%	1%	1%	1%	1%	1%
Other Mark.	738	807	877	997	949	782	909	1 024	1 139	1 139
<i>Growth</i>		9%	9%	14%	-5%	-18%	16%	13%	11%	0%

DCF Assumptions – Total Revenues

Revenue is expected to boom in 2026-2027 due to the increase in capacity, to then stabilise in the last two years

Sales	2020	2021	2022	2023	2024	2025P	2026P	2027P	2028P	2029P
Total Revenues by Country	2 771	3 038	3 002	3 399	4 368	4 797	6 381	9 615	11 111	11 566
<i>Growth (%)</i>		10%	-1%	13%	29%	10%	33%	51%	16%	4%
Net gain/(loss) from sale of projects assets	0	0	0	1 276	1 491	1 044	731	511	0	0
<i>Growth</i>		0	0	0	17%	-30%	-30%	-30%	-100%	0%
Net income/(loss) from JV	(16)	765	749	46	714	826	880	939	939	939
<i>Growth</i>		5 100%	-2%	-94%	1 452%	16%	6%	7%	0%	0%
Total Sales	2 755	3 803	3 751	4 721	6 573	6 667	7 991	11 066	12 050	12 505
<i>Growth</i>		38%	-1%	26%	39%	1%	20%	38%	9%	4%

DCF Assumptions - Others

The assumptions consider a rapid and sustainable growth for the company together with the deleveraging strategy

Assumptions (m NOK)	2024	2025P	2026P	2027P	2028P	2029P
Sales	6 573	6 667	7991	11 066	12 050	12 505
SG&A (% of Rev)	18%	24%	24%	24%	24%	24%
EBIT (% of Sales)	63%	51%	52%	56%	55%	53%
Gross Debt (% of Rev)	435%	387%	303%	206%	182%	171%
Net Interest Expense (% of Rev)	-38%	-42%	-32%	-21%	-18%	-17%
Payout Ratio	0%	0%	0%	0%	0%	0%
Effective Income Tax Rate	-2%	22%	22%	22%	22%	22%
Capex (% of Rev)	50%	43%	43%	43%	43%	43%
Cash	3 890	930	954	3 744	6 801	10 259

- **Sales:** Revenues by country were performed based on the **current production** capacity and projects under **construction / backlog**.
- **SG&A:** was determined through the average of the last 5 years.
- **Gross Debt:** Deleveraging strategy combined with higher sales
- **Payout ratio:** In 2023, Scatec changed its dividend policy and will not distribute dividends until its debt is reduced.
- **Effective Tax rate:** Assumed the Norwegian tax rate - Conservative approach given tax exceptions.
- **CAPEX:** Projected at 43% of Revenues given significant investments in Egypt and South Africa.

Expected perpetual growth rate is 2%

DCF Valuation

In the final output, estimates predict strong EBITDA and FCF growth over the forecasted period

DCF (m€)	2024	2025P	2026P	2027P	2028P	2029P
Total Revenue	6 573	6 667	7991	11 066	12 050	12 505
Selling, General & Administrative expenses (SG&A)	(1 686)	(2 275)	(2 687)	(3 147)	(3 649)	(4 138)
EBITDA	5 420	5 035	6 035	8 357	9 100	9 444
<i>Gross Margin</i>	82%	76%	76%	76%	76%	76%
EBIT	4 126	3 383	4 174	6 206	6 633	6 649
<i>EBIT margin</i>	63%	51%	52%	56%	55%	53%
OCF	5 382	3 464	5 151	7 425	7 904	8 027
CAPEX	3 268	2 846	3 412	4 725	5 145	5 339
Unlevered FCF	2 114	618	1 739	2 701	2 759	2 687

Expected perpetual growth rate is 2%

WACC Estimation

After splitting the cost of debt in two different levels of risk, we obtained a final discount rate of 8.7%

