

PPA for 1.2 TWh signed with Alcoa

3 Months March 2018 – May 2018

- Net sales 22.6 (9.3) MSEK.
- EBIT -10.0 (-7,3) MSEK. Profit before tax -5.7 (-7.8) MSEK. Net profit -4.6 (-5.7) MSEK.
- Earnings per share, before and after dilution equals -0.18 (-0.22) SEK.
- During the three month period 0 (0) wind turbines were taken into operation with a total installed capacity of 0 (0) MW.
- During the three month period the equivalent of 1.8 (0.0) wind turbines with an installed effect of 1.4 (0.0) MW was handed over to customers.
- At the end of the period Eolus had 337 (332) MW under asset management.
- Electricity production from wind farms owned was 6.3 (11.6) GWh with an average revenue of 532 (407) SEK/MWh.
- In March, Eolus signed a Power Purchase Agreement (PPA) for 330 MW with Alcoa Norway ANS stating that Alcoa will buy all electricity produced in wind farm Öyfjellet in Norway when it is commissioned in 2021. The annual production is estimated at 1.2 TWh. As part of the agreement Eolus has signed a power purchase guarantee with the Norwegian Export Credit Guarantee Agency (GIEK). The guarantee amount is EUR 256 million.

Financial summary	Q3	Q3	Year to date	Year to date	Full year
	Mar 2018 - May 2018	Mar 2017 - May 2017	Sep 2017 - May 2018	Sep 2016 - May 2017	Sep 2016 - Aug 2017
Net sales, MSEK	22,6	9,3	180,2	784,3	1 065,7
EBIT, MSEK	-10,0	-7,3	23,0	12,1	40,2
Profit before tax, MSEK	-5,7	-7,8	31,8	16,0	34,2
Changes in market valuation of financial derivatives, MSEK	-0,6	0,0	4,0	4,1	3,7
Net profit, MSEK	-4,6	-5,7	38,7	11,5	24,5
Earnings per share before and after dilution, SEK	-0,2	-0,22	1,6	0,49	1,02
Equity per share, SEK	26,4	25,94	26,4	25,94	26,41
Cashflow from operating activities, MSEK	-356,1	-127,0	-645,0	13,1	91,0
Total assets, MSEK	1 605,8	871,9	1 605,8	871,9	900,8
Net debt - /net cash +, MSEK	-515,1	94,5	-515,1	94,5	167,6
Signed customer contracts, MSEK	3 885,0	1 305,7	3 885,0	1 305,7	1 061,0
No of turbines taken into operation, amount	-	-	2,0	16,0	25,0
No of turbines handed over to customers, amount	1,8	-	5,2	24,0	36,8
Turbines taken into operation, MW	-	-	4,4	52,8	72,2
Turbines handed over to customers, MW	1,4	-	8,9	68,9	92,8
Managed MW	337,2	331,8	337,2	331,8	351,0
Electricity generation, GWh	6,3	11,6	25,1	48,7	58,6
Equity/assets ratio, %	41,1	74,3	41,1	74,3	73,2
Return on equity after tax, %	neg	neg	8,2	2,3	3,7

Priority projects

The market conditions change rapidly when it comes to technological development, electricity prices and investors. Eolus's strategic focus will therefore concentrate on the development, establishment and divestment of a number of high-priority projects in the coming years, i.e. those with the best conditions to be realized at the lowest cost per megawatt-hour. With fewer, but larger, established wind farms fluctuations between individual quarters will be greater in terms of constructed wind turbines, tied up capital, turnover and results. To highlight information about the status of these high-priority projects, they will be given a separate heading in Eolus's interim reports. The same information will be presented on Eolus's website. The website will be updated following the publication of interim reports, or due to other significant project events announced via press release.

The following are currently our high-priority projects for the coming years. However, the summary does not rule out establishment of other projects from Eolus's high-quality project portfolio that meet investors demands and requirements.

