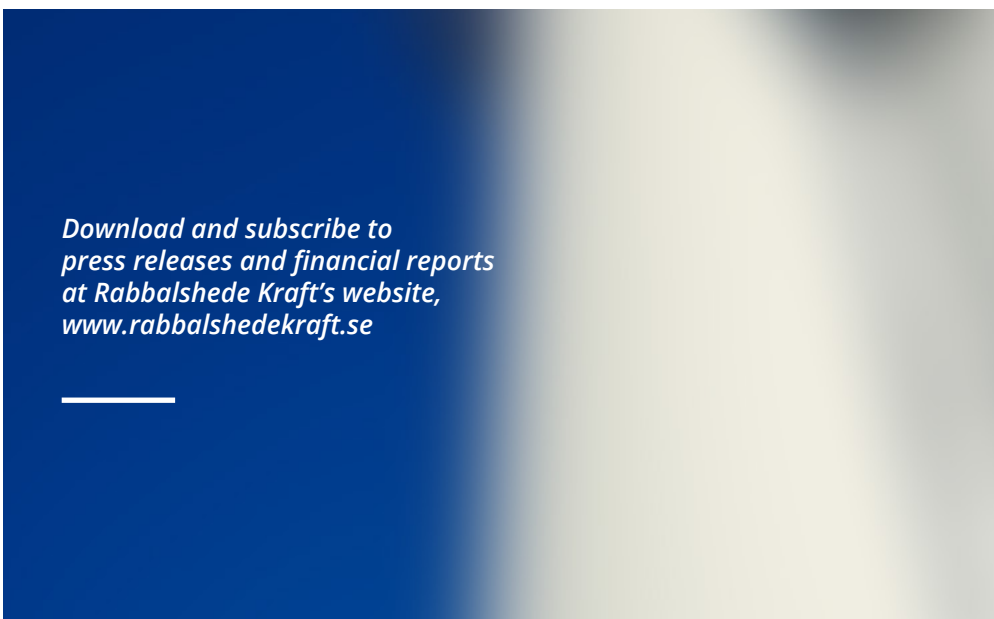


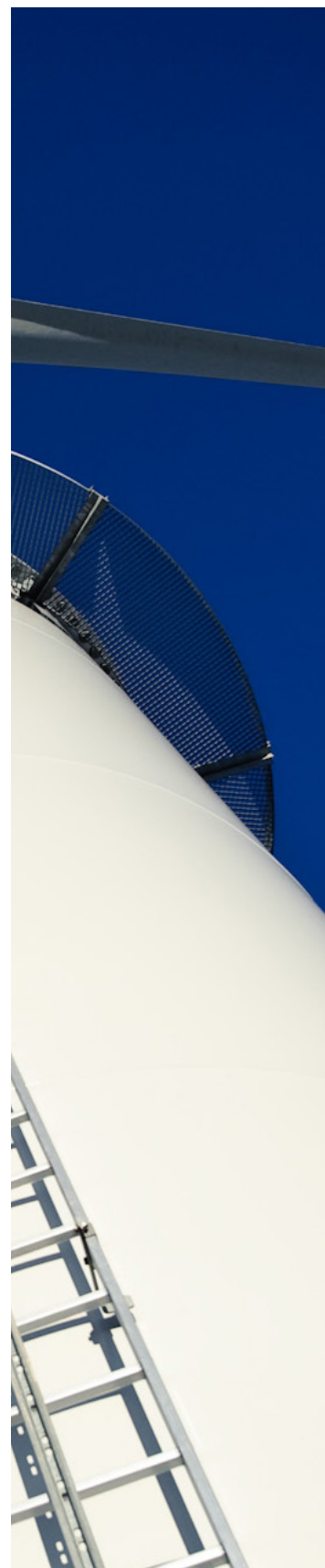


Year-end report 2018

Rabbalshede Kraft AB (publ)
year-end report for 2018



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CEO'S STATEMENT

“OUR VISION IS TO BE AT THE LEADING EDGE OF WIND TURBINE SERVICING AND ENVIRONMENTALLY FRIENDLY ELECTRICITY TRADING AGREEMENTS.”

Mads Miltersen, CEO



For over 10 years, Rabbalshede Kraft has contributed to increasing the global production of sustainable electricity. Our wind turbines provide clean, renewable electricity all year round.