Cost of Equity	
Risk Free Rate	3.9%
Unlevered Beta	0.61
Marginal Tax Rate	22.0%
Re-Levered Beta	1.41
Market Risk Premium	6.0%
Levered Cost of Equity	12.4%

Cost of Debt	
Risk Free Rate	3.9%
Spread on debt	3.0%
Corporate financing	6.9%
Projects financing*	9.0%
WA Cost of debt	8.3%

Capital Structure	
Market Cap (NOKm)	12 630
Net Debt (NOKm)	24 680
Equity (%)	37.5%
Debt (%)	62.5%

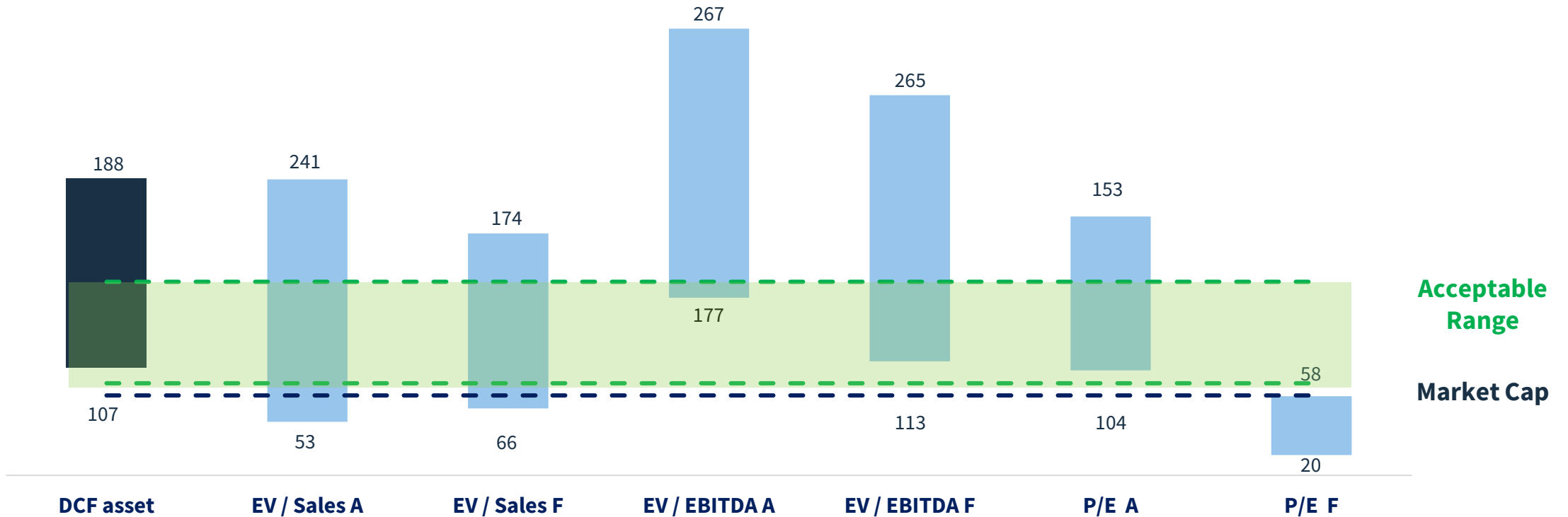
WACC 8.7%

		Cost of debt				
		4.3%	6.3%	8.3%	10.3%	12.3%
D/E	147.0%	6.8%	7.7%	8.7%	9.6%	10.5%
	157.0%	6.8%	7.7%	8.7%	9.6%	10.6%
	167.0%	6.8%	7.7%	8.7%	9.7%	10.7%
	177.0%	6.7%	7.7%	8.7%	9.7%	10.7%
	187.0%	6.7%	7.7%	8.8%	9.8%	10.8%

Source: Bloomberg, Damodaran's model | *Weighted average interest rate on Non-recourse project financing, by country

Football Field

The stock offers upside based on relative valuation and is confirmed cheap by the DCF valuation



Investment Team 4

Thesis & Fit

27 October 2025



Portfolio Fit

Scatec fits our current portfolio, being a company in the energy sector with no exposure in the US market and operating in the EM



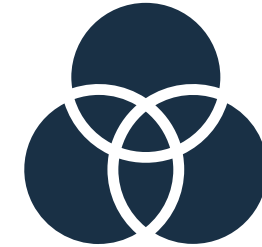
Portfolio Strategy

Scatec offers exposure to the **energy sector outside the US market**, which aligns with our **portfolio diversification strategy**.



