



**PNE WIND**  
**Capital Market Day**  
Frankfurt, November 15, 2017

# WHO WE ARE

## WE ARE A LEADING DEVELOPER OF WIND ENERGY PROJECTS...

- PNE WIND Group, consisting of the companies PNE WIND AG and WKN AG, is a leading wind farm developer located in Northern Germany  
**>2,600 MW realised onshore**
- Germany's most successful project developer with **8 Offshore projects sold totalling 2,852 MW**



- Nr. 2 player in operations & management in Germany with **>1,500 MW under management**

- **> € 9bn Euros** of investment done or initiated

- Active in **13 countries on 3 continents**

## ... WITH A STRONG MARKET POSITION – NATIONALLY AND INTERNATIONALLY

# WHO WE ARE

## WE HAVE A DEDICATED & EXPERIENCED MANAGEMENT TEAM

- Seasoned wind energy pioneers with strong industry knowledge and large network



**Markus Lesser**  
Chairman of the Board (CEO)

- CEO since May 2016
- COO 2011 - 2016
- Industry experience since 2000
- Sales, M&A, Procurement, Offshore, Human Resources, Communication



**Jörg Klowat**  
Chief Financial Officer (CFO)

- CFO since April 2011
- Industry experience since 1999
- Finance and Accounting, Controlling, Risk Management, Legal

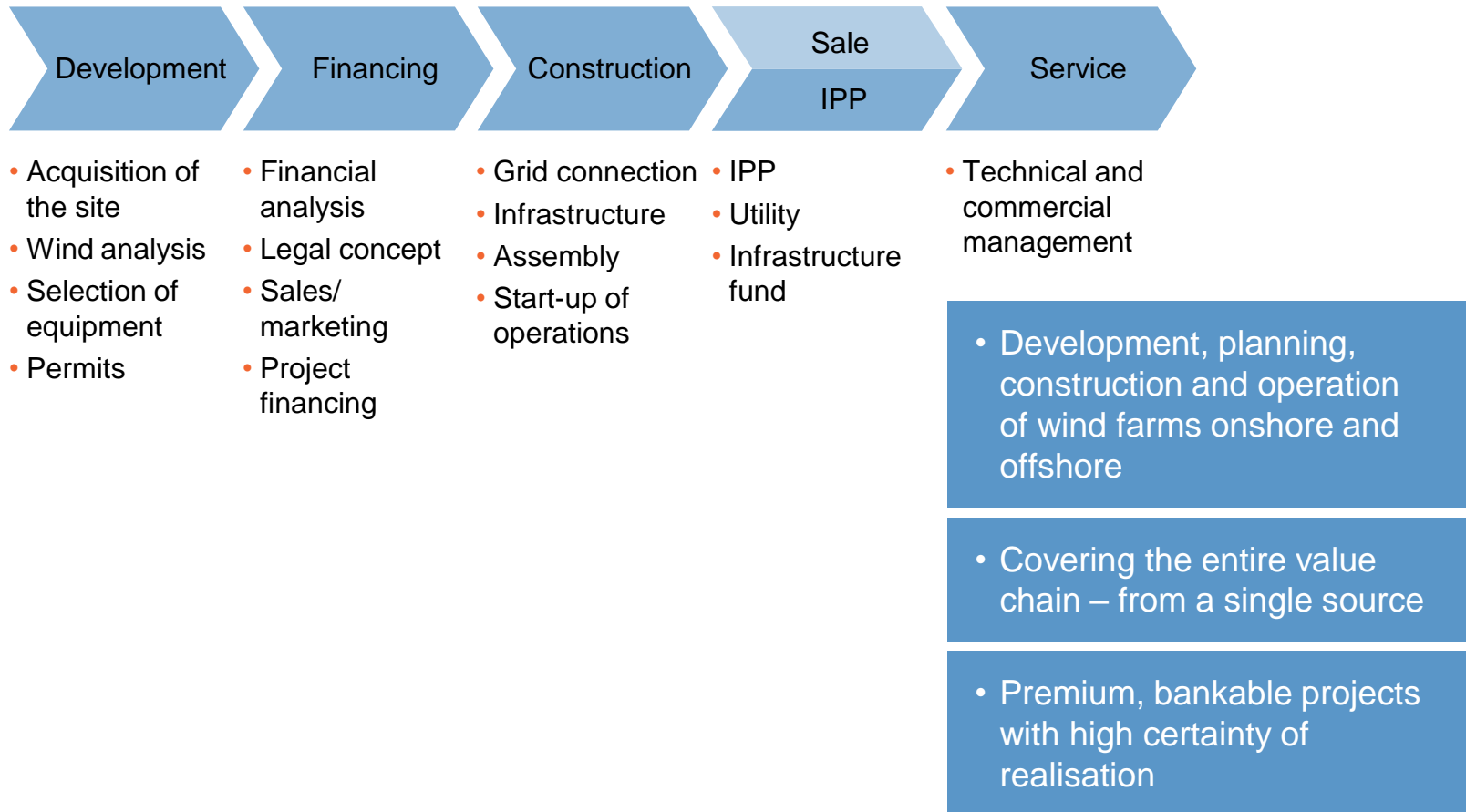


**Kurt Stürken**  
Chief Operating Officer (COO)

- COO since September 2016
- Industry experience since 1995
- Project Development, Implementation, International Markets

# WHAT WE DO

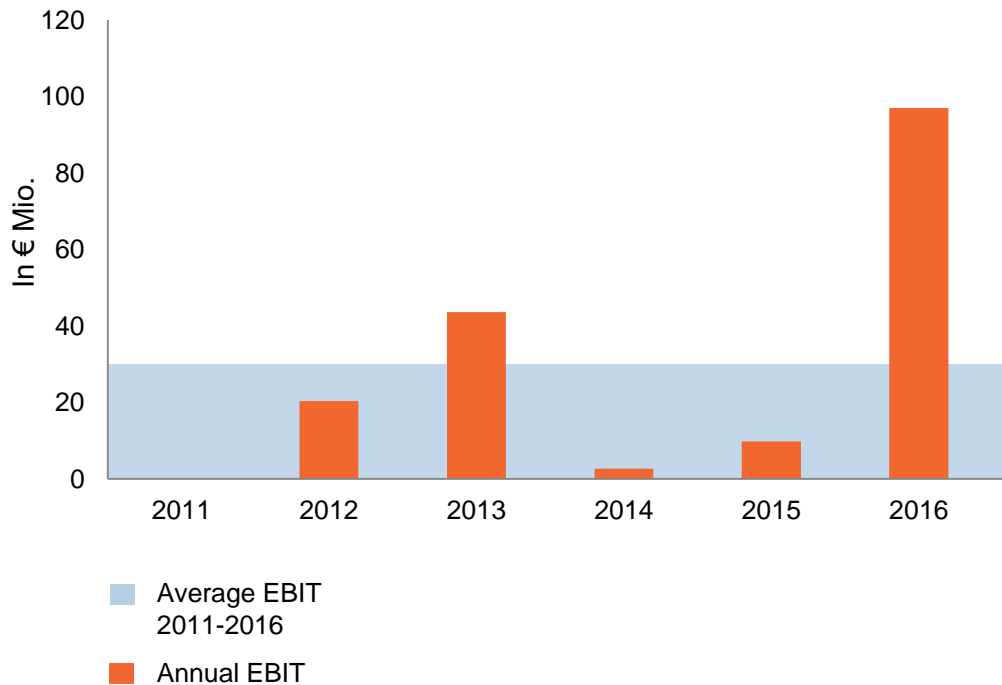
## WE HAVE A **SUCCESSFUL BUSINESS MODEL**



