



Year-end report 2019

Rabbalshede Kraft AB (publ)
Year-end report for 2019



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CEO'S STATEMENT

”RABBALSHEDA KRAFT HAS NOW ENTERED THE NEW DECADE AS AN ACTIVE PLAYER IN THE TRANSITION TO RENEWABLE ENERGY”

Peter Wesslau, CEO



The wind power industry looks back on a year in which interest in renewable energy continued to rise, which meant increased investments in wind power.

For Rabbalshede Kraft, the past year has meant many changes and at the same time a positive development for the company. Unfortunately, the company does not reach a positive result for the full year. This is partly due to the historically low winds during the last quarter, but also somewhat lower than expected electricity prices.

The two investment decisions made during 2019 have resulted in investments of SEK 500 million in 37 MW of operational capacity. A new share issue of just under SEK 200 million was made in Q3 to partly finance these projects under construction.

The construction work at Gårdshyttan and Sköllunga / Högen has been carried out within budget and schedule and with a high focus on safety. This has been ensured through solid planning work, efficient project management and good collaboration with contractors and suppliers.

The availability targets for our wind turbines have been reached by a good margin through collaboration between our own organization and our service providers. During the year, the service of the wind parks Hud and Brattön have been taken in-house. As part of the company's work on business and technology development various solar panel systems have been evaluated. As a result, a first solar power park was contracted in late 2019. Construction is planned to take place during the first quarter of 2020.

Internally, the company is working to continue to improve and increase efficiency of internal processes, decision-making and existing strategic partnerships. We are working in several areas to utilize modern technology both as a cost saver and as a key to business opportunities. The Company's business support system has been developed during 2019. It will form an integral part of the business from implementation during Q2 2020

Rabbalshede Kraft has now entered the new decade as an active player in the transition to renewable energy. The company follows the overall strategic plan with a focus on growth in wind power project planning, sales of service contracts and now also solar power. Project development within Rabbalshede Kraft is proceeding according to plan and we expect two investment decisions in 2020.

FOURTH QUARTER Production in the last quarter was 23.7 percent below budget due to historically low winds.

Peter Wesslau
CEO



2019

PRODUCTION DURING THE YEAR

The production in 2019 added up to 518 GWh for the company's own wind farms, which is 5.9 percent below plan due to lower annual average winds. Availability across the year remained high, above 98.3 percent.

SERVICE OPERATIONS

Our service operations have continued to focus on technical service and management. Operations and maintenance costs for our own turbines have been reduced by 12 percent due to renegotiation of old service agreements where part of the service has been inhouse.

BUSINESS DEVELOPMENT

Business Development had an intensive start to the year. In February, Rabbalshede Kraft acquired the Högen wind farm, the environmental permit for four wind turbines with a total height of 180 m. Also, in February, final permit was granted to build 8 wind turbines with a total height of 240 m in the Årjäng NV2 project. Finally, an investment decision was made in February for the Gärdshyttan, Askersunds municipality, wind farm project (5 turbines) totalling 16 MW which is planned to be commissioned in April 2020.

In the spring, the company entered into a collaboration agreement with Modvion, a company developing wooden towers, on a development project in which Rabbalshede Kraft will contribute expertise on construction and logistics issues at the turbine construction phase. The work will start as soon as a decision has been made by the energy authority, which was an ongoing process during the fall of 2019. Another agreement was signed with Modvion in October 2019 in order to eventually be able to build wind farms with the wooden tower in order to further reduce the environmental impact.

In August, this year's second investment decision was made where the Högen / Sköllunga project received approval. These are two nearby parks in Lilla Edet and Stenungsund municipalities, each with 3 turbines, totalling 21 MW. Civil Works are ongoing and both parks are planned to be operational by February 2021.

During the year work has continued for projects in the Company's development portfolio in order to make investment decisions in the long-term in line with the company's business strategy. The aim is to secure future possible investment decisions. During 2019 the Company has also analysed the possibility of constructing solar/PV parks. The first sun cells were ordered during October 2019 and construction is planned to be completed during Q1 of 2020.

EVENTS AFTER THE BALANCE-SHEET DATE

2020 has started with strong winds and production during the first weeks of the year is therefore well above budget. At the same time, the mild and wet winter results in low electricity prices for the entire Nordic region, including negative prices.

The first electricity production from wind park Gärdshyttan is expected in February. The ambition is to make a further investment decision in April, at which point the new solar park will also be ready.

Expectations for 2020 are high both in terms of growth in wind power in Sweden, but also growth in other areas.