Project	Location	Number of WTG	Capacity, MW	Estimated production, GWh	Planned commissioning	Comment
Jenåsen	Sundsvall, Sweden, SE2	23	79	275	2018	Ten-year Power Purchase Agreement with Google. The wind farm is sold to Munich Re who will take over the facility upon completion which is expected during Q4 2018. Construction of turbines from Vestas completed and tests are ongoing. Eolus is financing the establishment with bank construction loans.
Nylandsbergen	Sundsvall, Sweden, SE2	18	68.4	230-250	2019	The wind farm is sold to Aquila Capital who will take over the facility upon completion which is expected to be in the second half of 2019. Turbine supply agreement signed with Vestas. Agreement regarding grid connection signed with E.ON Elnät. Roads are under construction.
Kråktorpet	Sundsvall, Sweden, SE2	43	163.4	550-590	2019	The wind farm is sold to Aquila Capital who will take over the facility upon completion which is expected to be in the second half of 2019. Turbine supply agreement signed with Vestas. Agreement regarding grid connection signed with E.ON Elnät. Roads are under construction. Aquila will provide construction financing.
Wind Wall	Tehachapi, California, USA	11 to 12	38-40	135-145	2019	Repowering project. Full-value production tax credit granted for the project.
Stigafjellet	Bjerkheim, Norway, NO2	8 to 9	30	110-130	2019	Fully concessioned. Grid capacity reserved. Sales process initiated.
Sötterfällan	Jönköping, Sweden, SE3	10	36	125-135	2019	The wind farm is sold to KGAL who will take over the facility upon completion which is expected to be in the summer of 2019. Turbine supply agreement signed with Vestas.
Bäckhammar	Kristinehamn/Degerfors, Sweden, SE3	30	100-130	350-400	2019	Fully permitted. Turbine procurement process initiated. Sales process initiated.
Öyfjellet	Vefsn, Norway, NO4	80-100	330	1,200-1,500	2021	Fully concessioned. Grid capacity reserved. Fifteen-year Power Purchase Agreement with Alcoa. Sales process initiated.

Consolidated income statement	Q3	Q3	Q1- Q3	Q1- Q3	Full year
KSEK	Mar 2018	Mar 2017	Sep 2017	Sep 2016	Sep 2016
	- May 2018	- May 2017	- May 2018	- May 2017	- Aug 2017
Net sales	22 630	9 274	180 152	784 262	1 065 668
Other operating income	6 553	5 142	22 214	14 576	17 379
	29 182	14 416	202 366	798 838	1 083 047
Operating expenses					
Change in inventories of wind turbines, wind turbines under construction and projects under development	658 430	67 801	788 113	-191 279	-183 858
Cost for goods and project development	-671 407	-66 642	-896 654	-504 431	-739 026
Other external costs	-13 956	-11 355	-34 907	-42 695	-54 382
Employee benefits expenses	-8 536	-6 979	-24 276	-24 106	-30 650
Depreciation/amortization and impairment of property, plant and equipment and intangible	-1 916	-3 070	-8 676	-19 063	-23 423
Result from participations in associated companies	-18	-	-18	-	-2 570
Other operating expenses	-1 771	-1 434	-2 981	-5 205	-8 904
Operating profit	-9 992	-7 263	22 967	12 060	40 233
Profit/loss from financial items	4 267	-521	8 882	3 906	-6 009
Profit before tax	-5 724	-7 784	31 848	15 966	34 224
Tax on profit	1 086	2 057	6 813	-4 418	-9 720
Net profit for the period	-4 638	-5 727	38 661	11 548	24 504
Whereof related to the shareholder of the parent company	-4 600	-5 567	38 786	12 295	25 317
Whereof related to minority stakeholders	-38	-160	-125	-747	-813
Net profit for the period	-4 638	-5 727	38 661	11 548	24 504
Total shares	24 907	24 907	24 907	24 907	24 907
Profit per share before/after dilution (SEK)	-0,18	-0,22	1,56	0,49	1,02

Consolidated statement of comprehensive income

KSEK					
Net profit for the period	-4 638	-5 727	38 661	11 548	24 504
Other comprehensive income					
Translation differences	-126	157	-255	-67	172
Other comprehensive income for the period net after tax	-126	157	-255	-67	172
Total comprehensive income for the period	-4 764	-5 570	38 406	11 481	24 677
Whereof related to the shareholder of the parent company	-4 886	-5 352	38 285	12 285	25 729
Whereof related to minority stakeholders	122	-217	121	-804	-1 053
Total comprehensive income for the period	-4 764	-5 570	38 406	11 481	24 677