# WHAT WE ACHIEVED

## WE GENERATED STRONG EARNINGS FROM 2011 – 2016...

### Operating result (EBIT)



Ø EBIT of € 29.2m

- In average, an EBIT of € 29.2m was achieved per year

Ø EPS of € 0.31

- Over the last six years, PNE WIND's average EPS was € 0.31

Ø Dividend of € 0.08/share

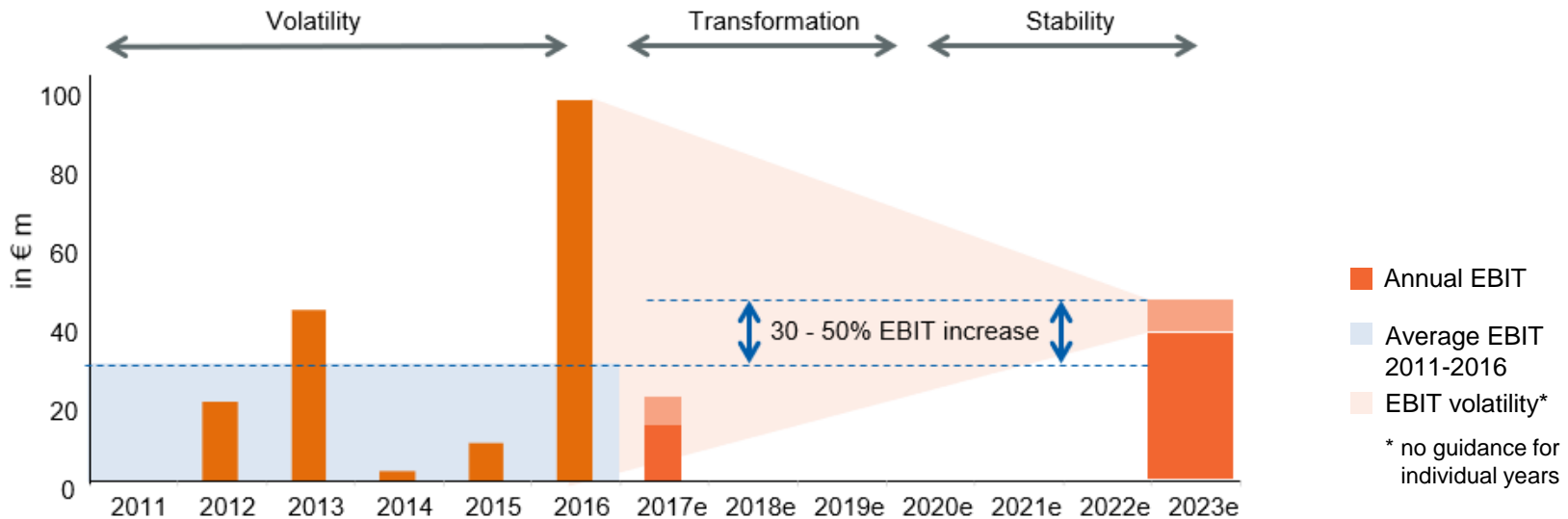
- An average dividend of € 0.08/share was paid per year

## ...WITH HIGH VOLATILITY ON AN ANNUAL BASIS

# WHERE WE ARE HEADING

## WE WANT TO INCREASE AND STABILISE RETURNS...

- By 2023, we target
  - an EBIT increase of 30-50% compared to the average EBIT of the period 2011-2016
  - accompanied by a significant reduction of volatility