Financial overview

Keyfigures

KSEK	Q4	Q4	FULL-YEAR	FULL-YEAR
	2019	2018	2019	2018
Electricity production, MWh*	137,554	139,093	517,545	465,044
Net sales (electricial power)	66,322	70,697	247,165	243,411
Operating total revenue	73,246	139,431	275,007	331,236
EBIT	11,626	72,619	21,556	75,250
Profit/loss before tax	2,754	58,615	-13,838	32,882
Profit/loss for the period	2,754	45,236	-13,838	19,503
Cash flow from operating activities	65,874	43,731	116,514	80,975
Earnings per share before dilution, SEK	0,02	0,28	-0,08	0,12
Earnings per share after dilution, SEK	0,02	0,28	-0,08	0,12
Average no. of shares before dilution, thousands	179,113	160,109	164,899	160,109
Average no. of shares after dilution, thousands	179,113	160,109	164,899	160,109

KSEK	2019	2018
Debt/equity ratio **	0,49	0,67
Shareholder's equity	1 506 037	1 320 669
Total assets	2 398 838	2 309 048

* Excluding co-owned farms

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

INVESTMENTS

Investments, including paid advances, totaled MSEK 187 (128) during the January to December period. The investments pertain to ongoing planning, acquisition of existing turbines and ERP-system.

FINANCING

Bank loans totaled MSEK 584 (593) at December 31, 2019. During the period, the Group's average interest rate on bank loans raised was 3,95 percent (4,41). The equity/assets ratio was 63 percent (57) at December 31, 2019.

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 BFAR 2012:1. As a result, changes in value of various derivatives acquired to hedge cash flows are recognized against shareholders' equity. At December 31, 2019, the market value of the company's outstanding interest-rate contracts represented a liability of MSEK 17. Interest rate of the company's outstanding loans are hedged to 61 percent.

RISK 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 2018.

ACCOUNTING POLICIES

The year-end report has been prepared in accordance with the Swedish BFAR 2012:1 Årsredovisning och koncernredovisning (K3) [Annual Reports and consolidated financial statements].

GROUP

Consolidated income statement

KSEK	2019	2018
OPERATING REVENUE		
Net sales	247,165	243,411
Own work capitalized	6,575	5,337
Other operating revenue	21,267	82,488
Total operating revenue	275,007	331,236
OPERATING COSTS		
Service and maintenance, windfarms	-74,302	-85,340
Other external costs	-26,907	-25,530
Personnel costs	-33,063	-27,342
Depreciation, amortisation and impairment	-119,179	-114,724
Income from sale of subsidiary	-	-3,050
EBIT	21,556	75,250
PROFIT/LOSS FROM FINANCIAL ITEMS		
Other interest income and similar items	4,318	4,386
Interest expenses and similar items	-39,712	-46,753
Profit/loss after financial items	-13,838	32,882
Tax on profit/loss for the year (incom tax, current and deferred)	-	-13,379
Profit/loss for the year	-13,838	19,503

Consolidaed balance sheet

KSEK	Dec 31, 2019	Dec 31, 2018
ASSETS		
Intangible fixed assets	21,120	18,611
Tangible fixed assets	1,878,568	1,813,211
Receivables rom associated companies and joint ventures	108,226	108,226
Deferred tax assets	31,544	32,675
Other long-term receivables	24	24
Total fixed assets	2,039,482	1,972,747
Intangible current assets	61,591	47,708
Inventory	1,202	534
Accounts receivable	2,830	3,160
Receivables from associated companies and joint ventures	11,547	8,605
Other receivables	22,988	11,536
Prepaid costs and accrued income	34,744	162,621
Blocked bank funds	48,024	40,845
Cash and cash equivalents	176,430	61,292
Total current assets	359,356	336,301
Total assets	2,398,838	2,309,048
SHAREHOLDERS EQUITY		
Share capital	904,614	800,543
Other capital contribution	608,640	515,948
Reserves	-16,089	-18,532
Retained earnings	22,10	3,207
Profit/loss for the year	-13,838	19,503
Total shareholders' equity	1,506,037	1,320,669
Provision - rehabilitation costs for wind turbines	9,758	11,759
Liabilities to credit institutions	524,131	503,975
Other liabilities	176,270	317,238
Total long-term liabilities and provisions	710,159	832,972
Liabilities to credit institutions	53,178	83,153
Accounts payable	81,505	20,859
Other liabilities	3,011	3,435
Accrued expenses and deferred income	44,948	47,960
Total current liabilities	182,642	155,407
Total liabilities	892,801	988,379
Total shareholders' equity and liabilities	2,398,838	2,309,048