2018 was a fantastic year, with a positive outcome on the bottom line. The work on strengthening the Group has proceeded according to plan, and despite the fact that our projects are of a long-term nature, in 2018

- Our management of external turbines has grown by 30 percent.
- We increased the number of own wind turbines by 10 percent, resulting in a 7 percent increase in production.
- We acquired 3 projects externally, and done well in developing our own projects.
- We sold the Åndberg wind-power project.

Our sales increased from MSEK 257 to MSEK 331. EBIT increased from MSEK 3 to MSEK 75. Earnings before tax went from a loss of MSEK 100 to a profit of MSEK 33, and earnings for the period went from a loss of MSEK 100 to a profit of MSEK 19.

We expanded our partnerships during the year, with a focus on optimizing production and financial operations of our own and our customers' wind turbines. We have also entered into partnerships with external parties in all our business areas; supporting further expansion and growth. Moving forward, we are focused on innovative technological solutions through which we can improve our operations together with our partners.

Our internal improvement efforts are also continuing; we have developed a new communication strategy and launched a refreshed website. Internal processes have also improved and are now more customer and market-oriented.

A project for changing the current finance system to a business system has been initiated. We are also developing a “management by objectives” approach in the organization and building a healthy team spirit. The office in Gothenburg has moved to a new address in the city, while the office in Rabbalshede has been renovated.

FOURTH QUARTER

In Q4, we purchased the Raftsjöhöjden wind farm, with annual production of 20 GWh.

EVENTS AFTER THE BALANCE-SHEET DATE

2019 got off to a fantastic start, with a further project acquisition, an investment decision on a new wind farm and the settlement of the earn out for the sales of project Åndberg.

We are also delighted that Stine Rolstad Brenna is taking on the important role of Chair of the Board of Rabbalshede Kraft.

We have great expectations for 2019, and the performance of the business in the first two months of the year very much support this view.

Mads Miltersen
CEO



2018

SIGNIFICANT EVENTS

In 2018, Rabbalshede Kraft AB sold a wind-power project in Åndberg covering 53 wind turbine positions. In December 2018, Rabbalshede Kraft AB transferred both control over the project and the material risks and benefits, while all costs were charged to profit or loss and all commitments for the project were finalized. The income, including earnout, was reliably estimated at the same point in time. The Board of Directors and company management were thus of the opinion that the income linked to the wind-power project is secure, and that the full earnings impact can be recognized in 2018. The assessment of the Board was confirmed by events after the balance-sheet date, and the earn out, as expected, was settled on February 22, 2019.

PRODUCTION DURING THE YEAR

The production during the year totalled 465 GWh, which is lower than expected due to less wind than an average wind year. Availability of our own and our customers' wind turbines remained high, around 98 percent.

MARKET ACTIVITIES

Despite lower production than expected we have increased the revenue from the sale of electricity by capturing the market's higher electricity and certificates prices. Prices for power and certificates have in 2018 increased compared to 2017-level. We have worked with PPA and hedges for our own and our customers' production of wind power. We have also increased our efforts to secure agreements on service management.

SERVICE OPERATIONS

Our service operations, with a focus on technical, financial and commercial services, continue to grow. At the end of December, we were servicing 195 wind turbines.

Service of the Group's 12 Nordex wind turbines switched to proprietary management during the year.

We are also expanding our partnership with Atalante Energies, our sister company in France, by bringing their 41 turbines into our control system.

BUSINESS DEVELOPMENT

Business Development acquired two wind-power projects, Gårdshyttan and Lönhult, on March 27, 2018. Gårdshyttan contains an environmental permit for five wind turbines, with a tip height of 190 meters, located in Askersund Municipality, Örebro County. Lönhult contains five wind turbines with a tip height of 210 meters located in Aneby Municipality, Jönköping County. The acquisition of Lönhult is subject to the environmental permit entering force.

On March 27, 2018, the permit for the Lursäng project entered force for three turbines with a maximum tip height of 200 meters.

The environmental permit for phase 2 of the Årjäng NV wind-power project, containing eight turbines with a tip height of 240 meters, also entered force in 2018.

The company has completed construction of the Lyrestad wind farm, located in Mariestad and the Töreboda region. The project contains an installed capacity of 76 MW. The farm is co-owned with Ardian Infrastructure. Rabbalshede Kraft AB owns 25 percent and Ardian Infrastructure owns the remaining 75 percent. 100 percent of the electricity produced is sold to Google under a long-term contract.