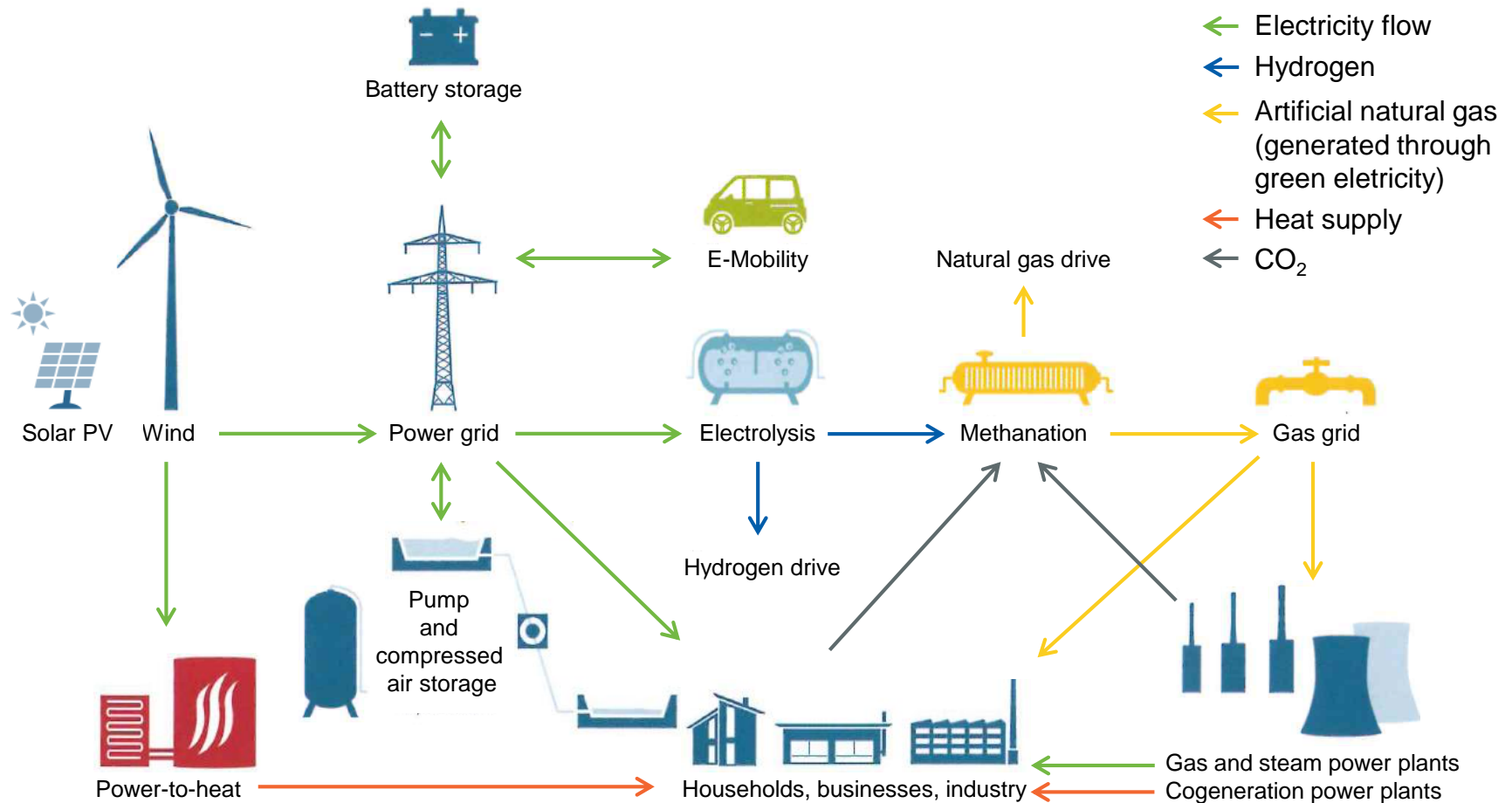
...AND SUBSTANTIALLY REDUCE VOLATILITY IN THE FUTURE

**Market  
changes  
create  
challenges...**

**...as well  
as huge  
opportunities!**

# MARKET & GROWTH DRIVERS

## MARKETS ARE BECOMING MORE INTEGRATED...



Source: e/m/w 2017, PNE WIND AG

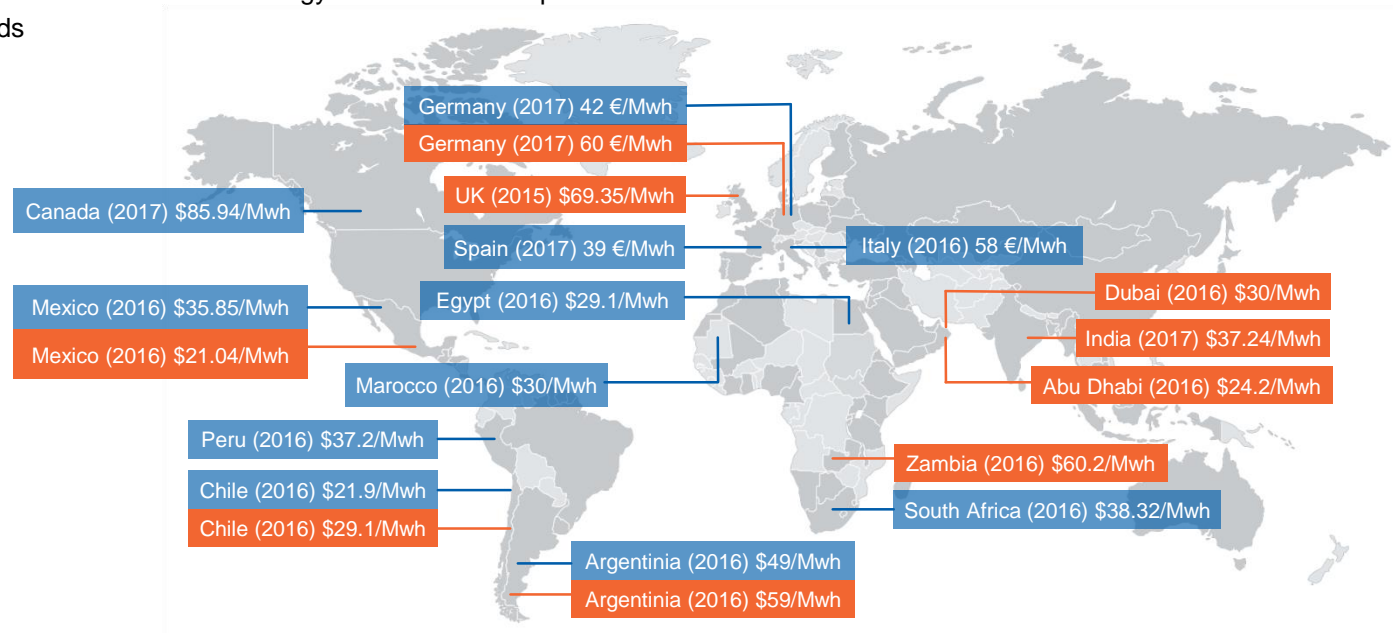


# MARKET & GROWTH DRIVERS

## AUCTION SYSTEMS BECOME THE NORM...

### Global overview of renewable energy auctions

- Countries with auctions or renewable energy tenders in use or planned
- Onshore wind bids
- Solar PV bids



### Challenges in the current market

- Regulatory uncertainties
- Auctions for grid connections and tariffs
- Growth (in MW) in established markets is stagnating, returns are decreasing

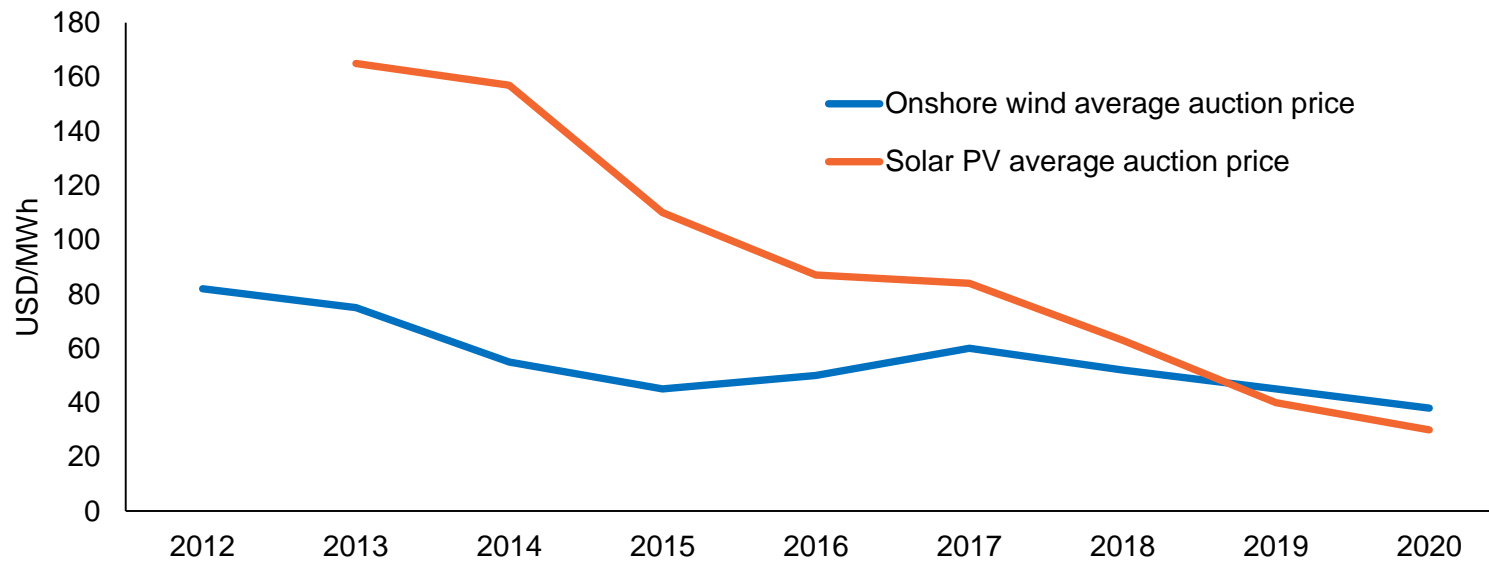
Source: Bloomberg New Energy Finance

# MARKET & GROWTH DRIVERS

## ... AND ARE SIGNIFICANTLY IMPACTING PROJECT PRICING

- Increasing market competition, also between various technologies in the renewable energy sector
- Fast decreasing tariffs in auctions – Solar PV is catching up
- Current price trends in tender markets partly anticipate future technological developments and cost reduction effects
- Larger projects require higher security deposits and greater need for pre-financing

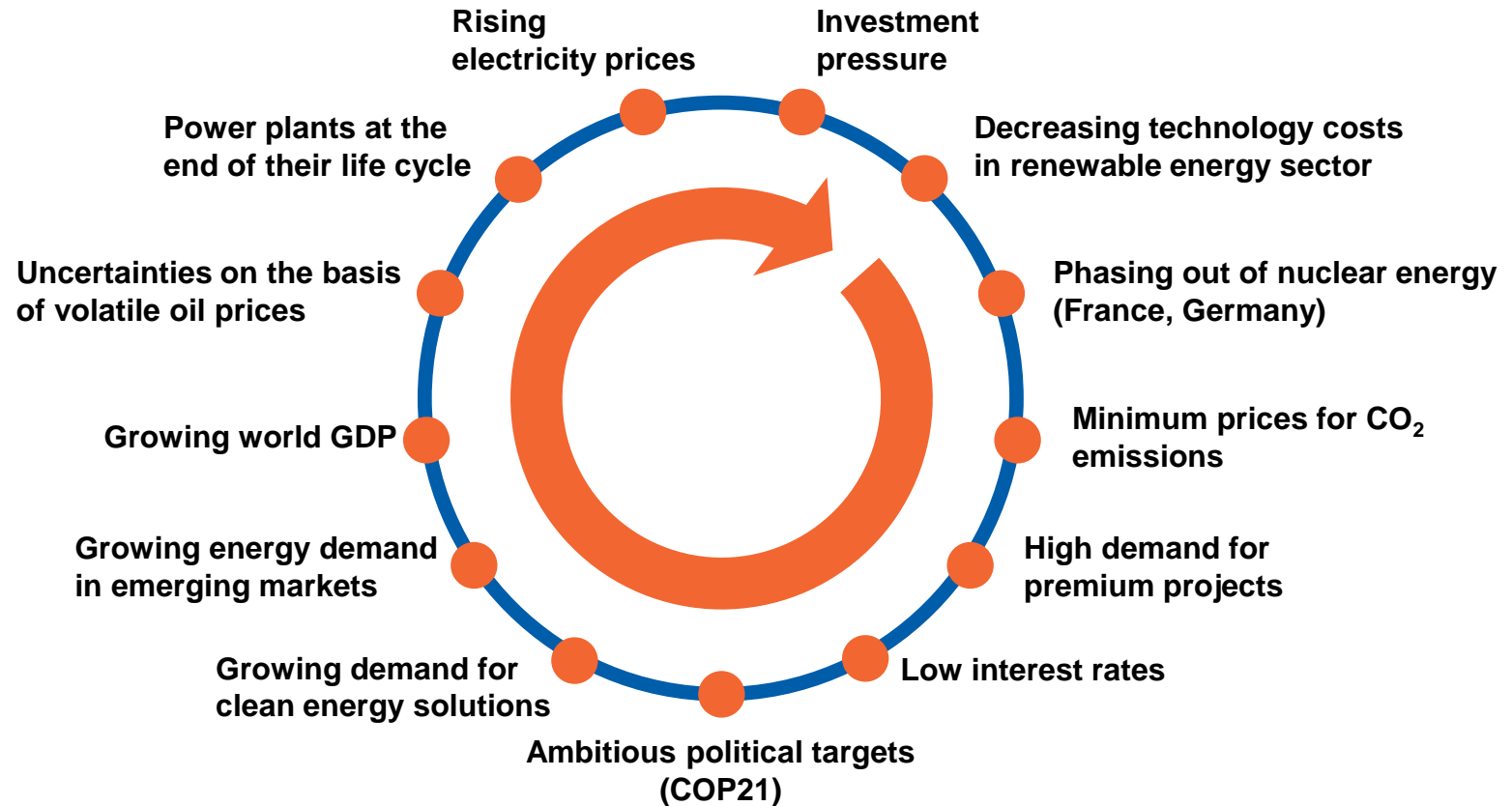
### Announced wind and solar PV auction prices by commissioning date