Opportunity

The current shift toward more **sustainable energy sources**, such as solar power, presents a significant **growth opportunity** for the company.



Market Diversification

The company shows strong fundamentals characterized by **strong liquidity**, robust **growth in sales** and **high return on investment**.

Investment Thesis

Scatec is set to thrive with major catalysts driving its growth and risks that currently do not materialize

CATALYSTS

- Represents a **strategic portfolio fit**, enhancing **diversification** and exposure to growth prospects in a futuristic market.
- Growing importance of the **solar industry** in **emerging markets**, as it is seen as a critical source of energy in developing countries
- **Large backlog** and new project awards supporting medium-term growth, while **deleveraging** being a catalyst for the long-term
- **High ROIC** and **operating margin** reflecting efficient capital allocation and the ability to operate efficiently in its markets
- Scatec's subsidiary Release secured IFC-backed solar and battery contracts in Liberia and Sierra Leone (64 MW + 10 MWh), marking the way for a major **West African expansion**

RISKS

- Technological advancements, making current solar technology obsolete
- **Changes in government** incentives and **regulation** for solar energies may affect company's revenues
- **High leverage**, could affect the company's ability to refinance current debt or take on more debt at favorable terms
- **Currency** exposures or **counterparty** risks on both the debt and equity side
- Possible **delays**, cost overruns, and **supply chain disruptions** during construction