Consolidated statement of changes in shareholders' equity

Condensed shareholders' equity attributable to Parent Company's shareholders, KSEK	Dec 31, 2019	Dec 31, 2018
Total shareholders' equity on the opening date	1,320,669	1,295,76
Profit/loss for the year	-13,838	19,503
Change in fair value, hedging instruments	2,443	5,390
New share issue	197,734	-
Expenses attributable to the new share issue	-971	-
Total shareholders' equity on the closing date of the period	1,506,037	1,320,669



Consolidated cash flow statement

Condensed, KSEK	Jan 1, 2019- Dec 31, 2019	Jan 1, 2018- Dec 31, 2018
Operating activities		
Profit/loss before tax	-13,838	32,882
Adjustment for non-cash items	118,061	61,496
Cash flow from operating activities before changes in working capital	104,223	94,378
Cash flow changes in working capital		
Increase (-)/Decrease (+) in intangible current assets	-14,551	-38,603
Increase (-)/Decrease (+) in operating receivables	-28,133	5,858
Increase (+)/Decrease (-) in operating liabilities	54,975	19,343
Cash flow from changes in working capital	12,291	-13,403
Cash flow from operating activities	116,514	80,975
Investing activities		
Acquisition of intangible fixed assets, including advances	-3,323	-4,84
Acquisition of tangible fixed assets, including advances	-182,995	-124,195
Sale of tangible assets	141,944	-
Divestment of subsidiaries	-	13,135
Acquisition of subsidiaries	-	-350
Cash flow from investing activities	-44,374	-115,694
Financing activities		
New share issue	197,734	-
Issuance costs	-971	-
Loans raised	74,190	56,682
Shareholder loans raised	-	86,795
Amortization of shareholder loans	-137,623	-
Amortization of loans	-83,155	-74,963
Changes in blocked funds	-7,179	-290
Cash flow from financing activities	42,996	68,224
Cash flow for the period	115,136	33,505
Cash and cash equivalents on the opening date	61,292	27,787
Cash and cash equivalents on the closing date	176,428	61,292
Blocked funds	48,024	40,845
Total cash and cash equivalents and blocked funds	224,452	102,137

PARENT COMPANY

Parent Company income statement

KSEK	2019	2018
Operating revenue		
Own work capitalized	4,488	5,337
Other operating revenue	32,705	80,100
Operating costs		
Other external costs	-23,750	-24,816
Personnel costs	-33,063	-27,342
Depreciation, amortisation and impairment	-1,790	-1,315
EBIT	-21,410	31,964
Profit/loss from financial items		
Income from sale of subsidiary	-	-3,050
Other interest income and similar items	4,318	4,384
Interest expenses and similar items	-12,936	-17,800
Profit/loss after financial items	-30,028	15,498
Appropriations	-1,868	3,049
Tax on profit/loss for the year (income tax, current and deferred)	-	-4,780
Profit/loss for the year	-31,896	13,767

Parent Company balance sheet

Condensed, KSEK	31 dec, 2019	31 dec, 2018
Intangible fixed assets	2,124	124
Tangible fixed assets	74,171	68,349
Financial fixed assets	1,425,792	1,336,281
Inventory	1,202	534
Other receivables	56,040	139,702
Cash and cash equivalents	46,858	39,499
Total assets	1,606,187	1,584,489
Share capital	904,614	800,543
Retained earnings	548,328	441,870
Profit/loss for the year	-31,896	13,767
Long-term liabilities	159,177	299,950
Current liabilities	25,964	28,359
Total shareholders' equity and liabilities	1,606,187	1,584,489

FINANCIAL CALENDER

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Annual report 2019, April 7, 2020

Annual General Meeting for the 2019 fiscal year, April 28, 2020

Interim report January-March 2020, May 19, 2020

Interim report April-June 2020, August 19, 2020

Interim report July-September 2020, November 18, 2020

Year-end report for 2020, 11 March, 2021

Further information

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Review

This report is unaudited.

ISSUER OF THE REPORT

RABBALSHEDA,
FEBRUARY 27, 2020

Stine Rolstad Brenna
Chairman of the Board

Nicoló Napolitano
Board member

Jeffrey Moulard
Board member

Frederic de Stexhe
Board member

Annika Ahl Åkesson
Board member

Peter Wesslau
CEO