Source: Renewables 2017, IEA

# MARKET & GROWTH DRIVERS

...BUT GROWTH DRIVERS ARE FULLY INTACT

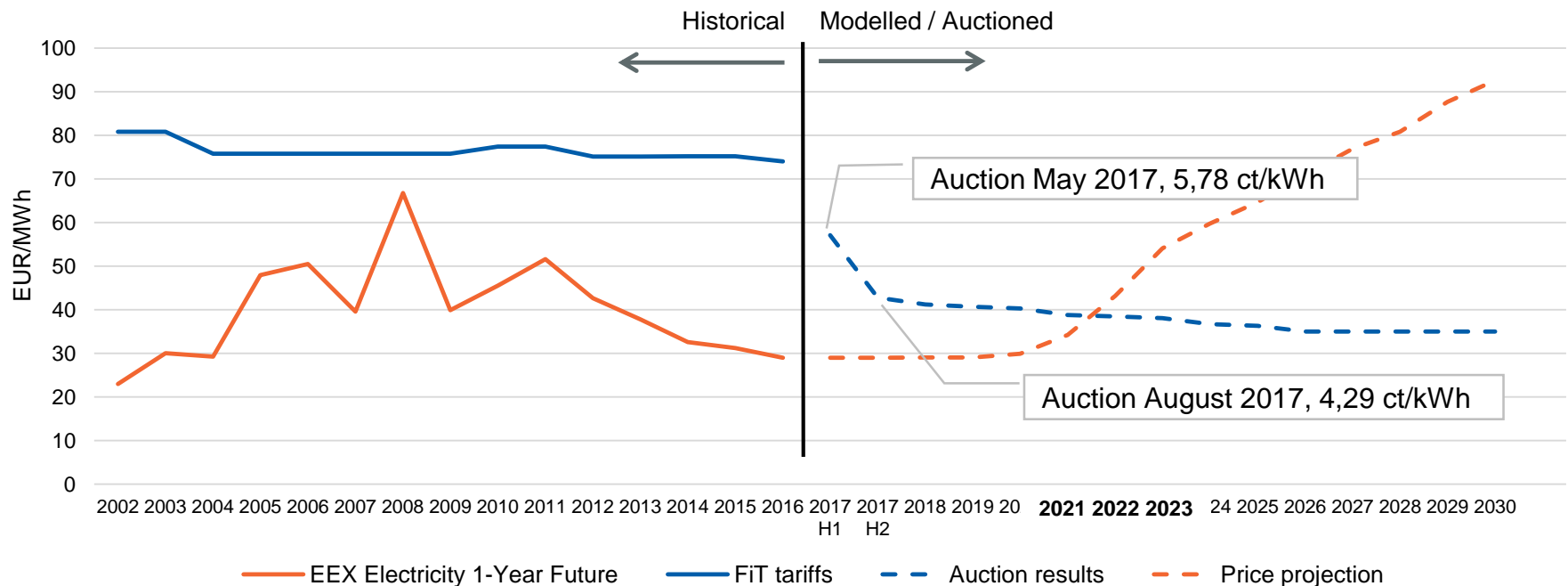


# MARKET & GROWTH DRIVERS

## ELECTRICITY PRICES WILL INCREASE

- Electricity prices will increase as nuclear power plants will go offline in Germany and France
- Prices of CO2 certificates will increase
- This will open up new business opportunities (e.g. project sold in Sweden relies solely on forecasted energy pricing)

### Electricity prices Germany

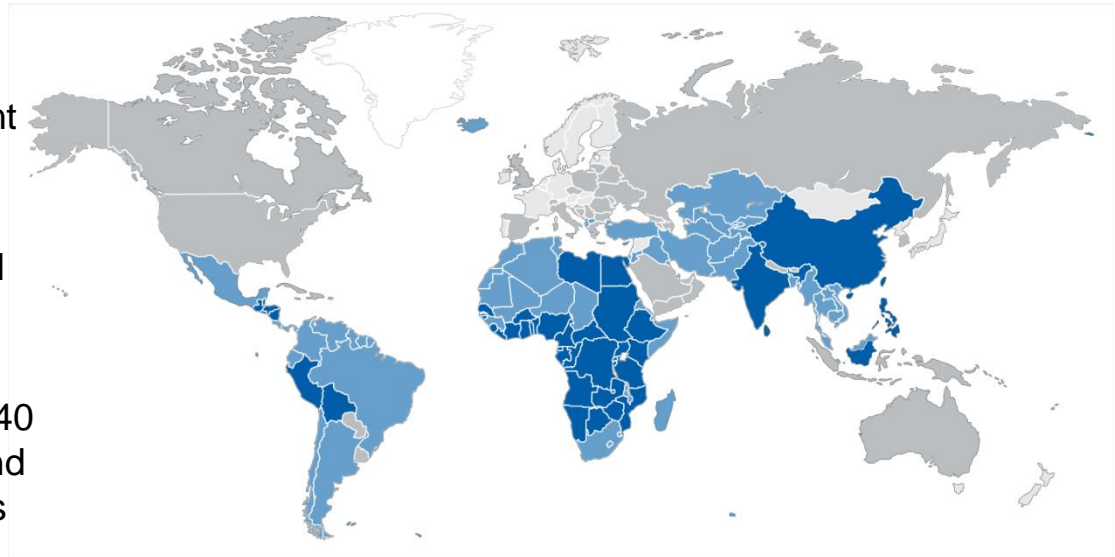


Source: PNE WIND

# MARKET & GROWTH DRIVERS

## WHILE ESTABLISHED MARKETS ARE STAGNATING, GROWTH WILL BE MAINLY DRIVEN BY EMERGING MARKETS

- By 2020 more than 40 countries could each install >1GW of wind energy
- Diverse development stages in the different markets offer different risk / reward profiles
- Emerging Markets will experience a strong increase in energy demand due to growing populations and economies
- Ca. 7,200 GW are necessary by 2040 to meet increasing electricity demand and planned power plant shutdowns