Consolidated balance sheet	May 31	May 31	Aug 31
KSEK	2018	2017	2017
ASSETS			
Non-current assets			
Property, plant and equipment	86 950	134 141	111 443
Participations in associated companies	3 763	8 037	3 763
Deferred tax asset	3 982	41	2 236
Other financial assets	30 621	38 857	30 517
Total fixed assets	125 315	181 077	147 959
Current assets			
Inventories, work in progress	1 174 245	316 804	344 840
Advance payment to suppliers	219 546	175 337	128 435
Account receivable - trade	26 772	14 837	25 686
Derivative instruments	1 468	1 140	-
Current tax assets	450	11 688	-
Other receivables	15 273	24 450	44 493
Prepaid expenses and accrued income	5 940	9 290	7 840
Cash and bank balances	36 789	137 315	201 509
Total current assets	1 480 482	690 861	752 805
TOTAL ASSETS	1 605 798	871 938	900 764
EQUITY AND LIABILITIES			
Equity			
Equity related to the share holders of parent company	658 717	646 056	657 791
Equity related to minority stake holders	1 840	1 990	1 719
Total equity	660 557	648 046	659 510
Non-current liabilities			
Non-current interest bearing liabilities	7 270	24 938	12 740
Provision, non current	2 930	5 286	3 789
Deferred taxes	54 706	80 349	57 291
Other liabilities	879	872	797
Total non-current liabilities	65 785	111 445	74 617
Current liabilities			
Current interest bearing liabilities	544 646	17 893	21 169
Bills payable	65 738	32 847	28 276
Derivative instruments	12 588	15 895	15 097
Current tax liabilities	4 257	29	15 598
Accrued expenses and deferred income	16 587	19 788	32 483
Advance payment from customers	232 459	24 960	51 300
Other liabilities	3 181	1 035	2 714
Total current liabilities	879 457	112 447	166 637
Total equity and liabilities	1 605 798	871 938	900 764

Consolidated cash flow statement	Q3	Q3	Q1- Q3	Q1- Q3	Full year
	Mar 2018 - May 2018	Mar 2017 - May 2017	Sep 2017 - May 2018	Sep 2016 - May 2017	Sep 2016 - Aug 2017
KSEK					
Operating activities					
Operating profit	-9 992	-7 263	22 967	12 060	40 233
Non cash items	3 308	3 420	7 807	19 082	23 715
	-6 684	-3 843	30 774	31 142	63 948
Interest received	-	17	1 573	734	730
Interest paid	-1 070	-1 558	-4 140	-7 301	-8 632
Income tax paid	-2 903	-2 768	-9 390	3 668	-1 175
Net cash flow from operating activities before changes in working capital	-10 656	-8 153	18 816	28 243	54 871
Adjustments of working capital	-345 416	-118 894	-663 806	-15 129	36 100
Cash flow from operating activities	-356 073	-127 047	-644 990	13 114	90 971
Acquisition of property, plant and equipment	-249	-249	-1 353	-1 846	-6 698
Sales of property, plant and equipment	-	259	432	659	606
Acquisition of participations in subsidiaries/asset acquisition	-	-4 008	-	-4 008	-4 009
Sales of financial assets	-	-	-	152	383
Cash flow from investing activities	-249	-3 998	-920	-5 043	-9 718
Repayment of loans	-915	-1 418	-17 186	-38 977	-47 865
Redemption derivative instrument	-	-	-	-15 810	-15 810
Capital contribution	-	2	-	-16	-
Paid dividends	-	-	-37 360	-37 361	-37 361
Cash flow from financing activities	373 921	-1 416	480 615	-92 164	-101 036
Cash flow for the year	17 600	-132 461	-165 295	-84 093	-19 784
Cash and cash equivalents at beginning of year	18 851	269 945	201 509	221 549	221 549
Exchange-rate differences in cash and cash equivalents	339	-170	575	-142	-256
Cash and cash equivalents at year-end	36 789	137 315	36 789	137 315	201 509

Consolidated statement of changes in equity

KSEK	Share capital	Additional paid-in capital	Reserves	Retained earnings	Total, Eolus's shareholders	Non-controlling interests	Total equity
At 1 September 2016	24 907	190 843	-42	455 315	671 026	140	671 166
Net profit for the year				12 295	12 295	-747	11 548
Other comprehensive income			-10		-10	-57	-67
Total comprehensive income			-10	12 295	12 285	-804	11 481
Transactions with shareholders							
Acquisition of shares from non-controlling interests				10	10	-10	
Non-controlling interest arising at acquisition of group companies						2 664	2 664
Changes associated company				95	95		95
Dividend				-37 361	-37 361		-37 361
At 31 May 2017	24 907	190 843	-52	430 356	646 056	1 990	648 046
Net profit for the year				13 022	13 022	-66	12 956
Other comprehensive income			422		422	-183	239
Total comprehensive income			422	13 022	13 444	-249	13 196
Transactions with shareholders							
Non-controlling interest arising at acquisition of group companies						-23	-23
Changes associated company				-1 705	-1 705		-1 705
At 31 August 2017	24 907	190 843	369	441 673	657 791	1 719	659 510
At 1 September 2017	24 907	190 843	369	441 673	657 791	1 719	659 510
Net profit for the year				38 786	38 786	-125	38 661
Other comprehensive income			-501		-501	245	-255
Total comprehensive income			-501	38 786	38 285	121	38 406
Transactions with shareholders							
Dividend				-37 360	-37 360		-37 360
At 31 May 2018	24 907	190 843	-132	443 097	658 717	1 840	660 557