Agreements on the acquisition of a total of three turbines in Falkenberg, Hjo and Skara were signed in May. The turbines are Vestas V90 models with 2 MW capacity, and began operation in 2011 and 2012.

The Raftsjöhöjden wind farm was acquired on November 30, 2018. The farm contains four Siemens turbines with an installed capacity of 2.3 MW per turbine.

We have restructured our electricity trading funktion to meet the market activities more proactively.

A shareholder loan of MSEK 70, together with a loan of MSEK 100 from Swedbank, was secured to facilitate wind farm investments.

We updated our ISO certificate under the new standard during the year. We are now certified under ISO 9001:2015, the standard for quality management systems, and 14001:2015, the standard for environmental management systems. Being certified is an important part of our operations, as this provides security in our processes both internally and externally.

EVENTS AFTER THE BALANCE-SHEET DATE

The Högen wind-power project, with space for four turbines with a tip height of 180 meters, was purchased on February 6, 2019.

On February 7, 2019, an extraordinary general meeting was held at which Stine Rolstad Brenna was elected new chairman of the board. Stine Rolstad Brenna has been a director of the Company since April 2017 and assumes the position from the outgoing chair Bertil Villard.

On February 22, 2019, the earn out for the Åndberg project was settled in cash.

On February 26, 2019, an investment decision on construction of the Gårdshyttan windpower project was taken. The project contains five turbines.

Mads Miltersen's term as CEO ended on 28 February 2019. Mr. Mikael Kowal assumes the role of Interim Managing Director for the period 1 March 2019 to 31 March 2019. Mr. Peter Wesslau starts the position of Group CEO on 1st April 2019.

Financial overview

Key figures

KSEK	Q4	Q4	FULL-YEAR	FULL-YEAR
	2018	2017	2018	2017
Electricity production, MWh*	139,093	167,975	465,044	509,535
Net sales (electrical power)	70,697	77,069	243,411	234,163
Operating total revenue	139,431	85,290	331,236	257,274
EBIT	72,619	-2,448	75,250	3,081
Profit/loss before tax	58,615	-21,161	32,882	-100,114
Profit/loss for the period	45,236	-21,161	19,503	-100,114
Cash flow from operating activities	43,731	38,213	80,975	18,264
Earnings per share before dilution, SEK	0,28	-0,13	0,12	-0,64
Earnings per share after dilution, SEK	0,28	-0,13	0,12	-0,64
Average no. of shares before dilution, thousands	160,109	160,109	160,109	156,554
Average no. of shares after dilution, thousands	160,109	160,109	160,109	156,554

* Excluding co-owned farms

** Debt/equity ratio is calculated as interest-bearing liabilities divided by shareholders' equity

KSEK	2018	2017
Debt/equity ratio **	0,67	0,63
Shareholders' equity	1,320,669	1,295,784
Total assets	2,309,048	2,201,881

INVESTMENTS

Investments, including paid advances, totaled MSEK 128 (8) during the January to December period. The investments pertain to ongoing planning and the acquisition of existing turbines.

FINANCING

Bank loans totaled MSEK 593 (612) at December 31, 2018. During the period, the Group's average interest rate on bank loans raised was 4.41 percent (6.01). The equity/assets ratio was 57 percent (59) at December 31, 2018.

HEDGING INSTRUMENTS

Rabbalshede Kraft applies hedge accounting of financial instruments in accordance with Chapter 12 (Financial instruments measured in accordance with Chapter 4, Paragraphs 14a–e of the Annual Accounts Act) of BFNAR 2012:1.

As a result, changes in value of various derivatives acquired to hedge cash flows are recognized against shareholders' equity. At December 31, 2018, the market value of the company's outstanding interest-rate contracts represented a liability of MSEK 24. Interest rate of the company's outstanding loans are hedged to 70 percent.

RISKS AND UNCERTAINTIES

Through its operations, Rabbalshede Kraft is exposed to risks. The company is dependent on both the general economic and political climate in its business environment. For a detailed description of risks, refer to the administration report in the Annual Report for fiscal year 2017.