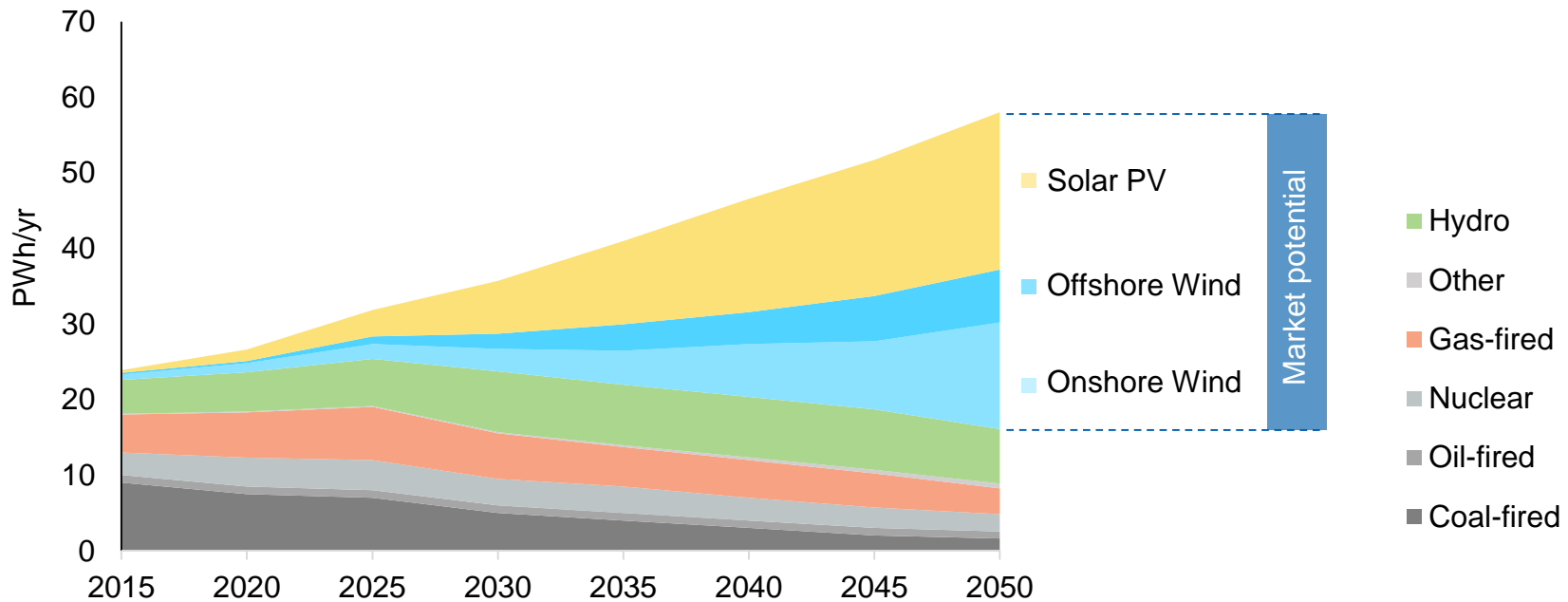
Source: Bloomberg New Energy Finance, Make Consulting, Baring Analysis

# MARKET & GROWTH DRIVERS

## GROWTH TREND OF RENEWABLE ENERGIES REMAINS UNBROKEN AND WILL CONTINUE IN THE FUTURE

- Wind and Solar PV will grow significantly and offer huge market potential in the short, mid and long term
- Will increasingly replace electricity generation from conventional energy sources

### Global electricity production by generation type



Source: DNV GL 2017

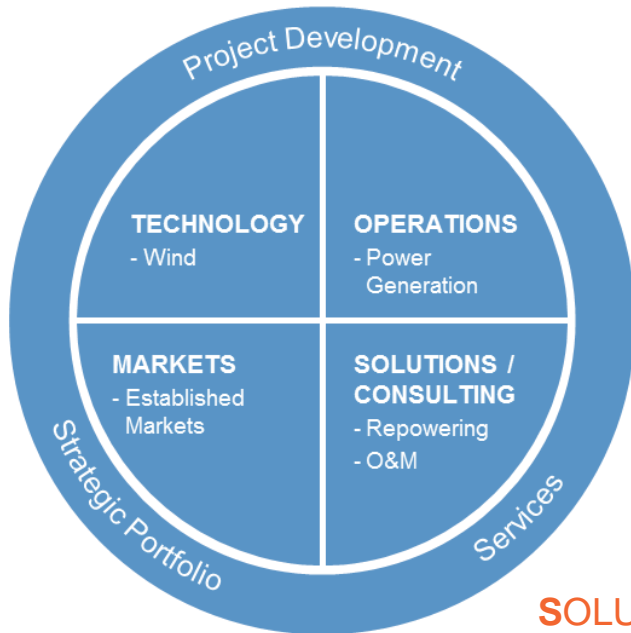
## OUR ANSWER TO THE MARKET CHANGES:



We are developing  
into a **Clean Energy  
Solution Provider**

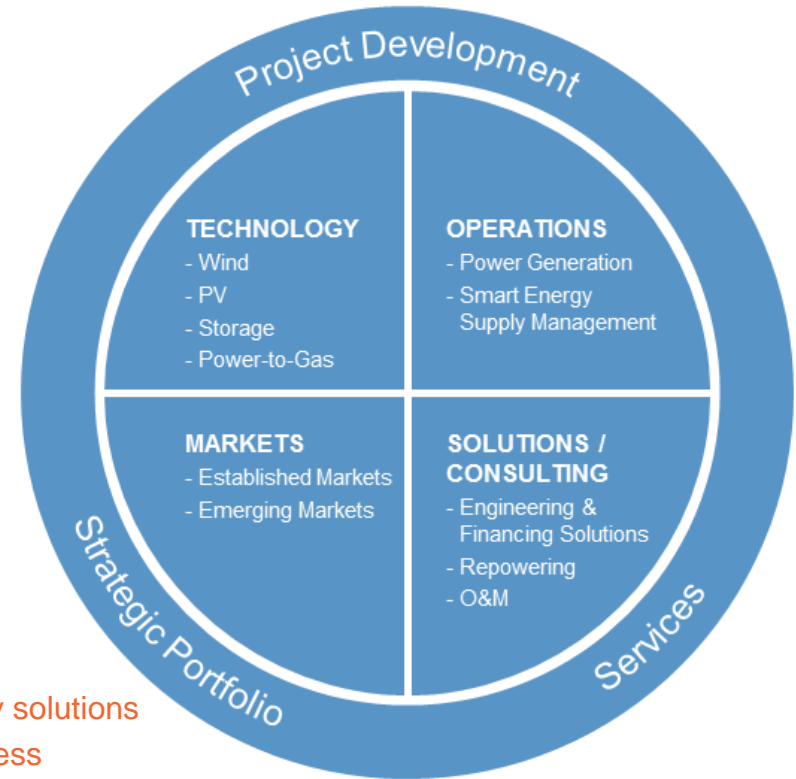
# STRATEGY

## WE WILL SCALE UP OUR BUSINESS



### PROJECT DEVELOPER

**We develop and implement wind farms onshore as well as offshore.**



### CLEAN ENERGY SOLUTION PROVIDER

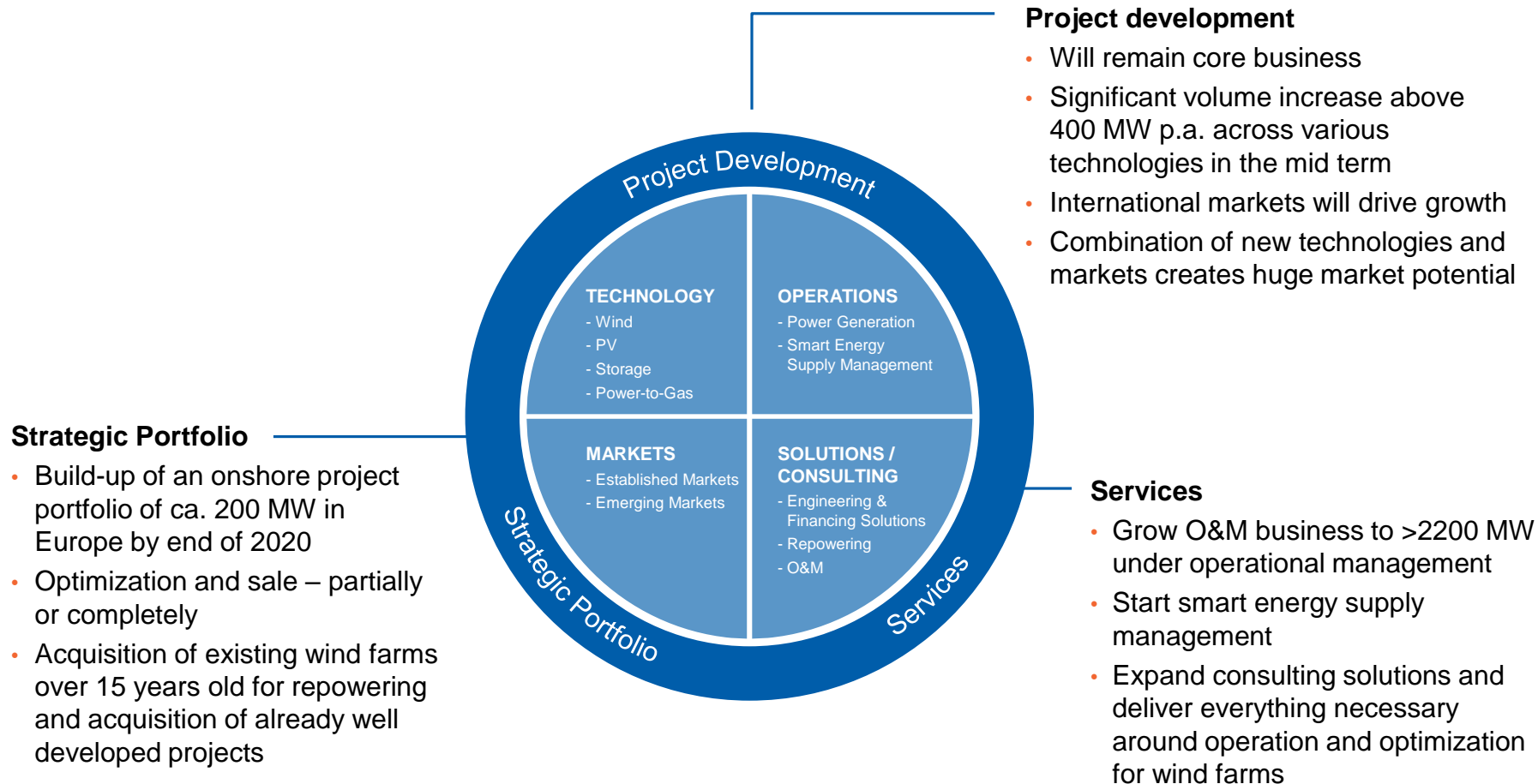
**We develop and implement projects and solutions for the planning, construction and operation of renewable energy power plants.**

**SOLUTIONS** Provide clean energy solutions  
**CORE** Grow our core business  
**ADAPT** Optimize our structures  
**LEVERAGE** Leverage our expertise  
**EXPAND** Expand along the value chain



# STRATEGY “SCALE UP”

## WE CAPITALIZE ON OUR CORE COMPETENCIES...



## ... TO OPEN UP FURTHER ELEMENTS OF THE VALUE CHAIN

# STRATEGY “SCALE UP”

## WE WILL DRIVE DOWN COSTS...

### Reduction of Project costs



- 1. Economies of Scale
  - Increase development output to 400 MW p.a. across all technologies
  - Increase Strategic Portfolio size to 200MW
  - Increase MW under operational management to >2,200
- 2. Cost Reductions
  - e.g. through cooperations with wind turbine manufacturers
  - DEVEX
  - CAPEX
  - OPEX
- 3. Higher Energy Output
  - More efficient wind turbines

### Reduction of Overhead costs



- Reduction of personnel costs
- Reduction of other expenses
- Procurement synergies
- Strengthening of core processes
- New IT solutions to improve efficiency and communication



# STRATEGY “SCALE UP”

## ...AND INVEST TO INCREASE OUR COMPETITIVENESS

### Smart Capital Allocation

- Optimisation of financing structure
  - € 25m <4% for wind farm equity
  - € 25-50m additional growth financing
- Reduction of overall financing costs by 50% targeted, resulting in savings of € >4m
- Increase of recurring revenue basis, leading to improved credit terms
- Higher margin potential in emerging markets, especially with government funding and loans (EKF, KfW, Hermes, EIB, Weltbank, IPEX etc.)
- Partnering / Cooperations with partners who guarantee low refinancing costs

### Investment

Investment of € 10m p.a. on average for:

- Acquisitions of companies at attractive multiples before synergies
- Acquisition of project rights to expand the pipeline
- Investment in high potentials and experts in markets and technologies
- Investment in additional (regional) offices and equipment

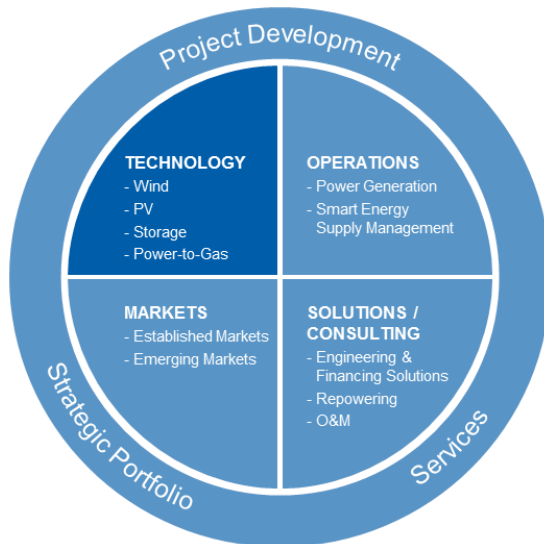
Additional Investment:

- Acquisition of projects as a basis for repowering
- Participation in citizen wind energy projects



# STRATEGY “SCALE UP”

## WE ARE LEVERAGING OUR EXPERTISE INTO NEW TECHNOLOGIES



### Currently:

- Wind
- Onshore
- Offshore



### New:

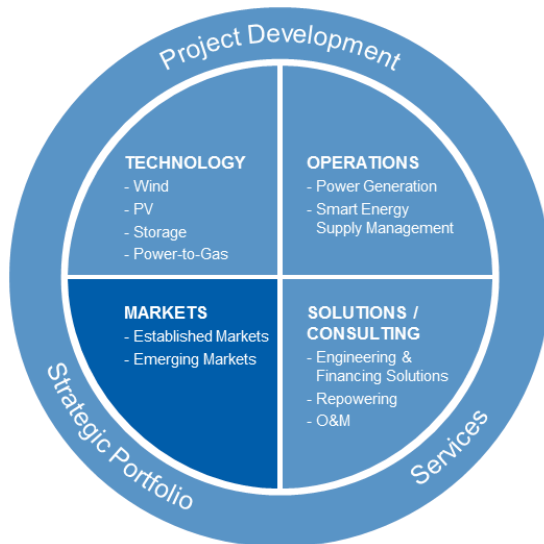
- Photovoltaic - requires project development competencies similar to wind energy, but has shorter development times
- Power-to-Gas - hydrogen as alternative for the electricity market
- Storage
- Renewable Energy Power Plants / Standalone Systems

### Implementation:

- Invest in or partner with companies in the PV, battery or energy storage industry

# STRATEGY “SCALE UP”

## WE ARE INCREASING OUR FOOTPRINT INTO NEW MARKETS



### Currently:

PNE portfolio markets:

- Germany
- France
- Sweden
- USA, etc.