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Recommendation

27 October 2025

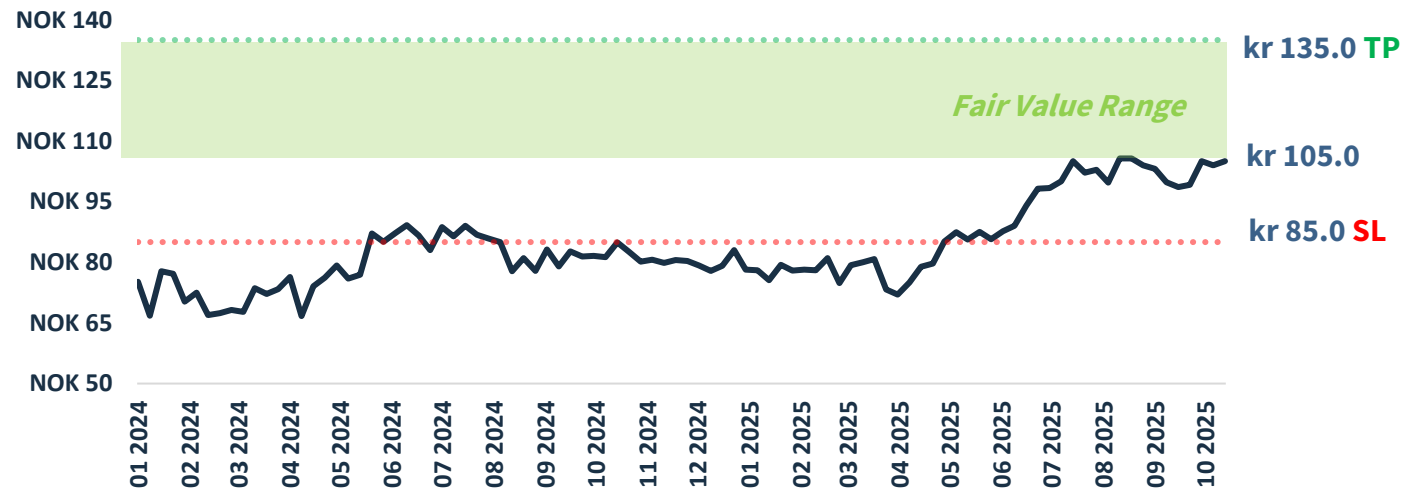


Recommendation: Buy

Scatec represents a compelling **buy** opportunity, supported by its **dominant position in the emerging markets**, **strong returns on investments**, and favorable **industry dynamic**. As a **leading player** in the solar tracking sector, which is expected to grow at a **CAGR of 15%** (2024-2032), Scatec is well-positioned to capitalize on the rising global demand for renewable energy, especially in the markets it serves.

Investment Horizon:	5 years
Fair Value Range:	kr 104 / kr 135
Entry Price:	kr 105.5
Take Profit / Stop Loss:	kr 135 / kr 85
Proposed Allocation:	3%

Historical Stock Price



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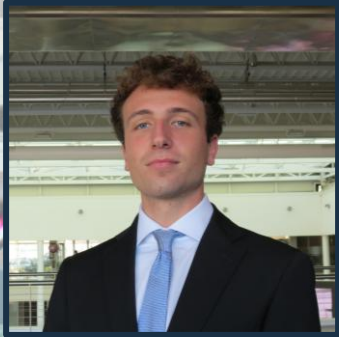


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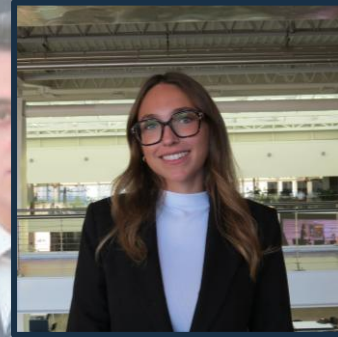


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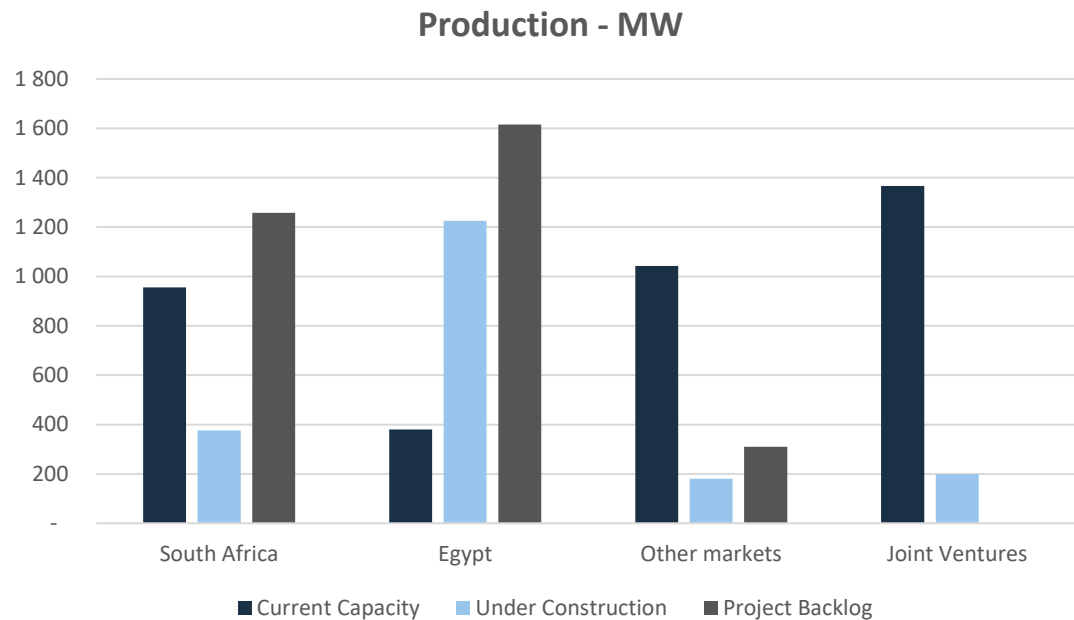
Appendix

27 October 2025



Revenue Breakdown

Revenue was assumed to grow in line with power production, reduced by 5%.