GROUP

Consolidated income statement

KSEK	Note	2018	2017
OPERATING REVENUE			
Net sales		243,411	234,163
Own work capitalized	2	5,337	2,176
Other operating revenue		82,488	20,935
Total operating revenue		331,236	257,274
OPERATING COSTS			
Services and maintenance, wind farms		-85,340	-77,941
Other external costs		-25,530	-17,218
Personnel costs		-27,342	-29,187
Depreciation, amortisation and impairment		-114,724	-128,890
Other operating expenses		-	-957
Income from sale of subsidiary		-3,050	-
EBIT		75,250	3,081
PROFIT/LOSS FROM FINANCIAL ITEMS			
Other interest income and similar items		4,386	4,362
Interest expense and similar items		-46,753	-107,577
Profit/loss after financial items		32,882	-100,114
Tax on profit/loss for the year (income tax, current and deferred)		-13,379	-
Profit/loss for the year		19,503	-100,114

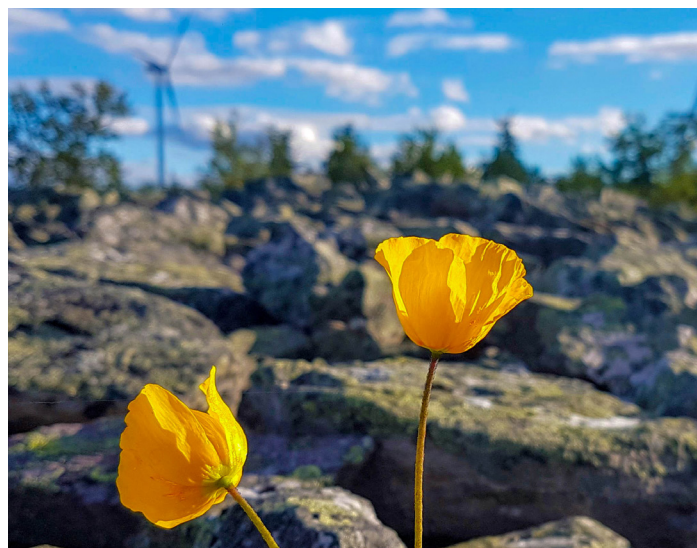
Consolidated balance sheet

KSEK	Note	Dec 31, 2018	Dec 31, 2017
ASSETS			
Intangible fixed assets		18,611	31,282
Tangible fixed assets		1,813,211	1,867,042
Receivables from associated companies and joint ventures		108,226	108,226
Deferred tax assets		32,675	48,516
Other long-term receivables		24	15
Total fixed assets		1,972,747	2,055,081
Intangible current assets		47,708	9,639
Inventory		534	-
Accounts receivable		3,160	2,837
Receivables from associated companies and joint ventures		8,605	6,602
Other receivables		11,536	8,028
Prepaid costs and accrued income		162,621	51,351
Blocked bank funds		40,845	40,555
Cash and cash equivalents		61,292	27,788
Total current assets		336,301	146,800
Total assets		2,309,048	2,201,881
SHAREHOLDERS' EQUITY			
Share capital		800,543	800,543
Other capital contributions		515,948	515,948
Reserves		-18,532	-23,921
Retained earnings		3,207	103,320
Profit/loss for the year		19,503	-100,114
Non-controlling interests		-	8
Total shareholders' equity		1,320,669	1,295,784
Provisions - rehabilitation costs for wind turbines		11,759	7,365
Liabilities to credit institutions		503,975	532,104
Other liabilities		317,238	237,531
Total long-term liabilities and provisions		832,972	777,000
Liabilities to credit institutions		83,153	73,037
Accounts payable		20,859	12,103
Other liabilities		3,435	5,201
Accrued expenses and deferred income		47,960	38,756
Total current liabilities		155,407	129,097
Total liabilities		988,379	906,097
Total shareholders' equity and liabilities		2,309,048	2,201,881

Consolidated statement of changes in shareholders' equity

Condensed shareholders' equity attributable to Parent Company's shareholders, KSEK

	Dec 31, 2018	Dec 31, 2017
Total shareholders' equity on the opening date	1,295,776	1,074,949
Profit/loss for the year	19,503	-100,114
Change in fair value, hedging instruments	5,390	38,197
New share issue	-	282,750
Expenses attributable to the new share issue	-	-6
Total shareholders' equity on the closing date of the period	1,320,669	1,295,776