### New:

- Increase penetration in existing markets e.g. France O&M and PV, Wind Offshore international: e.g. USA
- Additional new Emerging Markets:
  - Panama, Iran, etc.
- Investment criteria:
  - High energy demand
  - Stable political environment
  - Cooperation with established partners

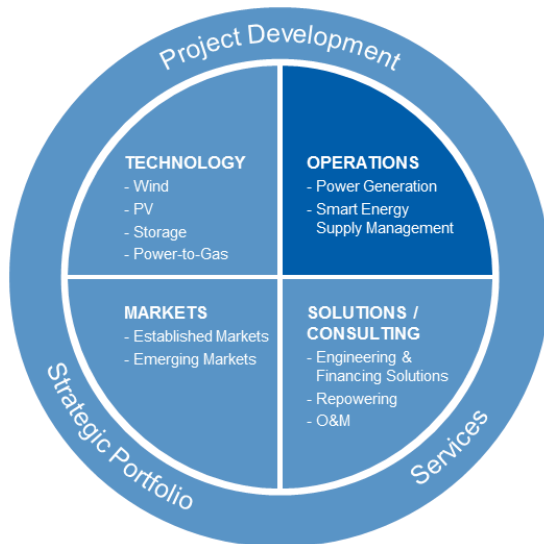
### Implementation:

Project development in new markets with our system “**SMART DEVELOPMENT**” primarily within our Hamburg Team

- Integrated approach with all necessary skills in one team
- Optimisation of market entry and exit – Fast-in-Fast-Out-Strategy
- Shortening times until project sale
- Reducing pre-investments

# STRATEGY “SCALE UP”

## WE WILL REFINE POWER GENERATION – NEW OPERATIONS



### Currently:

#### Electricity Production:

- During the portfolio build up and/or after sale



### New:

#### Smart Energy Supply Management to optimise returns

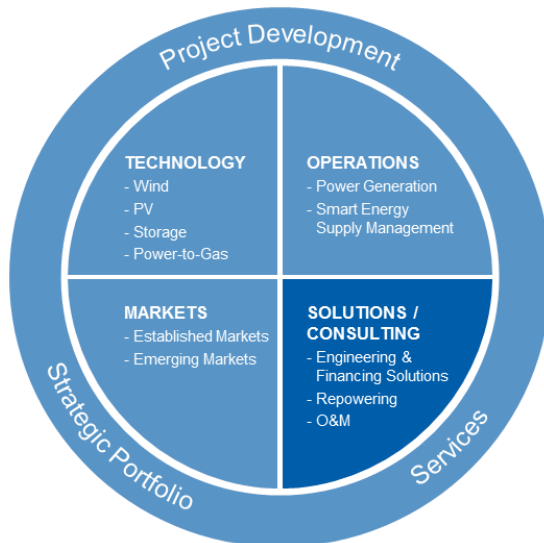
- Organisation of electricity sale for own portfolio as well as for third parties
- Optimisation of energy sales prices through sale of bigger portions (actual 1,500 MW under operational management)
- Electricity and gas marketing, also with PPA (Power Purchase Agreement)

### Implementation:

- Acquisition and development of additional in-house capacities
- Cooperations
- Strategic acquisitions

# STRATEGY “SCALE UP”

## WE GENERATE ATTRACTIVE MARGINS WITH NEW SERVICES



### Currently:

- Operational management
- Repowering
- O&M
- Offshore services



### New:

Expansion of the service portfolio:

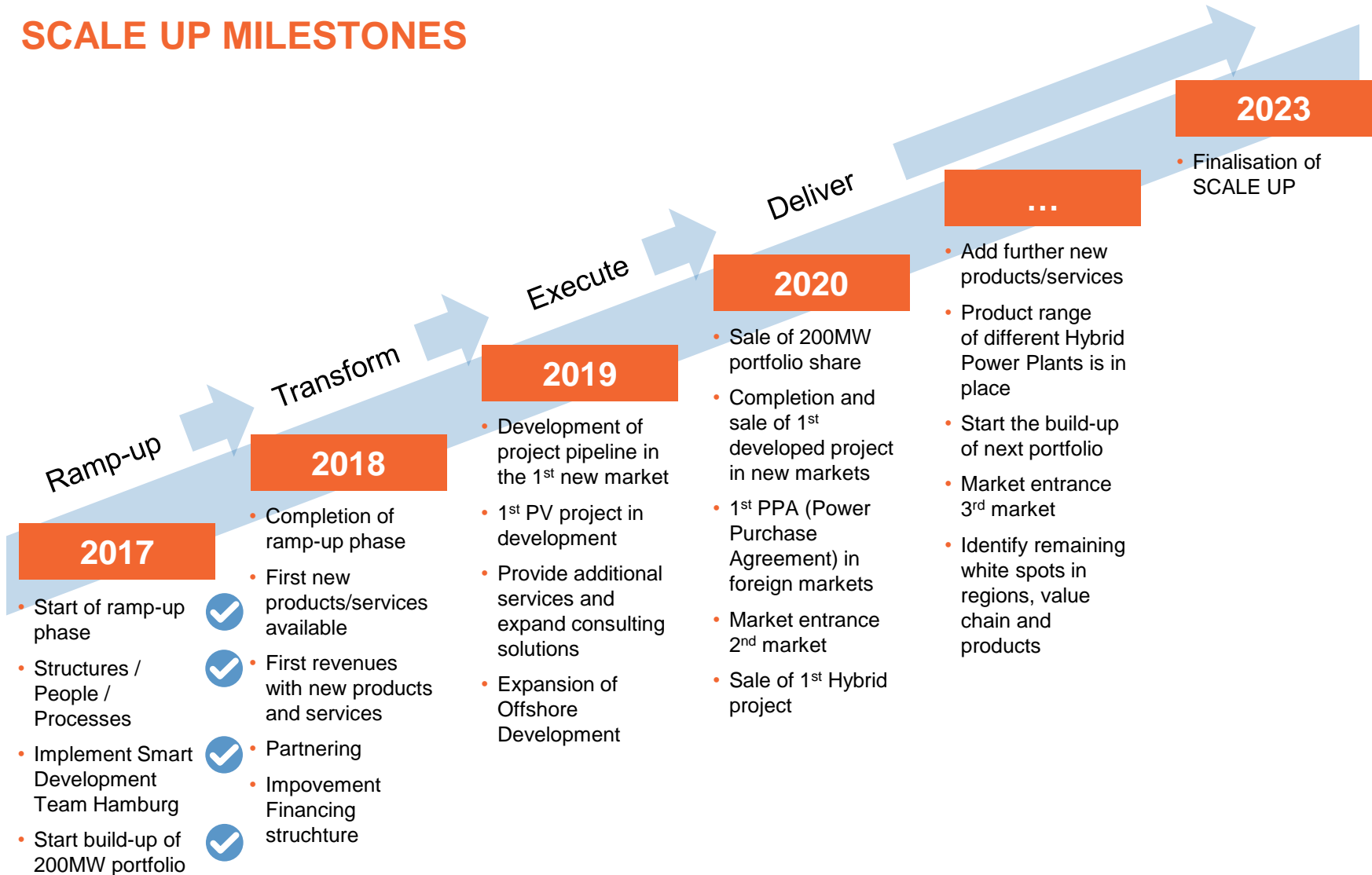
- Engineering of „Hybrid Power Plants“ - clean energy projects involving different technologies (wind energy, PV and / or storage)
- Optimisation of wind farms („Optimize Package“)
- Expansion of investments in transformer stations
- Expansion of operational management
- Additional offers of financial services
- Engineering services
- Expansion of citizen participation models