- **South Africa** – Significant growth expected in 2027, driven by the large number of projects in the backlog.
- **Egypt** – Strong growth projected for 2026, supported by the generation capacity currently under construction.

Total Production Expectation	2025	2026	2027	2028	2029
South Africa	974	1 181	1 834	2 337	2 570
<i>Growth Rate</i>	33,40%	21,24%	55,33%	27,42%	10,00%
Egypt	441	1 115	2 251	2 897	3 187
<i>Growth Rate</i>	16,12%	152,69%	101,88%	28,70%	10,00%
Other Markets	1 051	1 222	1 377	1 532	1 532
<i>Growth Rate</i>	-17,63%	16,27%	12,68%	11,26%	0,00%
Joint Ventures	1 376	1 465	1 564	1 564	1 564
<i>Growth Rate</i>	0,72%	6,48%	6,76%	0,00%	0,00%

- **Other markets** are expected to decline, driven by the planned sale of new projects to decrease corporate leverage.
- **JVs** are expected to increase due to the capacity currently under construction in Brazil and the Philippines.

CAPEX Sustainability

What is not covered by the generated OFC is assumed to be covered by the strong liquidity position of the company (~4 NOKb)

Assumptions (m NOK)	2025P	2026P	2027P	2028P	2029P
Operating Cash Flows	3 464	5 151	7 425	7 874	8 001
Projected CAPEX	2 846	3 412	4 725	5 128	5 321
SPV Loans repayments	1 623	617	616	858	607
Interest expenses	2 091	2 061	1 964	1 924	1 786
Covered/(not Covered)	(3 096)	(938)	121	(36)	287
Net Income	136	962	2 669	3 093	3 170
Cash at the beginning	3 890	930	954	3 744	6 801
Cash at the end	930	954	3 744	6 801	10 259

- **OFC:** cash flow generation is driven by new large projects in operations
- **CAPEX:** as operating in a heavy-capital sector, Scatec will keep investing in the future years
- **Sustainability:** to check whether this CAPEX levels are sustainable, accounting also for Cash from Financing, we calculated the financial gap to be covered
- **Cash position:** when investments are not covered by the OFC, Scatec uses its strong liquidity position to persist with the deleveraging strategy (no increase in SPV's debt)
- **Net income:** Cash and Cash equivalents are expected to increase by the projected Net income in each year, as the company does not distribute any dividends

WACC's Cost of Debt

Given the company's debt structure, we decided to compute the cost of debt as the average of two different risk levels

Corporate Financing	
Corporate debt	9 310
Risk Free Rate (10y T bill Norway)	3.9%
Interest Coverage*	1.7x
Spread on debt	3.0%
Corporate cost of debt	6.9%

Non-recourse Financing	
Non-recourse debt	18 830
Weighted interest rate by country	9.0%
Projects cost of debt	9.0%**

$$\frac{9\,310 * 6.9\% + 18\,830 * 9.0\%}{9\,310 + 18\,830} =$$

WA Cost of debt	8.3%
------------------------	-------------

Non-recourse Financing per country			
Country	Interest rate	Maturity	2024 (NOKm)
South Africa	11.3%	2040	10 455
Egypt	5.2%	2037	3 217
Malaysia	5.8%	2035	2 003
Ukraine	7.7%	2029	736
Pakistan	11.2%	2047	681
Jordan	6.5%	2031	644
TOTAL			18 830

$$\frac{\sum_i^N \text{Interest rate}_i * \text{Debt}_i}{18\,830} = 9.0\%^{**}$$