Consolidated cash flow statement

Condensed, KSEK	Note	Jan. 1, 2018– Dec. 31, 2018	Jan. 1, 2017– Dec. 31, 2017
Operating activities			
Profit/loss before tax		32,882	-100,114
Adjustment for non-cash items		61,496	142,084
Cash flow from operating activities before changes in working capital		94,378	41,970
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in intangible current assets		-38,603	-4,742
Increase (-)/Decrease (+) in operating receivables		5,858	-8,510
Increase (+)/Decrease (-) in operating liabilities		19,343	-10,454
Cash flow from changes in working capital		-13,403	-23,706
Cash flow from operating activities		80,975	18,264
Investing activities			
Acquisition of intangible fixed assets, including advances		-4,284	-207
Acquisition of tangible fixed assets, including advances		-124,195	-8,371
Divestment of tangible fixed assets		-	100
Divestment of subsidiaries		13,135	-
Acquisition of subsidiaries		-350	-
Cash flow from investing activities		-115,694	-8,478
Financing activities			
New share issue		-	282,750
Issuance costs		-	-6
Loans raised		56,682	650,037
Shareholder loans raised		86,795	15,203
Amortization of shareholder loans		-	-226,138
Amortization of loans		-74,963	-766,949
Changes in blocked funds		-290	19,171
Cash flow from financing activities		68,224	-25,932
Cash flow for the period			
Cash and cash equivalents on the opening date		27,787	43,933
Cash and cash equivalents on the closing date		61,292	27,787
Blocked funds		40,845	40,555
Total cash and cash equivalents and blocked funds		102,137	68,342

PARENT COMPANY

Parent Company income statement

KSEK	Note	2018	2017
Operating revenue			
Net sales		-	22,644
Own work capitalized	2	5,337	2,176
Other operating revenue		80,100	18,303
Operating costs			
Services and maintenance, wind farms		-	-9,339
Other external costs		-24,816	-16,785
Personnel costs		-27,342	-29,073
Depreciation, amortisation and impairment		-1,315	-8,683
Other operating expenses		-	-957
EBIT		31,964	-21,714
Profit/loss from financial items			
Profit/loss from participations in Group companies		-	-159,252
Income from sale of subsidiary		-3,050	-
Other interest income and similar items		4,384	4,394
Interest expenses and similar items		-17,800	-18,313
Profit/loss after financial items		15,498	-194,885
Appropriations		3,049	500
Tax on profit/loss for the year (income tax, current and deferred)		-4,780	-110
Profit/loss for the year		13,767	-194,495

Parent Company balance sheet

Condensed, KSEK	Note	Dec 31, 2018	Dec 31, 2017
Intangible fixed assets		124	16,306
Tangible fixed assets		68,349	102,672
Financial fixed assets		1,336,281	1,769,516
Inventory		534	-
Other receivables		139,702	26,002
Cash and cash equivalents		39,499	4,612
Total assets		1,584,489	1,919,108
Share capital		800,543	800,543
Retained earnings		441,870	636,364
Profit/loss for the year		13,767	-194,495
Long-term liabilities		299,950	210,723
Current liabilities		28,359	465,973
Total shareholders' equity and liabilities		1,584,489	1,919,108

NOTES

Note 1 Accounting policies

As of January 1, 2017, the Group applies BFAR 2012:1 Årsredovisning och koncernredovisning (K3) [Annual Reports and consolidated financial statements]. This introduction has entailed a change in accounting policies. Measurement of the items on the balance sheet has not been impacted; there has been only a minor correction concerning the allocation on the income statement and the balance sheet.

The interim report has been prepared in accordance with the Annual Accounts Act.

Note 2 Personnel costs and other external costs

The company capitalizes all expenses for project-planning personnel. Overhead costs are capitalized at an appropriate percentage for projects in the construction phase and the remaining costs impact earnings. The expenses encompass both personnel expenses and other external expenses.

FINANCIAL CALENDAR

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Annual report 2018, 4 april, 2019
Annual General Meeting for the 2018 fiscal year, April 25, 2019
Interim report January–March 2019, *May 14, 2019*
Interim report April–June 2019, *August 22, 2019*
Interim report July–September 2019, *November 21, 2019*
Year-end report for 2019, *February 27, 2020*

Further information

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Review

This report is unaudited.

ISSUER OF THE REPORT

RABBALSHEDA
FEBRUARY 28, 2019

Stine Rolstad Brenna
Chairman of the Board

Matthieu Baumgartner
Board member

Jeff Mouland
Board member

Frederic de Stexhe
Board member

Annika Ahl Åkesson
Board member

Mads Miltersen
CEO