### Implementation:

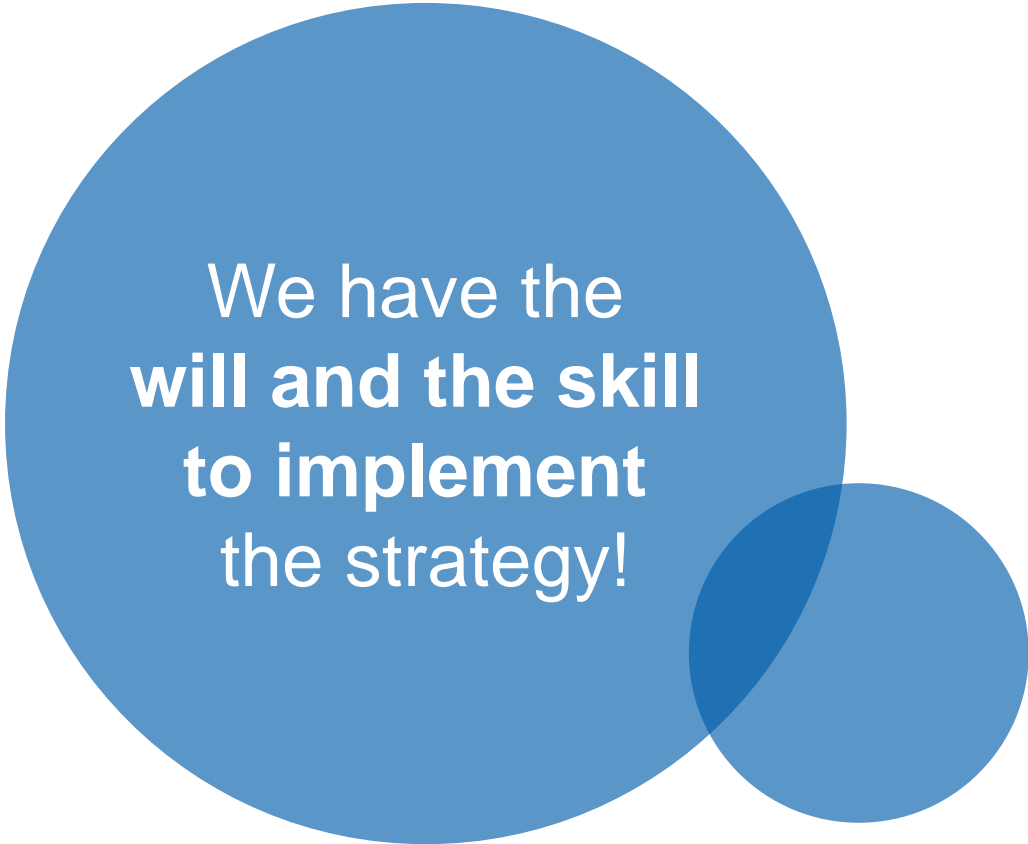
- Build up of additional know-how across all technologies
- Acquisition of and investment in service providers
- Purchase and operate existing wind farms as basis for repowering

# STRATEGY “SCALE UP”

## SCALE UP MILESTONES



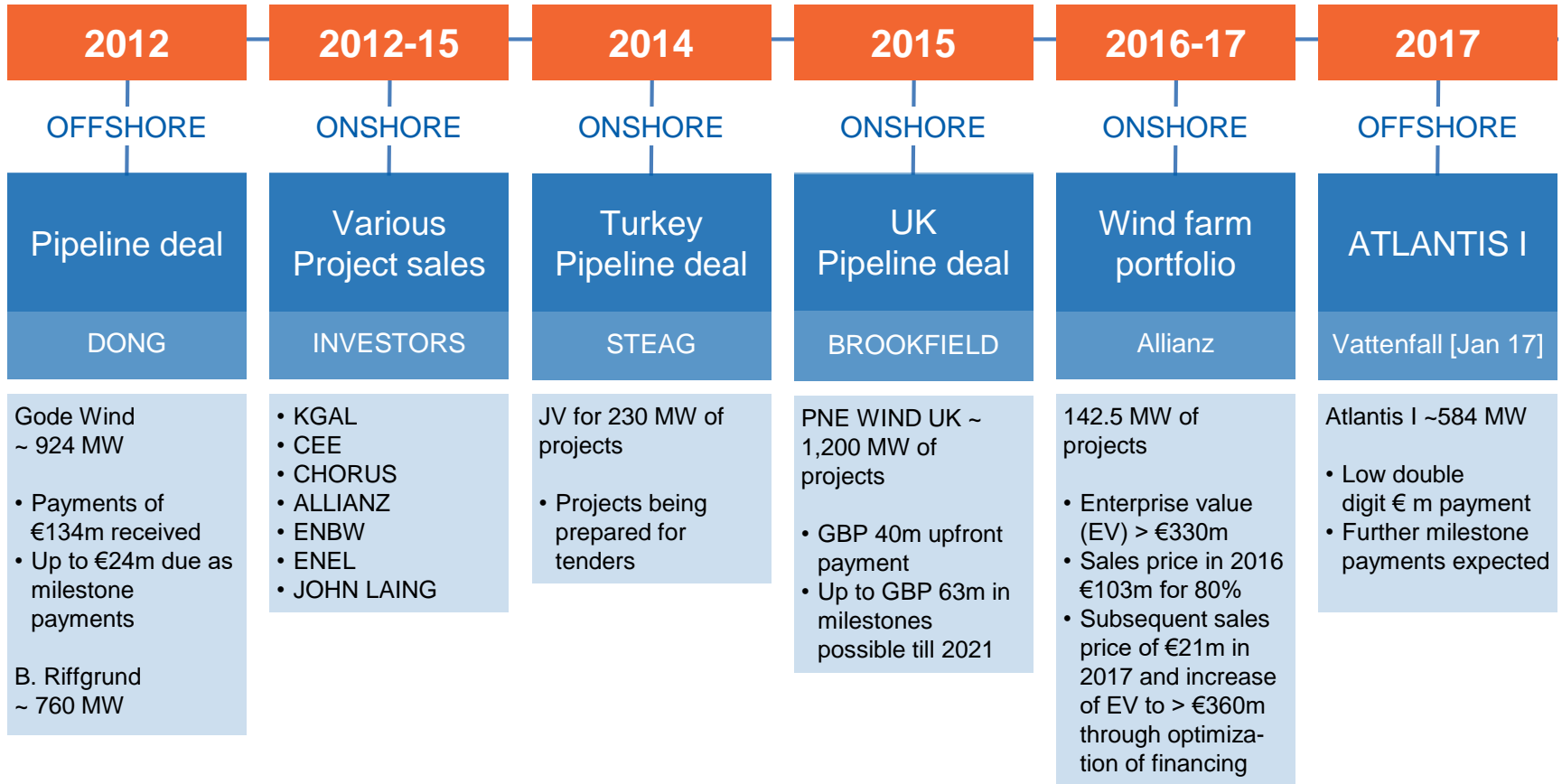




We have the  
**will and the skill**  
to implement  
the strategy!

# TRACK RECORD



## MAJOR DEALS IN RECENT YEARS



# TRACK RECORD

**WE CONSISTENTLY DELIVERED ON OUR TARGETS...**

## Operating result (EBIT)

GUIDANCE	GOAL	ACHIEVED
2011 – 2013	€ 60 – 72m	€ 64m 
2014 – 2016	€ 110 – 130m	€ 110m 
2017	€ 17 – 23m (old: 0 – 15m)	€ 23.7m after 9M

**... AND WE HAVE JUST INCREASED OUR 2017 GUIDANCE!**

# SUMMARY

## KEY TAKEAWAYS

- Strong global demand for renewable energy accelerates growth
- Markets are changing – the new strategy is tailored to address the significantly changing market conditions, generates new margin potential and reduces the volatility of earnings
- We want to be a **Clean Energy Solution Provider** in future
- Investment in new technologies PV, Storage, Power-to-Gas, in new markets, additional services know-how and processes
- High cash position, secured financing and strong project pipeline back up the implementation of the strategy
- Great experience and know-how exist in the company
- Shareholder Value is central to all activities



**BOTTOM LINE: WE WANT TO MAXIMISE THE VALUE FOR OUR SHAREHOLDERS**

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